

## **FUTURE OF INDIAN CITIES**

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Since the mid-1980s there has been a discernible shift in urban development in India and other developing countries towards a more liberal system of governance. This shift has come at a time when most of the cities in these countries were reportedly experiencing a 'phenomenal demographic growth' and consequent crisis in the provision of adequate urban infrastructure. The incapacity of the state and local governments to make adequate investments to alleviate this crisis has led to a process of government restructuring and reduction of public expenditure in many Indian cities.

The need to free the market from the state's regulative framework to facilitate private investment in infrastructure and the empowerment of local government are central components of an emerging urban strategy in India. This has led to the development of capital markets for resource mobilisation and efforts to ensure the cost of the provision of urban infrastructure, through elimination or reduction of government subsidies. Simplification of the legislative system and flexibility to bring about appropriate land use changes and location of economic activities have likewise been advocated as a part of the remedial package for Indian cities and city regions.

The proponents of this neo-liberal strategy argue that it will accelerate rural-to-urban migration, boost the pace of urbanisation, promote regional balance and ensure sustainable development in the country. Critics of the strategy, on the other hand, have argued that globalisation could jeopardise sustainable development both in rural and urban areas and accelerate the exodus from rural areas. There is little research evidence that supports either of these perspectives. There is a point of convergence between the two that envisages that rapid urbanisation and acceleration of growth will be concentrated mainly in large cities of the Indian subcontinent. The trend is backed by sta-

tistics which confirm 'exceptional urban growth' in these centres during the 1950s and 1970s, but this 'hyper-urbanisation' theory has influenced the assumptions behind many official population projections which have tended to overestimate urban growth and err on the high side.

The recent projections by the Population Division of the United Nations are somewhat low, with the projected figure of 3.0 per cent for 1991-2001 which was indeed higher than the actual numbers recorded by the Population Census for the same period. It is important to remember that the growth rate of the urban population in India during the 1970s was 3.9 per cent, dropping down to 3.1 per cent in the 1980s, one of the lowest in this century. This dropped even further to 2.7 per cent during the 1990s. If these trends continue, the level of urbanisation will drop below 40 per cent by 2050, less than what has been projected by most national and international organizations. The methodology many of these studies assume is that the urban rural growth differential will increase or remain stable until a 50 per cent level of urbanisation is reached. In reality this growth rate has started coming down well before reaching the 50 per cent threshold in India as well as in several other less-developed countries.

Given these recent trends, which indicate a slowing down of urban growth, the notion of 'unprecedented urbanisation' in India over the next three decades must be questioned, along with the proposed policies that recommend the opening up of land and capital markets to resolve the problems of urban infrastructure.

The analysis of current development dynamics and their impacts on urban systems suggest that the process of urbanisation is unlikely to increase sharply over the next few decades. This is partly due to a decline

in the natural growth of the population and partly to slower rates of rural-to-urban migration. The decline in demographic growth in small and medium towns is likely to be more marked than in larger cities like Delhi, Mumbai, Chennai, Kolkata and Bangalore.

Given the effects of globalisation and more general macro-economic trends, it is likely that the bulk of industrial and infrastructural development will concentrate in and around a few large cities, not small towns and backward regions. Large municipal corporations, particularly those located in states with a strong economic base, enjoy a higher capacity of resource mobilisation which will stimulate economic and demographic growth in these regions – not in smaller towns and rural areas.

It is also relevant to note that the fastest growing industries in India have low employment potential within the 'formal' labour market. Even the sustained 7–8 per cent growth per annum of recent years is unlikely to generate very large numbers of employment in the private corporate sector. In addition, many of the public sector units are rationalising their workforce with a substantial reduction in numbers of formal employees. Significant employment growth in the large cities is thus likely to take place through a process of subcontracting, using casual and self-employed workers who are not covered by any social security system. In addition, recent trends show that the sharp increase in urban casual workers that has contributed substantially to the migration patterns in recent decades is showing a significant decline. Another significant factor that accounts for the slowing down of in-migration in urban areas.

The sluggish growth in manufacturing employment in urban areas can also be attributed to the location of large units outside the municipal limits. This is due in part to the impact of the environment lobby in big cities that has campaigned against the dangers of pollution in urban areas. Industrial dispersal in non-urban areas is likely to continue due the availability of land and access to unorganised labour markets, as well as less awareness of the environmental agenda and less stringent implementation of environmental regulations in peripheral areas. As a result, the poor will continue to be pushed to out to these 'degenerated peripheries' and commute to the city for jobs in the industries driven out of the central areas. The

middle and professional classes, however, are likely to stay in the inner city. This segmented structure of demographic growth could divert prospective migrants to the urban peripheries, swollen by increasing numbers of evicted urban slum dwellers.

Empirical evidence suggests that the profile of the emerging informal sector will be different from the recent past, experiencing a degree of formalisation resulting from regular forms of employment. Employers and entrepreneurs seeking to take advantage of increasingly global markets have come to recognise that they would lose their competitive edge unless they standardise their products to meet the specifications of the customers and respect delivery schedules. As a result, they are seeking to establish a degree of 'formalisation within the informal sector'. Most of the rapidly growing businesses in Indian cities engaged in small-scale manufacturing, trade, commerce and finance that have direct or indirect global linkages are beginning to employ workers on a more regular basis. Furthermore, professionals working in global businesses, who work long hours, are increasingly searching for higher levels of certainty in their living arrangements in order to meet the demanding job requirements. As a result, domestic help and other supporting household services are likely to follow a similar process of regularisation.

This process of 'formal informalisation' has several other implications. Many of the rural migrants, lacking in basic levels of literacy, communication skills or market awareness will find it increasingly difficult to get a foothold in the more demanding urban job market. Consequently, urban India faces a paradox. Despite unprecedented growth in employment, it will continue to experience high levels of unemployment in the future, especially at the heart of its cities.

The decline in real wages of casual urban workers in the five-year period 1999–2004, among both men and women, further questions the benefits of this growth on the informal workforce. There has also been a decline in real wages of regular workers in the formal employment sector who seem to be missing out on the benefits of globalisation. Only a fraction of the total labour force in India, made up of educated professional classes, has been able to maintain their real wages.

Local governments in many of the Indian cities are currently facing two serious problems in attracting foreign and national businesses and investment. The first is the land scarcity in inner city areas, especially in prime urban locations. The second is lack of capital. Many cities employ ingenious planning and fiscal methods to attract companies, in an attempt to solve this double problem. The Floor Space Index (FSI), which regulates the level of high-density development allowed in the central areas for commercial offices and high-income residential units, is designed to promote vertical growth in high land-value areas. The aim is to provide much needed space for businesses and, at the same time, generate resources to pay for improvements in infrastructure by selling the extra FSI – or, in other words, allowing much higher levels of development to pay for public infrastructure. In addition, increased FSI is being required by more and more companies since the sanctioning of loans by the international agencies are becoming contingent on the acceptance of higher FSI in city centre areas. The impact of these regulations on the levels of density and the skyline of Indian cities is becoming very apparent. Attempts are thus being made in a selection of India's 'select global centres of the future' to provide land in preferred sites to the market. This is being implemented by simplifying the legal and administrative procedures for changing land use and by pushing out 'low-value' activities from these sites. Low-income and slum areas are the obvious candidates for relocation to the city peripheries, often through the eviction of slum dwellers, hawkers, and pavement dwellers. Importantly, the 74th Constitutional Amendment Act makes it possible to provide differentiated levels of amenities in large cities, based on willingness of the users to pay for their services. The middle and professional classes' preference for low-density development, in safe and clean settings, ensures that higher quality infrastructure and services are provided in 'their' areas, with limited levels of new construction and no illegal encroachment from new slum development. Low levels of infrastructure and service, lack of basic amenities, poor living conditions and deteriorating law and order are likely to continue in low-income areas, acting as a strong disincentive for further in-migration of the poor.

From the above it is clear that the shift from centralised planning to free-market development may,

in fact, reduce rather than fuel urban growth in India, even in the larger cities which are successfully attracting new infrastructure and investment. This process, however, is likely to institutionalise disparity and strengthen the process of segmenting cities into rich and poor areas.

Given the socio-political reality in India, it is difficult for the private sector to bring about the changes in the management of the urban land market, land use planning, and infrastructure and investment patterns without the state becoming a partner. Proposed changes in the system of governance and urban planning, recommended by international agencies, envisage the state's role as an active facilitator. Indian states have indeed responded quite favourably to these recommendations by ushering in the necessary changes, although the democratic structure and bureaucratic inertia have made the process somewhat slow. The message, however, comes loud and clear, from the Tenth Plan document and from the Jawaharlal Nehru National Urban Renewal Mission, that such changes are possible and forthcoming.

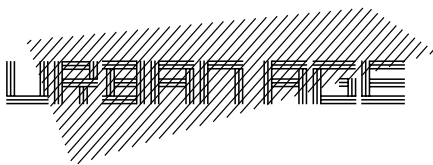
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