Emerging Urban Development Issues in the Context of Globalization

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Abstract
Despite numerous attempts to capture the various aspects of urbanization and its impact on human habitat, the thirst for knowledge of this complex process still remains a great importance among many quarters of human inquiry. Urbanization is the most critical process and form of global transformation, which has mirrored uneven development between regions, within regions, and within countries. Concept of globalization is widely flaunted, but every one means something different while using this term. Globalization in India had a favorable impact on the overall growth rate of the economy. Economic and spatial structure of cities, particularly the large cities, has begun to reflect the changing composition of the global and regional markets.

1. INTRODUCTION
Urbanization is a centuries old phenomenon. Despite numerous attempts to capture various aspects of urbanization and its impact on human habitat, the thirst for knowledge of this complex process still remains a great importance among many quarters of human inquiry. Since the second half of the twentieth century, urbanization has become an alarming social process in the world, particularly in developing countries. While continuing the urbanization process in the already more urbanized developed world, three fourths of the total population lives in urban areas in Latin America and the Caribbean; one third of the population of Africa and Asia lives in urban areas. Urbanization is the most critical process and form of global transformation, which has mirrored uneven development between regions, within regions, and within countries. The developing world presents a more precarious condition with exponential population growth unparallel to their economic and social progress. At the turn of the century, this unprecedented population concentration has brought forth tremendous challenges to its economic, political, and socio-cultural milieu of human settlements (IRFD, 2002).

Cities around the world are playing an ever increasing role in creating wealth, enhancing social development, attracting investment and harnessing both human and technical resources for achieving unprecedented gains in productivity and competitiveness (UN-Habitat, 2006). As countries develop, urban settlements account for a larger share of national income. In both developed and developing

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countries, cities generate a disproportionate share of gross domestic product (GDP) and provide huge opportunities for investment and employment. Urban economic activities account for up to 55 percent of gross national product in low income countries, 73 percent in middle-income countries and 85 percent in high income countries (UN-Habitat, 2006).

In a world of liberalized trade and finance, cities are focal points for investment, communication, commerce, production and consumption. They are magnets for immigrants and for others seeking a better life, as well as the locus of problems that result from these profound economic and demographic trends. The most alarming accompaniment to urbanization in this globalizing world has been the deepening of urban poverty and the growth of slums that now envelop nearly one billion persons worldwide (UNCHS, 2003). In a world on the move, where already about 3 billion people, or 50 percent of the world population, live in urban areas, UN-HABITAT predicts that over the next 25 years, over 2 billion people will be added to the growing demand for housing, water supply, sanitation and other urban infrastructure services. Close to 3 billion people, or about 40% of the world’s population by 2030, will need to have housing and basic infrastructure services (UN-Habitat, 2005).

2. GLOBALIZATION PHENOMENON

Concept of globalization is widely flaunted, but every one means something different while using this term. To large number of policy makers it means a phenomenon that integrates all countries of the world around the economic agenda, through the global financial markets, integrating of production systems, global trade and increasing homogenization of markets of goods and services. Globalization also means fusion of different cultures at the same time exposure to global diversity of cultures. It also means increased accessibility and information flows through the new technology. It also means possibility of evolving global consensus on minimum human agenda such as basic minimum rights and human rights, monitored through the system of United Nations. It also means networking of local and global NGOs and social movements around a common goal (Mahadevia, 2003). According to Goyal globalization has many meanings depending on the context and on the person who is talking about. Though the precise definition of globalization is still unavailable a few definitions are worth viewing, Guy Brainbant: says that the process of globalization not only includes opening up of world trade, development of advanced means of communication, internationalization of financial markets, growing importance of MNCs, population migrations and more generally increased mobility of persons, goods, capital, data and ideas but also infections, diseases and pollution. The term globalization refers to the integration of economies of the world through uninhibited trade and financial flows, as also through mutual exchange of technology and knowledge (Goyal, 2006). The advent of globalization is reinforcing the need for cities to become more consciously knowledge based. Cities are
also becoming more interconnected across borders: thus a successful city or network of cities needs efficient airports, ports, other transportation and communication. The provision of urban amenities for all is a must to prevent accelerating trends of increasing polarization of the rich and poor. Thus, there is great pressure to invest, possibly prematurely, in world class facilities at much lower average income levels. We are also witnessing the emergence of an increasing number of gated communities isolating the elite from the rest (Mohan, 2007).

3. IMPACT OF GLOBALIZATION ON INDIAN CITIES AND CITY RELATED POLICIES

The implications of globalization for a national economy are many. Globalization has intensified interdependence and competition between economies in the world market (Goyal, 2006). The post-1991 period has seen notable changes in India’s macroeconomic policies, with the result that the Indian economy today is far more open and far more integrated with the global system than anytime since the 1960s (Mathur, 2003). Globalization in India had a favorable impact on the overall growth rate of the economy. The pick up in GDP growth has helped improve India’s global position. Consequently India’s position in the global economy has improved from the 8th position in 1991 to 4th place in 2001; when GDP is calculated on a purchasing power parity basis (Goyal, 2006).

Changes have taken place during the same period in the nature and pattern of urban growth. Economic and spatial structure of cities, particularly the large cities, has begun to reflect the changing composition of the global and regional markets. New townships with high quality infrastructure have sprung up on the periphery of large cities. Continuing relevance of public provision of city-level infrastructural services is being increasingly questioned, and has led to, in several instances, a major restructuring of the institutional and financial systems (Mathur, 2003).

4. URBAN ECONOMIC STRUCTURE

Due to globalization not only the GDP has increased but also the direction of growth in the sectors has also been changes. Earlier the maximum part of the GDP in the economy was generated from the primary sector but now the service industry is devoting the maximum part of the GDP. The services sector remains the growth driver of the economy with a contribution of more than 57 per cent of GDP (Goyal, 2006). The alignment of the Indian economy to the global and regional markets has important implications for the urban and city-level economic structure. Cities are in the process of adapting new economic realities (Mathur, 2003). City-level economic development is slowly shifting away from industrial activities to more sophisticated knowledge base systems. The post-1991 period is marked by a significantly slower growth of formal sector employment. In line with the global trends, much of the new employment
generation (73 per cent) has taken place in the services sector. Fifty per cent of new employment has taken place in manufacturing activities, while the primary sector employment has declined by 23 per cent during this period (Mathur, 2003).

The services sector is expected to benefit from the ongoing liberalization of the foreign investment regime into the sector. Software and the ITES-BPO sectors have recorded an exponential growth in recent years (Goyal, 2006).

5. GLOBALIZATION AND THE INDIAN IT OUTSOURCING INDUSTRY

The emergence of the software and services outsourcing industry in India is one of the most visible outcomes of globalization, stimulated by the spread of modern information and communication technologies (ICTs) and the restructuring of global capitalism since the 1980s (Upadhya, 2006). The global IT industry has been both facilitator of the new economy as well as one of its primary industries, and the back office and low-end software services providers, such as India, have played a central role in the development of this economy by enabling work to be performed faster, cheaper and around the clock (Carol Upadhya, 2006). The Indian software services and IT enabled services (ITES) industries are largely products of these developments in the global economy, as companies located in the advanced industrial economies are outsourcing and off shoring an increasingly large proportion and range of their activities to places where skilled human resources are more easily available at lower cost (Upadhya, 2006). The internationalization of the production, distribution, and management of goods and services accelerated rapidly in the 1990s (Castells 1996: 116), coinciding with the period when India’s IT industry took off. The software and services industry in India has grown rapidly from small beginnings in the 1980s, to generate total earnings of $13.5 billion in 2004-05, of which $10 billion were from exports. Together, IT and ITES generated earnings of $28.4 billion, of which about 64 per cent were from exports. Accurate employment figures are difficult to obtain, but NASSCOM estimates that the total direct employment generated by the industry came to 1.3 million in 2005-06 representing a rapid expansion from the figure of 284,000 for 1999-2000 (Upadhya, 2006).

6. LAND AND HOUSING MARKET IMPACTS

In the land and housing markets, globalization leads to emergence of global property market, dominated by global real estate firm. In most developing countries including India globalization has led to FDI in the urban property market and therefore significant increase in property prices. Presence of global firms and global business class in the cities leads to demand for high quality office space and residential space and scare land and housing in the globalizing cities are diverted to catering to these new demands. In countries that have witnessed significant FDI in real estate and linking of global and local property
markets; there are high fluctuations in the land and housing markets (Mahadevia, 2003).

There is also another effect of globalization on land and housing markets. For making local economies competitive, the cities are in the process of improving city image and quality of life through infrastructure and city beautification projects. Finance for these activities gets raised locally through sale of lands. There are therefore also indirect effects on the land and housing markets. Lastly, the vested interests in urban development have increased through the root of private sector participation in urban services sector. Privatization has pushed the governments (national, state and local) to withdraw from certain development sectors. All of a sudden, the role of private sector in city affairs has increased. This has brought in corruption and promotion of vested interests through the process of contracting out the work to private sector (Mahadevia, 2003). The legal mechanism to ensure that the contracts are given to competent agency and the work contracted out is efficiently carried out is weak. In the property markets, the vested interests are forcing the local governments to transfer public lands to the commercially lucrative projects. In instances where such lands are squatted upon by slums, local governments are expected to displace them and then resettle them under the guise of public-private partnership. The outcome of many of these processes has been eviction of the poor from prime lands and locations in many of the globalizing cities (Darshini Mahadevia, 2003).

7. HOUSING AND URBAN DEVELOPMENT AS A WAKE OF GLOBALIZATION

The pattern of urbanization in India is characterized by continuous concentration of population and activities in large cities (Dutta, 2006). India’s urbanization is often termed as over-urbanization (Davies and Golden, 1954) “where in urban misery and rural poverty exists side by side with the result that city can hardly be called dynamic” and where inefficient, unproductive informal sector (Kundu and Basu, 1998) becomes increasingly apparent. Breese (1969) depicts urbanization in India as pseudo urbanization where in people arrives in cities not due to urban pull but due to rural push. Raza and Kundu (1978) talked of dysfunctional and urban accretion which results in a concentration of population in a few large cities without a corresponding increase in their economic base.

Globalization, liberalization and privatization addressing negative process for urbanization in India (Kundu and Gupta, 2000). Under globalization survival and existence of the poor are affected adversely. Liberalization permits cheap import of goods which ultimately negatively affects rural economy, handicrafts, household industry on which rural poor survives. The benefits of liberalization generally accrue to only those who acquire new skills (Despande and Despande, 1998). It is unlikely that common man and the poor will benefit from the liberalization. Privatization causes retrenchment of workers. All these negative
syndrome forces poverty induced migration (Mukherjee, 1993) of rural poor to urban informal sectors (Kundu, Lalitha and Arora, 2001). Hence migration which is one of the components of urban growth occurs not due to urban pull but due to rural push.

7.1 Urbanisation Trends and Process

The analysis of the study based on the urbanization pattern and projections for the next twenty years is indicative of the fact that bulk of the urban population will be living in metropolitan regions (Sivaramakrishnan, Kundu and Singh, 2005). Agglomerations covering several municipal jurisdictions will emerge as a distinct feature of India’s urbanization. Urban population growth occurred during the 1991-2001 period, not wholly within the legal jurisdiction of cities but along the transport axis and corridors (Mathur, 2003). These corridors have been attracting a substantial volume of economic activities, such as industry and regional infrastructure. The spatial manifestation of investments and economic change is discernible through continuous or discontinuous sprawl with poly-nodal centers along the corridors. The peripheral areas of large cities along the corridors have been growing and absorbing migrant population in areas lacking basic services. Such developments are exerting considerable pressure on land and other natural resources (Sivaramakrishnan, Kundu and Singh, 2005).

7.2 Globalization and Spatial Structure

In terms of competitive global economy, locational characteristics are perhaps the most important factor in the investment decision. Cities in India are in the midst of restructuring space, in terms of both use and form. Residential areas in the central districts and sub-central of such cities as Delhi, Bangalore and Hyderabad are being transformed into commercial spaces. An interesting feature of the impact of post-1991 developments in the mushrooming of high quality residential and office space bordering major cities. In Delhi, several new settlements consisting of 500-1,000 residential dwelling units with quality infrastructure and back-up services and office space have been developed to accommodate the offices of multinationals, airline and financial institutions. In Bangalore, at least seven such townships in sizes ranging between 15-220 acres have been established during the post-1994 period. Specialized parks for software and technology have come up in Hyderabad, Vashi and Mahapi near Mumbai, and Bangalore. Golf courses have been added around Delhi, Hyderabad and Bangalore (Mathur, 2003). Globalization has affected the land and housing markets of major cities. Between 1992 and 1995, land prices of commercial space registered an increase of 360 per cent, and over 100 per cent in residential space. In Delhi, during the same period, prices of land rose sharply, registering an increase of over 580 per cent for commercial space in Mumbai and nearly 270 per cent for residential space. While at one level, such sharp increases in land prices reflect the scarcity value of commercial and residential space following the opening up of the Indian economy, at the other level; it shows the constraints within the land and housing market operations in the country. Absence of appropriate reform in policies that govern land markets in India is noted to be
one of the key constraints in reaping the fuller benefits of the globalization process (Mathur, 2003).

7.3 Emerging Housing Market
Strong urbanization effects are augmenting the growth potential arising from India’s young, expanding population. Nearly 30 percent of the total population lives in urban areas. According to Planning Commission forecasts, the urban population is expected to rise more than 40 percent by 2020 (PREI, 2006). The key drivers of housing demand are disposable incomes, financing terms and population development. The last census survey in 2001 reported roughly 192 million households in India, about 40 million more than ten years earlier (DB Research, 2006). Household formation is growing due to population growth and the shift from joint families to nuclear families. The average number in each household has fallen from 5.8 in 1990 to 5.3 in 2005 (PREI, 2006). Median household incomes are expected to grow from US$ 2,000 in 2005 to US$ 3,200 by 2010. A large middle class has emerged, currently estimated at 120 million, half of whom are under 25 years. India’s National Council of Applied Economic Research expects a further 180 million to join the middle classes by 2010. At 300 million, it will be larger than the USA (Jones Lang LaSalle, 2006). According to the Tenth Five-Year Plan, a shortage of 22.4 million dwelling units exists. Additional housing needed each year from 2002 to 2007 has been estimated at 4.5 million units. Positive demographics, rising income, growing urbanization and lower interest rates bode well for demand in the residential sector (PREI, 2006).

8. CONCLUSIONS
The study clearly reveals that globalization is a complex phenomenon and it has a profound impact on various urban sectors including housing and land markets. India’s globalization and urbanization have shown remarkable and selective growth by city sizes, regions and sectors. Higher growth and larger concentration of urban population in metropolitan areas is an important feature of India’s urbanization in post globalization period. India’s future seem to be paradoxical, on one hand it has to sustain the pressure of urban population growth and on the other hand it has to optimize the scare natural resources in order to compete globally with stable economic growth. Housing, which constitutes so large a percentage of the built environment, is a critical element in any sustainable urban growth strategy. With this background the study calls for an integrated approach that aims at exploring and understanding the complex phenomenon of urban development and to evolve an appropriate sustainable growth model.

REFERENCES


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