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GOVERNING URBAN RESETTLEMENT: INSTITUTIONAL CHANGE AND THE POLITICS OF RELOCATION IN KOLKATA AND BEYOND

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ABSTRACT

Urban relocation and resettlement have become integral to the growth and renewal of cities worldwide, yet these processes often ignite complex governance challenges and socio-political tensions. This article adopts a globally comparative framework – with a particular focus on India's urban context and the city of Kolkata – to examine how the relocation of communities in urban transformation projects is governed and how it connects to institutional change. Drawing on contemporary urban studies and institutional economics literature, we explore the interplay between formal policies, institutional incentives, and individual behaviors in shaping resettlement outcomes. The analysis links the micro-level decisions of households and displaced persons with the macro-level structures of governance, highlighting how individual optimizing behavior and community agency can feed back into institutional responses. Examples from Kolkata and other cities illustrate common challenges such as displacement-driven impoverishment, contested land politics, and struggles over rights, as well as innovative practices aiming for more inclusive outcomes. By situating individual and community experiences of resettlement within a broader political economy of urban transformation, the paper sheds light on how governance and institutional frameworks can either mitigate or exacerbate the hardships of relocation. The findings underscore the need for adaptive, participatory urban governance that acknowledges institutional feedback loops and prioritizes social justice in managing urban change.

Keywords: Urban Resettlement, Institutional Change, Urban Governance, Displacement, Informality, Kolkata, Global South, Participatory Planning, Infrastructure-Led Eviction, Policy Feedback

1. INTRODUCTION

Urban development initiatives—ranging from large-scale infrastructure upgrades and "beautification" projects to climate resilience programs—are increasingly driving the displacement and relocation of low-income communities across the Global South. Formal resettlement programs, often justified as necessary for hazard mitigation or modernization, have expanded rapidly in cities such as Delhi, Jakarta, and Lagos (Cernea, 2000; Anguelovski, 2013). Yet paradoxically, such initiatives frequently exacerbate poverty and vulnerability among the urban poor and have often served as instruments to clear land for commercial redevelopment or elite urban visions (Roy, 2009; Dupont, 2008). As a result, urban resettlement is no longer merely a spatial or logistical intervention—it has become a critical arena for examining the intersection of development, governance, and urban inequality.

Urban resettlement is not simply a technocratic planning exercise; it is a political and institutional process embedded in competing claims over land, rights, and citizenship. Decisions about who must relocate, where they are resettled, and under what terms they are compensated are shaped by formal legal frameworks and informal institutional practices (Coelho, Kamath, & Tawa Lama-Rewal, 2013; Sanyal, 2011). Urban planners, government agencies, and private

developers operate within constraints shaped by law, bureaucratic structure, and incentive systems, while displaced residents adopt diverse strategies—including resistance, adaptation, and negotiation—to protect their homes, livelihoods, and access to the city (Bhan, 2016; Bhan & Jana, 2013). These interactions reveal complex feedback loops: institutions guide behavior through rules and sanctions, yet the collective actions of individuals and communities can reshape institutional responses and even prompt policy reversals (Aoki, 2001; North, 2005).

These dynamics are sharply visible in cities like Kolkata. Over the last two decades, several episodes of state-led evictions and subsequent resettlements have occurred, justified by infrastructure expansion and environmental restoration. One illustrative case is the 2013 eviction drive in the Nonadanga area, which triggered sustained grassroots resistance and eventually led to institutional concessions, including the provision of housing to some displaced families under the Basic Services for the Urban Poor (BSUP) program (Bhan & Jana, 2013). Such episodes demonstrate that resettled communities are not passive subjects of state authority; rather, through mobilization and negotiation, they act as political agents capable of contesting and reshaping institutional decisions. The feedback loop between optimizing individual behavior and policy adaptation is evident in these interactions.

Understanding this relationship—between individual strategies and institutional change—is central to reshaping resettlement policies. Institutional economists like North (1990) and Ostrom (1990) define institutions as the "rules of the game" that govern behavior, whether codified in law or embedded in social norms. These rules influence how different actors respond to displacement and compensation, and how resettlement is implemented or contested. In such settings, displaced households behave rationally within constraints: some accept distant relocation because of immediate shelter needs, others resist in hopes of securing better entitlements, while still others exploit gaps in policy implementation. These decisions, when aggregated across communities and cases, can produce institutional shifts, leading to more participatory frameworks, inclusive eligibility criteria, or improved site selection.

Despite extensive literature on displacement, development-induced resettlement, and the socio-spatial impacts of urban transformation, there remains a relative absence of studies that explicitly connect micro-level behavioral strategies with macro-level institutional evolution. On one hand, urban studies scholars have documented the socio-economic dislocations caused by resettlement—such as the breakdown of livelihoods, erosion of social networks, and stigmatization in peripheral housing colonies (Patel, Baptist, & D'Cruz, 2012; Dupont, 2008). On the other hand, institutional theorists have shown how rules evolve in response to recurring patterns of strategic action by individuals or organized groups (Aoki, 2001; North, 2005). Bridging these domains provides a more robust framework for analyzing resettlement as a field of institutional experimentation and political negotiation.

This article draws from comparative cases in Kolkata, Manila, Jakarta, and Nairobi to analyze how optimizing behavior by individuals and communities interacts with the governance and institutional frameworks that structure urban relocation. Grounded in institutional economics and urban political economy, the paper conceptualizes resettlement not as a discrete policy episode, but as a continuous and contested process shaped by feedback, resistance, and adaptation. By framing resettlement through this lens, the article seeks to provide insights into why formal resettlement policies often fail to produce just outcomes—and how more inclusive institutions might emerge from the interactions they aim to govern.

The remainder of the paper is organized as follows. Section 2 reviews the literature on urban resettlement and institutional change, identifying key debates and knowledge gaps. Section 3 presents the theoretical framework, drawing on institutional economics and urban governance theory. Section 4 outlines the methodology and comparative case approach. Section 5 provides an in-depth discussion of selected cases, with a focus on Kolkata. Section 6 offers a critical analysis of the institutional dynamics revealed across cases. Section 7 concludes with reflections on the governance of resettlement and its implications for equitable urban development.

2. LITERATURE REVIEW: URBAN RELOCATION, GOVERNANCE, AND INSTITUTIONAL CHANGE

Urban relocation and resettlement have long been central themes in urban studies, particularly in the Global South where cities expand rapidly amid unequal socio-spatial development. Much of the critical literature has focused on the adverse consequences of involuntary displacement caused by state-led infrastructure projects, slum demolitions, and environmental risk management schemes (Cernea, 1997; Patel, Baptist, & D'Cruz, 2012). Resettlement is often framed not merely as a logistical challenge but as a deeply political process involving struggles over land, identity, and rights (de Souza, 2006; Roy, 2009).

Classic displacement literature highlights how forced resettlement leads to the "impoverishment risks" of dislocation, including the loss of shelter, employment, access to services, and cultural cohesion (Cernea, 2000). For example, empirical studies from Delhi, Mumbai, and Chennai show that relocation often moves people from centrally located informal settlements to distant peripheries where job opportunities, transport access, and basic amenities are significantly worse (Bhan & Jana, 2013; Dupont, 2008; Coelho, Kamath, & Tawa Lama-Rewal, 2013). The politics of relocation in these contexts are shaped by intersecting forces of neoliberal urban policy, speculative land markets, and exclusionary planning regimes.

Recent scholarship has extended these concerns by emphasizing the institutional and governance aspects of resettlement. Rather than viewing displacement as merely the result of authoritarian or corrupt governance, many urban scholars now focus on the institutional logics through which urban governments justify, negotiate, and implement relocation (Bhan, 2016; Sanyal, 2022). This includes the use of participatory language and formal policies that legitimize displacement while obscuring its inequitable impacts. Studies of governance under regimes like the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) in India reveal how planning processes often co-opt community voices or channel participation into predetermined decision-making frameworks (Coelho & Venkat, 2009; Baud & Nainan, 2008).

Parallel to this literature, urban political ecology and political economy approaches stress how resettlement is embedded in larger structures of urban inequality and capitalist accumulation (Anguelovski, 2013; Harvey, 2003). The relocation of informal settlements, particularly near central business districts, is often driven by the imperative to make land available for private investment and beautification, under the guise of environmental risk mitigation or infrastructure upgrading. In many cities – from Manila to Mumbai – relocation has been used to displace “unwanted” populations from high-value land, reflecting broader processes of spatial exclusion (Shatkin, 2014; Weinstein, 2014).

Importantly, some scholars have begun to highlight the role of institutions and governance reforms in shaping resettlement outcomes. Institutional innovations such as community land trusts, participatory housing boards, and decentralized planning mechanisms are seen as pathways to more inclusive resettlement (Payne, Durand-Lasserve, & Rakodi, 2009; Mitlin, 2008). For instance, in Latin American cities like Medellín and São Paulo, community participation in designing relocation schemes has improved outcomes related to tenure security, housing quality, and access to services (Anguelovski et al., 2017). These cases underscore the importance of adaptive institutions – those capable of responding to community demands and negotiating equitable solutions amid complex urban transformations.

From a more theoretical perspective, scholars working at the intersection of urban studies and institutional theory have explored how institutional change occurs through the interplay of formal rules, informal norms, and individual agency. North (1990) emphasized that institutions evolve through the feedback effects of human behavior, and more recent urban governance literature builds on this to explain how policy innovations or community mobilization can trigger shifts in institutional practices (Healey, 2006; Ostrom, 2005). In the context of resettlement, institutional change may occur when community protests lead to revised guidelines, or when sustained grassroots engagement results in more transparent and accountable governance mechanisms.

In Indian cities, recent research has highlighted how residents' engagement with resettlement processes – whether through negotiation, resistance, or adaptation – can feed back into urban governance frameworks. Studies of resettlement sites in Chennai, Patna, and Kolkata show how community responses can modify institutional behavior, from better service delivery to inclusion in planning dialogues (Coelho et al., 2012). These studies demonstrate that resettlement outcomes are not pre-determined by policy design alone but shaped by ongoing interactions between institutions and community action.

Overall, the literature reveals that while the adverse effects of resettlement are well-documented, there is growing recognition of the institutional and governance dynamics that mediate these outcomes. There is also an increasing interest in how individual and collective behavior under constraint – whether optimizing, resisting, or adapting – can produce institutional feedback that shapes future policy and planning approaches. This article builds on these insights to examine resettlement as a site of institutional experimentation, contestation, and transformation.

3. THEORETICAL FRAMEWORK: INSTITUTIONS, GOVERNANCE, AND URBAN RESETTLEMENT

Urban resettlement is not merely a matter of policy enforcement or technocratic planning—it is embedded in dynamic institutional contexts that shape how decisions are made, how power is exercised, and how actors respond. This

section outlines a theoretical framework that draws from institutional economics and urban governance theory to explain how relocation processes unfold and how they interact with institutional change.

1) Institutions as Rules and Incentive Structures

The foundational perspective adopted here follows Douglass North's (1990) conceptualization of institutions as "the rules of the game in a society," both formal (laws, policies, regulations) and informal (norms, cultural practices, and conventions). Institutions not only constrain but also enable action by shaping the incentives and behavior of actors. In the context of resettlement, institutions include land tenure systems, compensation guidelines, urban planning norms, and political protocols governing eviction and rehabilitation.

Institutional economics, especially the "New Institutional Economics" tradition, emphasizes that institutions reduce uncertainty and transaction costs by providing predictable structures for interaction (Williamson, 2000; Ostrom, 2005). These institutional structures evolve over time, influenced by feedback from agents acting within them. North (2005) argues that institutional change often arises when the cost-benefit calculations of actors shift due to changes in relative prices, technology, or power structures. In the case of resettlement, this could mean that evicted households resist or adapt based on perceived costs of compliance or resistance, which can then feed back into institutional arrangements through protest, litigation, or political negotiation.

2) Urban Governance and the Production of Space

Institutional theory intersects with urban studies through the concept of governance—the way decisions are made and implemented in urban settings involving multiple stakeholders. Governance here refers not only to the formal institutions of the state but also to networks of actors including NGOs, private firms, community organizations, and international agencies (Pierre & Peters, 2000; Healey, 2006). Urban governance structures are particularly significant in resettlement contexts, where land conflicts, planning disputes, and livelihood concerns converge.

From a Foucauldian and political economy lens, urban governance is also a mechanism of spatial control and population management (Roy, 2009; McFarlane, 2011). The act of resettling populations is often an exercise in state spatial ordering—relocating poor communities to city margins while central spaces are cleared for elite use or infrastructure expansion. This approach is underpinned by institutional arrangements that prioritize market logics over social equity, reinforcing urban marginality through the strategic use of law, policy, and planning (Bhan, 2016; Sanyal, 2022).

In this context, the "institutional thickness" (Amin & Thrift, 1995) of cities—that is, the density and interconnectedness of institutions—can both facilitate and obstruct just resettlement. Cities with stronger institutional accountability and participatory mechanisms may be more responsive to displaced populations, while fragmented or opaque governance tends to reinforce exclusion and resistance.

3) Feedback Loops and Institutional Change

A central proposition of this framework is that individual optimizing behavior—how households make rational decisions under constraints—interacts with institutional structures in a recursive loop. Households may choose to accept relocation, mobilize for better entitlements, or return to informal settlements based on perceived utility and risk. These micro-level decisions, when aggregated, can disrupt institutional equilibria and push for reform.

For example, if large numbers of resettled residents return to their original neighborhoods due to inadequate infrastructure at the resettlement site, this behavior sends a feedback signal to authorities and may prompt revisions in resettlement policy (e.g., closer site selection, improved amenities, or participatory planning). Similarly, sustained protest or legal action can pressure institutions to incorporate social safeguards or amend laws (Dupont, 2008; Rains et al., 2019).

Drawing from game-theoretic approaches, Aoki (2001) suggests that institutions are self-sustaining systems of shared beliefs and expectations about others' behavior. When enough actors alter their expectations or behavior—say, through organized resistance or legal mobilization—institutions face legitimacy crises and may be forced to adapt. Thus, resettlement processes are not unidirectional impositions but contingent sites of negotiation and change.

4) Toward an Integrated Lens

This theoretical framework draws on and synthesizes three complementary strands of scholarship: institutional economics, urban governance theory, and urban political economy. From institutional economics, it borrows the emphasis on rules, incentive structures, and feedback mechanisms that shape and constrain human behavior within

organizational and policy systems. This lens helps explain how resettlement policies are not neutral instruments but are embedded within incentive regimes that influence both the actions of state actors and the responses of affected communities.

From urban governance literature, the framework incorporates an understanding of the multi-scalar and networked nature of urban decision-making. Governance is conceptualized not as a singular authority but as a configuration of interacting actors—municipal governments, parastatal agencies, developers, civil society groups, and community organizations—whose coordination (or lack thereof) critically influences how resettlement is designed and implemented. Governance arrangements, in this view, determine whether institutions act transparently and inclusively, or reproduce fragmentation and exclusion.

Urban political economy provides the final layer by foregrounding the role of power, capital accumulation, and spatial strategy in driving displacement. Resettlement is analyzed not only as a tool for infrastructure development or risk mitigation but also as part of broader socio-spatial strategies that produce urban inequality. Decisions about who is displaced, where they are relocated, and under what terms are shaped by structural economic interests, class dynamics, and land valorization logics.

By weaving together these theoretical perspectives, the paper understands urban resettlement as more than a state-driven technical intervention. It is framed as an evolving field of contestation, negotiation, and institutional restructuring—where governance failures, exclusions, and resistances emerge through interactions between institutions and the optimizing behavior of individuals and communities. This integrative approach enables a more nuanced understanding of how urban transformation is both governed and experienced, and how institutional change can be prompted from both above and below.

4. METHODOLOGY AND ANALYTICAL APPROACH

This paper adopts a comparative, interpretive approach grounded in secondary case analysis and theoretical synthesis. Rather than conducting field-based empirical research, it engages with documented resettlement cases—drawn from Kolkata, Manila, Jakarta, and Nairobi—and interprets them through the lens of institutional economics and urban governance theory. This strategy aligns with qualitative urban studies methods that emphasize depth of contextual understanding and pattern recognition over statistical generalization (Flyvbjerg, 2006; Healey, 2006). Case Selection

4.1. THE CASES WERE SELECTED PURPOSIVELY BASED ON THREE CRITERIA

1) Urban Resettlement as a Central Policy Action: Each case involves the displacement and formal resettlement of low-income communities under the auspices of infrastructure expansion, risk mitigation, or urban renewal.
2) Documented Interaction between Communities and Institutions: The selected cases feature documented instances of resident resistance, negotiation, or adaptation that prompted an institutional response or highlighted governance gaps.
3) Comparative Diversity: The cities span varied political and institutional contexts—ranging from Kolkata's fragmented bureaucratic structure, to Manila's civil society-driven reforms, to Jakarta's participatory in-situ upgrading, and Nairobi's donor-backed interventions.

This diversity allows us to explore both common patterns and context-specific pathways of institutional adaptation and governance learning.

4.2. DATA AND SOURCES

The analysis is based on an extensive review of peer-reviewed literature, government reports, policy evaluations, civil society documentation, and urban governance studies. For Kolkata, specific focus was given to cases such as the Nonadanga evictions and EM Bypass displacements, as documented in recent work by Bhan (2016), and Coelho et al. (2013). For the global cases, sources include comparative urban studies journals, reports by organizations such as UN-Habitat, and country-specific urban housing research (e.g., Anguelovski, 2013; Ballesteros & Egana, 2014; Lines & Makau, 2017).

4.3. ANALYTICAL STRATEGY

The paper uses thematic synthesis to trace how institutional incentives, fragmentation, and community strategies interact to shape relocation outcomes. It interprets urban resettlement as a governance process rather than a mere relocation event. By examining feedback loops—how individual and collective optimizing behavior produces institutional response—the analysis connects micro-level agency with macro-level institutional change, grounded in the theoretical perspectives of North (1990), Aoki (2001), and Ostrom (2005).

This methodology enables the paper to make a conceptual and comparative contribution to urban studies: not by offering a single explanatory model, but by illuminating the contingent, negotiated, and often recursive dynamics that characterize resettlement governance in rapidly transforming cities.

5. COMPARATIVE CASE DISCUSSIONS: URBAN RESETTLEMENT IN KOLKATA AND BEYOND

1) The Politics of Eviction and Resistance in Nonadanga, Kolkata

Nonadanga—a peri-urban site in eastern Kolkata—became a focal point of conflict in 2012–13 when hundreds of families were evicted from nearby settlements under the West Bengal government's urban beautification and infrastructure clearance drive. The affected residents were primarily working-class migrants, many of whom had been resettled earlier under JNNURM-linked schemes but were living without formal tenure or adequate services. When bulldozers arrived, there was little consultation or prior notice. The authorities justified the evictions on environmental grounds, claiming the area was a water retention zone. However, the land was soon fenced for speculative development, raising questions about the real motivations behind the clearance (Bhan, 2016).

The evictions triggered a series of protests, sit-ins, and legal interventions. The resistance was not led by formal NGOs or political parties but by grassroots groups and activists—including evicted women—who demanded not only shelter but dignity and accountability. Eventually, under pressure, the Kolkata Municipal Corporation (KMC) halted further evictions and agreed to provide housing under the Basic Services for the Urban Poor (BSUP) scheme to some families. However, many others were left out due to lack of documentation or their informal status, highlighting how institutional mechanisms often fail to accommodate the complexity of urban informality (Dupont, 2008).

Nonadanga illustrates a key theme of this paper: resettlement outcomes are shaped not just by policy design but by how institutions respond to community resistance and individual decisions under constraint. The refusal of many residents to accept off-site relocation and their mobilization for in-situ solutions created a feedback loop, compelling institutional actors to partially revise their strategy. However, the case also reveals how fragmented governance—between state agencies, municipal bodies, and urban development authorities—undermines coherent resettlement planning, leaving gaps that citizens must navigate on their own.

2) EM Bypass and Infrastructure-Led Displacement

The expansion of the Eastern Metropolitan (EM) Bypass in Kolkata, a major arterial corridor connecting North and South Kolkata, has led to multiple rounds of evictions since the early 2000s. Many of the informal settlements lining the Bypass—some dating back decades—were displaced in phases to enable road widening, flyover construction, and real estate projects. While some resettled families were allotted flats in distant housing complexes under schemes like Gitanjali and BSUP, many others either received no rehabilitation or faced delays and procedural hurdles.

The EM Bypass cases highlight how state agencies invoke the logic of infrastructure modernization to legitimize displacement. Yet the implementation is marked by inconsistencies: unclear eligibility criteria, lack of data on displaced populations, and poor coordination between KMDA, the Municipal Corporation, and housing boards. Crucially, residents often find themselves in a liminal zone—neither fully recognized as legal claimants nor wholly excluded—creating uncertainty that shapes their behavior. Some accept relocation despite substandard conditions, others stay back illegally in partially demolished structures, and still others migrate elsewhere without formal state support.

In these contexts, individual optimizing behavior—whether through compliance, evasion, or protest—reflects rational adaptation to institutional ambiguity. Families may choose to self-relocate to informal areas with better access to jobs rather than accept distant formal housing with inadequate connectivity. These choices, when widespread, challenge institutional assumptions and occasionally trigger policy revisions, such as closer relocation sites or community enumeration to improve targeting.

3) Comparative Reflections: Lessons from Other Cities

While Kolkata's resettlement experiences are emblematic of broader trends in India, comparative cases from cities like **Jakarta**, **Manila**, and **Nairobi** further illuminate the institutional dimensions of relocation. In Manila, for example, massive evictions along waterways have been carried out under flood mitigation projects. Initially, off-site relocation to distant suburban housing led to economic hardship and return migration. Over time, sustained advocacy by civil society groups led to policy shifts toward in-city relocation and rental housing schemes (Ballesteros & Egana, 2014). This evolution reflects a feedback loop between lived experience, institutional learning, and governance reform.

In Jakarta, the Kampung Improvement Program (KIP) stands out as a case of preventive resettlement—instead of relocating informal settlers, authorities invested in upgrading their settlements. Although KIP has been unevenly implemented, it shows how urban institutions can shift from displacement-based planning to inclusive in-situ strategies when empowered with the right incentives and participatory frameworks (Wardhani, 2015).

In Nairobi, the **Kibera relocation project**, supported by the UN-Habitat, faced significant setbacks due to lack of community involvement and rigid institutional frameworks. Many residents refused to move to the newly built housing due to location disadvantages and loss of social networks. This led to partial occupancy, prompting agencies to rethink eligibility rules and participatory design (Lines & Makau, 2017). These outcomes reinforce the idea that institutional flexibility and responsiveness are key to sustainable resettlement.

6. CRITICAL ANALYSIS: INSTITUTIONS IN ACTION – GAPS, FEEDBACK, AND TRANSFORMATIONS

Urban resettlement sits at the confluence of political intent, institutional design, and community response. The cases from Kolkata and comparable cities illustrate that relocation outcomes are not merely the result of policy intentions or planning logic, but the product of complex institutional interplay shaped by both formal structures and informal practices. This section identifies five key themes emerging from the comparative analysis.

1) Institutional Fragmentation Weakens Accountability

One of the most persistent challenges in urban resettlement is the fragmentation of institutional responsibilities. In cities like Kolkata, overlapping mandates among municipal bodies (e.g., KMC), urban development authorities (e.g., KMDA), and housing departments create implementation vacuums. This fragmentation often leads to unclear resettlement protocols, inconsistent compensation practices, and gaps in service delivery in relocation sites (Coelho et al., 2012). As residents navigate these ambiguities, their decisions—such as refusing relocation, self-relocating, or litigating—are shaped by the risks posed by this institutional uncertainty.

The absence of clear, centralized accountability structures also dilutes citizens' ability to seek redress. Residents in the EM Bypass and Nonadanga cases often found themselves caught in bureaucratic ping-pong, with no single agency accepting responsibility. This undermines trust in governance and incentivizes informal strategies such as under-the-table negotiations or illegal reoccupation of land. In institutional economics terms, weak enforcement and opaque rule structures raise transaction costs and make the institutional environment less predictable (North, 1990; Williamson, 2000).

2) Community Resistance as a Driver of Institutional Feedback

The resistance observed in Nonadanga and Manila demonstrates that individual and collective agency can generate institutional feedback. When residents organize around their entitlements—through protests, petitions, media mobilization, or legal action—they force institutional actors to re-evaluate their strategies. In many cases, sustained resistance leads to reframing the discourse around resettlement from one of technical relocation to one of rights-based development.

This resistance-based feedback loop can create incremental institutional change. While it may not result in full policy reversals, it can lead to procedural reforms: community consultations, eligibility reviews, and shifts from off-site to in-situ relocation. Such feedback loops exemplify the iterative nature of institutional evolution (Aoki, 2001), where rules adapt in response to strategic action from below. Yet it is crucial to note that this form of change is uneven and highly contingent on political opportunity structures and media visibility.

3) Institutional Design Shapes Incentives and Outcomes

In the reviewed cases, the design of relocation schemes often overlooked incentive compatibility with affected populations. For instance, distant relocation sites with poor connectivity effectively penalized compliance, pushing many to reject formal offers or return to informal housing. This reflects a misalignment between institutional **goals** and individual utility calculations. If formal housing reduces access to work, schools, and healthcare, even legally secure housing becomes a rationally suboptimal choice for many households (Rains et al., 2019).

The same logic applies to documentation requirements: insistence on proof of residence, income, or caste certificates excludes many urban poor from rehabilitation. These institutional filters disproportionately affect migrants, single women, and tenants, thus reinforcing socio-economic exclusion. Institutional design that fails to recognize urban informality as a structural feature—not an aberration—will consistently fail to deliver equitable resettlement outcomes.

4) Institutional Learning and Path Dependency

A key insight from comparative cases is the unevenness of institutional learning. Cities like Manila and Medellín show evidence of learning-by-doing, where poor outcomes in early resettlement efforts prompted policy shifts toward in-city housing, rent subsidies, or incremental upgrading. In contrast, Indian cities often exhibit path dependency, replicating flawed models due to political inertia or vested interests in real estate-driven development.

Institutional learning is often inhibited by a lack of monitoring, evaluation, and data systems. When urban development projects are assessed solely by project completion metrics (e.g., flyover built, households relocated), there is little room to incorporate feedback from resettled communities into future planning cycles. Building adaptive institutions thus requires not only participatory governance but also learning infrastructure: impact assessments, feedback mechanisms, and cross-institutional knowledge sharing (Ostrom, 2005; Healey, 2006).

5) Resettlement as a Site of Institutional Experimentation

Finally, resettlement can be viewed not just as a site of governance failure, but also of institutional experimentation. As seen in cities like Jakarta and Medellín, alternative models—such as incremental housing, community land trusts, or participatory budgeting—have emerged when governments work collaboratively with communities. These approaches treat affected people as co-producers of solutions rather than passive recipients of policy. Such institutional models, while still nascent, offer glimpses of more inclusive and adaptive urban governance.

In Kolkata, despite many failures, some recent efforts by civil society and state actors have pushed toward better enumeration practices and inclusion of renters and migrants in rehabilitation lists. Though small, these shifts indicate potential institutional transitions if supported by appropriate political and financial commitment.

7. CONCLUSION: TOWARD ADAPTIVE AND JUST URBAN RESETTLEMENT

Urban resettlement is increasingly recognized as a defining feature of contemporary urbanization in the Global South, where infrastructure expansion, climate resilience strategies, and land commodification frequently converge to displace low-income urban populations. As this paper has argued, resettlement is not merely a spatial or logistical intervention—it is a deeply institutional and political process, one marked by negotiation, contestation, and the potential for transformation.

Drawing from comparative case studies in Kolkata, Manila, Jakarta, and Nairobi, and anchored in the theoretical lenses of institutional economics and urban governance, the analysis has demonstrated that the outcomes of urban resettlement are shaped less by policy design alone and more by the dynamic interplay between institutions and individual or collective behavior. The optimizing decisions made by households and communities—whether to comply with relocation, to resist eviction, to negotiate entitlements, or to adapt to new conditions—can generate feedback loops that reshape institutional practices over time and recalibrate planning logics.

The paper contributes to the urban studies literature in three important ways. First, it underscores that resettlement outcomes are strongly mediated by the quality of urban governance. Institutional coherence, transparency, and responsiveness are essential for generating trust and reducing the uncertainties that often compel displaced communities to pursue informal or extralegal strategies. Fragmented bureaucratic landscapes and ambiguous implementation rules, as seen in several cases, tend to erode state legitimacy and exacerbate spatial injustice.

Second, the analysis highlights the need to recognize and account for both individual and collective agency in shaping institutional responses. Resistance, negotiation, and adaptation by displaced communities should not be seen as deviant or disruptive behavior, but as rational responses to institutional constraints and opportunities. When these

forms of agency are sustained and amplified—often through civil society mobilization or legal advocacy—they can lead to incremental but meaningful institutional reform.

Third, the study positions urban resettlement as a potential site of institutional learning and policy experimentation. While relocation practices in many Indian cities remain rigid and exclusionary, international experiences suggest that more adaptive institutional architectures—capable of responding to complexity and integrating feedback—are better suited to produce socially just outcomes. Institutions that treat communities as co-producers of policy, rather than as passive recipients of aid or regulation, show greater capacity to navigate the tensions inherent in urban transformation.

To build more just and inclusive resettlement frameworks, several interlinked reforms are necessary. Institutions must improve vertical and horizontal coordination by clarifying roles across municipal, state, and parastatal agencies, and by establishing integrated accountability systems for planning and implementation. Participatory planning must go beyond consultation to embrace genuine co-design with affected communities, including the institutionalization of community representation in local decision-making structures. Resettlement schemes should also be designed with a clear understanding of household incentives, ensuring that new housing locations provide access to employment, education, healthcare, and transportation. Eligibility systems and documentation requirements must be reformed to account for the realities of informal tenure, migrant status, and non-traditional family forms, thereby expanding the inclusivity of resettlement programs. Finally, institutions must invest in learning infrastructures—including monitoring, impact evaluation, and cross-sectoral feedback mechanisms—to facilitate iterative improvement of resettlement policy and to prevent the replication of past failures.

In summary, urban resettlement should not be viewed merely as a logistical or humanitarian challenge to be managed through technical solutions. Rather, it presents an opportunity to reimagine the governance of urban transformation in ways that center human dignity, institutional adaptability, and distributive justice. For cities like Kolkata, where pressures for displacement will persist amid infrastructure development and climate risk mitigation, the future of equitable urbanization depends on the ability of institutions to learn, adapt, and meaningfully engage with those they seek to relocate.

CONFLICT OF INTERESTS

None.

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