



An overview of India's Urbanization, Urban Economic

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Abstract

The creation of urban agglomerations in India is one of the most recent occurrences that has been seen in the country. Urban agglomerations are defined as the spatial concentration of urban population and economic activity. This suggests that urban agglomeration includes urbanisation but is not the same thing as urbanisation. There has been a consistent rise in the proportion of India's population that lives in urban areas, as well as the formation of new cities and towns, a sizeable contribution to the national income of the country, a diminishing of poverty, an increase in inequality, and a decreased level of inclusive growth. The natural increase in population, the formation of new cities, migration from rural to urban regions, and the categorization of rural areas as urban all contribute to the expansion of the urban population.

Key Words: India's, Urbanization, Urban Economic, population etc.

Introduction

It is anticipated that the real estate industry of India would contribute 13 percent to the GDP of the nation by the year 2025 and will reach a market size of one trillion dollars by the year 2030. The environmental impact of the Indian real estate business, on the other hand, is growing at an alarming rate. In India, buildings are responsible for the use of 40 percent of all energy, 30 percent of all raw materials, 20 percent of all water, and 20 percent of all land. In addition, buildings produce 30 percent of all solid waste and 20 percent of all water effluents. This industry is accountable for 24 percent of India's yearly CO₂ emissions, which contributes to the worsening of air quality and the acceleration of global warming. For this reason, it is very necessary that India expand its real estate market using an integrated and environmentally responsible strategy.

A global growth engine propelled by cities

The World Bank forecasts that India's gross domestic product will increase by 7.5% annually over the next two years, making it the major country that will continue to lead the pack in terms of global economic expansion. It is currently one of the most sought-after places for foreign investment, and it is anticipated that it will become the third biggest consumer economy by the year 2025. India's entry into the league of major global economic powers may be attributed to



a number of factors, including its youthful demographic basis, rising income levels, increasing (globalised) middle class, and stable democracy.

This urbanisation tendency, which is unique to India, is not a consequence of this economic tale but rather a driving factor behind it. Cities account for over two-thirds of the country's total economic production and are the primary beneficiaries of foreign direct investment (FDI). It is anticipated that cities in India would be the source of seventy percent of the future job opportunities, with rising cities — those with populations of fewer than one million — being the primary drivers of consumer spending. Given that 70 percent of India's built environment for 2030 has not yet been shaped, the country's imminent urban change also promises huge prospects for investments on both the national and international levels.

India's contribution to the UN SDGs

The Sustainable Development Goals (SDG) are now in their third year of implementation throughout the globe, and it is essential to the success of the global 2030 Agenda that Indian cities be made more inclusive, sustainable, resilient, and safe. We are all aware that the construction of cities demands extensive financial resources as well as long-term planning. However, India's progress toward achieving its Sustainable Development Goals will be directly proportional to the growth of its cities. This "how" must contain resilience in order to decrease climate risk and productivity loss, promote inclusion, be biodiverse and socially lively, and ensure that everyone is included. This is the goal for India, and the good news is that we are already making the creation of environmentally friendly cities a top priority. Renewable energy. Wind power output in India has increased by around 67 percent over the last four years. Additionally, solar power capacity additions in India reached an all-time high of 5525.98 megawatts in 2017-18, which was the country's best year ever.

Policy-driven urban revitalization. As a result of the government's recognition of the significance of effectively managing the urbanisation process, it has initiated a number of forward-thinking initiatives, including the Atal Mission for Rejuvenation and Urban Transformation (AMRUT), the 100 Smart Cities Mission, the Housing for All (PMAY) Mission, and the Swachh Bharat Mission. These programmes have the goal of ensuring that the benefits of urban growth are available to all people and that the quality of life is improved.

Trends and patterns of urbanization in India

The level and increase of the urban proportion of the overall population as well as the distribution of that population across the various size classes of cities and towns are two approaches to quantify urbanisation. The method in question is known as the demographic



approach. Second, shifts in the number of urban centres, as well as their development, as well as an extension of the physical borders of already existing urban regions. The term for this strategy is the geographical approach.

Measuring Urbanisation in India

It is vital to establish out how India defines urban areas and the repercussions this has for empirical research before we investigate recent patterns in India's urbanisation. This must be done before we can go on to analysing those trends. The term "urban" in India is defined in a very specific way, which was initially established during the census that took place in 1961. A place is considered to be urban if it meets all three of the following criteria: (1) it has a population of at least 5,000 people; (2) it has a population density of at least 1,000 people per square mile; and (3) at least 75 percent of its workforce is employed in non-agricultural jobs. The criticism that is levelled at this stringent criteria is mostly on the simplifying of this categorization, with a specific emphasis on the complexity that is associated with suburban or peri-urban settings. A second objection concerns the bureaucratic processes that are involved in redrawing municipal borders in response to the expansion of cities and towns. Local authorities are required to submit such modifications via the office of the deputy commissioner or district magistrate. Following this step, the proposed changes must be presented to the public for a period of review, which inevitably leads in delays and may even block revisions. If there is a possibility that they may see cuts in intergovernmental payments and public transfers as a result of urban categorization, local leaders may be resistant to the idea.

The Evolution of Urbanisation in India

The evolution of a civilization from one based on agriculture to one with a modern economy is often thought of as requiring three distinct structural shifts. Workers first transition from the agricultural sector into the production and service industries of the industrial sector. Second, there is a transition happening from the informal sector to the official sector on a more subtle level. In conclusion, there is a move toward formal sector manufacturing and services, which are likely to be found in urban regions but do not necessarily have to be. As a result, there is a rise in urbanisation as a reaction to this transition. Even in situations when manufacturing takes place in or close to rural regions, this nevertheless contributes to urbanisation since it leads to the extension of existing urban areas rather than the intensification of existing urban areas. In India, the employment share of agriculture has remained quite high despite the fact that the proportion of GDP contributed by agriculture has significantly decreased. In addition, while there has been an increase in the output and employment share of industrial production and

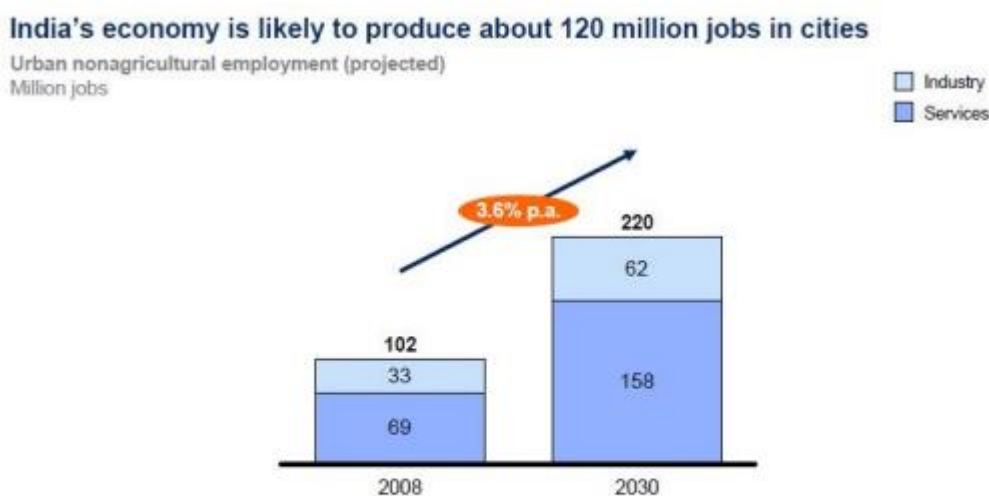


services, the majority of this growth has been driven by the informal sector. This is the case despite the fact that there has been an expansion. As a consequence of this, it is not unreasonable to imagine that the process of urbanisation would have been a gradual one. We are able to trace the growth of the urban population from the time of the colonial period, through India's independence in 1947 and the economic reforms of the early 1990s, all the way up to the current day by using data from the official population census.

Growing Workforce and Urban Productivity

One of the distinguishing characteristics of urbanisation in India is the fast increase in the country's labour force that is expected to take place over the course of the next few decades, with the majority of this expansion taking place in urban areas. The increasing size of the labour force is generally seen favourably, and jobs in the rapidly expanding service sector can accommodate a large number of people. According to Figure, the expected non-agricultural urban employment implies a 3.6 percent yearly expansion in both industry and services, with an anticipated 158 million jobs in services by the year 2030.

Fig: Sectorial Employment Increase in India, 2008-2030 (million jobs)



SOURCE: India Urbanization Econometric Model

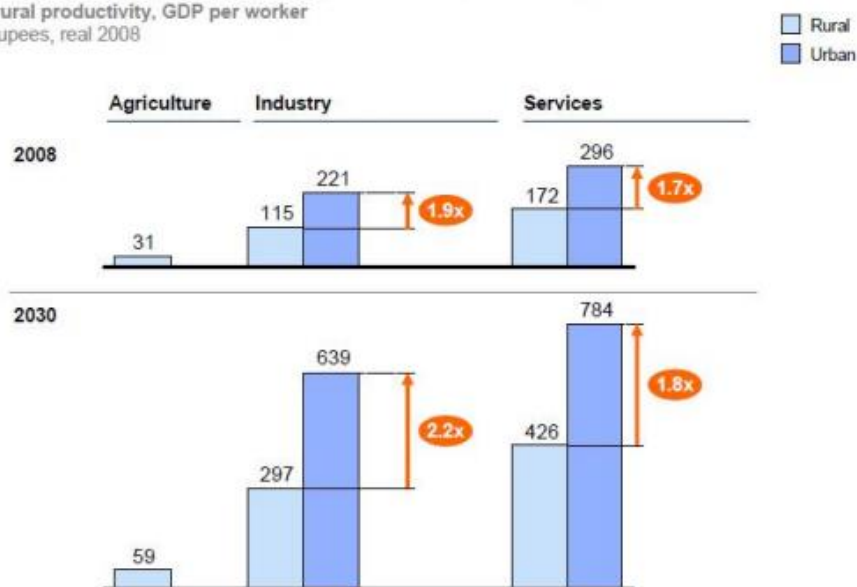
Source: McKinsey Global Institute (2010), Exhibit 1.6, p. 42.

Urban versus Rural Productivity in India, 2008-2030



Urban jobs will enjoy a sustained productivity advantage

Urban vs. rural productivity, GDP per worker
Thousand rupees, real 2008



SOURCE: India Urbanization Econometric Model

Source: McKinsey Global Institute (2010), Exhibit 1.7, p. 43.

The increasing population in urban areas will finally give India with an opportunity; however, the process of urbanisation in India has been badly handled up to this point, and the Indian government has not yet taken advantage of such a chance. In point of fact, it is not impossible that if India's population growth rate continues to be in accordance with the estimates and statistics provided by economists, the country would start to deteriorate, and this will have a wide variety of knock-on repercussions. Because of this, the government has to take into account migration from rural areas to urban centres, where there will be a significant increase in the need for work. The government has to be able to go out to the people and give those types of chances so that there is not an influx of people who are impoverished and are unable to adapt to city life. This will prevent an influx of people who are unable to make the shift. The rural sector of the Indian economy is still rather prosperous, and the shift will make it possible for increased profitability and better living circumstances to be achieved in rural regions as a result of the population decline there. A profitable transition from rural to urban surroundings requires what urban scholar Pranati Datta calls a "agro-based" industry. This is necessary in order to produce a lucrative transition. Even though services are the primary driver of the Indian economy, manufacturing continues to be a significant contributor to the country's gross



domestic product. The negative consequences of urbanisation may be mitigated to some degree if agriculture were able to be included into urban jobs.

Conclusion

However, one must take into consideration that urbanisation has been a vital aspect for the economic expansion of industrial nations. Although many public officials see urbanisation as a barrier to growth, one must take into consideration that urbanisation has been a barrier to growth. Urbanization is a socioeconomic process that cannot be halted, particularly in India, regardless of the policy ramifications and negative views towards it. The irreversible nature of this process is shown by the inequalities in the rates of job growth that exist between urban and rural locations. What is required of India is a more cautious approach to controlling the impacts of urbanisation so that the country may be better positioned to embrace the advantages of urbanisation in the decades to come. The cost-benefit ratio for India is crystal evident, and the concerns of housing, planning, and infrastructure, as well as the dissemination of social services, are of the utmost importance. The following stages for India are very important, and they need to be carefully studied by government officials, economists, urban planners, and other professionals who have the knowledge and resources necessary to ensure India's success. The process of urbanisation has the potential to have certain unfavourable effects, but so far the advantages have far outweighed the disadvantages. India already has a leading services sector on a global scale, which has the potential to be expanded via the modernization of urban areas and the improvement of living circumstances to an acceptable level.

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