CHAPTER III
LITERATURE REVIEW

There have been various debates, arguments and successive refinements over time in the process of measurement of poverty in India since it’s inception. To find the pattern of urban poverty in the states of India and West Bengal for the years 1983, 1987, 1993, 1999, 2004 and 2009, the Head Count Ratio (HCR) has been used as a measure. However, there are very few studies on the district level analysis in India that involves huge segments of the country owing to various limitations. In the present study, we have attempted to find the urban poverty estimates at the state level as well as at the region and district level for the state of West Bengal showing the pattern of urban poverty in the state. Then we try to decompose the changes in poverty ratio into growth effect and redistribution effect and effect of a residual component that is neither growth nor distribution. This decomposition is done for the urban areas of the states of India and the regions and districts of West Bengal for the respective years. Then we have tried to find the determinants of urban poverty in the state of West Bengal.

In the present study, we have tried to give an overview of the work of different authors on the pattern, decomposition and determinants of urban poverty under three broad headings like (i) urban poverty in the world, (ii) urban poverty in India and (iii) urban poverty in West Bengal.

3.1. Urban Poverty in the World: Trends, Decomposition and Determinants

In this section, we have tried to give an overview of the work of different economists on trends, decomposition and determinants of urban poverty in the world.

While tracing out the magnitude and trends of urban poverty in South Asia, Gunewardena (1999) observes that in South Asia the percentage of population living in urban areas is increasing and in many countries urban poverty is declining
at rates much slower than that of rural poverty. While observing the rise of squatter settlements and slums in the large cities like Mumbai, Calcutta, Karachi and Delhi, he finds that nearly 3 million people in Calcutta live in *bustees* and refugee settlements and another 2.5 million live in similarly unreserved areas.

*Datt and Gunewardena (1999)* characterize poverty in *Srilanka* using data from two recent household surveys (for 1985-86 and 1990-91). The paper deals with the construction of spatial and temporal cost of living indices. It gives estimates of absolute poverty for 1985-86 and 1990-91 at the national and sectoral level and examines the robustness of the observed changes in poverty over a range of poverty measures and poverty lines. And also the paper presents results on the proximate sources of changes in poverty using some simple decompositions. The results show that poverty rates in 1990-91 was highest in the rural sector and lowest in the estate sector with the urban sector in the middle. Between 1985-86 and 1990-91, aggregate poverty declined modestly and this is mainly due to fall in rural poverty (although poverty in estate sector also declined). However during this period, urban poverty seem to have increased. Agriculture, forestry, and fishing accounted for about 80 percentage of the decline in national poverty. But poverty in Sri Lanka is still a predominantly rural phenomenon. Regional variations in poverty are found to be relatively limited. Female headed households are associated with greater poverty only in the urban sector, but this association however disappears at the national level. It has been observed that poorer households tend to have higher dependency ratios, fewer years of schooling, lower rates of participation in the labour force and strikingly higher rates of unemployment. The poor also had lower average years of schooling and lower literacy rates, although differences in literacy rates between the poor and the non poor are not so large. The authors’ assessment of the targeting performance of the food stamp programme suggests that direct transfer benefits from the programme are progressive. And they have a larger impact on poverty than would have been implied by uniform allocations of the same budget.
Alain de-janvry and Elisabeth Sadoulet (2000) try to analyse the determinants of changes in the incidence of urban and rural poverty and in Gini coefficients over spells of years stressing mainly the role of aggregate income growth by taking poverty and income inequality data for 12 Latin American countries between 1970 and 1994. The results show that income growth reduces urban and rural poverty but fails to do so in case of inequality. Moreover, income growth is more effective in reducing urban poverty if the levels of inequality and poverty are lower and level of secondary education is higher. They observe that there exists an asymmetry in the impact of growth on poverty and inequality with recession having strong negative effects on both poverty and inequality. As growth does not reduce inequality, there occurs a ratchet effect on the level of inequality caused by the economic cycles. However, if inequality is very low, then post structural adjustment growth is quite effective at reducing poverty.

A study by ADB(2000) reports that Bangladesh has one of the highest paces of urbanisation in the developing world. In spite of high growth in urban per-capita income much higher than that of rural income, it has not been able to keep pace with the rate of urbanisation through rural-urban migration. The absolute number of urban poor has increased though there has been a fall in the proportion of urban poverty in relative terms. So urbanisation has a positive effect too. Thus, urbanisation has contributed to a decline in national poverty to a great extent. It has been observed that there has been a strong regional variations in urban poverty in Bangladesh, the incidence being double in smaller cities compared to big ones. So it has been suggested by the report that the policies to target urban poverty should be aimed at cities other than large cities like Dhaka and Chittagong.

Carunia Mulya Firdausy (2000) showed that urban poverty have been among the great development challenges confronting Indonesia in the 1990s and beyond. The proportion of the urban poor declined from 39 percentage in 1976 to 17 percentage in 1990. The absolute number of urban poor remained same for the period 1976-1990 suggesting that the incidence of urban poverty shows a slow downward trend at least in terms of the absolute number of urban poor. The paper
attempts to identify critical issues and key economic policy concerns regarding urban poverty reduction on the one hand, and on the other it aims to specify and assess policy options and financing approaches to problems posed by urban poverty. Considering the rapid urbanisation of the country, the problem of poverty in urban areas would persist leading to deterioration of urban environment, more urban crime, traffic congestion, unemployment and underemployment. The findings suggest that the share of urban poverty in total poverty has been reducing only slightly as compared to a significant fall in rural poverty. Poverty has been more intense for urban households with larger family size and for households headed by males and for households headed by people with low educational attainment. One exceptional and interesting feature is that as regards sex differentials, households headed by males were on average poorer than those headed by females. The problem of urban poverty involves many complex issues. Some direct policy measures for reductions in poverty include improvements in access to basic infrastructure and services as well as in the access to productive employment both in urban and rural areas. Government attention is required for promoting development of urban agriculture and of activities in the informal sector. The roles of government, private sector, NGOs, local community, Interest groups, aid agencies, and urban poor themselves are necessary for achieving efficiency and effectiveness in the implementation of urban poverty programs.

Jong-Gie Kim (2000) in his paper showed that Korea experienced rapid urban growth between 1965 and 1980 resulting in various social and economic problems like traffic congestion, pollution, housing shortages, unemployment and the proliferation of slums; in particular, the urban poor posed one of the most serious problems during the early stages of development. The paper investigates the steps taken by Korea to address the pressing issue of urban poverty and consider the specific shifts in policy adopted by the government to accommodate economic, political and social changes over the years. There have been a number of significant studies on urban poverty in Korea, but studies on the measurement of poverty in general are very limited. There has been a significant reduction in urban poverty
between 1965-84. The poor Korean households are characterized by large household size, large number of female headed households, elderly family heads and lack of education. Without an adequate supply of low cost housing for the urban poor, many settle in slums and squatter dwellings with lack of access to basic public utilities like water and sewage facilities and such infrastructures are often constructed of inappropriate materials. In so far as the policies are concerned, the country’s industrialization-led economic development generated enough employment opportunities to absorb rural urban migrants that constituted most of the urban poor and also absorb relatively younger and more educated rural urban migrants in the formal employment sector. While implementing the policy measures, two groups were identified. The conditions of the first group could be improved by providing services like education, job training and job placement and the second group would require charity and relief. Various policy measures have been instituted to solve urban poor’s housing problems. However substantial reduction in urban poverty resulted in part from government policies, but the most important factor in the decline has been the overall growth of the economy.

The article by Jeffrey Alwang, Lire Ersado and Nelson Taruvinga (2001) examines changes in urban poverty and sources of change in Zimbabwe between 1990 and 1996. Comparable national survey data have been used for both the periods. The welfare indicator used is the per capita real consumption expenditure. Zimbabwe experienced serious economic decline during the 1990s. By all measures however mean levels of wellbeing declined dramatically between 1990-91 and 1995-96. However in both the years urban inequality is slightly worse than in rural areas. In the 1990s, a substantial change occurred in the sector-specific profile of employment in Zimbabwe and much of this change is attributable to the ESAP reforms. Employment status patterns changed mostly in urban areas. Formal sector employment fell while the informal sector share of total employment almost doubled. Much of the growth of urban poverty has been linked with economic restructuring, and the failure of the urban economy to produce high quality jobs. As regards the education level was concerned, it was found that though the educational
attainment of the urban population grew during the 1990s, secondary and higher secondary school entrance rate dropped for both male and females between the survey years which were troubling as there were strong poverty reducing returns from secondary education in Zimbabwe. Between 1990 and 1996, there had been an unambiguous increase in poverty in Zimbabwe. By the decomposition of poverty into growth and redistribution effects, it has been seen that though rural poverty has been more prevalent, severe and deeper than that in urban areas, but urban poverty grew dramatically during that period and may have increased at a faster rate than for rural areas during the 1990s. The gap between rural and urban area was shrinking as more people in urban areas were shrinking below the poverty line over time. It has been seen that by all measures and for both the years, the incidence of poverty is found to be worse among female headed households and poverty increased in the 1990s in all areas of Zimbabwe regardless of the education of the household head. The authors view that in order to reduce long term poverty in Zimbabwe they require investments in social sectors, create environment that could spread the benefits of ESAP to the broader population, enable stability and order together with supportive economic development policies.

The article by Cheng Fan, Xiaobo Zhang and Shenggen Fan (2002) investigates the trend in poverty and inequality in urban China during the period of rapid urban reforms and reveals that the incidence of urban poverty fell from 1992 and 1995, but rose from 1996 to 1998 at the time of launching of major urban reforms. The highest concentration of urban poverty could be noticed in the western region and the income gap between the region and the rest of China was growing over time. A decomposition analysis show that urban poverty reduction has been mainly caused by rapid economic growth but the impact of poverty reduction would have been stronger provided the worsening income distribution could be avoided.

The article by Philip Serumaga-Zake and Willem Naude (2002) identifies the determinants of rural and urban poverty in the north west province of South Africa since the extent of poverty in the northwest province is on average worse than in South Africa as a whole. Based on the data gathered from a survey of 593 black
households across the province, the research assesses empirically the effects of human capital, region of residence and other specific household characteristics on the poverty status of households. The poverty status are based on per capita consumption expenditure as a measure of household welfare. To identify the factors that determine the probability of whether or not a particular household in northwest falls below poverty or above the poverty line (measure), they need to estimate a binary response model. The Probit model suggest that the major significant determinants of household poverty in both rural and urban areas are education and household size. Higher levels of education are associated with lower levels of poverty while larger household tends to face a higher probability of being poor. Two striking differences between rural and urban poverty have been observed. First, extra female adults in a household raise the probability of poverty. This suggests the likelihood of more significant gender discrimination in rural areas than in urban areas. Secondly, if in rural areas a migrant(out) worker is the head of the household, then this reduces the probability of poverty, whereas this is not true for the urban households. A sensitivity analysis for the robustness of results over a range of poverty lines shows that the impact of education is much stronger for poorer households than for more wealthy households.

Arsenio M Balisacan (2003) have shown that urbanization and urban poverty have increasingly become major development policy concerns in Phillipines. The paper takes an in depth look at the nature of the urban poverty problem in the Phillipines. It provides inter-temporal and spatial dimensions of poverty since early 1960s, examines possibilities of employment and employment generation, determinants of labour earnings of urban households and issues concerning access to basic needs and services, characterizes the implications of economy wide and sectoral policies on urban poverty and spatial development and finally conclude and outline some policy implications.

In his paper, Tokunbo Simbowale Osinubi (2003) has shown that the incidence of poverty in Nigeria is much higher in the rural areas than in the urban areas. But the urban slum dwellers form one of the more deprived groups. Nigerian government
however has given less priority on the issue of urban poverty focusing more on the rural poverty for over the last two decades. Due to the idea that urbanisation is rising all over the world that the issue of urban poverty has emerged in Nigeria. The number of rural poor and the depth of poverty both increased in the urban areas and decreased in the rural areas. Between 1985-92, total extreme poverty in Nigeria increased from 10.1 million people to 13.9 million with a near three fold increase in the urban extreme poor from 1.5 million to 4.3 million people. Also the depth and severity of extreme poverty increased more than seven fold in Urban Nigeria compared to two fold increase in rural areas. Thus it is evident that the problem of urban poverty in Nigeria is going to be much more alarming than the rural one. This study was conducted in Agege area of Lagos state by adopting the use of structured questionnaire for the collection of information on the level of total household consumption expenditure and other social economic characteristics using stratified random sampling. The study shows that there exist poverty and a considerable inequality in the distribution of wealth in the urban area of Agege of Lagos state. This inequality in wealth and difference in the poverty levels were attributed to unequal opportunities in order to get some level of education, type of occupation and difference in household size and number of persons working in the household. The results show educational status and annual per capita income as determinant of per capita household expenditure on basic needs. Other socio-cultural, technical, financial and institutional factors if included in the study could raise the value of R square.

The paper by Jinjun Xue and Zhong Wei (2003) studies the issue of unemployment and poverty in urban China and estimates the urban unemployment rate, poverty rate and income disparity using a new sample survey data. It analyzes the relationship between unemployment and poverty and the effects of poverty on urban inequality. The results show that the urban unemployment rate was 11.6 percentage in 1999 and acted as significant cause for urban poverty which in turn became important in worsening urban inequality. The paper also shows that migrant households have an increasing influence on urban
poverty and the pattern of urban income distribution. An important finding of the paper remains that urban income distribution has deteriorated since 1995 and urban unemployment and poverty are the major contributors to this.

To examine the urban livelihoods in slums of Bangladesh, IFPRI (2003) conducted a survey in 2000 of vulnerable urban households in selected slums and low income settlements in the two secondary cities of Jessore and Tongi. Conditions vary across the cities. In Jessore, poor households are dispersed through the city with slums situated alongside middleclass and well off neighbourhoods. In Tongi the poor are located in sprawling but distinct slums or settlements detached from neighbouring communities. However migrants form a large proportion of both populations. Incomes in both cities are very low and in total more than half of the households in Jessore and nearly two-third’s of those in Tongi live in absolute poverty, the female headed households suffering the most with not being able to meet the basic needs. These urban settlements are unhygienic, two-third with open latrines and many are vulnerable to floods during monsoon. Chronic underemployment prevails in the labour force. Employment in the two cities shows different economic bases like industry in Tongi and inter country trade with India in Jessore. Policy suggests that living conditions of the urban poor need to be addressed and there is requirement of essential infrastructure.

Shujie Yao, Zongyi Zhang and Lucia Hanmer (2004) tried to give a comprehensive picture and identify the main determinants of poverty in both the rural and urban sectors of China by using large household survey data. They have tried to see the incidence of urban and rural poverty and its response to income and inequality. The process of poverty reduction have remained very slow and is becoming increasingly more difficult to reduce, the main reasons being the rising inequality, particularly the rural –urban divide (that is huge per-capita income disparity between the rural and urban populations), and interregional inequality. Though urban poverty is rising in China but rural poverty is still much more predominant in China. The incidence of rural poverty is much more sensitive to per capita income and inequality than the incidence of urban poverty. The country will
have to go a long way in its effort to reduce poverty and the battle against poverty is far from over, even by 2015. Regarding the policies, issues of unemployment and social security in the cities would have to be looked after. Also poverty reduction should not just rely on income growth but on the reduction of poverty as well.

**Martin Ravallion, Shaohua Chen and Prem Sengupta (2007)** have tried to give a new dimension to the concept of **urbanization of poverty** by highlighting two main issues like – the extent to which poverty is urbanizing in the developing world and what role urbanization of the population has been playing in overall poverty reduction. They studied 90 developing countries and the empirical result imply that the poor urbanize faster than the population as a whole resulting in a lower than average rate of urban poverty reduction. But the experience across developing countries suggests that a majority of the poor will still live in rural areas long after most people in the developing world live in urban areas. They have shown that urbanization process has played a quantitatively significant role in overall poverty reduction by providing new opportunities to rural out migrants. A faster pace of urbanization is possible with more rapid poverty reduction through economic growth. In many respects a marked regional differences could be observed. A majority of Latin American poor are residents of urban areas whereas in East Asia the figure is somewhat less than 10 percentage. In Sub Saharan Africa there is less evidence of falling overall poverty with urbanization. Their study also reveal that the higher cost of living and the slower pace of poverty reduction in urban areas are the causes of higher aggregate poverty level for the world and a lower rate of poverty reduction.

The paper by **Mansor Zibaei and Ashan Shooshtarian (2007)** addresses the issues related to the dynamics of poverty using household panel data for urban and rural areas of **Iran** between 2001-2003. For this poor and non-poor households have been identified by estimating rural and urban poverty lines. By applying spell approach, the persistence of poverty during this period has been identified. Also by applying the Logit model, determinants of reentering and exiting poverty rate have been studied. To estimate food and nonfood poverty lines, Food Energy Intake (FEI)
method and nonparametric regression have been used. Results indicate that poverty is more widespread in rural areas than in urban areas and is more persistent in urban areas than rural areas. Moreover the study reveals that chronic poverty is more common in urban areas.

The paper by Tokunbo Simbowale Osinubi (2007) uses household level data between the period 1986-2000 to find the determining factors of households falling below the poverty line during the period and explores how these factors have changed during 1990s and what their impacts have been. During the 1990s increase in food price and introduction of radical social welfare and enterprise reform created significant changes in the lives of the urban households in China contributing to significant increase in the growth of poverty. One method of this process may be to estimate a Probit model for each survey year and the other way is to follow Datt and Joffile (2005) and Gibson and Rozelle (2003) and then utilize the consumption variable directly. Following the result of the estimation procedure they first consider the effects of the changing influence of household composition characteristics and find that greater the household size more is the probability of household being poor, greater the number of family members engaged in work less is the poverty ,larger the number of children in a family more is the poverty finally they observe that more elderly male reduces poverty where as more elderly female raises the chances of poverty. The next factors relate to human capital variables where they found that households with more educated heads/spouses and more workers employed in higher paying occupations had a lower probability of being poor. The last set of factors relate to important regional effects which showed that households in regions with higher average income levels relative to the poverty line were less probable to be poor. Between 1994-2000, households in regions with more state sector employees scored worst due to adverse impact of state sector reforms on many households. Moreover while considering the changing impact of income inequality they found that regions with the largest inequality in the early period were observed to have less poverty (one reason may be that inequality primarily occurred due to higher incomes at the top of the income distribution. However in the second period this effect disappeared.
A World bank (2007) study shows that in Bangladesh the urban poor live mainly in informal settlements or slums across Dhaka city with no or very little access to sewage line, water supply and toilet facilities. Also around 7600 households live in slums that are within 50 m of the river and therefore suffer significant risk of flooding during the rainy season. Most employment among the poor in Dhaka is concentrated within the informal sector having low wages. The unemployment rate for the poor is double that of the non-poor. The issue of underemployment in addition affects approximately 20 percentage of households. There exists a chronic problem of child labour with an approximate of 20 percentage of all children are working between ages of 5-14. However for the poorest households with child labour, earnings from the children represent about one-third of total household income. The report however focuses that in order to improve the income earning opportunities faced by the poor, a vibrant labour market needs to be ensured in Dhaka depending partly on continuous improvements in the level of education. So far the shelter for the poor is concerned secure shelter is a ‘major challenge’ for Dhaka’s urban poor. The migrants often settle in illegal settlements on marginal pieces of land posing significant environmental concerns and are continuously faced with constant threat of eviction inviting major stresses to their life. The report note that the poor are effectively priced out of legitimate settlements in the city by very high land prices in the Dhaka City Corporation(DCC). The report notes that there is very limited access to basic services like water, sanitation, electricity, health and education for the poor and the problem is aggravated by the fact that as slums are not recognised as legal lands, the Government’s NGOs and donors in general do not provide services in these areas whereas the so called mastaans take the advantage of the situation by providing the same against a higher price. The administration of basic services in Dhaka is complicated with public services being provided by a mixture of both central and local agencies having limited resources, weak administrative capacity and small coordination. Crime and violence in Dhaka city is a major issue in Dhaka that affects the poor particularly. The most commonly reported crime and violence are toll collection, mastaan induced violence and violence against women and children.
The paper by Xia Qingjie, Song Li’na and Simon Appleton (2007) estimates trends and patterns in absolute poverty in urban China from 1988 to 2002 using the Chinese Household Income Project (CHIP) surveys. Plotting of poverty incidence curve shows that poverty has fallen remarkably during the period regardless of the exact location of the poverty line. Between 1988 and 1995 income inequality increased but remained fairly constant thereafter. Models of determination of income and poverty show widening differentials by education, sex, and party membership. Income from government anti programs has little impact on poverty which has almost entirely fallen because of overall economic growth rather than redistribution.

The paper by Shahadat Hossain (2008) tries to show the trend of poverty and explore the type of urban growth and poverty in the mega city of Dhaka, Bangladesh. The urbanisation of Bangladesh is very much interlinked with the development of Dhaka city. Data are collected through surveys of population censuses and relevant studies. The historical process of urban development of the city is very much influenced by the political structure of the country. The city has experienced massive rural-urban migration. The study reveals that a large section of the city’s population lives in slums and squatter settlements with low living standards, low productivity and unemployment. The infrastructure of the city is inadequate to keep pace with the rapid urban growth of the city. As a result the slum population mostly live below the poverty line with limited access to economic and social systems of the city.

3.2. Urban Poverty in India

3.2.1. Trends and measurement in urban poverty

In the year back 1962, the Planning Commission for the first time initiated the method for measuring poverty and set up a Working Group (Bandopadhyay, 2010) comprising of eminent economists, statisticians, nutritionists for defining poverty and fixing the poverty line. They calculated Rs 20 per capita per month for rural areas and Rs 25 per capita per month for urban areas at 1960-61 prices as
nationally desirable minimum level of consumer expenditure. An attempt was made by Dandekar and Rath (1971) to link calorie norm to poverty line stating that, daily consumption of 2250 calories per person requiring an expenditure of Rs 14.20 in rural areas and Rs 22.60 in urban areas at 1960-61 prices (later scaled up to 15.20 per capita per month in rural and Rs 22.50 in urban areas) could meet the minimum requirements of a person both in rural and urban areas. However their poverty estimates were lower than the Working Group poverty line. In 1960s and 1970s the Working Group poverty line was widely used to estimate the poverty ratio in rural and urban areas in India by different economists like V.M. Dandekar and Nilkantha Rath, Amartya Sen, Pranab Bardhan, B.S Minhas, I.Z.Bhatty, T.N Srinivasan, Montek Singh Ahluwalia among others.

In 1979, a Task Force set up by the Planning Commission examined the minimum needs and standard of living of the people and accordingly defined poverty and fixed the poverty line at Rs 49.09 and Rs 56.64 per capita per month at 1973-74 prices in rural and urban areas respectively .The Planning Commission constituted an expert group under the chairmanship of Prof. D.T. Lakdawala and poverty line was redefined using the Expert Group Methodology (1993). The group however retained the poverty line as defined by the Task Force and preferred to keep 1973-74 as base year for estimating the poverty line. It only disaggregated the national level rural and urban poverty lines as defined by the Task Force into state specific poverty lines. Until 50th round of survey (1993-94), National Sample Survey Organisation (NSS) collected information on consumption expenditure from households on a uniform 30-day recall period for all items of consumption and made use of Modified Expert Group Methodology where some alterations have been made in the procedure of data collection on consumer expenditure in NSS 55th round . Since 55th round (1999-00), NSSO has used a Mixed Recall Period(MRP) for collecting information on consumption expenditure from households (Bandopadhyay, 2010).
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. However during 1999, the official estimate of poverty released by the Planning Commission indicated a sharp fall in the poverty ratio which created a confusion and debate among the economists on the ground that whether this has occurred due to alterations in the procedure of data collection on consumer expenditure pertaining to 55th round and demanded explanations from economists both within and outside the country (Bandopadhyay, 2010).

During 2004-05 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. 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 consider separate allowance for private expenditure on transport and conveyance in the recommended poverty lines. This new poverty lines have been derived after evaluating the adequacy of consumption expenditure on education and health which were not the case in the earlier calorie anchored poverty line. 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 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 (GOI, 2009).
In the absence of any uniform methodology to identify BPL urban households on the basis of a simple, transparent and objectively measurable indicators the Planning Commission constituted an Expert Group on May 2010 under the chairmanship of Prof.S.R.Hashim. On the basis of the possession of assets and different vulnerabilities the expert group recommended a three stage identification process like (i)Stage1- Automatic exclusion (ii) stage- Automatic inclusion and (iii) A scoring index. Those households with higher scores are more deprived and would have the highest priority for inclusion in the BPL list (GOI, 2012).

There were several representations made stating that the Tendulkar Poverty Line based on the use of implicit prices was too low. As a result the Planning Commission, in June 2012, constituted an Expert Group under the Chairmanship of Dr. C. Rangarajan to once again review the methodology for the measurement of poverty. Because of a severe drought, 2009-10 was not a normal year and hence the NSSO repeated the large scale survey in 2011-12 (NSS 68th round) whose summary results were released on 20th June 2013. For 2011-12, for rural areas the national poverty line using the Tendulkar methodology is estimated at Rs. 816 per capita per month and Rs. 1,000 per capita per month in urban areas (GOI,2013).

Jain ,Minhas and Tendulker(1991), tried to show the trend in urban poverty by constructing state specific urban cost of living indices and then estimating the incidence of urban poverty in 1987-88 using Head Count Ratio in twenty different states and India as a whole. They showed that there has been a fair amount of interstate variability in each year (19770-71 to 1987-88) and for different segments of population. The paper critically examines the Planning Commission’s Report (1990) on huge fall in the incidence of poverty in 1987-88(19.4percentage in urban poverty) and shows that this has been mainly due to consequence of the peculiar statistical artefacts used by the commission. Based on the aggregate estimates the incidence of poverty in urban areas however declined from 46.2percentage(1970-71) to 39.7percentage (1983) and to 37.8percentage (1987-88) i.e. the annualised rate of decline in urban poverty was about 1.1 to 1.2 percentage during both the periods.
The paper by Maity and Chattopadhyay (1993) examined the incidence of urban poverty over a long period spanning between 1953-54 to 1989-90. For measuring the absolute level of living, average per capita income at constant prices of a group is taken as an indicator which reveals that the same have been more or less constant over the four decades (excepting a mild improvement in the 80 s). Then after mid 60s urban poverty has fallen. The relative level of living is estimated by Lorenz ratio and shares of different decile groups in total consumption expenditure over different time periods which shows no significant changes in the disparity in levels of living in urban India.

While studying the impact of economic reforms on urban poverty during the 90 s Tendulkar and Jain (1995) showed that urban poverty declined sharply during 1989-90 and remained stable there in 1990-91 due to high economic growth but there were absence of major target group oriented direct anti-poverty programmes for the urban population during the whole period. Urban poverty however got influenced by agricultural harvest conditions through urban public distribution system and impact of government interventions on the open market price. In the post reform period, in 1991 and 1992 fiscal contraction and import compression leading to a slowdown in non-agricultural economic activity affected the urban poverty scenario only to a little extent.

The paper by Deaton and Dreze (2002) give new poverty and inequality estimates for India and Indian states for 1987-88, 1993-94 and 1999-00 which are more or less consistent with per capita expenditure, state domestic product and real agricultural wages. Also the result of poverty decline during 1990s was similar to earlier trend. During this period there was a rise in regional disparities with southern and western regions faring much better than northern and eastern regions. There was also rise in the economic inequality within states, more within urban areas and between rural and urban areas. Most development indicators like health and education improved in the nineties but a mixed performance could be noticed in case of social progress that showed acceleration in some field and recession in some other field.
Sundaram and Tendulkar (2003) while examining the urban poverty situation in 15 major states across four distinct dimensions of HCR, size of poor population, depth and severity of urban poverty, find that the poverty situation worsened in Assam, Madhya Pradesh, Orissa between 1993-94 and 1999-00 in terms of the four indicators where as in the remaining states there occurred remarkable improvement in terms of the four indicators between 1994-2000. A significant reduction in the size of the urban population has been a remarkable feature of the 1990s in comparison with an increase in 1980s. Overall impression has been that despite diversity across poverty indicators and across states, there occurs a greater improvement in the poverty situation in the 1990s than the previous ten and half period.

While studying Indian poverty trends in the 1990s various debates have been raised about the comparability of the quinquennial 50th and 55th rounds of the consumer expenditure survey (CES) done by the NSSO in 1993-94 and 1999-00 due to use of different reference periods during these years. In their paper Sundaram and Tendulkar (2003) however tried to resolve these comparability problems by taking comparable consumer expenditure data from employment-unemployment (EUS) survey of the 55th round and also data from experimental rounds of the CES done between the quinquennial larger scale of 50th and 55th rounds and revealed that the size distribution of the consumer expenditure from the 55th round can be compared to the 50th round on the basis of appropriate recalculation. Also there is unambiguous evidence of decline in poverty in India in 1990s in all dimensions.

In a paper Sastry (2003) has shown how and to what extent NSS Consumer expenditure survey data can be utilised to find district level poverty ratios. He uses monthly household consumer expenditure and household size variables of NSS 55th round unit level data to get useful distributions for a majority of districts on the basis of Relative Standard Errors (RSE) criteria. On the basis of quinquennial NSS consumer expenditure surveys, the NSSO estimates the distribution of persons by MPCE classes for different states and union territories for both rural and urban sectors.
Murgai, Suryanarayana and Zaidi (2003) examine regional variation in poverty within Karnataka by pooling the 1999-00 NSS 55 th round central and state sample data. In this way they tried to remove the problem of inadequacy of sample size obtained for geographic or administrative units below the state level keeping in mind the fact that regionally disaggregated estimates of poverty within Indian states could not be computed due to inadequacy in sample sizes.

In their paper Radhakrishna, Rao ,Ravi and Reddy (2004) showed that the percentage of very poor in urban areas declined at 4.95 percent in 1990 - 2001.Interstate variations in the incidence of very poor varied between 0 and 21.6 percent in urban areas during 1999-2000. All the union territories and small states did well in the reduction of severity of poverty. There was no change in the incidence of very poor in 1990 s in case of Orissa . Incidence of very poor in urban Assam increased between 1993-94 and 1999-00.High concentration of very poor was seen in urban areas of Maharashtra, Uttar Pradesh and Pondicherry. The estimated chronic poverty was 13.7 percent in urban areas and was more than the incidence of very poor but less than the incidence of child malnutrition during 1999-00.The standard of living index data showed that 50 percent of children belonging to poor households in urban areas were stunted during 1997-98. The per capita calorie intake of the bottom 30 percent in 1999-00 was low at 1715 k cal per day in urban areas and this proportion of population was highly deprived of nutritionally adequate diet. In the 1990 s ,with faster urban economic growth, urban poverty reduced at a fast rate but inter quintile urban inequality and rural urban inequality worsened.

Chandrasekhar and Abhiroop Mukhopadhyay (2009) while attempting to show temporal changes in poverty and wellbeing in Indian cities during the era of economic reforms, have observed that the evidence on improvement is mixed. The number of urban poor increased during this period. To understand the changes in wellbeing they have compared data for monthly per capita expenditure (private good) and access to drainage (public good) in slums and non slums areas of Indian cities .It is observed that between 1993and 2002 share of sum dwellers among the
urban poor actually decreased, which does not imply that the slum dwellers are better off than before. But there has been evidence of non slum urban dwellers being better off in 2002 compared to 1993.

The paper by **Himanshu (2010)** shows the results of an exercise done by preserving the official estimate of all India urban poverty in 2004-05 (25.7 percentage) and then recalculating new state wise urban and rural poverty lines based on multiple reference period of 61st round National Sample Survey consumption data. Rural urban difference has been much larger in their poverty estimates. In a few states attention of either rural or urban poverty has been much less. Significant alterations at the state level urban poverty incidence could be seen with north eastern states revealing more poverty.

While observing the trends in urban poverty under economic reforms and presenting the estimates for urban areas at the all India level and the individual states, **Utsa Patnaik (2010)** has shown that urban India’s performance has been little better during the economic reforms than their rural part. It has been observed that urban poverty has fallen between 1983 and 1993-94, but it has increased between 1993-94 and 2004-05 when directly estimated by counting the persons unable to access the official nutrition norm of 2100 calories through their monthly expenditure on all goods and services. This is much more prominent in states with urban conurbations like Delhi, Mumbai, Chennai and Kolkata compared to states with smaller urban concentration. Moreover the author thinks that the present policy thrust towards privatisation of utilities supply and the higher cost of health care & medicines would worsen the situation if this trend is continued.

The paper by **Chandrasekhar and Abhiroop Mukhopadhyay(2010)** shows temporal changes in poverty and wellbeing in **Indian cities** during the era of economic reforms in the 1990s. It has been observed that the evidence on wellbeing is mixed. During the period 1990-2004 India has been the fastest growing economy in the world. Although the headcount rate of poverty declined, the total number of urban poor rose over the last two decades in the country thus proving to be no
exception to the ongoing trends towards urbanization of poverty. They have used
two data sets collected by NSSO, one in 1993 and another in 2002 compared the
joint distribution of monthly per capita expenditure (a private good) and access to
drainage (a public good) in the slums and non-slu m areas of Indian cities in order to
understand the changes in wellbeing. The analysis is at all India level due to paucity
of city level data and is restricted to 26 major states of India excluding the north
eastern states and Andaman and Nicobar islands. In this paper they have tried to
establish that the relationship between poverty and access to basic services is not
straightforward and is being driven by place of residence/location. The correlation
however collapses in particular in the slums. They observed that between the years
1993 and 2002 the incidence of poverty in slums did not decline whereas it declined
by 4 percentage points in non-slu m urban areas. In this connection a suggestion
made by the National Urban Poverty Reduction Strategy is that skills and training
programmes and self employment assistance should be provided in the slums.
There has been no evidence for improvement in the wellbeing of slum dwellers over
time whereas the non-slu m urban dwellers have been better off in 2002 as compared
to 1993.

According to Subramanian (2011), the different identification methodologies of
poverty measurement given by successive task forces and expert groups lack proper
logical interpretation. This may be due to the fact that the planning agencies failed
to specify “a set of reasonably spatially differentiated and discriminating poverty
lines” on the basis of minimum and descent satisfactory levels of functioning that is
consistent with basic human capabilities. This requires for a permanent poverty
monitoring and assessment bureau to be set up (Reddy 2007). It has become
imperative to find a purely money metric indicator of assessing the condition of the
relatively income poor sections of the population so that one could get devoid of the
traditional poverty measurement indicators having misleading implications. But
what is important is that the methodology for poverty measurement should be such
that it does not give “unrealistically low, demoralisingly high and substantively
meaningless poverty lines” as poverty issue is indeed a serious issue to address.
The paper by Thorat and Dubey (2012) assesses the changes in rural and urban poverty during 1994-2010 among the socio-religious and socio-economic groups by doing a decomposition of the change in the incidence of poverty into growth and distribution components. It has been observed that growth happens to be more poverty reducing at an aggregate level during 2004-05 to 2009-10 as compared to 1993-94 to 2004-05. The benefits of poverty reduction have been experienced differently by different socio-religious and economic groups. In the urban sector, poverty declined at a higher rate during 2005-10 which has been experienced by all socio-religious and economic groups. The rate of decline increased from 1.9% in 1993-2005 to 3.9% per annum during 2005-10. Among the economic groups in the urban sector, poverty among the regular salaried households decreased at a higher rate followed by the self-employed and casual labourer. Among the self-employed households, the Muslims performed most badly in reducing incidence of poverty. One necessary component of the inclusive growth strategy could be affordable vocational education for poor households, mainly STs, SCs and Muslims. The authors suggest that group specific policy (social, religion and economic groups) would be much more important than a broad based pro-poor policy and this should be treated as an integral part of the overall planning strategy.

In their paper Vakulabharam and Motiram (2012) have shown that the evidence from quantitative approaches is not adequate to definitely and exhaustively answer certain questions related to the number of people in urban settlements in India, trend in poverty, pace of reduction in poverty over time etc. Some argues that the Planning Commission and successive committees have failed to give any ‘coherent and defensible norms in fixing the poverty line’. Even the World Bank (UNDP 2004) has come up with controversial international poverty line ($1 per day,$2 per day etc). One possible way out may be the adoption of capability based approach that would fix a poverty line entailing people above this line to afford some basic capabilities like housing, shelter, food. Adoption of such approval will result in higher poverty line than the official poverty line (kept artificially low). This would also imply rates of poverty reduction to be much lower corresponding
official rates. So the issue of poverty in Indian context should be analysed multi-dimensionally. On the other hand, the quantitative approaches on urban poverty show how the livelihoods of the urban poor and their inclusion in the growth process have been affected. It has been seen that studies combining both quantitative and qualitative approaches provides better insightful results. Both quantitative and qualitative methodologies need to be integrated to study rural or urban poverty and inequality.

Utsa Patnaik (2013) in her paper showed the increasing divergence over time between nutrition–invariant poverty lines and official poverty lines. She has claimed that the decline as shown in the Planning Commission’s official estimates of poverty ratios between 2004-05 to 2009-10 is spurious since the estimates are not comparable over time. Also the later poverty lines (2004 onwards) give access to successively lower levels of nutritional intake than each of the previous ones and this has been continuously declining over time violating the definition of poverty line and hence cumulatively underestimating true poverty lines. Using the calorie intake norm Utsa Patnaik has shown that for rural and urban areas, in case of both URP and MRP, head count ratios have shown an increase in their estimates between 2004-2010 and consequently poverty situation has worsened in the country in terms of people unable to reach the minimum required calories energy intake through their monthly expenditure on all goods and services. According to her, apart from the original 1973-74 rural-urban poverty lines which were obtained by the Planning Commission using the official definition based on rural-urban nutrition norms and giving correct poverty estimates, all the other subsequent estimates have not followed any nutrition norm. She feels that the result obtained must be understood in the context of neo-liberal policy, global recession, increase in food prices, collapse of employment growth and drought of 2009-10.

In this paper Gangopadhyay and Singh (2013) came up with a new methodology proposed by Jensen and Miller (2010) for estimating the extent of poverty without using any uniform calorie threshold for all households. This JM methodology deals with the theory of choice supported by revealed preference based approach stating
that given a wider choice available to a rational individual she would select a better alternative. In this approach the staple calorie share reveals whether a household is calorie deprived. A consumer near poverty line need to consume more staple food to minimize the disutility obtained by not meeting the required subsistence level of calorie intake. The NSS consumption data for 61st and 64th round have been used here. With increase in consumer’s income beyond the poverty line and when the consumer is capable of consuming without being constrained by the caloric requirement she substitutes with food items that are more expensive sources of calories. For the urban sector the poverty estimates are closer to the Tendulkar Committee estimates. Also a significant finding has been a rise in urban poverty between 2004-05 and 2007-08.

3.2.2. Decomposition of urban poverty changes:

Kakwani and Subbarao (1990), in their paper present results of a decomposition of poverty measures over time for India into growth and inequality components where the inequality component is determined as the difference between the actual change in poverty and the growth component. The residual has been allocated to the redistribution component. This is criticized on the ground that this procedure is arbitrary and in turn gives an incorrect impression that the decomposition is an exact one.

The paper by Tendulkar and Jain (1991) decomposes the changes in state specific absolute number of poor between 1970-71 and 1983 into three additive components like growth in real average per capita total expenditure (APCTE) (growth effect), growth in population (population effect) and a change in relative size distribution of PCTE N (distribution effect) for both rural and urban areas separately for twenty states and all India. But this was criticized on the ground that the mean effect and the inequality effect have been estimated by using a difference reference period. The results of decomposition shows during the period the number of urban poor rose by nearly 12 million at all India level despite a reduction in head count ratio. Population growth effect is found to be the dominant
factor in both the segments. Both growth and distribution effects in the aggregate happened to be favourable in the urban segment but were too weak in offsetting the adverse population effect.

**Gaurav Datt and Martin Ravallion (1992)** in their paper have tried to show how changes in the poverty measures could be decomposed into growth and redistribution components and the study has been made taking India and Brazil into consideration during 1980s using data on consumption distributions for rural and urban India. The methodology for constructing the poverty measures and decomposition analysis have been illustrated in the paper. Paper discusses the decomposition in theory and how the theory can be implemented using parameterized poverty measures and Lorenz curves. A change in poverty over two dates could be decomposed into growth, redistribution and a residual component. According to them the residual term neither vanishes nor can it be apportioned between growth and redistribution components although some other economists have attempted to either vanish it or allocate it into the redistribution component. The paper utilizes the methodology to compare poverty levels between the two countries at one point in time. The Growth effect was found to be much more significant and quantitatively much more important but redistribution also seemed to alleviate poverty in India. India’s lower level of mean consumption seemed to be responsible for the higher poverty level of the country as compared to Brazil.

The paper by **Kakwani (1993)** explores the relationship among economic growth and poverty with the help of a methodology that separately measures the impact of growth (change in average income) and income inequality on poverty by applying it to the data taken from Cote d’Ivoire Living Standards Survey conducted in 1985. He measures the impact of growth on poverty keeping inequality unchanged (called pure growth effect) by deriving the elasticity of head count ratio with respect to mean keeping the parameters of the Lorenz curve fixed and also the impact of change in inequality. This measure of elasticity shows the percentage of poor who will cross the poverty line as a result of a 1 percentage growth in the mean income of the society he measures the impact of inequality on poverty keeping mean income
unchanged (called inequality effect) by measuring the elasticity of poverty with respect to Gini index. This measure of elasticity shows the amount of increase in the incidence if poverty if the economic growth leads to an increase in the Gini index by 1 percentage, assuming that the poverty line is less than the mean income. He finally derives the trade off between inequality and growth (inequality-growth trade off index, IGTI,) by finding that if the Gini index increases by 1 percentage how much should be the growth rate in order that poverty does not increase. He decomposes the proportionate change in poverty into growth and inequality effect and then equating the same to zero gets the marginal proportional rate of substitution (MPRS) between mean income and income inequality. The study revealed that poverty was highly sensitive to economic growth and should fall faster than the economic growth rate provided the growth process does not lead to an increase in income inequality. The ultra poor seemed to be much more affected by the changes in income inequality than by changes in mean income.

The paper by Gaurav Datt (1998) gives a complete poverty measures for India for the period 1951-1994 comprising 15 major sates for rural and urban sectors separately using 35 National Sample Surveys. He constructs a time series of poverty measures like Head count index (H), Poverty gap index (PG) and squared poverty gap index (SPG) that capture various dimensions of poverty corresponding to the incidence, depth and severity by using per capita consumption expenditure as individual welfare metric. The period from early fifties upto the mid seventies was characterized by fluctuations in poverty without a real trend in either direction. During the period 1951-94, all the poverty measures showed a declining trend but the poverty gap and the squared poverty gap indices declined at a higher rate than the national incidence of poverty. It was observed that the incidence of rural poverty was higher than that of urban poverty throughout the period. But rural poverty seemed to decline faster than urban poverty during this period. There occurred regional disparities in living standards of the people and the uneven progress in poverty reduction across Indian states was a key feature of the evolution of poverty in India during the period. There was a debate whether it was growth in
average living standards or redistribution that contributed more to the observed
decline in poverty during the time. It was observed that the adverse redistribution
could not mitigate the benefits of growth accruing to the poor, where as favourable
distribution made a significant contribution to the decline in the depth and severity
of poverty.

Gaurav Datt (1998) in this paper introduces some relatively simple computational
tools for estimating poverty measures from grouped data. He examines two
methods namely simple interpolation methods and Parameterized Lorenz curve
methods for constructing poverty measures. He examines the second method in
detail. He uses Beta Lorenz curve and General Quadratic (GQ) Lorenz curve
(Villasenor and Arnold,1984,1989) for estimating the poverty measure H. The GQ
model is computationally simpler than other model and the poverty measure H can
be estimated using simple regression program. The Head count index H is derived
by using the relationship between the Lorenz curve and the distribution function.
The methodology also discusses various poverty simulations .The change in poverty
could be decomposed into growth and redistribution components by first finding
the impact of growth on poverty keeping Lorenz curve constant and then showing
the inequality effect keeping mean constant. He uses methodology to construct the
elasticities of poverty measures with respect to mean and gini index following

Kakwani(2001) used the decomposition analysis in this paper to measure the
tradeoff between inequality and growth which shows the amount of growth needed
to offset the adverse impact of an increase in inequality on poverty. The study was
made on four countries namely Republic of Korea, Thailand, Laos PDR, and
Phillipines by using a methodology following Kakwani (1993). He arrived at a
conclusion that the impact of economic growth on poverty reduction (inequality
unchanged) seems to be smaller( larger) when the depth of poverty happens to be
larger(smaller).He concluded that the adverse impact of increase in inequality on
poverty will be larger (smaller) when the depth of poverty is smaller(larger). He
finally derives the trade off between inequality and growth (inequality-growth trade
off index, IGTI.) He concludes that greater the poverty depth the larger the IGTI. I.E in the countries where poverty depth is higher the pro poor will be more effective in reducing poverty. The paper indicates that the choice of policies would be different for different countries and may be made based on IGTI and also that the initial level of inequality plays an important role in determining appropriate policies for a country.

In their decomposition exercise, Mazumder and Son (2002) included the population shift effect in addition to the growth and inequality effect.

While dealing with the trend in poverty and their incidence in the 80s and 90s, N.R. Bhanumurthy and Arup Mitra (2004) have employed two decomposition exercises. One of this shows the percentage change in the poverty index between two time points into growth effect, inequality effect and the population shift effect and the other one measures it in terms of changes in per capita income (GDP), sectoral composition of value added, labour productivity and employment in organized manufacturing relative to the poor employed in low productivity activities. The decomposition has been separately done for both rural and urban India and for India as a whole. Their results showed that the growth effect dominates over the inequality and population shift effects that caused poverty to fall both in 80s and 90s and this decline in the incidence of poverty was more in the 90s compared to the 80s. They viewed that labour productivity growth and employment growth in the organized sector are also crucial for reduction in poverty. They viewed that economic reforms played a positive part in improving the levels of living. But there is a need of a large amount of effort in reducing inequality in the process of growth.

The paper by Bhanumurthy and Arup Mitra (2004) assesses the impact of reforms on poverty by using a decomposition analysis that splits the change in poverty ratio into growth/mean effect, inequality effect and population shift effect for the rural and urban areas of 15 major states and at the all India level using the decomposition methodology developed by Kakwani (2000) and Majumder and
Son(2002). They have used the National Sample Survey data for the two time periods - 1983 to 1993-94 and 1993-94 to 1999-2000 that mainly represents the pre reform and reform period respectively (though strictly speaking reforms have been initiated in July 1991.) The results show that the growth /mean effect dominates over the inequality effect and the population shift effect in both the periods. The growth effect seems to move up in the reforms period resulting in a decline in the incidence of poverty in both the period in most of the states where as the inequality effect which in general rose in the process of growth increased the poverty ratio at the all India level. However in the rural areas of a large number of states and also in the urban areas of some of the states the inequality effect fell to a considerable extent in the reform period compared to the pre reform period. The population shift effect which measures the net effect of a rise (and fall) in the percentage of population living in the urban areas on the incidence of poverty seemed to be favourable for at least seven of the 15 major states and at the all India level in both the periods. That is, there occurred a relatively smaller rise in the incidence of urban poverty caused by the rural-urban migration. During the reform period both economic growth and its ability to reduce poverty could be achieved.

3.2.3. Determinants of urban poverty:

The paper by Deaton and Dreze (2002) give new poverty and inequality estimates for India and Indian states for 1987-88, 1993-94 and 1999-00 which are more or less consistent with per capita expenditure, state domestic product and real agricultural wages. Also the result of poverty decline during 1990s was similar to earlier trend. During this period, there was a rise in regional disparities with southern and western regions faring much better than northern and eastern regions. There was also a rise in the economic inequality within states, more within urban areas and between rural and urban areas. Most development indicators like health and education improved in the nineties but a mixed performance could be noticed in case of social progress that showed acceleration in some field and recession in some other field. While showing the relationship between trade, inequality and poverty Roy Chowdhury and De (2010) used panel data of 14 Asia
Pacific countries at different levels of development. By citing Ali and Pernia’s (2003) work, they showed that infrastructure development ultimately reduces poverty by raising non-agricultural employment, which provide employment opportunities for the poor which in turn raises real income of the poor and hence their consumption. Acharyya (2008) while dealing with the Indian case argued that during 1985-1999 growth impact of trade had been weak and that urban poverty in India declined and income inequality increased during the 1990s with implementation of some policy changes with regard to trade and exchange rates.

According to Arup Mitra (1992), urban poverty is mainly a reflection of excess labour supply engaged in low productivity informal sector activities. He attempts to link causally the income growth in the urban sector to urban poverty. He tried to find whether the trickle down effect of growth on poverty can be asserted in urban areas in India. Empirical evidence however does not support this view, the reason being that the role of income growth originating from manufacturing and tertiary sector in dealing the problem of urban poverty is not so strong over periods. He analysed the impact of industry, trade and services on urban poverty. In his paper industrialization with employment growth is recommended as a policy instrument for reducing urban poverty.

Economic growth contributes to poverty reduction as it raises the per capita real income levels and increase the incomes of the people below poverty line. This has been referred to as the trickle down effect of growth implying a vertical flow of income from the rich to the poor at a given rate (Kakwani and Pernia 2000). However Bourguignon (2004) showed by the simple relationship of poverty, inequality and growth that sometimes more rapid growth may be associated with increase in poverty level in the short run if an adverse distributional effect is greater than the mean growth effect. It has been argued that with a continuously falling share of agriculture in GDP it is important to analyse the impact of non agricultural growth on poverty reduction. Here we have tried to show the impact of per capita income in the industrial sector on urban poverty.
While analysing the determinants of poverty, Gaurav Nayyar (2005) showed how economic growth leads to poverty reduction using panel data regression. Economic growth leads to creation of employment opportunities which in turn provides income scope for the poor. In his work owing to certain limitations of the Fixed effects model he considered random effect model to be more appropriate.

Sen (1981) views that human capital like health status and education are the most critical measures of non-monetary dimensions of welfare and influence an individual’s earning ability to a great extent. By improving their human capital both the inequalities and economic poverty could be reduced significantly. The relationship between human capital and poverty is complex in as much as each influences the other (Behrman 1990). Illiteracy is one form of lack of human capital which has a tendency of perpetuating poverty. Again it is also true that poor households lack the capacity of investing in human capital which in turn also stimulates incidence of poverty. So the relationship between poverty and education is a bit complex. While showing the impact of economic growth in reducing consumption poverty, Ravallion and Datt (1999) raised the question of the importance of educational attainment as a criteria to judge how much the poor are equipped to take part in skill demanding non-farm growth for of and in this context cited the illustration of Jacob Viner who wrote that “The first requirements of high labor productivity under modern conditions are that the masses of the population shall be literate, healthy, and sufficiently well fed to be strong and energetic” (Viner, 1953, p.100).

While showing the relationship between education and measures of economic wellbeing Dreze and Sen (2002) also emphasized the role of education in allowing people to make use of the economic opportunities created by the growth process. Extremely high rate of literacy rate (90 percent) in Kerala contributed to India’s most successful performance in rural poverty reduction, where as high poverty ratio (both rural and urban) is a characteristic of Bihar which has abysmally low literacy rate.
As Reddy, Galab and Rao (2003) clearly pointed out that “once caught in this vicious circle poverty reinforces itself”. A study on determinants of poverty in Andhra Pradesh by reveals that access to basic education has a very striking role in eliminating poverty prevalent among poor children, poor women, weaker sections and rural residents. Basic education leads to increased earning opportunities, better labour mobility and improved health facilities for both adults and young ones.

Nayyar (2004) showed that the educated workforce have been employed abroad and in turn remittances helped them to maintain their consumption standards.

Because of the consensus that human capital augmentation is a precondition for higher incomes and also because of the reliability of data on public expenditure on education Jha, D.Biswal and Biswal (2001) used health expenditures and education expenditure as explanatory variables and showed that these help reduce poverty in the case of India. This proves that Government of India should spend more on education and other similar sectors such as health and development. Within this category, the efficacy of higher education in reducing poverty is greater than elementary and secondary education. These results indicate that the government should spend more on university, technical, vocational and adult education.

Nayyar (2005) suggested that sustainable means of poverty reduction involve increasing the productivity of labour through education. So greater investment in education lead to greater poverty reduction. In his work owing to certain limitations of the Fixed effects model he considered Random effect model to be more appropriate. He used literacy rate as a determinant of rural poverty which came out to be significant with a negative coefficient, as expected since initial level of literacy lead to lower level of poverty. Citing the example of Kerala he showed that rural poverty could be significantly reduced due to high initial rural literacy rate.

While showing the trend and determinants of urban poverty in the pre reform and post reform period Abhijit Sen (1996) in his paper has shown that the urban poor are much more economically and socially heterogeneous. Among the occupational
groups the most important are the casual labourers and the self employed. The latter one comprises of both highly paid professional occupations and informal sector low paying jobs that constitutes the insecure poorest section of the society contributing to a major source of poverty in urban areas. It has been observed that the female headed households are much more prone to poverty. By regressing the head count measures of poverty for the period 1960-61 to 93-94 at the all India level in both urban and rural areas against per capita agricultural and non-agricultural incomes, it has been observed that both income variables are significantly negative in both rural and urban areas and in both cases agricultural income variables appear more prominent. In urban areas the commercialisation variable (per capita income from trade and transport) appears to reduce poverty while the remaining non agricultural income have a positive effect. The public expenditure variable can also reduce poverty strongly in both rural and urban areas.

Loughhead and Mittal (2000) in their paper have talked about the steady rise of urban population in India and their impact on the economy and also about a parallel growth in urban poverty. They argued that policy makers and planners should understand the specific needs of the urban poor after studied the multifaceted dimensions of urban poverty. While talking about the urban poverty character and the vulnerability of the urban poor they said that urban poor are heavily dependent on labour market, they have a narrow asset base, the migrants live in unsanitary conditions and are often faced with violence, underemployment, alcoholism etc. Other than these there are specific groups of urban poor facing additional vulnerabilities. The elderly, the disabled, women and the children are the most vulnerable section inside the household and the street children, beggars, sex workers, abandoned women and the vagrants outside the household.

The paper by Arup Mitra and Mayumi Murayama (2001) analyses the rural to urban migration rates (both intra state and the inter state) separately among males and females at the district level based on the census data. Considering the variability in the rural urban migration rates across states and even within the states the paper examines the district specific rates and their variability on one hand and on the
other it analyses the impact of some factors at the place of destination on the male and female population mobility. Here they have studied the associations between migration rates and other variables at the place of destination since reasons for migration at the district level have not been given in the census data. The results show that the intra state migration rates are substantially larger than the inter state rates. The male-female migration rates are closely interconnected irrespective of whether they migrate from rural areas within the state or outside the state. The mobility of male population is prominent in the relatively advanced states like Maharashtra and Gujarat. Rapid migration of rural females within the boundaries of the state is however evident across most of the regions. The North Indian states and several South Indian states have recorded a high migration rate of females. The social networks which are important in the context of migration are prevalent among the short distance migrants and however loose their importance with a rise in the distance between the place of origin and destination. However some exceptions do exist to this phenomenon. Regarding the effects of factors at the place of destination, prospects for better job opportunities are a major determinant of male migration. Low castes and minority groups tend to pull migration through network effects. These effects are also evident among the females. But they become less significant with the inclusion of male migration rate. The policy focus should have three dimensions, they should consider the male migrants and provide them high productivity jobs, deal with the job market prospects of women who accompany the male migrants and lastly to focus on the single women migrants.

The paper by Dubey, Gangopadhyay and Wadhwa (2001) investigates the incidence on poverty among Indian towns and cities of various sizes of population. They also try to see the occupational structure of towns in various classes and study the inter and intra-occupational differences in the incidence of poverty over various size classes of towns and also some of the correlates which affect the probability of being poor in the different size of towns. The data used are the National Sample Survey data for the 43rd (1987-88) and 50th (1993-94) round. It has been seen that with increasing size, the incidence of poverty in a town declines steadily as
measured by the head count ratio. It has also been observed that between 1987-88 and 1993-94 the incidence of urban poverty fell across all town sizes. Consequently there occurred a rise in the average per capita expenditure of the poor. By studying the incidence of poverty among the four categories of households classified by their principal occupation it has been observed that the households whose principal source of income was casual labour were the most vulnerable to poverty. While investigating some of the determinants of poverty they estimated the effect of town size, household size, and education and found that because of the size of large towns and cities they could support more complex economic activities, improving labour productivity and thus lowering the incidence of poverty. Larger households tend to have a higher probability of being poor, ceteris peribus. However education seem to have greater impact in bigger conurbations. While larger cities have higher educational level, education alone does not explain the differing poverty incidence. One explanation could be that larger cities tend to have better social and economic infrastructure.

While analysing the problem of chronic urban poverty, Philip Amis (2002) showed that 15 percentage of India's population is defined in an extreme poverty category, the most sufferers being the old aged ones and the widows. He has characterized those people to be chronically urban poor who are not capable of taking part in the labour market, those with low levels of human capital, with limited productive assets and the woman who are disadvantaged in many of the above dimensions. According to him, the main importance is to be given on economic settings with well organized livelihood strategies. He has shown that chronic poverty exists not only in rural areas but it also has a strong urban dimension. It has been observed that urban poverty shows a rising trend in Bangladesh, China, Ghana, India, Nigeria, Pakistan and Colombia while it decreases in Indonesia. He studied that as proportion of total poverty the urban poverty increases from around 15 percentage in the early 1960s to 25 percentage in the mid 1990s. In South Africa 13 percentage of chronic urban poor are located in urban
areas and in Uganda 8 percentage of the urban population is in chronic urban poverty.

Deolalikar & Dubey (2003) examined incidence of income and hunger poverty at different size of urban settlements and among states during 1990s. It has been observed that with increase in city size / urban settlement size, incidence of poverty declines. They showed that income poverty is higher in small towns and hunger poverty is higher in large towns. Despite the finding that Indians on average consume few calories in the 1990’s than they did before, study finds that almost half the Indian report consuming fewer calories than required by norms.

Gangopadhyay and Wadhwa (2004) using the National Sample Survey consumer expenditure data of 43rd, 50th and 55th rounds (1987-88, 1993-94 and 1999-00) studied whether Female headed household (FHH) are more vulnerable to poverty compared to male headed household. In 1993-94 and 1999-00 the FHHs have significantly higher incidence of poverty in urban areas compared to the rural areas. Also in the urban sector the not currently married FHH had higher poverty incidence in all years compared to the currently married FHHs. Again households with never married, widowed or divorced/separated female heads with non existing husband or male heads (dejure households) are more vulnerable to poverty than household with currently married female heads where the husband reside outside the household in both rural and urban areas. Also in terms of physical (land ownership) and human capital (educational qualification) FHHs are worse off than the MHHs. An educated female head can guide her child better in completing the threshold level of education and hence can raise the earning capability of the entire household. Thus the probability of a household being poor depends on the education and sex of the head and also with the household size.

In his paper Chandrasekhar (2005) tried to show how different the rural, non-slum urban poor are from the poor households living in the urban slums by using a unique nationwide dataset (NSS data) on housing conditions and slum infrastructure from India. Within urban India, between 1981-2001 there was a 45 percentage
increase in the number of people living in the urban slums. The author has given evidence in favour of rapid rates of growth of urban population, the rising share of urban population in total population and the growth of large metropolises and urban primacy. The primary focus remains on the trends in infrastructure availability in the rural, non-slum urban areas and the slums. There remain considerable variations in access to services and credit across MPCE classes. The author analyses the service available in slums and examine the improvements in the slum conditions in the last five years. In order to understand the magnitude of the problem the author contrast the situation of the households living in rural areas, non-slum urban areas with those living in slums. The focus is on the kind of house that people from these three regions reside in, access to water, sanitation and electricity, rights to water source and the reliance on the informal sector for financing house constructions. He also studies differences in the literacy and sex ratios across these regions. The slums are similar to rural areas in some respects and dissimilar in many other respects. In other words the slums lie somewhere between the conditions in the non-slum urban areas and rural regions. Though it is active enough to initiate most of the slum improvements with the NGOs but further improvement policies in the living conditions in the slums need to be considered.

In analyzing the role of migration in the process of urbanization in India, D.P. Singh (2009) showed that incidence of migration in India has increased in 2001 as compared to consistent decline during 1961 to 1991. One reason for this may be due to the liberalization policy, the other may be the changes in boundaries of number of districts and states. The rural urban migration among both male and female migrants increased where as urban-urban migration reveals a downward trend. Economic motive has remained the main reason for migration among male interstate migrants. People move from economically backward state to developed state. The relationship between poverty and migration has not been clearly established as it was observed that middle and higher income groups show higher propensity to move. Poverty incidence was found less among migrants as compared to non migrants. But it was higher among rural to urban migrants. The urban–urban
migrants are the most successful group of migrants getting absorbed in higher paying jobs for their better education and skill. A tendency of moving towards metropolitan cities shows that even after so many years, economic reforms have failed to generate enough employment opportunities in smaller and middle towns as well as in rural areas. There is hardly any difference in earnings between migrants and non-migrants in the million plus cities and in rural and smaller towns migrants are paid higher than non migrants. From the male migrant data of 1999-2000, it is seen that migrants from urban-urban and rural-urban areas are less likely to be poor as compared to non migrants. It is seen that residing in million plus cities and increase in education and age reduces the chances of getting poor. Compared to professional and clerical level workers higher poverty level is being noticed among farmers, sales and production related workers. Muslims and Neo-Buddhist show higher incidence of poverty as compared to Hindus. Sikhs, Jains, Christians and Zoroastrians have significantly lower level of poverty than the other religions.

While analyzing the problem of social security in terms of denial of housing and basic amenities to the urban poor Amitabha Kundu (2009) in his paper agrees with other economists that large metropolis are facing major challenges to social sustainability that are mainly resulting from the growing inequality within the urban economy, the segmentation of cities, concentration of poor people in the city peripheries etc. The paucity of data however restricts the analysis of the impact of the policy changes undertaken during the 1980s and 1990s on the facilities of housing and basic amenities to people in different income/consumption baskets in different states. An analysis of the information from the 38th, 44th, and 49th rounds of NSS clearly shows that the number of houses constructed in urban areas during 1950s was higher than that in the 1960s and the growth rate in total housing stock during the 1970s was higher than that of the preceding two decades. The growth rate of urban housing stock during 1980s and 1990s was less than that of the households. The growth of middle and high income housing on one hand and the decline in housing investment at the aggregate level and bad status of overall housing condition on the other shows greater inequality. As far as drinking water
facilities are concerned the percentage of households having safe drinking water facility in urban areas increased between 1980 and 1991 from the census report. The percentage of households having taps as the principal source of drinking water and percentage of households having water supply within the premises went down between 1988-89 and 1997-98. This suggests that there exists serious inadequacies in the provision of water. However data available from 2001 census show percentage of urban household having access to safe drinking water and tap water, both went up significantly during 1990s. The inflation in the figure may be due to the fact that the households accessing potable water at long distances might have been reported as not having access to these sources in earlier censuses. Developed states generally report a high percentage of households having access to drinking water, electricity and toilet facility. Class 1 towns particularly the metropolis enjoys a distinctly higher level of these amenities compared to other urban centres. The smaller towns also enjoys various facilities. But the situation in less developed states is such that class 1 cities have a high coverage of facilities but the small towns are in a very distressing state. About a fifth of the population in these towns do not have access to safe drinking water, electricity and toilet facilities.

Jeemol Unni (2009) while relating unorganized sector with the urban poverty shows that the current model of urbanization has less space and resources for the urban poor. It is resource and capital intensive and provide facilities like large apartment complexes, shopping malls, multiplexes etc to mainly the urban upper classes and raises the price of basic amenities thus creating a partition between the rich and the poor.

The paper by Arup Mitra (2010) focuses on two pertinent issues in urban development—one is the factors that stimulates workers from low income households to access jobs in the urban labour market and other is whether migrants experience upward mobility subsequent to the entry to the job market. The paper is based on primary survey of slum houses in four cities (Jaipur, Ludhiana, Mathura and Ujjain) of India. The results highlights the importance of various informal channels and networks through which urban jobs are accessed. These channels
however minimizes the probability of upward mobility since network extension may lead to excess supplies of labour relative to demand. This work takes into account a large number of social, economic, demographic, education and health specific variables in order to construct a well being (deprivation) index for examining the issue of upward mobility. This result shows that a sizeable percentage of the slum households are located in the bottom size classes. In the context of the upward mobility, possibilities of improving earnings through networks is limited, whereas traditional networks tend to reduce the possibility of upward mobility by creating information asymmetry and excess supplies of labour in various activities. The relatively dynamic cities (Jaipur and Ludhiana) are better off compared with the other two (Mathura and Ujjain). To find whether wellbeing improves with a rise in the duration of migration, the results show improvements in the wellbeing of migrant workers over time, but many of the long duration migrants and natives in the cities lead a poor quality of life. This calls for implementation of urban employment programmes for reducing urban poverty with emphasis on education and health. However from long term developmental point of view government intervention is needed.

3.3. Urban Poverty in West Bengal

The study by Jagannathan and Halder (1988) on occupational patterns and mobility and the rural-urban linkages of the pavement dwellers in Calcutta has shown that there exist several segment markets and complex economic relations in the city’s informal sector. The major occupational groups of the Calcutta pavement dwellers consist of ‘mainstream’ informal sector that include transport sector (handcart pullers, headload carriers and rickshaw pullers), service related self employed vocations (teashop keepers, hawkers etc), other mainstream vocations, and ‘marginal’ informal sector workers that include domestic servants, ragpickers and beggars. Average earnings are substantially lower in the marginal sector compared to the mainstream. The access to the market depends on contacts and acceptability by dominant groups controlling access routes. The data shows that there has been a steady inflow of rural poor from eastern India. Opportunities are
more for those who are physically strong, can lift heavy load, pull rickshaws, etc where as for the physically weak and undernourished the opportunities are relatively fewer. There are many like shop assistants, daily casual labourers, street pedlars and mendicants who earn income levels higher than in their villages and can even send money home. The young section with reasonably good health among the pavement dwellers are better off than the old aged ones who sometimes are forced to return to their villages or join the marginalised group of beggars. There exist different consumption and savings patterns across income groups, age groups and districts of origin. Some cut city costs by living off hotel wastes, some prefer eating in a hotel or cooking themselves, some maintain high protein diets with Sattu (mixture of gram, maize and pulses.) despite their high costs. Many among the pavement dwellers are addicted to tobacco, liquor and movies.

The paper by Jagannathan and Halder (1989) focuses on the socio economic conditions of Calcutta’s pavement dwellers who are the poorest of the urban poor. The analysis have been based on the data generated by the Calcutta Metropolitan Development Authority. The paper also tries to present a profile of the family and demographic characteristics and the economic status of individuals constituting the urban poor. The study reveals that the people living on the streets have diverse social and cultural patterns. The pavement dwellers were having one or two changes of clothes and a slim bedding, few pots and pans and a cheap stove. Most of them were having two meals a day although one meal and a half were also common among the absolute destitutes.

Sreemanta Dasgupta (1990) in his study examined the methodology of measuring urban poverty and then studied the urban situation in West Bengal. He studied the urban poverty and urban inequality in West Bengal using Head Count Ratio and Gini coefficient as the measure. He has shown that the percentage distribution of the total workers in different sectors is a notable indicator of the incidence of urban poverty in West Bengal.
In his paper Biswajit Chatterjee (1998) has given his own estimates of the incidence of poverty in rural and urban W.B during 1970 & 1980 using state specific dietary norms and state specific retail prices. The growth rates of the poverty indices for the urban areas of W.B reveal 3 distinct phases of change like increase in poverty 1973-74 to 77-78,a significant fall in poverty incidence during 1977-78 to 1983 and a mixture of moderate fall in Head count ,rise in average level of living and a somewhat worsening of inequality among poor between 1983 and 1986-87. During 1973-74 to 77-78 in urban areas of state the movement of mean expenditure and poverty was in the same direction and the period was undoubtedly the worst period for the urban poor. After 1977-78 the poverty indices moved in the opposite direction. The estimates of the Head count ratio, Gini co-efficient and Sen's P measure for urban areas of West Bengal show that the state's rank among all states of India in terms of MPCE remains more or less unchanged between 1961-62 and 1986-87. The extent of inequality in urban consumption deprivation went up compared to rural areas. Both the Head count ratio and P measure's were influenced significantly in the negative direction by the share of non-agricultural sector & per capita income from non-agricultural sector (secondary and tertiary) showing that growth appears to be significant in poverty reduction. Despite certain limitations at the micro level and relative ineffectiveness in urban poverty alleviation schemes , the overall picture in poverty reduction in West Bengal was much better compared to all India scenario .Also there have been various developmental programmes that benefited the poor compared to the non poor during this period.

Achin Chakraborty and Subrata Mukherjee (2009) have tried to examine the poverty situation in West Bengal in a multi dimensional frame work by throwing light on the MDG-based poverty reduction strategies. They stressed on the need for integration and convergence both at the design level and at the level of implementation of the various poverty reduction policies and programmes. On the basis of estimates of Planning Commission from various rounds of NSS ,they showed that urban poverty in W.B has declined from 33.7 to 14.8 between 1987-88 and 2004-05. The pace of poverty reduction has been slower during 1993-94 and 2004-
05 than in the previous two decades. While in all other states the percentage of households reporting food inadequacy declined between 1999-00 and 2004-05 and in some states no households reported such inadequacy in 2004-05, the same has increased in West Bengal. Thus while the overall headcount ratio of poverty is declining, a section of the poor suffers from chronic poverty and hunger.

3.4: Conclusion

The above review of the literature on urban poverty in different countries, India and its states and in West Bengal indicates the importance of several economic and non-economic factors in influencing the temporal behaviour of the incidence of urban poverty in the concerned study areas. Growth of income, particularly in non-agricultural activities, education and skill formation, household size, inequality in income distribution and government expenditure on education and health and on direct alleviation of poverty are some of the factors that are found to influence the behaviour of urban poverty over a period. Since inter-district studies of urban poverty in West Bengal are not found to be many, our study, which focuses on inter-regional and inter-district nature of urban poverty in the state of West Bengal and its determinants, tries to fill up an important gap in the literature.