

**Urban Poverty in South Asia:**  
*What do we know? What do we need to know?*

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## 1. Urban poverty in South Asia: Magnitude and trends

Much of the important research on poverty, in South Asia and elsewhere, focuses on the rural poor, because their numbers are so overwhelming. Policy makers have also focused on alleviating rural poverty, with good reason. However, with trends showing increasing urbanization in the Third World, researchers and policy makers are once more shifting their attention to the problems of urban poverty.<sup>1</sup>

In South Asia, the percentage of the population living in urban areas is increasing. In many countries urban poverty is declining much slower than rural poverty, giving rise to the possibility of absolute increases in the numbers of urban poor. In at least 3 countries in South Asia (Pakistan, India, Bangladesh), significant proportions of the urban population live in very large cities.<sup>2</sup> There are four mega-cities in the region (Mumbai, Calcutta, Karachi and Delhi).<sup>3</sup> This number is predicted to increase to eight by 2015, housing 133 million (one in 13) South Asians.

The rise of squatter settlements and slums in these large cities is a source of concern. Between 70-90 of every 100 new households established in urban areas during the second half of the 1980s were located in slums. Nearly half of Karachi's population (about 5 million people) lives in *Katchi Abadis* (slums) and squatter settlements. Nearly 3 million people in Calcutta live in *bustees* and refugee settlements and another 2.5 million live in similarly unserviced areas. Two-thirds of Mumbai's population belongs to the low income category; 57% of the population lives in slums (Haq and Haq, 1998).

While Nepal and Sri Lanka have no large urban agglomerations, Nepal has a rapid rate of urbanization, with little accompanying industrialization, fueling concerns that an urban underclass will emerge (World Bank 1991). The rate of increase in the urban population in Sri Lanka has been very low;

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<sup>1</sup> Recent work on urban poverty includes Vol 28 no 2 issue of the IDS Bulletin, which was the outcome of a seminar series organized by the Poverty Research Unit at the University of Sussex and IDS held in Autumn 1995, which this presentation draws heavily upon, special issues of *Environment and Urbanisation* Vol 7 Nos 1 and 2 1995, the *Journal of International Development* Vol 6 No 5, Gilbert (1994); Stren, 1994-5, and Mills and Pernia, 1994.

<sup>2</sup> 1/3 of Bangladesh's urban population resides in Dhaka, nearly 1/3 of Pakistan's in Karachi and Lahore, nearly 1/5 of India's in Mumbai, Calcutta, Delhi, Chennai, and Hyderabad.

<sup>3</sup> Cities housing over 8 million residents.

however it has its share of urban poverty related problems. Thus, there is sufficient reason to pay attention to urban poverty in South Asia.<sup>4</sup>

## 2. Dimensions of poverty, measurement and data

While defining poverty in a multi-dimensional way makes accurate measurement--and comparison--difficult, the multi-faceted nature of poverty appears particularly important in relation to urban areas. Even when segments of the urban populations are not income poor, they face deprivation in terms of sanitary living conditions, and their well-being is hampered by discrimination, social exclusion, and violence, insecurity of tenure, environmental conditions that threaten health, changes in the prices of basic goods, lack of social networks (de Haan, 1997). Much has been achieved in the attempt to rigorously measure and compare consumption poverty. LDC datasets need to include information on these aspects of deprivation as well. The surveys by the UNDP/UNCHS/WB Urban Management Programme which collect information on household labour, housing, infrastructure and household relations (assets of the urban poor) are a step in the right direction (See Moser, 1996).

The table below summarizes some salient features of urban poverty, and suggests areas for new research.

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<sup>4</sup> The lack of specific data on Maldives and Bhutan makes it difficult to estimate the magnitude of urban poverty in these countries, or its importance as a major poverty-related issue.

<b>Urban Poverty in South Asia</b>		
<b>Issues</b>	<b>What do we know?</b>	<b>What do we need to know?</b>
Magnitude of urban poverty and trends	<ul style="list-style-type: none"> <li>Urban population shares are increasing. The rate of urban (consumption) poverty decline is slower than rural poverty decline.</li> </ul>	<ul style="list-style-type: none"> <li>What are the trends in other dimensions of urban poverty?</li> </ul>
Housing and Shelter	<ul style="list-style-type: none"> <li>Sites and services type projects failed because of inefficient service-delivery organisations, did not reach the poor, were enclaves.</li> <li>Squatter upgrading or slum improvement programmes are better.</li> <li>Housing is an asset of the poor: they rent rooms, operate enterprises from home.</li> </ul>	<ul style="list-style-type: none"> <li>Is security of tenure the optimal intervention to use?</li> </ul>
Service provision/ Infrastructure	<ul style="list-style-type: none"> <li>Demand for water, sanitation or waste management will rise faster than incomes or population, economies of scale are few.</li> <li>Intense competition for scarce resources can lead to urban violence as in Karachi</li> <li>Orangi Pilot Project--a success in low-cost sanitation facilities?</li> </ul>	<ul style="list-style-type: none"> <li>How can local economies raise resource (taxes?) to finance service provision?</li> <li>How can urban administration be improved ?</li> <li>Evaluation of "success stories"</li> </ul>
Health	<ul style="list-style-type: none"> <li>Illness is one of the most debilitating shocks--the relative risk of a malnourished child in the slum coming from a household with an incapacitated earner was 2.5 times greater.</li> <li>Despite closer proximity to (govt). health care, urban poor are often denied access.</li> <li>Seasonality affects urban malnutrition in the same way as rural malnutrition (perhaps because of commodity flows,</li> </ul>	

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	urban incomes and prices)	
Growth and poverty	<ul style="list-style-type: none"> <li>Urban poverty in India has benefitted from rural growth, but urban growth had adverse distributional effects within urban areas which militated against the gains to the urban poor. (Decomposition results)</li> </ul>	<ul style="list-style-type: none"> <li>What were the underlying causes of this phenomenon?</li> <li>Might it be applicable to countries other than India?</li> </ul>
Effects of Adjustment	<ul style="list-style-type: none"> <li>Lower real wages for all</li> <li>Male temporary migration</li> <li>Proportion of women working and hours worked rose, despite young children</li> <li>Eating habits changed--poorer nutrition</li> <li>Women more involved in community services--NGOs to replace declining public services</li> <li>Decreased fertility</li> <li>Increased domestic violence and teenage crime</li> <li>Children suffered impaired education, loss of parental care</li> </ul> <p>(Guayaquil, Ecuador, 1978-88, WDR90)</p>	
Formal and Informal Labour Markets and Linkages	<ul style="list-style-type: none"> <li>The poor typically do not find work in the formal labour market</li> <li>Urban labour markets are segmented</li> <li>Has expanded in S. Asia "casualisation of work"</li> <li>Formal sector growth may lead to increase in informal sector labour market, with sub-contracting.</li> <li>Poverty assessments (Nepal, Sri Lanka, Pakistan) typically find that the incidence of poverty is highest in (urban) households where the head of the household is a casually employed wage worker</li> </ul>	<ul style="list-style-type: none"> <li>What are the welfare implications of the expansion of the informal sector for the poor?</li> <li>More rigorous empirical work on the determination of occupational status, not just from a labour supply perspective but from the perspective of labour demand--perhaps by expanding existing models that include tradeables and nontradeables (Horton, Kanbur and Mazumdar)</li> </ul>
Gender	<ul style="list-style-type: none"> <li>Gender differences within the</li> </ul>	<ul style="list-style-type: none"> <li>Welfare impacts on females</li> </ul>

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	<p>incidence of poverty in urban areas far more intense in rural areas</p> <ul style="list-style-type: none"> <li>• Female labour force participation may be the single most important urban survival strategy (Noponen, 1991)</li> <li>• Evidence from Sri Lanka where returns to education are higher for females than males, and secondary female enrolment is higher than male indicate that the gender wage gap persists because of gender earnings differentials among the illiterate or those with little education. (Gunewardena, 1996).</li> <li>• Nutritional deficiency/incidence of poverty more prevalent among widows, separated people and female headed households with dependent children</li> <li>• Hidden female heads (nesting)</li> </ul>	<p>of their “poverty alleviation roles”</p>
Child Labour	<ul style="list-style-type: none"> <li>• 100 million in India, 19 million in Pakistan, 15 million in Bangladesh.</li> <li>• Pakistan’s child labour: contributes to 36.6% of household income for households earning less than Rs. 500 to 9.8% for households with income of Rs. 6000 and above (Myron Weiner and Omar Noman, quoted in Waseem).</li> <li>• Median age of children entering the Pakistani workforce is now seven. Children make up 90% of Pakistan’s carpet industry’s workforce (UNICEF estimates)</li> </ul>	<ul style="list-style-type: none"> <li>• What is the relationship between poverty and child labour?</li> <li>• What institutional interventions can prevent its occurrence?</li> </ul>

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	<ul style="list-style-type: none"> <li>• Child prostitution: survey of six urban centre by the Central Social Welfare Board in 1991, 15% of sex-workers were children at the time of entry, 71% of the prostitutes were illiterate and 44% cited poverty as their reason for entering prostitution.</li> </ul>	
Migration	<ul style="list-style-type: none"> <li>• Rural-urban migrants are better off after moving (Calcutta pavement-dwellers, WDR90)</li> <li>• The gains are greater for the better educated</li> <li>• The poorest are less likely to migrate</li> <li>• Rural-urban population shifts in India had no impact on poverty (decomposition results)</li> </ul>	<ul style="list-style-type: none"> <li>• What is the impact of migration on the (native) urban poor?</li> </ul>
Violence and Crime	<ul style="list-style-type: none"> <li>• Violence and crime--reduces capabilities directly, and thereby impoverishes.</li> <li>• It also has an indirect effect on poverty by "limiting the development of enterprises, community activity and 'social capital'" (Moser and Holland, 1995).</li> </ul>	<ul style="list-style-type: none"> <li>• What are the complexities of the relationship between violence and poverty?</li> </ul>

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Table 1: Urbanization and Urban Poverty in South Asia

Country	Urban Population <sup>a</sup>		Average Annual Growth rate of Urban Population <sup>a</sup>	Population in Urban Agglomerations of more than 1 million <sup>a</sup>				Percentage of Population in Poverty (1990) <sup>b</sup>	
	1980	1995		(1)	(2)	(3)	(4)	Urban	Rural
Bangladesh	11	18	5.6	46	47	5	9	56	51
India	23	27	3.1	25	35	6	10	38	49
Nepal	7	14	7.8	0	0	0	0	19	43
Pakistan	28	35	4.6	39	53	11	18	20	31
Sri Lanka	22	22	1.6	0	0	0	0	15	36

(1) As a percentage of the urban population 1980

(2) As a percentage of the urban population 1995

(3) As a percentage of the total population 1980

(4) As a percentage of the total population 1995

Sources: <sup>a</sup> World Development Report, 1997; <sup>b</sup> Human Development Report 1996