CHAPTER I

INTRODUCTION

1.1: Introduction

In developing nations poverty has always remained an area of great concern for the researchers. Traditionally assessment of poverty has a strong bias in favour of rural poverty. The 20th century however witnessed a rapid growth in urban population in the developing nations. The urbanization level in India was under 16 percent in 1951 that increased to over 27 percent by 2001 and by 2030 AD it will have 41 percent of its population living in cities and towns. Though the pace of urbanization in India has been growing over the years, India with about 27.8 % of the total population living in the urban areas is less urbanized compared to many Asian countries like China(32%), Indonesia(37%), Japan(78%), South Korea(83%) and Pakistan (35%). Large cities are experiencing continuous concentration of the urban population. According to the Planning Commission estimates India has the largest number of urban poor compared to any other country in the world. According to the NSS 61st round survey ratio of urban to rural poor has increased from 1:4.45 to 1:2.73 between 1993-94 and 2004-05(GOI, 2011). Also 40-50 percent of urban population lack safe drinking water and sanitation. The NSS estimates 35 percent of urban households to live in extremely crowded conditions and many more living in squatter and slum settlements. Many consider this rise in urban poor as a result of the forces of urbanization (Mathur, 2009).

The rapid increase in the urban population has important implications on the basic services and infrastructure that is required for maintaining a dignified life. Urban poverty however poses the problems of water, sanitation, housing, nutrition, education, health, social security and livelihoods. With access to safe drinking water, basic sanitation, housing, social securities other human development indices for urban areas like infant mortality rates (IMR), life expectancy and literacy rates
particularly among females continue to be in an unsatisfactory state. India's performance even at the international level in meeting the poverty related Millennium Development goals (MDG) and targets of fifty percent reduction in the proportion of people with income below US$ 1/day between 1990-2015 AD or reducing the percentage of people without access to safe drinking water by fifty percent or achieving improvements in the lives of the slum dwellers through provision of tenure and improved sanitation by 2015 lags behind to a great extent. It is evident in all developing nations that economic growth remains central to poverty reduction. India is no such exception. But in India, income growth alone is not sufficient to alleviate urban poverty. Here urban poverty is the outcome of social, physical and political processes. So by understanding the problems of urban poverty various policies and programme interventions are required for directly reaching the urban poor. The scope and availability of poverty and poverty-related data bases in India as well as in other states is very limited and hence fails to give a comprehensive idea and understanding of this phenomenon. Also a separate study is always needed to analyse the nature and dimensions of urban poverty in the backward districts of the states.

1.2. Urban Poverty -Concepts and Issues
Urban poverty is a major challenge before the present day researchers. Urban poverty is a complex multidimensional problem that exists in both developing and developed nations. In Indian planning issues related to urban poverty are among the primary concerns of the planners and the necessity to address the issues of urban poverty is quite high. Poverty, both rural and urban is a trap. It is a vicious circle of ill health, poor work capacity, low and insecured income, low savings, low standard of living and a decreased life expectancy. It act as a hindrance to the process of growth and keeps poor countries from advancing on the path to sustainable development( ILO, 2003). The living condition and environment of the urban poor are mainly characterized by high density of population, unhygienic shelter, poor quality of drinking water, inadequate sanitation facilities, poor drainage and solid
waste disposal. The vast majority of urban poor are migrants, rural poor, landless labourers and petty farmers. The most common visible indications of urban poverty are vast majority of homeless people, living on the streets and pavements, under flyovers, in parks or in the rickshaw-vans etc. The most vulnerable classes are the elderly, disabled, young children and women.

In a developing country like India, the problems of assessing the incidence of poverty are enormous. This is because, first, poverty is a multidimensional concept and the extent of poverty varies from one part of the country to the other. The meaning of poverty differs from society to society and also within the same society at different points of time. Poverty exist in almost all societies and has various aspects like absence of income, hunger and malnutrition, illiteracy, lack of health facilities, homelessness and inadequate housing, unsafe environment, social crimes and exclusion. So there cannot be a single indicator of poverty that would give the true picture of true incidence of poverty.

Depending upon the relative or absolute concept of deprivation, poverty may be measured either in relative or in absolute terms. Poverty refers to a situation in which the overall demands and needs of an individual fail to get satisfied due to inadequate purchasing power. In India there is no consensus on the definition of poverty in India in terms of minimum per capita per month income and reliable income data at the household level is also not available. Since income measures the potential consumption of the household or the individual, consumption expenditure is taken as the proxy measure of poverty for income in India. So consumption expenditure is much more relevant to use in measuring poverty. So the procedure followed is to define a poverty line in terms of overall monthly per capita consumption expenditure and then update the poverty line for price change using price deflator (Joshi, 1997).

Conventionally, income or consumption in association with other social indicators like life expectancy, infant mortality, nutrition, literacy, school enrollment rates,
access to basic services are used as common index of welfare. So broadly poverty is characterized in terms of (i) material deprivation, (ii) human deprivation and certain other (iii) non-material deprivation/ qualitative dimensions like lack of independence, lack of social security, lack of dignity and self-respect, lack of voice, political exclusions, certain vulnerabilities, violence and destitution.

If we categorise urban poverty into housing and occupational category we would find that in the housing category of poverty urban poor include pavement dwellers, nomadic pavement dwellers, recognized and unrecognized slum dwellers and squatters. However in the occupational category of poverty urban poor include mainly the casual workers, unskilled, non-unionized wage workers and service industry workers, domestic workers, construction workers, rickshaw pullers, sweepers, street vendors, rag pickers, sex workers and beggars (Oxfam India Trust, 1997)

Urbanisation is seen as the manifestation of urban poverty that has been occurring by various ways like explosion of slums and bustees, rapid growth of informal sector, casualisation and underdevelopment of labour, high pressure on civil services, high rate of education and health deprivation, rising crime rates and group violence (Satpal Singh, 2006).
The phenomenon of urbanization influences the quality of life of people to a large extent. According to the World Development Report (2000-2001), nearly half of the world’s poor reside in South Asia which includes nearly 30 % of the world’s population. It is estimated that the towns and cities in the developing world would account for 1.9 billion people in the present decade and the same may reach up to 3.5 billion by 2020 (Sandhu,2001). Rural to urban migration in many cases has been an important factor in increasing urban poverty.

An important aspect of the existence of urban poverty in India is the presence of a considerable proportion of people living in squatter and slum settlements. These settlements are nothing but physical manifestation of poverty in cities and towns reflecting in turn an aspect of social exclusion. High rate of population growth and
high rate of migration from rural areas results in formation of slum pockets accelerating urban poverty. In large cities and towns the slum dwellers are in subhuman living conditions and are deprived of basic infrastructure and services. There exist a bilateral relationship between poverty and slums. Slums are characterized by existence of poverty and slums in turn rear poverty. A majority of the slum dwellers are either self employed or casually employed or are unemployed with only one fifth of the working force having regular wage employment. The Census of India defines slums as a “compact area of at least 300 persons or about 60-70 households of poorly built congested tenements, in unhygienic environment usually with inadequate infrastructure and lacking in proper sanitary and drinking water facilities” According to 2001 Census, 41.6 percent of the country’s slum population reside in the cities with over 1 million population and Mumbai, Delhi, Kolkata and Chennai accounts for about one-fourth of the total slum dwellers. India as well as it’s states are faced with multiple challenges: (i) reducing the consumption gap to eliminate consumption poverty among the 80-115 million urban poor (ii) ensuring that people lying in the borderline of poverty do not fall below poverty line and (iii) making cities and towns “slum-free”.

We see that migration act as an integral part of the process of urbanization. Migration is also a major cause of social, cultural, economic and institutional changes in the local, regional and national development context (Pandey, 2013). Thus the importance of the interrelationship between migration and economic development is quite large. And migration is not an independent variable. The phenomenon of urbanization to a large extent is ruled by the process of migration. While analyzing the determinants of urban poverty we consider degree of urbanization as an explanatory variable which includes the migration factor instead of taking migration as a separate independent variable.
Chapter I

1.3: Background of the problems of estimating poverty:
In the year back 1962, the Planning Commission for the first time initiated the method for measuring poverty by setting up a working group comprising of eminent economists, statisticians, nutritionists for defining poverty and fixing the poverty line. In 1979 a Task Force set up by the Planning Commission calculated the consumer expenditure meeting the calorie requirement of 2400 Kcal and 2100 Kcal per capita per day in rural and urban areas respectively and include a minimum of non food requirements like clothing, shelter, transport, education, health care etc. Faced with various criticisms the Planning Commission constituted an Expert Group under the chairmanship of Prof. D.T. Lakdawala and poverty line was redefined using this expert group methodology (1993) that recommended that at the national level poverty ratio should be computed as an average of state wise poverty ratios and the latter should be computed only from large sample surveys of consumer expenditure of NSS. The Planning Commission estimated poverty ratios in rural and urban areas of the States and Union Territories using expert group methodology for the years 1973-74, 1977-78,1983,1987-88 and 1993-94 for which large sample survey consumer expenditure data are available from the NSS.

Until 50th round of survey (1993-94), National Sample Survey Organisation (NSSO) collected information on consumption expenditure from households on a uniform 30-day recall period for all items of consumption. Since 55th round (1999-00), NSSO has used a Mixed Recall Period (MRP) for collecting information on consumption expenditure from households. In the case of Uniform Recall Period (URP), all information on consumption expenditure is collected on a month-long recall period basis. Under Mixed Recall Period (MRP), information on five broad item groups of household consumer expenditure with low frequency of purchase namely, clothing, footwear, education, institutional medical care and durables is collected on a year or 365 days recall basis while information on consumption expenditure on all other items is collected on a month or 30 days recall period. Also the data on consumption of food items (including pan, tobacco and intoxicants) have been collected by using two different recall periods of 7 days and 30 days from the same households. The
published results of 50th round and 61st round based on URP of 30 days for all items are comparable. But it is not possible to compare the results of the 55th round with either the 50th or 61st rounds mainly due to non-sampling errors arising from the two recall periods of 7-days and 30-days for certain food items for the same households in the 55th round. The three NSS rounds are however comparable in terms of sampling design.

Till 2004-05 the official poverty estimates released by the Planning commission have been criticised on several grounds. Keeping this in mind, an expert group under the chairmanship of Prof. Suresh Tendulkar was set up that suggested a new methodology for estimating state wise and all India rural and urban poverty lines for 2004-05 based on private household consumer expenditure of Indian households as collected by the National Sample Survey Organisation (NSSO). The Tendulkar Committee for the first time recommended use of implicit prices derived from quantity and value data collected in household consumer expenditure surveys for computing and updating the poverty lines. The older poverty lines based on a calorie intake norm have been abandoned on the ground that the calorie consumption calculated by converting the consumed quantities in the last 30 days (based on NSS data) are not seen to be well correlated with the nutritional outcomes obtained from other specialised surveys based on a time series or a cross sectional data (that is between states or rural and urban areas). This Expert group adopted the MRP-based estimates of consumption expenditure in deriving the poverty lines for the states instead of URP estimates of consumption expenditure. This new poverty line basket takes into account all items of consumption (except transport and conveyance) for construction of price indices (Fisher price indices) and considers separate allowance for private expenditure on transport and conveyance in the recommended poverty lines. As per Tendulkar Committee recommendations the state wise urban poverty lines of 2004-05 are updated for 2009-10 on the basis of price rise during this period using Fisher price index. The new poverty lines have been derived after assessing the adequacy of private household expenditure on education and health which was not explicitly included in the older calorie based
poverty lines. A positive aspect of this new poverty line is that it allows for the
derivation of new poverty lines and the corresponding headcount ratios for all the
states including the north eastern states. But in the absence of adequate data the
expert group suggested referring to the poverty line of the neighbouring states for
union territories.

The current 66th round of survey in addition to the URP and MRP method however
uses a new and better version of the Mixed Reference Period termed as Modified
Mixed Reference Period (MMRP) i.e. 365 days reference period for the items of low
frequency of purchase (clothing, footwear, durables, education and institutional
health care), 7 day reference period for certain specified food items and 30 days for
all the remaining items.

In the absence of any uniform methodology to identify BPL urban households on the
basis of a simple, transparent and objectively measurable indicator the Planning
Commission constituted an Expert Group on May 2010 under the chairmanship of
Prof. S.R. Hashim. A subgroup was also formed under the Expert Group for
suggesting appropriate parameters and methodology to capture vulnerabilities and
deprivations experienced by BPL urban families. It was decided that while
identifying BPL families emphasis should be given on more visible and easily
recordable indicators on the basis of three categories of vulnerabilities-(i)
Residential, (ii) Occupational and (iii) Social vulnerabilities. Now (i) include levels of
living and quality of life in respect of housing conditions, access to sanitation, safe
drinking water, employment and regularity of earnings.(ii) include nature and
quality of work and (iii) include security measures like life and health insurance,
access to financial institutions etc. Possession of a range and type of assets (other
than house) by the household is also taken as an indicator of wellbeing. So
importance is also given on collection of data on the possession of certain type of
assets. On the basis of the possession of assets and different vulnerabilities the
expert group recommended a three stage identification process like (i) Automatic
exclusion (ii) Automatic inclusion and (iii) A scoring index. Those households with higher scores are more deprived.

1.4. Motivation of present study:

There have been various studies made so far on the trends and patterns of both rural and urban poverty in India as a whole and also taking the states of India during different periods of time by different economists and researchers. By doing the interstate analysis we could get an overview of the pattern of both rural and urban poverty in the country over the years. But we could hardly find any exhaustive study on the trend and pattern of poverty, be it rural or urban, at the regional and /or district level which could give an idea about the country’s inter regional and inter district variations in rural or urban poverty over the years. Various studies have shown that, traditionally assessment of poverty has a strong bias in favour of rural poverty in India and many eminent economists have worked on different issues related to the problem of rural poverty.

Moreover if we consider the state of West Bengal we will find that there are hardly any studies on the state focusing on the phenomenon of urban poverty in the regions and the districts of West Bengal. So in the present study our focus is (i) to capture the phenomenon of poverty in urban West Bengal on one hand and then (ii) to analyse the pattern of urban poverty in the regions and districts of West Bengal along with the state. In order to have a complete and a more focused understanding of the standard of living existing in any part of the country one should look at the district level estimates since there exist variations at the district level which is not possible to be captured by taking state alone as a homogeneous socio-economic unit. Keeping these in mind the present study focus on the regional level study of urban poverty in West Bengal over the period of time 1980-2010. We also analyse the district level incidence of urban poverty and related issues where data are available. We have chosen the period of study covering 1980-2010. We have tried to show the incidence of urban poverty and it’s changes during the past three decades.
Since we have used the consumption expenditure data of National Sample Survey for different quinquennial rounds we have taken 1983-84 as the starting year of our study followed by 1987 to represent the decade of 80’s. Then we have used 1993-94 and 1999-2000 data to represent decade of 90’s. For the last decade we have used 2004-05 and 2009-10.

1.5: Objectives of present study:

The objectives of the present study is

(i) to find the estimates of urban poverty and show the pattern of urban poverty in the state of West Bengal during 1980-2010 at regional level and at district level wherever data is available. In this respect we have also tried to show the estimates and pattern of urban poverty in India and its States.

(ii) to find the effect of Growth, Inequality and a residual component on changes in the incidence of urban poverty in West Bengal over the years. In this respect we have also tried to find out the decomposition of changes in urban poverty in India.

(iii) to find the determinants of urban poverty in West Bengal.

The study has been divided into seven chapters.

Chapter I is the introductory one giving the background of the problems of estimating poverty, identifying the motivation of present study and finally stating the objectives of present study.

Chapter II deals with data and methodology we have used in our study.

Chapter III gives the review of literature on issues related to urban poverty.
Chapter IV deals with the pattern of urban poverty in India and West Bengal. Here in the first section we estimated the urban Head Count Ratio (HCR) and showed the pattern of urban poverty and its changes in India during 1980-2010 at state level. In the next section we estimated the urban Head Count Ratio (HCR) and showed the pattern of urban poverty in West Bengal during 1980-2010 at the regional level and district level wherever data is available. Then we tried to show the performance of regions and districts in urban poverty reduction over the years and subsequently analyze the inter-regional and inter-district variation in urban poverty in West Bengal.

Chapter V shows the effect of Growth, Inequality and a Residual component on changes in urban poverty over the years by method of decomposition. The first section of Chapter V shows this decomposition for India and its states. The next section of Chapter V shows this decomposition for West Bengal and its regions and districts.

Chapter VI deals with the determinants of urban poverty in West Bengal by relating urban poverty with different socio-economic factors like degree of urbanisation, urban household size, level of urban inequality, per capita industrial income and per capita public expenditure on health and education and finally the last chapter,

Chapter VII try to summarise the findings of the study and then try to suggest some policy options for eliminating urban poverty in the state of West Bengal. In view of paucity of work on urban poverty at the region and district levels for the state of West Bengal over time, the present study fills up the gap in the literature.

The following chapters take into account the above factors and try to address the relevant issues.