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# From Utopia to Pragmatism: The Paradoxes of Urban Development in India

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## Abstract

Urban policies in India have gone hand in hand with the macro-economic policies. Beginning with extensive State involvement in directing urbanisation on one hand and development patterns in the urban centres through master plans on the other, in the recent times, the policy thrust has shifted to extensive reliance on market to direct urbanisation and development patterns in the cities. Paradoxically, extensive State involvement considered urban poor as unwanted. With the State withdrawal, the urban policies have come out of the realm of utopia to pragmatism, and urban poor are being considered a part of the urban system. Market-led development is also pushing urban policies into realm of pragmatism. Earlier utopia was on two counts, extensive State involvement and non-recognition of poverty in the cities. The current pragmatism is also on two counts, recognition that the State cannot deliver all and there is poverty in the cities. The pragmatic agenda has come because of economic compulsions. Further, the urban policies have shifted from excessive centralised thrust to decentralised thrust. These policy changes in the urban areas are taking place under the influence of the international funding agencies. While the ideology and therefore the policies have reversed, the trend of concentrated urbanisation in certain regions of the country and concentration of urban poor in smaller towns and cities have continued. Such a paradox has occurred in India's journey from utopia to pragmatism because of underlying 'economism' in the urban policy making in much the same way as macro economic policy. The concern for equity was at best an euphemism State supported capitalistic growth.

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# I Introduction

Urban policy realm covers a wide gamut of issues in India, from local to regional level. The regional level policy addresses the issues related to urbanisation levels and rates, regional pattern of urbanisation and urban settlement hierarchy in the context of patterns of economic growth, industrial development and agricultural development. The local level policy addresses the issues of local economic development, planned development through land use planning and quality of urban environment. Underneath these three are subsumed a whole host of issues related to environment, infrastructure, poverty alleviation, employment and so on.

Number of scholars of the North, engaged in theoretical research, have argued that there has been an overwhelming 'economism' in the urban policy and therefore in research. The urban society has transited from 'fordist' regime of accumulation to 'after fordist' or 'postfordist' globalisation (Moulaert and Harloe 1996). In urban theory, there is a transition from modernist approach to post-modern approaches, the former emphasised the centralised whereas the latter decentralised development paradigm. However, both have been overwhelmingly influenced by economic logic. Scholars have also argued that this shift has entailed a shift from 'welfare state' to 'enterprise state' (Hill 1994). In the context of the South, some scholars have contested this conceptualisation about urban society. It is argued that the fordism and modernism hardly struck roots in the countries of the South. On the contrary, what developed here was large informal sector and feeble bourgeoisie (Leontidou 1996) and hence looking for modernist and now post-modernist urban development paradigms would be a non-starter. However, the post-modernism itself, when deconstructed shows that it has two streams, one northern artificial and populist variant and southern spontaneous and popular alternative (Leontidou 1996). In general discourse on development, post-modernism is articulated as one that has various alternative ideological roots, namely 'ecological', 'feminist' and third world perspectives (Braidotti et al 1994).

While in theory, there has been a shift from 'economism' to holistic visions, an outcome of post-modernism, the urban policies, in North and South, continue to be dogged by the economic logic. This 'economism' or 'market paradigm' in urban research has manifested at all the levels of urban policy, from regional to local level, and more so with increasing globalisation (of capital[1]). India does not remain outside the purview of this paradigm, inspite of stated philosophy of socialism, not only enshrined in the Constitution, but also in the policy documents upto the economic reforms period[2]. The other underlying stream of policy initiatives is a shift from centralised initiatives to more localised and therefore fragmented initiatives in the recent years, once again under the garb of post-modernism. Attribute it to the failure of the welfare state and its withdrawal, or to shift to neo-liberal paradigm that legitimises shift from welfare state to enterprise state. While the modernism is juxtaposed with centralisation and dominant role of State, the post-modernism is identified with decentralisation and increasing role of the civil society in urban development policy and practice. The third and the last shift in policy, practice and research is the increasing influence of the international development agencies for whom the increasing role of the civil society is greatly convenient for functioning. Particularly in India, extent of their influence does not match with the extent of their financial contribution, the latter being much lower (Maitra 1999) than the former.

This paper is about the journey of Indian urban policy over five decades. Before the shifts in urban policies in India are discussed, the global shift in urban policies is discussed in the second section. The third section discusses the shift in urban development policies in India upto the nineties. Discussion here is based on the Five Year Plan pronouncements and financial allocations, recommendations of different national level task forces and commissions and different national level programmes and institutions created. In the nineties, Indian economy begun to globalise along with all the economies across the globe, what Veltmeyer (2001) and number of other scholars have termed as assertion of the neo-liberals. Urban policies and institutional changes introduced since then are discussed at length in section four. The role of external agencies in urban development through funding and policy influences is discussed separately in section five. Attempts to address urban poverty have also been discussed separately and that is done in section six. The reality of urban existence, patterns of urbanisation, industrial development and overall development in the nation are discussed in section seven against the background of policy articulations of the various eras of urban development in the nation. The last section argues that the overwhelming ‘economism’ in urban development against the socialist and market paradigm have nearly yielded the same outcomes, exclusion of backward regions and poorer populations in the cities.

## II Global Change in Urban Policies

The history of urban policies is much older than modern age. Not going into so old a history, the discussion here is restricted to post-World War II developments. After large-scale destruction of Europe because of the World Wars, subsequent pouring in the development aid in Europe through Marshal Plan and under the influence of socialist ideology sweeping Europe, State took the primary responsibility of development in the capitalist economies of western Europe. However, prior to that, sanitation was the main concern of the urban governments because of which legislation related to Public Health were framed in number of European countries. Slum clearance and sanitary installations were taken up in number of European cities. Simultaneously building standards also came into existence. In large cities, boulevards were created after cleaning up the dilapidated housing areas. All these culminated into the Master Plan approach to city development that took roots in urban planning in the beginning of the $20^{th}$ century. Urban planning therefore meant Comprehensive City Plans or Master Plans for the city, which includes land use planning (pre-determined location of economic and social activities in the city), transportation planning in consonance with the land use planning, density controls and imposition of building bye-laws.

Till the World War II, the central government financial assistance for the urban planning did not flow, a situation that changed after the Marshal Plan. The urban planning became a centralised effort and the funds came from the central government to a great extent. In other words, city planning was government domain and people had to do very little in the process. Urban services, water supply and sanitation and roads and transportation were the government functions, provided at subsidised rates. Starting from Europe, this ideology of urban development percolated down to the newly independent countries of the South. It is alleged, that all the newly independent countries took on the development model of their colonizers. In urban development it meant, borrowing the Master Plan approach to urban development, public housing policies and urban development legislation, especially land related legislation. There was a surprising uniformity of approach to urban development cutting across all the countries, whether North or South. In this discussion, urban policies and approaches of the socialist economies is excluded[3].

Housing, another area of State intervention emerged because of severe housing shortage in the inter-war period in the European countries. This was addressed by Rent Control law to prevent profiteering and subsequently followed by social housing policies realising that the private sector was not easily coming forth for housing activities. The public intervention in housing area firstly remained limited to enforcement of minimum housing standards for the purpose of public hygiene. Thereafter, came a period of shift from private to public housing, beginning in the inter-war period and continuing in a big way after the World War II. Central governments, which got large funds under the Marshal Plan, began providing housing finance through bulk loans, which led to development of new types of housing enterprises other than the private sector ones (co-operative, non-profit, semi-public). Housing problem was sought to be addressed through increasing supply. The public sector driven housing and rent control continued in the initial years after the II World War. Then, there was a gradual shift towards increasing private sector involvement in housing and by the decade of the seventies, the government intervention shifted to only providing housing for the poor and taking up urban renewal programmes in the dilapidated areas of the cities (Burns and Grebler 1977).

Since the seventies, housing efforts have become market driven. The government role has remained that of directly providing minimum housing to the needy or assist them in upgrading their housing, providing or guaranteeing mortgage loans, establishment of institutions to finance housing investments, providing subsidies for slum clearance and rehabilitation, and housing allowances to families unable to afford housing. Housing policies merged into comprehensive programmes to improve urban environment. New towns and growth centres have also been built after the Second World War.

Environment consciousness begun to increase after the first United Nations (UN) Conference on Environment and Human Settlements held at Vancouver in 1972. Urban environment agenda that came out of this conference was named 'Brown Agenda' (Serageldin 1995) by the international development organisations such as the World Bank. The second UN Conference on Environment and Development (UNCED) held at Rio de Janeiro in 1992 and subsequent UN Habitat II Conference held at Istanbul in 1996, threw up the concept of Sustainable Cities, leading into setting up of number of international initiatives. Agenda 21 drafted at the Rio Conference has practical directions of making cities sustainable. The Rio Conference threw up the Green Agenda of deforestation, resource depletion, global warming, biodiversity and pollution. The Sustainable Cities concept merged the Brown and Green Agendas and attempted to practicalise Agenda 21 in the urban context. Sustainable Cities Programme (SCP) was therefore launched.

The Sustainable Cities Programme (SCP) is a joint UNCHS/UNEP programme. It works towards the development of a sustainable urban environment, building capacities in urban environmental planning and management, and promoting a broad-based participatory process. At the moment, the SCP is pre-eminently a locally focussed programme, in which national, regional and global support is built up from activities and experiences at city level. It provides a framework for linking local actions and innovations to activities at the national, regional and global levels. For that, global networks and international agencies working in a co-ordinated fashion is very important. The primary focus of the SCP is at the city level where, in its initial five years, the programme has applied more than 95% of its resources. At the city level, the SCP brings together all the stakeholders whose cooperation is required: (a) to clarify environmental issues; (b) agree on joint strategies and coordinate action plans; (c) implement technical support and capital investment programmes; and (d) institutionalise a continuing environmental planning and management routine.

The SCP is based on the development paradigm that recognises that: cities make an important contribution to social and economic development at national and local levels, cities are important engines of economic growth, cities absorb two-thirds of the population growth in developing countries, cities offer significant economies of scale in the provision of jobs, housing and services and cities are important centres of productivity and social advancement. It argues that full realisation of cities' potential contribution to development is often obstructed by severe environmental degradation in and around rapidly growing urban centres. It further accepts that environmental degradation threatens: economic efficiency in the use of scarce development resources, social equity in the distribution of development benefits and costs, sustainability of hard-won development achievements and productivity in the urban economy in provision of goods and services.

The agenda of decentralisation is part of this new concept around which the urban policies are evolved. Since the eighties, in the North, most of the current research on urban areas involves empirical case studies of city networking and large-scale urban revitalisation programmes (Moulaert and Harloe 1996), private initiatives in urban housing and infrastructure sectors, local economic development and role of communities in the local development. The arena of the urban policy shifts to the sphere of the local government. The concern is to create and then retain local employment. This leads to construction of incentive packages to attract and retain business. The urban problem is viewed from the perspective of business investor. A variety of supply side incentives such as tax and other financial inducements, infrastructure improvements, land assembly and development (Wassall and Hellman 1985, Reese 1992) and improvement in local environment are offered by the local governments in a competitive spirit. Public resources are used for boosting private investment, directly or for underwriting the cost of private investment (Fasenfest 1993). Urban poverty alleviation is part of this strategy to attract business. Community-based development efforts for addressing the issues of poverty and environment quality are considered successful if the city is able to attract investments. In short, urban development becomes project-oriented activity, from the former comprehensive master plan approach. The urban development paradigm shifts to 'urban management'. This is called the new 'orthodoxy' by Jones and Ward (1994), which is aimed at developing techniques of land and infrastructure management and municipal finance on the one hand and to guide urban research to more practicable policy alternatives on the other.

As the development efforts shift to the local arenas, global networks to support these efforts of especially large cities have come into existence. Some of these international networks, supported by the international development agencies are: Cities Alliance, Metropolis, International Union of Local Authorities (IULA), International Council for Local Environmental Initiatives (ICLEI), Urban Environment Forum (UEF), etc. Interaction of cities and the city leaders (mayors) through sharing of 'best practices' of decentralisation, is expected to lead to urban development visualised above. This is institutionalised through instituting of 'best practices' awards by the United Nations Centre for Human Settlements (UNCHS). What we have is a collage of 'best practices' or innovative experiments, which are not replicated. The urban development concept has been trivialised to individual successful projects. The post-modernist agenda of including diverse perspectives in development process through involvement of civil society and environmental sustainability gets converted into withdrawal of welfare state and emergence of enterprise state. The critics have called this a neo-liberal paradigm or New Economic Model (NEM). This is designed by the economists of the International Financial Institutions such as the World Bank and applied in the developing countries (Veltmeyer 2001).

## III Pre-Reforms Urban Policies in India

The journey of urban policies in India is much the same as discussed above in the global context, however with some difference. In general, urban policies have been in tandem with the macro economic policies. The overall and hence urban policy experience in India is, on one hand a gradual journey of the nation from idealism to pragmatism, a journey that was to be a 'tryst with destiny' and not 'fait accompli' as, it seems it has turned out to be. It is a story of introduction of number of policies and frequent changes therein.

As mentioned above, urban policies deal with two levels of policy making, regional level which deals with urbanisation policy and industrial location policies and local level that covers urban land use planning, (ii) housing that includes policies on slums and (iii) poverty alleviation. For understanding the major thrust in the urban policies over time, post-independence period is divided into two periods; (i) pre-economic reforms and (ii) post-economic reforms. The former period is divided into two, Phase I and Phase II.

Policies related to all the three areas mentioned above have been discussed for all the three periods. In the post-economic reforms period, environmental concerns have also entered the policy arena, which are critically discussed in the next section.

Phase I:

This phase summarises the post-independence sentiments of populace and the policy response to the same. When British left, India was a predominant agrarian economy, about four-fifth of country's population living in rural areas and three-fifth of nation's Gross Domestic Product (GDP) being contributed by the agricultural sector. A mere 15 per cent of the GDP was contributed by the industrial sector. For the first generation national leaders eradication of poverty and freedom from the clutches of stagnant social order were important social priorities (Bose and Mukherjee 1985). Majority of the leaders in India refused to consider problems of development solely in terms of economic growth to the exclusion of social goals (Frankel 1978). It was decided to achieve both the goals through creation of jobs in modern industrial sector. Modern industries were to be the 'Engine of Growth'. "...The task before an underdeveloped country is not merely to get better results within the existing framework of economic and social institutions, but to mould and refashion these so that they contribute effectively to the realisation of wider and deeper social values" (Planning Commission 1959: 4).

Towards that, a socialist pattern of growth was envisaged, with public sector enterprises as the 'engines of growth'. It was pronounced that "basic criterion for determining lines of advance must not be private profit, but social gain, and that the patterns of development … should be so planned that they result not only in appreciable increases in national wealth and employment but also in greater equality in incomes and wealth" (Planning Commission 1959: 5). The central government played an important role in ensuring location of these public sector enterprises, mainly basic goods industries, in the backward regions to achieve balanced regional development. It also ensured dispersal of small-scale sector to the backward regions through industrial location policy, which stated that, as far as possible, new industries should be located away from large congested cities (Planning Commission 1959: 148) though benefits of economies of agglomeration were not to be ruled out. By the Third Plan, private industries were covered under the ambit of industrial location policy through licensing procedures.

Optimist sentiments expressed for the whole economy were extended over to urban policy area. The slogan for regional development was "increase in national income and more balanced development of different parts of the country" (Planning Commission 1959: 143). Further, "... planning should be deliberately aimed at achieving a broad parity in the level of production and of living in the different regions of India and preventing formation of depressed regions" (Bose and Mukherjee 1985: 118, stating the views of Mahanalobis). At the same time, growth of a region was to be based on specialised regional resources. Subsequently, through freight equalisation policy, transport costs of goods were equalised across the country to facilitate the dispersal of industries to the backward regions, especially the public sector undertakings.

Shaw (1999) argues that there was strong linkage between industrial policy and regional policy (the former to take care of balanced regional development), a link that has broken up in the modern times due to globalisation and advance in technology. This also was urbanisation strategy that would disperse urban growth over all the regions and prevent emergence of primate cities[4].

With the dispersal of industrial development came the concept of New Towns in the Second Plan. It was envisaged that the capital goods industries, namely steel, cement, railway rolling stock, fertilisers, heavy machinery, etc. and other important industries producing motor cars, antibiotics, etc. would be in the large scale and desirably be located in well planned new industrial towns with adequate housing, schools, medical clinics, hospitals, and facilities for sports and cultural activities not only for the workers employed directly in the planned factories but also for other people who would come to live in the new town for subsidiary occupations. Though the capital cost for large and medium factories established in this way was high, the new towns also met social obligations (Bose and Mukherjee 1985: 118, quoting Mahanalobis). For two decades, planning and building of new towns remained the agenda for urban planners. Excepting few administrative towns, namely, Chandigarh, Gandhinagar, Bhubaneshwar, etc. all new towns were planned to house industrial ventures. Funds came from central government's budgetary allocations to different ministries and international aid in form of technology, grants, etc.

For rest of the urban areas, it was noted that ‘urban growth is haphazard’ and needed to be controlled by the state government or local bodies through legislation related to land uses and land prices (Planning Commission 1950). This observation came in the tradition of British Planning experience, in consonance with the European experience of urban planning. The Second Five Year Plan (1956-61) urged the states to enact town and country planning legislation to enable them to draw master plans for the closer regulation of land. By 1968, almost all the states had introduced town planning legislation but with varying scope. In most cases these legislation were drawn heavily from British law, which did not fit with the Indian conditions (Shangloo 1992). In the Third Plan (1961-66), this concept was carried forward by stressing the need for a ‘balanced development’ and ‘planned urbanisation’ in the cities, which could be achieved by the control of urban land values through public acquisition of land, preparation of Master Plans and defining of ‘tolerable minimum standards’ for housing and other basic services. Provision of basic services such as water supply, sanitation, roads etc. were considered to be a part of the Master Plans. In 1965, the government appointed Urban Land Policy Committee (Ministry of Health), to achieve ‘social use’ of urban land, by controlling land prices and widening the base of land ownership (Shaw 1999).

In this phase, the land policies were:

a) Land ownership on freehold basis in all urban centres except the New Towns where it was on leasehold basis. In freehold situation, the transfer of property was to be taxed.

Even in public sector housing that came up in existing urban centres the land ownership was on leasehold basis.

b) Land acquisition for the expansion of city limits and New Towns using Land Acquisition Act, 1894.

c) Land development through a Master Plan in the New Towns as well as in existing urban centres. The private development efforts were put under controls related to building standards and land use zoning. In most cities, building standards were set during British administration under their respective municipal acts. Idea of controlling land values in large cities through master plans, allotment of land on leasehold basis, imposition of betterment levies, taxation of vacant plots in urban areas, setting ceiling of individual plots and regulation and control of rents were introduced in the Third Plan. (Planning Commission 1959: 690-1). These were subsequently implemented in the Fourth Plan.

Housing policies for all urban centres were tied with central government funds. These were:

a) Rental Housing for slum dwellers and specific low income groups such as plantation labour and dock labour. Slum areas act was enacted for Slum Clearance Schemes, dwelling units constructed under which were rented out to the occupants of cleared slum.

b) In New Towns, the policy was to provide rental housing, as most residents were expected to be employed in the public sector undertakings.

b) Hire Purchase scheme for low-income and middle-income households, with the finance from the central government and construction managed by the public authorities. During the Second Plan, Life Insurance Corporation (LIC) was directed by the central government to provide funds for house-building to Middle Income Groups (MIG) and state governments for rental housing for their respective low paid employees.

c) Rental housing for private sector industrial employees. Employers' participation in workers housing was envisaged through making it mandatory on part of private industry owners, with paid up capital above certain limits, to construct housing for at least half their employees.

d) Rent control Act, which was framed during British administration, was continued.

In the mid-sixties number of problems cropped up in the economy and there was a shift away from hard-core rhetoric of socialist planning. Food shortages surfaced because of two wars and repeated droughts. Defence expenditure went up. Country had to take food aid from the United States of America (USA). It was necessary to increase food self-sufficiency, which required implementation of land reforms. The land-owning classes did not permit that and instead food-sufficiency was sought through 'Green Revolution', a technology that was to be borrowed from the USA. The Western aid-givers stepped in. The World Bank and Consortium powers declared that they were apprehensive about the viability of development model adopted by India. The Economic Mission of the World Bank, which was directed by the foreign lenders to assess the economy of India, expressed the view that "India's public sector program was overly ambitious and that private enterprise in collaboration with foreign private capital should be assigned larger role" (Frankel 1978: 179).

The Fourth Five Year Plan (1969-74) was launched amidst the political chaos, compromise with ideologies, devalued Rupee, financial crunch, agrarian unrest, large population from rural areas pushed to large cities for employment, growth of slums, evidence of poverty and other urban problems, especially in metropolitan cities. New industrial ventures in the public sector had discontinued. Economy had to be revived with the help of private sector investments. Private sector was willing to participate if government promised to support their efforts through subsidies, like was being given to the farmers participating in 'Green Revolution'. The public sector continued to provide subsidised infrastructure to the industries and subsidised basic services to the populace. While the radical posture for economic growth was softened down, in place came up the radical populist slogans such as ‘Poverty eradication’, Minimum Needs for the Poor, Nationalisation of banks, and so on. Some of these affected urban policies as well.

With this crises and ironically more radical policy postures, including insertion of word ‘Socialist’ in Indian Constitution preface, the government begun withdrawal from the directly funding certain activities, such as housing and passed on this responsibility to specially set up institutions. Thus came Housing and Urban Development Corporation (HUDCO), set up in 1970 to provide funds for housing and urban development projects of the metropolitan authorities, the state housing boards and the other urban institutions. It also provided funds for the new state capitals of Chandigarh, Bhubaneshwar, Gandhinagar and Bhopal, an approach continuing from the previous plans. At the same time it emphasized that in the long run, development of cities and towns must be self-financing (Shaw 1999). It advocated the development of small and medium growth centres with subsidised infrastructure services like housing, water supply and sanitation schemes to direct growth away from large cities. But financial allocation towards it was made under the IDSMT (Integrated Development of Small and Medium Towns) scheme in later Plans. A Task Force on planning and development of small and medium towns and cities was set up in 1975.

In addition to the existing regional policies few new proclamations were added:

a) Arresting the growth of Metropolitan cities such as Bombay, Calcutta, etc. by diverting the migrant flow to the regional growth centres, where industrial estates with subsidised infrastructure were to be established. Entrepreneurs locating their production units here were eligible for subsidised finance of the 'Nationalised Banks'.
b) Small and Medium Sized Towns were to be developed as growth centres within the state. These towns were to be necessarily in backward regions of the state. Criteria of backwardness were framed by the central government based on the recommendation of appointed committees.

c) The IDSMT program was introduced during the Fifth Plan. It was to be supported by the central government funds. Besides industrial infrastructure, housing, water supply and sanitation schemes were also introduced for these towns.

Socialist rhetoric and radical postures within popular politics that came up because of compromise on the economic front, led to framing of an important land legislation towards the end of this phase. This was the Urban Land Ceiling Regulation (ULCR) Act, 1976, introduced to rationalise land holdings within the cities. Land held in access to that permissible under the act was to be acquired by the public authorities for constructing houses for the low-income groups or developing site & services (S & S) schemes for the same group. This required removing right to personal property as a fundamental right from the Constitution of India[5]. Simultaneously, land reservations for the Economically Weaker Sections (EWS) were earmarked in the Master Plans.

Financial crunch after the Third Plan led to the government discontinuing Rental Housing Programs for the low-income population such as slum dwellers, industrial workers, plantation labour etc. Instead, HUDCO was given the entire responsibility of housing the EWS sections as well. HUDCO could not have evidently provided rental housing. It being a financial institution, its agenda was fixed to give subsidised finance for EWS and Low Income Group (LIG) housing. However, the subsidies were to flow only through the public housing schemes. HUDCO introduced hire-purchase scheme. The system worked out was that the public housing agencies would take bulk loan from the HUDCO and in turn pass on the loan to the allottees/purchasers of public housing units. The terms of financing were most liberal for the EWS sections and near market terms for the Middle Income Groups (MIG) and High Income Groups (HIG). It can be seen that in the European tradition, the government in India took to large-scale public housing programmes through public housing agencies and subsequently creating an independent funding set-up to support the same.

By the mid-seventies, it was realised that it was not feasible to provide built houses to the EWS, especially in the metropolitan cities, given the land cost escalation. Instead shelter programmes to cover the slum areas were designed. This realisation was not entirely internal. The World Bank has played a major role in pushing the reform in housing policy to the inclusion of shelter programmes. In 1972, Environmental Improvement of Urban Slums (EIUS) programme was launched with central government funding. In 1974, the scheme was transferred to state sector. In 1979, the scheme was extended to all the cities and towns of the country. The World Bank directly begun supporting Slum Improvement Programmes (SIP) through Urban Development Programmes, namely Madras Urban Development Programme (MUDP) and Calcutta Urban Development Programme (CUDP). The role of external institutions in urban development is separately discussed in the article and the World Bank has played a dominant role among all. Now we move on to the next phase in pre-reforms period when beginning of privatising urban development is observed on a large-scale.

This phase started with total government control in urban and regional planning in tune with the development philosophy of public sector led growth. Urban policies were strictly meant to support the macro economic growth path. Towards the end of the sixties, the crises in Indian economy led to government encouraging private investments in industrial sector. There was therefore no need to continue with the same urban and regional policies. Financial crunch was also felt in the urban sector which led to government withdrawing its direct involvement and letting public institutions created for the purpose take up the task. The philosophy of housing for all by the public agencies became a shaky vision and reality of the existence of slums in the cities pushed towards shelter programmes. While in reality the government was directly withdrawing from the urban sector and pushing institutions, albeit public ones, to take urban development responsibility, the rhetorics became very radical and thus came the ULCR Act. The reversal in policies had begun and populism of democratic policy on one hand and international pressure on the other had introduced slight pragmatism. However, all through this phase, the overwhelming concern was economic growth and urban policies serving these. Lastly some of the policies like IDSMT came up as a negative reaction to rapid growth and deteriorating environment in the large cities.

Phase II

This phase begins in the eighties after the political emergency and failed first non-Congress government at the centre and with the disillusionment of the economists with 'Socialist' rhetoric. The economy was liberalised for the import of capital goods - in industries requiring high technology such as telecommunications, etc. - and certain consumer goods such as television, cars, scooters, etc. Planning Commission was increasingly assigned marginal role, especially in matters of licensing and delisencing the industries, import and export controls-decontrols and other policies, and direction of industrial investments such as for production of luxury vs. mass consumption goods. The Finance Ministry decided major development policies (Adisheshiah 1986: 10).

All through out the eighties, corporate and personal taxation rates were reduced. The belief was taking root that private sector was more efficient than the public sector. Failures of the public sector were becoming evident. At the same time, it was being argued that social justice was a luxury that a developing economy like India could not afford and that it "must be given, at best a lower place, in the interest of letting market forces determine the scope, nature and direction of production" (Adisheshiah 1986: 11). Through indirect taxes and increase in prices of petroleum products and railway fares and freights, inflationary forces were being built in the economy (Adisheshiah 1986: 13). There were little resources left after meeting the non-plan expenditures, such as defence etc. Essentially, the government "shifted the responsibility of national development to the private sector" (Adisheshiah 1986: 3) and "the Plan ... (had) ... to be drawn up in light of these *fait accompli*" (Adisheshiah 1986: 10). In the similar vein arguments gained ground that it was too idealist to set too high urban development standards, which were beyond the affordability of the poor and required subsidies. Meanwhile the urban planning bodies and local bodies were becoming financially bankrupt. They were not in position to keep up high level of subsidies. In any case, such subsidies did not reach the urban poor in whose name these were instituted. Instead, in some places, communities with or without NGO supports were finding solutions to the urban problems on their own. Entire new urban development philosophy was taking shape, which directly affected the housing policies and funding of urban local bodies (ULBs).

While the resource crunch questioned government involvement as provider of housing and basic services, the report of the Task Forces on Housing and Urban Development came out with its report in 1983. This report criticised formal housing programmes for not reaching the urban poor. The report stated: "over a period of time even the cheapest house built by public agencies... (was) ... way beyond the means of the Economically Weaker Sections and Low Income Groups... That despite objectives in favour of the poor stated in the Plan Documents, there is insufficient evidence as to the extent that the urban poor have benefited from these schemes." (Planning Commission 1983a: XVII). To this the report adds that "one of the key challenges for urban policy over the next couple of decades will be a search for means to provide for the possibility of giving access to the poor to adequate shelter. If it is not possible to provide everyone with housing of a high standard it should at least be possible to make provision for a healthy environment in areas which are normally called slums" (Planning Commission 1983a: 11).

Besides covering housing, the task forces were also set up to look into overall planning of urban development, financing of urban development and management of urban development. Poverty issues were also looked into. The different task forces recommended that local bodies should mobilize funds themselves to attain self-financing, because the magnitude of funds for urban development from central and state governments were limited. It was also recommended that urban services amenable of being charged like water supply, sewerage, drainage, solid waste disposal etc. should be self-financed by imposing user charges. It recognised the need to develop appropriate financial institutions to meet the increasing demand for urban infrastructure finance. It advocated a separate Urban Infrastructure Bank, which may also use long-term bonds as an important resource mobilisation strategy. But the major resources were expected to come from the directed credit system. The Task Force ruled out the possibility of direct market borrowing by local authorities, as it required "devolution of market borrowing powers from the Centre to the States and Local Authorities (which) was not foreseeable in the near future" (Mehta 1999). Infrastructure financing till this period was mainly through the budgetary allocation and resources mobilised through the 'directed credit system', largely through the nationalised insurance agency i.e. LIC and HUDCO.

Realising that the country did not have any urbanisation policy except the regional development policy, National Commission on Urbanisation (NCU) was set up in 1985 development "to examine the future direction of urban development in the country." The NCU came out with its recommendations in 1988. The commission felt that urban India has a very important role to play in the restructuring of the economy. But the level of services in the urban areas is very poor which adversely affects its productivity. The NCU felt that finance for urban development is the greatest constraint on the provision of basic urban services. It stated that the huge gap between the resources of the local bodies, owing to their limited access to capital funding and inadequate municipal incomes and the gigantic expenditures involved in the provision of the physical and social infrastructures for the increasing urban population, can not be reduced unless specialised financial institutions are created for the urban sector. It recommended the setting up of an Urban Infrastructure Development Bank (UIDB). The recommendations of the NCU to accelerate financial flows to the urban sector were as follows (Jha 1989):

a) An increase in plan outlay for urban development from 4% of total plan outlay in the Seventh plan and to 8% in the Eighth plan.

b) An annual outlay of Rs. 3000 to Rs. 3500 crore for investment in infrastructure in 329 cities with potentials for GEM’s (Generating Economic Momentum) and 49 SPUR’s (Spatial Priority Urbanisation Regions).

c) New concepts like, formation of joint companies, leases, sectoral financial institutions etc. were recommended for infrastructure development and maintenance.

d) It also suggested constitutional amendment to make way for the creation of state finance commissions in each state to determine the sharing of revenues between state and city governments.

It can be seen above that serious thoughts were given to develop alternative sources of funds for urban development, a step that was already taken for the housing sector in 1970 with the setting up of HUDCO. After the recommendations of the Task Forces with regards to housing, idea of lowering down the housing standards for the urban poor (an idea vigorously campaigned by the World Bank in the seventies) was readily accepted. The Sixth and Seventh Plans explicitly stated that shelter programmes for reaching the poor need to be strengthened. Sixth Plan noted that "in view of the severe constraints of public resources... the resources of institutional agencies like HUDCO and state housing boards will need to be augmented to enable them to provide infrastructural facilities as a means of encouraging housing in the private sector" (Planning Commission 1980). Gradually EWS schemes were discontinued in most metropolises from the beginning of the eighties (Mahadevia 1992).

Number of programmes for the slum areas therefore came up. One of that is the Urban Basic Services programme launched in 1985 by merging the Urban Community Development (UCD) programme, Low Cost Sanitation launched in 1980-81[6] and the Small and Medium Town Development projects supported by the UNICEF. The objective of the UBS programme was to improve the degree and quality of survival and development of children of urban low-income families by active involvement of the community. Under this programme water supply was to be provided by the extension of community taps and installation of hand pumps and sanitation through construction of low cost pour flush latrines and providing environmental sanitation facilities.

As mentioned before, the idea of IDSMT scheme was floated in the previous phase, it actually came into existence during the Sixth Five Year Plan (1979-80) to develop infrastructure, primarily the physical components, namely roads, pavements, minor civic works, bus stands, markets, shopping complex etc. Positive inducements were proposed for setting up new industries and commercial and professional establishments in small, medium and intermediate towns defined as urban centres with population upto 1 lakhs[7]. The funds were to be provided by the central government with the matching funds from the state governments and implementing agencies.

The deteriorating state of ULB finances led to serious attempt to strengthen the same in the Seventh Five Year Plan (1985-90). It expressed need to promote private sector involvement in basic service delivery. It stressed the need for greater devolution of funds (and hence power) to ULBs and for greater ‘community participation’. It was noted that there should be “more private initiative and investment in urban development” because “the delivery of basic public services to everyone is simply not feasible without such an approach.” It included Rs. 50 crore as seed money for the establishment of an Urban Infrastructure Financing Corporation (UIFC), but this scheme was not implemented. In its place HUDCO opened up its urban infrastructure wing for financing urban infrastructure.

Also, the ULBs began directly approaching the external financing agencies, mainly the World Bank, for low interest loans. This happened with the shelter programmes in the previous phase as discussed above. It can be seen that there was a shift from grants to soft loans as a source of finance for urban development in this phase, an approach that has intensified after the reforms.

For the first time, National Housing Policy was framed. It stated withdrawal of public sector from managing housing production. It emphasised that public sector should facilitate households' efforts to acquire a house by concentrating on supply of land and finance. Housing Policies during this phase were:

a) Shelter programs, Environmental Improvement of Urban Slums (EIUS), Slum Improvement Program and Slum Upgradation Program for the slum dwellers.
b) Public sector to assume the role of facilitator in housing sector, passing on the responsibilities of production to the private sector. The earlier programmes were to be phased out.
c) Introduction of savings-linked loan programmes with the setting up of the National Housing Band (NHB). Partial responsibility of mobilising housing finance passed on to the households.
d) Discriminatory programs for the benefit of poor discontinued.
e) Slum upgradation and improvement through community participation. Urban Basic Services (UBS) was introduced during the Sixth Plan. Emphasis was laid on Urban Community Development (UCD) programme as well. Both these programmes have, besides basic services, components related to health and education of women and children.

This phase in fact acted as a bridging period between the 'socialist' policy regime to 'globalised' policy regime. Number of policy reversals, that started in the earlier phase were consolidated. Not only that, those reversals were given sanction through the reports of number of commissions set up to look at issues related to urban development. Except continuance of the IDSMT scheme and industrial licensing policy, the balance regional development desire got pushed in the background. Urban policies came to increasingly focussed on the cities, towards their planned development and improved quality of life. During the eighties the Indian economy was partially liberalised and the public sector did not remain an engine of growth. With that, the centralised policy regime with respect to urban development disappeared and the same went into the domain of state and local governments. Since then, it has become extremely difficult to get the comprehensive view of what is happening in the urban sector.

## IV Policies for Globalisation in Post-reforms Period

After the reports of number of commissions on urban development set up in the previous period, the urban policy became more pragmatic. It also expanded in scope from (i) dispersal of industrial development and urbanisation, (ii) Master Plan approach to city planning and (iii) housing programmes to looking at other dimensions of urban development[8]. The direct role of government in number of urban development activities, necessary for the previous phase of macro economic development was not accepted. Meanwhile, a new set of actors had emerged in number of cities, the Non-governmental Organisations (NGOs), whose initiatives were leading to successful outcomes for the poor and excluded residents of the cities. In this new period, which starts with the decade of the nineties, coincides with the opening up of Indian economy and its attempts to globalise. First set of economic reforms were introduced. The Indian economy was set to proceed on a path of rapid growth. Urban areas, it was visualised would take a decisive role in globalising Indian economy. The city planners and leaders took the mantle of therefore globalising their respective cities. This period therefore brought in cities in competition with each other, much as one observed for the countries of the North.

The post-reforms period covers the Eighth and the Ninth Plans. In these Plans the language has changed. These talk about urbanisation strategy in the support of economic development and poverty alleviation. The rhetoric has shifted to economic growth in place of balanced regional development. As soon as the issue of economic growth is mentioned, realisation about infrastructure lags surface. Hence, in both the Plans emphasis is on development of economic and physical infrastructure. Difference between the two plans is that in the Eighth Plan raising of infrastructure finance was proposed through financial institutional route whereas in the Ninth Plan, both financial institutions as well as capital market are proposed to be important for the purpose. After India Infrastructure Report (Expert Group on the Commercialisation of Infrastructure 1996), there is also a wider acceptance for funding infrastructure through commercial borrowings.

The sentiment of priority of economic growth in urbanisation strategy is reflected in the Urban Agenda laid out by the National Institute of Urban Affairs (NIUA). "In the era of economic reforms, liberalisation and globalisation, cities and towns are emerging as the centres of domestic and international investment." "In fact, estimates reveal that Urban India at present contributes more than 50 per cent of country's Gross Domestic Product although it contains less than one-third of its population. In this background, urban development policy calls for an approach that aims at optimising the productive advantages of cities and towns, while at the same time minimising or mitigating the negative impacts of urbanisation." (NIUA 1998: xiii). Towards this, the document proposes that urban agenda should address the key issues of urban management with a view to making the cities and towns economically efficient, socially equitable and environmentally sustainable. Its goals of Urban Agenda are (NIUA 1998: xiii-xiv):

i) Supporting economic reforms, industrialisation, productivity growth, expansion of financial and other services, and promoting economic activity in both formal and informal sectors;
ii) Sustainable expansion of urban infrastructure facilities: water supply, sewerage and drainage, solid waster management, transport, health care, education, etc.;
iii) Creating an enabling legal, planning, financing and regulatory framework for the sustainable augmentation of housing, infrastructure and civic services;
iv) Facilitating commercialisation of urban infrastructure and alternate forms of service provision, including privatisation and public-private partnerships;
v) Assisting the urban poor in income generation activities, improving the quality of their physical environment and enhancing their access to basic services like safe drinking water and sanitation, primary health care and education;
vi) Protecting the urban environment and ensuring harmonious development of rural and urban areas with due regard to conservation of natural resources;
vii) Installing and sustaining people-friendly and clean urban government based on empowered elected local bodies, committed political leadership, partnerships with civic society, participatory planning, capacity building of stakeholders, etc.

There are few major initiatives take up in this period. The first one relates to financing of urban development, mainly infrastructure development. The second initiative is with regards to urban governance, popularly known as the 74$^{th}$ Constitutional Amendment (CAA). The third pertains to deregulation of land. The fourth pertains to regional development issues. Environmental concerns have increased in this period. The last is the change in approach to urban poverty, which is discussed in the following section.

Urban Infrastructure and Its Financing

Infrastructure development in the cities, mainly the metropolitan cities that have come first in contact with the global economy, has remained the main concern of the planned documents after the reforms. For that, number of efforts have been made. An Expert Group on Commercialisation of Infrastructure came out with India Infrastructure Report in 1996. Recommendations of this report and the Ninth Five Year Plan are quite in consonance with the economic reforms and globalisation policy of the Government of India (GOI). In the Eighth Plan (1992-97) itself, one witnesses acknowledgement of increased pace of urban infrastructure provision. However, this Plan states that “financing of metropolitan development should in principle be through internal resources and self-sustaining in nature” (Planning Commission 1992, Volume I: 15). It identified the need for strengthening the organisational base of ULBs and ruled out subsidised urban infrastructure as a sustainable urban development option was ruled out. This was very much the international philosophy. For example, the World Development Report, 1994 of the World Bank on infrastructure also mentions: “infrastructure can deliver major benefits in economic growth, poverty alleviation, but only when it provides services that respond to effective demand and does so efficiently”. This report also advocated introduction of competition in the service sector through public private partnerships (PPP) giving greater powers and voice to stakeholders towards incorporating them in the development process and a changed role of the government towards being a ‘facilitator’ rather than being a ‘provider of services’ (World Bank 1994).

Efforts towards enabling greater Private Sector Participation (PSP) in urban infrastructure were also made in India following this. The Eighth Plan proposed that water should be considered as a commodity and its supply should be based on effective demand to enable the PSP in construction and operation and maintenance of drinking water projects. To make these schemes self-sustaining, appropriate pricing mechanisms were sought. It was also proposed that the budget of water supply and sanitation services should be separated from the general municipal budget in order to improve efficiency and accountability of ULBs. The funding agencies also required such conditions to give loans.

During this period a special programme aimed at the development of infrastructure in the big cities, the Mega city scheme was launched in five cities: Mumbai, Kolkata, Chennai, Bangalore and Hyderabad. The Ninth Plan accepts that it will not be desirable to have a single strategy applicable to cities of all sizes. In context of land use planning and urban form, the document states that small and medium towns where land is not scarce will have different strategy than metro and mega cities where land is highly scarce. This is a welcome development over the earlier understanding of urban development, which was looked neutrally and uniformly across all the cities of all sizes and economic base (Planning Commission 1998). Under this scheme, the central and state governments would fund infrastructure in these cities in the ratio 25:25 and the rest 50 percent is expected to be mobilised by the city from financial institutions, capital market or private entities.

The Ninth Plan (1997-2002) document is more in tune with the economic reforms than the Eighth Plan. Before the recommendations of this Plan are discussed the recommendations of India Infrastructure Report, also known as the Rakesh Mohan Committee Report are discussed (Expert Group on Commercialisation of Infrastructure 1996). This Report estimated that the infrastructure investments required over the next 10 years from 1996-97 to 2005-06 would be Rs. 2,803.5 billion, that is Rs. 282.97 billion per year (1994 prices) if all the urban infrastructure needs were to be met till 2005. Against that, in 1995, only Rs. 50 billion were available per year from all the sources put together. The report notes that urban infrastructure services have been treated as public services and the concept of user charges has not been considered seriously. Even if such facilities are funded by loans it is found that the repayment of loans are generally book adjustments or paid out of grants given by higher levels of government. Also, in cases where user charges are imposed the price per unit is too low to cover even the variable cost of providing the service. It strongly advocated the demand orientation of infrastructure services from the present practice of supply orientation and provided an integrated approach for commercialisation of infrastructure projects to raise funds from the capital market and suggest policy reforms needed to change the regulatory and institutional frameworks.

The expert group states that increased entry of the private sector into infrastructure sector is vital for India to develop infrastructure services of global quality and also feels that the role of the public sector in investment, delivery of services and regulation will continue to be crucial keeping in mind the huge gap in demand and supply of infrastructure funds. It prescribed that the ULBs should look for alternative sources of finance for their projects as government funds were no longer sufficient to meet their investment needs. The ULBs should borrow from financial institutions at commercial rates of interest. The domestic debt market was also seen as a very good source of finance for infrastructure projects. The need to impose user fees on basic services and scaling down subsidies was also felt in order that the ULBs are able to recover their costs.

The Ninth Plan is greatly influenced by the India Infrastructure Report. Under the Ninth Plan, priorities and strategies of 'Housing, Urban Development, Water Supply and Civic Amenities' chapter begins by the statement that: "Urban India presents a classic example of a developing scenario with high concentration of urbanisation and economic growth in certain parts of the country, as well as in certain parts of a State" (Planning Commission 1998). It admits that inspite of the IDSMT scheme, special industrial development programmes in backward region and fiscal incentives, towards reducing regional disparities, the same have continued. The Ninth Plan proposes to reduce regional disparities by taking up activities that will be financed from outside the Plan resources, mainly financial institutions and capital market. The state governments are asked to raise resources from the market to provide infrastructure for the economic development of the backward regions. Parallel has been drawn as to how the industrial sector has attracted investments, a mix of equity and funds from financial institutions.

In this Plan, there has been substantial reduction in budgetary allocations for infrastructure development. The metropolitan and large cities are expected to make capital investments besides covering the operation and maintenance costs for various infrastructural services. The Ninth Plan notes "concerted efforts will be made to enhance the capacity of the municipalities to bridge the gap between their resources and commitments …privatisation of activities in the social service sector as well as projects with long gestation periods should be stimulated through the fiscal route rather than through direct subsidy."(Planning Commission 1997). It is suggested to make the government departments and parastatal agencies accountable and financially viable by cutting down their allocations drastically. They are now expected to borrow at market lending rates for their projects.

Looking at the gaps in availability of funds for urban infrastructure the Plan proposes to create an `Urban Development Fund' on the lines of the Tamil Nadu Urban Development Fund (TNUDF), expecting that such a fund would act as a catalyst to finance viable schemes. With a little help of this kind, the ULBs can become eligible to obtain loans from the commercial institutions like Industrial Development Bank in India (IDBI), ICICI, Infrastructure Lease & Financial Services (IF&LS) and from the open market. It is argued that the small and medium towns would specially benefit from such a fund. Besides the commercial lending institutions, the role of HUDCO and LIC and other public sector financial institutions would also continue.

Urban Governance

Urban governance has acquired an overwhelming attention in the nineties. As mentioned earlier, the international conferences have brought focus to democratising and improving the urban governance. A step towards that in India is the $74^{th}$ CAA passed in 1994. Under the provisions of this act, the Legislature of a State may by law entrust on the ULBs such power and authority which may be necessary to enable them to function as institution of local self-government. In order that the urban local bodies can perform the functions assigned to them, the act states that the Legislature of a State can assign them specific taxes, duties, tolls and levies and authorize them to impose, collect and appropriate the same. In the decade of the seventies in many states, the state governments had assumed the responsibility of providing urban infrastructure directly or through the parastatals. With the enactment of the $74^{th}$ CAA the responsibility of ULBs in provision of basic infrastructure has increased.

Besides making the ULBs directly responsible for infrastructure provision, the $74^{th}$ CAA is also for increased participation of private sector and communities in the planning process. It provides Constitutional status to the urban local bodies as the third tier of government, enables the participation of weaker sections and women through reservation of seats, ensures the political existence of local bodies by making it mandatory to hold elections in case of suspension or supersession within a six months time frame and provides for setting up State Finance Commission to recommend guidelines for strengthening the finances of the municipalities. As a result State Finance Commissions have already been set up and which are expected to follow the recommendations of national finance commission. The $11^{th}$ Finance Commission recommended that the ULBs be allowed to increase their tax base through various methods. In the urban areas they could increase the coverage of professional tax, delink property tax from rent control law and link user charges with the rate of inflation. The $74^{th}$ CAA also provides for formation of local level committees, namely ward committees, to take up local issues.

This amendment would bring decentralisation in political side of decision-making process, while the economic processes get globalised and therefore centralised. While it will create a possibility of participation of even the most marginalised communities in urban processes, it will also lead to passing down of all the development responsibilities to the communities without access to the necessary resources. For example, the local body and then the ward committee will have to generate resources for a water supply project and the state government will be absolved of the responsibility. Capabilities of doing so across the regions and across the communities are not even. The Ninth Plan document already comments on it. Decentralisation will give benefits to those having capabilities of participating in the process. It is also true that without decentralisation, development will not take place in such a large country where otherwise decision-making will get entangled in bureaucratic processes. Communities need powers to decide on resource distribution. Unfortunately, all the communities are not, at the moment, equally empowered to participate in urban governance in their own interest.

Land and Housing

After economic reforms two housing policies have come. The National Housing Policy (NHP) of 1992 and National Housing and Habitat Policy of 1998. Both have emphasised to increase the supply of urban housing and land, mainly by taking care of the supply side factors. In support of that, ULCR Act was repealed in 1999. Other policy changes with regards to land are introduction of new land management practices. For example, public-private partnerships for increasing land supply. In Mumbai, a new concept of Transfer of Development Rights (TDR[9]) has been introduced to make land accessible for public purposes in those parts of the city where the land prices are high. Besides repealing ULCR Act, other land deregulations have come. These are introduced through change in Development Control Regulations (DCRs) in some cities. For example, in Mumbai, the new DCRs permit increase of Floor Space Index (FSI[10]) from 1.33 to 2.5 (Mahadevia 1998). Relaxation of building bye-laws and zoning regulations have been introduced by taking minimum penalty and granting indemnity to the violaters of these regulations.

In the housing sector, the Eighth Plan suggests that these should be facilitated through removal in legal bottlenecks in land and housing supply, and increase in formal sector financial flows to the housing sector. It also implores for increasing private sector participation in housing sector, especially for the development of metropolitan fringe areas. Lastly, it proposes to increase the coverage of credit for housing through links of formal and informal institutions, NGOs and community organisations. In shelter programmes, the UBS gets converted into Urban Basic Services for the Poor (UBSP) in 1992. The UBSP was discontinued in 1997. In 1996, National Slum Development Programme was launched. This is discussed with the urban poverty programmes.

While number of changes have been proposed to increase the supply of land, it is also being viewed as a critical and important resource for increasing urban finances, especially for infrastructure development. There are number of ways through which this is possible, argue Ansari (1998). These are land taxation, land banking and town planning schemes, public-private partnerships in land development and fees and charges of various kinds. In practice, many local authorities have decided to sell (auction) their prime lands to raise finance for infrastructure. For example, in Mumbai, CIDCO has proposed railway expansion through selling (using) of extra land along the railway tracks in important locations for commercial purposes. All along the railway tracks in Mumbai, there are slums. Slums on lands chosen for such schemes will have to be relocated. Walled city revitalisation proposal and riverfront redevelopment scheme in Ahmedabad also depend on the same approach for raising funds. After economic reforms, large cities have entered into competition to attract business. For this cities are improving their infrastructure and taking up city beautification projects. Public land, mainly belonging to the local authorities is being viewed as a resource for raising funds. In that case, land availability for housing of the poor is going to be adversely affected.

Regional Development through IDSMT

In this period also, development of backward regions is sought through IDSMT programme. However, as mentioned before, these would be taken up through market route. The IDSMT programme, as envisaged in the Sixth Plan, was to be taken up through the central government funds with matching funds from state government and implementing agency. In the Eighth Plan, the IDSMT guidelines were revised, especially with regards to funding when it was found that in most states, the matching state funds did not come forth. The Eighth Plan discussed the need for institutional finance. Accordingly the implementation of IDSMT was reorganised to include infrastructure loans through HUDCO and other suitable financial institutions. It was recommended that the budgetary provisions should be used mainly for providing ‘seed capital’ to the institutions and local bodies.

Environmental Concerns

Urban environment has emerged as one of the major concern in the nineties, culminating in Local Agenda 21 and SCP, as discussed before. In India too, improving urban environmental quality has become very important. One of the important reasons for this has been competition among the cities to offer good Quality of Life (QOL) to attract investments. It is very common to hear: “The QOL in the cities should be improved to make the cities attractive for international investments.” This was the statement of the Municipal Commissioner of Ahmedabad on the occasion of public presentation of the Urban Indicators Performance Study for 10 cities of Gujarat, on June 30, 2001. This study was conducted by City Managers’ Association Gujarat (CMAG), an organisation supporting improved city management efforts in the state and set up at the initiative of the United States Asia Environment Programme (USAEP) of the USAID. On this day, CMAG’s web site was inaugurated. The urban development secretary of the Government of Gujarat, on this occasion said: “The web site should be useful to say NRIs[11] to take investment decisions.” The biased mindset of the decision makers can be clearly seen.

As a result, number of environment related initiatives have been taken up officially. These are: (i) Legal initiatives, (ii) Sustainable Cities Programme, (iii) Infrastructure projects and (iv) Environment Management projects (Mahadevia 2001). The legal initiatives relate to environmental laws, which however are teethless and unable to control either air or water pollution (Mahadevia 2001). The SCP is the global programme discussed earlier. In India, its specific outcomes have been decisions by various cities to approach the World Bank or any other international financing agency for funds to improve city infrastructure so that environment improves. The environment management projects taken up are mainly for solid waste management, an effort, once again supported by USAEP/USAID. All these efforts are put under the umbrella of achieving sustainable cities in India. Mahadevia (2001) argues that this official vision of sustainable cities is extremely limited.

Against that, there are number of initiatives taken up by the civil society organisations, which are of spontaneous type, for improving urban environment (Mahadevia 2001). These efforts are either fragmented or are against the interest of the urban poor. For example, in many cities, citizens' groups have filed litigations against polluting industries, which are mainly small-scale industries employing large number of labour. High Court/Supreme Court have ordered closure of such industries or moving them out of the city. Large-scale labour have been retrenched in that case. Petitions have been filed against the slums occupying green spaces leading to the eviction of slums. In many metropolitan cities, the urban environment interests are going against the interest of the urban poor in these cities[12].

After economic reforms, urban policies have opened up and have also become broad-based. Utopia of what was never done and not possible has been thrown out. But, with that have been thrown out some useful policies that were deliberately not sincerely implemented, for example the ULCR Act. However, from the excessive dependence on State, the policies have shifted to excessive and blind dependence on the market, this policy change coming mainly with the influence of the external funding agencies. This will become clear when the next section is discussed. What is important that with the withdrawal of the State and it becoming an enterprise State, the urban elites have got emboldened and they are pursuing the State agencies to make expenditure that would benefit them. For evidences, one has to look at city specific case studies, which are at the moment not available. The new found confidence of the cities because of the support of the external agencies, they have begun networking, much in tune with the global trends. Cities Alliance and ICLEI networks have been set up in India and Indian cities have begun to network with other cities across globe.

## V Influence of External Funding Agencies

Reference to international funding agencies has been made in the discussion above. Their names come up more frequently in the post-reforms phase. However, their influence has been found in India, beginning in the decade of the seventies. It begun with the World Bank campaigning in early seventies to devolve powers to the cities so that it could directly lend to the cities without interference from the state or the central government (Ghosh 1999). Thereafter, it concerned itself with urban housing, specifically, the problem of supplying affordable housing to low-income population. In pursuing this agenda, the bank relied largely on demonstration projects: sites and services and upgrading projects aimed at demonstrating the feasibility of low-cost approaches to the provision of residential infrastructure. The first project taken up in India was Calcutta Urban Development Project (CUDP) (1973-88) with the loan condition to formulate a plan for improving the financial performance of municipalities within the Calcutta Metropolitan District. It recommended the creation of a Central Property Valuation Board for revaluation of the properties in the metropolitan region. This became the basis for loan conditionality in the subsequent second Calcutta project (Maitra 1999). Thereafter Madras Urban Development Project (MUDP) (1977-86), followed by Tamil Nadu Urban Development Project (TUDP) (1987-92) were taken up. Last came the Bombay Urban Development Project (1982-88). In the eighties, continuing in the nineties, the World Bank has funded capital expenditure for infrastructure projects in number of cities.

In the nineties, the World Bank has shifted its urban policy paradigm. Its discussion papers argue that one of the main causes of the low productivity of infrastructure services in developing countries was their supply orientation – focusing on providing services without any consideration of the demand for services. The Bank now recommends that infrastructure should be reoriented towards demand. Further, the bank begun to strongly advocate for competitive markets and broader participation by the private sector for achieving a demand orientation. In case competition and PSP did not seem feasible, then "their effects need to be supplemented through competition surrogates" (Israel 1992). Two such surrogates, related to infrastructure were: administrative decentralisation and increased participation by clients and beneficiaries.

Along with institutional reforms the Bank's major criteria for lending is Public-Private-Partnership (PPP). The TNUDP has been restructured in September 1995, through the entry of a private fund manager to commercially manage the mix of public and private sources of finance provided to the Municipal Development Fund. This was the first attempt made in India to establish a joint PPP in the municipal infrastructure area. The bank is also supporting the involvement of IL&FS, a 51 per cent privately owned finance company with strong public sector ties, in urban infrastructure projects. It is using IL&FS as a vehicle to build up India's capacity to attract private investment in infrastructure.

The "India: Country Framework Report For Private Participation In Infrastructure" (World Bank 2000), prepared by The World Bank and Public – Private Infrastructure Advisory Facility[13] lays down the policy recommendations of the bank for the different infrastructure facilities. The report prepared at the request of the Government of India, is the first in the series of country reviews aimed at improving the environment for private sector involvement in infrastructure.

The other major player in the urban policy sector is the Asian Development Bank (ADB) whose current Country Operational Strategy (COS) for India is designed to support efforts to achieve higher growth and employment generation by improving the supply-side efficiency of the economy. This is done mainly through support for efforts that reduce bottlenecks in key infrastructure sectors, including measures to improve the policy, institutional and regulatory frameworks and support for financial sector reforms and capital market development. In the initial years of operation ADB funding hardly had any urban infrastructure component. In the last five years (1995-2000), ADB has been increasingly active in the urban sector in support of urban infrastructure development, including institutional and policy reforms and more recently has also initiated support for housing finance. Since 1996 ADB has been supporting comprehensive state-level reforms, focusing on improved resource mobilisation, restructuring of state public sector enterprises and creating an enabling environment for private sector involvement in infrastructure development. In 1996 the bank set up a Private Sector Infrastructure Facility (US $300 million) for India. It lent US $150 million to ICICI Ltd., US $100 million to IFCI Ltd. and US $50 million to SCICI Ltd. to enable these financial institutions to undertake capacity building of local bodies, project preparation and implementation of infrastructure projects.

Consistent with the Government's strategy, ADB involvement in urban development through its lending (i.e. Karnataka Urban Infrastructure Development Project, Rajasthan Urban Infrastructure Development Project, and the proposed Karnataka Urban Development and Coastal Environmental Management Project) and Technical Assistance (TA) (preparing Urban Sector Profile and Capacity Building for Improved Infrastructure Development in Selected Municipalities in Karnataka) has been aimed at encouraging more balanced urban and regional development. Preventing further environmental degradation and alleviating pressure from rapid urbanisation are becoming increasingly important part of ADB’s urban sector program. As indicated in ADB’s Urban Sector Strategy for India, effective implementation of urban development projects requires appropriate policy and institutional reform measures to ensure sustainability. In this regard, support needs to be directed to implementing changes in land acquisition, strengthening municipal finances, and improving the technical and administrative capacity of urban sector agencies and state and local governments. Sustainability also requires that urban infrastructure development projects focus greater attention on the need to adequately operate and maintain existing assets and to mobilize financial resources through user charges and the capital market.

The third important organisation, whose reference has come earlier is the USAID. The tow main contributions of USAID are: (i) to run USAEP in India and (ii) implementation of FIRE – D programme. The latter is discussed below. Under USAEP there are number of city level activities initiated, which are not discussed here.

The Financial Institutions Reform and Expansion (FIRE-D) programme for developing a long-term debt market for viable urban infrastructure projects was launched in 1994 using US Housing Guarantee (HG) funds for contemplating the issuing of debt instruments to finance urban infrastructure projects. In the first phase of the programme (1994-98), the USAID provided the HG funds of US $ 125 million for a period of 30 years to develop an urban infrastructure finance system. HUDCO and IL&FS acted as the financial intermediaries to channel the funds along with a matching amount of locally raised funds to municipalities or private sector entities to finance selected commercially viable urban infrastructure projects relating to water supply, sewerage, solid waste management and area development. The National Institute of Urban Affairs (NIUA) has been assigned by Government of India as the nodal agency to promote, analyse and disseminate the policy change agenda and also to coordinate and conduct capacity building training workshops in the demonstration cities. These policy changes are: i) promoting the development of a commercially viable infrastructure development system, ii) increasing the private sector participation in the delivery of municipal services and land development, and iii) Improving the capacity of the local government to plan, operate and maintain and recover the costs of basic urban services.

FIRE-D has promotes new methods of financing urban infrastructure projects to make them commercially viable. It has promoted use of new concepts like financing by accessing the debt market, credit rating of municipal and urban infrastructure entities and private participation in provision of services. New projects have been identified, developed and structured in Tiruppur, Ahmedabad, Vijayawada and Pune with alternative modes of financing urban infrastructure projects that are commercially viable or bankable. The Ahmedabad Municipal Corporation (AMC) instituted significant fiscal and management reforms, with technical assistance from the USAID, which include improved tax collection, computerisation of the accounting system, strengthening of work force of the corporation, financial management and a comprehensive capital improvement program. These reforms laid the necessary groundwork for AMC's bond issue for the water supply and sewerage project. Ahmedabad was the first city in India to issue municipal bonds without state government guarantee. After that many other cities like Ludhiana, Nagpur, Nasik have also accessed some others waiting to access the capital market. Municipalities now are going for credit rating not only with the purpose of issuing bonds but also to look at their own financial management system. The Municipal Corporation of Coimbatore is a case in point. The programme also strongly advocates the policy of cost recovery of these services.

The first phase of FIRE(D) has been acclaimed to be very successful and so the programme has been extended till September, 2003. Besides consolidating the gains of FIRE (D-I), FIRE (D-II) is to give a wider spread to the programme with focused attention on citywide infrastructure projects and accessibility of the urban poor to urban infrastructure. In the extended phase, NIUA is helping achieve the FIRE (D-II) vision by pursuing activities in the areas of (i) Policy promotion, (ii) Training and capacity building activities, (iii) Impact analysis of the programmes and the projects, and (iv) Information dissemination. With an objective of pursuing policy advocacy for implementing the FIRE agenda in the selected demonstration states, policy promotion is being carried out through policy promotion meetings with state governments, policy seminars, research studies and case studies and documentation of best practices in municipal management.

## VI Urban Poverty Programmes

Poverty programmes have changed over time. Earlier, due to the overwhelming domination of physical planning, urban poverty was viewed only as a problem of slums and squatter settlements. This problem was sought to be addressed by slum clearance and then physical development programmes, such as provision of basic services, mainly water supply and sanitation, approach roads within slum colonies, etc., in short environmental improvement of slums discussed in the previous section. It will not be fair to say that all poverty programmes dealt with physical provision of basic services. UCD included health and education and community participation. UBS and then UBSP also dealt with education and health, mainly maternal and child health. There was special emphasis on welfare and development of women living in the slums.

Since the eighties, employment has become an important component of the urban poverty alleviation programme given the successful experiences of income generation programmes of many NGOs. The NCU had recommended a programme called Self Employment for the Urban Poor (SEUP), especially for the youth living in the slums. Subsequently, in 1989 Ministry of Urban Development launched Nehru *Rojgar Yojana* (NRY), that integrated shelter and employment programmes. The NRY had three components:

i) Scheme of Urban Micro Enterprise (SUME) - for assisting eligible beneficiaries to secure technical training and provide financial support through government subsidy and extension of bank credit.
ii) Scheme of Urban Wage Employment (SUWE) - creating wage employment though taking up construction of social and economic public infrastructure in towns with population less than 100,000.
iii) Scheme of Housing and Shelter Upgradation (SHASU) - to provide assistance such as technical training and finance to the urban poor for shelter upgradation in urban areas with population between 1 lakh to 20 lakhs.

In 1995, Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP) was started, which was restricted to all towns below population 1 lakh. The NRY was then limited to only urban centres with population above 1 lakh. PMIUPEP was introduced with the realisation that urban poverty was a complex issue and special programme was required to address it in the context of small towns which have neither resources to do so nor economic base to generate new resources. All the sectoral urban poverty programmes were converged. Participation of ULBs, NGOs, CBOs and the private sector was envisaged. For ensuring private participation, a National Urban Poverty Eradication Fund (NUPEF) that gave 100 per cent tax exemption was set up. Employment generation was the most important component of the scheme. Besides ensuring credit extension, skill development and marketing assistance were also extended for self-employment. Finally, multi-purpose community centres for community programmes such as pre-schooling, functional literacy/non-formal education drive, primary health care and cultural activities.

In two years time, the PMIUPEP was wound up. Instead, a new programme was launched in the Ninth Plan (in 1997). This is *Swarna Jayanti Shahari Rozgar Yojana* (SJSRY) that merges the component of self-employment of NRY and PMIUPEP, so that it is applicable on all the urban areas and merges the shelter upgradation components of NRY and PMIUPEP in the National Slum Development Programme (NSDP). The NSDP was launched in 1996 to provide additional assistance to the state governments to carry out slum development. Besides shelter that includes water supply and sanitation, it includes education and health care facilities and community empowerment. It can be seen that there has been some back and forth in the poverty alleviation programmes, moving from large number of sectoral programmes to convergence of all into one and then bifurcation into two, employment and basic services cum shelter programme.

The SJSRY, as the name suggests is an employment programme that has two components, self-employment and wage employment. It is a centrally sponsored scheme, with a shared responsibility between the centre and the state in 75:25 proportion and is applicable to all the urban areas. The self-employment component consists of assistance to individual urban poor beneficiaries to set up gainful self-employment ventures, assistance to group of urban poor women to set up collective venture (namely scheme for Development of Women and Children in the Urban Areas - DWUCA), and training of beneficiaries, potential beneficiaries and other persons for upgrading or acquiring vocational and entrepreneurial skills. The programme will be targeted to the persons identified as living below the poverty line defined using multiple criteria. Exercise of identifying urban poor households have been already completed in many cities. The beneficiaries will be eligible for a loan from the banking institutions. The wage employment programme is expected to generate wage employment through creation of public assets by the local bodies. SJSRY attempts to strengthen the employment efforts of the urban poor through institutional means.

Approach to urban poverty has changed from not recognising it till the first Phase of pre-reforms period to looking it as a problem to development interventions through their participation. At the same time, the new approach recognises multi-dimensionality of urban poverty and attempts to address employment as well as basic services needs of the poor. However, the market dependence paradigm has crept in here too. For example, self-employment component of the SJSRY is to be addressed through loans from the banking institutions. It is unlikely that this will happen. Urban employment problem has come up because of change in production methods, in tune with global production regimes, which do not generate employment. Under such adverse conditions, the State could have played a more proactive role. Instead the addressal of poverty issue is being made a responsibility of the poor themselves. Some scholars have argued that slum development programmes through community participation are very much an extension of neo-liberal paradigm (Acharya and Parikh forthcoming).

## VII The Urban Reality

While the urban policies have reversed, the urban reality continues to be very much the same. The first urban reality is, India continues to be at a very low level of urbanisation, inspite of number of proclamations of high urbanisation rate expected during the nineties because of the economic reforms. The Plan projections and expectations of UN population projections have put urbanisation level in India to be between 30 per cent and 34 per cent in 2001. Instead, as per the provisional census figures of 2001, urban population stood at just 27.75 per cent of the total population (Table 1), an increase of just two percentage points over 1991 level. For the first time, in 1991 census, the urban population growth rate declined, scholars attributing this to capital-intensive nature of industrialisation since the eighties that does not generate adequate employment (Mohan 1996, Kundu 1997) and leads to informalisation of employment (Kundu 1996). Thus, since the beginning of liberalisation of Indian economy urbanisation has slowed down.

**Table 1: Trends of Urbanisation in India**

| Year | No of UA* and towns | Total Pop. (million) | Urban Pop. (million) | Urban pop. as % of total | Annual Growth rate of urban pop. |
|---|---|---|---|---|---|
| 1951 | 2,843 | 361.1 | 62.4 | 17.29 | - |
| 1961 | 2,365 | 439.2 | 78.9 | 17.97 | 2.37 |
| 1971 | 2,590 | 548.2 | 109.1 | 19.91 | 3.29 |
| 1981 | 3,378 | 683.3 | 159.5 | 23.34 | 3.87 |
| 1991 | 3,768 | 844.3 | 217.2 | 25.72 | 3.14 |
| 2001** | NA | 1027.0 | 285.0 | 27.75 | 2.75 |

* Urban Agglomeration
** Provisional Census Figures.
Source: Population Census, 1951, 1961, 1971, 1981, 1991.

During the first period (Phase I or pre-reforms period), despite of industrial dispersal and balanced regional development policies, discouraging migrant flow towards the large cities, migration to large cities continued (Table 2). Proportion of population living in Class I cities (100,000 and above) and metropolises has continued to increase (Table 2).

**Table 2: Percentage of Urban Population by Class Size (1951-1991)**

| Population | 1951 | 1961 | 1971 | 1981 | 1991 |
|---|---|---|---|---|---|
| above 100,000 | 44.6 | 51.4 | 56.2 | 60.4 | 65.2 |
| 50,000-99,999 | 10.0 | 11.0 | 11.2 | 11.6 | 10.9 |
| 20,000-49,999 | 15.8 | 17.2 | 16.3 | 14.3 | 13.2 |
| 10,000-19,999 | 13.8 | 12.8 | 11.2 | 9.6 | 7.8 |
| 5,000- 9,999 | 13.0 | 6.8 | 4.6 | 3.6 | 2.6 |
| below 5,000 | 3.1 | 0.8 | 0.5 | 0.5 | 0.3 |
| Metropolises | 19.0 | 21.0 | 25.0 | 25.0 | 30.0 |

Source: i) Based on Planning Commission (1992), Table 3, Vol 2, pp 347.
ii) Agrawal A.N. Verma H.O and Gupta R.C. (1987), Table v.10, pp 63.

The major cities deindustrialised and became service economies. Their population continued to grow and by 1991, about 30 per cent of the urban population was living in the metropolitan cities. It is here that most of the facilities are concentrated. In these cities, urban poverty is quite low (about 20 per cent in 1993-94) (Dubey and Mahadevia 2001) as compared to overall urban poverty (34 per cent in 1993-94) (Table 3). In this year, in small and medium towns the poverty incidence varied between 27 per cent and 43 per cent (Dubey and Gangopadhyay 1998a and Dubey et al 2000). These urban centres have low level of basic services as compared to the large cities (Kundu, 1999). Therefore, a dual urban structure exists in India, wherein; the larger cities are integrated with the global system and the smaller towns with the local economy with hardly any continuum between the two (Kundu 1999). Inspite of the dual urban system, urban poverty has declined over time (Table 3).

**Table 3: Trends in Poverty in India**

| S. No. | Year | Number and Percentage of Poor | | | | | |
|---|---|---|---|---|---|---|---|
| | | Rural | | Urban | | Combined | |
| | | No. (lakhs) | % | No. (lakhs) | % | No. (lakhs) | % |
| 1 | 1973-74 | 2612.91 | 56.44 | 603.12 | 49.23 | 3216.03 | 54.93 |
| 2 | 1977-78 | 2642.46 | 53.07 | 677.40 | 47.40 | 3319.86 | 51.81 |
| 3 | 1983 | 2517.15 | 45.61 | 752.93 | 42.15 | 3270.08 | 44.76 |
| 4 | 1987-88 | 2293.96 | 39.06 | 833.52 | 40.12 | 3127.48 | 39.34 |
| 5 | 1993-94* | - | 33.35 | - | 33.84 | - | 33.47 |
| 6 | 1999-2000** | 1932.43 | 27.09 | 670.07 | 23.62 | 2602.50 | 26.10 |

Source: Estimates of the Expert Group (Planning Commission 1993)

* Dubey and Gangopadhyay (1998a). Of the six poverty estimates given, one using poverty line based on the official norm and updated using price adjustment suggested by Expert Group (1993) selected. The methodology being nearly the same, poverty estimates of previous rounds and 1993-94 will be comparable.

** Planning Commissions recent estimates. These figures are using the consumption expenditure data with 30 days recall period.

Of all the policies related to urban sector, regional development policy has achieved some, however limited success. There has been dispersal of industrialisation to some of the most underdeveloped regions of the country. Benefits of industrial dispersal policies were there to be seen. By the mid-seventies, with regards to census sector industries (reported in Annual Survey of Industries data), disparities across the regions did decline (Mohan and Thottan 1992). This situation has reversed in the recent years because of the dilution of the regional development policy and the new investments going to only developed regions, resulting in increase in concentration of industrial development in the western and southern regions and region around Delhi (Shaw 1999). In fact, this dilution in the policy had come about in the eighties itself when large public sector petrochemical plants were set up in western India (Shaw 1999). Further, between 1972-73 and 1983-84, contribution of Gujarat and Maharashtra to country's industrial output increased to 35.68 per cent from 31.83 per cent. With agricultural income coming largely from Punjab and Haryana, these four states became the four richest large states in India. At the same time, differences in the state incomes have widened since the eighties (Ghosh et al 1998 in Shaw 1999). The inequality increased because of concentration of private industrial capital backed by investments in infrastructure by the public sector in few pockets of the country. The post reforms regional policy, that expects that the backward regions will compete to attract investments by creating reliable infrastructure through market borrowings, sound unrealistic in the context of experience of last five decades.

**Table 4: Statewise Urbanisation Levels, 1961-91**

| States | % Urban Population | | | |
|---|---|---|---|---|
| | 1961 | 1971 | 1981 | 1991 |
| Haryana | 17.23 | 17.78 | 21.88 | 24.79 |
| Punjab | 23.06 | 23.80 | 27.68 | 29.72 |
| Uttar Pradesh | 12.85 | 14.00 | 17.95 | 19.89 |
| Delhi | 88.75 | 89.75 | 92.73 | 89.93 |
| Himachal Pradesh | 6.34 | 7.06 | 7.61 | 8.70 |
| Jammu & Kashmir | 16.66 | 18.26 | 21.05 | 23.83 |
| **North** | **16.24** | **17.81** | **22.10** | **24.48** |
| Rajasthan | 16.28 | 17.61 | 21.05 | 22.88 |
| Maharashtra | 28.22 | 31.20 | 35.03 | 38.73 |
| Madhya Pradesh | 14.29 | 16.26 | 20.29 | 23.21 |
| Gujarat | 25.77 | 28.13 | 31.10 | 34.40 |
| **West** | **21.64** | **23.90** | **27.49** | **30.47** |
| Bihar | 8.43 | 10.04 | 12.47 | 13.17 |
| West Bengal | 24.45 | 24.59 | 26.47 | 27.39 |
| Orissa | 6.32 | 8.27 | 11.79 | 13.43 |
| Assam | 7.37 | 8.39 | 9.88 | 11.08 |
| Arunachal Pradesh | 0.00 | 0.00 | 6.56 | 12.21 |
| Manipur | 8.68 | 13.25 | 26.42 | 27.69 |
| Meghalaya | 12.48 | 13.02 | 18.07 | 18.69 |
| Mizoram | 0.00 | 0.00 | 24.67 | 46.20 |
| Nagaland | 5.19 | 9.91 | 15.52 | 17.28 |
| Sikkim | 0.00 | 0.00 | 16.15 | 9.12 |
| Tripura | 0.00 | 0.00 | 10.99 | 15.26 |
| **East and North-east** | **13.15** | **14.33** | **16.62** | **17.74** |
| Andhra Pradesh | 17.44 | 19.35 | 23.32 | 26.84 |
| Karnataka | 22.33 | 24.31 | 28.89 | 30.91 |
| Kerala | 15.11 | 16.28 | 18.74 | 26.44 |
| Tamilnadu | 26.69 | 30.28 | 32.95 | 34.20 |
| **South** | **20.96** | **23.27** | **26.70** | **29.80** |
| Most Developed | 24.74 | 27.39 | 31.26 | 34.22 |
| Less Developed | 13.55 | 14.85 | 17.92 | 19.98 |
| **All India** | **17.97** | **19.91** | **23.34** | **25.72** |

Skewed urbanisation pattern can be observed from data in Table 4, where western and southern regions clearly emerge as urbanised regions of the country as against the northern and eastern/north-eastern regions. The last region is the least urbanised and where the rate of urbanisation has also been slow as compared to other regions (Table 6). Remarkably, the southern region has caught up with the western region in level of urbanisation because of the high urbanisation rates during the seventies and the eighties (Table 6). Further, western and southern regions have continued to have higher urbanisation levels as compared to Indian average and northern and eastern/north-eastern lower levels than the same. Lastly, the western and southern regions housed 60 per cent of the urban population (Table 5) when it housed only 50 per cent of the country's total population in 1991. In 1981 also, it was the same situation when this regions together housed 60 per cent of the urban population and 51 per cent of the total population.

**Table 5: Share of States in Urban Population**

| States | % Share in Urban Population | | | | |
|---|---|---|---|---|---|
| | 1951 | 1961 | 1971 | 1981 | 1991 |
| Haryana | 1.55 | 1.66 | 1.64 | 1.79 | 1.88 |
| Punjab | 3.19 | 3.26 | 2.97 | 2.94 | 2.79 |
| Uttar Pradesh | 13.84 | 12.06 | 11.44 | 12.57 | 12.84 |
| Delhi | 2.31 | 3.00 | 3.36 | 3.62 | 3.91 |
| Himachal Pradesh | 0.25 | 0.23 | 0.22 | 0.21 | 0.21 |
| Jammu & Kashmir | 0.73 | 0.75 | 0.78 | 0.80 | 0.85 |
| **North** | **21.86** | **20.97** | **20.41** | **21.92** | **22.47** |
| Rajasthan | 4.74 | 4.17 | 4.19 | 4.56 | 4.66 |
| Maharashtra | 14.76 | 14.20 | 14.53 | 13.90 | 14.16 |
| Madhya Pradesh | 5.03 | 5.88 | 6.26 | 6.69 | 7.12 |
| Gujarat | 7.10 | 6.76 | 6.95 | 6.70 | 6.57 |
| **West** | **31.63** | **31.01** | **31.93** | **31.84** | **32.51** |
| Bihar | 4.21 | 4.98 | 5.23 | 5.51 | 5.28 |
| West Bengal | 10.08 | 10.86 | 10.11 | 9.13 | 8.64 |
| Orissa | 0.95 | 1.41 | 1.68 | 1.97 | 1.96 |
| Assam | 0.55 | 0.99 | 1.16 | 1.13 | 1.15 |
| Arunachal Pradesh | 0.00 | 0.00 | 0.00 | 0.03 | 0.05 |
| Manipur | 0.00 | 0.09 | 0.13 | 0.24 | 0.23 |
| Meghalaya | 0.09 | 0.15 | 0.12 | 0.15 | 0.15 |
| Mizoram | 0.01 | 0.02 | 0.00 | 0.08 | 0.15 |
| Nagaland | 0.01 | 0.02 | 0.05 | 0.08 | 0.10 |
| Sikkim | 0.00 | 0.01 | 0.00 | 0.03 | 0.02 |
| Tripura | 0.07 | 0.13 | 0.11 | 0.14 | 0.19 |
| **East and north-east** | **15.98** | **18.66** | **18.59** | **18.47** | **17.92** |
| Andhra Pradesh | 8.69 | 7.98 | 7.77 | 7.89 | 8.27 |
| Karnataka | 7.14 | 6.70 | 6.58 | 6.78 | 6.43 |
| Kerala | 2.93 | 3.25 | 3.21 | 3.01 | 3.56 |
| Tamilnadu | 11.76 | 11.43 | 11.52 | 10.08 | 8.83 |
| **South** | **30.53** | **29.36** | **29.07** | **27.76** | **27.09** |
| Most Developed | 56.51 | 55.00 | 55.30 | 53.69 | 52.83 |
| Less Developed | 43.49 | 45.00 | 44.70 | 46.31 | 47.17 |
| **All India** | **100.00** | **100.00** | **100.00** | **100.00** | **100.00** |

If the states are distributed according to their level of economic development in the nineties (represented by per capita incomes), then the most developed states had 34 per cent urbanisation level (Table 4) and housed 53 per cent urban population in 1991 (Table 5). Its urbanisation level is far higher than the less developed states (20 per cent) in this year (Table 4).

**Table 6: Statewise Urban Population Growth Rates**

| States | Urban Population Growth Rate | | | |
|---|---|---|---|---|
| | 1951-61 | 1961-71 | 1971-81 | 1981-91 |
| Haryana | 3.05 | 3.09 | 4.78 | 3.65 |
| Punjab | 2.58 | 2.25 | 3.78 | 2.59 |
| Uttar Pradesh | 0.95 | 2.70 | 4.87 | 3.35 |
| Delhi | 5.08 | 4.40 | 4.68 | 3.92 |
| Himachal Pradesh | 1.49 | 3.09 | 3.04 | 3.16 |
| Jammu & Kashmir | 2.64 | 3.57 | 4.11 | 3.85 |
| **North** | **1.92** | **2.96** | **4.63** | **3.39** |
| Rajasthan | 1.05 | 3.28 | 4.76 | 3.37 |
| Maharashtra | 1.95 | 3.47 | 3.43 | 3.32 |
| Madhya Pradesh | 3.98 | 3.88 | 4.57 | 3.78 |
| Gujarat | 1.85 | 3.51 | 3.51 | 2.94 |
| **West** | **2.15** | **3.53** | **3.86** | **3.35** |
| Bihar | 4.07 | 3.75 | 4.43 | 2.69 |
| West Bengal | 3.12 | 2.50 | 2.83 | 2.57 |
| Orissa | 6.45 | 5.04 | 5.54 | 3.13 |
| Assam | 8.52 | 4.85 | 3.57 | 3.32 |
| Arunachal Pradesh | 0.00 | 0.00 | 0.00 | 9.73 |
| Manipur | 37.22 | 7.66 | 10.24 | 3.03 |
| Meghalaya | 7.22 | 0.86 | 6.55 | 3.15 |
| Mizoram | 7.45 | 0.00 | 0.00 | 10.04 |
| Nagaland | 16.60 | 10.30 | 8.94 | 5.74 |
| Sikkim | 9.58 | 0.00 | 0.00 | -3.18 |
| Tripura | 9.23 | 1.69 | 6.36 | 6.39 |
| **East and Northeast** | **3.95** | **3.19** | **3.82** | **2.82** |
| Andhra Pradesh | 1.47 | 2.96 | 4.05 | 3.62 |
| Karnataka | 1.69 | 3.05 | 4.19 | 2.59 |
| Kerala | 3.41 | 3.10 | 3.25 | 4.87 |
| Tamilnadu | 2.06 | 3.31 | 2.51 | 1.78 |
| **South** | **1.95** | **3.13** | **3.41** | **2.88** |
| Most Developed | 2.07 | 3.29 | 3.58 | 2.97 |
| Less Developed | 2.70 | 3.16 | 4.26 | 3.32 |
| **All India** | **2.37** | **3.29** | **3.87** | **3.14** |

In areas of other policies, there has been a dismal failure. Neither the land policies nor the housing policies have achieved their goals. The slums have continued to grow in the metropolitan cities. In the whole of urban India, in 1994, estimated 22.5 per cent population was living in the slums and squatter settlements[14]. Alternatively, the NSSO's 44th round (1988-89) survey gave total 14.7 per cent households living in slums and *bustees* (Department of Statistics 1992a), a reduction from 20.5 per cent in the 43rd round

(1987-88) (Department of Statistics 1992b) and 20.1 per cent in 38th round (1983) (NSSO 1987). In large cities much higher proportion of population live in slums and squatter settlements. For example, in 1991 in Mumbai, 55.3 per cent[15], in Chennai 40 per cent, in Ahmedabad 40 per cent[16] of population and in 1996-97, in Pune 38.8 per cent, in Bangalore 22.2 per cent and in Hyderabad 29.9 per cent lived in slums[17]. In the large cities therefore, access to legal and serviced lands is much more of a problem than in the smaller cities.

Coverage of public housing has remained extremely restricted. Even the shelter programmes, either sponsored by the external funding agencies (as noted above) or implemented by the public housing agencies have remained extremely limited in coverage (Mahadevia 1999). Some of the new programmes addressing slum development, based on the concept of PPP have remained more or less experimental (Acharya and Parikh forthcoming) and gained only value for getting 'Best Practice' awards at international level (Verma 2000).

In fact, in the eighties, continuing in the nineties, there has been a large-scale eviction of slum population in the metropolitan cities. In Delhi, this process had begun in the seventies during the emergency period when at the least in New Delhi, about 800,000 to 900,000 (Van der Linden 1987: 24) slum dwellers were evicted and pushed to the peripheral areas (Seshan 1983, Dogra 1986a and 1986b), on sites devoid of any services (Rao 1981). In the eighties it was the turn of Mumbai. For example, in 1981, Bombay Municipal Corporation (BMC) evicted 10,000 people and another 90,000 would have been evicted if Mumbai High Court had not given the stay order (Economic and Political Weekly: 1982, 801). However, after the Supreme Court order of 1985, BMC and Government of Maharashtra formulated `Operation Demolition' plan Phase-I according to which around 15,000 families would be evacuated (Singh: 1986, 684). Instances have been documented of repeated demolition of a slum if the dwellers have resettled on the evacuated site (Singh: 1986, 685). Slum demolitions were by and large in the regions where land prices were high.

## VIII Conclusions

On the whole, the coverage of urban policies had very limited coverage. It begun with policies meant to support economic growth through public sector enterprises. During the heydays of public sector undertakings, government assumed the role of provider of urban housing in the new townships. Urban policy regime covered regional policies towards balanced regional development and city planning through master plan approach. Regional policies were in favour of backward regions; the urban policies excluded the poor. Over time, the regional policy got diluted and industries increasingly located in developed regions. This happened because private capital was locating in regions that were developed. Urban policies continued to exclude the poor. However, with time, more space was given to the poor because of their increasing numbers and increase in slum settlements in the city. Ironically, this space expanded in the urban policy regime because of the policies of external funding agencies, mainly the World Bank, since the mid-seventies. Globally urban policies have moved towards local economic development and privatisation since the eighties and this has happened in India as well. Paradoxically, the urban poor have got more space in the policy arena, the state has withdrawn and development is being privatised, a situation that will once again lead to exclusion of the poor.

From India's urban sector performance and change in international urban policies, it can be said that, inspite of socialistic proclamations, India's urban policies have remained within welfare framework. Indian experience is closer to the western European experience than the experience of the socialist countries, say China or Vietnam. It is however, true that the urban policies have been in consonance with national goals on one hand that included equity and social justice as much as rapid industrialisation and economic growth. The European experience, to differentiate, have been more in tune with the classical welfare approach, essentially, the State stepping in and performing tasks that the private sector would not have performed. In India, private sector would not have been in position to perform industrial production task without the State taking up the responsibility of providing subsidised basic infrastructure. The urbanisation and urban development policies in the first period, that is upto the end of the seventies, was just to address this particular requirement of Indian economy. This is often mistaken or romanticised as a socialist model in urban and regional development. Then the 'socialism' label to Indian policies continued more as a rhetorics than in any substance of matter. With the lifting up of socialist fundamentalism in urban policies, the poor as urban constituency got more acceptance, possibly not because of exercise of their rights in this regards but more as a compulsion of democratic polity of populism.

Some Marxist scholars have argued that this romantic socialist model lasted in the macro policies and hence in the urban policies till it suited the needs of the Indian industrial (business) class (Balagopal 1984). Bagchi (1991) has argued that the policies have failed because of a "society in which landlords, usurious moneylenders, privileged bureaucrats, and policemen thriving on criminality" have remained in control of change (Bagchi 1991: 613).

The socialist policies were infact plain and clear 'economism' in urban planning. The policies that would have brought equity, like agrarian land reforms in the nation and ULCR Act, were not seriously implemented. In housing sector, EWS scheme could have been continued with large and leak-proof subsidies and this would have meant continuation of socialist policies. Instead, with the first instance of financial crunch, these pro-poor discriminatory policies were withdrawn and more pragmatic shelter policies, at the instance of external agencies were readily accepted. These were readily accepted because of internal reasons as well. The slum dwellers and their organisations accepted the shelter policies because these delivered atleast something than nothing under the 'socialist' promises. These policies also gave the slum dwellers some recognition and by that defacto security of tenure. By then, the trust of people on the State had been lost. The 'socialism' in urban planning that led to Master Plan approach to development, was seen as undemocratic and exclusive urban planning practice.

After 1991, in the period of globalisation, the urban vision has become highly constricted, though in the policy discussions and in the coverage of concerns, many new areas have come up. The vision has shifted to only promotion of economic growth, in which urban areas are expected to play a dominant role. The mega cities are expected to attract international business. Hence, it appears, for the first time, from the policy documents, socialist rhetoric has vanished. In this period, urban infrastructure development and improvement of urban QOL of life have emerged as the most important concerns in the cities' efforts to compete for investments. Urban poverty alleviation is also part of this new urban vision. The urban development has been passed on to the private sector and in this external funding agencies are playing a dominant role. In fact, this new policy environment is quite conducive for expansion of their investment portfolios. Indian decision makers, stifled in the past by the socialist rhetorics have found it exciting to network with the external funding agencies. For the first time the city leaders and decision makers are in close contact with these agencies. With their support, they have started to network with other cities. Individual efforts are being made and projects planned and this goes under the label of urban development. Hence, urban planning and development has been trivialised to individual successful projects. The post-modernist agenda of including diverse perspectives in development process through involvement of civil society and environmental sustainability gets converted into withdrawal of welfare state and emergence of enterprise state.

However, this approach to urban development will also be an exclusive one. In the earlier phase the State excluded the poor, in this phase the market will exclude the poor. For example, for commercialising the infrastructure, local governments would be taking high debt liability. In that situation, it is possible that they may abdicate other responsibilities. For debt repayment, local governments would use their land. They have also begun using land to generate financial resources as in case of Mumbai. That would marginalise the urban poor from the land market. In many cities, the public bodies are not willing to give land for the housing of the poor at nominal/affordable rate[18].

One can observe that a paradox has occurred in India's urban policies' journey from utopia to pragmatism because of underlying 'economism'. The concern for equity was at best an euphemism State supported capitalistic growth. Policy discussions are often juxtaposed against dichotomies, modernism vs. post-modernism, welfare vs. neo-liberal, State vs. market, and so on. In India, these familiar dichotomies have led to elusive conclusions and faulty policy alternatives, mostly in support of economic growth at the exclusion of other dimensions of development. The goals of social justice and equity pronounced in the early Five Year Plans have not be sincerely implemented. The real urban development will come about when these goals are infact included in the policy making and implemented with sincere internal efforts.

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## Notes

[1] This author, as many other scholars believe that the present form of globalisation is skewed and it is only globalisation of capital. Some scholars have alluded this as ‘economic globalisation’.

[2] The changing language of urban policies in India over time will be discussed subsequently.

[3] Even in the non-socialist economies, mix of market forces and government actions have varied greatly between the countries and in most countries over time as well (Burns and Grebler 1977).

[4] Which was the case when the British left. Urban population was concentrated in the four 'colonial cities', Calcutta, Bombay, Delhi and Madras.

[5] Framing of this act has interesting history that should not be forgotten. Before 1976, the Right to Property was recognised in the Constitution as a Fundamental Right [articles 19(1)(f) and 31]. This right was a hindrance in implementing rural land reforms and acquiring lands for public sector industrial townships. Government was forced to pay large amounts as compensation for land acquisitions (Sarkar 1991). Soon after, therefore, through the First (Constitution) Amendment in 1951, articles 31A and 31B were introduced, which saved the State from being challenged in court for violating fundamental rights of equality before the law (article 14), of freedom to acquire, hold and dispose property (article 19 (1)(f)) and of compensation for acquired property (article 31) (Mehta 1990). It was thought that the government would be able to acquire lands inexpensively through these amendments. Inspite of the amendments, however, land reforms in rural areas and acquisition of adequate land for housing in the cities ran into problems. Subsequently, through the Forty-fourth (Constitution) Amendment Act in 1978, article 19(1)(f) and article 31 were deleted from the Constitution. This, it was hoped, would enable the State to redistribute rural and urban land for the benefit of the poorer classes. At the same time, article 300A was introduced which stated that a person couldn't be deprived of his/her property save by authority of law. This was a protection given to the individual against the State executive. This Constitutional amendment was introduced to operationalise ULC Act framed in 1976.

[6] This was a centrally sponsored scheme for liberation of scavengers was initiated in 1980-81. The main objective of the scheme is to convert the existing dry latrines in to low-cost pour-flush latrines and to provide alternative employment to the liberated scavengers.

[7] Subsequently the population threshold was increased to 3 lakhs and currently it stands at 5 lakhs.

[8] This is evident from topics covered by a NIUA document titled India's Urban Sector Profile (NIUA 1998). This document covers aspects of urban planning (land use planning), land assembly, housing, water supply and sanitation, environment, transport, commercialisation of

infrastructure, poverty, schemes for small and medium towns, and governance issues (such as financing, management and administration). A policy document of Asian Development Bank (ADB) on policies for management of mega-cities, covered the areas of, urban productivity, environment, transport, land supply, financial resources, and institutional resources (Stubbs and Clarke 1996). The key words after economic reforms are decentralisation, community participation, empowerment (now through 74th Constitutional Amendment), public-private partnerships, commercialisation, market borrowings, etc.

9 It means that if the public authority wants a piece of land for some public purpose, it can grant development rights over a piece of land elsewhere to the landowner. How much of land area would be granted elsewhere would depend upon the formula worked out by the public authority.

10 FSI is the ratio of built-up area to the plot area.

11 Non-Resident Indians.

12 For details see Mahadevia (2001).

13 It is the new multidonor technical assistance facility established in July 1999, which is carrying forward the program of Country Framework Reports, began under the Infrastructure Advisory Facility as a part of the World Bank Group's Infrastructure Action Program.

14 The estimates are given in NIUA (1995) and are worked out using TCPO compendium of Indian Slums in 1985.

15 Mahadevia (1998) based on data from Municipal Corporation.

16 Mahadevia and D'Costa (1997), based on Ahmedabad Municipal Corporation Statistical Outline.

17 For Pune, Bangalore and Hyderabad, slum data is from respective municipal corporation documents. See Pangotra (1998).

18 In Ahmedabad, while looking for land to take up housing for a section of industrial workers, option selected was to ask Gujarat Industrial Development Corporation (GIDC). However, the GIDC was under the pressure from the High Court to construct a Common Effluent Treatment Plant (CETP) to take care of chemical pollution. Hence, GIDC was not interested in making this land available at cheap rate for housing purpose. There can be number of such incidences to suggest that using land as a resource would lead to giving low priority to housing land.