1 Introduction

The aim of this article is to highlight the major causes of urban poverty in India. This will be based primarily upon a literature survey. The second half of the article will explore the possible policy responses to the problems of urban poverty that are identified. An important aspect of the article is to try to go beyond the usual parameters of 'urban poverty alleviation'. These have characteristically been dichotomised between an engineering and environmental approach focusing on service delivery and a social development perspective focusing on empowerment and small scale enterprise (Amis1995b).

This dichotomy, it will be suggested, is insufficient as it misses the historically most important mechanism through which urban poverty has been reduced; namely the overall processes of social and economic development. It will be suggested, therefore, that more effort both in policy and research is needed to outline the mechanisms and conditions through which overall economic and social change in the urban sphere is transmitted into overall reductions in the incidence of urban poverty. In particular the paper will explore what these levers might be at the municipal level in India.

2 Indian Urban Poverty: Labour Markets, Gender and Shocks

This section provides a review of the literature on Indian urban poverty. In the late 1980s, as a result of the National Commission of Urbanization, there was a substantial amount of work produced by the National Institute of Urban Affairs (NIUA) on urban issues in India. This included a working group on urban poverty. The first NIUA study highlights the inability of the formal wage sector to absorb the expanding labour force, the expansion of the informal sector and the increase in casual employment. The latter, it is suggested, is the main cause of urban poverty (NIUA 1988: 15).

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1 The original idea came from the 'poverty' group at a workshop in April 1996 that discussed the ODAS Urban Development research programme.

2 This section is the result of a desk study commissioned by ODA in 1992 entitled 'Understanding urban poverty in India'. It is an edited and updated version of an earlier publication (see Amis, 1994b).
There is a considerable body of research that has focused on the composition and accuracy of both urban and rural poverty lines (see for example Chambers, 1988; Minhas et al. 1991; Harriss et al. 1992; or almost any edition of the Indian journal *Economic and Political Weekly*). Furthermore, there is a complex debate about the impact of liberalisation and overall trends in poverty — urban and rural — in India (Sen 1996). It is beyond the scope of this study to review this debate; nevertheless a few points are worth making. First there are substantial variations depending upon the method and source used. Table 1 (adapted from the NCU Working Group on Urban Poverty) gives some idea of the potential variations.

The working group on urban poverty argued that the above estimates, which are all based upon nutritional requirements, i.e. average calorie intake of a household, are ‘inadequate’ (NCU, Urban Poverty, 1988: 4). The reasons given are firstly that such a definition is unidimensional and miss the crucial importance of neighbourhood and environmental considerations. Secondly the report argues that the overall picture is very sensitive to how the poverty line is constructed and that ‘it is enough to warn against the sense of complacency which might be induced as a result of adjustments at the margin of the poverty line which compromises a large proportion of the population’. (NCU, Urban Poverty 1988: 9). In addition it is too soon to make any definitive statement about the impact of liberalisation upon poverty.

In explaining urban poverty, work on the nature of the urban labour market is illuminating. This work explains urban poverty in terms of the characteristics of the urban labour market (Harriss 1986; Harriss 1989; Harriss, Kannan and Rodgers 1990). Firstly the Indian urban labour market is characterised by very high levels of heterogeneity and stratification. Furthermore, the labour market appears to have very distinct compartments, and urban vulnerability is a function of the compartment in which a household's main income earner is situated. Thus ‘the livelihoods of some groups of workers are “vulnerable” and due to the forces which “compartmentalise the labour market” some groups may be, as it were be, “condemned” to being vulnerable’ (Harriss 1986: 1).

This analysis has been extended by a more detailed

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1 In December 1996 the Planning Commission adopted a new method of calculating the official poverty line, effectively accepting the method proposed by the Lakdawala Commission. The result was that those below the poverty line (India, urban and rural) in 1993–94 jumped from 19 per cent to 39 per cent, effectively wiping out the apparent improvement since 1983. To most commentators this has more to do with the change of government than any new insights (*Business World* 11–24 December 1996).
study of the Coimbatore labour market. The labour market categories used emphasised vulnerability, which was operationalised in terms of protection and regularity in wage labour and availability of capital amongst the self employed (Harriss, Kannan and Rodgers, 1990: 107). The categories were: protected regular waged work; unprotected regular waged work; unprotected irregular waged work; independent waged work; capital owning self employment; and marginal self employment. The study confirms that the urban labour market was characterised by high levels of segmentation and stratification. These segments were dominated by 'the principle of particularism' in which access to job and training were determined to a very high degree by caste and neighbourhood. The study confirmed that there was relatively little mobility between the sectors.

Table 2 shows the relationship between urban labour market status and the household incidence of poverty. Two indicators of poverty were used; the first based on incomes, while the second was a composite index. The latter was based on household consumption and assets. These included house size; availability of water and electricity; expenditure on festivals; frequency of eating meat, eggs or fish, and rice; and visits to the cinema.

While only approximately 4 per cent or 10 per cent of the PR Households are below the 'poverty line' it climbs to approximately 53 per cent (income) and 25 per cent (composite) for unprotected irregular workers. A regression analysis was done to explain the poverty identified by the two indicators used. 'The results showed that labour status is the single most important factor for explaining poverty, basically through the difference between protected and unprotected wage work and within the latter between regular and irregular workers.' (Harriss et al., 1990:113)

The importance of casualisation as the main and increasing source of urban poverty has been widely acknowledged (Harris, 1989; Sen 1996). Recent NSS data shows an increase in casual urban employment; thus for men as a composition of total employment the casual category has increased from 14.6 per cent in 1987-88 to 19.4 per cent in 1992, whilst the figures for women are 25.4 per cent to 28.7 per cent respectively (Sen 1996).

This labour market analysis convincingly identifies the macro level causes and trends in urban poverty. However, in order to understand the dynamics at work we must review the literature that specifically considers the household, gender and survival strategies. The role of women is critical for two reasons. Firstly, they are substantially overrepresented amongst the poorest (women and children account for 73 per cent of those below the poverty line (NIUA,1989a: 23-34)*. Indeed, the gender differences within the incidence of poverty in urban areas are more intense then those in rural areas (Sen

*Recent anecdotal evidence from work in India suggests very strongly that the elderly are also a particularly vulnerable group in urban areas. This includes individuals both without but also within households.
1996). Secondly, increased female labour force participation, albeit from a low base by international comparison, is the single most important urban survival strategy.

Women are significantly over-represented in any definition of poverty. Thus it is common in India for women to be paid approximately half the male wage for the same employment (Bardan 1990: 212). Secondly on any definition women are increasingly vulnerable on account of their lack of assets (NIUA 1989b: 12). Thirdly as the women disproportionately work in the casual sectors of the labour market, their problems are thus reinforced by the problems of labour market segmentation mentioned above. Thus ‘an extremely important feature of the low income households is that the activities in which females are engaged are essentially low paying requiring low skills, and are extensions of domestic work.’ (NIUA 1989b: 27).

There is a substantial amount of literature which shows that female labour force participation is higher amongst low income households and that it is an important element of household survival strategies (NIUA, 1989b: 24; Bapat et al. 1989; Harriss et al, 1990; Bardhan 1989; Noponen 1991). The importance of women's income earning potential is confirmed in a recent longitudinal study of the survival strategies of the urban poor in Madras (Noponen 1991). In particular the importance of female headed households as a distinct poverty group is emphasised. The study is concerned with responses to stress or shock events. The most frequent event was ritual celebrations; the most expensive event was marriage and dowry; the most devastating event was the loss of a major income earner. However the event with the greatest impact on the households in terms of frequency and magnitude was illness of a major income earner. However the event with the greatest impact on the households was illness of a major income earner. The dominant responses were to increase female employment and/or for them to take a second job. The overwhelming non labour response, especially over time, was indebtedness; 'taking loans from a variety of sources was dominant adjustment pattern over the study period for 80 per cent of the households'. Within this pattern money lenders were the most common source of emergency credit (Noponen 1991: 251).

The critical importance of illness as a shock which causes households to fall into acute poverty/malnutrition is confirmed by Pryer's work in Khulna in Bangladesh (Pryer 1989). The costs of illness were carried by decreasing assets and indebtedness. Thus 'in the slum as a whole, the relative risk of a severely malnourished child coming from a household with an incapacitated earner was two and a half times greater than from households without an incapacitated earner' (Pryer 1989: 56).

Seasonality is an important dimension of urban poverty and vulnerability. Thus 'nutritional status varies seasonally in the slum in a fashion like that of rural Bangladesh...Urban malnutrition dances to the same tune as does rural malnutrition possibly because of the climate but also because agricultural seasons affect commodity flows, the type of work done in the urban economy and urban income flows which in turn trace seasonal malnutrition.' (Harriss et al. 1990: 2794). The importance of seasonality was also confirmed by recent study on the Cuttack labour market (Harris, Rosser and Kumar 1993).

Finally, there are new insights from a longitudinal study of Poona. This confirmed the importance of female labour force participation, labour market segmentation, and the overall vulnerability depending upon events/shocks. However, the study showed a significant relationship between the physical environment and health indicators even when controlling for income and maternal education. The conclusion was that higher income households were unable to ‘isolate’ their children from their overall environment. ‘We conclude that the increase in income that these households can achieve cannot offset the effect of living in a deleterious physical environment’ (Bapat, Crook and Malaker 1989: 37).

In summary, this brief review has highlighted the

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6This was confirmed by preliminary work carried out in September 1996 by DAG, University of Birmingham, as part of an ODA-funded Impact Assessment Study of the ODAs Slum Improvement Projects. Women’s unequal pay was confirmed in both formal and casual labour markets.

7This relationship between ill health as the major shock which causes households to fall into indebtedness and then increasing levels of poverty is clearly confirmed by ODAs Urban Poverty Profile of Cochin (1994).
following. Firstly the problems — indeed arbitrariness — with a formal poverty line approach in defining levels of poverty. Secondly, the importance of labour market characteristics and the process of casualisation in explaining the incidence of poverty. Thirdly, the fact that women and children are over-represented amongst the urban poor. Fourthly, household exposure to shocks is the single most important factor that explains the incidence of poverty; the most common route is that of ill health leading to indebtedness leading to loss of assets leading to further impoverishment. Finally, we noted that the urban environment is an independent cause of health; even when the poor become better-off they cannot escape from the effects of bad urban environment.

3 Policy Implications

3.1 Urban poverty: are there lessons from debates about poverty and policy in general

Having identified the main components of urban poverty in India we will now consider possible strategies of urban poverty alleviation. A criticism of urban and rural poverty alleviation strategies is that they have stayed within a narrow sectoral focus. These alleviation programmes, being targeted at poverty, have resulted in a literature which evaluates them to the exclusion of considering the medium to long run processes that will reduce poverty. The latter are necessary for a sustainable approach to poverty alleviation (Mohan and Thottan 1992).

There has been a surprising lack of interaction between this literature and the more general literature that relates poverty to the general process of economic development. The aim of this section is to bridge this gap. Conventional macroeconomic debates about poverty focus on its relationship to economic growth. This often takes the form of questioning the relationship between incomes — or GNP per capita — and other welfare objectives. This is not the place to consider this debate, but suffice to note that considerable variation exists. Thus Sri Lanka and the Indian State of Kerala have infant mortality rates and life expectancy rates that are higher or the same as substantially richer (GNP terms) countries like Brazil or South Africa. Furthermore, there is substantial variation within India in welfare indicators between states with similar levels of income and poverty. Thus a girl born in Kerala can expect to live 20 years longer than one born in Uttar Pradesh (Drèze and Sen 1997).

However we must not ignore GNP per capita and economic growth because, as Amartya Sen has argued, ‘a high level of GNP provides an opportunity for improving nutrition and other basic capabilities [poverty], but that opportunity may or may not be seized.’ (Drèze and Sen 1989: 181). Indeed a recent study of the changes (decline) in poverty (urban and rural) in India from the 1950s emphasises the importance of economic growth as the most important determinate of the decline in poverty levels (Ravallion and Datt 1996). It is worth stating that this relationship, dependant as we shall see upon the nature of municipal finance, can also apply at the urban economic level.

Drèze and Sen distinguish between ‘growth mediated security’ and ‘support led security’. The former relies upon promoting economic growth and taking the best advantage of the extra resources, both in terms of private incomes and providing a basis for public support. The latter approach directly attacks the problem through public programmes such as employment provision, income redistribution, health care, education and social. However they also note that there are important complementarities in the two strategies; in particular the assistance to growth which the support led strategy affords. Furthermore, they note that both strategies have been successful in reducing poverty in countries as diverse as Hong Kong, Singapore, South Korea (‘growth mediated security’), China, Jamaica, Chile and Costa Rica (‘support led security’) (Drèze and Sen, 1989: 183–203).

However they also note the similarities in the two strategies; namely the critical importance of public provisioning for primary health care and basic education. Furthermore, if economic growth is to improve living conditions it must be of a

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* It is also worth noting that the general literature on Indian poverty routinely ignores urban poverty as an issue for further investigation and inquiry (see for example Drèze and Sen 1995; 1997; Ravallion and Datt 1996).
participatory form which provides remunerative employment on a wide scale. This itself is also critically dependent upon the forms of public provisioning mentioned above (Drèze and Sen 1989: 268-270). This is consistent with the World Bank's 1990 World Development Report which emphasised the importance of labour-intensive growth and primary education and health for both boys and girls in successful poverty alleviation (World Bank 1990). There is indeed an increasing consensus around the importance of the latter. In many respects these interventions are necessary to 'make trickledown work'. A recently published study on the experience of Bogotá in Colombia in the 1970s makes similar observations at a Metropolitan level (Mohan 1994).

What does this literature tell us about urban poverty alleviation? There are many links. Firstly, the literature emphasised the critical importance of the labour market in the incidence of urban poverty. The position in the labour market and the subsequent remuneration are to a very large extent determined by education and training. Secondly, the importance of ill health as a 'shock' that pushes households into poverty was also noted. Thirdly, in many cases the delivery of primary health and education is a municipal responsibility. Finally, the analysis presented here is sympathetic to the argument of Jane Jacobs that cities are the natural and most important unit of economic development rather than nations which are political rather than economic units (Jacobs 1984).

3.2 Urban poverty alleviation at the municipal level

In what follows we shall consider the potential of urban poverty alleviation at the municipal or city-wide level. The intention here is not to deny the importance of initiatives and policies at a national or macro level but rather to explore what are the options that might be open at a municipal level.* What then are the levers to alleviate urban poverty at the municipal level? This is the issue taken up by Wegelin and Borgman in an important paper summarising UNCHS/UNDP/World Bank Urban Management Programme (UMP) research. They stress the importance of the municipal level in terms of improving the regulatory framework; access to municipal services; employment creation; protection from crime and natural disasters and overall co-ordination and integration. This article is an implicit criticism of the inappropriateness of present interventions which focus either upon environmental improvements or small-scale enterprise. (Wegelin and Borgman 1995).

An environmental focus, while important, is too narrow and insufficient, while small scale employment schemes will never seriously address the labour market issues (Harriss 1989; Copestake 1992). Recent work has also seriously questioned the effectiveness of the Nehru Rozgar Yojana Scheme (urban self employment scheme) in New Delhi on the grounds of its limited impact given the already saturated markets (Kruse 1997). Indeed it is possible to suggest that defining the urban poverty problem in terms of their ability or inability to gain self employment or employment in small scale industry is tantamount to 'blaming the victim'. Thus one of the main reasons behind the moderate decline in urban poverty levels has been the nature and subsequent inability of India's industrialisation process to absorb labour* (Ravallion and Datt 1996).

The role intended for the municipality can be collapsed into three main aims. Firstly, encouraging and setting the environment in the widest sense to facilitate economic growth (and capital accumulation). Secondly, providing appropriate public services (health and education). Thirdly, improving the local environment. Wegelin and Borgman, however, make a critical caveat about the importance of decentralisation and the availability of local finance for the municipality to fulfil these intended roles (Wegelin and Borgman 1995). This analysis is general at the level of intentions and suggestions for municipalities. The result is that the political processes behind these policies are not considered. In what follows we shall try and locate these ideas in the Indian context. What are the necessary conditions for successful attempts to alleviate poverty at the local level?

* One practical policy reason for focusing at this citywide or municipal level is that bilateral assistance is often only able to work realistically at this level.

* India's little known policy of industrial location and decentralisation, effectively not allowing large scale industry in urban areas, is perhaps relevant here.
Indian urban municipalities have been greatly improved by the 74th Amendment to the Indian Constitution passed in 1992 which, at least in theory, substantially increased decentralisation and strengthened the importance of municipalities as local institutions. It should be noted, however, that these reforms are basically directives from the centre (union level), and are not compulsorily to be implemented at the state level. However this reform is the first that has sought to strengthen urban institution directly and thus address the core problem of institutional weakness rather than bypass (and weaken) them, as have previous reforms which have set up boards for service delivery or urged NGOs to deliver instead (Jha 1995; Mathur 1996). It is still to early to assess the impact of this reform, given the short time period and the fact that it is being implemented differentially in the 20 states of India.

However, there are two structural dynamics which are likely to weaken the fiscal base of urban governance. The first concerns the nature of urban growth and service provision while the second concerns the politics and processes of government expenditure during periods of restructuring and/or austerity.

All urban governments have a tendency to be caught in a scissors between an increased demand for services and an inability to meet them; the result being an almost endemic tendency towards urban fiscal weakness. The demands for urban services are income elastic; they increase rapidly as incomes, population and expectations rise. Demand for water, sanitation or waste management will probably increase faster than the rise in incomes and populations. The problem, however, is that, with few exceptions, urban services have very small, if any, economies of scale in their delivery. For example, the provision of education, health and solid waste are very labour intensive with very few economies to be achieved through their large scale delivery. These two trends result in a tendency towards an almost endemic problem with the finances of local and/or municipal government.

The second problem concerns the allocation of resources to urban infrastructure during periods of austerity or during the implementation of a structural adjustment programme. Within the Indian context the process of liberalisation since the early 1990s amounts to a similar process. During periods of liberalisation and austerity governments are pressed to switch resources from non productive and non revenue earning sectors towards those which are productive and earn foreign exchange and revenue. Social services like education and health and urban infrastructure provision fall into the latter category. Furthermore, capital expenditure in infrastructure is capital intensive, lumpy and usually a net user of foreign exchange. In addition the capital investment in these sectors are often easily postponed. These sectors are likely to be prime targets for budget cuts during an adjustment process. The result is that during periods of adjustment, social services and urban infrastructure are often disproportionately cut. There is clear evidence of this from across a range of countries, including India (Moser et al. 1993).

The result of these two processes is an almost inevitable tendency for urban government to face financial and resource constraints. Recent evidence in India confirms this. Thus plan allocations and per capital expenditure on the urban sphere, despite the increased importance of the sector, have in fact ‘declined significantly in the 90s as compared to previous decades’ (Kundu 1995: 11). Overall the urban sector, combined with housing, receives only 2 per cent of total plan investment (1991–1992 Annual and Eighth Plan 1992–1997). This trend is even more noticeable in the case of medium sized urban areas in India. Thus there is no government programme of investment or incentives for any urban settlement between 500,000 and 4 million (Chakravorty 1996).

These urban centres would be considered important centres of economic activity in almost any other urban system than India. Small and medium towns in India suffer from the absence of an effective political lobby; individual towns can benefit from patronage but there is no lobby for small and medium towns as such. The result is that they get squeezed between the very powerful agriculture and industry lobbies located in the rural areas and megacities respectively. The latter have received their own investment policy while there are some initiatives for centres under 500,000 inhabitants (Chakravorty 1996).
However the financial weakness of urban institutions is not an inevitability. It depends critically upon the quality of urban management. Recent cross country research for the World Bank and ODA strongly emphasises the importance of municipalities having access to a buoyant source of tax revenue. It is access to these sources that matter, whether through own taxes or allocations by an agreed formula from the centre. A buoyant source of revenue will increase naturally as an urban centres population, expectations and prices increase (Davey et al. 1996). Thus it allows municipalities to cope with the apparent ‘problem’ of urban growth by having the resources to provide relevant services as cities grow. In this we are in absolute agreement with the UNCHS Global Report 1996 in emphasising the positive aspects of urbanisation. Thus the question is how to respond to urban growth rather than trying to limit it (UNCHS 1996). Within India this analysis leads to a support for Octroi on account of its buoyancy, despite its feudal tax farming overtones.

Unfortunately the experience of small and medium towns has often highlighted the first case where support is gained through giving away the tax base. This has been noted in towns in Haryana and in Gujarat. However examples of the positive impact of political coalitions have also been noted in Kollegal in Karnataka and Anand and Jetpur in Gujarat. The process, enshrined in the APMC (Agricultural Produce Marketing Committees), of taking the fees and licenses from agricultural and food markets is internationally very unusual. In many countries as diverse as Ghana and the Philippines revenues from agricultural markets are the most important source of local revenue. Furthermore the present system seems to isolate the interest of urban administration from that of their rural hinterland. This disjunction, ‘cities are rich; but municipal governments [and finance] are poor’ has also been noted for large urban centres (Mathur 1996).

Successful local municipal management can facilitate local economic development. This would require a new role for the municipality in ‘enabling’ as well as in the provision of services. Indeed it has been argued that one of the major impediments to successful urban development is that urban management has consistently focused its interventions by seeing the city as a centre of consumption rather than considering cities productive role (Harriss 1996). Thus urban administrators should see the development of their local economies and the processes of enhanced capital accumulation as one of their main goals. This process – for large urban centres – has been greatly exacerbated by processes of globalisation. Cities must perforce be engaged in attempts to reorganise their economies rather than simply master plan (H Harriss et al. 1996a).

This is not the place to debate the role of the state in India. However, a few points are worth highlighting. Amartya Sen in a recent essay noted that

Four decades of allegedly “interventionist” planning did little to make the country more literate, provide a wide-based health service, achieve comprehensive land reforms or end the rampant social inequalities that blight the
material prospects of the underprivileged. Second, while successive Indian governments have been only minimally active in social development, they have been superactive in tying the economy up in knots of bureaucracy, control and regulations – the so-called “licence raj”. The power of government policy had been unleashed not on behalf of goals such as providing a schooling for every villager [and slum dweller]... but in interference aimed at restricting people's initiatives.

(Sen 1996: 28–29)

The government in India is both intervening too much in some sectors (tradeables) but often not enough in others (non tradeables). Furthermore, India has perhaps been more characteristic of direct poverty initiatives, like IRDP, than most countries, yet has ignored – despite a very powerful rhetoric – the provision of basis needs. Thus Indian government expenditure on health and education at 2 per cent each of central government spending is exceptionally low, especially when compared to countries at similar economic levels (compare with Indonesia's 3 per cent and 10 per cent; Sri Lanka 5 per cent and 10 per cent; Kenya 5 per cent and 19 per cent or the Philippines 4 per cent and 15 per cent of central government expenditure on health and education respectively (UNICEF 1996: 90–91)).

In the urban context the contrast between the very dynamic and important private sector activity and weak and ineffective municipal institutions is striking. Medium and small towns in India are characterised by weak and constrained urban administrations, poor infrastructure and service delivery and inadequate budget allocations. This situation exists in cities with substantial populations (e.g. more than 250,000) which are, in fact, areas of substantial economic activity.

It is clear that under the twin processes of liberalisation and the 74th Amendment Indian Municipalities must take on new roles. These could be characterised as a shift from a 'self sufficiency model' to a 'market model'; the latter implying a much greater enabling role primarily with respect to the private sector, the community and NGOs (Jha 1995). In theory this new role will involve working with these agencies in partnership to deliver inter alia increased infrastructure provision and community based schemes.

The provision of infrastructure and the availability of finance is an acknowledged weakness in urban India (NIUA/FIRE 1995). What is not so widely accepted is the idea that this lack of infrastructure provision is hindering private sector (industrial and other) development. Research by the World Bank in other countries and cities (Lagos, Bangkok and Jakarta) has clearly shown the costs to manufacturing industry of inadequate infrastructure (World Bank 1992 and cited in Harriss, 1996). These extra costs are caused by input failures (e.g. power) but also by the necessity of having to have back up facilities – generators – on the site. The poorer the public infrastructure the more the private sector itself has to carry these costs. Furthermore infrastructural problems have been found to place a significant constraint upon private sector activity in the urban area of India (see Harriss et al. 1993 for a discussion of this [in Cuttack] in small and medium-sized towns11). The provision of infrastructure is a very important role for the municipality, whether as a direct provider, in partnership with the private sector or via financial instruments (USAID is encouraging the use of Bonds in its FIRE project) or as a lobbyist to other governmental agencies.

The maintenance of 'law and order' and a safe urban environment is another important governmental function. The impact of violence on the urban poor in terms of limiting the development of enterprises, community activity and 'social capital' has been documented recently (Moser and Holland 1995). The latter is the inter household and intra community linkages and reciprocity which draw upon social resources. The extent to which communities can be considered an asset depends on their 'stocks' of social capital, identified as the networks, norms and trust that facilitate co-ordination and co-operation for mutual benefit (Putnam in Moser and Holland 1995). These are the reciprocal exchanges that exist between individuals and households (or social economy, as it is sometimes called) which allow 'local citizens to work together in identifying

11 This is one of the main findings of recent ongoing (1997) research on medium and small towns in India by TCPO, New Delhi, SP Ahmedabad and RCUES, Hyderabad.
and acting on local problems or in taking local initiatives' (UNCHS 1996, 419). These are very important in India: for example SEWA in Ahmedabad or SPARC in Bombay. What is critical is that the local authority sets the tone and environment for these initiatives to take place.

Research has clearly shown that security or the absence of intimidation and violence is critical in allowing such initiatives to flourish. Work in Jamaica makes it clear that this endemic violence totally undermines any local initiatives but also any chance of local economic growth (Moser and Holland 1995). It is worth thinking about the extent to which communal violence, crime and protection racket type patronage in some urban areas in India may have similar outcomes (see Das (ed.) 1990 for descriptions of riots and communal violence in South Asia). The conclusion is that the local authority has an overall responsibility to facilitate and indirectly to support individual, household and community 'survival strategies' for the urban poor. Finally we should note the critical importance of intermediate organisations in a situation where the state cannot provide, in providing some security from the economic shocks mentioned earlier.

In a similar vein it is important that the municipality, apart from working with the private sector, also sets the local 'regime' for business and financial behaviour. This is important in public finance. Thus the local authority should be seen as a financially sound and viable institution rather than, as is often the case, one of the main agents of financial irresponsibility. The municipality should encouraging virtuous circles of financial responsibility, working with the private sector, other agencies and NGOS.

As a counter to these perhaps more enigmatic roles for municipalities it is again worth underlining the importance of the provision of education and health to overall economic development, particularly when women are incorporated. The effective delivery of these services has very powerful synergies for overall economic development. They are important regardless of whether or not a 'growth mediated security' and 'support led security' strategy is adopted (Dreze and Sen 1989). Increased education, especially of girls, has been shown to be one of the most effective ways of tackling gender inequality (Dreze and Sen 1996). Similarly increased resources in health – especially in the public sector – begin to address one of the main causes of urban poverty; namely the negative impact of health-related shocks.

Before concluding this article it is important to underline that we are not arguing here against an environmental approach to the problems of urban poverty. The continuing work on the environmental aspects of urban poverty and the role of local or municipal government in its alleviation still remains a very important task (UNCHS 1996). In addition, as we have seen, environmental problems remain to a large extent independent of income. Furthermore, as I have argued in the case of India, it has been at least as effective as the small scale employment objective and is an appropriate sector for foreign assistance (Amis 1995b). Neither do I have any illusion about the current state of municipalities; they are in many cases extremely weak. They are not responsible or capable of reforming India's industrialisation strategy. Nevertheless there is a case to be made to widen urban projects' economic objectives from an implicit welfarist employment objective towards a more explicit focus upon local economic development. This is consistent with the 74th Amendment and with the idea of sustainable cities.

4 Conclusion

Successful urban poverty alleviation requires the following: strong municipal institutions; to create and maintain the environment for private capital accumulation (infrastructure and regulation); including social capital; sufficient resources and the political will to invest efficiently and effectively in primary education and health for all income groups to allow the majority to participate in this process; and finally the provision of basic environmental services water, sanitation and solid waste to directly improve health.

This is predicated, it seems, upon access to a buoyant source of revenue and to the reforms that underpin this; a taxation system that rewards the municipality for economic growth; a local political-growth coalition; and, finally, a commitment to work with the grain of other agents, most notably the private sector and NGOs.
It is interesting to note that the majority of the causes of urban poverty discussed in Section 2 are addressed here. Conventional urban poverty alleviation in the form of area upgrading schemes only address the environmental issue and employment creation projects (the encouragement of small-scale enterprises) only marginally address the growth agenda.

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