

A Paper On Role of Urbanisation and Impact on The Indian Economy

Dr. Supriyaa

Associate Professor, Department of Commerce, Government First Grade College,
Magadi, Ramanagara Dist.

Abstract:

India has urbanised in a slower pace with the other countries. Urbanisation is a process by which towns and cities are formed and how existing ones become larger as more people begin living and working in central areas in hope that they will enjoy a better standard of living. The United Nations predicts that about 86% of the developed world and 64% of the developing world will be urbanized by 2050. Urbanisation is knitted to modernisation, industrialisation and socio-economic shift of rationalisation. Urbanisation occurs at individual, commercial and government efforts to decrease the time and expenditure in transportation and increase in job opportunities, wider arena for education system, Infrastructural growth. India's growth has been driven by the services sector rather than energy-intensive industry sector.

India is an ancient civilized and a hub of dynamic socio-cultural shifts, is undergoing a significant transformation via urbanisation. Urbanisation in India, marked by a sweeping migration from rural to urban spaces, comes with an intriguing mix of opportunities and challenges.

This paper studies the role of Urbanisation and shedding light on its impact on the economy, by understanding the causes, problems, effects, and its importance.

Keywords: Urbanisation, Economy, Modernisation, Population.

Date of Submission: 20-08-2026

Date of Acceptance: 02-09-2026

I. Introduction:

Urbanization is an index of transformation from traditional rural economies to modern industrial one. It is a progressive concentration of population in urban unit (Davis, 1965). Kingsley Davis has explained urbanization as process of switch from spread-out pattern of human settlements to one of concentration in urban centers (Davis, 1962). It is a finite process-a cycle through which a nation passes as they

evolved from agrarian to industrial society (Davis and Golden, 1954). He has mentioned three stages in the process of urbanization. Stage one is the initial stage characterized by rural traditional society with predominance in agriculture and dispersed pattern of settlements. Stage two refers to acceleration stage where basic restructuring of the economy and investments in social overhead capitals including transportation, communication take place. Third stage is known as terminal stage where urban population exceeds 70% or more. At this stage level of urbanization remains more or less same or constant (Davis, 1965). Rate of growth of urban population and total population becomes same at this terminal stage.

The pandemic has introduced uncertainties into the outlook for the India. Over the period of 2040, an estimated 270 million people are likely to be added to India's urban population, where the share of India's population living in urban areas in 2040 is expected to be less than 50%.

Objectives of the Study:

- 1) To study the role of Urbanisation in India
- 2) To understand the causes, impact and importance of Urbanisation.

II. Review of Literature:

1) Neelamani Jayswal, Sudesha Saha (2014) "Urbanisation in India: An impact Assessment" This paper reviews the effects of fast growing urbanization in Indian society through analysis of its multi-dimensional impact.

2) Narendra Madankar, (2014) The Effects of Urbanisation, Modernisation and Globalisation on Indian Society in Current Scenario, the author has focused on the consequences and effects of urbanization, modernization and globalization process with context to an Indian society.

3) Srikrishna G(2017) “Study on urbanisation in India- Issues and Challenges” This paper studies Issues and challenges of urbanization.

III. Research Methodology

The paper is descriptive in nature and the data collected is secondary data from Websites. The data is gathered through secondary sources like Government Records, books, articles, web-based journals.

Role of Urbanisation

Urbanisation in India is the outcome of a myriad of intertwined socio-economic factors. Unravelling these causes allows us to comprehend the metamorphosis of India's rural landscapes into thriving urban hubs.

Economic Catalysts

Key economic factors driving urbanisation include:

- **Industrialisation:** The growth of industries in urban regions provides job opportunities, attracting rural inhabitants and thus fuelling urbanisation.
- **Services Sector Expansion:** The fast-paced growth of the services sector, particularly in IT and ITeS, in metropolitan cities drives urban migration.

Social Factors

Social elements play a complementary role in the process of urbanisation:

- **Enhanced Living Standards:** The lure of improved education, healthcare, and overall better living conditions in urban areas draw in rural dwellers.
- **Social Mobility:** The opportunities for upward social mobility offered by urban settings are an appealing prospect for many.

Demographic Factors

Demographic aspects such as population growth and migration significantly contribute to urbanisation:

- **Population Growth:** A rapid increase in population within urban areas propels urbanisation.
- **Migration:** Migration from rural to urban areas, instigated by factors like unemployment and poverty in rural regions, stokes the flames of urbanisation.

The Importance of Urbanisation

Urbanisation plays a vital role in shaping a country's social, economic, and political landscape. It acts as a catalyst for economic growth, by fostering industrialisation and modernisation. Additionally, urbanisation aids in the development of social infrastructure, such as education and healthcare facilities. It also triggers cultural amalgamation, leading to societal advancements.

Causes of Urbanisation in India

While urbanisation is a powerful driver of growth, it also presents a set of challenges that need to be addressed urgently:

Housing and Slum Development

Rapid and often unregulated urban expansion results in insufficient housing, leading to the mushrooming of slums.

Infrastructure Deficiencies

Urban locales frequently grapple with inadequate infrastructure facilities, including water supply, sewage systems, electricity, and public transportation.

Environmental Degradation

Accelerated urbanisation can contribute to environmental concerns such as air and water pollution, as well as the loss of green spaces.

Social Issues

Urbanisation triggers social issues such as unemployment, poverty, traffic congestion, and crime.

The Impact: Effects of Urbanisation in India

Urbanisation significantly impacts different aspects of Indian society, economy, and the environment:

Economic Impact

- **Positive:** Urbanisation can boost economic growth, create employment opportunities, and increase income levels.
- **Negative:** It can lead to regional disparities, with wealth concentrating in urban areas while rural regions lag behind.

Social Impact

- **Positive:** Urbanisation can result in improved social services, such as education, healthcare, and entertainment.
- **Negative:** It can also exacerbate social inequalities and marginalise vulnerable communities.

Environmental Impact

- **Negative:** Urbanisation can cause environmental degradation, due to factors like deforestation, pollution, and waste management challenges.

Government Schemes Towards Urbanisation in India

The Indian government has launched various schemes to address the challenges and harness the potential of urbanisation. These include:

- The Constitution (74th Amendment) Act came into effect in 1993, emphasizes to strengthen urban planning, regulation of land use, roads and bridges and providing urban amenities. □

- National Urban Transport Policy, 2006: Its main purpose is to provide affordable, comfortable, safe and rapid, reliable and sustainable urban transport system, for the growing number of city residents to jobs, education and recreation and such other needs with in our cities. Encouraging integrated land use and transport planning in all cities so that travel distances are minimized and access to livelihoods, education, and other social needs, especially for the marginal segments of the urban population is improved National Urban Renewal Mission (NURM), 2005. The primary objective of the Jawahar Lal Nehru National Urban Renewal Mission (JnNURM) is to create economically productive, efficient, equitable and responsive cities.

The JnNURM consists of two sub-missions Urban Infrastructure and Governance (UIG) and Basic Services for Urban Poor (BSUP). The Mission focuses on: Integrated development of infrastructure services; securing linkages between asset creation and maintenance for long run project sustainability; accelerating the flow of investment into urban infrastructure services; planned development of cities including the peri-urban areas, outgrowths, and urban corridors; renewal and re-development of inner city areas; □

- **Introduction to Metro trains** In Delhi, Kolkata, Bangalore etc. are part of above mentioned initiatives. Recently cabinet has also passed proposal for second phase of Bangalore Metro (Namma Metro). In addition to this government has done many feasibility studies in Tier-II & III cities. Now one million plus cities can go for metro project according to new urban policy. India's first monorail It will be thrown open to the public, eight years after it was first proposed, with the Maharashtra government. With this, India will join countries like the U.S., Germany, China, Japan, Australia and Malaysia that run monorails.

- **Smart Cities Mission:** Aims to promote cities that provide core infrastructure, give a decent quality of life to its citizens, and apply 'smart' solutions.

- **Atal Mission for Rejuvenation and Urban Transformation (AMRUT):** Focuses on providing basic services (e.g., water supply, sewerage) to households and build amenities in cities to improve the quality of life for all, especially the poor and the disadvantaged.

- **Pradhan Mantri Awas Yojana (Urban):** Aims to provide affordable housing to the urban poor.

- **Swach Bharat Clean** urban areas will attract tourists and can increase the economic diversity of the urban dwellers and it will be also source for revenue generation for Urban Local Body (ULB)

IV. Conclusion:

India is one of the developing country need more fund to enhance the infrastructure in urban areas and need for flow of fund, governance, planning and policy framing. Urbanisation is changing the landscape of human settlement with the detrimental effects on agriculture and ecology is intertwined, which is the big challenge to be handled by the country. Urbanisation is must for economic growth of the country,

References:

- [1]. <https://edubirdie.com/examples/consequences-of-urbanization-beneficial-or-destructive/>
- [2]. Neelamani Jaysawal, Sudeshna Saha, Urbanisation in India: An Impact Assessment, International Journal of applied Sociology, 2014, 4(2) Pg. 60-65
- [3]. Narendra Madankar, The Effects of Urbanisation, Modernisation and Globalisation on Indian Society in Current Scenario, International Journal of Advance Research In Science And Engineering, IJARSE, Vol. No.3, Issue No.10, October 2014 ISSN-2319-8354(E)
- [4]. Srikrishna G, A Study on Urbanisation in India- Issues and Challenges, 2017 Journal of Emerging Technologies and Innovative Research JETIR, (ISSN-2349-5162) January 2017, Volume 4, Issue 1, pg 1326-1334
- [5]. <https://www.iea.org/reports/india-energy-outlook-2021/urbanisation-and-industrialisation-in-india>