

Are India's small towns being increasingly urbanised? | Explained

Are small towns an alternative to the over-accumulation witnessed in the country's metro cities?

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Rooftop solar installations under the 'Pradhan Mantri Surya Ghar Bijli Yojana', in Dhamtari, Chhattisgarh. | Photo Credit: PTI

The story so far: India continues to narrate its urban future through the loud vocabulary of megacities. But a quieter and far more consequential transformation is unfolding. Of India's nearly 9,000 census and statutory towns, barely 500 qualify as large cities. The overwhelming majority are small towns, with populations below 1,00,000. This proliferation of small towns is a structural product of India's capitalist development — and of its crisis.

How have small towns proliferated?

From the 1970s through the 1990s, capital accumulation was organised through metropolisation. Large cities became the primary sites for industrial production, state investment, infrastructure, and labour absorption. Delhi, Mumbai, Chennai, Kolkata and later Bengaluru and Hyderabad became spatial fixes for capitalism by absorbing surplus labour; concentrating consumption; and by creating conditions for accumulation. However, today, India's metros have run into the classic problem of over-accumulation. Land prices have detached from productive use, infrastructure systems are stretched beyond repair, and rising costs have become unbearable for working groups.

It is in this moment that small towns have emerged. Across India, one can see this shift. Towns like Sattenapalle in Andhra Pradesh, Dhamtari in Chhattisgarh, Barabanki in Uttar Pradesh, Hassan in Karnataka, Bongaigaon in Assam, or Una in Himachal Pradesh are now logistics nodes, agro-processing hubs, warehouse towns, construction economies, service centres and consumption markets. They absorb migrant workers pushed out of metros and rural youth with few agrarian options. These small towns are not outside the urban process; they are fully inside it. Small towns are urbanised under conditions of capitalist stress — cheaper land, pliable labour, weaker regulation, and minimal political scrutiny.

Are small towns a better alternative?

They offer no inherent emancipatory promise. What is unfolding is not inclusive growth but the urbanisation of rural poverty. Informal labour dominates — construction workers without contracts, women in home-based piecework, and youth trapped in platform economies with no security. In towns like Shahdol in Madhya Pradesh or Raichur in Karnataka, one sees new hierarchies hardening: real estate brokers, local contractors, micro-financiers and political intermediaries are controlling land and labour. This is where policy failure becomes glaring. India's flagship urban missions remain deeply metro-centric. AMRUT, even in its expanded version, effectively excludes most small towns from meaningful infrastructure investment. Water supply and sewerage projects are designed for large cities, while small towns survive on fragmented schemes and temporary fixes. The result is predictable: tanker economies flourish, groundwater is mined indiscriminately, and ecological stress deepens. Moreover, governance remains the weakest link. Small-town municipalities are underfunded and understaffed. Planning is outsourced to consultants unfamiliar with local realities and participation is reduced to procedural hearings.

What next?

The first step is political recognition. Small towns must be acknowledged as the primary frontier of India's urban future. Second, planning must be reimagined. Town-level plans must integrate housing, livelihoods, transport and ecology, rather than replicate metropolitan templates. Third, small towns need empowered municipalities, transparent budgets, and institutional space for workers' collectives, environmental actors and cooperatives. Finally, capital must be disciplined. Platform economies and digital infrastructures need regulation to ensure labour rights, local value retention and data accountability.

Indian towns are not a footnote to its urban story. Whether they become sites of deepened inequality or laboratories of democratic transformation will depend on political will.

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