

Urbanization and Economic Development in India

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Introduction

In developing countries of the world the focus of attention remains in the rural sector but the haphazard growth of cities has brought in its train several problems like deterioration in housing and public health facilities, not to speak of the growing crime rate. Urbanization is a process of population increase in urban area following some non-agricultural activities. The percentage of urban population to the total population of a country reveals the level of urban population growth. Higher is this percentage; greater is the level of urbanization and *vice versa*. Similarly, the per capita income is a clear indicator of the level of economic development achieved by a nation. A country which is highly developed therefore enjoys a very high per capita income and this brings a high standard of living for its people. The economic development of a region always leads to greater urbanization. A high standard of living always leads to greater demand for goods and services. The need for greater production results in mechanization, division of labour, specialization of jobs and large scaled production. In short, economic development induces further urbanization through industrial development. It can even be stated that the extent of industrialization acts as a common indicator in understanding the level of economic development and urban growth achieved by the economy. In this way, urbanization becomes a part and parcel of economic development.

This should be understood from the fact that in recent times, with the development of our economy, there has also been an increase in the number of people living in urban areas from 2.58 crores in 1901 to 10.90 crores in 1971, 22 crores in 1991, 28.36 crores in 2001 and 37.70 crores in 2011 for India as a whole. Only 30 percent of India's population lives in urban areas. Level of urbanization increased from 27.81% in 2001 census to 31.16% in 2011 census.

Data Base and Research Methodology

The present research is based on secondary collected through various secondary data sources. The necessary secondary data has been collected from the sources relative reference books, journals and other information regarding to the study was collected from economic survey of India and socio economic survey of India.

Objective of the Study

This paper endeavours to illuminate on the process of urbanization in India with emphasis on level, tempo of urbanization and urban morphology using Indian Census data. In this paper researcher has tried to trace pattern of urbanization, urban problems and related policy issues.

Urbanization and Economic Development

The effect of economic development on urbanization is always positive in the sense that it always results in greater urbanization, the reverse is not always true in the case of India. This Chapter tries to analyze the positive and negative impact of urbanization on the economic development of our country. The growth of small and

medium sized urban centres always leads to expansion of existing facilities. This is reflected in the improvement in transport, communication, housing, education, employment facilities, trade and commerce, civic amenities, etc. These improvements induce the 'pull factors' in attracting immigrants towards these regions. The population shows an upward trend. Correspondingly the demand for goods and services increases. The need for a greater supply of commodities and services to meet the increasing demand encourages investment activity in the economy. The multiplier effect becomes significant. This result in more opportunities for greater investment and the pull factors become dominant and the region continues to attract more and more immigrants. In such a situation, urbanization acts as a stimulant in furthering economic growth.

However, such a situation cannot continue for ever. After a particular stage, which one may call the optimum, the negative effect of urbanization on economic development starts operating. The optimum level can be stated to be that level where the burden on civic finance as a result of huge inflow of immigrants just equalizes the beneficial results of urbanization. The optimum, in a way, shows that the civic finance can do only that much and no more with regard to the provision of all the necessary amenities to the public up to the level of optimum. Though the burden on the civic finances for providing the basic amenities to the public increases. Undoubtedly, this happens due to immigration. The greater burden under such circumstances is confidently met by the administrative machinery because of high level of industrialization and greater taxable capacity of the people. At this stage, urbanization does not contribute to further economic development.

Effect of Urbanization

This situation only serves as a warning signal for the negative effect of urbanization. Sooner or later, the downward trend starts exhibiting all the evils of over-urbanization. With the gaining momentum of pull factors, the administrative machinery finds it burdensome to maintain the quality and quantity of public utilities and other amenities to the people. As the inflow of people towards these regions increases, the administrative machinery becomes less capable of meeting the additional requirements of the people and to maintain the desirable standard in the case of all civic amenities. This is the situation one comes across in big metropolitan cities like Calcutta in India. Over-urbanization in such a metropolitan cities reflects all the evils like housing problem, water scarcity, lack of medical aid, employment problem, spread of slums, increase in the number of beggars, lot of pavement dwellers, higher crime rate, atmospheric pollution and so on. This affects the economic development in two ways. Firstly, the rural migrant who comes to the metropolitan city with the hope of getting a decent job is disillusioned once he realizes the situation there. Having left his village in search of a job, he does not like to go back with a feeling of defeat. He struggles hard to find a job. Sometimes, he fails in his attempt and becomes one among the jobless and houseless poor. Even when he gets a job, it may not be to his satisfaction and may not be equivalent to his qualification. Poverty, lack of job satisfaction, under-employment, lack of proper accommodation and other minimum comforts of life become the root cause of frustration. With this anticipation about the outcome of over urbanization, the administrative machinery is compelled to change the pattern of expenditure. The primary concern of the administration becomes the provision of basic civic amenities and other requirements to the people and the multiplier starts working in the reverse direction. Urbanization, beyond optimum level, acts as an impediment for further economic development. The optimum level of urbanization depends upon the capacity of the region in providing all the amenities

to the public in a fair manner. Greater capacity always raises the level of optimum and a lower of optimum is an indication of lesser monetary fiscal, administrative and other capacities of the administrative machinery. The following factors are responsible for this trend. The first factor relates to the attitude of the migrant. The migrant in most cases desires to move towards a big metropolitan city, ignoring all small and medium-sized towns and cities, because of the desire to live in a well known metropolitan city. The natural outcome is the over crowding in these big cities. This is evident from the data available. It can even be pointed out that urban growth in India has been mostly due to the urbanization of very few big cities. For example, Calcutta, has a population of 108 lakhs as on 1991 and has reached 132.17 lakh in 2001. The corresponding figure for the year 1991 was 108 lakhs. This is followed by Greater Mumbai, Delhi, Chennai, Bangalore, Hyderabad, Ahmedabad, Kanpur, Pune, Nagpur, Lucknow and Jaipur. In 2001 Mumbai has reached a population of 196 lakhs which is the primate city of India.

The growth of small and medium sized towns and cities

The growth of small and medium sized towns and cities is not quite significant. In fact, there has been a degeneration of smaller towns. The period from 1901 to 1991, there has been a decrease in the number of Class V and VI towns. Partly, this may be due to the tendency of the smaller towns to go up to the higher classes. Still, the fact remains that the smaller and medium sized towns and cities are not given their due importance in our development programmes. The other factors responsible for such a situation relates to the lack of proper planning of the towns and cities in India. It is even said that many cities and towns in India are nothing but overgrown villages. Further, the investment decisions are biased by other considerations rather than favourable economic factors. The third factor which is of no less importance relates to the tremendous increase in population. The 1947 census shows that the population of India has 350 million and in 2001 population has increased to 1.02 billion and further 2011 population show that 1.21. billion. Though the percentage of growth has been more or less steady, there has been an absolute increase in the total population. This is mainly due to improved medical aid, lower death rate, increased life expectancy, etc. The birth rate has actually declined from 29 per thousand in 1991 to 24.28 in 2001 and 20.97 in 2011. The death rate however decreased from 13 per thousand in 1991, 8.74 in 2001 and 7.48 in 2011. The life expectancy has increased from 62 years in 1991, 61.97 in 2001 and 64.8 in 2009. The density of population as a result of absolute increase in population has risen to 274 in 1991 people per square kilometer, 324 people in 2001 and 382 people in 2011. All these have led to over crowding everywhere.

On the other hand, the supply of land cannot be enhanced; the additional labour force in rural areas as a result of the population increase cannot be absorbed in agriculture. The surplus labour force will have to engage in occupations other than agriculture and in the absence of sufficient non-agricultural occupations in the villages the villager has to turn towards the city for a job. If urbanization has to induce further economic development, then the present trend should be reversed and measures which will improve the situation have to be undertaken. They include: (i) Rural development programmes which reduce the rural-urban dichotomy and minimize the push and pull factors leading to over-urbanization of a few cities. This will also lead to balanced regional development which is necessary for achieving a high level of economic development for any nation; (ii) Proper planning of towns and cities, particularly relating to the land utilization pattern, industrial development, educational development, cultural and civic amenities development; (iii) Development of smaller and

medium sized towns and cities for diverting the attention of the migrant towards these places; and (iv) Further efforts should be taken to reduce the birth rate in a significant manner through various methods of family planning have been enforced.

Conclusion

The economic development of India requires economic growth. Cities are engines of growth because there is a bi-directional link between urbanization and growth. Great progress has been made in developing the framework for reform linked investment in urban infrastructure. As per population projection in 2026, level of urbanization will be different in various states. India's future urban strategy should recognize these differences and plan accordingly. To improve urban governance and delivery of services there should be constitutional amendments as well administrative actions. Most importantly, inter-government transfers should have built-in incentives to improve performance and capacity building should be an important component of the future urban program.

Policy Implication:

Redirection of investment is recommended to develop strong economic base for small and

Medium city neglected so far. Redirection of migration flows is required. Since the mega cities have reached saturation level for employment generation and to avoid over-crowding into the over congested slums of mega cities i.e Bombay, Calcutta, Delhi, Madras etc it is required to build strong economic sector (Kundu and Basu,1998) in the urban economy, growth efforts and investments should be directed towards small cities which have been neglected so far so that functional base of urban economy is strengthened. Then redirection of migration to these desirable destinations will be possible.

Policy should also relate to proper urban planning where city planning will consist of operational , developmental and restorative planning.Operational planning should take care of improvement of urban infrastructure, e.g roads, traffic, transport etc. Developmental planning should emphasize on development of newly annexed urban areas. Various urban renewal processes can be used. Restorative planning should aim to restore original status of old building monuments which have historic value.

In general urban planning must aim at :

- a) Balanced regional and urban planning (Mukherji, 2001)
- b) Development of strong economic base for urban economy
- c)Integration of rural and urban (Kundu, Sarangi and Dash, 2003) economy--emphasis on Agro-based industry.
- d) Raw material should be processed in rural economy and then transferred to urban economy.
- e) Urban planning and housing for slum people with human face.

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