



## **Chapter IX**

# **Role of Urbanisation in Poverty Eradication of Urban and Rural Sectors**



# **Contents**

- 1. Introduction**
- 2. Concept of Rural and Urban Poverty**
- 3. Causes of Rural & Urban Poverty**
- 4. Human Development Index & Poverty**
- 5. Occupation Pattern and Poverty**

## **1. Introduction**

The population explosion in India has created lot of problems, poverty is one such a problem. The government of India and state government undertook various programmes in order to irradiate the poverty. The poverty is reduced to some extent but the population below poverty line is consistently increasing. The poverty is more serious problem in developing country like ours. This is because of population explosion, low agricultural productivity, economic disparity, lack of enterprnrship, unemployment etc. Such reasons made it difficult to irradiate the poverty from the society in total. Urban development together with industrialisation has resulted to reduce the poverty to some extent. But still in this area a lot of measures are necessary.

The development of the urban sector has to be considered in relation to the poverty of the region. Poverty is the purchasing power of the concerned region. The dichotomy with reference to the development of the urban center is that even then there is urban development the poverty in urban areas is still increasing. This is because of the reason that with the space of the development of the urban center there is no efficient functioning of the urbanisation and the industrialisation.

The industrialisation should be always work with the proper space. The number of sick units in the urban centers are resulting in the unemployment of the urban people thus this further resulted in the poverty of the urban center. The city of Aurangabad is developing but the numbers of sick units are increasing.

Thus the village people migrated to the urban sectors could not get proper and continuous appointments in urban areas the population has to be properly managed so that there will not be further increase in poverty.

## **2. Causes of rural and urban poverty**

As per the survey conducted by Pranab Vardhan the causes of poverty in rural and urban sectors have been discussed in detailed.

- I. The average size of the family size of rural area is 5.14 and that of Urban areas is 4.79. Thus the size of the family results in increased cost of the livings the size of the rural areas is more it requires more funds. But the source area limited. This has increased the poverty in rural areas more as compared to the urban areas.

- II. Unemployment, Disguised unemployment, Traditional lookout towards agriculture, low agricultural land holdings, low rain illiteracy are some of the reasons why there is poverty. The developing countries are facing these problems. Marathwada has all negative points in relation to the above said factors so the rate of the poverty is high. Aurangabad as compared to rest of Marathwada has low rate of the poverty this is due to the space of urbanisation and the industrialisation.
- III. The composition of the working population and the social backwardness is also responsible for the purpose of the earning capacity and the poverty of the region. As compared to the rest of the Maharashtra, Marathwada is socially backward. At the same time due to the development of the city of Aurangabad the social backwardness is reduced..This has reduced the poverty of the said region as compared to other cities of Marathwada.
- IV. In the backward region like Marathwada the fundamental requirements are also not at the required rate. The irrigation facilities, Number of schools & colleges, health centers, The proportion of the landless labour are some of the reasons of poverty in the sector of the Marathwada.

- V. The industrialisation in the region of Marathwada is at slower rate. The industries in the said region even today is less than 4% as compared to rest of Maharashtra. Except other than Aurangabad all districts in the region of Marathwada is lower than 20 to 25%. At present it can be said that Aurangabad has shown the developing trend. Thus this proves that the poverty Irradiation is related to the urban and industrial development.
- VI. Because of the lack of the industrial development of the rest of the Marathwada region there is unemployment, underemployment, and poverty. The city of Aurangabad has shown the substantial growth of industries. The poverty is due to such economically backwardness of the region.
- VII. The lack of education is the another reason of the poverty. This has also resulted in low productivity of the said region. Thus the urban centers can show better earning capacity as compared to the rural sectors. So urbanisation results in the removal of the poverty.
- VIII. The urban population of Aurangabad as compared to other cities in Marathawada is 22.1% which is more than any other city in Marathawada. The proportion of the urban population is the indicator of the economic and industrial development.

Thus the urbanisation has a vital role in the poverty irradiation.

- IX. The financial assistance provided to the various sectors in the region of Marathwada is very low as compared to rest of Maharashtra. This has added to the poverty of the said region. The concentration of the urban population in and around the city of Aurangabad And the economic activities resulted in lower down the percentage of the poverty. The poverty can be lower down only when the investment in the capital is introduced.
- X. The per capita income of the rural population during the year 1982-92 is as follows :

Vidarbha	Rs. 2011/-
Marathawada	Rs. 1950/-
Rest of Maharashtra	Rs. 2922/-
Average of the state	Rs. 2494/-

The per capita income of the Marathwada is very less as compared to the other region of the state. The per capita income can be increased only when then economic activities are increased.

### **3. Concept of rural and urban poverty.**

Poverty is a social problem. This makes the people to satisfy their needs difficult. To define poverty line, measurement of poverty, the criterion of poverty is not simple. This poverty concept can differ from time to time and place to place. The expert committee appointed by the government of India (1980 – 85) explained this concept as, “In urban areas 2100 calories and in rural areas 2400 calories food intake is necessary, failure to get so is said to be poverty”.

Thus almost all committees stated that the failure to obtain necessary intake by rural and urban poverty. The criterion for rural and urban poverty is different. The poverty is measured by taking into consideration the calorie consumption, per capita consumption expenditure, agricultural productivity, wage rate, employment opportunities, human development index, rate of literacy, urbanisation, political policies and other economic and non economic reasons.

The urbanisation is one of the factors related to poverty. The urban areas carry less poverty as compared to rural areas. This is because of industrial and service sector development. The urban population get better standard of living as compared to rural areas.



The opportunity to earn bread and butter is more in urban areas than the rural areas. Thus the poverty eradication should be thought over in relation to urbanisation in India both urban and rural people suffer of purchasing power. Purchasing power can be increased through planned efforts of the government. The following table can explain the rural and urban poverty.

The rural and urban poverty should be reduced by the planned efforts by the people with government. There should be the development of entrepreneur society. Unfortunately there is no tendency to start the business of our own. The efforts of self employment are not successful in Maharashtra. All the industrialist and businessman are from outside Maharashtra.

In the city of Aurangabad and its fringe area the industrial development is because of outside entrepreneurs. So there should be efforts necessary to generate self - employment which will help for the reduction in poverty. The society should bear the developmental attitude of its own. It is not always the job of government to promote economic growth of the people. The attitude of progress should be from within and not outside as a external agent.

The following table can illustrate the rural and urban poverty

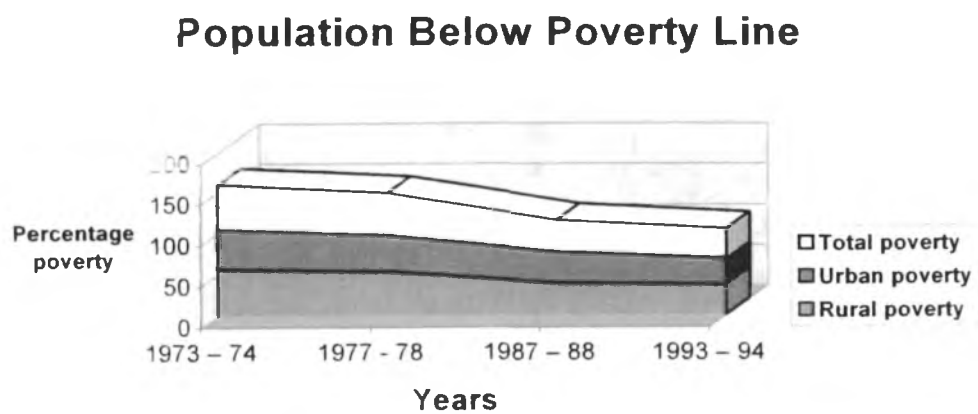
The population below poverty line and the percentage of poverty with total population :

Table No. 32

Year	Rural poverty	Urban poverty	Total poverty
1973 – 74	56.4	49.00	54.9
1977 – 78	53.1	45.2	51.3
1987 – 88	39.1	38.2	38.9
1993 – 94	37.3	32.4	36.0

Source Economic survey 2000 – 2001. planning commission.

Graph 25



As per the above table it is clear that the rural poverty percentage is more as compare to urban poverty. Rural poverty percentage in the year 1973 – 74 was 56.4 which is reduced to 37.3 by the year 1993 – 94. The percentage of urban poverty during corresponding period was 49 % and is reduced to 32.4 % by the year 1993 – 94. By the year 2007 it is projected that rural poverty shall be 21.1 % as against 15.1 % of urban poverty. This projection is as per 10<sup>th</sup> five year plan. One thing should be noted that government is successfully reducing the percentage of poverty during last 25 years by the help of planned efforts.

Urbanisation has reduced the percentage poverty because of industrial development and development of other economic activities. The people migrated from other areas are getting better jobs in urban area reducing the percentage poverty. There is a need of growth of urban centers in order to reduce rural poverty. Rural economy is largely dependent on the agriculture and is suffering from the problem of disguised unemployment, which is the major cause of poverty in rural areas.

In India the percentage poverty is high in the state like Bihar and Orissa. Maharashtra is progressive state where the rate of poverty is low in comparison to other states. The following table shows the poverty percentage in Maharashtra.

Table showing poverty percentage in Maharashtra :

Table No. - 33

Year	Urban poverty	Rural poverty	Average poverty (MH)	Average poverty India
1973 – 74	43.87	57.71	53.24	54.88
1977 – 78	40.09	62.97	55.88	51.32
1983 – 84	40.25	45.23	43.44	44.48
1986 – 87	39.78	40.78	40.41	38.86
1993 – 94	35.15	37.93	36.86	35.97

(Source – Economic survey 2000 – 2001 Planning Commission  
Government of India.)

From the above table it is clear that the percentage poverty in the year 1973 – 74 of rural areas was more as compared to urban areas. The percentage of decline of poverty in urban areas is low as compared to rural areas of Maharashtra. In Maharashtra urban poverty is more as compare to the figures of national level. This is because of rapid growth of urban centers, migration from villages, slum developments, unemployment problems.

This can be stated to be adverse effect of urbanisation and industrialisation. Of the total population in Maharashtra 25% of the population is living below poverty line. The same rate of poverty is still higher in Vidharbha and Maharashtra. Thus where the urbanisation is more poverty reduces at the same time urban areas. Suffer from the problem of poverty because of industrial sick units, lack of capital, lack of technical knowledge and mismanagement.

In Marathwada the poverty percentage as compared to rest of Maharashtra and India is higher. This is because of economically backward nature of the region. In Marathwada there are less opportunities in urban areas for employment, low agricultural productivity, less irrigation facility, marketing problems. The population below poverty line is specially from tiny land holders, landless labours, illiterate persons. The landless families in Marathwada are 33 % in the year 1971 – 72 and poverty percentage was 54 % this number is reduced to 27% and 46% by the year 1991 – 92 respectively.

The problem of poverty should be thought over taking into consideration per capita income human development index, literacy rate urbanisation, agricultural development index, real wages rate. The per capita income of Marathwada in the year 1955 – 56 was Rs. 174/-, Rs. 1034/- in the year 1978 – 79 and Rs. 4711/- in the

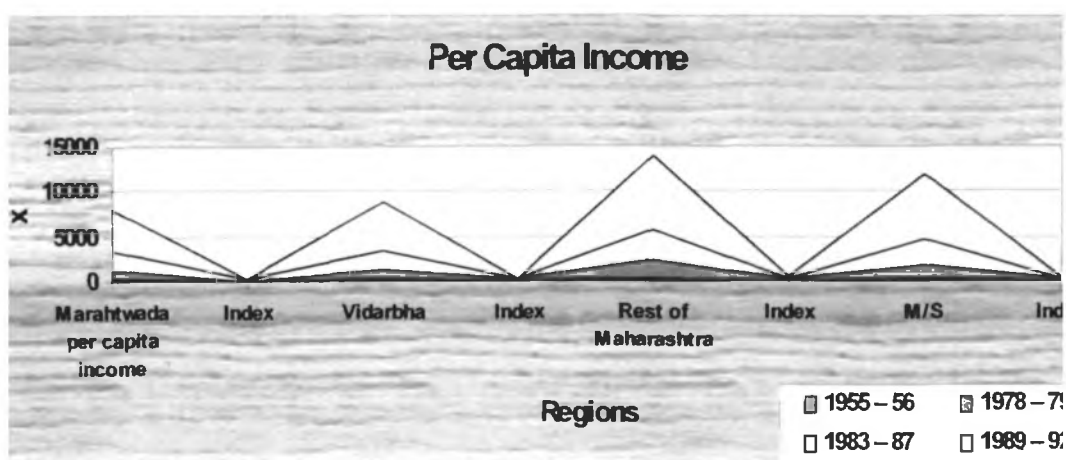
1989 – 92. The following table shows the per capita income and per capita index of Marathwada, Vidarbha and Maharashtra.

### Per capita Index

Table No. 34

Year	Marathwada per capita income	Index	Vidarbha per capita income	Index	Rest of MH per capita income	Index	MH	Index
1955 – 56	174	50	231	79	345	118.0	292	100
1978 – 79	1034	66	1082	68.90	1886	120.1	1570	100
1983 – 87	2047	70.60	2094	72.20	3406	117.5	2899	100
1989 – 92	4711	66.00	5334	75.30	8363	117.5	7107	100

Graph 26



From the above table it is clear that the per capita income of Marathwada is very low as compared to rest of Maharashtra. This is the indicator of the poverty in India. When the per capita income is very low the poverty is high so the measures are necessary to strength the economic activities.

The recent trend and percentage denote that the poverty percentage of Aurangabad urban is less as compared to rest of Marathwada. This is because of growth of industries and urban center. The poverty of all the districts in Marashtwada is higher as compared to rest of Maharashtra because of the lack of employment opportunities, sick industries and other related reasons.

The urban poverty in Maharashtra is 31.24 %. If this figures are compared with the districts in Marathwada, the urban poverty in Marathwada is still higher as Aurangabad 46%, Jalana 58.45%, Parbhani 60.10%, Beed 58.82%, Nanded 57.03 %, Osmanabad 58.81% and Latur 42.35%. However due to urbanisation and industrialisation in Marathwada the urban poverty of Aurangabad district in comparison with other district is less. The poverty eradication program is but necessary in urban areas. Urban areas even then are developed is suffering from poverty because of lack of technical knowledge and less opportunities of self employment.

## **4. Human Development Index & Poverty**

Human development index is another criterion to describe backwardness or poverty of the said region. The human development index is decided taking into consideration –

- i. Per capita income
- ii. Percentage of literacy
- iii. Child death ratio
- iv. Schooling years

In all most of the districts of Marathwada, the human development index as compared to rest of Maharashtra is low. Urbanisation has to play the role to increase human development index. The Aurangabad city has shown substantial growth in human development index.

The government is trying to reduce poverty through their planned efforts. Yet increasing pressure on urban land increasing cost of living, cost of civil amenities, and such other reasons adds to the poverty in urban sector. especially the slums developed because of urban settlement and migration from villages are having more poverty.



The government machinery many times ignores the basic or fundamental needs of urban poor. This still widens the gap between have's and have not's. Thus poverty and lack of purchasing power can be said to be the area where lot of measure can be taken both by government and non government organisations.

In Maharashtra, Marahtwada has a high percentage of poverty. In Marahtwada other than Aurangabad other districts have still more percentage of poverty because of less urbanisation and industriliasation. The problem of poverty is to be solved taking into consideration local requirements of the said region.

In Maharashtra urban poverty is less than rural poverty. But it is a serious matter for concern. The rural people migrate in urban areas for the employment. This creates additional, pressure on urban land. This also adds to urban poverty. The industrial sector is developing fast in Mumbai, Pune, Thane and now in Aurangabad-Jalna belt.

This has created the development of slums at a higher rate. The poverty in these areas is very higher rate. The poverty in these areas is very high. The poverty in urban areas creates the criminal atmosphere in urban areas. The criminal atmosphere In urban areas

there is a huge economic imbalance. The human life, which is miserable due to nature in rural areas, become obstacle in the rural development.

The state government has worked to reduce the poverty in both rural and urban sector. The government undertook following measures to reduce the poverty.

- i. Entrepreneur development training programme should be extensively undertaken.
- ii. Employment Guarantee Scheme, Jawahar Yojna, Rojgar Intensive Schemes are introduced by the government to promote the economic development.
- iii. Prime Minister's Integrated urban poverty eradication programme is important in this area. From 1995-96 this programme is made applicable to all "B" class cities. It is applicable to the cities like Aurangabad also.
- iv. Public distribution system is made efficient by the government.

- v. Government has decided to keep the prices of necessary commodities under control by proper management of the market.

Per capita monthly expenditure is the indicator of the poverty. In rural sector 55.96% of expenditure is being made on food grains the same percentage in urban areas is 47.95 %. The expenditure of urban area on food grains. Is less as compared to rural areas, i.e. the expenditure on other heads other than food grains is more in urban areas. The per capita monthly expenditure of rural sector is less than urban sector this makes us to conclude that rural areas have more poverty than urban areas.

The developing city like Aurangabad show the similar trend as is shown by the state. The rural sector or villages which are now the part of urban area (Aurangabad city) are having additional sources of income which has reduced poverty to the considerable extent.

In rural area the poverty is because of increasing population, Traditional Agriculture slow space of industrialisation, Lack of infrastructure facilities, lack of capital, Unemployment and underemployment. These are important factors where planners are to work at a greater attention. The urban areas are facing the

problems of poverty due to increasing pressure of rural population on urban land.

Rural and urban poverty has different dimensions. Rural poverty is because of unskilled labour. The features of poverty in the rural areas can be listed as follows:

**a) Unorganised farm labour.**

The farm labour are unorganised. The farm labours are scattered. So they cannot make their demands collectively. This reduces their bargaining power. The landlords work against the organisation of the farm labour.

**b) Seasonal employment.**

The poverty in rural sector is because of the seasonal employment. The labour are having only 200 days employment working in a year. After the season is completed labour become unemployed. This labour unemployment push the Farm labour to urban areas for the want of the employment.

**c) Indebtedness of the farm labours.**

Due to low labour rate of wages and seasonal employment, the farm labors are obtaining the loan from the private moneylenders. This loan is at a very high rate. That is why these farmers become indebted.

**d) Illiteracy is more in rural areas which is the cause of poverty.**

The rate of literacy in the rural areas is very low as a result the landlords exploit them. Due to ignorance about laws and other relevant matters the rural people suffer from the poverty.

**e) Lack of availability of the alternative employment.**

In rural sector there is no possibility of the alternative employment as a result they are dependant on the agriculture so there is a low income earning resulting in the poverty.

Thus the rural society is facing the serious problem of the regular employment and better wage rate. Government has to make arrangement for alternative and regular employment for the rural people in order to reduce the poverty in rural area. Urbanisation has provided base for increasing income of rural poors.

To overcome the above mentioned factors responsible for rural poverty there is a need for the important measures to be undertaken by the government which can be listed as follows :

- ❖ Strict applicability of payment of Minimum wages Act is necessary by the Government.
- ❖ Rural industrialisation with the development of infrastructure facilities is necessary for the purpose of increasing in the income.
- ❖ The Cooperative societies of the farm labour should be promoted to remove them from the indebtedness of the private moneylenders.
- ❖ The development scheme should be prepared for the purpose of upliftment of the marginal farmers and the landless labours.
- ❖ The public works should be promoted in the rural areas in order to provide the employment to the rural unskilled labours.
- ❖ The supplementary and Agro based businesses will add to the income source of the rural poor. Necessary arrangements are

to be made for training facility for such additional agro based activities.

- ❖ The corporations such as MIDC, MSFC or any other financial institution are supposed to increase economic activities in the fringe area of urban sector. This will stop the flow of village people to the urban areas. At the same time will reduce the poverty of urban and rural people.
- ❖ The vocational training program for the purpose of local industries and other service sector businesses should be extended to rural areas, which will provide technical knowledge for the establishment of self - units. This will provide better alternative for the occupation like agriculture and the surplus workers on farm will be released to take another occupation.
- ❖ The urban and rural poverty are the concept co-related to each other so the solution should be thought over togetherly.

Thus the rural and urban poverty can be thought over taking into consideration the population engaged in industrial activities than on farm.

Registered industries and workers per lakh population (1990)

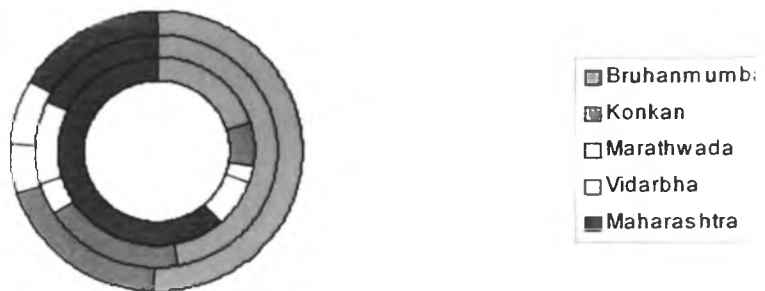
Table No. 35

Division	Registered industries	Per lakh population (Regd. Industries)	No of workers per lakh population
Bruhanmumbai	9093	92	4489
Konkan	3432	36	1755
Marathwada	1184	09	511
Vidarbha	3752	22	666
Maharashtra	27465	35	1476

(Source – Maharashtrachi Arthavyavastha – Dr. R.S. Salunke, page no. 188)

Graph 27

**Registered Industries & Workers Per Lakh Population**





In urban areas of Marathwada the number of workers working in factories is only 511 per lakh population. This is far less as compared to any other region in Maharashtra. Out of this 511 workers 425 belongs to the city and surroundings of Aurangabad area. The registered factories per lakh population in Marathwada is only 07 of which 05 are in the district of Aurangabad. This can be illustrated with the help of the above table.

The number of workers working in the industries per lakh population can illustrate the earning of the people and economic activities. The Aurangabad city as a urban center has absorbed the rural youth in a factory of the total population in Maharashtra 76 % are working in the industrial city and surrounding industrial areas. This denotes that the urban poverty is reduced to some extent by the urban development.

At the same time due to release of human pressure on agricultural land, due to shift in the population from rural to urban areas there is reduction in the poverty of the rural area also. Thus urbanisation helps in reduction of rural and urban poverty to some extent. Secondly the non-agriculture activities provide the employment for all the year which reduces the poverty. The public works in the urban areas require the unskilled labour, which is acquired from rural sectors.

As per the survey conducted 67% of unskilled labour is from the rural areas from near by villages of the city of Aurangabad. These workers are working in urban center during the off season period on the Agriculture land. This is to earn additional income by the villagers. Thus the possible poverty in rural sector can be reduced to some extent by the help of public works. But there is important fact is that there is additional burden on the urban population making the urban life difficult. But still urbanisation is the boon for the rural society. As it helps to add the income of the villagers.

The change in the occupation pattern has due to urbanisation reduces the rural poverty,

- ❖ The basic occupation in the rural areas is agriculture. But with the growth of the urban centers other agriculture-based occupations are increased. This helps in adding the income of the rural people.
- ❖ The urban market is wide open for the rural people for the various agro-based product and agro product such as milk, eggs, and meat.
- ❖ Of the total families in the district of Aurangabad the families below poverty line in the year 1991 was 76342. As per survey

conducted of the five members family members one member is released from the farm and is engaged in agro-based activities such as dairy farming or the poultry business i.e. due to urbanisation 20 % of the family underemployment is reduced which adds to the income of the family. Thus urbanisation provide the additional income for the rural people. Espacially the villages near the urban center there is scope for the sell of agro products in urban market. This reduces the poverty to some extent.

- ❖ Due to the growth of urban center the rural people near the area of Walunj, Chikalthana, Paithan, from the district of Aurangabad converted their agricultural land into the non-agricultural purposes. Partially the land is being used for the purposes of hotels Residential blocks. It is observed from the survey that 47 % of the original farmers converted their land to non agriculture purposes and added to the income sources. This has generated employment to the landless farmers as unskilled labour on the non-farm activities. This has to some extent added to the income source of both the owners and the workers.
- ❖ Urbanisation has generated the income source in the areas of service sectors such as transportation. The villagers in and around Aurangabad city purchased three wheeler transportation vehicles. 38 % of the drivers working in this areas are from

villages. This has added to their family income. The banks are lending money to purchase the vehicles.

- ❖ The urban market is receiving unskilled labours for shops, restaurants, household purpose, cleaning of the roads, loading and unloading of goods from near by villages. This has generated employment opportunities to the rural youth near the developing cities. Aurangabad city is receiving such a labour from villages like Karmad, Lasur, Badnapur, Phulambri in particular as these are the villages where the irrigation facility is not adequately available and there is low percentage of rainfall. So villagers work in the above mentioned areas for their income. So urbanisation help in removing poverty to some extent.

To conclude this chapter i.e. the study of Role of Urbanisation in eradication of poverty. It can be noted that,

- i. Urbanisation cannot reduce the poverty in total but to some extent it helps in increasing the earning of villagers.
- ii. Urban center can absorb the excess workers from agricultural land in urban services.

- iii. The occupational changes of the villagers due to urbanisation has helped in reducing the poverty.
- iv. The under employment in villages is reduced due to urbanisation which reduces the poverty of the rural and urban people.
- v. For eradication of urban and rural poverty planned efforts (target oriented) are necessary by the government.
- vi. Development of small towns and the planned industrial functioning can eradicate the poverty.

## **5. Occupation pattern and poverty**

The change in the occupation pattern due to urbanisation reduces the rural poverty,

- The basic occupation in the rural areas is agriculture. But with the growth of the urban centers other agriculture-based occupations are increased. This helps in adding the income of the rural people.

- The urban market is wide open for the rural people for the various agro-based product and agro product such as milk, eggs, and meat.
- Of the total families in the district of Aurangabad the families below poverty line in the year 1991 was 76342. As per survey conducted of the five members family members one member is released from the farm and is engaged in agro-based activities such as dairy farming or the poultry business i.e. due to urbanisation 20 % of the family underemployment is reduced which adds to the income of the family. Thus urbanisation provide the additional income for the rural people. Especially for the villages near the urban center there are scope for the sell of agro products in urban market. This reduces the poverty to some extent.
- Due to the growth of urban center the rural people near the area of Walunj, Chikalthana, Paithan from the district of Aurangabad converted their agricultural land into the non-agricultural purposes. Partially the land is being used for the purposes of hotels Residential blocks. It is observed from the survey that 47 % of the original farmers converted their land to non-agriculture purposes and added to the income sources. This has generated employment to the landless farmers as unskilled

labour on the non-farm activities. This has to some extent added to the income source of both the owners and the workers.

- The economy should be strengthening in order to remove the poverty or reduce the same considerably. The fact underlines the importance of the Economic development. The City of Aurangabad has shown the progress during the period from 1981 - 1995 because of the efforts undertaken by the government.
- The population of Marathwada is 16.2 % of the total population of Maharashtra. But the contribution of the income in total income of Maharashtra from the region is only 10 %. This shows the economic weakness of the Marathwada region. The contribution of secondary sector is just 3 to 7 % during the period from 1978-1979 to 1991-1992. The economy is on the verge of development because of planned development of the City of Aurangabad. If the growth is compared with the year 1991-1992 it can be said that urban & industrial development of the City of Aurangabad has added to the economic growth of the region and has reduced the proportion of the poverty to some extent.
- The industrialization should be given proper scope for increasing the income sources and removing the poverty of the

region. The following table shows the contribution of the region of Marathawada in the total income of Maharashtra.

**Contribution of income by various sectors.**

Table no. 36

<b>Division</b>	<b>Year</b>	<b>Primary sector</b>	<b>Secondary sector</b>	<b>Service sector</b>	<b>Total.</b>
Marathwada	1978-79	19.30	2.87	8.72	10.22
	1985-86	17.23	5.53	9.79	10.32
	1991-92	16.15	6.72	10.06	10.18

(Source – Marathwadyacha Vikas by Bhujangarao Kulkarni Page no. 275)

From the above table it is clear that the contribution of the secondary and service sector is consistently showing growth from 1978-1979 to 1991-1992. The increase is at the rate of 40 % as compared to the year 1978-1979. This is because of the reason that the urban growth is taking place in and around the city of Aurangabad. Thus resulting in the additional income sources of the region. So that is why the efforts are necessary to undertake the



planned efforts for the development by the government and the society should response to such efforts.

Thus with the help of the development of the region the poverty in any region can be reduced. For this purpose it is necessary that there should be the development of the infrastructure and service sector. Thus the poverty is the problems before Indian economy and urbanisation can be the solution to that.