CHAPTER - 3

URBAN INFRASTRUCTURE
It is an established fact that the urban sector has increasingly become an important drive of economic growth. Cities are recognised as engines of growth both at the regional and nation levels. While there were 23 metropolitan cities in 1991, the number increased to 35 in 2001. As a result of the rapid urbanization most of urban settlements are characterized by shortfalls of infrastructure, inadequate housing and water supply, inadequate sewerage, insurmountable traffic congestion, air and water pollution, abject poverty and social unrest making urban governance a difficult and challenging task.

Treatment of waste water and solid waste in the mega cities of India is as follows:

Table 3.1: **Waste Water and Solid Waste Treatment**

<table>
<thead>
<tr>
<th>Serial Number</th>
<th>Name of the City</th>
<th>Percentage of Solid Waste Disposal</th>
<th>Percentage of Waste Water Disposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mumbai</td>
<td>97</td>
<td>Less than 50</td>
</tr>
<tr>
<td>2</td>
<td>Delhi</td>
<td>90</td>
<td>78</td>
</tr>
<tr>
<td>3</td>
<td>Chennai</td>
<td>90</td>
<td>63</td>
</tr>
<tr>
<td>4</td>
<td>Kolkata</td>
<td>75</td>
<td>50</td>
</tr>
<tr>
<td>5</td>
<td>Hyderabad</td>
<td>75</td>
<td>Less than 50</td>
</tr>
<tr>
<td>6</td>
<td>Bangalore</td>
<td>70</td>
<td>75</td>
</tr>
</tbody>
</table>

Source: Central Pollution Control Board Survey, 1996.
The above table shows the inadequacy of solid waste disposal and waste water disposal in the mega cities of India. The infrastructure deficiency in urban India can be known from the following table:

**Table 3.2: Infrastructure Deficiency in urban India**

<table>
<thead>
<tr>
<th>Basic Amenity</th>
<th>Deficit Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without water source within the premises</td>
<td>34.6%</td>
</tr>
<tr>
<td>Without taps</td>
<td>31.3%</td>
</tr>
<tr>
<td>Without electricity for lighting</td>
<td>12.4%</td>
</tr>
<tr>
<td>Without bathroom within the house</td>
<td>29.6%</td>
</tr>
<tr>
<td>Without latrine within the premises</td>
<td>26.3%</td>
</tr>
<tr>
<td>Without kitchen within the house</td>
<td>24.0%</td>
</tr>
</tbody>
</table>

Source: India Infrastructure Report, 2006

Besides the above service shortage, the following is the housing shortage in the country:

**Table 3.3: Housing Shortage in urban India**

<table>
<thead>
<tr>
<th>Type of Housing</th>
<th>Shortage in Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economically Weaker Sections</td>
<td>21.78</td>
</tr>
<tr>
<td>Low Income Groups</td>
<td>2.89</td>
</tr>
<tr>
<td>Middle Income/Higher Income Groups</td>
<td>0.04</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>27.70</strong></td>
</tr>
</tbody>
</table>

Source: India Infrastructure Report, 2006

The above infrastructure deficiency shows the need to take up measures for providing the needed infrastructure as well as services in order to facilitate and sustain urban growth and to provide a high quality of life to urban dwellers. Urban Local Governments have, therefore, to organize, manage and finance the infrastructure needed for the urban population.
The provision of infrastructure facilities and service required to support the increasing urban population is lagging far behind the pace of urbanization. As a result, urban environment is deteriorating rapidly. Most of the urban areas in the country have serious shortages of water supply, power, sewerage, developed land, housing, transportation and other civic facilities. Considerable urban population is below the poverty line. This has led to proliferation of slums, growth of the informal sector, inadequate educational facilities and deteriorating health facilities to the urban inhabitants. If the situation in urban areas is not mitigated through appropriate measures, it leads to serious repercussions on the vital economic base itself.

In order to mitigate the infrastructure deficiency in urban areas Urban Local Governments have to improve water resource management duly diverting water from other uses to meet the requirements of urban, particularly larger urban, areas; introduce institutional reforms for efficient delivery of services to urban dwellers in most effective and efficient manner; design effective urban planning and management strategies; expedite housing programme through creating suitable delivery mechanism in the housing implementing agencies; improve resource mobilization and cost recovery; encourage the beneficiaries of urban development to actively participate in decision making and so on.

Owing to significant migration of the rural poor to select urban locations in search of employment and livelihood, the urban population below poverty line increased from 60 million in 1973-74 to 80.7 million in 2004-05 while the slum population increased from 26.0 million in 1981 to 61.8 million in 2001. These migrants, however, have become vital contributors to the city’s economy without whom many of the support systems for city life would
collapse. But their influx has led to the growth of slums in cities. The non-recognition of this fact has resulted in the improper planning of the cities and has led to enormous strains on urban infrastructure.

Most of the Urban Local Governments in the country face serious problems in extending basic services, public facilities and infrastructure. The constantly increasing concentration of the poor in cities exacerbates the already existing severe strains on urban services. It is, therefore, imperative to find innovative and effective solutions to meet the growing demand for urban services. Besides the efforts at the local level, the Central and State Governments must explore alternative policies and organizational arrangements for meeting the basic needs of their population. "Infrastructural development is considered to be key to improving the urban environment. For example, the construction of flyovers and the widening of roads are expected to ease congestion and reduce air pollution. Water supply and sanitation infrastructure are designed to reduce water pollution. These projects are usually funded by international loans; however, only large cities are able to prove that they are credit-worthy and they have, therefore, been the main recipients of these loans."1

The ULGs have to find alternative sources for bringing about the necessary development. The potential alternatives are: improving service delivery through using market surrogates; reducing cost and improving the quality of service through privatization of the management of urban basic services; actively supporting self-help and service upgrading schemes by the poor; encouraging private sector participation in urban development and service delivery, and the adoption of policies that attempt to redistribute migration to small and medium towns. The
alternatives suggested will have both advantages and limitations that planners and policy makers should take into consideration in forging sustainable urban development strategies. "Sustainable human development emphasizes that development should be broad-based and bottom-up, redistributive and just, empowering and environmentally sustainable; seeking to meet the needs of the present generation without compromising the ability of future generations to meet their own needs."

The increasing demand for urban services is proportional to the rapid increase in urbanisation. Demographic projections indicate a dramatic shift in the incidence of poverty from rural to urban areas in the coming decades. World Bank studies indicate that more than half of the absolute poor will be concentrated in urban areas. Most of the urban areas in the country, including Andhra Pradesh, experience continued high rates of migration from rural areas to urban slums and squatter settlements during the recent years, making the extension of basic services and facilities to these migrants a complex and difficult task.

The financial capacity of the urban local governments in India to meet this growing need for urban services is limited. Lack of finance is an impediment to improving urban infrastructure. The growing demand for increased as well as improved urban services is pressing hard against the limited resources and poor administrative capacity of the Urban Local Bodies to cope with the problems of inadequate distribution and inequitable access to urban basic services. Increasing the access of urban dwellers, particularly the poor to urban basic services is not only likely to become a crucial problem in the near future, but the solution for the problem requires a combination of innovative approaches. All the expanding urban areas in the country need upgrading of
streets, rehabilitated as well as new schools, hospitals, water services, drainage and protected (safe) drinking water. In most of the urban areas in the country, only 60 to 85 percentage of the population is served by safe drinking water and 50 per cent have no sanitary facilities.

It is clear that the strain on basic urban services arises not only from limited financial resources and administrative incapacity of central, state and municipal governments to provide greater coverage, but also from broader problems of rural-to-urban migration, inadequate employment opportunities both in rural and urban areas, and the continued concentration of the poor in larger urban areas.

**Maintenance of Urban Infrastructure**

The maintenance of infrastructure needed for an ever and rapidly increasing urban population is always a serious problem for all urban managers. The failure or inability to maintain urban infrastructure not only leads to waste of resources but results in the breakdown of services which will seriously impair the efficient functioning of the urban area (city or town). The reasons for failure to maintain urban infrastructure are unclear responsibilities, lack of resources, obsessions with new investment etc. The aid donors are generally willing to finance new infrastructure, leaving the task of maintenance to the host countries, despite their obvious lack of resources to meet the maintenance costs and lack of the needed administrative and technical skill for maintenance.

Maintenance of urban infrastructure is always a top priority item within the urban management cycle. While creation of new infrastructure is a difficult task, maintenance of the existing as well as the newly developed infrastructure is an equally
presumptuous task. In order to improve maintenance, responsibilities have to be clearly assigned and resources identified. The problem of maintenance of infrastructure in most of the metropolitan areas in India is that a specialist agency constructs the new infrastructure and hands it over to another agency which has no funds for its maintenance.

**Financing Urban Infrastructure**

Experience gained over the past decades in the financing of urban projects and their state of affairs indicates the need to probe into the methods/strategies of urban financing in the present times in order to make investment in urban projects more meaningful and purposeful. Investment made in urban projects should be such that it is made planned imaginatively so that it can contribute to the vitality and progress of the urban area chosen for financing, keep the project in the mainstream of self-generating growth of finance for its maintenance, raise the standard of urban services, bring forth maximum benefit for the full development of the urban area. The translation of such an idea into action necessitates constructive thinking, meticulous planning, imaginatively planned investment, and frugality in expenditure. It is not possible to estimate the financial requirements of urban infrastructure since it involves the setting of standards which is a judgemental exercise. The estimates prepared by various organisations like Expert Group on Commercialisation of Infrastructure Projects (ECGIP 1996), the IIR 1996, the Central Public Health Engineering Organisation (CPHEEO) and others indicate the urgent need to upscale investment into urban infrastructure to meet the large unmet demand of services.
Mobilisation of resources for providing the needed infrastructure is a Herculean task for most of the cities and towns in India. Search for resources consists of three categories: mobilization of domestic investment resources; devolution of funds from provincial (state) and national (central) government; and foreign investment. The Andhra Pradesh government could successfully get foreign investment of Rs.745 crores from the Department for International Development, Government of United Kingdom for providing infrastructure; improve service delivery through better performance of urban local governments and for strengthening civil societies in 42 Class I towns in the State during 2000-2007.

The ULGs have to take up bankable urban housing projects that promote affordable housing for low-income households, the upgrading of slums, and the provision of infrastructure in settlements in towns and cities of the country. The Government of Andhra Pradesh has taken up the weaker section housing programme for the below poverty line population by linking the loan component to Banks. The infrastructure required for these housing colonies is provided under Integrated Housing and Slum Development Programme (IHSDP), which is sponsored by the Government of India. The key clients of slum upgrading and weaker section housing are municipal authorities, Community-based Organisations, Non-Governmental Organisations and the departments concerned in the Central and State Governments.

The activities involved in urban housing and infrastructure programme are: to mobilize domestic capital for upgrading activities by facilitating links among the local stakeholders by packaging the financial, technical and political elements of development projects and to prepare local projects for potential
investment by international financial institutions and investors in the global capital markets. The ULGs will consult a team of specialists on international and domestic financial institutions and financing models. The task of the ULGs is to develop mechanisms to mobilize domestic saving and capital for affordable housing and liaise between financing institutions and the beneficiaries of housing schemes. Improving the living conditions in urban slums is a serious issue the ULBs all over the country are facing. The programmes intended for slum upgrading cannot be implemented successfully without the active cooperation of the slum dwellers. The Government has to evolve new fiscal instruments which envisage reduction in subsidies, improved pricing and cost recovery mechanism. Some of the new approaches that Urban Local Governments have to adopt to improve the urban situation in the country are: developing commercially viable infrastructure projects, credit rating of urban infrastructure entities encouraging private sector participation in urban infrastructure provision etc.

The Eleventh and the Twelfth Finance Commissions initiated transfer of funds from the central government to local governments to ensure that the Urban Local Governments are able to finance the provision of minimum physical infrastructure required for basic civic life. The Andhra Pradesh government directed that the entire amount released under the Twelfth Finance Commission grant be used exclusively for solid waste management. This has enabled the ULGs in the state permanently solve the problem of vehicles required for the lifting of garbage, procurement of land for dumping of compost etc. But this is not enough to meet the infrastructure requirements of the urban areas. The aspirations of all the urbanites in the country cannot be fulfilled unless all towns and cities in India get at least the minimum basic needs like clean
drinking water, waste water networks, proper solid waste management facilities etc.

Economic growth and poverty reduction are linked to infrastructure development. Progress in creating the infrastructure needed for the constant influx of urban population is very slow while the demand for it is burgeoning. Besides inadequate infrastructure for the increasing urban population, the neglect of urban sprawls by civic authorities has made urban areas vulnerable to natural disasters and disease. Thus, infrastructure in all urban areas of the country is the crying need. While urban polity so far focussed on metropolitan cities, even Tier-II cities which are growing fast need policy attention. Pursuant to the enactment of the Constitution (Seventy fourth) Amendment Act 1992 and the Twelfth Finance Commission award to Urban Local Governments the Government of India has decided to merge all its urban improvement into three schemes viz., (i) Jawaharlal Nehru National Urban renewal Mission (JNNURM); (ii) Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT); and (iii) Integrated Housing and Slum Development Programme (IHSDP). The JNNURM is a reform-driven, fast-track and planned development programme to address the issues of infrastructure and basic services to each urban poor in all cities and towns. This is a path-breaking step of the Central government in forming a reform-oriented urban infrastructure programme which aims at developing urban infrastructure at an accelerated pace. The infrastructure projects admissible under the JNNURM cover inter alia water supply and sanitation including desalination plants, where necessary; sewerage and solid waste management; widening of roads and bridges to remove transport bottlenecks and truck terminals; environmental improvement and city beautification schemes; construction of working women’s hostels,
homes for destitute children, night shelters for community toilets, street lighting; slaughter houses; and civic amenities like playgrounds/stadiums, community halls etc.

The JNNURM envisages the achievement of the following outcomes at the end of the Mission period by the Urban Local Governments:

- Modern and transparent budgeting, accounting, financial management systems must be designed and adopted for all urban services and governance functions;
- City-wide framework for planning and governance will be established and become operational;
- All urban poor will have access to a basic level of urban services;
- Financially self-sustaining agencies for urban governance and service delivery will be established through reforms to major revenue instruments;
- Local services and governance will be conducted in a manner that is transparent and accountable to citizens;
- E-Governance applications will be introduced in core functions of Urban Local Governments resulting in reduced cost and time of service delivery. In order to become eligible for assistance under the scheme the assistance-seeking Urban Local Governments have to undertake a series of reforms at the State level and the local level to address the issues of urban governance and poverty alleviation, including the provision of basic amenities to the poor in a sustainable manner. The Government of Andhra Pradesh proposed the following
Mandatory Reforms which are at various stages of implementation:

- Decentralised measures as envisaged in the Constitution (Seventy fourth) Amendment Act 1992 will be implemented;
- Urban Land (Ceiling and Regulation) Act, 1976; will be repealed
- Rent Control Laws will be reformed;
- Stamp Duty will be rationalised;
- Public Disclosure Law will be enacted;
- Community Participation Law will be enacted; and
- Elected municipalities will be associated with City Planning Functions.

The Urban Local Governments are also required to prepare a City Development plan (CDP) based on a Rapid City Assessment (RCA) in order to help the Urban Local Governments to (a) develop a vision for the city; (b) ascertain the gap between infrastructure and investments; and (c) set out priorities for undertaking reforms and investments.7

Policy Alternatives and Organizational Choices

The increasing demand for urban services cannot be met entirely through rapid and substantial increases in central, state or municipal government expenditure. Many services such as urban housing, transportation networks, city-wide sanitation systems, public safety, education and health care can best be provided only by central and state governments because they require largescale capital financing and a political base of protection.

According to Emiel A. Wagelin, "Cities are engines of economic growth and sources of employment particularly in the
service sector. Cities are also major sources of national, provincial and local tax revenue, in many cases outstripping rural areas not only on a per capita basis but often in absolute terms as well."

The positive economic functions which cities fulfil can be made more effective through appropriate investments in infrastructure, urban services and shelter improvements. These investments can be financed out of the revenues generated locally if the capabilities of urban local governments are quickly and substantially improved. It means the reduction of dependency of the ULGs on national fiscal resources through increased generation of local revenues to finance more cost-effective urban infrastructure/services development. This does not, however, mean the enhancement of taxes or tax rates but rather improved assessment and collection practices, improved local administration techniques, more effective budgeting systems as well as more efficient infrastructure investment planning and programming and operation and maintenance improvements. There is the need for increased attention to urban services delivery and to strengthen municipal management and finance practices which are crucial pre-requisites for the development of an effective service delivery system.

The Central Government has initiated certain measures in this regard with considerable success during the last three decades.

During 1974-79, the Government implemented the Integrated Urban Development Programme (I.U.D.P.) for towns in all states with a population of 3.00 lakhs and above and areas of national importance as a central government support scheme through the provision of conditional soft loans by it to state
governments. The project cost was to be shared by the central, state and local governments. Though there were major deficiencies in the scheme, it led to the pooling of investment resources from various layers of the government and generated additional attention to urban development in the state governments and the local agencies involved. The nature of the scheme was such that it made its operation more flexible than the schemes funded through annual budget allocations. Both the achievements and deficiencies of the scheme provided interesting lessons for a similar support mechanism established in 1979 and directed at small and medium towns. A similar programme called the Integrated Development of Small and Medium Towns (IDSMT) was introduced in 1979 on a financial pattern similar to that of the IUDP. The scheme enabled the ULGs provide sites and services, remunerative enterprises (shopping complexes), development of parks and play-grounds, tourist spots etc.

The objectives of all these urban development programmes were the strengthening of municipal management and financial capabilities. The results of the programmes depended on the increasing effectiveness of planning and programming of urban services investment in which more emphasis was to be laid on improving managerial structures and procedures, and ways and means of increasing local government revenues.

The largescale rural-urban migration could not be discouraged by attempts to restrict urban services to the existing or long-term residents of urban areas. It is, therefore, clear that innovative combinations of policy alternatives and organizational arrangements are required to reduce urban services deficiencies in the face of rapidly growing urban population and the increasing
concentration of the poor in cities. The major policy alternatives suggested in this direction are:

1. Considerable enhancement of the governmental provision for improved urban service by building up the capacity of the ULGs.
2. Improving the organizational efficiency and responsiveness of service-providing public agencies;
3. Reduction in the cost of services through necessary changes in regulations and methods of delivery;
4. Encouraging self-help and service upgrading by the beneficiaries;
5. Encouraging private sector participation in urban development and service delivery;
6. Generating employment and higher income to the poor by increasing effective demand among the poor for urban services.
7. Effecting the distribution of urban population and channel migration of urban population to smaller urban and rural areas where per capita cost of providing services is comparatively lower than in larger urban areas.

The policy and organizational alternatives have advantages as well as limitations. The policy analysts should weigh the appropriateness of each policy alternative for deficient service as per the results they are expected to produce in regard to the access of the poor to urban services in future.

The first and foremost solution to the growing deficiencies in urban services is to expand central, state and municipal government expenditure for service provision. The government
should be the primary source of basic services and facilities in urban areas. During the recent past the magnitude of the problem of urban basic services has grown well beyond the financial and administrative capacity of the ULGs. There is no accurate data on the cost of meeting the public service needs of urban residents. The attempts made to arrive at the cost of providing even minimal levels of service have yielded enormous estimates. It is estimated that even if the total savings of the country are mobilized to provide housing and infrastructure for the additional migrants expected to come and settle in urban areas in the next two decades, they would fall short of the amount needed.

Even after the devolution of additional funds to the ULGs exclusively to provide infrastructure in slums and weaker section localities to reduce deficiencies in basic services, the ULGs have not been able to organize and provide public services efficiently and effectively. The government of Andhra Pradesh has made it mandatory for all the ULBs in the state to allocate 40 per cent of their budgetary allocation for providing amenities in slums and weaker section localities. Even then the provision is not sufficient to provide the needed infrastructure in the slums. Most of the ULBs in India lack adequate administrative and technical capacity to plan, finance and carry out greatly expanded service delivery programmes. Most of the ULBs which run short of funds depend on central and state government grants both to construct and maintain urban services. Besides administrative incapacity the ULBs have poorly trained officials and are without adequate legal authority to raise revenue from new sources to meet the expenditure on providing urban services.

Weak administrative and financial capacities of urban local governments as it has been repeatedly pointed out in this study,
are the most critical institutional issues which have hampered effective formulation and implementation of urban development policies and programmes. Because local governments are short of financial resources, they fail to attract qualified administrative and professional staff who prefer to work for government ministries/departments, semiautonomous organisations or the private sector. Therefore, if the capacity of ULGs to improve service delivery is to be expanded, there are two options to be seriously considered: 1) Empowering the ULGs to raise the required revenues to meet the increasing cost of urban services and 2) Capacity enhancement of the ULGs through strengthening their technical, administrative and organizational capacity to deliver urban services.

In the prevailing financial circumstances of most ULGs in the country, it is imperative that they adopt policies and innovative ways that lower the cost of providing services through changes in regulation and methods of service delivery, duly ensuring that there would be considerable reduction in the cost of services, without reducing their access to the poor. The ULGs should adopt urban development and service delivery regulations that are tailored to local conditions and which are appropriate to the needs of the poor and which will substantially increase the access of the poor to urban services. The rapidly rising land prices and land speculation practices in all urban areas have a tremendous impact on driving up the cost of urban services, on service delivery costs and on the access of the poor to urban services.

Dennis A. Rondinelli outlines a number of actions that national and municipal governments can take to control land costs and guide land uses in ways that will lower the costs of extending services. They are:
a. Location of public facilities in such a way as to encourage or discourage private activities dependent on them in various parts of the city;

b. Purchase of land by government in advance of need to guarantee its availability for the construction of public facilities, parks, offices, or recreational areas;

c. Acquisition and reservation of property through 'land banking' for later use or to control the density of development in various parts of the city and to reduce the costs of public services and facilities in areas where congestion might occur;

d. Adoption and enforcement of appropriate zoning, subdivision, and building ordinances that guide or restrict the use of private land;

e. Control or regulation of building types and locations, land coverage and structural standards through appropriate building permission requirements;

f. 'Value freezing' of land designated for future construction of public facilities, utilities or infrastructure to discourage speculation; and

g. Adoption of special levies on land held out of development for speculative purposes, and on 'windfall profits' from increases in land values due to the installation of public services and facilities on nearby tracts.

"Some combination of appropriate controls, together with land-use planning, can assist municipal governments to reduce the cost of providing services and increase the access of poor to them"."^{10}
The cost of extending urban services can be reduced and a large number of people can have access to them if they are designed for multiple purposes and tailored specifically to suit local needs. For example, opportunities do exist for providing basic housing and shelter and related services in less costly and more effective ways. Housing shortages are very acute in the urban slums and squatter settlements that abound in almost all urban, particularly the larger urban, areas. It is established by experience that the housing programme taken up by Governments have not satisfactorily met the housing needs of the houseless slum dwellers. Besides, financial institutions do not come forward to provide the poor with the capital needed to buy or build their houses. The urban slums are overcrowded, squatting has proliferated and thus the conditions in urban slums have only gone on from bad to worse. Appropriate financial and administrative arrangements for dealing with the housing problem do not exist in most of the states. Therefore, alternative policies have to be adopted if the housing problem of the weaker sections of society has to be tackled effectively.

Suggested policies for consideration are:

1. Support to programmes that assist the urban poor to improve their own housing conditions through sites and services, core housing and shelter upgradation. The sites and services projects allow poor families to improve their houses and to add and build upon basic dwelling units and expand their structures slowly as their income increases. This programme can help low income groups, through community action, extension of water and sewerage facilities, street lighting, preventive health services and construction training programmes. Low cost loans should be provided to poor families to upgrade their basic dwellings. Governments
should go in for simple core dwellings so that the beneficiaries of the programme can improve them incrementally. This would be more beneficial to the low-income groups since low-income households are allowed to repay in monthly instalments of loans at affordable level, besides using locally available building material.

2. Provision of minimum basic services to allow self-help programmes to operate effectively. The self-help projects require for their operation provision of essential preconditions from central and local governments to provide essential preconditions. They cannot be successful as isolated or unsupported activities undertaken only by neighbourhood groups. Some of the important conditions are basic infrastructure and utilities that must be extended from an existing network, land tenure and low-cost credit. Greater financial and legal security is essential to making self-help group programmes work more effectively.

3. Promotion of public-private cooperation and private sector participation in infrastructure development and service delivery. The access of the poor to urban basic services can be extended most effectively by promoting cooperation through voluntary and private organizations. Community groups and voluntary organizations can play a major role in organizing the poor to obtain certain essential services by establishing proper conditions to work with government agencies in finding appropriate solutions to their service needs. In certain situations services can be extended to newly developing areas or extension areas through joint efforts of the ULGs and the private sector. In order to fulfil this objective satisfactory, the ULGs as well as national government should-
(a) Adopt administrative practices and make organizational arrangements to allow voluntary organizations to actively participate in providing as well improving services in poor settlements. This includes the active community participation in improving service delivery, the use of well-trained personnel chosen by the community; the application of technology appropriate to local social, cultural and economic conditions; and contributions from the community in the form of cash, kind, labour and other services to help finance basic services.

The service needed for particular localities of urban areas should be privatized and adequate finance should be mobilised so that with the active role of the community the projects can be successfully implemented. Community participation in providing and improving urban services inculcates a sense of responsibility in the community in the efficient management of services.

(b) Service extension programmes create opportunities for private sector participation and market mechanism can be used for providing services and facilities where appropriate. The cost of extending urban basic services can considerably be reduced if service delivery programmes are designed to create opportunities for participation by the private sector. Public-private partnership provides best solution in respect of land readjustment. This enables the extension of services to new areas at no cost to Urban Local Governments and allows private owners to profit from the provision of services required for development.
It is primarily the poor and vulnerable sections that are excluded from basic services in all urban areas in the country and they are often the last groups to receive services and facilities when the ULGs extend them. The high levels of unemployment and under-employment coupled with low levels of income among large sections of urban dwellers are the reasons for their inability to pay for the services, either directly through user charges or indirectly through taxes. The urban basic services problem in most of the towns and cities of India cannot be really solved until their high levels of poverty are substantially reduced. The best approach to alleviate poverty and ameliorate the living conditions of the urban dwellers is to provide services in such ways that promote employment among the beneficiaries and take up employment generation in the areas where the poor live so that they can obtain services more effectively on their own. Certain programmes should be taken up to increase the capacity of the informal sector to provide appropriate services which, if strengthened, will serve as a source of employment. These programmes include:

1. Generation of employment for the beneficiaries of those services by designing service improvement programmes.

2. To strengthen the informal sector as a source of employment. A number of public services could be provided through informal sector activities at comparatively lower cost since regulations and restrictions are eliminated in the informal sector.

3. Providing services and assisting smallscale enterprises in slum localities and squatter communities as a source of employment and income. Employment can be generated for the poor through encouraging the
participation of local small-scale industries in service extension projects. For example, low cost weaker section housing can be taken up by using indigenous materials that can be easily produced by local small-scale industries in the areas where the housing project is taken up which uses local contractors and labour.

The problem of providing services in fast growing urban areas and to a burgeoning urban population is likely to become more critical over the next two decades. Urban population will continue to grow and the shifting incidence of poverty will increase the needs of poor households concentrated in towns and cities at a rate that outpace the capacity of government to extend the coverage of basic services.

The administrative capacity of ULGs remains low and their revenue-raising authority is constrained. Their inability to formulate and enforce appropriate land use and urban development regulations is usually weak. Where the infrastructure needs of urban areas are to be met through services from multiple government agencies, problems of conditions and cooperative action often undermine effective delivery. The hierarchical structure and control oriented approach to administration used by government agencies reduces their flexibility and responsiveness to the needs of the urban population, especially the urban poor.

In view of the above situation it is inevitable for the union and urban local governments to make adequate investment in infrastructure, utilities and services to support small and medium scale enterprises in urban areas to cope up with the demand for urban services.
Urban Innovation

Urban areas, with increased industrialisation and growing commerce have become a focal point of attraction to the villagers in search, primarily, of livelihood. This has led to massive urbanization which has, in turn, led to the explosive growth of large urban centres, which is an inventible and an unprecedented world phenomenon. "In effect, the static city of colonial days has become the dynamic city of today. Yet many of the most productive large urban centres are in a critical condition as successive ways of population growth and economic changes have increased the gap between the demand for satisfactory living and working environments and the capacity of the public sector to deliver the required services." Urban Local Governments in India, responsible for urban affairs, encounter serious difficulties in responding to the mounting pressures of rapid urbanization, economic and technological changes and cultural transformation. Since the Dynamic city has become a Problem City, it is the burden of urban managers to find out solutions to the growing urban problems. Most of the critical problems common to almost all urban areas in the country as in the world are:

1. Unbalanced population, spatial and economic growth;
2. Large-scale deprivation and unmet provision of land, housing, employment and transportation needs;
3. Deteriorating environments, and inadequate basic services;
4. Shortage of public fiscal resources and qualified manpower for effective plan implementation and management;
5. Uncoordinated national and municipal urban policies and inadequate organisational structures;
6. Costly imported finance and inappropriate planning ideas and technology;

7. Absence of meaningful public participation in the planning and development process.¹²

It is clear from the above that urban managers have to think of the measures to fill the yawning gap which remains between the reality of urban development and the goal of balanced social, economic and physical development. Urban managers have, therefore, to answer two questions:

1. To what extent urban policymakers, planners, government, the private sector and international aid agencies have dealt with these problems;

2. What are the prospects for the future?

The urban managers in India should take a close look at the experience of urban local governments in addressing the ever-changing urban areas, contrasting situations, formulating, implementing and evaluating policies for improving urban settlement, especially low-income communities. The issues for consideration before the urban managers and Governments are:

1. Urban policies and settlement planning.


4. Education and Training.


Case studies of the needs and demands of various cities and towns in India point out that it is not possible to identify successful examples of public policies, strategies and guidelines for meeting urban settlement needs, particularly in regard to housing,
employment, urban basic services and resource generating activities.

In regard to urban finance and urban management also, there are no conventional financial practices which are capable of wider application to all cities and towns of India. The same is the case with urban planning and management.

An integrated approach to urban plan implementation involves community participation, local resource mobilization and appropriate technology. Certain appropriate changes should be brought about in public policy and international action, aid and investment activities which are required to implement development programmes and the effective improvement of settlements, especially low-income groups.

Planned management of urban growth is an essential pre-requisite in national and metropolitan policies in order to counter the adverse effect of rapid urbanization in India. These include measures to prevent largescale rural-urban migration, contain city growth, improve living conditions and working environments in urban areas, create new centres of economic growth and employment supportive of national development requirements.

Provision of shelter and services for the large mass of slum dwellers living in sub-standard housing areas and squatter settlements in almost all urban areas in the country, is a key issue for immediate action. Provision of low-cost housing to slum dwellers need a range of new approaches. These include:

- Government provision of land for sale as serviced plots to encourage self-help building;
- Granting security of tenure to tenants and squatters to stimulate their improvement effects;
Encouraging trading commercial and industrial development in designated residential areas to broaden the local tax, employment and resource generating base;

Introducing a "betterment" taxation system so that government can recapture costs of land use development redistribution to poor areas.

Rationalising public service networks and provision of utilities in areas of greatest social need.\textsuperscript{13}

The fiscal powers of Urban Local Governments and their ability to generate resources should be strengthened. The state governments should direct the Urban Local Governments to allocate all plan grants to prospects benefiting low-income communities and the unemployed. The Urban Local Governments should be enabled to play a more strategic role in urban development, guiding the growth of urban investment productivity and incomes, training of qualified personnel in urban management, development operations and policy implementation. A development agency must be created within the urban local government which is action-oriented, flexible in outlook, sensitive to human and material resources issues, and based on realistic assessments of achievable objectives.

The Urban Local Governments in India need for efficient and effective functioning the following:

- A Chief executive with demonstrable diplomatic skills;
- A management organization with prestige, links with major sectoral public agencies and private enterprises, and ready-access to decision makers;
- Trained staff of multi-professional backgrounds working together towards common solutions;
• The involvement of client communities as an essential component of all urban projects.

**Urban Development Authorities**

Urban planners have to show a concern for planning and management at the town or city level. Thus arises the need for (a) dealing with urban problems which extend beyond an individual local governmental jurisdiction; (b) improving urban infrastructure and (c) increasing the efficiency of certain services through economies of scale. It is presumed that urban local level planning is conducive to providing a minimum level of services to disadvantaged groups which ensures coordinating planning and management activities in the area.

The need for coordination among various agencies involved in urban development arises from the need to make the most efficient use of limited resources and to avoid wastage; to eliminate conflicts among the goals of rapidly proliferating urban-oriented government agencies, to attain uniformity in government policies at the operational level; to establish effective linkage among public agencies so that these may assist each other.

"There are several methods, techniques and mechanisms which have been utilised to ensure coordination. These include: (a) exchange of information; (b) negotiation to resolve differences; (c) specification of each agency’s functional areas; (d) institutionalisation of procedures to ensure that views of relevant agencies are incorporated in decision-making; and (e) delineation of guidelines by the supreme coordinating body."¹⁴ There are no universally applicable institutional arrangements or structures for coordinating urban development activities. They depend upon the scope and size of urban development efforts. Since it is difficult to
achieve project-based coordination every time among various agencies, there must be an agency to bring about the required urban development duly achieving this coordination. Hence Urban Development Authorities are constituted to achieve this objective. The UDAs in Andhra Pradesh are developed and organised in such a way that all agencies, performing different tasks right from policy-formulation and decision-making till the implementation of the project, are created within the administrative system of each and every Urban Development Authority. This kind of system is conducive to increasing the capacity of the agency to negotiate and informally influence organisational decision, besides making available the necessary technical and professional competence within the organisation and improve the quality of task performance.

The Urban Development Authorities, constituted by the Government of Andhra Pradesh, endowed with special powers and finances, are playing the above role to some extent in bringing about sustainable urban development. The constitution of Urban Development Authorities, to work totally independent of the elected municipal councils/corporations, is necessary to bring about sustained urban development since local politicians with vested interests generally impede the progress of urban planning and management in almost all urban areas, particularly in Andhra Pradesh. Though the government in consultation with Urban Local Governments designs a plan to guide urban growth and urban planning, the role played by the local politicians often not only stunts the development process but even ruins the life of city dwellers. Unless these recalcitrant elements are replaced by a body of educated, qualified, broad-minded patriotic body, urban development would be an impossible task in any state including Andhra Pradesh despite its well-defined polices, keen focus of
officials on all development issues; meticulous planning, good governance and effective institution building. Owing to the existence of elected bodies in all urban areas in Andhra Pradesh, Municipal Administration has completely failed to respond adequately to the towns’ or cities’ explosive population growth, urban sprawl, slum and squatter settlements and the resulting pressures on housing and public services. Urban Local Governments cannot take up planning and implementation of development programmes outside their jurisdiction since their administrative jurisdiction is limited. The Urban Development Authorities can bring about effective development both on site and off site since their jurisdiction extends beyond the municipal limits covering several municipalities and municipal corporations. The UDAs have been established to undertake wider planning, coordinate activities of local governments and provide selected services requiring higher levels of technological and managerial skills. They can function better than the ULGs in bringing about the development required for expanding urban population keeping in view the future needs of urban areas within their jurisdiction since they are free from the clutches of the elected representatives of the ULGs, who, very often sidetrack overall development and substitute it with their vested interests. The activities of the UDAs have rapidly increased from time to time.

The UDAs have developed in themselves a planning wing, an engineering wing and an administrative wing. Thus, the UDAs need not coordinate the services of other agencies for implementation of their plans or programmes. They are now able to mobilise and sustain largescale infrastructure investment and lay emphasis on the provision of primary facilities, leaving the maintenance part to the ULGs concerned, with the result that the improvement in service delivery has been effective and purposeful. The UDAs are
able to implement and manage several sectoral projects such as water supply, sanitation and road projects.

The inability of the Urban Local Bodies to provide the minimum basic services to urban dwellers and to bring about sustainable urban development is due to the involvement of multiplicity of agencies in providing public service among which there is no coordination. Under these circumstances the needs of the urban poor cannot be met and the achievement of overall urban improvement and development will naturally be stunted. In order to avoid this undesirable effect, Urban Local Governments must be encouraged to reform their administrative, fiscal and management structure for the coordinated implementation of urban development policies. One more important step in this direction is to constitute more and more Urban Development Authorities, without the involvement of politicians, to take up urban infrastructure projects, leaving only the maintenance aspect to Urban Local Governments. It is high time Governments realised the urgent need for a reappraisal of the issue with a view to making the needed changes in the national policy on urbanisation and in the programmes for urban development.15

**THE MANAGEMENT OF URBAN DEVELOPMENT**

Urban management should above all be concerned with economic development. Management is organization of policy-making and implementation rather than dealing with policy issues. The role of urban managers in the management of urban development is to support and influence policy-making rather than direct it. In the changed urban scenario the role of government institutions is not to monopolise decisions and impose undesired solutions on the poor and undesirable regulations on entrepreneurs. The tendency, expected in the present situation, is
to move away from the idea of developing institutions and professional managerial capacity as ends in themselves. Instead, the present attempt should be to create a more responsive, public service oriented administration which involves beneficiaries more directly in organisational control. Public managers are expected to adopt a more restrained, selective and supportive role; action should be arrived at by negotiation with the stakeholders of urban development as well as beneficiaries rather than merely direct. This means a drastic change in the management practices and training of officials who should act as regulators, providers and bearers of solutions to urban problems and problems of management of urban development. Regulatory bureaucracy, professional arrogance, elitism and inappropriate standards are not valid. As the monopolistic, unresponsive and centralized administration could not bring about the expected efficacy, it should be replaced by institution building.

In the management of urban development there can be no generalisations and pre-packaged solutions. What was successful or appropriate earlier may no longer be so and prove inappropriate later. The managers of Urban Development should, therefore, develop ideas and techniques which are relevant to the present situation or local circumstances and needs.

1. The Intrinsically Inefficient Public Sector

The public sector is now realised as being monopolistic, lacking in competition. It has an unresponsive bureaucratic nature leading to professional and bureaucratic interests and become an agent of underdevelopment. The solutions are, therefore, regarded as outside public administration—either in popular mobilization or in non-state action i.e., in self-help and the freeing of private enterprises.
2. **External Obstacles**

The failure of policy implementation is due to a lack of commitment and support from others: lack of finance, lack of political will, the deadweight of established and outmoded practices, the unwillingness of different stakeholders of urban management to collaborate, and the apathy and irresponsibility of the clientele.

"In India, for example, the public service is typically composed of elite and transitory administrators, professional staff and clerks. Administrators are drawn into general policy issues and crisis management, rather than the systematic and longterm management of implementation. The professionals see problems narrowly and expect their plans and designs to be implemented without there being effective structure for implementation"16 The solution for these obstacles is “to overcome political obstacles and managerial deficiencies by imposing programme by-passing the normal processes so as to get things done quickly and to strengthen the local political role in policy determination and to increase the local managerial presence, capacity and discretion. This would indicate that the aid programmes should work through regular agencies, make a longterm commitment, build local powers of fund-raising, coordination and problem-solving, encourage local political influence and raise the expectations and demands of excluded sectors. (Model: Hyderabad UCD project). This builds political will by mobilising the constituency of the poor; promoting decision-making and responsibility of local politicians; increasing local managerial capacity to recognize and resolve managerial problems”17
3) **Organisational Competence and Effectiveness**

The promotion of institution-building, that is, the development of organizations with clear structures, leadership and trained staff is of paramount importance. "The very virtues of democracy— impersonality, standardised rules and procedures, fairness—may break down in situations of dire scarcity, acute need, incomprehension of the rules of the game, and extreme local diversity. The rules cannot cope with the diversity and volume of demands, and situation becomes a crisis demanding reference to the top—or else there is breakdown and free-for-all."18 What is needed is the ability to respond to local demands, requirements and opportunities. The principles to be followed for increasing organizational competence are: decentralization; local political control as the means of prioritisation and coordination; more discretion at local and technical level etc., "The big question for development administration is whether it is possible to combine the virtues of impersonality and fairness with those of responsiveness and discretion."19

4) **Growth with Redistribution, a Matter for Serious Consideration**

In respect of provision of urban services like roads, water supply, sewerage, garbage collection, housing and transport services, the middle classes and the upper classes are the beneficiaries. Hence redistribution with growth could be achieved through targeting on the people i.e., aiming the benefits at identified target groups and tailoring public provision to their basic needs. In order to fulfil this objective, adequate support should be given for the informal sector, access to safe drinking water from public taps, provision of staple food and security of land occupancy. Urban Local Governments must be able to identify the
requirements of the poor and then put in their efforts to provide them.

5). Access to Service

The question to be considered for providing access to urban basic services to the urban dwellers, particularly to the poor, is "how to make the distribution of basic goods and services systematic and "as of right" without making special arrangement for the poor who effectively trap them."

Different problems have different kinds of solutions. The problems, opportunities and management approaches are to be considered as they occur in particular towns and cities, rather than trying to identify standard solutions. About eleven major issues of concern for Urban Management are identified here and briefly described one after another:

1) Keeping pace with Urbanisation

While the process of urbanization cannot be stopped paradoxically it plays a positive role in economic development. This is particularly true in case of towns and cities where urban employment is the only option for many for eking out one's livelihood. Urban Development polices should be so designed as to accommodate population growth and also aim at harnessing the economic growth potential of urban development. Certain national economic policies have unduly stimulated urbanization. For example, Swarna Jayanti Shahari Rozgar Yojana (Golden Jubilee Urban Employment Scheme), National Slum Development Plan (NSDP) etc. Hence there has to be a proper distribution of scarce resources between the rural and urban areas in proportion to their needs.
2) **Project Formulation**

The Government has to carefully study the processes within which particular interventions, programmes and projects fit in. This includes a thorough analysis of a) Economic development patterns and opportunities; b) Urban Markets in land, housing and services; c) The existing institutional system and d) Existing local and national policy framework.

3) **State Intervention**

The provision of urban infrastructure and facilities, including housing, is primarily the responsibility of the government. But its role alone is not enough, since it has excessive bureaucratic control of access to scarce resources which very often results in corruption and manipulation by the powerful and discourages individual and community initiatives. Even then the Government has to play its role. In fact it has to concentrate on

- those services which the public sector or individuals cannot provide;
- providing the environment and structures within which individuals and community groups can provide services for themselves rather than relying on public sector provision;
- facilitating private sector provision through deregulation, appropriate pricing and fiscal policies;
- encouraging private sector or community provision of public services such as construction, waste collection, disposal etc.

4) **Relaxation of Regulation**

There is a dire need for deregulation since urban development is stunted by excessive regulations particularly
relating to land issues like minimum plot size, regulations on the availability of affordable housing land for people etc. Excessive regulations have a negative impact on incentives and initiative.

5) **Institutional Framework for integrated urban development**

The need for integration, particularly of infrastructure provision has been recognized. Special institutions have to be established for particular functions which are not related to the overall urban development context, for example, a housing corporation with special power for providing housing for the weaker sections etc. These special institutions/organizations would not have the traditional responsibilities for regular service provision and for operation and maintenance of the infrastructure provided by the development authorities. In recent times steps have been taken to strengthen the existing local institutions like local government, municipal corporations etc. rather than creating new or special institutions.

6) **Decentralisation**

Local political institutions and political control must be encouraged through decentralisation. The local institutions should be encouraged to build up their sense of responsibility by giving them a proper role and responsibilities. This process can mobilize local opinion in the formation of policy and feedback for implementation. The decentralization process provides the mechanism for accountability which may be absent where programmes are handled by other agencies/authorities. Decentralisation of decision-making to Urban Local Government level encourages effective participation of local beneficiaries of urban development in decisions affecting their interests.
The central and state governments exercise a very high degree of control over the ULGs in all matters including development planning and management in cities. A highly centralised system of planning and management is adopted in the country since the capital intensive industrialisation and urbanisation strategies adopted in the country required strong intervention by the central and state governments in investment and production process. But this over-centralisation often results in inordinate delay in plan formulation and implementation. For example, proposals under the Integrated Housing and Slum Development Programme (IHSDP) prepared by the ULGs are not accepted by the Government unless they are prepared and finalised by consultants appointed by the Government, which clearly shows that decentralised planning is absolutely necessary to expedite planning and implementation. Central planning was introduced in the country in order to promote rapid growth in industrial output, mobilise capital for further investment, generate employment and accelerate social and political change. Though planners and practitioners have firmly believed that central control and management would certainly lead to a more effective and expeditious programme for capital investment it has, in the long run, proved to be ineffective since central planning and management cannot take, or fail to take, into account local priorities and conditions. The trend towards central planning and control-oriented administration was strengthened since the administrative capacities at the local level were often inadequate and since the local units of government and administration were (and are) financially and technologically weak. But this should not be taken as grounds for central planning. Instead, the financial and technological capacities of the ULGs must be strengthened to enable them to plan and implement programmes at the local level.
so that the principal interests of the urban residents would be fulfilled. The disillusionment with the results of central planning has necessitated decentralised planning. Development is a complex and uncertain process that cannot be easily planned and controlled from the centre. There are adequate reasons for decentralised planning duly transferring more responsibility for urban development planning and administration to the ULGs and regional authorities. Decentralisation can overcome the severe limitations of centrally controlled national planning by delegating greater authority to officials who are working in the field and thus closer to the problems. Decentralised planning cuts through the red tape and the highly structured procedures characteristic of central planning and management. "By decentralising functions and reassigning central government officials to local levels, these officials' knowledge and sensitivity to local problems and needs can be increased. It can allow greater representation for various political, religious, ethnic and tribal groups in development decision-making that could lead to greater equity in the allocation of government resources and investments, thus institutionalising participation of all citizens in urban development planning and management."20. Greater centralisation in programme planning and implementation limits the role of urban local authorities. The statutory authorities at both national and state level have been playing the entire role in project formulation and implementation since the ULGs lacked skilled man-power. This has several negative effects on the functioning of the ULGs. For example, over-centralisation disables the ULGs to improve their resource base and formulate and implement plans at local level duly fixing priorities as per local needs. Thus, over-centralisation has led the ULGs to ineffective functioning as full-fledged local self-government units. On the other hand, decentralisation leads to the
development of greater administrative capability among the ULGs and private institutions in urban areas, thus expanding their capacities to perform such functions as maintenance of roads and infrastructure more efficiently and satisfactorily than the state or central government departments. When the development implementation part is left to the exclusive domain of the ULGs, the planning part is more carefully performed and supervised by the state or central governments by concentrating on formulation of development policies. Decentralisation provides a structure through which activities of various government departments and agencies involved in development could be coordinated more effectively with each other and with the ULGs and nongovernmental organisations within various towns/cities. Thus, it leads to a more flexible, innovative and creative administration. According to G. Shabbir Cheema, the main advantages of municipal (local) level planning and management are: "regulation of local activities; mobilisation of community resources; provision of a framework for local participation; decentralised coordination of urban development activities; familiarity with local social, economic and political situations; and making locational decisions."21.

7) Responsiveness to citizen satisfaction

Most of the Urban Development Programmes at present appear to have little consideration of the real needs and preferences of the beneficiaries. Urban Local Governments, therefore, have to invent the ways in which programmes could be made more responsive to the needs and choice of the citizens. This is possible through introducing market mechanisms to provide greater choice to consumers; encouraging and enhancing the operations of those organizations which best serve beneficiaries needs, and greater decentralisation of field management to the local level or through the local political process.
8) Management Discretion

The existing bureaucratic systems involve long bureaucratic chains which are unsuited to conditions of rapid change, acute need and local diversity. The hierarchies have to allow scope for more local discretion and responsiveness. Managements should avoid mere implementation of pre-conceived plans and policies and instead should become more capable of assessing the needs and analysing opportunities and negotiate towards objectives. A good and successful example of this method is the way the Department for International Development (DFID), Government of U.K. implemented the Andhra Pradesh Urban Services for the Poor (APUSP) project in 42 Class I towns of Andhra Pradesh during 2000-07. The Municipal Action plan for Poverty Reduction (MAPP) was prepared by involving the beneficiaries in identifying the felt needs of the community in each slum. The team consisted of both officials and select beneficiaries (Community Volunteers) who prepared the plan duly considering and analysing the available strengths, weaknesses, opportunities and threats. This is simply a shift from planning as control to planning as development and a continuous interactive process. In order to achieve the object full well the management function should be strengthened at the local self-government level and professionals should be made more aware of their management role.

9) Asset Management and Service Delivery

This is essentially a question of internal management and the need to increase and improve the effectiveness and efficiency in service delivery and asset management.

Besides the above, certain other approaches are to be considered in the aspect.
There should be a corporate approach to management in which the objectives are clearly defined and plans, policies and strategies are well developed. The layout should clearly reflect the policies and plans in order that the plans are implemented through budgetary decision.

The functions, duties, responsibilities and powers of urban managers should be clearly defined so that they can be held publicly accountable for the services they render and the functions they perform.

Low staff productivity and poor motivation stunt public services in Urban Local Governments. Hence it is necessary to adopt new approaches towards staff appraisal, supervision, career planning incentive schemes, training for skill upgradation etc.

There should be a correlation between service outputs and input costs. In most of the Urban Local Governments in India, the services rendered are cost ineffective (for e.g. supply of protected water for human consumption). The gap between the cost of rendering service and income derived from it can be reduced by greater use of indirect provision, through contracting and private or community provision which facilitate the explicit examination of cost effectiveness.

There needs to be implemented an improved system of financial management that provides appropriate control mechanisms and prevents fraud and corruption besides providing updated financial information from time to time which enables the urban managers to run their services effectively and efficiently.
The magnitude of corruption has always been a critical issue in almost all the Urban Local Governments in India that prevents effective service delivery which often discriminates against the poor. “There is need for deeper analysis of systems prone to corruption and for personal and incentive system which discourage it and machinery to permit greater accountability and transparency”22.

11. Public-Private Partnership in Urban Management

The maintenance of certain services is becoming a problem day by day both from financial and maintenance points of view. Since all direct taxes like House tax, Vacant Land Tax, Agriculture land tax etc., are felt an unbearable burden on the rate payers, the ULBs have to find out alternative sources of revenue to meet the increasing expenditure on the development of infrastructure and maintenance.

'A weak cow has many bugs', so goes the proverb. Many of the problems the ULGs face are the result of poverty and the inability of national and local governments to create institutions and raise the required revenues to provide sustainable solutions to the urban problems. The only alternative left is to invite private sector participation in developmental works and maintenance of civic services. Public-Private Participation (PPP) in urban development would enable the reduction of cost and improvement of quality of services. The Government of Andhra Pradesh have initiated the PPP for specific schemes and projects like Pay & Use toilets, Development or Modernisation Public parks, construction of Foot-over bridges (with escalator) on state highways, Street lighting, Market Complexes, Bus Shelters, Advertisement on medians and Electric Poles etc.; Development of islands, Improvement and Beautification of Traffic junctions etc.
The Greater Hyderabad Municipal Corporation has invited private sector participation for construction of city bus shelters all over the city. A large number of modern bus shelters have been constructed in the city by private entrepreneurs where they advertised their products. Besides the Greater Hyderabad Municipal Corporation (GHMC) has not invested even a single pie for the construction of city bus shelters, the GHMC has collected advertisement tax from the private entrepreneurs. Thus, the private sector participation has brought considerable revenue to the GHMC besides providing an essential civic service.

Individuals, organizations and community groups with different resources and needs all have a role to play in the urban development process. In this connection, public-private partnership in the provision of urban services is an interesting and useful approach. Under this innovative approach the public sector will ensure the functioning of the city as a whole and the community will ensure the provision of services at the household level. Public-Private partnership in urban development and management of urban services will develop a sense of responsibility in the community to own and operate the services and thus better efficiency is assured in the system. Furthermore, it emphasizes the importance of decentralizing and strengthening local administration.

Reliance on private sector participation in the provision of infrastructure has become essential to provide the management and operation skills and the financial resources required to address infrastructure needs of urban areas. In certain countries the private sector has demonstrated the capacity and willingness to tackle critical problems in the provision of certain services. Private sector participation in the provision of infrastructure in urban areas is particularly necessary in cities where public
administration or urban local government has insufficient capacity. Public-private partnership has already been tried in some parts of the country and has achieved great success. The best examples of the public-private participation are Tirupur water supply project and Vizag Industrial water supply project.

Public-Private Partnership facilitates the financing of urban services, augments the level of services, enhances the efficiency of service delivery systems and brings in new technology. Certain urban Local Governments have been making experiments with various options in order to enhance the efficiency and effectiveness of the system. But privatization has not yet materialized to the extent expected. In order to improve the efficiency of the system, certain measures such as the following are to be taken.

1. There should be clarity in regard to the scope and framework for private sector participation in the provision of urban infrastructure;
2. Project and contract development should be specific and clear, duly including risk management and adequate concern for financial viability;
3. The Government at the higher level should provide policy support and appropriate regulatory framework; and
4. Active participation of stakeholders of urban infrastructure development must be encouraged.

There is an urgent need to improve service quality rather than mere capacity augmentation. Focus should be laid on institutional restructuring to separate the role of policy, regulation and operation in order to bring in consumer and commercial orientation.
The participation of the private sector is sought not only in physical development activities but also in the provision of basic services such as transport, communications, solid-waste collection and recycling and provision of various other utilities. This approach is advantageous as far as satisfactory quality levels are ensured, and provided services are made available at affordable prices. In order to derive benefits from private-sector participation in the delivery of basic services, the public sector must be able to maintain its role in establishing quality standards and enforcing them. To get the best advantage of private sector participation in the provision of urban basic services detailed assessment should be made of its performance and capabilities in providing the same services at comparable quality and costs, and an assessment also is to be made of the competitiveness of the private sector. The reason for favouring the private sector over the public sector in physical development or in the provision of basic services is that what impedes efficiency in the public sector is the prevalence of a high level of corruption. The private sector can indeed control illegal practices at the intermediate levels. The best way of avoiding corrupt practices among local government officials is to make managers accountable to the public in one form or other.

In a period of severe economic constraints, the rational utilisation of what already exists in the built environment of human settlements needs more attention than it has received in the past. The development of approaches to the operation, maintenance and rehabilitation of infrastructure is a difficult task which requires political commitment on the part of national and local governments. Massive investment in infrastructure has been largely nullified by failure to operate it properly owing to various reasons. The private sector maintenance of infrastructure can minimise the cost and maximise efficiency. Hence the need for
public-private sector partnership in urban development and management. Another important aspect is community participation in infrastructure development and management. The community can participate in four stages.

1. Participation in planning which helps in defining the objectives, strategies and priorities;
2. Participation in programming and budgeting which guaranties the effective employment of resources to fulfil objectives;
3. Participation in implementation which creates responsibilities for maintenance and management; and
4. Participation in operational activities which ensures more cost-effectiveness and efficient maintenance and management.

Management covers the whole complex of actions involved in planning, programming, budgeting, development, operation and maintenance. Efficient management of an urban area not only improves living conditions but also enhances productive capacities through the provision of basic services and the establishment of functional linkage. Thus, urban management has a direct role in achieving national economic objectives. Urban management encompasses local goals of economic growth which means local development plan including employment generation.

Urban Local Bodies must have a mandate to take decisions to raise revenues, to deploy human resources and to deal as an equal partner with other governmental agencies if they have to carry out their tasks in achieving the set goals of urban development. These tasks are:
a. Forward-planning of the over-all structure of the city/town duly anticipating development trends into workable physical patterns;
b. Integrating the programming of infrastructure, so as to support development and guide into the expected patterns;
c. Generation of revenue for the installation and operation of infrastructure and for the provision of services;
d. Operation, maintenance, rehabilitation and the upgrading of physical infrastructure and facilities of the city; and
e. Assurance of health, safety and welfare of urban residents through the application of appropriate and affordable regulatory measures.

Urban Local Governments have to undertake the above core tasks if the urban areas are to function in a workable manner. Unfortunately, although very considerable income is derived from urban areas, the national and provincial governments are consistently reluctant to empower Urban Local Governments to take necessary action and raise their resources to maintain urban areas as efficient producers of goods and services.

11. Community participation

Active community participation in planning and implementation of urban services and facilities, as it has been pointed out several times in this study, is essential for the effectiveness of policies and programmes. In most of the ULGs the disadvantaged sections are usually unable to utilise these services due to poverty and lack of their own viable social and political organisation. Hence it is necessary to create an institutional
mechanism in every ULG for popular involvement in the provision of urban services. Innovative leadership, egalitarian power structure and effective community organisation should be encouraged in order to ensure that participatory urban development programmes are implemented more effectively and meaningfully reaching the genuine beneficiaries. As already noted, an illuminating example of participatory planning and development is the innovative partnership programme between the Government of Andhra Pradesh and the Government of United Kingdom implemented over a period of seven years (2000-2007) in 42 class I towns of the state funded by the Government of United Kingdom. This participatory urban development project aimed at providing services and infrastructure in the slums of 42 class I towns. The participatory method of planning and implementation of the project yielded spectacular results since the community participation enabled it to identify the felt needs and fix priorities. The advantage of community involvement is that it enables the right choice of locations, choice of genuine beneficiaries, choice of community leaders, control of allocation of project resources, mobilisation of community resources and choice of implementing agencies. That is the reason why the governments-central and state and local- are actively considering to initiate participatory urban development projects aimed at providing shelter, services and infrastructure. Active community participation is a prerequisite for the success of these projects.

The private sector is no doubt keen to participate in infrastructure projects but the polity framework is not favourable to them. In view of the risks involved, the private sector is not able to actively respond. Unless the governments assure the sanction of required funds at rates of return appropriated adjusted for risks, the private sector cannot actively participate in infrastructure
projects in a big way. There must be a separate budget allocation for funding projects for infrastructure under public-private partnership. The government has proposed the establishment of Indian Infrastructure Finance Company (IIFC) and designed a scheme to support public-private partnerships in the provision and development of infrastructure like roads, power, railways, ports, airports and tourism. The establishment of IIFC is expected to accelerate the financial closure of many infrastructure projects and increase the size of infrastructure loan market move forward. The government has also formulated a scheme to provide a viability gap fund to infrastructure projects in order to make infrastructure projects commercially viable by providing the money required to make the projects feasible. In this system the infrastructure will be built and maintained by a private sector entity and the asset is indirectly owned by the government and the government will provide the viability gap fund, which shall not exceed 20 percent of the total project cost and a predetermined user charges would be collected from the users of the project. The new institutional mechanisms are yet to bear fruit.

The diversification of responsibility for urban governance is an innovative concept in modern urban governance since it provides administrative decentralisation, besides improving urban services. The privatisation of civic services, active association of business organisations and non-governmental organisations in local urban improvement and management are a few steps in this direction. Privatisation of certain civic services like sanitation, street lighting etc has given good results besides achieving economy. The possible areas of privatisation are: solid waste management, water supply, waste water treatment and street lighting. Privatisation of these services will not only reduce the cost of maintenance but will also improve the quality of service. For
example, privatisation of street light maintenance in Greater Visakhapatnam Municipal Corporation has given spectacular results whereby it could save about Rs. 10.00 lakhs per year.

It is expected that the Public-private partnership, backed by the IIFC and the viability gap fund scheme, holds the promise of faster financial closure of infrastructure projects without overburdening the country's public finances. The public-private partnership is also expected to reduce fiscal constraints on infrastructure investment and boost efficiency. The Urban Local Governments have to make an assessment of infrastructure needs of the towns and cities and find out the projects that could be taken on the PPP basis in order to enhance the quality and quantum of infrastructure services, to release the full potential of public sector assets so that the stakeholders receive a fair share of benefits from public-private partnership.
References

8) Emiel A. Wagelin, New Approach to Urban Service Delivery, p.244-5.
10) Dennis A. Rondinelli, Extending Urban Service in Developing Countries, p 9.
12) Ibid, p.2


19. Ibid, p.177


24. Ibid, p.11.