Section – B
INSTITUTIONAL STRUCTURE FOR URBAN GOVERNANCE IN AHMEDABAD AND HYDERABAD

The neoliberal processes articulated during the last few decades included, among other steps, market liberalisation and central cuts in social sectors. Issues of efficiency were also brought upfront that have led to rethinking and reshaping of the existing institutional structures and their relation with urban development (Datta 1999). The 74th CAA introduced in 1992 that saw transference of responsibilities of urban management and governance along with political, functional and financial power to the ULBs can be seen as a response to changing fiscal environment. However, it had increased the burden of ULBs, which were already under tremendous internal as well as external pressure for the provision of urban services (GOI 1992). One of the ways to deal with additional responsibilities had been through adoption of more participatory mechanisms (Mathur 2000b; Sivaramakrishnan 2000b; Acharya and Parikh 2002; Mahadevia 2002).¹

Despite a general framework for decentralised governance, implementation of the 74th CAA, execution of functional and financial responsibilities, involvement of the community groups in urban poverty alleviation programmes and participation of private sector, NGOs and CBOs in delivery of services differ in the cities of Ahmedabad and Hyderabad (AMC 2001; MCH 2003). This chapter is an attempt to place these issues in the contextualised specificities of these two cities. The chapter is divided into two sections. The first section deals with the issues related to the governance and the roles envisioned for the ULBs, with reference to Municipal Corporation of Ahmedabad and Hyderabad and the extent of their autonomy and the significance of new initiatives taken to empower the ULBs in conformity with the 74th CAA by the respective state governments. The second section looks at stakeholders: NGOs, CBOs and community roles and participatory initiatives undertaken by the respective city governments in matters of urban governance.

¹
Implementation of the 74th Constitutional Amendment Act in Ahmedabad and Hyderabad

The discussion is divided mainly under four sub-heads a) decentralisation of functional aspects b) administrative structures and its decentralisation c) financial decentralisation and d) political structure and decentralisation. Under each head both the cities are discussed to provide a comparative framework.

It may be pointed out that the sequencing of sub-heads is for the convenience of discussion and the actual implementation of the 74th CAA may not necessarily be in the same order. More often, these processes are in place simultaneously.

Decentralisation of Functional Aspects

The 74th CAA had listed 18 functions in the twelfth schedule of the constitution which provided the basis to assign the functions to the ULBs (Prasad and Shanmugham 1999; Singh 2001 a and b). This list was indicative and suggestive rather than mandatory and the states had discretionary powers to entrust all or any of the functions listed in the 74th CAA (Mohanty 1999; Gnaneshwar 2000a; Mathur 2000a; UNCHS 2001). There are thus wide variations, which exist between state to state and between city to city within a state in undertaking additional functions and mechanism for delivery of services.

In keeping with this, the status and the level of functional devolution made to the ULBs vary in Andhra Pradesh and Gujarat (Appendix I). In Gujarat, the municipal corporations performed most of the functions even prior to the implementation of the 74th CAA which means that devolution of functions enumerated in the 12th schedule already existed for most of the items (Appendix II). Some of the important functions such as urban planning including town planning, regulation of land use and construction of buildings, urban forestry, protection of environment and promotion of ecological aspects are included under discretionary functions (Appendix III).

In Andhra Pradesh, out of eighteen functions listed in the 12th schedule, twelve functions were with the ULBs prior to the 74th CAA (RCUES 1999a and b). Of the remaining functions, three i.e. planning for economic and social development, urban forestry and urban poverty alleviation is being vested with the ULBs (Appendix IV). They are performing the urban poverty alleviation function under the directives of the state government. The remaining functions i.e. fire services, safeguarding the
interests of weaker sections of society and roads and bridges is not being devolved to the municipal corporation as it is being administered and addressed by the state level departments. It shows that eight out of the eighteen functions enlisted in the 12th schedule are being partly or fully performed by the state level departments (Table 4.1).

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Functions</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Planning for economic and social development</td>
<td>Finance and Planning (Planning Wing)</td>
</tr>
<tr>
<td>2</td>
<td>Fire Services</td>
<td>Home (Directorate of Fire Services)</td>
</tr>
<tr>
<td>3</td>
<td>Urban Forestry, protection of environment and promotion of ecological aspects</td>
<td>Forest and Environment</td>
</tr>
<tr>
<td>4</td>
<td>Promotion of cultural and aesthetics activities</td>
<td>Education (Director of Cultural Affairs)</td>
</tr>
<tr>
<td>5</td>
<td>Prevention of cruelty to animals</td>
<td>Home (Police) and Animal Husbandry</td>
</tr>
<tr>
<td>6</td>
<td>Bus Stop / Shelters</td>
<td>Transport</td>
</tr>
<tr>
<td>7</td>
<td>Regulation of Tanneries</td>
<td>Industries</td>
</tr>
<tr>
<td>8</td>
<td>Safeguarding the interests of weaker sections of society including the handicapped</td>
<td>Social Welfare</td>
</tr>
</tbody>
</table>

Table 4.1: Functions Performed by the State in Andhra Pradesh


The functional devolution differs in Ahmedabad and Hyderabad too. Ahmedabad Municipal Corporation (henceforth AMC) functions under the Bombay Provincial Municipal Corporation Act (BPMC Act) of 1949 which had entrusted the local body with a wide range of responsibilities as obligatory functions (Appendix V) (Kundu 2002). For example, the BPMC Act listed provision of water supply and sanitation, roads and street lights as mandatory functions and education, health and transport as the discretionary functions of the local body, but AMC had been taking responsibility of its discretionary functions such as education, health and transport (Mahadevia 2001; Mahadevia 2002). Thus city government, unlike most of the cities in India, provides a wide range of services such as water supply, sewerage, storm water drainage, roads, solid waste management, street lighting, primary education, health, public transport, preparation of town planning schemes, fire services, parks and gardens (Appendix VI) (Patel 2001b). Though BPMC act had been amended in line with the provisions of the 74th constitutional amendment act, but actual
devolution of functions such as land use regulation, town planning, safeguarding the interests of the weaker sections, promotion of cultural, educational and aesthetic aspects had not been done completely and the state government exercises control over such functions (AMC 2001; CEPT 2002).

In Hyderabad, MCH is undertaking fewer developmental functions in comparison to AMC. It provides the limited civic services and infrastructure facilities such as health, sanitation and conservancy services including solid waste management, control of malaria and other epidemic diseases, preventive health care and control of epidemics (Appendix VII) (MCH 2003). However, some new functions i.e. poverty alleviation, slum upgradation, environmental protection and promotion of urban forestry and ecology had been added to the already assigned functions.

These differences were observed in the functional devolution in Ahmedabad and Hyderabad mainly due to the listed obligatory and discretionary functions in the respective acts of the municipal corporations. AMC is entrusted with a long list of obligatory functions. Along with these functions, it is taking care of the discretionary functions too whereas MCH is providing limited number of civic services which are obligatory only. AMC is carrying out many welfare functions such as school, health etc. whereas MCH is not carrying out any such activities. Many of the municipal functions are still being carried out by different parastatal agencies in both Ahmedabad and Hyderabad and by state level departments in Hyderabad, but parastatal agencies and state level department play more active role in Hyderabad than Ahmedabad. The overlapping of functions between Municipal Corporation of Ahmedabad and Hyderabad and other parastatal agencies has been dealt in detail in the following paragraphs (also, see Chapter 2).

**Multiplicity of Parastatal Organisations in Ahmedabad and Hyderabad**

Traditionally, provisions of basic services were the responsibility of the local government, but in sixties and seventies state governments had taken over these responsibilities. They were providing them through departments such as Public Health and Engineering Department (PHED), Public Works Department (PWD), urban development department etc. (Kundu 2002). State government had set up
parastatal organisations such as semi-independent and autonomous corporations and boards at the city level to take up capital projects and was occasionally entrusted with the responsibility of day to day responsibilities and collection of user charges etc. while ULBs operate and maintain these services.

In Ahmedabad and Hyderabad, many functional responsibilities are carried out by parastatals. The municipal corporations depend on the parastatal agencies, which are under the state government control, or on the state government to carry out certain responsibilities and their responsibilities overlap (Sivaramakrishnan 1988; Jha 1989; Mohanty 1989; Reddy 1989). Most of the powers are centralised at the state government level (dealt in detail in the previous section). In Ahmedabad, AUDA\(^2\) takes care of the preparation of development plan and town planning scheme (Appendix VI) whereas in Hyderabad, most of the main functions such as urban planning, land use planning, water supply and sewerage etc. are performed by either the special purpose agencies or autonomous bodies of the Municipal Administration (Appendix VIII).\(^3\) For example, in Hyderabad the provision and maintenance of water supply and sewerage were being performed by the Hyderabad Metropolitan Water Supply and Sewerage Board (HMWSSB) for MCH area\(^4\), preparation of master plans for Hyderabad city and its surroundings is done by HUDA\(^5\) and another development authority i.e. Quli Qutub Shah Urban Development Authority\(^6\) (QQSUDA) had been set up to undertake urban renewal and reconstruction work in the old city of Hyderabad.

The existence of these parastatal agencies, which were under the direct control of state government shows the dependence of local government on state government on one hand and the powers exercised by the state government through these agencies and their own departments on local government on the other. This reveals that there had not been much change in the constitution of parastatal agencies by either making them subservient to local bodies or bringing them under the purview of local government after the 74\(^{th}\) CAA. It shows the reluctance on the part of state government to part with their powers even after the adoption of decentralisation, a point that emerges later on as well.
Administrative Structure and its Decentralisation

It has been argued that for any urban decentralisation policy to be assured of greater success, it is crucial that administrative responsibilities are correspondingly decentralised (NIUA 1988:16). The 74th CAA has assigned 18 functions as enlisted in the 12th schedule of the constitution to ULBs (see, Appendix I). Moreover, it is stated that the functional responsibilities should be assigned at the ward level. It is to be noted that these functions are not mandatory, but are left to individual states to adopt (Singh 2001 a and b).

It can be seen that changes were made in the administrative setup of the Ahmedabad Municipal Corporation (AMC) from a vertically rigid hierarchical system to a horizontally-presumably more interactive system as the functional responsibilities were transferred to the zonal/ward level in 1994, within the stipulated period for such a transfer (CEPT 2002), but it was in a limited way. For example, the AMC has been taking care of too many obligatory as well as discretionary functions (see, Appendix V) whereas at the zonal and ward level, very few functions have been transferred.

It is clear from the Table 4.2 that despite decentralised administrative setup after the 74th CAA, in terms of transfer of functional powers, out of total 18 functions only two or three have been transferred to the zonal and ward level and even if they are delegated, they remain with commissioners and executive officers who belong to either central or state government services. This is quite detrimental to the principles of self government as provided in the 74th CAA and shows the ambiguous nature of the state government (Ghosh 1999).

As already indicated, the Municipal Corporation of Hyderabad (MCH) has fewer functions to take care (as compared to AMC, see, Appendix VIII) and most of the functional responsibilities lie with officers at the head office; that is, the Corporation. Only functions such as solid waste management and public health, roads and drains have been transferred to ward office and property tax, town planning and trade licenses have been transferred to circle office (Table 4.2).
### Table 4.2: Administrative Decentralisation at the Zonal and Ward Level in Ahmedabad and Hyderabad

<table>
<thead>
<tr>
<th>City</th>
<th>Major Functions</th>
<th>Activities carried out under the major functions</th>
<th>Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ahmedabad</td>
<td>Health</td>
<td>-</td>
<td>Ward &amp; Zone</td>
</tr>
<tr>
<td></td>
<td>Sanitation</td>
<td>-</td>
<td>Ward</td>
</tr>
<tr>
<td></td>
<td>Engineering</td>
<td>-</td>
<td>Ward &amp; Zone</td>
</tr>
<tr>
<td>Hyderabad</td>
<td>Health and Sanitation</td>
<td>1. Solid waste management and Public Health</td>
<td>Ward</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Veterinary Activities</td>
<td>City</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Anti Malaria Operations</td>
<td>City</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Registration of Birth and Death</td>
<td>City</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5. Trade Licenses</td>
<td>Circle</td>
</tr>
<tr>
<td>Infrastructure</td>
<td></td>
<td>1. Roads</td>
<td>Ward</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Drains</td>
<td>Ward</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Green City (Horticulture and forestry division)</td>
<td>Ward</td>
</tr>
<tr>
<td>Town Planning</td>
<td></td>
<td></td>
<td>Circle</td>
</tr>
<tr>
<td>Urban Community Development</td>
<td>Slum Development</td>
<td></td>
<td>City</td>
</tr>
<tr>
<td>Property Tax</td>
<td></td>
<td></td>
<td>Circle</td>
</tr>
</tbody>
</table>


### Fiscal Decentralisation

The provision had been made in the 74th CAA for the creation of State Finance Commission (SFC) to review the financial position of the municipalities (Sivaramakrishnan 1992; Bird 1998; Oomen 1998). The commission recommends the extent to which the consolidated fund of the state needs to be augmented by the assistance from the government of India to supplement the resources of the municipalities.

In both the states, the SFC had been appointed by the state government. In A.P., first State Finance Commission had been appointed by the state government on 21st June 1994 which submitted its report in May 1997. The commission had recommended that the basis for tax and non-tax revenue should be on a global sharing basis of state revenues so that the local bodies could take advantage of any buoyancy in state revenues. The revenues proposed to be devolved to local bodies were in the ratio of 70: 30 (i.e. 70 percent for rural areas and 30 percent for urban areas). The total additional devolution recommended for rural and urban bodies was Rs. 979.16 crores, which worked out to be 10.93 percent of the total tax and non-tax
revenue of the state, in which the percentage of urban local bodies was 1.78 percent which was much less in number and comprised of per capita grant and plan grants included for the development of urban basic services, environmental improvement for urban slums, water supply, roads and the Nehru Rojgar Yojana (NRY) etc. (GoA.P. 1997 a and b; Rao 2001, 2002). It shows that ULBs in Andhra Pradesh can spend the grants provided to them in a very limited way. The special purpose transfers which comprised of centrally sponsored schemes, distort states’ choices in expenditure allocation, multiply bureaucracy and cause thin spread of resources across several schemes.

The first SFC in Andhra Pradesh examined various financial problems of the ULBs and recommended enhancement of the per capita grant; a fixed percent of compensation under motor vehicle tax, transfer of 95 percent of proceeds of profession tax collected, enhancement of compensation under property tax, octroi and entertainment tax exemption, and global sharing of state revenues to the tune of 39 percent with the local bodies every year (GoA.P. 1997a). The government had accepted 11 out of 39 recommendations in principle in February, 1999 (Prasad and Gnaneshwar 2001). Though the govt. had accepted these recommendations, they were not implemented in totality. Some other recommendations were not agreed as per the report of the cabinet Sub-Committee (GoA.P. 1997b).

The 2nd SFC started functioning from 9th December 1998 and had submitted its report on 19th August 2002. It had recommended the total devolution of Rs. 1793.94 Crores which works out to be 10.38 percent of the total tax and non tax revenue of the state government including the share of the central taxes, out of which Rs. 626.61 Crores i.e. 3.63 percent is recommended for urban local bodies for the year 2000-2001 (GoA.P. 2002).

The Gujarat state had constituted the SFC in September, 1994 which had submitted its final report in October 1998. The SFC had recommended fresh funding for the urban local bodies in addition to the existing resources, devolution of new taxes which include professional tax, tax on non-agricultural land and surcharge on stamp duty (GoG 1998). In order to supplement the developmental effort of providing basic services undertaken by the local bodies, the Commission had suggested that state should contribute two percent of the collection of taxes by the municipality towards the fund as seed capital provided the municipality contributes one percent. It had also recommended incentives based on revenue mobilisation by
the ULBs. This incentive grant in aid will cost the government additional Rs. 13.35 crores. The local bodies would be required to raise additional internal resources which were equal to the grants received from the central government. All these recommendations made it compulsory for the ULBs to generate additional revenues internally to receive the grants from centre as well as state government.

Due to this, efforts had been made to generate additional revenues through tax and non-tax sources. The ways adopted to increase the internal revenue mobilisation are property tax restructuring and exploitation of the non-tax sources such as water charges, fees/penalties, development charges in the new localities and commercial ventures etc. The methods such as floating municipal bonds, debt finance etc. were adopted for raising revenues. Some of these initiatives undertaken by AMC and MCH had been dealt in detail in the next section.

**Steps Taken to Bring Improvement in Revenue Generation**

With the passing of the 74th CAA, ULBs have been entrusted with the powers to raise additional revenues as pressure to fund their activities internally increases. This had given the required push to ULBs to generate additional resources and both AMC and MCH have adopted extensive measures to generate additional revenues some of which are described below:

**Taxation Measures to improve financial resources in Ahmedabad**

Prior to 1994, AMC had accumulated a cash loss of over US$ 9 million and its financial situation was deteriorating (AMC 2001). During a short spell of administrator’s rule, city government took many initiatives in 1994 to strengthen its financial capacity (Asnani 2001; Patel 2001a). The measures such as simplification of tax structure, reduction in tax rates, revision of user charges and better cost recovery from non-tax revenues such as water charges, education fees, registration fee etc. and widening the tax net had been adopted to augment the financial resources (GOG 1999, 2003). Some other steps taken to generate additional resources were selling its land assets, renting out municipal properties, passing on some civic responsibilities to the NGOs etc. but still AMC was not able to make up for the cash losses (Kundu 2002; Mahadevia and Mukherjee 2002). AMC had realised that the increase in two of its main sources of internal revenue i.e. octroi and property taxes was not possible as they had reached to their ceiling, they decided to
take extensive measures to revamp the existing tax collection by trying to stop the leakages in octroi collection and making efforts to increase the recovery in property taxes (Kundu 2002). Various steps i.e. updating of the valuation manual for tax assessment based on current market rates, deployment of police personnel for controlling touts and catching defaulters and installation of weighing machines at spot checks etc., had been taken to check the leakages in octroi collection and to increase the revenues from octroi. Through these efforts, it was able to stop the leakages in its octroi duty and raise the property tax collection. Another measure which it has adopted to generate revenue is by going to the capital market to raise funds through public bonds worth Rs. 100 crore at the interest of 14 percent. It also went for commercial borrowing from HUDCO and subsequently from US Housing Guarantee Funds at 18 percent (Mahadevia 2002). Due to all these efforts, the AMC whose financial health had deteriorated in the late 1980s and early 1990's had become a surplus corporation in 1994-95 and was able to wipe off its last ten years accumulated losses worth Rs. 350 million and overdraft of Rs. 220 million and closed the financial year with a surplus fund (Patel 2001b).

The income of the corporation had registered an increase of 30 percent in 1994-95 and by 25 percent in 1995-96 and stabilised between 10 to 20 percent afterwards and its capital expenditure had increased from Rs. 224.8 million in 1993-94 to Rs. 1699.6 million in 2001-2002 (AMC 2002a; Kundu 2002; Mahadevia 2002;). The share of capital account had also increased after 1996-97 which shows that a number of capital works such as road widening and resurfacing, bridge widening, fly over construction and east Ahmedabad infrastructure projects had been taken up in the city (AMC 2001).

The question which becomes important is the planning done by AMC to repay its debt. On one hand, AMC had escrowed 10 octroi nakas for the redemption of the bond and had pledged other octroi nakas through an escrow account for HUDCO loan repayment (Times of India dated 26th September 1997) while the state government is thinking of withdrawing the octroi tax since long time on the other. If that would be done, the city will be in great financial trouble as it had increased its capital expenditure through borrowing and redeeming of bond and its loan repayment solely depends upon the octroi collection (Mahadevia 2002). In that case, the options to recover deficit revenue would be to increase other taxes and user charges, besides getting state government grant.
The other important points are: one, the methods adopted to generate fund for development purposes and infrastructure works is through the sale of municipal properties which is not a long term solution. Secondly, the revenue expenditure on general administration had increased over time as its share in total revenue expenditure has increased from 8 percent in 1980-81 to 11.32 percent in 1990-91 and 13 percent in 2001-02 percent. This while there had been a decline in the share of revenue expenditure on public health from 2.87 in 1980-81 to 1.8 percent in 2001-02 and loan charges from 24.4 percent to 13.9 percent during the same period (AMC 2002a). The capital expenditure under the heads i.e. works carried out for Economically Weaker Section (EWS), Public latrines and urinals, Slum Networking Project (SNP) and EWS housing schemes which are directly related to the low income group had increased marginally from 1.86 in 1992-93 to 3.6 percent in 2001-02. Out of this major share is of EWS housing scheme, which is 2.3 percent of the total capital expenditure. Thirdly, capital works funding are solely dependent on loan accounts rather than the surplus of revenue income which is only going towards establishment expenditures, current expenditures and debt servicing. The increase in debt servicing can lend AMC into a debt trap.

As pointed out by Mahadevia, the options left to recover deficit revenue would be to increase the revenue income from mandatory as well as non mandatory functions, to increase the property tax base as well as rate, to suspend some of its welfare activities and getting state government grant. This will adversely affect the poor people as they constitute 40 percent of the total population and increasing the tax base could also mean that slum areas are also coming under its net (Mahadevia 2002).

**Taxation Measures to improve financial resources in Hyderabad**

Municipal Corporation of Hyderabad (MCH) has also adopted several methods to increase the tax collection which includes self assessment of property tax, revamping advertisement and trade licensing fees, classification of properties and benchmarking, direct user charges, use of land as a resource and adoption of users and polluters pay principles (MCH 2003). Many efforts such as double entry based accounting system to make the accounting system more transparent and easily scrutinisable in context of raising loans, unit rate system for awarding works to contractors, earmarking Hyderabad city development fund\(^\text{12}\) and urban community
development and services fund etc. had been undertaken for better utilisation of funds. Under the Hyderabad Urban Community development and services fund, 20 percent of property tax, 30 percent of annual per capita grant received from government and receipts under centrally sponsored schemes i.e. Swarna Jayanti Shahri Rozgar Yojana, National Slum Development scheme (NSDP), Chief Minister's empowerment of Youth (CMEY), Adarsh Basti Scheme etc. had been transferred to ensure a sustained fund flow for slum development, redevelopment and poverty alleviation programmes (MCH 2002, 2003).

In Hyderabad, revision of property tax was not taken up for decades. In the absence of this property owners continued to pay taxes as levied decades ago, causing heavy loss to MCH. The total number of assessment in twin cities was only 410,000 in 1998-99 with total current demand of about 490 million (Gnaneshwar 2000b). The attempts to rationalise and improve the property tax base made earlier were caught in legal problems. The self-assessment property tax scheme was introduced in 1999-2000. In response to the scheme about 130,000 filed self-assessment returns within 4 months of the introduction of the same which led to almost 50 percent increase in the property tax in three months (MCH 2002). MCH had moved to double entry accrual based accounting system from the single entry accounting system. The source of increase had been the correction of long standing inequities in the property tax system and better record keeping (CGG 2003b). This scheme had been extended to advertisement fee and trade licensing fee.

Due to these reforms initiated by MCH, municipal revenues had gone up considerably. Property tax increased by more than 70 percent during 1999-2000 (MCH 2002). The property tax collection touched Rs. 96 crore during the year 2001-02, an increase of about Rs. 18 crore over the previous year (MCH 2003; CGG 2003a). The period 1998-2000 witnessed an unprecedented rise, by more than 230 percent in advertisement fee collection. Trade licensing fee went up by 63 percent during 1999-2000. MCH had revenues of Rs. 208 crore and an operating surplus level of Rs. 67 crore during April-November 2002, as compared to revenues of Rs. 160 crore and an operating surplus of Rs. 37 crore for the previous corresponding period. (Times of India dated 21st January 2003) The increase in revenues had resulted in a significant rise in the expenditure on public infrastructure facilities (MCH 2002). The cost of administration had also reduced, due to measures such as computerisation of data, sending demand notices by courier methods, collecting
property tax through e-sewa, indicating internal efficiency. All this had resulted into buoyancy in revenue collection, reduction in salary expenditure (as percentage to total revenues to below 25 percent), significant increase in expenditure on public works (capital and maintenance) and increase in capital budget, highest credit rating accorded to any corporation (CGG 2003a; MCH 2003). The efforts had also been taken to bring total transparency in the assessment of tax by preventing arbitrary assessment and enabling the citizens to participate in a more democratic process of assessment.

The question which becomes important after looking at the increase in MCH income is how, where and for whom these funds had been utilised. In 2002-2003, out of total revenue expenditure 43 percent is spent on personnel cost, 44.8 percent on operational expenses, 6.1 percent on administrative expenses which together constitutes 93.9 percent whereas only .9 percent is spent on different programmes carried out by local government. It had come down from 2.5 percent in 2001-02 to 0.9 percent in 2002-03. In the same year, out of total capital expenditure only 11.5 percent had been spent on Urban Community Development (UCD) including water supply and sewerage and school buildings in slum areas and reduced further to 4.6 percent in next year 2003-04 budget (MCH 2003).

Credit Rating and Raising finances through public Bond Issue
Credit rating establishes the credibility of the city corporation to assess capital market (CRISIL 2001; Patel 2001b). After improving its financial resource base, AMC had decided to get the institution credit rated through a leading credit agency of India, namely Credit Rating Information Services of India Limited (CRISIL) and became the first corporation to get the credit rated. It had received the “AA (SO)”credit rating\(^{15}\) which enabled it to access funds from the capital markets and obtains international credit (Dutta 2002; Kundu 2002). In 1998, AMC publicly issued secured redeemable bonds\(^{16}\) aggregating to total one billion rupees.

MCH had also gone for credit rating and received the AA +SO rating from CRISIL and LAA+ (SO) rating from ICRA and introduced the Hyderabad city development bond of Rs. 82,50,00,000 (Rs. 82.50 crore) in March 2002 (MCH 2002). As detailed out in the earlier section, such a high rating was due to the improvement in MCH financial profile on the back of a buoyant revenue income and controlled revenue expenditure, which resulted in a healthy surplus level and a high
debt-servicing coverage levels in the financial year 2001-2002. The CRISIL had reaffirmed its outstanding credit rating AA+ (SO) (double A plus structured obligation) for the MCH in 2003 (MCH 2003). The rating on tax free bonds issued indicates high safety with regard to timely payment of interest and principal obligation on rated bonds. It also reflects the strength of the credit enhancement mechanism provided to the instrument, which is in the form of liquid cash collateral deposited with the trustee banker-State Bank of Hyderabad (Gnaneshwar 2000).

**Political Structure and Decentralisation**

As an integral part of decentralisation process, the state governments were mandated to amend their municipal statutes in conformity with the 74th CAA within one year of its coming into force (Ghosh and Shikha 1998). The enactment of conformity legislations is the first step in the whole gamut of decentralisation process. The conformity legislation brought out by the states differs from each other from a mere repetition of the provisions of the 74th CAA to elaborate amendments of the existing state laws (Sivaramakrishnan 2000b). Though there have been certain changes in the composition of municipal councils such as representation to the weaker sections, committee system, involvement of the local communities and financial management; the differences in the transfer of functional and the financial resource base remained. One of the main reasons for this is that the 74th CAA had given the discretion to the state governments in terms of devolution of responsibilities, powers, resources and finance and functional autonomy to the local bodies (Ghosh 1996; Nagaraj 1999; Meenakshisundaram 1999; Isaac and Franke 2000).

In the state of Gujarat, the amendments in conformity with the 74th CAA were carried out by the Gujarat government to the Gujarat Municipalities Act of 1963 and the Bombay provincial Municipal Corporations Act, 1949 respectively and in Andhra Pradesh, the act related to Municipalities (Andhra Pradesh Municipality Act, 1965) and Hyderabad Municipal Corporations Act17, 1955 were amended in conformity with the 74th CAA (Appendix IX) (APML 1994; AMC 2001, 2002b).18

**Elections in Urban Local Bodies**

Without going into details of election mandates and other formalities associated with it since these have already been discussed earlier (see, chapter 2), Gujarat with its strong local government institutions have a record of providing autonomy and
holding regular elections of ULBs (Mani 2000; also see Appendix X). Keeping with this, the state had implemented the substance of the 74th CAA even before the amendment came into existence (Patel 2001b; CEPT 2002).

Likewise, Ahmedabad has a history of local participation including holding of elections as well (Mani 2000). The secondary data from the field show that the elections for councillors were held regularly in AMC. In contrast, MCH went to polls on January 22, 2002 after a gap of 17 years from the previous election for councillors (Sundaram 1995; AIILSG 2002a).

There are many reasons stated for inordinate gap in holding the municipal elections in Hyderabad. One was that prior to the 74th CAA there were no stringent provisions to regulate the indiscriminate dissolution of local bodies and political parties have used it for prolonged supersession. Secondly after the 74th CAA they had cited the reason of not being in a position to delineate the ward boundaries for the elections within the stipulated time. This was attributed essentially to Andhra Pradesh’s situation whereby the task of delimitation of ward boundaries vests with the state government (Appendix XI). As against this, in Gujarat, State Election Commission (SEC) has the authority for delimitation of constituencies.

Electing Mayors / Chairpersons
As far as the election of mayor and deputy mayor is concerned, in Ahmedabad they are elected from amongst the councillors whereas in Hyderabad mayor is directly elected, but deputy mayor is elected by the councillors (AIILSG 2002; Sundaram 1995; RCUES 1999 a and b). The difference which direct and indirect election makes in the functioning of local body is enormous. This is illustrated with the example of Municipal Corporation of Hyderabad where the opposition party combine has majority with 56 seats out of the total of 100 in the elections held in 2002, but the mayor who is directly elected belonged to the then ruling party at the state level. Since the deputy mayor is elected by the councillors, the opposition being the largest party at the local level had hoped to get this position for their candidate. This could not happen because of the voting rights of MPs and MLAs who had voted for the ruling party candidate as Deputy Mayor (AIILSG 2002a). Such events show the arbitrary exercise of power by the state governments and excessive state government influence which affects the overall functioning of the
MCH in general and local representatives in particular (Benjamin 1999; Sivaramakrishnan 2002 a and b).

It is of interest to note that recently Andhra Pradesh government has decided to hold indirect elections for the chiefs of municipalities and municipal corporations (Hindu dated 5th June 2005). The reasons stated for this decision are to avoid the clash between the chairpersons and councillors, both directly elected and those from opposition parties.

The term of Mayor too confirms the role played by state government in city governance. In Ahmedabad, the mayor is elected for two and a half years whereas in Hyderabad his/her term is for five years which is co-terminus with the term of the ULBs. In Ahmedabad, rotation of mayor is twice in five years which means that on one hand, the effective time period of his/her functioning is reduced to only one and half years which is inadequate for scheme formulation, clearance and its implementation and lead to the unsustainability of development activities undertaken during his tenure. For maximising the benefit of his/her post, s/he adopts the short term plans which benefit him/her and his/her own people which justifies the existence of clientelist approach on the other. Though in Hyderabad, term of mayor is five years, state government has adopted other mechanisms to curtail the powers of elected representatives. First, it has kept the term of standing committee, which has elected as well as appointed members and takes decision on the developmental work and financial allocation, as only one year. Second, in Hyderabad prior to the introduction of the 74th CAA, the Mayor was enjoying substantive administrative powers to appoint and to take disciplinary action against the employees, to accept tenders and sign contracts up to a particular limit. He used to send the report on the performance of the commissioners commenting on their responsibilities for tax collection, removal of encroachment and disposal of revenue petitions and was also enjoying the power to sanction individual tap connections, but after the 74th CAA, all these powers had been withdrawn and transferred to commissioner in Hyderabad who enjoys wider functional and financial role. This shows that instead of providing more powers to the mayor who is the head of elected wing, the powers of commissioner belonging to the executive wing had been increased. Thus, the powers of mayor have been curtailed and through executive wing, the state government exercises direct control over local level affairs. Mayor had become just the ceremonial head of the council. In Ahmedabad also the situation is more or less the
same and although the political wing headed by the Mayor is an elected body, but commissioner is responsible for the strategic and operational planning of the corporation.

However, the provision to remove the mayor varies and has its implications. In Ahmedabad mayor can be removed through a no-confidence motion only which made the tenure of mayor or municipal chairperson stronger and above the political rivalry whereas in Hyderabad the state government has the discretionary power to remove the mayor presumably those who refuse to carry out any provision of the Act or abuses his/her position or powers vested in him/her reconfirming state government's role even in case of elected representatives (Appendix XII) (Sundaram 1995).

The act gave discretion to the state legislation to make provisions for representation and voting powers to the Members of Parliament (MPs) and state legislature (MLAs) and persons having special knowledge (GoI 1993). The provisions made by different state governments lack uniformity in this respect. In Andhra Pradesh including Hyderabad, M.P.s and M.L.As are ex officio members of the municipal corporations and representation with voting rights has been provided whereas in Gujarat no such provision is made in the conformity act (RCUES 1999a). This kind of representation goes against the spirit of the 74th CAA as it reinforces political control by the state government over the local government.

Special Provisions for Representation of Weaker Sections and Women

The elected members of a municipality belong to both the general and reserved categories (RCUES 2001). Prior to the 74th CAA, reservations were targeted to specific categories in somewhat arbitrary manner; the article 243T of the 74th CAA provides for 33 percent reservation of seats for women and weaker sections of society to bring in voice, greater participation and empowerment among weaker sections of society (Barthwal 1997; Mohanty 1999; Mathur 2000a; Pinto 2000; Gnaneshwar and Prasad 2001; Singh 2001; Mohanty 2003).

Ahmedabad and Hyderabad had reservation for schedule caste and schedule tribe in the municipal corporation even prior to the implementation of the 74th CAA but now it has been formalised in conformity with the amendment act.24 However, the two cities differ considerably as in Ahmedabad 25 percent and in Hyderabad 42 percent seats are occupied by scheduled castes/tribes and BCs (Figure 4.1).25
According to the act, in these categories a further 33 percent seats have to be reserved for women, but in reality their percentage varies from 29 to 37 percent in the selected municipal corporations (Table 4.3).

**Table 4.3: Composition of Women Representatives in Different Categories**

<table>
<thead>
<tr>
<th>Reservation Category</th>
<th>Ahmedabad</th>
<th>Hyderabad</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>33.0</td>
<td>34.5</td>
</tr>
<tr>
<td>Scheduled Caste</td>
<td>37.5</td>
<td>37.5</td>
</tr>
<tr>
<td>Scheduled Tribes</td>
<td>100</td>
<td>00.0</td>
</tr>
<tr>
<td>Other Backward Castes</td>
<td>29.0</td>
<td>33.0</td>
</tr>
</tbody>
</table>


In Ahmedabad as well as in Hyderabad the allocation of reserved seats for scheduled caste etc. in each ward is linked to the actual distribution of population of reserved categories rather than on the basis of rotation (AIILSG 2002). This has an effective way of undermining party politics in the selection of wards and the possibility of selectively promoting candidates belonging to reserved categories in order to ‘break’ votes where candidates from the opposition or independent candidates are strong.26

In Andhra Pradesh, responsibility of reservation of seats vests in the state government who first notifies the reserved wards and then only the State Election Commission (SEC) issues the election notification whereas in Gujarat, the state government fixes only the number of seats including those to be reserved for schedule caste, scheduled tribes, backward classes and women. The allotment of
reserved seats to various electoral wards is the responsibility of the SEC (Singh 2000; AIILSG 2002). This confirms the earlier observation that in Andhra Pradesh the SEC, which is a constitutional authority, is subservient to the state government or in other words state government exercises more control over local government.

**Participatory Development and Committees**

The 74th CAA has envisaged an institutional framework through which a two tier system of local governance is established at the level of municipality which comprises of standing committee at the city level and constitution of wards committees (WCs) at the ward level (Singh and Maitra 2001). It proposes setting up of ward committees, comprising of elected councillors, consisting of one or more wards for large Indian cities with a population of more than 3 lakhs (Goi 1992; Wit et. al. 2005). The main purpose of forming wards committee is to enhance the proximity between citizens, elected representatives and local government to play an effective role in the delivery of services at the ward level (Sivramakrishnan 2000a; Singh 2001; Chamraj 2002; CHRI 2004). They have been laid as a measure to promote decentralisation, better accountability and more efficiency in the provision of services (Sivaramakrishnan 2000a; AIILSG 2002). Singh and Maitra (2001: 88) state that setting up of wards committees is 'providing space for meaningful interaction and dialogue between citizens, civil society and elected members at the ward level'.

Though it had been made mandatory to form the WCs, but decision on its territorial jurisdiction, known as ‘wards’ and composition had been left to the discretion of the states (Goi 1992). There is considerable variance found among different states in setting up of WCs. In selected states, the committee structure which exists to provide representation to the elected representatives, differs significantly from the provisions made in the 74th CAA (Appendix XIII). Out of two selected states, the state of Gujarat had passed the compliance legislation, but WCs have not been formed yet. In Gujarat, it is not a single standing committee which is powerful rather there are sectoral committees to take care of the developmental functions whereas in Andhra Pradesh, the provision for constitution of WCs was made and they were formed in those ULBs where population is more than three lakh which includes Hyderabad too (Wit et.al. 2005). 29
Organisational Structure: Sectoral Committees in Ahmedabad

In Ahmedabad, no change had been brought in the committee structure as envisaged in the 74th CAA for the ward committees (WCs) had not been constituted in Ahmedabad. Instead, there are several sectoral committees to look after specified functions such as water supply, sewerage and roads and so on that had been increased from nine to fourteen (Appendix XIII, XIV and XV). In addition there are two specialised committees (Transport and School Board Committee).

The Standing Committee at the city level sanctions and awards works whose cost is over Rs. 5,00,000 and sectoral as well as specialised committees are subordinate to the standing committee and matter pertaining to them goes to the General Board via the Standing Committee. The overall organisational structure is given in the following figure (Figure 4.2). 30

These specialised as well sectoral committees deal with the sectoral issues only and do not have the sanctioning powers. Their role is thus limited to the city level only and does not go below that level. Too many horizontal tiers exist at the city level which makes the functioning issues more complicated.

Figure 4.2: Organisational Structure of Ahmedabad Municipal Corporation

Organisational Structure: Ward Committees in Hyderabad

In Hyderabad, two tier systems i.e. Ward Committees (WCs) at ward level and Standing Committee at the Corporation (city) level exists. The provision for
constitution of wards committees that was stipulated in the 74th CAA has been made in ‘Conformity Legislation’ at the state level to increase the elected representative’s participation in setting priorities, general supervision and speedy redressal of common grievances with respect to the essential services at the local level (Sivaramakrishnan 2000a; HSMI 2001; Singh and Maitra 2001).

Hyderabad has 100 electoral wards and 100 councillors. Out of these, ten councillors are selected to be a member in the Ward Committees. Thus, one ward committee member represents ten wards. The decision to select one ward committee member out of ten councillors has many drawbacks although they also represent in the Standing Committee via a federated structure, which establishes the institutional link to the ward level and gives ward members a broader role to play (Benjamin 1999; Gnaneshwar 2000a; Singh 2000; RCUES 2001).31

First, ‘one ward committee member representing ten wards’ system reduces the representation of people since one ward committee member represents almost 3,00,000 of population (one councillor representing on an average 30,000 multiplied by ten councillors). Secondly, it is almost impossible for a particular committee member to keep abreast with problems of ten wards which s/he is supposed to represent. Third, it is always a possibility for the committee member to tilt in favour of his/her ward in terms of diverting the funds and attention because of patron-client relationship rather than the constituency which s/he represents as a ward committee member. Despite ward committees in Hyderabad, their sheer presence has not ensured fair and impartial decision-making because of the ways ward committee members are appointed. Political interests and fractional divides play further crucial roles, a point that is taken up in the next chapter.

It may not be out of place to refer to the Kerala policy in this regard. Kerala had one ward committee from one ward and had gone further to institute the ward sabhas for the town with the population of less than one lakh. These committees have the representation from RWAs, CDS, heads of educational institutions, president of Area Development Societies (ADS), representatives of industrial establishments and trade unions. The important point to note is that there are no nominated members by the state government. This had ensured wider participation and true representation of local level representatives.

As far as the link between ward committees and the Standing Committee is concerned, the benefits at the face value are marred to some extent due to the several
constraints. For example, the ward committee members select one amongst them as a chairperson of the wards committee who eventually becomes the chairperson of the Standing Committee for the period of one year with a provision for re-election. The limited tenure of the Standing Committee and the rotation of the members over the five years weaken the effectiveness of policy and supervisory efforts.

In sum the Hyderabad situation offers an intriguing case. On one hand, very few ward committee members 'represent' large populations of which they may not have enough knowledge. On the other, because of their representation at the Standing Committee they have a say in matters relating to sanitation, water supply and drainage, infrastructural issues and review of revenue collections etc. The direct link between ward committees and the Standing Committee helps the members build an operational mechanism for carrying out different activities and decision making at the level of ULBs. And yet, the limited tenure affects the functioning.

Withholding the observations above, in general ward committees are more representative than the sectoral committees locally. Ward committees function at the local level and apprehend local problems in a more inclusive manner. They also have control over decision on local issues and can represent them at the city level more effectively which means better institutional linkage. Sectoral committees which exist at the city level look at individual service provision such as water supply, sanitation and public school in isolation without knowing the actual problems on the ground. Ward committee members are likely to come up with more realistic demands for budget allocation keeping in mind the problems faced by the local citizens and put it across directly to the sanctioning authority.

Organisational Structure: District Planning Committees and Metropolitan Planning Committees

The 74th CAA for the first time outlines a framework for participatory planning for urban and rural areas in an integrated manner through mandatory constitution of District Planning Committees (DPCs) to consolidate the plans prepared by both rural and urban local bodies and to prepare a district development plan for the district as a whole (GOI 1992; Singh 2001; Singh and Shankar 2001). The DPCs have provided a platform for rural-urban interaction including spatial planning and sharing of physical resources such as water, environmental conservation and infrastructure development (Sivaramakrishnan 1992; 2000a).
Many states have DPCs, but in both Gujarat and Andhra Pradesh, the state governments have not constituted them (Gnaneshwar and Prasad 2001; CEPT 2002; MCH 2003). In Andhra Pradesh, the state government had drafted a bill ‘A.P. Regional and Town Planning Act-2002’ in which provisions were made for the constitution of DPC and MPC, but the Act has not been passed yet (DTCP 2002). However, instead of DPCs, Andhra Pradesh government has constituted a District Development and Review Committee (DDRC) in each district to supervise, review and monitor the implementation of both plan and non-plan development schemes at district level. Once again, the Committee comes under the direct control of the state government and all the MLAs and MPs are its members with the District collector as the member secretary. This is in contradiction with the intention of setting up of DPCs for facilitating district level representation and is reinforced by the structure of the Urban Development Authorities (UDAs).32

Other than DPCs, the 74th CAA also provides for the Metropolitan Planning Committee (MPCs) to prepare a draft development plan for the metropolitan area (AIILSG 2002a).33 No MPCs have been constituted yet for the Ahmedabad Metropolitan Area and Hyderabad Metropolitan Area.34 The absence of MPCs as envisaged by the 74th CAA have limited the functional role of ULBs in planning and management as they are making only sectoral and departmental plans and programs which can not lead to integrated planning and development and hence reduced the role of local people in planning process.

In Ahmedabad and Hyderabad, planning functions have been taken over by the Urban Development Authorities (UDAs) which have been created by the state government for sound financial and technical management. Out of the two selected cities, in Ahmedabad, Ahmedabad Urban Development Authority (AUDA) has been entrusted the responsibility of preparation of town planning schemes under the Gujarat Town Planning and Urban Development Act, 1976 and in Hyderabad, Hyderabad Urban Development Authority (HUDA) prepares the plan for the city and executes the capital project (AUDA 1997a and b; CGG 2003a and b). The state government nominates the chairman and members of these development authorities with a government administrator as an ex-officio member (Datta 1999; Kolatkar 2000). The vice chairman from an administrative rank rather than an elected official is the chief executive officer of these development authorities which shows that it defeats the purpose of decentralised planning as they do not involve people and their
representative in the plan making process. Mohan (2002) suggests that the DAs have to function, in the new constitutional regime, as ‘subsidiary bodies’ lending technical advice and support to the local bodies.

No attempt has been made by the respective state governments for making clear the status of these urban development authorities after the 74th CAA to bring them under the ULBs, instituting them for specific projects or in order to federate them. In the views of one of the administrator from AUDA:

This institutional structure results in the highly centralised planning power contradictory to the spirit of the 74th CAA and reduces the effectiveness and autonomy of the ULBs. If the DPCs and MPCs will be formed in Ahmedabad, we (administrators) will lose our powers and have to work under them (public representatives). Instead of being their bosses, we would be subservient to them. The ULBs also do not have the administrative as well as technical capacity to carry out the plan making processes.

Participation of Other Stakeholders in the Delivery of Services

Given the local nature of infrastructural services required in combination with decentralisation of responsibilities from the state government to local government that offers an opportunity to improve the provision of such goods (World Bank 1994c; Halfani et al. 1998), local governments in Ahmedabad and Hyderabad have involved private sector, NGOs, CBOs and individuals.

Gujarat has a tradition of the participation of elected representatives, community groups, non-government organisations and private sector i.e. textile labour organisations in the service delivery (Mani 2000). SEWA and SAATH are cases in point which have been associated in policy making and management in municipal affairs at the local level. The Slum Networking Programme (henceforth SNP) which has been initiated in all the major cities of Gujarat including Ahmedabad has involved multi-stakeholders i.e. private sector, NGOs, CBOs and slum communities in the overall process. Andhra Pradesh government has also initiated a process of municipal reforms in relation to the mobilisation of women through DWCUA groups and thrift and credit societies.

In these states, AMC and MCH have built innovative partnerships for wide range of local governance functions. The next section critically deals with these initiatives undertaken by local government to bring in the efficient and effective urban governance.
Partnership Arrangements by Ahmedabad Municipal Corporation

As explained in earlier chapter, due to increase in urban population and transfer of additional functional responsibilities, the burden on AMC has increased many folds. To cope up with this, AMC had adopted several mechanisms such as development of commercial street (C.G. Road), management of parks and gardens (Green Partnership) leased out to private sector, clean city partnership with NGOs and private sector for solid waste management and SNP based on partnership between AMC, NGOs, CBOs and private corporate sector for service delivery (Khare 1998; Chauhan and Lal 1999; Patel 2001b; Acharya and Parikh 2002; Joshi 2002; Kundu 2002). Several models of partnerships are discussed below more as examples than exhaustive discussion.

AMC had initiated public-private partnerships to improve the streets of Ahmedabad (Patel 2001) i.e., the pilot project of C.G. Road which has involved Arvind Mills Ltd which shared the project cost with AMC (Dutta 2000; AMC 2001; Kundu 2002). Arvind Mills is recovering the invested amount from advertising and parking avenues and once this recovery would be over, the revenues will go to AMC (Patel 2001a).

Another participatory arrangement for greening the city has been with private companies - Ashima group and Torrent group and NGOs/CBOs. The main purpose for this was sharing the cost of maintenance and upgradation of parks, gardens and road side plantations in lieu of advertising rights (Acharya and Parikh 2002).

Under the urban forestry scheme, AMC is undertaking urban forestry in partnership with CBOs and NGOs. AMC provides the land, waters supply and funds for fencing and tree plantation etc. whereas administrative and management expenses are borne by the CBOs/NGOs. This has achieved a limited success as AMC has given so far only 53 percent of identified plots for green partnership to 13 NGOs. However, researchers have pointed out that only SEWA, Centre for Environmental Education (CEE) and State Bank Officers Association have performed well. Others have either delayed or not carried out the assigned task for various reasons such as lack of funds, weak management or encroachment (Patel 2001a and b).

AMC is also working in partnership with NGOs/CBOs and private companies such as SEWA, Prarthana group of industries, CEE and State Bank of India Employees Association for re-organisation of solid waste collection as well as
disposal (Asnani 2001). For the treatment of municipal solid waste, private sector has been involved to set up organic fertilizer plant which is an attempt for proper waste utilisation.

Another partnership arrangement which AMC had initiated as a pilot programme at Sanjay Nagar slum with the involvement of Arvind Mills Ltd. SAATH and community members is the Slum Networking Project, which is also called ‘Parivartan programme’, (Chauhan and Lal 1999; CMAG 1999, 2003; Dutta 2002; Bhatt 2001; Acharya and Parikh 2002; SAATH 2002). Under this project provision of water supply, toilets, internal roads, street lighting, solid waste management as well as community development i.e. mobilising community savings, primary educational activities, community health etc. had been undertaken (Dutta 2002). It is an ongoing project in other slum areas too.

In all these projects, the important points to observe are that one, though different partnership arrangements among various stakeholders i.e. AMC, private corporate sector, NGOs, CBOs and community have worked well, but still there are only a few corporate houses, NGOs and CBOs which are currently involved with the AMC and others have either moved out of the process or have not delivered the result successfully. Secondly, although the stakeholders were involved their involvement and success varies at different stages. For example, SAATH which was associated with capacity building in slums where Parivartan scheme had been implemented had faced problems in mobilising community in the beginning, but their bonding with them had become stronger with time (personal communication during the field-work). Thirdly, projects have been formulated by the officials in consultation with different stakeholders and some of their concern and suggestions have also been incorporated in the project design. Thus, despite limited direct interaction between AMC planning wing and community, one of the prerequisites of decentralisation is taken care of in the form of taking the issues down to community and also looking at how community themselves determine what should be happening around them and whatever happens around them should be for them (Mahadevia 2001).

**Partnership Arrangements by Municipal Corporation of Hyderabad (MCH)**

The MCH had adopted reform strategies such as user pay, beneficiaries pay and polluters pay principle, SMART (Simple, Moral, Accountable, Responsive and
Transparent) civic government, citizen’s charter, Hyderabad city development fund, urban community development and services fund, modified accrual based accounting, city level co-ordination committee, face to face programme and e-governance applications to improve the urban governance (RCUES 2001; MCH 2002, 2003; CGG 2003 a, b, c and d). In MCH, stakeholders had been involved in the provision of sanitation and solid waste management through public-private partnership (PPP) and community based neighbourhood approach had been adopted for implementing central government schemes for poverty alleviation etc.

For the provision of sanitation, private organisations, CBOs and individuals have been involved (MCH 2002).40 A unique system of privatisation called the ‘Unit System’ has been introduced.41 The unit area method of working out the total garbage collection as well as costing has proved advantageous as compared to the conventional tender system (CGG 2003a). Along with the involvement of private contractors, ‘community contracting’ has also been introduced under which few sanitation units had been allotted to the Development of Women and Children in Urban Areas (DWCUA)42 for helping the women’s dwellings in slum areas (MCH 2001,2002,2003). There were few RWAs and voluntary organisations which were found collaborating with MCH for the delivery of sanitation services. Discussions with MCH official revealed that the main reason for involving the voluntary organisations were to have some alternatives in case of collapse of contracting system. As stated by DWCUA member:

The lottery system through which they select the contractor was a fair system, but the terms and conditions for women slum dwellers should not be the same as applicable to private contractors. We should be given 50 percent money in advance on signing of contract so that work would not suffer due to shortage of fund availability.

MCH had also launched ‘Litter free Hyderabad’ scheme with the active participation of the citizens through Resident welfare associations (RWAs) and neighborhood committees to reduce the expenditure on transportation and disposal of solid waste.

Unlike Ahmedabad where Parivartan programme for slum improvement had been initiated by the Corporation with the active involvement of NGOs, CBOs and private sector, in Hyderabad mainly the schemes and programmes sponsored by central and state government were implemented under the urban community development (Rao 2001).43 These schemes were as follows: centrally sponsored
schemes such as *Swarna Jayanti Sahahri Rozgar Yojana* (SJSRY), National Slum Development Programme (NSDP), Chief Minister Employment Yojana (CMEY), Mega City Project, *Deepam* scheme, construction of educational institutions and special nutrition programme and state government programmes such as clean slum initiative and voluntary garbage disposal scheme (RCUES 2001). In these programmes, major thrust is given to empower the women below poverty line (BPL) (MCH 2001). DWCUA groups and thrift credit societies had been established to encourage the women of BPL to set up group as well as individual economic activities themselves.

In Hyderabad, another set of participative (community) structures, namely Neighbourhood Groups (NHGs), Neighbourhood Committees (NHCs) and Community Development Societies (CDS) are the part of community based organisations under Community Structures Component. They had been set up for implementing the Swarna Jayanti Shahri Rojgar Yojana (SJSRY) and other schemes, which was centrally sponsored programme to alleviate poverty. The main purpose of having this kind of committee structure was that it would enable the empowerment and strengthening of self-help groups and CBOs.

During field visit to some of these CBOs following points had been noted: they were mainly into micro credit and giving loan to the group members and were not involved in the provision of services. Second, they were not aware of all the components of different central government and state government schemes. Thirdly, most of the members were illiterate and found difficulty in interacting with bank officials. Fourth, no efforts were made by the government to make poor people aware of different government programmes and the procedures lay therein. Fifth, councillors were not involved in the dissemination of information about these central government schemes which led to poor knowledge of the urban poor about these schemes. In the survey conducted with councillors it was found that more than eighty percent of the councillors did not know fully about central government and state government schemes.

Other than the initiatives taken by the city governments to involve different stakeholders' i.e. private sector, NGOs, CBOs and communities, the usage of technology and other mechanisms has also brought in better interface between the officials and people which are discussed in detail in the next section.
Other Institutional Initiatives/innovations to improve the Urban Governance

Usage of E-Governance

The selected cities had adopted e-governance essentially for improved access to information on which active citizenry and effective participation is based (NIUA 2001).

AMC has set up six civic centers having ten nodes in each zonal office (AMC 2001). The main functions incorporated under these are property tax assessment and collection, vehicle tax, birth and death registration, building plan approval, floating of the online tender’s, current status of ongoing infrastructure projects, online complaint lodging and status check of the complaints, computerisation of octroi posts, finance and property tax departments and linkage of all zonal offices with each other by electronic media (CEPT 2002). Though the usage of e-technology had improved the administration and preparation of data base at the city level, but as far as tax assessment, birth and death registration and plan approval were concerned, the field observations suggest that it was only middle and high income group people who utilised these service either directly or indirectly. The households’ level survey revealed that the awareness about the online activities and civic centre is negligible among the marginalised groups. No effort had been taken by the local government to generate awareness by either distributing pamphlets in local language or by holding meetings at the local level or by involving councillors in the dissemination of information about these activities in slum areas. With this kind of apathy existing in the part of city government, e-governance project served only a limited purpose.

In Hyderabad, the government and the Centre for Good Governance publications pointed out that e-governance project of MCH called e-Hyderabad has evolved a quick, transparent and effective online service. Under this project MCH has developed INTRANET and INTERNET system which had reduced corruption in the administration (CGG 2003a).

The citizen services delivered through e-governance include town planning, engineering, house numbering, details of property tax, trade licenses, advertisement fee, market rents, civic work information, suppliers and contractor payment etc. (MCH 2001). The intranet facility had mobilised information within internal departments. The building plans that had been approved since 1998 were posted on
web site. The transparency had increased in the working of the corporation due to de-linking of various revenue collections and payments from ‘offices’ to online.

In reality, it had been found during the discussion held with officials of MCH that though intranet facility was provided, it was mainly available to the higher rank officials such as commissioners, deputy commissioners etc. and its usage was limited to receiving the instructions from state government and not for bringing in internal efficiency and taking quick decisions as thought of during the introduction of this scheme. Although the information about the property tax collection and house numbering had been pasted on net, property tax details were available only at circle level. The online revenue collection and town planning processes have increased transparency. However, it had not eliminated corruption, for the possibilities of manipulation, which exists as there are no ways to cross check the available information. As stated by one of the respondent:

Though the calculation of property tax is now simple and payment is online, but still the scope of corruption is not ruled out as the people who work on machines are human beings. The person responsible for the category to which a house should belong for fixation of property tax expects and accepts speed money and manipulates categories.

Although local people participation in shaping the policies through discussion forum, opinion polls, e-governance and face to face programme were some of the initiatives taken by the local government for having a better interface between officials and citizens, the discussions held with the respondents during the fieldwork indicated that it has been limited. Likewise, the claims that MCH had brought technology closer to the slum dwellers by introducing touch screen kiosks (MCH 2001) were not substantiated during the survey.

Ways to Clear Disputes regarding Property Taxation

In AMC, more people oriented mechanisms to solve the people grievances exist whereas in Hyderabad it is more formal. In AMC the Lok Durbar, a redressel system for property tax was functional at the zonal level and presided over by the zonal head, the Deputy Municipal Commissioner and other tax officers. The main purpose of this initiative is basically to clear the backlog in arrears in property tax to increase the revenue base. For this purpose the citizens who had high arrears in property tax were summoned and the dispute was sorted out. Prior to this system, the arrears collections were very low in Ahmedabad. This initiative had cleared the arrears by
sorting out the issues related to the assessments and an increase of 20 percent in overall collection was observed in 2001-02. There is no such mechanism exists to hear the grievances of the poor people.

In Hyderabad, ‘Parishkruti’ a site designed for grievance redressel addresses problems of the citizens and has the provision for them to lodge complaints to the concerned officer, commissioner or mayor (MCH 2001, 2003). The website also conducts opinion polls on all important matters enabling people to participate in important decisions. Though the basis for this initiative is good, but only technosavvy people can use such services.

Other initiatives taken by AMC for bringing in management improvements were computerised double entry accounting system, upgrading of the workforce by recruiting chartered accountants and business graduates at middle management level and computerisation of different departments to bring in professional culture (Dutta 2002). The field visit indicated that though these initiatives had led to the building up of data base of Finance Department, SNP, Solid waste and Engineering etc. and improved accounting system and efficiency due to recruitment of qualified staff, such efforts were quite limited and were mainly confined to finance and e-governance departments.

In Hyderabad, some of the new initiatives undertaken by MCH were payment of taxes through e-seva centres, computerisation and building up of urban database and electronic governance, usage of pre-paid parking fee tokens, face to face programme with citizens, road widening to ease traffic congestion, adoption of modern lighting system for power saving, MRTS project and reduction of expenditure on salaries up to 20 percent to transform the city into better livable (MCH 2001).

In sum, the constitutional amendment provide for functional and financial allocation and participation through several tiers of decentralised governance through the levels of ward committees. The ULBs are also empowered through devolutions of power, functions and finances that were considered necessary to strengthen the ideals of local self-government for self rule and autonomy from higher level of governments (Ghosh 1999; Pathak 1998). However, the actual functioning of these decentralised institutions is fraught with contradictions and ground-level nuisanced realities as well as context-specific circumstances. While no arrangements are full-proof, it becomes increasingly clear that much thinking has yet to go into implementing part of the 74th CAA.
Some of the articles of the 74th CAA are not statutorily binding for the state legislatures, which is one of the reasons why their implementation varies from state to state including Andhra Pradesh and Gujarat from where the case studies have been selected. Further, the provision for devolution of powers and responsibilities is only indicative and the twelfth schedule is only illustrative. Decentralisation should mean change in the structure or the power sharing in the society and not decentralisation of convenient functions in a centralised society where economic processes and decision making paradigms are centralised (Mahadevia 2001, 2002). Also, the case studies undertaken show the limitations on the part of state governments to address the problems of the difference in the powers of executive and decision making authority, state control and capacity building in situ (Meenakshisundaram 1999). The following chapter looks at some of these issues more closely with the help of primary data generated through multi-level questionnaire-based surveys and interviews.

Notes

1 Some researchers see decentralisation and participation as well as emphasis on civil society as a means to move the locus of responsibility away from the state so that self help becomes disguise for the removal of welfare support across the globe (Schurman 1997; Craig and Porter 2003). They also see it as weakening and delegitimizing of the state in an environment where donors seek to push through market reforms (Beckerman 1993). However, there is a recent shift towards the citizenship which represents a renewed concern with reconnecting people to the state in the post Washington consensus (Mohan and Holland 2001).

2 AUDA area is 1294.65 sq. km. which had under its jurisdiction AMC and other surrounding other 164 towns and villages.

3 In the metro city of Chennai, special purpose agencies such as the Chennai Metropolitan Water Supply and Sewerage Board and Chennai Development Authority are involved in the provision of water supply, drainage and sewerage facilities and planning.

4 In surrounding municipalities Metro water supply board and municipalities share these functions.

5 The total agglomeration area which falls under the jurisdiction of HUDA is 1854 sq. km., of which 172 sq. kms is the municipal corporation area and the rest is surrounding municipalities and gram panchayats.

6 The main aim of QQSUDA is towards planning and developing of civic infrastructure, educational and recreational facilities in the old city of Hyderabad. The technical support for capital works i.e. water supply schemes, drainage and sewerage works, major roads etc., is provided by Public Health and Engineering Department (PHED) (RCUES 2001).

7 In principle the in-charge should be one who is a functionary at local government level and councillors should be involved as they are the one who are well aware of local problems.

8 The total tax and non - tax sources of the state govt. i.e. excluding all central grants, loan and externally assisted loans comes to Rs. 8959. 50 crores. Against this, the additional financial
Some recommendations such as increase in the surcharge on stamp duty from 5 to 10 percent and earmarked funds to Schedule Castes and Schedule Tribes to 18 percent and 8 percent respectively, passing on 10 percent of betting tax receipts to the MCH, grant of 25 lakh when a municipality is upgraded to a corporation and creation of a cell in the state secretariat to monitor the recommendations of SFC were not accepted by the state government.

Octroi accounts for about 70 – 75 percent of total revenue and is a major source of revenue.

The nakas are: Aslali, Odhav, Harthijan, Narol, Sarkhej, Keshavnagar, Kalol, Koba, Hansol and Angadia.

In Hyderabad, many efforts such as double entry based accounting system to make the accounting system more transparent and easily scrutinisable in context of raising loans, unit rate system for awarding works to contractors, earmarking Hyderabad city development fund and community development and services fund etc. have been undertaken for better utilisation of funds (MCH 2003). The Hyderabad City Development fund has been created to fund the important city development/capital improvement works by earmarking city planning related charges. City planning related charges includes development charges, receipts towards internal/ on-site/ local amenities including betterment charges, receipts towards external / off site amenities including betterment charges. It also includes layout/ sub division / building permit fees, building regularisation fees, impact fees, compounding fees, projection charges, proceeds from purchasable development rights (incentive zoning), open space contribution and other town planning charges.

This was done taking the advantage of the provision under section 213 of the HMC Act under which the municipal commissioner is empowered to call for information pertaining to properties from owners / occupiers and it’s mandatory on the part of the later to furnish the same.

MCH has become the first local bodies in the state to introduce the double accruing system.

AMC has received initially A+ rating which has been improved to AA (SO) when IL and FS and AMC has revised the financial structure and compiled with additional conditionalities. The AMC has raised money through structured Debt Obligations, the corporation escrowing certain buoyant source of revenues such as octroi at predetermined collection points for debt servicing.

AMC sold 25% of the bonds to the Indian public and remaining 75% of the issue to institutional investors.

This act used to govern the Hyderabad, Vishakhapatnam and Vijayawada Corporations.

The amended provisions relate to aspects such as constitution of municipalities / corporations; composition of councils / corporations; committees; term of office including dissolution; state election commission; reservations; state finance commissions; and functions.

This was due to the High Court’s direction to postpone elections till the wards are delineated on the basis of the 1991 census instead of 1981 census.

The principal of ‘Equality of Suffrage’ which means a vote in one constituency should have as much value as in another constituency so that every elected member should represent an equal number of voters, is fundamental to any electoral system (Sivaramakrishnan 1992, 2000a). Keeping this in mind, delimitation of municipal wards formed an integral part of holding the election. It is mainly to ensure that the electoral map is neutral to the interest of any political party or individual (Krishan and Sidhu 2001).

The decision to hold indirect elections has been taken in the cabinet meeting held on 4th June 2005. The indirect elections of chairpersons and mayors mean that voters will elect councillors who in turn would elect the chairpersons/mayors.

As stated by the Mayor of the Municipal Corporation of Hyderabad, ‘he is helpless to take up developmental works as the committee is more powerful’ (cited in Hindu 5th June 2005).
In Kerala case, more powers have been provided to the council rather than to the president/mayor.

In Hyderabad, there is a distinct change which has come in the percentage of seats reserved as under:

<table>
<thead>
<tr>
<th>Reservation category</th>
<th>Before 74th CAA</th>
<th>After 74th CAA</th>
</tr>
</thead>
<tbody>
<tr>
<td>SC</td>
<td>15%</td>
<td>Acc. to 74th CA (Prop. Population)</td>
</tr>
<tr>
<td>ST</td>
<td>6%</td>
<td>Acc. to 74th CA (Prop. Population)</td>
</tr>
<tr>
<td>BC</td>
<td>20%</td>
<td>1/3rd</td>
</tr>
<tr>
<td>Women</td>
<td>9%</td>
<td>1/3rd</td>
</tr>
</tbody>
</table>

In both the cities, seats for S.C and S.T. have been reserved in proportion to their total population and out of these, one third seats is reserved for women belonging to S.C. and S.T. on rotation basis (RCUES 1999 a and b). The reservation for backward classes (B.C.) has been left on the discretion of the state governments that’s why the percentage varies from 1/10th in Gujarat to 1/3rd of total number of seats in A. P. (AIIILS 2002).

In Karnataka, the criteria to decide on a ward with a reserved candidate are based purely on rotation basis which leads to politics of ruling party while deciding on reserved wards (Benjamin 1999).

In exercise of the powers conferred under Rule 3 of the Andhra Pradesh Municipal Corporations (Reservation of Seats) Rules, 1995 issued in G.O.Ms. No. 44, Municipal Administration, dated 6 - 2 - 1995, the Governor of Andhra Pradesh has notified the wards in which reserved seats are set apart in Municipal Corporation of Hyderabad.

Sivaramakrishnan (2004:12) mentions that WCs have been established only in 12 Indian states.

Each ward committees consists of members elected from the wards to the corporation.

The General body appoints the mayor, deputy mayor and also elects the members for the three statutory committees and 14 other committees. Though mayor is the chairman of the general body for conducting its proceedings, but does not have executive powers which rest with the municipal commissioner.

The yearly rotation means that development activities can hardly be sustained and other issue that MLAs, MPs, MLCs have a voting right enforces the political control by the state level political circuit over local circuits.

In Kerala model, a government order has been passed to abolish the Development Authorities and to bring their planning and development functions under the municipal body.

MPCs were limited to metropolises having population of 20 lakh population and above.

Kolkata is the only metropolis where West Bengal government enacted ‘The West Bengal Metropolitan Planning Committee Act 1994 which envisaged the formation of Metropolitan Planning committee for the preparation of draft development plan for Kolkata Metropolitan Area (NIUA 2000).

In Kerala, the government order has been passed to abolish the UDAs and to bring their planning and development functions under the municipal body.

In Karnataka, the Urban Management report for Bangalore authored by B. K. Chandrashekhar, A. Ravindra, P.S.S. Thomas have clearly suggested about bringing these under the operation of Municipal Corporation but this has not been acted upon.

The business community’s interest in civic life goes back to early 50’s when the congress party in alliance with textile labour association dominated the local scene and all the mayors during 1950-65 were mill owners but with the change in political situation and the struggle for survival, the textile industry lost its interest in the quality of life. Recently, there is a renewed interest in civil life and involvement in the service delivery.

Arvind Mills had promoted a trust-SHARDA (Strategic Help Alliance for Relief to Distressed Areas) to implement this project (Patel 2001a and b).
An amendment to the Bombay Municipal Corporation Act 1949 in the 1970s made it obligatory for AMC to spend at least 10 percent of its own account revenue for improving basic services in slums and chawls.

About 75 percent of the sanitation work had been privatised (Prasad and Shanmugham 1999).

MCH was the first corporation in the country to have the unit area method. In unit area method, the entire area is divided into uniform units. Each unit consists of 7-9 kilometers, generating a garbage of 7 -8 metric tones, which needs to be swept. The cost of sweeping in the entire area in the unit and lifting the entire garbage is calculated by MCH. The Cost is determined based on the engineering schedule of rates. The units are allotted to different contractors for the same cost.

DWCUA groups deal directly with MCH without the intervention of middleman. The terms and conditions for them are same as applicable to private contractors.

The Urban Community Development Cell was established in 1967 in the MCH for implementing the urban poverty alleviation programmes for the people living in 792 slums covering 12.58 lakh population which is below poverty line. All activities are being implemented on the basis of the felt needs of the people with a participatory approach.

The thrift and credit groups had been formed with an objective to carry out group activities such as engaging in the individual self-enterprise business units for making women economically independent. Thrift and credit group opens a joint account in the bank and mobilise the savings from each member @ not less than Rs. 1/- per day which is deposited in the bank. The groups conduct monthly meetings regularly and lend loans to the needy members and also fix up the installments of recoveries. Under this scheme, a maximum amount of revolving fund Rs. 25,000/- will be released to the group after the completion of one year from the date of opening of the joint account in the bank.

The neighborhood groups comprised of twenty households and Resident Community Volunteer (RCV) is the representative of these groups. They act as a base level organisation and serves as a channel of information and communication among the families in the cluster and communicating their needs to the higher tiers. NHG participates in the process of planning, selection of beneficiaries, implementation and monitoring of activities at the neighborhood level. Its other important functions include mobilisation of resources to build up community development funds.

The neighbourhood committee (NHC) is the middle tier represented by one leader of each of the neighbourhood groups and is headed by a convener elected by RCVs in a ward. The NHC is responsible for identifying local problems and priorities, and support local action with partnership of responsible agencies. It can invite the chairperson of the ward committee and line department officials to attend the meetings of the NHC.

The town level community structure is the community development society (CDS) being represented by two elected representatives of each of the NHCs.

In Hyderabad, 8 Community Development Societies, 740 Neighborhood Committees, 5984 Neighbourhood groups (RCVs) have been formed (MCH 2003).

E-sewa centre are at 5 administrative zones and one is in old town.

Centre for Good Governance (CGG) is established with the help of state government and run by principle secretary to chief minister at the time of conducting the filed surveys. Most of the impact studies of the government initiatives had been carried out by CGG.