



# **HPEC (Ahluwalia) Report 2011 Highlights and Recommendations**

**ICRIER's Knowledge Dissemination  
Workshop**

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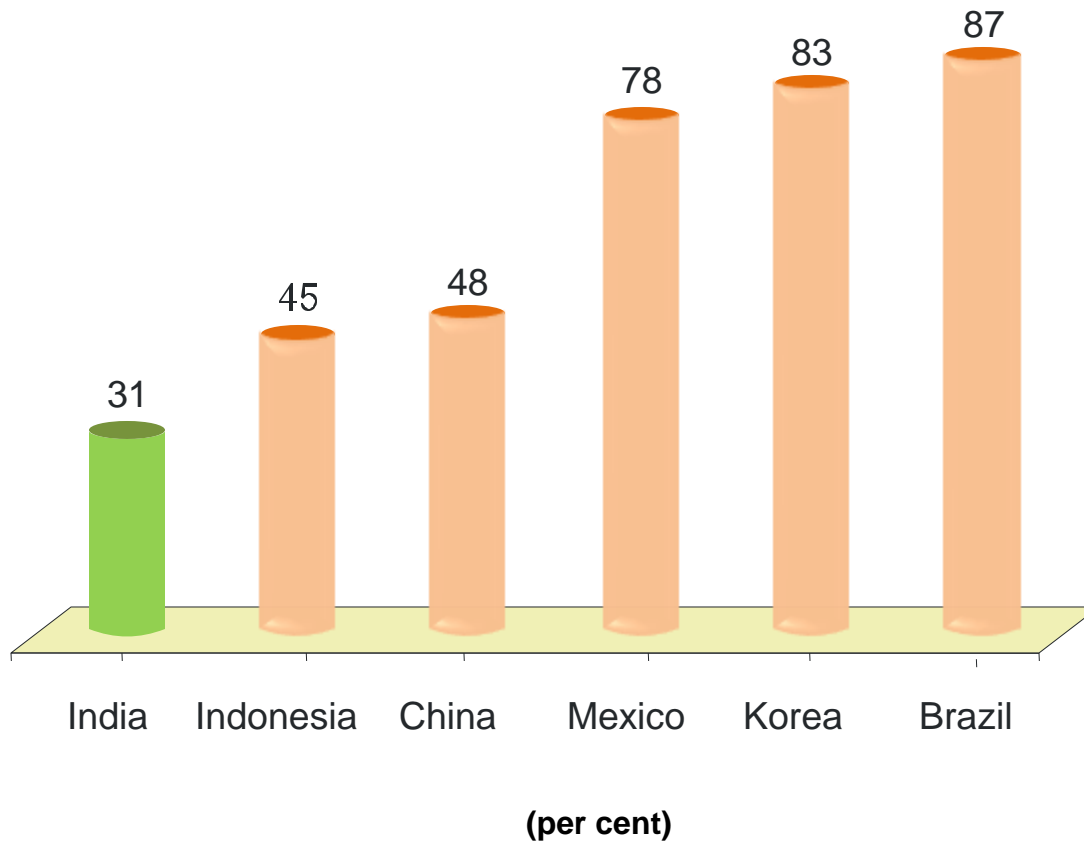
**CII Northern Region**

**Chandigarh**

**February 20, 2013**

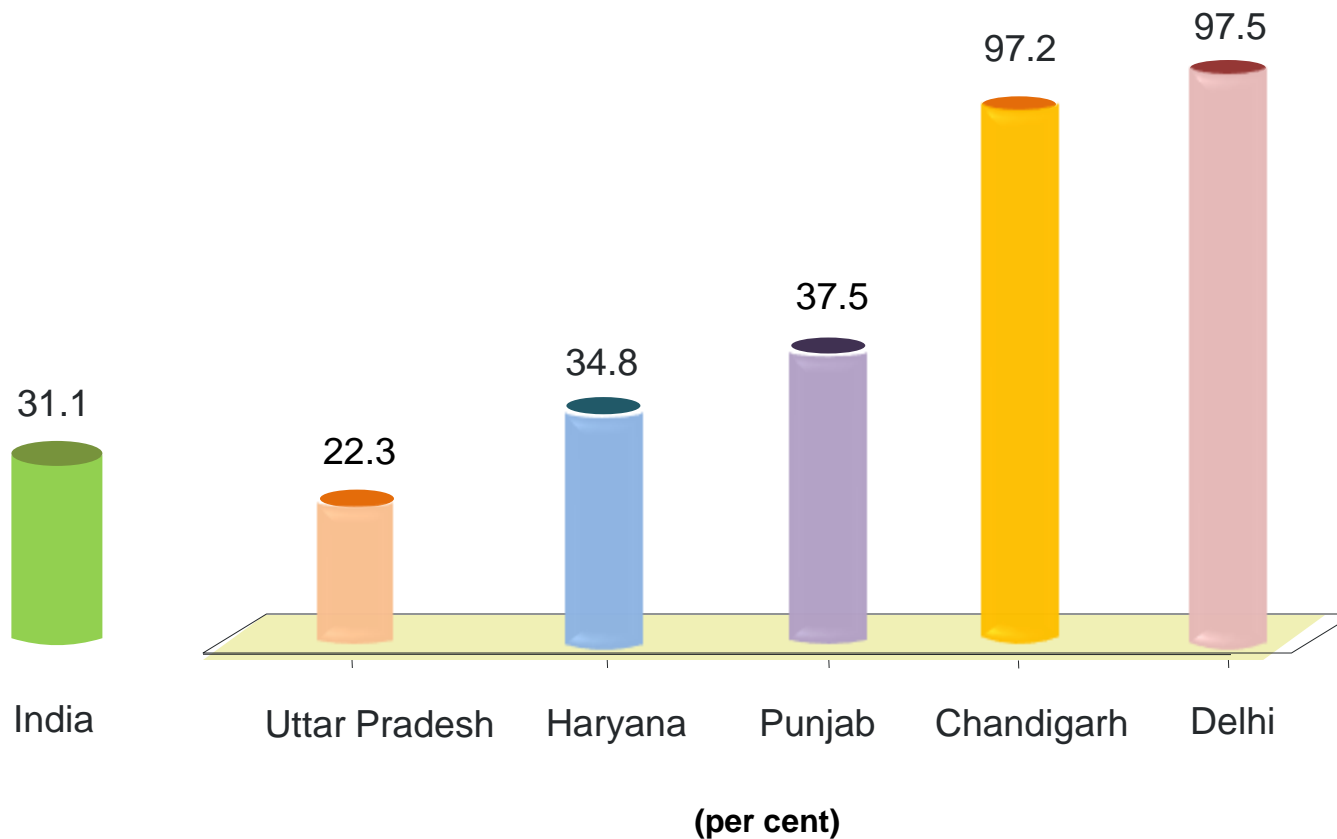
# Urban Share of Total Population in 2011

## India and Some Selected Countries



# Urban Share of Total Population in 2011

## India and Some Selected States



## India is urbanising...

- India's urban population to increase
  - From 377 million today to 600 million by 2031
  - From **53** metropolitan cities in 2011 to **87** by 2031
- There are 7935 cities and towns in 2011, up from 5161 in 2001
- There are 6166 Urban Agglomerations in 2011, up from 4378 in 2001

*Urban planning, urban infrastructure development, and public service delivery of universal standards must address this challenge*

## Need to Recognise Urbanisation

### Haryana

- Census towns **increased** in number from **18** in 2001 to **74** in 2011
- Statutory towns **decreased** from **84** in 2001 to **80** in 2011

### Punjab

- Census towns **increased** in number from **18** in 2001 to **74** in 2011
- Statutory towns **increased** from **139** in 2001 to **143** in 2011

Definitions:

**Census towns** have at least 75% of the male working population engaged in non-agricultural activities

**Statutory towns** have a population of at least 5,000 and have local bodies like municipal corporations, municipal committees, etc. irrespective of their demographic characteristics.

## Urban Population in Slums and Poverty

### Population in Slums (per cent)

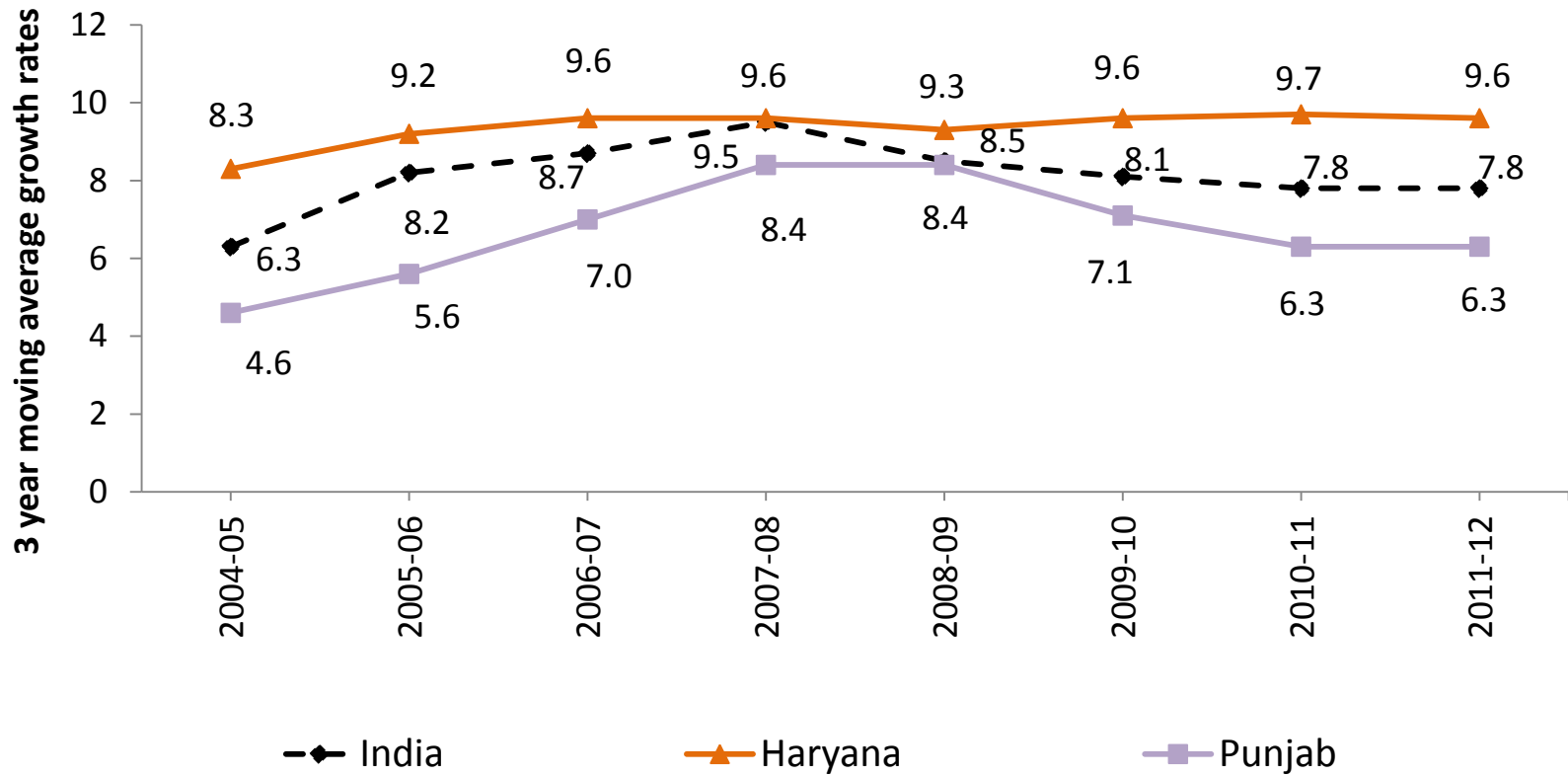
	2001	2011
<b>India</b>	26.3	25.0
<b>Haryana</b>	38.4	37.3
<b>Punjab</b>	26.2	26.9

### Population in Poverty (per cent)

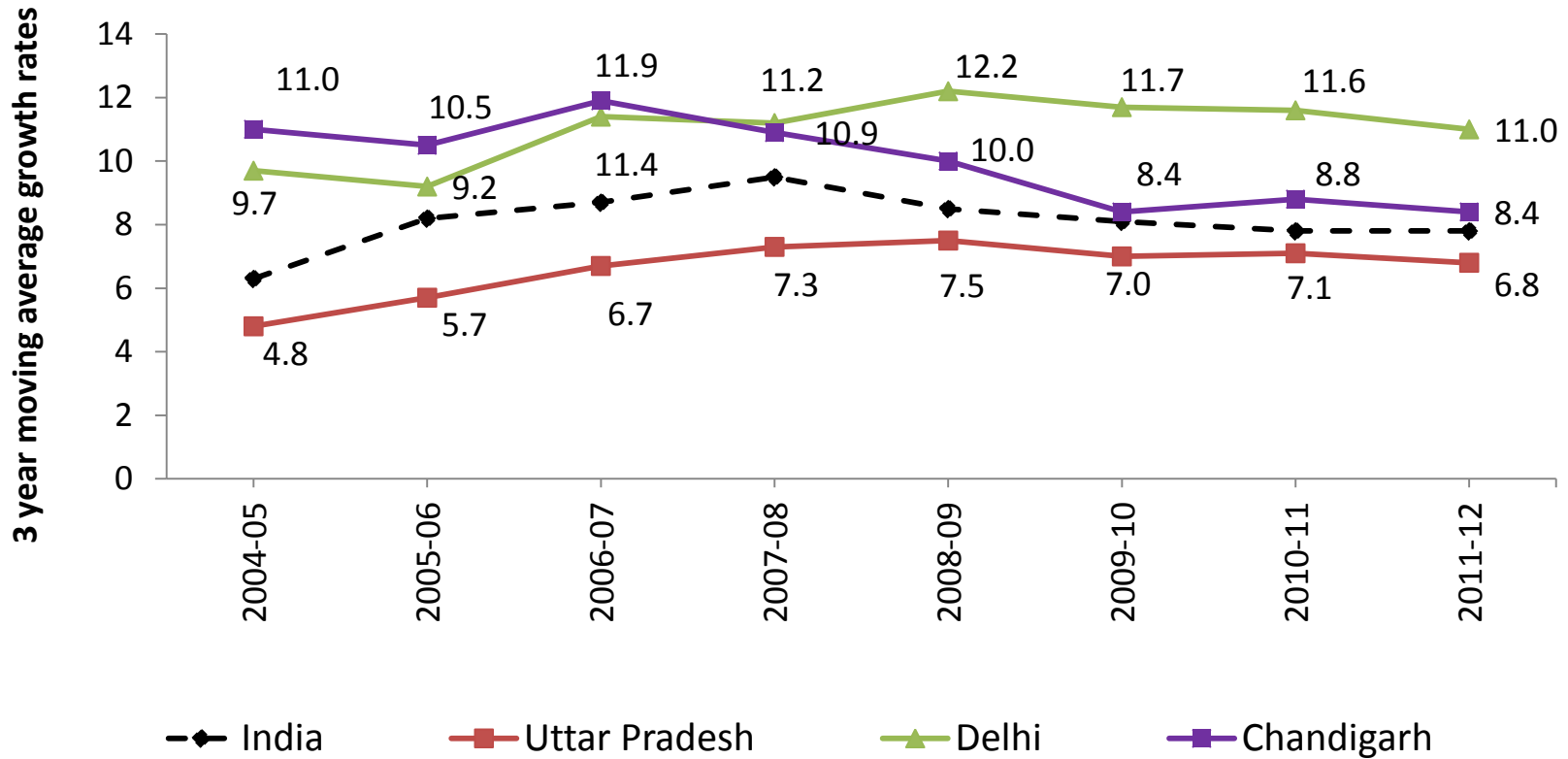
	2004-05	2009-10
<b>India</b>	25.7	20.9
<b>Haryana</b>	22.4	23.0
<b>Punjab</b>	18.7	18.1

*Note: Estimates of poverty based on Tendulkar Methodology (Planning Commission, Government of India)*

# Comparing growth of GSDP: Haryana and Punjab

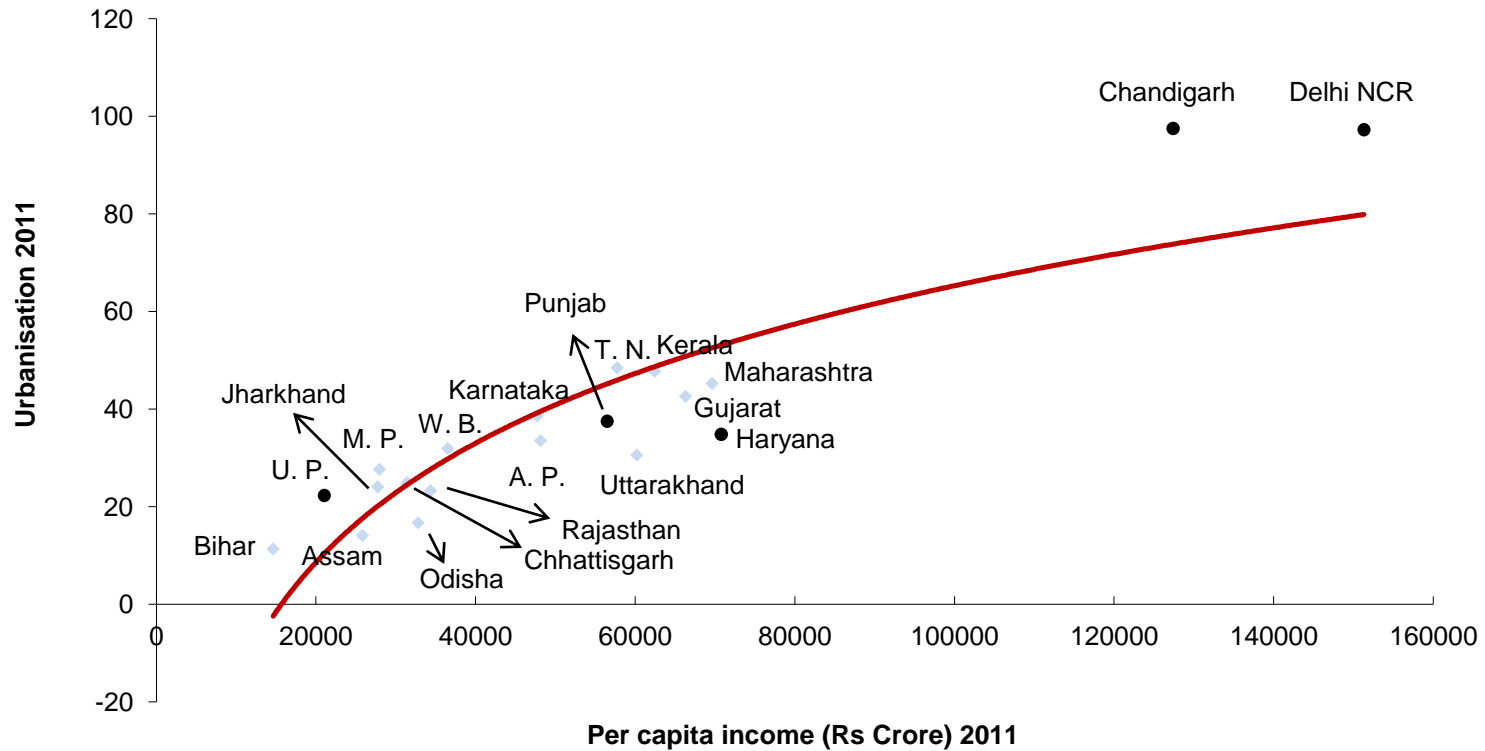


# Comparing growth of GSDP: Uttar Pradesh, Delhi and Chandigarh





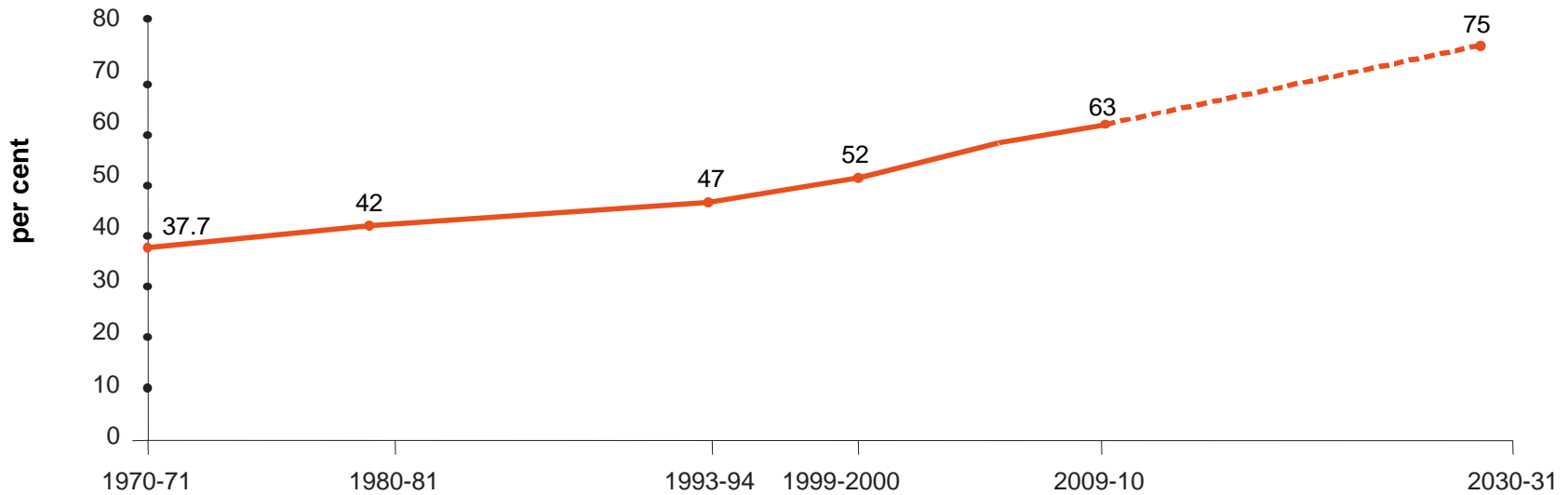
# Per capita income and urbanisation levels: States 2011



Note: Per capita Income at 2004-05 constant prices

Source: Estimates based on Census of India data and CSO

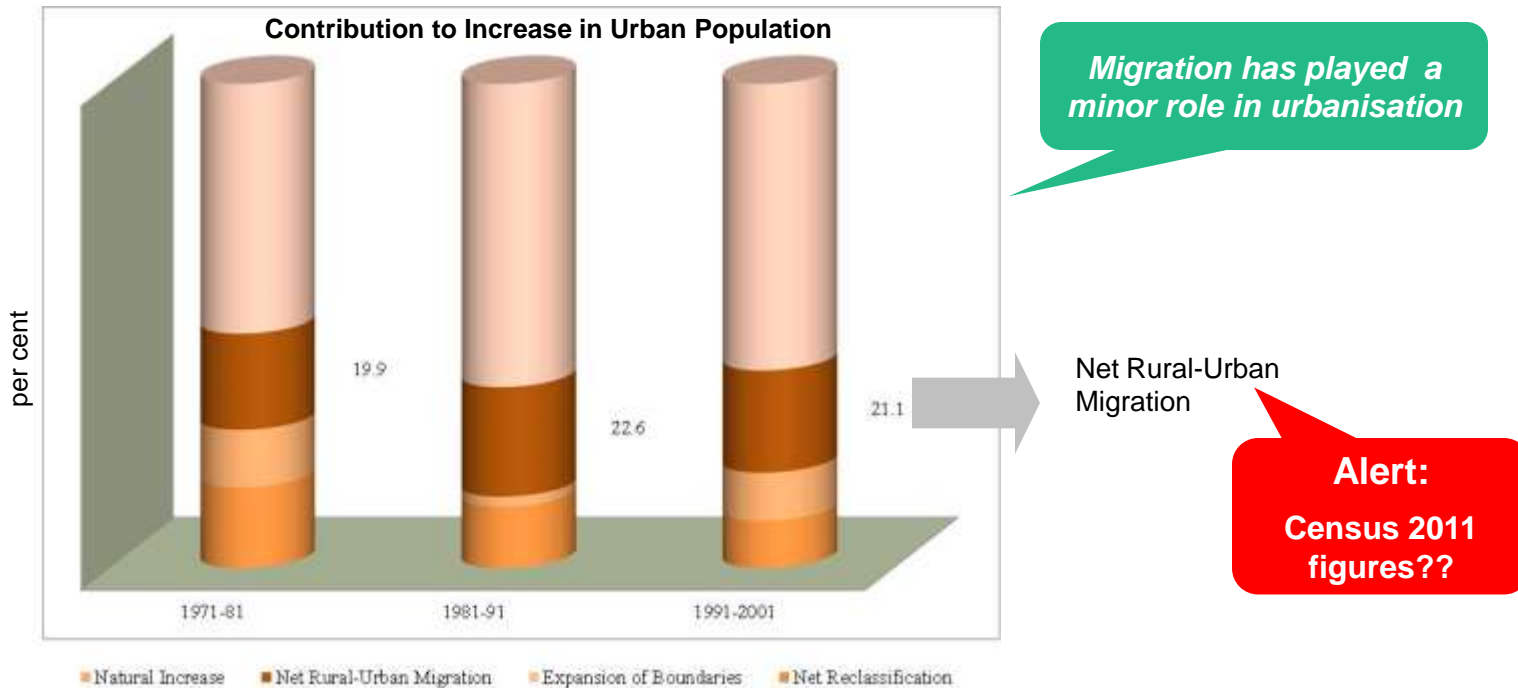
## Urban Share of GDP is rising...



Source: CSO, Eleventh Five Year Plan and the Mid-Term Appraisal Document of the Eleventh Five Year Plan

Rapid Growth has meant that as Indian economy goes through a major structural transformation, urban share of GDP is rising rapidly

# Role of rural-urban migration



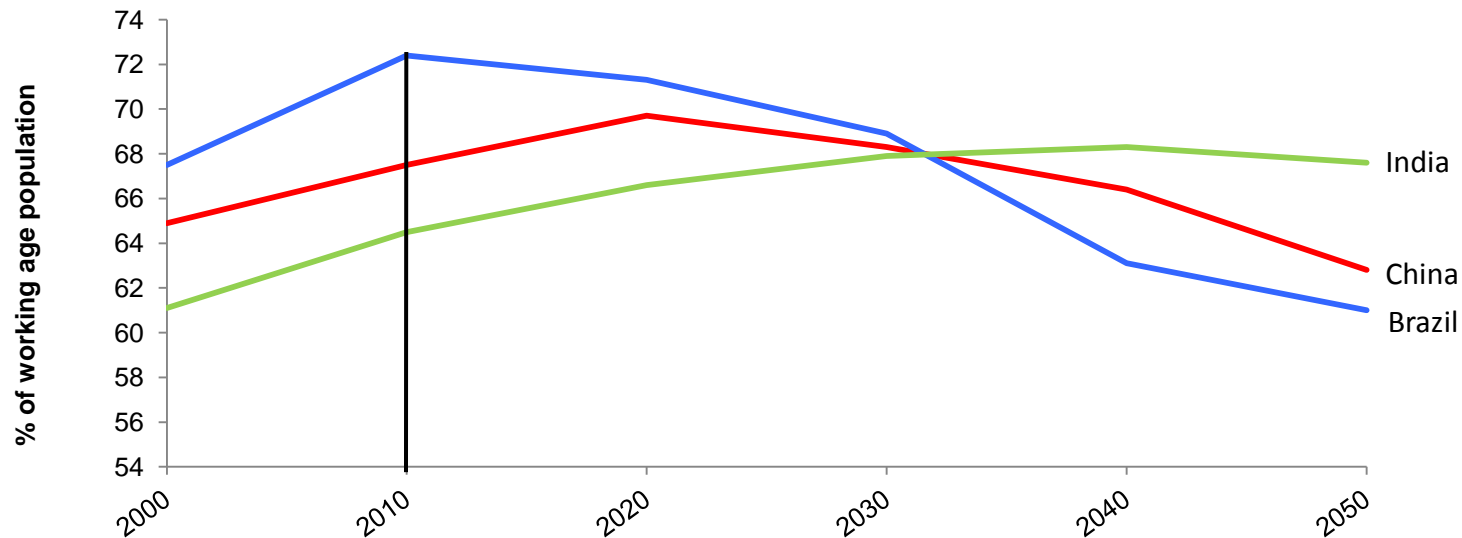
- Pressure of rural-urban migration will increase with
  - increasing role of industry and services sector in growth
  - with more labour absorbing growth resulting from increasing integration with the world economy
- Many cities will experience peripheral expansion, with smaller municipalities and large villages surrounding the core city becoming part of the metropolitan area.

# Important Messages from HPEC (Ahluwalia) Report 2011:

## The challenge of faster and more inclusive growth

- To sustain growth rates of GDP of 8 to 9 per cent per annum  
or  
per capita income increases of about 6.5 to 7.5 per cent per annum
- Faster GDP growth has to come from industry and services, since agriculture at best can grow at 4 to 4.5 per cent per annum
- To make growth of industry and services more labour intensive
  - **modernise labour laws** (to provide greater flexibility in hiring and firing labour)
  - provide **social protection** to those who do not find productive employment in the organised sector.
- **Fortunes of the rural sector are crucially linked to the manner in which growth in the industrial and services sector unfolds**

# From demographic opportunity to demographic dividend



- Decline in China's working age population from 2010 onwards
- Decline in Brazil's working age population from 2020 onwards
- Increase in India's working age population will continue till 2040 and begin to decline mildly after that

But Demographic Dividend can be reaped only if

- Youth is empowered with skills and higher education for innovation, and
- Employment opportunities expand

## Implications for urban development

- Need **more cities** as engines of growth for providing agglomeration economies
- Investment climate is about **ease of living** as much as about ease of doing business

## The ground reality

- Cities and towns of India are visibly deficient in the quality of services they provide
- Current state of service delivery is far short of what is needed to realise the economic potential of urban areas

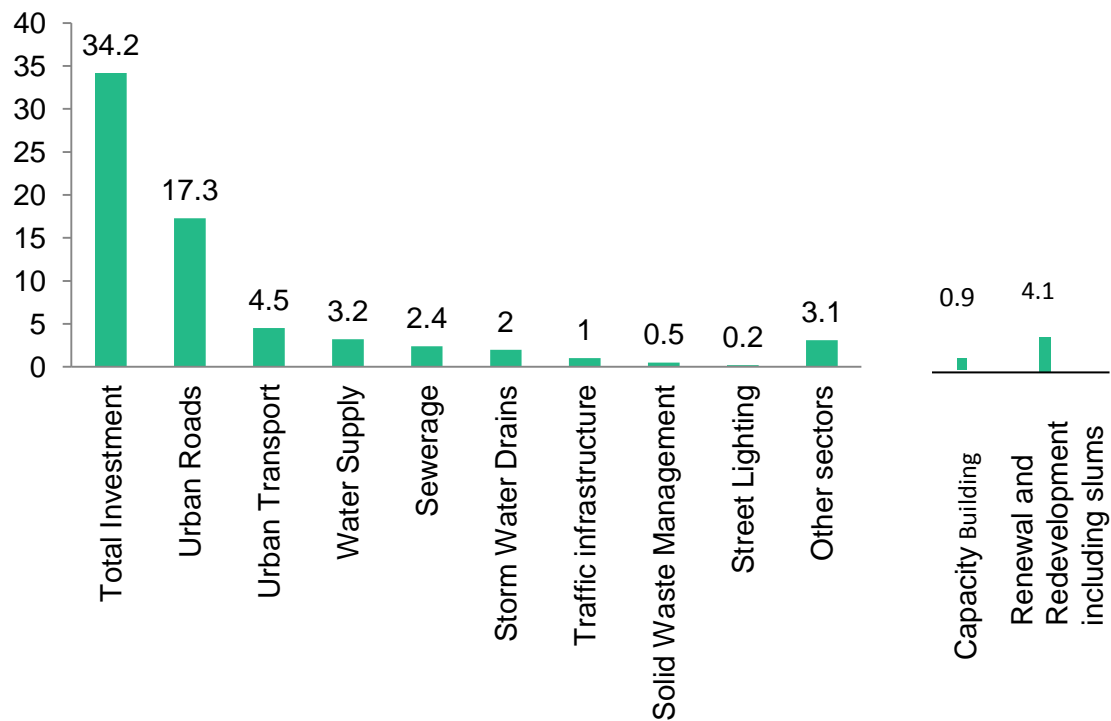
## The way forward

- Creating urban infrastructure
- Reforming governance for service delivery
- Providing access to universal service standards for all including the poor
- Consciously building rural-urban synergy
- Recognising importance of urban transport
- Integrating transport and land use planning
- Focussing on metropolitan planning

## Service Standards

• Water Supply	: 100 per cent piped water, 24x7 flow, and 135 lpcd consumption per capita
• Sewerage	: Underground sewerage with 100 per cent collection and treatment of waste water
• Solid Waste	: 100 per cent collection, transportation and treatment
• Urban Roads	: Area under roads
	11 per cent area for cities
	7 per cent for towns
	: Road density (km per sq. km.)
	12.25 km per sq. km. for cities
	7 km per sq. km. for towns
• Storm Water Drains	: Network covering 100 per cent road length on both sides of the road
• Urban Transport	: Rail-based and road-based Mass Rapid Transit System for cities with population 1 mn and above, city bus service for smaller cities and towns
• Street Lighting	: Illuminance: 35 Lux for all cities and towns; 40 m spacing for major roads, 45 m for collector roads, and 50 m for access road spaces
• Traffic Support Infrastructure	: Details by city size in the Committee's Report

## Urban Infrastructure Investment requirement of Rs 39 lakh crore (including for slum redevelopment and capacity building): 2012- 2031



% Increase	Five-Year Plan
15	XII
12	XIII
8	XIV
8	XV

- This estimate does not allow for inflation after 2009-10, and does not include primary education, primary health, electricity distribution and land cost
- GDP is assumed to increase at 8 per cent per annum for the 20-year period
- O&M is estimated at additional Rs 20 lakh crore for old and new assets together



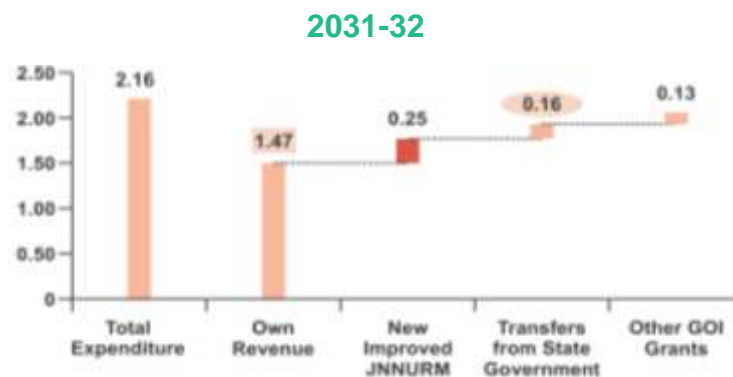
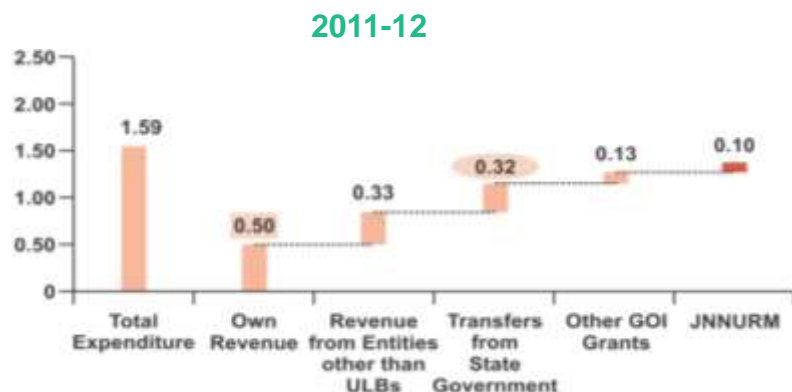
## Share of Major Sectors in Total Investment Requirement of Urban Infrastructure

Urban roads (backlog very large)	51 per cent
Water, sewerage, solid waste management, storm water drains, street lighting	24 per cent
Transport and traffic support infrastructure	16 per cent
Other sectors	9 per cent
<b>Total</b>	<b>34 lakh crore</b>

*Note:* The total estimate (Rs 34 lakh crore) here includes the 8 major sectors for which detailed estimates were prepared, i.e.,

Sectors	Rs lakh crore
Urban roads	17.3
Urban transport	4.5
Water supply	3.2
Sewerage	2.4
Storm water drains	2.0
Traffic infrastructure	1.0
Solid waste management	0.5
Street lighting	0.2

## Projections for Financing (per cent of GDP)



### Large sums, but financeable if

- Government of India scales up urban development funding to 0.25 per cent of GDP per year for 20 years
- State governments enter into Constitutionally mandated revenue-sharing arrangement with ULBs
- State governments provide enabling environment for ULBs to reform
- ULBs aggressively push reforms to increase own revenues, i.e.,  
Access to borrowing and PPP is made possible by working on a Revenue Model which makes ULBs credit-worthy and market-worthy

## Governance is Crucial

- Financing is crucially dependent on the reform of institutions and the capacity of those who run the institutions for service delivery and revenue generation.
- Municipal entities need to be empowered to raise 'own' sources of revenue, predictable transfers from state governments, and other transfers from the GoI and state governments, to help them discharge the larger responsibilities assigned to them by the 74<sup>th</sup> Constitutional Amendment.
- The ULBs themselves need to carry out reforms to strengthen their finances, and improve service delivery
- Building and developing a Municipal cadre is very important

## And so is Capacity

- The JNNURM has created dynamism in the Indian urban sector which has long suffered neglect. But progress in implementing reforms under the JNNURM has been slow. The Mission has generally exposed the lack of capacity to prepare and implement projects in urban infrastructure within an integrated framework of a City Development Plan.

**Thank You**