



Flaws in India's Urbanisation Policies

This editorial is based on [“A reminder of the flaws in India's urbanisation policies”](#) which was published in The Hindu on 23/01/2023. It talks about issues with the Financing in Urbanisation and ways to address it.

For Prelims: 74th Amendment Act 1992, Atal Mission for Urban Rejuvenation and Urban Transformation (AMRUT), Pradhan Mantri Awas Yojana-Urban (PMAY-U), Atmanirbhar Bharat Abhiyan, Urban Heat Island, Urban Flooding, Indira Gandhi Urban Employment Guarantee Scheme.

For Mains: Major Challenges Related to India's Urban Space, Recent Initiatives Related to Urban Development.

Cities in India need large amounts of financing to promote green, smart, inclusive, and sustainable urbanization. Creating a conducive environment for urban local bodies, especially large and creditworthy ones, to borrow more from private sources will therefore be critical to ensuring that cities are able to improve the living standards of their growing populations in a sustainable manner.

Approximately **48%, 24%, and 15% of the funding for urban capital expenditures comes from the central, state, and local governments.** Public-private partnership projects contribute 3% and commercial debt 2%.

The [World Bank](#) estimates that **nearly USD 840 billion would be needed for investment in urban India** to meet the growing demands of the population, and **USD 55 billion would be required annually.**

In the last few years, **various reports have estimated a huge demand for funding urban infrastructure;** for example, the Report on Indian Urban Infrastructure and Services (**Chaired by Isher Judge Ahluwalia**) says that by 2030, nearly Rs. 39.2 lakh crore would be required.

What are the Issues related to Urban Financing in India?

- **Lack of Adequate Funding for Infrastructure and Housing Projects:**
 - One of the main issues is the **limited government budget allocated for these types of projects.**
 - Additionally, bureaucratic delays and corruption also play a role in hindering the progress of infrastructure and housing projects.
- **Lack of Long-Term Funding Options:**
 - One major challenge is the **lack of a clear and stable policy framework for urban development,** which makes it difficult for investors to predict returns on their investments.
 - Additionally, **many urban development projects in India are beset by bureaucratic**

delays and a lack of transparency, which can make them unattractive to investors.

- The **shortage of funds with the government also makes it hard** to provide long-term funding options.
- **Lack of Coordination Between Different Levels of Government:**
 - Urbanization in India has **led to a lack of coordination between different levels of government**, particularly between the central and state governments.
 - This has **resulted in a lack of cohesive urban planning, inadequate infrastructure, and lack of proper housing** and transportation.
 - There is **often a lack of communication and cooperation between municipal corporations and other local government bodies**, leading to further challenges in addressing urbanization issues in India.
- **Lack of Participation from Private Sector Investors:**
 - One major factor is the **lack of clear and consistent government policies and regulations** regarding land acquisition and development.
 - This can create uncertainty and risk for private investors, who may be hesitant to invest without a clear understanding of the rules and regulations that will govern their projects.
 - Additionally, **inadequate infrastructure and a lack of basic services, such as reliable electricity and clean water**, can make it difficult for private investors to develop and operate projects in urban areas.

What are the Other Major Issues with Urbanisation in India?

- **Overcrowding and Congestion:**
 - Rapid urbanization has led to a significant increase in population density in cities, causing overcrowding, traffic congestion, and strain on infrastructure.
- **Lack of Affordable Housing:**
 - The high cost of land and housing in urban areas has made it difficult for low-income families to find affordable housing.
- **Environmental Degradation:**
 - The rapid pace of urbanization has put pressure on natural resources and led to environmental degradation, including air and water pollution, and loss of green spaces.
- **Inadequate Infrastructure:**
 - Many cities in India struggle with inadequate infrastructure, including poor sanitation, lack of access to clean water and electricity, and limited public transportation options.
- **Socio-Economic Disparities:**
 - Urbanization has led to the widening of the gap between the rich and poor, with many low-income families living in slums and informal settlements.
- **Urban Sprawl:**
 - Urbanization can also lead **to urban sprawl, which is the expansion of cities beyond their boundaries**, resulting in the loss of agricultural land and natural habitats.

What are the Related Initiatives?

- [Atal Mission for Urban Rejuvenation and Urban Transformation \(AMRUT\)](#)
- [Pradhan Mantri Awas Yojana-Urban \(PMAY-U\)](#)
- [Climate Smart Cities Assessment Framework 2.0](#)
- [TULIP-The Urban Learning Internship Program](#)
- [Atmanirbhar Bharat Abhiyan \(Self-Reliant India\)](#)

What should be the Way Forward?

- **Engaging with the People:**
 - For the urban context, plans must be made from below by engaging with the people and identifying their needs.
 - One way to engage with people in urbanization is to **involve them in the planning and development process for their communities**.

- This can include holding public meetings and workshops, gathering feedback through surveys and focus groups, and engaging with local leaders and organizations.
 - In the national task force that reviewed the **74th Constitutional Amendment**, chaired by K.C. Sivaramakrishnan, many suggestions were made such as **empowering the people, transferring subjects to the city governments, suggesting that 10% of the income-tax collected from cities be given back to them** and ensuring that this corpus fund was utilised only for infrastructure building.
- **Transforming Urban Governance:**
 - Regular elections should be held in cities and there must be empowerment through the transferring of the three Fs: Finances, Functions, and Functionaries.
 - Empowerment through the transferring of finances, functions, and functionaries can be **helpful in addressing urbanization-related issues in India by giving local governments and communities more control over their own development.**
 - By providing local governments with increased financial resources, they can better address issues such as housing, transportation, and infrastructure development.
 - Similarly, by transferring functions and functionaries to local governments, they can more effectively plan and implement policies that address the specific needs of their communities.
- **Ensuring Participation from Private Sector:**
 - **Government policies and regulations can be made more conducive to private investment by reducing bureaucratic barriers** and providing tax incentives for private development projects.
 - Public-private partnerships (PPPs) can be **promoted as a way to attract private investment in urban infrastructure and services.**
 - **Clear and transparent land acquisition policies can be implemented** to provide certainty to private investors.
 - The government can provide guarantee on the loans taken by private entities to develop urban infrastructure.

Drishti Mains Question

Discuss what steps have been taken by the Indian government to address the challenges presented by urbanization in the country?

UPSC Civil Services Examination Previous Year Question (PYQ)

Q. Discuss the various social problems which originated out of the speedy process of urbanization in India. **(2013)**

Q. With a brief background of quality of urban life in India, introduce the objectives and strategy of the 'Smart City Programme.' **(2016)**