

The Urban Plan for India: A Foundation for Economic Growth

Will Lawther

Abstract

Asia's urban population is estimated to double between 2000 and 2030. India is the dominant force in South Asia, and the vastly diverse country is by no means isolated from the growing urban movement. Urban environments have statistically shown as being epicenters for economic growth, resource development, and occupational opportunities. Urbanization has been the fundamental factor of economic growth within the industrial age. Yet, to many public officials, urbanization is seen as a hindrance to growth. Potential negative implications of urbanization include an increase in the propensity of crime, poverty and insecurity. These negative implications need to be managed in order to lift India's developing status. The cost-benefit ratio for India is clear, and planning, housing, infrastructure and the spreading of social services are paramount issues on the docket of urbanization.

I. Introduction

Urbanization is a process influenced by a myriad of social, political, and economic forces that cumulatively have the potential to profoundly affect nations and peoples. Asia's urban population is estimated to double between 2000 and 2030, and Asia is a geographic hub of a group of developing countries whose economies are contingent on urban development. The first half of the twentieth century is a defining era for these nations, and 2008 marked the first time in human history that more people were living in cities than in rural areas. These two statistics point to a forceful movement that is more or less in the hands of young people, as subsequent generations are not going to be defined by rural environments.

India is a dominant force in South Asia, and the vastly diverse and populated country is by no means isolated from the growing urban movement. While the majority of India's population does not yet live in cities, those that live in cities and towns are cited by the World Bank as earning the majority of the nation's gross domestic product (GDP) and providing 90 percent of government revenues.¹

¹ World Bank (2010).

This article will address the context of urbanization in India in relation to both the inherent disadvantages and what India seeks to gain through the process. A brief literature review documents the current academic conversation. Subsequently, some empirical background will identify how urbanization was able to flourish and why it is imperative for India's development. The subsequent three sections will analyze the duality of urbanization, focusing, respectively, on a growing workforce, the lack of resources, and the prominence of slums. From this analysis, it is evident that urbanization is a foundation for India's future, but it needs to be managed in a way such that it can be effective and beneficial for India's population.

II. Literature Review

Urbanization is a contentious topic in India because it is a process that is already happening and yet there is a lack of planning and attention to consequences. Quite simply, it is a socio-economic force that can bring great prosperity to the nation of India, but there has been a lack of attention to the realities of urban life. Ranvinder Singh Sandhu (2003) has published a compilation of collected essays regarding the sociological effects of urbanization in India.

One of the essays by Narain (2003), entitled "Urbanization and Some Social Problems", highlights historical qualities of urbanization that have applicable modern repercussions. Narain finds that urbanization began in the nineteenth century, in which both the United States and the countries of continental Europe experienced a shift from rural to urban growth. He explains that this was a dramatically different transformative process than what subsequently transpired in Asian countries, as he finds "it is not unlikely that urbanization may gather a force that it will not allow itself to be materially modified by the local culture and may even ultimately destroy it".² The author is pointing out the social consequence of the degradation of India's local culture – a factor today that may be more or less downplayed by any technological or industrial innovations.

Narain also finds that Asia inherently lacks resources relative to its population; a problem that was not applicable to the urbanization of the United States or European nations. In direct correlation with the residual effects of urbanization is the rate at which the actual process is taking place. Narain explains that urbanization has materialized rapidly in a short time period, India being the most prominent example, which is fundamentally dissimilar to other areas of the world. The roots of India's modern urbanization trace back to the beginning of the twentieth century in which "the large-city population of Asia [had] grown by almost 450 per cent, as compared with only 160 per cent in Europe and America".³ In fact Narain explains that such a large surge has caused many individuals to accredit Asia as being "overurbanized".⁴ This alludes to the great criticism that urbanization is detrimental and unstoppable. With a lack of resources and employment opportunities, false hope and a rural push encourages migrants into urban environments – a domain that is a breeding ground for poverty. Narain in so many words claims that the Asian region and specifically the nation of India, is dealing with a large population which makes the effects significantly greater.

Pranati Datta (2006) of the Indian Statistical Institute conducted a population study that illuminates many of the same concerns as stated by Narain. Datta also examines concrete and current dynamics of urbanization. Datta shares the same opinion as Narain that mega-cities were created to the

² Sandhu (2003) p. 75.

³ Sandhu (2003) pp. 75-76.

⁴ Sandhu (2003), p. 76.

ultimate detriment of both the people and economy of India, which led to “virtual collapse in urban services”.⁵ The residual effects of such unregulated and expedited urbanization are representative of problems that have plagued many urban environments – namely “housing, slum, water, infrastructure, [and] quality of life”.⁶ This is more or less the obvious, and Datta goes on to explain the crux of the problem.

In an attempt to categorize levels of urbanization, Datta cites three phases of urbanization: the “initial” phase, the “acceleration” phase, and the “terminal” phase. The first is a stage in which society is centered upon agrarian production, while the second is representative of a society undergoing an economic restructuring highlighted by increasingly levels of urban population. The third and final phase is characterized by an urban population of “70 percent or more”, in which any overall population growth correlates with urban growth.

Datta identifies India as being in the “acceleration” phase, and aptly points out that nearly all developed countries across the globe are in the latter two stages of urbanization. This frames urbanization as a prerequisite to stability and economic success, and he supports this claim with the fact that in 2000 the urbanization statistic for developed countries was 76 percent, while only 40 percent for developing countries.⁷ Despite the relationship between development and urbanization, Datta articulates the fundamental reality of India’s urbanization, and that is a strong sense of imbalance.

Urbanization has created prosperous populations within mega-cities and yet there is vast inequity, as is evident in the proliferation of slums. Datta points out that one of the explanations for this is that urbanization has been characterized as a “rural push” as opposed to an “urban pull”. Deplorable economic conditions in the agrarian sector and the glorification of mega-cities has created a sense of false hope, and all that is waiting on the other side has been “poverty, unemployment, [and] exploitation”.⁸ There is a strong emphasis on the unprecedented pace of urbanization within India, which is the underlying factor that has given urbanization such a negative connotation.

Yet, Datta explains that there is an opportunity for change, and that change is going to come in the form of policy implication. Datta cites a “redirection of investment” for cities and regions that have been “neglected” thus far. To counter the deplorable effects of mega cities including Calcutta, Delhi, and others, Datta articulates that there needs to be a “redirection of migration flows”. Finally, there is the imperative need for “proper urban planning” that would tackle the issues of infrastructure, development, and restoration. Datta does not elaborate on the feasibility of this, but needless to say the author has identified the difficulties of urbanization and how such adversities could be addressed.

The World Bank (2011) shares many of the same concerns as the two aforementioned authors, yet it is an international organization that is actively attempting to curtail the negative effects of urban growth, and sees urbanization as an “integral part of economic growth”. The World Bank stresses the economic assets of Indian urbanization despite all of the criticisms. The organization provides the statistic that there is less than one-third of the population in urban environments, and yet those

⁵ Datta (2006), p. 1.

⁶ Datta (2006), p. 1.

⁷ Datta (2006), p. 3.

⁸ Datta (2006), p. 12.

domains account for more than 66 percent of India's GDP and 90 percent of government revenues.⁹

The World Bank points out the specialized problem that India has, because while this statistic may be seen as promising, slums “now account for 1/4 of all urban housing”. In Mumbai for instance there are slums in close proximity to major infrastructure and economic centers. This is representative of great urban inequity and a housing crisis that has engulfed much of India.

In line with Datta's population studies report, the World Bank finds “strategic policy” to be the only solution to the quagmire. Governance, financials, inequity, public services, infrastructure, and the environment are all broad issues that the World Bank seeks to address through the implementation of public policy. The World Bank has engendered and endorsed several projects to be proactive about the problem, and one of the most prominent is the Mumbai Urban Transport Projection (MUTP). The program utilizes significant funding to bolster transportive services, and currently is changing the urban landscape in one of the world's most densely populated cities.

A recent study conducted by the McKinsey Global Institute (2010) documents the essentiality of urbanization in India, and views it as “the most cost-effective vehicle to expand access to basic services”.¹⁰ The institute notes that the productivity that can be generated from urbanization is for a population that has grown organically within cities; meaning that migration from rural areas has not been a strong force, as approximately “20 percent of the increase in urban population is driven by direct migration”.¹¹ This is an important point because there needs to be a strong emphasis on the quality of services within the city limits, as this will be the environment that will produce the subsequent generations of the Indian workforce.

An urban awakening is a poignant phrase to describe the socio-economic status of India, as the McKinsey Global Institute's report cites an annual increase in rural employment of only 0.6 percent, while there is a 3.6 percent annual growth in the cities. The services sector will serve as the occupational foundation for the Indian urban population, and thus urbanization is inextricably linked to the regional growth of India. Despite the historically organic growth of urban centers, cities are still seen as an escape from a poor agricultural lifestyle. While much of India remains rural, those rural areas that are adjacent to urban centers are shown to have “10 to 20 percent higher incomes than the rural average”.¹²

The institute's report stresses a higher quality of life as cities “allow for interactions that promote productivity” and “offer the opportunity to significantly lower the cost of service delivery”.¹³ The revenue generated from cities will allow for the expansion and maintenance of urban services, and the report identifies urbanization as a process that accompanies agricultural productivity. This can be accomplished through a surge in occupations that are non-agricultural, which will bring agrarian workers to the city, and consequently allow for a better balance in the impoverished rural areas. While the institute's report does present a plan for the immediate consequences of urbanization, there is overwhelming philosophy that urbanization is what will bring India success and stability.

⁹ World Bank (2010).

¹⁰ McKinsey Global Institute (2010), p. 37.

¹¹ McKinsey Global Institute (2010), p. 40.

¹² McKinsey Global Institute (2010), p. 47.

¹³ McKinsey Global Institute (2010), p. 40-45.

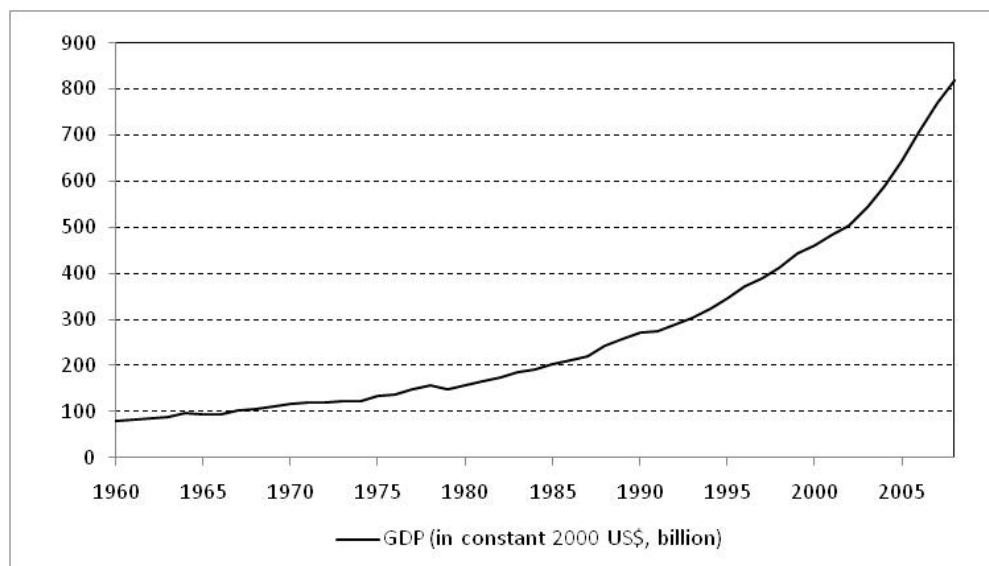
III. Empirical Background

After becoming an independent nation from the United Kingdom in 1947, India relied on a socialist-based economy that has become known as an “inward-oriented development strategy”. The premise of the economic policy was that India, a largely poor country, lacked foreign currency and thus was unable to buy and invest in foreign materials.¹⁴ In effect, though not intended, this inward-oriented development strategy promoted an agrarian state that was hindering economic prosperity that could be achieved through industry and urban labor.

In spite of this reality, India continued to produce all of the industrial materials within its borders. To ensure that individuals and companies were not simply purchasing foreign industrial goods, the Indian government established inordinately high taxes to create a monopoly of domestically produced materials. This protectionist strategy is formally known as import substitution industrialization (ISI), and it lends itself to a loss in productivity and competition.¹⁵ Ultimately this led to the economic crisis in 1991, which highlighted the need for greater international resources specifically directed at the industrial sector.

The process of creating a more internationally-accepting and open economic system is known as economic liberalization, and India has been prospering relative to the times of the inward-oriented economy. There has been a surge in the nation’s GDP, as shown in Figure 3.

Figure 1: India’s GDP, 1960-2008 (constant 2000 US\$, billion)



Source: Created by author based on World Bank (2010) World Development Indicators (as posted on the World Bank website; downloaded on May 5, 2010).

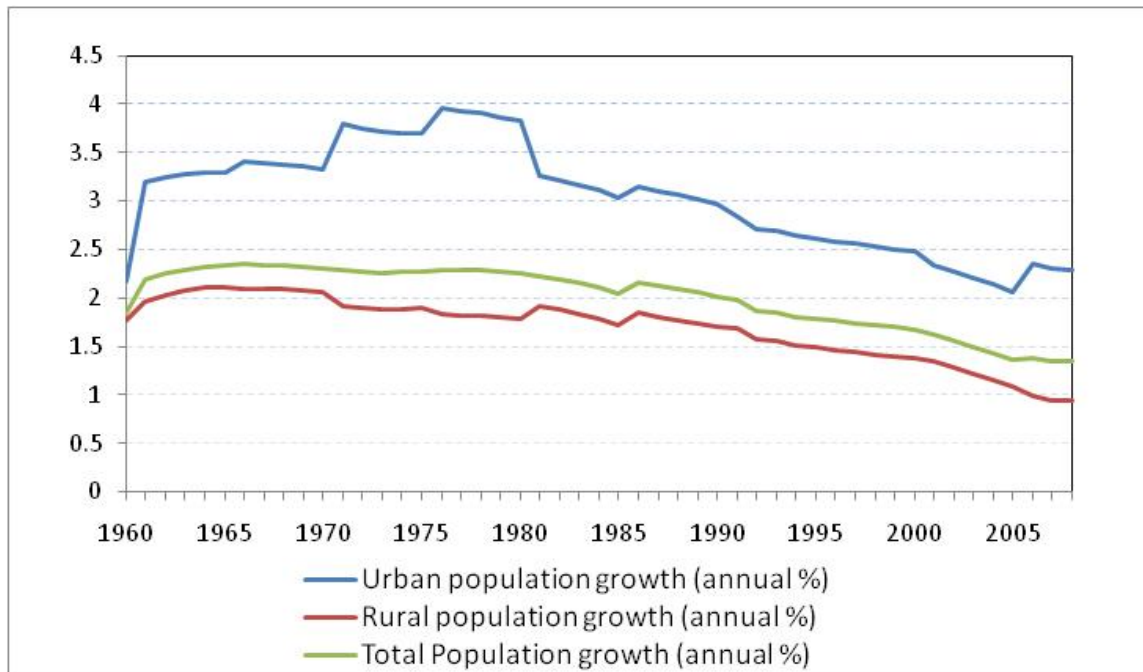
¹⁴ U.S. Central Intelligence Agency (CIA) (2011) – World Factbook.

¹⁵ Kowalski, Dihel and Garcia (2008).

Needless to say, there are still a significant amount of problems that India has to face, and they are all inherently linked to urbanization and inequality. According to the CIA (2011), India’s main difficulties include “widespread poverty, inadequate physical and social infrastructure, limited non-agricultural employment opportunities [...] and accommodating rural-to-urban migration”. India is indicative of urbanization on a grand scale, and the benefits of urbanization can only materialize if this range of issues afflicting the massive population is addressed.

When evaluating the socio-economic landscape of India, the most dominant South Asian country, it is imperative to acknowledge a fundamental characteristic – namely the nation’s immense population. Globally, India ranks second in national population, having approximately 1.2 billion people within the nation’s 3.3 million square kilometers.¹⁶ India is representative of a largely unprecedented economic challenge, due to its high and growing population. As shown in Figure 2, while India’s total population growth rate peaked in 1966 at 2.3 percent, the growth rate has declined to 1.3 percent in 2005, and has since then more or less stabilized.

Figure 2: India’s Population Growth Rate, 1960-2009 (percent)



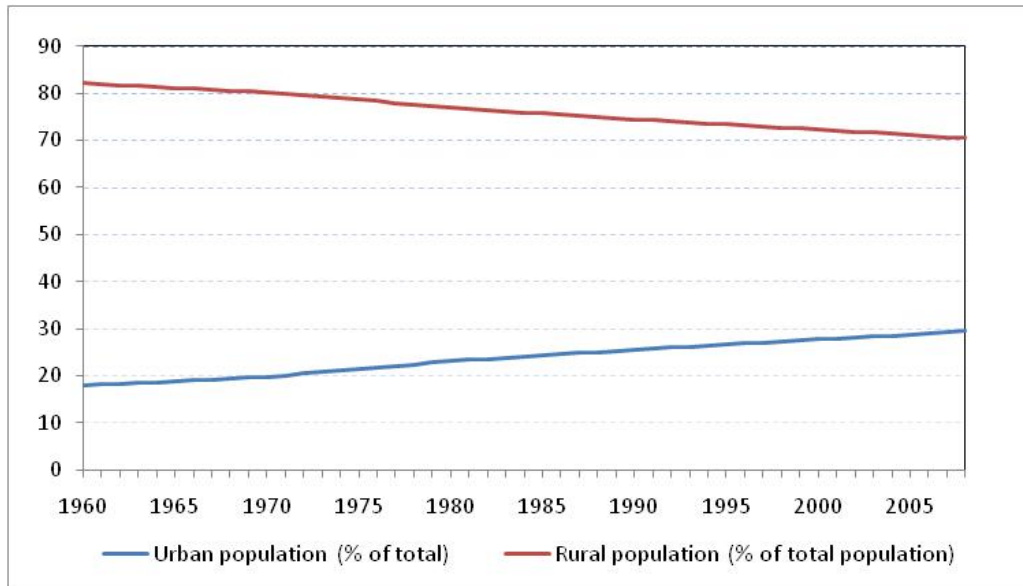
Source: Created by author based on World Bank (2010) World Development Indicators (as posted on the World Bank website; downloaded on May 5, 2010).

Currently, the urban population comprises 30 percent of the total population, and there is an estimated annual increase of 2.4 percent over the next four years.¹⁷ Figure 3 shows the evolution of India’s urbanization in terms of the percentage of urban and rural population from 1960-2008.

¹⁶ U.S. Central Intelligence Agency (CIA) (2011) – World Factbook.

¹⁷ U.S. Central Intelligence Agency (CIA) (2011) – World Factbook.

Figure 3: Urbanization in India, 1960-2008



Source: Created by author based on World Bank (2010) World Development Indicators (as posted on the World Bank website; downloaded on May 5, 2010).

There is a clear and definite increasing trend towards the urbanization of India, in which there will be dramatically less emphasis on rural occupations and rural productivity. This is illustrated by the relationship between GDP by sector and the labor force. Namely, agricultural occupations comprise 52 percent of the total workforce, and yet they only consist of 16.1 percent of India's national GDP.¹⁸ This is important to understand because India's economy has (until recently) been based upon the less profitable agricultural sector that has historically been composed of the majority of India's people.

Yet, India has recently become world-renowned for its services sector, which now makes up 55.3 percent of the nation's GDP.¹⁹ Services and industry are inherently related to urbanization as an urban environment is conducive to businesses and resources that can promote the economic welfare of the nation.

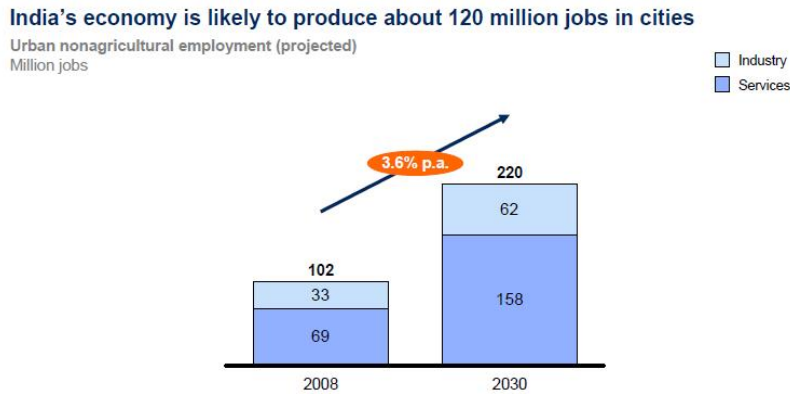
IV. Growing Workforce and Urban Productivity

One of the defining factors of the Indian urbanization is that India's workforce will be growing rapidly in the next several decades, and that growth will be taking place mostly in cities. The growing workforce is mostly seen positive, and occupations within the expanding services sector can provide for many. The projected nonagricultural urban employment suggests a 3.6 percent annual increase in both industry and services, with an estimated 158 million services jobs by 2030, as indicated in Figure 4.

¹⁸ U.S. Central Intelligence Agency (CIA) (2011) – World Factbook.

¹⁹ U.S. Central Intelligence Agency (CIA) (2011) – World Factbook.

Figure 4: Sectorial Employment Increase in India, 2008-2030 (million jobs)

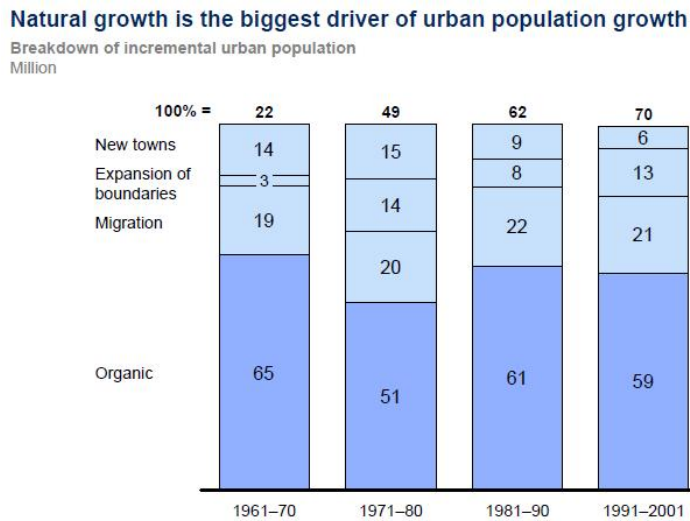


SOURCE: India Urbanization Econometric Model

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

Services will be a fundamental component of India's growth over the next several years, and it is critical that there be jobs in order to accommodate the increase in urban population – the environment in which the service industry will thrive. In an analysis of urbanization at the macro level, Sivaramakrishnan, Kundu, and Singh (2005) have identified several factors that contribute to urban population growth. Natural increase has historically been the most effectual and it still is today. Natural increase accounted for greater than 51 percent of the total increase in India's urban population since 1961, and has averaged at approximately 60 percent through 2000.

Figure 5: Contributory Factors of Urban Growth, 1961-2001(percent)

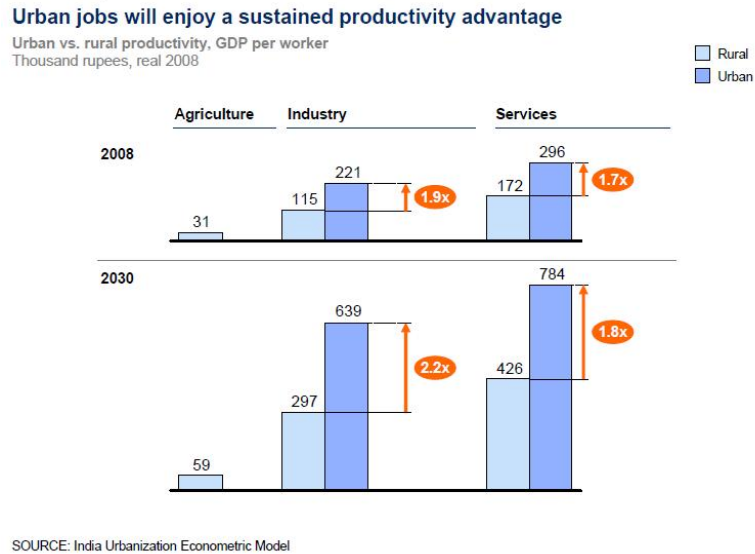


SOURCE: NSSO and census migration data; Mitra and Murayama, *Rural to Urban Migration: A District-Level Analysis for India*; McKinsey Global Institute analysis

Source: McKinsey Global Institute (2010), Exhibit 1.5, p. 41.

A more recent study conducted by the McKinsey Global Institute supported the same conclusions and statistical information. This can be seen in Figure 5, which identifies the contributory factors. Furthermore, as shown in Figure 6, it is expected that urban jobs will enjoy a sustained productivity advantage over rural jobs for the coming decades.

Figure 6: Urban versus Rural Productivity in India, 2008-2030 (thousand rupees)



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

The growing population in urban areas ultimately represents an opportunity for India, yet thus far it has been a poorly managed process, and governmental forces have yet to exploit such an opportunity. In fact, it is certainly possible that if the population growth rate remains in line with economists’ predictions and data, India will begin to decay and there will be a myriad of residual effects. To accommodate for this, the government must consider rural to urban migratory movement, in which there will be a high demand for jobs.

The government needs to be able to reach out to the people, and provide those kinds of opportunities so that there is not an inundation of destitute individuals who could not make the transition into urban life. India still has economic prosperity in the rural sector, and the transition will enable higher profitability and greater living conditions in rural areas due to a decrease in population. Urban researcher Pranati Datta points out that there needs to be “agro-based”²⁰ industry in order to create a prosperous transition from rural to urban environments. While services dominate the Indian economy, there is still a portion of the nation’s GDP that solely stems from industry. If agriculture could be incorporated into urban occupations, the negative effects of urbanization would be somewhat stabilized.

Yet, what is critical is that both the urban and rural environment can provide opportunity and a quality of living that meets and exceeds a minimum standard. A growing workforce in the urban environment will place a steeper demand on inter-urban services. This should be the focal point of

²⁰ Sivaramakrishnan, Kundu and Singh (2005).

the government's plan, because without resources and basic services, employment opportunities and urban society will suffer as a whole. This lack of services has been made evident in the vast disparity of wealth that exists in Mumbai and other mega-cities throughout India. The World Bank notes that Mumbai is "India's commercial and financial center"²¹, and yet there are slums within parts of the city. Due to such a high and dense population there is going to be some level of poverty, but the current economic void needs to be addressed by institutional and governmental initiatives.

In a population study of the urban areas within India, Pranati Datta for the Indian Statistical Institute explains that there needs to be a reevaluation of migration. While natural growth is the fundamental reason behind urban growth throughout India, migratory effects are still consequential. To ease the economic disparity that exists in urban environments, Datta explains that "growth efforts and investments should be directed towards small cities which have been neglected so far so that [the] functional base of [the] urban economy is strengthened".²² This will alleviate the burden of population growth in overly crowded cities such as Mumbai, Delhi, and Bombay, and allow for greater and more equal development across a larger area of India. Population growth is what urbanization policy should stem from, as it is representative of the greatest number of consequences for Indian society.

V. Lack of Basic Services

With the basic understanding of the population growth in Indian cities, the more tangible and economic issue of resources needs to be evaluated. The immediacy of many resources is paramount because water supply, sewage, and sanitation are essential to a minimum quality of life. The current status of India's cities is not promising despite economic development, as such basic services are below international standards and are causing urban decay. The McKinsey Global Institute identified this issue, and shed light on how urbanization has currently been a mismanaged process.

Figure 7 outlines the benchmarks of India in comparison to international standards, and the nation is lacking on all accounts. It is important to keep in mind that these are basic services for human life, and if they are neglected and under-funded, this will give way to problems of urban health and poverty. How can individuals possibly be worried about attaining occupations with the services sector if the most minimal standards of living are being compromised? This is a dilemma that the government needs to address through urban planning and reform, and there needs to be a unilateral investment in basic services that will promote economic growth and provide opportunity for the surging population.

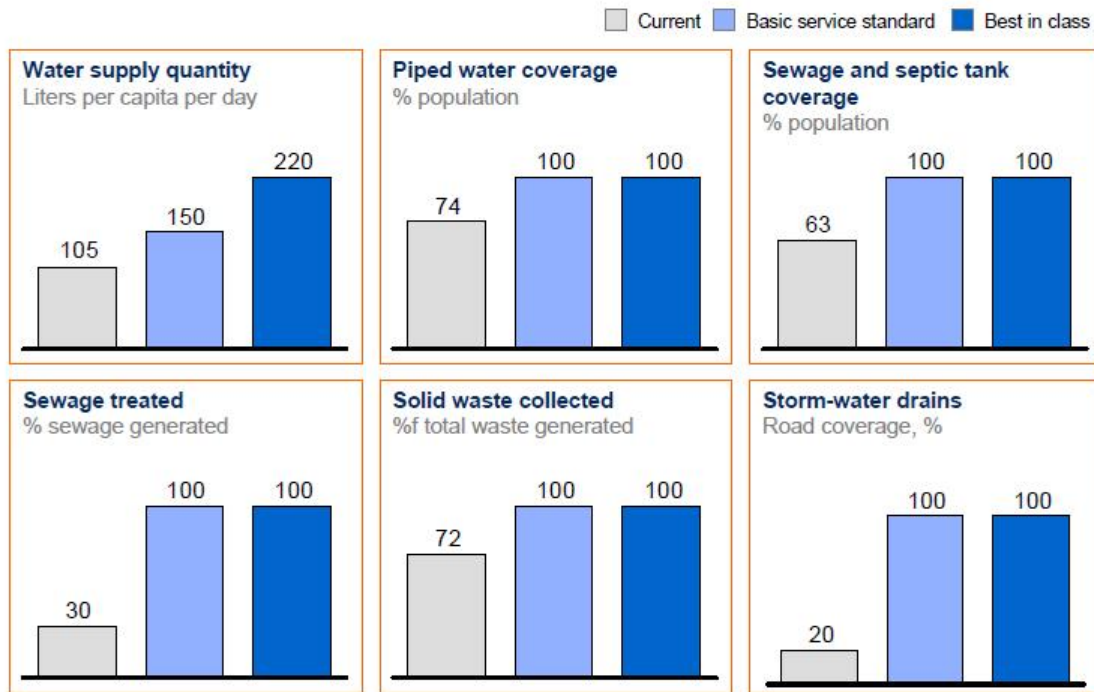
Since Indian cities lack services on even the most basic level, it is not surprising that secondary services are just as dismal in relation to international standards set by the United Nations. Examples of this include the underinvestment in transportation services, the high rate of congestion, a lack of healthcare-related resources, and a poor national investment in urban educational institutions. This was outlined in the McKinsey Global Institute (2010) report, which assessed secondary concerns in urban life.

²¹ World Bank (2010).

²² Datta (2006), p. 14.

Figure 7: An Evaluation of India's Basic Urban Services (international standards)

The current performance of India's cities is poor (1/2)



SOURCE: United Nations; press search; City Development Plans; The Energy and Resources Institute; Planning Commission; Census 2001; Central Pollution Control Board; McKinsey Global Institute analysis

Source: McKinsey Global Institute (2010), Exhibit 2.2, p. 54.

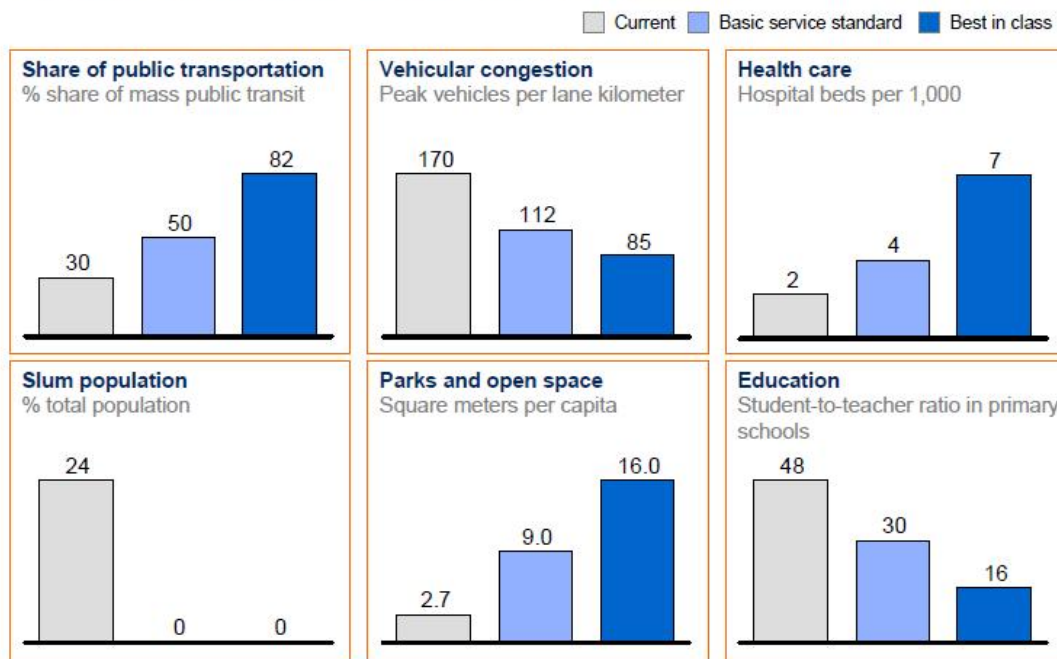
Figure 8 visually displays the disparity between India's current standards and those of the rest of the world. Both private and public transportation suffer in urban areas of India, which is due to both a mismanagement of funding and a lack of urban planning in regard to an increasing population. The former can be seen in the 10 percent decrease in investment of public transportation between 1994 and 2010.²³ This is troubling because many of these cities are reliant on public transportation due to the highly dense population, in addition to the fact that public transportation is more economically viable than private transportation (such as having one's own car).

Private transportation suffers from the chronic underinvestment of infrastructure, which in simple terms means a lack of efficient roadways. This has caused congestion to spike which has had detrimental residual effects on the environment. The problem acts as a viscous circle because one has no effective alternative to either options, and thus it is a critical issue that the Indian government needs to address. Policy implementations would include a reevaluation of the budget to analyze potential funding for transportive services. While this issue is secondary to basic services, an urban environment needs effective means of transportation.

²³ McKinsey Global Institute (2010), p. 55.

Figure 8: An Evaluation of India's Secondary Urban Services (international standards)

The current performance of India's cities is poor (2/2)



SOURCE: United Nations; press search; City Development Plans; The Energy and Resources Institute; Planning Commission; Census 2001; McKinsey Global Institute analysis; *Study on Traffic and Transportation Policies and Strategies in Urban areas in India*, Wilbur Smith, 2008

Source: McKinsey Global Institute (2010), Exhibit 2.3, p. 55.

The McKinsey Global Institute identified healthcare to be a growing problem in India, and while the benchmark analysis was only based on the number of hospital beds per 1000 people, it is evident that health care is an issue nonetheless. This is a more complicated issue that is linked to urbanization, as individuals will be more susceptible to hazardous conditions and environments within urban areas, and the government needs to find a means to address this issue and work with the medical community. In addition, education is highlighted as a concern because there is a lack of faculty for the early educational development of India's urban youth. This is something that is often glossed over in light of such imperatives of water and sanitation, and while it is indeed secondary, education is what can bring individuals out of poverty and bring economic prosperity to their own environment. An investment in early education will clearly benefit the entirety of the urban population, and it is a necessity in preventing a regression back into poverty.

VI. Prominence of Slums and the Importance of Housing

Slums, unclean and underdeveloped regions inhabited by indigents, are a reality in many of the urban environments throughout India. These areas highlight the worst possible conditions for individuals, as they are unsanitary and are a growing and self-perpetuating process of human suffering and societal negligence. The emerge and growth of such slums is unequivocally a consequence of urbanization, and while it is a problem that can be handled to some extent, there has been a national failure on behalf of governments and programs to be proactive in finding some

sense of resolve. It is simply not feasible to move every individual out of poverty and provide housing, and this is going to involve a graduated solution process that will take place over the next several decades.

A strategy analyst Hari Sud (2006) discussed poverty and slums in India, and firstly pointed out that “twenty five percent of Indians live on less than a dollar a day and seventy percent live on less than two dollars a day”.²⁴ With this kind of a statistic, it is not surprising that many of India’s citizens are forced into slums due to a lack of opportunity. This cycle is perpetuated due to children growing up in the same environments generation after generation – youths who lack the ability and resources to change their circumstances. This is a fundamental problem that India has become world-renowned for, and an infrastructure and housing failure have let such an awful reality persist.

A 2006 survey noted that “22 percent of [the] Indian urban population lives in slums as against 32 percent for the whole world”.²⁵ While this may not seem that deplorable, it must be taken into account that India has one-sixth of the world’s entire population, and thus having nearly a quarter of the nation’s population living under such conditions is indicative of a major problem. Slums are inherently attached to high crime rates and poor health and sanitary conditions, which serves as one of the explanations for the lack of basic services in the country. Unfortunately, the government has been taking superficial action by demolishing many of the slums, but not fixing the issues of indigence and lack of affordable infrastructure. The government has not been able to invest in affordable infrastructure, and they are more concerned with taking a wrecking-ball to a slum than fostering human decency and opportunity.

A recent editorial described these circumstances in the mega-city of Mumbai: “Many settlements have been demolished again and again, even though they were built before 1995, which according to the government are legal houses. In spite of many of these people having proper documentation (ration cards, Vote ID cards) to prove their domicile legally, there has been no respite”.²⁶ While these conditions are often deplorable, many individuals have been actively pursuing this lifestyle because they have no viable alternatives.

While the government cannot simply eradicate slums and expect nearly a quarter of the Indian population to become financially stable, there are means to improve such conditions to better the slums. There needs to be unilateral access to the basic human services discussed earlier such as water and sanitation, and additionally the government needs to work to ensure safe and affordable infrastructure for housing. A World Bank initiative in 1985, called the Slum Upgrading Program (SUP),²⁷ only lasted nine years due to investor skepticism towards slums. This attitude needs to be reevaluated due to the fact that such a larger population is living under these conditions, and the government and investors should recognize the potential if basic services were given to these people.

There has been some progress made in addressing slums over the last two decades. The United Nations HABITAT (2010, p. 1) agency recently published slum-improvement trends and noted that in India “slum prevalence fell from 41.5 percent in 1990 to 28.1 percent in 2010”. Efforts have been made across the globe to reduce slums, as it is a problem that extends beyond India. Yet, it is critical that such efforts within India are not inhibited by finances, because it is one of the keys

²⁴ Sud (2006).

²⁵ Sengupta (2006), p. 1.

²⁶ Sengupta (2006), p. 2.

²⁷ Sengupta (2006), p. 2.

to India becoming a developed country through the process of urbanization.

There is a high demand for urban housing, and if such a demand was addressed and made affordable through governmental action, India has the potential to reap the benefits of urbanization. If India meets the demand for affordable housing, according to the McKinsey Global Institute, slums will become non-existent in India. This is relatively idealistic as the demand is quoted in excess of 38 million homes,²⁸ which will consist of a nationwide initiative over the next several decades. This should be tackled in the mega-cities first as opposed to the entire nation, which will make the urban reform process significantly less daunting. It is imperative that there be a joint initiative undertaken by leaders and government institutions to better the conditions of slums and build affordable housing across cities.

VII. Conclusion

To many public officials, urbanization is seen as a hindrance to growth, but one must consider that urbanization has been a fundamental factor for the economic growth within industrial countries. Regardless of policy implications and adverse attitudes towards urbanization, it is a socio-economic process that cannot be stopped – especially in India. Job growth rate disparities between urban and rural environments are indicative of this irrevocable process. What India needs is a more concerned managing of the effects of urbanization, so that the nation can be better prepared to reap the benefits in the coming decades. The cost-benefit ratio for India is clear, and planning, housing, infrastructure, and the spreading of social services are paramount issues.

The next steps for India are crucial and must be carefully considered by government officials, economists, urban planners, and individuals with the insight and wherewithal to see India succeed. Urbanization is a process that comes with some negative implications, but the benefits are outweighing the costs. India already has a world leading services industry that can be built up by reforming urban environments, and bolstering living conditions to an acceptable standard.

Intelligent policy and investor funds are what are going to be the deciding factors in whether or not India will make it through urbanization, and one cannot exist without the other. The attuned policy implementations are critical, because they will ultimately lead to standards being set and infrastructure being built. These policies need to have attention to detail and to the real problems that the urban environment faces. On the flip-side, there also needs to be funds from international investors to carry out those policies. Investors should see India as a growing opportunity that needs monetary aid to stabilize and eventually prosper. The service industry is a testament to that, and thus the world needs to open its eyes to the potential that India has, and what urbanization can do for the nation, South Asia, and beyond.

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²⁸ McKinsey Global Institute (2010), p. 67.

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