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Urbanization in India: Challenges and solutions

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Abstract

Urbanization in India is parallel to trajectory of economic growth. India urban development has mimicked its growth asymmetrical pattern. Today we find concentration of metropolitan as we go downwards in India. Cities are powerhouse of economic activities they need to accommodate economic needs and aspiration of masses. Cities act as forward linkage to rural development.

To develop agglomeration economy, we need to streamline process of urbanization. India's urbanization is marred with issues like unplanned urban sprawl, weak financial capacity of urban local bodies, clustered housing without sufficient space, low preference for public transport contributing to pollution almost absence of local institutions of participatory democracy, bureaucratic planning etc. 'Urban Transition' in India will continue to grow on the back of strong economy. Our cities should be well equipped to bear transition consequences sustainably.

Keywords: Urban, urbanization, economy, cities

Introduction

Urbanization refers to a physical break between rural and city landscape. This corresponds to structural change in economy i.e., shift from agrarian to manufacturing and service sectors. It is a well-known fact that cities of India will contribute 2/3rd to GDP. Cities that enjoy natural factors like closer to ports or are at forefront of knowledge economy attract maximum migrants. This contributes to clustering of agglomeration economy that feeds into greater economic growth.

Massive growth in cities puts pressure on their urban infrastructure. The problem is further compounded as there are only a few urban centers in India that promise better prospects than most cities and towns— and resulting in disordered urbanization. This is reflected in almost 65.5 million Indians who, according to the country's 2011 Census, live in urban slums and sprawls^[1]. World Bank's Agglomeration Index puts India urban concentration at 55% this is much higher than the official count of 31% that points out to the existence of 'hidden urbanization' in India. Many peripheries of cities are cluttered with quasi-urban settlements due to lack of affordable housing in cities.

Amenities cost a huge buck in cities. Rental prices are skyrocketed. Commuting takes hours due to congestion on roads. Residents staying in gated communities who can pay the price distorts the market for urban poor. The main reason for prevalence of island of wealth in sea of poor in cities is weak financial and service delivery capacity of urban local bodies.

There is a need to delve deeper into challenges thrown upon as process of urbanization still is unfolding within a framework of governance.

Challenges

Weak Financial Capacity

74th constitutional amendment act laid down basis of participatory democracy but tied hands of ULBs. Financial autonomy was not the mandatory provisions and ULBs were rendered dependent for finance from state governments or central finance commissions. As put forth by Economic survey 2016, either states are not devolving adequate financial resources to ULBs or ULBs are not raising these resources on their own^[2].

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¹ India's challenges of disordered Urbanization, The Hindu.

² Chapter-14, Economic Survey, 2016.

Till today ULBs are dependent on solely property taxes. They are problems with property tax such as poor coverage, weak collection efficiency and low rates.

The study on municipal finances conducted by the FFC indicated that per capita revenue from property taxes was \$ 1677 at most, with a low of just \$ 42. ULBs by and large have not been able to levy adequate user charges to cover even the operation and maintenance costs. For instance, the results estimate that currently Bengaluru and Jaipur are collecting no more than 5 to 20 per cent of the property tax potential. Issuing municipal bonds has been challenging owing to the poor state of ULB finances and governance^[3].

Poor participatory governance

The 74th constitutional amendment act provides framework for citizen participation in urban governance. It enables this function by forming ward committees. However, the latter have remained non-starters and only paper tigers. The 74th act mandates formation of district metropolitan committees but existing developmental authorities are non-committal on this issue. Most states do not conduct timely elections to municipalities. Elections conducted are mostly indirect via nomination by ruling parties to keep their hold over municipalities.

It is noted that out of 29 states, where wards committee were required to be set up as of June 2004, the enabling legislation was in place in only 19 and out of these, wards committees were constituted in only eight states (Sivaramkrishnan, 2006).

Absence of democratic institutions means transfer of decision making to unaccountable bureaucratic bodies like development authorities or municipal commissions. In many states city planning is handed over to parastatals like non-ULB corporatized entity. For instance, The Government of Orissa plans to set up a corporatized entity for delivery of water supply and sewerage services in Bhubaneswar city^[4].

The poor governance of entities constitutionally responsible for governance affects economic development as well. In a large-scale effort transforming India's competitiveness in the global market, the Government of India enacted the Special Economic Zones (SEZ) Act in 2005. SEZs management is delegated to the Development Commissioners and the participation of local as well as State Government will be marginal. Thus, the population of these towns are deprived of participating in urban governance^[5].

Planning cities

Given states are growing haphazardly in a ribbon like manner there is need to revamp master plans keeping in mind not only growth perspective but climate change as well. Cities today stare at urban flooding, eroded coastline, storm surges, cyclone etc. Most cities are planned by Development Commissioners heading development authorities who are not trained town planners or regional geographers.

Other important issue in planning cities is demarcation of towns. Many statutory towns have expanded without master plans as they are still governed by old census where they are marked as villages.

India's urban planning is done on whims and fancies of real estate developers who spot a land in peri-urban areas or area concentrated cities as opportune moment to construct new piece of skyscraper. In such scenario there is no optimum utilization of land. Given shortage of land urbanization cannot be horizontal. Sub-optimal land utilization at the hand of agencies where parcels are divided amongst agencies like railways, ports, ULBs.

Urban Transport

Economic efficiency of cities and well-being of urban inhabitants are directly influenced by mobility or the lack of it. City efficiency largely depends upon the effectiveness of its transport systems, that is, efficacy with which people and goods are moved throughout the city. Poor transport systems stifle economic growth and development, and the net effect may be a loss of competitiveness in both domestic as well as international markets. Although Indian cities have lower vehicle ownership rate than their counterparts in developed countries, they suffer from worse congestion, delay, pollution, and accidents than the cities in developed countries^[6].

Road network in countries has increased by 4 times and vehicle registry has shot up more than the road network almost 10 times. This has exacerbated air pollution and encroached pavilion space for parking slots meant for pedestrians and cyclists. Delhi has 14 per cent of road are covered with on-street parking slots whereas Surat's share is 60%. Lower frequency of metro and poor quality of public buses compels citizenry to take up two wheelers.

Housing Crunch

Urbanization attracts citizen towards cities creating pressure on housing infrastructure. Those who are unable to afford the high rental settle into slums and chawls. According to Census 2011, 17.3% of the total urban population was under slums in India.

Amid the growth of urbanization, the housing shortage in India has touched 18.78 million units. Approximately 56 per cent of households in urban India now have four or less members, which is a marked change in the Indian housing sector in the past 10 years. This trend has significantly increased the demand for housing in the urban context with the growth of smaller families. There is a shortage of nearly 20 million homes in India. One reason for this is that most builders are catering only to the middle income and affluent population in India and home prices have gone beyond the reach of many during past decade^[7]. Urban housing thus is both a supply side issue such as high land prices, sometimes unavailability, affordability and demand side where from upper-mid class and inaccessibility to cheap lending options.

Solutions

Raise revenue resources

Mobilizing resources is integral to for providing services like sewage treatment, solid waste management, commute etc. Satellite imagery can be used to gauge population density to improve property tax collection.

Public funds won't suffice alone. Municipal bonds can be issue by ULBs. However, managerial issues, lack of institutional investors, credit enhancements can be some

³ Chapter-14, Economic Survey, 2016

⁴ Vaidya, Chetan, Urban Issues, Reforms in India.

⁵ Vaidya, Chetan, Urban Issues, Reforms in India.

⁶ Singh, S.K., Urban Transport in India, 2012

⁷ India's challenge of disordered urbanisation, The Hindu.

constraints. PPP model can be utilized for setting up waste treatment plant. Land can also be utilized for financing by re-monetizing idle parcel in SEZs or land pooling for development.

Participatory Governance

Normative basis for 74th act was to provide a governance channel that was small in size and closer to people. That fulfilled the promise of making them as institutions of self-governance and making grassroot democracy strong as mentioned in the constitution. Therefore, ULBs should have timely direct elections and the funds from finance commission should be tied to their performance. Moreover, ward committees should be activated. RWAs should take up grievances to committees, though they operate as lobbies for middle-class citizens (Baud and Wit, 2008)). Civil Society organization can come forward along locals to demand accountability from authorities.

Constitutional amendments are required for state governments to not intervene in ULBs decisions, like function devolution categorization is decided by government or removal of ULB's jurisdiction over any area by categorizing it as 'industrial township' under any state law.

Planning cities for future

Planning will take center stage in dealing with sprawls, clustering of slums, developing industrial township and green spaces for citizens. Government has rolled out initiatives like JNNURM now AMRUT and Swachh Bharat Mission (Urban) that acknowledges the importance given to urban development.

Qualified professional to undertake town planning. Planning should not be outsourced to consultancy without citizen outreach. Timely surveys to gauge changing nature of villages to towns, towns to cities. It is important to note that census towns will be next site of shanties located at the periphery of concentrated agglomeration sites, as India has very few metropolitan cities, it's the census towns are increasing urbanizing pace.

Low carbon – sustainable urban transport

As climate change hovers over us, it is timely to move away from fossil driven buses to electric vehicles or bio-fuel driven. Government has brought FAME scheme to promote electric two wheelers and hybrid cars alongside ethanol blending to reduce emissions.

In long term we need to integrate urban transport with land use planning. A serious effort should be made to improve the productive efficiency of bus transport. It is recognized that some form of competitive pressure is needed with private sector involved. Pricing policy could effectively be used to encourage the public transport and restrict the usage of private vehicles. So far, in India, operating cost of using the private vehicles is far less than the marginal social costs which encourage people to use private modes. To encourage people to use public transport, there is a need to have transportation system which is seamlessly integrated across all modes^[8]. Moreover, carpooling should be promoted and government should tighten emission control norms.

Getting over housing Conundrum

The housing crunch has been acknowledged by both state and central governments. Together they oversee

implementation of Pradhan Mantri Awas Yojana (Urban) to provide affordable housing to low-income groups. Next step in this direction should be provide affordable rental housing to migrants, students, single working women.

The smart city programme is another attempt to improve the situation in urban areas. The solution, however, to the affordable housing crisis would be focused efforts on land and housing policy reforms, delegation of power to urban local bodies, fostering innovative housing finance, and the reduction in project costs and schedule overruns^[9].

Conclusion

India needs to roll out above solutions in urgency so our urban transition is carried out in phased and less chaotic manner. Cities keep booming as engines of progress and rural sectors can make most of the economic development as backward linkage. Efforts to streamline our urbanization pattern will not only provide optimal quality of life to all citizens but will also contribute towards achieving the Sustainable Development Goals, New Urban Agenda and Paris Climate Accord to which we are a signatory.

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⁸ Singh, S.K., Urban Transport issues in India.

⁹ India's challenge of disordered urbanisation, The Hindu.