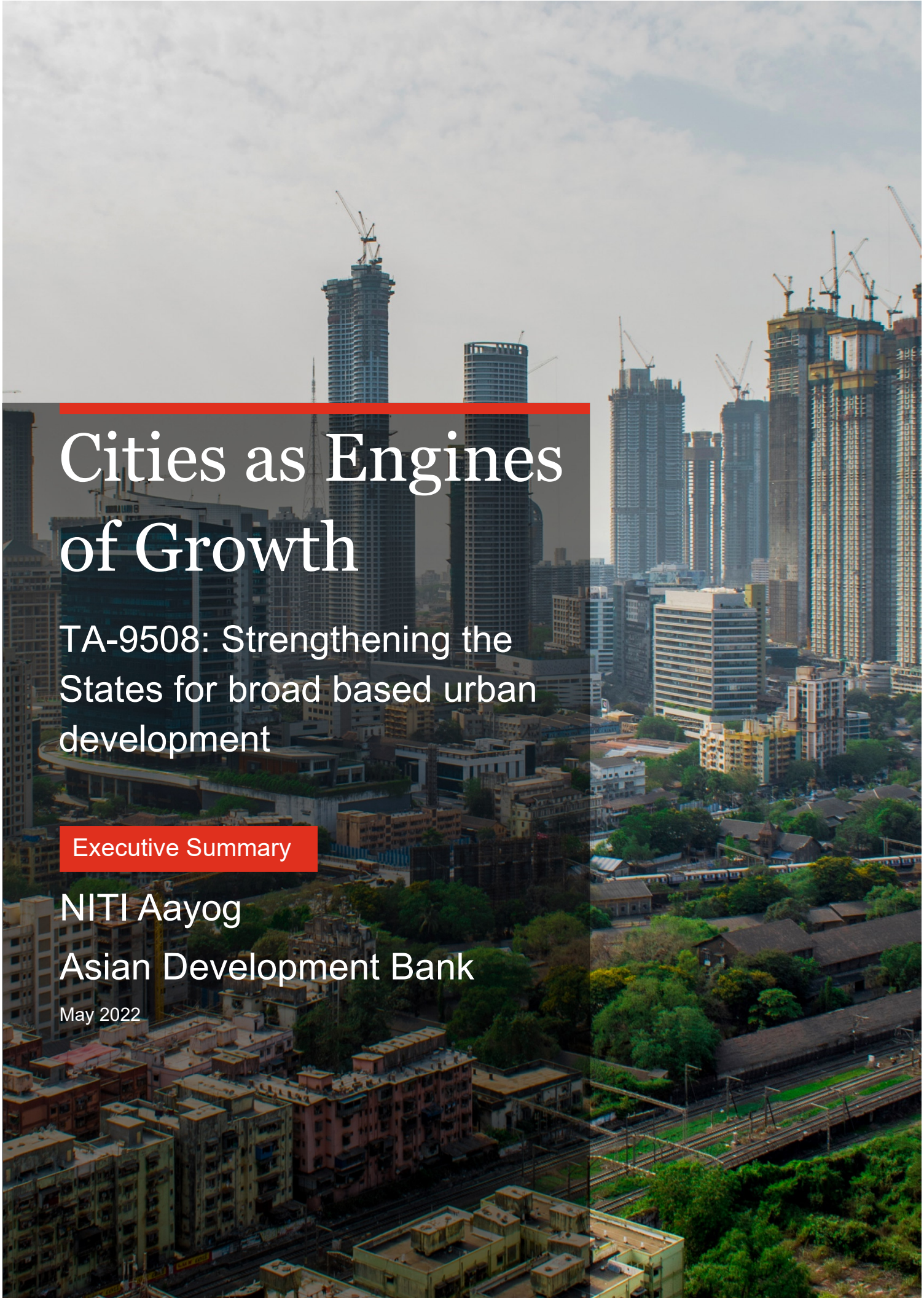


Cities as Engines of Growth

TA-9508: Strengthening the States for broad based urban development

Executive Summary

NITI Aayog

Asian Development Bank

May 2022

Executive Summary

1.1. Background and strategic context of the study

India's cities will have to play a critical role for the country to become a global economic powerhouse

India is one of the fastest growing economies in the world, aspiring to become a US$5 trillion economy by 2026 and US$40 trillion by 2047, when India marks 100 years since its independence. However, to become a global economic powerhouse, several actions need to be taken.

A critical one concerns the urbanization process underway in India. The number of inhabitants in Indian cities is estimated to have increased almost fourfold between 1970 and 2018, from 109 million to 460 million.[1] Already the second-largest urban community in the world, the country is expected to add another 416 million people to its cities by 2050 and have an urban share of population of 50 percent.[2]

Cities are the loci of economic growth and innovation, where productive firms, better-paying jobs, and key institutions are located

By enabling firms and workers to interact closely, cities generate increases in productivity through several channels, collectively known as agglomeration economies. A key implication of the theory is that firms in larger and/or denser cities should be more productive, pay workers higher nominal wages and salaries,[3] and engage more in innovative activities.

Consistent with this, the data strongly suggests that agglomeration economies are very much present in India.

1	Cities in India occupy just 3.0% of the nation's land, but their contribution to gross domestic product (GDP) is a massive 60.0% (footnote 1). Similarly, analysis of estimated district GDP[4] reveals that each percentage point increase in a district's urban population share is associated with a 2.7% increase in district GDP.
2	Firms in India's larger cities introduce product and process innovations and conduct research and development more often than their counterparts in smaller cities. Specifically, using geo-coded enterprise survey data on more than 8,000 enterprises across 207 Indian cities[5] and controlling for a wide range of city and firm characteristics, econometric analysis suggests that firms in a city twice as large as another are more likely to engage by 17.5% in product innovation, 9.9% in process innovation, and 21.2% in research and development.[6]

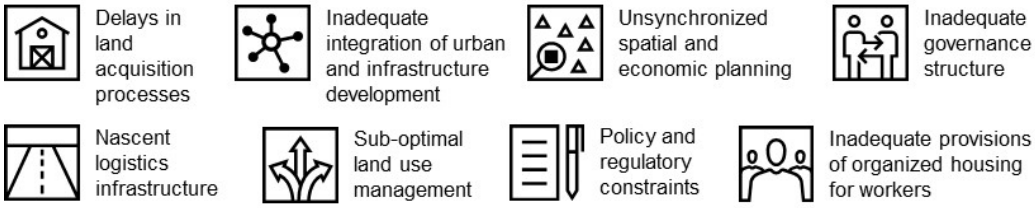
[1] United Nations' 2018 Revision of World Urbanization Prospects.
[2] Reforms in Urban Planning Capacity in India. September 2021. NITI Aayog. https://www.niti.gov.in/sites/default/files/2021-09/UrbanPlanningCapacity-in-India-16092021.pdf.
[3] To capture the productivity advantage of agglomeration, it is sufficient to show that firms pay higher *nominal* wages for comparable workers rather than real wages. This is because nominal wages reflect how much more firms are willing to pay in bigger cities to comparable workers. Using real wages is appropriate when analyzing the welfare implications of different types of employment and studies of location choice.
[4] District GDP was estimated by first allocating 2011 gross state value added for 11 sectors to districts in proportion to each district's share of its state's sector workforce, then summing the 11 sectors' district gross value-added estimates to arrive at the district GDP.
[5] Geo-coded enterprise survey data are from the World Bank Enterprise Surveys. Cities are defined in terms of "natural cities" as defined in Asian Development Bank. 2019. *Fostering Growth and Inclusion in Asia's Cities*. https://www.adb.org/sites/default/files/publication/524596/ado2019-update-theme-chapter.pdf
[6] L. Chen, R. Hasan, and Y. Jiang. 2021. Urban Agglomeration and Firm Innovation: Evidence from Asia. *The World Bank Economic Review*. 36 (2). pp. 533–558. https://doi.org/10.1093/wber/lhab022.

3	Analysis of India's Periodic Labour Force Survey, 2018–2019 shows that even after controlling for age, gender, educational attainment, worker type (i.e., regular versus casual), and industry and occupation of employment, full-time wage and salaried workers in cities with 1.5 million or more residents in 2011 had, on average, 16% higher monthly earnings than their counterparts in smaller cities (and about 36% higher than counterparts in rural areas).
4	Manufacturing and modern services,[7] i.e., sectors that are critical enablers of economic dynamism, account for a larger share of employment in larger cities, i.e., 48% as compared with 38% for smaller cities and 18% for rural areas.
5	Larger cities tend to have a higher share of regular workers among the category of wage and salaried workers in larger cities as compared with smaller ones (91.2% versus 78.8%).

Realizing the promise of India's cities in meeting its development goals will require a holistic approach for all Indian cities, large or small, working together as a system

As India transitions from being a largely rural to an urban society, the focus needs to be on harnessing the economic potential of all cities, large and small. For this, there is a need to not only nurture megacities and their hinterlands as centres of economic growth, but also facilitate tier 2 and 3 cities to take on the mantle in the future.

This requires that cities be managed appropriately. Indeed, there are many examples of cities globally that are not contributing significantly to economic dynamism, even as they have gotten larger and/or denser. In India, the following make it difficult to realize the benefits of agglomeration to their fullest:



In this context, NITI Aayog and Asian Development Bank have undertaken a project, *Strengthening the States/UTs for broad based urban development*

An overarching objective of the project is to develop principles and frameworks for growth enabling urban governance and coordinated spatial and economic planning and involves:

1	sensitizing state governments on the importance of developing appropriate policy frameworks at the state and city level;
2	identifying key bottlenecks that constrain Indian cities from fully realizing their potential as engines of growth;
3	developing implementable solutions to these bottlenecks, including workable structures of urban governance and mechanisms for coordinating spatial and economic planning; and
4	informing policy makers about the types of investments and activities that states and cities should prioritize from a growth and jobs perspective.

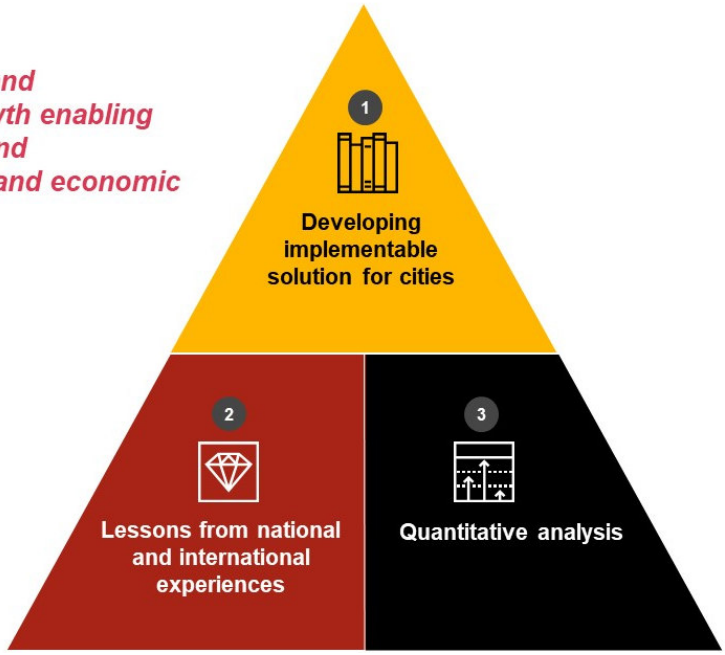
[7] Modern business services include transport, storage, and communication; financial intermediation; and real estate, renting, and business activities.

The project has three interrelated components that have been brought together in this study

S. No.	Components of the initiative
1	**Developing implementable solutions for cities.** *Solutions are needed to help cities overcome the bottlenecks that constrain them from fully realizing their potential as engines of growth.*
2	**Lessons from national and international experiences.** *To derive lessons from the experiences of domestic and international cities—both successful cities as well as cities that did not live up to expectations.*
3	**Quantitative analysis** (data-oriented studies)**.** *To understand the empirical relationship between urbanization and economic development.*

Objective

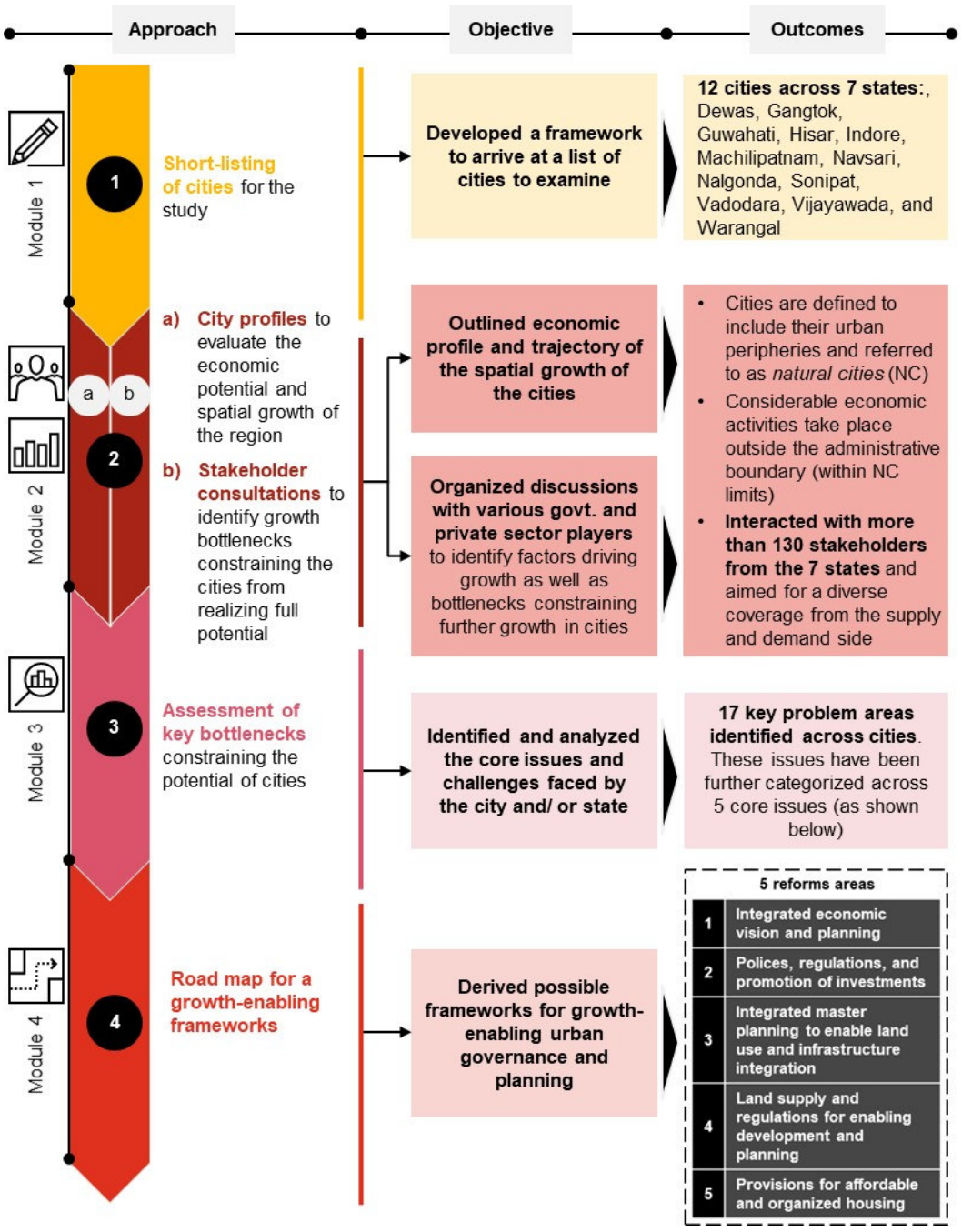
"Develop principles and frameworks for growth enabling urban governance and coordinated spatial and economic planning"



1.2. Approach adopted to achieve the objectives of the study

A four-module approach was adopted

Subsequent sections in this document have been aligned following the depicted framework.



1.2.1. Module 1: Shortlisting of cities

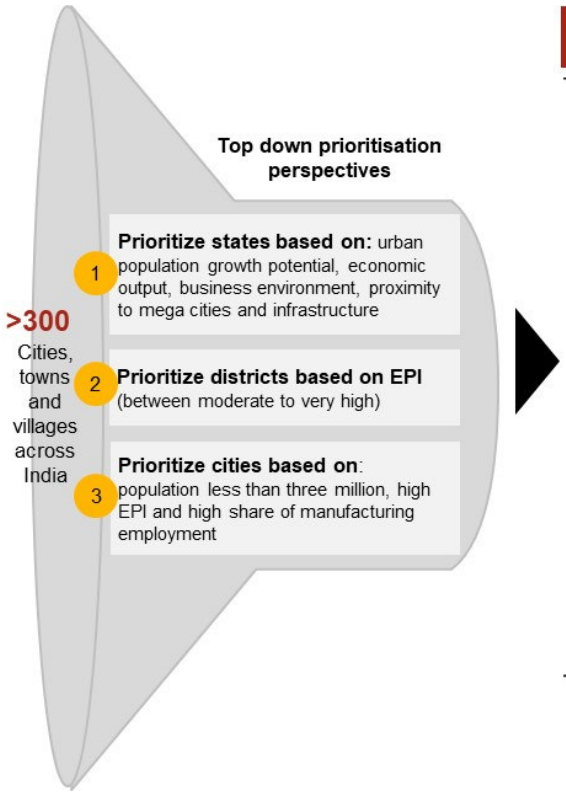
Twelve cities from seven states were selected as case studies to analyze their growth bottlenecks and identify frameworks for growth-enabling urban governance and planning

A top-down three-tier approach (state, district, and city) was used to arrive at the shortlist of 12 cities. In the first step, five states were identified based on indicators of urban population growth potential, economic output, business environment, sustainability, and infrastructure. Two states were eventually added to this list: Assam, the largest urban area in the north-eastern region; and Andhra Pradesh, which has a close relationship with ADB's East Coast Economic Corridor, which stresses the importance of integrated industrial and urban development.

This list has been prepared based on the analysis of the employment-industry structure of cities as captured by the concept of 'Natural City'. These cities are defined using night-time lights data from satellite images and cover statutory towns with a population greater than 100,000 in the year 2000 along with neighboring towns and villages that are contiguously illuminated.[8, 9]

In the next step, only those districts within these states were selected. The districts had reasonably high scores on an economic potential index (EPI) [10], were part of the natural city, had reasonably high shares of formal and manufacturing employment, and did not specialize in mining.

Finally, to arrive at a short list of 1–2 cities per state, cities with a population greater than 3 million were dropped, as were those located close to mega cities. Cities within high-potential districts and with a higher share of manufacturing employment were prioritized.



Final shortlisted Cities	
1	Vadodara
2	Navsari
3	Indore
4	Dewas
5	Warangal
6	Nalgonda
7	Vijayawada
8	Machilipatnam
9	Sonipat
10	Hisar
11	Gangtok
12	Guwahati

1.2.2. Module 2: City profiles and stakeholder consultations

Profiles of each of the 12 cities were developed around five key pillars

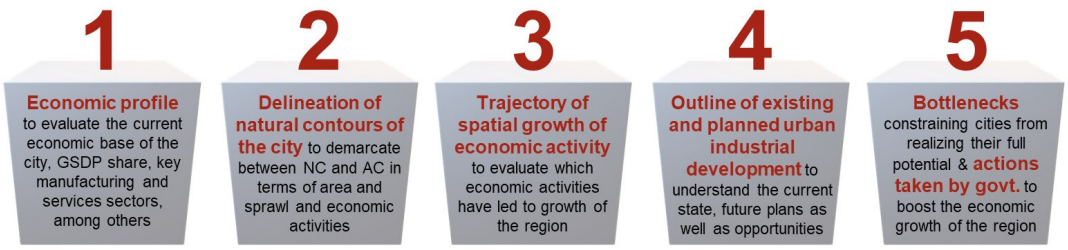
A brief profile was developed for each of the short-listed cities, discussing their economic potential (such as key growth and investment sectors, Gross State Domestic Product (GSDP) composition, and employment activities), the trajectory of spatial growth of economic activity, and the reasons that are enabling and/or restricting their economic growth.

[8] The night-time lights data are from the National Oceanic and Atmospheric Administration website, https://sos.noaa.gov/catalog/datasets/nighttime-lights/.

[9] There was no natural city defined for Gangtok city as its 2000 population was well below 100,000.

[10] The index was based on various district measures, including measures of human capital availability and market access along the lines of a recent study (Roberts, M. 2016. Identifying the Economic Potential of Indian Districts. Policy Research Working Paper 7623. World Bank).

This assessment was carried out based on available data from databases such as the Economic Census 2013, states' economic surveys, nighttime lights data, and ADB's natural city data from 2000 to 2016. The data was further supported by the findings from stakeholder consultations. The assessment provided a basis for discussions during the stakeholder consultations.



Interactions with 130+ stakeholders from the seven states formed the basis for identifying bottlenecks and developing the contours of a road map for the cities

More than 130 stakeholders from the government and the private sector were identified for evaluating the key issues constraining the cities from fully realizing their economic potential. Discussions with regional, metropolitan, state, and central governments were held to understand the broader economic–spatial relations, urban and peri-urban dynamics, and the granular set of factors driving economic growth in the states and cities examined

S. No.	State	City	Stakeholders consulted
1	**Andhra Pradesh**	Machilipatnam Vijayawada	• 9 Government officials • 4 Private entrepreneurs • 2 Members of industrial association
2	**Assam**	Guwahati	• 12 Government officials • 6 Private entrepreneurs and investors • 4 Members of industrial association
3	**Gujarat**	Navsari Vadodara	• 10 Government officials • 12 Private entrepreneurs and investors • 2 Members of industrial association
4	**Haryana**	Hisar Sonipat	• 10 Government officials • 3 Private entrepreneurs and investors • 2 Members of industrial association
5	**Madhya Pradesh**	Dewas Indore	• 10 Government officials • 4 Private entrepreneurs and investors • 3 Members of industrial association
6	**Sikkim**	Gangtok	• 11 Government officials • 4 Private entrepreneurs and investors • 3 Members of industrial association
7	**Telangana**	Nalgonda	

	Warangal	• 12 Government officials • >2 Private entrepreneurs • 3 Members of industrial association

Discussions with private sector players—including investors; developers; industry associations; and small, medium, and large companies and entrepreneurs—were held to better understand the reality of doing business in the region.

1.2.3. Module 3: Assessment of bottlenecks constraining the potential of cities

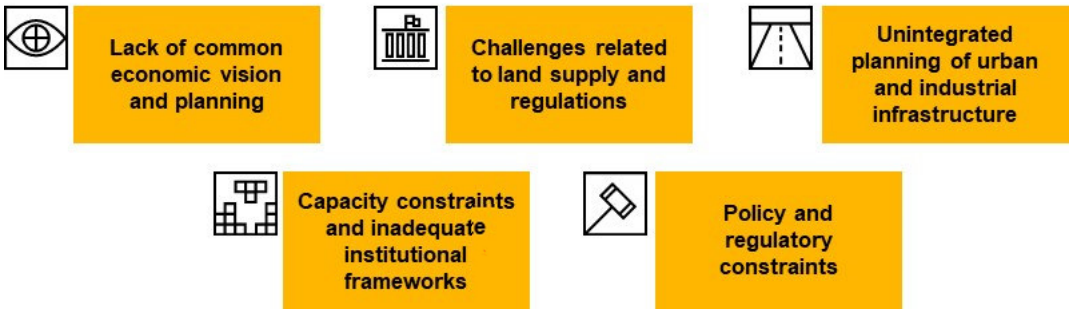
Five broad bottlenecks were identified as major impediments to urban and industrial growth of cities

The evolution of the spatial footprint of natural cities features considerable growth of economic activities outside the administrative boundaries of cities. Some of this growth is due to a relocation of activities—especially those associated with formal and large-scale manufacturing—from within to outside the administrative boundary. Some of this growth and relocation appears not to be as well planned as it could be. In particular, industrial clusters in peri-urban areas have not been able to draw upon the resources of administrative cities for their sustenance and progress as efficiently as would be possible with more planning and coordination. Similarly, industrial clusters have not catalyzed well planned urbanization in their neighborhoods.

Some of the issues underlying these weaknesses across the cities have been discussed in the figure below. These issues have been categorized under five broad bottlenecks: 1) lack of common economic vision and planning across different institutions; 2) challenges related to land supply and regulations; 3) unintegrated planning of urban and industrial infrastructure; 4) capacity constraints and inadequate institutional framework; and 5) policy and regulatory constraints.

	Key problem areas		Relevant cities
1	Lack of common economic vision		All cities
2	Locational disadvantages	Lack of regional linkages because of terrain issues Environmental risks/ constraints for e.g., flooding, drought, etc.	Gangtok, Navsari
3	Unable to grow economically due to lack of historical industrial base		Gangtok, Guwahati
4	Service level delivery aspects are absent		Gangtok, Guwahati
5	Multiplicity of agencies involved in similar charter of work		Guwahati
6	Inter department coordination issues	Coordination mechanism between state government. departments & urban local bodies is not synchronized with center & state strategic priorities	Guwahati, Indore, Dewas, Vadodara
		Coordination issues b/w different departments in the same level of the government *(e.g., different departments in the state government)*	All cities
7	Capacity constraints	Lack of planning capacity and institutional knowledge (or) limited capacity of organizations	Gangtok, Guwahati
8	Inadequate financial support for government-led industrial development, due to elevated land prices		Gangtok

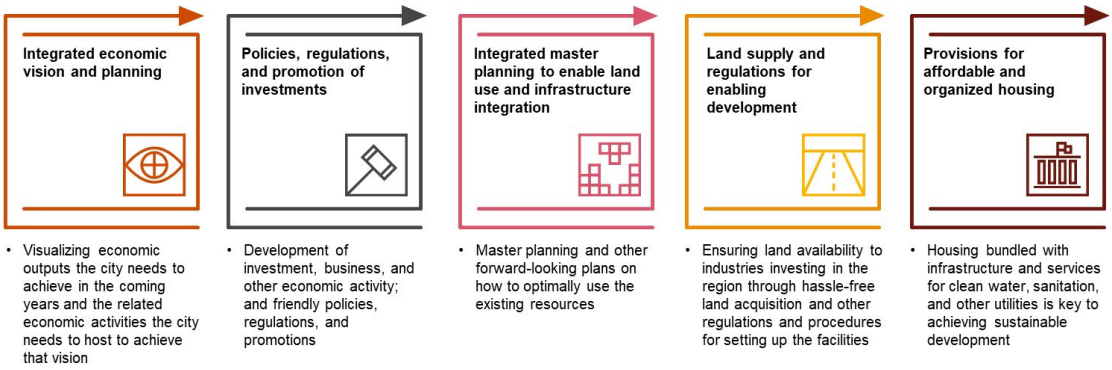
	Key problem areas		Relevant cities
9	Issues related to land supply (quantum and quality) and price	Accessing land for industry can be costly and time consuming	Dewas, Gangtok, Indore, Navsari, Vadodara
10	Procedural challenges such as titling, acquisition and aggregation, land conversion etc.		Guwahati, Indore, Navsari, Vadodara
11	Lack of economic inputs to the master planning exercise	Integrated planning is missing, i.e., integration of vision, coordinated infrastructure development etc.	All cities
		Exclusion of needs of micro, small and medium-sized enterprises while planning for industrial development	
12	Absence of integrated planning of industrial infrastructure	Connectivity infrastructure is lacking between the industrial areas and residential areas	Gangtok
		Absence of quality utility infrastructure - unavailability of 24x7 uninterrupted power supply	Guwahati
13	Inadequate provisioning of affordable and rental housing for workers missing around key-economic centers		All cities
14	Issues related to EoDB	Approval processes from the pollution control board among other entities, deter private sector-led investment	All cities
15	Framework for engaging and leveraging private sector efficiencies is missing	Communication and development of clear policy framework/ standard documents are missing, elevating the risk perception	Guwahati, Vijayawada, Machilipatnam
16	Regulatory constraints	Regulations governing production of particular industries located within the city (e.g., chemicals and textiles) need to be updated	Vadodara
17	Framework for positioning the state to investors and promoting investments in the state	Lack of know-how on the positioning of the state to investors (w.r.t. perceived competition and economic & sectoral positioning)	Gangtok, Guwahati



1.2.4. Module 4: Roadmap for a growth enabling framework

Implementation agenda and action plans for each city have been proposed across five solution themes

Five themes have been identified across which solutions to the bottlenecks can be categorized.



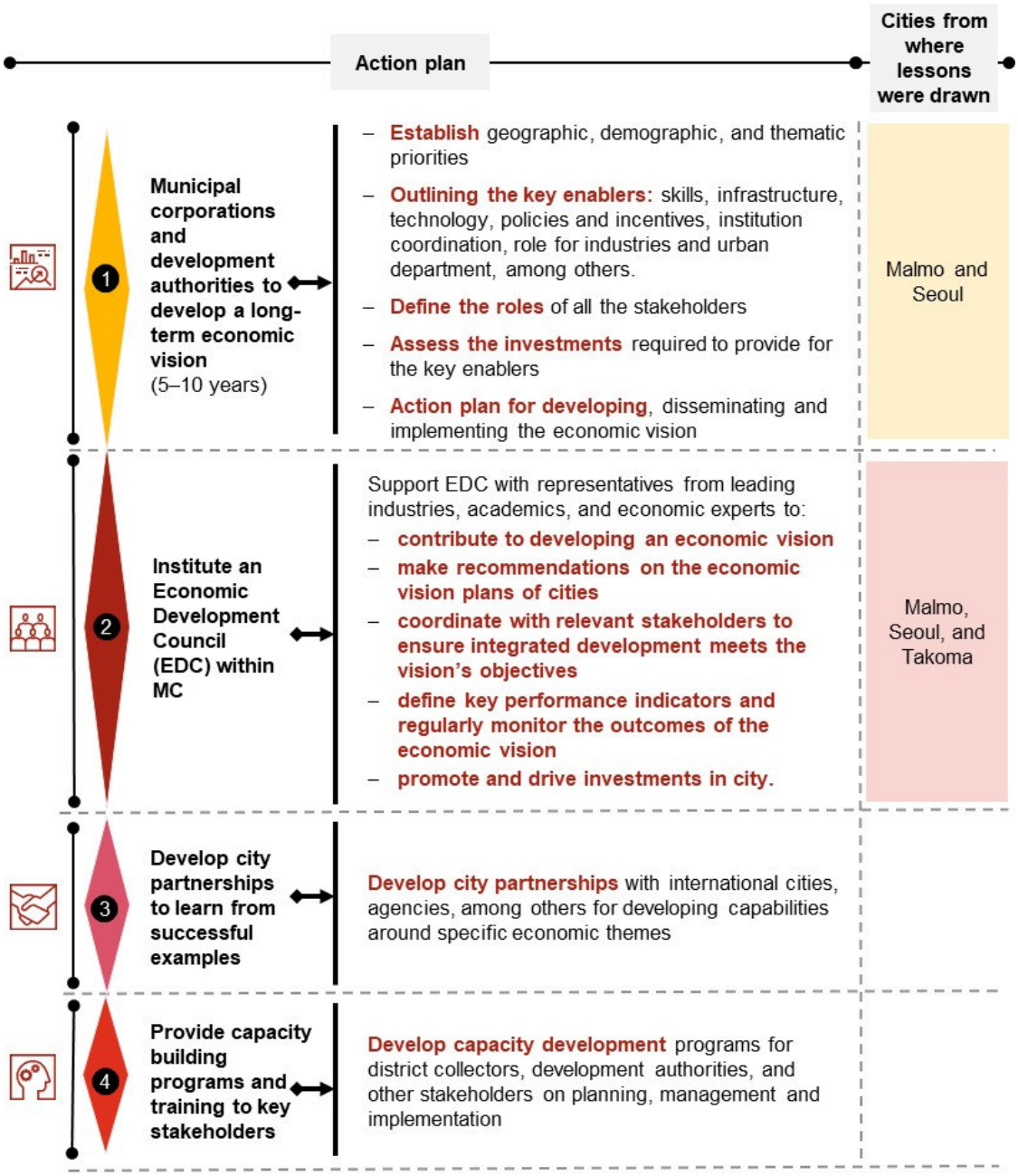
1.2.4.1. Integrated economic vision and planning

Cities are hampered by the absence of an economic vision and an accompanying development plan to guide master planning exercises. Typically, the master plans of cities focus entirely on land use and details of spatial and zoning regulations. The needs associated with promising city-specific economic activities are at times left uncatered. This issue has been identified in almost all the studied cities. It is also observed that service level delivery and department level plans are not adequately considered during the master planning exercise. The following table shows the issues that arise in the absence of city-specific economic vision and development plans.

S. No.	Issues related to economic vision and planning in the cities
1	Industries department develops policies that form the basis for economic visioning but without explicit spatial dimensions that can serve as an anchor for agencies focusing on urban development
2	Masterplan is not integrated with a city level economic vision and plan and do not offer corresponding investment plans that are required to realize economic goals
3	Role of urban local bodies is limited to land use, road networks and building rules, and work within the realm of control instead of initiating and encouraging growth
4	District collectors/ municipal commissioner/ mayors are not trained to develop economic plans
5	Weak quality of urban infrastructure and urban services delivery vis-à-vis the needs of the city economy
6	Lack of vision to promote sustainable and forward-looking industries and businesses suitable for the ecology of the city and district
7	Lack of connection between objectives and ways to attain development plans
8	Interdepartmental coordination issues leading to under development of infrastructure facilities
9	Lack of clarity in delivery and implementation aspects
10	Multiplicity of agencies involved in planning for economic development and coordination issues
11	Lack of capacity and the institutional knowledge for implementing reforms

12	Lack of holistic development (combining industrial, social and urban infrastructure) to promote economic development

An action plan for shortlisted cities has been proposed based on secondary research, primary consultations and learnings drawn from international experiences.



The city profiles described earlier suggest some themes for economic visioning for the shortlisted cities.

Cities	Suggestive themes of Economic Visioning
Dewas	Complement the growth of an anchor city (Indore)
Gangtok	Focus on tourism, hospitality, and education-driven development
Guwahati	Serve as a hub for economic activity for Northeast India

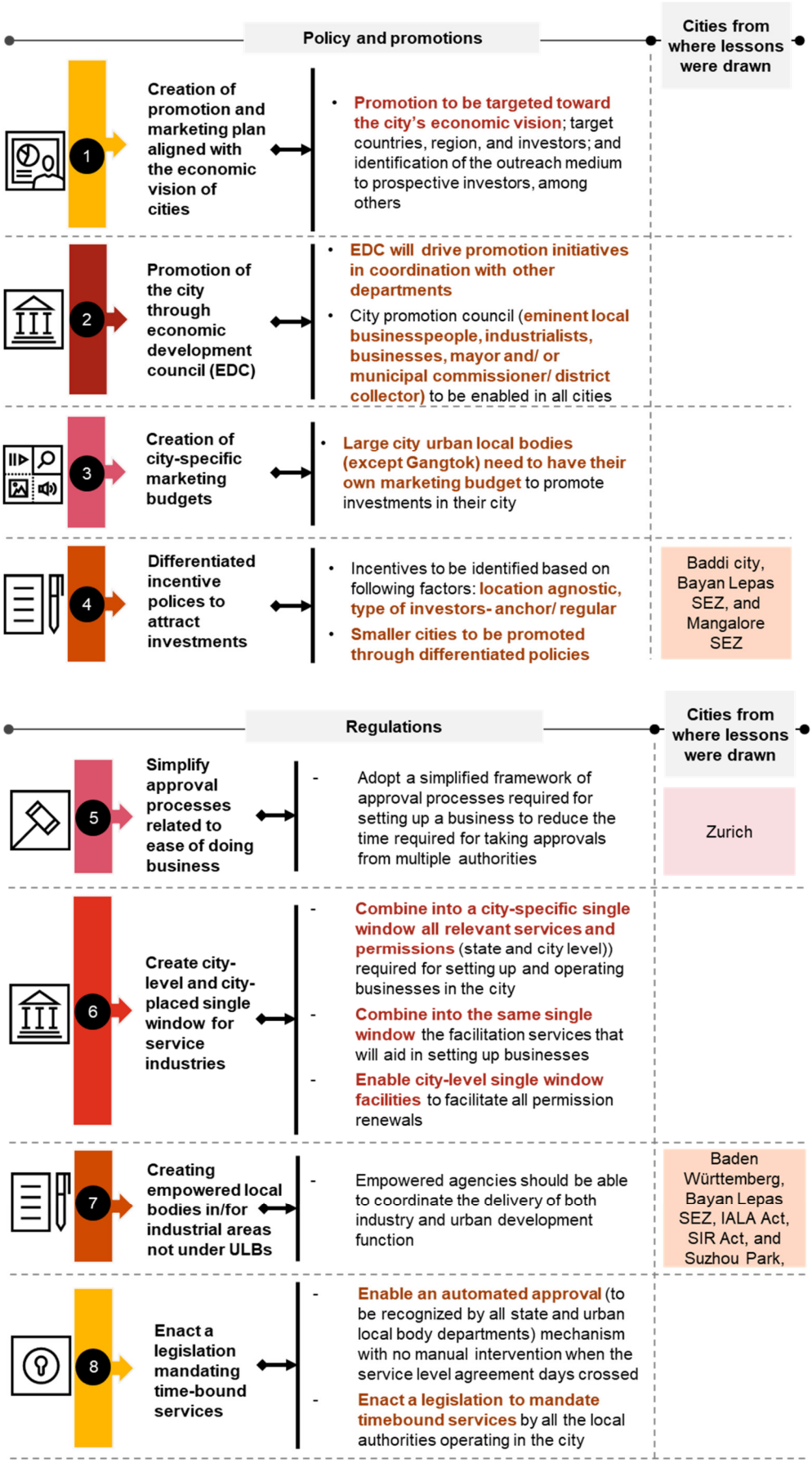
Hisar	Serve as a hub for public sector-led investments
Indore	Serve as a hub for high-tech, engineering, and services industries
Machilipatnam	Focus on coastal economic development
Nalgonda	Focus on resource-driven industrialization
Navsari	Complement the growth of an anchor city (Surat)
Sonipat	Complement the growth of an anchor city (Delhi)
Vadodara	Serve as a hub for manufacturing investments
Vijayawada	Serve as a hub for high-tech, engineering, and services industries
Warangal	Leverage spillover from an anchor city (Hyderabad)

1.2.4.2. Regulatory and policy issues

The business environment for setting up and operating an industry in each of the states has been assessed based on regulations and associated processes that businesses must follow; policies and promotional activities to attract businesses; and technology-based operational processes. Issues were identified through stakeholder consultations and secondary research. While certain issues are driven by regulations set at the national level, other issues are more specific to states and local levels.

S. No.	Issues
Regulatory and associated processes	
1	**Presence of higher number of compliance requirements and procedures** compared to other global counter parts
2	**Limited auto renewal options** for seamless operations of firm
3	**Inefficient service processes** like helpline centres or an online dashboard towards assisting taxpayers, industrialists looking for approvals
Policy and promotion activities	
5	**Limited policies and incentives** to catalyse economic development in the cities. **Limited scope for urban local bodies to develop and implement policies** to entice investment in the cities
6	**Limited differentiation of incentive policies** to attract investments in smaller and underdeveloped cities
7	**Inadequate city specific promotion initiatives** taken up by the state government to entice investment in the cities
Technology-based processes	
8	**Digitization** of property transaction deeds of last 20 years needs strengthening
9	**Digital or real time notifications mechanisms** for entrepreneurs at critical stages of application processing – application and query submission, application approval or rejection at various levels, etc. needs strengthening
10	**Inadequate real time single platform to store information about land records**
11	**Process for renewal of online applications** is cumbersome
12	**Limited visibility of applicable** approvals, time taken, fees and procedures at an investor specific level and investment options available in a single portal/place

An action plan has been proposed based on secondary research, primary consultations and learnings drawn from international experiences.


Policy and promotions
Cities from where lessons were drawn
1
Creation of promotion and marketing plan aligned with the economic vision of cities
• Promotion to be targeted toward the city's economic vision; target countries, region, and investors; and identification of the outreach medium to prospective investors, among others
2
Promotion of the city through economic development council (EDC)
• EDC will drive promotion initiatives in coordination with other departments
• City promotion council (eminent local businesspeople, industrialists, businesses, mayor and/ or municipal commissioner/ district collector) to be enabled in all cities
3
Creation of city-specific marketing budgets
• Large city urban local bodies (except Gangtok) need to have their own marketing budget to promote investments in their city
4
Differentiated incentive polices to attract investments
• Incentives to be identified based on following factors: location agnostic, type of investors- anchor/ regular
• Smaller cities to be promoted through differentiated policies
Baddi city, Bayan Lepas SEZ, and Mangalore SEZ
Regulations
Cities from where lessons were drawn
5
Simplify approval processes related to ease of doing business
- Adopt a simplified framework of approval processes required for setting up a business to reduce the time required for taking approvals from multiple authorities
Zurich
6
Create city-level and city-placed single window for service industries
- Combine into a city-specific single window all relevant services and permissions (state and city level)) required for setting up and operating businesses in the city
- Combine into the same single window the facilitation services that will aid in setting up businesses
- Enable city-level single window facilities to facilitate all permission renewals
7
Creating empowered local bodies in/for industrial areas not under ULBs
- Empowered agencies should be able to coordinate the delivery of both industry and urban development function
Baden Württemberg, Bayan Lepas SEZ, IALA Act, SIR Act, and Suzhou Park,
8
Enact a legislation mandating time-bound services
- Enable an automated approval (to be recognized by all state and urban local body departments) mechanism with no manual intervention when the service level agreement days crossed
- Enact a legislation to mandate timebound services by all the local authorities operating in the city

1.2.4.3. Integrated master planning enabling flexible land use and integrated infrastructure development

The cities analyzed as part of the study have each developed distinctly within their historic and geospatial context. They have also undertaken master planning exercises to varying degrees under the direction of the relevant development authorities. However, most of the development plans lacked an integrated approach to urban and economic planning. Only a few cities, such as Dewas. Indore, and Navsari, have taken a stab in that direction and factored in developments likely to take place in the coming years. For others, the master plans are not underpinned by likely or aspirational economic developments. Some of the key impediments—observed through both screening of master plans by the project team and further validated through stakeholder consultations—are listed.

- **Unadaptable and rigid land use classification.** Across cities, what constitutes an industrial development varies widely across master plans. IT and ITES firms, R&D units, and start-ups—all entities that can be quite economically influential—may not be recognised as "industrial". In fact, many master plans do not make specific provisions for them in terms of land allocation, with the result that firms in these sectors or activities often work in an isolated manner and do not form an integral part of the city's growth strategy.
- **Mismatch between current provisions and future demand in land allocation in the land use plan.** While cities are dynamic and open ended, the masterplans are static, although they have provisions for multiple amendments. The "project and provide" approach of masterplans often does not meet the demands of growth or provide space to cities that seek to grow fast. In addition, land allocation strategies are slow to respond to market forces and local aspirations and trends. Even when future demand and growth is modelled, actual outcomes can be quite different from those that have been projected. For instance, advances in industrial engineering and technology may challenge the projections underlying land use planning.
- **Lack of provisions for undertaking investment planning through master planning exercise.** Most master plans studied focus on population projections, provision of land, mobility, and housing. A few masterplans explicitly mention economic development goals as an essential part of their vision. However, these masterplans are not integrated with the city's economic plan and do not offer corresponding investment plans that are required to realise goals; consequently, many of these plans do not take off.

Further, the master plans are often limited to land use, road networks, and building rules, working within the realm of control instead of initiating and encouraging growth. Industrial growth is often driven by private sector initiatives and the industries departments, outside of the master plan prerogatives. This impedes planned growth and skews development.

The following recommendations are provided as a collective strategy for the studied cities. The recommendations may be prioritized based on the current level of development and the specific context of individual cities. The table to the right of the figure indicates the initiatives each city should prioritize depending on its context.

City	Implementation agenda							
	1	2	3	4	5	6	7	8
Machilipatnam	✓	✓	✓	✓	✓		✓	✓
Vijayawada	✓	✓		✓	✓		✓	
Guwahati	✓	✓		✓	✓		✓	
Vadodara	✓	✓			✓	✓	✓	
Navsari	✓	✓	✓	✓	✓		✓	✓
Hisar	✓	✓	✓	✓	✓	✓	✓	✓
Sonipat	✓	✓	✓	✓	✓	✓	✓	✓
Indore	✓	✓		✓	✓	✓	✓	
Dewas	✓	✓	✓	✓	✓	✓	✓	✓
Gangtok	✓	✓	✓	✓	✓		✓	✓
Nalgonda	✓	✓	✓	✓	✓		✓	✓
Warangal	✓	✓	✓	✓	✓	✓	✓	✓

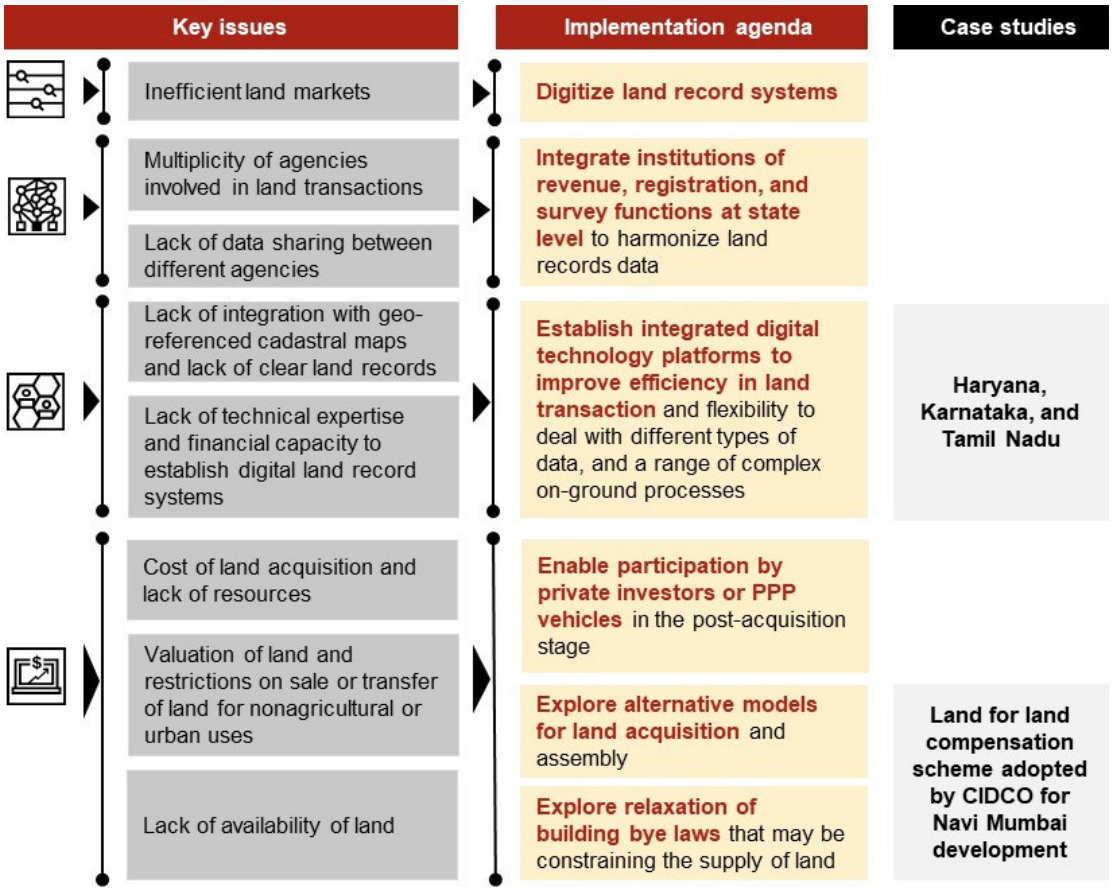
*A technopole, commonly referred to as a high-technology cluster, refers to a centre of high-tech manufacturing and information-based activities.

1.2.4.4. Land supply and regulations for enabling development

From 2000 to 2016, the area covered by the natural city counterpart of this study's cities have expanded by an average of almost 4.7 percent each year. However, the land that defines the administrative counterpart of cities has become increasingly scarce due to finite supply. There are also other challenges.

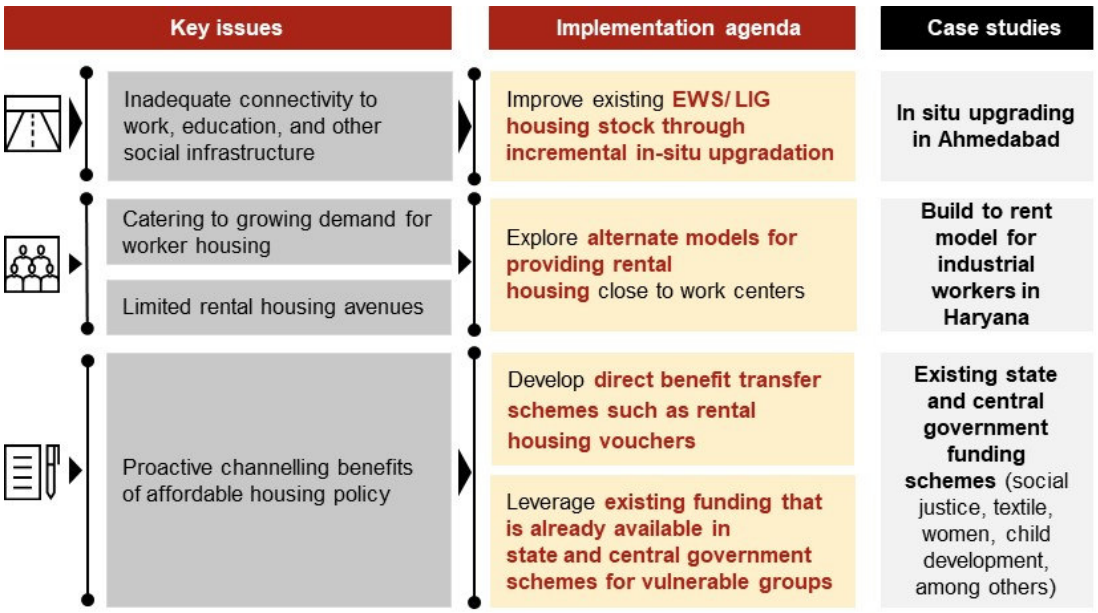
- **Cost and valuation of land.** Land is expensive in most of the study cities and the acquisition and development of large land parcels for key industrial infrastructure projects is challenging. Even in smaller urban centres where the cost of land might not be a big constraint, there are still challenges in complying with various processes associated with land acquisition in a time bound manner.
- **Procedural challenges such as acquisition, aggregation, land conversion.** As cities expand outwards, land conversion can be a contentious issue, particularly in cities such as Guwahati, Indore, Navsari and Vadodara. Conversion of land from nonurban to urban uses, particularly the tension between agricultural and non-agricultural uses, is specifically an issue on the urban periphery. For instance, cities such as Gangtok have specific restrictions on who can acquire land.

In addition, there are issues around aggregating land to create contiguous parcels needed for industrial layouts. Moreover, in cases where land is available, either through aggregation or a combination of government and acquired land, evidence across cities such as Guwahati and Navsari shows that such land has remained unused. The following recommendations are provided as a collective strategy for the studied cities.



1.2.4.5. Provisions for affordable and organized housing for workers

Housing needs in the study states and cities can be met with a multi-pronged approach. The market-based approach works well in demand segments that can afford to buy housing from private developers and have access to formal credit. The low-income segments (also referred to as economically weaker section (EWS) and Low-income group (LIG)), however, are underserved by the private developers, as profit margins in this category are extremely low. Hence, below are the recommended interventions:



1.3. Implementation of solutions

A framework for implementing solutions has been created for the study cities. The framework requires the articulation of an economic vision, actions to achieve the identified vision, clear understanding of the roles and responsibilities of the ULB, State Government and Central Government, and active involvement of private sector, civil society and elected local representatives. Suggested actions across the five solution themes are as follows:

S. No.	Solution themes	Action points
1	**Integrated Economic Vision and Planning**	• Develop a comprehensive economic vision for a long-term horizon (10–15 years) based on thematic priorities by involving key stakeholders, identifying infrastructure requirements, assessing investments, and finally creating an action plan with dissemination and implementation plans. • Institute a city economic council supported by representatives from leading industries, academicians, and economy experts • Develop city partnerships with international cities, agencies, among others for thematic development opportunities and implementation • Develop a graded and certified program for capacity development of key stakeholders involved in the planning and implementation of the economic vision – e.g., district collectors and development authority officers
2	**Policies, regulations, and promotion of investments**	• Create a promotion and marketing budget for cities • State government to create a city-specific marketing program (aligned with the city's vision) to support needed investments • Enable city promotion councils in all cities • Create differentiated incentive policies to attract investments in smaller and underdeveloped cities • Enact a regional incentive policy to attract investments • Create a city-level single window for service sector industries based within natural city limits such as hospitality, healthcare, commercial developments, and education • Enact a legislation mandating time bound services and enable an automated approval mechanism (to be recognized by all state and ULB departments) with no human intervention when the service level agreement days are crossed

3	**Integrated master planning enabling integration of land use and infrastructure planning**	• Adopt an integrative regional approach to planning by demarcating the larger urban region with resilient infrastructure and by planning the city and commuting regions together • Coordinate between agencies and align details within technical documents and implementation guidelines to integrate the economic vision with the master plans • Synergize annual action plans and nominate relevant implementing agencies • Develop a capital investment plan to identify projects and schemes that are economically self-sustaining (preferably revenue-generating) • Ensure that the master planning process and proposals allow for actionable short-term milestones guided by long-term strategic visions, preferably detailed in separate but nested documents. Timely revisions of the masterplan are also critical to ensure the document stays relevant • Develop a cluster-based planning mechanism and create technopoles based on local labor competencies, material resources, and connectivity through assistive and preferential policies • Create provisions to define and institutionalize the time period required for change in land use processes. A comprehensive and detailed review of all production units within urban areas is suggested to ensure that the range and scope of contemporary industries are understood by planning bodies before classifying and regulating them • Prepare project action plans for key proposals with milestones, relevant agencies, and their collaboration mechanisms
4	**Land supply and regulations for enabling development**	• Digitize land records systems • Integrate institutions of revenue, registration, and survey functions at the state level to harmonize land records data • Establish integrated digital technology platforms to improve efficiency in land transaction and flexibility to deal with different types of data, and a range of complex on-ground processes • Enable participation by private investors or PPP vehicles in the post-acquisition stage by state governments to explore alternatives to develop quality land banks • Explore alternative models for land acquisition and assembly—e.g., the Land for Land compensation scheme adopted by CIDCO • Explore relaxation of building bye laws that may be constraining the supply of land

5	**Provisions for affordable and organized housing for workers**	• Improve existing EWS/ LIG housing stock through incremental in-situ upgradation • Explore alternate models for providing rental housing close to work centres—e.g., the Build to Rent model for industrial workers in Haryana • Develop direct benefit transfer schemes such as rental housing vouchers • Leverage existing funding that is already available in state and central government schemes for vulnerable groups

1.4. Conclusion

Cities in India occupy a central position for propelling India's economic growth. This is highlighted by the fact that cities in India just occupy 3 percent of the nation's land, but their contribution to GDP is around 60 percent. However, this economic dynamism is primarily limited to India's large cities, such as Bengaluru, Delhi, Chennai, Mumbai, Kolkata, Hyderabad, and Pune. Many other cities are not meeting their potential in serving as engines of economic growth and job creation.

Several factors are responsible for this:

1) inadequate investment in urban infrastructure
2) fragmentation of responsibilities and limited ownership of economic initiatives between urban local bodies and state government agencies; and
3) lack of business- and investment-friendly initiatives and regulations in urban and peri-urban areas.

To come up with relevant interventions and frameworks that address these issues, interactions were carried out with government and private sector stakeholders across project states, cities, and other major urban centers in India. Along with the stakeholder consultations, cities in India and abroad were also studied to derive lessons across the areas of (i) integrated economic vision and planning; (ii) policies, regulations and promotion of investments; (iii) integrated master planning to enable the integration of land use and infrastructure provision; (iv) land supply and land regulations for enabling development; and (v) provisions for affordable and organized housing.

The current and envisaged initiatives planned by state and city agencies should consider carefully whether and how they align with the suggestions made by this study. This will be important for ensuring that India's cities deliver on the promise that urbanization holds for the country.