Poverty and Inequality in Urban India: A Case of Poor Governance

Alok Srivastava [1]

Abstract

In developing economies, poverty and inequality are closely interlinked. In India, poverty continues to take in to grasp a large section of its population. Going by different estimates, the population below poverty line is estimated to be more than half of the population of India. On an average, 25 percent of the population live in slums in India. Good governance is key to address poverty and inequality. The paper uses the data of two rounds of CMS-India Corruption Study (CMS-ICS 2012 &2008) based on the slum dwellers' perception and experience of corruption in public services across nine cities of India to bring out the point that unavailability or inaccessibility of public services for poor people is a major cause for their continuing in poverty. Further, the paper highlights some basic but critical challenges in making e-governance initiatives reach the poor population. The paper concludes with workable measures to improve the governance towards reducing inequality and poverty.

Key words: Poverty, Inequality, Corruption, e-Governance

I. Background

In developing economies, Poverty and Inequality are two inter-changeable terminologies. It is almost like-what came first- hen or egg. In India, poverty continues to take in to grasp a large section of its population. Going by different estimates made from time to time in recent past by various committees (Tendulkar, Arjun Sengupta, NC

Table: Poverty Headcount Ratio in India		
Poverty Trend	**Estimate**	
	2011	**2010**
Live less than $1.25 a day	23.6% (288.4million)	32.7% (400 million)
Live less than $2 a day	59.2% (723.4 million)	68.7% (841 million)
Live less than $2.5 a day	73.8% (900.7 million)	81.1% (992 million)
Live less than $4 a day	91.2% (1,114.2 million)	93.7% (1,148 million)
Live less than $5 a day	99.6% (1,158.1 million)	96.3% (1,179 million)
Source: India- New Global Poverty Estimates, World Bank		

Saxena) it goes as high as more than half of the population of India. The World Bank's estimates are more disturbing (Table 1). Sticking to the official figure released by the erstwhile Planning Commission of India in 2012, the population below poverty line has come down by 7.4 percentage points to 29.8%. It was 37.2 % in 2004-05. In Indian context, with more

[1]*Director- CMS Social, CMS Social in Centre for Media Studies (CMS), an independent multi-disciplinary, Monitoring and Evaluation organisation, Delhi. E-mail ID: alok@cmsindia.org*

than 1.2 billion population, in absolute number, the population residing below poverty line is mind-boggling and more than the population of many countries in the world. By official estimate, around 360 million are residing below poverty line. One can imagine the population residing below poverty line if we go by the estimation made by these committees.

No doubt, India has made tremendous strides in its economic and social development in the past two decades and is poised to realize even faster growth in the years to come. However, with 17 percent of the world's people, India accounts for less than 2 percent of global GDP and 1 percent of world trade.

It therefore becomes pertinent to understand and connect Poverty and Inequalitywith the aspect of 'extent of reach' of public services to the poor and vulnerable population, particularly residing in slums. For poor population, government support is like a lifeline. Government run public services support the destitute and poor in overcoming poverty and ensure that the prevailing inequality gap gets reduced. Therefore, absence or inaccessibility of the government measures has larger impact on the poor than other sections of a society. The question that arises is, 'Can we attribute existence of poverty or inequality in the society, to inaccessible governance?'

II. Initiatives for Governance and Accountability

In Indian context, efforts have been made to bring down poverty and narrow the inequality by improving the 'Reach' of Good Governance measures. India is a multi-cultural, ethnic and lingual country. Though we feel proud of our diversity but at the same time diversity is a challenge as well to ensure the reach of government measures to the remotest part of the country and to the poorest of the poor. One of the measures towards better governance has been constitutional amendments to give more administrative and financial powers to local governments. Initiatives like Right to Information; Right to Public Services; Right to Employment; Central Vigilance Commission (CVC), Comptroller and Auditor General (CAG) office and Ombudsman Bill (Lokpal Bill) are some prominent measures taken towards improving access to information, strengthen accountability, and reduce political interference in delivery of public services in an efficient and effective manner. Providing Unique Identification Number to each citizen of India is another ongoing measure towards reducing diversion of benefits from real beneficiaries.

Right to Public Services Act has been enacted or notified by most of the states/provinces; 20 out of 29 states in India. This entails service delivery in a time-bound manner and accountability of the service provider in case of delay. Another landmark act is the Right to Information Act 2005, which provides all citizens greater access to public documents than was earlier

possible, an effort to improve governance and public administration and eliminate corruption and unfair practices from public services. In between, as a measure towards bringing accountability at higher bureaucracy level, Results Framework Documents (RFDs) were developed towards the 'Performance Monitoring and Evaluation System for Government Departments'. Also noticeable is pro-active roles of CVC and CAG in corruption investigations, which have increased significantly not only at national level but in many states; and several states have appointed Ombudsman to look in to the complaints of corruption. Towards addressing the issue of unemployment and thereby poverty in rural India, the Right to Employment Act, popularly known as Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has been enacted to provide 100 days of employment to each willing family in rural India.

However, the bigger question is that do these measures ensure that common citizens do not suffer from poverty and inequality. One aspect which could be clearly attributed as a reason for both, poverty and inequality, is corruption in governance. According to Pavarala (1996) and Shleifer & Vishny (1993), corruption is a major hindrance to governance, development and a threat to democratization. It leads to increase in poverty level as well as inequality among population.

In recent years, India has witnessed a transformation of the country's economic structure, from a predominantly agrarian economy to a manufacturing and services sector-oriented economy. The share of urban population to total population has grown from 17.3 per cent in 1951 to 31.16 per cent in 2011 (Census 2011). Varying projections place urban population at about 590 million-600 million in 2030 (Planning Commission, 2011).The number of metropolitan cities with a population of one million and above has increased from 35 in 2001 to 50 in 2011. On average, 25 per cent of the population in many Indian cities lives in slums.

A continuous increase in India's urban population and the concomitant growth of the population residing in slums has resulted in over-straining of infrastructure. It has outpaced Indian government's ability to provide basic public services such as Water, Sanitation, Housing and Public health. Government of India is making huge capital investments in urban infrastructure and has initiated several policies and programmes such as Atal Mission for Rejuvenation and Urban Transformation (AMRUT)with the aim of providing basic civic amenities like water supply, sewerage, urban transport, parks as to improve the quality of life for all especially the poor and the disadvantaged. The focus of the Mission is on infrastructure creation that has a direct link to provision of better services to the citizens. While a few policies have specifically targeted the urban poor, these have been neither sufficient nor effective in bringing significant difference to

the lives of poor. A supply-side approach alone cannot solve infrastructure problems. Public sector agencies need to become more responsive to specific needs. The challenge is to focus on reforming governance for service delivery. One of the main problems slum dwellers encounter when accessing public services is corruption.

The paper, from the citizens' perspective argues that poor governance issues, such as unavailability and inaccessibility of services adds to the menace of Poverty and Inequality among marginalized community. To substantiate the point, the linkage between poverty, inequality and governance is discussed based on the findings of two rounds (2008 and 2012) of India Corruption Study undertaken by CMS . The India Corruption Study (hereinafter referred as CMS- ICS), pioneered by CMS is based on a unique model, known as CMS-PEE Model, where PEE stands for Perception (P), Experience(E) and Estimation of Bribe Paid (E), based on Peoples' interaction with Public Services of India. This method of CMS to capture the magnitude of corruption in public services has played an important role in bringing to the notice of policy makers, civil society groups and citizens, the quantum of corruption and need for action to curb corruption in public services and make citizenry aware to raise voice against such fraudulent practices and to foster effective public service delivery by the service agencies.

Corruption is pervasive in public services and has deprived citizens, especially the poor and most vulnerable, of their rights and entitlements frequently and across the country. There is widespread concern in India about the scale, spread and consequences of corruption. However, the daunting nature of the problem has generated a feeling of helplessness and apathy in the public mind, resulting in cynicism, fatalism or in arguments that rationalize corruption.

Corruption in administration has a direct bearing on the delivery of services, particularly basic and essential ones and reach of benefits to people they are meant for. Lack of access to secure tenure as well as basic services such as drinking water supply, sanitation, roads and drains, solid waste disposal and electricity constitutes the main problem for the urban poor and this problem is exacerbated by lack of access to other administrative services which often provide the basis of entitlement to core services including tenure and livelihoods. The sheer volume of people living in slums causes them to be obvious targets for politicians wanting to increase their percentage of the vote. Slum inhabitants are often promised all kinds of support and improvements in return for political allegiance, but their trust is regularly abused.

(i) CMS- ICS Methodology:

CMS-ICS 2012 focused on slums and basic public services usually availed by the residents of slums. For the sample household level survey across the country, CMS identified nine cities, which are geographically well spread across India and have high concentration of slums dwellers in the country. The cities covered have population around one million or more (Census 2011).

Corruption in the basic and essential public services worst affect the poor since they cannot pay bribes in order to obtain the benefits to which they are

City	Slum Households	
	2012	2008
Ahmedabad	300	267
Bangalore	297	251
Bhubaneswar	274	287
Chennai	299	199
Delhi	299	223
Goa	168	116
Hyderabad	300	255
Kolkata	295	285
Mumbai	301	273
Nine-cites Combined	**2533**	**2156**

Table: CMS-ICS Sample Distribution-by City

Source: CMS-India Corruption Study (2012;2008)

otherwise legitimately entitled for. The study covered seven public services namely, Drinking Water, Electricity, Public Distribution System (PDS), Public Health Care, Housing, Police and Municipal Services.

Further to study the trend in prevalence of corruption in public services and people's perception and experience about corruption in their respective cities, the findings of this round of India Corruption Study (2012) is compared with the earlier round conducted in 2007-08, which had urban slum population in the sample.

III. High Dependency on Public Services

The public services could be broadly categorized in to two- basic and need-based. The basic ones include those, where households' interaction[2] with the public service/providers is more regular during a year. These include PDS, health/hospital, water supply, electricity and municipal services. While the need-based services such as police and housing, the interaction is not on a very regular or a recurring basis. This has to be looked in context of the reference period, which is 12 months prior to the surveys conducted during each round of CMS- India Corruption Study.

Among the surveyed households in different rounds of ICS, the interaction with public services varies from one service to another.In public services such as PDS for subsidized food items (PDS), health/hospital services and electricity, more than half of the households have interacted with these services, primarily due to nature of the services provided and

[2]Interaction with a public service includes, visit by a member of the household to the public service facility or interaction with a service provider of the concerned public service.

demand of the households. While in need-based services, the percentage of households interacting with the public services classified under it, the interaction is comparatively low and is around 25 percent, as observed in case of housing and police services.In short, the difference depends upon how frequently the households are required to interact with a particular public service.

The average (and also the median) number of public services utilized by the respondents was three (out of six public services selected for the study). About two thirds of the 2533 participants (67%) interacted with at least three public services in the last 12 months, which clearly indicate the high dependence of slum dwellers on public services.

On comparison with CMS-ICS 2008 round, at city level, the trend looks similar except for some exceptions. No definite reason could be traced for either very low or very high level of interaction in a particular public service at city level as compared to the other round. However, overall the difference is marginal or not significant, thus indicating continued dependency on public services among slum dwellers.

IV. Are Governance measures reaching to the Poor?

High level of interaction with a public service does not necessarily mean positive perception about the service. Rather it could be necessity of the household to avail or approach for the public service. More than half of the slum dwellers (51%)have the 'Perception' that corruption in general has 'Increased' in public services in the last 12 months while around 29% opined that corruption in public services continues to 'remain the same' (CMS-ICS, 2012); the corresponding figures were- 38% and 19% respectively in CMS-ICS 2008. This indicates that even though measures towards improving governance has been taken by the central and state/province governments but actually it has remained out of bound or inaccessible to the poor.

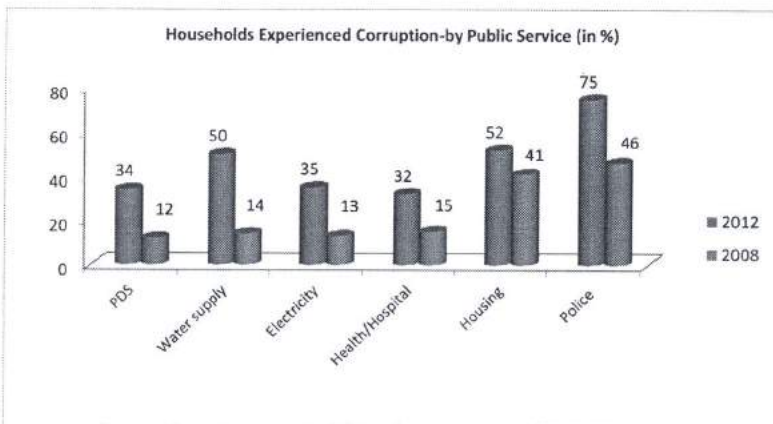## V. Experienced Corruption in Public Services

However, looking in to the proportion of respondents who 'Experienced' corruption, it emerges that the perception is no different than experience. In other words, experience does not contradict perception. In fact, one finds that the incidence of corruption doubled since 2008 in urban India; from 34% (2008) to 67% (2012). Out of those who were asked to pay, 84% paid bribe to avail the services. In 2012, of those who experienced corruption in public services, about 47% experienced once during the last 12 months while another 31% came across such situations twice.

The percentage of slum dwellers reporting incidences of corruption is more than 50% in the case of three services (Police, Housing and Drinking Water Supply) and around 33% in the other services. Municipality service

was not covered in CMS-ICS 2008 (Graph-1).

City	Table : Slum Households Interaction with Public Services- by City (in %)											
	Public Services											
	PDS		Health/ Hospital		Electricity		Water Supply		Housing		Police	
Year	'12	'08	'12	'08	'12	'08	'12	'08	'12	'08	'12	'08
Ahmedabad	86	95	37	83	62	77	16	37	4	23	8	49
Bengaluru	88	89	52	89	32	88	40	46	22	31	25	17
Bhubaneswar	89	83	96	97	81	18	47	8	24	11	23	4
Chennai	90	99	50	87	41	87	34	17	17	3	28	23
Delhi	82	79	64	95	74	58	15	22	6	8	34	9
Goa	95	96	60	93	59	80	54	5	32	8	49	13
Hyderabad	98	99	65	82	83	94	38	37	9	35	12	7
Kolkata	52	92	41	83	14	49	13	7	3	6	16	6
Mumbai	79	84	48	82	40	54	52	22	24	8	26	15
Cities Combined	84	90	57	88	54	65	33	23	15	16	23	12

Graph 1: Households Experienced Corruption-by Public Service (in %)

Households Experienced Corruption-by Public Service (in %)

Source: CMS-India Corruption Study 2012; 2008

Of all the six public services examined, Police and Housing were the two public services where households experienced most corruption in both rounds. The two critical Indicators-Perception and Experience reflect poorly on the governance, as both Perception and Experience have shown upward trends.

Further analysis of reasons for paying Bribe indicate that the bribes are asked/paid for very basic purposes and higher in services which have no competitors i.e. are monopolistic in nature, both in terms of service (police/ electricity) as well as pricing (food grains/ health). Different reasons for which bribe was paid include: PDS (to take monthly food ration, to get a food ration card); Electricity (correct inflated bills, get new connection);

Water (repair/restoration of water pipe/supply); Municipal (drainage/ sewage cleaning; removal of garbage); Public health/hospital (as in-patient; get registered as Out-patient); and Police (get FIR registered; remove name as an accused).

VI. Denial of Services

One of the extremities of poor governance is denial of services because of inability to pay the bribe. This could be considered as one of the important indicators for examining the extent to which poor governance is prevailing. Compared to previous round of ICS, the denial of service due to 'non-payment of bribe' has shown an upward trend. Non availability of service due to corruption in the public services has its impact on the economic status of the households. For example as pointed out by Debroy and Bhandari (2012) under an Antyodaya card in PDS, 15 kg of wheat is offered at a price of Rs 2 per kg. The price in open market is Rs 6 per kg, a differential of Rs 4 per kg. For every poor household, to pay three times per kg per month is undoubtedly a huge burden. The extra money could have been used to get some additional nutritive items for family members or for other purposes such as health, clothing or education. Moreover, it is important to understand that these additional expenditures are not limited to PDS but other essential services as well. For instance, the findings of CMS-ICS 2012, shows that to avail the services as in-patient in a public hospital, slum households had to pay between INR 20-2000. This for availing services such as getting a bed or clean bed sheets or to get the place cleaned apart from getting diagnostic services or medicines, which otherwise would have been available free of cost. Without saying, the additional monetary burden due to corruption plays an adverse role in improving the poverty status of households.

VII. Lack of identification Proof/ Supporting Document

Lack of identification proof/ supporting document is often considered as one of the key reasons for diversion of benefits or inaccessibility/ denial of public services to the migrants. For migrant population i.e. population moving from rural (native) place to urban locations in search of employment, the public services at new locations are many a time inaccessible. One of the key reasons is lack of documentary evidence in support of their place of stay. It is important to mention that just having documentary evidence does not ensure availability of public services. As observed, many 'ghost' beneficiaries take away the benefits from real ones. One can understand the plight of those who do not have any document to prove their existence at the current place of stay to avail public services like subsidized food supply, health treatment, school admission for children among others. This is a major challenge and various measures need to be taken to check and eliminate the socio-economic exclusion of

beneficiaries. No doubt government of India is serious about tackling this challenge. In recent past it has taken various initiatives in this regard which include, providing Unique Identification Number to each resident of India, direct cash transfer to the beneficiaries, or recently launched Digital India initiative. For direct cash transfer to the beneficiaries, having a savings account is a necessity. The basic requirement is that all poor households should have a savings bank account. Jan Dhan Yojana of the Government of India aims towards opening bank savings account for everyone but as observed, families without any identification document such as families living on streets, slums may continue to get excluded. Till it is achieved, the inequality among the poor will continue as the subsidy and benefits will not reach to all the poor.

VIII. Inaccessible or User-constraining Portal/websites

The portals and websites including the most used ones such as, one for railway reservation (IRCTC/indianrail.gov) or for filing the income tax returns, the websites are in English. As per Census 2001, only 12.5 percent of the Indians had identified English as their first or second or even third language. Therefore fewer proportions of people can use these online services, if the websites are not in a language the citizens are proficient in or at least have working knowledge. Till this is made possible, the users of services will continue to depend on 'others' who could be a middleman. The menace of middlemen may therefore continue and so does the inequality and poverty among poor and marginalized citizens.It is often suggested that the online services lack human touch, which is otherwise available in non-computerised service centres. Online services have a fixed time for delivery of services. It delays delivery of required service that isotherwise availed in a lesser time during direct interaction with service providers. The government has imposed minimum and maximum wait times for a service. The survey findings showed that the most important factor influencing the respondents' level of satisfaction, at 36 percent, is the amount of time required to get the service (Jennifer Bussell, 2012). It will be therefore important for government to look for ways to address this challenge. One way could be regular amendments in delivery time of a service rather than sticking to the same time period of minimum and maximum delivery time.

(i)Cyber-crime

E-governance aims to empower people through giving them access to information and services. National e-Governance Plan (NeGP) vision statement says, "Make all Government services accessible to the common man in his locality, through common service delivery outlets, and ensure efficiency, transparency, and reliability of such services at affordable costs to realize the basic needs of the common man" (Ministry of Electronics

and Information Technology 2006). Digitalization brings with it some challenges as well. With poor computer literacy among majority of the population, availing online services is only for a small section of India's population. As per Census 2011, only 3% of the households have computer with internet connectivity; even after including those accessing online services from an internet café or having mobile phones with internet facility, may not be more than 10 percent. However, with this percent of online users in a county of 1.25 billion, the concern with the online services is about safety of financial transactions due to the hacking of personal confidential information is a major concern for most of the online service users. The National Crime Records Bureau (NCRB) data shows that incidence of cyber-crimes (IT Act + IPC sections) is increasing with increase in use of computer and internet; from 3,477 cases in 2012 to 12001 cases in 2016 (NCRB, 2016). With fool proof authentication system either through One-time password (OTP) or biometric check will help in reducing such crimes. Undoubtedly, as Rao (2012) mentioned that with mobility and migration of people on an increase, both Aadhaar (Unique Identification Number) and the biometric methods are of great significance for good governance. At the same time, the e-governance initiatives have challenges to address before reaching the unreached. In India, due to implementation bottlenecks such as central-state relationship; states own priority areas/issues, this may take time, but not at all unfeasible.

In the given scenario it is relevant and important to emphasize that to address the issue of Poverty and Inequality, the Government should strengthen its system to bring in accountability of service providers as it will reduce inequality as far as accessibility of public services is concerned and in turn poverty because households will not be forced to spend money to pay bribe rather for purposes as per their needs and requirement. It is important to understand that addressing poverty is not just improving economic status of the poor but providing equal opportunities to all.

Currently, accountability of service providers in public services is missing to a large extent. However, with Right to Information and Right to Service Acts in place, we may expect some change in service delivery scenario. But we cannot leave everything to public service providers, other stakeholders such as media and civil society groups have an important role to play as the watchdog towards ensuring easy access and availability of public services to every citizen irrespective of social and economic groups they belong to.

Social accountability mechanisms, which have great potential for improving service delivery by public authorities, are yet to be institutionalised in India. Programmes such as MGNREGS for employment to rural population have provision for such mechanism (Social Audit), however yet to be used

in its full potential. It is expected to yield results in terms of bringing accountability and curbing corrupt practices, though with varying degree.

E-governance with better and more user-friendly interface such as multi-linguistic web portals will play an important role in addressing the issue of exclusion and thereby reducing inequality as far as reach of public services is concerned.

References

web.worldbank.org › Countries › South Asia › Governance

Pavarala V. (1996), Interpreting corruption: Elite perspectives in India, Sage Publication

Shleifer and Vishny. (1993), Corruption. Quarterly Journal of Economics 108 (3): 599-617

Ministry of Urban Development, Government of India (2011), Report on Indian Urban Infrastructure and Services

www.cmsindia.org

Debroy B and Bhandari L (2012), Corruption in India-The DNA and the RNA, Konark Publishers

http://articles.timesofindia.indiatimes.com

Bussell J, (2012), Corruption and Reform in India, Public Services in the Digital Age, Cambridge University Press

Rao, N. Bhaskara, (2012), Good Governance: Delivering Corruption- free Public Services, Sage Publication