Rising Urbanization of Poverty-A Blot on the Shining Armor: India Urban Poverty Report 2009

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"When you're watching the process of development, where you stand is very important — whether you see the speed of the engine or you get overwhelmed by the smoke."

Amitabh Kundu
Chief Coordinator, India Urban Poverty Report 2009

The Ministry of Housing and Urban Poverty Alleviation, Government of India, with the support of the United Nations Development Programme (UNDP) launched India's first-of-its-kind report on the nature and dynamics of urban poverty in the country. The Report presented in 16 chapters provides a good insight on various issues of urban poverty such as basic services to urban poor, migration, urban economy and livelihoods, micro finance for urban poor, education and health, unorganized sector and livelihoods(1). Key findings of the report are summarized in *Box* **I.**

URBANIZATION OF POVERTY

The ratio of urban poverty in some of the larger states is higher than that of rural poverty leading to the phenomenon of 'Urbanization of Poverty'. At the national level, rural poverty is higher than poverty in urban areas but the gap between the two has decreased over the last couple of decades. The incidence of decline of urban poverty has not accelerated with GDP growth(1). As the urban population in the country is growing, so is urban poverty.

BOX I. KEY FINDINGS OF THE INDIA URBAN POVERTY REPORT 2009

- India's urban population is increasing at a faster rate than its total population. At 28%, the pace of urbanization, however, has been slow and lower than the average for Asia.

- India will have 41% (575 million) people living in cities by 2030, up from the present 286 million.

- The urban poor accounted for 25.7% (80 million) of the country's total urban population in 2004-5 compared with 49% (60 million) in 1973-74.

- The rate of overall decline in poverty slowed from 0.82% points per year from 1973-74 to 1983-84, to 0.61% from 1993-94 to 2004-05. Delhi (94%), Goa (53%), and Tamil Nadu (48%) are the most urbanized states while states like Himachal Pradesh (10%), Bihar (13%), Assam (13%) and Orissa (15%) are the least urbanized ones.

- More than 80 million poor people live in urban areas of which 61.8 million live in slums (23.7% in 2001).

- Poverty levels in small size towns are high, in the middle size towns poverty levels are lower and is the lowest for large towns.

- Migrants in cities are economically better off than the natives of cities. Rural migrants into urban areas have a lower probability of being poor than the local population.

Urban poverty, unlike rural poverty, imposes considerable negative externalities on the society and economy. As the Report points out, urban poverty poses the problems of housing and shelter, water, sanitation, health, education, social security, and livelihoods along with special needs of vulnerable groups like women, children and aged people. Over-crowded slums, without access to these basic civic amenities and social welfare nets, and with constant uncertainty associated with evictions and loss of livelihoods, impose considerable drags on the productivity and opportunities available to its residents besides constraining economic growth. It also fuels social evils like drugs and crime.

Although, urbanization is a generally positive factor in overall poverty reduction, poor are urbanizing faster than the population as a whole, thereby reflecting a lower pace of poverty reduction in urban areas.

CHALLENGES AND FUTURE NEEDS

With cities contributing over 62% of GDP, the importance of urbanization cannot be under-played. With growing poverty and slums, Indian cities have been grappling with the challenges of making the cities sustainable *i.e.* inclusive, productive, efficient and manageable. The sustainability of urban development in India is seen in the context of shelter and slums, basic urban services, financing urban development and governance and planning.

India has entered the Eleventh Plan period with an impressive record of economic growth. However, the pace of decline of urban poverty has not accelerated with GDP growth. In fact, urban poverty will become a major challenge for policymakers in our country because as the urban population in the country is growing, so is urban poverty. Therefore, a need has arisen to develop new poverty reduction tools and approaches to attack the multi-dimensional issues of urban poverty. For this, policymakers at the national and local levels should have a good understanding of the nature of urban poverty as well as accurate data on various issues relating to it, in order to develop program/policies to manage urban poverty in a systematic manner.

THE SOLUTIONS

The Report proposes many solutions, few quite innovative, to improve living condition of urban poor such as ensuring greater equity in provision of basic amenities and subsidies to different states and cities, special assistance to small and medium sized towns to generate adequate resources, constitutional amendments for decentralization, reorganization of slum communities, improving sanitation standards by constructing community toilets and extending sewerage networks to slum areas, and promotion of solar, bio-gas and other non-conventional energy sources for street lights as well as for household energy use. However, to implement such reforms, we need to generate reliable data on the status of urban poor including homeless population in the slums and pavement areas. In few metro cities this process has already been started with the help of few NGOs, however, there is urgent need to track down the vulnerable population in small and medium sized cities.

CONCLUSIONS

Urban India has a high incidence of poverty despite being hailed as an engine of growth and instrument of globalization. The pace of urbanization in India is set to increase, and with it, urban poverty and urban slums. However, public policy measures for urban India have lacked focus and proper allocation of funds. There is thus an urgent need at the national level to document the key issues in urban poverty, to assess the tasks at hand, and plan for the future.

REFERENCES

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