A Review of Urbanisation and Urban Policy in Post-Independent India

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INTRODUCTION

The 'city' as an object of study in its own right is of recent origin in India. In the early decades of post-independent development planning the urban question was typically relegated to the background and addressed largely as an auxiliary within the concerns for balanced regional development, industrial growth and housing provision. The academic scholarship reflected the prevalent concerns and there was thus very little by way of serious attempts to study the urban process and its multifarious manifestations in the country. This is of course related to the fact that at the time of Independence just about a seventh of the population of India was living in cities. It thus arguably made sense to prioritize the problems of rural India and focus the resources and expertise of the country on dealing with developmental issues therein; although how seriously even that was attempted and to what effect is itself debatable. Gyan Pandey (2002) however makes an interesting observation when he points out that despite the fact that most of the nationalist leaders hailed from cities, the urban question was curiously absent from their imagination. Both the Gandhian idea of self-reliant

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village republics as well as Nehruvian vision of a modern, industrialized nation, were characterized by their relative silence on the question of cities per se and also the role of cities in their respective visions of the future of India. Thus the relative lack of consideration of urban issues in the early years of development planning in India can also be seen as a reflection of the relationship of the nationalist discourse to the 'city'.

In contrast to the early years of developmental planning, today urban issues and concerns dominate governmental action and public discourse. There is also a growing body of academic work on built form, spatial relations, economic patterning, labour geographies and governance of Indian cities, particularly the metropolitan ones. This shift has been marked by the 'discovery' of the importance of cities as 'engines' of economic growth in the planning apparatus; a concern that has catapulted to the status of becoming one of the foundational principles of the state, by the global hegemony of neoliberalism in the last couple of decades.

In the present paper, my aim is to review shifts in post-independence urban policy in India with a specific focus on tracing the trajectory of urban reform initiatives from the early 1990s. In the first section I outline the general contours of the urbanization process in India with a brief discussion on urban policy under the British rule. The second section is devoted to an appraisal of urban policy in post-independent India. Following Annapurna Shaw (1996) and Darshini Mahadevia (2003), I divide the appraisal in three parts- From the First Five Year Plan (FYP) to the Third FYP, from the Fourth FYP to the Sixth FYP and from the Seventh FYP to the Eleventh FYP based on shifts in emphasis in urban policy in different plan periods. The third and concluding section attempts to link up the ongoing neoliberal urban reforms with the current process of urban restructuring in India.

URBANISATION IN INDIA

Urbanisation has advanced at a rapid pace over the last two centuries. In 1800, only about 2 percent of the human population lived in urban areas. By 1900, about 15 percent were living in cities. In 2003 the United Nations Human Settlement Programme estimated (UNHSP, 2003) that for the first time in history the number of people living in urban areas had surpassed the number of those living in rural areas and predicted that by 2030 about two-thirds of the human population would be living in cities. Much of this growth is taking place in the so-called developing countries. Though the growth rate of urban population is not very high in countries like China and India, the absolute numbers are mind-boggling. India today has the second largest urban population in the world.

India has experienced rapid urban growth in the 20th century as is illustrated by the numbers. The total urban population increased ten-fold between 1901 and 2001. The share of urban population to the total population increased from less than 11 percent to over 28 percent in the same period. Similarly the total number of urban agglomerations increased from 1827 to 4368 in the said period. While the annual growth rate of urbanization was slow in the initial decades of the 20th century, it gained momentum in the latter half. The process reached its peak in 1981 with annual growth rate registering an impressive 3.83 percent. Post 1981 there has been a steady decline in the growth rate. This has been attributed to a number of factors. Following Kundu (2003), one could argue that a general slow-down in job creation due to decline in manufacturing activities coupled with more stringent attitude of land owning agencies towards illegal occupation of land has discouraged the entry of new migrants in the city. Despite the growth rate coming down the fact remains that the size of urban population in indeed is massive. The 285 million strong urban population is 27.78 percent of the total population of India. Furthermore, it is over 10 percent of world's urban population and over 21 percent of Asia's urban population. To look at it differently, India's urban population is more than the combined total population of Eastern Africa, Western Asia and Western Europe, or the total population of countries like Brazil and the US. Thus the challenge to find a sustainable and equitable paradigm of urban development is immense.

This challenge becomes even more daunting when we look at the processes currently underway in much of urban India. The city offered hope and sometimes even prosperity to poor migrants, but today it is increasingly turning its back on them. While even now about a quarter of the urban population lives in slums, slum eviction has increased substantially in almost all major cities. In Delhi alone almost a million people have seen their shanties being demolished in the last one decade. Only a tiny fraction of those displaced have been compensated with tiny plots or flats in resettlement sites. invariably on the outskirts of the city lacking in even basic amenities such as drinking water, electricity, toilets etc (Batra et al, 2008). Forced or voluntary closure of industry in cities like Delhi, Mumbai, Ahmedabad, among others, has significantly reduced employment in manufacturing. The only sectors which are growing in cities are finance, insurance and real estate (FIRE) and IT and ITES but their share in employment is miniscule. As a result of these processes the cities are increasingly becoming exclusionary and tending to become the preserve of the elite and white collar work force.

URBAN POLICY IN INDIA

This section focuses on an analysis of urban policy at the national level. It should be remembered however that urban development, housing, urban policy and urban planning in India are state subjects under the Constitution and therefore without a thoroughgoing analysis of urban development policies in different states it is not possible to paint a comprehensive picture of urban policy in India. The Centre can, at the most, "issue directives, provide advisory services, set up model legislation and fund programmes which the states can follow at will" (Shaw: 1996). However it is beyond the scope of this monograph to study urban policy at the state level. Furthermore, as Ramchandran (1989) points out, despite the fact that states have been empowered to make urban policy, they have rarely done so. Thus the urban policy existing in the states is largely an off shoot of that outlined in the national five years plans and other policies and programmes of the central government. It is in this context that an analysis of the national level urban policies and programmes become important to understand the general direction of urban policy in India.

The First Phase: 1951–1966

The Partition in 1947–48 provides the backdrop for urban policy in India. The millions of refugees who arrived in North India from present day Pakistan sought shelter and livelihoods in various cities. This development coupled with the employment opportunities created in cities during the Second World War due to the setting up of war production plants resulted in substantial increase in the urban population—by 53.7 percent between 1941 and 1951. In sharp contrast the rural population went up by a mere 7.4 percent in the same period. The result was a phenomenal increase in what was described in the First Five Year Plan as sub-standard housing and slums "…containing insanitary mud-huts of flimsy construction, poorly ventilated, over-congested and often lacking in essential amenities such as water and light" in urban areas (Dwivedi, 2007: 34). The Environmental Hygiene Committee put the shortage in urban housing at 18.4 lakh houses in addition to the 10 lakh houses estimated to be required to rehabilitate refugees from Pakistan (Dwivedi, op cit. 41).

As a response to the problems created by the sudden increase in urban population, the 1st Five Year Plan (1951–56) was mainly concerned with housing and rehabilitation of refugees. The Ministry of Works and Housing was set up to ensure speedy spatial and occupational rehabilitation of refugees. A large number of rehabilitation colonies and sub-towns were set up in Delhi, Bombay, Ahmedabad, Uttar Pradesh, Haryana, Punjab and Calcutta. The city of Chandigarh was created in the same period as a symbol of 'modern' India. In the same plan period the National Buildings

Organisation and the School of Planning and Architecture were set up in order to improve the quality and efficiency of built environment building, research and develop housing technologies and create a cadre of trained town planners. Furthermore, the central government also set up the Town and Country Planning Organisation to provide guidance and assistance to central and state governments on urban problems and also to prepare the Delhi Master Plan which was conceived as the model plan which was subsequently to provide a framework for master plans to be prepared for other cities.

The other two issues that the 1st Plan was concerned about were industrial and employer housing and slums. The Plan noted that "construction of houses by employers in post-war years has fallen short of expectations" (Dwivedi op cit,.pp. 39). More importantly, it notes that "the employers have generally taken the stand that not they but the state has the responsibility for providing houses for the working class" (Ibid). This is in stark contrast to experiments like TISCO in Jamshedpur where the company took upon itself the responsibility of providing housing and other amenities to its workforce and their families. Thus we see that after Independence the private capital increasingly started washing its hands off the issues of reproduction of its workforce.

The Plan was categorical about the need for slum clearance. Terming slums a 'national problem' and a 'disgrace to the country' it stated that "it is better to pay for the cost of clearing than to… suffer their destructive effects upon human lives and property indefinitely" (Dwivedi, op cit., pp. 51). It is be noted however that the use of the term 'slum' in the First Plan refers exclusively to dilapidated and over-congested areas such as the Walled City in Delhi. The Delhi Master Plan of 1962, used this definition to declarethe entire Walled City a slum area. The illegal settlements of the poor on the other hand were usually referred to by different names, such as *jhuggi-jhopri* clusters in the case of Delhi. However this differentiation no longer exists since the term 'slum' in current parlance refers exclusively to the illegal settlements of the poor.

The 2nd Plan (1956–61) identified "rise in land values, speculative buying of lands in the proximity of growing towns, high rentals and the development of slum areas" (GoI, 2nd FYP) as features common to most large towns and cities. It also predicted an escalation in these problems given the trends in industrialization. The Plan thus introduced the theme of regional planning and emphasized the importance of preparing master plans. While recognizing growing housing deficits in urban areas it placed the problem of housing in the wider context of urban and regional planning and called for construction of housing for low income groups. Thus Town and Country Planning legislation was enacted and in many states institutions were set up for the preparation of master plans.

In 1956, the *Slums Areas (Improvement and Clearance) Act* was passed. The Act defined slums as:

"any area (where) buildings…(a) are in any respect unfit for human habitation, or (b) are by reason of dilapidation, over-crowding, faulty arrangement and design of such buildings, narrowness or faulty arrangement of streets, lack of ventilation, light or sanitation, or any combination of these factors, are detrimental, to safety, health or morals" (GoI, Slum Act).

For preventing the growth of slums, the Plan recommended strengthening local authorities and mobilizing "the support of enlightened public opinion" in enforcing the implementation of building codes and municipal by-laws (GoI, op cit). However, consistent with the socialist rhetoric of the early years of national planning, it clearly stated that the resettlement of slum residents is to be based on the principles of 'minimum dislocation', entailing rehousing "as far as possible at or near the existing sites of slums, so that they may not be uprooted from their field of employment" (Ibid) and provision of only "minimum standards of environmental hygiene and essential civic amenities" so as to "keep rents within the paying capacity of the slum dwellers" (Ibid).

It was in the 3rd Plan (1961–66) that urban policy and development planning began to acquire a cogent form. During this period Master Plans for various cities were prepared and the need to strengthen urban local governments, especially their financial and administrative aspects, was recognized. In order to guide and enforce the planned development of cities through the implementation of master plans, para-statal development authorities, such as Delhi Development Authority (DDA), Mumbai Metropolitan Regional Development Authority (MMRDA), Madras Metropolitan Development Authority (MMDA), were set up. It is noteworthy that the master planning approach to tackling urban problems was an uncritical import from the then prevalent town planning and regulatory practices in Britain and the United States of America. The important features of these master plans were "a) designing of land use with a future perspective; b) a city without slums, or in other words, a standard 'decent' housing for everyone; c) detailed modernized Central Business District; d) division of major land use into zones; e) an efficient highway and transportation system, and f) adequate community facilities with residential areas divided into neighbourhoods" (Das, 1981). The master plans give preeminence to the planned and orderly development of cities through a strict spatial segregation of functions such as housing, commerce, industries etc. in mono-use zones. This approach was completely incongruent with the existing morphology of Indian cities where mixed-land use was the norm. Furthermore, given the statutory nature of these plans, much of what existed as 'cities' was rendered illegal because the geographies did not conform to the idealized form of the city enshrined in the master plans.

The 3rd Plan also emphasized the need for balanced spatial and demographic development through locating new industries far away from cities, adopting the concept of the 'region' in the planning of large industries and strengthening rural-urban linkages. The Plan expressed concern about increase in land prices in cities and the growth of slums. The concept of urban community development was introduced to tackle problems of urban slums. Earlier the central government had introduced a scheme in 1959 to "give loans to state governments for a period of ten years acquisition and development of land in order to make available building sites in sufficient numbers" (GoI, HUPI).

Moreover, "various measures such as freezing of land prices, acquisition and development of land and taxation of vacant land were suggested to control and regulate the urban lands" (Gnaneshwar, 1998). The Plan period also saw significant dispersal of urban planning and development activities from the centre to the states with massive amounts of investment poured into developing state capitals and new cities such as Gandhinagar in Gujarat and Bhuvaneshwar in Orissa.

Thus we see that the first phase of urban policy was characterized by the lack of a comprehensive vision on urbanization or urban process in India. The Plans prepared during this period largely had an ad hoc and piecemeal approach towards urban issues and problems. Though from the second plan onwards, planned development of cities became a major theme, there was little attempt to reconcile the technocratic blueprint of master plans with the complex realities of a predominantly poor, newly independent, postcolonial country. Thus while urban poverty rose rapidly between 1960 and 1966, adding 15 million (see annexure) people to officially designated population of the poor in cities, the plans made during the same period were seized with the fetish to build leisurely, low density, spread out cities, such as Chandigarh, which are highly expensive for people to live in and municipalities to maintain. It is not surprising then that master plans in almost all Indian cities have been followed more in violation than compliance. The obsession with removal of slums is a theme that runs across the first three five year plans. The plans sought to achieve this goal by construction of low income housing at a large scale. Consequently, the master plans prepared during this period routinely talk about creating slum free cities through massive housing construction. In some cities, like Delhi, the development authorities were given almost unfettered power to acquire land, plan cities and build housing for different segments of the society, particularly for economically weaker sections. However, it soon became clear that the housing agencies and development authorities were"….busy in enhancing their profit by constructing luxury housing units and selling them to higher income groups" (Das, op cit. 59). For instance in the case of Delhi, it was found that between 1961–62 to 1970–71, "the allotment of land acquired by Delhi Development Authority mainly for low income groups went heavily in favour of the high income groups" (Ibid).

While there was limited availability of housing for the poor in big cities the latter nevertheless continued to attract migrants due to their high growth rates and expansion in employment opportunities. The result was proliferation of slums in almost all major cities. As we shall see in the following section, in the next couple of decades the national plans significantly reduced the rhetoric of 'removal' and 'clearance' and instead started talking about 'improvement' and 'upgradation' of slums.

The Second Phase: 1969–1984

Achieving balanced urban growth through dispersing populations in smaller urban centres was the overriding thrust of the 4th Plan (1969–74). This was to prevent the concentration of population in metropolitan cities such as Delhi, Bombay, Calcutta and Madras. The creation of small towns and ensuring the spatial location of economic activity in a planned manner consistent with the objectives of the Plan was underscored. The Plan articulated the need for urban land policy at the state level and provided specific guidelines for the formulation of the same. It recommended that—the state level urban policies should aim at (a) the optimum use of land; (b) making land available to weaker sections; (c) checking the concentration of land ownership, rising land values and speculation of land; and (d) allowing land to be used as a resource for financing the implementation of city development plans (Gnaneshwar, op cit. and Ramchandran, op cit.).

In 1970, the Housing and Urban Development Corporation (HUDCO) was set up to provide loans to urban development authorities and state housing boards for housing and other development projects such as infrastructure development, land acquisition and essential services. One of the main goals of the HUDCO was the "promotion of housing for the persons belonging to low income groups and economically weaker sections" (Routray, 1993). The impetus for the setting up of HUDCO came from the realization that "the provision of housing through private or cooperative effort is usually directed to affluent or middle classes" and that "the experience of public housing so far is that its unit costs are high and that with the constraint of resources it is not possible for public operations to touch even the fringe of the problem" (GoI, 4th FYP). However the development of adequate housing stock, (which would resultantly discourage the growth of slums) through cheap loans from HUDCO was a strategy envisaged only for smaller and growing cities and towns. For cities which already had large slum populations, the plan underlined the unfeasibility of the blanket strategy of slum removal and instead recommended the amelioration of the living conditions of slum dwellers through provision of basic services and "reconditioning of slums" (Ibid). In view of this new understanding, the central government launched the Environmental Improvement of Urban Slums (EIUS) scheme in 1972–73 to provide a minimum level of services, such as, water supply, sewerage, drainage, pavements in 11 cities with a population of 8 lakhs and above. The scheme was later extended to 9 more cities (Ibid). In 1973, towards the end of the fourth plan, the World Bank started its urban sector operations in India with the launching of the Calcutta Urban Development Project.

The 5th Plan (1974–79) was mainly concerned with introducing measures to control land prices in cities; providing a framework for the development of small and medium towns; augmenting basic services in cities and towns; addressing the problems of metropolitan cities with a regional perspective and assist development projects having national significance in metropolitan cities. The priorities expressed in the Plan were based partly on the National Urbanisation Policy Resolution of the Town and Country Planning Organisation.

In order to evolve a framework for the development of small and medium towns the central government constituted a Task Force on Planning and Development of Small and Medium Towns in 1975. The main objectives of the Task Force, headed by Prof. Bijit Ghose, were to "examine laws relating to local administration and urban development, and to suggest suitable modifications of these laws, keeping in view the need to assist in the planned growth of small and medium towns, and to formulate guidelines and regulations in the matters such as zoning, setbacks, building control and such other relevant matters" (Routray, op cit., pp.60). The report of the Task Force was published in 1977 and recommendations included giving priority to the development of existing towns and cities within a population range of 50,000–3,00,000. The framework for the selection and consequent development of small and medium towns consisted of the following recommendations:(GoI, 1977 in Routray, op. cit. pp.60) (a) formulation of a national urban policy; (b) urban land policy to ensure proper use of land (c) development of small and medium towns, cities and metropolises with organic linkages to their immediate areas; (d) identification of growth points in the region that may be delineated; (e) evolution of location policies in the context of regional development; (f) provision of inviolable greenbelts around settlements of certain sizes; (g) working out of rational and feasible norms and standards of urban development; and (h) creation of appropriate statutory local government agencies at various levels.

The Plan also emphasized the need for infrastructural development of cities with population over 300,000. To achieve this goal a scheme called Integrated Urban Development Programme (IUDP) was launched. Also, the Sites and Services Scheme for making serviced land available to the poor was launched in this Plan period.

In order to control spiraling land prices in cities, the Plan suggested several measures, including, "differential taxes on land based on its use, higher taxes on vacant lands to discourage speculation, conversion tax on change of land use and enhanced stamp duty on transfer of lands". (Ganeshwar, op. cit. 303) One of the most important steps that were taken to check land prices and speculation in land during the fifth plan period was the promulgation of the Urban Land (Ceiling and Regulation) Act (ULCRA), 1976. The ULCRA aimed at preventing concentration of urban land in the hands of a few thereby checking speculation in and profiteering from land. It enabled the socialization of urban land to ensure equitable distribution amongst various social classes and orderly development of urban built environment. The Act provided for fixinga ceiling on the possession and ownership of vacant land in urban areas and acquisition of excess land for creating housing stock for the poor. The ceiling in Class I cities like Mumbai and Delhi was fixed at 500 sq. mts. vacant land per owner. The ceiling in other cities was progressively higher according to the size class of cities going up to 2000 sq. mts. The total estimated vacant land in excess of ceiling limit at the time of the enactment of the ULCRA ranged between 1,66,162 hectares to 2,20,000 hectares (CCS, 2007).

The focus of the 6th Plan (1980–85) was largely on the development of small and medium towns and provision of basic services in urban slums. Though the Plan underlined the need to improve environmental conditions in slums through improvement in drainage, sewerage and sanitation the urban component of the 6th Plan is remembered primarily for the introduction of a centrally sponsored scheme called the Integrated Development of Small and Medium Towns (IDSMT) with the objective of promoting growth in towns with less than 100,000 population through provision of infrastructure and basic services (GoI: 6th FYP). The components eligible for central assistance under the IDSMT included land acquisition and services, construction of new markets, provision of industrial estates, provision of other services and processing facilities for the benefit of agricultural and rural development in the hinterland and low cost sanitation (which was added to this list later). The state components included slum improvement, smallscale employment generation, low-cost water supply schemes, drainage and sanitation, sewerage, preventive medical facilities, parks and playgrounds (Routray, op. cit. 61). To begin with the scheme included 231 towns in various states and union territories, selected on the basis of the ratio of urban population in the state to the total urban population in the country Later on a few additional towns were added to this list.

The 6th Plan was prepared in the backdrop of Mrs. Gandhi's return to power after two and a half years of Janata Party's rule following the national emergency. The demolition of about 1.5 lakh slum houses carried out by the DDA in Delhi during the emergency period had become one of the most brutal markers of totalitarian rule in the public imagination. Anxious to erase the memory of Turkman Gate and reclaim a pro-poor image for the government, the plan categorically proposed to give up "the strategy of attempting massive relocation of slums in urban areas" and instead, envisaged increased investment in environmental improvement of slums, particularly in provision of low cost sanitation and drainage (Ibid).

After the 3rd Plan, the "high modernism", to borrow a term from James Scott (Scott, 1999), was assigned a back seat and the national plans set out to 'manage' things as they were. Though it kept resurfacing periodically in the form of master plans and other policies the planners seemed to have lost the confidence to attempt a radical re-making of cities once the heady days of Nehruvian Socialism were over. The focus of national planning was more on reactive measures to respond to the problems of rapidly growing cities interspersed with bouts of populist rhetoric of equity and redistribution designed not for any real change in the direction of making cities more equitable but only for securing short-term political gains. Thus while the ULCRA was promulgated in the name of securing equitable distribution of urban land, the Act had too many loopholes in its very design to allow for any meaningful implementation. It is not surprising then that only about 8 percent of 1,66,162 hectares of surplus land identified was acquired and only

2 percent 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 (Srinivas, 1991. While the ULCRA did not ensure redistribution of land it did indeed create opportunities for windfall profits for builders and land mafia who, making use of the artificial land shortage in cities, went on a spree of speculative buying of land on the fringes thus making the prices shot up even further. As a result, while the poor continued to live without security of tenure in dilapidated hutments on marginal lands, the distribution of urban land became even more skewed in favour of the elite. Thus in 1989 while half the population in Mumbai lived in slums, 55 percent of the total vacant land in the city was owned by just 91 individuals (Raj, 1989, cited in Srinivas, op. cit.).

Similarly, all the plans during this period spoke against summary evictions of slums and argued for providing slum dwellers with access to civic amenities. However, this did not prevent the Sanjay Gandhi–Jagmohan duo of carrying out the biggest ever slum eviction drive in India in 1976 in which over 7 lakh people were uprooted from inner city slums in Delhi and resettled on the outskirts of the city without employment opportunities and basic amenities.

There was also a lot of emphasis on containing the growth of metropolitan cities by dispersing industrial and economic activities in small and medium towns in general and satellite towns of large cities in particular. However, stagnation in agriculture and skewed investment policies coupled with favourable economies of agglomeration enjoyed by large cities thwarted all attempts at ‘balanced regional development’.

The Third Phase: 1986–

In mid 80s the Indian economy started taking its first tentative steps towards liberalization. The urban policy reflected the trend in economic policy. The 7th Plan heralded a shift in urban policy by initiating a process of opening up avenues for private sector participation in urban development. The Plan called for "radical (re)orientation of all policies related to housing" and entrusted the main responsibility of housing construction to the private sector. The government's role was sought to be reduced to "mobilization of resources for housing, provision for subsidized housing for the poor and acquisition and development of land" (GoI: 7th Plan). In order to boost the housing finance market, it recommended setting up of the National Housing Bank. It also proposed to set up a National Urban Infrastructure Development Finance Corporation to augment the capacity of urban local bodies to undertake infrastructure creation, particularly water supply and sewerage facilities.

In the 1988 the first ever National Housing Policy (NHP) was announced. The objectives of the NHP included removal of houselessness, improving the conditions of the inadequately housed and provision of minimum level of basic services to all. The Policy conceived the role of the government as "a provider for the poorest and vulnerable sections and as a facilitator for other income groups and private sector by the removal of constraints and the increased supply of land and services" (Ibid).

The IDSMT continued to be the most important scheme for the urban sector under the Seventh Plan as well. In the Plan period the coverage of the scheme was extended to 102 additional towns. The Plan reiterated the need to integrate town level plans into the regional systems. Thus in 1985 itself the National Capital Region Planning Board was formed to reduce population pressure on Delhi by dispersing and diverting population and economic activity to other urban centres within the National Capital region thereby ensuring the balanced development of the region as a whole. Emphasis was also laid on community participation at the town/ city level. Recognising the need to directly address the problem of urban poverty, the Plan also launched an urban poverty alleviation scheme called the Urban Basic Services (UBS) with a focus on improving the status of women and children in urban low-income families through community participation, integrated development and cost effectiveness. The UBS was later merged into the EIUS in 1990 and the name changed to Urban Basic Services for Poor (UBSP). Another important scheme, namely, Nehru Rozgar Yojana (NRY) was launched in 1989 to generate employment opportunities for the urban poor. The NRY had three basic components of microenterprises, wage employment and shelter upgrading.

In the same year, the National Commission on Urbanisation (NCU), under the chairmanship of Charles Correa, submitted its report. The Commission was entrusted with the task of making a detailed investigation into the process, pattern, trends and issues of urban development and planning and suggesting appropriate framework and guidelines for urban policies and programmes in the coming years. The NCU emphasized close link between urbanisation and economic development. The NCU marked a significant departure from the policy pronouncements of earlier government policies and plans as it abandoned the concept of backward area because "it was felt that instead of forcefully inducing investments in areas which are backward and have little infrastructure and in which the concessions are likely to be misused, the identified existing and potential urban centres at intermediate levels could be developed to attract the migrants as they are located in closely related regions" (Gnaneshwar, op cit.).

Consequently, the Commission identified 329 cities called GEMs (Generator of Economic Momentum) which were further divided into NPCs (National Priority Centres) and SPC (State Priority Centres). Apart from GEMs, National and State Priority Centres, the Commission also identified 49 Spatial Priority Urban Regions (SPURs). The future growth in urbanisation was expected to take place along these nodes and corridors. The NCU also made 78 detailed recommendations mostly in the areas of land, housing, water and sanitation, water and sanitation, transport, urban poverty, urban form, and urban governance.

In 1991, following the balance of payment crisis a far reaching program of economic liberalisation, known as the Structural Adjustment Programme (SAP), was launched which put the country firmly on the path of, what many commentators have called as the 'neo-liberal globalisation'. The Eighth Plan (1992–97) was the first plan after the launch of the SAP and was thus heavily influenced by the radical changes in economic policy at the national level. It also carried the imprint of the recommendations of the National Commission on Urbanisation. The Plan expressed the need to link urban growth with economic development and advanced the following policy directives (Ibid):

a. Consolidation and operationalisation of spatial and economic dimensions of planning by:
    - involving an integrated hierarchy of rural and urban settlements based upon primary economic functions;
    - linking the urban development plans with respective district level planning processes including the programmes of various state level and central departments like agriculture, rural development, environment, telecommunications, industries and other such organizations.
b. Convergence of all related programmes, i.e. IDSMT, housing and infrastructure development programmes of HUDCO, NRY and UBSP to create the desired impact in small and medium towns beyond the threshold level.
c. Taking legal, organizational and financial measures for enhanced and equitable supply of urban land and promotion of housing, including review of master plan standards, amendments to Land Acquisition Act, Urban Land Ceiling and Regulation Act, Transfer of Property Act and Rent Control Laws.
d. Promoting public-private partnerships in the urban development sector.
e. Developing appropriate specialized institutional support at the central and state levels to deal with financing and development of urban infrastructure.

In terms of action, the Plan continued with the schemes and programmes initiated in earlier periods but also introduced a new scheme called Scheme for Educated Unemployed of Employment Generation in Urban Localities (SEEGUL). The scheme was geared towards creation of self employment opportunities for the educated unemployed in towns with a population of over one lakh and entailed providing technical training for skill enhancement. In the same Plan period, in 1995, another programme called Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUEP) was launched. The PMIUEP was a five year long scheme applicable to all class II cities with a population ranging between 50,000 to 1,00,00 subject to the condition that elections to local bodies had been held.

In 1992, the Town and Country Planning Organisation prepared a draft National Urban Policy. The main objectives of the draft NUP were to a) evolve a spatial pattern of economic activities and population distribution based on regional development and planning considerations; b) secure a balanced distribution of population among the urban centres of various sizes, so as to maximize economic gain and minimize social costs of urbanization; c) control further growth of metropolitan cities by dispersal of economic activities in the new growth centres; d) prioritise development of those urban centres which have been identified as prime economic movers in national economic development, such as the National Priority Cities (NPCs), State Priority Cities (SPCs) and Spatial priority Urbanisation Regions (SPURs); and, e) improve the efficiency of the urbanisation process by removing bottlenecks and breakdowns in the supply of urban services.

At the beginning of the 8th Plan period, in 1992, the 74th Constitutional Amendment Act was promulgated. It was a landmark Act which sought to decentralize decision making in cities and towns through creation of elected urban local bodies (ULBs) as institutions of democratic self governance and devolution of essential functions related to city planning and service provision to these bodies. The salient features of the 74th CAA are: introduction of the Twelfth Schedule which lists the functions of the ULBs, establishment of ward committees in areas having a population of over 3 lakhs, periodic and timely elections of ULBs, and devolution of finances to ULBs as per the suggestions of the State Finance Commissions (SFSs).

The Mega City Scheme a centrally sponsored scheme launched in five cities, namely, Mumbai, Kolkata, Chennai, Hyderabad and Banglore during the 8th Plan had the express purpose of preparing municipalities to use institutional finance and eventually market instruments like municipal bonds for capital investment requirements.

One of the highlights of the 8th Plan period was the publication of the India infrastructure report, discussed in detail in the following.

INDIA INFRASTRUCTURE REPORT

In October 1994, the Ministry of Finance, GoI, set up an Expert Group on Commercialization of Infrastructure Projects under the leadership of Rakesh Mohan. The Group submitted its report titled The India Infrastructure Report: Policy Imperatives for Growth and Welfare (IIR) in June 1996 which is widely considered a landmark document in the push towards privatization and/or commercialization of infrastructure creation and management, service provision and regulatory and governance systems. A clear imprint of the IIR can be seen in various policy and legislative measures that central and state governments have adopted in infrastructure and urban sectors.

The India Infrastructure Report projected a requirement of Rs. 2,803.5 billion over the next 10 years, that is, Rs. 282.97 billion per year, at 1994 prices if all the infrastructure needs of the cities were to be met. Against this, "in 1995, only Rs. 50 billion were available per year from all the sources put together" (Mahadevia, op cit. pp. 50). This, according to the Expert Group, necessitated opening up urban infrastructure to private capital and exploring 'innovative' forms of financing such as municipal bonds because it was assumed to be beyond the capacity of the government to mobilize those kinds of resources for the urban sector. It was also argued that to make cities better prepared for attracting private investment in infrastructure and service delivery it is crucial to bring about a major overhauling of the governance, legislative and administrative framework of cities.

The IIR considers privatization and deregulation of infrastructure sectors as "bold new approaches (that) promote improvement in efficiency and service quality" (IIR, pp. 1). It asserts that promotion of privatization and commercialization is not a matter of political or ideological choice but is instead rooted in "pragmatic and non-ideology-related factors" because "there is, today, considerable doubt about government's ability to supply infrastructure services efficiently." (IIR, op. cit. pp. 2). It admits that given the monopolistic nature of infrastructure services, high initial investment, long gestation period in terms of returns and the existence of externalities, it was perhaps necessary for the public sector to assume a predominant role in the provision of infrastructure in the post-Independence period. However, given the assumed efficiency and new-found capability of the private sector to raise large funds from the capital market and availability of technological choices allowing unbundling of services, it was no longer necessary or desirable for the public sector to continue playing a dominant role in the provision of infrastructure services. The IIR goes on to make projections of required infrastructure investments and necessary accompanying changes in financial, regulatory and governance systems in six sectors¸ viz. urban development, power, telecommunications, roads, industrial parks and roads. Here we'll deal only with the Group's recommendations with regard to infrastructure and service provision and governance reforms in urban settlements. The IIR lays the blame for the 'grim' situation with regard to the spread and quality of urban infrastructure on the 'supply orientation' in infrastructure policy. It instead calls for adopting a 'demand orientation' to "improve cost recovery and financial viability of such projects" (IIR, op. cit., pp.27). The basic tenet of the commercial approach with a demand orientation should be that "services should be supplied in response to demand rather than in anticipation of demand" (Ibid). Accordingly, the Report defines the raison d'être of commercialization of infrastructure as "efficient provision of service to the consumers' satisfaction on cost recovery basis." (IIR, op cit., pp.28). Recognizing that whole sale privatization may not be politically feasible, at least in the short run, it advocates public-private partnerships in water supply projects. However, it also recommends that pricing of water should be on the basis of cost recovery in the long run. For solid waste, low cost sanitation and road maintenance projects though, it recommends full privatization. The Expert Group also recommends delinking property tax from the Rent Control Act. On the issue of governance and financing of urban services, the Report recommends:

- The Urban Local Bodies (ULBs) be made responsible for provision of infrastructure and entrusted with the task of planning, coordination and policy for supply of services.
- Setting up of a state-level Nodal Infrastructure Financing Corporation to channelize funds available from various sources to smaller municipalities.
- Setting up an Infrastructure Fund for the transition period till the time the debt market is adequately developed. This might include a facility to provide guarantee to private sector investment with the government providing the seed money for the facility.
- Setting up a state-level regulatory body to monitor quality of services and prices.

The IIR thus overturns the principle of access to basic urban services as a matter of citizen's right regardless of the ability to pay to one of "consumer satisfaction" determined by the ability to pay. The IIR has been criticized on grounds of making faulty assumptions about the required infrastructure investment, skewed priorities, and uncritical faith in the ability and efficiency of private capital, especially foreign capital (Ghosh et al, 1997). Nevertheless, it is only with the publication of the IIR that infrastructure became such an important issue in India. Infrastructure augmentation has been arguably the most important agenda in almost all the government plans and policies in the urban sector after 1996.

Mahadevia (2003) notes that the 9th Plan (1997–2002) was greatly influenced by the India Infrastructure Report. The Plan recognized the skewed nature of urban process in India with urbanization and economic growth mainly concentrated in certain parts of the country and certain parts of a state. It thus admitted that the IDSMT, that had been launched in the sixth plan to reduce regional disparities, had largely been a failure. The 9th Plan reiterated its commitment towards reducing regional disparities; however, the primary responsibility for achieving the same was now with the state governments who were urged to raise resources for their activities from outside the Plan, specifically from financial institutions and capital markets (GoI: 9th Plan). Similarly, the infrastructural deficiencies that the IIR found in cities were also to be overcome by private sector involvement and borrowings from the market by state governments and urban local bodies. To achieve this, the Plan sought to make ULBs and parastatal agencies accountable and financially viable by cutting down on budgetary allocations for urban infrastructural development. The Plan recognized that while larger municipalities may be in a position to raise funds from capital market and financial institutions directly, the smaller ULBs simply do not have the financial and technical capability to do so. It thus proposed to create an 'Urban Development Fund' based on the principle of 'pooled finance' to help smaller towns realize commercial borrowings.

In terms of focus, the Plan recommended streamlining of employment generation programmes and creating housing stock for economically weaker sections and lower income groups through rationalisation of existing centrally sponsored urban poverty alleviation programmes. The sectoral objectives of the Ninth Plan were (Ibid): (a) development of urban areas as economically efficient, socially equitable and environmentally sustainable entities; (b) accelerated development of housing, particularly for the low income groups and other disadvantaged groups; (c) development and upgradation of urban infrastructure services to meet the needs of a growing population; (d) Alleviation of urban poverty and unemployment; (e) promoting accessibility and affordability of the poor to housing and basic services; (f) improvement of urban environment; (g) promoting private sector participation in the provision of public infrastructure and of the community and NGOs in urban planning and management of specific component of urban services; and (h) democratic decentralization and strengthening of municipal governance.

The Hashim Committee, set up to review and streamline these programmes suggested phasing out NRY, PMIUPEP and UBSP and introducing Swarna Jayanti Shahari Rozgar Yojana (SJSRA) to reorganize self-employment and wage employment parts of the earlier programmes. The shelter upgradation component of NRY and PMIUPEP was merged with the National Slum Development Programme (NSDP).

The SJSRY had two sub-schemes, namely, (a) Urban Self Employment Programme and (b) Urban Wage Employment Programme. The SJSRY sought to "provide gainful employment to the urban unemployed or underemployed poor by encouraging the setting up of self-employment ventures or provision of wage employment" (GoI, 9th FYP). The implementation of the scheme was to be done through the setting up of community organizations like Neighbourhood groups, Neighbourhood Societies and Community Development Societies. The responsibility of identifying beneficiaries, viable projects suitable for the area, preparation of applications, monitoring of recovery and general support was entrusted to the Community Development Societies. The Urban Self Employment Programme included schemes on Self Employment through setting up Micro-enterprises and Skill Development, confined to BPL beneficiaries who have education upto the 9th standard, and Development of Women and Children in Urban Areas for poor women who decide to set up self-employment ventures on a group basis. The Urban Wage Employment Programme was conceived to provide employment to persons Below Poverty Line in urban local bodies with a population of less than 5 lakhs.

The Plan also suggested that the responsibility of distribution of water in urban areas should be given over to local bodies or to the private sector. It encouraged private sector participation in construction and maintenance of water supply and sanitation schemes. On the housing front, the 9th Plan decided to focus on the lower end of the housing market encompassing the needs of priority groups such as people below poverty line, SC/ST, disabled, slum dwellers, women headed households, freed bonded labourers etc. It delineated the role of the government generally as a facilitator of housing construction and as a direct intervener in the case of the lower segment of the housing market. It also advocated 'packages' and 'concessions' to the private sector to create housing stock for the poor. Additionally it set up a target of 7 lakh housing units annually for urban areas and recommended speedy amendments to all such acts and regulation which hamper the use of land as a resource. The Plan agreed with the Expert Group on Commercialisation of Infrastructure on the need to explore new, market-based forms of financing such as municipal bonds, municipal financial reforms etc.

In 1998, the National Housing and Habitat Policy (NHHP) was announced which specifically emphasized that housing construction in both rural and urban areas should be left in the hands of the private sector and that the government should restrict itself to the role of a facilitator. The Policy promised "Shelter to All" by the year 2001 but this promise was to be realized through the invisible hand of the market which was supposed to ensure affordable housing to all if all impediments to its efficient functioning were removed. As a follow up to the recommendations of the NHHP 1998, the Two Million Housing Programme was launched in 1998–99. It was a loan based scheme promoting the construction of 20 lakh additional housing units every year (13 lakh for rural areas and 7 lakh for urban areas). Out of this HUDCO was to meet the target of 4 lakh dwelling units in urban areas and 6 lakh in rural areas annually.

In 1999, the Draft National Slum Policy was announced which proposed the integration of slum dwellers in the mainstream of urban life through in-situ upgradation. The Draft Policy included all underserviced settlements in its definition of slums and proposed their upgradation and improvement as opposed to eviction. It also spoke about granting tenure to slum dwellers inhabiting government land apart from providing them with basic civic amenities. The Draft National slum Policy was never adopted, however in 2001, a Rs. 20 billion subsidy based scheme called the Valmiki Ambedkar Awas Yojana (VAMBAY) was started with the aim to provide/ upgrade shelter to urban slum dwellers. The goal of the scheme was to provide or upgrade 16.7 million households in urban areas over a period of ten years covering slum dwellers and urban poor in 5,161 cities and towns. It was expected that HUDCO alone will complete at least 0.4 million additional houses for the poor in urban areas. The average cost for a plinth area of 150 sq. ft. was to be around Rs. 40,000 to Rs. 60,000; fifty percent of which was to be grant and the rest would be loan, to be repaid by the beneficiary in 15 years time. Out of the total VAMBAY allocation of Rs. 20 billion, 20 percent was earmarked for providing toilet facilities in slums under the scheme called Nirmal Bharat Abhiyan.

In the 9th Plan period two other major steps were taken to further the process of liberalization of land and real estate markets. The first step was the repeal of the Urban Land (Ceiling and Regulation) Act in 1999. It was claimed that the ULCRA had not only failed to meet its objectives but in fact exacerbated the problems it set out to solve- namely, keeping land prices in check and increasing the supply to land for housing the poor. This was in contravention to the recommendations of the National Commission on Urbanisation which had advised the government to plug loopholes in the Act to make its implementation effective. The second major step was taken in 2002 when the government allowed 100 percent Foreign Direct Investment (FDI) in integrated townships, including housing, commercial premises, hotels and resorts. FDI was also permitted in infrastructure projects such as roads, bridges, mass rapid transit systems and for the manufacturing of building materials. The minimum area to be developed was fixed at 100 acres.

The 2001 Census had shown that contrary to the expectations and predictions of a wide array of actors, the rate of growth of urban population was steadily declining. This has been attributed to cities becoming inhospitable to poor migrants due to the promulgation of neo-liberal urban policies (Kundu, op. cit.). However, the 10th Plan celebrates this fact and attributes it to "the success of rural development programmes along with the limited availability of land for squatting in central urban areas" (GoI: 10th Plan). The Plan identifies urbanization as "a key determinant of the economic growth in the 1980s and 1990s, boosted by economic liberalization" (Ibid). The 10th Plan (2002–07) was prepared in the backdrop of the Union Budget of 2002–03 which had announced radical measures to push cities into carrying out comprehensive urban reforms. The overriding thrust of the 10th Plan was to promote overhauling of the legislative, governance and administrative structure of cities through a set of market-friendly urban reforms and promotion of PPPs in urban infrastructure and services. The 10th Plan said it in no uncertain terms that urban infrastructure could not be funded by budgetary support alone. A lot of emphasis was thus placed on making urban local bodies financially strong so that they have to rely less and less on state transfers. To enable ULBs to raise their own resources the Plan advocated reform in property tax, levying of user charges, increasing non-tax revenues, controlling establishment costs, better utilization of municipal assets and overhauling municipal accounting systems. These reforms, it was suggested, would enhance the credit-worthiness of ULBs and make them capable to mobilising funds from capital market and investors. The Plan also spoke about substantially increasing investment in upgradation of urban infrastructure and services but made it clear that central assistance in this regard would be made conditional upon states and ULBs carrying out sector reforms, in particular better standard of services and levying of user charges (Ibid).

The 2002–03 Budget had announced a plethora of schemes and programmes to give a big push to urban reforms. One of the schemes was *Urban Reform Incentive Fund (URIF)* which sought to incentivize urban reforms in the following areas: a) repeal of Urban Land Ceiling Acts and reform of Rent Control Acts; b) reduction in stamp duty; c) revision of bye-laws to streamline the approval process for construction of buildings, development of sites etc.; d) levy of realistic user charges and resource mobilization by urban local bodies; e) public-private partnership in the provision of civic services; f) revision of municipal laws in line with the model legislation prepared by Ministry of Urban Development and Poverty Alleviation; and g) simplification of legal and procedural framework for conversion of agricultural land for non-agricultural purposes.

The budget document also proposed to set up a *Pooled Finance Development Scheme (PFDC)* to provide credit enhancement grants "to access market borrowings through Pooled Financing Bonds on behalf of identified ULBs for investment in urban infrastructure projects"(GoI, MoUD Programmes). The rationale of introducing the PFDC was that, unlike large municipalities, ULBs in small and medium towns lack financial muscle, technical and organizational capacity, in short, 'creditworthiness' to directly access funds for infrastructure from the capital market. It was though made clear that access to PFD funds will be "subject to small and medium ULBs agreeing to a specific reform agenda, which may include: accounting reforms, financial management reforms, pricing and tariff reforms and environmental management and water conservation.

The 2002–03 budget not only advocated moving away from state grants, transfers and subsidy based urban infrastructure financing regime to market based financing regime, it also proposed to set up a special vehicle, called the *City Challenge Fund (CCF)*, to finance 'transactional costs' of this transition. The Fund was meant to cover the expenses incurred by the cities to develop a reform programme and its implementation and catalyzing economic reform programmes for cities with population over 5 lakhs"

In 2005, the government further liberalised norms for Foreign Direct Investment in real estate by reducing the minimum area for development of townships to 30 acres and allowing FDI in other construction and development projects. Further, the FDI in real estate was permitted through automatic route, i.e. without prior approval from the government or the Reserve Bank of India(GoI, MoUD Programmes). This move seems to have paid handsomely with the FDI in real estate as a proportion to total FDI inflows shooting up from 4.5 percent in 2003–04 to an estimated 26.5 percent in 2006–07(ASSOCHAM, 2006).

A very important component of urban reforms is change in municipal laws. To this affect, Times Research Foundation, Kolkata with technical and financial assistance from the Indo-US financial Institutions reform and expansion FIRE (D) project prepared a *Model Municipal Law (MML)* in 2003. All the states were urged to adopt the MML through amendments to their own Corporation and Municipalities Act. The salient features of the MML are: a) a unified law for three levels of ULBs; b) executive power of a ULB to be exercised by the empowered standing Committee; c) municipal fund with separate accounts for various services; d) indirect election of mayor/chairperson with five years term; e) constitution of wards and ward committees; f) state level municipal establishment audit commission; f) ULBs to prepare an annual balance sheet of the assets and the liabilities; g) appointment of a municipal accounts Committee; h) ULBs to prepare an inventory of their properties each year; i) participation of private sector and NGOs in construction, financing and delivery of services including billing and collection; j) setting up of state municipal regulatory commissions that will determine user charges and standard of services, suggest avenues of private sector participation etc.; k) ULBs to prepare annual environmental and subsidy reports.

Jawaharlal Nehru National Urban Renewal Mission The process of urban reforms which tentatively began in the 8th Plan reached its high point when in December 2005 the Prime Minister launched the *Jawaharlal Nehru National Urban renewal Mission (JNNURM)*. The JNNURM (GoI: JNNURM) is basically a reform linked incentive scheme for providing assistance to state governments and urban local bodies (ULBs) in selected 63 cities, comprising all cities with over one million population, state capitals and a few other cities of religious and tourist importance for the purpose of reforming urban governance, facilitating urban infrastructure and providing basic services to the urban poor. The total budget of the Mission is estimated to be Rs. 1,26,000 crores out of which the central government shall provide Rs. 50,000 crores. It is thus by far the single largest initiative of the central government in the urban sector. While both URIF and MML were based on a 'carrot and stick' policy, they were far limited in scope as compared to the JNNURM. As such the mission has far reaching implications for the direction Indian cities will take in the future.

The broad framework of the Mission is as follows:

- Preparation of City Development Plans (CDPs) by respective cities with a 20–25 years perspective.
- Sector-wise detailed project reports to be prepared by identified cities listing projects along with their financial plans.
- A Memorandum of Agreement (MoA) to be signed between the central government, state governments and ULBs containing the time bound commitment on the part of states/ULBs to carry out reforms in order to access central funds under the Mission.
- Funding pattern in terms of percentages would be 35:15:50 (between Centre, States and Urban Local Bodies) for cities with over 4 million population, 50:20:30 for cities with populations between one and four million, and 80:10:10 for other cities.

- Assistance under the Mission to be given directly to nominated State Level Nodal Agencies, who in turn would give the same to state government/ ULB in the form of soft loan or grant-cumloan or grant.
- The assistance thus provided would act as seed money to leverage additional funds from financial institutions/capital markets.
- Public Private Partnership (PPP) to be the preferred mode of implementing projects.

The Mission is comprised of two sub missions, namely, *Sub-Mission for Urban Infrastructure and Governance* and *Sub-Mission on Basic Services to the Urban Poor*. The admissible components under both these sub-missions together include urban renewal, water supply and sanitation, sewerage and solid waste management, urban transport, slum improvement and rehabilitation, housing for urban poor, civic amenities in slums and so on. But the Mission document clearly states that (a) funds accessed cannot be used to create wage employment (b) land costs will not be financed (c) housing to the poor cannot be given free of cost (d) privatisation or Public Private Partnership (PPP) will be the preferred mode of implementing projects (e) a 'reasonable' user fee will be charged from the urban poor for services so as to recover at least 25% of the project cost and (f) the onus of minimizing risks for the private investor would be on state governments/ULBs.

Thus we see that the Mission seeks to set in motion a predominantly market driven process of urban development with the state merely playing the role of a 'facilitator' and 'regulator'. The priorities of the government become even clearer when we look at the set of reforms that the state governments and ULBs are supposed to carry out if they wish to avail central assistance under the JNNURM. These reforms have been divided into two parts – mandatory reforms and optional reforms. But this division is at best misleading because the so-called optional reforms are also mandatory in the sense that the states/ULBs have no choice but to implement them also within the seven years time span.

Mandatory Reforms: State Level

The state governments seeking assistance under the JNNURM would be obliged to carry out the following mandatory reforms: a) effective implementation of decentralization initiatives as envisaged in the Constitution (seventy-fourth) Amendment Act, 1992; b) repeal of Urban Land (Ceiling and Regulation) Act, 1976; c) reform of rent control laws; d) rationalisation of stamp duty to bring it down to no more than 5 percent within seven years; e) enactment of a public disclosure law; f) enactment of a community participation law, so as to institutionalize citizens' participation in local decision making; and g) association of elected municipalities with the city planning function.

Mandatory Reforms: Municipal Level

Municipal bodies are a similarly obliged to carry out the following reforms:

a) adoption of a modern, accrual-based, double entry system of accounting; b) introduction of a system of e-governance using IT applications, GIS and MIS for various urban services; c) reform of property tax so as to raise collection efficiency to 85 per cent; d) levy of user charges to recover full cost of operation and maintenance within seven years; e) internal earmarking of budgets for basic services to the urban poor; and f) provision of basic services to the urban poor, including security of tenure at affordable prices.

Apart from these there is a set of optional reforms common to both state governments and ULBs, any two of which they are supposed to implement each year. These include:

a) revision of bye-laws to streamline the approval process for construction of buildings, development sites etc; b) simplification of legal and procedural frameworks for conversion of agricultural land for non-agricultural purposes; c) introduction of property title certification; d) earmarking of at least 20–25 per cent developed land in housing projects for economically weaker sections and low income groups with a system of cross-subsidisation; e) introduction of computerized registration of land and property; f) administrative reforms including reduction in establishment cost by introducing retirement schemes and surrender of posts falling vacant due to retirement; g) structural reforms; and h) encouraging public private partnership.

The JNNURM was accompanied by another scheme called the *Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT)* which is more or less the same in content except for the minor difference that towns under the UIDSSMT do not have to prepare City Development Plans. 5098 cities and towns which have a population of less than one million and are thus not covered under the JNNURM come under the UIDSSMT. Earlier schemes such as IDSMT and Accelerated Urban Water Supply Programme (AUWSP) have been merged with the UIDSSMT. Similarly the Mega City Scheme and the VAMBAY have been partially subsumed under the JNNURM.

THE JNNURM AND URBAN REFORM AGENDA: CREATING APARTHEID CITIES?

A review of the reforms proposed under the Mission and other pro-liberalisation documents makes it clear that these are designed largely to the benefit of domestic and international investors and elite residents in Indian cities. They will serve to exacerbate the inherent exclusionary and marginalizing tendencies of urban development in India. The repeal of the Urban Land (Ceiling and Regulation) Act restores to the builder lobby vast tracts of land in cities thus driving the poor out of the land market. It has been estimated that if all the surplus vacant land under the ULCRA were to be acquired and developed, it could have been used to build 40 million houses for the poor (CCS, 2007) which amounts to double the estimated housing requirement at the end of the 10th Plan period! But the failure of the government to plug the holes in the ULCRA and ensure its effective implementation, as suggested by the National Commission on Urbanisation, has been used cynically to repeal what was perhaps one of the few progressive and pro-poor legislations in the country for the urban poor. If we see the repeal of the ULCRA in conjunction with the go ahead given to 100 per cent Foreign Direct Investment in the real estate sector in 2005, it becomes clear that in the near future we will see a massive concentration of urban land in the hands of domestic and foreign real estate firms. In fact, the process is already underway with the percentage of FDI in real estate as a proportion of total FDI inflows increasing from 4.5 per cent in 2003–04 to 26.5 per cent in 2006–07 (ASSOCHAM, 2006). With the escalating demand from the corporate sector for scarce urban land, the pressure to 'free' the land occupied by slums and unauthorized colonies in cities is only going to increase (Batra, 2008). In fact the experience of cities in the past one decade clearly shows that the advance of liberalization has been accompanied a tremendous increase in eviction of slums and informal sector opportunities.

The liberalization of land is justified on the premise that it will increase its supply and thus bring the prices down to make it affordable. Also, it is assumed that given adequate 'incentives' the private sector will come forward to build housing for the poor. But both these assumptions have no basis in the experience or evidence. The price of land in almost all Indian cities continues to rise at an astounding pace and not only the poor but the lower middle class also has been pushed out of the land market forcing them to find shelter in the numerous unauthorized colonies on the fringes of cities like Delhi. It is estimated that in Delhi alone over 4 million people are now living in these under-serviced colonies without security of tenure in addition to about 3 million people living in slums in Delhi. On the other hand, while there is excess capacity in the upper segment of the housing built by the private sector, they haven't built a single house for the poor, except under the Slum Rehabilitation Scheme in certain areas of Mumbai where the government assured them a financial bonanzain the form of granting extra Floor Space Index (FSI) and allowing commercial use of land.

The faith in neoliberal ideology amongst the political and economic elite is so strong and the constellation of forces benefitting from liberalization so powerful that despite clear and overwhelming evidence of the inverse relationship between liberalization of land and access to land for the poor, both the National Urban Housing and Habitat Policy (NUHHP), 2007 and the 11th Plan advocate for further liberalization of the land and housing sectors. The 11th Plan, for instance, is categorical about "increasing the efficiency and productivity of cities by deregulation and development of land" and "dismantling public sector monopoly over urban infrastructure and creating conducive atmosphere for the private sector to invest" (GoI, 11th FYP).

The NUHHP recognizes that there is a need for the government to retain its role in social housing "so that affordable housing is made available to EWS and LIG of the population as they lack affordability and are hopelessly out priced in urban land markets" (NUHHP, 2007). It also recognizes that 99 percent of the housing shortage in the country currently is for poor and low income groups. However instead of suggesting a time-bound action plan for direct central and state level governmental action to build housing/ supply serviced land for the poor, the policy recommends adopting a "demand driven approach" and moving away from "subsidy based housing schemes to cost-recovery-cum-subsidy schemes for housing through a proactive financial policy" (NUHHP, 2007). It remains silent on the quantum of cost sought to be recovered from the 'beneficiary' despite the fact that it is clearly one of the most crucial elements of affordability. Furthermore, the reliance on "innovative" (and equally risky, as the recent economic crash in the US shows) financial instruments like mortgage backed securitization market and secondary mortgage market to ensure housing for the poor, in the context of insecurity of employment, pushes them down the road of deprivation and a precarious existence. The policy suggests a reservation of 20–25% of the Floor Area Ratio (FAR) in townships developed by the private sector including through FDI. Again there is little on how exactly this provision is to be realized in practice especially when not only the private sector but also the middle, upper-middle class residents of such townships have typically been found to be extremely hostile to the presence of the poor in their vicinity. However this doesn't stop the NUHHP from promising sops like relaxations in FAR, regulations and bye-laws to the private sector.

It is argued that sustained economic growth requires well developed land markets and that fixing ownership is essential for the efficient functioning of land markets. Property title certification and computerization of land and property titles are meant to 'fix' ownership so that the supposed benefits of easy tradability in land could be realized. This 'exchange value' approach to land is privileged over and marginalises the 'use value' of land for poorer groups. It in fact strikes at the very root of the process through which the poor generally stake their claim on the city i.e. de-facto occupation of land for residential and occupational purposes through a variety of informal networks and cleavages created through the workings of electoral democracy in India. In a study on Karnatka's land digitization programme, the *Bhoomi*, Benjamin et al. show (Benjamin in Mahadevia, op. cit. pp. 170–193) how it reduced 1500 forms of recording land tenure to just 256 and how it helped large players to appropriate land. The experience of the *Bhoomi* programme in Karnatka has shown how the process of standardization, classification and computerisation of land titles is likely to exclude traditional, informal and de facto forms of claims over land from the classificatory schema of the state. On the other hand the large players with 'interest' in land get all the information about urban land at their disposal with the click of the mouse thus making their effort to buy up land easier and 'cost effective'.

The focus on making land transactions easier and 'efficient' is also clear from other reforms such as reduction in stamp duty. It should be remembered that stamp duty is a major source of revenue for urban local bodies the cost of which is borne by propertied sections of the society. With reduction in stamp duty the propertied section gets major benefits, while the municipalities become financially vulnerable.

The urban reform agenda is geared towards forcing the ULBs to become financially self-reliant and not depend on plan or budgetary allocations from the state or central government. This leaves the ULBs with no choice but to either raise money from the capital market or take loans from financial institutions, privatise their services or behave like corporate entities themselves. All these options significantly curtail their political capacity to respond to the needs of the poorer sections of the society. The pressure to improve credit ratings in the international investment market forces the ULBs to take up only those kinds of projects which ensure high rates of return to private capital. This would restrict the autonomy of the ULBs to implement pro-poor projects, as they are hardly profitable to private players. Moreover the investors are usually guaranteed the first right over the revenues of local bodies thereby restricts the capacity of these bodies even further. It is hardly surprising then that under the JNNURM, so far 735 projects have been sanctioned out of which 442 are for Urban Infrastructure and Governance (UIG) and only 293 for Basic Services for Urban Poor (BSUP). In the absence of transfers from higher levels of government the local bodies are seen to resort to large-scale sale of public land to highest bidders in order generate resources. This becomes another instrument for the eviction of the poor from prime locations in the city.

Even if some projects that benefit the poor are implemented there 'viability' is increasingly to be ensured through imposition of user charges and full cost recovery. The moot question here is that if the urban poor, faced as they are with a rising tide of evictions and insecure employment, would be able to pay user charges which are adequate to ensure full cost recovery of services, and that too when it is stipulated that the funds under the JNNURM cannot be used to create wage employment. It is clear that the poor will either be forced out or priced out of the system of municipal service delivery. It is not surprising then that in their City Development Plans under the JNNURM a large number of cities have promised to remove all public hand pumps by 2011.

Though the Mission does make some politically correct noises about giving property rights and services to the urban poor they have to be seen in the context of dwindling livelihood opportunities in the cities (about which the Mission maintains a deafening silence) and the grossly iniquitous distribution of land in urban areas which the urban reform agenda is going to sharpen. In fact, the Mission document states quite clearly that fund sanctioned under the JNNURM cannot be used by state governments or ULBs to either purchase land or create wage employment– two of the fundamental needs of the urban poor. In this context, the pious intentions expressed in the Mission seem more like an attempt to ghettoise the poor and working people, along with all the hazardous occupations and substances of the cities, in the meager patches of land in the fringes or back lanes of the formal city– and extracting the price for this by charging user fees! And in the name of involving the private sector in solving the housing problem of slum dwellers, it sets the stage for selling lucrative public lands to corporate real estate interests, land mafia and contractors.

While these reforms have been offered on the benign platter of decentralization and community participation, it is clear from the way the Mission has been framed that the so called community participation is going to be restricted to the involvement of middle class 'citizens" bodies and corporate NGOs, which are already functioning as the 'demand side' of economic reforms in the decision making process. Further the reform linked assistance programme of the Mission undermines the principle of federalism in India. The 74th Constitutional Amendment did not envisage uniformity at the level of policy formulation and implementation as the Mission is asking for. What kind of decentralization is this when the states and ULBs have no choice but to carry out economic reforms? The Central government in this scheme of things is thus playing the same coercive role vis a vis state governments and ULBs that the Bretton Wood institutions play vis a vis the Central government. Infact, things are already moving in a direction where while on the one hand, all the critical decisions regarding urban development are being centralized in the hands of certain non-elected technical and managerial elite, the elected bodies such as the ULBs are being left to deal with the repayment of debts taken to create the so-called 'world class' cities. Moreover by introducing such far-reaching changes in the way our cities are going to be governed, without any debate in the parliament or state legislatures, the principles of democracy and accountability stand completely subverted. All this is of course consistent with the efforts of the ruling class to de link economic policies from democratic politics thus reducing the effectiveness of the political process. It is no wonder then that the sections who have greeted the JNNURM and other urban reform initiatives with such thunderous applause are the corporate media, the real estate lobby, foreign investors, national and international finance capital, international bodies like the WB, the ADB etc. and middle class citizens' groups like the Bangalore Action Task Force (BATF), Janaagraha, Bombay First, Centre for Civil Society etc (Batra, 2007).

There seems to be a formidable consensus in the political and economic elite that the urban reform agenda, as enunciated in the JNNURM, the UIDSSMT and several other programmes and policies, is one of the key instruments for keeping the country on the path of high growth. It might well be the case. But whether this growth will primarily be the result of a real increase in productivity or whether it is going to be based on 'accumulation by disposession'(Harvey, 2002)- i.e. privatization of public assets, enclosure and privatization of urban commons including land, monetization of not yet formally monetized realms of urban existence, (as has been happening currently) remains to be seen. The preceding analysis of the reform package clearly shows the latter to be a much more likely scenario.

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ANNEXURE 1 TRENDS IN URBANISATION IN INDIA 1901–2001

Census Year	*Total Population Rate*	*Urban Population*	*Percent*	*No. of Urban Agglomerations*	*Annual Growth*
1901	238.4	25.8	10.8	1827	–
1911	252.1	25.9	10.3	1815	0.03
1921	251.3	28.1	11.2	1949	0.79
1931	279.6	33.5	12.0	2072	1.75
1941	318.7	44.2	13.9	2250	2.77
1951	361.1	62.4	17.3	2843	3.47
1961	439.2	78.9	18.0	2365	2.34
1971	548.2	109.1	19.9	2590	3.21
1981	683.3	159.5	23.3	3378	3.83
1991	844.3	217.2	25.7	3768	3.09
2001	1,027.0	285	27.8	4368	2.73

ANNEXURE 2 POPULATION SIZE AND GROWTH RATE OF METROPOLITAN CITIES

Metropolitan cities/UAs	*Population*			*Exponential Growth Rate*	
	1981	*1991*	*2001*	*1981–91*	*1991–2001*
Gr. Mumbai	8,243,405	12,596,243	16,368,084	4.22	2.62
Kolkata	9,194,018	11,021,918	13,216,546	1.72	1.82
Delhi	5,729,283	8,419,084	12,791,458	3.80	4.18
Chennai	4,289,347	5,421,985	6,424,624	2.23	1.70
Banglore	2,921,751	4,130,288	5,686,844	3.36	3.20
Hyderabad	2,545,836	4,344,437	5,533,640	5.20	2.42
Ahmedabad	2,548,057	3,312,216	4,519,278	2.58	3.11
Pune	1,686,109	2,493,987	3,755,525	3.88	4.09
Surat	–	1,518,950	2,811,466	–	6.16
Kanpur	1,639,064	2,029,889	2,690,486	2.53	2.82
Jaipur	1,015,160	1,518,235	2,324,319	4.00	4.26
Lucknow	1,007,604	1,669,204	2,266,933	4.88	3.06
Nagpur	1,302,066	1,664,006	2,122,965	2.44	2.44
Patna	–	1,099,647	1,707,429	–	4.40
Indore	–	1,109,056	1,639,044	–	3.91

(contd…)

(Annexure 2 continued)

Metropolitan cities/UAs	*Population*			*Exponential Growth Rate*	
	1981	*1991*	*2001*	*1981–91*	*1991–2001*
Vadodara	–	1,126,824	1,492,398	–	2.81
Bhopal	–	1,062,771	1,454,830	–	3.14
Coimbatore	–	1,100,746	1,446,034	–	2.73
Ludhiana	–	1,042,740	1,395,053	–	2.91
Kochi	–	1,140,605	1,355,406	–	1.73
Vishakhapatnam	–	1,057,118	1,329,472	–	2.29
Agra	–	–	1,321,410	–	–
Varanasi	–	1,030,863	1,211,749	–	1.62
Madurai	–	1,085,914	1,194,655	–	0.95
Meerut	–	–	1,167,399	–	–
Nashik	–	–	1,152,048	–	–
Jabalpur	–	–	1,117,200	–	–
Jamshedpur	–	–	1,101,804	–	–
Asansol	–	–	1,090,171	–	–
Dhanbad	–	–	1,064,357	–	–
Faridabad	–	–	1,054,981	–	–
Allahabad	–	–	1,049,579	–	–
Amritsar	–	–	1,011,327	–	–
Vijayawada	–	–	1,011,152	–	–
Rajkot	–	–	1,002,160	–	–

ANNEXURE 3 SLUM POPULATION IN MUNICIPAL CORPORATION OF MILLION PLUS CITIES

Municipal Corporation	*Population 2001*	*Slum Population as % of Urban Population*
Greater Mumbai	11,914,398	48.88
Delhi	9,817,439	18.89
Kolkata	4,580,544	32.55
Banglore	4,292,223	8.04
Chennai	4,216,268	25.60
Ahmedabad	3,515,361	12.51
Hyderabad	3,449,878	17.43
Pune	2,540,069	20.92
Kanpur	2,532,138	14.57
Surat	2,433,787	16.68
Jaipur	2,324,319	15.07
Nagpur	2,051,320	35.42
Indore	1,597,441	16.25
Bhopal	1,433,875	8.81
Ludhiana	1,395,053	22.56
Patna	1,376,950	0.25

(contd…)

(Annexure 3 continued)

Municipal Corporation	*Population 2001*	*Slum Population as % of Urban Population*
Vadodara	1,306,035	8.21
Lucknow	2,207,340	NA
Agra	1,259,979	9.67
Kochi	596,473	1.32
Varanasi	1,100,748	12.55
Nashik	1,076,967	13.21
Meerut	1,074,229	43.87
Faridabad	1,054,981	46.55
Coimbatore	923,085	6.49
Madurai	922,913	19.06
Vishakhapatnam	969,608	17.65
Jabalpur	951,469	28.95
Jamshedpur	570,349	NA
Asansol	486,304	NA
Dhanbad	198,963	NA
Allahabad	990,298	NA
Amritsar	975,695	NA
Vijaywada	825,436	31.97
Rajkot	966,642	15.57

ANNEXURE 4 INCIDENCE OF URBAN POVERTY IN INDIA

Year	*Poverty (%)*	*Number of Poor (Millions)*
1960–61	40.4	32
1966–67	48.4	47
1970–71	41.5	46
1977–78	45.2	65
1982–83	40.8	71
1987–88	38.2	75
1993–94	32.4	76
1999–00	23.6	67

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