Findings and Suggestions

The Indian economy, seeking stronger integration with the global system, has shown many interesting features in its structure of urbanisation and process of urban growth during the last few decades of the last century. Although the basic structure inherited from the colonial regime has dominated and dictated the process and growth pattern since our independence, planned interventions by the central and state government policies have led to some significant departures from the trends witnessed in the past. Interventions have tried to modify or moderate plans. These sought to impose constraints on the pattern of urbanisation by market forces and bring out regional balance. Although the success of these policies can at best be described as limited, the nation did see a number of growth nuclei and corridors along with the emergence of number of new towns. Understandably, further opening up of the economy since the early 1990s has had additional impact on the pattern and process of urban growth. As the nation aspires for a new development regime in the coming decades, it is important to take stock of the pattern and process of urbanisation and its implications for present and future economic growth in the nation.

It is relevant to indicate the major issues that Indian urbanisation is concerned with. Lopsided urbanisation, that means, the concentration of urban population in larger towns
and cities. However, the level of urbanisation varies and for some states like Delhi, Tamil Nadu, Gujarat, Maharashtra, it is very important. Some of the small states are half urban or more. The 2011 census has witnessed further changes in the growth pattern and level of urbanisation across the states. Despite the dominance of large towns in the Class I state capital towns and million plus cities, the growth pattern of smaller towns also reflects some interesting features. Various socio-demographic characteristics of urban structure like level of urbanisation, sex ratio, literacy, migration have been continuously influencing the process of development in the urban areas of India. Other economic modules like the growth of employment, income, reduction in the level of poverty and urban working environment will also influenced the development pattern in this area.

Economic reforms commonly called LPG that is Liberalization; Privatization and Globalization in the first part of the 1990s were expected to boost urbanization. The proponents of the reform especially the present Prime Minister often argued that linking India with the global economy would lead to massive inflow of capital from outside the country as also rise in indigenous investment. This, in turn, would provide an impetus to the process of urbanisation and development since much of the investment and consequent increase in employment would be either within or around the existing urban areas. Even if the industrial units are located in rural areas, in a few years, they would be urbanized.
Objectives

1. To examine the available infrastructure facilities in the city.
2. To know the impact of Economic Liberalization Programmes initiated by the Government.
3. To study the demand for housing and housing shortage.
4. To explain the living conditions of slum dwellers and various development activities and slum improvement programmes especially in the post liberalization era.
5. To examine various factors responsible for changes in urban residential, industrial, commercial land prices, rent rates apartment rates in the city.
6. To provide a base level data mainly for assessment rate schedule for fixing stamp duty on land transactions and other policy decision and
7. To recommend strategies for removing the existing bottleneck in the system.

Findings

National Capital Territory of Delhi is the largest metropolis by area and ranks second metropolis by population in India after Mumbai. Delhi is also the 8th largest metropolitan cities in the world accounting more than 16.75 million populations as per 2011 census.

The first chapter explains the introduction, the scope of study and objectives and chapter scheme of the thesis. The
second chapter clearly narrates the infrastructural facilities available in the National Capital City; Delhi. It clearly indicates the positive correlation between the price of land and the infrastructure facilities. If the infrastructure in a particular locality is good, the price of land in that locality was definitely a higher one.

The decadal growth rate of population in Delhi during 2001-2011 was recorded at 21 per cent. The rate of growth of population in Delhi during the last decade was higher than the national level at 3.31 per cent. Delhi accounts for about 0.05 per cent of the India’s area but contains 1.38 per cent of the nation’s population. As per 2011 census, the density of population in Delhi worked out at 11297 persons per square kilometer as against the national level of 382 persons per square kilometer. Density of population in Delhi was the highest among all States and Union Territories during the year 2011. At the beginning of 21st century, more than 93 per cent of the population was in urban areas as compared to 53 per cent in 1901. This clearly indicates fastest growth of urbanization in the national capital.

With the fast rate of growth of population mainly through natural and migration along with the fast development activities in urban areas, the demand for built up spaces for shops, commercial activities, public offices, factories, hotels and restaurants, recreational activity centers, play grounds, etc, increases. In addition to the above mentioned, the
concentration of people in the developed areas or so called center points of the economy especially the production and distribution adds new dimension to the problem of equitable distribution of existing facilities and it adversely affects the price of the land in the existing system. This leads to enhance the gap between the demand and supply of land supported by the speculative nature in the land market, leading to sky rocketing increase in the price of land. Moreover the high returns from most of the residential areas of the city gradually get converted in to commercial places. It has both merits as well as demerits. Generally the demerits outweighed and indulgence in the speculation in the land market on a wider spectrum has resulted in stiff competition for posh areas of the towns and shifting away the lower and middle income segments of the society. Actually the speculation factor is the main factor responsible for increase in the land prices in the city. Besides this, among other factors, has also influenced much due to the large variations in different parts of the city.

The third chapter, the methodology for the study has been discussed in detail. The study covers the period from 2005 to 2010; six years and land prices obtaining at midpoint of the year have been reported. The study covers 250 selected localities spread over entire Delhi and fifty each in five different zones of Delhi namely Central, North, South, East and West respectively. The study has been used various statistical techniques such as growth rates, average annual growth and
trend analysis especially the method of fitting the Least Square.

The fourth chapter clearly indicates the impact of liberalization in India’s real estate sector. In this chapter an attempt have been made especially in the growth of FDI in India, sector-wise growth of FDI, FDI real estate sector and various policies introduced by the Government of India on FDI. The fifth chapter is the housing demand and supply generally called housing or shelter. Shelter is a basic need of human after food and clothing. With the development of knowledge and advance of the civilization, people became more aware of sanitation, environment, privacy, location of the houses especially adjacent to basic infrastructure accessibilities, etc. As per the 2001 census information showed the gap between the number of households and number of residential houses increased considerably both in nation as well as in Delhi. During 2001 it was 126.88 lakh in India, 2.37 lakh in Delhi constituting 1.87 per cent of the national level. The housing shortage of Delhi as per the estimates published by National Institute of urban Affairs was nearly 550000. As per the 65th National Sample Survey Rounds the number of Households in Delhi during 2008-09 was at 3.92 lakh; 89.34 per cent had residential dwellings, 10 per cent had residential cum commercial dwellings and others constitute remaining 0.88 per cent respectively.
Rapid urbanization has led to an alarming deterioration in the quality of city dwellers in India. Our cities suffer from various infrastructural deficiencies, poor sanitation and solid waste disposal, water shortage, polluted natural water resources, water logging in rainy seasons, frequent epidemics, inadequate health care, depletion of green areas, reducing the ground water level, proliferation of slums and lack of support for social and economic development of the socially and economically weaker sections of the society. The ultimate result is emergence of slums in cities. As per the information provided by the Town Country Planning Organization in Compendium of Urban Slums the estimated slum population in urban Delhi during 2001 was 2.32 lakh. Slum population in Delhi constitutes nearly 18 per cent of total population of Delhi. As per the 65th Round of National Sample Survey, the number of slums in Delhi estimated at 4390 during 2008-09.

The increase in the price of urban land is influenced by various other factors. As compared with the overall development of the economy some increase in the land prices is essential and should be an acceptable one. The main factors influencing increase in the land prices in urban areas are, overall increase in the level of inflation, scarcity of developed land, location and inherent value, black money, existing tax structure of the economy, legal problems, developments in service sector in recent times which in turn leads to the employment avenues for the new educated and
skilled generations, building bye-laws, geographical aspects, etc,

Majority of metropolitan cities in India witnessed increase in the land prices during the first decade of 21st century. The trend in urban land prices in Delhi has shown a positive increase. The average market price of urban residential land has increased from Rs.127290 per sq. mtr. in 2005 to Rs. 175808 per sq.mtr in 2010 showing an increase of 6.35 per cent per annum during the periods covered under the study. The average market price of urban residential land in Delhi has always been showing an increasing trend during all periods covered under the study except during 2008-09. Based on the market price of urban residential land of 250 localities in Delhi, it is apparent that the market price of urban residential land tends to move upward.

The average market price of commercial land in Delhi (50 localities) during 2005-10 showing the market price of the same is moving upward 16.10 per cent per annum during the periods covered under the study. The highest maximum and minimum market price of commercial land in Delhi during the year 2010 was observed in Joshy Road, Karol Bagh at Rs.40250 per sq.ft and Rs. 38000 sq.ft respectively. The lowest minimum and maximum market price of commercial land in Delhi during the year 2010 was shown in Acharya Niketan, Mayur Vihar at Rs. 1100 per sq.ft and Rs. 1200 per sq.ft respectively.
In finding the market price of urban areas in Delhi the availability of social, economic and physical infrastructure plays a crucial role. It is noted that the speculative mechanism in market price of urban land finds favour with localities having better all types of basic as well as other infrastructure accessibilities. In the case of Delhi, the central zone of the Delhi followed by south zone commands higher market prices of urban residential land. The east zone of Delhi is placed at lowest category of market price of urban residential land.

The highest percentage of growth of the average market price of urban residential land in Delhi was observed in north zone at 9.69 per cent per annum during the periods covered under the study and the lowest was observed at 5.26 per cent per annum in central zone of Delhi. The lowest zone growth rate of urban residential land at central parts of Delhi during the period covered under the study may be due to the saturation of development in this zone.

The general notion is that the fixed value of urban land by the governmental agencies for fixing stamp duty mainly in transaction of land is lesser than the actual market price of land. On practice governmental agencies fixing the price of land is based on the survey conducted by the concerned agencies and periodically revised keeping in view the market price. In the process of fixing the price of land by the government agencies, they include various factors like accessibility of all types of infrastructure, locational advantage,
etc. In Delhi the same is called circle rates. The land revenue department classified the entire Delhi into eight circles namely, A, B, C, D, E, F, G and H respectively. The status of comparison between the market price and government fixed circle rates (presently existing) in 33 selected localities in Delhi showed that the circle rate by the governmental agency was lesser than the actual market minimum and maximum price. Generally most of the land transactions are being made in the lowest level of circle rates prescribed by the government and through the land transaction Government of National Capital Territory of Delhi is losing a huge lump sum.

**Suggestions**

The development of real estate in India is constrained by two major issues. First, the total land area for urban use relative to that in rural area is low, given the needs of the economy. Second, allocation of the given urban land for commercial use relative to that for residential purposes is low, given the needs of the economy. Economic development tends to be correlated with urbanisation. This implies that land availability for urban use needs to keep pace with economic development. In India, it has not happened. It is true that land for urban use has increased but the growth has been slow relative to the needs of the economy. This reflected in two forms. First, the price of the land is very high in urban area as compared to the rural. Second, the price of land is very high as compared to the cost of construction. These characteristics may be proof of many of the other developing countries too.
However, the ratio here seems to be substantially higher than in other developed countries\textsuperscript{12}.

Many people reconcile themselves to modest accommodation in urban areas in India. One reason given is that India is a developing country – poverty and low incomes get reflected in many ways, including in the small size of accommodation for the most. This argument has some merit but it is not entirely correct for the reason that India is not poor in terms of land availability. It is true that land cost is only one part of the cost – there is also the cost of construction. However, the later is not the major obstacle, the way the price of the space is in many part of urban India. Low incomes, then, need not imply severe shortage of housing and congestion. What then is the reason for congestion? The reason is that total land availability for urban use is low and the solution is to increase that. It is true that any shift in land use to urban areas from rural can affect availability of land for agriculture and it can reduce the agricultural production. But this is a small opportunity cost. In any case, the loss of agricultural output can be made up by imports. One more concern with a shift of land use is that loss of livelihood of rural people. This phobia seems base less, given the history of real estate development and new job opportunities in India.

Planners and policy makers decide on allocation of the given total land for different uses, residence, commerce, education, health, entertainment, and so on. In many cities in
India, here emphasis has been on housing. Space availability for housing is very large relative to that for other uses like commerce. This may have been the appropriate policy in the past. There is however, need for a change now. The current policy is responsible for the high price of space for commercial purpose relative to the price of space for housing. In view of the substantial price difference and the fact that bribes are relatively low, we have the result of some residential space being diverted for commercial purposes. This is illegal and needs to be checked. However, the underlying economics cannot be ignored in any future revision of policy.

Planning for urbanisation, therefore, needs to change two parameters. One is the current policy of low total availability of land for urban use and the other is the policy of low allocation of land for commercial use with the total land made available for urban use. Changing the first will reduce the price of space in urban areas in general and correcting the second will reduce the price of commercial area in particular. The latter is important for a common man, because he not only consumes housing services but also consumes other services and goods, which are available through shops, offices and so on. A reduction in the price of commercial land will make these other goods and services cheaper to some extent. A revised policy can therefore go a long way in improving the quality of urban life.
As the economy opened up and Liberalization Privatization and Globalization (LPG) gained momentum in post 1990 era, the national capital city, Delhi, due to positive factors suitable to investors, became the destination of multinationals. More over the flow of educated and skilled persons from the rural area or other states or abroad has once again pushed the momentum\(^ {14} \). This quickened the pace of urbanisation that was not experienced before.

Proliferation of slums and its ever-increasing number in the big megapolitan cities have a tendency to multiply in spite of the concerted efforts to remove the curse of slums through the upgradation of slum schemes\(^ {15} \). The study focused that as the prices of land/ houses allotted to the weaker sections of the society go up, they get tempted to earn more money through disposal of their properties and revert back to their old abode ie slums. In this, economically weaker section earmarked houses are gradually being occupied by the middle-income group people, which call for some concrete preventive action\(^ {16} \).

Land remains the most crucial factor in the development of housing activities. The increase in the supply of land for housing purposes would bring down the prices to a realistic level. There are substantial vacant lands in the possession of government departments, educational institutes, charitable institutions and corporate organisations. There is need to
evaluate the requirement of such bodies and bring the surplus land in to the land market to augment the supply of land.

Land is a scarce factor of production and has, therefore, to be used wisely. Considering the ever-increasing population growth and the consequent increasing the pressure on land there has to be optimal use of land. This calls for giving greater importance to vertical expansion in our cities. This will go a long way in limiting the growth in price of land. In addition, vertical expansion will help to have more open spaces in cities\textsuperscript{17}.

There is an urgent need to check the economic concentration of activities in mega cities like Delhi, Mumbai, Kolkata and Chennai. This can be done by decentralizing the concentration of economic activities including governmental functionaries from the cities. The land prices in the megapolitan cities are skyrocketing due to the large-scale immigration of because of huge investment as well as concentration of all activities in the megapolitan cities. At the same time the development of small and medium towns on a massive scale definitely will reduce migratory nature of population from rural to megapolitan cities.

Urban poverty is the area which needs focused attention, significant and widening disparities in income and wealth distribution have pushed the urban poor out of the land market. Capacity building and improving the access to poor to
economic and income generation activities is now the major issue to be tackled on the priority basis. Some regulatory mechanism is required to be adopted by the states to neutralize the onslaught of market forces on the availability of affordable shelter to poorer segment of the urban areas.

Generally speaking the main cause of lack of basic amenities in cities due to the weak performance of the local government charged with providing the necessary basic amenities, misuse of available funds, excessive interventions, weak monitoring and evaluation mechanism, corruption in all levels of public institutions etc., This has resulted in dramatic reduction of actual investment in the urban sector. Therefore policy reforms or good urban development schemes are less likely to succeed when governance and public institutions are weak. In this condition an effective and ground level policy is needed for the development of urban area through a detailed monitoring and evaluation mechanism.

The master Plan approach adopted for urban planning lays emphasis more on land use and it is not integrated with planning for other services. The urban planning should cover all services keeping in view the carrying capacity of existing infrastructure and level of upgradation/ additions required periodically.

The nodal point of all economic activities is cities. As per the public perception the role of municipal bodies is very
important for providing all required basic amenities and treated as a service provider. The 74th Constitution Amendment is the landmark in legislation, which emphasizes the importance of people (Local Representatives) involvement in the effective planning programme. The need of the hour is to price the civic amenities rationally according to their economies of their operation. To maintain the quality, efficiency and reduction in cost, it is imperative that an element of competitiveness is slowly brought in to achieve the targeted results. In addition to all the state government and other public institutions and other investing institutions there are social obligation towards the economically, socially, educationally, politically weaker sections of the society in their own areas and it is their prime duty to provide necessary basic amenities to them at affordable rates18.

Presently the infrastructure facilities in all localities of Delhi are not equal as in the case of other speedy megapolitan cities of India. The result of this is segregation of localities in different groups like rich, better, middle and poor. This is the main reason for changes in land prices in different zones of the city and different localities within the same zone. Some localities of central zone of Delhi as compared with other zones command higher prices for a simple reason that in public perception the availability of basic amenities are decidedly better to lure the affluent class indulging in speculative activities or their willingness to pay higher values. In this condition the high price in such localities could be
brought down if some parity and semblance in the availability of such services throughout the width and breadth of the city is maintained.

The study assumes significance for those who plan to purchase land for residential purpose, commercial purpose and industrial purpose in Delhi and surrounding areas with limited available resources, multinationals, innovative and dynamic entrepreneurs, etc., It is also useful for researchers, academicians and policy makers while making laws pertaining to land. It will create a land price data bank in the city both minimum and maximum in all uses of land particularly residential and commercial purpose. In addition to the above mentioned it would also help to provide land at very reasonable rate to economically weaker sections of the society and develop the required infrastructural facilities step by step. It will also bring out employment potentials within the city.
References:


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