



September 2014

Urbanization and Human Development: A New Look

Abstract: *The process of urbanization in South Asia has been one of contrasting realities—South Asia is both the least urbanized region in the world with about 30.9 per cent of its population living in urban areas, and amongst the fastest urbanizing regions with an average urban population growth rate of about 3 per cent per year since the 1980s. Urban areas of the region are centres of opportunity and affluence, yet they house large concentrations of poverty and deprivation for many of their urban residents. This policy paper aims to analyze the process of urbanization in the region, highlighting several challenges that have inhibited the positive results of urbanization for development. The paper will also present policy options that the region needs to consider in order to translate the process of urbanization so that it yields positive human development outcomes.*

Key Points

- The relationship between urbanization and human development is not direct, and is dependent on how the urbanization process is managed.
- South Asia is both the least urbanized region in the world and amongst the fastest urbanizing regions. The unprecedented pace of urbanization in South Asia poses significant challenges like poverty, increase in the number of slums and inadequate infrastructure.
- Urbanization provides opportunities for economic growth, poverty elevation and human development. However, to achieve these results policy makers in South Asia need to address fundamental issues while mapping their progress towards urbanization.

Urbanization and human development nexus

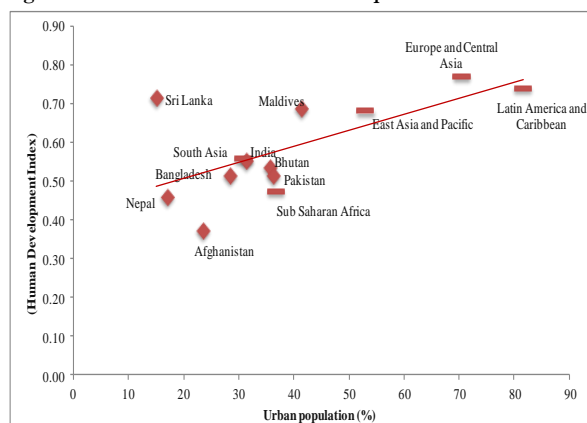
The relationship between urbanization and human development is not direct, and is dependent on how the urbanization process is managed. Urbanization offers both opportunities and challenges for human development. It has the potential to augment economic activity, provide employment opportunities and enhance access to basic services. However, urbanization can turn cities into places of deprivation, inequality and exclusion.

Though increasing levels of urbanization are associated with a higher level of human development (figure 1), this relationship is not automatic. There are deviations indicating that a high level of urbanization does not necessarily yield better human development outcomes. Sub-Saharan Africa has a higher level of urbanization compared to South Asia but its human development performance is lower than South Asia. Within South Asia some outliers are prominent. Sri Lanka, despite having a low degree of urbanization has outperformed other countries in achieving better human development outcomes. Similarly, Pakistan and Bangladesh have the same human development index (HDI) value with different levels of urbanization.

Issues related to urbanization in South Asia

Definition of urban differs across countries: In South Asia each country has its own criteria to classify an area as urban. India uses a broad-based definition involving both statutory (administrative)

Figure 1 Urbanization and human development



and census classification—a location with a minimum population of 5,000 people with population density of at least 400 persons per square kilometre and at least 75 per cent of the male working population involved in non-agricultural activity. Pakistan and Sri Lanka have a restrictive definition based only on an administrative criterion to define a settlement as urban. It is hard to make cross-country comparisons when there is a large divergence in the definitions of urban areas.

Diverse pattern of urbanization: Urbanization trends in South Asia are uneven and very diverse. Pakistan, Bhutan and the Maldives combine high urbanization levels (exceeding 35 per cent of the population) with high urban growth rates (more than South Asia's average). India shows a moderate level of urbanization (slightly above 30 per cent) with a low rate of urban growth (2.87 per cent). Afghanistan, Bangladesh and Nepal match moderate to low levels of urbanization with high rates of urban growth. In sharp contrast, Sri Lanka combines a low level of urbanizat-

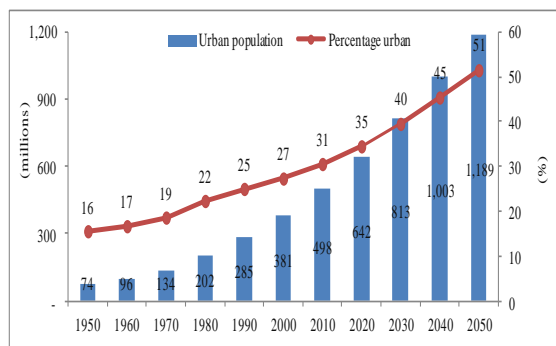
About Mahbub ul Haq Human Development Centre

Under the umbrella of Foundation for Human Development in Pakistan, Mahbub ul Haq Human Development Centre was set up in November 1995 in Islamabad, Pakistan by the late Dr. Mahbub ul Haq, founder and chief architect of UNDP Human Development Reports. With a special focus on South Asia, the Centre is a policy research institute and think tank, committed to the promotion of the human development paradigm as a powerful tool for informing people-centred development policy, nationally and regionally.

ion (only 15 per cent) with a low rate of urban growth (only 0.37 per cent).

Rapid pace of urbanization: South Asia is urbanizing at a very rapid rate. Over the past six decades, South Asia’s urban population has risen from 73 million in 1950 to 511 million in 2011 (figure 2). In terms of percentages, the percentage of total population residing in urban areas has increased from 15.6 per cent in 1950 to 30.9 per cent in 2011. During the next four decades, the urban population of South Asia is expected to more than double, from 511 million to 1.19 billion. By that time the region is expected to have more than half the population residing in urban areas.

Figure 2 Urban population and level of urbanization in South Asia, 1950-2050

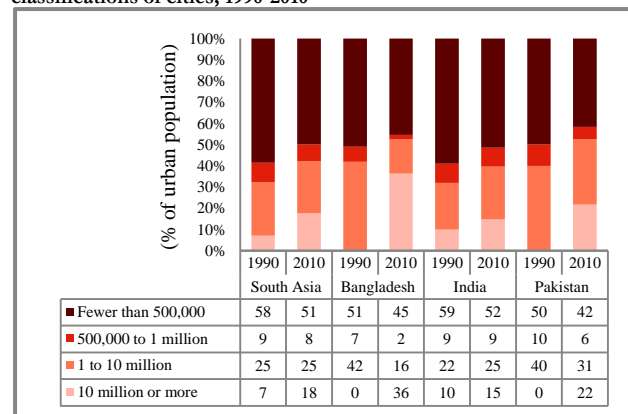


The growth rate of the urban population for South Asia is higher compared to that of the world. According to the United Nations Population Division, the annual rate of change of urban population in the world in 2010 was around 2.39 per cent compared to 3.05 per cent for South Asia. According to their projections, the level of urbanization would increase in South Asia over the next four decades, and the region alone would contribute one-fourth of the increase in the world’s urban population—690 million of the expected 2.6 billion.

Growth of mega-cities is a dominant feature of urbanization: Around 40 per cent of the urban population in South Asia is residing in large cities with a population of over one million. This is significantly higher for Bangladesh and Pakistan where a majority of urban population is living in large cities. This concentration has gone up systematically over the decades: in 1990, 32 per cent of South Asia’s population was residing in large cities; in 2010 this has gone up to 40 per cent. According to the estimates of the Population Division of the UN, these trends will continue in the future. The urban population of South Asia will be increasingly concentrated in large cities, especially in the mega-cities with at least 10 million inhabitants.

In contrast to the growing concentration of the population in mega-cities, the proportion of the population in small and medium sized cities has decreased. Over the last two decades, it has decreased from 58 per cent to 50 per cent across South Asia. In Pakistan, the percentage of the population living in small and medium sized cities has gone down by 8 percentage points, in India by 7 percentage points and in Bangladesh by 6 percentage points (figure 3).

Figure 3 Proportion of urban population living in different classifications of cities, 1990-2010



Mega-cities in South Asia are thriving in numbers. Five of the twenty-three mega-cities of the world are located in the region and by 2015, two other South Asian cities, Bangalore and Chennai will join the ranks of mega-cities. The mega-cities of South Asia are experiencing very high population growth rates. Dhaka, Karachi, Delhi and Mumbai have growth rates in excess of 2 per cent per year—amongst the highest in the world (table 1). According to the estimates of the UN in 2025, Delhi (32.9 million inhabitants), Mumbai (26.6), Dhaka (22.9) and Karachi (20.2) will be four of the 10 cities worldwide, each with a population of over 20 million.

Table 1 Population of mega-cities in South Asia, 1970-2025

	Population (million)				Annual rate of change (%)
	1970	1990	2011	2025	2011-2025
Delhi	3.5	9.7	22.7	32.9	2.67
Mumbai	5.8	12.4	19.7	26.6	2.12
Dhaka	1.4	6.6	15.4	22.9	2.84
Kolkata	6.9	10.9	14.4	18.7	1.87
Karachi	3.1	7.1	13.9	20.2	2.68

Small cities in comparison to mega-cities are less developed in terms of access to public services and have inadequate infrastructure and services. Ignoring small cities and focusing on large cities imposes immense pressure on resources of large cities and tends to make urbanization less beneficial and sustainable.

Rural to urban migration is a major source of urban growth: Besides a natural increase in the urban population, rural to urban migration is a main factor behind urban gro-

with in South Asia. In Bangladesh migration contributed around 40 per cent to urban growth. In India, rural to urban migration accounts for 21 per cent, and in Pakistan its contribution is around 20 per cent. Migration is mostly concentrated in large cities. In some large cities like Dhaka, the share of migration is around 70 per cent. In Pakistan, 25 per cent of all migrants have settled in 3 of the country's largest cities: Karachi, Lahore and Rawalpindi. Karachi alone has accommodated 13 per cent of total migrants. In India, Delhi, Mumbai, Gujarat and Kolkata are prominent destinations for migrants from rural areas.

Rapid and unanticipated migration has intensified pressures on limited urban land, environment and urban services: In Bangladesh, for example, Dhaka has witnessed rapid urban decay as the growth rate of Dhaka's population has outpaced the rest of the country. Access to basic services—water, sanitation and electricity—is poor in Dhaka. Rapid urbanization is creating problems for effective transport management and increasing health risks due to water and air pollution. An increase in the slum population is another indication of the limited capacity of the city to provide adequate housing facilities to migrants.

High population density: South Asian cities have a very high population density. According to an independent analysis, out of the 20 densest cities in the world, sixteen are in Asia—six of them in South Asia. Dhaka, Mumbai, Kolkata, Karachi and Delhi are among the densest cities of the world. High density cities demand better public services, like improved transportation to facilitate commuting, efficient land markets for improved land use and better access to infrastructure like roads, water and sanitation and housing facilities. Unfortunately, improvements in public services have not kept pace with increased urbanization.

Urbanization has not resulted in improved social and human development outcomes as was expected: Urbanization provided an opportunity for improvement in social and human development outcomes. However, the unprecedented pace of urbanization in South Asia poses significant challenges: large scale poverty, increase in the number of slums, inadequate infrastructure, shortage of water and power, poor solid waste disposal systems and unsatisfactory drainage and sewerage systems are prominent features of South Asian cities. For example,

- ***Poverty:*** A large proportion of the population in each country still remains below the poverty line, and considering the

population of South Asian cities, it comprises a significant proportion of the world's poor. "Poverty is urbanizing in South Asia as the proportion of urban poor to the number of total poor has increased over time." Urbanization to some extent has been beneficial as poverty rates in urban areas are lower than rural areas.

- ***Inequality:*** While urban growth has had some positive impact in reducing poverty, the benefits have not been shared equally. Income and expenditure inequality in Nepal, Sri Lanka, Bangladesh, India and Pakistan has worsened between the 1990s and 2000s, suggesting that urban economic growth has exacerbated inequalities.
- ***Urban slums:*** Slums account for around 35 per cent of the urban population in South Asia. The size of the slum population is an indicator of extreme inequality in South Asian cities. Unfortunately, cities which are centres of growth in South Asia ironically have the largest slums. In Mumbai, seven million people, around 60 per cent of its population, live in 3,000 slums across the city. Similarly in Delhi, one in every two people is a slum dweller. Similar is the situation in Karachi, Dhaka and Colombo. These overcrowded slums face acute problems of sanitation and safe drinking water, impacting health of the slum dwellers.

Infrastructure and service deficit: Rampant population growth in cities across South Asia has resulted in a huge strain on the existing physical infrastructure. In addition to inadequate access to land and housing resulting in slums, all the major cities in South Asia are facing inadequate access to basic social services. Mumbai and Delhi in India, Karachi in Pakistan, Dhaka in Bangladesh, and Kathmandu in Nepal are facing challenges to provide basic human welfare facilities like healthcare, education, roads and transportation, electricity, and water and sanitation facilities for a large segment of the population.

Policy options to address urbanization challenges

Urbanization in itself is not the panacea that would guarantee better human development outcomes. The different aspects of urbanization provide both opportunities and challenges. It requires planning to ensure that the process is channeled towards enhancing social and human development. Policy makers in South Asia need to address these fundamental issues while mapping their progress towards urbanization; it should not only ensure economic growth but also equitable distribution, it should promote prosperity and eliminate deep rooted poverty, encourage an inclusive process of urbanization and discour-

age exclusion, and finally urbanization should be environmentally sustainable and not lead to environmental degradation.

Some policy recommendations include:

Focus on the growth of small and medium sized cities: Small and medium sized cities have the potential to act as centres for economic growth. Lying at the confluence of rural and urban economies, they provide markets for both rural products and urban services. If properly developed they can link rural areas to the global economy. In addition, focusing on small and medium sized cities will also help to mitigate the negative aspects of urbanization in the mega-cities. High population densities, inadequate housing, rising inequality in terms of access to basic services can all be tackled by developing small and medium sized cities and providing adequate infrastructure and services.

Develop urban corridors and enhance road connectivity to ensure spatial distribution of urbanization: Linking mega-cities through transportation routes would help spread urbanization to small and medium sized towns. Urban corridors would help to increase urbanization with a diffused spatial development and without putting pressure on any one city. They carry economic benefits by stimulating business, industrial and real estate development in interlinking towns and cities.

Increase incentives to reduce migration: Focusing on rural development to increasing employment opportunities in rural areas and to enhance the provision of services like education, health, electricity and water and sanitation services are effective means to control rural to urban migration. India to some extent has progressed by launching the National Rural Employment Guarantee Scheme and has achieved positive outcomes. Such projects should be up-scaled and initiated in other countries.

This policy brief is drawn on the findings of *Human Development in South Asia 2014: Urbanization: Challenges and Opportunities*. The author, Umer Akhlaq Malik, is a senior research fellow at Mahbub ul Haq Centre.

Themes of the Report of Human Development in South Asia

1997	The Challenge of Human Development
1998	The Education Challenge
1999	The Crisis of Governance
2000	The Gender Question
2001	Globalization and human Development
2002	Agriculture and Rural Development
2003	The Employment Challenge
2004	The Health Challenge
2005	Human Security in South Asia
2006	Poverty in South Asia: Challenges and Responses
2007	A Ten-Year Review
2008	Technology and Human Development in South Asia
2009	Trade and Human Development
2010/11	Food Security in South Asia
2012	Governance for People's Empowerment
2013	Water for Human Development
2014	Urbanization: Challenges and Opportunities

Other Books on Human Development

1995	Reflections on Human Development by Mahbub ul Haq
2002	The South Asian Challenge by Khadija Haq (editor)
2003	Readings in Human Development by Sakiko Fukuda-Parr and A. K. Shiva Kumar (editors)
2008	Pioneering the Human Development Revolution: An Intellectual Biography of Mahbub ul Haq by Khadija Haq and Richard Ponzio (editors)

Mahbub ul Haq Centre

Lahore University of Management Sciences,
Academic Block, Ground Floor, DHA, Opposite sector U Lahore Cantt, 54792 Pakistan.
Tel: 042-35608000 ext. 2156
Fax: 042-35748713
Email: hdc@comsats.net.pk
Website: www.mhhdc.org