WRI INDIA | 15 YEARS OF IMPACT

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INDIA URBANISING



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THE BIG QUESTION

Who gets to participate in India's urban growth?

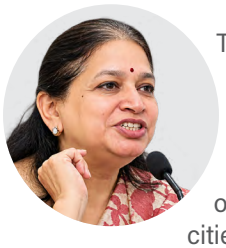
India's cities and towns are centres of employment, enterprise, innovation, and consumption. They contribute **54% of India's GDP and 48% of employment.** Yet, participation in this growth is shaped by where jobs and enterprises are located, whether people can reach them, and whether urban systems recognise and support informal workers, migrants, women, young people, and small enterprises.

Economic development and inclusion are not separate urban agendas. Productive urban economies depend on serviced land, reliable infrastructure, affordable housing, mobility, skills, care systems, social protection, and institutions that connect workers and enterprises to opportunity.

This edition of **India Urbanising** explores how cities and city-regions can align economic development with people and places, so that urban growth becomes both more productive and inclusive.

Who gets to participate in India's urban growth

Dr. Amita Bhide
Professor, Tata Institute of Social Sciences



The urban has conventionally been a site of opportunities—drawing people from all walks of life, including migrants—to find footholds and build better futures for themselves. While cities give people opportunities to grow, people, in turn, help cities grow in multiple ways.

Yet, urban opportunity has never been equally accessible. Across the world, migration and residency restrictions have created exclusionary systems that have excluded many from the urban opportunity. India's experience in this regard has been complex. Even under colonial rule, efforts to create safe enclaves for the colonisers could not restrain Indians from migrating to the city. After independence, India initially experienced relatively rapid urbanisation, followed by a more moderate pace. Over the past two decades, however, there has been a growing trend among rural residents towards diversification from agriculture and primary sector activities; indicating a readiness to participate in India's urban economy.

The increase in the number of census towns reflects this transition. But it also exposes a central paradox: India's urban areas, economies and infrastructure are not yet robust enough to absorb the increasing migrant population.

While the statistics on this vary widely, it is estimated that the number of circular migrants in India is between 40-100 million. These are people who move between villages and cities, often repeatedly, in search of work. They are pushed away from rural areas by limited and insecure livelihood opportunities, but the pull of the city remains too weak for them to settle permanently. Compared with the estimated urban population of 550 million (World Bank estimate for 2025-26), circular migrants account for a substantial 15-20 percent addition to the population.

Many of these migrants have limited education, skills and assets. They may have social networks in the city, but their families, documentation and social-protection entitlements often remain tied to their villages. Their relationship with the city is therefore provisional. They come to test its possibilities with their labour and their feet, without knowing whether they will be able to stay. The real urban question for India, therefore, is not merely how to attract investment or expand infrastructure. It is how to make cities affordable enough to enter, liveable enough to stay and economically productive enough to invest one's future in.

Agglomeration pays only as far as workers can reach

Amit Kapoor
Chair, Institute for Competitiveness



Alfred Marshall's 1890 account of industrial districts, where the mysteries of a trade were "as it were in the air", described towns small enough to cross on foot. India's city-regions dwarf them. Yet, although the Economic Survey 2025-26 notes that doubling a city's size typically raises productivity by 12 per cent, many Indian cities have become dense without becoming dynamic. What they lack is reach: the jobs and customers a worker or firm can access within a working day. Expanding this reach can advance competitiveness, inclusion and low-carbon growth together.

Congestion, sprawl and long commutes erode what economists call effective density, and the costs fall hardest on those with the fewest travel choices. Only 41.9 per cent of women workers in India travel more than a kilometre to work, compared with 61.9 per cent of men. Meanwhile, 61 per cent of urban buses operate in just nine megacities. For many people, therefore, the search for better work ends where affordable transport does. Where buses are scarce, households buy mobility privately. This partly explains why 52.3 per cent of urban commuters rely mainly on two-wheelers, adding to congestion and emissions alike.

Policymakers and investors should therefore plan and finance city-regions around reach. The Survey already estimates the number of jobs the Delhi-Meerut rail corridor brings within an hour's travel. This measure, disaggregated by gender and income and location, can inform statutory city and regional plans. Density should follow access through the transit-linked floor space norms, as the Survey also recommends, accompanied by rental housing near transit stations. New buses should be directed towards smaller cities and peri-urban belts. Cities that widen reach in this way can earn a larger agglomeration premium and distribute it more equitably, and do so at a lower carbon cost.

THE DATA STORY

68%

of Informal employment

Informal employment accounted for 68% of India's urban workforce in 2023–24.

Informal workers and enterprises are central to construction, manufacturing, logistics, domestic work, street vending, repair, retail, and many other urban economies. Yet informal work often comes with lower and less predictable earnings, limited social protection, insecure working conditions, and weaker access to housing and services.

The strategic imperative, therefore, is to improve worker security, enterprise productivity, access to markets and finance, and portable social protection, while creating practical routes towards formalisation where it benefits workers and firms.

Informality is not at the margins of India's urban economy. It is one of the core ways in which our economy currently functions.

URBANISATION PULSE

The geography of growth: where are jobs moving?

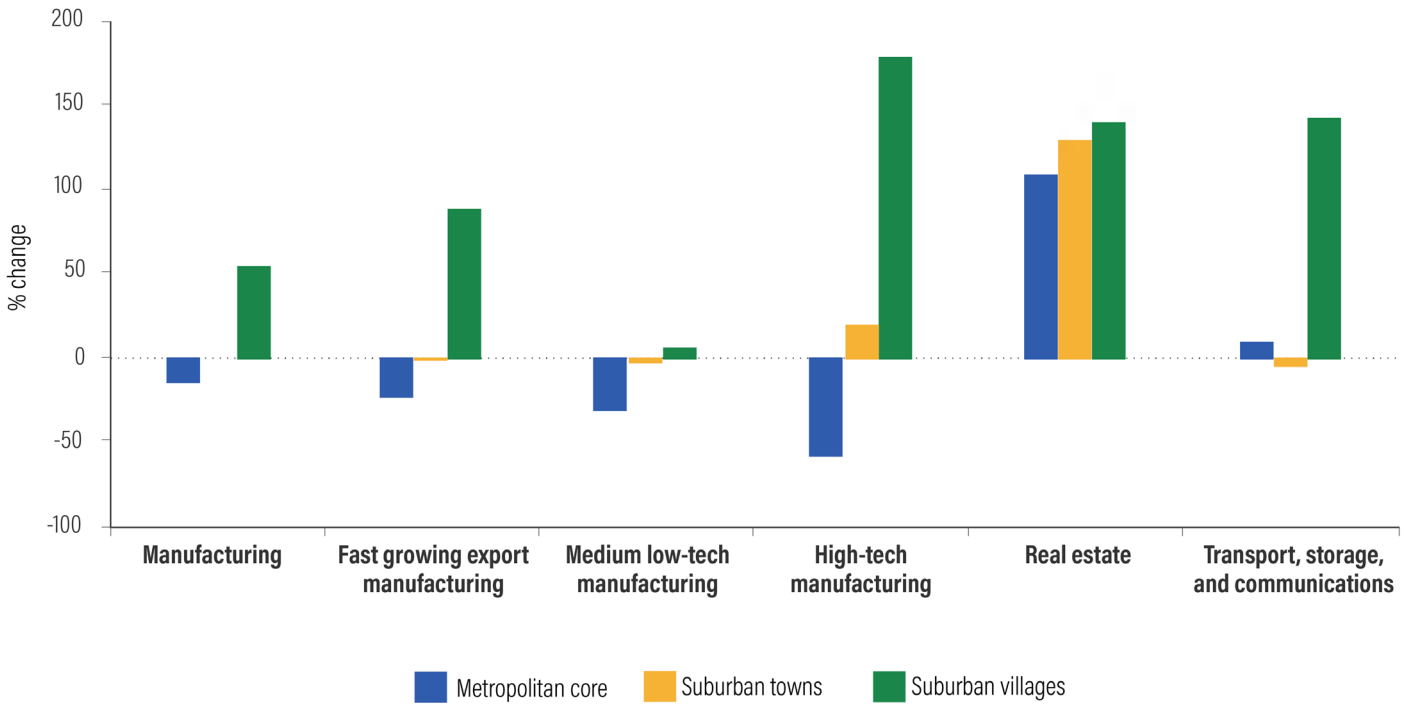
This historical analysis reveals a longer-term structural shift: employment growth has extended beyond metropolitan cores, but different sectors have dispersed in different ways.

Labour-intensive industries have increasingly located in peri-urban and rural areas, incentivised by land costs, wages, connectivity, regulation, and operating conditions.

However, the movement of jobs beyond city cores does not automatically expand access to opportunity. Workers may still face long commutes, insecure housing, limited services, and weak social protection, while smaller enterprises can remain constrained by inadequate finance, infrastructure, and market access.

Latest information on where firms and workers are locating is therefore essential to align economic development with housing, mobility, services, skills, and local enterprise support.

Employment growth in metropolitan cores and peripheries by sector, 1998-2005



Note: Metropolitan core includes an area with a radius of 10km centered on the main metropolis. Suburban towns include urban areas from 10 to 50km of the metropolitan core, and suburban villages include rural areas in the same vicinity. These figures are averages for the seven largest metropolitan areas (in descending order of population): Mumbai, Delhi, Bengaluru, Kolkata, Chennai, Hyderabad, and Ahmedabad. Based on data from Ministry of Statistics and Programme Implementation 1998 and 2005.
Source: Vishwanath et al. 2013.

URBANISATION MAPPED

How is industrial investment reshaping India's urban geography?

India's industrial corridors, Special Economic Zones, industrial townships, and notified industrial areas are creating new geographies of investment and employment. Many are connected to major cities but also extend through smaller towns, peri-urban areas, and rural districts.

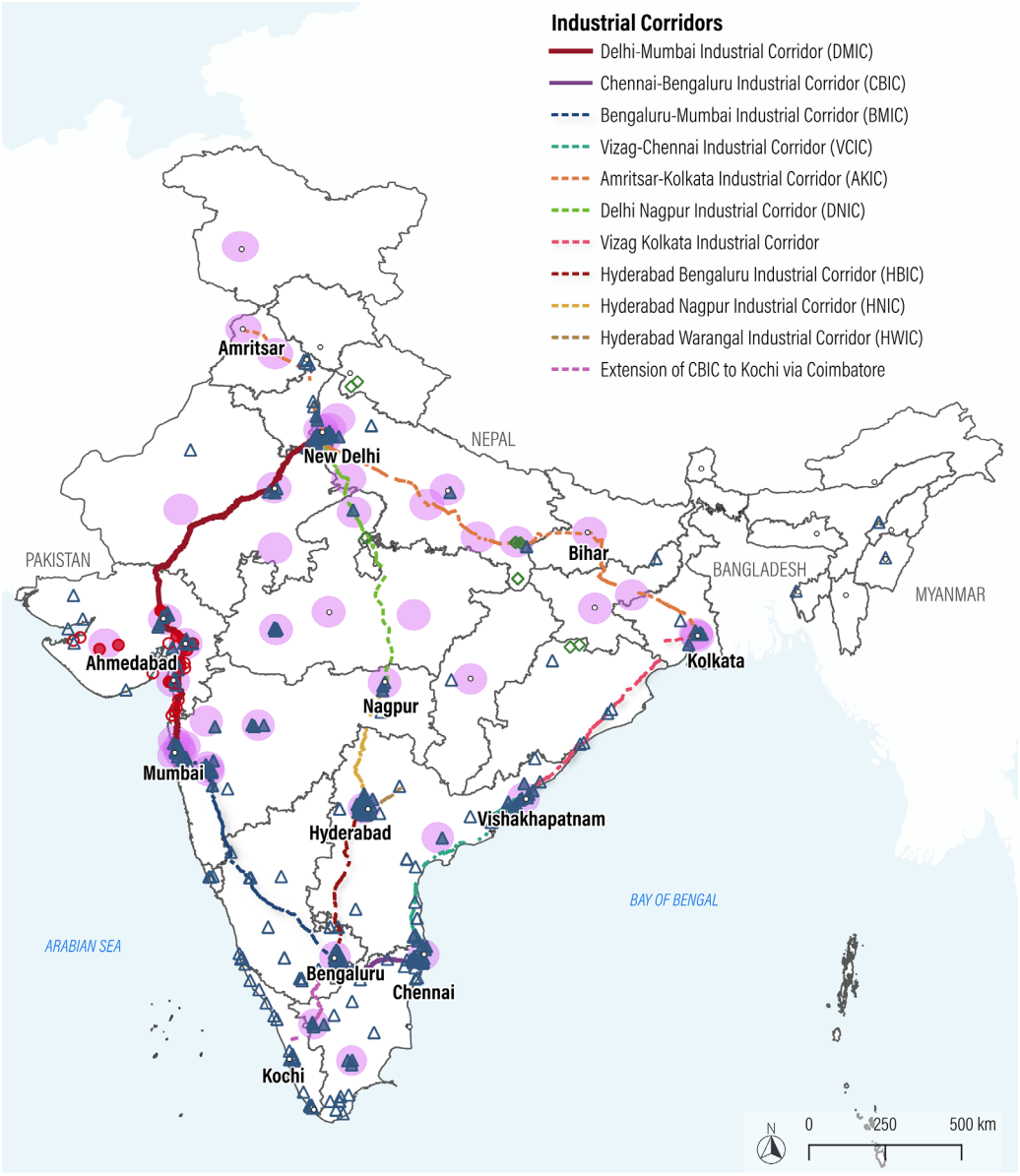
These investments can generate wider regional benefits when industrial planning is connected with serviced land, worker housing, safe and affordable mobility, skills, infrastructure, environmental safeguards, and local enterprise development.

The question is therefore not only where industrial investment is located, but how effectively surrounding workers, settlements, and enterprises can participate in and benefit from it.

An industrial cluster becomes a regional growth engine when its benefits extend beyond the enclave.

Distribution of industrial- and economic-policy-led urban development

Industrial Notified Areas (INAs), Industrial Townships (ITs), and Special Economic Zones (SEZs) in relation to million-plus cities and industrial corridors



Disclaimer: This map is for illustrative purpose and does not imply the expression of any opinion on the part of WRI India, concerning the legal status of any country or territory or concerning the delimitation of frontiers or boundaries.

Source: National Industrial Corridor Development Programme, Ministry of Commerce

WHAT INDIA NEEDS

Connecting People, Enterprise, and Place

Productive and inclusive urban economies depend on more than attracting investment. They depend on whether workers and enterprises can access land, infrastructure, housing, mobility, skills, finance, markets, care, and social protection. India needs place-based economic strategies that connect:

Firms and local economies
Support MSMEs, informal enterprises, green jobs, and local value chains alongside major industrial investments.

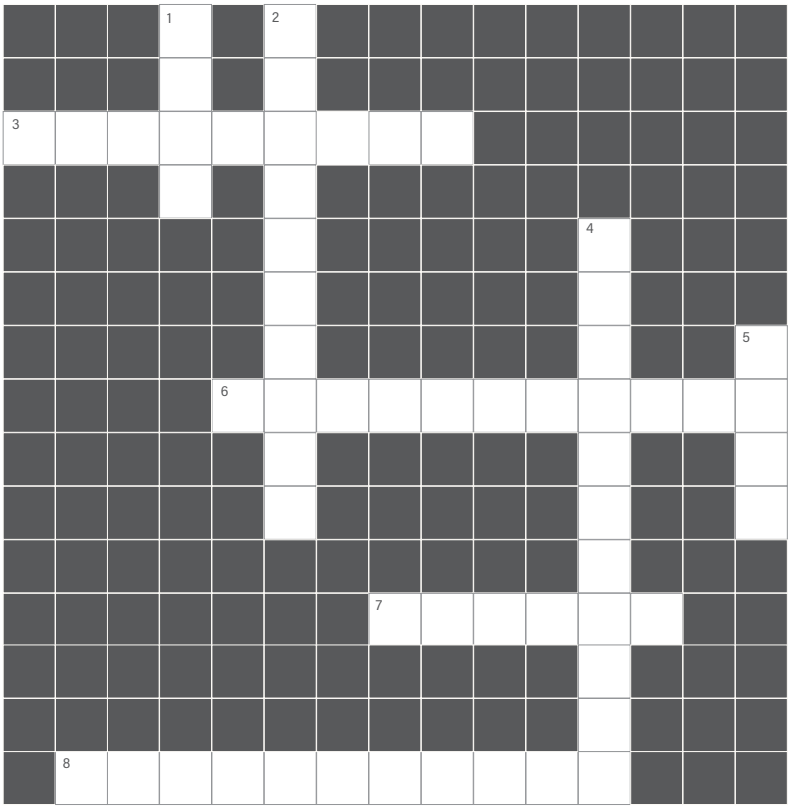
Workers and opportunity
Connect employment locations with affordable housing, safe mobility, skills, services, and social protection.

Migrants and portable entitlements
Enable migrant workers and their families to retain access to welfare benefits and essential services across state boundaries.

Youth and changing labour market
Align education and localised skilling with industry clusters, emerging sectors, and changing forms of work.

Women and the care economy
Use gender-responsive planning, safe mobility, and accessible childcare to reduce barriers to economic participation.

URBANISATION DECODED



Across

3. Movement of people across places, often for work, opportunity, or family.

6. The work and income sources that sustain households.

7. Capabilities developed through education, training, and experience.

8. Ability to retain welfare entitlements when moving across state borders.

Down

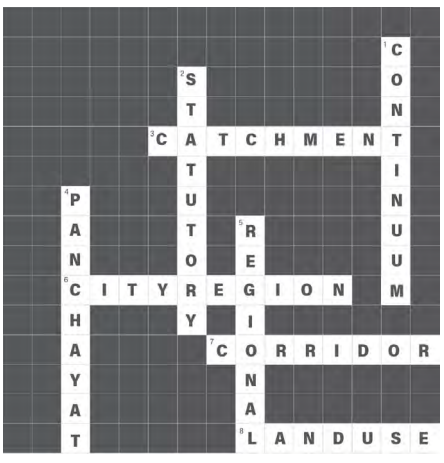
1. Paid and unpaid work that supports children, older people, households and everyday well-being.

2. A city and surrounding settlements linked by jobs, markets, mobility, and infrastructure.

4. Economic activity operating partly or wholly outside formal employment, registration, taxation or social-protection systems.

5. A micro, small, or medium enterprise.

Last month's Urbanisation Decoded



Across

3. Natural system that should guide water and flood planning across boundaries.

6. An area linked by economic, social, and mobility interactions.

7. A transport-linked growth axis that can reshape settlement patterns.

8. What spatial planning coordinates across housing, jobs, transport, and services.

Down

1. The connected spectrum of settlements between rural and urban.

2. A legally recognised plan that guides land use and investment.

4. The elected rural local body that may govern an urbanising settlement.

5. The planning scale that connects cities, towns, villages, and peripheries.

LOOKING AHEAD

In the next edition: How can India protect and restore the environmental systems sustaining its cities?

Learn more