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IMPROVING OUR CITIES THROUGH BETTER GOVERNANCE

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India faces a major transformation of its urban landscape as growing numbers of young and aspiring Indians move from rural to urban areas in expectation of better living conditions and more productive employment. The combination of rising aspirations and growing middle classes on the one hand, and inadequate planning for the inevitable increase in urbanisation on the other, is creating a situation which is socially and environmentally unsustainable, and the consequent deterioration in the urban environment could easily throttle the high growth that India should otherwise reasonably expect.

India is not unique in this experience although its scale and its highly participative and open democratic regime make it especially vulnerable. Urbanisation is not only a consequence of faster growth and development but is also an instrument promoting development through the economies of agglomeration which characterise cities. Poorly-run and inadequately funded cities are obviously not in a position to support this process.

For quite some time now, the rich and the middle classes in Indian cities have tried to get around the deteriorating condition of public services by finding private solutions. They use cars for their unnecessarily long travel needs within the city (caused by poor land use planning with little regard for transport planning) because public transport is either non-existent or of poor quality. Similarly, they rely on water storage tanks and booster pumps to convert an intermittent supply of water into a reliable and constant supply. Typically, there is political resistance to raising tariffs, as in the case of drinking water. Those responsible for delivering

water are unable to cover costs, and since water is under-priced, there is no incentive for users to conserve. The poor suffer the most because of their inability to afford high-priced substitutes. The rapidly growing middle classes also suffer because they are denied access to services which they need and are often even willing to pay for.

With half of India's population below the age of 25 and their patience running out, the conspicuous absence of well-functioning urban environments creates a social challenge of monumental proportions. In fact, the rejuvenation of rural India also depends critically on the way urbanisation proceeds, e.g. how the quantity of water available for agriculture is significantly affected by water use in urban areas, and how modern supply chains offer opportunities for high-value agriculture.

An additional challenge has been the proliferation of slums, particularly in the large metropolitan cities of India. A heavily distorted market for land and housing, a highly inadequate regulatory regime, multiple restrictions pertaining to rent control and the absence of a well-crafted strategy for providing housing for the economically weaker sections of society within an overall framework of urban planning, has created conditions in which 25% of India's urban population (the poor and also not-so-poor) live in slums, with the figure rising as high as 50% in Mumbai. Besides the cramped living-space for housing, most slum settlements lack basic water and sanitation systems.

India's urban population is projected to increase from 380 million (33%) in 2014 to 600 million (about 40%) by 2031. Besides the 8000 or so cities

and towns, there are also the unacknowledged urban areas, that remain so even when the Census declares that they fulfil the criteria to graduate from a village to a town. Such "census towns" increased by more than 2500 – from 1362 in 2001 to 3894 in 2011 – while the number of statutory urban local governments increased by less than 250 over this period.

The census towns represent the missing middle in urban governance. Not only is there political resistance (at the state government level) to empowering these towns with a statutory urban local government (which could articulate and deliver their demand for urban infrastructure and services), but often the rural local governments themselves are reluctant to "go urban" because local politicians see more largesse coming their way through rural development schemes.

More generally, political empowerment is circumscribed by infrequent elections and limited tenures of mayors, while the executive power by and large is vested in Municipal Commissioners who are appointees of state governments. As the demand for good governance is growing, there is no doubt that only a politically-empowered city government can be held accountable effectively.

So far, India's political system has systematically ensured that the urban population is under-represented in national and state legislatures. The general elections of 2014 were conducted with urban and rural constituencies distributed on the basis of the 2001 census which showed only 28% of India's population as urban. A political agreement was also reached whereby this proportion will continue until 2031: the significant under-representation will continue.

A major reality check on the extent of urban unhappiness with the state of affairs was provided by the meteoric success of Aam Aadmi Party (AAP) in the Delhi state elections of December 2013. "Aam Aadmi" translates as "common man", while "Aap" is the Hindi word for "you", in the formal register which indicates respect. AAP was able to mobilise urban votes in the city state by committing to affordable and better delivery of public services and a promise to root out corruption. Even though the fledgling party was not able to capitalise on these political gains and resigned within a short period,

the lesson for the political class in general and the two established national political parties in particular is to recognise the growing dissatisfaction of urban India and address the associated challenges.

We need to begin by politically empowering urban citizens through adequate and fair representation in electoral rolls and national parliament. This has to be supplemented with the empowerment of local governments (by conducting elections at regular intervals), and also by empowering communities to orchestrate the demand for good governance.

A suggestion for the direct election of mayors is often put forth as an instrument for better governance. Only very few states – including Tamil Nadu, Rajasthan, Madhya Pradesh, Uttar Pradesh and Himachal Pradesh – currently have directly elected mayors. The functioning of a directly elected mayor in a parliamentary system poses a number of challenges. Where the Council of locally-elected representatives is controlled by a political party antagonistic to the party from which the directly elected mayor comes, the decision-making can become tortuous, although the Council could act as a counter-balance to the mayoral position. However, such checks and balances become meaningless, since in most states the mayor has virtually no executive powers. Where powers are vested in Mayor-in-Council, an indirectly elected mayor may well be in a better position to ensure smoother functioning. More important than the mode of electing the mayor is the issue of the powers of the city government relative to the state government.

In 1992, the 74th Constitutional Amendment formally recognised urban local governments, and transferred the responsibility for a number of basic urban services to them. The specified functions have largely been devolved by most state governments although a number of very important functions, such as town planning as well as law and order, remain with the state governments. There is not enough financial devolution to attend even to the functions devolved. Moreover, functionaries remain under the control of the state government rather than the local government to which they are assigned.

A new opportunity for financial devolution is offered by the current negotiations between the Government of India and the state governments on

sharing GST (goods and services tax), which requires an amendment of the Constitution. The same amendment should ensure that a small proportion of GST is earmarked for transfer to local governments. This will take forward the process of decentralisation that was set in motion by the Constitutional Amendment of 1992. Assigning town planning to municipal governments could be another instrument through which urban local governments can unlock land value, allowing them to go about the business of land zoning and developing urban infrastructure within a framework of self-financing.

Urban local bodies also need greater autonomy in mobilising revenue through municipal taxes and user charges. Besides reforming the property tax regime, there is need for a Municipal Finance List in the Constitution which should specify taxes that are exclusively the domain of local governments. They must also have effective power to set user charges to cover costs in the delivery of public services.

Above all, fundamental reforms are needed in gearing up local administration, injecting performance orientation and encouraging the use of new technology including innovative practices of e-governance. State governments can facilitate the devolution of functionaries by creating municipal cadres and strengthening their capacity through training. Only then can a credible revenue model emerge which makes urban local governments credit-worthy so that they can borrow in the capital market or attract private funds in public-private partnerships (PPPs). As regards the latter, there is also the need for a clear and transparent assignment of risks for both parties and an effective dispute resolution mechanism if PPPs are to succeed in improving the public service delivery scenario.

With the objective of providing strategic leadership, in 2005 the Government of India launched a national mission, JNNURM (Jawaharlal Nehru National Urban Renewal Mission) to provide conditional funding for urban infrastructure projects in partnership with state governments and local urban governments. Enforcing the conditionality of reforms for financial support was a major challenge. It was politically difficult for the Government of India to withhold disbursements on a project which was being implemented well just because reforms were not carried out by the state

and city governments. While the Mission therefore had only limited success in driving urban reforms – and also suffered from its design, which did not explicitly relate funding to service delivery improvements – it served as a catalyst for a lot of action on the ground. Success of the projects depended critically on the enabling environment provided by the state government and on the capacity and leadership at the local government level. While the Mission has ended as of March 2014, it has important lessons to offer on the way forward.

A compendium of case studies in my recent book, Transforming Our Cities, amply demonstrates the critical role played by the state governments in ensuring the success of specific urban development projects. Wherever the state government came forth with necessary legislative reforms, institutional framework for financial and regulatory support helped build capacity for urban planning and city management at the city government level. Where the city governments were relatively financially strong, there were amazing transformations at the micro level with whatever limited funds were provided. The role of human leadership in delivering better governance also emerges clearly from these stories.

Continuous water supply from a treated source for all in the small town of Malkapur, moving from zero to a complete underground sewerage network achieved in only five years in Alandur, waste water treatment in Surat and Navi Mumbai, integrated solid waste management initiatives in Rajkot and Pune and improvement in public transport through BRTS in Ahmedabad and differentiated modern bus services for different income groups in Bangaluru show that some Indian cities are on the road to transforming themselves. The public service delivery revolution through e-governance can also be seen in Hyderabad, Kalyan-Dombivili, Pune, Pimpri Chinchwad, Surat and some other cities.

The experience of the past decade has raised the ambitions of Indian cities. In one of the first major initiatives of the new government, Prime Minister Modi launched a broad-based Clean India (Swatch Bharat) campaign on October 2, 2014 – the birth anniversary of Mahatma Gandhi. The building of many more toilets including community toilets will have to go hand-in-hand with expanding the

sewerage network and enhancing the sewage treatment capacity, which is far short of what is needed to meet even the current needs. Similarly, waste water treatment and drinking-water provision have to be planned and implemented in an integrated manner, as is being attempted in Nagpur.

Our recent experiences have shown that even within the economic and political constraints we impose on our cities, it is possible to do far better than most cities are currently doing. IT has been a major game-changer in Indian cities, where a robust network and computing infrastructure was combined with back-end integration of the software modules, and there was a transition to a new way of doing business. The promise of the new government to build 100 smart cities will require not only new technology but also drastic reforms in the political and institutional environment in which our cities function, with a focus on connectivity, integrated land use and transport planning, and environmental sustainability.

In both the Clean India campaign and the Building 100 Smart Cities programme, champions will have to be assigned the task of communicating the vision, building awareness of the public health hazards with the business-as-usual approach and helping to change minds regarding the importance of cleanliness and smartness. The Government of India and the state governments will also have to play a major role in building the capacity of local governments for urban planning and city management. With political empowerment and greater devolution of functions, finances and functionaries, city governments can rise to the occasion by responding to the growing challenges of urbanisation – and be held accountable.