

**National Seminar on
Developing Harmonious and Sustainable Cities in India for a Better Urban Future**

Inaugural Address

By

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Friday, 20 March 2009, Gulmohar Hall, India Habitat Centre, New Delhi

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Distinguished delegates,

Ladies and gentlemen:

It is a great pleasure for me to be invited for inaugurating this National Seminar on Developing Harmonious and Sustainable Cities in India for a Better Urban Future organised by the Association of Municipalities and Development Authorities - an organization which is a platform to share views and experiences and aspires, among other goals, to be a centre point for frontier research, a treasure house of information on urban issues, and a think-tank for planned development of cities and towns in India.

Since its inception in 1983, AMDA has played a significant role in knowledge management, advocacy, training and capacity building of our urban local bodies and I do hope that AMDA will continue playing a bigger role in further promoting decentralization and institutionalization of empowered municipalities for better urban management. I am also happy to note that the seminar is being organised in close collaboration with state, regional, national, bilateral and multilateral organisations that include NHB, DDA, Greater Noida Authority, NCRPB, GTZ and UN-HABITAT.

Harmonious Cities was the theme of last year's World Habitat Day which was celebrated the world over in October 2008 and subsequently the subject was also discussed at length during the Fourth Session of the World Urban Forum held at Nanjing in PR China in November 2008. Considering the theme of the seminar on building harmonious and sustainable cities in the context of India let me briefly discuss the whole concept of Harmonious and Sustainable Cities. As you all know, we now live in an urban world. In 2007, humanity witnessed a significant event in its history: the world's urban population, for the first time, equaled the rural population. This historic milestone represented both a demographic change signified by a shift or growth of populations, and more importantly, a social, cultural and economic transformation. The change is even more remarkable if we consider that 200 years ago the human existence was overwhelmingly rural, with less than 3 per cent of the total population living in cities. Until then, the pace of urbanization was extremely slow. Urban growth began to accelerate in the 1950s, when the urban population accounted for one-third of the world's population. Since then, humanity has witnessed the fastest urban growth ever experienced, bringing the number of urban residents closer to the number of rural residents.

Urbanization has been an essential part of most nations' development. Evidence shows that economic growth, social and political change, technical and scientific advances and progress in various other areas are direct result of the urbanization process. Levels of income and performance on human development indicators are also strongly linked to urbanization. However, in some countries and cities urbanization is raising red flags, particularly because an increase on income inequalities not only in developing countries, but also in various developed nations. In many other places, urbanization is synonymous to slum formation, with more and more people living in poor informal settlements, known by different names such as Favelas, Ranchos, Chawls, Katchi Abadis, and many other names that describe forms of deprivation, economic morbidity and social differentiation. Urbanization is also raising red flags because of the alarming number of countries that are observing an increase in land and resources consumption as well as more pollution and waste.

A world that urbanizes cannot claim to be harmonious if some groups concentrate resources and opportunities while others remain impoverished and marginalized. This seminar on Harmonious and Sustainable Cities is a good opportunity to remind all of us that urbanization does not necessarily mean unrestrained economic growth that generates poverty and exclusion. Harmonious and Sustainable Cities recalls all of us that urbanization cannot be done at the expense of the natural environment. The connotation of Harmonious Cities means harmony in economic and societal relations, urban and regional relations and urban growth and environmental relations. It is a concept that parallels the economy, social justice, equity and politics, which are all independent and closely related to one another at the same time. This integration seeks to promote a more harmonious coexistence at city level.

Urbanisation as the Engine of Economic Growth

A country's level of urbanization (percentage of population living in cities, towns, and settlements defined as urban) is directly correlated with its level of economic development (as measured by per capita gross domestic product [GDP]). In view of such correlation, many development planners have advocated using urbanization as a developmental engine to spark nationwide economic growth. Instead of mainly reacting to observed urban development patterns and often using measures that inhibit urbanization by controlling internal migration or evicting urban poor residents and resettling them elsewhere, they recommend proactive planning strategies that rely on providing infrastructure and services to accelerate economic growth in urban areas.

Call for Harmonious and Sustainable Urban Development

Cities have tremendous potential to combine safe and healthy living conditions and culturally rich and diverse lifestyles with remarkably low levels of energy consumption, resource use and waste. However, to realize this potential there is a need to promote more balanced urban development by trying to harmonize the various interest, diversity and inherent contradictions within cities. The concept of Harmony calls not only for economic prosperity in cities and its attendant benefits, but for various other inter-related

aspects such as equity, sustainability, fairness, social justice and good urban governance. Cities that are well planned and governed properly, when they are competent and efficient, and when they care for the poor and disposed have an enormous potential for more balanced social, economic and environmental development.

This seminar provides an excellent opportunity to highlight key human settlement issues related to the concept of Harmonious and Sustainable Cities in India. This concept is both a theoretical framework and an operation tool to act today. It is as well an instrument to raise awareness in different cities of the country about the need to shift policy priorities towards those more in need on the road to more balanced and sustainable urban development. This can be done by addressing social, economic, environmental and political dimensions of urban growth in a more integrated manner.

We need to consider three dimensions of Harmony which have a direct impact on sustainable urbanization and overall national development. These three dimensions are:

- Growth or decline of cities is not accidental. New city-regions, city corridors and geographic cluster of cities explain some of the new location and comparative advantages of economically dynamic cities. However, is it possible to talk about a well balanced system of cities in which regional planning plays a key role for more harmonious national development? Is it possible to articulate urban planning practices with new regional approaches to planning? How local decision-makers can work together with national authorities in search of more harmonious urban development?
- Harmony within Cities: Balanced development matters not only for the sake of social justice, but also for social cohesion and economic development. Disparities within and between countries and cities weaken political legitimacy and undermine development gains. Inequalities within cities have the potential to turn into social protests and generate social instability. It is, therefore, at this level that social justice and equity issues need to be addressed in order to create a fair and just social order that will bring harmony in economic and societal relations. What is the best way to improve the lives of slum dwellers through low-cost interventions? How the cities' development agenda can integrate urban poverty related issues? How best articulate institutional responses to maximize benefits and cover more deprived populations?
- Harmony between the built and natural environment. Urbanization is the most powerful and irreversible phenomenon in today's world. It can be a cause of loss of biodiversity and environmental pollution; but it can be as well a way out to make environmental sustainability possible. It is believed that slum areas contaminate water and other resources, propitiate the conversion of cropland, forest and wetlands, and affect biodiversity and ecosystems; yet slum dwellers are the lowest consumers of water, land and other resources and are more likely to engage in recycling and other

environmentally-friendly practices than their non-slum neighbours. Is it possible to design and implement cost-effective environmental solutions that without obstructing the growth potential of urban areas can preserve the natural environment? How economic, social, and environmental planning practices embodying urban sustainability can curb negative urban trends affecting the environment? Furthermore, cities have been blamed for the rise in greenhouse emissions and the resulting climate change. What policies need to be urgently adopted to reduce greenhouse gas emissions in cities? What adaptation and mitigation strategies have proved to be effective in poor countries?

I do hope that you will be pondering over these questions during your two days' deliberations in this seminar.

Let me now come back to the scenario in our own country.

Growth in India - achievements and concerns

As you know, India's performance in recent years has been among the best in the world. The reforms initiated since the early 1990s have unshackled the economy. The long-term trend rate of growth has steadily increased from an average of 3.5% a year between the 1950s and 1970s, to around 8% in recent years. The prowess of India's IT and IT-enabled services, biotechnology, pharmaceuticals, and various manufacturing segments is being recognized the world over. Despite the current recession, its macro-fundamentals are sound and foreign exchange reserves are comfortable.

Importantly, high growth has led to a decline in the incidence of poverty - from 36% in 1993-1994 to 26% in 1999-2000. The number of people in poverty came down from 320 million to 260 million during this period, and has undoubtedly declined further since the last official estimates became available. Urban Poverty has also been reduced substantially.

Urban India

India is one of the emerging urban economies in the world with a specific shift in terms of contribution to GDP from agriculture to tertiary and manufacturing sectors, thus bringing urban areas to the centre stage of the development process. Because of high economic growth and low urban base, our cities are growing at a fast rate. At present, India has second largest urban system in the world with 310 million people and 5,161 cities and towns. The share of urban population is expected to reach 40% by 2021, and by 2011, urban areas could contribute around 65% of GDP. Clearly, the availability and quality of basic infrastructure is key to sustaining such growth. Given current trends in population growth and migration, India's urban population is estimated to reach 575 million by 2030.

Our cities, however, are characterized by widespread poverty, poor urban infrastructure, and environmental degradation. Less than 60 percent of the households in the cities have sanitation facilities, and less than half have tap water on their premises. About 40 million people are also estimated to live in slums.

Poor urban development, weak urban infrastructure and urban management is not only undermining our ability to deliver a decent quality of life to our citizens, it is also constraining potential local and national economic growth. We realize the need for strong focus and accelerated investment in infrastructure and improving the governance and management of our cities.

As you are all aware that in 1992, the Government of India had decentralized more powers to rural and urban local government bodies (ULBs) through the 73rd and 74th constitutional amendments. In terms of strategic support by the central Government to the urban centers, India's major push came through the launching of the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) in 2005. With the launch of this flagship programme, the country recognised the importance of unleashing the energy of cities as engines of economic and social development. Under this programme the Government of India decided to support 63 major urban centers across the country. Our strategy, therefore, is mainly focusing on developments within the formally delineated territories of individual cities.

The main goals of the JNNURM are: (i) improving and expanding the economic and social infrastructure of cities; (ii) ensuring access to basic services at affordable prices on the part of the urban poor, including security of tenure in land and housing; (iii) initiating wide-ranging urban sector reforms; and (iv) strengthening municipal governments and their functions. The JNNURM covers 63 cities nationwide and provides these cities with grants under two sub-programs (support for urban infrastructure and governance and basic services to the urban poor). Under these sub-programs, the JNNURM requires state and city governments to undertake reforms as a precondition to receiving grants. These reforms include the repeal of the Urban Land Ceiling and Regulation Act, reform of the Rent Control Act, enacting Public Disclosure Law, the introduction of double-entry accounting, property tax reform, levy of user charges, devolution of power based on the 74th Amendment, and reforms to improve the lives of the urban poor. The total budget for the infrastructure programs amounts to Rs. 100,000 crores for the 7-year period up to 2012. However, comprehensive development planning of city regions beyond the formal boundaries of cities is not yet practiced under the JNNURM. It is our hope that the reforms under the JNNURM would indeed deliver effective and efficient urban governance and bring forth financial viability of urban projects through its cost recovery mechanisms. The Programme should reduce pressure on India's mega-cities, and create adequate infrastructure in other cities across the country. Under the urban renewal mission, 63 cities will benefit from better housing, water and sanitation - and ultimately, better delivery of other basic services such as health, education, and social security.

The total budget of the program may seem insufficient in view of the magnitude of the urban infrastructure demand in India. Currently, annual spending for all types of

infrastructure in India amounts to \$21 billion, which is estimated to be only about 3.6% of GDP. About 2.8% of GDP devoted to infrastructure comes from the Government and only 0.8% from the private sector. I understand that PR China spends about \$150 billion for infrastructure annually, or roughly 10.6% of its GDP. The biggest challenge of the JNNURM is, therefore, how to create a cycle of sustained investment and economic growth initiated by a one-time grant allocation to meet the backlog demand in 63 cities. The success of the program hinges on the successful generation of economic growth in these cities.

Inclusive Growth Essential for Harmonious and Sustainable Cities in India

As India's economy matures, it is important to ensure that growth becomes much more inclusive. You will all agree that no one should be constrained by the lottery of birth - by the region, family, race, caste, or sex into which one is born. In my view, including all citizens in the process of growth is not just a moral imperative. When certain regions, sectors, or groups of people are bypassed by economic opportunities for long periods, the spread and sustainability of growth itself is threatened. Inclusiveness is therefore critical for enabling country to reach its full potential in a manner which can be sustained economically, socially, and politically.

What matters is our determination to prevail over the problem. Already 30% of our population lives in towns and cities. But because of a combination of growth and migration, the number of urban dwellers is projected to reach 40% by 2021.

Harmonious cities are those in which all have a right to decent housing, clean water, energy, education, health, safety, security of tenure and all of those stepping stones so essential to securing a decent, peaceful future for our children in a sound economy. Creating a harmonious city is a lifetime cultural, social, political, economic and financial undertaking!

JNNURM investments in housing and urban development are not only economic investments which will strengthen city infrastructure but will also generate lot of employment opportunities and also provide basic urban services thus reducing poverty in a big way paving way for Harmonious and Sustainable Cities. This is a big win-win situation for all of us.

Before I conclude my address, I would like to say a special word of appreciation to everybody here in this most distinguished audience: your presence here today shows how strongly committed you are in our joint quest to make our cities most Harmonious and Sustainable which is the theme of this seminar. The goal of harmonious and sustainable cities in India is our hope and ambition for the near future.

I look forward to the outcome of your deliberations and recommendations of this seminar.

Thank You.

