

Politics and Economics of Urban Growth

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Contrary to popular perceptions about a rapid pace of urbanisation, the fragmentary data in the provisional results of the 2011 Census reveal a decline in demographic growth in districts within the metro cities, suggesting that these have become less welcoming to prospective migrants. Such low and even negative population growth in large cities and their core areas needs further investigation, since it raises concerns about exclusionary urbanisation.

Through sophisticated econometric modelling as well as speculative empiricism, planners, policymakers and researchers with diverse ideological perspectives have placed the data on migration and urbanisation in India under scrutiny. The critics of globalisation have been emphatic and expressed concern over the exodus of people from rural areas due to economic destabilisation and their absorption in slums and informal economies, resulting in an urban explosion. Researchers hailing the opening up of the economy and its impressive performance in recent years, too, have predicted massive rural-urban (RU) migration and acceleration in the pace of urbanisation as a result of a shift of the labour force from the traditional to modern sectors.

Revealing the Urban Bias

Despite the engagement of high level of scholarship on both sides, it is surprising that the inferences that India is currently experiencing rapid urbanisation and that the trend would continue for the next few decades are often based on absolute population figures, increments to the absolute numbers, or the share of the increment in the regional or global totals. Understandably, the increments for India work out to be high due to the impact of its large population base which accounts for 67% of the total population of south central Asia and 29% of the Asian continent. Needless to mention that inferences regarding the dynamics of urban development are based on the share of India in the total or incremental urban population, and its comparison with that of other countries or regions can easily be misleading.

The high urban growth scenario in India, often accepted uncritically at the global level, can be attributed to the United Nations Population Division (UNPD) which brings out the *World Urbanisation Prospects (WUP)* at regular intervals. The

methodology adopted by the UNPD, which is also adopted by many national and international agencies, is based on an exponential function, relating the difference between the growth rate of urban and rural population (URGD) to the percentage of the urban population in the total. It implicitly assumes that the URGD (also urban growth) would increase in developing countries until half of their population lives in urban areas. Despite several modifications introduced by the UNPD in the schema of projection during the past two decades, allowing the URGD to come down before the countries reach the 50% level of urbanisation, the figures of the urban population have been on a distinctly higher side. Apparently, the UN system is aware of this problem which manifests itself in a regular downward revision of the projected urban population for future years, particularly for developing countries. The projected urban population for India in 2030 in the WUP 2010, for example, is significantly below what it had predicted in the WUP 1995.

The policy concerns in developing countries on the need to control RU migration and to slow down the growth of large cities have possibly motivated their planners and administrators to readily accept this perspective as it provides justification for imposing restrictions on population mobility, demolition of illegal colonies, etc. Furthermore, this allows the urban elites to demand and corner a greater share in the total investible resources for infrastructure and civic amenities. Given the urban (elite) bias in development planning in most of the less developed countries, including India, it is understandable why such projections have gone unchallenged in the theoretical and policy linked literature.

Census 2011: Provisional Numbers

Focusing on the pattern of urbanisation during the last census decade, it is possible to draw a few conclusions from the provisional population figures released recently. However, one would have to wait for the rural-urban break-up of population and other socio-economic data in the 2011 Census, before analysing the thesis regarding the process of urban exclusion and its manifestations. The available fragmentary

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evidence, nonetheless, is too disturbing to be ignored or be pushed under the carpet. The data suggest that large cities, particularly the metropolises, have become less welcoming to the prospective migrants.

The state level data for 2011 reveal that the population in two of the predominantly urban regions, the National Capital Territory of Delhi and the union territory of Chandigarh, has grown during the last decade at rates less than half of that in the preceding decade. Delhi and Chandigarh, with over 90% of their population living in urban areas, have reported the lowest growth rates in history. The drastic reduction in population growth possibly suggests that the process of formalisation in these cities has discouraged in-migration of the rural poor. The explanation provided by a decline in fertility in the two cities would be unsatisfactory as that would account for only about 12% of the total decline observed during the decade, as inferred from the data on children aged below six years. Among the large states, even Maharashtra, whose percentage of urban population is over 40, has recorded a significant reduction in its population growth.

The decline in demographic growth in districts that fully and partly fall within the metro cities or agglomerations further confirms this hypothesis. Mumbai district, comprising the island city, has reported a decline in population in absolute terms by 0.6% per annum during 2001-11. Mumbai suburb district also records a decline in its growth rate from 2.5% to 0.8%, implying substantial outmigration. The story is similar in Chennai, Hyderabad, Ahmedabad, Kolkata and other cities, as their central districts have recorded the lowest growth since independence. Lucknow and Kanpur too report a deceleration in their growth rates compared to the preceding decade. The only notable exception seems to be Bangalore which has experienced a high demographic growth. This, however, has been attributed to substantial area expansion and the rapid growth of the high-tech industry in the city.

A Change in Policy Perspective?

It is a matter of some satisfaction that of late policymakers are questioning the alarmist perspective, and with that the measures for discouraging RU migration in order to slow urban growth. The Tenth Plan had noted

that “the moderate pace of urbanisation in the country has been a cause of disappointment”. The Eleventh Plan went a step further and admitted that “the degree of urbanisation in India is one of the lowest in the world” and considered planned urbanisation through the creation of new growth centres in the form of small and medium towns as its major challenge. It expressed concern regarding concentration of demographic and economic growth in and around a few cities and underscored the need to bring about spatially balanced urbanisation. The Plan recognises that urbanisation is occurring at a slow pace. It however stipulates that the pace is “now set to accelerate as the country sets to a more rapid growth”. Importantly, it talks of a distributed model of urbanisation which would ensure that migration flows are not concentrated in any particular city or cities.

Paradoxically, the Eleventh Plan highlighted the problem of a deteriorating infrastructural situation in large cities that “provide large economies of agglomeration” and held that their rapid growth was “a key” and “positive factor for overall development”. It stipulated that “the realisation of an ambitious goal of 9%-10% growth in GDP depended fundamentally on making Indian cities much more livable, inclusive, bankable, and competitive”. The Plan talks of cities growing beyond municipal boundaries, having fully formed metropolitan authorities with clearly defined roles and underlines the need for massive investment for infrastructure development in “prosperous cities”, if India desires to “continue on its current path”. Thus, although the two plans considered low urban growth and a weakening economic base of small towns as a serious problem, they placed the thrust of the growth strategy onto “increasing the efficiency and productivity of cities by deregulation and development of land”. It pleaded for “dismantling public sector monopoly over urban infrastructure and creating conducive atmosphere for the private sector to invest”. The Jawaharlal Nehru National Urban Renewal Mission (JNNURM) in the Eleventh Plan, focusing on 65 large and special category cities, through which the “central government would play a catalytic role” clearly reflects this mandate.

The High Powered Expert Committee (HPEC 2011) on urban infrastructure and

services, after recognising the fact that “the small and medium towns have languished for want of an economic base”, underlines “the importance of large metropolises in generating agglomeration economies” and demands urgent attention to be given to “their infrastructure deficits and the state of service delivery”. The need and potential of more than 20,000 villages (with over 5,000 people each) acquiring urban status have also been noted, but the thrust of the infrastructural development strategy is on generation of larger tax and non-tax revenue through internal sources, external borrowing, private-public partnerships, mobilising funds through bonds and other innovative financial instruments – a schema wherein the small and medium towns have a structural handicap. Although the report floats a number of propositions for benefiting these towns, the essence of its urban infrastructural development strategy can be gauged from the urban structure projected by it. It believes that the strategy proposed would create 87 cities (with population of one million and above) by 2030.

Interestingly, the 2010 report by the McKinsey Global Institute (MGI) puts forward a similar development perspective and predicts an almost identical size of urban population and recommends the growth of not more than 64 such cities. Understandably, the HPEC proposes a much more top heavy urban structure than envisaged in the MGI report. Further, while the HPEC does not talk of emergence of new towns with any specificity, the MGI believes that in the next 22 years, only 1,000 towns will emerge on the urban scene. Considering the fact that several censuses in the past have reported an increase of over 1,000 new towns in one decade, this appears to be extremely low. However, given the current macro-level policies as also the strategy of development proposed by the MGI that are quite similar to that of the HPEC document, the researchers behind the India Urbanisation Econometric Model must be right. It is indeed unlikely that the number of new towns would be much higher than 1,000, net of declassification.

Both the reports implicitly accept as a fait accompli that the growth of urban population would go down during 2001-11. While the MGI takes the percentage of

urban population as 30 in 2008, the HPEC holds that this level will be achieved only in 2010. The implicit growth rates of urban population thus work out to be 2.34% and 2.18%, respectively during the present decade. This amounts to a deceleration in the rate (much more than can be attributed to a decline in fertility), which had come down from 3.8% in the 1970s to 3.1% in the 1980s and further to 2.8% in the 1990s. The HPEC report explicitly acknowledges “a slower growth of urban population in 2001-11 compared with the earlier decade” – the assessment possibly being based on its census-based estimates of urban population. The fall in the percentage of adult male migrants into urban areas from 32% in 1999-2000 to 31% in 2007-08, as revealed by the National Sample Survey data from the 55th and 64th rounds, further gives credence to the proposition. Despite these, the report maintains that “some turnaround from a decelerating trend of urbanisation may be expected” and a “larger response of migration to the acceleration in economic growth as also expansion of city boundaries is more likely to occur in

the years ahead”. This can only be described as speculative empiricism.

Exclusionary Urbanisation

The indecision or purposive ambiguity in the Plan and policy linked documents concerning urban development has deprived the small and medium towns of the resources badly required for providing critical infrastructure and services. This, in turn, has restrained their economic and demographic growth, particularly in the last two decades. The elite capture, on the other hand, has come in the way of large-scale absorption of poor migrants into large cities. These have led to the pace of urbanisation becoming much less than predicted, despite pressure on rural infrastructure and limited livelihood opportunities crossing all critical limits. One would have to analyse the nature of investment in the ongoing urban missions, pricing and affordability of basic amenities for the poor, aspects of elite capture in governance, etc, to find a satisfactory explanation for this sluggish RU transformation. Very low and negative population growth in large cities and their core areas must also be

taken up as an area of empirical investigation, particularly when most of the Indian metropolises do not have a high population density. There is an apprehension that this is a manifestation of an exclusionary urbanisation in the country, prohibiting or discouraging in-migration of persons in the low social and economic categories from gaining a foothold in the cities and a stifling dynamics of development at the lowest level of urban hierarchy. It would be important to see how the latest data on declining urbanisation in select cities affects the future urban structure and internal morphology of the cities and the programmes and policies in the Twelfth Five-Year Plan. Undoubtedly, the country needs a significant withdrawal of workforce from primary activities and accelerated growth of non-agricultural employment based on a spatially distributed model of urban development.

REFERENCES

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 MGI (2010): “India’s Urban Awakening: Building Inclusive Cities, Sustaining Economic Growth”, The McKinsey Global Institute, April.

Centre for Studies in Science Policy Jawaharlal Nehru University

Applications are invited from senior, middle and junior economists for a project entitled “**Socio-economic Study of Rainfed Agriculture and Low Input Animal Husbandry in India**”.

The Economic Research Unit based at the Centre for Studies in Science Policy, Jawaharlal Nehru University is mandated to undertake macro-economic analyses, simulation modeling and case-study based analyses to improve our understanding of the functioning of rainfed dryland agriculture and its possible macroeconomic contribution in India. The objective of the Research Unit is to build an evidence-based case for directing more public investment to rainfed areas and the precise from such investment should take in the relevant sectors. The project is funded by the Ford Foundation and will run through December 31st, 2012.

A series of positions are being filled over the next few months, ranging from junior researchers to senior fellows. These are not time-bound positions, and hence applications are invited on a continuing basis.

Successful candidates will need to have a PhD in Economics and some combination of experience of conducting field surveys, demonstrable abilities with statistical and econometric packages and a reasonable publication record.

Salaries for the respective positions will be awarded as per agreed upon in the final project budget. For clarifications please feel free to contact the Project Director

The qualified candidates should apply with their resumes and a sampling of their publications to the following address. Only shortlisted candidates will be contacted for the interview. An application window is open from 1st May, 2011 to 1st September 2011.

Interviews will be conducted for different positions depending on the strength of the application sent to us.

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