

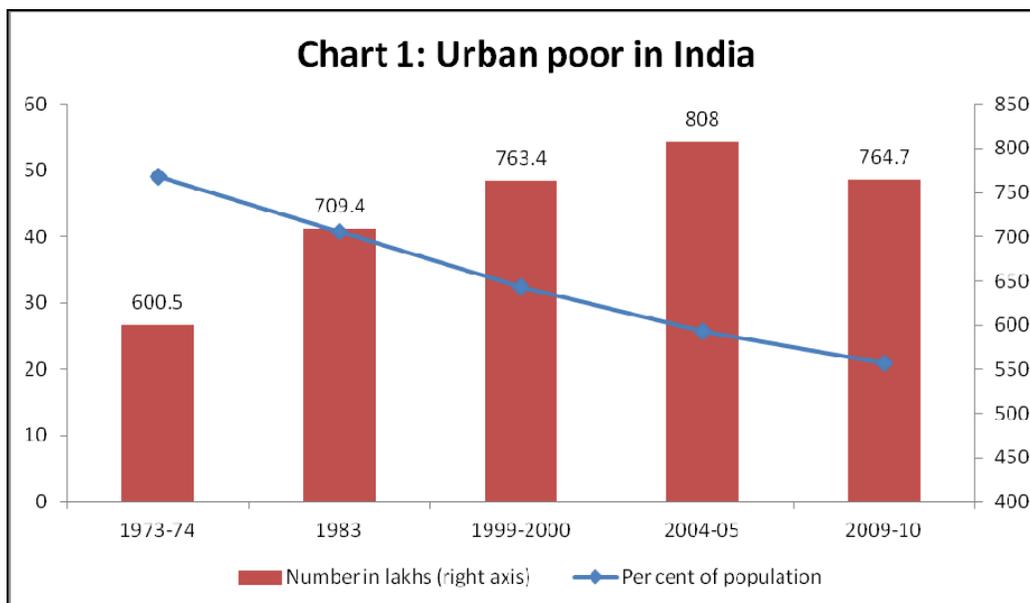
The Changing Face of Urban Poverty

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There is a widespread perception that poverty in India is concentrated in the rural areas. It is certainly true that the officially estimated urban poverty ratio (at 21 per cent on average for all of India, according to the Planning Commission's poverty estimates for 2009-10) is considerably lower than the rural ratio of 34 per cent. It is also true that – given the still low rate of urbanisation in India – most of India's officially defined poor (nearly four-fifths) live in villages.

However, there are grounds for questioning the policy focus on rural poverty, and important reasons for recognising that the nature and extent of urban poverty require urgent attention. This is not only because of the significant increase in absolute numbers of the urban population over the decade of the 2000s and the change in the classification of many settlements from rural to urban in the 2011 Census. It is also especially because urban poverty can take on a qualitatively different nature from its rural counterpart, and therefore may require very different policy interventions.

On the face of it, as Chart 1 suggests, urban poverty has been declining in terms of rates as well as (in the most recent estimates) in terms of absolute numbers. It should be noted that the official urban poverty estimates presented in Chart 1 reflect the numbers derived from the Tendulkar Committee recommendations, and therefore are not strictly comparable with the earlier figures. Even with comparable figures, however, the data suggest that the rate of urban poverty has been coming down (although certainly not as rapidly as could be hoped given the aggregate income increase in the country). However, the absolute numbers of urban poor remain extremely large, at more than 76 million.



Source: Planning Commission Press Note on Poverty Estimates 2009-10, March 2012

However, one important concern is that these urban poverty figures are quite misleading because they have such a minimalist notion of survival that they generate a maximalist definition of poverty in terms of the derived income line. What is called “poverty” in India is really extreme destitution, such that a much larger proportion of the population would tend to be classified as poor according to most international standards, even in other developing countries at similar levels of per capita income.

The issue of the official poverty line has generated much debate in recent times, as it became evident to the wider public that both the methodology and the actual lines drawn for estimating the poor were deeply flawed. Until the official estimates for 2009-10, the poverty numbers were generated by using the consumer price indices to update poverty lines determined by average monthly consumption expenditure of households whose members consumed (per capita) 2400 Kcal of food per day in rural India and 2100 Kcal per day in urban India in the 1970s. Thereafter, the Tendulkar Committee set up by the government provided another even more arbitrary determination of the poverty line, which did however generate somewhat larger numbers in terms of the incidence of poverty.

Even so, the income poverty lines that are now being officially used are still extremely low, for both urban and rural poverty. Table 1 provides some estimates of these lines across states for 2009-10, as well as the associated urban poverty ratios.

Table 1: Urban poverty lines and estimates by state, 2009-10

	Monthly per capita spending (Rs)	Daily per capita spending (Rs)	Poor as per cent of urban population	Urbanisation (per cent)
Andhra Pradesh	926.4	30.88	17.7	33.5
Arunachal Pradesh	925.2	30.84	24.9	22.7
Assam	871	29.03	26.1	14.1
Bihar	775.3	25.84	39.4	11.3
Chhattisgarh	806.7	26.89	23.8	23.2
Delhi	1040.3	34.68	14.4	97.5
Goa	1025.4	34.18	6.9	62.2
Gujarat	951.4	31.71	17.9	42.6
Haryana	975.4	32.51	23	34.8
Himachal Pradesh	888.3	29.61	12.6	10.0
Jammu & Kashmir	845.4	28.18	12.8	27.2
Jharkhand	831.2	27.71	31.1	24.1
Karnataka	908	30.27	19.6	38.6
Kerala	830.7	27.69	12.1	47.7
Madhya Pradesh	771.7	25.72	22.9	27.6
Maharashtra	961.1	32.04	18.3	45.2
Manipur	955	31.83	46.4	30.2
Meghalaya	989.3	32.98	24.1	20.1
Mizoram	939.3	31.31	11.5	51.5
Nagaland	1147.6	38.25	25	29.0

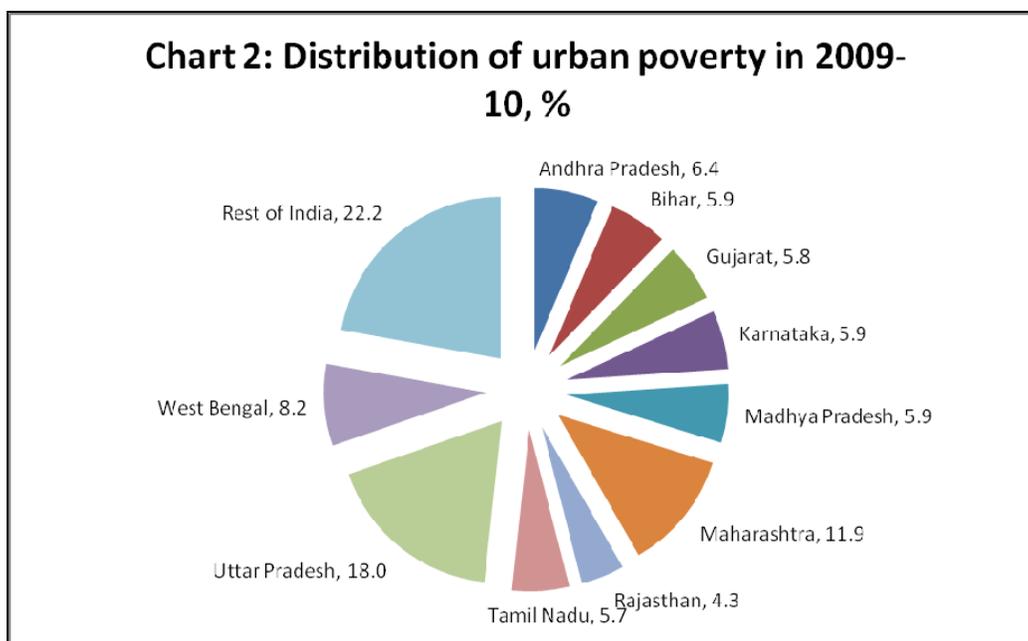
Orissa	736	24.53	25.9	16.7
Puducherry	777.7	25.92	1.6	68.3
Punjab	960.8	32.03	18.1	37.5
Rajasthan	846	28.20	19.9	24.9
Sikkim	1035.2	34.51	5	25.0
Tamil Nadu	800.8	26.69	12.8	48.4
Tripura	782.7	26.09	10	26.2
Uttar Pradesh	799.9	26.66	31.7	22.3
Uttarakhand	898.6	29.95	25.2	30.6
West Bengal	830.6	27.69	22	31.9
All India	859.6	28.65	20.9	31.2

Sources: Planning Commission Press Note on Poverty Estimates 2009-10, March 2012 and Census of India 2011.

It is evident from Table 1 that the lines for determining urban income poverty remain extraordinarily low, and would not be considered as sufficient to describe a household as “non-poor” in any meaningful sense. In Delhi, for example, the stated daily consumption spending per capita of less than Rs 35 would not have been enough, even in 2009-10, to enable a person to use the public transport system from one end of the city to the other, quite apart from all necessary items of consumption.

Clearly the determination of the income poverty line leaves much to be desired, not least because it ignores the actual elements and rising costs of the standard spending basket of poor households whose members are forced to seek wage employment for survival. Since there is no clearly specified norm for the determination of the line, apart from some “guesstimates” by experts of the likely necessary consumption of households, there are good reasons for finding this line not only arbitrary but also unrealistic and even unfair. It is quite likely that the lower incidence of urban poverty stems from this insensitivity to the actual requirements and material conditions of the majority of the urban population.

Even these highly problematic income poverty measures, however, reveal a concentration of urban poverty in India, which is somewhat different from the concentration of rural poverty. Chart 2 describes how just ten states account for nearly four-fifths of the number of officially defined urban poor in India.



Source: Planning Commission Press Note on Poverty Estimates 2009-10, March 2012

This is not only reflective of larger absolute populations or greater degrees of urbanisation. In fact, in some states urban poverty ratios are as high as or even higher than rural poverty ratios, such as in Kerala, Manipur, Punjab and Uttarakhand. In other states like Uttar Pradesh and West Bengal the gap between urban and rural poverty ratios is quite small. Some states like Bihar and Manipur have very high urban poverty rates of 40 per cent or more, even according to this very stringent measure that actually captures extreme destitution.

Of course, one basic problem with assessing the incidence of poverty, whether urban or rural, is the continued reliance on the crude single indicator of income. It is quite evident that poverty is multidimensional, encompassing a range of different although typically overlapping deprivations. It comes as no surprise that the UNDP's Multidimensional Poverty Index found the incidence of multidimensional poverty in India to be almost double that of the income poverty rate, and even slightly higher than that for urban India.

The central government has declared that it will use a multidimensional measure, based on data from the ongoing Socio-Economic census, to determine which households should be classified as poor. But there are still relevant concerns about whether this will actually capture the nature and extent of urban poverty in its various manifestations.

One frequently used indicator used to gauge the extent of poverty is the extent of the slum population. But it is clearly the case (and also increasingly recognised) that not all the slum-dwelling population is poor; nor do all the poor live in slums. The 2011 Census found that around 12 per cent of the urban population in "Class I" cities lived in slums, with higher rates in the larger cities.

The amenities available to the urban population may provide some further indications of their material status. For example, according to the 2011 Census, nearly one-fifth (17 per cent) of the urban population do not live in “pukka” houses. Nearly one-third (32 per cent) of urban households – accounting for around 120 million people - live in a single room, while more than 3 per cent of households have no exclusive room to themselves at all. Around 19 per cent of urban households have no latrine facilities within their premises while another 10 per cent do not have modern water closets or improved sanitation. Around a quarter of families do not have bathing areas within their homes.

Since these can be interpreted as characteristics of extreme destitution and absolute privation rather than simple poverty, it is noteworthy that the numbers involved here are slightly more than those described by our official system as urban poor in income terms. Once again, this points to the likelihood that the available income poverty indicators that significantly wanting in their ability to capture the true extent of poverty even in urban India.

This is not just important because it indicates an insufficient grasp of the material reality of urban India. It also affects the significance that policy makers attach to solving the pervasive problem of urban poverty. Since so many government schemes also continue – mistakenly – to be targeted to “the poor”, this also critically reflects the rights of urban citizens.

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