Section – A
Chapter 1

INTRODUCTION

The latter part of the 20th Century was an era of radical transformations in terms of democratic decentralisation in India arising partly due to internal fiscal crises and global externalities. Among other changes, the focus shifted to institutionalised 'mechanism of governance' with an emphasis on relocation of authority from state to local bodies (Sekher 2005).

The reforms process began in 1991 when government was facing severe balance of payment crisis and embarked on a programme of comprehensive structural reforms, involving delicensing of industries, trade and foreign investment deregulation and host of other measures (Cassen and Joshi 1995; Joshi and Little 1996; Ahluwalia 1999; Mathur 2000a). This was precipitated by two main factors: first, loss of international confidence in the Indian economy, which led to an outflow of overseas funds held in India, particularly from NRI deposits who withdrew a total US$1.3 billion between October 1990 and April 1991 and second, outbreak of gulf war due to which world oil prices doubled within a six week period and increased the burden on India’s foreign exchange reserves (Kurien 1993; Bhagawan 1995).

Although the main cause of India’s economic crisis was the large and growing fiscal imbalance which was the result of mounting government expenditures especially during the second half of 1980s, its roots must be explained over a longer time period (Bajpai and Sachs 1999). Thus, the economic reforms introduced during the 1980s had increased economic instability. Although growth rate accelerated during the 1980s because of borrowing from IMF, no steps were taken to restructure the economy which had increased the external indebtedness (Hariss 1987; Manor 1987; Kohli 1989). The then current account deficit, which had increased from 1.3 percent of GDP during first half of 1980s to 2.2 percent of GDP during second half of 1980s were inevitably financed by borrowings from abroad. It had led to a continuous increase in external debt which was estimated at 23 percent of the GDP at the end of 1990-91 (Bajpai and Sachs 1999). Much of the borrowing was from commercial banks and a large part was in the form of NRI deposits which were short term capital inflows at higher interest rates (Sachs et. al. 1999). Consequently the debt service
burden rose to about 22 percent of the then current account receipts in 1990-91. As discussed earlier, the increase in oil prices triggered by the Gulf War in 1990 further strained balance of payment which was already in bad shape due to several years of fiscal deficits and increasing external debt. In 1990-91, the gross fiscal deficit of the central government reached 8.4 percent of GDP, and the annual rate of inflation was nearly 17 percent (Government of India 1993: 6).

By mid 1991, India’s foreign exchange reserve had declined to just two weeks of import coverage and India was about to default external commitments i.e. on debt service obligations (by then 27 percent of GDP) (Currie 1996; World Bank 1994a). This was made worse by a sharp fall in the percentage of disbursement at concessional rates and a reduction in the average maturity of loans, leading to the sharpening of India’s debt service obligations into the 1990s (World Bank 1994b). Due to budgetary deficits, the government had resorted to emergency measures like using stocks of gold to obtain foreign exchange, emergency bilateral aid from Japan and Germany and signed a stabilisation agreement with the International Monetary Fund (IMF), which had provided $2.3 billion over a two year period (Basu 1993; IMF 1995; Bajpai and Sachs 1999). Due to these measures the government was able to avoid default of payment.

The Indian government was compelled to initiate structural adjustment programmes and related cutbacks in social infrastructure and public expenditures (Leftwich 1993; Jayal 1997). Also, the suspension or withdrawal of developmental aid by donors such as IMF, OECD countries and European Bank of Reconstruction and Development, earlier used punitively was being deployed proactively through the instrument of ‘political conditionality’ (Landell-Mills and Serageldin 1992: 308; Crook and Manor 1995, 1998; Banerjee 1996; Currie 1996; Maitra 2001).

It was in this economic and political environment that the discourses around issues pertaining to governance, largely decentralisation of authority, resources and power from central to local government etc. started in India (ADB 1997). The following section deals with these issues in greater details. It may be noted, however, that given the nature of the study, special attention has been given to institutional structures for urban governance.
Governance and Decentralisation: An Overview

The Concept of Urban Governance

The concept of urban governance has replaced the traditional concepts of urban administration and urban management, the former depends heavily on bureaucratic procedures with liking for technicalities of rules and regulations and the later emphasizing on informed decision making and use of flexible means for achieving success (Krishan 2000). The conventional concepts measure success in terms of operational efficiency alone whereas urban governance covers wider canvass, which besides aiming at administering and managing the city, also seeks to promote its economy, ensure equality, enhance ecology and achieve all that by involving people in a variety of ways (Ansari 2001). Governance encourages decentralised decision-making besides promoting responsive and responsible local government (Osborne and Gaebler 1992, 1993). In simple words ‘governance’ means the process of decision-making and the process by which decisions are implemented (UNDP 2003).

The term ‘governance’ is derived from the Greek word ‘kybernan’ and ‘kybernetes’ which means ‘to steer and to pilot or to be helm of things’ (Wickremasinghe1997). To measure good governance, it’s necessary to have the understanding about what governance is and what is the difference between government and governance. The term government indicates a political unit for the function of policy making as distinguished from the administration of policies whereas the word governance donates an overall responsibility for both – the political and administrative functions (UNCHS 2000a). Governance is not synonymous with government rather it is about how governments and other social organisations interact, how they relate to citizens, and how decisions are taken in a complex world (Graham et. al. 2003). Thus governance is a process whereby societies or organisations make their important decisions, determine whom they involve in the process and how they render account.

Governance which is traditionally defined as the action or manner of governing now extends beyond the conventional law enforcing service; providing domain of the state to imply process of development, which is participatory and takes into consideration the interest of all stakeholder groups in society specially of the most excluded and disadvantaged sections (UMP 2000). Governance is a multifaceted
concept that embraces political, constitutional, legal and administrative dimensions which involves intergovernmental relations, cooperative public-private ventures and bottom up decision making with people/civil society involvement (Sekher 2005).

Governance was first problematised in a World Bank document of 1989 on sub-Saharan Africa, which suggested that the Bank's programmes of adjustment and investment in that area were being rendered ineffective by a 'crisis of governance' (Jayal 1997, World Bank 1992, 1997). Governance is defined as 'the manner in which power is exercised in the management of a country's economic and social resources for development' (World Bank 1992:3). The World Bank has identified three distinct aspects of governance: (i) the form of political regime; (ii) the process by which authority is exercised in the management of a country's economic and social resources for development; and (iii) the capacity of governments to design, formulate and implement policies and discharge functions (World Bank 1994c).

Good governance is required to promote constructive interaction among the states, private sector and the NGOs for the provision and maintenance of basic urban services (UNDP 2000, 2002, 2003). It requires accountability of the officials of different agencies involved, transparency in public procedures and fund allocation and utilisation, and wide participation in making public choices (UNCHS 2000b). It depends on institutions that are effective, efficient, economical and equitable in the provision of basic services (Datta 1999).

Jayal (1997) has stated that urban governance is a process through which the citizens of the constituency collectively ensure an overall development of the entire citizenry, even while ensuring that the individual ambitions, goals and economic well being is taken care of. Helleiner and Oyejide (1999) have argued that

'Governance is not simply a matter of designing an optimal system and putting it in a place through whatever mechanisms are available (including coercion if necessary). Rather, it should be thought of as a communicative and consultative process through which disputes are resolved, consensus is built and performance is continually reviewed. To develop the required new arrangements for effective governance of the global economy, one must therefore begin with an effective and credible process, ideally a process involving civil society and business as well as governments and existing international organisations' (Helleiner and Oyejide 1999:119).
Hirst (2000) has considered the different meanings of the notion of governance from the perspective of political theory and examined the different ways in which governance has to be seen as an alternative to government and also considered why these usages raise fundamental problem of democratic accountability. The advantage of classic model of government was that it appeared to provide clear institutional channel for the participation of citizens and the representation of their interests and also clear lines of accountability for executive action. He argued that we need to rethink the forms of democratic accountability and the roles of the state if the weakness of modern government’s, alluded in the discourse of governance, are to overcome.

Kooiman (2000) looks at governance as societal, with public as well as private ‘governors’ participating while their roles may differ between societal levels and from sector to sector, the essence of the argument is that governance of modern societies is a mix of all kinds of governing levels, modes and orders. These mixes can be seen as ‘answers’ of those societies to changing governing demands.

Urban governance links local governments with state and central government vertically and various field agencies and other divisions horizontally (Pinto 2000). With rapid growth of urban population, it would not be possible to tackle these challenges unless

‘[T]he mode of Governance includes the states but transcends it by taking in the private sector and civil society. All three are critical for sustaining human development. The state creates a conducive political and legal environment. The private sector generates jobs and income. And civil society facilitates political and social interactions mobilising groups to participate in economic, social and political activities. Because each has weaknesses and strengths, a major objective or our support for good governance is to promote constructive interaction among all three’ (UNDP1997a).

The concept of governance has been defined in different ways by different national and international organisations so as to incorporate the private sector and civil society along with states (see, Table 1.1).
Table 1.1: ‘Governance’ at a Glance

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<tr>
<th>Defining Urban Governance</th>
<th>Sources</th>
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<tr>
<td>Encompasses the activities of a range of groups – political, social and governmental</td>
<td>UNCHS (1996), Sekher (2005)</td>
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<td>as well as their relationships; embracing political, constitutional, legal and administrative dimensions</td>
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<td>Communicative and consultative process</td>
<td>Helleiner and Oyejide (1999)</td>
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<td>Participation of public as well as private actors; Participatory governance with special focus on the most excluded and disadvantaged sections</td>
<td>UNDP (1997a); Kooiman (2000); UMP (2000)</td>
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<td>Collective process ensuring the development of Citizenry</td>
<td>Jayal 1997</td>
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<td>Interaction between governments and other social organisations, their relation with citizens and decisions taking process</td>
<td>Graham et. al. 2003</td>
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<th>Measurement Indicators</th>
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<td>Rule of Law</td>
<td>Kaufmann et. al. (1999a&amp;b; 2003), Mitra (2003)</td>
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<td>Predictability</td>
<td>World Bank (1997), UNCHS (1996b, 2000), Kaufmann et. al. (1999a, b; 2003)</td>
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Source: Created by the author

It may be seen that the concept encompasses a varied range of the activities and groups – political, social and governmental – as well as their interrelationships (UNCHS 1996a). Communicative and consultative processes build a consensus through which disputes are resolved and performances are continually reviewed (Helleiner and Oyejide 1999). Governance is also defined as societal with public as well as private ‘governors’ participating (Kooiman 2000). In a more holistic ways urban governance has been viewed as the relationship between civil society and the state, between rulers and the ruled, the state and society, the government and the governed to assess the institutional aspects such as equity, efficiency, effectivenes,
accountability, transparency etc. with respect to the provision of services (UNCHS 1996a; World bank 1997; Halfani et. al. 1998; UNDP 2002).

Elements of Governance
The different scholars have used the term governance in different ways. The 1999 Human Development Report for South Asia has introduced the concept of human governance, which is conceptualised to secure human development and composed of three dimensions of good governance – good political governance, good economic governance and good civic governance. The term governance is used in several contexts such as corporate governance, international governance, national governance and local governance (UNDP 2003). In the same way, ‘good governance’ can also be defined in various ways. It is identified as a commonly shared goal and described as

“..... broader and more inclusive term than government, as it encompasses the activities of a range of groups – political, social, and governmental – as well as their interrelationships” (UNCHS 1996a as cited in Mehta 1998:4)

The world Bank (1997) has used the term ‘good governance’ as, predictable, open and enlightened policy making, a bureaucracy imbued with a professional ethos acting in furtherance of public good, the rule of law, transparent processes and a strong civil society participating in public affairs. Good governance fosters strong state capable of sustained economic and social development and institutional growth whereas poor governance undermines all efforts to improve policymaking and to create durable institutions. Good governance makes accountability, transparency, participation and rule of law mandatory administrative functions.

The Global Campaign for Good Urban Governance (2000) envisages improving the quality of life in cities through improved local governance by reinventing a city as an inclusive city which provides space and voice to all its stakeholders through inclusive decision-making.

The key commitments and strategies of the Habitat Agenda in respect to governance are: to promote decentralisation and strengthen local authorities, encourage and support participation and civic engagement, ensure transparent, accountable and efficient governance of towns, cities and metropolitan areas.
Habitat II preparatory discussions stated that, good governance requires:

a) Accountability by public officials: both elected political leaders and civil servants. Their public functions must serve the community at large.

b) Transparency in public procedures, processes, investment decisions, contracts and appointments.

c) Wide participation in making public choices such as policies and regulations and even in the operation of markets.

d) Governance is built on the rule of law.

e) Public and private institutions such as government agencies and markets must have some measures of predictability (UNCHS 1996b).

The attributes of good governance include participation, rule of law, transparency, responsiveness, consensus based, equity concerns, effectiveness, accountable and strategic vision. Governance therefore is larger than government and envisages a role for private sector, civil society and citizens at large. Improvement in governance cannot be limited to reforms within government but would need to encompass a wider arena including civil society.

Mehta (1998) has identified accountability as one of the attributes of good governance. Accordingly, accountability adheres to an established set of criterion in measuring the performance of local government officials’ responsiveness. Another attribute is what Mehta terms as management innovation, which refers to reforms successfully implemented through local governance. Local government-citizen interaction is the third aspect, which indicates open communication between government, NGOs and the community as a whole. Lastly, decentralised management is all about the ability of local management to delineate, delegate responsibilities and networking in order to forge cooperative relationships with other local governments and entities to build infrastructural capacities and human resource development (www.gdrc.org).

Good governance is, among other things, participatory, transparent, and accountable and as per the rule of law (UNCHS 2000a; UNDP 2000, 2003). It assures that corruption is minimised and the voices of most vulnerable in society are heard in decision making over the allocation of development resources (UNDP 1997a).

Various scholars and agencies defining good governance seem to converge on a. participation either direct or through legitimate intermediate institutions or representatives for full protection of human rights, particularly those of minorities;
b. transparency so that decision taken and their enforcement would be done in a manner that follows rules and regulations; c. responsiveness which requires that institutions and processes try to serve all stakeholders within a reasonable timeframe; d. consensus orientation on what is in the best interest of the whole community and how this can be achieved; e. equity and inclusiveness so that all the members of the society have a stake in society’s wellbeing and don’t feel excluded; f. effectiveness and efficiency to produce results that meet the needs of society while making best use of resources at their disposal; and finally g. accountability of not only governmental institutions, but also of the private sector and civil society organisations to the public and their institutional stakeholders (UNDP 1997b). These characteristics provide the primary benchmarks to measure governance.

It was in the late 1980’s that decentralisation was seen as a major mechanism and an important feature for good governance (Mamdani 1996; Schurman 1997; Hamm and Muttagi 1998; Abrahamsen 2000; Mohan 2001; Bierschenk and Olivier de Sardan 2003; Boone 2003).

Decentralised governance embodies two key issues: one, the increasing devolution of political and fiscal power from the centre and the states to the local level and secondly, and greater participation by the local population in the process of governance (Shaw 1998, 2004). The key arguments in the favor of decentralisation are two fold. First, by bringing government closer to the people spatially and institutionally it will become more effective because it is more knowledgeable about local populations and therefore more responsiveness to them (Johnson 2001; Mohan 2004). Second, is the claim that by enhancing participatory and democratic opportunities the poor people will be empowered to overcome their poverty (Crook and Sverrisson 2001; Hutchcroft 2001). While devolution of resources and decision-making to local bodies is now widely advocated by multi-lateral aid agencies as holding the key to sustainable development, it is also advocated by left thinking intellectuals offering a radical alternative to the present situation (World Bank 1994; Patnaik and Chandrashekhar 1998).

The vacuum created by the limited withdrawal of the state in the provision of infrastructure is sought to be filled up through non-governmental organisations (NGOs) and community based organisations (CBOs), besides the local authorities. Thus, people and civil society institutions themselves form an important link in the governance chain. Notwithstanding several shortcomings and limitation in different
models the experiences across the world show the emergence of self-instituted civil society as an independent social partner has thoroughly modified governance system (Ramachandran 2000a).

However, scholars have pointed out that decentralised governance has been partly spurred by the debt and structural adjustment crises of the past two decades when central/federal governments unable to bear the fiscal burden were forced to hand over responsibility to lower level institutions (Todaro and Smith 2003). They further argue that increasing role of market, civil societies and non-government organisations cannot compensate for the inadequacies of government, even though their role is crucial in shaping the quality of governance. This aspect is discussed later on in the second chapter.

Despite the tension between the role of the state and civil society and other stakeholders, it is important that the degree and quality of performance and effectiveness of the governing institutions is accessed (UNCHS 1996a). Many studies have been carried out to measure the elements of good governance with the help of different indicators (for an overview, see Table 1.1).

**Measuring Urban Governance**

Many studies have been undertaken to assess the status of Urban Local Bodies (henceforth ULBs) performance with the help of selected set of indicators. Indicators are a new management tool developed by the UNCHS and the World Bank for the housing sector, covering 53 countries (Flood 1997). The preparatory committee for Habitat II had stated that the utilisation of a set of indicators would create enhanced capacity to make an accurate description of shelter and urbanisation conditions (SDS 1996). In different studies, different set of indicators have been used to assess the ULBs performance.

UNCHS (2000b) study has given a set of indicators for financial and political decentralisation, local government, planning and predictability, responsiveness, empowerment, effectiveness, equity, accountability and transparency, forward looking, participation, private sector, security, civil society, planning and management. Accordingly, the top twelve urban governance indictors are consumer satisfaction, openness of procedures for contract for municipal services, equity in tax system, source of local government funding, percentage of population served by services, access of public to stage of policy cycle, fairness in enforcing laws,
incorporation of excluded groups, clarity of procedures and regulations, existing participatory processes, freedom of media and existence of local media, autonomy of financial resources.

Putnam (1993) evaluated the performance of the different regional governments by using twelve indicators ranging from the stability of regional cabinets to legislative innovation to bureaucratic responsiveness which were summarised in an index of institutional performance. He found a nearly linear relationship between levels of civic community and institutional performance as weak civic community was associated with ineffective institutions. The relationship between civic community and institutional performance was so strong that levels of economic modernisation added no additional predictive power. High level of civic communities were also associated with high levels of trust in others, to expectations that other citizens will obey the laws and to perceptions that regional politics is largely free from corruption (Putnam 1993: 5).

There is strong empirical evidence that governance arrangements affect development outcomes. For instance, a 1999 study of governance arrangements in around 160 countries found strong positive relationships between good governance arrangements and per capita incomes, infant mortality rates, and literacy rates.

UNCHS (1996a) has developed an indicator system that contains a set of twenty-three key indicators and nine lists of qualitative data to provide a comparative base for measuring the cities' progress towards achieving urban objectives. The indicators are classified into six subheads i.e. shelter, social development and eradication of poverty, environmental management, economic development, Governance and international co-operation and sub classified into twenty key areas.

In ‘urban governance: a sourcebook on indicators’ (TUGI 2002) hundred indicators have been designed to analyse the city performance in specific priority action areas such as employment, health, education, water and sanitation, sewerage, roads and safety etc. Local government uses these indicators for a qualitative analysis of outputs, outcomes and impact for a detailed assessment of their governance in these areas.

Mitra (2003) has reviewed the state of governance in India in the recent past with the help of six indicators i.e. voice and accountability, political stability, government effectiveness, regulatory policy, rule of law and control of corruption.
and highlights the major changes that have taken place in the period 1996-2002. It is seen that there has been an improvement in voice of the people and accountability of the government, law and order, the quality of civil servants and the government’s credibility. However, in terms of corruption, quality of regulatory policy and political stability there has been deterioration.

Mohanty (1999) has emphasised on three main indicators i.e. Autonomy, accountability and participation, of urban governance. The conditions for autonomy in local self-government include clarity in local functional responsibilities, elimination of uncertainties in municipal finances and independence from undue interferences from the higher levels of government in day to day decision making whereas accountability refers to holding individuals and organisations responsible for performance measured as objectively as possible and involve three groups of stakeholders i.e. public, political leaders, bureaucrats and service providers.

The India indicator programme has been developed to facilitate the assessment of the current housing and urban scenario and to identify the gaps in the present coverage of urban services. To provide inputs for the India national report for Habitat II, eleven cities (mega, metro and secondary towns) have been covered in first phase (SDS 1996).

In the Tamilnadu Urban development fund (TNUDF) project comparative assessment of municipalities is done on the basis of the combination of parameters linked to service delivery and financial performance. The service delivery is consisted of service level, coverage and efficiency. The functions i.e. water supply, sewerage and sanitation, road and storm water drainage, street lights and solid waste management has been covered. The indicators for financial performance has been used and assigned a score. The weightages have been assigned on the basis of relative importance of a main indicator and on that basis local bodies were categorised into poor finances and good services, good finances and good services, poor finances and poor services, good finances and poor services. The purpose of categorisation of local bodies is to enable policy makers to target local bodies for development financing and identify policy and project interventions to upgrade financial and service performance of the local bodies (www.tn.nic.in/tnudp/uip.htm).

City Mangers’ Association of Gujarat (CMAG) (2003) has undertaken a programme entitled ‘Urban Indicators and performance measurement’ in six corporations and class I municipalities in Gujarat which aims to address the issues in
urban governance, specifically in core infrastructure and municipal finance. The study provides the answers to: how effective is a particular service being provided by the municipal body? To what extent are the objectives being met? What are the impacts of the policies and programmes?

In sum, scholars have measured urban governance using different set of indicators in different context. However, several attributes emerge repeatedly in these varied discourses around participation, accountability, responsiveness, transparency, rule of law, corruption, predictability, equity, effectiveness and efficiency (Table 1.1).

Urban governance and implementing framework
Girishankar (1999) provides an institutional framework for service delivery – an essential component of institutional capability. Since the late 1970's governments around the world have embarked on broad experiments including the use of market mechanisms and citizen participation in the delivery of basic services. Sustainable municipal efficiency needs capacity not merely within the municipal ranks of elected representatives and officials, but also outside among civil society stakeholders.

Dillinger’s paper (1994) reviews the efforts to improve the efficiency and responsiveness of urban service delivery in developing countries. He argues that failures in urban service delivery are not merely the result of a lack of technical knowledge on the part of local government staff, but also reflect constraints and perverse incentives confronting local personnel and their political leadership, and these are the inadvertent result of problems in the relationship between central and local government.

Many studies have been undertaken to study the innovative urban management approaches adopted by different cities to raise additional resources and actual transfer of power to the people and to see how much power and control over resources is retained by higher level of government despite the decentralisation of powers. A few cities like Ahmedabad, Surat, Pune etc. have been able to manage the new responsibilities very well with the involvement of different stakeholders suggesting that urban local governments and other stakeholders have been actively involved in bringing in the improvement in the service delivery and the conditions of the city (Mehta 1998). In Ahmedabad, financial revival in AMC through strict administrative measures as well as assessment of capital market through municipal
bonds, public/private partnership arrangement for infrastructural development (roads, parks, and gardens) and slum networking through public, private and community partnership have taken place (Mehta 1998; Patel 2001a and b; SAATH 2002). In Pune good financial performance, revenue surplus in ULBs for self-financing most of the capital investments and public private partnership (for proposed water supply and sewerage project) are the example of success stories of local government initiatives for better governance (Saini 1989; Mehta 1998; Tripathi 2000).

Bangalore presents a contrasting picture as power and access to public resources have been taken away from the elected urban government and concentrated in state level institutions and national agencies with very little or no participation (Benjamin and Bhuvneshwari 1999; Benjamin 2000). In Vishakhapatnam, Amis and Kumar (2000) points out how investment in infrastructure has lagged behind the rapid expansion of the city's economy and population and key decisions regarding infrastructure investment are not made at city level but at the state or national level. Despite decentralisation, political, financial and technical capacity to define initiatives and to start new programmes remain with politicians or agencies at higher level (Ramirez 1996). The study on Vishakhapatnam and Bangalore (Amis and Kumar 2000; Benjamin 2000) highlights the complexities between city government and higher levels of government both in terms of control exercised by national or state level politics on what is done or not done by the city level and in terms of funding for infrastructure.

George (2000) examined the basic issue which relates to the sustainability of the Kerala Model. He argues that the fiscal crisis is setting a limit to the state's ability to finance social expenditure. The existing Centre-State financial relationship has further impaired the state's ability to finance public expenditure. The study reveals that reform in revenue assignments is required both to increase the effectiveness of transfers in achieving these sectoral and distributional objectives and to reduce the adverse side effects of badly targeted or badly administered transfers. The urban service failures were due to the problem of poor tax administration, poor accounting, and poor capital investment budgeting.

Mahadevia (2001) has dealt with the housing problems of the urban poor, mainly the slum dwellers and question of access to land vs. status of urban basic services mainly water supply and sanitation in different states and cities. Her main
argument is that the issue of access to land and basic service especially for the poor are intricately inter-linked and if addressed appropriately would lead not only to improvement in quality of urban life, but also reduction in poverty.

According to a survey conducted by the Society for Development Studies in Delhi, Ghaziabad and Hyderabad, residents felt that with the involvement of local authorities chances were that the water supply would be more regular and if so they would be willing to pay for the piped water supply. The study also pointed out that the payment made to the local authorities would be less than what they were currently paying to either some public or private agency for meeting their water needs (Lall 1991).

Rao (2000) attempts to bring out the inequalities in the utilisation patterns of health services between different groups and suggests some practical ways and means to improve the utilisation pattern of the existing system. The data on availability and accessibility of health services for preventive as well as curative aspects for the women in slums of Hyderabad city are analysed at two points of time, vis. 1992 and 1997. The comparative analysis stresses the need for adequate empowerment of women, at an early age, as a solution for many future health problems. The analysis has brought out the importance of educating the adolescent’s girls and providing them with adequate income generating activities which will go a long way in making the family welfare programme a success.

Vatsyayan (2000) study deals with the capacity building and urban management reform experiences. He presents the accomplishments of ICDP project which was initiated in March 1995 with the objective of establishing the means to ensure the sustainability of investments made under the Kanpur/ Mirzapur Project. It focuses on the organisational i.e. administrative, financial and social factors that determine the effectiveness of services delivery and their sustainability that is what constitutes urban management and capacity building of agencies at city level. He is of the view that the distribution of urban services will become more crucial than production because of growing concern among stakeholders, pressing equity issues and access for urban services in India.

Putnam’s (1993) study shows that a region in which social capital is high, institutional performance is better and vice versa. He indicates that higher levels of civic engagement give rise to ‘social capital’ which in turn makes possible more civic involvement (or ‘civic engagement’). Mayer (2001) has tried to show that the
central methodology of Robert Putnam’s ‘Making Democracy Work’ can be fruitfully applied to the study of the Indian states. According to him, Putnam’s approach to the measurement of institutional capacity and sources of good governance in Italy delivers interesting and important insights into India’s own experiment with democracy. There is a clear relationship between state government performance in development and levels of civic engagement. In Indian context, levels of education are more important. He indicates that good governance may be less dependent on initial endowments of social capital than Putnam’s analysis suggests.

Harriss (2001) has questioned the ideas of ‘social capital as defined by Putnam. According to him, Putnam’s works elevate a ‘symptom (lack of civic engagement) into a cause’ and downplays the role of political organisations and of political struggle (Hariss 2001: 12). He indicates that the ‘local associations’ and NGOs, which are the main focus of Putnam’s work, are not necessarily democratically representative or accountable organisations rather offer the democracy through ‘popular participation’ without the ‘inconveniences of contestational politics and are not necessarily democratically representative and accountable organisations’(Hariss 2001:9). The example of Indian state (Kerala) shows that not the ‘social capital’ but political societies, powerful class and mass organisations play an important role in voluntary associations (Harriss 2001:125).

Homme (1995) has looked at some of the negative effects of decentralisaion as an understanding of its limitations might lead to a wiser application of potentially desirable decentralisation programmes. Further, it will be easier to understand what functions to decentralise, in which sectors and in which regions and how to organise the joint production of services at various levels. Tanzi (1996) has argued that there exist many imperfections in the local provision of services that may prevent the realisation of benefits from decentralisation. The danger of decentralisation is that it will strengthen the local elites’ control on government initiatives, increase the regional inequalities and promote local/regional autonomy (Remmy 1995). The need for institutional strengthening and capacity building measures which would focus on identifying training need requirements for the corporation staff and elected representatives was felt (Ladda et. al. 2000).
The Present Study

In India, several studies have been undertaken to understand the nature and elements of governance; the constituent attributes and measurements of good governance. However, most of these studies deal with the definitional aspects of urban governance and administrative as well as financial measurement indicators to assess the performance of local government and institutions. There are a few individual studies dealing with presence or absence of attributes of governance i.e. efficiency, effectiveness, accountability, responsiveness, transparency and bureaucratic hurdles in good governance at the city level. Although considerable literature is also available about the steps taken to decentralise the powers at the local level, it is more of a theoretical nature and there are a few accounts which provide critical reviews of the process (Paul 2001).

The brief overview shows that there is no blueprint for governance and yet several core attributes can be identified. The attainment of these attributes necessarily warrants involvement of several actors and stakeholders - state, NGOs and people - placed in an inclusive as well as interactive framework, but such a framework is largely missing from the available research that have dealt with the various components in isolation from each other, at times without substantiation from empirical and grounded observations.

It also becomes clear that most of the studies carried out to analyse the impact of the local governments initiatives at the city and the ward level deal with the level, coverage and efficiency in the provision of services, but do not interface the provision of services with the participation of different stakeholders. Likewise, a very few studies take up issues of the impact of the initiatives undertaken by local government to bring in an improvement in the delivery of the services with increased people's participation.

Thus, there exists a felt gap in the existing literature regarding inter-linkages between state government and local government on one hand and the local government, civil society and people at the macro as well as the micro level, on the other. Drawing from two case studies of Ahmedabad and Hyderabad, the present study is an attempt towards filling this gap. The major objectives are as follows:
Objectives

1. To study the urban governance in the context of pre and post 74th Constitutional Amendment Act and the provisions of the 74th CAA and confirming legislation in Gujarat and Andhra Pradesh, vis-a-vis urban institutions for governance.

2. To study changes in the institutional structure with the transfer of additional functional, financial and other responsibilities to the municipal corporations of Ahmedabad and Hyderabad.

3. To analyse emerging models of urban governance and the role played by different stakeholders i.e. state officials, elected representatives/councilors, NGOs/CBOs and citizen.

4. To suggest the ways to bring the improvement in the overall procedure of the provision of services in various areas of urban governance and to develop an appropriate institutional structure for effective delivery of municipal services.

Research Questions

1. What are the changes (administrative, political and fiscal devolution) brought in the municipal corporation Act of Andhra Pradesh and Gujarat to incorporate the provisions of the 74th CAA?

2. What are the initiatives and changes in the institutional structure of Municipal Corporation of Ahmedabad and Hyderabad?

3. What type of participatory models have emerged in Ahmedabad and Hyderabad in the post 74th CAA and to what extent the interfacing of different stakeholders i.e. local govt., NGOs, CBOs and citizen have influenced service provision at the ward level?

4. What are the areas of urban governance that need further improvement (reforms) and see how that can be brought in the existing system of delivery of infrastructure services.

Analytical Framework

As seen, since the 1990s, there is a conceptual shift in the concept of governance-from government as the sole provider to participation of multiple stakeholders to cope up with the increased pressure on urban services. Decentralisation of government functions to local levels and attempt to increase political and civic participation has become the order of the day (Mohan 2002). To facilitate multi stakeholder’s participation, the 74th CAA, which bestows political, financial and functional powers to the urban local bodies, has been initiated and implemented (Navtej 2005). Vertically there has been a change in the political architecture in terms of Centre-State-Local relations and horizontally, through a redefinition of
responsibilities between the state and organisations of civil society (Pinto 2005). Figure 1 offers a heuristic model of such a structure.

**Figure 1.1 Decentralisation of Power from Centre to Local Level: Operational Structure**

In this multi-layered operational framework, the idealised participatory (decentralised governance) model is by and large the one where state, NGOs/CBOs and individuals would not only play proactive role in the delivery of services, but they also participate on democratic footing and sharing. But ground realities make proposition of such a model problematic as it gets disrupted due to contextual complexities arising out of specific historical, social, political, and institutional specificities. These specificities also result from ‘applied phenomenology’, that is, the (municipal) systems’ ability or inability to tackle the problems of urban service effectively and variety of factors such as political power structures, social, managerial, financial and technical issues on which their success depends (Sekher 2005).

As the multi-stakeholder partnership model, envisaged through decentralised governance is generally embedded in the local context and has to involve several actors at various levels, it gets troubled and complicated in the process of translating into action/implementation making it problematic to come up with an overarching
blueprint from good urban governance. As pointed out by Baud, the multi stakeholders’ involvement has made the partnership a complex issue with different forms of tripartite networks emerging (Baud 2004).

The present study adopts a triangular framework of reference in which various players, i.e., state agencies, elected representatives, NGOs/CBOs and citizens are interfaced on issues related to urban governance. By selecting two case studies from differing locations, an attempt has been made to see how the decentralised model of urban governance gets translated on ground in different contexts and what kind of commonalities as well as particularities emerge.

**Rationale of Case Study Selection**

The choice of these two metropolitan cities was based upon the observations that despite having implemented the 74th CAA, the two cities belonged to different traditions of governance. While Ahmedabad has conventionally been known for cooperative movements and public participation (SPIER 1997; Isaka 2001; Patel 2001a; Joshi 2002), Hyderabad’s leadership has advocated e-governance as their major strategy (GAP 1999; MCH 2001; CGG 2003a, Naidu 2003). As indicated earlier, it is of interest to analyse how these differences enact upon the implementation of the 74th Constitutional Amendment Act, the changes brought in the institutional structure and also the effectiveness of decentralised efforts.

There were other differences observed as the selection of these cities was taking place. One of the contrasts in the study areas was in terms of holding the regular election i.e. having the regular municipal council (political participation) in Ahmedabad and suppression of political wing (at local level) in Hyderabad. Second, the committee structure i.e. political representatives’ representation in the council differs as in Hyderabad Ward Committees (WCs) which is an institutionalised mechanism for meaningful interaction between citizens, councillors and ward personnel have been formed whereas in Ahmedabad sectoral committees, which exist in the pre decentralisation period, still continues. Thirdly, the innovative steps taken by the local governments after the 74th CAA to bring in the improvement in urban governance also differs like Ahmedabad Municipal Corporation (AMC) was the first corporation to go in for bond market and was given A+ rating which was later upgraded to AA (SO) rating whereas Hyderabad was the first city in India to
introduce the concept of e-constituency and e-governance and has also been selected for the Cities Alliance Programme (CAP) of World Bank and United Nation Centre for Human Settlement (UNCHS). It has also won the ‘Clean City’ award. Fourth, these two metropolises present a case for the study of participatory models that have emerged at the grass root level in the post 74th CAA as they follow different kind of participatory models while dealing with the governance issues for urban service delivery. In Ahmedabad, the NGOs / CBOs and private sector has been involved along with city government in the provision of urban services whereas in Hyderabad, the central government sponsored programmes like Swarna Jayanti Shahri Rojgar Yojana (SJSRY), Kutumb Shay Yojana etc. have been implemented in the slum areas with very limited people’s role.

Data Base
The present study is based on both primary as well as secondary data. The secondary data related to the devolution of powers to the local government and initiatives taken by them for improved governance has been collected from various published and unpublished sources. They include the 74th Constitutional Amendment Act (74th CAA), Municipal corporations Act of Ahmedabad and Hyderabad i.e. Gujarat Municipalities Act 1963, Bombay Provincial Municipal Corporation Act 1949, Hyderabad Municipal Corporation Act 1955, Centre Finance Commission reports (CFCs), Report of Andhra Pradesh and Gujarat’s State Finance Commission (SFCs), Annual budgets and annual reports of the AMC and MCH of pre and post decentralisation period, details of ongoing projects, Statistical Handbook, State Gazetteers, District Census Handbook of Ahmedabad and Hyderabad (1991 and 2001) and reports of different specialised institutions i.e. AUDA and HUDA etc.

The secondary data related to:

a) Administrative capacity i.e. appointment of staff/consultants/ experts, training provisions, performance evaluation measures, timeframe for assigned tasks;

b) Financial capacity i.e. income by source (taxes, non taxes and grants), per capita revenue income, property tax collection performance, average per capita revenue expenditure, growth in revenue expenditure; and

c) Functional capacity
The primary information has been collected for the case cities at four levels, i.e. a) municipal officials b) councillors including ward committee members, c) key persons at NGOs and CBOs and d) households at the ward level.

The questionnaire survey with municipal officials from the departments (such as administration, taxation, engineering and community development), which have the direct public dealing has been conducted. The councillors and ward committee members of selected wards have also been interviewed. The survey with the NGOs and CBOs, working in the selected wards, was also conducted. At ward level, household survey was conducted to gather the information on socio-economic attributes, provision of services, participation in the ward’s council and knowledge about the procedures of getting the task done and their interaction with MC officials and ward councillor.

**Sampling**

A multi-staged sampling was carried out for the investigation of the problem at hand. After the selection of the cities, steps were taken to select the sample wards. In both the cities, wards were first grouped according to income in high, medium and low income groups. In addition, the percentage of slum households, proportion of schedule caste population and overall literacy levels for each wards were taken into account. Thus, there were in all six localities - three in Ahmedabad and three in Hyderabad. The next step was to select one ward from each locality. For this, averages of the percentage of slum population, proportion of schedule caste population and overall literacy levels for each of the six localities were calculated and within these six localities, the wards closest to the average was selected. Care has also been taken that these wards fall in different city zones (Map 5.1). Once the (six) wards were selected, the selection of precise sites for in-depth interviews involved several processes. The basic consideration in selection of the sites was the concentration of poor sections of population as they are the major constituency for decentralised interventions. Close consultation with the municipal officials, councillors and persons from NGOs/CBOs also took place. An additional criterion was the presence of NGO/CBO in the selected area.

Finally, stratified sampling technique was adopted to select the households. A rough sketch of the area was prepared in consultation with the knowledgeable persons, councillor, AMC/MCH staff who is in charge of the selected area and
NGO/CBO working in the area. The area was divided into four blocks and households were selected randomly from these blocks. A total of 300 households from both the cities were surveyed. The head of the household was respondent in most of the cases, but in few cases where the head of the household was not available, the next adult person was interviewed.

Profile of the Study Area
The present research is based on the two case studies (metropolitan cities) i.e. Ahmedabad in Gujarat and Hyderabad in Andhra Pradesh. This section deals with general profile of the case studies.

Ahmedabad
Ahmedabad is the sixth largest metropolis of India with a population of nearly 3.5 million and is bounded by 23°N latitude and 72°E longitude. Ahmedabad is the prime city of Gujarat, accommodating 19 percent of state’s urban population and 7 percent of the state’s total population. As per 2001 census, 4.5 million people are residing in Ahmedabad, of which 3.5 million (78 percent of the population) are residing within the AMC limits (Table 5.2). The city has witnessed a manifold increase in terms of area as well as population over years.

Historical Overview
The history of Ahmedabad dates back as far as in the 11th century, wherein small old settlements of Ashaval and Karnavati existed. The city founded in 1411 by Sultan Ahmed Shah and named after him, remained restricted to an area of 5.3 sq. kms enclosed with the walled limits till around 1700. Thereafter with the expansion of textile industry (late 18th century) development spilled over (beyond the city walls) towards the north east and south east of the city. The construction of bridges (19th century) accelerated the development to the western side of the river. At present the city has expanded well beyond the municipal limits and has even crossed the limits of AUDA on the western side i.e. beyond village Ambli. The general trend of growth from 1972 to 1982 was observed mainly along the transportation network (Table 1.2).
Rapid industrial development has taken place in the North-East (Naroda), East (Odhav) and South (Vatva) fringes of the city. After 1982, the growth was observed between the main transportation routes (Naroda and Odhav, Odhav and Vatva, Vatva and Sarkhej), where the land was predominantly under agricultural use. Development in the western side of the municipal area is mainly residential in nature, industrial development has been concentrated on the eastern side and walled city has maintained its supremacy as a commercial centre. The city has continued to grow as a result of incorporation of industrial fringe areas into the city limits.

Table 1.2: Growth in the Area of Ahmedabad City

<table>
<thead>
<tr>
<th>Period</th>
<th>Total area (in sq. km.)</th>
<th>Areas incorporated</th>
</tr>
</thead>
<tbody>
<tr>
<td>1411</td>
<td>5.3</td>
<td>Around Bhadra on eastern side of the river Sabarmati</td>
</tr>
<tr>
<td>1770</td>
<td>5.7</td>
<td>City Walls, Saraspur</td>
</tr>
<tr>
<td>1873</td>
<td>23.6</td>
<td>Bhavanipur, Raghunathpura, Madhovpura, Bardolpura, Kazipura, Kagadiwad (in 1884), Asarwa Village and part of Dariapur-Kazipur (1899), Goanipur, Chhadwad, parts of Dariapur Kazipur and Behrampura (1911)</td>
</tr>
<tr>
<td>1926</td>
<td>51.9</td>
<td>Shahwadi (1936), parts of Khokhra-Mehmedabad, Rakhil, Jehangirpura, Old Wadaj, Usmanpura, Shekhpur-Khanpur, Changispura, Kochrab, Paldi and Fatehpura</td>
</tr>
<tr>
<td>1950</td>
<td>81.8</td>
<td>Areas of Navrangpura, part of Khokhra-Mehmedabad, part of Rakhil and Asarwa, New wadaj, Bage-e-firdaus, Acher and Vasna (in 1958, 59 and 60), Vastrapur and Memnagar (1960)</td>
</tr>
<tr>
<td>1960</td>
<td>91.9</td>
<td>Dhanilimda</td>
</tr>
<tr>
<td>1972</td>
<td>93.67</td>
<td>Along the transportation network i.e. North - East (Naroda),</td>
</tr>
<tr>
<td>1982</td>
<td>134.40</td>
<td>East (Odhav) and Southern (Vatva) fringes of the city</td>
</tr>
<tr>
<td>1989</td>
<td>161.13</td>
<td>Between the main transportation routes (Naroda and Odhav, Odhav and Vatva, Vatva and Sarkhej)</td>
</tr>
<tr>
<td>1996</td>
<td>196.03</td>
<td></td>
</tr>
</tbody>
</table>

Source: Derived from data provided in Ahmedabad Metropolitan area. 2000A.D. Town Planning and Valuation Department, Government of Gujarat, 1968 and Ahmedabad Urban Development Authority (AUD) and Space Application Centre (ISRO) 1997b "Revised Draft Development Plan of AUD Area - 2011, Volume - 1: Remote Sensing and GIS Approach, Ahmedabad: AUD and ISRO.

Demographic Characteristics

The population in the Ahmedabad Municipal Corporation limit has increased from 28.77 lakh in 1991 to 35.20 lakh in 2001(Census 2001). The city has expanded from an area of 81.8 sq. km. in 1950 to 196 sq. km. in 1996. Ahmedabad population growth has been moderate as compared to other metropolitan centers of India (dealt in detail in 3rd chapter). The urban population of Ahmedabad Municipal Corporation has grown rapidly, recording a growth rate of 33.9 percent in 1971-81 to 33.2
percent in 1981-91 and 22.2 percent in 1991-2001 (Census of India 1981, 1991, 2001; AUDA 1997a). The density in the walled city area is quite high as compared to eastern sector and western sector. Eastern sector characterises with extreme congestion and haphazard development whereas western sector has been planned to accommodate low-density residential housing and commercial sector.

The sex ratio of the city shows an increase over the years. However during the last years it has remained almost stagnant. The Schedule Caste (SC) population has increased threefold from 1961 to 2001, while the Schedule Tribe (ST) population has increased by five times. In 2001, SC and ST accounted for 13 percent of the total population.

Table 1.3: Population in Ahmedabad Urban Agglomeration and Municipal Area

<table>
<thead>
<tr>
<th>Year</th>
<th>Ahmedabad Urban Agglomeration Population</th>
<th>Decadal Gr. Rate</th>
<th>Ahmedabad Municipal Corporation Population</th>
<th>Decadal Gr. Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1971</td>
<td>2058177</td>
<td></td>
<td>1612453</td>
<td></td>
</tr>
<tr>
<td>1981</td>
<td>2888366</td>
<td>40.3</td>
<td>2159127</td>
<td>33.9</td>
</tr>
<tr>
<td>1991</td>
<td>3881470</td>
<td>34.4</td>
<td>2876710</td>
<td>33.2</td>
</tr>
<tr>
<td>2001</td>
<td>4519278</td>
<td>16.4</td>
<td>3520085</td>
<td>22.2</td>
</tr>
</tbody>
</table>

Source: Respective Census Reports and Ahmedabad Urban Development Authority (AUDA) and Space Application Centre (ISRO) 1997b "Revised Draft Development Plan of AUDA Area - 2011, Volume – I: Remote Sensing and GIS Approach, Ahmedabad: AUDA and ISRO.

Municipal Corporation: A Historical Perspective

In Ahmedabad, the public monopoly system i.e. statutory municipal committee was formed in 1858, replacing the non-statutory committee, which was voluntarily organised by the people. The statutory municipal committee was turned into a municipality in 1883 and by 1891 the attempts were made to provide water and other civil services. The planned development was started long time back in 1915 when town-planning schemes were prepared for the city. The city government acquired the status of Municipal Corporation in 1950. The main source of income to the municipal Corporation is from Octroi and property tax.

Hyderabad

Hyderabad is the 5th largest city in India. It has twin cities vis. Hyderabad and Secunderabad with its suburbs extending up to 16 miles. Hyderabad city is situated in 17° 11' of the northern latitude and 78° 27' of the eastern longitudes. It is the capital city of Andhra Pradesh and accommodates 17.4 percent of state's urban population and 4.7 percent of the state's total population.
Historical Overview

Hyderabad had its origin in the fortress town of Golconda which became the capital of Qutb Shahi Kings in the early sixteenth century. Nearly a hundred years later, Sultan Mohammad quli qutub Shah the 5th King of the Qutub Shahi dynasty moved out of fort town and built his new palace across Musi River, approximately 9 km south east of the Golconda Fort in 1590 A.D. In 1687, Golconda-Hyderabad became a part of Mughal empire after the defeat of Qutb Shahi kings. In the eighteenth century, Mughal rulers built a protective wall around the city to create the 'walled city' of Hyderabad. It was followed by the rule of the Asaf Jahi dynasty, known as the Nizams, till the end of the British rule in India, in the mid twentieth century. Its present form came into existence in August 1978, consequent on the formation of a new District, Ranga Reddy, from the erstwhile Hyderabad District.

Demographic Characteristics

The total population of Hyderabad is 36,12,427 which is purely urbanised (Census of India 2001). The decennial growth rate (1991-2001) is 17 percent against the growth rate of 27 percent for the Andhra Pradesh state. The 17 percent (621,295) of its population resides in slums. The percentage of S.C and S.T. population has gone down by one percent from 9.4 percent in 1991 to 8.3 percent in 2001. The total literacy rate is 60 percent. Out of total workers, only 0.21 percent workers relate to agriculture and allied services and 99.79 percent belongs to other workers. A large percentage of people are involved in non-agricultural occupation covering mostly urban trades, construction and industries.

Municipal Corporation: A Historical Perspective

The roots of the Municipal Corporation of Hyderabad (henceforth MCH) can be traced back to Kotwal-e-bada, the city police commissioner who has assumed the functions of the City Municipal commissioner. In 1869, Sir Salarjung-1 constituted the department of Municipal and Road Maintenance under miscellaneous ministry and the municipal commissioner for the city was appointed. There was a separate municipal board for the suburbs of Chanderghat. In 1912, the Hyderabad city Improvement Board was set up mainly for development work necessitated by the large scale destruction due to floods in 1908. In 1913, the MCH came into being with the amalgamation of the municipalities of Hyderabad and Chanderghat. The local citizens were given the right to elect their representatives for the cooperation. The first elections were held in 1934. The corporation ran into difficulty in 1942 due
to conflict between the government officers and the corporation. The corporation was consequently abolished and a government official was put in charge of Municipal Administration. This arrangement continued till 1951 when under the Hyderabad Municipal Corporation Act, 1950 two separate corporations for Hyderabad and Secunderabad were created for the first time. The two municipal corporations were merged into present Municipal Corporation of Hyderabad, on August 3rd, 1960 to increase the efficiency and economy in the municipal administration. In 1960, the corporation managed a 73 sq. kms. of jurisdiction, with a population of 1.6 millions and had an annual budget of Rs. 15 million. The MCH is governed by the provision of the Municipal Corporation Act, 1955. Under the Hyderabad Municipal Corporation Act, 3 municipal authorities are the corporation, the standing committee and municipal commissioner. The mayor is elected directly for a period of 5 years among the councilors but the government has the power to remove the mayor and deputy mayor after giving them notice.

The MCH administers an area of 168 sq. kms and provides a range of civic services to around 3.6 million citizens in Hyderabad and its peripheral areas, which come under its municipal limits (MCH 2001). The annual budget is set to the tune of Rs. 6000 million in 2003-04. The HMC act specifies obligatory and discretionary functions assigned to the municipal bodies and these are subsumed under Public health, Public Welfare, Public Security and Public Works. The HMC Act has provisions for the improvement of social and economic status of the inhabitants of the city. The MCH provides the following functions: scavenging, solid waste management, reclamation of unhealthy localities, vital statistics, vaccination, establishing and maintaining public hospitals, public markets, construction and maintenance of roads and bridges etc.

Table 1.4 Study Areas: At a Glance

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Ahmedabad</th>
<th>Hyderabad</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Population</td>
<td>3520085</td>
<td>3612427</td>
</tr>
<tr>
<td>% Urban Population</td>
<td>38.05</td>
<td>98.42</td>
</tr>
<tr>
<td>No. Of Election Wards</td>
<td>43</td>
<td>100</td>
</tr>
<tr>
<td>No. Of Zones</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>No. of elected representatives per ward</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Average Ward Population</td>
<td>81511</td>
<td>36860</td>
</tr>
<tr>
<td>Sex Ratio at the City level</td>
<td>886</td>
<td>945</td>
</tr>
<tr>
<td>SC and ST to total population (%)</td>
<td>13.09</td>
<td>8.25</td>
</tr>
<tr>
<td>Literacy Rates</td>
<td>69.97</td>
<td>61.11</td>
</tr>
<tr>
<td>%Main Workers</td>
<td>27.08</td>
<td>34.9</td>
</tr>
</tbody>
</table>

Chapter Scheme

Present study consists of six chapters. The First chapter deals with the literature review and the research design of the study that includes objectives of the study, research questions, data base, methodology, rationale for the selection of case studies and the analytical framework of the study.

The second chapter is about the structure of Urban Local Bodies (ULBs) in pre and post 74th CAA period. The concept of urban governance and institutional structure too has changed after the 74th CAA. How the role of specialised institutions and development authorities created by state governments in the pre 74th CAA period differs in the present set of institutions (with the formation of WCs, DPCs, MPCs) constitutes part of this chapter. The changing role of different stakeholders and individuals in the provision of services is also included.

The third chapter captures the spatio-temporal trends in urbanisation in India including processes that lead to metropolitan concentration of population. The chapter also dwells on the services provision at various levels that have direct bearing on the local development process.

The fourth chapter deals with the changes brought in the municipal structure in Ahmedabad and Hyderabad after the implementation of the 74th CAA as well as the transfer of administrative, political, functional and financial powers to the urban local bodies (ULBs) in order to assess their impact in the selected cities. The chapter also covers the institutional reforms to overcome the complexities of urban local governance.

The fifth chapter is based on primary data generated in the cities of Ahmedabad and Hyderabad and looks into various aspects of service delivery through questionnaire-based interviews with citizens, NGOs/CBOs, councilors and government officials. The various issues covered are: involvement in service provision, interaction between different stakeholders. The chapter also covers issues of urban governance in terms of efficiency, transparency and accountability apart from people’s participation in the planning and decision making. The chapter concludes with the commonalities and particularities in these two cities in terms of urban governance and lessons learnt from this analysis.
The sixth, which is also the final chapter sums up the study and come out with a few suggestions to improve the existing institutional arrangements for urban governance.

Notes

1 Prior to economic reforms, there were firm government controls on private investment. The industrial licensing was in existence under which central government permission was required for both investment in new units and also for expansion of capacity in existing units which has led to serious inefficiencies in Indian industry (Bajpai and Sachs 1999).

2 Due to economic stagnation in India international as well as domestic investors have lost their confidence since mid 1960s. Due to the restrictions imposed on transnational corporations (TNCs) activities under 1977-80 Janata Government, key overseas companies have suspended their operation in India (Currie 1996).

3 Due to the advice of IMF, Indian prime minister implemented a stabilisation package which relaxed import controls and removed licensing restrictions in 20 key industries in 1980. This momentum continued when in 1985 new government has planned to shift India on a new economic path through a programme of private sector-led growth, which reduced public sector involvement in all but strategic areas such as defence. This policy failed to trigger the planned upturn in economic growth and leading to deficit financing and escalation in external debts (Harriss 1987; Manor 1987; Kohli 1989).

4 The IMF loan was with a conditionality of fiscal deficit reduction as a key component. The sharp reduction in fiscal deficit has been achieved by a significant decline in public sector investment as a percentage of GDP which has come down from 10.2 percent in 1990-91 to 7.2 percent in 1996-97 whereas there is only a marginal increase in revenues (CSO 2002). The further reduction in fiscal deficits depends upon the reduction in expenditure or increase in revenues. The reduction in expenditure has called for reviewing of government expenditures and staffing pattern to bring operational economies, cutting down government subsidies and employment, grants to state, reducing real rate of interest and expansion of private sector investment (Ahluwalia 1999; Bajpai and Sachs 1999).

5 Reduction of public investment has led to underinvestment in critical sectors of expenditure such as electric power generation, roads, railways and ports which has led to large infrastructure gaps (Ahluwalia 1997).

6 The institutional reforms largely advocated by the IMF and the World Bank included slimming down of bureaucracies, de-regulation, privatisation and removing of subsidies (from social sectors) (World Bank 1994 a and b, 1997; EGCIP 1996).

7 Indicator system is based on Habitat agenda and on resolutions 15/6 and 17/1 of the United Nation's Commission on Human Settlements (UNCHS).

8 By "voice and accountability" we measure the extent to which citizens of a country are able to participate in the selection of governments. In this, the strength of enabling mechanisms such as freedom of the press is taken into account. "Political stability" measures the possibility of the government being destabilised due to violence or terrorism. "Government effectiveness" focuses on the quality of public service provision and the bureaucracy, the independence of civil servants from political pressures and the credibility of the government's commitment to policies. "Regulatory quality" refers to the incidence of market unfriendly policies such as price controls or inadequate market supervision. By "rule of law" we refer to perceptions about the incidence of crime, the effectiveness and predictability of the judiciary and the enforceability of contracts. The last measure is the "control of corruption" which measures the incidence of corruption defined as the exercise of public power for private gain. Scores on each of the measures mentioned above lie between -2.5 and 2.5 with higher scores corresponding to better outcomes.
For an explicit description of data sources and the methodology for constructing these measures refer to (Kaufmann et. al. 1999 a and b, Kaufmann et. al. 2003).

9 The reason against decentralisation is that it can lead to greater macro economic instability, as national governments retain less control over public resources (World Bank 2000).

10 In Ahmedabad Municipal Corporation (AMC) elections were held regularly since its inception where as in Municipal Corporation of Hyderabad (MCH) the election process was superseded for more than 17 years and held recently in 2002 after public interest litigation had been filed. Thus political representation varies in these cities.

11 Centrally Sponsored Schemes are initiated with regard to service failing within state’s jurisdiction to ensure that optimum levels of services are provided (Bajpai and Sachs 1999).

12 Though self help groups have been formed under SJSRY but they are active at neighbourhood level and in savings and credit activities only.