

# Urbanisation = Growth

-Amitabh Kant & Ajit Pai

Since its birth as a nation, India has traversed the path of urbanization reluctantly. This was likely a function of its predominantly agriculture-dependent rural population when it emerged as a democracy at independence. In 1951, 17% of India's population lived in cities. As the postwar world rapidly urbanized, India also urbanized, but at a slower pace, and more haphazardly. Misguided efforts to fight urbanization as an undesirable phenomenon contributed to substantially slower growth of the efficiencies of agglomeration in the Indian economy relative to the rapid and better integrated urbanizing nations. There is a clear link between urbanization and incomes. Higher the urbanization rate, higher the per-capita income of a country. Even amongst states in India there is very strong empirical evidence of greater urbanization and higher per capita GDP going together. The allure of cities, as they provided a potential source of better education, healthcare, jobs, and other opportunities, grew. Workers migrated in large numbers from rural areas to urban ones. However, the lack of investment to accommodate the throngs arriving resulted in the vast majority of Indian cities experiencing significant informal development. Rigid and outdated planning and administrative norms exacerbated this issue. Take for instance the state of some of our metropolitan cities. Chennai experienced both floods and a water shortage. Bengaluru is facing an acute water crisis. New Delhi grapples with air pollution on an annual basis.

It is also estimated that India is currently about 36% urbanized relative to a world average of about 57% and OECD average of about 80%, with even recently ascended countries like South Korea at over 80%. There have been recent projections by key policy makers of about 50% urbanization in India by 2047. Clearly, this projection is amiss and as misguided as those in the past that have resulted in the inadequacies of Indian cities today. Two-thirds of the country urban by 2047 would be a more reasonable goal for India, if a number of its other economic and social targets are to be met more easily.

First, there are many areas in India, known as census towns. These areas meet the criteria to be governed as cities yet continue to be governed as villages. As such the planning for infrastructure, and government services is provided from a rural lens. So while counted in the urban population, these areas lack the infrastructure associated with cities. State governments will have to take the lead in creating municipal corporations or urban local bodies (ULBs) in census towns. At the same time, we must relook the way we are urbanizing to unlock the agglomeration benefits of urbanization. The next decade will witness the greatest increase in India's urban population ever, and if planned appropriately for, could help India leapfrog the legacy issues of the leading metropolises across the world today.

What has also become evident is the suburban sprawl of the second half of the twentieth century is less sustainable economically and environmentally. Larger city areas result in

pushing out further adjacent activities like agriculture, horticulture, and messier industrial production, thereby reducing areas left as natural reserves. Greater number of cities as they develop also require better connectivity and infrastructure, again traversing and bisecting larger tracts of undisturbed nature outside urban limits.

Relooking floor space index (FSI) norms should limit the urban sprawl we are seeing. Essentially, higher FSI norms allows cities to go vertical. This allows for the creation of dense and compact cities. The FSI in New York is 15, in Singapore 25, and in Tokyo 20. In comparison, the FSI for Indian cities like New Delhi, Mumbai, Ahmedabad, and Pune is in the low single digits. This urban sprawl then necessitates wide-spread development of trunk infrastructure, such as water, sewage, electricity lines, and roads. Many cities have not been able to keep up. Similarly, large scale investments in social infrastructure are also required when catering to an urban sprawl.

Designing denser cities around public transport, or the principles of transport-oriented development (ToD) will be key in the future. Making cities more walkable, access to bike lanes, and other non-motorised forms of transport must form part of this plan. The model of urbanization in the USA, saw cities designed for cars, not people. The car-centric model of urbanization leads to more congestion, pollution, and a higher proportion of valuable land taken up by roads and parking spaces.

All the new built stock could be in the most desirable configuration required, with land use and densities that minimize mechanical mobility requirements, use fresh water far more effectively, reuse grey water, optimize on energy consumption and generation, be easier to maintain and importantly also be more livable from a physical, social, and experiential perspective.

India has the opportunity to accelerate its own economy with a thrust on urbanization that would improve its competitiveness in manufacturing and services, but also deliver with higher standards of ecological and social response to strengthen and future proof the Indian economy for the longer term. Perhaps this would be best served by government providing a few overarching policy principles and schemes from the central level, but with all levels of government focusing on building capacity and ensuring the faster and effective implementation of the 73<sup>rd</sup> and 74<sup>th</sup> amendments of our Constitution. Better devolution and broad-based fund raising through municipal bonds will ensure that investments are able to keep up pace with demand.

A clear policy with prioritization roadmap that appears sufficiently future-proofed would encourage broad-based investment in accelerating urbanization while strengthening India's economic and social development in the most capital efficient and environmentally sustainable manner. Rather than fighting the forces of urbanization, we must reinforce efficiencies of agglomeration while embracing global best practices and latest technologies

to make our cities the most environmentally friendly, disaster and economically resilient, safe, and livable, giving the Indian economy a source of sustainable competitive advantage.

*\*Amitabh Kant is India's G20 Sherpa and ex-CEO, NITI Aayog and Mr Ajit Pai is Strategy Lead Partner, EY GPS. Views expressed are personal.*