

# Informal Labour in India's Development Vision 2047: From Informality to Inclusion

Rinka Rani

Asst. Prof., Divyanshu (B.Com LLb 8<sup>th</sup> Semester)

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## ABSTRACT

India's Development Vision 2047 sets urbanization as the key factor of economic growth, social transformation and global competitiveness. The dominance of informal labour, particularly in Tier 2 cities, continues to exist along with the growth and development. In 2015 Smart Cities Mission (SCM) was implemented by the Ministry of Housing and Urban Affairs with the aim of promoting sustainable and inclusive urban development through smart infrastructure, digital governance and improved quality of life in cities. This paper examines whether the aftermath of SCM, an Urban Reform Initiative, has contributed or hindered the formalization of informal labour markets in the cities. Using mixed methods approach, the research draws to combine the secondary data from various sources such as NSSO Employment and Unemployment Surveys, Periodic Labour Force Survey (PLFS) complemented with analysis of policy documents and its comparison with the city level implementation reports. The primary tier 2 cities of Punjab- Amritsar, Ludhiana and Jalandhar are examined to carry out policy outcomes. The findings of the research show the limited and indirect impact of the Smart Cities Mission on the formalization of informal labour markets in Tier 2 cities of Punjab, including Amritsar, Ludhiana. Even after considerable improvements in infrastructure and digital governance, there is no significant increase in formal employment of labour. The informal labour continues dominating the market. The study also lightens the fact that infrastructure -led development under SCM has boosted economic activity, but the informality in the structural conditions remains unaltered. On one hand Digital governance initiatives improve administrative efficiency, and on other hand have excluded the section of informal workers due to limited digital literacy and access. In addition, the area-based development model has contributed to uneven development, often overlooking informal settlements where a large proportion of the workforce resides. From a legal and policy point of view, the absence of labour-centric indicators within urban planning frameworks and weak implementation of labour welfare laws continue to retard formalization. A comparative analysis further reveals that even non-SCM cities like Jalandhar exhibit similar labour trends, suggesting that there is no substantial or transformative influence of Mission on the employment structure. The overall study indicates that without integrating labour market reforms into urban policy, the goal of inclusive and formalized employment under India's Vision 2047 will remain only partially realized.

**Keywords:** Urbanization, Informal Labour, Smart Cities Mission, Tier-2 Cities, Labour Formalization, Urban Policy

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## INTRODUCTION

Urban development in India is often discussed with a certain confidence. Cities are expected to drive growth, absorb labour, and anchor the country's transition to a developed economy. India's ambitious vision to achieve developed nation status by 2047, marking the centenary of independence, places urbanization at the heart of its economic growth strategy. The nation's rapid urban expansion represents both extraordinary opportunity and profound challenge, with cities occupying merely 3% of India's land yet contributing approximately 60% of its Gross Domestic Product. This concentrated geographic growth has positioned urban centers as critical engines of future development, particularly as India aims to transition from a developing to a developed economy with a target GDP of approximately \$30 trillion.

But there is a quieter question running alongside this narrative. It is less visible in policy documents, though difficult to ignore on the ground: what happens to the structure of work as cities become "smarter"?

A large share of urban employment continues to be informal. Not at the margins, but across sectors—construction, services, small manufacturing, retail. Workers operate without contracts, with limited security, and often without access to formal

protections. This is not a temporary phase that is fading away. If anything, it appears remarkably stable.

At first glance, this seems contradictory. How can cities modernize while employment structures remain largely unchanged? A closer look complicates the picture. Improvements in infrastructure do not necessarily alter the incentives that shape labour arrangements. Firms respond to costs, risks, and competition. Workers respond to availability, access, and survival.

This paper starts from that tension. Instead of assuming that better cities lead to better jobs, it asks whether there is evidence of such a shift. The Smart Cities Mission provides a useful lens— not because it is the only policy, but because it is one of the most visible and measurable interventions in recent years.

The question is, has the upgrading of cities translated into a corresponding upgrading of work? Or are the two moving along separate tracks?

The urbanization narrative is inextricably linked to the Smart Cities Mission, launched in 2015 by the Ministry of Housing and Urban Affairs with the explicit objective of promoting sustainable and inclusive urban development across 100 selected cities. This mission represents a paradigm shift in India's urban policy approach, emphasizing digital governance, smart infrastructure, and technology-driven solutions as mechanisms to improve quality of life and foster economic growth. However, beneath this optimistic vision lies a complex reality where rapid urbanization has generated substantial inequalities and persistent challenges for vulnerable populations, particularly informal workers.

### **LITERATURE REVIEW**

The relationship between urbanization and labour formalization has long occupied a central place in development theory, but the expectation of a linear transition from informal to formal employment has proven increasingly difficult to sustain— particularly in the Indian context.

Early dualist models conceptualized the informal sector as a temporary reservoir of surplus labour, expected to diminish as industrialization progressed and modern sectors expanded. This framework continues to influence policy thinking, often implicitly, by assuming that economic growth and urban transformation will eventually absorb informal labour into formal employment structures.

However, empirical evidence from India complicates this assumption in fundamental ways. Data from large-scale surveys such as the Periodic Labour Force Survey (PLFS) consistently indicate that informal employment remains the dominant form of work across both rural and urban contexts, frequently exceeding 80 percent of total employment. This persistence is not merely a lag in transition but suggests a structural feature of the labour market. In urban areas, where formal sector expansion would be expected to have a stronger impact, informality continues to coexist with—and in many cases underpin—economic growth.

This has led to a shift in analytical perspective, most notably through structuralist interpretations of informality. Within this framework, informal labour is not external to the formal economy but embedded within it. Firms rely on informal employment arrangements to maintain cost flexibility, manage uncertainty, and remain competitive in fragmented markets. This is particularly evident in urban production systems characterized by subcontracting networks and layered supply chains, where labour is often engaged through indirect or temporary arrangements. In such contexts, informality becomes a rational organisational strategy rather than a residual condition.

Evidence from Indian manufacturing and service sectors supports this view. Even within formally registered enterprises, a significant proportion of workers lack formal contracts, social security benefits, or stable wage structures. This blurs the conventional distinction between formal and informal sectors, suggesting that informality operates across institutional boundaries rather than being confined to a separate economic space. As a result, the concept of “formalization” itself becomes more complex, involving not only sectoral shifts but changes in employment relationships within existing structures.

Legalist approaches offer a complementary but incomplete explanation by focusing on regulatory constraints. According to this perspective, excessive compliance requirements— ranging from labour laws to taxation procedures—discourage firms from entering the formal economy. Simplification of these processes is therefore expected to promote formalization. While regulatory reform has been a significant component of economic policy in India, its impact on employment structure has been limited. Empirical studies suggest that even in environments where compliance has been simplified, firms often

continue to rely on informal labour due to cost considerations and competitive pressures. This indicates that informality is sustained not only by institutional barriers but also by underlying economic incentives.

Another important dimension of the literature concerns labour mobility and segmentation. The assumption that informal employment serves as a stepping stone to formal work is not strongly supported by empirical evidence in India. Longitudinal and cross-sectional analyses indicate that transitions from informal to formal employment are relatively limited, particularly for workers with lower levels of education or limited access to capital. Informality, in many cases, is not a temporary stage but a persistent condition. This persistence is further shaped by structural inequalities, including caste, class, and regional disparities, which influence access to opportunities within the labour market.

Gender adds an additional layer of complexity. Studies on labour force participation in urban India show that women are disproportionately concentrated in informal employment, often characterized by lower wages, greater insecurity, and limited mobility. At the same time, informal work can provide entry points into the labour market where formal opportunities are scarce. This dual character—simultaneously enabling participation while reinforcing vulnerability—complicates any straightforward assessment of informality as either purely negative or transitional.

The impact of globalization and technological change further reshapes the contours of informality. The increasing fragmentation of production into global and regional supply chains has led to an expansion of subcontracting arrangements, weakening direct employer–employee relationships. In this context, informality becomes a mechanism through which risk is distributed along the production chain, often concentrated at the level of labour. Even in sectors linked to global markets, informal employment remains prevalent, suggesting that integration into the global economy does not necessarily lead to formalization.

The rise of digital and platform-based work introduces another dimension to this discussion. While often associated with modern, technology-driven economies, platform work frequently reproduces key features of informal employment, including income volatility, absence of social protection, and limited bargaining power. This challenges the assumption that technological advancement inherently leads to formalization. Instead, it suggests that new forms of informality can emerge within ostensibly formal and technologically advanced sectors.

A related strand of literature highlights disconnect between economic growth and employment quality in India. While GDP growth and urban expansion have been significant, the corresponding improvement in employment conditions has been uneven. This divergence is particularly relevant in the context of urban development policies that prioritize infrastructure and efficiency without directly addressing labour market structures. Studies indicate that while such policies can enhance productivity and attract investment, their impact on employment formalization remains limited unless accompanied by targeted labour interventions.

Despite the breadth of this literature, the role of urban policy—especially large-scale initiatives such as the Smart Cities Mission—in shaping labour outcomes remains under explored. The Smart Cities Mission represents a significant shift in urban governance, emphasizing infrastructure development, digitalization, and area-based planning. Its impact on urban systems is increasingly documented, particularly in terms of service delivery and administrative efficiency.

However, its implications for labour markets are less clearly understood. There is often an implicit assumption that improvements in infrastructure and governance will generate employment opportunities and, over time, contribute to formalization. This assumption rests on a linear model of development in which economic growth leads to structural transformation in employment.

The literature on informality suggests that such outcomes are not automatic. Labour markets respond to a different set of dynamics, including firm-level strategies, cost structures, regulatory enforcement, and socio-economic constraints. These factors do not necessarily change in response to infrastructure improvements alone. As a result, urban transformation may proceed without corresponding changes in employment structure.

This creates a critical gap in existing research. On one hand, there is extensive evidence documenting the persistence and structural nature of informal labour in India. On the other, there is a growing body of work on urban transformation and smart city governance. The interaction between these two domains—how urban policy influences labour outcomes—remains insufficiently examined.

This paper engages directly with this gap. It does not assume that urban development and labour formalization are inherently aligned processes. Instead, it investigates whether the structural drivers of informality—cost flexibility, labour

segmentation, and institutional constraints— continue to operate in cities undergoing targeted policy intervention under the Smart Cities Mission.

If these dynamics persist, then the continued dominance of informal labour is not simply a failure of policy implementation, but a reflection of deeper structural conditions. This, in turn, raises a more fundamental question: Whether the transition from informality to inclusion can be achieved without directly addressing the organisation of work itself?

### Objectives of the Study

1. To suggest measures for achieving inclusive development by 2047.
2. To evaluate policy initiatives aimed at informal sector inclusion in tier 2 cities of Punjab : Amritsar and Ludhiana.
3. To evaluate the status of Informal Labour in Tier 2 cities of Punjab under SCM
4. To analyse the role of digitalization and initiatives like Digital India in formalization of informal labour.
5. To examine and evaluate whether India's informal labour force is ready and capable of helping the country become a developed nation by 2047.

### METHODOLOGY

This study adopts a descriptive and analytical; research design to examine the role of informal labour in achieving the goals of Viksit Bharat 2047. It adopts a mixed-method research design, combining quantitative labour data analysis with qualitative policy evaluation. The objective is not only to observe trends in informal employment but to understand how policy interventions interact with these trends and what are the necessary steps required to be taken for overall development of India by 2047.

### Data Sources

The analysis draws on multiple secondary datasets and official reports:

- Periodic Labour Force Survey (PLFS)
- National Sample Survey Office (NSSO)
- Comptroller and Auditor General (CAG) performance audits
- Smart Cities Mission (SCM) implementation reports
- Academic literature and peer-reviewed studies

### Study Area

The study focuses on three urban centres in Punjab:

- **Amritsar (Tier 2, SCM city)**
- **Ludhiana (Tier 2, SCM city)**
- **Jalandhar (Non-SCM city)**

This selection enables a controlled comparison between cities that received targeted policy intervention under SCM and one that did not. The assumption is that if SCM significantly influences labour outcomes, measurable differences should appear across these cities.

The study applies a comparative urban analysis using the following indicators:

- Informal employment share (%)
- Project implementation rates under SCM
- Occupational distribution within informal sector
- Income levels and wage variability

Both pre-2015 (pre-SCM) and post-2020 (post-implementation phase) trends are examined where data is available. The analysis also incorporates qualitative interpretation of policy design and implementation gaps.

The study is constrained by data limitations, particularly the absence of city-level longitudinal datasets that directly capture transitions from informal to formal employment. As a result, the analysis relies on proxies such as social security coverage and occupational structure. Despite these limitations, the consistency of findings across sources strengthens the conclusions.

### ANALYSIS AND DISCUSSION

The data presents a pattern that is difficult to overlook. Across all three cities—Amritsar, Ludhiana, and Jalandhar—informal labour remains the dominant form of employment. This holds true despite differences in policy exposure and infrastructure investment.

Punjab’s non-agricultural informal employment stands at approximately 82%, significantly higher than the national average of around 72%. This suggests that the state’s urban economy is deeply reliant on informal labour, even in relatively developed regions.

When labour security indicators are examined, the variation across cities is minimal. Roughly 35–36% of workers in each city experience poor labour security. The similarity between SCM and non-SCM cities is striking. If policy intervention were significantly altering employment conditions, a clearer divergence would be expected. Income data further reinforces this pattern. A substantial proportion of workers earn below Rs. 5,000 per month, particularly in casual and self-employed categories. These income levels indicate not only low productivity but also high vulnerability to economic shocks.

**Table 1: Informal Employment and Labour Security (Comparative Snapshot)**

Indicator	Punjab (Urban)	India (Urban)
Informal Employment Share (%)	82%	72%
Workers with Poor Labour Security (%)	35–36%	34–35%
Share of Workers Earning < ₹5,000/month (%)	Highest (>40%)	Highest (>35%)

The table makes one thing fairly clear—Punjab does not deviate from the national pattern in any meaningful way, except in the intensity of informality. What stands out is not difference, but persistence. Project implementation data shows a different trend. Cities under the Smart Cities Mission, particularly Ludhiana and Amritsar, have higher project completion rates compared to Jalandhar. Infrastructure development is visible and measurable.

The CAG performance audit revealed stark differences in SCM project implementation between Tier 2 and non-Tier 2 cities. By October 2020, Ludhiana (Tier 2) had completed 7 out of 43 projects (16.3%), while Amritsar (Tier 2) completed 5 out of 32 projects (15.6%). In stark contrast, Jalandhar (non-Tier 2) achieved only 3 out of 49 projects (6.1%) completion rate. This disparity suggests that Tier 2 designation did correlate with accelerated project implementation. However, this infrastructure investment did not proportionally benefit informal workers, indicating a fundamental gap between physical infrastructure development and social protection mechanisms.

**Table 2: Smart Cities Mission Project Implementation (City Comparison)**

City	SCM Status	Projects Completed	Total Projects	Completion Rate
Ludhiana	SCM	7	43	16.3%
Amritsar	SCM	5	32	15.6%
Jalandhar	Non-SCM	3	49	6.1%

The contrast here is sharper. Infrastructure delivery is clearly better in SCM cities. But when placed alongside Table 1, the absence of corresponding labour improvement becomes difficult to ignore.

However, the expected spillover into labour markets is not evident. Employment generated through infrastructure projects is largely temporary. Construction work expands during project phases but does not translate into stable, long-term employment. Workers move from one project to another, remaining within informal arrangements.

**Table 3: Pre–Post SCM Comparison (Labour Indicators)**

Indicator	Pre-SCM (Before 2015)	Post-SCM (After 2020)
Informal Employment Share (%)	80–82%	82–84%
Workers with Social Security Access (%)	18–20%	20–23%
Share of Casual Labour (%)	High (30–35%)	High (32–36%)
Average Monthly Income (Low-income group) in rupees	4,000–5,000	5,000–6,500

The pre–post comparison adds another layer to the analysis. If the Smart Cities Mission were driving structural change in labour markets, we would expect to see a decline in informal employment and a stronger expansion of social security coverage. Instead, the data suggests continuity rather than transformation.

Informal employment remains not only persistent but, in some cases, slightly higher. Social security access shows only marginal improvement, and the share of casual labour remains largely unchanged. While there is a modest increase in income levels, this appears to be influenced more by inflation and general economic shifts than by structural labour reform. In other words, the pre–post comparison weakens any strong causal claim between the Smart Cities Mission and labour formalization. At best, the impact is indirect and limited. At worst, it suggests that urban policy and labour outcomes are operating in parallel rather than in coordination. This disconnect raises a larger concern—if such patterns persist, the ambition of inclusive growth under Vision 2047 risks being undermined by a labour market that remains structurally excluded from the development process.

Another layer of analysis emerges when spatial changes are considered. Area-based development, a key feature of the Smart Cities Mission, concentrates resources in selected zones. These zones experience significant improvement, while other areas remain largely unchanged.

Informal workers, particularly street vendors and small traders, are often displaced from redeveloped zones. They are not eliminated but relocated, usually to areas with lower economic activity. This spatial restructuring has economic consequences. Reduced access to high-footfall areas leads to lower incomes. The city becomes more organized, but livelihoods become more precarious. This is a form of exclusion that is not captured in conventional indicators.

Digital governance introduces another dimension. Online platforms, digital payments, and app- based services have improved efficiency. But access to these systems is uneven. Workers without smartphones, stable internet, or digital literacy face barriers in accessing services and welfare schemes. In some cases, digital systems replace physical interfaces without providing adequate alternatives, effectively excluding certain groups. Taken together, the data suggests that infrastructure development and labour outcomes operate on largely separate tracks. Economic activity may increase, but the quality and security of employment remain largely unchanged.

The Indian government has launched multiple schemes targeting informal workers and informal enterprises: PM-SVANidhi (providing credit to street vendors), MUDRA Yojana (facilitating microfinance), Start-Up India and Stand-Up India (supporting entrepreneurship), and various skill development programs . Evaluation of these schemes reveals mixed results. PM-SVANidhi has increased credit access for street vendors, yet awareness and reach remain limited, and credit access alone has not generated formal employment or transformed working condition. MUDRA Yojana has mobilized substantial credit volumes, yet persistence of informality suggests that credit availability alone is insufficient for formalization without complementary labor market reforms.

Digital India initiatives have expanded digital payment access and reduced transaction costs, facilitating informal workers' engagement with digital financial systems. However, digital payment adoption does not constitute formalization; informal workers remain informally employed, lack social security coverage, and have not transitioned to formal employment status. Government programs promoting formalization through digital registration—particularly e- Shram—have achieved registrations but limited substantive improvements in working conditions or social protection. The gap between registration and substantive formalization reflects policy design limitations: registration-focused approaches that treat formalization as an administrative process rather than addressing underlying barriers to formal employment and working conditions.

Average daily incomes for informal workers remain modest across all cities. These income levels are barely sufficient for basic subsistence. The NSSO data indicates that 82.3% of non- agricultural workers in Punjab are informal, significantly higher than the national average of 72.4% . More concerning, casual female workers are notably vulnerable, with over 50% earning less than 5,000 per month.

This pattern suggests that while SCM created employment through construction and infrastructure projects, these were predominantly temporary positions that failed to transition workers into stable formal employment. Simultaneously, infrastructure redevelopment projects displaced informal traders without providing alternative livelihoods.

The Periodic Labour Force Survey (PLFS) data demonstrates that urban informal employment exceeds 50% of the workforce in major cities, while rural informality surpasses 87%, indicating the persistence and growth of informal work despite urbanization and infrastructure development.

A 2025 NITI Aayog study highlights that **490 million** Indians work informally – “the backbone of the nation’s economy” – contributing nearly half of GDP. Yet these workers often lack formal contracts, pensions, or health coverage. As a result, many face “financial fragility and volatility” and face exclusion from productivity gains. This gap contradicts India’s Vision 2047 (Viksit Bharat), which envisages a **\$30 trillion economy** with high per-capita incomes and *inclusive* growth across gender and social lines. Achieving that vision requires explicitly bringing informal labour into the fold: raising their wages, extending social safety nets, and deploying frontier technologies for skilling and market access.

A critical finding across multiple studies examining SCM implementation is the limited and indirect impact of the mission on informal labor formalization. Despite considerable improvements in physical infrastructure, digital governance platforms, and service delivery systems, formal employment generation has remained constrained. The case studies from Punjab's Tier 2 cities—Amritsar, Ludhiana, and Jalandhar—demonstrate that infrastructure development has boosted economic activity without fundamentally altering employment structures or generating commensurate formal employment opportunities.

This disconnect between infrastructure investment and employment formalization suggests that infrastructure provision alone is insufficient for labor market transformation. While digital governance initiatives improve administrative efficiency, they simultaneously exclude sections of informal workers due to limited digital literacy, inadequate device access, and poor digital connectivity in informal settlements. The unintended exclusionary effects of digitization have created new barriers for informal workers attempting to access government services, welfare benefits, and market opportunities, thereby perpetuating or exacerbating their marginalization.

Comparative analysis of SCM implementation in different city tiers reveals that Tier 2 cities, despite their growing economic importance and rapid urbanization, often experience uneven development patterns. While selected areas benefit from smart city investments, surrounding informal neighborhoods and fringe areas experience infrastructure deficits, absence of governance coordination, and limited service provision. The growth of fringe areas around Tier 2 cities has created complex peri-urban zones characterized by informal settlements, fragmented governance, and inadequate infrastructure—precisely the populations that urban development missions might target but typically overlook.

Tier 2 cities constitute critical sites for understanding urbanization dynamics and labor market transformation in contemporary India. These cities, with populations typically between 5 and 20 million, are experiencing rapid migration, economic growth, and infrastructure development. Amritsar, Ludhiana, and Jalandhar in Punjab exemplify this pattern: rapidly growing urban centers with substantial economic activity, yet exhibiting employment structures dominated by informal work.

Research examining Smart Cities Mission implementation in these Tier 2 cities reveals that while digital governance initiatives, traffic management systems, and infrastructure improvements have been implemented, formal employment generation has remained limited. Non-SCM cities like Jalandhar exhibit similar informal employment trends, suggesting that SCM impact on employment structures is either minimal or ineffective. This finding is significant because it demonstrates that the absence of formal employment growth cannot be attributed solely to inadequate infrastructure investment or governance failures but reflects deeper structural features of labor market organization, employer preferences, and skill-employment mismatches.

Despite progress, stark gaps remain. As of 2024, informal employment in India is reported at 89%, which is above the Asian average. Female labor-force participation in informal sectors is barely 15% (excl. agriculture), and only about 48% of informal workers have any social protection. If unaddressed, these gaps could leave millions behind: projections show informal-worker incomes would stagnate near \$6,000/year by 2047 without intervention, far short of the \$14,500 target needed for high-income status.

## RECOMMENDATIONS

For India to achieve developed nation status by 2047, it must transition from an informality-driven economy to an inclusion-driven economy.

Key requirements include:

- Expanding formal employment opportunities
- Increasing labour productivity
- Ensuring universal social security

- Strengthening labour rights  
Without addressing informality, economic growth may remain unequal and unsustainable.

Realizing inclusive development toward Viksit Bharat 2047 requires multiple complementary policy and programmatic shifts. First, labor market policies must explicitly target formal employment generation and working condition improvement across all sectors, recognizing that growth alone will not automatically generate formal employment or dignified work. Active labour market policies including public employment programs, targeted industry development, and employment regulations promoting formalization must complement growth-focused policies. Second, social protection systems require expansion and strengthening to achieve universal coverage independent of employment formality status. Rather than conditioning welfare provision on formal employment transitions unlikely for majority of workers, social protection should guarantee basic income security, health coverage, and livelihood support as rights rather than charity.

Third, digital transformation requires explicit equity objectives ensuring that digitalization enhances rather than excludes informal workers. Digital infrastructure investment must prioritize underserved areas; digital system design must accommodate varying literacy levels and device access; and digital governance must maintain non-digital alternatives ensuring no population is excluded.

Fourth, urban development missions must adopt explicit informal worker inclusion objectives, with accountability metrics tracking informal employment formalization, informal settlement infrastructure improvement, and informal worker voice in planning processes. Area-based development models should prioritize informal settlements and low-income areas rather than concentrating resources in commercial precincts.

Fifth, labor law enforcement must strengthen workplace inspection, worker grievance mechanisms, and employer compliance, creating genuine consequences for labor law violations and making formal employment status meaningful rather than nominal.

Finally, infrastructure investment must be coupled with explicit livelihood support, recognizing that infrastructure development without livelihood preservation can displace workers despite nominal development benefits. When infrastructure development displaces informal workers, compensation and alternative livelihood support must be mandated. Urban development can simultaneously improve infrastructure and support informal livelihoods through deliberate policy design ensuring complementarity rather than contradiction. These multifaceted policy shifts, implemented through genuine multi-stakeholder engagement, represent the minimum requirements for transitioning from informality toward inclusive development.

## CONCLUSION

The Smart Cities Mission 2015 created significant infrastructure disparities favoring Tier 2 cities like Amritsar and Ludhiana over non-Tier 2 cities like Jalandhar. However, these infrastructural advantages did not proportionally benefit informal workers. Paradoxically, Tier 2 cities show *higher* informal worker vulnerability, measured by lower social security coverage and higher employment precarity.

The analysis suggests that urban development prioritization (Tier 2 status) operated as an independent variable from informal labour protection. While Tier 2 cities received better infrastructure, they simultaneously experienced higher informal worker displacement without compensatory social protection mechanisms. Jalandhar's non-Tier 2 status, while limiting infrastructure investment, may have paradoxically reduced pressure on informal workers operating in traditional commercial zones.

This paradox highlights a fundamental challenge in India's smart cities approach: physical modernization without simultaneous social inclusion policies can intensify labour market inequality. Future urban development should integrate informal worker protection into core planning objectives rather than treating it as a post-hoc welfare concern.

The examination of informal labor within India's Development Vision 2047 reveals fundamental tensions between growth-focused urban development strategies and inclusive development requirements. The Smart Cities Mission and related urban renewal initiatives have generated substantial infrastructure investment and technological advancement, yet have demonstrated limited effectiveness in formalizing informal labor or substantially improving working conditions for informal workers. Digital governance innovations, while expanding certain service access dimensions, simultaneously create new exclusionary barriers for workers lacking digital literacy, connectivity, or device access.

Labor formalization remains limited despite multiple policy initiatives and substantial fiscal investments, reflecting the structural rather than transitional character of informality in India's economy. Informal employment persists not as a problem awaiting technological or financial solution but as a fundamental feature of labor market organization reflecting employer preferences, worker agency, and market dynamics rewarding informality. Realizing Vision 2047's inclusive development aspiration requires moving beyond technocratic approaches emphasizing infrastructure and digitalization toward approaches placing informal workers' voices, priorities, and agency at the center of development planning and implementation. Such transformation necessitates governance reorganization, policy reorientation, and fundamental reconsideration of what constitutes development and progress in contemporary India.

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