

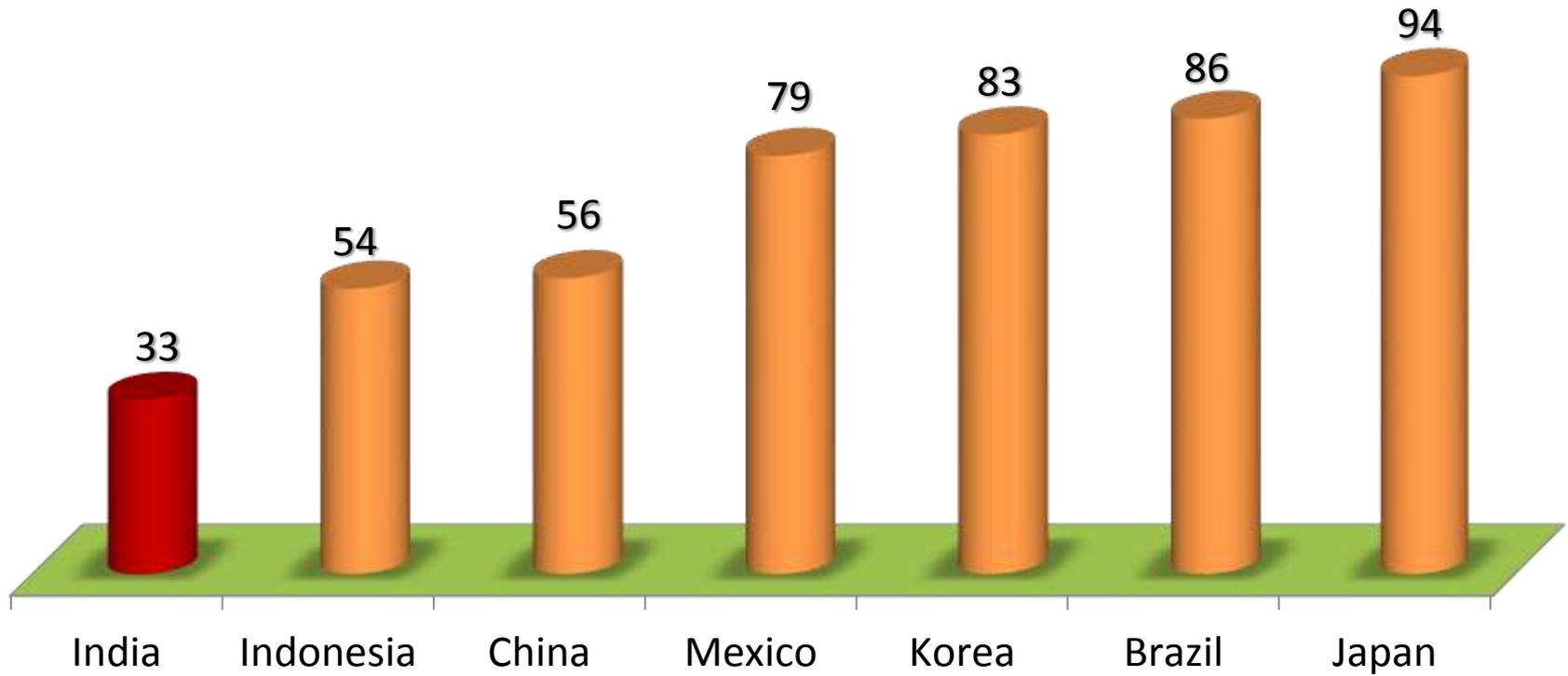
Urban Governance with Focus on Challenges of Metropolitan Governance in India

National Workshop on Governance, Administrative
Reforms and Capacity Building

March 25, 2015

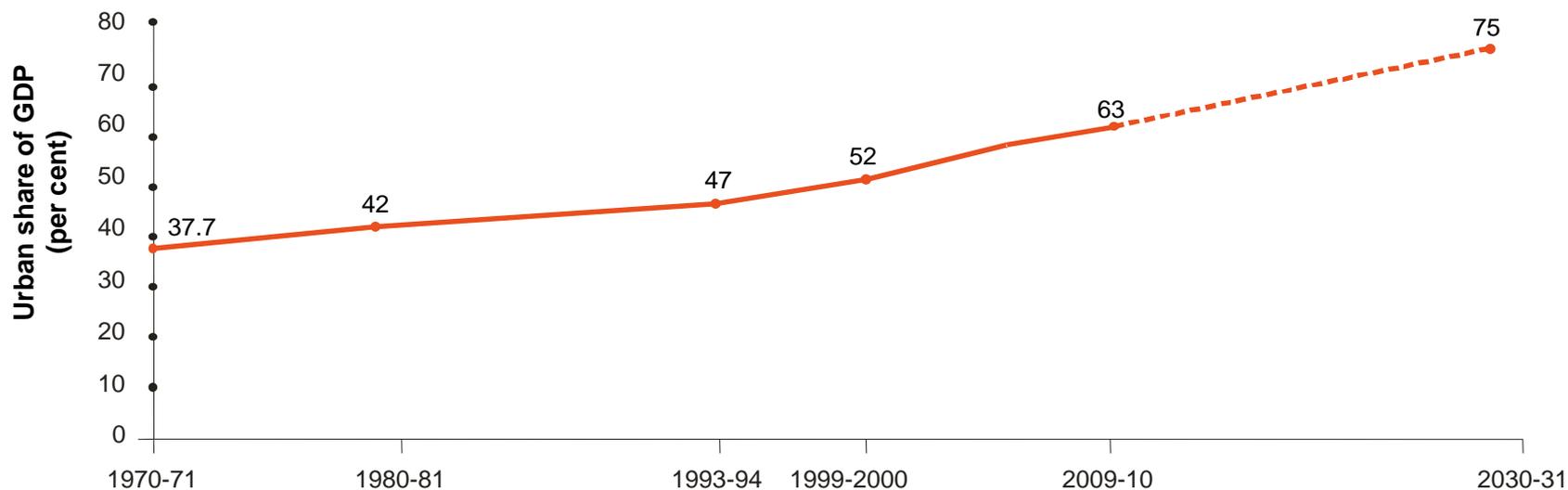
Isher Judge Ahluwalia
Vaidehi Tandel

Urban Share of Population in India is much smaller than most countries we compare ourselves with



Source: World Urbanisation Prospects, Population division, United Nations

Implications of Structural Transformation for Urbanisation



Source: CSO, Eleventh Five Year Plan and the Mid-Term Appraisal Document of the Eleventh Five Year Plan

Rapid Growth has meant that as Indian economy goes through a major structural transformation, urban share of GDP is rising rapidly and is projected to continue on this path

Faster growth of GDP will come increasingly from industry and services which will be located in urban space to garner economies of agglomeration

Some of India's urbanisation is not even recognized...

Much smaller increase in Statutory Towns compared to Census Towns

Census Towns

	2001	2011
All India	1362	3894
Tamil Nadu	111	374
Maharashtra	127	279
Gujarat	74	153
Karnataka	44	127
Punjab	18	74
Haryana	22	25
Andhra Pradesh	93	228
West Bengal	252	729
Madhya Pradesh	55	112
Rajasthan	34	113
Uttar Pradesh	66	267
Bihar	5	60

Statutory Towns

	2001	2011
All India	3799	4041
Tamil Nadu	721	723
Maharashtra	251	255
Gujarat	168	195
Karnataka	226	220
Punjab	139	143
Haryana	84	129
Andhra Pradesh	117	125
West Bengal	123	80
Madhya Pradesh	339	364
Rajasthan	182	185
Uttar Pradesh	638	648
Bihar	125	139

Census towns have at least 75% of male working population engaged in non-agricultural activities, have a population of at least 5,000 and have a population density of at least 400 per sq. km

Statutory towns have local bodies like municipal corporations, municipal committees, etc. irrespective of their demographic characteristics

Urbanisation in India has a long way to go

- India's urban population is projected to increase from **420 million** in 2015 to **600 million** by 2031
- Metropolitan cities (**with population over 1 million**) to increase from **57** in 2015 to **87** by 2031
- Metropolitan and Regional Development is crucial for better connectivity in a rapidly growing economy

Urbanisation is not all about urban development

- Fortunes of the rural sector are critically linked to the manner in which urbanisation unfolds: examples
 - Income per head in agriculture can increase only if people move out of agriculture into higher productivity jobs in industry and services.
 - Increase in employment intensity of non-agricultural growth is crucial.
 - Modern supply chains offer opportunities for high value agriculture.
 - The quantity of water available for agriculture is significantly affected by water use in urban areas.

“India cannot get its urban strategy right without bringing about a fundamental shift in the mindset which separates rural from the urban” (HPEC 2011).

The ground realities of Urban India

Indian cities and towns are visibly deficient in the coverage and quality of public services which are much below norms set by MoUD.

The state of service delivery is also far short of what is needed to realise their economic potential.

Investments to bridge urban infrastructure deficits are necessary to improve service delivery but not sufficient.

Financing of these investments is crucially dependent on the reforms of institutions and the capacity of those who run the institutions to plan and manage the system for better service delivery

→ **Governance is crucial**

Reform of Urban Local Governments

- Gearing up local administration
- Injecting performance orientation
- Encouraging the use of innovative practices of e-governance
- Building financial resilience of ULBs through
 - Empowering ULBs with 'exclusive' taxes
 - Mobilizing own revenue including reform of Property Tax Regime
 - Levying user charges to cover O&M costs
 - Tapping land-based financing sources

Empowering Urban Local Governments

- Urban local governments need to be empowered democratically by conducting elections at regular intervals.
- An elected Mayor as the Executive Head of an urban local government is an important issue for discussion.
- More important is the issue of the powers of the city government relative to the state government. Functions such as town planning and law and order are mostly not devolved to urban local governments; devolution of funds and functionaries is even less.
- Empowering “census towns” with statutory urban local governments is very important:
 - to articulate and deliver their demand for urban infrastructure and services.
 - to form a base on which metropolitan governance framework can be built.

Definition of a Metropolitan Region

“... Having a population of ten lakh or more, comprised in one or more districts and consisting of two or more Municipalities or Panchayats or other contiguous areas, specified by the Governor by public notification to be a Metropolitan area” (74th CAA).

Motivation in defining a Metropolitan Region was to facilitate planning beyond borders of municipal governments.

Significance of Metropolitan Regions

- Contribution to state's GDP (for Mumbai and Bangalore, 35% and 38%, respectively).
- Contribution to tax revenues (for Mumbai Metropolitan Region - 70% to state and 11% to national tax revenues).
- Resolving Problem at the borders with metropolitan planning
 - Investments and economic activity have been greater in the peripheries than in the core city areas of 7 largest metropolitan regions of India during 1998-2005 (A World Bank study).
 - Heavy hand of regulations within core cities pushes investment out, but lack of urban infrastructure in the peripheries raises costs.

Why Metropolitan Governance?

- Economies of Scale (urban water supply, waste water treatment, solid waste management, etc.)
- Internalizing Externalities (roads)
- Improving inter-municipal coordination
- Transport Planning is at the heart of metropolitan planning at all times but especially in a rapidly growing economy with urgent need for connecting cities with other cities/towns and with industrial corridors and investment destinations.
- Regional Planning (rural-urban synergy, mass transportation for metropolitan cities/regions, integrating land use and transport)

Indian experience with metropolitan level coordination...

1. **Metropolitan Planning Committees:** Many states have failed to legislate for creation of MPCs. Where they have been created, they have no powers. The reasons:
 - i. Have no revenue handles nor dedicated functionaries, thus lacking teeth.
 - ii. State government officials have been unwilling to cede power to MPCs.
 - iii. With Development Authorities doing regional planning, MPCs seem redundant

2. **Regional Development Authorities:** They have mainly been tasked with regional planning and implementation and also with infrastructure provision, except transport. They raise resources through fees and land sales, and have no political accountability.

Indian Experience with metropolitan level coordination : contd

- 3. Unified Metropolitan Transport Authority:** Recognizing that transport planning is a metropolitan function and requires coordination at that scale, the National Urban Transport Policy (2006) recommended the creation of Unified Metropolitan Transport Authorities (UMTA).

Some metropolitan regions such as Mumbai, Bangalore, and Hyderabad have created Unified Metropolitan Transport Authorities (UMTAs), but these Authorities do not have the necessary technical capacity or powers to enforce and implement transport plans. They do not also have adequate representation of regional authorities or local bodies but are largely populated by state government officials.

- 4. Inter-municipal cooperation:** A rare example of successful inter-municipal cooperation is the STEM Water Authority, set-up and managed by the Thane Municipal Corporation, Mira-Bhayander Municipal Corporation, and Bhiwandi-Nizampur Municipal Corporation, together with thirty four villages in the Thane district.

Way Forward...

- Indian cities must provide urban services to norms set by MoUD in a financially and environmentally sustainable manner. This is necessary in itself and for cities to act as engines of growth.
- Empowering Urban Local Governments politically will help ensure better delivery of public services with accountability.
- Swachh Bharat abhiyan rightly places the highest emphasis on water and sanitation. For this, **investments are necessary but governance is crucial**. Involvement of all three tiers of government and engagement and participation of citizens is crucial to ensure success of the Mission in a transparent and accountable manner.
- Scale economies in provision of drinking water, waste water treatment and solid waste management, must be harnessed, going forward.

Way Forward: contd.

- Focus on *rurban*, while fostering rural urban synergy, must ensure that urban infrastructure comes up in areas where industrial investments move.
- National Urban Development Mission must incorporate lessons learnt from JNNURM. Reforms in planning, management and finance must be at the core of the Mission.
- Capacity Building at the local government level is critical. This was a major challenge during JNNURM.

Way Forward: contd.

- Connectivity is the need of the hour: Roads, Railways, Air connectivity; Transport and traffic support infrastructure with emphasis on good quality public transport.
- There is urgent need to develop a strategic vision for metropolitan regions. JNNURM neglected this aspect of urban development.
- How will metropolitan region development be financed? Also, governance is crucial. Issues of accountability arise as well.
- Smart cities Mission provides opportunities for leap frogging with use of new technology.

Way Forward: contd.

Sustainability of urban development is very important. In communicating the message, importance of public health must be highlighted. Swachh, Swastha, and Smart Cities must be the slogan for urban development.

Thank You