

December 19, 2006

**COMMENTARY****Delhi Dilemma**
 By **SHIKHA DALMIA**  
 December 19, 2006; Page A16

India's Supreme Court earlier this year ordered an extraordinary campaign to close all businesses in the residential areas of New Delhi because they violate the city's zoning laws against mixed use. But if the court proceeds with this misguided crusade, India's capital may never attain its "world class city" aspirations. This is the lesson from America, where similar laws contributed to the decay of once-vital core cities and created anemic, sterile suburbs.

New Delhi, by global standards, is an urban jungle -- a vast tangle of concrete, congestion and chaos. Its roads are gridlocked, parking is tight, and housing is scarce. All this was tolerable so long as it was merely *ghar ki baat* -- a family matter. But now with India opening to the global economy, this crowded, squalid capital, which is often an outsider's first introduction to the country, has become something of a national embarrassment. Add to this the fact that New Delhi is due to host the 2010 Commonwealth Games -- a big deal, for some reason, in these parts -- and the city's makeover has assumed real urgency.



PRAKASH SINGH/AFP/Getty Images


It is against this backdrop that the Supreme Court revived the city's long-ignored Master Plan, an urban planning document created in the 1950s and updated every few years. But the court's prescribed cure is worse than the disease. Until now, ordinary citizens arranged their homes, businesses and neighborhoods according to their own private plans. Over the last 50 years, the city has quite spontaneously sorted itself according to an inner logic that no planner could have anticipated, unleashing vast reserves of entrepreneurial energy.

People with homes on major arteries, for instance, have either opened their own businesses or rented out rooms to accountants, doctors, clothing show-rooms, jewelry stores, beauticians, banquet halls or Internet cafes -- you name it. Many of these businesses have totally displaced the original homes, creating thriving, bustling places of commerce such as the super-posh markets in South Extension and MG Road and their less-plush equivalents in Moti Nagar and Kamla Nagar.

But commercial activity has not been limited along major roads. Every Delhi neighborhood is a self-sufficient entity with its own grocery stores, tailors, dry cleaners and salons -- all within safe walking distance for kids to run errands. Some of the more upscale areas such as Defence Colony have about 100 art galleries sandwiched between houses. The freedom to operate from home has been a particular boon for Indian women who are able to run roaring businesses -- most of them catering to other women -- while keeping an eye on their children. Indeed, residences and businesses have become so intimately intertwined that most people don't know that a Master Plan forbidding mixed uses exists. Even the Telecom Authority of India, the bureaucracy that regulates the telecom sector, has its main office in Safdarjung Enclave, a residential area!

The Confederation of All India Traders maintains that enforcing this plan could potentially shutter 500,000 businesses and render nearly 2.5 million people unemployed. It is hardly surprising then that the initial round of business closings ordered by the court triggered massive protests that caused four deaths and forced authorities to call in paramilitary units. The drive was subsequently suspended until Jan. 31. But the question remains: Will inflicting all this pain and suffering on businesses actually produce a better New Delhi?

**DOW JONES REPRINTS**

 This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, use the Order Reprints tool at the bottom of any article or visit: [www.djreprints.com](http://www.djreprints.com).

- [See a sample reprint in PDF format.](#)
- [Order a reprint of this article now.](#)

Some of the businesses might be able to pay the exorbitant rents of newly constructed, Western-style malls and relocate, as the court wants. But the vast majority won't be able to move, notes Parth Shah, founder of the Center for Civil Society, a Hauz Khas-based think tank that he created by carving out office space in his flat. This is not only a matter of expense; rather, many of these businesses depend on their communities and can't be transplanted elsewhere. For instance, neighborhood grocery stores will lose their function if they are relocated to a strip mall a mile away. Women who have to balance work with household chores will be unable to stay in business. The upshot will be a net attrition of the economy.

But will this anti-business movement improve the quality of life? In "The Death and Life of Great American Cities," Jane Jacobs, the brilliant critic of America's centralized land-use planning, argued that businesses don't just wither without their neighborhoods -- neighborhoods wither without their businesses too. She traced nearly every familiar urban malaise -- high crime, social isolation, disintegrating communities -- to the loss of business diversity caused by laws banning mixed land use. The very presence of local shops, restaurants and merchants deters crime, she pointed out, vastly reducing the need for formal policing. Furthermore, they draw people out of their homes and onto the streets, creating countless opportunities for social interactions, none of which are meaningful in their own right but together inject what Indians would term *raunaq* -- life and color -- into neighborhoods.

New Delhi's challenge is to hang on to its *raunaq* as rapid economic growth creates land-use conflicts. This is a balancing act that many American cities have obviously failed to perform, as any Indian who has visited a lifeless American suburb or driven through hollowed-out cities like Detroit and Cleveland can testify. "It will require radical steps," notes Barun Mitra, director of the Liberty Institute in New Delhi. "But they run in a direction opposite to the top-down approach that the Supreme Court is pushing."

In fact, what's needed is the extension of property rights and the decentralization of land-use planning. The Delhi Development Authority -- the government monopoly that owns all the city's land -- only leases land to homeowners in small parcels. This means, for instance, that homeowners have no room to erect private garages, increasing their reliance on street parking. Nor can private entities buy large tracts of land and arrange its use according to local needs. All neighborhood land is held by a cooperative that is legally required to stick to the DDA's rigid formula for open space, street size and parking. Homeowners routinely violate this formula, but can't change it.

If New Delhi moves forward with the court's draconian prescriptions, it might well join the ranks of moribund American cities. If it follows a different path, it might become an example and a beacon of hope. This might take longer than the deadline for the Commonwealth Games. But surely it would be a better prize than a glittering ghost town.

*Ms. Dalmia, who grew up in New Delhi, is a senior analyst at the Reason Foundation in Los Angeles.*

URL for this article:

<http://online.wsj.com/article/SB116650096889454226.html>

Copyright 2006 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit [www.djreprints.com](http://www.djreprints.com).