

# Urbanisation

## Introduction

Urbanisation is an integral part of economic development. As the economy develops, there is an increase in the per capita income and also in the demand for non-farm goods in the economy. These goods are not heavily land-dependent and use more of other factors of production, especially labour and capital. They are cheaper if produced in the urban sector of the economy, since urban settlements enjoy economies of agglomeration in manufacturing, services and provision of infrastructure. Economic growth influences the rate of urbanisation, while urbanisation in turn, affects the rate at which the economy grows. As the country urbanises, the share of national income that originates in the urban sector also increases.

Urbanisation brings in its wake a number of challenges such as rapid population growth in urban settlements, which is cited as the biggest challenge in most literature on this subject. This is a consequence of births exceeding deaths, migration of rural population to urban centres and also the classification of rural settlements as towns. Apart from growing population, there are other challenges too. The first set of challenges relates to the inadequate growth of formal employment, resulting in the growth of the urban informal sector, open urban unemployment and underemployment. The second set of challenges arises out of the inability of the urban physical and social infrastructure to grow in step with population, resulting in the deterioration of the quality of urban life. The former is identified as set of “economic” ills, while the latter is set of “social” ills of urbanisation. Many of these inadequacies are the result of inefficient and faulty management of cities, rather than population growth. These problems are visible in most cities in India, as in Maharashtra.

This chapter has seven sections. Section I enumerates characteristics associated with urbanisation. Detailed analysis of trends in the pattern of urbanisation in Maharashtra, at the State level, regional level and district-level is undertaken in Section II. The causes of growth of cities and

consequences of rapid growth of population of cities are discussed in Section III. Section IV gives a brief review of the approaches to urban development adopted so far in the National and State level plans. Section V evaluates urban policy as it worked in Maharashtra. In the light of this evaluation, implications that emerge for future policy are considered in Section VI. Conclusions emerging from our analysis are given in Section VII.

## Section I

### Characteristics of Urbanisation

#### *Economic Development*

The level of urbanisation is regarded as an index of economic development. The two processes bear a high positive correlation. Urbanisation is related to the level of economic development measured, for want of a superior indicator, by per capita income. However, the relationship is not linear. When per capita income increases, urbanisation also increases though not as much. Economic growth leads to a shift in demand, and therefore, to a reallocation of resources - land, labour and capital - out of agriculture and into manufacturing and services. Till recently, cities in the developed countries (DCs) were based on industry but in the post-industrial age, they are dominated by services and yet no one considers them over-urbanised, a term that used to be applied to the Third World cities to emphasise their narrow industrial base.

#### *Industrialisation and Density*

An urban settlement is not just characterised by the relative importance of manufacturing and services but more importantly, by high density of population. Much of manufacturing is cheaper when produced on a large scale because of the economies of scale. Besides, there are external economies, ready availability of inputs, particularly, skilled labour, information and repair services, from which each producer profits when he is one of the many clustered in one location. People like to live near their place of work. Economies of scale and the cost of transport cause concentration of production and

people in a specific location. Most services are produced on a small scale and require face-to-face contact of the producers with the customers and are therefore limited to areas where people and production of goods is concentrated. The market for large-scale manufactures extends well beyond the boundaries of the city where it is located, to the rest of the country and at times, even abroad. Industrialisation leads to urbanisation but the latter does not necessarily lead to the former. However, bigger cities offer one precious advantage. Most businesses are subject to fluctuations, but swings in one line of production are often mitigated by swings in the opposite direction in another activity. Thus, a wage labourer is better off migrating to bigger rather than smaller cities, where he is likely to be more fully employed. All these factors increase the density of population in the cities.

### *Inequality and Urban Bias*

The urban form or structure of cities in a country is determined by the nature of the society. The greater the inequalities in a society, the more unequal will be the urban structure. Egalitarian societies cannot produce cities. Cities cannot grow without a central power and mechanism to create a surplus, over consumption and concentrate it in urban areas. Such concentration is justified by the contribution that the cities make to national growth. In this sense, they are generative but their critics often regard them as parasites living on the surplus extracted from agriculture. Much of rural-urban differential in the standard of living in the Less Developed Countries (LDCs) is often attributed to the urban bias of the planners and bureaucrats of these countries (Lipton, 1977). Many critics of the urban bias thesis would attribute it to sectoral rather than urban bias. They argue that the development strategy and policies, favoured industry against agriculture and the rich against the poor. The critics express their surprise at the urban bias thesis because they argue that the state legislatures and the union parliament in a country like India are dominated by rural rather than urban interest groups and this in fact, leads to their neglect.

### **Historical Evolution of Cities: Colonisation and Capitalism**

Cities in the Third World have been shaped by colonisation and capitalism. India is no exception to

this rule. Pre-colonial cities in India were interior cities but the British built new coastal cities. Calcutta, Bombay and Madras, not to mention New Delhi, grew in prestige as the British rulers lived in these cities in large numbers. The elite of provinces also shifted to the capital cities. A new hierarchy of cities reflecting the status hierarchy in society came into being. The coastal cities were developed to handle the export-import trade with England. Consequently, they attracted many financial, commercial and trading firms. The growth of commercial capitalism soon gave rise to native industrial capitalism and the coastal cities increased their primacy in the region. Technological superiority enabled the Europeans to dominate the regional patterns of trade and the new cities served the interests of the mother country by dominating the hinterland through the hierarchy of cities. In the terminology developed in Latin America by the "dependency school", at the international level, Britain, the Centre, extracted surplus from India, the periphery; and at the regional level, the primate city became the Centre and the provincial towns, the Periphery. The theory predicts that over time the periphery would become poorer either absolutely or relatively, or perhaps both.

### **Technology, Globalisation and Their Impacts on Cities**

Advances in production, transport and telecommunications made possible by the application of computers and microelectronics to these fields have annihilated distance and made decentralised production profitable. The world economy has changed in fundamental ways. A new international division of labour based on globally integrated production, spearheaded by the Multi National Corporations (MNCs) has dawned. Global production is serviced by global network of financial and producer services. A new concept of functional city system has been introduced to explain the recent changes in the world urban structure (Fu-Chen Lo and Yue-Man Yeung, 1996). A functional city system is a network of cities that are linked, often in a hierarchical manner based on a given economic or socio-political function at the global or regional level. A collection of different functional networks of a city defines its external linkages with the world economy and its status within the world

city system. A city grows in importance if it performs effectively and efficiently in a number of key functions, that another does not. The concept is claimed to be superior to the hitherto popular formulation of cities in core-periphery, dependency and linear relations. The boundaries between the core and periphery have become blurred. In the present borderless economy, acquisition and accumulation of functions defines the centrality and the role of the city in a world economy.

Globalisation and liberalisation have turned cities into junction points for movement of goods, capital and people and switchgears for transfer of information. Cities of not-too-distant a future would be producers of knowledge, research and development, innovations and inventions rather than of goods. The new phase of international division of labour, ushered in by globalisation and structural adjustment has led to a gradual decline of manufacturing in industrially advanced countries, hastening their transformation into service economies. Manufacturing has shifted to the new industrial economies (NIEs).

Earlier explanations of size, form and functions of cities based on dependency, centre-periphery, urban bias, Marxian and neo-Marxian paradigms are being questioned, modified or replaced by non-Marxian ones, drawing on the experience of the NIEs of South East Asia. Empirical verification of such paradigms is difficult, but need not deter us from devising policies to promote the benefits and reduce the evils of urbanisation. No single paradigm can claim a monopoly of solutions to such a complex issue as urbanisation. But, in order to deal with the problem we need to understand the emerging trends and pattern of urbanisation in Maharashtra.

## Section II

### Trends and Patterns of Urbanisation

#### *An Overview of Urbanisation*

Growing at 1.9 per cent per annum compound over the 1990s, India crossed the one billion mark and enumerated 1027 million persons in 2001. So, almost 17 per cent or one sixth of the global population lived in India in 2001 (Registrar General, 2001a). Urban population increased at 2.6 per cent a year and improved its share in the total barely, by 2 percentage points, from 25.5 per cent to 27.2 per

cent between 1991 and 2001. These urban dwellers lived in 5161 cities/towns and were estimated at 285 million. Urban population is reported so far, for only 5151 of them, which is 279.84 million (Registrar General, 2001d). Population living in urban India is indeed large, considering that 281.4 million lived in USA in 2000 (Registrar General, 2001a).

In all the censuses conducted in independent India, a larger share of Maharashtra's, compared to that of India's, lived in urban areas. In 1961, barely 17.8 per cent of India's while 28.2 per cent of Maharashtra's lived in urban locations. Levels of urbanisation increased both in Maharashtra and India. In 2001, 27.8 per cent of India's while 42.4 per cent of Maharashtra's population was enumerated as urban (Director of Census Operations, Maharashtra, 2001b).

Till 1991, Maharashtra was the most urbanised state among the 16 large states of India. In 2001, with regard to the urban population, Maharashtra ranked second, with a share of 42.4 per cent, next to Tamil Nadu with a share of 43.9 per cent. Yet in absolute terms, Maharashtra's 41 million of urban population far exceeded Tamil Nadu's 27 million. These two states are closer to the World, with regard to the extent of urbanisation than India. According to the United Nations (1995), 45 per cent of the world population lived in cities in the mid-1990s.

Maharashtra's total population grew at 2.0 per cent a year compound over the 1990s, while the urban population grew much faster at 2.9 per cent a year compound. The total population in the State increased by almost 19 million, from 78 million in 1991 to 97 million in 2001, 10.5 million of this increase was in urban Maharashtra (Director of Census Operations, Maharashtra, 2001a, 2001b).

#### Components of Urban Growth: Natural Increase and Migration

Urban population in Maharashtra, as in India, grew faster than the total in the last forty years from 1961. Rates of growth, both of total and urban population in Maharashtra had an edge over those in India. India's population in the post-independence era has increased only through natural increase. International migration hardly contributed to India's population growth. As far as urban population in India is concerned, rural to urban

migration has emerged as an important factor only in recent years. But it nevertheless is a secondary factor of urban population growth, next to natural increase in the last five decades (NIUA, 1998; Dyson, 2003). There are signs that inter-state migration rates, both of out-migration from poor states and of in-migration into better off states have fallen in the recent past (Kundu and Gupta, 2000). While rates of so-called circulatory migration have declined, commuting has increased significantly (Visaria, 1997). But certain basic features of the overall pattern of interstate migration persist. People continue to move out of U.P and Bihar. They are attracted mostly to Delhi and Haryana in the north and in Western India to Maharashtra and Gujarat; the two locations characterised by dynamic urban systems (Dyson, 2003).

Maharashtra has historically been an in-migrating state. Higher growth rate of Maharashtra's total population relative to that of India, in recent years, owes as much to natural increase as to in-migration from other states in India to Maharashtra (GoM, HDR, 2002). Most of the inter-state migration is to urban Maharashtra. Apart from migrants from other states, those from rural Maharashtra too, flock to urban areas in search of employment. No doubt, given a higher incidence of contraceptive practice, the fertility levels are lower in urban than rural Maharashtra, but given the urban bias in accessibility to health infrastructure, mortality levels too, are lower in urban than rural Maharashtra. So, natural increase continues to be an important contributory factor of urban growth (IIPS, NFHS-2, 2002). Between 1961 and 2001, urban population in Maharashtra grew at an average rate of 3.2 per cent a year compound rural population grew much slower, barely at 1.7 per cent a year. Growth of population, both urban and total, has slowed down over the decades (Registrar General 2001a; Director of Census Operations, Maharashtra. 2001a; 2001b).

### *Growth of Urban Units/Settlements and Population*

Table 13.1 shows that barring the 1990s, in all the decades from 1961, the number of urban units/settlements grew faster in India than in Maharashtra. Between 1961 and 2001, the share of settlements in the country as a whole, declined from

10 per cent to 7.3 per cent, however, Maharashtra retained its share of a little over 14 per cent in the total urban population in India.

With nearly 44 per cent of the State's population living in urban areas, Tamil Nadu emerged as the most urbanised state in India in 2001. But 27.2 million urban dwellers in Tamil Nadu formed about 66 per cent of the urban dwellers in Maharashtra in 2001. In all the census years, the size of the urban population was smaller while the number of urban units larger, in Tamil Nadu than in Maharashtra. The share of urban population in Tamil Nadu which was 11.5 per cent of the total urban population in India in 1961, declined to 9.5 per cent in 2001 (Director of Census Operations; Maharashtra, 2001b).

### *Distribution of Urban Settlements and Population by Size-Class of Cities*

Table 13.2 shows that in 1961, nearly 66 per cent of the urban population in Maharashtra lived in Class I cities that formed a little over 4 per cent of the State's urban settlements. Over the next four decades, the shares of Class I, II and III cities in the urban settlements increased and those of the other three size-classes declined. In 2001 share of Class I settlements was nearly 11 per cent while that of urban population living there was nearly 80 per cent. All other size-classes of towns reported smaller shares of urban population in 2001 compared to 1961. Classes IV, V and VI lost their shares in both settlements and population.

Distribution of urban settlements and population in India followed a different pattern. The share of Class I settlements in India was 4.5 per cent and accounted for 77.5 per cent of India's urban population in 1961 (NIUA, 1998). By 2001, the share of Class I settlements improved to 8.2 per cent but the share of population living in them declined to 61.5 per cent (Registrar General, 2001b). So, urban population growth was much more disbursed between cities/towns of different size-classes in India than in Maharashtra, where it was concentrated in the largest size class.

Table 13.3 shows that irrespective of class, urban settlements grew at a slower pace in the 1990s than in the 1960s. The number of smaller towns in Class V and VI, in fact declined. Settlements in Class I and II increased faster in the 1990s than in

**Table 13.1: Urban Units, Urban Population and Annual Rates of Growth in them, Maharashtra and India, 1961-2001**

Year	Maharashtra		India	
	Number of Urban Units	Population In millions.	Number of Urban Units	Population In millions.
1961	266	11.2	2657	78.3
1971	289	15.7	3081	108.3
1981	307	22.0	3971	158.2
1991	336	30.5	4615	215.7
2001	378	41.0	5161	285.4
Rates of Growth				
1961-71	0.8	3.4	1.5	3.2
1971-81	0.6	3.4	2.5	3.8
1981-91	0.9	3.3	1.5	3.1
1991-01	1.2	2.9	1.1	2.8

Note: Rates of growth are compound rates of growth per annum.

Source: Director of Census Operations, Maharashtra. 2001. *Provisional Population Totals Paper – 2 of 2001 Rural-Urban Distribution of Population*, Census of India 2001, Series – 28, Maharashtra, Government Central Press, Mumbai. Statement S1, p.3. Registrar General, India, 2001

the 1980s. The pace of urban growth itself has slowed down over years. However, in all the decades 83 per cent or more of the increase in urban population was absorbed by Class I cities. More importantly, over the 1990s, among the Class I cities, nearly 88.2 per cent of the growth of urban population were absorbed by the million-plus cities and 6.8 per cent by cities with population between 1 to 5 lakhs. Population in cities with 5 lakhs up to 1 million in fact declined. So even among the large cities, the largest accommodated most of the increase in urban population during the last decade.

Restricting our comparison to population changes by size class of urban units in India with Maharashtra in the 1990s, we found that barring Class I, population in all size classes grew faster, in India than in Maharashtra. Population living in Class I settlements increased at 2.1 per cent per annum in India, but much faster at 3.2 per cent in Maharashtra. Population in Class II and III increased at 3.8 per cent a year in the country, but slower at 3.2 per cent and 2.0 per cent a year respectively in Maharashtra.

More interesting was the pattern of growth in smaller towns with less than 20,000 inhabitants. Population in Class IV, Class V and Class VI cities, grew at 2.8 per cent, 3.5 per cent and 1.9 per cent a year respectively in India between 1991 and 2001. The corresponding growth rates in Maharashtra, were much lower, 0.7, 0.9 and –2.7 a year compound respectively.

**Table 13.2: Distribution of Urban Units/Settlements and Urban Population by Size- Class of Settlements, Maharashtra, 1961 – 2001**

Size Class	Urban Units/ Settlements				
	1961	1971	1981	1991	2001
Class I	4.5	5.9	9.4	9.8	10.6
Class II	5.6	8.7	8.1	8.9	11.6
Class III	17.7	22.5	29.0	33.9	35.4
Class IV	33.5	33.9	32.6	30.4	27.0
Class V	33.1	24.2	15.6	13.7	13.2
Class VI	5.6	4.8	5.2	3.3	2.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Number	266	289	307	336	378
Population					
Size Class	1961	1971	1981	1991	2001
Class I	65.8	70.7	75.3	77.8	79.7
Class II	6.9	7.4	5.9	6.5	6.7
Class III	11.4	10.6	11.0	10.4	9.4
Class IV	10.8	8.3	6.1	4.1	3.3
Class V	4.7	2.7	1.5	1.0	0.8
Class VI	0.5	0.3	0.2	0.1	0.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Number In millions	11.163	15.711	21.99	30.54	41.02

Note: Size class of Cities is as follows:

Class	Population
I	100,000 and above
II	50,000 - 99,999
III	20,000 - 49,999
IV	10,000 - 19,999
V	5,000 - 9,999
VI	Less than 5,000

Source: Director of Census Operations, Maharashtra; 2001. *Provisional Population Totals Paper – 2 of 2001 Rural-Urban Distribution of Population*, Census of India 2001, Series – 28, Maharashtra, Government Central Press, Mumbai. Derived from data in Statement S5, p.10 and Statement S4, p.8

**Table 13.3: Rates of Growth of Urban Units/Settlements and Population in them by Size-Class of Towns and Absorption of Decade Increase in Urban Population by Size-Class of Towns, Maharashtra, 1961-2001**

Size Class	Urban Units/ Settlements			
	1961-71	1971-81	1981-91	1991-2001
Class I	3.5	5.3	1.3	1.9
Class II	5.1	0.0	1.8	3.8
Class III	3.2	3.1	2.5	1.6
Class IV	1.0	0.2	0.2	0.0
Class V	-2.3	-3.8	-0.4	0.8
Class VI	-0.7	1.3	-3.7	-3.2
<b>Total</b>	<b>0.8</b>	<b>0.6</b>	<b>0.9</b>	<b>1.2</b>
Population				
Size Class	1961-71	1971-81	1981-91	1991-2001
Class I	4.1	4.0	3.6	3.2
Class II	4.1	1.2	4.2	3.2
Class III	2.7	3.7	2.7	2.0
Class IV	0.8	0.1	-0.5	0.7
Class V	-2.0	-2.4	-0.7	0.9
Class VI	-1.3	1.6	-3.5	-2.7
<b>Total</b>	<b>3.4</b>	<b>3.4</b>	<b>3.3</b>	<b>2.9</b>
Population Absorption				
Size Class	1961-71	1971-81	1981-91	1991-2001
Class I	82.7	86.8	84.4	85.2
Class II	8.6	2.3	7.9	7.2
Class III	8.7	11.9	8.9	6.6
Class IV	2.3	0.3	-0.8	0.9
Class V	-2.1	-1.4	-0.3	0.3
Class VI	-0.1	0.1	-0.2	-0.1
Total	100.0	100.0	100.0	100.0
<b>Number in millions</b>	<b>4.549</b>	<b>6.282</b>	<b>8.548</b>	<b>10.478</b>

Source: Same as for Table 13.2

It would be wrong to presume that people living in smaller cities in Maharashtra were migrating to larger ones. The observed pattern may result if cities grew in population size through natural increase much more than migration and graduated to the higher size-class. Given the lower levels of mortality in the State compared to the country, this process could probably be faster, in Maharashtra than in India. The change could be attributed to another factor too. Some towns of the previous census may be de-classified, while some new towns may be added or some may be merged with the adjoining urban units. The process changes the distribution of towns by size-class.

Maharashtra had 11 municipal corporations in 1991, 4 new were added over the 1990s. In 1991, only three corporations, Greater Mumbai, Pune and

Nagpur, were million-plus cities. Together the three grew at 2.3 per cent per annum compound, slower than the growth of urban population of 2.9 per cent a year in the State in the 1990s. By 2001, 4 more cities, Thane, Kalyan-Dombivli, Nashik and Pimpri-Chinchwad joined the rank of million-plus cities in the State. The four together, grew at a rate, over 5 per cent a year compound to graduate to the class of million-plus cities in 2001. So, the flow of migrants was probably diverted to these four cities on the outskirts of Mumbai and Pune. Government of Maharashtra's efforts to disperse urban growth in the State by developing growth centres was successful though only partially.

To understand how the distribution of towns by size-class changed in Maharashtra during the last decade, we tried to trace the growth of each town identified in 1991 during the decade 1991-2001. The analysis confirms our earlier observation that changes in the distribution of towns by size-class in case of many towns was largely through demographic process. Growth of population automatically promoted many of them to the higher size-class. This was all the more true of larger towns. In the case of smaller towns, addition of new towns, declassification of the existing towns was important factors along with upward shift to bigger size-class. Evidence of probable out-migration leading to movement of towns from bigger to smaller size class was there only for four towns in Maharashtra between 1991 and 2001. Change in the number of towns and population in the two smallest size groups was not the consequence of out-migration, but rather that of identification of some areas as urban and exclusion of some towns from the list of towns of 1991 as they failed to qualify as "urban locations" in 2001.

### Size Distribution of Class I Cities in Maharashtra

This raises the question of how equally or unequally the Class I cities are distributed. The knowledge that the city size distribution is unequal is not of much use to an urban planner. There is no norm or typical urban system that he could try to achieve. More nations have primate rather than non-primate cities and there are more countries with wide regional disparities than with equitable distributions of income.

Mumbai has always been a primate city of Maharashtra; but its primacy has declined over time. It accounted for 37.4 per cent of the State's urban population in 1981 but 29 per cent of it, in 2001. Mumbai's population increased at 1.9 per cent per annum compound in the 1980s, much slower than its annual growth rate of 3.8 per cent in the 1970s. Over the 1990s the growth rate decelerated further to 1.8 per cent a year compound. It would be wrong to attribute this deceleration wholly to either the market or the State. The market worked through the high price of land and labour discouraging new industry to locate in Mumbai and encouraging old industry to move out. On the other hand, it could be argued equally that the location policy of the State made Mumbai out of bounds for new large industry. The dispersal policy of the State is based on the assumption that concentration of large-scale industry causes concentration of other economic activity and hence that of population.

It may be pertinent to see how million-plus cities in Maharashtra compare with those in India. We restrict our comments to 2001, when there were 35 so-called million plus urban agglomerations and cities in India. Among them there were 27 million-plus cities. Nearly 73 million persons or 26 per cent of India's urban population lived in these 27 million-plus cities in 2001. Seven of them were located in Maharashtra. Together they had about 16.5 million inhabitants or 23 per cent of the population of all million-plus cities in the country. Greater Mumbai with a census count of 11.9 million was the largest city in India, accounting for 16 per cent of the population of 27 million-plus cities in the country. Managing large cities is a challenge but that of managing the largest among them, was indeed an enormous one.

### Regional Growth and Equality

For census purposes, Maharashtra is divided into 6 divisions: Konkan, Nashik, Pune, Aurangabad, Amravati and Nagpur. These 6 divisions, for administrative purposes are grouped into 3 regions, the first three divisions, form Rest of Maharashtra (ROM) Region, Aurangabad forms Marathwada while the last two together form Vidarbha Region. Table 13.4 shows that Rest of Maharashtra was the most urbanised region of the State, Vidarbha was in the second while Marathwada held the third place in

all the three census years. Urban growth in Vidarbha has slowed down in the 1990s as the urban population in both, Amravati and Nagpur division, grew slower in the 1990s than in the 1980s (Director of Census Operations, Maharashtra, 2001b). In Marathwada, levels of urbanisation improved over the two decades, though the region continued to be ranked third on the basis of level of urbanisation in 2001. Even within ROM Region, Konkan, which includes Mumbai, Thane and Raigad, was the most urbanised division. Nearly 66 per cent of Konkan Division's population in 1981 and 75 per cent of it in 2001 lived in urban areas. Pune Division was relatively less urbanised than Konkan while Nashik was the least urbanised of the three divisions of ROM. Of these three, Pune experienced the fastest growth of urban population in the 1990s. Nearly two third of the Class I cities too were located in ROM Region (Director of Census Operations, Maharashtra, 2001b). The extent of urbanisation of a region depends on the extent of urbanisation of its districts. We shall see how levels of urbanisation changed in the districts of Maharashtra.

**Table 13.4: Levels of Urbanisation (%) by Census Divisions and Regions, Maharashtra, 1981 – 2001**

Census Division/Region	1981	1991	2001
Konkan Division	66.4	71.6	75.1
Nashik Division	22.1	25.6	28.2
Pune Division	30.5	32.3	37.5
Rest of Maharashtra Region	42.4	46.2	50.5
Aurangabad Division/ Marathwada Region	18.6	21.9	24.6
Amravati Division	22.2	25.0	26.5
Nagpur Division	29.7	35.0	37.1
Vidarbha Region	25.9	30.2	32.2

Source: Director of Census Operation, Maharashtra 1981& 2001

### Urbanisation by Districts

Till 1981 there were 26 districts in Maharashtra. This number increased to 30 in 1991 and further to 35 in 2001. This increase in number of districts in the 1990s occurred, as in the past, through bifurcation of the existing districts in the State. Data relating to levels of urbanisation in these 35 districts in 1981, 1991 and 2001 are available. Two districts, Mumbai and Mumbai Suburban were wholly urbanised districts in all the three years. Gadchiroli was the least urbanised district in 1981 where only 2.43 per cent population lived in urban

areas. In 1991, Sindhudurg became the least urbanised district in the State with 7.59 per cent of its population living in urban areas. In 2001, Gadchiroli, once again with 6.93 per cent of its population living in urban areas was the least urbanised district in the State.

The distribution of districts on the basis of urbanisation became far more equal over the two decades. The coefficient of variation declined from 85.00 per cent to 77.59 per cent between 1981 and 1991 and to 76.79 in 2001. This shows that equalising tendencies irrespective of whether they originated in the market or the State acted fairly well, in the pre-liberalisation period. But the equalising process has slowed down in the post-liberalisation era and is likely to continue in future if ROM, the most urbanised Region of Maharashtra continues to be as attractive to investors in the future as it was in the past.

### Section III

#### Causes and Consequences of Urbanisation and Problems of Growth of Cities

##### *Causes of Urban Growth: Demographic, Economic and Social*

Though most urban areas in Maharashtra grow largely through natural increase, rural to urban migration continues to be the second important component of urban growth. Apart from demographic factors, social and economic factors spur migrants from rural to urban locations. Some social factors include migration due to marriage, to access urban educational facilities, or to escape social discrimination particularly among the socially deprived classes in India. However, most urban labour market studies reveal that more important than social, the economic causes are the push-factors of migration from rural to urban locations in the State. Insecurity of employment resulting from intermittent employment, long spells of unemployment and lack of employment opportunities in the place of origin were some of the important determinants of such economic migration. These migrants came to urban areas in the hope of getting a job (Deshpande, 1979; Deshpande and Deshpande, 1998). More importantly, as in the past so also in the 1980s, most migrants to Maharashtra were attracted to Greater

Mumbai (BMRDA, 1990). Analysis of the 2001 Census data confirms that the stream of net migration to the City has reduced considerably in the last two decades (Deshpande, 2003). Decline in the growth of urban population in the State could be the possible consequence of the slowing down of the growth of Mumbai's population.

##### *Consequences of Urbanisation*

Between 1991 and 2001, urban population in Maharashtra increased by about 10.5 million, 88 per cent of this increase (9.2 million) was in million-plus cities. Cities, big and small, are poorly managed, some more than the others. Consequently, the demand for unskilled labour falls much short of its supply, while the supply of infrastructure falls much short of its demand. The first deficiency causes higher unemployment in the cities than in villages. But as urban productivity is higher than rural, there are, proportionately to the population, fewer poor in the cities than in villages.

##### *Urban Poverty*

Rapid growth of cities and the absence of corresponding growth of employment opportunities is regarded as the root cause of growing urban poverty and unemployment in the developing countries. It is difficult to gather data relating to poverty in cities/towns. At the most, such data is available at State level though district level estimates are available for 1993-94 in Maharashtra. Table 13.5 shows that, the number of poor declined both in Maharashtra and in India, between 1977-78 and 1999-2000. The decline was particularly steep in the 1990s. Further, the number of rural poor declined faster than urban poor, much more so in Maharashtra than in India. Poor in rural Maharashtra formed 9.25 per cent of the rural poor in the country in 1977-78; their share was 6.47 per cent in 1999-2000. Share of urban poor in Maharashtra in the total urban poor in the country increased marginally from 14.55 per cent to 15.36 per cent between 1977-78 and 1999-2000. About 24 per cent, of the poor in Maharashtra lived in urban areas in 1977-78; their share nearly doubled and was 45 per cent in 1999-2000. In India the corresponding increase was from about 20 per cent to barely 26 per cent. Urbanisation of poverty was much faster in Maharashtra than in India.

**Table 13.5: Numbers of Poor and Incidence of Poverty in Maharashtra and India, from 1977-78 to 1999-2000**

Poor in millions						
Year	Maharashtra			India		
	Rural	Urban	Total	Rural	Urban	Total
1977-78	24.98	8.02	33.00	264.25	64.65	328.90
1983	19.38	9.71	29.09	251.96	70.94	322.90
1987-88	18.69	10.94	29.63	231.88	75.17	307.05
1993-94	19.33	11.19	30.52	244.03	76.34	320.37
1999-2000	12.51	10.29	22.80	193.24	67.01	260.25
% Share of Poor in Total Population						
Year	Maharashtra			India		
	Rural	Urban	Total	Rural	Urban	Total
1977-78	63.97	40.09	55.88	53.07	45.24	51.32
1983	45.23	40.26	43.44	45.65	40.79	44.40
1987-88	40.78	39.78	40.41	39.69	38.20	38.86
1993-94	37.83	35.15	35.86	37.27	32.36	35.97
1999-2000	23.72	26.81	25.02	27.09	23.62	26.10

Source: Malhotra, 1997 for data of 1977-78, 1983, 1987-88 and 1993-94; Planning Commission, 2000, for data of 1999-2000

Incidence of poverty differed between rural and urban areas in the two locations. In 1977-78 nearly 64 per cent of the persons in rural Maharashtra while 53 per cent of them in rural India were poor. The share of urban poor was 45 per cent in India compared to 40 per cent in Maharashtra in 1977-78. Poverty declined perceptibly both in Maharashtra and India in the 1990s. Rural poverty ratio declined from 38 per cent in 1993-94 to 24 per cent, in 1999-2000 in Maharashtra. The corresponding decline was from 37 per cent to 27 per cent in rural India. Urban poverty declined too, from 35 per cent to 27 per cent in the State but from 32 per cent to 24 per cent in the country. Maharashtra carried a higher burden of urban poverty too relatively to that in the country in 1999-2000.

Data on the incidence of poverty at district-level in Maharashtra is available only for 1993-94 for 30 districts of 1991 Census. Greater Mumbai was the only wholly urbanised district of the 30 districts in the State in 1991. Excluding Mumbai, among the 29 districts, the share of rural poor was the lowest, 4.94 per cent in Raigad and the highest, and 45.57 per cent in Dhule. Incidence of poverty was lower, in urban than rural areas in all districts, except Gadchiroli. Surprisingly, only 6.11 per cent of population in urban Gadchiroli was poor in 1993-94, as against 7.84 per cent in Mumbai, the richest district in the State. This casts doubts on the credibility of the data, especially for the poorer

districts. The highest incidence of poverty was in urban Buldhana where nearly 74 per cent of the population, lived below the poverty line.

The share of poor in urban Maharashtra was 33.77 per cent in 1993-94. Only in 6 of the 30 districts, Mumbai, Thane, Raigad, Kolhapur, Pune and Ratnagiri urban poverty ratios were lower than the State average (GoM, HDR, 2002). Curiously enough all these districts were in the more urbanised and developed ROM Region of the State; four of them were in the most urbanised Konkan Division. This suggests probably that urbanisation cannot and should not necessarily be equated with high incidence of urban poverty. High levels of economic activity had certainly helped in keeping urban poverty levels low in these six districts. Poverty continued to be high in districts where economic growth proceeded at a slow pace.

### *Unemployment*

Urban Maharashtra continues to draw migrants from its rural hinterlands and from other states of India. Migrants are generally young men who come to Maharashtra in search of employment. Cities here do offer employment to many who enter the labour market, but excess supply of labour in relation to the demand for it results in high incidence of unemployment in urban labour markets.

Data on levels of unemployment are available from the National Sample Survey Organisation's (NSSO's) Employment Unemployment Surveys,

undertaken every five years, from the late 1970s. The NSSO uses three reference periods: a year, a week and every day of the week, to capture seasonal and essentially intermittent nature of employment and unemployment that prevails in an agricultural country like India. Unemployment rates, defined as share of unemployed in the labour force, are reported for three statuses; usual status where the reference period is one year prior to the enumerator's visit to the household, current weekly status where it is a week and current daily status where the activity status of an individual is recorded for every half day of the week. The last one is regarded as the most comprehensive measure of unemployment (GoI, NSSO, 2001).

Open unemployment is an urban rather than a rural problem, more severe in the larger cities. But as NSSO data are not available, neither at the district level nor for cities and towns, we compare the unemployment rates in Maharashtra with those in India.

Table 13.6 shows that irrespective of the location, unemployment rates were higher in urban than rural areas and higher among women than men in both the locations. This was not surprising. Urban unemployed are more likely to be openly unemployed than rural, who are likely to be underemployed rather than openly unemployed. Higher incidence of unemployment among women relatively to men is due to employment discrimination against women in the labour market. Unemployment rates were lower in 1999-2000 than

in 1977-78 for men and women, in rural and urban areas in the two locations. However the marginal increase in unemployment rates between 1993-94 and 1999-2000 could be attributed to two factors. Firstly, it could be the net effect of a shift from own account work to wage employment where unemployment was likely to be open than disguised. Secondly, since most of the incremental wage employment was of informal and casual in nature, men and women were more likely to be openly unemployed now than in the past. Interestingly, barring a couple of exceptions, unemployment rates of men and women in Maharashtra were lower than the corresponding rates in India. So, Maharashtra continued to offer work to most of those who sought it.

### *Underemployment*

Growing under employment among those who are enumerated as workers is another economic evil associated with urbanisation. This is a consequence of the high share of self-employed among workers and preponderance of own account household enterprises. High incidence of self-employed in the workforce reflects the inability of the urban labour market to offer wage work to all those who seek it. Many are forced to take up petty trade or work in menial services where entry is relatively easy. Some may start their own enterprises or work in household enterprises as helpers. This results in high levels of under-employment that implies low productivity of labour so employed.

**Table 13.6: Unemployment Rates (%) by Current Daily Status by Sex and Rural-Urban Residence, Maharashtra and India from 1977-78 to 1999-2000**

Maharashtra				
Survey Year	Rural		Urban	
	Males	Females	Males	Females
1977-78	5.85	9.31	8.99	15.75
1983	6.25	7.23	9.05	10.44
1987-88	2.90	3.60	8.50	9.20
1993-94	4.60	4.00	6.00	7.80
1999-2000	6.30	6.90	7.70	10.00
India				
Survey Year	Rural		Urban	
	Males	Females	Males	Females
1977-78	7.10	9.20	9.40	14.50
1983	7.50	9.00	9.20	11.00
1987-88	4.60	6.70	8.80	12.00
1993-94	5.60	5.60	6.70	10.50
1999-2000	7.20	7.00	7.30	9.40

Source: GoM, MHDR, 2002

Based on an index used by the NSSO (1983), Table 13.7 gives estimates of underemployment by sex and rural-urban residence in Maharashtra and India. The data shows that irrespective of where they lived, women were more likely to be underemployed than men, more in rural than urban areas. However, men in India, both rural and urban, were subjected to marginally higher incidence of underemployment compared to men in Maharashtra. Not only did Maharashtra offer economic opportunities, but also the work offered in the State was, more intensive than that offered elsewhere in India.

Table 13.7 shows that in 1977-78, 5.7 per cent of the rural but 2.4 per cent of the urban men were underemployed in Maharashtra. The rates of underemployment declined till 1993-94 but increased marginally in 1999-2000. The same pattern prevailed for men in India. Under-employment deepened among women; a higher proportion of women reported as workers by current weekly status, were underemployed in 1999-2000 than in 1977-78 in both the locations.

#### *Growth of Informal Sector*

Rapid population growth is the main cause of excess supply of labour to urban labour markets, and is reflected only partly in open unemployment. In a

situation where employment in the formal sector is shrinking, this excess labour is drawn into low productive jobs in manufacturing and service occupations in the informal sector. This sector mostly offers insecure, intermittent and low wage employment and being beyond the purview of most labour protective legislation, consists of a work, which is harmful to workers so employed. As a result many are often exposed to occupational health hazards.

Globalisation and liberalisation has further strengthened the process of informalisation of the workforce. As a result, some work done formerly in factories by the workers, is now done in homes informally. Work gets sub-contracted giving rise to contract workers who work from home. Secondly, to reduce non-wage costs, employers prefer employing “flexi-workers” or non-regular workers comprising of casual, contract and female workers both, for manual work in factories and service occupations. Labour market studies confirm that female labour is often substituted for contract labour to increase this flexibility (Deshpande et. al., 1997). The concept of flexibility in the labour market has given rise to a new category of informal employment within the formal sector, often referred to as “precarious” employment.

**Table 13.7: Index of Underemployment by Sex and Rural Urban Residence, Maharashtra and India from 1977-78 to 1999-2000**

Maharashtra				
Survey Year	Rural		Urban	
	Males	Females	Males	Females
1977-78	5.7	13.9	2.4	5.1
1983	6.0	12.8	3.1	10.5
1987-88	0.6	5.7	1.9	2.4
1993-94	5.0	12.3	1.7	10.1
1999-2000	6.6	14.6	3.2	10.1
India				
Survey Year	Rural		Urban	
	Males	Females	Males	Females
1977-78	6.4	16.6	3.4	11.9
1983	5.8	12.8	4.0	10.1
1987-88	0.6	5.9	3.8	7.6
1993-94	5.1	18.0	2.9	13.7
1999-2000	6.3	19.4	3.7	13.3

Note: Index of Underemployment = (CWS-CDS)/CWS \* 100 where CWS is the work participation rate by current weekly status and CDS is the work participation rate by current daily status.

Source: GoI, NSSO, Results of the Employment- Unemployment Survey Rounds: 32<sup>nd</sup> (1977-78), 38<sup>th</sup> (1983), 43<sup>rd</sup> (1987-88), 50<sup>th</sup> (1993-94) and 55<sup>th</sup> (1999-2000), Central Sample

If we accept that workers informally employed consist of workers other than regular/wage salaried workers, then they would include self-employed and casual workers, where the former are in non-wage employment and the latter either belong to the “precarious” category noted earlier, or are those who face uncertainties of intermittent wage employment. Self-employed together with casual workers give us a rough estimate of the share of informal sector employment among workers.

Table 13.8 (a) gives such an estimate based on NSSO data. It shows that for the periods mentioned therein, the size of the informal sector comprising of self-employed and casual workers was larger in urban India than in urban Maharashtra. The size of the informal sector increased faster in urban India than in urban Maharashtra between 1987-88 and 1999-2000. Among men in both the locations, informalisation was occurring through casualisation of labour indicating that wage work was increasingly available to men. However, more women were accepting self-employment in 1999-2000 than they did earlier. This could be because of the freedom that self-employment offered to women to work from home, permitting them to combine work with housework. Alternatively women may have been forced to accept self-employment because they were unable to get wage work. Higher incidence of open unemployment among women suggests that second possibility was much more likely, than the first.

Table 13.8 (b) gives yet another estimate of the size of the informal sector in urban Maharashtra,

based on the data from Economic Censuses, undertaken in 1990 and 1998. Economic Censuses cover all enterprises and report employment in them. Hence, they exclude the self-employed in the economy. The estimated size of the informal sector based on this source is therefore smaller as it excludes the self-employed. Economic Censuses distinguish between own account enterprises (OAEs) that are essentially household enterprises that do not hire workers and other enterprises that hire at least one worker, which are called “establishments”. The share of informal sector enterprises (OAEs) in total enterprises in urban Maharashtra increased from 54 per cent to 60 per cent between 1990 and 1998 and the share of employment in them increased from 16.3 per cent to 19.3 per cent. If we add the number of workers who worked in establishments but were not hired workers to these, 25.4 per cent of the workers worked in the informal sector in urban Maharashtra in 1990. Their share increased to 29.2 per cent by 1998.

Informal employment increased in the urban sectors of the economy both in the State and the country. The only solace was that casualisation, between both men and women in India were occurring at higher average real wage (Deshpande and Deshpande, 2002). Though data on comparable average wages in Maharashtra is not available, it is possible that average real wages of casual workers might have increased in the State as well as in the country between 1993-94 and 1999-2000. Steeper

**Table 13.8 (a): Estimate I: Share of Informal Sector of Employment by Sex in Urban Maharashtra and Urban India, from 1987-88 to 1999-2000**

Maharashtra						
Year	Males			Female		
	Self-employed	Regular*	Casual	Self-employed	Regular*	Casual
1987-88	32.4	55.0	12.6	26.3	42.9	30.8
1993-94	36.4	53.0	10.6	29.2	46.0	24.8
1999-00	32.9	54.1	13.0	32.7	44.4	22.9
India						
Year	Males			Female		
	Self-employed	Regular*	Casual	Self-employed	Regular*	Casual
1987-88	41.0	44.4	14.6	39.3	34.2	26.5
1993-94	41.1	42.7	16.2	36.4	35.5	28.1
1999-00	41.2	41.9	16.9	38.4	38.5	23.1

Note: \* Regular Wage/Salaried Workers

Source: GoI, NSSO, Results of the Employment- Unemployment Survey Rounds: 43<sup>rd</sup> (1987-88), 50<sup>th</sup> (1993-94) and 55<sup>th</sup> (1999-2000), Central Sample

**Table 13.8 (b): Estimate II: Share of Informal Sector of Enterprises and Employment in Enterprises in Urban Maharashtra, 1990 & 1998**

Total Enterprises (In thousands)	Own Account Enterprises	Establishments	Total Enterprises	
	(a)	(b)	(a) + (b)	
1990	714 (54.3)	602 (45.7)	1316 (100.0)	
1998	969 (59.8)	652 (40.2)	1621 (100.0)	
Total Employment (In thousands)	In Own Account Enterprises	In Establishments	Labour that is NOT Hired in Establishments	In All Enterprises
	(a)	(b)		(a) + (b)
1990	998 (16.3)	5115 (83.7)	554 (9.1)	6113 (100.0)
1998	1305 (19.3)	5452 (80.7)	970 (9.9)	6757 (100.0)

Source: GoM, 2002. Economic Survey of Maharashtra State, 2001-2002, Directorate of Economics & Statistics, Planning Department, Mumbai. Derived from data in Table Nos. 60 and 61.

decline in poverty ratios in rural rather than urban Maharashtra supports indirectly, our claim that average casual wage is likely to have increased over the 1990s in Maharashtra as in India.

### Consequences: Inadequate Access to Amenities

#### Housing: Growth of Slums

Proliferation of slums and squatter colonies in large cities show the apathy of the urban elite to the living conditions of the poor. When conditions of housing are generally poor as in India, slums are difficult to define and identify. Generally, they are defined with reference to environmental and structural deficiencies, however these definitions and estimates of the slum population differ between the agencies collecting such data.

In 2001 Census, slum areas were defined as follows. Slums included a) all areas notified as “slums” by State/Local government and Union Territory (UT) under any Act; b) all areas recognised as “slums” by State/Local and UT administration which had not been formally notified as “slums” under any Act and c) a compact area of at least 300 population or about 60-70 households of poorly built congested tenements, in unhygienic environment usually with inadequate infrastructure and lacking in proper sanitary and drinking water facilities. Based on this definition slum population was enumerated separately in urban Maharashtra in 2001 (Director of Census Operations, Maharashtra, 2001c).

A little over 10.6 million persons lived in slums in 62 out of the 65 urban units in Maharashtra in

2001. Three urban units, Cantonment Boards of Pune and Kirkee and Karad Municipal Council did not report slums. Slum population by size arranged in descending order in 30 of these 62 cities is reported in Table 13.9. Nearly 93.4 per cent of the slum dwellers in 62 urban units in Maharashtra lived in these 30 cities, almost 55 per cent of them lived in Greater Mumbai alone. Nagpur had the second largest number but they formed barely 7 per cent of the slum dwellers in the State. Their respective shares in other million-plus cities were lower. Together, six of the 7 million-plus cities accounted for nearly 73 per cent of the slum population living in the 62 cities of Maharashtra.

Impact of slum population on the quality of life in the cities is often assessed by deriving share of slum population in city’s population. Slum dwellers in the State were concentrated in Mumbai, their share in city’s population of 11.9 million was alarmingly high, nearly 49 per cent. The corresponding share in a small city like Kamptee, with barely 84 thousand dwellers in 2001, was enormous, nearly 94 per cent. This reflects, probably, the poor state of housing stock in Kamptee. In 14 of these 30 cities, the share of slum population in the city’s population was higher than the State average of 31.5 per cent. Five of them were Class I cities of which, three were million-plus cities of Mumbai, Nagpur and Thane and two, were the municipal councils of Yavatmal and Gondiya with more than 120 thousand residents in 2001. Four were Class II cities with a population between 50 and 99 thousand, three had a population between 20 and 49 thousand while two had less than 20 thousand residents. The share of slum population in the city’s population was the lowest, 11.4 per cent in

**Table 13.9: Magnitude and Share of Slum Population\* in the Total Slum Population in Maharashtra and within the Population of the City in 30 Cities, 2001**

City	Slum Pop. Number	Total Population Number	Share in Slum Pop. in the state	Share in Population of the City
Gr.Mumbai	5823510	11914398	48.9	54.6
Nagpur	726664	2051320	35.4	6.8
Pune	531337	2540069	20.9	5.0
Thane	420276	1261517	33.3	3.9
Amravati	232619	549370	42.3	2.2
Solapur	231420	873037	26.5	2.2
Malegaon	212577	409190	52.0	2.0
Nashik	142234	1076967	13.2	1.3
Navi Mumbai	138621	703947	19.7	1.3
Aurangabad	136276	872667	15.6	1.3
Akola	135009	399978	33.8	1.3
Pimpri Chinchwad	129357	1006417	12.9	1.2
Bhiwandi	111304	598703	18.6	1.0
Dhule	92718	341473	27.2	0.9
Nanded-Waghala	82715	430598	19.2	0.8
Kamptee	78854	84340	93.5	0.7
Parbhani	76324	259170	29.4	0.7
Beed	74283	138091	53.8	0.7
Latur	71040	299828	23.7	0.7
Kolhapur	67462	485183	13.9	0.6
Achalpur	66790	107304	62.2	0.6
Ambarnath	64195	203795	31.5	0.6
Jalgaon	62696	368579	17.0	0.6
Jalna	56157	235529	23.8	0.5
Ullhasnagar	53717	472943	11.4	0.5
Chandrapur	50795	297612	17.1	0.5
Ballarpur	49298	89995	54.8	0.5
Bhandara	46271	85034	54.4	0.4
Yavatmal	43232	122906	35.2	0.4
Gondiya	38942	120878	32.2	0.4
<b>Maharashtra*</b>	<b>10644605</b>	<b>33803460</b>	<b>31.5</b>	

Note: Slum population arranged in descending order in 30 of the 62 Cities/Towns in 2001 is reported in the Table above.

\*Data relate to the slum population, total population in Class I and Class II cities in Maharashtra in 2001

Source: Director of Census Operations, Maharashtra, 2001. *Population Data with Data on Slum Population in Urban Units*, Census of India, Maharashtra, Mumbai

Ulhasnagar. Despite being million-plus cities, in both Pimpri Chinchwad and Nashik, barely 13 per cent of the city dwellers resided in slums in 2001, reflecting relatively better housing conditions than other million plus cities.

Being the richest district in the State, on the basis of per capita income, Mumbai has always attracted migrants from the rest of Maharashtra and other states in India (Deshpande and Deshpande, 1991; CRD, 1996; GoM, CRD, 1998). Though this growth of population was always accompanied by increase in real per capita incomes in this prosperous city. However, the supply of formal housing failed to increase along with the population. Scarcity of land in relation to the growing demand

for it resulted in the skyrocketing prices of land over time. Legal interventions, especially the Rent Control Act 1948 and Urban Land (Ceiling and Regulation) Act 1976, further distorted Mumbai's land market (Deshpande and Deshpande, 1991). The city failed miserably to provide affordable housing to the poor who migrated to Mumbai for sheer survival. Since affordable housing was not available, many squatted on open lands owned by private individuals and local, State and Central governments. This was the main cause of proliferation of slums in the city over time (GoM, CRD, 1998).

2001 Census data shows that the process of migration and slum formation has been initiated in

Nagpur, Thane and Pune though the problem was yet not as severe. Slum dwellers in Nashik and Pimpri-Chinchwad too, were fewer. Their shares in city population were low suggesting probably that the poor could still afford formal housing in these cities. High shares of slum population in medium sized cities like Kamptee, Achalpur, Ballarpur and Bhandara and smaller cities like Malegaon, Amravati and Akola suggest that housing in these cities, in general, was of a poor quality and its supply had probably failed to grow, with growth of population.

### *Amenities in Slums*

Housing conditions of persons living in urban locations and the amenities enjoyed by them are far from satisfactory while those of persons living in slums are known to be abysmal. Given the high concentration of slums in Mumbai one wonders how the living conditions in slums in Mumbai compare with those in the rest of urban Maharashtra. NSSO's 49<sup>th</sup> Round (1992-93), gives valuable insights on this aspect of urban living in Maharashtra. In 1992-93, 37 per cent of the households in Mumbai lived in squatter settlements, undeclared and declared slums compared to 20 per cent in urban Maharashtra excluding Mumbai. Seven per cent of the households lived in undeclared slums in both the locations. About 13 per cent of the households in the rest of urban Maharashtra lived in declared slums; in Mumbai their share was more than twice as high, 27 per cent. Squatters formed 2 per cent of all households in Mumbai while their share in other cities was barely 0.2 per cent.

Housing stock in Mumbai was much older than that in the rest of urban Maharashtra. More importantly, barely 40 per cent of the houses built in the 1980s in Mumbai, and 67 per cent of them built elsewhere in urban Maharashtra could be considered as "good" and "satisfactory" for living. In the absence of supply of good/satisfactory houses, newcomers to Mumbai in the 1970s and 1980s were probably forced either to squat or to encroach open places. These squatter settlements eventually became slum pockets over time.

Slum households in Mumbai, compared to their counterparts elsewhere in urban Maharashtra, were more likely to be housed in pucca and semi pucca structures. As against 41.8 per cent of all households in Mumbai, barely 10.8 per cent of the households

in other urban areas in Maharashtra had underground drainage. About 2.1 per cent of the slum households in Mumbai reported underground drainage facility. Slum households in Mumbai had better access to garbage disposal arrangement than those living in the rest of urban Maharashtra. An overwhelming majority of 80.7 per cent, of slum households in Mumbai had electrically lighted. Share of such households in the other part of state was lower, only 63.5 per cent in urban areas other than Mumbai. Households living in slums in Mumbai thus were much better off than those in other urban areas of Maharashtra. The most important amenity that they lacked were toilets, which obviously were far too few in relation to their needs in slums and squatter colonies. Hence, their availability did not mean accessibility. This data assures us that though the growth of slums was not an inevitable consequence of urbanisation, it was one of the failures of urban management, that ignored supply of housing affordable to the poor (GoM and CRD, 1998).

### **Housing in Urban Maharashtra and Urban India in 2001**

Housing conditions and amenities available to residents differ in urban areas of Maharashtra and urban India. Data culled out from the Housing Tables of 2001 Census recently published by the Registrar General (2001c) for the two locations are reported in Table 13.10.

Almost 80 per cent in urban Maharashtra and 77 per cent in urban India were used only for residential purposes. Nearly two-thirds of the households considered their houses to be in good condition and almost a third thought that they were in a liveable condition in both the locations. Only 3 per cent of the households stated that they considered their houses to be in a dilapidated state! This undoubtedly reveals that the poor state of housing in the country in general, makes most households accept whatever shelter they have. Compared to households in urban India, a smaller share of households in urban Maharashtra, were likely to use "non-permanent" materials for their dwellings. Nearly 47 per cent of the households in urban Maharashtra and 35 per cent in urban India were housed in one-room tenements. The share of two roomed tenements was marginally higher in urban India.

Table 13.10: Housing and Amenities in Urban Maharashtra and Urban India, 2001

(Per cent)

Characteristic of Housing/Amenity	Urban Maharashtra	Urban India
<b>Housing</b>		
1. Purpose for which the Housing Unit was used		
Residential	79.3	77.3
Residential cum other use	2.1	2.8
2. Condition of the Housed used as Residences		
Livable	34.2	32.2
Dilapidated	3.0	3.7
3. Households living in Houses with		
a) Material of the Roof		
i) Grass, bamboo etc.	2.2	7.0
ii) Plastic, Polythene etc.	1.2	0.8
b) Material of the Wall		
i) Grass, bamboo etc.	2.1	3.9
ii) Plastic, Polythene etc.	0.8	0.4
iii) Mud, unburnt bricks	12.6	12.8
iv) Wood	1.6	0.9
c) Material of the Floor		
i) Mud	13.9	13.9
ii) Wood/bamboo	0.2	0.4
4. Type of Structure in which Households lived.		
Permanent	81.6	79.2
Rest	18.4	20.8
5. Number of Rooms in which Households lived.		
i) No Exclusive Room	3.9	2.3
ii) One Room	46.7	35.1
iii) Two Rooms	26.9	29.5
6. Number of Rooms by Nature of Ownership		
Owned	67.2	66.8
i) No Exclusive Room	3.5	2.0
ii) One room	41.3	29.2
iii) Two Rooms	27.9	29.3
Rented	28.5	28.5
i) No Exclusive Room	4.3	2.8
ii) One room	57.6	46.9
iii) Two Rooms	25.4	30.4
Other	4.3	4.7
i) No Exclusive Room	6.6	3.7
ii) One room	58.3	46.8
iii) Two Rooms	20.8	28.1
<b>Amenities</b>		
1. Water supply		
All Sources		
i) Tap	89.2	66.7
ii) Hand Pump	4.5	16.2
Within Premises		
i) Tap	49.7	94.4
ii) Hand Pump	8.3	1.7
Near Premises		
i) Tap	80.3	59.7
ii) Hand Pump	10.9	23.3
Away from Premises		
i) Tap	54.7	41.7
ii) Hand Pump	15.9	22.3
2. Source of Lighting		
i) Electricity	94.3	87.6
ii) Kerosene	5.1	11.6
3. Bathroom within Premises	81.5	70.4
4. Latrine/ Drainage		
No Latrine	41.9	26.3
No Drainage	12.4	22.1
5. Households without separate kitchen	17.6	24.1
6. Fuel Used for Cooking		
i) Firewood	9.9	22.7
ii) Crop Residue	1.2	2.1
iii) Cowdung cakes	0.3	2.0
iv) Coal/Charcoal	0.5	4.6
v) Kerosene	30.0	19.2
vi) LPG	57.0	48.0

Source: Registrar General of India, 2001b

## Access to Amenities

### *Water Supply: Availability and Accessibility*

Availability of piped water, within and outside the premises and from wells is considered as access to potable water (NIUA, 1998). Nearly 9 of every 10 households in urban Maharashtra, but only about 7 of 10 in urban India were supplied drinking water through taps. Provision of water through hand-pumps was more common in urban India than in urban Maharashtra.

However, the quantity and quality of water available across the cities and households within a city differs substantially. Government of India has approved norms of adequacy that depend on the population of the city. Availability of 70 litres per capita per day (lpcd) is considered adequate for town of under 20,000 population; of 100 lpcd for one of 20,000 and more but not exceeding 60,000; of 125 lpcd for a town with population between 60,000 and 100,000 and of 150 lpcd for a city with population exceeding 100,000 (GoM, 1995). The lack of access to drinking water at the city level can be realised from the grim reality of Class A and Class B municipal towns in Maharashtra in the mid-1990s. Only four of the 21 Class A municipalities and 9 of the 47 Class B municipalities could meet the norms of 150 lpcd and 125 lpcd appropriate to them (GoM, 1995). The reality is likely to be grimmer because the figures of total supply of water are the latest available, whereas those of population used to obtain per capita availability, relate to 1991.

The situation had not changed considerably in Class I cities in the late 1990s. Only in 3 of the 27 Class I cities identified in 1991 Census in Maharashtra were supplied 200 lpcd, much more than 150 lpcd, approved by the norms of adequacy. In 6 of the 27 Class I cities, water supplied per capita was less than 100 lpcd, while in 19 others, it was between 100-200 lpcd (GoI, CPCB, 2000). Even if we assume that in half of the 19 Class I cities, municipal authorities could attain the norm of 150 lpcd, in only 12 to 13 of the 27 Class I cities of 1991 Census the norm of adequate water supply was attained in 2000.

### *Access to Electricity, Bathrooms, Toilets, Drainage and Other Amenities*

Ninety four per cent of the urban households in Maharashtra, and 88 per cent of them in India

reported electricity as a source of lighting. Seven of every 10 households in urban India and 8 of every 10 in urban Maharashtra had bathrooms within the house. But almost 42 per cent of the households in urban Maharashtra did not have latrines.

Their corresponding share was lower, 26.3 per cent, in urban India. Households in urban Maharashtra were better provided with drainage than those living in urban India. Finally, data on fuel used for cooking assures us that the use of traditional type of materials was more common among households living in urban India than in urban Maharashtra.

This overview confirms that in Maharashtra, the urban dwellers were better housed and had access to most urban amenities compared to those who lived in urban India. But urban households in Maharashtra had higher availability and accessibility to all amenities except latrines compared those living in urban India.

Having seen the impact of population growth on urban living conditions we shall turn to examine the policies of urban development pursued in India and Maharashtra after independence.

## Section IV

### **Policies of Urban Development in India**

#### *Approaches to Urban Development in the National Plans*

Urban development did receive attention in all the Five Year Plans of the Government of India. However, urban policy was based on the prevailing perceptions of the process of urbanisation and growth of large cities. That urbanisation is an inevitable consequence of industrialisation, which accompanies economic development, was acceptable to our planners. Further, it leads to the growth of large cities was also a reality that they could not deny. But, growth of population in cities was held responsible for many of the city level problems that in fact emerged because cities were managed inefficiently. In the process, the policy makers overlooked the fact that large cities contribute to development and tend to enjoy agglomeration economies. As a result, all plans except the Tenth, fail to take cognisance of the role cities play in economic development.

The summary of the national urban policy framework as it was conceptualised is as follows:

- Balanced urban growth and regional development were both accorded a high priority in all the Plans.
- Urgent need to prevent further growth of population in the large cities too is emphasised in all the Plans.
- Dispersal of population away from bigger cities was to be achieved by planning a spatial dispersal of economic activity to the backward districts and by developing small and medium towns. New industries were to be established away from large, congested cities. The basic instrument of this policy was industrial location policy that diverted industries to backward regions/districts. The policy was expected to bring about dispersal not only of industry, but also of employment and population and thereby bring about balanced regional development.
- The regional plans formulated by the regional authority were to be implemented by the local bodies. It was, therefore, necessary to strengthen urban local bodies and make them self-financing in the long run. There was a critical need to augment resources at local level by speedy assessment and collection of existing taxes, their timely upward revision, broadening the base of taxation, levying betterment taxes and charging stamp duties on sale or conversion of land to more productive uses.
- Later plans accepted that since growth of large cities could not be prevented, efforts were needed to augment civic services in metropolitan cities.
- The need to address urban policy in relation to the problem of poverty, unemployment and underemployment in cities and the informal sector is recognised. So urban poverty alleviation schemes like The Nehru Rozgar Yojana (NRY), Urban Basic Services Programme (UBSP), Environment Improvement of Urban Slums (EIUS), Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP) were undertaken at different points of time by the Central government. They were merged into the Swarna Jayanti Shahari Rozgar Yojana (SJSRY) in 1997.
- Following the recommendations of the NCU and the Planning Commission, the Mega-city Scheme was introduced in 1992 for infrastructure improvements of metropolitan cities. The main objective of the scheme was to prepare the local governments to use infrastructure finance and market instruments to fund their capital investments. The scheme was restricted to Calcutta, Mumbai, Chennai, Hyderabad and Bangalore.
- An important legal intervention, Constitution (74<sup>th</sup> Amendment) Act 1992 was enacted during the Eighth Plan period, prescribing an institutional framework for urban governance. The Act envisaged that elected municipal governments would remain at the helm of civic affairs, including planning and provision of infrastructure and services.
- Due attention was given to the housing for urban poor. It was recognised that in the context of urban housing, both, the law and its practice remained heavily weighted against the urban poor. There was a need for an equitable urban land policy to assist the poor in their access to land for shelter. In practice, land use was largely, regulated by markets or public authorities, both mostly excluded the poor.
- The Tenth Plan, unlike the earlier ones, explicitly states that urbanisation would be a key determinant of economic growth in future and accepts the crucial role that cities are likely to play in the economic development of the country. Broad-based reforms in the urban sector are visualised since cities would act as engines of growth and contribute to economic development.
- It is emphasised that cities not only provided higher standard of amenities to the residents but were also instrumental in developing rural hinterlands. They provided ready market for goods produced in the rural sector and supplied urban products to the rural residents.
- To help the cities play this role, reforms in land and housing policy and of pricing of utilities were to be undertaken, mainly to augment the resources of the ULBs. This could help ULBs maintain civic services adequately and expand urban infrastructure in step with the growing needs. Hence, a vigorous programme of upgrading urban infrastructure and services forms an integral part of the Tenth Plan.

- The Plan admits that the urban land policy based on rigid development plans that regulated land use, through zoning, had failed miserably. Urban development authorities set up to implement these land use plans, failed to meet the growing needs of housing which resulted in unauthorised colonies of which slums was the most extreme form.
- Nearly 90 per cent of the housing shortage pertained to the weaker sections. The formal sector had failed to provide housing to the poor. All policies of allocation of land, extension of funding assistance and provision of support services, had to be diverted to increase the supply of affordable housing for the poor.
- Problem of housing slum dwellers had to be dealt separately for which land had to be provided at affordable prices. Future proliferation of unauthorised settlements had to be prevented and there was a need to regularise the existing ones through a pragmatic policy. IA scheme of housing with central assistance started in the Ninth Plan, Valmiki Ambedkar Awas Yojana (VAMBAY), which had a combination of subsidy and loan, to provide immediate benefit to the most disadvantaged urban dwellers could be pursued in all cities.
- There was a need to finalise the National Slum Policy drawn up by the Department of Urban Employment and Poverty Alleviation in 1999. Basic data on slums and civic amenities provided in these settlements was weak; firstly because no widely accepted definition of a slum was available and secondly because the urban authorities did not have a proper listing of slum settlements in the towns.
- Slums were often regarded as an inevitable consequence of the continuing migration of unskilled workers; the reality was that most of them were permanent residents who had lived in these locations over generations. The new Slum Policy aimed at changing attitudes of the authorities and people at large towards slum dwellers by creating awareness to their problems. The focus on slums was expected to help planners realise the multi-dimensional view of urban poverty.

### Urban Development Schemes in Maharashtra

The governments in Maharashtra welcomed urbanisation as a progressive and desirable development, only if it took place in a well-planned manner. Mumbai, the State's capital was particularly affected by the urban problems of haphazard urban growth, shortages of housing, drinking water, electricity, schools, hospitals and other social facilities. Mumbai was looked upon as 'miniature India' and its special problems find mention in most of the State Plans. The urban development policy in Maharashtra was based on the objectives of economic growth with equity across regions, districts and even cities and for the poor within each city. To achieve this goal, the State pursued three types of policies.

- First, there were policies that were pursued to correct regional imbalance in development. Programmes were designed to promote regional equity and bring about the development of backward districts.
- To achieve this objective, industries were to be set up in the backward districts by pursuing a conscious policy of industrial location. Accordingly, setting up industries in large cities was banned. Monetary and fiscal incentives were offered to entrepreneurs locating their units in the backward districts.
- As urban growth was haphazard in the past, the second set of policies was addressed to balanced urban growth. This was to be attained by growth of small and medium towns and of growth-centres that could either reduce migration to large cities or divert it to these new urban centres. New towns were set up and physical infrastructure in small and medium towns was improved to attract industries. The policy could be expected to create employment in these towns and thereby check migration to bigger cities. Development of Thane, Kalyan, Dombivili, Navi Mumbai and more recently Pimpri-Chinchwad was undertaken to relieve the population pressure on Mumbai and Pune.
- Special institutions like CIDCO, and MMRDA were created and were given the responsibility of regional development. CIDCO was responsible for acquiring land, planning and implementing the entire township of Navi Mumbai and recently

been given responsibility of many other towns in the State. MMRDA was, till recently a planning body responsible for preparing regional plans. Apart from these two, new institutions were created for diverting industries and provide them infrastructure and finance.

- Maharashtra Housing and Development Authority (MHADA) was created specially for providing urban housing. Government was required to help MHADA acquire land. It planned to build houses in towns with the funds obtained from Housing and Urban Development Corporation (HUDCO)/Life Insurance Corporation (LIC)/General Insurance Corporation (GIC) and Open Market Borrowing (OMB). The programme was also to be funded from advanced contributions of the prospective allottees.
- The third set of policies was designed to promote the access of the poor to the urban services. Slum improvement and clearance policy evolved in mid-1970s and environmental improvement programmes, implemented in urban Maharashtra formed part of this policy package. Dalit Vasti Sudhar Yojana was started by the government in the mid-1990s on 100 per cent grant basis to improve civic amenities in urban localities that housed largely scheduled castes. For helping the urban poor Swarna Jayanti Shahari Rozgar Yojana is implemented in Maharashtra since 1997.
- The Tenth Plan of the Government of Maharashtra observes, that population growth was the root cause of city-level problems of unemployment, poor quality of life and deterioration in the urban infrastructure resulting in poor living conditions and environmental degradation. A comprehensive policy was needed to tackle these problems. There was a need to strengthen Urban Local Bodies (ULBs) for these purposes.
- Recognising the crucial role, Mumbai is likely to play with the liberalisation of the Indian economy, Mumbai Mega city Development is contemplated in the Tenth Plan. The Tenth Plan has provided Rs.800 crores for the Scheme under the following heads: for developing commercial complexes and technology park, urban land development and renewal, water supply, sanitation and public health, transport and related infrastructure and institutional development and

technical assistance. MMRDA would act as the coordinating and monitoring agency while the Scheme would be executed as noted earlier by BMC, BEST, CIDCO, TMC, KMC and NMMC.

- The State assisted scheme of Environmental Improvement in Slums, is replaced by, National Slum Improvement Programme. All municipal corporations and municipal councils to be covered under the scheme are to provide not only the basic amenities but also the social infrastructure of primary, adult, and non-formal education, child-care, health care and entertainment. The scheme envisages helping the poor either to build or improve their own houses, for which assistance of at least 10 per cent would be provided.
- The long list of the programmes planned and implemented by the Central and State government bears testimony to their concern for growth and equity across regions and cities and for the poor within a city. This is not the place for evaluating each and every programme individually. We shall restrict ourselves to reviewing programmes pursued in Maharashtra by grouping them according to the main objective that they were designed to serve. As noted earlier, there are programmes designed to promote regional equity, others to reduce the imbalance in the city size distribution, and still others to promote the access of the poor to the urban services. Some overlapping between them is unavoidable as some schemes may serve more than one objective. We shall look at the actual outcomes to see how far they could attain the objectives set forth by the policymakers. However, the assessment cannot be strictly quantitative because data required for it are not available.

## Section V

### Urban Policy at Work in Maharashtra

Urban policy is more an art than an applied science. The data set, available to governments that frame the policy is inadequate to provide simple solutions to the problems they face. All governments are subject to diverse pulls and pressures from interest groups comprising of business, managerial and political interests. Moreover, all governments, local, regional and national, that frame and implement urban policies are torn by conflict between efficiency and equity.

### *Misapprehensions about Urbanisation*

In a predominantly rural economy like India, where over 70 per cent of the population lived and worked in rural areas even in 2001, it is not surprising to find widespread misconceptions, misapprehensions and misinformation about urbanisation in general and that of growth of large cities in particular. Even in a highly urbanised state like Maharashtra, 59 per cent of the population lived in rural areas in 2001. Universally, urbanisation is correlated with economic development and Maharashtra is no exception. In Maharashtra urban population grew faster than the total but both these rates have decelerated over the last two decades. Contrary to general impression, there is no evidence of urban explosion and much less of explosion of Class I cities in Maharashtra. Rather population of all urban units in the State, irrespective of city-size was growing slower in the 1990s than in the 1980s.

There is yet another misconception about urbanisation. It is often pointed out that distribution of urban populations by size-class of towns in Maharashtra is skewed, and worse still, it is becoming more so over time. Data presented earlier lend substance to the fear but only apparently. As Mills and Becker (1986) observe, it is difficult to imagine an economic growth process that would not lead to an increase in share of urban population living in cities of at least modest size. As a country urbanises, not only do its cities grow - though typically less rapidly than the urban population - but also the number of cities in excess of the threshold size also increases. In Maharashtra number of Class I cities increased from 27 to 34 between 1991 and 2001. Municipal corporations having million-plus population increased from 3 to 7 during the decade. Just over 13 million persons lived in these 3 corporations in 1991, 21.2 million did in 7 of them in 2001. Their share in Maharashtra's urban population increased from about 43 per cent to 52 per cent between 1991 and 2001. But the share of population in Greater Mumbai in the State's urban population, declined from 32 per cent in 1991, to 29 per cent in 2001. So this pattern of urbanisation was a consequence of the steady economic growth that occurred in the State, at least till mid-1990s.

More than one reason can be attributed to condition in which Maharashtra's premier city,

Mumbai is at present. The most important of them was the misconception about urbanisation and growth of cities we noted earlier. These misconceptions played a major role in deciding the urban policy framework in Maharashtra. The influx of refugees after partition and the economic migration after the 1950s in the wake of the fast growth of engineering and chemical industries in Mumbai was not accompanied by adequate investments in Mumbai's civic infrastructure. This imbalance was interpreted "wrongly" as evidence of Mumbai having grown beyond its "optimum" size. Experience shows that growth of industry has led to influx of migrants, which in turn was likely to increase population in Mumbai. Hence the Barve Study Group recommended banning of new industrial units, barring few exceptions, in the Island City and the suburbs (GoM, 1961). The Gadgil Committee (1965) deplored the lax implementation of the Barve Group's recommendations and suggested shifting of economic activity particularly heavy industry out of Greater Mumbai. This was justified further on the basis of equity because the process was expected to bring about development of backward regions of Marathwada and Vidarbha.

Fortunately, the State Government did not go as far in their Industrial Location Policy (ILP) of 1975 but continued the ban on location of new and expansion of old large and medium industrial units in Mumbai. These restrictions were relaxed in 1993 in case of non-polluting high-tech industries, when it was realised that as a result of the ILP, industry did not move either to the rest of the Mumbai Metropolitan Region (MMR) or to the backward regions of Maharashtra but rather to other states of India (BMRDA, 1995). For the last two decades or more the urban policy in Maharashtra instead of helping labour, management and entrepreneurs to increase their productivity and creativity, was directed to prevent growth of income and employment explicitly in large and medium industries and implicitly in the economy of Mumbai. To achieve this objective of industrial dispersal with equity and to reduce regional disparities, various policies were used. In what follows, we will first examine the policy options Maharashtra had, the policy instruments and institutional framework was created in the State to achieve the policy goals.

### *Strategies and Schemes to reduce Regional Disparities*

Reducing regional disparities in development has been the major objective of state policy in Maharashtra, ever since the State was formed in 1960. Many strategies have been used the world over to reduce regional disparities in income and employment. Prominent among them include employment de-concentration or dispersal of jobs and more efficient and equitable metropolitan expansion. Most of the schemes of balanced regional development formulated by the State were of this nature.

### *Employment De-concentration or Dispersal of Jobs through Industrial Dispersal Policies*

The Indian constitution assures every citizen the fundamental right to carry on his/her trade or profession in any part of the Indian Union. Constrained by this constitutional provision and convinced by the impossibility of preventing people from migrating to prosperous locations, the central and the state governments in independent India implemented a two-pronged strategy to reduce and/or to divert migration flows to urban locations. The State government used industrial licensing policy to disperse industry regionally. In addition, financial incentives were offered to attract industries to backward regions. The ban and positive incentives formed one prong of the strategy, the other being adoption of schemes to alleviate rural poverty and unemployment often identified as the major cause for rural-urban migration.

The policy of dispersing industry regionally includes measures like discouraging new economic activities from being located in the large cities. Such discouragement may take the form of a ban on location of new industrial units in the large cities or incentives to locate in smaller cities or backward regions. Existing units may be offered incentives to shift to socially preferred locations and new cities may be constructed. The policy maker wants to control the growth of large cities, usually located in the prosperous region and to stimulate the growth of cities in the backward regions. The policy if successful is likely to disperse employment too, which is concentrated generally in large cities.

An instrument most widely used to bring about such de-concentration is the growth-centre policy. A growth-centre consists of an urban complex that includes a few dynamic growth industries. These industries are expected to stimulate the growth of ancillary industries and help the emergence of specialised services and skilled labour. The "concentrated de-concentration" in the form of growth-centres prevents dissipation of the economies of agglomeration, that dissipation which accompanies other measures of regional dispersal.

Policies for spatial de-concentration also include policies to transform rural economy and thereby slowing down the rate of urban growth, policies to limit large cities through control of migration and stimulating the growth of intermediate towns and building new cities. These measures are expensive and difficult to implement. Hence, the most commonly used instrument is a policy package of incentives to industry to locate in identified backward regions.

### *More Efficient and Equitable Metropolitan Expansion*

Those who argue for dispersal policy because large cities suffer from many diseconomies or negative externalities, confuse size with bad management. Most amenities and services of infrastructure in Indian cities are not charged according to their marginal cost. This results in subsidising the rich at the cost of the poor. Much of the air pollution in big cities of India is caused by transport system in which personalised motor transport has gained in popularity over public transport through wrong pricing of fuel and road space. Slums have proliferated and land prices skyrocketed because of rent control and urban land ceiling acts. Much of the growth of organised crime in big cities is the side effect of prohibition, import bans and high import tariffs, mistaken interventions in the land market, neglect of police and judiciary and criminalisation of politics all of which has very little to do with size of cities.

Despite all the urban evils, the bigger cities in India offer a higher quality of life as indicated by lower levels of mortality and fertility, greater gender equality, less social discrimination, higher levels of literacy and human resource development and easier access to amenities such as safer drinking water, health and sanitation not to mention employment

and income. Fears of unbridled urbanisation in Maharashtra have been misplaced as is evidenced by the deceleration of urban growth in the 1980s and the 1990s, much more, in the growth of large cities. This is not to say that all is well with big cities and much less to say that the State give up the dispersal policies. The essential point is that cities can be managed efficiently and equitably and when they are the tendencies for dispersal are set in motion without elaborate interventions (Deshpande and Deshpande, 1991).

### **Institutional Framework Created: How did it Work?**

Though Maharashtra was formed in 1960 as the Marathi-speaking State, its linguistic homogeneity was marred by uneven regional development. So Maharashtra made regional balance an integral part of its development policy. Corporations such as the Maharashtra Industrial Development Corporation (MIDC) Maharashtra State Finance Corporation (MSFC) and the State Industrial and Investment Corporation of Maharashtra Limited (SICOM) were created to attain this objective. The MIDC provides the basic infrastructure and the MSFC and the SICOM provide term finance to medium and large-scale industries and offer to entrepreneurs a package of services ranging from project design to its implementation. Besides, SICOM and the Regional Development Corporations offer attractive monetary and fiscal incentives to entrepreneurs and persuade them to locate the industry in their regions. Based on the data available, we can evaluate the success achieved so far in developing the relatively backward areas industrially.

In the absence of any other objective criterion to decide what constitutes equitable distribution, the best we can accept is the distribution of population as the standard for comparison. In 2001, Rest of Maharashtra (including Mumbai) had 62.6 per cent, Marathwada 16.1 per cent and Vidarbha 22.3 per cent of the State's population. If equity is the objective, we could expect the shares should conform to this distribution.

Compared to the share in population, ROM in 1995 accounted for 81 per cent of the industrial projects and 73 per cent of the total investment in Maharashtra. The Region also employed nearly 79 per cent of the industrial workers in the State. Six

districts, Raigad, Thane, Pune, Ratnagiri, Nagpur and Chandrapur accounted for almost two-thirds of the State's total investment in that year. Four of these six were in ROM. Seven districts, that together had less than half a per cent of the State's investment; were Beed, Parbhani, Osmanabad, Jalna and Latur in Marathwada and Buldhana, Akola in the Vidarbha Region. In the case of projects that involved foreign direct investment, ROM had the lion's share of 85.3 per cent of both projects and investment. Also 81 per cent of the total investment of Rs. 32,400 crores in the State was in the districts of Konkan, Pune and Nashik (MEDC, 1995).

Of the units assisted by the MSFC, 62 per cent were located in the ROM, they accounted for 74 per cent of the loans sanctioned and disbursed by the MSFC. The share of ROM in the units assisted, loans sanctioned and disbursed by the SICOM was also disproportionate to the region's population share.

The pattern of regional investment has not changed in the subsequent period. In 2001, Konkan Division accounted for 25.6 per cent of Maharashtra's population. Mumbai and Konkan together, accounted for 47.5 per cent of the total investments in the State in 2002. Amravati had 10.2 per cent of State's population but could attract only 0.4 per cent of the State's total investments. Nashik and Aurangabad both had a little over 16 per cent of the State's population but their shares of State's total investments were abysmally low, 1.01 per cent and 2.3 per cent respectively. Nagpur and Pune had fared slightly better than the other divisions in attracting investments. Nagpur could get 7.6 per cent while Pune 9.2 per cent of the total investments, though based on their shares in population, these shares should have been 11 per cent and 21 per cent respectively (MEDC, 2002). So regional disparities in investment persisted despite the efforts of the government to disperse industry regionally to achieve equity.

The institutional structure created after the formation of the State and the dispersal policy followed since then had not changed the regional imbalance in industrial development materially till mid 1990s. A more sympathetic assessment would credit the policy with success in preventing its worsening.

### *Schemes to Promote Balanced City-Size Distribution*

Distribution of urban population by city-size was skewed in 1961. Schemes addressed to integrated development of small and medium towns, development of new towns and growth centres was expected to produce an equitable city size distribution. Though no attempt was made to control migration to large cities directly, the IDSMT scheme, which aimed at stemming the flow of migration, has been in operation since the Sixth Plan. It was expected that the scheme would accelerate economic growth and employment generation in these towns and help reduce migration to big cities. Unfortunately, in the absence of relevant data for each city, it is not possible to say whether IDSMT Scheme could stem migration flows from smaller to larger urban units.

In recent literature on city-size distribution, a distinction is made between desirability of limiting the growth of large cities and the feasibility of doing it. It is argued that, in mega-cities like Mumbai, the diseconomies of scale far exceed the economies. Therefore, such cities should not be allowed to grow further. Unless the Indian Constitution is suitably amended, migration to cities cannot be stopped and it is doubtful if it could be even after the amendment. Most of the large cities in India grew more by natural increase than by migration and the young entrants to the labour markets in these cities need employment much the same way, as do young entrants elsewhere in the country. Employment cannot be generated without investment, which in turn, has to include that in housing and related infrastructure and in transport to help people commute to places of work. If it is difficult to control migration into large cities, it is far more difficult to make people move out of them. As a result, the historically established city-size hierarchy defies state intervention to alter it and the success, if any, tends to be tardy.

Another reason for the tardy success is that the city-size distribution is influenced by many policies besides those that are directly addressed to altering it. These other policies include strategies of industrialisation such as import-substitution or export promotion, heavy-industry-first or light-industry-first, agriculture vs. industry, pricing of

foreign exchange, factors of production and agricultural products, base-point pricing, pricing of land and urban services etc. Quite a few of these policies ran counter to those that were pursued to create an even pattern of urban growth (Deshpande and Deshpande, 1991). Emphasis on agriculture, small industry, export of agricultural products and above all pricing of agricultural goods closer to the international prices would have probably led to a prosperous agriculture and a more balanced urban structure. If such basic goods as steel, cement, coal and other mineral products were not made available at uniform prices all over India, regions where they were produced or mined would have been industrialised and Mumbai-Pune belt might not have been as congested as it is today. If land, food, housing, water, electricity, urban transport were not subsidised in Mumbai, many industries currently located in Mumbai would have been located elsewhere. The textile mills were exempted from the scope of the location policy and many industries wanting to move out of Mumbai are not allowed to do so to avoid hardship to workers in Mumbai.

Thus, the fault may not lie in the policy package. It may be that far too much was expected of it or that too few resources were provided for the purpose. More importantly, to succeed, the policy package needed to be complemented by measures to improve incomes and productivity in agriculture in the relatively backward regions. Along with irrigation, transport, credit, storage and elimination of middlemen and more egalitarian land ownership, increase in agricultural productivity requires different kind of cities called agropolises (Friedman and Douglass, 1976), which not only provide the market for farm produce but also process it for export to wherever it is demanded. In Europe, there were 16 villages to a city in 1970. In Maharashtra there were 133 in 1971 but even in 2001 there were 115 villages for every town in 2001 (Director of Census Operations, Maharashtra, 2001a). Though further break-up by regions is not available the concentration of million-plus as well as Class I cities in ROM suggests that cities in Marathwada and Vidarbha may have to cater to many more villages than those in ROM. Yet development of agropolises is an option worth considering rather than depending entirely on industry for development of backward districts, all the more because the basic

infrastructure for industrial development may not be there in many of these districts.

Agriculture employed, a major proportion of the rural workforce in Maharashtra, in 2001. Cultivators together with agricultural labourers formed nearly 73 per cent of the male while 89 per cent of the female rural workers in 2001 (Director of Census Operations, 2001d). Share of main workers employed so employed was 76 per cent among rural men and 94 per cent among rural women in Maharashtra in 1991 (Registrar General, 1998). These data are not strictly comparable as those for 2001 include marginal workers while data for 1991 exclude them. But since incidence of marginal work is likely to be more common in a seasonal activity like agriculture, we could safely conclude that some workers, especially men, who were employed in agriculture may have found their way to rural non-farm sector in the 1990s. The process had been initiated among rural men between 1981 and 1991. During the 1980s, 36 per cent of the new entrants to rural male workforce had entered the rural non-farm sector. Rural men had moved out of livestock, household industry and construction. Almost 10 per cent each found their way to non-household manufacturing and trade and almost 12 per cent entered services (Deshpande, 1996). It is not possible to know the pattern of rural labour absorption by sectors in the 1990s, since the relevant data are yet to be published. Pattern of absorption in the 1980s shows that a large share of the incremental male workforce in rural Maharashtra entered the tertiary sector rather than the secondary sector. The process could be expected to continue over the 1990s. If so, growth of tertiary sector also holds some promise of future expansion.

The plan documents of the Central and State governments mention high priority being given to urban development and regional balance. The responsibility of securing development and balance is vested in the urban development department. Though the extent of urbanisation has increased substantially over time in India and Maharashtra, the allocation for urban development as a share total plan outlay have remained very meagre. For instance, though 40 per cent of Maharashtra's population live in towns, the allocation to urban development was barely 4 per cent even in the Eighth Plan and has not increased in the subsequent

plans. No wonder then the achievement fell short of the target plan after plan. Time is now to pause and consider if we are not spending too little on too many schemes.

Globalisation and liberalisation of the economy do offer the backward regions a chance to develop fast under certain conditions. Liberalisation of agriculture could help the middle peasantry to improve incomes through a favourable shift in price terms of trade. This will create pressures for increasing the productivity of land, diversification of agriculture, growth of agro-processing industry and increase the ability to pay for the services of infrastructure needed for greater production. A government constrained by shortage of resources is more likely to respond to actual than potential demand for infrastructure. New opportunities of public-private partnership open up. Under the liberal regime production of goods and services, is guided solely by the market. Hence, it is likely to be more efficient than when it is subsidised and depends on not-too-public-minded government machinery for the supply of inputs. This is not the place to debate the relative virtues of planning based on the dominant producer role assigned to the public sector and that based on the facilitator role played by it in a largely market driven economy integrated in the world economy. Continuation of the industrial dispersal policy with a liberalised agriculture may reduce the danger of such an undesirable occurrence in the State.

### *Equity and Efficiency Within a City: Improving Access of Urban Poor to Amenities*

The government tried to improve the access of the poor to urban services. The schemes included programmes of slum improvement, provision of basic services such as drinking water, toilets, garbage disposal and social services such as primary education and health. The State tried to provide subsidised housing to low income and middle-income groups. It implemented the SJSRY to alleviate poverty. Adequately funded, many of the programmes promoting equity contribute to increasing efficiency. Ambitious development plans were formulated but not much was done to raise the revenues to implement them. Consequently, the development plans resembled castles in the air unrelated to the dismal ground realities of urban life.

Much the same was true of regional plans. Assets created by the planned investments were not maintained properly. There was very little participation of the citizens in planning and much less in its implementation.

It was hoped that the 74<sup>th</sup> amendment of the constitution in 1992 would go a long way in correcting many of the deficiencies of the top-down approach to planning. The municipal corporations and councils were now responsible for social and economic development including alleviation of poverty. They had to prepare an environmental status report and they needed resources to carry out these functions. Being recognised as the third tier of the government, they have to be assured funds to undertake the investments. The amendments are hailed as a big and a right step in democratic decentralisation. Much will depend on how quickly the privileged classes accommodate the challenges from below.

The amendment is unlikely to be of much help in the short term or even the medium term. The elected councillors and municipal officers would need to be trained in planning for social and economic development and poverty alleviation. Training is also necessary in methods of raising resources by levying taxes, and service charges that would cover the marginal cost of providing the services. Local bodies led by statesmen with foresight would do well and prosper, whereas those led by myopic politicians would suffer. Democratic decentralisation offers no assurance of regional equality.

## Section VI

### Impact of Urban Policy and Implications for Future

We tried to see how far the urban policy could achieve the specific objectives it set forth. This

evaluation is necessary all the more because in the era of liberalisation the State would not be able to pursue many of these policies with the same vigour as it did in the past.

### *Development of Backward Regions and Primacy of Large Cities in their respective Regions*

Balanced regional development was one of the most important objectives of State policy in Maharashtra. But despite the effort to disperse industry to backward regions, most of it remained on the periphery of Mumbai and Pune. To avail themselves of the incentives provided by the State some industrial development did occur in Marathwada and Vidarbha but even there the industry has remained mostly within their primate cities and at the most on their fringes.

Aurangabad and Nagpur, the former much more than the latter, enjoy much greater primacy in Marathwada and Vidarbha than Mumbai in the Rest of Maharashtra. This was so because in ROM there were other cities like Thane, Kalyan, Navi Mumbai, Pune and Nashik that grew since industry was not allowed to be located in Mumbai. This is brought out in Table 13.11.

Though these data relate to 1991, the distribution of investment that emerged over the 1990s across regions suggests that the pattern is not likely to have changed in the subsequent period. To avoid further concentration in these districts, the dispersal policy applicable to Mumbai should be extended to Aurangabad and Nagpur. Experience of Mumbai shows that if industry is not allowed to locate at its best location, it moves to the nearest second best site which has the basic infrastructure in place. Thus, it would be necessary to see that it does not happen.

**Table 13.11: Regional Primacy of Mumbai, Aurangabad and Nagpur in 1991 (per cent shares of cities in regional totals of respective variables)**

City	Population	Factories	Employment	Working Capital	Value of Output	Value Added
Mumbai	51.2	73.97	73.13	16.97	57.05	56.46
Aurangabad	17.3	37.10	52.50	64.70	63.50	78.40
Nagpur	18.9	37.63	46.39	47.39	45.15	43.24

Note: Excepting population, which relates to 1991, other variables relate to 1991-92.

Source: GoM, 1997. Report of the Indicators and Backlog Committee, Volume 1 on Relative Levels of Development, Backlog and Removal of Regional Imbalances, Mumbai

Mumbai has always dominated and continues to dominate Maharashtra's economy even now. The question is why does this primacy continue? The answer is to be found not only in the higher per capita incomes but also in the higher productivity of labour and capital in Mumbai relatively to the State and the country. Estimates available for the 1980s indicate that the Net National Product (NNP) per capita and per worker in Mumbai was more than twice as high as that in the rest of Maharashtra excluding Mumbai. A worker in Mumbai was more productive than his counterpart elsewhere in Maharashtra excluding Mumbai too. In the mid-1980s, value added by manufactures per worker in Mumbai was 1.84 times that added per worker in the rest of Maharashtra excluding Mumbai. The higher productivity of a worker in Mumbai was all the more creditable because it was provided as much equipment to work with, as a worker in the rest of the State. But a rupee of fixed capital invested in Mumbai in the mid-1980s produced 2.5 times the value added as that invested in the rest of Maharashtra (Deshpande and Deshpande, 1993). Curiously enough this was so even after the ILP had prevented further growth of manufacturing in Mumbai!

### *Impact on Per Capita Incomes: by Regions and Districts*

Level of urbanisation is regarded as one of the indicators of economic development. However economic development is difficult to measure with one single criterion. Per capita income, share of population below poverty and levels of unemployment are some of the indices commonly used to assess levels of economic development in an economy. It would be interesting to see how the administrative Regions and districts compared in terms of these indices. Estimates of households below poverty line at district level are available only for 1993-94 and do not help in making comparisons. Data on incidence of unemployment too are not available at district level. So we shall see how per capita incomes differed between Regions and districts that were at different levels of urbanisation. More importantly we shall see how they changed over the 1990s.

Indicators and Backlog Committee (1997) reported per capita incomes averaged for three years 1989-90, 1990-91 and 1991-92 for 30 districts as of 1991 and 3 Regions. The average per capita income for Maharashtra including Mumbai was Rs. 7107. It was 13 per cent lower, Rs. 6193, if Mumbai were excluded. Regional disparities in incomes were wide. ROM had per capita income that was higher than the State average, by 17.5 per cent, if State per capita income including Mumbai were considered, but only 13.8 per cent higher, if State income excluding Mumbai were considered. Vidarbha ranked second with per capita income of Rs. 5358, which was 75.4 per cent of the State's per capita income including Mumbai and 86.5 per cent of it excluding Mumbai. Marathwada had the lowest per capita income of Rs. 4738, 66.7 per cent and 76.5 per cent respectively of the income per capita for Maharashtra including and excluding Mumbai.

Disparities in incomes at district level were wider. Mumbai had the highest per capita income of Rs. 13453, 3.58 times that for Gadchiroli, the poorest district with per capita income of Rs. 3755. Mumbai's per capita income was 1.89 times higher if the district were included to calculate the State's per capita income and it was 2.17 times higher if the district income was excluded for calculating State's per capita income. Only five of the 30 districts reported per capita incomes higher than the State per capita income inclusive of Mumbai. They were Greater Mumbai, Thane, Raigad, Pune and Nagpur. If we were to exclude Mumbai while considering State per capita income, three more districts Kolhapur, Aurangabad and Chandrapur could enter this group. In other words, 22 of the 30 districts had incomes that were lower than the State average, if Mumbai was included or excluded for deriving this average. Of the 5 districts with higher than average income (including Mumbai) four were in ROM, only one was from Vidarbha. If we were to consider State per capita average income excluding Mumbai, of the 8 districts, 5 were from ROM, 2 from Vidarbha and only one was from Marathwada (GoM, 1997).

The levels of income increased over the 1990s but income disparities had widened though marginally, both between regions and districts. Per capita income of Maharashtra including Mumbai

was Rs. 22,763 in 1998-99 at current prices, that excluding Mumbai was nearly 16.7 per cent lower Rs. 19,506, indicating that Mumbai's income had increased faster than that in the rest of the State in the intervening period. ROM continued to be the richest region. Per capita income in ROM including Mumbai was Rs. 26,864, 18 per cent higher than that in the State. ROM's income excluding Mumbai of Rs. 21,915 however, was only 12.4 per cent higher than the per capita equivalent in the State indicating that incomes outside the region were picking up. Per capita incomes in Vidarbha increased faster than in Marathwada. Vidarbha's per capita income, Rs. 1,8272 in 1998-99, was 80.3 per cent of the State per capita income including Mumbai, in the early 1990s this ratio was 75 per cent. This was equivalent to nearly 94 per cent of State's income per capita excluding Mumbai, in 1989-92 this ratio was 86 per cent. This was not so with Marathwada, where the per capita income of Rs. 14,559, was 64.0 per cent and 74.6 respectively of State per capita income including and excluding Mumbai in 1998-99. The corresponding ratios were 66.7 per cent and 76.5 per cent in the early 1990s. So Marathwada was worse off in the late than the early 1990s.

This was true of district incomes too. Mumbai with an income of Rs. 45, 471 per capita was the richest district in the State in 1998-99. This per capita income was almost twice as high as of an average Maharashtra if Mumbai were included while calculating the latter, but was 2.33 times as high if Mumbai were excluded while deriving it. Dhule was the poorest district with a per capita income of Rs. 11,789 that was barely 26 per cent of the per capita income of Mumbai. In 1989-92, Gadchiroli, the poorest district, had an income that was 28 per cent of that of Mumbai's. Despite efforts to contain Mumbai's growth, incomes had risen in this Megacity. The same five of the 30 districts, Mumbai, Thane, Raigad, Pune and Nagpur reported higher than State per capita income including Mumbai. Thane however, ranked second now instead of third as in the past and Nagpur had an edge over Pune and ranked fourth. If we were to compare district incomes with State's derived by excluding Mumbai, five more could be added to this list. They are Sindhudurg, Nashik, Sangli, Kolhapur and Chandrapur. Eight of these 10 districts are in ROM,

and two in Vidarbha; none in Marathwada (GoM, 2001).

Not only was ROM the most urbanised and the richest of the three regions of the State but over the 1990s, districts of ROM fared relatively better than those in Marathwada, the least urbanised region in the State. Even within ROM, Konkan, the most urbanised division, had done better than the other two divisions, Pune and Nashik. Of the 5 districts of Konkan division, barring Ratnagiri, the other four Mumbai, Thane, Raigad and Sindhudurg had per capita incomes higher than State per capita income excluding Mumbai in 1998-99. Pune division had 3 such districts while Nashik had only one such district. So, even within ROM, the rich division had become richer as investments had a tendency to get concentrated in these better off districts. The policies pursued to attain regional balanced development met with limited success. As a result the income inequalities between districts were wider in the late than early 1990s.

### *New Schemes and their Impacts*

Valmiki Ambedkar Awas Yojana (VAMBAY) scheme has been initiated by the Govt. of India mainly for the construction/upgradation of houses & community toilets (Nirmal Bharat Abhiyan: NBA) for persons belonging to economically weaker sections of society residing in slum type hutments. The scheme consists of a GoI subsidy of Rs. 20,000/- per unit of house & community toilet & the rest amount of the project cost is to be borne by the beneficiary or the executing agency. Under this scheme, Maharashtra has received Rs. 845.6 Lakhs to cover 328 houses and 3900 toilet seats by sanctioning HUDCO loans and other types of loans/grants. Some activities such as rehabilitation of the slum dwellers in Kamgar Putla in Pune district who lost their homes during monsoon floods of the year 1997 are to be carried out.

Urban Reforms Incentive Fund (URIF) In order to deal with ever growing urban problems, an Urban Reforms Incentive Fund (URIF) with an initial outlay of Rs. 500 crore has been set up to provide reforms linked assistance to the States. 13 States and 3 Union Territories have so far signed a Memorandum of Agreement with the Centre for availing assistance under URIF. The seven reform areas covered by URIF include rationalisation of

stamp duty, revision of municipal laws in line with a model legislation prepared by the Ministry, reform of Rent Control Laws and repeal of Urban Land Ceiling Act. Maharashtra is one signatory of aforesaid Memorandum of Agreement. However, no significant study on the impacts of this scheme is found in the recent literature.

### *Lessons Learnt for Future Policy*

This analysis has an important implication for policy in the future. Government of Maharashtra had set before it balanced regional development as the goal to be achieved through planning. To achieve this goal, special efforts were necessary since these regions were starved of industry. The policy prescription that followed was to take industry to these regions. Not only was the urban policy formulated with this specific objective, the government even set up institutions to help this process. The ILP was the main policy instrument that was used almost over four decades. By restricting growth of industry in Mumbai, the government could, at the most, take it to its adjoining districts not very much beyond them. Given the institutional set up, especially of MIDC, MSFC and SICOM, the ILP could set up industries in few districts of Vidarbha and Marathwada. But the primacy of Nagpur in Vidarbha and Aurangabad in Marathwada suggests that even in the late 1990s other districts in these regions continued to be industrially backward. Despite the changes in the ILP in 1993, income inequalities between Regions and districts widened over the 1990s.

There is a natural tendency for new industries to locate either in areas where industries already exist or in areas nearby to take advantage of agglomeration economies that emerge in the process. In India, total factor productivity, productivity of labour and capital taken together, increases with city size. The Class I cities are about 23 per cent more productive than Class IV cities. Within Class I cities, going from a city of 100,000 to one of 2 million results in a 31 per cent efficiency gain (Shukla, 1988). Maharashtra could not have been an exception to this rule. Probably this explains only partly why ROM continued to develop with or without Mumbai! The region had the largest share of Class I cities and 6 of the 7 million-plus cities in 2001. If this were so, the policy of industrial

dispersal, so far pursued would have to be reconsidered and suitably changed.

The other important implication is that though the government institutions provided infrastructure in the industrial estates, probably it was inadequate and also of a poor quality, most probably both, than what it was available in ROM. So the backward districts failed to lure industry towards them.

Regional inequalities increased in Maharashtra in the post-reform period despite the efforts of the government to reduce them through its industrial dispersal policy. The process was likely to accelerate in future unless we try to lay emphasis not on manufacturing alone but try to develop both agriculture and the rural non-farm sector in the backward districts.

### *Productivity, City Size and Agglomeration Economies*

That economic growth of a country or a region contributes to the growth of cities that in turn leads to urbanisation is well recognised. But its inverse, as a country or a region urbanises some cities grow faster and contribute to economic growth is not true. Maharashtra offers a prospective migrant a wide choice of city sizes to move to and it is not for nothing he migrates to the bigger of them. Even the beggars are aware of the higher productivity in larger cities and flock to these cities in preference to the smaller ones. Labour migrates to large cities too. Agglomeration of commercial undertakings located in close proximity to one another enhances efficiency of communications especially in societies like India where telecommunications are costly. The higher productivity in Maharashtra is reflected in higher wage rates in Mumbai and also in the higher per capita municipal revenues in contrast to smaller towns (Deshpande and Deshpande, 1991; 1993; Crook, 1993).

This awareness-led National Commission on Urbanisation (NCU, 1988) to recommend that Mumbai along with other three metros should be granted national status. NCU felt and rightly so that these cities were generators of wealth and if they were to collapse the economy of the country would receive a grievous blow. Noting that much of the industrial machinery in Mumbai, Kolkata and Chennai was obsolete and the social and physical infrastructure totally inadequate, the Commission felt that topmost priority had to be given to save the

national cities and help them in reviving their economies.

With globalisation and liberalisation this perspective changes slightly. The question now is not one of helping a city like Mumbai to revive but one of helping it to thrive and benefit not only itself but also the State and the country at large. Great future lies ahead for Mumbai as she can play an important role in integrating India with the global economy. Globalisation would bring along with it changes in Mumbai's economy and in rest of Maharashtra's. Going by international experience, much of the industrial activity that would be exposed to international competition would shift to the cheaper hinterland of Mumbai. The city will become as noted earlier a junction-point and a switchgear transferring people, commodities, capital and information to national and international destinations (Deshpande and Deshpande, 1993). Mumbai has the potential to become an important financial centre in Asia, and possibly in the world when India becomes a fully open economy (Harris, 1992). Mumbai will not be able to play this role unless its physical and social infrastructure, "disastrous" in comparison to her competitors' abroad, is modernised and augmented. The urban policy of the national and State government in future would have to recognise the role Mumbai would have to play as a global city.

### Policy Recommendations

- Urbanisation being a state subject, the state government need to prepare state urbanisation strategies, its implementation priorities, etc. The goals of urban agenda involves a host of broad sub sectors development like sustainable provision/expansion of urban infrastructure facilities: water supply, sanitation, environment planning, transport infrastructure, creating an enabling legal, financing, regulatory framework for housing, land acquisition/development, township development, poverty alleviation, research/training, data base, strengthening of Urban Local Bodies (ULBs)/capacity building of ULB personnel, etc.
- A reliable data base needs to be created on a continuous updating basis. Level of urbanisation basically depends upon the density of population, level of economic development etc. The reforms in the urban sector should comprise enhancing the flow of investment to the critical sectors of urban infrastructure as also creating a facilitating process for speeding up the growth of new economic activities as well as expansion in existing ones. Urban up-gradation encompassing housing, social, physical, economic environment, amenities and services including integrated transport system has to be recognised as part of state development process.
- Housing is one of the important basic needs of people along with food and clothing. It is important not only as it caters to the basic needs of the society but also because it characterises the place in terms of social ecology, living standards etc. Homelessness has specially been observed with respect to the vulnerable sections necessitating the need to programme appropriate schemes to increase the availability of affordable housing to Economically Weaker Sections and Low Income Group which in turn leads to facilitating allocation of land, extension of funding assistance, provision of support services etc. It should be the Government's endeavour to guarantee conditions under which the poor and the disadvantaged will be able to secure adequate housing in healthy environment. Thus, an important concern of the Government will be to provide policy framework and legislative, fiscal and financial system that would put into effect the enabling role of Government in the housing delivery system. There is also a need to introduce separate housing scheme for persons living below poverty line in urban areas.
- The state should effectively carry out the implementation of the 74<sup>th</sup> Constitution Amendment Act, 1992 and take initiatives of improvements to overcome structural deficiencies in the way of augmentation of revenue from sources like property tax, trade/ commerce license fees etc and from other sources like street tax, change of land use, municipal bonds, etc. More importantly, it should identify areas of levy/collection of taxes in the form of land/building/house tax; profession/vocation tax; composite levies; municipal rental property tax, road development fund etc., as also cost effective collection mechanism to eliminate

backlog. In other words, to counter the severity of urban problems, the modes of solutions have to be coherent, comprehensive to address to the local situations.

- Urban poverty has emerged as a complex, multi-dimensional phenomenon. However, in order to meet individual's needs, programmes need to cater to all types of vulnerabilities on a proper assessment of possible forms of poverty in a given context. Innovative areas of employment also need to be explored to suit the State conditions. As far as planning process is concerned, community based development, municipality/ district/ state level plans could be strengthened. Since urban poverty is a growing or persistent phenomenon, there will be a continuous need to gather information on the levels of poverty, relative income inequalities, etc and to study the composition of its manifestations. There is a definite case for preparation of well documented case studies of success/ failures, reasons thereof spelling out clear cut steps, initiatives etc.

## Section VII

### Conclusions

Although Maharashtra is a highly urbanised state levels of urbanisation were uneven across Regions and districts within the State. Urban population in Maharashtra grew faster than the total but not alarmingly so. It grew slower in the 1990s than in 1980s, and in all cities irrespective of the size-class. A disproportionately large share of the State's population lived in Class I cities, much more so over time. This was the natural outcome of economic growth. Tendencies towards equalisation of the extent of urbanisation and urban growth were in operation across districts and regions but operated much too slowly to satisfy the protagonists of regional equality.

It is difficult to attribute equalisation to either the State or the market. Perhaps both could share the credit. The Government of Maharashtra followed an elaborate industrial policy to disperse industry to reduce regional disparities. These measures succeeded more in dispersing industry within Rest of Maharashtra region than outside it.

The failure is not surprising to students of regional

economics. Apart from lack of commitment from appropriate governments, too much is often expected of the policy package and too little is provided for implementing it. For the measures to succeed, the policy package needs to be complemented by measures to improve agricultural productivity in the relatively less developed regions. Development of agriculture would require provision of more irrigation, transport, credit and storage facilities to the farmers.

Globalisation and liberalisation hold some promise and pose some dangers for the backward regions. Liberalisation of agriculture offers opportunities to improve incomes for the middle peasantry. Accompanied by development of agro-processing industry, the emergence of sizable market may induce domestic and foreign investors to go to these regions. All the more if a liberal dispersal policy accompanied liberalisation. The dangers are that if the basic infrastructure of power, transport and communication did not improve in the backward regions liberalisation would not help them to industrialise or urbanise.

The 74<sup>th</sup> amendment to the constitution is a big step towards democratic decentralisation. However, it is unlikely to bring about even urban development in the short to medium term. Cities have to function efficiently and equitably. Liberalisation forces cities to specialise nationally and globalisation forces them to specialise internationally. Cities have to find out their comparative advantages and concentrate on exploiting them. Availability of an efficiently managed physical and social infrastructure services helps reduce private costs and makes private industry nationally and globally competitive. Innovative ways of forging public private partnerships need to be explored and experimented with. The NGOs could play an important role in the partnerships.

Efficiency and equity are not irreconcilable always and everywhere. Improvement in the access of the poor to the social, economic and civic infrastructure would improve their efficiency, incomes and ability to pay for civic services. Intra-city equity is as important as inter-regional equity. We hope that the 74<sup>th</sup> constitutional amendment would go some, if not all the way, in promoting intra-city equity and make cities not only economically more efficient but also socially more liveable.

