

Conference on the occasion of the launch of “Urbanization in India: Challenges and the way forward”

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India Habitat Center, New Delhi

Inaugural session

Keynote Address: Montek Singh Ahluwalia

Speaking on India’s increasing urbanization and growing needs of urban areas, Mr. Ahluwalia raised two questions - where will the money come from for upgradation of our urban infrastructure and service delivery, and do we have the capacity to manage this growth. He said that technology change was going to provide the solutions in the coming years and this was something that had implications for policy-making, i.e. it was important for policies to not be locked to existing systems but be flexible to allow entry of new technology.

On the topic of energy savings, Mr. Ahluwalia said that there were three possible pathways - decreasing energy usage per activity, decreasing emissions per activity type or a combination of the two but the important theme emerging here was that everything could not be left to the market, some level of government intervention was required. According to Mr. Ahluwalia, building design and material can make a big difference in energy savings and these could be handled through either regulatory provisions and building codes, raising public awareness, starting the initiative from public buildings (he gave the example of retrofitting in the Rashtrapati Bhawan that had led to a decrease of 30% in energy usage), offering incentives, pushing for higher standards of energy usage by appliance producers and appropriate costing of power, providing cross-subsidies in the sector.

Speaking on the topic of land use planning for cities, Mr. Ahluwalia stressed on the need for addressing rental laws to encourage people to move closer to where they

work and save time and energy usage. He also said that shift from private to public transportation can only happen when the public transport system is either self-sustaining or is subsidized and ensuring last mile connectivity, good quality of service as well as safety, especially for women. Co-ordination between various aspects and agencies such as land use-transportation-police etc. was another key aspect in addressing the issue and that multiplicity of agencies in cities was sometimes the problem.

On the topic of water Mr. Ahluwalia spoke on the need for looking at water in a holistic way - not just the water supply part but also other aspects such as sewage which is a key part of the water issue. He said that pricing of water was key, it should reflect the real price, and low income people could be cross-subsidized with those who can afford.

He concluded by saying that there was no silver bullet policy to address these issues but that efforts were needed to be coordinated and there was a need for increasing scale of positive measures.

Some of the questions raised in the discussion that followed were regarding the issues of land acquisition and the various models followed in different states, the issue of land mafia and their collusion with politicians and their role in distorting the urban development process, the need for densification of our cities to promote more compact forms of development, the need to re-look into the feudal role of development authorities such as DDA, the need for changing emphasis from waste-to-energy processes towards reducing the volume of waste generated at source and finally the need for capacity building within our existing systems and the need for having specialized people to head various departments dealing with urban development.

Session I: Urban Planning, Infrastructure & Sustainability

The principal speaker in this session, chaired by Dr. Isher Judge Ahluwalia was Mr. Alain Bertaud, Senior Scholar, Stern Urbanisation Project, New York University.

Mr. Bertaud talked about the delineation of roles of government and market in city planning and development. According to him land market was an important factor that city planners needed to integrate with city planning efforts, as land consumption was something that was decided by the market. He emphasized the role of the government in establishing key supporting infrastructure at the city level. By regulating consumption of land through imposition of various land use regulations such as limits on FSI, establishing growth lines, etc. the governing agencies create negative impacts such as increasing the demand for land. Too many laws in the development sector often end up resulting in their disregard, even of the important ones. These land development regulations, he argued, try to manage land consumption artificially, as planners do not understand its relation to income, energy conservation etc.

Taking a global perspective, he talked about Indonesia where minimum development regulations have allowed communities access to a range of housing types and a basic level of infrastructure. He reiterated that this provision of infrastructure was the primary responsibility of the government. Mr. Bertaud said that while international examples such as Bogota, Curitiba, Copenhagen, etc. were good success models, their lessons could not be applied to mega cities like Delhi, Mumbai or Shanghai, as just by their sheer size they were different animals.

In conclusion, Mr. Bertaud stressed the need for a change in the outlook towards India's growing urbanization where we look at the new immigrants and the poor of the city as the future middle class, and focus on the infrastructure needs of this emerging class as well as overall growing population

Following up with comments, Dr. Isher Judge Ahluwalia stressed on the need for bringing up these other issues in the urbanization process of the country along with examples from other places of the world that could then become areas for further research.

Dr. P. K. Mohanty emphasized on the need to integrate the multiple facets of urban development – land use, finance, transportation, etc. He also suggested looking at

urban development models practiced in various areas in India such as Magarpatta (Pune), Gujarat or Vijayawada as an alternative to the regular land development processes of land acquisition, eminent domain, and land development. He also said that it was important to look at global examples to look at various other models of spatial development.

Mr. Ahluwalia highlighted India's challenge in understanding its urbanization process by pointing to the fact that urban areas did not even figure in the country's Five-Year Plans before the 11th plan, and the long held notion that 'India lives in its villages'. He also talked about the design of fiscal federalism and the top-down approach to planning in India – center, state and local –which was not very efficient for financial autonomy to dispense funds from tiers I and II to tier III governments.

Key points brought out in the discussion that followed were regarding the need for a broader scope for planning - focusing planning efforts on not just the urban but also the peri-urban areas, where much of the growth was happening. Prof. Dinesh Mohan, IIT Delhi, talked about the need to re-think transportation strategies in cities – looking at medium capacity public transportation networks for Indian cities as opposed to high capacity networks in cities like Bogota, as Indian cities did not have a Central Business District, but rather a more multi-nodal urban structure. Speaking on the topic of making public transport affordable, Mr. Mohan said that at the lowest level public transport competes with the motorcycle and thus the cost has to be lower than that. On the question of density, it was pointed out that density was not a design parameter but a market parameter; people will consume the amount of space they can afford. Other points made were regarding importance of choice in infrastructure options and packages, training of planning staff in municipalities, lack of funding options for municipalities that makes them overly dependent on state, and the need for fiscal reforms.

Session II: Finance and Governance

Prof. Paul Smoke talked on the topic of fiscal federalism saying that the initiative has mainly been a flop in India's case as it failed to bring about the changes or reforms

that it was expected to. Economic realities, multiplicity of organizations and functions, and capital constraints were some factors that had contributed to this failure. There is a need to look beyond fiscal federalism to the institutional frameworks that need to be put in place to ensure better governance. According to Prof. Smoke The design of a fiscal decentralization model is hampered by poor bureaucratic environment, functional and jurisdictional fragmentation, irregularity in municipality elections and presence of conflicting jurisdictions leading to poor two-way accountability systems.

Prof. Smoke and Dr. Mohanty talked about the various alternative models of financing available such as PPP, Municipal Bonds, TIF, etc. On the discussion regarding PPP, some of the key points brought up were that municipalities faced increasing need for infrastructure and services which they could not keep up with without raising taxes. Alternatively, PPP could fill the gap and also provide higher quality of services such as the Hyderabad Metro Rail project. However, some resistance had been observed for this tool especially with regards to relieving control over assets and was thus being used currently in only extreme circumstances. Municipal Bonds are not very popular in India since they are like a loan for municipalities, which, unless invested in some revenue generating activity were largely unsuccessful. Also, most municipalities were not credit-worthy and thus unable to post such bonds.

Answering some of the questions that were raised, Prof. Smoke said that it was pertinent to understand the underlying causes for issues and develop ways to address them. While acknowledging that decentralization was important, he said that the reason for its adoption, whether it was to heal a conflict situation, improve service delivery or address some key issues was an important factor determining its success. Giving the example of Indonesia, Prof. Smoke explained its potentially damaging impacts when property tax became a locally collected tax. While larger cities may benefit from such a move, smaller cities may actually experience a setback as many may choose not to collect it at all. Residents may not know the level of services to demand from their local government, and the local bodies may feel no pressure to go the extra way to collect taxes and use them for improved service delivery. In fact, some countries were contemplating recentralization of taxation after such results.

In his concluding remarks, Prof. Smoke talked about the need to explore avenues for funding at local level. For example he mentioned that urban areas did have a tax potential in avenues such as parking fee, etc. and there were groups that could afford to pay for it. For PPP he said that there was a spectrum of arrangements that could be considered in different circumstances, it did not have to be a 'one size fits all' tool. He reiterated that the problem with fiscal federalism was a tendency to continuously try out new things instead of understanding and fixing the problems of existing ones.

Session III: Inclusion and Governance

Dr. Anuradha Joshi gave her views on various chapters in the book dealing with capacity of ULBs and democratic representation in urban issues. On the topic of inclusion she talked about looking at housing as not just as an end in itself, but also as a means to achieve other things. She brought out two issues – one that policy neglect of the issue of and the need for reform in rental laws, and secondly the issue of homelessness and related street sleeping in Indian cities and the question of which policies could address the needs of these neglected group of people. She also talked about various initiatives taken by citizen groups giving the example of Citizen Report Cards in Bangalore and Public Experience Tracking surveys in Uganda as a means to improving accountability and resulting in better funding and services. Talking of direct citizen participation in planning processes she brought out the examples of the participatory budgets in Brazil that was working in areas with strong political support and the *Bhaagidari* movement in Delhi that was targeted towards the middle class. While the intention was good, she mentioned that such practices can create two or more classes of politics and may lead to further exclusion of the poor. Suggesting important areas for further research, Dr. Joshi mentioned that the book looks at poor as an undifferentiated category. She said it was important to reflect other categories as well, such as women and women headed households and their access to services, children and disabled groups that were highly marginalized in our society today. Additional areas suggested for further research included development of assessment criteria for various programs and reforms to understand the impact of investments, looking into the issues of the poor and urban security and safety as they are most

affected by violence and are often looked at as being criminals themselves, and finally the issue of effective and increasing exclusion of urban poor from public spaces such as gated communities, malls, etc.

Mr. Samuel Paul talked about the importance of monitoring programs to establish accountability and understand impact of various programs and policies. He said that irrespective of whether the government acknowledges the results or not, such exercises needed to be undertaken. Lack of monitoring is what often leads to failure of policies and programs. Talking about the Citizen Report Cards by PAC in Bangalore he said that initially there was no response from the government, but it was only after they repeated the exercise 2-3 years later that they finally caught gained the necessary attention.

Speaking on the issue of inclusion, Mr. Bimal Patel reiterated that the nature of the planning process determines how inclusive or exclusive the plans are and the cities resulting from such plans. Giving the example of Mumbai, he said that the increase in housing prices that resulted from the promise of free housing to the poor has distorted the market leading to further exclusion in the sector.

Some of the key points made in the ensuing discussion were that spatial planning is inherently unequal as it generates positive and negative externalities, and therefore it was important to strike a balance between the costs and benefits of urban development. Secondly, it was mentioned that technology for social inclusion was a doubled-edged sword, while on the one hand it enabled connectivity to poor through mobile phones and e-governance, it did hinder in participatory processes and was not so good for deliberation. Dr. Jagan Shah from NIUA talked about the benefits of a consultative process in the City Development Plan process that allowed for a robust project formulation. However, he mentioned that the issue was in explaining the benefits – how to quantify the expected trickle-down effects. Concluding remark was that people are more prone to ask for answerability when they have participated in the policy/program development process, as they then understand what it is.