

**ICRIER's Program on Capacity Building and Knowledge Dissemination on
Urbanization in India: *Preparing for the Urban Challenges of the 21st Century***

**Delhi Launch conference
August 31, 2012**

Summary of the Proceedings

Inaugural Session

Honourable Minister of Urban Development, Shri. Kamal Nath gave the key note address. The session was chaired by Mr Arun Maira , Member, Planning Commission.

Dr. Isher Judge Ahluwalia Chairperson, ICRIER welcomed Urban Development Minister Sri Kamal Nath and Member Planning Commission Mr. Arun Maira along with other invitees. She thanked the Ministry of Urban Development for funding this two-year program, and for cooperation and support from the ministry officials Dr Sudhir Krishna, Ms Nisha Singh and Mr Ashok Singhvi. She stated that ICRIER had felt the need to bring the Urbanisation Debate and Research into the mainstream of policy discourse in India. This was because cities would be the engines of growth in India's in the quest for faster and more inclusive growth. Competitiveness for the Indian economy without cities liveable would be difficult.

Economist's concept of improving investment climate, meant, (i) stable macro-economic environment with check on inflation (ii) high quality infrastructure (ii) minimised transactions cost of doing business by simplified industrial and trade policy regime. But an equally important fourth element of liveable cities was crucial for foster economies of agglomeration. Cities needed planned conservation, transit orientation, and economic opportunities.

Ministry of Urban Development and the Ministry of Housing and Poverty Alleviation had assigned her the responsibility 4 years ago to chair the High Powered Expert Committee on Urban Infrastructure and Services that she was indebted to. The Report was submitted to the two Ministers in March, 2011.

Since then the Report has been presented and discussed with 7 Chief Ministers and their officials. They were aware, of the challenges and opportunities in Urban India and transformed urban scenario for the better through JNNURM, a Mission to rejuvenate the urban sector, that began in 2005 and will end in March 2014. A new JNNURM was in the making. Right lessons from the past should feed into framing rules for the New Mission. HPEC calculated for physical infrastructure alone, land cost and inflation not included, at 2009-10 prices, estimated infrastructure investment over 2012 to 2031 was Rs 38 lakh crore. This implied 15 % increase in the 12th Plan, 12 % in 13th Plan, 8 % each in 14th and 15th Plans. The estimates were

based on serving the currently un-served and under-served population to the standards set by the Ministry of Urban Development.

Alternately urban infrastructure investment was 0.7 per cent of GDP in 2011-12 as against 2 per cent of GDP on subsidies on fertilisers and petroleum products. State governments' budgets absorbed losses close to 1 per cent of GDP from distribution segment of the power sector. Future investment required from 0.7 per cent of GDP in 2011-12 to 1.14 per cent of GDP in 2021-22 for urban infrastructure was very small indeed. But investments alone were not enough, financing and governance mechanisms were needed supported by systemic reforms.

Where would the funds come from? Through taxes that Urban Local Bodies had to charge, like property taxes, funds devolved from the state governments, octroi shared, user charges, financially transparent and timely audit; Government had to take a pro-active role. Missions like JNNURM had to fund and incentivise reform of Urban Local Bodies. Two crucial challenges in moving forward were (i) Governance, and (ii) Capacity Building. In this context Program of Knowledge Dissemination and Capacity Building, at ICRIER supported by the MoUD was important. The team consisted of Co-leader Prof. Meenu Tewari, HUDCO Chair at ICRIER, Ms. Tanushree Bhan, Ruchika Singh and Mr. Kartik Misra were other team members. Focused on 7 themes described in the Hand-out proposed were 14 regional workshops on knowledge dissemination and capacity building in different parts of the country with partnering institutions. Capacity had to be built by learning from each other and teachers, and through case studies and best practices in India and other countries. The she invited the Minister who gave his inaugural address.

Honourable Minister of Urban Development, Shri. Kamal Nath in the key note address congratulated Dr Ahluwalia and the team for taking on capacity building in urbanisation that was built on the HPEC recommendations. India was urbanizing rapidly but there were disparities between cities of various sizes. The first lesson learnt was single solution to all cities was not possible. Second there was no dedicated funding for urban areas except JNNURM. Finally there was no dedicated Cadre for ULB so the continuity of the officer training and capacity building could not be assured.

Ministry was preparing JNNURM II based on lessons learnt from JNNURM I. It started very clumsily with no internal capacity for planning preparing or implementing the program. He restated the need for dedicated municipal service on which he claimed there was political unanimity. The rate of urbanisation was shocking, mind boggling and unstoppable, with younger generation moving from rural areas to smaller urban areas and from smaller urban areas to larger urban areas. There was a push and a pull towards urbanisation which was dealt with under the seven themes of the

program. First was land use planning and zoning. While mixed land use with demand for high rise buildings was a reality, planner from DDA resisted it on grounds of planning and fire department resisted on grounds of lack of equipment to deal with fire hazards. But Minister quoted example of city of New York that had both tall buildings and fire safety regulations. One thumb rule of New York's planning was an increased Floor Area Ratio (FAR) was given to the builder doing public good like building recreational place, like community centre, small parks etc. This was one example.

Planning is weak and planners had set mindsets and illegal colonies resulted from wrong master plan and inadequate EWS housing. Hence he regularised 960 illegal colonies in Delhi. Illegal colonies in Delhi were classified as, authorised irregular colonies, unauthorised regular colonies and unauthorised irregular colonies. Each one had definition of its own. Unauthorised but regular category occupants had water, electricity, voter cards etc. and had been paying all bills.

Creating correct master plan was a challenge as frequent revisions were needed due to pace of urbanisation. It was not politically possible to demolish irregular colonies set up since 1980s, with residents paying all bills but unauthorised. Relocating them was not an option. 40 lakh people in Delhi living in all these unauthorised colonies. 12th five year plan talked about is optimum use of land/economic land use through unlocking land value. Large land owners like Defence forces and Air India came asking for more land instead of optimally utilising lands owned by them. Private sector was alert to this and had moved from heart of Delhi to Gurgaon.

Transit oriented development and sustainable mobility was very important and he had asked the planner to notify the corridors where transit oriented development could take place. They identified four and shortly DDA would notify in Delhi the corridors.

Governance and administrative reforms were crucial. There was no corporation between elected representatives and technocrats, because the devolution of powers which should have taken place had not happened. Therefore elected representatives were only focused on their wards instead of the future of the city. Capacity building of the elected representatives and the councillors could be the next program. While grappling with urbanisation, he concluded that workshops like this take this process forward and hoped this program led to greater dissemination which led to addressing these challenges.

Member, Planning Commission Mr Arun Maira, as Chairperson of the session in his closing remarks stated that now JNNURM was big success among India's big programs, but different agencies to work together to make the whole system work

was crucial. Lack of this coordination was a key problems. Plan as a dynamic ongoing process was important to interconnect various things, so that the system adjusted evolved and engaged with people that made it a dynamic participatory process. At the same time attention to smaller cities where rapid urban growth was taking place was important. Sophistication was not always suitable for the smaller cities. Hence there had to be continuum of plans from simple to technical ones, both structure and processes of the plans need to be rethought. So capacity building was not only in people taught but also in us. (P4)

Session II: *Unlocking Land Values*

Dr. Sudhir Krishna, Secretary, Ministry of Urban Development

He opened the session by stating that in every city, he visited he saw some positive developments, but the ultimate task was a long way to go. Agra, Varanasi, Kanpur ancient cities JNNURM had made door-to-door collection and disposal of solid waste possible. In Ahmedabad and Surat, outer Ring Roads were developed without investment from the budget, and without agitations from the farmer community. The river front development in Sabarmati was another example. Kankaria lake development in Ahmedabad, by promoting tourism had unlocked values of the surrounding properties. Cities would pay for themselves – the infrastructure development in the cities was financially and economically viable.

Mr Navin Mittal, Special Commissioner, Greater Hyderabad Municipal Corporation, Andhra Pradesh

1. Highlighted actions that govern building permissions in urban areas. Different charges were levied to recover revenue. Impact fee in Hyderabad was levied for construction site around major roads, ring roads, MRTS, LRTS etc. It generated substantial revenue from vacant land tax.
2. Open space contribution charges were the result of regularization of unauthorized colonies.
3. Sale of fragmented land was also be used to generate resources for the ULBs. People were encouraged to surrender their land consumed in the widening of roads through 3 types of concession mechanisms – relaxation of payment setbacks, permission to construct an additional floor, and if vertical construction was not possible then TDRs were granted. HITECH City in Hyderabad led to huge increases in the value of land.
4. In Vijaywada, land was acquired through a sharing mechanism, 60-40 basis, with 40 % of land given to be developed by the Corporation led to land values increased.
5. A stretch of 1 km each on both sides of the ring road was designated as a Growth Corridor and is classified as Mixed Use Zone. There were service

lanes, green belt and special impact fee would be levied for developing inside the growth corridor area. Metro rail was through PPP.

Mr. Aseem Gupta, Additional Municipal Commissioner, Municipal Corporation of Greater Mumbai

1. Mumbai, and other cities of Maharashtra, had land converted from industrial to residential, and so city got 25% of the land as reservation land for open space and the developer get the rest with increased unit value. Then there was *Accommodation Resevation Process* in which the owner of that land refuses to give up some part of his land, but was willing to develop 25 % of the reservation on land. In this way he made 1.25 times the FSI Town planning scheme was another example of recovering land value. Another plan introduced was known as “fungible FSI”. The Corporation expected to earn almost Rs 1500 crore per annum from grant of fungible FSI. Extra construction on remaining plot.
2. The “33” schemes were all extra FSI schemes when land rights were passed to tenants. Scheme **33-10** had the slum dwellers can come together and appoint a developer of their choice. Scheme **33-7** was for tenancy before 1940 to get ownership. **33-9** scheme gave right to the tenants for more than 1 acre land owned and lived on it since 1969. **33-24**. that dealt with major parking problem over last four years.
3. Mumbai had examples of a lot of different combinations of using FSI that gave a lot of money to Corporations in the short run, but such schemes needed caution as they led to dilution of planning and created shortage of services.

Dr P K Mohanty Mission Director, Ministry of Housing and Urban Poverty Alleviation (Comments requested by chairperson)

1. Levy of octroi was a source of revenue for the ULBs mainly in western states of India. Once octroi was abolished, the ULBs were compelled to exploit other sources of revenue like surcharge on stamp duties, entertainment tax, profession tax and vacant land tax.
2. Latin American countries levied vacant land tax up to 3 per cent. These countries made full use of betterment charges, impact fees etc.
3. Some European countries levied taxes on the principle of “congestor” pays, “polluter” pays, “exacerbater” pays etc. He concluded by suggesting use of these innovative instruments of taxation that would best work in a country like India.

Mr I P Gautam Principal Secretary, Urban Development & Housing, Gujarat)

1. Past two decades have seen tremendous change in the urban landscape in Gujarat. Earlier FSI pricing, zone change were left to committees.
2. Now new scheme related to textile mill owner wanting to change land use, had to surrender 20 % land to the Corporation. Ahmedabad Municipal Corporation gave 600 hectare of land for JNNURM housing for the poor.
3. In Gujarat, FSI varied from 1 to 2.45, but 40 % of the index value beyond the permissible limit (2.45) was to be purchased by the developer. However hospitals were allowed 4 FSI with construction up to 70 m. This 40 % of the index value will be equal to 20 % of the market value. This generated a lot of money for the Corporations.
4. Four years ago, in Ahmedabad a 4 km polluted open canal was covered and a garden was made on the stretch. The place became popular in the neighbouring areas and cost of properties in the surrounding area fetched five times the price. Unlocking land value meant that the benefits must accrue to the residents of the cities.
5. Ring road in Ahmedabad, displace 1300 people who were allotted houses in the residential complex along the ring road, even before actual construction of the residential complex began. Sabarmati riverfront project had an advanced rehabilitation plan for the project affected people under which 10,000 people got two-bedroom houses. 25,000 visit Sabarmati riverfront area annually that quadrupled the cost of lands after the project. Merely raising FSI would not generate benefits, participatory way of developing infrastructure in cities would.

The chair person Dr. Sudhir Krishna, concluded by suggesting increased FSI be used for unlocking land values and helping people, within the overall ambit of town planning scenario. Transfer of development rights was a risky short term solution and building bye-laws should be the single-point authority. He concluded by suggesting technology use for Master Plans development in short time, transfer of finances be negotiated with State Finance Commission, and be made available at low interest and long term. Key to India's development was urbanisation.

Session III: Land Use and Urban Transport

Mr. B. I. Singal, Director General, Institute of Urban Transport, New Delhi

He chaired the session. In the opening remarks he stated that integrated land use transport was urgent and much desired.

Professor Shivanand Swamy, CEPT, Ahmedabad,

1. He set out the theme for the session that followed. By 2031, 6 million Indians will be living in urban areas. About 50% of these people will be living in cities with about 80-85 million plus population. Now Delhi had 300 vehicles per thousand people, with long distance to travel, resulted in high accidental deaths. Whether cities move towards higher number of vehicles per thousand, congestion and high deaths due to accidents, was a choice.
2. Planned compact cities could be created through reduced time of travel, de-congestion, low peak hours and low road fatalities as against the present day urban sprawl.
3. City planning in India was not implemented fully, with no monitoring and lacked strategy or clear objective. It followed 'predict and provide' model. The plans were only based on small samples and suggested building bus network, metro or LRT, etc.
4. They did not look at the issues of minimizing mobility, the various options to do so, redesigning the network, etc. Since these aspects are ignored, transport plans become project based and not strategy based. The focus seemed to be on investment and not management. Land use and transport planning needed to be closely integrated as they influenced each other greatly and depended on the other for growth.

Mr. S.P.S Parihar Principal Secretary, Urban Development, Madhya Pradesh

1. He shared the case study of super corridor of Indore and a river front development was under way. BRTS were being planned in Bhopal and Indore. Along with this comprehensive mobility plans were prepared for the two along with traffic management and control centres.
2. The Indore super corridor project was an example of a transport plan leading to development. It connected two cities of Indore and Ujjain to the airport. Indore Super Corridor project period was planned for 3 years and was being managed by Indore Development Authority. On super corridor with the right of way was 80 meters with 300 meter on both sides, was 12.5 kms. Long and Costs Rs 1000 crore, was expected to generate estimated revenue of Rs 5000 crore.
3. Transport plan was integrated with the master planning exercise for Bhopal.

Mr. I P Gautam, Principal Secretary, Urban Development and Housing, Gujarat

1. First town planning scheme in Gujarat was in 1915. They continued to use Town Planning locally. They had recently notified 5 new Urban Development Authorities.
2. He aspired to reach the level of Singapore that has land transport authority (LTA). Without clearance that stated clearly how the new development like hotel, mall, residential complex etc. connected to public transport they were not sanctioned.
3. He repeated examples from Ahmedabad and Surat. Pointed out that BRT projects in Ahmedabad were leading to changed in land use due to increased

FAR and height allowance. Thus Ahmedabad was moving towards transit oriented development.

The chair person concluded the session by stating that issues faced by cities in hill states needed special attention as with old cities where parking was a big problem. Capacity building of planners and other urban officials was very crucial as was filling the legal lacuna regarding integrated land use and transport planning.