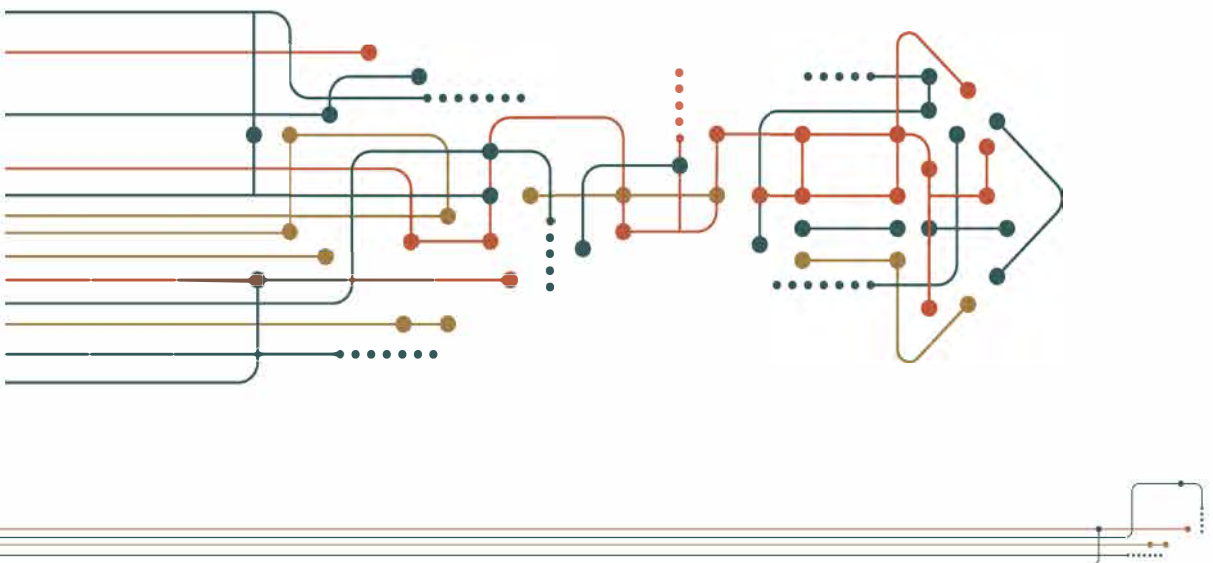


Pathways towards **Future-ready Indian Cities**

29 - 30 November 2022

Summary Of Discussions



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About Urban Policy Dialogues (UPD)

An annual flagship event of the Indian Institute for Human Settlements (IIHS), the UPD brings together select participants from diverse spheres of action to reflect on a bolder, more sustainable, and more equitable urban transformation agenda for India. The first edition of the UPD was held in 2014, as the second generation of the country's flagship urban policies were being formulated.

UPD 2022

The eighth edition of the UPD was held over 29-30 November 2022 at IIHS' Bengaluru City Campus. The convening explored **Pathways towards Future-ready Indian Cities**. This was in recognition of the key role Indian cities have in realising the country's ambitious economic, developmental, and environmental goals, the serious legacy and emergent challenges they face, and, therefore, the need for reflection on the development agendas that they need to prioritise and pursue.

The focus of discussions was on five themes that will determine the preparedness of Indian cities to power rapid, equitable, and sustainable growth and development: next generation urban governance; improving municipal finances; synergising land governance and real estate regulation; accelerating urban infrastructure and service delivery; and decarbonisation.



IIHS knowledge products

Welcome Address | Release of Select IIHS Publications

Deepika Jha, Consultant - Practice, IIHS welcomed the participants and facilitated their introductions. A set of IIHS publications were released. These include:

- [Real Estate Regulation in India: Select State Profiles](#), a report that looks at the experience of six real estate regulatory authorities (RERAs) and suggests that RERAs have responded to their basic mandate for registering real estate activity and capturing grievances but are some distance short of ensuring the kind of transparency the real estate sector needs
- [Indian Municipal Finance 2022: An Update](#), an update of data and insights from 26 of the 80 cities that were covered in IIHS' [Indian Municipal Finance 2022](#) which suggests that the recent years have not seen appreciable improvement in the state of municipal finances
- [Decarbonising Public Transport - An Issue Brief](#), which calls for systematically coupling the decarbonisation and development agendas and greater attention to incentivising public transport with a less environmentally burdensome fuel mix

In addition, select reports where IIHS has contributed were showcased. This included the [Summary for Urban Policymakers](#) of the IPCC's AR6 work, launched at COP27 on November 11 2022 at Sharm el-Sheikh, Egypt, and [Strengthening Inclusive Sanitation](#), a set of three reports on faecal sludge management prepared under the aegis of the Tamil Nadu Urban Sanitation Support Programme.



Keynote Address

Aromar Revi, Director, IIHS delivered the keynote address. Aromar's address opened with a brief retrospective of previous editions of the UPD, before touching on:

- several connected and cascading global crises that are unfolding;
- the urgent need for appreciating the interconnectedness of various systems in gauging the sweep of these crises and figuring the way forward; and,
- crafting policy and actions agendas that are conscious of the urban-rural balance, poverty and inequality, and the situation in smaller urban centers.

An edited recording of the keynote address can be found [here](#).



Aromar Revi, Director, IIHS, delivered the keynote address

Panel Discussions

Theme #1

The Contours of Next Generation Urban Governance



Panellists

A Ravindra, former Chief Secretary, Government of Karnataka and Chairperson, Center for Sustainable Development, Bengaluru

Keshav Varma, Chairperson, High-Level Committee on Urban Planning, Ministry of Housing and Urban Affairs (MoHUA), Government of India (GoI)

Surendrakumar Bagde, Additional Secretary, MoHUA, GoI

Tikender Panwar, former Deputy Mayor, Shimla and Visiting Senior Fellow, Impact and Policy Research Institute

Moderator

Amlanjyoti Goswami, Chief - Legal & Regulation, IIHS

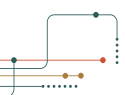
Key Takeaways

- Structural challenges impact effective and substantial devolution. Urban local bodies (ULBs) have not been fully assigned the functions and powers envisaged under the 74th Constitutional Amendment (CA). This has restricted the maturing of ULBs and impacted urban governance, though some states like Maharashtra have done relatively better when it comes to harnessing ULBs' potential.



In addition to devolving functions and powers to ULBs, there's a need for building their capacities to engage meaningfully with such functions and powers. Key aspects of capacity building could include property taxation and traffic and environmental management and professionalisation of core functions.

- States differ when it comes to transforming their urban governance policies. For instance, Kochi, with the support of the Chief Minister, is being imagined as a gateway to western India for different markets. At another level, Uttarakhand has chosen to expand its capacity of urban planners on a yearly basis. In Gujarat, a few cities like Vadodara and Surat have made appreciable progress, but now need to work towards matching global planning standards. In contrast, there remains a shortage of professional urban planners in states such as Uttar Pradesh.
- High dependence on central and state transfers, inadequate enforcement of the rule of law, and limited technical capacity to engage with legacy and emergent challenges are the principal barriers to transforming urban governance. Political commitment holds the key to addressing these barriers and results in varying degrees of state-level earnestness in pursuing governance reforms. The High-level Committee on Urban Planning has been constituted at the central level, with limited space for states to craft and follow-up on state-specific challenges.
- Private sector investment in urban development can complement public finances. Further, engagement with the private sector, including real estate developers, could nudge tech giants to consider not only business investment but also support infrastructure development and city governance improvement interventions.
- The position of mayor in most states has a tenure ranging from 1 to 1.5 years. This short duration leaves little time to contemplate and take forward significant changes in urban governance. Apart from increasing mayors' tenure, there may be a need to experiment with proportional representation at the city level. The larger issue however is the devolution of powers to ULBs and could override the debate on direct/ indirect election of mayors.



Theme # 2

Municipal Finances - The Way Forward



Panellists

Krishnamurthy Vijayan, former CEO, Tamil Nadu Infrastructure Fund Management Corporation Limited

Om Prakash Mathur, Senior Fellow, Global Cities Institute, University of Toronto

Vikrant Gojamgunde, former Mayor, Latur Municipal Corporation

Moderator

Manish Dubey, Chief - Practice, IIHS

Key Takeaways

- Total revenues of Indian ULBs have remained around one per cent of the country's Gross Domestic Product (GDP) for about a decade now. This calls for examining augmentation options in relation to each of three potential core revenue sources: ULBs' own sources, central and state transfers, and private sector participation.
- Visible ULB efforts to improve municipal infrastructure and services are crucial to realising the revenue potential for property tax and user charges for water and sanitation services. Citizen support for new property tax and user charge regimes being contemplated is likely to remain limited in the absence of such signaling.



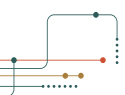
- Creative own revenue mobilisation options, particularly revenue mobilisation options centered around municipal assets such as land (including parks and parking spaces), roads, and solid waste processing infrastructure and those with green potential, need thrust. This could diversify the basket of own revenue sources of ULBs and avoid over-dependence on politically tricky own revenue sources such as property tax and user charges.
- Transfers are a legitimate revenue stream for ULBs and need to be persisted with, indeed raised from current levels in recognition of the role cities play in the economy at large.

There's a strong case for sharing of Goods and Services Tax (GST) collections with ULBs, both from a compensatory and, more importantly, a contributory perspective. Also, transfers in terms of shares in the divisible pool - not absolute amounts as has been the practice with most Finance Commissions (FCs) - will allow ULBs to benefit from buoyancy in the economy.

- While private sector engagement with ULBs has been limited and generally challenging in the past, the emerging focus on impact investing, increased space available for blended financing, and credit rating of ULBs promises to change things. This may require beginning with collaborations on projects with clear revenue streams (say, relating to parking facilities) backed either by assets or state guarantees.

A robust social and green rating protocol for projects could ensure that projects contribute meaningfully to social and environmental circumstances and provide adequate safeguards.

- Capacities of existing state-level financial intermediaries need to be built and new intermediaries need to be created in states where they do not exist to facilitate patient multi-stakeholder conversations and structure financially, socially, and environmentally viable projects needed to realise impact investment and blended financing possibilities.



Theme # 3:

Creating Synergies- Land Governance and Real Estate Regulation



Panellists

Anjalee Tarapore, General Manager, Housing Development Finance Corporation (HDFC)

Anthony de Sa, former Chief Secretary, Government of Madhya Pradesh

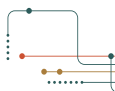
Harpal Dave, Assistant Town and Country Planner, Town and Country Planning Organisation, Gol

Moderator

Deepika Jha, Consultant - Practice, IIHS

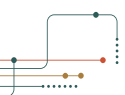
Key Takeaways

- As a relatively new institution, the RERAs have managed to create an impact. Real estate is one of the largest sectors in the country in terms of employment but was largely unregulated till their appearance. RERAs have brought back the confidence of homebuyers in investing in under-construction properties and have also led to some consolidation of small and mid-size developers.
- The RERA Act is a consumer-centric legislation which has brought in an initial level of transparency regarding real estate projects. However, there is significant potential for RERAs to contribute more towards strengthening the sector. Some of it can be achieved by strengthening RERAs' powers to



call for information from, and issue directives to, additional stakeholders such as plan sanctioning authorities (ULBs, development authorities, and other departments as relevant) and financial institutions.

- The real estate sector has bounced back after the pandemic, particularly due to increased demand in the high-end housing segment and fiscal incentives for affordable housing by the government. Despite the recovery, structural issues, regulatory limitations, delays in project approvals, and multiple premiums on extra FSI continue to plague the sector, pushing up project costs and impacting affordability.
- There have been substantial improvements in technology and database management across land records, real estate regulation, building plan permissions, and banking features. There is potential to harness the resulting big data in a more useful manner and create interlinkages between multiple data sets for improved transparency in land information systems and realising increased revenues. Also, there is significant scope for ushering single window systems for building plan approvals, with benefits for reducing project delays and saving time-cost.
- Less than 5% real estate development in India is green. There is a need to encourage more developers to construct green buildings, especially as smaller developers find it difficult to finance green technology. A green-rating system based on RERA data may help in incentivising this, if linked to lower risk rates in financing.
- Urban development is linked to the availability of serviced land. Apart from the development authority-led land acquisition model, there is the town planning scheme model of Gujarat and the licensing of developers prevalent in Haryana. Each of these have their pros and cons and their adaptation in newer areas requires careful reflection, legislative backing, and strong leadership.
- RERA and institutional housing finance addresses only the formal housing market, that too at the top-tier. It does not provide solutions to the large scale informal and unauthorised development, most of which is transacted in the informal market.
- The real estate sector often does not address the concerns of equitable planning or environmental suitability and biodiversity. Bengaluru is an example of a city where several real estate projects are located on lake



beds and are thus frequently inundated. There is a need to recognise that different areas of land are suitable for only specific purposes, and that all urban land is not amenable to real estate development.

- Fundamental sector issues remain, with implications for how Indian cities will expand in the future. These include legacy land systems, the way land markets operate in India including significant transactions in the informal sector, prevalence of black money in the sector, and high land costs impacting affordable housing. Improved land information systems and real estate regulation can contribute to moving the needle but there's a wider set of actions needed to address these core issues.

Theme # 4

Accelerating Urban Water, Sanitation and Hygiene (WASH) for SDG 6



Panellists

Amita Bhide, Professor and Dean, Center for Urban Policy and Governance, Tata Institute of Social Sciences

D Thara, Additional Secretary, MoHUA, GoI

R K Srinivasan, Technical Advisor - WASH, USAID

Moderator

Kavita Wankhade, Head - Practice | Associate Dean- IIHS School of Systems and Infrastructure



Key Takeaways

- Flagship national missions backed by clearly articulated goals and funds, together with strong political leadership and effective grassroots level communication, have ensured appreciable achievements in India's urban WASH sector. However, with climate change and rapid urbanisation, there is now the need to transition from a 'water supply' to a 'water management' paradigm and build capacities and nurture innovations consistent with this.
- There are several entangled issues related to gender, safety, and poverty that remain only partly addressed. Gender-friendly and safe facilities and services, especially among urban poor communities, need greater attention from initiatives focused on access to WASH.
- Additionally, inadequate policy and programmatic responses to sanitation workers' health, safety and well-being have contributed towards their increased vulnerability, particularly following the COVID-19 pandemic. Improving health outcomes among vulnerable and marginalised groups will require concerted effort to nurture and scale-up innovations.
- ULBs need to boost own source revenues and explore alternate revenue generation options to sustain operations. Improved municipal finances, particularly service pricing that signals the value of water and yet is mindful of affordability issues, are key to delivering high quality, sustainable WASH services.
- While the experience of leveraging non-public financing for WASH infrastructure and services has had limited success in the past, there is a case for exploring these afresh in a new landscape where blended finance options are gaining currency. Experiences of non-governmental organisations and social enterprises may offer useful lessons to build on.

Theme # 5

Decarbonising Urban Public Transport Systems



Panellists

Darshini Mahadevia, Professor and Associate Dean, School of Arts and Sciences, Ahmedabad University

Indu K Murthy, Sector Head- Climate, Environment and Sustainability, Center for Study of Science, Technology and Policy (CSTEP)

Purnamita Dasgupta, Chair in Environmental Economics and Head, Environmental and Resource Economics Unit, Institute of Economic Growth (IEG)

Moderator

Amir Bashir Bazaz, Senior Lead - Practice, IIHS | Associate Dean, IIHS Schools of Systems and Infrastructure and Environment and Sustainability

Key Takeaways

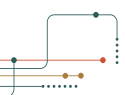
- The discussion on decarbonisation of public transport has been, conventionally, framed from either the supply side (focusing on the choice of fuel and fuel efficiency) or the demand side (focusing on access, affordability, and moderating individual use of motorised vehicles).

This framing needs to be reimagined in the context of Indian cities. Two elements are crucial in this reimagination. A: Transport infrastructure and associated mobility services need to be viewed in relation to emerging patterns of work-related mobility. B: Mobility solutions require a fit-for-purpose orientation driven by the needs of cities and their residents.



At a higher level, this requires the mobility imagination, within the decarbonisation agenda, to be broadened and conceived as a lever for socio-economic progress, including exploring mobility connections with access to education, healthcare, and other services.

- Public transport has a key role to play in decarbonising transport. A range of policy instruments, both price and non-price based, need to be imagined and leveraged to be able to jointly address decarbonisation and development objectives. These instruments would need to be price and non-price based.
- Equity concerns should converge with decarbonisation and mobility agendas, and equity enhancing prospects of public transport infrastructure need to be factored into decarbonisation conversations. Governance innovations such as addressing challenges around institutional fragmentation can influence this but need to be informed by further research and practice, including explicit attention being paid to equity dominated pathways of change. For instance, evidence on air pollution due to mobility choices and the subsequent impact on health outcomes is still fragmented and needs to be better marshalled to inform policy and practice.
- Conversations around urban land use and public transport need to go beyond Transit-Oriented Development (TOD) and explore options for encouraging mixed-income housing (and thereby respond to varied mobility needs) and imagining transport infrastructure as a connected network and not disconnected nodes.
- The current form of land use planning often leads to peripheralisation of low-income groups- with implications on mobility as a means to access labour markets. In case of women, these challenges become more pronounced. For example, such peripheralisation has resulted in women's structural exclusion from labour markets.
- Recognising the role of hyperlocal street vendors in promoting active modes of transport and thereby contributing to an efficient, effective, and less fossil fuel intensive mobility system. This would translate into avoiding motorised mobility, leading to development gains like lesser air pollution and reduced congestion.
- Decarbonisation debates from the demand side tend to stress more upon non-motorised transport (NMT) modes, like cycling and walking. However,



these may not be viable solutions for several Indian cities and therefore, the solution space needs to understand how mobility links with development and environmental outcomes in a localised context.

Closing Remarks

In his closing remarks, Aromar thanked the attendees and spoke of the need for forums similar to the UPD to nurture conversations that draw on diverse experiences, perspectives, and imaginations, create space for co-learning, and shape transformatory agendas.

