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Views are personal



Transferable development rights: A win-win deal

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HOMETO OVER 377 million people, Indian cities offer enormous economic opportunities and aspirations. Urban amenities, unarguably, form the foundation of city life. However, often, the pace of provision of such city-level infrastructure falls behind the rapidity of population growth. Many urban local bodies face dif-

ficulties in acquiring even small parcels of land for basic infrastructure. The Union as well as state governments have, time and again, created programmes for improving city-level infrastructure. Nonetheless, urban growth is a continuous process, and cities need to be transformed and upgraded as per the needs of citizens without time delays.

The use of conventional land acquisi-

tion mechanism, which is both costly and a time-consuming affair, further delays the momentum. In most cases, a significant portion of investments gets parked in the land component, and the infrastructure projects become financially unviable. There are solutions; we just need to overcome these bottlenecks with proper planning and innovation.

And one such solution is 'Transferable Development Rights', or TDR. This economic tool has been successfully tried and tested internationally in various forms. It enables cost savings and meets the infrastructural needs without compromising on the location, time and rights of the property owners. This tool was pioneered in New York way back in the early 20th century and thereafter adopted for various purposes in the Netherlands, Brazil, Germany, France, and others.

In India, this tool was first used in Mumbai and later in Ahmedabad, Bangalore, Pune, and others, with varied purposes and responses. Hyderabad adopted this tool in a user-friendly way. First, let us understand what this tool is and what it means to urban dwellers.

Suppose, as per the city development/master plan, a school needs to be provided in the heart of the city, which is bustling with economic activity and land acquisition in that area is difficult due to high pressure of land prices. The urban local body may approach property owners of the said land parcel either through the Land Acquisition Act or through an option of TDR. It's a voluntary choice of property owners to select either of the two. The route of land acquisition is well known and much written about. Let's see what happens when the property owner opts for TDR.

The property owner, in lieu of surrendering his/her land or its part to the local body, is awarded a 'Development Rights Certificate/TDR Certificate', which is duly authorised by the competent authority and holds an economic value. The certificate has details of the 'built-up area' that the property owner may construct over her/his remaining plot as additional floors or may sell in market to other property owners or developers for an agreed sum of money. This way, the development potential of the said property is unbundled and made a separate entity or

commodity, which a property owner may choose to sell at a negotiable price.

It is a win-win deal, where property owners get timely and market-based returns from their property, and urban local bodies get space to provide facilities without huge expenditure for a larger public good. By virtue of being a voluntary option, it also protects the rights of property owners.

This versatile tool can be used for incentivising the conservation of heritage landmarks, expansive touristic lakes and so on as well. It can also be offered as a sop towards slum redevelopment and affordable housing projects. Creative minds can use this tool in a wide spectrum of purposes. But we are still shying away from adopting it and reaping its benefits.

There are, however, misplaced fears and insufficient awareness about TDR, such as being at a loss and lack of transparency. These can easily be resolved through policy intervention, innovation and technology.

The Greater Hyderabad Municipal Corporation has pioneered in taking advantage of this transformation and taken a step forward by launching an online TDR bank, wherein the entire summary of the transaction on the DRC file and the available balance is dynamically updated and put forth in public domain. This makes the whole process more transparent.

India celebrated when Ahmedabad was announced its first World Heritage City by the UNESCO in 2017. Today, the city government offers a unique variant of TDR, the 'Tradable Development Right', as an incentive for the owners of heritage structures notified in the heritage conservation plan. More than 2,500 heritage building owners have the option to avail the benefits under the scheme. These buildings/structures have been classified as 'highest heritage value' and 'high and moderate heritage value' by the government. These buildings are offered TDR on the basis of the utilised FSI.

Undoubtedly, it is a fiscal tool and needs to be handled very carefully. It will take skilled planners, professional staff, awareness among citizens and the private sector to channelise TDR into urban reality. Indeed, all urban local bodies

already mired under financial stress, human resource deficits and huge development pressure might not have adequate resources, to design and implement a suitable TDR product. Here comes the role of the urban development departments of the Union and state governments. A framework of governing rules, standard operating procedures, formulas to capture and factor in the land values, etc, shall enable local governments to use this tool effectively as per city demands. Moreover, state

governments may identify a few cities as torchbearers to adopt this tool under their legal ambit.

India is at the brink of a massive transition from being predominantly rural to half urban in the next two decades. Our 7,000-odd cities are minting over 70% of the country's GDP, whilst dismally crumbling under the lack of basic infrastructure and inefficiently used costly urban land. These engines of economic growth must be spruced up in every way possible. Innovative mechanisms like TDR hold the key to solving this puzzle. We just need to understand the mechanisms of the tool and assist local bodies and citizens as partners to make this tool participatory and set it on a path of success.

Economy rewards timely interventions, and this is an opportune moment to take strategic decisions and make our cities globally-competitive, liveable and economically-productive. TDR perhaps is a win-win deal.

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