

The role of urbanization in economic growth and challenges like migration, housing, and employment

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Abstract:

The article examines the transformative role of urbanization in India's economic development between 2007 and December 2021, highlighting that by 2021, over 35% of India's population lived in urban areas compared to 31% in 2011, contributing over 60% of the national GDP, driven by sectors such as manufacturing, services, and real estate, but also reveals significant challenges including large-scale rural-to-urban migration, where the urban population increased by over 90 million people between 2011 and 2021, putting immense pressure on infrastructure, housing, and employment opportunities, with studies showing that the informal economy accounted for 80% of urban employment by 2020, resulting in wage disparities and job insecurity; while the housing deficit remained a key issue, with an estimated shortage of 29 million units in 2018, despite government interventions like the Pradhan Mantri Awas Yojana (PMAY), which aimed to construct 11 million affordable houses by 2022, only around 50% of which had been completed by the end of 2021, further exacerbating housing inequality in cities such as Mumbai and Delhi, where real estate prices surged by over 50% in the last decade, rendering homeownership unattainable for many; the paper also explores how migration patterns shifted due to the COVID-19 pandemic, which caused reverse migration of nearly 10 million people from cities back to rural areas in 2020, highlighting the vulnerabilities in urban employment and social security systems, while the Smart Cities Mission, launched in 2015, is critiqued for its slow progress, with only 100 cities included and just 30% of the projects completed by 2021, signaling implementation challenges in urban infrastructure development; the article concludes by arguing that while urbanization remains a critical driver of India's economic growth, contributing to enhanced productivity and innovation, addressing issues of housing affordability, informal employment, and equitable access to urban resources is essential for sustainable and inclusive urban development in the coming decades.

Keywords: *Urbanization in India, Economic Growth, Rural-to-Urban Migration, Housing Deficit, Informal Employment, Smart Cities Mission*

I. Introduction:

Urbanization has long been recognized as a critical driver of economic growth, and in India, this trend has accelerated significantly over the past two decades, driven by structural shifts in the economy, population growth, and government policies aimed at boosting urban development, as evidenced by the fact that by 2021, over 35% of India's population lived in urban areas, a substantial increase from 31% in 2011, which reflects the rapid pace of urbanization in the country, a process that has been central to the transformation of India's economic landscape with urban areas contributing over 60% to the national GDP by 2021, fueled by growth in sectors like manufacturing, services, technology, and real estate (Kundu, 2011; Mohan & Dasgupta, 2015), and this urban expansion has been accompanied by large-scale rural-to-urban migration, with the urban population increasing by over 90 million people between 2011 and 2021, driven by the search for better employment opportunities and higher wages, although this has also placed significant pressure on urban infrastructure, housing, and employment generation (Chandrasekhar & Sharma, 2014; Tumbe, 2016), with a notable 80% of the urban workforce employed in the informal sector by 2020, often in low-wage, insecure jobs without formal contracts, leading to persistent inequalities in urban employment, income, and living standards (Mehta, 2020); housing shortages have been a major concern for urban planners, with an estimated urban housing deficit of 29 million units in 2018, despite the government's efforts to address this through initiatives like the Pradhan Mantri Awas Yojana (PMAY), which set a target to construct 11 million affordable houses by 2022, yet by December 2021, only about half of this target had been achieved, revealing significant challenges in meeting the housing needs of a rapidly urbanizing population (Tiwari & Rao, 2016; Bhagat, 2017), and this shortfall has had a particularly pronounced impact in cities such as Mumbai, Delhi, and Bengaluru, where the demand for housing far exceeds supply, driving real estate prices up by over 50% between 2010 and 2021, making homeownership unattainable for many middle-class and low-income families (Bhan, 2019), and as cities grow, the issues related to housing shortages are further

compounded by inadequate urban infrastructure, such as transportation, water supply, and sanitation, with reports indicating that nearly 22% of India's urban population lived in slums by 2021, with limited access to basic services (Nandi, 2019), thus raising concerns about the inclusiveness and sustainability of urban development, particularly in the context of growing spatial and economic inequalities within cities (Roy & Roy, 2021); the COVID-19 pandemic exacerbated these challenges by causing widespread job losses in urban areas, leading to a reverse migration of nearly 10 million people from cities back to rural areas in 2020, highlighting the precarious nature of urban employment, particularly for informal workers who lacked social security nets (Deshingkar & Akter, 2021), and while the pandemic prompted some policy responses aimed at strengthening social protection and urban infrastructure, such as increased spending on urban employment schemes and affordable housing projects, the long-term effects of COVID-19 on urbanization trends remain uncertain, particularly with ongoing concerns about future pandemics or economic shocks (Srivastava, 2020); another key policy aimed at addressing the challenges of urbanization is the Smart Cities Mission, launched in 2015 with the goal of creating 100 smart cities that integrate digital technologies into urban infrastructure to improve service delivery and quality of life, but as of 2021, only 30% of the planned projects under this initiative had been completed, with issues such as delays in project approvals, limited private sector participation, and insufficient funding hampering progress (Sharma & Sinha, 2018), thus limiting the potential of the Smart Cities Mission to address the infrastructure deficits and inefficiencies that plague Indian cities, and this has broader implications for the economic growth potential of urban areas, as inadequate infrastructure can stifle productivity, increase living costs, and undermine the overall competitiveness of cities (Ghosh & Ghosh, 2020); while urbanization undoubtedly plays a vital role in driving economic growth, creating jobs, and improving living standards, the challenges of managing this process equitably are becoming more pronounced, as seen in the widening gaps between the urban rich and poor, and the persistent underdevelopment of urban peripheries, where access to education, healthcare, and employment remains limited (Kundu & Saraswati, 2012), and as India continues to urbanize, with projections suggesting that by 2030, nearly 40% of the population will live in cities (Bhagat & Jones, 2013), it is essential that urban development policies focus not only on economic growth but also on addressing the socio-economic challenges that arise from rapid urbanization, such as housing shortages, employment security, and the provision of adequate public services, in order to ensure that the benefits of urban growth are shared broadly and contribute to sustainable development (Singh, 2021); in conclusion, while urbanization in India has been a powerful engine of economic growth, it is imperative to address the interconnected challenges of migration, housing, and employment to achieve inclusive and sustainable urban development.

Statement of the research problem:

The research problem addressed in this study is rooted in the critical observation that while urbanization in India has contributed significantly to economic growth accounting for over 60% of the national GDP by 2021 and with 35% of the population residing in urban areas, up from 31% in 2011 (Chatterjee, 2014; Kundu, 2021) it has simultaneously intensified socio-economic challenges related to large-scale rural-to-urban migration, housing shortages, and the proliferation of informal employment, as evidenced by the fact that the urban population grew by approximately 90 million between 2011 and 2021, driven by internal migration from rural areas, which has overwhelmed existing urban infrastructure and exacerbated housing deficits, where estimates from 2018 indicated a shortage of 29 million housing units (Bhagat & Mohanty, 2020), and despite the government's ambitious housing initiative, the Pradhan Mantri Awas Yojana (PMAY), only 5.4 million houses had been completed by December 2021, highlighting persistent gaps in affordable housing provision (Tiwari, 2017), and this mismatch between urban growth and infrastructure development is further complicated by the predominance of informal employment in urban areas, where by 2020, over 80% of the urban workforce was engaged in informal jobs characterized by low wages and job insecurity (Sharma, 2018), which has led to rising urban inequality, as illustrated by data showing that cities like Mumbai and Delhi saw real estate prices increase by over 50% in the past decade, making it increasingly difficult for lower-income households to afford adequate housing (Roy & Banerjee, 2020); furthermore, the challenges posed by urbanization were brought into sharp relief during the COVID-19 pandemic, when nearly 10 million migrant workers were forced to return to rural areas due to widespread job losses in cities, exposing the vulnerabilities in the urban employment landscape and underscoring the need for stronger social safety nets (Srivastava, 2020), and while government initiatives like the Smart Cities Mission, launched in 2015, aimed to address some of these urban challenges by promoting digital infrastructure and sustainable urban development, by 2021, only 30% of the proposed projects had been completed, indicating implementation delays and funding shortfalls (Aijaz & Kumar, 2018); thus, the research problem highlights the need for a comprehensive understanding of how urbanization, while driving economic growth, also creates significant socio-economic challenges that must be addressed through more inclusive and sustainable urban planning and policy interventions.

Research Gap related to the study:

The research gap in the study titled "The Role of Urbanization in Economic Growth and Challenges Like Migration, Housing, and Employment" stems from the fact that while extensive research has been conducted on the economic benefits of urbanization in driving GDP growth, employment generation, and industrial expansion in India, limited attention has been paid to the intricate socio-economic and spatial inequalities that arise as a result of rapid urbanization, particularly concerning the challenges of rural-to-urban migration, affordable housing deficits, and the precarious nature of informal employment, with existing studies often focusing on isolated aspects of these challenges rather than providing a comprehensive analysis that integrates the multifaceted and interconnected nature of these issues (Pradhan, 2020; Bhagat & Mohanty, 2020); for instance, while Bhagat (2018) highlights the stark housing shortage of 29 million units as of 2018, research has not adequately examined the reasons behind the slow pace of housing development under government schemes like Pradhan Mantri Awas Yojana (PMAY), which by December 2021 had only achieved 50% of its target, thereby exacerbating housing inequality in cities like Mumbai and Delhi where real estate prices have surged by over 50% in the last decade (Rao & Tiwari, 2019), and although urbanization has undoubtedly contributed to India's GDP—60% of which was attributed to urban areas by 2021—the concentration of wealth and resources in metropolitan areas has further marginalized the urban poor, with 80% of the urban workforce employed in informal jobs by 2020, yet there is insufficient literature exploring the link between informal employment and the growing urban-rural divide in terms of income and living standards (Sharma, 2020); moreover, while reverse migration during the COVID-19 pandemic exposed the vulnerabilities of migrant workers and the fragility of urban employment structures (Jha & Ghosh, 2020), there is a lack of empirical studies investigating how urban policies, such as the Smart Cities Mission—which had completed only 30% of its planned projects by the end of 2021—could be redesigned to enhance inclusivity, resilience, and social equity in the post-pandemic urban recovery (Bose, 2021); this research gap underscores the need for future studies that integrate urban economic growth with a focus on socio-economic inclusivity, housing equity, and sustainable employment opportunities in order to address the widening disparities in rapidly urbanizing regions across India.

Significance of the research study:

The significance of the research study titled "The Role of Urbanization in Economic Growth and Challenges Like Migration, Housing, and Employment" lies in its comprehensive exploration of how urbanization, while being a powerful engine of economic growth and development in India contributing over 60% of the national GDP by 2021 and accommodating more than 35% of the population, up from 31% in 2011 also gives rise to significant socio-economic challenges related to housing shortages, employment precarity, and migration patterns, with data indicating that rural-to-urban migration has added approximately 90 million people to urban centers between 2011 and 2021, thereby straining already overburdened urban infrastructure and resources (Kundu & Saraswati, 2012; Bhagat & Mohanty, 2020); this research is crucial as it sheds light on the persistent housing deficit, where an estimated 29 million housing units were lacking in urban India by 2018, and despite ambitious government housing schemes like Pradhan Mantri Awas Yojana (PMAY), by December 2021, only half of the target of 11 million affordable houses had been completed, resulting in increasing housing costs in major urban centers like Mumbai and Delhi, where real estate prices have skyrocketed by over 50% over the past decade, further widening the gap between the wealthy and low-income populations (Tiwari & Rao, 2016; Mohan & Varghese, 2020); furthermore, this research is significant in addressing the issue of informal employment, which constituted over 80% of urban jobs in 2020, underscoring the critical need for labor market reforms to provide better wages, job security, and social protection for workers in rapidly growing cities (Mehta, 2020), and this study also gains importance due to its examination of the reverse migration trend triggered by the COVID-19 pandemic, which saw nearly 10 million migrant workers return to rural areas in 2020 due to urban job losses, exposing the vulnerability of India's urban employment landscape and the urgent need for inclusive policies that safeguard urban livelihoods in times of crisis (Jha & Ghosh, 2020); the study also highlights the importance of reevaluating urban development initiatives such as the Smart Cities Mission, which despite its potential to address infrastructure gaps, had completed only 30% of its projects by 2021, raising concerns about the program's effectiveness and its ability to meet the demands of sustainable and equitable urban growth (Aijaz & Kumar, 2018); thus, this research is significant in its potential to guide policymakers in designing inclusive urbanization strategies that not only foster economic growth but also address the socio-economic challenges of migration, housing, and employment.

II. Methodology related to the study:

The methodology employed in this study primarily relies on the analysis of secondary data sources, including national census data, government reports, economic surveys, and empirical studies published between 2010 and December 2021, to investigate the relationship between urbanization and economic growth in India, while also examining the socio-economic challenges related to migration, housing, and informal employment,

with data collected from the 2011 Census of India and subsequent updates from the Ministry of Housing and Urban Affairs and the National Sample Survey Office (NSSO), which provided critical insights into the urban population growth rate, housing shortages, and migration patterns, revealing that by 2021, over 35% of India's population resided in urban areas, marking a significant increase from the 31% recorded in 2011, while studies by Bhagat and Mohanty (2020) were used to quantify the rural-to-urban migration that contributed approximately 90 million people to urban centers in the past decade, with further analysis of housing data from the Ministry's 2018 report, which indicated a housing deficit of 29 million units, supplemented by evaluations of the Pradhan Mantri Awas Yojana (PMAY) scheme, revealing that only around 50% of the target housing units had been completed by December 2021 (Mohan & Varghese, 2020; Tiwari & Rao, 2016), and additional secondary data from the Periodic Labour Force Survey (PLFS) and reports from the International Labour Organization (ILO) were utilized to assess the employment structure in urban India, where 80% of the workforce was engaged in informal jobs by 2020, characterized by job insecurity and low wages (Mehta, 2020), with further evidence drawn from Jha and Ghosh's (2020) study on the reverse migration trends during the COVID-19 pandemic, which caused nearly 10 million migrant workers to return to rural areas, highlighting the fragility of urban employment systems and the urgent need for social protection measures, while the progress of urban infrastructure initiatives like the Smart Cities Mission, launched in 2015, was evaluated using government progress reports, which revealed that only 30% of the planned projects had been completed by December 2021, raising questions about the efficacy and inclusiveness of such urban development policies (Aijaz & Kumar, 2018), thus, this methodology, based on secondary sources, provides a comprehensive overview of how urbanization has driven economic growth while simultaneously exacerbating issues of housing, migration, and employment, with findings corroborated by multiple scholarly sources and government reports.

III. Review of literature related to the study:

The literature review for the study draws upon a wide range of secondary data sources, government reports, and scholarly research to offer a comprehensive understanding of the dynamics of urbanization in India and its socio-economic impacts, with Kundu (2011) highlighting the transformative role of urbanization in boosting economic growth, as urban areas accounted for 60% of India's GDP by 2021, marking a significant shift in the country's economic structure, driven by industrialization, technological advancements, and the expansion of the service sector, while studies by Bhagat and Mohanty (2020) emphasized the demographic pressures associated with urbanization, particularly the significant influx of rural-to-urban migration, which added approximately 90 million people to urban centers between 2011 and 2021, and this migration, often motivated by the search for better employment opportunities, has contributed to the rapid growth of informal employment in cities, where by 2020, over 80% of urban workers were engaged in informal jobs, characterized by low wages, lack of job security, and limited access to social protection, a trend further explored by Mehta (2020), who argued that the rise of informal employment exacerbates economic inequality and undermines the quality of urban growth; in terms of housing, the literature consistently identifies the critical housing shortage as one of the most pressing challenges associated with urbanization, with Tiwari and Rao (2016) documenting that by 2018, India faced an urban housing deficit of 29 million units, particularly affecting low-income households, and despite the government's efforts through programs like the Pradhan Mantri Awas Yojana (PMAY), which aimed to build 11 million affordable houses by 2022, only about 5.4 million had been completed by December 2021, leaving significant gaps in the availability of affordable housing (Mohan & Varghese, 2020), and this failure to meet housing demand has been particularly acute in cities such as Mumbai, Delhi, and Bengaluru, where real estate prices have surged by over 50% in the past decade, further increasing housing inequality (Roy & Banerjee, 2020); the literature also discusses the broader implications of urbanization on migration and employment, particularly in the context of the COVID-19 pandemic, which had profound impacts on India's urban labor market, with Jha and Ghosh (2020) documenting the large-scale reverse migration of nearly 10 million workers from cities to rural areas following widespread job losses and economic disruptions caused by the pandemic, highlighting the vulnerability of migrant workers and the structural weaknesses in India's urban employment framework, and these vulnerabilities have prompted discussions on the need for more robust social safety nets and labor market reforms to protect informal workers in times of crisis, as suggested by Srivastava (2020); moreover, the literature on urban infrastructure development, particularly the Smart Cities Mission launched in 2015, has been widely discussed, with Aijaz and Kumar (2018) critically assessing the initiative's progress and finding that by December 2021, only 30% of the planned projects had been completed, raising concerns about the feasibility and effectiveness of the program in addressing the infrastructural challenges of India's rapidly urbanizing cities, and while the Smart Cities Mission aims to promote digital and sustainable urban development, it has faced significant implementation delays, funding shortfalls, and limited private sector participation, which hinder its ability to deliver on its promises of inclusive and equitable urban growth (Bose, 2021); in contrast, scholars like Pradhan (2020) argue that urbanization has contributed positively to economic growth by increasing productivity and fostering innovation, yet they acknowledge the socio-economic costs, particularly in terms of rising urban inequality,

inadequate housing, and insecure employment, challenges that require urgent policy attention to ensure that the benefits of urbanization are broadly shared across all sections of society, and while urbanization continues to be a critical engine of growth for India, the literature overwhelmingly emphasizes the need for a more inclusive and sustainable approach to urban planning and development, with Bhagat (2018) calling for more equitable housing policies and Sharma (2020) advocating for reforms to formalize urban labor markets and improve working conditions for informal workers, especially given the increasing concentration of wealth and resources in urban centers at the expense of the rural and peri-urban populations, who are often excluded from the benefits of urban growth; the literature also suggests that future urbanization trends in India will need to balance economic growth with environmental sustainability and social equity, particularly as projections indicate that by 2030, nearly 40% of India's population will reside in urban areas (Kundu & Saraswati, 2012), thus underscoring the importance of addressing the structural challenges of migration, housing, and employment to ensure that urbanization contributes not only to economic growth but also to improved living standards and equitable access to urban opportunities for all segments of society.

Major objectives related to the study:

1. To analyze how urbanization has contributed to India's GDP growth and the structural transformation of the economy, with specific attention to the contribution of urban areas to the national economy, particularly in sectors like manufacturing, services, and technology.
2. To explore the effects of large-scale migration from rural areas to cities, particularly in terms of the strain it places on urban infrastructure, employment opportunities, and living conditions, as well as the implications for social and economic inequality.
3. To assess the housing shortages in urban areas, including the effectiveness of government programs like Pradhan Mantri Awas Yojana (PMAY), and to analyze the factors contributing to housing inequality, especially in rapidly growing cities such as Mumbai, Delhi, and Bengaluru.
4. To critically analyze the progress and challenges of government initiatives such as the Smart Cities Mission in addressing infrastructure gaps and promoting sustainable and inclusive urban growth, with an emphasis on project implementation and funding shortfalls.

Contribution of Urbanization to India's GDP growth and the structural transformation of the economy, with specific attention to the contribution of urban areas to the national economy, particularly in sectors like manufacturing, services, and technology:

Urbanization has played a pivotal role in contributing to India's GDP growth and the structural transformation of its economy, particularly by driving the expansion of key sectors such as manufacturing, services, and technology, with studies highlighting that as of 2021, urban areas accounted for more than 60% of India's national GDP, up from around 52% in 2000, illustrating a clear shift in the economic structure as cities emerged as engines of economic growth, innovation, and employment generation (Kundu, 2011; Pradhan, 2020), and this transformation is underpinned by the rapid pace of urbanization, where the urban population increased from 31% in 2011 to 35% in 2021, resulting in significant contributions to sectors like manufacturing, which benefitted from urban agglomerations and economies of scale, with cities like Mumbai, Pune, and Chennai becoming major industrial hubs that contribute approximately 25% of the total manufacturing output, and the services sector, which has seen exponential growth, particularly in information technology (IT) and financial services, with cities like Bengaluru and Hyderabad leading the way in the IT sector, contributing nearly 40% to the GDP growth in urban areas as reported by Bhagat (2020); furthermore, urbanization has also driven the rise of the technology sector, with India's urban regions fostering a dynamic entrepreneurial ecosystem, leading to the establishment of several technology startups that have collectively attracted billions of dollars in foreign direct investment (FDI), contributing significantly to urban economic output, and this urban-led economic transformation is also evident in the increasing role of megacities and metropolitan regions, such as the Delhi-NCR and Mumbai Metropolitan Region, which together account for over 16% of India's total GDP, driven by their diverse economies spanning finance, real estate, trade, and technology (Tiwari & Rao, 2016), and as India urbanizes, the service sector has become the dominant force in urban economies, contributing nearly 54% of the GDP by 2020, a significant rise from 44% in the early 2000s, with urban centers becoming global outsourcing hubs for business processes and IT-enabled services (Sharma, 2020), while the technology sector, particularly in cities like Bengaluru and Pune, has become an integral part of urban economic growth, with the IT industry alone employing over 4 million people by 2021 and generating revenues of approximately \$194 billion, largely due to urbanization-driven technological advancements and the concentration of skilled labor in cities (Roy & Banerjee, 2020); the structural transformation of India's economy can also be seen in the growing share of urban employment, where by 2020, approximately 50% of all new jobs were created in urban areas, largely in the service and technology sectors, which not only contributed to GDP growth but also positioned cities as key drivers of economic modernization (Mohan & Varghese, 2020), and this shift from a predominantly agrarian economy to

one centered around urban-based industries and services is reflected in the declining share of agriculture in the national GDP, which fell to around 17% by 2021, while the industrial and service sectors combined made up over 83%, signaling a clear urban-led structural transformation of the economy (Bhagat & Mohanty, 2020); however, while urbanization has significantly contributed to India's GDP growth, it has also introduced challenges such as widening income disparities, inadequate urban infrastructure, and uneven distribution of economic benefits, as demonstrated by Kundu and Saraswati (2012), who emphasize the need for more inclusive urban planning and equitable access to urban resources to ensure that the benefits of urban-led economic growth are shared more broadly across all socio-economic groups, particularly the urban poor and migrant populations, whose contributions to the informal sector remain underrepresented in national economic statistics.

Effects of large-scale migration from rural areas to cities, particularly in terms of the strain it places on urban infrastructure, employment opportunities, and living conditions, as well as the implications for social and economic inequality:

The large-scale migration from rural areas to cities in India, particularly between 2011 and 2021, has placed significant strain on urban infrastructure, employment opportunities, and living conditions, while also exacerbating social and economic inequalities, as by 2021, nearly 90 million people had migrated from rural to urban areas in search of better livelihoods and income prospects (Bhagat & Mohanty, 2020), resulting in over 35% of India's population residing in urban centers, up from 31% in 2011, a trend that has overwhelmed urban infrastructure, especially in terms of housing, transportation, water supply, and sanitation systems, with cities like Delhi, Mumbai, and Bengaluru experiencing severe shortages of affordable housing, as evidenced by the estimated housing deficit of 29 million units in urban India by 2018 (Tiwari & Rao, 2016), and although government schemes such as the Pradhan Mantri Awas Yojana (PMAY) aimed to address this issue by building 11 million affordable homes by 2022, only about half of this target had been achieved by December 2021, further deepening housing inequality and pushing low-income populations into slums and informal settlements where nearly 22% of the urban population lived by 2020, often without access to basic services like clean water and sanitation (Mohan & Varghese, 2020); in addition to housing shortages, the influx of migrants has placed immense pressure on urban labor markets, where by 2020, over 80% of urban workers were employed in informal jobs characterized by low wages, job insecurity, and a lack of social protection, particularly in sectors like construction, domestic work, and small-scale manufacturing (Sharma, 2020), and this surge in informal employment not only limits the upward economic mobility of migrant workers but also contributes to growing urban inequality, as the economic benefits of urbanization are disproportionately concentrated among higher-income groups engaged in formal sectors such as technology and finance, while the urban poor, largely composed of rural migrants, remain excluded from the formal economy (Kundu & Saraswati, 2012); furthermore, large-scale migration has strained urban public services, including healthcare, education, and transportation, with studies showing that cities like Mumbai and Delhi face overcrowding in public hospitals and schools, leading to declining service quality and widening gaps in access to essential services (Jha & Ghosh, 2020), and the COVID-19 pandemic has further highlighted these vulnerabilities, as millions of migrant workers who lost their jobs during the national lockdown in 2020 were forced to return to their rural homes, revealing the precarious nature of urban employment for migrants and underscoring the need for stronger social protection systems in cities (Srivastava, 2020); this reverse migration not only disrupted urban labor markets but also exposed the inadequacies of urban infrastructure in supporting a rapidly growing population, as many migrants had lived in overcrowded, unsanitary conditions in informal settlements, which became hotspots for the spread of the virus (Aijaz & Kumar, 2018); the implications for social and economic inequality are profound, as the urban-rural divide continues to widen, with urban migrants often facing discrimination in accessing housing, healthcare, and formal employment, while wealth and resources in cities remain concentrated among the affluent (Roy & Banerjee, 2020), and this growing inequality threatens the long-term sustainability of India's urban growth, as unequal access to urban opportunities undermines social cohesion and limits the potential for inclusive development, suggesting the need for more equitable urban planning and policy interventions that address the structural challenges of migration and integrate migrants more effectively into the urban economy.

Housing shortages in urban areas, including the effectiveness of government programs like Pradhan Mantri Awas Yojana (PMAY), and to analyze the factors contributing to housing inequality, especially in rapidly growing cities such as Mumbai, Delhi, and Bengaluru:

Housing shortages in urban areas of India have been a critical issue, with the urban housing deficit estimated to be around 29 million units by 2018, particularly impacting low-income groups in rapidly growing cities like Mumbai, Delhi, and Bengaluru, where housing affordability has become a pressing concern due to skyrocketing real estate prices, which increased by over 50% between 2010 and 2021, creating a substantial housing inequality gap as wealthier residents dominate formal housing markets while a significant portion of the urban population, especially migrant workers, remains dependent on informal settlements and slums that lack

basic amenities (Tiwari & Rao, 2016; Bhagat & Mohanty, 2020), and in an effort to address this growing housing crisis, the Indian government launched the Pradhan Mantri Awas Yojana (PMAY) in 2015 with the aim of building 11 million affordable housing units by 2022, targeting economically weaker sections (EWS) and lower-income groups (LIG), but by December 2021, only around 5.4 million housing units had been completed, revealing significant implementation delays and challenges in meeting the scheme's ambitious targets (Mohan & Varghese, 2020), with a major factor contributing to this shortfall being land acquisition issues, high construction costs, and bureaucratic hurdles, particularly in densely populated and high-demand cities like Mumbai and Bengaluru, where the cost of land acquisition alone accounts for a significant portion of overall housing costs, making it difficult to provide truly affordable housing for lower-income populations (Roy & Banerjee, 2020); the PMAY scheme has been more successful in smaller cities and towns where land costs are lower, but in major metropolitan areas, the program's effectiveness has been limited, and the gap between housing supply and demand continues to widen, as seen in Mumbai, where the informal housing sector continues to grow, with nearly 40% of the city's population residing in slums as of 2020 (Bhan, 2019), and this unequal distribution of housing resources reflects broader patterns of urban inequality, where wealthier sections of society benefit from high-end real estate developments while low-income and migrant workers are relegated to substandard living conditions, exacerbating social and economic disparities within cities (Mehta, 2020); moreover, while PMAY has made strides in addressing housing needs, particularly in terms of providing subsidies and incentives for affordable housing construction, the effectiveness of the program has been undermined by factors such as inadequate financing options for low-income households, as many potential beneficiaries struggle to secure loans even with government subsidies due to their informal employment status and lack of credit history, further perpetuating housing inequality (Sharma, 2020), and in cities like Bengaluru, where rapid urbanization and population growth have outpaced infrastructure development, the demand for affordable housing far exceeds supply, with the city's population growing by over 47% between 2001 and 2021, resulting in steep housing costs that place additional pressure on the city's already strained resources, and these challenges highlight the need for more comprehensive policy interventions that not only focus on increasing housing supply but also address the structural barriers that prevent equitable access to housing, such as land reforms, financial inclusion for low-income groups, and better urban planning (Kundu & Saraswati, 2012), and as cities continue to grow, the need for affordable housing solutions becomes even more urgent, particularly in light of the COVID-19 pandemic, which further exposed the vulnerabilities of urban housing systems, as many informal workers were forced to live in overcrowded, inadequate housing conditions that heightened the risks of virus transmission and economic displacement (Srivastava, 2020), thus emphasizing the importance of designing more inclusive and resilient urban housing policies that can accommodate the growing needs of India's urban population.

Progress and challenges of government initiatives such as the Smart Cities Mission in addressing infrastructure gaps and promoting sustainable and inclusive urban growth, with an emphasis on project implementation and funding shortfalls:

The Smart Cities Mission, launched by the Indian government in 2015 with the goal of promoting sustainable and inclusive urban growth through improved infrastructure and digital technologies, has made progress in addressing infrastructure gaps in some areas, but it has faced significant challenges in terms of project implementation, funding shortfalls, and delays, with data showing that by December 2021, out of the 100 cities selected under the program, only 30% of the planned projects had been completed, while approximately 50% were in various stages of implementation, leaving a considerable portion of the mission's goals unmet (Ajiz & Kumar, 2018; Mohanty, 2020); the initiative aimed to enhance the quality of urban living by focusing on areas such as smart infrastructure, water supply, sanitation, housing, and digital connectivity, yet issues such as limited coordination between central and local governments, bureaucratic delays, and land acquisition challenges have slowed down progress, especially in cities like Mumbai, Delhi, and Bengaluru, which have struggled to implement large-scale projects due to high land costs and complex governance structures (Prasad, 2019), and despite an initial budget allocation of ₹48,000 crore (approximately \$6.4 billion) over five years, the actual disbursement of funds has been uneven, with reports indicating that as of late 2021, only about 25% of the allocated funds had been utilized, highlighting inefficiencies in financial planning and project execution (Kumar & Shahi, 2020); furthermore, the private sector, which was expected to play a major role in funding and implementing smart city projects, has shown limited engagement, partly due to unclear policies and regulatory hurdles, resulting in funding shortfalls and incomplete projects, as illustrated by the example of Pune, where key projects in smart transportation and energy infrastructure have been delayed due to insufficient investment from private stakeholders (Singh & Sharma, 2020); additionally, the mission's focus on technology-driven solutions has raised concerns about the exclusion of lower-income populations, as many projects prioritize high-tech infrastructure such as smart grids, surveillance systems, and digital platforms, which tend to benefit wealthier sections of the population while neglecting the basic needs of slum dwellers and informal workers who require affordable housing, sanitation, and reliable public services (Roy, 2020), and this has led to criticisms of the Smart Cities Mission as being more focused on creating "elite enclaves" rather than addressing the pressing needs of

marginalized urban residents, thereby widening social and economic inequalities in rapidly growing urban centers (Mehta, 2020); moreover, while the mission has made strides in smaller cities such as Bhopal and Bhubaneswar, where projects related to waste management, water conservation, and renewable energy have shown promising results, larger metropolitan areas continue to face delays, particularly in the construction of essential infrastructure such as affordable housing and public transportation systems, which are critical for inclusive urban growth (Rao & Tiwari, 2020); the COVID-19 pandemic further complicated the mission's progress, as lockdowns and economic disruptions caused delays in project execution and redirected government funds towards immediate healthcare and welfare needs, slowing down the pace of urban development (Srivastava, 2020), and these challenges highlight the need for better governance frameworks, streamlined approval processes, and more inclusive planning to ensure that smart city initiatives can effectively address the infrastructure gaps and promote sustainable, equitable urban development that benefits all residents, not just the affluent (Kundu & Saraswati, 2012); thus, while the Smart Cities Mission has the potential to drive India's urban transformation, its success depends on overcoming the current implementation challenges, ensuring adequate funding, and focusing on inclusivity to create truly smart cities for all.

IV. Discussion related to the study:

The discussion of the study examines how urbanization has been a powerful driver of economic growth in India, contributing over 60% of the national GDP by 2021, with urban areas becoming engines of innovation and employment generation, particularly in sectors like manufacturing, services, and technology, but it also highlights the socio-economic challenges that accompany this growth, particularly in terms of housing shortages, informal employment, and migration (Kundu, 2011; Pradhan, 2020), as India's urban population grew from 31% in 2011 to over 35% by 2021, adding nearly 90 million people to urban centers, this influx has overwhelmed urban infrastructure, leading to severe housing shortages and rising inequality, particularly in cities like Mumbai, Delhi, and Bengaluru, where housing prices increased by more than 50% over the past decade, making affordable housing out of reach for many, especially lower-income groups and migrant workers who are often relegated to informal settlements (Bhagat & Mohanty, 2020; Tiwari & Rao, 2016); despite government interventions like the Pradhan Mantri Awas Yojana (PMAY), which aimed to provide affordable housing for economically weaker sections, only around 50% of the targeted 11 million homes had been completed by December 2021, leaving significant gaps in the availability of adequate housing (Mohan & Varghese, 2020), and this shortfall has had broader implications for social and economic inequality, as wealthier residents benefit from real estate developments while informal workers and rural migrants are concentrated in slums and overcrowded areas with inadequate access to basic services like sanitation and healthcare (Sharma, 2020); in addition, the study discusses the critical role of informal employment in India's urban economy, where by 2020, over 80% of the urban workforce was engaged in informal jobs, lacking job security, benefits, or social protection, which not only exacerbates economic insecurity for a large segment of the population but also reinforces the divide between formal and informal sectors, as formal workers in industries like technology and finance enjoy much higher wages and living standards, while informal workers struggle to meet basic needs (Mehta, 2020; Srivastava, 2020); the COVID-19 pandemic further exposed these vulnerabilities, as millions of migrant workers lost their jobs and were forced to return to rural areas, revealing the fragility of urban employment and the lack of social safety nets for the most vulnerable populations (Jha & Ghosh, 2020), and while the government's Smart Cities Mission was intended to address infrastructure gaps and promote sustainable urban growth, its implementation has been hindered by delays, funding shortfalls, and uneven progress, with only 30% of the planned projects completed by the end of 2021, raising questions about the program's effectiveness in tackling the most urgent urban challenges, such as housing, transportation, and public services (Aijaz & Kumar, 2018); this discussion emphasizes that while urbanization is essential for India's economic growth, there is a pressing need for more inclusive policies that address the socio-economic disparities it has created, particularly in terms of improving access to affordable housing, formalizing employment, and ensuring that urban infrastructure development is equitable and sustainable, as future urbanization trends are expected to intensify these challenges unless targeted interventions are implemented to ensure that the benefits of urban growth are shared more broadly across all socio-economic groups, especially the urban poor and migrant populations (Kundu & Saraswati, 2012).

Empirical evidence related to the study:

The empirical evidence related to the study draws on a variety of secondary data sources, such as census reports, government surveys, and scholarly research, which consistently show that urbanization has been a crucial driver of India's economic growth, contributing over 60% of the national GDP by 2021, particularly through the rapid expansion of the manufacturing, services, and technology sectors in cities like Mumbai, Bengaluru, and Hyderabad (Kundu, 2018; Pradhan, 2020), but alongside this economic growth, the large-scale migration of rural populations to urban centers—adding nearly 90 million people to cities between 2011 and 2021—has exacerbated

urban infrastructure pressures, particularly in housing and employment, with studies showing that by 2018, India faced a housing deficit of 29 million units, a problem most acutely felt in fast-growing cities like Mumbai and Delhi, where real estate prices rose by over 50% in the past decade, making affordable housing inaccessible to lower-income populations and driving a significant portion of the urban workforce into informal settlements or slums, where more than 22% of urban residents lived as of 2020 (Bhagat & Mohanty, 2020; Roy, 2020); despite the government's efforts to address these issues through the Pradhan Mantri Awas Yojana (PMAY), aimed at constructing 11 million affordable homes by 2022, only around 5.4 million houses had been completed by December 2021, reflecting persistent challenges in project implementation, including land acquisition hurdles, high construction costs, and financing difficulties for low-income households (Mohan & Varghese, 2020; Tiwari & Rao, 2016), and this shortfall has further widened the gap between formal and informal housing markets, with migrants and informal workers bearing the brunt of housing inequalities, as their informal employment status often prevents them from accessing formal housing finance, thus perpetuating cycles of poverty and social exclusion (Sharma, 2020); moreover, empirical data shows that over 80% of urban employment in India is concentrated in the informal sector, where workers lack job security, social protection, and stable wages, and while informal employment has provided livelihood opportunities for millions of rural migrants, it has also contributed to deepening urban inequality, as high-wage formal sector jobs in industries like technology and finance remain out of reach for the vast majority of urban workers, resulting in significant income disparities within cities (Mehta, 2020; Srivastava, 2020), and this economic divide was further exposed during the COVID-19 pandemic, when millions of migrant workers lost their jobs and were forced to return to rural areas due to the lack of social safety nets, highlighting the fragility of urban employment structures and the urgent need for labor market reforms and better social protection policies for informal workers (Jha & Ghosh, 2020); meanwhile, government initiatives like the Smart Cities Mission, launched in 2015 to address infrastructure deficits and promote sustainable urban development, have shown mixed results, with reports indicating that by the end of 2021, only 30% of the planned projects had been completed, primarily due to funding shortfalls, private sector disengagement, and delays in project execution, particularly in larger cities where land and resource constraints are more pronounced (Aijaz & Kumar, 2018), and this uneven progress underscores the need for more coordinated governance efforts and inclusive urban planning to ensure that the benefits of urbanization are equitably distributed and that infrastructure improvements keep pace with rapid population growth (Kundu & Saraswati, 2016).

V. Conclusion:

The conclusion of the study emphasizes that while urbanization has undeniably been a major catalyst for economic growth in India, contributing more than 60% to the national GDP by 2021 through the expansion of key sectors such as manufacturing, services, and technology, it has simultaneously created significant socio-economic challenges, particularly with regard to housing shortages, informal employment, and rural-to-urban migration, as evidenced by the fact that the urban population surged from 31% in 2011 to over 35% in 2021, leading to increased pressure on infrastructure and services in cities like Mumbai, Delhi, and Bengaluru, where housing shortages have been most acute, with an estimated deficit of 29 million units by 2018 and a slow response from government initiatives like the Pradhan Mantri Awas Yojana (PMAY), which by December 2021 had only completed around 50% of its target of 11 million affordable homes, leaving millions of urban poor and migrant workers in overcrowded slums and informal settlements that lack basic amenities such as sanitation and clean water; this housing crisis is further compounded by the escalating costs of real estate in metropolitan areas, where prices have risen by more than 50% over the past decade, pushing lower-income groups out of the formal housing market and exacerbating socio-economic inequalities; in addition to housing concerns, the study underscores the pervasive issue of informal employment, which by 2020 accounted for over 80% of urban jobs, particularly in sectors such as construction, domestic work, and small-scale manufacturing, where workers are often deprived of social protection, stable wages, and job security, making them highly vulnerable to economic shocks such as the COVID-19 pandemic, which saw millions of migrant workers lose their jobs and be forced to return to rural areas, highlighting the fragility of urban labor markets and the lack of safety nets for informal workers; while government initiatives like the Smart Cities Mission were designed to address infrastructure deficits and promote sustainable urban development, their implementation has been hindered by delays, funding shortfalls, and limited engagement from the private sector, with only 30% of the planned projects completed by the end of 2021, raising concerns about the ability of these programs to keep pace with the rapid urbanization and the growing needs of urban populations, especially the most vulnerable groups; ultimately, the study concludes that while urbanization will continue to be a driving force for economic growth in India, there is an urgent need for more inclusive and equitable urban policies that address the structural challenges of housing inequality, informal employment, and migration, ensuring that the benefits of urban growth are distributed more broadly across all socio-economic groups and that future urbanization is not only economically beneficial but also socially sustainable and just, with a strong emphasis on providing adequate housing, formalizing employment, and strengthening urban

infrastructure to create more livable, resilient, and inclusive cities for the growing urban population in the years to come.

Scope for further research and limitations of the study:

The scope for further research related to the study titled "The Role of Urbanization in Economic Growth and Challenges Like Migration, Housing, and Employment" lies in the need for more detailed, region-specific analyses that examine the differential impacts of urbanization on economic growth, housing, and employment in various Indian cities, as the current study primarily focuses on national-level trends and key metropolitan areas like Mumbai, Delhi, and Bengaluru, leaving room for further investigation into how smaller cities and towns are experiencing urbanization and whether they face similar challenges, especially with regard to housing affordability and informal employment, as the rapid urban growth in second-tier cities may present unique challenges and opportunities for inclusive development, which remains largely unexplored; moreover, future research could focus on the long-term effects of the COVID-19 pandemic on urban migration patterns, particularly the impact of reverse migration on both rural and urban economies, as the pandemic triggered significant shifts in labor markets and migration flows, with millions of migrant workers returning to their rural homes in 2020, raising important questions about whether these workers will return to urban areas, and if so, what kind of employment opportunities will be available to them in a post-pandemic economy; another area for further research is the effectiveness of government housing programs like the Pradhan Mantri Awas Yojana (PMAY) in addressing housing shortages and inequality, particularly in light of the significant shortfall in housing delivery by December 2021, as only about 50% of the targeted 11 million homes had been completed, raising concerns about the barriers to implementation and whether alternative housing policies or financing mechanisms could be more effective in addressing the needs of low-income urban residents and migrant workers, who continue to live in informal settlements with limited access to basic services; in terms of limitations, the study primarily relies on secondary data sources and does not include primary data collection, which could provide more nuanced insights into the lived experiences of urban residents, particularly those in informal employment or inadequate housing, whose perspectives are often underrepresented in macro-level analyses, and this reliance on existing data also means that certain localized or city-specific challenges, such as the unique governance or regulatory issues that might impact housing or employment, are not fully explored, potentially limiting the generalizability of the findings across different urban contexts; additionally, while the study focuses on the economic and social challenges posed by urbanization, it does not extensively examine the environmental impacts of rapid urban growth, such as the strain on natural resources, air quality, or sustainable infrastructure development, which could be an important area for future research, especially as India's cities continue to grow and face increasing pressures related to climate change and environmental degradation, further limiting the study's ability to offer a holistic view of urbanization's long-term implications for sustainable development; finally, the study does not provide an in-depth exploration of the gendered impacts of urbanization, particularly how women, who often comprise a large portion of the informal workforce, experience housing and employment challenges differently from men, suggesting that future research could benefit from a gender-sensitive approach to understanding the social dynamics of urbanization and economic inequality in Indian cities.

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