Shaping Urban India

By Design, Not By Default

A City-Systems Approach
to Growth and Liveability

About Janaagraha

Janaagraha is a not-for-profit institution working to transform quality of life in India's cities and towns. It catalyses large-scale systems change in India's cities through partnerships with constitutional bodies, union and state governments, and the broader civil society ecosystem. For over two decades, the organisation has worked extensively on urban policy and governance reforms, including conceiving the Jawaharlal Nehru National Urban Renewal Mission (JnNURM), engagements with the XIII, XIV, XV Finance Commissions, and the Comptroller and Auditor General (CAG) of India. Janaagraha's current portfolio includes work with the XVI Finance Commission, the Ministry of Housing and Urban Affairs, NITI Aayog, the CAG of India, the state governments of Odisha, Assam, and Uttar Pradesh, and the state finance commissions of Karnataka, Odisha, and Haryana.

Find out more at www.janaagraha.org

About Jana Urban Space Foundation

Jana Urban Space Foundation is a Bengaluru-based non-profit founded in 2007 working to transform quality of life in India's cities through urban planning and design. The organisation adopts a people- and environment-centric approach to design, and works across both policy and practice.

JUSP's areas of focus span land titling, spatial reforms, and street design guidelines; neighbourhood, city, and regional plans; and the rejuvenation of public spaces (markets, bus stands, lakes, parks, and community centres). Its flagship programme, Tender S.U.R.E. (Specifications for Urban Road Execution), has set new standards for urban roads in India.

Currently, JUSP is collaborating with the Urban Development Department of Uttar Pradesh on the Chief Minister Green Road Infrastructure Development Scheme (CM-GRIDS) and with the Housing and Urban Development Department of Odisha to design safe and inclusive roads.

Find out more at www.janausp.org

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Acknowledgements

This report stands on the shoulders of our colleagues at Janaagraha, drawing from the depth of their work and thinking. We are extremely grateful to them for the time and effort they put into enriching this report despite competing, and often pressing, commitments.

Our sincere thanks to **Srikanth Viswanathan, Anand Iyer,** and **Krishnan Subbaraman** for being our North Star and constantly pushing our thinking by asking the "so what".

VR Vachana, Surjyatapa Ray Choudhury, Pravalika Sarvadevabhatla, Meghamala C, and the Jana USP team helped us build our key arguments on urban density and congestion, and the pathways to address them.

Prabhat Kumar, Manisha Marulasiddappa, Apula Singh, Shobhana Subbu, Ankita Chadha, Hariprasad V Nair, Merin Sunny, and the Public Finance Management team offered detailed data and analysis on city finances and helped define the reforms needed for our cities to have adequate financial efficiency, accountability, and sustainability.

Sajith Sukumaran, Prarthana Ramesh, Prerana Somani, Anuja Sirohi, and the State Programmes team offered vital inputs on differentiated and place-based governance, as well as on councillor leadership Programmes from their work in reforming urban governance in Assam, Odisha, and Uttar Pradesh.

Katie Pyle, **Neha Singh,** and the RMEL team helped us highlight the challenges and opportunities in building city-level data systems that can transform urban governance.

Haji Sheriff and the technology and GIS team helped us spatially map and analyse urban sprawl in India. Their contributions helped us depict sprawls vividly and show the scale of the challenge.

Zaheera Vaz, Mahalakshmi B, Nesara K and **Sankeerthana Swaminathan** brought life to the report by taking the lead on report design, connecting the report to citizens' lived experiences in cities, and helping the findings reach everybody it needs to.

Santosh Nargund, Ulka Bhattacharya, Madhu Sivaraman, Pranay Karmakar, Noel Sakhi and **Nivethitha V** from the Policy & Insights team. They added momentum to our efforts at different points of the report's development.

We thank **Anandita Jumde** who helped us make this report what it is. Her deep engagement clarified our narrative, making it coherent and hopefully actionable.

Finally, we thank every member of the Admin, Finance, and Tech teams at Janaagraha who helped us through logistics and technical challenges; and **every member of the support staff** who helped us with the many cups of coffee to begin our days afresh.

The report you see is a joint effort from everyone above and everybody who supported them. We extend our heartfelt thanks to all of them in helping us bring this report to you.

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Executive summary

India today stands at the threshold of extraordinary growth and transformation.

In the past three decades, the country's GDP has grown over eightfold while its GDP per capita has quadrupled. In the past five years alone, India became the world's fourth-largest economy by GDP and continues to be one of the fastest-growing in the world, with annual growth consistently between 6–8%. India is also urbanising rapidly. Between 2005-06 and 2022-23, urban areas added 2.5 million hectares through unplanned sprawl — the equivalent of adding over a 100 Hyderabads. While India's past has been predominantly rural, its future will — at least in equal parts — be urban.

Cities have driven much of India's growth over the past few decades.

Cities generate nearly 60% of the national GDP. Ten cities contribute 28% of GDP while housing only 9% of the population. Cities offer better access to jobs as well as better quality of jobs, with higher pay, written job contracts, and benefits such as paid leave. By 2030, an estimated 70% of new jobs will be created in urban areas. It is no surprise that cities continue to be seen by migrants as places of opportunity where lives and livelihoods are built and dreams realised. Yet they could do more. India's cities deliver lower returns from increasing urbanisation. Similarly, wage premiums lag behind comparable peers.

Across many cities, India's impressive economic growth has not translated into better quality of life for its residents. Housing is increasingly unaffordable. Daily commutes are longer and more stressful, on roads that are congested, poorly maintained, and often unsafe. Green spaces are disappearing, flooding is more frequent and severe, and air quality is declining. These are not minor inconveniences — they result in poor health and well-being, rising healthcare costs, lost productivity, and climate vulnerability. Importantly, they undermine a city's appeal as a place to live and work, discouraging both investment and talent from flowing in.

How well India urbanises will determine how well it develops. More than 520 million people live in Indian cities today, with estimates based on satellite imagery indicating a much higher figure. In the next 25 years, India's cities will house approximately the population of all ASEAN countries, combined. This urban population boom intersects with India's demographic dividend. The country has more working-age population than dependents, with cities expected to attract much of this workforce. Whether cities produce the growth, jobs, and

quality of life needed to capitalise on this dividend will determine much of India's future.

Investment in India's cities has been significant. Between urban allocations from the Ministry of Housing and Urban Affairs (MoHUA), and the XIV and XV Finance Commission (FC) grants, approximately INR 8.36 lakh crore has been invested in cities since 2015. The recent allocations from the XVI FC were more than double those of the XV FC. The proportion of untied grants was also raised, giving cities greater flexibility in how they utilise this funding.

Poor quality of life persists despite increased investment — because Indian cities today are evolving largely by default, not by design. They suffer from fragmented governance, uniform models of planning applied across different typologies of cities, limited availability and quality of city-level data, and unempowered local governments. If India is to realise its vision of a Viksit Bharat, the approach must shift from schemes that treat symptoms to reforming the city-systems that give rise to them.

The central argument of the report is that growth and liveability are mutually dependent in cities, and both are shaped by city-systems — the interconnected framework of planning and design, place-based empowered governance, and state capacity that determine how cities are planned, governed, funded, and managed. Robust city-systems have consistently demonstrated better outcomes in city after city across the world — from China to Colombia, from Indonesia to Rwanda, from Brazil to the UK, and in cities across India.

India's city-systems are burdened by both past and present constraints. Urban planning and design is limited by outdated laws and regulations, insufficient technical expertise, and weak planning capacity across sectors. Governance is fragmented across multiple actors at state and city levels, with elected city governments lacking authority over funds, functions, and functionaries, and elections frequently facing delays. Meaningful civic participation is constrained by non-existent or dysfunctional ward committees and weak transparency norms. Urban Local Governments (ULGs) remain financially and organisationally under-equipped, with high vacancy levels, skill mismatches, limited fiscal autonomy, and poor use of data for decision-making.

Reforming city-systems is the surest way for India to fulfil its growth potential and offer its citizens a much better quality of life in cities. City-systems reform will take time but the enabling conditions for them need to — and can be — created today.

State governments must take the charge in creating these enabling conditions through five big shifts, with support from the union government.

Five big shifts to catalyse city-systems reform

1. Invest significantly in walkability and public transport.

Indian cities are highly congested, with increasing private motor vehicle use and deteriorating public transport and Non-Motorised Transport (NMT) systems. Investing in people-centric transport — walkability, cycling, and public transport including informal options — within and between cities can ease congestion and pollution, improve connectivity, and boost growth. Elected city governments, together with Unified Metropolitan Transport Authorities (UMTAs), are best placed to drive this shift. Prioritising walkable roads through a mission-mode approach across the country can spark this reform.

2. Implement City Action Plans in medium and small cities.

The current system views the city as an aggregate of disparate, uncoordinated infrastructure and services handled by multiple actors, with no single person or institution accountable to citizens. A city must be governed as a cohesive geographic and economic 'place' without being splintered across administrative departments. Mainstreaming City Action Plans (CAPs) can enable this shift. CAPs promote place-based planning and governance by identifying local priorities through ward-level consultations, converging government agencies around these priorities, and channelling funds from union, state, and local governments towards them.

3. Adopt differentiated planning and governance models for different types of cities.

Metropolitan cities, large and medium-sized cities, small towns, and transitioning towns all have differing planning and governance needs. Rather than one-size-fits-all solutions, these cities require differentiated governance models that match their scale, economic potential, liveability needs, and administrative capacities. The Ministry of Housing and Urban Affairs (MoHUA) and respective state departments must support this process, evolving from the current focus on urban infrastructure and service delivery to helping city governments adopt a place-based governance approach.

4. Build and use city-level data systems for governance.

As a digital-forward nation, India should prioritise developing robust city-level data systems. Such data must be available, accessible, usable, and reliable. City governments must build the capacity to translate this data into actionable insights for planning and governance. Beyond administrative and service delivery metrics, these data systems should help track growth and liveability outcomes over time.

5. Recognise ULGs as governments of the city.

ULGs currently function as nodal agencies that implement mandates from the union and state governments. This falls short of the spirit of the 74th Constitutional Amendment Act, which envisions them as empowered institutions of local government. ULGs must function as decentralised, democratic, participatory institutions with the capacity and accountability to deliver citizen outcomes. This makes devolution of funds, functions, and functionaries a critical agenda, beginning with timely local elections and capacity-building for elected councillors and mayors.

The time to act is now.

With at least 723 million Indians estimated to be living in cities by 2050, the decisions made in the next decade will shape the country's trajectory for generations. The constitutional framework already exists. What is required now is political commitment, institutional reform, and sustained citizen engagement to make it real. The city-systems framework and the five big shifts outlined in this report offer a path — not just towards liveable cities, but towards cities that deliver dignity, opportunity, and prosperity for all.

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Chapter 1

Introduction

India is urbanising rapidly,

though just how urban it already is remains unclear. Estimates vary widely from 36% to 84%, depending on UN projections using national definitions derived from Census data or Degree of Urbanisation (DEGURBA) methodology based on satellite data.[1] World Bank estimates based on the Agglomeration Index place India's current urban population at over 50%.[2] Depending on the definition used, India today has anywhere between 522 million and 1.23 billion people living in cities and towns.[3] Even by conservative estimates, 723 million people are projected to live in cities and towns by 2050 — which is more than the combined population of all ASEAN countries.[4] Despite these methodological variations, what is clear is that the country is urbanising at an unprecedented scale and speed.

522 million
people in cities and towns today

723 million
people in urban India by 2050

AI-generated Image

This transition is not just demographic.

Population growth is matched by spatial expansion. Urban areas have added 2.5 million hectares between 2005-06 and 2022-23 — a 35% growth driven largely by unplanned sprawl, with 16 cities showing a periphery-to-core ratio greater than 1.[5] Further, urbanisation is no longer limited to a few metropolises but is visible in urbanised settlements that are still classified as rural,[6] with new growth increasingly seen beyond existing urban boundaries.[7]

2.5 million hectares added in urban areas

Therefore, while India's past has been predominantly rural, its future will — at least in equal parts — be urban.

This urban population boom intersects with India's demographic dividend. The country's working-age population outnumbers dependents,[8] and urban centres are expected to attract a large share of these workers.[9] Whether India realises this dividend will therefore depend on whether cities can generate the necessary growth and jobs in the next decade.[10] However, it is becoming increasingly clear that growth in itself is not sufficient. Cities need to be liveable, thriving centres which enhance human development for all their residents.

In most countries, urbanisation drives a virtuous cycle of higher productivity, rising incomes, and improved quality of life.[11] Even in India, the more urbanised states and union territories (UTs) are richer (per capita) and face lower deprivation (see Figure 1, Chapter 2). For instance, with 47.7% urbanisation in 2021,[12] Gujarat had around two to four times the Gross State Domestic Product (GSDP) per capita of the less urbanised Uttar Pradesh (24%), Assam (15%), and Bihar (12%).[13] However, when infrastructure and services do not keep pace with growth, these gains can be undermined, both in terms of incremental growth as well as liveability.[14] This is precisely what is happening with India's cities now.

India's cities are growing economically — but liveability is deteriorating.

The country's metropolitan cities fare poorly compared to their global peers. For example, they have consistently ranked in the lower tier of the Global Liveability Index between 2020 and 2024.[15] The Ease of Living rankings by the Ministry of Housing and Urban Affairs, Government of India also reflect low liveability, not just for metropolitan cities but across city types.[16] Yet these rankings cannot capture the human stories behind them — they do not reflect the tragedy of the 848 people who died in Jaipur because of road accidents in 2023,[17] the 22 people who lost their lives recently in Indore due to contaminated water[18] or the 10 newborns who died in a hospital fire linked to poor infrastructure in Jhansi.[19]

The human and economic costs of poor liveability across our bigger cities are staggering. In Mumbai, over half the city's population lives in informal housing without the amenities needed for a dignified life;[20] in Delhi, long-term exposure to PM2.5 is estimated to reduce life expectancy by 8.2 years;[21] in Bengaluru, commuters lose 168 hours a year (about a week)[22] to congestion; Kolkata has lost 20–40% of its green space over two decades making the city far more vulnerable to climate threats.[23] Taken together, these everyday realities are symptoms that highlight deeper systemic challenges in how India's cities are planned and governed.

The human and economic costs of poor liveability

Delhi
8.2 years of life expentancy lost to PM2.5.

Mumbai
50% of the population lives in informal housing.

Bengaluru
168 hours (one week) lost to traffic congestion annually.

Kolkata
20-40% loss of green space over two decades.

This report examines how stronger city-systems can unlock a virtuous cycle of growth and liveability, without sacrificing one for the other.

It traces the visible challenges in India's cities to systemic causes across the city-systems of planning and design, decentralised participatory governance, and state capacities. Drawing on 25 years of Janaagraha's expertise, extensive secondary research, and global best practices, the report suggests five critical shifts to shape the future of India's cities by design, not default.

Chapter 2 establishes India's cities as economic engines, highlighting their contribution to the country's GDP, job creation, and poverty alleviation while examining their underperformance in balancing growth with liveability.

Chapter 3 explains how cities drive economic growth through agglomeration economies and network effects, demonstrating that liveability is a necessary condition to sustain productivity and, by extension, economic growth.

Chapter 4 shows the significant investments made in liveability in India's cities over the past two decades.

Chapter 5 shows that cities have not delivered adequate returns on these investments due to four systemic failures: uncoordinated planning for growth and liveability, fragmented responsibilities across different players with diffused accountability, a one-size-fits-all approach to cities of different typologies of cities, and insufficient data for effective governance.

Chapter 6 introduces city-systems reform as the path forward, presenting a shift from symptomatic fixes to systemic solutions.

Chapter 7 shows that India's city-systems — planning and design, decentralised participatory governance, and state capacities — remain weak and unable to improve growth or liveability.

Chapter 8 synthesises extensive literature and global examples to demonstrate how robust city-systems shape growth and liveability.

Chapter 9 recommends five big shifts India must make to ensure its cities thrive.

Chapter 10 summarises the discussion and concludes the report.

Photo credit: Envato

Chapter 2

India's cities are principal drivers of India's economic growth

India's economy has grown eightfold over the past three decades.[24]

GDP per capita has quadrupled from USD 2,203 in 1990 to USD 9,818 in 2024,[25] and the proportion of people living in extreme poverty (on less than USD 2.15 a day) has fallen sharply from 16.2% to 2.30% in just a decade (2011-12 to 2022-23).[26] India continues to be one of the fastest-growing economies in the world, with annual growth consistently between 6–8% despite global slowdowns.[27]

Beyond these macroeconomic milestones, India's growth is increasingly being defined by a structural shift built on digital innovation. It is the world's largest mobile data consumer, with an 81% mobile subscription rate and an average of 36 GB consumed per month per smartphone user.[28] It now leads global real-time payments with 48.5% market share and 25 billion transactions per month.[29] The country has also built the world's third-largest start-up ecosystem with over 120 unicorns, behind only the United States and China.[30]

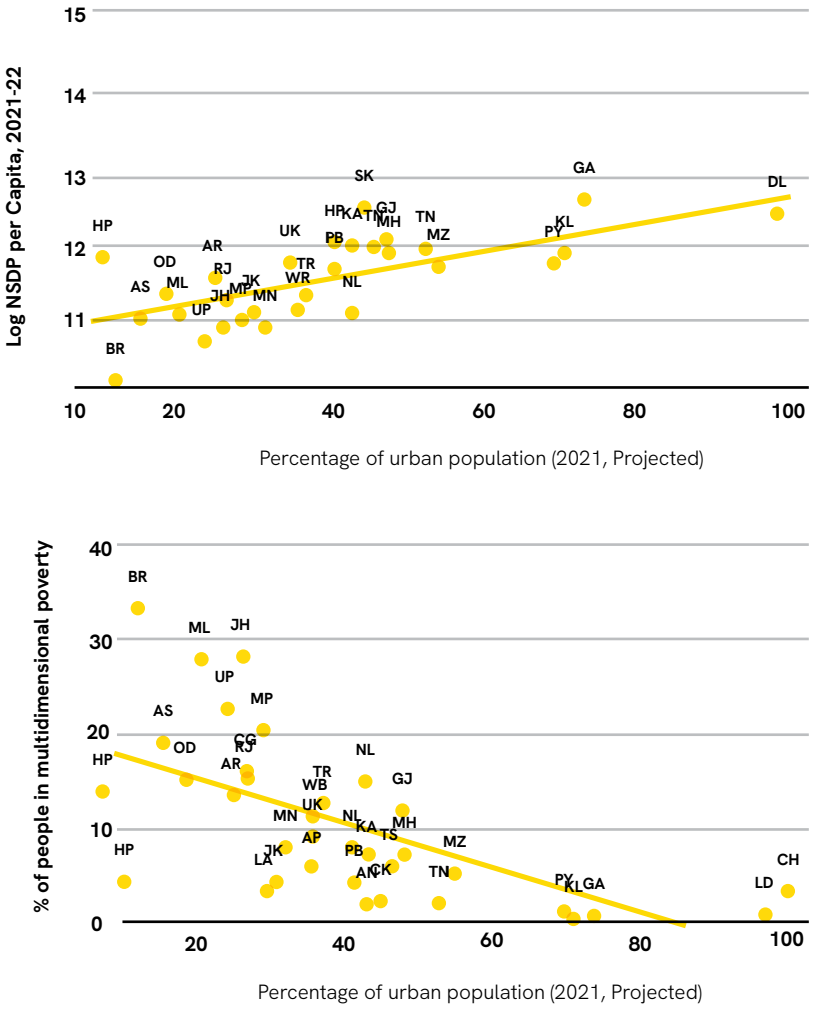
Economy growing by **6-8% annually**

81% Indians connected by mobile

India's cities generate over 60% of the country's GDP.[31]

Ten cities contribute a disproportionate 28% to the national GDP while housing just 9% of the population.[32] The more urban a state or union territory is, the higher is its per capita income and the lower its multidimensional poverty. This pattern suggests that cities tend to offer better access to nutrition, child health, education, clean cooking fuel, water and sanitation, electricity, housing, and household assets (Fig. 1).[33]

Figure 1: States and union territories that are more urbanised are richer and less deprived

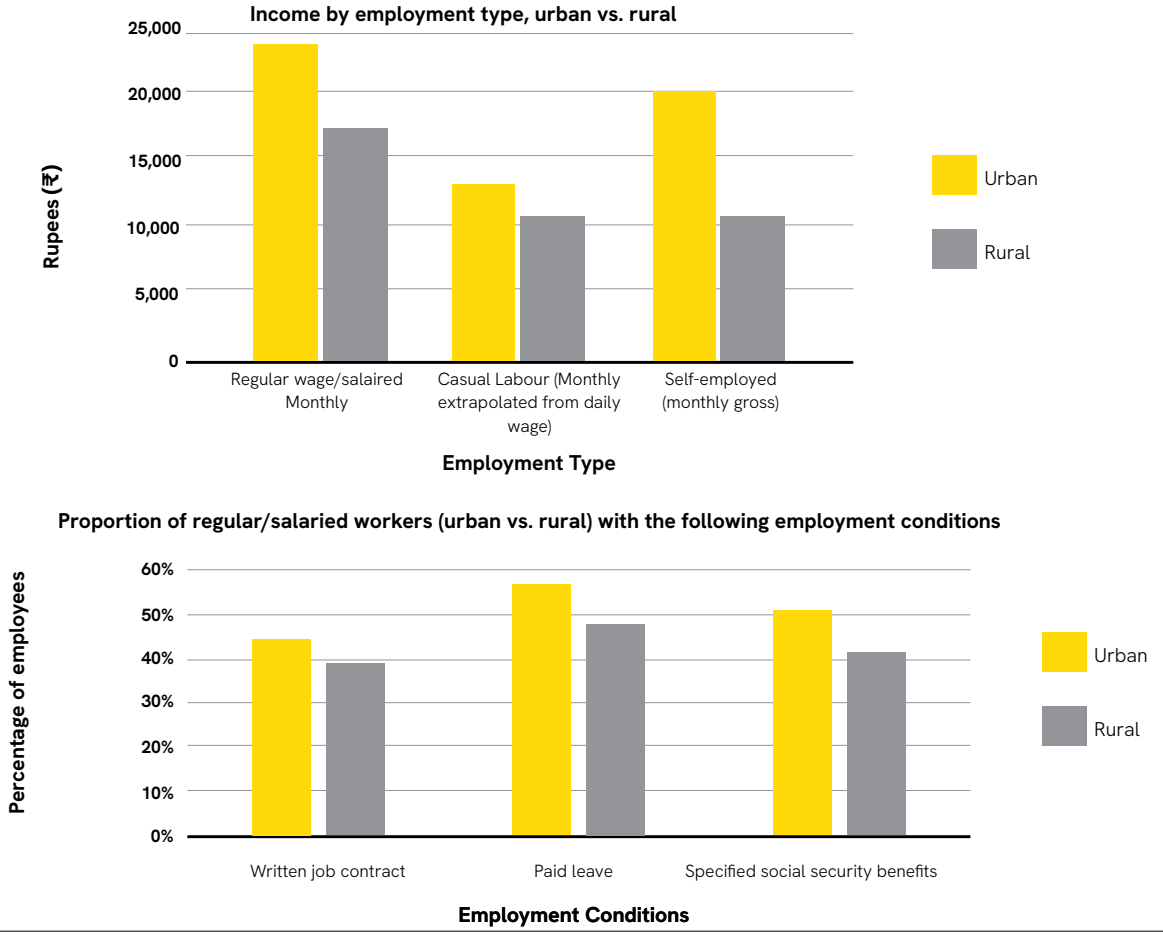


Source: Internal analysis by Janaagraha based on data from the RBI, NIUA, and NITI Aayog[34]

The first chart plots the relationship between urbanisation (% urban population) in different states/UTs and Net State Domestic Product (NSDP) per capita. The upward trend suggests that NSDP per capita is higher in states with a higher share of urban population. The second chart plots the relationship between urbanisation and share of people living in multidimensional poverty in different states/UTs. The downward trend suggests that more urbanised states/UTs have less multidimensional poverty.

Cities concentrate a large share of India's leading economic sectors[35] — mainly in services and sharing output in manufacturing with rural India. Cities also have higher share of gross value added from unincorporated manufacturing units.[36] Medium-sized cities too are now beginning to attract both start-ups and larger businesses.[37] Over 60% of all services jobs (spanning trade, real estate, transport, IT/ITeS, and finance) and 47% of all manufacturing jobs are urban.[38] While these account for only 30% of total jobs in India today,[39] by 2030, an estimated 70% of new jobs will be created in cities, as most new employment will be non-agricultural. Beyond job quantity, cities also provide better quality of employment: higher pay, written job contracts, and paid leave and benefits (Fig. 2).[40]

Figure 2: Workers in urban India have higher income and better benefits than their rural counterparts



Source: Analysis based on PLFS 2023-24[41]

The first chart suggests that urban jobs offer higher income than rural jobs across three categories of work — regular wage/salary work, casual labour, and self-employment. The second chart shows that a greater proportion of regular/salaried workers in urban India have written job contracts, paid leave, and specific social security benefits compared to regular/salaried workers in rural India. Specified social security benefits, as defined in the PLFS 2023-24, includes "PF/pension, gratuity, health care/maternity benefit or a combination of these benefits".

Note: For the income chart, income data for the regular wage/salary and self-employed categories is calculated as a monthly average based on data across one year from July 2023 to June 2024. For the casual labour category, a daily average is first calculated based on data across one year from July 2023 to June 2024. The monthly income is extrapolated from this daily average, assuming there are 26 working days in a month (6 working days per week, Monday-Saturday, and 4 weeks per month)

Despite India's striking economic growth, its cities are underperforming.

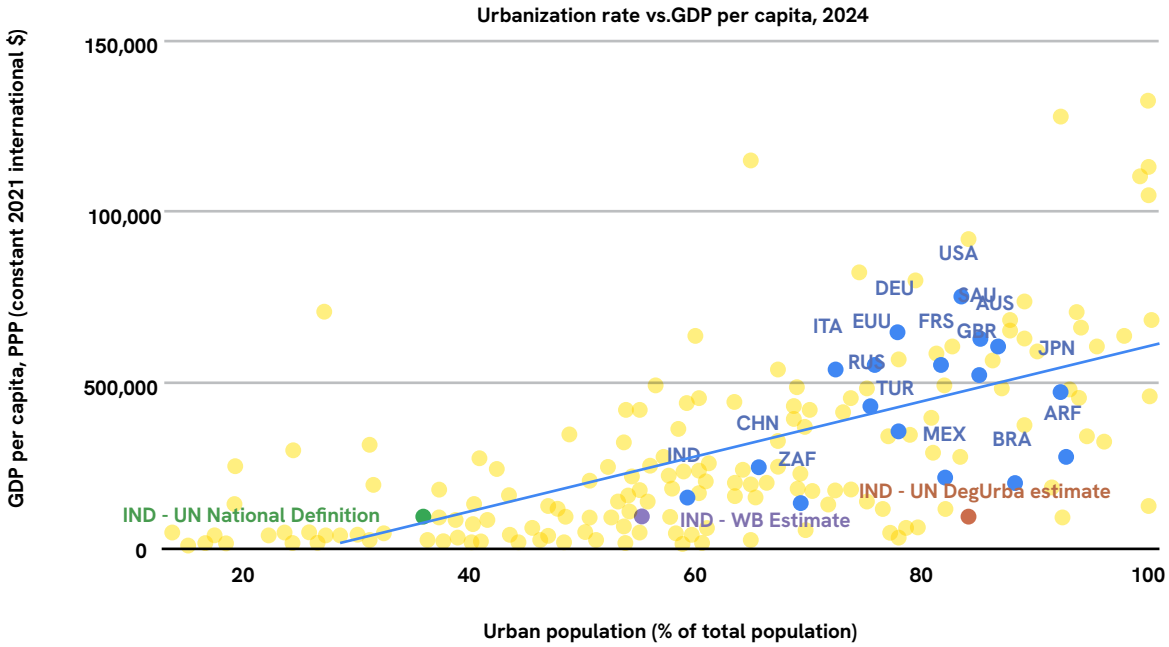
While data may suggest that India's urbanisation rate and GDP are par for the course with comparable economies, this only holds if we use India's urbanisation rate projected from national government data by the UN DESA (green dot in Fig. 3). Taking more representative urbanisation values (discussed in Chapter 1) from the World Bank Agglomeration Index (purple dot) and the UN DESA projections using the Degree of Urbanisation approach (red dot) shows a more modest picture. India is far more urbanised but less productive than it should be, especially when compared to other G20 countries.

Indian cities deliver lower returns from increasing urbanisation. Data modelling suggests that a 10% increase in urbanisation in Indian cities can potentially increase economic growth by 6.4%. In large cities, this estimated growth figure rises to 16%.[42] However, current estimates suggest that even when an Indian city doubles in size (i.e., 100% increase in urbanisation), its economic productivity only increases by 12% (on average). This is significantly less not just compared to the data model cited above, but also less than the 17% increase in some African countries and the 19% increase in China.[43]

Bigger firms (of 10 or more workers) emerge more frequently in India's bigger cities. However, fewer big firms emerge in denser cities — suggesting that the cities may be too congested (see Chapter 3).[44] Similarly, wages may increase only 1-2% (or 4-5% by other estimates) if an Indian city doubles in size or density.[45] These rates lag behind those in countries such as Colombia (5-6%), Brazil (6-7%), and Indonesia (12-13%).[46]

Photo credit: Aliaksei Antropau

Figure 3: Compared to its G20 peers, India is less productive than it should be given urbanisation levels



Sources: Internal analysis by Janaagraha based on data from the World Bank and UN DESA[47]

The chart shows the relationship between GDP per capita (constant 2021 international USD) of different countries and their shares of urban population. Countries that are closer to the best-fit line have GDP per capita close to what would be expected given their level of urbanization. Countries that are further away from the best fit line have GDP per capita either higher or lower than what would be expected given their level of urbanisation.

Note: This chart includes three data points for India. Each has the same y-axis value, for GDP per capita, PPP for 2024. Their x-axis values vary, however, based on different estimates for India's level of urbanisation. The green data point is based on the UN DESA's estimate of India's urban population in 2025 based on data supplied by the Indian government and calculated based on India's national definition of "urban". World Bank WDI's estimate for India's urban population in 2024, which aligns with official Government of India figures. The red data point is based on the UN DESA's estimate of India's urban population in 2025 based on the Degree of Urbanisation approach which uses satellite data and various analytical techniques. The purple data point is based on a World Bank estimate for India's urban population in 2016. It is calculated through the use of nightlight data and an agglomeration index that the World Bank created. This index is constructed based on population density (at least 150 people per square kilometre); a threshold population of a "large" urban centre (50,000); and a maximum travel time to that centre (60 minutes). The blue data points represent countries in the G20. All other countries are represented by the yellow data points.

Cities are places of opportunity where lives and livelihoods are built and dreams realised. While cities indeed are centres of economic productivity, growth, and jobs, liveability is a promise that cities should hold out to their citizens — it is an end in itself and a critical input for productivity and resilience.

A city that is unliveable is ultimately unsustainable. The following section unpacks the connection between a city's growth and liveability, and demonstrates how the same mechanisms can create either a virtuous or a vicious cycle.

Chapter 3

The rise and fall of cities

3.1. Cities grow because of agglomeration and network effects.

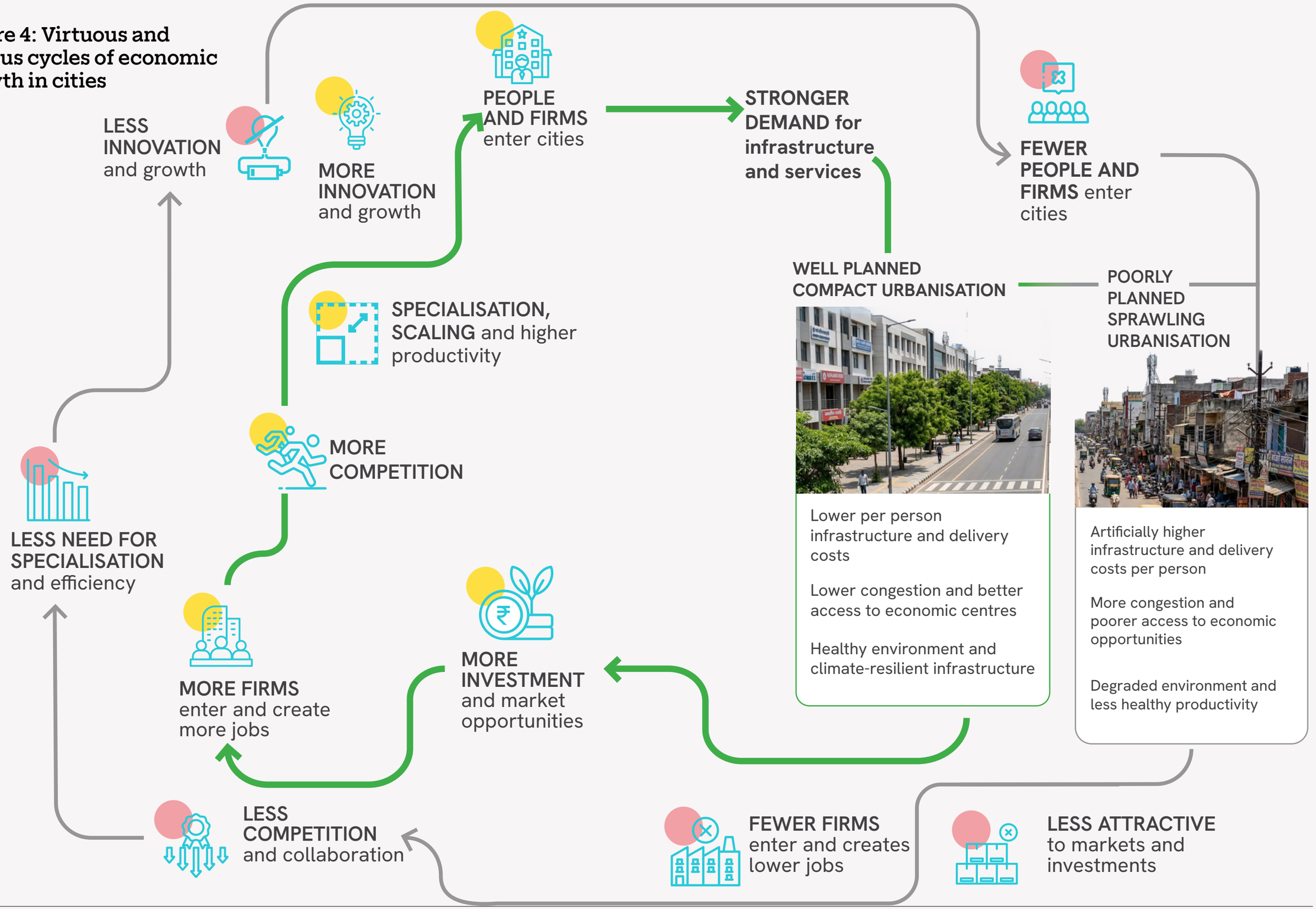
People live in cities either by virtue of being born there or move there drawn by opportunity. Natural growth (i.e., births within the existing population) accounts for more than 50% of a city's growth, while changes in the city's boundaries, administrative reclassifications, and migration account for the rest.[48] As per the 2011 Census, 79.45 million people in India's cities were migrants — born in villages and drawn to cities for employment, education, and marriage.[49]

While better employment opportunities are the primary driver, people need multiple goods and services to live and thrive in cities — food, clean water, housing, transportation, healthcare, schools, and so on. Firms or businesses establish themselves in cities to meet these needs and to leverage agglomeration economies. Importantly, both citizens as well as firms and businesses rely on the same foundation — land that is available and affordable, roads that connect them, transport and commute systems that move people and goods, and water and power that keep homes and factories running. For residents, infrastructure and services are what make a city liveable. For businesses, the same infrastructure and services create the ideal conditions to attract investment and talent. It is usually the government that designs, builds, and maintains this foundation through planning, zoning laws, public investment in infrastructure and services, and regulation.

AI-generated Image

Cities grow because they bring people, businesses, and governments into close interactions that spark agglomeration and network effects (Fig. 6).[50] But this need not always be the case. The quality of these interactions decides if cities thrive or falter.[51] For example, one of the most visible figures in our larger Indian cities today is the gig worker. Broadly defined as an 'individual who undertakes temporary, flexible jobs, often facilitated by digital platforms,' this workforce is projected to reach 23.5 million by 2029-30.[52] Currently, migrants are estimated to make up almost half of this workforce.[53] How governments respond to the needs of gig workers matters. Do they have access to basic services like housing and healthcare? Are they adequately protected from extreme weather conditions, given the outdoor nature of their work? Does the city make an intentional effort to integrate them into the community? The answers to these questions determine whether a city can successfully nurture and accelerate the connections — between people, places, and jobs — that drive economic growth.

Figure 4: Virtuous and vicious cycles of economic growth in cities



3.2. Well-planned, well-designed, and well-governed cities thrive.

Cities are compact spaces with people, firms, and governments in close proximity. Meta-analyses of global evidence suggest that better designed cities reduce sprawl and have higher economic and environmental benefits. A 10% rise in urban compactness (i.e., less sprawl) can increase economic benefits by USD 49–71 per person annually from higher productivity, greater job accessibility, and better access to services. It also increases environmental benefits of USD 8–41 per person annually from preserving green spaces, increased energy efficiency, and lower pollution.[53A] However, these benefits can disappear quickly if cities are unable to manage and meet their rapidly emerging housing and transport needs.

When governments ensure intelligent land use, better transportation, and adequate housing, it brings people closer together, making infrastructure and service delivery more economical with lower per capita costs. Cities with adequate and affordable public transport infrastructure enable people to be more mobile and better connected to places, jobs, and each other. Proximity and mobility spur interactions that promote creativity, innovation, and enterprise (Fig. 4, inner circle). When governments plan, design, and govern cities well, they become attractive to investors, businesses, and citizens who contribute to the economy with capital, entrepreneurship, and labour.

This, in turn, sets off a virtuous cycle — agglomeration and network effects drive innovation, helping firms create new markets and reach new geographies. More growth and employment opportunities emerge, drawing yet more people and businesses into the city. The cycle continues as long as there are no impediments or disruptions. Good planning and governance play a key role in creating enabling conditions and managing such impediments.

Photo credit: Envato

3.3. Cities with poor liveability hamper growth and worsen inequality.

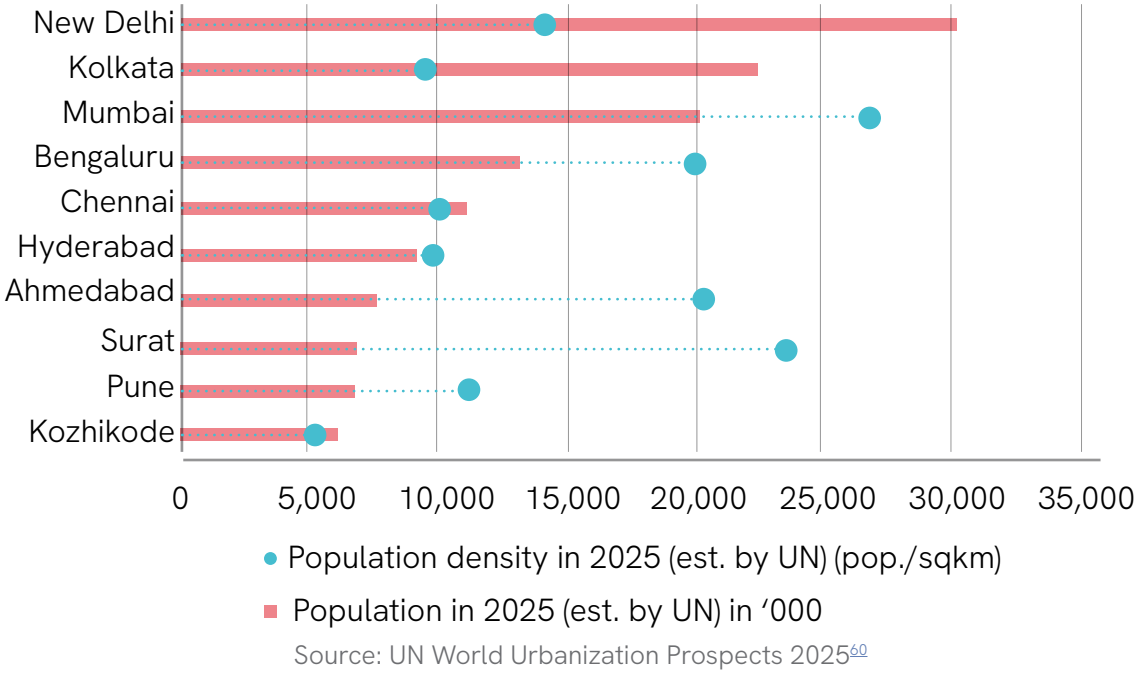
Poorly planned, poorly designed, and poorly governed cities deliver stunted growth (Fig. 4, outer circle).[54] These cities sprawl toward the peripheries, increasing the distance between where people live and where they work. This limits the employment opportunities people can realistically access. Inadequate transport infrastructure increases congestion and reduces mobility, which in turn increases commute times and worsens air and noise pollution. Citizens in the peripheries — often more likely to be from marginalised groups — bear the brunt of weaker infrastructure and services, facing exhausting daily commutes, poor connectivity to essential services, and resulting health impacts. Poorly managed urbanisation incurs significant economic costs: a 10% increase in badly managed urban density costs between USD 26–35 per person annually due to greater congestion, poorer health outcomes, and lower well-being.[55]

Rising congestion, longer commute times for work and school, noise, flooding, lack of green spaces and recreation, lack of walkable footpaths, and compromised public safety are all significant inhibitors of liveability. These conditions undermine a city's appeal as a place to live and work, discouraging both investment and talent from flowing in. Further, poor liveability can encourage talent exodus, either to more liveable cities within the country or abroad. In short, growth and liveability go hand in hand. Land use, transport, housing, and citizen-centric infrastructure and services determine both growth and liveability. Here's how this happens.

3.3.1. Sprawling cities with unaffordable housing and inadequate services make a city uncompetitive.

India's cities have expanded rapidly but often as unplanned sprawl. The area occupied by cities has grown by at least 2.5 million hectares — a 35% increase between 2005 to 2023,[56] equivalent to more than 100 Hyderabads.[57] Across typologies, cities are sprawling outwards from the core.[58] As seen in Fig. 5, cities like Bengaluru and Pune, which draw the most citizen complaints about traffic congestion, have doubled their built-up area in two decades. Mumbai, by contrast, shows lower expansion of built-up area but already has one of the world's highest population densities and the largest population living in informal settlements in the country.[59] This outward sprawl contributes directly to several challenges across affordable housing, transport, access to jobs, and other networked infrastructure like water and sanitation.

Figure 5: India's 10 most populous cities are not just dense but also show significant sprawl



Source: UN World Urbanization Prospects 2025[60]

Built-up area (Google Earth, Sq Km)				
City	**2001**	**2011**	**2020**	**% change (2001-2020)**
New Delhi	483.4	558.8	651.8	34.84%
Kolkata	318.9	360.6	395.2	23.93%
Mumbai	193.7	223.2	245.4	26.69%
Bengaluru	~540	~790	1,000	85.19%
Chennai	152.2	214.2	259.2	70.30%
Hyderabad	194.3	252.4	316.9	63.10%
Ahmedabad	154.6	199.3	250.3	61.90%
Surat	73.7	101.5	126.4	71.51%
Pune	128.9	193.5	270	109.46%
Kozhikode	42.1	55.2	68.7	63.18%

Source: Internal analysis conducted by Janaagraha[61]

Note: The 'built-up area' figures in the table above measure the extent of contiguous built-up area in each city and are derived from Google Earth Engine analysis of EU JRC GHSL satellite imagery at 100-metre pixel resolution. They do not capture vertical densification. 'Change in built-up area' is calculated between 2001 and 2020. These figures may not align with administrative municipal boundaries — for example, Bengaluru's built-up area extends beyond its municipal limits. They reflect only the area that is built up, not the city's overall size, which may include non-built-up areas such as open land, vacant land, and water bodies.

There were no challenges with calculation due to cloud cover. Changes in satellite image resolution between 2001, 2011, and 2020 may have had an effect on the built-up area assessment but do not affect the growth trends shown in the figure.

As cities expand horizontally rather than vertically, land and housing in central locations become much more expensive.

Private developers respond by either building where land is cheaper, usually in the city periphery, or by building higher-priced housing in central locations. It is no surprise, therefore, that affordable housing is shrinking. In seven major cities, affordable housing fell from 40% of the total housing construction in 2019 to just 16% in 2024, while high-end, luxury, and ultra-luxury housing surged to 56% from 27% in the same period.[62] This is especially revealing when one considers that 'affordable housing' is defined as units priced below INR 45 lakh in metropolitan cities and INR 30 lakh in others.[63] At these price points, housing remains out of reach for a majority of urban residents, largely because housing finance itself is unaffordable: the EMI-to-income ratio has risen to 60% for Economically Weaker Section (EWS) households (annual income less than INR 3 lakh) and stands at 43% for middle-income households (those with annual income of INR 6–18 lakh).[64]

One of the biggest constraints in assessing the scale of this problem is the lack of comprehensive and up-to-date official data on affordable housing.[65] While the 2011 Census placed the total urban housing shortage at 18.78 million units,[66] a 2018 estimate by ICRIER puts the figure substantially higher at 50 million units — accounting for both new housing demand and existing housing requiring intervention.

Urban India has grown by the size of a

100 Hyderabads

since 2005

Of this, 96% falls within the EWS segment.[67] More conservative recent estimates place cumulative demand at approximately 30 million units by 2030.[68] Limited land availability, high land prices, and low purchasing capacity continue to constrain the supply of affordable housing.[69]

Government-funded housing schemes like the Pradhan Mantri Awas Yojana - Urban (PMAY-U) help address the affordable housing gap. However, they often end up building on city peripheries where land is cheaper,[70] further increasing sprawl. Furthermore, they have low completion rates (~55.42%), with half of completed units remaining unoccupied due to gaps in service provision (Fig. 6). Despite PMAY-U being a flagship programme that receives, on average, 25% of MoHUA's budget (see Chapter 4), the sanctioned units today address only 6% of the 30 million affordable housing gap.

Figure 6: PMAY-U completion and occupancy rates

Status of houses	Affordable housing in partnership (No. of units)	In-situ slum redevelopment (No. of units)	Total houses (No. of units)	Proportion to total sanctioned houses
Sanctioned	15,65,218	1,84,619	17,49,837	
Grounded	13,79,804	1,13,622	14,93,426	85.34%
Completed	9,01,953	67,806	9,69,759	55.42%
Occupied	4,89,552	20,296	5,09,848	29.14%
Unoccupied	4,12,401	47,510	4,59,911	26.28%

Source: MoHUA[71]

Constraints in the supply of affordable housing create significant pressure on the rental market, directly impacting migrants,

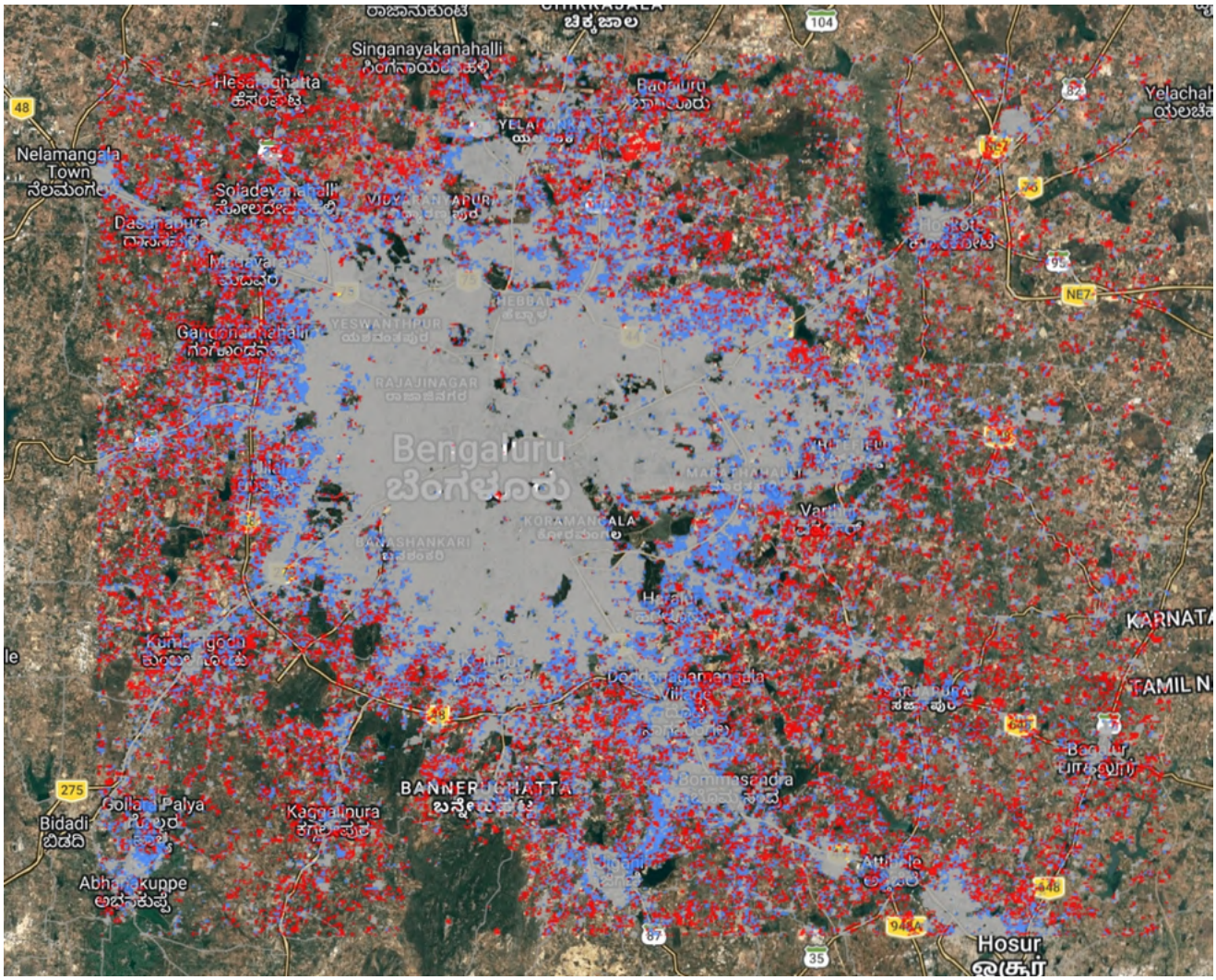
gig workers, and informal workers. Published interviews with short- and long-term migrants in the informal sector in Delhi-NCR show that workers prefer living close to community networks and workplaces in basic set-ups that save costs. Monthly rents range from INR 2,500 for a tin-roofed single room with a shared toilet to INR 7,500 for a concrete-roofed room with an attached toilet.[72] **Meanwhile, close to 10 million houses lie vacant in urban India due to low rental yields,** weak tenancy frameworks, and litigation risks with city governments having no regulatory mechanism to correct this imbalance.[73] As a result, people — especially those belonging to economically weaker segments or marginalised groups[74]— are pushed to live either in distant, poorly accessible city peripheries or in informal settlements within city limits.[75] Core city areas, which have often been developed earlier, typically have water and sewerage infrastructure in place. Housing in peripheral areas, on the other hand, tends to lack these basic services.[76]

Affordable housing construction fell **from 40% to 16%** while luxury housing doubled between 2019 and 2024

Take the case of Whitefield in Bengaluru. When the state government, through the Karnataka Industrial Areas Development Board, approved the Information Technology hub in the 1990s, it triggered extensive spatial expansion and a massive rise in residential construction by private developers (Fig. 7).

However, for more than two decades after, Whitefield lacked basic urban services (such as piped water, garbage collection, and well-maintained footpaths and roads)[77] and sufficient public transit to connect it to other parts of the city (the metro rail reached Whitefield only in 2023).[78]

Figure 7: Bengaluru has expanded massively between 2000 and 2020



The blue dots indicate new built-up area that emerged between 2000-2010. The red dots indicate new built-up area that emerged between 2010-2020. 'Built-up area' refers to contiguous built-up area in cities. These may or may align with administrative municipal boundaries. Bengaluru's built-up area extends beyond its municipal boundaries because it is contiguous. They reflect only the area that is built up, not the city's overall size, which may include non-built-up areas such as open land, vacant land, and water bodies.

Source: Internal analysis conducted by Janaagraha based on Google Earth data[79]

Unplanned sprawl makes providing infrastructure more expensive and difficult.[80]

For example, research finds that sprawling cities have 75% higher water bills than compact ones, while peripheral areas have 50% less access to piped water than core areas.[81] Moreover, residents in peripheral areas have 40% less access to critical infrastructure compared to those living closer to the city centre.[82]

Laying sewerage pipes and building treatment plants for scattered peripheral developments costs more per household than serving compact neighbourhoods.[83] When Bengaluru grew from 540 sq km (2001) to 1,000 sq km (2024), the Bangalore Water Supply and Sewerage Board (BWSSB) had to retrofit infrastructure in areas that had already been developed without sewerage planning.[84] This time-taking process puts lower-income households at greater risk of water contamination due to inadequate sewerage systems.[85] In the absence of pipelines, sewage ends up polluting the environment. Groundwater and other water bodies in cities today are showing high levels of untreated domestic waste, sewage, and toxic metals,[86] polluting water used for household and community needs.

As with sewage, our cities are not keeping pace with the volume of solid waste generated and do not have adequate infrastructure to process it.

By one estimate, Indian cities generate 0.1–0.5 kg of solid waste per capita per day.[87] According to the Central Pollution Control Board (CPCB), around 18% ends up in landfills and 32% is unaccounted for.[88] Sprawl makes waste collection more difficult and often economically unviable — waste trucks must travel longer distances through congested roads to reach peripheral settlements, and landfills get pushed further to city edges where they contaminate soil and water sources, breed disease, and worsen air quality.[89] Recognising both the pressures on service delivery due to this sprawl as well as the pressures on the environment, the 2026 Solid Waste Management guidelines prioritise a decentralised approach. Only inert waste — non-biodegradable and non-combustible residue — is to be sent to landfills, while the remaining 90% of wet and dry waste is to be processed on-site or recycled. These guidelines are yet to be implemented.[90]

Photo credit: ShardarTarikul, Pexels

3.3.2. Rising congestion and weak public transport systems further increase the human and economic cost.

"In India, you need a car if you need to go anywhere. It can be an Uber or your own car... For me, in India, it takes 2.5 hours to reach the airport — the longest compared to any other place I have stayed at."

- NRI living in Singapore

A majority of Indians use roads as pedestrians, cyclists, and public transit riders. NMT and public transport account for a combined 69% share in modes of transport in India's cities.[91] Over a third of Indians walk or cycle to work. Yet our roads and mobility systems are still designed predominantly for motor vehicles.[92]

Urban roads simultaneously serve multiple functions — mobility (walking, cycling, driving), networked utilities (water, sewerage, stormwater, power, gas, telecom, and streetlighting), and public spaces for livelihoods and recreation. This presents a significant opportunity but also a challenge. Investing well in urban road infrastructure can serve multiple growth and liveability outcomes at once. Doing so poorly has visible consequences — compromised public safety due to open drains and poorly maintained roads, flooding from inadequate stormwater systems, poor access to public transport, lower workforce participation rates, and wastage in public expenditure due to frequent road cutting.

Bus usage falls while private vehicles on Indian roads have tripled

Indian cities, mainly metropolitan and large cities like Kolkata, Bengaluru, and Pune, are among the most congested in the world [93] because of low public transport capacity and high private vehicle use.[94] On average, buses account for approximately 28% of all modes of transport in major cities and 15% across urban India, with a decreasing trend.[95] Buses ferry more people while occupying less road space per passenger than cars,[96] making them a more viable alternative to private vehicles. The number of buses in India's cities ranges from 0.6 per 10,000 people in Lucknow to 4.5 buses per 10,000 people in Bengaluru.[97] The country's bus-to-population ratio across most cities is lower than MoHUA's recommended benchmark of 4-6 buses per 10,000 people.[98]

As of 2025, metro rail spanned 1,013 km in 20 cities, with metropolitan cities accounting for a majority of the network.[99] Daily metro ridership in 2024-25 exceeded 11 million, nearly 4 times the daily ridership in 2013-14.[100] Yet the share of Metro rail in public transport is unclear. Actual metro rail ridership remains, on average, at a third of what was projected, and in some cities, less than a tenth.[101] Even in Delhi, which has India's largest metro network, ridership across Phases I-III is half of the original projection.[102] First and last mile connectivity with metro stations is a significant factor for this lower than optimal adoption.[103]

With buses and metro proving insufficient for intra-city commutes, India's roads continue to see a sharp rise in private vehicles — 47.3 million private vehicles (two-wheelers and cars) were added between 2022 and 2025 (Fig. 8), and 25.5 million in 2024–25 alone. This immense uptake of private vehicles further adds to congestion on the roads. Unfortunately, while precise national data on the urban-rural split is not available publicly and these are only total estimates, the trend still shows that public transport gaps are being filled privately.[104]

Figure 8: Number of passenger private vehicles on India's roads increased by 356% between 2022 and2025

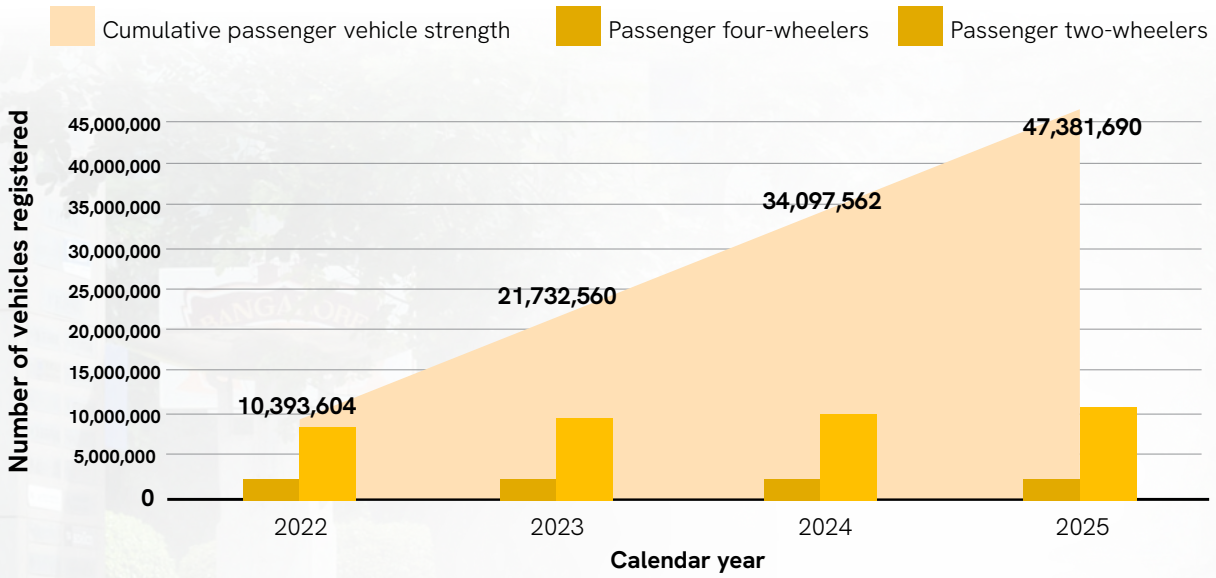


Chart description: The chart shows that the number of registrations for passenger four-wheelers (motor cars) and passenger two-wheelers (motorcycles, motorised cycles, and mopeds) have been increasing every year between 2022-2025. As a result, the cumulative strength of passenger vehicles on the road is increasing massively — 47 million new passenger vehicles came onto Indian roads between 2022 and 2025.

Source: MoRTH Vahan database[105]

Photo by Jana Urban Space Foundation

Today, urban roads and streets receive only a small fraction of public investment.

Metro rail and national highways receive some of the largest public investments in transport. In FY 2026-27, out of the total urban outlay of INR 85,522 crore, metro rail projects alone account for a third of all central urban spending. Between 2014 and 2023, an estimated INR 7.9 lakh crore was spent to build 23,268 km of national highways, while another INR 3.96 lakh crore has been invested in 8.35 lakh km of rural roads since 2000.[106]

By contrast, urban roads have received only a small fraction of such investment — and within that, walkability and public transport are yet to receive proportionate attention. Our analysis shows that across India's five largest metropolitan cities — Mumbai, Delhi, Chennai, Hyderabad, and Bengaluru — only 3% of budgets go to pedestrian infrastructure, even though mobility projects account for an average of 11.8% of budgets.[107] Weak public transport and pedestrian infrastructure raise high barriers, particularly for women looking to work (Box 1).

Only 3% of budgets in Mumbai, Delhi, Chennai, Hyderabad, and Bengaluru go to pedestrian infrastructure

Box 1: No Cities for Women — Urban design gaps that keep women on the margins [108]

Today, urban India is home to approximately 181.6 million women, accounting for around 48% of the population. Women are among the largest users of public and non-motorised transport in urban India. They navigate cities as both workers and primary caregivers while balancing gender norms and safety concerns. The 2011 Census estimates that, on average, 45% of women walk to work and 22% prefer the bus, compared to 27% and 14% of men, respectively.

Despite this high reliance on public transport, cities are seldom designed to cater to women's mobility patterns. Research shows that women are more likely to undertake multi-stop journeys during off-peak hours — a phenomenon known as 'trip chaining' — due to their caregiving responsibilities. Most public transport networks, however, continue to prioritise linear, point-to-point commuting, overlooking these complex and time-sensitive travel needs.

> *"Yes. When we take the kids along with us then we have to choose the footpath for walking. If we take the main road, then there is no safety. But if the footpath is not good then we have to take the main road. Once, there was a lot of traffic in the morning. Two wheelers would come on to the footpath. That is why we are scared."*
>
> *– Homemaker, Bengaluru*

The lack of adequate public transport, combined with distant work locations, emerges as one of the most significant impediments to women's workforce participation.

The economic costs of keeping women out of the urban workforce are glaring. Women's Labour Force Participation (LFP) in urban India is 22.3%, significantly lower than women's LFP in rural India (36%) with a potential value equivalent to 15% to 17% of GDP.

Remote work is sometimes proposed as a feasible option to bypass sprawl and congestion. As of today, approximately 12% of jobs in India are fully remote and another 28% are classified as hybrid.[109] While it is estimated that knowledge-work and remote-capable work is likely to increase the number of remote jobs, emerging evidence suggests that remote work can diminish the productivity, knowledge-sharing, and innovation and networking gains that stem from in-person interactions. Furthermore, for sectors such as agriculture, hospitality, medicine, and manufacturing, remote work is unlikely to be a realistic option.

Congestion in India's cities stems, in large part, from NMT and public transport not receiving the attention and investment they warrant.

The economic cost of congestion is staggering. Traffic congestion in just four metropolitan areas — Delhi, Mumbai, Bengaluru, and Kolkata — costs the economy about INR 1.47 lakh crore every year.[110] The human cost is higher still. While global road deaths fell by 5% between 2010 and 2021, fatalities in India rose by 15% over the same period.[111] Today, around 20 people die on Indian roads every hour, and one-fifth of them are pedestrians.[112] This crisis is not inevitable; it is largely a consequence of what our mobility planning and investments choose to prioritise.

3.3.3. Mounting pressures on the environment are adding to already stressed cities.

India's cities are growing by replacing green cover and water bodies *en masse*.[113]

For instance, Bengaluru grew by 966% between 1973 and 2023 while its vegetation and water bodies shrank in area by 88% and 79%, respectively.[114] Similarly, a study by the National Remote Sensing Centre found that 65 lakes have disappeared in Bengaluru since 1965.[115] Vijayawada's built-up area grew 58% between 2001 and 2023, while its vegetation and water bodies reduced by 42% and 38%, respectively.[116] Dwindling green and blue spaces reduce room for community interaction, recreation, and leisure, while directly threatening people's health, well-being, and economic productivity.[117] The adverse impact on the natural environment is obvious and consequential.

Concretisation and climate-agnostic planning of our cities seems to be contributing to intense warming and flooding.[118]

Due to concretisation, cities are warming 37.73%, and in some cities 112%, more than rural parts of the country.[119] By one estimate, 364 million urban residents in India faced extreme heat stress in 2022 alone.[120] Urban heat exposure is expected to intensify as cities heat up.[121] Flooding in cities is also intensifying. Some estimates suggest that two-thirds of India's urban population will be at risk of flooding by 2030, with potential losses of up to USD 5 billion.[122]

Two-thirds of India's **urban population** will be at **risk of flooding by 2030**

35 of the world's 50 most polluted cities are in India

Air pollution, partly driven by congestion, has exceeded safe limits in most cities — big and small.[123]

In fact, Indian cities rank amongst the most polluted cities in global rankings.[124] In 2024, 35 of the world's 50 most polluted cities were in India, with annual PM2.5 levels above WHO standards at 66.4 µg/m^3.[125] From 229 Indian cities, 190 cities exceed the nationally set standards for concentration of PM10, while more than 100 cities exceed the standards for PM2.5 in 2025.[126] The human toll is alarming — air pollution-related diseases claimed the lives of around two million people in India in 2023 and increased the likelihood of unfavourable pregnancy outcomes, malignancies, diabetes, cognitive impairment, and neurological diseases.[127] The economic burden is equally significant, costing Indian businesses approximately USD 95 billion per year — roughly 3% of India's total GDP — due to absenteeism, disrupted travel, and decreased output.[128]

Finally, the lack of green and public spaces leads to a dual crisis of physical and mental health for our citizens, especially children and young adults (see Box 2). According to a Lancet study of five cities — Bengaluru, Chennai, Delhi, Kolkata, and Mumbai — increasing green area by just 1% could reduce annual premature deaths by 875 to 2,439, depending on where these green spaces are added (with greater impact in densely populated areas).[129]

Box 2: Concretisation and the Play Deficit

For children, the concretisation of urban environments has resulted in a 'play deficit' that correlates with a 21% to 39% higher risk of anxiety and mood disorders compared to rural children. Accessible open space in cities like Mumbai is as low as 1.1 m^2 per capita, far below the WHO-recommended 9 m^2.[130] The 2022 India Report Card notes that only half of children and adolescents were meeting the recommended minimum of 60 minutes of physical activity per day, often a consequence of the lack of safe public spaces for play,[131] while multiple research studies show that urban adolescents have higher rates of anxiety and depression than rural youth in large part due to lack of open spaces and access to healthy recreation.[132] Free, open, green space in our cities is currently a luxury.

> *"There are so many recreational spaces that are accessible to the public [here in the Netherlands] — where you can enjoy nature and well-being. All the parks are well maintained; we have community spaces for the common person. Public swimming pools are also very good. In India, for something well maintained it needs to be private, and you do have communities with good parks and recreational spaces. However, that is meant for the very few who can afford it."*
>
> *– NRI working woman, living in Netherlands.*

AI generated Image

3.4. Private solutions are just an illusory fix.

Although cities are leading India's economic charge, the benefits of this growth do not reach everyone equally. The income gap between the top 1% and bottom 50% is at a historic high — the top 1% accounts for 23% of income while the bottom 50% receives approximately 13%.[133] The monthly per capita expenditure of the top 5% of urban households is almost ten times that of the bottom 5% of households.[134]

This inequality shapes who can afford private workarounds for failing public infrastructure. Every day, citizens who can afford it are finding private solutions — gated communities, private vehicles, air conditioners, and air and water purifiers — to cope with poor liveability. But taken at a city-scale, these solutions are no more than illusory fixes. For example, private vehicles are commonly used to substitute for weak public transport systems. However, as seen above, rising private vehicle use increases congestion and pollution. Air conditioners might help deal with heat and pollution indoors but increase urban warming and add to heat islands. .

In effect, private solutions benefit a few with bubbles of comfort in the short-term while excluding the majority and harming the planet in the long-term. Quick commerce illustrates this dynamic — private delivery services solve for individual shopping convenience (usually to overcome sprawl or congestion) but externalise risks to gig workers and others, as underscored by the recent large-scale protests by gig workers over unsafe working conditions. The ease and convenience of quick commerce for those who can afford it comes at the cost of safety for a disempowered segment of the workforce.

Unlike private solutions, public infrastructure and service delivery can offer a level playing field even to those who come from less privileged backgrounds and create avenues of upward mobility. Unfortunately, India's public infrastructure and service delivery have not met this standard despite large public investments in housing and transport, and the growing political salience of cities.

Photo credit: Zishan Khan

Chapter 4

Investment in India's cities is increasing

India's cities have become politically salient over the last 10–15 years. Several factors have contributed to this — rising aspirations of citizens, the widespread amplification of big and small urban grievances through social media, a new generation of political leaders with roots in cities, and the visible contribution of cities to jobs and economic growth. In response, the union government and several state governments have started investing heavily in cities.

Cities receive funding from three primary sources: schemes from MoHUA, Union Finance Commission (UFC) awards, and State Finance Commission (SFC) devolutions. This is over and above their own source revenues and borrowings, which are generated at the ULG level. Combining MoHUA's urban allocations and the XIV and XV Finance Commissions' allocations to ULGs, approximately INR 8.36 lakh crore was invested in cities between 2015-16 and 2025-26 (BE) .[135]

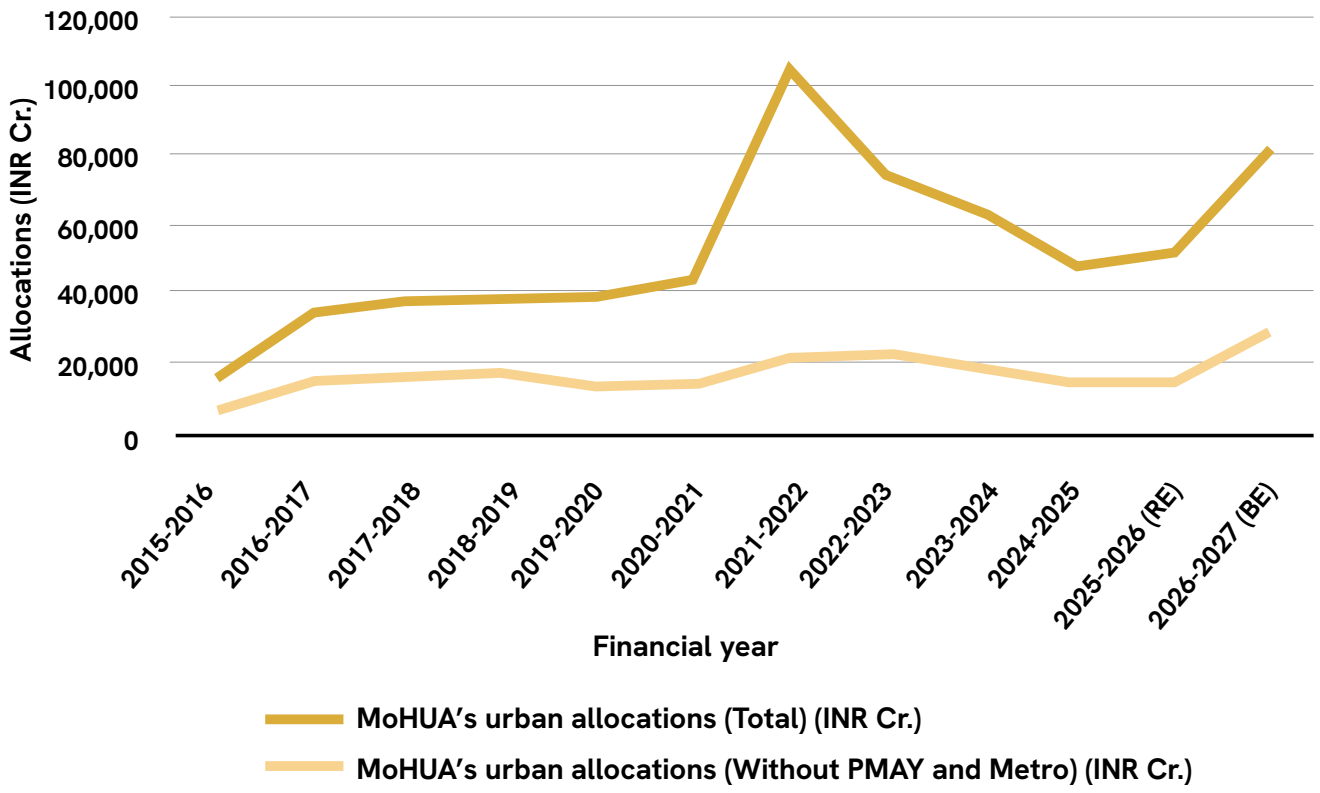
The scale of investment from MoHUA and the UFCs has steadily increased in the last decade. MoHUA's total urban allocations have doubled from INR 1.70 lakh crore between 2015 and 2020 to INR 3.41 lakh crore between 2020 and 2025.

However, while MoHUA's outlay has increased over the years, the spending mix remains skewed.

Allocations to the PMAY-U and metro rail projects (budgeted as 'Metro and MRTS') dominate this outlay, even as spending on other urban infrastructure and services has remained largely unchanged over the last 11 years (Fig. 9). Despite contributing to a much smaller modal share of transport (as seen in Chapter 3), the centrality of metro rail in the urban budget is striking. In FY 2026-27, out of the total MoHUA budget of INR 85,522 crore, 36.2% is on metro rail projects alone.[136]

Meanwhile, flagship schemes oriented toward everyday urban services are seeing reduced allocations. The Swachh Bharat Mission (Urban), which focuses on solid waste management, has been halved from INR 5,000 crore in FY 2025-26 to INR 2,500 crore in FY 2026-27. Allocations to the Atal Mission Rejuvenation and Urban Transformation (AMRUT) — which is one of the biggest schemes focused on achieving water security and sewerage coverage — have declined by 20%, from INR 10,000 crore in FY 2025-26 to INR 8,000 crore in FY 2026-27.[137]

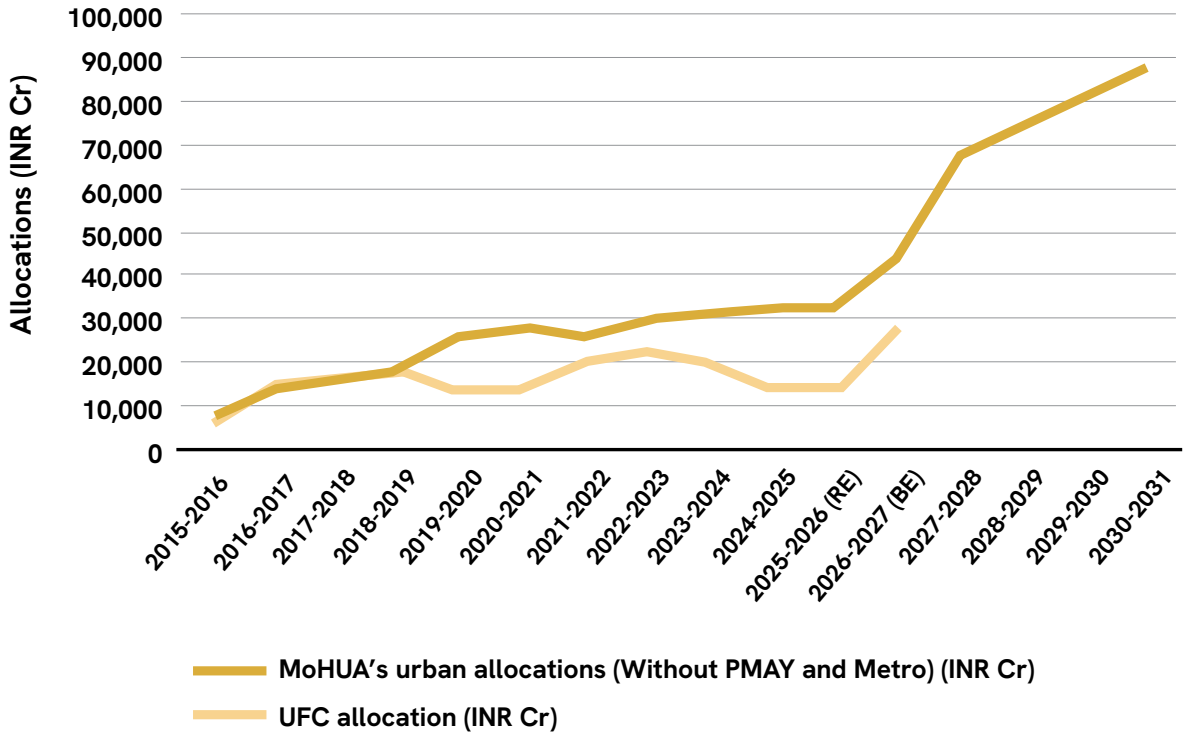
Figure 9: MoHUA's allocation without PMAY-U and metro rail has been largely flat in the last decade



Sources: Union Budget documents

The Finance Commission awards therefore are now a large and predictable source of funding for cities. The XV Finance Commission (XV FC) increased its allocations to ULGs from INR 87,143 crore (FY 2015-16 to FY 2019-20) to INR 1.55 lakh crore (FY 2020-21 to FY 2025-26), inclusive of special grants — a 1.8X increase.[138] With the XVI FC, the allocation has increased further to INR 3.56 lakh crore, a 2.3X increase.[139]
The XVI FC has also raised the proportion of untied grants, providing greater flexibility to cities in how they deploy this funding.[140] This growth reflects the increasing significance of FC transfers as a reliable and formula-based source of funding to ULGs. The XVI FC award will potentially exceed MoHUA's own urban allocations to ULGs, if recent trends continue (Fig. 10). Such a shift marks a significant step toward empowering cities with greater financial resources and autonomy.

Figure 10: UFC transfers are exceeding MoHUA's direct allocations to ULGs



Source: Internal analysis based on Union Budget and Union Finance Commission allocations

Beyond MoHUA and FC grants, SFC grants typically form the major share of city finances. On a per capita basis, SFC grants to ULGs are nearly 4 times those from UFCs.[141] These SFC devolutions are often the only predictable source of revenue for ULGs in most states when it comes to meeting salary expenses, operations, and maintenance — some of the most critical expenditures for liveability.[142]

State governments also provide scheme-based grants to ULGs which appear to be increasing, based on a study of select state budgets.[143]

A comprehensive study of state budget allocations to cities is constrained by the lack of standardisation and accessibility of budget formats across states.

India's cities are thus receiving significantly more investments than before from different sources, though schemes remain an important feature. Yet these are not automatically translating into better liveability or growth outcomes. The next section examines why.

Photo credit: Envato

Chapter 5

Why investments in urban India fail to deliver

A City-Systems Approach to Growth and Liveability

Despite the massive surge in investments in urban infrastructure and services, we are seeing a worsening of liveability across parameters like affordable housing, congestion, and air quality, especially in our metropolitan and large cities. Smaller cities and towns, which may offer cleaner air, water, and open spaces, often lack job opportunities that meet aspirations. The key question before us is why are massive investments in urban infrastructure and services not translating adequately and quickly into improved liveability for citizens?

We believe it is because India's **cities are growing by default, not by design.** Four inter-related reasons point to this failure. First, growth and liveability today are treated as two separate agendas rather than an integrated one. Second, ownership and accountability are hard to pin down — both politically and administratively — due to extensive fragmentation of mandates and authority. Third, cities are planned and governed with a one-size-fits-all approach, rather than on the basis of their specific contexts and characteristics. Finally, data and data systems remain largely absent from decision-making, rather than being central to it.

Photo credit: Mumtahina Tanni, Pexels

5.1. Growth and liveability are planned in a disconnected manner

Economic growth planning for Indian cities today happens at the state and union government levels, driven by policy and corporate investments with almost no involvement of city governments. As a result, planning for liveability never precedes or accompanies planning for growth, but almost always lags behind - sometimes by decades. Land-use conversion happens, construction takes off at a rapid pace, companies set up offices, and unplanned housing and small businesses spring up around these new growth areas. Meanwhile, more often than not, there is neither adequate right of way for properly designed roads, nor provision of networked infrastructure like power, water supply, and sanitation in these areas. This has been a familiar pattern over several decades now, across both large and medium cities. Our cities are therefore getting locked into sub-optimal living conditions for the long-term, which in turn inhibits greater economic productivity and exacerbates adverse climate and health effects.

Special Economic Zones (SEZ), an important economic growth instrument in India, exemplify this disconnect. As of March 2024, there are approximately 276–280 operational SEZs, with over 75% located in urban/peri-urban areas due to closer proximity to talent.[144] When a new SEZ comes up, it creates 11,514 direct jobs on average.[145] However, this number varies by size and location. For example, the Sri City SEZ in Andhra Pradesh reports creating 70,000 direct jobs,[146] while the recent Suzlon SEZ in Coimbatore (within the Madras Export Processing Zone SEZ) is expected to create 1,010 direct jobs.[147] Typically, each SEZ also creates double the number of indirect jobs through the operations of the SEZ, apart from the jobs created during the development phase.[148] However, the SEZ Act of 2005 places SEZs outside ULG jurisdiction, with the Act's provisions overriding the ULG authority.[149] This means that while state and union governments plan these economic centres, city governments — who have no role in SEZ planning — must provide the commensurate housing, water, sewerage, and transport infrastructure for the thousands of workers these SEZs attract and employ.

Often, private developers, especially in large cities which are proximate to technology parks, saturate the market with unaffordable housing. Workers are often forced to live far from work where housing is affordable, including on the city's periphery, further expanding the sprawl (Chapter 3.3.1). Today, 33.4 million of 62.6 million migrants — in the six major cities of Mumbai, Kolkata, Hyderabad, Chennai, Bengaluru, and Delhi — live on urban fringes with far weaker infrastructure and services than the city cores (as per data supplied by the Mumbai-based India Migration Now).[150] Gurugram, which expanded rapidly much like Whitefield in Bengaluru, is a case in point (Box 3).

Box 3: Gurugram - Growth without Liveability[151]


Source: PTI

Much of Gurugram's initial success can be attributed to its proximity to Delhi and the international airport, and favourable land regulations. The Haryana Development Regulation of Urban Areas (HDRUA) Act, 1975 enabled private firms to acquire land at scale to develop townships. By the 1980s, Gurugram garnered the attention of 26 private developers, led by DLF, and industries such as General Electric, Maruti Udyog Ltd., and Pepsi. As the Indian economy opened in the 1990s, a growing number of Indian technology companies and MNCs established operations in the area. As a result, Gurugram became a high-end residential and commercial hub.

Gurugram witnessed improved productivity through strategic investment, a supportive regulatory environment, and connectivity with Delhi and other major urban centres. The city saw its built-up area increasing by 45% between 1990 and 2018. It has one of the highest car ownership rates in the country and achieved the second highest per capita income at INR 9.05 lakh. Gurugram represented India's most ambitious urban experiment — blending government regulation and facilitation with private innovation. However, the very factors that propelled its economic growth soon became constraints. The city's rapid urbanisation outpaced what the Haryana Urban Development

Authority (HUDA) could provide in basic infrastructure and urban amenities such as roads, sewerage, water, and electricity supply. As a result, private developers built gated communities and provided the necessary infrastructure and services, resulting in islands of comfort and convenience for those who could afford it.

The Municipal Corporation of Gurugram (MCG) was formally established only in 2008, decades after Gurugram's growth story took off, and elections to the local government were not conducted until 2011. Even after its creations, the MCG did not possess the mandate of a city government and coexisted with dominant and older agencies such as HUDA and Haryana State Industrial and Infrastructure Development Corporation Limited (HSIIDC).

The Gurugram Metropolitan Development Authority (GMDA), established in 2017, nine months after the infamous GuruJam episode of an eight-hour traffic jam caused by flooding. It is yet to deliver substantively. The GMDA was meant to be a centralised authority to guide and coordinate the city's development, but it has not been able to make a discernible difference to the city. In fact, it continues to exemplify the problem of excessive state government control. For example, the GMDA CEO had a sanctioning authority of only INR 50 lakh (raised to INR 2.5 crore only in 2025), and had to seek approval from the High-Powered Purchase Committee in Chandigarh for any expenditure beyond this limit.

The much-delayed attempt at coordinated governance and infrastructure has cost the city and its citizens dearly. Severe congestion from Delhi to Gurugram has already resulted in an estimated loss of 1.17 billion person-hours and up to USD 1.3 billion in economic losses. An unchecked rise in built-up areas, enabled by regulatory gaps and the absence of climate-conscious, sustainable planning, is triggering an environmental crisis. Construction-related activities and large-scale encroachment on natural drainage systems and waterbodies have left the city vulnerable to chronic waterlogging, especially during monsoons. These challenges were compounded by limited metro coverage, underinvestment in public transit, and insufficient highway connections and exit points, which constrain the flow of people and goods and create recurring traffic bottlenecks.

Severe congestion from Delhi to Gurugram has already resulted in an **estimated loss of 1.17 billion** person-hours and up to USD 1.3 billion in economic losses.

When a State Development Authority or a union ministry plans an industrial corridor or an SEZ, they focus almost exclusively on the initial capital expenditure (CapEx) which includes the cost to acquire land (often rural) and the cost to build factories, highways, IT parks, etc. According to a World Bank report on solid waste management, operational expenditure can easily account for 70% or more of total required budgets – substantially exceeding capital costs and often proving the most challenging to sustain.[152] Similar numbers for roads, water pipes, street lighting, cleaning, security, etc. are not available easily. Often, the union or state government plans for the CapEx (which usually signifies investments for growth) while the municipality is left to pick up the operational expenses (OpEx) (typically aspects of liveability) which far exceed its fiscal ability. There is a 42% gap between revenue resources and actual expenditure needs across ULGs, which is often the outcome of property tax rates set by state governments, SEZs being exempt from local taxes, and industrial area revenue going to state governments.[153]

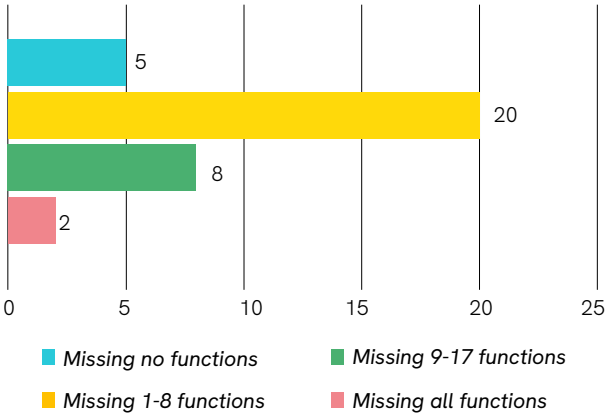
City governments, therefore, are left to provide water and manage waste for townships they did not conceive or approve, and maintain infrastructure for population growth they did not anticipate.

This exclusion fundamentally contradicts the vision set out in the Twelfth Schedule of the Constitution, added through the 74th Constitutional Amendment Act (74th CAA) that lists 18 core city functions[154] that should be under the ambit of urban local governments. Urban planning, including town planning as well as the regulation of land use and construction of buildings, and planning for economic and social development, are all technically under the purview of city governments. While the 18 core functions are a conservative list that excludes several critical functions (such as traffic, transport, law and order, healthcare, and education), only about four functions have been effectively devolved across all states — burial grounds, public amenities (even these are limited), prevention of cruelty to animals, and regulation of slaughterhouses — all relatively minor functions (Fig. 11).[155] Excluding ULGs from planning for growth and liveability in an integrated manner is thus a critical systemic failure.

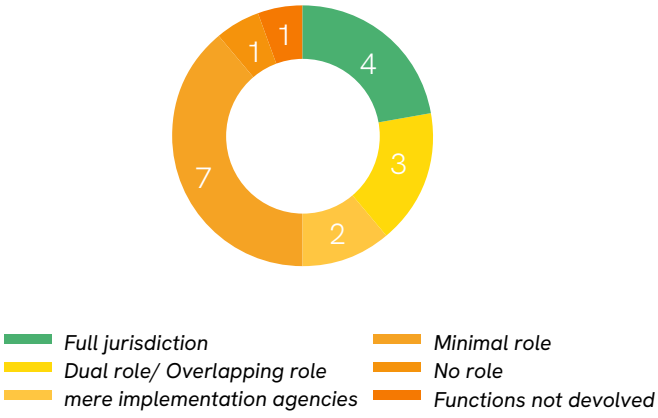
Photo credit: Ronak Naik

Figure 11: Status of devolution of 18 core functions across 35 states/UTs

Number of states/UTs where municipalities lack authority over 18 core functions



Actual status of devolution of function to ULGs



Source: ASICS 2023[156]

5.2. Ownership is dispersed with no clear accountability

A city is an integrated system where infrastructure and services — transport, water, housing, energy — are meant to work together and complement each other. People live and work in cities and experience them as a whole — not in silos of water, sanitation, power, traffic, housing, etc. Ideally, planning and governance must aim to improve the urban experience of people holistically. This would involve city governments approaching the city as a 'place' for place-based governance, and not as line department domains. However, current planning and governance in cities does exactly that. All Indian cities are managed by a patchwork of institutions that rarely converge. The ULG and state-level parastatal agencies and state departments (Fig. 12) each control a piece of city governance with no entity responsible for the whole. This makes it impossible for our public systems to anticipate and plan for a city's needs in a coherent manner, as seen in the Bengaluru and Gurugram examples.

This problem is amplified in cities with large Urban Agglomerations (UA). For example, under the 2011 Census, the Greater Mumbai UA comprised six municipal corporations (Greater Mumbai, Mira Bhayandar, Thane, Navi Mumbai, Kalyan Dombivali, and Ulhasnagar) and two municipal councils (Ambarnath and Badlapur), among others. The Kolkata UA comprised 46 ULGs, besides other entities. Each of these ULGs operate with distinct jurisdictional boundaries, although the Greater Mumbai UA and the Kolkata UA are spatially, economically, and socially contiguous areas. While this complex administrative maze is hard for citizens to navigate, it is equally difficult for the entities themselves — be it ULGs, city and state parastatals, or state departments — to build cross-jurisdictional consensus and provide seamless infrastructure and services.

Urban planning for example could be managed by anywhere between 2 to 11 different agencies in a city, public transport is split across 1 to 8 agencies, and water and sanitation is divided among 1 to 7 agencies depending on the city.[157]

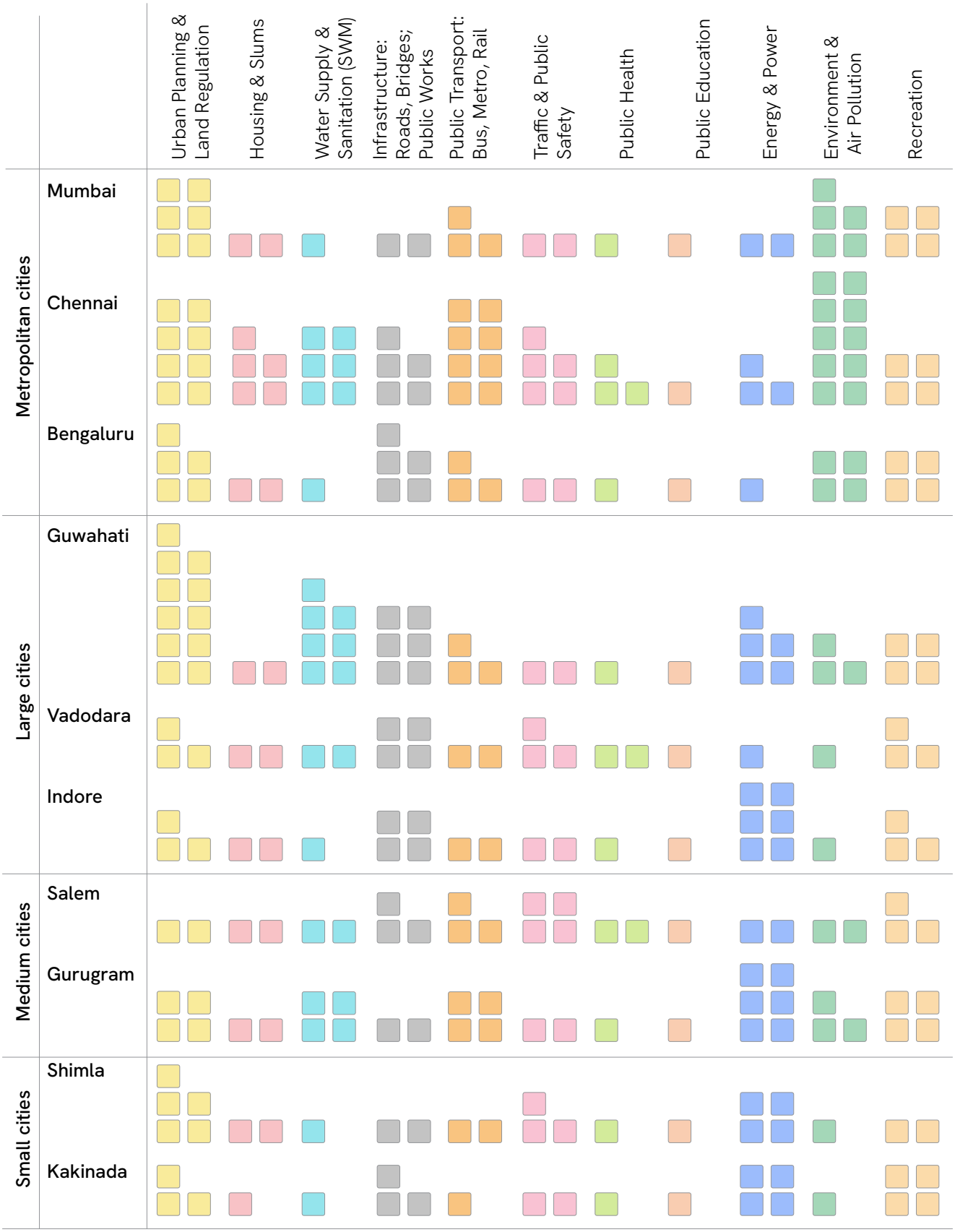
Moreover, the same agency could also be working across multiple city functions. For example, the Chennai Metropolitan Development Authority (CMDA) works across the areas of urban planning, housing, transport, and recreation.

Crucially, many of these parastatal agencies operate outside the authority of elected city governments — they neither report directly to them nor include elected representatives on their governing boards. This means citizens have limited avenues to hold decision-makers accountable for service outcomes. This results in a systemic disconnect between responsibility and authority; city governments are often blamed for poor service delivery, yet lack control over key functions, while parastatals exercise power without accountability.

A typical Indian city today has **20 (Kakinada) to 39 (Chennai) unique agencies** responsible for the 11 core urban functions (Fig.12 & 13).

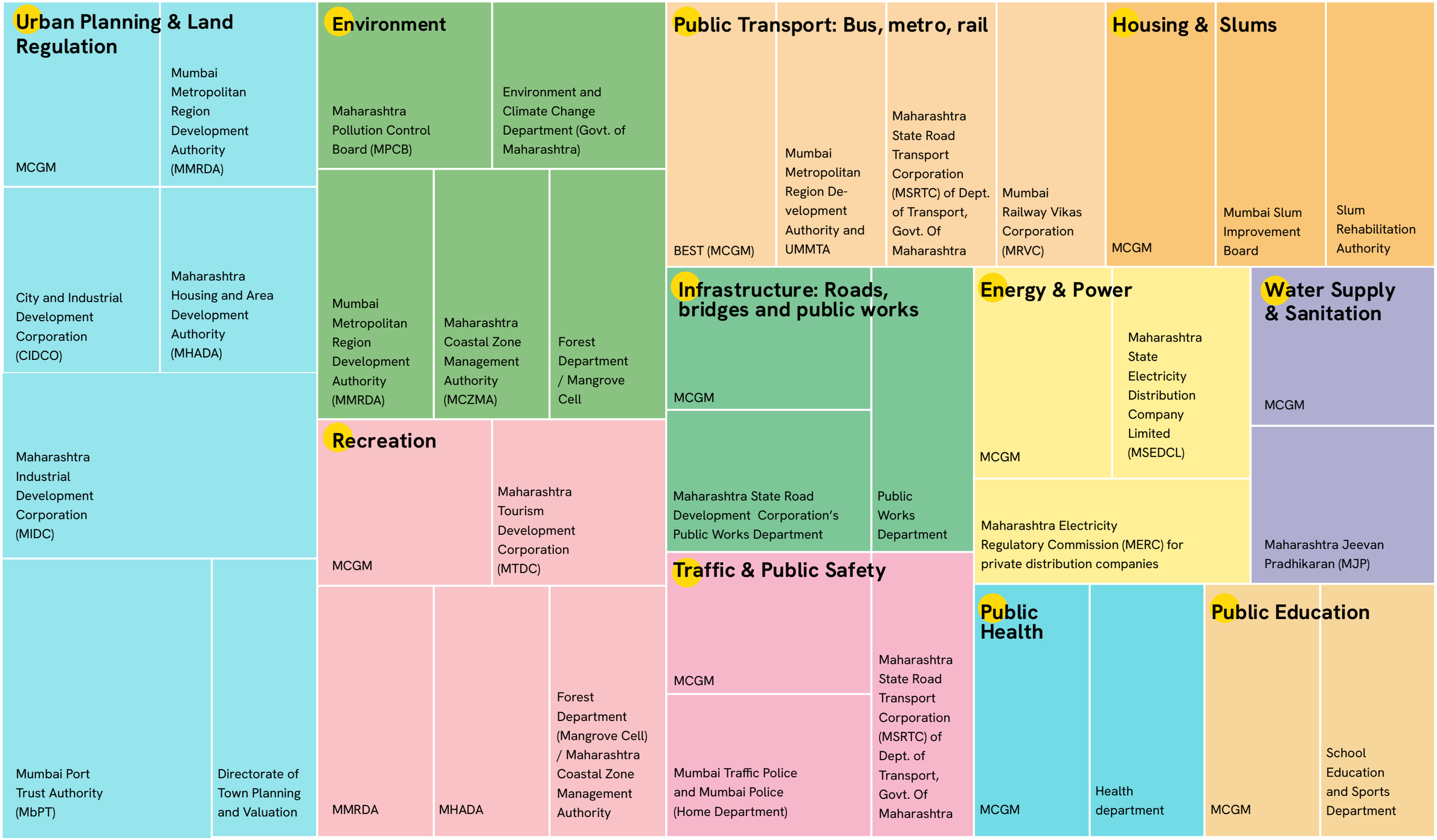
Photo credit: Envato

Figure 12: Number of agencies sharing responsibility for each function



Note: The figures within cities do not indicate unique parastatals under different functions. The same parastatal agency may be active in more than one function in the city.
Source: Internal analysis by Janaagraha

Figure 13: Up to six entities are involved in performing key city functions in Mumbai (MCGM area)



Source: Internal analysis by Janaagraha[158]

Mumbai illustrates this overlap and complexity in city governance (Fig.13). Our analysis of only the planning and design function in the Mumbai Metropolitan Region (Fig. 14) shows that multiple agencies exercise overlapping authority across master planning, Development Control Regulations (DCR), and building permissions. These include state government departments, the Mumbai Metropolitan Region Development Authority (MMRDA), the Municipal Corporation of Greater Mumbai (MCGM), the Slum Rehabilitation Authority (SRA), the Maharashtra Housing and Area Development Authority (MHADA), and the City and Industrial Development Corporation of Maharashtra (CIDCO). These institutions function through overlaps in the same geography.

Figure 14: Fragmentation of urban planning functions across agencies in the Mumbai Metropolitan Region

	Planning	Development Control Regulations	Building permissions
State government/UDD	Policy development and standard guidelines	Sanctioning DCR, cuidelines	
MMRDA	For Metropolitan Region (6238 sq.km)	Special DCR in notified areas overlapping MCGM areas	Jurisdiction only for BKC, Wadala, Kalyan, etc.
MCGM	Jurisdiction only for the Greater Mumbai area (437 sq.km)	DCR implementation for Greater Mumbai	Approving building plans/high rises
SRA	Planning for slums in notified areas (including in MCGM area)	SRA building regulations within MCGM area	Jurisdiction only for slums
MHADA	Layout and development plans for around 56 housing colonies	MHADA regulating housing colonies in MMRDA/MCGM area	For housing colonies
CIDCO/MIDC	Planning for Navi Mumbai or Industrial Zones/SEZ (within MMR)	Regulations in Navi Mumbai and Industrial Zones	

Colour Coding	Primary Function (statutory)	Overlap	No role

Source: Internal analysis by Janaagraha

This overlap is most evident in development control, where MMRDA issues special DCRs in notified areas that intersect with MCGM's jurisdiction, while SRA applies separate regulations for slum redevelopment within the same municipal limits, and MHADA governs housing colonies across both metropolitan and municipal areas. As a result, a single project or neighbourhood may be subject to multiple planning authorities and regulatory frameworks. Such institutional design creates ambiguity over roles and accountability, making it unclear which agency is ultimately responsible and possibly leading to inconsistent regulations and standards, and their enforcement, across the same area.

Similarly, ownership and control over urban mobility systems is highly fragmented. Ownership for urban roads is scattered across multiple agencies — ULGs, development authorities, state Public Works Departments, central agencies such as the National Highways Authority of India, railways, defence establishments, port trusts, and other parastatals. This fragmentation makes it extremely difficult to plan, design, and manage a coherent road network. The challenge is compounded by the fractured ownership of connected utilities and infrastructure — water supply, sewerage, stormwater drains, telecom, power, gas, and optical fibre cables — distributed across various public and private entities. The result is piecemeal planning and tendering, poor coordination of works, repeated road cutting, and chronic deterioration of urban streets.

Moreover, UMTAs — which were envisaged in the 2006 National Urban Transport Policy as the anchor institutions tasked with preparing Comprehensive Mobility Plans and integrating land use and transport planning at the metropolitan scale — remain largely absent or nominal. Only 15 cities have set them up, and where they exist, their roles and mandates remain severely constrained.[159] Public transport governance is even more fragmented and centralised. Cities often lack authority to determine bus fleet sizes and routes. Bus operations are typically managed by parastatal corporations, while metro rail planning, development, and financing are centralised with state and union governments being dominant. Under this architecture, cities have limited autonomy to plan integrated road and public transport systems.

This fragmented ownership is clearest when we imagine the plight of an ordinary citizen who wants to fix a broken footpath in their neighbourhood. Roads in India's cities are not designed or built to predefined standards, and are repeatedly dug up for laying or repairing utility pipelines. No single entity owns the road in its entirety, and the ULG and multiple public and private utility agencies do not coordinate to ensure minimal disruption to citizens or road quality. As a result, there is frequent inconvenience for citizens, poor walkability and driveability, and no single point of accountability (Fig. 15).

Figure 15: Neighbourpura's "Road to Reform"

Neighbourpura is a colony in Citynagar. Many people in Neighbourpura commute daily to work. Some walk, some drive, and some take the bus. The road that connects Neighbourpura to the Citynagar main road is pot-holed when it is not being dug up for pipelines, wiring, or sewerage... Fed up with the status quo, one day, some Neighbourpura residents decided to get the road fixed....

> "I feel that the government can provide better footpaths. Also, shops should be avoided on footpaths — all that can go on road. Once they start construction of a footpath, they should complete it, else it's a problem for people who travel. It's a major problem during rainy season.
>
> Construction materials are left on the road. Can see the pipes there that have been left behind? Wires on roads will be fallen [sic] and they don't care to put the tapes and make it proper. By mistake, kids can touch the wires — it's a problem for all."
>
> – Working woman, Bengaluru

WHO TO APPROACH?
The residents first approach a local leader. They learn they should speak to the Ward Councillor. But where is the Councillor's office?? Finally someone's friend's friend's friend tells them through whatsapp group and they go there and submit their grievance.

PATCHWORK FIXES
The Councillor passes on the complaint to the Assistant engineer (AE). The AE takes note of the action required. A few weeks later, a contractor arrives to patch broken parts of the road.

A COSTLY SOLUTION
AE says fixing the road properly takes money, the councillor says they don't have the power to approve funds for a proper fix.

ESCALATING FOR HELP
Residents approach the Mayor (but elections haven't happened yet). The Commissioner stands in and passes the matter to the Standing Committee.

NATURE'S VERDICT
A few weeks and a few rains later, the patchworks get washed away. Residents go back to the Councillor and the Councillor once again passes on to the AE.

COMMITTEE BLACKBOX
The Municipal Corporation Standing Committee postpones the grievance until their next budget. When the people ask the Councillor what happened, they hear "decision is stuck at the Committee".

APPEAL TO THE MLA
Annoyed, the people rally together and ask the MLA to intervene. Facing pressure from the MLA, the Standing Committee approves some more funds for the project and the Corporation calls for a tender.

RELIEF
Residents now believe that their road would finally get fixed. They dream about walking on the road without any issues.

SHORT-LIVED RELIEF
Many weeks later, they learn that contractors are not responding to the tender as the "schedule of rate" was too low.

THE FINAL PUSH
After persistent chasing, the Municipal Corporation releases some more funds to fix the road. Finally a contractor sends a bid and fixes the road.

BACK TO ZERO
Alas, a couple of months later, the sewage department digs up large parts of the road to lay pipelines for an upcoming real estate project....

Today, citizens are not able to hold any one agency or person accountable for their everyday quality of life, with respect to infrastructure and service delivery. Ideally, citizens of the city should be able to look to their city government as the single authority that ensures they can access affordable housing near their workplace, breathe clean air, walk safely in their neighbourhood. The multiplicity of agencies has resulted in diffused accountability, with citizens and businesses suffering the consequences without any recourse.

When a man recently lost his life in Delhi because his bike fell into an under-construction sewer site[160] or another died under a collapsed metro-pillar in Mumbai,[161] it wasn't clear which entity which could be held accountable — is it the ULG, the transport authority, the public works department, the metro authority, the traffic police, or the planning agency? The city today is just a collection of departments, not envisioned or planned or governed as an integrated spatial and economic unit. Globally, even in peer countries of the Global South, mayors and elected councils are directly accountable to citizens for quality of life in the city. Where specialised agencies are involved, say in housing or transport, they are mostly accountable to the mayor and elected council. This is a fundamental flaw in the design of city governance in India.

5.3. Cities are planned and governed with a one-size-fits-all approach, rather than on the basis of their specific context and characteristics.

The Constitution defines a metropolitan area as an administrative entity and area '*having a population of ten lakhs or more*' i.e., one million-plus. However, given that four million-plus cities are already global economic hubs facing significantly higher levels of complexity and liveability challenges, this report considers them as metropolitan cities to highlight the discussion around these megapolises. One million-plus cities are classified as large cities, medium-sized cities are those with 500,000–1 million population, and small and transitioning cities are those with less than 500,000 population."

India's urbanisation is characterised by 88 metropolitan, large, and medium cities alongside a long tail of over 4,000 small and transitioning cities. Of these, 46 cities have one-million-plus populations, 432 cities have populations between 100K to one million, and over 4,000 have sub-100K population cities – each tier hosting one-third of India's urban population. These cities are different not just in scale of their population or area. The state they are located in also fundamentally defines their trajectory of growth and development.

India has **40+ metropolitan** and large cities **400+** medium and small cities, and **4000+** very small cities.

India has at least five different categories of states basis their population size, area, development, and number of ULGs (Fig. 16). Each category of city differs vastly not only in demography, but also in their administrative importance, governing institutions, financial and administrative capacities, and economic growth potential (see Fig. 17).

Despite this variation, India applies a one-size-fits-all approach to the planning, governance, infrastructure, and financing of all its cities. State capacities and governance models typically vary between these categories of states. Currently, all ULGs are governed by the same schemes and programmes, irrespective of the overall context shaped by the category of states they belong to. The union government and the union Finance Commissions do not make any distinction between these categories of states while designing schemes and programmes. They also do not adequately differentiate between ULGs belonging to these state categories and fail to provide funding suited to their context. A small town of 20,000 people in Kerala and a small town of 20,000 in Uttar Pradesh have very different contexts but are subject to the same UFC grants and central schemes. A similar kind of one-size-fits-all approach extends to standards and types of infrastructure and service delivery.

Interestingly, while metropolitan cities like Mumbai, Bengaluru, and Delhi have some of the largest ULG budgets in the country, none of these ULGs has a directly elected mayor, and mayors serve very short tenures (1-2.5 years).[162] Essentially, ULGs with very little democratic decentralisation have vast financial resources. On the other hand, ULGs with low financial resources and human resource capacities in Bihar, Madhya Pradesh, Jharkhand, and Odisha, for example, have directly elected mayors with 5-year tenures.[163]

Metropolitan and large cities have already grown significantly, with established and developed ULGs. A majority of India's future urban demographic and spatial growth will emerge from less urbanised states – which house approximately 33% India's urban population (Fig. 16) – and from medium and small and transitioning cities where ULGs are yet to catch-up with those of their counterparts in metropolitan and large cities (Fig. 16 and 17). These medium, small, and transitioning cities will witness rapid urbanisation and economic growth driven by land use change, real estate and construction, and increasing retail consumption. In the process, the cities will experience the immense congestion and environmental stress visible in metropolitan and large cities today. We will face severe consequences if our small cities and towns begin to replicate a Delhi, Mumbai, or Bengaluru, which have not held out a sustainable model of urbanisation. It would be equally damaging if small cities and towns followed the same standards and methods of infrastructure and service delivery, and the same financing patterns as one another – regardless of whether they are a hill city like Shimla or a coastal city like Kakinada, receive incessant monsoon rainfall like Pasighat or face drought like Solapur, or sit near a major industry like Renukoot or remain largely agrarian like Atmakur. Only a differentiated approach to planning and governance can equip these cities with the necessary capacity enhancements.

A majority of India's future urban demographic and spatial growth will emerge from less urbanised states and medium and small cities. cities.

On the other hand, more urbanised states and UTs have unique metropolitan cities (Fig. 16) with complex growth and liveability contexts. These cities require immense and specialised planning and governance capacities. Metropolitan governance models (Annexure 1), different from typical ULG models, become key in this respect.

Differentiated governance is also key to accounting for geographic differences between cities.Hill cities aspiring to economic growth require funding and technical capacity to scale up infrastructure while managing the risks of indiscriminate construction, landslides, and flash flood. [164] Coastal cities may have the same goals with respect to growth and jobs but require funding, capacity, and infrastructure standards suited to withstand coastal erosion, storm surges and so on.[165]

Cities with poor air quality require different models of planning and financing. The National Clean Air Programme (NCAP) sets uniform targets for all 130 non-attainment cities focused on population and PM10 levels. Yet, the 130 cities differ in their contexts. Some are more prone to air pollution than others because of their local geographic, climatological, and even industrial contexts. While Delhi experiences high pollution due to low wind-speeds and high vehicular and industrial emissions, coastal non-attainment cities like Chennai benefit from sea breezes that carry away pollutants.[166] NCAP also primarily incentivises reduction of PM10 while many cities suffer from more serious pollutants (PM2.5, methane, ozone, or heavy metals).[167]

The XV FC allocated close to INR 40,000 crore for air quality in million-plus cities and other ULGs in their urban agglomerations. However, several sub-million population cities in the Indo-Gangetic plains also suffer from poor air quality, and their XVI FC funding remains tied to water and sanitation projects.

Yet another important and often overlooked dimension concerns cities and ULGs that attract large floating populations, mainly due to pilgrimage and tourism. Small towns and their ULGs are left to manage these significant influxes without being empowered, equipped, and prepared to address the consequences or leverage the possibilities.

Our cities require the flexibility in funding and cash flows to prioritise their local needs and context. They also need to be empowered with authority over a far greater number of functions and service areas.

Figure 16: Categorisation of States based on population and levels of urbanisation

Category of State/ UT	Definition	Number of states/ UTs	Share of India's urban population	States/UTs	Number of ULGs per city type				
					Metro	Large	Medium	Small (100k-500k)	Very small (<100k)
More urbanised large states	Urbanisation: ≥30% State population: > 35 million	7	51.03%	Maharashtra, West Bengal, Tamil Nadu, Karnataka, Gujarat, Telangana, Andhra Pradesh	7	16	19	189	1,415
Less urbanised large states	Urbanisation: <30% State population: > 35 million	5	26.62%	Uttar Pradesh, Bihar, Madhya Pradesh, Rajasthan, Odisha	0	15	13	129	1,286
More urbanised small states/UT	Urbanisation: ≥30% State population: < 35 million	10	15.59%	Chandigarh, Kerala, NCT of Delhi, Puducherry, Punjab, Haryana, Uttarakhand, Manipur, Goa, Mizoram	1	3	6	47	374
Less urbanised small states	Urbanisation: <30% State population: < 35 million	13	6.75%	Andaman & Nicobar, Dadra and Nagar Haveli, Daman & Diu, Jharkhand, Assam, Chattisgarh, Jammu and Kashmir, Himachal Pradesh, Tripura, Meghalaya, Nagaland, Arunachal Pradesh, Sikkim	0	4	4	23	490

Source: Internal analysis by Janaagraha based on the 2011 Census

Figure 17: Typologies of cities and their differing challenges

Note: This table does not consider bio-climatic, geophysical, and cultural aspects while differentiating cities

City Typology	Metropolitan City	Large City	Medium City	Small and Transitioning City*	
City Population band	>4 M	1-4 M	500k-1 M	100K-500K	<100k
Current Number of ULGs covering this type	8	38	42	388	3,565
Combined population within each category (in millions) (2011 Census)	57.8	57.9	28.9	75.1	98.7
Urban population (%)	18.16 %	18.17 %	9.08 %	23.59 %	31%
State capital cities	5	8	8	9	6
Number and type of ULGs**	Municipal corporations: 8	Municipal corporations: 38	Municipal corporations: 39	Municipal corporations: 62	Municipal corporations: 2
	Municipalities: 0	Municipalities: 0	Municipalities: 3	Municipalities: 323	Municipalities: 3507
	Mayoral election and tenure				
Cities with legal provision for directly elected mayors***	0	15	14	1,429	
Cities with legal provision for five-year mayoral tenure***	3	26	28	3,304	
Primary growth features					
Primary growth drivers	Network of large industries, high-value products and services (financial, tech design, IT SEZs, etc.) and regional level assets (cultural and natural)	Large industries (manufacturing, secondary supply chains, etc.), specialised services (higher educational institutions, multi-specialty hospitals, etc.) and regional cultural assets (unique products like traditional crafts, etc.)	MSMEs, secondary services, mid-level sector (educational, medical, etc.) and local cultural assets (arts and crafts, etc.); pilgrimage, heritage and tourism	Agrarian and related sectors, small-scale and home industries, cooperatives and tertiary sectors; pilgrimage, heritage and tourism	
Varying Revenue Potential of ULGs					
City Typology	**Metropolitan City**	**Large City**	**Medium City**	**Small and Transitioning City***	
ULG revenue per capita (INR)	15,542	7,817	4,117	3,324	72,966
ULG Own-Source Revenue per capita (INR)	10,987	5,073	1,633	1,245	862
Per capita property tax collected (INR)	2,060	1,830	501	451	280
Varying Administrative Capacity					
Vacancies	35% of sanctioned posts are vacant in large municipal corporations	41% in municipalities	41% in municipalities	58% in town panchayats	
Administrative and institutional capacity	Metropolitan agencies (where they exist) have strong capacities for planning and large-scale infrastructure projects	There are separate departments for different city functions. However, within the departments, technical, financial, and organisational capacities vary	There are separate departments for different city functions. However, within the departments, technical, financial, and organisational capacities vary	Skeletal staff and often lack qualified town planners, accountants, engineers, or IT professionals (in many cases, no full-time executive officer or technical officer to oversee infrastructure works or service delivery reforms)	

Source: Internal compilation by Janaagraha based on ASICS 2023, 2011 Census, and audited financial statements of 3,803 ULGs for 2021-22.[168]

Notes: *The total number of small and transitioning cities is based on the 2011 Census. At least 971 new ULGs have been formed since the 2011 Census, as estimated based on ULG data from the CityFinance.in platform. Further, the number of ULGs in 100k-500k cities and in less-than-100K cities do not tally with the total number of municipal corporations and municipalities provided in the table. This difference is explained by cantonment boards and notified committees in these cities, which are counted as distinct ULGs in the Census but not included in the table.

** Municipalities includes town panchayats.

*** These figures only report provisions of the law that mandate direct mayoral election and five-year mayoral terms. The number of cities with directly elected mayors or mayors with the five-year term may vary in practice depending on how the provisions have been implemented and enforced.

5.4. Data that can guide planning and governance is effectively missing

Data helps us understand and interpret the world better, so also with cities. Data can equip city leaders and institutions with the insights needed to inform policy, design programmes and interventions, allocate resources, monitor performance, and course-correct in real time. Street and neighbourhood-level data, especially in the form of actionable insights, can strengthen transparency and accountability, enable meaningful participation by citizens and elected representatives, and build trust between citizens and governments.

Without reliable and timely urban data, cities are effectively governing blind.

Decision-makers cannot accurately identify emerging pressures, prioritise investments, or direct scarce public resources to where they are needed most, leading to inefficient allocation and delayed responses. Consider air pollution — effective action requires integrating data on traffic flows, industrial activity, construction, land use, and air quality monitors to understand both sources and exposure. When these datasets cannot be overlaid and analysed together, governments are left responding to headline pollution levels rather than targeting the underlying drivers. Fragmented and outdated data therefore creates structural blind spots and limits the ability of technologies such as AI or digital public infrastructure to improve service delivery. Without robust urban data systems, transparency and accountability weaken, and cities struggle to govern complex urban systems effectively.

Although digitisation and digital governance are becoming pervasive in government discourse, city-level data is curiously falling through the gaps (see Fig. 18).

Across the data lifecycle, we see challenges and limitations of availability, accessibility, usability, and quality (See Box 4). These constraints shape what governments can observe and measure, what they can respond to, and ultimately how well they can govern.

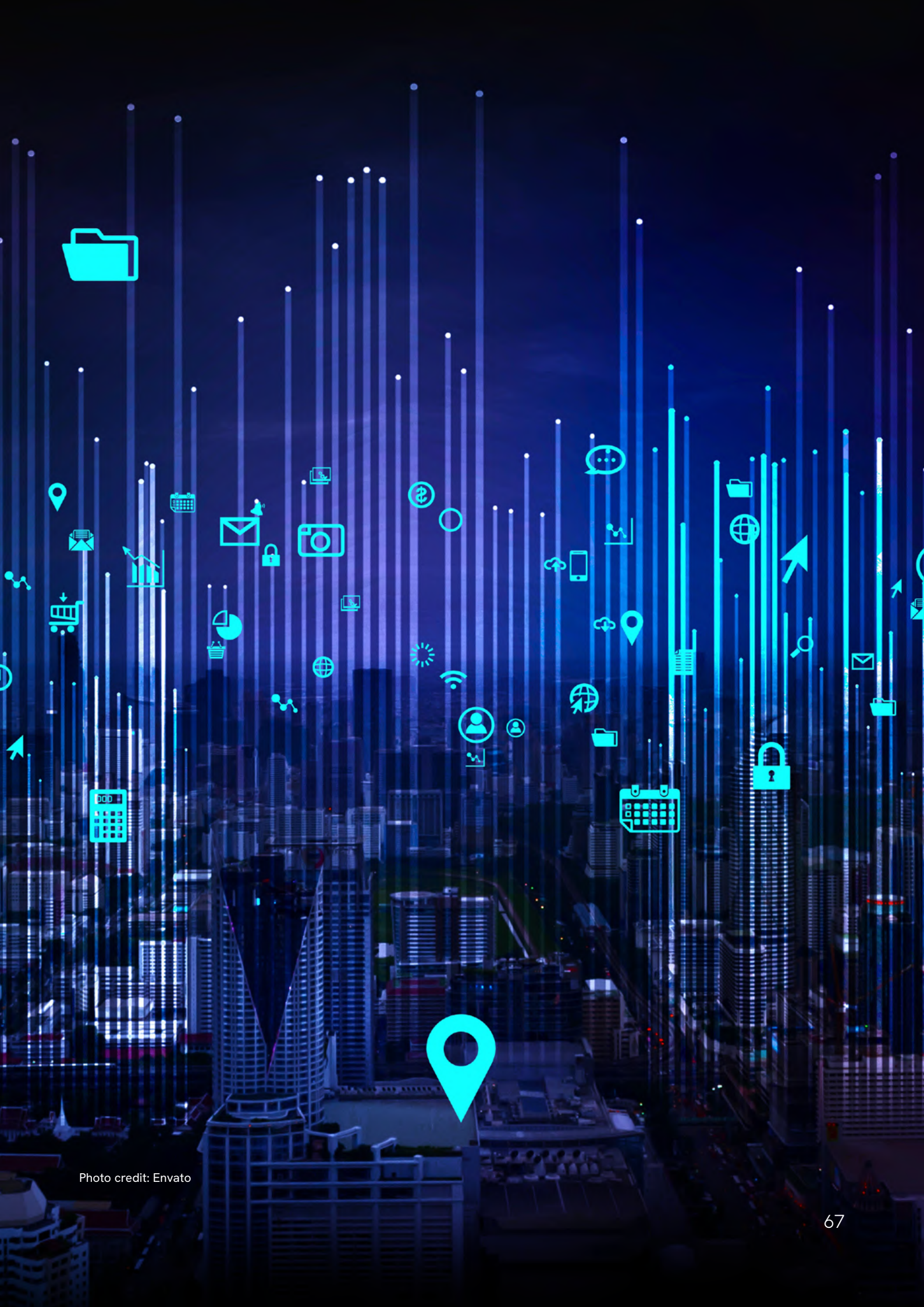
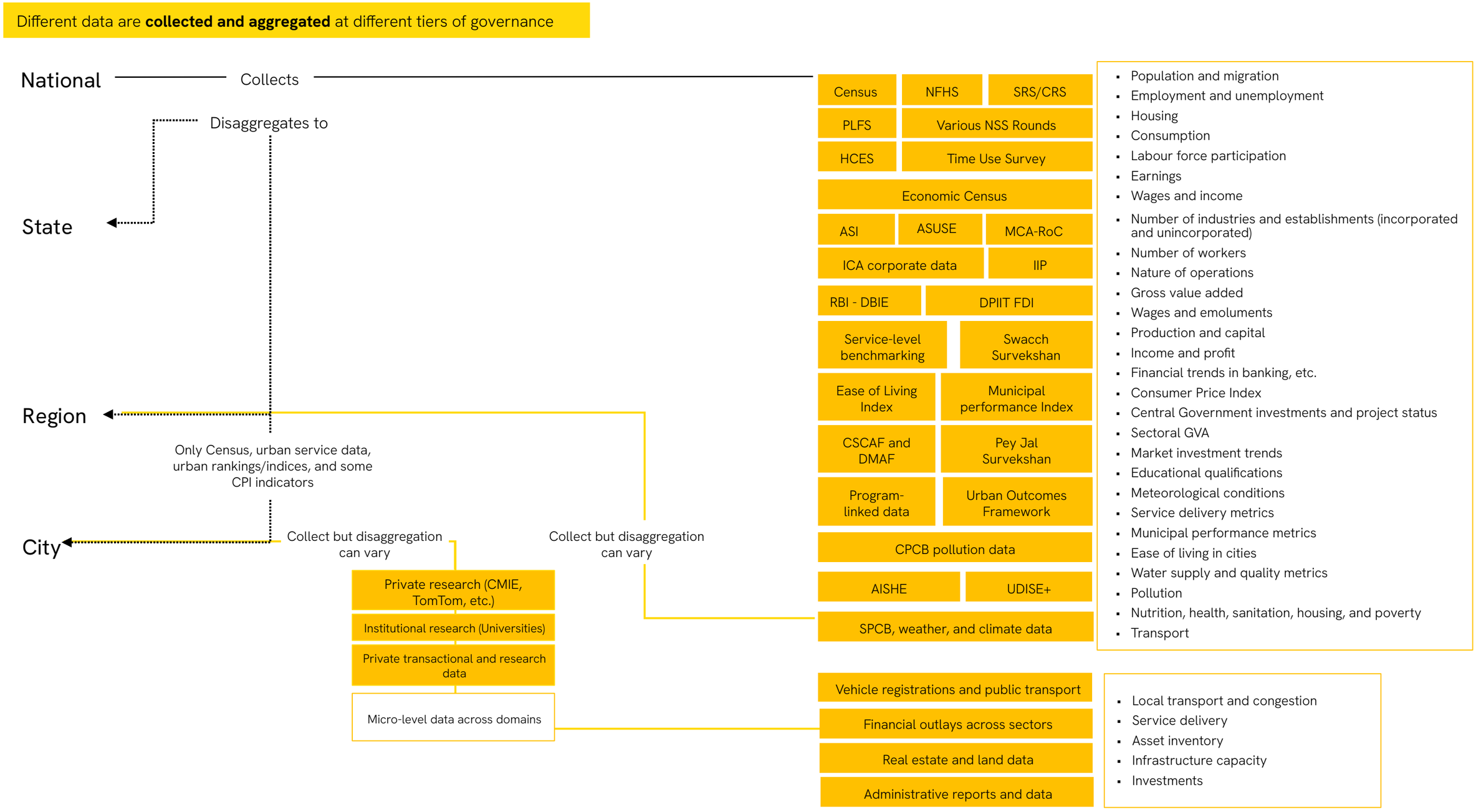


Photo credit: Envato

Figure 18: Universe of growth and liveability data available in India, by level of collection, aggregation and disaggregation[169]



Box 4: The state of urban data in India[170]

City-level data is scarcely available, fragmented and siloed

Urban data in India is generated across union and state ministries, state departments, urban local governments, mission dashboards, sectoral programmes, and constitutional and statutory bodies. However, consistent, granular, and regularly updated city-level data remains scarce, incomplete, and unreliable. Many national surveys are representative only at the state-urban level (e.g., NFHS, PLFS, NSS,). Some sources provide only few data points at a district level (e.g. NFHS,), or city-level estimates (e.g., CityFinance.in, Swachh Bharat Mission, National Air Quality Monitoring Program (NAMP)). Moreover, urban data is largely produced within sectoral silos. Service-level benchmarks and mission dashboards track performance within individual sectors (water, sanitation, housing, transport, health) but rarely provide a consolidated, whole-of-city view. There is no standard or policy framework for urban data in India.

Data accessibility is poor and uneven

Available urban data is dispersed across multiple platforms, mission dashboards, and institutional repositories, many of which operate with restricted or no access to the public. For example, government data platforms such as AAINA and IUDX do not offer full open access. The CPCB does not have public APIs for their pollution data. Several portals also deploy cumbersome controls to view and download the data including submission of personal details such as PAN card, Aadhar card, and consent forms. Moreover, a significant share of administrative data remains locked within state and ULG departments, frequently in non-digitised or semi-digitised formats. This restricts not only public access but also cross-departmental coordination within governments themselves.

Data usability is constrained by deep design and structural challenges

Users must already know what urban data exists and where to find it, even as they grapple with diverse formats (PDF reports, spreadsheets, dashboards, and microdata files). They may also need specific technical expertise which can help them decode this data, especially government survey data like PLFS, NFHS, and NSSO. A more serious challenge with urban data is also the lack of standardisation. For example, cities and states publish their revenues and expenditures in very different formats, non-uniform codes and classifications – which can change year on year, sometimes even within the same city. Cross-sectoral, spatial, and temporal analysis are rarely supported in an integrated manner, and visualisation tools are limited or non-intuitive.

Data quality is unreliable

Key foundational datasets, such as the Census, are outdated. Similarly, basic demographic information — which is essential for planning infrastructure, services, and investments — does not always reflect current urban realities anymore, creating significant uncertainty in decision-making. Previous sections have shown that reliable, up-to-date data for either modal share of transport or actual shortage of affordable housing does not exist. Without such fundamental datasets, both planning and funding are severely constrained. Further, administrative boundaries and institutional arrangements evolve faster than data systems can adapt.

The challenge of tracking new ULGs illustrates this gap. Our internal analysis, based on ULG registrations on the CityFinance.in platform, helps us estimate that 971 new ULGs covering 2.4 crore people formed after the 2011 Census. State governments issue notifications when they convert Rural Local Governments (RLGs) into new Urban Local Governments. Tracking new ULGs becomes difficult for two reasons. First, different state governments issue notifications at different times. Second, and more importantly, RLG to ULG conversions are not one-to-one. Two or more RLGs may jointly transition into a new ULG or merge with an existing ULG. Or, parts of different RLGs may transition into new ULGs or merge with existing ULGs. Transitions can, at most, be estimated using proxies like new ULG registrations on the CityFinance.in platform since ULGs must be registered here to access FC grants.

However, historical data becomes difficult to compare across time and geography. This weakens trend analysis and long-term planning.

Photo credit: Nico Smit Unsplash

One aspect which is almost completely absent in India's urban data ecosystem is a systematic and iterative understanding of the lived experiences of urban citizens. How else do we resolve the disconnect between government claims on paper and the outpouring of citizen grievances on social media in city after city? Further, while social media is mainly used for broadcasting of information, it is underleveraged as a platform by governments to listen to citizens. When governments do not systematically gather and listen to citizen voices, decision-making with respect to both policies and resource allocation will be misdirected.

The reason massive investment in our cities is not delivering growth and liveability to the desired extent is the four fundamental challenges outlined in this chapter. If growth and liveability are disconnected in planning and execution and city governments are excluded from the process; if the city is not governed as a place but as a collection of uncoordinated agencies and departments; if cities are not governed differently basis their different needs and contexts; and if our data systems are fragmented, incomplete or unreliable – then governments cannot fully see, understand, or govern the systems they are responsible for managing.

The result is symptomatic fixes rather than permanent solutions. The answer does not lie in more schemes or more investments alone. It lies in fixing the fundamental governance disconnect between growth and liveability. And for that we need to look beyond the visible symptoms of dysfunction.

Photo credit: Ramprasad Kansari, Unsplash

Chapter 6

We need to move from symptoms to systems

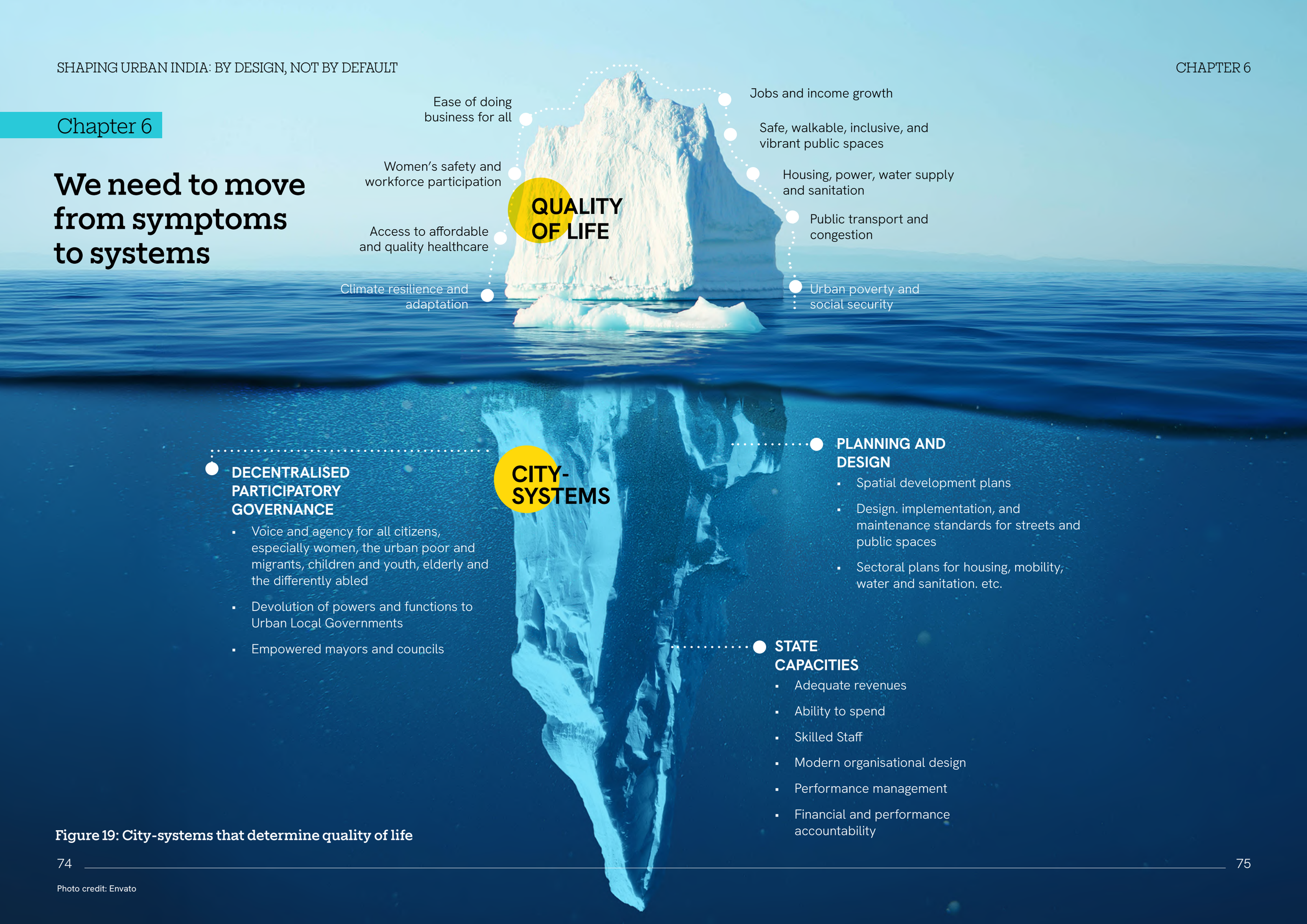


Figure 19: City-systems that determine quality of life

Photo credit: Envato

City-systems are the laws, policies, and processes by which cities are planned, designed, governed, financed, built, and managed.

Strong city-systems enable governments to deliver better infrastructure and services, and ensure responsive and accountable governance. While urbanisation might spur the economy and jobs in the short term, robust city-systems are what ensure liveability keeps pace with growth — rather than becoming a barrier to it (Fig. 19).

The city is a place where we live, work, learn, and play. Whether citizens can access affordable housing with adequate water and sanitation, travel safely and quickly to their workplaces, or enjoy equitable access to schools, healthcare, and public spaces — this is determined, first and foremost, by the quality of planning and design. Poor city planning results in unaffordable land and housing, long commutes, inadequate public transport, traffic congestion, unwalkable streets, lack of public spaces, destruction of the natural environment, and so on.

Empowered and effective local city governments or municipalities are best placed to plan and deliver infrastructure and services, rather than union or state governments who are typically far removed from the ground realities faced by citizens.

Governance is more responsive and accountable when power and service delivery sit closest to the people they serve. For that reason, across most — if not all — countries, mayors and elected councils lead the governance of cities and are directly accountable to their citizens.

For local governments or municipalities to be effective, they need to raise and deploy financing at scale — and demonstrate transparency and accountability through published financial and performance reports. They should also be able to attract and retain an adequate number of staff with the required skills and competencies to manage a city — urban and transport planners, designers, architects, civil and environmental engineers, draughtspersons, public health professionals, finance and technology officers, community organisers, and so on. Managing the city administration in the 21st century is by no means for generalists.

Cities become great places to live not through isolated schemes and programmes, but through a mindful, systemic approach rooted in local context. When empowered city governments pursue a holistic, sustained effort to manage urbanisation well, a virtuous cycle of improved liveability and accelerated growth follows. The next chapter offers a snapshot of where India's city-systems stand today.

Photo credit: Envato

Chapter 7

India's cities are constrained by weak city-systems

The quality of India's city-systems — namely, planning and design, decentralised participatory governance, and state capacities — determines the ability of our cities to deliver on growth and liveability simultaneously.

In 1992, the 74th CAA was institutionalised with the vision of empowering urban local governments. Our municipal town and country planning legislations too offer specific guidance on how to do this. Yet the problem is not only about what is enshrined in law — it is about what happens in practice. Janaagraha's ASICS 2023 report was a comprehensive analysis of the quality of urban laws — including municipal acts and Town and Country Planning (TCP) acts — of all 35 states and UTs in India. Our report found that, 30 years after the 74th CAA was passed, states have only implemented around 42% of the Act's provisions.[171]

Local governments are a state subject under the Seventh Schedule of the Constitution, giving states the legislative authority to go beyond the 74th CAA in strengthening urban governance systems in their cities. However, states have not leveraged this possibility. Municipal and town and country planning laws, therefore, continue to remain weak and outdated.

Despite an increase in investment in India's cities (as seen in Chapter 4), ULGs have largely remained politically disempowered and constrained by inadequate financial and organisational muscle, with shortfalls across city-systems. Identifying these shortfalls will help shape the urban reform agenda that can make our cities the empowered local governments they must become for India to thrive.

Given the lack of significant traction in city-systems reform in India, it is important to reiterate the principal findings of ASICS 2023 and the insights from the Comptroller and Auditor General (CAG) of India's audits on the implementation of the 74th CAA by states and UTs (Fig. 20).[172]

Thirty years after the 74th CAA was passed, states have only implemented around 42% of the Act's provisions

7.1. Only seven states mandate spatial planning at regional, municipal, and ward levels

For an urban resident, the streets and neighbourhoods in which they live, work, or play are what determine their everyday quality of life.

Meeting the aspirations and requirements of individual residents requires creating and integrating plans at city, municipal, and regional levels which are essential for shaping economically vibrant, environmentally sustainable, and equitable cities, starting with robust Spatial Development Plans (SDPs) at every level. A master plan is a statutory SDP at a city level. It is a long-term planning document that outlines how a city a will grow and develop in the future. It usually covers land use, transportation, housing, public facilities, infrastructure, and environmental protection over a period of 20–30 years. The aim of a master plan is to ensure orderly and sustainable urban development, prevent unplanned growth, improve infrastructure planning, and provide better quality of life for citizens.

Janaagraha's analysis of 44 TCP acts across 35 states/UTs finds that only seven states mandate the creation of three levels of SDPs (regional, municipal, and ward level plans).[173] A 2021 NITI report finds that 52% of India's Statutory Towns did not have any master plans. [174] Similarly as of 2023, only around half of India's cities had a mandate to devise plans for sanitation, resilience, comprehensive mobility, sustainability, and heritage conservation. Only two in 10 had mandates to devise social development plans covering affordable housing, health, and education.[175]

Meanwhile, even if citizens are aware and inclined to engage in the planning of their cities, there are no formal platforms for them to do so. States mandate that planning authorities publish the plan for public scrutiny and feedback only once it is prepared, not while it is still in process. ASICS 2023 reveals that across 35 states/UTs, no state mandates the participation of the public in the SDP preparation process, and even for such scrutiny and objections, there is no requirement for citizens to be involved through ward committees and area sabhas.

DCRs are rules and guidelines that specify aspects such as building height, Floor Space Index (FSI) which is how tall buildings can be, setbacks, land use, availability of open spaces, traffic flow, parking requirements, and overall neighbourhood density. DCRs help cities implement SDPs at all levels, but are often under-discussed instruments. Although nearly 25 of India's 28 states (not including UTs) have DCRs, they do not account for local contexts across different cities spread throughout the state.[176] Pune (with a population of ~3 million in 2011) follows the same design guidelines as far smaller cities like Ahmednagar or Dhule (with populations of ~30,000) — a stark mismatch in approach. Across India, only 23 out of 33 capital cities have tailored DCRs.[177]

It is unfortunate that planning remains one of the least devolved functions to ULGs (Chapter 3.2). As of March 2023, only 16 municipalities and 11 municipal corporations in 35 states/UTs had, by law, functional powers over urban planning and town planning.[178] However, in practice, ULGs have minimal to no role in urban planning. Instead, in India today, planning is largely an ad hoc process driven by the Department/ Directorate of Town and Country Planning in state governments or parastatal agencies like development authorities as seen in Chapter 5.

Moreover, most ULGs today lack adequate technical personnel trained in urban planning who can devise plans, develop designs, and implement them thoroughly. While almost all states have fully functional departments of town and country planning, many have only a skeletal machinery of planning: fewer than 4,000 positions for town planners against the estimated requirement of 12,000.[179]

The in-house capacity of these departments depends on the quality of human resources. Recruitment rules framed by the respective public service commissions of the states/ UTs become critical. Yet, in some states/ UTs, a degree in the domain of town/urban planning is not as a mandatory eligibility condition. Moreover, these recruitment rules vary across the country and do not ascertain a level playing field for the workforce. These limitations are a major bottleneck in ensuring a qualified workforce for urban planning.

Urban planning in its most real sense is not about master plans which are at the metropolitan and municipal scale. It impacts citizens at the street and neighbourhood levels. It is at this scale that urban design gains importance. For example, Jayanagar in Bengaluru was developed as one of Asia's earliest planned townships in 1948 under the City Improvement Trust Board and is considered one of the best designed parts of the city till date. Indian cities lack design standards for their public spaces such as roads, markets, parks, playgrounds, bus terminals, waterfronts, crematoria and burial grounds, and cultural centres. Specifically, roads — which are possibly the most critical public spaces in a city — lack design standards across all states. Only five of the 35 states/UTs (Haryana, Manipur, Meghalaya, Nagaland, and Rajasthan) have mandated concerned authorities to notify at least specifications for road projects. Most such mandates pertain only to the width of roads.

Pathways to reform

- Overhaul state town and planning acts with provisions for a three-tier spatial planning process comprising regional plan, a municipal plan and a ward plan, all in a nested structure with concurrent timelines.
- Move away from uniform state-wide Development Control Regulations (DCRs) and enable context-specific, differentiated DCRs aligned with city typologies, growth patterns, and infrastructure capacity. Also, enable intra-city variations especially within metropolitan cities to support strategies such as higher densities in Central Business Districts (CBDs), transit-oriented development corridors, and context-sensitive regulations for peri-urban and residential areas.
- Small and medium cities to be equipped to evolve their spatial plans locally, starting with a clear vision for their city.
- Conduct assessment of vacancies, plan for filling required positions and top up training programmes.
- Publish and mandate design standards for street and public spaces including model contracts, along the lines of Tender S.U.R.E. (Specifications for Urban Roads Execution).

7.2. A city government can only execute its responsibilities if it has the powers to do so

The success of city governments depends on their powers over the 3 foundational Fs of Funds, Functions, and Functionaries, and their ability to engage with citizens to respond to their needs. The 74th CAA sought to decentralise this power and ensure participatory governance through empowered mayors and councils who are elected in a timely manner. In practice, ULGs lack autonomy over core functions such as land use, planning, and social and economic development, and parastatal agencies end up handling these core functions, often with overlapping mandates (Chapter 5.2).

7.2.1. Delayed ULG elections and non-existent councils derail the urban agenda at the first step

One of the first steps to having an empowered ULG is having municipal elections in a timely manner. Delayed elections lead to key leadership positions like the mayor, deputy mayor, and corporator/councillor remaining vacant; a vacuum that is then filled by executive positions (e.g., Commissioners) administering on behalf of the state government.[180] This strengthens centralisation of power, weakens accountability, and reduces the ability of citizens to influence decisions in their city.

Nearly 60% of ULGs in 17 of 18 states do not have elected councils, with elections delayed by an average of 22 months beyond the expiry of term of preceding councils. Even after elections, delays in convening elected councils and holding mayoral elections (in the case of indirect elections) further reduces term and effective governance.[181] This is unimaginable at the state and union levels.

Without elected councils to respond to citizen needs and hold officials accountable, day-to-day issues such as road maintenance, water supply disruptions, waste management, and neighbourhood infrastructure receive inadequate attention contributing to rising urban grievances.

Common causes for delayed elections include delays in ward delimitation, reservations, amendments to election rules, and changes in municipal boundaries.[182] In many states, State Election Commissions (SECs; typically, one-member commissions headed by a retired IAS officer) that are supposed to be the equivalent of the Election Commission of India for local government elections, are themselves weak. The statutory timelines for these processes are absent or weakly enforced.[183]

Pathways to reform

- Enforce without exception the timely conduct of elections to city councils every five years, before the expiry of the term of the current council; make centrally sponsored scheme grants conditional on the existence of elected ULGs, similar to FC grants.
- Empower the SEC with timely appointments, fixed tenures, permanent staff, adequate budgets, institutionalised operating procedures, and the powers needed to fulfil their mandate.
- Empower the SEC to conduct the delimitation of wards and fix reservation for mayors and councillors.

7.2.2. Mayors and councils have limited powers over functions, hiring, appraising or dismissing ULG staff and approving city budgets

ULGs across the world are at the forefront of 21st century challenges. In cities such as New York, London, and Seoul, municipal governments exercise authority over city planning, public transport, law and order, water supply, waste management, and emergency services.

However, in India, the functions of the ULGs listed in the Twelfth Schedule do not include such critical functions. Moreover, devolution of functions from state governments to ULGs has remained largely incomplete.

As seen in Chapter 5, ULGs exercise full jurisdiction over only four functions on average — often minor responsibilities such as burial grounds, slaughterhouses, cattle pounds, and registration of births and deaths. Functions that are vital for growth and liveability — such as land-use planning and management, and economic and social development — have largely not been devolved to ULGs across most states and are frequently retained by state departments or parastatal agencies.

The success of city governments depends not just on functions devolved to them but also on powers over both financial and human resources that enable them to discharge their functions effectively. As of March 2023,[184] only 5 of 35 states/UTs allow ULGs limited powers to appoint municipal commissioners, often in a recommendatory capacity. Only 7 states/UTs empower all categories of ULGs to approve city budgets, and in two states/UTs, only municipal corporations are permitted to approve budgets. State governments retain overriding powers in key areas including dissolution of elected councils (14 states), framing rules (12 states), cancelling or suspending ULG resolutions (12 states), sanctioning bye-laws (12 states), and approving borrowing (11 states).[185] Such extensive state control undermines the autonomy of ULGs and reduces elected representatives to largely ceremonial roles.

Pathways to reform

- Effectively devolve all functions to ULGs, ensure parastatals are accountable to ULGs.
- Empower ULGs with full powers over staff (appointment, initiating disciplinary action and termination of services), framing of rules and approval of budgets.

7.2.3. Elected councillors require leadership development programmes, better pay, and council infrastructure

Governing a city is not an easy undertaking. Once elected, representatives require stronger competencies for urban governance.[186] Representatives can benefit from information and skilling on governance (structure and functioning of ULGs, their role in city governance, city legislations, ways to access additional funds), technical skills (research and technical knowledge in different city sectors like water, waste, housing, and so on), and managerial and soft skills (constituency management, public communication, internal communication, etc.). Information and skilling can particularly benefit women councillors, who form, on average, roughly half of the ULG representatives in India. This would also address structural barriers women face in their education and professional careers, and the exposure they could have gained.[187] Currently, systematic training programmes that can help elected ULG representatives, especially women and first-time representatives, are missing (see Chapter 8.5. for some emerging efforts).[188] There are also not many platforms for mayors, standing committee chairpersons, and councillors across India to network with peers, and to serve as their voice.

Councillors also lack institutional support systems such as dedicated secretariats and research assistance. In contrast to state assemblies or the Parliament, most city councils function without robust administrative backing. For example, in Toronto City Council, councillors rely heavily on formal research and administrative support structures established under the City of Toronto Act of 2006,[189] where the city allows councillors to have a publicly funded office budget that enables them to hire multiple full-time staff, including policy advisors and constituency assistants who support legislative and policy functions.

Moreover, councillors, in comparison with their counterparts at the state and union levels, are not compensated adequately (Fig. 21).[190] In states such as Maharashtra and Gujarat, councillors or corporators are renumerated with honorariums, fees and other allowances unlike the fixed salaries of MPs and MLAs.[191] Public-service-minded citizens at the neighbourhood level who may possess specialised skills and competencies as trained professionals are today unable to pursue councillorship as a full-time profession.

Figure 20: Comparison of monthly compensation of city representatives with state and union representatives

MP salary (INR)	State	MLA salary** (INR)	City	Mayor remuneration (INR)	Councillor salary (INR)
2,36,000*	Maharashtra	2,50,000	Mumbai (BMC)	55,000***	25,000
	Telangana	3,00,000	Hyderabad (GHMC)	65,000***	7,800
	Delhi (UT)	90,000	Delhi (MCD)	41,000***	25,000
	Karnataka	80,000	Bengaluru (erstwhile BBMP, 2019)	20,000	7,000
	Tamil Nadu	1,05,000	Chennai (GCC)	30,000	10,000

*Includes salary, constituency allowance, and office expense allowance

** Only includes monthly salary, without allowances.

*** Includes honorarium and other allowances

Source: The information presented is sourced from latest available official government websites and widely published newspaper reports[192]

Note - Each MP represents approximately 22 lakh citizens, each MLA represents approximately 3 lakh citizens and each councillor represents approximately 4,300 citizens. [193]

Sound council infrastructure through a robust secretariat, publication of council agendas and minutes digitally, live streaming of council proceedings, and better compensation for mayors and councillors can thus play a significant role in strengthening India's city councils.

Pathways to reform

- Strengthen council infrastructure (physical and digital) and secretariat
- Raise compensation to reasonable levels to encourage public-service-minded individuals to pursue councillorship as a full-time profession.
- Implement a councillor leadership development programme, convene a national network of mayors and councillors.

7.2.4. Citizen participation forums are largely defunct

Ward committees are neighbourhood-level platforms intended to bring ward residents, elected councillors, experts, and ward-level functionaries together for participatory governance and planning. Article 243S of the Indian Constitution makes ward committees mandatory under city governments in cities with more than three lakh people. However, many Indian cities are yet to form ward committees. As of May 2023, only 16 states had notified rules for ward committees and only 8 had active ward committees.[194] Where they exist, many are dysfunctional. For instance, the 74th CAA Audit showed that only 9 out of the 15 states audited had ward committees in at least one ULG.[195]
Even where they exist, ward committees often function as service grievance platforms rather than deliberative governance or planning forums.

Pathways to reform

- Notify rules for and form ward committees, and notify and operationalise area sabhas (at polling booth level, similar to gram sabhas), within 1 month of formation of the city council.
- Provide dedicated budgets for ward committees to be utilised through participatory budgeting.
- Ensure women's self-help groups are integrated into neighbourhood-level participation.
- Adopt full transparency, particularly in civic works and budgets; webcast council meetings.

Photo by Janaagraha

7.3. City governments are severely constrained on financial and organisational capacity

Financial and organisational development capacities including human resource capacities are a non-negotiable for any organisation, particularly for ULGs which are responsible for first-mile public infrastructure and service delivery.

7.3.1. Municipal finances are under-resourced and poorly managed

As seen earlier, India's urbanisation has fundamentally altered the scale and complexity of service delivery expected from ULGs. Cities are now responsible for managing growing populations, expanding built environments, and rising citizen expectations. Meeting these demands depends critically on how municipal finances are raised and managed. There are three dimensions to municipal finance in India — financial sustainability, efficiency, and accountability — each with distinct outcomes. A majority of the data presented under this section come from internal analysis of ULG financial statements by the Janaagraha Centre for Citizenship and Democracy.

ULGs today are severely under-resourced Despite increasing financial allocations by union and state governments, and UFCs and SFCs (as seen in Chapter 4), municipal finances have not kept pace with city demands. ULGs continue to operate within a fiscal framework characterised by weak own revenues, heavy dependence on discretionary grants from union and state governments, and limited control over how and when resources can be used.

The ability of cities to generate own revenue remains limited. On average, cities generated only 44% of their total funds during FY 2019-20 to FY 2022-23. However, this aggregate picture reveals sharp disparities across ULG sizes. India's largest ULGs display a strong base in own revenue, which significantly skews the national average. Data reveals that large and metropolitan cities generated 54% of their revenues from own sources, compared to 34% for medium-sized and just 25% for small cities. Small ULGs are far more dependent on revenue grants and subsidies, which constituted 74% of their revenue share, more than double the share for metropolitan cities.

Data reveals that large and **Metropolitan cities generated 54% of their revenues from own sources** compared to 34% for medium-sized and just 25% for small cities.

Cities barely meet their revenue expenditure through own source revenue, let alone capital expenditure. Across the same period, Own Source Revenue (OSR) covered, on average, only 54% of revenue expenditure across cities, leaving little room for capital investment from internal sources. While large and metropolitan cities were able to finance around 81% of their revenue expenditure through OSR in FY 2022-23, medium cities managed only 51% and smaller cities just 26%.

It is important to note that cities spent 42-45% of the revenue expenditure on payments towards salaries, pensions, and other establishment expenses, and only a smaller fraction (~25-27%) towards operating and maintaining infrastructure.

42-45% of the revenue expenditure on payments towards salaries, pensions, and other establishment expenses.

Municipal borrowing plays a very minor role in financing urban infrastructure in India. The lack of robust financial management and reporting — such as bankable municipal balance sheets — have inhibited the rapid growth of municipal borrowings in India. Thus, ULGs are unable to leverage municipal borrowings as a source of revenue, unlike their counterparts at the state and union levels.

As on 30 April 2024, the size of total outstanding municipal bonds in India was about INR 2,484 crores, a miniscule amount compared to the INR 114 lakh crore outstanding of central government market loans and about INR 57 lakh crore outstanding of marketable securities issued by the state governments/UTs. Consequently, only 1% of the financial needs of ULGs are met through municipal bonds as opposed to say 10% in the USA.

Within this small segment of revenue, only metropolitan cities have been able to leverage the benefits of borrowings, unlike small cities. In FY 2022-23, metropolitan cities accounted for nearly three-fourths of total municipal borrowings, benefiting from stronger revenue bases, better financial management systems, and higher creditworthiness. Smaller cities, by contrast, experienced a sharp contraction in borrowing. For these cities, weak OSR, unpredictable transfers, and limited institutional capacity become barriers to service debt, making borrowing an unviable option.

Metropolitan cities accounted for nearly three-fourths of total municipal borrowings

Pathways to reform

- Devolve revenue streams to ULGs, implement formula-based timely transfers.
- Assign calibrated control over tax rates and involve ULGs in setting guidance value/ circle rate.
- Reform basis tax/user charge assessment, maximise collection efficiency.
- Optimise return on assets, give ULGs greater powers over land.
- Catalyse municipal borrowings by developing shelf of projects, reimagining and professionalising state urban infrastructure development finance corporations.

Increasing revenues without improving municipal financial management risks reinforcing inefficiencies

Weak financial management further constrains fiscal effectiveness. ULGs of 13 states showed unrealistic budgeting with a maximum budget variance of 403% and 274% observed in receipts and expenditure respectively.[196] High budget variance (>30%) signals poor Fiscal Responsibility and Budget Management (FRBM).

Even when ULGs receive funds, they are unable to utilise them effectively due to weak financial management. On average, ULGs in 11 states have utilised only 61% of the funds made available to them, potentially impacting municipal service delivery.[197]

Even when funds are spent, ULGs fail to prioritise development and programmatic activities. Only 37% of the expenditure is dedicated to developmental activities, and operations and maintenance, whereas 63% is spent on 'other items' such as establishment, interest payment, etc., in the ULGs of 10 states.[198]

Pathways to reform

- Enforce timely and realistic budgeting.
- Mandate medium-term fiscal plans.
- Track outlays and outputs through the full expenditure cycle using digital public finance management systems.

ULGs are characterised by weak levels of financial transparency, and poor financial and performance reporting

As seen before, low levels of transparency in the financial and operational information of cities hinder constructive engagement of citizens, civil society, and media. While the XVI Finance Commission has continued the mandate requiring city governments to publish audited financial statements in order to access grants, most state municipal acts do not yet mandate publication of timely and audited financial statements by their ULGs.

CityFinance (www.cityfinance.in), India's national municipal finance portal, hosts audited annual accounts of over 95% of ULGs in India. Efforts should now be channelled towards quality, comparability, reporting, harmonisation with state and union accounts, and modernising the National Municipal Accounting Manual (NMAM 2.0). More importantly, citizens also deserve to know first-mile expenditure details for projects at a street and neighbourhood level through the entire project lifecycle, from concept to completion, and have a say in where money goes in their neighbourhoods.

Pathways to reform

- Publish audited annual accounts and performance reports basis uniform accounting standards.
- Mandate internal audits.
- Facilitate citizen participation in budget and civic works.

7.3.2. ULGs face acute organisational constraints

Organisational capacity depends on ULGs being able to employ adequate, competent, and motivated staff. Recruiting, equipping, and advancing the right staff is essential to improve a city's growth and liveability prospects. ASICS 2023 shows that ULGs lack authority over recruitment, performance management, transfers, and dismissals, with these powers largely retained by state governments or Public Service Commissions. ULG capacities are fundamentally constrained by four aspects of HR deficits.

Nationwide, 37% of sanctioned municipal posts remain vacant.

Here as well, small cities such as town panchayats, on average, have 7% and 3% more vacancies than municipal corporations and municipal councils, respectively.[199] These vacancies have been evaluated against sanctioned posts which themselves, in many cases, have not been updated in a scientific manner commensurate with the growth of cities. Quite often, sanctioned strength is based only on population rather than the more relevant underlying key drivers for staffing particular roles. In 4 states for which data on staffing assessments is available — two states last conducted assessments in 2011, and two in 2018, leaving gaps of 13 and six years respectively.[200]

Our cities also do not have a Framework of Roles, Activities, and Competencies (FRACs) for their ULG staff. While our analysis shows that 24 out of 35 states/ UTs have municipal cadres in India, mostly, the cadre and recruitment rules only mention the bare minimum qualifications. For municipal sanitation or public health cadre, the basic requirement is generally SSLC (10th grade), HSC (12th grade) or B.Sc. (in a variety of disciplines) with only a Sanitary Inspectors training course. Moreover, only 14 states mandate training for municipal staff, and just 7 operate dedicated municipal training institutes. Most training is generic, with little linkage to performance outcomes making the gap between skills and required competencies wider.

Organisational structures are also skewed. Only around 10% of municipal staff occupy managerial positions, creating narrow leadership pipelines and excessive spans of control. In 5 states, on average, 90% of staff in ULGs belonged to Groups C and D.[201]

India's city governments do not have any performance measurement and management systems. Bengaluru is the only city legally mandated to establish one, yet corresponding rules remain un-notified.

Pathways to reform

1. Cadre and Recruitment Reforms

- Assess provisions for municipal positions under extant C&R rules.
- Conduct assessment of staffing status across ULGs including grades, sanctioned vs. actual, and current workload.
- Formulate metrics to arrive at proposed staffing structures.
- Decide on creation of new positions and reassignment of additional staff.
- Formulate job descriptions with accurate roles, responsibilities, and qualifications to help alignment and training.

2. Organisational development

- Undertake goal-setting exercises to ensure department targets are cascaded to individuals (measurable KRAs and KPIs).
- Establish effective data systems in the form of digital workflows that capture the above metrics.
- Set up integrated learning systems to enable competency-based training and assessments.
- Undertake process reforms and simplify through job-aids and checklists, and removal of redundancies.
- Review and track performance on goals, with feedback/revision.
- Conduct data-based performance appraisals of officials.

Photo credit: Shutterstock

India's urban challenge, as we have seen, is not merely a question of funding. It is rooted in systemic weaknesses across governance, planning, finance, and organisational capacity. ULGs lack authority over core functions, face fragmented administrative structures, operate with fragile finances, and remain organisationally understaffed and under-skilled.

As a result, cities struggle to translate rising investments into improved outcomes. Addressing these challenges requires moving beyond project-based interventions toward systems reforms that strengthen decentralisation, professionalise municipal institutions, deepen fiscal autonomy, and embed accountability and citizen participation at the heart of urban governance. The next chapter provides actual city-systems interventions from across the world which can help India's cities become capable engines of inclusive growth and liveability.

Chapter 8

Best practices to promote growth and liveability

The previous chapters show that urbanisation does not always guarantee growth and liveability. When city-systems are weak and ineffectual, urbanisation can just as easily lead to poor outcomes. Having examined India's city-systems, we now turn to cities that have successfully addressed similar challenges. These examples show that sound planning of land and transport can enable economic growth without sacrificing environmental sustainability, that participatory governance can make growth inclusive, and that strong state capacities — with adequate funding and staffing powers — can turn plans into reality. These case studies are not intended as detailed blueprints but as evidence of what is possible when robust city-systems work to deliver growth and liveability.

8.1. Preparation, implementation, and enforcement of plans are key to achieving growth and liveability

Planned urbanisation involves envisioning the city as an economic region, preparing and implementing master plans through land-use conversion, attracting investments to create productive jobs, and ensuring provision of high-quality infrastructure and services for liveability — across multiple growth centres in the country. India is struggling with precisely this. Addressing this requires collaboration across union, state, and local governments, technical competencies, and the ability to execute planning, land-use conversion, and infrastructure development in parallel. The case of Suzhou in China illustrates how such large-scale planning can be achieved (See Box 5).

Photo credit: Harshavardhan, Unsplash

Box 5: Improving land management to promote economic growth and liveability – The case of Suzhou Industrial Park, China[202]

The city of Suzhou in the Jiangsu province of China is home to nearly 9 million people. In the 1990s, much of the city's peri-urban land was farmland with limited infrastructure and low potential for economic growth. Hoping to convert the area into a high economic growth region, the Chinese National Government partnered with the Singaporean Government and conceptualised the Suzhou Industrial Park (SIP) in 1994. As part of this collaboration, the Singaporean Government shared their knowledge in economic reform and public administration ('Software'). The Chinese Government adapted and applied this knowledge ('Hardware') in partnership with the city government and developed SIP with an 80 sq km core (approximately the size of Varanasi) and a 278 sq km total jurisdiction (approximately the size of Patna).

SIP was developed through a multi-level cooperative mechanism, including a Joint Working Committee (JWC) set up by the two national governments. Interestingly, the committee was helmed by the mayor of Suzhou, not a national government official, and by the permanent secretary of the Singaporean Ministry of Trade and Industry. The JWC undertook the planning and infrastructure development necessary to build SIP and achieve its economic growth objectives.

The committee planned to deliver SIP's service needs alongside the city's expansion. It comprehensively master-planned SIP's core to accommodate industry, R&D, services, and residential use; built trunk infrastructure; and established predictable development controls. SIP therefore emerged with a Central Business District, residential areas with neighbourhood centres providing major public amenities, and industrial areas in the outer circle. Planned robust transport networks enabled seamless integration between the zones.

The mayor of Suzhou could helm the planning and implementation process because of the 1988 Constitutional Amendment, the 1990 State Council Regulation, and the 2001 Directive on Strengthening Management of State-Owned Land Assets. These laws made urban local governments the custodians of land and assigned the responsibility of transferring land-use rights to them. They also placed the responsibilities of preparing land for the transfer of land-use rights and developing urban infrastructure with the city government,

specifically the departments of land management, urban planning, real estate, and construction management.

SIP's development turned under-utilised land into a fully serviced, investment-ready city. By 2013, SIP had attracted 5,029 foreign investments — including 91 Fortune 500 firms — with a cumulative FDI of USD 24.8 billion and total exports of USD 42.5 billion. New and high-tech industries accounted for over 60% of total industrial output in this same period. By 2018, SIP alone employed 770,000 people (more than twice the initial projections) and generated USD 38.8 billion in GDP. As of October 2024, SIP housed 1.2 million people with 800,000 permanent residents.

Several factors contribute to Suzhou's success, including its proximity to Shanghai. However, empowering the mayor with complete decision-making power to holistically and simultaneously plan for land use, infrastructure, and public utilities underpins its success.

Photo credit: Z-Ruikoto, Unsplash

SIP demonstrates that a city government's control over land allows it to comprehensively plan for and implement land aggregation and infrastructure development. The mayor's overarching executive role over the city and its functions helps create a single authority for consolidated planning and implementation for both attracting investments as well as for building out infrastructure and services for residents.

Enforcement is a critical factor in bringing successful planning to life. London, with a population of nearly 9 million people, shows an example of this. As a global financial capital generating over USD 740 billion,[203] London faces constant development pressure. Its ability to grow while retaining liveability depends on a plan-led system where compliance is legally enforceable. The following Box 6 delves into how they went about it.

Box 6: Enforcing a plan through statutory monitoring and multi-level oversight – the case of London [204]

The Greater London Authority, led by a mayor and 25 councillors, prepares the London Plan — the statutory spatial development strategy for the metropolis. The plan sets legally binding policies on housing targets, density, transport integration, climate resilience, employment zones, and heritage protection. Under the Town and Country Planning Act, 1990, all planning decisions must be made 'in accordance with the development plan (i.e., the London Plan) unless material considerations indicate otherwise.' This establishes the spatial plan as the primary legal benchmark for every major project.

Project-level decisions are taken by London's 32 borough councils, which are individual municipalities within the GLA area. When a project application is submitted, planning officers assess it against both the borough's Local Plan, a statutory local spatial development strategy of the borough, and the London Plan. Proposals above certain thresholds (e.g., large housing schemes or strategic infrastructure) are referred to the mayor of London. On consideration, the mayor can directly refuse or take over the application if it conflicts with metropolitan priorities. This multi-tiered scrutiny ensures vertical alignment between local approvals and city-wide strategy.

Progress against the London Plan's spatial plan is formally tracked through the Authority Monitoring Report (AMR) system. The boroughs and the mayor publish annual monitoring reports measuring housing completions, affordable housing delivery, employment land retention, carbon reduction performance, and infrastructure provision against Plan targets. This creates a feedback loop: if delivery lags, policy adjustments or land release strategies can be triggered in subsequent plan reviews.

Where projects deviate from permissions, enforcement helps close the loop. For instance, for failing to deliver affordable housing quotas or breaching design conditions, boroughs can issue enforcement notices, stop notices, or seek injunctions. Non-compliance constitutes a criminal offence with potentially unlimited fines. London boroughs collectively initiate thousands of enforcement investigations annually.

These enforcement mechanisms enable liveability in a larger sense by protecting heritage, creating infrastructure capacity, and ensuring environmental standards. While global capital and migration drive London's dynamism, enforceable spatial planning and monitoring mechanisms ensure that the city enables both growth and liveability for its residents and businesses. .

8.2. Affordable and efficient public transport

A city's ability to seamlessly connect people to places of work, learning, and recreation determines its ability to create more productive jobs, catalyse networks and innovation, and manage congestion and air pollution. Cities must identify and implement the right mix of transport systems (bus, rail, cycling, walking) to suit their local contexts. The overall goals remain the same — maximising coverage of public transport, making it affordable and efficient for people to move, optimising average travel time, reducing congestion on roads, and improving public health through active mobility. Buses require lower investment and are easier to implement across city types, and hence share the largest load of motorised public transport across most cities, including in India.[205]

Bogotá, the capital of Colombia in South America, is a city with 7.3 million people, around the size of Hyderabad in 2011. The city entered the 1990s with a broken public transport system, dominated by multiple, independent private bus operators licensed by the government. These buses were often poorly run without minimum performance standards, making them unreliable and unsafe. Private vehicle usage increased dramatically, taking up most of the road space. Trips within the city averaged around 70 minutes.

Bogota's TransMilenio Bus Rapid Transit System (BRTS) helped the city pivot to a high-capacity, low-cost bus mass transit option built through Public Private Partnership (PPP) models to address these connected problems (Box 7). What is striking about the TransMilenio BRTS is that it was developed by an elected mayor with a mandate to improve growth and liveability. The mayor could retrofit the city's transport system because he could exercise the power to plan and design city infrastructure, govern public transport, create new financial sources for revenue, and converge diverse stakeholders from the city government, parastatal agencies, higher government officials, and technical experts.

Photo credit: Nelson Rodz, Unsplash

Box 7: Efficient and affordable transport systems simplify barriers to livelihood and liveability – TransMilenio Bus Rapid Transit System (BRTS) in Bogota, Colombia[206]

Beginning in 2000, the Bogota mayor's office created TransMilenio SA as a public company. The BRTS was designed with dedicated busways, station boarding, and integrated fares adapting good practices for universal design. It was designed to accommodate people with disabilities, women, unhoused people, and informal vendors — groups that usually face exclusion from public amenities. The TransMilenio BRTS was a global example of transit-oriented development as it integrated land-use and transport planning to concentrate urban growth along transit corridors. However, the process of building and operating the BRTS was fraught with hurdles. Navigating these challenges required an empowered city government that could manage urban planning, financing, and governance simultaneously and in a coordinated manner.

Legitimacy and coordination hurdles: Developing the BRTS required the city government to coordinate and achieve buy-in with private operators and public stakeholders across government tiers with their own mandates, priorities, and incentives. Some of the primary stakeholders included the Institute of Urban Development, the Secretary for Transportation and Traffic, the District Institute of Culture and Tourism, the Colombian Ministry of Transportation, and local bus operators. Resistance was particularly stiff from existing private operators worried about their revenue under the proposed system. Within the city government, officials were sceptical of the BRTS and favoured rail transit models.

Building legitimacy and getting multi-stakeholder buy-in for the BRTS by the mayor's office was an important part of the process. The TransMilenio SA's board, comprising city and national officials and independent technical representatives, created a multi-stakeholder platform to discuss the BRTS. This board bridged different agencies that split jurisdiction or were at odds with each other. It also insulated the decision-making process from the political system and allowed decisions to be made on technical grounds.

Further, the mayor's office played an anchoring role for coordination between relevant agencies, which mitigated institutional conflicts and delays from poor coordination.

The mayor's office also conducted objective feasibility studies, cost-benefit analyses, and organised knowledge-sharing exercises with officials from cities with successful bus systems.

Each of these activities helped the city design the BRTS and protocols to balance city needs with stakeholder concerns. The exercises also helped city officials discuss the project with their constituents during the electoral process. Public legitimacy around the BRTS reportedly surged after the first month of its operations.

Financial hurdles: The city lacked adequate funds to finance the BRTS and navigated this by introducing fuel surcharges and local taxes that covered a third of its early infrastructure costs. Multilateral loans and national government grants helped fund the remaining infrastructure costs. Newly introduced bidding and concession systems created incentives for private operators to expand bus services without significant government subsidies. The city government issued frameworks within which private bus operators could set ticket fares and manage routes — taking care of operational costs.

As of 2021, TransMilenio covers 112 kms and serves 2.2 million passengers every day. The bus network is credited with a 90% drop in traffic deaths and 40% drop in air pollution in Bogota. One estimate suggests that the benefits from reduced transit time, fewer accidents, positive health impacts, and mitigated carbon emissions alone amount to approximately USD 3.6 billion, as of 2012.

Independent evaluations find that the TransMilenio network created large user benefits and measurable economic effects. Average one-way commute times fell substantially, from around 44-50 minutes to approximately 31-35 minutes and ridership reached millions per day. Analyses suggest that property values near TransMilenio stations increased — 0.12–0.38% per 5 minutes closer to a station, according to one study. The network improved connectivity between 14 of the poorest boroughs and the city centre.

The city government governs the BRTS through laws it passed by the Bogota City Council, alongside all other aspects of the city.

This does not mean TransMilenio does not have ongoing challenges with infrastructure adequacy and citizen satisfaction. Citizen surveys revealed that the BRTS is perceived as unsafe, especially by women. The existing network has also come under immense stress due to the growing city population. It is now planning for expansion with support from the national government to address this increasing demand.

Rail mass transit offers another public transport option — with greater carrying capacity, while being insulated from road traffic. Much like Indian metropolitan cities today, Sao Paulo suffered with traffic congestion in the early 2000s given its population, heavy dependence on private vehicles, and overloaded bus network. It took poorer citizens up to 2.5 hours on average to travel from the peripheries to the metropolitan area. The city's metropolitan area recorded 1,50,000 road accidents in 2006 alone.[207] To turn this situation around, the Sao Paulo state and city governments pursued sustained metro and suburban rail investments through the Metro Line 5 project. Although the Sao Paulo state government owns the metro project, the city government facilitated it by funding more than USD 110 million[208] (approximately BRL 200 million) and providing land.[209] The city added multiple new lines and extensions to add trunk capacity, integrating the metro with buses and commuter rail. The Line transports 5,00,000 passengers daily and has halved travel time for citizens on average. These improvements are estimated to have saved the Brazilian economy billions of dollars per year in travel-time and operating cost reductions.[210]

However, given the significant up-front investments, rail mass transit may be a feasible option more for metropolitan and large cities. Strategic transport investments in metro and rail transit together can combat congestion in these cities. The Union Budget 2026-27 specifically prioritises metro rail for urban mass transit expansion across 15+ cities by allocating INR 30,996 crore to support decongesting metropolises and transit-oriented development. The coordination for first and last mile connectivity with buses, suburban rail, and pedestrian infrastructure is still nascent and not part of the initial design.

Apart from direct investments in buses and metro rails, making urban areas walkable and cycling-friendly are key to promoting public transport options and thereby reducing congestion and air pollution, and improving public health.[211] While walkability is often neglected in India, cities like Bengaluru, Chennai, and Pune have piloted more people-centric road designs that demonstrate how reallocating road space can improve safety, comfort, and local economic activity.[212] The Tender S.U.R.E. initiative in Bengaluru redesigned key central roads with continuous even footpaths, cycle tracks, uniform travel lanes and ducted underground utilities. It led to 228% more pedestrian use, including 117% more women, than control roads.[213] The initiative showed that even dense brownfield corridors in city centres can be retrofitted to prioritise pedestrians.

8.3. Place-based participatory planning backed by a local vision

When a city is governed as a series of departments and not as a cohesive unit in itself, it results in lack of integrated planning, coordination, and accountability (as seen in Chapters 5.2 and 5.3). Locally developed plans backed by a clear vision, in turn anchored in the needs and priorities of citizens, are the foundation for place-based governance. Starting with a clear local vision can help city governments as well as state governments and their agencies identify city priorities, strengths, vulnerabilities, risks, and opportunities. At the same time, it can converge multiple stakeholders with competing interests — citizens, businesses, government agencies, investors, etc. — onto common ground.[214] Cities need an institutional mechanism to drive this visioning process and systematise the same into a city plan, especially in the absence of functional master plans. As seen in Chapter 7, master plans are currently not just dysfunctional, but often serve only as land-use plans and not as comprehensive city strategies. In the case of smaller cities, in particular, institutionalised place-based, participative processes can serve not only as planning instruments but can well become a bottom-up governance process. An example is the recently launched ***'Doh Shaher, Ek Rupayan'*** programme that aims to improve quality of life in ten cities in Assam through place-based and citizen-driven approaches (See Box 8).

Photo by Janaagraha

Box 8: Emerging models of participatory planning – Assam's City Action Plans

A City Action Plan (CAP) is a key instrument of participatory, place-based planning and governance. The CAP approach has five components:

- Bottom-up participatory planning, where local pain points and priorities are identified through neighbourhood- and ward-level consultations with citizens, Self-Help Groups (under the NULM), and other communities.
- Convergence across multiple sectors and domains including solid waste management, drinking water and sanitation, traffic management and streetlights, public and blue green infrastructure, urban planning, and public health.
- Top-down integration of line departments, parastatal agencies, and ULG officials through thematic sub-committees.
- Interdepartmental coordination and accountability through a Municipal Planning Committee platform, chaired by the District Commissioner/ Collector.
- Annual updating of CAPs based on budgetary performance, new learnings, and newly identified priorities for a period of 3-5 years.

Enabling functions like strengthening digital and online services, ULG finances, and ULG workforce capacities, and training, monitoring, and evaluation are integrated into the process.

So far, all the ten cities covered by the Doh Shaher Ek Rupayan programme have completed the CAP process, through 188 open ward-level citizen consultations, 23 meetings of the Municipal Planning Committee and ward-level meetings of Self-Help Groups, more than 300 interviews, and more than 100 field visits. Eight cities have already published their CAPs. Early implementation reveals both promise and challenge: while the process has successfully surfaced previously unvoiced citizen priorities and improved coordination between departments that rarely collaborated, translating these plans into funded action will depend on sustained commitment and integration with budgets and funding. To be successful, CAPs would need to be the single course of identifying and financing project priorities for the city.

8.4. Empowered mayors with clear accountability

Local elected officials — particularly mayors and city councillors — play a critical role in promoting quality of life for citizens. When local officials are genuinely empowered, they can achieve multi-stakeholder alignment on a city's vision, and mobilise political and administrative will around collective agendas, bringing about beneficial changes in growth and liveability. Further, local elected officials enhance accountability and resource alignment in ways that bureaucrats cannot, especially when they have strong community connect as seen in the case of Surakarta below (See Box 9).

Box 9: Broad-based growth and liveability enhancements under a directly elected city leadership – Joko Widodo and Rudyatmo's leadership in Surakarta, Indonesia[215]

The tenure of Joko Widodo ('Jokowi', Former President of Indonesia) as Surakarta's first-ever directly elected mayor demonstrates how empowered mayors can effect change. In 2005, Surakarta (with a regional metro population of around 5,70,000, similar to Kochi in 2011) faced deep challenges: social unrest, weak economic performance, poor public services, and a predominance of informal economic activities such as street vending that contributed to congestion. The city government was seen as ineffective and many residents lacked confidence in public institutions. However, Law No. 32/2004 changed how the city chose its mayors — moving to direct election rather than indirect election by the legislature. The direct election of Jokowi and Rudyatmo (deputy mayor) gave both public legitimacy and helped them build trust with residents and businesses. Alliances with businesses (Jokowi was a prominent business owner), religious leaders, and NGOs (Rudyatmo was a grassroots organiser) further solidified their legitimacy.

Jokowi and Rudyatmo focused on building trust and revitalising the local economy. A flagship reform was the negotiated relocation of 1,000 street vendors from crowded downtown areas to reduce congestion and address street crime. The new mayor and deputy mayor were able to negotiate this relocation by providing demarcated stalls at a newly constructed marketplace outside the city centre. The relocation required a series of consultations addressing the concerns of vendors with regard to fees and loss of business. These consultations led to the establishment of standardised fees and transparent processes to prevent vendor harassment by city government officials. The new location yielded significantly higher profits for the vendors. The city also streamlined business licensing via

a one-stop service point in the city government. The reform helped more small entrepreneurs enter the formal economy. The resulting expansion in tax bases increased revenues for the city government. Beyond trust and legitimacy, shared mandates helped the mayor and deputy mayor achieve large changes. While Jokowi framed larger visions and policies as mayor, Rudyatmo ensured implementation through civil servants.

These efforts by Surakarta's city government helped enable many more reforms for growth and liveability — primarily facilitating the formalisation of small enterprises and encouraging private sector growth, public investments in upgrading slum settlements, improving sanitation, providing training and employment opportunities, upgrading transport infrastructure, and expanding health services. These reforms broadened the tax base, created healthier city populations, improved fiscal management, and increased business activity. The reforms are credited with a surge in local generated revenue by 32.44% between 2010 and 2011. Jokowi and his deputy were re-elected in 2010 with 90.9% of the vote.

While Surakarta shows what an empowered mayor can achieve, Rwanda's reforms (see Box 10) show how a system for driving clear accountability of the mayor can achieve results even in a country recovering from years of ethnic conflict.

Photo credit: Visual Karsa Unsplash

Box 10: Mayoral accountability through performance contracts in Rwanda - The Imihigo system[216]

As Rwanda emerged from ethnic conflict, the country set its sights on development anchored by decentralised local governments at the district level (a district in Rwanda has between 3,00,000 and 1 million people — comparable to small, medium, or large cities in India).[217] Rwanda's decentralisation relied on different local, participatory measures including community works and participatory planning and budgeting. The local government-driven endeavour carried high risk: the country's ambitious development plans could stall if local governments did not fulfil their promises. The Imihigo ('vow to deliver') system was launched in 2006 as a response. It holds government officials — mainly district mayors — accountable to the development promises they make to their citizens. The system is rooted in ancient cultural practices where leaders who failed their vows suffered public humiliation.

Modern Imihigo tools were performance contracts based on annual action plans that are developed by the mayor in consultation with sub-district representative councils at the sector, cell, and village levels. These plans cover three pillars — economic development, social welfare, and governance — with action points across urban planning, employment, education, construction, mobility, electricity, markets, and administrative and cultural infrastructure. They detail how the mayor intends to action their promises through specific deliverables, timelines, and metrics for measurement. For example, the length of new roads constructed, percentage reduction in informal housing, and number of new jobs created can all be performance indicators for the mayor.

Beyond making mayors more accountable, the plans help structure planning, oversight, and implementation around local development priorities. Similar to the City Action Plans, they also help galvanise community stakeholders including civil society organisations around plan preparation

Photo credit: Dieuvain Musaghi, Unsplash

and implementation. The plans also help monitoring and evaluation by national audit teams that track administrative records of implementation. National audits have the most weightage on a mayor's performance. Citizen surveys add 10%-15% of the scores. This form of accountability gained public legitimacy because people were already familiar with Imihigo.

The performance of district mayors is ranked and published transparently, condensing performance into simple and easy-to-understand metrics for the public. Higher rankings suggest that the mayor has delivered on their promises and has shown progress against self-set targets. Mayors who fare poorly are considered incapable, carrying strong cultural connotations and the threat of removal from office. Better-performing districts receive special funding. The cultural connotations of Imihigo and central government incentives galvanise local government action towards fulfilling plans.

In India's cities, accountability systems like these could help converge authorities, non-governmental stakeholders, and different functions (planning, oversight, and implementation). In doing so, they will not only address issues of fragmented ownership and accountability, but also improve plan-to-outcome delivery.

8.5. Building the capacities of mayors and councillors is key to empowering them

The capacity and competency of mayors and councillors is a key driver of a ULG's ability to promote growth and liveability. There are approximately 87,215 councillors in India — 46% of whom are women. Motivated mayors and councillors with the right skills and competencies can deliver on business and citizen needs, and for that, we need to start treating our mayors and councillors as leaders of the city.

Empowering councillors entails building their capacities for city governance. Praja Foundation's capacity building workshops with councillors, which started in Mumbai around 2015, show one way to do so. These workshops involve and train councillors across political parties and cover key topics for city governance, including the 74th CAA, municipal budgeting, and the roles and responsibilities of councillors. The workshops also adopt interactive exercises that train councillors in statutory interpretation, drafting formal questions, and moving resolutions.[218]

Similarly, Janaagraha's Councillor Leadership Development Programme (CLDP) is a recent initiative designed to empower councillors, with a specific focus on women councillors. The design and content of CLDP emerged through a series of needs assessment consultations with 166 local elected representatives (40% of whom were women) between April and May 2025 across 11 cities in Karnataka, Uttar Pradesh, Odisha,

and Assam. The training covered critical foundational areas such as understanding administrative and governance systems, navigating resources and influences, working together as a council, and utilising digital tools for transparency and data-driven decision making. Pre- and post-training surveys, demonstrated a clear increase in knowledge among participants in core areas of city governance, such as fund sources and participation platforms, while also identifying additional areas for future capacity building such as financial understanding and management. Women councillors found such a structured capacity-building programme particularly useful.

8.6. Formal citizen engagement as a governance imperative

Many plans and policies that sound good on paper fail in practice because they do not account for local realities that can make them unworkable, counter-productive, or simply a low priority for citizens.[219] Citizens, by virtue of living with the daily realities of their cities, can help governments overcome these hurdles. Constitutional provisions and municipal laws in India mandate citizen participation at the ward and sometimes even at area sabha levels. However, these have not been implemented in most cities as seen in Chapter 7.2.4. Some cities, however, stand out for both, implementing ward committees and ensuring strong citizen participation even outside the ward committee structure.

For example, the Pune Municipal Corporation (PMC) initiated participatory budgeting in 2006. Every year, citizens could provide inputs to the ward committess/prabhag samitis, informing them of works they deemed necessary. Citizens could suggest works covering 14 areas including roads and footpaths, water, solid waste management, gardens, signages, public buildings, etc. The PMC allocated INR 50 lakh to each electoral ward to complete works determined by ward members through participatory budgeting processes. Between FY 2007-08 and FY 2013-14, the PMC provided a total outlay of INR 20 crore for wards to implement works prioritised by the citizens. The participatory budgeting process is still in place, but has largely faded away due to decreased citizen participation and administrative alignment.[220]

The neighbouring Pimpri-Chinchwad Municipal Corporation (PCMC) initiated participatory budgeting in 2023. PCMC's model enables residents to propose development projects up to INR 10 lakh across sectors like roads, sewage, water, health, and street lighting. Residents can submit suggestions digitally through multiple channels. The initiative received 2,284 proposals for FY 2025-26 and PCMC has allocated INR 95 crore. The PMC and the PCMC's approaches show how the gap between public priorities and municipal action can be bridged.[221]

A recent initiative in the United Kingdom reflects this ethos of public participation and close engagement with one's neighbourhood (Box 12).

Box 12: Making cities more liveable, bottom-up – United Kingdom's Pride in Place programme[222]

The Pride in Place programme was launched in 2025. It was born from realising the importance of renewing local neighbourhoods to revive the nation. The Independent Commission on Neighbourhoods (ICON) shaped the programme by offering evidence and advocating for national government investments in neighbourhood-level programmes driven by local neighbourhood groups.

The programme aims to give worn-out neighbourhoods new life by working in partnership with the people who live there. Its genesis lies in declining economic productivity, stagnant wages, degrading and vanishing social infrastructure, rising divisiveness in communities, increasing estrangement from the government, and declining perceptions about one's neighbourhood. The aim of the programme is to build stronger communities, create thriving neighbourhoods, and empower people to take back control.

The programme's distinction lies in its recognition that neighbourhood communities can turn this situation around through grassroot-level, citizen-driven action. The programme document captures its ethos succinctly: "Wherever you go across the country, communities are brimming with ideas. They know what the issues are and what change is needed to fix them. They just need the backing of the government to make it happen. The Pride in Place Strategy does just that." To support this, the UK Government will provide GBP 20 million (more than USD 25 million)[223] funding to 250 areas across the country over the next 10 years. An additional GBP 150 million (USD 201 million)[224] is earmarked for immediate work such as improving high streets, public spaces, and community facilities in identified areas through this programme.

The programme devolves powers and funding to elected city councils and their leaders. The role of these leaders is to mobilise communities for change, driving local growth and improving local liveability. They are expected to do this by bringing diverse stakeholders together to understand neighbourhood priorities and collaboratively devise plans of action — called Local Growth Plans.

The programme creates Neighbourhood Boards with residents, businesses, the local council, and the local Member of Parliament to identify local priorities. The platform creates a way for everyone in the community to make their priorities heard and watch their localities develop as desired: "Boards might decide to spend

their funding on the regeneration of a town square, local community centre or social club, the development of a new community garden, the rollout of a new programme to tackle homelessness or services to tackle child poverty and provide essential support to families and young people. Similarly, they may choose to use the funding to develop an action plan to address local cohesion issues, or local arts, cultural, heritage and sport initiatives."

Results of the programme are yet to be seen, but its ethos and approach are a vote for strong participatory urban local self-government. Its emphasis on sharing planning and governance with citizens at the grassroots — even in established neighbourhoods — offers an inspiring tale for urban governance in India.

Photo credit: Envato

The key difference between the Pride in Place's Local Growth Plans and Assam's CAP seems to be the pre-sanctioned standardised budget that the UK has put in place which the citizens are encouraged to spend on essential, local avenues that will increase the liveability of their neighbourhood. On the other hand, the CAP is designed to be a bottom-up way to first understand needs and then budget for it, taking into account city revenue realities as well technical feasibility.

8.7. Productive public-private growth coalitions

Effective growth coalitions focused on public-private dialogue are powerful channels to facilitate information exchange and leverage collective resources and capacities to help cities grow. They supplement ULGs limited by low resources and low capacity. Growth coalitions typically co-develop a small set of strategic priorities for competitiveness,

jobs, and investment. ULGs then support these priorities through public spending, regulations, and private investment.[225] Together, they unlock the city's growth potential. While ULGs can directly begin public-private dialogue, city-supported agencies can also serve this function.

The New York City Economic Development Corporation (NYCEDC) is an example of a dedicated agency that leverages public-private coalitions to create growth and liveability visions with urban planning.[226] The NYCEDC is a non-profit corporation created in 1991 when New York City had a population of ~7.3 million. The mayor of New York City (NYC) appoints its members, and the members elect their Board of Directors.[227] The body holds authority over city-owned land. The NYCEDC uses the city's land, waterfronts, infrastructure, and other physical assets to revitalise neighbourhoods, make them more liveable, create jobs, diversify the city's economic sectors, and spur equitable development across the boroughs.[228] Converging public and private funding over infrastructure projects is one of the NYCEDC's core objectives. The Sunset Park Waterfront Vision Plan is one example of its work.

In 2009, the Sunset Park Waterfront Vision Plan aimed to revitalise a waterfront district in New York that had declined over the years. Revitalising the waterfront could revive an economic centre and improve job growth. The NYCEDC sought to achieve this with two measures — coherent long-term planning and mustering adequate funding. Leveraging its ability to manage city land and converge the relevant municipal authorities for planning, the NYCEDC developed a long-term redevelopment plan for the waterfront. This plan focused on investing in aging infrastructure, managing the existing real estate portfolio, renovating and re-using industrial space, and long-term densification over a period of 3, 9 and 10+ year periods.[229]

The redevelopment plan included inputs from local business owners, not-for-profit organisations, and elected officials, and helped the NYCEDC, businesses, and community stakeholders generate consensus around new businesses that could be set up at the waterfront. In turn, the businesses helped the NYCEDC leverage private investments to sponsor the waterfront redevelopment. Over the years, the redevelopment has supported hundreds of businesses, created thousands of jobs, and modernised industrial activity in the district.[230] It also opened up more space for community recreational use and renewable energy production.[231] The redevelopment plan is projected to continue creating economic and recreational benefits as implementation continues.[232]

A city-led institution like the NYCEDC is a model that India's cities, which often lack necessary financial capacities for creating infrastructure, can adopt. Such an approach can help ULGs leverage public-private-citizen partnerships effectively to identify and execute opportunities that benefit businesses and the city. While businesses find new markets, ULGs receive new funding streams to meet the expenses involved in creating, operating, and maintaining infrastructure and services for the city.

8.8. Smooth horizontal and vertical coordination across government agencies

India's urbanisation experience shows that city growth is often chaotic. This can include small, informal disruptions like encroachments on footpaths or large formal disruptions such as a large infrastructure project like a metro rail. These disruptions force city governments to respond proportionately to the context. However, as seen in Chapter 6, ULGs in India have very little authority to do so. ULGs in vertically structured governance systems like India, with three tiers of government, rely on higher tiers for authority to fulfil their roles, particularly state governments. Union and state governments more often than not provide funding, staffing support, and the permissions necessary to undertake development work which cuts across jurisdictions. Smooth vertical coordination can help ULGs maximise the benefits in this relationship. As seen in the cases of Rwanda (Box 10) and Bogota TransMilenio (Box 7), strong vertical coordination can help national, provincial, or state governments implement development at a local scale.

Horizontal coordination, on the other hand, requires other measures. Most city administrations are typically organised by function/sector — one department for public works, another for transportation, another for housing, and so on. As seen in Chapter 5.2, many times ownership is significantly fragmented. However, managing growth and liveability spans multiple departments — infrastructure, transport, the environment, trade, education, labour, skilling, etc. ULGs must be able to coordinate programmes, decisions, and policy implementation to deliver good growth and liveability outcomes.

Forming interdepartmental teams with officials from multiple departments is one mechanism that cities have employed to overcome horizontal coordination failures. These teams work on the priority interventions that cut across departments rather than assigning interventions to individual line departments. Beyond smoothening coordination, interdepartmental teams help ULGs manage funds more flexibly to buy necessary staff time, goods, and services.

The proposed Greater Bengaluru Authority (GBA), inspired by the GLA model in London, illustrates one approach to addressing this horizontal coordination problem. Bengaluru's explosive growth created a metropolitan region spanning the municipal corporation (the erstwhile Bruhat Bengaluru Mahanagara Palike or BBMP), several surrounding urban local governments, and multiple parastatal agencies including the BDA, BWSSB, and BMTC.[233] The GBA — first proposed in 2015 and given statutory backing through the Greater Bengaluru Governance Bill, 2024 — is designed to create an apex coordinating body for the Bengaluru metropolitan region. It brings together the GBA Commissioner, heads of key parastatals, and state government representatives under a unified governance structure, with powers to coordinate planning, approve major projects, and rationalise investments across agencies. The proposed model addresses several coordination challenges. First, it

creates a single platform where agencies such as the BDA, BWSSB, BMTC, and BMRCL must align their plans and investments. Second, it establishes clear accountability for metropolitan-level outcomes rather than agency-specific outputs. Third, it provides a mechanism for integrated spatial and infrastructure planning that reflects the reality of the metropolitan region rather than administrative boundaries.

However, the GBA experience also highlights the tensions inherent in metropolitan coordination. The model can be seen as undermining elected local government with the GBA Commissioner reporting to the state government leadership. Parastatals remain concerned about losing autonomy while for citizens, the issue is about an unelected 'super-body' making decisions without democratic accountability. Whether the GBA succeeds will depend on resolving these inherent dilemmas and building trust across agencies as well as with citizens through demonstrated benefits in liveability and livelihoods. It should be viewed not as an instant overhaul but potentially as an iterative attempt to solve for the issues faced by large metropolitan regions.

Some useful lessons of how better horizontal coordination can also help enable vertical coordination and provide the right platform for state or central agencies to converge can be drawn from the Greater Manchester Combined Authority (GMCA) as seen in Box 13.

Photo credit: Envato

Box 13: Leveraging horizontal and vertical coordination for growth and liveability - The Greater Manchester Combined Authority (GMCA)[234]

Manchester in the United Kingdon had a metro population of ~2.7 million in 2011, similar to a Kanpur or Nagpur (Census 2011). Key functions like transport service and economic development were fragmented across ten different boroughs, creating hurdles for an area that otherwise had a single labour market and business ecosystem with high-frequency travel between boroughs. The Greater Manchester Combined Authority (GMCA) was created in 2011 to revive the economy after the 2008 global financial crisis, with transport — recognised as critical to economic activity in the region — as a central priority. The GMCA was created under the Local Democracy, Economic Development, and Construction Act, 2009, and was built on existing voluntary cooperation between the ten boroughs. Integration of the boroughs at the GMCA level created opportunities for expanding standard transport systems and creating a body that matched the extent of the regional business ecosystem.

Importantly, the GMCA allowed the region to tap into national government funding schemes as a single body with greater bargaining power compared to ten smaller boroughs.[235] For example, the creation of the GMCA as an additional tier of government enabled Manchester to participate in a City Deal. This was a mechanism for cities to coordinate with the UK's national government and offered cities greater authority over transport, infrastructure, business development, and planning. In the process, the Deals helped strengthen local governance systems, like the elected mayor's office, and coordination across local authorities. Through its City Deal, the GMCA developed a Greater Manchester Strategy and established Transport for Greater Manchester (TfGM). The Deal also helped Manchester establish a revolving infrastructure fund worth GBP 30 million (~USD 40 million) that helped Manchester earn additional tax revenue generated from local infrastructure investment. Better horizontal coordination helped create the right conditions to participate in the City Deal and coordinate effectively with the national government.

These reform experiments and experiences illuminate the promise of what strong city-systems can do for our cities and citizens. At the same time, they shed light on the gaps that need to be filled. If all Indian cities must become great places to live, we need to fix our city-systems. The following section provides five major shifts India's cities need to make to initiate city-system reform and keep the positive cycle of growth and liveability going.

Chapter 9

The 5 big shifts needed to kickstart city-systems reform in India

Reforming its city-systems is the surest way for India to fulfil its growth potential and offer its citizens a much better quality of life. City-systems reform will take time, but the enabling conditions for them need to be — and can be — created today.

We recommend 5 big shifts in the way India imagines, plans, and governs its cities. These are neither meant to be comprehensive nor instant, but they can catalyse city-systems reforms, including those detailed in Chapter 7. If implemented, these shifts can show results within a few years, and — except for one — they do not require substantive legal changes in the near term. These big shifts require leadership primarily from state governments, with significant support from the union government.

India has seen significant transformation in several sectors such as information technology, defence, railways, highways, rural road connectivity, mobile and data access, and digital payments over the last two decades — all enabled by deliberate public policy and systems. Urban transformation, however, has conspicuously lagged behind. These 5 big shifts can help India's cities make the leap towards fostering both growth and liveability.

9.1. Shift 1: Invest significantly in walkability and public transport

How easily, safely, and comfortably urban residents can move between home, work, education, markets, and public spaces is more than a matter of convenience and liveability — it is a necessity for inclusive economic growth. Traffic congestion, unsafe roads, and limited connectivity and accessibility hinder access to jobs, services, and markets, creating tangible economic losses, and restricting women's participation in the economy (Chapter 3.3.2).

Designing for walkability and public transport — and a deliberate move away from motor vehicle-centric infrastructure — is therefore central to solving for India's cities. It can deliver outsized gains across both growth and liveability within a relatively short time frame. This requires a fundamental shift in how mobility in our cities is governed, financed, and implemented.

We need to prioritise 100% walkability on city roads, with a mission-mode approach to creating high-quality urban roads and drains. This must be accompanied by a significant increase in public transport connectivity within and between cities.

Building good footpaths and roads requires recognising and addressing the urban design gap i.e., the disconnect between people-centric road design and its implementation. Legally mandating people-centric road design standards — such as Tender S.U.R.E., IRC 86, and IRC 103 guidelines — in the form of municipal laws and regulations to make them enforceable will be the single most important measure on this front. Only enforceable mandates will embed these standards in project tenders. Municipalities must create and staff dedicated urban design positions with designers who are empowered to enforce them. Standardising and modernising tender documentation, shifting the procurement process from lowest cost (L1) to Quality- and Cost-Based Selection (QCBS), and investing in large-scale certification-based skilling programmes for municipal engineers, contractors, and supervisors will all be critical to executing high-quality road design, construction, and maintenance. Box 14 illustrates how this could work at the national scale, drawing on the example of the CM GRIDS programme in Uttar Pradesh.

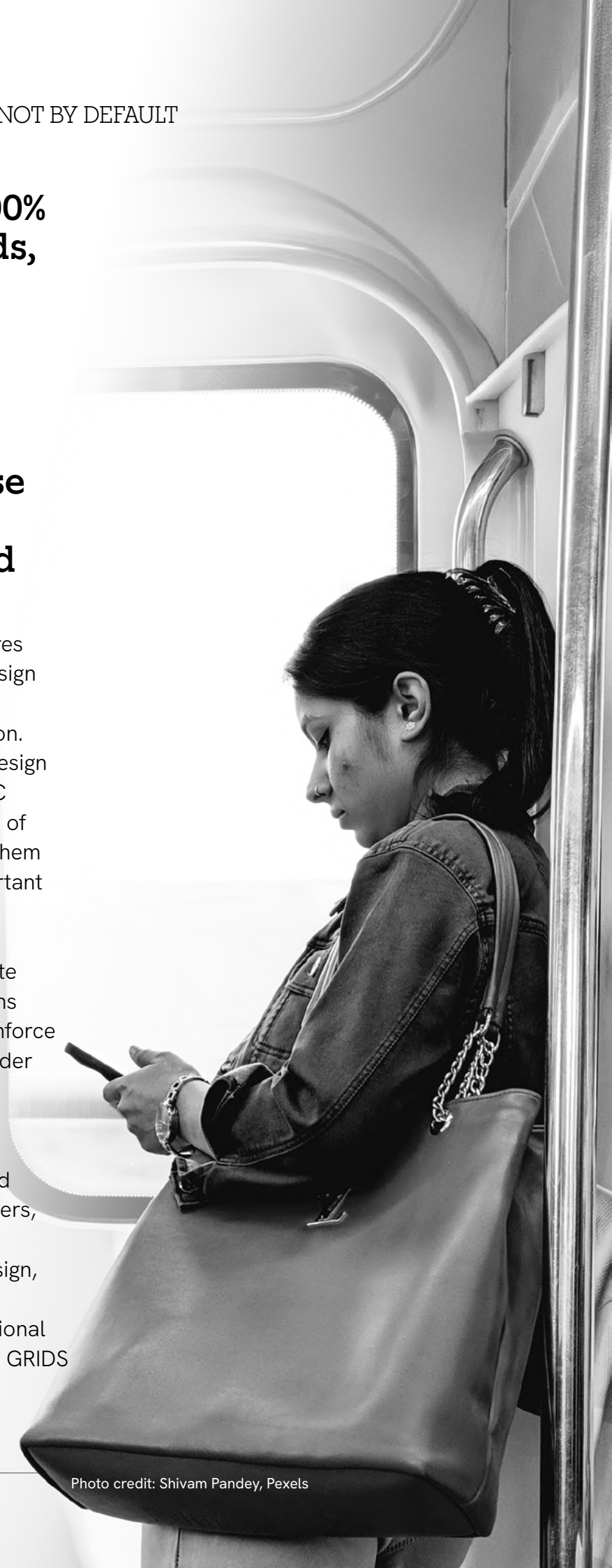


Photo credit: Shivam Pandey, Pexels

Box 14: National Urban Mission for Walkable Roads

Urban roads across most Indian cities need to be upgraded for better walkability, driveability, and resilience to flooding. These improvements can enhance mobility, reduce air pollution, strengthen public health outcomes, and boost economic productivity.

The union government should conceptualise and implement a National Mission for Urban Roads with an INR 10 lakh crore investment (at INR 10 crore per kilometre) on a 'spend once, spend right' model. The programme can be phased over 10 years through a mix of union, state, ULG, and blended-financing models. The union government can spearhead the Mission, including:

i. Mandatory national standards for design, implementation, and maintenance of urban roads across the 89 cities with 500k-plus population initially. This can then serve as a model for states to adapt and mandate across typologies of roads and cities.

ii. 3,000-plus km of walkable streets around metro corridors.

iii. 10,000-plus km of footpaths and pipe-and-chamber stormwater drains.

iv. Road improvements ranging from targeted upgrades (footpaths, junctions, utilities) to comprehensive street redesign.

v. 5,000-plus certified engineers and contractors trained in urban road design, construction, and O&M.

vi. A phased move to QCBS models and pilot PPPs in urban roads.

The Mission can build upon the CM GRIDS programme of Uttar Pradesh, where 278 km of roads are being developed into complete streets – integrating footpaths, cycling infrastructure, drainage, and utilities into a single design. The programme is active in 17 major cities, including Ayodhya, Aligarh, Kanpur, Lucknow, Meerut, and Varanasi.[236]

The road designs of CM GRIDS are modelled after Tender S.U.R.E. roads in Bengaluru,[237] which cover 174 km in the city as of 2025, with a further 650 km expected. An evaluation of 10 Tender S.U.R.E. roads and 3 control roads in Bengaluru[238] revealed significant positive impact. Around 90% of Tender S.U.R.E. users rated the roads 'very walkable' (vs. 27% on control roads) and more than 70% found them more driveable (vs. 20%). They carry 228% more pedestrians, with 117% more women, 73% more adults, and 45% more senior citizens — reflecting greater diversity in use. Traffic police found it easy to manage traffic on 95% of these roads (vs. 67% on control roads), with consistent speeds and smooth flow throughout the day. Municipal engineers reported minimal wear-and-tear maintenance needs, with easy utility access through organised chambers that eliminate the need for road digging.[239]

Each of these improvements supports better liveability and growth by making roads — India's largest public space in cities — safe, inclusive, and economically vibrant.

Eventually, ULGs should become custodians of urban road and public transport design, integrating currently fragmented road governance (Chapter 5.2).

ULGs should be given statutory authority to set and enforce design and safety standards for urban road infrastructure. They should also be empowered to plan, design, budget, and develop urban road networks and public transport infrastructure (footpaths, bus stops, intermediate public transport bays, parking, etc.). Parastatal agencies and contractors may play a role in planning, designing, and implementing these road networks and in managing the utilities tied to the road system. However, the parastatals and state departments handling urban roads must report to and be accountable to the ULG, complying with its standards, plans, and O&M provisions. ULGs should also be empowered to enforce 'no-opening' periods for newly paved roads to reduce waste and duplication.

State governments can support this transition by consolidating road-owning agencies and progressively devolving planning, design, and implementation powers to ULGs, alongside simultaneous capacity building, even if full asset transfer takes longer.

As discussed in Chapter 3.2, buses are a highly effective mobility option that reduces congestion and air pollution, with significant benefits for growth and liveability. These benefits alone warrant significant investment in strengthening urban bus systems.

India has invested heavily in metro-rail across cities as a supplement to buses (Chapter 4). However, these investments have not translated into the high ridership initially projected (Chapter 3.3.2).[240] Meanwhile, Informal Public Transport (IPT) options — such as autos, ride-shares, and electric bikes — have emerged as market solutions complementing public transport. [241]

IPT constitutes between 20-30% of the modal share in cities like Patna, Ranchi, and Varanasi where formal public transport is less prominent.[242] With proper regulation, IPT can complement and promote public transport usage by offering first- and last-mile connectivity and diversifying public transport options. In fact, IPT can also help create integrated transport systems. For example, the Chennai One app platform, developed by the Chennai Unified Municipal Transport Authority (CUMTA), integrates travel planning and ticketing across cabs, autos, buses, metro-rail, and suburban trains into a single mobile app. In Bengaluru, the Namma Transit feature on the Namma Yatri platform provides similar integration with metro rail, auto-rickshaw, and cab travel.[243] It is built on the Open Network for Digital Commerce (ONDC) — a government-backed open-source platform that connects users and service providers without intermediaries. It allows new technology solutions to be built on the platform to provide greater value to users. In doing so, the apps give people a one-stop solution to plan their daily mobility, removing the friction of navigating multiple information and ticketing platforms.

If walkability and public transport are to become the backbone of urban mobility, cities must make deliberate, long-term investments in them.

UMTAs must adopt comprehensive mobility plans that clearly prioritise NMT and public transport and translate these priorities into medium-term capital investment plans.

Dedicated budget lines for walkability and public transport should be created annually and protected from reallocation, rather than relying solely on episodic or scheme-based funding. Further, UMTAs must be formed and empowered as a statutory coordination and integration mechanism to enable deep adoption of public transport across cities. They must have exclusive jurisdiction that can help ensure multimodal and cross-jurisdictional integration across relevant agencies. UMTAs should focus on enabling integrated network design modes, common standards (interchanges, service levels, data, etc.), fare and ticketing integration frameworks, and dispute resolution.

ULGs of metropolitan and, eventually, large cities must have operational and service planning authority. They should be empowered as the primary city-level public transport authority responsible for planning, design, implementation, and day-to-day operations of road-based public transport and NMT within city limits.

Photo credit: Dewang Gupta, Unsplash

9.2. Shift 2: Implement City Action Plans in small and medium-sized cities

Participatory, place-based governance can help address locally identified city-level priorities, with infrastructure and services complementing each other (Chapter 5.2 and Chapter 8.3). This shift anchors planning and governance in the local context and realities of each city. Gram Panchayat Development Plans (GPDP) already serve as place- and people-focused plans in rural India.[244] CAPs, similar to GPDPs, can make this shift feasible in urban India, particularly for small and medium-sized cities (Chapter 8.3, Box 8). CAPs are being put into practice under Assam's Doh Shaher Ek Rupayan programme.[245]

City Action Plans are participatory plans that are designed to produce a convergent city strategy accompanied by a shelf of projects.

They enable convergence of different funding sources from union, state, and local government levels and form the basis for annual budgets.

CAPs allow state and district administrations, communities at the ward level, and the elected council of the ULG to collectively shape city priorities and projects. Funding from various sources — union-level schemes and missions, state-level schemes and missions, union and state finance commissions, and own revenues — is then allocated based on project priorities identified under CAPs. This overcomes the prevalent challenge where funding leads to stand-alone, ad-hoc, and non-scalable projects that do not reflect citizen priorities. CAPs, by design, comprise ward-level action plans for neighbourhood-level improvements which are completely missing in today's imagination of urban infrastructure and services, resulting in low prioritisation of neighbourhood-level infrastructure and service delivery that impacts citizens most directly.

CAPs can also help cities source additional resources for identified priorities and projects, rather than being constrained by currently available funding. ULGs can leverage public and private capital and improve their own fund absorption capacity by having a readily available shelf of projects identified through the CAPs process. These plans can be institutionalised through a Municipal Infrastructure Pipeline that effectively channels finances towards identified projects.

District Planning Committees (DPCs) (defined in the Constitution), or potentially other District-level governance platforms (Annexure 1), if operationalised well can anchor district-level rural-urban convergence and also realise synergies between small and medium-sized cities. DPCs could also play a role in ensuring that master plans or spatial development plans at the district-level and CAPs at a city-level are well-aligned. Constitutionally mandated platforms like ward committees and other forums, like RWAs, SHGs, professional and industry bodies, trade associations, and coalitions with private entities and civil society, can be engaged in co-creating CAPs.

State governments are best placed to drive this shift. They can create the enabling environment needed to initiate and institutionalise the CAP with adequate organisational and financial support.

9.3. Shift 3: Adopt differentiated models of planning and governance for different types of cities

None of the major urban planning and governance frameworks today — including the 74th CAA, state municipal and planning legislations, state and district administrative systems, and finance commissions — adequately differentiate by typology of city. Instead, they adopt a one-size-fits-all approach to address all categories of cities, without benefiting any single one. Different city types should be governed differently to account for their unique challenges and opportunities, including governance, infrastructure, and financing needs (Chapter 5.3). The recommendations below present a differentiated model for city types based on their population. Place-based governance can help account for more unique city factors including ecological, cultural, and historical factors.

Metropolitan cities (4 million-plus population), together with large million-plus population cities must be treated as nationally significant hubs that drive India's economic growth.

Policies for these cities must prioritise promoting vertical growth in designated areas (e.g., inner city) through differentiated DCRs; planning for high-density, mixed-use development around major transit hubs and corridors; and optimising and redeveloping underutilised public land. Given the geographic and jurisdictional scale of metropolitan cities, the traditional ULG model will not suffice. These cities must have integrated and elected Metropolitan Governance Authorities (Annexure 1) for unified regional planning and service delivery — much like the GMCA (Chapter 8.8, Box 13). The metropolitan authority should be led by an elected mayor with a fixed, five-year term and authority over all substantial city-level functions and subjects.

Funding from union and state governments to metropolitan cities must be large but fully tied to outcomes. Metropolitan cities have significant potential to generate OSR and monetise city lands and property, leverage PPPs, and raise borrowings. The focus should therefore shift to addressing major liveability hurdles to growth, such as clean air, climate resilience, traffic congestion, housing, etc.

Medium-sized cities with populations between 500k and 1 million must be treated as regional economic hubs with opportunities for sustainable urban development.

Policies for these cities must prioritise implementing robust spatial planning and planned densification, and limiting urban

sprawl. They should focus on housing, and community infrastructure and services, especially for migrant workers who may look to these cities for livelihoods while transitioning from farm jobs. These cities should also focus on conserving blue-green infrastructure and built heritage, learning from the avoidable mistakes of metropolitan and large cities. They must be governed through a mayor-in-council system led by a mayor with a fixed, five-year term.

Funding from union and state governments to medium-sized cities must be balanced between outcome-specific grants and untied grants that ULGs can spend as per their local, context-relevant priorities to address the needs of cities holistically.

Small and transitioning cities with populations less than 500k must be treated as well-managed local towns

ensuring inclusive, sustainable urbanisation and a basic quality of living. Policies for these cities must prioritise universal coverage of basic infrastructure and services like water supply, decentralised waste management, and storm water drains. The policies must also focus on improving mobility within and between cities. Small and transitioning cities must be governed with a mayor-in-council system led by a mayor with a fixed, five-year term.

Funding from union and state governments to small cities must be highly flexible and based on ULGs meeting some basic financial and performance reporting criteria, such as audited annual accounts statements, annual budgets, service level benchmarks, and complete transparency in civic works. The funding must give ULGs regular and stable financial support to prioritise spending that creates positive outcomes across the 18 core functions over time. Both emerging and small cities require participatory, place-based governance for scheme and fund convergence. The CAPs (Chapter 8.3) can be used to anchor this process.

Districts can be leveraged as units of governance to converge relevant authorities adapting the principle and methods of GPDPs to integrate economic and environmental planning. Districts can also distribute resources across their large and small cities, and RLGs. An alternative elected district governance model (detailed in Annexure 1) offers another governance architecture for large, medium, and small cities that needs to be seriously evaluated in due course.

Settlements and areas undergoing rural-urban transitions must be systematically planned and sensibly transitioned from rural to urban governance models.

Many rural settlements are visibly urbanising.[246] Some of them have been converted into 'Urban' settlements by notification. Urbanising settlements require better planning, infrastructure, and services to emerge as well-serviced towns. Meeting these requirements calls for urban and rural governance frameworks — institutions, schemes, and financing — to converge and address gaps progressively. Developing

comprehensive rural-urban transition policies can enable this by making transitions planned and systematic (Annexure 2).

Developing platforms like the Municipal Shared Service Centres (MSSC), piloted by MoHUA, can help optimise existing ULG capacities — especially in large, medium, and small cities. MSSCs can serve as integrated service hubs with shared resources (human and digital infrastructure for field services, back-end services, and citizen services). They can provide centralised facilities and systems across ULGs for budgeting, accounting and funds monitoring, scheme delivery, unified revenue collection, and integrated planning and works management. This would be a marked change from the current model, where each ULG independently develops capacity for these functions - duplicating efforts and demanding very high financial and organisational resources that most ULGs currently lack.

MoHUA and its state level counterparts need to primarily support regional economic development and strengthen urban local governments, rather than implement schemes and missions.

MoHUA currently functions as a ministry that designs and anchors delivery of different urban programmes and schemes across cities, focused on infrastructure and services (For e.g., PMAY-U, AMRUT, etc.). Not only does this view each of these urban issues in a siloed manner, but also leaves significant potential untapped.[247] MoHUA's mandate appears narrower, unlike that of the Ministry of Panchayat Raj and the Ministry of Rural Development which pursue greater decentralisation and development in rural India.

Photo credit: Vikram TKV

The reorganised urban authorities at union and state levels can therefore provide standardised place-based frameworks by city-typology,[248] as well as Model Municipal Acts and R-U transition policies to guide how states can decentralise, and cities can plan and govern. They can also help ULGs and economic regions coordinate with other line Ministries specialising in commerce, industry, roads, transport and highways, ports, water supply and sanitation and so on. Kerala's experiment in this regard may be instructive, including its efforts to deepen such synergies at the district level.

9.4. Shift 4: Evolve and implement city-level data systems

Robust city-level data systems allow governments to integrate and analyse information across sectors, turning fragmented datasets into actionable insights for planning and investment decisions.

For example, addressing air pollution effectively requires overlaying data on traffic flows, industrial activity, land use, and air quality to identify the main sources of pollution and the neighbourhoods most exposed to it. Overlaying these datasets enables cities to arrive at targeted pollution mitigation measures. Similarly, identifying urban service gaps in low-income settlements requires combining data on settlement locations, population density, water and sanitation coverage, and health outcomes to determine where infrastructure investments are most urgently needed.

When such datasets can be integrated and analysed together, governments can make more informed decisions about where to direct resources, how to design interventions, and how to sequence investments. Data systems therefore enable cities to move from reactive responses to deliberate, evidence-based planning and governance. Yet as seen in Section 5.4, data systems that can assist city governance are currently more or less absent.

Achieving this shift towards data-driven urban governance requires strengthening the four critical dimensions of the urban data lifecycle - availability, accessibility, usability, and quality. These dimensions determine if data simply exists or whether it can meaningfully inform planning, governance, and public investment decisions.

Some important efforts are underway to improve the supply of urban data. Initiatives such as the National Urban Digital Mission (NUDM), the UMEED dashboard, and recent methodological reforms by the Ministry of Statistics and Programme Implementation (MoSPI), including digital surveys and high-frequency, more granular (urban) data, represent steps toward improving urban data generation. However, consistent and granular city-level datasets remain limited. Many national surveys are representative only at the state-urban level, while administrative data remains fragmented across sectoral programmes and departments.

To strengthen data availability we must systematically generate and collate city and sub-city level data across sectors. We need to ensure that departmental data feeds into integrated urban data platforms.

Moreover, available urban data is often dispersed across multiple dashboards, portals, and departmental systems making it less accessible. Many of them operate with partial or restricted access. Administrative data frequently remains locked within government departments or in non-digitised formats, limiting both public transparency and cross-departmental coordination. Simple and open data access protocols and enabling open APIs can significantly improve both internal government coordination and external use

Relevant urban data must be accessible by digitising and publishing data. We must strengthen and expand existing data platforms such as CDAP, CityFinance, and NUDM that allow users to discover, access, and combine datasets easily.

Urban datasets today are published in multiple formats and use inconsistent definitions, classifications, and reporting standards. These inconsistencies make it difficult to compare cities, conduct cross-sectoral analysis, or derive actionable insights. Efforts such as the National Metadata Structure (NMDS 2.0) are important in this regard. Additionally, data platforms, like CDAP, CityFinance and NUDM mentioned above must not only make data available, they must also enable spatial and cross-sector analysis and visualisation tools that translate datasets into decision-ready insights.

Moreover, as seen in Section 5.4, many foundational urban datasets are outdated, incomplete, or inconsistent across time and geography. The absence of updated Census data, evolving administrative boundaries, and gaps in core datasets such as housing shortages or modal share in transport systems limit the reliability of planning and investment decisions. Institutionalising roles such as City Data Officers and adopting maturity frameworks can ensure data systems remain accurate, comparable, and decision-ready over time.

We must improve usability and data quality with standardised data formats, common metadata structures, and interoperable systems. We must regularly update datasets and have clear metadata standards and institutional mechanisms for validation and maintenance.

While some of the initiatives described above represent important progress, they currently function more like isolated components. These could eventually become a broader urban data exchange, i.e. a fully integrated system. Efforts thus far have been concentrated in technical infrastructure and elements of governance, but what is needed is an institutional and functional framework that enables good quality data to exist, flow and be used across government systems. Building such an exchange requires not only technical readiness, but the right capacity and expertise as well as the right incentives in place. Union government and

state government agencies, and ULGs must together drive these reforms together with distinct roles and responsibilities.

9.5. Shift 5: Upgrade ULGs into true 'city' governments in a phased and time-bound manner

Much like how state governments are the custodians for states and union government for the country, ULGs should become the custodians of power over the city, with even greater and more meaningful citizen engagement. ULGs must function as decentralised, democratic, participatory institutions with the capability to fulfil this role. Only when they are empowered can they be held accountable for citizen outcomes. Global examples show what powerful city governments can achieve to make their cities liveable and economically stronger (Section 8). This is currently completely missing in India's cities (Section 7).

State governments must devolve relevant powers to ULGs, over and above the 18 core city functions, in law and in practice.

While limited ULG capacity is often cited as a reason for the lack of devolution, this becomes a self-fulfilling prophecy — one that can be overcome through careful phasing and sequencing, even as ULGs build their capabilities. MoHUA must provide devolution roadmaps based on city-typologies and nature of functions currently serviced by parastatals. This can then form a basis for a phased transition of responsibility, depending on the existing maturity of the ULGs in that city and the complexity of fragmentation. Adequate incentives need to be built in, with a non-negotiable end date to full devolution. States should also support in building the horizontal and vertical co-ordination mechanisms of the ULGs with parastatal agencies. This must be necessarily accompanied by capacity-building avenues for the ULGs including having strong municipal cadres with adequate staffing and the right technical competencies for executing the diverse functions at a city-level. They must have adequate finances bolstered by own-source revenues and national and state allocations. They must also have upgraded secretariats, physical, and digital infrastructure that can support their functions. While the eventual goal is to devolve all city related functions to local governments, this can be done in an iterative manner which can make the transition smoother without putting key outcomes at risk.

Authority over city planning and governance must transfer from the state government to elected ULG officials.

Elected mayors, deputy mayors, and councillors must have executive powers over city planning, service delivery, city finance, ULG staffing, and overall city governance. Parastatal agencies responsible for these functions must be made accountable to ULGs in the city jurisdiction, with the required restructuring and simplification in organisational structures and processes. A mayor-in-council system, with a fixed five-year term, can administer these powers. Officials in bureaucratic positions must support elected officials in these roles.

State Election Commissions (SEC) and SFCs must be strengthened.

These authorities help ULGs function as empowered institutions by ensuring timely elections and predictable fiscal transfers. Both these Commissions must have timely appointments, fixed tenures, permanent staff, adequate budgets, institutionalised operating procedures, complete powers needed to fulfil their mandate, and strong data ecosystems to support their mandate.

State governments must pass and notify rules and bye-laws and take measures to ensure ULGs create functional ward committees and area sabhas. ULGs must form these forums within one month of ULG council elections. Ward committees and area sabhas must have dedicated ward engineers, sanitation supervisors, and administrative staff. These committees must also have dedicated finances, drawing from a corpus of 25% of the ULG budget. The Committees, in turn, must make ward budgets that reflect the needs of their ward, through participatory budgeting processes.

Finally, ULGs must also go beyond ward committees to engage with key stakeholders, including city economic development councils with local businesses, sector-specific councils, and other forums for public-private interaction. State governments and union government can make citizen engagement a key eligibility component for funding.

State governments can lead this big shift by overhauling municipal legislations and allocating the necessary resources for its effective implementation. The union government and the UFC can incentivise the shift by pegging financial allocations to the degree of devolution in letter and in spirit. The cost of not empowering city governments — and the unrealised potential that follows — should be disincentive enough.

Throughout the report we have seen the struggles which India's cities face to achieve both sustained economic growth and improved liveability, despite increasing investments. The five BIG shifts outlined here represent a fundamental reimagining of how India can plan and govern its cities. When viewed together, these shifts are mutually reinforcing.

Walkable streets and public transport unlock productivity and make a city liveable and inclusive. CAPs ensure infrastructure serves local needs. Differentiated models recognise that different cities need different solutions – they recognise that a Bengaluru's challenges differ fundamentally from a Belgaum's. Integrated and reliable data systems enable evidence-based decisions. Finally, empowered city governments can and should be held accountable for outcomes. Importantly, these shifts do not require constitutional amendments or decades of preparation. Four of the five can begin immediately through state government action. The fifth, namely full devolution of the 18 functions and more, can happen in a phased manner as capacities build with a clear commitment to full ULG empowerment. The cost of not doing these shifts is staggering – it is the material difference between unliveable cities and making India's cities thriving, great places to live.

Photo credit: Zoshua Colah, Unsplash

Chapter 10

Conclusion

This report tells the story of India's cities — what they are and what they could be.

A city shaped by design, not default, is one where every citizen can live with safety, dignity, and opportunity. Where a woman can navigate public spaces with confidence, participating fully in the economic and social opportunities her city offers. Where a migrant worker can find decent housing near their place of work without sacrificing their health or well-being. Where a child has a park to play in, a school she can walk to, and a neighbourhood that does not flood every monsoon. Where an elected councillor has the authority, the resources, and the data to respond when these things fail. This is the basic promise of a functioning city — to work for all its citizens, not just a few.

For India's 520 million urban residents, this promise is yet to be fulfilled.

Unaffordable housing, dangerous roads, vanishing green cover, and failing public services are not isolated problems — they are symptoms of weak city-systems that have not been equipped to deliver growth and liveability together. The consequences are significant: lost productivity, constrained economic participation — especially for women — and environmental damage that is already reshaping how cities function.

These consequences moreover fall disproportionately on those with the least — migrants, informal workers, and marginalised communities on the periphery, who bear the burden of decisions they had no part in making.

The city-systems framework offers a way to understand why this happens — and how to change it. A city is not a collection of disconnected sectors to be managed separately; it is a place where the interconnected systems of planning, governance, and finance shape every outcome. When these city-systems are strengthened, cities become engines of prosperity and inclusion. When they are weak, no amount of piecemeal intervention can compensate. City after city across the world has demonstrated this.

India has the opportunity to act on this evidence now. The five big shifts outlined in this report offer a credible and actionable path forward: prioritise walkability and public transport, implement CAPs, adopt differentiated governance, build city-level data systems, and transform ULGs into empowered city governments. These shifts are grounded in evidence, informed by practice, and likely to show results within years, not decades.

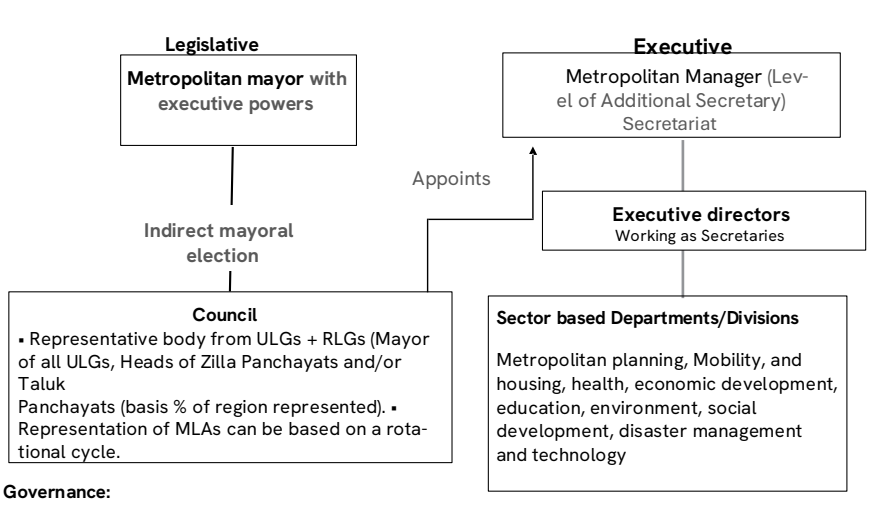
None of this is easy. Reform requires commitment — from union and state governments willing to devolve real responsibility, from municipal leaders willing to take it on, and from citizens willing to engage constructively in shaping the future of their cities. The 74th Amendment provides the constitutional foundation. Three decades later, the task is to make that foundation real.

India's cities do not lack potential. They lack the systems to realise it. This report offers both the diagnosis and the roadmap. What remains is the collective resolve to build cities that are not just economically successful and liveable, but worthy of the people who call them home.

Photo Credit: Shutterstock

Annexure 1: Models for metropolitan governance and district governance

1. The proposed governance model for Metropolitan-level governance



Governance:

- Mayor-in- Council with powers over functions, funds and functionaries. Metropolitan functions to be devolved to the MIC through relevant reforms
- Mandatory disclosure of interests by mayors and councilors
- Inter- Municipal co-ordination: Consultative process in matters under ULG/RLGs without overriding power. Ombudsman for resolving dispute
- Dedicated municipal cadre reporting to the MIC including Metropolitan Manager (senior level bureaucrat)
- Mandate for an audit of internal controls and processes and comprehensive disclosure of financial statements, budget, plans, service levels, minutes of meeting, etc. Financial sustainability of Corporations to be maintained through a Financial Advisory Committee
- Parastatals to work under the policy framework of the Council by making changes to the Articles of Association. Their plans and budgets must be integrated into the metropolitan plan.

Functions of Authority*

1. Metropolitan Planning & Regional Development: Preparation and implementation of the Metropolitan Development Plan, land-use zoning, development control.
2. Infrastructure: Trunk infra with shared utility networks for integrated mobility and road
3. Economic Development: Promoting metropolitan level economic growth, industrial zones, tourism
4. Environmental Management: Air and Water quality control, waste-to-energy projects, large green spaces, climate resilience strategies.
5. Housing & Slum Improvement: Metropolitan housing policies, slum rehabilitation.
6. Social Development: Metropolitan level Public health, higher education, culture
7. Disaster Management: Metropolitan-level disaster preparedness and response.
8. Technology: Digital Governance policy

*Basis various case-studies global and Indian

The proposed metropolitan governance model is led by a metropolitan mayor-in-council elected indirectly or directly by mayors of all ULGs, heads of Zilla Panchayats, and a rotational body of MLAs.

State governments can implement this model through a set of measures cutting across legislation, institutional design, boundary marking, and financial allocations. The union government, through MoHUA can support these processes:

1. Articulate a clear vision for metropolitan governance in the state with defined objectives covering integrated planning, unified service delivery, and democratic accountability.

2. Identify all areas falling within the metropolitan area including STs, outgrowths, and rural settlements falling within the area.

3. Identify all governance institutions covering ULGs, RLGs, and parastatal agencies.

4. Prepare and enact a Metropolitan Governance Bill (based on MoHUA's model metropolitan municipal laws) outlining composition, powers, and financial arrangements with provisions for (i) integrated metropolitan planning and co-ordination of service delivery, (ii) representation of elected members, and (iii) fiscal autonomy and accountability mechanisms.

5. Constitute a unified Metropolitan Authority (MA) chaired by a democratic head such as a directly or indirectly elected Mayor and comprising members from ULGs, parastatal agencies, State Government departments, etc.

6. Establish an Executive Committee with operational oversight over the Metropolitan Authority.

7. Reassign functions from parastatals and State departments (housing, mobility, environment, etc.) to the MA through relevant amendments to State laws.

8. Provide financial and functional autonomy to ULGs under the regional umbrella.

9. Subsume activities of MPCs under MAs, and drive master planning integrating land use, transport, and environment through the MA.

10. Mandate coordination among ULGs and other city agencies through statutory committees.

11. Create a fiscal framework and build financial capacity by (i) establishing a dedicated metropolitan fund for infrastructure and service delivery, (ii) allowing the MA to borrow, levy user charges, and cesses, and (iii) building administrative capacity and a professional municipal cadre.

12. Develop transparency and accountability systems including (i) mandating open data, public disclosure, and citizen participation at regional and city levels, and (ii) periodic performance audits and public reports.

2. Elected district councils as a platform for integrated rural-urban governance

District Councils, first tried in Kerala in 1990 and later proposed by the Second Administrative Reforms Commission (2005) in its sixth report, can serve as key governance platforms in districts with large urban areas and rapidly urbanising districts. Elected District Councils, representing rural, urban, and urbanising areas, offer a credible, constitutionally aligned pathway. In this model, a democratically elected leadership leads the District Council. The District Collector or the District Magistrate would function as the Chief Executive Officer of the District Council—bringing administrative expertise, coordination capability, and institutional credibility. Properly designed District Councils would:

a. Serve as local governments for the entire district, responsible for local functions currently listed (illustratively) in the Eleventh and Twelfth Schedules.

b. Integrate planning, service delivery, and development across the rural-urban continuum.

c. Provide a single democratic forum to which district-level public services—especially health, infrastructure, and basic services—are accountable.

d. Restore the principle of subsidiarity by ensuring decisions are taken at the lowest effective level.

e. Manage rural-urban transitions more effectively, including by phasing transitions, providing access to urban services before imposing urban taxation, building institutional architecture for transition, and enabling processes from early citizen consultations to grievance redressal.

f. Improve access to technical capacity for sub-district local governments by leveraging district-level expertise—addressing a frequent objection to devolution based on purported capacity constraints.

These Councils can sustain only if three conditions are satisfied. First, rural local governments and ULGs must continue to exist. This condition respects the principle of subsidiarity, recognising that the Council cannot replace local governments. Second, Members of Parliament and State Legislatures cannot be a part of the Councils to preserve local democratic autonomy and avoid disproportionate political influence. Finally, parastatal agencies and line departments must institutionally align with the District Council for local functions, rather than operating as parallel, upward-accountable structures.

The Councils approach carries two major risks. First, District Councils could become overbearing bodies that exercise undue control over urban local governments. Second, Ministers, MPs, and MLAs could exercise de facto control through District Councils, undermining the independent and democratic functioning of rural local governments and ULGs. Carefully designed institutional structure and well-negotiated institutional relations could help mitigate these risks.

Annexure 2: Rural-urban transitions in India

India identifies cities based on six parameters listed under Article 243Q(2) of the Indian Constitution: Population, population density, revenue generated for local administration, employment rate in non-agricultural activities, economic importance of the area, and other factors deemed fit.[249] State Governments use these parameters to define "Urban" areas. Different States define different thresholds. State Governments are supposed to transition rural areas to urban when they meet these thresholds by notifying them as Statutory Towns.

On ground, rural settlements, mainly those on city peripheries and in highly urbanised districts, are visibly urbanising.[250] They are showing the characteristics of a city including dense built-up area, significant night-time activity, city-like public infrastructure, increasing non-agricultural employment, etc. Some of these settlements have transitioned to ULGs. Our internal analysis, based on ULG registrations on the CityFinance platform, helps us estimate that 971 new ULGs covering 2.4 crore people formed after the 2011 Census.[251] However, not all urbanising rural areas are formally transitioning.

Retaining an urbanised area under rural local governance systems denies critical support in governance capacity, finances, and service delivery. However, even when formalised, areas that transition from rural to urban face a similar set of issues due to badly planned transitions. These issues weaken governance capacities and raise large hurdles for better service delivery expected from the transition.

Missing standardised transition processes and timely data makes the transfer of power and assets from the rural local government to the new ULG contentious and filled with friction. Rural Local Governments have contested transfers, in the past, leading to legal disputes in court. The lack of timely data complicates planning and creates hurdles for service delivery.

Settlements that transitioned to urban from rural struggle with staffing and competency constraints. Often, deputed officers fill key ULG positions like engineers, medical officers, and accountants. These positions witness high churn as a result. The churn prevents the ULG from building the innate capacities it needs to develop, operate, and maintain new infrastructure and deliver services.

Newly transitioned areas also lose access to the funds sanctioned to them as rural local governments. Funding from the Urban Development Department (UDD) is inadequate to meet the demands of a newly formed ULG. Funding is also delayed to avoid sudden strain on overall devolutions to other ULBs. Transitioned areas also have weak own-source revenue due to (i) exemptions from new taxes in the initial years of transition, and (ii) high rates of non-payment of revised property tax. As a result, these areas do not have the financial corpus and revenue streams needed to meet the new service delivery demands.

Beyond service delivery, newly transitioned areas cut off access to major rural sector schemes like the rural employment

guarantee scheme and the rural livelihoods mission. Millions of citizens rely on these schemes for daily livelihood. However, citizens become ineligible for these schemes once their area is marked as "Urban". The abrupt change leaves people without key livelihood support.

As a result, newly transitioned areas continue to lag behind more developed parts of the city and district. Systematic R-U transition policies can help address these concerns. Odisha has the only active R-U policy in India. However, Rajasthan's R-U transition Bill also offers a useful model.

Rural-urban transition policy approaches[252]

Odisha's Rural-Urban Transition Policy 2023 (the Policy) is India's only policy framework on rural-urban transition. The Policy focuses on integrating rural local body-governed peri-urban areas into the adjoining urban local body-governed cities. This integration includes (i) bridging gaps in infrastructure, services, and facilities between the urban and peri-urban areas, and (ii) strengthening governance mechanisms so the transition from rural to urban governance takes place with minimal financial and administrative strain. Both steps take place even before the area fully transitions to an Urban Local Body.

The Policy identifies areas for transition based on the following parameters:

i. Population and population density (per the last Census);

j. contiguity with the existing municipality area;

k. revenue generation capacity and assets/ liabilities of the area;

l. proportion of government and agricultural land in the area and their decadal rise in land value;

m. employment structure and proportion of employment in non-agricultural activities;

n. economic importance based on presence of business centres, industrial centres, tourism spots, markets, economic clusters, etc.;

o. public transport availability, road length and types of roads, and proximity to transport corridors;

p. infrastructure saturation including houses with drainage, water supply, and electricity, community halls, playgrounds, etc., and

q. presence of all-weather communication, high schools, colleges, hospitals, police station, Sub-Registrar's office, and banks.

The Policy conceives a hub-and-spoke model to implement the Policy. The State Urban Development Agency (SUDA) acts as the central management hub. It provides

frameworks for identifying areas for transition, conducting gap assessments between peri-urban and urban areas, commission infrastructure development works, operate and maintain assets, develop incremental revenue and phased implementation of user charges, and approve staff posting for the ULB until the ULB is formed. The District Urban Development Agency (DUDA) acts as the spoke for implementing data collection, planning, infrastructure development, institution building, revenue mobilisation, and monitoring and evaluation activities. The DUDA can coordinate with relevant government departments in the process.

A Steering Committee oversees this entire institutional framework. The Steering Committee is chaired by the Chief Secretary-cum-Chief Development Officer and comprising the Principal Secretary (Housing and Urban Development Department) and Secretaries in charge of finance, revenue, rural development, Panchayati Raj and drinking water, works, and energy departments. This Committee approves the areas identified for transition and ratifies annual budgets necessary to finance the transition.

The Rajasthan Rural-Urban Transition Bill 2023 (The Bill) has not been enacted. However, it presents a different institutional approach to transition. The Bill presents a framework to manage rural-urban transitions. It aims to ensure the transition is efficient, equitable, and sustainable, and provide necessary institutional support, expertise, and resources for the same.

The Bill creates a Rajasthan Rural-Urban Transition Board (Board) chaired by the Chief Minister and comprising the Ministers for urban development, housing, rural development, Panchayat Raj, and chief bureaucrats from various departments and parastatals. The Board is responsible for identifying areas that must transition (transitional settlements) every two years based on –

i. balancing infrastructure and services between backward regions and rapidly urbanising and growing regions;

j. need for transitioning the local economy away from agriculture;

k. the area's location relative to planned infrastructure like industrial corridors;

l. level of access to urban-like amenities, infrastructure or services;

m. rural to urban migration;

n. population growth and population density, and

o. any other factor specified by the state government.

The Board can also extend urban schemes and rural schemes to transition areas to support people through the transition.

A Settlement Transition Cell comprising the Sarpanch (where there is no existing ULB) or Chairperson (where there is an existing ULB) conducts baseline assessments and records. These inputs help the Cells develop and implement Settlement Transition Enabling Plans (STEP) approved by the Board. A District Urban Transition Council, chaired by the District Collector, coordinates between the Board and the Cells, oversees transitions, and provides adequate funding for plan implementation.

A separate Rajasthan Rural-Urban Transition Institute is set up to provide technical guidance to the Board, conduct relevant studies, and train officers. The Bill also establishes a Rajasthan Rural-Urban Transition Fund which can be used towards meeting administrative and human resource expenses, conducting baseline studies, extending urban schemes and rural schemes, etc.

Abbreviations

74th CAA: The Constitution (74th Amendment) Act, 1992

AISHE: All India Survey on Household Expenditure

AMR: Annual Monitoring Report

AMRUT: Atal Mission for Rejuvenation and Urban Transformation

ASEAN: Association of South East Asian Nations

ASI: Annual Survey of Industries

ASICS: Annual Survey of India's City-Systems

ASUSE: Annual Survey of Unincorporated Sector Enterprises

BBMP: Bruhat Bengaluru Mahanagar Palike

BDA: Bengaluru Development Authority

BE: Budget Estimate

BMC: Bombay Municipal Corporation

BMTC: Bangalore Metropolitan Transport Corporation

BRTS: Bus Rapid Transit System

BWSSB: Bengaluru Water Supply and Sanitation Board

CAG: Comptroller and Auditor General of India

CAP: City Action Plan

CDAP: City Data and Analytics Platform

CIDCO: City and Industrial Development Corporation of Maharashtra

CITIIS 2.0: City Investments to Innovate, Integrate, and Sustain 2.0

CLDP: Councillor Leadership Development Programme

CMDA: Chennai Metropolitan Development Authority

CPCB: Central Pollution Control Board

CRS: Civic Registration System

CSCAF: ClimateSmart Cities Assessment Framework

DCR: Development Control Regulations

DEGURBA: Degree of Urbanisation

DPC: District Planning Committee

DPIIT: Department for Promotion of Industry and Internal Trade

DUDA: District Urban Development Authority

EU JRC: European Union Joint Research Centre

EWS: Economically Weaker Section

FC: Finance Commission

FRAC: Framework of Roles, Activities, and Competencies

Fig: Figure

FRBM: Fiscal Responsibility and Budget Management

FSI: Floor-Space Index

GBA: Greater Bengaluru Authority

GBP: Great Britain Pound

GCC: Greater Chennai Corporation

GDP: Gross Domestic Product

GHMC: Greater Hyderabad Municipal Corporation

GHSL: Global Human Settlement Layer

GLA: Greater London Authority

GMCA: Greater Manchester Combined Authority

GMDA: Gurugram Metropolitan Development Authority

GPDP: Gram Panchayat Development Plan

GSDP: Gross State Domestic Product

GST: Goods and Services Tax

HDRUA: Haryana Development Regulation of Urban Areas Act, 1975

HSIIDC: Haryana State Industrial and Infrastructure Development Corporation Ltd.

HUDA: Haryana Urban Development Authority

ICA: Institute of Corporate Affairs

ICON: Independent Commission on Neighbourhoods

ICRIER: Indian Council for Research on International Economic Relations

IIP: Index of Industrial Production

INR: Indian Rupee

IPT: Informal Public Transport

IT/ITeS: Information Technology/ Information Technology-enabled services

JUSP: Jana Urban Space Foundation

JWC: Joint Working Committee

LFP: Labour Force Participation

MA: Metropolitan Authority

MCA-RoC: Ministry of Corporate Affairs – Registrar of Companies

MCD: Municipal Corporation of Delhi

MCG: Municipal Corporation of Gurugram

MCGM: Municipal Corporation of Greater Mumbai

MHA: Ministry of Home Affairs

MHADA: Maharashtra Housing and Area Development Authority

MIC: Mayor-in-Council

MIDC: Maharashtra Industrial Development Corporation

MMRDA: Mumbai Metropolitan Region Development Authority

MNC: Multinational Corporation

MoHUA: Ministry of Housing and Urban Affairs

MoRTH: Ministry of Road Transport and Highways

MoSPI: Ministry of Statistics and Programme Implementation

MPC: Metropolitan Planning Committee

MPI: Municipal Performance Index

MRTS: Mass Rapid Transit System

MSSC: Municipal Shared Services Centre

NAMP: National Air Quality Monitoring Program

NCAP: National Clean Air Programme

NCR: National Capital Region

NCRB: National Crime Records Bureau

NFHS: National Family Health Survey

NIUA: National Institute of Urban Affairs

NMT: Non-Motorised Transport

NRI: Non-Resident Indian

NSDP: Net State Domestic Product

NSS: National Sample Survey

NUDM: National Urban Digital Mission

NYC: New York City

NYCEDC: New York City Economic Development Council

O&M: Operation and Maintenance

ONDC: Open Network for Digital Commerce

OSR: Own Source Revenue

PCMC: Pimpri-Chinchwad Municipal Corporation

PLFS: Periodic Labour Force Survey

PMAY-U: Pradhan Mantri Awas Yojana Urban

PMC: Pune Municipal Corporation

QCBS: Quality and Cost-based Selection

RBI: Reserve Bank of India

RB DBIE: Reserve Bank Database on the Indian Economy

RE: Revised Estimate

RLG: Rural Local Government

SBM: Swachh Bharat Mission

SDP: Spatial Development Plan

SEC: State Election Commission

SEZ: Special Economic Zone

SFC: State Finance Commission

SIP: Suzhou Industrial Park

SLB: Service Level Benchmark

SRA: Slum Rehabilitation Authority

STEP: Settlement Transition Enabling Plans

SWM: Solid Waste Management

TCP: Town and Country Planning

Tender S.U.R.E.: Tender Specifications for Urban Road Execution

TfGM: Transport for Greater Manchester

UA: Urban Agglomeration

UDD: Urban Development Department

UDISE+: Unified District Information System for Education Plus

UFC: Union Finance Commission

ULG: Urban Local Government

UMTA: Urban Metropolitan Transport Authority

UN: United Nations

UN DESA: United Nations Department of Economic and Social Affairs

USD: United States Dollar

UT: Union Territory

WHO: World Health Organisation

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[251]State governments issue notifications when they covert RLGs into new ULGs. Tracking new ULGs becomes difficult for two reasons. First, different state governments issue notifications at different times making tracking difficult. Second, and more importantly, RLG to ULG conversions are not one-to-one. Two or more RLGs may jointly transition into a new ULG or merge with an existing ULG. Or, parts of different RLGs may transition into new ULGs or merge with existing ULGs. Transitions can at most be estimated using proxies like new ULG registrations on the CityFinance platform. The Ministry of Housing and Urban Affairs (MoHUA) manages XV Finance Commission (XV-FC) grants through the CityFinance platform. ULGs must be registered on the platform to access XV-FC grants. As a result, the platform becomes a reliable way to track new ULGs.

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