

The Multidimensions of Urban Poverty in India

Background Note

There is a clear consensus in social sciences today to acknowledge the weaknesses of unidimensional criteria to measure and define poverty (either through monetary or nutritional basis). Yet the move from a unidimensional approach to a multidimensional one raises a number of challenging questions. From a methodological point of view, the research that have attempted to construct one-dimensional summary indicator of multidimensional poverty that could be used in empirical studies have illustrated the difficulty of the exercise. For this reason, many researchers have chosen to abstain from constructing such a summary indicator and have proposed to use truly multi-dimensional criteria in which poverty needs to be examined in every dimension. Yet, the simultaneous consideration of several dimensions leads to new methodological issues. The most important of these is the issue of the possible correlation between the various dimensions. Hence any plausible multidimensional poverty indicator or criterion must explicitly account for the extent of correlation between the various dimensions of poverty.

From an analytical point of view, it has been quite a challenge to explore the relationships and causal links between diverse dimensions of poverty as well as its principal determinants. In addition, the attempts to better qualify and characterize poverty, as well as the attention given to the inequality in access to social and physical infrastructure and to the individual vulnerability towards crises have been proved to be quite difficult.

The conference on « *The multidimensions of urban poverty* » proposes to look at these questions in the precise case of urban poverty in India. The demographic weight of India in the world is such that the extent of urban poverty in India has a considerable impact on the world urban poverty. It is therefore quite important to get a better understanding and picture of urban poverty in India in the beginning of the new millenium. Another reason that justifies our interest for India in the context of multidimensional poverty is the great quality of Indian statistical data which enables reliable empirical analysis of the phenomenon both at the micro and the macro level. A third reason for focusing on India concerns the well-known poverty-trend controversy that has surrounded the period which has followed the liberalization of the Indian economy initiated in the beginning of the nineties. While there has been a consensus on the fact that liberalization has led to a reduction of income poverty, the picture is not so clear if one considers other non-pecuniary dimensions (such as health, education, crime and access to infrastructure). Moreover, there is still a vigorous debate about the impact of the liberalization experience on the level of relative income inequalities. Yet, a very small fraction of the research conducted on this topic has focused on urban poverty as such.

Nevertheless, there are various grounds on which it can be argued that urban poverty presents specific features that need to be better understood. With the spectacular economic growth that India is experimenting, it is likely that a significant fraction of the rural population will continue to migrate toward cities. With investments in physical and social infrastructure not keeping pace with the increasing rates of urbanization, the situation in terms of access to public goods and services is not expected to improve. Analogously, difficulties in access to credit and housing (a scarce resource in urban area) are likely to reinforce income inequalities in cities. The imperfections of real estate and housing markets result in an increase of unhygienic and unsafe houses, most often illegal and without any legal tenure status. As a result, slums shelter more than 40 million people. This reinforces therefore the need to carry out research of the diverse form of urban poverty.