



**Conference to Inaugurate**

**ICRIER's Program on Capacity Building and Knowledge Dissemination on  
Urbanization in India**

*Preparing for the Urban Challenges of the 21st Century*

**August 31, 2012**

**Hand-outs for Session 1, 2 and 3**

## Hand-out for Session 1: Setting Out the Challenge

India's cities are in transition. India's economic growth over the past three decades has largely been anchored in cities and urban centres that are expanding at a phenomenal pace. The country's urban population is expected to nearly double over the next twenty years, touching 600 million by 2031, from an estimated 375 million in 2011. By all accounts, the 21st century will be India's urban century.

India's historic transition to a predominantly urban economy in the next 40 to 50 years will bring with it a myriad challenges that city managers and urban local bodies will have to face. These challenges range from dealing with unprecedented levels of migration, to coping with worsening urban congestion, to fostering connectivity across cities and regions, and handling escalating demands for land, water, energy, housing and basic services (sanitation, waste management, public health) for millions of new and existing urban residents. Enhancing the capabilities of urban local bodies, many of whom are frequently strapped for resources, and handicapped by inadequate institutional capacity, is therefore critical.

Building on the work carried out by the High Powered Expert Committee (HPEC) on Urban Infrastructure and Services under the Chairmanship of Dr Isher Judge Ahluwalia, the Indian Council for Research on International Economic Relations (ICRIER) is undertaking a *program on Capacity Building, Awareness Building and Research on Urbanization in India* with Dr Ahluwalia and Prof Meenu Tewari as co-leaders. The program hopes to contribute fresh insights into planning for urbanization and help build the capacity to address the multiple challenges associated with the implementation of urban plans and projects.

The program has three main components: (a) capacity building workshops on themes such as urban planning and land use, public transport, municipal finance, unlocking urban land value, water and sanitation, including solid waste management and waste water treatment, affordable housing, administrative reforms and governance; (b) knowledge dissemination workshops which support research on the thematic areas for wider discussion, dissemination and publication; and (c) two annual international conferences on Urban Development where international and Indian researchers will share their research on urban issues with policy makers and practitioners. In parallel, ICRIER will be launching a program of research on the same themes, again looking for case studies to substantiate hypotheses based on evidence.

The Capacity Building and Knowledge Dissemination program is being launched by the Hon'ble Minister for Urban Development, Sri Kamal Nath on August 31, 2012 at the Jacaranda Hall, India Habitat Centre.

## **Seven Selected Themes for The Program**

### **1. Urban planning I: Planning regulations, land use, and zoning**

Urban planning has a crucial role to play in generating new spaces within the city and its periphery, and in rejuvenating existing city spaces so that a healthy socio-economic environment can be created in which the fast-growing urban population of India can live with higher standards of public service delivery and contribute to growth. There is considerable national and international experience which can be utilized by Indian urban planners, especially strategies related to land use and zoning that can offer important lessons for adaptation. Looking ahead, much more thought, planning, and design of infrastructure will have to be given to land-saving technologies, incorporating learnings from best practices internationally and adapting these to Indian conditions and ground reality. Urban planning in India needs to become dynamic and flexible to adjust to the new challenges.

### **2. Urban Planning II: Transit oriented development and sustainable mobility**

Indian cities and their transportation systems are in transition. The bottlenecks in transportation systems and imbalances between places of work and places of residence lead to congestion, pollution, costly delays and inefficient urban land use. A lack of integration between public transport, land use, density and financing are some of the key constraints to reform. At present, about 377 million people are living in urban areas, and this is likely to reach 600 million by 2031. One of the greatest challenges for Indian cities, especially metropolitan cities which are expected to increase in number from 50 in 2011 to 87 in 2031, is the provision of public transportation systems and transit-oriented planning and development.

### **3. Municipal Finance**

In the last two decades there has been a growing debate in India about the role of devolution, “own” sources of finance, user charges to cover costs, and external financing through bond markets and public private partnerships to raise finance at the municipal level. The HPEC (Ahluwalia) Report (2011) estimates Rs. 39.2 lakh crores will be required for the financing of urban infrastructure over the next 20 years. A part of these resources will have to come from the municipalities, even if only for operation and maintenance of the infrastructure facilities that are funded with other (central, public-private) resources. The new instruments that will be studied as avenues for increasing the local revenue base include taxes, user charges, transfers and borrowing, and creative handling of the post-octroi revenue-sharing arrangements and efforts to reach the potential of the property tax, including vacant land tax.

### **4. Water and Sanitation including Waste Water Treatment and Solid Waste Management**

The current state of water supply and sanitation services in urban India presents an abysmal picture of inadequate access and poor quality. Under this program, we would be looking for innovative solutions to providing basic services of clean water provision 24x7, solid waste management, waste water treatment, provision of storm water drains, to ensure sanitation to

urban residents including the poor, while addressing the considerations of supply, demand, cost, and institutional questions of planning, implementation, finance, and maintenance.

## **5. Unlocking Land Value**

Economies around the world have harnessed the potential offered by urban land value to generate resources for urban development, particularly during their phases of urban transition. Despite the centrality of land to urban development processes, there is little research into the economics of a viable urban land policy in India that takes account of the emerging challenges of structural transformation of the Indian economy in the context of rapid economic growth. In our research around this critical theme of unlocking land value, we propose to cull out insights from a critical and comparative assessment of domestic and international experiences in this area. We propose to begin articulating some key issues of infrastructure development and finance that could contribute to new thinking on urban land planning and management. This will be done by examining a series of instruments of unlocking land value which have been used globally and within India through comparative case studies.

## **6. Governance and Administrative Reforms**

The institutional framework for urban governance in India needs a major overhaul if cities are to play a dynamic role in India's growth and development. Currently municipalities in India suffer from two major inadequacies as far as governance is concerned: one is associated with the institutional federal framework within which urban organizations (Urban Local Bodies or ULBs) operate, and the other concerns the quality of human resources and institutional capacity within the urban institutions responsible for the delivery of basic services and revenue generation. Under this program we will focus on urban agglomerations and institutional linkages between different levels of government. The challenge of capacity building will be addressed through knowledge sharing and dialogue with policy makers and practitioners on the ground. The role of civic society and the private sector in improving governance, will also be explored.

## **7. Sustainable Project Management and Implementation**

A key gap in the effective management of urban development projects is sound, accountable and inclusive implementation, and the efficient management of the assets generated through these projects. It is commonplace to find that the construction of assets, such as roads, or public toilets or water pipelines that involve capital costs gets off the ground, but within a few years the facility is in disrepair and disuse. A key reason is the lack of inclusion of operation and maintenance costs and clarification of responsibility for maintenance in the original conceptualization of the project. Under this project, we will examine some of these issues and document the state of the art in sustainable project preparation and project management practices. We will also examine what works well and why and draw lessons for building capacity in the area of lifecycle project management.

## **Hand-out for Session 2: Unlocking Land Value**

Economies around the world have harnessed the potential offered by urban land value to generate resources for development during their phases of urban transition. A variety of successful instruments such as land based taxes, value capture financing, betterment levies, monetization of unused and under-used land, and tapping through taxation a part of the incremental value of land which has accrued because of infrastructure improvement and planning, have been used around the world to support a vibrant and inclusive urban development process. In our research and capacity building efforts around this critical theme of unlocking land value, we propose to cull out insights from a critical and comparative assessment of domestic and international experiences in this area. These analytical and comparative case studies of innovative new approaches to unlocking urban land value will highlight the challenges and opportunities presented by land as a resource in urban infrastructure development.

### **Some illustrative examples are listed below:**

- (i) The Greater Hyderabad Municipal Corporation has been levying impact fee to generate resources for capital works. The Hyderabad Municipal Development Authority is proposing to levy a special impact fee on any development occurring within 1 km corridor of the Outer Ring Road.
- (ii) The Mumbai Metropolitan Regional Authority raised \$1.2 billion by auctioning 13 hectares of land in a financial centre between January 2006 and November 2007. This is ten times its total capital spending in 2005.
- (iii) In Bangalore, a surcharge was imposed on change of land use for construction of the ring road. The city has also been experimenting with increasing FSI (Floor Space Index) and granting TDRs (Transferable Development Rights) to realize more value from existing land. The Bangalore Metro Rail Corporation has recently proposed Transferable Development Rights to secure land for metro rail alignment in lieu of compensation for the acquisition of land. A cess on additional Floor Space Index on all properties located within 500 metres from the metro rail alignment is under consideration. It also proposes to levy a 5 per cent cess on the market value of land and buildings in future developments and credit this to the Metro Infrastructure Fund.

Thus, innovative ways of unlocking land value being practiced in some states and urban local bodies, need to be better understood and adapted in other states and urban local bodies. Dr Isher Judge Ahluwalia will make a presentation on this subject, followed by two presentations from the states of Andhra Pradesh and Maharashtra. We expect a rich interactive discussion from the floor.

## **Hand-out for Session 3: Land Use and Transportation**

Cities in India have traditionally been compact, supported by mixed use development and emphasis on mobility of people. Indian cities have therefore, typically had relatively high density. However, in the last four decades, Indian cities have been gradually moving towards vehicle oriented development like in many Western cities, leading to urban sprawl.

Land use planning and transport planning are intrinsically linked for effective functioning of urban areas. Integrated land use and transportation planning is also an efficient tool for sustainable development. It aims at reducing congestion, travel time, energy use and hence costs, while improving accessibility. Taken together, these outcomes reduce the negative impact of development on the environment. These sustainable solutions present an important way forward for Indian cities as they grow and densify.

### **Box 1: Land Use and Transport Integration in Hyderabad**

The Nehru Outer Ring Road, also known as Hyderabad's Growth Corridor, is a 158 km-long expressway covering an area of 3000 sq. km around greater Hyderabad. It is a good example of an integrated planning approach to transportation and land use which opens up large tracts of land for development in financially sustainable ways.

In the project area of the outer ring road, new roads have been built in alignment with National and State highways, along with 33 radial roads connecting the outer and inner ring roads. This has helped divert traffic from the city centre and decongest the existing ring road. The new network of radial roads has also enabled greater connectivity with existing and new hubs of development such as business parks, technology clusters and satellite townships. Apart from reducing travel time, new tracts of land for development have been opened in an area that is six times the size of the Greater Hyderabad Municipal Corporation. Truck terminals, parking lots and satellite townships, are being planned at major intersections and transportation nodes along the growth corridor. Provision is also being made for a 25 km long integrated network of metro rail and buses.

### **Box 2: Land use and Transport Integration in Bangalore**

- **Integrated Transit Facilities:** The goal of the planning authorities of Bangalore is to make public transport the ‘backbone of the city’s transport system’ (KUIDFC), for which they have planned an extensive transport network that can be accessible to maximum population of the city. The public transit network is planned in such a manner that radial corridors operate on ‘direct origin to destination routes’, circular routes act as interchanges for the radial routes, and collector corridors operate in areas some distance from mass transit nodes. The city has planned two major inter-modal interchange terminals: (i) to accommodate interchange between the bus service of Bangalore Metropolitan Transport Corporation (BMTC), regional bus service of the Karnataka State Road Transport Corporation (KSRTC), Bangalore Metro Rail Corporation (BMRC), and a “city centre” complex, and (ii) to connect the BMTC, KSRTC, railways, BMRC and the Airport Rail Link. In addition to these, 47 major interchanges have been proposed at required intersections of mass-transit corridors.
- The Bangalore Metropolitan Transport Corporation (BMTC) is the first urban transport organization to receive JnNURM funding for a national pilot project for ‘Traffic and Transit Management centers’ (TTMC), the first of its kind in an Indian city. Under the Scheme, funding has been received for the construction of 10 TTMC’s (Jayanagar, Vijayanagar, Banashankari, Koramangala, Shantinagar, White Field (ITPL), Kengeri, Yeshwanthpur, Domlur & Bannerghatta), of these 9 have already been commissioned, and the last one will be commissioned shortly. The authority has received a grant of Rs 430 million under JNNURM to improve the infrastructure at the bus stations in the city.

The following facilities are proposed to be developed under this initiative -

- Terminal - Bus bays, platforms, seating & lighting, public conveniences, information systems, safety and security
- Bus maintenance depot - Maintenance bays, washing platform, bus parking, services and utilities, fuel filling station, amenities for crew
- Passenger amenities - Bangalore one centers, other citizen amenity centers, ATMs, daily needs shopping

Park and ride the above mentioned infrastructure is in line with the National Urban Transport Policy to provide an integrated transportation system with adequate facilities and amenities to cater to the requirements of all user groups.

### **Box 3: Land Use and Transport Integration in Ahmedabad**

Ahmedabad city has used its innovative town planning schemes in combination with new self-financing instruments to develop the city and manage its expansion. About 75% (300Sq. km) of the city has been developed using self-financing mechanisms. This has enabled local authorities to organize land parcels/ plots suitable for urban uses by altering the shape, size and access of specific land parcels. Investments in physical infrastructure such as roads, water and sewerage network are made by the urban authorities, while landowners contribute their land. The loss of undeveloped land is compensated by the increased land value resulting from better infrastructure and planning. This has led to a compact city structure with integrated land use and transportation

Ahmedabad was once known as the Manchester of the East due to its vibrant textile base. With the decline of these industries, prime land was occupied by closed mills in the heart of the city. These sites are now being redeveloped into social housing and commercial development. Social housing is planned for low income persons including those affected by public infrastructure development projects such as Janmarg.

The city has introduced a number of innovative financing schemes including issuing India's first municipal bond, instituting a variety of PPP arrangements, and the above mentioned Town Planning Schemes.