

Demand for Grants 2026-27 Analysis

Housing and Urban Affairs

Highlights

- Fund utilisation for the Ministry has declined due to high underspending on PM Awas Yojana – Urban. In 2025-26, the Ministry is estimated to spend only 31% of its allocated budget at the revised estimate stage.
- Urbanisation is increasingly being driven by rapid growth of peri-urban areas and census towns. Many schemes do not target census towns or peri-urban areas, weakening service delivery in these areas.
- Affordable housing in urban areas remains constrained by high land costs (up to 63% of housing cost in metros), restrictive land density regulations, and limited availability of land.
- Over one-third of the Ministry's budget is allocated to metro and mass rapid transit projects, while bus availability remains limited. Only 47,650 buses are currently serving urban residents, out of which 61% are concentrated in nine megacities.

The Ministry of Housing and Urban Affairs is the apex authority formulating policies and programmes related to housing and urban affairs. Urban development is a state subject with the 74th constitutional amendment proposing devolution of urban governance issues to municipal bodies. The Ministry of Housing and Urban Affairs provides schematic and programme support to states through its schemes and programmes. Some key areas of focus of the Ministry include: (i) urban planning, (ii) urban employment and urban poverty alleviation, (iii) planning and coordination of urban transport systems, (iv) formulation of housing policy, (v) water supply, sewerage and sanitation, and (vi) policy matters relating to municipal finances and urban local bodies.

This note examines the proposed budget allocations for 2026-27 to the Ministry of Housing and Urban Affairs and looks at some related issues.

Overview of Finances

Allocation in 2026-27¹

In 2026-27, the Ministry has been allocated Rs 85,522 crore, higher than the revised estimate of 2025-26 by 50%. This is due to revenue expenditure increasing by 109%. It will now constitute 59% of total expenditure (42% in RE). Revenue expenditure in 2025-26 was 14% lower at the revised stage largely due to (69.4%) underspending on Pradhan Mantri Awas Yojana-Urban.

2026-27 Budget Announcements²

- Tier II and Tier III cities will be developed. City Economic Regions will be mapped and developed on the basis of their specific growth drivers. An allocation of Rs 5,000 crore per region has been proposed over a five-year period.
- An incentive of Rs 100 crore per issuance of municipal bond of more than Rs 1,000 crore has been proposed.

Table 1: Allocation towards the Ministry of Housing and Urban Affairs (in Rs crore)

	2024-25 Actuals	2025-26 RE	2026-27 BE	% change from RE 2025-26 to BE 2026-27)
Revenue	21,632	24,226	50,714	109%
Capital	31,623	32,978	34,808	6%
Total	53,255	57,204	85,522	50%

Note: BE- Budget Estimates; RE- Revised Estimates.

Sources: Expenditure Budget, Ministry of Housing and Urban Affairs, Union Budget 2026-27; PRS.

Key Expenditure Heads

The Ministry has allocated 36% of its total budget for development of mass rapid transport systems (MRTS) and metro projects in urban areas. In addition, 26% of the total Ministry budget has been allocated for the PMAY-Urban scheme.

Table 2: Allocation towards key schemes under the Ministry (in Rs crore)

	2024-25 Actuals	2025-26 RE	2026-27 BE	% change from RE 2025-26 to BE 2026-27
MRTS and Metro Projects	28,611	29,550	30,996	5%
PMAY- Urban and PMAY 2.0	5,865	7,900	22,025	179%
AMRUT	5,647	7,500	8,000	7%
Urban Challenge Fund	-	1,000	10,000	900%
Smart Cities Mission	2,126	-	-	-
Swachh Bharat Mission - Urban	1,893	2,000	2,500	25%
PM e-bus sewa	477	300	500	67%
PM-SVANIDHI	443	572	900	57%

Sources: Expenditure Budget, Ministry of Housing and Urban Affairs, Union Budget 2026-27; PRS.

Shrusti Singh

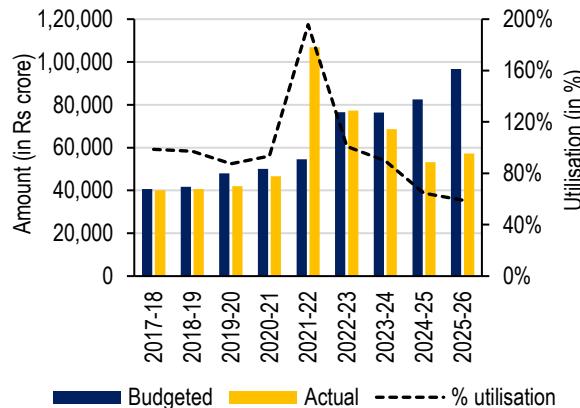
shrusti@prsindia.org

February 6, 2026

Fund Utilisation

Between 2017-18 and 2020-21, the Ministry budget utilisation was 94% which later declined to 77% between 2021-22 and 2025-26. The underspending during the recent years has been primarily due to lower fund utilisation under PMAY-Urban.

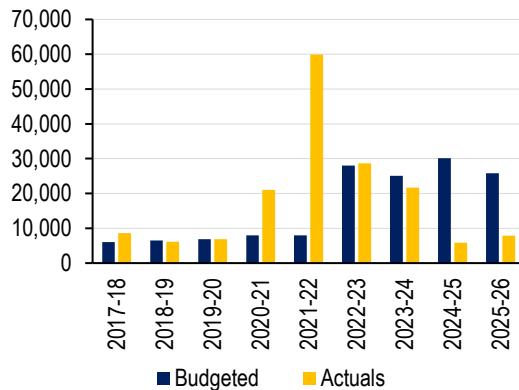
Figure 1: Allocation and utilisation of funds by the Ministry of Housing and Urban Affairs



Note: Actual figures for 2025-26 are Revised Estimates.
Sources: Expenditure Budget, Ministry of Housing and Urban Affairs, Union Budget for respective years; PRS.

PMAY-U saw an average underspending of 34% between 2017-18 and 2025-26 (see Figure 2).

Figure 2: Budgeted vs actual spending under PMAY-U (in Rs crore)



Note: Actual figures for 2025-26 are Revised Estimates.
Sources: Expenditure Budget, Ministry of Housing and Urban Affairs, Union Budget for respective years; PRS.

Urbanisation in India

Globally, cities contribute 70% to the world's GDP.³ The UN observed that urbanisation continues to be an engine of development in an economy.³ It identified economies of location, increased efficiency, better mobility, and connectivity as the direct benefits of urbanisation. In addition, urbanisation also lowers production costs in an economy due to proximity of factors of production while allowing specialisation. The Economic Survey of India (2025-26) highlighted the economic benefits of agglomeration economies and larger and denser cities.⁴ It noted that such cities are able to match workers and jobs more efficiently,

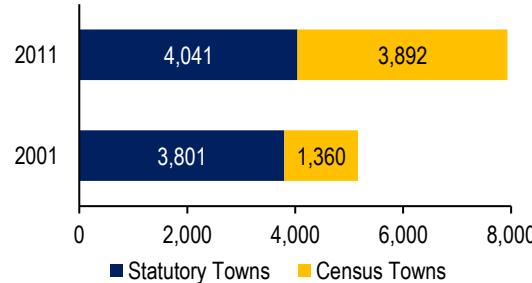
accelerate learning to knowledge spillovers, and allow efficient sharing of infrastructure and services.⁴ Therefore, urbanisation increases overall value of an economy.³ However, unplanned and rapid urbanisation has resulted in uncontrolled and informal peri-urbanisation.³

In 2011, 31.1% (377.1 million) of India's population lived in urban areas.⁵ According to the population projections by the National Commission on Population, the urban population is estimated to increase to 39.6% by 2036.⁵ In 2025, the urban population is estimated at 522.4 million, accounting for 37.9% of the total population.⁶ However, Niti Aayog (2021) observed that existing definitions of urban areas does not reflect the extent of urbanisation in the country.⁷ According to the 2011 Census, urban areas in India consist of 7,933 settlements including statutory (4,041) and census towns (3,892). An urban area comprises of two different types of administrative units:^{5,8}

- **Statutory Towns:** Administrative units defined by a statute as urban consisting of areas with urban local bodies such as municipal corporations, municipalities, cantonment boards. Statutory towns with a population over 1,00,000 are classified as cities.
- **Census Towns:** Settlements with a minimum population of 5,000, at least 75% of the male main workers engaged in non-agricultural roles, and a population density of at least 400 persons per square km. These towns are governed as villages and may not necessarily have urban local bodies.

Areas adjacent to statutory limits of a town that exhibit urban features in terms of infrastructure and amenities are classified as outgrowths. These are included within urban agglomerations. However, these outgrowths do not qualify as independent urban units on their own.

Figure 3: Census towns have grown faster than statutory towns between 2001-11



Sources: Census of India; PRS.

Between 2001 and 2011, the share of census towns in urban population has increased from 7.5% to 14.5%, with an addition of 2,532 new census towns.⁷ A report by Ministry of Housing and Urban Poverty Alleviation (2013) noted that urbanisation in India is driven by an expansion of urban agglomeration

beyond municipal boundaries.⁹ The report highlighted issues of sprawl and unregulated development in census towns and peripheral areas.

According to the data presented by the Town and Country Planning Organisation, about two-thirds of census towns do not have any master plan to guide spatial growth. These towns record rapid growth in urban economic activity. Niti Aayog (2021) noted that these towns may not be able to reap the benefits of urbanisation including productivity gains and employment generation.⁷ Census towns serve as intermediaries to the rural-urban continuum.⁷ However, they continue to be governed as villages and lack the institutional and financial capacity to cater to the urban needs. The 16th Finance Commission (FC) noted that the mismatch between the urban needs and rural governance of census town leads to deficient infrastructure and weak service delivery in peri-urban areas.¹⁰

Service delivery schemes under the Ministry such as Swachh Bharat Mission – Urban and AMRUT only target statutory towns, leaving out benefit delivery to census towns. According to the Economic Survey (2025-26), 16 Indian cities experienced faster growth in peripheral areas than in urban core areas between 2000 and 2020.⁴

In its World Urbanisation Prospects Report (2025), the UN observed that urbanisation in India reflects a gradual rural to urban migration.⁶ The report highlights an initial migration trend from rural to smaller urban areas which then progresses to larger cities. According to the Periodic Labour Force Survey (PLFS), rural to urban migrants consisted 19% of the total internal migrants in the country in 2020-21.¹¹ The Committee on Slum Statistics/Census (2010) observed that urbanisation driven by rural to urban migration leads to proliferation of slum settlements in all cities and towns in India.¹² Based on the 2011 Census, slum population in India was estimated at 65.49 million people in 2011. This constitutes 17.4% of the total urban population in the country.¹³

The 16th Finance Commission has recommended an Urbanisation Premium to states as a one-time grant as an incentive for the merger of a peri-urban village into the contiguous Urban Local Body (ULB) area.¹⁰ States may use this grant to support the establishment of essential administrative structures and provide basic civic amenities in the peri-urban areas in transition. The grants will be released to states on the formulation of a Transition Policy.¹⁰

Recommendations of the 16th Finance Commission for urban local bodies

The 16th Finance Commission has recommended grants worth Rs 9.47 lakh crore over the 2026-31 period.¹⁰ These comprise grants worth Rs 3.6 lakh crore for urban local bodies.

Table 3: Grants-in-aid for 2026-31 (in Rs crore)

Grants	Amount
Local governments	7,91,493
Rural local bodies	4,35,236
Basic Grant	3,48,188
Performance Grant	87,048
Urban local bodies	3,56,257
Basic Grant	2,32,125
Performance Grant	58,032
Special Infrastructure Component	56,100
Urbanisation Premium	10,000
Disaster management	1,55,916
Total	9,47,409

Source: Report of the 16th Finance Commission; PRS.

ULB grants are divided into basic (80%) and performance-based (20%) components. The performance-based component is further divided into state (Rs 29,016 crore) and local body (Rs 29,016 crore) performance grants. State performance grants will be made available upon meeting a minimum benchmark for transfers to local bodies from their own resources. Local body performance grants are linked to achievement of minimum targets specified by the Commission for own source revenue growth. The Commission has also recommended Special Infrastructure Grants and Urbanisation Premium Grants tied to development of wastewater infrastructure and merger of peri-urban areas in adjoining urban areas.

Issues for Consideration

Affordable Housing

Housing Shortage in Urban Areas

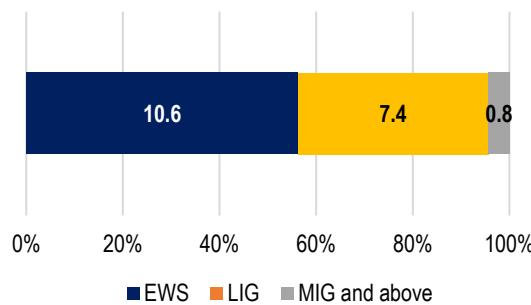
On the basis of the 2011 Census, the Technical Group on Urban Housing had estimated housing shortage of 1.87 crore houses in urban areas.¹⁴ In May 2025, a Committee (Chair: Ms. Anna Roy) was formed by Niti Aayog and the Ministry of Housing and Urban Affairs. The Committee assessed the urban housing shortage, examined current initiatives to promote affordable housing, and recommended strategic interventions.¹⁵ It estimated a housing shortage of between five to seven crore in metro, urban, and semi-urban areas. The Report has classified Delhi, Mumbai, Chennai, Kolkata, Bangalore, Hyderabad, Ahmedabad, and Pune as metro cities. All cities with population over one lakh have been defined as an urban area.

Table 4: Estimated housing shortage in metro, urban, and semi-urban areas (in crore)

	No of Households	Available Liveable Houses	Housing Shortage
Metro	5	2-3	2-3
Urban	3.8	1.8-2.3	1.5-2
Semi-Urban	4.8	3	1.5

Sources: A Comprehensive Framework to Promote Affordable Housing, Niti Aayog and Ministry of Housing and Urban Affairs, December 2025; PRS.

However, the Committee also noted the absence of a comprehensive and updated official dataset on urban affordable housing. Absence of this data limits assessment of housing schemes, tracking of scheme progress, or identification of areas requiring immediate intervention.¹⁵

Figure 4: Housing Shortage distribution among income sections (in million, as a % of total housing shortage estimated under 2011 Census)

Note: EWS is economically weaker sections, LIG is low-income groups, and MIG is middle-income groups.

Sources: Report of the Technical Group on Urban Housing Shortage (TG-12) (2012-17), Ministry of Housing and Urban Poverty Alleviation; PRS.

According to the estimates of the Technical Group, 56% of the housing shortage was estimated in the economically weaker section, 39% in the low-income group, and 4% in the middle-income group. While the housing shortage has evolved over time, it is increasingly being driven by issues such as: (i) limited availability of land, (ii) increasing land prices, (iii) affordability issues for EWS and LIG households, and (iv) lack of rental housing stock.¹⁵

PMAY – Urban

In 2015, the Pradhan Mantri Awas Yojana – Urban (PMAY-U) was launched with an aim to provide a pucca house with basic amenities to every eligible urban household until 2022. The scheme was extended as PMAY-U 2.0 to construct an additional one crore houses for urban poor and middle-class families in the next five years.¹⁶ The scheme targets families belonging to EWS, LIG, and MIG segments with no ownership of a pucca house in the country identified on the basis of the following income criteria:¹⁷

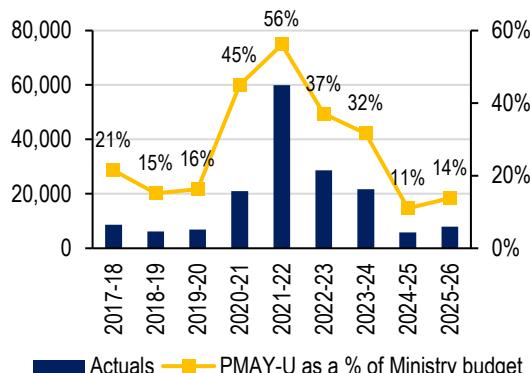
- **EWS:** Households with annual income up to Rs 3 lakh.
- **LIG:** Households with annual income between Rs 3 lakh and Rs 6 lakh.
- **MIG-I:** Households with annual income between Rs 6 lakh and Rs 12 lakh.
- **MIG-II:** Households with annual income between Rs 12 lakh and Rs 18 lakh.

The scheme is being implemented under the following four components as a Centrally Sponsored Scheme:¹⁸

- **Beneficiary-led Individual House Construction or Enhancement (BLC):** Under this component, central assistance of Rs 1.5 lakh is being provided to eligible families belonging to the EWS category.
- **Affordable Housing in Partnership (AHP) with public or private sector:** The government is offering assistance of Rs 1.5 lakh per EWS house in projects where at least 35% of the houses being developed are for the EWS category, with a single project having at least 250 houses.
- **Affordable Rental Housing (ARH):** Creation of affordable rental housing stock by incentivising investment by public and private entities. This will focus on creation of rental housing stock for EWS/LIG beneficiaries including urban migrants, homeless, working women, construction workers, and urban poor. Technical innovative grant of Rs 3,000 per square meter will be provided for projects using innovative technologies.
- **Interest Subsidy Scheme (ISS):** Under this component, an interest subsidy of 4% is offered on home loans up to Rs 25 lakh for property values up to Rs 35 lakh for EWS, LIG, and MIG families. This component of the scheme will be implemented as a central sector scheme with direct funding from the centre.

In 2026-27, Rs 22,025 crore is estimated to be spent on PMAY-U. This is 179% higher than the revised estimates of 2025-26. However, the Ministry is only estimating to spend Rs 7,900 crore at the revised stage, as compared to budgeted Rs 25,794 crore under the scheme. Similarly, according to the actuals, only 19% of the total budget under the scheme was spent in 2024-25.

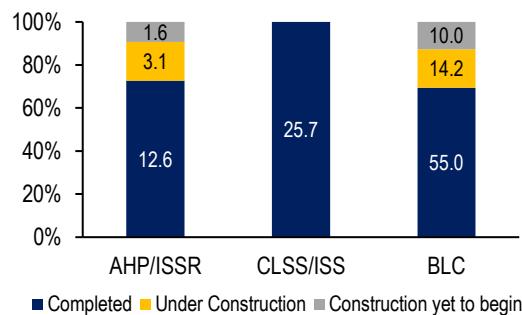
Figure 5: The Ministry has been spending 36% of its total budget on PMAY-U on average (in Rs crore)



Sources: Expenditure Budget for respective years, Ministry of Housing and Urban Affairs, Union Budget; PRS.

Over the 10 years of the scheme, 96.65 lakh houses have been completed under PMAY-U and PMAY-U 2.0.¹⁹ Out of these, 94.2 lakh houses have been occupied by the beneficiaries. Under the scheme, 83% of the identified housing shortage has been addressed (see Table 10 in Annexure for state-wise status under the scheme). However, the Committee to Promote Affordable Housing (2025) observed that the scheme is primarily demand-driven and does not ensure a targeted supply of affordable housing. It also noted that the formal housing market focuses on middle and high-income groups, with limited supply for EWS and LIG.¹⁵

Figure 6: Completion status under PMAY-U and PMAY-U 2.0 (in lakh, as on January 5, 2026)



Note: Credit Linked Subsidy Scheme (CLSS), Beneficiary Led Construction (BLC), and In-situ slum rehabilitation (ISSR) are components under PMAY-U.

Sources: Achievement Status, PMAY Portal, as accessed on January 12, 2026; PRS.

Land availability and affordability

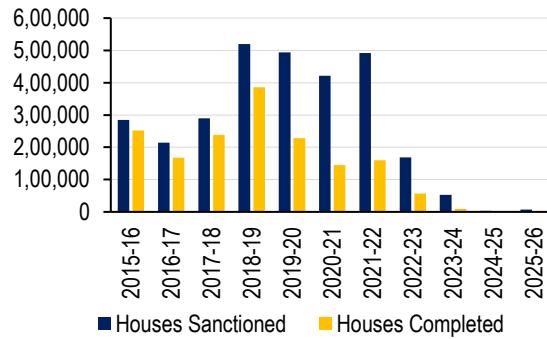
According to the Ministry of Housing and Urban Affairs, the supply of land and housing has not kept pace with urban population growth.²⁰ A report by World Bank (2020) identified the adequate availability of planned and serviced land as a benchmark of a well-functioning housing market.²¹ However, the Committee to Promote Affordable Housing (2025) observed that the land availability for affordable housing in urban areas is limited in India. It highlighted that inadequate provision of

public utilities and delays in land-use conversion affect land supply in urban areas.

The Committee to Promote Affordable Housing (2025) observed that in rural areas, land costs contribute 10% to the total housing cost.¹⁵ This increases to 63% in metros and urban areas. It observed that due to higher land costs, many urban households cannot afford a standard 30 square meter unit despite the subsidy benefit.¹⁵ The Committee also noted that rural areas have been better able to benefit from housing schemes.¹⁵

The Economic Survey (2025-26) observed that due to lower land costs and access to large land plots, affordable housing is increasingly appearing in peripheral areas.⁴ The Standing Committee on Housing and Urban Affairs (2025) highlighted the increasing land and construction costs in urban areas.²² Therefore, it recommended increasing the central assistance per dwelling unit under the AHP vertical under the scheme. In its response to the recommendation of the Committee, the Ministry submitted that changes in the scheme guidelines at this juncture may delay implementation of the scheme in states.²³

Figure 7: Year-wise sanctioned vs completed houses for slum household beneficiaries under PMAY-Urban (in numbers)



Sources: Unstarred Question No. 806, Ministry of Housing and Urban Affairs, Lok Sabha, December 4, 2025; PRS.

PMAY-U also had an in-situ slum rehabilitation component, under which houses are developed for all eligible slum dwellers in the original place of the slum. This component was later merged with the AHP component under PMAY 2.0. As of December 2024, out of the sanctioned houses under the slum rehabilitation (ISSR) vertical, only 37% houses were completed.²⁴ Out of the completed houses only 30% (of 37%) houses were occupied by the beneficiaries. The Standing Committee on Housing and Urban Affairs (2024) noted that this gap is due to incomplete infrastructure, non-allotment of houses, and unwillingness of allottees.

The Standing Committee on Housing (2023) observed notably low sanction of houses under the slum rehabilitation vertical of the scheme.²⁵ As of March 2022, a total of 4.33 lakh houses was sanctioned under the vertical, lower than the demand

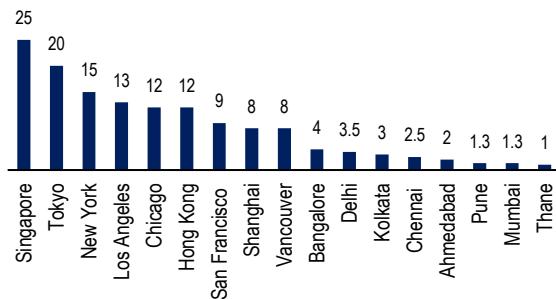
received of 14.35 lakh houses.²⁵ This was later revised down to 3.52 lakh.²⁵ The Ministry stated the following as reasons for lower sanction and downward revision of sanctioned houses: (i) unavailability of land within municipal limits, (ii) statutory clearances, (iii) clearing of slums, (iv) unwillingness of slum dwellers, and (v) beneficiaries registering under other components of the scheme.²⁵

Building and Density Regulations

In addition to land availability and prices, building regulations also influence the supply of affordable housing in urban areas. In 2020, World Bank identified the following as common constraints to affordable housing in urban areas: (i) restricting the floor area ratio (FAR) to limit the amount of floor area which can be built on a particular land parcel, and (ii) building height limits.²¹ It noted that these constraints on land use are used as tools to restrict density of residential development in cities.

The High-Powered Expert Committee (HPEC, 2011) on Indian Urban Infrastructure and Services noted a mismatch between global limits and Indian limits on residential FAR/Floor Space Index (FSI).²⁶ For example, in many major cities globally, the FAR/FSI is above 10.²⁶ While in Indian cities this does not exceed four. The Committee (2011) also highlighted that these FAR/FSI restrictions do not prevent residential density in cities. Instead, they influence the extent of formal versus informal or illegal built-up space.

Figure 8: Free FSI available across cities



Sources: NAREDCO and Knight Frank; Economic Survey (2025-26); PRS.

While cities such as Mumbai, Delhi, Pune, Ahmedabad, have relaxed their FAR/FSI norms, these relaxations are often limited to select corridors or redevelopment projects such as transit-oriented development or slum rehabilitation.^{27,28,29,30} In addition, higher FAR/FSI limits are also subject to payment of premium charge to municipalities.

Low FSI affects urbanisation by limiting the quantity of formal housing available, in turn raising real estate prices. Density regulation also leads to urban sprawl as high prices and inadequate availability of housing drives people to the peripheries of urban areas. The Economic Survey (2025-26) highlighted that such horizontal expansion

increases the service delivery cost per unit of housing or commercial space.⁴ World Bank (2013) also observed that FSI-induced sprawl leads to household income loss of two to four percent.³¹

Rental Housing in Urban Areas

According to the 2011 Census, 27% of the urban residents are living in rental accommodations, and most of them are informal in nature. A report by the National Real Estate Development Council (NAREDCO) noted that 80% of the households living in rented accommodation in urban areas belong to the EWS/LIG category.³² Further, migrants to urban areas also constitute a major segment of demand for rental accommodation in urban areas.³³ According to the Periodic Labour Force Survey 2020-21, 19% of the total migrants migrated from rural to urban areas.¹¹ In addition, another 16% of the migrants moved from one urban area to another urban area, impacting the demand for affordable rental housing in urban areas.

To address the rental housing shortage in urban areas, the government introduced the Affordable Rental Housing Complex (ARHC) Scheme under PMAY-U in September 2020.³⁴ Rental housing under the scheme is provided through two models: (i) conversion of existing government funded vacant houses into ARHCs through the public-private partnership mode as a centrally sponsored scheme, and (ii) construction, operation, and maintenance of ARHCs by private and public entities as a central sector scheme.

The Standing Committee on Housing and Urban Affairs (2023) noted that 75,000 vacant government houses are targeted to be converted into ARHCs under the first model.²⁵ Under the second model, the Ministry has approved 82,273 new ARHC units in seven states until March 2025.³⁵

A report by NAREDCO (2012) estimated the urban rental housing shortage at 69.9 lakh houses.³⁶ As against this, 5,648 houses were converted into ARHCs as of February 2023. Out of these, 4,470 houses have been occupied by the beneficiaries under the scheme.³⁷ A Report by Niti Aayog on Promoting Affordable Housing (2025) noted that current policies primarily target and promote affordable home ownership.¹⁵ Due to low disposable income, irregular income, and increasing real estate prices, the EWS/LIG families cannot afford to own a house in urban areas.³³ Niti Aayog observed that rental housing is a critical need to address the urban housing shortage specially for migrants, industrial workers, and the urban poor.

Despite sustained demand for affordable rental housing, the supply of formal rental housing has remained limited due to regulatory and structural constraints. Niti Aayog (2025) noted vacancy of around one crore houses in urban areas.¹⁵ Factors such as low rental yields, weak tenancy laws,

informal tenancy arrangements, and litigation risks affect the supply of affordable urban rental housing. Rent Control Acts in many states are skewed towards tenant protection with limited options to increase the rentals.³³ Unfavourable rent control regimes and low rental yields have discouraged the development of residential rental housing, with most new residential units being built for sale.³³ These factors have contributed to both landlords and tenants opting for informal rental agreements.¹⁵

The Model Tenancy Act (MTA), 2021 was approved by the Union Cabinet in June 2021, and circulated to all states for adoption.^{38,39} The MTA aims to secure the rights of both the tenants and landlords equally. It also aims to create an accountable and transparent ecosystem for urban rental housing. As of December 2025, Andhra Pradesh, Tamil Nadu, Uttar Pradesh, Uttarakhand, Assam, and Arunachal Pradesh have enacted their state rental laws along the lines of the MTA.¹⁵

NAREDCO (2012) highlighted that unavailability of urban land makes affordable housing projects unviable for developers without any government support.³⁶ Niti Aayog recommended bidding for government-owned or acquired land by private developers to construct affordable rental housing. The Ministry of Housing and Urban Affairs noted the need for developing an ecosystem to enable the utilisation of vacant land for rental housing.⁴⁰ It observed that utilisation of land closer to city centres is difficult due to the restrictions posed under local planning and development control regulations including FAR/FSI norms, rigid zoning regulations, and minimum unit sizes.

Currently, affordable rental units provided by companies and institutions are considered as commercial units and are charged with higher municipal service charges. In addition, rental agreements drawn up by companies also attract GST. On the other hand, rental housing maintained by individual owners face lower residential charges for service delivery and zero GST on rental agreements.¹⁵ The Niti Aayog Report on Affordable Housing (2025) observed that such differential practices restrict the growth of formal rental affordable housing developed or maintained by companies and institutions.

Niti Aayog recommended treating affordable rental housing as residential use housing for lower user charges and GST. Land Banks can also be created using vacant or underutilised land parcels under various ministries and departments. Niti Aayog recommended using these land banks to lease land parcels to public/private agencies for 30-50 years lease for development of affordable rental housing.

Affordable housing initiatives in other countries

United States of America:¹⁵ The USA has implemented a Housing Choice Voucher Program for low-income families by offering them direct rental assistance. Under this, the government pays a share of their rent directly to the landlords with the average annual subsidy being USD 9,400 per household. The maximum rent a beneficiary under this scheme can pay is up to 30% of their income.

Sweden:⁴¹ Some municipalities in Sweden provide rent-loss guarantees to landlords to encourage them to accept homeless people with uncertain incomes or poor rent-paying history.

Singapore:¹⁵ 80% of the residents in Singapore live in flats developed by the Housing and Development Board. These flats are developed using integrated urban and transport planning. Public housing is developed next to MRT systems, job centres, schools, and other social infrastructure.

Table 5: Distribution of housing stock (in %)

Country	Government-aided Rental	Private Rental	Home Ownership
UK	20%	10%	70%
USA	3%	29%	68%
Austria	23%	17%	60%
Denmark	19%	18%	63%
Canada	6%	28%	66%

Sources: Bridging the Urban Housing Shortage in India, 2012, NAREDCO; PRS.

Connectivity and transportation

The Ministry of Housing and Urban Affairs acts as the nodal ministry for urban transport planning and coordination. While urban transport is a state subject under the Constitution, the Union government has taken up urban mobility initiatives and projects such as metro rails and formulating national-level transport policies.⁴²

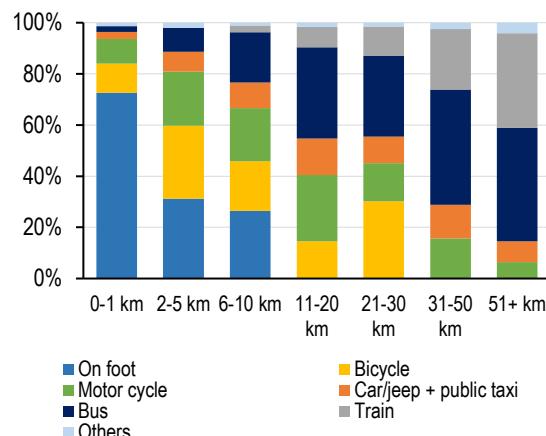
Rapid urbanisation and outward expansion of urban areas necessitate the need for an efficient and well-connected transportation system. The Standing Committee on Urban Affairs (2025) noted that peripheral areas adjoining the main city are growing at a faster rate than many million plus cities.⁴³ According to the Economic Survey (2024-25), more than 50% of urban residents globally enjoy access to easy public transportation, while this share is 37% for India.⁴⁴ It observed the need to develop end-to-end mobility solutions which efficiently connect buses, metro rails, and other modes of transit.

The National Urban Transport Policy, 2014 also emphasised the development of multi-modal public transportation systems.⁴⁵ The Policy focuses on moving people instead of vehicles by incorporating urban mobility as a part of urban planning.

According to the 2011 Census, around 23% of the working population commuted to work on foot.⁴⁶ In addition, 11% took buses, 13% chose bicycles, and 12% used scooters to commute to work. The choice

of transport varied with the distance of commute to work (See Figure 9).

Figure 9: Reliance on public transportation increases with distance of commute to work (in %)



Sources: Census of India, 2011; PRS.

The National Urban Transport Policy, 2014 noted that the formulation of national level policies is important to provide a common framework for urban transport development.⁴⁵ The National Policy states that a central policy is needed to coordinate capacity across states, guide state-level action plans within an overall framework, and ensure equitable service delivery. Similarly, the Standing Committee on Housing and Urban Affairs (2025) also noted that the role of central government should be expanded beyond offering financial assistance to states. It recommended that the central government be involved in policymaking for regional and urban transport planning.

However, Niti Aayog (2021) observed that metropolitan transport planning including bus/rail rapid transit planning should be undertaken at the regional and city level.⁷ At the same time, it noted that national and state level policy frameworks should provide broad strategic direction such as the National Urban Transport Policy.

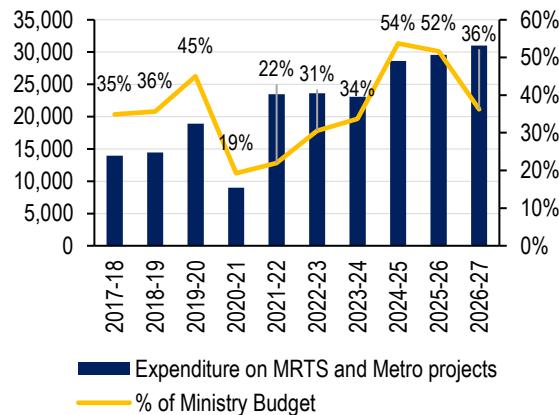
One such example of urban transport managed by local authorities is the transport network in London.²⁶ The transport network in London is managed by Transport for London (TFL), which is an integrated body under the Greater London Authority. TFL is run by a team appointed by the Mayor of London who also sets its budget. TFL is responsible for planning, regulating, and operating transport services across the city. The HPEC noted that significant regulatory and budgetary powers vested in TFL have contributed to its success.

Metro-centric investment in urban transport

Mass Rapid Transit System (MRTS) and Metro Projects received the largest allocation under the Ministry Budget. Between 2017-18 and 2025-26 (RE), the Ministry has spent around 35% of its total

budget on MRTS and Metro projects on average (see Figure 10). In 2026-27, the Ministry has allocated Rs 30,996 crore towards MRTS and Metro projects, which is 5% higher than the revised estimates of 2025-26.

Figure 10: Expenditure on MRTS and Metro projects (in Rs crore and % of Ministry budget)



Sources: Expenditure Budget for respective years, Ministry of Housing and Urban Affairs, Union Budget; PRS.

Metro projects are implemented through Special Purpose Vehicles (SPVs) with central support in the form of equity, grants, and pass-through assistance. Metro rail systems are useful in reducing traffic congestion and pollution, and providing affordable commute to the urban population.⁴⁷

Table 6: Profit/loss (after tax) of operating metro networks (in Rs crore)

Metro Network	2018-19	2019-20
Bengaluru	-496.54	-595.67
Mumbai	235.57	242.13
Kochi	-281.23	-310.019
Jaipur	52.97	39.65
Delhi	-464.04	-468.27
Hyderabad	-148.87	-377.35
Lucknow	-	-250.269

Note: (+) is profit and (-) is loss.

Sources: Report No. 13, "Implementation of Metro Rail Projects – An Appraisal", Standing Committee on Housing and Urban Affairs, July 19, 2022; PRS.

However, the Standing Committee on Housing and Urban Affairs (2024) observed that metro projects are highly capital-intensive and unprofitable in smaller urban areas and emerging cities (see Table 6).⁴⁸ It recommended the Ministry to prioritise cost-effective MRTS projects for Tier II and Tier III cities such as Bus Rapid Transit (BRT), Light Rail Transit (LRT), and Regional Rail. The Committee further recommended drafting integrated urban mobility plans and exploring public private partnership options for development of MRTS.

Alternative urban transit systems

The choice of MRTS in a state depends on factors like passenger densities, peak hour traffic, population, demand, average trip distance, and the cost of implementation.⁴⁸ However, these factors and the choice of MRTS vary across cities (see Table 7).⁴⁸

Table 7: Comparison of different public transport systems

Transit Mode	Capital Cost (Million USD/km)	Capacity per hour per direction	Operating Speed (km/hr)
Standard Bus	-	3,180 – 6,373	10-30
Bus Rapid Transit	Up to 15	Up to 55,710	18-40+
Light Rail Transit	12-40	Up to 30,760	18-40
Heavy Rail Transit	40-350	52,000 – 89,950	20-60

Sources: Bus Rapid Transit in India – A Compendium Report, Comptroller Auditor General of India, 2022; PRS.

Regional Rapid Transit System (RRTS) is a high-speed rail-based commuter network operating in urban and peri-urban areas.⁴³ Currently, out of the eight identified RRTS corridors, three have been prioritised in the Delhi National Capital Region.⁴³ The Standing Committee (2025) noted that RRTS projects are suitable for cities having a strong metro network.⁴³ It recommended the Ministry to persuade states to ensure regional planning including transport planning in cities including Mumbai, Kolkata, Chennai, Bangalore, and Hyderabad.⁴³

The Metro Rail Policy, 2017 provides that all metro rail proposals should include provision of feeder systems.⁴⁹ The Standing Committee on Housing and Urban Affairs (2022) noted that all metro networks in India do not have first and last mile connectivity.⁴⁷ This impacts the projected ridership of metro systems.⁴⁷ The absence of feeder systems and last mile connectivity may increase dependence on private vehicles for short distance travel.⁴⁷ The Economic Survey (2025-26) observed the under-performance of rail systems in areas where safe and convenient first and last mile connectivity is poor.⁴

Bus Rapid Transit Systems

The PM-eBus Sewa Scheme was approved by the government in 2023, with an aim to deploy 10,000 electric buses in different cities. As of January 2026, the Ministry has sanctioned 9,360 electric buses under the scheme.

The Economic Survey (2025-26) observed that despite these measures of the government, gaps in mass transit still persist.⁴ It noted that currently there are only 47,650 buses in urban areas out of which 61% are concentrated in nine megacities. Lower bus availability in urban areas and high private vehicle use

have led to fewer people being moved per kilometre of traffic lane.

In 2026-27, the PM-eBus Sewa Scheme has been allocated Rs 500 crore. The Ministry is estimating to spend Rs 300 crore at the revised estimate stage in 2025-26. This is 77% lower than the budget estimates for the e-bus scheme in 2025-26.

Provision of mobility services

In many cities there are multiple organisations engaged in the provision of transport services. This includes organisations like Development Authorities, Road Transport Authorities, State Transport Corporations, and Public Works Departments.²⁶ The HPEC 2011 observed that these organisations are engaged in different aspects of transport regulation but lack coordination among them.²⁶ It recommended setting up of a unified metropolitan transport authority (UMTA) in all cities with population above one million. The UMTA would assist the metropolitan planning committees in transport-related planning.²⁶ As of April 2022, 18 cities have either notified, set-up, or are in process of setting up their UMTAs.⁴⁷

Transit Oriented Development in Urban Areas

The Ministry of Housing and Urban Affairs released an Advisory on Transit Oriented Development (TOD) in September 2023, building on the National TOD Policy of 2017.^{50,51} TOD aims at integrating land use and transport planning to create walkable cities and high-density mixed land-use areas within walking distance of 500-800 meters from the MRT station. This would include development of commercial, residential, and business or office facilities within walking distance of the transit hubs.

The 2017 National Policy recommended reserving a minimum share of residential development within TOD zones for affordable housing through higher FAR development rights. In addition to land-use planning, it also focuses on multimodal integration, and development of adequate open spaces, safe environment for pedestrians and non-motorised transport users, and unobstructed footpaths.

The Standing Committee on Urban Affairs (2022) noted that TOD facilities also increase ridership of metros and other mass transit facilities by increasing their accessibility to the public.⁴⁷ It noted that states and cities such as Karnataka, Tamil Nadu, Gujarat, Bihar, and Mumbai have not yet formulated their TOD policy. In addition, states and cities including Delhi, Nagpur, Uttar Pradesh, Telangana, West Bengal, Rajasthan, Kerala, and Pune have notified but not developed their policies yet. The Committee noted that actual TOD development has not happened along any metro system so far.

International Best Practices – TOD

Transit-led Development – Copenhagen, Denmark⁵²

Copenhagen has followed a transit-led development approach since 1947.⁵² The city was planned using a finger-like spatial plan that linked the municipality and surrounding regions along rail corridors originating from the city centre. The plan later received regulatory approval at the national level through the Danish Planning Act, 2007. The Act encouraged offices to be located within 600 meters of a railway station. City-level planning promoted mixed-use and high-density development around stations, while green wedges around the railway links were protected from development. This policy has led to the development of walkable urban centres, connected by rail-based transit.

Transit Oriented Redevelopment – Arlington, USA

Arlington County adopted a redevelopment-led TOD policy to create high-density, mixed-use transit corridors within an already built-up urban area.⁵³ Development was concentrated within a 400 m radius of MRT systems. Under the policy, higher plot coverage and FARs were permitted near the transit nodes. Niti Aayog referred to Arlington as an example of TOD implementation through redevelopment. Proactive transport planning and high FARs allowed high-density vertical development in the area. In addition, multiple residential units, retail commercial spaces, and office space was developed.

Status of Urban Service Delivery

Equitable provision of key civic amenities is one of the key responsibilities of urban local bodies (ULBs). These services include water supply, sanitation, and solid waste management. The Union government has launched various policies and schemes covering integrated urban development. In 2022, Niti Aayog observed that inadequate service delivery in urban areas compared to the needs of the city impacts the economic vision and planning in cities.⁵⁴ It noted that service delivery and department-specific plans are often not incorporated during the master plan exercise.

A report by the National Real Estate Development Council (2025) also highlighted gaps in provision of civic amenities in peripheral zones and city outskirts.⁵⁵ It noted that many peripheral areas lack services such as sewage networks, clean water supply, reliable electricity, drainage systems, waste management, and paved roads.⁵⁵ The Report noted that the absence of civic amenities limits the potential of housing projects outside core cities, despite higher demand due to affordability.

The Atal Mission for Rejuvenation and Urban Transformation (AMRUT) was launched in 2015 to address gaps in urban infrastructure. The Mission was extended and subsumed under AMRUT 2.0 in October 2021 for a period of five years (up to 2025-26). The Mission covers all ULBs with populations over one lakh.

The scheme focuses on providing functional tap connections to all households, water source conservation, rejuvenation of water bodies and wells, recycle/reuse of treated used water, and rainwater harvesting in all statutory towns.

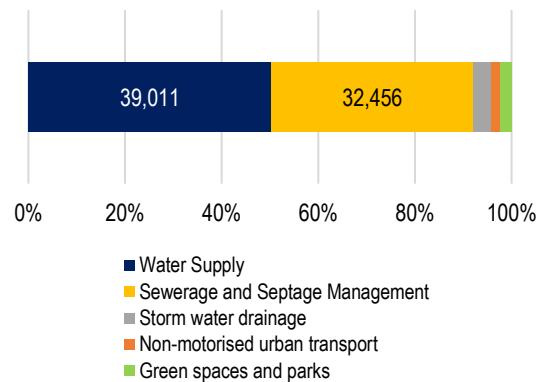
Around 50% of the total approved central assistance under the Mission has been allocated to water supply-related projects.

In 2026-27, the Mission has been allocated Rs 8,000 crore, which is 7% higher than the revised estimates for 2025-26. Spending under the Mission is estimated to be lower by 25% at the revised estimate stage in 2025-26.

Water Supply in Urban Area

HPEC (2011) identified several longstanding challenges in urban water supply including inadequate coverage, intermittent supply, low pressure, and poor quality of water supply.²⁶

Figure 11: Sector-wise allocation of projects across states under AMRUT (in Rs crore, as a % of total allocation)



Sources: Report No. 7, Standing Committee on Housing and Urban Affairs, Ministry of Housing and Urban Affairs, December 12, 2025; PRS.

As of 2024, 70.4% urban households have access to safe and adequate drinking water within premises through piped water supply tap connection.⁵⁶ However, this coverage varies across states. States such as Punjab, Uttarakhand, Goa, Punjab, and Gujarat report household coverage over 85%, while states like Jharkhand, Uttar Pradesh, and Kerala lag behind with less than 50% household coverage. The Standing Committee on Housing and Urban Affairs (2025) noted that the per capita supply of water in Indian cities was as low as 37 litre per capita day (LPCD) for limited durations ranging from one to six hours.⁵⁷ In its response to the Committee, the Ministry stated that average water supply in urban areas stands at 122 LPCD, compared to prescribed benchmark of 135 LPCD. The Ministry also stated that water supply and management is primarily a state responsibility, with the Union government supplementing state efforts through schemes.

In terms of water quality, the Standing Committee (2025) noted divergence across datasets. One set of

data indicated that 98.8% of the tested household samples passed the drinking water quality test. However, another submission by the Ministry showed that only 66% of household-level samples met the BIS drinking water standards. The Ministry attributed this divergence to differences in data coverage across different cities.

Table 8: Status of major service level benchmarks under AMRUT and AMRUT 2.0

Indicator	Benchmark	Achievement of benchmarks under AMRUT
Coverage	100%	Average coverage of 75% households across states
Quantity	135 LPCD	Average 122 LPCD
Quality	100%	98.82% samples passed the quality test at household level

Sources: Report No. 7, Standing Committee on Housing and Urban Affairs, Ministry of Housing and Urban Affairs, December 12, 2025; PRS.

In addition to water delivery and quality, urban water systems also face efficiency challenges. Water which is pumped and then lost during supply or is unaccounted for is termed as Non-Revenue Water (NRW).⁵⁸ The HPEC Report (2011) estimated that NRW in urban areas accounted for 50% of the water produced or pumped.²⁶ It also highlighted that 70% of these leakages are from pipes for consumer connection and due to faulty water meters.²⁶ The AMRUT Mission set targets to reduce NRW to below 20%. According to a recent estimate by National Institute of Urban Affairs, NRW was estimated at 38% in 2019.⁵⁹ Under the Mission, states were provided incentives on achievement of certain milestones. However, no state has yet submitted any incentive claims under the scheme.

Sewerage and Wastewater Treatment

In addition to water supply, the AMRUT mission also targets wastewater and sewage treatment in urban areas.⁶⁰ As of April 2025, 149 lakh sewer connections have been provided as compared to the target of 145 lakh sewer connections.⁶¹

However, the Standing Committee on Housing and Urban Affairs (2025) observed a critical gap in the existing sewage treatment infrastructure.⁵⁷ It assessed the gap between the wastewater generated in cities as against the existing treatment plans. Actual capacity utilisation of the existing treatment plants is only 49% in 2020-21.⁵⁹ Out of the total 52,644 million litres per day (MLD) sewage being generated across cities, 25,995 MLD is still being left untreated.

The 16th FC has also recommended grants tied to sanitation and solid waste management and/or water management. In addition, the Commission has recommended specific grants worth Rs 56,100 crore for the development of wastewater management

systems. These grants will be available to selected ULBs in cities with population between 10 to 40 lakh. The Commission has recommended the following indicative areas for infrastructure development: (i) separation of stormwater and underground drainage systems, (ii) expansion of wastewater system to uncovered areas, (iii) reduction of non-revenue water, and (iv) development of monitoring systems.

Swachh Bharat Mission – Urban

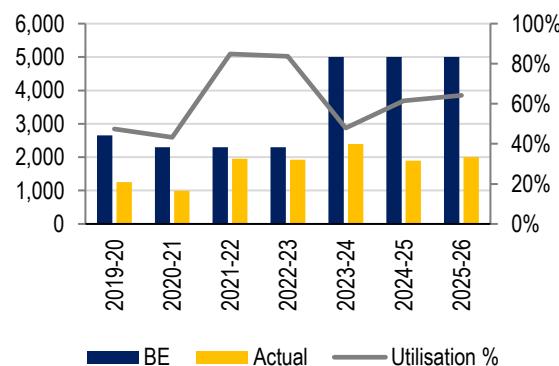
The Swachh Bharat Mission - Urban (SBM-U) was launched in October 2014. The scheme aims to make India free from open defecation and to achieve 100% scientific management of solid waste. The second phase of SBM-U was launched in 2021 for a period of five years (up to October 2026). The aim of the second phase of the scheme is to make all cities garbage free by 2026.

The Mission has been allocated Rs 2,500 crore in 2026-27, which is 25% higher than the revised estimates of 2025-26. In 2025-26, the Ministry is estimated to utilise only 40% of the total budget allocated to the Mission (Rs 5,000 crore) in 2025-26.

According to data available up to January 2026, 98% of wards in all statutory towns have achieved 100% door-to-door solid waste collection, and 90% wards have achieved 100% source segregation.⁶² However, achievement of source segregation target has been uneven across states, ranging between 31% to 100% across some states (see Table 11 in Annexure).

Despite improvements in collection and segregation, solid waste processing capacity remains limited. Of the total solid waste generated across states, only 81% is currently being processed, with significant inter-state variation.⁶² For example, solid waste processing capacity in West Bengal is 8%, as compared to 100% in Madhya Pradesh.⁶²

Figure 12: Between 2019-20 and 2024-25, the budget utilisation has been 61% under the scheme



Note: Figures for 2025-26 are revised estimates.

Sources: Expenditure Budget for respective years, Ministry of Housing and Urban Affairs, Union Budget; PRS.

The Standing Committee on Housing and Urban Affairs (2023) noted that operation and maintenance of public and community toilets constructed under

SBM-U is the responsibility of state governments.⁶³ It recommended constant monitoring over operation and maintenance of public and community toilets both by the Centre and states.⁶³ It also observed that budgetary allocations under the Scheme were not being fully utilised and recommended complete utilisation of the allocated funds.⁶³

Smart Cities Mission

The Smart Cities Mission was launched in June 2015, to enhance India's cities through smart and sustainable solutions. A total of 100 cities were identified for development as smart cities under the mission. The deadline for the Mission was extended until March 31, 2025. As of March 2025, 99.4% of the total budgetary allocation (Rs 47,652 crore) has been released to states.⁶⁴ During this period, 94% of the total approved projects under the scheme have been completed with the remaining projects under advance stages of completion.

Table 9: Key projects completed under the Smart Cities Mission

Sector	Initiative
Integrated Command and Control Centres	All 100 smart cities have operational ICCCs which use data for making informed decisions
Public safety	84,000 CCTV surveillance cameras, 1,844 emergency call boxes, and 3,000 public address systems have been installed
Solid waste management	9,194 vehicles have been enabled with RFID to digitise solid waste collection
Mobility	Over 1,740 km of smart roads constructed, 713 km of cycle tracks developed

Sources: Press Information Bureau, June 24, 2025; PRS.

In its assessment of the Smart Cities Mission, the Standing Committee (2024) observed some challenges in the implementation of the scheme. It identified issues such as: (i) frequent shelving and changing of projects during the execution stage, (ii) focus on development of specific areas within identified smart cities, and (iii) slow progress of project completion under the Mission. The Committee recommended that the Ministry should launch a second phase of the Mission with a special focus on tier 2 and tourist cities. It recommended undertaking a close assessment of the various project implemented during the Mission.

Governance and Capacity of ULBs

Effective service delivery in urban areas also depends on the governance and fiscal capacity of the ULBs. The HPEC (2011) highlighted the need to bring urgent reforms to empower ULBs with in line with the 74th Constitutional Amendment Act (CAA).²⁶ The 74th CAA empowers ULBs and enable them to function as institutions of self-governance.⁶⁵

CAG (2024) noted that this assignment of core municipal functions to parastatals without accountability to ULBs undermines the principle of decentralisation and accountability to citizens. As a result, citizens are unable to hold their elected representatives accountable for service delivery.

Effective devolution of municipal functions

In 2024, the Comptroller Auditor General of India (CAG) noted persistent gaps in devolution of municipal functions to ULBs, despite overall compliance to the provisions of the 74th CAA.⁶⁵ The Audit observed that out of the 18 functions under the 12th Schedule of the Constitution, only four are fully devolved to ULBs on average.⁶⁵ Many of these functions are performed by parastatals and include an overlap of responsibilities. This also limits the role of ULBs to being an implementation agency for state schemes and missions.⁶⁵ For example, Maharashtra and Jharkhand have fully devolved central functions to ULBs (10 municipal functions). On the other hand, ULBs in Odisha and Uttarakhand do not have any functions with full jurisdiction. On average, ULBs have minimal role in functions such as regulation of land-use, public health, and water supply.⁶⁵ These functions are mostly performed by parastatals that are directly accountable to state governments and have no elected representatives of ULBs.

Constitution of Committees

In 2011, the HPEC Report recommended the creation of Metropolitan Planning Committees (MPC) and District Planning Committees (DPCs) in line with the 74th CAA.²⁶ These committees consolidate plans prepared by local governments in a district and create a draft development plan for the whole metropolitan region or district.²⁶ HPEC observed that DPCs have been constituted but not empowered to function in most states.²⁶ The CAG Audit also noted that only three states have formulated annual district plans including Maharashtra, Kerala, and Uttarakhand.²⁶

In addition, the CAA mandates setting up of a State Finance Commission (SFC) every five years. The CAG Audit assessed that out of the 18 states surveyed, only 10 states have set up SFCs every five years.⁶⁵ The Audit also observed average lag of 412 days in setting up of SFCs across states.⁶⁵

The 15th FC had made the constitution of SFC a mandatory condition to avail local body grants in 2024-25 and 2025-26. The 16th FC noted that there has been significant improvement across states in formation of SFCs. It noted that 19 states formed their SFCs after the recommendations of the 15th FC (see Table 12 in Annexure for details). The 16th FC has made it mandatory for all states to form their SFCs every five years to avail any local body grants.

Delays in elections to Urban Local Bodies

According to Article 243U, elections to ULBs should be completed before the expiry of the term of the City Council. CAG observed that 1,600 (61%) out of 2,625 ULBs in 17 states did not have an elected Council at the time of the Audit.⁶⁵ The Audit observed that delays in conducting ward delimitation exercise, court cases regarding reservations, and delays in formation of State Election Commissions were some of the reasons for delayed municipal elections (see Table 13 in Annexure for state-wise data).

Financial capacity of ULBs

CAG (2025) observed that sustainable revenue sources are important for ULBs to deliver municipal services and create enabling infrastructure.⁶⁵ It noted that on average, own source revenue (OSR) covers only 32% of the total revenue of ULBs. CAG also observed that ULBs of states including Jharkhand, Manipur, Tripura, and Uttarakhand have OSR less than 15%. The 16th FC observed the high but underutilised potential of revenue from property tax. CAG noted that on average only 56% of the property tax demand is realised by ULBs.

A lower share of OSR makes ULBs dependent on transfers in the form of grants from the centre and state. CAG noted that there was a shortfall of grants from the centre and states to ULBs of Rs 2,008 crore (see Table 14 in Annexure). It highlighted reasons such as short release of funds, delay in the constitution of SFCs, and non-adherence of ULBs to the criteria set by the finance commissions for the receipt of grants.

The 16th FC observed that states such as Andhra Pradesh, Nagaland, and West Bengal lagged in transferring funds to urban local bodies. During the 15th FC period, only 63% of the recommended grants were released to ULB (Rs 75,718 crore out of the recommended Rs 1,21,055 crore).

To address these issues, the 16th FC has recommended the following eligibility conditions for states to avail urban local body grants: (i) states meeting a minimum benchmark for transfers to local bodies from their own resources, and (ii) achievement of a minimum growth target for own source revenue growth for ULBs.

Annexure

**Table 10: State-wise housing target and completion under PMAY-Urban
(completion rate as accessed on January 7, 2026)**

States	Estimated number of beneficiaries identified under PMAY-U	Houses Completed	Housing shortage addressed
Andhra Pradesh	20,50,000	11,19,901	55%
Arunachal Pradesh	8,000	8,405	105%
Assam	1,40,000	1,43,230	102%
Bihar	3,75,000	1,98,204	53%
Chhattisgarh	3,00,000	2,61,995	87%
Delhi	79,000	31,670	40%
Goa	4,845	3,174	66%
Gujarat	7,65,000	9,63,217	126%
Haryana	1,50,000	72,749	48%
Himachal Pradesh	13,000	11,887	91%
Jammu and Kashmir	79,331	34,954	44%
Jharkhand	2,20,000	1,64,854	75%
Karnataka	7,00,000	3,98,070	57%
Kerala	1,30,000	1,38,779	107%
Madhya Pradesh	8,50,000	8,94,215	105%
Maharashtra	13,50,000	10,37,844	77%
Manipur	55,000	21,439	39%
Meghalaya	6,000	2,750	46%
Mizoram	40,000	33,813	85%
Nagaland	35,000	30,120	86%
Odisha	1,80,000	1,68,437	94%
Punjab	1,15,000	1,01,895	89%
Rajasthan	2,20,000	2,63,048	120%
Sikkim	1,500	219	15%
Tamil Nadu	7,15,000	6,19,003	87%
Telangana	2,25,000	2,25,346	100%
Tripura	92,000	81,606	89%
Uttar Pradesh	17,00,000	17,16,677	101%
Uttarakhand	50,000	48,444	97%
West Bengal	5,50,000	5,02,051	91%

Sources: PMAY-Urban Dashboard as accessed on January 7, 2026; Report No. 17, “Evaluation of Implementation of Pradhan Mantri Awas Yojana”, Standing Committee on Housing and Urban Affairs, March 20, 2023; PRS.

Table 11: Solid waste management under Swachh Bharat Mission - Urban

States	Total no. Wards	Door to door collection (% of total wards)	Source segregation (% of total wards)	Solid waste processed (% of total solid waste generated)
Andhra Pradesh	3,854	99%	97%	84%
Arunachal Pradesh	529	99%	96%	22%
Assam	1,062	97%	57%	65%
Bihar	5,690	93%	71%	32%
Chhattisgarh	3,255	100%	100%	100%
Delhi	271	100%	66%	85%
Goa	225	100%	100%	100%
Gujarat	1,385	99%	98%	99%
Haryana	1,668	99%	84%	91%
Himachal Pradesh	595	98%	96%	99%
Jammu And Kashmir	1,099	100%	94%	80%
Jharkhand	1,061	87%	80%	44%
Karnataka	7,285	98%	87%	89%
Kerala	3,533	100%	100%	99%
Madhya Pradesh	7,591	100%	100%	100%
Maharashtra	6,649	100%	99%	93%
Manipur	305	99%	97%	59%
Meghalaya	123	72%	53%	39%
Mizoram	209	100%	73%	0%
Nagaland	420	52%	31%	1%
Odisha	2,038	100%	100%	96%
Puducherry	116	100%	100%	100%
Punjab	3,199	100%	99%	85%
Rajasthan	8,185	98%	63%	53%
Sikkim	51	100%	100%	87%
Tamil Nadu	12,806	100%	100%	66%
Telangana	2,944	100%	99%	98%
Tripura	334	95%	95%	99%
Uttar Pradesh	14,164	98%	97%	96%
Uttarakhand	1,307	100%	97%	94%
West Bengal	3,008	79%	64%	8%

Sources: Swachh Bharat Mission – Urban, Dashboard, as accessed on January 7, 2026; PRS.

Table 12: List of states forming their SFCs after recommendations of the 15th FC

State	Last SFC Constituted	SFC Constituted on
Andhra Pradesh	5 th	March, 2023
Arunachal Pradesh	3 rd	December, 2024
Assam	7 th	July, 2024
Chhattisgarh	4 th	July, 2021
Gujarat	4 th	November, 2024
Himachal Pradesh	7 th	March, 2024
Jharkhand	5 th	January, 2024
Karnataka	5 th	October, 2023
Kerala	7 th	September, 2024
Maharashtra	6 th	April, 2025
Mizoram	2 nd	April, 2021
Nagaland	4 th	October, 2024
Odisha	6 th	January, 2025
Rajasthan	6 th	April, 2021
Sikkim	6 th	June, 2022
Telangana	2 nd	February, 2024
Uttar Pradesh	6 th	January, 2024
Uttarakhand	6 th	January, 2025
West Bengal	6 th	December, 2024

Sources: Volume II – Report of the 16th Finance Commission; PRS.**Table 13: Urban Local Bodies without an elected Council at the time of CAG Audit**

State	Number of ULSGs without elected Council	Total ULSGs
Andhra Pradesh	22	123
Chhattisgarh	18	169
Haryana	12	87
Himachal Pradesh	0	31
Jharkhand	15	50
Karnataka	210	273
Kerala	0	21
Madhya Pradesh	347	407
Maharashtra	10	44
Manipur	27	27
Odisha	112	114
Punjab	129	167
Rajasthan	6	196
Tamil Nadu	664	664
Telangana	4	141
Tripura	20	20
Uttarakhand	4	91
Total	1,600	2,625

Sources: Compendium of Performance Audits on the Implementation of the 74th Constitutional Amendment Act, 1992: Landscape across India – Volume I, Comptroller and Auditor General of India, 2024; PRS.**Table 14: Shortfall of Central and State Finance Commission grants to Urban Local Bodies (in Rs crore)**

States	Shortfall in SFC Grants	Shortfall in basic and performance grants as recommended by the CFC
Andhra Pradesh	524	582
Assam	896	289
Chhattisgarh	256	185
Madhya Pradesh	313	603
Haryana	53	351
Himachal Pradesh	2	57
Jharkhand	Data unavailable	488
Karnataka	15,564	332
Maharashtra	Data unavailable	1,445
Manipur	478	40
Odisha	196	334
Punjab	3,280	0
Rajasthan	53	525
Tamil Nadu	1,307	1,324
Tripura	Data unavailable	35
Telangana	1,170	647
Kerala	0	0
Uttarakhand	0	0

Sources: Compendium of Performance Audits on the Implementation of the 74th Constitutional Amendment Act, 1992: Landscape across India – Volume I, Comptroller and Auditor General of India, 2024; PRS.

¹ Ministry of Housing and Urban Affairs, Expenditure Budget, Union Budget 2026-27, <https://www.indiabudget.gov.in/doc/eb/sbe60.pdf>.

² Budget Speech 2026-27, Union Budget, https://www.indiabudget.gov.in/doc/Budget_Speech.pdf.

³ Urbanization For Prosperity Policy Statement, 25th Session of the Governing Council, UN-Habitat, <https://unhabitat.org/sites/default/files/download-manager-files/Urbanization%20For%20Prosperity%20Policy%20Statement%2025th%20Session%20of%20the%20Governing%20Council.pdf>

⁴ Economic Survey of India (2025-26), India Budget 2026-27, <https://www.indiabudget.gov.in/economicsurvey/doc/echapter.pdf>.

⁵ Report of the Technical Group on Population Projections, National Commission on Population, Ministry of Health and Family Welfare, November 2019, https://nhm.gov.in/New_Updates_2018/Report_Population_Projection_2019.pdf

⁶ World Urbanization Prospects 2025, United Nations Department of Economic and Social Affairs, <https://www.un.org/development/desa/pd/world-urbanization-prospects-2025>

⁷ Reforms in Urban Planning Capacity in India, Niti Aayog, September 2021, <https://www.niti.gov.in/sites/default/files/2021-09/UrbanPlanningCapacity-in-India-16092021.pdf>.

⁸ ORGI Circular 002/2021, Office of the Registrar General & Census Commissioner, India, https://censusindia.gov.in/nada/index.php/catalog/40511/download/44143/ORGI_circular002_2021.pdf.

⁹ India National Report, Habitat III, https://habitat3.org/wp-content/uploads/Habitat-III_India-National-Report.pdf

¹⁰ Volume I – Main Report, Report for 2026-31, Sixteenth Finance Commission, <https://fincomindia.nic.in/asset/doc/commission-reports/16th-FC/reports/Vol1-Main-Report.pdf>.

¹¹ Migration in India 2011-2021, Ministry of Statistics and Programme Implementation, August 2023, https://www.mospi.gov.in/sites/default/files/publication_reports/Migration%20in%20India%20RL16082023.pdf.

¹² Report of the Slum Committee, National Buildings Organisation, https://nbo.gov.in/pdf/REPORT_OF_SLUM_COMMITTEE.pdf

¹³ Slums in India: A Compendium, National Buildings Organisation, 2015, https://nbo.gov.in/pdf/SLUMS_IN_INDIA_Slum_Compendium_2015_English.pdf

¹⁴ Report of the Technical Group on Urban Housing Shortage (TG-12), 2012-17, Ministry of Housing and Urban Poverty Alleviation, <https://nbo.gov.in/pdf/urban-housing-shortage.pdf>.

¹⁵ A Comprehensive Framework to Promote Affordable Housing, Niti Aayog, Ministry of Housing and Urban Affairs, December 2025, https://niti.gov.in/sites/default/files/2026-01/A_Comprehensive_Framework_to_Promote_Affordable_Housing.pdf.

¹⁶ “Cabinet approves Pradhan Mantri Awas Yojana – Urban 2.0 Scheme”, Press Information Bureau, Ministry of Housing and Urban Affairs, August 9, 2024, <https://pib.gov.in/PressReleaseframePage.aspx?PRID=2043924>.

¹⁷ Frequently Asked Questions, Pradhan Mantri Awas Yojana – Urban, as accessed on January 12, 2026, <https://pmay-urban.gov.in/faq>.

¹⁸ About Scheme, Pradhan Mantri Awas Yojana – Urban, as accessed on January 12, 2026, <https://pmay-urban.gov.in/about>.

¹⁹ Achievement under PMAY-U and PMAY-U 2.0, PMAY-U Portal, as on January 5, 2026, https://pmay-urban.gov.in/uploads/progress-pdfs/68ac528160e77-Achievement_under_PMAY-U_&_PMAY-U2.0_cropped.pdf.

²⁰ Annual Report 2022-23, Ministry of Housing and Urban Affairs, <https://mohua.gov.in/upload/uploadfiles/files/2688HUA-ENGLISH-19-4-2023.pdf>.

²¹ Urban Land and Housing Market Assessment: A Toolkit, World Bank, 2020, <https://documents1.worldbank.org/curated/en/92292160034517886/pdf/Urban-Land-and-Housing-Market-Assessment-A-Toolkit.pdf>

²² Report No. 3, “Demands for Grants (2025-26)”, Standing Committee on Housing and Urban Affairs, March 12, 2025, https://sansad.in/getFile/lsscommittee/Housing%20and%20Urban%20Affairs/18_Housing_and_Urban_Affairs_3.pdf?source=loksabhadocs.

²³ Report No. 6, “Action Taken by the Government on the recommendations contained in the Third Report (Eighteenth Lok Sabha) of the Standing Committee on Housing and Urban Affairs (2024-25) on ‘Demands for Grants (2025- 2026)’ of the Ministry of Housing and Urban Affairs”, Standing Committee on Housing and Urban Affairs, August 20, 2025, https://sansad.in/getFile/lsscommittee/Housing%20and%20Urban%20Affairs/18_Housing_and_Urban_Affairs_6.pdf?source=loksabhadocs.

²⁴ Report No. 1, “Demands for Grants (2024-25)”, Standing Committee on Housing and Urban Affairs, December 11, 2024, https://sansad.in/getFile/lsscommittee/Housing%20and%20Urban%20Affairs/17_Urban_Development_1.pdf?source=loksabhadocs.

²⁵ Report No 17, “Evaluation of Implementation of Pradhan Mantri Awas Yojana (Urban)”, Standing Committee on Housing and Urban Affairs, March 20, 2023, https://sansad.in/getFile/lsscommittee/Housing%20and%20Urban%20Affairs/17_Housing_and_Urban_Affairs_17.pdf?source=loksabhadocs.

²⁶ Report of the High Powered Expert Committee on Indian Urban Infrastructure & Services, Ministry of Urban Development, March 2011, https://mohua.gov.in/upload/uploadfiles/files/FinalReport_hpec09.pdf.

²⁷ Master Plan for Delhi 2021, Delhi Development Authority, 2021, https://dda.gov.in/sites/default/files/inline-files/Master_Plan_for_Delhi_2021_text_report.pdf.

²⁸ “Developers can now purchase premium FAR in Bengaluru”, The Hindu, December 6, 2025, <https://www.thehindu.com/news/national/karnataka/developers-can-now-purchase-premium-far-in-bengaluru/article70366084.ece>.

²⁹ “Maharashtra government increases FSI for slum rehab projects across state”, The Economic Times, February 28, 2022, <https://economictimes.indiatimes.com/industry/services/property-/construction/maharashtra-government-increases-fsi-for-slum-rehab-projects-across-state/articleshow/89887476.cms?from=mdr>.

³⁰ “AUDA clears transit-oriented zone benefits for 4604 ha along 10 roads”, Times of India, Ahmedabad, December 23, 2025, <https://timesofindia.indiatimes.com/city/ahmedabad/auda-clears-transit-oriented-zone-benefits-for-4604-ha-along-10-roads/articleshow/126127456.cms?utm>.

³¹ Urban Development Series: Financing Indian Cities, World Bank, 2013, <https://documents1.worldbank.org/curated/en/373731468268485378/pdf/757340PUB0EPI0001300pubdate02021013.pdf>.

³² Rental Housing in India, National Real Estate Development Council, <https://naredco.in/notification/pdfs/rental-housing-india.pdf>.

³³ Draft National Urban Rental Housing Policy, Ministry of Housing and Urban Affairs, 2015, https://mohua.gov.in/upload/uploadfiles/files/National_Urban_Rental_Housing_Policy_Draft_2015.pdf.

³⁴ “New initiatives towards enabling affordable rental housing for all”, Press Information Bureau, May 20, 2022, <https://www.pib.gov.in/PressReleaseframePage.aspx?PRID=1655131®=3&lang=2>.

³⁵ Unstarred Question No. 4379, Lok Sabha, Ministry of Housing and Urban Affairs, March 27, 2025, https://sansad.in/getFile/loksabhaquestions/annex/184/AU4379_RRtMmZ.pdf?source=pqals.

³⁶ Urban Housing Shortage in India, National Real Estate Development Council, 2012, <https://www.naredco.in/notification/pdfs/Urban-housing-shortage-in-India.pdf>.

³⁷ Unstarred Question No. 1174, Rajya Sabha, Ministry of Housing and Urban Affairs, February 13, 2023, https://rsdebate.nic.in/bitstream/123456789/736161/1/PQ_259_13022023_U1174_p159_p160.pdf.

³⁸ "New initiatives to promote rental housing", Press Information Bureau, July 20, 2021, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1844644®=3&lang=2>.

³⁹ Model Tenancy Act, Ministry of Housing and Urban Affairs, June 2, 2021, https://mohua.gov.in/upload/uploadfiles/files/Model-Tenancy-Act-English-02_06_2021.pdf.

⁴⁰ ARHC Concept Note, Affordable Rental Housing Complexes Portal, Ministry of Housing and Urban Affairs, as accessed on January 12, 2026, <https://arhc.mohua.gov.in/filesUpload/ARHCCConceptNote.pdf>.

⁴¹ Brick by Brick 2021, National Real Estate Development Council, 2021, <https://www.naredco.in/notification/pdfs/brick-by-brick-2021-8619.pdf>.

⁴² "Swachh Bharat Mission", Press Information Bureau, October 2, 2014, <https://www.pib.gov.in/newsite/erelcontent.aspx?relid=90951®=3&lang=2>.

⁴³ Report No 5, "Regional Rapid Transit System and Role of NCRTC", Standing Committee on Housing and Urban Affairs, July 22, 2025, https://sansad.in/getFile/lsscommittee/Housing%20and%20Urban%20Affairs/18_Housing_and_Urban_Affairs_5.pdf?source=loksabhadocs.

⁴⁴ Economic Survey 2024-25, Ministry of Finance, 2025, <https://www.indiabudget.gov.in/economicsurvey/doc/echapter.pdf>

⁴⁵ National Urban Transport Policy, Ministry of Housing and Urban Affairs, <https://mohua.gov.in/upload/uploadfiles/files/TransportPolicy.pdf>.

⁴⁶ Census of India, 2011, https://censusindia.gov.in/census.website/data/data-visualizations/Commute_Bar-Stacked-Area-Chart.

⁴⁷ Report No. 13, "Implementation of Metro Rail Projects – An Appraisal", Standing Committee on Housing and Finance Affairs, July 19, 2022, https://sansad.in/getFile/lsscommittee/Housing%20and%20Urban%20Affairs/17_Housing_and_Urban_Affairs_13.pdf?source=loksabhadocs.

⁴⁸ Report No. 1, "Demands for Grants (2024-25)", Standing Committee on Housing and Urban Affairs, December 11, 2024, https://sansad.in/getFile/lsscommittee/Housing%20and%20Urban%20Affairs/17_Urban_Development_1.pdf?source=loksabhadocs.

⁴⁹ Metro Rail Policy, 2017, Ministry of Housing and Urban Affairs, https://mohua.gov.in/upload/whatsnew/59a3f7f130eecMetro_Rail_Policy_2017.pdf.

⁵⁰ Advisory on Transit Oriented Development, Ministry of Housing and Urban Affairs, 2023, <https://mohua.gov.in/pdf/6530ca05dcbe5advisory.pdf>.

⁵¹ Transit Oriented Development Policy, Ministry of Housing and Urban Affairs, 2017, https://mohua.gov.in/upload/whatsnew/59a4070e85256Transit_Oriented_Development_Policy.pdf.

⁵² India's City Transformation: A Roadmap for Reforms, World Bank, <https://openknowledge.worldbank.org/server/api/core/bitstreams/0818e8e4-5463-5102-90c1-6dd9b9df0f39/content>.

⁵³ Global Mobility Summit 2018 Outcomes, Niti Aayog, 2018, https://www.nitiforstates.gov.in/public-assets/Policy/policy_files/GNM518F000457.pdf.

⁵⁴ Cities as Engines of Growth, Niti Aayog and Asian Development Bank, May 2022, https://www.niti.gov.in/sites/default/files/2022-05/Mod_CEOG_Executive_Summary_18052022.pdf.

⁵⁵ India Affordable Housing, National Real Estate Development Council, July 2025, https://naredco.in/sites/default/files/2025-07/17th%20National%20Convention/AFH_2025.pdf.

⁵⁶ EnviStats India 2025, Ministry of Statistics and Programme Implementation, 2025, https://www.mospi.gov.in/sites/default/files/reports_and_publication/statistical_publication/EnviStats/Complete_ES1_2025.pdf.

⁵⁷ Report No. 7, "Review of Atal Mission for Rejuvenation and Urban Transformation (AMRUT) with special emphasis on Urban Drinking Water", Standing Committee on Housing and Urban Affairs, December 12, 2025, https://sansad.in/getFile/lsscommittee/Housing%20and%20Urban%20Affairs/18_Housing_and_Urban_Affairs_7.pdf?source=loksabhadocs.

⁵⁸ "What is non-revenue water and how can we reduce it for better water service?", World Bank Blogs, August 31, 2016, <https://blogs.worldbank.org/en/water/what-non-revenue-water-how-can-we-reduce-it-better-water-service>.

⁵⁹ Non-Revenue Water Management, National Institute of Urban Affairs, December 2021, <https://niua.in/cube/sites/all/themes/zap/assets/pdf/WATER%20MGT/WM2-%20NRW.pdf>.

⁶⁰ AMRUT 2.0 Operational Guidelines, Ministry of Housing and Urban Affairs, 2021, https://amrut.mohua.gov.in/uploads/AMRUT_2.0_Operational_Guidelines.pdf.

⁶¹ https://sansad.in/getFile/lokshabhaquestions/annex/184/AS469_8SPQbZ.pdf?source=pqals.

⁶² Swachh Bharat Mission Progress, Swachh Bharat Mission – Urban Portal, as accessed on January 14, 2026, <https://sbmurban.org/swachh-bharat-mission-progress>.

⁶³ Report No. 18, "Demands for Grants (2023-24)", Standing Committee on Housing and Urban Affairs, March 20, 2023, https://sansad.in/getFile/lsscommittee/Housing%20and%20Urban%20Affairs/17_Housing_and_Urban_Affairs_18.pdf?source=loksabhadocs.

⁶⁴ Report No. 21, "Smart Cities Mission: An Evaluation", Standing Committee on Housing and Urban Affairs, February 8, 2024, https://sansad.in/getFile/lsscommittee/Housing%20and%20Urban%20Affairs/17_Housing_and_Urban_Affairs_21.pdf?source=loksabhadocs.

⁶⁵ Compendium of Performance Audits on the Implementation of the 74th Constitutional Amendment Act, 1992: Landscape across India – Volume I, Comptroller and Auditor General of India, 2024, <https://cag.gov.in/uploads/StudyReports/SR-Compendium-067346fdd7000e9-76046538.pdf>.

DISCLAIMER: This document is being furnished to you for your information. You may choose to reproduce or redistribute this report for non-commercial purposes in part or in full to any other person with due acknowledgement of PRS Legislative Research ("PRS"). The opinions expressed herein are entirely those of the author(s). PRS makes every effort to use reliable and comprehensive information, but PRS does not represent that the contents of the report are accurate or complete. PRS is an independent, not-for-profit group. This document has been prepared without regard to the objectives or opinions of those who may receive it.