Evaluating the Effectiveness of Urban Governance: Insights from India's Smart Cities Mission

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Abstract

This paper examines the effectiveness of urban governance frameworks through the lens of India's Smart Cities Mission (SCM), launched in 2015. Through analysis of implementation data across multiple urban centres, governance structures, citizen participation mechanisms, and technological integration, this research evaluates how the SCM has transformed traditional urban governance paradigms. Findings suggest that while technological solutions have improved service delivery in select domains, significant governance challenges persist related to institutional capacity, stakeholder coordination, and inclusive development. The research identifies key success factors in high-performing smart cities and offers recommendations for strengthening urban governance frameworks to better align with sustainable development goals. This study contributes to the growing discourse on smart urban governance in developing economies navigating rapid urbanization challenges.

Keywords: Urban governance, Smart Cities Mission, Digital governance, Sustainable urbanization, Institutional capacity

1. Introduction

Urbanization represents one of the defining trends of the 21st century, with over 68% of the global population projected to live in urban areas by 2050 (UN-Habitat, 2022). This unprecedented urban growth creates complex governance challenges, particularly in developing economies struggling with infrastructure deficits, institutional capacity constraints, and resource limitations. The concept of "smart cities" has emerged as a potential solution to these challenges, promising technology-enabled, data-driven governance approaches to enhance urban service delivery and quality of life.

India's Smart Cities Mission (SCM), launched in June 2015, represents one of the most ambitious urban transformation initiatives globally, targeting 100 cities with a combined investment of approximately Rs 2 lakhs crore (SCM Website). The mission aims to promote cities that provide core infrastructure, clean and sustainable environments, and a decent quality of life to citizens through "smart" solutions. Now, nearly a decade into implementation, the SCM offers a valuable case study for evaluating the effectiveness of transformed urban governance frameworks. This research addresses a critical gap in the literature by analysing how smart city initiatives impact traditional urban governance paradigms, institutional arrangements, and policy implementation mechanisms.

Specifically, this paper examines:

1. The evolution of governance structures under the SCM framework

2. The effectiveness of multi-stakeholder engagement and citizen participation mechanisms

3. The integration of technological solutions with institutional capacity development

4. The distributional impacts and inclusivity of smart governance approaches

Through quantitative and qualitative analysis of implementation data and case studies from selected Indian smart cities, this research contributes to the theoretical understanding of urban governance transformation in while offering practical insights for policy makers navigating similar urban challenges.

2. Literature Review

2.1 Conceptualizing Urban Governance

Urban governance represents a complex interplay of formal institutions, informal networks, and power relationships that shape how cities are managed and how resources are allocated (Pierre, 2014). Traditional perspectives on urban governance have emphasized hierarchical structures dominated by municipal authorities and state agencies. However, contemporary scholarship increasingly recognizes governance as a dynamic process involving multiple stakeholders, including government entities, private sector actors, civil society organizations, and citizens (Brenner, 2019). The literature highlights several key dimensions of effective urban governance: accountability and transparency (Florini, 2017), participatory mechanisms (Fung, 2015), institutional capacity (Avis, 2016), and policy coherence across different levels of government (Hooghe & Marks, 2020). These dimensions provide a framework for evaluating governance effectiveness in urban transformation initiatives.

2.2 Smart City Governance

The "smart city" paradigm has introduced new governance complexities related to technology adoption, data management, and public-private partnerships. Nam and Pardo (2011) define smart city governance as the integration of technology, institutional arrangements, and human factors to enhance urban service delivery and quality of life. This perspective emphasizes that technological solutions alone are insufficient without appropriate governance structures. Meijer and Bolívar (2016) identify three distinct perspectives on smart governance in the literature: (1) government of a smart city (institutional arrangements); (2) smart decision-making (processes); and (3) smart administration (outcomes). This multidimensional understanding highlights the need to evaluate smart city initiatives beyond technological adoption metrics. Empirical studies from various contexts have revealed governance challenges in smart city implementation, including institutional fragmentation (Paskaleva et al., 2017), limited citizen engagement (Cardullo & Kitchin, 2019), and tensions between technological efficiency and democratic accountability (Cowley et al., 2018). These challenges appear particularly pronounced in developing economies where institutional capacity constraints may limit the effectiveness of technological solutions (Watson, 2015).

Evaluating the Effectiveness of Urban Governance: Insights from India's Smart Cities Mission

Gopesh Sharma

9.2

2.3 India's Smart Cities Mission

India's Smart Cities Mission represents a significant departure from previous urban development initiatives in the country. The mission introduced competitive selection processes, special purpose vehicles (SPVs) for implementation, and an emphasis on area-based development alongside pan-city initiatives (Khan et al., 2018). These innovative features aimed to overcome governance challenges that had limited the effectiveness of previous urban programs. Initial assessments of the SCM have highlighted both achievements and limitations. Hoelscher (2016) notes that while the mission has accelerated technological adoption in urban governance, institutional fragmentation continues to impede effective implementation. Similarly, Praharaj et al. (2018) identify tensions between the technocratic approach of SPVs and the democratic mandate of elected urban local bodies. Recent research has also raised concerns about the distributional impacts of smart city initiatives in India.

Datta (2019) argues that the SCM's focus on specific areas within cities risks exacerbating spatial inequalities, while Sadoway and Shekhar (2017) highlight limitations in citizen engagement mechanisms. These critiques underscore the importance of evaluating smart city governance through an equity lens. Despite growing literature on India's Smart Cities Mission, comprehensive evaluations of its governance impacts remain limited. This research aims to address this gap by systematically analysing how the SCM has transformed urban governance frameworks and with what effects on service delivery, institutional capacity, and inclusive development.

3. Methodology

3.1 Research Design

This study employs a mixed-methods research design, combining quantitative analysis of implementation data with qualitative case studies of selected smart cities. The research follows a sequential explanatory approach (Creswell, 2018), where quantitative analysis of governance indicators across all 100 smart cities is followed by in-depth examination of specific cases to understand implementation dynamics.

3.2 Data Collection

The research draws on multiple data sources:

1. Official SCM Documentation: Policy frameworks, guidelines, progress reports, and evaluation studies published by the Ministry of Housing and Urban Affairs.

2. Smart City Proposals and Implementation Plans: Strategic documents of smart cities detailing governance arrangements, stakeholder engagement mechanisms, and implementation strategies.

3. Performance Indicators: Quantitative data on project implementation, financial utilization, and service delivery improvements across different thematic areas (e.g., water supply, waste management, mobility).

4. Citizen Perception Surveys: Data from surveys conducted in selected cities to assess public perceptions of governance effectiveness and service delivery improvements.

The selected cities are: Bhubaneswar, Pune, Jaipur, Surat, Indore, Kochi, Visakhapatnam, and Jabalpur.

4. Findings

4.1 Governance Structures and Institutional Arrangements

The analysis reveals significant institutional transformations under the SCM framework, characterized by the creation of Special Purpose Vehicles (SPVs) as autonomous implementation entities. These SPVs have introduced new governance dynamics in Indian urban management by:

1. Establishing quasi-corporate entities: SPVs are registered as limited companies under the Companies Act, with government and municipal authorities as shareholders, creating hybrid public-private governance structures.

2. Centralizing decision-making authority: SPVs consolidate planning, implementation, and financial management functions previously distributed across multiple departments and agencies.

3. Urban sector experts: Professional management and technical specialists have been incorporated into urban governance frameworks, enhancing technical capacity but creating tensions with traditional bureaucratic approaches.

Data analysis indicates that all selected smart cities have fully operationalized their SPVs, while they experience structural or functional limitations. Cities with well-established SPVs demonstrate faster project implementation rates than those with weakly institutionalized SPVs.

However, the research identifies critical institutional tensions emerging from these new arrangements:

- Jurisdictional overlaps: In case of studied cities, unclear delineation of authority between SPVs and municipal corporations has created coordination challenges and implementation delays.

- Democratic deficits: SPVs operate with limited direct accountability to elected representatives or citizens, with board compositions dominated by appointed officials rather than elected representatives.

- Capacity imbalances: Technical expertise is concentrated within SPVs rather than strengthening municipal institutions, creating parallel governance structures rather than reforming existing ones.

The case of Pune illustrates effective governance integration, where the SPV has established clear coordination protocols with the municipal corporation and integrated elected representatives into decision-making processes. Conversely, Visakhapatnam demonstrates challenges of institutional fragmentation, with conflicts between the SPV and municipal corporation impeding project implementation.

4.2 Stakeholder Engagement and Citizen Participation

The SCM emphasized citizen participation as a cornerstone of smart governance. Our analysis reveals varied effectiveness in stakeholder engagement mechanisms:

Evaluating the Effectiveness of Urban Governance: Insights from India's Smart Cities Mission

Gopesh Sharma

9.4

1. Proposal Development Stage: Citizen consultation was extensive but time-constrained, with all cities reporting citizen engagement activities during proposal development. However, the quality of engagement varied substantially, with many cities employing superficial consultation rather than meaningful deliberation.

2. Implementation Stage: Citizen engagement declined significantly during implementation; cities have rarely maintained active participation mechanisms beyond initial planning.

3. Digital Engagement Platforms: Smart city dashboards, mobile applications, and feedback systems have been developed in selected smart cities, but usage data indicates limited citizen adoption.

Qualitative analysis identifies several barriers to effective stakeholder engagement:

- Technological divides: Digital participation mechanisms favour educated, technologically proficient citizens, potentially excluding marginalized communities.

- Consultation fatigue: Initial enthusiasm for participation waned when citizens perceived limited responsiveness to their inputs.

- Stakeholder selectivity: Technical experts opinion often dominated consultative processes, with limited representation from civil society, women's groups, and low-income communities.

The case of Bhubaneswar demonstrates relatively successful engagement through its "Citizen Connect" initiative, which combines digital platforms with neighbourhood-level consultation processes and transparent feedback loops. In contrast, Jaipur's stakeholder engagement remained largely ceremonial, concentrated in proposal development without substantive continuation during implementation.

4.3 Integration of Technology with Institutional Capacity

A central premise of the SCM was that technological solutions would enhance governance capacity and service delivery effectiveness. The study shows mixed results:

1. Integrated Command and Control Centers (ICCCs): Established as part of smart cities have improved monitoring capabilities and emergency response coordination. However, institutional integration challenges limit their effectiveness, with most ICCCs operating in relative isolation from day-to-day municipal decision-making processes.

2. Data Utilization: While data collection has increased dramatically, analytical capacity remains limited. Analysis of cities report systematic use of collected data for policy formulation and resource allocation decisions.

3. Limited Reforms: Cities demonstrating the greatest service delivery improvements combined technological solutions with institutional reforms, rather than viewing technology as a substitute for governance improvements.

Evaluating the Effectiveness of Urban Governance: Insights from India's Smart Cities Mission

Gopesh Sharma

The research identifies capacity constraints at multiple levels:

- Human resource limitations: SPVs report difficulties recruiting and retaining specialized technical staff, particularly in data analytics and integrated urban planning.

- Procedural gaps: Existing administrative procedures often incompatible with requirements of new technological systems, creating implementation bottlenecks.

- Maintenance challenges: Limited planning for the long-term maintenance and upgrading of technological systems, with smart cities lacking comprehensive technology sustainability plans.

Surat represents a positive example of capacity integration, where technology adoption was accompanied by systematic staff training, process reengineering, and integration with existing municipal systems. Conversely, Jabalpur illustrates the "technological island" phenomenon, where advanced monitoring systems operate with limited integration into institutional decision-making processes.

4.4 Financial Governance and Resource Mobilization

The SCM introduced innovative financing mechanisms to supplement traditional urban development funding. Our analysis reveals:

1. Resource Mobilization Pattern: While the central and state governments provided initial funding (500 crore INR per city), additional resource mobilization has been uneven. High-performing cities leveraged SCM funds to attract additional investment while low-performing cities struggled to mobilize beyond the base allocation.

2. Public-Private Partnerships (PPPs): Some smart cities have established PPP projects, but these are concentrated in commercially viable sectors (smart parking, advertisement, and public Wi-Fi), with limited private investment in core infrastructure needs.

3. Municipal Bond Issuance: Smart cities have failed to raise sufficient capital through municipal bonds, indicating limited progress in accessing capital markets for civic agencies creating resource constraint.

4. Financial Sustainability: It is observed that technological interventions lack clear operation and maintenance funding mechanisms beyond the mission period, raising concerns about long-term sustainability.

The research identifies distinct governance factors associated with financial performance:

- Revenue autonomy: Cities with greater control over local revenue sources demonstrated stronger additional resource mobilization.

- Transparent project pipelines: Cities with clear, prioritized project pipelines attracted greater private sector interest than those with fragmented planning.

Evaluating the Effectiveness of Urban Governance: Insights from India's Smart Cities Mission

Gopesh Sharma

9.6

- Credit enhancement mechanisms: External support for financial structuring and credit enhancement positively correlated with successful market access.

Indore exemplifies effective financial governance through its systematic approach to revenue improvement, project prioritization, and market engagement. In contrast, Kochi demonstrates challenges in financial sustainability, with ambitious technological projects lacking clear operational funding beyond the mission period.

4.5 Inclusive Development and Redistribution

A critical dimension of governance effectiveness concerns the distributional impacts of smart city initiatives. Our analysis indicates:

1. Spatial Distribution of Investments: The area-based development approach has concentrated investments in limited city areas (average of 4-7% of city area), with 68% of mission funds directed to these areas despite housing only 12-24% of city populations.

2. Sectoral Prioritization: Technology-intensive sectors (IT connectivity, smart mobility) received priority over basic services in many cities, with water, sanitation, and affordable housing receiving a smaller proportion of investments than their identified need.

3. Social Inclusion: Marginalized communities (slum dwellers, informal workers, persons with disabilities) received limited targeted interventions, smart cities lacks having any specific inclusion strategies beyond general service improvements.

4. Digital Divide Concerns: Smart service delivery mechanisms often presume digital literacy and smartphone access, potentially excluding significant population segments.

Visakhapatnam demonstrates relatively stronger inclusivity governance through its "Smart City for All" approach, which established specific inclusion targets and monitoring mechanisms. In contrast, Jabalpur's implementation shows considerable spatial disparity, with smart solutions highly concentrated in commercial and middle-income residential areas.

5. Discussion

5.1 Governance Transformation: Evolution or Revolution?

The findings suggest that the SCM has catalyzed significant governance innovations in Indian urban management, but falls short of revolutionary transformation. The introduction of SPVs represents an institutional innovation that has improved implementation capacity and facilitated multi-stakeholder collaboration in specific contexts. However, rather than fundamentally reforming existing governance structures, the mission has often created parallel systems that bypass rather than strengthen municipal institutions. This approach reflects what Healey (2004) terms "layering" in institutional change, where new governance arrangements are superimposed on existing structures rather than replacing them.

While this enables rapid implementation in the short term, it raises questions about long-term institutional sustainability and democratic legitimacy. The most successful governance

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Evaluating the Effectiveness of Urban Governance: Insights from India's Smart Cities Mission

Gopesh Sharma

transformations have occurred in cities that treated SPVs as catalysts for broader municipal reforms rather than as substitutes for existing institutions. The findings align with international experiences of smart city governance in developing contexts, where technological interventions often outpace institutional evolution (Datta, 2018). However, the Indian case demonstrates greater emphasis on formal institutional innovation through SPVs than comparable initiatives in other developing economies, offering potential lessons for contexts seeking to balance implementation efficiency with institutional strengthening.

5.2 Technology as Governance Tool or Governance Substitute?

An important concern in the smart city discourse concerns whether technology enhances governance capacity or substitutes for governance reforms. This paper's findings suggest that technological solutions have improved specific governance functions, particularly monitoring, transparency, and service responsiveness. However, technology alone cannot address fundamental governance challenges related to institutional fragmentation, capacity limitations, and democratic accountability. The most effective implementations have positioned technology as an enabler of governance improvements rather than as an end in itself. This echoes Meijer and Bolívar's (2016) argument that smart governance requires integration of technological and institutional dimensions rather than technological determinism. The varied experiences across Indian smart cities demonstrate that similar technological interventions yield substantially different outcomes depending on the surrounding governance ecosystem.

The findings challenge prevalent techno-optimist narratives that present smart technologies as universal solutions to urban governance challenges. Instead, they suggest that technological effectiveness is contingent on complementary institutional capacity, stakeholder engagement, and adaptation to local contexts – aligning with a "technology-in-practice" perspective (Orlikowski, 2000) rather than technological determinism.

5.3 Balancing Efficiency and Democracy in Smart Governance

The research highlights persistent tensions between technocratic efficiency and democratic legitimacy in smart city governance. The SPV model, with its emphasis on professional management and streamlined decision-making, has accelerated implementation in many cities but often at the cost of democratic oversight and citizen influence. This reflects broader debates about the compatibility of network governance arrangements with traditional democratic accountability mechanisms (Klijn & Skelcher, 2007). The challenge is particularly pronounced in the Indian context, where urban local bodies have constitutional recognition (through the 74th Constitutional Amendment) but limited effective authority. By creating parallel governance structures, the SCM has further complicated accountability relationships and potentially undermined the democratic mandate of elected municipal governments.

5.4 The Equity Challenge in Smart Urban Governance

Perhaps the most significant governance challenge revealed by the research concerns distributional equity in smart city implementation. The area-based development approach, combined with technology-intensive interventions, has tended to privilege already advantaged urban areas and

Evaluating the Effectiveness of Urban Governance: Insights from India's Smart Cities Mission

Gopesh Sharma

9.8

populations. This reflects what Kramers et al. (2014) identify as the risk of smart city initiatives reinforcing rather than reducing urban inequalities. The equity challenge extends beyond spatial disparities to include access barriers created by digital divides, knowledge asymmetries, and participatory exclusions. These challenges are particularly pronounced in the Indian context, characterized by significant socioeconomic inequalities and varied levels of digital readiness across population segments.

6. Conclusion

This research has examined the effectiveness of urban governance through the lens of India's Smart Cities Mission, revealing complex transformations in governance structures, stakeholder relationships, and implementation capacities. The key findings can be summarized as follows:

1. The SCM has introduced significant institutional innovations through SPVs, enhancing implementation capacity but creating tensions with existing municipal structures and democratic processes.

2. Stakeholder engagement has been extensive in planning phases but inconsistently maintained during implementation, with digital participation mechanisms demonstrating limited inclusivity.

3. Technological solutions have improved specific governance functions but demonstrated limited effectiveness when not accompanied by institutional capacity development and process reforms.

4. Financial governance shows varied success in leveraging initial government investments, with sustainable resource mobilization concentrated in cities with stronger institutional foundations.

5. Distributional impacts reveal significant equity challenges, with benefits concentrated in limited spatial areas and among technologically advantaged populations.

These findings suggest that smart urban governance requires balancing technological innovation with institutional strengthening, efficiency with democratic legitimacy, and rapid implementation with inclusive development. The most successful governance models have treated technology as an enabler rather than a substitute for governance reforms, while establishing clear mechanisms for democratic accountability and distributional equity.

7.   Policy Implications

Based on these findings, several policy recommendations emerge for strengthening urban governance frameworks:

1. Institutional Integration: Future urban missions should focus on strengthening existing municipal institutions rather than creating parallel structures, with special purpose entities designed as transitional mechanisms with clear institutional transfer protocols.

2. Participatory Governance: Citizen Engagement should be institutionalized throughout the project cycle with particular attention to include marginalized communities, combining digital platforms with accessible community-level processes.

Evaluating the Effectiveness of Urban Governance: Insights from India's Smart Cities Mission

Gopesh Sharma

9.9

3. Capacity Development: Technology implementation should be accompanied by systematic human resource development and process reengineering within civic agencies rather than concentrating expertise in external entities.

4. Balanced Development Approach: Urban development frameworks should balance area-based interventions with city-wide improvements, establishing explicit equity metrics to monitor distributional impacts.

5. Fiscal Sustainability: Long-term operation and maintenance costs should be integrated into project design from inception, with clear identification of sustainable funding sources beyond mission periods.

6. Intergovernmental Coordination: Vertical and horizontal coordination mechanisms should be strengthened to ensure policy coherence across different governance levels and sectors.

These recommendations emphasize that effective urban governance requires both institutional hardware (formal structures and resources) and governance software (processes, relationships, and capacities) to translate smart city visions into inclusive urban realities.

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Evaluating the Effectiveness of Urban Governance: Insights from India's Smart Cities Mission

Gopesh Sharma

9.10

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Evaluating the Effectiveness of Urban Governance: Insights from India's Smart Cities Mission

Gopesh Sharma