

# The Urban World

Quarterly Publication





**Regional Centre for Urban & Environmental Studies (RCUES), Mumbai**  
(Supported by the Ministry of Housing and Urban Affairs, Government of India & Accredited under Capacity Building Commission's National Standards)

All India Institute of Local Self-Government (AIILSG) established in 1926, is a premier & autonomous research and training institution in India. It is a guide to Urban Local Bodies (ULBs) and contributed to the principles and practice of urban governance, education, research and capacity building.

The Regional Centre for Urban & Environmental Studies (RCUES) anchored by All India Institute of Local Self Government (AIILSG), Mumbai, was established in 1968 & supported by the Ministry of Housing and Urban Affairs (MoHUA), Government of India (GoI). The MoHUA, GoI has formed National Review and Monitoring Committee (NRMC) for RCUES, Mumbai in 2018 under the Chairmanship of the Secretary, MoHUA, GoI. The Principal Secretary, Urban Development Department (UDD), Government of Maharashtra (GoM) is the ex-officio Chairperson of the Advisory Committee (AC) of RCUES, Mumbai, which is established by MoHUA, GoI.

RCUES, Mumbai has received an Accreditation Certificate under the Capacity Building Commission's National Standards. RCUES, Mumbai is registered on Integrated Government Online Training (iGOT) platform of Karmayogi Bharat, GoI and associated with Amrit Gyan Kosh under Mission Karmayogi, GoI. RCUES, Mumbai is empaneled as Swachhata Knowledge Partner (SKP) for capacity building & technical support to ULBs under Swachh Bharat Mission (SBM) 2.0, MoHUA, GoI & also registered as a Partner with Swachhata Hi Seva (SHS) 2024 Portal.

RCUES, Mumbai as a National Training Institute (NTI), undertakes capacity building initiatives for elected representatives, municipal functionaries & mission functionaries from the States of Maharashtra, Goa, Gujarat, Rajasthan and UTs of Diu, Daman, Dadra Nagar Haveli & Lakshadweep from the western region and Assam & Tripura from northeast region. Over the years, RCUES, Mumbai has been working in close coordination with states and Urban Local Bodies (ULBs) to provide strategic, advisory, technical and capacity building support focusing on preparing action plans/strategies, technical assessment reports, urban plans such as DPRs, CSPs, CDPs as well as providing on-ground support by engaging with communities for assessment and improvement in infrastructure service delivery in cities.

RCUES, Mumbai has initiated Training Needs Assessments (TNA) and impact assessment to better understand the effectiveness of their training programs. This approach helps identify knowledge/skill gaps and measure the outcomes of training initiatives. The assessments aim to enhance capacity building efforts and improve training program delivery.

Maharashtra Urban WASH and Environmental Coalition (Maha UWES-C) is a joint initiative of the RCUES of AIILSG, Mumbai, and UNICEF Maharashtra. In 2022, MoU is signed with the Directorate of Swachh Maharashtra Mission, Urban Development Department, Government of Maharashtra for building capacities, facilitating partnerships, and supporting innovations under Swachh Maharashtra Abhiyan - Urban 2.0 under Maha UWES-C.

In 2017, AIILSG was empaneled among one of the 35 agencies in India for conducting Integrated Capacity Building Programmes (ICBP). AIILSG Mumbai is supporting the states of Maharashtra, Rajasthan and Goa for the same.

RCUES, Mumbai is advancing capacity building initiatives by extending its efforts beyond training and workshops, urging strong collaboration with states and ULBs. Driven by a small but passionate team, it remains dedicated to empowering municipal officials, with the goal of strengthening governance, thereby enabling better cities.

## **Mr. Ranjit Chavan**

*President, AIILSG*

### **Editorial Board -**

#### **Editor-in-Chief**

#### **Dr. Jairaj Phatak, IAS (Retd.)**

*Director General, AIILSG*

#### **Editor**

#### **Dr. Ajit Salvi**

*Director, RCUES of AIILSG, Mumbai*

### **Editorial Board Members**

- ♦ **Dr. K. H. Govinda Raj, IAS**  
*Principal Secretary, Urban Development, Government of Maharashtra & Ex-officio Chairperson, Advisory Committee of RCUES, Mumbai.*
- ♦ **Dr. (Prof.) Sneha Palnitkar**  
*Chief Executive Officer, Waste Management & Research Centre (WMRC), AIILSG, Mumbai.*
- ♦ **Dr. Stefan Pettersson**  
*Head of Research, IVL Swedish Environmental Research Institute, Stockholm, Sweden.*
- ♦ **Dr. (Prof.) Bert Bosseler**  
*Scientific Director, IKT, Germany.*
- ♦ **Dr. Prashant Bhawe**  
*Professor & Head (Retd.), Civil & Environmental Engineering, Veermata Jijabai Technological Institute (VJTI), Mumbai.*
- ♦ **Dr. Pradip Kalbar**  
*Associate Professor, Environmental Science and Engineering Department, IIT Bombay, Mumbai.*
- ♦ **Dr. Vibhuti Patel**  
*Distinguished Visiting Professor, Impact and Policy Research Institute (IMPRI), New Delhi.*
- ♦ **Dr. Milind Kulkarni**  
*Director, Prachi Services Pvt. Ltd., Mumbai*
- ♦ **Dr. Mrudul Nile**  
*Professor, Department of Civics and Politics, University of Mumbai.*
- ♦ **Mr. Fazalahmed Khan**  
*Advisor, AIILSG, Mumbai.*

The Urban World - Quarterly Publication of Regional Centre for Urban and Environmental Studies of All India Institute of Local Self-Government, Mumbai

(July - September 2025)

**Dr. Ajit Salvi,**

*Director*

Regional Centre for Urban & Environmental Studies of  
All India Institute of Local Self-Government,  
M. N. Roy Human Development Campus, Plot No.6, 'F' Block,  
Opp. Government Colony Bldg. No. 326,  
Bandra (East), Mumbai - 400 051, India  
Tel : 8657622550 / 51 / 52 / 54  
Email : dir.rcues@aailsg.org  
Website : www.aailsg.org

*Published by -*

**Dr. Jairaj Phatak, IAS (Retd.),**

*Director-General*

All India Institute of Local Self-Government,  
M. N. Roy Human Development Campus, Plot No.6, 'F' Block,  
Opp. Government Colony Bldg. No. 326,  
Bandra (East), Mumbai - 400 051, India  
Tel : 8657622550 / 51 / 52 / 54  
Email : dg@aailsg.org  
Website : www.aailsg.org

The opinions expressed in the articles / presentations herein are those of the authors. They do not reflect the opinions of the Regional Centre for Urban and Environmental Studies, All India Institute of Local Self Government, Mumbai, Ministry of Housing and Urban Affairs, Government of India or Publisher.

Printed by **All India Institute of Local Self-Government, Mumbai.**

## Contents

- **Editorial**
  
- **Union Budget 2025-26 and Financing of Urban Development: Trends and Implications** **01-10**  
**Dr. Soumyadip Chattopadhyay**  
Associate Professor,  
Dept. of Economics and Politics,  
VISVA-BHARATI (A Central University), West Bengal &  
Visiting Senior Fellow,  
Impact and Policy Research Institute (IMPRI),  
New Delhi.  
  
**Dr. Arjun Kumar**  
Director,  
IMPRI,  
New Delhi.
  
- **Assessment of Municipal Finance in the Context of AMRUT Initiatives in West Bengal** **11-29**  
**Dr. Joy Karmakar,**  
Lecturer,  
Dept. of Geography,  
Serampore College, Hooghly,  
West Bengal.
  
- **Inclusive Cities, Resilient Lives: Social Work's Role in Sustainable Economic Futures** **30-42**  
**Mr. Gautam Makwana**  
Research Scholar Ph.D. (Social Work)  
and  
**Dr. H. Elizabeth**  
Professor (Social Work),  
School of Social Sciences, Dept. of Social Work,  
Mizoram University (A Central University), Aizawl,  
Mizoram.
  
- **ROUND & ABOUT** **43-48**  
**Mr. Fazalahmed Khan**  
Advisor,  
AIIILSG,  
Mumbai.

## RCUES Key Publications

1. Urban Development.
2. Urban Planning.
3. Solid Waste Management - Resource Material.
4. Hospital Medical Waste Management.
5. Planning for Urban Informal Sector in Highly Dense Cities.
6. Study of Municipal Schools with Special Focus on Drop-outs, Standard of Education and Remedies.
7. Rainwater Harvesting.
8. Institutionalisation of Citizen's Participation in Urban Governance.
9. Gender Budgeting.
10. Gender Equality in Local Government - Comparative Study of Four States in Western Region in India.
11. Mapping of Basic Services in Urban Slums.
12. Basic Services to the Urban Poor.
13. Health.
14. Security of Tenure.
15. Resettlement and Rehabilitation.
16. Mumbai Human Development Report, 2009.  
(UNDP / MOH & UPA, GOI / MCGM).
17. Resource Material on Urban Poverty Alleviation.
18. Laws of Meetings.
19. Resource Material on Preparation of City Sanitation Plan (CSP) & Capacity Building for Urban Local Bodies.
20. Implementation of 74th CAA, 1992 in Urban Local Bodies and Impact Assessment of Training of Women Elected Members.

# Editorial

## **Sustainable Finance as the Backbone of Resilient Cities**

Today, cities are at the forefront of addressing global development challenges, including rapid urbanization, climate change, economic instability, and growing social inequalities. As India and the world aspire toward inclusive and sustainable urban futures, one critical question persists: how do we finance this transformation? The theme of this edition, 'Sustainable Finance as the Backbone of Resilient Cities,' underlines the reality that resilient, liveable, and future-ready cities cannot be built on policy intent alone, they also demand robust, sustained, and innovative financing frameworks.

The Union Budget 2025 - 26 rightly elevates urban development as a transformative reform sector, but its success will hinge on addressing the chronic weaknesses in municipal finance and governance. While increased allocations, the Urban Challenge Fund, and support for metro and urban infrastructure projects mark a forward-looking shift, the persistent underutilization of funds and the declining fiscal autonomy of cities underline a deeper structural problem. When urban infrastructure projects are designed with sustainability at their core, the financing invested generates long term benefits such as reduced vulnerability to climate shocks, improved public health, and enhanced quality of life. Indian cities continue to rely excessively on central funds while failing to tap into sustainable revenue sources such as property tax and user charges. A genuine transformation requires empowering urban local bodies to mobilize resources, plan effectively, and build citizen trust in achieving sustainable finance.

Sustainable finance is not merely about funding projects; it is about creating frameworks that balance economic growth with social equity and environmental sustainability. Instruments like sustainability linked loans and ESG (Environmental, Social, and Governance) frameworks promote accountability while also attracting investors who are increasingly aware of the climate and social risks associated with urban development.

Economic resilience in the urban sector depends on adopting innovative financial practices. A truly resilient city is one that can withstand disruptions such as pandemics, floods, or market instability while continuing to protect livelihoods and ensure uninterrupted delivery of essential services. This resilience requires robust fiscal management, diversified revenue streams, and adaptive governance systems. Strengthening local governments' capacity to mobilize and manage sustainable finance ensures not only that cities can withstand disruptions but also that they can evolve into engines of green growth and social inclusion.

# Editorial

As India and other emerging economies pursue urban transformation, integrating sustainable finance into city governance is no longer optional but an imperative. The future of urban resilience depends on bridging the gap between visionary urban plans and accessible, equitable financial models. By channeling capital towards green mobility, affordable housing, renewable energy, and resilient infrastructure, cities can secure both economic stability and sustainability. In this decade of climate urgency, sustainable finance must be recognized as the most powerful lever to safeguard urban futures.

As this edition of The Urban World illustrates, the path to resilient cities lies in bridging the urban financing gap with creativity, accountability, and inclusivity. Sustainable finance is not a peripheral concern, it is the foundation upon which equitable, resilient, and thriving urban futures will be built.



# Union Budget 2025-26 and Financing of Urban Development: Trends and Implications

**Dr. Soumyadip Chattopadhyay**

Associate Professor,

Dept. of Economics and Politics, VISVA-BHARATI (A Central University), West Bengal &

Visiting Senior Fellow,

Impact and Policy Research Institute (IMPRI), New Delhi.

**Dr. Arjun Kumar**

Director,

IMPRI, New Delhi.

## Abstract

In alignment with India's growing emphasis on sustainable and inclusive urbanization, the Union Budget 2025-26 has identified urban development as one of its six transformative reform sectors, accompanied by a significant increase in budgetary allocations. While initiatives like the newly launched Urban Challenge Fund and existing schemes offer critical fiscal support, they must be complemented by private and market-based instruments to meet the scale of infrastructure financing required. This necessitates fundamental reforms in municipal finance, including greater financial autonomy and improved capacity to generate own-source revenues – areas where many Indian cities continue to underperform. The preparation of bankable urban projects is essential to attract private investments, though such models carry the risk of exacerbating socio-spatial inequalities in access to services. This paper argues for a structural shift toward a decentralized institutional, legal, and regulatory framework, with particular emphasis on the de jure devolution of functions and finances to city governments. Equally vital is the development of robust, city-level databases on infrastructure planning and

service delivery, which would enhance transparency, improve governance accountability, and rebuild citizen trust in Urban Local Bodies (ULBs).

## Introduction

India's rapid urbanization continues to position its cities as pivotal engines of economic growth. Realizing this potential, however, requires substantial public investment – not only to support the agglomeration benefits of urban economies but also to ensure cities remain inclusive, livable, and sustainable. A recent World Bank study notes that Indian cities need investments of \$840 billion in 15 years till 2036 (Athar et al, 2022). This is equivalent to 1.18% of estimated GDP and USD 108 per capita per year over this period. Over half of these investment needs – almost USD 450 billion is for providing basic urban services like water supply, sewerage, waste management, roads, streetlights, storm water drainage, and so on. However, India grossly underinvests in urban infrastructure, as between 2011 and 2018, total capital expenditure in urban infrastructure averaged at 0.6% of GDP, and in per capita terms, it is only USD 26.

Of late, on a positive note, the Budget has prioritized urban development as one of the six transformative reform sectors to propel India into a higher growth trajectory. This conforms to the government's continued focus on building sustainable and inclusive cities. In terms of budgetary allocations, the Ministry of Housing and Urban Affairs (MoHUA), Government of India receives an allocation of Rs. 96,777 crores, which is equivalent to about 52% increase over the budgetary allocations (revised estimate) of Rs. 63670 crores (2024-25). The share of MoHUA's allocation in the total union budget has increased from 1.5% (actual estimate) in 2023-24 to 1.9% (budget estimate) in 2025-26. Against this background, this paper examines the implications of budgetary provisions for financing urban development in India.

## Decoding the Budget Figures

Broadly, there are two distinct sets of urban development schemes – centrally sponsored

schemes and central sector schemes. **Table 1** provides trends in budgetary allocation over the period from 2022-23 to 2025-26. Seven schemes (four centrally sponsored schemes, viz. Pradhan Mantri Awas Yojana - Urban (PMAY-U), Atal Mission for Rejuvenation and Urban Transformation (AMRUT), Urban Challenge Fund (UCF) and Swachh Bharat Mission - Urban (SBM-U), and three central sector schemes, viz. Mass Rapid Transit System (MRTS) and Metro Projects, General Pool Accommodation and Prime Minister Street Vendor's AtmaNirbhar Nidhi (PM SVANidhi) account for 90 percent of MoHUA's budget in 2025-26. Among them, some schemes, for example MRTS and Metro Rail Projects and AMRUT have recorded an increase in allocations to the tune of 40% and 25% respectively over the last financial year. Budgetary allocation to PMAY-U has decreased by about 23% while SBM-U allocations have remained the same. Smart Cities Mission and Deendayal Antyodaya Yojana - National Urban Livelihoods Mission (DAY-NULM) have been discontinued for 2025-26.

**Table 1: Union Budget and Allocations for Urban Development**

| Centre's Expenditure | AE          | BE          | RE          | AE          | BE<br>(Interim) | BE          | RE          | BE          |
|----------------------|-------------|-------------|-------------|-------------|-----------------|-------------|-------------|-------------|
| (in INR crores)      | 2022–<br>23 | 2023–<br>24 | 2023–<br>24 | 2023–<br>24 | 2024–25         | 2024–<br>25 | 2024–<br>25 | 2025–<br>26 |
| Net                  | 77,310      | 76,431      | 69,270      | 68,564      | 77,523          | 82,577      | 63,669      | 96,777      |
| Revenue component    | 50,432      | 50,434      | 42,737      | 42,123      |                 | 53,948      | 32,008      | 59,322      |

| Centre's Expenditure  | AE          | BE          | RE          | AE          | BE<br>(Interim) | BE          | RE          | BE          |
|---|-------------|-------------|-------------|-------------|-----------------|-------------|-------------|-------------|
| (in INR crores)   | 2022–<br>23 | 2023–<br>24 | 2023–<br>24 | 2023–<br>24 | 2024–25         | 2024–<br>25 | 2024–<br>25 | 2025–<br>26 |
| Capital component   | 26,878      | 25,997      | 26,533      | 26,441      |                 | 28,628      | 31,661      | 37,623      |
| Smart Cities Mission -<br>Mission for Development of<br>100 Smart Cities                    | 8,479       | 7,665       | 7,718       | 7,704       | 2,237           | 2,237       | 1,910       | -           |
| Smart Cities Mission - City<br>Investment to Innovate,<br>Integrate and Sustain<br>(CITIIS) | 233         | 334         | 281         | 278         | 163             | 163         | 89          | -           |
| Total- Smart Cities Mission   | 8,652       | 8,000       | 8,000       | 7,982       | 2,400           | 2,400       | 2,000       | -           |
| CITIIS 2.0  |             |             |             |             |                 | 225         | 225         | 250         |
| National Urban Digital<br>Mission (NUDM)  |             |             |             |             |                 | 1,150       | 108         | 1,250       |
| AMRUT (Atal Mission for<br>Rejuvenation and Urban<br>Transformation)                        | 6,499       | 8,000       | 5,200       | 5,590       | 8,000           | 8,000       | 6,000       | 10,000      |

| Centre's Expenditure                             | AE          | BE          | RE          | AE          | BE<br>(Interim) | BE          | RE          | BE          |
|--|-------------|-------------|-------------|-------------|-----------------|-------------|-------------|-------------|
| (in INR crores)                                  | 2022–<br>23 | 2023–<br>24 | 2023–<br>24 | 2023–<br>24 | 2024–25         | 2024–<br>25 | 2024–<br>25 | 2025–<br>26 |
| Total MRTS and Metro Projects*                   | 23,603      | 23,175      | 23,104      | 23,102      | 24,931          | 24,932      | 28,816      | 34,157      |
| Pradhan Mantri Awas Yojana Urban (PMAY -U Total) | 28,652      | 25,103      | 22,103      | 21,684      | 26,170          | 30,170      | 15,170      | 23,294      |
| PMAY-U 1. ISS- I for EWS/ LIG                    | 10,820      | 0.01        | 0           |             | 0               | 3,000       | 1,000       | 2,500       |
| PMAY-U 2. ISS-II for MIG                         | -           | -           | -           |             | -               | 1,000       | 500         | 1,000       |
| Swachh Bharat Mission Urban (SBM-U)              | 1,926       | 5,000       | 2,550       | 2,392       | 5,000           | 5,000       | 2,159       | 5,000       |
| PM-eBus Sewa Scheme                              |             |             |             | 1           |                 | 1,300       | 500         | 1,310       |

Source: [www.indiabudget.gov.in](http://www.indiabudget.gov.in)

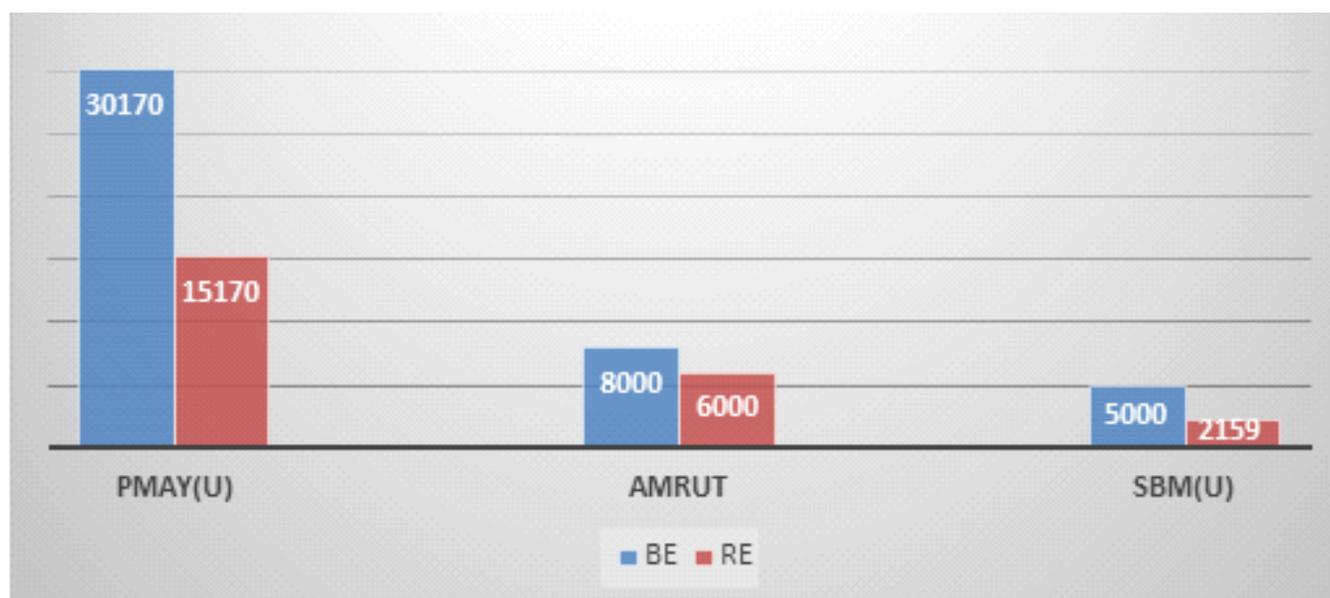
Note: BE- budget estimate, RE- revised estimate, AE- actual estimate; ISS- interest subsidy scheme, EWS- economically weaker section; LIG- lower income group, MIG- middle income group.

\* Include grants to Metro and NCRTC

Moreover, significant drops in RE of some of the key schemes as compared to their BE in 2024-25 is a serious policy concern. Such drops in the case of PMAY-U, AMRUT and SBM-U are 50%, 25%, and

57%, respectively (**Figure 1**). This is indicative of a potential underutilization of expenditure as compared to budget allocation.

**Figure 1: Key Urban Schemes in 2024-25: BE vs RE  
(in Rs. crores)**



In the current budget, there is a budgetary allocation of INR 10,000 crores for setting up an 'Urban Challenge Fund' (UCF). The UCF aims to develop cities as growth hubs, as well as to facilitate creative redevelopment of cities, and to implement water and sanitation projects. The fund proposes to cover a maximum of 25% of the costs of projects that are bankable. In addition, the UCF stipulates a minimum of 50% funding through loans, municipal bonds, and Public-Private Partnerships (PPP). The budget proposes to formulate a framework for enabling policies, bankable projects, and market-based mechanisms. Notably, the Economic Survey 2023–24 underscores the importance of empowering city governments within this framework.

A closure look at the nature of financial assistance under the centrally sponsored schemes gives interesting insights. For example, in the case of the AMRUT scheme, there are two categories of cities. In case of cities with a population of above 10 lakh, one-third of the project cost is provided as a grant. On the other hand, cities/towns with a population up to 10 lakhs receive half of their project cost as a

grant. Balance project funding is to be arranged by the State/City governments or through private investment. Moreover, the financial share of cities will vary across states, and state governments decide on the sharing modalities of residual financing between the state government, city governments and any other sources (e.g. PPP, market borrowing) with a minimum capping of 20% of the total project cost for the state governments. In case of Smart Cities Mission, about 45% of the total project costs are proposed to come from Central and State/City governments, while the proposed contributions from convergence of schemes (with AMRUT, SBM, Heritage City Development and Augmentation Yojana (HRIDAY)), PPP and loans are 21%, 21% and 5% respectively.

These trends clearly indicate that budgetary allocations alone are insufficient to meet the vast infrastructure needs of urban India. To bridge the funding gap, there is a pressing need to scale up private and market-based financing instruments. Achieving this, however, requires fundamental

reforms in municipal finance, with a particular emphasis on strengthening the own-source revenue capacity and financial autonomy of ULBs.

## Analyzing Own Source Revenue of the Cities

Indian cities perform poorly in terms of their revenue raising capability. Municipal revenue hovered around 1% of GDP during the period from 2007-08 to 2017-18 (ICRIER, 2019). The municipal corporations contributed nearly 80% to India's municipal revenue. As per the RBI Report on Municipal Finance, based on 232 out of 268 Municipal Corporations, the total revenue of these cities is about 0.6% of GDP in 2023-24.

The Revenue autonomy ratio indicates that own source revenue (tax as well as non-tax revenue) accounts for about 60% of the total revenue of the municipal corporations. Contribution of own tax in total revenue is budgeted to be around 48% in 2023-24. Importantly, half of the municipal corporations could not even cover half of their revenue expenditure through their own source revenue (RBI, 2024).

## Case of Property Tax

Property Tax (PT) remains the most important source of local taxation for urban governments in India. Its significance has further increased in the post Goods & Services Tax (GST) era. Currently, property tax contributes approximately 64% of the total tax revenue of municipal corporations (see **Table 2**). However, its overall revenue yield remains significantly low, contributing only 0.15% of India's GDP – far below the 3-4% of GDP contribution seen in developed countries like the United States and Canada. This indicates that property taxation represents one of the largest untapped sources of municipal revenue in India.

The property tax system in Indian cities suffers from the problem of improper assessment. Many cities still rely on manual, paper-based systems for the creation and maintenance of property registers. Even two-thirds of the cities with digital property records resorted to manual digitization with or without conducting field surveys. Some of the cities could manage to employ GIS-based property mapping, albeit as a one-time exercise. All these make the valuation inaccurate, as well as outdated and susceptible to human errors. Among the Indian

**Table 2: Key Financial Indicators of Municipal Corporations**

|                  | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|------------------|---------|---------|---------|---------|---------|
| Revenue Autonomy | 59.02   | 55.21   | 61.43   | 59.67   | 61.94   |
| % TxR in OSR     | 46.23   | 52.29   | 40.81   | 49.61   | 48.46   |
| % NTR in OSR     | 53.77   | 47.71   | 59.19   | 50.39   | 51.54   |
| % PT in TxR      | 60.55   | 61.34   | 53.52   | 61.90   | 63.33   |

Source: Authors' calculations based on RBI (2024)

Note: TxR- Tax Revenue; NTR-Non-Tax Revenue; PT- Property Tax; OSR- Own Source Revenue

States, only five States i.e. Andhra Pradesh, Chhattisgarh, Goa, Madhya Pradesh and Manipur have a provision for “periodic assessment of city areas” within a fixed period.

Furthermore, the valuation of properties frequently violates the two core principles of local taxation – buoyancy and equity. Due to the lack of credible databases on rental or capital values, the assessed property values often fall far below market rates. There is evidence of assessed values to approximate only 8-10% of the market values of the properties (Chattopadhyay, 2015). Municipal revenue officials exercise their discretionary powers at the time of assessment of properties, resulting in lower transparency in valuation methods as well as the willingness of citizens to pay property tax.

There is a city-wide deficiency in the area of tax collection. A study of 36 largest Indian cities reveals that 88% of properties were assessed for taxation, out of which only 63% properties paid taxes (Mathur et al., 2009). In other words, only 56% of the properties paid taxes with the incidence of massive city specific variations. Moreover, collection efficiency is correlated to administrative efficiency and staff strength. Poor staffing, lack of administrative capacity, and absence of robust enforcement mechanisms all contribute to low collection efficiency. Municipalities often refrain from taking penal action against defaulters, and many lack effective dispute resolution systems. Furthermore, exemptions are granted frequently, often without transparent or well-defined criteria – further weakening the integrity of the property tax regime.

### **Case of Non-Tax Revenue (NTR)**

Utilization of the full potential of non-tax revenue sources available at the city level can promote efficient allocation of public resources by bridging the gap between what citizens want and what they are willing to pay for. If cities can fund at least the operation and

maintenance through an appropriate cost recovery mechanism, then they can become self-reliant and ensure cost-effective delivery of urban services.

However, few cities in India utilize these non-tax sources to cover the operation and maintenance costs of basic services. The 2022 World Bank report has shown that water and sewerage utilities in Indian cities recovered only 55% of their operating costs on average (Athar et al., 2022). This indicates that cities are utilizing service charges that are bereft of the principle of cost recovery and financial sustainability.

This year's budget emphasizes the development of bankable projects that entail cost recovery. Historically, the cost recovery principle has featured in all the government policies and schemes since the mid-1990s. For facilitating full cost recovery, JNNURM specified the levy of user charges as one of the reform conditions for accessing central funds. However, not many cities could achieve full cost recovery of operation and maintenance in water supply and solid waste management services.

With exclusive focus on bankable projects and cost-recovery mechanisms, there are risks of deepening the prevalent socio-spatial inequalities in access to basic urban services. Nonetheless, from the perspective of attracting private interests in financing urban services, bankable projects are required. In that scenario, an independent regulatory body needs to be established to assess the cost of urban services and ensure access to these services for all. (Chattopadhyay and Kumar, 2025).

### **Goods and Services Tax (GST) Impact**

After GST rollout, some of the buoyant sources of city revenue, e.g. octroi, local body tax, entry tax, and entertainment tax, have been discontinued, and that too without any provision for adequate compensation from the higher levels of government.

This has further weakened the resource generation capacity of the cities. In the pre-GST period, Mumbai was able to cover almost 85% of its expenditure. In the post-GST period, with the discontinuation of octroi and property tax accounting for about one-fourth of its revenue, the city could cover only half of the expenditures.

This poses a significant policy concern, as limited attention has been paid to the recommendations of the Ministry of Housing and Urban Development and expert committees advocating for a share of GST revenues to be allocated to cities (Kelkar, 2019).

## **Challenges of Private Financing**

India's cities continue to face severe revenue shortfalls, which pose significant constraints to the Budget 2025-26's policy focus on leveraging market-based financing instruments, such as municipal bonds and commercial loans. The Reserve Bank of India Report (2024) on municipal finance has emphasized municipal bonds as instruments for sustainable resource mobilization. Yet, the development of the municipal bond market is at a nascent stage in India. As of March 2024, the total municipal bonds outstanding stand at ₹4,204 crore, which is just 0.09% of the total corporate bonds outstanding (RBI, 2024). This is in sharp contrast to the experience of municipal bond financing, two-thirds of urban infrastructure investment in the US.

Of late, several initiatives have been undertaken to deepen the municipal bond market in India. The Securities & Exchange Board of India (SEBI) introduced a new regulation for the issue and listing of municipal bonds in domestic stock exchanges in 2015. The regulation has specific provisions for the maintenance of positive net worth by the city governments, investment credit rating of at least BBB grade, absence of default in debt repayment performance, escrowing of revenue for debt servicing,

earmarking of city projects for utilizing bond proceeds, and transparency in financial accounting.

Under the AMRUT scheme, the Government of India has also provided financial incentives in the form of a 2% interest subsidy for bonds. Moreover, the AMRUT 2.0 has the provision for financial incentives in the form of a lump-sum grant-in-aid for municipal bond issuances at a rate of ₹13 crore per ₹100 crore of bonds issued, with a ceiling of a maximum of ₹200 crore of bonds. In particular, this incentive is to be provided on a first-come, first-served for 10 cities in a financial year.

In case of successful municipal bond market initiatives (e.g., in the US), either revenue generated from financially viable projects or revenue generated by the city governments is utilized to repay the debt obligations (Glasser, 2020). In India, cities seldom experience such revenue surpluses that act as a major barrier to a sustainable market for municipal bonds. Cities lack capacity to develop and implement revenue generating urban projects. Ill-conceived projects often engender over-collateralisation with the city governments keep more revenue than what is required in the escrow account for meeting future payment obligations. In some cases, such practices result in withholding about 40-50% of municipal revenue resources and, thereby, weakening the city governments' ability to provide urban basic services.

Timely availability of information on assets and liabilities of the cities, along with periodic assessment of the economic and social framework of the cities, are extremely important to build investors' confidence regarding investment in municipal bonds. Based on this information, credit rating agencies evaluate the cities issuing municipal bonds. But improper maintenance of systematic information on the legal and administrative framework and financial resources makes the credit rating tasks extremely difficult.

In terms of legal provisions, the state governments provide approval for bond issuance on a case-by-case basis and that too through highly opaque and time-consuming procedures. The availability of audited financial information of the city government is limited as there are hardly any regulations for public disclosures. The Annual Survey of India's City-Systems (ASICS) 2023 Report indicates that out of 35 capital cities in India in 2023, only 28% of them reported annual audited financial statements. Such absence of financial transparency is expected to be even higher in other non-capital cities. In addition, the format for disclosure of financial information and other related performance indicators is not uniform, further complicating the process of credit rating. This is evident from the credit rating experiences of 470 cities, out of which only 36 cities obtained investment-grade ratings with A– and above ratings.

Further, the State governments in India provide guarantees for municipal bonds by authorizing the city governments to pledge immovable property owned by them, coupled with their own source revenue. But no State laws specifically address the insolvency of city governments. In case of any default, lenders are required to apply to the State government to reclaim their investment, and in the absence of a specific procedure, it remains unclear how investors would enforce such debt obligations of the city governments. This has only dampened the investors' interest in subscribing to the municipal bonds.

In addition to weak fiscal health, the lack of capacity makes it really difficult for the cities to attract private players and structure the Public-Private Partnership (PPP) projects. Even in the case of the smart cities, private consultant-led proposals not only have turned out to be generic in nature by ignoring city-specific priorities but also have struggled to generate the required funds.

As per the NITI Aayog report on reforms in urban planning capacity in India (2021), state, town, and

country planning departments do not have one planner per city or town, with 42% sanctioned posts of town planners lying vacant. Following the Finance Minister's budget speech 2022-23, one High Level Committee was constituted. The committee's report (2023) recommended the setting up of a 'National Urban Regional Planning Authority (NURPA) as an apex advisory body to all ministries and departments on urban planning and development, and allocation of resources to States for five years to recruit urban planners and multi-disciplinary experts for building capacity for urban planning.

To meaningfully expand the municipal bond market and attract long-term private investment, it is imperative for the government to act on these recommendations with urgency. Bridging the twin gaps of financial transparency and technical capacity will be crucial to ensuring Indian cities are fiscally empowered, creditworthy, and capable of delivering sustainable infrastructure.

## Conclusion

The Union Budget 2025-26 marks a welcome step toward advancing India's urban development agenda. However, translating this fiscal commitment into meaningful outcomes will require deep structural reforms, with a strong emphasis on the empowerment of city governments. Financial sustainability ultimately depends on whether ULBs have the revenue autonomy and institutional capacity to fulfill their responsibilities.

As this paper has highlighted, many cities have underutilized their existing revenue sources, particularly property taxes and user charges. Addressing this requires a decentralized institutional, legal, and regulatory framework, including the de jure devolution of functions and finances to city governments. Equally important is the adoption of people-centric urban development plans that promote accountability and encourage citizens to contribute through taxes and fees for the services they receive.

Equally important is to build a city-wise database on infrastructure plans and service delivery metrics. This would ensure greater transparency regarding city activities and build people's confidence in city governments. Part of the financial strength of US cities stems from the trust that most citizens place in their city government (Glasser, 2020).

In essence, our cities can and should better utilize available fiscal instruments than what they have done to date. This will require well-designed and

consistently implemented reforms, supported by clear roadmaps, institutional coordination, and capacity-building. While these reforms may take time to yield visible outcomes in terms of improved revenue generation and service delivery, they are essential for building resilient, inclusive, and future-ready urban economies. The real challenge, however, lies not only in designing these reforms but in garnering sustained public and political support to implement them – and to stay the course long enough for the benefits to materialize.

## References

- 1) Athar, S., White, R., & Goyal, H. (2022). *Financing India's urban infrastructure needs: Constraints to commercial financing and prospects for policy action*. Washington, DC: World Bank.
- 2) Chattopadhyay, S. (2015). *Financing India's urban infrastructure: Current practices and reform options*. *Journal of Infrastructure Development*, 7(1), 55–75.
- 3) Chattopadhyay, S., & Kumar, A. (2025). *Union Budget 2025–26 and India's quest for inclusive cities: An evaluation*. *Economic and Political Weekly*, 60(24), 25–29.
- 4) Chattopadhyay, S., & Kumar, A. (2019). *Tapping the revenue potential of property tax in India*. *Ideas for India*. <https://www.ideasforindia.in/topics/social-identity/tapping-the-revenue-potential-of-property-tax-in-india.html>
- 5) Glasser, M. (2020). *Municipal bonds in three countries: India, South Africa, and the United States*. *Journal of Comparative Urban Law and Policy*, 4(1), 96–132.
- 6) Indian Council for Research on International Economic Relations (ICRIER). (2019). *Finances of municipal corporations in metropolitan cities of India: A study prepared for the Fifteenth Finance Commission*. New Delhi: ICRIER.
- 7) Kelkar, V. (2019). *Towards India's new fiscal federalism (Working Paper No. 252)*. National Institute of Public Finance and Policy, New Delhi.
- 8) Mathur, O. P., Thakur, D., & Rajyadhyaksha, N. (2009). *Urban property tax potential in India*. National Institute of Public Finance and Policy, New Delhi.
- 9) Reserve Bank of India. (2024). *Report on municipal finances*.
- 10) Union Budget of India. *India Budget*. Retrieved from <https://www.indiabudget.gov.in/>



# Assessment of Municipal Finance in the Context of AMRUT Initiatives in West Bengal

**Dr. Joy Karmakar**

Lecturer,

Dept. of Geography, Serampore College,  
Hooghly, West Bengal.

## Abstract

With India undergoing rapid urbanization, characterized by projections indicating that 17 of the 20 fastest-growing global cities between 2019 and 2035 will be located within the country, there is an anticipated substantial upsurge in local government expenditures. This increase is imperative to cater to the escalating demand for affordable housing, well-connected transportation systems, fundamental infrastructure such as water and electricity supply, educational institutions, healthcare facilities, and the preservation of law and order. This paper undertakes an analysis of the financial dynamics of the 26 Urban Local Bodies (ULBs) in West Bengal. The introduction of the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) in 2015, with its first phase concluding in 2019-20, serves as a pivotal backdrop for this study. Data from two distinct financial years have been collected to ascertain the financial changes in these ULBs following the program's implementation. One notable observation is the considerably low proportion of tax revenue in comparison to grants for these ULBs. In fact, this proportion has exhibited a consistent increase across towns of varying sizes over the years. Additionally, per-capita revenue has predominantly risen in most ULBs, yet per capita expenditure remains relatively low.

**Keywords :** Tax Revenue, Per Capita Revenue, AMRUT, Non-Tax Revenue

## Introduction

Since independence, municipal finances in India have occupied a relatively peripheral role in the country's public finance structure. This has been primarily characterized by a limited financial base, insufficient autonomy, difficulties in revenue generation, and a heavy reliance on financial support from central and state authorities. These challenges are exacerbated by internal inefficiencies in financial management. Despite the implementation of institutional changes outlined in Articles 243Y and 280(3) (c) of the 74<sup>th</sup> constitutional amendment, the period following 1992 has not witnessed any significant improvements in the financial circumstances of ULBs. It is argued that the amendment left many substantial issues unresolved. For instance, the recommendations presented by the State Finance Commissions (SFCs) have largely been disregarded at the state level due to the severe financial difficulties faced by the states themselves. The Amendment Act has failed to reshape the landscape of fiscal federalism in the country, and states have, at best, only superficially adhered to the SFC recommendations (Jha, 2020).

As India experiences rapid urbanization, with projections indicating that 17 of the 20 fastest-growing cities globally between 2019 and 2035 will be in India, as reported by Oxford Economics in 2018 (Holt, 2018), there is an expected significant increase in spending by local governments. This

increase is essential to meet the growing demand for affordable housing, well-connected transportation systems, basic infrastructure like water and electricity supply, educational institutions, healthcare facilities, and the maintenance of law and order. In their study, Athar, White and Goyal (2020) pointed out that India's urban areas necessitate an estimated capital investment of USD 750 billion for urban infrastructure and municipal services over the 15-year period leading up to 2036 (measured in 2020 prices). This amounts to approximately 1.18% of the estimated Gross Domestic Product (GDP) for that duration. Of this required investment, more than half, nearly USD 450 billion, is allocated for vital municipal services such as water supply, sewerage, municipal solid waste management (SWM), storm-water drainage, urban roads and street lighting. The remaining USD 300 billion is designated for mass transit projects. These investments need significantly surpass the current levels of investment. Over the last decade (2011-2021), the average capital expenditure on urban infrastructure has been a mere 0.6% of GDP. In fact, the Government of India (GOI) had previously estimated that USD 560 billion in capital investment would be necessary for urban infrastructure and services over the 20-year period from 2012 to 2032 (as per HPEC 2011<sup>1</sup>), equating to an average annual financing requirement of USD 42 billion. Scholars observe that despite a substantial increase in inter-governmental fiscal transfers to cities in the last decade, cities still confront a substantial deficit in resources compared to their investment requirements and will need additional sources of financing. Notably, smaller towns face considerable hurdles in mobilizing the necessary finances for these needs and the financing gap remains substantial.

---

<sup>1</sup> Report issued by the 'High Powered Expert Committee (HPEC) for Estimating the Investment Requirements for Urban Infrastructure Services' in 2011. HPEC was convened by the Ministry of Urban Development, Government of India.

Although there has been a significant rise in inter-governmental fiscal transfers to urban areas in the past decade, cities still face a considerable resource gap compared to their investment needs. As a result, they will require funding from supplementary sources. Similarly, small towns face formidable challenges in obtaining the necessary finances for their requirements, leading to a substantial shortfall in financing. Due to a limited range of revenue sources, ULBs in India primarily rely on grants from both the Central and State governments to meet their financial needs. Over dependency on property tax within their own revenue streams has hindered the exploration of alternative funding sources, such as trade licenses, entertainment taxes, revenue from mobile towers, user charges for solid waste management, water fees and value capture financing.

To effectively address the challenges posed by rapid urbanization, the Government of India, in collaboration with state governments, must enhance the capacity of local governments in urban planning and management. Indian municipalities, both small and medium-sized, must work towards improving living standards and creating a more business-friendly environment to accommodate population growth. It's worth noting that the absorptive and implementation capacity of ULBs for urban infrastructure delivery is generally low. Many large ULBs across India have struggled to fully execute their budgeted capital expenditure in recent years, with some experiencing extremely low capital budget execution rates, as highlighted by Athar, White and Goyal (2020). Furthermore, the current funding base for attracting higher private financing is concentrated in a few states and their large metropolitan cities.

To facilitate ease of living to citizens, AMRUT was launched in 500 cities on 25<sup>th</sup> June 2015, as a first focused national water Mission. Subsequently, its emphasis shifted toward ensuring the 'water security' of these cities (GOI, 2015). In 2011, the HPEC conducted an assessment to determine the financial needs for a 20-year period, considering 2009-10 price levels. The committee calculated

that a total of Rs. 39.2 lakh crores would be necessary to develop urban infrastructure. This sum comprised Rs. 17.3 lakh crores for urban roads, Rs. 8 lakh crores for essential services like water supply, sewerage, solid waste management, and stormwater drains. Additionally, the committee estimated that Rs. 19.9 lakh crores would be required separately for the Operation and Maintenance (O&M) of these facilities. In practice, the actual budget allocation for AMRUT amounts to Rs. 50,000 crores, covering a span of five years, from FY 2015-16 to FY 2019-20. AMRUT 2.0 projects received a central allocation of Rs. 66,750 crore (equivalent to US\$ 8.44 billion) for a five-year period spanning from 2021-22 to 2025-26, with these funds being apportioned among the various States and Union Territories. Indeed, several reforms were proposed within AMRUT to enhance revenue generation for ULBs (GOI, 2021).

In the broader context, this article will explore the financing of ULBs and how they allocate funds to meet evolving demands for infrastructure and services. Following this introductory section, the article will elaborate on its methodology. The latter part of this article will shed light on the recent trends of municipal finances and discuss strategies to boost revenues and ULBs' performance. The

subsequent part will analyze the financial aspects of ULBs located in West Bengal. The last two sections will address emerging issues in municipal finance in West Bengal and discuss the way forward.

## Methodology

### Data Source

To assess the financial performance of the ULBs, data have been gathered from the city finance website for the fiscal years 2016-17 and 2021-22. To enable a comparative evaluation of the ULBs' performance, their revenue and expenditure for the years 2016-17 and 2021-22 are analysed. It is worth noting that the AMRUT initiative commenced in 2015. To gauge the program's impact, we have collected data for the year 2016-17, which captures its early effects. Furthermore, AMRUT 1.0 concluded in 2021-22. Therefore, we have also obtained data for the year 2021-22 to assess the lasting impacts of the program on the ULBs.

### Study Area

The AMRUT program encompasses 55 ULBs spanning 18 districts within West Bengal. For this study, 26 ULBs are selected which represent a range

**Table 1: List of Selected ULBs under AMRUT in West Bengal**

| Districts         | ULBs              | Districts         | ULBs                  |
|-------------------|-------------------|-------------------|-----------------------|
| Bankura           | Bankura           | North 24 Parganas | Dum Dum               |
| Purulia           | Purulia           |                   | Khardah               |
| West Medinipur    | Medinipur         |                   | Ashoknagar-Kalyangarh |
| East Medinipur    | Haldia            | South 24 Parganas | Maheshtala            |
| Paschim Burdwan   | Durgapur MC       | Nadia             | Rajpur-Sonarapur      |
|                   |                   |                   | Krishnanagore         |
| Howrah            | Howrah MC         | Murshidabad       | Baharampore           |
| Purba Burdwan     | Chandannagar MC   | Malda             | English Bazar         |
|                   | Hooghly Chinsurah | North Dinajpur    | Raiganj               |
|                   | Serampore         | South Dinajpur    | Balurghat             |
| Kolkata           | Kolkata MC        | Jalpaiguri        | Jalpaiguri            |
| North 24 Parganas | Bidhannagar MC    | Darjeeling        | Siliguri MC           |
|                   | Barrackpore       |                   | Darjeeling            |

Source: State Annual Action Plan (SAAP) (2016-17)

of population sizes, from those with over one million inhabitants to cities with as few as one lakh residents.

Among the cities covered by this program, Kolkata stands as the largest, while Jalpaiguri represents the smallest town in terms of population size. Among the 26 chosen ULBs, six hold the status of Municipal Corporations, specifically Kolkata, Howrah, Bidhannagar, Chandannagar, Durgapur and Siliguri. It's worth noting that the initial four Municipal Corporations are situated within the Kolkata Metropolitan Area (KMA). Similarly, seven municipalities can be found within the KMA, which include Serampore, Barrackpore, Dum Dum, Hooghly-Chinsura, Khardah, Rajpur-Sonarpur and Maheshtala.

The primary focus areas within this program (AMRUT) encompass Water Supply, Sewerage facilities and septage management, Storm-water drainage improvements to mitigate flooding, Infrastructure for pedestrians, non-motorized transportation, and public transit systems, provision of parking spaces, and the enhancement of the overall quality of urban life through the creation and enhancement of green spaces, parks and recreation centres with a particular emphasis on facilities for children.

## Objectives

First, the paper addresses the average budget sizes in various categories of urban areas. The average budget size of an ULB serves as an indicator of its capacity to initiate development projects and manage municipal finances effectively. Next, the paper will dissect the budget into revenue and capital accounts to evaluate the ULB's ability to undertake capital projects. Lastly, the article has analysed the budget's nature, whether it exhibits a deficit or surplus. It's important to note that the budget size is determined by the income and receipts of the ULB, not its expenditures. Additionally, we will examine the per capita budget size, which is the per capita receipts within each size category.

Numerous scholars have applied a variety of statistical methods in the realm of financial analysis

and local government planning. Miyajima and Nakai (1986) introduced an integrated model that incorporates statistical and mathematical elements. Mayper et.al. (1991) employed regression analysis to create a model for comparing budgeted and actual expenditures and explaining the extent of disparities. Additionally, Boustan et.al. (2010), employed statistical techniques to investigate the connection between income inequality and the financial aspects of local governments in the United States.

We collect data on receipts and expenditures of 2021-22 categorized into nine distinct areas. It's clear that certain ULBs are operating with surplus budgets, while others are incurring deficits. A surplus value is generated when there is a positive variance (GAP) between receipts and expenses. In our research, we employed a multiple regression methodology to assess the financial well-being and sustainability of these ULBs. We specifically focused on two independent variables derived from internal source receipts, grants and total expenses. **Table 2** provides a breakdown of both the independent and dependent variables.

Own fund ratio useful metric for assessing the organization's financial health and its ability to generate revenue from internal sources. It provides insight into the organization's self-sufficiency in generating revenue and its reliance on external sources for financial support. A higher percentage suggests that the organization can cover a larger portion of its expenses with its own resources, indicating financial independence, while a lower percentage implies greater reliance on external sources of income. Own fund coverage ratio is often used to assess the financial sustainability of an organization or to determine the proportion of expenses that must be covered by the organization itself (Bhattacharya and Bandopadhyaya, 2012). It's a way to determine how self-sufficient an organization is in meeting its financial obligations. A higher percentage indicates greater financial sustainability, while a lower percentage suggests a greater reliance on external grants to cover expenses.

**Table 2: Description of Variables**

| Name of the Variable | Description                  | How Computed  |
|----------------------|------------------------------|---|
| Independent          | Own Fund Ratio               | $(\text{Amount of Own Fund} / \text{Amount of Total Receipts}) \times 100$                          |
|                      | Own Fund Coverage Ratio      | $(\text{Amount of Total Expenses} - \text{Amount of Grant}) / \text{Amount of Own Fund} \times 100$ |
| Dependent            | Surplus Percentage of Budget | $(\text{Amount of GAP} / \text{Amount of Total Income}) \times 100$                                 |

Source: Bhattacharya and Bandopadhyaya (2012)

## Recent Developments in Municipal Finance

Recent shifts in municipal finance stem, at least in part, from the imperative of identifying sources to fund the expenses incurred by local governments in response to the community's requirements for services and infrastructure. Frequently, these developments pertain to the funding of capital outlays. Additionally, emerging financial management practices are developing to address the increasing calls for accountability and transparency at the local level.

A significant municipal finance trend is fiscal decentralization, involving the shift of financial accountability from central governments to local governments. This has necessitated that local governments both provide and finance an expanding array of services. While many developed nations have a well-established history of decentralization, it is a more recent development in less developed countries. Since the 1980s, approximately 75 countries have adopted decentralization policies to enhance the efficiency of public service delivery and tackle poverty-related challenges (Ingram and Hong, 2007).

In numerous countries, decentralization has entailed the transfer of responsibilities from

national and state governments to local government bodies. In certain instances, this transfer forms a component of a broader fiscal decentralization strategy, where the central or state government delegates budgetary control to local governments for tax and expenditure determinations. The aim is to enhance the efficiency and effectiveness of service delivery, although the authority to impose taxes is often not included in the decentralization process. In other scenarios, devolution has been a means for higher levels of government to offload their debt obligations onto municipalities by diminishing their financial allocations and shifting responsibilities downward (Ebel and Vaillancourt, 2001). Transferring expenditure responsibilities to local governments, often without sufficient revenue sources, undermines the capacity of local governments to deliver services and places strain on municipal finances. Irrespective of the motivations behind decentralization or the extent to which responsibilities are devolved to local governments, the revenues directly under their control seldom align with their expenditures (Bird, 2001). Local governments worldwide have adopted various strategies to boost revenues for ULBs. Some of these strategies are discussed below.

In recent times, numerous developing countries have displayed an increased interest in land and property taxes (Bird and Slack, 2007). As an example, China has been exploring the potential of land and property taxation within its swiftly expanding urban regions (Bird, 2005). Property tax is considered a crucial instrument for generating revenue at the local level. Furthermore, it is frequently employed to influence urban development trends and promote reforms in rural land ownership. Therefore, Land and property taxes serve a dual purpose; they contribute to revenue generation and exert influence on land utilization (Slack, 2002).

Many countries have witnessed a growing trend where local governments are turning to private sector collaboration to finance and administer public services through structured public-private partnerships. The principal impetus for engaging private enterprises in the delivery of community services lies in the pursuit of improved efficiency and effectiveness in service delivery. Moreover, in specific cases, municipalities opt for private sector involvement due to constraints on raising capital in financial markets or a disinclination to do so. This heightened role of the private sector

is most prominently visible in sectors such as transportation, water supply and solid waste management (UN-Habitat, 2009).

The advent of democratic local governance has led to a surge in calls for accountability and transparency at the community level. In certain instances, heightened accountability has translated into municipalities actively involving the public in crucial determinations regarding revenue generation and expenditure allocation. As public engagement grows and local resources remain constrained, there is mounting pressure on local governments to enhance their financial management practices. The disparity between local-level expenses and income underscores the vital necessity for cities to maximize the efficiency and effectiveness of their resource utilization. Revisions to current management methodologies and the incorporation of innovative financial reporting approaches have led to enhanced accounting procedures and budgeting protocols. One notable illustration of this progress is the implementation of performance-based budgeting, which assesses the efficiency of resource utilization and the municipality's ability to achieve its goals.

**Figure 1: Different Financing Tools for Different Services**

| <b>Private</b>                        | <b>Public</b>                                  | <b>Redistributive</b>           | <b>Spillovers</b>                             |
|---------------------------------------|--|---------------------------------|---|
| Water<br>Sewers<br>Garbage<br>Transit | Police<br>Fire<br>Local parks<br>Street lights | Social assist<br>Social housing | Roads/transit<br>Culture<br>Social assistance |
| User Fees                             | Property Tax                                   | Income Tax                      | Transfers                                     |

Source: UN-Habitat (2009)

## Status of Municipal Finances in West Bengal

The subsequent section delves into the diverse financial facets of selected ULBs in West Bengal.

### Budget Size

The budget size of ULBs varies widely and is dependent on various factors, including the size of the municipality, its population, revenue sources, and the specific financial needs and priorities of the locality. It's unsurprising that as the size of an ULB increases, the average budget size also grows. The budget size is determined by the revenue or receipts of an ULB and is not influenced by its expenditures. In West Bengal, the budget size of ULBs spans from 20 crore rupees to over 4,400 crore rupees in a year. Large ULBs possess the capacity to secure favorable loans or obtain financing from financial institutions at standard commercial interest rates. **Table 3** shows the budgets of the municipalities and municipal corporations of the State.

In the fiscal year 2016-17, municipalities with populations ranging from 1,00,000 to 3,00,000 had

budgets varying from 23 crore to 80 crore. Meanwhile, municipalities with populations between 3,00,000 and 5,00,000 had budget sizes ranging from 49 crore to 73 crore. For municipalities with populations exceeding 5,00,000, their budget size in 2016-17 ranged from 93 crore to 3,104 crore. The budget size has experienced fluctuations in the fiscal year 2021-22 among the ULBs in West Bengal, with some witnessing reductions while others have seen increases.

Upon closer examination of **Figure 2**, we can observe a significant variance in the annual revenue growth rates, spanning from a robust 23% increase to a slight decline of negative 7%. Notably, the data highlights that ULBs with populations falling within the range of 1,00,000 to 3,00,000 exhibit higher revenue growth rates compared to their counterparts. This information underscores the diversity in revenue generation trends across different ULBs. ULBs with smaller populations appear to be experiencing more substantial growth in their revenue streams.

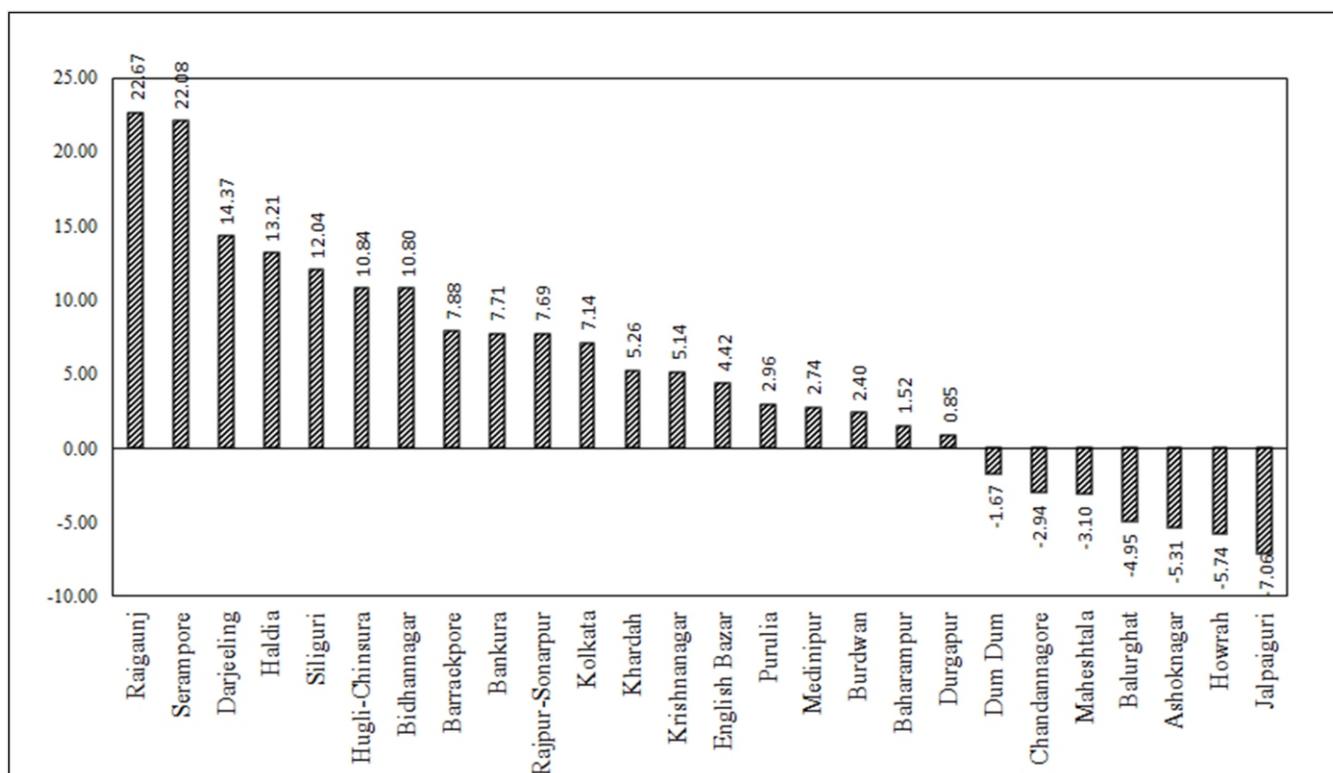
**Table 3: Comparison of Municipal Revenue in West Bengal**

| ULBs                          | 2016-17 | 2021-22 | ULBs             | 2016-17 | 2021-22 |
|-------------------------------|---------|---------|------------------|---------|---------|
| <b>Municipalities</b>         |         |         |                  |         |         |
| Ashoknagar                    | 35.60   | 24.26   | Hugli-Chinsura*  | 36.46   | 60.17   |
| Baharampur                    | 81.00   | 88.38   | Jalpaiguri       | 55.22   | 31.81   |
| Balurghat                     | 50.85   | 35.75   | Khardah*         | 27.42   | 36.07   |
| Bankura                       | 36.58   | 53.50   | Krishnanagar     | 38.78   | 50.74   |
| Barrackpore*                  | 29.32   | 43.18   | Maheshtala*      | 73.17   | 59.57   |
| Burdwan                       | 58.73   | 67.18   | Medinipur        | 38.90   | 45.28   |
| Darjeeling                    | 29.07   | 54.13   | Purulia          | 30.96   | 36.47   |
| Dum Dum*                      | 23.59   | 21.23   | Raigaunj         | 36.55   | 86.27   |
| English Bazar                 | 50.81   | 64.30   | Rajpur-Sonarpur* | 49.91   | 72.95   |
| Haldia                        | 68.94   | 123.58  | Serampore*       | 31.68   | 73.65   |
| <b>Municipal Corporations</b> |         |         |                  |         |         |
| Kolkata*                      | 3104.78 | 4434.98 | Chandannagar*    | 65.78   | 54.16   |
| Howrah*                       | 445.07  | 291.70  | Durgapur         | 93.43   | 98.20   |
| Bidhannagar*                  | 101.95  | 168.00  | Siliguri         | 95.65   | 164.73  |

Source: City Finance Rankings (2022)

Note : Figures in crore rupees; \* ULBs in KMA

**Figure 2: Annual Growth Rate (%) of Revenue among the ULBs in West Bengal**



Source: City Finance Rankings (2022)

### Per Capita Revenue and Expenditure

The per capita income, often referred to as the per capita budget size, provides more insightful information than the total budget size. Generally, as we shift to larger size categories of urban centres,

the per capita budget size tends to increase. **Table 4** clearly shows that the per capita revenue has risen in 19 out of the 26 ULBs in West Bengal, with a decrease observed only in 7 ULBs.

**Table 4: Comparison of Per Capita Revenue of ULBs in West Bengal**

| ULBs                  | Per Capita Revenue |         | ULBs              | Per Capita Revenue |         |
|-----------------------|--------------------|---------|-------------------|--------------------|---------|
|                       | 2016-17            | 2021-22 |                   | 2016-17            | 2021-22 |
| <b>Municipalities</b> |                    |         |                   |                    |         |
| Ashoknagar            | 2928.37            | 1995.55 | Hugli-Chinsura*   | 2026.63            | 3344.52 |
| Baharampur            | 4149.26            | 4527.46 | Jalpaiguri        | 5144.90            | 2964.05 |
| Balurghat             | 3317.61            | 2332.86 | Khardah*          | 2527.55            | 3324.98 |
| Bankura               | 2663.20            | 3894.47 | Krishnanagar      | 2534.22            | 3315.14 |
| Barrackpore*          | 1919.39            | 2826.76 | Maheshtala*       | 1632.30            | 1328.88 |
| Burdwan               | 1868.92            | 2137.70 | Medinipur         | 2298.35            | 2675.69 |
| Darjeeling            | 2447.19            | 4556.52 | Purulia           | 2557.98            | 3012.87 |
| Dum Dum*              | 2055.34            | 1849.58 | Raigaunj          | 1990.74            | 4698.91 |
| English Bazar         | 2472.60            | 3128.70 | Rajpur-Sonarapur* | 1176.26            | 1719.19 |
| Haldia                | 3433.27            | 6153.80 | Serampore*        | 1742.20            | 4050.55 |

| ULBs                          | Per Capita Revenue |         | ULBs          | Per Capita Revenue |         |
|-------------------------------|--------------------|---------|---------------|--------------------|---------|
|                               | 2016-17            | 2021-22 |               | 2016-17            | 2021-22 |
| <b>Municipal Corporations</b> |                    |         |               |                    |         |
| Kolkata*                      | 6904.59            | 9862.77 | Chandannagar* | 3942.30            | 3245.78 |
| Howrah*                       | 4132.30            | 2708.33 | Durgapur      | 1649.23            | 1733.48 |
| Bidhannagar*                  | 4730.88            | 7795.44 | Siliguri      | 1863.61            | 3014.69 |

Source: City Finance Rankings (2022)

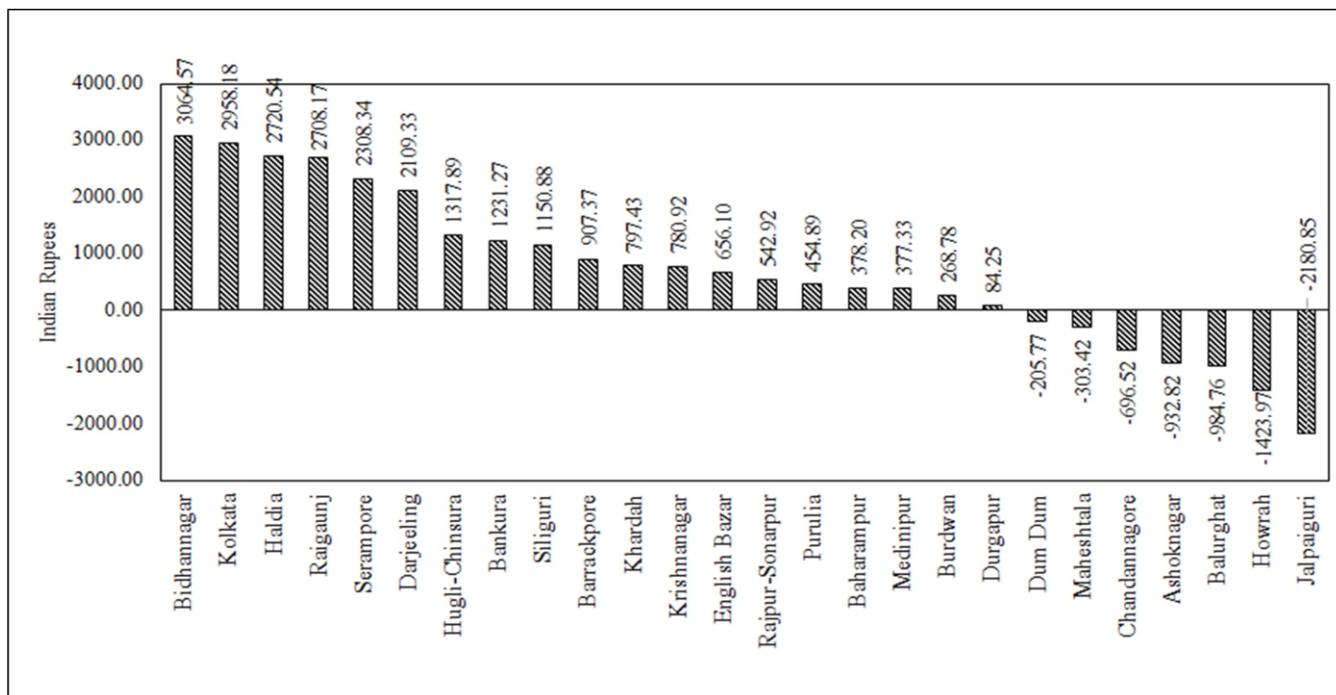
Note : Figures in rupees; \* ULBs in KMA

In 2016-17, the per capita revenue in West Bengal's ULBs ranged from 1200 rupees to 6900 rupees. By 2021-22, this range had expanded to 1300 to 9800 rupees. The highest per capita revenue in 2021-22 was observed in Kolkata, followed by Bidhannagar, Raiganj and Baharampur. Per capita revenues are lowest in Rajpur-Sonarpur, Maheshtala, Durgapur, and Serampore. ULBs outside the KMA show higher averages, while among municipal corporations, Durgapur, Siliguri and Chandannagar record the lowest figures. This variation in per capita revenue among the ULBs is illustrated in **Figure 3**.

The per capita revenue in Jalpaiguri has nearly halved from 2016-17 to 2021-22. Similarly, there has

been a significant reduction in per capita revenue for Dum Dum, Maheshtala, Chandannagar, Ashoknagar, Balurghat and Howrah. The low per capita revenue of ULBs can be attributed to various factors. Among them, a significant factor is the underperformance and relative fiscal immaturity of these ULBs. This situation is largely influenced by State policies and the utilization of ad-hoc transfer mechanisms (Bhattacharya and Bandopadhyay, 2012). ULBs face challenges in mobilizing their own sources of revenue, resulting in a lack of financial resources. This is evident in the per capita spending of ULBs in **Table 5**.

**Figure 3: Per Capita Revenue Variations across ULBs in West Bengal**



Source: City Finance Rankings (2022)

**Table 5: Comparison of Per Capita Expenditure of ULBs in West Bengal**

| ULBs                          | Per Capita Expenditure |          | Increase or Decrease | ULBs             | Per Capita Expenditure |         | Increase or Decrease |
|-------------------------------|------------------------|----------|----------------------|------------------|------------------------|---------|----------------------|
|                               | 2016-17                | 2021-22  |                      |                  | 2016-17                | 2021-22 |                      |
| <b>Municipalities</b>         |                        |          |                      |                  |                        |         |                      |
| Ashoknagar                    | 2077.92                | 1956.18  | -121.74              | Hugli-Chinsura*  | 2273.06                | 3432.24 | 1159.18              |
| Baharampur                    | 3753.86                | 4898.80  | 1144.94              | Jalpaiguri       | 5146.53                | 3104.94 | -2041.59             |
| Balurghat                     | 2788.89                | 2595.92  | -192.97              | Khardah*         | 2086.02                | 3076.72 | 990.70               |
| Bankura                       | 2280.01                | 3976.85  | 1696.85              | Krishnanagar     | 2417.04                | 3260.12 | 843.08               |
| Barrackpore*                  | 1728.52                | 2638.09  | 909.57               | Maheshtala*      | 1703.36                | 1669.36 | -34.00               |
| Burdwan                       | 1554.08                | 2298.08  | 744.00               | Medinipur        | 1716.00                | 2564.49 | 848.49               |
| Darjeeling                    | 2366.48                | 4434.15  | 2067.68              | Purulia          | 1952.63                | 2971.49 | 1018.86              |
| Dum Dum*                      | 2231.38                | 1887.33  | -344.04              | Raigaunj         | 1799.22                | 2070.17 | 270.95               |
| English Bazar                 | 5883.06                | 2606.29  | -3276.78             | Rajpur-Sonarpur* | 1240.77                | 1394.04 | 153.27               |
| Haldia                        | 1960.23                | 1552.67  | -407.56              | Serampore*       | 2076.55                | 3872.50 | 1795.95              |
| <b>Municipal Corporations</b> |                        |          |                      |                  |                        |         |                      |
| Kolkata*                      | 7075.43                | 10888.08 | 3812.64              | Chandannagar*    | 2710.61                | 3167.80 | 457.18               |
| Howrah*                       | 2392.65                | 2945.96  | 553.31               | Durgapur         | 1647.74                | 1684.98 | 37.23                |
| Bidhannagar*                  | 4241.56                | 7485.24  | 3243.68              | Siliguri         | 2618.3                 | 3021.55 | 403.19               |

Source: City Finance Rankings (2022)

Note : Figures in rupees; \* ULBs in KMA

In the fiscal year 2016-17, the per capita expenditure of ULBs displayed a wide range, spanning from 1240 rupees to 7000 rupees. Among these, Kolkata stood out with the highest per capita expenditure, closely followed by English Bazar, Jalpaiguri, Bidhannagar and Baharampur. Conversely, ULBs like Rajpur-Sonarpur, Burdwan and Durgapur reported the lowest per capita expenditure during this period. Fast forward to 2021-22, and we observe a shift in these figures. Per capita expenditures now vary from nearly 1400 rupees to a substantial 11000 rupees. Kolkata maintained its position as the highest spender per capita, with Bidhannagar and Baharampur still

showing strong expenditure. On the other end of the spectrum, Rajpur-Sonarpur, Maheshtala, Haldia and Durgapur continued to report the lowest per capita expenditure in this more recent period. **Table 6** illustrates the correlation between population size and per capita revenue as well as expenditure.

The data make it clear that ULBs with smaller population sizes have notably higher per capita income and expenditure when compared to medium-sized towns and cities. Conversely, towns with larger populations also display higher per capita income and expenditure.

**Table 6: Population Size and Per Capita Revenue & Expenditure**

| Population        | 2016-17 |             | 2021-22 |             |
|-------------------|---------|-------------|---------|-------------|
|                   | Income  | Expenditure | Income  | Expenditure |
| 1 lakh -3 lakhs   | 2888.53 | 2709.98     | 3668.09 | 4128.40     |
| 3 lakhs - 5 lakhs | 1559.16 | 1499.40     | 1728.59 | 1787.16     |
| Above 5 lakhs     | 3637.43 | 3433.55     | 4329.82 | 4635.15     |

Source: City Finance Rankings (2022) and Census of India.

Note : Calculated by the Author; Figures in Rupees.

## Surplus and Deficit

A surplus budget of ULBs typically indicates that the local governing entities have generated more revenue than they have spent during a particular fiscal period. This surplus can signify financial stability, the ability to invest in infrastructure or services, or potential for future development and investments. On the contrary, a deficit budget indicates financial challenges and may lead to issues such as a lack of funds for essential services, delayed infrastructure projects, or a need for increased revenue sources or cost-cutting measures to balance the budget. It may also suggest that ULBs need to manage their finances more effectively to maintain fiscal sustainability. **Table 7**

presents a comparison of surplus and deficit budgets among ULBs in West Bengal.

In the fiscal year 2016-17, only 8 out of the 26 ULBs reported deficit budgets Kolkata ranked highest in terms of deficit budgets, with English Bazar and Siliguri following. In contrast, Howrah had the highest surplus budget, followed by Haldia and Chandannagar. The deficit budgets ranged from 76 crore rupees to nearly 2 crore rupees. Moving to 2021-22, it was observed that out of the same 26 ULBs, 11 were experiencing deficit budgets. Once again, Kolkata led in terms of deficit budgets, with Howrah and Maheshtala following suit. In addition

**Table 7: Comparison of Revenue and Expenditure of ULBs**

| ULBs            | 2016-17 |             |                    | 2021-22 |             |                    |
|-----------------|---------|-------------|--------------------|---------|-------------|--------------------|
|                 | Income  | Expenditure | Surplus or Deficit | Income  | Expenditure | Surplus or Deficit |
| Ashoknagar      | 35.60   | 25.27       | 10.34              | 24.26   | 23.79       | 0.48               |
| Baharampur      | 81.00   | 73.28       | 7.72               | 88.39   | 95.64       | -7.25              |
| Balurghat       | 50.85   | 42.75       | 8.10               | 35.76   | 39.79       | -4.03              |
| Bankura         | 36.58   | 31.32       | 5.26               | 53.50   | 54.64       | -1.13              |
| Barrackpore     | 29.32   | 26.41       | 2.92               | 43.19   | 40.31       | 2.88               |
| Burdwan         | 58.73   | 48.84       | 9.89               | 67.18   | 72.22       | -5.04              |
| Darjeeling      | 29.07   | 28.11       | 0.96               | 54.13   | 52.68       | 1.45               |
| Dum Dum         | 23.59   | 25.61       | -2.02              | 21.23   | 21.66       | -0.43              |
| English Bazar   | 50.81   | 120.91      | -70.09             | 64.30   | 53.56       | 10.74              |
| Haldia          | 68.94   | 39.37       | 29.58              | 123.59  | 31.18       | 92.40              |
| Hugli-Chinsura  | 36.46   | 40.90       | -4.43              | 60.18   | 61.76       | -1.58              |
| Jalpaiguri      | 55.22   | 55.24       | -0.02              | 31.82   | 33.33       | -1.51              |
| Khardah         | 27.42   | 22.63       | 4.79               | 36.07   | 33.38       | 2.69               |
| Krishnanagar    | 38.78   | 37.00       | 1.79               | 50.74   | 49.90       | 0.84               |
| Maheshtala      | 73.17   | 76.36       | -3.19              | 59.58   | 74.84       | -15.26             |
| Medinipur       | 38.90   | 29.05       | 9.86               | 45.29   | 43.41       | 1.88               |
| Purulia         | 30.96   | 23.64       | 7.33               | 36.48   | 35.97       | 0.50               |
| Raigaunj        | 36.55   | 33.04       | 3.52               | 86.28   | 38.01       | 48.27              |
| Rajpur-Sonarpur | 49.91   | 52.65       | -2.74              | 72.96   | 59.16       | 13.80              |
| Serampore       | 31.68   | 37.76       | -6.08              | 73.65   | 70.41       | 3.23               |
| Kolkata         | 3104.78 | 3181.61     | -76.82             | 4434.98 | 4896.03     | -461.04            |
| Howrah          | 445.08  | 257.71      | 187.37             | 291.71  | 317.30      | -25.60             |
| Bidhannagar     | 101.96  | 91.41       | 10.55              | 168.00  | 161.32      | 6.69               |
| Chandannagar    | 65.784  | 45.23       | 20.55              | 54.16   | 52.86       | 1.30               |
| Durgapur        | 93.43   | 93.35       | 0.08               | 98.20   | 95.46       | 2.75               |
| Siliguri        | 95.65   | 134.39      | -38.74             | 154.73  | 155.09      | -0.36              |

Source: City Finance Rankings (2022)

Note : Figures in crore rupees

to these, Siliguri, Hugli-Chinsura, Dum Dum and Jalpaiguri also faced deficit budgets. The deficit budgets in this year ranged from 461 crore rupees to 36 lakhs. On the surplus side, Haldia was at the top, followed by Raigaunj and Rajpur-Sonarpur.

## Revenue Structure

The income of ULBs has been categorized under nine distinct categories, which encompass tax revenue, assigned revenue, rents, fees, user charges, sales, grants, investments, interest and

various other sources. For analytical purposes, these nine categories have been grouped into four main classifications. The first group comprises tax revenue generated by ULBs. The second group includes non-tax revenue, encompassing assigned revenue, rents, fees, user charges and sales. The third group encompasses grants received from both State and Central governments. The final group, classified as other sources, incorporates income generated from interest, investments and various miscellaneous sources. **Table 8** displays the comparative analysis of income across the ULBs.

**Table 8: Comparisons of Income among the ULBs**

| ULBs            | 2016-17          |                      |              |                   | 2021-22          |                      |              |                   |
|-----------------|------------------|----------------------|--------------|-------------------|------------------|----------------------|--------------|-------------------|
|                 | % of Tax Revenue | % of Non-Tax Revenue | % of Grants  | % of Other Income | % of Tax Revenue | % of Non-Tax Revenue | % of Grants  | % of Other Income |
| Ashoknagar      | 3.79             | 67.84                | 28.37        | 0.00              | 6.32             | 20.50                | 72.50        | 0.69              |
| Baharampur      | 3.22             | 19.27                | 49.31        | 28.20             | 5.84             | 21.70                | 72.23        | 0.22              |
| Balurghat       | 1.85             | 22.80                | 75.34        | 0.00              | 2.54             | 7.51                 | 89.95        | 0.00              |
| Bankura         | 3.04             | 19.21                | 77.53        | 0.21              | 4.80             | 9.13                 | 86.07        | 0.00              |
| Barrackpore     | 15.18            | 40.21                | 44.61        | 0.00              | 11.96            | 35.33                | 49.72        | 2.98              |
| Bidhannagar     | 15.28            | 24.54                | 60.18        | 0.00              | 12.46            | 37.09                | 50.45        | 0.00              |
| Burdwan         | 13.78            | 32.08                | 52.98        | 1.17              | 26.02            | 6.19                 | 67.18        | 0.61              |
| Chandannagore   | 3.61             | 58.70                | 37.69        | 0.00              | 5.80             | 16.34                | 77.86        | 0.00              |
| Darjeeling      | 7.02             | 18.96                | 74.02        | 0.00              | 7.22             | 8.49                 | 84.23        | 0.06              |
| Dum Dum         | 7.69             | 52.59                | 39.27        | 0.45              | 9.20             | 49.18                | 41.59        | 0.03              |
| Durgapur        | 22.09            | 16.94                | 60.97        | 0.00              | 23.90            | 23.40                | 52.45        | 0.24              |
| English Bazar   | 12.87            | 20.09                | 67.03        | 0.00              | 10.25            | 23.85                | 65.90        | 0.00              |
| Haldia          | 68.88            | 11.25                | 19.65        | 0.22              | 80.24            | 7.47                 | 11.50        | 0.78              |
| Howrah          | 18.79            | 23.95                | 57.00        | 0.27              | 17.19            | 20.51                | 62.29        | 0.01              |
| Hugli-Chinsura  | 3.46             | 19.10                | 77.03        | 0.40              | 1.73             | 31.70                | 66.55        | 0.02              |
| Jalpaiguri      | 7.68             | 6.36                 | 79.05        | 6.91              | 13.48            | 10.95                | 75.55        | 0.02              |
| Khardah         | 4.45             | 30.64                | 64.48        | 0.43              | 6.05             | 27.94                | 65.98        | 0.03              |
| Kolkata         | 38.00            | 1.95                 | 45.06        | 14.99             | 30.46            | 23.70                | 35.66        | 10.18             |
| Krishnanagar    | 7.56             | 16.61                | 75.78        | 0.05              | 5.53             | 7.38                 | 87.03        | 0.05              |
| Maheshtala      | 11.26            | 21.37                | 66.76        | 0.61              | 15.76            | 21.45                | 62.30        | 0.48              |
| Medinipur       | 14.83            | 17.06                | 68.11        | 0.00              | 12.35            | 19.42                | 68.23        | 0.01              |
| Purulia         | 6.22             | 26.20                | 67.58        | 0.01              | 11.98            | 10.77                | 76.93        | 0.31              |
| Raigaunj        | 4.32             | 15.46                | 80.22        | 0.00              | 2.65             | 4.60                 | 92.75        | 0.00              |
| Rajpur-Sonarpur | 14.02            | 64.39                | 20.46        | 1.13              | 16.36            | 42.16                | 41.27        | 0.22              |
| Serampore       | 6.65             | 15.01                | 78.34        | 0.01              | 2.32             | 11.03                | 86.64        | 0.01              |
| Siliguri        | 11.37            | 28.25                | 60.26        | 0.12              | 9.12             | 21.98                | 68.85        | 0.04              |
| <b>Average</b>  | <b>12.57</b>     | <b>26.57</b>         | <b>58.73</b> | <b>2.12</b>       | <b>13.52</b>     | <b>19.99</b>         | <b>65.83</b> | <b>0.65</b>       |

Source: City Finance Rankings (2022)

Note : Calculated by the Author

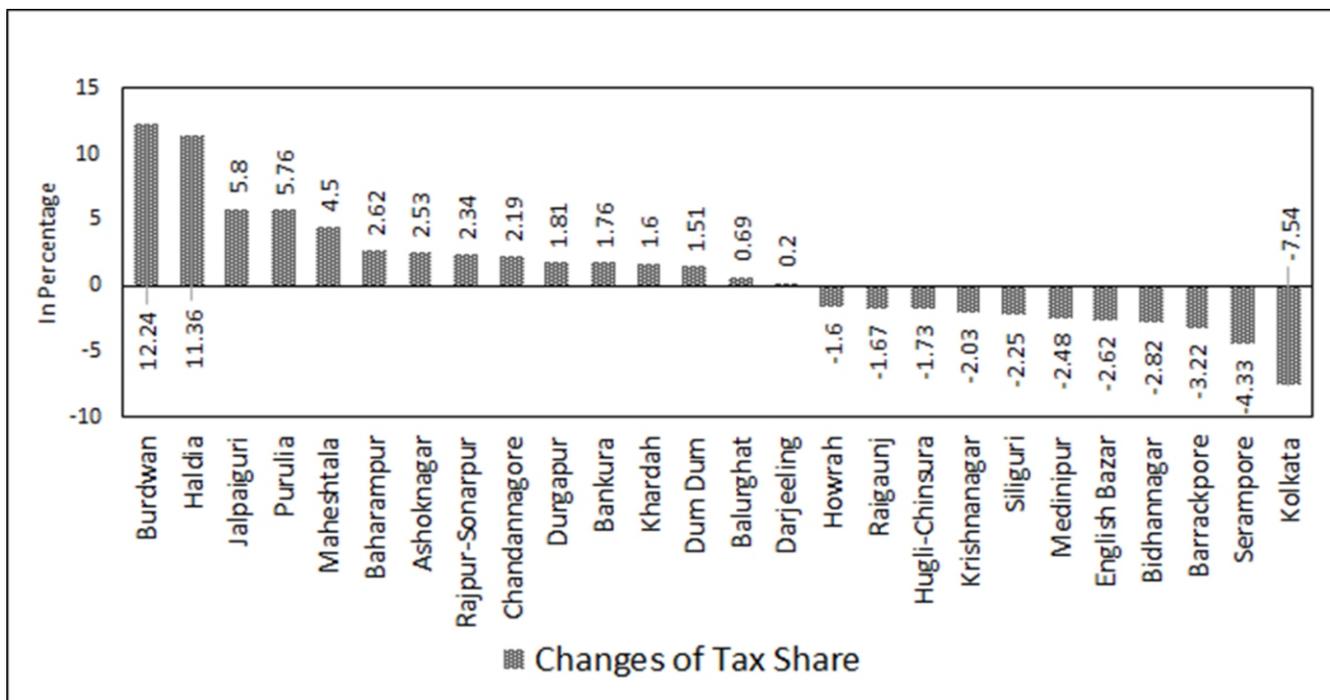
In the fiscal year 2016-17, the range of tax revenue varied from 1.85% to nearly 69% among the ULBs. However, the majority of ULBs had a tax revenue share that was below 15%, indicating a notably low contribution from taxes. Non-tax revenue exhibited a range of 2% to 68%, but the majority of ULBs maintained a non-tax revenue share above 22%, highlighting a relatively higher reliance on non-tax income sources. Notably, most ULBs received grants accounting for more than 50% of their total revenue from both State and Central government sources. This suggests a significant dependence on grants and a potential lack of financial sustainability among the ULBs.

In 2021-22, the distribution of tax revenue among ULBs ranged from 2% to 80%, yet the majority of ULBs continued to have tax revenue shares below 15%. This indicates that there hasn't been a substantial increase in the share of tax revenue among ULBs. Similarly, non-tax revenue ranged

from 4% to 37%, but most ULBs maintained non-tax revenue shares below 20%, suggesting a limited growth in this category as well. Conversely, the share of grants varied from 11% to nearly 93%. It's noteworthy that the majority of ULBs received grants exceeding 60% of their total revenue, indicating a significant reliance on external funding. Even with the AMRUT guidelines in place, ULBs have struggled to enhance their tax and non-tax revenue shares.

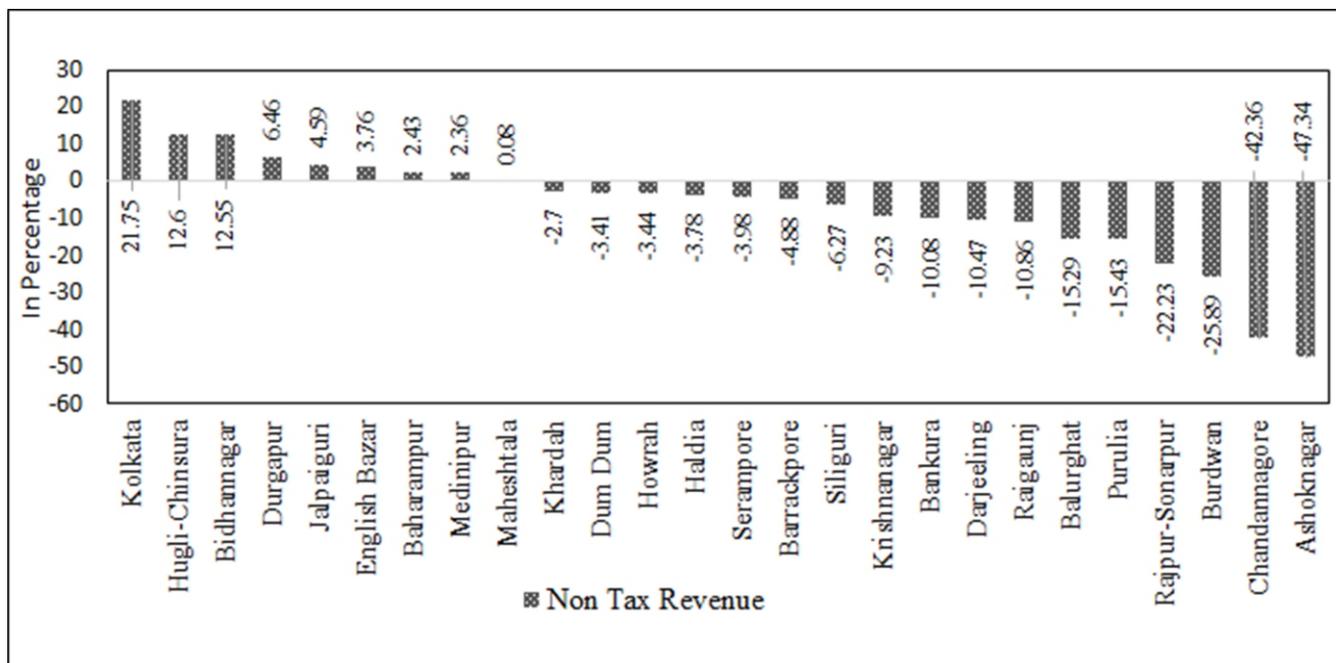
**Figure 4, 5, and 6** illustrate the percentage changes in the share of taxes, non-taxes and grants among the ULBs between the years 2016-17 and 2021-22. Among the ULBs, negative changes in tax share were observed in Howrah, Raigaunj and Hugli-Chinsura, as well as in Krishnanagar, English Bazar, Barackpur, Serampore and Kolkata, among others. This indicates that these ULBs were unable to increase their tax share and expand their tax base within their jurisdictions.

**Figure 4: Changes of Tax Share (%) from 2016-17 to 2021-22**



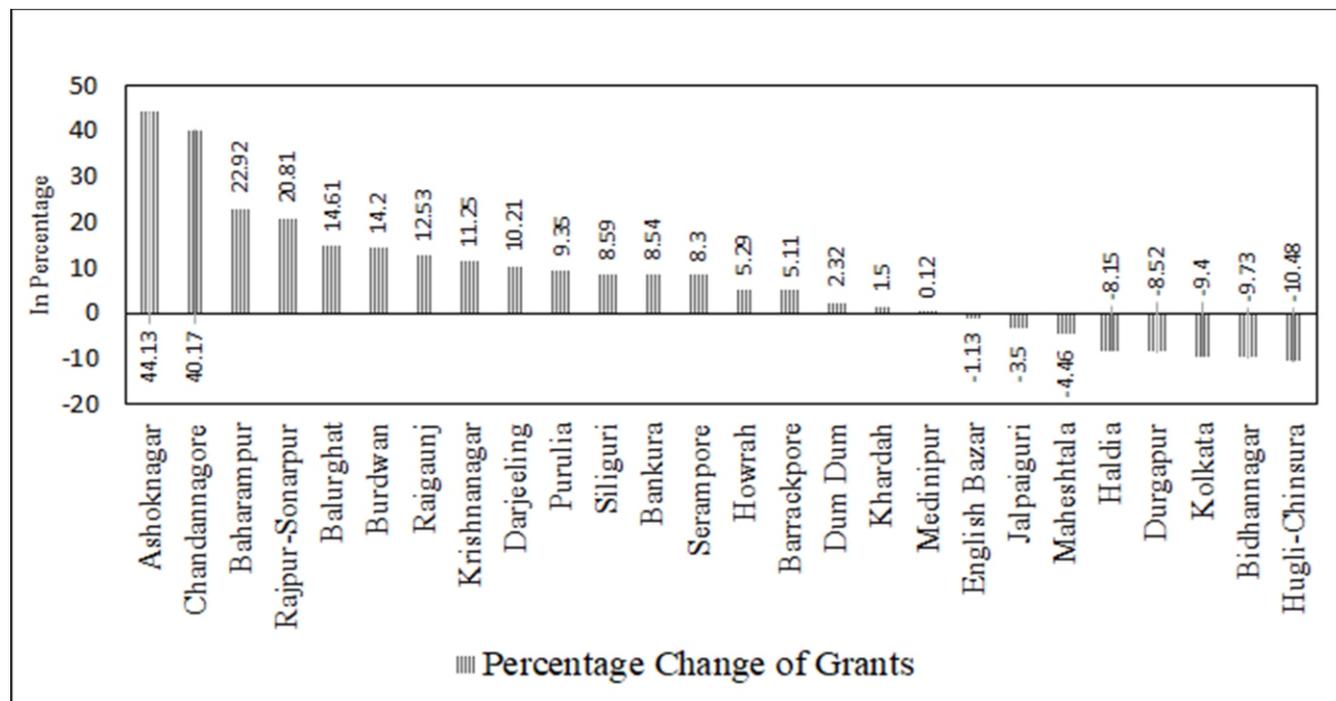
Note : Calculated by the Author

**Figure 5: Changes of Non-Tax Revenue Share (%) from 2016-17 to 2021-22**



Note : Calculated by the Author

**Figure 6: Change of Grants Share from 2016-17 to 2021-22**



Note : Calculated by the Author

In the case of non-tax revenue share, out of 26, only 7 ULBs managed to increase their share, including Kolkata, Hugli-Chinsura, Bidhannagar, Jalpaiguri, English Bazar, Baharampur and Maheshtala. This implies that the remaining ULBs were unsuccessful in boosting their non-tax revenue compared to previous years. Regarding grants, only 8 ULBs succeeded in reducing their dependence on grants share, namely English Bazar, Jalpaiguri, Mahestala, Haldia, Durgapur, Kolkata, Bidhanagar and Hugli-Chinsura.

**Table 9** provides a comprehensive overview of revenue distribution based on the population size of the ULBs. It reveals that in small towns (with a population of 1 lakh to 3 lakhs), tax revenue has increased relative to non-tax revenue and grants. Meanwhile, in medium-sized towns, the tax share has decreased, and there is an increased reliance on grants. In contrast, in large cities, the tax revenue share has increased, the non-tax revenue share has decreased, but the proportion of grants' contribution remains unchanged.

### Expenditure Analysis

The expenditure data of ULBs have been categorized into seven heads, including establishment expenses, administrative expenses, operation and maintenance, interest and finance charges, program expenses, capital expenditure and other expenses. For the analysis purpose, we

have categorized the seven heads into two heads, namely capital expenditure and revenue expenditure.

Revenue expenditure includes expenses related to establishment expenses, administrative expenses, operation and maintenance, interest and finance charges and program expenses. In contrast, capital expenditure typically relates to investments in infrastructure development and long-term assets. Revenue expenditure is critical for the smooth functioning of ULBs and the provision of services to the local population. **Table 10** presents the Capital and Revenue expenditure among the ULBs. During the fiscal year 2016-17, the average capital expenditure within ULBs stood at 27%, with only nine ULBs surpassing this mark. These exceptional ULBs, namely Ashoknagar, Baharampur, Balurghat, Serampore, Rajpur-Sonarpur, Haldia, Medinipur, English Bazar and Chandannagar, demonstrated the ability to create fresh assets for future development. In contrast, the remaining ULBs were unable to generate new assets to address future demands. Nonetheless, it is disappointing to note that during the 2021-22 fiscal year, the average capital expenditure dwindled to 21%. Out of the ULBs, only thirteen managed to maintain capital expenditure levels exceeding 21%. These exceptional ULBs are Serampore, Purulia, Maheshtala, Krishnanagar, Khardah, Hugli-Chinsura, English Bazar, Durgapur, Bidhannagar, Barackpor, Bankura, Balurghat and Ashoknagar.

**Table 9: Population Size and Revenue Composition Share in West Bengal**

| Population        | 2016-17     |                 |        |        | 2021-22     |                 |        |        |
|-------------------|-------------|-----------------|--------|--------|-------------|-----------------|--------|--------|
|                   | Tax Revenue | Non-Tax Revenue | Grants | Others | Tax Revenue | Non-Tax Revenue | Grants | Others |
| 1 lakh – 3 lakhs  | 10.40       | 26.42           | 61.24  | 1.94   | 13.94       | 22.35           | 62.87  | 0.84   |
| 3 lakhs – 5 lakhs | 13.02       | 39.28           | 46.73  | 0.97   | 11.4        | 6.1             | 82.3   | 0.2    |
| Above 5 lakhs     | 17.42       | 23.05           | 59.41  | 0.13   | 18.5        | 19.7            | 59.3   | 2.6    |

*Note : Calculated by the Author; Figures in Percentage*

**Table 10: Share of Capital and Revenue Expenditure**

| ULBs            | 2016-17                      |                              | 2021-22                      |                              |
|-----------------|------------------------------|------------------------------|------------------------------|------------------------------|
|                 | Share of Capital Expenditure | Share of Revenue Expenditure | Share of Capital Expenditure | Share of Revenue Expenditure |
| Ashoknagar      | 51.62                        | 48.38                        | 24.21                        | 75.79                        |
| Baharampur      | 56.65                        | 43.35                        | 14.05                        | 85.95                        |
| Balurghat       | 52.36                        | 47.64                        | 37.84                        | 62.16                        |
| Bankura         | 14.19                        | 85.81                        | 30.10                        | 69.90                        |
| Barrackpore     | 23.09                        | 76.91                        | 32.47                        | 67.53                        |
| Bidhannagar     | 27.00                        | 73.00                        | 31.43                        | 68.57                        |
| Burdwan         | 15.75                        | 84.25                        | 14.59                        | 85.41                        |
| Chandannagar    | 31.34                        | 68.66                        | 19.18                        | 80.82                        |
| Darjeeling      | 18.18                        | 81.82                        | 10.74                        | 89.26                        |
| Dum Dum         | 24.04                        | 75.96                        | 0.05                         | 99.95                        |
| Durgapur        | 18.81                        | 81.19                        | 21.20                        | 78.80                        |
| English Bazar   | 65.70                        | 34.30                        | 30.77                        | 69.23                        |
| Haldia          | 39.20                        | 60.80                        | 9.41                         | 90.59                        |
| Howrah          | 10.68                        | 89.32                        | 16.37                        | 83.63                        |
| Hugli-Chinsura  | 16.05                        | 83.95                        | 21.21                        | 78.79                        |
| Jalpaiguri      | 15.68                        | 84.32                        | 0.01                         | 99.99                        |
| Khardah         | 24.75                        | 75.25                        | 21.29                        | 78.71                        |
| Kolkata         | 19.13                        | 80.87                        | 19.54                        | 80.46                        |
| Krishnanagar    | 19.13                        | 80.87                        | 22.27                        | 77.73                        |
| Maheshtala      | 20.44                        | 79.56                        | 42.91                        | 57.09                        |
| Medinipur       | 31.92                        | 68.08                        | 20.03                        | 79.97                        |
| Purulia         | 23.66                        | 76.34                        | 30.46                        | 69.54                        |
| Raigaunj        | 13.51                        | 86.49                        | 17.48                        | 82.52                        |
| Rajpur-Sonarpur | 34.03                        | 65.97                        | 2.44                         | 97.56                        |
| Serampore       | 30.62                        | 69.38                        | 42.62                        | 57.38                        |
| Siliguri        | 15.62                        | 84.38                        | 18.57                        | 81.43                        |
| <b>Mean</b>     | <b>27.43</b>                 | <b>72.57</b>                 | <b>21.20</b>                 | <b>78.80</b>                 |

Source: City Finance Rankings (2022)

Note : Calculated by the Author

A regression analysis is conducted to explore the connection between the surplus, the capacity to generate independent funds within ULBs, and the

extent to which these independent funds cover their expenditures. **Table 11 and 12** explain the relationship with variance and R-squared.

**Table 11: ANOVA**

| Model      | Sum of Squares | df | Mean Square | F     | Significance |
|------------|----------------|----|-------------|-------|--------------|
| Regression | 2546.50        | 2  | 1273.25     | 80.58 | 0.00         |
| Residual   | 173.80         | 11 | 15.80       |       |              |
| Total      | 2720.31        | 13 | 209.25      |       |              |

Note : Calculated by the Author

**Table 12: Model Summary**

| Model | R-squared | Adjusted R- squared | Root MSE |
|-------|-----------|---------------------|----------|
| 1     | 0.93      | 0.92                | 3.97     |

*Note : Calculated by the Author*

A higher R-squared and an adjusted R value both signify a robust positive relationship between the dependent and independent variables. In this context, the positive coefficient of 0.215 associated with the own fund ratio within the model indicates that an increase in the proportion of own funds is linked to an augmentation in the surplus budget of ULBs. This finding underscores the significant role of taxation in driving surplus growth. Conversely, the coefficient of the own fund coverage ratio is -0.074, suggesting a negative correlation between surplus budget and the own fund coverage ratio (see **Table 13**). In simpler terms, an increase in surplus is associated with a reduction in the own fund coverage ratio. Hence, it is noteworthy that ULBs must enhance their self-generated funds and broaden their financial coverage to ensure sustainable operations.

## Issues and Challenges of Municipal Finance in West Bengal

The preceding conversation reveals several noteworthy financial challenges of ULBs. Notably,

the proportion of revenue derived from taxes is strikingly low, while a heavy reliance on grants characterizes all ULBs, regardless of their population size. Furthermore, the per capita revenue continues to be inadequate, even with the initiation of the AMRUT program. In fact, among the 26 ULBs, seven experience a per capita income level (2021-22) that falls below the financial year income level of 2016-17. It's noteworthy that a majority of ULBs have not implemented certain recommended taxes (e.g., water tax) under the AMRUT program.

The limited per capita income is evident in the significantly low per capita expenditure, which proves inadequate in meeting the increasing service demands. While a majority of ULBs maintain surplus budgets, their allocation towards capital expenditure remains minimal. The majority of ULBs refrain from procuring municipal bonds from the market, consequently impeding their ability to secure the necessary funds for infrastructure development. Non-tax revenue declines in ULBs as population size increases, with a notable sharp drop observed in the case of medium-sized towns.

## Way Forward

To address this challenge, ULBs require financial assistance, but they must establish self-sustaining

**Table 13: Coefficients**

|                         | Coef.  | Std. Err. | t      | P>t  | 95% Conf. | Interval | VIF  |
|-------------------------|--------|-----------|--------|------|-----------|----------|------|
| Own fund ratio          | 0.215  | 0.076     | 2.80   | 0.01 | .0463     | 0.3845   | 1.21 |
| Own fund coverage ratio | -0.074 | 0.006     | -12.42 | 0.00 | -.0877    | -0.0613  | 1.21 |
| Constant                | 5.007  | 2.495     | 2.01   | 0.07 | -.484     | 10.49    |      |

*Note : Calculated by the Author;  
Dependent Variable Surplus budget percentage.*

revenue sources rather than solely depending on grants. Therefore, ULBs must formulate a strategy to boost both tax and non-tax revenue streams. The qualities of an effective local tax, as outlined by Bird (2001). The tax base should exhibit a degree of immobility, enabling local governments to adjust tax rates without substantial loss of the tax base. The tax yield should be sufficient to meet local requirements, grow in tandem with increasing expenditures, and maintain a level of stability and predictability. The tax should not be easily applicable to non-residents.

The tax base should be transparent, promoting accountability. Taxpayers should perceive the tax as reasonably equitable. The tax should be relatively straightforward to administer.

In addition to property taxes, municipal governments may impose excise taxes, such as hotel occupancy taxes. Municipalities can also implement user fees to generate revenue. User fees can manifest in at least three ways: service fees, public pricing and specific benefit charges.

## References

- 1) Athar, S., White, R. and Goyal, H. 2020. *Financing India's urban infrastructure needs: Constraints to commercial financing and prospects for policy action*, The World Bank, Washington, DC.
- 2) Bhattacharya, S. and Bandopadhyay, G. 2012. *Urban local bodies in India: financial control for better financial performance*, *Theoretical and Empirical Research in Urban Management*, 7(3).
- 3) Bird, R.M. 2001. *Setting the Stage: Municipal and Intergovernmental Finance*, In *The Challenge of Urban Government: Policies and Practices*, eds., Freire, M. and Stren, R. Washington, D.C.: The World Bank Institute, pp. 113-28.
- 4) Bird, R.M. 2005. *Getting it Right: Financing Urban Development in China*, *Asia-Pacific Tax Bulletin*, 11(2), pp. 107-17.
- 5) Bird, R.M. and Slack, E. 2007. *Taxing Land and Property in Emerging Economies: Raising Revenue ... and More?* In *Land Policies and their Outcomes*, eds., Ingram, G.K. and Hong, Y., Cambridge, Mass.: Lincoln Institute of Land Policy.
- 6) Boustan L.P., Ferreira F., Winkler H. and Zolt E. 2010. *Income Inequality and Local Government in the United States, 1970-2000*, Working Paper. Received at <http://www.nber.org/papers/w16299>, 1050 Massachusetts Avenue Cambridge, MA 02138, August 2010.

- 7) Ebel, R. D. and Vaillancourt, F. 2001. *Fiscal Decentralization and Financing Urban Governments: Framing the Problem*, In *The Challenge of Urban Government: Policies and Practices*, eds., Freire, M. and Stren, R., Washington, D.C.: The World Bank Institute, pp.155-70.
- 8) GOI. 2015. *Atal Mission for Rejuvenation and Urban Transformation: Mission Statement & Guidelines*, Ministry of Urban Development, New Delhi.
- 9) GOI. 2021. *AMRUT 2.0 Making Cities Water Secure: Operational Guideline*, Ministry of Housing and Urban Affairs, New Delhi.
- 10) Holt, R. 2018. *Global Cities: Which Cities Will Be Leading the Global Economy in 2035?* Oxford Economics: Oxford, UK, Available online: <https://workplaceinsight.net/wp-content/uploads/2018/12/Global-Cities-Dec-2018.pdf>
- 11) Jha, R. 2020. *The Unfinished Business of Decentralised Urban Governance in India*, ORF, 40.
- 12) Ingram, G.K. and Hong, Y. 2008. *The Nexus of Fiscal Decentralization and Land Use Policies*, In *Fiscal Decentralization and Land Use Policies*, eds., Ingram, G. K. and Hong, Y. Cambridge, Mass.: Lincoln Institute of Land Policy, pp. 3-16.
- 13) Mayper A. G., Granof, M. and Giroux G. 1991. *An Analysis of Municipal Budget Variances, Accounting, Auditing & Accountability*, 4 (1), pp. 29-50
- 14) Miyajima, M and Nakai, M. 1986. *The municipal financial planning model: A simultaneous regression equations and goal programming approach*, *European Journal of Operation Research*, 27 (2), pp. 158-167
- 15) Slack, E. 2002. *Municipal Finance and the Pattern of Urban Growth*, Commentary 160, Toronto: C.D. Howe Institute.
- 16) UN-Habitat. 2009. *Guide to Municipal Finance*, United Nations Human Settlements Programme, Nairobi.



# **Inclusive Cities, Resilient Lives: Social Work's Role in Sustainable Economic Futures**

**Mr. Gautam Makwana**

Research Scholar Ph.D. (Social Work)

and

**Prof. H. Elizabeth**

Professor (Social Work)

School of Social Sciences, Dept. of Social Work,  
Mizoram University (A Central University), Aizawl, Mizoram.

## **Abstract**

Urban centres today face the dual challenge of fostering economic growth while addressing rising inequality, housing insecurity, and climate vulnerability. In this rapidly transforming urban landscape, sustainable finance, defined by its alignment with Environmental, Social and Governance (ESG) principles, emerges as a crucial strategy for building economic resilience. Yet, financial systems by themselves are insufficient to tackle the deep-rooted structural inequities present in urban areas. This paper examines the pivotal role of social work in fostering inclusive urban economies by connecting financial innovations with grassroots, community-driven solutions. Grounded in the principles of social justice, empowerment, and participation, social workers are uniquely equipped to support vulnerable populations through financial literacy programs, advocacy for equitable resource distribution, and facilitation of access to public welfare schemes. The paper examines how social work interventions, ranging from support for informal sector workers to advocacy for housing rights and climate justice, contribute meaningfully to sustainable urban development. Using case studies from the Indian urban context, this paper argues that embedding social work within urban financial and planning

frameworks enhances the resilience of marginalized communities. Ultimately, the study repositions social work as a key agent in shaping ethical and inclusive economic futures, where cities thrive economically, socially, and ecologically.

**Keywords :** Inclusive cities, Urban social work, Sustainable finance, Economic resilience, Financial inclusion, Climate justice.

## **Introduction**

Urbanization is often regarded as a marker of modernization, economic growth, and technological advancement. Cities symbolize progress through their dense networks of infrastructure, innovation, and diverse human capital. However, the rapid expansion of urban spaces also brings forth a host of complex socio-economic challenges, including rising inequality, spatial segregation, lack of access to affordable housing, and environmental degradation (UN-Habitat, 2020). The benefits of urban growth are unevenly distributed, with marginalized groups, including informal workers, slum dwellers, migrants and women, often excluded from the core development processes that shape urban life.

Globally, more than 56% of the population now resides in urban areas, a number projected to increase to 68% by 2050 (United Nations, 2022). In India, cities contribute over two-thirds of the national GDP, yet they remain paradoxically afflicted by concentrated poverty, rising unemployment, informality and infrastructural strain (Ministry of Housing and Urban Affairs [MoHUA], 2019). These challenges are further exacerbated by climate-related risks and economic shocks, such as the COVID-19 pandemic, which have disproportionately affected vulnerable urban populations (Patel, 2021, p. 42).

In response, urban planners and policymakers have increasingly turned to sustainable finance, a framework that integrates ESG principles into economic planning, to address these challenges and promote resilience (OECD, 2020). However, financial systems and urban governance mechanisms often remain technocratic, top-down, and disconnected from the grassroots realities of marginalized communities.

This is where social work becomes essential. Rooted in human rights, equity, and community empowerment, social work brings a critical, people-centered lens to urban development. Social workers act as intermediaries between institutions and individuals, advocating for inclusive policy, delivering services, and fostering participatory processes that ensure no group is left behind in the urban transition (International Federation of Social Workers [IFSW], 2021). They contribute not only to social protection and welfare delivery but also to sustainable economic models that are locally rooted and socially just.

This paper explores how social work contributes to creating inclusive and resilient urban futures by engaging with sustainable finance, promoting economic resilience, and advocating for systemic change. It examines

conceptual foundations, real-world applications, and policy pathways that highlight the transformative potential of integrating social work into the economic and environmental fabric of cities.

## **Conceptual Framework: Inclusive Cities and Economic Resilience**

To effectively analyse the role of social work in urban economic futures, it is essential to understand the interconnected concepts of inclusive cities, economic resilience, and sustainable finance. These three pillars form the foundation of a framework through which social workers can meaningfully intervene in urban systems and contribute to both equity and sustainability.

### **Inclusive Cities**

An inclusive city is one where all individuals, regardless of socioeconomic status, caste, gender, religion, ethnicity, age, ability, or migration status, can access the resources and opportunities necessary for a dignified life. This includes access to affordable housing, quality education, public healthcare, gainful employment, and mechanisms for civic and political participation. According to UN-Habitat (2020), inclusion should not merely be a policy objective but a guiding principle for planning and governance, ensuring that all voices, especially those of marginalized populations, are heard and respected in decision-making processes (Koonings & Kruijt, 2019, p. 11).

Inclusion in the urban context is both a human rights imperative and a developmental strategy. Cities that fail to include their poorest and most vulnerable populations risk perpetuating cycles of poverty, social unrest, and inefficient resource use. Social work, with its community-centred approach, is central to building inclusive cities by facilitating

participatory governance, ensuring service delivery and advocating for the rights of the excluded (IFSW, 2021).

## **Economic Resilience**

Economic resilience refers to the capacity of individuals, households and urban economies to absorb, recover from, and adapt to external shocks – be they economic downturns, pandemics, inflation or climate-related disasters (Satterthwaite & Dodman, 2013). For urban poor and informal workers, who often live pay check to lack formal safety nets, resilience is not an abstract concept but a daily necessity.

Resilient economies are characterized by their diversity, redundancy and local embeddedness. They rely not only on large-scale investments but also on community-level resources, mutual aid and informal networks. Urban economic resilience also depends on institutions that are inclusive, transparent, and responsive to localized needs (Meerow et al., 2016). Social workers strengthen resilience by building individual capacities (e.g., through financial literacy and livelihood training), facilitating collective action (e.g., SHGs, cooperatives), and supporting access to services and entitlements during crises (Leichenko, 2011, p. 494).

## **Sustainable Finance**

Sustainable finance encompasses financial systems, instruments, and policies that support long-term environmental and social well-being while ensuring economic returns. At its core, it integrates ESG criteria into decision-making, enabling capital to flow into projects that address critical sustainability challenges such as climate change, inequality, and urban poverty (OECD, 2020).

In the urban context, sustainable finance mechanisms may include green bonds for climate-resilient infrastructure, social impact investments for education and housing, and microfinance programs targeted at women and informal sector entrepreneurs. However, the effectiveness of such instruments depends on their accessibility and adaptability to the needs of marginalized populations. Financial innovation must be coupled with social insight to ensure that economic growth does not exacerbate inequality (World Bank, 2022). Social workers, by virtue of their proximity to the community, play a crucial role in contextualizing financial initiatives, ensuring that they are participatory, ethical, and aligned with the realities of those at the periphery of formal systems (United Nations Environment Programme [UNEP], 2016, p. 27).

## **The Role of Social Work in Urban Financial Inclusion**

In an increasingly market-driven urban landscape, access to financial resources is a critical determinant of economic agency and social inclusion. However, for many marginalized urban residents, including slum dwellers, informal workers, women, persons with disabilities, and migrants, financial systems remain inaccessible due to structural barriers such as a lack of documentation, low financial literacy, and systemic discrimination (Rani & Unni, 2019). These barriers are not merely technical but deeply embedded in social, cultural, and institutional inequalities.

Social workers, with their grounding in community engagement, rights-based advocacy and capacity building, play a pivotal role in addressing these exclusions. They act as facilitators of access, translators of policy, and enablers of empowerment. By integrating financial inclusion into their practice, social workers help marginalized populations navigate complex urban economies and exercise their financial rights.

## Financial Literacy and Empowerment

Financial literacy, defined as the ability to understand and effectively use various financial skills, including personal financial management, budgeting and investing, is a cornerstone of economic empowerment. In urban India, this need is particularly acute among women, migrants, and informal workers, many of whom are excluded from formal banking channels and remain dependent on informal lenders (Sherraden et al., 2011).

Social workers address these gaps through tailored interventions such as community-based financial education workshops, individual and group counselling, and facilitation of access to savings accounts, credit services, and government-backed financial products. These interventions often employ participatory and culturally sensitive methodologies, including the use of visual aids, storytelling and peer education, particularly in low-literacy contexts.

A notable example can be found in Gujarat, where NGOs have partnered with social workers to facilitate microfinance groups among urban poor women. These groups not only provide access to credit for small enterprises but also foster collective decision-making, peer support, and a shift in gender norms related to economic participation (Tripathi et al., 2020). Through such engagements, social workers not only improve financial competencies but also contribute to broader empowerment outcomes, including enhanced self-efficacy, autonomy and social capital (Lusardi & Mitchell, 2014, p. 13).

## Linking Communities to Social Protection

India has an extensive but fragmented network of social protection schemes, ranging from health insurance (e.g., Ayushman Bharat), food security (e.g., PDS), housing subsidies (e.g., PMAY) and

direct benefit transfers (e.g., PM-KISAN). However, awareness and access among urban poor communities remain dismally low due to a lack of information, bureaucratic hurdles, and digital exclusion (Khera, 2019).

Social workers bridge this critical gap by performing an intermediary role: identifying eligible individuals and families, assisting with documentation and enrollment, facilitating grievance redressal, and advocating with local authorities for better implementation. Their relational and community-based approach allows them to build trust and engage with people who are otherwise alienated from formal governance systems.

Moreover, social workers play a crucial advocacy role in addressing systemic exclusion – highlighting, for example, how biometric failures in Aadhaar authentication disproportionately affect elderly and disabled populations in slums (Drèze & Khera, 2017). By documenting such exclusionary practices and amplifying the voices of the affected, social workers contribute to a more accountable and responsive social protection regime.

In doing so, they move beyond charity-based models and instead affirm the right of every urban resident to economic security and dignity. Their role, therefore, is not limited to service delivery but extends to transformative practice, wherein financial inclusion becomes a pathway to broader social inclusion and justice.

## Social Work and Sustainable Livelihoods in Urban Areas

Livelihood security is fundamental to urban well-being, yet for most of the urban poor, this security remains elusive. In India, over 80% of the urban workforce is employed in the informal sector,

which is characterized by precarious working conditions, absence of social protection, low and irregular wages and vulnerability to economic shocks (International Labour Organization [ILO], 2018). Informal workers, including domestic workers, street vendors, construction labourers, and waste pickers, are not only excluded from formal labour laws and welfare schemes but also face social stigmatization and institutional neglect.

Social work, rooted in community empowerment and human development, plays a critical role in addressing urban livelihood insecurity. Social workers are increasingly involved in designing, implementing and evaluating livelihood programs that promote skills development, entrepreneurship and collective enterprise. Their work is embedded in a rights-based framework, which views decent work not just as an economic goal, but as a fundamental human right (IFSW, 2021).

### **Skilling and Employment Initiatives**

In the context of increasing urban unemployment and underemployment, social workers act as key intermediaries in skill-building and employment generation initiatives. They collaborate with government departments, municipal bodies, and civil society organizations to implement schemes such as the National Urban Livelihoods Mission (NULM), which aims to enhance the employability of the urban poor through capacity building, skill development, and entrepreneurship promotion (MoHUA, 2019).

Social workers help in the formation and mobilization of Self-Help Groups (SHGs), particularly among women and youth, enabling them to access credit, undertake vocational training, and start microenterprises. These groups function not only as economic units but also as platforms for collective action, leadership development, and social empowerment (Tripathy & Mohapatra, 2020).

Moreover, social workers often serve as livelihood counselors, helping individuals map their skills, access job markets, and navigate government employment portals and placement agencies. They also provide psycho-social support, particularly for youth facing identity crises, substance abuse, or family instability, which are common barriers to sustained employment.

In cities like Bengaluru and Pune, NGOs such as YUVA and Pratham have deployed social workers to run skill training centres and placement cells in informal settlements, demonstrating measurable improvements in employment rates and household income levels (Bhan et al., 2014).

### **Urban Cooperatives and Social Enterprises**

Another key strategy championed by social work is the promotion of collectivized economic models, including cooperatives, worker-owned enterprises, and social enterprises. These models offer a transformative alternative to exploitative labour markets by emphasizing democratic control, shared profits, and social accountability (Chen et al., 2005).

One of the most successful examples is the Self-Employed Women's Association (SEWA), based in Ahmedabad. SEWA, which operates as both a trade union and a cooperative federation, has empowered thousands of informal women workers by providing access to microcredit, healthcare, child care, and legal support. Social workers associated with SEWA engage in capacity building, leadership training, and rights education, thereby transforming informal workers into agents of economic and social change (Bhatt, 2006).

Social enterprises, businesses with a social mission, also provide fertile ground for social work intervention. These ventures often employ disadvantaged groups such as persons with

disabilities, survivors of trafficking, or homeless youth. Social workers involved in such enterprises ensure that the work environment is inclusive, rights-based and supportive of psychosocial well-being (Roy & Basu, 2020).

Importantly, such models also contribute to economic resilience by embedding financial systems within communities and encouraging local ownership. This is especially crucial in times of economic crisis, when centralized employment models tend to collapse (Defourny & Nyssens, 2017, p. 48).

## **Urban Housing, Tenure Security, and Financial Justice**

Secure and affordable housing is one of the most basic human needs and a cornerstone of inclusive and sustainable urban development. However, for millions of urban residents in India and the Global South, this remains an unattainable ideal. According to the Census of India (2011), more than 17% of India's urban population lives in informal settlements, often under substandard conditions, lacking access to clean water, sanitation, electricity, and legal protection against eviction. The COVID-19 pandemic further exposed the fragility of urban housing systems and the stark inequities experienced by slum dwellers and homeless populations (UN-Habitat, 2020).

Social workers are uniquely positioned to address these challenges by working at the intersection of human rights, housing policy and community development. Their engagement is crucial in amplifying the voices of marginalized urban residents and enabling access to resources, secure tenure and financial justice.

### **Advocacy for Housing Rights**

Social work has long aligned itself with housing justice movements that seek to reclaim urban space

for the working poor. Social workers collaborate with civil society groups, residents' associations, and legal advocates to demand inclusive zoning policies, slum regularization, and protection against forced evictions (Desai & Loftus, 2013). They play a key role in organizing community dialogues, conducting housing needs assessments, and mobilizing grassroots action against discriminatory urban planning practices.

For example, in cities like Mumbai and Delhi, social workers have supported resistance movements against evictions prompted by mega-infrastructure projects or urban beautification drives (Bhan, 2009). Their advocacy includes educating slum residents about their legal rights, offering legal aid, and facilitating participatory planning processes. Such interventions are guided by international frameworks like the Right to Adequate Housing under the International Covenant on Economic, Social and Cultural Rights (ICESCR), which India has ratified (Roy, 2011, p. 233).

Moreover, social workers contribute to policy reform efforts by documenting housing violations, preparing shadow reports for human rights commissions, and lobbying for pro-poor urban development legislation (UN-Habitat, 2015). They serve as a bridge between the State and the people, pushing for the recognition of informal settlements as legitimate urban neighbourhoods, deserving of infrastructure, services and tenure security.

### **Access to Credit and Housing Finance**

A significant barrier to urban housing inclusion is the lack of access to formal finance. Conventional banking systems often exclude slum dwellers and low-income migrants due to their lack of fixed addresses, formal employment, and collateral. In this context, social workers collaborate with microfinance institutions (MFIs), housing cooperatives and NGOs to create alternative

financial pathways for housing security (Bredenoord & Van Lindert, 2010).

These initiatives include facilitating home improvement loans, supporting community-based savings groups, and connecting households with government-subsidized housing schemes like the Pradhan Mantri Awas Yojana (PMAY). Social workers help clients navigate complex application procedures, meet eligibility criteria, and secure necessary documentation, tasks often insurmountable for the urban poor when unassisted.

One notable example is the work of Society for Promotion of Area Resource Centres (SPARC) in partnership with Mahila Milan, where social workers have supported women-led savings groups in accessing housing credit and co-developing housing solutions. These efforts have not only improved living conditions but have also empowered women as community leaders and financial decision-makers (Patel & Mitlin, 2010).

Furthermore, social workers promote financial justice by challenging predatory lending practices, advocating for interest rate regulation in low-income housing finance, and educating communities about their financial rights. They work to ensure that access to credit does not lead to cycles of debt but rather becomes a stepping stone toward dignity, security, and stability.

## **Climate Resilience and Environmental Justice in Urban Social Work**

The impacts of climate change in urban settings are deeply unequal. While cities are responsible for over 70% of global carbon emissions, it is the urban poor, particularly those living in informal settlements, who bear the brunt of climate-related risks such as floods, air pollution, and heat waves (IPCC, 2022). In India, cities like Mumbai, Chennai and Delhi experience recurrent urban flooding, water scarcity,

and rising temperatures, disproportionately affecting low-income communities with limited access to infrastructure and public services.

Climate resilience in this context is not just about infrastructure, but about equity, ensuring that all urban residents have the capacity to withstand, recover, and adapt to environmental shocks. This is where environmental justice intersects with the profession of social work. Social workers, grounded in human rights and social equity, are increasingly recognized as essential actors in building inclusive climate resilience in urban environments (Dominelli, 2012).

## **Participatory Urban Planning**

One of the key contributions of social workers to climate resilience is their role in participatory urban planning. Conventional top-down climate action plans often overlook the realities of marginalized urban populations, leading to policies that unintentionally exacerbate vulnerability, for instance, evicting slum residents for green space development without resettlement plans. Social workers act as mediators and facilitators in community-driven climate planning by using tools such as Participatory Rural/Urban Appraisal (PRA), environmental audits, community mapping and vulnerability assessments (IFSW, 2021).

By involving residents in identifying local hazards, resource distribution, and adaptive capacities, social workers promote a bottom-up approach to urban resilience. For example, in Ahmedabad's heat action plan, community health workers, many with social work backgrounds, were integral in mapping heat-vulnerable zones and educating slum dwellers on heatstroke prevention (Knowlton et al., 2014). These participatory strategies ensure that climate adaptation plans are not only technically sound but socially embedded. (Corburn, 2017, p. 102)

In areas affected by flooding or sea-level rise, social workers also support community relocation planning, not merely by facilitating movement, but by advocating for compensation, land rights, and livelihood continuity. This approach prevents the uprooting of communities under the guise of climate action and upholds the principle of climate justice, which prioritizes the needs of those most affected by climate change (Sultana, 2022).

## **Just Transitions**

The concept of a “just transition” has gained prominence as economies shift toward green technologies and decarbonisation. A just transition ensures that the costs and benefits of environmental changes are shared equitably, and that vulnerable groups, such as informal workers, waste-pickers, and construction labourers, are not left behind in the process (ILO, 2022). Social workers play a critical role in operationalizing just transitions in the urban context.

As cities introduce climate-mitigation initiatives like clean energy transitions, green building codes, and electric mobility systems, social workers advocate for inclusive policy frameworks that account for employment displacement, skill deficits, and economic restructuring. For instance, when coal-dependent urban neighbourhoods or informal recyclers face disruption due to bans on certain practices, social workers facilitate reskilling programs, alternative livelihood linkages, and psychosocial support for affected workers.

Moreover, in areas implementing large-scale greening or smart city projects, social workers serve as ethical monitors, ensuring that development does not become a pretext for elite capture of urban space. Their involvement ensures that green infrastructure, such as urban forests, cooling corridors, and solar microgrids, is co-designed with residents, rather than imposed upon them (Anguelovski et al., 2019).

At a policy level, social workers contribute to advocacy for environmental reparations, the recognition of ecological debt, and climate finance accountability, particularly for slum upgrading and disaster risk reduction projects. Their holistic perspective ensures that climate resilience is not only about engineering and finance but about rights, agency and dignity. (Newell & Mulvaney, 2013, p. 95)

## **Case Studies from Indian Urban Contexts**

Real-world case studies from urban India provide a nuanced understanding of how social work interventions in financial inclusion, sustainable livelihoods, and urban resilience manifest in practice. These grounded initiatives showcase the capacity of social work to translate inclusive development goals into actionable outcomes, especially in low-income, informal urban neighbourhoods.

### **Delhi's Urban Poor and Financial Inclusion**

Delhi, as India's capital and a magnet for rural-urban migration, hosts a large population of informal and migrant workers who often lack identity documentation, access to formal banking, and awareness of their labor rights. These exclusions exacerbate their vulnerability to exploitation, wage theft, and homelessness. In response, the Aajeevika Bureau, in collaboration with local social work practitioners, initiated a comprehensive financial inclusion and worker rights campaign targeting migrant labourers in slum clusters and construction sites (Aajeevika Bureau, 2020).

The intervention's first step was to facilitate ID documentation drives, including voter ID cards, Aadhaar enrollment, and ration card updates, basic prerequisites for accessing welfare schemes and banking services. Social workers played a key role as navigators and rights educators, helping workers

understand their entitlements under laws such as the Inter-State Migrant Workmen Act, the Building and Other Construction Workers (BOCW) Act and the Unorganised Workers' Social Security Act (Ministry of Labour & Employment, 2019).

Furthermore, social workers established financial access points – small community hubs where workers could open Jan Dhan accounts, apply for health insurance (e.g., Ayushman Bharat), and receive counselling on wage protection and micro-savings. As of 2020, over 12,000 migrant workers had been linked to formal banking systems through this initiative (Aajeevika Bureau, 2020). This approach not only enhanced financial literacy but also enabled workers to build financial identity and agency, thereby improving their bargaining power and resilience against economic shocks such as job loss or medical emergencies.

### **M-East Ward, Mumbai: Community Finance and Women's Agency**

M-East Ward in Mumbai represents one of the most underserved urban regions in India. With high rates of poverty, poor housing, inadequate sanitation, and low female literacy, this region presents a complex landscape for urban social work. Responding to this, the Tata Institute of Social Sciences (TISS) launched a multi-year community finance and empowerment project, facilitated through its School of Social Work and Urban Policy and Governance.

At the heart of the intervention was the formation of women-led savings and credit groups in informal settlements such as Govandi and Shivaji Nagar. These groups were modelled on Self-Help Group (SHG) principles, but uniquely structured to be inclusive of single women, widows, Muslim women (often excluded in mainstream SHGs) and younger women with limited mobility (TISS, 2018).

Social workers conducted financial capability workshops focusing on budgeting, credit negotiation, digital literacy, and debt management. Simultaneously, community members were engaged in rights-based advocacy to pressure municipal authorities to improve water access, street lighting, and sanitation. These improvements had tangible outcomes: by 2018, over 60% of participating women reported increased savings and access to emergency credit, and several groups had successfully negotiated for basic infrastructure upgrades through collective petitions and community audits (TISS, 2018).

One significant success was a microcredit-linked housing improvement initiative, where pooled savings from the SHGs were matched by a philanthropic fund to support home repairs and extensions. This not only improved housing conditions but also fostered collective ownership and decision-making, reinforcing women's leadership in urban governance processes.

This case exemplifies how community finance, when combined with feminist social work principles, can catalyse both economic and social transformation in deeply marginalized contexts. The M-East Ward project is now referenced in various urban policy dialogues as a model for integrated development through participatory finance (Patel & Chatterjee, 2019).

### **Challenges and Ethical Considerations**

Despite the growing recognition of social work's role in advancing inclusive and resilient urban economies, practitioners and policymakers face several persistent challenges and ethical dilemmas. These issues limit the scope and effectiveness of interventions and raise fundamental questions about accountability, equity and justice.

## **Fragmented Urban Governance**

One of the key structural impediments to inclusive city-building is the fragmentation of urban governance. In many Indian cities, urban development is governed by a plethora of overlapping agencies, namely municipal corporations, development authorities, housing boards and private consultants, each operating with distinct mandates and limited coordination (Bhide, 2016). This multiplicity of actors often leads to policy incoherence, delays in service delivery, and diffusion of accountability, thereby constraining the space for social work-led interventions. Social workers often struggle to navigate these bureaucratic silos and advocate effectively for marginalized groups without institutional support.

## **Funding Constraints and Donor Dependence**

Social work programs, particularly those focused on financial inclusion and urban poverty alleviation, frequently suffer from chronic underfunding. Limited public budgets for welfare services in urban areas often result in reliance on external donors or CSR-funded initiatives. While these resources can be valuable, they may also impose conditionalities that skew program priorities away from local needs. Donor-driven projects may emphasize short-term metrics or visibility over long-term structural change, undermining the autonomy and integrity of social work (Banks et al., 2020). For instance, programs might prioritize microenterprise development over basic needs such as tenure security or access to water.

## **Ethical Dilemmas in Practice**

Ethical tensions are intrinsic to social work in complex urban ecosystems. Practitioners are often required to balance the needs of communities with the agendas of funders, governments, and private developers. For example, promoting digital financial inclusion may alienate elderly or digitally illiterate populations, raising questions about

technological equity. Similarly, supporting resettlement in climate-vulnerable areas without proper consultation could violate the principle of self-determination. According to Banks et al. (2020), such ethical challenges demand constant reflexivity, transparency, and participatory accountability mechanisms to ensure that interventions do not reproduce existing hierarchies or marginalize vulnerable voices further.

## **Capacity Deficits**

Social workers often face capacity constraints themselves, particularly in the domains of financial planning, climate risk, and digital tools. The current training curricula may not adequately prepare them to engage with emerging fields such as sustainable finance, ESG frameworks, or digital banking platforms. This skill mismatch limits their effectiveness in influencing urban development strategies or building economic resilience among communities (IFSW, 2021). Investing in continuous professional development and cross-sector collaboration is therefore critical (Dominelli, 2014, p. 65).

## **Policy Recommendations**

To harness the full potential of social work in creating inclusive and economically resilient cities, structural and policy-level reforms are essential. These recommendations are aimed at local governments, planning authorities, financial institutions and educational bodies.

## **Strengthen Urban Social Work Infrastructure**

There is an urgent need to institutionalize the role of social workers within urban governance mechanisms. This can be achieved by embedding licensed social workers within municipal planning departments, ward offices and smart city missions. Just as urban planners and engineers are routinely consulted in development projects, social workers

should be recognized as experts in social sustainability and equity (Bhide, 2016). Municipal service delivery units must include social work perspectives in areas such as housing allocation, health access, and community outreach.

### **Promote Ethical and Inclusive Sustainable Finance**

Urban sustainable finance must go beyond environmental goals and explicitly integrate social justice and cultural appropriateness. Financial institutions and ESG investors should be encouraged to develop and adopt ‘social impact screens’ that assess projects for equity, participation, and benefit-sharing (OECD, 2020). Moreover, public financial institutions such as NABARD and SIDBI can pilot urban financial products tailored to informal workers, migrants and slum dwellers, in consultation with social work agencies.

### **Mandate Community Participation and Social Impact Assessments**

Community participation must be made a statutory requirement for all urban infrastructure and development projects. Social Impact Assessments (SIAs), much like environmental impact assessments, should be made mandatory and binding, ensuring that the voices of vulnerable groups are accounted for during the planning and implementation stages. Social workers can facilitate such participatory processes using tools like community forums, neighbourhood planning and grievance redressal mechanisms (UN-Habitat, 2020).

### **Invest in Training and Capacity Building**

A future-ready social work profession must be equipped with interdisciplinary tools. Academic institutions and training centres should design specialized modules on sustainable finance, climate adaptation, digital inclusion and urban policy. Government schemes such as the National

Urban Livelihoods Mission (NULM) and Smart Cities Mission (SCM) should earmark funds for the continuous professional development of social workers, particularly those working in vulnerable neighbourhoods (MoHUA, 2019).

### **Foster Multi-Stakeholder Collaborations**

Finally, building inclusive cities is not the mandate of one actor alone. Cross-sector partnerships among governments, academia, civil society organizations, grassroots groups, and private finance institutions must be fostered. Social workers can serve as critical liaisons, translating between technical experts and community realities. Public-Private-People Partnerships (PPPPs), when grounded in mutual accountability and co-creation, can produce holistic and sustainable outcomes (Patel & Chatterjee, 2019).

### **Conclusion**

As the urban landscape continues to expand and evolve, questions of equity, resilience, and sustainability are becoming central to discussions on the future of cities. Social work's enduring commitment to social justice, inclusion, and human dignity positions it as a critical force in shaping these futures. Whether by fostering financial literacy among the urban poor, linking marginalized populations to social protection schemes, promoting participatory planning, or advocating for climate justice, social workers contribute to urban systems that are not only economically viable but also socially transformative. In the context of economic uncertainty, rising inequality, and environmental degradation, urban resilience must be redefined to include community agency and structural equity. Social work brings to the table a people-centered, rights-based approach that is often missing from top-down urban finance and planning paradigms. Embedding social workers in urban governance structures and recognizing their role in financial inclusion, housing rights, and climate adaptation can help

ensure that cities do not merely recover from crises but emerge stronger, fairer, and more inclusive.

Ultimately, an inclusive city grows not only in infrastructure and GDP but in solidarity, justice, and compassion. Social workers are indispensable

in making this vision a reality, serving as bridges between policy and people, between systemic reform and everyday survival. Their contribution is not ancillary but foundational to building sustainable economic futures in a world where the urban and the ethical must increasingly walk hand in hand.

## References

- 1) Aajeevika Bureau. (2020). *Financial inclusion for migrant workers: Urban interventions in Delhi*. <https://aajeevika.org>
- 2) Banks, S., Armstrong, A., Carter, K., Graham, H., Hayward, P., Henry, A., Houston, S., McCulloch, T., McNay, M., & Reimer, E. (2020). *Practising ethically during COVID-19: Social work challenges and responses*. *International Social Work*, 63(5), 569–583. <https://doi.org/10.1177/0020872820949614>
- 3) Bhan, G. (2009). “This is no longer the city I once knew”: Evictions, the urban poor and the right to the city in millennial Delhi. *Environment and Urbanization*, 21(1), 127–142. <https://doi.org/10.1177/0956247809103009>
- 4) Bredenoord, J., & Van Lindert, P. (2010). *Pro-poor housing policies: Rethinking the potential of assisted self-help housing*. *Habitat International*, 34(3), 278–287. <https://doi.org/10.1016/j.habitatint.2009.12.001>
- 5) Census of India. (2011). *Housing stock, amenities and assets in slums – Census 2011*. Office of the Registrar General & Census Commissioner, India. <https://censusindia.gov.in>
- 6) Chen, M., Sebstad, J., & O’Connell, L. (2005). *Counting the invisible workforce: The case of homebased workers*. *World Development*, 33(7), 1233–1247. <https://doi.org/10.1016/j.worlddev.2005.04.009>
- 7) Corburn, J. (2017). *Slum health: From the cell to the street*. University of California Press.
- 8) Defourny, J., & Nyssens, M. (2017). *Fundamentals for an international typology of social enterprise models*. *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 28(6), 2469–2497. <https://doi.org/10.1007/s11266-017-9884-7>
- 9) Desai, R., & Loftus, A. (2013). *Speculating on slums: Infrastructural fixes in the urban age*. *Antipode*, 45(4), 942–962. <https://doi.org/10.1111/j.1467-8330.2012.01044.x>
- 10) Dominelli, L. (2014). *Social work and the environment: Understanding people and place*. Polity Press.
- 11) International Federation of Social Workers (IFSW). (2021). *Social work and the United Nations Sustainable Development Goals*. <https://www.ifsw.org/social-work-action-and-the-sdgs/>
- 12) International Labour Organization (ILO). (2018). *India wage report: Wage policies for decent work and inclusive growth*. [https://www.ilo.org/global/publications/WCM\\_S\\_638305/lang--en/index.htm](https://www.ilo.org/global/publications/WCM_S_638305/lang--en/index.htm)
- 13) International Labour Organization (ILO). (2022). *Just transition towards environmentally sustainable economies and societies for all*.

[https://www.ilo.org/global/topics/green-jobs/WCMS\\_432859/lang--en/index.htm](https://www.ilo.org/global/topics/green-jobs/WCMS_432859/lang--en/index.htm)

- 14) Koonings, K., & Kruijt, D. (2019). *Urban fragility and resilience in the Global South*. Routledge.
- 15) Leichenko, R. (2011). *Climate change and urban resilience*. *Current Opinion in Environmental Sustainability*, 3(3), 164–168. <https://doi.org/10.1016/j.cosust.2010.12.014>
- 16) Lusardi, A., & Mitchell, O. S. (2014). *The economic importance of financial literacy: Theory and evidence*. *Journal of Economic Literature*, 52(1), 5–44. <https://doi.org/10.1257/jel.52.1.5>
- 17) Ministry of Housing and Urban Affairs (MoHUA). (2019). *National Urban Livelihoods Mission: Framework for implementation*. Government of India. <https://nulm.gov.in>
- 18) Newell, P., & Mulvaney, D. (2013). *The political economy of the 'just transition'*. *The Geographical Journal*, 179(2), 132–140. <https://doi.org/10.1111/geoj.12008>
- 19) Organisation for Economic Co-operation and Development (OECD). (2020). *Sustainable finance and the role of securities regulators and IOSCO*. <https://www.oecd.org/finance/sustainable-finance.htm>
- 20) Patel, S. (2021). *Inequality and pandemic urbanism: Lessons from India*. *Urban Studies*, 58(10), 1983–1999. <https://doi.org/10.1177/00420980211008432>
- 21) Patel, S., & Chatterjee, A. (2019). *Reimagining inclusive urban development: Grassroots innovations in India*. *Urban Policy and Research*, 37(2), 123–138. <https://doi.org/10.1080/08111146.2019.1578984>
- 22) Roy, A. (2011). *Slumdog cities: Rethinking subaltern urbanism*. *International Journal of Urban and Regional Research*, 35(2), 223–238. <https://doi.org/10.1111/j.1468-2427.2011.01051.x>
- 23) Satterthwaite, D., & Dodman, D. (2013). *Towards resilience and transformation for cities within a finite planet*. *Environment and Urbanization*, 25(2), 291–298. <https://doi.org/10.1177/0956247813501421>
- 24) Sherraden, M. S., Johnson, L., Guo, B., & Elliott, W. (2011). *Financial capability in children: Effects of participation in a school-based financial education and savings program*. *Journal of Family and Economic Issues*, 32(3), 385–399. <https://doi.org/10.1007/s10834-010-9220-5>
- 25) Tata Institute of Social Sciences (TISS). (2018). *Community finance and savings innovations in M-East Ward, Mumbai: Impact evaluation report*. <https://www.tiss.edu>
- 26) United Nations. (2022). *World urbanization prospects: The 2022 revision*. Department of Economic and Social Affairs, Population Division. <https://population.un.org/wup/>
- 27) United Nations Environment Programme (UNEP). (2016). *The financial system we need: From momentum to transformation*. UNEP Inquiry. <http://unepinquiry.org>
- 28) UN-Habitat. (2020). *World cities report 2020: The value of sustainable urbanization*. United Nations Human Settlements Programme. <https://unhabitat.org/wcr/>



# ROUND & ABOUT

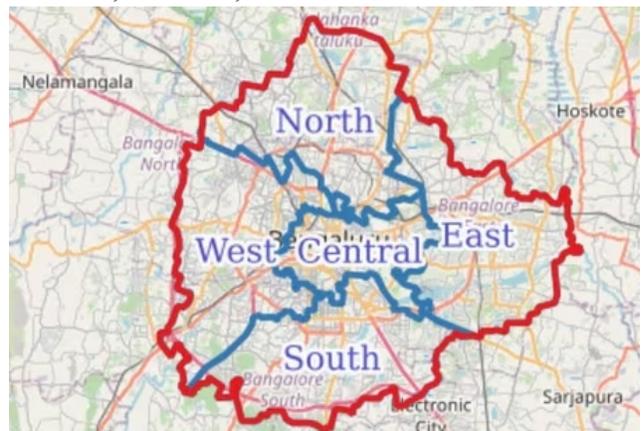
**Mr. Fazalahmed Khan**  
Advisor, AILSG, Mumbai.

## A New Approach in Urban Governance

### Creation of the Greater Bengaluru Authority and Setting up Five Municipal Corporations for Bengaluru City

The Greater Bengaluru Governance (GBG) Act, 2024 has come into effect in Karnataka. As its subtitle says, it is 'An Act to provide for the core principles, institutions and processes for effective urban governance in the Greater Bengaluru Area...'. Under this Act, inter alia,

- (a) The Greater Bengaluru Authority is set up to coordinate and supervise the development of the Greater Bengaluru Area.
- (b) Five city corporations are set up in the city. (The new Act provides for not more than 7 city corporations).
- (c) Ward Committees are empowered to become basic units of urban governance and facilitate community participation.



Many other ancillary objectives are stated to integrate and streamline political accountability of public authorities, facilitate community participation, and improve service delivery.

Municipal Acts are amended from time to time, but their broad structure rarely changes. Similarly, instances of replacement of Municipal Acts are few and far between. Some Municipal Acts passed in the 19<sup>th</sup> Century (Mumbai Municipal Corporation Act) or the early 20<sup>th</sup> century are still in force. In fact, over the decades, with the amendments over time, they have become consolidated to be more suited for city governance. Thus, with the history of municipal corporations in India and the existing setup, it is a totally new and novel approach aimed at decentralization of city governance as against the established system of city governance.

With the launch of Jawaharlal Nehru National Urban Renewal Mission (JNNURM), around 2005, the Government of India had initiated Nagar Raj Bill (Community Participation Bill) to promote

increasing citizen participation in civic governance and replace the two-tier system of urban local governance with a three-tier system by adding the Area Sabha/Mohalla Sabha as the lowest layer. Most of the States have brought about this decentralized system.

The GBG Act, 2024 is in line with the decentralized approach and opens a new chapter in the urban governance legislation and practices.

*[References: (1) The GBG Act, 2024; (2) The New Indian Express, Bengaluru, 3 September 2025; (3) Hindustan Times, Bengaluru, 7 September 2025]*

### **Cities in Motion — Tracing 30 Years of Urban Expansion in Key Indian Cities**

Square Yard, a private real estate marketing and research body, has brought out a seminal report with the title ‘Cities in Motion — Tracing 30 Years of Urban Expansion in Key Indian Cities’, which details the expansion of India's top eight metropolitan areas from 1995 to 2025. The report shows that the total urban built-up area in these cities has doubled to 4,308 sq. km, with Pune experiencing the fastest growth (332%), while Mumbai had the slowest expansion (43%). The report highlights significant urban growth driven by migration and the development of economic hubs, crucial for investors and policymakers as India heads towards becoming a major urban power. Tanuj Shori, CEO & Founder, Square Yards, “India is stepping into the biggest urban transformation in its history, with its cities set to absorb over 330 million new residents by 2050, which is equivalent to adding the entire population of the United States into its urban fabric. This unprecedented rate of urbanization means close to 100 million new homes must be built, alongside massive investments in transit, infrastructure, and services. We're already seeing this play out in major cities of India, where skyscrapers, dense cores, and thriving business districts are reshaping how we live and work. And while metros continue to dominate, the real excitement is also in Tier 2 and 3 cities, where better infrastructure and capital flows are powering the next wave of growth.”

Some graphics from the report are as follows :

# Top-Cities in India

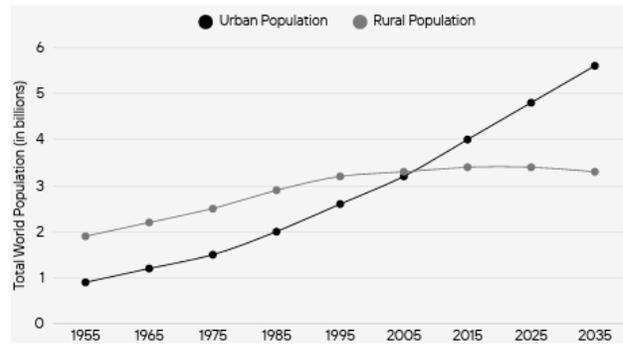
Comparative Snapshot of Growth in Urban Built-up Footprint

| City                | Current Built-up Footprint (sq.km.) | Total Built-up Footprint Increase between 1995-2025 (sq.km.) | Percentage Change 1995-2025 |
|---------------------|-------------------------------------|--|-----------------------------|
| Ahmedabad           | 285                                 | +144   | 102%                        |
| Bengaluru           | 498                                 | +324   | 186%                        |
| Chennai             | 467                                 | +270   | 137%                        |
| Delhi NCR           | 967                                 | +400   | 71%                         |
| Hyderabad           | 519                                 | +252   | 95%                         |
| Kolkata             | 611                                 | +283   | 87%                         |
| Mumbai MMR          | 588                                 | +176   | 43%                         |
| Pune                | 373                                 | +287   | 332%                        |
| <b>Top-8 Cities</b> | <b>4,308</b>                        | <b>+2,136</b>  | <b>98%</b>                  |

Note: This analysis is derived from publicly available datasets (Landat, GHSL) processed using GIS and Python-based geospatial libraries. The results are indicative, subject to the limitations of satellite data, and are intended for informational purposes only; they should not be interpreted as official government statistics.

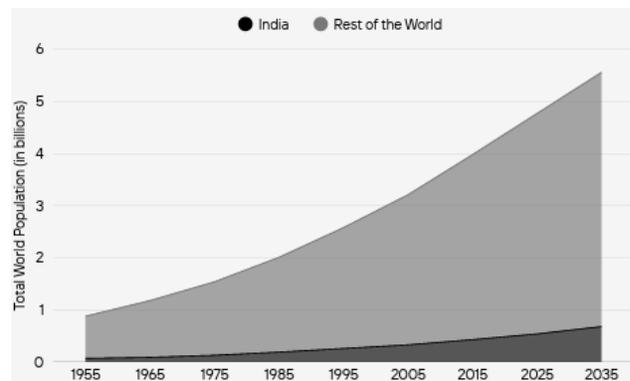
Source: Square Yards

## World Population Growth Trend - Urban Vs Rural



Source: United Nations, Square Yards

## Urban Population Growth Trend - India Vs World



Source: United Nations, Square Yards

[Reference: [https://static.squareyards.com/Cities\\_in\\_Motion-Tracing\\_30\\_Years\\_of\\_Urban\\_Expansion\\_in\\_Key\\_Indian\\_Cities-SquareYards\\_Final.pdf](https://static.squareyards.com/Cities_in_Motion-Tracing_30_Years_of_Urban_Expansion_in_Key_Indian_Cities-SquareYards_Final.pdf)]

## India's Renewable Rise: Non-Fossil Sources Now Power Half the Nation's Grid

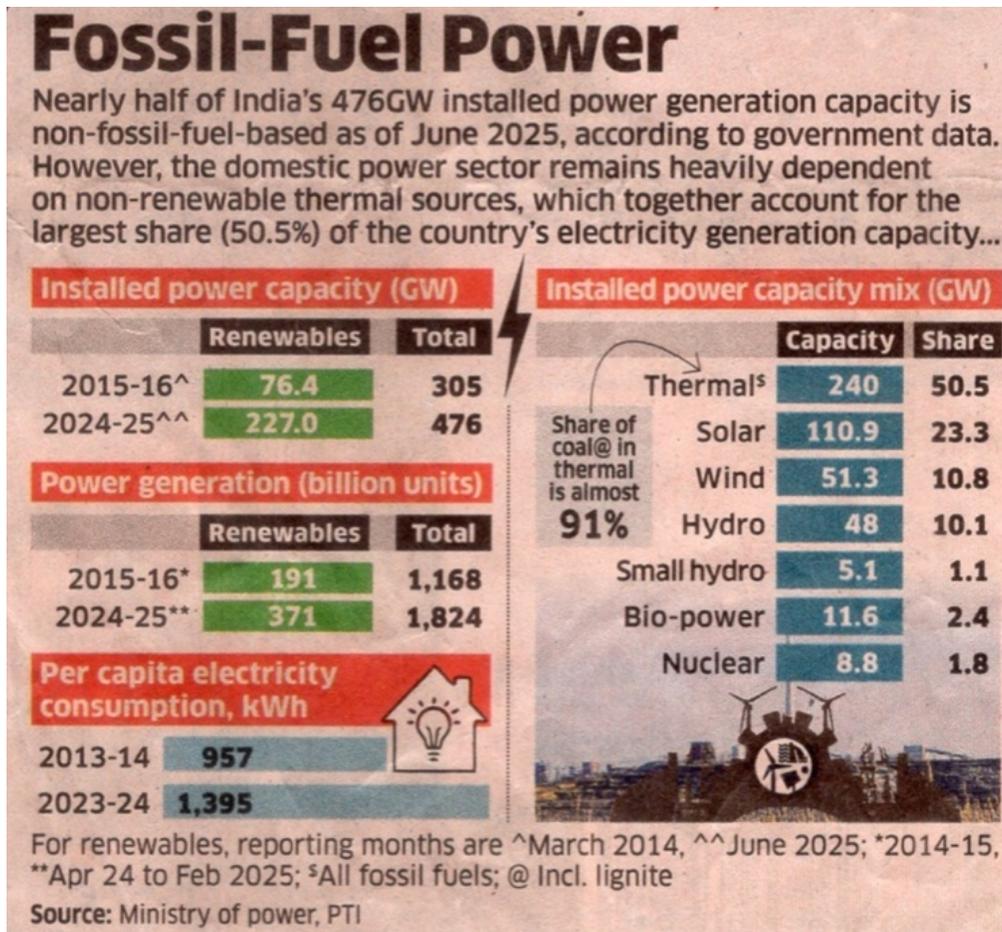
**Achieves 50% clean power capacity five years ahead of target, setting global benchmark for sustainable growth**

An excerpt from a Press Report of the Ministry of New and Renewable Energy [Posted on: 14 July 2025 by PIB Delhi] —

India has achieved a landmark in its energy transition journey by reaching 50% of its installed electricity capacity from non-fossil fuel sources — five years ahead of the target set under its Nationally Determined Contributions (NDCs) to the Paris Agreement. This significant milestone underscores the country's steadfast commitment to climate action and sustainable development, and signals that India's clean energy transition is not only real but also accelerating under the leadership of Prime Minister, Mr. Narendra Modi.

Union Minister of New and Renewable Energy, Mr. Pralhad Joshi, said, “In a world seeking climate solutions, India is showing the way. Achieving 50% non-fossil fuel capacity five years ahead of the 2030 target is a proud moment for every Indian. Prime Minister Mr. Narendra Modi's leadership continues to drive Bharat's green transformation — paving the path towards a self-reliant and sustainable future.”

A Press clipping on the subject illustrating the achievement (The Economic Times, Mumbai, 23 June 2025)



[Reference: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2144627>]

## **A New Era in Environmental Audit**

The Ministry of Environment, Forest and Climate Change (MoEFCC), Government of India, has notified Environment Audit Rules, 2025 on 29<sup>th</sup> August 2025, which is hailed as a landmark step to strengthen compliance, accountability, and sustainability across the sectors and industries for abating pollution and related ill effects of the violation of the provisions of the environment protection Acts.

One of the recitals of the rules is cited below to show the importance of these rules:

“And whereas, environment audit of the projects, activities or processes, approved under the Environment (Protection) Act, 1986, or Air (Prevention and Control of Pollution) Act, 1981, or Water (Prevention and Control of Pollution) Act 1974, or Van (Sanrakshan Evam Samvardhan) Adhiniyam, 1980, and Wild Life (Protection) Act, 1972 and rules or regulations framed thereunder are important to ensure compliance of the stipulated safeguards and to verify the compliance of the environmental obligations and norms of environmental standards prescribed by the regulatory authority and their effectiveness to prevent, control and abate environmental pollution; ....”

Now, a dedicated and statutory system is introduced under which specialized professionals are authorized as Certified Environment Auditors through the National Certification Examination. Some of the main features of the Rules are as under:

- (1) Setting Environment Audit Designated Agency (EADA), which will be responsible for registration, certification, supervision and training of auditors.
- (2) Registered Environment Auditors (REA). The rules provide for certification of Environmental Auditors based on either scrutiny of their qualification and experience by conducting an examination.
- (3) Central Pollution Control Board (CPCB) and State Pollution Control Boards (SPCBs) to continue their inspection and verification roles and assist the MoEFCC in the implementation of the rules.

The rules will provide career opportunities to environmental engineers, scientists, etc. The rules will ensure better compliance with the provisions of various environmental rules.

*[Reference: MoEFCC Notification, 29 August 2025. [https://static.pib.gov.in/WriteReadData/specific\\_docs/documents/2025/sep/doc202593627401.pdf](https://static.pib.gov.in/WriteReadData/specific_docs/documents/2025/sep/doc202593627401.pdf)]*

## **International Court of Justice's (ICJ) Climate Ruling**

The ICJ in The Hague, Netherlands, which is the principal judicial body of the United Nations gave a ruling on 23<sup>rd</sup> July 2025, 'that States have an obligation to protect the environment from greenhouse gas (GHG) emissions and act with due diligence and cooperation to fulfill this obligation' which means that countries are under a legal obligation to take action to reduce greenhouse gas emissions, and they could be held responsible if they failed to do so. The ruling was given in response to a resolution of the UN General Assembly passed in March 2022 seeking the advisory opinion of the court on climate change.

NB: Greenhouse gases include carbon dioxide, methane and nitrous oxide. These gases have a propensity to absorb and re-emit heat, contributing to the warming of the climate. Their concentrations in the atmosphere have substantially increased compared to their level in pre-industrial times. Nations of the world are united under the auspices of the United Nations Framework Convention on Climate Change (UNFCCC) to stabilize the level of greenhouse gases and tackle the threat of climate change.

*[Reference: <https://news.un.org/en/story/2025/07/1165475>]*

## **Call for Research Papers!**

The Regional Centre for Urban & Environmental Studies is pleased to invite contributions for Urban World in the form of articles and research papers from researchers, authors, publishers, academicians, administrative and executive officers, readers on the following themes –

- 1) Sustainable Sanitation for a Greener Planet
- 2) Solid Waste Management
- 3) Women Empowerment
- 4) Safe Cities for Women
- 5) Responsive Urban Governance
- 6) Citizens Participation and Local Governance.
- 7) Sustainable Urban Transportation

Articles could be between 2000 to 4000 words. They may contain compatible tables, charts, graphs, etc. We reserve the right to edit for sense, style and space. Contributions may be e-mailed in digital form as a Word file to the Director, RCUES, Mumbai.

Regional Centre for Urban and Environmental Studies (RCUES),  
All India Institute of Local Self-Government (AIILSG),  
M. N. Roy Human Development Campus, Plot No.6, 'F' Block,  
Opp. Bandra Colony Metro Station (Aqua Line 3, Gate No. A2),  
Near Uttar Bhartiya Sangh, Bandra (East), Mumbai-400051.  
Tel : 8657622550 / 51 / 52 / 54  
Email: [dir.rcues@aiilsg.org](mailto:dir.rcues@aiilsg.org)

**Regional Centre for Urban and Environmental Studies, Mumbai  
Advisory Committee**

|   |  |                        |
|---|--|------------------------|
| ♦ Dr. K. H. Govinda Raj, IAS              | Principal Secretary, Urban Development Department, Government of Maharashtra, Mumbai.                                | Ex-Officio Chairperson |
| ♦ Mr. Satinder Pal Singh, IAS             | Addl. Secretary, (LSG & UD), Ministry of Housing and Urban Affairs, Government of India, New Delhi.                  | Member                 |
| ♦ Mr. Ashwani Kumar, IAS                  | Principal Secretary, Urban Development and Urban Housing Department, Government of Gujarat, Gandhinagar.             | Member                 |
| ♦ Mr. Vaibhav Galriya, IAS                | Principal Secretary, Urban Development and Housing Department, Government of Rajasthan, Jaipur.                      | Member                 |
| ♦ Dr. Sanjay Goel, IAS                    | Commissioner-cum-Secretary, Urban Development Department, Government of Goa, Goa.                                    | Member                 |
| ♦ Ms. Kavitha Padmanabhan, IAS            | Commissioner & Secretary, Urban Development Department, Government of Assam, Guwahati.                               | Member                 |
| ♦ Mr. Abhishek Singh, IAS                 | Secretary, Urban Development Department, Government of Tripura, Agartala.  | Member                 |
| ♦ Mr. Surendra Nath Tripathi, IAS (Retd.) | Director-General, Indian Institute of Public Administration, Indraprashta Estate, New Delhi.                         | Member                 |
| ♦ Dr. Liyaqat Ayub Khan                   | Professor & Head, Department of Civics and Politics, University of Mumbai, Mumbai.                                   | Member                 |
| ♦ Dr. Jairaj Phatak, IAS (Retd.)          | Director-General, All India Institute of Local Self-Government, Mumbai.  | Member                 |
| ♦ Dr. Ajit Salvi                          | Director, Regional Centre for Urban and Environmental Studies, All India Institute of Local Self-Government, Mumbai. | Member-Secretary       |

**Regional Centre for Urban and Environmental Studies (RCUES), Mumbai  
(Supported by Ministry of Housing & Urban Affairs, Government of India)  
undertakes**

Urban Policy Research.  
♦  
Tailored Training and Capacity Building Programmes in Urban Management and Urban Governance.  
♦  
Capacity Building for Urban Poverty Alleviation.  
♦  
Anchoring Innovative Urban Poverty Reduction Projects (Aadhar) for Municipal Corporations.  
♦  
Project Management & Social Auditing.  
♦  
Information, Education & Communication (IEC) in Urban Sector.  
♦  
Training of Trainers (TOT) in Urban Management.  
♦  
Technical Advisory Services in the Urban Development Urban Management Sector  
♦  
Study Visits for ULBs for Experience Sharing and Cross Learning  
♦  
Community Based Interventions.  
♦  
Human Resources Development.  
♦  
Interdisciplinary Programmes.  
♦  
Knowledge Management.  
♦  
Networking.



## **Regional Centre for Urban & Environmental Studies All India Institute of Local Self-Government, Mumbai**

**M. N. Roy Human Development Campus, Plot No.6,  
'F' Block, Opp. Bandra Colony Metro Station,  
(Aqua Line 3, Gate No.A2),  
Near Uttar Bhartiya Sangh,  
Bandra (East), Mumbai - 400051, India.  
Tel. 8657622550 / 51 / 52 / 54  
Email: [dir.rcues@aillsg.org](mailto:dir.rcues@aillsg.org)  
Website: [www.aillsg.org](http://www.aillsg.org)**