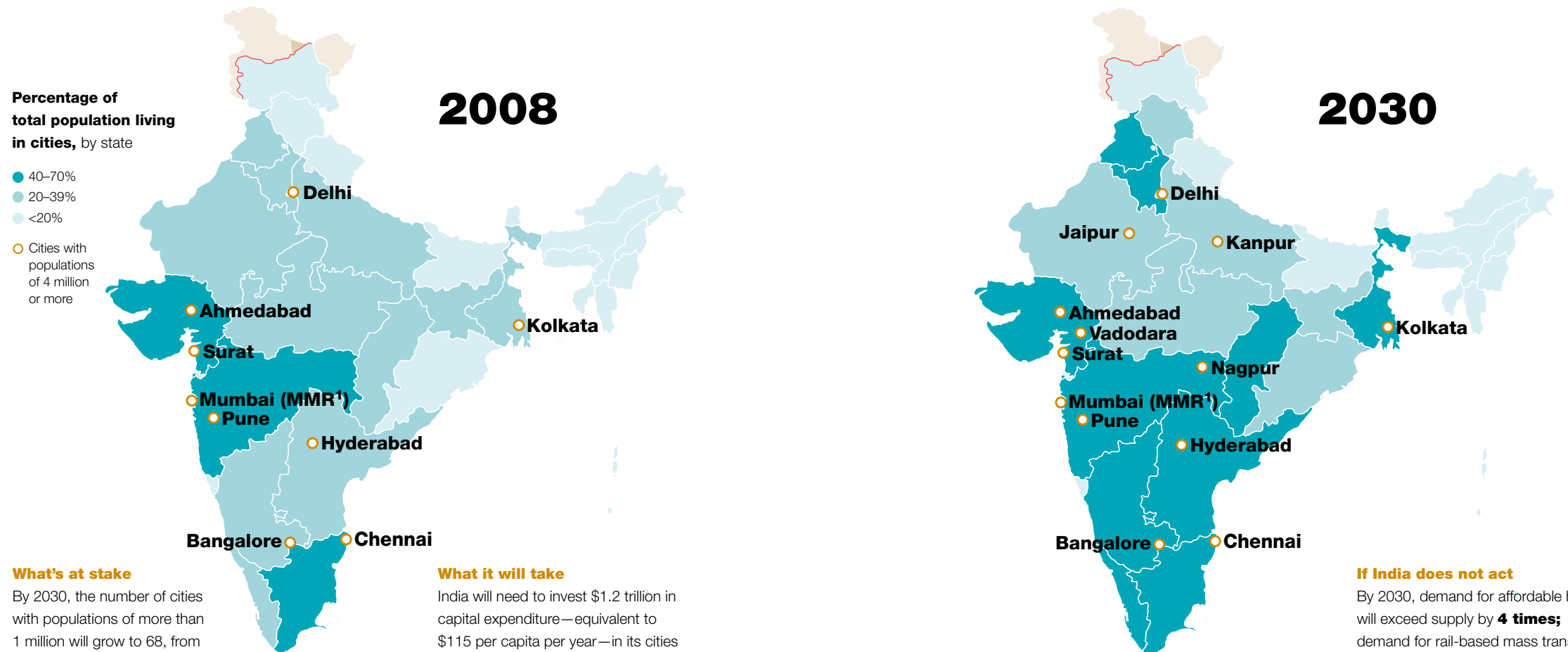


India's urban transformation

The population of India's cities will increase from 340 million in 2008 to 590 million by 2030



What's at stake

By 2030, the number of cities with populations of more than 1 million will grow to 68, from the current 42. India's cities could generate **70%** of net new jobs, **70%** of India's GDP, and drive a fourfold increase in per capita incomes.

What it will take

India will need to invest \$1.2 trillion in capital expenditure—equivalent to \$115 per capita per year—in its cities over the next 20 years. In 2007, India's per capita capital expenditure on urban services was only \$17. More than half of the capital investment is necessary to erase India's infrastructure backlog and the rest to finance cities' future needs.

By 2030, India must build 700–900 million square miles of commercial and residential space, equivalent to a new Chicago every year—**cost: \$395 billion**; construct 7,400 kilometers of metros and subways—**cost: \$392 billion**; pave 2.5 billion square miles of roads—**cost: \$199 billion**; and invest **\$96 billion** to increase the water supply and an additional **\$100 billion** to improve the treatment of sewage.

If India does not act

By 2030, demand for affordable housing will exceed supply by **4 times**; demand for rail-based mass transit will be **2.5 times the supply**; demand for private transportation will be **double the supply**; water demand will be **double the supply**; demand for sewage treatment will be **3.5 times the supply**.

¹Mumbai Metropolitan Region.

Richard Dobbs, Shirish Sankhe, and Ireena Vittal

Richard Dobbs is a director in McKinsey's Seoul office; Shirish Sankhe is a director in the Mumbai office, where Ireena Vittal is a principal.

Copyright © 2010 McKinsey & Company. All rights reserved. We welcome your comments on this article. Please send them to quarterly_comments@mckinsey.com.