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# Why India's urban definition is failing its growing towns.

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**Background:** Registrar General of India (RGI) & Census Commissioner (2025): Proposed retaining the same definition of "urban" for Census 2027 as in Census 2011, citing comparability of data. 26.09.2025 (The Hindu)

Urbanisation in India is advancing at an unprecedented pace. Yet, how "urban" is defined officially has not kept pace with these changes. The Census 2011 definition of urban areas—proposed to be retained for Census 2027—continues to rely on a rigid binary that categorises settlements as either statutory towns or census towns. While this approach ensures continuity in data, it fails to capture the evolving socio-economic and demographic realities of India's settlements. This disconnect has serious implications for governance, service delivery, and urban planning.

## Current Census Definition of "Urban" (2011)

In the Census of India 2011, a settlement is classified as urban if it meets either of the following two criteria:

### 1 Statutory Towns: Notified by the State Government under a law.

Governed by an Urban Local Body (ULB) such as:

Municipal Corporation,

Municipality, or

Nagar Panchayat.

**Administrative recognition:** These are formally urban with elected local bodies, financial powers, and statutory urban functions.

### 2 Census Towns: Settlements not formally notified as urban but fulfilling all three conditions:

Population ? 5,000.

At least 75% of the male main working population engaged in non-agricultural activities.

Population density ? 400 persons per sq. km.

These settlements are urban in form and function (dense populations, non-agricultural livelihoods, urban lifestyles) but remain administratively rural, governed by Gram Panchayats rather than ULBs.

## Limitations of the Current Urban Definition

### 1 Governance and Infrastructure Gap:

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Urban local bodies (ULBs) enjoy greater autonomy, financial control, and planning powers, enabling them to manage local resources, implement development projects, and provide civic amenities effectively.

In contrast, Panchayati Raj institutions mainly implement centrally designed welfare schemes, with limited financial or administrative flexibility.

As a result, settlements such as **census towns and peri-urban areas** that function economically and socially as urban remain under rural governance, leading to inadequate infrastructure, poor service delivery, and stalled urban development.

## **2 Binary Classification Problem:**

The current framework applies a rigid urban-rural distinction, ignoring the **continuum of settlements** that exist between fully rural and fully urban areas.

Many villages are rapidly urbanising in terms of population density, economic activity, and lifestyle, yet remain classified as rural for administrative purposes.

This gap results in misalignment between the functional realities of settlements and the governance structures assigned to them.

## **3 Outdated Workforce Criterion:**

The 75% male main workforce rule fails to capture the changing nature of employment in India.

Women's informal or unpaid work, seasonal or part-time agricultural engagement, and mixed livelihoods are ignored, despite being significant indicators of urbanisation.

The rise of **gig economy jobs, service sector employment, and daily commuting** further blurs the rural-urban employment boundary, rendering the male workforce criterion increasingly irrelevant.

## **4 Evidence from Census Data:**

Between 2001 and 2011, **251 census towns** remained under rural governance despite meeting all urban criteria, demonstrating delays in administrative recognition.

In **West Bengal**, while 526 new census towns were identified in 2011, many previously classified towns were not municipalised, highlighting persistent governance and policy gaps in urban transition.

## **5 Undercounting Urban Population:**

Studies indicate that India's actual urban population in 2011 could range between **35–57%**, significantly higher than the official figure of 31%.

This undercounting stems from narrow, outdated criteria that fail to recognise informal urban clusters, peri-urban settlements, and transitional areas.

Consequently, planning, resource allocation, and infrastructure provisioning are often inadequate for the real scale of urbanisation.

## **Implications of Outdated Urban Definition**

### **1 Poor Planning and Infrastructure Deficits:**

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Rapidly urbanising villages and semi-urban settlements are often treated as rural in official statistics, even if they exhibit urban characteristics. As a result, essential urban infrastructure—roads, sewage systems, public transport, water supply, electricity, and waste management—remains inadequate.

Planning authorities cannot allocate resources efficiently because official classification underestimates population density and urban needs.

Example: Census towns in **West Bengal** identified in 2001 and 2011 lacked municipal governance, delaying development of basic services like street lighting, drainage, and schools.

## 2Exclusion from Urban Governance Benefits:

Urban local bodies (ULBs) are empowered to levy taxes, plan local development, and implement welfare schemes suited to urban needs.

Settlements under rural governance miss access to urban development programs such as **Smart Cities Mission, AMRUT, or urban housing schemes**, leading to uneven development and perpetuating urban-rural inequalities.

## 3Rural-Urban Governance Gaps:

Semi-urban and peri-urban areas often experience overlapping jurisdictions, where rural and urban administration coexist without coordination.

Panchayati Raj institutions have limited fiscal autonomy and rely on centrally sponsored schemes, which are not tailored for urban infrastructure or service delivery. This governance mismatch results in delays, inefficient service delivery, and poor maintenance of urban facilities in areas functionally urban.

## 4Impact on Policy-Making and Funding:

Underreporting of urban populations affects allocation of funds from both the central and state governments. Development schemes, infrastructure investments, and urban governance programs rely on official census data. Misclassification distorts planning for housing, health, education, transport, and disaster management.

Example: A census town may be excluded from urban housing schemes or metro-rail connectivity plans because it is still recorded as rural.

## 5Long-Term Socio-Economic Consequences:

Exclusion from urban governance can perpetuate social inequalities, limit economic opportunities, and slow down industrial or commercial growth.

Rapidly growing settlements may face congestion, environmental degradation, and informal housing development due to lack of structured urban planning.

## Way Forward

**1Revise the Definition of Urban:** Move beyond rigid thresholds of population, male workforce, and density. Include **population size, density, occupational diversity, infrastructure availability, and functional urban characteristics** to reflect real urbanisation. This ensures small towns and emerging service-based settlements are recognised even if they do not meet outdated criteria.

**2Recognise the Rural-Urban Continuum:** Adopt a **flexible framework** that captures transitional settlements, peri-urban clusters, and census towns. This approach allows better planning, resource allocation, and service provision in areas that are urban in function but rural in governance.

**3Include Women's Work and Gig Economy:** Update criteria to account for **informal, seasonal, and gig-economy employment**, as well as women's unpaid and informal contributions. This provides a more accurate and inclusive picture of urban livelihoods.

**4Municipalisation of Census Towns:** Convert census towns and rapidly urbanising villages into **statutory towns** with elected urban local bodies. Municipalisation ensures fiscal autonomy, access to urban development schemes, and better planning and infrastructure.

**5Data-Driven Urban Policy:** Use **satellite imagery, night-time lights, and economic activity data** alongside census data to identify emerging urban areas. This supports proactive governance, infrastructure development, and planning for rapidly growing settlements

India's current urban definition is outdated and fails to capture the rapidly evolving settlement patterns. Misclassification of census towns and peri-urban areas leads to governance gaps, inadequate infrastructure, and poor service delivery. To ensure sustainable and inclusive urban development, India must adopt a flexible, data-driven, and inclusive approach that recognises the rural-urban continuum, incorporates changing employment patterns, and aligns administrative structures with functional realities of urbanisation. Only then can planning, resource allocation, and policy interventions effectively support the country's growing urban population.

### Practice questions

“India's rigid rural–urban classification in the Census fails to capture the reality of transitional settlements.” Discuss with examples.