

INDIA NEEDS POLICY INTERVENTION TO UPLIFT ITS URBAN POOR

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State support is needed to lend their lives some stability and save them from the edge of abject poverty

Slum residents have been hit hard by the pandemic, arguably harder than people in similar circumstances in rural areas. Having exhausted their savings, piled on debt at ever-higher interest rates, and mortgaged or sold their meagre assets, slum families are finding it hard to cope.

In the 20 Patna slums we have been following for four months, more than 80% of the residents lost their income sources in April. By June, only 33% of their pre-pandemic income had been recovered. By mid-October, this share had not moved above 42%. At the other end of the country, in 20 Bengaluru slums, the condition of residents was not very different.

Recovery will be neither swift nor automatic. Slum residents' longstanding condition needs to be addressed more effectively so that every crisis does not become a one-way ticket to persistent poverty.

Lacking policy support of the kind provided in the West during its urbanization, slum residents' lives in India have been full of precariousness and volatility. They have disposable livelihoods, as they typically make a living when well-off city residents need their services. But at times when richer city residents cut back on expenses—limiting Uber and auto-rickshaw rides, eating out less often, avoiding malls, etc—and when they furlough their maids and chauffeurs, as they did during the country's lockdown, slum dwellers' incomes fall steeply.

Policy support is needed to address two aspects of slum dwellers' lives that add volatility to their circumstances—rampant informality and lack of better opportunities. Both aspects need to be addressed progressively.

Multiple informalities: Informality of different kinds fill the lives of slum residents with risk and uncertainty. Only a tiny share of slum residents have formal jobs with written contracts. Most are liable to lose their jobs in an instant, as they did at the start of the pandemic. More than 70% have homes without titles, and 40% lack identity papers needed to access entitlements. Being liable to losing one's job without prior notice or seeing one's home demolished, with no access to official assistance or political support (because you don't exist on paper), makes their lives enormously volatile and vulnerable.

Hardly any slum resident has made consistent economic progress over the 10 years of our study. The most frequent examples involve households that started moving up economically (as for instance, when a son or daughter picked up a job after completing high school, or rarely, college), only to come tumbling down a few years later when the father lost his job precipitately or the mother became seriously ill and her treatment was expensive.

The pandemic pushed many slum families into persistent poverty. As recently as mid- to late-September, residents from 35 out of 40 settlements continued to cut back on food or other essentials, while residents from 30 settlements needed to borrow money to meet essential needs.

Policy interventions that help reduce the ill effects of informality are necessary. The Western experience holds a lesson. Recovery and resilience are much harder if there are dark clouds on slum residents' horizons because of rampant informality.

Few good jobs: In addition, it is necessary to raise slum residents' prospects for good jobs and upward mobility. The West had an advantage in this regard. When cities there grew most rapidly, assembly-line manufacturing was on the rise; as the unionized urban labour force grew, the supply of good jobs increased.

A different dynamic is in play now. As the urban labour forces grows, regular factory jobs are not growing alongside; there is a huge deficit. As automation progresses, and each new car requires fewer labour inputs, the growth of good jobs will become even slower, forcing people into the informal sector and the gig economy. These trends need to be countered by engendering various opportunities.

The need for policies: Three kinds of policies are necessary. Progressively reducing the worst effects of informality is essential, first, for reducing risks and stabilizing livelihoods. Notably, in contrast with the 6% who have formal jobs (with state insurance, provident fund, or gratuity benefits) in Patna and Bengaluru slums, 75% of US employees received government insurance through work in 1934, soon after the country had become majority urban.

The conditions of employment must progressively be made more secure, with workplace protection, old-age support, and health care benefits. Similarly, the process of slum notification needs to be expedited, so the threat of demolition passes, even if individual titles are not given immediately. These measures will help anchor a more solid and stable lower-middle class, rather than leaving people teetering precariously.

Second, interventions are required in education and skills training, and to make entrepreneurship more rewarding. Such efforts are being made on a small scale by social mobility promoting organizations, including Prerana in Bengaluru, Udaan Foundation in Mumbai, and CSRL in various cities. Third, since stories of the worst-off in slums almost invariably involve families ruined by high medical expenses, affordable and reliable health care is necessary, which the government seems to be pursuing, albeit haltingly, through Ayushman Bharat. Harlan Downs-Tepper and Sujeet Kumar contributed to the article.

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