

Urbanization and Economic Development In India

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ABSTRACT

In this study we will discuss about Urbanization in India. Urbanization and economic development are closely associated. Economic development of a country indicates increase in the level of per capita income and standard of living along-with the enlargement of employment opportunities for its growing population. With the attainment of economic development and growing industrialization, the process of urbanization starts at a rapid scale.

Keywords: Urbanization, Economic Development, India

I. MEANING OF URBANIZATION

Urbanization is one of the common characteristics of economic development. With the gradual growth of the economy, the process of urbanization depends on the shift of surplus population from rural to urban areas along-with the growth of some industrialized urban centers.

Due to social and economic pressures, people from backward villages started to move towards urbanized centres in search of job, where newly established industries and ancillary activities continuously offer job opportunities to those people migrating to cities.

The pace of urbanization is fast if the industrial growth is fast. The pace of urbanization gradually declines only when the proportion of urban population to total population of the country becomes too high.

II. TRENDS OF URBANIZATION OF INDIA

In India, an increasing trend towards urbanization has been recorded from the very beginning of this present century. The census data on the rural-urban composition reveal a continuous rise in the rate of

urbanization in India and more particularly during the second half of the present 21st century.

The proportion of urban population to total population which was only 11 per cent in 1911 slowly increased to 11.3 per cent in 1921 and then gradually rose to 14 per cent in 1941.

With a liberal definition of urban area adopted in 1951, the proportion of urban population suddenly rose to 17.6 per cent. But with a slightly strict definition, the proportion of urban population recorded a small increase to 18.3 per cent in 1961. In the 1971 census, a new definition of an urban unit was adopted and that definition was continued in 1981 census.

This definition was as follows:

(a) All places with a municipality, corporation, cantonment board or notified town area committee etc.

(b) All other places which satisfy the following criteria:

(i) Minimum population of 5,000;

(ii) At least 75 per cent of male working population engaged in non-agricultural pursuits; and

(iii) A density of population of at least 400 persons per sq km (1,000 persons per sq mile).

The definition of an urban unit in 1961 census was also similar to the above mentioned definition. Thus the data on rural-urban distribution during the last three censuses are comparable. The proportion of urban population to total population of India as per this new definition was estimated at 20.2 per cent in 1971 census and then marginally rose to 23.7 per cent in 1981.

Again in 2001, the total size of urban population in India increased to 285 million as compared to that of 217 million in 1991. This shows that the proportion of urban population to total population of India has increased from 25.8 per cent in 1991 to 27.8 per cent in 2001.

The provisional figure of total urban population of India in 2011 is estimated at 377 million which is estimated at 31.16 per cent of the total population of the country. Moreover, the total number of towns in India which was only 1627, gradually rose to 3060 in 1951, 3126 in 1971, 4029 in 1981 and then to 5166 in 2001. Table 1 reveals the detailed picture of this trend in urbanization.

Table 1: Trends of Urbanization in India

Year	Urban Population (in million)	Urban as % of total population	No. of towns
1901	26	11	1,627
1951	62	17.6	3,060
1961	79	18.3	2,700
1971	109	20.2	3,126
1981	160	23.7	4,029
1991	217	25.8	4,689
2001	285	27.8	5,166
2011	377	31.16	N.A.

Moreover, urbanization has an increasing impact on the concentration of population towards relatively higher income categories. Therefore, urban areas have higher percentage of lower middle income, middle income, upper middle income and higher income group of people than that of rural areas. Table 2 clarifies this point.

Table 2: Percentage Distribution of Households as per Income Category

Category	Per cent of Households	
	Urban	Rural
1. Low Income	37.15	67.34
2. Lower Middle Income	34.75	23.88
3. Middle Income	17.89	7.06
4. Upper Middle Income	6.46	1.16
5. Higher Income	3.75	0.56
6. Total	100.00	100.00

Thus it is found from Table 6.8 that the percentage of households in the lower middle income category was 34.75 per cent in urban areas as compared to that of 23.88 per cent in the rural areas.

Similarly, the percentage of households in the middle income and the upper middle income categories were 17.89 per cent and 6.46 per cent in the urban areas as compared to that of only 7.06 per cent and 1.16 per cent in the rural areas. Again, the percentage of households in the higher income category was 3.75 per cent in the urban areas in comparison to that of only 0.56 per cent in the rural areas.

The size of total urban population increased from about 26 million in 1901 to 62 million in 1951, showing an increase of 36 million in just 50 years.

But during the next three decades (1951-81), the absolute increase was to the extent of 94 million and this shows that the population absorption capacity in urban areas has increased substantially due to industrialization in the country. The census data shows that the annual growth rate of urban population which was 3.26 per cent during 1961-71, gradually increased to 3.86 per cent during 1971-81.

III. DEGREE OF URBANIZATION IN INDIA

Measurement of the degree of urbanization in a country like India is considered very important. Various measures are being used for the purpose. As per the first simple method we observed that the total urban population in India in 1981 was a little less than

one fourth of the total population in comparison to that of one-ninth in 1921 and one-sixth in 1951.

The second method, i.e., the urban-rural growth differential (URGD) method also revealed that the growth rates of both rural and urban population are very close to each other at present.

Third method showing the growth of urban population reveals that as the total population of the country rose by about three times since 1921 but the total urban population of the country increased by about six-times. Thus all the methods observed more or less same results.

If we compare degree of urbanization in India with that of developed countries then we can find that India is lagging far behind the high-income countries. In 1985, the proportion of urban population to total population was 92 per cent in U.K., 86 per cent in Australia, 76 per cent in Japan, and 74 per cent in U.S.A. as against only 25 per cent in India.

In India, towns are classified into six different classes. From the census data, it has been observed that in Class I town (having a population more than 1 lakh) the proportion of urban population concentration has increased from 25.7 per cent in 1901 to 60.4 per cent in 1981. Thus there is an increasing trend towards huge concentration of population in the bigger towns. In Class II and Class III towns together, the proportion of urban population remained almost constant at the level of 26 to 28 per cent during the period 1901-81. But in the remaining Class IV, Class V and Class VI towns together, the relative proportion of urban population concentration declined sharply from 47.2 per cent in 1901 to only 13.6 per cent in 1981.

Besides continuation of urbanization process, a number of Class II towns have been transformed into a Class I town and the number of Class I towns has thus increased from 74 in 1951 to 216 in 1981.

Accordingly, the total population of Class I towns also increased from 273 lakhs in 1951 to 943 lakh in 1981

showing an increase of nearly 245 per cent. During the same period, the number of Class II towns has increased from 95 to 270 and that of Class III towns increased from 330 to 739 in 1981.

Total population of Class II and Class III towns increased from 330 to 739 in 1981. Total population of Class II and Class III towns increased by 130 per cent, i.e., from 97 lakh in 1951 to 224 lakh in 1981. While the number of class IV towns has increased from 85 lakh to 149 lakh, the number of Class V and class VI towns and their total population declined sharply during the same period.

Again the number of big cities with million plus population has increased from 12 in 1981 to 27 in 2001 and their total population also increased from 42.1 million in 1981 to 73.0 million in 2001. As per 2001 census the size of population of four-cities of India are 11.9 million for Mumbai, 4.58 million for Kolkata, 9.8 million for Delhi and 4.2 million in Chennai.

IV. CAUSES OF RAPID URBANIZATION IN INDIA

Rapid urbanization is taking place in different parts of the country in and around some big cities and towns of the country. The growing trend of urbanization as reflected in growing concentration of major proportion of urban population in some big cities.

The factors which are largely responsible for such rapid urbanizations are mentioned below:

(i) Natural Increase in Population:

Rapid urbanization is taking place as a result of high rate of natural increase in population. Natural increase is taking place when the birth rate in urban areas exceeds the death rate. The natural growth rate of urban population is higher than that of rural due to higher net survival rate arising out of better health and medical facilities.

Improvement in health and medical facilities, drinking water supply and sanitation facilities have reduced the incidence of water-borne diseases, communicable diseases etc.

Accordingly, the birth rate in urban areas in 1971 was estimated at 30.1 per thousand as compared to the death rate of 9.7 per thousand which subsequently reduced to 24.3 and 7.1 per thousand in 1991. Thus the natural growth rate is stated too high because of large difference between birth and death rates.

The death rate in urban areas declined considerably due to better availability of medical and health service, safe drinking water supply and improved sanitation facilities.

This natural increase in population is largely responsible for phenomenal growth of population in urban areas i.e. 46 per cent in 1971-81 and 36 per cent in 1980-91 decade as compared to that of 19 per cent and 20 per cent growth rate attained in rural areas of India during these two decades.

(ii) Migrations:

Rural-urban migration is considered another important factor responsible for rapid urbanization in India. The rural to urban migrations have been resulted due to many factors during the post independence period. Creation of many activities of manufacturing and trading as a result of industrial development has resulted migration of rural people to urban areas for seeking jobs and higher incomes as well.

After the partition of the country in 1947 rural uprooted people started to settle down in urban areas. Poor living conditions and negligible arrangement in respect of education and health have also attracted large number of rural people to migrate and settle in urban areas in search of good education, health facilities, better living conditions and securities of life. As a result of heavy public investments in industry and mining, huge industrial development and sustained agricultural development urbanization takes

place. Thus due to these “pull factors”, large number of rural people migrate to urban areas.

However there are certain “push factors” where due to worse economic conditions a number of rural people are pushed out of villages due to economic compulsions. Thus in the current phase of urbanization both the “pull factor” and “push factor” are very much operational.

(iii) Expansion of Industry and Trade:

In recent years, urbanization takes place with the growing expansion of industry and trade in a particular state of region. Growth of an industry with its ancillaries along with localization of industry would always create a favorable situation for the growth of an urban set up.

Similarly, growth of business and trade along with establishment of an active market always provides adequate support toward growing urbanization in those places related to the development of industry and trade.

(iv) Boundary Changes of Towns:

With the extension of the boundaries of cities and towns, more and more rural areas are gradually being included in rural areas. Although life in these newly extended areas remains rural initially but the inclusion of these areas into these towns and cities necessarily increases the number of urban population.

V. CONSEQUENCES OF RAPID URBANIZATION

The rapid urbanization is subjected to both healthy and unhealthy consequences and aspects.

(i) Healthy Aspects:

Rapid industrialisation results the development and setting up of many industrial cities. Along with manufacturing units, ancillaries and service sector started to grow in those urban areas. Secondly, new and additional employment opportunities are created in the urban areas in its newly expanding manufacturing and service sector units.

This would result rural-urban migration and “**industrialisation- urbanization process**” to set in. Thirdly, growth of cities can give rise to external economies so as to reap the benefit of economies of scale for various services and activities.

Finally, urbanization results changes in attitudes and mind set of the urban people resulting modernisation in behaviour and proper motivation which indirectly helps the country to attain faster economic development.

(ii) Unhealthy Aspects:

Although development of the economy are very much associated with urbanisation but it has resulted some serious problems. Firstly, growing urbanization is largely responsible for increasing congestion in the urban areas. Too much congestion has resulted problems like traffic jams, too much concentration of population, the management of which is gradually becoming very difficult and costly.

Secondly, too much of population is another unhealthy aspect of urbanization which creates urban chaos related to housing, education, medical facilities, growth of slums, unemployment, violence, overcrowding etc. All these would result in deterioration in the quality of human life.

Finally, as a result of urbanization, large scale migration takes place from rural to urban areas. Such large scale migration of active population from rural areas would result loss of productivity in rural areas, leading to poor conditions in village economy. Thus urbanization, beyond a certain point, would result in unhealthy consequences.

(iii) Urban Policy Measures:

Considering unhealthy consequences of rapid urbanization, it is quite important to formulate an urban policy which can provide urban development with minimum undesirable effects.

The measures which can be largely followed include:

(i) Integrating urbanization process with the development plans of the country for developing non-

agricultural activities like manufacturing services and infrastructure leading to attainment of external economies,

(ii) Making arrangement for selective urban development so as to minimise the disadvantages of these large sized towns,

(iii) To develop rural districts, by developing towns in highly rural districts,

(iv) To develop satellite townships in and around large cities; and

(v) Relieving pressure on large urban centres by developing urban amenities in adequate quantities so as to make urban living peaceful.

VI. ROLE OF URBANIZATION IN ECONOMIC DEVELOPMENT OF INDIA

Some areas emerge as a large urbanised centre with large scale industrial and trading activities. These areas started to offer increasing number of employment opportunities leading to a shift of population from rural areas to these urbanized centres. Thus economic development of a country assists in its process of urbanization. Growing industrialization raises the rate of economic development along-with the pace of urbanization in the country. Increase in the rate of economic development raises the level of per capita income and standard of living of the people which in turn enlarges the demand for various goods and services.

This increase in aggregate demand expands the production system leading to a large scale production of various goods and services. All these lead to increase in the pace of urbanization in the country. Thus there is a good correlation between the level of per capita income and the pace of urbanization. In India, the coefficient of correlation between the proportion of urban population to total population and the level of per capita income is estimated at 0.5, which is significant. Moreover, economic development paves way for growth of cities and towns. Thus with the increase in the number of cities

and towns the proportion of urban population to total population is also increasing.

But higher degree of urbanization cannot reduce the degree of unemployment in India significantly through the absorption of increasing number of surplus labour force from rural areas as the scope for raising urban employment is also limited. In India there is an insignificant positive correlation (0.18) between the proportion of urban population and the rate of daily status of unemployment.

Moreover, there is a mild negative correlation, i.e., 0.22, between the proportion of urban population and the percentage of population below the poverty line in India.

Factors which are responsible for this typical situation are:

- (a) Neglect of urban slums in our planning coverage;
- (b) Growing exploitation of unorganized sectors by capitalists, contractors, landlords etc. and
- (c) Increasing application of capital intensive techniques in urban areas.

Thus in comparison to the degree of urbanization achieved in India, the absorptive capacity of the urban centres is very low. This shows the reason why urbanized centres in India could not make much headway in reducing the degree of unemployment in the country.

VII. CONCLUSION

Thus, in conclusions, it can be observed that the attainment of high rate of economic development paves the way for growing urbanization along-with the increase in the level of per capita income and the development of various urbanized infra-structural facilities like transportation and communication, housing, education, health, trade, banking etc. But this growing urbanization has also led to huge concentration of population in urban areas, resulting in various evils side by side such as growth of slums, increasing congestion and pollution, problems of

transportation, housing, water supply, health services, unemployment and poverty.

VIII. REFERENCES

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