



Understanding the Dynamics of Urban Poverty

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Abstract: *It is a contemporary reality that urban areas in developing countries now house most of the world's urban population and are projected to house almost all of the projected increase in the population size between now and 2030. There is a growing recognition that the scale of urban poverty has been overlooked and that it is increasing both in numbers and in the proportion of the world's poor populations that live and work in urban areas. According to experts, "Urban Poverty is and will continue to be a global challenge. As the world continues to urbanize, the pressure for effective solutions will become intense. Despite the fact that most of the increase in the world's population is taking place in urban areas of the Global South, there is remarkably little discussion in development literature about the problems of urban poverty. Furthermore, little attention is given by many development assistance agencies and national governments about how to effectively tackle this problem". Main reason for the underestimation and poor recognition of the problem is the dynamics of the urban poverty are not scientifically analysed which need immediate attention and addressal. The present study tries to analyse the dynamics of the urban poverty that have been not understood by the governments.*

Keywords: *Urban Poverty, Urban Poor, Informal Settlements, Government Interventions, Underestimation.*

A related, disturbing statistic is that around one-seventh of the world's population lives in housing facilities that are replete with poor quality; these tend to be overcrowded housing facilities in urban areas. Most of these areas lack provision for safe and sufficient water, sanitation and other basic amenities. A majority of the dwellers of these informal settlements are malnourished and suffer from diseases that are preventable and curable in nature. Consequently, they also suffer premature death. A considerable portion of these are actually not considered as poor by our Urban Poverty statistics and

Urban Poverty Lines. With world's urban population overtaking rural population, this trend is increasing. "*Urban Poverty is increasing both in scale and nature across the nations of the Global South; yet, it has been underestimated and misrepresented*"¹.

Urban Poverty is becoming a global challenge in the present globalized era. The world's urban population is overtaking its rural population especially in Asia, Africa and South America. But little attention is being paid by world organizations and national governments to address the issues of Urban Poverty.

¹ Diana Mitlin and David Satterthwaite, *Urban Poverty in the Global South-Scale and Nature*, (Routledge, London, 2013), p.1.



Urban Poverty is not understood in depth and it is underestimated. The use of the right indices to measure and value a problem, greatly impacts the way we formulate a solution for the same. The misrepresentation of Urban Poverty clearly reveals how little it has been understood. National and international statistics ignore the ground realities of urban life and forecast decreasing tendencies of Urban Poverty. They do so despite other evidence that highlights a very large number of individuals living in Urban Poverty. The US \$-a-day poverty line, income based assessment of poverty and factoring into account only food costs (thereby ignoring non-food expenditure), leave a blind eye to other deprivations. Health deprivations, spatial inequalities, unemployment, lack of access to basic services and social security deprivations have all been neglected in this process. We actually know very little about deprivations in urban spaces, because a large number of the urban poor work in the informal sector and live in illegal settlements on which very little or no data are available. Almost all of the poverty estimates and poverty lines of the nations of the third world are income-based, which completely ignore the non- food needs. Many urban centers are places where the costs of non- food needs are very high. Not only is it high but it also differs from nation to nation and also within the nation. Inappropriate criteria and methods are being used to greatly overstate the achievements of the nations in Urban Poverty reduction. Manipulation of data is the main factor behind the underestimation of Urban Poverty statistics. Though officially very little

Urban Poverty is identified and quoted, urban poor suffer from under-nutrition, very high infant, child and maternal mortality rates and poor health, leading to premature deaths. These deficiencies show how much Urban Poverty as an issue has been underestimated².

Urban Development specialists do not focus on the fact that costs of food and non-food needs vary between nations and also within the nation. In an analysis of the approaches used in the World Bank Poverty Assessments, we find many inappropriate assumptions about the costs of meeting people's basic needs and also about poverty lines. Most of the studies are often generalizations of small sample sizes. They do not focus much on inequalities. Data used in such statistics tend to skew the results, thereby giving a tainted view of reality. *"Most poverty lines are set following methodologies recommended by the World Bank and these are at the centre of why Urban Poverty is underestimated and misrepresented. The World Bank data is not at all sufficient; very few data is available for each district or city. Most of the available statistics are averages for National Urban Populations and generalizations about what are actually a set of diverse experiences"*³

Furthermore, little information is available about the difficulties faced by the low income urban residents in securing basic services. For the poor, basic services are the commodities that have to be purchased. Lack of perfect knowledge of the informal economy is another crucial factor that has been neglected. No proper data is available on the informal economy. The variety, complexity and diversity of

² David Satterthwaite and Diana Mitlin, *Reducing Urban Poverty in the Global South*, (Routledge, New York, 2014), p.1.

³ Satterthwaite and Mitlin, n.1, p.164.



income- earning sources, working conditions, working hours and their impact on the health of the urban poor, are factors that have been completely neglected. Discrimination in the labour market against women is another factor that is neglected. Consequently, the factors of inequalities have been completely neglected. Most of the data and surveys focus on absolute poverty. They do not concern themselves with inequality in housing, living conditions, access to basic services, access to legal services and political power, and the voice and the capacity to hold Governments accountable. The National Sample Survey statistics are not sufficient on key aspects of deprivations and distribution of poverty. Social and political inequality favours the urban elite, who can influence policy making to secure their priorities and are able to secure their habitats and privileges from the poor.

Literature on urban development projects that urban populations are better served by infrastructure and services because of the proximity factor. But in reality, this is not the case, thereby meaning that mere proximity does not mean access. The urban poor communities are not taken into consideration in the planning process. Often, external specialists set the criteria and standards for defining and measuring poverty. Whether they have any understanding of a particular area, locality, people, culture and language is not at all taken into consideration. The specialists are often influenced by the success stories of the other nations and blindly set the

standards – without factoring into account the texture of the local dynamics⁴.

Dynamics of the Urban Poverty

There are vast disparities in urban areas, from access to amenities like water to basic services like infrastructure facilities and electoral participation. Still, a majority of the poor live in poor quality houses and a majority of them still use traditional fuels for domestic purposes. The urban poor lack safe and sufficient supplies of water and necessary sanitation provisions, along with effective waste management services for the collection of household waste. To add to this, the hazardous surroundings of the informal settlements are a catalyst for the proliferation of diseases and premature deaths. The outdoor air and noise pollution in these areas considerably exceed WHO guidelines. In the absence of accurate data for each city or smaller urban center, it is difficult to set criteria to analyze the indices and to assess the risks.

Government surveys do not factor into account work-related illness, working conditions and injuries and employment and income issues. The informal nature of the job market has been the cause of the considerable income disparity within the informal sector. There are very few studies that bring together information about the multiplicity of trades and labour market outcomes for particular urban district centers.

Due to the paucity of such information, it is not possible to conceive effective policy interventions to improve

⁴ David Satterthwaite, "The Millennium Development Goals and Urban Poverty Reduction: Expectations and Nonsense Statistics", in *Environment and Development Urbanization*, Sage Publications, Vol.15, October 2003, pp. 182-

185. Available at: <http://www.iied.org/human-settlements/group-publications/publications>.



incomes and thereby the quality of life of the urban poor. Moreover, this issue cannot be understood in an isolated manner. Rather, there is a need to employ an integrated and multi-dimensional approach to effectively analyse this issue.

Inequalities in the urban areas of the Third World have not received consistent and systematic attention. Census data should provide the basis for a very detailed analysis of inequalities. Irrespective of the correlation between inequality and economic growth, there exists a growing concern that high levels of income inequality will lead to an increasingly divided population base, in addition to public policies favouring the well-to-do classes that further penalize the disadvantaged sections of society.

As the gap between the rich and poor grows, it becomes easier for the elite to demarcate a conceptual distance between themselves and those living in poverty. The latter's poverty is blamed on their culture, ignorance, lack of skills or technical training and their occupational roles. Urban inequalities take various forms that may include but may not be limited to income disparities, housing quality, and differential access to secure tenure and basic infrastructure and services. Consequently, political and social exclusion results in alienation of the poor with the democratic process and government.

The poor are not well organized and hence find it difficult to challenge the deficiencies in provisions affecting them. Many causes of poverty are linked with the refusal or incapacity of the state to treat all citizens equally, with respect to State-funded services and infrastructural facilities. Irrespective of the ideological tilt inherent in the functioning of modern

democracies, the poor are never treated as equals.

Urban income inequality is severe. Consequently, the economic structure provides an insufficient number of adequately paid jobs. This leads to a domino effect of making it difficult for households to increase their earnings. This results in a ripple effect that is categorized by deprivation. Insufficient data leads to lack of proper documentation of the urban poor; which further impacts their rights to access entitlements and benefits. Many of the urban poor lack official identity. These urban poor have no documentation, such as an identity card, to confirm their address. This restricts their access to basic amenities like piped water connections, free health care benefits and other basic services.

Urban inequalities are characterized by the differing dimensions and interactions between political, spatial, social and labour market deprivations. These include the following:

- Inadequate and unstable incomes and asset base;
- Poor quality and overcrowded housing;
- Inadequate provision of public infrastructure;
- Inadequate provision of basic services;
- High prices paid for many basic necessities;
- Limited or no safety nets and support;
- Inadequate protection of rights through the operation of the law; and
- No say, voice or representation within political systems and bureaucratic structures.

The fundamental problem of underestimation of urban poverty in low income and middle income nations is a continuous phenomenon. This takes place



because of the narrow way in which poverty is usually defined and measured. National governments and international funding agencies have not shown keen interest in understanding Urban Poverty and the resultant deprivations that it may cause. The general literature on the definitions and measurement of Urban Poverty do not provide sufficient evidence. Lack of attention is given by urban development specialists towards this chronic problem.

Despite the fact that Urban Poverty is a growing challenge for the global community as a whole, there is remarkably little discussion in much of the development literature about its ramifications. The proportion of the urban population living in slums in India is said to have fallen from 54.0% in 1990 to 29.4% in 2009. The fall in the slum population was simply the result of a change in definitions and standards. In trying to achieve quantitative targets, critical issues of Quality has been neglected. Most of the Urban Poverty reduction strategies are decided by specialists; the poor are not included in the dialogue or in the defining and measuring process. They are considered as objects and secondary citizens of the government policy and the State respectively, which may bring marginal improvements in their well-being. They are not identified as citizens with legitimate rights and demands.

Some of the trends in government interventions to reduce urban poverty have been identified as follows:

- Impediment of changing government and leadership affecting the continuity of the programme;
- Demand for decentralization but decentralization initiatives are not pro poor;

- Market-based approach to programmes deprives the poor of infrastructural and basic services;
- Governments prefer to alter clientelist approaches to reforms but they will reappear in some other form;
- Urban poor fail to unite and organize themselves to act collectively.

In summary, despite the lack of interest in inequality shown by most discussions of urban poverty in the third world, the literature suggests multiple and complex links and interactions between dimensions of inequality and poverty. Levels of poverty, its prevalence and depth are a function of the distribution as well as the totality of resources. In addition, evidence suggests that there is a dynamic relationship between economic growth and income inequality. When seeking to understand the relationships between inequality and poverty, there is a need to recognize the multiple forms of inequality which, in the urban context, relate to incomes, access to material assets including public goods, and social relation. The Interaction between such such inequalities and the extent to which they may exacerbate or alleviate each, have to be further explored.

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