

EXECUTIVE SUMMARY

1. INTRODUCTION

With the broad objective of effective planning and management of urban development, Karnataka Urban Infrastructure Development and Finance Corporation (KUIDFC) have appointed STEM Bangalore, to undertake the study on “Rationalizing and Devolving Planning and Management of Urban Development [under Reforms Agenda for Landuse Management (RALM) in Urban Areas” for Karnataka]. The study has been initiated in response to the need for the implementation of the provisions of 74th CAA. The specific objectives of the study are as follows:

- i) Review and assess current landuse planning or land management policies and processes.
- ii) Evolve strategies for devolution of functional and financial authority.
- iii) Suggest options for simplifying planning and regulatory framework.
- iv) Enhance mechanism for decentralization of governance framework
- v) Evolve options to strengthen fiscal and financial management capacities.
- vi) Explore alternatives for efficient management of municipal capacities.
- vii) Explore, establish and define functional linkages between ULBs and other line agencies.

The approach and methodology of the study is outlined as under:

- i) Review of available secondary data and reports such as master plan, landuse plan, and zonal regulations.
- ii) Deliberations with stakeholders at state and town levels, including beneficiaries.
- iii) In-house SWOT analysis on capability and capacities of ULBs and Planning Authorities.
- iv) Identify the gaps and needs through community participatory methods at grassroot levels.
- v) Synthesisation of situation analysis with the need assessment for the present and future.

The case study method is used to assess the Planning and Management of Urban Development at different jurisdictional levels. Five different urban areas with different characteristics in terms of civic status and types of planning body have been selected as detailed below:

Table 1: Study Area – 5 Case Study Towns

Jurisdiction	Civic Status	District	Type of Planning Body	Population 2001 (in Lakhs)
1. Hubli-Dharwad Local Planning Area	Municipal Corporation	Dharwad	Urban Development Authority	7.86
2. Davangere-Harihar Local Planning Area	Municipal Corporation/ City Municipal Council	Davangere	Urban Development Authority	3.64
3. Shahpur Local Planning Authority Area	Town Municipality	Gulbarga	Independent Planning Authority	0.39
4. Arasikere Local Planning Authority Area	Town Municipality	Hassan	Municipal Planning Authority	0.43
5. Gowri Bidanur Town	Town Municipality	Kolar	Nil	0.30

The entire study is outlined under four major activities as listed below:

Activity 1: Assessment of current status of development planning process.

Activity 2: Identifying major challenges to urban development.

Activity 3: Strategies for devolving multi-faceted planning and Land Management.

Activity 4: Synthesis and finalization of strategies for adoption.

The key stakeholders included Urban Development Department, Revenue Department, Department of Town Planning, Directorate of Municipal Administration, Panchayat Raj Department, Survey settlement and Land Records, Karnataka Housing Board, Karnataka Slum Clearance Board, Urban Development Authorities, Planning Authorities, Local Bodies and Karnataka Industrial area Development Board.

Stakeholders' Consultations

The details regarding stakeholders' consultation are given below:

- 1st Stakeholders' Consultations – August to September 2006
- In-house 1st Expert Group Meetings – October 2006
- 2nd Stakeholders' Consultations – February to March 2007
- In-house 2nd Expert Group Meetings – April 2007
- In-house Professional Group Meetings – August 2007
- Expert Committee Consultations – November 2007
- Presentation on Draft Final Report – June 2008
- Final Consultative Workshop – July 2008

The study is processed broadly under four working papers. The key focus areas of each of the working paper are as outlined below:

- **1st Working Paper** – Assessment of current status of development planning process, urban development & planning scenario in Karnataka, an overview of the 74th CAA in

the state and development planning scenario in the five case study town/city jurisdictions.

- **2nd Working Paper** – Identification of major challenges to urban development, actors in urban development & management, review of urban planning aspects & legal mechanisms, institutional capabilities of ULBs and assessment of landuse management principles & planning regulations with respect to the five case study towns/Cities jurisdictions.
- **3rd Working Paper** – Strategies for devolving multi-faceted planning and land management, professionalisation of plan preparation, enforcement and implementation, SWOT analysis of agencies involved in urban planning & landuse management and reform path in accomplishing implementation of 74th CAA in Karnataka.
- **4th Working Paper** – Synthesization & finalization of strategies for adoption viz., integrated planning strategies, development planning, legislative & regulatory, institutional scenario, urban planning, management and resource augmentation.

Each paper is deliberated upon by stakeholders and inputs are used in finalizing the working papers. An overview of the content of each of the working papers is discussed as under:

2. WORKING PAPER 1

As part of the study, the initial consultations were held with KUIDFC, DTP, DMA and respective officials of the case study, ULBs and UDAs to understand the current status of urban planning and development scenario in their jurisdiction. The preliminary data reports like the documents/ reports from KUIDFC, DTP, DMA, ULB and UDAs were collected. Apart from this, existing literature on urban landuse planning and management process were reviewed to draw inferences. The key issues emerged are outlined as under:

- Most of the organizations with overlapping functions were established before the 74th CAA came into effect and are being continued.
- While implementing the 74th CAA, the GoK has amended and inserted some sections into KMC Act of 1976 and KM Act of 1964.
- No attempt has been made to reconcile the overlapping functions of other organizations, which were assigned specific functions, which now overlap with the functions of ULBs.
- ULBs have got constitutional status, which overrides the state legislative status.
- The GoK has not constituted DPCs (since they are not functioning though constituted) and MPCs as required under 74th CAA.
- Economic growth in the state shows fluctuations in terms of annual growth and sectoral and industry composition.
- The rural-urban disparity in per capita incomes has widened over the years.

- The disparities continue to grow in certain areas of social and economic infrastructure facilities like health and education and other basic infrastructure.
- There are some structural imbalances between regions, which deserve immediate attention of the policy makers.
- Income and wealth inequalities have widened particularly in urban areas.
- The Master Plans prepared have not met the development and growth needs of settlements and have neither matched nor controlled the pace of urban growth. The gap between planned and actual growth and development needs is widening.
- Very recently the State Govt. has initiated action both to reform the budgeting and auditing of local bodies.
- Some parts of the urban areas are extremely over crowded, whereas the other parts are either underdeveloped or vacant and have immediate scope for further densification.

3. WORKING PAPER 2

During the second stage of the study, review of various aspects of urban planning, development and management with respect to the five case study towns were undertaken, which include urban planning aspects, fringe area issues, planning regulations, development procedures, land management principles, etc. The key issues that emerged are outlined as under.

A. Master Plan Related

- No integration between socio-economic planning and physical planning.
- Regional perspective does not exist while preparing the Master Plan.
- Absence of spatial/ land management policy and framework to decide on best use of land.
- Lack of urban renewal or urban development plans to maximise already developed area with infrastructure.
- Master Plan preparation is time consuming.
- Resource raising is not part of the Master Plan.
- Landuse plans are rigid and static and are not adaptive to changes.
- Environmental issues not given priority and urban transport not emphasized
- Limited public participation.
- Master Plans allowing large institutional land holdings and low utilization efficiency.

B. Law and Regulation Related

- Overlapping provisions among different acts at the agency level (ULB, PA, UDAs, KHB, KIADB & Revenue Acts) sharing the similar provisions with regard to revenue, landuse control, regulations, management and collection of revenue.
- Certain provision continued in parastatal agencies Act curtails the role of Planning Authorities/ ULBs.
- The constitution of MPC and DPC are not part of KTCP Act.
- The Govt. regulations or practices contributing to an artificial increase in land consumption like land sub-division regulations, minimum plot size, low FSI need to be re-looked.
- Master Plans ignoring real estate demand coupled with high stamp duty for registration.
- Govt. regulations contributing to an inadequate land supply like conversion of agriculture land from agriculture to non-agriculture.
- Zoning regulations, plot coverage and FAR consciously regulating development in central area and promoting developments in the periphery. This results in dispersion of activities in small clusters in sub-urban areas and, thereby, increasing in trip length and pollution.

C. Institutional Management Related

- Alternate institutional systems like KHB, KIADB & private sector, etc. with ability to increase land and housing supply at quicker pace than UDAs.
- The issue of a particular institutional development causing lopsided development (housing and industrial) against a planned development (town planning) arises a serious concern in regard of absence of strong and adequate institutional linkages to ensure developments that are carried out as per Master Plan.
- Passive role of DTP (advisory capacity) in smaller settlements has led to haphazard development and the damage is done. Thus, once the Master Plan preparation process is initiated, the efforts are more focused on damage control than planning.
- Weak monitoring set up for overseeing the functioning of UDAs and PAs.

D. Landuse & Management Related

- Recent trends in regularization of unauthorized developments ultimately defeat the very purpose of preparing the master plans and framing of rules and regulations thereunder.
- Large-scale land acquisition and low utilization. Decrease in supply of serviced land.

- Obtaining approvals from office of the Deputy Commissioner for conversion of land from agriculture to non-agriculture, when the development pursued is as in the Master Plan.
- The divergence between the market values and guideline values.
- Schemes taken up by UDA/ KHB are not based on effective demand.
- Land auditing is not done in KIADB, KHB.

E. Revenue Related

- Altering methods of property taxation to benefit from land values as well increasing utilization of vacant land.
- High stamp duty rates discourage transactions or encourage underreporting of real property value. The systematic underreporting of land prices is costly to the state and the municipalities as it prevents a fair evaluation of property taxes based on land values.

F. Human Resource Development Related

- A review of the duties outlined for all the staff members indicate the absence of detailed studies pertaining to demand assessment, land values capturing, database creation & management, scenario building, etc. These aspects play a major role in supporting decision-making in a scientific manner while preparing layouts/ preparation or revision of Master Plans.
- Low skill level of planning staff to handle computer based planning and limited training & capacity building initiatives by various departments.
- Limited use of technology in urban planning.
- Insecurity among staff of UDAs/ PAs on the consequent of implementation of 74th CAA.

G. Procedural Delays Related

- Long drawn processes of obtaining approvals for landuse conversion and building permissions. Long processes increase transaction costs, which ultimately will be transferred to the final user of the land. Uncertainty also increases possibility of reducing the number of transactions.
- Long drawn processes related to land acquisition and resolving legal problems on account of value enhancement related issues.
- Alternate land development models still not trickled into main stream of planning process to introduce sense of competitiveness.

H. ULBs Management Related

- Archaic Land Recording systems & resultant losses.

- Poor database to support ULB decision making on ULB properties.
- Unscientific techniques to tap revenue potential from lands.
- Slow paced fiscal reforms.
- Poor response for internal audits.

I. Professionalisation of Plan Preparation and Implementation

- The Department of Town Planning, Planning Authorities and other parastatal agencies are not equipped with modern techniques and their capabilities are far below the desired level.
- The Master Plans prepared have not taken into account the ground realities, socio-economic problems, environmental issues, traffic and transportation problems, aspiration of the residents due to which they have failed in addressing the various issues and problems.
- There is a lack of clarity and coordination between the planning agencies and parastatal agencies in implementing and enforcing the Master Plan proposals.
- Lack of recognition for the entire process of Master Plan preparation and its implementation among various agencies.
- There is a poor information system due to which the process of Master Plan preparation, implementation, enforcement and management suffers.

4. WORKING PAPER 3 & 4

As regards the various issues identified during the first and second stage of the study, the various possible suggestions in terms of strategic options have been evolved. The key strategies are outlined as under.

A. SWOT Analysis of Institutions

As a prerequisite to outlining the options, a SWOT analysis of the institutions was undertaken. The SWOT analysis is a tool to assess the strengths, weaknesses, opportunities and threats of the agencies involved in the urban planning and management. The agencies covered are urban local bodies, Directorate of Town Planning, Planning Authorities, development authorities, Karnataka Housing Board, Karnataka Industrial Area Development Board, utility agencies, Revenue Department, Registration Department, Land Records Department and Gram Panchayats.

B. Reform Path

The experience of Karnataka State in the implementation of 74th CAA was assessed. In a peripheral way the 74th CAA is implemented, subsequent to which

- 46 local bodies have been declared as planning authorities,
- a provision is made to constitute MPCs in the municipal corporation Act, and
- a provision is made to constitute DPCs in the Panchayat Raj Act.

In the report, three options with their merits and demerits are outlined, as mentioned below:

Options	Merits	Demerits
Option 1		
Existing UDA, PA/ MPA and parastatal agency model	<ul style="list-style-type: none"> • Responsibility of work is distributed. • Easy to coordinate within the organization. • Better supervision. 	<ul style="list-style-type: none"> • Limited opportunities to implement 74th CAA. • Coordination among agencies is difficult. • Each agency thinks that their act provision is supreme. • Multiplicity of schemes. • Not possible to take-up the responsibility of District Planning and MP work. • Failed in achieving the objective. • Monitoring and supervision is difficult.
Option 2		
UDAs for bigger cities and local bodies as planning authorities for the remaining towns and cities along with parastatal agencies	<ul style="list-style-type: none"> • Responsibility of work is distributed • Coordination within the organization is easy • Better supervision 	<ul style="list-style-type: none"> • Coordination among agencies is difficult. • Each agency thinks that their act provisions are supreme. • Not possible to take-up the responsibility of district planning and metropolitan planning work. • Monitoring and supervision is difficult.
Option 3		
Metropolitan DAs/ DPCs and Local bodies as planning authorities with parastatal agencies.	<ul style="list-style-type: none"> • Possible to prepare MRDP, DDP, IPP, Master and annual plans at district/ region and local level as envisaged in the 74th CAA. • Planning, implementation and enforcement will be with one agency. 	<ul style="list-style-type: none"> • Absence of appropriate machinery and limited capacity.

In order to implement the 74th CAA, the third option is recommended.

C. Integrated Planning Strategies

In the context of series of challenges faced in urban development and governance and also structural changes taking place in urban areas as a result of liberalization and total globalization, there is a need for a Human Settlements and Population Distribution and Urbanisation Policy. In addition to this, there is a need to understand the scope and content of

metropolitan planning, district level planning, local level planning and regional level planning and also the means of decentralization of plan approval process, budgeting at State/ District level and local level.

D. Planning, Legislation & Regulation

A comprehensive amendment to KTCP Act is proposed in light of the 74th CAA. The proposal also includes simplified Zoning Regulations, planning permissions and approvals.

E. Institutional Mechanisms

A review of the institutional arrangements at different levels and institutions is undertaken. Capacity building is suggested considering the manpower required for the preparation of Structure Plan for metropolitan area, district development plan for the district and Master Plan for the cities/ towns. The capacity building suggested at various levels based on the standards outlined in the UDPFI guidelines prepared by the Institute of Town Planners, India (ITPI) supported by Ministry of Urban Development, GOI. Similarly, the capacity building is also suggested for the DMA and urban local bodies and town planning wings in other parastatal agencies like KHB and KIADB.

F. Urban Planning & Management

A critical assessment of the landuse planning and regulation mechanisms is outlined. Also study focused on need for database and scientific base maps for the preparation of Master Plans, land management covering registration and khata, procedures required for base map updating, management of assets of local bodies, property port-folio management, and assigning responsibility to local bodies for land management and also application of GIS.

G. Resource Augmentation

Outlines the resource management aspects covering, land assembly, town planning schemes and TDR.

5. RECOMMENDATIONS

In the context of series of challenges faced in urban development and governance and also structural changes taking place in urban areas as a result of liberalization and total globalization, a seminar on “Town Planning at Cross Roads – Crisis in Urban Development and Governance” was held during the month of September 2007. This seminar was organized by BMRDA with the support of STEM, Karnataka State Town Planning Board (KSTPB), KUIDFC and BDA. Based on issues emerged during the seminar, views expressed during stakeholders consultative meetings held during November 2007, June 2008 and final workshop held on July 26, 2008 the recommendations are finalised. The recommendations are broadly structured in five categories:

A. Integrated Planning Strategies

- Human settlements and population distribution policy/ urbanization policy
- Regional development plans and balanced regional development
- Unified single agency
- Costing master plans
- Empowering DPCs & MPCs

- Creative urbanization
 - Extension of KTCP Act
 - Scientific redelimitation of ULB limits
 - Comprehensive legislative framework
 - Urban landuse & database management
 - Applicability of land conversion for the towns having master plans i.e. conversion of lands from agriculture to non-agriculture not required for towns/ cities having master plans.
 - Land acquisition & land pooling
 - Urban governance & management
 - Metropolitan planning
 - District level planning
 - Local level planning
 - Decentralization of plan preparation & approval process
- B. Legislative & Regulatory Framework
- Comprehensive legislation
 - Simplified regulations
- C. Institutional Arrangements & Capacity Building
- Reorganization of DTP
 - Town planning wings in other agencies
 - Capacity building needs
 - Strengthening of DMA and local bodies
 - Training on urban planning
 - Outsourcing assignments
- C. Urban Landuse Development & Management Techniques
- Landuse planning and regulations
 - Database management and mapping
 - Base maps updating
 - Reform agenda under JNNURM
- D. Resource Mobilization & Augmentation
- Increasing use of land as resource and land based non-property taxes
 - Efficient pricing of all the directly chargeable urban services
 - Increasing use of non-tax resources
 - Access of municipal bodies to institutional finance
 - Private involvement performance of some of the municipal functions and

The report is structured into four categories as follows:

- One – Introduction (Chapter 1)
- Two – State scenario review (Chapter 2 to 5)
- Three – Case study terms scenario (Chapter 6 to 10)
- Four – Recommendations (Chapter 11 to 15)