

PROPOSAL FOR CITY-LEVEL GDP UNDER STUDY

Relevant for: Indian Polity & Constitution | Topic: Devolution of powers and finances up to local levels and challenges therein

Big surge: Surat's GDP is growing at 7.9%, the Global Metro Monitor report said. Vijay Soneji

With urban India responsible for an increasingly large share of the national GDP, the Centre now hopes to bring out city-level GDP data. This could help both cities and investors make wise decisions, and also help municipal bodies raise funds for their own infrastructure needs, according to a senior official at the Housing and Urban Affairs Ministry.

The Economist Intelligence Unit (EIU) — the research and analysis division of the same group which brings out the *The Economist* news magazine of the U.K. — recently did a feasibility study of various models to calculate city-level GDPs for the Ministry. Its report was released earlier this week.

“By the end of September 2018, we will take a final call on the feasibility of the project, and decide what approach to use,” Smart Cities Mission Director Kunal Kumar said.

If the project is approved, the process to calculate GDP for a pilot city is likely to begin by the end of the year, he added.

The urban sector is likely to account for 75% of India's GDP by 2020, according to government data as well as several external reports. This is a sharp spike from 1951, when the urban sector only accounted for 29% of the national GDP. By 1981, it was 45%, and by 2011, it had crossed the 60% mark.

On a par with China

A recent study by Brookings Institution found that several Indian cities rank in the 300 global cities with the fastest GDP growth rate. Its Global Metro Monitor report, released in June 2018, estimated that Hyderabad's GDP was growing at 8.7%, followed by Surat at 7.9%, comparable to that of the fastest growing Chinese cities that dominate the list.

“When we talk about Smart Cities, there are three main components: an improved quality of life, a robust economy leading to job creation, and sustainability built into every aspect. But we cannot improve what we cannot measure,” said Mr. Kumar, explaining that a city-level GDP calculation would help give shape to the economic indicators needed.

“National GDP is a well-established process, but we have so far not had city-level GDP in India.”

City-level GDP data, he said, could help municipal bodies make better decisions on needed infrastructure and investment, and also leverage their economic strength to raise funds to finance their needs. Mr. Kumar pointed out that the Pune municipal corporation — which he headed till recently — had been able to raise Rs. 200 crore in municipal bonds at a respectable rate of 7.59%, but could have aimed higher given that its annual budget is well over Rs. 4,000 crore.

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