CHAPTER TWO

THEORETICAL ISSUES AND REVIEW OF LITERATURE

This chapter is divided into two parts- theoretical and empirical. The theoretical part is divided into four sections. The first section explores the changing perspectives of poverty. The second section investigates the theories of poverty. The third section is about urbanization and urban poverty. The fourth section includes the poverty reduction approaches of the World Bank, Asian Development Bank, and India's Five Year Plans. Finally the second part of the chapter gives an empirical literature review.

2.1 Theoretical issues

2.1.1 Changing perspectives of poverty

Poverty has been in existence since the origin of man on earth. Therefore, poverty is as old as is man on the earth. But the concept of definition of poverty is of recent origin which started with a uni-dimensional perspective and moved on to multidimensional perspectives as follows:

Income/Consumption Approach

In the period of high economic growth like the 1960's poverty was conceptualized from the perspectives of income /consumption.

A person is poor in any period if, and only if, her or his access to economic resources is insufficient...[to] acquire enough commodities to meet basic material needs adequately (Lipton 1997)
The income/consumption perspective of poverty has revolved around low income as the criterion. It argues that a person or a household is considered poor if its income or its consumption falls below a certain threshold, normally defined as a minimum level (UNDP, 1997; World Bank, 2001). This minimum level is known as the poverty line which is based upon a minimum level of consumption defined as the cost of a bundle of goods (both food and nonfood) deemed to meet the basic consumption needs and below which survival is threatened. The World Bank has adopted about $1 a day as a global poverty line below, which people are struggling to survive “(WDR 1990), i.e poor. Higher poverty lines from $2 to $14.40 a day have been used for richer countries.(UNDP, HDR 1997).

In terms of this perspective, poverty is absolute and relative. Absolute poverty is the situation of all those falling below the established poverty line. Relative poverty measures the income gap or economic distance between the poor and non-poor.

Two indices of absolute poverty are the head count i.e the total number of people below the poverty line; and poverty incidence or the proportion of the poor to the total population. Relative poverty is measured by the “income gap” or “poverty gap”, i.e “the average income shortfall of all the poor as a proportion of the poverty line” (Streeten, 1998).

Basic Needs Approach

In the 1970’s the concept of income of income/consumption poverty was broaden to a wide set of ‘basic needs’ which have made a comeback lately in the form of Millennium Development goals. A traditional list of immediate
basic needs is food (including water), shelter and clothing. Many modern lists emphasise the minimum level of consumption of basic needs of not just food, water and shelter but also sanitation, education and shelter.

Basic needs were defined by the International Labour Organisation (1976) as "The minimum standard of living, which a society should set for the poorest groups of its people. The satisfaction of meeting basic needs means meeting the minimum requirements of a family for personal consumption- food, shelter clothing, it implies access to essential services, such as safe drinking water, sanitation, transport, health and education; ........ it should also imply the satisfaction of needs of more qualitative nature, a healthy, humane and satisfying environment, and popular participation in the making of decisions that affects the lives and livelihoods of the people and individual freedoms".

Capability Approach

Amartya Sen (1979) first introduced the Capability approach in the essay 'Equality of What?' In this perspective, poverty must be seen as a deprivation of basic capabilities rather then merely as lowness of incomes (Sen, 1999). Here capabilities refer to functional capabilities i.e "substantive freedoms" such as the ability to live to old age, engage in economic transaction, predicate in political activities.

Freedom, as an primary object and principal means of development as claimed by Sen (1999), are of five distinct types: 1) political freedoms, 2) economic facilities, 3) social opportunities, 4) transparency guarantees and 5) protective security. Sen referred to them as "instrumental freedoms" which
contribute directly or indirectly to the overall freedom of the people and they also serve to complement and reinforce one another. He commented a little on each of these Instrumental freedoms. Political freedoms "refer to the opportunities that people have to determine who should govern and on what principles, and include the possibilities to scrutinize and criticize authorities, to have freedom of political expression and an uncensored press, to enjoy the freedom to choose between different political parties and so on"(Sen, 1999). Economic facilities refer to the opportunities that the individuals have in the utilization of the economic resources for the purpose of production, consumption and exchange. Social opportunities refer to the essential services such as education, health care and so on and so forth provided by the society. These facilities improve the individual's life by lowering the levels of morbidity, mortality, illiteracy and enhance effective participation in economic and political activity. Transparency guarantees deal with the need of openness, lucidity and trust expected by the people from institutions, both private and governmental, in the community. These guarantees will minimize corruption, financial irregularities and underhand dealings. Protective security refer to the fixed institutional arrangement through the programmes of social safety net such as unemployment benefits, famine relief etc. which will prevent the vulnerable population reduced to misery, starvation and death.

From the capability perspective, poverty arises when basic capability failure is caused by inadequate command over resources, whether through markets, public provision or other non-market channels.
The ten capabilities i.e. real opportunities, based on personal and social circumstance framed by Nussbaum (2000), essential to human life are:

1. **Life.** Being able to live to the end of a human life of normal length; not dying prematurely, or before one's life is so reduced as to be not worth living.

2. **Bodily Health.** Being able to have good health, including reproductive health; to be adequately nourished; to have adequate shelter.

3. **Bodily Integrity.** Being able to move freely from place to place; to be secure against violent assault, including sexual assault and domestic violence; having opportunities for sexual satisfaction and for choice in matters of reproduction.

4. **Senses, Imagination, and Thought.** Being able to use the senses, to imagine, think, and reason-- and to do these things in a "truly human" way, a way informed and cultivated by an adequate education, including, but by no means limited to, literacy and basic mathematical and scientific training. Being able to use imagination and thought in connection with experiencing and producing works and events of one's own choice, religious, literary, musical, and so forth. Being able to use one's mind in ways protected by guarantees of freedom of expression with respect to both political and artistic speech, and freedom of religious exercise. Being able to have pleasurable experiences and to avoid non-beneficial pain.

5. **Emotions.** Being able to have attachments to things and people outside ourselves; to love those who love and care for us, to grieve at their absence; in general, to love, to grieve, to experience longing, gratitude, and justified anger. Not having one's emotional development blighted by
fear and anxiety. (Supporting this capability means supporting forms of human association that can be shown to be crucial in their development.)

6. **Practical Reason.** Being able to form a conception of the good and to engage in critical reflection about the planning of one's life. (This entails protection for the liberty of conscience and religious observance.)

7. **Affiliation.**
   - Being able to live with and toward others, to recognize and show concern for other human beings, to engage in various forms of social interaction; to be able to imagine the situation of another. (Protecting this capability means protecting institutions that constitute and nourish such forms of affiliation, and also protecting the freedom of assembly and political speech.)
   - Having the social bases of self-respect and non-humiliation; being able to be treated as a dignified being whose worth is equal to that of others. This entails provisions of non-discrimination on the basis of race, sex, sexual orientation, ethnicity, caste, religion, national origin and species.

8. **Other Species.** Being able to live with concern for and in relation to animals, plants, and the world of nature.

9. **Play.** Being able to laugh, to play, to enjoy recreational activities.

10. **Control over one’s Environment.**
   - **Political.** Being able to participated effectively in political choices that govern one's life; having the right of political participation, protections of free speech and association.
   - **Material.** Being able to hold property (both land and movable goods), and having property rights on an equal basis with others; having the right to seek employment on an equal basis with others; having the freedom from
unwarranted search and seizure. In work, being able to work as a human being, exercising practical reason and entering into meaningful relationships of mutual recognition with other workers.

**Human Poverty Approach**

The human poverty approach has been advanced recently by UNDP in its Human Development Reports. UNDP defines poverty as meaning "that opportunities and choices most basic to human development are denied — to lead a long, healthy, creative life and to enjoy a decent standard of living, freedom, dignity, self respect and the respect of others" (UNDP 1997). It does views poverty as multidimensional involving three perspectives:

*Income perspective*- A person is poor if and only if her/his income level is below the defined poverty line.

*Basic need perspective*- Poverty is deprivation of material requirements for minimally accepted fulfillment of human needs including food, health, education, essential services, employment and participation.

*Capability perspective*- Poverty represents the absence of some basic capabilities to function. The functionings can vary from physical like being well-nourished, adequately clothed and sheltered, avoiding preventable morbidity to more complex social achievements such as partaking in the life of the community.

UNDP notes that the capability approach reconciles the notions of absolute and relative poverty, since relative deprivation in incomes and commodities can lead to an absolute deprivation of minimum capabilities.
In addition it identify another pair of perspectives: the "deprivational" one focusing on the way the poor and the deprived fare in the society, and the "conglomerative" one focusing on advances made by all the people in the society.

Accordingly, the UN agency has devised indices for development and poverty: *Human Development Index* (HDI), developed in 1990, measures the average achievements in country in three basic dimensions of human development – longevity, knowledge and a decent standard of living.

*Human Poverty Index* (HPI), developed in 1997, measures human poverty from social indicators.

### Table 2.1: $^HPI_1$ - For developing countries

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Indicators</th>
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<tbody>
<tr>
<td>A long and healthy life</td>
<td>Probability at birth of not surviving until age 40</td>
</tr>
<tr>
<td>Knowledge</td>
<td>Adult illiteracy rate</td>
</tr>
<tr>
<td>A decent standard</td>
<td>Access to safe water &amp; malnourished children under five</td>
</tr>
</tbody>
</table>

### Table 2.2: $^HPI_2$ - For OECD countries

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Indicators</th>
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</thead>
<tbody>
<tr>
<td>A long and healthy life</td>
<td>Probability at birth of not surviving until age 60</td>
</tr>
<tr>
<td>Knowledge</td>
<td>Functional illiteracy rate</td>
</tr>
<tr>
<td>A decent standard</td>
<td>Relative income poverty</td>
</tr>
<tr>
<td>Social exclusion</td>
<td>Long time unemployment</td>
</tr>
</tbody>
</table>

Source: The Human Development Indices 2004 UNDP (both table)
This complementary approach to indices is taken by the UNDP: The HDI accepts the conglomerative aspect measuring the total welfare of society where increases in well being of the best off can offset decreases in well being of the worst off. The HPI accepts the deprivational aspect measuring the welfare of the worst off.

**Participatory Approach**

The participatory approach is actually not a way of conceptualizing poverty/deprivation but it is a means to focus on the immediate needs of the poor from the perspective of the poor themselves. One of the main strengths of the participatory approaches to poverty is that such approaches recognizes the diversity of perceptions of poverty and thus have the potential to facilitate an understanding of its many dimensions for particular group (Wratten, 1995). The critical dimensions of poverty which often figure prominently in the participatory approach are:

- Food insufficiency and insecurity
- Unsatisfied basic needs especially clothing, water and sanitation
- Precarious livelihoods, leading to shortages of money to purchase necessities including healthcare and education.
- Lack of assets to provide a basis for secure livelihoods and safety net against insecurity.
- Powerlessness and lack of self respect and dignity
- Isolation
- Vulnerability to stress and shocks
- Lack of justice
Multidimensional Approach

In the international community, it is accepted that a conception of poverty has to include multiple dimensions of deprivation and has to address the interactions and reinforcements that exist between the dimensions. A comprehensive scheme is provided by the OECD as shown in the figure 2.1.

This conception of poverty defines poverty as the lack of economic, human, socio-cultural and protective capabilities. The arrows indicate that the dimensions are interrelated and each one affects the others while it is affected by them. The economic dimension describes the capacity to earn, to consume and to acquire assets which are vital to food security, material well being and social status. The human dimension includes health, education and nutrition. The political dimension includes human rights, a voice and some

Fig. 2.1: Interactive dimension of poverty

Source: OECD (2001)
influence over public policies and political priorities. The *socio-cultural dimension* refers to the ability of a person to participate in the community with social status and dignity. The *protective dimension* describes the ability to withstand economic and external shocks.

The 2004 Enhanced Poverty Reduction Strategy defines poverty as a multidimensional problem: "Poverty is characterized by a lack of access to essential goods, services, assets, and opportunities to which every human being is entitled. Everyone should be free from hunger, should be able to live in peace, and should have access to basic education and primary health care services. Poor households need to sustain themselves by their labour and be reasonably rewarded and should have a degree of protection from external shocks. In addition, individuals and societies are also poor—and tend to remain so—if they are not empowered to participate in making the decisions that shape their lives".

A Pyramid of Poverty Concepts

Poverty is a complex phenomenon, difficult to conceptualize and measure in its many dimensions. One useful way of systematizing different dimensions and measures is contained within Baulch's Pyramid of poverty concepts as illustrated in fig 2.2.
David Satterthwaite draws a table from Baluch’s diagram of A Pyramid of Poverty Concepts which was developed for rural poverty. But the categories and their descriptions in Baulch’s diagram have been modified to reflect the characteristics of urban poverty as shown in table 2.3.
Table 2.3: The different aspects of Urban Poverty

1. Inadequate Income (and thus inadequate consumption of necessities including food and often problems of indebtedness with debt repayments significantly reducing income available for necessities)

2. Inadequate, unstable or risky asset base (non-material and material including educational attainment and housing) for individuals, households or communities.

3. Inadequate shelter (typically poor quality, overcrowded and insecure)

4. Inadequate provision of public infrastructure (piped water, sanitation, drainage, roads, footpaths etc) which increases health burden and often work burden

5. Inadequate provision for basis services such a day care/schools, vocational training, healthcare, emergency services, public transport, communications, law enforcement

6. Limited or no safety net to ensure basic consumption can be maintained when income falls, also to ensure access to shelter and health care when these can no longer be paid for

7. Inadequate protection of poorer groups rights through the operation of the law including laws and regulations regarding civil and political rights, occupational health and safety, pollution control, environment health, protection from discrimination and exploitation

8. Poorer groups voicelessness and powerlessness within political systems and bureaucratic structure leading to little or no possibility of receiving entitlements; organizing, making demands, and getting a fair response. No means of ensuring accountability from aid agencies, NGOs, public agencies and private utilities

Source: Mitlin and Satterthwaite, 2003
2.1.2 Theories of poverty

In order to develop strategies that effectively reduce the problems associated with poverty, an overview of the major theories of poverty is provided.

**Structural Theories of Poverty**

Structural theories of poverty hold that poverty is caused by the structure of the larger socio-economic order. Structural explanations contend that macro level labour market and demographic conditions put people at risk of poverty and cross-sectional and overtime differences in this structural factors account for variation in poverty. Thus structural theory is a compositional explanation: the more people in vulnerable demographic or labour market circumstances, the more poverty exists. O’Connor (2001) shows that structural theories have actually been prominent for decades and originated at least in the 1960’s.

**Individualistic Theories**

The 19th century sociologist, Herbert Spencer, blamed poverty on the poor. He claimed that the poor were lazy and those who did not want to work should not be allowed to eat. He attributed poverty to bad moral character. He argued that the state should intervene as little as possible. It was he that coined the phrase, 'the survival of the fittest'. This attitude is still prevailing today.

This belief that poverty stem from individual differences are old. Rainwater (1970) critically discusses individualistic theories of poverty as "moralizing perspective". "They are meant to suffer, indeed must suffer because of their moral failings. They live in a deserved hell on earth".

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Culture of Poverty

Another theory of poverty found in the literatures is the theory of culture of poverty developed by Oscar Lewis, an anthropologist in 1959, as a result of studying the urban poor in Mexico and Puerto Rico. The culture of poverty constitutes a 'design for living' that is passed on from one generation to the next. Individuals feel marginalized, helpless and inferior, and adopt an attitude of living from the present. The poor realize that they have a marginal position within a highly individualized and stratified capitalistic society, which does not offer them any prospect for upward mobility. In order to survive, the poor have to develop their own institutions and agencies because the larger society tends to ignore and bypass them. Thus the poor come to embody a common set of values, norms and pattern of behavior which is different from the general culture as such. In other words, the poor has a way of life—a specific sub-culture. Lewis found 70 traits that underlay this sub-culture. He classified these traits into four types:

- **Relationship between the sub-culture and the larger society**
  People either disengage or maintain distance from the larger society. They do not belong to labour unions or political parties, go to banks or hospitals or enjoy leisure facilities of the city. They have a high mistrust of the dominant institutions of society.

- **Nature of the slum community**
  The slum community is characterized by poor housing and overcrowding and a minimum of organizational structure beyond the space of family. These institutions grow up mainly to meet their minimum needs. The slum economy is inward looking. It is embedded in pawning of personal goods, informal credits and use of second hand goods.
• **Nature of the family**
Bilateral kinship system, unstable marriage, matrifocal family.

• **Attitudes, values and personality of the individual**
The individual has a strong feeling of fatalism, helplessness, dependence and inferiority.

**The Underclass**

The idea of an underclass was first developed by right-wing, American Sociologist, Charles Murray. He applied the concept to Britain during a visit in 1989. His idea is linked to theories that blamed the individual for his poverty and also to the concept of a culture of poverty. According to him, being a member of the underclass means having a deplorable subculture linked to not wanting to work. He primarily blames illegitimacy for this condition. He claims that illegitimate children are more likely to be born to women of lower social class. The illegitimate children “run wild” because they lack father role models. He claims that the underclass is responsible for rising crime—property crime and violent crime. These damage communities and make people withdraw into themselves.

A different concept of the underclass is put forward by British Labour MP Frank Field. He claimed that poverty is increasing in Britain and that there is a growing underclass made up of long term unemployed, single parent families and elderly pensioners. This group is characterized by being reliant on state benefits that are too low to give them an acceptable living standard and have no chance of escaping from reliance on state benefits.
Conflict Theories of Poverty

Some of the conflict theories of poverty are:

a) Poverty and welfare state

Since most of the people who are poor receive state benefits, it can be argued that the existence of poverty can be attributed to the inadequacy of these benefits.

b) Poverty and the labour market

A good proportion of the poor are employed, but receive wages insufficient to meet their needs. The unemployed and low paid tend to be those who are unskilled. Increased mechanization has reduced the demand for unskilled labour. Narrow profit margins in labour intensive industries force wages down. Large families push people into poverty.

c) Poverty and power

The poor lack political power. The lack of income of the poor means that they do not have the resources to organize effective protest. They also have no economic sanctions – the employed can strike, but the poor cannot. The poor are also handicapped by the shame of poverty – the poor are largely unseen. Ralph Miliband states that "economic deprivation is a source of political deprivation; and political deprivation in turn helps to maintain and confirm economic deprivation."

d) Poverty and stratification

Conflict theorists claim that poverty is caused by the structure of the society. Peter Townsend in "Poverty in the United Kingdom" claims that the existence of the class divide is the major factor in causing poverty. Poverty is related to
lifestyles. The poor lack status and low status group include retired elderly people, the disabled, the chronically sick, one-parent families and the long-term unemployed. Townsend also notes that international institutions contribute to the creation of poverty. For example, restrictions imposed by the International Monetary Fund usually result in cuts in government expenditure and reduction in welfare programmes.

e) Marxism and Poverty
Marxist theorists do not draw a sharp line between the working class and the disadvantaged. Members of the working class can fall into poverty through unemployment.

Social Darwinian Theory of Poverty
This theory that emerged in sociology tried to explain poverty in terms of the behavior and attitudes of the poor themselves. The poor did not want to work hard and they squandered money on gambling, drinking and unnecessary luxuries and the suffered disorder of family life. According to Matza (1966), the poor were the "dangerous classes" living in squalid want and wicked woe.

Situational Theory of Poverty
This theory holds that individuals rationally follow a pattern of behavior, which is suitable for the objective situation of their life. The poor behave differently and do not follow middle class values because they do not have the resources and opportunity to achieve it. So they tolerate large deviations from middle class aspirations. This has been described as a lower class "value stretch" (Rodman, 1963; Della Fave, 1974).
The theories of poverty outlined above may be grouped into two kinds of approaches: 'Individual' and 'Structural' approaches. The first emphasizes the "characteristics, attitudes or behavior of the poor as the roots of poverty". The second approach stresses the amount and distribution of economic and social opportunities "external to and coercive over" individuals and that result partly from political economy (Cotter, 2002). Thus, some theories attribute poverty exclusively to certain characteristics of the poor as groups or as individuals, while others blame the system of factors and forces external to the poor or somehow beyond their control.

Cotter suggested that these two approaches are complementary rather than contradictory as embodied in the contemporary "multidimensional" concept of poverty.

Thus poverty is a multidimensional social and economic problem that depends on but goes well beyond not having enough income and the means to meet basic needs. While poverty may seem simple and obvious in its symptoms, especially to its victims, it has complex and deeper material and cultural causes.

2.1.3 Urbanisation and Urban Poverty

The urban transition constitutes a profound human transformation, comparable to the domestication of plants and animals ten thousand years ago that made a sedentary life possible. This second transformation began five thousand years ago when the first urban settlements were established in the valleys of
the Tigris and the Euphrates (Gugler.J). However, as recently as the beginning of the 19th century only one in eight people lived in an urban area. The 20th century is the century of the urban transition and now about half of the world’s population lives in urban settlements.

**Table 2.4: Perspectives on urbanisation**

<table>
<thead>
<tr>
<th>Strand</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Socio-cultural</td>
<td>Changes in life styles</td>
</tr>
<tr>
<td></td>
<td>The adoption of an urban way of life that is consumerist, diverse, sophisticated, etc</td>
</tr>
<tr>
<td>Demographic</td>
<td>Describes a certain threshold of population for a settlement</td>
</tr>
<tr>
<td>Economic</td>
<td>Structural change from an agricultural to a predominantly manufacturing economy</td>
</tr>
<tr>
<td></td>
<td>Similar change of occupation for the majority of the working population</td>
</tr>
<tr>
<td>Spatial</td>
<td>The spreading of ‘urban’ functions into agricultural land</td>
</tr>
<tr>
<td></td>
<td>The concentration of people in limited spaces</td>
</tr>
<tr>
<td>Legal-administrative</td>
<td>Designated as urban according to the laws and policies of the land</td>
</tr>
</tbody>
</table>

Source: Kamate,Y.A et al (2001)

Traditionally, urbanization has always been perceived in demographic terms, referring to changes in the proportion of unit’s population, which is urban. But the different perspectives on urbanization are (Kamete.et.al, 2001) shown in Table 2.4.

With urbanization, the term ‘urban’ has also been conceptualized variously. Functionally, a centre becomes urban because most its economics activities are in the non-extractive sectors. Thus a center of settlement that relies heavily on manufacturing and service sectors is urban. A place may also become urban because its population size has surpassed a certain threshold.
Most countries put this at a minimum of 2500 people (World Bank 1999). This classification is often qualified by other criteria as shown below:

**Designating urban areas in India**

In 1991 census of India the definition of urban area adopted is as follows.

- All places with a municipality, corporation, cantonment board or notified town area committee etc.

- All other places which has
  - A minimum population of 5000
  - At least 75% of male working population engaged in non-agricultural pursuits and
  - A density of population of least 400 persons per sq k.m.

Economists treats urbanization as a process whereby the primary productions are replaced by secondary and tertiary functions (Bhasin, R). Economic development leads to a massive shift of labour and other factors from rural sectors to urban sectors. Underdeveloped nations are undergoing rapid urbanization due to lack of employment opportunities in rural areas, which is further accelerated by natural population growth.

There are debates over its causes and effects of urbanisation. Much of the debates revolve around theories of urbanization (Bradshaw, Y.W et al. 1997).
The Modernization theory of urbanization asserts that industrial employment attracts people to urban areas where they work in modern sector occupations that facilitate economic development.

The Urban Bias theory of Lipton state that the disparity in welfare between country and city increases rural to urban migration and thereby expands urbanization.

Dependency theories advance various types of arguments. Traditional dependency and world system arguments claim that foreign investment in agriculture and agricultural specialization increase urban growth. Dependent development arguments asserts that foreign investment in manufacturing and related activities increases urbanization. This argument is related to the so called "bright lights" theory of urbanization which asserts that people in the countryside are attracted to the excitement and supposed opportunity offered by the city. Recent developments in the world economy have profoundly altered arguments associated with Third World urbanization and development. The global debt crisis and IMF pressure increase over urbanization and inhibit physical quality of life and great hardship is created for Third World urban residents, especially women, children, the poor and the aged. Urban areas are especially vulnerable due to growing numbers of poor and desperate people who require various services.

Urbanisation has both merits and demerits. The merits are growth, enhanced livelihood options, relieving pressures and congestion in rural areas. But along
with the rapid spread of urbanization has come the prolific growth of huge slums and shanty towns (Todaro, 1993). Thus, the greatest vice of urbanization is urban poverty often considered a spill over of rural poverty. But continuously increasing urban population and urbanization has made urban poverty more pronounced.

2.1.4 Poverty Reduction Approaches

Poverty reduction or poverty alleviation is any process which seeks to reduce the level of poverty in a community or amongst a group of people or countries. Poverty reduction programmes may be aimed at economic or non-economic poverty. This section makes an attempt to study the evolution of poverty reduction approaches by

- World Bank
- Asian Development Bank
- India’s Five Year Plans

World level

The World Bank emerged in 1944 to rebuild the war torn economies of Europe after the economic destruction of World War II. Today the World Bank’s mission is much broader, declaring “Our dream is a world free of poverty.”

This chapter traces the evolution of the World Bank’s thinking of poverty reduction and puts it in the perspective of development theory.

Four eras can be identified (Michels, 2003) and are discussed in turn.
1) The 1950s: trickle down growth theory and investment
2) The 1930s: approaching the poor
3) The 1970s: waging the war on poverty
4) The 1980s and 1990s: free market and adjustment

In the 1950s

Economic growth became the main policy objective during the 1950s in the newly independent less developed countries. The World Bank made three assumptions for bringing about economic growth. The first dominant assumption was that economic growth could be fueled by supplying the proper economic infrastructure. The second assumption was the trickle down growth. The third assumption was that economic growth would lead to political stability and the flourishing of democracies around the world (Zanetta 2001).

Economic theory in the 1950's used the levels and rates of growth of "real" per capita GNP to measure in a broad sense the overall economic wellbeing of a population (Todaro, 1993). It was assumed that when there is large scale development in the country, the benefits would automatically 'trickle down' to all sections, including the poor and weaker sections in the form of jobs and other economic opportunities. Thus the main preoccupation was the growth job done while there was really no need to have special programmes for the backward and underprivileged sections of the society. Problems of poverty, agriculture, unemployment, income distribution and social services were of secondary importance to "getting the growth job done."
The development economists of the 50's advocates the theory of forced drift industrialization via Rosenstein-Rodan's 'big push', Nurkse's 'balanced growth', Rostow's "take off into sustained growth", and Leibenstein's 'critical minimum effort thesis'. Industrialisation was regarded as the engine of growth which would bring the rest of the economy along with it.

The World Bank in this era was engaged in project based lending. The dominant view at that time was that the major obstacle to development was the scarcity of physical capital. In order to help countries "take off", foreign aid would fill the finance gap enabling the countries to accumulate enough capital to achieve the necessary levels of investment for growth. Thus investment was regarded as a prime mover of growth.

**In the 1960s**

In the 1960s also, growth was seen as a primary means of reducing poverty and improving the quality of life. The World Bank was approaching the poor but still in the sense of raising the income levels. This was mainly reflected in the substantial increase of lending in the agricultural sector.

The experience of the 1950s and 1960s, when a large number of less developed countries achieved the overall UN growth targets but the levels of living of the masses in most part remained the same, skepticism grew about the trickle-down approach. An increasing number of academicians and policy makers now clamoured for the "dethronement of GNP" and the elevation of direct attacks on widespread absolute poverty, rising income inequalities and unemployment. The World Bank accepted this realization that GNP oriented
trickle-down strategy will never succeed on a large scale. Hence, the benefits would never reach the poor and weaker sections unless there were special programmes which were meant to help them.

In the 1970s
During the 1970's economic development came to be redefined in terms of reduction of poverty, inequality and unemployment within the context of a growing economy. Accordingly the World Bank shifted its focus to programme based lending aimed at poverty reduction and rural development under the Presidency of Robert McNamara. Thus a two pronged strategy surfaced in this era:

- Basic Needs
- Redistribution with growth

The World Bank adopted the basic needs strategy which was particularly advocated by the ILO. Basic needs as defined by ILO (1976) had four elements:

(i) Meeting the minimal requirements of a family for personal consumption such as food, shelter and clothing, (ii) access to essential services such as safe drinking water, sanitation, transport, health and education (iii) a healthy, humane and satisfying environment and (iv) popular participation in decision making.

The World Bank focused only on the first two elements. Topics such as nutrition, health, education, employment, urbanization and water supply found a place in the agenda. But still many vital areas such as environment, major health issues, participation had been excluded from the agenda.
The redistribution with growth strategy, favoured by the World Bank, had two areas of intervention: (i) increasing the productivity of the rural poor i.e. the small and landless farmers and generation of employment programmes for the urban poor working in the informal sector; (ii) there was a large number of urban projects targeted directly to the poor in the form of poverty lending aimed to help the cities to cope with the problems of urbanisation resulting from the influx of rural population to the cities.

In this way urban poor came within the framework of poverty reduction strategies, giving birth to the Bank’s urban sector portfolio.

**In the 1980s**

Investment in the human capital of the poor as a key to poverty reduction only appeared in 1980s (WDR, 1980). A bout of macro economic shocks like debt crisis, global recession was witnessed by many parts of the world. The Bank’s governing ideology changed again and the strategy of growth and human capital accumulation as the means to reduce poverty was put on hold while analytical and operational work focused on adjustment issues. This time the Bank came closer to the IMF by adopting a neo-liberal approach of “getting the prices right”. During this period aid was provided through structural adjustment loans to support the process of implementing structural changes in the economy reducing deficits, fiscal spending, privitisation, deregulation and liberalization. Economic adjustment worsened the living standards of the poor instead of lifting them out of poverty (Michels,2003 ). Thus the 1980s is often called a “lost decade” for the poor (WDR,1990). Yet broad urban programmes aimed at addressing the complexities of the urban sector (Zanetta, 2001).
In the 1990s
The golden age for the poor has been the post 1980 as the World Bank once again put poverty reduction at the centre of attention. WDR 1990 defined poverty mainly in income terms. So it proposed a more pragmatic strategy that has two equally important elements (WDR, 1990):

- To take steps to promote the productivity of the poor people's most abundant asset i.e labour
- Providing basic social services like primary health care, family planning, nutrition and primary education to the poor.

Adoption of this two part strategy also would leave the sick, the old and the people of resource poor region under severe deprivation. This called for a programme of well-targeted transfer and creation of safety nets. Thus, the Bank's three pillar strategy of poverty reduction in 1990s presented in WDR 1990 is:

- Acceleration of labour intensive growth
- Human capital accumulation through social programmes i.e health and education
- Safety net programmes

The goal of World Bank's urban agenda of the 1990s was to maximize positive "macroeconomic linkages", or the potential of urban economies to contribute to country's macro economic performance through financial, fiscal and economic links. There was increased private sector participation in urban financing and in the delivery of services i.e privatization and concession. These municipal reforms were inevitable to rebuild local governments'
technical and financial capacity as the municipal governments had lost their ability to mobilize resources, due to a decade of high inflation and unstable macroeconomic conditions, which in turn had led to the deterioration of municipal infrastructure (Zanetta, 2001).

The IMF and the World Bank initiated the Poverty Reduction Strategy Approach (PRSP) in 1999 which results in a comprehensive country-based strategy for poverty reduction. Updated every three years with annual progress reports PRSPs describe the country's macroeconomic, structural and social policies and programmes over a three year or longer horizon to promote broad based growth and reduce poverty, as well as associated external financial needs and major sources of financing (www.imf.org/external/np/prsp/prsp.asp). PRSPs put forward a four pronged approach to poverty reduction (Craig and Porter, 2001):

- Broad based growth recently termed as 'pro-poor' growth focusing on employment creating growth.
- Investments in human capital, particularly in health and education sectors.
- Good governance
- Social safety nets.

**In the present decade (2000 - present)**

WDR 2000 adopts a multidimensional definition of poverty and so the World Bank recommended a more comprehensive approach that directly addressed
the needs of the poor people in three complementary areas: Opportunity, Empowerment and Security (World Bank, 2000/2001)

Opportunity aims at equitable growth and making markets work better for poor people. It also focuses on expanding poor peoples various assets especially physical and human assets.

Empowerment is the process of increasing the capacity of individuals or groups to make purposive choices and to transform those choices into desired actions and outcomes. Central to this process are actions which both build individual and collective assets, and improve the efficiency and fairness of the organisational and institutional context which govern the use of those assets. World Bank defined empowerment as the "expansion of assets and capabilities of poor people to participate in, negotiate with, influence, control and hold accountable institutions that affect their lives" (World Bank, 2000/2001). Empowerment focus on making state institutions responsive to poor people.

Security means protecting the poor people from adverse shocks and helping them to manage risk, economic crises and natural disaster.

A second approach to poverty reduction in the agenda of the present decade is Millennium Development Goals (MDGs). The MDGs are the eight goals to be achieved by 2015. These goals are drawn from the actions and targets contained in the Millennium Declaration adopted by 189 nations and signed by 147 heads of state and governments during the UN Millennium Summit.
Meet in September 2000. The eight goals break down into 21 targets that are measured by 60 indicators. The eight goals are:

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat HIV/AIDS, malaria and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

The UN Millennium Development Goals (MDGs) envisage achieving the following goals and targets related to urban poverty and slums upgradation:

**Goal 1:** Eradicate extreme poverty and hunger.

**Target 1:** Halve, between 1990 and 2015, the proportion of people whose income is less than $1 a day.

**Goal 7:** Ensure environmental sustainability.

**Target 11:** To achieve by 2020 a significant improvement in the lives of at least 100 million slum dwellers.

**Asian Level**

In 1999, the Asian Development Bank (ADB) adopted poverty reduction as its overarching goal and announced its Poverty Reduction Strategy (PRS) to achieve this end. The strategy rested on three mutually reinforcing pillars of:

- **Pro-poor sustainable economic growth:** Poverty reduction, whether related to income or non-income, requires conditions in the poor can participate in, contribute to, and benefit from economic growth.
• **Inclusive social development**: Poverty reduction requires inclusive social development which seeks to improve the quality of life of the poor and those vulnerable to poverty through building human capital in areas like health, education and population policy.

• **Good governance**: Poverty reduction strategy cannot be successfully implemented without the third pillar of good governance. According to ADB, good governance facilitates pro-poor sector reforms, state and local government policies and sound macroeconomic management. It ensures transparency in the use of public funds weakens corruption and promotes effective and efficient delivery of basic services to the poor.

In 2004, ADB reviewed and enhanced its PRS to take into account the Millennium Development Goal (MDGs) and emphasises five thematic areas supporting these three pillars:

• Gender equality

• Environmental sustainability

• Private sector development

• Regional cooperation

• Capacity development
India's Approach

The government policies and programmes on urban poverty alleviation have been through different stages of evolution since the First Five-year Plan. Initially it was primarily seen in terms of social and economic inequities.

The First Five Year Plan (1951-56) witnessed a national housing programme which included a subsidized industrial housing scheme and a low income group housing scheme.

The Second Five Year Plan (1956-61) emphasized larger scope of housing programme for the poor by launching three new programmes namely rural housing, slum clearance and sweepers' housing and middle income group

housing. In 1958, an ‘area-oriented scheme-Urban Community Development – was initiated.

The **Third Five Year Plan** (1961-66) oriented the housing programme towards economically weaker section of the society.

The **Fourth Five Year Plan** (1969-74) accorded high priority to balance urban growth.

The **Fifth Five Year Plan** (1974-79) addressed poverty removal as a principle objective. Though no strategy was initiated but it aimed to reduce the incidence of poverty through Minimum Needs Programme and public distribution of essential goods.

The **Sixth Five Year Plan** (1979-84) integrated provision of services along with shelter particularly for the poor.

The **Seventh Five Year Plan** (1985-90) recognized the problems of the urban poor and made the first conscious attempt to directly address urban poverty. It highlighted the growing incidence of poverty in the urban areas and rapid growth of slums caused by the persistent rural urban migration resulting over crowding in the informal sector. For the first time an urban poverty alleviation scheme known as Urban Basic Services for the Poor (UBSP).

The **Eight Five Year Plan** (1992-97) recognized the role and importance of urban sector for the national economy and the Nehru Rozgar Yojana (NRY) was launched.

The **Ninth Five Year Plan** (1997-2002) launched National Housing and Habitat Policy. This was the first of it kind to improve the quality of life of the urban poor. The National Slum Development Plan (NSDP) and Valmiki Ambedkar Awas Yojana( VAMBAY) were also implemented. The Swarna Jayanti Shahari Rozjer Yojana (SJSRY) was launched in 1997 to provide
employment opportunities to the urban poor and the jobless by encouraging them to set up self employment ventures or by providing different employment avenues. SJSRY was different form the other programmes because of its unique characteristic of community empowerment (Innovative approaches to poverty reduction, 2005).

The Tenth Five Year Plan (2002-2007) has taken note of the MDGs and included a number of targets to be achieved during the planned period. It called for a multidimensional strategy which would focus on empowerment of the urban poor. Services such as water supply, drainage, solid waste management, healthcare, family welfare, education etc. was to be the main thrust of urban poverty alleviation.

Prime minister Dr. Manmohan Singh launched Rs One lakh crore Jawaharlal Nehru National Urban Renewal Mission on December 3, 2005. The JNNURM aimed at improving urban infrastructure and urban basic services in over 60 cities with a million plus population, all state capitals and some cities of religious, historical and tourist importance.

The JNNURM envisages the following key reforms in the context of improving the lives of slum dwellers:

- Implementation of 7 point charter i.e provision of basic services to the urban poor including security of tenure at affordable prices, improved housing, water supply, sanitation, education, health and social security within the mission period as per the agreed timeline.
- Internal earmarking within local body budgets for basic services to the urban poor (in proportion to the share in total city/town) population to
generate adequate resources for addressing the issues of urban poverty.

The Mission would encompass physical infrastructure development projects e.g.

- Water supply
- Sewerage system
- Sanitation
- Solid waste management
- Roads and street lights

The Eleventh Five Year Plan (2007-2012) also sought to alleviate multidimensional poverty by accelerating the pace of growth while also making it more inclusive. The strategy for achieving this is providing essential public services to the poor particularly in health and education including skill development, environment sustainability, special attention to the needs of the disadvantaged groups and also good governance at all levels, Central, state and local.

2.2 Review of literature

The basis of any empirical analysis has to be built on comprehensive review of relevant literature in the area of research. The review is divided into following themes

- Limitation of conventional definition of urban poverty
- Macro level determinants of urban poverty
- Micro level determinants of urban poverty
- Priorities to be given for reduction of urban poverty
- Constraints in urban poverty reduction
2.2.1 Limitation of Conventional Definition of Urban Poverty

Saith, A (2005) in his study "Poverty line versus the Poor, Method versus Meaning", highlighted that the conventional definition of poverty is one dimensional and overlooks the multifaceted nature of human deprivation. This can easily lead to a superficial and misleading understanding of the nature and causes as well the cures of human poverty. The grave danger posed by the income definition of poverty is that it leads to a misidentification of the poor and subsequently to the adoption of targeting, monitoring and evaluation criteria which are equally narrow, thus carrying the many blind spots in the concept of deprivation in the operational phase of intervention.

The World Bank (2005) recognizes that using only income based criteria for estimating the scale of urban poverty greatly underestimates the extent of deprivation, as a large population with "above poverty income" still lives in poor quality, overcrowded homes with insecure tenure and inadequate provision for infrastructure and services.

Nelson (1991) in his article "Urban Poverty in Africa: An historical perspective", observed that the emerging large and sprawling informal settlement areas in towns and cities became increasingly difficult to disregard both for national and international community. The inadequacy of income-based poverty lines and the complex nature of urban poverty were
increasingly recognized, leading to alternative ways of assessing the situation of the urban poor and to upwardly adjusted estimate of their numbers. Navarro, L (2001) in a study “Exploring the Environmental and Political Dimensions of Poverty: the cases of the cities of Mar del Plata and Necochea-Quequen”, presented a redefinition of the concept of urban poverty and a possible methodology for assessing poverty conditions that lead towards better environmental management. The study also presents a framework, which not only helps local governments to act, but they also provide a catalyst for more participatory and integrated approaches to poverty reduction.

2.2.2 Macro Level Determinants of Urban Poverty

According to Chambers (1983) in "Rural Development, Putting the last first", poor people tend to have few buffers against contingencies; small needs are met by drawing on slender reserves of cash, by reduced consumption, barter or by loans from friends or relatives. These situations make the household so vulnerable that the family is prone to sickness and death. Chambers also uses the concept of deprivation trap to explain poverty as a vicious circle. He argued that isolation factor (lack of education, remoteness, being out of contact) sustains poverty. Services can not reach those who are remote and illiterates can not read information of economic value and have difficulty obtaining loans.

Evidence by Colombe and Mackay (1996) in their Mauritania poverty study "Modelling determinants of poverty in Mauritania", also suggests that isolation factor is critical in poverty issues.
Haan (1997) in his article "Urban Poverty and its alleviation" viewed that wage labour or labour market is the main determinant of urban poverty. Most of the urban poor earn income from the informal sector. While their earnings do not have as large a seasonal component as those of the rural poor, their incomes are probably almost as unstable because they have little protection from sickness and injury and the unpredictable demand for their services. The poor possess little human capital that can be sold or consumed at the time of sudden dip in their earnings.

Dandekar and Rath (1971) in their study "Poverty in India" found that rural to urban migration is a contributory factor of urban poverty.

Mitra (1993) in his study "An Econometric Model of Unemployment, Informal Sector Employment and Poverty in Indian City Slums" holds the view that natural growth rather than rural urban migration is the cause of urban poverty.

National Institute of Urban Affairs (1988) emphasized some factors of urban poverty such as failure of the formal wage sector to expand fast to absorb the increasing urban labour force, increase in the proposition of marginal workers to total workers.

Kundu (1995) in "Access of Urban Poor: The changing policy perspective" pointed out that increasing casualisation and marginalisation in urban areas contribute to urban poverty.

Chaudhury, I. S. et.al (2006) cited in their article "Urban Poverty and Governance: The case of Multan City" that bad governances is also a
contributing factor to poverty particularly in urban areas. The poor people who are in the weakest position and who are most powerless in influencing decisions that affect their lives become most vulnerable in face of bad governance.

2.2.3 Micro Level Determinants of Urban Poverty

Mok, T.Y et.al (2007) listed education, location and ownership status as some of the dominant and robust factors contributing to urban poverty in their study "The determinants of Urban Household Poverty in Malaysia".

Ferreira and Litchfield (2001) in their study "Education or Inflation? The Micro and Macro Economics of the Brazilian Income Distribution during 1981-1995", also found that educational attainment is the most important explanatory factor for high level of inequality and poverty. Race, the demographic make up of households, regional location and urban/ rural status also accounted to inequality and poverty, but age and gender of the head do not play an important role in explaining poverty.

A study on the "Impact of Education on Poverty Reduction" was made by Awan, M.S. et.al (2008) to estimate the effect of education upon poverty in Pakistan. The results comply with the generally accepted theory that educational attainment is a critical determinant of the incidence of poverty. The study also found that experience also has a negative relation with the poverty status. The study also endorsed that females are much more deprived and facing severe hardship as compared to men due to their unequal educational and employment opportunities.
2.2.4 Priorities to Be Given For Reduction of Urban Poverty

Karn, S.K. et. al. (2003) observed in a study "Living Environment and Urban Poor, A study in Mumbai" that the needs of the urban poor and their priorities are seen to be hierarchical. They first needed approval to stay in the place, that is securing land and housing and then provision of basic amenities in the order of toilet, water supply, sewerage and drainage and so on. The more the community has gained living stability and socioeconomic prosperity, the higher is the concern on environmental pollution and sanitation related factors.

Masika, R. and Arjan de Haan and Sally Baden (1997), in their study of "Urbanisation and urban poverty: A gender analysis" found that a gender equality perspective of urban poverty is important because men and women experience and respond to poverty in different ways. Access to income and assets, housing, transport and basic services is influenced by gender-based constraints on opportunities. Gender blind urban services provisions may not meet the needs of women if their priorities are not taken in to consideration.

Virmani Arvind (2004), in his book "Accelerating growth and poverty reduction" highlighted that poverty reduction and alleviation has been at the center of government's development efforts through the past several decades. Though growth creates job opportunities, the poor can only benefit from these new opportunities if they are healthy and have the basic educational requisite. Human development is essential for making the poor full participants in the market economy.
Kumar, A (2005) observed in his article “Mumbai’s Expendable Poor” that if the poor had a sense of security of their tenure; their neighborhoods become as good as any other neighborhood.

Gertler. J. P et. al. (1994) makes the case for increased investment in the human capital of children of the urban poor so as to help the next generation climb out of poverty in their article “Social Infrastructure and Urban Poverty”.

2.2.5 Constraints in Urban Poverty Reduction

Sridhar (2007) carried a study in Ludhiana on “Reforming Delivery of Urban Services in Developing Countries” which established that there is a relationship between the city’s financial performance and its delivery of urban services. It also found that user charges do not adequately cover the production cost of supplying water or expenditure on sewerage. The bottlenecks to reforming public service delivery are financial and institutional as they pertain to existing arrangements for water and sewerage.

Rao, V. M, (2007), in his study on safety nets in “Making Safety Nets Effective for Hardcore Poor” brings out the poor performance of the safety nets as if India has no safety nets at all. Safety nets operated in a top down mode by the line departments has inherent limitation in the sense that while the line departments can and do improve the design and implementation of their schemes, they have no mechanism for coordination among the line departments, for convergence of schemes on the poor, for checking the changing development status of the hardcore poor, for tailoring the schemes
in the light of this change and above all for mobilising the poor for participation, monitoring and collective action to improve their own action.

Satterthwaite, D (2001) observed in his study "Reducing Urban Poverty: Constraints on the Effectiveness of Aid Agencies and Development Banks and some suggestions for change", that locally based funds for community initiatives are obviously only a part of the solution. They fill a large gap by supporting the diverse needs and priorities of "civil society" in ways that set new standards in terms of participation, accountability and transparency. This kind of supports need to be combined with long term support to increase the capacity, effectiveness and accountability of city and municipal authorities where political circumstances allow this. But there is still a need for international donors to help ensure funding and the capacity to develop the big infrastructure that most cities and smaller urban centers need to ensure good provision for water, sanitation and drainage for all city inhabitants.

In the study "Constraints in Managing Poverty in Cameroon," Sikod. F. (2001) found that there is lack of organization by the urban poor, which makes it difficult for their voices to be heard. This phenomenon is typical of the very poor, even when they are the targets of foreign aid. Because most aid donors require organization of some sort, quite often it is the elite and influential members of the communities who offer to organize the poor and who, in the process enrich themselves with aid funds. By not educating and organizing the poor the government reinforces poverty.
Netherland Development Assistance Research Council (2005), highlighted in one of their publication that two distinctive approaches have emerged in the field of urban policy. A more or less top down urban management model that focuses on sectors and service delivery, and a bottom up community model that focuses on household needs, problems of access and the participation of the poor. So far insufficient attention has been paid to the middle ground between these two approaches, leading to neglect of interactions between the various actors and interest involved in the urban area. These interaction and interest often determine what the urban poor do or do not get access to.

2.2.6 Restructuring the System of Governance

Akinkugbe, O (2005) in a study "Government Expenditures on Social Services: How far the Poor Benefitted in Swaziland", have seen that despite substantial increases in government expenditures on health, education and other social services in Swaziland, poverty continues to be endemic and the poor continue to be underserved in terms of access to basic needs. For the objective of the poverty reduction to become achievable in Swaziland, fiscal policy action of the government will need to be more targeted at the currently underserved and the poor in the society and in this way the access of the poor people to health, education and other infrastructure such as housing, safe water and other safety benefits could be guaranteed and sustained.

Again it was observed by Sikod. F. (2001) observed that poverty reduction in the urban areas of Cameroon can only come about by restructuring the institutional and management set up so that it can be more responsive to the needs of the poor people.
Kundu, A (1994) in "In the name of urban poor", reviews that restructuring the systems of governance, particularly the legislative and administrative systems, has often been perceived as the most crucial elements in the solution package for meeting the challenge of urban crisis and environmental problems.

Kundu, Amitabh and Kundu Debolina (2004), in one of their studies "Urban local government and Private Sector Partnership in Gujarat" found that restructuring of governance system is often perceived as the most crucial element in a strategy aimed at meeting the challenge of urban crisis in developing countries. It is argued that most of these countries, once they gained political independence and freedom from colonial markets, opted for planned development. This led to the emergence of urban structure within the framework of centralized planning, albeit subject to excessive administrative and legal control. This hindered the free functioning of the market in the urban economy and created barriers to the entry of private capital, both from within and outside the country; this in turn led to efficiencies in infrastructure and basic services and to urban crisis. Thus decentralization of governance is crucial to ensuring the availability of basic amenities to all sections of the population including the poor.

2.2.7 Coping Strategies of the Urban Poor

It is revealed by Hossain, S. (2005) in his study "Poverty, Household Strategies and Coping with Urban Life: Examining 'Livelihood Framework' in Dhaka city, Bangladesh", that the urban poor face extreme poverty and vulnerability in terms of their economic and social conditions and cope with
these adverse situations having adopted different strategies in their household to survive in the city as they have limited access to the existing economic, social and political system.

Chitekwe, B. et. al. (2001) cited in “The Urban Poor under threat and in struggle: Options for Urban Development in Zimbabwe, 1995-2000”, that the development of saving schemes by urban poor groups in different urban centers in Zimbabwe and their negotiation with local authorities to allow them to develop their own homes and neighbourhoods. They also studied how these saving schemes developed in to the Zimbabwean Homeless People’s Federation and the constant interchange between different saving schemes as they learn from each other and encouraged new saving schemes to be set up.

In the article “Political Participation, Representation and the Urban Poor, Finding from Research in Delhi”, Harriss, J (2005) viewed that the needs and interest of the poorer people are being increasingly met through the “new politics” of social movements, and the poor in particular still seek to represent themselves and to tackle their problems through political parties.

Kundu, A (1991), in "Access of urban poor to basic amenities" argued that while attempts are being made to improve the macro environment in the large cities through investment in the formal water supply and sewerage systems, a substantial segment of the poor remains outside it. This is due to existing organisational structure, pricing policy etc. which have not been designed specifically to provide the minimum to all section of the population, despite the
claims made on that account. In their struggle for survival, they find informal solutions to their problems of access to basic amenities largely through their own initiatives.

Thus, the scanning of the relevant literature reveals that many of the studies of urban poverty in India and outside are done in bigger cities but the characteristics of the urban poor areas in these cities may not be same for those in the medium sized cities such as, Guwahati. Moreover there is paucity of the systematic research work on urbanization and urban problems like the multidimensional nature of urban poverty in Guwahati which has topography quite different from the other cities of India. The findings and solutions to urban poverty in bigger cities may not be appropriate to the medium or small sized cities. Hence, there is scope for analyzing urban poverty in the local context and here lies the rationale for the present study.