

Economic and social dimensions of urban development

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Abstract

Human face to development with human resource development approach carries the prospect of unleashing the potential that lies within all people, allowing people to contribute and indeed transform the development strategy into a sustainable one. This will be more relevant in the context of human capital based modern thinking on development and more specifically in urban development. It is important to note that the contribution of urban sector to GDP is currently expected to be in the range of 50-60 per cent. In this context, enhancing the productivity of urban areas is now main focus of the urban development policy. National economic growth and poverty reduction efforts will be increasingly determined by the productivity of these cities and towns. This in turn depends on attaining efficiency and equity in planning coordination, delivery and financing of urban infrastructure and services. Migration of labour, formation of slums, welfare of the low income group, poverty have to find due focus in the development policy.

Keywords: Urbanization; Urban poverty; rural poverty; social face; social exclusion

1. Introduction

Urbanization has been conceived as one of the requirement and result of economic development. It is believed that most of the present day developed countries developed by industrialization and resulting urbanization. In this context, in most of the developing countries it is understood that development means urbanization. However, urbanization along with growth is a world trend in the recent years. It is clear from the fact that in 1970, 37.0 per cent of the world's population lived in cities, which increased to 45.0 per cent in 1995 and now the proportion is more than 50.0 per cent. Urban populations are growing rapidly and are clear from the fact that it is 2.5 per cent a year in Latin America and the Caribbean, 3.3 per cent in Northern Africa, 4.0 per cent for Asia and the Pacific and 5.0 per cent in Africa. Natural population growth is the main reason attributed for such rapid urbanization. However, it is realised that the rural-urban migration is also the major factor influencing urbanization.

At present more than 286 million that is 28.0 per cent of the Indian population are living in cities. According to one estimate, India will have 41.0 per cent (575 million) of its people living in cities by 2030. Delhi (94%) and Goa (53%), Tamil Nadu (48%) are the most urbanized states while states like Himachal Pradesh (10%), Bihar (13%), Assam (13%) and Orissa (15%) are the least urbanized states.

Central growth theory believed that centers which generate growth will create demand for labour force and attract people from backward regions (Rural) results in increasing urban population. This in fact leads to many problems on the other side like slums, increasing density of population, urban poverty, labour scarcity in rural areas and so on.

Migration

Migration results form the regional imbalance in the growth style and affects both rural area and urban area if it occurs beyond a level. Change in the occupational style in the rural area, change in the agriculture with new technology along with education and awareness of the people on growth process

causes rural-urban migration. Further, migration brings changes in the investment and working on the investment activities both in rural and urban area.

Migration with in the country is diverse, complex and constantly changing, and is seen in the form of rural to urban, urban to rural, urban to urban, and rural to rural. There is much diversity across regions in terms of the age and level of education of migrants and in their social-economic background. A key determinant of migration is the income differential between rural and urban regions (Gilbert and Gugler 1992) ^[6]. However, migration itself creates income differences and results in urban poverty and inequality.

It is found that migrants in cities are economically better off and are placed at higher economic stratum than the natives of cities on poverty indices. Rural migrants into urban areas have been found to have a lower probability of being poor than the local population, therefore making urbanization an important prong in the poverty reduction strategy.

Issues relating to urban poverty

Poverty is defined variously and is a stupendous task due the complexities involved in it. Reviewing definition on poverty one can see that there are two approaches, which are complimentary to each other. Economists go by a monetary approach defining poverty is a situation of low income, which is not enough to have minimum standard of life. They use income or consumption complemented by a range of other social indicators such as life expectancy, infant mortality, nutrition, the proportion of the household budget spent on food, literacy, school enrolment rates, access to health clinics or drinking water, to identify people below poverty line. On the other hand, social planers use social differential factors as main criteria to measure poverty. They emphasis more on qualitative dimensions such as independence, security, self-respect, identity, close and non-exploitative social relationships, decision-making freedom and legal and political rights while defining poverty. Debates on poverty recently, show increased

interest to include more subjective definitions such as vulnerability, entitlement and social exclusion.

Few theorists argued that poverty stems from structural inequality so that wealth will not automatically trickle down to the poor. It is necessary to safeguard the rights of the poor, redistribute wealth where necessary, and empower poor people to engage fully in development processes.

Many studies on urban poverty tried to identify the characteristic of urban poverty, if any different from that of rural poverty. Nature and complexities of poverty may be little different between rural and urban, again decided by the socio-economic complexity of the given region. There are opinions that rural and urban poverty are interrelated and there is a need to consider both urban and rural poverty together for they have many structural causes in common, e.g. socially constructed constraints to opportunities like caste, class, gender and macroeconomic policies. But eradicating poverty is necessary for the group as such and for others as well.

It is also believed that the variables and institutions that influence poverty in urban areas are different from those found in rural areas. (PRSP-1999). Urban people face high costs for transport, education, housing, food, health and childcare and hence, the overall cost of living is high. Against this, it is also argued that the urban poor have a 'hidden income,' in so far as they have access to services, including sanitation, drainage and garbage removal, schools, health and child care (Satterthwaite 1997) [17]. A significant difference between urban and rural people lies in the ability of the latter to reduce their costs. More over, urban poor have been affected by the negative impacts of economic reform, particularly the increases in prices resulting from the elimination of subsidies and variations in such other macro economic variables.

Urban households tend to diversify their sources of income to reduce the risks and adapt to changing circumstances. Assets, incomes and standards of living of urban households are not constant but alter according to the time of year, the household life cycle and consumer prices. The social network of urban poor also differs from the social networks of family and kinship in rural areas. "Vulnerable groups tried to increase their security within the urban system by entering into dependency relations with social superiors or by creating neighborhoods and social groups paralleling rural collectivities (Beall 2000) [2]."

Satterthwaite (1997) [17] identifies social, economic and political structures in urban areas that are linked to social, economic and political change at the regional, national and international levels and also to the way in which people respond to the complex processes causing impoverishment. It is not possible to place a monetary value on personal, social and household deprivations. Poverty analysis needs to focus on the assessment of the relationship between the threats and opportunities experienced by individuals and households and the community's assets and entitlements (Rakodi 1998) [16].

Another important point is that disaggregation of rural and urban poverty can mask the significance of rural-urban linkages (Satterthwaite 2000). There may be differences between rural and urban poverty but there are vital linkages between them. Therefore it is essential to develop a regional understanding of poverty in order to reduce poverty.

Approaches to measure poverty

Different approaches to measure poverty have been attempted and there has been substantive discussion and debate on the

determinants of poverty. Traditionally, it was argued that economic growth leads to poverty reduction, as it increases per-capita real income levels and thereby increases incomes of the poor. This is referred to as the "trickle down" effect of growth, which simply implies a vertical flow of income from the rich to the poor at a given rate (Kakwani and Pernia, 2000) [13]. In this process, the benefits of economic growth are enjoyed first by the rich, and subsequently by the poor.

It is also realised that growth may possibly be associated with increases in poverty levels, at least in the short run. This is best explained by simple arithmetic of poverty, inequality, and growth (Bourguignon, 2004) [3].

Recently, there has been a significant shift in focus in the poverty literature away from the 'trickle down' concept of growth towards the idea of 'pro-poor' growth (Kakwani and Pernia, 2000) [13]. They define pro-poor growth as "growth that enables the poor to actively participate in, and significantly benefit from, economic activity". The outcome of such a growth process will be that no person in society is deprived of the basic minimum needs.

In India, the National Sample Survey (NSS) of consumption expenditure has been instrumental in providing us with an estimation of head count ratio. The Report of the Task Force on Projections of Minimum Needs and Effective Consumption Demands (Government of India, 1979) [10] looked into the age, sex and activity specific nutritional requirements and arrived at a per capita norm of 2400 calorie for rural and 2100 calorie for urban and based on this a monthly per capita expenditure (MPCE) of Rs.49.09 in rural and Rs.56.64 in urban was identified as the poverty line for 1973-74. This was updated to accommodate price changes over time. The Report of the Expert Group on Estimation of Proportion and Number of Poor (Government of India, 1993) [11] proposed the use of independent poverty lines for each state and updating them by looking into the state specific changes in prices. This formed the basis for official estimates of poverty provided by the Planning Commission till recently.

Some of the criticism of this approach is that the updated prices may not represent the calories norm that they were initially pegged to, that the calorie norms should change because of demographic shifts in age and sex and change in occupational patterns, that basic requirements like health, education, sanitation and housing are not included in the calculation of poverty line, that a reference period of 30 days may not be appropriate for low frequency items of consumption expenditure among others. These have been partly addressed in the Report of the Expert Group to Review the Methodology for Estimation of Poverty (Government of India, 2009) leading to a new set of poverty estimates for the year 2004-05 that have now been accepted by the Planning Commission.

Urban poverty in India- Structure and extent

Poverty in India has been largely a rural phenomenon with almost more than three-fourth of poor located in rural areas. Moreover, the relative share of rural areas in poor population has been higher than their population share. However, the recent trends in poverty indicate that this may no longer be the case with rural areas accounting for as much as their population shares. Along with increasing urbanization of population, this is primarily due to differential rate of decline in poverty in rural and urban areas with rural areas showing faster decline in poverty than urban areas.

In India, urban poverty as the proportion of total poverty increased from around 15.0 per cent in the early 1960s to near 25.0 per cent in the mid 1990s (Haddad *et al.*, 1999) ^[12]. According to NSSO survey report though the urban poor (the report which defines urban poor as anyone living on less than 20 rupees a day) accounted for 25.7 per cent of the country's total urban population in 2004-05 compared with 49.01 per cent in 1973-74, in absolute numbers it grew from 60 million to 81 million during the period. The report also finds that the rate of overall decline in poverty slowed from 0.82 percentage points per year from 1973-74 to 1983-84, to 0.61 percentage points from 1993-94 to 2004-05.

As per the 66th Round NSS (2009-10) data, the all-India Head Count Ratio has declined by 7.3 percentage points from 37.2 per cent in 2004-05 to 29.8 per cent in 2009-10, with rural poverty declining by 8.0 percentage points from 41.8 per cent to 33.8 per cent and urban poverty declining by 4.8 percentage points from 25.7 per cent to 20.9 per cent.

In 2015, it is estimated that rural poverty ratio is 25.70 and that of urban is 13.70. More than these ratios what one should notice is absolute number of people below poverty income in urban area is increasing and overall poverty ratio in India is slightly increasing in India in the recent years.

Causes and consequences

Urban poverty, unlike rural poverty, imposes considerable negative externalities on the society and economy. As the report points out, the urban poverty poses the problems of housing and shelter, water, sanitation, health, education, social security, and livelihoods along with special needs of vulnerable groups like women, children and aged people. Over-crowded slums, without access to these basic civic amenities and social welfare nets, and with constant uncertainty associated with evictions and loss of livelihoods imposes considerable drags on the productivity and opportunities available to its residents besides constraining economic growth. It also fuels social evils like drugs and crime. The "lower levels of informal or traditional support structures in urban locations for most poor households, the excessive monetization in urban areas as opposed to rural areas" magnifies the extent of these problems. Urbanization has been considered as an index of development but in case of developing countries like India, urbanization is not the outcome of merely the growth potential generated by urban settlements. It has been largely due to people work relationship in rural areas, in which land is the essential medium and which is so critically balanced that even small addition to population is pushing people out of agriculture to non-agricultural occupations.

Measures to eradicate poverty

We can identify three mechanisms through which economic growth leads to poverty reduction. First, there is 'income effect' of growth, where the average income of the poor increases with growth. Second, economic growth leads to employment creation, which yields incomes for the poor to sustain their private consumption. Third, rapid growth has multiplier effects, which raise the returns to income –earning assets of the poor and sustain their consumption. (T.N Srinivasan 2000) ^[19]

Social exclusion

Analysing poverty and vulnerability considering income and asset base may not sufficient to capture the wider structural

factors that impact upon poverty. These factors include the norms and processes that prevent certain groups from equally and effectively participating in the social, economic, cultural and political life of societies, which collectively lead to social exclusion (Narayan 1999) ^[15]. These norms and processes may be derived from social, cultural, and political dynamics. Exclusion from society seriously affects capabilities to manage and utilize assets. It is said as "the rupture of a social bond – which is cultural and moral – between the individual and society. National solidarity implies political right and duties. The poor, unemployed and ethnic minorities are defined as outsiders (de Haan 1999: 4) ^[4]."

The relative importance of social exclusion will vary according to context. People are usually excluded in some areas and included in others. Exclusion can represent deprivation in itself, as for instance in the case when exclusion from relationships with others impoverishes a person's life. It can also be instrumental in creating the conditions that lead to other aspects of poverty, for example a person who is excluded from credit may find themselves falling deeper into income poverty. 'The real importance of social exclusion lies in emphasizing the role of relational features in the deprivation of capability and thus in the experience of poverty' (Sen 2000) ^[18]. In this view, poverty cannot be seen in isolation from the norms and expectations of society as a whole.

The processes of exclusion may be seen in two forms: *active exclusion*, in which particular groups are explicitly, denied full rights of citizenship, and *passive exclusion* caused by structural or indirect factors, such as institutional weaknesses and economic decline. Approaches to poverty grounded in the concept of social exclusion will differ from other approaches in their increased emphasis on society and societal processes. (De Haan 1999) ^[4].

The World Development Report (2000) ^[20] argues that economic growth can lead to rising consumption amongst the poorest, but only when appropriate public policies and institutional arrangements are in place. Therefore, development strategies need to incorporate the positive impacts of education and health, appropriate economic policies and strong, uncorrupted institutions as well as accounting for the negative impacts of natural disasters and complex emergencies, macroeconomic volatility, poor reforms, distribution inequality and environmental degradation (WDR 2000).

Research results available suggest that labour intensive programmes and investment strategies are appropriate to provide both economic growth and poverty reduction, at the same time developing human capital. This approach can ensure that the productive potential of the poor is realised in the course of the growth process and thus can help to remove poverty reduction from the vagaries of trickle-down processes (Amis 1999) ^[1]. Sustained economic growth needs a skilled and healthy workforce that is economically and productively flexible. Therefore, human development is the key to both poverty reduction and economic growth.

Loughhead *et al.* (2000) ^[14] suggest that "a sustainable approach to poverty reduction requires a combination of social development and social protection measures to ensure that the improving poor continue to improve; the coping poor graduate out of their precarious state, and the declining poor have an opportunity to reverse their condition".

Social face of urban development

The core of democratic based institutions in India has been built around an important aspect of human nature - the feeling of self worth. Over the last 60 years, it has come to symbolize an enduring relationship between the poor and the rich, forged through a socially relevant approach known as people participation. An amazingly large number of formal and non-formal bodies have partnered with government institutions in this unique process of socio-economic engineering. In this regard, local bodies both in rural and urban areas, NGOs of several types along with other agencies experimenting, networking various programmes for the development. However, for sustainable development, what is important in this is the human face in development. Along with building capital, physical infrastructure, enhancing human capital should be the priority and in the context of urban development, it becomes more. In the sense, as we grow we become more slaves to the physical comforts and become weak in our physiological, behavioral constitutions as a result fail to manage or attend problems faced either at individual or societal level. Therefore, in the context of urban development social capital building becomes equally important for long run sustainable development.

Although poverty could be claimed to be of nationwide concern, in urban centers the problem is more complex and acute. In terms of absolute numbers, the poor easily predominate over the middle classes and professionals. The condition is continuously deteriorating both in terms of an increase in new slum areas and in terms of an increase in the population density of existing slums.

Due to the pressure of competitive development, urban life is becoming more tensed. From the social angle irrespective of poor, rich, middle class, or professional class urban life is becoming more complex. Therefore, a social sustainable approach for urban development with more human and social face has to be devised. In such a design of urban development model, social participation, social institution building, expression of social responsibility would become more significant. Urban poverty alleviation, improving the standard of living of backward communities in urban areas, health services, education and training, community interactions would become priority in this model. More specifically, the activities related to the following sectors would be more significant and hope that Smart City Programme would consider these aspects.

- **Educational reforms**
 - Institutional net work, Appropriate courses
 - Soft skill training programmes at all levels
- **Health programmes**
 - Women and child health care, Yoga and other traditional medical therapy, Sports and youth related programmes
- **Networking NGOs and other civil society organizations in the social tasks**
 - Care taking of backward community
 - Care taking of disabled/orphans, Beggar free city
 - Recreational forum

With these agenda social face to urban development can think of encouraging people participation through various strategies to form task force groups.

Savings and credit groups appeal particularly to women who see the multiple benefits. Savings schemes help communities to work together, provide members with crisis loans quickly and easily, and help accumulate funds for housing and/or income generation investments. Most critically, the savings groups manage savings and credit efficiently, and find that this collective management builds trust within each group, increasing their capacity to work together on other initiatives. Exchanges between communities create opportunities to share knowledge, skills and experiences. Frequent exchanges within cities, between cities and between groups in different countries ensure that ideas and proposals come from the poor themselves and that solutions are not dominated by professional theories and approaches.

Urban poor funds have been set up in some countries. These funds are capitalized with external funding from governments and international agencies; in many cases they include community savings. The funds allow external support to be directed, used and managed by the federations.

Community surveys and maps create the information base needed for action, and help to instigate vital partnerships with government, particularly as large-scale programmes are not possible without local government support. The activities strengthen savings groups and help create new ones as residents are curious about the data collection process.

Conclusion

In India, urbanization is emerging as merely a process of transfer of rural poverty to urban environment, which only results in concentration of misery. This has resulted in the manufacturing of most of the urban settlements leading to emergence of number of imbalances and problems. Thus, most of these settlements suffer from improper and haphazard development, absence of basic infrastructure and services, uncontrolled and unchecked growth of slums, lack of housing high degree of visual and environmental degradation and uncontrolled traffic. The cumulative effect of these factors is the degradation and uncontrolled traffic. The cumulative effect of these factors is the degradation of quality of life in urban settlements and huge amount of subsidies is required to maintain them. These factors are more evident in case of larger cities especially metros and super metros.

Urban areas have not received much attention in terms of the planning, development and management despite the fact that cities and economic development are inextricably linked. Because of high productivity of urban areas, economic development activities get located in cities. Accordingly, it is desirable that human settlements are provided with necessary planning and development inputs so that the orderly growth and development is ensured. This would also be necessary for ensuring efficient functioning of human settlements for improving their productivity and for providing desirable quality of life to its residents in order to cater to their both economic and physical and metaphysical needs. The urban development strategy for any state thus assumes importance of not only its economic emancipation but also its physical well being.

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