

ECONOMIC IMPLICATIONS OF URBANIZATION ON URBAN POVERTY IN INDIA

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ABSTRACT

With rapid growth of industrialization, population migrating from rural areas to urban areas has been showing a significant increase. Simultaneously, urbanization has also grown with it. It is being known that population residing in urban areas in India, according to 1901 census, was 11.4% which is now crossing 30% as per 2011 census standing at 31.16% and is expected that India along with China, Indonesia, Nigeria and United States, will lead the world's urban population surge by 2050 according to World Bank. On the other hand, Poverty in India is widespread, with the nation estimated to have a third of the world's poor. It was only in seventh five year plan onwards that issues relating to urban poverty were taken into consideration. Since urban areas attract people in terms of livelihood opportunities, it gives birth to various considerable issues regarding economic development, demographic changes and the policy making in the country. Therefore the following paper would focus upon the economic implication of urbanization on urban poverty in India.

Key words: urbanization, urban poverty, migration, homelessness, commercial sex.

Introduction

Urbanization is the process of transformation from less developed areas to highly developed areas. It is a process of change, changing from the traditional rural economies to modern urban economies. This process basically relates to adaptation of more industrial activities, equipped with better facilities for living etc. Urbanization takes longer time to come into such a process. It gives birth towards the development of the economy. The slow growing rural economy fail to provide employment opportunities and thus people are pulled by so-called attractions of the urban life. In contrast to this, Urbanization is fast in rapidly growing economies due to well established industries providing ample opportunities for a better living.

Urbanization means the increase of population living in urban areas that arises because of two reasons mainly, one being the increase of birth rate of the people already residing in urban areas and secondly the population shift from rural to urban areas. It leads to increase in the area of urban areas that is demanded due to growth of population living and all the more coming and residing in those areas as well as the ways to live in that society.

The shift of population towards urbanization was projected to be half of the world's population by 2008 according to United Nations. It has also been predicted that about 64% of the developing world and 86% of the developed world would be urbanized by the year 2050 and especially covering Africa

and Asia. The organization also projected that nearly all global population growth would reside in cities by 2030 that is equivalent to 1.1 billion new urbanites.

It is being traced back that until the 18th century there existed equilibrium between the population living in urban and rural areas and those engaged in agricultural and non agricultural activities in the regions of Mesopotamia and Egypt, but in the late 18th century and early 19th century agricultural and industrial revolution brought an unusual growth in Urban population reason being continued migration and demographic expansion that took place at that time in the county side. For instance, the population in cities grew from 17% to 72% from 1801 to 1891 in England. It is being reported that major urban cities in Asia are already home to about 20 million population each and cities like Delhi and Tokyo individually would cover 40 million population in the coming decade. Other than Asia, Mexico, New York, Istanbul, London, Lagos, Cairo, and Sao Paulo each would be home to around 10 million population.

Objectives

- 1) To know the trend of urban and rural population in the world and in India.
- 2) To analyze the growth of urbanization in the country.
- 3) To study the economic implications of urbanization on urban poverty in the country.

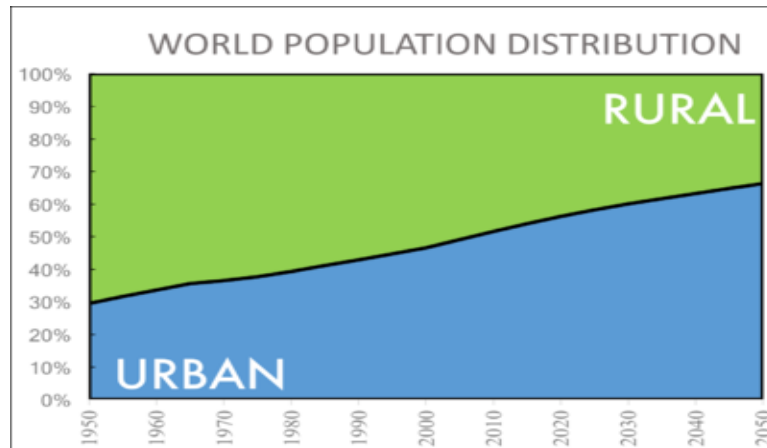
Methodology

The present research paper is an attempt to bring into consideration about the economic implications of urbanization on urban poverty in the country. Along with it, trend of rising population in urban and rural areas is also shown. It also highlights the growth and factors of urbanization. The research paper uses secondary source of data mainly collected from census reports, various online research papers and search engines.

Urbanization

Urbanization is a combination of many aspects which includes the change in culture, work, behavioral change, way of living, way of thinking and many more. Like when people migrate from rural to urban areas, there is change of work from working as an agricultural labourer to becoming as industrial labourer. This further lead to social, economical and environmental transformation for example commercial and industrial activity in Manchester and Birmingham were at boom that attracted people to migrate from rural areas towards urban areas. Similarly, cities were on road to development of not only trade but things like public transport, communication means etc. It spread rapidly across the Western world and as per United Nation the year 2007 witnessed the turning point when more than 50% of the world population was living in cities. Figure 1 shows the trend of world population from 1950-2050 where urban population growth is expanding and is increasing upwards whereas rural population is declining.

Figure 1: Trend Of World Population Distribution



Urbanization In India

Urbanization in India started to accelerate after the adoption of a mixed economy by the planning commission when the need to transform the Indian agriculturist economy into an industrialized economy was felt. At the onset of the second five year plan the industrialization was the main target to develop, the development of the private sector and the road to urbanized India. It is being reported that Mumbai witnessed the highest rural-urban migration in the 20th century. Mumbai is home to 12.5 million people, and is also the largest metropolis by population in India. It is followed by Delhi which is home to 11 million population. As per 2011 census, Delhi's population rose by 4.1%, Mumbai's by 3.1% and Kolkata's by 2% in comparison to the previous census.

In the Census of India 2011, the definition of urban area adopted is as follows: (a) All statutory places with a municipality, corporation, cantonment board or notified town area committee, etc. (b) A place satisfying the following three criteria simultaneously:

- i) a minimum population of 5,000;
- ii) at least 75 per cent of male working population engaged in non-agricultural pursuits; and
- iii) a density of population of at least 400 per sq. km. (1,000 per sq. mile).

For identification of places which would qualify to be classified as 'urban' all villages, which, as per the 2001 Census had a population of 4,000 and above, a population density of 400 persons per sq. km. and having at least 75 per cent of male working population engaged in non-agricultural activity were considered.

According to Phillip A. Houser and Judah Metras, "Urban area is that area where people live in large numbers and the density of population is high and large part of population is engaged in non-agricultural activities. Against this, rural area is such an area where people reside in less numbers and the density of population is much less and large part of population remains engaged in agricultural field."

India being at the second position for the total largest population in the world after China, there is an increase in the number of people in urban areas. The following table shows the total Indian population as well as urban and rural population:

Table 1: Population Of India By Residence

Census year	Total population	Urban population	Rural population
1901	238396327	25851873	212544454
1911	252093390	25941633	226151757
1921	251321213	28086167	223235046
1931	278977238	33455989	245521249
1941	318660580	44153297	274507283
1951	361088090	62443709	298644381
1961	439234771	78936603	360298168
1971	598159652	109113977	489045675
1981	683329097	159462547	523866550
1991	844324222	217177625	627146597
2001	1027015247	285354954	741660293
2011	1210569573	377106125	833463448

Source: Various Census Reports

As per the above table, it could be concluded that total Indian population in 1901 was round about 238 million and out of which only 25 million was the urban population and major part of the total population lived in rural areas which was about 212 million. The population increased to about 252 million in 1911 but declined a little in 1921 and then again gained momentum increasing up to 278 million and then to 318 million in 1931 and 1941 respectively. Simultaneously, urban and rural population also increased from 25 million to 44 million from 1901 to 1941 and 212 million to 274 million during the same period respectively. Although the total population declined from 1911 to 1921, it was due to decline only in rural population which particularly decreased from 226 million to 223 million and not because of urban population which increased from 25 to 28 million that is by 0.3 %. Since then the overall population has seen an increasing trend growing from 318 million to 683 million and then to 1.02 billion and now standing at around 1.21 billion. Both urban and rural population has also increased acquiring greater portion of the total Indian population and now it is around 377 million and 833 million respectively. The following figure 2 shows how the population has grown in the various years:

Figure 2: Population of India by Residence

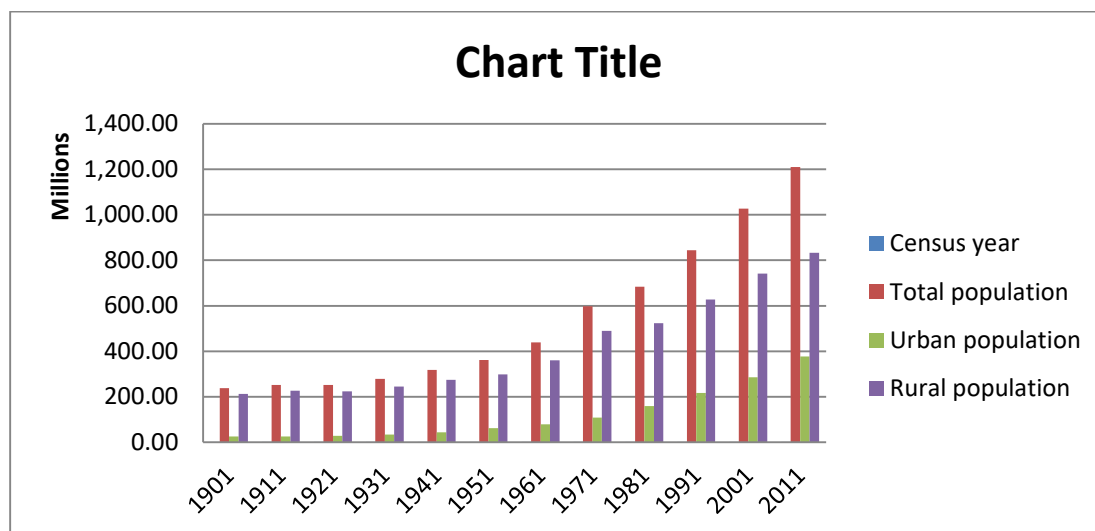


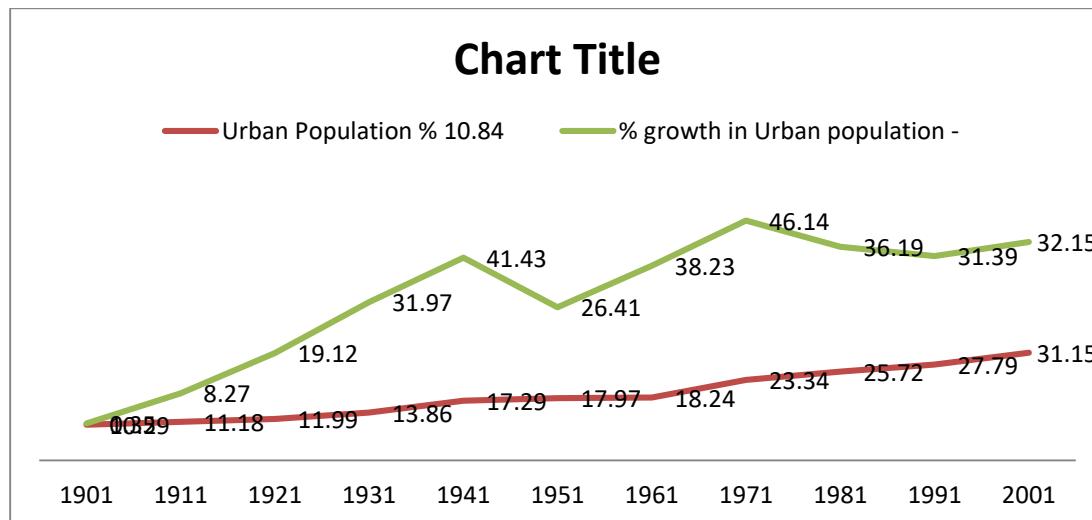
Table 2: Rural And Urban Population (In %)

Census Years	Rural Population	Urban Population	% growth in Urban population
1901	89.16	10.84	-
1911	89.71	10.29	0.35
1921	88.82	11.18	8.27
1931	88.01	11.99	19.12
1941	86.14	13.86	31.97
1951	82.71	17.29	41.43
1961	82.03	17.97	26.41
1971	81.76	18.24	38.23
1981	76.66	23.34	46.14
1991	74.28	25.72	36.19
2001	72.21	27.79	31.39
2011	68.85	31.15	32.15

From the above table, it is concluded that although the urban population increased, it was not so significant from 1901 to 1941 but it took a gradual increase after the introduction of five year plans standing at around 17.29% in 1951 of the total population of India. After the phase of second five year plan when industrialization took place, urbanization also grew up with a total of urban population of 23.34% in 1981 and is still growing with the total of 31.15% in 2011. The decadal growth in urban population was 41.43% from 1941 to 1951. Although overall population along with urban population increased, it is interesting to note that urban population grew with only 26.41% from 1951 to 1961 as compared to the previous decade. Again the growth rate pushed up and from 2001 to 2011 the urban population increased with the growth rate of 32.15%. It can also be said that from 1911 rural population as a percentage of total population has continuously decreased from

89.71 % to 82.71% in 1951 and again declined to around 68.85% in 2011. The figure 3 below shows the percentage increase and decrease in urban population as well as the decadal growth in urban population percentage.

Figure 3: Urban Population In India (1901-2011)



Poverty

Poverty is a state of being poor. It is a situation when one is being deprived of basic amenities. Poverty is scarcity, dearth, or the state of one who lacks a certain amount of material possessions or money. Poverty is defined in two ways. One is Absolute Poverty and the other one is relative poverty. As defined by the Wikipedia, Absolute poverty or destitution refers to the deprivation of basic human needs, which commonly includes food, water, sanitation, clothing, shelter, health care and education. Relative poverty is defined contextually as economic inequality in the location or society in which people live.

Poverty is one of the major concerns for the countries to bring people above poverty line, to provide them the facilities needed and uplift their standard of living. Poverty reduction is a major goal and issue for many international organizations such as the United Nations and the World Bank. Between 1990 and 2010, about 663 million people moved above the absolute poverty level. Still, extreme poverty is a global challenge; it is observed in all parts of the world, including developed economies. While in discussions, planners recognized a term 'urban poverty' during the seventh five year plan period and onwards with greater attention to infrastructure, environmental standards and livelihood promotion, although poverty especially in rural areas was mainly dealt in the initial plan periods.

The poverty in urban areas is termed as more monetized and their expenditure is much higher than the poor living in rural areas. Developing countries like India are more susceptible to urban poverty.

Urban poverty is a multidimensional phenomenon. The urban poor live with many deprivations. Their daily challenges may include:

- limited access to employment opportunities and income,
- inadequate and insecure housing and services,

- violent and unhealthy environments,
- little or no social protection mechanisms, and
- limited access to adequate health and education opportunities.

The percentage of persons below the Poverty Line in 2011-12 has been estimated as 25.7% in rural areas, 13.7% in urban areas and 21.9% for the country as a whole. The respective poverty ratios for the rural and urban areas were 41.8% and 25.7% and 37.2% for the country as a whole in 2004-05. It was 50.1% in rural areas, 31.8% in urban areas and 45.3% for the country as a whole in 1993-94. In 2011-12, India had 270 million persons below the Tendulkar Poverty Line as compared to 407 million in 2004-05, that is a reduction of 137 million persons over the seven year period.

**Percentage and Number of Poor Estimated by Tendulkar method,
using Mixed Reference Period (MRP)**

	Poverty Ratio (%)			Number of Poor (million)		
	<i>Rural</i>	<i>Urban</i>	<i>Total</i>	<i>Rural</i>	<i>Urban</i>	<i>Total</i>
1. 1993-94	50.1	31.8	45.3	328.6	74.5	403.7
2. 2004-05	41.8	25.7	37.2	326.3	80.8	407.1
3. 2011-12	25.7	13.7	21.9	216.5	52.8	269.3
Annual Average Decline: 1993-94 to 2004-05 (percentage points per annum)	0.75	0.55	0.74			
Annual Average Decline: 2004-05 to 2011-12 (percentage points per annum)	2.32	1.69	2.18			

Economic Implications of Urbanization on Urban Poverty

India has shown great improvements in the past few decades with respect to GDP growth rate of the country. India is on the edge of developing economy and in no time will soon be counted among the developed nations of the world. However, such achievements do not come alone; they also bring few challenges and problems which have to be dealt with. As per this paper, the problems like increasing income inequalities, massive need to increase the quality of public services, to address the increasing need for urbanization, to cater the poor living in the country side and fund crunch for fueling developmental activities that creates more pressure on government to go for debts etc. With all the developmental activities, there is an urgent need that the disadvantage and deprived sections of the community must be brought to the lime light.

With over 121 million people, India will have 41% percent of its population living in cities and towns by 2030 from the present level of 377 million and 31.15%. With India becoming increasingly globalized and urban, there is also an increase in the number of poor people living here. As per the latest NSSO survey reports there are over 52 million poor people living in the cities and towns of India. It is interesting to note that the ratio of urban poverty in some of the larger states is higher than that of rural poverty leading to the phenomenon of 'Urbanization of Poverty'. It is also seen that

out of 31.15% of the total urban population, the percentage of urban poor was 13.7% as estimated by Tendulkar committee which is 52.8 million in numbers, which cannot be ignored and has to be accounted for improvements. Therefore the main causes of urbanization are as follows:

- 1) **Industrialization**: For any country to grow it is very much necessary to go for industrialization, as it is an important tool of economic development because of which one enters into large scale trading activities. With this the process of urbanization also develops resulting in increase in urban population. Due to this migration takes place from rural to urban or urban to urban. Ample employment opportunities also create a thrust for learning which leads to urbanization.
- 2) **Better facilities**: Factors such as better educational facilities, better standard of living, good medicinal facilities, better sanitation facilities, banking facilities, communication facilities with proper infrastructure in urban areas also causes urbanization as people migrate to avail such facilities for themselves and for their children.
- 3) **Employment opportunities**: Since agricultural activities dominates in rural sector, there is hardly any other job opportunity due to which people searches for other jobs and they again make a move towards urban sectors.
- 4) **Modernization**: Better technologies are available in urban areas due to large scale industrialization and since they are highly costly so government brings such technologies in urban areas only which can be utilized by prominent and educated people only so that it can bear fruitful results which otherwise cannot be obtained in less developed and rural areas. Due to this transport and communication facilities also develops giving attraction to the outer world.
- 5) **Population**: As population increase is a natural phenomenon, many towns are being converted into cities and the size of urban centers as well as level of urbanization also increases.

These factors of urbanization also bring various problems in disguise. Major implication falls on the poor that live in urban areas. Some of the implications of urbanization on urban poverty are:

- 1) **Shrinking spaces**: Urbanization has lead to dearth of space accommodating the increasing urban population in a haphazard manner due to which overcrowding occurs. The Technical Group on the Estimation of Housing Shortage projected the total shortage of dwelling units in urban areas in 2012 to be 18.78 million units. The projected slum population in India was 94.98 million in 2012. As against this, the number of dwelling units sanctioned under JNNURM in 7 year Mission period was 1.6 million units. This big difference between supply and demand of affordable housing and population broadens the gap between urbanization and urban poverty.
- 2) **Over Population**: There is an increase in urban population not only because of its own population of the urban sector but also because of the whole lot of population migrating from rural areas as well as from other less urbanized areas which ultimately results in over population posing a threat to feed such huge population and tackling the problems like growth of slums, vices, drug trafficking, prostitution, beggary and robbery because of which urban poverty in India is becoming large and widespread as in 2011-12, 52.8 million people

out of an estimated urban population of 377.1 million people were below the poverty line. This process has meant increasing share of the urban poor in the total.

- 3) Increase in Crime rate: When Urbanization attracts people for its enhanced facilities, it also gives birth to lot of problems like increase in criminal activities as one has to feed himself and his family so he adopts wrong methods of earning money. More and more expectations results in outrage that it leads to increase in crime levels. Rate of cognizable crimes against women was 18% in 2010 in India as against 14.1% in 2000.
- 4) Homelessness: Homelessness is another disturbing feature of urban life affecting especially urban poor who migrate but couldn't afford housing and thus become homeless as the housing problem in the city is very acute. Many people who are unable to pay high rents remain shelter less or squatter on public property. In some other cases, people live in crowded dilapidated apartments. Some others, who are unable to pay for accommodation in the inner city area, are forced to travel long distance, which takes away most of their time and energy. Homelessness, therefore, is a crunching problem in many large cities of the world today.
- 5) Unemployment: Urbanization can lead to unemployment. People are drawn to urban areas in the false hope of a better standard of living, better healthcare and job opportunities. Very few people make their fortunes, and the rest must still find ways to eat and sleep while they wait for their chance. This leads to one of the most obvious implication of urbanization—the growth of crime and slums. Another reason why unemployed people are increasing in the urban areas is due to mechanization. The machines are replacing persons, and only a few persons, who can learn how to use these machines, are finding employment. The rest retrain unemployed. This is because of lack of education. The literacy rate estimated in 2011 was 88.76% for males in urban areas and 77.15% in rural areas, thus it could be said that still 19.11% out of the total male population is illiterate. In contrast to this, the proportion of literate female is only 64.64% of the total female population and illiteracy prevalent among female accounts to 35.36% which is quite high as compared to males.
- 6) Health effects: Due to industrialization, there are lot of diseases which are affecting the health of urban people like effluents from industrial wastes creating water pollution, the smoke creating air pollution and causing people to handle such diseases. Those with high income groups can fight against such diseases but the lower income groups lose their earned income in saving themselves, hence becoming poor. Most of the diseases are water borne diseases and the scenario to water supply as per 2011 census is 70.6 per cent of urban population is covered by individual connections, compared with 91 per cent in China, 86 per cent in South Africa and 80 per cent in Brazil. Duration of water supply in Indian cities ranges from 1 hour to 6 hours, compared with 24 hours in Brazil and China and 22 hours in Vietnam.
- 7) Commercial sex: Urbanization involuntarily leads to trafficking of women and children. Often, women and children are brought from poor rural areas to the economically more advanced urban areas, some abducted from their home villages and sold in large cities. Some women and children are even trafficked across the borders for prostitution and adoption. Recent studies also indicate that sexual exploitation in the towns/cities mostly occurs in venues not established for prostitution but rather in nightclubs, bars, beer halls and other entertainment venues. Poverty, lack of education and employment opportunities are some of

the primary reasons that young women are involved in prostitution. Widespread concerns about HIV/AIDS have increased the demand for younger girls.

- 8) Other Effects: Some of the other effects arising out of growth in urbanization on urban poverty are reduction in agricultural land, gambling, change in family structure, environmental effects, adoption of mechanical way of life, psychological effects like alcoholism, conflicts, cultural changes etc.

Government Schemes To Alleviate Urban Poverty

In order to reduce the problems associated with urban poverty, government has introduced various schemes which would help in reducing the poverty levels. Although many schemes are still in progress but the need was to come up with such methods and techniques that would immediately have an effect on such problems. Subsequent plans have steadily increased the allocation for urban development and urban poverty alleviation. Some of the schemes taken by the Government of India to reduce urban poverty are as follows:

- 1) Jawaharlal Nehru National Urban Renewal Mission (JNNURM)
- 2) National Urban Health Mission (NUHM)
- 3) Rajiv Awas Yojana
- 4) Swarna Jayanti Sahari Rozgaar Yojana (SJSRY)
- 5) Employment of Manual Scavengers and Construction of Dry Latrines (prohibition) Act 1993
- 6) Rajiv Rinn Yojana (RRY)
- 7) National Urban Livelihood Mission (NULM)

However, urban sector still suffers from lack of infrastructural facilities, low level of provision of implementation of facilities, inadequate availability of resources and lack of capacity at different levels of the government. India's urbanization success would depend largely on the amount allocated for investments for urban improvements under the Twelfth Plan period, with emphasis on measures to work upon the weaknesses in urban governance and management. In addition, a major focus is to reduce the urban poverty in order to manage the cities. The strategy for the Twelfth Five Year Plan would be to focus on strengthening the five enablers for urbanization—governance, planning, financing, capacity building and innovation.

Recommendations

Earlier the target was to develop the economy with all the new technology, better standard of living, and better infrastructural facilities without caring for the increase in population and growing poverty. But then there was concern to reduce poverty during four and five year plans and many poverty alleviation schemes were introduced in that light in which family welfare schemes were also launched to control the increasing population. Then in seventh plan urban poverty was recognized and various government agencies started working towards it. In order to reduce and alleviate urban poverty, various schemes as mentioned above were introduced. However, there is still lot to be done. Some of the recommendations are cited below:

- i. Firstly, there should be proper planning at the central level as well as at the state level for the smooth functioning of the proposed schemes for the urbanization and for the urban poverty.
- ii. Optimum allocation and its utilization for the development of urban areas.

- iii. Slums should be enlisted by the local bodies so that they should be provided basic facilities.
- iv. These should be given due recognition in planning process so that their problems could be identified at grassroots level.
- v. Basic livelihood facilities though introduced recently needs to be worked upon more carefully so as to cover more of the population.
- vi. Awareness programmes need to be introduced at a larger scale to educate each about the services so that their income gets invested in a more productive activities.
- vii. Suitable employment opportunities should be provided in order to make full use of the capacity and capability.
- viii. Government need to provide for better housing to remove the congestion from the places in order to make the place healthy and environmentally sound.
- ix. Government need to take severe steps to make our nation cent percent literate so that people's mindset broadens up which can help the economy to grow in every sphere of life.
- x. Medical facilities should be readily available at all levels and should be flexible enough to aid each and every single human being.

Conclusion

Urbanization is a natural consequence of economic development of a country. To make any country equipped with all the urban facilities and services, it is very much necessary for the government to come up with the policies and programmes through proper planning so that urbanization process speed up with simultaneous decline in urban poverty considering overall poverty as a whole. There is need to make such efforts come fully in action and achieve the targeted results so that one could make it possible for a country like India to become a developed economy. Urbanization and urban poverty is therefore one of the causing concerns to the modern man. It is witnessed that population and its impact is found to be more in urban than rural areas. Alarming growth of urbanization, use of vehicles, industrialization, adoption of modern culture and host of factors have been affecting the health of modern man. Hence, causes and consequences of urbanization, of late, should become a prime agenda for all the policymakers, voluntary organizations, government agencies to find out the ways to minimize and preventive measures to overcome the perils of urbanization. Therefore, it is the high and right time to initiate and bring our action into real actions to avoid and manage it at all levels; Government, Non-Government, Institutions and individual households.

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