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LAND CHALLENGES IN SMART CITIES

India's Smart Cities Mission envisages some developments in terms of infrastructure in several urban centres. However, it ignores to address the problem of land acquisition and land management, without which all change would seem superfluous.

The Smart Cities Mission launched in June 2015 by the National Democratic Alliance (NDA) government envisages to redeem 20 cities with central assistance, to develop physical, institutional, social and economic infrastructure which is aimed at improving the quality of life as well as economic viability of these urban centres. This was long overdue as most cities are in a civic and financial mess because of unplanned and rapid urbanisation.

One of the key contributing factors to this mess is poor land management, both in terms of land usage and pricing. The fact that some of India's best cities have sprawling slums in which people live in sub-human conditions—41.3 per cent in Mumbai,

29.6 per cent in Kolkata, 28.5 per cent in Chennai and 8.5 per cent in Bangalore as per 2011 Census—and that even one heavy spell of rains can paralyse them, are testimonies of such mismanagement. It reflects gross negligence on the part of urban planners, despite India's urban population contributing about 55 to 60 per cent of the nation's gross domestic product (GDP) (Planning Commission, 2011).

How will the Smart Cities Mission impact management of land? Will it lead to smart management in a way that will make urban centres socially equitable, environmentally sustainable and economically viable? The brouhaha over the Mission may give an impression that indeed it could be so, but thorough analysis may reveal otherwise.

The Smart Cities Mission has four key strategic components:

- **Retrofitting** seeks to make existing areas more efficient and liveable by reducing pollution and wastes, improving power and water supply, connectivity and security.
- **Re-development** entails demolition of an existing build-up area to create a new layout through mixed land use, high floor space index (FSI) and high ground coverage.
- **Green-field development** is the only element which actually provides a *carte blanche* to build a smart township by adopting holistic land management.
- **Pan-city development** envisages application of smart solutions like transport, waste water recycling, smart metering covering entire cities.

Such developmental activities, as per the Mission statement, can be carried out provided certain minimum area is covered—500 acre for retrofitting, 50 acre for redevelopment and 250 acre for green-field development (Smart Cities Mission, 2015). We can keep aside greenfield development for now since it involves acquisition of land under a stricter and yet untried Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act of 2013 (LARR).

Under the approved programme of the Mission, Bhubaneswar, which topped the list of 20 smart cities, will take up retrofitting of the highly congested 985 acre (about 4 sq km) around its railway station in the heart of the city (Indian Express, 2016, January 29). This is a small fraction of the total 186 sq km municipal area of Bhubaneswar. The same applies to other approved programmes varying in area from about 500 acre (2 sq km) for New Delhi Municipal Corporation (NDMC) against a total geographical spread of 1,483 sq km to about 2,700 acre (about 10 sq km) of the 94 sq km spread of Belgaum (Vision; Daily O, January 28, 2016).

The changes may allow more people move into these smart city patches—but such changes will be one time and not significant given the overall size or population of the selected cities.

This reveals that all smart city projects are confined to a fraction of the city concerned. Changes in land use by way of mixed land use, higher ground coverage or FSI permitted, are thus, limited to a small patch. The changes may be good and allow more people to move in to set up homes or businesses in these patches but such changes will be one time and not very significant given the overall size or population of these cities. The 20 cities selected under the Mission has a population range between 5 and 50 lakh or more (PIB, 2016).

As far as land prices are concerned, improvement in infrastructure and new economic opportunities will certainly lead to a boom in the land market in the short run but given the nature of change, the price escalation may not be too high or sustainable in the long run. A study by Thought Arbitrage Research Institute (TARI), carried out in collaboration with Rural Development Ministry and the German Development Agency (GIZ), shows that the price of land is determined by factors like economic activities and physical infrastructure (TARI, 2014). This study analysed 700,000 land transactions registered over three decades in the districts of Faridabad in Haryana, Ambala in Punjab, Singrauli and Mandla in Madhya Pradesh to conclude that the official pricing mechanism based on historical transactions (circle rates) does not reflect the true

economic value of the land being acquired.

The presence of economic activities such as industries and proximity to airports, railway lines, highways determine high prices, irrespective of whether the land is urban or rural. The degree of influence of these factors may, however, differ from place to place and time to time. Change in land use also raises land prices, often sky-rocketing it when land use changes from agricultural to commercial or residential (TARI, 2014).

Thus, in the long run, the price of land is dependent on the level of economic activities and access to transportation, communication, financial institutions, in addition to power and water. Dramatic improvements in these areas draw more people and lead to growth of surrounding areas. Once that happens, urban planning and policies relating to urban ceiling, rent control, land conversion, FSA, property tax etc. come into play, defining and determining the land prices in those areas.

As for greenfield developments under the Mission, such townships will depend on land acquisition under LARR. Ever since LARR came into force, no significant land acquisition has taken place anywhere in the country because of a tougher acquisition process and higher pricing mechanism. In fact, the value of land goes up many times more under the new law than the 'circle rate', the official market price of land, which is based on the average value obtained from the sale deeds registered in an area, as LARR adds a multiplier to it and tops it up with a solatium to fix compensation for the land owner (MoRD, 2013).

Endnote

Thus, so long as the process and pricing under LARR are not sorted out and the logjam over land acquisition not ended, it is difficult to foresee how the Smart Cities Mission can bring about significant change in land management or find smart solutions to some of the biggest challenges of urbanisation in India.

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