State Led Alternative Mechanisms to Acquire, Plan and Service Land for Urbanization in India

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1. The Need to Acquire Land for Public Purposes in India

2. Interest in Alternative Mechanisms

3. Background, Process Illustrations and Impact

4. Comparative Analysis, Strengths and Areas of Improvement

5. Recommendations

STRUCTURE OF THE SEMINAR
1. The Need to Acquire Land for Public Purposes in India
Setting Context: Distribution of urban/rural population in India across settlement types

Source: Generated by WRI India using data from Census 2011
Accommodating Future Urbanisation
Land requirement in India by 2050

- India will witness an addition of 400 million urban dwellers by 2050
- While there will be a doubling of urban population, urban land utilisation is set to be 5 times more
UNPLANNED AND UNSERVICED CITY PERIPHERIES

- Delhi UA (44 sqkm/year)
- Mumbai UA (8 sqkm/year)
- Bengaluru UA (53 sqkm/year)

- Built up land in 2012
- Built up land in 2006

- Municipal boundary
- Built up land in 2012
- Road
Nature of Urban Growth | Unpanned and Unserviced Peripheries

Bengaluru Urban Agglomeration

Whitefield Area

Source: Generated by WRI India using LULC Data, Bhuvan and Open Streets Map
Lack of structured & connected road network in rapidly growing areas compared to older parts of the city of Bengaluru…

Source: Generated by WRI India using Open Streets Map
Land for public purposes such as roads and open spaces not reserved during the area's rapid growth…
FOCUS:

Rapidly urbanising Indian cities need mechanisms to ensure that land is acquired, planned, and serviced with adequate infrastructure and social amenities, to prevent the occurrence of haphazard urban expansion and under provisioned inner-city areas.
2. Interest in Alternative Mechanisms
Interest in Alternative Mechanisms:

- The use of alternative mechanisms to acquire land is not new in India; land pooling mechanisms such as town planning schemes introduced by the British through the Bombay Town Planning Act, 1915, have been used in some regions for over a hundred years.

- However, the primary tool to acquire land remains the Land Acquisition Act (LAA), 1894, which enables the compulsory acquisition of land. LAA 1894 was revised by the enactment of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (RFCTLARR) Act, 2013.

- This new law provides for more transparency, community involvement at every stage, and enhanced benefits for the affected families. However, the 2013 act’s lengthy process and costs have caused concerns since its enactment.

- Post 2013, Concerned with potential delays in land procurement, States framed alternate land policies such as land purchase by mutual consent, land pooling policies and use of development rights. Eg: Madhya Pradesh, Uttar Pradesh, Telangana, Andhra Pradesh, Rajasthan, Harayana, Delhi, Bihar etc.

- Several state and city agencies are exploring alternative mechanisms because they are faced with limited finances, skyrocketing land values, and lengthy procedures involved in compulsory acquisition.
LAND PLANNED AND SERVICED THROUGH AN AREA DEVELOPMENT APPROACH

For the integrated development of land and the introduction of public purposes, four aspects need to be addressed together i) land acquisition ii) its planning iii) its servicing and iv) the capture of its value post development;

Before: Proposed Road Alignment

After: Arterial Road Acquisition
Inefficient and inequitable development

After: With Land Readjustment
Opportunity to plan, service and finance development. All stakeholders benefit.
This research identifies alternative state-led mechanisms that enable the acquisition, planning, and servicing of land in infill scenarios, urban extensions, and greenfields under the guidance of a city master plan that employ land value capture methods to help pay for the land acquisition and development.

The mechanisms are land readjustment and a variation called land pooling, public private partnerships, additional and transferable development rights, accommodation reservations, and cluster redevelopment. These mechanisms can be used alone or in combination to achieve the objectives stated above.

Nine parameters were developed to determine the effectiveness and efficiency of each of the six mechanisms.
3. Background, Process Illustrations and Impact
Detailing 6 State Led Alternative Mechanisms

1. The Town Planning Scheme, Gujarat
2. The Land Pooling Scheme, Amaravati, Andhra Pradesh
3. The Navi Mumbai Airport Influence Notified Area (NAINA) Scheme, Maharashtra
4. The Joint Development Model, Haryana
5. Accomodation Reservation – Transfer of Development Rights, Maharashtra
6. The Cluster Redevelopment Scheme, Maharashtra
1. Public declaration to prepare TPS and survey of the area identified

2. Authority prepares draft scheme, calls for meeting of landowners to seek opinion on tentative proposals
3. Authority modifies tentative proposals and publishes draft scheme seeking objections and suggestions from landowners

4. State govt sanctions draft scheme after enquiries and authority takes over land for roads. Scheme then becomes preliminary scheme
5. TPO modifies preliminary scheme after conducting hearings and then publishes it for inspection. Reshaped serviced land parcels of lesser area is offered back to landowners.

6. Authority constructs basic infrastructure facilities after preliminary scheme is published. Govt approves final TPS. The landowner pays betterment levy if applicable.
1. The Town Planning Scheme, Gujarat

• BACKGROUND:
• To address people’s resentment post large-scale demolitions and land acquisition undertaken by an “improvement trust” post the plague breaking out in India in late 1800s, the British government enacted the Bombay Town Planning Act, 1915, which outlined the Town Planning Scheme (TPS). Embedded in most Town and Country Planning Acts of State’s today

• ENABLING PLANNED AND SERVICED LAND:
• Through reconstitution, land parcels are formed into regularly shaped units and infrastructure is provided as determined by the master plan. The concerned authority constructs infrastructure such as water supply, drainage lines, and electric lines, as well as road networks, which range from main arterials to collector and feeder roads at the neighbourhood level. Plots for social amenities such as schools, dispensaries, parks, and recreational spaces are developed as designated in the master plan.
1. The Town Planning Scheme, Gujarat

• **FINANCING MODEL**
  • The financing strategy for TPS is built on the principle that the benefits of urban infrastructure investments are capitalized through land value capture. Hence the landowner must pay a percentage of the increment as a betterment levy. In addition to the betterment levies paid by landowners, the authority also recovers cost through the sale or mortgage of plots (it retains 15 percent of the land appropriated for this purpose). The proceeds from this sale could be also used to provide infrastructure facilities in the scheme area.

• **IMPACT**
  • Ahmedabad is the first city in India to have over 90 percent of its city development plan implemented through the TPS.
  • From 24 TPSs alone, AUDA created a land bank worth Rs. 500 crore
  • More than 80 percent of the land for Ahmedabad’s ring road was acquired using TPS (MoUD n.d.) and a 1-kilometer-wide belt of land was reconstituted and planned to create this road
  • In 2012, TPS was proposed for the Dholera Special Investment Region in Gujarat in which a 580-square-kilometer area was divided into six TPSs ranging from 5,000 to 10,200 hectares
Private developers acquire land directly from landowners at negotiated market prices, applies for licence to be a ‘coloniser’

License granted after due scrutiny and payment of requisite fees. Developer submits advertisement copies made for the sale of plots in the colony and terms of agreement entered between developer & plot owners

Private developer develops the layout with infrastructure services and sells the plots /built up area for profit. Private developer constructs or hands over land for social amenities to the authority. Authority implements trunk infrastructure
Joint Development Model, Haryana

• **BACKGROUND:**
  - Haryana Development and Regulation of Urban Areas (HDRUA) Act, 1975 formulated to regulate ill-planned and haphazard urban growth in or around towns, permitted private developers to participate in urban development. This public private partnership model of land development is commonly termed the Joint Development Model (JDM) of Haryana and is applicable to all the urban areas of the state.

• **ENABLING PLANNED AND SERVICED LAND:**
  - The government authority develops external trunk infrastructure such as water supply, sewerage, drains, treatment and disposal of sewage, sullage, and storm water, roads, electrical works, solid waste management and disposal.

  - Private developers develop the colonies, including the internal infrastructure such as metalling of roads, paving of footpaths, turfing and planting of trees in open spaces, street lighting, adequate and wholesome water supply, sewers and drains, and the treatment and disposal of wastewater to the satisfaction of the director of HUDA.
Joint Development Model, Haryana

**FINANCING MODEL**
External trunk infrastructure is partially funded through external development charges paid by the developer and The developer also deposits infrastructure development charges which is also deposited by the developer. The developer is also liable to pay scrutiny fees, licence charges, and conversion charges. Net profit above 15 percent after the completion of the project period, to be deposited by private developer, in the state government treasury or this money to be spend for further infrastructure. The private developer makes a profit through the sale of plots and flats in the open market.

**IMPACT**
- Total of 1,702 licences were issued to private developers who developed 14,167 hectares for residential, commercial, institutional, and industrial uses through JDM.
- Ninety-three percent of the total land area (which is 12,893 hectares) for which the licences were issued was developed for residential purposes through 1,251 licences. This included the affordable housing projects as well.
- The Gurgaon–Manesar urban complex has attracted the highest number of JDM-licenced developments with about 31 percent (6,931 hectares) of its land earmarked for licenced colonies, which are in various stages of development.
Authority prepares master plan indicating land reserved for public purposes and notifies the same for acquisition.

Landowners express willingness to surrender land free of cost, apply for a Development Rights Certificate. Scrutiny is done, TDR applied for.

Authority grants DRC certificate and authority implements or gets the public purpose reservation constructed on the land. The landowner constructs or sells the additional DR which he received as compensation.
Accommodation Reservation and Transferable development Rights (AR-TDR)

• **BACKGROUND:**
  • Compulsory acquisition of land designated for the public purposes in Mumbai’s 1967 master plan was not financially viable for MCGM, due to the limited availability of land and its exorbitant costs. When the master plan was revised in 1991, the concept of transferrable development rights and accommodation reservation were introduced through the DCR for Greater Mumbai.

• **ENABLING PLANNED AND SERVICED LAND:**
  • In a built-up context, AR-TDR ensures the addition of amenities and services on land assigned for various public purposes such as roads, social amenities (education, health, markets, and cemeteries) and open spaces.
  • In a densely built city such as Mumbai, land for purposes such as nalla widening, road widening, conserving heritage buildings, redeveloping ceased buildings, implementing urban renewal schemes, and providing transit tenements obtained through TDR.
2. Accommodation Reservation and Transferable development Rights (AR-TDR)

**FINANCING MODEL**
- Land or amenity is obtained by the authority free of cost. The authority benefits from not having to pay for the land or amenities and the process is faster than that of compulsory acquisition through the National Land Acquisition Act.
- The authority gets infrastructure improvement charges, which are based on the construction cost and the amount of development rights utilised through TDRs, and development charges for undertaking development in the receiving zone. The authority also gets legal fees and scrutiny charges for processing the TDR application form.

**IMPACT**
- By 2015, MCGM had acquired about 306 hectares for public purpose reservations and about 109 hectares for road widening in Greater Mumbai through TDR.
- The TDR program was also responsible for construction of 105,000–150,000 units of slum replacement housing over 10 years in Mumbai.
- The Maharashtra state government used TDR to fund large projects within and outside Mumbai. For instance, using the TDR mechanism, 42.5 percent of the cost of the Mumbai Urban Transport Project was contributed by the state government for carrying out 75 percent of the resettlement of the project-affected people.
CLUSTER REDEVELOPMENT SCHEME PROCESS

Promoter identifies old, dilapidated buildings in clusters through an impact assessment study for redevelopment as per development plan or urban renewal plan.

Land is assembled. Consent of 70% of the eligible tenants secured. Transit camps accommodate eligible tenants in interim during construction phase.

Promoter sells the built up area beyond the rehabilitation component for profit in the open market and provides maintenance through a corpus fund for 10 years.
Cluster Redevelopment Scheme, Mumbai, Maharashtra

• **BACKGROUND:**
  - The urban core of **Mumbai city has many dilapidated buildings** and the landlords lack incentives to make repairs due to archaic laws that prevent them from charging market-rate rents. Considering the need for reconstruction of these buildings, a clause on the redevelopment of cessed buildings introduced. Taking into account the abuse of this provision, in 2009 a Cluster Redevelopment Scheme (CRS) was introduced to enable a holistic renewal of Mumbai’s dilapidated areas.

• **ENABLING PLANNED AND SERVICED LAND:**
  - A group of dilapidated buildings that have poor or no access to infrastructure such as adequate roads, open spaces, or sewage treatment facilities are upgraded through redevelopment. The CRS ensures holistic infill development of housing, complete with infrastructure such as wider road networks, footpaths, and open spaces.
  - To ensure the development of these reservations, the promoter must hand over a built-up area equal to 60 percent of the basic FSI under such reservations to the authority free of cost. The scheme also mandates that 10 percent of the scheme area be devoted to recreational open spaces.
Cluster Redevelopment Scheme, Mumbai, Maharashtra

• **FINANCING MODEL**
  • Scheme is implemented through promoters who bear the cost of construction as well as the cost of assembling the land. Incentive FSI provided to the developer cross subsidises the cost of developing new and structurally safe houses for the existing tenants free of cost.
  • MCGM charges the promoter a cess at the rate of 100 percent of the development charge, subject to a minimum of Rs. 5,000 per square meter for a built-up area over and above the existing built-up area for the rehabilitation and free sale components. Plus development charges levied as per section 124 of the MRTP Act 1966.
  • The promoter should also create a corpus fund of a minimum of Rs. 50,000 per tenement for the maintenance of the rehabilitated buildings for 10 years.

• **IMPACT**
  • One Avighna Park in Parel, a development of on 2.6 hectares, was the first cluster redevelopment project approved by the Municipal Corporation of Mumbai.
  • Bhendi Bazaar, a densely populated location in Mumbai, is being redeveloped by the Saifee Burhani Upliftment Trust (SBUT) under CRS and is expected to create more open spaces for parks, parking, and other amenities
  • In 2015, Maharashtra announced extension of CRS to Navi Mumbai
  • In 2017, cluster redevelopment schemes in Thane, Maharashtra is expected to bring in 10,000 new buildings and 1.25 lakh (0.125 million) new homes in phases.
4. Comparative Analysis, Strengths and Areas of Improvement
# Findings from Comparative Analysis of Six Mechanisms

<table>
<thead>
<tr>
<th>1. Recognition of public purpose</th>
<th>Listing: Clear and unambiguous for all mechanisms, statutory master plan ensures this. However, no provision to monitor land diversion for other purposes</th>
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<tbody>
<tr>
<td>2. Public purpose land secured</td>
<td>% land for roads, social amenities, open spaces and EWS explicitly mentioned in TPS and LPS, but not for JDM and NAINA where it is an aggregate number. Gated developments not addressed. No clarity if tenants/occupiers of land are eligible for affordable housing components in the same project.</td>
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<td>3. Operational Process</td>
<td>TPS and LPS: Well defined in terms of process, steps and timelines. However, Amavati land development timeline unclear. NAINA scheme has a process but no commitment to timelines. JDM, TDR-AR and CRS: lacks clarity in the process requires referencing multiple documents.</td>
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<td>4. Enabling Framework</td>
<td>All mechanisms, except JDM and LPS, work under state-wide planning legislation. The overarching Act that mandates preparation of DP is a significant aspect that ensures planned and serviced land. NAINA Scheme implementation formats and FAQs on the CIDCO websites have to be sourced to understand various components.</td>
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<td>5. Compensation, R &amp; R</td>
<td>Developed land for TPS &amp; LPS (also monetary benefits and long term annuity in LPS). AR-TDR and NAINA scheme offers additional Dev Rights to landowners. JDM offers negotiated market price to landowners. Only LPS offers R &amp; R for the landless PAPs</td>
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**Source:**

- **WRI India – Ross Center**
6. Recognition of Rights

Only individuals with legal rights over property recognised as landowners. For rehabilitation provisions, only CRS and LPS recognises rights of the tenants/landless PAPs.

7. Participation Mandates

Participation at various stages in TPS and LPS, NAINA Scheme: Provision for public objections & suggestions on the layout plan: Consent of landowners and tenants sought in LPS and CRS. JDM and AR-TDR: no provision for participation.

8. Cost Recovery Mechanisms and Post-development benefits

Cost recovery mechanisms present in all, though viability of mechanisms depends on the market demand for serviced land. Govt and landowners share post development benefits except in JDM and AR-TDR (if landowners surrenders entire land parcel to authority) JDM: Net profit above 15 percent after the completion to the state.

9. Grievance Redressal & Jurisdiction of Courts

Independent redressal mechanism system in TPS, other mechanisms lacks either an independent system or do not have provisions for grievance redressal. LPS and TPS provide some clarity on jurisdiction of courts, while others do not.
STRENGTHS AND AREAS OF IMPROVEMENT

• Implementation of the macro-scaled city master plan at the micro level

• Accessibility to planned and serviced land for all income groups

• Strengthening the finances of city agencies

• Sharing land development risks, post development benefits and improving participatory mandates

• Replicating successes through contextually suitable legislative amendments
RECOMMENDATIONS TO IMPROVE THE ALTERNATIVE MECHANISMS

• Prevent distant, disconnected and dispersed development

• Introduce planning and urban design standards to ensure connectivity and walkability

• Institute reforms critical to facilitate the delivery of developed land

• Ensure participation of all affected stakeholders

• Include equitable and fair compensation frameworks in the State led alternative mechanisms

• Training and capacity building of government staff to implement alternatives
Thank You.

LINKS TO THE FULL WORKING PAPER AND ILLUSTRATED EXECUTIVE SUMMARY:


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