

Interview with Dr I.J. Ahluwalia

"Urban-rural synergy has to be fostered"



Dr I.J. Ahluwalia
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The recently released High Powered Expert Committee (HPEC) report on urban infrastructure and services recommends implementing a number of measures to improve the urban governance structure. It also proposes to launch the expanded version of the Jawaharlal Nehru National Urban Renewal Mission (JNNURM). Dr I.J. Ahluwalia talks about developments in the sector and the future road map. Excerpts...

As chairperson of the HPEC, which recently submitted its report to the urban development, and housing and urban poverty alleviation ministries, you have been closely examining the urban infrastructure sector. What has been the progress in the sector over the past few years?

The urban sector has been heavily neglected in our planning and policy all these years, and 2005 was the first year when the government made an effort to put the sector on its agenda. With the launch of the JNNURM, the government recognised the need for an overall strategy for urban development. Though it is the state governments that are responsible for urban development, the JNNURM has provided an impetus to the state governments to undertake reforms in order to improve public service delivery. States that had better capacity at the third-tier level and provided an enabling environment for reform by the urban local governments witnessed fair progress. In states where the municipal bodies were financially weak and vulnerable, and did not have the capacity to undertake reforms, the JNNURM was not successful.

In light of the recommendations made by the HPEC report, what are the next steps?

Some of the HPEC recommendations call for immediate change, while others need time for implementation. The minister for urban development has constituted a subgroup under my chairmanship to provide a road map for these recommendations. The group includes the secretaries of the Ministry of Urban Development and the Ministry of Housing and Urban Poverty Alleviation. We have submitted our report.

How do you see sustainable growth of the urban sector contributing to the overall development of the economy?

We need to invest in our cities so that they can provide economies of agglomeration to support innovation and avoid diseconomies caused by congestion and environmental degradation. Improving the investment climate for industry and services involves not only improving the ease of doing business in our cities but also the state of public service delivery. This is crucial because our economy has been growing at over 8 per cent per annum for the past few years; we are targeting to further increase the growth rate in the years to come. Even if we make a conservative assumption that GDP will grow at 8 per cent per annum over the next 20 years, this will involve a major structural transformation. The contribution of agriculture to GDP will go down further and that of non-agricultural activities will increase. As the HPEC report suggests, India cannot afford to get its urban strategy wrong, but it cannot get it right without bringing about a fundamental shift in the mindset that separates the rural from the urban.

What specifically can the government do about the issue that some states have the required capacity while others that need more development actually lack the same?

We need to build capacity across the board. The HPEC has made a number of recommendations such as setting up five institutes of urban management and a number of centres of innovation in order to strengthen the existing schools of urban planning; training of IAS officers in urban planning and man-

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agement; and creating municipal cadres in the states. On visiting a number of municipalities, we found a huge shortage of skilled professionals. We cannot transform our cities unless we build capacities at all levels of government.

You mentioned that some states were able to successfully leverage the JNNURM. What are some of the striking examples of success?

Three cities – Hubli, Dharwad and Gulbarga – in Karnataka are now delivering 24x7 water supply in four wards each in a public-private partnership (PPP) arrangement. There was a lot of resistance in the initial stages. Today, the remaining wards of these cities and other cities in Karnataka are demanding 24x7 water provision. In a more ambitious project, Nagpur is attempting to provide 24x7 water supply through an integrated water management system. Despite the initial setbacks to raising the water tariff, the project has been launched.

More recently, in Hyderabad, a simple mobile-based IT initiative is helping manage solid waste transfer from the bins. Twice a day, pictures of the dustbins are taken and uploaded on a server of the municipal corporation, thereby providing real-time information on the service. If the bin has not been emptied, the private contractor is fined at source. The municipal corporation mobilised about Rs 2.7 million in fines in the first six months, which was much more than the investment in buying the phones. Another example is the Gorai landfill in Mumbai, which cost less than it earned through carbon credits. Surat is an outstanding example of e-governance and its impact on service delivery.

One of the missions of the JNNURM has been to get the urban local bodies (ULBs) to play a more prominent role. What is your opinion in this regard?

There is a need to devolve responsibility as well as funds to the ULBs. We need pre-

dictable, guaranteed transfer of funds from the state governments to the local governments. We need to build local sources of finance, own revenues through property tax, motor vehicle tax, entertainment tax, etc. Once these ULBs are financially autonomous, they can be made marketworthy through better governance, improved accounting procedures and timely audits. External finance in the form of borrowing or PPP requires a revenue model. Even though they may not levy user charges to cover costs today, they must commit that they will do so over a period of time. Only then can they successfully access municipal bonds and/or opt for PPP. Once the ULBs are financially autonomous and strong, accountability to residents will ensure that mayors and municipal commissioners play a prominent role.

What will be the key focus areas over the next five years?

Water, sanitation and underground sewerage are major challenges. Every time there are heavy rains, the streets are flooded, bringing with them traffic jams and disease. We need a policy on public transport, housing and a transparent policy on zoning; the government needs to ensure that the housing needs of people are met either through the market or through public sector interventions. The state of basic public service delivery in Indian cities is abysmal. The approach has to be integrated. The rural-urban connect needs to be very strong if we want to grow at 7-8 per cent per annum. With increasing migration today, if we do not get adequate amenities in our cities, we are going to export poverty from the rural areas to the cities.

What is the future course for the JNNURM?

We have recommended a New Improved JNNURM. Incidentally, it makes a nice acronym, NIJNNURM – "nij" means "apna"

(own). Our recommendation is to improve the National Urban Renewal Mission, strengthen it and make it available to all. As a pilot project, the JNNURM covered 65 cities. As the policy-makers focused on a few cities in each state under the JNNURM, other cities continued to suffer from neglect.

Our committee has recommended that the government should prepare guidelines for the NIJNNURM with a much higher funding than there was for the JNNURM. It should be given on-call to any city that comes up with a development programme via the state. We need an expanded and strengthened JNNURM, which must be preceded by capacity building so that urban development in Indian cities can be better designed and implemented.

What are the solutions in terms of funding?

Currently, urban infrastructure investment constitutes about 0.1 per cent of the GDP. It should be increased to 0.25 per cent. If we look at only fuel and fertiliser subsidies, they come close to 2 per cent of the GDP. Power distribution losses of the state governments amount to 1 per cent of the GDP. To ask for 0.25 per cent of the GDP to be spent on urban infrastructure is not asking for much. But the government must insist that the money is well spent. It should be linked to an overall city development programme and reforms must be at the core of the NIJNNURM. Governance systems have to be improved to support operations and maintenance of the infrastructure assets that are created.

What are some of the new challenges that could emerge in the future?

Right now, I feel that the whole political economy of the country is focused on the rural sector. The fact is that urban and rural challenges are intimately connected. You cannot resolve one without resolving the other. ▀