# Policy Challenges 2019−2024 | URBANISATION

In the last three decades, Indian cities have emerged as centerpiece of the country's growth story. Not only have they expanded rapidly in size and wealth but they have also become the beating heart of India's economy and society. However, our understanding of cities and urban governance remains outdated. Using new research, CPR faculty recommends a range of new ideas to reform urban governance and to make cities more prosperous and inclusive. The following essays look at the artificial barriers in internal migration that hinder social mobility, the failures of urban design which discourage female participation in the labour force and explore the linkages between formally-planned and informally-evolved aspects of Indian cities.

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# Multiply Urban 'Growth Engines', Encourage Migration to Reboot Economy

MUKTA NAIK

On the cusp of its demographic dividend,[1] India seeks to boost economic growth by transitioning large numbers of its working age population out of low productivity agricultural work, which currently absorbs 44% of the country's workforce.[2] While farm productivity is vital, urbanisation remains a key opportunity for large-scale employment transitions to the relatively productive non-farm sector. Moreover, cities have the potential to be 'engines of economic growth' for national economies, powered by an increase in productivity and innovation that emerges from the clustering of firms and labour, and tacit information spillovers between them.[3]

## Key Urban Challenges

To leverage the urban opportunity, India needs to address three significant challenges: how to move people, how to broaden the scope of urbanisation, and how to improve the quality of urbanisation.

*Migration mitigates poverty, yet barriers to long-term migration persist.* Internal migrants constitute about 28.3% of India's workforce. Another estimated 40-100 million short-term migrants do not permanently move their residence, but power critical sectors of the industry including agriculture, manufacturing and construction.[4] Moreover, short-term migration is a key avenue for rural households to diversify their income and access employment in more urbanized and developed regions; in this, migration is a counterbalance to regional imbalances in the country. Worryingly, the urban wage premium exists only for well-educated migrants. For less educated rural migrants in the city, the wage premium kicks in only when they find regular employment; until then they remain casual workers likely to move through rural and urban locations without putting down roots.[5]

Policy documents have acknowledged the Constitutional guarantee for free movement within India and recognized that the unfettered movement of human capital to where it is required is fundamental to India's economic development.[6] Yet, labour mobility remains a neglected area of public policy. Migrants are often unable to access social protection, including access to subsidized food and housing. They face political exclusion because there is no system that enables the participation of absentee migrant voters in elections. Moreover, inter-state migrants from socially backward categories stand to lose access to affirmative action provisions because SC/ST lists are prepared by states. State-level domicile provisions continue to keep migrants out of higher education and formal employment. Moving people, therefore, requires attention to economy, society and institutional design.

*India's urbanisation is dispersed, but metros get most of the attention.* Urban policy in India since the mid-2000s has focused on transforming metropolitan areas — large urban spaces that sprawl across districts and incorporate multiple municipal (and rural) entities — into economic powerhouses. This has reflected in the Government of India's urban schemes over time. The Jawaharlal Nehru National Urban Renewal Mission (JNNURM) exhibited a clear metropolitan bias.[7] Recent schemes such as the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) and the Smart Cities Mission have also favoured metros and million-plus cities.

Policymakers have barely paid attention to the dispersed spatial nature of India's urbanisation. It is driven not by the large-scale migration of villagers to the metropolis, as is popularly imagined, but by the natural growth of large city populations, and the in situ transition of large and dense villages into census towns through demographic and economic changes.[8] This trend, which is likely to continue,[9] indicates that India's urban vision need not be limited to the larger cities. In fact, the growth of small towns beyond the economics of large agglomerations is a key emerging trend in India that needs to be understood and valorized.[10] Given the scale, diversity and spatial spread of urbanisation processes in India, it might be entirely feasible to create hundreds of economic powerhouses in multiple locations that can trigger economic mobility for millions and reduce regional inequalities.

*Cities are messy and exclusionary, and urbanisation processes are top-down.* Indian urbanisation is caught in a paradoxical situation where, despite the attempts to address infrastructure and service gaps in larger cities, they remain increasingly unliveable as well as exclusionary.[11] For residents, the economic opportunity represented by the city is countered by disincentives like higher costs of food and housing, bad air quality, inefficient transport and inadequate basic services. In urban policy, however, the messiness is perennially attributed to in-migration, slums and poverty; its perceived antidote is a planning regime that seeks to indiscriminately transpose Chandigarh-like order — replete with grids and single land-use zooming — on cities and even transitional rural spaces. This imagination does not recognize the diversity of spaces that make up urban India, nor does it acknowledge the need for bottom-up efforts to build housing, provide services and organize transport.

Driven from the top, urban development schemes have shaped cities in particular ways; there has been no serious effort to decentralize power to urban local bodies — as mandated by the 74th Constitutional Amendment — or equip cities with adequate numbers of urban managers and technocrats. Cities are struggling with providing basic services and raising revenue. Instead of being handled by the directly elected government that runs the municipal corporation, critical planning functions related to land use and zoning; infrastructure and design interventions that can respond to local needs for public space, improved transport and safe streets; and economic functions related to industry and employment are carried out by state government-run institutions (development authorities, industrial development corporations and transport corporations). This makes it hard for governments to respond to localized problems, or tap into community initiatives.

## Policy Recommendations

India needs an integrated approach to urban policy, which recognizes the diversity of urban spaces in India, focuses on strengthening city governance systems, and is migrant-friendly.

*Multiply urban growth engines.* That India is moving towards a spatially dispersed urban system is good news, as it offers an opportunity to intervene in places that are yet to replicate the mistakes of large cities. We need to replace the imagination of transforming Mumbai into Shanghai—an onerous task—with a mission to transform hundreds of small cities across India, say in the size range of 100,000-600,000 people, into economic powerhouses. We must draw confidence from the successes of such cities the world over, which have been hotbeds of innovation and transformation.

The government must reorient central and state government schemes to include small cities, as a means of signalling their inclusion into India's urban growth narrative. Not only will funding go much further in a small city, if designed in a non-prescriptive way schemes could allow for solutions to emerge from the ground up, thereby encouraging entrepreneurial energies and public institutions to collaborate. Contrary to expectations, these abound in small cities across India. In Odisha, for example, a state government scheme to grant titles to slum dwellers is leveraging the Pradhan Mantri Awas Yojana (PMAY) to set off a mini construction boom in small towns. In Kishangarh, Rajasthan—a city of 150,000 people—local business elite have leveraged infrastructure (such as a new airport, a private logistics park and a dedicated rail freight corridor) to position the city as a global centre for processing domestic and imported marble and granite, generating work for both migrants and locals.

A focus on small cities also helps villagers, given half of India's rural-urban migration is to smaller cities. Placed at the mobility cusp, investments in small cities can go much further than basic infrastructure to create quality jobs and develop skills, both for rural and urban workers; they can also build infrastructure that boosts quality of life (transport systems, street lighting and public spaces).[12] With over half of India's industries located in what is currently classified as rural,[13] policies related to industrial development, skill development and labour must also focus on transitional 'rurban' spaces. This would call for an integrated response to urban and rural development that recognizes spatial diversity and responds to the wide variety of settlements across the country.

*Un-think rigid planning regimes, empower local governments.* The rigid master plans of our cities—and not all of them have plans—have been ineffective in strategically coordinating service provision and market forces to sustain economic growth. The governance and management of metropolitan areas might require a *sui generis* approach,[14] given the complexities of their problems and the multiplicity of governance actors and institutions. But here too, solutions that are locally incubated must be emulated. For instance, the secret to Kolkata's reliable, affordable and well-connected auto rickshaw system, is localized legislation to circumvent the vagaries of central laws and the involvement of representatives of rickshaw unions in key decisions like route planning.[15] Certainly, a serious attempt to devolve power to urban local bodies and activate district planning committees is a necessary prerequisite to planned urbanisation.

Beyond the logics of planning, a plethora of bottom-up initiatives must find representation in urban reform strategies, with the key objective of making cities efficient and pleasant places to live, work and socialize. Some of these initiatives deliver lasting solutions, such as the public library in Panaji, Goa, that is open seven days a week to all residents to read, study and interact, or South Canara's privately operated bus system that transports thousands every day within and between the towns and villages of the coastal region. In other cases, they narrate a story of continuing struggle. In resettlement colonies like Bhalswa in Delhi, residents have been instrumental in bringing in services and amenities through protests, negotiations and legal representations with elected officials and bureaucrats over 15 years. Their resilience and persistence eventually resulted in partially mitigating the deep failures of the resettlement policy.

Therefore, instead of viewing the presence of informal settlements purely as failures of planning, Indian cities must leverage the vast amounts of investments residents have already made through auto-construction by extending basic services to informal settlements. Further, cities must amend statutory planning documents to include a variety of tenure typologies that promote mixed-use, mixed-income neighbourhoods and include rental housing. Similarly, in order to find context-specific solutions to house the homeless, ensure spaces of livelihood for street vendors, treat faecal sludge from

septic tanks, and transport women safely to places of work, cities need to un-think the rigid plan and partner with communities, civil society and entrepreneurs to find workable models.

***Enable labour mobility and improve governance of migration.*** Finally, a focus on the portability of social protection could be key to knocking down barriers for migration, enabling rural workers to reduce risks as they find regular employment and social acceptance in the city. Immediately, the government has the opportunity to amend legislations so as to facilitate the registration of migrant construction workers in schemes under the Building and Other Construction Workers Act. This programme has an unspent pool of nearly INR 200 billion for social benefits of this highly mobile and vulnerable group.[16] Similarly, delinking individuals from household ration cards and a digital recordkeeping system would enable migrants to access Public Distribution System benefits wherever they might be. Experiments with smart card systems are already underway, with

the Rashtriya Swasthya Bima Yojana (RSBY), but need strengthening and improvement. Overall, ramping up universalized social protection in education and health, including critical interventions like Integrated Child Development Scheme (ICDS), is likely to incentivize long-term migration to cities over time.[17]

## Key Takeaways

With the thrust of urban change occurring in small towns and densifying villages, the incoming government must seize the opportunity of incubating a large number of economic powerhouses in dispersed locations. A reorienting of investments towards small cities, a push towards decentralization, and keen attention to bottom-up context-specific solutions will provide pathways out of rigid planning and governance models that have not delivered. As cities become better places to live and work, dismantling barriers to migration will become imperative for the equitable distribution of economic opportunities and benefits.

END NOTES

1.  See pages 30-34 in the Economic Survey 2016-17 (New Delhi: Economic Division, Department of Economic Affairs, Ministry of Finance, Government of India, 2017).

2.  Modelled International Labour Organization estimate for 2018, https://data.worldbank.org/indicator/sl.agr.empl.zs.

3.  G. Duranton, 'Cities: Engines of Growth and Prosperity for Developing Countries?', Working paper no. 12 (Washington D.C.: Commission on Growth and Development, 2008); World Bank, ed., 'Urban Policy and Economic Development: An Agenda for the 1990s (Washington, DC: World Bank, 1991).

4.  P. Deshingkar and S. Akter, *Migration and Human Development in India* (2009); R. Srivastava, 'Labour Migration in India: Recent Trends, Patterns and Policy Issues', *Indian Journal of Labour Economics* 54(3) (2011): 411-440.

5.  P. Mukhopadhyay and M. Naik, 'Moving from Principle to Practice', in *People on the Move: Advancing the Discourse on Migration & Jobs* (JustJobs Network, 2018).

6.  MoHUA, 'Report of the Working Group on Migration' (New Delhi: Ministry of Housing and Urban Affairs, Government of India, 2017).

7.  S. Khan, The Other JNNURM : What Does It Mean for Small Towns in India?, Working Paper No. 4 (CPR: 2014).

8.  Pradhan 2013

9.  Roy and Pradhan predict that in Census 2021, the share of India's urban population will continue to grow beyond municipal limits in census towns, both under the influence of metros and also in more localized forms away from metros.

10. E. Denis and M.H. Zerah, *Subaltern Urbanisation in India: An introduction to the Dynamics of Ordinary Towns* (New Delhi: Springer, 2017).

11. Indian cities rank poorly on the Mercer Quality of Living Survey 2019. See https://www.mercer.com/newsroom/2019-quality-of-living-survey.html; A. Kundu, and L. Ray Saraswati, 'Migration and Exclusionary Urbanisation in India', *Economic and Political Weekly* 47(26 & 27) (2017): 219-227.

12. M. Naik and G. Randolph, 'Migration Junctions in India and Indonesia: Re-imagining Places, Re-orienting Policy, Policy brief (JustJobs Network and Centre for Policy Research, 2018).

13. E. Ghani, A.G. Goswami and W.R. Kerr, 'Is India's Manufacturing Sector Moving Away from Cities?' (National Bureau of Economic Research, 2012).

14. See Partha Mukhopadhyay and Mukta Naik's op-ed titled 'For equitable growth, India must unthink the urban', *Hindustan Times*, 17 December 2018, https://www.hindustantimes.com/analysis/for-equitable-growth-india-must-unthink-the-urban/story-7FvJDsWGVWoXedI5XJGyhJ.html.

15. Arora et al., 'Integrating Intermediate Public Transport Within Transport Regulation in a Megacity: A Kolkata Case Study' (New Delhi: Centre for Policy Research, 2016).

16. S.N. Roy, Manish and M. Naik, 'Migrants in Construction Work: Evaluating their Welfare Framework' (2017).

17. Mukhopadhyay and Naik, 'Moving from Principle to Practice'.

Image Source: Max Pixel

# Regularizing Unauthorized Urban Industrial Areas[1]

PARTHA MUKHOPADHYAY AND EESHA KUNDURI

Informality and functionality are intricately interlinked in our cities, for 'the informal city is very much the functioning city'.[2] Policymakers, urban local bodies and government agencies need to move beyond dichotomies such as formal and informal, planned and unplanned, and recognize the interconnections among these. The relationship between manufacturing and urban planning needs to be redefined. More attention to informal manufacturing in our cities — where women constitute a visible segment of the workforce — and facilitating its connections to the formal segment will bear rich dividends, not just in supporting manufacturing, but also in raising female labour force participation, another critical policy goal.

## Beyond Slums and Vendors: Factories

Two strands of discussion appear to dominate the discourse about cities and informality. First, the auto-constructed nature of most urban neighbourhoods,[3] and the need for regularization and in situ upgradation of informal settlements. Second, promoting and supporting informal livelihoods like street trading and hawking. There is, however, another form of informal activity that is central to our cities: informal manufacturing and informally employed workers in formal manufacturing. Even when regularization is initiated, the focus in cities across the country — whether in Delhi, Bengaluru or even the smaller towns of Maharashtra — has been on residential and commercial

activity, and rarely on industrial activity. Importantly, these enterprises constitute a significant source of urban employment, particularly for women, and as such, call for policy attention.

The question of informal manufacturing is not only a question of registration and tax status of an enterprise—indeed it may well be registered—it is also about the tenuous relationship between manufacturing and urban planning, and needs to be understood in this context.

## Industry and the City: The Case of Delhi

Delhi's industrial landscape is dotted with several small-scale industries, wherein garment and footwear manufacturers comprise the largest share, followed by electrical machinery production and repair services.[4] Industrialization in Delhi has been marked by contestations over space, and the relocation of 'hazardous and noxious industries', 'large and heavy industries', and 'non-conforming industries' to peripheral areas of the city. This relocation was upheld by the Supreme Court in 1996, and in its immediate aftermath, resulted in unemployment for the urban poor and migrant workers who had come to depend on these industries for their livelihoods.

Currently, Delhi has industrial activity spread over 28 planned estates, four flatted factory complexes, and 22 industrial areas 'notified for regularization'. The areas 'notified for regularization' or 'non-conforming' industrial areas, as they are otherwise known, are spaces of manufacturing activity that have emerged in residential areas, particularly around urban and rural villages in response to a range of market demands. Many of these unplanned industrial areas could be said to have emerged on village lands earmarked for residential (abadi) and/or agricultural use. While there are some planning exemptions within village boundaries—lal dora areas—these do not extend to industrial activity. Thus, these areas are unplanned, unauthorized and 'non-conforming' in the sense of being located in areas not zoned for industrial use.

The Master Plan for Delhi (MPD), 2021, states that unplanned industrial areas are eligible for regularization if more than 70% of the plots in the area are engaged in industrial activity and subject to fulfilment of other stipulated conditions. It lays down guidelines for the redevelopment of these areas, pertaining to aspects like road widening, provision of services, adherence to pollution control norms, and development of open spaces and parking facilities, among others. The redevelopment plan is required to be formulated by the local body or landowning agency in consultation with a society of landowners in the industrial area, which should be mandatorily formed.[5]

In practice, however, most non-conforming industries have been subject to sealing drives to close them down, and there has been no push for their redevelopment—from the owners of small-scale enterprises in these areas, local bodies or concerned government agencies. Industrial activity is seen as largely operating in violation of MPD provisions, as a source of pollution, and therefore, as an aberration to a larger vision of the city. When the Supreme Court first ordered industrial relocation, units in non-conforming areas were asked to apply for plots in the new industrial areas that were developed (mostly on the fringes): a little over 50% of the applications were found eligible and allotted plots. The approach to regularization has been entirely focused on relocation; units that were allotted plots but continue to function from the non-conforming areas (and did not shift for a variety of reasons), those that were found ineligible for an alternative plot, and those that function in violation of various industrial planning regulations are all subject to being closed down.[6]

In the push to create world-class, clean and green cities, the emphasis often seems to be on the knowledge economy—IT and IT-enabled services—with manufacturing activity relegated to the fringes of cities. The Delhi case starkly illustrates this. Further, in interviews, industrialists argued that Delhi is an unfriendly space for industrial growth,

and emphasized the gradual shift of manufacturing hubs to the neighbouring state of Haryana, alluding to agglomeration benefits and tax incentives, among other reasons.

But relocations are disruptive processes: they adversely affect both factory and home-based work for those engaged in them (particularly disadvantaging women), disrupt local work networks, and increase search, time and distance costs for new jobs. In Chennai's Kannagi Nagar resettlement colony, located along the city's IT corridor, a study found that 'Industrial relocations increase the costs for workers to access their jobs, and depress real wages due to the fall in demand for certain kinds of work.'[7] As nearby factories shifted further away, they found it adversely limited work and livelihoods.

## Planned and Unplanned Industrial Areas: Co-located and Interlinked?

While the MPD 2021 and the Industrial Policy for Delhi, 2010-21, distinguish between planned and unplanned industrial areas, narratives from the field stress the linkages between these two typologies of areas. In both these areas, industries are engaged in a range of manufacturing activities spanning, inter alia, footwear, auto parts, garments, plastics, steel, etc. and are typically described as 'business-to-business' (B2B) enterprises that supply raw material and intermediate products to bigger firms in the vicinity. In interviews in an industrial area in northwest Delhi, factory owners in both the planned and surrounding unplanned areas spoke about interlinked activity chains: footwear straps manufactured in an unplanned area, for instance, supplied to factories manufacturing soles in the planned areas; sorting of residual cloth received from textile hubs like Jaipur and Gurgaon to be sold in a *kattar* (residual clothes) market. Owners in the planned areas also talked of a 'broken chain' due to ongoing action in the city to close down the unplanned factories, at the time of field research.

The two kinds of industrial areas are also linked in the sense of labour circulation. Being located close to each other, they draw upon the same pool of workers residing in nearby *bastis*, urban villages, resettlement colonies and unauthorized colonies.[8] Workers typically access work through local networks of contractors and neighbours, and move between planned and unplanned areas based on availability of work.

## Women's Work and Unplanned Industrial Areas

Unplanned industrial areas also provide relatively flexible work arrangements that some women may prefer. In earlier fieldwork in east Delhi, for instance, some women reported preference for work in workshops on the periphery of an urban village on account of spatial proximity and the ability to return home during breaks, particularly to attend to children.[9] Another study makes a similar observation in its distinction between large apparel firms and smaller workshops in Tiruppur in Tamil Nadu.[10] In more recent fieldwork in Delhi, a female worker, who works for daily wages in an unplanned area and looks for work every day, stated she preferred this arrangement over earning a meagre wage in the authorized industrial units, where they are often expected to work overtime.

Co-located planned and unplanned industrial areas also create home-based work opportunities for women, which are localized and driven by spatial networks of jaan-pehchaan (familiarity). Although home-based work can be low-paying and precarious, it may be preferred by women for reasons of flexibility and legitimacy. It enables women to manage housework and childcare responsibilities along with undertaking paid work from home. It is seen as a legitimate work choice for many women, for whom going out to work in factories is often accompanied by notions of stigma and shame.[11] In the areas studied, home-based workers were involved in a whole spectrum of work, including

putting threads into bookmarks, taping of speaker components, making decorative pieces, making buffs for machines, polishing steel, making bindis, fixing insoles and upper parts for footwear, etc. Most of this work is outsourced from factories in planned as well as unplanned industrial areas; many of these are small workshops operating within urban villages and unauthorized colonies. Women are remunerated at piece rates. In the absence of designated work spaces, work is carried out by groups using shared spaces, such as common courtyards of tenements or cots outside their homes in bastis. Contractors and sub-contractors (often female) who bring the work to the women are often embedded as residents, thereby leveraging their connections and building relationships of trust.

## Key Policy Takeaways

### Regulate and regularize existing industrial areas

Instead of pushing industries to city peripheries and industrial parks with poor transport connectivity, we need measures to regulate existing industrial areas in the city, while ensuring their conformity to environmental, safety and labour regulations. The latter two are particularly important in light of several cases of factory collapses and blatant violations of labour safety and welfare. But they should not be used as an excuse to drive away factories themselves. It should also be noted that when it comes to regularization/redevelopment of unplanned industrial areas, 'unrealistic planning norms' continue to hinder.[12] Industrial planning norms, thus, need to be modified to allow more flexibility in redevelopment of unplanned areas. In this, planners can draw upon instances of regularization of residential areas such as unauthorized colonies in Delhi and *gunthewaris* in Maharashtra.[13] Like residential and commercial areas, the regularization of industrial areas too needs to become a part of our urban planning discourse.

### Redevelop and redesign neighbourhood amenities to encourage female labour force participation

A key benefit of regularizing these industrial clusters is the retention of a number of female jobs. Redevelopment of industrial areas must thus be accompanied by interventions in the nearby residential settlements in a manner that encourages more women to participate in the labour market. In the case of home-based workers, workspaces are intertwined with living spaces, creating constraints on space. Women make do with whatever little community spaces they manage to access. It is essential for cities to recognize that urban neighbourhoods are not just residential ones, and develop amenities from the perspective of both work and living. This would involve redesigning neighbourhood amenities like community halls for multiple uses, including common workspaces for home-based workers with amenities like toilets, lighting and ventilation (in the manner of the co-working spaces that have emerged to support modern start-up and innovation ecosystems).[14] Urban local bodies should be sensitized and empowered to do this.

## Conclusion

In line with unauthorized residential and commercial areas, the regularization of unauthorized industrial areas needs policy attention, not only because they are deeply imbricated with authorized industry and are essential to the growth of manufacturing, but also because they provide flexible work options to many women, who would otherwise not be in the workforce. This can be done, in many instances, without harming the environment. Indeed, the planning philosophies that underpin the guidelines that render them illegal may no longer be appropriate, given technical progress and the imperatives of compact, mixed-use cities. This entire approach of excluding industry, particularly the informal sector, from our cities needs to be discarded.

## END NOTES

1.  We draw upon Eesha Kunduri's research engagements in Delhi's industrial areas to illustrate issues in this note. Some of the examples here draw upon field interactions over August 2018 to January 2019, conducted with Ritika Gupta, as part of the IWWAGE-IFMR initiative at ISI, Delhi, led by Farzana Afridi.

2.  P. Mukhopadhyay, 'Formality and Functionality in Indian Cities', *Seminar* 617 (2011): 2-8.

3.  Auto construction refers to the process by which residents access resources, materials and 'permissions', and lay out settlements and construct houses on their own. It is not necessarily 'self-built', in that it may involve the use of masons and contractors for the construction of houses as well as common infrastructure, such as drains, etc.

4.  GNCTD, *Industrial Policy for Delhi: 2010–2021* (New Delhi: Department of Industries, Government of National Capital Territory of Delhi, 2010).

5.  DDA, *Master Plan for Delhi 2021*. Reprint (New Delhi: Delhi Development Authority, 2010), https://dda.org.in/ddanew/pdf/Planning/reprint%20 mpd2021.pdf.

6.  Interactions with officials at the Municipal Corporation of Delhi (Civic Centre Office) and Delhi State Industrial and Infrastructure Development Corporation Ltd. (DSIIDC), as part of the IWWAGE-IFMR study (at ISI, Delhi) referred to earlier.

7.  K. Coelho, T. Venkat and R. Chandrika, 'Housing, Homes and Domestic Work: A Study of Paid Domestic Workers from a Resettlement Colony in Chennai', Economic and Political Weekly 48(43) (2013), 39–46.

8.  S. Sharma and E. Kunduri, ' "Working from Home is Better than Going Out to the Factories" (?): Spatial Embeddedness, Agency and Labour-Market Decisions of Women in the City of Delhi', *South Asia Multidisciplinary Academic Journal* (SAMAJ) (2015), https://journals.openedition.org/samaj/3977.

9.  Sharma and Kunduri, ' "Working from Home is Better than Going Out to the Factories" (?)'

10. G. De Neve, 'Fordism, Flexible Specialisation and CSR: How Indian Garment Workers Critique Neoliberal Labour Regimes', *Ethnography* (2012): 1–24.

11. Sharma and Kunduri, ' "Working from Home is Better than Going Out to the Factories" (?)'

12. For instance, the MPD 2021 guidelines for redevelopment of unplanned areas stipulate a minimum reservation of space: 10 % for 'circulation / roads / service lanes', 'parking and loading / unloading areas', infrastructure such as pump house, fire station and police post; and 8% for 'parks / green buffer'. Given the density of most unplanned industrial areas, such norms render redevelopment infeasible.

13. A. Bhide, 'The Regularising State', *Economic and Political Weekly* 49(22) (2014): 92-100.

14. Discussions with Shalini Sinha of WIEGO and Firoza Mehrotra of HomeNet South Asia.

# The Challenge of Indian Cities and Female Labour Force Participation

NEELANJAN SIRCAR

According to the International Labour Organization, female labour force participation in India dropped from 35% in 1990 to 27% in 2014.[1] The gender gap in labour force participation in 2014 was 53 percentage points,[2] and urban female labour force participation in India has all but stagnated for the last two decades.[3]

This has occurred in a context of rising per capita income – which accelerated in India from the 1990s onward – and a significant reduction in fertility rates. Indeed, standard economic theory predicts that as countries move from lower income to middle income (as India is doing), women leave the workforce as there is less need to engage in the most arduous forms of labour – such as in agriculture and brick kilns – for a bit of extra money. As incomes rise sufficiently,

it is argued that women are offered white-collar jobs and re-enter the labour force – as in the West.

But India's numbers are far worse than what standard theories predict. A recent World Bank report found that the country is ranked 121st out of 131 countries in the female labour force participation rate, and much worse than many of its neighbours.[4] In fact, Sri Lanka's female labour force participation stabilized at around 35% decades ago, and Bangladesh consistently demonstrates well over 50% female labour force participation.

Most worryingly, India is losing its most educated and productive women.[5] National Sample Survey (NSS) data shows that women who have passed higher secondary have the lowest female labour force

participation in India.[6] This is to say nothing of the 'marriage penalty' or 'child penalty' for women who drop out of the labour force due to marriage and childbirth. It is increasingly obvious that standard economic theory has it exactly backwards. We can't wait for incomes to rise: incomes in India will stagnate unless we find ways to get women, especially the most economically productive among them, back into the labour force.

## What can policymakers do to draw women back into the labour force?

Answering this question necessitates a closer look at the data. Recent research shows that the decline in female labour force participation in India is largely due to a drop in women entering the labour force in rural India.[7] In plain language, this means that as rural incomes rise, women prefer not to do the backbreaking work of agricultural labour — which is understandable. But even then, there is still significantly greater female labour force participation in rural areas compared to urban areas. In other words, even with rising incomes, women in urban areas are not entering the labour market. The important question is this: why are women refusing or unable to enter the labour force in urban areas, where higher wage and higher skill jobs are available in greater numbers?

The challenges of integrating women into the labour force will only be accentuated as India continues to urbanize. From 2001-2011, the urban population growth rate was 2.4 times that of the rural population growth rate in India, significantly higher than any other decadal urban-rural population growth ratio in the country's history. We expect this process to accelerate. India is likely to see its urban population rise from 338 million in 2010 to 875 million in 2050; the increase of 497 million between 2010 and 2050 is the largest projected growth in urban population in world history.

Of course, the country will continue to manifest pernicious patriarchal norms that prevent women

from entering the labour force. However, as our data shows, women themselves are quite willing to work – and the men in the household are supportive of it, despite these patriarchal norms. But it is Indian cities that are not hospitable to women entering the labour force. The proximate policy challenge for increasing female labour participation, thus, centres around managing rural-urban transitions and making cities hospitable places for women to work.

## Why Are Indian Cities So Inhospitable to Women Wanting to Work?

Our understanding of female labour force participation must necessarily encompass a broad swathe of economic activities and opportunities. Labour force participation may be 'formal' or 'informal', given that most labour in India is in informal sectors. Labour force participation may also include entrepreneurship activities, from operating stores and food stalls to trading. It has been widely recognized that the role of many women in household duties — and its contribution to household economic productivity and expenditure saving[8] — is rarely measured properly. Nonetheless, one must acknowledge the importance of female labour force participation outside the home. The opportunity to engage in economic activity outside the home increases the marginal value of employment, and it is also more likely to break discriminatory gender norms that coerce women to stay at home. Thus, no matter how incomplete the definition, standard measures of female labour force participation are important in and of themselves.

From an economic perspective, a woman's decision to participate in the workforce is broadly viewed as a consequence of evaluating two trade-offs. First, as aggregate household income increases, the marginal benefit of entering the labour force is thought to decrease; that is, if there is sufficient money in the household, there are weaker incentives to get a job. Second, the incentive to join the labour force decreases as the opportunity costs (psychic

or financial) of leaving home increase; that is, if it is particularly difficult to carry out necessary tasks at home while working, an individual would be less likely to work a job outside the home.These economic trade-offs, in turn, interact with urbanisation in particular ways to negatively impact opportunities for women to enter the labour force.

In rural India, agricultural work is typically near the home, so there is a natural source for female employment. Even in non-farm work, rural India has demonstrated the capacity to employ women. For instance, more women than men availed of the opportunities provided by the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) – often, small infrastructural work near the village.[9]

In urban India, on the other hand, such a natural source of women's employment rarely exists near the home. Industries like construction tend to be less preferred by women and also tend to discriminate against women in hiring. This obliges women in urban India to look far from home for suitable employment. Unfortunately, the lack of safe transport for women to travel significant distances creates obstacles to working outside the immediate locality. If women are unable to procure safe and stable transport to and from a place of work in urban spaces, they are unlikely to enter the labour market, which likely negatively impacts female labour force participation.

These challenges help explain why urban women, among the most skilled in the population, are often missing from the labour market. In principle, more well-off and educated women should be able to command higher wages and better jobs, which would facilitate their entry into the labour force. But availing of these jobs often implies that women have to travel far for a suitable job. Thus, while a section of economists continue to argue that urban Indian women simply choose to stay at home as income rises, the real reason for low urban female labour force participation may well be the increased 'costs' of entering the labour market.

## A Data-Driven Perspective

While the aggregate data shows a worrying trend of declining female labour force participation, we still lack systematic large-scale data on the labour market behaviour of working-age women. I have been conducting a wide-ranging study of female labour force participation jointly with Apurva Bamezai, Devesh Kapur and Milan Vaishnav. The research is taking place in four cities – Dhanbad, Indore, Patna and Varanasi – and the surrounding peri-urban and rural areas of each city. In each of the four urban areas (and surrounding areas), 3500 households are to be surveyed. In each household, a working-age female and the (usually male) primary wage earner is to be interviewed. This allows us to understand not only women's own perceptions about the labour market but also possible constraints from men in the household.

Preliminary data from completed surveys in Dhanbad, Patna and Varanasi reveal important trends. In each of these three cities, only 20-30% of working-age women are (or have ever been) in the labour force. This is consistent with the overall national employment numbers described above. If a woman is in the labour force, she is 20 to 30 percentage points more likely to be engaged in agriculture compared to her working male counterpart. This suggests that even when they are able to enter labour force, a disproportionate number of women are engaged in labour near the home.

There is little evidence that women are willingly opting out of the labour force, as posited by the theory of income effects. Among working-age women who have never been employed, we find that 60-70% of women are willing to work if offered a suitable job.[10] Somewhat surprisingly, a very similar percentage of male respondents believe that the woman should be allowed to work if offered a suitable job.

In each of these three cities, less than 30% of women feel 'very safe' travelling alone at night, compared to more than 40% of men. Our preliminary analyses also indicate that perceptions of easy, safe travel are

major determinants of whether a woman is willing to enter the labour force. Taken together, this provides suggestive evidence that the city can be inhospitable to women who are willing to enter the labour force, even if there is support at home.

## The Way Forward

Declining female labour force participation is a deeply worrying trend that must be reversed if India is to accelerate its economic development. Strong patriarchal norms still exist in India, but, as discussed here, low female labour force participation is about much more than social conservatism. A major cause for few women in the work force is how Indian cities discourage women from entering the labour force.

Fundamentally, women are not joining the workforce in urban India because urban infrastructure is failing them. The data suggest that there exist both a desire for women to work and support at home for it, provided there is stable and safe transport to and from work. Indeed, recent work by Girija Borker has shown how the safety of the Delhi Metro provided many college-going women the opportunity to attend high-quality colleges far from home.[11] A similar principle is likely to encourage greater female labour force participation as well.

But the challenges of each Indian city are unique and context-specific. There are a number of complicated social factors that impact female labour force participation, and it would be foolhardy to generalize too much from the data we have collected. Ultimately, more systematic large-scale data collection on women's labour choices is required, as this is the only way to identify actionable policies to address India's low female labour force participation.

## END NOTES

1. International Labour Organization, 'Key Indicators of the Labour Market Database', 2016, http://data.worldbank.org/indicator/SL.TLF.CACT.FE.ZS.

2. World Bank, 'World Development Indicators', Database, 2015.

3. Stephan Klasen and Janneke Pieters, 'What Explains the Stagnation of Female Labor Force Participation in Urban India?', T*he World Bank Economic Review* 29(3) (2015):449-478.

4. Louis A. Andres, Basab Dasgupta, George Joseph, Vinoj Abraham and Maria Correia, 'Precarious Drop Reassessing Patterns of Female Labor Force Participation in India', World Bank Policy Research Paper No. 8024 (World Bank, 2017).

5. It is worth noting that women who are college graduates do show somewhat higher levels of labour force participation. But this is likely explained by the fact that households with the most liberal attitudes towards female work allow their daughters to complete college and not get married as early, and display a host of other factors likely to encourage female labour force participation.

6. Farzana Afridi, Tara Dinkelman and Kanika Mahajan. 'Why Are Fewer Married Women Joining the Work Force in India? A Decomposition Analysis over Two Decades', IZA Working Paper No. 9722 (2016).

7. Ibid.

8. Ashwini Deshpande and Naila Kabeer, '(In)Visibility, Care and Cultural Barriers: The Size and Shape of Women's Work in India', Ashoka University Economics Discussion Paper 04/19. (2019).

9. Economic Survey 2018.

10. This is consistent with recent evidence from the NSS. Erin Fletcher, Rohini Pande and Charity Maria Troyer Moore, 'Women and Work in India: Descriptive Evidence and a Review of Potential Policies', HKS Working Paper No. RWP18-004 (2017).

11. Girija Borker, 'Safety First: Perceived Risk of Street Harassment and Education Choices of Women', Working Paper, 2018.