

Urban Governance in India: Policies, Provisions, and Reforms

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2. Urban Governance in India – A Brief History

- a. *Evolving definition of governance in context of the changing nature of the state.*
 - Prior to the arrival of Muslim rulers in India, the system of governance in smaller kingdoms was loosely based on Kautilya's seven organs of the state power. (Altekar, 2002)
 - First formal systems of governance codified through law appeared during Mughal kingdom in India in the sixteenth century. Prior to the arrival of the Mughals around 1530, autocratic monarchies with short reigns ruled the subcontinent with the seats of power being in Delhi and Bengal (The Delhi and Bengal Sultanate).
 - Need for formal governance systems was felt during the first wave of urbanization in India with up to 15% of populations living in urban centers during the peak period¹ of the Mughal empire. Population estimates of country at this point range from 100 million 150 million (Eraly, 2007, p. 5), which created pressure to regulate land utilization, both urban and rural.
 - Feudal systems had existed in India since before the arrival of the Mughals. Laws governing management of land through feudal systems were codified as formal law by the Mughals, with the authority to grant or seize land lying in the hands of the ruler and his officials. Ownership of land was classified systematically during this period.
 - *Taluqdar* (owners of Talukas or counties), *Zamindar* (owners of rural, agrarian stretches of land), *Jagirdar* (owners of estates), *Deshmukhs* (heads of regions) are some formal titles of landowners that are *still informally existent* in modern India, particularly in rural areas and older urban areas such as inner or old cities. Land reformation undertaken in independent India was not executed efficiently in many states and as a result, descendants of these landowners still retain their informal titles and official papers to large parcels of lands in inner cities (more details in Section 2j).
 - Ownership documents were issued by Mughal rulers to these owners through a provincial intermediary such as a *Subahdar* (Ainslie T. Embree, 1964) (Known as *Subhedar* by the British and later in Independent India) and the land was leased for life, with population within leased land directly was the responsibility of the owners. In turn, *mehsuls* (tax offerings or levies) were paid by the people to their feudal lords based on their religion, areas under cultivation and use of natural resources within the lands.
 - Other dimensions of governance were mostly controlled by ministers of the empire and local representatives appointed by the ruler. Physical infrastructure in rural and urban areas such

¹ The peak period of Mughal Empire was during the reign of Akbar (1556-1605). Urban settlements are approximated to almost 120 large cities and 3200 townships (Eraly, 2007)

as the irrigation systems, drainage, grain storage systems, fortification of settlements was also undertaken and completed by Mughals.

- There was very little influence or direct governance of rural settlements. Most of the influence was in urban areas or seats of power of the monarch or his allies.
- From a central, autonomous form of governance with little interference in private matters of life in local settlements, we see a gradual shift towards an oppressive form of governance in the later part of the Mughal Empire. The benevolence and pluralistic views of earlier rulers like Akbar and Shahajahan is not adopted by his descendants such as Aurangzeb (1658-1707). Religious rights are abolished and heavy duties are levied on Hindus and other religious minorities such as Buddhists and Jains.
- First modern European traders landed on Indian soil in 1498 (Vasco Da Gama). Estado da India (Portuguese colony in India from 1505–1961) was a set of Portuguese settlements along the western coast such as Goa, Damão (Daman), Silvassa etc.
- The two most prominent and powerful trade companies arrived in India in the eighteenth century. The British East India Company and the French East India Company (Compagnie française des Indes orientales).
- After trading in the Province of Bengal for almost a decade, their interests turned from trade to territory, leading to the Carnatic Wars of 1740s and 1750s, which established the colonial rule in India.
- The companies continued to gain more control of territories in India and established a military based governance system which was financially dependent on trading with Europe. The colonial territories were under the Governor General of Bengal and the Supreme Council of India, a provision facilitated by The Regulating Act of 1773.
- The aim of the Governor General was twofold; expansion of provincial authority and administration to facilitate trade (mostly export) in provinces under power.
- The 100 years that followed were critical since the company laid out the framework for domestic laws, mostly adapting and modifying existing laws of the Mughal system as far as land rights and use of public land are concerned.
- Many military cantonments and civil lines were established during this period by the company as '*company outposts*', with military officials under the Governor General directly being responsible for collecting taxes through levies on cultivation. They also ensured that production of goods and handicrafts, extraction of precious stones, cultivation of spices, extraction of dyes (indigo in particular) were prioritized, shifting the focus of government to solely facilitate trade.

- After a century of provincial expansion since the establishment of the East India Company, the biggest urban areas became centers of provinces of Mumbai (Bombay), Calcutta, Madras, Pune (Poona), Delhi, Lahore and Rawalpindi. These finally came under the supervision of the British Crown as a result of the Charter Act of 1858; The last change of governing body before India became independent.

From one autocratic form of government to another, laws for governance in urban and rural areas was codified and formulated in an ad-hoc manner, with priorities shifting with regimes. Each new ruler built upon the work of the previous one, sometimes retaining most laws while in some cases introducing drastic changes. The vast body of legal and knowledge of governance that had been developed, particularly during the colonial time was not abandoned by the leaders of India after independence, but scrutinized and selectively retained in shaping the constitution of independent India (Eg. Hindu Code Bills of 1950s and Land Acquisition Acts of 1894).

b. Colonial India (Up to 1947): Governance under the British regime.

- Governance under the British East India Company gave way to direct sovereignty of the Indian empire through the **Government of India Act of 1858**. By 1861, there were thirteen provinces under the British Raj, each with their own legislative councils and a representative institution and a Lieutenant Governor presiding over the administrative matters of each province. A brief idea about the system of governance follows:

(Courtenay, 1907)

- The executive system prior to 1861, which was highly autocratic was replaced by an electoral system in 1861, with minimal rights of voting given to some members of the Indian society, particularly the rich Indian landlords and businessmen (Jamindars, Taluqdars etc.).
- The Lieutenant Governors (head of state) reported directly to the central head of the state, the Viceroy of India, who was an appointed representative of the British monarch and advised by a council also appointed by the British monarch based on advice of the bureaucracy in Britain.
- The provinces which included the largest centers of trade and manufacturing (Bombay and Madras) also had extraordinary advisory members to the Lieutenant Governor, appointed by the monarch.
- Nine Departments at the Central (Federal) level handled the executive affairs of the state – Finance, Foreign, Home, Legislative, Revenue and Agriculture, Public Works, Commerce and Industry, Army, and Military Supply.

- There were also some departments which were not under the direct control of the British government, but administered autonomously under the Viceroy. These included Post, Railways, Telegraph Departments.
- Lastly, some aspects of government such as forestry, agriculture and education were devolved to the provincial level, presided over by the Lieutenant Governors.

This structure, was further revised by the **Indian Councils Act 1909** or the **Morley-Minto Reforms** which brought about improved conditions for involvement of Indians in the governance of British India. A second set of reforms, known as the **Montagu-Chelmsford Reforms** introduced the system of Dyarchy or Dual government in 1919, promoting local self-government after a series of protests as part of the Indian freedom struggle.

Some important reforms introduced by the act and their influence on governance in independent India is as follows:

Bicameral Legislature	Two levels of legislation were established at the central level. Council of States (Upper House) and Legislative Assembly (Lower House).	In independent India, the bicameral system of the legislative was retained and applied to the state level. At the central level; Rajya Sabha (upper house) and Lok Sabha (lower house). At the state level; Vidhaan Sabha (Legislative council) and Vidhaan Parishad (Legislative assembly)
Bureaucracy	A Union Public Service Commission (UPSC) was established. Civil Services (Formerly managed by the British government) was integrated into the UPSC to train administrators and civil servants.	The UPSC was retained as the bureaucratic hiring body after independence and the administrators are usually the facilitators of legislative and executive.
Representative electorate	Voting rights were expanded beyond landlords, to include property owners and individuals earning more than ₹3000/-.	First time people other than landlords were granted right to vote.

	Communal representation was also expanded	
Classification of governance subjects at the provincial level (Diarchy)	The subjects of governance were distributed between Indian ministers and the Lieutenant Governor (chief of Provinces). The reserved subjects were of importance to maintain power in provinces for the British and they kept control over it. Military was one such subject.	A similar relationship still exists between the state and center. The center has authority of making legislations pertaining to critical subjects of national importance even at the state level.
Revenue and Taxes (For urban governance)	Some provinces were granted right to collect and use revenue autonomously. Provinces such as Bombay and Madras were entitled to 25% of the revenue collected within the provinces.	Unfortunately, this system of centralized governance and fiscal management was also adopted by India after independence. The limited autonomy often resulted in uneven utilization of fiscal resources for urban management.

- It is during this period (1860-1900) that evidence of literature on specific issues of urban governance in India begins to emerge (Spodek, 2013). Most available research prior to this time focuses on rural settlements the enquiries into understanding the Indian social system by the British.

In urban areas, there was a significant extent of segregation, with the British typically living in well maintained fortified areas – new urban developments by the British surrounding the administrative center. These areas still exist, most notable being the Fort Area, a business precinct in modern Mumbai and Lutyens Delhi in central or Old Delhi. However, even within areas such as Fort, there were a vast number of Indian residents and businessman with formal and informal establishments. Spodek notes that though Indians outnumbered the British in these areas, there was still a very strong segregation that was maintained by the British(Spodek, 2013, p. 54). Some survey statistics have also been provided.

- The first act enacted by the British pertaining to urban areas was the **Improvement in Towns Act of 1858**, which lead to the creation of the **Municipal Commission of**

Ahmedabad, what could be called as the first *modern* urban local body (outside presidency cities such as Bombay and Madras) in British India. Other municipal commissions and councils also started to emerge during this time. According to Tinker, there was a rapid municipalization of the country after 1858 with over 200 municipalities established in India by 1870(Tinker, 1954).

- Municipal councils oversaw provision of utility services such as water supply, sewerage, drainage, primary education, roads and streets, parks and play grounds, etc. at the local level. **Land use and building byelaws** were also under the purview of the Municipal Councils.
- There was very little autonomy and discretion that could be exercised by these councils. They were operated by bureaucrats and depended financially on the provincial and central treasuries.
- The segregated nature of settlements often led to urban areas where Indians lived becoming dilapidated whereas those areas where the British lived were usually maintained and supervised.

It is interesting to note that present day market values of real estate² in areas where British settlements were established is high, owing to the well laid utility lines, proximity to green areas and usually a proximity to a water body. Notable amongst these being Camp area in Pune, The Malabar Hills and Fort area in Mumbai, Civil lines and Bungalow Road in Delhi and Camac Street, Park Street and Wood Street in central Kolkata.

- Years of dilapidation and poor sanitary conditions led to the outbreak of diseases like plague and cholera in the dense urban areas. One of the world's worst plague epidemics hit Bombay in 1896. To counter these, there were certain reactionary provisions that the British implemented in the first half of the twentieth century.
- First was the establishment of the first **Improvement Trusts**. An improvement trust is a body created to specifically improve living conditions in dense urban areas.
- Their primary role was to acquire land through the mechanisms of eminent domain set up through the **Land Acquisition Act of 1894** to buy private land for public use, demolish large areas that had transformed into slums and improve conditions in cities and towns in India.

² Based on reports on property value and real estate market research studies by firms such as Knight&Frank, <http://www.knightfrank.co.in/research/india-real-estate-july-december-2017-5176.aspx?search-id=&report-id=659&rank=7>

- Many of these trusts are still in existence; the acts and the institution itself is an example of institutions grandfathered into urban areas of independent India.

As the struggle for Indian independence grew, the government was forced to concede more and more power to the Indians until finally, after the end of the World War 2, the British decided to grant Independence to India and set up a provincial government at the center to ensure the transition. India gained independence in 1947.

c. *India after Independence: Constitutional structure of the government.*

- After India gained independence, a formal constitution was drafted over the next three years which was written by a drafting committee with advisory input from leaders of independent India. Substantial portions of the Indian constitution were modelled on the structure of government in Britain and the United States.
- The constitution defined three bodies of the government based on the idea of the separation of powers; the **Legislative** or the law-making body, **Executive** or the administrative body and **Judiciary** or the operational arm in charge of codifying customs, precedents, and legislation as the law of the land. The judiciary, being based on **British common law**, is indirectly dependent upon the legislative, which is the law-making body of the country.
- Three tiers of government were proposed, retaining the essence of the existing structure of the pre-independence government and the legislature and judiciary were expanded across these three levels. These are the **Central Government**, **State Government**, and **Local Government**.
- The ministerial system of the British government was also adopted in the Indian constitutions, with ministers granted legislative and financial powers. The executive support to the ministry system is given through the Indian Civil Services, which is an inseparable part of the executive of the country and the administrative bureaucracy.
- There is one elected and one appointment head of the government at the central, state and local level. The **President and Prime Ministers** at the central level; **Governors and Chief Ministers** at the State level; and the Commissioner (Divisional or District) and Mayor (for urban areas) at the local level.
- In terms of the financial setup, lower levels of government are dependent to certain extent on higher levels. There is limited financial autonomy delegated to the state and even less autonomy at the local level; though this scenario has been changing since the last 20-30 years.

More on the constitutional elements of the government and the institutional actors in urban governance in Section 2.

d. Growing relevance of local urban governance and important events.

- The growing relevance of local urban governance can be attributed to the series of events leading up to the independence of India:

1883 - The ineffectiveness of central mechanisms of governance which was first addressed under Viceroy Lord Rippon, who passed a resolution to establish local self-governance in India in 1882-1883. This resolution is often called the ‘Magna carta’ of local urban governance in India. The **Ripon Resolution** removed bureaucratic control in local bodies and appointed several non-official members to guide local self-governance in India. He is called the father of local self-governance in India.

1888-1905 - Ripon’s attempts to improve urban local governance were quickly undone by his successor Lord Curzon, under whose reign centralization reached new heights.

1905 - The **Primrose Commission on Decentralization** was set up as a result of opposition to Curzon’s regime of centralization. This commission first set up a systematic administrative hierarchy based on a study of settlement patterns in the country. **Districts and Talukas (or Tehsils) were first defined by this commission.** These are still part of the administrative divisions of the country.

1919 - The Montagu-Chelmsford reforms of 1919 (discussed in 1b) introduced representative voting and elections in local urban governance in India.

1935 – The Government of India Act of 1935 is a major setback for local governance in India, though provincial autonomy is established. The deadlock is a consequence of mass resignations and dissolving of provincial legislative councils in protest against the participation of India Second World War.

3. Constitutional Provisions, Rules, and Regulations

a. 1919-1935: 16 years of local governance.

- Local governance in India before independence was at its peak during the period between the **Government of India Act 1919** and **Government of India Act 1935**.
- Due to the dissolving of provincial legislative bodies and a political gridlock at the state level, not much was achieved between 1919 and 1935 (see 1d for a timeline). After 1947, post-independence Statism in India led to a complete collapse of urban local governance.

- It was not until 1991-1992 that urban governance at the local level was emphasized and provisions, rules and regulations came into existence to facilitate autonomy of local bodies and devolution of powers.
- Even after the reforms in 1919, the local government was still driven by policies of the colonial rule that emphasized the “security and salubrity of the ruling class by establishing an elaborate system of political control of **all urban institutions**”(Datta, 1999, p. 88; Oldenburg, 1976).

I have tried to improvise Datta’s interpretation of Oldenburg’s understanding of pre-colonial and post-colonial institutions, expanding it from the original tabulation limited to Delhi to include other settlements and newer institutions. This helps in understanding how institutions that were most active between the periods of 1919 to 1935 underwent a change in their role after India gained independence in 1947 and why this period of local governance shaped modern Indian provisions, rules and regulations. The original table can be found in India and the Challenge of Urban Governance, a collection of essays edited by O.P Mathur(Datta, 1999, p. 91).

In the table, the idea of ‘subjects’ is what has changed from pre-colonial to post-colonial times, referring broadly to the ruling class in the pre-colonial time and the general population during post-colonial time.

The table can be understood in a much better manner after a review of this section, where the different institutions and their specifics will be covered.

Colonial Public Institutions	Institutional objectives for Security of the 'subjects'		Institutional objectives for Salubrity or Health of the 'subjects'		Institutional objectives for Control over the 'subjects'	
	Colonial	Post-Colonial	Colonial	Post-Colonial	Colonial	Post-Colonial
Cantonments (More specifically, active cantonments still functional under the auspices of the central government managed Indian Army or any other branch of the Defense forces.)	To provide security to the ruling elite in the adjoining settlement.	To assist civil power when requested, such as controlling riots, situations of national emergency etc.	To ensure the special health needs of the Indian troops employed by the British and to keep them away from the civilian population	To build capacity of the Indian army through technical and vocational training and ensuring the role of	To create a primary authority for the civil area, which can be controlled indirectly through use of disciplinary force.	The authoritarian nature has subdued. Attempts are being made to 'municipalize' the institutions to integrate them with areas under the governance of urban local bodies.
Municipal Corporations (first tier of urban local institutions, which were previously councils and committees and only separated in 1992.)	To assist with needs of municipal governance as prescribed under the legislative provisions at the central and state level.	Large urban areas (not all) that have municipal corporations have been delegated the duty to secure their own subjects by maintaining a local police force (Ex. Mumbai police vs Maharashtra police)	To ensure levying and collection of taxes in return of provision of basic civic services. The collected revenue was transferred to state, only certain large areas such as Bombay and Madras being allowed to retain up to 25% of the collected revenue for autonomous utilization. Health services were provided locally, with minimum coverage in smaller areas.	Most of the larger municipal corporations now have a high discretion over policies overseeing health services at the city level. Privatization of the health sector (post 1992) has also helped their objective.	Elected body of representatives who nominally represented the voice of the larger population (post 1919), with control exclusively exercised by the Deputy Commissioner or district officer who reported directly to the central government.	Elected representatives at the lowest ward level engage in decision making for larger cities. The scope of municipal corporations as far as control over the people has greatly expanded since 1992.
Municipal Councils/Committees (second tier of urban local institutions present in towns or small cities or older areas of large cities)		Being continued as they are; the role in providing security has remained the same. The police or security is usually provided by the state.	Similar to the corporations, however, there are some restrictions on privatization though territory wide services are usually under the council's domain.			At the council or committee level, there is still some oversight of the state; primarily because of the lack of devolution of duties as prescribed in the 73 rd and 74 th amendments.
Improvement Trusts (established in selective urban areas with high density, which proposed to have required improvement in the early twentieth century)	No defined objective pertaining to security; however indirectly important to avoid casualties due to dilapidated conditions in the urban environment	Being continued as institutions, with diminished scope and availability of funds to carry out previously designated objectives. However, these trusts are still in charge of some selective domains of public infrastructure in old cities.	Decongest the old city and improve health conditions; reactionary establishment due to outbreak of plague (Mumbai), destruction during riots (Amritsar) and other unforeseen incidents.	Replaced in cities such as Delhi, where the Development Authority has taken over these functions along with advisories such as DUAC; Still exist in cities like Amritsar where their role is slowly being reduced to a nominal municipal agency.	Under the central government: public land ownership to strengthen planning regulations and exclusive land use in the capital enclave	Being continued in places where the power to acquire land still exist in the hands of the improvement trusts.

b. Constitution of the Republic of India: An overview.

"The Constitution of India is a living document, an instrument which makes the government system work. Its flexibility lies in its amendments." -Preface of the Constitution of India

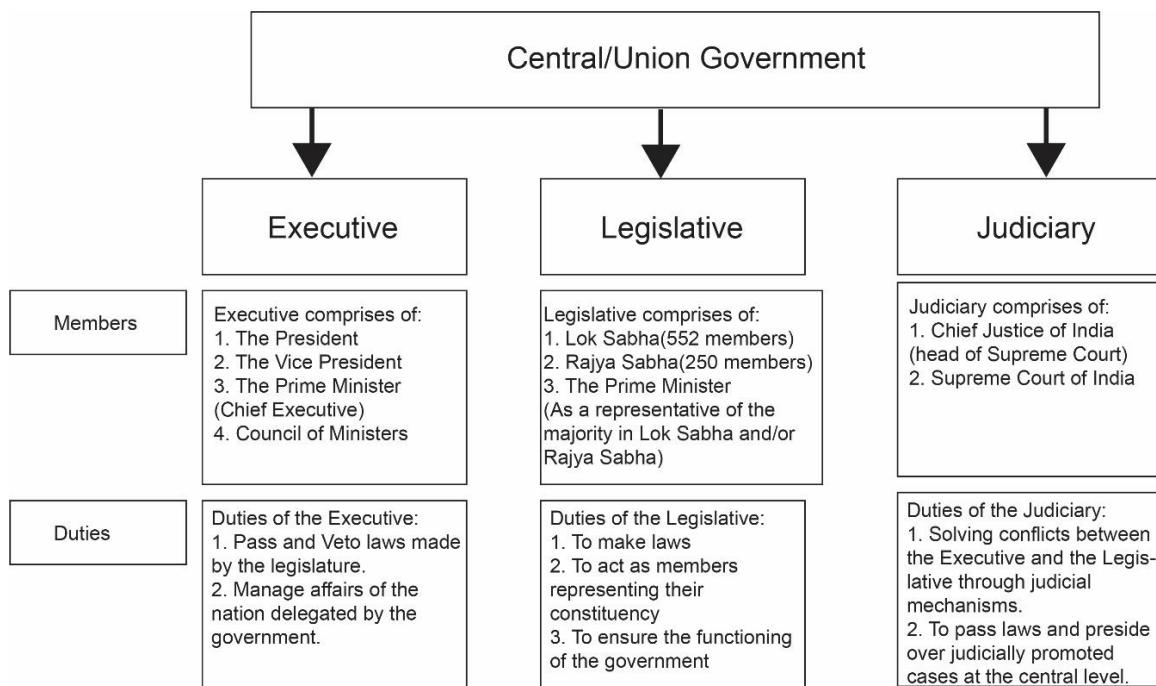
- The Constitution of India was established with the help of the Constituent Assembly, a body of leaders elected by provincial representatives across the country. Thus, it is an indirectly represented voice of the country.
- The Constitution is divided into 22 Parts (Further divided into Articles) and 12 Schedules, with the latter categorizing and tabulating issues of public policy and bureaucratic activities of the government.

For this research, an overview of the following parts and schedules is necessary:

1. Part IV (Articles 36-51) – Directive Principles of State Policy (covered in 2c.)

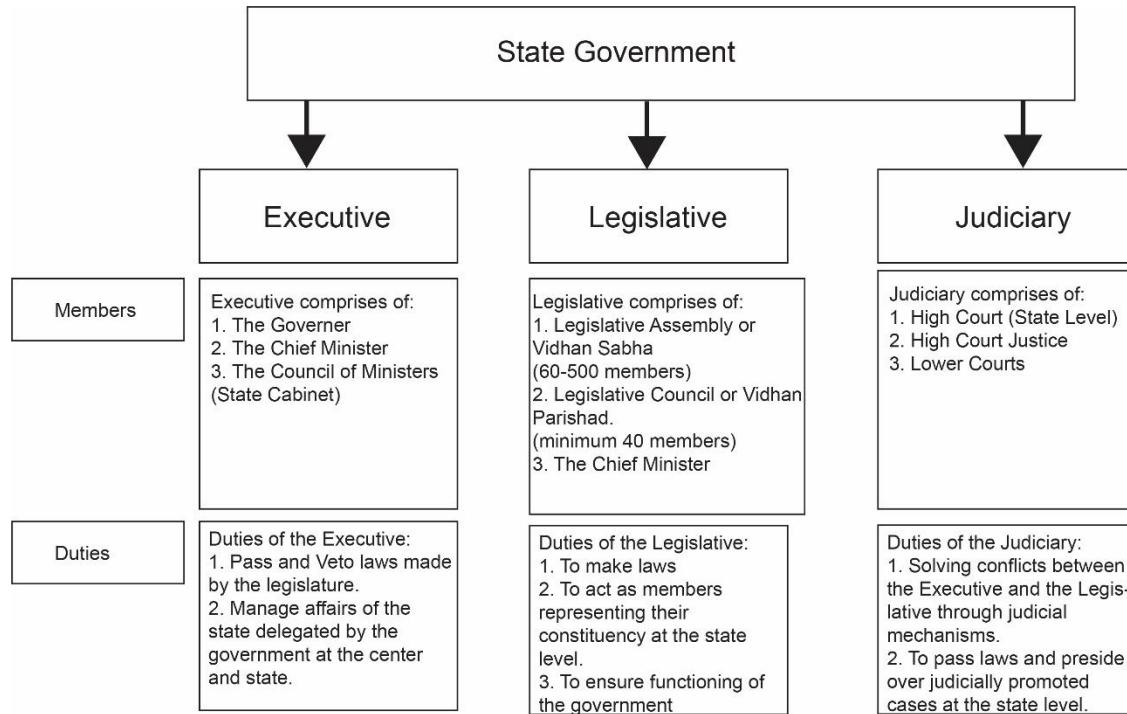
2. Part V (52-151) – The Union

This part lays out the administrative structure of the government at the central level. In summary, it creates the groundwork for the union to function under the bodies of the **Legislative, Executive and Judiciary**. India being a Parliamentary democracy, has a **President** as the head of the country (State) and a **Prime Minister**, who is the Chief Executive of the Executive and a member of the Lok Sabha or Rajya Sabha. He is affiliated with the majority party of the country. The structure and function of each branch is as follows:



3. Part VI (152-237) – The State

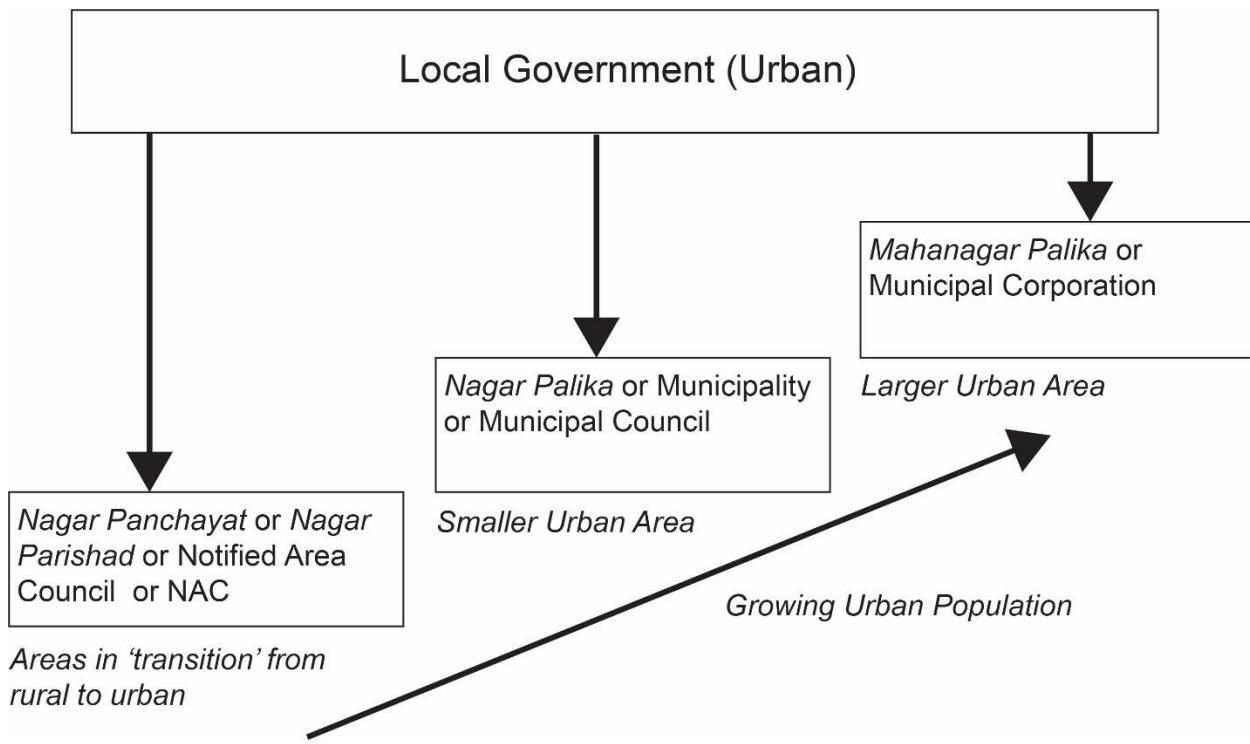
Like the Central or Union government, the State Government is also divided into the Executive, Legislative and Judiciary. The structure and function of each branch is as follows:



4. **Part IXA – The Municipalities;** This part of the Constitution was added through the 74th Amendment to the Constitution passed in 1992. In **section 2f**, I have developed a comparative analysis of the 73rd and 74th amendments passed in post-liberalized India. A brief idea and a summary chart has been drawn here.

- After Part IXA was added as an amendment to the constitution of India, the towns and cities that were notified and under the categories of municipalities were classified as **Statutory Towns**. These towns, irrespective of their demographic composition or geographical extent, are considered as urban areas for all data collection purposes by the **Census of India**. One important point to note here is that often, declaration and notification of an area as a Statutory Town is a politically motivated process, with the ultimate decision lying in the hand of the Governor of the state (Executive).

The various local urban bodies are defined in Part IXA of the constitution (Part IX is for rural areas); the three types of urban local bodies according to Article 243Q are summarized in the following chart:



The growing urban population indicator has a special reference in Article 243Q(2), which states:

In this article, "a transitional area", "a smaller urban area" or "a larger urban area" means such area as the Governor may, having regard to the population of the area, the density of the population therein, the revenue generated for local administration, the percentage of employment in non-agricultural activities, the economic importance or such other factors as he may deem fit, specify by public notification for the purposes of this Part.

Some other important components of this Part are tabulated below³:

Article	Scope	Important Points
243R	Composition of the Municipal body	The municipal body is composed of local elected representatives from wards or wards committees, which are the lowest hierarchy of representation in urban areas. Members of higher houses, elected at the state level may also serve on the body.

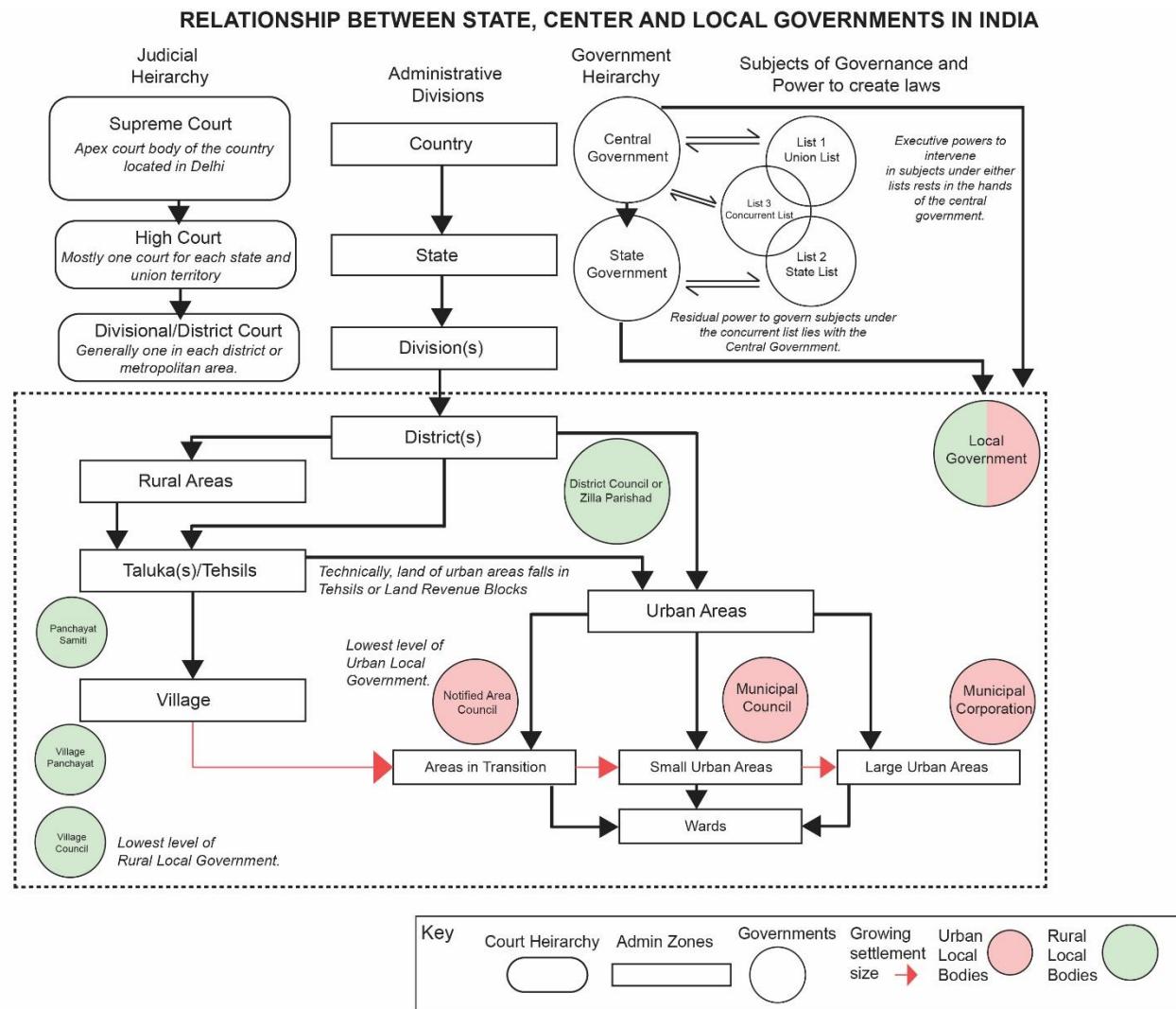
³ The document can be accessed at: <https://www.mea.gov.in/Images/pdf1/Part9.pdf>

243S	Constitution and composition of Wards Committees	Wards are established beyond the threshold population of 3 lakhs (300,000).
243W	Powers, authority and responsibilities of Municipalities	i. the preparation of plans for economic development and social justice; ii. the performance of functions and the implementation of schemes as may be entrusted to them including those in relation to the matters listed in the Twelfth Schedule .
243X	Power to impose taxes by, and Funds of, the Municipalities	No power to create legislature pertaining to imposing taxes or collecting funds; the state has autonomy over creating laws. The municipalities, however, have power to levy, collect and appropriate taxes such as duties, tolls, and fees in accordance with procedure and subject to limits formulated by the State. The collected taxes may also be appropriated to the state through appropriate legislature.
234ZD	Committee for district planning	These are 'proposed' committees at the state level which may or may not be created at the discretion of the state legislature; if they are, the provisions for representation of urban areas is specified in this section.
243ZE	Committee for Metropolitan planning	

5. Part XI – Articles on Relations between Union and State.

- In determining the economic impact of any activity, the first important step would be to determine the scope of the economic activity within the country (National, State, Local etc.). Different economic and social activities are classified at different levels in the country.
- Part XI lays out the hierarchy of administration, revenue collection and local governance and relates the three levels of state, so to speak indirectly.
- It also creates the mechanism through which one can determine the scope of the subject and the level at which it is addressed simply by creating three lists. These lists comprise the **Seventh Schedule** of the Constitution (Article 246 of the Constitution of India).
- Part XI links the center to the state and in doing so, also formulates some links between the center and the local level (the state and local levels are connected in various parts throughout the constitution.)

Administratively, the links between institutions between center, state and local bodies is as follows (Adopted and improvised from multiple sources; limited to parts of the constitution discussed above);



Some important points; Firstly, this is not the complete picture of the relationship, but it points out to the hierarchy and linkages between distinct parts of the government and is meant to define a typology of institutional actors. We see the difference between rural and urban local bodies and the institutional change a typical village is most likely to undergo as it grows. Secondly, the apex nature of the central government and its direct and indirect influence across all three branches of the government is quite apparent. Lastly, the court hierarchy breaks down

based on jurisdictions and nature of issues (civil, criminal, commercial etc.) below the divisional level and that has not been shown here.

Before moving on to the directive principles of state policy, I have tabulated broadly the various subjects under each of the three lists in the constitution, keeping in mind the scope of the research. This should act as a guide in determining what type of economic activity falls under the purview of the respective levels of the government. The complete list is provided in **Seventh Schedule** of the Constitution.

Seventh Schedule⁴:

Union List	State List	Concurrent List
Military and Defense	Public Order	Criminal law and procedure
Foreign Affairs	Public Health	Marriage and divorce
Citizenship	Transportation	Education
National Economic Affairs	Agriculture and Irrigation	Civil Procedure
Post and Telegraph (Communication infrastructure)	Prison systems and correctional facilities	Trade Unions
Railways and other National Infrastructure	State Infrastructure for utilities	Economic and Social Planning (Including Land Use Planning)
Constitution and Supreme Court	Village administration	Social security/Insurance
Energy	State and local police forces	Press
	Land Reform	

The subjects in bold typeface are of particular relevance in an urban context.

- c. *Directive Principles of State Policy (Articles 36-51. Part IV of Constitution of India).*
- Often abbreviated to DPSP, these principles are guidelines or principles given to the federal institutes governing the state of India, to be kept in citation while framing laws and policies.

⁴ The Seventh Schedule can be found at: <https://www.mea.gov.in/Images/pdf1/S7.pdf>

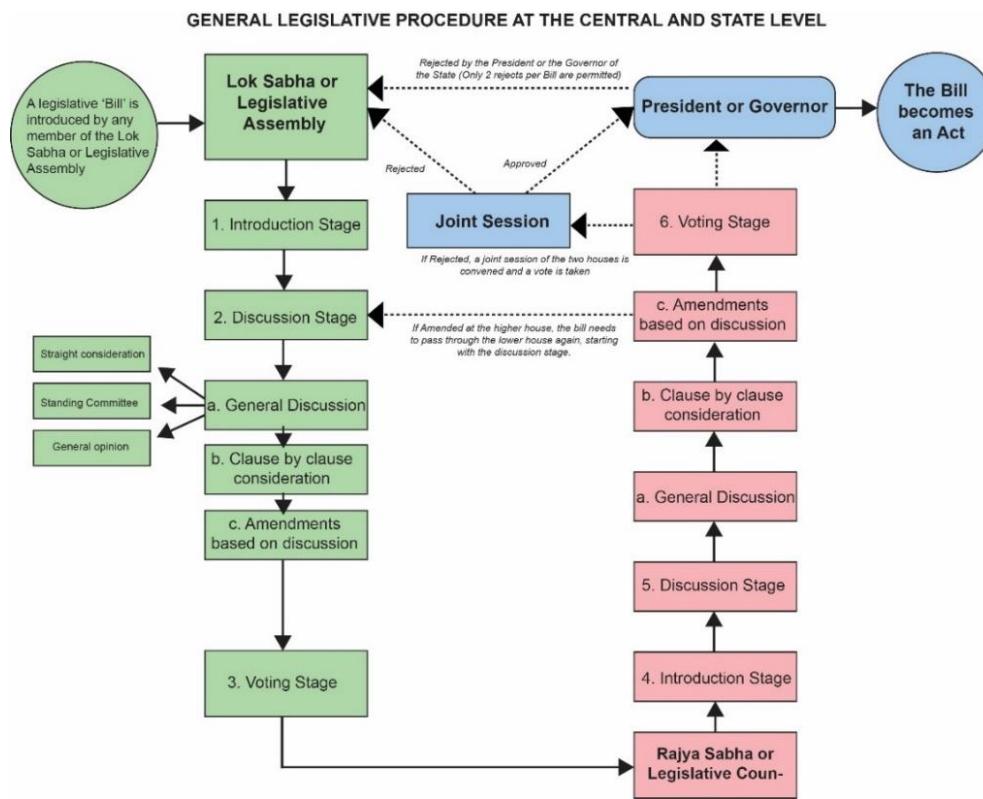
- They are not enforceable through any law. It is the State's duty to ensure that these principles are applied in making laws, primarily because they are fundamental for governance in the country. A brief tabulation of relevant DPSPs follows:

Article Number and Annotation	Summary of the DPSP
38. State to secure the social order for the promotion of welfare of the people	Maintain and promote social order; promote creation of a just, equal society; minimize inequalities across status, facilities and opportunities
39. Specific policy directives for the State	<p>a. Right to adequate means of livelihood.</p> <p>b. Ownership and control of the material resources of the community for the common good.</p> <p>c. Economic system should not lead to concentration of wealth.</p> <p>d. Equal pay for work for both men and women.</p> <p>e. Health of individuals, especially children is taken care of</p> <p>f. Opportunities of development for children.</p>
40. Equal justice and free legal aid	Secure the legal system to provide free legal aid and build policies promoting economic and social equity.
41. Organization of Village Panchayats	The State shall take steps to organize village panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self-government.
43. Living wage, etc., for workers.	The State shall endeavor to secure, by suitable legislation or economic organization or in any other way, to all workers, agricultural, industrial or otherwise, work, a living wage and decent standard of life.
48A. Protection and improvement of environment and safeguarding of forests and wild life.	The State shall endeavor to protect and improve the environment and to safeguard the forests and wild life of the country.
50. Separation of judiciary from executive	The State shall take steps to separate the judiciary from the executive in the public services of the State.

- These directive principles are important from the point of view of the research because any policy created at the central or state level can be benchmarked against these principles. It is the bare minimum any legislature passed in the country should do to be beneficial, as per the constitution of the country.
- *Though unenforceable, the DPSPs form a sort of parameter to analyze the effectiveness of the government. This helps during election to determine the government that would be in the best interests of the country*⁵.
- Due to this, the present government is always kept on its toes delivering what it has promised to the people. While many objectives of the DPSPs such as free legal aid and free education have been achieved to a major extent, other objectives have a long way to go yet due to numerous factors that are outside the control of the government.

A Note on passing of legislature; Mechanism for making a law in India

The system of passing a law in India is very similar at the central and state level. The following illustration shows the general procedure and the different stages of executive intervention.



⁵ Last two points retrieved from <https://leggerhythms.org/enforceability-of-directive-principles-of-state-policy/>

d. Planning commission and the Five-Year Plans: Post-independence Statism.

- In terms of financial, economic, social and physical planning, the stance of the government after independence was to adopt a system of central planning, with **Five-Year Plans (FYP)** (similar to those in communist Soviet Union and China) acting as roadmaps for various facets of economic and social development.
- The system of centralized economic planning lasted (or to some extent is still existent) from the period of 1951 to 2015. The apex body who developed these plans was the **Planning Commission**, first set up in 1950 under the chairmanship of the first Prime Minister of independent India, Jawaharlal Nehru. Since 1950, twelve FYPs were implemented, each focusing on specific goals and taking into consideration the condition of the economy at the time of formulation.
- The Planning Commission was an extra-constitutional, non-statutory, advisory body. Its structure, function and operational mechanisms was subject to a lot of criticism, and was often deemed as the 'fifth wheel of the government' due to its influence on the apex bodies of the government set up through constitutional provisions.

• What was the aim of the plans?

"Each plan was supposed to spell out the exact amount of the investments to be made by the public and private sectors and how that investment would be allocated across sectors. It also included a list of targets to be achieved by various industries for the next five years, with macroeconomic models guiding the policy and controls introduced by the Planning Commission"(Manish, 2011, p. 202) .

- Legislations that would allow implementation of policy guidelines and help achieve targets set out in the FYP were to be passed during the course of the plans. The planning commission included political and non-political members (as advisories).
- Within two years after the Planning Commission was established, the difficulties of making policies for planning at a national level became apparent.
- To be successfully achieved in a time frame, the Planning commissions guidelines needed to be translated into laws, regulations, and policies at the state level. Many of the **subjects** on which the Planning Commission issued directives were under the **purview of the states** (In List 2 or the State List of the constitution). Further, the Planning Commission was **indirectly influencing other apex bodies** such as **Central Finance Commission**,

Reserve Bank of India by issuing directives on fiscal and monetary policies respectively, which needed to be followed if national growth

- had to be achieved as per these plans.
- There were many more criticisms to the functioning of the Planning Commission, even some by the members of the body itself.⁶ Most important was a lack of framework to facilitate center-state relations.
- To overcome the lack of a mechanism at the state level to implement the policy directives of the Planning Commission, a secondary apex body, known as the **National Development Council (NDC)**, was set up in 1952. This body too, was headed by the Prime Minister and had the following explicit objectives, retained to this day.
 1. Secure cooperation of the states in the execution of the plan
 2. Strengthen and mobilize the effort and resources of the nation in support of the Plan
 3. Promote common economic policies in all vital spheres and
 4. Ensure the balanced and rapid development of all parts of the country.
- The NDC has continued to work with the State governments, seeking their cooperation in implementation of central policy directives, while providing them advice on problems of inter-state and inter-regional disparities in levels of income and economic growth.
- On the recommendation of the NDC and members of the Planning Commission, a second tier of plans and planning commissions were set up in 1962. These **State Planning Commissions** were set up by 1962 and were further expanded under the **Third Five Year Plan (1961-1966)**. The resulting organizational hierarchy, which continued to be expanded and disaggregated through the **Fourth (1969-1974) and Fifth Five Year Plan (1974-1978)**, is the current functional hierarchy of the Indian Government.
- **Annual State Plans** were created and implemented by the State Planning Commissions, which provided region specific directives to **District Planning Departments or District Commissions** which worked under the direct supervision of the Chief Minister of the respective state. The review and appraisal of the process has been undertaken by V. Bhaskara Rao (V. B. Rao, 1986). After studying the research and secondary sources⁷, I

⁶ These include members such as Prime Minister Jawaharlal Nehru and vice-chairman D.R Gadgil. Gadgil first pointed out the lack of mechanism at the state level to achieve the objectives of the Planning Commission. For more, see (Venkateswaran, 1967, pp. 114–117)

⁷ Induction materials, organizational structures and a detailed breakdown of the functioning of planning commission at the center and state level can be found at
<http://planningcommission.gov.in/aboutus/history/induction.pdf>

have developed the following illustration which explains the functioning, organizational structure and how different aspects of development are handled by advisory bodies .

CENTRAL PLANNING AND CENTER-STATE RELATIONS IN INDIA (1950-2015)

Theoretical Process (Rao, 1986)

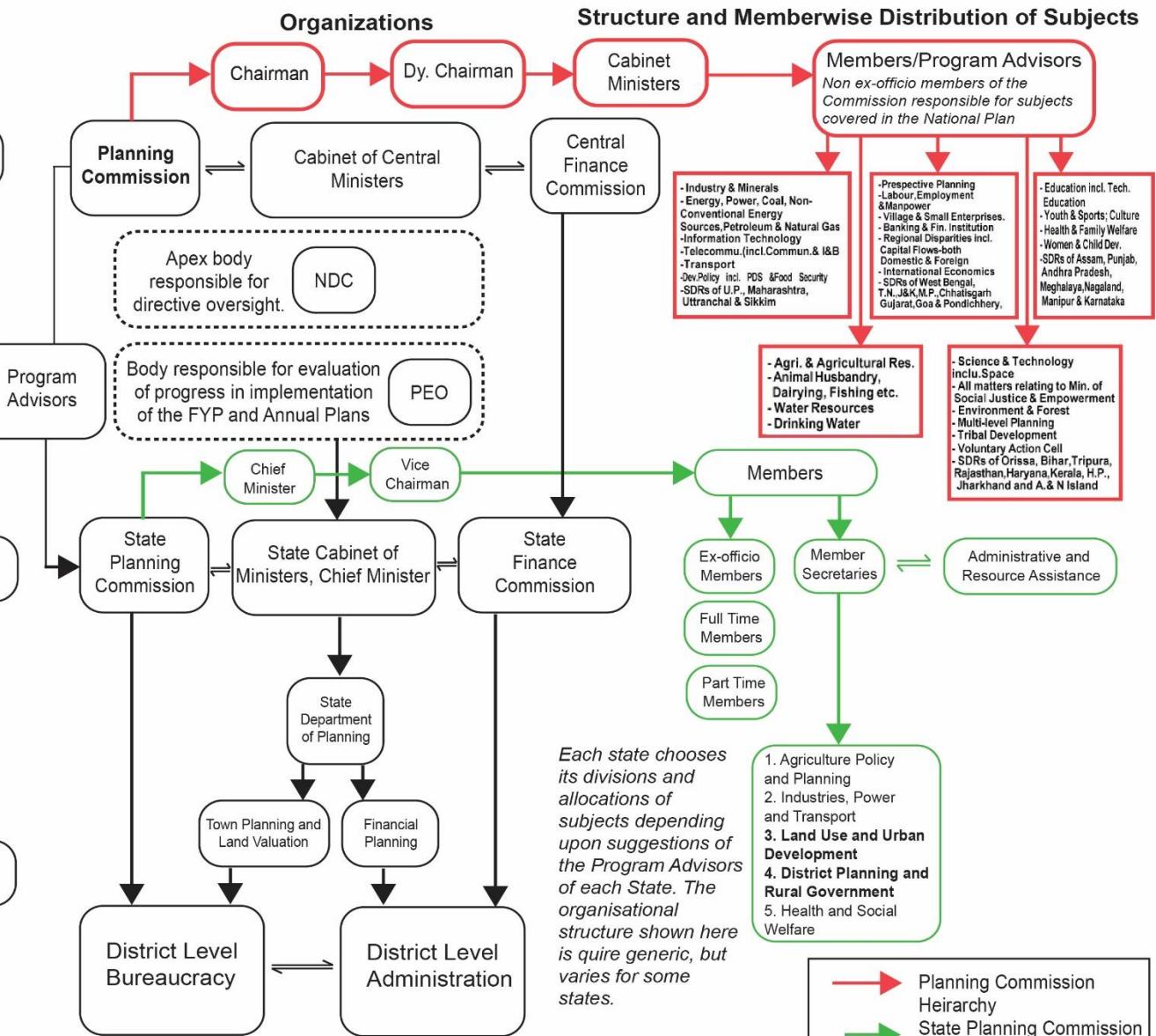
Note numbers for the order in which the planning process is executed.

Central Level

1. Five Year Plan is formulated, amended and adjusted to the national plan.

2. The NDC, issues each state specific guidelines which are directives in implementation of Annual Plans.

5. Program Advisors with specific knowledge of economy and planning of states review the Annual Plans and coordinate their objectives with the FYP.



3. Annual Plan is formulated, keeping in mind the sector wise allocations in the FYP and the assistance available to the specific state.

4. The Annual Plans are approved by Council of State Ministers and the Chief Ministers.

District Level

6. Districts are issued directives to cooperate in implementation of plans by undertaken prescribed guidelines in the Annual State Plan

- We can see that the theoretical process, as explained by Rao is executed in a somewhat partially hierarchical manner. Before step 5, steps 3 and 4 allowed each state to inflate their allocations in Annual Plans and submit the proposal to the center. This often led to misguided policies and allocations, leading to under or overutilization of resources across different states, in turn leading to disparities and uneven development across the country.
- Another crucial factor for consideration here is that these commissions are (were) all advisory bodies, with none of them having the mechanisms nor the power to implement the plan. The implementation can be evaluated by organizations such as the Planning Evaluation Organization (PEO), but the overall role of all the bodies is advisory in nature.
- The ex-officio members of these commissions are often active members of the central and state cabinet. These members perform advisory and implementation roles in various parts of the government and are usually considered important individuals who link the advisory structure with the legislative one.
- The link between the planning and finance commissions is also critical because the Central Finance Commission recommends outlays for the State Finance Commissions, while both commissions respectively working in coordination with the respective cabinets and planning commissions. Since the state is almost entirely dependent on the center financially, the Annual State Plans are (were) more of a 'best case' proposal, with each state trying to get the most financial resources for their development.
- Regional and sub-regional loyalties and political affiliations also contributed to a considerable extent to uneven developments across states, due to the financial dependency of the state on the center.
- Over the course of fifty years, these problems of the central planning system became quite apparent. The first attempt at decentralization of the planning process was initiated in 1992, when an economic and financial overhaul of the country was proposed, focusing on liberalization of the economy through privatization.
- During the years of central planning, the role of the local governments continued to diminish until the 1992 overhaul (more in the next section). It was after the overhaul and attempts of decentralization that urban development and governance was established as a priority by the center, state and local governments.

- The highlights of each FYP, the target and actual growths achieved and the outlays for each year have been summarized by the Government of India⁸. Other relevant details and samples of national⁹ and state¹⁰ outlays can also be found in public databases. I have not dwelled into the specifics of each plan, which are not relevant to the scope of this research.
- In 2015, the Planning Commission was officially dissolved and replaced by a new advisory committee by the newly elected Prime Minister of India, Mr. Narendra Modi. The new advisory committee is called **National Institute for Transformation of India (NITI, also meaning ‘guiding in right direction’)**.

The salient features of the NITI Aayog and the differences with its predecessor, The Planning Commission have been documented below:

NITI Aayog	Planning Commission
A combination of an advisory and a think tank, with no power to allocate funds at any level. The power has been transferred to the Finance Ministry at the central level.	Enjoyed powers to allocate funds to ministries and states through the help of the finance commission.
Fewer full time members.	Full time members handled key roles in the commission.
Chief bureaucrat of NITI Aayog is the CEO. Appointed by the PM.	Chief Bureaucrat of the Planning Commission was the Chief Member Secretary, appointed through a bureaucratic channel.
Responsible to benchmark implementation of programs and policies developed by ministries, especially the economic strategy for urban development and interstate infrastructure.	No benchmarking duties performed by the Planning Commission. Evaluation of plans undertaken by PEO.

⁸Summary of 5 year plans:

http://mospi.nic.in/sites/default/files/Statistical_year_book_india_chapters/Five%20Year%20Plan%20write_up_0.pdf

⁹Database of statistics from archived Planning Commission website:

<http://planningcommission.gov.in/data/datatable/index.php?data=datatab>

Macroeconomic indicators of Indian economy:

http://planningcommission.gov.in/data/datatable/data_2312/DatabookDec2014%201.pdf

¹⁰State Plans and outlays:

http://planningcommission.gov.in/plans/stateplan/index.php?state=b_outbody.htm

While the exact mechanism of the NITI Aayog has still not been made public, some key details about the structure of the body and the functioning taken from the cabinet resolution¹¹ that helped create the NITI Aayog are as follows:

Chairperson	Prime Minister
Governing Council	Chief Ministers of States and Lt. Governors of Union Territories
Regional Councils	Formed on need basis, comprising the members written above
Part time members	Maximum 2, rotational from relevant institutions
Ex Officio members	Maximum 4 from council of ministers, nominated by Prime Minister Special invitees
Roles and functions of the institute	<ul style="list-style-type: none"> • Fostering Cooperative Federalism, active involvement of states • Formulating of plans at village-level aggregation at higher levels • Feedbacks for innovative improvements, partnerships with private think-tanks, resolution of inter-sectoral and inter-departmental issues in the central ministries and advisory bodies and assistance through state of art resources.

e. *Town and Country Planning in Independent India: Regional Town Planning Acts.*

- **Statutory vs Advisory:** One of the significant differences in **Economic Planning** and **Town and Country Planning (or Land Use Planning)** in India is that economic and financial planning is under the purview of **advisory apex bodies** such as the Planning Commission and now the NITI Aayog, whereas land use planning is under the purview of

¹¹ The cabinet resolution can be accessed at: http://niti.gov.in/writereaddata/files/cabinet-resolution_EN.pdf

both **advisory and statutory apex bodies**. This has proved both beneficial as well as detrimental to urban development in India.

- The benefit is that in cases where the statutory bodies have worked in collaboration with advisory bodies, there has been a significant improvement in land use management, particularly at the urban level and regional level.
- The downside is that there is no mechanism by which an advisory body can force statutory body to follow their policy directives. The statutory bodies can completely disregard the suggestions of the advisory bodies.
- **Center or State?** If we refer to the constitution of India, only note mentioning any directive on town and country planning, particularly physical planning is that – “*Planning should focus on judicial use of land.*” **Articles** that define roles of institutions in planning, both economic and land use appear in the **Seventh Schedule**:

1. **Entry 5 of the List II** (the State List): **Local government**, that is to say, the constitution and powers of municipal corporations, improvement trusts, districts boards, mining settlement authorities and other local authorities for the purpose of local self-government or village administration
2. **Entry 18 of the List II** (the State List) **Land**, that is to say, rights in or over land, land tenures including the relation of landlord and tenant, and the collection of rents; transfer and alienation of agricultural land; land improvement and agricultural loans; colonization.
3. **Entry 20 of the List III** (Concurrent List): **Economic and social planning**.

As we can see the regulation of land and management of the local governments are both defined as functions of state, whereas Economic and Social planning is a subject in the concurrent list, which means the state and center can both make laws in this subject, with the center retaining residual powers.

- The entire concept of land use planning in India is based on the **Town and Country Planning Act of United Kingdom 1947**, with the primary directives for organizations working in this domain laid out on the principles of **Sir Patrick Geddes**.
- Distinctions in planning policies at the urban and rural level were first introduced through the 73rd and 74th Amendments in 1992. The **Twelfth Schedule**, an addition to the constitution after these amendments were passed (See next two sections for more), is where the

distinction is made apparent and the constitution mentions the subjects that **may be** transferred from the state to the local government in **Article 243W**:

1. **Entry 1:** Urban planning including town planning.
2. **Entry 2.** Regulation of land-use and construction of buildings.
3. **Entry 3.** Planning for economic and social development.

So, we can see that from subjects under both the state and concurrent list, there has been an indication through the constitution to devolve the functions of economic, social, urban and regional/rural (mentioned in the **Eleventh Schedule**) planning from the state to the local level. The only problem here is that the language of the directive says **may be**, leaving the discretion to the state. Thus, at the state level, there is no consistency in terms of organizations in charge of the various facets of planning. First, I have used some historical insight to explain the structure of land use planning in India. Then, I have highlighted some issues.

- The **Town and Country Planning Organization (TCPO)** is an apex technical advisory body on the matters pertaining to urban and regional planning strategies, research, monitoring and evaluation of central government schemes and development policies¹².
- TCPO was established to provide technical assistance to the **Model Urban and Regional Planning Law** (created in 1962, revised in 1985), which was supposed to be a benchmark for states to incorporate town and country planning acts within their own legislature. This model law was created in 1962, based on which all planning law at state level has been created. The key institutional reforms recommended in the model law are:
 1. Constitution of a **State Regional and Town Planning Board** (*advisory body*) for advising a delineation of regions for planned development.
 2. Constitution of a **State Departments of Town Planning** (*statutory body*) (names can vary), for preparation of metropolitan, regional and area plans to guide urban and rural development.
 3. Constitution of **Development Authorities** (*statutory body*) (Regional and Metropolitan) for preparation of development plans at metropolitan and regional levels.
- These recommendations were accepted by states and within the next twenty years or so, the various institutions as per the recommendation were established across the country. Their efficiency and autonomy vary enormously across the state, especially in areas where

¹² Retrieved from TCPO charter document: <http://documents.gov.in/GA/8217.pdf>

local government bodies such as Municipal Corporations were created before these institutions.

- These recommendations created a **parallel hierarchy** of bodies to the various local governments, allowing each state complete autonomy to delegate functions to the planning departments, development authorities and the local government as they see fit. The problems of this parallel system of institutions, with each having its own set of regulations affected urban development and growth of real estate markets significantly until the 1990s. Some of these problems were(are);
 1. The **multiplicity of organizations** led to further slowing down of planning and development processes, with each development at any scale requiring permissions and clearance from all these organizations at various levels. The ‘third-tier’ of local governments, especially in urban areas, has to work in close collaboration with the respective development authorities in their region (metropolitan and regional authorities may overlap) to ensure compliance with the land use code, building regulations and byelaws in case of provision of physical and social infrastructure.
 2. On the financial side, the State Commissions, which advised the government and the ministry at the state level to allocate funds, were often not able to or chose not to use information from the development authorities to improve
 3. Another problem of the multiplicity has been that it has created a type of artificial barrier for entry for private players in markets, particularly in smaller towns.
 4. **Inefficient land utilization** is another consequence of the creation of this parallel hierarchy. Firstly, the broad guidelines for planning and development of land were established by the state departments after recommendations from the advisory board of each state. These regulations were created in isolation, which is without any knowledge of the fiscal constraints faced by the local bodies who are responsible for providing infrastructure services, utilities and social infrastructure. The result of this discrepancy has often led to undervaluation and underutilization of land, or in some cases the lack of development in otherwise developable areas.
 5. **Locked land value:** Since town planning was beyond the purview of the local governments, were not able to use it as an instrument to unlock the full potential of land by engaging in zoning, land use development and development of urban infrastructure within the framework of self-financing and regulation¹³.

¹³ I have explained this point in greater detail in section 3g.

As these problems became apparent, the central government was forced to revive efficient local governance by amending the constitution in 1992. The 73rd and 74th amendments are a significant landmark in urban governance in India, which will be discussed in the next section.

f. *Revival of Local Governance in post-liberalized India (1992):*

73rd and 74th Amendments to the Constitution of India.

- These amendments were passed in 1992, applied in 1993 and as a result formally created the hierarchy of local governments at the urban and rural levels.
- The **73rd Amendment** redefines **local governance in the rural context**, with functions that may be devolved to the local level listed in the **Eleventh Schedule**.
- The **74th Amendment** redefines local governance in the **urban context**, with functions that may be devolved to the local level listed in the **Twelfth Schedule**.

The implications of these amendments were threefold;

- Firstly, the states were now constitutionally obliged to establish the hierarchy of local governments in urban and rural areas, thereby creating a uniform governance structure across the country.
- Secondly, these amendments paved the way for implementation of representative democracy at the local level, since these local governments were to be governed by local representatives who would ideally have a much better understanding of the issues at the local level.
- Lastly, it was the first attempt to resolve interjurisdictional conflict in order to improve service delivery, while allowing greater taxation powers to the urban and rural local bodies.

The reforms under the 73rd Amendment can be divided into mandatory and voluntary. It is up to each state whether to implement part or whole of the voluntary reforms. The mandatory reforms have been implemented and there is a significant variability with respect to implementation of the voluntary reforms.

i. 73rd Constitutional Amendment Act (73rd CAA)

The **mandatory reforms** are:

- *Panchayat* establishment in three levels (village, intermediate and district).

- Gram Sabha (Village council) organization at the local level.
- Finance Commission to be constituted at the state level (**The State Finance Commission**) to review the financial position of the Panchayats in the areas of:
 1. Distribution between the State and the Panchayats of the net proceeds of taxes, duties, tolls and fees levied by the State
 2. Determination of taxes, duties, tolls and fees which may be assigned to, or appropriated by the Panchayat.
 3. Grants-in-aid to the Panchayats from the Consolidated Fund of the State.
- Direct elections for each seat of the panchayat establishment at all levels. Establishment of the **State Election Commission** to facilitate these elections.
- Indirect elections for the chairperson of each level.
- Reservation of seats for people of backward castes and for women.
- Fixed tenure for panchayat system at each level with a time of five years.

The **voluntary reforms** are:

- Representative seats in the local governments for elected representatives at the state and central level from the region.
- Devolution of the 29 functions mentioned in the Eleventh Schedule and
- Financial autonomy of the local rural governments.

74th Constitutional Amendment (74th CAA)

The **mandatory reforms** are:

- Establishment of the hierarchy of urban local bodies (ULBs) in areas based on defined criterion –

Article 243Q - Municipalities shall be constituted at three levels all over India, namely, Nagar Panchayats in areas in transition from rural areas to urban areas; Municipal Councils in smaller urban areas, and, Municipal Corporations in larger urban areas.

- Criteria for determining the classification of a particular settlement –

Article 243Q (ii) – Based on the criteria of:

- i. Population of the area
- ii. Density of the population therein

- iii. The revenue generated for local administration
- iv. The percentage of employment in non-agricultural activities
- v. The economic importance, or
- vi. Such other factors as the Governor may deem fit
- State Government to provide representation in a ULB of:
- Direct elections for each seat of the ULB establishment at all levels. Establishment of the **State Election Commission** to facilitate these elections.
- Indirect elections for the chairperson of each level.
- Reservation of seats at various levels for people of backward castes.
- Setting up of **State Finance Commission** (The same as in 73rd Amendment) for –

Article 243Y –

Review the financial position of the Urban Local Bodies in the areas of:

1. Distribution between the State and the ULBs of the net proceeds of taxes, duties, tolls and fees levied by the State
2. Determination of taxes, duties, tolls and fees which may be assigned to, or appropriated by the ULBs.
3. Grants-in-aid to the ULBs from the Consolidated Fund of the State.

(Central) Finance Commission shall have the duty to make recommendations to the President on the measures needed to augment the Consolidated Fund of a State to supplement the resources of the Municipalities in the State on the basis of the recommendations made by the Finance Commission of the State.

- DPC and MPC formation –

Article 243ZD and 243ZE –

The 74th CAA has mandated the State Governments to constitute Metropolitan Planning Committees (MPCs) and District Planning Committees (DPCs), which are responsible for the preparation of Metropolitan Plan and District Development Plan.

- Fixed tenure for ULB system at each level with a time of five years.

The **voluntary reforms** are:

- Representative seats in the local governments for elected representatives at the state and central level from the region.
- Devolution of the 18 functions mentioned in the Twelfth Schedule and
- Financial autonomy of the local urban governments.

Note: After these reforms were passed in 1992, a second set of reforms, expanding on their nominal nature were introduced through the Ministry of Urban Development in December 2005. This 'mission' of reformation was called the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), a massive city-modernization scheme which envisaged a total investment of over \$20 billion over seven years. In section 4b, I have elaborated on the mission's objectives and its impact.

g. Eleventh and Twelfth Schedule of the Indian Constitution: Provisions of urban and rural local bodies.

i. The Eleventh Schedule: Functions of the Rural Local Bodies

1. Agriculture, including agricultural extension.
2. Land improvement, implementation of land reforms, land consolidation and soil conservation.
3. Minor irrigation, water management and watershed development.
4. Animal husbandry, dairying and poultry.
5. Fisheries.
6. Social forestry and farm forestry.
7. Minor forest produce.
8. Small scale industries, including food processing industries.
9. Khadi, village and cottage industries.
10. Rural housing.
11. Drinking water.
12. Fuel and fodder.
13. Roads, culverts, bridges, ferries, waterways and other means of communication.
14. Rural electrification, including distribution of electricity.
15. Non-conventional energy sources.
16. Poverty alleviation program.

17. Education, including primary and secondary schools.
18. Technical training and vocational education.
19. Adult and non-formal education.
20. Libraries.
21. Cultural activities
22. Markets and fairs.
23. Health and sanitation, including hospitals, primary health centers and dispensaries.
24. Family welfare.
25. Women and child development.
26. Social welfare, including welfare of the handicapped and mentally retarded.
27. Welfare of the weaker sections, and in particular, of the Scheduled Castes and the Scheduled Tribes.
28. Public distribution system.
29. Maintenance of community assets.

Mentioning these functions is important here because **rural settlements at the fringe of urban areas, will have different provisions for each of these functions** and this may affect the economic impact of the activities on the boundary. Further, these functions falling under the voluntary reforms (a similar case in 74th Amendment) has been one of the biggest drawbacks of these amendments, because many states have not devolved all the functions and hampered the revival of local governance to a great extent.

The Twelfth Schedule: Functions of the Urban Local Bodies

1. Urban planning including town planning.
2. Regulation of land-use and construction of buildings.
3. Planning for economic and social development.
4. Roads and bridges.
5. Water supply for domestic, industrial and commercial purposes.
6. Public health, sanitation conservancy and solid waste management.
7. Fire services.
8. Urban forestry, protection of the environment and promotion of ecological aspects.

9. Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded.
10. Slum improvement and upgradation.
11. Urban poverty alleviation.
12. Provision of urban amenities and facilities such as parks, gardens, playgrounds.
13. Promotion of cultural, educational and aesthetic aspects.
14. Burials and burial grounds; cremations, cremation grounds; and electric crematoriums.
15. Cattle pounds; prevention of cruelty to animals.
16. Vital statistics including registration of births and deaths.
17. Public amenities including street lighting, parking lots, bus stops and public conveniences.
18. Regulation of slaughter houses and tanneries.

- Before these reforms were passed (and well after they have been passed), these functions at the local level were under the state's jurisdiction. This meant that the local government was obliged to follow the state's policy and regulations, while **operational** and **fiscal** powers stayed with the government.
- Presently, the transfer or devolution of these subjects to the local level has more or less been completed, but varies to a large extent across different states. I have tried to use resources in literature and government appraisal reports at the central level to explain the extent of devolution in the various states in the next section.

h. Extent of Devolution of 11th and 12th Schedules

The mandatory and voluntary reforms that were proposed in 1992, were slowly implemented by the states until 2005. Priority was given to mandatory reforms, with the voluntary reforms completely being left to the discretion of the states. As a result, many states did not implement the voluntary reforms, due to the following reasons:

- **Political power** – Devolution of operational and fiscal capacities to the local level would mean that the state government would lose significant political power and influence, allowing them jurisdiction only at the regional levels. Since the state oversaw the devolution, they did

not want this to happen. Granting fiscal powers to the local level was not in the best interest of the state, especially leaders of the state.

The reluctance of devolution of functions also has a lot to do with the informal commission system that is prevalent in India (aka bribery, corruption etc.). The commission is a significant source of income for lowly paid state government officials, who would have lost a great deal of this income had the devolved the recommended functions to the local level. So, it's a case of conserving both political and fiscal power.

- **No Incentive for Devolution** – There was no incentive for devolution, especially in urban areas which have been consistently underrepresented at the state level, due to the lack of reform in electoral appropriation(Ahluwalia, 2017).
- **Lack of Capacity at Local Level** – Another major factor why there was a reluctance for devolution was that in tier-2 cities, towns and almost all rural areas, there simply wasn't availability of skilled workforce in the local governments.

These were primarily the reasons for the lack of or the slow process of fiscal and operational devolution from 1992-2005. At the same time, the rate of urbanization in India continued to grow and by 2005 and the central government had to intervene and incentivize this devolution by initiating the JnNURM to ensure that the different local government were in a position to manage the growing urban areas in the country. The devolution process gained pace after 2005, and within the next 12 years, states have gradually devolved a substantial proportion of functions to the local governments.

As per the latest¹⁴ appraisal reports on the extent of devolution, the current extent (in indicative percentage) of the reforms (both mandatory and voluntary) is visualized below:

¹⁴ Latest appraisal reports and primary and secondary sources of data include:

1. **Comptroller and Auditor General's audit of JNNURM**

<https://www.cag.gov.in/content/report-no-15-2012-13-%E2%80%93-performance-audit-jawaharlal-nehru-national-urban-renewal-mission>,

2. **TISS Working Paper** (last available source of data on JNNURM since it has been replaced by AMRUT)

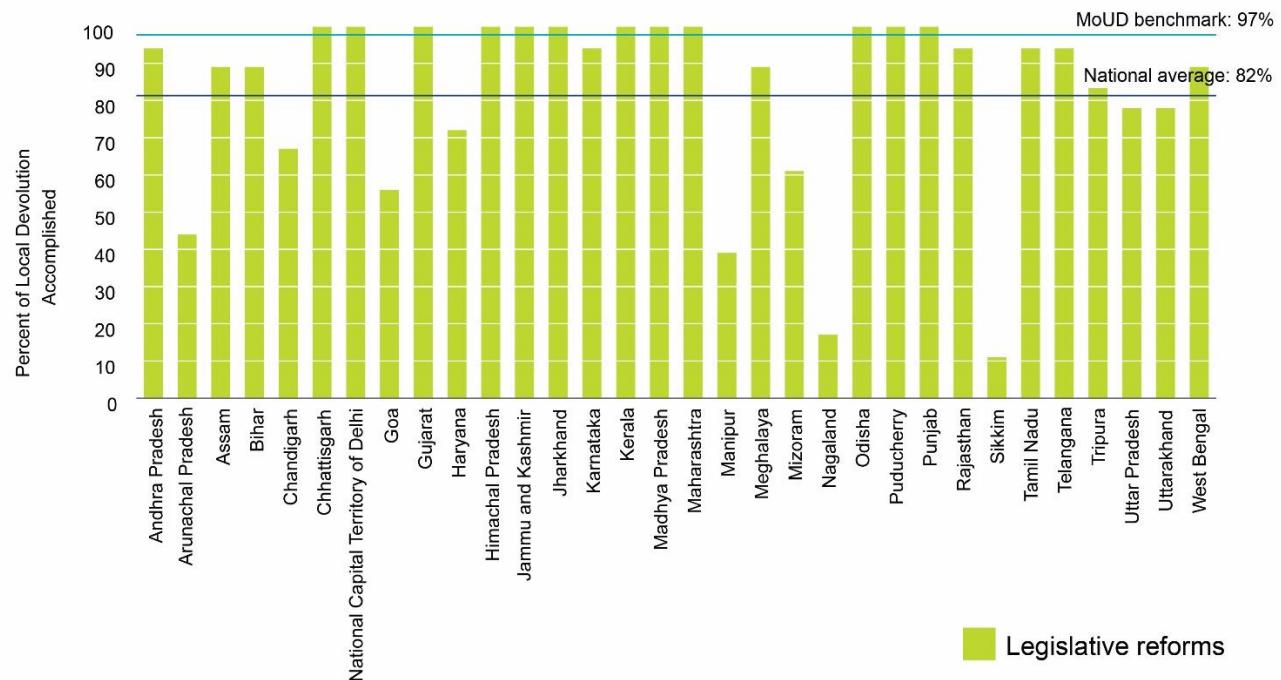
<https://www.tiss.edu/uploads/files/TISS Working Paper-7-Lalitha Kamath.pdf> and

3. **Brookings Institution report on Building Smart Cities in India**

(Shamika Ravi, Adie Tomar, Ankit Bhatia, Joseph Kane, 2016)

https://www.brookings.edu/wp-content/uploads/2016/08/metro_20160818_indiasmartcitiesreport.pdf

**LEGISLATED DEVOLUTION UNDER THE 74TH CONSTITUTIONAL AMENDMENT ACT
(TWELFTH SCHEDULE FUNCTIONS), BY STATES AND URBAN TERRITORIES COVERED UNDER JNNURM**



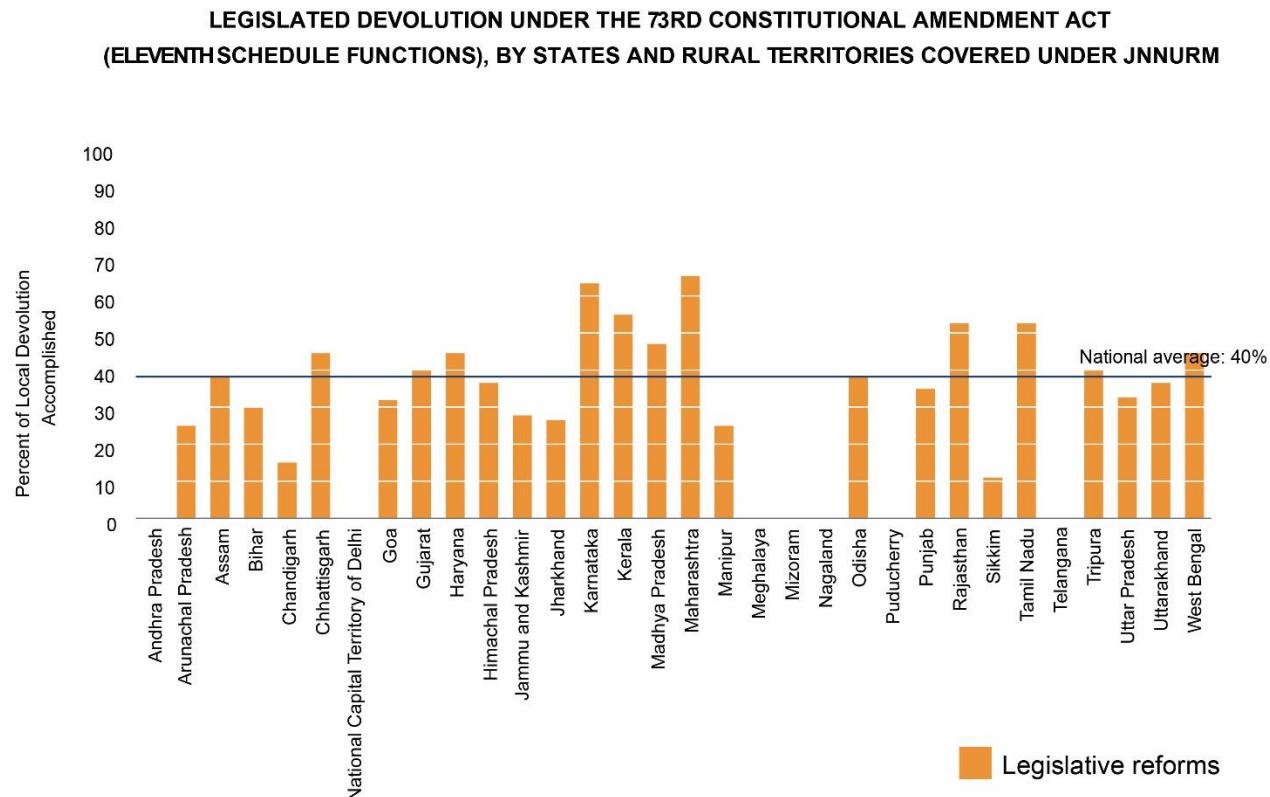
Source: (Shamika Ravi, Adie Tomar, Ankit Bhatia, Joseph Kane, 2016)
Brookings analysis of JnNURM reform appraisal report, cycle 4, and Memorandum of Agreements signed between state governments and the Ministry of Urban Development, Government of India.

We can see that twenty states have fallen short of the actual devolution benchmark set by the Ministry of Urban Development. Only twelve states (mostly larger states with more urban areas) have been able to devolve most of the operational and fiscal powers to the local level. Note that this is just an indicative percentage and it is really difficult to evaluate the exact extent of devolution because state legislations and devolution structures vary. In terms of the mandatory reforms, some aggregate facts that are available are:

- All the states have amended their acts to conduct local municipality elections regularly and fairly.
- All the states have constituted District Planning Committees (DPCs).
- Seven states have constituted Metropolitan Planning Committees (MPCs) and eight have not constituted MPCs, while MPC is not applicable to 15 states.
- The financial structures have been reformed to a considerable extent by the states providing some relief to the financial health of the urban local bodies. The financial sources of capital

and operational revenue for urban local bodies are now mostly a combination of self-financing and state transfers, municipal bonds (in rare cases) and grants-in-aid from state and central governments.

For the rural governments, a percentage extent of devolution is not available for all states, primarily because the Ministry of Panchayat Raj at the central level has chosen to weigh these reforms and calculate an index of devolution. However, from a partial list and secondary sources(Alok, 2013), the extent of devolution computed is visualized below:



Wherever data is not available or rural panchayats are not in existence, those states have been left blank above. We can see that the national average is comparatively much lower and also that there has not been any benchmarking process of sorts similar to the urban areas. Most states are below the average.

I have elaborated on some of the special acts pertaining to land ownership in urban areas, in the context of their use, enforcing agencies and the institutional structure of agencies governing land ownership in urban areas.

i. Special Acts pertaining to land ownership in urban areas

This section is a common introduction to section 5 and therefore I have elaborated more on the structure of land management in India

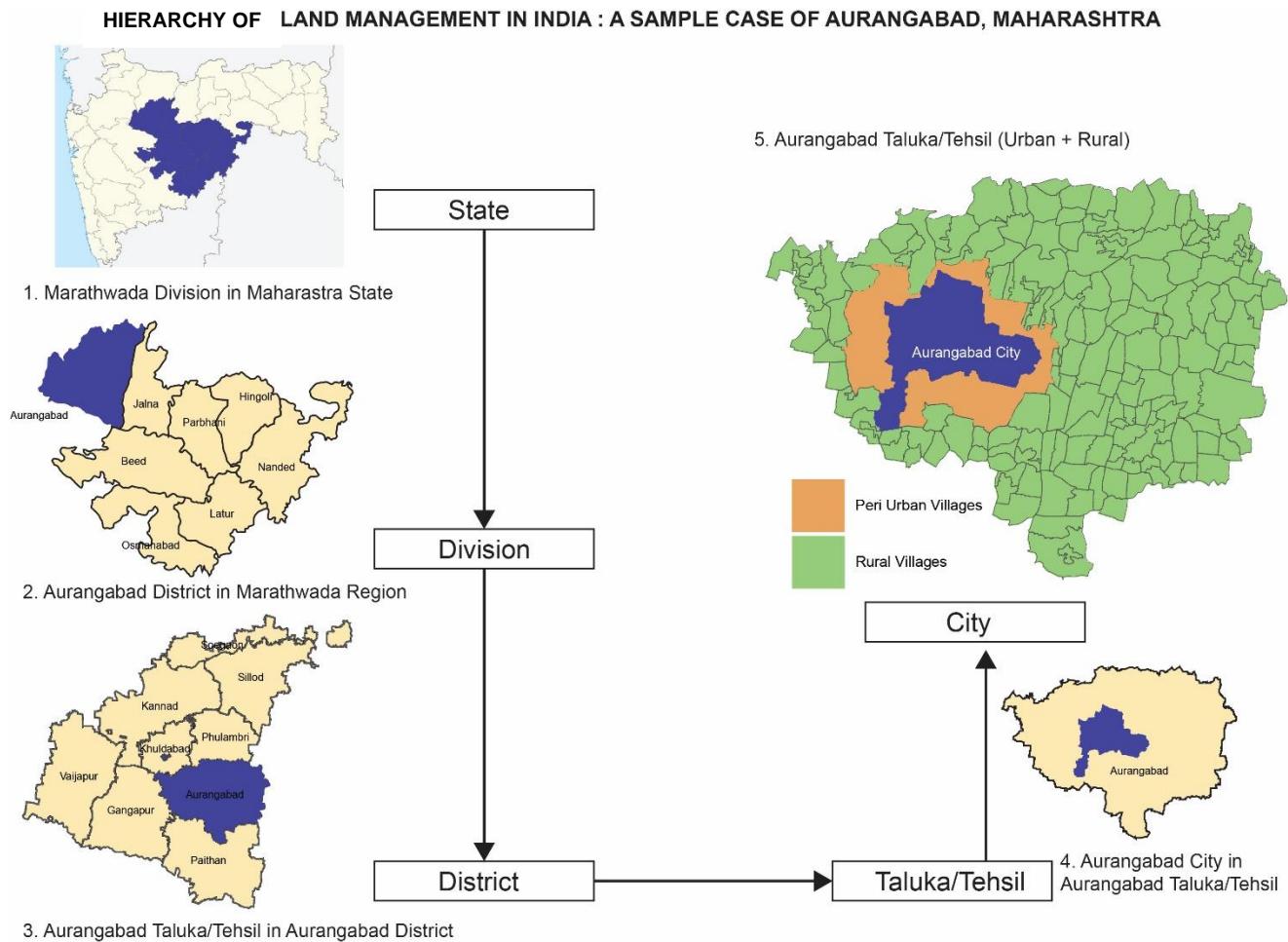
- The policies of land management in India were first formalized during the colonial rule, when the *Zamindari* system was formalized by the British across *all* land in the country, both urban and rural.
- One of the key sources of revenue for the sustenance of the British government was the collection of taxes on land and cultivated crop. Owners of large parcels of land in pre-colonial times such as *Zamindar* (owners of rural, agrarian stretches of land), *Taluqdar* (owners of Talukas or counties), *Jagirdar* (owners of estates), *Deshmukhs* (heads of regions) were given formal rights under the **Permanent Settlement System**. Through this system, these people became functionaries of the government, the ruling class in charge of collection of revenue on land and cultivation.
- At the district level, a '**Collector**,' usually a British civil servant collected this revenue and transferred it to the state. After independence, this structure of bureaucracy was retained and the district collector is still the authority entitled to collect land revenue at the district level. Since land management and revenue collection is a state subject, I have used a case of Maharashtra state to explain the organizational structure in India. The details and responsibilities may vary, but the general structure is same.
- There are three facets to land management in India; **Land Revenue Management, Land Survey Management and Land Records and Registry.**

i. Current Organizational Structure of Land Management in India.

Typically, each of these three aspects mentioned above are regulated through state and central legislative acts and a bureaucratic setup is in place for regulating the frameworks. The duties may or may not be under the purview of the state in the case of urban areas, if the respective functions have been devolved to the urban level. However, as most settlements gradually turn from rural to urban, there is always a delay in the devolution since formation of urban local bodies (and the dissolution of rural local bodies) is a slow, inefficient process.

In this case, I have taken my hometown of Aurangabad in Maharashtra as an example for further explanation.

Consider the following diagram:



Typically, the largest urban area, which in most cases is historically the oldest city in the region or the ‘Primate City¹⁵’ is the headquarters of the division. In this case, the **Division of Marathwada in Maharashtra** has its divisional headquarters at **Aurangabad**. The division is comprised of *eight districts*, each with its own district headquarters. The districts are named based on the largest urban area in the district, again following the similar system at the divisional level. Thus, in the **District of Aurangabad**, the district headquarter is in Aurangabad and there are nine Tehsils/Talukas in the district. The **Taluka of Aurangabad** is comprised of the **City of Aurangabad**, peri-urban areas and other rural settlements within the taluka/tehsil. Thus, the taluka is comprised of settlements of both urban and rural character.

¹⁵ The delineation of different divisions after independence was based on the concept of assigning the divisional, district and taluka/tehsil headquarters to such primate cities. Only in cases where planned settlements were created from ground up, such as Chandigarh, Bhubaneshwar, Amaravati etc. is this hierarchy not consistent.

Coming to the land management in the region, we have the following hierarchy of land management organizations:

Sr. no	Level of Administration	Land Revenue Management		Land Survey Management		Land Records and Registry	
		Ministry or Administrator in charge	Functions	Ministry or Administrator in charge	Functions	Ministry or Administrator in charge	Functions
1	State of Maharashtra	Accounts and Treasuries, Finance Department, Revenue and Forest Department, Rural & Urban Development Department	Collection and transfer of revenue to and from lower divisions (rural and urban); Land assessments and recovery.	Directorate of Town Planning and Valuation, Rural and Urban Development Department	Maintain and aggregate spatial records at the state level, enforce legislation for digitization of land surveys.	Directorate of Town Planning and Valuation, Directorate of Land Records and Settlement Commissioner	Enact and enforce legislations passed by cabinet ministers i.e. representative heads of directorates with respect to land registry and stamp revenue.
2	Division of Marathwada	Divisional Commissionerate; Divisional Commissioner	Divisional representatives of State government in charge of ALL state finances for the division.	Divisional Commissionerate; Divisional Commissioner	Allocate funding for survey of lands and record management.	Divisional Commissionerate; Divisional Commissioner	Settle disputes of land records and registries through judicial powers or arbitration.
3	District of Aurangabad	District Collectorate; District Collector and Sub-Divisional Representatives	Collection, recovery and management of revenue at the district level. Acquisitions of Land under LAA 2013.	District Planning Board/Commission; Regional Office of Town Planning and Valuation; District Inspector of Land Records	Collection and maintenance of databases of public and private land, both urban and rural.	District Inspector of Land Records	Issue Encumbrance Certificates, Maintain sale deeds settle title disputes based through judicial mechanisms.
4	Taluka/Tehsil of Aurangabad	Tehsildars and Naib Tehsildars	Collection, recovery and management of revenue at the taluka level (Rural only).	Taluka Inspector of Land Records	Delineation of 'circles' or 'lal doras' and maintenance of land records	Taluka Inspector of Land Records	Usually maintains land records for rural areas in

5	City (Urban) of Aurangabad	Aurangabad Municipal Corporation (AMC) Revenue Department (devoluted function)	Collection of land and property tax at the urban level by using state and municipal legislation.	Aurangabad Municipal Corporation (AMC) Planning Department (devoluted function)	Maintenance and benchmarking of existing and proposed land use at the urban level.	Aurangabad Municipal Corporation (AMC) Revenue Department (devoluted function)	Perform all functions of registration, valuation and issuance at the urban level. Maintain sale deeds and settle title disputes through judicial mechanisms in local courts.
7	Villages in Aurangabad Tehsil (Rural)	Circle Inspectors/Circle Officers; Talathis, Patwaris, Kotwals	On ground collection of revenue to be transferred to the district Collectorate.	Rural local governments (functions not devoluted)	N/A	Rural local government (functions not devoluted)	N/A

- This table provides a somewhat complete picture of the facets of land management in the state of Maharashtra. In 5, since the 74th Amendment has been enforced and transfer of subjects has been completed, the urban area is an autonomous body with its own departments handling the different facets of land management. However, in areas where this devolution has not been completed, there will still be state supervision and usually all aspects of land management will be handled at the district level.
- Further, as the city grows, the peri-urban areas will slowly be transferred from the state's jurisdiction into the city's jurisdiction, at which point the state's administrative supervision on these villages will end. Since devolution of rural functions has not been completed in this case, it is relatively easy to accomplish this transfer, since there are only two bodies involved.
- In cases where Rural Local Bodies have been handed over the functions under the Twelfth Schedule, incorporation of rural local bodies and their functions into Urban Local Bodies is handled on a case by case basis, with the State acting as an intermediary. In the case of Maharashtra, no governance frameworks exist to facilitate this change and it is completely at the discretion of the Chief Minister and his Cabinet of Ministers to facilitate this transfer.
- As a case, in the fastest growing city of Pune in Maharashtra, 34 villages were merged with the Pune Municipal Corporation last year. This change was entirely coordinated by the state, with directives and Government Resolutions used as instruments for completing the incorporation.¹⁶

¹⁶ See <http://www.thehindu.com/news/states/maharashtra-clears-merger-of-34-villages-with-pune-municipal-corporation/article19310347.ece>

Land Acquisition in India

- The first attempts to legally acquire publicly owned land also started in India in the late 19th century. With the growth of urban areas under the colonial regime, a need was felt by the government to enact legislation introducing the idea, of '**eminent domain**' through which private properties could be acquired by public agencies for the 'greater benefit' of the public.
- The **Land Acquisition Act 1894**, established the legal mechanism for acquiring land under the eminent domain and was the principal law governing Indian acquisition processes in urban and rural areas until 2013.
- The vagueness of idea of 'larger' or 'greater' good was a subjective criterion which has been often misused for acquiring large, contiguous parcels of land for development projects by the government as well as certain private actors, through the use of Special Purpose Vehicles created under Public Private Partnerships.

I have only compared the similarities and differences in provisions as far as the Land Acquisition Act of 1894 is concerned. The comparison should be sufficient to understand why a new act was required in the first place (its 110 years of legacy is an all different subject altogether). Then, I have elaborated on the process of acquisition under the new framework, by simply providing a flowchart of processes.

Land Acquisition Act (1894)

- The colonial legacy of land acquisition was retained by the government mostly because this act at the central level allowed the government to physically expand its operations across all of India, first in **Rural Land Reform** and later in **Urban Land Ceiling and Regulation**.
- As seen before, land is a state subject in India, but its regulation is on the concurrent list, under the purview of both center and state. Therefore, acquisition of land in urban areas was undertaken primarily by the use of this act, which had specific provisions amended to on the basis of different states.
- In parallel to the central act, several states enacted their own acquisition acts, particularly due to the directives from central government on urban and rural land reformation in India.
- While some deficiencies in the acts were amended over the years, some fundamental provisions were missing from the act, which were added in the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act of 2013 (and further amendments). These are as follows:

Sources for creating the table: (Pralhad Kachare, 2015) (Singh, 2016)

Scope of Act	1894 Act (LAA 1894)	Deficiencies and amendments in the 2013 Act (LAA 2013).
Use of 'Eminent Domain'	Use of eminent domain based on the subjective notion of the 'greater good' or 'public good', which was often argued by the state without any established framework. The acquisition applied to all projects with state interest/stake.	After some Public Private Partnerships (PPP) attempted land grabs ¹⁷ by using government partners for the purpose of acquisition (especially in the case of SEZs), the deficiencies of LAA 1894 were fixed by adding special rules for acquisition under LAA 2013.
Impact of Acquisition	No special framework to evaluate impact of acquisition on people and place.	Proposed (Later Amended and partially Repealed) Social Impact Assessment Framework to evaluate impact of acquisition in the case of public, private and PPP projects.
Consent before Acquisition	No consent required for acquisition of land at any point in the process. Eminent Domain is supreme.	<ul style="list-style-type: none"> • No consent required for Public projects • 80% consent criteria for Private projects approved by state has been established. • 70% consent criteria for PPP projects • Additional criteria for consent from 'all affected parties,' whose land may or may not have been acquired.

¹⁷ See (Rawat, Bhushan, & Sujata, 2011) and (Bedi, 2015), along with the Comptroller and Auditor General's report on the performance of SEZ's:

https://www.cag.gov.in/sites/default/files/audit_report_files/Union_Performance_Dept_Revenue_Indirect_Taxes_Special_Economic_Zones_SEZs_21_2014.pdf

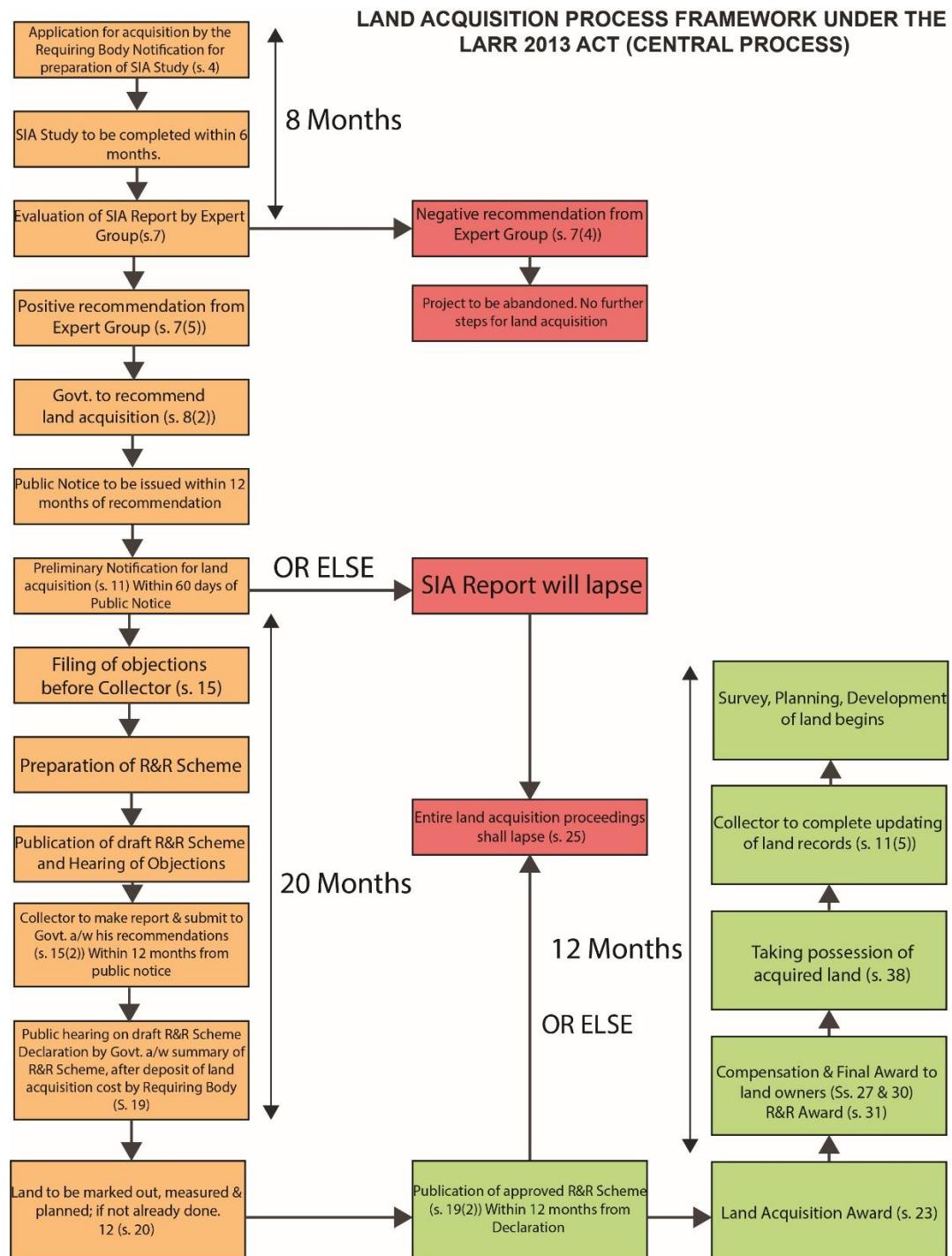
Valuation of Property to be Acquired	Valuation based purely on Residual Valuation of land. Explicitly prohibits using intended use of land for valuation of property.	Valuation criteria created; The highest amongst: <ul style="list-style-type: none"> • Ready Reckoner Value • Average of the top 50% residual transactions • Consented amount
Compensation	Compensation based on market value of land.	Compensation in rural area to be double of market value; no changes for urban areas.
Solatium in case of unused land after acquisition	30% of total initial award on acquisition.	100% of total initial award on acquisition.
Return of Land to Land Owner in case of unused land	No provision	If Acquired Land is not used in five years, a Land Bank may be created for reallocation or maybe directly returned.
Sharing of Profit in case of Unused Land	No provision	If acquired land is unused, 20% of appreciation in value will be paid to the landowner.
Rehabilitation and Resettlement (R&R) of Parties whose land was acquired	No provision for R&R. Mostly rehabilitation was provided separately by the government through discretionary powers.	R&R necessary and mandatory for all parties. Minimum entitlements to be negotiated with the parties and offered based on consent.

These are the broad dimensions of acquisition of land in urban as well as rural areas. Firstly, the differences clearly show how over the last hundred years, all acquisition was undertaken with little or no consideration to impact of displacement and rehabilitation of individuals in the urban context. Secondly, the resettlement and rehabilitation of landowners in urban areas has only recently become a priority, that too due to the legislative reform in the act. Lastly, one of the biggest loopholes in land acquisition and management, which is the use of the ‘public partner’ in PPP model based infrastructure projects merely to acquire contiguous land have been finally closed since the passing of the new Act in 2013.

I have shown the actual process of acquisition and briefly explain the timeline of typical acquisition in an urban area as proposed in the LAA 2013.

Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act (2013)

The process of acquisition and the typical timeline have been summarized in the following illustration below:



- As we can see from the illustration, the land acquisition process can be divided into three zones. The orange zone is basically an expanded, continuous process of approximately 28 months, wherein all the aspects of **impact assessment, public participation, bureaucratic clearances, award negotiation and rehabilitation and resettlement packages** are finalized. There are certain critical phases where temporal constraints have been applied to avoid bottlenecks and potential misuse of the policy. If the time limits are not adhered to, the entire project is cancelled and needs to restart again. This is a type of incentive for the institutions to implement the entire project as soon as possible.
- After a public notice has been declared, the process enters a green zone, where the acquisition, transfer of title, payment of awards and R&R packages is undertaken, after which the survey, planning and development of land can begin.
- There are certain however certain aspects of this law, such as its duration, the additional bargaining capacity given to the landowners and the guidelines for negotiation with landowners that have proved to be controversial.
- The new government was forced to abandon its plans to amend the LAA 2013 last year and loosen some of the guidelines. This has affected the ease of doing business in India, with businesses complaining that the law makes it too expensive to obtain land for industry¹⁸.
- Some compensation issues however, should be amended. The assumption for deciding the compensation of land seem to have assumed according to some (Singh, 2016, p. 74), that the owner of the land is a rural inhabitant, poor and vulnerable. As correctly pointed out, this might not be the case and actually lead to artificial increase in the price due to the power granted to the land owners in this act.
- As it stands, this is the **present procedure for acquiring land in India**, irrespective of the type of entity acquiring it.

Urban Land Ceiling and Regulation Act (1976)

- A brief discussion of ULCRA is necessary here because it has played a significant role in literally ‘shaping’ the structure of some cities.
- The Urban Land Ceiling and Regulation Act was the urban counterpart of the countrywide rural reforms initiated upon independence. The socialist ideology that has been an integral

¹⁸ See Financial Times (6/24/18;) <https://www.ft.com/content/f0ebfd6c-6a7d-11e8-8cf3-0c230fa67aec>

part of India's freedom struggle and the later years, dictated that the historically prevalent system of *Zamindari* be abolished and land reform implemented at a countrywide scale.

- The idea was that land by imposing ceilings on the amount of land a person can own, a structural reformation of titles would be achieved across the villages in the country¹⁹.
- States which had left-wing Communist party governments, such as Kerala and West Bengal, prioritized this reform since it aligned closely with their governance agenda and the broader ideological goals of the party representatives.
- Rural land reform was proposed through the following steps:
 1. Acquiring excess land from *Zamindars*, *Taluqdars* and other members of the society.
 2. Consolidation and assembly of land parcels into equitable sizes and shapes.
 3. Redistribution of assembled land to farmers in the community and those who worked on the land previously under the supervision of the *Zamindars*.
- This three-step process, facilitated by the LAA 1894, was started under the directive of the central government after independence under the leadership of Pandit Jawaharlal Nehru.
- From 1947 until the mid-1970s, the rural reformation of land was facilitated through various state legislations with varying efficiencies. As mentioned earlier, reformation was extensive and successfully undertaken in Kerala and West Bengal under the Communist Party of India (CPI) governments. The reform also became an instrument to garner political power, with the poor farmers who were awarded land in these states pledging their political allegiance to the respective parties.
- By the mid-1970s, the political situation in India has changed drastically. There was a growing unrest against the government's policies in matters of trade, internal affairs and defense. It was Nehru's daughter Indira Gandhi, who was the prime minister of the country at that time.
- A series of events in 1975 led Indira Gandhi to declare a state of political emergency in India, which established a Rule by Decree system in India. Under this system, laws increasing the power of the government were passed quickly without opposition, to consolidate power of the government.
- UCLRA was passed under these political circumstances in 1976, expanding the reformation of land from rural to urban areas. As Acharya notes, this act had three objectives:

¹⁹ Ceiling was merely the policy instrument for redistribution of land. The rationale of land reform is based on some empirically tested ideas such as the inverse productivity between farm size and yield that were proposed to also solve the problem of food dependency in India after independence. See (Ghatak, 2007) for economic arguments in favor of rural land reform.

1. Imposition of a ceiling on the vacant land holdings of individuals or companies;
2. Limiting the size (in terms of plinth area) of the dwelling units to be built in the future on lots; and
3. Regulating the transfer of urban property.

Source: (Acharya, 1987, p. 41)

- The act was a response to increases in land prices in the metropolitan cities in the country and was promulgated as a legislative instrument that would lead to equitable distribution of land in urban areas similar to the rural land reformation policies(Batra, 2009, p. 14). It was adopted simultaneously in 11 states and later by 6 more states.
- Urban Agglomerations, cities and towns of India were classified into four categories under ULCRA, each with a specific ceiling;

Sr. no	Category	Ceiling per individual (in sq. m)
1	Large Metropolitan Areas (Delhi, Mumbai, Kolkata and Chennai)	500 sq.m
2	Cities with population over 1 million (Bengaluru, Hyderabad, Ahmedabad, Kanpur, Pune etc.)	1000 sq.m
3	Cities with population between 0.3 to 1 million	1500 sq.m
4	Smaller cities with population below 0.3 million.	2000 sq.m

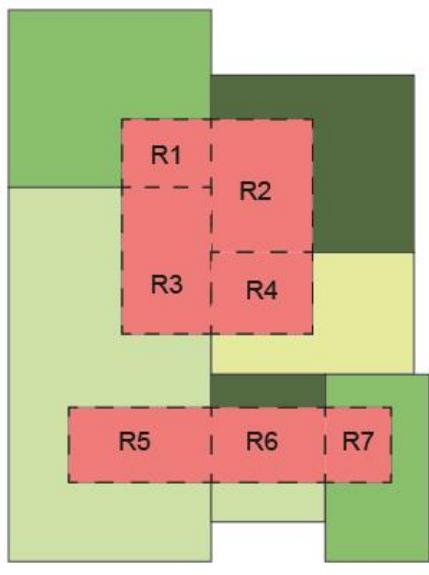
- These ceilings were placed with the idea that excess **vacant land** from each individual will be acquired by the state government, reassembled, and redistributed or utilized for public development projects or simply frozen for future public use
- Any land above the ceiling was acquired by the government, in lieu of compensation as per provisions of the **LAA 1894**. The land had to be either handed over to a **Competent Authority** as appointed by the Act or to be used only for specific purposes.
- However, the **geometry of the land** to be given up was decided by the landowner.
- The act applied to the extent of the Urban Agglomeration of the settlement, meaning that ceilings applied to extent of approximately a belt of 5 km around the urban area delineated by the relevant authorities.

- There were certain exemptions provided to public institutions and to parties willing to use the land under their ownership above the ceiling limit for public purposes, such as development of low income housing etc.
- The law did not apply to agricultural land in urban areas and to land that was owned by public institutions but was vacant.

The ULCRA was in existence from 1976-1999. It was one of the biggest failures in terms of its intended use and desired effect it was supposed to have. It created many artificial distortions in land markets and affected the growth of major urban areas across the country. An excellent critique of the act and its implications on the structure of urban settlements in India has been provided by Acharya(Acharya, 1987).

The most important reason ULCRA was not successful compared to its rural counterpart can be seen through the following illustration:

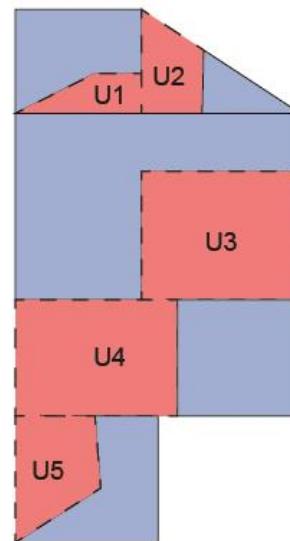
LAND REFORMATION AT THE PARCEL LEVEL: TYPICAL EXAMPLES IN RURAL VS URBAN SCENARIO



RURAL PARCELS

R1+R2+R3+R4 - New usable lot of land

R5 + R6 + R7 - New usable lot of land



URBAN PARCELS

U1 + U2 - New unusable lot of land

U3 + U4 + U5 - New unusable lot of land

- In the rural case, the parcels to be acquired from individual owners were determined by the government. The government could acquire portions from abutting parcels and assemble usable lots of land and then hand over their ownership to the farmer. There are typically no issues of accessibility in this case.

- In the urban case, we can see that by leaving the discretion of determining the boundary of to the owner, the parcels created were typically unusable and irregular in ways that they could not be effectively assembled.
- Other than this fundamental difference, the following reasons contributed to the failure of this act²⁰:
 1. Lack of holding records: The lack of holding records for many urban areas and the absence of systematic documentation meant that the authorities couldn't figure out in the first-place which land needs to be sealed.
 2. Non-statutory status of Master Plans: Many masterplans that were in place from 1976 to 1999 were prepared by the state or development authorities without any statutory powers. The classification of land itself was not clear and this meant the ceiling could not be imposed.
 3. Shape of vacant land: Already discussed through illustration.
 4. Lack of implementation: Inefficiency in administrative proceedings of ceiling also contributed to the failures of ULCRA.
- *"By the time ULCRA was repealed, only about 8% of 1,66,162 hectares of surplus land identified was acquired and 2% was physically taken possession of. Moreover, only 0.37 percent of the total surplus land was used for construction of low income housing which was ostensibly the main reason given for the enactment of the Act. On the other hand, the amount of land granted exemption was 43,683 hectares."* (Batra, 2009, pp. 14–15; Srinivas, 1991)

Some of the implications of ULCRA were:

- Artificial reduction in the supply of land which led to an increase in real estate prices across the country.
- Frozen land (some of which is still frozen) led to inefficient use of urban space and affected planning and development during the time of urbanization.
- Lack of regulatory mechanisms to prevent encroachment on frozen or acquired land led to informal infill development and creation of 'slum pockets'.
- After ULCRA was repealed in 1999, there was a sudden release of huge chunks of land into the market, which led to further increase in prices of land due to speculative buying on the fringes and core of the city.

²⁰ Summarized from (Acharya, 1987) and (Batra, 2009).

- In 2005, under the JnNURM reforms, complete repeal of ULCRA was made as one of the prerequisites for urban areas interested in receiving grants and benefits of the reform program.
- ULCRA repeal has still not been completed and under the newly released AMRUT scheme, it is the first priority reform stated by the central government.

This concludes the section on acts pertaining to ownership and use of land in India. For a comprehensive overview of the acts that have and have not been covered here, please see the Planning Commission's summary chapter on Real Estate in India.

http://planningcommission.nic.in/plans/planrel/fiveyr/10th/volume2/v2_ch7_6.pdf

j. *Special Acts for governance in Cantonments and Special Economic Zones.*

- Cantonments and Special Economic Zones are two unique typologies of enclaves that are seen in urban areas of India.
- While one has historical relevance in terms of being indirect centers of power and control during pre-colonial times, the other has been one of the most land intensive project(s) started in 2005.
- I have briefly covered the laws and regulations governing these enclaves in the following sections.

i. Historical Acts and consolidation to Cantonments Act 2006

- There have been many acts that have been the basis of governance of cantonments in India since the colonial rule. However, over the years, one thing that has remained common to the creation of laws, codes and rules for cantonments is that their governance is typically beyond the purview of the state and local governments.
- While the role of the cantonments in pre-independence India was that of a satellite governance center, after independence the cantonments have acted as outposts for defense forces of the country.
- Cantonments, broadly, now refer to enclaves which are under the governance of the defense forces, which are the Indian Air Force, Indian Army and the Indian Navy.
- In this section and in further discussions, enclaves which are inhabited by either of the 'Forces' such as **Navy Ports, Army Cantonments and Air Force Bases** have been

referred to as **Cantonments**, because the legislative framework governing the enclaves inhabited by these forces is the same.

- The Commentary on Cantonment Land Administration Rules (*Military Lands Manual*, 1927) provides a summary on the history of Cantonments in the country prior to 1927:

(Paraphrased)

"Cantonments were originally areas set apart by the Government for the exclusive use of troops. The precise historical origin of cantonments is, often, unfortunately difficult to trace. Some were undoubtedly acquired on payment of compensation to the original holders of the land; others came into the bands of the Government by right of conquest or by appropriation; and others still formed as the subject of a treaty with a Ruling Chief of a tribe. It is, however, legitimate to assume that unless the proven to be contrary, the ownership of all land within cantonment limits in British India vests in the Crown."

The important Cantonment Acts and Rules, their importance in terms of governance of people and place and their interaction with the adjoining local bodies have been tabulated chronologically below:

Sr. no	Cantonment Act/Rules	Important Rules/Regulations and Policies
1	The Cantonment Code 1899	<ul style="list-style-type: none"> • Oldest formal code for regulation and maintenance of cantonments. First code giving rights of the cantonment and the vicinity area to the government, as opposed to previous arrangements where competing claims between the army and civilians were subject to judicial judgements. • Expansion procedure for cantonments under government supervision established. • Commanding Officer given significant powers to control and regulate public, residential and commercial areas in the cantonments.
2	Cantonments Act(s) 1924 (1920-1924)	<ul style="list-style-type: none"> • Administrative rights and functions Cantonments across the country transferred to the Government of India, under the supervision of the British Crown. • Distinction between Cantonment Acts (legislature) and Cantonment Rules (administrative instrument) established.

		<ul style="list-style-type: none"> • A formal leasing, acquisition and development structure for developing cantonments is established. • Planning process of cantonments formalized; directives for creating layouts and plans of cantonments codified in CLAR 1925.
3	Cantonment Land Administration Rules (CLAR) 1925 and Cantonment Property Rules 1925 .	<ul style="list-style-type: none"> • Thirty-year lease structure on buildings and property established. • Building sites in cantonments classified based on acreage. • Regulatory rules for civilians wanting to acquire land or develop buildings in the cantonment were established. • Powers of the Collector were defined. • Land grant schemes were established to help in the growth of cantonments across the country. • Special schemes for development and disposal of lands in cantonment proposed under ‘Town Planning Schemes.’ • Special rules and laws for governing land considered of prime importance to the military (Defined as Class ‘A’ Land) established. • Thirteen Schedules defining lot areas, heights and other byelaws created as an appendix to the rules; the first and most comprehensive set of guidelines for development of cantonments. (See Section 7c for more).
4	Cantonment Land Administration Rules (CLAR) 1937	<ul style="list-style-type: none"> • Land transferred to the authority of Department of Defense under the Indian Government (After the Govt. of India Act 1919) • Further classification of lands into classes A (Military), B(Non-military) and C (Tenants refusing to vacate land). • Survey and demarcation methods improved; new standards set after review of growth in cantonments. • Leasing structure of cantonments modified; expanding to the different types of developments on the urban fringes. • Layouts, specifications and planning and development rules for building social and recreational infrastructure in cantonments established. • Preliminary frameworks for a more ‘participatory’ expansion and land acquisition established, which were improved in ACR 1944.

5	Acquisition, Custody, Relinquishment, etc. Rules of Military Lands in India, (ACR Rules) 1944	<ul style="list-style-type: none"> • Last pre-independence rules governing the planning, development and maintenance of cantonment lands in the country. • Created in order to detail frameworks for a more ‘participatory’ approach to cantonment expansion. • A five-step procedure (Proposal, Detailed Scheme, Acquisition Proper, Recording of Transaction and Transfer) for acquisition of land set up based on the guidelines of the LAA 1894. • A land records ‘Register’ created for all keeping track of present and future parcels under the Department of Defense. • Cantonment survey rules revised.
6	The Cantonments (Extension of Rent Control Laws) Act, 1957	<ul style="list-style-type: none"> • Rent Controls established in Cantonments across India. • Rules for leasing, tenancy, and transfer of properties between military and civilians established. • Certain state rent regulation controls added to the Cantonment Act.

Apart from the mentioned codes and Acts, there have been timely updates and minor amendments to the governance of cantonments in India. However, the most significant (and relevant) legislative reforms in governance were proposed and passed as an Act in 2006. The rationale for creating these new rules to govern cantonments and to ‘municipalize’ them was as follows:

- As we can see from the chronology, most Acts pertaining to governance of cantonments in India have had a significantly different purpose to them, especially since most of the policies and rules were created by the British, for whom the exclusionary policies were necessary for safety and control.
- As India became independent, the defense forces continued to use the same laws to govern spaces whose use and purpose had changed due to the change in the nature of the state. **The cantonments are directly under the purview of the central government, specifically the Ministry of Defense.**
- In some cases, such as Pune and Ambala, the adjoining settlements grew much faster than developments inside the cantonments. As a result, there was a significant stress on the supply of land that was felt in these areas, as most land was reserved for further expansions of the cantonment under pre-independence laws. This is particularly true around the boundaries of civilian areas and cantonments.

- Today, most cantonments in India are typically reserved spaces for military affiliates and their families. Civilian traffic is not permitted to pass through many cantonment areas, nor are the civilians allowed to access any of the social infrastructure within cantonments, except in special circumstances, such as affiliation to a veteran.
 - Thus, most cantonments are enclaves that are public in nature, but are not accessible to the people. The new Act aimed at overhauling these old rules and have been an attempt at making these enclaves more permeable, especially to civilian population.
- ii. Cantonment Act 2006, Cantonment Rules and Regulations (2006, 2017 Amendments)
- The Cantonment Act 2006 is comprised of **360 Articles**, divided into **Seventeen Chapters** and **Seven Schedules**.
 - The chapters and the particulars that are relevant to the scope of this research are as follows:

Chapters/Articles	Particulars
Chapter II	Definition and Delineation of Cantonments
Chapter III / 10 – 26	Cantonment Boards and Administrative Structure
Chapter III / 46-48	Procedure for managing civil areas and making regulations.
Chapter IV/ 62 – 65	Duties of the board; managing property; powers of expenditure on social infrastructure in civilian area
Chapter V/ 66 – 74	Imposition of taxes; norms of property tax; discretionary powers to the central government for local intervention.
Chapter V/ 82 – 88	Development and demolition of buildings, vacancy and occupancy norms, and entry of occupation and vacancy.
Chapter V/ 89 – 92	Taxes on property, infrastructure, and tolls
Chapter V/ 122	Properties under cantonments.
Chapter X/ 233 – 264	Town Planning and Control Over Buildings etc.
Chapter XI/ 265 – 284	Governance of Informal activities inside the cantonment.

The detailed act, with the articles and schedules can be accessed at:

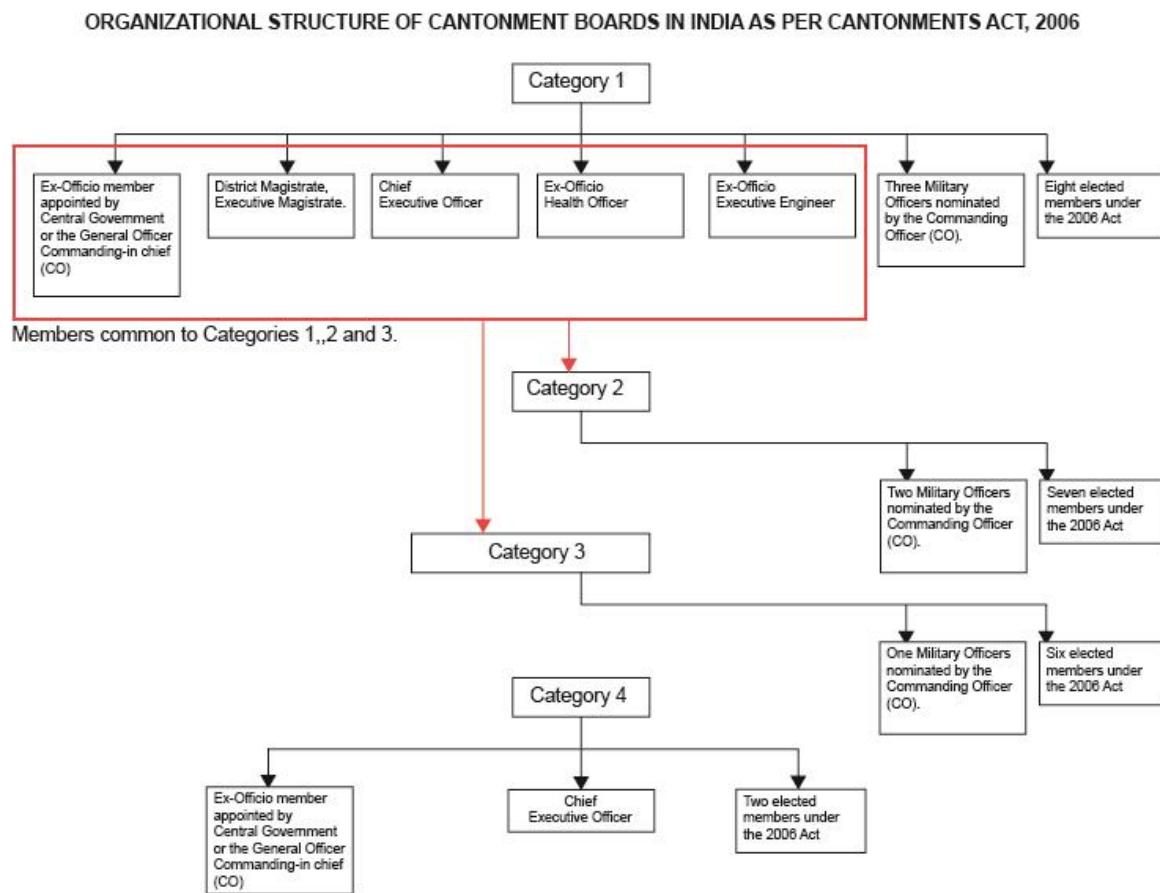
<https://indiacode.nic.in/bitstream/123456789/2066/1/200641.pdf>

Here, I have given an overview of the governance by explaining the organizational structure of the Cantonment Board, give an overview of planning and development procedures in cantonments and highlight some similarities and differences between municipal governance and

cantonment governance, in terms of the functioning of the city. As per the Act, the Cantonments in India are divided into four categories:

1. Category I – Populations exceeding 50,000.
2. Category II – Populations between 10,000 to 50,000.
3. Category III – Populations between 2,500 to 10,000.
4. Category IV – Populations less than 2,500.

For each cantonment within these categories, the organizational structure varies as shown in the following illustration:



This Cantonment Board is the equivalent of the governing body of a ULB or RLB.

- Similar to the ULBs or RLBs, there are election procedures for elected members specified in the act. However, since the cantonments are under the Ministry of Defense, there is virtually no interference from the state, nor is there any provision for appointment of representatives at the state level.

In terms of the functions of the cantonment board, we have the following **48 functions** which have been specified in the act; **These are the duties and responsibilities of the Cantonment Board, and unlike ULBs or RLBs, these are completely devoluted to each Cantonment Board.** The duties and responsibilities of the board are:

(Most relevant in bold typeface)

1. Responsibility of: lighting streets and other public places;
2. Watering streets and other public places
3. Cleansing streets, public places and drains, abating nuisances and removing noxious vegetation;
4. Regulating offensive, dangerous or obnoxious trades, callings and practices;
5. Removing, on the ground of public safety, health or convenience, undesirable obstructions and projections in streets and other public places;
6. **Securing or removing dangerous buildings and places;**
7. Acquiring, maintaining, changing and regulating places for the disposal of the dead;
8. **Constructing, altering and maintaining streets, culverts, bridges, causeways, markets, slaughter-houses, latrines, privies, urinals, drains, drainage works and sewerage works and regulating their use;**
9. **Planting and maintaining trees on roadsides and other public places;**
10. Providing or arranging for a sufficient supply of potable water
11. Registering births and deaths;
12. Preventing and checking spread of dangerous diseases; establishing and maintaining a system of public vaccination and inoculation for the said objective;
13. **Establishing and maintaining or supporting public hospitals, maternity and child welfare centers and dispensaries, and providing public medical relief;**
14. Establishing and maintaining or assisting primary schools;
15. Rendering assistance in extinguishing fires, and protecting light and property when fire occurs;
16. **Maintaining and developing the value of property vested in, or entrusted to, the management of the Board;**
17. Establishing and maintaining civil defense services;
18. **Preparing and implementing town planning schemes;**
19. **Preparing and implementing plans for economic development and social justice; (xx) naming and numbering of streets and premises;**

- 20. According or refusing permission to erect or re-erect building;**
21. Organizing, promoting or supporting cultural and sports activities;
22. Celebrating Independence Day and Republic Day and incurring expenditure thereon;
23. Fulfilling any other obligation imposed upon it by or under this Act or any other law for the time being in force.

These first 23 functions are mandatory; the remaining 12 are discretionary, which the Cantonment Board may or may not be in a position to manage. If the Cantonment Board does not have the fiscal resources or manpower to take care of these resources, a **Central Directive** is sent to the local ULB or RLB by the Ministry of Defense, through the State Government, and the local bodies may take charge. These functions are:

- 24. Laying out in areas, whether previously built upon or not, new streets, and acquiring land for that purpose and for the construction of buildings, and compounds of buildings, to about on such streets;**
- 25. Constructing, establishing or maintaining public parks, gardens, offices, dairies, bathing or washing places, drinking fountains, tanks, wells and other works of public utility; (iii) reclaiming unhealthy localities;**
26. Furthering educational objects by measures other than the establishment and maintenance of primary schools;
- 27. Setting up or supporting higher schools, colleges and vocational, professional and special education;**
- 28. Constructing, and maintaining works and structures, including rainwater harvesting, for providing supply of water for public and private purposes;**
29. Constituting, maintaining and managing supply and distribution of electricity, including by exploiting non-conventional energy sources, to public and private premises;
30. Taking a census and granting rewards for information which may tend to secure the correct registration of vital statistics;
31. Making a survey and a plan of the cantonment;
32. Giving relief on the occurrence of local epidemics, floods, famines or other natural calamities by the establishment or maintenance of relief work or otherwise;
33. Securing or assisting to secure suitable places for the carrying on of any offensive dangerous or obnoxious trade, calling or occupation;
34. Establishing and maintaining a farm or other place for the disposal of sewage;

- 35. Constructing, subsidizing or guaranteeing tramways or other means of locomotion, and electric lighting or electric power work;**
36. Establishing and maintaining cattle pounds;
37. Arranging for civic reception with prior approval of the Officer Commanding the Station;
- 38. Providing housing accommodation for any class of inhabitants;**
- 39. Conservation and maintenance of ancient and historical monuments, archaeological sites and remains or place of public importance in the cantonment;**
- 40. Developing land resources under the management of the Board; (xix) preparing and implementing group housing schemes;**
- 41. Establishing and undertaking remunerative projects; (xxi) developing small-scale and cottage industries;**
- 42. Developing expertise in different areas of urban governance and local self-government to and able to provide consultancy to other Municipal and Development Authorities;**
- 43. Adopting any measure, other than a measure specified in section 62 or in the foregoing provisions of this section likely to promote the safety, health or convenience of the inhabitants of the cantonment;**
44. Establishing and maintaining or supporting libraries, museums, art galleries, botanical or zoological collections;
- 45. Establishing and maintaining or supporting stadia, gymnasia, akharas and places for sports and games;**
- 46. Establishing theatres and cinemas;**
47. Organizing and managing fairs and exhibitions;
- 48. Constructing and maintaining: — (a) rest-houses; (b) poor-houses; (c) infirmaries; (d) children's home; (e) houses for deaf and dumb and for disabled and handicapped children; (f) shelters for destitute and disabled persons; (g) asylums for persons of unsound mind; (h) old age homes; (i) working women's hostels.**
- With respect to the planning and development of these cantonments; the detailed guidelines are very similar to those of a **Development Authority**; establishing of land use maps, taking care of zoning, entitlements and regulatory byelaws for the development, etc.
 - In terms of interaction with the civilian population, there are certain parts of the cantonment that are **Public/Semi-Public** and there are some parts which are **Reserved**.

- Based on the older classification (Established in CLAR 1937), there may or may not be access to any civilians. These policies are currently being changed, especially with respect to the **Roads in Cantonments**.
- The Ministry of Defense is undertaking a countrywide campaign to open up roads of cantonments in the Reserved category to common civilians²¹.

This campaign of municipalizing the cantonments are unprecedented in terms of granting access to all roads to common people across cantonments in the country. Whether this campaign will continue and expand to include the use of structures, access of facilities etc. is a matter of speculation.

I have built on the topics of Cantonments further in Section 7.

- iii. Special Economic Zones Act (2005) and Special Economic Zones Rules (2006).
- The second predominant types of enclaves that are found in India are Special Economic Zones or SEZs.
 - Special Economic Zones are actual enclaves (Surrounded by 10-meter walls around the boundary), which have been created in the image of American Free Trade Zones or Chinese Special Economic Zones. These are enclaves within which manufacturing and service activities are given special tax exemptions and the areas are considered as 'Special', because of the nature of tariffs applied in these areas. The area outside the SEZ, i.e. the remaining of the country other than such enclaves are referred to as Domestic Tariff Areas (DTAs).
 - Most SEZs have special rules and regulations with regard to customs tariffs and commercial incentives in force, different from the host country. These rules and regulations are intended to provide an internationally competitive duty-free environment and quality infrastructure for the promotion of exports at a low cost.
 - These SEZs in India are similar to economic zones in China such as Shenzhen, which were created with the goal to promote rapid economic growth through incentivizing a specific geographical area zone.

²¹ Please see the following articles for more information:

<https://theprint.in/talk-point/cantonment-roads-issue-are-indias-civil-military-ties-being-tested/70428/>

<https://www.newsclick.in/cantonment-roads-two-wrongs-do-not-make-right>

<https://blogs.timesofindia.indiatimes.com/academic-interest/no-vijay-yatras-against-army-politicising-cantonment-roads-hurts-the-army-harms-the-nation-and-jeopardises-security/>

- For developing countries like India, the rationale for creating such zones was that it is much easier to provide infrastructure and tax incentives in a specific geographical region than the entire country.
- As per the Government, the objectives of establishing Special Economic Zones are:
 1. Promotion of investment from domestic and foreign sources
 2. Development of infrastructure facilities
 3. Creation of employment opportunities
 4. Generation of additional economic activity
 5. Promotion of exports of goods and services
- The first formal legislature for setting up SEZs in India was passed in 2005. The SEZ Act. 2005 The SEZ Act 2005 consists of 8 chapters, 58 sections and 3 Schedules. Similar to other legislative frameworks, the SEZ Rules and Regulations build upon the SEZ Act, with specifications for approval, development and management of the SEZ.
- The chapters and titles relevant to the scope of this research are:

Chapters/Articles	Particulars
Section 3	Procedure for making proposal to establish an SEZ
Section 4	Establishment of SEZ with the approval from the Board of Approval and Administrative Structure of the SEZ
Section 5	Notifying an Area as an SEZ by the Central Government
Section 11 & 12	Development Commissioner as an administrative authority for SEZs
Section 13 & 14	Methods to setup a development unit in SEZs
Section 15 to 20	Single window clearance mechanism.
Section 21 and 22	Special judicial provisions for SEZs
Sections 26 to 30	Special fiscal provisions for SEZs

Within a Special Economic Zone, the fiscal incentives provided to manufacturing and service sector industries is as follows:

Incentive Type	Particulars

Customs and Excise	<ul style="list-style-type: none"> SEZ units may import or procure from the domestic sources, duty free, all the requirements of capital goods, raw materials, consumables, spares, packing materials, office equipment etc. for implementation of their project in the Zone without any license or specific approval. Duty free import/domestic procurement of goods for setting up of SEZ units. Goods imported/procured locally duty free could be utilized over the approval period of 5 years.
Income Tax	<ul style="list-style-type: none"> Physical export benefit. 100% Income Tax exemption (10A) for first 5 years and 50% for 2 years thereafter. Reinvestment allowance to the extent of 50% of ploughed back profits.
Foreign Direct Investment	<ul style="list-style-type: none"> 100% foreign direct investment is under the automatic route is allowed in manufacturing sector in SEZ units with certain exceptions. No cap on foreign investments for Small Scale Industries reserved items.
	<ul style="list-style-type: none"> Setting up Off-shore Banking Units allowed in SEZs. Offshore Banking Units (OBUs) allowed 100% Income Tax exemption on profit for 3 years and 50% for next 2 years. External commercial borrowings by units up to \$ 500 million a year allowed without any maturity restrictions. Freedom to bring in export proceeds without any time limit.
Central Sales Tax Exemptions	<ul style="list-style-type: none"> Exemption to sales made from Domestic Tariff Area to SEZ units. Exemption from Service Tax to SEZ units.
Environmental Clearances	SEZs permitted to have non-polluting industries in IT and facilities like golf courses, desalination plants, hotels, and non-polluting service industries in the Coastal Regulation Zone area.

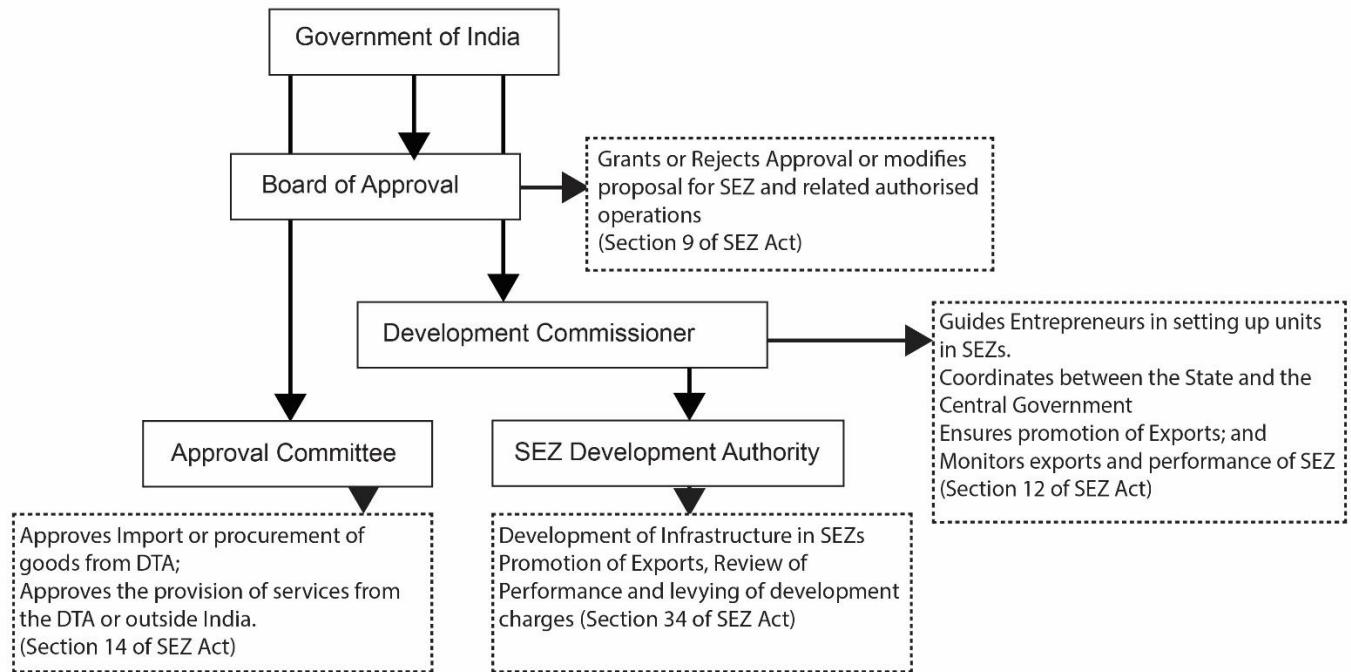
- With these incentives in place, the central government has tried to incentivize the development of export oriented industrial and service sectors.

- Spatially, the SEZs are very similar to industrial towns setup in some by major Indian industrial companies since independence²².
- Within each SEZ, there are **Processing Areas(PA)** and **Non-Processing Areas (NPA)**. The PA is where most industrial activities are undertaken, whereas the NPA is the service area for the SEZ with residential, commercial, public, and semi-public zones.
- Within the PA, there are **Units**, which are industrial complexes or service centers. In an SEZ, the units may be specializing in a single or multiple product(s) or service(s).
- SEZs can be either set up by the government, private developer(s) or as a Public Private Partnership (P3 models).
- The functioning of SEZs is governed by a three-tier administrative set-up. The **Board of Approval** is the apex body and is headed by the Secretary, Department of Commerce. The **Approval Committee** at the Zone level deals with approval of individual units in the SEZs and other related issues. At the lowest level, for each SEZ, there is a **Development Commissioner** who is the nodal officer for SEZs.

²² Towns such as Jamshedpur - Tatanagar, Nyveli and Bokaro Steel City are some of the most prominent industrial townships in India which were created to supplement growth of industrial manufacturing, mining and processing of oil and gas.

The three-tier organizational structure of a typical SEZ and the duties of the respective institutions are as follows:

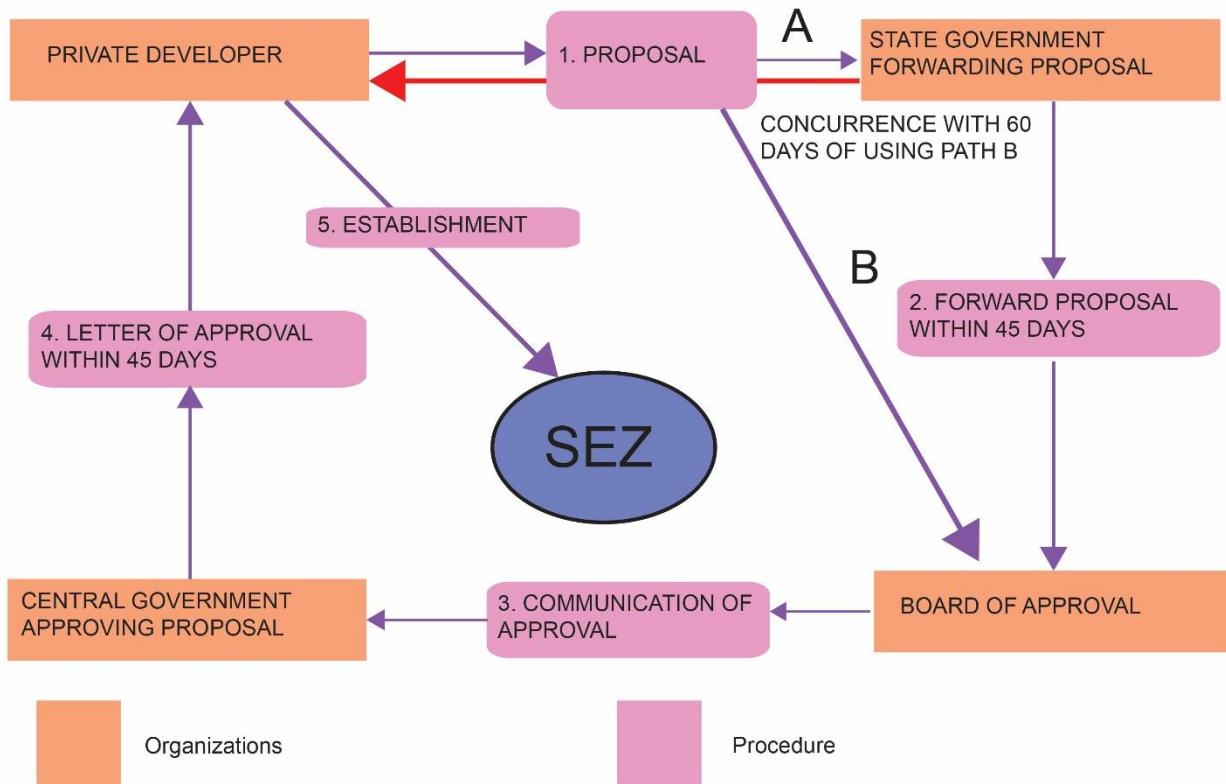
SPECIAL ECONOMIC ZONES IN INDIA: ORGANIZATIONS AND FUNCTIONS



- There is an expedited process for the creation of SEZs, a single-window clearance mechanism which has been setup at various state and central levels. This allows developers (public, private or PPP undertakings) to apply for development of an SEZ directly to the central or state government.

The typical procedure for approval under this single window clearance is as follows:

SPECIAL ECONOMIC ZONES IN INDIA: APPROVAL PROCEDURE (Private)



- In all SEZ's, the statutory functions are controlled by the Government while the rest of the operations are privatized.
- Lastly, in terms of the spatial layout of the SEZ; there is a mandatory required allocation of minimum 50% of the total area of the SEZ as an NPA. The building byelaws and permissibility of activity in SEZ are set by the development commissioner, based on the guidelines prescribed in the SEZ Rules 2006.

I have covered more on the impacts of creating SEZs on urban areas in Section 5b.

4. Institutional Stakeholders in Urban Governance

- Institutional Stakeholders in Urban Governance range from apex advisory bodies at the central level, which are responsible for creating policies and issuing directives, to local parastatal bodies in urban areas responsible for the maintenance and upkeep of public works and physical infrastructure.
- At the central level, the newly re-created Ministry of Housing and Urban Affairs (MoHUA) is the major statutory body responsible for creating nationwide policies and schemes for betterment of urban areas. Other apex bodies include NITI Aayog, National Development Council and several Centrally Funded Institutes (CFIs) and Centers of Excellence under various ministries that deal with urban issues.
- The MoHUA was created in 2017 by combining the Ministry of Housing and Urban Poverty Alleviation (MHUPA) and Ministry of Urban Development (MoUD), which were previously created in 2004.
- In the next section, I have elaborated on the statutory and advisory bodies under this and some other ministries, and explained their relevance in the urban context.

a. Apex bodies and their relevance

At the highest level, the Central Government, headed by the Prime Minister and his Council of Cabinet Ministers can be considered as the apex body of governance in the country. The ministries are divided into **Central Ministries** and **Ministries of State**, with the following hierarchy in power and capacity to manage the affairs of the country:

1. **Prime Minister**
2. Deputy Prime Minister (if any); presides as prime minister in his absence or as the senior most cabinet minister.
3. **Cabinet Minister:** member of cabinet; leads a ministry.
4. **Minister of State** (independent charge): junior minister not reporting to a cabinet minister, within the larger cabinet ministry.
5. **Minister of State** (MoS): junior minister reporting to a cabinet minister, usually tasked with a specific responsibility in that ministry.

Note that the Ministries of State are different from the State Ministries. The latter are state level ministries which are responsible for subjects under the State List while the former deals with subjects in the Union List and Concurrent List.

Under each ministry, there are several types of bodies that play significantly different roles in accomplishing the objectives in the ministry's mandate²³. These bodies are:

1. **Attached Offices** - Responsible for providing executive direction required in the implementation of the policies laid down by the Ministry to which they are attached.
2. **Subordinate Offices** - Responsible for the detailed execution of the decisions of the Government.
3. **Constitutional Bodies** - Bodies which are constituted under the provisions of the Constitution of India.
 - a. **Statutory Bodies** – Bodies which are established under the statute or an Act of Parliament.
 - b. **Autonomous Bodies** - Bodies which are established by the Government to discharge the activities which are related to governmental functions although such bodies are given autonomy to discharge their functions in accordance with the Memorandum of Associations, etc., but the Government's control exists since these are funded by the Government of India.
4. **Public Sector Undertaking** - PSUs is that part of the industry which is controlled fully or partly by the Government. These undertakings have been set up in the form of companies or corporations in which the shares are held by the President or his nominees and which are managed by Board of Directors which includes officials and non-officials.
5. **Departments/Directorates** – Typically refers to any of the ministries, departments, secretariats, and offices mentioned in the First Schedule to the Government of India (Allocation of Business) Rules, 1961, as amended from time to time.
6. **Boards/Committees** – Statutory bodies established under Ministries with bureaucrats and ministers as the head. Most Boards and Committees help in establishing regulatory frameworks or build on previous ones, while acting as the regulatory agency themselves.
7. **Councils/Commissions** – Councils and Commissions are bodies established to deal with specific issues mentioned in the mandate or prioritized by governments. These bodies comprised of specialists in specific fields and their role could be advisory or statutory.

For more on the roles and responsibilities of these offices, please refer to the Central Secretariat Manual of Office Procedure²⁴.

²³ A ministry mandate is a set of aims, objectives and duties that have been laid out in the constitution, which defines the scope of the legislature under any ministry.

²⁴ The MoOP can be accessed at <https://darpg.gov.in/sites/default/files/CSMOP-13.pdf>

- The different ministries in the central council of ministers that directly or indirectly influence activities and governance in urban areas are as follows:

- **Central Ministries:**

1. **Ministry of Housing and Urban Affairs – housing and urban governance**
2. Ministry of Finance – finance and budgets; state collection and devolution of funds
3. Ministry of Corporate Affairs – Corporate regulations
4. Ministry of Road Transport and Highways – Transport Infrastructure
5. Ministry of Shipping – Ports, SEZs, trade
6. Ministry of Drinking Water and Sanitation – public service delivery, provision of WASH
7. Ministry of Panchayti Raj/Rural Development – affairs of rural development, 74th CAA
8. Ministry of Micro, Small and Medium Enterprises – economic enterprises in urban areas
9. Ministry of Human Resource Development – capacity building, vocational and higher education training
10. Ministry of Science and Technology – information and communications technology
11. Ministry of Health and Family Welfare – health, social well-being, and welfare
12. Ministry of Commerce and Industry – regulation of commercial activities and industrial development
13. Ministry of Statistics and Programme Implementation –survey and data collection.

1. **Ministries of State (Independent Charge):**

1. Ministry of Planning
2. Ministry of Development of North Eastern Region
3. Ministry of Environment, Forest and Climate Change
4. Ministry of Power;
5. Ministry of New and Renewable Energy.
6. Ministry of State in the Ministry of Housing and Urban Affairs.
7. Ministry of State in the Ministry of Tourism.

2. **Ministries of State:**

1. Ministry of Drinking Water and Sanitation
2. Ministry of Social Justice and Empowerment
3. Ministry of State in the Ministry of Railways.
4. Ministry of State in the Ministry of Skill Development and Entrepreneurship.
5. Ministry of State in the Ministry of Heavy Industries and Public Enterprises.
6. Ministry of State in the Ministry of Water Resources, River Development and Ganga Rejuvenation.

- With respect to the scope of this research, the most important apex body or ministry is the MoHUA. I have summarized the roles and different bodies under the MoHUA, starting with a summary of the mandate of the Ministry.

- i. The MoHUA

- Mandate**

(Retrieved from <http://mohua.gov.in/cms/mandate.php>)

The Ministry of Housing and Urban Affairs is the apex authority of Government of India at the national level to formulate policies, sponsor and support programmes, coordinate the activities of various Central Ministries, State Governments and other nodal authorities and monitor the programmes concerning all the issues of housing and urban affairs in the country.

The matters pertaining to urban development have been assigned by the Constitution of India to the State Governments. The Constitution (74th Amendment) Act has further delegated many of these functions to the urban local bodies. The constitutional and legal authority of the Govt. of India is limited only to Delhi and other Union Territories and to the subject which State Legislatures authorize the Union Parliament to legislate.

However, the Govt. of India plays a much more important role and exercises a larger influence to shape the policies and programmes of the country as a whole. The national policy issues are decided by the Govt. of India which also allocates resources to the State Governments through various Centrally Sponsored schemes, provides finances through national financial institutions and supports various external assistance programmes for urban development in the country as a whole. The indirect effect of the fiscal, economic and industrial location decisions of the Govt. of India exercise a far more dominant influence on the pattern of urbanization and real estate investment in the country.

- Functions**

(Retrieved from the Annual Report of MoHUA; 2017-2018) (Ministry of Housing and Urban Affairs, 2018) The functions of the MoHUA, as described as per **Government of India (Allocation of Business) Rules 1961** are as follows:

- Properties of the Union, whether lands or buildings, except those explicitly under other ministries such as Railways, Civil Aviation etc.

2. Government civil works and buildings including those of Union territories excluding roads and excluding works executed by or buildings belonging to the Ministry of Railways, Department of Posts, Department of Telecommunications, Department of Atomic Energy and the Department of Space.
3. Horticulture operations.
4. Central Public Works Organization.
5. Administration of Government estates including Government hostels under the control of the Ministry. Location or dispersal of offices in or from the metropolitan cities.
6. Allotment of accommodation in Vigyan Bhawan.
7. Administration of four Rehabilitation Markets viz. Sarojini Nagar Market, Shankar Market, Pleasure Garden Market and Kamla Market in Delhi.
8. Issue of lease or conveyance deeds in respect of Government built properties in Delhi and New Delhi under the Displaced Persons (Compensation and Rehabilitation) Act, 1954 (44 of 1954) and conversion of lease deeds, allotment of additional strips of land and correctional areas adjoining such properties.
9. Stationery and Printing for the Government of India including official publications such as the Government Gazette.
10. Planning and coordination of urban transport systems with technical planning of rail based systems being subject to the items of work allocated to the Ministry of Railways, Railway Board.
11. Fixing of maximum and minimum rates and fares for rail-based urban transport systems other than those funded by the Indian Railways.
12. Tramways including elevated high-speed trams within municipal limits or any other contiguous zone.
13. Town and Country Planning; matters relating to the Planning and Development of Metropolitan Areas, International Cooperation, and Technical Assistance in this field.
14. Schemes of large scale acquisition, development, and disposal of land in Delhi.
15. Delhi Development Authority.
16. Master Plan of Delhi, coordination of work in respect of the Master Plan and Slum Clearance in the National Capital Territory of Delhi.
17. Erection of memorials in honor of freedom fighters.
18. Development of Government colonies.
19. Local Government, the constitution and powers of the Municipal Corporations (excluding the Municipal Corporation of Delhi), Municipalities (excluding the New Delhi Municipal

Committee), other Local Self-Government Administrations excluding Panchayati Raj Institutions.

20. The Delhi Water Supply and Sewage Disposal Undertaking of the Municipal Corporation of Delhi.
21. Water supply (subject to overall national perspective of water planning and coordination assigned to the Ministry of Water Resources, River Development and Ganga Rejuvenation), sewage, drainage and sanitation relating to urban areas and linkages from allocated water resources. International Cooperation and Technical Assistance in this field.
22. The Central Council of Local Self-Government.
23. Allotment of Government land in Delhi.
24. Administration of Rajghat Samadhi Committee.
25. All matters relating to Planning and Development of the National Capital Region and administration of the National Capital Region Planning Board Act, 1985 (2 of 1985).
26. Matters relating to the Indian National Trust for Art and Cultural Heritage (INTACH).
27. All matters relating to the Housing and Urban Development Corporation (HUDCO).
28. Matters relating to NBCC(India) Limited and its subsidiaries.
29. Matters relating to Hindustan Prefab Limited.
30. Formulation of housing policy and programme (except rural housing which is assigned to the Department of Rural Development), review of the implementation of the Plan Schemes, collection and dissemination of data on housing, building materials and techniques, general measures for reduction of building costs and nodal responsibility for National Housing Policy.
31. Human Settlements including the United Nations Commission for Human Settlements and International Cooperation and Technical Assistance in the field of Housing and Human Settlements.
32. Urban Development including Slum Clearance Schemes and the Jhuggi and Jhonpri (Squatter Settlements) Removal Schemes. International Cooperation and Technical Assistance in this field.
33. National Cooperative Housing Federation.
34. Implementation of the specific programmes of Urban Employment and Urban Poverty Alleviation including other programmes evolved from time to time.
35. Administration of the Requisitioning and Acquisition of Immovable Property Act, 1952
36. Administration of Delhi Hotels (Control of Accommodation) Act, 1949 (24 of 1949).
37. The Public Premises (Eviction of Unauthorized Occupants) Act, 1971 (40 of 1971).

38. Administration of the Delhi Development Act, 1957 (61 of 1957).
39. The Delhi Rent Control Act, 1958 (59 of 1958).
40. The Urban Land (Ceiling and Regulation) Act, 1976 (33 of 1976).
41. Delhi Urban Art Commission, the Delhi Urban Art Commission Act, 1973 (1 of 1974).
42. Administration of the Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act, 2014 (7 of 2014)
43. Administration of the Real Estate (Regulation and Development) Act, 2016 (16 of 2016)

For accomplishing these functions, the MoHUA has a set of offices based on the previously discussed categories.

- **Offices**

Under the MoHUA, there are several diverse types of bodies that handle different facets of development at the urban and regional level. The relevant bodies under the previously discussed categories are:

1. Attached Offices:

Central Public Works Department (CPWD) - A multifaceted comprehensive Construction Management Agency of Government of India, which provides services from project concept to completion and maintenance management in the post construction stage, is the largest of these Organizations. It is a total Service Provider, capable of giving single window service for all facets of built environment with complete accountability and responsibility.

Directorate of Estates (DoE) is responsible for administration of Government Estates and Hostels.

Land and Development Office (L&DO) administers nazul and rehabilitation leases in Delhi, in addition to managing the Central Government lands in Delhi.

National Buildings Organization (NBO) is engaged in collection, tabulation and dissemination of statistical information on housing and building construction activities in the country.

2. Subordinate Offices:

Town & Country Planning Organization (TCPO) is the technical arm of Ministry of Urban Development in matters of town planning, regional planning and urban development.

Department of Publication located at Civil Lines, Delhi is the authorized agency for publishing all Government books such as the Government Gazette. It is also responsible for stocking, distribution, advertising of tender notices, cataloguing and sale of Government publications.

3. Public Sector Undertakings:

National Building Construction Corporation (NBCC) India Ltd. a Public Sector civil construction agency is a Schedule "A" and ISO-9001 company and its activities are spread all over the country and abroad. NBCC provides civil engineering construction services in a wide gamut of projects of varied nature and complexities in different geographical locations, both within India and abroad.

Housing & Urban Development Corporation (HUDCO) is the premier techno financial institution engaged in financing and promotion of housing and urban infrastructure projects throughout India, with the objective of providing long term finance and undertaking housing and urban infrastructure development programmes. HUDCO is a public financial institution under section 4A of the Companies Act. It aims to achieve sustainable growth in these sectors by catering to the needs of every section of the society, with a basket of delivery options in urban and rural housing and infrastructure development.

Hindustan Prefab Limited (HPL), one of the oldest Central Public-Sector Enterprise (CPSE) is a pioneer of prefabricated technology in India and works to deliver hi-tech project management consultancy services in civil construction projects which includes mass housing projects under various Govt. schemes, educational, hospitals and other institutional buildings of Central & State Govt. and their agencies.

4. Statutory/Autonomous Bodies:

Delhi Urban Arts Commission (DUAC) has statutory mandate to preserve and develop aesthetic quality and environment in Delhi.

National Capital Region Planning Board (NCRPB) constituted in March 1985 under the NCR Planning Board Act, 1985, has the important goal of evolving harmonized policies for control of land uses and development of infrastructure in the NCR so as to avoid any haphazard development of the Region.

Delhi Development Authority (DDA) has statutory jurisdiction for overall development and land use in the National Capital Territory of Delhi.

National Institute of Urban Affairs (NIUA), set up in 1976, is an autonomous non-statutory body, registered under the Societies Registration Act, 1860, for carrying out urban research in the country. It is also involved in collection, processing, storing and dissemination of information relating to urban local bodies, their functioning, management, finances, development programmes and training.

Building Material Technology Promotion Council (BMTPC) as a technology promotion council has been promoting appropriate building materials and construction technologies for field level application.

National Cooperative Housing Federation (NCHF) is a nation-wide organization of the cooperative housing sector aiming to promote housing cooperatives and to coordinate and facilitate their operations especially between the Apex Cooperative Housing Federations (ACHFs) which are its members.

Central Government Employees Welfare Housing Organization (CGEWHO) is a welfare organization for construction of dwelling units exclusively for Central Government Employees, on "No Profit - No Loss" basis.

National Capital Region Transport Corporation (NCRTC) was incorporated in 2013 for designing, developing, implementing, financing, operating, and maintaining Regional Rapid Transit System (RRTS) in the National Capital Region (NCR).

- Each of the above organization works within its respective domain and is in some way an institutional stakeholder in urban governance in the country. Other than these bodies, the ministry has created different schemes to ensure a thrust in certain areas of urban governance and policy, particularly since 1992.
- Currently, the schemes under the MoHUA that have been implemented to improve the various facets of urban areas are as follows:

Note: Some of these schemes are recent and their policy guidelines and frameworks are just being made public. Some other schemes have been continued from the older administration, but their names have been changed as a political statement by the newly elected government. Lastly, there are some schemes that have been discontinued by the government recently, due to which it is difficult to provide an update on their status as of now.

- **Schemes**

The major schemes under the MoHUA (previously under MoUD and MHUPA) , their summary and status are as follows:

Scheme	Summary	Status
Jawaharlal Nehru Urban Renewal Mission (JnNURM)	Ran under the United Progressive Alliance (UPA) coalition government after it came to power in 2004. Mission was established in 2005 and ended by the new National Democratic Alliance (NDA) government after 2014 elections. Support to previously unfinished projects continued until 2018.	Cancelled
Atal Mission for Rejuvenation and Urban Transformation (AMRUT)	New mission for urban rejuvenation by the NDA government in 2015. Currently in its third phase which is to be completed by 2020. Thrust areas of AMRUT are on provisions of water and sewerage, increase in amenity values of urban areas and reduction of pollution.	Ongoing
Smart Cities Mission	Launched by the NDA government to promote ICT oriented developments in urban agglomerations selected based on their growth potential. Smart cities are proposed technology hubs within urban areas or along the periphery.	Ongoing
Swachh Bharat Mission	The Swachh Bharat Mission is an urban sanitation scheme run through central funding to achieve two primary objectives: Achieving 100% open defecation free status, and 100% scientific processing of solid waste – in all 4,041 ULBs in the country.	Ongoing
Pradhan Mantri Awas Yojana-Prime Minister Scheme: Housing for All (Urban)	Mission created to ensure affordable housing across different urban areas in the country. Focus on slum rehabilitation of with participation of private developers using land as a resource. Objectives include promotion of affordable housing for weaker section through credit linked subsidy, affordable housing development through PPP models and subsidy for beneficiary-led individual house construction.	Ongoing

National Urban Housing and Habitat Policy (NUHHP) 2007	The NUHHP was created by the UPA government to promote sustainable development of habitat in the country with a view to ensure equitable supply of land, shelter and services at affordable prices to all sections of the society.	Ongoing; Merged with NULM.
National Urban Livelihoods Mission (NULM)	Merely a rebranding and agglomeration of previous schemes under a new name, the NULM's focus is on capacity building and vocational training for weaker sections, while also providing the urban poor support systems for creating and maintaining livelihood in urban areas. The seven thrust areas are: Social Mobilization and Institutional Development (SM&ID) Capacity Building and Training (CB&T), Employment through Skill Training and Placement (EST&P), Self-employment Programme (SEP), Support to Urban Street Vendors, Shelter for Urban Homeless (SUH), Innovative & Special Projects (I&SP)	Ongoing

- Other than these schemes which are under the direct purview of the MoHUA, there are several schemes in urban areas that have been created by different ministries, such as the Ministry of Finance and Ministry of Environment. However, most of these schemes are deployed in urban areas through agreements with the MoHUA.
- Two of the most important schemes under the MoHUA, the Smart Cities Mission and AMRUT will be covered in detail in Section 4.

Central Finance Commissions (CFC)

- The Finance Commission is an apex advisory (now supposed to be statutory) body created every five years in accordance with **The Finance Commission (Miscellaneous Provisions) Act 1951**, with the role of developing recommendations and fiscal policy guidelines for the management of institutions at the central, state, and local level.
- The Fourteenth Finance Commission (FC-XIV) was constituted by the President on 2nd January 2013 to make recommendations for the period 2015-2020.

- Over the years, the scope of the commission's recommendations has varied depending upon the state of the union. In the case of the Fourteenth Finance Commission, the scope of recommendations was as follows:
 1. The distribution between the Union and the States of the net proceeds of taxes which are to be, or may be, divided between them under Chapter I, Part XII of the Constitution and the allocation between the States of the respective shares of such proceeds;
 2. The principles which should govern the grants-in-aid of the revenues of the States out of the Consolidated Fund of India and the sums to be paid to the States which are in need of assistance by way of grants-in-aid of their revenues under article 275 of the Constitution for purposes other than those specified in the provisos to clause (1) of that article; and
 3. The measures needed to augment the Consolidated Fund of a State to supplement the resources of the Panchayat and Municipalities in the State based on the recommendations made by the Finance Commission of the State.

Source: (Commission, 2014)

As (Asher & Sheikh, 2016, p. 4) point out,

Broadly, it may be observed that the role that the CFC performs to address vertical fiscal imbalances (the “imbalance” in distribution of revenues, in comparison to expenditure responsibilities, between two levels of government) and horizontal fiscal balances (the “imbalance” in distribution of revenue among governments at the same level) between the Union government and the State governments, the same role is expected to be performed by a SFC to address fiscal balances between the State government and its local governments (urban and rural).

State Finance Commissions (SFC)

- Article 243I of the Indian Constitution prescribes that the Governor of a State shall, as soon as may be within one year from the commencement of the Constitution (Seventy-third Amendment) Act, 1992, and thereafter at the expiration of every fifth year, constitute a Finance Commission to review the financial position of the Panchayats and to make recommendations to the Governor as to:

- The distribution between the State and the local bodies of the net proceeds of the taxes, duties, tolls and fees leviable by the State, which may be divided between rural and urban local at all levels of their respective shares of such proceeds;
- The determination of the taxes, duties, tolls and fees which may be assigned as, or appropriated by, the rural local bodies;
- The grants-in-aid to the urban and local bodies from the Consolidated Fund of the State;
- In response to these articles, State Finance Commissions were first setup to perform the above-mentioned responsibilities.
- The expectation of central government in creating a mandate to constitute SFCs have not been followed in word or spirit by many states. Some states have constituted SFCs on a regular basis (mostly the larger states), while the smaller states have not. SFCs cannot be considered as functioning bodies across all states in the country, and in states where they are constituted, their efficacy has been limited.
- For more on an up to date status of various finance commissions in the country, please see (Asher & Sheikh, 2016).

b. Roles and Responsibilities of the urban local bodies

- i. Model Municipal Law (2003)
 - There is no single set of roles and responsibilities of urban local bodies in India, primarily because the discretion to make these laws were left at the hands of different states. However, based on the guidelines of the 74th CAA that was passed in 1992, a Model Municipal Law was created in 2003 by the central government to guide the transfer of functions and empowerment of urban local bodies in the country.
 - The law acts as a benchmark to compare urban bodies and has also been helpful in determining the different types of activities that are executed by the government. Most of this law is a duplication or improvisation of the 74th CAA, but it does manage to expand the functions of the ULBs and has been used as a benchmark for determining activities under the purview of the local government and reforming them through JNNURM, AMRUT etc.
 - The salient features of the Model Municipal Law²⁵ (MML) can be summarized under five broad sections. These are:

²⁵ The MML Document can be accessed at <http://www.ielrc.org/content/e0331.pdf>

1. Constitution and Government

- Executive powers vested with Empowered Standing Committee.
- Five-year term for Mayor/Chairman.
- Provision for wards and ward committees.
- Functions classified in terms of core, assigned by government, and others.
- Dissolution of elected council only after review by a committee.
- Re-election of dissolved council within six months.

2. Financial Management

- State government to prepare municipal accounting manual.
- Municipalities to prepare annual balance sheets.
- Provision for appointment of a Municipal Accounts Committee.
- Provision for appointment of chartered accountants as auditors.
- Capital and revenue heads to be separated out in municipal accounts.
- Separate accounting heads proposed for water supply, roads, etc.
- Annual subsidy and environmental status reports.
- Annual inventory of municipal properties.
- Comprehensive debt limitation policy by state government.
- Enabling access to capital markets and financial institutions for capital investments.

3. Municipal Revenue Generation

- Property tax (PT) assessment system on area or capital value basis.
- Provision for self-assessment system for PT.
- Unique property numbering system.
- Reference to implementation of SFC's recommendations.

4. Urban Environmental Infrastructure and Services

- Participation of private sector, NGOs, and CBOs in delivery of services.
- Service charges to reflect O&M and capital costs.
- Provision to meet the Hazardous and Bio-medical Waste Handling Rules of Ministry of Environment and Forestry, Government of India (MEF, GOI).
- Provision to meet the Solid Waste Handling Rules of MEF, GOI.
- State-level regulatory commission on municipal services.

5. Others

- Representation to municipalities on District/Metropolitan Planning Committees
- Provision for implementation of development plans by Municipalities.

- Easy planning approvals to small-sized buildings designed by architects.
- The MML, along with the functions under the 12th Schedule are the closest approximation of the different types of activities that are undertaken within the municipal corporation (i.e. within the organization's operations) and areas under these corporations.
- Another method of understanding these laws is that the MML guides municipal laws and devolutions of functions, while the schemes such as JNNURM and AMRUT incentivize creation of these provisions by providing financial incentives.
- As evidence suggests, at least five states have reformulated their municipal laws based on the MML since 2003. These are states of Rajasthan, Odisha, Bihar, Sikkim, Telangana (Vaidya, 2009, p. 12).
- All other states are now being mandated to develop legislations based on the MML, as the features mentioned above have been incorporated in shaping the incentivization of devolution of functions through JNNURM and AMRUT.

Piecemeal Process of understanding activities and functions

How to ascertain which functions are under a particular local government?

There is a significant gap of information as far as the above question is concerned. Through explorations of various sources and studies of various cities over the years, I have realized the only way to ascertain the functions under a particular ULB is through piecemeal research and gathering of information. However, there are some resources that come handy in multiple occasions as these are attempts at the international level to bridge this gap of information.

Some of these sources are:

1. **City Profiles** published on a regular basis in the peer-reviewed Cities journal, which can be accessed at <https://www.journals.elsevier.com/cities>.
2. **Reports and Articles** published under LSE Cities initiative; as an example, **Governing Urban Futures**, which can be accessed at <http://eprints.lse.ac.uk/60780/>
3. **Working Papers, Reports and Books** published at **National Institute of Public Finance and Policy**, which can be accessed at <http://www.nipfp.org.in/publications/>
4. Extrapolating data collected by organizations such as **National Council for Applied Economic Research**, which can be accessed at <http://www.ncaer.org/publication.php>
5. Local enquiries through local government, state, and central officials.

6. **Committee reports and their appraisals:** Since independence, there have been five instances in which definition of certain ‘core’ functions of the government in the urban domain have been discussed. The first was **the Planning Commission’s First and Second Five Year Plans** (1951-1966); second, **The Zakaria Committee on the Finances of Urban Local Bodies** (1963); third, the allocations of functions to urban local bodies under the **74th CAA** and the **Twelfth Schedule** (1992); fourth the **Eleventh Finance Commission** (2000-2005) and fifth **JNNURM Reforms** (2005).

Comparing these we can get an idea of the inconsistencies in core functions that should fall under the domain of urban governments²⁶.

Planning Commission	Zakaria Committee	74 th CAA and 12 th Schedule	Finance Commission	JNNURM
Water Supply	Water Supply	Water Supply for domestic, industrial, and commercial purposes	Water Supply	Water Supply
Sanitation/Sewerage	Sanitation	Public Health and Sanitation	Primary Health	
	Roads and Works	Public Infrastructure	Municipal Roads	Transit Systems
Primary Education			Primary Education	

To overcome this inconsistency, some economists have used categories such as Local Public Goods and Extended Local Public Goods to classify activities in some instances(Pethe, Karnik, & Karmarkar, 2003).

Deficiencies in Urban Governance

- Despite a consistent effort at the central and state level to enhance the efficacy of local governments, there are still some very evident deficiencies as Isher Ahluwalia points out in her recent publication.

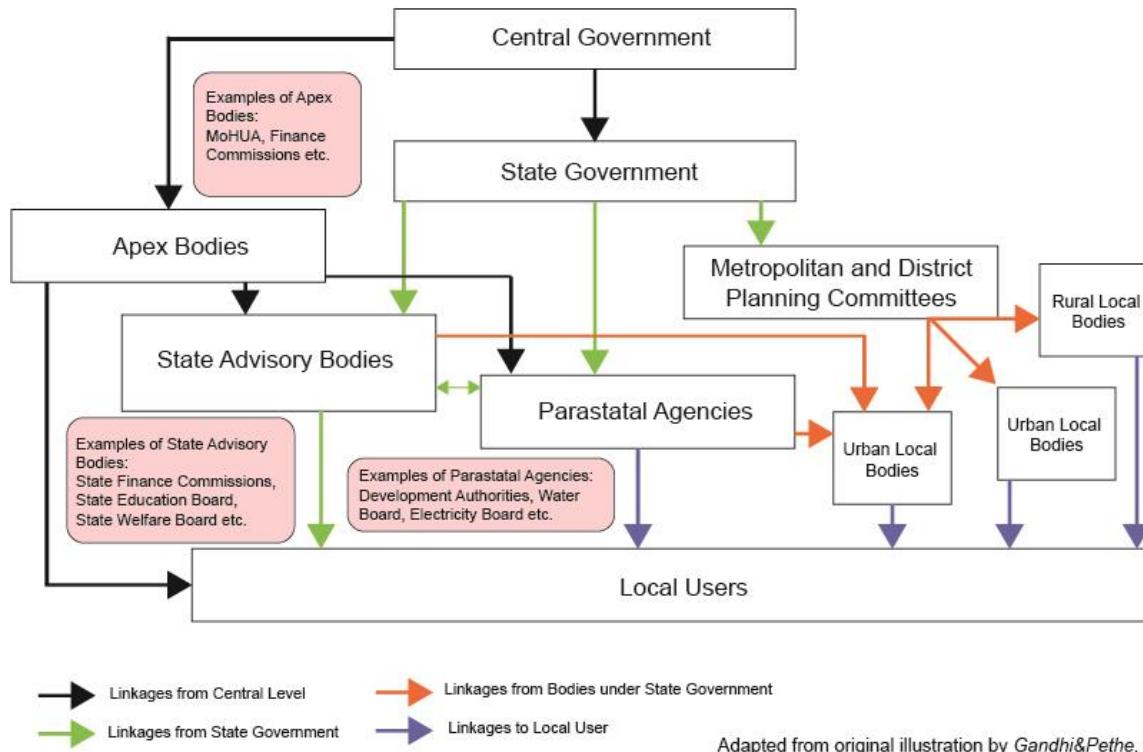
²⁶ This table is an expansion of previous work undertaken by P.K Chaubey (Chaubey, 2004, p. 31).

- “These deficiencies stem from:
 1. a federal framework that has failed in empowerment of its third tier despite amending the constitution in 1992 for doing so,
 2. a missing link in the institutional framework for metropolitan planning and governance, and
 3. a political system that is heavily biased toward the rural sector in terms of representative voice in state and central legislature.” (Ahluwalia, 2017, p. 1)
- Regarding the first point, Ahluwalia points out to the mechanism of devolution of urban planning functions to the state level, particularly in those areas that are rapidly undergoing urbanization. The selective devolution or a lack of devolution has its roots in the state level politicians and bureaucrats not wanting to lose control over the fiscal aspects of transferred functions, especially in the rapidly urbanizing areas. As an indirect consequence, the 74th CAA directive to states to setup State Finance Commissions has not been executed by state governments efficiently, leaving the political power at the state level to exercise funds for urban development unchallenged(Ahluwalia, 2017, p. 2).
- Regarding metropolitan planning and governance, the formation of Metropolitan Planning Committees and District Planning Committees (again, a directive of the 74th CAA) has been successful in many states. However, these MPCs and DPCs and their effectiveness in creating larger urban regions has been questioned by several scholars(Ansari, 2004, pp. 15–16; K. C. Sivaramakrishnan & others, 2014; Vaidya, 2009, p. 30).
- Politically, there is a significant difference in the representation of urban areas at the state and central level, primarily due to the rural nature of the country as a whole. This makes it extremely difficult for representatives in urban areas to voice their opinions and share power proportional to the population in urban areas.
- There are also several policies at the central level that have had diverse consequences for urban areas despite their good intent. As an example, the devolution of funds by center to state and from state to local bodies is on the rise, however, the proportion allocated to urban areas has not increased proportionally(Ahluwalia, 2017, p. 16). This has left many urban areas in India in dire straits.
- On the technical side, the mechanisms of governance are themselves fragmented and the methodologies for planning and management of urban areas inconsistent and ineffective.
- J.H Ansari (Ansari, 2004, p. 7) has identified several methodological conflicts in governance, such as over reliance on physical planning at the local level and economic planning at the central and state level, with disregard for the other.

- Lastly, there is the fragmented institutional structure that leads to overlap and jurisdiction conflict in different activities at the urban and regional level, especially in urban areas that have been developing since a long time and are now metropolitan settlements.

We can visualize the different stakeholders in urban areas through the following flowchart, modified from the original work of Sahil Gandhi and Abhay Pethe (Gandhi & Pethe, 2017).

INSTITUTIONAL ACTORS AND LINKAGES IN GOVERNANCE OF METRO REGIONS IN INDIA



We can see that the local user can be affected by direct intervention at the urban or rural level by the central government, state government or its agencies or by usual ULBs and RLBs. Moreover, this illustration also shows the hierarchical multiplicity of agencies, one of the identified problem of urban governance in India.

c. Parastatal and Departmental agencies

- **Parastatal Agencies** or **State-Owned Enterprises (SOEs)** are institutions that are under the ownership of the state whether by the very nature of their establishment or through the government acquiring a majority stake in its ownership.

- Literature on parastatal agencies in India seems adopt varying definitions; some consider only service providers such as water and sewerage boards to be parastatals; others include development authorities, transportation corporations as well. However, the OECD definition of SOEs or parastatals has been considered for this research²⁷.
- Parastatal bodies are a consequence of state level legislative reforms that were undertaken in the 1960s and 1970s, according to some as a response to the inefficiency of local bodies and a tendency for centralization in state governments(Mathur, 1999, p. 48).
- Due to India's history and the statist influence, most parastatal agencies for urban governance were established based on a government act at the state or central level. It is only after 1992 that the corporatization of the local governments and parastatal agencies has slowly gained momentum.
- With PPP growing as the preferred mode of service delivery in India, the scope of parastatal agencies has expanded in recent times with an increase in number of Special Purpose Vehicles being created to deliver infrastructure and utility projects in the country.
- Typically, in any given urban area, the parastatal agencies that one can find are:
 1. Water and Sewerage Board
 2. Electricity Board
 3. Development Authority
 4. Transit Corporations
 5. SPVs driving developments of Special Economic Zones
 6. Education and Health Boards
- Depending upon the extent of development in an urban area and provisions in the state legislature, these agencies coexist along with different local bodies. As Vaidya notes, we can broadly divide urban areas into three categories based on the role of the parastatals in the respective urban areas (Vaidya, 2009, p. 16):
 1. Urban Areas with no parastatal agencies.
 2. Urban Areas with parastatal agencies working alongside local bodies despite transfer of functions under 12th Schedule.
 3. Urban Areas with parastatal agencies working alongside local bodies without complete transfer of functions under 12th Schedule.

²⁷ The OECD defines SOEs or parastatals as enterprises where the state has significant control through full, majority, or significant minority ownership. These could be enterprises which are owned by the central or federal government, as well as SOEs owed by regional and local governments(Organization for Economic Co-operation and Development, 2016).

- Every urban body in India can be classified into either of these above categories based on the adopted definitions of parastatals. Most newly declared urban areas are likely to fall under the first category whereas older urban areas and metropolitan areas might fall either under the second or the third category.
- One of the basic criticisms of parastatal agencies in India or in any other developing country has been that they are not comprised of elected officials. Instead, they are more heavily reliant on the bureaucracy of the country and are driven by the technical expertise in the government.
- They have also been criticized on “*grounds of inefficiency, lack of cost-effectiveness and continued financial dependence on grants from state and center for sustenance*”(A. Kundu, Bagchi, & Kundu, 1999, p. 1893).
- On the other hand, those in support of parastatals seem to point out that most of these organizations have been established through a legislative act at the central or state level, which is an indication that they have been created through the agenda of political representatives of users that the parastatals intend to serve.
- After the 74th CAA and subsequent reforms, one might have expected the role of parastatals to have diminished given the transfer of municipal functions to the urban local bodies. However, this is not the case in most metropolitan areas, with new parastatals being formed to manage projects such as public transportation and infrastructure, delivery of ICT based solutions in poor areas and upgrade of water and sanitation systems.
- As the Expert Committee on Urban Governance established by the 12th Five Year Plan has noted (Government of India, 2017, p. 12):

“Parastatal agencies were created for providing services listed in the 12th Schedule prior to the 74th CAA and reform years. Consequently, a large number of parastatals, including Development Authorities, Water Supply & Sewerage Boards, Slum Housing & Development Boards, PWD, etc. have been performing various functions which could have been vested with the Local Bodies in accordance with the mandate of the 74th Amendment.”

Further, “*The multiplicity of agencies providing various services in the Urban Sector has led to overlapping, ambiguity and wastage of resources. Over and above that, the parastatal bodies are not elected Bodies and are not directly answerable to the citizens.*”²⁸

²⁸ Please see <http://planningcommission.gov.in/aboutus/committee/index.php?about=12strindx.htm#hud> for more reports of the 12th Five Year Plan

- After the 74th CAA was enacted, the central government left it to the discretion of the state the question of what should be done with parastatal agencies that are already carrying out the functions typically within the domain of municipal responsibilities.
- Some states such as Karnataka and Kerala have agreed to abolish these parastatal bodies and integrate all the remaining functions within the domain of urban governments. Many states, on the other hand have not considered the proposal of SFC. The reluctance, is part of a vicious cycle where the starting point is that municipal bodies in urban areas are not empowered. Therefore, they lack capacity and autonomy to execute provisional and regulatory duties across entire cities.
- On the other hand, since parastatals such as development authorities and water and sanitation boards are directly under the state's supervision without an additional tier of political interference (i.e. the local leaders).
- As a result, there is a functional gridlock that can only be solved in my opinion by incentivizing the abolishment of parastatals or their structural reorganization under the government hierarchies.

At the heart of this issue of multiple stakeholders is the autonomous nature of the state and the variable state legislatures that facilitate creation of different parastatal bodies. In order to shed some light on different parastatal agencies and their functions across different states and urban areas, I have analyzed the stakeholders in urban areas by considering example of eight cities in the next section.

d. *Variable state legislatures: A snapshot.*

i. Multiplicity of Organizations

One of the implication of variable state legislature is the existence of different parastatal agencies in different states and in urban areas within those states. Based on existing research on comparative analysis of governance in metropolitan areas, I have developed the following table to illustrate the multiplicity of agencies as well as their interactions with local governments in the five largest metropolitan areas in the country. Note that cantonments and SEZs are excluded from this list, which are under the central government and beyond the purview of state legislature. Most of the information for the developed table has been retrieved from (K Sivaramakrishnan & Maiti, 2009) and (Yadav, 2014).

City or Urban Agglomeration	Stakeholders in Urban Governance	Organization	Domain of Urban Governance
Bengaluru or Bangalore, Karnataka	Urban Local Body	Bengaluru Municipal Corporation	Municipal Services and urban affairs, Incomplete devolution
	State parastatals	Bengaluru Development Authority	Urban planning and development
		Bengaluru Metropolitan Region Development Authority	Regional planning and development
		Bengaluru Water Supply and Sewerage Board	Water supply and sanitation
		Bangalore Agenda Task Force	Improvement of urban conditions
		Bangalore Metro Rail Corporation (SPV)	Metro rail transit
		Bangalore Electricity Supply Company Limited	Electricity supply
		Directorate of Town and Country Planning	Urban planning (peri urban area)
		State Department of Urban Development	Urban development (statewide)
		Karnataka Public Works Department	Infrastructure operation and Maintenance
		Karnataka Industrial Area Development Board	Industrial development

Chennai, Tamil Nadu	Urban Local Body	Chennai Municipal Corporation	Municipal Services and urban affairs, Incomplete devolution
	State parastatals	Chennai Metropolitan Development Authority	Urban planning and development
		Chennai Metropolitan Water Supply and Sewerage Board	Water supply and sanitation
		Chennai Metropolitan Rail Limited (SPV)	Metro rail transit
		Chennai Metropolitan Transport Corporation	Bus transit and infrastructure
		Tamil Nadu Slum Clearance Board	Demolition of slums and unauthorized development
		Tamil Nadu Housing Board	Affordable housing
		Tamil Nadu Public Works Department	Infrastructure operation and maintenance
		Directorate of Town and Country Planning	Urban planning (peri urban areas)
		State Department of Urban Development	Urban development (statewide)
		Tamil Nadu Electricity Board (3 divisions)	Electricity supply
Kolkata or Calcutta, West Bengal	Urban Local Body	Kolkata Municipal Corporation	Municipal Services and urban affairs, complete devolution
	State Parastatals	Calcutta Metropolitan Planning Organization	Urban Planning and Land Use Regulation
		Calcutta Metropolitan Water Supply and Sanitation Authority	Water supply and sanitation
		Kolkata Metropolitan Planning Committee	Consolidation of urban and regional plans
		Kolkata Metropolitan Development Authority	Urban planning and development
		Kolkata Metro Rail Corporation (GOI undertaking)	Metro rail transit

		Kolkata Urban Development Department	Urban development (statewide and peri urban areas)
		Calcutta Electric Supply Corporation	Electricity supply
		West Bengal Public Works and Public Works (Roads) Department	Road development and infrastructure development
		West Bengal Industrial Development Corporation	Industrial development
Mumbai, Maharashtra	Mumbai	Municipal Corporation of Greater Mumbai	Municipal services and urban affairs, transit (bus only), electricity supply and water supply and sanitation
	State Parastatals	The Mumbai Metropolitan Region Development Authority	Regional planning and development
		Slum Rehabilitation Authority, Mumbai	Slum rehabilitation and redevelopment
		Metropolitan Housing and Area Development Authority	Affordable housing
		City and Industrial Development Corporation	Industrial development, infrastructure development, Urban and Regional Planning
		Directorate of Town Planning and Valuation	Urban planning (statewide excluding Greater Mumbai area; peri urban areas)
		State Department of Urban Development	Urban Development (statewide)
		Maharashtra Public Works Department	Road development, infrastructure development, operation and maintenance
		Maharashtra Industrial Development Corporation	Industrial development
Delhi, India	Urban Local Bodies	North Delhi Municipal Corporation	Municipal services and urban affairs, incomplete devolution
		South Delhi Municipal Corporation	
		East Delhi Municipal Corporation	

		New Delhi Municipal Council	
Parastatals (Note that Delhi is not a state so parastatals are under the central government)	Delhi Development Authority	Urban planning, land use regulation, urban development, affordable housing	
	Delhi Jal Board	Water supply	
	Delhi Transport Corporation	Bus infrastructure and transit	
	Delhi Metro Rail Corporation	Metro rail transit, Light rail transit	
	Delhi Power Supply Company Limited, Delhi Transco Limited, Indraprastha Power Generation Company Limited BSES Rajdhani Power Limited, BSES Yamuna Power Limited, North Delhi Power Limited (NDPL).	Electricity production and supply	
	National Capital Region Planning Board	Regional Planning, Rural to urban transformation	
	Delhi State Industrial and Infrastructure Development Corporation Ltd	Industrial development and regulation	
Hyderabad	Urban Local Body	Greater Hyderabad Municipal Corporation	Municipal services and urban affairs, devolution status unknown (due to division of state)
	State Parastatals	Hyderabad Urban Development Authority	Urban and Regional Planning
		Hyderabad Metropolitan Water Supply and Sewerage Board	Water supply and sanitation
		Multi Model Transport System/Hyderabad Metro Rail Limited	Bus and Metro rail transit, currently undergoing restructuring
		AP Roads and Buildings Departments/Telangana Roads and Buildings Department	Public works, operation and maintenance

	AP Housing Board/Telangana Housing Board	Affordable housing
	Infrastructure Corporation of Andhra Pradesh/Telangana	Infrastructure development and land use
	Directorate of Town and Country Planning, Andhra Pradesh/Telangana	Urban planning (statewide and peri urban areas)
	Andhra Pradesh/Telangana Power Transmission Corporation	Electricity supply
	Andhra Pradesh/Telangana Industrial Infrastructure Corporation	Infrastructure development and regulation in industrial areas

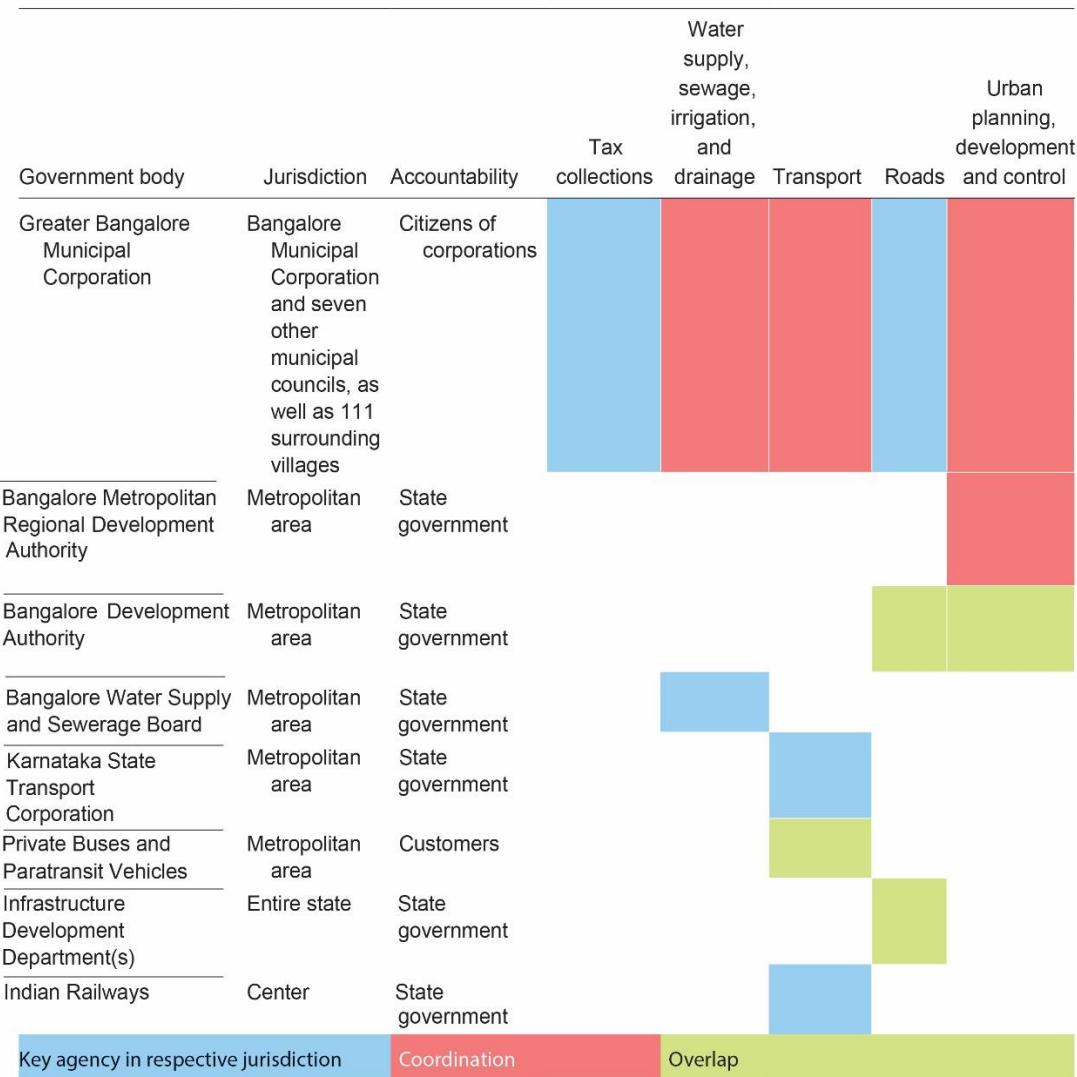
Some observations from the above table are as follows;

- Each of these organizations has been created through a state legislature facilitating the creation of such bodies. This applies across all the different states discussed here and also in general. The variation in state legislatures is apparent in the allocation of responsibilities as well as the different structures of urban governance across states.
- We can see similarities in that all areas have a parastatal Development Authority, which was created prior to the passing of the 74th CAA, which is in charge of urban planning and land use regulation in urban areas. Due to the encroachment of these development authorities into what can be considered typically as municipal functions, the devolution of functions across all the different metro areas is incomplete.
- There is a significant overlap of responsibilities and functions undertaken by different parastatal organizations; however, the jurisdiction over different areas is the single differentiating factor in this manner. The spatial delineation of responsibilities is often resolved by the state government through consultation with the executive branches of each organization.
- Projects such as development of new infrastructure and housing projects in urban areas will be mostly declared by the state, after which the different organizations who work in this domain will be allocated the responsibility based on the **type, scale, location** and **budget** allocated for the project.
- Lastly, most of these organizations are inevitably in some form of cooperation as far as municipal services are concerned. In areas of overlap such as utility provision, it is the state bureaucracy that fosters collaboration and resolves conflict.
- As these areas grow, they incorporate the surrounding peri urban areas, transforming the governance structure of surrounding towns. The capacity of these organizations is tested in such incorporations and their stake in the resulting urban area keeps getting stronger.

Coordination between different organizations

- In terms of the administrative overlaps that are caused due to the multiplicity of agencies, as mentioned earlier, there does exist some type of an overlap of **jurisdiction** as well that of **function**. Taking example of Bengaluru, we can explore how the coordination exists across these two domains. The following illustration is a direct adaptation from a research published by the World Bank in 2013 – 2014 (Vishwanath et al., 2013, p. 71).

ADMINISTRATIVE OVERLAPS AND COORDINATION IN SERVICE PROVISION : CASE OF BENGALURU METROPOLITAN AREA



Source: World Bank (2014)
Urbanization beyond Municipal Boundaries
<http://dx.doi.org/10.1596/978-0-8213-9840-1>

A qualitative understanding of the different municipal bodies and parastatals that are stakeholders in the governance of Bengaluru has been provided. The municipal corporation is the agency only in terms of tax collection and development of roads. It acts as a coordinating agency as far as other functions are concerned, with parastatal agencies such as the Development Authorities and Infrastructure Development Departments working in overlap (in terms of areas under coverage) as well as in coordination for the larger metropolitan area.

Urban planning, development and control as a function has no key agency in the above table because it is the state government that is responsible for the coordination and overlap as they have not devolved the function of urban planning to local level.

e. *Transforming nature of towns and governance.*

i. Types of Transformations

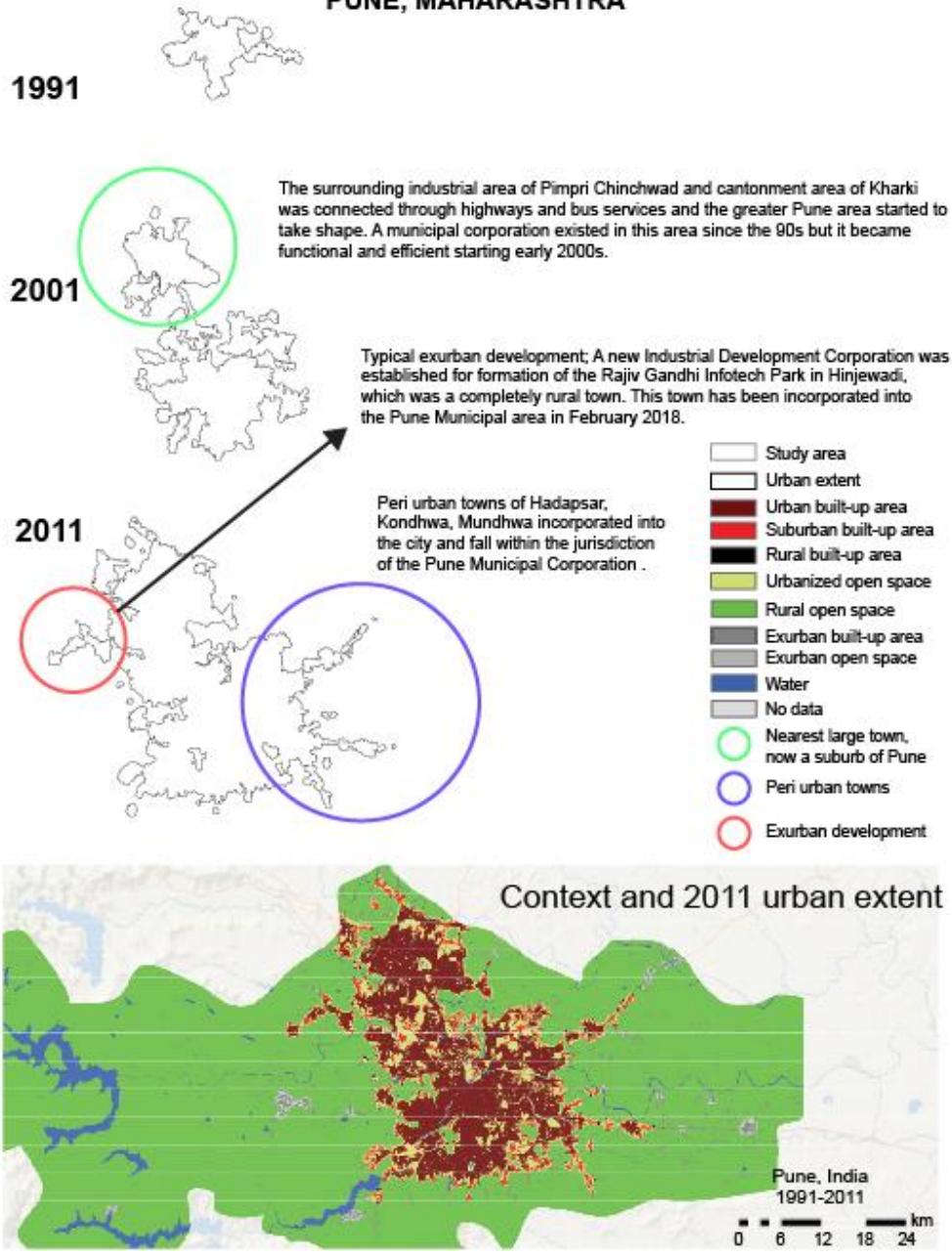
- There are two different typologies of towns and their growth and governance both dependent on the location with respect to the nearest metropolitan region or city. The two typologies are:
 1. Towns that surround larger urban agglomerations (Peri Urban areas)
 2. Towns where large exogenous shock of investment is introduced (Exurban areas)
- A good example of these two typologies can be found in the case of Pune, Maharashtra. The city has grown significantly over the last two decades, especially since the Information Technology jobs started being outsourced from the US to India in the early 2000s.
- Because of this consistent growth, the city limits have expanded significantly, with many villages being incorporated into the city. The following maps of decadal growth of the city taken from the Atlas of Urban Expansion²⁹ show the incorporation of peri urban towns such as Hadapsar, Kondhwa, Mundhwa into the Pune city. Some exurban areas, such as Hinjewadi shown on the map are Exurban areas that saw huge investments or exogenous shocks that led to the transformation of the towns that existed before.

Note: I have used the word Exurban instead of Suburban because Suburban areas are predominantly residential in their use and are already within the greater metropolitan region of the city. On the other hand, Exurban areas can be comprised of any type of land use, especially

²⁹ See <http://www.atlasofurbanexpansion.org/cities/view/Pune>

commercial, industrial or mix use developments. Moreover, its distance from the CBD is greater than that of the suburb and the growth in exurbs is through an direct exogenous shock as opposed to an indirect spillover effect. The exurban characterization of settlements also includes commuter towns and satellite towns, though in the case of Indian cities, these are typically considered as suburban developments. In the following illustration, the two types of developments have been shown along with the 2011 boundaries and different regions as classified by the Urban Atlas.

SPATIAL GROWTH OF A CITY AND TRANSFORMING NATURE OF TOWNS PUNE, MAHARASHTRA



The distinction between these types of transforming towns based on different aspects is as follows:

Aspect	Type 1: Peri Urban	Type 2: Exurban
Economic Impact	The spillover effects of economic activity in urban agglomerations is felt across the Taluka/Tehsils or even at the District level. The towns surrounding the agglomeration grow through the indirect and induced impacts of an economic shock in the urban area.	The growth is a consequence of direct impact due to an exogenous shock introduced within the town itself. This effect is much greater and can also be much faster compared to the secondary effects in the first type.
Governance and stakeholders	Incorporation of town's government into the municipal corporation of the larger agglomeration.	The change of a rural local body to an urban local body or simply an upgradation of the urban local body to a higher category.
Infrastructure	An upgrade and retrofitting of previously existing infrastructure.	Establishment of new infrastructure along with upgrade and retrofitting.
Municipal Finance	Loss of financial discretion on exercise of funds for local use (i.e within the town or village); however, the incorporation allows would be under a healthier financial institution.	An increase in amount of funds at the discretion of the local government.
Local User/Public	The change in administration of local area often means prospects of better services	Similar to the first case, prospects of better services

	on the upside, but more taxes on the downside.	that often accompany more taxes.
Parastatals	An increase in the area under the coverage of parastatals in the urban areas, similar to the municipal body under which the town is incorporated.	In the second case, new parastatal agencies may be formed specially to speed up the process of development of the area. Many parastatals were created first created in this manner itself.

Methodology of Transformation

In both discussed cases, there is some type of a change in the governing body; either upgradation of an existing body or the establishment of a new body.

In both these cases, the bureaucratic mechanism through which the transformation takes place is worth knowing. Irrespective of the differences, the mechanism is somewhat similar and is as follows:

- Typically, the Under Secretary of Government (Chief Bureaucrat under the Chief Minister of a State) will notify and declare the upgradation or formation of a new urban local body or an incorporation, citing evidence of population growth or directives from the politicians. These declarations are published in the Government Gazette and is also sent to different state departments and urban bodies surrounding the settlement in question.
- After the declaration, different departments and local bodies are required to acknowledge the notification and specific directives are issued to parastatals and State departments, starting with the Town Planning department.
- A budget provision for the transformation is made by the State Finance department after consultation with the State Finance Commission and the budget is allocated to different departments and parastatals in charge of assisting with the transformation.
- Initial developments and allocation of functions depending upon the nature of transformation are discussed and a notice for public suggestions and comments is published. This is

followed by creation of a **Development Plan** (DP), which is developed by the Town Planning department after consultations with different parastatals.

- After the Development plan has been completed, in case of an incorporation, the charges from the old officials are simply transferred to the larger urban body and in case of the upgradation or formation of a new body, the document is handed over to the newly appointed municipal commissioner of the area.
- This is followed by Transfer of Development Rights and Transfer of Functions, which is usually dictated by the State government.
- The last step is the acknowledgement of the transformation, which is issued by the local body now in charge of the area under consideration.

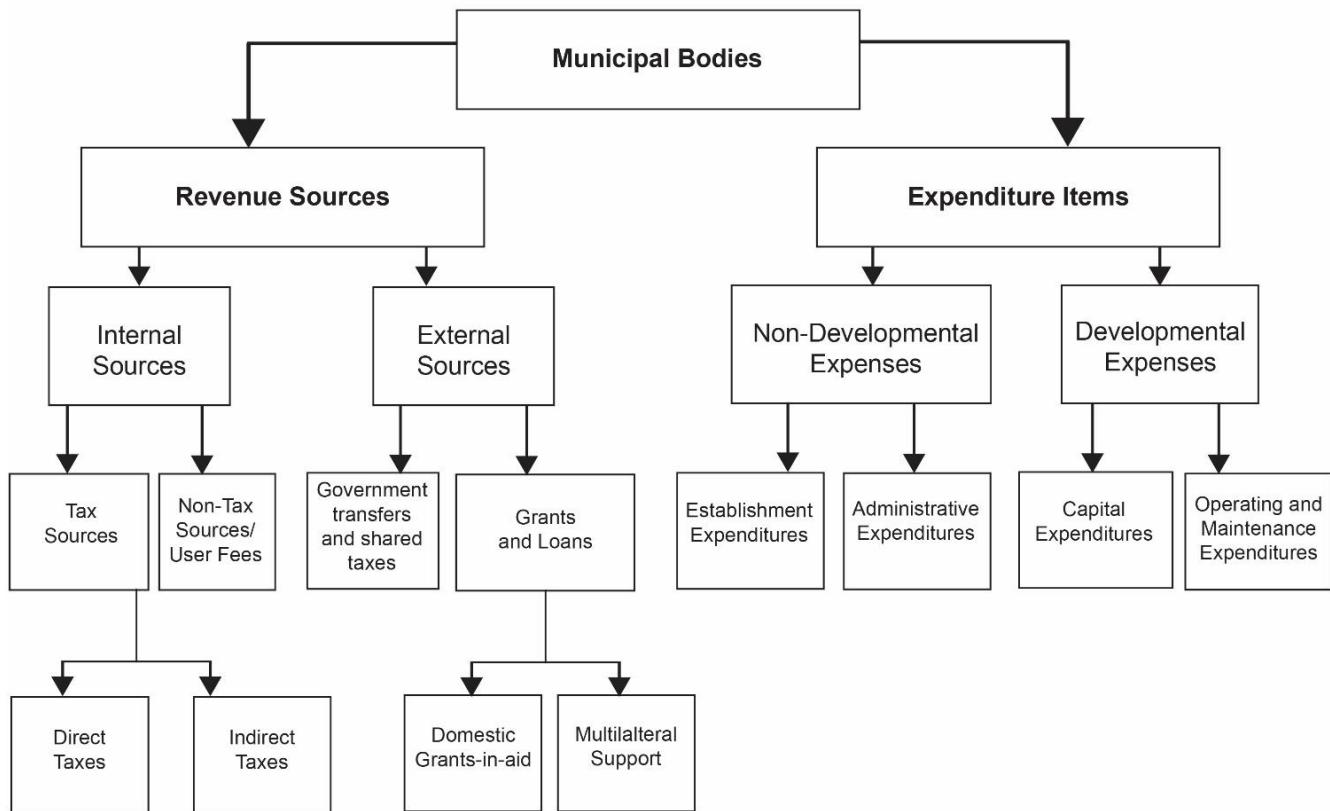
The above process usually takes about 3-4 years for completion, unless the state issues expedition directives on the demands of the political representatives of the public. In the transfer of functions, the state will often rely on its senior bureaucrats to decide what functions need to be transferred and their scheduled timeline, solely based on the convenience of the state. In most cases, many off the recommended functions will not be transferred by the state, citing reasons of inefficiency at the local level and often also citing lack of capacity.

There are many problems that arise due to this selective or incomplete nature of devolution and these have been discussed in Section 3g. Before discussing the issues of selective or incomplete devolution, it is important to give a brief overview of municipal finance in India.

f. A brief overview of Municipal Finance in India

- The Indian financial system is based on cooperative federalism, with the central government acting as the apex body for collection of revenue receipts and devolution of funds to state governments. At the state level, the state government is responsible for collection of receipts and devolution of funds to local governments. Lastly, the local government is the lowest form of financial institution, responsible for collection of taxes and
- For an urban local body, the sources of revenue and expenditure can be summarized as shown in the following diagram; this diagram has been created with the help of several sources (Aijaz, 2007; Chaubey, 2004; M. G. Rao & Bandyopadhyay, 2009; Venkatachalam, 2007)

MUNICIPAL FINANCE IN INDIA: SOURCES OF REVENUES AND EXPENDITURES



- **Revenue Sources:** Revenue sources can be classified into internal and external sources based on whether these taxes are collected by the body or received by the body externally.
- The internal sources can be further divided into tax sources and non-tax sources or user fees. The external sources can be divided into transfers from state government and grants and loans from state and center as well as from multilateral agencies. The tax sources can be further divided into direct and indirect taxes based on the type of collection. Direct taxes are those levied directly on the public and indirect taxes are those collected from services, import and export and consumption of goods and services.
- Based on the 74th CAA, the tax sources and non-tax sources that are collected across different municipal bodies across the country are:
 1. **Tax Sources:** Property tax, professional tax, sanitation tax, education tax, terminal/toll tax, taxes on vehicles, advertisement tax, entertainment tax, pilgrim tax, environmental tax and land revenue, betterment tax and development tax, passengers and goods tax, timber tax, taxes on animals, infrastructure tax for

bridges and vehicles, excise and customs, value added tax (VAT) and Octroi, which was a local tax on goods entering the city and has been reformed into the broader Goods and Services tax as of early 2018.

- 2. **Non-tax sources/User Fees:** Sanitation/conservancy: Sanitation/ conservancy charge, water charges, surcharge on sales tax, birth/death registration fees, betterment fees, slaughterhouse fees, market fees, parking fees, fees for building application, stamp duty, rent from municipal properties, receipts from fines and interests.
- According to the latest data available, in terms of the revenue sources, we can compare the revenue of urban local bodies in 2011-2012 as percentage of total revenue as follows:

Sr. no	Revenue Sources	2011-2012 (Relative Share) in Crore INR
1	Total Revenue	44,429(100%)
1.1	Own Revenue	23,522(53%)
1.1.1	Tax Sources	15,278(34.4%)
1.1.2	Non-Tax Sources	8,244(18.6%)
1.2	Other Revenue	20,907(47%)
1.2.1	Government Transfers (State)	9,171(20.6%)
1.2.2	Grants in Aid (State)	5,676(12.8%)
1.2.3	Government Transfers (Center)	869(2%)
1.2.4	Grants in Aid (Center)	2,373(5.3%)
1.2.5	Multilateral Grants	2,818(6.3%)

Source of Data: (Ahluwalia et al., 2011; Finance Commission of Union of India, 2011)

- **Expenditure Sources:** Expenditures of municipal corporation can be divided into non-developmental expenses and developmental expenses. The non-developmental expenses includes establishment expenditure and administrative expenditures. The developmental expenses include capital expenditures and operating and maintenance expenditures. These expenditures under each of the categories include:
 1. **Establishment expenditure:** Staff salaries, Allowances, wages, Pensions & Retirement benefits etc.

2. **Administrative expenditure:** Rents, rates & Taxes, Office maintenance, Communications, Books & periodicals, Printing & stationary, Travel expenditure, Law charges etc.
3. **Operations & Maintenance:** Power & fuel, bulk purchases, stores, external hiring charges, repairs & expenditure, maintenance and interest payments made on loans.
4. **Capital expenditure:** Buildings, Water supply & Sewerage, Energy/lighting, Solid waste management, Roads, Bridges, Causeways, Health & sanitation, Parks and recreation spaces, Furniture & fittings, Tools & plant, Equipment etc., Principal repayments of loans.

- There is a single aggregated database available on revenues and expenditures of municipal corporations in India, primarily because the responsibility to aggregate data on local bodies is the function of the state commissions. This database can be accessed at
<https://data.gov.in/catalog/income-and-expenditure-municipal-corporations>
<http://mospi.nic.in/statistical-year-book-india/2017/211>

Since the state commissions provide only aggregate statistics of rural and urban bodies to the central government, it is difficult to get an idea of the expenditures of local bodies on a disaggregated basis.

Aggregated state level statistics can be found at <http://niti.gov.in/state-statistics>

As an example, disaggregated state level statistics, as found in the State Commission Reports of respective states:

- **Maharashtra:** Annexures II and Annexures III of 4th SFC report:
https://finance.maharashtra.gov.in/Sitemap/finance/pdf/MAHARASHTRARAJYA_4TH_A_WAHAL_English.pdf
- **Kerala:** Appendix 10.2 of 5th SFC report:
http://finance.kerala.gov.in/index.php?option=com_docman&task=doc_download&gid=13533&Itemid=57
- **Gujarat:** Urban and Rural local body wise reports from the 3rd SFC:
<http://gstfc.gujarat.gov.in/showpage.aspx?contentid=38>

However, from (Ahluwalia et al., 2011), we can get an idea of capital and operating and management expenditures (also referred to as revenue expenditures) for 2007-2008 period, similar to the previous table.

Sr. no	Expenditure Sources	2011-2012 (Relative Share) in Crore INR
1	Total Expenditure	47,026 (100%)
1.1	Capital Expenditure	28,431 (60.46%)
1.2	Revenue Expenditure	18,594 (39.54%)

This brief overview of finances has been expanded further in the next section, focusing on some of the problems of selective and incomplete devolution of functions.

g. Problems of selective and/or incomplete devolution.

The extent of devolution of functions has been previously discussed in Section 2h. In this section, I have tried to expand on some of the problems of selective or incomplete devolution, focusing on the domains of municipal finance, planning, provision and management of physical and social infrastructure and some common issues faced by the public.

- **Devolution of functions, functionaries, and finances:** Financial independence of urban local bodies is impossible without an increase in the amount of funds devolved to states with specific directives for local devolution. Moreover, these funds need to be complemented with autonomy over functions and accountability of functionaries(Finance Commission of Union of India, 2013).
- **Lack of ‘complete’ transfer provisions:** As mandated by the 74th CAA, the State Governments are required to transfer functions under the Twelfth Schedule to the local governments. However, the 74th CAA does not comment on the financial devolution in terms of the functions and therefore, even if the states devolve the functions to the local government, they are often still dependent on the state government fiscally. Transfer of functions has not been succeeded by transfer of functionaries and finances as far as ULBs are concerned.
- **Disparity between Revenue and Expenditure:** As (Oommen, 2010) points out, the difference in magnitude between the municipal revenues and expenditures has kept on increasing. This trend has followed well beyond 2010 as pointed out by (Bandyopadhyay, 2014).

- **Revenue Assignments:** The 74th CAA required that SFCs be established to consider revenue assignments to rural and urban local bodies. However, most SFCs have not assigned new revenue bases to local authorities, and ULBs have few, autonomous sources of revenue. Nationwide, ULBs account for less than 5 percent of total revenues of all tiers of government, with the central government accounting for 62 percent and states for 35 percent as of 2014.
- **Inefficiency in collection of taxes:** Urban local bodies are extremely inefficient at property tax collection, primarily due to the lack of updated geospatial databases for property and land records. Many land records are still available only through old maps and different
- **Percentage of user charges:** User charges, which are charged based on the use of infrastructure and services comprise a very small proportion of the total revenue generated by a municipal body.
- **Fiscal Deficit:** Despite larger devolution being recommended by the CFCs and SFCs to local bodies, they are still facing a fiscal deficit because their revenue sources are not increasing proportional to the expenditures.
- **Inefficient Accounting Systems:** Up until 2013, several municipal bodies in the country had been following an old, inefficient system of cash based accounting (CBA), which lacks a temporal aspect of record and makes it difficult to ascertain the exact timeline of revenue and expenditure. This method of accounting is slowly being replaced in most local bodies by a double entry accrual system(Abraham, 2013).
- **Inefficient Data Collection Systems:** Most municipal bodies do not engage in active data collection, unless mandated by the state. This is a consequence of the functions of urban planning and development not being transferred to the urban bodies, as there is no incentive for municipal bodies to collect and learn from any form of statistical data.
- **Bad ratings in capital markets:** For most municipal bodies, the lack of financial autonomy and dependence on state and parastatal agencies means that they are assessed poorly in capital markets, eliminating municipal bonds as a viable source of financing capital projects(Ansari, 2004, p. 10).
- **Lack of public participation:** There is no formal framework for active public participation in planning and development processes at the municipal level. This is also true for parastatal agencies because the state government lacks infrastructure and resources to include participation in the formal development process. However, this is indirectly related to devolution of functions because the perception of people about ULBs

is that of nominal agencies, particularly in medium and small towns. On the other hand the perception of people about parastatals

For issues of local governance that exist in urban local bodies but don't necessarily stem from selective or incomplete devolution, see (Aijaz, 2007). In the next section, I have explored some arenas of conflict in urban governance between the local bodies and the states and how resolution is achieved with or without judicial intervention.

h. Governance: Conflict and Resolution.

We can broadly divide the issues of conflict in governance in India into three categories:

1. Conflict between Center and States
 2. Conflict between states
 3. Conflict between local bodies within different states
1. Given the extent of decentralization (or the lack of it), the center and state emerge as the chief actors in charge of resolving conflict internally and the Supreme Court of India emerges as the judicial body in charge of presiding over conflict externally, i.e. outside the legislative.
 2. The local bodies (both urban and rural) being the lowest in hierarchy are not empowered to resolve conflicts within each other, despite reforms having been made to setup District Planning Commissions (DPCs) and Metropolitan Planning Commissions (MPCs).
 3. As far as the court systems in India are concerned, each court has been granted a jurisdiction based on its position in the hierarchy; there are four types of jurisdictions, namely, **Original or Exclusive, Advisory, Appellate and Territorial.**
-
- i. Conflict between Center and State
4. In general, the constitutional provision of classification of subjects into union, state and concurrent list are the primary benchmarks to determine what tier of legislative hierarchy will preside over the matter under consideration. This categorization of subjects in the constitution is used as an instrument by the legislative for making laws and by the judiciary in the case of conflict between center and states.
 5. If conflict were to arise in matters of legislature on subjects in the Concurrent List (subjects on which both state and center can pass laws) the **Article 254 of Constitution** provides

absolute supremacy to the central government's laws, unless the President of India recommends otherwise.

6. As far as possible, the central government has tried over the years to resolve issues of 'policy coordination' and avoid conflict between center and state within the legislative division of the government. Two bodies that have been created with this coordination in mind are the **National Development Council (NDC)** and **Inter-State Council (ISC)**³⁰.
7. However, in situations where the NDC and the Inter-State Council are unable to reach a resolution, the conflict is usually referred to the judicial arm of the government.
8. Using the subject lists in the constitution as benchmarks, members of the judicial arm of the Indian government (i.e. the different courts) may exercise its exclusive jurisdiction for resolution of issues between the center and state.
9. **Exclusive Jurisdiction:** Supreme Court of India has been granted exclusive jurisdiction with regards to matters of conflict between Center and State. Its exclusive original jurisdiction extends to any dispute between the Government of India and one or more States or between the Government of India and any State or States on one side and one or more States on the other or between two or more States, if and insofar as the dispute involves any question (whether of law or of fact) on which the existence or extent of a legal right depends³¹.

Reforms: The most recent reforms on center-state relationships have been through the recommendations of the **Punchhi Commission (2010)**. The commission was established to enquire the existing arrangements governing Centre-State relations in the legislative, executive, and financial domain and suggest reforms for "*governing Indian society in a globalizing world*." The specific recommendations of the commission are beyond the scope of this research.³²

Conflict between States

- Similar to resolution of conflict between center and state, the onus of resolution of conflict between states is on the central government.
- As (Sharma, 2016) notes, the nature of conflict between states has been resolved internally or referred to the Supreme Courts depending upon the efficacy of the NDC and the ISC. In

³⁰ While the NDC and Inter-State Council are still functional, with the creation of the NITI Aayog, their roles are undergoing reform and the outcome has not been made public.

³¹ Retrieved from <https://www.supremecourtofindia.nic.in/jurisdiction>

³² The report can be accessed at <http://interstatecouncil.nic.in/wp-content/uploads/2015/06/volume1.pdf>

governments (mostly through the 60s and 70s and 90s), these institutions have been successful in achieving their aim of ‘policy coordination’, both vertically and horizontally.

- There have mostly been two types of conflict between states; **political boundaries** and water rights and sharing of **water resources**.
- **Political Boundaries:** In the case of political boundary conflicts, the central government has tried to resolve these by setting up Central Committees from time to time. A notable example is the **Mahajan Committee (1966)**, which was set up to resolve the border dispute between Maharashtra and Karnataka, that arose over the district of Belgaum in modern day Karnataka. However, judicial intervention has also be necessary, which is usually initiated through a petition submitted by the State Government to the Supreme Court of India, bypassing the central legislative.
- **Water Resources:** Dispute over water resources has a long political and socioeconomic history, elaborating on which is beyond the scope of this research. However, a good overview can be found in (Salman, 2002) and (Sharma, 2016). It is sufficient to mention here that as of 2018, separate **River Tribunals** are established to resolve these conflicts, which have been granted constitutional legitimacy under the Interstate River Water Disputes Act 1956. The Central Ministry of Water Resources is one of the key agencies working towards resolution of conflicts and currently (as of August 2017) there is a bill pending in the Parliament for constitution of a **Permanent River Tribunal**.

Conflict between local bodies within different States

10. In the case of conflict between local bodies within different states, there are four major actors working towards fostering coordination and resolving conflict. These are; the state government, the State High Courts, MPCs and DPCs.
11. High Courts, which are the highest level of court at the state level exercise their **Territorial Jurisdiction** granted to them by the Constitution of India. However, local bodies are in their right to challenge the High Court’s verdict in the Supreme Court, as the Supreme Court has also been granted **Appellate Jurisdiction** on issues which are presided over by any of the High Courts.
12. The state government can be considered as the chief actor working towards resolving conflicts between different local bodies. This is because most local bodies lack the resources and autonomy to actually resolve conflicts by approaching the judiciary. Only some of the largest and most prominent local bodies in India are in a position to actually

pursue conflicts through the judiciary³³. Hence, there have been very few instances where the local bodies have challenged the decisions of the state government or that of other local bodies.

13. In the case of resolution of boundaries and disputes over tax and land revenue collection and allocation of resources within local bodies, the state government and its departments act as the chief authority for conflict resolution. Typically, these are very little conflicts of this nature because due to the lack of devolution, most local bodies are indirectly administered by the state government.
14. **Functions of MPCs and DPCs:** Conflicts between local governments in their very nature are spatially constrained. Cognizant of this constraint, the 74th CAA directives of setting up MPCs and DPCs were issued to enable these institutions to act as institutions that could resolve the conflict arising between proximate local bodies.
15. However, since MPCs and DPCs have not been successfully established to become functional institutions within the government hierarchy(KC Sivaramakrishnan, 2013, pp. 88–92), conflicts between urban and conjoining rural areas, between proximate urban areas and between proximate rural areas are still resolved by the state government.
16. Some recent committees have emphasized why the creation and successful operationalization of MPCs and DPCs is necessary for better metropolitan urban governance, but so far, the state government's response has not been positive. The MPCs and DPCs might exist on paper, but they are far away from being operational and effective conflict resolution entities within most states.

³³ See Bombay Municipal Corporation vs State of Maharashtra; A 2008 judgement on issues pertaining to land acquisition.

<https://www.legalcrystal.com/case/368218/municipal-corporation-greater-mumbai-vs-state-maharashtra>

5. Key Institutional Urban Reforms (Since 1992)

The order of this section has been changed for better understanding of the .

- a. *Jawaharlal Nehru Urban Renewal Mission (JnNURM) (2005-2014).*
- To reverse the process of decay and decline of urban governance, the Government of India conceived the Jawaharlal Nehru National Urban Reform Mission (JNNURM). The JNNURM was declared by the then Prime Minister Manmohan Singh on 3rd December 2005.
- It was launched initially for a seven-year period (up to March 2012) to encourage cities to initiate steps for bringing phased improvements in their civic service levels. The government extended the tenure of the mission for two years in 2011, i.e., from April 2012 to March 31, 2014. The first phase is referred to as **JNNURM-1** (2005-2012) and the second is referred to as **JNNURM-2** (2012-2014). The reason JNNURM-2 was initiated, was because by the end of JNNURM-1, only 679 (51%) of the 1,329 projects sanctioned had been completed by the end of 2012.
- Basic thrust of JNNURM was planned development of urban areas through improved urban governance. The States and ULBs accessing the JNNURM were directed to complete a total of 22 mandatory and optional reforms, during the seven-year period (2005-12). Many of these reforms were introduced to help to empower ULBs.

The JNNURM mission had four components:

1. **Urban Infrastructure and Governance (UIG):** The UIG component provided for urban infrastructure projects relating to water supply, sewerage, solid-waste management, and roads in **selected 65 Mission Cities/Urban Agglomerations(UAs)**.
2. **Basic Services to the Urban Poor (BSUP):** Housing and slum development projects in **selected 65 Mission Cities/Urban Agglomerations(UAs)** were a part of BSUP.
3. **Urban Infrastructure and Development Scheme for Small and Medium Towns (UIDSSMT):** This component provided for urban infrastructure projects relating to water supply, sewer, solid-waste management, and roads in small and medium towns. This component of the mission was intended for **all towns and cities with urban local bodies**.
4. **Integrated Housing and Slum Development Programme (IHSDP):** This component provided for housing and integrated slum development in non-mission cities/towns. This scheme was intended for **all towns and cities with urban local bodies**.

Funding of projects:

The funding of projects under these four schemes was coordinated by the central government, state government and the urban local body in which the project was being undertaken.

- The percentage of funds that were provided by the central government varied from 50% to 90%. Funds were released as Additional Central Assistance (ACA) by Department of Expenditure on the recommendation of Ministry of Urban Affairs (then, the MoUD and MHUPA).
- Some funds were transferred to the state (Mostly in case of UIG and UIDSSMT), whereas some were transferred directly to the nodal agencies in charge of development of housing and provision of services to the poor at the local level (either ULBs or State parastatals).
- Lastly, the ministry and its attached and subordinate offices, provided technical expertise and assistance on Development Project Reports (DPRs). Typically, projects were first created by ULBs or Parastatals based on directives in the form of DPRs, which were approved by **Standing Committees** formed by various states.

Institutional Setup:

The institutional setup of JNNURM was based on a three-tier system of agencies and steering committees that were created to oversee the following dimensions of the mission;

(a) Policy Oversight - Key Agency: National Steering Group (NSG)

(b) Appraisal and Sanction of Proposals - Key Agency: State Level Nodal Agencies (SLNA) and State Level Steering Committee (SLSC)

(c) Operational Oversight and Monitoring - Key Agencies: Sub-Mission Directorates (SMG) and Central Sanctioning and Monitoring Committees (CSMG) for UIG and BSUP.

(d) Advisory Support - Key Agencies: Technical Advisory Group (TAG) and Attached and Subordinate Offices of MoUD and MHUPA.

Plan of Action: Comprehensive Development Plan

Under JNNURM, the Plan of Action for each of the city benefitting from the grants is called the Comprehensive Development Plan (CDP). A City Development Plan (CDP) was intended to be both a perspective and a vision for the future development of a city. It was meant to present the stage and state of the city's development and was aimed at answering the following questions:

- What does the analysis of city's profile show? Where are the opportunities and where are the key constraints?

- Given the opportunities and constraints, where does the city wish to move in a medium-term perspective? While the vision is forward-looking, it is also a realistic vision, achievable with a given time frame.
- What strategic options are available to achieve the vision? What are the costs and benefits of alternative strategic options?
- Which of the strategies will help the city achieve the vision at least cost or maximum impact?
- What would be the aggregate investment needed to implement the vision?
- What are the options for mobilizing resources for implementing the CDP?
- What reforms other than those embodied in the JNNURM are necessary for effectively implementing the CDP?

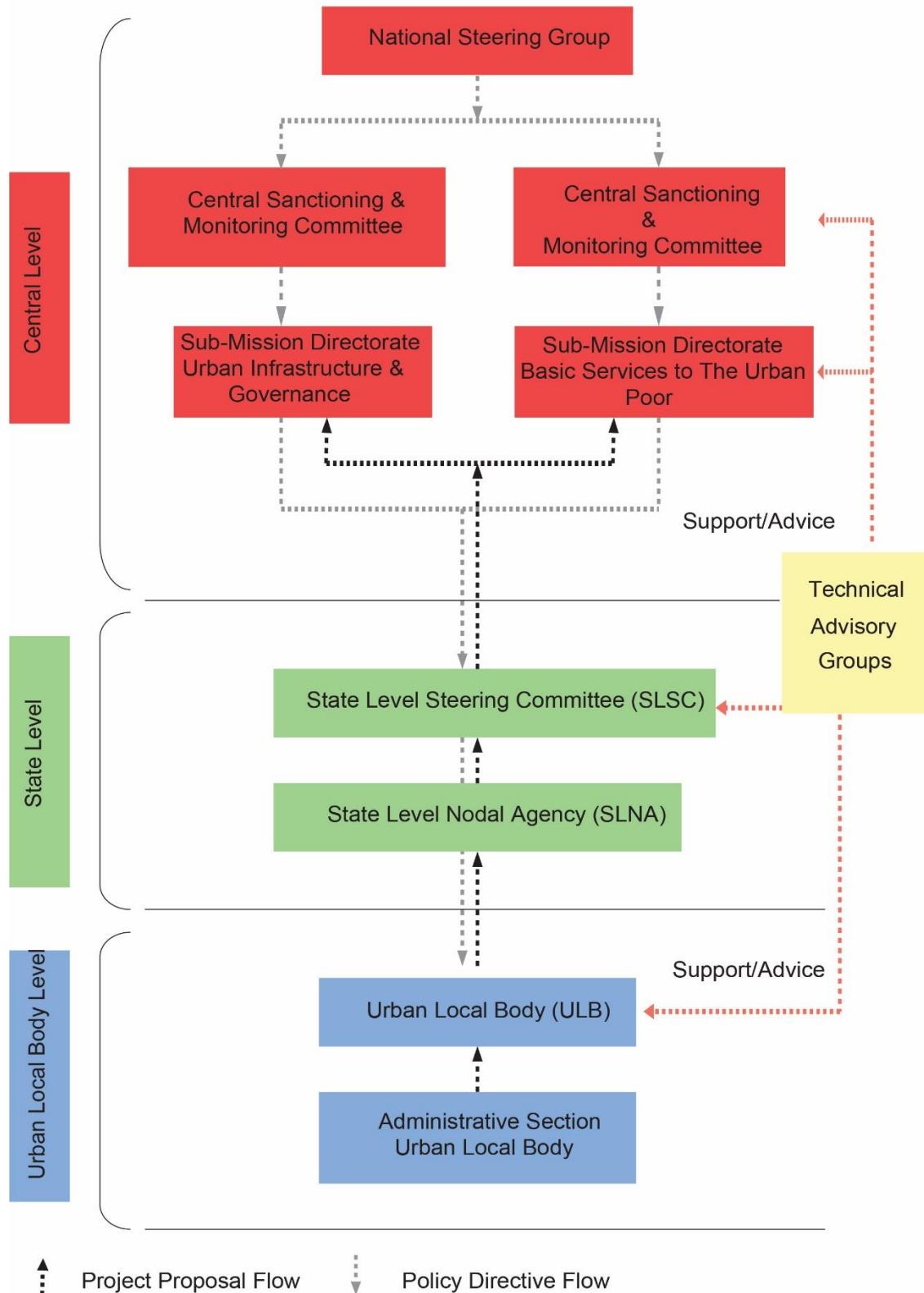
It was not necessary for the ULB to make the plan. In most mission cities, it was either the ULBs or the Development Authorities that were entrusted with the task of preparing such CDPs. While most CDPs have been archived, some can still be found online³⁴

Process:

Two processes of relevance have been visualized below; first, the **Project Proposal and Directive Flow**. The Source of this diagram is the JNNURM Toolkit, which is not available online any more but is in the possession of the author(Ministry of Urban Development, Government of India, 2007).

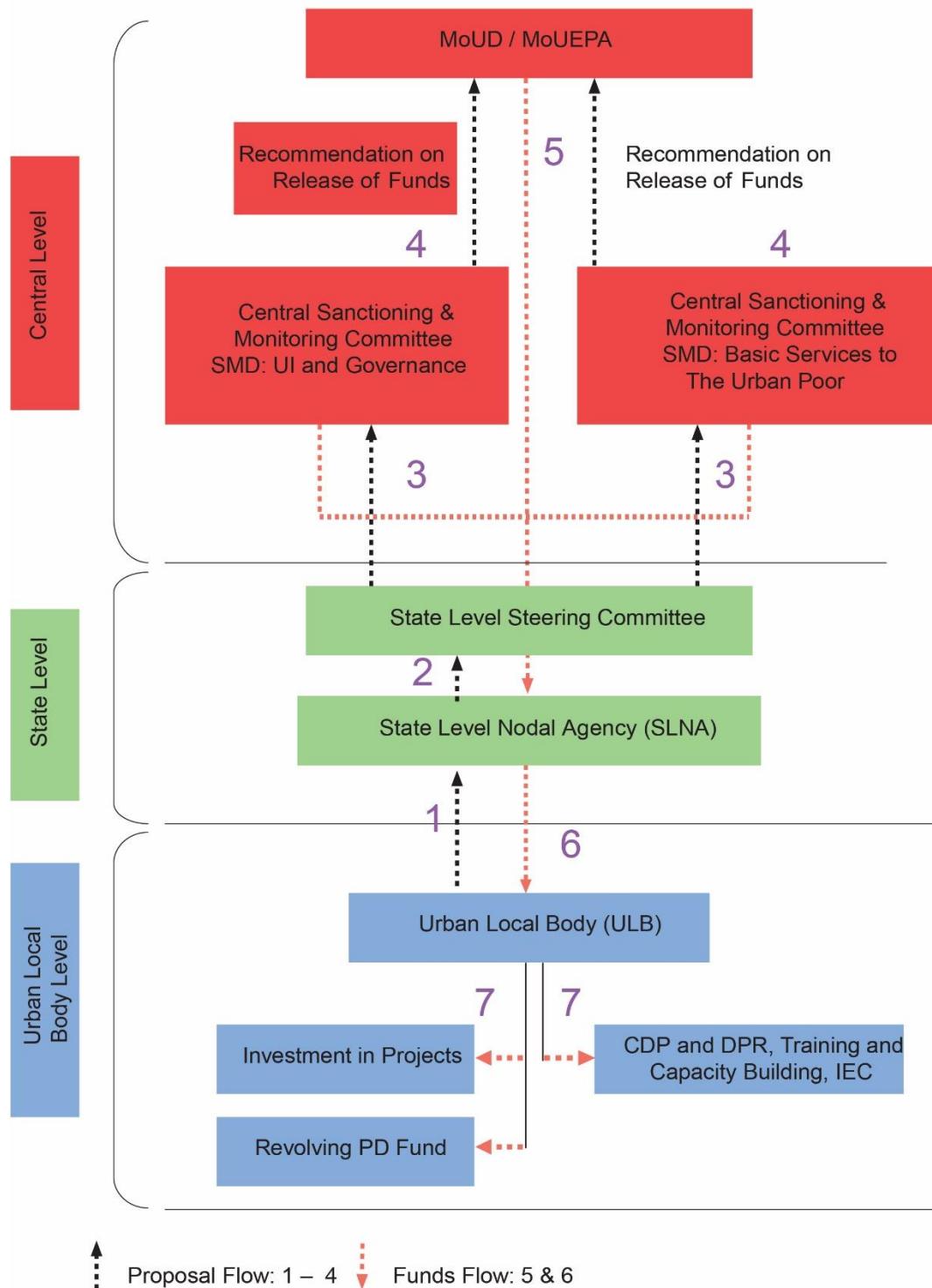
³⁴ See <http://www.spaenvis.nic.in/index3.aspx?sslid=2155&subsublinkid=183&langid=1&mid=1> (Signup is required); Pune CDP Volume 1 can be accessed at <https://pmc.gov.in/informpdf/jnnurm/CDPPUNE/Pune%20CDP-%20Volume%201.pdf>

JNNURM : PROJECT PROPOSAL AND POLICY DIRECTIVE FLOW



The second process is that of **Sanctioning of Projects and Disbursement of Funds**. It has been visualized below:

JNNURM : PROCESS SANCTION AND DISBURSEMENTS



Projects and Fund Allocation:

Under these four schemes, the initial outlays (as proposed in JNNURM-1), number of projects sanctioned and completed over the two phases (JNNURM-1 and JNNURM-2), as well as the amount of assistance that was provided by the central government have been summarized below:

Scheme	UIG	UIDSSMT	BSUP	IHSDP	Total
Initial Proposed Outlays by Central Government for JNNURM-1 (2005-2012) in Crore ₹	31,500	11,400	16,357	6,828	66,085
Additional Outlays for JNNURM-2 (2012-2014) and projects accommodated under AMRUT in Crore ₹	2,154	4,339	11,262	6,202	23,957
Total Outlay (2005-2016)	33,654	15,739	27,619	13,030	90,042
Number of projects sanctioned (2005-2016)	727	1,302	902	1,973	4,904

Source: (NITI Aayog, 2017b; Planning Commission of India, 2012)

Reforms:

This funding of projects under these components was linked with the implementation of a list of both mandatory and optional reforms by states and ULBs. This was a method of incentivizing the transfer of functions from the 12th Schedule as well some other reforms beyond the scope of the 12th Schedule which were considered necessary for healthy functioning of urban local bodies. The reforms were divided into mandatory and optional, across states and local bodies.

The grants that were released for the projects under various components were dependent on the amount of reforms implemented from amongst the following list:

1. Mandatory Reforms

1.1 State-Level Reforms

- Implementation of decentralization measures as envisaged in the 74th Constitutional Amendment Act transfer of functions, constitution of Metropolitan Planning Committees (MPCs), and District Planning Committees (DPCs).
- Adoption of modern, accrual-based double entry system of accounting in ULBs.

- Reform in rent control.
- Introduction of systems of e-governance like GIS and MIS in ULBs.
- Levy of reasonable user charges by ULBs.
- Earmarking a budget for basic services to the urban poor (BSUP).
- Rationalization of stamp duty to not more than 5 per cent.
- Enactment of Community Participation Law and Public Disclosure Law.

1.2 Urban Local Body Level Reforms

- E-Governance set-up.
- Shift to double entry accounting.
- Property tax—85 per cent coverage.
- Property tax—90 per cent collection efficiency.
- 100 per cent cost recovery—O&M for water supply.
- 100 per cent cost recovery—Solid Waste Management.
- Internal earmarking of funds for services to urban poor.

2. Optional Reforms

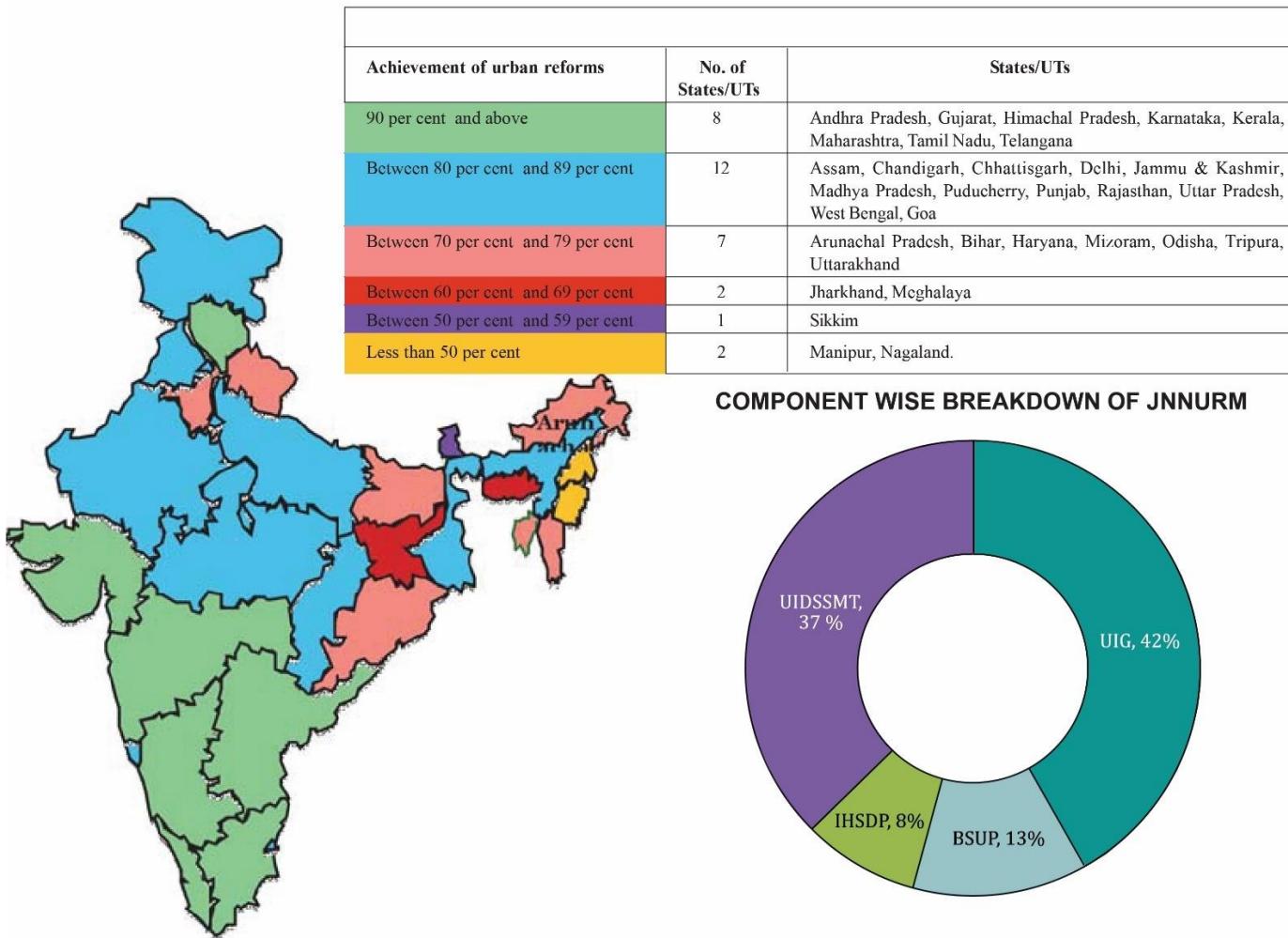
- Repeal of Urban Land Ceiling and Regulation Act.
- Bye-laws for water harvesting and reuse and recycled water.
- Introduction of Property Title Certification System in ULBs.
- Earmarking 20–25 per cent of developed land for Lower Income Group (LIG)/Economically Weaker Section (EWS) category.
- Computerized registration of land and property.
- Encouraging PPP projects at the local and state level.

Status of Reforms as of 2017

- The Ministry of Urban Development (Previously MoUD and MHUPA) was responsible for scoring states and cities/UAs based on the level of implementation of reforms. Now that the JNNURM has ended, the final scores of states in terms of implementation of the above reforms within mission cities/urban agglomerations and also other ULBs have been made public. The appraisal of the 12th Five Year Plan(FYP12)
- While the process of implementation of reforms has been more effective in the larger states or the more developed ones, overall, the extent of critical reforms such as the transfer of functions under the 12th Schedule has been modest(NITI Aayog, 2017b, p. 246).

- The variation in progress of reforms and the final scoring of states has been visualized below. The states which have ranked higher are now beginning to reap the benefits of second set of reforms, namely AMRUT and the Smart Cities Missions.

INTER-STATE VARIATION IN PROGRESS OF REFORMS UNDER JNNURM (2005-2016)



Achievements:

- First nationwide reform attempt:** The JNNURM was a decade long attempt at improving the urban renewal at an institutional and physical level.
- Significant Coverage:** Under JNNURM, the 65 mission cities/Urban Agglomerations actually translated into 178 ULBs which were beneficiaries of the grants(D. Kundu, 2014, p. 623).

- **Financially significant:** The JNNURM was also successful in terms of a centrally administered scheme, as it was instrumental in a quantum jump in investment in urban sector in India. The center to state ratio of funds appropriated to all the projects was close to 1, which has been considered as a benchmark of success of the scheme(NITI Aayog, 2017b, p. 247).
- **Renewed focus on urban areas:** JNNURM has been effective in renewing focus on the urban sector across the country; however, the need to raise capacity and investment resources is still substantial. It has been successful in catalyzing significant investment into the physical infrastructure of cities(Planning Commission of India, 2011, p. 382).

Criticisms:

- One of the biggest criticisms of the JNNURM has been that though intended as a mission for urban renewal, it has actually been more of a service delivery project. (D. Kundu, 2014)
- **Not really Urban Renewal?** Kundu's analysis on the sector wise share of type of projects based on data from the Planning Commission's data has been tabulated below; in terms of urban renewal, the JNNURM has actually been a failure. On the other hand, most of the projects funded under the mission have been focused on service delivery and provision of physical infrastructure.

Sector	Mission Cities		Non-mission Cities*	
	Total Projects	During Transition Phase	Total Projects	During Transition Phase
Drainage/Storm Water Drains	13.4	8.9	7.2	0.8
Water Supply	29.3	62.2	52.7	46.1
Sewerage	20.3	13.3	16.1	13.3
Roads/Flyover/RoB/MRTS	25.6	11.1	14.9	32.8
Solid Waste Management	7.8	4.4	6.9	4.7
Urban Renewal/Preservation of Water Bodies	3.7	0.0	2.3	2.3
Total Projects	100.0	100.0	100.0	100.0

Source: JnNURM, Ministry of Urban Development, GoI, January 2014.

Note: *Non-mission cities do not include projects sanctioned during September 2010 to March 2012.

- **Empowerment of ULBs:** Despite being one of the key cornerstones and rationales for implementing the JNNURM, the incentivization structure was not efficient and has not been successful in empowerment of ULBs both functionally and financially.

- (K. C. Sivaramakrishnan, 2011) has made a crucial point in this regard based on the structural understanding of the institutional setup that executed grants under the JNNURM. The state governments were the chief intermediaries for approval and implementation of the projects under the JNNURM guidelines. The state governments equated parastatal organizations with an elected ULB, and these were given JNNURM funds. “*This only continued the long tradition of state governments diverting municipal functions and funds to parastatals, thus undermining the functional domain and capacity of ULBs.*”

One of the most comprehensive critique of mission has been undertaken in (Kamath & Zachariah, 2015). Here, I will briefly mention the important points discussed by the authors through an evidence based enquiry;

- **Bias in Financial Allocations towards Infrastructure Development in Large Cities and States:** The JNNURM’s reforms and release of funding have been proven to be biased towards more developed states and local bodies, which has led to an exacerbation of disparity between infrastructure services across urban areas in different states.
- **Focus on Financial and Physical Targets and ‘Awards’ without Adequate Attention to Performance Evaluation:** Overall, the implementation of projects and reforms has been monitored through a box-ticking mechanism that does not provide detailed information about substantive aspects of projects and reforms that have been implemented, issues faced by states, cities and towns in their implementation, and impact on city residents.
- **Little Clarity on How or why Reforms are to be Implemented and How they are Transforming ULB Performance:** Application of a generic score based system to a variety of cities makes it difficult to assess the improvements in ULBs through reforms, especially because of the historical disparity between financial health and efficacy of ULBs which were chosen for reforms.
- Other than these major criticisms, there have been many secondary issues identified by authors which have contributed to the inefficiencies of the mission such as **Lack of Public Participation, Corruption and a Political Bias towards National Progressive Alliance led states.**

b. Summary of the Five-Year Plans and Policies of NITI Aayog.

In this section, I have first summarized the important recommendations of the 11th and 12th Five Year Plans (FYPs), pertaining to urban governance. Next, I have provided an overview of the

NITI Aayog's policy directives, including their take on urban governance and some future reforms that can be predicted based on recent publications of the NITI Aayog.

It is important to note that sources for understanding the performance of the FYPs are limited. After the actual plan document is released, it is not until the end of the duration of the plan that the mid-term appraisals for the plans are published. Thus, the information of affairs of the state that are accessible to the public lag the actual on-ground scenario by at least 3 years; as an example, the mid-term appraisal for the 12th Five Year Plan (FYP12), was published by the newly formed NITI Aayog on July 27, 2017. This was then declared as the final appraisal report that the NITI Aayog would publish, since the new government has abolished the system of FYPs. Thus, the mid-term appraisals are the best available proxies for final appraisals of the plan.

i. 11th Five Year Plan (11FYP) (2007-2012)

- **Approach:** The approach to governance as outlined in the Approach Paper³⁵ to the 11FYP was based on the decentralization of government service delivery, with a focus on collaborations between the public and private sectors.
- **JNNURM:** The 11FYP was a significant landmark in creation of urban reforms as the first extensive mission of JNNURM was launched just before the creation of the plan. The plan elaborated on the mission, providing an insight into how the central government policies and financial outlays have been aligned with the objectives of the mission.
- **Thrust Areas:** The thrust areas in urban governance and urban development in the 11FYP were:
 1. Strengthening urban local bodies through capacity building and better fiscal management.
 2. Increasing the efficiency and productivity of cities by deregulation and development of land.
 3. Dismantling public sector monopoly over urban infrastructure and creating conducive atmosphere for the private sector to invest.
 4. Establishing autonomous regulatory framework to oversee the functioning of the public and private sector.
 5. Reducing incidence of poverty.
 6. Using technology and innovation to improve governance.

³⁵ Approach paper for the 11th Five Year Plan can be accessed at http://planningcommission.gov.in/plans/planrel/app11_16jan.pdf

7. Shifting focus of policies on governance from inputs to outcomes.
 8. Creating mechanisms to counter corruption across all tiers of the government.
- The plan envisioned Indian cities to be the locus and engine of economic growth over the next two decades and suggested that the realization of an ambitious goal of 9 to 10 per cent growth in GDP depends fundamentally on making Indian cities more liveable, inclusive, bankable, and competitive.
 - **Service Delivery Reform:** This plan can be considered as a beginning of the government's departure from the traditional modes of public service delivery and the first countrywide attempt to address issues of urban development and governance. In terms of the outlay, a total of 7 Billion USD (50,000 Crore Indian Rupees) was initially allocated under the various schemes of urban development and service delivery for a period between 2007-2012(Planning Commission of India, 2007).
 - **Aggregation of Schemes:** The 11FYP was also an attempt at aggregated the various existing schemes and policies for urban populations within the country under the JNNURM mission.
 - **Leveraging Digital Technologies:** The plan was also the first attempt to leverage the use of digital technologies for improving urban governance. E-Governance policies were allocated outlays for the first time and the government approved the National eGovernance Plan (NeGP) in May 2006 with the following vision:

'Make all Government services accessible to the common man in his locality, throughout common service delivery outlets and ensure efficiency, transparency and reliability of such services at affordable costs to realize the basic needs of the common man.'

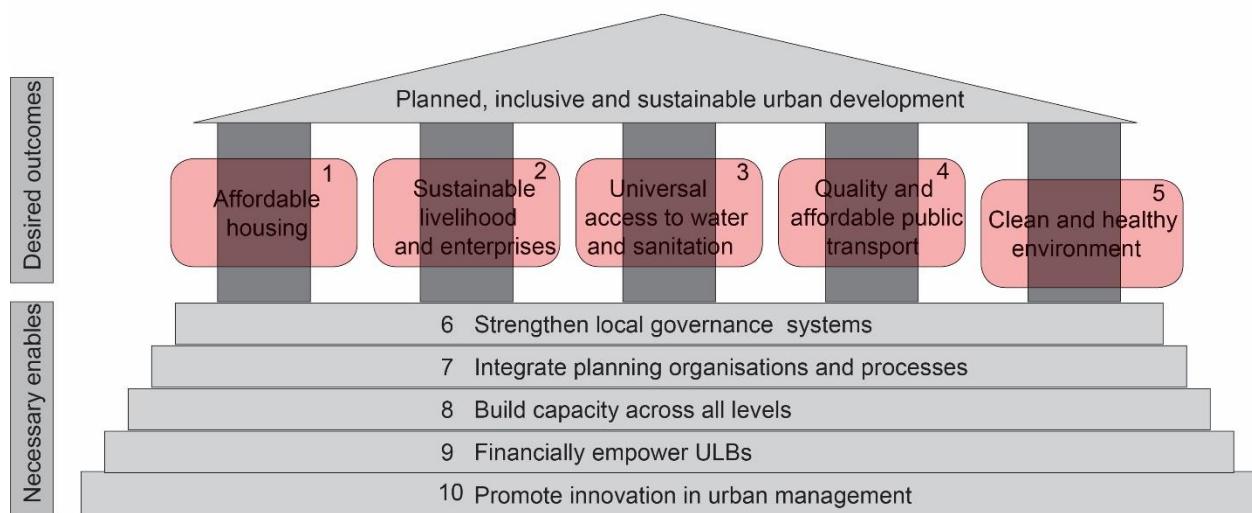
12th Five Year Plan (12FYP) (2012-2017)

- **Approach:** The approach to governance in 12FYP as outlined in the Approach Paper³⁶ was based on a multi-pronged approach, intended to continue the empowerment of urban local bodies, with a wider focus on faster, inclusive, and sustainable growth.
- **Thrust Areas and Increased Focus on Urban Governance:** Several principles were identified in the 12FYP for efficient and inclusive urbanization. These principles are:
 1. More flexibility to State Governments in managing urbanization

³⁶ Approach paper for the 12th Five Year Plan can be accessed at http://planningcommission.gov.in/plans/planrel/12appdrft/approach_12plan.pdf

- 2. Emphasis on developing a suitable portfolio of cities rather than concentrating only on large cities and inclusion of peri-urban areas for urban planning
- 3. Drawing spatial development plans through participative process
- 4. Large basket of urban reforms with more flexibility to States to complete them, while an alternative is to incentivize a smaller set of doable reforms, mandating a large set of reforms including second generation reforms has the advantage of developing a road map for transformation of urban landscape in India.
- 5. Encouraging private investment under PPP arrangement.
- 6. Capacity building in urban sector, especially, urban local governments.
- 7. Convergence across activities of different Ministries: it is getting increasingly clear that efficient urbanization involves a series of interconnected activities often falling within domain of different Ministries and different levels of Government.
- 8. ULBs should become the focal point for all citizen related services.
- The plan tried to build upon the foundations of urban reform created in FYP11, keeping in mind the broader theme of inclusive development of FYP12. One of the key highlights of this plan was the establishment of **Key Constituents of India's Urban Future**, which has continued to influence the directives of the NITI Aayog and all its policies. These constituents have been visualized in the plan in an indicative fashion, emphasizing the multi-pronged approach to urban governance in the plan. The illustration has been reproduced below(Planning Commission of India, 2012, vol. 2):

KEY CONSTITUENTS OF INDIA'S URBAN FUTURE



These constituents are divided into five desired outcomes that rest on 5 necessary enablers of governance. This is a responsive evolution of policy strategy to overcome the limitations of the simple change of emphasis in FYP11 from inputs to outcomes.

- **HPEC on Infrastructure:** One of the biggest achievements of this plan was the creation of the High-Powered Expert Committee comprised of representatives from several think tanks in India as well as government research institutions. More on HPEC;
 1. The HPEC was constituted prior to the drafting of the FYP12, with the objective of establishing a conceptual, analytic, contractual, and institutional basis for the delivery of urban services to support improvements in productivity, quality of life on an inclusive basis, governance, and enviro-socio parameters on a sustainable basis keeping in mind the financial capacity of the country and trends in other emerging markets.
 2. The HPEC was also responsible for providing an estimate of the investment requirements for urban infrastructural services for the period 2008-2020 including the maintenance and replacement requirements on a cycle basis.
 3. The HPEC would suggest options of financing urban infrastructure services. It would fully explore the scope of financing infrastructure services through appropriate user charges.
 4. Lastly, it would consider and suggest institutional changes in the provision, delivery, and management of urban infrastructural services.

(Ahluwalia et al., 2011)

- The HPEC's final report is one of most comprehensive overview of the needs of urban infrastructure and services in the country and has acted as a blueprint of all subsequent policy reforms in the country, including AMRUT and the Smart City Mission.

Policies of NITI Aayog

I have already covered the institutional details of the NITI Aayog in Section 2d. Here, I have summarized the changes that are expected from this institution as it aims to succeed the Planning Commission.

- **Replacements for Five Year Plans:** When the present Government took charge in 2014, it was tentatively decided that the remaining period of the current FYP would serve as a transition period. At the time, it was felt that a call on the question of what ought to replace

Five Year Plans may be taken later. This call has now been taken and NITI Aayog has been tasked with preparing the following documents:

1. A **Vision Document** keeping in view the social goals set and/or proposed for a period of 15 years;
2. A **7-year Strategy Document** spanning 2017-18 to 2023-24 to convert the longer-term vision into implementable policy and action as a part of a “National Development Agenda”; and
3. A **3-year Action Document³⁷** for 2017-18 to 2019-20 aligned to the predictability of financial resources during the 14th Finance Commission Award period. This is also to help translate into actions the goals of the government to be achieved by 2019.

A major consequence of this restructuring has been the shift in responsibility of allocation of fiscal outlays from the Planning Commission to the Ministry of Finance, with the Finance Commission as the chief advisory body. However, the Fifteenth Finance Commission has only recently been constituted in November 2017. As of now, the fiscal outlays and allocation to sectors has been determined directly through the **Union Budget of 2018-2019.³⁸**

Governance Reforms under the 3-Year Action Agenda (2017-2020)

- The 3-Year Action Document published by the NITI Aayog is a shorter, policy oriented agenda created for governance of India under the new administration.
- **Departure from Central Planning:** The publication of the 3-Year Action Document marks a critical point in the history of urban governance. The last remnants of the central planning mechanism of India has now been replaced by a think tank that aims to prioritize market oriented development of the urban and rural areas of the country.
- **Approach:** The approach of the NITI Aayog in executing this agenda without the influence and power that was commanded by the Planning Commission, has been questioned and criticized by several research scholars. Most notably, (Sen, 2017), one of the chief architects of India’s 10th FYP, has pointed out that the delegation of developing a vision for development to the technocrats, as has been the case with NITI Aayog, has proved to be seriously problematic for the country from past experience.
- Further, Sen has also noted that while all the newer schemes of the country such as **Make in India, Swachh Bharat and Smart Cities** have been conceived by the political

³⁷ The 3-Year Action Agenda can be accessed at <http://niti.gov.in/writereaddata/files/coop/ActionPlan.pdf>

³⁸ Highlights of the Union Budget: <https://www.youtube.com/watch?v=MfXLFnsAPKM>,

leadership, these schemes cannot be considered as substitute to a cohesive vision for the future of the entire country. Historically, the FYPs have been fulfilling this role, which will henceforth be undertaken through by the various plans laid out by respective ministries of center and state.

- In the case of urban areas, this structural change translates to the Ministry of Urban Affairs being the sole body of the government that would work towards the on-ground efforts in planning, monitoring and implementation and development of urban areas and their infrastructure based on the agendas laid out by the NITI Aayog.
- In many ways, the disaggregation of responsibilities can be considered as an incremental step towards decentralization of the entire government.
- Within the specific Agenda, there are two chapters that fall within the scope of this research. Firstly, at the institutional levels, several new reforms have been suggested.
- **Government:** The areas of action agenda within the government focus on Civil Service Reforms, Political and Electoral Reforms and reforms related to creation and implementation of **Centrally Sponsored Schemes (CSS)** such as AMRUT and Smart Cities. These have been tabulated below;

Area of Action Agenda	Deliverable	Nodal agency	Stakeholders	Timeline
Civil Service Reform budget	'SMART' Goals and progress on same for every ministry and department	Union/State Finance Ministry	All Union/State ministries and departments	December 2017 and then every year, one month before
	Implement H R system for government employees	DoPT	All Union/State ministries and departments	March 2018
	E governance and paperless governance ranking for ministries at central and state levels	DARPG	All Union/State ministries and departments	March 2018
	Outsource government services through private channels where appropriate	NITI Aayog	All Union/State central ministries and departments	March 2018
	Modified guidelines to enable more specialisation for government officers	DoPT		March 2018
Political and Electoral reform	Constitute working group of stakeholders for deciding roadmap to synchronised elections	Election Commission	Central and State Governments, political parties, civil society	March 2018, report in six months
Federalism	Analysis of CSS and development of a long-term roadmap.	NITI Aayog	All Union/State ministries and departments	2018-19

- Secondly, an entire chapter of the agenda has been dedicated to Urban Development(NITI Aayog, 2017a, pp. 51–59), encompassing urban planning, governance, and infrastructure development. The chapter is a simple summary of the existing sectoral programs for urban development and recommendations to improve the efficiency and efficacy of the schemes within the perspective years.

Topic	Agenda	Recommendations
Affordable Housing – PMAY	Deliverable of 94 Lakh households to be covered until 2020.	Release locked, publicly owned land; Relax FSI/FAR norms; Relaxation of rent control.
Urban Reform – AMRUT	No specific deliverables; agenda emphasizes onus on MoUA for implementation of AMRUT	No Specific Recommendations
Smart Cities Mission	11 deliverables identified for Smart cities and their benchmarking until 2020 in terms of cities to be covered has been detailed.	Establishment of Waste to Energy Plants in urban areas through PPP Model,
Swachh Bharat Mission - Urban Sanitation	Key deliverables identified for central and state governments; 4000 Open Defecation Free Towns, 54 Lakh Metric Tons of Compost Product, 511 Mega Watt of Waste to Energy Generation and 100% waste door-to-door collection.	No Specific Recommendations
Livelihood for the Urban Poor – DAY-NULM	Target population and detailed outlays proposed for five schemes; 1) Social Mobilization and Institutional Development (SMID); 2) Self-Employment Programmes (SEPs); 3) Employment through Skill, Training & Placement (EST&P); 4) Shelter for Urban Homeless (SUH); and 5) Support to Urban Street Vendors (SUSV).	No Specific Recommendations
Preservation of Historic Urban Areas - HRIDAY	27 Month project across 12 historical cities; earmarked budget of 500 Crore ₹ to be utilized in preservation efforts.	No Specific Recommendations
Public Transport	517kms of Metro Railway lines in 8 metropolitan areas, 200kms of Bus Rapid Transit (BRT), Proposal of Unified Metropolitan Transport Authority (UMTA) in cities with million plus populations.	Overview of Best Practices, Importance of traffic rules and their implementation through pilot projects and PPP models for Metro Infrastructure.

c. *Atal Mission for Rejuvenation and Urban Transformation (AMRUT) (2015-).*

- Ministry of Urban Development, Govt. of India launched Atal Mission for Rejuvenation and Urban Transformation (AMRUT) on 25th June 2015 as a national priority to provide basic services like water supply, sewerage and urban transport to households.

Mission:

- The mission envisages building amenities in cities to improve quality of life for all citizens, especially the poor and the disadvantaged.

Thrust Areas:

- The Mission will focus on the following Thrust Areas:
 1. Water Supply,
 2. Sewerage facilities and septage management,
 3. Storm Water drains to reduce flooding,
 4. Pedestrian, non-motorized and public transport facilities, parking spaces, and
 5. Enhancing amenity value of cities by creating and upgrading green spaces, parks and recreation centers, especially for children.

Coverage:

- AMRUT aims to cover 500 towns, which have been identified based on the following criteria.
 1. All Cities and Towns with a population of over one lakh with notified Municipalities, including Cantonment Boards (Civilian areas)
 2. All Capital Cities/Towns of States/ UTs, not covered in above
 3. All Cities/ Towns classified as Heritage Cities by MoUD under the HRIDAY Scheme,
 4. Thirteen Cities and Towns on the stem of the main rivers with a population above 75,000 and less than 1 lakh, and
 5. Ten Cities from hill states, islands, and tourist destinations (not more than one from each State).

Plans at State and ULB Levels (SLIP and SAAP):

- Compared to the JNNURM CDP, there are two hierarchies of plans that have been proposed under AMRUT. These are each to be prepared by the ULBs (not parastatals) and State Government at each of their respective levels.
- **ULB Levels:** At the local level, the **Service Level Improvement Plan** is to be prepared by ULBs. In comparison to the CDPs under the JNNURM, these plans have a much narrower scope, especially due to the limited scope of the AMRUT mission itself.
- The SLIP has the following components:
 1. Master Plan of all projects to achieve universal coverage of water supply and sewerage during current Mission period (FYs 2015-16 to 2019-20)
 2. Details of Prioritized Projects Proposed & Planned under AMRUT during current FY: Sector Wise.
 3. Proposed Funding and Sharing Pattern for Priority Projects: Sector Wise.
 4. Source of Funds from GoI/State/ULB (for all sectors).
 5. Reporting of Physical and Financial Progress of the Projects Under the Mission during Last Financial Year.
- **State Level:** Basic building block for the State Annual Action Plans at the state level will be the SLIPs prepared by the ULBs. At the State level, the SLIPs of all Mission cities will be aggregated into the SAAP. Therefore, the SAAP is a State level service improvement plan indicating the year-wise improvements in water-supply and sewerage connections to households.

Institutional Setup:

1. **National Level:** An Apex Committee (AC), chaired by the Secretary, MoUD and comprising representatives of related Ministries and organizations will supervise the Mission.
2. **State Level:** A State Level High Powered Steering Committee (SHPSC) chaired by the State Chief Secretary, shall steer the Mission Programme in its entirety.
3. **District Level:** A District Level Review and Monitoring Committee (DLRMC) will be constituted and Member(s) of Parliament will be the Co-chairperson with the District Collector. The DLRMC will monitor and review the implementation of the AMRUT projects.
4. **Local Level:** At the City level the ULB will be responsible for implementation for the Mission. The Municipal Commissioner will ensure timely preparation of Service Level

Improvement Plans (SLIP). The ULBs will develop DPRs and bid documents for projects in the approved State Annual Action Plans (SAAP).

Reforms:

- Similar to the JNNURM, AMRUT also has a mandate under which local bodies will be granted funds contingent upon the implementation of urban reforms.
- Reforms have been included in the Mission to effect improvement in service delivery, mobilize resources, make municipal functioning more transparent and functionaries more accountable, while Capacity Building of Municipalities will empower municipal functionaries and lead to timely completion of projects.
- As opposed to the mandatory and optional reform structure of the JNNURM, AMRUT reforms are completely mandatory in nature, constrained by a timeline and their monitoring is based on a scoring mechanism for which the state is in charge.
- A set of 11 reforms consisting of 54 milestones are proposed to be implemented by all states/UTs in 500 mission cities within a period of four years as mandated in the mission guidelines. The roadmap for implementation of reforms forms a part of **State Annual Action Plan (SAAP)**.

REFORMS MILESTONES AND TIMELINES FOR AMRUT CITIES

S.No	Type	Milestones	Implementation timeline
1	E-Governance	Digital ULBs 1. Creation of ULB website. 2. Publication of e-newsletter. Digital India Initiatives 3. Support Digital India (ducting to be done on PPP mode or by the ULB itself).	6 months 6 months 6 months
		Coverage with E-MAAS (from the date of hosting the software) <input checked="" type="checkbox"/> Registration of Birth, Death and Marriage, <input checked="" type="checkbox"/> Water & Sewerage Charges, <input checked="" type="checkbox"/> Grievance Redressal, <input checked="" type="checkbox"/> Property Tax, <input checked="" type="checkbox"/> Advertisement tax, <input checked="" type="checkbox"/> Issuance of Licenses, <input checked="" type="checkbox"/> Building Permissions, <input checked="" type="checkbox"/> Mutations, <input checked="" type="checkbox"/> Payroll, <input checked="" type="checkbox"/> Pension,	24 months
		<input checked="" type="checkbox"/> e-procurement, <input checked="" type="checkbox"/> Personnel Staff management and <input checked="" type="checkbox"/> Project management.	36 months
2	Constitution and professionalization of municipal cadre	1. Establishment of municipal cadre. 2. Cadre linked training. 3. Policy for engagement of interns in ULBs and implementation. 4. The State will prepare a Policy for Right-sizing the number of municipal functionaries depending on, say, population of the ULB, generation of internal resources and expenditure on salaries.	24 months 24 months 12 months 36 months
3	Augmenting double entry accounting	1. Complete migration to double entry accounting system and obtaining an audit certificate to the effect from FY2012-13 onwards. 2. Appointment of internal auditor. 3. Publication of annual financial statement on website.	12 months 24 months Every year
4	Urban Planning and City level Plans	1. Preparation of Master Plan using GIS. 2. Preparation of Service Level Improvement Plans (SLIP), State Annual Action Plans (SAAP). 3. Establish Urban Development Authorities. 4. Make action plan to progressively increase Green cover in cities to 15% in 5 years. 5. Develop at least one Children Park every year in AMRUT cities. 6. Establish a system for maintaining of parks, playground and recreational areas relying on People Public Private Partnership (PPP) model. 7. Make a State level policy to implement the parameters given in National Mission for Sustainable Habitat.	48 months 6 months 36 months 6 months Every Year 12 months 24 months

REFORMS MILESTONES AND TIMELINES FOR AMRUT CITIES

S.No	Type	Milestones	Implementation timeline
5	Devolution of funds and functions	<ul style="list-style-type: none"> 1. Ensure transfer of 14th FC devolution to ULBs. 2. Appointment of State Finance Commission (SFC) and making decisions. 3. Implementation of SFC recommendations within timeline. 4. Transfer of all 18 functions to ULBs. 	6 months 12 months 18 months 12 months
6	Review of Building by-laws	<ul style="list-style-type: none"> 1. Revision of building bye laws periodically. 2. State to formulate a policy and action plan for having a solar roof top in all buildings having an area greater than 500 square meters and all public buildings. 3. State to formulate a policy and action plan for having Rain water harvesting structures in all commercial, public buildings and new buildings on plots of 300 sq. meters and above. 4. Create single window clearance for all approvals to give building permissions. 	12 months 12–24 months 12–24 months 12 months
7	Set-up financial intermediary at state level	<ul style="list-style-type: none"> 1. Establish and operationalize financial intermediary- pool finance, access external funds, float municipal bonds. 	12-18 months
8(a)	Municipal tax and fees improvement	<ul style="list-style-type: none"> 1. Atleast 90% coverage, 2. Atleast 90% collection, 3. Make a policy to, periodically revise property tax, levy charges and other fees, 4. Post Demand Collection Book (DCB) of tax details on the website, 5. Achieve full potential of advertisement revenue by making a policy for destination specific potential having dynamic pricing module. 	12 months
8(b)	Improvement in levy and collection of user charges	<ul style="list-style-type: none"> 1. Adopt a policy on user charges for individual and institutional assessments in which a differential rate is charged for water use and adequate safeguards are included to take care of the interests of the vulnerable, 2. Make action plan to reduce water losses to less than 20 % and publish on the website, 3. Separate accounts for user charges, 4. Atleast 90% billing 5. Atleast 90% collection. 	12 months
9	Credit Rating	<ul style="list-style-type: none"> 1. Complete the credit ratings of the ULBs 	18 months
10	Energy and Water audit	<ul style="list-style-type: none"> 1. Energy (Street lights) and Water Audit (including non-revenue water or losses audit), 2. Making STPs and WTPs more energy efficient, 3. Optimize energy consumption in street lights by using energy efficient lights and increasing reliance on renewable energy, 4. Give incentives for green buildings (e.g. rebate in property tax or charges connected to building permission/ development charges) 	12 months 12 months 12 months 24 months
11	Swachh Bharat Mission	<ul style="list-style-type: none"> 1. Elimination of open defecation, 2. Waste Collection (100%), 3. Transportation of Waste (100%). 4. Scientific Disposal (100%). 	36 months

- Compared to the JNNURM, the number of reforms under AMRUT is significantly broader and more detailed in terms of the specific thrust areas. Moreover, the monitoring of reforms under AMRUT is a yearly process, as opposed to the project based timelines under JNNURM. Moreover, the implementation of reforms has been phased out across five years, with specific service level benchmarking within each fiscal year.

Funding:

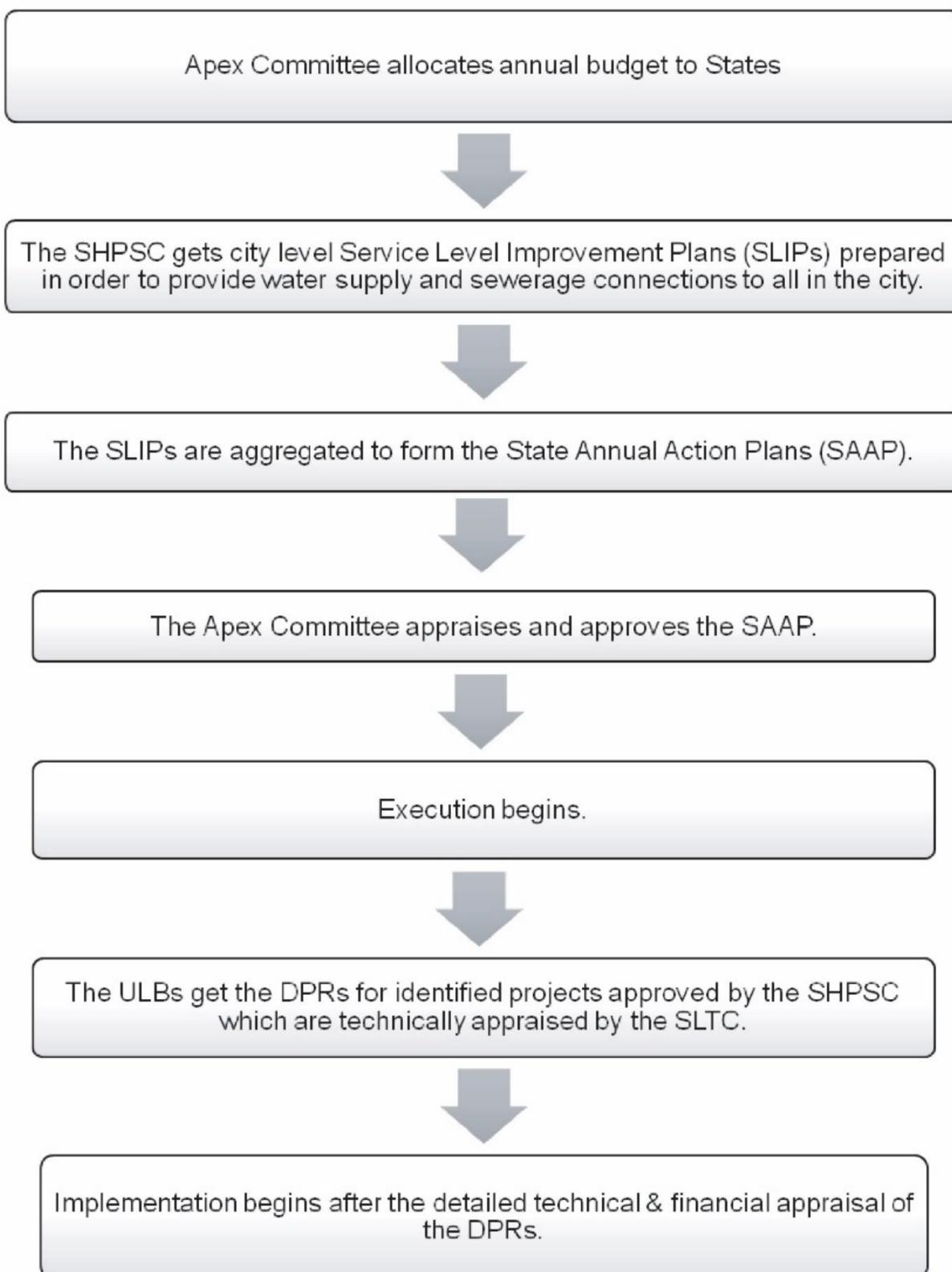
- Similar to the JNNURM, a total of 50,000 Crore ₹ have been allocated for projects to be undertaken under AMRUT for the tenure of the present government. However, subsequent outlays and actual utilization of funds has not yet been declared by the Government.
- The Mission funds consist of the following four parts:
 1. **Project fund** - 80% of the annual budgetary allocation.
 2. **Incentive for Reforms** - 10% of the annual budgetary allocation.
 3. **State funds for Administrative & Office Expenses (A&OE)** - 8% of the annual budgetary allocation.
 4. **MoUD funds for Administrative & Office Expenses (A&OE)** - 2% of the annual budgetary allocation.

Monitoring and Advisory Services

- **Town & Country Planning Organization**, a technical wing of the Ministry of Urban Development has been entrusted the task of monitoring the Reform achievement as submitted by the states and validate the self-assessment scores for release of 10% incentives.
- In order to maintain a uniform and systematic approach for score calibration, a list of documentary evidences that are required to be submitted have also been specified for each milestone for better assessment and score validation.
- The list is only indicative not restrictive, States are free to submit any documentary or online evidences in support of their claim or proof of reform accomplishment.
- **National Institute of Urban Affairs** will be the strategic partner of the MoUA in capacity building and provide single window services to the MoUD/States/ULBs. The NIUA will be involved in disseminating information on training modules, documenting best practices, monitoring the progress of training, and, most important, evaluating the benefits of training after completion of each training capsule of four months. This evaluation will be done for all the individual municipal functionaries over the one-year long training period.

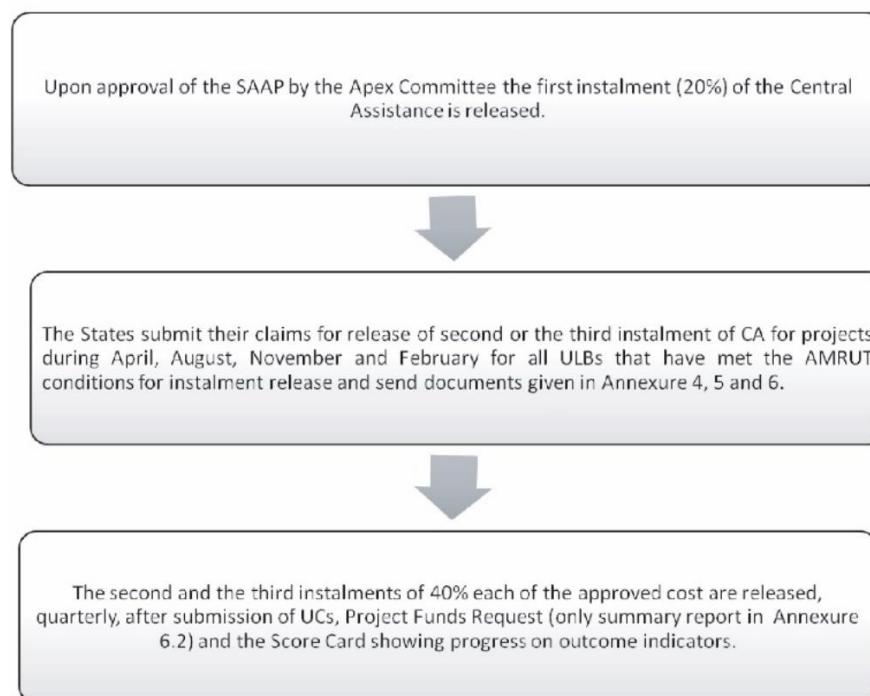
Processes : Two processes of relevance have been visualized below;

EXECUTION OF PROJECTS FUNDED BY AMRUT: PROCESS FLOWCHART



Secondly, the mechanism for **Release of Funds under AMRUT** grants.

RELEASE OF FUNDS UNDER AMRUT: PROCESS FLOWCHART



- So far, there has not been a significant amount of literature published on the effectiveness of AMRUT and its comparative analysis with its predecessor.
- However, the World Bank is currently undertaking an appraisal of the AMRUT scheme, and its Program for Implementation Document has been made public.
- According to the PID (World Bank, 2017), AMRUT's overall implementation progress has been slow in terms of both service delivery and reforms. Some of the reasons include:
 1. **Weak program management, monitoring and accountability systems** including a checklist approach for reform implementation, self-assessment for verification of achievement of reform milestones, heavy reliance on planning documents (SLIPs and SAAPs) without robust independent verification mechanism for results achieved on either service delivery or reforms,
 2. **Lack of proper systems and adequate capacities** at the local level to plan and implement the projects for improved service delivery; and
 3. **An allegedly low proportion (10% of total Program outlay) of incentive-based grants** that may have not generated a strong enough incentive to undertake the reforms. In the first year of AMRUT only 20 states qualified for reform incentive grant and in the second year, only 16 states qualified.

d. Smart Cities Mission (SCM) (2015-)

- The Smart Cities Mission, which has been declared alongside AMRUT, is perhaps one of the most hyped schemes of the new NDA government.
- Typically, the idea of a Smart City has been associated with the integration of Information and Communication Technologies in aspects of urban governance, service delivery, public participation in the development process and redressal of grievances of the urban population. In the case of SCM, the aim is to create a localized effect on the lines of these principles, which will be undertaken through a **Public Private Partnership**.

Elements of a Smart City

- According to the official guidelines on SCM(Ministry of Urban Affairs, 2015), the core infrastructure elements within a Smart City are:
 1. Adequate water supply,
 2. Assured electricity supply,
 3. Sanitation, including solid waste management,
 4. Efficient urban mobility and public transport,
 5. Affordable housing, especially for the poor,
 6. Robust IT connectivity and digitalization,
 7. Good governance, especially e-Governance and citizen participation,
 8. Sustainable environment,
 9. Safety and security of citizens, particularly women, children and the elderly, and
 10. Health and education.
- Further, a tentative list of 21 thematic Smart Solutions aggregated under 6 themes, that has been indicated as a guideline to state government and ULBs are:
 1. E-Governance and Citizen Services
 - Public Information, Grievance Redressal
 - Electronic Service Delivery
 - Citizen Engagement
 - Citizens – City's Eyes and Ears (Crowdsourcing and Monitoring)
 - Video Crime Monitoring
 2. Waste Management
 - Waste to Energy and Fuel
 - Waste to Compost
 - Waste Water Treatment

- Recycling and Reduction of Construction and Demolition Waste
3. Energy Management
 - Smart Meters and Management
 - Renewable Sources of Energy
 - Energy Efficient and Green Buildings
 4. Urban Mobility
 - Smart Parking
 - Intelligent Traffic Management
 - Integrated Multi-Modal Transport
 5. Others
 - Tele-Medicine and Tele-Education
 - Incubation/Trade Facilitation Centers
 - Skill Development Centers

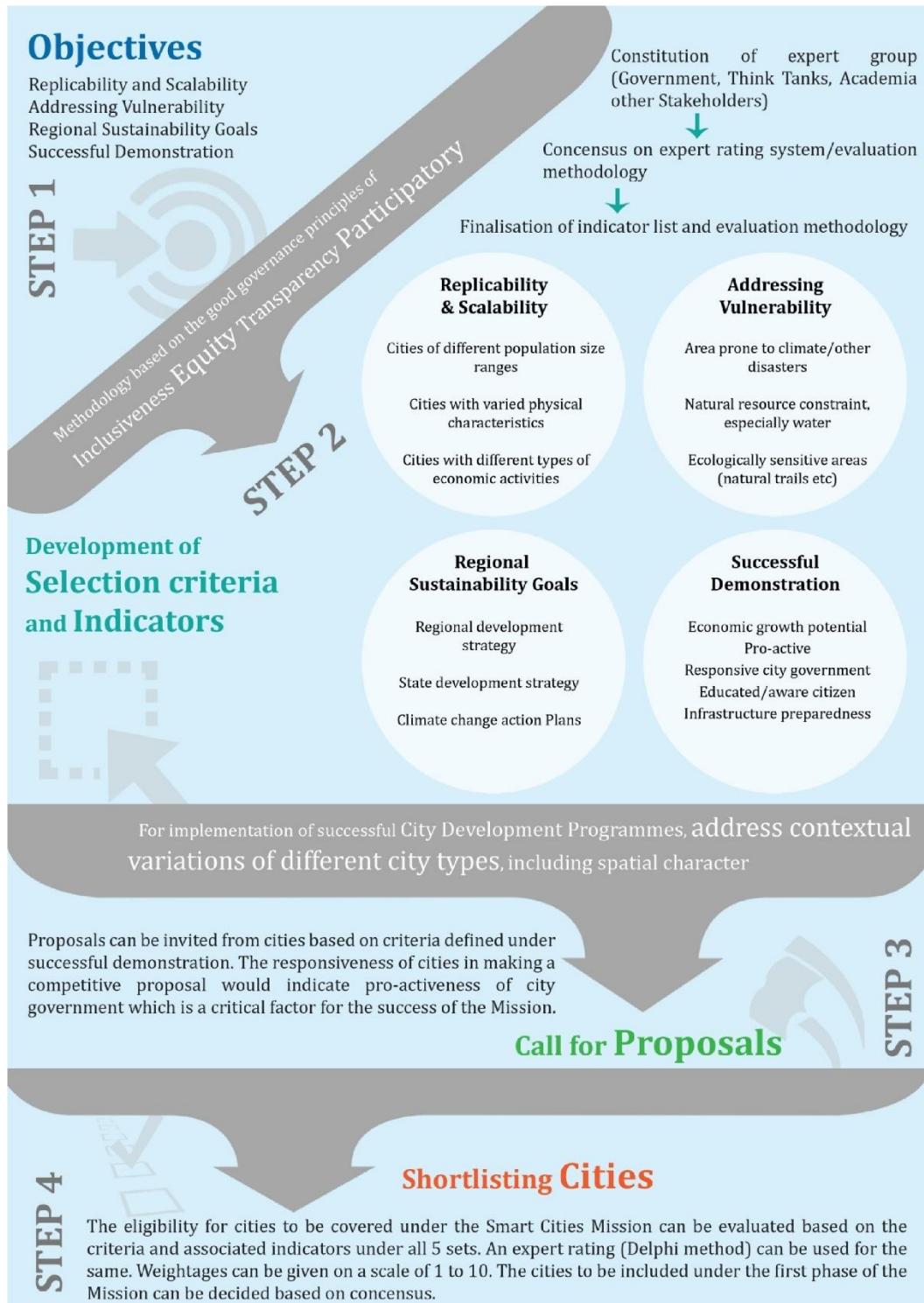
Before discussing the specifics of the program, it is worthwhile to summarize some recent research published on the Smart Cities Mission and its impact on the institutional structure of governance.

- **Approaches:** (Prahraj, Han, & Hawken, 2018) have attempted to deconstruct the multilevel policy framework under the SCM. A comparative analysis of institutional structures that will be affected by SCM in a before-after manner has been undertaken. The analysis has been reproduced below:

	Business as Usual Approaches before Smart Cities Mission	Innovative Approach adopted during Smart Cities Mission
Vision and Strategy	<ul style="list-style-type: none"> • City selection biased towards big cities • Large-scale physical infrastructure development prioritised 	<ul style="list-style-type: none"> • Competitive performance based city selection is introduced • Focus is shifted towards developing lighthouse small-scale projects
Project Design	<ul style="list-style-type: none"> • Lack of mechanism for participatory planning and design • Benefits from convergence between initiatives were unexplored 	<ul style="list-style-type: none"> • Smart citizen engagement through ICT is emphasised • Smart City Advisory Forum is set up for uniting the view of stakeholders • Pooled finance used through convergence between complimentary schemes
Executing Agency	<ul style="list-style-type: none"> • State level parastatal agencies played a key role in execution • Limited Public-private partnership project development 	<ul style="list-style-type: none"> • Smart City SPV is set up as an executive corporate body • SPV is empowered to directly enter PPP arrangements with developers
Networking and Capacity Building	<ul style="list-style-type: none"> • Lack of formal platforms for learning from Global experiences • Capacity building initiatives were limited to lecture based training 	<ul style="list-style-type: none"> • Formal city-to-city bilateral knowledge exchange agreements signed • 18 global firms were engaged to help cities prepare smart city master plans • A virtual knowledge sharing platform 'Smartnet' is established

- **Ranking Methodology for Incentivization of Reform:** (Bhattacharya, Rathi, Patro, & Tepa, 2015) is the primary report that was sponsored by the NITI Aayog as an attempt to develop the definition of Smart Cities in the Indian Context. The recommendations of the

report included the creation of a ranking system and the stepwise process of reaching a government wide consensus on Smart Cities. This is the closest approximation of the actual process followed in the selection of Smart Cities under the SCM. The illustrations has been reproduced below:

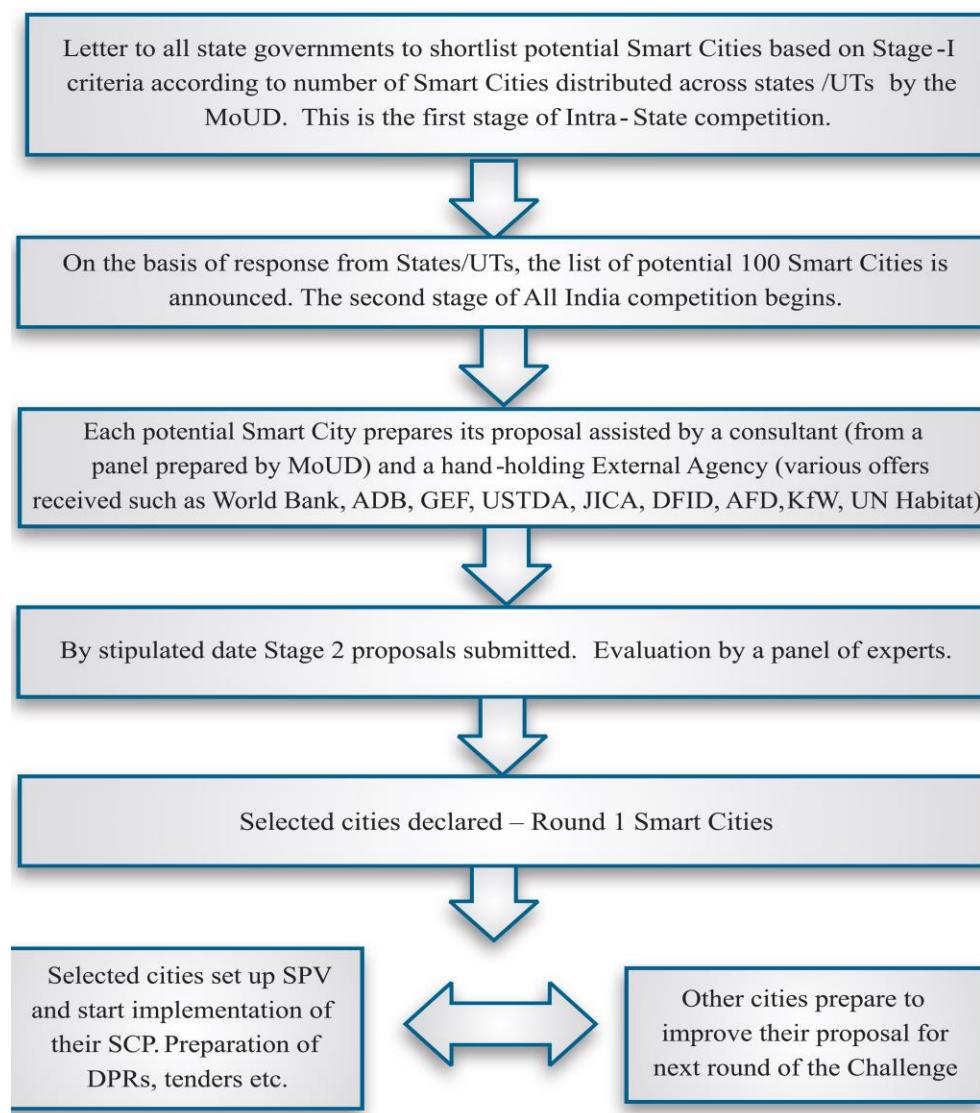


All India Challenge

- Based on the above methodology, 100 cities were shortlisted by considering the populations of the state and major urban areas within each state. The SMC was initiated with an onus on the state governments to participate in an **All India Competition of Smart Cities**, wherein the performance of cities in previous reforms such as JNNURM and their success in implementation of other CSS were used as metrics for ranking. The winners of the challenge would then be able to tap into a variety of funds at the central and state level to implement their proposals.

Process of Selection

- The detailed process of selection has been visualized below:



Typology of Development

- Contrary to initial speculations, the financial resources at the disposal of the central governments and state governments meant that the impact of the Smart City Mission would not be citywide. Therefore, the proposals submitted under the SMC were classified into four types, with each proposal including only one Smart Solution that could be implemented across the city.
- The four typologies of development are:
 1. **Retrofitting:** Planning an existing built-up area to achieve Smart City objectives, along with other objectives, to make the existing area more efficient and liveable. In retrofitting, an area consisting of more than 500 acres was identified by the city in consultation with citizens. Depending on the existing level of infrastructure services in the identified area and the vision of the residents, the city will prepare a strategy to become smart.
 2. **Redevelopment:** Replacement of the existing built-up environment to enable co-creation of a new layout with enhanced infrastructure using mixed land use and increased density. Redevelopment envisages an area of more than 50 acres, identified by ULBs in consultation with citizens. For instance, a new layout plan of the identified area will be prepared with mixed land-use, higher FSI and high ground coverage.
 3. **Greenfield:** Development with Smart Solutions in a previously vacant area (more than 250 acres) using innovative planning, plan financing and plan implementation tools (e.g. land pooling/ land reconstitution) with provision for affordable housing, especially for the poor. Greenfield developments are required around cities in order to address the needs of the expanding population.
 4. **Pan-city development** envisages application of selected Smart Solutions to the existing city-wide infrastructure. Application of Smart Solutions will involve the use of technology, information and data to make infrastructure and services better.

The Smart City proposal of each shortlisted city is expected to encapsulate either a retrofitting or redevelopment or greenfield development model, or a mix thereof and a Pan-city feature with Smart Solution(s). It is important to note that pan-city is an additional feature.

Institutional Structure

- The institutional structure of SMC is very similar to that of AMRUT, since both the missions have been released in coordination and within the purview of the same ministry.
 1. **National Level: Apex Committee (AC)** comprising representatives of related Ministries and organizations will approve the Proposals for Smart Cities Mission, monitor their progress and release funds.
 2. **State Level: High Powered Steering Committee (HPSC)** chaired by the Chief Secretary, which would steer the Mission Programme in its entirety. The HPSC will have representatives of State Government departments. The Mayor and Municipal Commissioner of the ULB relating to the Smart City would be represented in the HPSC.
 3. **City Level: A Smart City Advisory Forum** will be established at the city level for all 100 Smart Cities to advise and enable collaboration among various stakeholders and will include the District Collector, MP, MLA, Mayor, CEO of SPV, local youths, technical experts, and at least one representative of the residential neighborhood within or around the selected area.

Funding

- Funding for the SCM is a matching contribution between the Central government and the State Government/ULB. The Central Government has proposed to give financial support to the Mission to the extent of 48,000 crore ₹ over five years i.e. on an average 100 crores ₹ per city per year.
- An equal amount, on a matching basis, will have to be contributed by the State/ULB; therefore, nearly Rupees one lakh crore of Government/ULB funds will be available for Smart Cities development.

Plans

- Due to the localized nature of the development, the selected cities are expected to develop an **Area Based Plan (ABP)** as a component of the **Smart City Plan (SCP)**.
- Cities are expected to prepare SCPs using the principles of strategic planning process and the proposal will contain area-based development plans and Pan-city initiatives. The SCP is a collaborative attempt because the objectives and funds of all government departments, parastatals, private agencies and the citizens are dovetailed during the process of preparing the SCP.

6. Land Tenure in Urban Areas

Note: The next two sections are aimed at providing some key insights into nuances of Land Tenure and Urban Planning by undertaking a review of literature and published reports. Anecdotal evidences have been provided wherever necessary, but the findings are not exhaustive in nature. Typically, for each sub-section, a review of maximum two to three articles or reports has been undertaken by the author.

a. Land acquisition in context of urban growth.

- i. Lal Dora Boundaries and layout of a typical village
- Usually, the village in terms of its land has two components. First is the **Habitable Area** or **Abadi** and the second, the farms and other agricultural land surrounding the Abadi. The Abadi area is also known as the **Lal Dora Area** in cities in North India and **Gaothan** in parts of Western India.
- This term 'Lal Dora' means red thread. The revenue departments across the country used red threads to demarcate the outer boundaries of villages that were at some point located on the peri urban fringes. Population of villages was typically contained within these areas.

Pathways of Acquisition

- In the context of growth of an urban area, growth typically entails a relationship between two or more local bodies. Discussion on peri urban and exurban settlements and their transformation has been undertaken in some detail in Section 3e. Here, I will try to elaborate on the actual process of land acquisition by the larger settlement and highlight some implications for the public living in villages whose land has been acquired.
- (Kumar, 2015) has identified two major pathways through which land acquisition at scale takes place in the context of urban growth.

Land Acquisition by Government

- When a peri urban village is urbanized through government notification or directives from a state, there is typically an acquisition and transfer of land ownership title that is coordinated by the state.
- The village/town administration is notified by the state and by the ULB which is typically followed by an evaluation and change in the land use of the area surrounding the village, which in most cases is agricultural in nature.

- While the transfer of title of public areas, previously under the administration of the village or town government are transferred based on state directives, the actual village area and its acquisition can take various paths.
- Usually, when a village is urbanized through a government notification, most private agricultural land is acquired by the government while panchayat revenue land gets vested in the government (urban development authority or district administration), and is used for institutional development and public purposes(Kumar, 2015, p. 126).
- Depending upon the size, type and socio-economic status of the villagers, there is either be a total acquisition or a partial one, based on the needs of the government and the resources available for acquisition. In some cases, where the land being acquired is critical for urban development, there can also be a complete resettlement of villagers proposed by the ULB or Development Authority³⁹.
- Given the compensation structure proposed by the government under the Acquisition Act(s) and the lack of regulatory oversight, most of the land within the Abadi area might not be transferred to the government. Sometimes, exceptions may also be granted by the government to an entire village or some individuals within the villages.
- As the Abadi area is engulfed by urban development in subsequent years, the result is a creation of an *Urban Village* or a *Lal Dora Village*.

Informal/Semi-Formal Incorporation into Cities

- This is the second type of pathway in which land acquisition is not undertaken directly by the government, but incremental acquisition is initiated by the RLB/ULB of the town or village.
- The incremental approach is undertaken based on the directive of the state, where the Transfer of Development Rights (TDR) between the two local government bodies is executed in a lumpsum manner.
- The reason for this pathway of acquisition lies in the fact that several locals in most cases don't want to be officially part of the city, as they fear loosing out on benefits provided by the government to rural populations, such as subsidies, ration of groceries and employment schemes⁴⁰.

³⁹ See <https://www.hindustantimes.com/mumbai-news/navi-mumbai-airport-700-affected-villagers-accept-cidco-incentive-agree-to-move-out-early/story-GsmbHgD1BqYPzjD0byjF9K.html> for a recent example. Most of Navi Mumbai and the National Capital Region in Delhi has been developed through a similar process. An excellent historical account of this type of acquisition and its implications can be found in (Shaw, 2004).

⁴⁰ The Mahatma Gandhi National Rural Employment Guarantee (MNREGA) is one such scheme. To counter the deficiencies and incentivize local villagers to become a part of the larger urban body, a

- In this type of incorporation, there is often more scope for locals to escape acquisition through the government, as the smaller RLB/ULBs are usually inefficient in implementation and prone to malpractices.
- Usually, the locals will prefer selling their land to private developers or builders in the informal real estate market, which thrive on lobbying and bribing of local officials.
- The villages on the periphery gradually become part of the city and get encircled from all sides; the opportunities for them also increase. Property prices and rents of constructed houses gradually increase. The net result is that the old village is encircled by better-off housing colonies and apartments. However, in the first pathway, the distinction between the erstwhile villages and surrounding areas is more invidious(Kumar, 2015, p. 128).

Implications

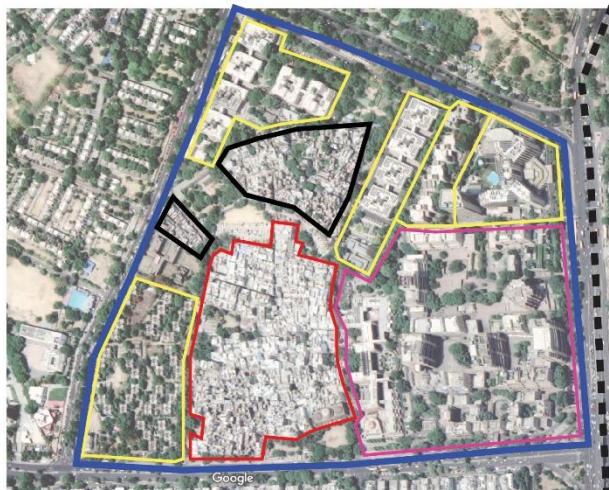
- There are many implications of these acquisitions, particularly affecting the village population more compared to their urban counterparts.
- Issues such as obsolescence of farm equipment, lack of access to urban services after integration and lack of capacity to change profession from farming all affect the population and indirectly, the disparity in the new larger urban area worsens.
- (Narain, 2009) is a case study on the implications of such a growth and eventual acquisition in the town of Basai in Gurgaon near Delhi. Some of the social problems highlighted by the author in the case of Basai are;
- **Occupational changes** that are not sustainable; most individuals whose land is acquired have no other means of livelihood, which forces them to live on the compensation paid by government or the private builders.
- **Social behavior** of most individuals whose land is acquired changes due to the loss of livelihood. Due to the overall lack of education in rural areas in the country, individuals often do not have the sense or means of effectively using their resources such as the compensation and solatium granted by the state. This leads to a wide variety of problems of arising from idleness such as alcoholism.
- **Natural Resources** in the spatial interface are often affected to a great extent. Streams may start getting polluted; water table might drop due to construction and urbanization and pollution levels in the village/town increase. This is the beginning of a vicious cycle of socio-

competitive scheme to MNREGA known as the Deendayal Antyodaya Yojana-National Urban Livelihoods Mission (DAY-NULM) has been launched in 2015, aiming at providing livelihood opportunities for urban and peri-urban areas.

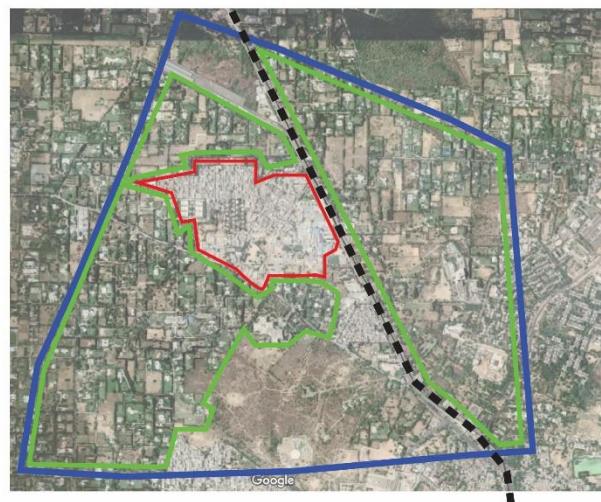
economic problems. To conclude this section, the following illustration is a comparative analysis of an urban village and a peri urban village, with similar growth typologies.

TYPOLOGIES OF VILLAGES AND URBAN GROWTH: URBAN VILLAGES AND PERI URBAN AREAS IN DELHI

A. Urban Village: Mohommadpur, New Delhi
Lal Dora and abutting development



Peri urban Village: Sultanpur, Delhi NCR
Lal Dora and abutting farmlands



Key

	Approximate comparison zone
	Lal Dora boundary
	Planned Development in acquired land (After Acquisition)
	Central Business District on acquired land (After Acquisition)
	Arterial Road along village
	Squatter settlements
	Farmlands owned by villagers

- These are two villages located in Delhi NCR region. Firstly, these is the now urban village of Mohommadpur, which falls in the New Delhi Region. It is in close proximity to one of the central business district (polycentric CBDs due to planning norms and concept of containment in Delhi) known as the Bhikaji Cama Place.
- The second village of Sultanpur is located at the Delhi-Haryana border.
- Lal Dora regions of villages have been compared and the different types of developments post acquisition have been highlighted.

b. Governance conflict in Land Acquisition

- In this section, I have used insights from one of the most comprehensive reports on land acquisition cases (1259 of them) in India since independence (Wahi et. al, 2017), to highlight some issues of land acquisition conflict that the apex judicial body has settled.

Article 31, 44th CAA and Eminent Domain

- Article 31 of the Constitution enshrined the requirements of public purpose, procedure, and compensation that condition the exercise of the state's eminent domain power into constitutional protections.
- However, Article 31 too proved to be fertile ground for political and legal contestation, and suffered numerous amendments,¹¹ before its abolition as a fundamental right by the Constitution (Forty Fourth Amendment) Act, 1978 (44th CAA).
- The same amendment however, inserted Article 300A in the Constitution. Article 300A provided that no person shall be deprived of his or her property without the authority of a valid law, thereby deleting the requirements of public purpose and compensation from the text of the Constitution. The Supreme Court, however, has reinstated these requirements through judicial interpretation and presided over typically two major types of conflicts.

Types of Conflicts

- Broadly, conflicts on land acquisition that are addressed by the Supreme Court of India can be divided into two categories:
 1. Land losers accept legitimacy of the acquisition process but seek fair compensation.
 2. Land losers do not accept legitimacy of the acquisition process.
- While the land losers are typically one or several individual land owners, larger companies and corporations have also appealed in the Supreme Court from time to time.

Land losers accept legitimacy of the acquisition process but seek fair compensation.

- In cases of this type, the legitimacy of the acquisition process is not questioned, but the different issues on which the Supreme Court has presided is:
 1. Calculation of market value of land which has been acquired (Largest type of cases)
 2. Rehabilitation packages offered to land losers. (Smallest number of cases)
 3. Calculation of interest paid to the land losers in special circumstances.
 4. Solatium granted to land losers.

Land losers do not accept legitimacy of the acquisition process

- The report has identified three broad domains under which the legitimacy of the acquisition process has been question by the Supreme Court:
 1. Constitutional invalidity of acquisition (Public Purpose challenged)
 2. Illegitimacy of purpose for which land was acquired (Not for Public Purpose)

3. Procedural Irregularities that render acquisition illegitimate: This category can be further expanded into issues of public agencies acquiring land for private partners and improper exercise of executive authority by the government.

Precedents set by the Supreme Court: Analytical Insights

- The analysis of the Supreme Court cases in the report has shed some insight into the types of conflicts and resolution. These have been discussed below.
- **Temporality:** The report notes that land acquisition decision, particularly at the highest level, have been lengthy disputes, with much longer timelines (typically 13-14 years).
- **Decisions:** While most decisions have favored the plaintiff, who tend to be land losers, the decisions have not necessarily provided respite, since in most cases the court has not recommended revised compensations or special rehabilitation measures.
- **Who acquires?** The biggest actor in acquisition of land is the state government, primarily due to regulation of land being a state subject. Private developers working alongside governments, mostly through a SPVs are second to follow.
- **Where?** While the report does not dwell into the spatial details of the cases, manual review of most cases shows it is the peri urban areas that are contentious in nature.

Conflict in the Public Domain: Resistance against Acquisition and Land Grabs

- Conflict on land acquisition has often taken form of violent protests and revolts in India.
- Broadly speaking, three prominent events are worth noting in this manner;
 1. **The Naxalbari movement (1967)**⁴¹; first uprising against state acquisitions of forest lands of tribal populations for setting up of industrial townships
 2. **The Nandigram uprising (2006)**⁴²; Violent protests against mass acquisition of farmlands for establishment of SEZ with a partnership between West Bengal government and the Salim Group.
 3. **The Raigad SEZ protests(2007)**⁴³; Protests against the development of a Maharashtra SEZ (MSEZ), which focused on extensive acquisition of fertile agriculture land in predominantly rural Raigad district in Maharashtra for establishing an SEZ in partnership between Maharashtra government and Reliance Industries.

⁴¹ <https://www.thehindu.com/news/national/other-states/naxalbari-the-bengal-village-where-50-years-of-a-movement-is-celebrated/article18447130.ece>

⁴² <https://www.livemint.com/Politics/l1CAfbH2Und58UkVckctVP/The-Nandigram-story-till-now.html>

⁴³ <https://www.thehindu.com/todays-paper/Farmers-take-to-streets-against-SEZ-in-Raigad/article14737211.ece>

Conclusion

A fitting conclusion to this discussion on conflict in land acquisition has been provided by (Mukerji, 2017, p. 101). Mukerji states;

"From a political economic perspective, the nuances of contemporary land legislations could be summed up in three concluding points.

- *First, ideological propensity for commercialization and economic growth has facilitated land acquisition in the recent past. The emerging collaboration between state and capital has led to a fundamental restructuring of economic laws and principles. The new land amendment is a necessary outcome of this trend.*
- *Second, the land legislation in the recent past is caught between two contradictory developmental objectives based on their respective ideological premises; (i) it is to promote fast-track growth and industrialization and (ii) is to prioritize the issue of livelihood and social protection. Striking a balance is a difficult political proposition.*
- *Finally, the neoliberal agenda implied in the land policy is being interrogated in the public domain. The power of resistance that is offered by (the Indian) democracy opens several channels of dissent. These channels could be located at both formal and informal levels. Resistance against Land Bill was offered in the Parliament as well as on ground in the form of padayatras and farmer's rally led by Congress and other opposition parties."*

c. *Urban Villages, Unauthorized Colonies, and Squatter Settlements: Informality in land tenure.*

i. *Formal Definitions of Informal Settlements*

- Informality in land tenure and lack of efficiency in implementation of regulations and reform on land have given rise to some unique typologies of settlements in urban areas in India.
- Informal settlements based on standard literature (UN Habitat, 2015) can be defined as residential areas where;
 1. Inhabitants have no security of tenure vis-à-vis the land or dwellings they inhabit, with modalities ranging from squatting to informal rental housing,
 2. The neighborhoods usually lack, or are cut off from, basic services and city infrastructure and
 3. The housing may not comply with current planning and building regulations, and is often situated in geographically and environmentally hazardous areas.

- While these informal settlements are omnipresent across the entire country⁴⁴ and especially in metropolitan areas, their classification was first undertaken in Delhi by the Delhi Development Authority (DDA). The Delhi Development Authority's definitions can typically be aggregated to define three types of informal settlements(Delhi Development Authority, 2007);
- **Urban Villages (UV)** – Urban villages are historically rural settlements which have been incorporated into the urban agglomeration and the city limits. Upon declaration of rural villages as “urban,” the “Lal Dora” area in a village ceases to exist and the provisions of the relevant plans govern the land use and development of the region.
- **Unauthorized Colonies (UAC)** - Unauthorized colonies are built in violation of zoning regulations, developed either in violation of city’s Master Plan or Development Plan or on ‘illegally’ subdivided agricultural land. These are usually built on land acquired through informal acquisition with semi-formal type of legal record of transfer of title. Unauthorized colonies may be Regularized or Non-Regularized in nature. The UACs are known as *Gunthewadis* in the state of Maharashtra and *Akrama-Sakrama* in the state of Karnataka (Bhide & Waingankar, 2015).
- **Squatter Settlements (SS)** – Squatter settlements is a formal connotation for the word ‘slums’, which in fact is not a settlement typology but rather a classification based on infrastructure deprived conditions within a settlement. These are also referred to as JJ Clusters (*Jhuggi Jhonpri* are the Hindi words for informal or temporary housing).
- According to UN Habitat (UN Habitat, 2007) slum household is a group of individuals living under the same roof in an urban area who lack one or more of the following:
 1. Durable housing of a permanent nature that protects against extreme climate conditions.
 2. Sufficient living space which means not more than three people sharing the same room.
 3. Easy access to safe water in sufficient amounts at an affordable price.
 4. Access to adequate sanitation in the form of a private or public toilet shared by a reasonable number of people.
 5. Security of tenure that prevents forced evictions.

⁴⁴ See (Bhide & Waingankar, 2015) for a comparative analysis of typologies and their formal definitions in the case of Delhi and Maharashtra.

- However, this broad definition also renders many formal typologies of settlements as slums in the case of large metropolitan areas in India. As a result, the term should be avoided as a classification of informal typologies.
- Typically, Squatter Settlements are built on undeveloped land under the ownership of a government agency such as Public Works Department, Railways, Development Authority, Riverfront Conservation Zones etc. They may also be built through informal infill development, typically on unclaimed land or in ‘cavities’ of urban fabric.

Provision of Infrastructure and Services and Tenure

- Informality in context of portions of urban settlements has been usually defined in literature as areas which are not legally acknowledged by state (Kanbur, 2017). Kanbur further classifies these areas and the people in them as those which are beyond the purview of the state, those in violation of the state regulations and those who actively avoid coming under the purview of the state.
- One of the significant implications of the broader definition is that the local government or parastatals may simply deem the existence or activities within these areas as illegal and refrain from provision of basic services to the residents and commercial enterprises within these settlements.
- However, the argument against this exclusion is that most of these settlements exist due to the state’s inefficiency in implementing schemes of affordable housing and development of infrastructure. This is particularly true for India because until the early 90s, public service delivery was the most common model in the country.

Urban Villages

- In the case of UVs, the provision of services is better compared to the other informal settlements. This is because the settlement has existed on ground well before the urbanization surrounding the villages. However, since the services in rural areas in general have been worse off than in urban areas, there is still a need to upgrade service delivery in UVs after incorporation.

Unauthorized Colonies

- UACs in Delhi have been in existence right from the time the planned development of Delhi started with the setting-up of Delhi Development Authority in 1957. Since DDA was unable to construct enough low-cost housing and there was large scale migration from neighboring

states. It is estimated that about 7.00 lakh families are residing in these unauthorized colonies(Delhi Development Authority, 2007).

- If we look at the how a typical UAC is created, the colonies are often established by land assemblers or “aggregators” who buy rural land and then chop it up for sale into plots. The plot owners are not squatting – they hold paid ownership of their land in some sense, but may not be able to register legal title on the land with relevant authorities because the land falls outside the plan; i.e it is agricultural and not legally meant for development of housing or commercial spaces. Also, because these colonies are not included in the masterplan, they have typically not been eligible for basic municipal services.
- However, the UACs have been “regularized” from time to time, meaning that they have been brought under the purview of the city plan as well as provided with services such as sanitation facilities and provisions for metered electricity, gas connections and telecom lines.

Squatter Settlements

- Of people living in informal settlements, residents of JJC have the least secure tenure and are the most vulnerable to demolitions and evictions. SS residents do not have any clear entitlement to basic services, although government agencies have undertaken incremental efforts to improve servicing in these settlements.

Building Byelaws and Exemptions

Urban Villages

- In the case of Urban Villages, Delhi is a unique example because UVs have been repeatedly exempted from **any type of regulations** on planning and development. As a result, these have grown into “no-plan-lands”⁴⁵ with construction that is beyond the scope of regulation or monitoring.
- Since these villages are exempt from byelaws, there is no regulatory oversight over some crucial aspects of land use regulation, such as height regulations, density norms and maximum occupancy. There is also no formal or informal means of building inspections in these areas.

⁴⁵ See <https://www.hindustantimes.com/delhi-news/how-delhi-s-urban-villages-turned-into-no-plan-land/story-wI6PqbrcETuM3eqnZ59xWP.html> for a review of current situation of urban villages in Delhi.

Unauthorized Colonies

- Regulations in UACs depend on their status in the eyes of the government.
- If the colony has been regularized, meaning that its existence has been formally acknowledged by the government, there are typically some types of regulations and monitoring measures that are in place for the planning and further development of the colonies.
- There have been attempts at creating some framework of byelaws for unauthorized colonies, which are typically plotted or group housing accompanied by informal commercial and public-semipublic spaces.
- The regularization of the UACs is usually accompanied by infrastructure upgrades to utility networks within the colonies. Parastatal authorities in Delhi such as **Delhi Urban Shelter Improvement Board** and the **Municipal Corporations** are in charge of this upgrade.
- Typically, development in these areas is monitored⁴⁶.

Squatter Settlements

- The SS are like urban villages in that they are beyond the regulatory purview of the government and therefore can be called as no-plan-lands.
- However, since there is usually no formal framework for these illegal encroachments to be regularized or redeveloped, most SS are treated as temporary settlements that would either be converted into planned colonies or demolished to give way to new planned development.

The Urban Fabric

- The urban fabric of metropolitan cities, is typically a mosaic of formal and informal settlements. Planned, residential gated communities, public and semi-public spaces and parks often come together with the informal settlements and there is a strong relationship between the formal and informal components of a city and its inhabitants.
- Those offering services to inhabitants of the 'planned city' live in these informal settlements. Veronique Dupont's research on this duality is a seminal work at the intersection of

⁴⁶ See

http://delhi.gov.in/wps/wcm/connect/doit_udd/Urban+Development/Our+Services/Unauthorized+Colonies+Cells+%28UC%29/Unauthorised+Colonies+development+work for a statement of development work in regularized UACs in Delhi.

informality in land tenure and its spatial and social implications in the context of Delhi. She explains the duality as;

“...a two-sided pattern [emerges], in which large sections of the population are relegated to physically precarious as well as illegal forms of housing, accompanied by the development of ‘global-standard’ residential complexes, and in which the informalization of the labor force is extended while the IT sector and multinational organizations offer attractive salaries to engineers and executives.”

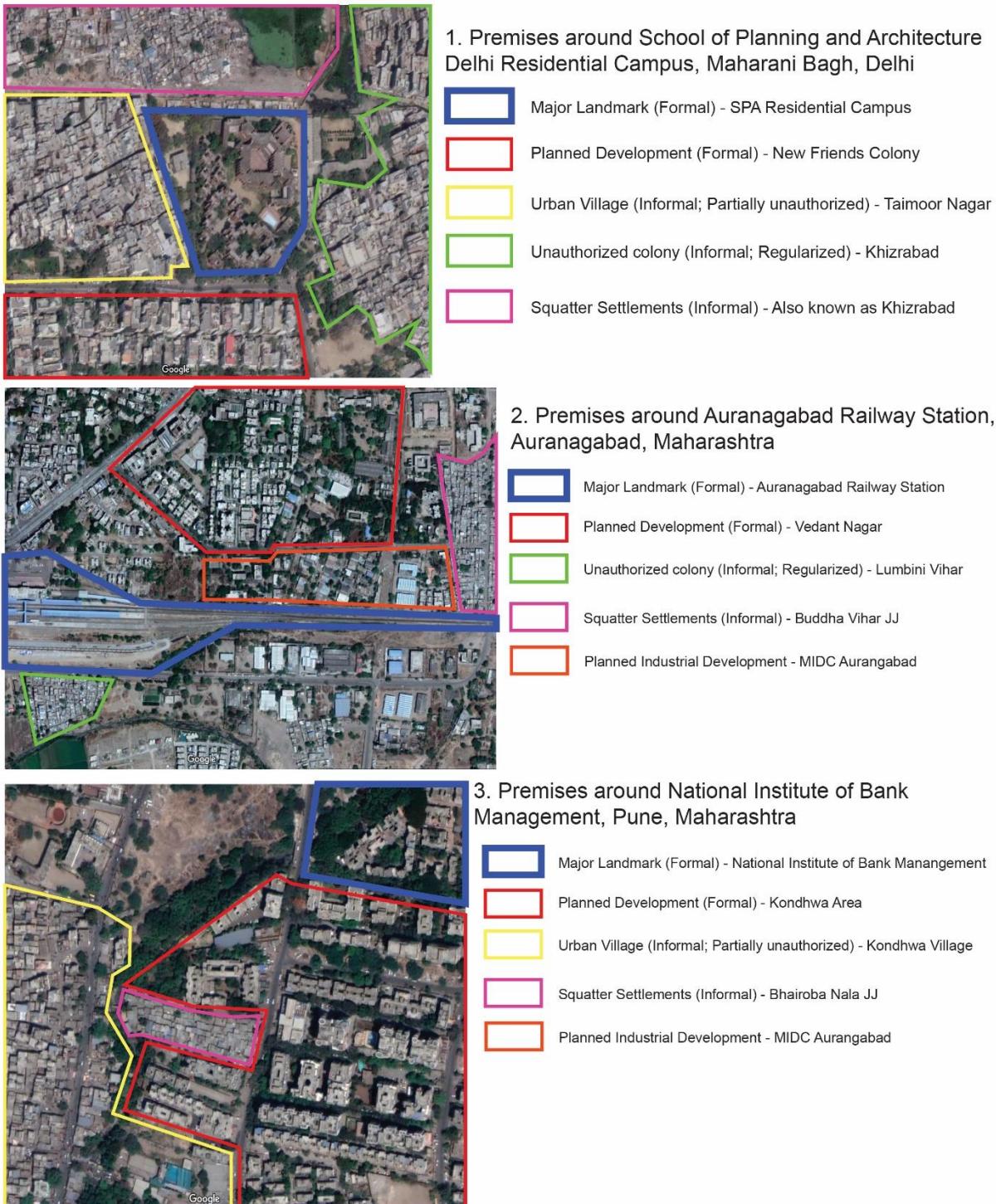
Further,

“...inequalities in modes of living and consumption are increasingly conspicuous in globalizing metropolises such as Delhi, Mumbai or Bangalore, as some sections of society take advantage of the economic opportunities provided by liberalization, while others are further marginalized...”

(Dupont, 2011, pp. 545–546).

To conclude, the different typologies of settlements are omnipresent in the various parts of a city. I have taken three varied sizes of cities to show their existence across three different states. This has been illustrated below.

INFORMAL SETTLEMENTS AND THEIR OCCURANCE ACROSS THREE DIFFERENT CITIES: DELHI, PUNE and AURANGABAD

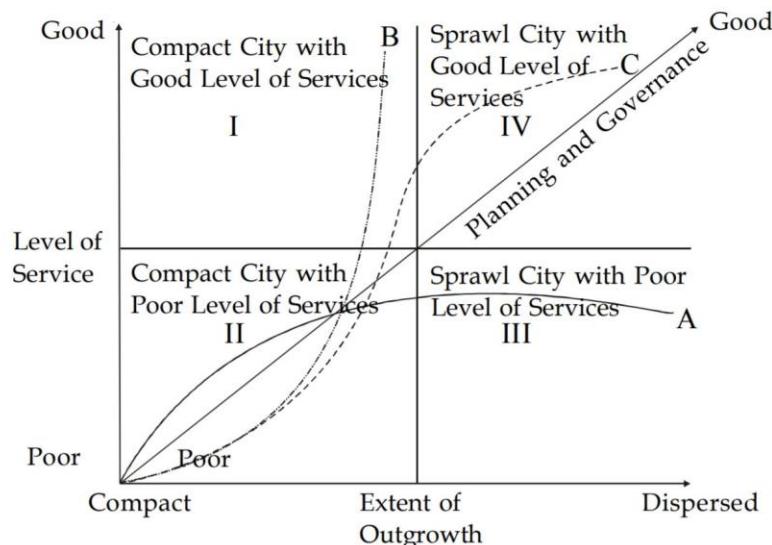


d. Governance and Urban Sprawl.

- While most institutional details pertaining to sprawls have been discussed in section 3e, 5a and 5b, here I have briefly mention notable studies that have been undertaken in quantitative and qualitative assessment of urban sprawl and its effect on governance in India.

Trajectories of Development

- Sprawl refers to some type of development with impacts such as losses of agricultural lands, open spaces, and ecologically sensitive habitats in and around the urban areas. These regions lack basic amenities due to the unplanned growth and lack of prior information and forecasts of such growth during policy, planning and decision-making.
- Regarding the understanding of the growth of a city's trajectory, the framework developed by (Ramachandra, Sudhira, & others, 2011) is relevant in the context of Indian cities. It has been reproduced below:



- The x-axis here is the Extent of Outgrowth and the y-axis is the Level of Service as an aggregate measure across all of the geographical area under consideration.
- The three trajectories of development as mentioned by the author are as follows:
 - In trajectory A, a city grows with dispersed growth, which can lead to poor level of services with limited planning and governance. The city would have managed to grow with limited planning capabilities resulting in the delivery of services lesser than the desirable levels. This is a typical growth pattern for a city in India.

- 2. B and C are counterfactual growth scenarios, where B is a compact growth while ensuring desired level of services aided by sound planning and governance.
- 3. C is a scenario allowing for outgrowth with delivery of desirable services augmented by planning for the newly developed regions.
- The critical differentiation in these trajectories is the lag or lead of planning compared to the actual development. In cities where planning leads development, the shape of the cities is typically compact as shown in scenario B; whereas in the latter case as is the scenario with C, the compactness of the city is lost. Supply side factors of housing and infrastructure also have a significant impact on the extent of sprawl induced in the city.

Implications for Planning and Governance

- Many regulatory measures on development are inefficient in terms of achieving their objective. The assessment of sprawl undertaken by authors points out that in the context of the Bengaluru Metropolitan Area, effective planning and governance in the outer areas can help in curbing further expansion the physical extent of the city as well as help in conservation of natural resources and habitat outside the city's urban areas.
- In terms of the governance, it is worth reiterating that as the area under a particular local body or parastatal increases, there is an expected drop in efficiency because functional scaling in public institutions is slow and ineffective. It retrospect; this is also one of the reasons why both local bodies and parastatals exist; to share responsibility of work and ensure provision of services.

Bye Laws and Sprawl

- (Vishwanath et al., 2013) also point out that one of the ways in which sprawl can be managed; through the relaxation of building byelaws which are stringent and conservative in most urban metropolitan areas.
- These include urban regulations such as restrictive FSIs limit densification in Indian cities, capping densities at much below international good practice. A common justification among India's urban planners for keeping urban densities low is that most cities' existing infrastructure systems would collapse if densities were increased.
- The authors have argued against this justification, stating that these arguments ignore the opportunities of fiscalizing increases in land values to finance higher capacity and higher quality infrastructure networks, and to increase the supply of office space as well as affordable housing for low and middle-income groups.

7. Urban Planning and Development

a. Settlement Hierarchy in modern India.

- In defining the settlement hierarchy of India, the fundamental difficulty has been a lack of standardization across various departments, ministries and public organizations. However, the standardization of definitions has been undertaken over the last couple of decades and now the census classifications are more or less the standard.
- The administrative hierarchy has already been discussed and visualized in Section 2i(i).

Settlements in India can be classified as follows;

Sr. No	Classification	Criteria for Classification	Examples
1	Mega Cities	Population more than 10 million people	<ul style="list-style-type: none">• Greater Mumbai Urban Agglomeration (18.4 mm)• Delhi Urban Agglomeration (16.3 mm)• Kolkata Urban Agglomeration (14.1 mm)
2	Metropolitan Cities/ Million Plus Cities	Cities with population between 1 million to 10 million	<ul style="list-style-type: none">• Chennai (8.6 mm)• Hyderabad (7.8 mm)• Ahmedabad (6.2 mm)
3	Cities/Class 1 Towns	Cities with population from 1 lakh to 1 million	<ul style="list-style-type: none">• Guwahati (9.63 lakhs)• Chandigarh (9.61 lakhs)• Solapur (9.51 lakhs)
4	Towns	Settlements with population between 5000 to 1 lakh; usually with a governing body.	<ul style="list-style-type: none">• Total 7337 settlements qualify as towns• Based on the classification based on 'class', these constitute Class II to Class VI towns.
5	Census or Revenue Village	A village with defined borders; with or without a governing body.	
6	Hamlets	A small settlement with no governing body.	

i. Census Classification⁴⁷

Urban Area Classification

- For the Census of India 2011, the definition of urban area is as follows;
 1. All places with a municipality, corporation, cantonment board or notified town area committee, etc.
 2. All other places which satisfied the following criteria:
 - 2.1 A minimum population of 5,000;
 - 2.2 At least 75 per cent of the male main working population engaged in non-agricultural pursuits; and
 - 2.3 A density of population of at least 400 persons per sq. km.

Statutory Towns

- The first category of urban units is known as **Statutory Towns**. These towns are notified under law by the concerned State/UT Government and have local bodies like municipal corporations, municipalities, municipal committees, etc., irrespective of their demographic characteristics.

Census Towns

- The second category of Towns (based on item 2 above) is known as **Census Towns**. These were identified on the basis of Census 2001 data.

Urban Agglomeration (UA)

- An urban agglomeration is a continuous urban spread constituting a town and its adjoining outgrowths (OGs), or two or more physically contiguous towns together with or without outgrowths of such towns.
- An Urban Agglomeration must consist of at least a statutory town and its total population (i.e. all the constituents put together) should not be less than 20,000 as per the 2001 Census.
- In varying local conditions, there were similar other combinations which have been treated as urban agglomerations satisfying the basic condition of contiguity of urban areas.

⁴⁷ See http://censusindia.gov.in/2011-prov-results/paper2/data_files/India2/1.%20Data%20Highlight.pdf for definitions of the various settlements based on the census.

Out Growths (OG)

- An Out Growth (OG) is a viable unit such as a village or a hamlet or an enumeration block made up of such village or hamlet and identifiable in terms of its boundaries and location. Some of the examples are railway colony, university campus, port area, military camps, etc., which have come up near a statutory town outside its statutory limits but within the revenue limits of a village or villages contiguous to the town.
- While determining the outgrowth of a town, it is ensured that it possesses the urban features in terms of infrastructure and amenities such as pucca roads, electricity, taps, drainage system for disposal of waste water etc. educational institutions, post offices, medical facilities, banks etc. and physically contiguous with the core town of the UA.
- In the 2011 Census, 475 places with 981 OGs have been identified as Urban Agglomerations.

The number of UAs/Towns and OGs in India as per the 2011 Census are:

Type of Towns/UAs/OGs	Number of towns	
	2011 Census	2001 Census
1 Statutory Towns	4,041	3,799
2 Census Towns	3,894	1,362
3 Urban Agglomerations	475	384
4 Out Growths	981	962

At the Census 2011 there are 7,935 towns in the country. The number of towns has increased by 2,774 since last Census. Many of these towns are part of UAs and the rest are independent towns. The total number of Urban Agglomerations/Towns which constitutes the urban frame, is 6166 in the country.

Classification of Towns

The Census of India further classifies towns into six categories on the basis of their population:

- 1) Class I towns with more than 1,00,000 population,
- 2) Class II towns with 50,000 to 99,999 population,
- 3) Class III towns with 20,000 to 49,999 population,
- 4) Class IV towns with 10,000 to 19,999 population,
- 5) Class V towns with 5000 to 9,999 population
- 6) Class VI towns with less than 5,000 population.

These towns can be census towns or statutory towns meaning that the administrative body of governance in these towns need not be an established ULB. The distribution of towns across various classes shows that these towns are more or less normally distributed.

Class Size	Number of Census Towns		Number of Statutory Towns		Total Cities/Towns	
	2011	2001	2011	2001	2011	2001
	No	No	No	No	No	No
Class I	20	10	476	412	496	422
Class II	54	29	546	475	600	504
Class III	593	226	1320	1170	1913	1396
Class IV	1148	448	1089	1116	2237	1564
Class V	1713	540	475	503	2188	1043
Class VI	364	109	135	123	499	232
Total	3892	1362	4041	3799	7933	5161

Source: Calculations based on Census of India data, 2001-2011

Further Reference

For a detailed analysis of Census Data of 2011 and the trends; the report⁴⁸ by NIUA in collaboration with HUDCO-HSMI is an excellent resource which tries to build insights based on the Census data.

Administrative Classification; Hierarchy of Land Management

The administrative classification of settlements has already been discussed in some length in Section 2i. Here,

b. *Delhi and Chandigarh: Policies from first planned cities in India.*

- Delhi and Chandigarh are two of the earliest examples of planned developments in the country. Delhi, which has historically been the center of power for over a century, is often referred to as the City of Capitals.
- Planning and development of some parts of Delhi, such as Delhi Cantonment, Civil Lines and Lutyens Delhi had been undertaken by the British government. However, these developments were primarily meant for the British officials and members of the Indian government. In that sense, the development was exclusive and was not meant for the Indian population.

⁴⁸ <https://smartnet.niua.org/sites/default/files/resources/Hudco%20Phase%20III.pdf>

- Chandigarh was the first significant city level greenfield development of an urban area since India's independence. It is also known as India's first planned city after independence.
- Designed by the architect Le Corbusier, Chandigarh's plan was a modernist interpretation of the 'Garden City', wherein the verticality of the urban area was rejected based on the habitat of its future residents and the predominantly rural landscape of the site.
- Corbusier, designed/planned the city on his patented proportionality known as Le Modulor, preserving the various green spaces on the site.
- After independence, the first attempt at land use oriented planning was initiated by passing of the **Delhi Development Act, 1957**, under which the most prominent parastatal agency in the country was created; the **Delhi Development Authority (DDA)**. The first statutory planning document thA was the **Master Plan of Delhi 1962**.

The subsequent development of these two cities has directly or indirectly influenced the planning and development of almost every development in the country. This is because Chandigarh was the first example of a design oriented approach to creation of cities independent India, whereas Delhi was the first example of land use based master planning for regulated (or at least meant to be) growth of the national capital.

I have highlighted some of the key principles of development of Chandigarh and Delhi that were adopted as blueprints for planning and development of subsequent settlements in the country. Though the exact extent of influence of Delhi and Chandigarh on other planned settlements cannot be ascertained, we can see within planned development concepts that were first used in these 'blueprints' of modern Indian cities.

Sectoral Development

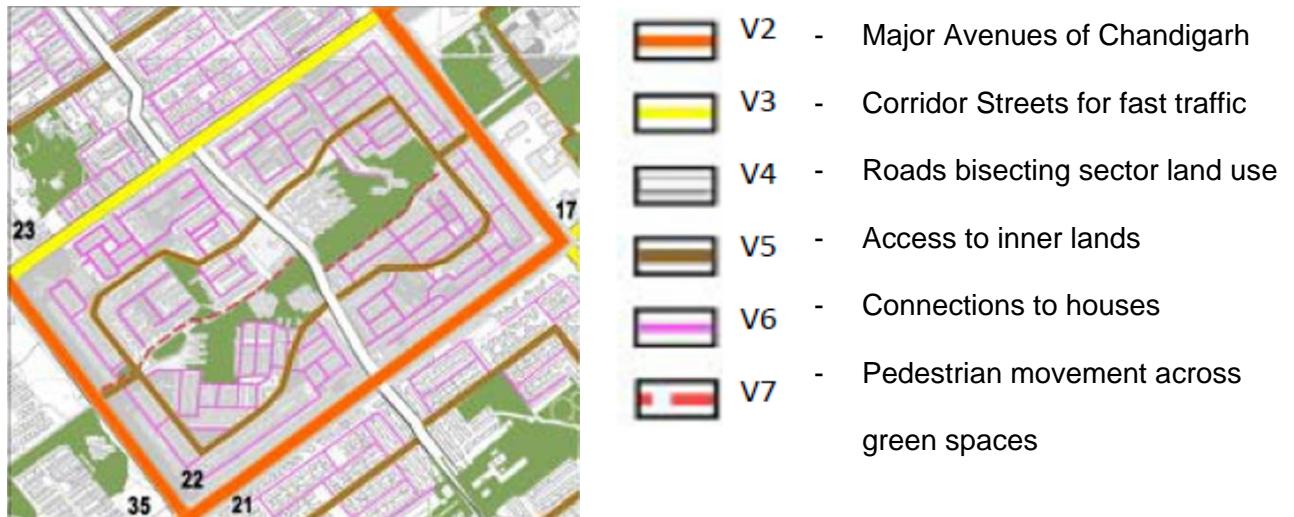
- Sectoral development was first introduced in Chandigarh. The layout designed by Corbusier has been reproduced below; where sectors were defined through a rectilinear grid flowing away from the foothills of the Himalayas; the Shivalik mountains. After Chandigarh, many new planned settlements such as Bhubaneshwar, NOIDA, Dwarka and Navi Mumbai have adopted the sectoral system of development.

Road Hierarchies

- In the case of Delhi, Lutyen's model was focused on distribution of road systems based on their width. From six-lane arterial 'carriers' to two-lane local streets, this hierarchy of

roads were adopted by the **Indian Road Congress**⁴⁹ for guiding the development of roads in various parts of the country.

- In the case of Chandigarh, the volume of traffic instead of the width was taken as the criteria for creating a hierarchy of roads. Each road was designated a specific function and the hierarchy designed by Corbusier within a sector has been reproduced below:



The site plan of Chandigarh, along with its context;



⁴⁹ The Indian Road Congress (IRC) The Indian Roads Congress (IRC) is the Apex Body of Highway Engineers in the country. The IRC was set up by the Govt. of India with the objective of Road Development in India. IRC provides guidelines on urban and rural road development.

Neighborhoods and Containment

- Similar to the concept of neighborhood unit concept in the US⁵⁰, the Delhi masterplan of 1962 tried to develop an aggregate zoning structure for the entire city. The concept was similar to Perry's neighborhood unit formula based on proximity to community centers and schools, however it was meant for the entire population of the city.
- The idea was that self-sufficient sectors or nuclei would be created in Delhi, with each sector being provided with one commercial 'place'; a complex with social infrastructure to support residential communities. **Bhikaji Cama Place, Yashwant Place, Nehru Place, Saket Place** were some of the large commercial complexes that were created in response to this concept.
- Simultaneously, within these 'containment zones', infrastructure was provided based on Perry's concept of a neighborhood build around a community center and a religious center.
- However, the limitations of the concept were quickly apparent as the land markets could not be artificially constrained based on the movement of people in the country. Within 10 years, containment had become a complete failure and it has since not been used as a planning philosophy.
- Chandigarh, Bhubaneshwar, Gandhinagar are all cities that have been planned on the concept of Perry's neighborhood unit; though the whole premise of community centers being at the center of the neighborhood have not necessarily been followed.
- As (Meenakshi, 2011) notes,

"With the quick employment of neighborhood unit in the iconic projects like Chandigarh, Bhubaneswar, and Gandhinagar, it became institutionalized in Indian planning practice. It eventually became the prototype for designing new towns and city extensions. Irrespective of the development agency, the main concept and the basic planning principle dominant in the new towns is the self-contained neighborhood unit."

Allocation of Proportional Land Use

- Lastly, the allocation of proportional land uses and creation of future land use plans has been adopted across various towns and cities in India based on the concept of the 1962 Master Plan. This top down approach is almost guaranteed to fail due to the informality in

⁵⁰ See (Perry, 1966)

land tenure and lack of regulatory oversight, but is still used across various town planning departments and state parastatals across the country.

c. *The URDPFI Guidelines: Benchmarks for modern urban planning and development.*

i. Existing Plan Hierarchies in Cities

Master Plan/Development Plan

- Typically, there are three major plan hierarchies that can be found in any city; first, there is the statutory plan at the city level, which is either prepared by the state ministry or by the parastatal agencies. It is called as the Master plan or Development Plan of the city. In cities where the ULBs have been transferred the urban planning function, the ULB is responsible for preparation of such plans.
- As of 2015, 2100 Master Plans were notified across the country out of a total of 7933 towns and cities. In the remaining 5833 towns and cities, there may not be aggregated plans at the city level, but there are usually zonal or sub-zonal plans.
- Masterplans are typically 20-30 year perspective plans.

Zonal Plan and Sub-Zonal Plan/Town Planning Schemes

- These plans are typically prepared for parts of the city or town.
- While in some cities such as Delhi, the zonal and sub zonal plans are prepared on the basis of recommendations in the Master Plan (the top-down approach), in many other cities these are the building blocks of an aggregated plan (bottom-up approach).

Local Level Plans

- These plans usually exist across most cities and towns as they are coupled with land records and architectural drawings that require approvals before construction can be commenced in planned areas. These plans are also available for some informal settlements which might have been regularized.
- The local plans are typically simple layouts.

Beyond these types of statutory plans, there exist parallel set of statutory plans that are a result of the siloed nature of parastatals and public work agencies in the cities. Some such plans are

prepared by the **Public Works Department, Revenue Department, Water and Electricity supply boards etc.**

CDP and Smart City Plans

- Other than the parallel statutory plans, there have usually been plans that have been created by some cities for eligibility towards state and central grant schemes (CSS and State schemes) such as JNNURM, Smart Cities and AMRUT.
- Usually, since the local bodies and parastatals are incentivized to create these plans, the plans are created in a very short amount of time, with little or no consultation with the public.
- Moreover, these plans sometimes portray a worse-off picture of the city or town and artificially inflate the opportunities in the city because the ultimate aim tends to be receiving of grants.

These problems in governance and planning have been tabulated accurately to some extent by (Prahraj et al., 2018);

	Existing Scenario	Proposed Scenario
Governance	<p style="text-align: center;">Vertically aligned institutions operating in silos</p> <ul style="list-style-type: none"> • Weak Municipal government and active parastatal agencies • Multiplicity of service providing institutions • Smart City SPV is operating as an independent entity 	<p style="text-align: center;">Horizontally linked departments under Municipal Corporation</p> <ul style="list-style-type: none"> • Functions of parastatal bodies should be devolved to Municipal Corporations • Municipal bodies should be empowered with the above department structure • Smart City SPV should operate under the authority of Municipal Corporation
Urban Planning Mechanism	<p style="text-align: center;">Parallel or conflicting visions with no convergence mechanism</p> <ul style="list-style-type: none"> • State driven top down schemes targeting specific sectors • Multiple planning documents with conflicting goals • Smart city plan delinked from the overall city development goals; centred around technology 	<p style="text-align: center;">Strategic development of different sectors around a common city goal</p> <ul style="list-style-type: none"> • Vision for urban development should be driven by urban local bodies • Integrated plan should be prepared for convergence among sectors • Smart city projects should be in tune with the integrated vision of the city; centred around citizens

Proposed Hierarchies under URDPFI

As urban areas grow within the country, there has been a significant amount of research into what types of planning models and plans would help create sustainable and manageable cities.

At the apex level, a product of this research is the **Urban and Regional Development Plans**

Formulation and Implementation (URDPFI) Guidelines.

- The URDPFI guidelines are advisory guidelines that are meant for state governments and local bodies. Since they are advisory in nature, the guidelines combine the best practices and an extremely broad range of guidelines along with research undertaken in government and private institutions in the country.
- The initial guidelines, which were published in 1996 were known as the UDPFI guidelines. The change of name has an important reason; the focus is on developing regions with a balance between rural and urban development.
- The three volumes of work, I, II-A and II-B is over 15 years of research on urban governance and urban planning.
- Based on the comparative research across states, the hierarchy of plans and their proposed under URDPFI is illustrated below (Ministry of Urban Affairs, 2014, p. 13):



Further, the analysis in URDPFI based on existing plans has been tabulated below; This is basically a comparison between plans that exist across various states and how they fall within the proposed hierarchy of plans proposed under URDPFI (Ministry of Urban Affairs, 2014, p. 6).

Planning system	Scope and purpose of the plan	Time frame*	Various plans; indicative list							
Core area of planning										
Perspective Plan	To develop vision and provide a policy framework for urban & regional development and further detailing	20-30 years	Long Term Perspective Vision document	Concept plan	Mission statement	--	--	--	--	--
Regional Plan	To identify the region and regional resources for development within which settlement (urban and rural) plan to be prepared and regulated by DPC.	20 years	Regional Plan (Mobility 1)	Sub-regional plan	--	--	--	--	--	--
Development Plan	To prepare a comprehensive Development Plan for urban areas, Peri-urban areas under control of Development authority/ Metropolitan Planning Committee.	20-30 years (Review every 5 years)	District Development Plan (Mobility 1)	City/ Metropolitan Development Plan (Mobility 2)	Master Plan City Utility (30 years)	Revised Development Plan	--	--	--	--
Local Area Plan	To detail the sub-city landuse plan and integration with urban infrastructure, mobility and services.	5-20 year (Review every 5 yrs)	Town Planning Schemes	Zonal Plan / Sub-city plan	Ward Committee	Coastal Zone Mgmt Plan	Urban Redevelopment Plan	--	--	--
Specific and investment planning										
Special Purpose Plan	To identify the needs of the special areas which require special plan within the framework of the development plan.	5-20 year (within city utilities 30 year plan)	City Development Plan (as per JnNURM)	Comprehensive Mobility Plan (as per JnNURM)	City Sanitation Plan (as per JnNURM)	Disaster Management Plan (as per NDMA)	Slum Redevelopment Plan (as per RAY)	Tourism Master Plan	Environmental Conservation Plan	Heritage Conservation Plan
Annual plan	To translate Development Plan in the context of annual physical & fiscal resource requirement. To monitor plan implementation with performance milestones.	1 year	Investment plan	Audit and monitoring plan	--	--	--	--	--	--
Project/ Research	To focus on project related investments, costing and returns & for the studies required prior to or post plan formulation. This should be a continuous process to support planning and implementation at all stages and promotes innovation in practice.	5-20 year	Pre-feasibility study	Detailed Project & feasibility Report	Schemes & Sub-projects	Surveys & Studies	Project such as: Riverfront development projects	--	--	--

d. Bye Laws and regulations: A snapshot.

- Building byelaws and regulations are usually created across the country based on advisory guidelines across a variety of resources.
- There are three elements to bye laws and regulations in the case of a typical settlements.

These are;

- **Building controls:** These include guidelines for specific constructions such as FAR/FSI, Ground coverage, Setbacks from plot lines, requirements of water and electricity services etc. E.g. Typical FARs in
- **Permissibility of Activities:** These are guidelines of activities that may or may not be permitted within a structure or neighborhood planned for specific use. E.g.. In India, bars and permit rooms are usually not permissible in residential communities and can only be established in specific commercial areas.
- **Special Zone Regulations:** These are regulations created for specific areas within a given city or town. Some examples include the Low Density Residential Areas (Farmhouses) proposed in some urban villages in Delhi, Transit Oriented Development guidelines and guidelines for specific developments such as Special Economic Zones, Technology Parks, Eco-sensitive zones etc.

Based on the specific requirements of research, it is possible to refer to URDPFI and find directives that state or local governments may follow in undertaking specific developments.

8. Cantonments and Civil Lines in India

a. *Settlements in the British regime.*

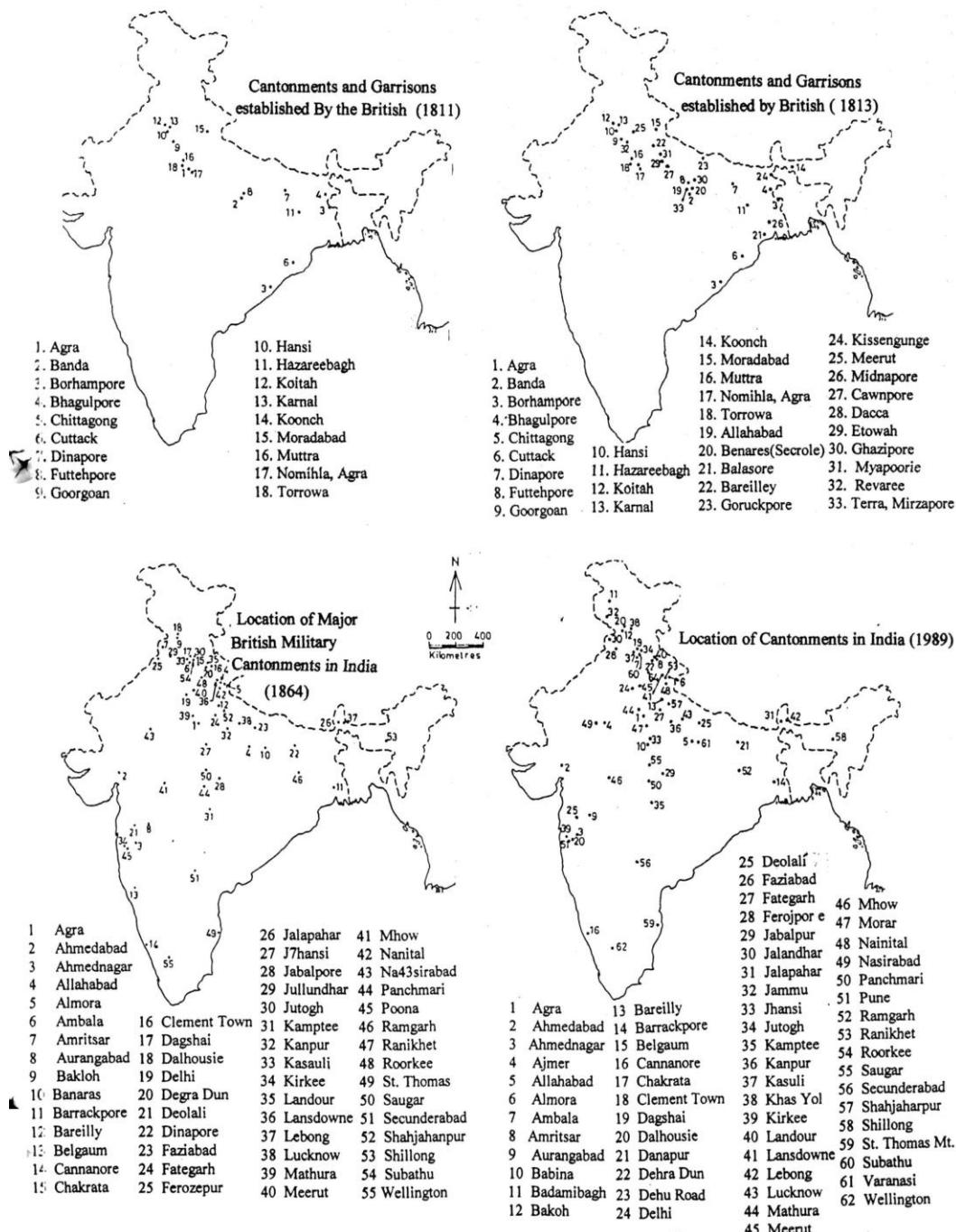
- The first cantonment in India was established in Barrackpore in the West Bengal in 1765. This military outpost is today part of the Kolkata Urban Agglomeration.
- Broadly, we can differentiate between four different types of settlements that were established during the British Regime in India. These are:
 1. **Port Cities:** Established as centers of trade, primarily for export of resources from the colonies.
 2. **Cantonments:** Centers established for governance of the 'Native City.'
 3. **Hill Stations:** Developed for the well-being of the colonial population and also as centers of administration during the summer.
 4. **Railway Towns:** Nodal junctions for facilitating the transport of goods domestically.
- As (King, 2012) notes, the most important feature of colonial development is the tripartite division of the urban space into 'Native city', 'Cantonment' and the 'Civil station' (which was frequently incorporated in the Cantonment), although the basic military and civil institutions were kept separate in most cases.
- In terms of the development, the spatial arrangements in the Cantonment were the antithesis of those in the Native city, as the Cantonments were planned with wide roads in a gridiron pattern - with low density housing - allocated according to military ranks.
- The parade grounds and the Mall had where shops and entertainment facilities were located for the use of army personnel. Typically, the European troops were accommodated in the brick built or wooden barracks' in the Cantonment.
- The European officers lived in more opulent and spacious homes. The officers were housed in bungalows within a complex of gardens, servants' quarters and carriage-house, in a compound of an acre or more. Senior officers' compounds, in some Cantonments, were five to ten acres in size.
- The native troops, on the other hand, lived in self-contained, thatched huts at some distance from the European quarters.

Written based on a verbal discussion undertaken with (Dhyanesh Devidas Kalal, 1999).

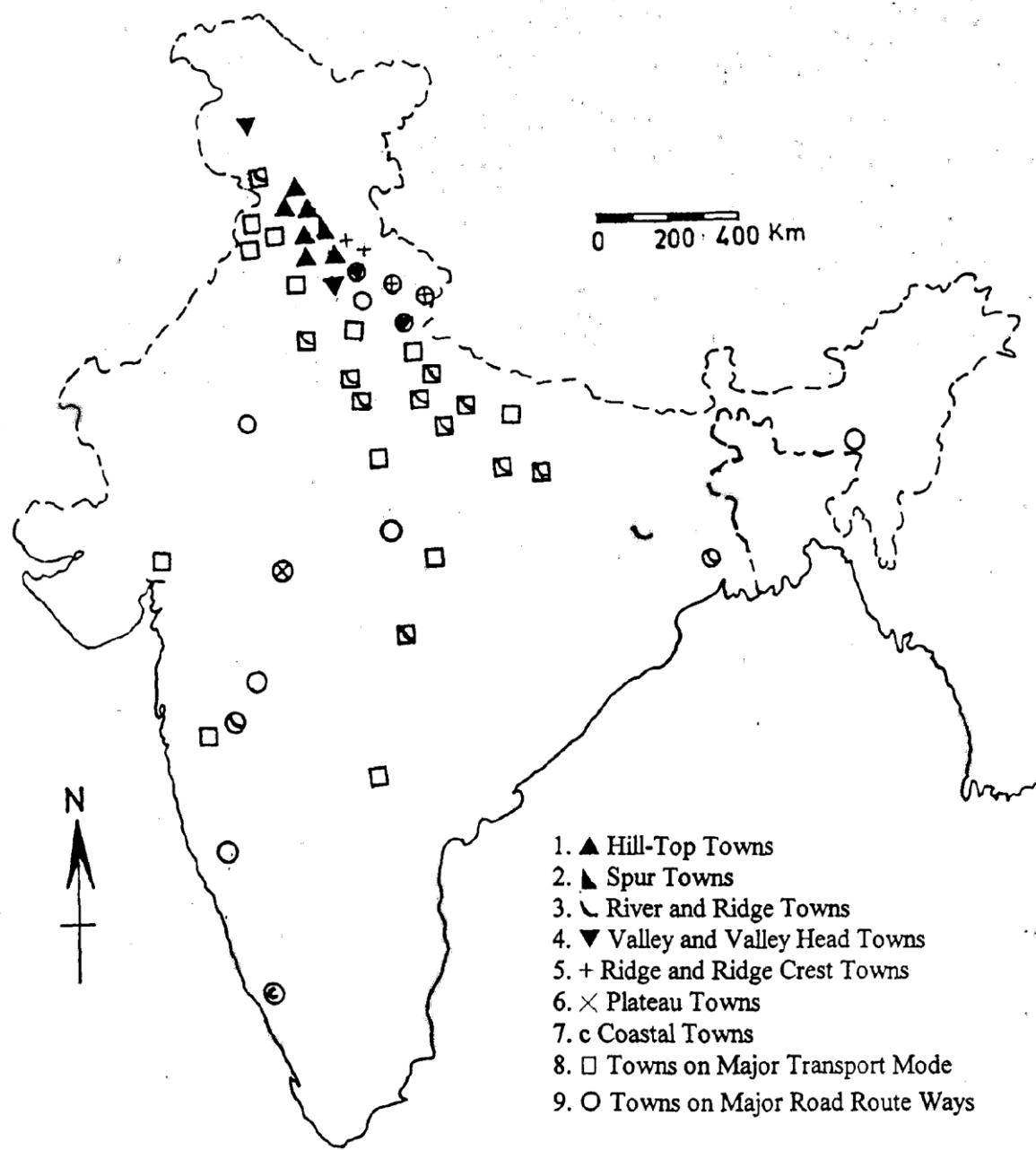
b. *Cantonments in post-independence India.*

- There are 62 operational cantonments in India since its independence.

- Most of these cantonments have been established between 1811 and 1864 and their locations and growth has been visualized in the map below:



Classification of Cantonments based on Geographical features;



We can easily see that the north western, hilly region of **Himalayan Mountains** and the **Indo-Gangetic Plane**, are the two physical regions along which most cantonments have been distributed. The Himalayas are excellent for a vantage point beyond the peninsula; whereas the Indo-Gangetic plane was a stronghold of the British government.

c. *Governance of Cantonments and Army land.*

- Since India's independence, cantonments in peri-urban or urban areas remain the most visible remnants of the colonial rule in the country. Initially created by the British in close proximities to a large 'native city', these permanent military stations were primarily meant to maintain law and order across the country.
- Since being handed over to the Indian Armed Forces after India's independence, their relevance and role in modern urban areas has changed continuously for the last six decades.
- The **Defense Estates Organization** is an attached organization of the Ministry of Defense, Government of India, engaged in the activity of land management and procurement of immovable properties for the Armed Forces (Army, Navy, Air Force) paramilitary forces like Coast Guard and for Interservice organization such as the Defense Research Development Organization and National Cadet Corps.
- The DEO also plays a key role in the supervision and control of the administration of Cantonment Boards, who provide the civic amenities to the civilians and troops residing in the cantonment areas.

Classification of Land

There is a seven-fold hierarchy of land classifications as defined in the Cantonment as per the Cantonments Act 2006. This has been tabulated based on (Comptroller and Auditor General of India, 2011).

Category of Land	Land Description	Managing Authority
A1	In active occupation of the Forces and allied services.	Local Military Authorities of the Service concerned.
A2	Vacant land which must not be built upon due to specific military reasons.	Defense Estate Officer
B1	Land owned by the Ministry of Defense but in occupation of any other Ministry of the Central Government	The Ministry that owns the land
B2	Land owned by the Ministry but under the control of the State Government	State government that owns the land
B3	Land held by private persons under	Defense Estates Officer

	Old Grant terms, leases etc. under which the Central Government reserved or have reserved to themselves the proprietary rights in the land.	
B4	Land which does not fall under any other class mentioned above	Defense Estate Officer
C1	Land vested in a Cantonment Board for Municipal or other public purposes.	Cantonment Board

Land under Ministry of Defense

- Some sources claim that the Ministry of Defense is the largest owner of land in the country. Large scale acquisition was undertaken by most public institutions such as the MoD after independence, as the state had assumed responsibility of providing services such as railways, postal services, shipping, power generation etc.
- According to (Comptroller and Auditor General of India, 2011), The Ministry of Defense is the biggest landholder in the Government with a holding **of 7.31 lakh acres** of land.
- The lands are of different need based classification and are occupied by the Army, Air Force, Navy, Central and State Government organizations, civilian population etc.
- **Out of the total land, two lakh acres are inside 62 Cantonments located in various parts of the country.**
- Lands for common use inside a Cantonment are under the control of Cantonment Boards. Outside these Cantonments, 15.3 lakh acres of Defense land are occupied by Military Stations, Air Force Stations, Naval Bases, DRDO labs, firing ranges, camping grounds etc.
- Among the three Services, Army occupies 13.79 lakh acres which is almost 80 per cent of the land.
 - d. Acquisition process in Cantonments*
- Defense Estates Organization is the nodal agency for acquisition of land for Services and other Defense establishments i.e. Army, Navy, Air Force, DRDO and others.

- After 'in principle approval' is given by Ministry of Defense for a particular project involving acquisition of land, a **Board of Officers** is convened by the **Local Military Authority (LMA)** for formulating the proposal. The LMA is similar to a development authority, except it is a temporary agency created for specific purposes.
 - The Board of Officers is advised by the **Defense Estates Officer (DEO)** on the cost of land & assets as well as Rehabilitation & Resettlement aspects. The proposal is forwarded to the Ministry of Defense.
 - Ministry of Defense issues sanction for acquisition on the basis of the recommendations of the Defense Estates Department. On receipt of Govt. sanction, DEO places demand upon DC/Competent Authority for acquisition of land.
 - Land Acquisition Collector/State Govt. may then be requested by the expedite publication of statutory Notifications under the relevant Land Acquisition Act.
- e. *2017 and beyond: Democratization of Cantonments.*
- Over the past two years, there have been two major developments pertaining to governance of cantonments in the country; Municipalization of Roads and more recently the MoD proposal to municipalize entire permeable areas of the cantonments.
 - Over the years, as civilian settlements around the cantonments have grown significantly compared to areas within cantonments, these enclaves have started facing pressures of urbanization, including informal developments surrounding and on cantonment lands as well traffic congestions across sections of the cantonments that are permeable for civilian population.
 - When the British established these cantonments, their expansion and maintenance was the first priority of the government. These were centers of power and administration. However, when the defense forces took control of these lands, they became indirect administrators of these enclaves, with the Ministry of Defense being the apex body governing these cantonments.
 - As (Comptroller and Auditor General of India, 2011) has noted in its report; at the time of their establishment, the cantonment and land owned by the cantonment was usually situated in a per urban area, due to the exclusion desired by the British. However, over the years, this land has become prime real estate because of urbanization and growth of the settlements around which the land was established.
 - The CAG has also completed an audit of the land records and has reached to a conclusion that as of 2011, **30% of land under these cantonments had been encroached.**

- As years have passed since independence, the Indian government has progressively allocated lesser and lesser outlays for management of these cantonments. More money is given to defense infrastructure as opposed to management of these areas.

Road closures

- Typically, road networks within cantonments are not open to the public. This is because civilian entry into areas that fall within categories A is punishable by law.
- While cantonments have more or less continued to function as ‘enclaves’, several local bodies raised the issue of bottlenecks in urban areas being created due to the roads in cantonments not allowing civilian population. The Ministry of Defense surprisingly approved the decision and took on the task of opening up closed roads within cantonment areas.
- There was a massive backlash against this move from army personnel and their community, citing this move as a threat to national security.
- However, the Ministry of Defense defended the local bodies and their concerns and directed the army to open up roads which had been closed.
- The ministry found out that over 850 roads had been closed out of which 119 were closed without the legal provision to do so.
- The MoD minister, on June 5th reiterated that the roads need to be opened⁵¹.

Abolishment of Cantonment Boards

- On June 13, 2018⁵², the Army chief submitted a proposal to the Ministry of Defense for abolishment of cantonments and a proposal of transferring land in category B and C to the corresponding local authorities.
- The top Army hierarchy believes the step will help reduce the strain on the country’s defense budget and also help in strengthening of security in military stations, while allowing the military to simplify management of its land.
- Whether this proposal will be accepted by local governments across the country remain to be seen.

⁵¹ See <https://www.thehindu.com/news/national/cantt-roads-opened-after-review/article24089759.ece>

⁵²http://timesofindia.indiatimes.com/articleshow/64968270.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

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10. Scope

The research will primarily focus on urban areas in India, as defined through the Census of India definitions. The first section will provide a brief overview of the history of governance in India. It is relevant due to the fact that many of the laws established during the colonial rule in India, especially those pertaining to cantonments and towns considered significant by the British have shaped the modern governance policies in India. Further, the change in type of governance from an autocratic to a democratic one has been a major cause of conflict in the modern Indian state, particularly because many laws and provisions set by the colonial regime were grandfathered into the post-independence government.

The second section will provide a brief overview of the different constitutional provisions, rules and regulations that are used for governing the urban areas across the country. Starting with the supreme law in India; The Constitution of India, which is the most important framework that has

shaped urban governance, the section will expand on some of the most critical provisions, rules and regulations and their relevance at the local urban level. Special acts and provisions, including rules and regulations for governance of cantonments and special economic zones will be discussed in this section.

In the third section, the stakeholders in urban governance across the central (equivalent to federal government in the US), state and local government will be discussed in context of their relevance to governance of present day urban areas in India. The duties of apex advisory bodies, urban local bodies, and local para-statal and departmental agencies will also be discussed. The role of the recently formed NITI Aayog, which replaced the Planning Commission will also be discussed in this section. These bodies and agencies at the central, state and local levels are relevant because most urban local bodies in India cannot exercise complete autonomy to this day. The problems of selective devolution of duties and responsibilities to the urban local bodies is a complex one, which will only be discussed in relevance to its effect on the health of the governing body and the overall impact on major urban settlements. The spatial and non-spatial nature of conflict in governance and its resolution will be discussed by the help of some landmark precedents of the Supreme Court of India.

Since the economic and political liberalization of India in 1992, there have been three major reforms that have focused on improving the urban areas in the country. The fourth section includes a discussion on the highlights of The Ninth and the Tenth Five Year Plans (1997-2007) which helped lay the groundwork for urban development and renewal in modern India. The first reform mission, *JnNURM*, which lasted almost a decade, has contributed significantly in responding to the problems of rapid urbanization, public transportation, infrastructure service delivery and provision of services to the urban poor. A change in the political landscape of the country in 2015 led to the discontinuation of the *JnNURM*, which has now been replaced by AMRUT and the Smart Cities Mission. While AMRUT is focused on the renewal and improvisation of physical infrastructure in Indian cities, the Smart Cities Mission aims to leverage the development of Information and Communication Technologies (ICTs) over the last decade to streamline governance policies in urban areas. Key reforms and policies form these missions will be discussed in context of their effect on the local urban governing bodies. The Shyam Prasad Mukherji Rurban Mission (or National Rurban Mission) will not be discussed due to the scope of the study being limited to existing urban areas.

The fifth and sixth sections are meant to provide some key insights into issues pertaining to urban planning and real estate in the Indian context. The fifth section will focus on Land Tenure,

with a focus on the peri-urban areas and infill development. Informality and lack of robust regulatory provisions in India has led to development of several interesting typologies of settlements in urban areas, such as urban villages, unauthorized colonies and squatter settlements. The nuances of these settlements will be discussed through anecdotal evidence in the city of Delhi, highlighting the processes that facilitate urban sprawl and lead to creation of the aforementioned typologies.

The sixth section will include a discussion on how policies, rules and regulation actually shape settlements in present day India. The first two planned cities in India, Delhi and Chandigarh were widely used as a benchmark for planned development in the country until 1996, primarily involving the use of the masterplan approach limited to regulation of land use. Developed in 1996 and updated in 2014, the UDPFI guidelines introduce a new four-fold approach to planning and urban development in India. The guidelines encompass all types of settlements, including cantonments and special economic zones.

Finally, the last section will provide a special overview of cantonments and civil lines in India. Since India's independence, cantonments in peri-urban or urban areas remain the most visible remnants of the colonial rule in the country. Initially created by the British in close proximities to a large 'native city', these permanent military stations were primarily meant to maintain law and order across the country. Since being handed over to the Indian Armed Forces after India's independence, their relevance and role in modern urban areas has changed continuously for the last six decades. Many different legislations have played an important part in shaping the modern state of the Cantonments and civil lines, which will be discussed in this section (Continuing from 2(a)(i)). The section will be concluded by summarizing some of the recent reforms and regulations, which have focused on the democratization and integration of these cantonments with the surrounding urban local bodies.
