



## THE POLITICAL ECONOMY OF URBAN LAND IN INDIA: KEY ISSUES

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## Abstract

As India urbanises and its economy continues to flourish, the issue of the acquisition, use, and development of urban and peri-urban land in the country has emerged as an important and urgent problem for governments at all levels (national, state, and city). Land markets in India are underdeveloped, the regulations governing them are unclear, and as cities grow, multiple interest groups stake their often-conflicting claims to scarce land, leading to conflict and contestation. These issues are only the tip of the iceberg, however, causing social unrest, leading to detrimental effects on economic development, and raising ecological concerns. In response, the Indian national government has proposed a revised 'Land Acquisition, Rehabilitation, and Resettlement' (LARR) Bill that attempts to address various inadequacies in the current procedure for land acquisition and resettlement. In this context, this paper is intended to provide an overview of the political economy of land in and around Indian cities. It discusses the key issues that any proposed solution to the problem of urban land in India must engage with, including urban land tenure, mechanisms for land transfer, the tension between public, and private uses of land, the politics of land use conversion, and the various stakeholders involved in these processes.

## Introduction

In the last two decades following economic liberalisation in 1990–91, Indian cities have experienced economic, physical, social, and political change that is unprecedented in the rate at which it is taking place as well as in its scale (Shaw, 2007; Chatterjee, 2008). The Indian economy has grown on average by about 6 per cent per annum from 1990-2010 with a significant proportion of this growth concentrated in urban areas (Just et al., 2006; Allen et al., 2011). Economic liberalisation and the resulting high growth rates have coincided with a growing Indian urban population (United Nations Population Fund, 2007). While the impacts of economic liberalisation and the accompanying policy changes have been far reaching, the spatial transformation of Indian cities has perhaps been the most visible outcome of the economic liberalisation process. Rapid urban population growth, economic growth spurred by liberalisation reforms, and an influx of domestic and international capital have been accompanied by a set of complex challenges: demands for improved infrastructure, better governance, and a growing need for land and real estate development (Chaudhary, 2007; Menon, 2007; Chandrashekhar, 2010; Khaleej Times, 2011).

In particular, the issue of land in and around Indian cities, its acquisition and use has been the subject of increased contestations and conflicts as multiple interest groups stake claim on a finite amount of urban and peri-urban land. These interest groups consist of both state and non-state actors, and each group represents a separate stake in land development. The 'state' itself is not a monolithic entity but rather represents distinct interest groups that range from the judiciary to city and state governments to developmental authorities. For instance, the interest of the judiciary in urban land development is different from that of urban development authorities or municipal governments. As a result, there are conflicts between different interest groups within government, among non-state stakeholders (like farmers, land developers, and corporate leaders), and also between state and non-state stakeholders regarding the use and development of urban and peri-urban land. These conflicts are rooted in both the scarcity of land and the growing multiplicity of claims being placed on this land. For example, on the one hand, developers and private corporations are lobbying national and state governments to ease restrictions on transfer, sale, use, and development of land and on the other, farmers, landowners, and other marginalised groups that depend on land have begun forming alliances to protest against multiple urban planning and development agendas.

Urban and peri-urban land in India is being used in various ways: as a bargaining tool, as an incentive, and as a valuable resource. In a competitive economy, state and city governments are turning entrepreneurial and are constantly striving to make their region or city the most attractive to businesses (Xu and Yeh, 2005), using land as a key resource to facilitate economic development. In a fluid transitional environment, political actors at different levels influence and accelerate change, sometimes through 'highly opportunistic measures that delegate coercive powers and legitimise land grabs' (Sites, 2000:129). The state or the city government (or both) uses its powers over land to remove obstacles to its development or redevelopment in a variety of ways. These include appropriating the land on the fringes (that may be actively employed in other uses such as agriculture), rezoning, changing, or modifying the building codes, and even through the dismantling of existing governing bodies and introducing new ones that better serve the purpose. In addition, there are also frequent conflicts between various regulating bodies (at the city and state level) regarding land use and development, especially when administrative jurisdictions are unclear as in the case of land on the urban periphery.

As the 'state' in its various forms appropriates land in and around Indian cities, it sanctions certain developmental agendas over others. State governments, for instance, have been assisting large corporations to acquire large parcels of land on the urban periphery for various uses ranging from

developing Special Economic Zones (SEZs) and industrial plants to large integrated townships and business campuses (Searle, 2010). In response, there has been a growing dissidence from different interest groups who have a stake in that land as well. In particular, there are an increasing number of alliances that have been formed across various marginalised groups such as farmers, agriculturalists, small landowners, fishing communities, and others who depend on land for their livelihood. These alliances often have the support of opposition political parties giving them access to political power as well—as in the case of the Singur conflict where peasant groups were supported by opposition party leaders in West Bengal (Bunsha, 2006; Financial Express Bureau, 2008).

To propose a solution to the problem of land in and around Indian cities, it is important to first understand the multifaceted set of issues related to land, its acquisition, use, and development. This paper will examine land management, land acquisition, and rights to land in the context of the changing economic and political environment in Indian cities. It focuses specifically on the following issues:

1. Urban land tenure and the spectrum of arrangements from illegal to legal for use and transfer of land, and informal systems of land rights and land management, and the lessons from these arrangements for policy reforms and choices.
2. The growing tension between 'public' and 'private' uses of land reflected in the growing allocation of urban land to promote specific types of economic growth (for example, the generous land-based incentives offered by various state governments to the IT industry) while simultaneously using land market regulations as a tool to ensure that so-called public purposes are served even as private actors pursue their interests. In examining this tension between public and private, it is also necessary to understand what constitutes 'public' and 'private' uses of land and to explore the historical absence of a real estate regulator.
3. The politics of conversion of land from rural to urban usage in the periphery of cities and the centrality of land in the political economy of the growth of metro areas.
4. Changing urban land use policy in India, focusing on specific interest groups and actors that are pushing for policy reform and are benefiting from it, as well as examining what groups and

interests are marginalised by the on-going land policy reform, including ways in which land laws and land use policies have affected land use—directly and indirectly and have privileged some activities over others.

While the increased demand for land has affected all land in India, whether urban or rural, this paper explicitly focuses on urban and peri-urban land. The issue of rural land is a very complex one and needs to be addressed separately. Here it is referenced briefly, and specifically in context with its relationship to urban land.

### Urban land systems and related issues

One of the major impediments to economic development in India (as in most developing countries) is the availability of serviced land: according to the India Infrastructure Report (2009), problems relating to land and its acquisition were responsible for about 70 per cent of delayed infrastructure and other development projects in India (Sivam, 2002; Sarkar, 2009). Moreover, as India's economy and population continue to grow, land is becoming increasingly scarce as competing claims are made on a finite supply. In addition, land acquisition on the urban periphery also triggers an economic transition from a primary sector agrarian-based economy to one that is increasingly dominated by the secondary or tertiary sector industries, which is a difficult shift for the bulk of India's population that is still dependent on land for their livelihood. The outcome of land acquisition in these areas without a clear plan to help those affected transition to alternative non-agriculture based occupations has often led to social unrest such as the kind most recently witnessed in Singur and Nandigram in West Bengal. Another related issue that has garnered much public support and has been the cause of several social protests (for example, the fierce opposition to the Narmada dam) is the ecological impact of land acquisition and development. Moreover, an increase in the use of agricultural land for non-agricultural purposes raises food security concerns for India.

The problem of land acquisition by the government and the tensions that accompany such a move are exacerbated by several other issues such as underdeveloped and poorly regulated land markets, insecurity of land tenure, unclear land titles, lack of clarity surrounding the use of 'eminent domain', the related distinction between public and private uses of land, poor compensation for land acquired for 'public' projects, and undervaluation of land. This lack of clarity is also slowing the development

of the liberalising Indian real estate sector. The Indian land and real estate market, in particular, is not a very well developed one, and lacks clear regulation thereby making it difficult to understand and operate in, especially for new entrants (such as international investors). As India becomes increasingly urban, there is also an urgent need for land reforms that will enable Indian cities to support their growing population. Planning decisions are affected when land acquisition is difficult, developing infrastructure becomes difficult if land ownership records are unclear, the operation of informal and sometimes illegal mechanisms of land transfer renders even the most detailed urban planning efforts fruitless, and developmental controls become difficult to enforce (Ramanathan, 2009).

The challenge faced by Indian administrators and policy makers is to devise a solution to this conundrum that is both socially just and economically favourable, taking into account political and economic interests. The system of land acquisition and transfer, as it operates currently, is a broken one and has repeatedly suffered from blatant misuse on the part of administering governmental agencies. An entirely market-driven alternative, however, is not a desirable outcome in the Indian context. Not only will a potential solution have to balance the interests of those whose land is being taken and those acquiring land but also tread carefully around issues of power between the state and central government, and the judiciary. Since land acquisition is a concurrent subject under the Indian Constitution, state governments may also legislate on the issue (Sarkar, 2009). Conflicting political interests at the state and national levels and concerns about power sharing between various levels of government are among the main reasons why earlier proposals to amend the land acquisition process have not been successful. The most recent version of the Land Acquisition, Rehabilitation, and Resettlement (LARR) Bill represents yet another attempt to deal with the issue of land acquisition and the related problems of resettlement and rehabilitation. However, the discussion of specific aspects of the LARR Bill and the manner in which the Bill addresses the needs of particular interest groups are beyond the scope of this paper. Instead, it seeks to provide a broad overview of particular issues that any solution to the problem of urban land in India will need to take into account.

#### I. Land tenure, use, transfer, and development of land in Indian cities:

Land markets typically facilitate and regulate the transfer and sale of ownership rights vested in land. However, in general, land as a commodity has certain characteristics (immobility, fixed supply, lack of substitutability, distinctive physical features, emotional, and cultural significance) that make it difficult to have a smoothly functioning market.

These aspects of land make it essential that any market that engages with the transfer and sale of land be governed by a clear legal and regulatory framework that would be administered by the

governmental apparatus, making the role of 'the state' critical to the efficient and equitable functioning of a land market (Sarkar, 2009). However, the formal real estate market in India is underdeveloped (Morris and Pandey, 2007). In particular, the historical absence of a land market regulator has led to problems with security of land title and tenure, valuation of land, restrictions on use and transfer of land, and high transaction costs. However, although the case for land reforms is evident, few governmental initiatives (at the national or state levels) have focused on these aspects. Rather, most of the government initiatives at the state level deal with more technical issues like computerisation of land records and on the improvement of registration records, which though necessary, have not contributed significantly to the broader agenda of land policy reform (Sarkar, 2009).

The issue of security of land titles and security of tenure, in particular, has received little attention. Land titles in India are fraught with uncertainty. While this is partly due to different systems of ownership and recording of land titles (especially in cases where land is communally owned), it is also due to the system by which land transactions are recorded. There are two popularly used systems of recording land transactions: the deeds registration system and the title registration system. In the case of the deeds system, the onus of establishing validity of land title is on the purchaser of land, while in the title system, the onus falls on the recording authority. The Indian system of recording land transactions follows the deeds system. Therefore, the Registration Act (1908) provides for the registration of land deeds and transactions but not of their validity (Sarkar, 2009). The Registrar's Office that is tasked with the function of recording land transactions is therefore not required to investigate the legal validity of the title claims. However, even if it was obligated to do so, it does not have access to data (like cadastral maps or land records) that would enable it to verify the legality of land titles. Moreover, the Registrar is also not required to investigate the legality of the transaction itself (Morris and Pandey, 2009). This ambiguity has caused innumerable instances of fraudulent land transactions. Unclear land title also has the capacity of depressing land prices.

Valuation of land is another issue that has been affected by the lack of a market regulator. It is also related to the issues of land-use conversion and compensation for land acquisition and is also discussed below in relation to these topics, but it is briefly touched upon here as well. The valuation of urban land is a particularly contentious issue as the Indian real estate sector liberalises and there are a growing number of international investors involved. The absence of a clear method of valuation is also a point in question between international investors who fail to understand Indian methods of valuing land (that are typically not uniform even within the same urban region) and their domestic partners (often local real estate developers) (Searle, 2010). Lack of proper land valuation also leads to rampant speculation over land prices, causing severe distortions in the Indian land market. This has the potential of acting as a barrier to entry in the real estate market and therefore stagnating the

growth of the real estate market. In addition, several private sector actors, especially large corporations looking to acquire land for industrial and infrastructure projects prefer not to operate through the formal land market because of the risk of unclear land titles and the high costs of verifying legitimacy. These companies prefer to acquire land through government agencies who are not only able to obtain unencumbered land at low costs but also deal with the issue of fragmented land ownership thereby substantially reducing the risk of litigation for the private sector actor (Morris and Pandey, 2009).

A related issue is that of transaction costs. Stamp duties (required for all registered transactions in India) range on an average between 9 and 10 per cent of the transaction value, much higher than the international standard (Morris and Pandey, 2009). The high cost of land transactions often deters the transacting parties from registering the transaction preferring informal agreements instead or leads to underreporting of the transaction value. Governments lose revenue as a result of high transaction costs and this lead to inequity within the market as well. The greater expense of land transactions typically deters the smaller players in the market who unlike the larger players, are unable to use muscle power and informal transaction methods like the 'power of attorney' to bypass the higher registration costs.

The formal market, such as it is, has been unable to adequately cope with the growing demand for land in urban and peri-urban areas (especially with regard to housing). The lack of access to land for housing is one of the key problems faced by most developing countries. Urban residential requirements of both low- and high income groups are therefore typically serviced through an informal land market. The informal market, though illegal, has become a part of the social construct in Indian cities and it supplies land for residential needs through various subsystems. Although the specifics of these subsystems differ depending on the particular city or region, some typical examples include providing land for squatter settlements, resettlement or rehabilitation colonies, and housing complexes or apartment buildings for low- and middle-income groups. The informal market is also encouraged partly by poor administration of land caused by lengthy approval procedures that tend to deter private sector actors from participating in the formal market. Instead, private sector players (especially smaller players) tend to avoid formal project approval procedures and resort to illegal methods of land acquisition and development, especially on the urban periphery (Sivam, 2002). In addition, the existence of the informal market also causes economic distortions in land prices and paying mechanisms, especially since several of these transactions are not legal and therefore remain undisclosed.

Land markets in India are in urgent need for reform. However, given the role that informal or quasi-formal means of conducting land transactions play in urban India (like the 'power of attorney') and the function of informal markets in providing urban populations (especially low-income and marginalised groups) with access to residential land, a drastic transition to a formal market is neither practical nor advisable. The informal market serves a wide section of the population and is too deeply embedded in society to do away with it entirely. Such a move would only exacerbate inequities and lead to players finding new ways of circumventing the formal mechanisms of the land market. Rather a solution that merges aspects of both the formal and informal markets is a more realistic one.

## II. Public land and private use:

In recent years, the Indian national government has considerably reduced the degree of control it has over state governments, encouraging greater state-level initiatives, especially with respect to attracting investment (Ahluwalia, 2000). As a result, state governments are now competing with each other to attract investment and to encourage businesses to locate within their jurisdictions. State governments are particularly eager to attract relatively new industries like information technology and biotechnology and are offering attractive land-based incentives to private sector corporations like the easy availability of land at relatively low costs, waiver on stamp duties, and tax holidays to encourage them to locate within their states. State government agencies (like urban developmental authorities or industrial development boards) are using tools like eminent domain and its powers to acquire land at low costs for private enterprises and peri-urban land for large infrastructure projects at low costs (Searle, 2010). The highways, bridges, industrial plants, and other large projects for which the land is acquired are increasingly being built by private corporations that benefit financially from these projects, whereas the landowners are often poorly compensated. This raises important questions about the use and purpose of public land and to what extent it can be used for private purposes.

While eminent domain is intended to be used to acquire land for projects that will serve a public purpose, in the Indian context specifically, the scope of eminent domain is unclear and its powers have been much abused where governments and their agencies have acquired land for the private sector even in cases where there was no clear public benefit. Also, private sector actors prefer to navigate the land market through governmental agencies rather than operating directly in the market as it reduces lengthy approval and permitting procedures as well as transaction costs among other reasons.

Moreover, if land is acquired under eminent domain, the erstwhile landowner has no legal recourse to contest the act of acquisition itself, which reduces liability for the private sector.

Simultaneously, state governments are attempting to use land management tools and development regulations in order to ensure that at least some aspect of the 'public purpose' is served. For instance, real estate developers building large mixed-use projects like integrated townships are also required to develop and maintain urban infrastructure like roads in the area. However, these efforts are undermined by the fact that there is no clear definition of what specifically constitutes the public purpose, which is open to interpretation. Moreover, these requirements are difficult to enforce and city and state governments often end up providing these services themselves at great cost. Another concern that some critics have raised is that while the repeal of the Urban Land Ceiling Regulation Act (ULCRA) has made it easier for developers to acquire and develop land in Indian cities, there are almost no mechanisms now available to governmental agencies to legally acquire land at low costs to provide the urban poor and other marginalised urban populations with affordable housing (Mahadevia, 2006). The issue of affordable housing is especially of concern as government agencies like development authorities gradually step back from actual housing development functions, leaving that to the private sector. As public land is used for a variety of projects from corporate campuses to SEZs, there needs to be a better definition of what constitutes public purpose and under what cases the use of eminent domain is justified. In addition, there needs to be a clearer role for (better regulated) land markets to play in the land acquisition process.

### III. The politics of conversion of land use

While land as a commodity in India is governed by several regulatory constraints that restrict its use, transfer, and development, perhaps the most restrictive of these constraints is that of non-agricultural use clearance

(NAC). NAC refers to the restriction on using agricultural land for non-agricultural purposes. As cities expand outward, the issue of land conversion is becoming an increasingly contentious one. As discussed below, the NAC is a cause for concern because it distorts the real value of land and often leads to inequity in land transactions. The issue of conversion of land from non-urban to urban uses is specifically an issue on the urban periphery.

Land on the urban periphery is neither entirely urban nor rural in its use: these 'desakota' or 'mixed spaces' are spaces subject to rapid and multiple transformations as a result of increasing urbanisation and the spatial expansion of Indian cities (McGee, 1991; Dupont, 2007). The urban periphery is one where diverse and often conflicting stakes compete with each other for the same land: housing (especially low-income), agriculture, greenbelts, industrial zones, nature reserves, and infrastructure projects covet these spaces (Dupont, 2007). This tension is exacerbated by the fact that the peri-urban interface often lies in an administratively grey zone, falling between the cracks of urban and rural local government. The politics of conversion of land from agricultural to non-agricultural uses centres around three issues: the valuation of land, the use of eminent domain, and restrictions on the sale and transfer of agricultural land.

Agricultural land is valued on the basis of its current land use as agricultural land. However, this valuation does not reflect the true potential of the land, since once the NAC is granted and the land is available for alternative, non-agricultural uses, the value of land rises exponentially. However, the strict constraints on who is granted the NAC and when, determines who benefits from the increase in value post-conversion. Typically, the original landowner or farmer is not allowed to apply for change of land use from agricultural to non-agricultural, if he plans to continue farming while simultaneously looking for a buyer for his land. Moreover, farmers cannot obtain the NAC unless they present a proposal for a specific non-agricultural use for the land and farmers neither have the technical or financial resources nor do they have the capacity to devise and implement such a proposal. Farmers therefore, typically get compensated at the market rate for agricultural land, losing out on the value of developing the land for alternate uses even when there is no acquisition involved (Morris and Pandey, 2007; Morris and Pandey, 2009). The NAC therefore considerably depresses the price of agricultural land.

The use of eminent domain in the process of land acquisition often amounts to a state-regulated transfer of wealth from the landowner to the purchaser (Morris and Pandey, 2009). The state acquires land from the farmer or landowner at the government-approved market price for agricultural land, as the NAC is only granted once the land has been acquired. The farmer therefore loses out on the appreciation that takes place once the land has been approved for non-agricultural uses the benefit of which accrues to the acquiring agency, and is typically passed on to the final consumer as an incentive. For example, several large corporations interested in developing SEZs on the peripheries of Indian cities were able to reap this benefit, since state government agencies acquired the land for these projects (Searle, 2010). In addition to restrictions on using agricultural land for non-agricultural purposes, there are also constraints in place on the sale and transfer of

agricultural land, which may only be sold to farmers. This not only prevents the land from realising its full potential by depressing the price of land on the periphery but also potentially prevents large-scale investment in agriculture by non-farmers who are barred from entering the market for agricultural land.

#### IV. The role of stakeholders

A neoliberal restructuring of regulation regimes has accompanied the move towards privatisation in India (Roy, 2003; Morris and Pandey, 2009). The twin combination of increased privatisation in the Indian economy and the decentralisation of urban political power have dramatically changed the composition and role of urban actors in public and private sectors. These changes have created opportunities for a growing number of stakeholders to be involved in urban governance and development (Kamath, 2006; Weinstein, 2009). As the Indian economy continues to open up, non-state actors are playing a more active role in shaping urban development and governance in India. There are several new actors that have emerged in urban India in recent years. These include international financial consultants, architects and designers, domestic and foreign business leaders (particularly from 'new' service sector economies like IT and biotech), and Resident Welfare Associations.

Moreover, as local governments struggle to come to terms with a changing urban landscape, they also have to juggle various competing interests: on the one hand, governments are trying to entice domestic and foreign private capital to locate in their particular region and on the other, they are struggling to provide basic infrastructure and governance services, mobilise local resources as well as continuing to provide planning, and deliver services at the local level to an ever-growing urban population (Human Settlements Division UNESCAP, 2002; Kamath, 2006). This has created the perfect opportunity for non-state actors like corporate leaders, real estate developers, members of NGOs and citizens' welfare groups, landowners, and farmers to push for an increased role in urban development and governance processes. In addition, several existing players like politicians, developers, NGOs, and the judicial system have also evolved in response to a changing social and political environment while simultaneously contributing to this transformation in Indian cities. How do actors or stakeholders within government (politicians, bureaucrats, other government officials) as well as those outside government (the urban poor, landowners, farmers, real estate developers, corporate leaders, and NGOs) influence the process of land acquisition and development?

#### The Indian Judiciary

The Indian judicial system is a particularly powerful actor in the context of issues relating to land, its use, sale, transfer, and development. As Indian cities urbanise and there is growing conflict between different claims over access and use of land, the courts all over the country have grown increasingly proactive, passing decisions on several issues that have had a significant influence on the shape and form of Indian cities, especially with respect to urban planning and land use. These decisions have ranged from ordering the relocation of industries to regulating the type of fuel used in public transit vehicles. Bhan (2009) also demonstrates that the Indian court system is increasingly going beyond its role as merely a judicial body, taking on several aspects that traditionally fall under executive bodies such as monitoring the implementation and overview of the orders passed.

However, as the Indian national government embraces economic liberalisation and Indian urban regions emerge as centres of growth and also as gateways for international investment, the approach of the courts has undergone a transformation. A particular instance of this transformation is evident in what Bhan (2010) has labeled as 'juridical urbanism', a rule of law that is shifting the discourse and debate around urban planning and development, its regulation and governance into the courtrooms (Bhan, 2010). The courts are also redefining and reinterpreting the concept of 'public interest'. While courts have often been seen as 'a site of justice' especially for 'the poor and marginalised' (Bhan, 2009: 133), the Indian court system over the last few years seems to increasingly be ruling in favour of 'tax-paying residents' over marginalised groups (Baviskar, 2003; Ramanathan, 2006; Ghertner, 2008: 57; Bhan, 2009). While the courts in India historically did not always rule in favour of marginalised groups, their judgments often empathised with these groups. For example, as Bhan (2009) writes, in a landmark case in 1985 that dealt with the eviction of pavement dwellers in Mumbai (Bombay), the Supreme Court not only ordered the city government to resettle those who would be displaced but also recognised that it was the city government's failure to provide adequate low-income housing that had caused the problem in the first place. However, recent examples of court rulings have been marked by orders for evictions and demolitions, especially targeting informal and illegal settlements without requiring that the government find alternative forms of accommodation (Ghertner, 2008; Bhan, 2009). These rulings have been met with considerable public opposition: an example is the violent protests that took place in Delhi when the Supreme Court ordered the demolition of all commercial and residential establishments that were found to be in violation of the city's master plan, requiring a reevaluation of that decision (Singh, 2006).

This is an increasing concern in the battle for space in and around Indian cities. As the judicial system tilts the balance towards a specific development agenda, it clashes not only with urban residents but

also with city and state government agencies. Any approach that addresses the issue of urban planning and development in India, especially around the question of land use and development must necessarily engage with the role that the court system plays in shaping Indian cities, not only as a judicial body but also as a more proactive player, actively implementing and administering its decisions.

#### Business/corporate leaders

With the 74th Constitutional Amendment mandating increased public participation, a number of private sector actors have been demanding a greater role in urban planning and development processes. Leaders of private sector companies, especially domestic enterprises, have been among those who are increasingly involved in urban planning. Governments at the state and city level are also trying to create new ways in which corporate leaders may be able to participate, especially since corporate and business leaders have access to resources such as financial capital and technological knowledge that governments would like to be able to tap into. The growing involvement of business leaders and corporate actors is therefore a mutually beneficial relationship, where governments get access to specific resources and business networks while corporate leaders get to influence urban planning agendas.

A prominent example of corporate leaders shaping planning and development agendas comes from Bangalore, where leaders of the information technology (IT) and related industries have emerged as very important players in the shaping and implementation of development and governance policies in the city, through their participation in various public-private partnerships like the Bangalore Agenda Task Force (BATF). The BATF in particular has been highlighted as a model for public-private partnerships where the corporate sector attempted to bring a more efficient way of functioning to the government and tried to reform the manner in which urban planning processes, including real estate and infrastructure development, were carried out in Bangalore. In fact, several members of the BATF went on to act as consultants to the national government, specifically in the shaping of the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) (Benjamin, 2007).

In other instances, large corporations are more actively involved in land development: prominent examples include the Reliance corporation's attempt to develop an SEZ and integrated township on the outskirts of Mumbai (Reliance Maha-Mumbai), and the partnership between the Tatas' and the

West Bengal state government to develop an industrial plant (the Nano factory) and township. There are also several examples of private corporations amassing large parcels of land to form 'land banks', often using government incentives to do so (Searle, 2010). In these cases, governmental agencies like industrial development boards acquire land (especially on the urban periphery) for these corporations at low costs using powers of eminent domain. However, as discussed earlier, this often has a negative impact on land markets and on the values of peripheral urban land. Moreover, the building of land banks reduces the efficiency of land since this land is rarely developed at once, but typically held as an asset by corporations.

Private corporate actors (both individuals as well as institutions) are therefore influencing urban planning and development in India directly and indirectly. While the growing participation of private sector actors in and of itself is not a cause for concern, this change in urban politics should not negatively impact the larger urban population. Some have criticised partnerships like the BATF for having an overwhelmingly middle-class approach to urban planning and development, reflected in infrastructure and land development recommendations, at the cost of lower-income and more marginalised populations in Bangalore (Ghosh, 2005; Kamath, 2006; Benjamin, 2007). Such criticism raises questions about the role that private sector corporate actors should be playing in government processes.

### Civil society groups

Related to the above discussion on the growing role of the corporate sector in Indian cities, is the growing role that civil society is playing in the shaping of urban India. In particular, there has been a resurgence of the urban middle class population's interest and involvement in urban political processes. As Ghertner (2011) persuasively argues, the emergence of the urban middle class and its increasing participation and influence in urban governance is also an outcome of new forms of governance (Benjamin, 2006; Ghertner, 2011). With increased public participation mandated by the 74th Constitutional Amendment, city governments are turning to middle class groups like Resident Welfare Associations (RWAs) (Harriss, 2010) or Advanced Locality Management Units (ALMs) (Zerah, 2007) to encourage citizen participation. Another mechanism through which the urban middle class is able to influence decision-making is through the involvement of non-profit or non-governmental organisations (NGOs) in urban governance, either through Ward Committees (Nainan and Baud, 2008), public-private partnerships (like the Bangalore Agenda Task Force) or through more informal means (Ghosh, 2005; Ghosh, 2006). There are also several groups like SPARC and

Mahila Mandal in Mumbai that are lobbying government for better rights for the urban poor and women in Indian cities.

While civil society groups in Indian cities do not directly influence land development decisions, they are nonetheless an important emerging actor in Indian urban politics. This is especially true since a growing number of civil society groups are formally becoming part of the government network by participating in Ward Committees. As the number of civil society groups (such as RWAs and NGOs) continues to grow, the conflict between the agendas of these disparate groups also grows. With city and state governments' decentralising urban government and increasing public participation, it is important to ensure that participation is evenly distributed among different groups, so as to prevent any single agenda of development from being dominant.

#### Private consulting firms

City and state governments in India are grappling with rapid rates of economic development and urban growth. As a result, several governmental agencies are struggling to keep pace with the growing demands for their services and are often unable to increase their staff to keep pace with development. Consequently, there is a growing number of domestic and international planning and consulting firms like McKinsey & Company, Jones Lang LaSalle, and SCE Creoccean that are advising and assisting city and state governments on issues of urban planning and development. They provide services ranging from real estate advice, urban planning and design, technical expertise (such as the creation of Geographic Information Systems or GIS) and financial advice to governments, private sector firms as well as non- profit organisations. Examples of projects undertaken include the Bombay First report (McKinsey and Company) and the Bangalore Comprehensive Development Plan (SCE Creoccean).

While this may be construed as yet another way in which the private corporate sector is participating in urban planning and real estate development processes, the role that private consultants play is somewhat different. These groups are hired on a paid basis by government agencies for a specific purpose. There are several concerns with the growing role that private consultant firms are playing in urban planning processes, especially relating to the development and management of urban land, including conflict of interest, lack of local knowledge, failure to solicit and encourage public participation and input. In particular, there is a worry that as consultants advise governments to

provide increasing incentives to domestic and international investors (many of them land-based), it will lead to a one-sided approach to urban development that will benefit a small proportion of the urban population while ignoring the needs of the majority. For example, several city and state governments have been justifying slum removal projects on the grounds of making their cities or regions 'global' and more attractive to international investors. As in the case of other private sector actors, while the use of consultants is not itself a problem, the agendas that they propose for city and state governments and the resulting actions that governments take should not forsake social justice and equity for economic development alone.

## Conclusion

This paper intends to give an overview of the context and issues within which policy solutions to the issue of urban land reforms may be proposed, in particular to the recently revised version of the Land Acquisition, Rehabilitation, and Resettlement (LARR) Bill. As India moves towards an increasingly urban future, land in and around Indian cities is becoming increasingly contested as the demand for it grows. The bulk of the current regulations that govern the sale, transfer, use, development, and management of land in India date back to colonial rule and have only been slightly modified since independence (Morris and Pandey, 2009; Sarkar, 2009). In addition, as the Indian national government continues to liberalise the real estate sector, outdated and difficult to understand land regulations create significant barriers to entry, especially for international investors. An evaluation and overhaul of land regulations in India is therefore long overdue.

To say that land reform in India is not an easy issue to tackle would be an understatement. First, there are several characteristics of land, as a commodity, that make it extremely difficult to regulate. Second, land markets in India are underdeveloped and poorly regulated. There are significant issues with valuation, security of titles, misuse of the powers of eminent domain, and the existence of informal and illegal markets that further complicate matters. Moreover, regulatory constraints on the sale and transfer of land, especially agricultural land, have had the effect of depressing land values. Third, there are multiple social, economic, and political interests that are tied to land that need to be taken into account. With economic liberalisation and greater privatisation, the number of stakeholders with an interest in urban planning and development processes have also significantly increased.

Any attempt to reform land regulations will have to explicitly engage with all of the issues. Moreover, given the extent to which informal practices are embedded in the social construct in Indian cities and

the role that they play in fulfilling demand for land-based services, especially housing, it will be difficult and perhaps not advisable to attempt to entirely eliminate the informal sector. A more pragmatic approach would possibly be to propose a solution that co-opts the services provided by the informal sector. In a country like India, with significant income disparities and a large number of the population that depend on primary sector activities for their livelihood, any attempt at land reforms must also be socially and economically just, taking into account the impact that these would have on marginalised groups and low-income populations.

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