

Authored by Shubham Katyayan, Vice-President, Lead- Urban Transformation,
Primus Partners

Five Key Trends to watch out in India's Urban Development Journey in 2025



Article Content:

With increase in urban population and emerging role of tier ii and iii cities in overall development of country, our urban ecosystem is rapidly transforming. Year 2025 brings an opportunity to accelerate and channelize the momentum in right direction through digital integration, sustainable infrastructure, and citizen-centric initiatives.

The article highlights 5 transformative trends expected in 2025 which will help in urban management journey for shaping the social and economic dynamics of our cities. Beyond addressing the challenges, they delve in to thriving hub for people, prosperity and planet.

1. Focus of local economic development initiatives for cities

In last year budget, Gol mentioned the cities economic development as a crucial aspect for achieving the vision of Viksit Bharat, however, as of this time, no new scheme or component emphasising the same has been announced. A possible initiative could be a city level human development report or a city local economic baseline report and correlating the same to investments made in land and development, infrastructure and entrepreneurship – through ongoing programmes, or any successor thereof. Another initiative to watch out for is recently announced industrial smart cities to strengthen India's domestic manufacturing ecosystem. These cities will be built as smart industrial hubs under the NICDP, with modern infrastructure

based on sustainable concepts such as 'plug-and-play' and 'walk-to-work'. An integrated approach covering from economic vision, resourcing, planning, policy support and capacity building at institutional and individual level is required to unlock the potential and complement such projects in cities.

2. Improving capacities of Municipal Bodies

Capacity Building programs for ULBs were part of almost all the past and existing schemes and missions however the initiatives were scheme centric with top-down approach. We may expect a dedicated capacity building program for urban local bodies focused on functional, domain and behavioural competency augmentation for each designation in a ULB, complemented by upgraded policies, process tools and technique. Initiatives under Mission Karmayogi for capacity building of ULBs can see expansion to encompass diverse States and Union Territories, ensuring inclusivity across geographical, economic, social, and political contexts.

3. Inclusion of Climate sensitive and Sustainable practices components in infrastructure development programs

Appurtenant both to India's commitment towards global goals on climate resilience as well as reducing emissions, it is likely that cities will be asked to ensure a certain degree of climate resilience built into the infrastructure by design to access funding under Centrally Sponsored Schemes. This also helps in accessing multilateral or bilateral debt funds where such conditions are built-in through the loan covenants. Moving beyond theories, urban policies will likely focus on actionable solutions such as water management, water balance plans, climate action plans, grey water re-use etc.

4. Real Estate sector expansion in tier II and III cities

We can see real estate investment accounting to around 45% in Tier II and Tier III cities as they are emerging as prominent investment centers. Residential projects are focusing on fostering community-oriented living, with an increasing proportion incorporating shared amenities and open spaces. Commercial spaces are also adapting to prioritize well-being, enhancing efficiency and offering higher returns on investment. (Source: CREDAI-EY and JLL)

Sustainability is anticipated to play a pivotal role, with a growing number of developments adopting eco-friendly practices and green certifications. Renewable energy solutions are also becoming integral to new projects, improving resource efficiency.

To address financing barriers in affordable housing, innovative approaches such as guarantee schemes are likely to unlock significant investments, supporting the sector's broader growth and accessibility goals.

5. Cities will continue its focus on leveraging emerging technology and data driven governance with workable and real use cases

During the Smart Cities Mission, the seeding of the idea of data driven governance, open data standards took some root in day to day governance of municipal bodies. The National Urban Data Mission has since attempted to develop national level 'stacks' for use by municipal bodies to generate decisions based on data. It can be expected that this kind of data generation is continue to influence decisions such as tax rates, user charges in terms of usage patterns, consumption expenditure and purchasing power parity or even streamline expenditure in terms of service delivery costs. We can expect more use of emerging tech by city authorities, such as IoT in

conserve resources and detect maintenance issues in public assets, Building Information Modelling (BIM) to optimize a building's entire lifecycle, Artificial intelligence to analyse data and usage patterns to improve operational efficiency etc not only to support sustainability but also offer practical benefits for urban population.