

**URBAN POVERTY AMONG INDIANS IN PENANG: A STUDY
ON NONMATERIAL CAUSES**

by

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LIST OF ABBREVIATIONS

CPPS	Centre for Public Policy Studies
GAD	Gender and Development
GDP	Gross Domestic Production
HD	Household
HDI	Human Development Index
HHD	Head of Household
HRAPR	Human Rights Approach to Poverty Reduction
IAEA	International Atomic Energy Agency
ILO	International Labour Organisation
MNC	Multinational Companies
MRA	Malaya Reserve Areas
NDP	New Development Policy
NEAC	National Economic Advisory Council
NEM	New Economic Model
NEP	New Economic Policy
NGO	Non Governmental Organisation
NVP	New Vision Policy
OECD	Organisation of Economic Co-operation and Development
OPP	Outline Perspective Plan
PLI	Poverty Line Income
SERI	Socio-economic and Environmental Research Institute
SPT	Seberang Prai Tengah District
TL	Timur Laut District

UN	United Nations
UNDP	United Nation Development Planning
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
WID	Women in Development

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Appendix A Questionnaire

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C Letter of Consent

LIST OF PUBLICATIONS

- A Journal Publications
- B Conference and Seminar Publications

**KEMISKINAN BANDAR DALAM KALANGAN MASYARAKAT INDIA DI
PULAU PINANG: SATU KAJIAN PENYEBAB KEMISKINAN BUKAN**

MATERIAL

ABSTRAK

Kajian ini bertujuan memahami penyebab kemiskinan bandar dalam kalangan kaum India di Pulau Pinang. Walaupun penumpuan tesis ini mengkaji penyebab serta impak faktor material dan bukan material terhadap kemiskinan bandar, pengkaji lebih memfokus kepada faktor bukan material dalam kalangan masyarakat India di Pulau Pinang. Pengkaji memilih daerah Timur Laut dan Seberang Perai Tengah sebagai kawasan kajian. Lima teori kemiskinan iaitu kelemahan individu; kepercayaan budaya; faktor politik; sosial dan ekonomi; perbezaan geografi dan faktor saling berkaitan sepadu telah dijadikan sebagai faktor asas dalam mencorakkan penyebab kemiskinan. Justeru, kajian ini menggabungkan kelima-lima teori tersebut sebagai teori kemiskinan sepadu untuk menganalisis isu kemiskinan bandar dalam kalangan masyarakat India di Pulau Pinang. Gabungan pendekatan kuantitatif dan kualitatif digunakan sebagai kaedah pengutipan data. Tinjauan menggunakan soal-selidik dijalankan terhadap 120 responden untuk mendapatkan data kuantitatif. Maklumat kualitatif pula diperolehi melalui kaedah temubual mendalam, temubual separa struktur dan nota kajian lapangan. Seramai 15 responden ditemubual secara mendalam dan 4 responden pakar dalam bidang kemiskinan ditemubual menggunakan kaedah separa struktur. Daripada hasil kajian, didapati

faktor kemiskinan material dan bukan material adalah merupakan penyebab kemiskinan yang penting dan kritikal dalam menyumbang ke arah kemiskinan bandar masyarakat India di Pulau Pinang. Tambahan pula, kesemua penyebab kemiskinan tersebut adalah berlandaskan perspektif multidimensi dan fakta ini terbukti apabila kedua-dua penyebab kemiskinan material dan bukan material saling berkaitan walaupun kedua-duanya adalah dua unsur yang berbeza. Selain daripada mengenal pasti senario kemiskinan masa kini dengan membandingkan takrifan konvensional yang berlandaskan satu dimensi, tesis ini telah berjaya merumuskan skop dan keperitan kemiskinan bandar dalam kalangan masyarakat India di Pulau Pinang. Akhirnya rumusan tersebut dijadikan landasan untuk merangka strategi-strategi yang lebih konstruktif dalam usaha membasmi kemiskinan bandar.

URBAN POVERTY AMONG INDIANS IN PENANG: A STUDY ON NONMATERIAL CAUSES

ABSTRACT

To understand urban poverty among Indians in Penang, this study sets out to explore its causes or influencing factors. It focuses on the material and more so on the non material causes as well as the extent of the impact of these causes of urban poverty among Indians in Penang. The two research sites are the Timur-laut and Seberang Perai Tengah districts. Five theories of poverty; namely theories of individual deficiencies; cultural belief; political, social and economic factors; geographical disparities and distortions and cumulative and circumstantial origins shape, guide and underpin the study. By amalgamating these theories, the issue of urban poverty is viewed from a holistic perspective. This study adopts the mixed method approach; that is utilizing both quantitative and qualitative tools to elicit data. The former consists of a questionnaire that was administered to 120 respondents while the latter comprises an in-depth interview with fifteen participants and a semi-structured interview with four stakeholders. Additionally, field notes were used to substantiate the findings. It was found that both material and non-material factors contribute to urban poverty among Indians in Penang. Furthermore, these causes are based on a multidimensional perspective, which is demonstrated by the fact that both material and non-material causes are closely interwoven although they are separate entities. With a clear understanding of how poverty is conceptualized, not only the ambit and

severity of urban poverty among Indians vis-à-vis the conventional approach that is one dimensional are unfolded, but also appropriate poverty alleviation measures can be designed and implemented to check urban poverty among Indians.

CHAPTER 1: INTRODUCTION

'This one affliction called poverty Brings in its train a multitude of miseries'
- Thirukural

'He who sleeps on a full stomach whilst his neighbor goes hungry is not one of us'
- Prophet Muhammad S.A.W

' Even if the poverty is largely rural in many countries as the 1990 World Development Report concludes, urban poverty will become the most significant and politically explosive problem in the next century' - (World Bank,1991:1)

1.1 Introduction

The concept of poverty has expanded considerably over the second half of the twentieth century and into the new millennium. Poverty is recognized to be a dynamic, complex phenomenon involving concepts such as vulnerability and powerlessness only in the past two centuries, since around year 1800 (Sachs, 2005). Before that, vast divides in wealth and poverty around the world did not exist since all parts of the world were in poverty. According to Maddison (1995), at that point of time everybody was poor with the exception of very small minority of rulers and large land owners. Keynes (1931) added that until the mid-1700s the world was extremely poor by any of today's standards. It is for this very reason, since virtually every one was poor, that poverty problem was not deemed critical and hence, needed attention till at least the beginning of the nineteenth century when some changes took place in the economy of the world in general and the great empire then, Great Britain in particular. What changed was the inception of the Industrial Revolution, supported

by a rise in agricultural productivity in northern Europe (Sachs, 2005)¹. These changes resulted in vast and distinctive disparity for the first time in the history of mankind, where the rich became richer and the poor became poorer. This included the emergence of richer countries and poorer countries explicitly.

Having said that however, the crucial puzzle for understanding today's (since 1820's) poverty vis-à-vis of the past (before 1820's) is of its vast inequalities among different regions of the world which had grown at different rates during the period of modern economic growth. The current poverty situation is different unlike in the past where every region in the world shared similar growth pattern and poverty rate.

As a social and economic problem, the poverty phenomenon has been an ongoing concern for economists and scholars worldwide now and then. In testimony, a plethora of literature on poverty convincingly established divergence among countries in two dimensions: first, growth rates of poor countries have been lower than the growth rates of their rich counterparts, and second, the dispersion of income per capita across countries has tended to increase over time (Xavier, 2006).²

¹The Industrial Revolution was a period from the 18th to the 19th century where major changes in agriculture, manufacturing, mining, transport, and technology had a profound effect on the socioeconomic and cultural conditions starting in the United Kingdom, then subsequently spread throughout Europe, North America, and eventually the world. The dramatic breakthrough came in England around 1750 when Britain's nascent industry first mobilized new forms of energy for production at scales that had never been before achieved. The steam engine marked the decisive turning point of modern history. Even food yields rose with systematic improvements in agronomic practice including the management of soil nutrients through improved crop rotations.

²In the period of modern economic growth, however, both population and per capita income came unstuck, soaring at rates never before seen or even imagined. Global population rose more than six fold in just two centuries, reaching astounding 6.1 billion at the start of the third millennium, with plenty of momentum for rapid population growth still ahead. Hence, the gulf between rich and poor countries has become a new phenomenon, a yawning gap that opened during the modern economic growth.

Having said that why has there been an extensive debate on poverty lately? Is it a static or dynamic concept? To understand this thoroughly, it is crucial to address the conceptualisation of poverty through different eras of mankind. Hence, this section would further elucidate various aspects of poverty from the global perspective, in chronological order from the Middle Ages till now.

According to Maxwell (1999) poverty is blessed with a rich vocabulary, in all cultures and throughout history. From an analytical perspective, poverty can be traced back at least to the codification of poor laws in medieval England through to the pioneering empirical studies by Booth in London and by Rowntree in York in 1901. These scholars were the first to define and develop a poverty standard for individual families based on 'subsistence' poverty.

The subsistence idea was a result of work prompted by nutritionists in Victorian England. In this era families were defined to be in poverty when their incomes were too little to meet and maintain basic physical needs. A family was treated as being in poverty if its income minus rent fell short of the poverty line. These ideas have influenced scientific practice and international and national policies for over 100 years (Townsend, 2006).

However, Townsend (2006) stated that after some time the use of subsistence to define poverty has been criticized because it implies that human needs are mainly physical or the need for material goods is higher than social needs. People are not simply individual organisms requiring replacement of sources of physical energy; they are social beings expected to perform socially demanding roles as workers, citizens, parents, partners, neighbours and friends. Moreover, they are not simply

consumers of physical goods but producers of those goods. Besides, they are also expected to act out different roles in their various social associations. Townsend (2006) noted that physical needs are subject to rapid change because of shifts in social activity and demand patterns. Therefore, by the 1970s, a second formulation- that of 'basic needs'- began to exert wide influence to conceptualize poverty, supported strongly by the International Labour Organization (ILO). Two elements were included: first, minimum consumption needs of a family: adequate food, shelter and clothing, as well as certain household furniture and equipment; and second, essential services provided by and for the community at large, such as safe water, sanitation, public transport and health care, education and cultural facilities. In rural areas, basic needs also include land, agricultural tools and access to farming. The basic needs concept is an extension of the subsistence concept. In addition to material needs for individual physical survival and efficiency, there are facilities and services for health care, sanitation and education required by local communities and populations as a whole.

Subsequently, Maxwell (1999) asserted new elements that were added on to the poverty concept in the 1980s. This is the third social formulation of the meaning of poverty and was developed based on 'relative deprivation'. Relativity applies to both income and other resources and also to material and social conditions. Hence, the principal improvements of this concept of poverty were: first, the incorporation of nonmonetary aspects, particularly as a result of Robert Chambers' work on powerlessness and isolation (Chambers, 1983). This helped to inspire greater attention to participation of the poor in the poverty alleviation programmes; second, a new interest in vulnerability, and its counterpart, security, associated with better

understanding of seasonality and of the impact of shocks, notably climatic change. This pointed to the importance of social relations (the moral economy and social capital) apart from monetary assets, with regards to the coping strategies of the poor; third, a broadening of the concept of poverty to a wider construct, livelihood, which has underpin the term sustainable livelihood; fourth, theoretical work by Amartya Sen, who had earlier contributed the notion of food entitlement, or access, emphasised that income was only valuable in so far as it increased the ‘capabilities’ of individuals and thereby permitted ‘functionings’ in society; and finally, the 1980s was characterized by a rapid increase in the study of gender and poverty. The debate moved from a focus on women alone, to wider gender relations. In addition policies were followed to empower women in particular and to safeguard their autonomy.

Finally, according to Maxwell (1999) the 1990s till present saw further development of the poverty concept. The idea of well-being came to act as a metaphor for absence of poverty, with concomitant emphasis on how poor people themselves view their situation. At the same time, inspired by Mahbub ul Haq³ and Sen, the United Nations Development Planning (UNDP) developed the idea of human development [(Human Development Index (HDI)] (Fukuda-Parr, 2003). The goal is human freedom and in pursuing capabilities and realizing rights. Based on this poverty concept, people will be free to exercise their choices and to participate in decision-making that affects their lives. Hence, it reinforces and helps the poor to secure the well-being and

³The first Human Development Report launched by in 1990 had an explicit purpose: to shift the focus of development economics from national income accounting to people centered policies (Haq, 1995) But it was Sen’s work on capabilities and functionings that provide the strong conceptual foundation for the new paradigm. His approach defined human development as the process of enlarging a person’s functionings and capabilities to function, the range of things that a person could do and be in her life, expressed in the HDRs as expanding choices (Sen 1989).

dignity of all people, lead a long, healthy, creative life and to enjoy a decent standard of living, freedom, dignity, self esteem and the respect of others.

1.2 Changes in the Concept of Poverty

According to numerous literatures on poverty, the way in which poverty is conceptualised depends on who asks the question, how it is understood and who responds to it. Is it enough to blame poor people for their own predicament, as were during the Victorian age? Have they been lazy, made poor decisions, and been solely responsible for their plight? What about the government? Have they pursued policies that were carried out at the expense of development and people's well being? Such questions in relation to poverty are no doubt real and universal but have become more crucial and complex recently.

Traditionally, poverty has been regarded as a rural problem in many parts of the world, both in rich and poor countries. According to Gaurav and Ravallion (2002) the incidence of poverty is indeed higher in the rural areas of almost all developing countries for so long. Furthermore, in the aggregate, most people then and still live in rural areas.

However, contrary to traditional belief, in recent modern development, the United Nations (1996) notes that in many parts of the world, particularly in the developing countries there is a growing interest in poverty problems of the urban sector, though urban areas account for less than half - about thirty percent on average - of the poor. Incidentally it is also well known that the population of the developing world is urbanizing quite rapidly. In 1995, thirty eight percent of people lived in urban areas, and this is projected to rise to fifty two percent by 2020 (United Nations, 1996).

According to Masika (1997), rapidly urbanizing countries are spread across the world, and represent a wide range of social, economic and geographical contexts, from Uganda, Nigeria and Egypt to Afghanistan and Pakistan. Latin America is currently the most urbanized region in the developing world, with one-fifth of the region's urban residents living in cities with populations of five million or more. A number of Asian countries, such as the Philippines and Indonesia, also have very high rates of urbanization; by 2020, Indonesia is expected to have five megacities and twenty three cities with a population of more than one million people, and by 2025, its level of urbanization will reach sixty eight percent.

While natural population growth has been the major contributor to urbanization, rural-urban migration continues to be an important factor (Masika, 1997). Hence, with trends showing increasing urbanization across the world in general, and developing nation in particular, researchers and policy makers are shifting their attention to the poverty problems in urban areas (Gunewardena, 1999)

A number of other studies conducted by several researchers (Sen, 1979, 1985 and 1987 & Tsui, 2002) also opened up a new dimension to the poverty approach. These studies asserted that poverty is a multi-dimensional phenomenon, a proposition that most economists accept in theory. While the classic approaches to poverty have focused solely on issues of income and consumption, the newer alternative approaches focus on the multiple sources of deprivation that poor households experience and which hinder their efforts to obtain higher levels of wellbeing (Narayan et al., 2000; Satterthwaite, 1997; Rakodi and Lloyd-Jones, 2002).

In the light of Yaacob (2009), these deprivations are linked to ways as an encompassing subject, in which poverty is not just viewed as people being poor in the economic sense or material perspective, but it should also be viewed as people being in a state of suppression, powerlessness, having low self-esteem, lack of motivation, fatalistic and a feeling of defeat.

Another interesting trend based on many studies on poverty is that the ethnic minorities are much poorer than the ethnic majorities in many parts of the world (Asian Development Bank, 2002 & Walle et al., 2001). According to Mail Online News (2007), people in minority ethnic communities are relatively poor in so many ways because they are being overlooked for jobs and are being paid lower wages, despite improvements in education and qualifications. The report attested that the poverty rate among ethnic minority groups in Britain is forty per cent - twice as much as for white people. Furthermore, the poverty rate differences between different ethnic minority groups were also highlighted, with sixty five per cent of Bangladeshis living in poverty, compared with fifty five per cent of Pakistanis, forty five per cent of Black Africans, and thirty per cent of Indians and Black Caribbeans (Mail Online News, 2007).

Can the various changing dimensions of poverty in general be applied in the Malaysian context? Poverty was also largely perceived as a rural problem in Malaysia; with more than half of the households being classified in rural poor areas for a long time. This notion was not only prevalent for a long time in Malaysia but also in many parts of the world as various strategies, programmes and development expenditure were targeted to rural areas, reflecting a strong rural bias.

Furthermore, the discourse on the notion and perception of poverty in Malaysia since the Colonial era was not only that of rural poverty but also its ethnic and sectoral overtones with poverty levels being highest amongst Bumiputera-Malays' households in Kelantan and Terengganu⁴ and other- Bumiputera households in the states of Sabah and Sarawak (Pramanik, 2007b). This contention however, is changing as current poverty analysis in Malaysia has transcended from being mainly in the rural areas affecting the Bumiputera community to urban poverty affecting all ethnic groups (Sulochana, 2007).

With increasing industrialization and modernization taking place in Malaysia since two decades ago, the process of rapid urbanization has also become imminent and unavoidable (Chamhuri et.al, 1997). While the new urban Malaysia has its tremendous growth to boast, it has its own share of concerns and challenges as well. There are pockets of the new poor especially in urban or suburban centres. According to Vijay (2002), via urbanization urban centres do provide economic advantages including 'economies of agglomeration' to the poor, that is; the benefits that firms obtain when being situated near to each other, job opportunities, higher incomes, more stable economies and institutions and better able to withstand external economic shocks and volatility. However, as pointed out by Chamhuri (1999), increasing urbanization on the other hand may likely cause various urban issues and problems, such as rising urban diseconomies and escalating economic and social costs. Chamhuri (1999) noted this negative situation might be compounded by social problems like crime, juvenile delinquency, drug abuse and others. It also takes a toll

⁴ Even the New Economic Policy (NEP) focused on eradicating mainly Malay poverty and policies and efforts for poverty eradication became highly ethnicised (Sulochana, 2007).

on employment generation, raising urban unemployment and eventually urban poverty.

Even Yaakub (1991) succinctly states the correlation among urbanization and poverty in his adage:

Though rapid pace of urbanization and urban growth in Malaysia has contributed towards the economy growth of the nation, they also have brought along with it, inter alia, some critical urban problems, namely urban poverty. (p. ix)

Consequently, most cities in Malaysia suffer from serious problems of urban poverty which unlike rural poverty, is attributed to lack of sufficient housing, shortage of energy, chaotic traffic, severe shortage of water, pollution of air, water and land, and unemployment. Yet, people from rural areas are still attracted to the cities in ever-greater numbers and pace (Ming, 2002).

In many developing countries including Malaysia, there is a growing interest in poverty problems of the urban sector. This has been brought about by various factors, namely; the rural bias in past development strategies, rapid rates of urbanization, rural-urban migration and structural transformation of economies of these countries (Sulochana, 2007). This fact is in line with a note delivered by the distinguished scientific journalist and publisher Piel (1997), "The world's poor once huddled largely in rural areas. In the modern world they have gravitated to the cities" (p. 58). Having said that, unlike rural poverty which has extensive documentation on the profile and intervention programmes, there is very little information on the urban poor particularly about their characteristics and determinants. Furthermore, as attested by Yaacob (2009), poverty is not to be viewed only from the economists' perspective but rather should draw peoples from all areas of specialization,

including; political scientists, sociologists, psychologists, scientists, and technological experts. All must be involved in finding practical solutions to alleviate this social ill.

In the Malaysian context, poverty currently has become not only a complex problem but a multidimensional⁵ phenomenon. Jasmine (2007) in her study affirms that urban poverty in particular is more multidimensional vis-a-vis rural poverty .Why this is so? The urban poor families are relatively at a disadvantageous position because of their income levels, either due to the lack of it or because of its disparity. Their issues are also compounded with other critical factors that go many a times unnoticed and unaddressed (Master, 2008). Since urban poverty is a complex problem, any strategy to tackle it must encompass a wide range of interventions and policies. In line with that argument, democracy, culture, human rights, gender rights, education, health care and housing are all important to the lives of poor people (Sulochana, 2007).

From the foregoing discussion, given the changing dimensions and emerging new forms of poverty there is a need to re-examine poverty issues in Malaysia. This study therefore, aims at providing deeper insights on urban poverty which is more multidimensional and ambiguous vis-a-vis rural poverty. Incidentally, even in the Malaysian context, rapid rates of economic growth and structural transformation of the economy, aided by deliberate government policies to diversify the economy have resulted in rapid rates of urbanization and increasing number of urban poor not only among the Malays (Bumiputera) but also the Indians (Sulochana, 2007). As a result

⁵ Since the seminal work of Sen (1987, 1985, 1979) it is common to assert poverty is a multidimensional phenomenon, a proposition that most economist accept in theory.

many researchers have duly claimed that currently Malaysian Indians when compared to other races were largely poor and in some cases very poor (Sulochana, 2007).

In the same vein, Muzafar (2008) also argues that the Malaysian Indians belong to the poorest groups not only in the plantation villages but also in urban areas⁶. Since urban poverty has become a current phenomenon among Malaysian Indians, the study warrants research attention not only on the material aspect of urban poverty but also other features.

1.3 Background of Study

The study of poverty in Malaysia gained respectability when young Ungku Aziz elevated the lowly sarong to an index⁷. At that juncture poverty issues were still predominantly a problem of the rural sector, and which was mainly affecting the Bumiputera. Having said that, however, the rural poverty among the Bumiputera Malays even started during the time of British rule in Malaysia when the main economic resource of the country was primary industry or agriculture based goods, which include rubber and tin. Although much emphasis was given to agriculture sector in general, the colonial government were selective by only focusing on the rubber industry where it was relatively the most lucrative sector. Consequently, almost all the agricultural land, that is, paddy plantation inhabited by the poor

⁶ When the plantation economy especially the rubber estates were fragmented in 1950's and later gives way to development projects, the estate labour force is displaced and migrate to urban areas joining the ranks of the urban poor and live in squatter areas. These displaced people with low levels of education and skills are largely unemployed and find themselves competing with foreign workers for low paying dead-end type or jobs thus perpetuating their poverty (Oorjitham, 2008).

⁷ For the first time a home grown culturally sensitive measurement of something Malaysian had emerged. And for years afterwards, aspiring Malaysian economists have to be familiar with sarong Index. Without realizing it, Ungku Aziz had spawned the seed for research on poverty (Yaakub, 1991)

Malays were neglected as it does not bring much economic returns to the colonial government (Sayed, 2007 cited in Shankaran, 2007). Thus, the poverty of the Malay-populated rural sector as a result of the colonial capitalist based economy system, become aggravated. As Pramanik (2007a) succinctly states, “Even more than four decades after independence, poverty is basically a Malay problem” (p.189).

In Sulochana’s (2007) study the findings found that that poverty in general is obviously a national problem, affecting every community in the country. Therefore, in the case of Malaysian Indians, it is important to note that poverty among them took its inception in the plantation economy⁸. This is apparent since for several generations, they have been dependent on the plantation companies for employment and housing. Parthiban (2006) points out clearly that these plantation communities earned low wages, lived in poor conditions without adequate facilities, experienced low levels of health care and personal well-being with their children being educated in poorly equipped Tamil primary schools.

According to Muzafar (2008), what distinguishes an Indian estate worker from his impoverished counterparts both in the Indian community and amongst the Malays and the Chinese is not much the degree of his poverty but more of the difficulties in escaping from it. Furthermore, since official efforts in Malaysia to eradicate poverty have been largely tackled on a communal basis, the nature and treatment of each community’s poverty have reflected the conditions and circumstances peculiar to it (Muzafar, 2008). In another study conducted by CPPS (n.d), the problem with

⁸ The primary cause of the plight of the Tamil plantation workers, especially for those employed in the rubber estates; historically has its roots in the manner of their immigration, employment and settlement during the colonial era. This is so in the physical isolation of their places of work from the mainstream of economic development and growth in the Peninsular, and in the paternalistic fold in which they came to be enveloped. The details will be expounded in chapter 3.

these various poverty alleviation programmes are, though the Malays are by far the largest group affected in Peninsular Malaysia, they have enjoyed the full attention of the government and are also economically and socially much more accessible and amenable to assistance. The Chinese poor, on the other hand, of whom there are good numbers, have the benefits of the well-organised and comprehensive social organisation maintained by the Chinese community itself.

According to Jayasooria (2005), modernisation and urbanization have had tremendous impact on the demography of Malaysian society especially in the Bumiputera and Indian communities⁹. There has been massive migration of families from rural to urban centres, especially from kampongs and rubber estates since 1970's as depicted in Table 1.1.

Table 1.1 Urbanization by ethnicity

Ethnic	Year				
	1970 (%)	1980 (%)	1990 (%)	2000 (%)	2009 (%)
Malays	15.0	29.2	43.2	54.2	72.2
Indians	34.5	45.3	63.7	79.6	83.4
National	26.9	35.3	50.7	62.0	68.2

Source: Jayasooria (2005), Population and Housing Census Reports (2010 & 2009) and Department of Statistics, Malaysia (2010 & 2009)

Jayasooria (2005) provides an in depth analysis of the past rural communities in Malaysia especially the Malays who lived in kampongs and the Indians in estates, especially rubber plantations. While they existed in nearby locations, they were

⁹The proportion of Malaysians living in urban areas have increased from 27 percent in 1970 to 62 percent in 2000 through rural-urban migration and over the last 15 years or so, the level of urban population growth has soared for the country as a whole. In 1995, for instance, the level of urbanization was 55.1 per cent and this had increased to 61.8 per cent in 2000 and 66.9 per cent in 2005 (Lee, 2005). In spite of this rapid urban growth the urban communities have been unfairly neglected (Musa, 2007 cited in Shankaran, 2007).It must be also noted that as for the Chinese community majority of them have settled in town area as their working environment particularly the tin mine developed and became new township.

isolated from each other due to the type of employment. Indians were paid-employees of plantations (non land owners) and a majority of Malays were self-employed in the agricultural sector on their own land.

Urbanization and modernisation broke their barriers and both communities began to migrate to towns and cities for better employment opportunities. In the case of Malays, they moved voluntarily in search of better employment. Furthermore national policies, which shifted towards manufacturing, had a profound impact upon the agricultural sector.

In the case of Indians on the other hand, they were displaced either because there was crop change from rubber to oil palm or the estate was sold for development. For a majority the shift was not a voluntary one but was forced upon them due to macro economic factors, such as in search of better employment and closure of plantation sector.

Table 1.2 further attests to it, that the post-1970 era was one of the rapid urban population growth among Indians vis-a-vis rural Indians.

Table 1.2 Comparison of urban and rural population Indians in Peninsular Malaysia

Year	Urban Areas		Rural Areas	
	Number	%	Number	%
1970	323 435	34.7	609 194	65.3
1980	448 397	41.0	644 715	59.0
1991	837 659	63.8	475 929	36.2
2000	1 338 510	79.7	341 622	20.3
2005	1 412 890	82.6	298 576	17.4
2009	1 496 267	86.6	230 532	13.3

Sources: Population and Housing Census Reports of (2010, 2005, 2000, 1991, 1980 & 1970) and Department of Statistics Malaysia (2010 & 2009).

According to Department of Statistics Malaysia (2010 & 2009) and Jayasooria (2002), 86.6 percent of Indians are in urban areas and only 13.3 percent in the rural areas in 2009. Currently (in the year 2010), Indians comprise only 6.8 percentage of the population or 1 969 343 people.¹⁰

The preceding contention clearly indicates the linkages between rapid urbanization and urban poverty among Indians in Malaysia. Furthermore, as the urban population of the region is growing concurrently with urbanization, so is urban poverty (United Nations, 2007). Hence with reference to Table 1.2, as the Indian population is increasing gradually, Jayasooria (2008 & 2002) notes that currently Indians has become the second most urbanized community in Malaysia.

While examining poverty from urban perspectives, Jayasooria as cited in Pramanik et al. (2009) observes that if rural poverty is an issue of the Malays, urban poverty appears to be an issue of the Indians who originally came to Malaysia as plantation workers. He added that four-fifths of all those families classified as urban poor comprised Indians while over four-fifths of the rural poor consists of Malays.

It is apparent from the preceding discussion that while currently poverty among the Indians has become the manifestation of urbanization, in the past it was the manifestation of rural area/plantation sector. Thus, why does poverty which was once

¹⁰ This is in comparison with other major ethnic population, namely: Malays and other Bumiputera (62percent) and Chinese (22.5 percent). There are six States with a high density of Indians. These are Selangor (12.9 percent - 685 604); Perak (12.2 percent - 296 600); Johor (6.7 percent -230 768) Kuala Lumpur (10 percent - 168 473); Penang (9.7 percent - 155 613) & Negeri Sembilan (14.9 percent -154 333) – Source: Population census 2010.

found in rural-plantation areas, still prevails among Indians in the urban area?

Sulochana (2007) provides an in depth remark of this phenomenon:

Poverty among Indians in the urban sector has its roots in the plantation economy from which many Indians originate. The environment in the plantation is hardly conducive for attaining a decent education or acquiring critical skills that are needed in the modern sector of the economy. Poverty becomes they way of life then and when the plantation economy gives way to development projects, the estate labour is displaced and migrated to the urban areas joining the ranks of the urban poor and live in squatter areas. (p.59)

Why are the Indians bearing another stigma as urban poor? What are its causes? Are the causes of poverty among them in urban area confined solely to socio-economic perspective which is material-based?

Most of the research on causes of poverty including that in Malaysia thus far has focussed primarily on material factors (Pramanik et al., 2009; Ramasamy, 2007; Masika, 1997 and Wratten, 1995). These material factors can be divided into two aspects. Firstly, on income/expenditure based factors and secondly on non income factors, namely: education, health, employment and the main public amenities (water, electricity, transportation and communication technology).

However, non-material aspect of poverty, which is based on human attributes; that is emotional and psychological traits of the Indian poor, needs to be examined as well (Pramanik et al., 2009 & Sulochana, 2007). Therefore, this thesis would like to address this assertion from some of the key theoretical perspectives of both material and non material perspective of poverty. This argument is in line with Chambers' (1992, 1989) and Sen's (1997, 1987) assertion that the most accepted explanation of poverty is provided by social scientists who attempt to combine both material and

non-material dimensions of poverty. This suggests that poverty is a product not just of material conditions, but also of a set of interlocking factors, including physical weakness, social isolation, fatalistic behaviour, vulnerability and powerlessness (Shahdadat, 2005; Deepa et al., 2000 & Rakodi, 1995). Hence, by combining both material and non-material influencing factors of poverty, the study would make an attempt to address the issue of urban poverty from a more comprehensive stance.

1.4 Problem Statement

Three puzzling questions confront anyone interested in understanding the nature of urban poverty issues among Indians in Penang. First, the root causes of urban poverty among Indians have gone unnoticed in the mainstream poverty research literature. This is evident as many recent studies on poverty which ascribed to Malaysia/Peninsular Malaysia were very general and focused among urban poor squatters in Kuala Lumpur, Sarawak, and Sabah but not specifically on ethnic urban Indians in general and Penang Indians in particular (Pramanik et al., 2009; Muzaffar, 2008; Chamhuri, 2007; Sulochana, 2007; Yaakub, 1991 & Osman and Majid, 1991). This oversight is a crucial issue to be addressed among the Penang urban poor Indians in particular, as most of the poverty alleviation programmes are subject to the availability of research literature. In fact, there were only two studies done in the past, in general though, on urban poverty among Indians in Penang. The earlier study was by Oorjitham (1988)¹¹. In this research she had only illustrated the socio-economic development of Indian workers within sociological perspective of urban areas in three states, namely Penang, Kuala Lumpur and Johor. The second study was carried out on Indian poverty in general by the State Government of Penang, in

¹¹ An empirical study done by Oorjitham (1988) for Ph.D thesis, titled; Socio economic development of the urban Indian working class in the Peninsular Malaysia

1998¹³. This study only expounded the economic and social marginalisation of significant segments particularly the rural areas of the Indian community in Penang. Nevertheless, since these studies were done more than a decade ago, the data were outdated. In addition they did not address the fundamental issues with regards to the multifaceted nature of urban poverty (particularly issues pertaining to the root causes of urban poverty) among Penang Indians.

Second, the available literature on urban poverty among Indians in Penang which addresses the causes of poverty is based on quantitative factors. These factors conventionally ascribe only to the tangible and material factors such as income and consumption, education, health, employment, transportation, energy and others as the principal causes of both rural and urban poverty. This approach, however, suffer from inherent weaknesses as it is unable to reflect the multidimensional nature of urban poverty and its various features. As Sen (2009) puts it, addressing the subject of poverty in all respects by basing it solely on material factors such as income may be a flawed perception of well-being. Existing urban poverty, therefore, have to be supplemented with other indicators of the quality of life as well as the human aspect of poverty which are qualitative in nature. Besides, most literature in Malaysia has not addressed poverty from such a perspective and this literature gap has neglected the qualitative aspect of urban poverty, which is thought to have entailed the human dimension as the primary cause of poverty. The same can be said about studies related to urban poverty among Indians in Penang.

¹³ In September 1997, in response to growing evidence of the economic and social marginalisation of significant segments of the Indian community in Penang, the State Government commissioned the Socio-economic and Environmental Research Institute (SERI) to conduct a socio-economic study of Indian Malaysians in the State. The aim of the study was stated as being to formulate policies and programmes to assist the integration of these marginalised groups into the State's modern economy in line with the mission of achieving balanced development and the realisation of a caring society.

Finally, the nature of Malaysia's urban poverty policies are seems to be ambiguous as far as Indians are concerned. Besides, as far as Penang Indians are concerned the ambiguity lies both in the state and central government. These policies are important is so much as to address the urban poverty alleviation programme. The problem with the most of these short term or long term economic policies seem to be equitable beyond social disparity in principle but the delivery mechanism is rather skewed towards absolute poverty or ethnic based programmes.

None of these questions seems to be answered fully by the various work that touches on poverty issues among urban Malaysian Indians in general and Penang in particular. Hence, they warrant an in depth scrutiny and research.

1.5 Research Objectives

Based on the discussion in the earlier sections, the following objectives are drawn using variables to understand urban poverty among Indians in Penang. The objectives of this study are:

- i. To explore the material and nonmaterial factors' influence¹² on urban poverty among Indians in Penang.
- ii. To compare the extent of the impact of material and nonmaterial factors' influence on urban poverty among Indians in Penang

As the focus of the study is on urban poverty among Indians in Penang, the first objective would help one to understand better the various fundamental factors behind the emergence of urban poor among Indians in Penang. Extending from here,

¹² The term 'influence' in this study denotes the 'causes' of urban poverty.

comparing the impact (degree of attribution to poverty) of material and non-material factors would provide valuable insight to the study of urban poverty. As mentioned earlier, most literature expounds poverty from the material perspective, therefore by comparing these two perspectives, the study would add to the literature of urban poverty.

1.6 Research Questions

Looking at the backdrop of the study and in view of the above objectives, the following questions would be addressed in this study.

- i. What are the material and non material factors of urban poverty among Indians in Penang?
- ii. To what extent is the impact of material factors on urban poverty among Indians in Penang?
- iii. To what extent is the impact of nonmaterial factors on urban poverty among Indians in Penang?

The first research question attempts to fulfil the first objective; that is, it aims to explore the various factors of poverty faced by the urban poor Indians. The next two questions would investigate which of the two categories (material and non-material factors) has a greater impact (degree of attribution to poverty) on the Indian urban poor. It is crucial to understand this impact in designing poverty alleviation programmes in urban areas. These two research questions would fulfil the second objective.

1.7 Definitions of Key Concepts

This section will scrutinize the definitions of key concepts in the study; that is, urban poverty, urban poor, Malaysian Indians and the study area

1.7.1 Urban Poverty

The multi-dimensional definition of poverty best suits the study of urban poverty. This is because the definition provides the space to explore the interplay of various dimensions. Hence, in order to operationalise a proper definition, the study would make an attempt to refine further the ambiguity of the multidimensionality phenomenon of urban poverty for it to be more measurable and objective. Thus, the operational definition of urban poverty adopted here would emphasize on material and non material poverty as they form the key constructs of the multidimensionality of urban poverty.

Urban poverty founded on the material dimension (tangible in nature) is divided into two types; first is income or consumption based poverty and second, is non-income based poverty. The income/consumption based poverty denotes exclusively a monetary and economic perspective whereas the non-income based poverty encompasses primarily on education facility, employment opportunity, health care, security, transportation, information communication technology, energy, housing and any other tangible factors.

On the other hand, urban poverty founded on the non-material dimension (intangible in nature) is based on human centered features, which encompass the poor in a state of deprivation, suppression, powerlessness, having low self-esteem, lack of spiritual

strength and motivation, being fatalistic, feeling of defeat and humiliation, ignorance/inaccessibility to legal and political rights as well as vulnerability and isolation.

1.7.2 Urban Poor¹³

The study defines the characteristics of the urban poor in local context so as to determine the sample size for the qualitative data. Hence, the respondents/participant were classified into ordinary poor, very poor/hardcore poor and non-poor or vulnerable poor based on a per capita equivalent of a poverty line income (PLI- RM720 for poor and RM620 for very poor/hardcore poor) for a family of four members per household.

1.7.3 Indians

The study defines the Indian urban poor in Penang as those from the Tamil clan. The reason is that the Tamil Indian clan comprises the majority of the poor both in rural and urban areas vis-à-vis among other clans who migrated to Malaysia¹⁴ (Manikam, 2009 & Population and Housing Census of Malaysia, 2000). Besides, the majority of this first generation Indians who migrated from India were employed as lowly paid cheap labour both at the plantation sector in rural areas and public sector (in the road construction, railways, telecommunications and port activities) in urban area (Oorjitham, 1988).

¹³ These three categories are based on the official categorization of the Department of Statistics, Malaysia and Chamhuri &, Yusof (1997).

¹⁴ Other Indian clans who came to Malaya then were Telugus, Malayalis, Sikhs, Bengalis, Gujaratis and the Indian Muslims. However, among them, Hindu Tamils forms the majority of the immigrant bulk that came to Malaya from 1921 till 1957 (Manikam, 2009).

1.7.4 Study Area

In Malaysia, based on the 1970 to 2000 census, an urban area is defined as an area with minimum of 10,000 persons¹⁵. Therefore based on this criterion, it is important to choose the most appropriate area to conduct the field research. Penang state was selected as the research site because of rapid urbanization and the fact that more than two-thirds of the state is urban (Economic Planning Unit, 2005). The state of Penang consists of five districts; that is, Timur Laut and Barat Daya districts in Penang Island and Seberang Prai Utara, Seberang Prai Tengah dan Seberang Prai Selatan districts on the mainland. Of all these districts, the study focuses on Timur Laut and Seberang Prai Tengah because these are the two highly populated areas of urban Indians in Penang (Pejabat Tanah dan Daerah Timur Laut & Seberang Prai Tengah, 2010). These two selected areas for the study is shown in Figure 1.1 below.

The specific urban areas within each district can be further divided into different urban areas (which is determined according to their Parliament and State Assembly areas). These various divisions are shown in Table 1.3:

¹⁵ Prior to the 1970 Population Census, the definition of urban areas used in the population censuses refers to gazetted areas which comprised of local administrative units with a population of 1,000 persons or above. However, for the 1970 Census and subsequently the 1980 Census and till 2000, the criterion for a minimum population for a gazetted area to be considered as an urban area was increased to 10,000. This change was to reflect a more realistic level of urbanization because settlements with a population size below this figure often displayed rural socio-economic characteristics.