

## Nagarlok Vol. XLI No. 3 July - September 2009

### Effective Urban Governance in India: Problems and Prospects with Special Reference to Nagpur Municipal Corporation

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INDIA IS fast emerging as a developed country and a superpower having its own impact and place in the international community. It is witnessing unprecedented growth of urban population on account of growing population and migration of people from rural to urban areas for various reasons. Cities and towns have emerged as engines of growth contributing two-third of the national income. "Out of the 10 largest cities of the world three—Mumbai, Delhi and Kolkata—are located in India to which will be added the fourth very soon. Eleven per cent of the total world's growth is taking place in India.<sup>1</sup> As a super power, India has nuclear weapons on one hand and on the other hand there are no basic facilities like drinking water, sanitation, along with unemployment in many under-developed areas. Meeting the requirements of development administration, raising the basic standard of living of all its population is the most important and a priority for the Indian government particularly only for the local government.

With rapid urbanization over the years:

1. Indian urban population has already crossed the figure of 300 million;
2. In 2001, National Census has identified 285.35 million living in urban areas;
3. Urban population is increasing with annual growth of three per cent, the urban poor are increasing by seven per cent every year<sup>2</sup>; and
4. The number of urban poor below poverty line is estimated to be 23.2 per cent with population of 67.1 million<sup>3</sup>.

As the cities and towns contribute to growth and development consequently the development would influence the process of urbanization. The projection indicates by 2025 over 40 per cent of population would be living in large class I and metro cities.<sup>4</sup>

Therefore, in order to respond to the problems of urbanization, sound infrastructure, development, improving urban governance, buildings, sound and effective institution to meet the demands of rapidly growing country is

EFFECTIVE LOCAL GOVERNANCE IN INDIA 11

the topmost priority in the national agenda. For bringing out the desired major changes, the governance has to be not only good but also effective. The strong urban bodies' need to be redesigned and built to handle the crucial issues, various problems associated with the herculean task of developing and growing urbanization. The matter assumes greater importance when the problems of emerging metro cities of international standards like Nagpur are to be dealt with. On the whole throughout India the problems of urbanization are observed as follows and Nagpur is not an exception. Same basic problems prevail along with the specific and advanced ones:

1. Unbalanced urban growth;
2. Haphazard development of cities and towns without proper planning and necessary civic infrastructure and services;
3. Urban poverty;
4. Continuous trend of centralization and bureaucratization rather than democratic decentralization, de-bureaucratization leading to weakened local bodies in terms of resources, power and competencies; and
5. Huge gaps between the requirement and the availability of the funds for urban infrastructural development.

In the background of the above mentioned problems the policy guidelines of India for urban development have been to ensure balanced urban growth, integrated development of cities and towns, democratic decentralization in terms of letter and spirit that entails building democratic institutional structure with adequate functions resources and power at local government level. In this context—urban infrastructure development, tackling urban poverty, empowerment of urban local bodies, the 74<sup>th</sup> Constitution Amendment Act implementation, involvement of the private sector, solid waste management, impact of LPG and IT, introduction of various administrative, financial and e-governance reforms, minimizing / controlling political interference at individual and party level, managing the appropriate funds from the Centre to meet the purpose and its utilization during the Financial Year—are the major problem areas which call for a paradigm shift from routine lethargic administration to New Public Management and SMART governance at the local level.

These are more or less the common problems of big Indian cities but in this context, Nagpur assumes special relevance which needs to be reintroduced as a fast upcoming city of international standards, with its mega project of MIHAN. Approximately 40 lakh of its population is witnessing the sudden stunning transition of modest city of Bhonslas into a very highly globalised society there in. The city is witnessing the phenomenon of globalisation and facing its challenges in real sense.

Written by Administrator

Thursday, 10 December 2009 00:00 - Last Updated Thursday, 23 September 2010 09:49

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12 NEELIMA DESHMUKH

## The MIHAN Project

MIHAN stands for Multimodal International Hub Airport at Nagpur. Maharashtra is the most progressive state of India and is being called as the economic power house of the country inviting investments in the state from within the country as well as foreign direct investment (FDIs). Nagpur is the second capital of Maharashtra and has a strategic central location in India as well as the international aviation routes. It has rich agriculture and minerals, rich hinterlands with huge forests. It has connectivity to all parts of India by road, rail, air with excellent roads, water, power and telecommunication infrastructure. It is second most cosmopolitan city in India after Mumbai. It has been awarded as India's No 2 green city with strong base of about 500 colleges affiliated to the University. In order to tap these potentials and to remove the regional disparity Government of Maharashtra decided to develop composite project called Multimodal International passenger and cargo hub airport at Nagpur.

The project comprises of developing existing airport (domestic) as international passenger and cargo airport along with special economic zone (SEZ) which is adjacent to the boundary of the present airport. Huge SEZ area of more than 2000 hectares is supposed to house various export oriented units like IT, gems and jewellery, garments, electronic goods, Pharma processed food and many other type of Industries. MIHAN is a composite project of airport, road, rail terminals, SEZ and various other allied services like housing, health, city international schools and many more.

Maharashtra Airport development company Ltd (MADC) is a special purpose company formed by the Government of Maharashtra for implementing this project as per guidelines of TEFs reports. Its aim is also to develop various other airports not belonging to Airports Authority of India and Indian Air force in Maharashtra state to provide connectivity between various important district headquarters and the capital of the state. Special purpose company MADC was formed with equity participation of CIDCO, MIDC, NIT, MSRDC and later on Nagpur Municipal Corporation to join equity.

Salient features of MIHAN are:

- To be completed by 2015,
- Industries coming up in IT Park-SEZ area are:
  - a. Satyam Computer Services Ltd.,
  - b. HCL technologies
  - c. Wipro
  - d. DLF
- e. Ascendas
- f. RMZ Corp and Ambuja Realities
- g. Kolland
- h. Vipul Ltd. and Karamchand Realities
- i. L&T Infocity
- j. Indu Projects
- k. R-Gen Solutions
- l. Zeta Softech

EFFECTIVE LOCAL GOVERNANCE IN INDIA 13

Other Industrial Area-SEZ Area

MADC has the following companies industries in its SEZ area:

- Ispat Industries Ltd.
- Star Chapmans Ltd.
- Taj Sats Air Catering Ltd.

Maintenance Repair and Overhaul (MRO) Facility - SEZ Area

- Boeing Inc., USA
- Max Aerospace Ltd.

- Thus creating 1,20,000 direct jobs and 2.40 to 3.60 lakh indirect jobs by 2015.

Urban poverty is characterised by unstable income dominated by informal employment, fragile or weak asset base, insecure or no shelter along with lack of social safety nets, squalid living conditions without access to better care, education, safe drinking water or toilets. Poverty leads to poverty which is a vicious circle and as a primary responsibility of the urban local government, the NMC is taking appropriate action through its three pronged action with strong emphasis on:

1. Participation of local communities;
2. Public-private partnership (PPP) approach in working towards poverty alleviation and other projects leading to the harmony in the society.

Such kind of summarized problems are linked directly to good governance which can certainly bring about changes for better. In fact reforms are required for the improvement of the performance of NMC. In order to improve the

Written by Administrator

Thursday, 10 December 2009 00:00 - Last Updated Thursday, 23 September 2010 09:49

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14 NEELIMA DESHMUKH

living conditions of the poor people, environmental infrastructure in slums needs to be improved and maintained based on their demands and capacity of the city to create and maintain them. There has to be a streamlining of poor people in civil society with the intention and cooperation to develop policies in favour of the poor.

There is an acute need of introducing innovative processes at local and state level for setting up participatory planning process along with the institutional development; the capacity building of Municipal Corporation and community based organization are the key features for planning, implementation and sustenance of pro-poor reforms and infrastructure investment step by step.

However, even after decades of developmental activities there has not been any mentionable achievement in this direction. On the contrary the Xth plan has identified various administrative and strategic failures such as:

- Failure to provide specific provisions in municipal laws, for dealing with issues related to urban poor, slums and economic planning for the poverty alleviation which flows from 74th constitutional amendment;
- Failure to provide coordinating institutional arrangements across the wide variety of institutions like municipalities, development authorities, housing and slums boards;
- Failures to provide for housing, land, economic needs like product in marketing activities of urban poor and facilities for street vendor, hawkers in the urban plans; and
- Failure to introduce slum dwellers into the urban mainstream.

The detailed probe into these issues, pinpoints to the major issues of urban governance such as:

- How to achieve universal access to minimum level of urban services;
- Identifying the ways and means of achieving financial sustainability of urban local bodies;
- The mechanism of ensuing accountability and transparency in the urban governance;
- Strengthening delivery system of urban services in urban local bodies;
- Poverty eradication in urban areas;
- Implementing the mandatory reforms identified by the government;

EFFECTIVE LOCAL GOVERNANCE IN INDIA 15

- Appropriate decisions of public-private partnership in urban governance;
- Problems/prospects of implementation of JNNURM (Jawaharlal Nehru National Urban Renewal Mission), UIDSSMT (Urban Integrated Development of small and medium towns) and IHSDP (Integrated Housing and Slum Development Programme);
- Role of urban local bodies in LPG;
- Rethinking of 74th Constitutional amendment; and
- Implementation of MSW (Management of Solid Waste) Rules in urban local bodies.

In addition to these problems with the advancement of MIHAN project the new Nagpur is fast emerging as a challenge before NMC which creates another burden for responding to the urgent needs of demanding governance. The existing infrastructure is having limited capacity and is unable to cater to the heavy demands of growing huge population of 40 lakh.

Centrally located sub capital of Maharashtra and the fastest growing cosmopolitan city, Nagpur is now known not only for its oranges but for its international airport and MIHAN and its good connectivity to all parts of India by rail, road and air. MIHAN (Multimodal International Airport Hub at Nagpur) is a boon for entire Vidarbha, opening new vistas for businessmen and entrepreneurs.

Vidarbha is relatively a backward region consisting of 11 districts with 20 per cent population of Maharashtra, having the backlog of its development with higher urban ratio and lower industrial employment as compared to that of Western Maharashtra.<sup>5</sup> Therefore, it is the need of Vidarbha, to enhance large number of employment opportunities along with the development achievement leading to the economic development of the region. Further it will provide export opportunities to agro based products, through rural industrialization creating about 1.20 lakh direct and 2.40 lakh of indirect employment positions. About 22 major multinational companies have started their work and many more are under negotiation in order to respond to the demands of these companies building infrastructure like 7, 4, 3, lane roads with 150 crore of investment, telecommunication or network domestic and non-domestic, water supply system, sewerage and storm water disposal system, power plant is already under construction and nearing to completion along with development of residential area and enterprises facilities like golf, MIHAN project and SEZ are approved by the government. Land acquisition is under process, about 2178 hectares of land is in the possession and the construction work is going in the full swing.<sup>6</sup>

Written by Administrator

Thursday, 10 December 2009 00:00 - Last Updated Thursday, 23 September 2010 09:49

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16 NEELIMA DESHMUKH

The orange city of Nagpur is thickly populated with 20.52 lakh (according to 2001 census) and 40 lakh persons in reality. The urban areas of 20904.32 hectares have been divided into 138 wards. Consisting of six assembly segments BJP dominated NMC is being led by the lady of (ST) tribal category Ms. Maya Ivanate who is performing fairly well as a preparatory phase for handling the challenges of development. Nagpur Municipal Corporation has undertaken JNNURM mission with city investment plan of total Rs. 5894 crore which would include several sectors such as water supply and distribution, sewerage disposal, storm water drainage, solid waste management, slum development, housing, water recycling, roads, MRTS and traffic management, social amenities, with which the NMC has been overburdened.

#### FINANCIAL PATTERN

- Grant-in-AID by Government of India 50 per cent.
- Grant-in-AID by Government of Maharashtra 20 per cent.
- Contribution by ULB 30 per cent.
- Grants from Government of India shall be released in four installments.
- Mandatory reforms are compulsory for the release of second installment of funds.

Grants from Government of India are released in four installments. The Government of India pays 50 per cent; state Government pays 20 per cent and the contribution of NMC is 30 per cent. Of the total cost of the approved project, NMC is meticulously depositing 20 lakh per day from its earned revenue.

Under the administrative and structural reforms, various accounting, e-governance, property tax and water reforms have been designed with the visible results within the period of three years (2006-2009)—interrelated but implemented successfully. Few mentionable milestone of achievement include full migration to align system and complete revamp of the public finance system.

Municipal Government Design Document (MGDD) is ready to be implemented, digitalization of property tax, Computerization of library department, School and Octroi department of citizen establishment centre, web portal of NMC have been already launched and upgraded. In property tax reforms unclaimed 78756 properties are to be assessed and about 45769 assessed properties to be reassessed and about 100359 new properties were identified for their assessment, so that the revenue could be raised from the properties. Digital mapping for 136 wards is under process and in 19 wards

EFFECTIVE LOCAL GOVERNANCE IN INDIA 17

the mapping has been completed. The method for revaluation of the property tax has been fixed along with dispute resolution mechanism. The strategy to be used for achieving 85 to 90 per cent tax recovery by 2010-2011 respectively is under process.<sup>7</sup>

Policies to improve the coverage expansion of water supply, upgradation of water distribution network, tariff revision, 24 x 7 water supply on the way to Dhampeth zone have been adopted on the pilot basis successfully. Spot billing has been outsourced, water reuse mechanism installed to conserve fresh water in the region, reduction of water wastage by installing flow meters, reduction of water from canal and measurement losses, raising the energy efficiency at the pumping station etc have also been implemented. According to the need nearly 36 reforms have been introduced, implemented and are working successfully.

Within the period of three years (2006-2009) Nagpur Municipal Corporation has made a remarkable progress to ensure the effective governance with the objective to provide an efficient contribution to globalised India. To summarise the progress as reported by NMC:

- Various reforms have been introduced and practiced,
- Infrastructure construction like multilane roads and bridges are going on in full swing,
- Successful attempts have been made for poverty alleviation through SJSRY and eight lakh SHG's which have been newly created.
- Construction of the second runway of MIHAN has started and work would be completed by 2010.
- Construction of residential flats for a lakh for slum dwellers of 427 slums of Nagpur city has started with the sanction of Rs. 160 crore by the state government.<sup>8</sup>
- Regular and timely elections, formation of must awaited ward Committees strengthening of 74th Constitution Amendment Act, increased revenue collection and resources,
- Complete computerization leading to partial e-governance.
- Transparency in tender processing and finalization.

#### NMC and Reforms

- 1) Accounting Reforms
- 2) e-Governance Reforms

Written by Administrator

Thursday, 10 December 2009 00:00 - Last Updated Thursday, 23 September 2010 09:49

---

18 NEELIMA DESHMUKH

- 3) Property Tax Reforms
- 4) Water Reforms

#### **Main Objectives of JNNURM are:**

The basic objective of the JNNURM is integrated development of infrastructure services in the cities followed by securing the effective linkages between the assets creation and effective management. This would ensure that the infrastructures are well-maintained and self-sustaining. This would mean timely availability and delivery of civic amenities to the poor people through universal access mechanism. Urban renewal programmes for the new city aims to reduce congestion. However, the most important provision of JNNURM is to provide best services to urban poor including security of tenure and low cost housing at an affordable price.

With these very important objectives the NMC opted for the JNNURM and prepared a city plan, investment plan, through participatory approach. The scheme had been sent to the Government of India and a memorandum of agreement was signed in March 2006. Since then the exhaustive work is going on throughout the city to cope with the requirement of JNNURM programme. JNNURM is supporting the MIHAN project further taking the city to international standards. As a matter of fact mandatory and optional reforms have been introduced by NMC at ULB level which include double entry system of accounting, internal year marking within the budget for basic Services to urban poor, introduction of e-governance, property tax reforms to ensure that the revenue collection reaches to 85 per cent, levy to reasonable users with the objective of ensuring full collection of taxes and maintenance with in the next five years.

Operational reforms include administrative, structural reforms, encouraging public-private partnership, reserving at least 20.25 per cent of the developed land in all the housing projects for economically weaker sections at the subsidized rates, revision of bylaws to streamline the approval process for building constructions, revision of bylaws, to ensure rain water preservation as part of water conservation measures, etc. These mandatory reforms are compulsory for the release of 2<sup>nd</sup> installment under JNNURM. Therefore NMC has planned for the setting and implementation of these mandatory reforms as listed below:

- > Focused attention on integrated development of infrastructure services in the cities.
  - > Securing effective linkages between asset creation and assets management so that the infrastructure services are maintained effectively and become self-sustaining over a period of time.
- EFFECTIVE LOCAL GOVERNANCE IN INDIA 19
- > Availing adequate investments to bridge the deficiencies in urban infrastructure creation.
  - > Scaling up the delivery of the civic amenities with an emphasis on universal access to the urban poor.
  - > Taking up urban renewal programmes for inner city development and reducing congestion.
  - > Provision of basic services to the urban poor including security of tenure and housing at the affordable price.

#### **JNNURM and Nagpur**

- NMC and NIT has prepared City Development Plan (CDP) through public participation and has been approved by Government of India.
- NMC has also prepared City Investment Plan (CIP) through participatory approach.
- Vide Resolution No. 47, Dt. 29/01/2006 General Body has accepted JNNURM and agreed for MOA.
- NMC has signed MOA in March, 2006.

#### **Progress Report 2006-2009**

- Various Reforms introduced and practiced;
- Infrastructure construction like roads and bridges in full swing;
- Successful efforts for poverty alleviation through SJSRY and SHGs; About 12 lakh groups have been formed rendering the expected results.
- Rupees 160 crore have been sanctioned by the State Government for construction of flats for nine lakh slum dwellers of 427 slums of Nagpur City. Model scheme of nine flats at Jat-tarodi has already been constructed.<sup>9</sup>
- Construction process of second Runway has already started, the draft plan would be ready by December 2009.
- Regular and timely elections;
- Much awaited ward committees have been formed recently;
- Complete computerisation and partial e-governance.
- Increased revenue collection /resources; and
- Transparency in tender processing and finalisation.

Written by Administrator

Thursday, 10 December 2009 00:00 - Last Updated Thursday, 23 September 2010 09:49

---

20 NEELIMA DESHMUKH

## Problems Areas of NMC

- Problem of dual and overlapping authority between Nagpur Improvement Trust (NIT) and NMC causing obstacles in the progress of the projects.
- Jurisdiction of Nagpur city has been extended further 25 km covering MIHAN of Butibori industrial area.
- Tax assessment and recovery is a very slow process affecting the income of NMC.
- Revaluation of the 5.50 lakh properties in the city to be done as yet due to the shortage of employees hence the contract for the same would be given to private companies for its execution.<sup>9</sup>
- Lack of funds for making payments to the contractors for the assigned construction work, contractors are always in confrontation with NMC for their non-payment of outstanding bills.
- Rupees 1500 crore, NMC's 30 per cent share in JNNURM by way of payment of 20 lakh /day is difficult to manage.
- Budget is always deficit; lack of funds as income from various different sources is not visible in their respective heads.
- Since computer operators from other sources are not bothered for the accuracy of the relevant data, hence there are many mistakes calling for its rectification leading to undesired delay.

## Problems of SEZ Area

- i) Clause 34 (1) of SEZ Act 2005 provides for the constitution of an authority (private developer) for undertaking the development, operation management and maintenance as it thinks fit. SEZ management is delegated to Development Commissioner appointed by the Union Government leading to the marginal participation of local and state government.
- ii) Decentralisation and delegation of powers to local and state government ensuring their participation in the management of entities.
- iii) SEZ will kill the spirit of democratic process of election of local government and the private monopolies will be responsible for the provision of wide range of facilities such as water supply, solid waste and sanitation falling under the third tier of the government.
- iv) About 50-70 cities or satellite cities will emerge in and around medium and large SEZs with five to 10 lakh population will raise two important

EFFECTIVE LOCAL GOVERNANCE IN INDIA 21

issues:

- a) Urban Management
- b) Regional Planning

## CONCLUSION

After going through all the probed issues, problems and prospects of the effective governance, anybody will appreciate the positive spirit of NMC to take up navy tasks and despite the various problems and constraints, Nagpur Municipal Corporation has done fairly well reflecting the smart governance to ensure the effective and smooth administration required for the development purpose and to take up the city to the International standards.

## FOOT NOTES

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