
UNIT 1 INFORMAL SECTOR: AN OVERVIEW

Structure

- 1.1 Introduction
- 1.2 Informal Sector- Concept, Meaning and Characteristics
- 1.3 Contribution of Informal Sector to Income and Employment
- 1.4 Problems of Informal Sector
- 1.5 Programmes and Policies for Informals Sector and Its Workers
- 1.6 Recommendation of NCEUS to strengthen the Unorganised Sector
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1.1 INTRODUCTION

One of the most important concepts to emerge in recent years in the field of development economics is the 'informal sector'. Informal sector refers to the activities in which many, if not most, urban workers regularly engage as full participants in the existing economic order (Peattie, 1980; Davies, 1979). As a social stratum, 'informal sector' refers to the most deprived sections of the population, primarily in urban areas. Deprivation is variously defined in terms of access to and quality of employment, earnings and consumption. The employees of the informal sector usually get a low remuneration compared to their formal sector counterpart. Most of the entrepreneurs running their industries in the formal sector are out of the ambit of the formal rules and regulation. The people working in the informal sector are victim of the whim of their employers.

After reading this unit, you will be able to:

- Describe the concept, meaning and characteristics of informal sector
- Explain contributions and problems of informal sector
- Analyse programmes and policies for unorganised sector and its workers and how to strengthen the sector

1.2 INFORMAL SECTOR- CONCEPT, MEANING AND CHARACTERISTICS

1.2.1 Concept and Meaning

The term 'informal sector' was first used by Hart in 1970s during his field work in urban areas of Ghana. During his field work among the urban workers in Ghana, he came across to a large self-employed sector, which provided means of livelihood for new entrants to the urban labour force who fail to acquire employment in the formal sector. Later, ILO from its country mission in Kenya (1972) widened the scope of informal sector. The ILO report on Kenya (1972) defined informal sector by the characteristics of the economic unit. The more concrete definition of informal sector cropped up in the resolution concerning statistics of employment in the informal sector, adopted by the fifteenth

International Conference of Labour Statistician in 1993. It defined informal sector as follows:

The informal sector is regarded as a group of household enterprises or unincorporated enterprises owned by household that includes:

- 1) Informal own-account enterprises, which may employ contributing family workers and employees on an occasional basis; and
- 2) Enterprises of informal employers, which employ one or more employees on a continuous basis.

As per ILO, an enterprise should be classified as informal, if it employs only a handful of workers on low in curve, using simple equipment and works outside the framework of laws and regulations. According to Narul Amin, the informal sector is usually defined to include all economic enterprises and employment that are not protected or regulated by the government laws and social security system. Kanpe Ronald Hope defines informal sector as the subterranean sector alternatively reformed to as the informal, hidden, underground, shadow, secondary, black, invisible or parallel economy. Now it constitutes an important component in the economic activities and process of development in the Third World. While Nick Devas and Carde Rakodi, opined that the informal sector is a common shorthand term for small scale, un-enumerated, sometimes illegal economic activity. Kulshretha defines informal sector as the sector of economy where the labour force is self-employed with family support in income activities such as trading and street vending that do not have formal structure and designated areas and is characterised by small scale labour intensive operations. As per Meshram, the informal sectors are traditionally said to include the mass of the working poor whose productivity is much lower than in the modern informal urban sector.

The Union Ministry of Labour under the Government of India has categorised the unorganised labour deployed in informal sector, under four groups in terms of:

- a) Occupation
 - b) Nature of Employment
 - c) Specially Distressed Category
 - d) Service category.
- i) **In terms of occupation:** Small and marginal formers, landless agricultural labourers, sharecroppers, fisherman, those engaged in animal husbandry, *beedi* rolling, labelling and packing, construction workers, leather workers, weavers etc
 - ii) **In terms of nature of employment:** Agricultural labourers, bonded labourers, migrant workers, contract and casual labourers.
 - iii) **In terms of especially distressed categories:** Toddy tappers, scavengers, head loaders, animal cart pullers, porters etc..
 - iv) **In terms of service categories:** Domestic workers, fish workers and women barbers, vegetable and fruit vendors, news paper vendors, etc.

1.2.2 Characteristics of Informal Sector

It is important to discuss features and characteristics of informal sector, which are as follows:

- i) The informal sector is characterised by excessive seasonality of employment and preponderance of casual and contractual employment. It has a typical production organisations and work relationships, absence of social security measures and welfare legislations, negation of social standards and workers rights and denial of minimum wages.
- ii) The workplace is scattered and fragmented and working hours varies according to the informal agreement between the employer and workers.
- iii) There is no formal employer and employee relationship. The employer employs workers as per his/her requirement with a formal agreement of wage rate and working hour. There are no such written documents on employment.
- iv) Workers in the informal sector are usually subject to indebtedness and bondage as their paltry income is not sufficient to meet the requirement of livelihood.
- v) The workers working in the informal sector are subject to exploitation. Their wage rate is considerably lower compared to their counterparts working in the organized sector. The work status is of inferior quality and inferior terms of employment, both in remuneration and employment.
- vi) The informal workers do not receive sufficient attention from the trade union.
- vii) The informal sector usually includes economic enterprises and employment that are not protected or regulated by the government laws and social security system.

Some of the features of informal sector in terms of employment, enterprise, habitat and credit are given in Table-1.

Table 1: Features of Informal Sector

SN	Employment	Enterprise	Habitat	Credit
	People engaged in the Informal sector	Activities in the Informal Sector	Informal Sector Land and Housing Settlements	Informal Credit Markets (ICMS)
1.	Absence of official protection/ recognition	Unregulated and competitive markets	Unauthorised use of vacant private land	Unregulated and non-subsidised
2.	Non-coverage by minimum wage legislation and social security system	Small-scale operation with individual or family ownership	Illegal subdivision/ rental of land	Easy accessibility
3.	Predominance of own-account/self employment work	Relative ease of entry	Unauthorised construction of structures and buildings	Availability in very small size and for short-terms

4.	Absence of trade union organisation	Reliance on locally available resources	Reliance on low cost and locally available /scrap construction materials	Low administrative and procedural costs
5.	Low income and wages	Family ownership of enterprises	Relying on family labour and artesian techniques for constructions	Little or no collateral requirement
6.	Little job security	Absence of restrictive standards and regulations	Absence of restrictive standards and regulations	Flexible interest rates (from very high to no interest at all)
7.	No fringe benefits from institutional sources	Absence of access to institutional credits and similar supports or protect-ions	Non-availability of mortgage or any other subsidised finance	Highly flexible transactions and repayments tailored to individual needs

Source: D.S. Meshram, *ITPI Journal*, 4:3 (2007) P01-09

In urban areas, the informal sector activities are growing because of the fact that the government is unable to provide employment to the growing urban population. According to National Commission on Urbanisation (1988), the urban informal sector activities includes waste collection and recycling, shelter development in marginal and ordinarily uninhabitable lands, cart and lorry transport, low cost catering services, repair and maintenance services and street vending. According to Meshram in urban areas of Delhi informal sector units are located strategically near work centres, commercial areas, outside the boundaries of schools, college and hospitals, transport needs and near large housing clusters.

1.3 CONTRIBUTION OF INFORMAL SECTOR TO INCOME AND EMPLOYMENT

Customarily economists underscore the reason behind proliferation of informal sector particularly in developing countries because of excessive amount of regulations and licenses that make it difficult to operate with the formal economy. While political analysts viewed that vendors constitute a 'safety value' for what otherwise would be massive unemployment. The contribution of informal sector to the national income and employment in developing countries is astounding. As of the difficulties in measuring the contribution of the informal sector to the national income and because of paucity of relevant statistics, there are little available empirical evidence on the size of the informal sector in terms of income. According to statistics, during the 1990s, the informal sector's contribution to non-agricultural gross domestic product amounted to 45 percent in India, 31 percent in Indonesia, 32 percent in the Philippines and 17 percent in the Republic of Korea (ILO, 2002). Predominance of informal employment is one of the important features of the labour market scenario in India. While the sector contributes around half of the GDP of the country, more than 90 percent of the total workforce is engaged in the formal economy. As per the latest estimation of

the sub-committee of the National Commission for Enterprises in the unorganized sector (NCEUS), the contribution of unorganised sector to GDP is about 50 percent (NCEUS, 2008).

The statistics of ILO (2003) observes that as a percentage of total employment in non-agricultural sectors, the share of informal sector employment in urban areas is 51 percent in India, 65 percent in Nepal, 64 percent in Pakistan and 47 percent in Thailand. Seeking the growing trend of the informal sector in the Indian economy, the NCEUS (2007) reports rightly remarked that the country is currently in a state of “informalisation of the formal sector”, where the entire increase in employment in the organised sector over this period has been largely informal in nature.

Table 2: Employment in the Informal Sector in Selected Countries

Country	Year	Informal Sector employment as a % of total employment in non-agriculture sectors		
		National	Urban	Rural
India	2000	55.7	51.3	61.0
Nepal	1999	73.3	64.8	76.2
Pakistan	2000	65.8	63.8	68.0
Thailand	2000	71.0	47.1	77.4

Source: ILO, *Key Indicators of the Labour Market, Third Edition, 2003*

Note: Data in the table is based on national definitions and is not strictly comparable across countries.

In India various statistics provided by NSSO and NCEUS shows that the informal employment increases over time along with the estimated populations and labour force. The data represented in Table-3 shows that the estimated population, labour force and employment in the informal sector is on the rise.

Table 3: Total Number of Estimated Labour Force, Employment, Unemployment, Informal Employment and Formal Employment in India (In Millions)

Year	Labour force	Employment	Un-employment	Formally employed	Informally employed
1983	308.64	302.75	5.89	24.01	278.74
1988	333.49	324.29	9.2	25.71	298.58
1994	391.94	374.45	7.49	27.37	347.08
1999-2000	406.05	396.76*	9.74	35.02*	361.74*
2004-2005	-	457.46*	-	34.85*	422.61*

Source: (i) Various rounds of employment unemployment survey of NSSO, Expert Committee of population projection, DGE&T

ii)* National Commission for Enterprises in the unorganized sector (NCEUS, 2008)

The distribution of informal sector workers by area and sex show that:

- i) The millions of people working in the informal sector of urban areas are higher compared to rural areas;
- ii) In both urban and rural areas the percentage of female working in the informal sector is higher compared to male workers.

Table 4: Distribution of Informal Workers by Sector and Sex between 1900-2000 And 2004-2005

Sector	Sex	Informal Workers (in million)
Rural	Male	2.8
	Female	3.51
	Person	2.60
Urban	Male	3.71
	Female	5.18
	Person	4.03

Source: NSSO 55th (1999-2000) and 61st (2004-2005) Round Survey on Employment and Unemployment

In this section, you studied informal sector-concept, meaning, characteristics and contribution of informal sector to income and employment. Now answer the questions given in check your progress-1.

Check Your Progress 1

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) What do you understand by informal sector?

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2) What is the contribution of informal sector to employment?

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1.4 PROBLEMS OF INFORMAL SECTOR

Some of the problems of informal sector are:

- i) **Credit Crunch:** Due to tiny structure and its single man operation, the informal sector entrepreneurs are not capable enough to acquire adequate credit facility from the financial institutions for the expansion of their business. In the search for bank guarantee many of the entrepreneurs in the informal sector resort to informal credit with high rate of interest. During the situation of acute financial crisis, a few of them even close the business. Therefore access to institutional credit is a perennial problem for informal sector.
- ii) **Lack of education and skill training:** One of the vital lacunae with the informal sector is the absence of technical education and skill. As most of the informal sector has very few employee so to say in single man entrepreneurship there is no division of labour. Due to low skill, the wages of workers working in the informal sector is abysmally low compared to their counterpart in the formal sector. The lack of skill also affect the quantity as well as quality of productivity of informal economy.
- iii) **Woefully poor physical infrastructure:** The informal sector lack physical infrastructure because of low capital formation. The low capital formation give rise to low investment in physical infrastructure. Modern infrastructure facilities are key to raise industrial productivity in this technological advanced era. In the era of globalisation, where the industries are becoming capital intensive so the predominantly labour driven enterprises in the informal sector is obsolete.
- iv) **Lacking in Social protection:** There are absolutely no social security measures for informal workers. The paltry old age pension scheme which government has introduced for the BPL families is too insufficient to provide a sustainable livelihood to the informal workers during the twilight days of their life. There are hardly any life insurance or health insurance scheme for workers working in the informal sector. Although a few states in India have passed social security measures for the informal workers, yet they have not been honestly implemented.
- v) **Ineffectual linkages with the formal sector:** There are fragile interface between the formal and informal sector. The big-brotherly attitude of the formal sector towards informal sector activities and employees has created a chasm in performance between the informal and formal sector. The formal sector is organised and structured, while informal sector is mostly unorganised and unstructured. The workers working in the formal sector are largely protected, while those working in the informal sectors are unprotected. All the government policies and programmes are directed towards the increasing efficiency of formal sector, whereas, there are no policies and programmes for strengthening informal sector. Even if it exists, they are in paper but usually not in practice.

1.5 PROGRAMMES AND POLICIES FOR INFORMAL SECTOR AND ITS WORKERS

Given the prominence of unorganised sector and the workers in this sector, the Indian economy, has multitude of programmes and policies that address the issues related to the sector and the requirements of the workers engaged in it.

1.5.1 Sector Specific and Enterprise Oriented Interventions

As small enterprises are the mainstay of the unorganised sector in India, a large chunk of policy planning for the sector has been focusing on the issue of protecting and promoting smaller production units. Policy instruments adopted by the government to promote the Small Scale Industry (SSI) include:

- i) Financial Incentives;
- ii) Fiscal incentives;
- iii) General incentives;
- iv) Special incentives in backward areas,
- v) Reservation of items for SSI.

A major set of schemes and programmes meant for strengthening the unorganized sector are those related to the promotion of small scale enterprises. Micro, Small and Medium Enterprises (MSMEs), including *khadi* and village/rural enterprises constitute an important segment of Indian economy in terms of their contribution to GDP, exports and employment. The Union Ministry of Micro, Small and Medium enterprises assist the state governments (which have the primary responsibility of promoting MSMEs) in their efforts for promoting growth and performance of smaller enterprises.

The various spheres of intervention of the Ministry, and its allied organisations, so far include:

- 1) Provision of credit from financial institutions/banks;
- 2) Support for technology up gradation
- 3) Integrated infrastructural facilities
- 4) Modern testing facilities and quality certification
- 5) Access to modern management practices
- 6) Entrepreneurship development and skill up gradation through appropriate training facilities
- 7) Support for product development, design intervention and packaging
- 8) Welfare of artisans and workers
- 9) Assistance for better access to domestic and export markets
- 10) Cluster-wide measures to promote capacity building and empowerment of the units and their collectives.

One of the major recent policy interventions of the Government to focus on the sector to strengthen it further, is the setting up of the National Commission for Enterprises in the Unorganised Sector (NCEUS) as a supervisory and advisory

body for the unorganised sector for examining the problems confronting the enterprises in the unorganized/informal sector and making recommendations to provide technical, marketing and credit support to these enterprises.

1.5.2 Social Security Measures for the Unorganised Sector Workers

During the recent past, the policy planners in India have been paying considerable attention towards designing more effective social safety nets and revamping the existing measures, stemming out of growing recognition to the burgeoning informal sector and its resultant adverse implications on labour standards and social security systems. Of late, issues like targeting, proper identification, expansion of coverage as well as designing of efficient delivery mechanisms received more attention. Along side these aspects, mounting fiscal deficit scenarios forced the Central and State Governments to seek alternative approaches to devise more cost-effective and targeted interventions and obtain enhanced participation of and contributions from other stakeholders, such as the employers and social/community actors (including the targeted beneficiaries themselves).

- i) **Food Security Initiatives:** Since mid 1990s, a major area of intervention was in terms of targeting and strengthening the food based social security systems. In 1995, a major scheme on providing mid-day meals was launched through which some amount of cooked food was ensured per day to the children of indigent families. This measure not only acted as a means of nutritional support to the families of unorganised sector labour, but also provided an incentive for school enrolment of their children. In 1997, the PDS framework prevalent in the country was massively overhauled and a revamped and targeted system (TPDS) was launched, with a progressive and discriminatory pricing mechanism, through which a higher share of overall food subsidy was earmarked to those families below poverty line. These efforts, of streamlining the benefits to the disadvantaged and needy segments of the society, were further supplemented with the introduction of two more programmes in 2000, namely Annapurna Scheme and Antyodaya Anna Scheme. While the former aimed at providing some food relief to the elderly in the impoverished families, the latter was objected to abate hunger among poorest of the poor.

The next remarkable step was the introduction of the Community Grain Bank Scheme, which though launched on an experimental basis in select tribal regions, was generally hailed as an effective and innovative approach to ensure community involvement in the implementation of social security measures.. State governments of different states and also many NGOs are running many community supported welfare programmes for the workers of the informal sector particularly in rural areas.

- ii) **Social Insurance and Pension Measures:** In the social insurance sector also, the recent past witnessed a remarkable upsurge with the introduction a number of new schemes.

A major and universal of social insurance scheme (*Janshree Bima Yojana*) was launched in 2000, through the Life Insurance Corporation of India (LIC). The implementation of the scheme, which is currently functional and expanding, is designed with the help of some local level nodal agencies,

which could be *panchayats* (local self governments), non-governmental organizations and self-help groups (SHGs) or any other institutionalized arrangements. Another scheme launched in collaboration with LIC in 2001, *Krishi Samajik Suraksha Yojana*, was aimed at providing some social insurance benefits to the farm workers. However, due to inadequate resources, the scheme was closed later in 2004. Yet another LIC aided scheme was the *Varishta Pension Bima* launched in 2003, which is being fully financed by the investments of the beneficiaries. Subsequently, in 2004, a community based Universal Health Insurance Scheme was also launched by the public sector general insurance companies of the country, which aimed at providing some reimbursement of medical expenses; life-cum-accident insurance; and compensation on jobs loss to the families below poverty line. Some of the other social security initiatives introduced by the Government of India, in recent past, include: Handloom Weavers' Comprehensive Welfare Schemes, Handicraft Artisans Comprehensive Welfare Scheme, Pension to Mastercraft persons, National Scheme for Welfare of Fishermen and Training and Extension, *Aam Admi Bima Yojana* and *Rashtriya Swasthya Bima Yojana*. In 2004, Government also launched a Comprehensive Social Security Scheme for the Unorganized Sector Workers, as a follow up to the recommendations of the Second National Commission on Labour (2002).

- iii) **Legislative Interventions and Initiatives:** There have been some commendable legislative initiatives in the recent past that have bearings on the welfare of unorganized sector workers. In 1996, two umbrella legislations towards regulating the conditions of work and provision of a measure of social security to the group of construction workers, which constitutes one of the largest segments of workers in the unorganized sector – were passed by the Parliament of India.

On the basis of these legislations [The Building and other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 and The Building and Other Construction Workers Welfare Cess Act, 1996], various states are expected to enact state level legislations. Subsequently, the Government notified the Building and Other Construction Workers (ECS) Central Rules, 1998, which stipulated several social security benefits to the construction workers including accident relief, old age pension, housing loans, payment of insurance premium, payment towards educational expenses of children, medical and maternity benefits. Following these Acts, various state governments are currently in the process of enacting their own legislations. So far, six states have enacted such legislations and functioning of the new schemes under these legislations have been attaining momentum in states like Kerala and Tamil Nadu.

The Second National Commission on Labour (NCL), constituted by the Government in 1999 dealt with the social security concerns of unorganised sector in a detailed manner. One of the six special study groups constituted by the commission was on social security and in its final report submitted in 2002, the Commission provided detailed recommendations towards strengthening the social security system in the country. Further, the Ministry also prepared an Unorganised Sector Workers Bill, 2004, which contained measures relating to both social security and conditions of work in the informal sector.

- iv) **Unorganised Sector Workers' Social Security Act, 2008:** In 2006, a Draft Bill was proposed by the NCEUS [The Unorganised Workers' Social Security (Draft) Bill, 2006] envisaged a three-pronged approach comprising of health insurance, life insurance and old age security for the benefit of about 300 million workers in the unorganized sector. A distinct feature of the NCEUS's proposal was its right based approach, as the scheme envisages a legally enforceable entitlement for the beneficiaries. Unlike many other earlier schemes, it makes all unorganized sector workers eligible for the social security, irrespective of their occupation and duration of employment (NCEUS, 2006). Yet another important aspect is that, had it implemented, the NCEUS plan would have provided a national floor level social security for all the informal workers throughout the country. Notwithstanding these merits, the bill was not passed though it prepared ground for the Unorganized Sector Workers' Social Security Act, 2008, which was by the Parliament and had subsequently received the assent of the President in December 2008. The Act seeks to provide welfare measures for workers in the unorganized sector and is considered as the first major step in 60 years to remove the plights of the poor worker in the sector. It is expected that in the first five years, over 34 crore workers in the informal sector (including agricultural workers and migrant labourers) would get the benefits of health, life and disability insurances, old-age pension and the group accident scheme.

1.6 RECOMMENDATIONS OF NCEUS TO STRENGTHEN THE UNORGANIZED SECTOR

Confirming to its mandate, the National Commission for Enterprises in the Unorganised Sector (NCEUS) has recommended several policy prescriptions to strengthen the enterprises in the unorganised sector and to promote welfare of the workers in the informal sector. The Commission, in its final report, observes that one must have very targeted policies for expanding employment, especially in the unorganized sector, which cannot be brought up simply by economic growth.

According to the Commission, for expanding employment, a well designed set of policies and programmes have to be adopted and implemented. These measures have to focus especially towards the unorganised sector, which would continue to engage a lion share of the increase in labour force.

In view of the myriad problems and prospects of the informal sector economy, the Commission recommended a strategy of 'levelling up', the informal economy by advocating a series of promotional policies to strengthen the working conditions, enterprise capacity and so on – to realise higher productivity, along with providing social security and decent conditions of work. The promotional measures suggested by the Commission include:

- i) **Creation of a 'social floor'** : consisting of provision of a national minimum social security; enforcement of a national floor level wage (called national minimum wage) and a stipulation of minimum conditions of work.
- ii) **Skill formation for the informal workers as critical capability to enhance their productivity and income:** To support skill development in the

unorganised sector, the Commission recommended launching of a National Mission for Development of Skills in the Unorganised Sector.

- iii) **Strengthening of MNREGA:** The Commission viewed the MNREGA as an important component of the full employment strategy for India. Accordingly, the Commission recommended strengthening the programme in the rural area and connecting it up with a programme of urban renewal. It was also recommended to expand the list of assets under MNREGA and invest these assets in the poor.
- iv) **Agricultural regeneration through a special programme for marginal and small farmers:** To build capacity of small-marginal farmers through a group based approach, the Commission has worked out a special programme targeting these groups. The principal activities proposed under the special programme include: promotion of marginal-small farmers' groups; enabling greater access to institutional credit; training and capacity building; support for strengthening non-farm activities; gender focused activities; and so on. In this context, the Commission also recommended building up of a National Fund for the Unorganised Sector (NAFUS), comparable to the NABARD for agriculture, to provide finance, marketing and technological facilities.
- v) **Development of micro enterprises in the non-farm sector with a focus on development of clusters and Growth Poles:** The Commission recommended for the adoption of Growth Pole model for cluster development. This recommendation involves an up scaling of cluster development efforts through provision of common infrastructure, service centres.

In this section, you studied problems of informal sector, programmes and policies for unorganised sector workers and recommendations of NCEUS to strengthen the unorganized sector. Now answer the questions given in Check Your Progress-2.

Check Your Progress 2

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

- 1) What are the problems of informal sector?

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- 2) Name the important food security initiatives, in the recent past, which are beneficial to the workers in the unorganised sector.

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1.7 LET US SUM UP

In this unit, we discussed the meaning and concept of unorganised sector and also understood the importance of unorganised sector in India's economy. Subsequently, we also discussed the major programmes and policies for unorganized sector and workers in the sector – focusing on the sector specific and enterprise oriented interventions as well as the social security measures for unorganized sector workers. As part of discussion, we also understood various food security initiatives, social insurance and pension measures, besides the major legislative interventions and initiatives. Towards the end of the unit, we also discussed the major recommendations of the NCEUS to strengthen the unorganized sector.

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1.9 CHECK YOUR PROGRESS-POSSIBLE ANSWERS

Check Your Progress 1

1) What do you understand by informal sector?

Ans. The informal sector is regarded as a group of household enterprises or unincorporated enterprises owned by household that includes:

- i) Informal own-account enterprises, which may employ contributing family workers and employees on an occasional basis; and
- ii) Enterprises of informal employers, which employ one or more employees on a continuous basis

2) What is the contribution of informal sector to income and employment?

Ans. According to a statistics, during the 1990s, the informal sector's contribution to non-agricultural gross domestic product amounted to 45 percent in India. Predominance of informal employment is one of the important features of the labour market scenario in India. As per the latest estimation of the sub-committee of the National Commission for Enterprises in the unorganized sector (NCEUS), the contribution of unorganised sector to GDP is about 50 percent (NCEUS, 2008).

Check Your Progress 2

1) What are the problems of informal sector?

Ans. The problems of informal sector are:

- i) Credit Crunch
- ii) Lack of education and skill training
- iii) Lack of Social Protection
- iv) Poor physical infrastructure
- v) Poor linkages with the formal sector

2) Name the important food security initiatives, in the recent past, which are beneficial to the workers in the unorganised sector.

Ans. In 1995, a major scheme on providing mid-day meals was launched through which some amount of cooked food was ensured per day to the children of indigent families. This measure not only acted as a means of nutritional support to the families of unorganized sector labour, but also provided an incentive for school enrolment of their children. In 1997, the PDS framework prevalent in the country was massively overhauled and a revamped and targeted system (TPDS) was launched, with a progressive and discriminatory pricing mechanism, through which a higher share of overall food subsidy was earmarked to those families below poverty line.

UNIT 2 INFORMAL SETTLEMENT AND URBAN POOR

Structure

- 2.1 Introduction
- 2.2 Informal Settlement: Meaning and Typology
- 2.3 Cause and Formation of Informal Settlements
- 2.4 Governmental Measures on Housing for Economically Weaker Section
- 2.5 Slum Upgradation: Meaning, Importance and Measures
- 2.6 Let Us Sum Up
- 2.7 References and Selected Readings
- 2.8 Check Your Progress – Possible Answers

2.1 INTRODUCTION

The economic geography of cities is inherently uneven. There is considerable variation in housing quality, public services, local amenities, and household characteristics among neighbourhoods, as well as within neighbourhoods. We observe segregation and ethnic clustering almost as commonly as seeing high-rise apartment developments located next to slum and squatter settlements. Aggregate phenomena of sorting and mixing are intrinsically driven by residential location choices at the household level. Cities face unprecedented population growth and with limiting fiscal constraints, many new entrants are likely to locate in these under-serviced sites within the city.

2.2 INFORMAL SETTLEMENT: MEANING AND TYPOLOGY

In many cities of the developing countries, heterogeneity in land management practices allows different patterns of development (on both public and private land) across parts of the urban landscape. This leads to under-developed or undeveloped land parcels in many parts of the city. These parcels of land often become home to numerous poor residents in the form of slum and squatter settlements, with limited public services. These settlements are often subject to natural hazards (such as flooding), as well as negative environmental (such as illnesses from nearby sewerage sites) and transport externalities (such as the consequences of being located next to railway tracks or roads with polluting and dangerous traffic). The World Bank (2001) estimates conservatively that more than 300 million urban poor in developing countries live in slum and squatter settlements, most of them being squalid, unsafe environments that create health scare and security problems. These settlements are termed 'slum', 'squatters' and 'informal settlements' and are used interchangeably.

2.2.1 Typology of Urban Informal Settlement

Different types of informal settlements seen in the cities are follows:

i) Slums

Slums are an urban phenomenon and they represent an imbalance between migration into cities and economic growth within the city itself. The definition of “slum” varies from country to country. In India, each state has its own definition of slum. The National Definition of ‘Slum areas’ was set by the Slum Areas Improvement and Clearance Act of 1956. It defines them as places where buildings:

- a) are in any respect unfit for human habitation; and
- b) are by reason of dilapidation, overcrowding, faulty arrangement and design of such buildings, narrowness or faulty arrangement of streets, lack of ventilation, light, sanitation facilities or any combination of these factors which are detrimental to safety, health and morals.

The Census of India defines a slum as “a compact area of at least 300 population or about 60-70 households of poorly built, congested tenements in an unhygienic environment usually with inadequate infrastructure and lacking proper sanitary and drinking water facilities.” The characteristics and politics associated with slums vary from place to place. Slums are usually characterized by urban decay, high rates of poverty, illiteracy, and unemployment. They are commonly seen as “breeding grounds” for social problems such as crime, drug addiction, alcoholism, high rates of mental illness, and suicide. In many poor countries they exhibit high rates of disease due to unsanitary conditions, malnutrition, and lack of basic health care. However, some like Dharavi, Mumbai, are a hive of business activity such as leather work, cottage industries, etc.

A UN Expert Group has created an operational definition of a slum as an area that combines to various extents the following characteristics: inadequate access to safe water; inadequate access to sanitation and other infrastructure; poor structural quality of housing; overcrowding; and insecure residential status.

ii) Jhuggi-Jhompri Clusters

These are the slum clusters or squatter settlements, which have come up illegally on public or private lands all over the city to accommodate the poor migrants from the rural areas. The numbers of such squatter settlements have consistently been on the rise despite the efforts made to demolish and/or resettle them. As per the last survey made by the Slum and JJ Department of Municipal Corporation of Delhi (MCD) in 1994 there were 4,80,000 household in 1080 slum clusters in the capital. The MCD has not conducted any survey after 1994 to discourage fresh registration of new slums, but unofficial surveys indicate that their numbers have increased nearly by double in last six years. Unlike in Kolkata or Mumbai, Delhi does not have large slum settlements in specified areas. Historically slum pockets in Kolkata and Mumbai have developed near large factories and mills during the colonial period and over the years these have got further extended and density of population has enhanced, but in Delhi these are scattered all over the city in

small settlements, usually along the railway tracks and roads, river banks, parks, public places and other vacant lands. 75% of the slum clusters in Delhi have 500 or less households and only 10.5% have more than 1000 households.

As per the survey conducted in 1996, 83.54% slum shelters are made of mud wall with thatched roof, 14.40% with brick and mud wall with asbestos roof and 1.47% with brick wall and tin roof. In addition to typical squatter settlements and encroachments, privately owned land is illegally subdivided in many countries, indicating the emergence of a flourishing informal land market. In cities such as Bogotá, Rio de Janeiro and São Paulo (Brazil), Mumbai (India), Cairo, and Lima, land is acquired, secured and developed regardless of existing legal and planning frameworks.

iii) Resettlement Colonies

Resettlement colonies are those colonies developed for the settlement of slum dwellers. Resettlement colonies in Delhi have been developed mainly on the outskirts of the city to resettle about 2,16,000 squatter families, each provided with a plot of land measuring 18 sq meter at a highly subsidized price of Rs. 5,000 (US \$ 106). These colonies suffer from various infrastructural inadequacies like water supply, sewerage, drainage, garbage disposal, electricity, schools, hospitals, roads etc. A survey conducted by the Council for Social Development indicate that half of the families do not have individual water connections or toilet facilities and have to depend on community latrines and bath rooms which are either so inadequate or maintained so poorly that many of the residents defecate in the open. The system of solid waste disposal is extremely unsatisfactory and hardly 30% of the waste is collected for disposal.

The experience of rehabilitation of squatter families from the city heartlands to these outskirt settlements has not been uniform. The proximity of some of the colonies to the new work centres made them success stories, but most of these colonies are so far away from the places of work that about thirty to forty percent of the squatters returned to the slums for employment. 'Livelihood rather than habitation' was a priority for the poor squatters who found it more convenient to sell their plot at a premium and come back near their places of work in new slum settlements. In some of the resettlement colonies fresh squatter settlements have come up on the open and public land, giving rise to a phenomenon that has been described as 'slums within slums'.

iv) Unauthorised Colonies and *Harijan Bastis*

The unauthorized colonies in Delhi are the residential pockets, which have come up generally on private land in an unplanned manner in violation of the Master Plan and Zonal Plan regulations. The *harijan bastis* are those unauthorized colonies, which are inhabited by the low caste families. The buildings in these colonies are concrete structures which have been constructed without approved plans and therefore the planning norms of land use restrictions and building norms of height and front and rear setbacks have not been followed. Besides road networks, drainage and sewage system, parks, playgrounds, community centres and other common facilities have

not been developed in such colonies. The approach of Government towards such colonies has been *ad hoc*. Over the years, a large number of such colonies have been regularized, usually on political compulsions, on consideration of betterment levy for redevelopment of such colonies, but either the rate of such charges or the recovery of the same have been far too inadequate to actually implement such redevelopment plans which have lagged far behind the pace of growth, making most of such colonies only marginally better than many slum resettlements.

v) Legally Notified Slum Areas

The notified slums are those, which have been declared/notified as slum areas under section 3 of the Slum Areas (Improvement and Clearances) Act, 1956. Under this Act those areas of the city where buildings are unfit for human habitation by reason of dilapidation, overcrowding, faulty arrangement and design or where due to faulty arrangements of streets, lack of ventilation, light sanitation facilities, or any combination of these factors the living environment are detrimental to safety, health or morals. The major proportion of such notified slums are found in the medieval walled city in Delhi for example in Shahjahanabad and its extensions, which was originally meant to accommodate 60,000 population, but where an estimated 2 million population is now living. Neither the provisions of Slum Areas Act nor of the Master plan for the walled city have been implemented since the city was overtaken by problems of a different magnitude, which were created by the unending waves of fresh migrations nor therefore was the old city left to fend for itself, leading to further deterioration of its living conditions.

vi) Pavement Dwellers

It is estimated that about 70,000 people live on the pavements in busy market places in the city where they work as wage earners. They are mostly adult male workers who have left their families back in their villages. They cannot afford to commute from a distance since their livelihood depends on the places where they have to work from morning till late in the evening. They are mostly load carriers, porters, shoe-shine boys, rag pickers and other types of odd workers. They are mostly concentrated near the railway stations, inter-state bus terminus, wholesale markets and transport depots.

vii) Urban Villages

There are about 106 villages on the outskirts of Delhi, which have become urbanized in a haphazard and unplanned manner. These are not notified urban areas and are outside the jurisdiction of Municipal Corporation. Therefore, these areas are devoid of the facilities of assured potable water, surface drainage system and sanitation arrangement. The rural character of these villages in terms of land use pattern and occupational structure has undergone drastic changes. The real estate speculators have acquired large tract of land in these villages, displacing their original habitants, who have either migrated to the city or switched over to the tertiary occupations, while new settlers have started constructions in an unplanned manner, making the future planning of these prospective urban areas even more difficult.

In this section, you studied meaning and typology of informal settlements. Now, answer a few questions related to these aspects in Check Your Progress 1.

Check your Progress-1

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) What is an informal settlement?

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2) Define 'Slums'.

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3) What are legally notified slum areas?

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2.3 CAUSE AND FORMATION OF INFORMAL SETTLEMENTS

Slums are not a new phenomenon. They have been part of the history of most cities, particularly in the early years of urbanisation and industrialisation as populations boomed. Slums are generally the only type of settlement affordable and accessible to the poor in cities, where competition for land and profits is intense.

Some of the reasons for the growth of informal settlements in urban areas are follows:

i) Population growth

Countries around the world are urbanising rapidly as more people migrate from rural areas to the cities and natural population growth continues to occur. Today, more than half the world's population resides in urban areas. More than 90 percent of this urban growth is taking place in the developing world.

Urban migration happens for a number of reasons as given below:

- The pushing and pulling forces of migration- Some people migrate because they are pushed out of their place of origin by factors such as natural disasters or sustained ecological changes. Others are pulled to a new destination by better job prospects, education, health facilities, or freedom from restrictive social or cultural realities.
- Low incomes from agriculture- Most people in rural areas work in the agricultural sector, which is highly dependent on weather. Also, rural land is limited, its fertility sometimes low or declining, land holdings are small, farm debts are high, and many households have become landless. As a result, overall rural incomes are low.
- Better job prospects- In comparison with rural areas, urban areas offer dramatically increased job opportunities. In addition, because urban cultures are often less constrained than those in villages, cities can also offer greater prospects of upward social mobility.
- People know what cities can offer them- Most migrants make a deliberate choice to stay or leave in rural areas. Improved transport, communications and links with earlier migrants have all made rural populations much more aware of the advantages and disadvantages of urban life, especially regarding job opportunities and housing.
- Urban migration is often a survival strategy for rural households- Sometimes, rural households split into several groups located in different places—rural areas, small towns, and big cities—in order to diversify their sources of income and be less vulnerable to economic downturns.

Low incomes and limited household ability to pay for housing are part of the problem, but increasingly it is not only the poor who live in slums and informal settlements. Poverty is therefore not the sole cause of the growth of slums. Growing numbers of people with relatively high incomes are resorting to housing outside the formal and official systems. They find that slums are the only housing alternative outside the formal market, which shows that there are shortcomings in housing markets and in policies that hamper the delivery of affordable housing opportunities.

- ii) **Poverty:** When the formal land delivery system does not satisfy requirements of housing and other related infrastructure, the poor are forced into informal settlements. These informal settlements include both irregular occupation and irregular rental tenancy. While in the short run these informal settlements are cost-saving arrangements for the poor, in the long run the poor suffer several blows to their already precarious economic standing. In the first place, insecure tenure has a negative impact on the provision of urban services, and consequently on the economic situation of the urban poor. Governments are frequently reluctant to provide basic services in informal settlements because they view such actions as a first step toward legal recognition of the settlements and tenure regularization. Slum-dwellers have no choice but to rely on informal service providers at a cost that is much higher than that which other urban households pay, leading to distorted prices: both of land and services.

iii) Crucially, **lack of secure tenure** discourages household investments and investments in home-based activities. In short, when people are uncertain about their future in a particular settlement, they are far less likely to invest in it. This has a detrimental effect on poverty alleviation. It exacerbates the problem of irregular settlements since it reduces much needed investment in the household sector, and fails to improve living standards. From the point of view of governments, insecure tenure also has a negative impact on the rate of tax recovery through local taxation on property and on economic activities. In addition, without proper identification of urban services beneficiaries, cost recovery for services and infrastructures is made difficult or impossible. Above all, the insecurity of tenure and the associated poverty reinforces social exclusion and makes squatters, particularly women and children, vulnerable to harassment. The flipside, however, of this vicious cycle of poverty, is that security of tenure is one of the most powerful tools of poverty alleviation. According to the World Bank, land, for the urban poor, is the primary means for generating a livelihood and the main vehicle for investing, accumulating wealth, and transferring it between generations. Land is also a key element of household wealth. Providing poor people with access to land and improving their ability to make effective use of the land they occupy is central to reducing poverty and empowering poor people and communities.

iv) The **lack of investment in infrastructure** by local government is another obstacle to be considered, as this restricts the supply of housing opportunities and hinders economic activities. It is clear that drawing up city plans and putting in place sanctioned land-use planning systems are not alone sufficient to guide urban development and produce slum-free urban spaces. Formal land and housing delivery systems exclude large numbers of people as the land and housing prices increase at breakneck pace and individuals trade land and property rights regardless of legal status as a way to gain access to a place to live and legitimise their right to the city and thus a growth of informal settlements which are plagued by overcrowding, inadequate sanitation, poor housing conditions and, in some cities, urban violence.

In this section, you studied cause and formation of informal settlements. Now, answer a few questions related to these aspects in Check Your Progress-2.

Check Your Progress-2

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) Why 'Security Tenure' is one of the most powerful tools of poverty alleviation.

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2.4 GOVERNMENTAL MEASURES ON HOUSING FOR ECONOMICALLY WEAKER SECTION

Some of the measures taken by the government of India at different points of time for providing housing to the urban poor are narrated below:

The 1950s-60s: Clearance of Settlements

This period was characterized by the clearance of settlements. The Slum Areas (Improvement and Clearance) Act, 1956 facilitated re-housing in subsidized projects. Informal settlements were provided basic minimum services as a temporary measure.

The 1970s: Slum Improvement

Slum improvement was recognized as a long-term solution to informal housing. The Environmental Improvement of Urban Slums (EIUS) was launched by the central government in 1972. Indirect security of tenure provided by a pre-condition that municipalities would not clear settlements in which improvements were made for at least 10 years. The Urban Land Ceiling Act (ULCA, 1976) was introduced to allow vacant lands and land in excess of stipulations to be available for housing the poor. The Act was eventually repealed in 1998. The Urban Basic Services for the Poor (UBSP) scheme was initiated in 1977 and was implemented successfully for two decades.

The 1980s: Security of Tenure

The importance of security of tenure in solving the problems of informal settlements was recognized, largely due to the international developments in the understanding and articulation of housing rights. Recommendations for increase of supply of land for housing in cities were made by the Task Force on Housing and Urban Development (1983). The Land Acquisition Act was amended in 1984 and was extensively used to acquire lands for public housing. The Draft National Housing Policy was formulated in 1988, which attempted to reflect the international perspective on housing.

The 1990s: National Housing Policy and Programs

Increase in land supply, review of land use norms, provision of basic services and role of government in increasing access to land and housing for the poor were key themes of this decade. The National Housing and Habitat Policy were adopted after long debates and mobilization by civil society to reflect housing as a human right. It commits to the prevention of forced eviction, promotion of in-situ up gradation and slum renovation, conferment of occupancy rights were feasible and selective relocation. The policy due to vigorous campaign also provided, for the first time, the joint ownership and entitlement of land/housing between men and women. The attempt in the 1990s to involve the private sector on a land-sharing basis (private land owners were encouraged to build apartments for slum dwellers on one part of the land, in exchange for greater flexibility in developing the remaining portion for market purposes) in facilitating housing for the poor introduced a new, though only partially successful, approach to resolving the economic contradictions governing the availability of land and housing in the city.

The draft National Slum Policy of 1999: reflected a more comprehensive understanding of the housing issue. It advocated the integration of informal settlements with the rest of the city and the right of residents to participate in decision-making. It indicated that tenure could be collective, such as group tenure or co-operative tenure and restricted the practice of slum clearance only in exceptional cases. Further, it outlined steps for the government to acquire private land on which 'tenable' slums exist, and recommended measures like land use classification and the comprehensive listing of informal settlements. What was left out was a comprehensive definition of a 'tenable' – and, hence, permissible slum.

The power of civil society organizations in advocating the human right to housing emerged in the second half of the eighties, in response to various large-scale violations through forced evictions and displacement across the country. Their significance dramatically increased in the first half of the nineties, primarily through the formation of national networks such as the National Campaign for Housing Rights (NCHR) as well as regional and global alliances such as the Asian Coalition for Housing Rights (ACHR), Centre on Housing Rights and Eviction (COHRE) and Habitat International Coalition (HIC).

The details of the various programmes and schemes launched by the government are narrated below:

- i) The Subsidized Industrial Housing Scheme, which targeted the industrial workers employed in factories and mines in the public and joint sector, was responsible for the construction of 282,829 dwelling units at a cost of Rs. 1701.24 crores. 50% of the housing cost was subsidized and loans were available for the other half of the cost. Employers providing housing facilities for their workers were given financial assistance up to 75% of the cost.
- ii) In 1952, a scheme for Economically Weaker Section (EWS) Housing was implemented. Approximately 11 lakh plots were distributed since 1980. 65,432 shelter units were constructed during the Sixth Five Year Plan. Houses and plots of 25 to 30 sq mts were provided at cost price. By 1992, construction loans up to Rs. 19,500 became obtainable and so did repair loans of up to Rs. 9500. These were repayable in 20-25 years at concessional rates of interest. The Average cost of a EWS house is currently Rs. 35,000. This scheme was sponsored primarily by HUDCO, which raised almost Rs. 800 crores annually.
- iii) The Low Income Group Housing Scheme (LIGHS) came about in 1954. HUDCO allowed construction loans of Rs. 55,000 and repair loans of Rs. 37,500. The average cost of a LIG house is currently Rs. 100,000. 1/3 of these LIGHS houses were to be reserved for the EWS.
- iv) The Slum Areas Improvement and Clearance (SAIC) Programme was launched in 1956. Class III and IV government employees including scavengers, gardeners and sweepers. Kolkata, Delhi, Madras, Bombay, Kanpur, and Ahmedabad were prioritized along with towns with a population of above 100,000. The Central government provided a subsidy to the State governments to facilitate a classification of slums into slums that must be cleared and redeveloped and slums that must be up graded, provide separate

washing platforms and provide housing and skeletal housing. Following this scheme, the Land Acquisition and Development Scheme (LADS) allowed the government to acquire land for public purposes. The Delhi Development Authority was founded in 1958. It has a 'Slum Wing' to take care of minimum amenities to be provided to the slum dwellers, up gradation, resettlement and the Environmental Improvement of Urban Slums (EIUS) according to the SAIC.

- v) HUDCO-Housing and Urban Development Corporation was founded in 1970 as an apex national techno-finance agency in the housing sector. It has been involved in financing the construction of EWS, LIG houses and EIUS Schemes. It is responsible for the implementation of National Housing and Habitat Policy and it has established a Habitat Polytech in New Delhi to train NGOs and engineers in habitat planning and management.
- vi) The Minimum Needs Programme (MNP) was introduced in the Fifth Five Year Plan initially as a Rural Poverty Alleviation Programme. By 1980, its focus shifted to urban affairs targeting landless labourers and BPL families. It provided Basic Minimum Services like slum up gradation to include health facilities, water supply, electrification, road connectivity, housing, elementary education and nutrition. In the 6th Five Year Plan, adult education was also included and in the 7th, domestic energy and sanitation were provided as well. The State Governments are the implementing agencies.
- vii) The National Housing and Habitat Policy were brought about by the MoUDPA to provide low cost housing technology, appropriate materials, information and skill up gradation to artisans and footpath dwellers. The National Network of Building Centres (NNBC) was founded to create a decentralized delivery system for the training and up gradation of skills for housing technology, use of low cost but high quality materials and those produced out of agro-industrial waste, training of local artisans and unemployed youth.
- viii) The Night Shelter Scheme came about in 1988. It targeted 2 lakh footpath dwellers in 12 metros and set up 56 schemes to provide 19,366 beds, 5258 pay-and-use toilets, 64 baths and 145 urinals. It was a part of the National Housing Policy, 1988. Community night shelters with minimal sanitary and water supply, and a place to park rickshaws were constructed. The cost of construction was a maximum of Rs. 5000. The Centre subsidized Rs. 1000 and the voluntary construction agency could take the rest of the money as a loan from HUDCO. For pay-and-use toilets, the Central subsidy was limited to Rs. 350 a user. This was a joint project of GoI, MoUDPA, the State Governments, the ULBs and HUDCO.
- ix) In 1990 the Building Materials and Technology Promotion Council (BMTPC) took over the functions of the National Building Organisation-NBO. An Urban Poverty Alleviation Fund was created in each Municipality. The President is the Union Minister for Urban Development. It is comprised of representatives from the Union, States, NHBs, HUDCO, IDBI, IFFCO and ICICI.

2.5 SLUM UPGRADATION: MEANING, IMPORTANCE AND MEASURES

2.5.1 What is slum upgrading?

Slum upgrading is a process through which informal areas are gradually improved, formalised and incorporated into the city itself, through extending land, services and citizenship to slum dwellers. It involves providing slum dwellers with the economic, social, institutional and community services available to other citizens. These services include legal (land tenure), physical (infrastructure), social (crime or education) or economic. Slum upgrading is not simply about water or drainage or housing. It is about putting into motion the economic, social, institutional and community activities that are needed to turn around downward trends in an area. These activities should be undertaken cooperatively among all parties involved—residents, community groups, businesses as well as local and national authorities. The activities tend to include the provision of basic services such as housing, streets, footpaths, drainage, clean water, sanitation, and sewage disposal. Often, access to education and health care are also part of upgrading.

In addition to basic services, one of the key elements of slum upgrading is legalising or regularising properties and bringing secure land tenure to residents. Ultimately, upgrading efforts aim to create a dynamic in the community where there is a sense of ownership, entitlement and inward investment in the area.

2.5.2 Why is slum upgrading important?

The main reason for slum upgrading is that people have a fundamental right to live with basic dignity and in decent conditions. On the other hand, it is in a city's best interest to upgrade slums and prevent the formation of new slums. If slums are allowed to deteriorate, governments can lose control of the populace and slums become areas of crime and disease that impact the whole city.

i) Slum upgrading benefits a city by:

- **Fostering inclusion-** Slum upgrading addresses serious problems affecting slum residents, including illegality, exclusion, precariousness and barriers to services, credit, land, and social protection for vulnerable populations such as women and children.
- **Promoting economic development-** Upgrading releases the vast untapped resources of slum dwellers that have skills and a huge desire to be a more productive part of the economy, but are held back by their status and marginality.
- **Addressing overall city issues-** It deals with city issues by containing environmental degradation, improving sanitation, lowering violence and attracting investment.
- **Improving quality of life-** It elevates the quality of life of the upgraded communities and the city as a whole, providing more citizenship, political voice, representation, improved living conditions, increased safety and security.
- **Providing shelter for the poor-** It is the most effective way to provide shelter to the urban poor at a very large scale and at the lowest cost.

ii) **In addition, slum upgrading is:**

- **Affordable-** Slum upgrading costs less and is more effective than relocation to public housing. Developing land with basic services costs even less.
- **Flexible-** It can be done incrementally by the city and by the residents at a pace that is technically and financially possible for both.
- **Viable-** The poor can and are willing to pay for improved services and homes.

2.5.3 What Factors are Needed for Slum Upgrading to be Successful?

There are many factors that are needed for a slum-upgrading programme to be successful. The two most important ones are strong political will on behalf of government and strong buy-in on the part of communities. There must also be a sense of partnership among all parties. Moreover, the slum upgrading initiative must meet a real need; people must want it and understand why it is important. It is also beneficial if upgrading activities are city-wide and involve partners beyond the slums themselves, which is especially important in implementation. There must be incentives for agencies to work with the poor; good communication and coordination among stakeholders; and clearly defined roles for the various agencies involved.

To keep slum upgrading going, it should be a priority in financing, institutions and regulations.

2.5.4 Ten Principles that Shape the Policy Framework for a Successful Slum Upgrading Programme are as Given Below:

a) Accept and acknowledge slums and their importance.

Achieving a city without slums begins with a shared understanding that slums and their residents are an integral part of the city, and that slum residents have a right to the city and to its services.

b) Political will and leadership makes slum upgrading possible.

Both national and local governments must provide the vision, commitment, and leadership required to sustain nationwide upgrading. Government authorities at all levels and other stake-holders make and uphold the commitment to upgrade slums because it is in the best interest of the city and nation.

c) Include the slums in the city's plans.

Create a strategy and plan how to transform slums as part of the core business of managing and improving the city and its economy. An effective tool to define these plans is to carry out a City Development Strategy (CDS) to identify city priorities, lead to producing a workable plan for the upgrading programme

d) Mobilise partners.

Partnership is important to successful upgrading. Successful slum upgrading is a highly participatory endeavour. It is also very comprehensive and

complex, needing coordinated inputs from many local government agencies as well as those from outside the public sector.

e) Provide security of tenure.

Secure tenure is at the very centre of slum upgrading. Without some form of legal tenure security the situation of slum residents and their neighbourhoods is uncertain: they could be removed at any time. People who fear eviction will not invest in their houses. They will invest, however, once they have a sense of permanence and realise that they can sell their house and recoup their investment. Furthermore, illegality and informality make them susceptible to exploitation, corruption and extortion.

f) Plan with, not for, the slum communities.

Residents are the main partners of slum upgrading programmes. Because their futures are directly affected by the decisions, and because they can help in the upgrading process, it is necessary that they be fully informed and actively involved.

g) Ensure continuity of effort over time and institutionalise the programme.

Upgrading is an incremental, but sustained process. When slum upgrading is a core operation of a municipality, it produces cohesion, coordination, and increases efficiencies in service provision.

h) Allocate budget, design subsidies, mobilise public and non-public resources.

Stable and consistent national and local budgetary allocations are needed for slum upgrading. Large-scale upgrading programmes need central government support backed by corresponding national budgetary allocations, subsidy policies and human resources.

i) Find alternatives to new slum formation.

Upgrading existing slums and preventing new slums are twin objectives of cities without slums policy. Until land and housing policies are changed to eliminate barriers for the poor, new slums will continue to occur. Therefore, cities need to introduce proactive measures for producing viable alternatives to slums.

j) Invest in community infrastructure.

It is important to invest in a community infrastructure that helps build community cohesion. Investing in infrastructure demonstrates a government's commitment to an area and brings dignity back to a neighbourhood. If a government invests poorly, people will not respect the infrastructure.

2.5.5 Recent Initiatives in Slum Upgradation

With an aim of creating a slum-free India, government has approved the phase-1 of Rajiv Awas Yojana (RAY) to facilitate affordable housing for slum dwellers. The Centre would provide financial assistance to states willing to assign property rights to slum dwellers for provision of shelter and basic civic and social services for slum re-development and for creation of affordable housing stock under the RAY scheme. The scheme is expected to cover about 250 cities, mostly with population of more than one lakh across the country by the end of 12th Plan

(2017). The scheme will progress at the pace set by the states. In order to encourage private sector participation in slum redevelopment, Central assistance can be used by the states and cities towards viability gap funding. Credit enablement of the urban poor and the flow of institutional finance for affordable housing is an important component of the scheme. The government has agreed to establish a mortgage risk guarantee fund to facilitate lending the urban poor for housing purposes with an initial corpus of Rs 1000 crore.

In this section, you studied past efforts of government regarding housing for economically weaker section, tackling informal land development and slum formation

Now, answer a few questions related to these aspects in Check Your Progress-3.

Check Your Progress-3

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) What is slum upgrading?

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2) What factors are important for slum upgradation to be successful?

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3) What is the main objective of 'Rajiv Awas Yojana'?

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2.6 LET US SUM UP

The World Bank (2001) estimates conservatively that more than 300 million urban poor in developing countries live in slum and squatter settlements, most of them being squalid, unsafe environments that create health scare and security problems.

These settlements are termed 'slum', 'squatters' and 'informal settlements' and are used interchangeably. Informal settlements are an integral part of the cities of the many of the developing countries. The government of various nation states have initiated various measures to control slums in the cities. This unit has covered various aspects of informal settlements.

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2.8 CHECK YOUR PROGRESS – POSSIBLE ANSWERS

Check Your Progress 1

1) What is an informal settlement?

Ans. These are parcels of land which is home to numerous poor residents in the form of slum and squatter settlements, with limited public services. These settlements are often subject to natural hazards (such as flooding), as well as negative environmental (such as illnesses from nearby sewerage sites) and transport externalities (such as the consequences of being located next to railway tracks or roads with polluting and dangerous traffic).

2) Define ‘Slums’?

Ans. The definition of “slum” varies from country to country. In India, each state has its own definition of slum. The National Definition of ‘Slum areas’ was set by the Slum Areas Improvement and Clearance act of 1956.1 It defines them as places where buildings:

- 1) are in any respect unfit for human habitation;
- 2) are by reason of dilapidation, overcrowding, faulty arrangement and design of such buildings, narrowness or faulty arrangement of streets, lack of ventilation, light, sanitation facilities or any combination of these factors which are detrimental to safety, health and morals.

2) What are legally notified slum areas?

Ans. The notified slums are those, which have been declared/notified as slum areas under section 3 of the Slum Areas (Improvement and Clearances) Act, 1956. Under this Act those areas of the city where buildings are unfit for human habitation by reason of dilapidation, overcrowding, faulty arrangement and design or where due to faulty arrangements of streets, lack of ventilation, light sanitation facilities, or any combination of these factors the living environment are detrimental to safety, health or morals.

Check Your Progress 2

1) Why Security of Tenure” is one of the most powerful tools of poverty alleviation.

Ans. In the absence of legal recognition of the settlements and tenure regularization, slum-dwellers have no choice but to rely on informal service providers at a cost that is much higher than that which other urban households pay, leading to distorted prices: both of land and services. Crucially, lack of secure tenure discourages household investments and investments in home-

based activities. This has a detrimental effect on poverty alleviation. Land is also a key element of household wealth. Providing poor people with access to land and improving their ability to make effective use of the land they occupy is central to reducing poverty and empowering poor people and communities.

Check Your Progress 3

1) What is slum upgrading?

Ans. Slum upgrading is a process through which informal areas are gradually improved, formalised and incorporated into the city itself, through extending land, services and citizenship to slum dwellers. It involves providing slum dwellers with the economic, social, institutional and community services available to other citizens. These services include legal (land tenure), physical (infrastructure), social (crime or education, for example) or economic.

2) What factors are important for slum upgradation to be successful?

Ans. The two most important factors are strong political will on behalf of government and strong buy-in on the part of communities. There must also be a sense of partnership among all parties. To keep slum upgrading going, it should be a priority in financing, institutions and regulations.

3) What is the main objective of 'Rajiv Awas Yojana'?

Ans. With an objective of creating a slum-free India, the government has approved the Rajiv Awas Yojana (RAY) to facilitate affordable housing for slum dwellers. The Central Government would provide financial assistance to states willing to assign property rights to slum dwellers for provision of shelter and basic civic and social services for slum re-development and for creation of affordable housing stock under the RAY scheme.

UNIT 3 URBAN UNEMPLOYMENT

Structure

- 3.1 Introduction
- 3.2 Unemployment: Types, Measurement and Causes of Unemployment
- 3.3 Unemployment in Urban Areas
- 3.4 Growth in Urban Employment/Unemployment
- 3.5 Policies and Programmes to Reduce Unemployment in India
- 3.6 Let Us Sum Up
- 3.7 References and Selected Readings
- 3.8 Check Your Progress -Possible Answers

3.1 INTRODUCTION

India as a nation is faced with massive problem of unemployment. Unemployment can be defined as a state of worklessness for a man fit and willing to work. It is unemployment have been identified as follows:

- 1) The incidence of unemployment is much higher in urban areas than in rural areas.
- 2) Unemployment rates for women are higher than those for men.
- 3) The incidence of unemployment among the educated is much higher than the overall unemployment.
- 4) There is greater unemployment in agricultural sector than in industrial and other major sectors.

After reading this unit, you should be able to

- Describe the types of unemployment, unemployment in urban areas
- Explain the measurement, causes of unemployment
- Discuss the growth in urban employment/unemployment
- Narrate policies and programmes to reduce unemployment in India.

3.2 UNEMPLOYMENT: TYPES, MEASUREMENT AND CAUSES OF UNEMPLOYMENT

3.2.1 Types of Unemployment

Economists and social thinkers have classified unemployment into various types. Generally unemployment can be classified in two types:

i) Voluntary Unemployment

In this type of unemployment a person is out of job of his own desire doesn't work on the prevalent or prescribed wages. Either he wants higher wages or

doesn't want to work at all. It is in fact a social problem leading to social disorganization. Social problems and forces such as a revolution, a social upheaval, a class struggle, a financial or economic crisis a war between nations, mental illness, political corruption mounting unemployment and crime etc. threaten the smooth working of society. Social values are often regarded as the sustaining forces of society. They contribute to the strength and stability of social order. But due to rapid social change new values come up and some of the old values decline. At the same time, people are not in a position to reject the old completely and accept the new altogether. Here, conflict between the old and the new is the inevitable result which leads to the social disorganization in imposed situation. In economic terminology this situation is voluntary unemployment.

ii) Involuntary Unemployment

In this type of situation the person who is unemployed has no say in the matter. It means that a person is separated from remunerative work and devoid of wages although he is capable of earning his wages and is also anxious to earn them. Forms and types of unemployment are:

- a) **Cyclical unemployment** - This is the result of the trade cycle which is a part of the capitalist system. In such a system, there is greater unemployment and when there is depression a large number of people are rendered unemployed. Since such an economic crisis is the result of trade cycle, the unemployment is a part of it.
- b) **Sudden unemployment** - When at the place where workers have been employed there is some change, a large number of persons are unemployed. It all happens in the industries, trades and business where people are employed for a job and suddenly when the job has ended they are asked to go.
- c) **Unemployment caused by failure of Industries** - In many cases, a business a factory or an industry has to close down. There may be various factors responsible for it there may be dispute amongst the partners, the business may give huge loss or the business may not turn out to be useful and so on.
- d) **Unemployment caused by deterioration in Industry and business** - In various industries, trades or business, sometimes, there is deterioration. This deterioration may be due to various factors. In efficiency of the employers, keen competitions less profit etc. are some of the factors responsible for deterioration in the industry and the business.
- e) **Seasonal unemployment** - Certain industries and traders engage workers for a particular season. When the season has ended the workers are rendered unemployed. Sugar industry is an example of this type of seasonal unemployment.

The problem of unemployment in underdeveloped economies is different from that in developed economies. In developed economies generally unemployment takes the form of cyclical unemployment or frictional unemployment. Cyclical unemployment arises due to cyclical movements in economic activities. Frictional unemployment takes place because of shift to a new technology. Thus, cyclical and frictional unemployment are temporary in nature.

On the other hand, the nature of unemployment in underdeveloped economies is basically structural in nature. In an under-developed economy the demand for labour is less mainly due to agricultural backwardness, undeveloped industries and small size of the service sector. Although the type of unemployment found in underdeveloped economies, it is much different from the nature of unemployment found in developed economies.

Besides this, there is category of underemployment where people are working fewer hours (daily, weekly, or seasonal) than they would like to work. The visibly active but underutilized: those who would not normally be classified by the above definition, but who in fact, have found alternative means “marking time” include the following:

- i) **Disguised underemployment:** Many people seem occupied on farms or publicly owned enterprises on full time basis even though services they render may actually be much less than full time. Social pressure on private industry may also result in substantial amounts of disguised underemployment. If available work is openly shared among those employed, the disguised disappears and underemployment becomes apparent.
- ii) **Hidden underemployment:** Those who are engaged in second choice non employment activities, perhaps notably in education and household chores primarily because job opportunities are not available at the level of education already attained, or open to women, given social mores.

3.2.2 Measurement of Unemployment

Measurement of unemployment is a difficult task. Now, in this section, you will learn about various methods of measuring unemployment. In India’s statistical unemployment are compiled by the National Sample Survey Organization (NSSO). Based on different reference period (a year, a week, and each day of a week), NSSO provides four different measures of employment and unemployment. The following are some methods of measuring unemployment.

- i) **Usual Principal Status Unemployment (UPS):** this is measured as the number of persons who remained unemployed for a major part of the year. The persons covered by the survey may be classified into those working and/or available for work in their principal activity, and those working and/or available for work in a subsidiary activity, that is, a sector other than their principal activity. Hence, within the usual status concept, the estimates are now derived on the usual principal status as well as the usual principal and subsidiary status basis. The usual status unemployment rate is a person rate and indicates chronic unemployment, because all those who are found usually unemployed in the reference year are counted as unemployed. This measure is more appropriate to those in search of regular employment, e.g., educated and skilled persons who may not accept casual work. This is also referred to as ‘open unemployment’.
- ii) **Usual Principal and Subsidiary Status Unemployment (UPSS):** Here person is considered unemployed, if besides UPS, those available but unable to find work on a subsidiary basis during a year.
- iii) **Current Weekly Status Unemployment (CWS):** this refers to the number of persons who did not find even an hour of work during the survey week.

- iv) Current Daily Status Unemployment (CDS):** this refers to the number of persons who did not find work on a day, or on some days, during the survey week.

Rates of unemployment differ based on different concepts and these concepts have their own advantages and limitations and, therefore, they have different implications for analysis and policy formulation. The UPS and UPSS measure reflect only long term unemployment spells. The CWS measure captures shorter unemployment spells, but ignores unemployment for less than a week. The CDS measure is the most inclusive, capturing both open as well as partial unemployment.

3.2.3 Causes of Unemployment

Now that we have studied the meaning and types and measurement of unemployment, we will look at the causes of unemployment. Some of the causes of unemployment, you are commonly aware, are over population and lack of work. Some of the important causes of unemployment are: the high rate of population growth and the consequent increase in labour force; low rate of economic growth, lack of adequate employment opportunities in non-agricultural activities; generation of seasonal employment, or lack of full time employment in agriculture; low labour absorption capacities in manufacturing and tertiary activities; shifting from labour-intensive to capital- and skill-intensive production techniques; expansion in education system, and so on. Let us now briefly elaborate some of the above causes:

- Low and fluctuating levels of economic growth do not generate adequate employment opportunities, as needed. Besides, the sectoral composition of growth is also an important determinant of unemployment.
- Excessive dependence on agriculture and slow growth of non-farm activities limit employment generation.
- Use of capital-intensive methods and production practices not only dislodges currently employed persons, but also slows down the generation of new employment opportunities.
- Lack of a clear and well developed human resource policy or manpower policy, may lead to a mismatch between the need and availability of relevant skills and training, which results in unemployment, especially of youth and educated.
- Rapid growth in population, lack of employability due to poor health and nutrition also lead to unemployment.
- Lack of investment and infrastructure development are factors that do not generate adequate levels of employment in the economy, and consequently unemployment rises.
- Inadequate availability of unemployment insurance and public employment programmes also cause a rise in unemployment.

How these factors are operating to bring changes in the nature and magnitude of unemployment will be discussed in the following sections. It is important to mention here that one or more than one of the above factors may operate simultaneously to impact unemployment rates.

In this section, you studied types, measurement and causes of unemployment; now answer the questions given in *Check Your Progress 1*.

Check Your Progress 1

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) What is voluntary unemployment?

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2) Explain the nature of disguised unemployment in India?

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3.3 UNEMPLOYMENT IN URBAN AREAS

Most of the unemployment in urban areas is open and disguised. Unemployment of this kind is not only painful at personal level but it is also a source of social tension, which often threatens the whole fabric of society. According to the 61st round of employment and unemployment for July 2004 to June 2005 carried out by the National Sample Survey Organization, the unemployment rate — the number of person unemployed per 1,000 persons in the labour force — was 17 in the rural areas and 45 in the urban areas. Moreover, the survey also found that the unemployment rates for females was higher than that for males and was highest among urban females.

Broadly speaking, urban unemployment may be classified into (i) industrial unemployment, and (ii) educated unemployment/ underemployment.

i) Industrial Unemployment: The size of the industrial unemployment is not known because the necessary data for its estimation is not available. A disquieting phenomenon, however, is that over the past years unemployment in the industrial sector has increased. This is the result of extremely low growth rates of employment in the organized manufacturing sector. It is observed that employment elasticity has significantly declined in manufacturing during the last two decades. There are many factors that have contributed to this decline. First, there has been a large increase of the economically active population in the country, while the economy has failed to grow at the pace commensurate with the growth of labor force. Secondly,

population in the urban areas has grown faster than in rural areas, because of migration on a large scale from villages to cities. The industrial growth in India has been very modest, and thus could not absorb all those who migrate to cities with the hope of getting some job or the other.

- ii) **Educated Unemployment:** Educated unemployment is, by and large, a part of urban unemployment. It is a very serious and menacing problem, yet the size of the unemployment remains largely unmeasured. Not only are their conceptual difficulties in estimating it, but the kind of statistical information that is required for its estimation is also not available. Hence the quantitative base for analyzing the problem of educated unemployment is weak. Nonetheless, on the basis of fragmentary information available, it is not difficult to understand the basic issues involved in the problem. According to the Ministry of Labor and Employment, the number of educated unemployed was around 2.44 lakh in 1951. It rose to 9.2 lakh in 1966 and to 32.8 lakh in 1972. The Planning Commission's estimates suggest that at the beginning of 1980, approximately 34.72 lakh-educated persons were unemployed. Using the same approach as in the Sixth Plan, unemployment among the educated people works out to 47 lakh in 1985 and 68 lakh in 1992. According to Ninth Five Year Plan- "National Sample Surveys shows that over the period 1983 to 1993-94, the proportion of those educated to a level of secondary school or higher among the unemployed persons increased from 47 per cent to 64 per cent. While a high proportion of the literates among unemployed shows un-utilization of scarce resources put in for education of the people, it also indicates a mismatch between the kind of job opportunities that are needed and those available in the job market. Clearly the increase of literates among the unemployed and further among the literate unemployed, of those with higher level of educational attainment points to the need for skilled jobs rather than the simple low productive manual labour that an illiterate has to resort to for a living".

Thirdly, there are emerging trends of underemployment of those who are seeking job on part-time basis, while they pursue their studies. Such job seekers, if they do not get jobs of their satisfaction, could be called underemployed. There could be many others, who have completed their education, but are not able to get job to the best of their abilities and capacities. There are many causes of educated unemployment. The defective educational system, with its theoretical bias, lack of aptitude and technical qualifications for various types of work among job seekers and maladjustment between demand and supply of educated workers are some well-known causes of educated unemployment.

Our education does not prepare the minds of young generation to become self-employed, on the contrary, it makes them dependent on government vacancies which are hard to come. Five year plans has introduced several employment generating schemes and programmes over the years but in the absence of proper implementation and monitoring have failed to achieve the required targets.

In this section, you studied unemployment in urban areas, now answer the questions given in *Check Your Progress 2*.

Check Your Progress 2

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) What are the different kinds of unemployment found in urban areas?

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3.4 GROWTH IN URBAN EMPLOYMENT/ UNEMPLOYMENT

The state wise data pertaining to urban workers for the years 1971–2001 may be seen in 1.A and the index of the urban workers for the same years can be seen in Table 1.B. Assam, Mizoram and Jammu and Kashmir have not been included in the table due to non availability of comparable data. Uttaranchal, Jharkhand and Chattisgarh have been included in the respective states from which these were carved out after the 1991 Census, to make the data pertaining to Uttar Pradesh, Bihar and Madhya Pradesh comparable. The state of Goa includes the data in respect of Daman and Diu also, as it was earlier part of the Union Territory known as Goa, Daman and Diu.

Looking at the statistics furnished in Table 1.B, it may be observed that only Lakshadweep registered a decline in index of urban workers during 1991–2001. With regard to increase in index of urban workers during 1991–2001 over increase in number of workers during 1981–91, it is seen that all the states and union territories, except five, had higher increase in index of urban workers. Of the five states, where the increase in urban workers during 1991–2001 was lesser than the increase during 1981–91, Lakshadweep, Pondicherry and Tripura are very small, while Kerala and Andhra Pradesh are bigger states.

Table 1 A: State wise Distribution of Urban Workers – 1971 -2001 (excluding Assam, Jammu and Kashmir and Mizoram)

Sl. No.	State	Urban Workers			
		1971	1981	1991	2001
1	A& N Islands	11,745	18,107	26,068	42,202
2	Andhra Pradesh	2,582,000	3,896,503	5,512,906	6,720,971
3	Arunachal Pradesh	8,916	17,181	40,262	80,892
4	Bihar (incl. Jharkhand)	1,594,688	2,298,415	2,846,180	3,761,476
5	Chandigarh	77,108	147,292	196,799	300,219
6	Dadra & Nagar Haveli	0	2,900	4,922	22,580
7	Delhi	1,116,937	1,865,844	2,704,072	4,244,170

8	Goa (incl. Daman & Diu)	73,466	117,734	177,039	268,714
9	Gujarat	2,066,499	3,120,925	4,305,002	6,262,209
10	Haryana	466,463	826,497	1,148,332	1,925,879
11	Himachal Pradesh	82,736	114,900	157,141	220,110
12	Karnataka	2,108,225	3,306,049	4,455,214	6,406,988
13	Kerala	935,455	1,308,349	2,274,011	2,612,777
14	Lakshadweep	0	4,357	7,952	7,347
15	M.P. (incl. Chhattisgarh)	1,906,020	3,135,776	4,533,125	6,195,490
16	Maharashtra	4,996,505	7,071,693	9,877,187	13,911,920
17	Manipur	37,575	133,348	172,834	222,126
18	Meghalaya	47,596	78,743	106,591	147,615
19	Nagaland	25,894	42,040	68,131	106,357
20	Orissa	561,820	975,363	1,256,628	1,689,519
21	Pondicherry	50,807	85,503	155,708	214,889
22	Punjab	903,895	1,385,970	1,801,606	2,767,123
23	Rajasthan	1,174,255	1,973,329	2,836,151	3,910,232
24	Sikkim	7,778	21,356	14,507	24,041
25	Tamil Nadu	3,768,685	5,112,576	6,360,260	10,318,514
26	Tripura	39,371	62,251	121,840	177,114
27	U.P. (incl. Uttaranchal)	3,428,337	5,431,183	7,490,998	9,943,066
28	West Bengal	3,303,288	4,305,128	5,534,735	7,592,048
	India	31,376,064	46,859,312	64,186,201	90,096,588

Source: 1. Census of India 1971, Series I, India, Part-II – A (i), General Population 2. Census of India 1981, Series I, India, Part-II – B (i), Primary Census Abstract –General Population 3. Census of India 1991, Volume I, Series I, India, Part-II – A (ii), Union Primary Census Abstract 4. Census of India 1991, Series I, India, Part-II – B (i), Volume I, Primary Census Abstract –General Population 5. Census of India 1991, Series I, India, Part-II – B (i), Volume II, Primary Census Abstract –General Population 6. Census of India 2001, Primary Census Abstract (on CD)

Table 1.B: State wise Index of Urban Workers – 1971-2001 (excluding Assam, Jammu and Kashmir and Mizoram)

Sl. No.	State	Index of Urban Workers				Increase in Index of Urban Workers during 1991 -2001	Increase in Index of Urban Workers during 1991-2001 over Increase during 1981 -1991
		1971	1981	1991	2001		
1	A& N Islands	100	154	222	359	137	70

2	Andhra Pradesh	100	151	214	260	47	-16
3	Arunachal Pradesh	100	193	452	907	456	197
4	Bihar (incl. Jharkhand)	100	144	178	236	57	23
5	Chandigarh	100	191	255	389	134	70
6	Dadra & Nagar Haveli	0	100	170	779	609	539
7	Delhi	100	167	242	380	138	63
8	Goa (incl. Daman & Diu)	100	160	241	366	125	44
9	Gujarat	100	151	208	303	95	37
10	Haryana	100	177	246	413	167	98
11	Himachal Pradesh	100	139	190	266	76	25
12	Karnataka	100	157	211	304	93	38
13	Kerala	100	140	243	279	36	-67
14	Lakshadweep	0	100	183	169	-14	-96
15	M.P. (incl. Chhattisgarh)	100	165	238	325	87	14
16	Maharashtra	100	142	198	278	81	25
17	Manipur	100	355	460	591	131	26
18	Meghalaya	100	165	224	310	86	28
19	Nagaland	100	162	263	411	148	47
20	Orissa	100	174	224	301	77	27
21	Pondicherry	100	168	306	423	116	-22
22	Punjab	100	153	199	306	107	61
23	Rajasthan	100	168	242	333	91	18
24	Sikkim	100	275	187	309	123	211
25	Tamil Nadu	100	136	169	274	105	72
26	Tripura	100	158	309	450	140	-11
27	U.P. (incl. Uttaranchal)	100	158	219	290	72	11
28	West Bengal	100	130	168	230	62	25
	India	100	149	205	287	83	27

Source: Compiled from the data given in Table 1 A

The distribution of states by “increase in index of urban workers during 1991–2001 over increase in index during 1981–1991” is given in Table 1.2. As seen from this table, even Arunachal Pradesh and Dadra and Nagar Haveli relatively gained more than the bigger states. The increase in index of urban workers during 1991–2001 over increase in index of urban workers during 1981–1991 was more than 100 points in Arunachal Pradesh, Sikkim and Dadra

and Nagar Haveli and was between 90–100 points in Haryana (98 points). In five states viz., Lakshadweep, Kerala, Pondicherry, Andhra Pradesh and Tripura, the index either remained the same or declined. In Uttar Pradesh, Madhya Pradesh and Rajasthan the increase in index was between 10 and 20. In seven states viz., Bihar, Maharashtra, Himachal Pradesh, West Bengal, Manipur, Orissa and Meghalaya, the increase in index varied from 20 to 30.

Looking at the figures furnished in Table 1.B, it is seen that the number of urban workers more than doubled during 1971–2001 in all the states and union territories.

Table 1.2: Distribution of States by increase in Index of Urban Workers during 1991–2001 over increase in index of Urban Workers during 1981 – 1991 (excluding Assam, Jammu and Kashmir and Mizoram)

Range of increase in Index	No. of States	Names of States
= Zero	5	Lakshadweep, Kerala, Pondicherry, A.P. and Tripura
>Zero –10	0	
10 –20	3	U.P., M.P. and Rajasthan
20 –30	7	Bihar, Maharashtra, Himachal Pradesh, West Bengal, Manipur, Orissa and Meghalaya
30 –40	2	Gujarat and Karnataka
40 –50	2	Goa and Nagaland
50 –60	0	
60 –70	2	Punjab and Delhi
70 –80	3	Andaman & Nicobar Island, Chandigarh and Tamil Nadu
80 –90	0	
90 –100	1	Haryana
100 & above	3	Arunachal Pradesh, Sikkim and Dadra & Nagar Haveli
Total	28	

Source: Compiled from the data given in Table 1.1

3.4.1 State's Share in Growth in Urban Employment at All-India Level

The state wise increase in urban workers during 1981–91 and 1991–2001 and their percentages to the respective all India totals are given in Table 1.3. In the last column of the table, the percentage increase in the share of the state is given. The percentage share in the increase in number of urban workers has increased in 15 states/U.T.'s namely Orissa (2.9%), Goa including Daman and Diu (3.4%), Gujarat (10.5%), Bihar (including Jharkhand) (11.7%), West Bengal (11.9%),

Karnataka (13.6), Arunachal Pradesh (17.7%), Delhi (22.9%), Andaman and Nicobar Islands (35.5%), Chandigarh (39.7%), Punjab (55.3%), Haryana (61.6%), Tamil Nadu (112.2%), Sikkim (200%) and Dadra & Nagar Haveli (484%). In Tamil Nadu, Sikkim and Dadra and Nagar Haveli, the share of urban workers has increased by more than 100%, revealing thereby that these states have relatively been benefited more by the economic reforms. The highest increase is accounted for by Dadra and Nagar Haveli.

Table 1.3: Decadal increase in Number of Urban Workers – 1981 -1991 & 1991-2001 (excluding Assam, Jammu and Kashmir and Mizoram)

Sl. No.	State	Increase in Urban Workers during 1981 -1991		Increase in Urban Workers during 1991 -2001		% age increase in the Share of State
		Absolute	% age to All India Total	Absolute	% age to All India Total	
1	A & N Islands	7,961	0.05	16,134	0.06	35.5
2	Andhra Pradesh	1,616,403	9.33	1,208,065	4.66	-50.0
3	Arunachal Pradesh	23,081	0.13	40,630	0.16	17.7
4	Bihar (Incl. Jharkhand)	547,765	3.16	915,296	3.53	11.7
5	Chandigarh	49,507	0.29	103,420	0.40	39.7
6	Dadra & Nagar Haveli	2,022	0.01	17,658	0.07	484.0
7	Delhi	838,228	4.84	1,540,098	5.94	22.9
8	Goa (Incl. Daman & Diu)	59,305	0.34	91,675	0.35	3.4
9	Gujarat	1,184,077	6.83	1,957,207	7.55	10.5
10	Haryana	321,835	1.86	777,547	3.00	61.6
11	Himachal Pradesh	42,241	0.24	62,969	0.24	-0.3
12	Karnataka	1,149,165	6.63	1,951,774	7.53	13.6
13	Kerala	965,662	5.57	338,766	1.31	-76.5
14	Lakshadweep	3,595	0.02	-605.00	0.00	-111.3
15	M.P. (Incl. Chhattisgarh)	1,397,349	8.06	1,662,365	6.42	-20.4
16	Maharashtra	2,805,494	16.19	4,034,733	15.57	-3.8
17	Manipur	39,486	0.23	49,292	0.19	-16.5
18	Meghalaya	27,848	0.16	41,024	0.16	-1.5
19	Nagaland	26,091	0.15	38,226	0.15	-2.0
20	Orissa	281,265	1.62	432,891	1.67	2.9
21	Pondicherry	70,205	0.41	59,181	0.23	-43.6

22	Punjab	415,636	2.40	965,517	3.73	55.3
23	Rajasthan	862,822	4.98	1,074,081	4.15	-16.8
24	Sikkim	-6,849	-0.04	9,534	0.04	200.0
25	Tamil Nadu	1,247,684	7.20	3,958,254	15.28	112.2
26	Tripura	59,589	0.34	55,274	0.21	-38.0
27	U.P. (Incl. Uttaranchal)	2,059,815	11.89	2,452,068	9.46	-20.4
28	West Bengal	1,229,607	7.10	2,057,313	7.94	11.9
	India	17,326,889	100.00	25,910,387	100.00	0.0

Source: Compiled from the data given in Table I B

Assessing the employment situation in India has remained tricky because of the complex nature of the labour market characterized by part-time workers, seasonality of work, underemployment and social factors which restrict many women from joining the labour force. A large majority of the female workforce has always remained under utilized. At the all-India level, the work participation rate is 50% for males while it is about 17% for females. Even among the women who are available in the labour market, a large majority could not find work throughout the year. Of the 25 million 'usually employed' people who could not find work throughout the year, an overwhelming 64% are women. Overall, about 84% of the days of people employed throughout the year are used in economic activities. The loss in workdays is far more for the usually employed female workforce, who could not work throughout the year because of various social and economic reasons which result in the loss of more than one-third of the total person days available.

The visible lack of work measured through unemployment and underemployment statistics doesn't quite give a true picture. Being employed alone doesn't guarantee even a passport out of poverty in India as shown by the fact that 41.6% of the population earns less than the international poverty line of \$1.25 a day in purchasing power parity (PPP) terms.

3.5 POLICIES AND PROGRAMMES TO REDUCE UNEMPLOYMENT IN INDIA

With this background, to solve the problem of unemployment and underemployment following measures are required to be considered seriously. First, there is an urgent need to rethink the pattern of investment and choices of technology. Second; the promotion of micro and small enterprises will be crucial for a labour surplus country like India. Third, there is a need to create small industrial clusters, new growth centers in small towns and villages, which can increase employment opportunities and provide flexibility to the economy. Fourth, reorientation of educational system in terms of its content and quality will also be an important remedy for unemployment problem. Needless to mention that public expenditure on education and skill development should be enhanced. Fifth, the scope and reach of public work programmes need to expand. A balanced blend of active measures (i.e., policies designed to improve the access of the unemployed to the labour market and jobs, job related skills and training to

improve their employability) and passive measures (i.e., unemployment insurance and related social security benefits) need to be formulated. However, effective implementation and monitoring these policy changes will be of utmost importance to accomplish the desired outcomes.

Various government schemes have been undertaken in India to tackle the problem of urban unemployment. But these programmes have multiple objectives comprising the reduction of poverty, generation of employment, and the provisioning of crucial basic services. The employment programmes can broadly be categorized into two types: self employment, and wage employment programmes. Some of the important employment generation programmes are described below:

3.5.1 Recent Initiatives by the government

a) Revised Swarna Jayanti Shaheri Rozgar Yojana (SJSRY)

The SJSRY programme that began in December 1997 was built upon the successful strategy of community organization in the UBSP Programme. SJSRY is aimed at providing gainful employment to the urban unemployed and underemployed poor through encouraging the setting up of self-employment ventures or provision of wage employment. It identifies three instruments for employment generation: capacity building and credit assistance for micro enterprises, opportunities for earning wages under municipal works, and intermediation in household savings.

b) Kudumbashree

Kudumbashree, the State Poverty Mission of the Government of Kerala, aims at empowering women from poor families by improving their skills, identifying economically viable micro-enterprises, providing access to credit for the enterprises and establishing market linkages to ensure sustainability of incomes. The inclusion of socio-economic parameters into social development efforts also suggests a shift in government thinking towards recognizing other forms of vulnerability, particularly of housing, basic services and education. Under this program, which is regarded as a highly successful framework for poverty alleviation and built upon the entrepreneurship model and the strategy of community organization developed under Urban Basic Services Programme (UBSP) and SJSRY, Community Development Society (CDS) groups from low-income settlements are provided loans for a range of group enterprises through NABARD (National Bank for Agricultural and Rural Development) and commercial banks. Also, funds under both SJSRY and National Slum Development Programme (NSDP) are utilized under the program to complement local and State resources, to provide housing with basic sanitation services at household level to all the urban poor. Housing and other services are provided using various loan options, both with and without subsidy and with flexible payment plans.

3.5.2 Some Examples of Successful NGO Initiatives

a) Self Employed Women's Association (SEWA)

A large number of NGOs have been engaging with city governments to improve the city's environment in partnership with communities. Self

Employed Women's Association (SEWA), established in 1972 as an independent trade union comprising of women workers, is an offshoot of the Textile Labor Association, country's oldest and largest union of textile workers founded by Mahatma Gandhi. The Association provides support to self-employed women and mobilizes them to organize into sustainable groups and collectively demand their rights. Its activities include banking, cooperatives, home based production, trading, marketing, housing, health care and child-care.

b) Sri Padmavathy Mahila Abyudaya Sangam

Sri Padmavathy Mahila Abyudaya Sangam (SPMS) is a federation of poor women self help groups (SHGS), set up in 1992, with the objective of promotion of savings, credit and income generation activities for poor women through self-help groups.

In this section, you studied unemployment in urban areas and measures to tackle unemployment in urban India, now answer the questions given in *Check Your Progress 3*.

Check Your Progress 3

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) What is kudumbashree?

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3.6 LET US SUM UP

Rising unemployment and underemployment are two crucial problems that many developing economies face. The problem of unemployment has serious socioeconomic implications. While at the individual level, unemployment leads to malnutrition, illness, mental stress, depression, and deterioration of human values, at the level of the economy it implies underutilization of existing human capital. A high incidence of unemployment adversely affects growth, not only via social unrest and political instability, but also through various other means. This unit has analyzed the types, the trend, and various dimensions of the urban unemployment problem. Magnitude and pattern of unemployment have also been discussed. We further discussed the unemployment problem in relation to levels of education and the incidence of poverty. Estimation of underemployment has also been analyzed.

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3.8 CHECK YOUR PROGRESS -POSSIBLE ANSWERS

Check Your Progress 1

1) What is voluntary unemployment?

Ans. Voluntary unemployment is characterized by a situation when people are either not interested in any gainful employment, or are willing to work only at a wage rate higher than that prevailing in the labour market.

2) Explain the nature of disguised unemployment in India.

Ans. Many people seem occupied on farms or publicly owned enterprises on full time basis even though services they render may actually be much less than full time. Social pressure on private industry may also result in substantial amounts of disguised underemployment. If available work is openly shared among those employed, the disguised disappears and underemployment becomes apparent.

Check Your Progress 2

Urban Unemployment

1) What are the different kinds of unemployment found in urban areas?

Ans. The different kinds of unemployment found in urban areas are:

- i) Unemployment among unskilled industrial (blue collar) workers
- ii) Unemployment among educated persons (white collar)
- iii) Students etc. seeking jobs on part time basis.

Check Your Progress 3

1) What is kudumbashree?

Ans. Kudumbashree, the State Poverty Mission of the Government of Kerala, aims at empowering women from poor families by improving their skills, identifying economically viable micro-enterprises, providing access to credit for the enterprises and establishing market linkages to ensure sustainability of incomes.



UNIT 4 GENDER DIMENSIONS OF URBAN POVERTY

Structure

- 4.1 Introduction
- 4.2 Urban Poverty: Concept and Gender Dimension
- 4.3 Urban Poverty: Measurement, Estimates and Challenges
- 4.4 Urban Poverty: Causes and Consequences
- 4.5 Let Us Sum Up
- 4.6 References and Selected Readings
- 4.7 Check Your Progress-Possible Answers

4.1 INTRODUCTION

Poverty has been viewed as a rural phenomena with very little recognition or understanding of urban dimensions of poverty. The notion of relating urban areas with big metropolitan cities and affluence often led to the erroneous conclusion that poverty only existed in rural India. The heterogeneity of groups and income inequalities prevalent both in rural and urban areas display specific characteristics. Apart from the social disparities, gender differences constitute another significant aspect of poverty. There have been two myths or erroneous assumptions. One assumption is regarding the association of urban areas in most of our minds with the growing, flourishing urban metropolitan cities rather than the widespread and varied urban locales that includes the big, medium and small towns as well. The other relates to the notion of poverty as being prevalent in villages, from which rural masses escape in to urban areas by migrating in search of better livelihoods. This was also due to the fact that urbanization is often associated with better living conditions and access to amenities, without due recognition to the slums and other deprived sections of urban India.

Gender dimensions as such in different spheres have been receiving attention only in the recent past, with very limited understanding of the concerns. Women in our society as well as in the rest of the world, face inequalities stemming from their gender roles emanating from notions based on the traditional division of labour. Poverty, whether rural or urban, adds on to vulnerabilities. Therefore this unit focuses on the gender dimensions of urban poverty.

After studying this unit, you should be able to

- Describe the gender dimension perspectives related to urban poverty.
- Explain the causes and manifestations of urban poverty, especially for women and gender relations in the social and economic spheres.
- Define measurement related issues concerning urban poverty and also become aware of the estimates of poverty.
- Discuss the issues and dimensions related to urban poverty, especially inequality, migration and policy initiatives.

4.2 URBAN POVERTY: CONCEPT AND GENDER DIMENSION

In order to elucidate why gender dimensions are important in the context of urban poverty, we need to delve into how poverty is defined and measured. Poverty can be conceptualized as an absolute or relative term, or viewed as a life cycle phenomena. The reasons for prevalence of rural poverty was assumed to be the predominant dependence on agriculture and poor infrastructural facilities and those who migrate to urban areas are escaping poverty. Urbanization and life in cities was associated with relatively better levels of wellbeing. However, it appears that those who are pushed or compelled to migrate from villages to urban areas in search of work may continue to be poor and add on to urban poverty. This is especially so given the low wages/earnings for those in the unorganized sector.

Elements of poverty in urban areas are different compared to rural locations in terms of housing/shelter; basic amenities access, such as water, electricity, sanitation facilities; environmental conditions and health; and so on. Slum dwellers constitute an obvious segment of urban poor. Congested, small, makeshift shelters with limited basic facilities for access to drinking water, toilets and drainage affect the lives and dignity of urban poor. Women among the urban poor and slum dwellers face these constraints given their role responsibilities of household duties. Daily routine chores of both personal and household type such as defecation, urination, bathing, washing clothes and utensils tend to become areas of concern due to the higher population density, limited availability of open spaces and high congestion in areas of their habitation.

The urban poor households are worst affected by absence or inadequacy of access to public provision of basic amenities. More than one third of the urban poor as per one source are not covered by piped water supply and most of these households are obliged to source water from private providers at a higher cost. The pressure on public stand pipes in low-income areas far exceeds the specified norms of 150 people per stand. The absence of easy access to toilets is an issue that affects women's health adversely. Among a vast majority of the poorer households who have a toilet facility, majority of them are sharing the facility with other households. Therefore women belonging to slum area suffer from gynecological related problems.

The location of the urban poor and their experience in accessing proper shelter is a major issue of concern. Up gradation of slums or provision of low cost housing for poor does not seem to occupy priority agenda among urban planning. Displacement and relocation, on the contrary, to beautify and cleanse urban cities are adopted more easily. The hardships that are fallout of such practices by virtue of affecting access to livelihoods, cost of transportation given the far-off locations they are resettled in, worsen the situation of urban poor households, even pushing more families below poverty as a result of such displacement at times. This affects mostly to women, who sometimes have to travel a lot from the place of stay to the workplace.

4.2.1 Need and Significance of Understanding Gender Dimensions

The growing recognition that the gender impact of development is asymmetric makes one believe that even poverty is likely to have distinctive implications for

women's lives. Is the impact of poverty on women distinct? In what ways are poor women more vulnerable? Since the conceptualization of poverty has been as a household one, intra household distinctions and bargaining between members of the household is often missed out.

Among the characteristics of poverty is the more balanced sex ratio, implying a higher proportion of women in poorer households. Therefore women end up bearing the brunt of poverty more than men. In addition to this demographic feature, women are socially disadvantaged due to the stronghold of patriarchy and women's subordination which further disadvantages them among the poor households both in terms of paid and unpaid work burdens. Male migration was much more of a norm with few women migrating even with their men and families. Gradually that is changing with more women moving even for work although the numbers remain small in comparison to the men. A larger number of women still move/migrate with marriage given the patrilocal system followed in most parts of the country. Women migration remains relatively small with only relatively educated and professional women moving for work or education, while many of the unorganized workers at the lower end of the labour market may migrate for lucrative options due to the compulsion of earning. Women of the migrant households who live in cities may themselves be compelled to undertake work to supplement or support their poor households and to meet the aspirations that often tend to be associated with urban lives. Given the low levels of education and skill development, these women are involved predominantly in unskilled, manual and low paid jobs. The income they earn therefore provides very little to them for fulfilling their own or family needs.

In this section, you studied gender dimensions of property. Now, answer a few questions related to these aspects in *Check Your Progress 1*.

Check Your Progress 1

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) What has been the change of focus in the definition of urban poverty?

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2) What is the specific relationship between gender and urban poverty?

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4.3 URBAN POVERTY: MEASUREMENT, ESTIMATES AND CHALLENGES

4.3.1 Measurement of Urban Poverty

Poverty is an income based concept, defined and measured through the household as a unit. For India, there are no income estimates available from secondary reliable data sources for the country as a whole. Difficulties in access to accurate income data and the arguments that stress on the significance of consumption as a proxy for household standard of living emphasize the latter to be a better measure of well-being than income.

The debates on what constitutes or defines poverty have remained unsettled. There can be many different views on what constitutes or defines poverty depending on the perspectives adopted. For example, it could relate to inadequate food, lack of sustainable employment, isolation from basic services or access to them, being powerless or voiceless, non-participation in decision making and so on.

Apart from the migrants, slum dwellers and other inhabitants, all persons deprived of basic minimum needs are indeed poor. For instance, persons deprived of basic education and health care; or shelter, sanitation and safe drinking water, are as poor as those who are income poor. Recent debates and explorations of looking at multiple deprivations emphasizes upon these dimensions. This is a shift from the earlier income or economic poverty. This is pertinent especially in the context of women and children, especially girls, since they are mostly affected by multiple deprivations. This is because of the prevalent gender discrimination and inequality in society, economy and polity.

Further, the percentage of population in towns and cities living in slums can be used as a proxy for measurement of urban poverty. Since slum population as a percentage of total urban population can serve as a proxy variable as discussed above, this methodology can be used to identify areas with particularly high concentrations of urban poverty.

However, income measures have been the prominent reigning concepts so far. The actual measure adopted by the Planning Commission in India is elaborated below.

The poverty line as defined by the Planning Commission expert group for rural areas is Rs. 356.30, while the figure is Rs. 538.60 for urban locations per capita per month for 2004-5. In 1993-4, the poverty line was Rs. 205.84 for rural areas and Rs. 281.35 for urban areas. As expected, the monthly per capita expenditure level (MPCE) that defines the poverty line for urban locations is higher than that of rural areas. The increase over time in the poverty line is also much more significant in urban areas. The numbers of persons netted under the poverty line in addition over this period would then be expectedly more in urban areas as is the case. Table 3.1 shows the change in urban poverty across states between 1993-4 and 2004-5.

Poverty estimates are calculated on the basis of MPCE cutoffs corresponding to the selected category of individuals. The distribution of MPCE classes is

determined for a particular subset of the population, classified by age, gender, location (rural/urban) and activity status after which a benchmark poverty line for that group is set using an adjusted 365-day basket of expenditure on food, clothing, etc. All individuals in the selected category belonging to MPCE classes below this poverty line are then classified as poor. This technique for poverty estimation is shown in Figure 3.1. The total number of persons below the MPCE cutoff divided by the total population in the selected category yields the poverty headcount ratio (HCR). The MPCE cutoff shown in the figure corresponds to an arbitrarily chosen poverty HCR of 0.3.

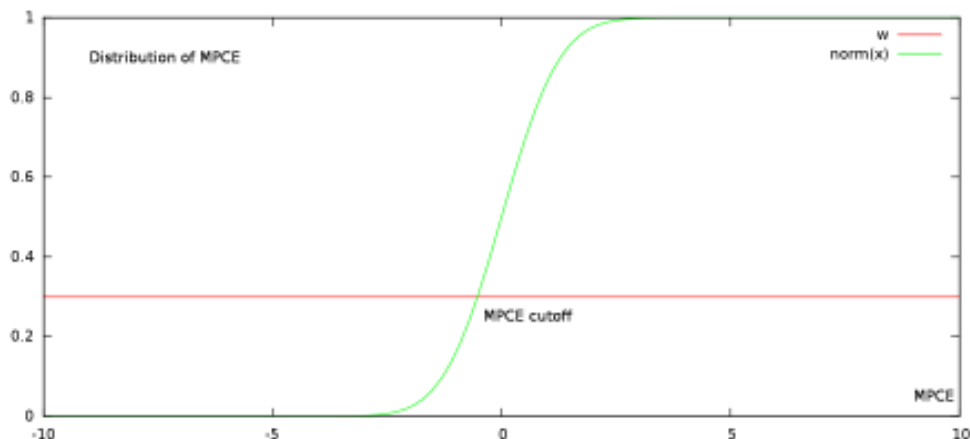


Figure 3.1 Poverty calculation using MPCE

Both male and female among urban poor have increased in absolute numbers; however, the compound annual growth rate (CAGR) for female poor is relatively higher than that for males. The urban poor females have increased from 37.8 million in 1993-4 to 40.3 million in 2004-5. This is as expected, since the sex ratios among relatively poorer households are more balanced.

The prosperity – poverty connection to lower sex ratios has been drawn effectively in the literature to show the better-off locations having worse sex ratios as compared to the poorer masses. Metropolitan cities and some of the newer growing million plus cities also reflect the same situation with slum populations having better sex ratios, in comparison to the non-slum inhabitants. The child sex ratio (CSR) defined as the number of girls per 1000 boys in the age group of 0-6 years for slum population is 919, which is significantly higher than the 904 recorded for non-slum urban areas. The CSR reflects an even clearer picture of the lower incidence of gender biased elimination or pre-birth selection being practiced among the poor urbanites.

Table 4.1 : Urban Poverty Levels for Major States and Change in Poverty 1993-4, 2004-5

	Urban Poverty, URP, Official Poverty Lines		
	1993-4	2004-5	Poverty Change 1993-4, 2004-5 (*)
Andhra Pradesh	38.8	28	-10.8
Bihar	40.7	34.6	-6.1
Gujarat	28.3	13	-15.3

Haryana	16.5	15.1	-1.4
Karnataka	39.9	32.6	-7.3
Kerala	24.3	20.2	-4.1
Madhya Pradesh	49	42.1	-6.9
Maharashtra	35	32.2	-2.8
Orissa	40.6	44.3	3.7
Punjab	10.9	7.1	-3.8
Rajasthan	31	32.9	1.9
Tamil Nadu	39.9	22.2	-17.7
Uttar Pradesh	36.1	30.6	-5.5
West Bengal	22.9	14.8	-8.1
All India	32.6	25.7	-6.9

*Note: * Poverty change is in percentage points; URP—Uniform Recall Period.*

Source: Himanshu (2007)

The need for poor households to depend on their female labour supplies is a necessity for survival. The availability of employment options is a further boost for women's livelihoods. The working status of women, in turn, reflects this element, especially when viewed across income categories. In order for work of poor women to be ameliorative of their poverty, the returns from employment need to be more remunerative. This can be ensured only if investments are made towards educating poor women. Access to public provisioning as well as basic amenities is critical for the overall well-being of the poor women.

It is entirely appropriate to expect that the material deprivation and poverty experienced by any household unit could also be expected, as a general rule, to characterize the women in it. This is true regardless of the other non-material dimensions of women's well-being, active both within the space of the household as well as in domains outside it. Therefore, it is important to pay close attention to how household poverty is defined in the first place, since faulty methodology, which wrongly identifies households as being poor or non-poor, would thereby also be unable to accurately recognize the deprivations of the women in these households. As such, the poverty line methodology, as widely practiced is unable to reliably identify and measure women's poverty.

4.3.2 Estimates of Urban Poverty with Gender Dimension

There were 80.8 million poor persons in urban areas in the country as a whole in 2004-5 (using the poverty line provided by the Planning Commission expert group). This was an increase from a total of 76.3 million urban poor in 1993-4. A simple method of using the actual gender balance as reported among the below poverty line households is adopted to generate the absolute numbers of male and female urban poor. One half of the poor persons are women, of which urban poor women are calculated to be 40.3 millions in 2004-05 (see table 3.2). The over time increase in poor persons is noted for urban locations while rural areas experience a marginal decline. As noted in the previous section, the CAGR for females was higher than for males during this period.

Table 4.2: Absolute Number of Poor Women and Men (estimated) and Growth Rates -1993-94 and 2004-05

Sector	Numbers of Poor (in lakhs)				CAGR (%) b/w 1993-94 & 2004-2005	
	1993-94		2004-05			
	Female	Male	Female	Male	Female	Male
Urban	377.70	385.67	402.53	405.43	0.58	0.46
Rural	1205.74	1234.57	1105.89	1103.35	-0.78	-1.02

Notes:

- 1) CAGR – Compound Annual Growth Rate.
- 2) NSS unit level data are used to estimate female-male and urban-rural shares of poverty. These shares are then applied on population adjusted estimates of total poverty available from the Planning Commission to estimate absolute number of poor women and men in urban and rural areas separately. Calculations are done by authors themselves.

It is commonly noted that there are relatively more women among the poorer households as compared to the non-poor or prosperous counterparts. Are there also more female headed households (FHH) in urban areas, and are these FHH also poor?

Table 4.3: Head Count Ratio (HCR, %) of Poverty by Head of the Household -1993-94 & 2004-05

Period	Urban
<i>Female head</i>	
1993-94	36.92
2004-05	28.74
<i>Male Head</i>	
1993-94	32.26
2004-05	25.65
<i>Difference Female ~ Male head</i>	
1993-94	4.65
2004-05	3.09

Source: Calculated from unit level consumption data of NSS 50th (1993-94) & 61st (2004-05) Round.

Note: diff Female ~ Male head: Percentage point gap between head count ratios of poverty for female and male-headed household

Addressing the needs of poor women who are affected by specific manifestations of poverty that may not be resolved by generic poverty alleviation measures, can serve in overall poverty alleviation more effectively. Therefore, one segment which is expected to shed light on this dimension is by looking at households with female heads. This option when exercised to analyze data available supported the expectation that women headed households were poorer in urban areas.

Using the latest NSS consumption data from the 61st round as well as the 50th round to estimate the head count ratio (HCR) across households classified by

their headedness reveals a drop in overall poverty, but the FHHs have slightly higher HCR compared to the male headed households.

4.4 URBAN POVERTY: CAUSES AND CONSEQUENCES

4.4.1 Causes of Urban Poverty

Some of the important causes of urban poverty are narrated below.

i) Urbanization and Growth of Slums

Migrants from rural areas are one factor that is often noted as fuelling urban poverty. The use of contractual, migrant workers for construction and various informal sector activities in urban cities and towns where there is a demand for such labour displays the conditions in which these workers live and work. Virtually no state policies cover or protect these workers in any form. In cases, where these migrants come with their families, including children, their collective need for improving human well-being, whether in terms of health care, nutrition or education poses a challenge.

In terms of having bathroom and toilet facilities in the households, 70% of urban households have bathing facilities in their homes and non-availability of latrines is reported in 26 per cent urban households. However, it is noteworthy to dwell on the implications of urban deprivation as distinct from rural locations, given the high and increasing density in big towns and cities, leaving little or no spaces for open defecation. The indignities involved in being so deprived for women are more severe, imposing unimaginable constraints and restrictions on normal, daily, routine acts such as defecation, urination, bathing and so on. The implications on hygiene and health risks thereby affect the poorer women, who have limited access to health care services given the economic constraints. Even drainage facilities are non-existent in the case of 22 per cent of urban households and a similar proportion of households have no electricity. It is therefore an essential component of schemes and programmes targeted at reducing urban poverty that they address issues such as provision of basic services, security of tenure, improved housing, water supply and sanitation.

Table 3.4 Slum Population as a Percentage of Urban Population: Selected Cities

City/Town	Share of Slum Population (%)
Mumbai	54.0
Faridabad	46.0
Aligarh	45.0
Meerut	44.0
Warangal	43.0
Amaravati	43.0
Raipur	37.0
Nagpur	36.0
Guntur	33.0
Kolkata	32.0

Source: USAID (2007)

ii) Inequalities—Economic, Social and Locational

Basic amenities and lack of access to these, forms one significant dimension of urban poverty. There is no doubt that urban area on an average are better off in terms of most basic amenities, when compared to rural counterparts. For example, considering water supply in urban areas, especially for the poorer households, the issue is not as much of location of source as it is of access to and supply adequacy issues. Similarly, only 29 per cent of urban poor households inhabit rented accommodation. In urban areas, the poor end up living on pavements, in makeshift shelters and eventually gain entry into slums and squatter settlements. Even with many years of stay, the slum dwellers may lack any documents to prove their citizenship.

The NSS 58th round (July – December 2002) data is used to elicit information on proportion of slum dwellers citizenship status. Nearly 21 per cent of the slum households have no proof of citizenship, while 30 per cent of them have a ration card. Very few of the slum dwellers have voter identification cards. There is a need to ensure universal coverage of voting rights through issuance of voter ID cards to all poor persons.

iii) Availability of Basic Services

Lack of availability of basic services in poor urban areas is also a phenomenon that brings out the gender dimensions of urban poverty. In the case of water, common occurrences of failure in regular or timely supply, excessive pressure on public stand pipes, resulting in frequent conflicts, some of which turn ugly and violence are frequently reported. Since women are involved in undertaking these chores, they end up being more affected by these problems.

In terms of having bathroom and toilet facilities in the households, 70% of urban households have bathing facilities in their homes with non-availability of latrines reported in 26 per cent urban households. However, it is noteworthy to dwell on the implications of urban deprivation as distinct from rural locations, given the high and increasing density in big towns and cities, leaving little or no spaces for open defecation. The indignities involved in being so deprived for women are more severe, imposing unimaginable constraints and restrictions on normal, daily, routine acts such as defecation, urination, bathing and so on. The implications on hygiene and health risks thereby affect the poorer women, who have limited access to health care services given the economic constraints. Even drainage facilities are non-existent in the case of 22 per cent urban households and a similar proportion of households have no electricity. It is therefore an essential component of schemes and programmes targeted at reducing urban poverty that they address issues such as provision of basic services, security of tenure, improved housing, water supply and sanitation.

iv) Migration and Mobility

It is a well-established result in development economics that there exists accelerating rural-to-urban migration despite the existence of positive marginal products in agriculture and significant levels of urban unemployment. Rural-urban migration will continue as long as expected urban real income at the margin exceeds real agricultural product. Prospective rural migrants maximize their expected gains and therefore seek jobs in cities. From the pool of urban labour, a periodic random job selection process exists. The rates of migration across states are given in table 3.5.

Table 4.5: Total Gross Decadal Migrants as a Percentage of total Urban Population in Selected States, 2001

State	Rate of Migration (%), 2001
Andhra Pradesh	6.72
Assam	7.12
Bihar	6.28
Gujarat	10.63
Haryana	11.45
Karnataka	7.03
Kerala	6.99
Madhya Pradesh	9.50
Maharashtra	10.41
Orissa	10.97
Punjab	7.63
Rajasthan	6.18
Tamil Nadu	3.34
Uttar Pradesh	4.44
West Bengal	4.83

Source: Census (2001)

v) Unemployment and Low Wage Rate

The existence of a minimum level of wages in the formal sector of the urban labour market creates permanent urban unemployment. This results from the gap between the number of urban formal sector jobs available at this wage rate or higher and the number of rural migrants seeking urban employment. The decision-making process of a prospective rural migrant can be modeled using expected utility analysis. The probability of obtaining an urban formal sector job at a high wage depends on the ratio of vacancies to job seekers. If a formal sector job cannot be obtained, there is a conditional probability of obtaining an urban informal sector job at a low wage rate. There is then an expected urban wage calculated as a weighted average of the formal and informal sector wages. The decision to migrate depends on whether the expected wage is greater or less than the agricultural wage. If the expected urban wage is higher than the agricultural wage, the migrant chooses to migrate. Otherwise he/she chooses to remain in the rural workforce.

When there are no avenues in the villages for survival livelihood, migration on a temporary, periodic or short term basis is often sought by men and increasingly this is supported by the women joining them as well. Where this migration is for a longer span or results in permanent relocation into urban areas, these rural masses add to the poorer echelons of urban societies. It may be true that they earn better and in most cases end up with a higher

consumption expenditure as a result - which is indicative of their poverty reduction – since that is how it is calculated and measured. However, in the urban context, they become the net additions to urban poor.

4.4.2 Consequences of Urban Poverty on Women

Consequences of poverty among women are many; however, a few important among them are narrated.

i) Low access to basic need and suffer from insecurity

Women in our society suffer due to various social mores and values associated with patriarchal thinking. The pressure of living in urban towns and cities as opposed to rural areas can be defined in terms of availability of various facilities and access to these generally being commercial and monetized. Free collection of water, fodder and fuel for instance which is still resorted to by a large proportion of women in India is increasingly getting difficult. Although, even in rural areas, women find it difficult to collect due to dwindling resources and many of them end up traveling long distances for instance to fetch their daily quota of potable water. The urban women have very poor access to these facilities. The most prominent illustration that differentiates rural from urban areas is that of open spaces to defecate. While rural areas still do have commons, open fields and forests, which are accessible to villagers, urban areas with the far higher densities of population have virtually no spaces that can be used by the poor who live in slums or areas without sanitation facilities. There have been instances of middle class societies objecting to open defecation by the slum dwellers in the community parks and pavements nearby their localities. The need for sanitation facilities for urban poor is an issue of their dignity and safety. The situation of women in these situations is particularly pathetic, given the issue of social propriety and shame as well as insecurity against violence. Many urban women therefore must defecate in the early hours of dawn, before sunrise, in darkness. This automatically brings up the issue of insecurity.

ii) Poor access to quality health and education services

In the context of amenities for urban poor, very often discussions about the relatively easy access to education and health services for instance come up. While it is true that the availability of these services is much better than most rural areas, the issue of access still remains. Even public services which are purportedly accessible free of cost to all persons, may often end up having hidden costs, in the form of transportation to reach there and so on. Also, the treatment meted out to persons belonging to the disadvantaged and economically lower sections of the urban population, discussed in various studies emphasizes the unsatisfactory elements of public services. The increasing attraction for private services in many spheres amidst unsatisfactory government services introduces the cost factor, since most private services come with a fee. This brings in the crucial aspect of earnings, expenditures and incomes. The poor tend to be so defined predominantly on the basis of income criteria, or are calculated by using a proxy of expenditures at the household level as described above. While it is true that often the poor are also deprived of other essential factors for well being, they are certainly lacking adequate incomes or earning opportunities. In

order to access the desirable services that would only be feasible if their levels of purchasing power potential increases. For women, it may also be the issue of personal or social inhibitions and familial restrictions.

iii) Poverty forced women to resort to informal sector employment

Apart from the basic facilities and the lack of it, therefore there are other issues which pertain to the economic conditions of the urban poor. Most of the employment available to poor households in urban areas is generally informal, insecure, and intermittent with low pays. Therefore a single earner proves to be inadequate. Women too are compelled to join the labour force and contribute to the household earnings wherever feasible. In situations where women are involved in care and unpaid work within the household and therefore unable to take up paid work, they work hard to reduce the expenditure by contributing their unpaid labour in producing commodities within the household. Under both these circumstances, the pressure of meeting both ends of consumption needs and income earnings falls disproportionately on women within poor households. Inadequate incomes would compel women to also join the men in the labour force if work were available to both of them, or as often is the case increase the burden of unpaid work of women in order to reduce the purchase of goods and services from the market by providing the same within the household. The bargaining power of impoverished urban women is very low, which sometimes make them victim of physical, mental and monetary exploitation.

In this section, you studied definition and measurement of urban poverty, causes and manifestation of urban poverty. Now, answer a few questions related to these aspects in *Check Your Progress 2*.

Check Your Progress 2

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

- 1) How has the degree of urban poverty changed in the period from 1993-4 to 2004-5?

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- 2) Does informal sector is cause and consequence of urban poverty ?

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4.5 LET US SUM UP

Poverty in general and gender dimension of poverty in particular is critical to urban planning and development. Ensuring a sustainable livelihood to the urban impoverished people requires the both male and female member should earn for the family. However, because of their disadvantaged most of the women are found to be employed in the urban informal sector. They are exploited in the urban labour market. The poverty among the female headed household is higher compared to the male headed household. This unit has a detailed discussion on the causes and consequences of urban poverty from gender perspectives. Gender and urban poverty needed to draw the attention of the urban planner and policy makers in order to raise their standard of living.

4.6 REFERENCES AND SELECTED READINGS

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4.7 CHECK YOUR PROGRESS-POSSIBLE ANSWERS

Check Your Progress 1

1) What has been the change of focus in the definition of urban poverty?

Ans. Elements of poverty in urban areas are different compared to rural locations in terms of housing/shelter; basic amenities access, such as water, electricity, sanitation facilities; environmental conditions and health; and so on.

2) What is the specific relationship between gender and urban poverty?

Ans. Given the low levels of education and skill development, migrant women in urban areas are involved predominantly in unskilled, manual and low paid jobs. The income they earn therefore provides very little to them for fulfilling their own or family needs.

Check Your Progress 2

1) How has the degree of urban poverty changed in the period from 1993-4 to 2004-5?

Ans. There were 80.8 million poor persons in urban areas in the country as a whole in 2004-5 (using the poverty line provided by the Planning Commission expert group). This was an increase from a total of 76.3 million urban poor in 1993-4. One half of the poor persons are women, of which urban poor women are calculated to be 40.3 millions in 2004-05.

2) Does informal sector is cause and consequence of urban poverty?

Ans. The poverty among the people those who are working in the urban informal sector are higher as compared to the formal sector. It is also found that male and particularly female are working in the informal sector. They are vendors, rag pickers, daily wage labourer, maid servants, etc. These informal activities sustain their poverty and they become vulnerable to vicious circle of poverty.

