

Editor's Note

The month of May kept The Infravision Foundation (TIF) busy with the founders committed to their industry roles. As head of the CII Committee on Infrastructure, TIF Founder and Managing Trustee Vinayak Chatterjee powered the idea of the Unified Metropolitan Transport Authority, while TIF Co-founder and Managing Trustee Rumjhum Chatterjee promoted inclusiveness at the workplace and beyond with her appointment as CII's chairperson of the Centre for Women Leadership for 2025-26.

Transforming Cities into Frontiers for Economic Growth >>

India's urban transformation challenge was top of the mind for The Infravision Foundation (TIF). At CII's Annual Business Summit in Delhi, Founder and Managing Trustee Vinayak Chatterjee delivered breakthrough insights that challenged core assumptions about India's urbanization. TIF CEO Jagan Shah also wrote in Hindustan Times about the urgent need for a new national urban plan and for a balance between greenfield and brownfield cities. More inside

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Redefining India's Urban Reality

At the recent CII Annual Business Summit 2025, industry leaders gathered to address one critical question: How can Indian cities overcome infrastructure, planning, and governance hurdles to become true engines of inclusive economic growth? What emerged was not just another policy discussion, but a fundamental reframing of India's urban reality that could reshape national development strategies. Drawing from ongoing NITI Aayog research across major Indian metropolitan areas, TIF Founder Vinayak Chatterjee revealed a startling possibility: "If we were really to redraw our city boundaries today, including peri-urban areas which are almost indistinguishable from the main city limits, then India today might just be 63 per cent urban." This wasn't abstract theorizing. The panelists at a session he chaired connected this urbanization reality directly to economic imperatives, noting that India's trajectory mirrors China's rapid urban transition from 30 per cent to 60 per cent over two decades. But unlike China's planned approach, India has achieved this transformation through "completely unplanned planning," creating both unprecedented opportunities and urgent challenges for policymakers. Opening with a compelling dichotomy borrowed from Charles Dickens. "It is the best of times, and it is the worst of times", Chatterjee succinctly captured India's urban paradox: gleaming high-rises and modern airports coexisting with flood-prone infrastructure and governance gaps. Chatterjee highlighted three critical reform areas that would anchor the entire discussion. First, he emphasized the unfulfilled promise of the 74th Constitutional Amendment of 1992, noting that despite Parliament's recognition that Indian city governance was "below par," cities still haven't truly taken charge. "You will remember the name of the mayor of London and New York, but never the mayor of your own city," he observed, underscoring persistent weakness in urban leadership. His second focus—the Unified Metropolitan Transport Authority (UMTA)—addressed India's fragmented approach to urban mobility. Drawing parallels to London's integrated Oyster card system, Chatterjee argued that India's metros underperform precisely because they lack unified decision-making across transport modes. This is an area of special interest to TIF. His third pillar, Land Value Capture (LVC), another area of interest to TIF, tackled fundamental inequity: when public infrastructure projects drive up surrounding land values by 5-10 times, politically connected brokers capture gains while public coffers remain empty.



Similar issues were at the heart of an indepth analysis TIF CEO Jagan Shah did of the current state of urbanisation in the country. In an article in Hindustan Times, he covered a wide range of issues from the desolate wastelands of some greenfield cities such as Naya Raipur to the emerging aerotopolises around the airports of Jewar and Navi Mumbai. For more, please click on the Infravision Conversation with Shah: <https://www.youtube.com/watch?v=g5aA3Q3afIq>

Why India needs a national plan for building new cities

The Union government's investment in the development of Amaravati, the capital of Andhra Pradesh, affirms a national interest in promoting the development of new cities, but the pursuit of greenfield urbanisation and its role in national development receives scant public attention. This may partly be the impact of missions and schemes currently at play, which focus on improving the quality of life in existing cities through investment in water and sanitation, energy, housing, transportation, waste management and urban livelihoods. The recently announced Urban Challenge Fund and the "creative redevelopment" approach reinforce commitment to the brownfield. What, then, is the role and status of the greenfield city in India?

While 12 fledgling industrial smart cities were announced in 2024, India already has a panoply of greenfield cities and townships at various states of evolution between land acquisition, plan preparation, infrastructure installation and investment promotion. Some, like Aambay Valley, Lavasa and Naya Raipur, have become desolate landscapes of unfulfilled desire. Several seem to only fuel speculation in land values without economic output. Others, like the Sri City special economic zone, continue to attract investment. The Jewar and Navi Mumbai aerotopolises are linked to national infrastructure investments and likely to grow rapidly. All these cities are satellites of older cities but without the tethering plans.

A new city is not built in the wilderness. It converts agricultural land belonging to farmers, subsumes their villages and exploits their resources. If villages are integrated with urbanisation, they become partners in progress — as attempted in Amaravati. Unplanned expansion induces a frontier mentality: Drill holes in the ground to suck out water, throw waste anywhere, enjoy subsidies without paying taxes. When the new feeds off the old, it breeds the not-in-my-backyard (NIMBY) attitude, destroying the civic principle that cities need to survive.

The disjunct between two major paradigms of urban development is unsustainable. India must leverage the combined force of emergent greenfield cities and the ever-ex-

panding brownfield. Why a national plan for urbanisation doesn't exist may be explained by the federal factor — the reluctance of the Union government to overstep its boundaries on a subject assigned to the states.

However, India cannot afford such hesitation. A comprehensive plan for managing urbanisation across the country — with full participation of the states — can be a galvanising agenda. Several factors suggest that the time is right for ambitious planning.

First, the opportunity to replicate models and best practices that we have developed over the past 10 years, constituting a veritable toolkit for making cities inclusive, safe, sustainable and resilient. It is no longer a mystery what this jargon means. Second, the availability of the Gati Shakti platform, which is promised to be available to the private sector soon, will allow a holistic stocktake — across rural and urban geographies, across sectors, across economic disparities and demographic potentials — and targeted intervention. Third, the art of the possible for harnessing regional growth is demonstrated by the National Urban Mission, the Aspirational Districts Programme and a growing number of regional plans.

The fourth reason is the most critical. The daily news is replete with evidence of planning failure and inept management of cities. The public is unaware that cities are difficult to manage, and overgrown and unplanned cities even more so. Our tolerance for peripheral growth, with the region capturing the windfall gains from proximity to the core, imposes the burden of managing expansion on cities unable to sustain even their legacy infrastructure. Like impetuous children unwilling to be disciplined, we refuse to contain the city's growth within manageable limits.

We need to increase urban investments eightfold, but our capacity to spend even the money available today, let alone spend it well, is severely limited. This is partly because of confusion about whether to invest in old areas or new ones. Where development authorities exist, they tend to expand plan areas to such an extent that the unplanned sprawl is legitimised, whereas it should be the city's choice whether it will accommodate growth by redevelopment of existing footprints to increase density or by sponsoring a satellite that can accommodate growth. Compact cities with dense agglomerations of urban talent are more efficient than sprawling ones. Spatial regulation is crucial to managing urban systems and maximising economic gains.

Targeted urban investment needs a national plan that can be sub-aggregated to the regional and local. The good news is that we have done this before, albeit in a different economic era. The work of the National Commission on Urbanisation established in 1985 is a ready baseline for new thinking. It ought to be an explicit mandate given to the Inter-State Council established under Article 263 of the Constitution of India, to produce such a national plan. A well-planned urban network can be the path to *Viksit Bharat*, but only if we abandon the quality of greenfield versus brownfield, new cities versus old.



Jagan Shah



The work of the National Commission on Urbanisation established in 1985 is a ready baseline for new thinking.

Jagan Shah is CEO, The Infravision Foundation and former director, National Institute of Urban Affairs. The views expressed are personal



Congratulations!

TIF Distinguished Fellow and Group Chief Economic Adviser State Bank of India **Dr Soumya Kanti Ghosh** has been appointed as a member of the Prime Minister's Economic Advisory Council. We are so proud of you.

TIF Work Updates

- TIF has completed a new study, Relieving Urban Congestion and Promoting Tourism through Ropeways, in collaboration with the development consulting firm, iDeCK. The report says there is a significant need to enhance urban mobility by integrating alternative transit solutions like ropeways. Expanding alternative public transport options, it adds, will help meet the increasing demand, improve accessibility, and ease congestion for urban commuters. More on this next month.
- TIF presented its report on Expanding Arunachal Pradesh's Agricultural Exports Through Infrastructure Development to Abhishek Dev, Chairperson of the Agricultural and Processed Food products Export Development Authority (APEDA). The report noted the major infrastructure gaps in the state's storage, processing and transportation, limiting agricultural export, especially for perishable goods. It suggested a series of recommendations to overcome the challenges.

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In a compelling interview with Foundation for Economic Development, TIF Founder and Managing Trustee Vinayak Chatterjee took audiences through India's infrastructure journey: from crumbling systems in the '90s to today's globally connected economy. He talked PPPs, policy shifts, and why the next chapter of infrastructure development must emphasise people over just projects. Infrastructure is no longer a bottleneck. It is the backbone, he said.

To see the complete podcast, click on the link: <https://www.youtube.com/watch?v=VfPkW80QuNM>

In his monthly column for Business Standard, TIF Founder Vinayak Chatterjee wrote that It is increasingly being felt in policy circles that core infrastructure (notably transport and energy) is reaching a stage of relative maturity; and that the nation's investment priority should shift emphasis to social infrastructure.

Business Standard NEW DELHI | FRIDAY, 16 MAY 2025

Leading private capital to social infra

In the Union Budget for 2025-26, Finance Minister Nirmala Sitharaman earmarked ₹11.21 trillion for infrastructure capital expenditure — just slightly above last year's ₹11.11 trillion. The messaging was clear: In the last 25 years, core infrastructure (especially transport and energy) had matured, and other sectors now required attention.

Key among them is clearly the social infrastructure sector — health care, education, tourism, housing, sanitation, water, skilling, and digital. These sectors also have a direct impact and visibility among the voting public, in contrast to core infrastructure. The Budget Speech mentioned that central ministries are required to come up with a three-year pipeline of projects that can be implemented in public private partnership (PPP) mode. States are also encouraged to do so, and can seek support from the India Infrastructure Project Development Fund scheme to prepare PPP proposals. So, this is clearly the time to focus on social infrastructure.

Public spending on social infrastructure is constrained by the government's commitment to fiscal consolidation. Since most of these sectors cannot generate market returns on capital deployed, enabling private capital to step in becomes crucial. The government's role should focus on providing partnering and de-risking mechanisms, such as viability gap funding (VGF) for de-risking the otherwise non remunerative PPP projects.

VGF is typically a capital grant for projects that does not need to be returned to the government. It is neither equity nor debt, but a grant that goes to reduce the extent of capital to be serviced. Since 2005, VGF has been the primary tool for supporting PPPs. Revamped in 2020, it now includes three targeted sub-schemes:

1. Sub-scheme 1 provides 60 per cent VGF (30 per cent each from the Centre and the state) for water, waste management, health, and education projects.
2. Sub-scheme 2 supports pilot projects in health

and education, with up to 80 per cent VGF and 50 per cent operational cost support for five years.

3. Other sectors receive 40 per cent VGF.

VGF does indeed offer a strong "bang for the buck" on government expenditure. For instance, if five large hospitals were to be built entirely with public funds at ₹1,000 crore each, the total outlay would be ₹5,000 crore. However, under a 20 per cent VGF scheme, if the private sector steps in, the government's share would drop to just ₹1,000 crore. The ₹4,000 crore saved could then be used to support the construction of 20 more such hospitals.

VGF is often paired with the hybrid annuity model. It has been used in the Clean Ganga Mission for constructing and operating sewage treatment plants. Structured as a PPP, the government pays 40 per cent of the capital cost upfront, and the operations & maintenance (O&M) costs over the life of the project through annuity payments. This aspect of life-cycle O&M responsibility by the private sector is important, as it is a major weakness in the management of public projects by the state.

District hospitals present another major opportunity. The NITI Aayog has advocated PPP schemes to link functional district hospitals with new or existing private medical colleges. A model concession agreement (MCA) is available on its website. Successful examples of such PPPs include projects in Chittoor (Andhra Pradesh) and Bhuj (Gujarat).

On tourism infrastructure, the 3.65 km Varanasi Ropeway project is funded by VGF — 20 per cent by the Centre and 20 per cent by the state. VGF is being encouraged for other ropeway projects too.

Under the "Scheme of Upgradation of Government ITIs through PPP", 1,227 government-run ITIs have been covered, each with an associated industry partner. Such schemes need much higher outlays — and a scaling up in both ambition and reach.

One of the largest VGF allocations in recent times has been extended to the Tata Group for its semicon-

Viability-gap funded projects

| Year | Projects |
|------|----------|
| '08 | 4 |
| '09 | 2 |
| '10 | 5 |
| '11 | 5 |
| '12 | 16 |
| '13 | 4 |
| '14 | 11 |
| '15 | 9 |
| '16 | 3 |
| '17 | 3 |
| '18 | 0 |
| '19 | 1 |
| '20 | 2 |
| '21 | 1 |
| '22 | 1 |

Source: DEA

ductor manufacturing project in Dholera, Gujarat. The VGF, termed a "fiscal support agreement" in reports, covers 50 per cent of the estimated project cost of ₹91,000 crore.

PPPs in social infrastructure sectors in India still remain relatively limited, partly due to the lack of sector-specific MCAs. Projects with MCAs see faster approvals — as was seen in the oft-quoted and oft-discussed MCAs for the roads sector crafted by the late Gajendra Haldea. Since 2005, 67 VGF projects worth \$5.45 billion have been approved, with 86 per cent in transport and logistics, 6 per cent in energy, water & sanitation, but only 8 per cent in social infrastructure.

VGF need not be purely monetary. Land and external development of utility linkages provided by a government body can itself be a form of VGF. Such "in-kind" contributions constitute a valid mechanism of public support.

A broader interpretation of VGF is crucial at this stage of our economic development for social infrastructure projects. Only then can India strive forward with both core and social infrastructure acting as twin engines — powered by private capital and operational involvement — to deliver much higher levels of quality-of-life services.

The author is an infrastructure expert. He is also the founder & managing trustee of The Infravision Foundation. Research inputs from Vrinda Singh



Congratulations, Arun Nanda

The TIF Advisor was appointed as a Trustee on the global board of Science Based Targets Initiative (SBTi) with effect from 1st May, 2025. SBTi is a corporate climate action organization that enables companies and financial institutions worldwide to play their part in combating the climate crisis. It is an initiative promoted by the United Nations Global Compact, CDP, World Resources Institute (WRI), World Wide Fund for Nature (WWF), and We Mean Business Coalition.

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- TIF CEO Jagan Shah was quoted in a detailed article in ETV on urban flooding where he talked about the need for planning before disaster strikes.

For more, please read

<https://www.etvbharat.com/en/!bharat/urban-flooding-expose-loopholes-in-indias-smart-city-mission-enn25060404570>

- In his latest column in The Indian Express, TIF Distinguished Fellow Dr. Soumya Kanti Ghosh questioned whether IMF & World Bank aid to Pakistan is enabling unsustainable debt and military dominance, rather than fostering genuine economic reform and transparency.

For more, please read <https://indianexpress.com/article/opinion/columns/for-imf-and-world-bank-on-pakistan-a-query-10034802/>

- TIF Distinguished Fellow Akhilesh Tilotia wrote in The Financial Express on why publicly funded data must be open for innovation, governance, and AI-led growth.

QUIZ: Test Your Infra Power

- In which Madhya Pradesh city did PM Narendra Modi launch the state's first metro?
- What is the centre of the Dharavi redevelopment plan?
- What is India's national aquatic animal and why was it declared so in 2009?
- By when is India expected to become the world's third largest economy?
- What is the 43rd UNESCO World Heritage Site in India?



- Indore
- A multi-modal transit hub (MMTH), the first for the city providing access to metro, high-speed and airport express trains, besides city buses and other city transport—all at one location. This will ensure efficient transfers in all directions, with Dharavi serving as a focal point.
- The Gangetic water dolphin, of which only about 6,000 survive and are under threat.
- 2028, by which time India's GDP is expected to be \$5,584.476 billion, enabling it to overtake Germany.
- The Moidams – the Mound-Burial System of the Ahom Dynasty in Assam.



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