

Urbanization and Economic Growth in India

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Abstract— The Paper entitled “ Urbanization and Economic Growth in India” was prepared by Using the Secondary Data of Information in order to interpret the Concluding part of this study. Here the authors were dedicatedly worked to provide the quantitative data for researchers, scientists and for future studies.

Index Terms— Urbanization, Economic Growth, Secondary Data.

INTRODUCTION

Urbanization is the process of transformation from traditional rural economy to modern industrial one. It is the progressive concentration of populations in urban units. The quantification of urbanization is very difficult matter. It is a long term process. It is a finite process through which a nation passes from agrarian to industrial society (Davis and Golden, 1954). There are three stages in the process of urbanization. In first stage is the initial stage where rural traditional society with predominance in agriculture. Second stage is the acceleration stage where basic restructuring in the economy and investment in social overhead capitals. The third stage is known as terminal stage where urban population exceeds than 70 percent or more. Rate of growth of urban population and total population becomes the same at this terminal stage.

Urbanization is relatively a recent phenomenon and closely related with industrial revolution and associated with economic development. Now the developed countries have a high level of urbanization and some them is in final stage of urbanization. On the contrary majority of developing countries started experiencing urbanization only after of the 20th century.

The Census of India, 2001 defined urban places on the basis of the following criteria:

- A. Statutory Town:-All places with a municipalities, corporation, cantonment board or notified town areas committee.
- B. Census Town:-All other places which satisfy the following cities
 1. a minimum population of 5,000
 2. At least 75% of male working population engaged in Non-agricultural pursuit

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3. A density of population at least 400 per square kilometer.

OBJECTIVES OF THE STUDY

The main objectives of the study are as follows.

1. To study the level, trend and pattern of the urbanization; To find the shifting of class II and class III town to class I town
2. To establish the relationship between urbanization and per capita income, urbanisation and population below poverty line and urbanisation and unemployment;
3. To find out the problems in process of urbanisation. Urbanization.

HYPOTHESES

The following hypotheses are tested in this study.

1. The degree of urbanization has positive impact in per capita income.
2. The higher degree of urbanization results in the lower degree of unemployment.
3. A higher degree of urbanization results in a reduction of the proportion of population below poverty line.

METHODOLOGY

The study is based on primarily on secondary data scanned from various published sources. The secondary data are collected from various government publications, census reports of various periods and Economic Survey, Government of India of different years. The analysis is done by using simple and appropriate statistical tools.

Keeping in view the objectives of the study the paper has been presented following manner.

SIZE AND TREND OF URBANISATION IN INDIA

A comparison of the level of urbanization in India with the developed countries of the world reveals that India is far behind the high income countries. The proportion of the urban population to the total population in 1992 was 74% in Russia, 76% in USA, 77% in Japan, 85% in Australia and 89% in UK. Compare to them the Indian percentage is too low.

According to the census report 2011 total population **India** is 121.02 crores out of which 37.7 crore of population live in urban areas and 83.3 crore live in rural areas. The percent of urban population is 31.16. Urban literacy rate is 84.98 per cent. The sex ratio in urban area is 926 whereas in whole India is 940. Hence it is unfavourable sex ratio in urban area.

Table-1 shows total urban population in different census reports. The percentage of urban population to total population has increased from 10.8 per cent in 1901 to 31.16 per cent in 2011. The decadal growth rate of urban population has been fluctuating.

**Table-1
Urban Population in India (1901 – 2011)**

Census Year	Urban population (million)	Percentage of Urban to total population	Decadal growth rate (percent)
1901	25.9	10.8	-
1911	25.9	10.3	0.4
1921	28.1	11.2	18.3
1931	33.5	12.0	19.1
1941	44.2	13.9	32.0
1951	62.4	17.3	41.4
1961	78.9	18.0	26.4
1971	109.1	19.9	38.2
1981	159.5	23.3	46.1
1991	217.6	25.7	36.4
2001	306.9	27.8	41.0
2011	377.1	31.16	31.8

Source: Ministry of Urban Affairs

DEGREE OF URBANIZATION IN INDIA

The degree of urbanization is defined as relative number of people living in urban areas. Percentage of urban population and percentage of population and urban-rural ratio are used to measure the degree of urbanization. The value of share of urban population varies from 0 to 1. Urban –rural ratio is a simple index of measuring number of urbanities for 100 rural persons.

**Table-2
Degree of Urbanisation (1901-2011)**

Census Year	Percentage of Urban Population	Percentage of Rural Population	Urban-Rural Ratio (percent)
1901	10.84	89.16	12.16
1911	10.29	89.71	11.47
1921	11.18	88.82	12.58
1931	11.99	88.01	13.63
1941	13.86	86.14	16.08
1951	17.29	82.71	20.91
1961	17.97	82.03	21.91
1971	18.24	81.76	23.31
1981	23.33	76.67	30.44
1991	25.72	74.28	34.63
2001	27.78	72.22	38.47
2011	31.16	68.84	45.26

Table -2 shows that percent of urban has increased from 10.84 per cent in 1901 to 31.16 per cent in 2011 whereas rural population decreases from 89 per cent to 69.8 percent over the century. The urban-rural ratio for India is 45.26. The urban statistics reveals that India is at the stage of acceleration of urbanisation.

GROWTH RATE OF URBANISATION

The pace of urbanization of India is comparatively slower than many developing countries. The exponential growth rate of urban population reveals that in India growth rate increased from the decade 1921-31 to 1941-51. Thereafter it sharply declined during the period of 1951 -61. The decades 1961-71 and 1971 -81 showed a significant increase in growth and during next two decade it has been continuously declining. It has been seen from the table-3 the rural growth has been fluctuating since 1901. In the process of urbanization it is natural that annual growth rate of urban population than growth of total population which is greater than growth of rural population.

**Table-3
Annual growth rate of population**

Period	Annual growth rate of	Annual growth rate of	Annual growth rate of
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	total population	urban population	Rural population
1901-1911	0.51	0.03	0.62
1911-1921	-0.03	0.79	-0.13
1921-1931	1.04	1.75	0.95
1931-1941	1.33	2.77	1.12
1941-1951	1.25	3.47	0.84
1951-1961	1.96	2.34	1.88
1961-1971	3.09	3.24	3.05
1971-1981	1.33	3.79	0.69
1981-1991	2.12	3.09	1.80
1991-2001	1.96	2.73	1.68
2001-2011	2.4	3.13	1.21

TEMPO OF URBANIZATION IN INDIA

The tempo of urbanization refers to the speed of urbanization. The speed of urbanisation is calculated by the formula $1/n (\ln PU_{t+n}/PU_t)*100$. From table-4 it is seen that the speed of urbanization is not uniform in different decades. It shows a fluctuating trend over the years 1901 to 1981 and a declining trend 1981 to 2001.

Table-4
Tempo of Urbanisation in India

Years	Growth rate of Urban tempo	Growth rate of Rural tempo
1901-1911	-0.5242	0.06184
1911-1921	0.8250	-0.0099
1921-1931	0.7054	-0.0924
1931-1941	1.4444	-0.2139
1941-1951	2.2160	-0.4072
1951-1961	0.3846	-0.0823
1961-1971	0.1492	-0.0329
1971-1981	2.1429	-0.6434
1981-1991	0.9734	-0.3191
1991-2001	0.7714	-0.2815
2001-2011	0.8514	-0.3011

POPULATION OF LARGER CITIES WITH MILLION PLUS POPULATION

There were only 5 large cities with population of more than 1 million in 1951. Number of million plus cities has increased from 5 to 23 in 1991 and to 35 in 2001. The population of these 23 cities was about 33% of total urban population. There are 35 large cities accounting for 107.9 million persons. The population of these 35 cities was about 38 per cent of the total urban population. The table-5 shows the major 10 million plus city in India. It is seen from the table that the decadal growth of population of Delhi is the highest.

Table-5
Population of Large cities in India

Sl. No	Name of City	Population in 2001 (in Millions)	Population in 2011 (in Millions)
1	Mumbai	16.4	18.4
2	Kolkata	13.2	14.1
3	Delhi	12.8	16.3
4	Chennai	6.4	8.6
5	Bengaluru	5.7	8.4
6	Hyderabad	5.5	7.7
7	Ahmedabad	4.5	6.3
8	Pune	3.7	5.04
9	Surat	2.8	4.5
10	Jaipur	2.3	3.07

TREND OF THE NUMBER OF TOWNS AND PERCENTAGE OF DISTRIBUTION OF TOWN BY DIFFERENT SIZE CLASS

The distribution of towns by size classes and percentage of urban population in different size classes has been depicted in table -6. The pattern of urbanization in India is characterized continuous concentration of population in large cities. The high per cent of urban people concentrated in class I cities. As per census 1901 percentage of population of class I, class IV; class V were 26

1	Tamil Nadu	43.9	18367	11.78	21.1
2	Maharashtra	42.4	22977	7.16	25.0
3	Gujarat	37.4	18926	4.55	14.1
4	Karnataka	34.0	16411	4.57	20.0
5	Punjab	33.9	22797	4.03	6.2
6	Haryana	29.0	21105	4.77	8.7
7	West Bengal	28.0	14817	14.99	27.8
8	Andhra Pradesh	27.1	15040	8.03	15.8
9	Kerala	26.0	17709	2.97	12.7
10	Madhya Pradesh	25.0	11764	4.45	37.4
11	Rajasthan	23.4	12752	3.13	15.3
12	Uttar Pradesh	20.8	9065	4.08	31.2
13	Odisha	15.0	9486	7.34	47.1
14	Bihar	13.4	4793	7.32	42.5
15	Assam	12.7	10080	22.21	36.1
16	Himachal Pradesh	9.8	18160	2.96	37.2

Source: 1. Census of India (2001), 2. Economic Survey (2001-2002)

The correlation between urban population and rate of unemployment is -0.35 which is negative. This indicates that higher degree of urbanization does not reduce the rate of unemployment. The correlation between urbanization and percent of population living below poverty line is -0.31. This implies that urbanization does not have impact on reduction of poverty. In conclusion, it may be mentioned that whereas urbanization and per capita income are positively correlated. There is near of absence of correlation between urbanization and unemployment and reduction of population of below poverty line.

PROBLEMS OF URBANIZATION

The pattern of urbanization in India is characterized by continuous increase of population in large cities. So urban people face some basic problems like housing, slums, transports, water and sanitation. In India the following problems are faced by the people due to urbanization.

The class I cities like Mumbai, Delhi, Kolkata, Chennai, etc. have reached level of saturation in respect to employment capacity. These megacities are suffering from urban poverty, unemployment, Shortage of houses and other infrastructures. In bigger cities of India is using capita- intensive technology. So these cities cannot generate employment opportunity for distressed rural poor migrants. Therefore, there is the transfer rural poverty to urban poverty.

Urbanization is creating social and economic inequalities which warrant social conflicts, crimes and anti-social activities.

Lopsided and uncontrolled urbanization lead to environment degradation and degradation of the quality of urban life.

SUGGESTION FOR IMPROVEMENT OF URBAN POPULATION

The following policy measures may be suggested for development urban areas in India.

Massive investment should be made for the development strong economic base in small and medium size towns.

The migration flows to large cities may be checked. As megacities have reached saturation level for employment generation, overcrowded slums may be avoided.

The investment should be directed to small towns which have been neglected so far. So that functional base of urban

economy will be strengthened and then redirection of migration to these cities will be possible.

The proper planning should be made for urban development. The planning should consist of operational, developmental and restorative. Operational should be made for improvement of urban infrastructures. Developmental planning should emphasize on development of newly annexed urban areas. Restorative planning should be aimed to restore original status of old buildings and monuments which have historical values.

There should be integration of urban and rural economy and emphasise should be given on agro-based industries in rural areas. The raw material should be processed in rural economy and the transferred to urban economy.

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