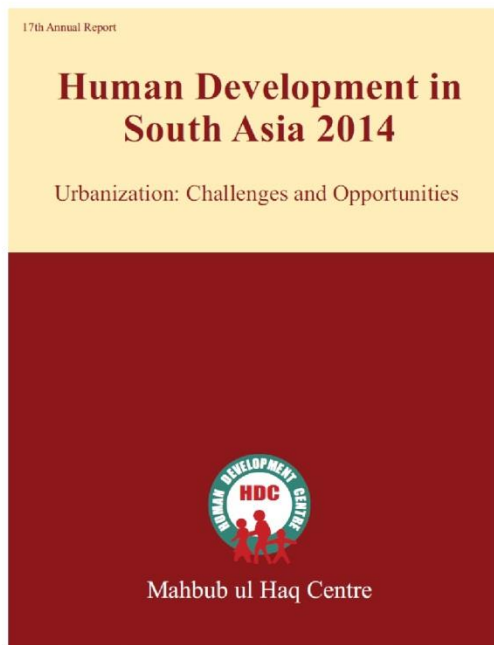


Urbanization trends in South Asia: Issues and Policy options



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Aims and Objectives

This presentation explains the urbanization process in South Asia in terms of demographic trends, and the implications of urbanization for economic growth and social development.



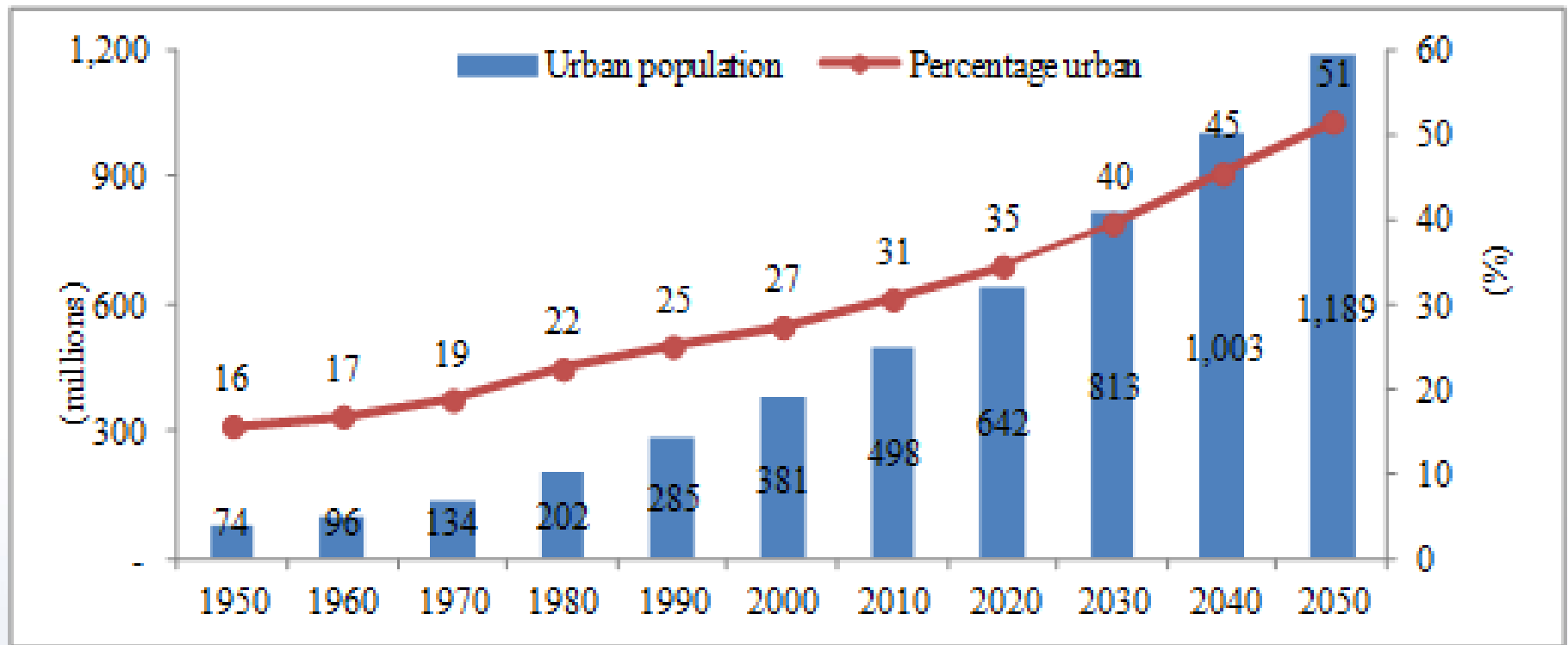
The presentation will address the following issues:

- Demographic trends
- Economic growth and employment generation.
- Urbanization and human development
- Policy options for inclusive and sustainable development

Demographic trends



1) *Rapid pace of urbanization:*



Source: UNPD 2014.

Demographic trends (cont..)



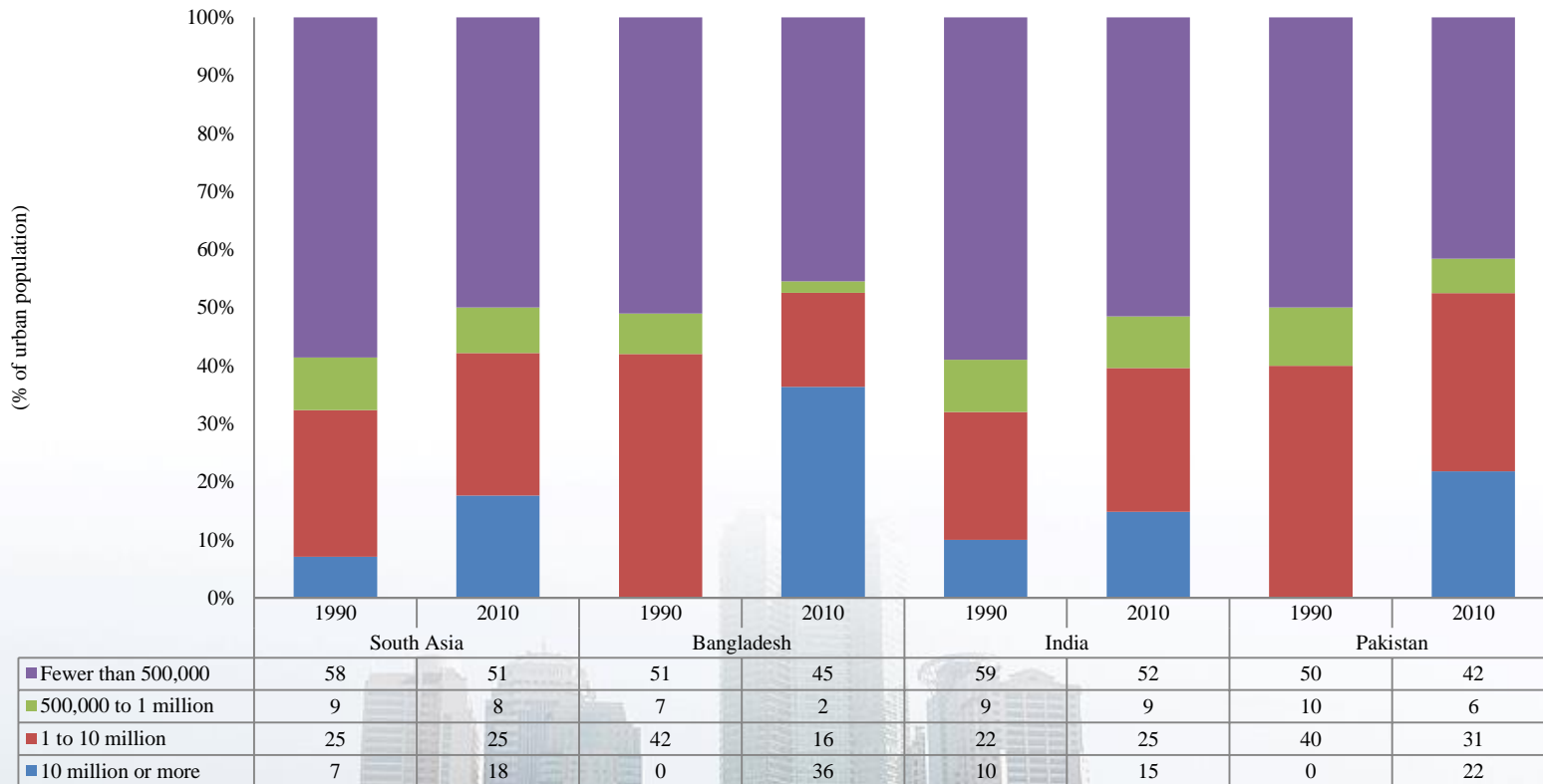
- South Asia's urban population has risen from 73 million in 1950 to 511 million in 2011 - from 15.6 per cent in 1950 to 30.9 per cent in 2011.
- The growth rate of the urban population for South Asia is higher compared to that of the world - World (2010) 2.39 per cent, South Asia (2010) 3.05 per cent.



Demographic trends (cont..)



2) Growth of mega cities:



Sources: UNPD 2014 and MHHDC 2014 *Statistical Profile of Urbanization in South Asia*.

Demographic trends (cont..)



- Around 40 per cent of the urban population in South Asia is residing in large cities (with a population of over one million).
- In contrast, the proportion of the population in small and medium sized cities has decreased.



Demographic trends (cont..)



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

Source: UNPD 2014.

- Five of the twenty-three mega-cities of the world are located in the region.
- The mega-cities of South Asia are experiencing very high population growth rates., in excess of 2 per cent per year.

Demographic trends (cont..)



3) Rural to urban migration is a major source of urban growth:

- In Bangladesh migration contributed around 40 per cent to urban growth, in India and Pakistan around 21 per cent and 20 per cent, respectively.
- Migration is mostly concentrated in large cities. Dhaka (70%), Karachi (13%).



Demographic trends (cont..)



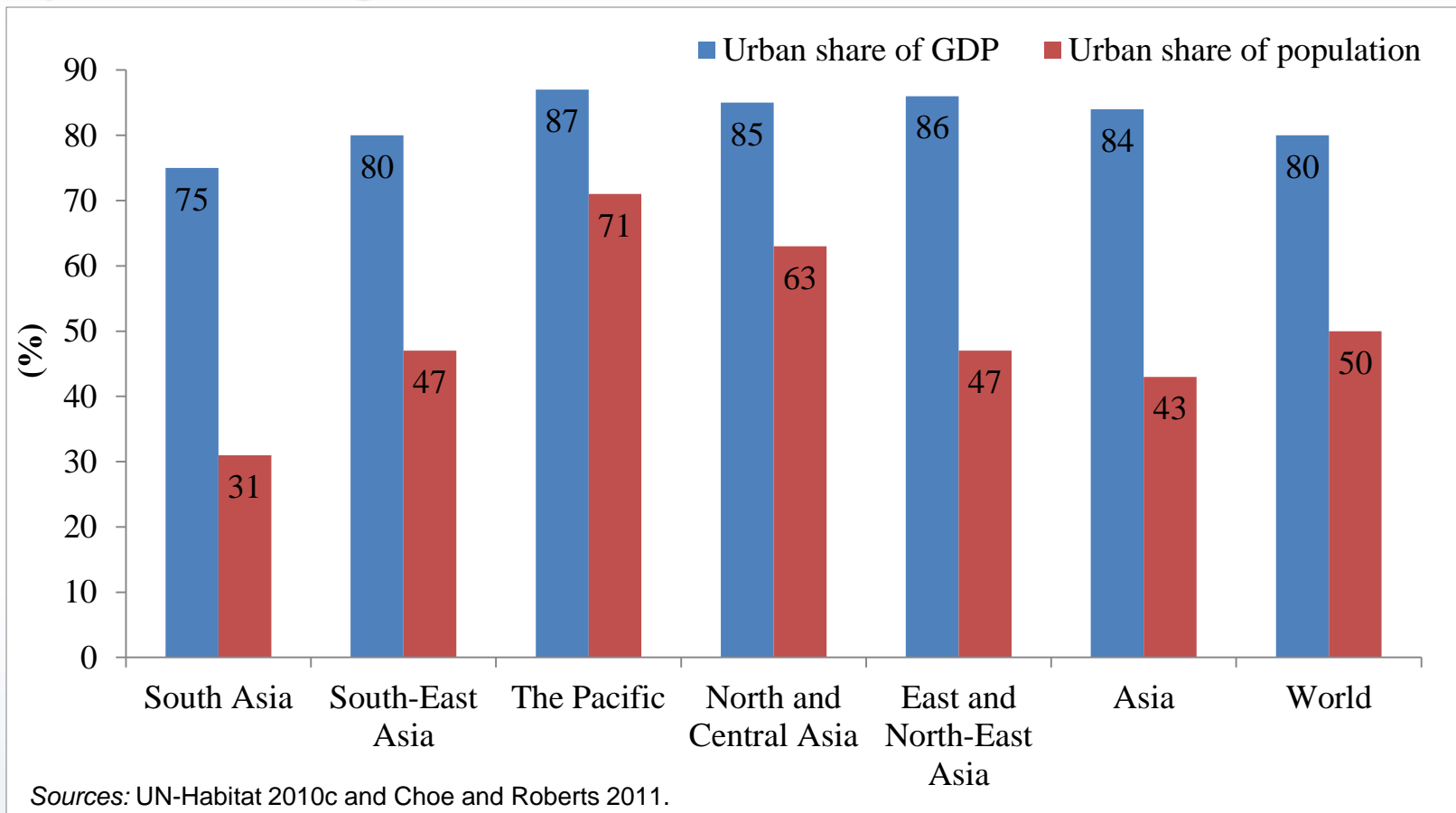
4) *High population density*

- Dhaka, Mumbai, Kolkata, Karachi and Delhi are among the densest cities of the world.
- Out of the 20 densest cities in the world, sixteen are in Asia—six of them in South Asia.
- High density cities demand better public services. Improvement in which unfortunately have not kept pace with increased urbanization.



Economic growth and employment generation

1) Economic growth and cities

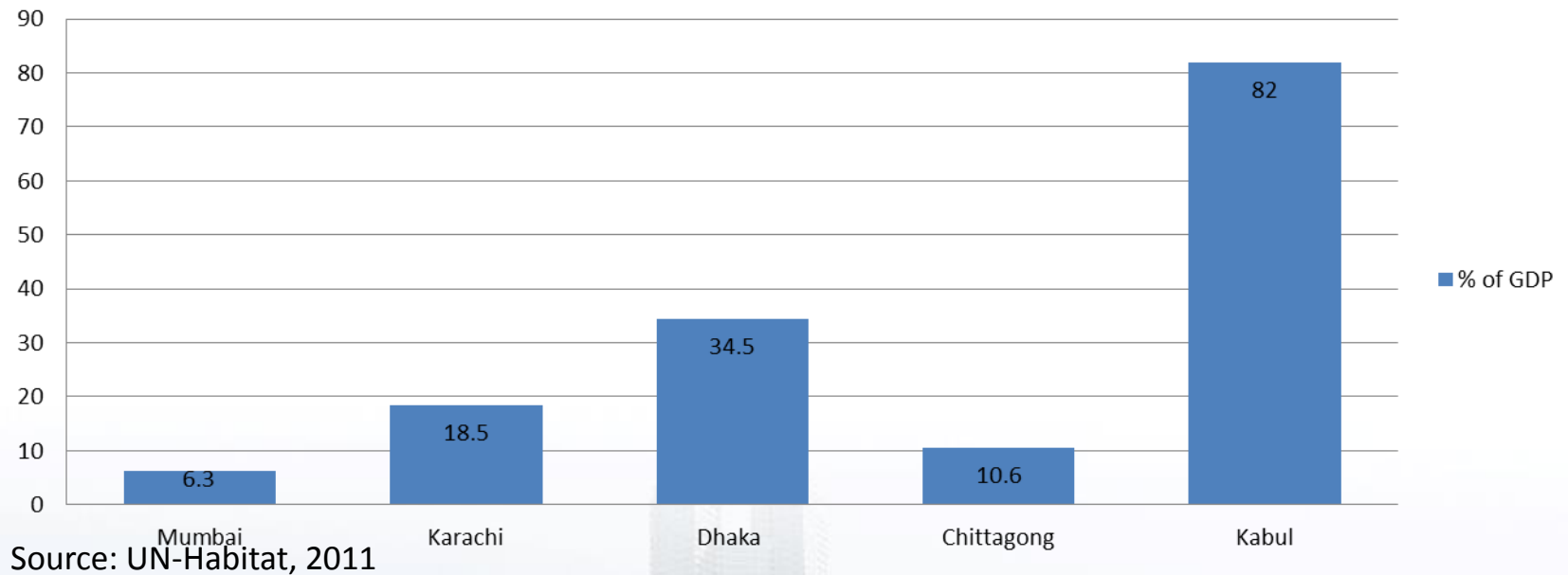


Three-fourths of economic growth in South Asia is generated by Cities

GDP share of urban areas is 80% in Bang & SL, Ind & Pak (75%), and Nep & Afg (60-70%)

Economic growth and employment generation (cont..)

Share of selected cities in national GDP, 2011



Economic growth and employment generation (cont..)

2) Impact on employment creation

- Increase in employment has not been as robust as increase in GDP

Table: GDP, employment and output per worker (annul) growth in SA

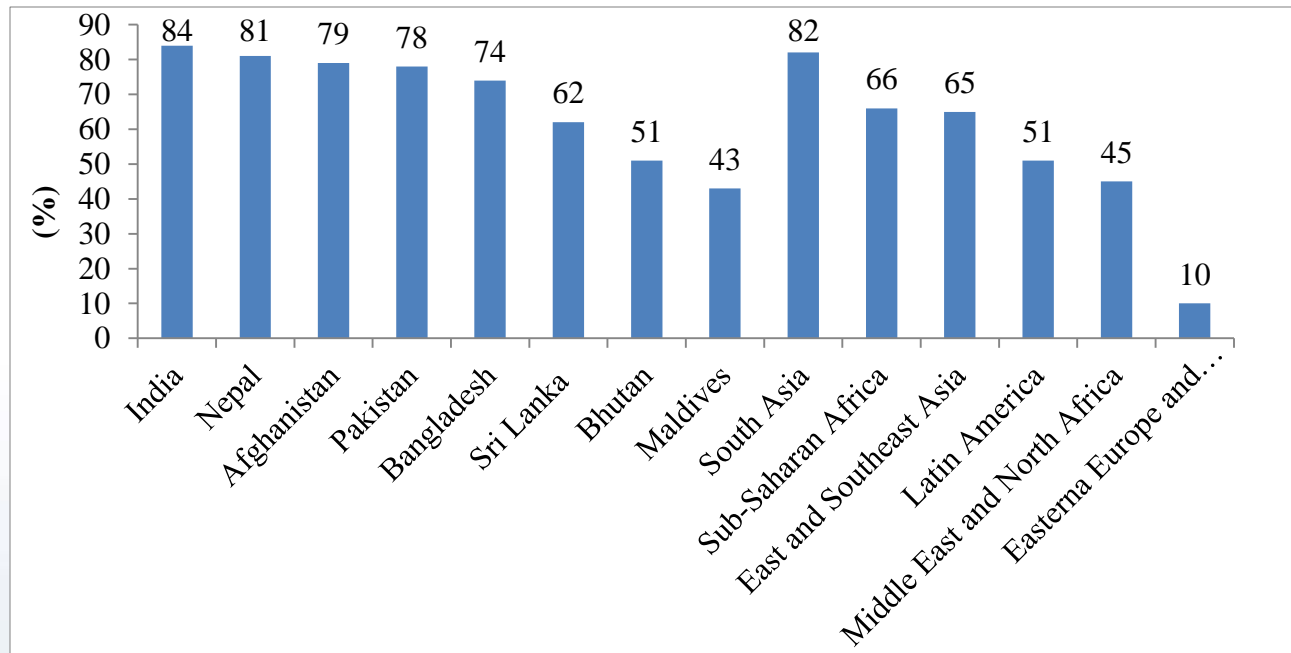
	2002-06	2007-11
GDP (%)	8.3	6.6
Output per worker (%)	3.6	3.7
Employment (%)	2.3	1.1
Employment to population ratio (average)	58	56

Sources: World Bank 2013c, UN-ESCAP 2013 and MHHDC staff computations.

Economic growth and employment generation (cont..)

3) Increase in informal employment

- 8 out of 10 workers are in informal sector



Source: World Bank 2012

Urbanization and human development

1) Poverty and inequality

Proportion of population under poverty lines in rural and urban areas (%)

	Rural	Urban	National
India	25.7	13.7	21.9
Pakistan	27.0	13.1	22.3
Bangladesh	35.2	21.3	31.5
Afghanistan	37.5	29.0	36.0
Nepal	27.4	15.5	25.2
Sri Lanka	9.4	5.3	8.9

Source: World Bank 2013h and MHHDC 2014 *Statistical Profile of Urbanization in South Asia*.



Urbanization and human development (cont.)

2) Urban slums and infrastructure and service deficit

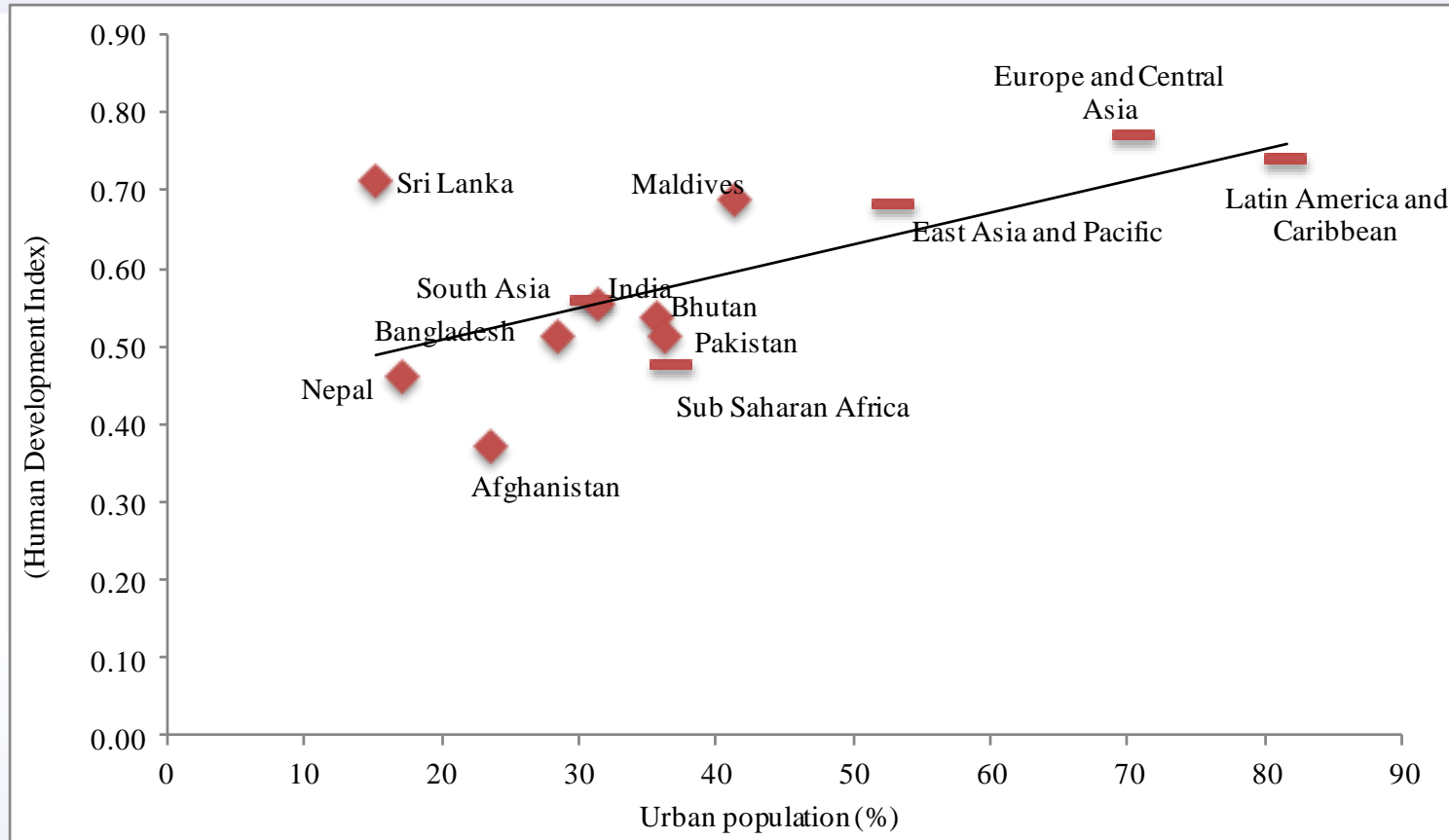
Urban slum population in South Asia, 2009

	Slum population (thousands)	Proportion of urban population (%)
India	104,679	29.4
Pakistan	29,965	46.6
Bangladesh	27,542	61.6
Nepal	3,075	58.1

Source: UN-Habitat 2012b.

- The size of the slum population is an indicator of extreme inequality in South Asian cities.
- Slums account for around 35 per cent of the urban population in South Asia.
- In Mumbai, around 60 per cent of its population live in slums and in Delhi, one in every two people is a slum dweller.

Urbanization and human development (cont.)



Sources: UNPD 2014 and UNDP 2013.

Urbanization and human development (cont.)

- Increasing levels of urbanization are generally associated with a higher level of human development.
- There are deviations indicating that a high level of urbanization does not necessarily yield better human development outcomes e.g. Sub Saharan Africa and South Asia, Pakistan and Bangladesh



Policy options for inclusive and sustainable Development



1) Focus on the growth of small and medium sized cities:

- They link rural areas to the global economy.
- Focusing on small and medium sized cities will also help to mitigate the negative aspects of urbanization in the mega-cities



2) Develop urban corridors and enhance road connectivity:

- To ensure diffused spatial development, without putting pressure on any one city.
- They carry economic benefits by stimulating business, industrial and real estate development in interlinking towns and cities.



Policy options for inclusive and sustainable Development (cont..)

3) Link economic growth with job creation

This could be achieved by increasing employment labour intensive sectors. Role of SMEs and social sector spending will be crucial.



Policy options for inclusive and sustainable Development (cont..)

4) Recognizing the role of informal sector

Formulate well-designed programmes like public works, training, micro-financing to increase their income and working conditions.



Policy options for inclusive and sustainable Development (cont..)

5) Improving Access to Affordable Urban Housing:

- Efficient land administration and expanding housing finance to low-income groups which are most likely to resort to living in informal housing units and slums. E.g National Urban Housing and Habitat Policy.
- Successful slum development projects in South Asia have typically leveraged partnerships with non-governmental organizations and the affected communities (OPP).



Thank you

