



“We can’t run cities from state capitals”: Shri Rajiv Gauba, Member, NITI Aayog at 2nd National Urban Conclave, calls for empowered city governments to Unlock India’s Growth Potential

Posted On: 25 OCT 2026 2:15PM by PIB Delhi

Shri Rajiv Gauba, Member, NITI Aayog in his address during the valedictory session of the 2nd National Urban Conclave, highlighted the urgent need for comprehensive reforms in urban governance, planning and financing to realise the vision of Viksit Bharat @ 2047.

Emphasising the scale of India’s ongoing demographic and urban transition, Shri Gauba noted that India’s population would continue to grow for several decades, stabilising at approximately 165 crore around 2060. With nearly half of India’s population expected to live in urban areas by 2050, the urban population is projected to increase from approximately 50 crore at present to 85 crore. Meeting the infrastructure, housing and basic service requirements of the urban population will need a fundamental change in how cities are planned, governed and financed.

Describing cities as crucibles of economic growth where talent, capital and ideas converge, he observed that, despite India’s rich history of planned urban settlements, cities had experienced relative neglect post-independence. Post 2014, there have been concerted efforts through several large missions like Smart Cities, AMRUT, Pradhan Mantri Awas Yojana, Swachh Bharat and the Urban Livelihoods Mission. The budgetary outlay for urban sector has grown 10-fold. Huge investments of about ₹3.7 lakh crore have been made in metro rail and bus systems.

He outlined NITI Aayog’s Growth Hub initiative, pointing to the ₹1 lakh crore Urban Challenge Fund announced in the 2025-26 budget to develop cities as growth hubs, and this year’s budget allocation of ₹5,000 crore each for 7 city economic regions over five years.

Shri Gauba underscored that having empowered City Governments, in the true sense of the term, is essential to improve service delivery and ensure effective citizen participation. Referring to the report Moving Towards Effective City Governance, jointly developed by NITI Aayog and the Ministry of Housing and Urban Affairs (MoHUA), he called for cities to have directly elected mayors with 5-year terms, introduce Mayor-in-Council system and ensure timely municipal elections. He emphasised the need for States to devolve all 18

functions to urban local bodies in line with the 74th Amendment, including master planning, water supply, fire services and traffic. He stressed that cities cannot be effectively governed from state capitals and City Governments must have the authority and institutional capacity to respond to local needs. This alone will ensure meaningful citizen participation.

Shri Gauba noting that municipal revenues remain low, called for improving property tax and user-charge recovery. He pointed out that while Central Finance Commission grants to ULBs have more than doubled the previous allocation, with their share has increasing to 45% from 36%, fund devolution from states to cities remains low. He said that State Finance Commissions should be regularly constituted and that adequate fiscal transfer to urban local bodies must be ensured.

Addressing urban planning and housing, Shri Gauba highlighted the need to overhaul the current planning paradigm. He called for reforms to remove restrictive FARs and building norms that constrain land supply and drive-up costs for residential and commercial users. He stressed the need for adoption of mixed-use zoning, development around transit hubs and land pooling to increase land supply and reduce costs for housing as well as for economic activities.

He pointed to the importance of affordable rental housing for migrant workers, industrial labour, students and young professionals and urged States to adopt the Model Tenancy Act in order to increase rental housing supply.

Concluding his address, Shri Gauba stated that all these reforms can be implemented by States bringing in new Municipal Acts and urged MoHUA to get the reforms implemented by linking them to support under urban missions. He emphasised that empowered city governments are essential to unlocking India's urban growth potential and realising the vision of Viksit States and Viksit Bharat.



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