



Critical review

The politics of land – Selective government reforms in Gujarat



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1. Introduction

Nikita Sud's (2014) recent intervention in *Geoforum* is a successful attempt in providing a detailed case study of the role of sub-national states to stimulate investment in deregulated institutional environments. The article analyses the contribution of the government of Gujarat to create a stimulus for economic and urban development by using creatively its land resources. Her paper focuses on several important institutional changes and "concludes that land deregulation is an apt example of Gujarat's mix of market-friendly liberalization, onto which practices, both legal and extra-legal, that are friendly to specific businesses are layered on a case-by-case basis" (Sud, 2014, 234).

While I generally agree with such conclusion and welcome opening the government black-box by providing a practical

account of the activities of state officials, I want to use this critical review to revisit and interrogate some arguments. This is done by firstly enlarging the temporal horizon to 2014, using my own field-work research and secondly by extending the political economy argument to include reforms that did not take place. Lastly, land is a complex and multi-dimensional object of study (McAuslan, 2003), representing great challenges to academic discussions. In order to avoid selective representation, I use the land administration literature (for an overview Bennett et al., 2013), as a guiding systematic framework. This helps to better situate change within a policy context, which consists of four operational components: land tenure, -value, -use and -development (Enemark et al., 2005). As a first step, the system before the major reform period is described to illustrate how the state government has passed reforms from 1999 onwards, albeit in each dimension with different intensity and success.

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2. Land administration in Gujarat

Gujarat has a parallel system of administering rural and urban land with roots in the British Raj. Still nowadays, we may distinguish planning/urban and revenue/rural regulations with considerable overlap and redundancies (Patel et al., 2009).

2.1. Tenure

Tenure is used in common law systems to describe the relationship between a tenant and a landowning power. In India, land is owned by the state government, and, what is commonly referred to as 'owners', are principal occupants who have been granted specific rights.

Gujarat recognizes one urban and three rural tenure forms; the latter consist of old tenure (OT; alienated or free-hold rights) and restricted and new tenure (un-alienated or restricted rights). The purchase of agricultural land is restricted to so-called 'agriculturalists', while tenure changes require the approval of the revenue department and the payment of 'premiums'. Restricted tenures have to be transformed into OT in order to be sold or subdivided, and government clearance was only lifted for industrial developments. Only land of OT can be developed after securing approval by the government, i.e. what is known as non-agricultural use permission. Within this process, clearances from fourteen (!) departments have to be obtained (Ballaney, 2012), which also applies to agricultural land within urban administrative bodies even if zoned for development.

2.2. Land-use

Land-use is regulated through spatial planning and land-use controls, which in Gujarat is defined by the Town Planning and Urban Development Act (GTPUDA) 1976. The act recognizes municipalities and municipal corporations for larger cities as urban local planning authorities. In addition, where development needs to be regulated, the state can declare an area development authority (ADA; mostly for the periphery of municipalities and for industrial estates) or an urban development authority (UDA; periphery of municipal corporations). These development authorities consist of state appointed officials and local representatives.

Any area within an urban authority can be put under urban development by extending a so-called Town Planning Scheme (TPS) over it. This multi-stage planning mechanism makes use of land pooling and readjustment techniques (see Annez et al., 2012; Ballaney, 2012). In the process, property boundaries are erased, the infrastructure needs for the area established and new land holdings redrawn. In the end, original landowners, receive smaller, but rectified parcels. Betterment charges and plots reserved for re-sale assure financial feasibility of planning and infrastructure implementation. Any development in a TPS area requires a construction permit issued by the respective urban authority, which levies scrutiny fees and organizes regular site visits (for an analysis of its political economy, see Boanada-Fuchs, submitted for publication-a).

2.3. Land development

The state of Gujarat has been active in developing land through infrastructure provision. In Ahmedabad alone, the urban authority managed to realize over 1000 km of road and 100 km² of piped water and sewerage networks (for numbers, see Annez et al., 2012, 27). As a consequence, urban growth patterns were better accommodated in planned and serviced environments. Also,

public-private partnerships have been tested for redeveloping (C. G. Road) and constructing roads (S.P. Ring-road, see Mittal, 2013).

Additionally, the government has more actively promoted urban development by establishing industrial estates through the Gujarat Industrial Development Corporation (GIDC) and by granting tax exemptions. With the abolition of license-based industrial policy the different Indian states sought for competitive advantages to attract businesses. This was mainly done via financial concessions. It is estimated that the state government lost yearly Euro 30 million in the beginning of the 1990s, which increased almost ten-fold until the end of the decade (Dholakia, 2006, 4). Gujarat came to realize, similar to other glocalizing states, that there are other ways to stimulate urban investment and development (Brenner, 1999, 440). Private companies sought "favorable" institutional frameworks, as Sud (2014) explores through the case of Tata, and well-serviced tracks of land. Gujarat set out to pass several reforms to create the pro-business environment for which it is known.

2.4. Land value

Information on land values is needed for any property transfer to calculate transfer taxes, and/or premiums, the public purchase of land – by consent or forced with the Land Acquisition Act; LAA – and within the town planning process through betterment and land-multiplier compensation charges. The government passed resolutions in 1998 and in 2002 to define the way land values are established. Values were clumsily calculated, case-by-case, by considering similar land transactions within a certain distance and under consideration of various factors.

3. Selective land reforms in Gujarat

From 1999 onwards, the government reformed its land administration system with great intensity. The first generation of these changes adjusted crucial aspects of urban planning and concentrated on abolishing the largest regulatory market constraints. The second generation extended planning to extra-urban developments, both geographically and legally. Nevertheless, the most telling examples are the ones that did not take place: in Gujarat, as in the rest of India, no fundamental reform in land registration – and the permit approval system has yet to be passed.

3.1. Land-use and development reforms

A few, but essential reforms of the main town planning act passed between 1999 and 2001 are at the root of the leapfrogging of planned urbanization in the first fifteen years of the 21st century (Annez et al., 2012). It only required adjusting the details of basic policy tools: Planning authorities were enabled to appropriate lands earlier and start implementing infrastructure, such as roads, as soon as the draft has been sanctioned by the state department; in addition, considerably increasing land reservations for re-sale boosted financial possibilities. Furthermore, accounting for the deregulation initiated by the central government, the Metropolitan and District Planning Commissions (MPC and DPC) have received legal provision in the planning act.

In parallel to amending the GTPUDA 1976, the government removed the largest restrictions to land markets. The rural and urban land ceiling acts have been abolished in 1999, after their adverse effects – exploitation of legal loopholes, land price escalations, spatial displacement of development – could no longer be ignored. In order to extend urban planning and stimulate investment, three major policy texts have been issued in the 2000s: the Special Economic Zone Act, the Residential Township Policy

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