



URBAN GOVERNANCE IN INDIA:

*Strengthening Cities for a
Viksit Bharat*

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Strengthening Cities for a Viksit Bharat

1. Introduction

India's urban landscape is transforming at an unprecedented pace. With **over 480 million people living in urban areas** (2024 estimate, ~36% of total population), India is projected to add **416 million new urban residents by 2050**, according to the United Nations. Cities contribute **nearly 63% of India's GDP**, serving as engines of economic growth, innovation, and job creation.



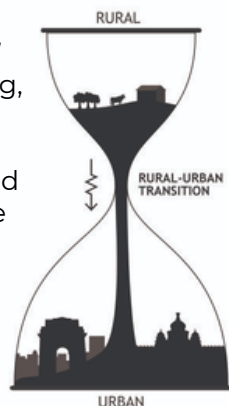
However, the challenges of urbanization — inadequate housing, congested transport, water scarcity, waste management crises, and institutional inefficiencies — highlight the urgent need for robust, transparent, and participatory urban governance.

Good governance is the linchpin that determines whether India's cities will become sustainable, resilient, and inclusive — or fall into dysfunction under the weight of unplanned growth.

2. Understanding Urban Governance

Urban governance refers to the systems, institutions, and processes through which cities are managed and citizens' interests are represented. It encompasses decision-making, planning, finance, and accountability mechanisms that guide urban development and service delivery.

In India, urban governance operates through a multi-tiered institutional setup involving the central government, state governments, urban local bodies (ULBs), and parastatal agencies. The framework for decentralization and empowerment of urban governance stems from the 74th Constitutional Amendment Act (1992), a landmark reform that recognized ULBs as the third tier of governance.



3. Constitutional and Institutional Framework

a. The 74th Constitutional Amendment Act, 1992

This amendment provided constitutional status to urban local bodies and outlined a decentralized governance structure emphasizing:

- **Democratic Representation:** Regular elections for mayors and councillors.
- **Functional Devolution:** 18 subjects listed in the 12th Schedule, including urban planning, water supply, public health, solid waste management, and slum improvement.
- **Financial Empowerment:** Mandated State Finance Commissions (SFCs) to recommend revenue-sharing between states and ULBs.
- **Planning Integration:** Creation of District Planning Committees (DPCs) and Metropolitan Planning Committees (MPCs) to ensure coordinated regional planning.



B. Structure of Urban Local Bodies

India has over 4,700 ULBs, classified as:

- **Municipal Corporations:** For large cities (e.g., Delhi, Mumbai, Bengaluru).
- **Municipal Councils:** For medium-sized towns.
- **Nagar Panchayats:** For transitional areas.

ULBs are responsible for delivering basic services, maintaining civic infrastructure, and regulating urban development. However, the actual transfer of power, funds, and functionaries remains uneven across states.



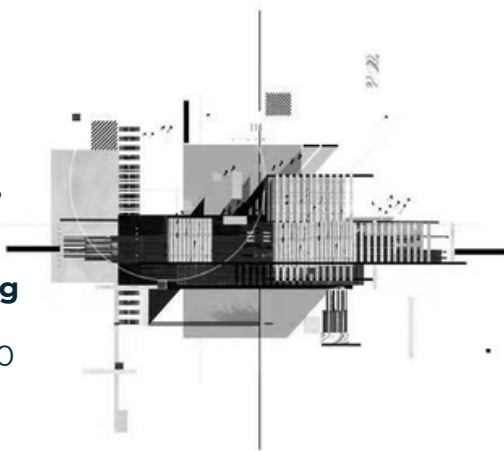
4. The Challenge Landscape

Despite constitutional intent, India's urban governance faces significant structural and operational constraints:

A. Limited Devolution and Fragmentation

Most states retain control over planning, land use, and service delivery through parastatal bodies such as **Development Authorities, Water Supply Boards, and Transport Corporations**. This fragmentation leads to **overlapping mandates** and poor coordination.

For instance, Bengaluru has over 10 agencies managing different aspects of urban governance, including water (BWSSB), land use (BDA), and transport (BMTCL), leading to administrative inefficiency.



B. Financial Weakness

According to the Reserve Bank of India's 2022 report, ULBs' total revenue is only **1.08% of India's GDP**, far below the **6–7% seen in OECD countries**.

- Property tax contributes less than 0.2% of GDP.
- Many ULBs lack capacity to issue municipal bonds or attract private investment.
- Dependence on state and central transfers weakens autonomy and accountability.





c. Weak Human and Technical Capacity

Most ULBs face acute staff shortages. As per a 2021 NITI Aayog study, only 60% of sanctioned posts in urban administration are filled. Technical expertise in GIS, urban design, and project management remains limited.

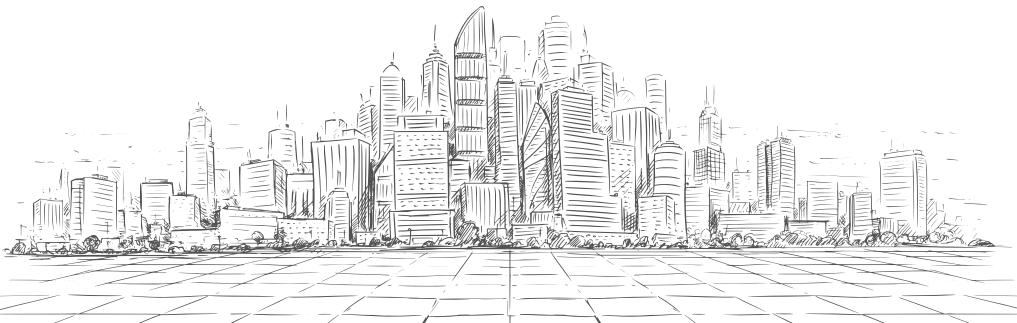
d. Inadequate Citizen Participation

Though Ward Committees and Area Sabhas are mandated under the 74th Amendment, they remain largely non-functional in many cities. Public participation often ends at consultation stages rather than shaping policy outcomes.

e. Planning Deficits and Informality

Only about 45% of Indian cities have updated master plans, and those that exist often fail to account for rapid migration and informal settlements.

Nearly 35% of urban residents live in slums or informal housing, highlighting the disconnect between planning and reality.



5. Key Government Initiatives for Urban Governance Reform

The past decade has seen several flagship missions to strengthen urban governance and infrastructure:

Mission/Initiative	Launch Year	Focus Area
Smart Cities Mission	2015	ICT-based governance, integrated planning, e-services, and sustainable urban mobility.
Atal Mission for Rejuvenation and Urban Transformation (AMRUT)	2015	Basic infrastructure: water supply, sewerage, and green spaces.
Swachh Bharat Mission – Urban (SBM-U)	2014	Solid waste management, elimination of open defecation.
Pradhan Mantri Awas Yojana (PMAY-Urban)	2015	Affordable housing for all.
National Urban Digital Mission (NUDM)	2021	Digital infrastructure and interoperable platforms for city data and citizen services.
Urban Infrastructure Development Fund (UIDF)	2023	Infrastructure support for Tier-2 and Tier-3 cities.

Many of these programs are designed not just for infrastructure creation but also to build institutional capacity, promote citizen engagement, and encourage technology-driven governance.

6. Best Practice Examples

A. Indore – Cleanliness and Citizen Engagement



Indore's consistent rank as India's cleanest city under the Swachh Survekshan is rooted in governance reform — decentralizing waste collection, involving resident welfare associations, and using real-time tracking through GPS-enabled vehicles.

B. Pune – Financial Innovation

Pune Municipal Corporation successfully issued municipal bonds worth ₹200 crores in 2017 to fund 24x7 water supply and waste management projects — setting a precedent for financial autonomy.



C. Surat – Integrated Urban Management



Surat's Urban Observatory and Smart Governance System integrates GIS data, IoT sensors, and public dashboards for monitoring services — a model of data-driven decision-making.



7. Policy Recommendations: The Road Ahead

Deepen Fiscal Decentralization

- Empower ULBs to revise property tax structures, expand user charges, and adopt value capture financing.
- Institutionalize predictable intergovernmental transfers based on performance.

Institutional Clarity and Metropolitan Governance

- Integrate fragmented agencies under Metropolitan Authorities in megacities like Delhi, Mumbai, and Hyderabad for coordinated planning.

Capacity Building and Professionalization

- Create a dedicated Indian Urban Services Cadre for municipal governance, as proposed by NITI Aayog.
- Strengthen municipal training institutes and promote partnerships with academic and research institutions.


Participatory and Inclusive Governance

- Operationalize Ward Committees and Area Sabhas through digital participation tools.
- Empower citizens with real-time access to civic dashboards and grievance redressal mechanisms.

Leverage Digital Transformation

- Expand Integrated Command and Control Centres (ICCCs) and city data platforms for predictive governance.
- Ensure data security, transparency, and accessibility.

Sustainability and Climate Resilience

- Integrate urban climate resilience into planning using green infrastructure, water-sensitive urban design, and circular economy principles.
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8. Conclusion



India's urban future will define its developmental trajectory. The success of **Viksit Bharat @2047** depends on how effectively its cities are governed — not merely in infrastructure terms but in institutional depth, citizen trust, and financial resilience.

True urban transformation lies in **empowered local governments, citizen participation, and data-informed decision-making.**

Urban governance, thus, is not just an administrative function — it is a democratic imperative and the foundation for building livable, equitable, and sustainable Indian cities of the future.

