# POLICY BRIEF: URBAN GOVERNANCE IN INDIA

*Strengthening Local Institutions for a Sustainable and Inclusive Urban Future*

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# 1. EXECUTIVE SUMMARY

India's urban transition is one of the most significant demographic shifts of the 21st century. **By 2050, nearly 50% of Indians (≈850 million)** will live in cities. Urban areas already contribute **over 63% of GDP,** making them the economic backbone of the country.

Yet, cities face deep governance challenges — overlapping institutions, financial fragility, and limited citizen participation.

**Strengthening urban governance** is therefore essential to realize the vision of **Viksit Bharat @2047** — a developed, inclusive, and sustainable India.
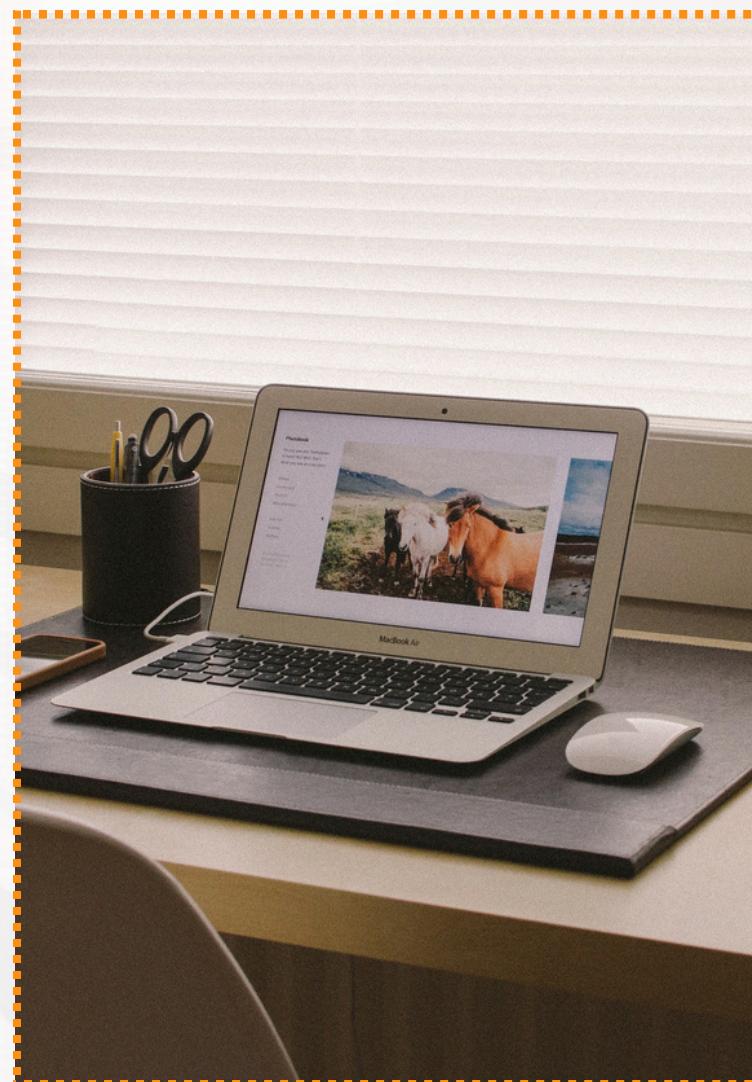
# KEY HIGHLIGHTS

- 480+ million urban residents (2024)
- 4,700+ Urban Local Bodies (ULBs) across India
- Urban GDP share: 63% (NITI Aayog, 2023)
- ULB revenue: 1.08% of GDP (RBI, 2022)
- 74th Constitutional Amendment (1992): Framework for decentralization
- Only 45% of cities have updated Master Plans

Association of Infrastructure Industry(India)

# 2. UNDERSTANDING URBAN GOVERNANCE

Urban governance refers to how cities are managed — the systems, processes, and institutions that shape service delivery, resource management, and citizen engagement.

**It involves coordination among:**

- *Urban Local Bodies (ULBs):* Municipal corporations, councils, nagar panchayats
- *State Governments:* Oversight, financial support, planning
- *Parastatal Agencies:* Water boards, development authorities, housing agencies
- *Citizens & Civil Society:* Through Ward Committees, Area Sabhas, and digital platforms

*Goal:* Decentralized, transparent, accountable, and citizen-centric governance.

# 3. GOVERNANCE FRAMEWORK

| Level | Institution / Actor | Key Functions |
|---|---|---|
| National | MoHUA, NITI Aayog | Urban policy, funding, national missions |
| State | Urban Development Departments | Oversight, parastatal management |
| Local | Municipalities, Corporations | Service delivery, planning, taxation |
| Community | Ward Committees, Area Sabhas | Citizen participation, monitoring |

## CONSTITUTIONAL FOUNDATION:

- 74th Amendment (1992) — decentralized governance through 18 functions (12th Schedule).
- Mandates State Finance Commissions, Metropolitan Planning Committees, and District Planning Committees.

# 4. CHALLENGES IN URBAN GOVERNANCE

| Category | Key Issues | Example / Data |
|---|---|---|
| Institutional | Overlapping mandates, weak coordination | Multiple agencies in Bengaluru (BDA, BBMP, BWSSB, BMTC) |
| Financial | Low revenue base, dependency on grants | ULBs generate only 1% of GDP |
| Capacity | Shortage of skilled staff, lack of urban professionals | Only 60% of sanctioned posts filled (NITI Aayog, 2021) |
| Participation | Ward Committees largely inactive | Functional in <20% of cities |
| Planning | Outdated Master Plans, informal growth | 35% of urban population in slums |

# 5. MAJOR URBAN GOVERNANCE INITIATIVES

| Programme | Launched | Focus Area | Key Outcome |
|---|---|---|---|
| Smart Cities Mission | 2015 | Data-driven governance, ICT-based service delivery | 100 smart cities, ICCCs established |
| AMRUT / AMRUT 2.0 | 2015 / 2021 | Water supply, sewerage, green spaces | Universal water supply target |
| Swachh Bharat Mission (Urban) | 2014 | Sanitation, solid waste management | 100% ODF+ in major cities |
| PM Awas Yojana (Urban) | 2015 | Affordable housing | 1.2 crore houses sanctioned |
| National Urban Digital Mission | 2021 | Digital platforms, data interoperability | Unified digital infrastructure for cities |
| Urban Infrastructure Development Fund (UIDF) | 2023 | Tier-2 & Tier-3 city infrastructure | ₹10,000 crore annual corpus |

# 6. BEST PRACTICES ACROSS INDIA

| City | Initiative | Impact |
|------|-----------|--------|
| Indore | Citizen-led waste segregation, GPS waste tracking | India's cleanest city 7 years in a row |
| Pune | Municipal bonds for water and waste projects | ₹200 crore raised; improved creditworthiness |
| Surat | Smart data platform, flood early warning | Real-time urban monitoring |
| Chennai | Integrated stormwater management | Reduced flood risk in coastal areas |

# 7. POLICY PRIORITIES & RECOMMENDATIONS

## A. EMPOWER LOCAL GOVERNMENTS

- Fully devolve 18 functions under the 12th Schedule
- Strengthen State Finance Commissions for predictable transfers
- Encourage municipal bonds and land value capture financing

## B. ENHANCE CAPACITY

- Create an Indian Urban Service Cadre for professional governance
- Build local data, GIS, and planning capacity through continuous training

## C. INSTITUTIONAL COORDINATION

- Set up Metropolitan Governance Authorities for megacities
- Merge overlapping parastatal functions under city governments

## D. PROMOTE CITIZEN-CENTRIC GOVERNANCE

- Operationalize Ward Committees and Area Sabhas
- Use digital grievance systems, mobile dashboards, and social audits

## E. LEVERAGE TECHNOLOGY

- Scale Integrated Command and Control Centres (ICCCs) for all Class I cities
- Integrate GIS, IoT, and AI for predictive service delivery

## F. BUILD CLIMATE-RESILIENT CITIES

- Mainstream nature-based solutions, urban forests, and water-sensitive planning
- Prepare city-level Climate Action Plans

# 8. THE WAY FORWARD

India's cities are the crucibles of innovation and economic dynamism. Yet, without empowered, accountable, and data-driven governance, their potential remains under-realized.

*A new urban governance compact* — one that empowers local governments, engages citizens, and leverages technology — is critical for *building sustainable, resilient, and inclusive cities under Viksit Bharat @2047.*
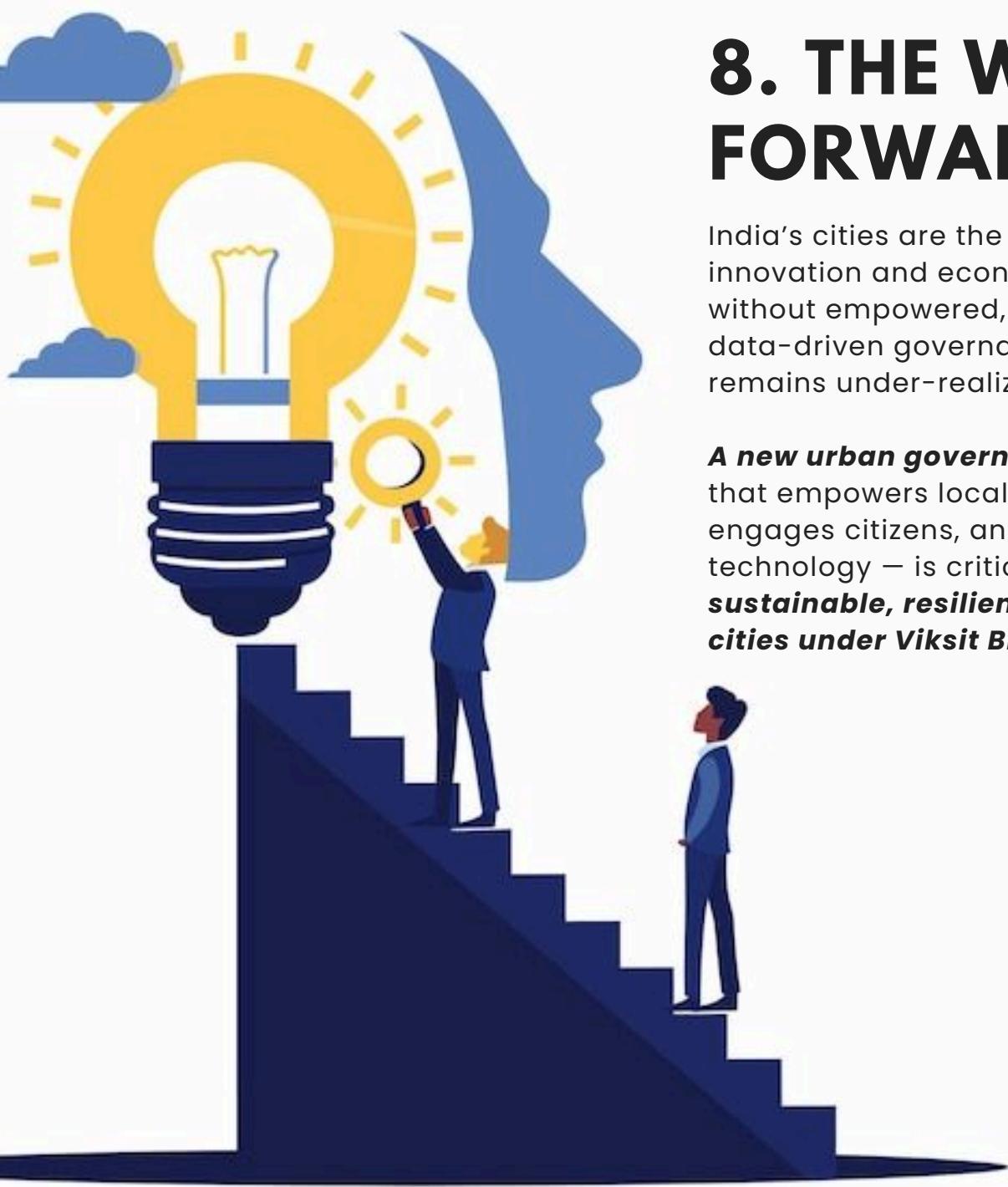
*Contact & Source*
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Based on data from MoHUA, NITI Aayog, RBI, UN-Habitat, and Census projections (2024).

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