***Urbanisation in India:***

***Opportunities and Challenges***

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India has been relatively slow to urbanise, and at 31 per cent in 2011, India’s urban population is a much smaller proportion of its total population than most countries we like to compare ourselves with, e.g., China (48%), Indonesia (45%), Mexico (78%) and Brazil (87%). This is partly a problem of definition, which is made worse by the political unwillingness to recognise what is urban as urban. However, even with a much smaller share in the total, the absolute magnitude of India’s urban population is large (377 million in 2011) and is growing rapidly (it is projected to increase to 600 million by 2030). Urban sector accounts for almost two-thirds of GDP in India.

The lecture addresses the opportunities and challenges presented by the process of urbanisation which is gathering momentum in India in its current stage of development. Not only do Indian cities have to act as engines of growth and provide better quality of life for their residents but the prospects of the rural sector also depend on the strategy for urbanisation and better synergy with urban development.

The experience of 8 per cent or so growth during 2003-11 was associated with a much slower growth of non-agricultural employment for a number of reasons. This meant that while the pace of urbanisation was faster than in earlier periods, it was less than what would be normally expected with that kind of growth. But even so, the challenges of urban planning and city management within a complex federal framework with overlapping responsibilities, weak institutional structures, inadequate devolution of finances, and poor capacity to plan and manage at the local government level proved too overpowering. The faster urbanisation brought to light the consequences of the long term neglect of urban planning and city management for service delivery, land use and transport planning and metropolitan connectivity.

State governments which had the principal responsibility for urban development have neglected the urban sector over the years, and the Government of India also looked the other way. In 1992 the 74th Constitutional Amendment formally recognised urban local governments and assigned certain responsibilities for service delivery to urban local governments. Since state governments mostly did not transfer either funds or functionaries to the local governments, it amounted to leaving the local governments with unfunded mandates. The Government of India made a weak beginning in 2005 through a pilot mission, the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) which set out to help bridge infrastructure gaps in the urban sector in selected cities in partnership with state governments, but improvement in service delivery was not explicitly on the cards. Project funding under JNNURM from the Government of India was linked with reforms of policies and institutions at the state and local government level. The mission had limited success, but it brought about enough transformation in some sectors in some cities of some states to prove that urban renewal and better quality of life in our cities is an achievable goal.

A new Government of India assumed office after receiving a decisive mandate in the General Elections of 2014. The government has committed to putting the economy back on rapid growth track, and expectations are that the year 2014-15 will begin to show a turnaround in growth after three years of slow-down. It is extremely important for the new government to carve out a well defined strategy of urbanisation and back it with an action plan which helps build Indian cities with service delivery to specified norms so that cities can provide better quality of life to their residents, act as engines of growth, and revitalise the rural sector by opening up new opportunities for value added. Both state governments and urban local governments will have to work together with the Government of India in building capacity at the ground level and strengthening institutional mechanisms of service delivery. The goods and services tax (GST) can be used as an important tool of devolution to ensure guaranteed and predictable transfers of funds to urban local governments, while the principle of user charge recovery must also be respected for financial viability. Programs like *Swachh Bharat*, *Smart Cities* and *Housing for All* should become important components of such an overall strategy for urban development. The lecture will spell out the need for financial and environmental sustainability to be built into these programs which must incorporate social inclusion and involve participation of all levels of government and civil society. As the economy is expected to pick up steam and policies are put in place to ensure that jobs are generated and skills are created to cater to faster growth of non-agricultural employment, planning for urbanisation and managing urbanisation assumes even greater importance.