

EVA STALIN IAS ACADEMY

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Turning the spotlight on the urban poor

The India Employment Report (IER) 2024 by the Institute for Human Development and International Labour Organization poses questions on the trickle-down effect of benefits to the working class in the backdrop of a 5.4% average real economic growth, from 2015-16 to 2022-23. It also shows a divergent trend between rural and urban areas in terms of employment and income. It demonstrates a relatively higher unemployment rate in urban areas, at 4.8% in 2000 over the 1.5% in rural areas. However, average monthly earnings are higher by 76% for self-employed, 44% for regular employed and 22% for casual labour in urban areas in 2022. The coexistence of higher unemployment and wages requires further investigation to understand its implications for the urban poor. This article looks at the dynamics of employment and wages in pockets of deep urban poverty, such as slums, and juxtaposes these with the findings of the IER 2024.

The higher income in urban areas and a better life have prompted rural-urban migration in the past. As in the IER 2024, although overall migration has increased, the migration of males has declined by 1.2% during 2000-08, and further marginally in 2021. This implies that migration for economic mobility is losing its sheen. Rural poor households migrate to slums instead of formal settlements. Hence, an analysis of income and employment trends of slum dwellers would reveal the prospects of economic mobility and decent work for the poor in urban India.

Findings of survey in Kolkata

This writer and a team conducted a survey in 37 slums across different parts of Kolkata in 2012. These slums were again surveyed in 2022-23. However, we could track only 29 slums as the other slums had either been redeveloped or evicted. We surveyed 513 slum households in 2012 and 396 in 2021-22. To get the overall trends from 2012, we collected data on income and employment in slums in 2019, the pre-COVID-19 year, to avoid the COVID-19-affected years of 2019-22, for comparison.

The major occupations in slums in Kolkata have remained the same over the decade, with a fourth of the working population taking on unskilled labour. It is the most stable and significant occupation in slums. The IER 2024 also finds that a fourth of workers in India were



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engaged in unskilled work during this period. Other major occupations in slums were skilled or semi-skilled labour work, and people as employees in private organisations, and owning petty businesses or small shops. Unlike unskilled labour, the share of employment in skilled and semi-skilled labour was reduced by 6%, and in private organisations by 3% between 2012-19.

On the other hand, employment has increased by 9% in petty businesses or small shops. Surprisingly, the share of other self-employed has also declined by 3%. Among occupations that were less popular earlier but which gained momentum in the last 10 years are truck driving and cleaning, by 5%, and construction and related work, by 4%. The people employed in construction and related-work were minuscule in 2012.

Income trends

The average monthly income in 2012 was around ₹4,900. It decreased by 5% at constant prices (2012) in 2019. Income was the highest for government employees in the slums in both periods. However, at constant prices in 2012, their monthly income decreased by 5% in 2019. On the other hand, the monthly income of domestic servants and unskilled workers has remained the lowest. The highest decline in real income is observed for construction and related work (51%), followed by petty business or small shop (32%) and government service (32%) in 2019 as compared to 2012.

The decline in income and the rise in engagement with petty business or small shops and construction or related work indicates a need for gainful employment options. Medium to large shop owners have also lost real income by 26%. The popularity of labour work can be explained by the rise in the real income of unskilled labour by 33%. Income of skilled or semi-skilled labour increased by 12% but a lesser proportion are employed in 2019 compared to 2012. It implies the reduction of the availability of skilled or semi-skilled labour work.

The IER 2024 illustrates similar trends of changes in employment and wages. The share of self-employed (including business) has increased from 38.7% to 41.3% for males and from 34.5% to 44.8% for females in urban areas between 2000-19. However, real monthly wages (at 2012 prices) declined for self-employed from ₹7,017 to ₹6,843 and for regular workers from ₹12,100 to

₹11,155 but increased for casual workers (including labour) from ₹3,701 to ₹4,364 between 2012-19. This implies that the economic transition observed by the IER 2024 is a reflection of the transformation happening in urban slums.

Interestingly, the fall in slum income of the highest income earners, government servants, is accompanied by a doubling of the real income of the lowest income earners, domestic servants. This implies that there was a general downfall in income, along with a reduction in the differences in income from 2012-19. Other statistical measures also show a fall in inequality in slums.

The gender composition within different occupation categories in Kolkata shows that overall, the percentage of women in the workforce has declined by 3% in 2021-22 compared to 2012. However, the IER 2024 shows a 1.6% increase in women's workforce participation during 2012 and 2022. This may be due to an increase in female workforce participation in non-slum areas rather than in slum areas.

Rise in casual work

A comparison of the IER 2024 and our survey data shows that the rise of casual work, especially labour work, has happened due to increasing wages. However, casual work offers a sub-standard work condition without any social security. On the contrary, self-employment such as businesses, is rising but without a commensurate rise in income. It projects a groundswell of low-earning petty businesspeople in slums. Slum women could not march with the overall rising trends of female workforce participation in urban areas. With the reduction of inequality, income also fell leading the urban poor to deeper poverty. Hence, the higher income in urban areas compared to rural India does not delineate the urban poor's economic mobility and quality of work. Hence, more public support is required in urban areas for access to cheap food and gainful employment. It also explains the declining male migration during 2000-08. As the Gross Value Added in agriculture, forestry and fishing grew at the slowest rate (3.03%) compared to other sectors during 2000-19, along with a negative employment growth (1.05%), focusing more on rural non-farm would be imperative.

The views expressed are personal

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Systems science for a better future

The Pew Research Center surveyed the citizens of many countries in 2023 to gauge how many prefer authoritarian rulers to multi-party democracy. The numbers choosing dictators will dismay democrats. In the Global South: India (85%), Indonesia (77%), South Africa (66%) and Brazil (57%). In the West: the United Kingdom (37%) and the United States (32%), which are significant numbers too. China and Russia were not surveyed.

Citizens of democratic countries have lost trust in their governments' economic policies. Average incomes may be rising but the very rich are becoming much richer, faster. Large corporations and financial institutions are compelling governments to set the rules of the game in their favour by reducing taxes for them, emasculating labour institutions, and exploiting the natural environment for their profit.

Moreover, the growth of the global economy and human population has brought humanity to the brink. Scientists predict that the overuse of fossil energy for fuelling modern consumptive lifestyles will make life on earth impossible beyond this century. Water, fundamental for life, is also running out. India is among the most water stressed large countries in the world.

India has 17.5% of the world's population living on only 2.4% of the world's land. In 2014, India ranked 155 out of 178 countries in the global Environment Performance Index, meanwhile, in 2022, India slipped to the very bottom – 180 out of 180. India, also the world's most populous country, has an additional problem, viz. to increase the incomes of its citizens faster. While economists chase GDP targets, inequality is increasing and we are spoiling the earth which supports the economy and sustains our lives.

The science of systems

Keeping the forest in sight, do not get lost in the trees, is good advice. Many things must be known, and their interconnections mapped, to understand how the world works. All sciences – social, medical, and natural – are fragmented into narrow silos. Locked within their echo-chambers, scientists in different disciplines do not learn from each other. As the sciences advance, experts know more but about less. No



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one sees the whole. Politics and economics are integral parts of complex social systems. It is moot whether the weakening of democratic institutions empowers large capitalist institutions or whether capitalist institutions corrode democracy. What has broken down is the comprehension of complex systems with diverse forces, and human egos, within them.

Economics emerged as a distinct science out of philosophy and the humanities in the early 20th century. Modern economists do not understand how societies function. By the century's end, free market fundamentalism had become an ideology. Leave it to the "invisible hand" of the market because it knows best, these economists say. Behind the invisible hand is the power of capital. The rights of capital, and its freedom to roam the world across national boundaries and make more profits, trump the rights of human beings moving across borders searching for safer lives.

Systems' knowledge has been devalued by specialisation. Heart specialists can keep the heart alive with amazing technologies. Brain specialists delve deeper into the biology of the brain. They lose sight of the whole human being. Climate scientists research how to remove carbon from the atmosphere, but the effects of their solutions on the livelihoods of citizens are not in their science's scope. High-tech solutions can improve parts of complex systems while reducing overall health and well-being.

Any intelligence within a system cannot comprehend the system that produced it. Modern science gave human beings hubris that they could conquer "unruly nature" as Francis Bacon declared at the emergence of the European Enlightenment. The arrogant scientific man thought he could change the system that had created him. His scientific fixes of the world, and scientific improvements of his own genes, are threatening humanity's existence.

In times of uncertainty, people yearn for certainty. They follow godmen, dictators, and wealthy technologists because these people claim to know the truth and have the power to apply it. When economists and scientists with their incomplete understanding of the world become the guides of leaders and steer social and economic policies, the losers are both common

people and the natural environment that sustains everyone's lives. Recalling the idea of the ancient Greek poet Archilochus – "A fox knows many things, but a hedgehog knows one big thing" – philosopher Isaiah Berlin divided thinkers into "foxes" and "hedgehogs". Great writers, like Leo Tolstoy, who combined many perspectives in their histories were both hedgehogs and foxes, Berlin said. They understood the fundamental nature of existence and the limits of any rational scientific approach to it.

Rather than specialised sciences focused on parts, a higher-level science is required: a science of holistic, self-adaptive systems which include human egos in them. Complex self-adaptive systems have three components: systems being, systems thinking, and systems acting. Systems being requires humility. Systems thinking requires the mind of the "hedgehog-fox" to see patterns among the details.

Enterprises for cooperation

Systems acting to improve the world for everyone must be driven by organisations whose purpose is cooperation, not by organisations driven by competition. The purpose of business corporations and armies is to make more profit and gain more power, whereas the purpose of families is to improve the well-being of their members. Family members have natural differences in sex and generational abilities. Yet, they cooperate with each other for the well-being of all.

Women's contributions to the well-being of families and societies are under-valued in money terms and not counted in GDP. Economists say that few Indian women are in the labour force, whereas, for centuries, women have been working harder than men, producing social and economic value for their families and communities.

The world needs more caring, less competition. Women are natural family builders and systems facilitators whereas men are brought up to compete. Rather than men teaching women to think like men and compete with them in hierarchies of the formal labour force, men must learn the caring ways of women to make the world better for everyone.