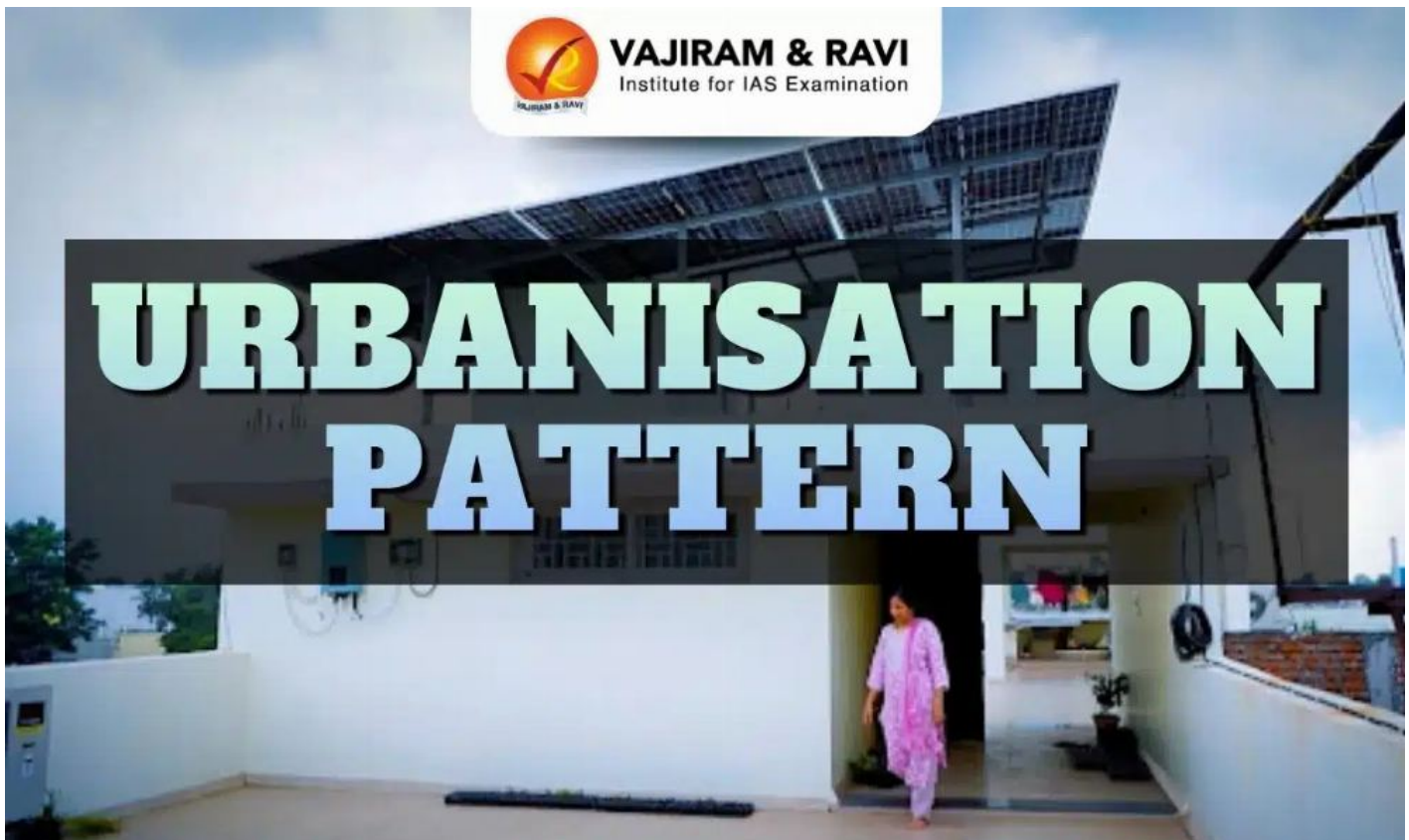


India's Small Towns and the Changing Urbanisation Pattern

January 14, 2026 • vajiramandravi.com



Urbanisation Pattern Latest News

- Recent analysis highlights that India's urban growth is increasingly driven by small towns rather than large metropolitan cities.

India's Urbanisation Pattern Beyond Megacities

- India's urban discourse has traditionally focused on megacities such as Delhi, Mumbai, Bengaluru, and Chennai.
- However, a significant but quieter transformation is unfolding across the country's small towns.
- Of nearly 9,000 census and statutory towns in India, only around 500 qualify as large cities, while the majority have populations below one lakh.
- These small towns are becoming key nodes of economic activity, employment, and migration, marking a structural shift in India's urbanisation process.

- This shift reflects broader changes in India's economic geography, where urban growth is no longer confined to large metropolitan centres.

Structural Drivers of Small Town Growth

- The expansion of small towns is closely linked to changes in India's model of capitalist development.
- From the 1970s to the 1990s, large cities acted as centres of industrial production, infrastructure investment, and labour absorption.
- Over time, however, these metros began facing problems of over-accumulation, marked by soaring land prices, infrastructure stress, congestion, and rising living costs.
- As a result, economic activities have increasingly dispersed into smaller urban centres.
- Towns across different States are emerging as logistics hubs, agro-processing centres, warehouse locations, construction markets, and service-sector nodes.
- These towns absorb migrant workers pushed out of metros and rural youth with declining agricultural opportunities, integrating them into the urban economy under new conditions.

Nature of Urbanisation in Small Towns

- The urbanisation of small towns is not a continuation of rural life but a deepening of urban processes.
- These towns function under conditions of cheaper land, flexible labour markets, weaker regulation, and limited political oversight.
- Informal employment dominates, with construction labourers, home-based workers, and platform economy workers forming the backbone of local economies.
- Rather than inclusive growth, this pattern often leads to the urbanisation of rural poverty.
- New local elites, such as real estate intermediaries, contractors, micro-financiers, and political brokers, gain control over land and labour.
- This reinforces socio-economic hierarchies while leaving workers vulnerable to insecurity and poor living conditions.

Policy and Governance Challenges

- A major concern highlighted by the growth of small towns is the mismatch between urban policy design and ground realities.
- India's flagship urban programmes remain largely metro-centric. Even expanded urban missions tend to prioritise large cities, leaving most small towns dependent on fragmented schemes and short-term infrastructure solutions.
- Basic services such as water supply, sanitation, housing, and public transport remain inadequate. Groundwater over-extraction, tanker-based water supply, and ecological stress are common.
- Local governance structures are weak, with underfunded municipalities, limited technical capacity, and planning processes outsourced to consultants with minimal local engagement.

Implications for India's Urban Future

- Small towns now represent the primary frontier of India's urban expansion.
- Their trajectory will significantly influence employment generation, migration patterns, environmental sustainability, and social equity.
- If current trends continue without policy correction, these towns risk replicating the inequalities and ecological stresses seen in larger cities, but without the institutional capacity to manage them.
- At the same time, small towns offer an opportunity to rethink urban development. Integrated town-level planning that links housing, livelihoods, transport, and ecology can help create more balanced urban systems.
- Strengthening municipal finances, participatory governance, and regulatory oversight of platform-based economies will be critical to ensuring fair and sustainable growth.

Way Forward

- India's urban strategy must move beyond a megacity-centric approach.
- Political recognition of small towns as central to India's urban future is essential.
- Empowered local governments, context-specific planning, and inclusive economic regulation can help transform small towns into engines of equitable development rather than sites of deepening inequality.

Source : TH

Source: <https://vajiramandravi.com/current-affairs/changing-urbanisation-pattern/>

© Vajiram & Ravi. For personal use only.