

# **REPORT OF THE WORKING GROUP ON URBAN GOVERNANCE**

## **1 Introduction**

The Planning Commission constituted a Working group on Urban Governance for formulation of the 12<sup>th</sup> Five Year Plan (2012-2017) under the chairmanship of Secretary (UD). The order of constitution of the Committee is placed at Annexure A gives the details of the composition as well as the terms of reference. The Group met twice i.e. on 9<sup>th</sup> May 2011 and 6<sup>th</sup> June 2011. It was decided that in addition to the existing TOR, the committee would also deliberate on the “Use of E-governance and Technology for improvement of delivery of Services and need for a Database”.

## **2 Background**

As per 2011 Census, out of the total population of 1210.19 million, about 377.1 million live in urban areas accounting for 31.15% of the total population. The proportion of people living in the urban areas of country had increased from 27.80% in 2001 to 31.15% in 2011. Number of towns has also increased from 5161 in 2001 to 7935 in 2011. The fast pace of urbanization has increased pressure on the level of services in the urban centre. Urbanization has also been accompanied with an increase in the urban poor population.

On the positive side, along with urbanization, the urban economy in our country has also witnessed significant growth in recent years, contributing around 60% of the national GDP and more than 80% of the incremental job creation. It is evident that the impetus of growth in the future is also likely to come from the urban areas. Therefore, it is imperative that measures need to be taken to ensure and sustain the growth and development of our cities. The urban areas in our country have thus become areas of intense mobility, socio-economic activity and hope for a large number of the population.

The 74th Constitutional Amendment has accorded constitutional status to the municipal bodies by initiating a process of democratic decentralisation with the objective of making urban governance more responsive. In order to meet the growing aspirations and expectations of people and to meet the daunting challenges of urbanization, Governance in the urban local bodies needs to become more

efficient, effective, responsive, citizen friendly, transparent and accountable. Absence of these features, contributes to “governance deficit” to varying degrees in the urban local bodies. Key problems in urban governance include weak legal and institutional framework within which the ULBs operate and their poor capacity including lack of a professional and sensitised cadre, to perform their development and regulatory functions.

While details of deliberations and recommendations as per the Terms of Reference (ToR) are detailed in the report, the group has made a strong recommendation that keeping in view the large growth in urban cities and urban areas, it is necessary for provisioning of infrastructure in urban areas and for the Government of India to finance urban sector projects. Thus, it recommended that the JNNURM Phase II with the strong emphasis on provisioning of infrastructure and services in all urban centers, particularly in small and medium towns with stress on sectors like water, sanitation, capacity building, waste management and roads should be part of the XIIth Five Year Plan.

It also recommended that to synergize development plans and investment plans, the States should be asked to incorporate their sector level developmental plans with respect to urban areas and synergize the investment flows with XII Five Year Plan. It also deliberated that in case investment and capacity building of urban areas does not keep pace with their growth, the unplanned growth would lead to degradation of the built environment. Hence, planning and investment for urban areas in core sectors for sustainable growth and development of these areas was the strong recommendation of the group.

Presently, the capacity of personnel in urban local bodies in areas of town planning, sanitation, waste water management, financial management, project management, accounting is abysmal if not nonexistent. The group strongly recommended that these capacities need to be built up and presently to be replaced / recruited in urban local bodies. The State Departments could restructure the staff accordingly and if necessary by redeploying such personnel to ULBs along with the Posts. It also recommended financing of core personnel, category wise in the urban local body for such function to be provided for in the XII th Five Year Plan.

### 3 Deliberations and Recommendations

The details of the deliberations of the working group as well as recommendations thereof are covered in the following paragraphs.

***Progress achieved under 11<sup>th</sup> Plan in improving urban governance structure, especially in context of 74<sup>th</sup> amendment and JnNURM and goals to be achieved during the 12<sup>th</sup> Plan period.***

In the medium term appraisal of the 11<sup>th</sup> Plan, it has been acknowledged that the JnNURM as the first national flagship programme for urbanisation “has been effective in renewing focus on the urban sector across the country and has helped create a facilitative environment for critical reforms in many states”. The programme has allowed investments to flow for basic services in cities, raised the aspirations of ULBs and enabled them to execute projects at a much larger scale than they were used to, triggered innovative ideas that would increase the ability to maintain the momentum of the urban transformation, created awareness of the range of issues to be addressed and provided a comprehensive framework for governance improvements. There has also been substantial achievement of reforms in Urban Local Bodies (ULBs), particularly in respect of adoption of improved accounting system, effective arrangement for audit and development of city development plans.

JnNURM is a reforms driven fast track programme aiming at planned development of the identified cities and towns with focus on efficiency in urban infrastructure/ service delivery mechanisms, and through community participation and enhanced accountability of ULBs/parastatal agencies. The programme was planned to operate on a mission mode by facilitating large scale investments in the urban sector, policy and institutional reforms, leading to sustainable socio-economic growth in the cities.

As on 31st July 2011, 533 projects at a total cost of ₹ 60,544.73 crore have been sanctioned under the Urban Infrastructure & Governance sub-mission of JnNURM. The Additional Central Assistance (ACA) committed by the Government of India towards meeting the Central share of the total project cost for these 533 projects is ₹ 27,954.23 crore. Till 31<sup>st</sup> July, 2011, out of the total 533 sanctioned projects, 110 have been physically completed, while another 409 projects were in various stages of implementation, with approximately ₹ 28,352.21 crore worth of physical works having been executed. Under UIDSSMT, 767 projects at a total cost of ₹ 12,947.51

crore have been sanctioned. The ACA committed by the Government of India towards meeting the Central share of the total project cost for these 767 projects is ₹ 10,450.33 crore, of which 135 have been physically completed, while 398 projects reported in various stages of implementation, with approximately ₹ 6,124.89 crore worth of physical works having been executed.

In terms of reforms, significant progress has been achieved in state level reforms, where most of the commitments have been achieved. It is noted that about 66% of the State level reforms and 82% of the optional reforms have been completed, as against the 6th Year (2010-11) commitments. The pace of progress in State level reform and optional reform implementation can, therefore, be termed as satisfactory. Reforms such as constitution of District Planning Committees (DPC's), rationalisation of Stamp duties , enactment of Public Disclosure Law and Urban Land and Ceiling Regulation Act are the reforms which are moving fairly well, while some other reforms such as Rent Control Law, Transfer of 12th Schedule Functions, Community Participation Law have been projected as more difficult reforms. Key optional reforms which have been moving include Revision of Building Byelaws to streamline building approval process, making rainwater harvesting mandatory, introduction of computerized process for Registration of Land and Property and encouraging Public – Private Partnership (PPP) in municipal administration. In term of ULB level reforms, the quantified level of achievement stands at a slightly lower level of 56%, given the complexities involved in reforms relating to Property tax and User charges for basic services. Key reforms that have been moving include Double Entry Accrual Based Accounting System and Earmarking of funds. Reforms like e-Governance have also been initiated, and also are at different stages of progress. In respect of property taxes, many cities have the improved coverage to 85% and improved collection efficiency to 90%. Full cost-recovery of O &M through levy of user charges is however, a very difficult reform and ULBs have been trying to adopt innovative measures to achieve it. Acknowledging this challenge, the Ministry is providing support for implementing e-Governance in municipalities through a separate scheme.

While implementation of projects and reforms has been good in a few states like Tamil Nadu, Gujarat, Maharashtra and Andhra Pradesh the progress in respect of other states has not been completely satisfactory.

## Key Recommendations:

**JnNURM  
Phase II for  
infrastructure  
development  
in urban areas,  
particularly  
small and  
medium  
towns**

The Group recommended that in the XII Plan, JnNURM should be carried forward with the objective of ensuring provision of services and infrastructure in all ULBs in a manner that Service Level Benchmarks as approved by the Government should be achieved. Special emphasis needs to be put in small and medium towns which are emerging centres of growth. In JnNURM, effort would be to have such programmes that encourage greater responsibility and empowerment of the Urban Local Bodies in terms of mobilisation of resources and capacity to deliver the end results to its citizen in a transparent and accountable manner. It was recognized by the group that the JnNURM has provided a template and given capacities to the ULBs to prepare City Development Plans and engage in its implementation. This needs to be further strengthened by developing such revenue and developmental models wherein projects for betterment of services could be taken up by ULBs in partnership with Central and State Governments and non-government players.

Presently, capacities of ULBs vary across the country. Consequently, utilization of programme funds and achievement of progress in implementation of various reforms have been recommended fairly unequal across the States. There is, thus, a need for impetus on capacity building in reforms implementation, programme management as well as improved financial management during the 12<sup>th</sup> plan period. Keeping the aforesaid contours in view the broad goals for urban governance during the 12<sup>th</sup> Plan period could be as follows:

- a. The State Policy for the Urban Sector and the City/Town Development Plans for the next 20 years to focus on the delivery of Urban Services at the desired levels rather than creation of assets.
- b. Enabled planned urbanisation with optimal and sustainable utilisation of land and other urban resources and more consultation with neighbourhoods.
- c. Private Sector Participation to be encouraged for designing, building, financing and operating the urban infrastructure and for delivery of urban services.

- d. Capacity Building of the ULB functionaries at various levels and also of the institutions working in the sector, to be emphasised.
- e. Creation of Management Information Systems at the Central, State and City levels, so as to facilitate efficient urban management.
- f. Creation of regulatory system for ensuring the efficient service delivery at the notified levels with appropriate pricing and with arrangement for grievance redressed.
- g. Deepening of reforms with a view to achieving second generation reforms for those ULBs that have successfully implemented the first generation ones.

***Empowerment of local bodies, Functionality of relationship between the elected representative with permanent members of bureaucracy and empowerment of the elected representatives***

The 74th Amendment has accelerated to the urban local body's constitutional status. The Amendment stipulates devolution of greater functional responsibilities and

**Devolution of funds, functions and functionaries to Local Bodies**

financial powers to the municipalities, adequate representation for weaker sections and women in these bodies, regular and fair conduct of municipal elections, and constitution of Wards Committees, District Planning Committees, Metropolitan Planning Committees and State

Election Commissions and State Finance Commissions. These provisions aim at functional and financial empowerment of the local urban bodies and democratic decentralisation of the local governance. The 74<sup>th</sup> Amendment provides a basis for enactment of further legislation by the States to strengthen municipal governance and make it more inclusive.

**Political empowerment**

Even though the Constitution of India, following the 74th Amendment, has granted constitutional status to the Urban Local Bodies, the Municipal Bodies in any State derive their powers and responsibilities from the Municipal, as well as subject matter, laws framed by the respective States. For effective, efficient, responsive, transparent and accountable urban governance, the legal and institutional framework must provide for adequate and effective devolution of functions, functionaries and funds to the urban local bodies. Unfortunately, there is no uniformity in this regard across the country, as states have resorted to varying levels of devolution.

The urban local bodies comprise the elected wing, which is expected to translate the legitimate aspirations of the citizens into public policies and programs; and an administrative wing, which is responsible to ensure implementation of such public policies in a fair and transparent manner. A system of effective checks and balances needs to be put in place to facilitate the elected wing and administrative machinery in urban local bodies to play their respective roles effectively and synergistically

Induction Training Programmes for the Councillors needs to be conducted by every state government for all urban local bodies immediately after elections, so as to educate and sensitise the elected members regarding the relevant and provisions of the law and their roles and responsibilities in respect of the various Government policies and programs relevant to the urban areas. During the course of their tenure, training assessment of elected representatives should be carried out on an ongoing basis and they should be facilitated in gaining capabilities to discharge their role in a positive, enlightened and progressive manner. Capacity Building programmes should be tailored to meet these needs.

Preparation of Annual Plans and budgets should follow a more rational, objective and consultative process, by calling for suggestions from citizens, reviewing committed liabilities and assessing compliance with City Development Plans. Urban local bodies would need to make allocations to wards and functional sectors on a transparent and rational basis.

Standing Committees of ULBs are critical institutions for detailed planning, close scrutiny of proposals and effective monitoring. Unfortunately, they are not functional in most parts of the country. It is necessary to revitalise them.

### **Financial empowerment**

**Funds to ULBs to be predictable, regular and follow a clear devolution principle concomitant with responsibilities**

The 74<sup>th</sup> Amendment introduced two features to strengthen municipal finances, namely, the setting up of State Finance Commissions (SFC) every five years to bring certainty, clarity and consolidation in transfers to ULBs and the inclusion of measures for augmenting State Consolidated Fund for supplementing ULB resources in the terms of reference of the Central Finance Commission. . Most States have set up SFCs, but they suffer from inadequate technical and financial

support. In several cases, their recommendations have mostly not been complied with. It is necessary to provide professional support to SFCs. Fiscal database relating to ULBs is extremely weak. A conscious strategy has to be evolved for regular collection, collation and analysis of fiscal data. It could be useful if a Technical Cell is set up in the Urban Development Department of the State to carry out this work. The High Powered Expert Committee (HPEC) on Urban Infrastructure Estimation has recommended broad-based revenue sharing by states with ULBs through suitable constitutional amendments/ other measures. It has recommended the introduction of a 'Local Bodies Finance List' in the Constitution, empowering the ULBs with 'exclusive' taxes e.g. property tax, profession tax, entertainment tax and advertisement tax, constitutionally ensuring sharing of a pre-specified percentage of State's revenues from taxes on goods and services with the ULBs on the basis of formula designed by SFC, and provision of formula-based transfers and grants-in-aid to ULBs from the divisible pool. The Group has endorsed the recommendations of the HPEC. The finances/funds of local bodies should be predictable, regular and follow a clear devolution principle concomitant with their responsibilities, which, in turn, should be aligned with the provision of Article 243 W and the Twelfth Schedule.

Besides the above, ULBs can also augment their finances through other alternate sources such as municipal bonds, pooled financing and urban infrastructure funds (UIFS). One of the most successful examples in this context is the Tamil Nadu Urban Development Fund (TNUDF). The TNUDF is managed by a public-private joint venture. Its main purpose is to mobilize and channel financial resources, including private financing, into high-priority urban infrastructure investment. It has approved more than 200 projects worth more than Rs. 1,000 crore so far. Some typical projects include a local government sewerage project utilizing a build-operate-transfer (BOT) framework, municipal bonds for construction of a local government toll bridge and implementation of an accrual-based accounting system in all of Tamil Nadu's cities.

### **Accountability**

While it is important to empower the councillors and other office bearers in the local bodies, it is equally necessary to make them accountable for their actions and performance. Towards this, the Group recommends the following measures:

- **Having Ombudsman**
- **Audit of accounts of Local Bodies**

- Bringing the employees, Councillors and other office bearers under the purview of an Ombudsman or the Lok- Ayukta. This has been recommended by the 13th Finance Commissions one of the actions to be taken by the States for being eligible for the Performance Grant with effect from the year 2011-12. States that have not implemented this recommendation need to be encouraged to do so. The mandate of this body (Ombudsman) should be clearly brought out by way of a well structured legislation. Further, proper functioning of such institutions needs to be ensured through focused capacity building.
- The non-officials of the ULBs should also be declared as public servants under the provisions of different Laws.
- As recommended by the 13th Finance Commission, it is necessary to provide for regular annual audit of the accounts of the ULBs by the Director of Local Fund Account Audit under the technical guidance and supervision (TG& S) of the Accountant General. Apart from the annual External Audit of the accounts, it is necessary to introduce the system of social audit of various important schemes and development work by the ULBs, on the lines of MGNREGS.

### **Standardising the classification of Urban Local Bodies and revisiting the concept of Nagar Panchayat**

The Group recommends that States may consider adopting standard norms for classification of ULBs. It would be advisable that all the municipalities should be reclassified into three categories i.e. Municipal Corporation for large urban areas of 5 lakh and above; Municipal Council for urban areas of 1 lakh to 5 lakh; and Nagar Panchayat for towns below 1 lakh population. This will help in assessing the requirement of municipal cadre in various types of municipalities;

Suburban areas with modest population are growing rapidly in number. These centres do not have capacities to deal in a planned manner with the issues of sanitation, water supply or area development; it is these small local bodies that have shown perceptible disconnect between plan and development bringing to the fore inadequate capacities of local bodies to effectively discharge the various assigned functions. In many states like Madhya Pradesh, Tamil Nadu and Uttar Pradesh there are large number of Nagar Panchayats to which funds do not flow, either from the

urban sector or the rural sector. Each state may like to revisit the number of Nagar Panchayats that have been notified so that there is adequate institutional strengthening of these areas and the issue of inadequate development of infrastructure and services, in such areas is properly addressed. Planned development needs to be ensured in these cities to prevent future chaos.

The Constitution of India in Article 243Q requires the Governor of the State to specify 'a transitional area,' "smaller urban area" or "a larger urban area" having regard to the population of the area, the density of the population, therein, the revenue generated for local administration, the percentage of employment in non-agricultural activities, the economic improvement or such other factors as he may deem fit. Such an elaborate technical analysis has not been done in most of the State. This is urgently required.

### **Ward Committees**

There is wide variation in the functioning of ward committees across states. In case of Kerala, the tasks to be performed by the Ward Committees have been elaborated in the rules. In Maharashtra, though the Wards Committees are in effect zonal committees, some specific functions have been assigned. While legal provisions for the constitution of a Wards Committees have also been made in most of the States, the actual spirit of the Amendment is diffused since the state governments can club several wards together to form a single wards committee. Also, while they can be given wide-ranging powers, this does not necessarily correlate with financial allocations at ward level. Hence, constitution of ward committees and their functioning needs to be incentivised. Further, there is a need to establish area sabhas and to create the linkage between area sabhas and ward committees so as to ensure that accountability and participatory processes reach the last mile in a systematic manner. This would be in tune with the community participation law under the JNNURM.

### **Governance arrangements in industrial areas**

The Group also discussed the issues of implications of the Industrial Towns under Article 243 Q of the Constitution, which are exempt from the purview of municipal laws and noted that excluding some areas from the purview of municipalities would lead to development of independent islands that are outside the purview of

democratic local governments. There is a need for equitable sharing of revenues by such cities with their adjoining areas as these cities draw significant resources from the adjoining local area. These provisions should be exercised with due diligence and should be applied transparently. The group was of the considered view that a detailed study on the implication of industrial towns on local governance needs to be made.

### **Metropolitan Planning Committees**

The 74<sup>th</sup> Amendment specifies establishment of a Metropolitan Planning Committee (MPC) for preparing development plans at the metropolitan level. However, MPCs are yet to evolve as per the spirit of the CAA. Only a few states have initiated creation of such entities. The Group felt that the Central Government may consider supporting the States in this regard.

### **Empowerment of political office bearers**

The Group has recommended that the Mayors or Chairpersons of the LBs should be accountable to people and need to have powers and tenure commensurate with this

**Political executive to be accountable and to have tenure and powers commensurate with it.**

objective. There should be convergence of various citizen centric functions under the Mayor for each city. The local conditions should determine whether the cities should adopt a “Mayor in Council” system or an “Executive Mayor” system. In either case, the Mayor should be given a five year term instead of the one or two year term currently in place and the spirit of ‘single point accountability’ of the Mayor as executive head of the city must prevail. In addition, there is a critical need for building

the capacity of the political executive specifically in areas such as sensitization vis-a-vis the need for reforms, service level benchmarks etc.

### ***Lateral connections between different institutions and measures for ensuring convergence between different institutions involved in delivering urban services.***

A common refrain in urban governance is the problem of fragmented and/or overlapping institutional responsibilities. Historically, due to poor staffing and technical capabilities of the Local Bodies, a number of

**Convergence of functions of parastatals/ state bodies with Local Bodies**

Para-Statal Bodies were created for providing services listed in the 12th Schedule. Consequently, a large number of parastatals, including Development Authorities, Water Supply & Sewerage Boards, Slum Housing & Development Boards, PWD, etc. have been performing various functions which could have been vested with the Local Bodies in accordance with the mandate of the 74th Amendment. The multiplicity of agencies providing various services in the Urban Sector has led to overlapping, ambiguity and wastage of resources. Over and above that, the parastatal bodies are not elected Bodies and are not directly answerable to the citizens.

Accordingly, the group felt that it could be considered to have:

Provision of an acceptable and sustainable accountability platform for the parastatals within the Urban Local Body. This could range from bringing the Agency under the ambit of the Urban Local Body or the Agency could work as an outsourcing agency of the Urban Local Body wherein the output parameters/deliverables lend themselves to monitoring and supervision by the Urban Local Body through Memorandum of Understanding (MOU) or Service Level Agreements (SLA). There could be a number of variables in between these two options and the administrative modalities could be devised by states in accordance with state specific conditions to clearly bring out the type of control the Municipal Corporation should have with respect to designated Agency. This needs to be clearly brought out in JnNURM Phase II.

***Mapping of the 18 functions listed in 12<sup>th</sup> Schedule into specific activities and assigning the responsibility for each activity to the level of government which is best suited to perform that function.***

The group discussed in detail the 18 functions mandated for the devolution to local bodies as per the 12<sup>th</sup> Schedule. Many of these functions have not been given to the local bodies. Most States have expressed administrative or legislative constraints in devolving all functions. The Group discussed in detail the core functions that needed to be performed by the local bodies, which include functions like water supply, sewage and sanitation, along with urban planning.

**Activity  
Mapping of  
18 Functions  
under 12<sup>th</sup>  
Schedule**

The 74<sup>th</sup> Amendment expects the transfer of 18 functions or groups of functions to urban local bodies (see Appendix 3). These included basic civic amenities such as water supply, sanitation, conservancy, solid waste management, public health, maintenance of burial grounds, registration of births and deaths; planning and development functions such as spatial planning, economic planning, slum improvement, roads and bridges and welfare or well being functions such as promotion of cultural, educational and recreational amenities and safeguarding the disadvantaged sections of society and protection of environment. Apart from Gujarat and Maharashtra, in most states,

**ULBs to be  
empowered  
to deliver  
core  
functions**

several of these functions continue to be handled by state agencies or parastatal bodies. Typically, State level Boards deal with affordable housing, slum improvement, water supply and sewerage, while Development Authorities deal with spatial planning. This incomplete transfer of functions poses several issues.

The Group in its detailed discussions was of the view that there was a need to have a fresh look at all the functions sought to be devolved upon the local bodies as per the Constitutional provisions and to assess the functions which have been easier for the states to assign to the local bodies and those that the states have found difficult to transfer. It was recommended that the ULBs should be empowered by different mechanisms to deliver effectively the core services and functions such as water supply, sanitation, sewage and planning and development functions. It should be ensured through various mechanisms to empower the ULBs for effectively coordinating and controlling the role and functions of various parastatals and agencies.

***Framework for governance of mega cities***

The problems of megacities are admittedly complex. The large scales of interventions required for core services such as water supply, sanitation and roads, leads to formidable administrative challenges. This is made more complex as trunk services historically have not been mapped or digitized, unregulated use of vacant lands have lead to haphazard growth, proliferation of slums, unauthorized construction and encroachment. Therefore, the challenge before the mega cities is how to ensure good municipal administration keeping in view such large

complexities. The group noted that the *Second Administrative Reforms Commission* has specifically made the following recommendations with respect to metro cities on setting up Environment Authority/ Cell a Unified *Metropolitan Transport Authority (UMTA)* and the aforesaid recommendations of the Administrative Reforms Commission could be accepted and implemented subject to legislative clearances. The experience of some megacities like Hyderabad and Bangalore bring out explicitly that one way of addressing administrative challenges in mega cities is through the use of e-governance and IT tools intensively, which the Group recommends as mandatory tools to be adopted for improvement in urban governance in mega towns.

### ***Strengthening the Organisational Capacities***

- **Creation of professional municipal cadre**
- **Funding of personnel from funds of XII<sup>th</sup> Five Year Plan**

The Group was of the unanimous opinion that the poor quality of urban managers is one of the major reasons for sub optimal urban administration. The manpower available in most of the urban local bodies is not equipped with the necessary technical and planning skills to meet the growing urban challenges. There is an urgent need for increased investment, financial management and audits in local bodies. Thus, creation of a municipal cadre is essential.

To attract good talent into different municipal services, it is important that the Recruitment Rules provide for at least 25% direct recruitment in Category A posts and 50%, in Category B. A separate municipal Cadre would facilitate sharing of experiences across cities. The functional domain of urban bodies may be restructured under heads such as General Administration; Revenue Collection; Planning & Regulations; Water & Sanitation (Sewerage / Septage Management and SWM); Health; Public Works and Civic Amenities; Financial Management; Project Management; Auditing; Urban Poverty Alleviation & Social Welfare; Public Education; and Other Services and Support Functions. It would be logical to have a separate municipal cadre for the Municipal Corporations considering complexity of the problems and issues to be addressed in the larger cities. For municipal councils and Nagar Panchayats there could be another municipal cadre as the requirement in these towns are of a lower order. Alternatively, functionaries could move to higher levels of local bodies on the basis of their experience. Support systems for urban

development and governance like Voluntary Technical Corps need to be encouraged. Participatory fora like Citizen Juries, Public Hearing Panels also have to be promoted. The SHGs of the poor could be networked into a powerful organisation to give voice to the disadvantaged groups.

**Presently, the paying capacity of the local bodies particularly of the small and medium towns is highly constrained. Thus there is a need for provision for financing of the cadres from plan funds in the 12<sup>th</sup> Five Year Plan.**

### ***Regulatory mechanisms for delivery of basic urban services***

An Independent Municipal Service Regulator is the need of the hour as the current paradigm of service provider deciding service levels and tariff is outdated. The regulator would monitor provision of services as well as tariff regime and ensure transparency and efficiency.

#### **Setting up of an Urban Service Regulator**

Thus the committee recommended that an independent utility regulator should be set up at state or city level or for a cluster of cities to advise, regulate, monitor and adjudicate on issues such as levels of service delivery, quality, pricing, equitable access and roles and responsibilities of all utility providers. The overall responsibility of the regulator would be to balance the interest of citizens, urban local bodies and service providers. Independent regulatory mechanism has the potential to not only provide comfort to the investment by public private partnerships but also induced efficiency and equity in urban services.

### ***Governance and environmental sustainability***

The Group recommended that National Mission on Sustainable Habitat, which is one of the eight National Missions under the National Action Plan on Climate Change, should be the vehicle for promoting environmental sustainability and should be given impetus in the 12<sup>th</sup> Plan. The Mission seeks to promote sustainability of habitats through improvements in energy efficiency in buildings, urban planning, improved management of solid and liquid waste including recycling and power generation, modal shift towards public transport and conservation. It also seeks to improve ability of habitats to adapt to climate change by improving resilience of infrastructure,

community based disaster management and measures for improving advance warning systems for extreme weather events.

The Group noted that the Mission is to be implemented through appropriate changes in the legal and regulatory framework, viz. Building Byelaws, Development Control and Regulation etc.; mainstreaming of climate change and sustainable development concerns in city planning through City Development Plans including those related to adaptation, promotion of modal shift in public transport through Comprehensive Mobility Plans, capacity building and outreach; and implementation of pilot projects.

**Public private partnership:** PPP is an important instrument for improving urban governance, recommended by the group, for efficiency gains in the delivery of urban services. PPPs which are structured around a robust revenue model (including user charges, targeted subsidies, and viability gap funding) and offer a good prospect of return on investment can contribute to systemic gains and better management of urban services. In this context, the group recommended that: State governments should bring out a legislative framework to address the entire gamut of issues in implementation of PPP Projects and develop clear policies with regard to identification of projects which can be developed and implemented on PPP basis, delivery processes, project development, approval and implementation process, guiding principles of contract management etc. This should be supplemented by a robust regulatory environment.

**Develop PPP models**

- It recommended the development of toolkits for rolling out project management, risk assessment, financial structuring and also develop model concession agreements.

**Accountability and citizen participation:** The committee recommended that a more interactive and participative framework should be followed by ULBs to ensure greater accountability to the citizens. Citizen Report cards, like the one prepared by the Public Affairs Centre in Bengaluru, need to be replicated across all cities. Monthly town hall meetings involving local government officials and civil society should review service delivery, monitor progress of projects under implementation and prioritise future

- **Strengthening public disclosure law**
- **Time frame for delivery of public services**

development of the city. Thus a two pronged strategy for public participation in ensuring greater accountability was stressed by the group. One, adoption of E-Governance tools and IT initiatives to ensure transparency in processes of approval at the level of ULBs, grievance redressal, collection of taxes etc. Second, monthly ward meetings of the citizens with municipal functionaries/officials at the functional level so as to redress citizens' grievances on the spot should be introduced.

**Public disclosure:** To have transparency in administration, most of the States have enacted amendments to the Municipal Laws so as to ensure that public disclosure is compulsorily made in respect of certain prescribed items. Accordingly, in some ULBs it is now mandatory to disclose information pertaining to the Urban Local Body with respect to subjects like the authorities competent to grant permissions, concessions and Licenses etc., quarterly financial statement of the urban local body, service provided by the urban local bodies, Development Plan etc. To make public disclosure law more meaningful and useful, it is necessary to frame rules so that there is no ambiguity about information to be disclosed, and the periodicity and the manner in which it has to be disclosed.

**Time limits for disposal of various cases:** There is an urgent need to statutorily prescribe time limits for disposal of various types of cases, not only at the level of various municipal officials but also for the various committees of the urban local bodies. Every urban local body should notify the **Citizens' Charter** which should declare the various types of services being rendered by the urban local body and the prescribed time limit for accessing the same. Such systems are successfully implemented by organisations such as the Singapore Land Authority which has specified time limits for various services such as application for sale of land, processing and approval of land lots, registration of private property documents, issuing of new certificates of title, etc. The service level benchmarks for e-governance adopted by the Ministry of Urban development can also be taken as guidance in this regard. The group recommended that the working of ULBs should be transparent and accountable. Transparency and accountability would mean all activities and processes of the urban local body are in public domain so that all citizens know what services the local body is giving, how to access such services, what processes are to be followed and the expected time that would be taken for approvals.

## ***Use of E-Governance and Technology for improvement of delivery of services and need for Database***

In keeping with the principles of empowerment of ULBs enshrined in the Constitution, ULBs must have political responsibility and accountability for provision of urban services as well as the flexibility to decide on the most appropriate methods

### **Use of IT and e-governance tools**

of this provisioning. This must be associated with empowerment of the ULB so that it could flexibly choose from a number of alternatives on how the service is to be provided. Whatever the chosen institutional form for service delivery, Information Technology (IT) can play an important role in improving governance. With municipal administration becoming increasingly complex, the benefits of IT adoption are becoming more and more visible across several municipalities. Cities in Andhra Pradesh, for example, provide a number of basic services online including tap connection status, status of garbage pick-ups, sanitation tenders, and building plan status. The key outcomes of this reform for various stakeholders are:

- Citizens: Easy access to municipal services, hassle free payment of taxes and user charges, quick redressal of grievances in respect of services such as birth and death registration, health programs and building plan approvals.
- Municipalities: Improvements in efficiency and effectiveness of business processes/ functions and revenue earning services of ULBs like property taxes and license fees, development services like water supply and other utilities.
- Decision-makers: Improved information for planning and decision-making, improvement in procurement processes and in monitoring of projects.
- Employees: Improved efficiency and better delivery of urban services and improvement in accounting and personnel management system.
- Policy makers: Integrated view of performance of municipalities at the centre, state and ULB level.

Hence, the group recommended that the tools of IT and E governance should be strengthened and adopted in all the ULBs and for this, whatever skill upgradation is required, should be done. The Group strongly recommended implementation of the

proposed Mission Mode Project on E-Governance in municipalities in all class one cities during 12<sup>th</sup> Plan and adoption and replication of best practices related to IT interventions across ULBs including benchmarks developed by MoUD for the purpose. Provisioning of funds for development of these resources in areas of hardware, software and personnel should be done during the 12<sup>th</sup> Five Year Plan. The Group also recommended adoption of State-wide solutions and cluster approach for smaller municipalities for ensuring sustainability and efficiency.

As India's economy grows and cities increasingly become centers of economic activity and areas of hope for the burgeoning young population, strengthening urban governance becomes a challenge that needs to be addressed immediately. It is necessary to provide basic services through innovative technologies, achieving service level benchmarks and also giving an aesthetic look to cities. This matrix becomes more complex due to the fact that most urban challenges related to governance are in cities which have grown through the decades in an inadequately planned manner.