

FICCI 100
100 YEARS OF BUILDING TOMORROW

Cities as growth engines

Powering India's next leap

July 2026

The better the question.
The better the answer.
The better the world works.

EY
Shape the future with confidence

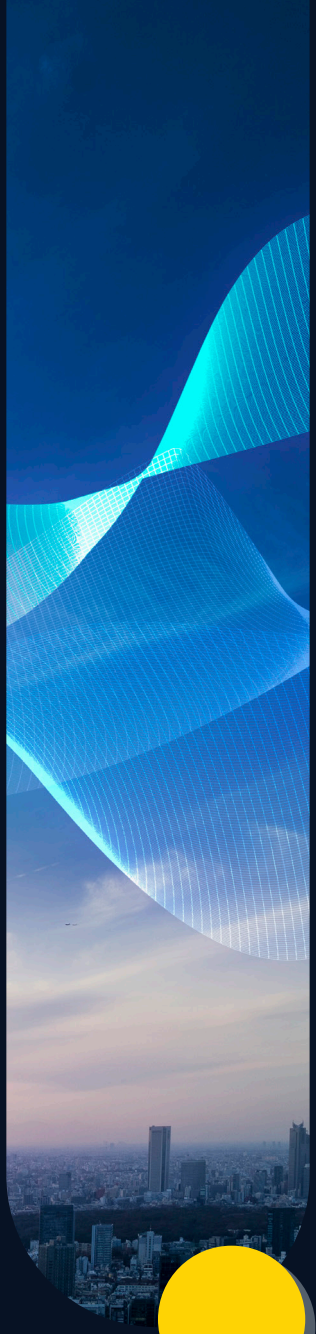
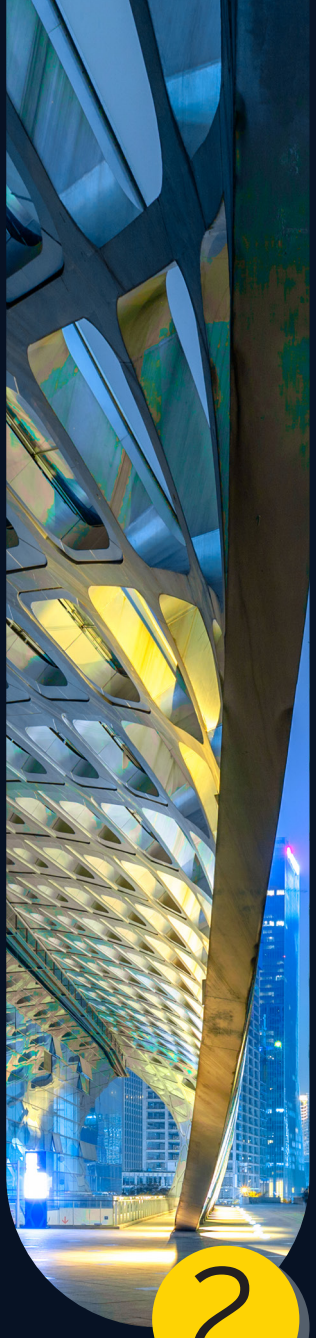




Table of Contents

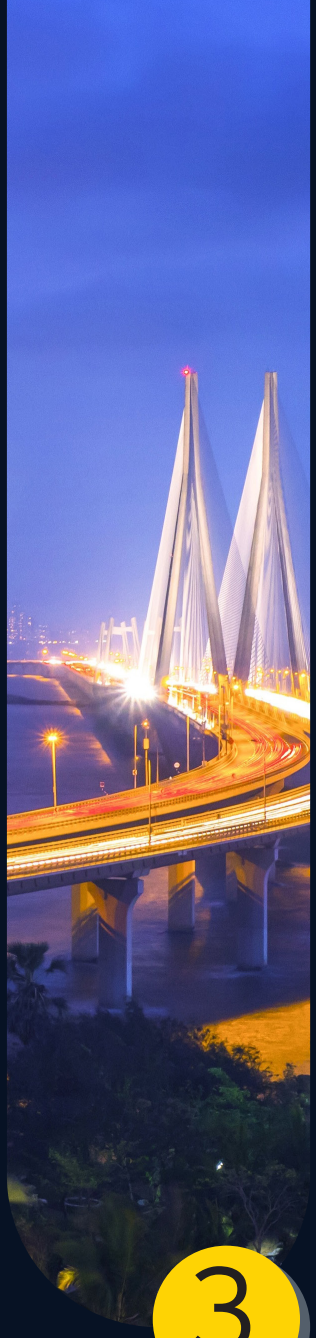
Foreword

1 India's urban transformation: Building the foundations for the next generation of cities



2

Cities for future growth: Unlocking India's urban economic potential



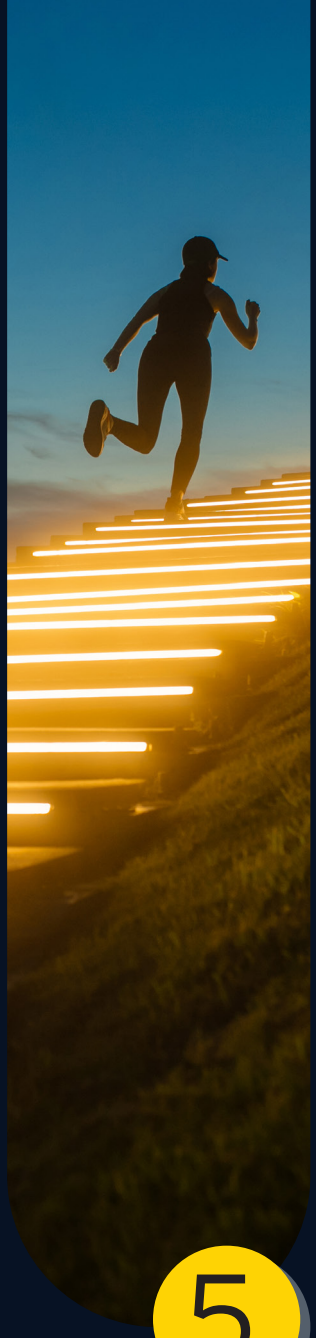
3

Unlocking the full potential of India's urban cities



4

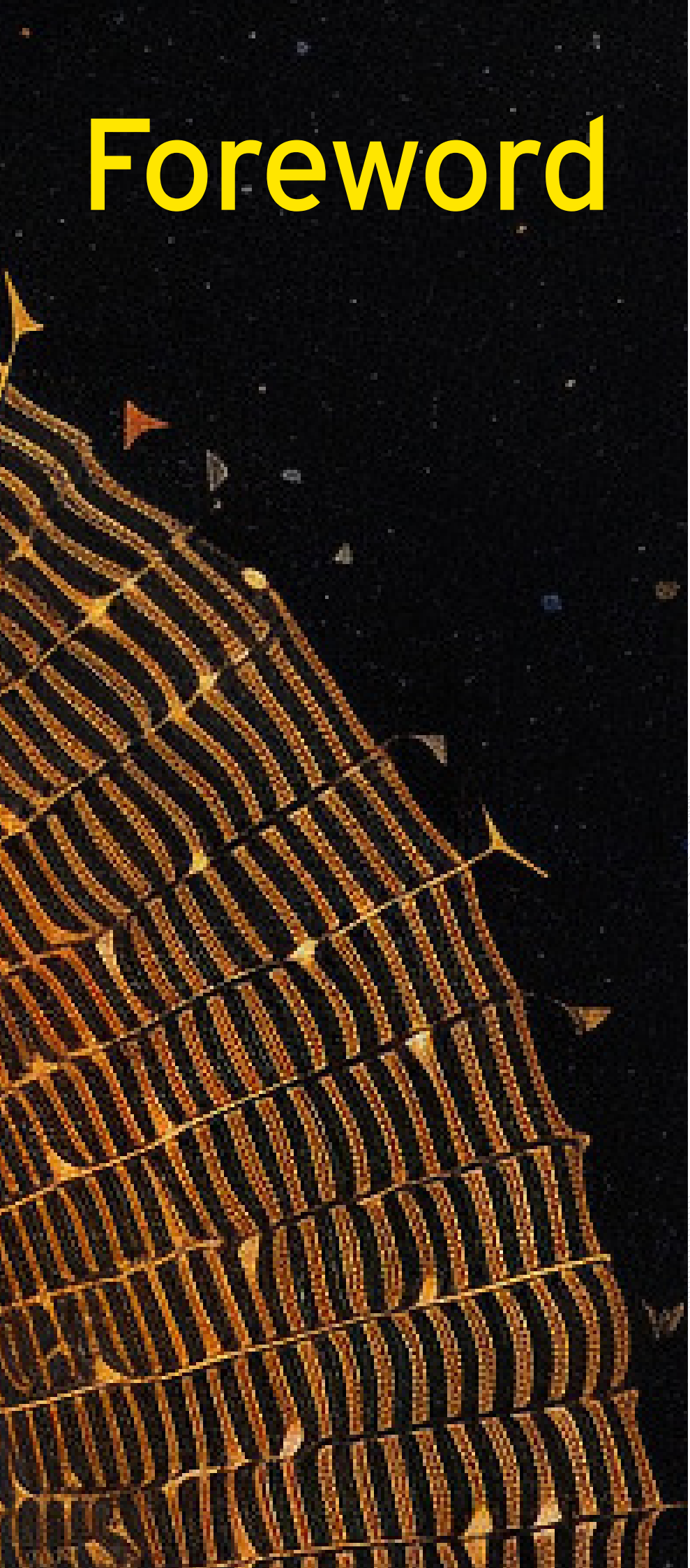
India's urban transformation framework: Six strategic shifts



5

Way forward: Accelerating India's urban transformation

Foreword



[1,2]World Bank report "Towards Resilient and Prosperous Cities in India" (2025)

[3]https://www.pib.gov.in/PressReleasePage.aspx?PRID=2098385&reg=48&lang=2

Every institution that allocates long-horizon capital to India begins with the same question, whether the counterparty is a state government, a municipal corporation or a private platform: is this an entity capable of being held to a standard, over decades, by parties who will never sit in its boardroom? That question is answered not by ambition or scale, but by the transparency of its accounts, the discipline of its governance and the readiness of its balance sheet. Increasingly, it is the question global institutional capital is asking of Indian cities.

This FICCI-EY report, Cities as growth engines: Powering India's next leap, puts a precise number on what is at stake. India's cities will require an estimated US$2.4 trillion[1] of investment by 2050 to become climate-resilient and low-carbon. Set against that ask, only twenty Indian municipal corporations[2] have accessed the capital markets to date, cumulatively raising close to US$476 million, a fraction of what a single American city might raise in a year, and a rounding error against China's local government bond issuance of US$435 billion in the first quarter of 2026 alone. The distance between what our cities require and what our institutional finance architecture can currently deliver is not a marginal one. It is the central constraint on India's urban century, and it is why the report's fifth strategic shift, from fiscal dependence to financially sustainable institutions, is in my reading the load-bearing one. Every other shift depends on it.

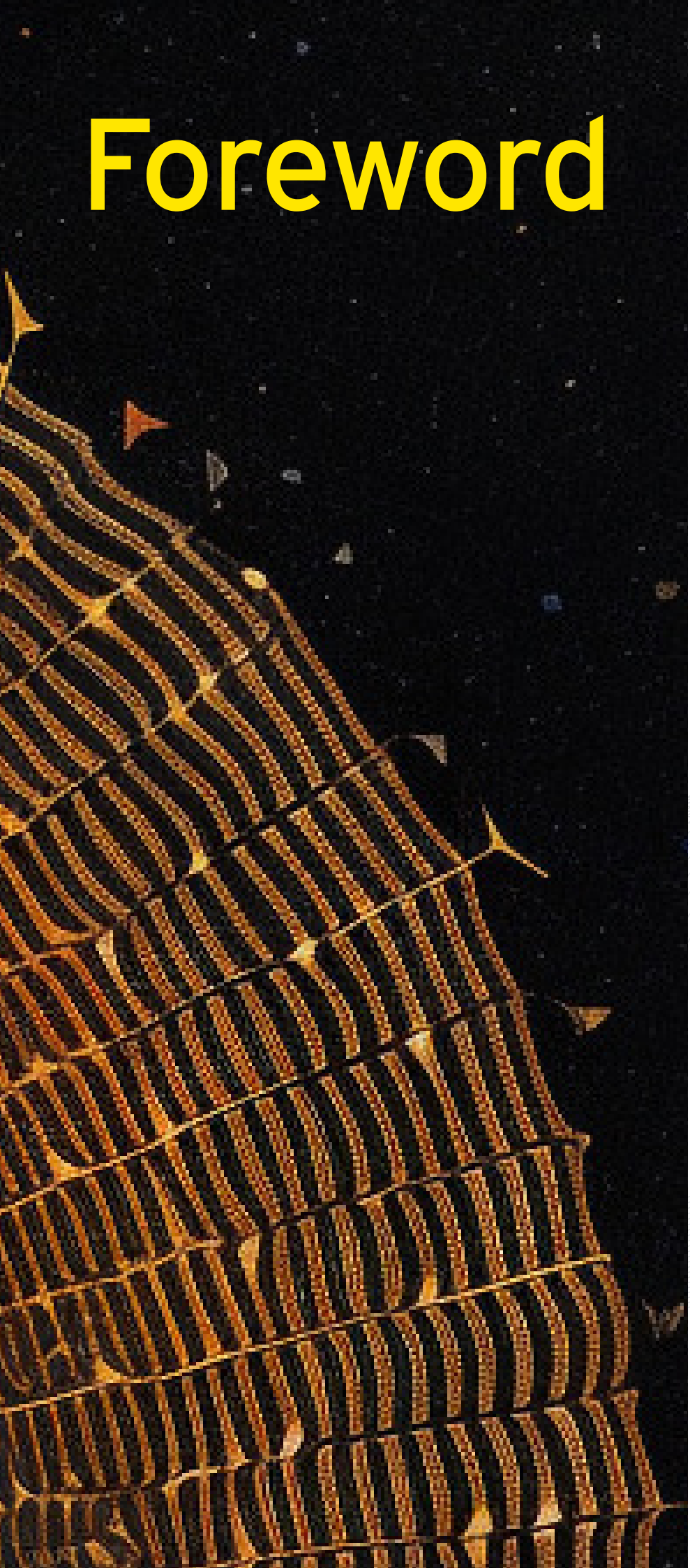
Encouragingly, the direction of policy is now unambiguous. The Union Cabinet's approval of the INR100,000[3] crore Urban Challenge Fund, which requires urban local bodies to mobilize half of every project's cost from the capital markets, is not a scheme. It is a signal, from the Government of India to global institutional investors, that Indian cities should be structured to be financeable. For policymakers, this report is a sequenced brief on the reforms, particularly land enablement, integrated governance and outcome-linked planning, which make the balance sheet worth financing in the first place. For institutional investors and long-horizon capital allocators, it is a sharper way to read India's next decade than headline GDP alone: the cities that build these institutional foundations first will be the ones that compound. For city leaders and urban local bodies, it is a working document on what it takes to earn the trust of that capital, on the terms that capital sets.

The report also demonstrates that the cities which combine sound governance, fiscal resilience and integrated planning will become India's most competitive destinations for investment, innovation and sustainable growth. India's cities already generate close to 60% of national GDP from just over a third of the country's population, a ratio that will only tighten as urbanization deepens. Our task now, as policymakers, industry and institutions, is to build the fiscal, governance and land systems that let our cities carry that weight without buckling under it. I invite you to read this report not as a survey of urban challenges, but as a precise brief on the choices that will decide which of India's cities compete for the next decade's institutional capital, and which do not.



Raj Menda
Chairman, FICCI Committee on Urban Development & Real Estate
Chairman, Supervisory Board, RMZ

Foreword



[4]NITI Aayog- Viksit Bharat 2047 framework

Shape the future with confidence

India stands at a defining moment in its economic journey. As the nation advances toward its aspiration of becoming a US$30 trillion economy[4], the role of cities will be pivotal in shaping the trajectory of growth, productivity, and global competitiveness. Across the world, high-performing economies have been underpinned by dynamic, well-functioning urban systems—and India is no exception.

Over the last decade, significant policy reforms and flagship programs implemented by the Central and State Governments have accelerated urban transformation across India. These initiatives have strengthened urban infrastructure, expanded access to essential services, improved quality of life, and enhanced the resilience of cities. Today, urban centers account for a substantial share of the country's economic output, innovation, investment, and employment generation, reaffirming their central role in India's development journey and future growth ambitions.

The next phase of India's urban journey must focus on translating this urban scale and the progress achieved thus far into sustained and transformative economic growth. Realizing this opportunity will require strengthening urban governance, modernizing land and planning systems, enhancing institutional capacity, and creating more integrated, efficient, and investment-ready urban ecosystems. Addressing these priorities represents one of the highest-leverage opportunities for accelerating India's growth trajectory and advancing the vision of Viksit Bharat.

The path forward is to reimagine cities as integrated economic platforms. It calls for a transformation anchored in six strategic levers—governance, land, planning, financing, institutional capability, and economic positioning—designed to unlock the full economic potential of India's urban landscape and position cities as engines of sustained, inclusive, and high-impact growth.

The transition ahead is both urgent and transformative. It will require a collaborative effort across governments, urban institutions, the private sector, and development partners to create cities that are investment-ready, productivity-driven, and globally competitive. With the right reforms and effective execution, India's cities can emerge as powerful catalysts of innovation, employment, and economic prosperity, accelerating the nation's journey toward becoming a globally competitive economic powerhouse.

At EY, we are privileged to support governments and stakeholders in shaping this transformation and contributing to the national dialogue on building the cities of the future.



Sudip Datta
Partner and Leader, Urban Sector
Ernst & Young LLP



1 India's urban transformation:

Building the foundations for the next generation of cities

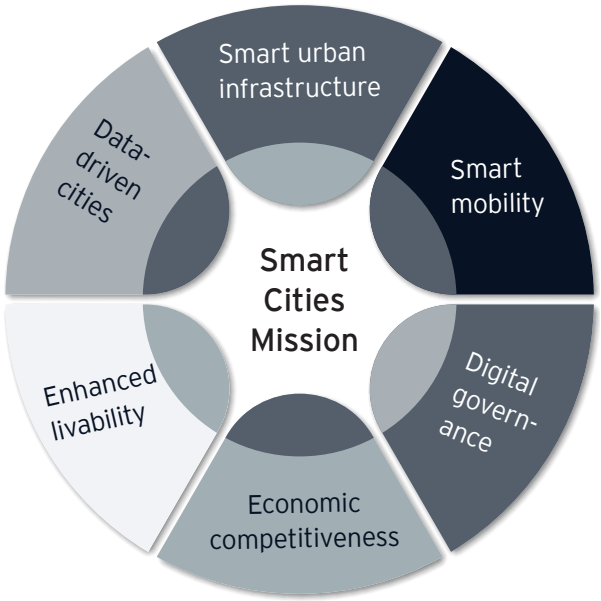
India's urban transformation over the past decade represents one of the largest and most ambitious urban development programs globally. Through sustained investments, institutional reforms and mission-mode implementation, the Government of India and State Governments have fundamentally strengthened the foundations of urban India. Cities today are significantly better connected, more digitally enabled, more resilient and better positioned to support economic growth than at any point in India's history.

Flagship programs such as the Smart Cities Mission, AMRUT, PMAY-Urban, Swachh Bharat Mission (Urban), Metro Rail expansion, PM Gati Shakti, the National Urban Digital Mission (NUDM) and the recently launched Urban Challenge Fund have collectively reshaped the urban development landscape. These initiatives have mobilized investments worth several lakh crores, improved the lives of millions of citizens, and laid the foundations for more sustainable, resilient, inclusive and globally competitive cities.

Smart Cities Mission: Building the foundations for urban economic growth

The Smart Cities Mission has emerged as one of the world's most ambitious urban transformation programs, demonstrating how technology, governance and infrastructure can be integrated to improve urban performance at scale. Through over 8,000 projects across 100 cities, with investments exceeding INR1.64 lakh crore[5], the mission has strengthened urban infrastructure, mobility, public services and digital governance across the country.

Beyond infrastructure delivery, the mission has enhanced the competitiveness, productivity and investment readiness of Indian cities by improving service delivery, strengthening resilience and enabling more efficient urban management. Integrated Command and Control Centres (ICCCs), leveraging AI, IoT, geospatial analytics and real-time monitoring, have emerged as digital nerve centers supporting data-driven governance and operational efficiency.



Smart Cities Mission: Key pillars

[5]https://www.pib.gov.in/PressNoteDetails.aspx?NoteId=154736&ModuleId=3&reg=48&lang=2



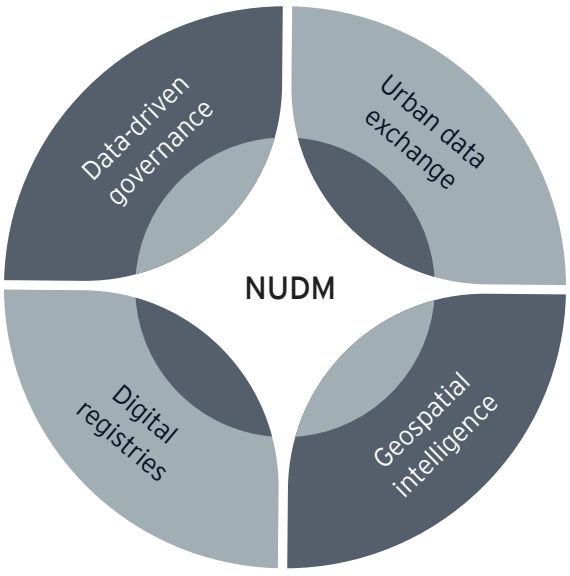
NUDM: Digital Public Infrastructure (DPI) for urban growth

The National Urban Digital Mission (NUDM) is creating the digital backbone for the next generation of Indian cities through interoperable platforms, urban data exchanges, geospatial systems and digital registries. Building on India's globally acclaimed DPI ecosystem, the mission is enabling more efficient, transparent and data-driven urban governance. By integrating urban data across sectors, NUDM is helping cities improve planning, optimize infrastructure investments, strengthen service delivery and support evidence-based decision-making. Beyond governance, it is creating the digital foundation needed to enhance urban productivity, attract investment and improve competitiveness.

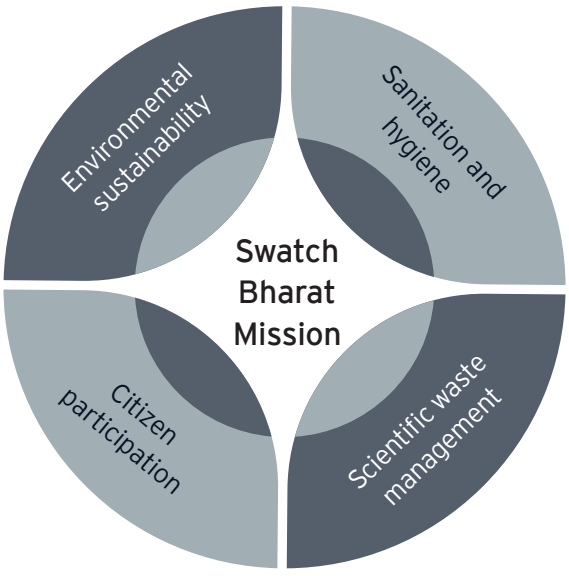
Together with the Smart Cities Mission, NUDM is positioning India among global leaders in large-scale digital urban transformation and laying the groundwork for smarter, more efficient and investment-ready cities.

Swachh Bharat Mission (Urban): Transforming urban livability and sustainability

The Swachh Bharat Mission (Urban) has emerged as one of the world's largest urban sanitation and behavioral transformation programs, significantly improving sanitation, expanding toilet access, strengthening solid waste management and institutionalizing scientific waste processing across over 4,000 urban centers.



NUDM: Key pillars



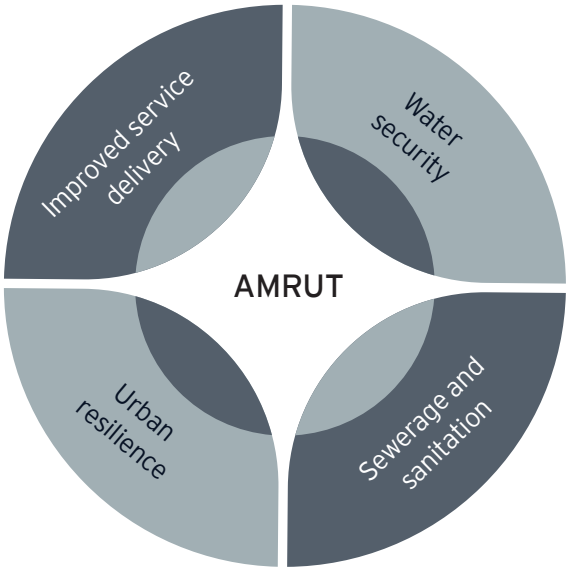
NUDM: Key pillars

Beyond cleanliness, the mission has enhanced urban livability, public health, environmental sustainability and city attractiveness, contributing to improved quality of life, tourism potential and investor confidence. Swachh Survekshan, now recognized as the world's largest urban cleanliness survey, has further fostered healthy competition among cities while bringing cleanliness, sustainability and citizen participation to the forefront of urban governance.

AMRUT: Strengthening urban foundations for growth

The Atal Mission for Rejuvenation and Urban Transformation (AMRUT) and AMRUT 2.0 have significantly strengthened urban basic services across nearly 500 cities, enabling more than two crore tap water connections and 1.5 crore sewer connections while supporting urban infrastructure investments exceeding INR2.7 lakh crore.[6]

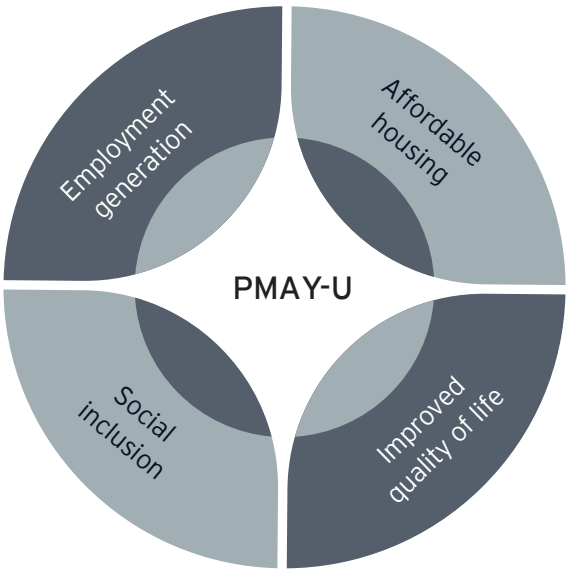
By improving water security, sanitation and urban service delivery, the program has enhanced livability, public health and resilience across Indian cities. These investments in core urban infrastructure have not only improved quality of life but have also strengthened the foundations for sustainable economic growth and investment readiness.



AMRUT- Key pillars

PMAY-Urban: Building homes, enabling inclusive growth

The Pradhan Mantri Awas Yojana–Urban (PMAY-U) has emerged as one of the world's largest affordable housing programs, with over 1.25 crore[7] houses sanctioned and nearly one crore completed, supported by investments approaching INR9 lakh crore.



PMAY-U: Key outcomes

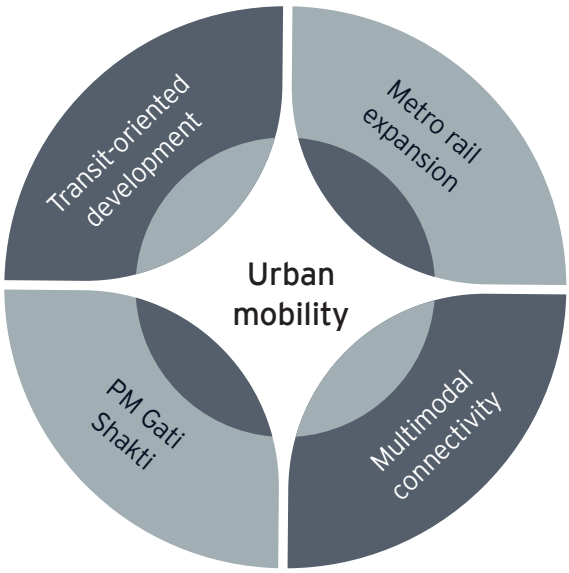
The program has significantly improved living conditions, strengthened social inclusion and generated large-scale economic and employment opportunities while advancing the vision of Housing for All. Access to affordable housing has enhanced workforce stability, supported social mobility and improved the overall livability of cities, contributing to more inclusive and sustainable urban growth.

stability, social mobility and the overall livability of cities, contributing to more inclusive and sustainable urban growth.

Urban mobility: Connecting cities, enabling growth

India's urban mobility landscape has undergone a transformative shift over the past decade through one of the fastest metro rail expansion programs in the world, complemented by investments in multimodal transport systems, PM Gati Shakti, regional connectivity and transit-oriented development. These initiatives have significantly improved accessibility, reduced travel times and strengthened integration across urban and regional economies.

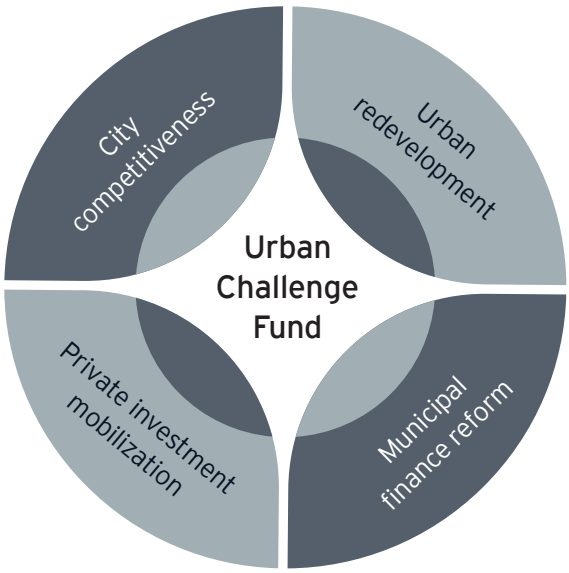
Beyond enhancing connectivity, these investments have improved labor mobility, increased productivity, reduced logistics inefficiencies, and strengthened the competitiveness of cities as centers of investment, employment and economic activity. Efficient mobility systems are increasingly emerging as a critical enabler of sustainable and inclusive urban growth



Urban mobility: Key pillars

Urban Challenge Fund: Catalyzing the next phase of urban growth

The recently launched Urban Challenge Fund marks the next frontier of India's urban transformation, shifting the focus from infrastructure creation to enabling cities as engines of economic growth. With a central commitment of INR1 lakh crore expected to catalyze nearly INR4 lakh crore[8] of investments, the fund aims to promote urban redevelopment, strengthen municipal finance, crowd in private investment and support the emergence of cities as competitive growth hubs.



Urban Challenge Fund: Key pillars

Collectively, these initiatives represent one of the most ambitious urban transformation efforts undertaken anywhere in the world. Over the past decade, the Government of India, in partnership with State Governments and Urban Local Bodies, has significantly strengthened the physical, digital, institutional and social foundations of urban India. Cities today are cleaner, better connected, more digitally enabled, more resilient and increasingly investment-ready than ever before.

These achievements have not only improved service delivery and quality of life but have also created enabling conditions for economic growth by enhancing connectivity, strengthening urban infrastructure, improving livability and fostering greater efficiency in the functioning of cities. The focus of urban development is therefore increasingly evolving from creating infrastructure to creating economic value through cities.

As India advances towards the vision of Viksit Bharat and a US$30 trillion economy, the next phase of urban transformation must focus on converting urban scale, infrastructure investments, and demographic advantages into higher productivity, greater competitiveness, quality employment and sustained economic growth. The challenge is no longer merely to manage urbanization, but to enable cities to function as dynamic engines of investment, innovation and economic transformation.

Having established strong foundations through a decade of transformative reforms and investments, India now stands at the threshold of a new urban era—one where cities will play a defining role in shaping the country's economic future and driving its journey towards Viksit Bharat.

[6]chttps://static.pib.gov.in/WriteReadData/specificdocs/documents/2025/jun/doc2025624576101.pdf

[7]PMAY(Urban) – Progress report MoHUA updated 15 july 2026

[8]Pib.gov.in



2 Cities for future growth: Unlocking India's urban economic potential

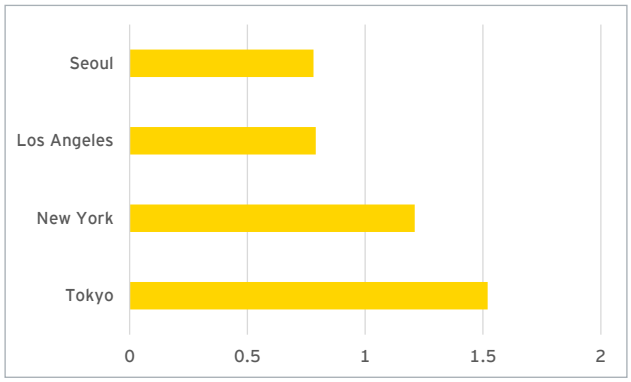
Cities at the heart of economic transformation

India stands at a defining moment in its development journey. As the country advances towards the vision of Viksit Bharat and aspires to become a US$30 trillion economy by the centenary of Independence, cities will play a decisive role in shaping the nation's future growth trajectory. Across the world, cities have served as powerful engines of economic transformation, driving productivity, innovation and competitiveness. Today, more than half of the world's population resides in urban areas, which collectively generate nearly 80% of global GDP. This underscores a fundamental reality: economic prosperity is increasingly shaped by the performance of cities. For India, therefore, the urban agenda is no longer only a developmental imperative—it is an economic imperative.

From New York and London driving global finance to Shanghai anchoring manufacturing-led growth and Seoul emerging as a hub of innovation and technology, cities have consistently served as catalysts of economic transformation. By concentrating talent, capital, enterprises, infrastructure and institutions, cities create powerful agglomeration benefits that improve productivity, foster innovation and accelerate economic growth.

India's urban opportunity

For India, the opportunity presented by urbanization is both significant and unprecedented. While India remains less urbanized than many developed economies, with approximately 35% of its population residing in urban



GDP in US$ trillion - Oxford economics Global city dataset

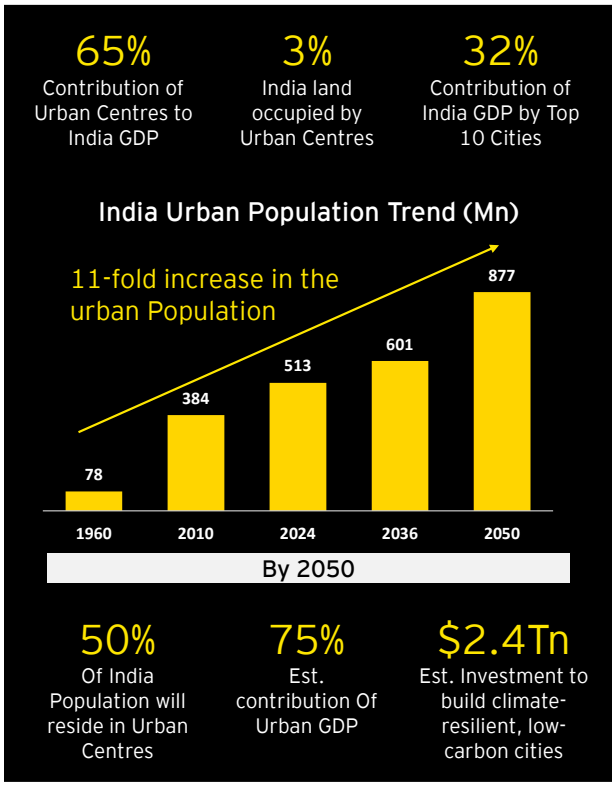
City archetype	Strategic economic role
New York and London	Anchor global financial systems by intermediating capital at scale, shaping international capital flows and enabling the transition to advanced, service-led economic models
Tokyo and Seoul	Drive export-led industrial transformation through continuous technological upgrading, enabling a shift toward high-value, innovation-driven economies
Shanghai	Catalyze manufacturing-led scale and innovation ecosystems, accelerating structural transformation into globally competitive industrial and technology powerhouses



areas, its cities already contribute more than 60% of national GDP.[9]

The scale of the opportunity will continue to expand over the coming decades. By 2036, nearly 600 million people[10] are expected to live in Indian towns and cities, accounting for around 40% of the population, while urban areas are expected to contribute almost 70% of GDP. By 2050, one in every two Indians is expected to reside in an urban center.

The relationship between urbanization and prosperity is well established. More urbanized regions generally benefit from stronger infrastructure, larger labor markets, greater market access and higher levels of productivity. As a result, they tend to exhibit higher per capita incomes and stronger economic competitiveness. The pace and quality of urbanization will therefore be critical determinants of India's ability to achieve sustained growth and realize the aspirations of Viksit Bharat.



India urban system- EY analysis from multiple reports

Building on a decade of urban transformation

India enters this next phase of urban development from a position of strength. Over the last decade, the Government of India, in partnership with State Governments and Urban Local Bodies, has undertaken one of the most ambitious urban transformation programs globally.

Landmark initiatives such as the Smart Cities Mission, AMRUT, Swachh Bharat Mission (Urban), PMAY-U, Metro Rail Expansion, PM Gati Shakti, the National Urban

[9]EY analysis from multiple reports

[10]Handbook of urban statistics- NIUA

Digital Mission (NUDM) and the recently launched Urban Challenge Fund have transformed urban infrastructure, housing, sanitation, mobility, digital governance and service delivery across the country. These investments have strengthened the physical, digital, institutional and social foundations of urban India.

As a result, Indian cities today are cleaner, better connected, more resilient, more digitally enabled and increasingly investment-ready than ever before. The urban development agenda has therefore evolved beyond addressing infrastructure deficits towards creating the conditions required for productivity, innovation and economic growth.

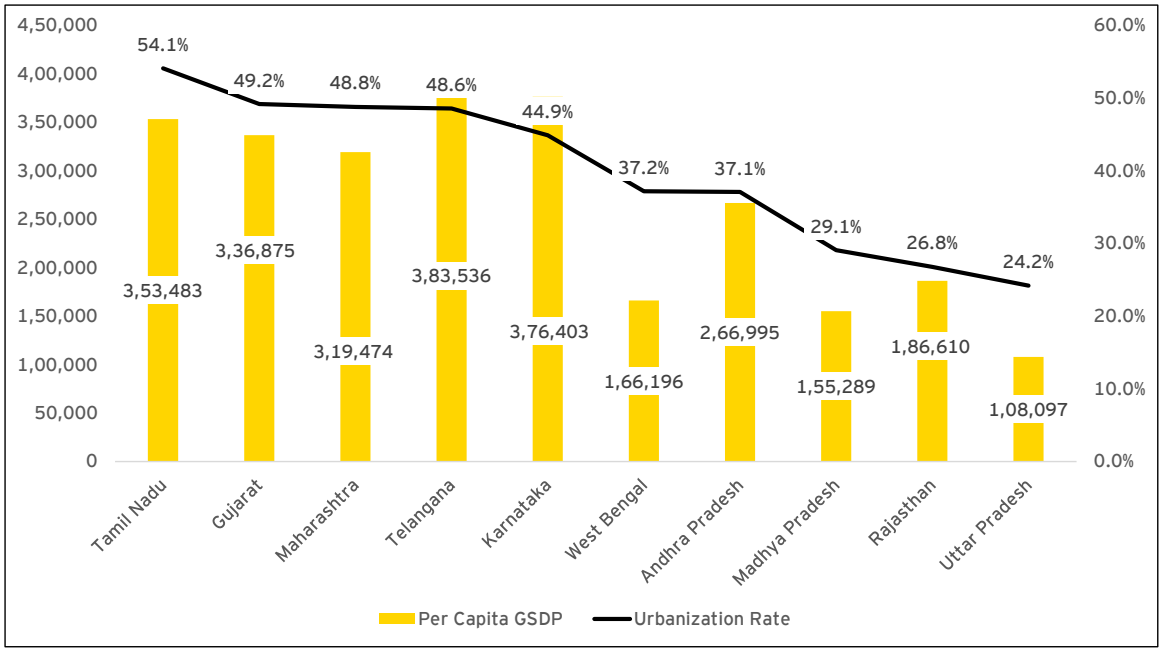
From urban scale to economic performance

While urbanization is essential for economic growth, urban growth alone does not automatically create prosperity. The central challenge facing India today is not urbanization itself, but the ability to convert urban scale into economic performance.

The world's most successful cities derive their strength not merely from their size but from their ability to efficiently connect firms, workers, infrastructure, institutions and markets. These interactions generate productivity gains, stimulate innovation, attract investment and create quality employment opportunities.

Although India has experienced substantial urban growth, the economic benefits of urbanization remain sub-optimally realized. The need of the hour is to develop unified governance framework, robust institutional capacities, freeing of land, efficient and progressive planning and innovating financing which would unlock the productivity gains that should naturally emerge from urban concentration. The result is a pattern where economic activity is concentrated within a few metropolitan centers or dispersed inefficiently across peri-urban regions, reducing overall competitiveness and increasing the cost of doing business.

For India, therefore, the challenge is not merely to urbanize, but to urbanize well. Enhancing both the pace and quality of urbanization will be critical to raising productivity, expanding employment opportunities, increasing incomes and sustaining long-term economic growth.



Correlation between Urbanization rate and Per Capita GSDP- Extracted from Macro and Fiscal Landscape of the State

The rise of the next generation of growth cities

India's future urban growth will not be driven by metropolitan regions alone. The next phase of economic transformation will increasingly be shaped by emerging Tier-II and Tier-III cities, industrial corridors, logistics hubs and regional economic clusters.

These cities possess significant untapped potential to attract investment, support manufacturing and services growth, create employment opportunities and strengthen regional competitiveness. Developing a more distributed and interconnected urban system will not only reduce pressures on large metropolitan areas but also enable more balanced and resilient economic development across the country.

Unlocking the potential of these emerging growth centers will require targeted investments, stronger institutions, aligned infrastructure planning and clear economic positioning based on each city's comparative strengths.

A new urban growth agenda for Viksit Bharat

As India advances towards Viksit Bharat, cities must increasingly evolve from providers of municipal services into drivers of economic transformation. Urban development must be anchored not only in infrastructure creation but also in productivity enhancement, investment attraction, innovation, competitiveness and job creation.

This requires a fundamental shift in the way cities are planned, governed, financed and managed. Stronger governance frameworks enhanced institutional capacity, more efficient land systems, sustainable municipal finance, integrated planning and data-driven decision-making will be critical to unlock the next phase of urban growth.

The opportunity before India is unprecedented. Having built strong urban foundations over the last decade, the country is now positioned to unlock the full economic potential of its cities. The next chapter of India's urban journey will not be defined by the pace of urbanization alone, but by how effectively cities convert their scale, connectivity, infrastructure, and talent into productivity, investment, innovation and prosperity. India's cities will not merely support the nation's growth story—they will define it.





3 Unlocking the full potential of India's urban cities

India's urban transformation has made significant progress over the past decade through major investments in infrastructure, service delivery, housing, digital systems and urban governance reforms. As cities increasingly emerge as engines of economic growth and competitiveness, the next phase of transformation presents an opportunity to further strengthen the foundations required for sustainable and inclusive urban development.

Unlocking the full potential of India's urban economy will require focused attention on a number of strategic enablers related to urban growth patterns, economic planning, governance, land management, infrastructure and institutional capacity. Addressing these opportunities will be critical to building globally competitive, resilient and investment-ready cities capable of supporting the vision of Viksit Bharat 2047.

Towards a more balanced and distributed urban growth model

India's urban system is characterized by a diverse and multi-tiered settlement structure, comprising a small number of large metropolitan centers alongside a vast network of more than 7,400 cities[11] and towns. This extensive urban footprint provides a strong foundation for broad-based and geographically distributed economic growth,

positioning urbanization as a key enabler of regional development and national prosperity.

At present, a relatively small number of metropolitan centers account for a significant share of economic activity, investment, innovation and employment generation. These cities have successfully leveraged agglomeration economies, attracting talent, capital, enterprises and infrastructure investments that have reinforced their position as leading economic hubs. At the same time, many Tier-II and Tier-III cities possess considerable untapped potential and are increasingly emerging as important centers of growth, investment and innovation.

These cities offer significant opportunities to diversify India's urban growth base by leveraging their strategic location, growing populations, industrial strengths, educational institutions, natural resources and connectivity to regional markets. Strengthening their infrastructure, institutional capacity, governance systems and economic ecosystems can unlock new sources of productivity, employment, entrepreneurship and private investment while creating more balanced patterns of development across regions.

The next phase of India's urban transformation presents an opportunity to move towards a more networked and polycentric urban system, where multiple cities function as engines of economic growth rather than relying predominantly on a few metropolitan centers. Strengthening regional clusters, improving inter-city connectivity and deepening economic linkages across cities can create a more integrated and competitive urban economy capable of supporting higher levels of productivity and innovation.

[11]Census 2011

[12]Statista



By enabling a larger number of cities to evolve as centers of manufacturing, logistics, services, tourism, innovation and knowledge-based industries, India can expand the geography of growth and create new pathways for prosperity. Such a transition will not only improve regional competitiveness and economic resilience but also support the development of a more inclusive, sustainable and globally competitive urban system aligned with the aspirations of Viksit Bharat 2047.

Expanding the geography of economic growth

India's top 10 cities contribute nearly 30% [12] of the country's GDP and serve as the principal engines of economic growth, innovation, investment and employment generation. Through dense concentrations of talent, capital, enterprises, infrastructure and institutions, these metropolitan centers have created powerful ecosystems of productivity and competitiveness that continue to drive India's economic momentum. While these cities have successfully anchored national growth, the next phase of India's urban transformation presents an opportunity to extend this dynamism across a broader network of cities. Many Tier-II and Tier-III cities possess significant untapped potential arising from their strategic locations, growing urban populations, industrial capabilities, educational institutions and connectivity to regional markets. Strengthening of these cities can unlock new centers of investment, entrepreneurship, manufacturing, logistics, services and innovation.

Mega cities

10 Cities	3m+ Population

17% Urban population share

Mid to large cities

36 Cities	1-3m Population

14% Urban population share

Small cities

450 Cities	3m+ Population

29% Urban population share

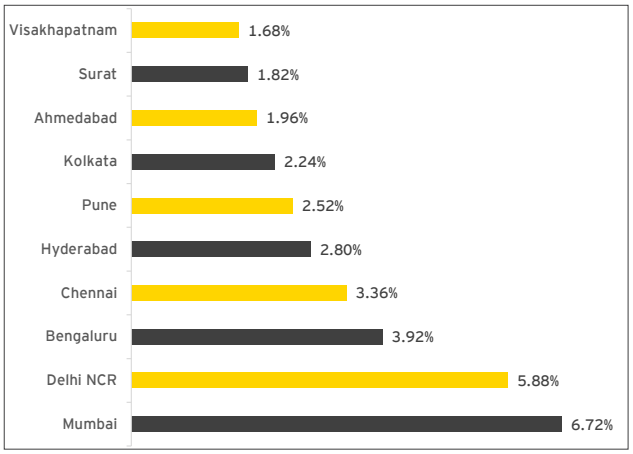
Transitional

7,437 Cities	<0.1m Population

40% Urban population share

Realizing this opportunity will require focused efforts to enhance urban infrastructure, strengthen institutional capacity, improve municipal finances and align urban development with local economic strengths. By fostering a larger network of competitive and economically vibrant cities, India can broaden its growth base, strengthen regional economies, improve resilience and create more balanced patterns of development.

Moving towards a more polycentric and interconnected urban system will be critical to sustaining India's long-term economic momentum. A distributed network of growth cities can not only reduce pressure on existing metropolitan centers but also create new engines of productivity, investment and prosperity, supporting a more inclusive, competitive and resilient urban future aligned with the aspirations of Viksit Bharat 2047.



GDP of top 10 cities (USD bn)- source statista

Strengthening economic planning as a driver of urban growth

As India's cities emerge as increasingly important centers of investment, innovation and employment generation, there is a growing opportunity to further strengthen the integration of economic development objectives into urban planning processes. Traditionally, urban planning has focused on land use management, infrastructure provision and service delivery, which have played a critical role in supporting rapid urbanization and improving quality of life.

The next phase of urban transformation presents an opportunity to complement these efforts with a stronger focus on economic outcomes. Developing a clear economic vision for cities can help align infrastructure investments, planning decisions, sectoral priorities and institutional interventions towards common growth objectives. Such an approach can enable cities to better leverage their comparative advantages, strengthen competitiveness, attract investment and create employment opportunities.

As urban economies become increasingly complex, coordinated economic planning can also help improve resource allocation, strengthen accountability, and create stronger linkages between infrastructure, industry, skills, innovation and labor markets. Embedding economic development more explicitly within urban planning frameworks will be critical to unlocking the full growth potential of India's cities and positioning them as engines of sustainable and inclusive economic development.

Strengthening integrated urban governance

India has made significant progress in strengthening urban governance through institutional reforms, decentralization initiatives and the expansion of urban local bodies. As cities continue to grow in size, complexity and economic importance, there is an opportunity to further enhance coordination across the multiple institutions involved in urban development.

The next phase of urban transformation will increasingly require integrated approaches that bring together state governments, urban local bodies, development authorities, infrastructure agencies and other stakeholders around a shared vision for growth. Stronger institutional coordination can improve planning, accelerate project implementation, reduce duplication of efforts and create clearer accountability for outcomes.

At the same time, empowering Urban Local Bodies with enhanced capabilities, resources and mandates can enable them to play a more proactive role in shaping local economic development, attracting investment and supporting urban competitiveness. Strengthening collaborative governance mechanisms will be essential for enabling cities to function as coherent, growth-oriented and economically dynamic urban systems.

Unlocking urban land and spatial growth opportunities

Land remains one of the most valuable assets available to cities and plays a critical role in shaping economic development, investment attraction and urban competitiveness. As India's urban economy continues to expand, there is a significant opportunity to improve the availability of serviced, investment-ready land while enhancing the efficiency with which urban space is planned and utilized.

Streamlining land assembly, conversion and development processes can help expand opportunities for investment, support industrial and commercial growth. It can also improve the affordability and accessibility of urban infrastructure. Equally important is the need to ensure that planning frameworks remain responsive to evolving economic priorities, enabling cities to support emerging industries, innovation districts, logistics hubs and growth corridors.

The rapid expansion of urban areas beyond traditional municipal boundaries also presents an opportunity to strengthen planning and infrastructure provision across wider functional urban regions. By improving coordination between cities and surrounding peri-urban areas, India can support more efficient spatial development, strengthen economic linkages, and create more integrated and competitive urban regions.

As India's urban footprint continues to grow, unlocking the productive use of land and improving spatial efficiency will be essential for supporting investment, enhancing competitiveness, reducing costs, and enabling more sustainable and inclusive patterns of urban development.

Enhancing infrastructure readiness for sustained urban growth

India has made substantial progress in expanding urban infrastructure through sustained investments in housing, water supply, sanitation, mobility, digital connectivity and public services. These investments have played a critical role in improving the quality of life, supporting economic activity and accommodating rapid urbanization. As cities continue to grow in scale and complexity, however, the demand for infrastructure is increasing at an unprecedented pace. India's urban infrastructure requirements are estimated at approximately **US$840 billion over the next 15 years**[13], equivalent to nearly US$55 billion annually, underscoring the scale of investment needed to support urban growth, economic competitiveness, climate resilience and improved quality of life. Nearly **70% of the urban infrastructure required by 2047 is yet to be built**[14], highlighting the magnitude of the opportunity and investment challenge ahead.

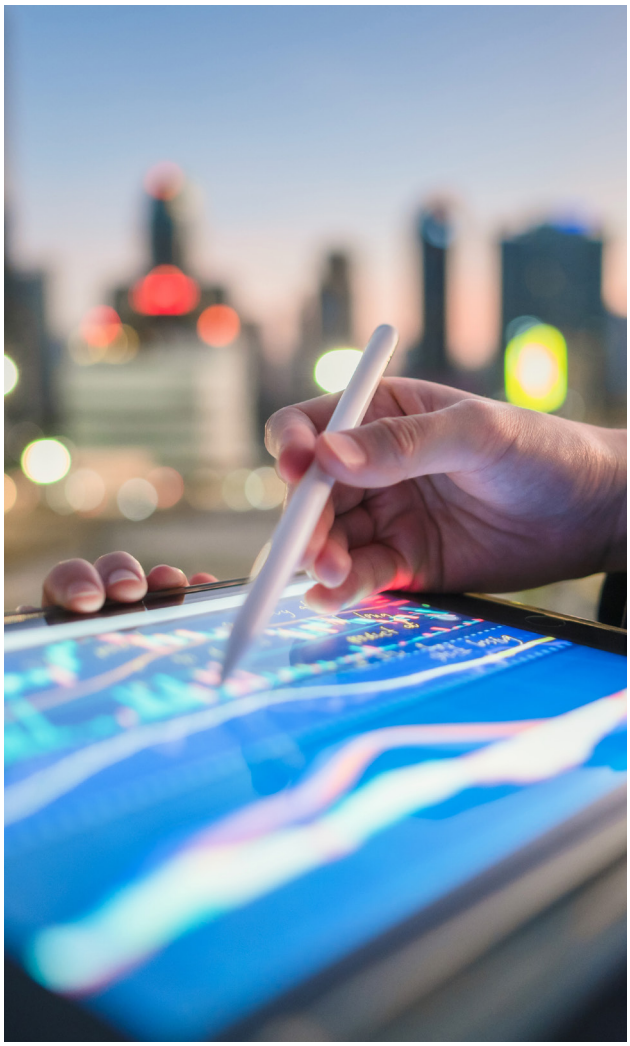
The next phase of urban development therefore presents an opportunity not only to expand infrastructure networks but also to ensure that they are aligned with emerging economic, social and environmental priorities. As cities increasingly become centers of investment, innovation, production and employment, infrastructure must be planned and delivered in a manner that enhances productivity, improves connectivity, reduces logistics and transaction costs, strengthens resilience and increases investment attractiveness.

Strengthening infrastructure systems also presents an opportunity to accelerate the growth of Tier-II and Tier-III cities, deepen regional integration, and improve access to markets, jobs and essential services. Investments in multimodal transport systems, logistics networks, water security, digital infrastructure, energy systems and public amenities can help unlock new centers of economic activity while supporting more balanced and inclusive growth across regions.

At the same time, the scale of infrastructure financing required necessitates a greater focus on innovative financing models, private sector participation and improved project preparation. Expanding investment beyond traditional public funding mechanisms will be critical to delivering infrastructure at the pace and scale required to support India's urban transformation.

The challenge is therefore not merely one of expanding infrastructure capacity, but of creating infrastructure systems that are efficient, resilient, future-ready and capable of supporting long-term economic transformation. By strengthening infrastructure planning, improving project execution, leveraging innovative financing mechanisms and integrating technology into infrastructure management, cities can create the foundations for sustained productivity, competitiveness and prosperity.

As India advances towards Viksit Bharat 2047, well-planned and strategically aligned infrastructure investments will serve not only as enablers of urban growth but as catalysts for investment, innovation, employment generation, economic competitiveness and long-term national development.



[13]HPEC report on urban infrastructure

[14]World Bank, Gearing up for India's Rapid Urban Transformation (2024)



4 India's urban transformation framework: Six strategic shifts

Realizing the vision of Viksit Bharat 2047 will require a fundamental transformation in the role of India's cities. As the country advances towards becoming a developed economy, cities will increasingly determine the pace of economic growth, productivity, investment, innovation and job creation. Urban policy must therefore evolve beyond a traditional focus on infrastructure creation and service delivery towards enabling cities to function as engines of competitiveness, prosperity and economic transformation.

The challenge facing India is no longer simply one of managing urbanization, but of harnessing urbanization as a powerful driver of national development. This requires a decisive shift in how cities are planned, governed, financed, and integrated into regional and national growth strategies. Future-ready cities must move beyond fragmented, project-driven interventions towards outcome-oriented approaches that strengthen economic competitiveness, attract investment, create jobs, foster innovation and improve quality of life.

Achieving this transformation will require stronger urban institutions, empowered city leadership, more sustainable financing models, integrated city-region planning, climate resilience and the strategic use of technology and data. Equally important will be the creation of stronger linkages between infrastructure, economic development, industry, skills, labor markets and investment ecosystems to unlock the full potential of urban agglomeration and productivity gains.

The Government of India has already laid important foundations through a range of urban, infrastructure, industrial and digital initiatives. Building on this momentum, the next phase of urban transformation must place economic leadership, growth creation, competitiveness, financial self-reliance and regional development at the center of urban policy. The six strategic shifts outlined in this framework provide a roadmap for enabling Indian cities to emerge as globally competitive growth centers and powerful engines of national prosperity, accelerating India's journey towards Viksit Bharat 2047.

Six pillars of urban development

01 From service delivery to economic leadership

02 From concentrated growth to a network of growth cities

03 From fiscal dependent to investment ready cities

04 From infrastructure creation to economic competitiveness

05 From data assets to strategic economic intelligence

06 From climate vulnerability to climate resilience



India's next urban transformation is not about building better cities; it is about creating cities that function as engines of national economic growth, innovation, investment and wealth creation. The Government of India is already moving in this direction through initiatives focused on economic corridors, industrialization, logistics integration, transit-oriented development, municipal reforms and digital governance. The next phase of reform must therefore empower cities to move beyond service delivery and become globally competitive economic institutions capable of driving India's journey towards Viksit Bharat 2047.

1 From service delivery to economic leadership

Historically, urban institutions in India have been primarily oriented towards the provision of civic services and the management of urban infrastructure. The mandate of Urban Local Bodies (ULBs), reinforced through municipal legislation and successive urban development programs, has largely focused on delivering essential services such as water supply, sanitation, solid waste management, local roads, street lighting, public health and city maintenance. Consequently, the performance of cities has traditionally been assessed in terms of service delivery efficiency, infrastructure coverage and quality-of-life outcomes.

This focus was both necessary and appropriate during a period of rapid urbanization when the primary challenge was to accommodate population growth, address infrastructure deficits and improve living conditions. Significant public investment and policy attention were therefore directed towards strengthening the physical and institutional foundations required to support urban growth and improve the quality of urban life.

As India enters a new phase of development, the role of cities is evolving. Urban centers today account for a disproportionate share of economic output, investment, innovation and employment generation, and their contribution will become increasingly important as India advances towards its aspiration of becoming a developed economy by 2047. Cities are no longer viewed solely as centers of habitation and service delivery; they are increasingly recognized as the principal engines of economic growth and competitiveness.

This requires a fundamental shift in the role of urban institutions, from managing services to shaping economic outcomes. Economic leadership refers to the ability of cities to proactively attract investment, foster enterprise growth, create jobs, enhance productivity, stimulate innovation and build competitive economic ecosystems. In this role, cities move beyond their traditional function as service providers to become active stewards of economic development and regional prosperity.

The World Bank's competitive cities framework emphasizes that successful cities are those that enable firms and industries to create jobs, raise productivity, attract investment and increase incomes. Similarly, NITI Aayog's Cities as Engines of Growth[15] highlights the central role of cities in driving economic productivity, innovation and investment. Together, these frameworks underscore the need for urban institutions to complement their service delivery responsibilities with a stronger focus on competitiveness, economic development and growth creation.

The next phase of India's urban transformation will therefore require cities to build upon their achievements in service delivery while assuming a more strategic role in shaping economic futures. Cities that successfully make this transition will not only provide better infrastructure and quality of life, but will also attract investment, generate employment, foster innovation and emerge as powerful engines of regional and national growth.

Strategic imperatives

The transition from service delivery to economic leadership can be advanced through five strategic imperatives that reposition cities as active drivers of economic growth, investment, innovation and competitiveness.

- Establish economic development as a core urban function: economic development must become a central responsibility of urban institutions, alongside traditional service delivery functions. Cities should proactively focus on attracting investment, fostering enterprise growth, generating employment, improving productivity and enhancing competitiveness as part of their core mandate.
- Align planning and infrastructure with economic priorities: land use planning, infrastructure investments, economic corridors, logistics systems and innovation districts should be aligned with the city's economic vision and growth aspirations. Urban development decisions must increasingly be guided by their contribution to competitiveness, productivity and long-term economic growth.
- Build competitive economic ecosystems: cities must actively nurture industry clusters, entrepreneurial ecosystems, innovation networks and value chains that build on local comparative advantages. Strengthening linkages between firms, institutions, talent and markets is essential for supporting enterprise development, job creation and sustained economic competitiveness.
- Develop integrated city-region economies: economic development increasingly occurs at the scale of functional urban regions rather than individual municipal jurisdictions. Strengthening city-region connectivity, labor markets, logistics networks and economic corridors can unlock agglomeration benefits, improve competitiveness and support more balanced regional development.
- Institutionalize collaborative economic leadership: sustainable economic transformation requires strong partnerships between government, industry, academia, investors and civil society. Cities must establish formal mechanisms for public-private collaboration, investment promotion, competitiveness monitoring and evidence-based decision-making to drive long-term economic growth and prosperity.

Action points to be taken up

Collectively, these strategic imperatives lay the foundation for transforming Indian cities from providers of municipal services into engines of economic growth. By embedding economic leadership into urban governance, planning, investment and regional development, cities can play a central role in driving productivity, innovation, job creation and investment, thereby accelerating India's journey towards Viksit Bharat 2047.

Realizing this shift requires a combination of institutional planning, economic and governance reforms. The following strategic action areas outline how cities can strengthen their economic leadership role and position themselves as engines of growth and competitiveness.

[15]Cities as Engines of Growth- May 2022

Action points

01 Establish economic development as a core urban function

- Include economic development within city mandates and development plans
- Create city economic development councils
- Define city-level economic growth, investment and employment targets
- Develop city competitiveness monitoring frameworks
- Build economic planning capabilities within ULBs

02 Align planning and infrastructure with economic priorities

- Undertake economic baseline and competitiveness assessments
- Integrate spatial planning with economic development strategies
- Reserve land for strategic economic uses
- Develop industrial, logistics and innovation districts
- Prioritize infrastructure investments that support productivity and competitiveness

03 Build competitive economic ecosystems

- Identify economic strengths and comparative advantages
- Develop industry clusters and innovation ecosystems
- Promote entrepreneurship and startup development
- Strengthen MSME participation in value chains
- Support export-oriented sectors and global market linkages

04 Develop integrated city-region economies

- Create a business-friendly environment through streamlined processes
- Develop city-region economic development frameworks
- Strengthen regional connectivity and growth corridors
- Integrate labor, logistics and investment markets
- Promote functional economic regions and economic clusters
- Align metropolitan governance with economic geography

05 Institutionalize collaborative economic leadership

- Establish public-private economic councils
- Create city-level growth coalitions
- Strengthen industry-government-academia collaboration
- Promote investment partnerships
- Conduct periodic competitiveness reviews

2 From concentrated growth to a network of growth cities

India's urban growth pattern remains heavily concentrated, with a small number of metropolitan cities accounting for a disproportionate share of economic output, investment, innovation and employment. While these cities have emerged as powerful engines of growth, many Tier-II and Tier-III cities remain underleveraged despite accommodating a significant share of the country's urban population. This concentration has contributed to increasing congestion, rising infrastructure stress, escalating land and housing costs, environmental pressures and declining livability, ultimately reducing urban productivity and competitiveness.

To sustain long-term economic growth and support the vision of Viksit Bharat 2047, India must transition towards a more balanced and polycentric urban system anchored by a network of competitive and well-connected growth cities. Rather than concentrating opportunities in a handful of metropolitan centers, future urban development must enable multiple cities across regions to emerge as hubs of investment, innovation, manufacturing, logistics, services and employment. Strengthening Tier-II and Tier-III cities will not only reduce pressure on large metropolitan regions but also create new engines of regional development and economic opportunity.

This transition requires a deliberate strategy to develop interconnected growth centers linked through economic corridors, transport networks, labor markets and value chains. By leveraging regional strengths and fostering complementary economic specializations, India

can create a more resilient urban system capable of supporting inclusive growth, improving spatial equity and enhancing national competitiveness.

Strategic imperatives

The transition towards a network of growth cities can be advanced through five strategic imperatives: developing regional growth hubs, building regional comparative advantages, strengthening inter-city connectivity, promoting complementary economic specializations and enabling integrated city-region development. Together, these imperatives can create a more balanced urban system that distributes growth opportunities across regions while strengthening national productivity and competitiveness.

Develop regional growth hubs: Selected Tier-II and Tier-III cities should be positioned as growth hubs capable of attracting investment, creating employment and driving economic activity within their regions. These cities can serve as new centers of growth while complementing rather than competing with major metropolitan areas.

Build on regional comparative advantages: cities should leverage their unique economic strengths, resource bases, industrial capabilities, institutional assets and geographic location to shape distinct growth trajectories and competitive identities.

Strengthen inter-city connectivity and corridors: improved physical, digital and economic connectivity between cities can facilitate the movement of people, goods, services, capital and knowledge, creating larger integrated markets and unlocking regional productivity gains.

Promote complementary economic specialization: rather than pursuing identical development models, cities should develop sectoral specializations based on local strengths and participate in regional value chains and economic ecosystems that reinforce one another.

Enable integrated city-region development: planning and governance frameworks should increasingly reflect functional economic regions rather than administrative boundaries, supporting coordinated investments, labor market integration and regional economic development.

Action points

01 Develop Tier-II and Tier-III cities as regional growth hubs

- Identify and designate high-potential Tier-II and Tier-III cities as growth hubs
- Prioritize infrastructure and investment support for emerging growth centers
- Develop sector-specific growth strategies for identified cities
- Strengthen institutional capacity for growth-oriented city management
- Create dedicated investment promotion programs for growth hubs

02 Build competitive regional economic ecosystems

- Identify regional comparative advantages and growth sectors
- Develop specialized industry clusters and innovation ecosystems
- Strengthen MSME participation in regional value chains
- Promote sector-focused skill development aligned to local economies
- Facilitate collaboration between industry, academia and research institutions

03 Strengthen inter-city connectivity and economic corridors

- Develop multimodal transport and logistics networks between cities
- Strengthen regional freight and supply-chain infrastructure
- Improve digital connectivity across urban regions
- Align growth hubs with industrial and economic corridors
- Enhance mobility and accessibility between cities and surrounding regions

04 Enable integrated city-region development

- Prepare city-region economic development strategies
- Integrate spatial, economic and infrastructure planning across jurisdictions
- Develop regional housing, labor and logistics markets
- Promote coordinated development of urban and hinterland economies
- Establish metropolitan and regional planning frameworks

05 Strengthen regional governance and investment coordination

- Create regional economic development councils
- Establish inter-city coordination mechanisms
- Develop common investment promotion platforms
- Coordinate infrastructure investments across city-regions
- Institutionalize monitoring of regional economic performance

3 From fiscal dependent to investment - ready cities

Municipal governments are the institutions closest to citizens, businesses and local economic activity. They play a critical role in providing urban infrastructure, delivering services, shaping the business environment and supporting quality of life. Yet across much of the world, and particularly in developing economies, municipal governments often face significant constraints in fiscal resources, technical capacity and financial autonomy. Strengthening municipal finance has therefore emerged as a global priority for enabling sustainable urban development.

This challenge is especially pronounced in India. While urban areas contribute nearly 60% of the country's GDP, municipal corporations collectively generate revenues equivalent to only about 0.6% of GDP[16], highlighting a significant mismatch between the economic importance of cities and their fiscal capacity. Municipal revenues remain highly concentrated among a small number of large cities, while most Urban Local Bodies (ULBs) continue to rely heavily on transfers and grants from higher levels of government. This dependence constrains local decision-making and limits the ability of cities to undertake long-term investments in infrastructure, economic development, housing, mobility, climate resilience and public services.

The scale of the challenge is growing rapidly. India's urban infrastructure requirements are estimated at nearly US$840 billion over the next 15 years[17], far exceeding the resources available through traditional public funding mechanisms. As cities increasingly become engines of economic growth, they must also become capable of mobilizing and managing capital at scale. Reliance on grants and budgetary allocations alone will not be sufficient to support the investments required for a competitive, resilient and rapidly urbanizing economy.

At the same time, significant opportunities are emerging. Municipal bonds, green bonds, sustainable finance instruments, blended finance mechanisms, asset monetization strategies, credit enhancement facilities and public-private partnerships are expanding the range of financing options available to cities. The rapid growth of sustainable finance markets and successful experiences from cities such as Pimpri-Chinchwad demonstrate that urban local bodies can increasingly move beyond traditional funding models and adopt integrated financing strategies that align capital mobilization with long-term economic, social and environmental goals.

The next phase of urban transformation therefore requires a shift from fiscal dependence to financial self-reliance. Cities must strengthen their revenue base, improve financial management, unlock the value of public assets, attract private and institutional capital, and develop the capability to access increasingly sophisticated financing instruments. Success will no longer be measured by the volume of grants received, but by a city's ability to mobilize, structure, and deploy capital to support long-term economic growth, climate resilience, infrastructure development and improved quality of life.

The Urban Challenge Fund (UCF) has the potential to emerge as one of the most transformative instruments in India's urban development landscape by accelerating the transition from grant-dependent municipalities to investment-ready cities. Unlike traditional funding mechanisms that primarily finance projects, the UCF can function as a catalytic platform that rewards reform, innovation, financial discipline and capital mobilization. By linking funding support to outcomes such as stronger municipal finances, enhanced creditworthiness, improved project preparation and successful crowding-in of private and institutional investment, the Fund can incentivize cities to strengthen their financial foundations and adopt more sustainable financing models. It can also encourage the use of innovative instruments such as municipal bonds, green bonds, land value capture, asset monetization, blended finance and public-private partnerships. Positioned in this manner, the Urban Challenge Fund would move beyond a conventional grant program to become a strategic mechanism for building a new generation of financially empowered, investment-ready cities capable of mobilizing diverse sources of capital to finance long-term economic growth, infrastructure development, climate resilience and urban transformation.

[16]RBI report on Municipal Finance

[17]https://www.worldbank.org/en/news/press-release/2022/11/14/india-s-urban-infrastructure-needs-to-cross-840-billion-over-next-15-years-new-world-bank-report

Strategic imperatives

The transition towards financial self-reliance can be enabled through seven strategic imperatives: building financially autonomous and investment-grade cities; unlocking the value of urban land, assets and data; mainstreaming capital-market and sustainable finance; catalyzing private and institutional capital; creating investable urban development platforms; establishing dedicated urban finance and investment institutions; and leveraging technology and financial intelligence systems. Together, these shifts can reposition cities from recipients of public funds to investment-ready institutions capable of financing their own long-term development.

Action points

01 **Build financially autonomous and investment-grade cities**	▪ Strengthen own-source revenues, financial governance, transparency and balance-sheet management to reduce fiscal dependence, and position cities as credible investment destinations
02 **Unlock the value of urban land, assets and data**	▪ Monetize land, infrastructure, development rights, public assets, urban data platforms, digital infrastructure and city-owned information assets to create new revenue streams and enhance capital mobilization
03 **Mainstream capital market and sustainable finance**	▪ Leverage municipal bonds, green bonds, sustainability-linked instruments, climate finance and ESG-focused capital to mobilize long-term financing for urban transformation
04 **Catalyze private and institutional capital at scale**	▪ Mobilize private investment through PPPs, blended finance, infrastructure funds, pooled financing structures, pension capital, sovereign wealth funds and credit enhancement mechanisms
05 **Create investable urban development platforms**	▪ Move beyond project-by-project financing towards integrated urban investment portfolios that combine infrastructure, mobility, housing, climate resilience, digital infrastructure and economic development opportunities
06 **Create next-generation urban finance institutions**	▪ Create city investment funds, urban infrastructure funds, project preparation facilities, municipal development corporations, land development agencies, climate finance facilities and metropolitan investment platforms to structure, aggregate and manage investments at scale
07 **Build digital and AI-enabled finance systems**	▪ Deploy GIS-based property systems, AI-enabled revenue management, digital twins, smart metering, integrated financial platforms and data-driven decision-support systems to improve revenue mobilization, asset management and investor confidence

4 From infrastructure creation to economic competitiveness

Historically, urban development has focused on the provision of physical infrastructure to accommodate population growth and improve service delivery. Success has often been measured through the creation of assets such as roads, water systems, housing, industrial estates and public facilities. While infrastructure remains a critical enabler of urban development, global experience increasingly demonstrates that infrastructure alone does not guarantee economic success.

Competitive cities use infrastructure strategically to strengthen productivity, reduce the cost of doing business, improve connectivity, support industry clusters, attract investment, foster innovation and enhance quality of life. The focus therefore shifts from creating urban assets to building competitive urban economies. Infrastructure investments are prioritized not on the basis of asset creation alone but on their contribution to economic competitiveness, job creation, enterprise growth, innovation and long-term prosperity. Cities that successfully make this transition are able to generate higher levels of investment, productivity, exports and economic value while improving their attractiveness to residents, firms and investors.

Strategic imperatives

The transition from infrastructure creation to economic competitiveness requires cities to view infrastructure as a means to achieve broader economic goals rather than as a goal in itself. Infrastructure investments must be aligned with broader objectives of productivity enhancement, investment attraction, enterprise development, innovation and global competitiveness.

Creating economically competitive cities requires a shift from measuring success through the volume of infrastructure created to measuring success through the economic value generated. The following action areas focus on strengthening competitiveness, productivity, innovation, connectivity and investment attractiveness, enabling infrastructure investments that contribute directly to long-term economic growth, job creation and prosperity.



Action points

The following strategic imperatives provide a roadmap for building competitive urban economies capable of generating sustained economic growth and prosperity.

01 **Build cities around competitive economic advantages Build cities around competitive economic advantages**	▪ Identify strategic growth sectors and anchor industries ▪ Develop city competitiveness strategies ▪ Promote place-based economic specialization ▪ Strengthen export-oriented and tradable sectors ▪ Attract investment aligned with local strength
02 **Build globally competitive economic and innovation ecosystems**	▪ Develop specialized industry clusters and economic districts ▪ Establish innovation districts, research parks and knowledge hubs ▪ Promote collaboration between industry, academia and startups ▪ Strengthen local supply chains and value chain integration ▪ Support high-growth sectors with dedicated infrastructure and services
03 **Enhance connectivity, logistics and market access**	▪ Strengthen regional and global connectivity ▪ Improve freight efficiency and supply-chain performance ▪ Expand digital connectivity and communications infrastructure. ▪ Improve accessibility to labor markets and economic centers ▪ Improve regional market access
04 **Create a business-enabling urban environment**	▪ Improve ease of doing business and regulatory efficiency ▪ Streamline approvals and investment facilitation mechanisms ▪ Enhance utility reliability and service quality ▪ Reduce logistics and transaction costs for firms ▪ Develop investment-friendly urban ecosystems
05 **Leverage technology and digital infrastructure for competitiveness**	▪ Deploy smart infrastructure and intelligent mobility systems ▪ Strengthen digital public infrastructure and urban platforms ▪ Promote AI-enabled urban management and decision-making ▪ Support digital innovation and technology adoption by businesses ▪ Improve infrastructure performance through data-driven management
06 **Measure and manage competitiveness outcomes**	▪ Track investment attraction and enterprise growth ▪ Develop city competitiveness Indices ▪ Monitor job creation and productivity trends ▪ Benchmark performance against peer cities ▪ Institutionalize competitiveness reviews

5 From data assets to strategic economic intelligence

India's cities have made significant progress in building digital infrastructure, urban observatories, integrated command centers, GIS systems and data platforms, creating an unprecedented foundation for data-driven governance and planning. As the volume, quality, and diversity of urban data continue to expand, the opportunity is no longer simply to collect or manage data, but to transform it into actionable economic intelligence that can guide investment, productivity, competitiveness and growth.

The next phase of urban transformation will be defined by a city's ability to harness data, analytics and artificial intelligence to better understand its economy, anticipate future opportunities, and make more informed decisions. Integrated economic intelligence can help cities identify emerging sectors, assess competitiveness, track investment flows, optimize infrastructure investments, strengthen labor market planning and continuously monitor economic performance. The focus therefore shifts from managing data as an operational resource to deploying intelligence as a strategic asset for economic development.

As cities assume a larger role in driving India's GDP, investment, innovation and employment growth, economic intelligence will become a critical determinant of competitiveness. Cities that effectively combine real-time data, advanced analytics and economic insights will be better positioned to identify emerging opportunities, respond to changing market dynamics, attract investment, improve public expenditure outcomes and strengthen resilience. The transition from data assets to strategic economic intelligence therefore represents a shift from descriptive and reactive governance to predictive, evidence-based and outcome-oriented decision-making.

Strategic initiatives

The transition towards strategic economic intelligence can be advanced through five strategic imperatives: establishing dedicated economic intelligence capabilities, building integrated urban data platforms, leveraging advanced analytics and artificial intelligence, embedding data-driven decision-making across government, and strengthening institutional capacity and governance for long-term intelligence-led urban management.

Institutionalizing economic intelligence will enable cities to make better decisions, target investments more effectively and continuously improve economic performance. By integrating economic, spatial, infrastructure and social data into a unified decision-making framework, cities can identify growth opportunities, strengthen competitiveness, optimize resource allocation, enhance transparency and improve accountability. Ultimately, this shift will enable cities to become more agile, adaptive and performance-driven institutions capable of supporting inclusive growth, attracting investment, improving quality of life and advancing the vision of Viksit Bharat 2047.



Action points

01 Establish dedicated economic intelligence capabilities

- Create Economic Intelligence Units within city administrations
- Integrate economic analysis into planning and governance processes
- Develop city competitiveness and economic performance monitoring systems
- Institutionalize economic forecasting and strategic market intelligence functions
- Build specialist analytical capacity within ULBs and city development agencies

02 Build integrated urban data platforms

- Integrate economic, spatial, infrastructure, environmental and demographic datasets
- Develop citywide digital platforms for data sharing and coordination
- Strengthen interoperability across departmental and agency databases
- Create real-time urban data repositories and observatories
- Establish common data standards and governance frameworks

03 Leverage advanced analytics and artificial intelligence

- Deploy AI-enabled forecasting and scenario planning tools
- Use predictive analytics for investment, infrastructure and labor market planning
- Apply data science techniques to identify emerging growth sectors and opportunities
- Leverage digital twins and simulation models to improve urban decision-making
- Utilize AI to optimize resource allocation and service delivery.

04 Embed intelligence-driven decision-making across government

- Integrate analytics into planning, budgeting and investment processes
- Use real-time performance data to guide policy decisions
- Establish evidence-based monitoring and evaluation systems
- Improve coordination across departments through shared intelligence platforms.
- Institutionalize data-driven governance and strategic review mechanism

05 Strengthen data governance and institutional capacity

- Establish robust data governance, security and privacy frameworks
- Build long-term institutional capability in analytics and economic intelligence
- Strengthen partnerships with academia, industry and technology providers
- Promote open-data ecosystems and responsible data sharing
- Develop talent pipelines to support intelligence-led urban management

6 From climate vulnerability to climate resilience

India's cities are increasingly exposed to a wide range of climate-related risks, including extreme heat, flooding, water scarcity, sea-level rise, air pollution and ecosystem degradation. These challenges impose growing social, economic and fiscal costs on cities by disrupting infrastructure and supply chains, reducing labor productivity, damaging assets, increasing public health burdens and constraining economic activity. As climate risks intensify, they threaten not only quality of life but also the competitiveness and long-term growth prospects of urban economies.

As urbanization accelerates, climate resilience can no longer be viewed as a standalone environmental objective; it must become a core pillar of economic development and urban competitiveness. Cities that are unable to manage climate risks will face rising infrastructure costs, declining investment attractiveness, greater economic disruption and increasing fiscal stress. Conversely, resilient cities are better positioned to attract investment, sustain productivity, protect critical assets, enable business continuity and create the confidence required for long-term capital deployment.

The transition from climate vulnerability to climate resilience therefore requires cities to move beyond reactive responses towards proactive risk management, resilience-oriented planning, climate-responsive infrastructure and sustainable resource management. Climate resilience must be embedded across urban systems including water, energy, mobility, housing, public health and land-use planning. Investments in resilience not only reduce future risks and economic losses but also generate significant co-benefits through improved productivity, enhanced livability, lower infrastructure lifecycle costs, stronger resource security and increased investor confidence.

Climate resilience should not be viewed solely as an environmental objective; it is increasingly becoming a prerequisite for economic competitiveness. Cities that can mitigate heat stress, secure water resources, protect critical infrastructure and maintain business continuity will be better positioned to attract investment, sustain productivity, reduce fiscal risks and support long-term economic growth. In this context, resilience becomes a strategic economic asset rather than a compliance requirement.

Climate resilience should not be viewed solely as an environmental objective; it is increasingly becoming a prerequisite for economic competitiveness. Cities that can mitigate heat stress, secure water resources, protect critical infrastructure and maintain business continuity will be better positioned to attract investment, sustain productivity, reduce fiscal risks and support long-term economic growth. In this context, resilience becomes a strategic economic asset rather than a compliance requirement.

In an increasingly climate-constrained world, resilience is becoming a critical determinant of urban competitiveness. The cities that thrive in the coming decades will be those that can simultaneously manage climate risks, safeguard natural resources, strengthen adaptive capacity and sustain economic growth. Building climate-resilient cities is therefore not simply an environmental imperative — it is a strategic economic necessity for enabling long-term prosperity and supporting India's journey towards Viksit Bharat 2047.

Strategic initiatives

The transition from climate vulnerability to climate resilience will require cities to embed resilience considerations across every aspect of urban development, planning, infrastructure, governance and investment. Rather than treating climate risks as isolated environmental challenges, cities must adopt an integrated approach that strengthens adaptive capacity, protects critical assets, promotes sustainable resource management and safeguards long-term economic growth. The following strategic imperatives provide a roadmap for building resilient urban systems that can withstand climate shocks while maintaining productivity, competitiveness and quality of life. By integrating climate resilience into planning, infrastructure, water security, ecosystem management, financing and institutional frameworks, cities can reduce future risks, protect development gains and create the foundations for sustainable and inclusive prosperity.

Action points

01 **Mainstream climate resilience into urban planning**	▪ Integrate climate risks into master plans and development plans ▪ Undertake city-level climate vulnerability assessments ▪ Embed resilience considerations into infrastructure investments ▪ Promote risk-informed land-use planning
02 **Build climate resilient infrastructure**	▪ Climate-proof critical urban infrastructure ▪ Strengthen flood management and stormwater systems ▪ Improve resilience of transport, power and water networks ▪ Incorporate resilience standards in infrastructure design
03 **Strengthen urban water security**	▪ Promote water reuse and circular water systems ▪ Rejuvenate urban rivers, lakes and wetlands ▪ Improve groundwater management ▪ Diversify water sources and improve efficiency ▪ Utilize AI to optimize resource allocation and service delivery
04 **Embed accelerate nature-based and low-carbon solutions**	▪ Expand urban green and blue infrastructure ▪ Improve urban biodiversity and ecosystem services ▪ Promote sustainable mobility and clean energy ▪ Support circular economy approaches
05 **Mobilize climate finance and build institutional capacity**	▪ Access green finance and climate funds ▪ Develop climate investment pipelines ▪ Strengthen urban resilience institutions ▪ Improve climate risk monitoring and early warning systems



5 Way forward: Accelerating India's urban transformation

India's urban transformation is entering a new phase — one that extends beyond infrastructure provision and service delivery towards the creation of competitive, investment-ready and resilient urban economies. As cities become increasingly central to national growth, the focus must shift from managing urbanization to leveraging urbanization as a strategic driver of productivity, innovation and prosperity.

The six strategic shifts outlined in this framework provide an integrated roadmap for this transition. Success will require empowered urban institutions, stronger city leadership, enhanced regional planning, innovative financing mechanisms, data-driven decision-making and climate-resilient development. Equally important will be the need to strengthen partnerships between governments, industry, academia, financial institutions and citizens to create a shared agenda for urban transformation.

Ultimately, the success of Viksit Bharat 2047 will depend on the success of India's cities. By embracing these shifts, India can unlock the full potential of its urban economy and create a network of globally competitive, economically dynamic and resilient cities that serve as powerful engines of national growth and shared prosperity.

Key contributors: FICCI

Neerja Singh



Assistant Secretary General

neerja.singh@ficci.com

Shaily Agarwal



Joint Director - Infrastructure (Real Estate and Urban Infrastructure)

Shaily.Agarwal@ficci.com

Key contributors: EY

Core team

Sudip Datta



Partner and Leader, Urban Sector
Ernst & Young LLP

Sudip.Datta@in.ey.com

Chandana Roychowdhury



Director
Ernst & Young LLP

Chandana.Roychowdhury@in.ey.com

Technical support



Patanjali Biswas
AVP, Ernst & Young LLP



Yash Gupta
Associate, Ernst & Young LLP

Editorial

Shweta Sharma

Harshika Arora

Design

Sneha Arora



Ernst & Young LLP

EY | Building a better working world

EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

EY teams work across a full spectrum of services in assurance, consulting, tax, strategy and transactions. Fueled by sector insights, a globally connected, multi-disciplinary network and diverse ecosystem partners, EY teams can provide services in more than 150 countries and territories.

All in to shape the future with confidence.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EYG member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

Ernst & Young LLP is one of the Indian client serving member firms of EYGM Limited. For more information about our organization, please visit www.ey.com/en_in.

Ernst & Young LLP is a Limited Liability Partnership, registered under the Limited Liability Partnership Act, 2008 in India, having its registered office at Ground Floor, Plot No. 67, Institutional Area, Sector - 44, Gurugram - 122 003, Haryana, India.

© 2026 Ernst & Young LLP. Published in India. All Rights Reserved.

Score number
ED None

This publication contains information in summary form and is therefore intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. Neither EYGM Limited nor any other member of the global Ernst & Young organization can accept any responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication. On any specific matter, reference should be made to the appropriate advisor.

SA1

About FICCI

Established in 1927, FICCI is the largest and oldest apex business organisation in India. Its history is closely interwoven with India's struggle for independence, its industrialisation, and its emergence as one of the most rapidly growing global economies. A not-for-profit organisation, FICCI is the voice of India's business and industry. From influencing policy to encouraging debate, engaging with policy makers and civil society, FICCI articulates the views and concerns of industry.

It serves its members from the Indian private and public corporate sectors and multinational companies, drawing its strength from diverse regional chambers of commerce and industry across states, reaching out to over 250,000 companies. FICCI provides a platform for networking and consensus building within and across sectors and is the first port of call for Indian industry, policy makers and the international business community.

ey.com/en_in

@EY_India EY EY India

EY Careers India @ey_india