Cities without Sovereignty - by Rohith Jyothish

Rohith Jyothish   November 8, 2025

Mamdani Proposal	How It Works in NYC	Why It Breaks in India
Rent Freeze & Social Housing	City housing authority owns and manages stock; mayor appoints rent board.	Housing and land are State subjects under the Seventh Schedule; municipalities have no jurisdiction (Mathur, 1999).
Free Buses	City funds and manages local transit, draws on farebox and municipal taxes.	Urban transport corporations are State parastatals; municipalities lack control (Ahluwalia, 2019).
Universal Childcare	City-funded early education and childcare via local taxes.	Health and childcare fall under State departments; no dedicated municipal budgets.
Municipal Grocery Stores	City procurement, zoning and subsidies.	Food distribution under Union and State Acts (Essential Commodities, PDS).

When New York elected Zohran Mamdani as its youngest mayor in a century, the reactions here were quite curious. We recognised the language of hope in the form of rent freezes, free buses and universal healthcare. But we also know that such promises would sound absurd coming from an Indian mayor. New York's mayor can govern because the city has money, law, and autonomy. Cities in India, by contrast, have rarely been at the centre of transformative politics.

The Politics of Possibility

Mamdani's campaign treated everyday affordability—rent, transport, childcare, food—as political. His programme linked climate action to redistribution, framing decarbonisation as a way to improve quality of life and reduce costs. It worked precisely because New York city has fiscal and legal powers that allow a mayor to act on such an agenda. It collects its own taxes, borrows on its own balance sheet, and runs or regulates key public services.

In India, the municipal tier has never had the constitutional, fiscal or administrative standing to attempt redistributive politics. The 74th Constitutional Amendment Act of 1992 promised "functions, finances, and functionaries", but most of these remain with state governments. What Mamdani can propose through mayoralty, Indian cities can scarcely imagine within their current design.

The Missing Floor in Indian Federalism

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Every lever of municipal socialism meets a bureaucratic wall.

The Fiscal Reality of India's Cities

The **RBI's 2024 Report on Municipal Finances**, covering 232 municipal corporations, shows how little has changed in three decades of decentralisation:

- Total municipal revenue receipts: **0.6 % of GDP (2023–24 BE)**.

- Property tax: **~0.2 % of GDP**, among the lowest globally.

- Own-source revenue share: **~30 % of total receipts**.

- Borrowings: **₹13,364 crore (2023–24)**, up from ₹2,886 crore in 2019–20.

- Over **80%** of cities still use **cash accounting** instead of accrual systems (RBI, 2024).

Comparatively, local government revenues are about 6 % of GDP in South Africa and 5 % in Brazil (Mohanty, 2016).

Indicator	India	South Africa	Brazil
Municipal revenue (% of GDP)	0.6	6	5
Property tax (% of GDP)	0.2	1.8	1.6
Own-source revenue share (%)	30	70	60

Sources: RBI *Report on Municipal Finances* (2024); Prasanna K. Mohanty (2016); Om Prakash Mathur et al., NIPFP (2001).

Note: Municipal finance data is difficult to obtain, so comparative figures will be a bit dated.

Declining Fiscal Autonomy of Indian Municipalities (2012–2023)

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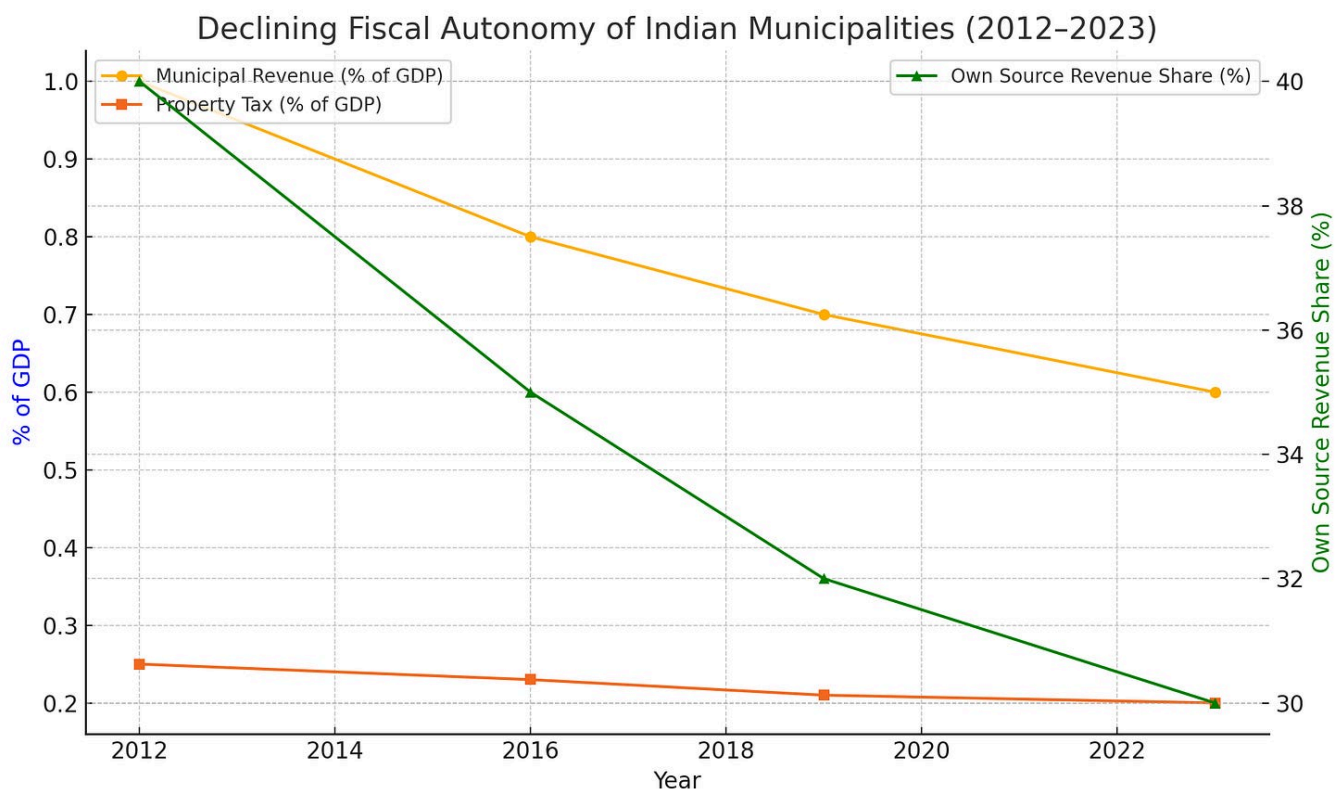
(Compiled from RBI 2022 & 2024 Reports; Mohanty 2016.)

"Municipal revenues in India are internationally among the weakest in fiscal autonomy and resource access," notes Mohanty (2016, p. 1). This means that cities depend on transfers, not taxes and their budgets have little scope beyond following upper-tier government priorities.

How Cities are Hollowed Out

Post-1990s urban reform replaced local democracy with state-designed intermediaries — development authorities, Smart City SPVs, industrial area boards— all created in the name of efficiency (Kennedy & Sood, 2019; Sinha, 2021).

Since the 1990s, India's cities have been reorganised through a quiet bureaucratic revolution. Local democracy was replaced by state-designed intermediaries—development authorities, Smart City companies, and industrial boards—all created in the name of efficiency. What began as an attempt to fix capacity gaps has gradually turned into a system of governance that excludes elected city councils from most real decisions.

In **Delhi**, the **Delhi Development Authority** (DDA) still controls almost all urban land, housing layouts, and planning powers, leaving the elected Municipal Corporation largely confined to sanitation and licensing.

Hyderabad's Industrial Area Local Authority (IALA) collects property taxes and approves construction within industrial zones, bypassing the Greater Hyderabad Municipal Corporation (GHMC).

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The pattern spread through what came to be called the **Special Purpose Vehicle**. In cities like **Kochi** and **Bengaluru**, the metro-rail corporations (KMRL and BMRCL) set up as SPVs—public companies created to deliver a single project. They can borrow from international lenders, sign contracts with private partners, and bypass municipal councils altogether.

These "project companies" were meant to solve a real problem. City governments had weak finances and cumbersome rules, so states built corporate arms that could move faster. But with every new "project company", another layer of democracy was peeled away. The **Smart Cities Mission** extended this model nationwide asking every selected city—from **Bhopal** to **Agartala** —to form a private limited company with a CEO and board dominated by state officials. These companies report upward to secretariats and to the Union Ministry of Housing and Urban Affairs, not outward to citizens.

In **Cape Town** or **São Paulo**, major infrastructure is financed through municipal bonds and managed by departments answerable to the city council. India's SPVs, by contrast, deliver projects but not politics. They can build roads and metros, but they cannot represent anyone.

The names differ, but the structure repeats. **Pune's Metropolitan Region Development Authority**, **Lucknow's** and **Jaipur's Development Authorities** and **Chennai's Metro Rail** and **Rivers Restoration Trust** all perform the roles that once belonged to elected councils. Even **Surat**, owes much of its success to a para-statal water authority that can raise funds independently of the municipality. In every case, the elected council is left with residual tasks like garbage collection and streetlighting while the consequential powers over housing, land, and transport sit elsewhere.

Each of these entities was justified as a technical solution to **weak state capacity**. But they have rewritten accountability. They collect revenue, hire contractors, and report upward to state governments, not sideways to citizens.

The language of governance has shifted from *representation* to *project management.* "Participation" now means attending consultations for projects already decided elsewhere.

The 74th Constitutional Amendment promised to give cities a constitutional identity. But it gave cities a seat at the table with not say in the decisions. As Amaresh Bagchi observed long before these reforms (1991), "municipalities face vertical and horizontal imbalances that make them administratively the weakest link in the organisational hierarchy." That imbalance has only deepened. What began as a managerial fix for inefficiency has hardened into a political doctrine — a belief that cities can be planned without politics.

The Political Economy of Private Planning

The erosion of local government is clearest in the satellite towns and new urban extensions that have come up around India's metros. Gurgaon, Greater Noida, New Town in Kolkata, the outskirts of Pune and Ahmedabad were not built by municipal councils, but by state development authorities and private builders. Planning became something the market would do, with the government standing by.

Rajagopalan and Tabarrok (2014) has described Gurgaon as a "private city", where the absence of regulation allowed developers to coordinate infrastructure and deliver housing faster than any state agency could. They argue that this shows how markets can substitute for weak public planning.

Fieldwork from the last decade tells a more complicated story. **Thomas Cowan (2022)** shows that Gurgaon's boom rests on decades of land conversion, informal contracts, and state decisions that favoured large landowners. **Sushmita Pati (2022)** finds similar patterns in Delhi's "urban villages", where former farming communities became landlords by using kin networks and local influence to build without formal approval. The result is not an efficiently planned city but a patchwork of private fiefdoms.

At the other end, **Ayona Datta (2012)** and **Gautam Bhan (2016)** show how the same flexibility that benefits developers makes the poor "illegal." Delhi's eviction drives, Bhan argues, are not failures of planning but products of it, what he calls *planned illegalities*. **Sanjeev Routray (2022)** shows what happens after eviction. Families moved to Delhi's resettlement colonies find themselves living with paperwork—surveyed, counted, monitored through documents that prove they exist but never grant them stability. To receive electricity, water, or rations, they must repeatedly produce proof of residence in a place the state itself relocated them to. Routray calls this *numerical citizenship*, a situation in which people are made visible through data but remain politically invisible.

Taken together, these studies describe what happens when planning leaves the public realm. Gurgaon and its counterparts did not grow because the state stayed out, but because it stepped in selectively, easing rules for builders, tightening them for everyone else. Roads, power lines, and water supply depend on private negotiations; housing for workers and the poor is treated as encroachment. What looks like efficiency is really exclusion.

A bulldozer being used to demolish illegal structures during a joint anti-encroachment drive by NDMC, PWD, local bodies and the police in the violence-hit Jahangirpuri area in New Delhi. (PTI Photo)

Source: https://www.indiatoday.in/cities/delhi/story/no-notice-needed-anti-encroachment-drive-govt-land-says-north-delhi-civic-body-1939743-2022-04-20

Private planning did not fix India's urban crisis. It simply moved decision-making from councils and assemblies to developers, courts and bureaucrats. The result is a city that works for capital investment but not for everyday life, a city that is easy to build and hard to live in.

The People Left Out of the City

The absence of city politics is not just a matter of constitutional reform, but a social and political one as well. The people who build and sustain Indian cities—construction workers, domestic workers, street vendors, sanitation staff, delivery riders—are rarely visible as citizens in them. Most are migrants without stable housing or political voice. Their lives depend on informal arrangements: shared rentals, water from tankers, electricity through local fixers.

When cities expand through private planning or parastatal projects, these residents become invisible by design. **Ayona Datta (2012)** called this the "illegal city", entire neighbourhoods that exist but are excluded from legality. **Gautam Bhan (2016)** showed how Delhi's evictions are not failures of planning but outcomes of it—where the poor are repeatedly displaced to keep the city's formal image intact. **Sanjeev Routray (2022)** found that even resettled families live in a state of paperwork rather than belonging: counted, surveyed, documented, but never heard.

This is what an incomplete decentralisation looks like on the ground. When local government is weak, there is no one accountable to the poor. Urban inequality grows not only because the rich capture land and services, but because the poor have nowhere to take their complaints.

Without local politics, there is no local justice.

Why City Politics Is Missing

The question isn't why we don't have a Zohran Mamdani. It's why we don't have city politics at all. In India, the city is not a political unit in the federal imagination; it is an administrative convenience. The 74th Amendment promised to change that by making urban local bodies a "third tier" of government, but the transfer of functions, finances, and staff has remained incomplete. Mayors remain ceremonial, while real authority rests with state governments and parastatal agencies.

A mayor in India cannot decide land use, regulate housing, or run public transport. Those belong to the state government and its parastatal agencies. Even municipal commissioners are appointed by the state, not elected locally. When something goes wrong—a flood, a waste crisis, a housing shortage—citizens still look to the chief minister. The mayor is a ribbon-cutter.

That absence shapes how we imagine cities. There are no strong political contests at the city scale because there is no real authority to contest. The result is that urban governance is dominated by bureaucratic control and ad hoc technocracy on the form of smart city companies, metro rail corporations, and development authorities that report upward. These structures enable builder-raj.

Completing the Project of Decentralisation

Mamdani's campaign represents the vitality of city politics. To make city politics possible here would mean completing the project of decentralisation in both form and spirit.

That requires **three structural changes**:

- **Political autonomy:** directly elected mayors with fixed terms and real authority over planning, housing, and transport.

- **Fiscal autonomy:** predictable transfers from state and central revenues, and freedom to set and collect local taxes.

- **Administrative capacity:** control over staff and departments so that local governments can plan, not just implement.

These demands are as old as the 74th amendment itself. What's missing is the political will to treat cities as governments rather than as departments of states.

Until that happens, mayors will remain symbolic, and city elections will remain procedural. The political imagination that animates a campaign like Mamdani's—of city government as an instrument of collective good—cannot take root without completing the constitutional architecture that was meant to enable it.

A Politics Worth Recovering

Mamdani's victory matters not because we can copy his policies, but because it reminds us that **the city can be a political space**. It can be where affordability, housing, transport, and care are debated as shared responsibilities, not as private struggles. That is what is missing in Indian federalism. To recover that will take more than urban reforms. It will take returning politics to the city, restoring power to those we elect locally, and rebuilding the institutional floor that makes democracy tangible in everyday life.

Further Reading

Reserve Bank of India (2024). *Report on Municipal Finances.*

The most recent national review of municipal finance, covering 232 corporations across India. It finds that total municipal revenue receipts amount to just 0.6 per cent of GDP and that property tax contributes barely 0.2 per cent—among the lowest globally. The report also tracks the slow move from cash to accrual accounting and the rising use of borrowings. Available at: rbi.org.in.

Prasanna K. Mohanty (2016). *Financing Cities in India: Municipal Reforms, Fiscal Accountability and Urban Infrastructure.* Oxford University Press.

A comprehensive review of why Indian cities remain fiscally weak despite three decades of reform. Mohanty compares India with other federations (Brazil, South Africa) and argues for predictable fiscal transfers and empowered local borrowing.

Om Prakash Mathur, S. K. Thakur & N. Rajadhyaksha (2001). *Approach to State-Municipal Fiscal Relations.* National Institute of Public Finance and Policy.

A foundational study of fiscal devolution under the 74th Constitutional Amendment. Mathur's work remains essential for understanding how "vertical and horizontal imbalances" weaken local bodies.

Amaresh Bagchi (1991). *State of Municipal Finances in India and the Issue of Devolution.* National Institute of Public Finance and Policy.

An early warning that municipalities were becoming "the weakest link in the organisational hierarchy." Bagchi's framework still shapes how inter-governmental transfers are assessed.

Kennedy, L., & Sood, A. (2019). "Outsourced Urban Governance as a State Rescaling Strategy in Hyderabad, India." *Urban Studies.*

Introduces the concept of *state rescaling*—how state governments bypass elected city councils through entities like the Industrial Area Local Authority (IALA). Useful for tracing how administrative "efficiency" is used to justify democratic bypass.

Sinha, Meenakshi (2021). "Rescaling Urban Governance: An Assessment of Special-Purpose Vehicles in India." *Territory, Politics, Governance,* 11(37), 1–18.

DOI: 10.1080/21622671.2021.1927814

Analyzes Special-Purpose Vehicles (SPVs) created under the Smart Cities Mission. Demonstrates how these quasi-corporate bodies move decision-making upward to state bureaucracies, replacing accountability with project management.

Rajagopalan, Shruti & Tabarrok, Alexander (2014). "Lessons from Gurgaon, India's Private City." In D. E. Andersson & S. Moroni (Eds.), *Cities and Private Planning* (pp. 199–231). Edward Elgar Publishing. DOI: 10.4337/9781783475063.00018.

A defence of "private planning" that argues markets can substitute for public regulation. Their Gurgaon case study describes how developers coordinate infrastructure when the state steps back—provocative when read alongside the more critical fieldwork below.

Thomas Cowan (2022). *Subaltern Frontiers: Agrarian City-Making in Gurgaon.* Cambridge University Press.

Shows how Gurgaon's rise rests on agrarian transformations, caste hierarchies, and informal brokerage. Cowan's ethnography exposes the class and labour foundations hidden beneath the city's liberal image.

Sushmita Pati (2022). *Properties of Rent: Community, Capital and Politics in Globalising Delhi.* Cambridge University Press.

Explores Delhi's "urban villages" where former agricultural elites turned into landlords. Pati traces how rent becomes a political relation, producing new hierarchies of belonging and exclusion.

Ayona Datta (2016). *The Illegal City: Space, Law and Gender in a Delhi Squatter Settlement.* Routledge.

A study of legality, gender, and citizenship. Datta coins the term "illegal city" to describe how entire neighbourhoods exist outside legal recognition but within the reach of state control.

Gautam Bhan (2016). *In the Public's Interest: Evictions, Citizenship, and Inequality in Contemporary Delhi.* University of Georgia Press.

Introduces the concept of *planned illegalities*—the idea that exclusion is not an accident of planning but its product. A key text on how middle-class activism and judicial interventions shape urban inequality.

Sanjeev Routray (2022). *The Right to Be Counted: The Urban Poor and the Politics of Resettlement in Delhi.* Stanford University Press.

Explains "numerical citizenship": how the poor become visible through enumeration and paperwork while remaining politically voiceless. Goes beyond eviction to examine the everyday bureaucracy of resettlement.

Also of Interest

- **Amitabh Kundu (2003).** "Urbanisation and Urban Governance: Search for a Perspective Beyond Neo-Liberalism." *Economic and Political Weekly.* A critical look at how 1990s reforms deepened exclusion.

- **Adam Auerbach (2020).** *Demanding Development: The Politics of Public Goods Provision in India's Urban Slums.* Cambridge University Press. Shows how party networks, not institutions, often deliver urban services.

- **Kelkar, Vijay (2019).** "Towards India's New Fiscal Federalism." *Journal of Quantitative Economics,* 17(1), 237–248. Springer and The Indian Econometric Society (TIES).

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