

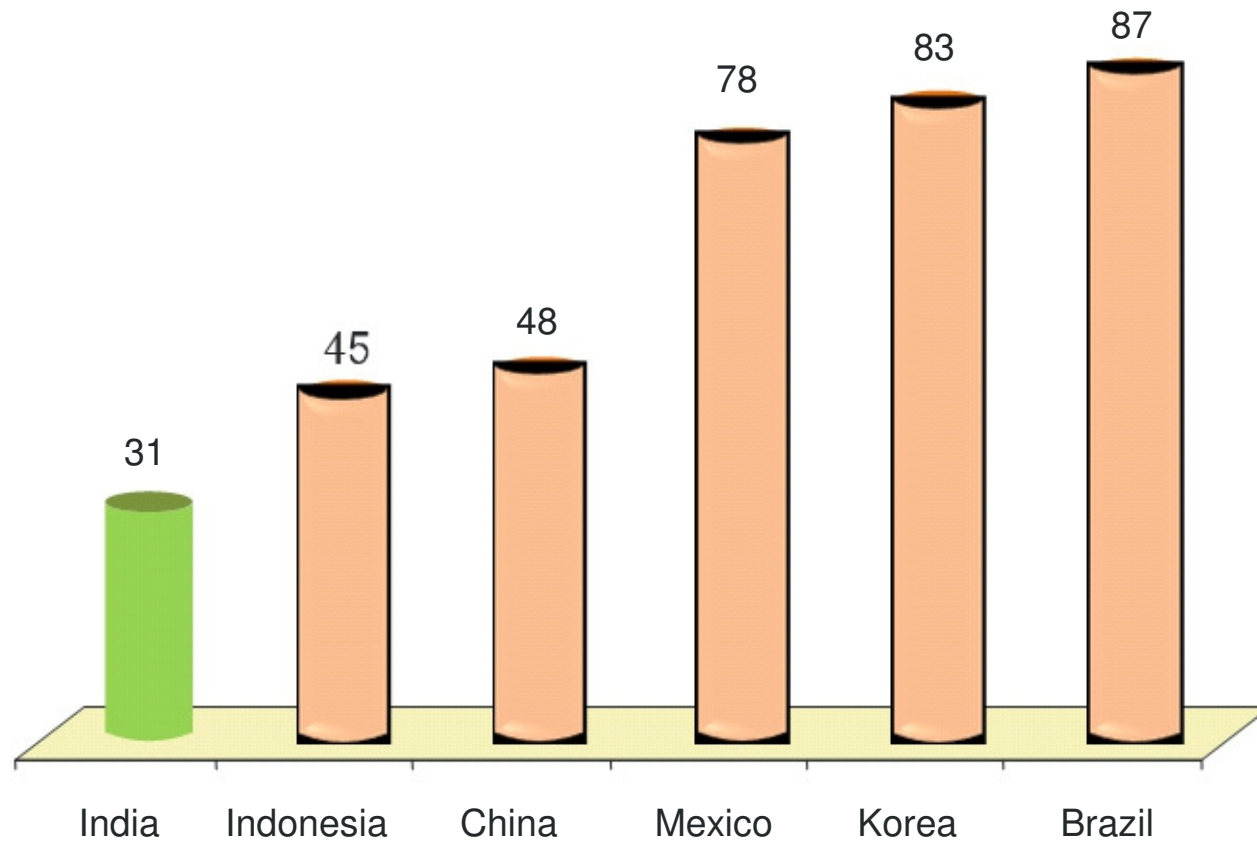
Urban Growth and Planning : Experiences from India

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Urban share of total population in 2011 (per cent)



Source: United Nations and Government of India

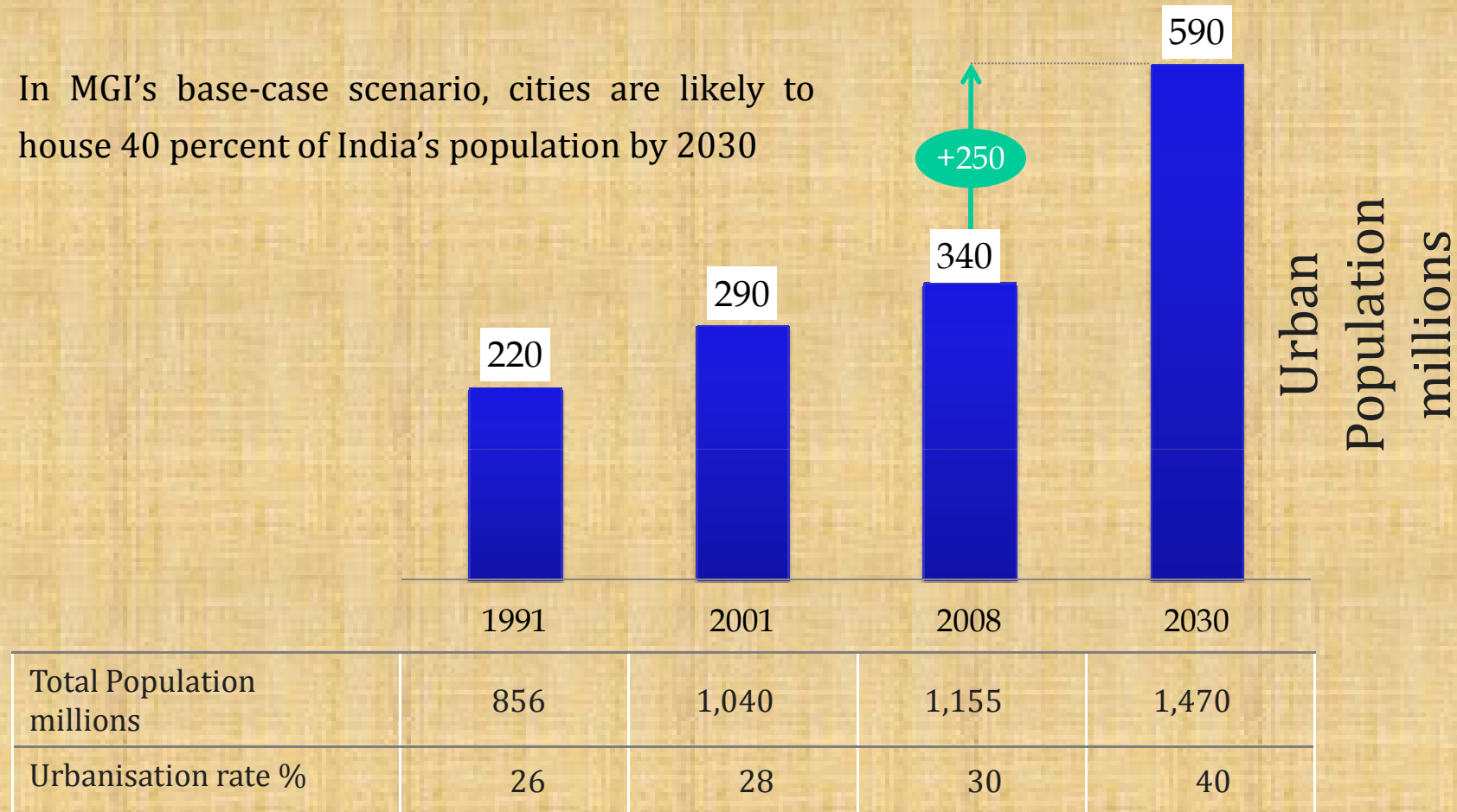
Urban Transformation

India is the second largest urban system next to China

India is urbanizing fast

Urbanisation scenario

In MGI's base-case scenario, cities are likely to house 40 percent of India's population by 2030



Source: India Urbanisation Econometric Model; McKinsey Global Institute analysis

Indian Cities and the Economy

Contribution to GDP

1980-81	47%
1990-91	55%
2000-01	60%
2021	73%

Efficient urban areas are essential for achieving *growth* and *poverty reduction* targets. .

Urban Context

1. *National and Provincial* economic growth and poverty reduction efforts will be increasingly determined by *the productivity of cities and towns*
2. Urbanisation of poverty
3. Municipal services delivery is a key issue; also linked to productivity of Cities / economic growth.

- State of cities is incompatible with the country's socio-economic and growth objectives...
- *Honbl'e Prime Minister of India*

Typical city response

- Revenue enhancement
 - Accrual accounting (eg Bangalore, Ludhiana, Hyderabad, Alandur)
 - Property tax reform (eg Bangalore, Hyderabad, Lucknow)
 - Collection methods (Raipur, Bang, Hyd, Alandur)
 - Data bases (Ludhiana, Bangalore, Hyd, Raipur)
- Large infrastructure investment (most)

Evidence from cities indicates

- No automatic relationship between revenues and service delivery outcomes
- Infrastructure needs are beyond anything a revenue strategy can achieve in the short to medium term
- It is therefore necessary to respond to underpinning causes

Roadblocks

Over lapping roles

**Weak links to
citizen**

**Fragmentation
(functional)**

Lack of Capacity

Limited Autonomy

Lack of incentives

Lack of accountability is the underpinning issue

No clear assignment of roles : Bangalore

	Service Delivery	Policy Making	Regulation
Water & Sanitation	BWSSB, BMP, Municipalities	BWSSB, BMP, Municipalities	BWSSB
Solid Waste Management	BMP, Municipalities	BMP, Municipalities	BMP, Municipalities
Road Infrastructure	BDA, BMP, Municipalities, R&B departments	BDA, BMP, Municipalities	BDA, BMP, Municipalities
Public Transportation and Traffic	BMTC, Traffic police	BMTC, Traffic police	BMTC, Traffic police
Housing, Town Planning	BDA, Karnataka housing board, BMRDA	BDA, BMRDA	BDA, BMRDA, BMP, Municipalities

Fragmentation : Bangalore

Government Body	Area under purview	Key Agency in Respective Jurisdiction											
		Tax Collections	Housing	Water Supply, Sewerage Irrigation, and Drainage	Solid Waste Management	Road	Transport	Urban Planning, Devt. and Control	Electricity	Telecom and Other Utilities	Law and Order	Pollution Control	Fire Services
Bangalore Mahanagar Palike	Municipal Limits	■	■	■	■	■	■	■					
8 Municipal Councils	Municipal Limits	■		■	■	■	■	■					
Bangalore Water Supply and Sewerage Board (BWSSB)	Bangalore Metropolitan Area			■		■		■				■	
Bangalore Development Authority (BDA)	Bangalore Metropolitan Area	■	■			■		■					
Bangalore City Police	Municipal Limits					■					■		■
Bangalore Metropolitan Transport Corporation (BMTC)	Bangalore Metropolitan Area					■		■				■	
BSNL	Entire State									■			
Bangalore Electricity Supply Company (BESCOM)	Bangalore Metropolitan Area, Bangalore Rural Area, Chitradurga								■				
Karnataka State Pollution Control Board (KSPCB)	Entire State				■							■	
Karnataka Fire and Emergency Services Department	Entire State												■
Bangalore Metropolitan Region Development Agency (BMRDA)	Bangalore Metropolitan Region							■					
Karnataka Slum Improvement and Clearance Board	Entire State		■	■				■					
Karnataka Housing Board	Entire State		■										
Indian Railways (Southern and South Central)	South India							■					

74th CAA Implementation

- Effective from 1994
- Wide variations in implementation in states
- ULB constitution & composition – Fairly uniform
- Functions - Not fully devolved
- Finances – Continue to be weak
- Wards Committees – variations; not effective
- Variations in form and substance in
 - Role of SECs, SFCs
 - DPCs, MPCs

Reform agenda & Triggers

The reform agenda must address roadblocks

Roadblocks

Overlapping roles

Fragmentation

Limited autonomy

Weak citizen links

Lack of incentives

Lack of capacity

**Altering
fiscal
flows**

**Decentrali
sation**

**Citizen
demand**

The reform agenda

Institutions for better services

- Separate policy, regulation and ops roles
- Decentralization (74th Amendment)
- Eliminate fragmentation and overlap
- Operational autonomy
- Citizen empowerment & participation

Reforms linked to service delivery outcomes

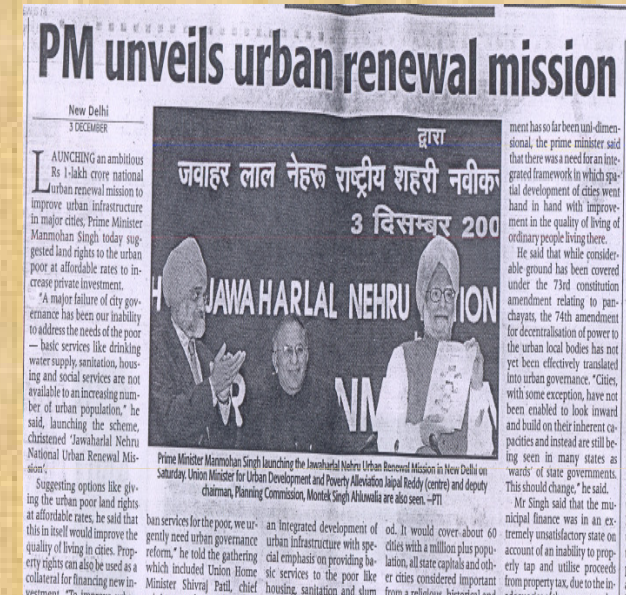
- Performance management
- Fiscal flows linked to outcomes
- Reliable information to enable measurement

Integrated financial management

- Multi-year planning
- Hard budget constraint
- Both revenue and expenditure reform
- Accounting reform

Incentives for change

- About 25 Billion USD fund established (JnNURM) to support top cities - *infrastructure and reforms.*
- Launched in 2005



JnNURM

*a fast track, reform driven, demand
led, partnership based planned
development of cities*

***Jn*NURM- Objectives**

- To create economically productive, efficient, equitable and responsive cities
- Planned development of cities and peri-urban areas
 - To make the cities self-sustaining
 - To remove regulations that impede city growth
- Integrated development of infrastructure
 - To secure effective linkages between asset creation and management for sustainability
 - Adequate investment of funds

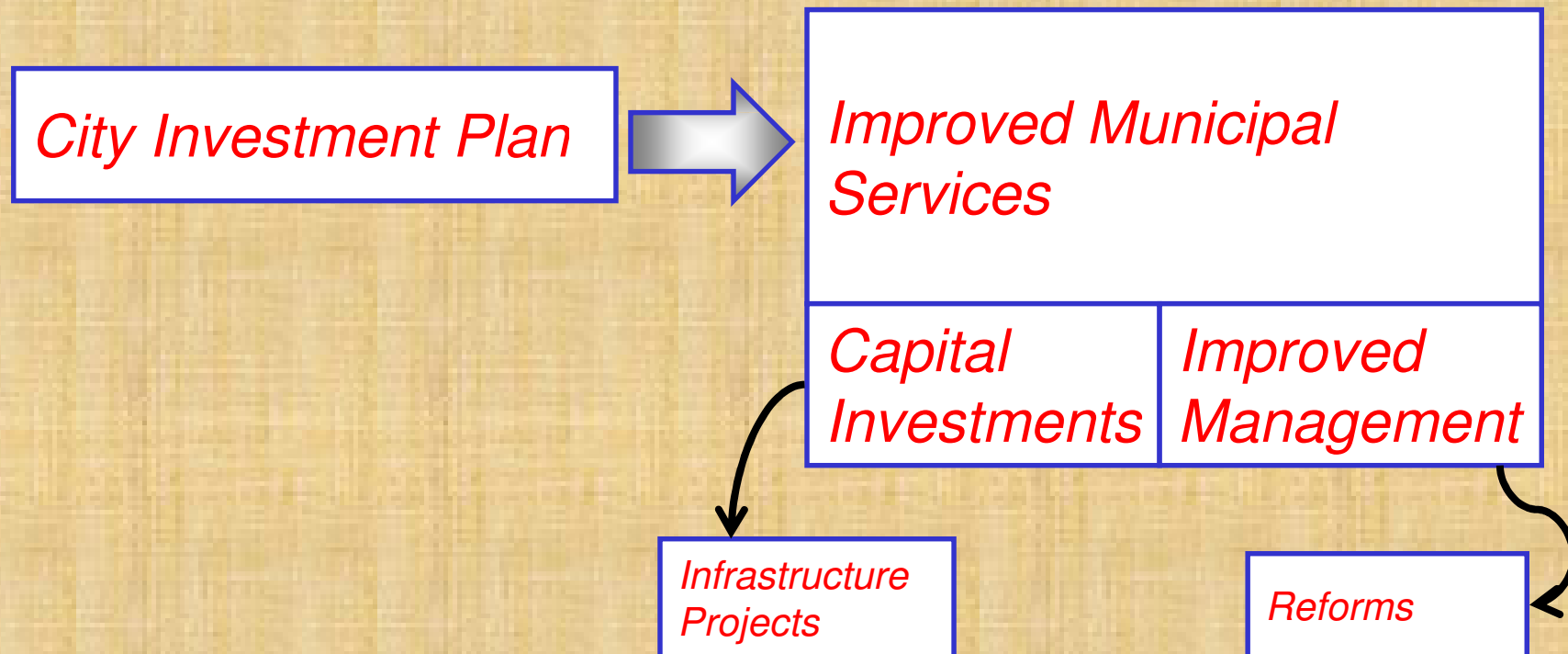
*Jn*NURM-Objectives

- Scaling up delivery of civic amenities
 - Emphasis on universal access
- Provision of basic services to the poor
- Renewal and redevelopment of inner cities
- Resource mobilisation through partnerships
- Introduction of IT in urban governance
- Conservation of natural resources
- Achievement of MDGs

Components of *Jn*NURM

- Governance reforms
- Infrastructure Improvement
- Basic Services to the Poor

Linkage with Reforms



City Development Plan

- Every city prepares a CDP
 - A precondition to access funds under *JnNURM*
 - Adoption of consultative process
 - 20 -25 year perspective
 - Formulation of vision and strategies
 - Defines where the city wants to go
 - In consonance with city's master plan
 - Periodic revision and updation

City Development Plan (CDP)

Facilitate Local Economic Growth

Pro growth



Improved Municipal Services



Pro poor

Improving conditions of the poor

Reforms aim at
improving and strengthening
Service delivery arrangements
and governance

JnNURM Governance Reforms

Decentralization

- Implementation of 74th CAA, 1992
- Assigning/associating ULBs with city planning function

Transparency and Participation

- Enactment of PD & CP Laws
- Accrual-based accounting system

Equity

- Earmarking funds by ULBs for services to poor
- Provision of basic services to urban poor
- Security of tenure at affordable prices
- Housing
- Water supply and sanitation
- Delivery of other government services
- Education, health and social security
- Earmarking 20-25% developed land in housing projects - both public and private- for EWS/LIG

Sustainability

- Enactment of Community Participation Law
- Accrual-based accounting system
- Levy of user charges - Recovery of 100% O&M charges during Mission period)
- Encouraging Public Private Partnership
- Property Tax Reforms
- Administrative and Structural reforms
- Making rain water harvesting mandatory
- Bye-laws for reuse of recycled water

Efficiency

- Accrual-based system of accounting
- Introduction of e-governance using IT like GIS and MIS for various services
- Property tax reforms using GIS - facilitate resource mobilisation
- Administrative and structural reforms

Funding Pattern

Infrastructure and Governance %			Basic Services to the Poor %			
Cities	GoI	State	ULB	Cities	GoI	State/ ULB
4M+cities	35	15	50	1M + cities	50	50
1M-4M cities	50	20	30			
Other cities	80	10	10	Other cities	80	20
UDISSMT				IHSDP		

For North East and J&K the share of GoI and states is 90% and 10%.

Key Issues & Concerns

Capacity enhancement
at different levels

Technical support to
deepen the process

Greater clarity and
understanding of
reforms

Commitment to
Reforms

Political Will

Good practices and
experiences

Focused attention for
Implementation -
PMU

Key challenges ...

- Shift emphasis from infrastructure to reform
 - Emerging reforms, but many still piecemeal and at back-end of MoAs
 - Consultation & participation to improve: CDPs, projects, area sabhas
 - Concerted capacity building; not just training, but building systems
 - Associated state reforms have to accelerate & state control reduced
- Leveraging effect of JNNURM
 - Get ULBs to plan more seriously for borrowing in CDPs
 - Paradox: weak ULBs want to borrow, strong ones not
 - ULB fiscal health has to improve: more vital than supply side action
- Synergy between two sub-missions
 - Infrastructure & governance
 - Basic Services for the Poor
- Data to assist benchmarking, monitoring, cost recovery
- Links: policy, appraisal, reform, lesson-learning

Lessons Learnt

Need for increased preparatory time

- Capacity Building, CDP Preparation, Clarity on Reforms & Commitment

Capacity Building to precede project implementation

Increased focus on Service Delivery Outcomes

Greater Autonomy to ULB to initiate reforms

- E-governance, Accounting, Volumetric Tariff, Admin. Reforms, etc

Effective Institutional arrangements for implementation

Isolated Innovations to system wide scale up

Institutional Reform yet to be addressed

Importance of O&M, asset maintenance