THE NATIONAL CAPITAL REGION: AN ANALYSIS OF ECONOMIC GROWTH AND DEVELOPMENT

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ABSTRACT

The Indian economy has undergone a massive transformation in the recent years. India is the 12th largest economy in the world and third largest in Asia after China and Japan. It is not only the series of internal reforms but also the powerful forces of globalization are shaping the new economy. The focus is now shifting towards the development of the urban centers that contribute to more than 60% of the country’s total Gross Domestic Product (GDP). However, the contribution of agriculture to the national economy has reduced rapidly due to globalization. Various effects of globalisation are increasingly shaping the economy of the National Capital Region (NCR). Tertiary sector is increasingly becoming the pre-dominant sector in the NCR.

The 2011 Wealth Report has ranked Delhi at 37th globally, which is the core of NCR. In terms of economic activity, Delhi (ranked 39 globally) is ranked above cities like Jakarta and Johannesburg. As per Wealth Report, Delhi is to move further up the ranks over the next 10 years. As per the ranking by Mercer, Delhi is the most expensive city in India and ranked at 85 globally, followed by Mumbai (95) and Bangalore (185).

The nature of economic activities in the NCR is rapidly evolving. Improved infrastructure, such as introduction of Delhi Metro and its extensions works in central NCR, construction of expressways, investments in roads and other infrastructure such as Delhi-Mumbai Industrial Corridor and Dedicated Freight Corridor, setting up of Industrial Estates/Model Industrial Townships/SEZs, etc. are expected to increase the economic activity within the NCR. The growing concentration of tertiary sector and other value-added services are emerging as a major source of employment and income in NCR. In view of the constantly changing economic scenario of NCR, it is imperative to analyze and assess the economic development trends in NCR, along with economic/fiscal policies and suggest future directions of growth.

Keywords: Gross Domestic Product, globalization, NCR, Freight Corridor
INTRODUCTION

“The towns and cities, of India have played a major role in the emergence of India as an important industrial and political power in the world. They have acted as focal points in the cultural landscape of India. With the advent of various cultural streams dating back since the Indus culture, different types of structure or morphology have come to exit in Indian cities. Therefore, the characteristics and structure or urban landscape patterns vary from one city to other. These cities have several focal points within it-the main market; the railway station and bus stand; the secondary market; professional, educational and medical institutional- all these focus points are linked with residential areas of rich as well as poor. Religious, linguistic and ethnic minorities have traditionally sought refuge in the city. These cities are heterogeneous in terms of population composition. And the whole city is unified by a network of planned or unplanned roads and various other modes of transportation and communication.”

-K. Siddhartha and S. Mukherjee.

Rajasthan Sub Regions (R.S.R) comprises Alwar and Bharatpur district which has an area of 13,447 Sq km. This accounts for 2.5% of the total area of State and 24.5% of the area of NCR.

Government of India vide Gazette notification dated 01.10.2013 has included Bhiwani and Mahendragarh districts of Haryana Sub Region and Bharatpur district of RSR in NCR.

The National Capital Region lies between 27°03’ and 29o 29’ North latitude and 76o 07’ and 78o 29’ East longitude and is characterized by the presence of the Ganga forming its eastern boundary, the Yamuna traversing north-south forming the boundary between Uttar Pradesh and Haryana, and the sand dunes and barren low hills of the Aravali chain and its outcrops in the west, flat topped prominent and precipitous hills of the Aravali range enclosing fertile valleys- and high table lands in the south-west, and the rolling plains dominated by rain-fed torrents in the south. The rest of the region is plain with a gentle slope of north-east to south and south-west. The research area is confined to Regional Sub Region (part of NCR) which includes the districts of Alwar and Bharatpur.

Alwar district: Alwar is the gateway of Rajasthan from the northern part of India. It is located in the north-east part of Rajasthan between 27º3’ and 28º 14’ north latitude and 76º 7’ and 77º 13’ East longitudes. It is bounded on the North and North-East by Bharatpur district(Rajasthan) in North-West by Mahendragarh district (Haryana) in South- West by Jaipur district (Rajasthan) and in South by Dausa and Jaipur district (Rajasthan). The total area of Alwar district is 8380 Sq km which is 2.5% of the area of the state of Rajasthan. It includes 12 tehsils, and 14 panchayat samities. The tehsils are Behror, Mandawar, Kotkasim, Tijara, Bansur, Kishangarh, Bas, Alwar, Ramgarh, Thanagazi, Laxmangarh, Rajgarh and Kathumar.
Bharatpur district: The district has an area of 5,066 Sq km. Is bounded by Gurgaon district (Haryana) on the North Mathura and Agra district (Uttar Pradesh) on the east and the district of Dholpur of the south, Karauli on the south west, Dausa on the west and Alwar district in the North-West. Three Rivers, the Ban Ganga, Rooparel, And Gambhir, cross the district. e Bharatpur district has ten revenue subdivisions is divided into Weir tehsil and Bhusawar tehsil. The other nine tehsils are: Bayana, Bharatpur, Deeg, Kaman, Kumher, Nadbai, Nagar, Pahari and Roopwas (rupbas).

The districts of Rajasthan sub regions as a part of NCR were developing as a great speed specially due to urbanization and industrialization results into a changing face of RSR into a Industrial and urban areas with this changing face, land use pattern also changing day by day. Rajasthan Urban Improvement Act,1959 has provision for preparation of master/development plan for notified development/controlled regulated area and does not have any control on location of urban activities in rural areas outside development/controlled/regulated areas. This area also have the Impact of their economical activities upto Kota and jaipur as they were growing as Counter Magnet Area (CMAs) of N.C.R. he Regional Plan-2001, notified in 1989, visualized the significance of "a balanced and harmoniously developed region, leading to dispersal of economic activities and immigrants to Delhi, thereby leading to a manageable Delhi". The Plan proposed “a policy of strict control on creation of employment opportunities within the Union Territory of Delhi, moderate control in the Delhi Metropolitan Area and, encouragement with incentives, in the areas outside Delhi Metropolitan Area within the NCR.”
Map 1: National Capital Region

Source: The National Capital Region Planning Board
The National Capital Region Planning Board has now prepared a Regional Plan for the perspective year 2021 for the NCR notified on 17.9.2005. The policy of restricted growth of Delhi has been reviewed and the Regional Plan-2021 proposes "to harness the spread of the developmental impulse and agglomeration economies generated by Delhi for harmonized, balanced and environmentally sustainable spatio-economic development of the NCR with effective cooperation of the participating States".

The changes in economic policy; the process of privatization of PSUs and downsizing of government; elimination of subsidies and tax incentives for industry will act as a set of essential Functional Plan for Economic Development of NCR tools with which the economic structure of the NCR will undergo a rapid transformation in a significant manner. Furthermore, new developments, such as introduction of the Delhi Metro and its extensions in Central NCR, construction of Western Peripheral (KMP) and Eastern Peripheral Expressways, and other expressways, construction of Delhi-Mumbai Industrial Corridor, Dedicated Freight Corridor and development of Industrial Estates/Model Industrial Townships/SEZs and new towns, etc. will have a significant impact on the economy of NCR.

Since, the National Capital Region is a highly agglomerated urban region, the City Cluster Development Approach can also be implemented as to facilitate orderly economic development of NCR.

In view of the above, it is necessary to understand & analyse the dynamics of economic development in NCR and prepare a Functional Plan for Economic Development to make recommendations for accelerated & sustainable economic development.

**OBJECTIVE AND SCOPE**

The major objective is to examine the broad policies and proposals of the Regional Plan-2021 for guidance of the participating States, as per the provisions of Section 16 of the NCRPB Act, 1985.

- The paper attempts to discuss the major economic growth plan and plot economic growth centers in the National Capital Region.
- To analyze the Six–tier Hierarchy of Settlements proposed in the Regional Plan-2021 for NCR based on population profile of the region.
- To discuss the Regional Plan-2021 targeting economic development and the proposed Metro & Regional Centers in National Capital Region.

Also, to analyze the spatial-economic characteristics of different elements of NCR with special focus on income levels, establishments, industrial growth, industry clusters, current and future new developments, level of informal activities, structural changes in the economy of NCR, future
growth areas, action plan for clusters, different industrial locations and investment policies, suggestions on industrial sites and service sector growth, strategy and action plan for future growth with its impact on employment and GDP.

METHODOLOGY

The Functional Plan for Economic Development for NCR has been prepared based on the analysis & findings of the Study of Economic Profile of NCR (covering the area of NCR prior to the notifications dated 01.10.2013 and 24.11.2015) conducted by NCR Planning Board through Consultant. The Study was conducted based on data/information published by Govt. of India and the participating State Governments as well as as per the information provided by various industry associations. The Study Report was prepared after extensive consultations with concerned Ministries/Departments of the Central Govt., NCR participating States and their Departments/Agencies. The draft findings & recommendations of the Study were also discussed in a Stakeholders’ Workshop held on 08.05.2015. The Report was finalized after addressing/incorporating the views/comments/suggestions received from various Stakeholders. The Final Report of the Study of Economic Profile of NCR was subsequently approved by the Consultancy Review Committee (CRC) in its meeting held on 14.08.2015.

Details of various indicators such as GDP, Per Capita Income, Work Participation Rate, etc. used in the Plan as well as various tools & methods used for GDP projections.

There were constraints related to availability of data, especially in terms of drawing comparisons among the different sub-regions on select development indicators. Furthermore, in certain cases, time series analysis of certain parameters has not been possible. Therefore, in some cases, findings are limited to determining data at two points of time. Data for district level GDP is available from 2004-05 to 2009-10; the analysis of NCR sub-regions and districts is limited to this period.

National Capital Region (NCR)

The National Capital Region includes NCT-Delhi, nine districts of Haryana, six districts of Uttar Pradesh and one district of Rajasthan. Total area of the region is 34,144 sq. km. National Capital Region Regional Plan-2021: Constituent Areas). Subsequent to the preparation of the Regional Plan-2021, a few districts were bifurcated and reorganized by the participating States. The administrative units and their land areas are as follows.

a) National Capital Territory of Delhi (1,483 sq. km.) accounting for 4.4% of the total area of NCR.
b) Haryana sub-region with an area of 13,428 sq. km. accounting for 30.3% of the area of the State and 39.3% of the area of NCR comprising the districts of Faridabad, Gurgaon, Rohtak, Sonepat, Panipat, Jhajjar, Rewari, Mewat and Palwal.

c) Rajasthan sub-region comprises Alwar district which has an area of 8,380 sq. km. This account for 2.5% of the total area of the State and 24.5% of the area of NCR.

d) Uttar Pradesh sub-region with an area of 10,853 sq. km. accounting for 4.5% of the area of the State and 31.8% of the area of NCR comprising the districts of Meerut, Ghaziabad, Gautam Budh Nagar, Bulandshahr, Baghpat and Hapur.

Government of India vide Gazette Notification dated 1.10.2013 has added Bhiwani and Mahendragarh districts of the State of Haryana and Bharatpur district of the State of Rajasthan in NCR. Subsequently, Government of India vide Gazette Notification dated 24.11.2015 has added Jind and Karnal districts of State of Haryana and Muzaffarnagar district of State of Uttar Pradesh in NCR. Accordingly, now Haryana sub-region has 13 districts, Uttar Pradesh sub-region has seven districts and Rajasthan sub-region has two districts in NCR. Area of Haryana Sub-region is 25,327 sq. km., area of Uttar Pradesh sub-region is 13,560 sq. km. and that of Rajasthan sub-region is 13,447 sq. km. Consequent to the notifications, the area of NCR is 53,817 sq. km. NCR plays an important role in the Indian economy. NCR is a hub of economic activities and contributes 6.7% of GDP of India. It is evolving as one of the largest metropolitan regions of the world. Population of NCR is about 460 lakhs1, as per Census of India, 2011. The sub-regions of NCT-Delhi, Haryana, Rajasthan and Uttar Pradesh shares 36.44%, 23.95%, 7.98% and 31.64% of NCR’s population respectively (refer Table 1).

### Table 1: Sub-Region wise Distribution of Population in NCR Population

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<tbody>
<tr>
<td>NCT-Delhi sub-region</td>
<td>62,20,406</td>
<td>94,20,644</td>
<td>1,38,50,507</td>
<td>1,67,87,941</td>
<td>51.45</td>
<td>47.02</td>
<td>21.21</td>
<td>36.44</td>
</tr>
<tr>
<td>Rajasthan sub-region</td>
<td>17,55,575</td>
<td>22,96,580</td>
<td>29,92,592</td>
<td>36,74,179</td>
<td>30.82</td>
<td>30.31</td>
<td>22.78</td>
<td>7.98</td>
</tr>
<tr>
<td>Haryana sub-region</td>
<td>49,38,541</td>
<td>66,43,604</td>
<td>86,87,050</td>
<td>1,10,31,515</td>
<td>34.53</td>
<td>30.76</td>
<td>26.99</td>
<td>23.95</td>
</tr>
<tr>
<td>Uttar</td>
<td>69,68,646</td>
<td>90,01,704</td>
<td>1,15,70,117</td>
<td>1,45,75,668</td>
<td>29.17</td>
<td>28.53</td>
<td>25.98</td>
<td>31.64</td>
</tr>
</tbody>
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In 2011, NCT Delhi had the highest population concentration at 167.88 Lakh and Rajasthan sub-region had the lowest concentration at 36.74 Lakh. The maximum decadal population growth in 2001-11 was recorded in Haryana sub-region (26.99%), followed by Uttar Pradesh sub-region (25.98%) and Rajasthan sub-region (22.78%). The minimum decadal growth in this period was recorded in NCT-Delhi sub-region (21.21%).

**Growth Differentials**

The comparative data amongst all constituents of the NCR, indicates that there are marked differences in their growth patterns. Areas such as Noida and Gurgaon have grown faster than other areas such as Rohtak, Jhajjar, and Alwar. Keeping in view the long term objective to develop the NCR as a sustainable region, it is necessary to look at the socio-economic attributes of these regions. As per analysis carried out and projections made by “City Mayors”, Ghaziabad and Faridabad are among the fastest growing cities and urban areas in the world from 2006 to 2020 and are ranked (globally) second and eighth respectively.

**Industry**

The industrial sector of NCR comprises of both large & medium scale units as well as small scale industries and tiny unorganized units (SSI). The industrial sector of NCR has grown both in terms of volume as well number of units. In Haryana sub-region, units which manufacture machine tools, engineering goods consisting of metal products & parts of electric machinery show highest percentage distribution. In case of U.P. Sub-Region, electrical machinery, metal products and parts, chemical products, textile products constitute the major sectors. In Rajasthan sub-region, metal products and parts, textile products and transport equipments along with non-metallic mineral products, chemicals, and basic metal products constitute the major sectors. There is also a need for rural industrialization as an instrument for balanced regional growth, as this will also help in improving agricultural productivity. There is a need to harness traditional skill levels (Craft and Handloom) along with major agro-processing facilities in the region.

**Settlement Pattern**

(a) Urban Settlements
According to Census 2011, the number of urban settlements in the region increased from 108 in 2001 to 168 in 2011. Of these, there are 22 Class-I cities (including Delhi Metropolis), 13 Class-II towns, 41 Class-III, 43 Class-IV, 44 Class-V and 5 Class-VI towns in 2011. The Class-I cities accommodated about 89% of the total urban population of the region. The rest of the urban population was distributed among the 146 towns of Class-II to Class-VI.

Map 2: Economic Centres in National Capital Region

Source: National Capital Region Planning Board

Delhi urban agglomeration alone accounted for about 57% of the total urban population of the region. The number of metropolitan cities (more than ten lakhs population) within the region increased from one (Delhi) in 1991 to three (Delhi, Meerut, and Faridabad) in 2001 to four (Delhi, Faridabad, Ghaziabad and Meerut) in 2011. There are 65 urban settlements in Haryana sub-region, 16 in Rajasthan sub-region and 86 in Uttar Pradesh sub-region. Excluding NCT of Delhi in NCR, there are eight Class-I urban centers in Haryana sub-region, two Class-I urban center in Rajasthan sub-region and 11 Class-I urban centers in Uttar Pradesh sub-region.

(b) Rural Settlements
According to the Census 2011, there are 7,206 rural settlements of various sizes in the National Capital Region. Of these, 103 were in NCT of Delhi, 2199 in Haryana sub region, 2021 in Rajasthan and 2,883 in Uttar Pradesh sub-region. More than 172 lakhs population resided in rural areas in NCR in 2011, accounting for about 37% of the total population in NCR. Proposed Settlement Pattern in the Regional Plan-2021 for NCR. The Regional Plan-2021 for NCR has proposed six-tier settlement system i.e. Metro Centre, Regional Centre, Sub-Regional Centre, Service Centre, Central Village and Basic Village. The Six-tier Hierarchy of Settlements alongwith the population range is given in Table 2.

Table 2: Six–tier Hierarchy of Settlements proposed in the Regional Plan-2021 for NCR

1. Metro Centre 10 lakhs and above
2. Regional Centre 3 – 10 Lakhs
3. Sub-regional Centre 0.5 – 3 Lakhs
4. Service Centre 10,000 to 50,000
5. Central Village 5,000 to 10,000
6. Basic Village Below 5,000

Source: Regional Plan-2021 for NCR

The Metro and Regional Centers as proposed in the Regional Plan-2021 are given in Table 3.

Metro Centres can act as powerful growth nodes to attract capital functions and activities and help in population dispersal from the NCT Delhi. Due to their special functional status and size, a high level of social, physical and economic infrastructure better than that in the Capital is required to be developed in these towns/complexes. There is a need to provide an efficient intra-urban mass transportation system, as well as transport and communication linkages with Delhi and other Metro Centers and NCR towns. The respective participating states and their agencies would not only be required to create the necessary infrastructure themselves in these Metro Centers but also facilitate private sector investments therein.
Map 3: District wise Occupational Profile in NCR in Four Categories in 2011

The map depicts the district wise occupational profile of the workers classified into four categories, i.e. cultivators, agricultural laborers, household industry workers and other workers in NCR in 2011. The proposed Regional Centres, which are well-established urban centers, marked by highly specialized secondary and tertiary sector activities and providing job opportunities, which normally cannot be performed by other lower-order centers. These centers are being developed for advanced industrial and other economic activities and will have concentrations of administrative and higher order service functions, which are expected to exert an increasingly dynamic influence on attraction of investment and creation of conducive living and working environments. The Regional Plan-2021 for NCR has proposed strategies for development of the settlement system.
NCR, is desired, where Delhi and other cities/townships in the region would be allowed to grow to their carrying capacity so as to harness the development potential. Creation of high-quality infrastructure, robust transport and communication linkages, high-quality residential areas, industrial and commercial complexes is the need of the day. New townships could be set up as nodes along the key transport corridors, proposed expressways, orbital rail corridors and other suitable locations on virgin land. Secondly, development of small and medium towns in the region, as they are sub-regional centers or service centers, is also essential. These cities would play a significant role in supporting the socio-economic development of their rural hinterland by providing access to education and health facilities, agricultural extension services and agro industries based on local products. Rural development also needs to be encouraged by providing facilities and services in an appropriate hierarchy, which further stimulates production and increases income of the rural population, diversifying the economy. Hence, making the rural areas of NCR attractive to live in & work at and helps in checking migration towards urban centers.

CONCLUSION

The Indian economy has undergone a massive transformation in the recent years. India is the 12th largest economy in the world and third largest in Asia after China and Japan. It is not only the series of internal reforms but also the powerful forces of globalization are shaping the new economy. The focus is now shifting towards the development of the urban centers that contribute to more than 60% of the country’s total Gross Domestic Product (GDP). However, the contribution of agriculture to the national economy has reduced rapidly due to globalization. Various effects of globalisation are increasingly shaping the economy of the National Capital Region (NCR). Tertiary sector is increasingly becoming the pre-dominant sector in the NCR.

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Table 3: Proposed Metro & Regional Centers in NCR as per the Regional Plan 2021 for NCR Sr. No.

<table>
<thead>
<tr>
<th>Sub-region</th>
<th>Metro Centre (City/Complex)</th>
<th>Regional Centre (City/Complex)</th>
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<tr>
<td>Haryana sub-region</td>
<td>Faridabad-Ballabgarh</td>
<td>Bahadurgarh</td>
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<td>Gurgaon-Manesar</td>
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<td>Sonepat-Kundli</td>
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<td>Rewari</td>
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<td>Uttar Pradesh sub-region</td>
<td>Ghaziabad-Loni</td>
<td>Hapur-Philkhua</td>
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<td>NOIDA</td>
<td>Bulandshahr-Khurja</td>
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<td></td>
<td>Greater Noida</td>
<td>Baghpalt-Baraut</td>
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<tr>
<td>Rajasthan sub-region</td>
<td>Meerut</td>
<td>Alwar</td>
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<td></td>
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<td>Greater Bhiwadi</td>
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<td>Shahjahanpur-Neemrana-Behror</td>
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