



Urban Centres as Catalysts of India's Growth

For Prelims: [Gross Domestic Product](#), [Asian Development Bank](#), [Biomass](#), [Sustainable Development Goal](#)

For Mains: Urbanisation and associated challenges in India, Role of cities in India's economic growth

[Source: BL](#)

Why in News?

India is undergoing a rapid urban transformation, with the urban population expected to reach **675 million by 2035 and 70 million more residents by 2045**. This rapid urbanization will shape the economic and social trajectory of India for decades to come.

- However, urban challenges in Indian Cities continue to hinder the full potential of this transformation.

Why are Cities Central to India's Economic Future?

- **Economic Engines:** Cities contribute nearly **60% of India's [Gross Domestic Product \(GDP\)](#)** while occupying only **3% of land**, highlighting their role as hubs of productivity and innovation.
 - Just 15 cities including Mumbai, Delhi, Bengaluru, Chennai, and Hyderabad account for 30% of India's GDP. These cities are expected to contribute an additional 1.5% to GDP growth by 2047.
- **Agglomeration Benefits:** Higher population densities in urban centres lead to **greater economic output, better job creation, and innovation** through clustering of industries and services.
 - India's growing urban population is anticipated to increase its economic productivity by an additional 1.5% annually, thereby facilitating substantial growth in national output.
- **Global Competitiveness:** Well-functioning cities improve [ease of doing business](#), attract foreign investment, and support India's ambitions to become a **USD 5 trillion economy by 2026 and USD 40 trillion by 2047**.
- **Infrastructure Efficiency:** Urban areas with efficient **transport, housing, energy, and logistics systems** lower operational costs and boost industrial growth.
- **Innovation Hubs:** Cities foster **startups, R&D, and technology adoption**, becoming centres of digital and service-sector transformation.
- **Social Opportunity:** Urbanisation offers pathways for **poverty reduction, education, and healthcare access**, linking economic development with improved human development outcomes.

What are the Challenges Faced by Urban India?

- **Congestion and Traffic Management:** Urban residents spend an average of 1.5-2 hours daily

stuck in traffic. This congestion increases pollution, wastes time, and hampers productivity.

- Most Indian cities lack comprehensive, efficient, and integrated public transport systems. This results in over-dependence on private vehicles, which further exacerbates traffic congestion.

- **Eg. Jharkhand's capital Ranchi has only 41 buses for a population of 1.46 million.**

- According to the [Asian Development Bank](#), India loses up to USD 22 billion annually due to urban transport inefficiencies, logistics delays, and poor infrastructure.

- **Air Pollution:** In 2023, India was home to **42 of the 50 most polluted cities** in the world, up from 39 in 2022. The primary contributors to poor [air quality](#) include vehicular emissions, construction dust, and [biomass](#) burning.

- Poor air quality leads to respiratory diseases, affecting millions of urban residents, especially in cities like Delhi, Mumbai, and Bengaluru.

- **Water Scarcity:** Nearly half of India's rivers are polluted, leading to inadequate water availability for urban areas. Inadequate treatment and wastewater management further strain water resources.

- Cities lose up to 40-50% of piped water in transmission due to outdated infrastructure, exacerbating water scarcity.

- **Solid Waste Management:** Indian cities **generate over 150,000 tonnes of solid waste** daily, but only a small portion is processed sustainably. Many cities lack effective waste segregation and recycling systems.

- Poor waste management contributes to pollution, health hazards, and unclean urban environments, making cities less livable.

- **Inadequate Sanitation:** Many urban areas, particularly informal settlements, lack access to **proper sanitation facilities**.

- **Inadequate sewage systems and sewage leakages** into water bodies continue to be a challenge in many cities.

- **Affordable Housing Shortage:** India faces a **shortage of 10 million affordable homes, a number expected to triple by 2030**. The urban **poor often live in informal settlements or slums**, which lack basic infrastructure like clean water, sanitation, and electricity.

- This growing shortage not only leads to overcrowded slums but **also creates urban ghettos, raising security challenges and increasing the potential for communal or religious violence**.

- Additionally, the increasing demand for urban space drives property prices up, making affordable housing inaccessible to many.

- **Urban Flooding:** Many cities face [urban flooding](#) due to inadequate drainage systems, encroachment of stormwater drains, and rapid urbanization.

- The **2018 floods in Kerala and the 2015 floods in Chennai** are prime examples of how urban infrastructure struggles to cope with extreme weather events.

- **Weak Municipal Finances:** Most Indian cities struggle to generate sufficient revenue through local taxes and municipal bonds. **Less than 0.2% of India's GDP (1.1% in the [OECD](#)) is raised through property taxes**.

- Many cities rely on central government funding for urban development projects, but the funds allocated are **often** insufficient or inefficiently utilized.

- **Digital Infrastructure Deficits:** India's internet speed is much lower compared to cities in countries like Singapore, Hong Kong, and Seoul.

- This hampers the growth of digital businesses and slows down overall economic growth.

- **Urban Heat Island:** Higher temperatures lead to **increased use of air conditioning**, raising electricity demand, especially during peak summer. This burdens urban power grids and increases carbon emissions.

- **Urban Heat Islands increase health risks for vulnerable groups**, reduce green cover and biodiversity, strain water resources, raise flood risk, and degrade infrastructure and urban livability.

What are India's Initiatives for Promoting Growth and Sustainability in the Urban Sector?

- [Swachh Bharat Mission](#)

- [Smart Cities Mission](#)
- [National Urban Livelihood Mission](#)
- [PM SVANidhi Scheme](#)
- [Pradhan Mantri Awas Yojana \(Urban\)](#)
- [Atal Mission for Rejuvenation and Urban Transformation \(AMRUT\)](#)
- [Scheme for Special Assistance to States for Capital Investment](#)

What Reforms are Needed for India's Urban Future?

- **Treat Urban Infrastructure as Core National Infrastructure:** Elevate urban infrastructure (mobility, water, sanitation, waste) to the same level as highways, ports, and energy grids.
 - Classify smart cities and logistics ecosystems as “**strategic infrastructure**” to attract long-term capital and policy alignment.
- **Synchronise Urban Expansion with Industrial Corridors:** Bridge the disconnect between housing, commerce, and transport ([Transit-Oriented Development](#)). Promote spatial integration of transit, zoning, and economic planning to create compact, liveable, and productive urban-industrial zones.
- **Create Unified, Tech-Enabled Urban Governance Bodies:** Streamlining urban planning and approvals is essential. Urban Governance Bodies must embed private sector leadership and work alongside public authorities to improve accountability.
 - Real-time performance dashboards and urban **digital twins (a dynamic digital replica of a city, integrating advanced technologies to provide actionable insights)** can ensure more responsive and transparent management of urban systems.
- **Treat Sanitation and Waste Management as National Economic Priorities:** Sanitation and waste management are economic issues.
 - Private sector models, like the **Tirupur water PPP, using the [BOOT model](#)**, successfully delivered water to industries and residents. Similar industry-led models can be extended to waste management, circular economy, and decentralized sanitation.
- **Recapitalize Public-Private Partnerships (PPPs):** In today’s urban reality, PPPs must be redefined **to ensure long-term private capital flows into both existing infrastructure (brownfield) upgrades and new urban projects (greenfield)**.
 - **De-risking instruments like viability gap funding** and urban challenge funds can facilitate such investments.
- **Co-Develop the Digital Backbone of Modern Cities:** Industry should collaborate with the **government to build the digital backbone of cities**, such as AI-powered infrastructure planning and automated construction permits.
 - This digital infrastructure can improve efficiency, transparency, and trust while accelerating urban development.
- **Strengthening Climate Resilience in Cities:** Urban planning must integrate climate resilience by building adaptive infrastructure like **flood barriers and heat-resistant** structures. Measures such as **green roofs, urban forestry, and green spaces** help mitigate heat islands and enhance urban livability.
- **Role of Society in Urban Reform:** Urban reform is not just about improving systems but also about **engaging society**. Reforms must be **co-created with citizens and industry alike**.
 - Participatory frameworks that blend policy, people, and private capital are essential to ensuring the resilience and legitimacy of cities. These collaborations can empower cities to meet local needs while contributing to national progress.

Conclusion

Indian cities are vital drivers of regional growth but face challenges in infrastructure, sustainability, and governance. Sustainable urban planning, improved public transport, and resource management are key to promoting [Sustainable Development Goal](#) (SDG) 11 (Sustainable Cities), SDG 13 (Climate Action), and SDG 10 (Reducing Inequalities), ensuring equitable urban development.

Drishti Mains Question:

Urbanisation is both an opportunity and a challenge for India. Discuss

UPSC Civil Services Examination Previous Year's Question (PYQs)

Mains

Q. The frequency of urban floods due to high intensity rainfall is increasing over the years. Discussing the reasons for urban floods, highlight the mechanisms for preparedness to reduce the risk during such events. (2016)

Q. Do government schemes for up-lifting vulnerable and backward communities by protecting required social resources for them, lead to their exclusion in establishing businesses in urban economies? (2014)

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