Urban India: Challenges & Opportunities

Eleventh Annual Neemrana Conference
January 2010
Consider the state of water supply

<table>
<thead>
<tr>
<th>(COMPARISON OF PARTICIPATING UTILITIES ON KEY INDICATORS)</th>
<th>Coverage in %</th>
<th>Production lpcd</th>
<th>Metering % of total connections</th>
<th>Daily supply hours per day</th>
</tr>
</thead>
<tbody>
<tr>
<td>City boards Bangalore</td>
<td>91</td>
<td>143</td>
<td>90</td>
<td>2.50</td>
</tr>
<tr>
<td>City boards Chennai</td>
<td>98</td>
<td>107</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>City boards Hyderabad</td>
<td>95</td>
<td>192</td>
<td>93</td>
<td>1</td>
</tr>
<tr>
<td>City company Jamshedpur</td>
<td>79</td>
<td>608</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>City corp Chandigarh</td>
<td>100</td>
<td>290</td>
<td>71</td>
<td>12</td>
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<tr>
<td>City corp Indore</td>
<td>54</td>
<td>102</td>
<td>0</td>
<td>0.75</td>
</tr>
<tr>
<td>City corp Pune</td>
<td>88</td>
<td>274</td>
<td>16</td>
<td>7</td>
</tr>
<tr>
<td>City corp Rajkot</td>
<td>98</td>
<td>126</td>
<td>0.4</td>
<td>0.33</td>
</tr>
<tr>
<td>State agency Bhubaneswar</td>
<td>45</td>
<td>269</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>State agency Dehradun</td>
<td>80</td>
<td>149</td>
<td>8</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: World Bank report on ten cities and their water systems (reported in Business Standard)

The Ministry of Urban Development, GoI’s benchmark for water supply is 135 lpcd
Similar state in Sanitation & Sewerage

Sanitation and Sewerage

Household Toilet 74%
- On Site Disposal 34-46%
- Sewerage Connection 28-40%
- Using Community Toilets 8%
- Safe Disposal 18-52%

No Household Toilets 26%
- Open Defecation 18%

Unsafe disposal 48%-82%

Sources: Census 2001, NSSO 1998, NIUA 1999
But there is a silver lining to India’s urban story…

- With an urban population of 29%, we are still at a very early stage of urbanization

- Comparable nations – both developed and developing fall within the 60%-80% urban population mark

Source: [www.gapminder.org](http://www.gapminder.org)
JNNURM catalyzed country’s attention towards urbanization

- First major program on urban development rolled out in 2006
  - Covering 65 cities
  - Rs. 50,000 crores sanctioned and disbursed
  - Funding conditional on reform
  - Additional Rs. 50,000 crores sanctioned

- Results have been mixed
  - Project oriented
  - Easy money from GoI
  - Moral hazard
Elements of an integrated strategy...

- With 40% urban population within the next 2 decades, it’s no longer rural vs. urban.

- Need to build synergy between rural and urban development.

- Prosperous cities can uplift rural populations:
  - Remittances
  - Agricultural produce for city dwellers
  - Migration
  - Employment opportunities
Delivering through a new Governance Architecture

- Autonomous urban local bodies (ULBs)
- Proper devolution of powers
- Enhancement of revenue base of ULBs
- Capacity building
- People Participation
...and new financing instruments

- Unlocking land values
  - 3 largest government land owners - Railways, Ports, Defence
  - States and ULBs also have large land parcels
  - Most urban land is never
    - Traded
    - Valued
    - Taxed

- GST share for local governments
Broader approach to private sector participation

- Private sector will drive efficiency gains through best in class technologies in urban service delivery, e.g. waste management
- Private participation can bridge the management talent gap between Corporate India and ULB staff
- IT companies can champion eGovernance – a key enabler of municipal reforms
- Private educational institutions can narrow the demand-supply gap for urban planning professionals
- Clean technology companies can build our sustainable cities of tomorrow
Governance & Funding challenges need to be addressed jointly

- Institution building has to be supported by appropriate funding channels – funds should match functions

- ULBs must be empowered to set user charges, in order to make local bodies financially sound, thus creating the right environment for fund inflow

- PPP models demand high standards of governance, planning, financial management and people skills

- Capacity building cannot be achieved unless ULBs are empowered to hire talent at market competitive compensation packages
Making the ideas work

- There are enough ‘pilot’ success stories across the country for urban service delivery

1. Scale
   - Scaling is the challenge: City PLC (corporate entity) concept and citizen participation in benchmarking comparative cities can help

2. Speed
   - Government can help, but private participation can also play a big role in fastening the process, as there are clear business opportunities for private players

3. Soft Infrastructure
   - Pilot projects that are successes have managed to put together the right skill sets, but capacity building is crucial for scaling up
Thank You