

# **Urban poor in India: Addressing the challenges**

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## **Introduction**

India's urban population has grown rapidly over the last century from 25 million in 1901 to 377 million in 2011 which constitute 31.2 percent of the total population in the country. But the urban areas have failed to meet the demands of this increasing population pressure resulting in large gaps in provisioning of basic amenities of housing, drinking water, sewerage, transportation etc. Deprivation of such services has resulted in burgeoning of slums with conditions unfit for human habitation. Most of the urban poor are involved in informal sector activities where there is a constant threat of eviction, removal, confiscation of goods and almost non-existent social security cover. At present, 17.7 percent of urban population comprising 65 million people lives in slums (Census 2011). The pace of urbanisation is likely to accelerate over time and it is estimated that by 2030, another 250 million people would be added to the Indian cities. If not handled appropriately, this will give rise to creation of more slums and rise in urban poor. The report of the 'Expert Group to review the methodology for measurement of Poverty' headed by C. Rangarajan has put the number of urban poor at 102.5 million in 2011-12, surviving on daily consumption expenditure of Rs.47 or less. However, it is argued by many that instead of measuring urban poverty just in terms of consumption expenditure, it needs to be defined in terms of access/non-access to basic amenities.

## **Issues of urban poverty**

The poverty alleviation programmes of the government were completely rural centric earlier. It was only after the Seventh Five Year Plan that urban poverty was considered as a separate issue by the policy makers, this shift in understanding that urban poverty is not a mere spillover of rural poverty and hence needs to be dealt with separately was a positive step forward. Further, the rate of decline in urban poverty is slower and also uneven compared to rural poverty. Around 40 percent of the urban poor are concentrated in the States of Bihar, Madhya Pradesh, Odisha, Rajasthan, and Uttar Pradesh. Average urban consumption has been rising much faster than rural consumption. In fact, the gap between the two has widened considerably over the last decade and has been accompanied by increasing inequality between different sections of urban society. According to NSS 68<sup>th</sup> round, the richest 10 percent of the population in urban areas have an average Monthly Per Capita Expenditure (MPCE) about 11 times more than that of the bottom 10 percent whereas the same figure is 7 times for the rural areas.

## **Government interventions for urban poor**

The Ministry of Housing and Urban Poverty Alleviation (MoHUPA) is the nodal agency at the level of Union government responsible for development of urban poor. Urban poverty being multi-dimensional, various vulnerabilities are faced by the poor in cities and towns. The government policy therefore addresses the occupational, residential and social needs simultaneously in a comprehensive and integrated manner with a targeted focus on the vulnerable groups so that a definitive impact can be made on the ground. The most significant policy intervention in urban development in recent times is the emphasis on urban renewal through the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) in the 10<sup>th</sup> Five Year Plan (FYP). There are also other schemes which address various vulnerabilities of the urban poor.

**Occupational Vulnerability:** Besides providing shelter, a major focus of MoHUPA is on improving livelihood sources for the urban poor. To this end, *Swarna Jayanti Shahari Rozgar Yojana* (SJSRY) was launched in 1997, restructured as National Urban Livelihood Mission (NULM) in 2013. The mission aims to cover 786 cities in its first phase under the 12<sup>th</sup> plan enabling urban poor to access gainful self-employment and skilled wage employment. The mission would also address livelihood concerns of the urban street vendors by facilitating access to suitable spaces, institutional credit and social security. However, studies have shown that wage employment component of SJSRY has generally been used for casual municipal works, and thus has created no additional employment. In case of self-employment, high cost of processing and monitoring small loan agreements deters the banks from extending credit, and therefore the overall coverage of the scheme is rather limited.

**Residential Vulnerability:** In order to address the residential vulnerability of urban poor, two sub-missions, Basic Services for Urban Poor (BSUP) and Integrated Housing and Slum Development Programme (IHSDP) were launched under JNNURM in 2005-06. The major objective of these sub-missions was to construct dwelling units for the poor and also provide basic services like drinking water, sanitation, sewerage etc. At the beginning of Twelfth FYP, the technical group constituted by MoHUPA, on urban housing shortage, estimated a need of 18.78 million dwelling units for urban India. However, out of 1.6 million houses sanctioned under BSUP and IHSDP till date, 50 percent of the dwelling units have been completed and 36 percent of them have been occupied by the beneficiaries (Economic Survey 2013-14). Problems in acquisition of land, lack of state capacity to develop plans, inability of state governments to raise matching funds and to meet reform conditionalities are some of the reasons for slow progress in JNNURM.

In 2012-13, BSUP, IHSDP and RAY together constitute only 36 percent of the total JNNURM expenditure. This shows greater emphasis on city development and neglect of urban poor. Since the funding in JNNURM is divided between GoI, States and Urban Local Bodies (ULBs) based

on the population of the city, there is an inbuilt bias in favour of bigger cities and States with higher share of urban population in the country.

**Social Vulnerability:** Social security to urban poor is provided through *Rashtriya Swasthya Bima Yojana* (RSBY) which aims at strengthening the pension and health insurance safety nets for all kinds of labourers. National Social Assistance Programme (NSAP) which focus on social assistance for aged, widows and disabled, is another intervention to address social vulnerability of the poor. While RSBY and NSAP cover urban areas, these programmes are largely rural centric and hence their impact on urban poor is only marginal. A separate social security programme is required to address the social vulnerability of the urban poor in a more effective manner.

While a lot of thought has been put in terms of planning and designing the schemes for urban poor, low budgetary provisions and further lower actual expenditures are a cause of concern. The new 100 smart cities project was announced by the new government recently. Broadly a 'Smart City' could be one with technology based governance that enables efficient public services and has 24\*7 water and power supply, 100% sewerage, drainage and solid waste management facilities besides top class infrastructure. Given the investment need for development of such cities, the allocated amount of Rs.7060 crores need to be augmented. The government in a recent announcement said it plans to mobilize the required resources by funding through Public-Private Partnership, Multi-lateral agencies and Viability Gap Funding by the central government.

In another major initiative, the government has proposed a corpus fund of Rs. 50,000 cr to promote and finance infrastructure projects in urban areas on shared risk basis under 'Pooled Municipal Debt Obligation Facility' over a period of five years. This facility, set up in 2006, has corpus of only Rs. 5,000 cr.

It is expected that the government would take into account the limitations of earlier interventions for urban poor and address these challenges in a comprehensive manner to make urban spaces more equitable and inclusive.

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