

The background image of the cover is a photograph of a narrow street in an old urban area. The street is framed by a large, weathered stone archway on the left and a building with stone carvings on the right. Several people are visible: a man in a white shirt and blue checkered dhoti stands near the archway; a woman in a red patterned shirt and black pants stands in the middle of the street; a woman in a purple top and black patterned sari is crouching on the ground, surrounded by various goods; and another woman in a white sari is sitting on the ground, also surrounded by goods. The ground is paved with large, irregular stone slabs. In the background, more buildings and a white car are visible under a bright sky.

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INDIAN INSTITUTE FOR
HUMAN SETTLEMENTS

SOCIO-ECONOMICS OF URBAN HERITAGE

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Research Team:

Rohit Jigyasu

Garima Jain

Anushree Deb

Cover Photo: Swastik Harish.

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ABBREVIATIONS

AMASR	Ancient Monuments and Archaeological Sites and Remains
ASI	Archaeological Survey of India
GDP	Gross Domestic Product
GoI	Government of India
GPS	Global Positioning System
ICOMOS	International Council on Monuments and Sites
INR	The Indian Rupee
IRR	Internal Rate of Return
NMA	National Monuments Authority
OM	Operations and Maintenance
OUV	Outstanding Universal Value
QALY	Quality Adjusted Life Years
SWOT	Strength Weakness Opportunities Threats
TEV	Total Economic Value
UNESCO	United Nations Educational, Scientific and Cultural Organization

INTRODUCTION

Heritage is a dynamic notion that adapts itself with respect to different cultural contexts, social perspectives and institutional standpoints. It encompasses various cultural and natural aspects including monuments, vernacular architecture, old historic city cores, cultural landscapes and many others, all which have overlaps in how they are defined. Lately, the expansion of heritage and its conservation from earlier curatorial roots to more creative and productive means has been an important development that has added to its application in diverse fields. The current inclusiveness of urban heritage to encompass not just historical, aesthetic and scientific values but also economic values leading to quantifiable benefits, has helped in making it a relevant social and economic cause from earlier being solely an intellectual one. The understanding of heritage as such has expanded beyond simply conservation to encompass a number of different agendas and is no longer uni-dimensional. Moreover the justification of conservation of historic urban areas can now be approached via economic and material arguments which do not restrict its relevance to a purely cultural field.

The contribution of urban heritage in cities is also not just of aesthetic and environmental value but also of economic production. In Mumbai alone, out of the 1118 listed heritage buildings, 796 are residential, 171 are commercial, 257 are administrative buildings for offices, institutes etc, clearly indicating that the built heritage of the city is not static in nature. Its continuous interaction with the city through its various uses further highlights the inter-linkages between urban heritage and the economic fabric of the city. Religious tourism in many cities in India is a direct source of direct and indirect incomes for the people dependent on it. The intangible arts and crafts and their production alone remains one of the biggest export industries of India to countries across the world. Its economic capital is generated in terms of buildings, provision of infrastructure, the usage of such spaces by localities and residents to further generate economic output by means of practising their livelihoods. It generates human and social capital which comprises of the population and existing social connections. Its natural capital consists of the presence of open and green spaces and the resulting aesthetic values. The cultural capital therefore derived from all of the above is a combination of intangible goods, traditions, and skills accumulated over a period of time. Certain dimensions of 'living heritage' often overlooked are its tangible as well as intangible values in cities that are values associated with historic spaces and buildings of everyday use, values of cultural significance and traditional social and livelihoods systems that contribute to the vitality and sustainability of these areas.

Owing to its rich cultural and historic past, many cities continue to possess old historic centres/areas which bear testimony to their heritage. These historic areas or centres, though merged with present day to day activity are still easily identifiable owing to their unique characteristics. *“Many historic cities do not contain individual buildings of exemplary merit, but as a precinct they represent a way of life and living which is an intangible characteristic of urban heritage”* (UNESCO, 2010). However, this broad understanding narrows down when one studies heritage that is officially recognized and protected at the national level, especially in the context of the developing countries such as India where the outlook towards heritage has remained rigid. The official understanding of heritage in India is largely limited to historical monuments and archaeological artefacts which inevitably have led to a narrow institutional and policy framework that excludes a broad spectrum of urban heritage which exists today such as vernacular architecture, historic landscapes, customs, traditional livelihoods, rituals, belief systems. Moreover, urban heritage, as conceptualised today, includes not only these components but also their inter-linkages with other facets of the city as a whole; as has been articulated in UNESO's 'Historic Urban Landscape' approach. Another important dimension of urban heritage in India is its living character, where the past is very much part of the present lives of the people; as an evolving cultural resource in which continuity and change are deeply embedded. Current approaches still perceive heritage and its conservation in isolation from the larger development process. Prevailing acts pertaining to historic conservation continue to emphasise and only protect national and regional monuments and side-line the equally important 'humble' (non-monumental) living heritage existing in cities today. The response therefore stemming from this notion has also been to just cordon off officially protected heritage and demarcate 100 and 200 meters boundaries around these as protected and regulated areas with the aim of merely protecting the physical context of surroundings. However in many instances, the surrounding urban context understood in its tangible and intangible dimensions that are connected to various physical, social and economic aspects are as much a part of heritage that needs to be integrated into overall urban planning systems and development process rather than seeing them as merely as an exclusive regulatory zone.

On the other hand, the current emphasis on economic development and provision of infrastructure services in planning disregarding the cultural aspects has much altered the dynamic cityscape resulting in loss of sense of place and identity in the city and lack of comprehensive urban development in which living cultural heritage is an integral part. The hesitation to fully incorporate the debates regarding urban heritage within processes of development stems from the archaic notion that heritage is an elitist concept restricted to dead monuments of the past, and a developing country like India cannot afford the luxury of spending limited resources for protection and conservation of urban heritage as its

contribution to the economic wellbeing of the society is not economically quantifiable. There is also a general feeling among development practitioners that economic valuation of subjective notion of heritage values is difficult. Keeping in mind the pressures of urbanisation, it is important to note how historic areas and heritage in urban areas can contribute productively to nation building and growth. Assessing the economic value of urban heritage is important not just to assess its economic contribution but to be able to relate to the complex relationships residents have with the built environment of their city and their perception of it, which is crucial to understanding its social impacts and the consequent benefits generated by it. Because of its economic values, cultural heritage has immense potential as a tool for economic development especially in the urban context. (Abakerli, 2012)

The economics of conserving heritage has begun to play an increasingly important role within the conservation discourse on urban centres. Indian cities present a plethora of opportunities wherein cultural heritage in its built and intangible form can be utilised to generate employment opportunities, especially for the vulnerable sections of community (Abakerli, 2012). Despite the policies for conservation, the linkages between cultural heritages, economic growth and development remains largely ineffective and unclear in practice. Keeping in mind the vast production of intangible heritage through the production of various artefacts and crafts, the economics of heritage can also be utilised effectively to generate employment and revenue for the classes of people employed in this sector. This practice though not fully developed in India, has taken some form through various non-governmental organisations that work with artisans to market their products. Though the direct relations between manifestations of poverty and the undervalued cultural assets of the poor often get overlooked while disbursement of revenue. (Abakerli, 2012)

There is often a cyclical relation between the goods and cultural activity generated by the local economy that gives impetus to the local business which in turn boosts sales and income. Impetus to local trade not only enables local markets to flourish and increases revenue for the residents but also attracts customers and tourists who in turn spend more. The indirect spin-offs from this can result in increased tourism which in turn results in greater investments in the area. With increase in tourism also comes the required infrastructure to sustain it. Investments in terms of parking, lighting and other social infrastructure yield returns which in turn improve the quality of life of residents (Murthy & Bari, 2012)

Inextricably linked to the economic dimensions of urban heritage is the question of employment, formal and informal in nature. Cultural-based creative economies generate enterprises that are capable of prospering and aiding economic benefits. This sector of the

economy is one of the largest providers of employment in most developing countries and a major source of technological innovation at grassroots level. Such enterprises absorb poor and low-income workers, who might otherwise have very limited options of employment. A significant portion of the country's economy earns its revenues through the goods and products generated via countless artisans. Tourism that relies heavily on the India's tangible and intangible cultural heritage employs about 9% of the country's workforce. It creates an estimated 78 jobs per million rupees of investment, compared to 45 jobs in the manufacturing sector. In 2011, tourism generated a total of US\$ 100 billion, accounting for about 7% of India's GDP. In 2008, worldwide international trade in crafts totalled US\$ 32 billion (Abakerli, 2012). In spite of such revenues earned, the trickle-down effect of this income remains minimal. The artisans and other people involved in the production of such services benefit marginally from the services generated. This has an adverse impact on certain tangible aspects of heritage as many historical, archaeological and living built assets fall into a state of disrepair.

Improved conservation and management of heritage assets can further assist in creating more jobs for communities living in or around heritage rich areas, attracting more visitors and resulting in increased direct and indirect foreign exchange earnings at the national level. Rehabilitation of historic cores and their buildings is labour intensive and creates about 50% more jobs than new construction. (Abakerli, 2012) The use of traditional construction materials and techniques implies the purchase of local goods and services and more extensive circulation of money in the local economy than is the case with new construction. Retrofitting existing dwellings also reduces environmental impact because it generates less waste materials arising from demolition debris and its transportation. In addition to creating strong incentives for conservation, cultural tourism due to its labour intensive nature creates linkages with other industries, strengthens the social capital and skills and promotes small scale entrepreneurship. The infrastructure associated with it such as roads, water and energy supply systems also provides essential services for local communities, particularly in remote areas which might have been otherwise excluded. Although heritage has such an economic potential that can benefit the communities and nations, there are preconditions that heritage is not economically exploited to an extent that we lose the goose that lays the golden eggs. Also this is dependent on the mechanisms that are in place to ensure that parts of economic benefits are invested in the conservation of heritage itself.

CONSERVATION IN THE INDIAN CONTEXT

The institutional framework governing the management and use of heritage areas in the Indian context have been unable to successfully capture its multiple characteristics which have evolved over time. Its approach over the years has remained very central in nature, capturing only aspects of physical heritage and no other aspects that either constitute heritage or affected by it. Heritage in Indian cities is not static object but has many social, economic, environmental and cultural values to contribute. The one-dimensional approach to it however neglects such facets.

The Government of India's Ancient Monuments and Archaeological Sites and Remains Act (AMASR), 1958 under the Ministry of Culture provides for the conservation of ancient and historical and architectural sites and remains of national importance. Both Union and the State governments were given concurrent jurisdiction over archaeological sites and remains other than those declared by Parliament by law to be of national importance. Those ancient and historical monuments, other than those declared by Parliament to be of national importance came under the state legislation. According to it, any structure, erection or monument or any tumulus or place of interment, etc. which is of historical, archaeological or artistic interest which has been in existence for not less than 100 years can be notified under the Act as Ancient monuments. The act forms the basis for the Archaeological Survey of India, which is the sole authority for the protection and management of monuments of historic interest and archaeological remains at national level. ASI currently preserves more than 3650 monuments and remains across India. It mandates a 100 meter protection boundary for all monuments (declared as prohibited areas) and does not permit any development within that boundary, while 200 meters beyond this area is classified as regulated zone.

Despite being the sole national conservation agency for heritage in the country, ASI only recognizes and protects key monuments and archaeological sites. The same is the case at State level where the department of archaeology is responsible for protection and management of monuments and sites. Because of this, a major chunk of the cultural heritage lies outside the purview of ASI and the State departments of archaeology and is not protected. The AMASR Act has been in place since 1904 and has been consequently amended in 1958 & 2010 but not once have there been provisions to rethink and reframe the notions of what heritage stands for in a multi-cultural and complex society like India. The ASI has been criticised on several occasions for following such a restricted act for conservation which doesn't consider the rich and diverse cultural heritage of the country

In 2010, National Monuments Authority (NMA) has been set up under the Ministry of Culture as per the provisions of AMASR. Several functions have been assigned to the NMA for the protection and preservation of monuments and sites through management of the prohibited and regulated area around the centrally protected monuments. One amongst these responsibilities of NMA is also to consider grant of permissions to applicants for construction related activity in the prohibited and regulated area.

With increase of urbanization, development, growth and increasing population pressure, there is growing pressure on land including the land around centrally protected monuments. As this often affects the monument/site adversely it is important that such growth around the centrally protected monuments is properly regulated, balancing the needs of individuals and growth and development on the one hand and the requirements of conservation and protection of these monuments on the other.

Another step in addressing this problem was initiated by the Indian National Trust of Arts Heritage & Crafts (INTACH) to preserve buildings and precincts of architectural importance and not just historical monuments. INTACH published its own charter of conservation in 2004, stating the 'ideal' manner of conservation, keeping in mind the cultural complexity of the Indian case. The Indian Charter, INTACH goes on to criticize the un-engaging manner with which ASI preserves monuments and heritage, stripping the structure of its life. It also disagrees with the blanket perimeter of 100 meters around monuments stating that the boundary needs to be flexible keeping in mind the importance and socio-cultural setting of the monument in today's times. The charter also promotes involvement in decision-making to ensure symbiotic relation between indigenous community & its own heritage. In order for heritage to have contemporary relevance; much needed for it to survive, Adaptive Reuse is an effective conservation strategy which addresses the contemporary issues of conservation to a great extent, keeping in mind the economic benefits as well. Despite the noble intentions of INTACH and giving due credit to all its work, it is registered as a charitable trust and thus does not have the statutory and legal backing required to ensure the necessary changes for conservation of built heritage. Therefore, the charter for conservation remains a code of ethics and procedures by which INTACH is supposed to undertake its projects but it sadly does not apply to any other organization.

The model building by-laws by the Ministry of Urban Development came up with a set of building regulations with respect to heritage buildings and their precincts to take into account their conservation and integration with the rest of the built form in urban areas. The by-laws are applicable to buildings, artefacts, structures, streets, areas and precincts of historic, architectural, aesthetic, cultural or environmental value and natural feature areas of

environmental significance or of scenic beauty which shall be listed in notification(s) to be issued by the State Government / identified in Master Plan. The by-laws categorised heritage in urban areas into three classifications. Grade I comprises of buildings of national or historical importance, displaying excellent architectural style, design and use of materials. Such buildings are considered prime landmarks of a city and associated with a historical event. Grade IIA & IIB comprise buildings of regional and local importance, possessing special architectural or aesthetic merit, cultural or historic value. Viewed as local landmarks, they contribute to the image and identity of the city. Grade III consists of buildings and precincts important for townscapes, evoking architectural, aesthetic and sociological interest. They add to determining the group value character of the locality because of the unique features and attributes of each building in terms of façade, uniformity of height, scale etc. Grade I has the strictest rules out of the three where all forms of development are controlled and overseen. The regulations state that no interventions shall be permitted either on the exterior or interior unless it is necessary to strengthen and prolong the life of the building and only essential and minimal changes shall be allowed as long as they remain in accordance with the earlier construction. Regulations for Grade II allow for internal changes along with adaptive re-use however external changes are still subject to approval. In Grade III adaptive reuse along with internal and external changes in the form of additional buildings and reconstruction in case the building is weak is allowed provided they conform to the prevailing height and style. The by-laws did not prohibit any form of construction or development around heritage building and precincts but simply mandated that all prior works would require the sanction and approval of the relevant heritage authority in order to ensure no loss to the heritage value of the structure in question. Some of the economic incentives provided within the bye-laws allow the partial conversion of heritage buildings/structures which exist in non-commercial areas to be used partially as commercial/office space in order to generate revenue for the owner.

In 2005, the Government of India launched the Jawaharlal Nehru National Urban Renewal Mission (JnNURM), providing a substantial pool of funds to 65 'mission cities' and over 600 small and medium towns. Of the 30 non million plus towns and cities eligible for the renewal mission, 13 cities were identified on the basis of their status as heritage cities. Although in the initial years of project formulation, appraisal and approval, the processes were unable to adequately address the concerns of these cities around heritage, during the second phase of this programme (from 2009), a new set of guidelines was introduced to integrate heritage as a crosscutting theme across all Detailed Project Reports (DPRs). The Government of India issued a toolkit for the creation of a DPR which included various aspects for the creation of a Heritage Management Plan. These included documentation and listing, condition assessment, identification of heritage zones, outlining vision and policies, legal and statutory

frameworks and institutional set up. The toolkit also suggested various physical interventions such as conservation and conservation, maintenance, adaptive re-use, creating new buildings and public spaces and awareness, defining urban design guidelines and even encouraging industries based on heritage. The toolkit serves as an important reference document. However its application needs to be tailored to the institutional framework, and specific needs, characteristics of urban heritage and socio-economic context of each city.

Thus in each of the policies with respect to heritage, very little attention has been paid with respect to its economic valuation and how to successfully harness that. The focus throughout has remained on ensuring conservation alone. Instead of viewing urban heritage solely as something which needs to be preserved in order for it to be protected, highlighting its economic value and contribution would automatically lead to its better integration with the remaining urban fabric and ensure that its values remain protected. Therefore the challenge is integration of heritage needs with larger needs of socio-economic development in such a way that heritage values are compromised to minimal possible extent.

EVALUATION OF SELECT METHODOLOGIES RELATED TO ECONOMIC IMPACT ASSESSMENT OF HERITAGE

Several methodologies have been proposed for undertaking heritage impact assessment especially with respect to the impact on the economic aspects. Some of these methodologies have been reviewed below in terms of their specific strengths, weaknesses, opportunities and threats, with respect to their application in Indian context.

1. ICOMOS HERITAGE IMPACT ASSESSMENT GUIDELINES

Overview: The ICOMOS Heritage Impact Guidelines aim to holistically undertake impact assessments for heritage areas and structures that have been designated as UNESCO World Heritage Properties. The primary principle involved is to maintain the Outstanding Universal Value of the heritage site in question while identifying aspects of development project which either add to, or detract from its value. The ideology of the guidelines is to not view heritage properties as single entities that manifest Outstanding Universal Values (OUV) but to understand that their values are reflected in a range of attributes. In order to sustain these values, it is those attributes that need to be protected. The guidelines describe direct impacts as those which arise as a primary consequence of the proposed development or change of use. Such impacts can result in the physical loss of part or all of an attribute, and/or changes to its setting - its local context and adjacent landscape. Direct impacts resulting in any change or physical loss have a tendency to be permanent and irreversible because they have occurred as a consequence of construction. Indirect impacts are more of a secondary consequence of construction or operation of the development. It states that the Heritage Impact Assessment process needs to consider the impact of any proposed project or change on those attributes, both individually and collectively. It should be able to highlight the relationship between the tangible and intangible aspects of heritage which often have certain direct and indirect impacts. Certain threats to heritage areas as identified include various forms of large-scale development that are insensitive to their surrounding built-form as these developments render themselves inappropriate and a-contextual when seen alongside existing heritage structures. ICOMOS guidelines suggest the adoption of a more global approach while conducting environmental impacts around heritage sites and not sidelining the overarching goal of preserving the Outstanding Universal Value. The ICOMOS guidelines, though not indicative of any specific methodology in conducting heritage impact assessments, have been taken as the broad overarching framework for the process.

STRENGTHS

- The multiplicity of heritage values is recognised in understanding that a singular structure can generate multiple values. In India too there are multiple values generated from a singular heritage structure or heritage areas. This is primarily due to its multi-dimensional usage in urban areas today and the difference in perception of heritage among various stakeholders.
- Environmental impacts assessments have been delinked from heritage impact assessments as the former might not be all inclusive of the aspects required to conduct a heritage impact assessment. De-linking of environmental and heritage assessments allows the formation of specific methodology assessments which allow for the incorporation of specific needs. A heritage impact assessment analyses the impact of all physical, environmental and economic developments on heritage properties. The parameter for evaluating these however might not be the same as those in an environmental assessment.
- Understanding the delicate equation of officially protected heritage buildings/sites with respect to their immediate environment of is paramount in developing a framework that will adequately capture the nuances of local development and national changes which may have a direct or indirect impact on heritage buildings/sites. Formulation of specific heritage management plans with respect to the framework is beneficial as it provides the scope for the entry of private and para-statal agencies in the ambit of developing and maintaining heritage. The formation of case specific plans allows higher flexibility in adaptation of assessment norms and conservation guidelines and new methods of impact assessment tailored to local needs.

WEAKNESSES

- There is very little emphasis on the economic values associated with urban heritage. The framework does not allow adequate procedures for it to be captured as there is a greater emphasis on the cultural attributes. In India, there exists a substantial emphasis on the intangible and the cultural aspects of urban heritage and it is the economic valuation that is missing. The need for evaluating its economic components stems from the very same reason that the cultural attributes too need to be quantified in terms of the economic and employment benefits generated.

- The framework is unfortunately not indicative of any specific methodology for undertaking heritage impact assessments. Keeping in mind infrastructural and other development pressures in cities, unless the procedures for conducting heritage impact assessments are clearly written out and assign roles and responsibilities to various agencies, their implementation will not be as effective as required.
- Planning regulations with respect to heritage are much stringent and more clearly defined internationally than they are currently in India. Despite a framework existing at the national level for its conservation, current state level policies are still ambiguous on their implementation. Within such a fluid organisational structure, the ICOMOS guidelines do not state at which level should planning processes be integrated with conservation and economic valuation.
- Throughout the framework there is a significant emphasis on the outstanding universal value of world heritage sites. Despite emphasis on localised approach while conducting impact assessments, attributes of localised heritage which might not have a universal value but are still important have not been considered. Also in case of World Heritage Sites, Outstanding Universal Values cannot be separated from larger set of values that characterise the respective sites. This one-dimensional approach tends to overlook many significant heritage values of areas that have a very strong appeal for the specific region and its identity.

OPPORTUNITIES

- The scope for forming new institutional mechanisms for heritage management allows for greater citizen participation and the incorporation of their aspirations and needs. So far the processes dealing with heritage have remained much centralised and include only a certain number of things. Creating new mechanisms could then allow the inclusion of the informal economy generated around heritage
- There is recognition of the importance of inclusion of cultural heritage management in the mainstream development planning, policies and programmes, which is currently missing. It recognises how heritage management cannot be an isolated activity, and must be integrated in the regional development policies, programmes and projects for a holistic development outcome. This allows scope for greater incorporation and management of tourist destinations, cultural sites and other intangible aspects of a city's heritage.

- The use of newer technology for mapping of heritage areas and sites is very important and especially relevant for the Indian context. Owing to the organic growth of Indian cities, the mapping of heritage areas and sites allows to keep a track of changes in either built form or immediate environment. It also helps create a more interactive and helpful surface which makes policy decisions easier as information is comprehensible.

THREATS

- In the context of maintenance and sustainability of heritage value, it is noted that "*the most appropriate way to protect this value is through a blend of regulations and incentives*". However what this value consists of and the relevant methods for its identification have not been highlighted. In the Indian context where there are multiple values associated, the correct ranking and prioritisation of each is very important to arrive at the correct decision. At present the capacity to undertake and conduct such ranking is also limited.
- The role, function and responsibility of heritage management authorities in India are still unstructured to quite an extent. The capacity, skill and technique required to pragmatically conduct impact assessments which include all elements of heritage without over-emphasis of many or neglecting a few is very important. If not done correctly it would either lead to heritage degradation because of excluding important aspects or inadequate resources because of over-inclusion of certain components.
- The loosely outlined framework, though broad and encompassing is the very same thing that makes its applicability a challenge. It comes across as a broad overarching framework listing admissible components, but is difficult to apply in concrete terms.

2. THE ECONOMICS OF UNIQUENESS: INVESTING IN HISTORIC CITY CORES & CULTURAL HERITAGE ASSETS FOR SUSTAINABLE DEVELOPMENT

The book is a collection of methodologies brought together to fill knowledge gaps in understanding the following questions:

- How investment in heritage assets creates jobs?
- How the sense of place and uniqueness of a city can be maintained?

This review assesses two of the methods discussed in the book, with respect to their utilisation in the context of developing nations such as India's, and identifies their strengths, weaknesses, opportunities and threats:

Method 1 | David Throsby's Heritage Economics: a Conceptual Framework

Method 2 | Peter Nijkamp's Economic Valuation of Cultural Heritage

2.1. DAVID THROSBY'S HERITAGE ECONOMICS: A CONCEPTUAL FRAMEWORK

Overview: The method identifies the procedures to assess the economic value and the cultural value of the heritage area. It considers both “use” and “non-use” values for assessing the overall economic value. It highlights the use of stated and revealed preference methods to identify aesthetic, symbolic, spiritual, social, historic, authenticity and scientific values. It also notes the importance of assessing the sustainability of the project investment while evaluating the investment impacts. It notes that often one value needs to be valued against the other, in order to make investment decisions, in which case it proposes the use of indifference curves for the two values to enable the identification of marginal rates of substitution. The methodology also suggests the development of an indicator similar to QALY (Quality-Adjusted Life Years) to encapsulate the equivalent trade-off between economic and cultural value in regard to alternative cultural projects. Table1 highlights the various values under this framework while categorising them into economic, cultural and sustainability values.

Table 1: David Throsby's Conceptual Framework			
A.	Economic Value		
	1.	Use Value	
		a.	Actual or imputed rents in case of buildings being used for commercial/residential or other such purposes.
		b.	Individual benefits that tourists enjoy as a result of their visits in case of Heritage Buildings or site
		c.	Entry price paid to visit the building or site
		d.	Revenue from commercial exploitation of the site via visitor centres where cafes, restaurants and gift shops
	2.	Non-use Value	
		a.	Existence Value
		b.	Option Value
		c.	Bequest Value
B.	Cultural Value		
		a.	Stated preference methods might be applied, for example by asking individuals for their assessment of the value of a heritage item according to the various criteria of value listed above. This approach can be implemented using a likert scale, which calibrates a respondent's agreement or disagreement with a series of qualitative statements about the heritage item. Under appropriate assumptions as to the relative strengths of different levels of agreement/disagreement, a numerical score can be

		assigned to responses. If weights can be allocated to the various components of cultural value specified, a weighted aggregate cultural value can be obtained. Similar procedures including conjoint analysis can be used to derive rankings rather than ratings for the cultural value elements.
	b.	Revealed preference methods
	1.	Aesthetic Value
	2.	Symbolic Value
	3.	Spiritual Value
	4.	Social Value
	5.	Historic Value
	6.	Authenticity Value
	7.	Scientific Value
C. Sustainability		
	When applied to heritage, cultural sustainability implies assessing conservation investment projects against:	
	a.	Efficient generation of material and non-material wellbeing for stakeholders
	b.	Serving principles of intergenerational equity by taking due care of the heritage in the interests of future generation
	c.	Ensuring equitable participation in the benefits of the heritage among members of the present generation
	d.	Observing the precautionary and safeguard principles; and
	e.	Paying explicit attention to the long term maintenance of the cultural values inherent in the heritage and in the services it provides.
How much economic value are we as individuals or as a society prepared to give up to secure a given level of cultural value or vice versa?		
Specify an individual or aggregate utility function with economic and cultural value generated by a heritage project as the arguments implying the existence of a set of indifference curves between the two items of value that would enable marginal rates of substitution to be identified. The methodology also suggests the development of an indicator similar QALY to encapsulate the equivalent trade-off between economic and cultural value in regard to alternative cultural projects.		

2.2. PETER NIJKAMP'S ECONOMIC VALUATION OF CULTURAL HERITAGE

Overview: This method recognises the multidimensional value of cultural heritage. The methodology takes into account the priced and un-priced, direct and indirect effects broadly under three assessment classes: performance indicators, monetary analysis and decision support analysis. It focuses on the physical and tangible artefacts created by humanity in the past. It proposes to identify and estimate implications of the presence of or the use of cultural heritage for the broader local or regional economic system, including:

- Local production system (investments, consumption, and demand for products);
- Regional labour market (including new jobs and labour force participation);
- Local housing market (sale and rent);
- Transport and communications infrastructure (including mobility and accessibility);
- Public services (health care, education, and research);
- Financial-economic system (incentives, taxes, and distributional aspects);
- Effects on the physical environment (such as pollution, congestion, and energy use);
- Local social community (including security, social inclusion, and community bonds); and
- Cultural context (performing arts and citizen's participation in cultural manifestations).

It also recommends the use of some tools and methods ("Economists Toolbox") for the purposes of evaluating the economic value which goes beyond the monetary assessment, into the socio-cultural benefit valuation (Refer Table 2). These include: Compensation methods, Social Cost-Benefit Methods, Stated Preference Methods and Revealed Preference Methods. It does not necessarily support any one over the other, and proposes a combination of these to be used to arrive at the economic value.

Table 2: Peter Nijkamp's Economic Valuation of Cultural Heritage		
Performance Indicators		
Cultural Heritage to be judged on the basis of a set of predefined performance indicators		
	a.	Benchmark Techniques
	b.	Balance – score card techniques
Monetary Analysis		
All cost components have to be measured as accurately as possible, too inform public expenditure for maximising welfare.		
	a.	Measurement of costs, benefits and distributive effects must be undertaken
	b.	Consumer surplus is added, usually by means of Travel Cost Methods, although its limitations are noted

Decision Support Analysis	
Cultural heritage has multiple use dimensions and that its societal significance is hard to translate in a single and unambiguous common denominator such as monetary dimension	
a.	Community impact analysis
b.	Multi criteria analysis
NOMISTS Toolbox	
a.	Compensation Methods: Shadow Price Methods to understand the value of an additional unit lost or conserved
b.	Social Cost Benefit Methods: A combination of Economic Impact Analysis that seeks “to estimate changes in regional spending output, income and/or employment associated with tourism policy, events, facilities of destinations” , although limited by demarcation of area and limited inclusion of the snowballing effects, besides integrating redistribution issues of who pays and who benefits and Multi criteria analysis which attempts to address the limitation within the economic impact analysis.
c.	Stated Preference Methods: contingent valuation method and other similar methods can be used to identify the willingness of people to pay. Although this methods has many shortcoming including individuals valuation of money being different, behavioural errors, response biases etc.
d.	Revealed Preference Methods: travel cost method as a way to measure the financial sacrifice people are willing to make to visit the sire/area. Hedonic price method as a way to measure the premium on real estate located in historic cultural districts.

STRENGTHS

- The book promotes "Integrated Conservation" approach, which is highly relevant to the Indian context of heritage areas. According to this - landmarks, historic city cores, housing, and land that would not qualify for protection individually, but taken collectively have enough character to be recognizable features giving city its uniqueness. Integrated conservation approach links heritage conservation and local economic development. It promotes investments to transfer resources to the local community, in the form of grants or loans for residents to improve their historic housing and to support job creation and retention.
- The book promotes the idea of cultural value, along with use and non-use values, to establish the actual value of heritage. The comparison with environmental economics is very useful and relevant in this context.
- The methodologies propose the use of a combination of five valuation methods to address different aspects of heritage valuation: Compensation, Social cost-benefit analysis, stated preference method, travel cost and hedonic price, last two being revealed preference methods.
- It identifies heritage as a unique resource that the cities should leverage upon to build sustainable development. This is very relevant in the context of India, where the perception of value of heritage and culture maybe understated in monetary terms. It propagates the idea of heritage being an asset and brings it beyond simple financial valuation, where "heritage" refers to assets having the following characteristics: (1) physical and/or non-physical assets inherited from past generations; (2) significance to community groups; and (3) being uncommon, rare, or unique. Heritage can include man-made physical assets, such as landmarks, historic city cores, urban-scapes, land with assets embodying ways of living or producing, isolated sites, uncommon immovable and movable properties, and cultural landscapes. Heritage can also include natural physical assets, such as fauna, flora, geology, landscape, landforms, parks, reserves, any natural resources with non-ordinary features (from a rock to a beach), and natural landscapes. Thirdly, heritage can also include non-physical assets, also defined as intangible heritage, such as traditions, customs, habits, production methods, and any other expressions of creativity that distinguishes a community group from another.
- This concept of asset is seated in the Capital theory, whereby, capital is defined as

"durable goods that give rise to a flow of services over time that may be combined with other inputs such as labour to produce further goods and services", recognising the secondary impacts of heritage as a capital asset.

WEAKNESSES

- The book notes - "Country-level data show that heritage designation, with its accompanying regulatory framework, creates a market-assigned value premium for heritage assets, in particular for housing and retails. Increase in real estate values in neighbourhoods designated as heritage has positive impacts on local governments, allowing them to mobilize property-based tax revenues to deliver better services. However, increase in real estate values also has distributional impacts on lower-income households, who have limited capacity to pay increased rents, increased house prices, and higher property taxes, causing their displacement and leading to gentrification."
- A progressive regulatory framework is central for this condition to be true. But in the context of developing countries like India, due to lack of incentives in building bye laws in heritage zones, with limited allowances for modification to the built, etc., most often the heritage areas are not attractive enough for real estate development. These heritage zones are most often in dilapidated conditions, often unsafe for living in, and end up being choices of habitation for the lower income groups. Contrary to gentrification process, this exacerbates the vicious cycle of dilapidation of heritage areas. In such a context, the aspirational value associated with "modern" houses plays an important role in the valuation of heritage, often ignored or underestimated at policy level.
- The gaps with regulatory regimes and policy instruments are identified as follows: Regulation may create inefficiency by specifying minimum amount of conservation and creating a dead weight loss vis a vis the actual social and cultural demands. Regulation involves administrative costs for formulating standards and for monitoring and enforcing them. Regulation offers no incentive to do better.
- The regulatory process can be swayed by other private influences rather than public good or the decision of what is "public good" may not be in favour of the heritage conservation when compared to economic value.
- Although the book notes that "tourism has spill over effects in other economic sectors", and that "tourism, by virtue of being a labour intensive activity, can allow the large pool

of unemployed and underemployed individuals in developing countries to get jobs and in turn create the conditions for a sustained and broad-based growth", it does not recognise the impact of tourism on the informal sectors which, particularly in the context of developing countries like India, form a major share of economic output, and yet is underestimated. Ignoring this would lead to undervaluation of the impact of heritage on the economic development, and the appropriate rate of return would be miscalculated when planning for investment. As in the case of the WB Investment Impact Evaluation in Old Bazaar, Skopje, in Macedonia, economic impact is primarily focused on the increase and improvement in tourism, and not second and third order impacts of investment.

- As in this case study, the book promotes the utilisation of stated preference methodologies to evaluate other cultural values. But in the context of developing economies such as India, where the priorities of "growth and development" are still rooted in economic development, stated preference methods may still understate the importance of culture as compared to other monetary values. Besides, stated preferences and revealed preferences are almost always different, the latter being more reliable indicator than the former. Contingent Valuation Method and other similar methods can be used to identify the willingness of people to pay. Although this method has many shortcomings including individual's valuation of money being different, behavioural errors, response biases, etc.

OPPORTUNITIES

- The integrated conservation approach could include institutional mechanisms to facilitate the adaptive reuse of buildings and land with heritage value to meet the new needs emerging from rapid urbanization. This is especially pertinent in the context of India, where monuments and heritage buildings are becoming more and more redundant for the contemporary living, turning into urban voids.
- It recognises that the economic impact of a heritage project goes beyond the market and non-market benefits, and proposes to use indicators to identify these benefits in a cost benefit analysis ex post. Use of indicators keeps the analysis context specific, and flexible enough to use the limited available data to the best use. In order to isolate the impacts of a particular heritage investment, the counterfactual of the investment must be identified and evaluated using a site most closely resembling the project site where investment is not made. Although, this may not always be available, and would always have errors, but it is potentially the best possible means in the lack of alternatives.

THREATS

- In the context of maintenance and sustainability of heritage value, it is noted that "the most appropriate way to protect this value is through a blend of regulations and incentives" and the methods of identification of what is valuable are also left to the Government without specifying the appropriate level (national/state/city).
- Heritage management authorities are still very nascent in their planning. Limited public sector capacities to undertake this kind of economic valuation would lead to either excluding elements of heritage which are valuable (Type I error) or including excessive elements which may or may not be of much value in the long term (Type II error). While Type I error would lead to heritage degradation, type II error can consume the limited public and private resources leaving a smaller pot for the elements of real value.

3. ECONOMIC VALUATION OF URBAN HERITAGE: A SUSTAINABILITY BASED APPROACH

Overview: Agence Francaise de Developpment understands urban heritage by placing it in multiple frameworks of economic, human, social, natural and cultural capital. The context for evaluating urban heritage is outlined using various historical, sociological and economic approaches. The framework in addition to the tangible aspects highlights the importance and need to evaluate the intangible cultural aspects of urban heritage so as to get a comprehensive picture. Historical, cultural and aesthetic values feature as strongly as economic, social and ecological values in understanding the importance of heritage and its conservation. These values are the source of the place's significance and are constructed and situational, not inherent and their assessment depends to a great extent on who is assessing them, and on the historical-geographical moment in which the value is articulated. Value centred theories of conservation give priority to the memories, ideas, and other social motivations that drive the urge to physically preserve the built environment. Therefore, conservation decision in a cultural context can be reached by prioritizing some values over others. The problem which arises out of such subjective reasoning is that there exist a range of different values which have different sets of people speaking for and representing them and this becomes crucial for understanding the conservation process. The challenge in evaluating urban heritage as highlighted by the framework lies in measuring the "non-use values" which are associated with the cultural dimension of heritage. The central debate stemming from this then concerns evaluating the values of urban heritage and to examine the complexity of integrating mainstream development within conservation and planning of heritage areas. The various values associated with respect to urban heritage (Refer Table 3) are:

Table 3: Values associated with Urban Heritage

Social & Human Capital	Natural Capital
Number of inhabitants of the country and the town, and its age distribution	Condition and existence of parks and other green spaces
Health Indicators	Exposure to natural risks
Indicators of training and education levels, specialised staff or heritage conservation/conservation	Condition of sewage network and of refuse collection and treatment
Indicators of delinquency	Level and types of pollution
Number and types of associations	Presence of harmful animals and degradation

Participation of the local population in heritage maintenance or renovation/conservation work

Economic Capital

Cultural/Architectural Capital

Sectoral structure of the economic activity

Number and types of protected buildings, unprotected monuments and vernacular heritage

Distribution between owners, tenants or squatters, of housing, services and shops

Buildings in good or average condition, decaying buildings (BTR), buildings disappeared

Real estate value—sale, rental

Empty buildings, old and recent

Real estate transactions by category: housing, shops, services, tourism, etc. Type of building occupation

Actual use of the heritage (housing, services, shops, religious monuments, visited monuments, private or public services, tourism—lodging, restaurants, tourist shops)

Attractiveness of the territory for economic activities and visitors (number of visitors, location of companies and weight of outside investments)

Adaptability of the heritage to present-day urban functioning standards (parking, access, housing, comfort, safety, networks, maintenance)

Average income of the country, of the town's inhabitants and of its territory

Labelled heritage site (all or in part) of a national or international network of the World Heritage type

Income structure (external/internal and impact of poverty)

Number of decaying buildings (BTR)

Infrastructure condition

Place of the local heritage in the school curriculum

Accommodation facilities, hotels, etc.

Existence of cultural facilities in town, presence of commemoratives sites

This review assesses five methods highlighted in the framework with respect to their utilisation in the context of developing nations such as India's, and identifies their strengths, weaknesses, opportunities and threats:

Method 1 | Macroeconomic Approach and Impact Methods

Method 2 | Total Economic Value

Method 3 | Attribute based Methods

Method 4 | Hedonic Prices Method

Method 5 | Inter-American Development Grid

3.1 MACROECONOMIC APPROACH AND IMPACT METHODS

Overview: The approach defines the composition of the created demand of heritage as well as its economic stakes. It evaluates urban heritage as the sum of its associated expenses. The economic value identified is broken down into its component and the sources of the value is analysed. The expenses considered are non-resident (outward-oriented) or resident (self-financed) expenses, and public or private investments. Impact methods aim at covering all direct, indirect and induced impacts of the existence of cultural heritage on a given territory. Direct impacts cover the effects directly caused by the cost of using the heritage. Indirect impacts cover other expenses associated with heritage. Induced impacts group all effects on economic activity not accounted for in the other two categories. Impact method help estimate the total employment associated with heritage as well as an estimate of all relevant expenses (Refer Table 4).

Table 4: Macroeconomic Values and Indicators under Impact Methods

Macroeconomic values	Direct use values related to occupation	Direct use values related to visits	Indirect use values
Domestic consumption (C)	Rental by residents of heritage buildings	Entrance fees of residents into heritage buildings/areas	Resident expenditures related to heritage
Non-resident consumption (X)	Rental by non-residents of heritage buildings	Entrance fees of non-residents into heritage buildings/areas	Non-resident expenditures related to heritage
Public consumption expenditures (Cg)	Maintenance of patrimonial buildings	Maintenance of visitor facilities	Public expenditures associated with heritage
Public investments (Ig)	Public investments in heritage buildings	Investments in visitor facilities	Investments in activities associated with heritage
Non-resident investments (In)	Non-resident investments in heritage buildings	Non-resident investments in visitor facilities	Non-resident investments in activities associated with heritage
Resident investments (Ir)	Resident investments in heritage buildings	Resident investments in visitor facilities	Resident investments in activities associated with heritage

With respect to assessing employment generated by urban heritage under the Impact method, the following can be considered as direct and indirect impacts (Refer Table 5).

Table 5: Indicators under Direct and Indirect Impact Methods

Direct Impacts of Heritage

Direct Employment Impacts

Heritage jobs at sites, historical monuments and museums: People that are tasked with protection, conservation, management, promotion and public accessibility.

Jobs in administration in charge of heritage: Staff working in administrative departments involved in preserving, managing and promoting protected and unprotected heritage.

Heritage guide jobs: Jobs which involve hosting and informing visitors.

Direct Economic impacts

Ticket Revenues

Shop/Bookshop Operating Revenues

Revenues from paid-for Guided Tours

Audio-guide Revenues

Event Organization Revenues

Other Revenues

Indirect Impacts of Heritage

Indirect Employment Impacts

Jobs related to building conservation

Other jobs related to conservation

Tourism jobs related to heritage

Other indirect jobs related to heritage

Induced jobs

Indirect Economic Impacts

Indirect economic impacts related to built conservation

Economic impacts of heritage tourism

Heritage Impacts in terms of Local Public Funding

3.2 TOTAL ECONOMIC VALUE (TEV)

Overview: The Economic Value of evaluation covers both use values and non-use (or passive-use) values while highlighting the fact that aspects of urban heritage are often without a commonly defined market value. They have a multi-dimensional character which adds to the complexity of determining their value. TEV encompasses environmental analysis by combining both use and non-use values heritage. Owing to the multi-dimensional nature of the cultural dimension of urban heritage, it does not include that while assessing its economic value. The evaluation of urban heritage under TEV is purely economical and not coloured by cultural dimensions which might lead to different decision making. Its evaluation of heritage aims at determining the overall profitability of the various competing uses of natural resources. Components of total economic value method are (Refer Table 6):

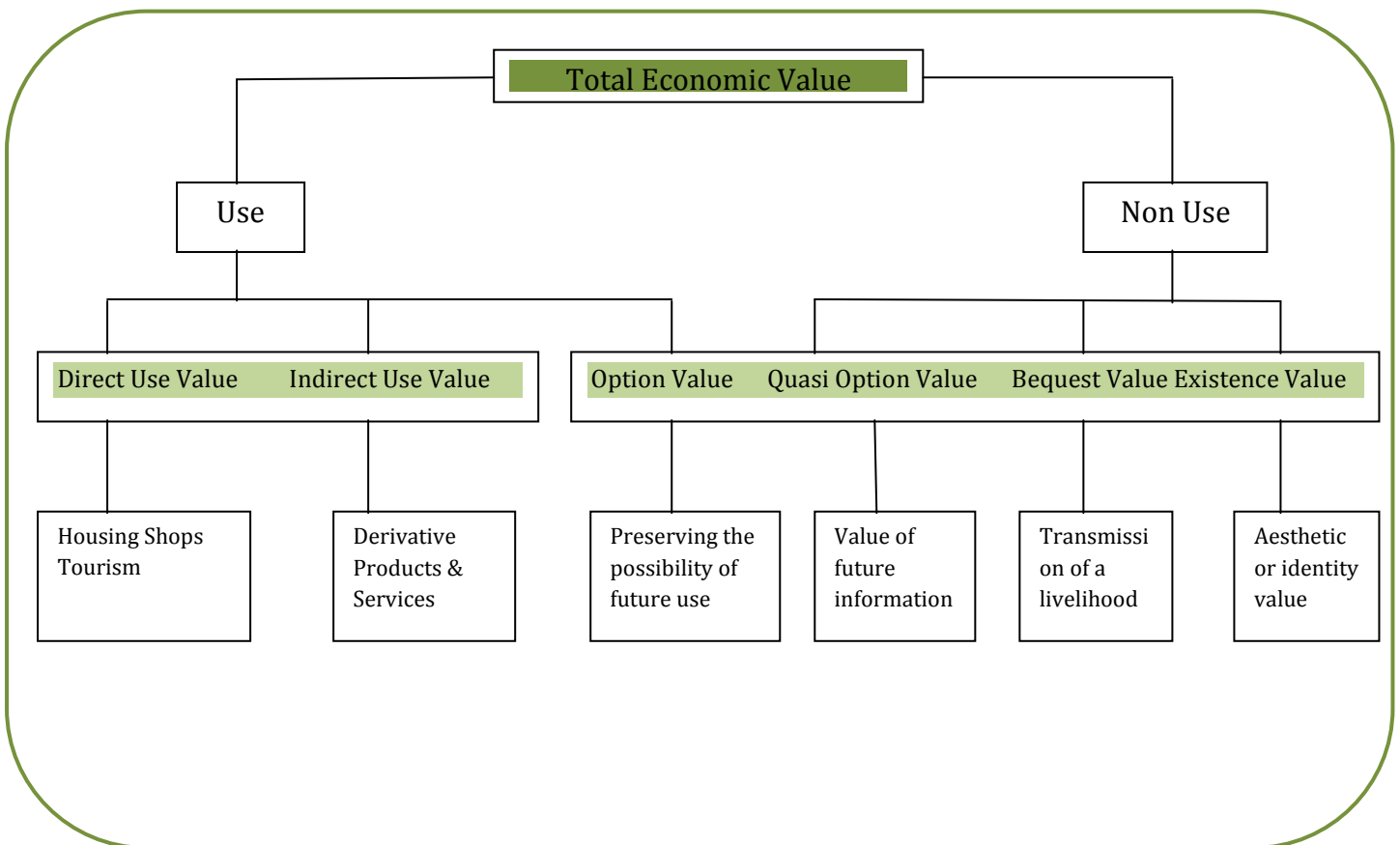


Table 6: Use and Non-use Values

<i>Types of Values</i>	<i>Indicators</i>	<i>Measures</i>	<i>Expected economic impact</i>	<i>Values</i>
Non-use	Residents' awareness of heritage	Survey among residents	Existence value	Existence
	Will to finance heritage conservation projects	Stated preferences survey among residents	Increased fiscal income	
	Desire of visiting the town in the future	Survey among potential visitors	Increase in the option value	Option
	Commitment of local authorities to heritage conservation	Survey among town representatives concerning their personal involvement	Heritage-oriented policies	
	Status of the urban heritage in the country or worldwide	Survey among residents and non-residents	Increased value of the legacy	Bequest
Indirect use values	Average time passed in town	Visitor survey on time passed	High expenditures in town	
	Average daily expenditures per visitor	Visitor survey on expenditures	High expenditures in town	
	Local jobs related to visitor spending	Ratio between patrimonial and local jobs	Local job creation	
	Sales related to visits	Survey among shopkeepers	High expenditures in town	
	Events associated with heritage	Number of events associated with heritage	High expenditures in town	
	Non-patrimonial real estate value	Higher value of patrimonial than of non-patrimonial real estate	High real estate prices	

3.3 ATTRIBUTE BASED METHODS

Overview: These methods evaluate the economic value of urban heritage by attributing values using three methods: Choice experiments, conjoint analysis or Contingent Ranking and Contingent Rating. For a choice experiments study, different ensembles of scenarios concerning the attributes are presented to the individuals, who indicate their preferred scenario. In conjoint analysis, different ensembles of scenarios are presented to individuals who rank them in order of preference. Contingent Rating resembles conjoint analysis, but in addition to ordinal ranking, values are attributed to each scenario. The advantage in all of these methods is the value experience and preference of the respondents. Choice experiments method is the best option for an ABM study as it indicates the personal preferences based on the benefits associated with the alternatives generated by the different attributes.

3.4 HEDONIC PRICES METHOD

Overview: In the hedonic prices method, a substitution market is sought on which goods and services are bought and sold, for which the environmental costs or advantages represent attributes or characteristics. The valuation method based on hedonic prices, 1) establishes the part of the environmental characteristic in real estate price differences, and 2) determines the cost of environmental degradation or the advantage resulting from its improvement, as an effective consent to pay for the environmental characteristics or attributes by the economic agents on the real estate market. Hedonic prices, obtained from changes in real estate prices, record the effects caused by a renovation project of urban heritage. It helps verify if urban renovation projects have impacts on real estate values of neighbouring areas. The limitation being as mostly only landowners and homeowners are concerned, there may be biases.

3.5 INTER-AMERICAN DEVELOPMENT BANK GRID

Overview: The IDB grid highlights economic sustainability as the main criterion for evaluating urban heritage. The sustainability of urban heritage depends on a balanced distribution of urban heritage investment between public and private investments. According to this approach, private investments ensure the economic development, whereas public investments maintain urban infrastructure, compensate negative social impact and support private initiative. The sustainability of urban heritage then depends upon the capacity for attracting and maintaining in the area of new economic activities, residents and users of historical centres. The advantage of the grid lies in its consideration of the dynamic dimension of urban heritage in a framework of sustainability. Its limitations are that it runs the risk of marginalizing the poorest inhabitants related to a gentrification process and

adopting an approach that is centred only on economic dimensions does not allow the social and environmental dimensions of sustainability to be considered.

STRENGTHS

- The framework at the very outset is extremely comprehensive and allows the use of multiple economic and cultural methods to evaluate urban heritage. Such flexibility of approach is very beneficial for the Indian context as no one fixed framework can be applied to the diverse nature of urban heritage that exists today as the risk of missing an important aspect will always be there. By using multiple methodologies for assessing the economic and socio-cultural aspect of heritage, due consideration can be given to each attribute so that nothing is left out.
- The focus is more on the stakeholders involved and the citizens and residents who use and interact with cultural heritage in urban areas. The aspect of society, people and participation has been given great importance as majority of the evaluation methods give due importance to the user perception and demand/need. This aspect too has been placed at the heart of the debate as the needs of the people and their perception is of primary importance in the projects and without their due importance, the values of heritage cannot be captured correctly. The perception of heritage in the entire argument has not been that of a static or stationary object but that of a dynamic living object which has immense value to contribute not just in terms of social value but also with respect to its economic contribution and the value generated from it. It has primarily looked at tangible urban heritage though the incorporation of intangible elements comes in through assessing the cultural values. Most of the evaluation and assessment procedures recommend their implementation from the stakeholder's perspectives as they are the end users of their spaces and their thoughts and ideas must be given due importance. It allows for the scope of greater privatisation which is more demand and need based rather than policy driven.
- Economic valuation has been undertaken with respect to keeping both the formal and the consequent informal economy in mind. This results in a holistic economic valuation as considering only the formal economy and not the informal one might end is a biased approach. The inclusion of the informal economy also allows scope for the inclusion of the indirect impacts and employment options generated from heritage.
- Impact methods help directly quantify the effects of heritage areas on the employment and economy of that region. There is a very clear indication of the possible direct impacts that can be generated with respect to employment and are easily verifiable. Thus the assessment whether there is any significant economic contribution by the heritage areas can be assessed.
- The valuation of cultural and non-use values is extremely difficult and therefore also difficult

to quantify objectively. The need for a purely economic valuation is sometimes required to assess the economic impact which sometimes might be lost while either looking at cultural and economic valuation or cultural valuation alone. The over emphasizing the valuation of cultural attributes may at times detract from the overarching goal of economic valuation of heritage areas. Therefore, keeping the subjectivity of the field of heritage in mind, the use of a purely economic measure to assess the economic value is a good measure as it eliminates elements of subjectivity.

- Assigning attributes and ordinal values to heritage areas and then ranking them with respect to their importance is a very strong participative mechanism of assessing the values of heritage areas. As a direct method it puts across the preferred desires of residents and citizens which otherwise might have been lost in discussions. It allows for quick and immediate assessments as values are given preferences

WEAKNESSES

- Limited emphasis on the legal regimes and planning procedures for institutionalising economic valuation might be detrimental as then the appreciation of economic valuation of heritage sites will just be left to private players who might use such evaluation for vested interests.
- Impact methods that aim at capturing economic effects associated with heritage suffer from the limitations that cultural values are the most difficult to capture because of their intangible nature.
- Implementation of the macroeconomic and impact method can raise difficulties related to charging the expenditures to the existence of the heritage; as such expenses could have been incurred, at least partly, outside the heritage character of the buildings in question.

OPPORTUNITIES

- Allows for great scope of implementation and very rich and varied results can emerge from this because of the multiplicity of models at disposal
- By evaluating urban heritage purely on economic terms using TEV, models of financial regeneration can be developed such as adaptive re-use which work well in the Indian context. Re-using heritage buildings to suit present needs not only increase their economic worth but

also helps communities relate better to their past and history. This also counters the argument on lack of space and pressures of urbanisation which are usually the biggest threats to conservation in urban areas.

- The use of hedonic prices in evaluating economic value adds to the economic valuation of urban heritage as land and real estate is considered very lucrative. The additions of their value to urban heritage will only compliment and add to its valuation. There can also be indirect benefits such as employment that are generated from it.
- Using the IAD sustainability grid, public investments in and around urban heritage areas can be increased which has the potential of benefitting and improving the overall infrastructural facilities of the area. This tying with increased private investments will help in creating better economic valuations.

THREATS

- The multiplicity of models to choose from is considered as strength in developed countries because of their capacities to successfully choose and implements them. With respect to India, the limited resources and funds directed towards the field of heritage in urban areas might restrict the use of such complex scientific methods.
- Prioritisation of important attributes is a difficult task as there are multiple perspectives to consider. The lack of a competent authority, either private or public to undertake ranking of such attributes makes their listing difficult as residents and communities will rank urban heritage based on their vested interest and perception. To decide which attribute takes precedence over the other is the crucial factor in deciding which aspects of urban heritage are considered.

ECONOMIC EVALUATION OF HERITAGE

The nature of heritage in Indian cities is a mix of both tangible and intangible heritage, therefore evaluating or assessing its economic valuation or potential will require a methodology that can successfully capture all elements of such a dynamic landscape. The informal context in which heritage and its earnings are often located in India, a socio-economic understanding of it would be incomplete without understanding the true potential of the employment opportunities and benefits that get generated from it for the city, residents, tourists and all involved stakeholders. The informal-mixed nature of the heritage economy in India is its biggest strength, which at the same time is a drawback in terms of comprehensively evaluating its economic returns. International methodologies to assess the economic valuation of heritage and the economic impact of specific investments in heritage, however good, are still limited in their applicability and approach in the Indian context due to various reasons.

Keeping the above in mind, the Direct & Indirect Impact method under the Macroeconomic approach was used to evaluate the direct and indirect economic impacts generated in a heritage economy. The economic valuation allows consideration of a holistic approach that takes into consideration both the formal as well as informal economy. The flexibility of the approach is beneficial for the Indian context as it is difficult to develop a fixed framework that can be applied to the diverse nature of urban heritage at the risk of missing an important aspect that is unique to a particular situation. The method aims to capture the employment generated, incomes earned and consequently also take into account multiple stakeholders involved including the residents who use and interact with cultural heritage in urban areas. It allows the understanding of tangible urban heritage through the incorporation of intangible heritage via the sale and production of goods, arts and crafts. This addresses the risk of biased approach that considers only the formal economy and not the informal one.

The impact method though successful in encapsulating the direct and indirect impacts generated with respect to employment, still has scope for the inclusion of more dimensions which would get missed out otherwise. The approach suffers from certain limitations with respect to its applicability in Indian cities and this drawback is primarily owing to the lack of sufficient data. The estimation of the proportion of expenses (*e.g.*, for tourism) and jobs (especially in the arts and crafts sector) that effectively derives from heritage is sometimes difficult to enumerate owing to its flexible nature and its interconnectedness with other sectors. The method though highlighting the economic stakes of the heritage, suffers from

the limitation of estimating the multiplier effects, and to transpose existing estimates to areas with different characteristics. The qualitative framework discussed below builds on strengths of international methodologies with respect to their applicability in Indian cities.

CHECKLIST FOR ECONOMIC EVALUATION

The understanding of economic evaluation of heritage sites should not be seen as an attempt to justify their existence but it is an expression of their cultural value in economic terms. Conducting an economic evaluation is beneficial because it helps stakeholders and other relevant people understand whether heritage is benefitting from the investment made around it, if not then what are the possible reasons and perhaps what sort of investment is needed in order for it to have a positive impact. However, owing to the difficulties associated with conducting the above mentioned task, an economic evaluation of heritage sites or locations has not really been carried out yet. This is owing to several reasons, primarily being lack of sufficient data, unavailability of sources for such kinds of data, difficulty in quantifying cultural values to economic terms and ambiguity on the parameters to include for the basis of collecting information. Also important while conducting an economic evaluation is the time period in which such an assessment can be conducted. In order to fully understand if the heritage of an area has been impacted by the investments made, it is necessary to conduct the evaluation prior to the beginning of the project and once again after the project has ended. This helps in giving accurate estimation of the situation before and after and the consequent impacts on the heritage. In order to assess the economic impact on heritage, below mentioned is a tentative list of parameters (Refer Table 7) that need to be considered while either conducting a primary survey or while gathering secondary information for the same. The use of GPS for clearly marking and identifying the area is recommended if in case of change of nature of the area.

Table 7: Indicators for Economic Evaluation

Fields		Indicators
Project Investment		Amount of investment made (INR)
Nature of investment/Intervention		a. Adaptive Re-use b. External repairs c. Internal repairs d. Painting and other work e. Repair and Maintenance f. Infrastructure provision g. Landscaping h. Street furniture i. Parking j. Construction of new shops/buildings k. Retrofitting l. Any other
Local production system		
a.	Direct Earnings	Increase in earnings through ticket sales
		Increase in ticket costs
		Increase in number of visiting tourists (daily/monthly/annually)
b.	Revenue from commercial exploitation	Increase in revenue earned via visitor centres, cafes, restaurants related to the heritage site
c.	Sale of Goods and products	Increase in sales of gift shops/book shops/souvenir shops related to the heritage site
		Increase in cost of books/other souvenirs etc
		Increase in revenue from Heritage walks and guided tours
		Increase in number of walks and tours conducted per day
		Increase in cost of heritage walks and guided tours
e.	Earnings from Events and Fairs organised in the heritage precinct	Increased Earnings from events/fairs organised at a annual / monthly basis
		Increase in number of people employed to conduct specific events and fairs
		Increase in salaries paid to number of people employed to conduct specific events and fairs

		Increase in the number of tourists
Jobs associated with Urban Heritage		
a.	Direct Jobs (Formal Employment - Administrative, management, operational, etc.)	Increase in number of people employed in direct jobs like ticketing, management, and other formal jobs related to monument
		Increase in their approximate salaries and social security benefits
		Increase in Direct Informal Employment : Guides, curio shops, etc outside and around the monument
		Increase in their daily earnings
b.	Direct Jobs (Informal Employment)	Increase in the number of labourers and artisans employed to implement project
		Increase in their earnings and benefits
Local Economy		
a.	Formal Economy of markets	Increase in the number of shops and commercial outlets within the identified heritage area
		Increase in the number of people employed in each shop/commercial outlet within heritage area
		Increase in earnings of these shops/commercial outlet (daily/monthly/annual)
		Increase in the number of Hotels and restaurants within/around identified heritage area
		Increase in the number of people employed within these hotels and restaurants
		Increase in salaries and other benefits of people employed within the hotels and restaurants
		Increase in hotel and restaurant earnings
b.	Informal Economy of markets	Increase in the number of hawkers within the identified heritage area
		Increase in earnings of hawkers (daily/monthly/annual)
Transport and communications infrastructure (including mobility and accessibility)		

a.	Revenue increase in Public Transport	Increase in the number of plying buses/taxis/autos
		Increase in the price paid per km in each mode.
b.	Increase in Para-transport and other informal modes of transportation	Increase in other para-transit modes of transport.
		Increase in the price paid per km in each mode.
Public services		
a.	Renovation Work related Jobs	Nature of work undertaken in the region post project implementation
		Increase in approximate number of people employed
		Estimation of daily earnings
		Increase in jobs related to building and other conservation
b.	Jobs created for providing Infrastructure in the region	Nature of work undertaken in the region post project implementation
		Increase in approximate number of people employed
		Estimation of daily earnings
c.	Other second order jobs created	Increase in informal employment through family members of daily wage labourers
		Increase in their incomes earned
Effects on the physical environment		
a.	Increase in pollution and congestion	Increase in environmental pollution of the heritage area/monument
		Increase in traffic congestion of heritage area/monument
b.	Increase in energy use (non-renewable)	Increase in electricity consumption, fuel for transport, etc.
Financial-economic system (incentives, taxes, and distributional aspects)		
a.	Second order impacts due to increased investments in infrastructure and development (rooted in heritage investment)	Increased funding for the region from the centre and other sources (Related to the overall investment in the region)

Along with economic indicators, the incorporation of Non-use values (Refer Table 8) is also beneficial as it gives an estimate of the willingness to pay from residents in order to conserve urban heritage

Table 8: Non-Use Values of Urban Heritage			
Indicators	Measures	Expected Economic Impact	Values
Residents' awareness of heritage	Survey among residents	Existence value	Existence
Will to finance heritage conservation projects	Stated preferences survey among residents	Increased fiscal income	
Desire of visiting the town in the future	Survey among potential visitors	Increase in the option value	Option
Commitment of local authorities to heritage conservation	Survey among town representatives concerning their personal involvement	Heritage-oriented policies	
Status of the urban heritage in the country or worldwide	Survey among residents and non-residents	Increased value of the legacy	Bequest

ECONOMIC IMPACT OF BUILT HERITAGE

In order to assess the economic impact with respect to Built Heritage, it is important to assess the existing economic, employment and other benefits being associated with it and quantify them in terms of their percentage increase over the years. In order to do so, the following indicators (Refer Table 9) might also be considered specifically for built heritage:

Table 9: Indicators for assessing Economic Impact of Built Heritage	
I.	Adaptive reuse
	Initial cost of the building at the time of purchase
	Changes in usage of the building in adaptive reuse
	Any addition to existing number of floors
	Increase in rent paid for the building (if building isn't owned)
	Expenditure incurred on repairs/retrofitting undertaken
	Percentage increase of O & M cost of existing building
II.	Commercial
	Initial cost of the building at the time of purchase
	Changes in usage of the building
	Increase in number of commercial outlets within the building
	Any addition to existing number of floors
	Increase in rent paid for the building (if building isn't owned)
	Expenditure incurred on repairs/retrofitting undertaken
	Percentage increase of O & M cost of existing building
III.	Residential
	Initial cost of the building at the time of purchase
	Changes in usage of the building being used for residential purposes
	New construction being undertaken
	Any addition to existing number of floors
	Increase in the number of tenants and rent paid by them
	Expenditure incurred on repairs/retrofitting undertaken
	Percentage increase of O & M cost of existing building
IV.	Administrative/ Public
	Initial cost of the building at the time of purchase
	Changes in usage of the building being used for administrative purposes
	Increase in number of offices within the building
	Any addition to existing number of floors
	Increase in rent paid for the building (if building isn't owned)
	Expenditure incurred on repairs/retrofitting undertaken
	Percentage increase of O & M cost of existing building
V.	Mixed Use

	Increase in percentage of floor space being used for any other activity
	Any addition to existing number of floors
	Increase in rent paid for the building (if building isn't owned)
	Expenditure incurred on repairs/retrofitting undertaken
	Increase in percentage of floor space being used for commercial activity
	Percentage increase of O & M cost of existing building

CASE STUDY : JAIPUR

Jaipur was founded by Maharaja Sawai Jai Singh in 1727. Dating back to the 12th century, it is the first planned city in northern India. The planning of Jaipur is rooted in the centric Indian philosophy, with the temple of Govind Deva defining the centre of the city plan. The main markets, shops, havelis and temples on the main streets were constructed by the state, thus ensuring that a uniform street facade is maintained in Jaipur. The existing economy of the walled city is closely tied with its planning and its aspects change with different seasons and times of the year. Many programmes and investments are directed towards the development of Jaipur, including JNNURM.

Mentioned below are two selected heritage projects in the city of Jaipur for which a qualitative assessment of the socio-economic impacts has been considered (Refer Table 10). In each of the projects, the assessment of direct and indirect impacts can be conducted via assessing the levels of employability before and after the implementation of the project to comprehensively gauge the impacts generated. Keeping in mind the before mentioned indicators for direct and indirect impacts, a 'cost benefit analysis was attempted to understand the benefits of the project (if any) that might have been generated (Refer Table 11&13). Afterwards, the Internal Rate of Return (IRR) for each project was also calculated to give an estimation of the project profitability (Refer Table 12 & 14). The internal rate of return (IRR) is used to measure and compare the profitability of investments. IRR calculations are commonly used to evaluate the desirability of investments or project as the higher a project's IRR, the more desirable it is to undertake the project.

¹ All indicated costs are estimates based on primary field work and are subject to change.

PROJECT 1 | REVITALIZATION OF JOHRI BAZAAR

Overview: The Revitalisation of Johri Bazaar within the Jaipur Walled City- Phase 1 was sanctioned under the sector 'Urban Renewal' in 2008-09. The project includes a series of works within the walled city areas for urban revitalisation, infrastructure improvement and heritage conservation in the city.

Picture 1: Johri Bazaar



Source: Indian Heritage Cities Network, Jaipur

Picture 2: Johri Bazaar



Source: Indian Heritage Cities Network, Jaipur

Picture 3: Johri Bazaar



Source: Indian Institute for Human Settlements

PROJECT 2 | CONSERVATION PLAN FOR JANTAR MANTAR

Overview: In order to ensure the outstanding universal value of the Jantar Mantar, a conservation plan for the site was prepared and implemented in 2007-08. The plan identified several management issues and indicated the need of a comprehensive approach for the long term functioning and sustainability of the site that needs to be addressed through a Management Plan for the site.

Picture 4: Jantar Mantar



Source: Indian Institute for Human Settlements

Picture 5: Jantar Mantar



Source: Indian Institute for Human Settlements

Table 10: Illustration of Direct and Indirect Impact Methods

Potential Direct Economic Impacts of Investing in Urban Heritage

	Revitalization of Johri Bazaar	Conservation plan for Jantar Mantar
Jobs created		
Jobs at heritage sites and museums:	Employment created via managers, local artisans, shop owners, workers in the handloom industry	Direct employment generation quantifiable through museum records
Jobs in administration in charge of heritage:		Administrative responsibilities of managing the revitalisation of the walled city
Heritage guide jobs:		Employment of local population as heritage tour guides
Direct Economic impacts – Revenues generated		
Ticket Revenues		Entrance fee to the site and other events
Shop/Bookshop Operating Revenues	Sale of books and other heritage artefacts at various shops and stores	Sale of books and other heritage artefacts at various shops and stores
Revenues from paid-for Guided Tours		Revenue earned through heritage walks of the city/monument
Audio-guide Revenues		Employment and revenue from audio-guided tours
Event Organization Revenues	Local events organised in the market to promote arts and boost sales + Renovation of streetscape creates spaces for events to be organised and other public spaces	Sound and light shows organised for the museum
Other Revenues	Revenues from the sales of arts and crafts	Revenues from the markets and profits generated by shop owners
Indirect Economic Impacts of Investing in Heritage		
Indirect Employment Impacts – Jobs created		
Jobs related to building conservation	Conservation of buildings & provision of infrastructure	Renovation works in the museum

Other jobs related to conservation	Employment of casual labour for addition of street furniture and façade maintenance	Employment of casual labour
Tourism jobs related to heritage	Growth of markets	Increase in museum staff
Other indirect jobs related to heritage	Employment of family members of shop owners in other various fields	Employment of local artists to commission works for the monument
Induced jobs	Other induced jobs owing to the production of heritage arts and crafts resulting in increased employment	Other induced jobs owing to sale of artefacts and crafts
Indirect Economic Impacts – Production and Provision of Services		
Indirect economic impacts related to built conservation	Provision of continuous repair and other infrastructure for the markets	Conservation and improvement works
Economic impacts of heritage tourism	Increased production of handloom and other cloth articles	Increase in ticket sales of the museum+ Increased visitors
Heritage Impacts in terms of Local Public Funding	Increased funding required for the provision of infrastructure in the market areas	Increased funding to ensure state of the art technology at the museum

Table 11: Illustration of Cost Benefit Analysis of Jantar Mantar					
Impacts	Indicators	Amount	Time Unit	Conversion to 5 years	INR (in 5 years)
Maintenance Expenditures in Jantar Mantar	Payment Expenses	2,000,000.00	Annual	5	10,000,000.00
	Office Expenses	200,000.00	Annual	5	1,000,000.00
	Security Expenses	350,000.00	Annual	5	1,750,000.00
	Gardening Maintenance Expenses	145,000.00	Annual	5	725,000.00
	Cleaning Arrangements	130,000.00	Annual	5	650,000.00
Congestion Costs	Congestion Costs owing to increase footfalls in the area	50.00	per day	1825	91,250.00
	Increased traffic congestion	50.00	per day	1825	91,250.00
Direct Benefits					
Revenue from Sales	Earnings from ticket sales	24,000,000.00	Annual	5	120,000,000.00
Other Earnings	Earnings of shops inside Jantar Mantar	5,000.00	per day	1825	9,125,000.00
	Earnings of guides	500.00	per day	1825	912,500.00
	Rent paid by shops inside Jantar Mantar	480,000.00	Annual	5	2,400,000.00
Indirect Benefits					
Other Incomes	Earnings of a hawkers on pavement	500.00	per day	1825	912,500.00
	Earnings of shops around Jantar Mantar	3,000.00	per day	1825	5,475,000.00
Revenue from Transport	Earnings of taxi operators	1,000.00	per day	1825	1,825,000.00
	Earnings of auto drivers	750.00	per day	1825	1,368,750.00

*The above mentioned costs are indicative in nature and are subject to change

JANTAR MANTAR

Table 12: Illustration of IRR of Jantar Mantar

IRR of Jantar Mantar: 47.67%

(Rs. Crores)	Year 0	Year 1	Year 2	Year 3	Year 4
Total Costs	14,125,000.00	15,022,857.00	15,774,000.00	16,562,700.00	17,390,835.00
Total Benefits	0.00	23,119,687.00	24,275,671.00	25,489,454.00	26,763,926.00
Net Benefit	-14,125,000.00	8,096,830.00	8,501,671.00	8,926,754.00	9,373,091.00

In order to understand the costs incurred during the conservation plan of Jantar Mantar and whether any benefits were gained because of it, the costs incurred and direct and indirect benefits gained from it were listed. The costs incurred during the conservation project were taken from the Management plan which gave an estimation of the annual expenditures incurred. The same was considered over a period of 5 years as it was felt that 10 years might be too long a time period and the monument might require some form of investment to keep up with the maintenance. Therefore the time period was considered to prevent double counting. It was seen that the number of tourists visiting Jantar Mantar had increased marginally as it one of the most visited monuments in the city. The IRR of the project indicates a return of 47.67%. In order to calculate the above, the total costs included the maintenance, payment and other expenses with an inflation cost of 5% per year. To calculate benefits, other than ticket costs rest of the benefits were included with an inflation cost of 5% per year.

Table 13: Illustration of Cost Benefit Analysis of Johri Bazaar					
Impacts	Indicators	Amount	Time Unit	Conversion to 5 years	INR (in 5 years)
Direct Costs					
Restoration Expenditures	Revitalisation of Johri Bazaar	37,000,000.00	5 years	1	37,000,000.00
	Specialized procured services for supervision (1% of Primary Project Cost)	370,000.00		1	370,000.00
	Other Information @ 5 % (Utility Shifting, Clearances obtained, Disaster Risk Assessment)	1,850,000.00		1	1,850,000.00
	Finance/Interest Cost During Construction @ 5%	1,850,000.00		1	1,850,000.00
	Contingency @ 5 %	1,850,000.00		1	1,850,000.00
Congestion Costs	Congestion Costs owing to increase footfalls in the area	50.00	per day	1825	91,250.00
	Increased traffic congestion	50.00	per day	1825	91,250.00
Direct Benefits					
Other Earnings	Income earned through restoration work by labourers	750.00	per day	1825	1,368,750.00
	Income earned by shops through sales	240,000.00	Annual	5	1,200,000.00
	Income earned by artisans/workers in the handloom industry	500.00	per day	1825	912,500.00
Indirect Benefits					
Other Earnings	Earnings of a hawker	500.00	per day	1825	912,500.00
	Income earned by family member of labourer employed in other secondary jobs	250.00	per day	1825	456,250.00
	Employment of casual labour for addition of street furniture and façade maintenance	250.00	per day	1825	456,250.00
Revenue from Transport	Earnings of taxi operators	1,000.00	per day	1825	1,825,000.00
	Earnings of auto drivers	750.00	per day	1825	1,368,750.00

* The above mentioned costs are indicative in nature and are subject to change

JOHRI BAZAAR

Table 14: Illustration of IRR of Johri Bazaar

IRR of Johri Bazaar: 0.72%

(Rs. Crores)	Year 0	Year 1	Year 2	Year 3	Year 4
Total Costs	37,000,000.00	182,500.00	191,625.00	201,206.00	211,266.00
Total Benefits	0	8,925,000.00	9,371,250.00	9,839,812.00	10,331,802.00
Net Benefit	-37,000,000.00	8,742,500.00	9,179,625.00	9,638,606.00	10,120,536.00

Conducting the similar exercise for a market area within the city was found to be more difficult because of its dynamic nature and the stronger involvement and stake of the people and community living there. As the project of revitalising Johri Bazaar is a relatively new one, it is complete in parts. Also because the project is relatively new, it was felt that the benefits of the projects had not actually been realised till now. Much of the work was concerning repairing and maintaining the external facade of the buildings in which the markets existed. There was no provision of infrastructure as such to the shops. Also because of the physical constraint of space, there was no space for any new shops to be constructed within the market. As a result one could find a lot of hawkers and curio sellers selling their goods on the street. The IRR of Johri Bazaar comes to 0.72%. Possible reasons of a relatively low but still positive return can be perhaps because the impacts on housing, incomes earned and other factors did not seem to have been affected by the investment on the built heritage of the market. This could perhaps be because the project is relatively new and as mentioned before, would require time in order to realise the benefits of the investments.

POLICY RECOMMENDATIONS

With the onset of urbanization, heritage areas are under immense pressure. However the demand to modernise has to be cautiously balanced with the need to preserve uniqueness. This is a matter of grave concern as the contribution of heritage in cities today is not just important for socio-cultural reasons but also for their potential in urban renewal. Adaptively reusing heritage structures is one of the many ways in which traditional buildings and spaces are being used today to revitalize the local economy and improve standards of living. Heritage conservation today can thus be viewed as a form of investment which gives economic and cultural benefits to the people and the city by revitalizing economies, creating visual richness, building identity and maintaining continuity of traditions. However, the potential of what urban heritage possesses is yet to be fully realised in India because its inter-linkages with economic factors of growth and change have not been fully understood. Instead of situating urban development and urban heritage conservation at the opposite ends of a spectrum, they need to be seen together to not just benefit each other, but also contribute towards overall improvement of the quality of life of the residents of the city. Thus understanding the socio-economic linkages of urban heritage within the broader framework of development in cities is important not just from the point of view of conservation but also to ensure that development which takes place builds on the economic potential of urban heritage while taking into account the adverse impacts that may arise on specific heritage values that provides us with the economic potential in the first place. However, in the face of increasing urbanisation and pressures of development, it is important to note how historic areas and heritage in urban areas can contribute productively to nation building and growth. Assessing the economic value of urban heritage is important not just to assess its economic contribution but also to understand and to be able to relate to the complex relationships residents and people have with the built environment of their city and their perception of it.

Keeping in mind infrastructural and other development pressures in cities, unless the procedures for conducting economic impact assessments of urban heritage are detailed clearly with specific roles and responsibilities assigned to various agencies, their implementation will not be as effective.. In the context of developing countries like India, where pressures of real estate and development often lead to non-implementation of building bye laws in heritage zones, a progressive regulatory framework is central for this condition to be true. The need for evaluating the economic benefits of heritage stem from the reason that the cultural attributes too need to be quantified in terms of the economic and

employment benefits generated. It is possible that the direct impacts generated over a short period of time might not sustain themselves for long, or generate the quantum of employment as expected as per the investment made. The negative impacts of tourism and increased foot-falls also need to be accounted for as they require substantial infrastructural contribution initially. Most methodologies also do not recognise the impact of tourism on the informal sectors which like in India, form a major share of economic output, and yet is underestimated. Ignoring this would lead to undervaluation of the impact of heritage on the economic development, and the appropriate rate of return would be miscalculated when planning for investment. In India, where aspects of growth and development continue to be understood in economic terms of development, stated preference methods may still understate the importance of culture as compared to other monetary values.

The presence of strong institutional mandates, whether public or private is very important to lend a proper structure for conducting economic impact assessments. Institutional mandates at the central and local level are important not just to implement conservation guidelines but also to ensure that impact assessments are conducted keeping local context in mind. In the absence of guidelines for such assessments, the economic impact of housing and infrastructure on heritage areas is not given due consideration. This needs to be rectified and economic impact assessments especially in the case of tangible heritage need to be made mandatory. This is important from not just the sustainability point of view but also to take into account changes in the surrounding areas which might later impact the economy of heritage. A similar framework currently exists under JNNURM where provisions have been made for urban renewal; however it needs to be further developed as it does not have the scope to evaluate the economic impact on heritage. The multi-dimensional usage of heritage in urban areas today and the difference in perception amongst various stakeholders should be used to record subjective values. The listing of the values associated needs to be given due weight-age as it helps in decision making and prioritisation for various authorities.

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INDIAN INSTITUTE FOR
HUMAN SETTLEMENTS

IIHS City Campus
No. 197/36, 2nd Main Road
Sadashiva Nagar
Bangalore 560 080, India
T +91 80 6760 6666

www.iihs.co.in | info@iihs.co.in