



Can peri-urban development
choose partnerships over
displacement?

Neha Sami

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Case No 1-0006

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Reframing Urban Inclusion

The opening set of cases produced by IIHS represents a focus central to our institutional mission, its teaching and its practice: urban inclusion. Through an on-going collaborative, multi-year research project titled 'Reframing Urban Inclusion', the 30 cases available on the website, www.cases.iihs.co.in include original teaching and learning cases commissioned and produced at IIHS through support from the Ford Foundation.

The cases were curated to address a particular set of challenges. The first is pedagogical. IIHS' stated aim is to be part of a global moment to re-think urban theory and practice from India, South Asia and the Global South. These cases are a key curricular and pedagogical intervention within that effort. Distributed through open access modes to encourage widespread, public and diverse forms of use, the cases seek to give scholars and educators in the Global South a new canon to teach with, that begins from and is responsive to place.

The second is more outward facing. India is at a critical moment in its urbanisation. The urban agenda has begun to emerge strongly on the national political register, and questions of how to shape policy agendas from housing to employment, planning to service delivery, are more pressing than ever before. It is our hope that these cases will therefore equally be used by and inform an evidence-based, empirically rich, conceptually grounded and reflexive practice and interface with policy.

Since 2013, the project has brought together leading academics and practitioners from different disciplines to identify and contextualise social and economic realities of Indian cities through the case method. We hope that they will provide new evidence of the possible opportunities and mechanisms for urban integration as well as build a conceptual and empirical foundation for politically, socially, and economically inclusive cities.

The project has three thematic foci:

1. Conceptualising Pro-Poor Planning

Urban planning processes determine access to basic resources such as land, shelter and housing, livelihoods, mobility, and security. Inclusive urban planning is aimed at serving all the citizens of the city, reducing vulnerability and addressing exclusion from access to these basic resources.

Cases in this theme (1) untangle the current state of urban planning and its effects on vulnerability and exclusion, (2) explore how meaningful participation can be more effective in pro-poor planning, and (3) highlight opportunities for, and instances of successful integration across agencies and organisations involved in urban planning.

2. Re-visiting Settlement Upgrading

This theme seeks to expand and re-articulate debates on slums in India. The 'slum' is a form of an urban settlement that is situated at the intersection of land markets, new urban political economies, the efficacy of the state as a provider of housing to the poor, differentiated state-citizen relations, splintered urban infrastructure, questions of law, legality and planning, as well as conceptions of urban citizenship.

Cases in this theme (1) explore the processes of settlement and resettlement, paying attention to the market and political forces that shape the outcomes, (2) broaden the scope of settlement transformation from spatial upgradation to impacts on other sites of transformation such as livelihoods and employment, and (3) explore alternative imaginations of 'property rights' and tenure regimes.

3. Re-drawing the Picture: Metrics of Urban Inclusion

The dynamics of urban poverty and vulnerability are poorly understood. We know that the security of tenure, spatial coherence of urban infrastructure and service delivery, transit distances between livelihoods and living spaces, socio- cultural identities and social networks play important roles in inclusive cities. However, we have limited statistical data and information on the locational and distribution patterns of urban India.

Cases in this theme (1) examine the use of data in urban decision making and identify potential sites for intervention, (2) provide a more contextual and holistic analysis of urban dynamics, moving beyond sector-wise administrative data collection methods, and (3) emphasise improvements in information and learning from experience for local decision making.

IIHS Case Method

The IIHS case is a work-in-progress that represents experiments in different forms of creating interdisciplinary and inter-sectoral cases, as well as a diversity of pedagogical environments to learn and teach with these cases. The opening set of cases is, thus, also in a sense, an experiment in form and teaching modes. Given this, we do not claim a singular 'IIHS Case Method' or any one form or definition of a case. Indeed, one of the explicit aims of case development at IIHS is to challenge conventional ideas of what case-based learning is.

How then does a user know how to use cases? Pedagogical transactions will differ from case to case and indeed multiple options will be open within each case. Therefore, in order to aid users, all IIHS cases come with a set of consistent elements that help users navigate through the diversity of form and content. These are:

- **Preface:** Every case begins with an introduction by the case writer that describes their own approach to the case. How did the case writer frame the case? Why did they choose to structure it as they have? What were their intentions in writing the case?
- **Teaching Note:** The second shared case element is the Teaching Note. Here, the case writer lays out their imagination of how they would teach with the case in its current form. They suggest learning outcomes, pedagogical modes, learning environments and assessment frames. True to the diversity of the cases, each of these is particular to the case.
- **The Main Case:** This is the main body of the case—its core empirics, arguments, discourse and data. Across the cases, these come in different forms: PowerPoint presentations, audio-visual material, web interfaces, written text, and data visualisations.
- **Pedagogical Possibilities:** The next element lays out the case writer's suggestions on other ways in which the case could be taught, including in other disciplines or learning environments. These are not as detailed as the Teaching Note but offer a set of possibilities to the user to imagine other uses of the case than those laid out.
- **Case Archive:** The final element of the case is a library of documents—reports to interview transcripts, unedited footage to visual photo libraries—that act as an archive for the case. This repository allows users to also access a host of background and additional information necessary to navigate the larger contexts in which the case is situated.

Each IIHS case—regardless of the diversity of its form—comes structured with these elements. It is our hope that this recognisable framework will enable users to navigate easily across cases with very diverse elements and forms.

Case Note

This case explores the evolving relationship between developers, landowners, politicians and planners in Indian cities, focussing on one successful example of real estate development from Pune, Maharashtra. It is the story of the development of a 400-acre township, Magarpatta City, located on former farmland on the eastern periphery of Pune. While a favourable economic and political climate was essential for the success of this project, the development of Magarpatta City also significantly relied on the strategic use of socio-political networks and personal connections of those involved. The case examines the manner in which power over urban development in Indian cities is undergoing realignment. Using this urban development project as a lens, it explores the role played by key actors in Indian cities as agents of power and politics to shift and adapt to a changing economic and political environment.

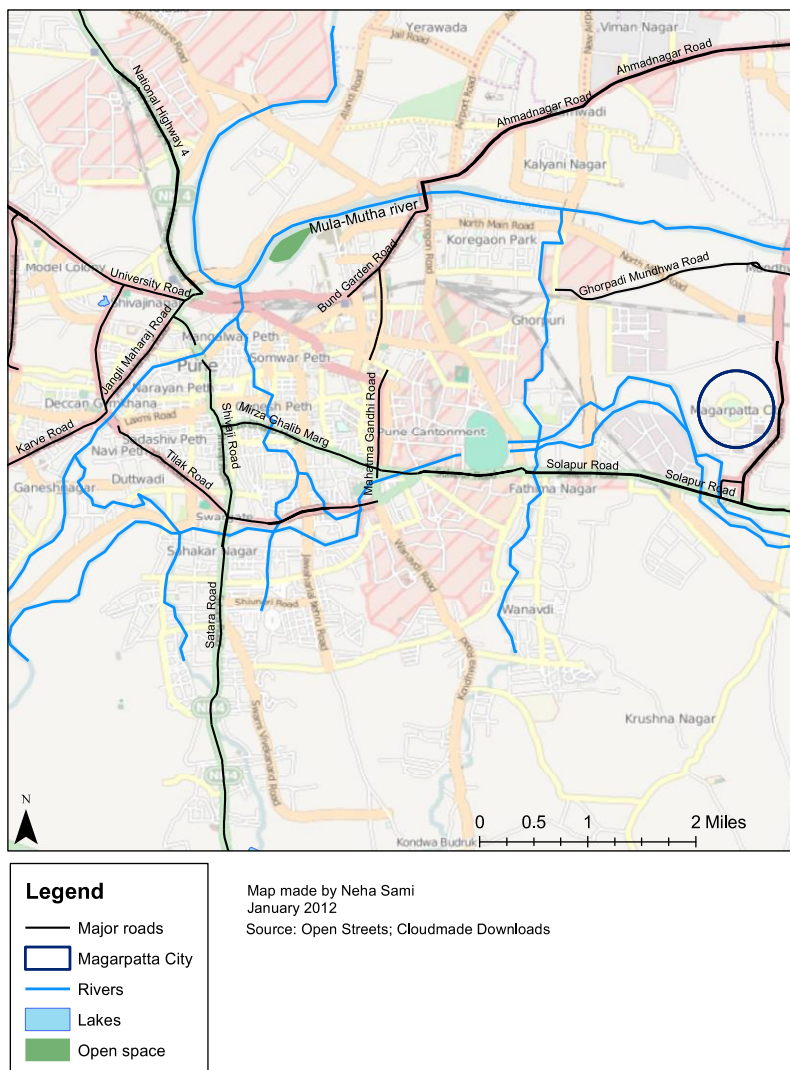


Figure 1: Location of Magarpatta City, on the eastern periphery of Pune

Image source: Open Street; Cloudmade Downloads

Magarpatta City is one of the first new integrated townships to be built in Maharashtra. Such settlements were originally built as 'colonies' by various public sector units to house their employees. The legal and political context was not conducive to such large-scale development—the Urban Land Ceiling Regulation Act (ULCRA) prohibited large landholding by individuals. Financing for such projects was also extremely difficult to obtain—the only options were public sector banks or semi-public financial institutions. However, the development of this project also paved the way for several others like it. Building on the example of Magarpatta, the state government of Maharashtra passed an order that provided incentives for the development of large integrated townships. This policy was the first of its kind in the country, and was later used as a starting point by several other states that were developing their own approaches to integrated townships and other similar urban developments.

The story of Magarpatta and the community that built it is interesting for many reasons. It is unique in being conceived and developed almost entirely by an agricultural community—the Magars—with no previous experience in real estate. The Magar community is one of the many sub-groups that make up the elite Maratha-Kunbi caste in Western Maharashtra. Most of the farmers who lived on the site continue to do so, and still own their land. While they are no longer able to continue farming, most have been able to transition to other non-agricultural occupations—a planned transition that was at the core of the entire process.

The primary motivation for writing this case, however, is to be able to better understand and document the role of social, political and economic networks of key players in the development process; to document the shared histories of these players; and, in doing so, to begin to understand how governance processes are changing and evolving in post-liberalisation urban India. The learning outcomes from this case focus on how governance structures in urban India are changing, the role of various stakeholders in this process, and the interplay between state and non-state, formal and informal, public and private mechanisms of governance.

The case begins with a discussion of Magarpatta City, examining how individual social and political connections were key to the successful completion of this project. Studying the city revealed fascinating connections between state-level politicians, bureaucrats and farmers in Pune. The developers and landowners used their personal social, political and business networks, leveraging connections within and outside the government to achieve their developmental goals. This case reflects a planning regime in India that often seems to be antithetical to the very idea of planning.

The case material is based on primary and secondary data. Primary data was collected between 2006 and 2010 in Pune and Mumbai, and consists of several semi-structured interviews with the employees of the company that developed Magarpatta, other real estate developers, current and former government officials, bankers, lawyers, activists, politicians, academics and other knowledgeable observers. However, most of those interviewed requested anonymity and are therefore not directly identified in the text. Secondary data

includes newspaper articles, government documents, marketing materials and plan documents.

Components and Materials

The primary output of this case is a textual narrative of the development of the Magarpatta city. This narrative is based on primary and secondary data collected from a host of actors involved in the making of the city. This case is born out of the doctoral research of the case author—present in the case archive of the full teaching case—which looks at the trajectory of the politics of planning and development in India. This case tracks the development and politics of the creation of Magarpatta city, Pune's first large-scale private township, as shown in Exhibit 1.

The case author follows the development of Margarpatta Township through the work of farmers who built the township and remain in the town, imaginations of the corporation and financiers that spearheaded the project (Exhibit 2), lawyers who worked towards the building of the project, as well as a host of other actors such as activists who oppose the development of private townships. The role of local farmers in Magarpatta is presented (in Exhibit 3) with regard to the drive of the Magarpatta Township Development and Construction Company (MTDCC) to find adequate labour to build the township, and the ability of the farmers to negotiate their socio-political identities in the process. These interviews are supplemented with primary data collected from government planners and municipal corporation officials in Pune and Mumbai.

The secondary data present in the case archives covers news reports published in Mumbai and Pune as well as the full range of laws and government policies that regulate and impact the development of townships.

Exhibits

Exhibit 1: Development of large integrated townships in Indian cities

In the case of India, the development of large integrated townships like DLF City or luxury private enclaves like RG Villas constitutes a departure from the way Indian urban development has been taking place from independence to the early 1990s. Government agencies like the Delhi Development Authority (DDA) and public sector companies like Hindustan Aeronautics Limited (HAL) in Bangalore were very active in building houses in Indian cities. This was supplemented by local private sector developers, although few of them had a national presence or the ability to develop large parcels, usually restricting their activities to specific regions: for example, development companies such as DLF and Unitech were well established in northern India particularly around Delhi and the National Capital Region (NCR) but had negligible presence outside that region. However, the demand for sanitised conditions, reliable infrastructure, and other amenities like schools and hospitals in close proximity have made gated communities and townships desirable residences (Chandrashekhar, 2010; Interviews with real estate developers and contractors; Joshi, 2009; PTI, 2009a). The national and state-level governments also view integrated townships as a way of addressing the urban housing crisis (Joshi, 2009).¹ To encourage a greater rate of township development, the Indian national government began to gradually liberalise the real estate sector in 2002 (Searle, 2010).

Opening up of the real estate sector to domestic and international private sector investors and the simultaneous liberalisation of the financial sector has impacted real estate developers and development in two important ways. First, the liberalisation of the finance sector and easing of restrictions on investment have made it easier for developers to legally source capital with a variety of newly available financial instruments as well as a growing number of institutional investors such as mutual funds now became available (Khaleej Times, 2011; Menon, 2007; The Economic Times, 2007). For example, with the recent changes governing foreign direct investment (FDI), it is now permitted in development and construction projects, without prior approval from the national government or the Reserve Bank of India; venture capital and mutual funds are allowed to invest in real estate projects; and banks (public and private sector) are increasingly offering loans for development and construction (Searle, 2010; Ministry of Commerce and Industry, 2002). A growing number of development firms have also

¹ The National Urban Housing Policy (2007) explicitly highlights the need to build integrated townships as a way of dealing with increasing urban population. Moreover, specific state governments (Gujarat, Maharashtra and Rajasthan, for example) have formulated integrated township development policies to help the government with creation of urban infrastructure as well as housing development 3iNetwork (India) and Infrastructure Development Finance Company (India) 2009. India Infrastructure Report 2009: Land - a critical resource for infrastructure. *India Infrastructure Report*. New Delhi, India: 3iNetwork (India) and the Infrastructure Development Finance Company (India).

issued Initial Public Offerings (IPOs), listing their assets on the Bombay Stock Exchange to raise capital (Table 1) while some real estate firms (such as K. Raheja, Hiranandani Constructions and Unitech) are also listed on the London Stock Exchange's Alternative Investment Market (AIM) (Searle, 2010).

Name of firm	Date of offer	Amount (In Rs. crores)
Sadbhav Engineering	2006	53.65
D.S. Kulkarni Developers, Ltd.	2006	133.65
Patel Engineering, Ltd.	2006	425.0
Parsvnath Developers Ltd.	2006	1089.77
DLF	2007	9187.5

Table 1: Selected real estate firms listed on the Bombay Stock Exchange. Source: (Searle, 2010)

Exhibit 2: Magarpatta Township Development and Construction Company

The Magarpatta Township Development and Construction Company (MTDCC) was formed as a private limited company to oversee development and management of the project. Before forming the company, a variety of models were considered, including a co-operative approach. The co-operative approach was rejected partly based on the experiences of the sugar co-operative movement in Maharashtra, but also because landholding sizes within the community varied immensely. A co-operative structure would have stressed equality rather than equity and might have dampened some of the enthusiasm and initiative that the families had. In addition, since landholding sizes ranged from one acre to 150 acres, giving equal importance to all landholders would have taken away the incentive the farmers had for pooling their land (Deshmukh, 2008; Ganguli, 2008). Mr. Prakash Deshmukh, the architect (i.e. the physical designer) of Magarpatta City, explained to me that the driving idea behind the formation of a private limited company was to put a structure in place that functioned efficiently but was also democratic, thereby giving the landowners a say in the running of the business. He added that the forming of the company was made easier by the fact that all the farmers, including Satish Magar, owned and farmed their own land. Each family got shares proportional to its landholding and has been made an equity shareholder. Each share is equal to one square metre of land. The shares of the company may be held and traded among member families only and not publicly. The company is run by the managing director and the technical director in consultation with the board of directors, eight of whom come from the landholding families (Deshmukh, 2008; Ganguli, 2008).

Exhibit 3: Role of Margar framers in construction

The actual planning and design process was essentially managed and controlled by the board of directors. The time that it took to get the necessary clearances from the government was used for capacity building. As I learned during interviews with the staff of MTDCC, the company promoted and encouraged entrepreneurship among the farmers by providing special training to develop particular skill sets relating to construction, development and associated services. At least one working member from each of the 120 farmer families was trained based on aptitude tests, so that he would be able to assist with the actual construction of the project. Some farmers were sent to various construction sites across India to study how other projects were being executed while others were sent to learn construction management or other specific skills at local technical institutes. Satish Magar provided the funds for this initial training personally. As a result, the company had its own trained team by the time it was ready to start construction. This had a dual purpose: not only did it cut down on the cost of construction since most of the work was being done in-house; it also helped former farmers to gradually transition into alternative occupations, ensuring that they were not unemployed when their land was put to non-agricultural uses.

The farmers themselves did most of the actual construction work from laying bricks and shifting soil with their farming equipment to managing the construction project. The first phase of construction involved the simultaneous building of villas, a few apartment blocks, some commercial space as well as part of the IT Park. Magarpatta City targeted IT firms and their potential employees. The money that was generated by selling or leasing these developments funded further construction. Also, the company assured itself a constant revenue stream by not selling any of the commercial space in the IT Park but only leased it and also retained control over the maintenance of the entire project. The construction process began in 2000: the first residential and part of the school were ready by 2003 and the first phase of office space followed in 2004. As of 2008, Magarpatta City was about 80 per cent complete.² A total of 7,500 apartments have been planned of which about 90 per cent have already been sold (Interview, Staff (MTDCC), 2008). In addition, there are single-family homes or 'villas' also being built.³ The total residential population, once development is complete, is anticipated to be around 100,000 people. Most of the people living in Magarpatta City (apart from the farmer families) are newer migrants to Pune who moved there to work in IT or related industries. A large number of people living in Magarpatta City also work at companies located in the IT Park (Interview, Staff (MTDCC), 2008). Several employees of MTDCC also live on the premises.

² As a result of the global economic crisis in 2009, further development was halted with plans to complete the project once demand picked up. As of February 2010, construction was gradually being resumed.

³ The master plan for Magarpatta City, as distributed by the company in promotional materials, is attached in the Appendix.

Teaching Note

This case can be used alone or in conjunction with other examples or cases. It may be of relevance in a range of different courses, and will have to be modified depending on the learning objectives of the individual modules.

The case is flexible, both in terms of the kinds of subjects it can be used for and the stage at which it can be taught as part of a larger course (i.e. introductory modules or more advanced or specialised courses). For example, it can be used to teach the continuing role of caste in urban development (the Magars are all from the same caste, and the social variations within the group are driven by sub-caste variations). It can also be used to discuss the changing process of real estate development in Indian cities—the transition from state-driven development projects to the growing role of the private sector. The story of Magarpatta can be used to effectively differentiate between various approaches to resettlement and rehabilitation, or different ways of developing urban and peri-urban land.

The case archive contains a range of materials that are stand-alone outputs and can be used on their own to teach outside the context of this case. However, they are location specific, i.e., they relate to the Maharashtra-Pune region, or to this specific development. Used independently of the case, these may require some supplementary material to make them relevant to other contexts or to develop comparative teaching material.

Pedagogic Possibilities

This note presents a set of examples and exercises that can be used for teaching this case. These are meant to be illustrations of what can be done with the case, and are not necessarily prescriptive.

Role playing

This is a particularly useful exercise to help learners understand the different kinds of actors who could be involved in the development process, the negotiations that they undertake and the implications of their decisions.

Learners or groups of learners are assigned specific roles from the case. The aim is to develop the land in the most sustainable manner possible—economically, socially and environmentally. They are also given a set of constraints (financial, institutional and structural) within which they have to act. This exercise works best if it is conducted over at least two sessions, giving learners the time to negotiate with each other.

The exercise can be modified depending on the learning objectives of the class. It is interesting to withhold information in the beginning and reveal it gradually (sometimes in the form of constraints on actions of the group) to actually develop a changing decision-making structure within the group. It can be structured over several days or weeks, or in a single class.

Assignments

Learners can be asked to submit essays and other written assignments on:

- Comparing different models of development—for example, contrasting this with the TP scheme process: would this still be feasible? What are the possible constraints?
- Replicating the Magarpatta process in other places
- Looking at the different implications of land ownership regimes or systems
- The role of social and political networks in the development process

Accessing the Full Case

The full content of this case is open-access and downloadable at www.cases.iihs.co.in.

The full content of this case includes the following documents:

Folder A: Introduction to the Case

- Terms of Use and Agreement
- Reframing Urban Inclusion
- IIHS Case Method
- Teaching Note

Folder B: Main Case

From Farming to Real Estate: The Magars and Magarpatta

- Introduction
- Urban Politics and Coalitions
- Understanding Indian Urban Development
- Building Magarpatta City

Folder C: Case Archive

- Company Literature
- New Articles
- PhD Thesis
- Policy Documents

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About the Author

Neha Sami studies the urban politics of development and governance in post-liberalization India. Her dissertation research focused on the political economy of land and governance under conditions of globalization. Her current research focuses on the governance arrangements of industrial corridor development projects between Indian cities like the Delhi-Mumbai Industrial Corridor. Other on-going research examines the politics of implementation of urban environmental plans, particularly climate change action plans, in Indian cities and on questions of environmental governance. Sami is now faculty at the Indian Institute for Human Settlements in Bangalore, India. She holds a Ph.D. in Urban Planning from the University of Michigan, a master's degree in Environmental Management from the Yale School of Forestry and Environmental Studies and a B.A. in Economics from the University of Mumbai. Prior to beginning graduate school at the University of Michigan, Sami worked with the Boston Redevelopment Authority as an analyst with the Economic Development Division.

About IIHS

The Indian Institute for Human Settlements (IIHS) is a national education institution committed to the equitable, sustainable and efficient transformation of Indian settlements. IIHS aims to establish an independent funded and managed National University for Research and Innovation focused on the multi-sectoral and multi-dimensional challenges and opportunities of urbanization. The University is intended to be a globally ranked institution. The IIHS is a proposed network of mother and daughter institutions across South Asia, leveraging on the local and regional knowledge and innovation and linking them to global best practices. Its mother campus, based in Bengaluru, will include academic, research and social infrastructure, student and faculty housing. This campus is expected to set international standards for efficient, economic and sustainable design, operations and maintenance.



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