

Analyzing the Forces of Private Urban Development in India

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Abstract - Urbanization as an outcome of economic liberalization together with globalization has prompted the production and promotion of large integrated townships in India. This paper examines various forces for the development of “private sector-led urban development projects” in India. We assert that these include diverse reasons varying from the global, provincial and local scale that can aid to describe the expansion of these mega projects in India. These fast-growing real estate mega-projects have created a huge demand for property in peripheral locations of big cities prompting commoditization and monetization of land. The expansion of large-scale for-profit real estate megaprojects has led to the privatization of urban space. The pragmatic analysis is derived from interviews with town planning officials, urban planning professionals, user groups and developers with relevant published literature in journal articles and books. The expansion of large scale urban integrated mega-projects in India necessitates a multi-scale examination of the interactions between market, state and society. This paper propagates for a more holistic planning approach required for spreading the benefits of large scale private sector-led urban development projects among diverse socio-economic groups.

Keywords - India, Private Urban Development, Economic Liberalization, Globalization, Urban Reforms, Urbanization

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INTRODUCTION

Various factors are accountable for the growth of market-driven “private sector-led urban development projects” in India. The government’s push to deregulate the economy through economic reforms and urban reforms involves the private sector, globalization, reduction in government control, fiscal austerity, the facilitation of foreign investment for Non-Resident Indians, opening of overseas capital investment in housing, credit deregulation through banking reforms, and the emergence of middle-class. Following the early 1990s economic liberalization program, a major visible outcome has been the changing character of Indian cities. With the continued urban population growth, especially the middle class, liberalization reforms, and the advent of investment both domestically and abroad, urban India has a growing need for better infrastructure and better governance along with land and property development. Demand

has been observed to increase, leading to a rise in real estate investment (Chaudhary 2007). Additionally, the Indian government has relaxed guidelines for private and overseas funding in property in order to promote domestic and transnational participation in urban development. Over the last three decades, the government has changed its priorities, creating an adequate atmosphere for the involvement of the corporate sector in infrastructure and housing provision (Banerjee-Guha 2009).

The structure of this article is as follows: the opening section discusses globalization and neo-liberalization; then it discusses about economic liberalization in India. The subsequent section examines various urban level reforms followed by urbanization in India. Next two parts highlights how expanding globalization, the 1991 economic reforms, urban reforms, and the state's embrace of neoliberal policies had twin opposing outcomes

on urban government and rise of private sector-led urban development projects in India. Alongside, cities have grown more enterprising to draw investments, yet neo-liberalization has eroded the state's role these has lead to privatization of planning and demand for such spaces.

MATERIAL AND METHOD

Various forces for development of large scale real estate projects in India have been examined in this paper. Growth of such projects is not a secluded process of urban transformation. The study investigations are derived from interviews with town planning officials, urban planning professionals, user groups and developers in the form of primary data with. It makes considerable use of secondary sources data like relevant published literature in journal articles, books, census data, research reports and published material. Then thereafter a synthesis of data is done to draw conclusions.

Various factors of varied scales spanning from global to local can help to explain development of large scale real estate projects in India. The global economy's shift toward ever-greater neoliberal globalization has resulted in more unfettered money flows throughout the world. As a result, national and local governments have been driven to be entrepreneurial, competing amid other cities to draw overseas capital (Hall and Hubbard 1998). Simultaneously, neo-liberalization has derived in the state's weakness, giving private sector more control in city planning and management (Percival 2012). Furthermore, there is a need from a rising 'middle-class' with a desire for social class segregation, which is being exploited by developers.

1. Globalization and neo-liberalization

Globalization has turn out to be more widespread since the 1970s, with the rise of globalization as neo- globalization has facilitated free capital movement and downsized state authority over the market (Peck and Tickell 2002). Neo-liberalism relies on the idea that the finest method to achieve financial progress is to have open and uncontrolled markets that are free of state intervention. Keynesian principles of command over the liberated movement of funds and redistributive fairness conversely predominated prior to the 1970s (Harvey 2006).

Neoliberal principles have aided economic globalization by facilitating global investment capital flows, which have played a significant impact in determining city development (Yeates 2002).

Since the commencement of the financial reforms in 1991, the national economy has been further exposed to the overseas capital sway. With the legalization of privately held firms and an open door policy toward FDI, these reforms aimed to develop a capitalist market economy (Kumar et al. 2021).

2. Economic liberalization in India

After independence, India adopted a welfare state model of governance, with a state monopoly of resources, redistribution, and intervention at both national and local levels of governance through central planning as a reminder of the exploitative colonial past (Parsad 2020). The year 1991 can be treated as a 'landmark' to the Indian economy when large scale structural adjustment programmes were undertaken by the government. These include economic liberalization, privatization, deregulation, globalization, intensifying the role of the private sector in all sectors of the economy together with the reduction in government spending. First, novel group of actors have entered the real estate market following liberalization, transnational companies setup their offices in and around Delhi. Indian Diasporas, outsourcing companies and IT firms created an unexpected demand for space that exceeded supply (Searle 2013: 275). Second, private developers have benefited from government policy shifts towards private construction. While real estate companies have long existed in India, state and municipal bodies have historically restricted the business of private sector enterprises. By developing market determined instruments of urban reforms linked with grant of central funding and encouraging corporate and overseas funding in urban infrastructure, initiatives like the "Jawahar Lal Nehru National Urban Renewal Mission" were started (Searle 2013: 276). Therefore, the function of the property developers have shifted significantly, and supporting sectors such as mortgages, real estate media, real estate experts, and foreign construction products and home goods have expanded.

3. Urban Reforms in India

The constitutions' 74th Amendment Act of 1992 was foremost important reforms. While its passage emerge to have had little to do with any conscious effort to reform urban governance for an era of liberalization, the amendment describe municipalities were provided with significant powers and income source for the first time, in addition to democratic and decentralized governance structure (Weinstein 2014). Scholars asserted that the lack of punishment against states for nonconformity has led many provincial governments to guard their powers over urban governance by dragging their feet in implementing key provisions of the amendment (Dupont 2007). In the 1990s, the state-dominated model of city development crumbled as government and parastatal agencies, with the support of the federal government, established city development to corporate sector and repealed acts like the "Urban Land (Ceiling and Regulation) Act" of 1976 that restricted ownership of unoccupied land by

individuals in large cities, and restructuring in rent control acts, which froze rent prices (Acharya 1987).

Thirdly, thousands of acres of farming land have been appropriated and sold to private sector to create Special Economic Zones (SEZs) since the passage of the Act in 2005. According to Industry and Commerce Ministry, 425 SEZs have been principally permitted as of 2021, with the majority of them (265) located in states like Karnataka, Maharashtra, and Telangana (Government of India 2021). Due to many lawsuits still pending in courts over land procurement and other problems, most of these projects are still unfinished (Weinstein et al. 2013: 55). Fourth, through revision of industrial policy, especially administering large industrial estates like textile mill complexes of Mumbai and Kolkata, which earlier acquired land from individual property-owners/peasants for building industries and factory workers accommodation is now being re-zoned and grant for sale (Weinstein et al. 2013: 55).

4. India's urban turn

India's relationship with urbanization has been devious in the early years of independence. Historian Janki Nair (2005) argues that the city had a fugacious inherency in the cultural, political and sociological imagination of modern India (Nair 2005: 1). Khilnani (1999: 110) argues that after independence, Nehru sought to transform cities into an engine that would propel the country into the modern world through industrialization. Despite the fact that there was a low rate of urban population growth compared to average global rates in the years that followed, this marginal increase added to a noteworthy escalation in India's urban populace due to its large inhabitants. Indian urbanization in the 21st century has been characterized by frequently aggressive growth of urban limits. The concept of a "world-class city" has arisen as a hazy, but politically strong, standardized picture of the potential metropolis during this shift. This vision develops at a time when national economic growth is becoming increasingly reliant on cities, and it anticipates the development of world-class services and infrastructure to allow connections with global capital networks. For example, as part of its preparations to host the "Commonwealth Games" in 2010, Delhi stated its intention to turn out to be a "world-class city". As a means to dismiss the first impression most visitors have that India is a poor country, the government began diverting money away from housing, education, medical facilities toward highly visible modern infrastructure (Ghertner 2011: 280). While Delhi's transportation infrastructure improved considerably as an outcome of this strategy, the capital nevertheless saw roughly forty five thousand residents become homeless in 2007 (Bhan 2009). While Bangalore and Delhi have been hailed as evolving world-class cities, competition for urban space has grown significantly in the past two decades. Due to the political strength of its people,

developers in Bombay have been unable to raze their way into revamping Dharavi (Weinstein 2013).

Similarly, plans to transform Kolkata into a global Indian metropolis have been frequently thwarted by farmers' resistance and vote bank politics (Roy 2011: 259). The scholarly works in recent time has more focused on the issue of dispossession, protest, and resistance (Sinha 2020: 159). Shatkin and Vidyarthi (2014: 2) argue in a latest study of literature on the political economy of the Indian metropolis after-liberalization that research is governed by two perspectives that are often strained in very harsh dissimilarity. The first contends that urban areas India are changing similar to other capitalist countries do, as they embrace neoliberal governance forms that benefit business interests. The second argues that the geographical and political growths that have been witnessed in urban areas are unique. Plagued with inconsistencies and marked by persistent grassroots level resistance, limiting government's capacity to enforce its preferred social vision. However it is evident that urban areas and the procedures that shape them are now business strategy sites for transformation and contestation.

5. Entrepreneurial city and global city desire

Cities with a strong entrepreneurial spirit and a quest for global urban space Cities are competing more than ever to attract money as an outcome of increased globalization (Jessop and Sum 2000). Cities are now competing to attract financial and consumer flows into their jurisdictions. 'Urban entrepreneurialism' has been coined to describe this new way of government (Harvey 1989). It is often assumed that under an enterprising system, capital plays a larger part than the local government that is downgraded to a secondary function. The developmental and managerial administrations prioritize city infrastructure development to facilitate financial growth, Keynesian community interests in developmental cities is virtually lacking. In India, there are several examples of the government making major efforts to build a physical setting that is favorable to draw international finances (Dupont 2016). The instance reflects how the central government set out to build a global city with a series of "urban megaprojects" and privatized infrastructural improvements. The negative repercussions of globalization conversely have not gone unnoticed. The state can serve as a facilitator by engineering favorable conditions for investors. This is especially true in poor countries when the government lacks the monetary means to support infrastructure initiatives like the ones outlined above. Foreign capital flows are considered by governments to be the most desirable way to stimulate economic growth. Private cities are experiencing a similar economic climate. In some cases, governments will explore them openly,

while in other cases, the state may endorse them as their potential to attract more investment.

6. Privatization of planning

The private sector has steadily claimed responsibilities that were previously the duties of municipalities, as evidenced by public-private partnerships for infrastructure networks and transportation projects, but creating private cities, where the whole metropolitan system is envisioned, built, and controlled by the corporate sector, is the most extreme example. These private-sector projects worsen urban demographic segregation based on wealth (Shatkin 2017). Private enterprises are delivering high-quality infrastructural services, which isn't the true in the remaining areas of the city, where basic municipal facilities as such piped water supply aren't up to par, if there is any water supply at all. As the middle classes attain services from private enterprises, the local government failed to get possible income from deep-pocket clients; the disparity of admission to city space and services becomes vicious-circle. Furthermore, political impetus to develop public infrastructure is diminished because the private sector already looks after people in the most powerful positions (Percival 2012).

7. Demand factors: segregation based on wealth

The elite groups are able to dwell in isolated spaces...introverted from the greater urban structure resulting in a paucity of links. The approach has been argued by Shatkin (2008: 388) as 'bypass-implant urbanization'. Creating new areas for capital accumulation that are designed to 'bypass' the congested arteries of the public city to consumerism and export-based construction, giving private developers considerable authority, the author argues against a dull administration. In India, not only has income inequality increased, but spending and wealth inequality has also increased dramatically. Wealth and consumption data from the National Sample Survey reveal an increasing focus on the upper end of allocation at the cost of the remaining population. The prosperity of the top 10 percent in India has increased from 52 percent in 1992 to 63 percent in 2012. The utilization share of the top 10 percent has increased from 27% to 31% between 1993-1994 and 2011-2012 (Chancel and Piketty 2019). The tendency to acquire, use and distribute wealth reflects a changing pattern, not only over time, but also across space. In metropolitan areas, the concentration has increased. The fear of crime has increased the demand for enclave projects due to rising inequality.

CONCLUSION

Various factors that influenced the development of large scale "private sector-led urban development

projects" in India have been examined in this paper. These include the globalization of financial capital along with superfluous urban models and imagery (rhetoric of making cities world-class), and the consequent want of cities to draw this global mobile capital (foreign direct investment) into their region. This together with a weak state, which is not able to finance large infrastructure projects with urban local bodies budgets, the corporate sector is left to fill roles conventionally played by the government since both real and speculative demand is a major factor.

The demand can be divided into factors that push and pull people: the former includes poor air quality and space crunch in core city areas, while the latter includes perceptions of the urban area as a whole in terms of infrastructure and better quality of life. This result in segregation based on elitism and the desire for exclusivity, security, social homogeneity and a withdrawal from the old city traffic congestion, pollution, corrupt, slow and inefficient municipal government. These forces have created a huge demand for integrated townships in peripheral areas of urban areas in India. Private sector-led urban development projects largely include middle and higher-income groups at the cost of excluding the low-income communities. This paper propagates for a more holistic planning approach required for spreading the benefits of large scale private sector-led urban development projects among diverse socio-economic groups.

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