SYMBIOSIS SCHOOL OF ECONOMICS   SYMBIOSIS CENTRE FOR URBAN STUDIES

Webinar Report
Smart Urban Governance: What, Why and How?

Speaker:

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Host:

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10th February, 2023
5:30 pm

Prof Jyoti Chandiramani (Ph.D.)
Symbiosis School of Economics,
Dean Faculty of Humanities and Social Sciences and
Head – Symbiosis Centre for Urban Studies: SCUS

Opening Remarks by Head, Symbiosis Centre for Urban Studies

While the global governance today is extremely challenged, the poly-crises facing the world are significantly perplexing: recovery from the COVID pandemic, the Russia – Ukraine war, inflation, global debt, climate change and environment-related disasters among others. Against this backdrop, India is transitioning to the next stage, moving towards a USD 5 trillion economy which includes the endeavour to see the GDP per capita rise above USD 4,100, to help India qualify as a higher middle-income economy as defined by World Bank. Given the strong linkages between urban and economic growth, this phase can only be achieved if urban development and urban governance are accorded a higher priority and remains at the core of policy decisions.

Cities are governed by Urban Local Bodies[1] (ULBs), which have 18 functions according to the XIIth Schedule of the Constitution of India. There is an urgent need to review these 18 performance areas to assess the adequacy and sufficiency of these existing functions. Urban India is presently coping with emerging issues and challenges related to environment, air quality, climate change and its emerging risks. Additionally, there is a need to prioritise localising of the Sustainable Development Goals (SDGs), which will help address the vulnerable and marginal segments, thereby justifying such a review.

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[1] Urban Local Bodies consist of the Municipal Corporations, Municipalities and Notified Area Councils, henceforth ULBs would be used in place of Urban Local Bodies

Best Practices:

Dr. Jyoti highlighted the need to emulate best practices followed amongst various cities, citing the case of Indore City[2] – which is also the first smart city to generate revenue by selling carbon credits in the international markets. Another case highlighted was the city of Puri (Odisha)[3], which is the first city in India to successfully provide 24-hour good drinking water supply from the tap, to its citizens. While, Brihanmumbai Electricity Supply and Transport Undertaking (BEST) has been a major and efficient service provider catering to the varied needs of Mumbai citizens, since the 1970s.

She also pointed out that cities presently focus on building infrastructure in India, but what is also required is to build the governance capacity of cities, so that the implementation strategies with respect to service delivery become more proficient.

Dr Chandiramani raised some basic questions –
 i) What should be the type of urban governance in India cities presently?
ii) What are the challenges of urban governance and how should these challenges be addressed?

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[2] Indore Municipal Corporation has become the first civic body in the country to start generating revenue by selling carbon credits. A revenue generation of Rs. 50 lakhs were done by selling credits against 1.70 lakh tonnes of Carbon Dioxide received from United Nations Framework Convention on Climate Change (UNFCCC) under the Verified Carbon Standard (VCS) programme.

[3] The first city in India to provide every home a 24-hour, piped supply of drinkable water is now Puri.
The new mission that provides drinking water directly from the tap is using surface water to meet the demands of the city since groundwater depletion is a serious issue in the tourist city.

Dr. Ramanath Jha
Ex-IAS Officer,
Distinguished Senior Fellow, Symbiosis Centre for Urban Studies

Ramanath Jha raised a couple of basic questions in his opening remarks:

- Is smart governance associated with smart cities (100) which are in the final stage of wrapping up?
- Does smart governance mean being associated with information technology that can be embedded in the planning aspects of a city and can IT add value to the process?

All of us are aware that we had a Smart Cities Program, implemented in a number of cities which is now in its final stages and it had a particular meaning that it is attached to the word *smart*. Essentially, it meant that you needed to have the services that are being given in the city on an Information Technology (IT) platform. Technology was brought in, and the planning aspects would be laid in a logical fashion so that they lead to added value.

What is Governance?

Government and governance should not be treated as synonymous. Governance involves in a broader sense, a number of stakeholders who are impacted by the decision-making process. It is the principle and processes that underpin decision-making in an organization, following the democratic process, and seeking more and more inclusivity.

The framework of Governance is based on participation, transparency, and accountability with the role of technology becoming increasingly available in a digital world. In every aspect of city life, therefore, modern governance obviously would be impacted by a huge injection of technology, making it increasingly transparent. What has emerged is the unprecedented degrees of public scrutiny that have entered governance, and thus every decision of the government is likely to get questioned on public platforms, posing different kinds of challenges in governance.

Further, governance cannot follow a very rigid structure, it needs to imbibe a fair amount of flexibility in the organizational architecture. And efforts should be made to make decision-making consensual so that an increasing number of stakeholders are in agreement.

What is Good Urban Governance?

While *Good Governance* is not new and has been debated for a long time,
the Government of India (GOI) has made an effort to enhance Good Governance.
with the help of some international organizations.
Academicians, urban local bodies, and the GOI have come up with six essential issues that impinge on urban governance.

i) **Urban decentralization**: whereby the decision ought to be taken at a local level – city level. It was pointed out that decision-making at a higher level, does not get the same kind of efficacy and hence, urban decentralization is crucial.

ii) **Municipal finance**: decentralized decision-making should be backed by adequate municipal finances.

iii) **Urban environment and climate change**: are the emerging issues that have become extremely important, and every year we see the impact of these in various forms, whether it is in the form of heat-waves or cold-waves or other kinds like urban-flooding, etc.

iv) **The principle of Inclusion**: the integration of the poor, and marginalized was the fourth element, because cities have all kinds of people performing in the city, and the poor and marginalized are the people who are extremely important to the economic life of the city. It is therefore imperative that their integration in whatever the city does is extremely significant.

v) **Transparency and civic engagement** are essential elements of any good governance.

vi) **Municipal Management and Capacity Building**: there must be proper provision for functionaries along with funds and functions to translate into good urban governance.

Challenges in Urban Governance:

It is difficult to sub-categorize the various challenges that ULBs face today. Urban governance reforms to date have been very few, and therefore the incremental changes need to be side-stepped and radical changes need to be made because urban governance in its existential state has gone out of sync to a very large extent.

Shri Jha reiterated that "*We have now reached that stage where urban governance has outgrown any small tinkering with the kind of architecture that we have, and we need a very major change now*".

The following challenges were identified:

1. Decentralization is substantially absent in local governance
2. Autonomy of the city is highly truncated, and there is overwhelming State control over the ULBs
3. Citizens' disenchantment with local governance, because, apart from what the State does, the ULBs do not paint a very good image (Poor Image of ULBs) before the citizens, and therefore there is a double problem here
4. The problem of State interference and the problem of very poor governance delivered by the local elected members
5. Weak and fractured leadership
6. We have the Standing Committee, Chairman, and other people who have some authority, but there is authority again, basically to the political parties they are affiliated with. This shows a conflict of interest where the welfare of common citizens takes a backseat in petty politics
7. Transparency and accountability are peripheral

8. Municipal capacity is terribly eroded and the culture of consultants has become the new pattern of functioning. Since the urban scenario is very dynamic, almost all-important functions are outsourced and are carried out by consultants like the smart cities program or any other program like comprehensive mobility plan, and others

9. Urban planning is outdated-The Finance Minister has been talking about it in two successive budgets and it is the endeavour of the Government of India (GOI) that urban planning needs to be overhauled if we want to be updated and smart cities to function in the 21st century. It was pointed out that with the present-day urban planning systems in place, it would be difficult to survive

10. The non-binding nature of some of the provisions of 74th Constitutional Amendment Act- Certain provisions of 74th Constitutional Amendment Act are non-binding but are expected to be observed by the states. For example- giving due representation to members of the Union and State Legislatures in the Urban Local Bodies, making the ULBs autonomous and devolution of powers to these bodies to perform some or all of the functions mentioned in the XIIth schedule and/or to prepare plans for economic development

11. Infrastructure and its maintenance is poor, and this we can see in the kinds of infrastructure failures, and atrophies that are happening around various cities[4]

12. The neglect of poor and marginalized sections – the marginalised segment do not get any housing in the city, the informal sector does not find any special integration in what the city does. The poor and the weak have to protect themselves, and there are only few services that the municipal corporation and councils provide

13. The state of the city environment is deteriorating in most cities, threatening the quality of life. Climate change has emerged as a serious issue, and it is going to emerge as a major challenge in the near future

14. There is an absence of an Urban Poverty Policy. How are we going to build affordable housing in cities? What is the kind of livelihood opportunities? What is the health and education profile that would be good enough to serve both the rich as well as the poor?

15. Policy formulation and implementation have to go from the State to the city, from the city to wards, from ward committees to individual wards, and finally the participatory role of the citizens themselves in the area. Thus all the stakeholders need to come into the urban decision-making process.

16. India has the second largest urban system after China, and yet there is no enunciated and finalized National Urbanization Policy

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[4] We had recently seen the examples of fire incidents happening in cities all around. Delhi witnessed more than 16000 fire incidents claiming 82 lives in 2022. While Mumbai reported a total of 1996 fire calls in 2022.

The National Commission for Urbanisation (NUC) was commissioned in 1985, under the Chairmanship of Charles Correa. The report provided guidelines as to how to move forward.

- The Model Rent Control Act,[5]
- Minimum government, Maximum governance[6]

But every country needs to have an overall policy as to how it is going to urbanize. Unfortunately, most states do not have a State urbanization policy

Shri Jha once again reiterated that the functions of the ULB have not yet got fully decentralized and unfortunately, in the last few years the trend has been reversed and getting increasingly centralized, with the Government of India launching a large number of programs and initiatives, under its control, but being pushed through the cities while the State has a minimal role to play.
He suggested some solutions:

1. There is a strong consensus with respect to ownership of the Urban Local Bodies, the Mayoral model[7] that it should be adopted.

2. The colonial mindset must be done away with by amending the acts once again in the light and the spirit of democracy and decentralization. A new statutory foundation for most municipal corporations is needed.

3. There should have a single operational act for ULBs- for smaller ULBs, there can be a few changes so that they can be customized to fit the requirements of the smaller bodies, but a single operational act should be able to address the needs.

4. A Municipal Services Cadre needs to be brought in all the states like Andhra Pradesh did, because, as India urbanizes more and more, special kinds of resource persons are needed, with skills sets and abilities to be working within

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[5] Model Rent Control Act was enacted to establish Rent Authority to regulate renting of premises and to protect the interests of landlords and tenants and to provide speedy adjudication mechanism for resolution of disputes and matters connected therewith or incidental thereto.
Link: https://mohua.gov.in/upload/whatsnew/60b7acb90a086Model-Tenancy-Act-English-02.06.2021.pdf

[6] Minimum government, maximum governance" refers to reducing government intervention in the common man's day-to-day activities and empowering the people to ensure their own as well as the country's growth and development.

[7] Mayoral model ensures greater accountability, efficiency and transparency as Commissioners are bureaucrats who get transferred often and before they get acquainted with the city's challenges, they are relieved from their positions. Direct elections for Mayor position is line with the principles of greater stakeholder participation and inclusive development.

the given framework. Therefore, there is a need to build adequate capacity in the offices that are capable of efficiently managing municipal services.

5. A Municipal Vigilance Authority is needed to monitor the activities of the city. An audit and accounts committee of a different type is required, where there is scope for external audit- on the same lines as what is there in the States and at the Centre.

6. A Municipal Regulatory Authority is urgently needed. While varied segments have regulators, this is absent with respect to municipal services.

7. Municipal charges that are levied need to be fixed. They are presently carried out in an ad-hoc manner. Services are under-priced, and it ultimately translates into a poor level of service delivery for the city.

8. Transparency has to be enhanced in the city substantially. For instance, deliberative transparency is the need of the hour, which means whatever decisions, and discussions are being taken in the Town Hall, should be aired.

9. There has to be administrative transparency, implying that all the higher functionaries of the municipal corporation should put out their personal information on the web and should include financial transparency.

- Municipal budgets are not uploaded on the web. This must be addressed to ensure easy access to crucial information
- Major expenditures should be made public, wherein, one can even go to the extent of putting up a list of property tax defaulters on the web
- The plans of the corporation and the environmental status of the municipal body must be uploaded on the websites of municipal bodies
- Full accountability mechanisms can be injected into municipal bodies
- Municipal Body Councillors have to be accountable for the fact that they have to attend meetings. They need to disclose what interest they have in the municipal body in terms of any contracts, etc. The officials have to be accountable to the council and the Mayor.

10. Capacity Building with respect to Urban Local Bodies - There are huge gaps in ULB capacity, wherein most of the functionaries have not been trained, even when training programs have been organized for them. Capacity building of not only the officers but also the elected representatives needs to be developed, while women counsellors are also required to be trained in a manner so that gender issues can be raised effectively.

11. Technology can be used for capacity-building and should result in reducing expenditures on training, traveling, and spending on other items.

Question and Answers:

1. Time and again there have been discussions on providing more autonomy to ULBs but it is not happening, what could be the tipping point for this?

Ans: Changes in urban t governance come down to

- *Political decisions* - because State Government would be losing and ULBs would be the net gainer.
- *Demography of the state* - if the population in urban local bodies is much lower than, 30% or 35%, then we tend to look at them as something that need not be at the very forefront.
- *Vote bank come from rural areas* – therefore more emphasis is laid on the rural areas, pampering and catering to them rather than taking care of ULBs
- *When cities start failing even more, they come to a standstill*. Examples- Floods, Earthquakes, Increasing fire incidents, and infrastructure failure.

2. What about Special Purpose Vehicles (SPVs)? Any comment on the reasons for the existence of SPVS and its effectiveness?

Ans: The Government, instead of strengthening the ULBs or local government and the Mayor and all of them, may go for the parastatals and SPVs. The reasons for the existence of SPVs:

- There is a strong belief and realization that the ULBs or local bodies are not able to deliver.
- There is a notion that SPVs are a more efficient way of doing things rather than going through the usual process in the municipal bodies, which is a very sad commentary on the manner of functioning.
- Lack of trust in the local bodies, and at the same time we are not creating a culture of trust in the local bodies because of an absence of governance reforms.
- Example- We saw an experiment, for instance, happening in various parts of this country, wherein Delhi was broken into several municipal corporations in the name of efficiency in the past. And then again, they have been merged recently in the name of good efficiency.

- SPVs are extra-constitutional. For instance, after the 74th Constitutional Amendment was passed, Chhattisgarh was the first state to do away with all the parastatals in the 1990s itself. The whole point of justifying SPVs and Parastatals is when there are no ULBs – like when there is a need to develop a new town. In such a situation the town planning authority would be constituted and once that is achieved, the SPVs would be dissolved.

3. What is the problem of leadership in ULBs and parastatals?

Ans: Lack of stable leadership is the problem. For example- a water supply and sewerage board is controlled by the State, there are a few such boards where the chief executive has spent sufficient time on the job and is able to set things right. But if the Chief Executive Officer (CEO) is being transferred and the leadership changes occur frequently, then the whole momentum of bringing that change slows down.

4. In the context of governance, how significant is the policy framework influenced by fundamental economic principles?

Ans: Economic Policy for a city is of utmost importance and it should be developed before any other policies. Cities are the drivers of economic growth and if they are not involved in their primary functions, it would be a disaster. Hence economic policy is important and must include environment and climate change in its entirety.

5. What about city-level innovations? How are they contributing to the cities?

Ans: Innovations sometimes leave an imprint on the city. For instance, the kind of solid waste handling that was done a long time back in Surat and now Indore had set templates as to how cities should manage their solid waste.

It is imperative that these best practices and case studies should be compiled together, and shared with all stakeholders. This can result in a substantial impact on the whole body of cities in the country. However, the ground reality is that the cities continue to be in a great mess. We are aware, for instance, that on solid waste the Supreme Court itself intervened in the early 2000s, and the solid waste management rules have been framed. While a number of manuals have been developed, today we find that solid waste management is as poor as it was 15 years back.

As cities and situations change, we have to remember that the nature of a service that is being provided also needs to change over time. For example- the pattern

of shopping has changed to the online mode. This has generated new kinds of solid waste challenges that need to be addressed.

How do you handle paper? How do you handle the glue that comes with it?

It is evident that the solid waste profile of a city itself has changed over a period of time and one has to respond to these changes appropriately and requires timely innovative interventions embedding new technology into the processes.

This raises a new question while planning for a city, are we going to provide for the same percentage of retail that was there originally?

We will have to cut down similar provisions because retail shopping is on the decline in cities, and what we need is to provide increasingly warehousing facilities.

Thus, for additional warehousing facilities, wherein goods will be stored and delivered in various areas – we need changes in roads where the delivery of goods will take place, hence the dynamics of the organization are such that you cannot have a set of rules that were applicable before – a high degree of adaptability is required.

6. Generalist v/s Specialist? Which one is better for City's administration?

Ans: At municipal levels, some specific kind of work is to be performed. Governance has moved from the performance of regulatory functions like maintaining law and order and tax collection to multi-faceted work. For instance, we are performing much better in foreign relations because we have got an expert to lead that department and it's visible to all of us. The railways are functioning better because we have a technocrat to lead that department. Therefore, one of the requirements of democracies that is increasingly being realized, is that a generalist with just general knowledge is not good to work for specific functions. There is an urgent need for specialists to perform those functions, but there is no thinking on that line – which translates into an action plan. This has implications that the Indian Administrative Service Offices providing you leadership in municipal bodies is not necessarily the best solution. There is a need for the municipal cadre, to be guided by a team of specially trained personnel with portfolios that will help them to efficiently look into functioning of cities. Presently cities are governed by those who have an inadequate understanding about the cities and their complexities, and are not adequately equipped or trained with the right attitude to deliver the required outcomes.