

# Urban crisis looms large

## Towns and cities could soon be bursting at the seams

Within the next three years, the country's cities are likely to be on the boil. They will see more migrants flocking to cities, more urban law and order problems, more pressures on infrastructure, and more slums erupting all over the landscape.

Of course, if handled well, this large-scale urbanisation could actually boost economic development as more rural folk move from low-income agriculture to higher-value-added services in urban centres. That, in turn, could trigger off more consumer demand, more financial services, healthcare, housing and thus the 'old-world' manufacturing.

If this 'great migration' is not handled well, India could witness widespread protests clamouring for reservations of all

To appreciate the magnitude of the problem, it may be worth recalling that, as a Goldman Sachs Economic Research Global Economics Paper correctly points out, during the past 50 years, the government has built just 334 miles of 4-lane roads. The Golden Quadrilateral aims to build 3,625 miles of 4- and 6-lane highways. The highway aims to connect its 4 largest cities - Delhi, Kolkata, Chennai and Mumbai - and in the process wind through 13 states and 17 other cities. On paper, it is expected to be fully functional by 2007, though realistically, it could be by 2009. Construction has also begun for a North-South and East-West corridor that will further connect the country.

Take another indicator: in 1991, India had 23 cities with a million or more people. A decade later, it had 35 cities, 4,500 "urban agglomerates", and over 600,000 villages.

According to the Goldman Sachs Research team, "another 140 million rural dwellers will move to urban areas by 2020, while a massive 700 million people will urbanise by 2050. This is because India's urbanisation rate of 29% is still very low compared with 81% for South Korea, 67% for Malaysia, and 43% for China."

The Research Team attempts to draw parallels with the US' construction of its national highway system in the 1920s and 1950s, which fuelled commerce and development, and created the suburbs.

The only difference is that in the US, along with the building of highways, stricter laws were introduced to prevent slums for emerging. More effective dispute resolution mechanisms were developed. Better revenue mobilisation systems were effected to allow for equitable collection of property taxes, and tremendous attention was given to upgrading educational systems.

India's track record on all these fronts has been dismal. The dispute resolution mechanisms creak louder with each passing year. Delhi's inability to introduce proper town laws, and Mumbai's inability to introduce property taxes that charge affluent areas more than poorer areas are just two minor but visible instances which point to the malaise. The corrosion of education that has crippled India's educational systems is a much sadder story. Can India effectively educate and train the migrants for jobs that cities need? Add to this the equally sad story of basic infrastructure. Even Mumbai is threatened by power cuts.

Obviously, the surging demand for jobs, education, housing, electricity, healthcare and services is bound to skyrocket. But will India be able to cope with these demands? Or will it just implode?



## Getting crowded

The country, which had 23 cities with over one million inhabitants as of 1991 and 35 by 2001, has around 4,500 urban agglomerates, and 600,000 villages

But, another 140 million rural dwellers will move to urban areas by 2020, while a massive 700 million people will urbanise by 2050

This will create massive consumer demand for more housing, healthcare, education, infrastructure like electricity, and consumer products

kinds. Many will demand jobs for the 'sons-of-the-soil'; others will hark back to caste-based reservations; and many others will demand that foreign ownership of land, services (retailing has witnessed the first brush with parochial fears) and businesses should be reserved solely for Indians. It could compel policymakers to first slow down the pace of reforms and (as protests swell) even reverse them.

The only hope is that India's planners can handle this migration well.