

**Impact of Infrastructure and Governance Transformations
on Small, Medium and Big Cities in India**

**Urban Governance Case Study
Coimbatore**

By

Transparent Chennai

Project in Charge

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1 Introduction

1.1 Context

The Jawaharlal Nehru National Urban Renewal Mission (JNNURM) is a centrally sponsored city development scheme launched in 2005-06 that allocated unprecedented amounts of money to city governments for the creation of infrastructure such as roads, flyovers, and water and sewerage lines.¹

Not only did the mission transform infrastructure in cities, it also impacted the way cities are governed. Central government funding was made contingent upon governance reforms, compelling urban local bodies to switch from paper-based to e-governance, significantly change accounting and tax collection procedures, institutionalise community participation and public disclosure laws to promote transparency and accountability, and more. Moreover, the mission's guidelines envisaged a larger role for the urban local body (ULB) in planning, monitoring and implementing large-scale infrastructure projects. Before the JNNURM, these projects were often executed by state level organisations, especially in tier 2 cities.²

1.2 Research question and relevance

The broad question that animates this paper is to what extent and in what ways the JNNURM influenced or altered the governance landscape of cities. It also attempts to look more closely at the impacts of the JNNURM on the poor of Coimbatore. The paper addresses this question by focussing on Coimbatore, a tier two city in the south Indian state of Tamil Nadu.

The question is important for a number of reasons. Firstly, the 74th amendment to the Constitution in 1992 devolved functions related to public infrastructure to city governments. One of the JNNURM's stated objectives was to strengthen decentralisation and the devolution of power to urban local bodies and a case study of city governance can reveal the extent to which the mission achieved its objective in at least one city. Related questions include: to what extent did city governments have the capacity to execute the mission? What work were ULBs able to take on themselves and what work did they contract out to consultants or companies? Was their existing institutional set-up adequate or were new institutions created or existing structures changed to implement the mission?

¹ "JNNURM Mission Overview", available at: <http://jnnurm.nic.in/wp-content/uploads/2011/01/PMSpeechOverviewE.pdf>, accessed September 8, 2015.

² McKinsey Global Institute, *India's Urban Awakening: Building inclusive cities, sustaining economic growth*, April 2010.

Secondly, the JNNURM was the first policy that made funding contingent on a long list of mandatory reforms for city governments. Evaluating whether and how city governments adapted to mandatory reforms provides useful information for future urban policies. Important questions to ask include whether the reforms benefitted the ULB in any way.

This may be particularly important now because Coimbatore is one of the cities that will be transformed into a ‘smart city’ under the Bharatiya Janata Party (BJP)-led government’s recently launched Smart Cities Project.³ Preliminary government documents suggest that special purpose vehicles (SPVs) will implement the project and govern the cities.⁴ Before the Smart Cities Project begins approving and making large-scale investments in the city, it is important to take a step back and evaluate lessons learnt about city governance and central government involvement from the JNNURM. Such lessons can help the Smart Cities Project to avoid previous mistakes and to more effectively implement its goals.

1.3 Methodology

The Transparent Chennai research team that carried out this study relied on primary and secondary data to understand how the JNNURM influenced the functioning of the Coimbatore City Municipal Corporation (CCMC). A brief description of the data sources and the methodologies employed is presented below.

1.1.1 Primary Data from the Field

Interviews

We interviewed officials of the CCMC, Tamil Nadu Slum Clearance Board (TNSCB), a para-statal based out of Chennai that builds and maintains slum housing for Chennai, Madurai, and Coimbatore, Tamil Nadu Water Supply and Drainage Board (TWAD Board), a body based out of Chennai that plans and builds all water and sewerage projects for cities other than Chennai, Commissionerate of Municipal Administration (CMA), a body based out of Chennai which provides administrative support for all corporations and municipalities in the state other than Chennai, and Tamil Nadu Finance and Infrastructure Development Corporation (TUFIDCO), a para-statal body that is the nodal agency for all JNNURM projects in the state.

The interviews were semi-structured and aimed at eliciting from officials details about changes in governance with respect to the planning, monitoring, and implementation of infrastructure projects. In order to narrow the scope of the study, we focussed on studying

³ “List of 98 cities shortlisted for Smart Cities Mission,” *Firstpost*, available at: <http://s4.firstpost.in/wp-content/uploads/2015/08/List-of-98-cities-shortlisted-for-stage-2-smart-cities-mission-August-27-20151.jpg>, accessed: September 8 2015

⁴ Government of India, Smart Cities Website, available at: <http://smartcities.gov.in/writereaddata/SPVs.pdf> accessed: September 8 2015

changes in three sectors: storm water drains, water, and housing for the poor. Interviews in Coimbatore were conducted over two three-day visits in February and April 2014 and follow up interviews were conducted over the phone.

Field Visits and Focus Group Discussions

In order to understand how housing projects for the poor were implemented, we visited slums and conducted site visits of resettlement colonies. We visited government-built tenement housing construction projects at Ammankulam and Ukkadam. We also interviewed residents in slums with different levels of access to services and tenure security. We visited slums with unclear land rights located on government land (CMC colony) and on the bank of a water body (Muthannakulam). One of the slums where the BSUP housing project was implemented, Rajiv Nagar, was an unrecognized slum abutting a recognized slum. BSUP housing projects were implemented only in the recognized part of the slum, with reportedly only the higher castes benefitting. Kallukuzhi was located in an abandoned quarry, and we visited it because we heard that the area had very poor access to services – no water, garbage collection, toilets, or *pucca* houses. In all of these sites, we did our best to interview residents and conduct focus group discussions to understand their situation, and to see how the JNNURM's housing and service provision projects had impacted them or would impact them in the future.

1.1.2 Primary and Secondary Sources

We used information contained in City Development Plan (CDP) for Coimbatore, the annual reports of the CCMC, tender documents for projects in the city, and Detailed Project Reports (DPRs) for analysis. While some information was available online, we accessed DPRs and annual reports through contacts in the CCMC cultivated in our visits and through Right to Information Act applications. We also referenced newspaper reports of events in Coimbatore, and some scholarly articles about the city.

1.4 Structure of the paper and summary of argument

The paper begins by providing an overview of the institutions and governance structure in the city of Coimbatore. As much as possible, the overview attempts to paint a picture of the city *before* the JNNURM was implemented in order to be better able to identify the changes that occurred through the program in the city. Our assessment of the city's history suggests that Coimbatore was in a unique position among cities that implemented the JNNURM. State institutions played a large role in the construction and management of infrastructure in the city throughout its history, a role strengthened by state level political resistance to devolving powers and finances to the urban local bodies. Furthermore, years of urban sector investment by the World Bank in Tamil Nadu had required that Coimbatore already make many of the same changes now being requested by the JNNURM. The structure of these earlier World Bank projects meant that

Coimbatore's government was also accustomed to working with outside agencies, either state agencies or World Bank offices, to plan for and execute infrastructure projects. As a result, our assessment of the extent of changes in Coimbatore's governance after the JNNURM found fewer changes than might be expected in most cities, and greater continuity with Coimbatore's earlier institutional structures and decision-making processes.

The paper then provides a brief overview of all of the JNNURM projects in the city, under both the UIG and the BSUP. While a large amount of money and large number of projects were sanctioned for the city, Coimbatore was not able to complete the vast majority of the projects before the end of the Mission.

We then analyse the impact that the JNNURM had on the city through three lenses, reforms and governance, UIG, and BSUP. Governance was altered through two means: *de jure* changes that were necessitated by the JNNURM, and *de facto* changes that took place as a result of managing these large scale projects. While many of the JNNURM reforms had already been implemented in Coimbatore because of the earlier World Bank projects, officials appreciated the positive impact that reforms like e-governance and grievance redressal had on the efficiency of city government. Decentralization reforms were less effective because of Tamil Nadu's long-standing resistance to devolving power to the ULB's and because the structure of the implementation of the JNNURM relied upon existing state level institutions like the TWAD Board and the TNSCB, and on the widespread use of consultants to plan projects, especially because the municipality was chronically understaffed. However, officials did report an increase in local capacity for effective management, which some connected directly to their experience of implementing JNNURM projects, and elected representatives in the city remained actively involved in monitoring and commenting upon projects. Similarly, many of the financial reforms had already been implemented in earlier World Bank projects, and did not impact Coimbatore as much as the *de facto* results of a very large increase in Corporation expenditures and revenues thanks to shouldering UIG project costs and sharp increases in operations and maintenance for new infrastructure. Changes in how expenses were documented in the budget allowed for a new and real transparency in government expenditures for the urban poor, but unfortunately showed that the city spent less than 10% of its budget on the poor.

Coimbatore's record of implementation of UIG projects is harder to evaluate clearly. The city implemented five very large projects, one each in underground drainage, storm water drains, and solid waste management, and two water supply projects. Projects went over-budget and were implemented far slower than their initial timelines. The city struggled to manage its contractors, blacklisting one and re-tendering the project, and setting up elaborate fines for others that refused to complete their projects in a timely fashion. Yet, officials within Coimbatore and the central government seemed to laud Coimbatore as a

relative success in JNNURM implementation, a dissonance that we found difficult to explain through our interviews and research.

BSUP projects in the city included two kinds of projects: the construction of large-scale resettlement colonies by the TNSCB and the in-situ improvement of homes and infrastructure in slums managed by the Corporation. Project approvals for TNSCB projects entirely bypassed the Corporation's decision-making processes, except for the approval of the use of municipal land for tenement clusters. Resettlement colonies built under the BSUP were beset with problems as well. Structures at Ammankulam and Ukkadam sank into the ground because of poor soil conditions and inappropriate foundations, resulting in demolitions of constructed buildings, reductions in the numbers of planned units, and the selection of new sites for tenements. However, protests by slum-dwellers were fewer, in part because the sites were still within the Corporation boundaries and because the homes were much larger than earlier TNSCB constructions in the city. In-situ housing construction was relatively smooth, but residents complained that the money provided by the city was not enough to complete construction. In-situ housing construction also only benefited slum-dwellers who already had *patta*, meaning that the most vulnerable residents were left out of this process entirely. Visits to slums in the city revealed that residents were poorly informed about impending evictions and relocations, and were suspicious of government interventions despite the obvious lack of amenities in their homes and neighbourhoods.

In summary, we found a very mixed picture from the JNNURM in Coimbatore. The obvious pride of local officials and the city's mention in best practice documentation from the central government suggested to us that the JNNURM had succeeded in significantly improving the urban local body's ability to plan, design, finance, build, and maintain large infrastructure projects. The JNNURM's stated goals of decentralization were also undermined by the central government's reliance on existing institutional structures to approve and build projects, which resulted in state level institutions like the TNSCB and the TWAD Board continuing to control the process. Moreover, a deeper look at individual projects and sectors revealed significant problems, including poor capacities to deal with consultants and contractors, delayed and poorly built projects, and significant cost escalations. Throughout all sectors, whether financial reforms, water, storm water drains, and slum housing, the needs of the poor and most vulnerable were marginalized. Water and storm water drain projects were only built for main roads above a certain width, leaving out poorer areas, and in-situ slum rehabilitation projects were only accessible to slum-dwellers with *patta*, meaning that the most vulnerable residents never had a chance to benefit.

2 Context: Coimbatore before the JNNURM

2.1 City Profile

2.1.1 Historical overview

Coimbatore's (or *Kovai* in Tamil) history dates back to the Sangam age in the 3rd century B.C. The ancient city had several geographical advantages as it was located on the banks of the Noyyal river, lay close to forests, and was not prone to water stagnation. Perhaps because of these reasons, several dynasties fought to control the area and Coimbatore was ruled by the Rastrakutas, Cholas, Chalukyas, Pandyas and the Delhi Sultanate. In 1799, after Tipu Sultan's defeat to the British the region was ceded to the East India Company and later to the colonial government.⁵

In Coimbatore, like in other agricultural regions in the country, the Crown put in place an extractive land revenue system to collect revenues from cultivators. The *Economic History of India* specially mentions Coimbatore as one of the places where land revenue assessments were set at an "impossible rate," which the Company seemingly considered "compatible with the improvement of the condition of the people."⁶

Under colonial rule, Coimbatore became the administrative capital of the district and was developed extensively. The Company and later the Crown constructed railways, hydroelectric power plants, and a water and sewer system in the city. After India gained Independence in 1947 the city grew both vertically and laterally. Multi-storey buildings replaced colonial bungalows as a result of a scramble for land and property at the city centre. At the same time, the city grew laterally along three important main roads.⁷

2.1.2 Economic Profile

Possibly because of early British investments in infrastructure, Coimbatore emerged as one of the state's business hubs in post-colonial India. The city's economy is now dominated by the manufacturing, information technology, and textile industries.⁸ Two Special Economic Zones (SEZs) attract domestic and international investment into the city, and Coimbatore continues to rank highly in surveys of business atmosphere and potential. For instance, the Institute of Competitiveness's rankings on the business

⁵ See "History of Coimbatore", available at: <http://www.coimbatore.com/history.htm>, accessed: September 8, 2015; "Coimbatore", available at: http://www.tn.gov.in/district_details/538, accessed: September 8, 2015

⁶ Romesh Chander Dutt (2000) *The Economic History of India Under Early British Rule: From the Rise of the British Power in 1757 to the Accession of Queen Victoria in 1837*. Routledge.

⁷ N. Ananthapadmanabhan, R. Imbakaran and P. N. Kulkarni "Coimbatore: The Manchester of South India" in R P Misra and Kamlesh Misra (Eds.) *Million Cities of India - Volume-II*, Sustainable Development Foundation, 1998.

⁸ "Coimbatore economy" available at: <http://coimbatore.nic.in/economy.html>, accessed: September 8, 2015.

environment in cities placed Coimbatore at rank 15 out of 50 cities.⁹ In the same year Coimbatore featured in a *Business Today* list of cities with “huge growth potential.”¹⁰ The city is also a focus of state government attention and investment, as can be seen in the Dravida Munnetra Kazhagam (DMK)’s decision to host the World Tamil Conference here in 2010.

When the JNNURM was launched, it gave the city the opportunity to create much-needed infrastructure in the city, making it an even more attractive destination for business. However, as our analysis of the Urban Infrastructure component (UIG) of the JNNURM will discuss, the infrastructure projects were beset with difficulties. Even years after the mission, only two of the five UIG projects have been completed, casting doubt on how much the JNNURM has helped Coimbatore consolidate its position as an investment destination in the south.

2.1.3 Demographics

According to the 2011 Census of India, the city of Coimbatore’s population is just above the million-mark at 1,050,721, making it the second largest city in the state of Tamil Nadu. Out of this population, 12.29 % (or approximately 129,133 people) lived in 34,636 households in slums.¹¹ Recent surveys conducted for the Rajiv Awas Yojana (RAY) estimate the slum population at 110,143, 20,000 people fewer than Census figures.¹²

The city is part of a wealthy and highly industrialized belt on the western part of Tamil Nadu state, which includes Tiruppur, Erode, and many smaller villages and towns. Along with these cities, Coimbatore is an important producer of textiles, leather, automotive components, and other manufactured goods, having had a history of textile production that stretches back to the late 1800s that further expanded in the 1920s and 30s. The city is now also home to a large education, health care, and IT industry, in part thanks to its relatively mild climate. The city includes a large proportion of residents who belong to the Kongu Vellalar or Gounder caste, who play a very prominent role in the city’s leadership. The caste has moved from being primarily agriculturalists to being the region’s leading manufacturers, businessmen, and politicians.¹³

⁹ “Delhi tops 2010 ranking of India’s most competitive city”, *The Hindustan Times*, December 6 2010 available at: <http://www.hindustantimes.com/newdelhi/delhi-tops-2010-ranking-of-india-s-most-competitive-city/article1-635160.aspx> accessed: September 8, 2015.

¹⁰ Pritam P Hans “Strike a Hot Deal”, *Business Today*, December 2011, available at: <http://www.businesstoday.in/moneytoday/real-estate/real-estate-investments-small-cities-infrastructure/story/20328.html>, accessed September 8, 2015.

¹¹ See “Coimbatore Census Data”, available at: <http://www.census2011.co.in/census/city/492-coimbatore.html>, accessed: September 6 2015.

¹² “Slum free city plan of action – Coimbatore Corporation”, available at: <http://mhupa.gov.in/ray/SFCPoAs/TNSCB-Coimbatore-sfcp.pdf>, accessed: August 28, 2015.

¹³ See Kanan Sundaram, “The Age of Hurt Sentiments”, *Economic and Political Weekly*, March 14, 2015, available at: <http://www.epw.in/reports-states/age-hurt-sentiments.html>, accessed: August 28, 2015.

In 2012, the city expanded to include the surrounding areas of Kavundampalayam, Kurichi, Kuniyamuthur, Kalapatti, Saravanampatty, Thudiyalur, Vadavalli, Veerakeralam, Chinnavedampatti, Vellakinar, Chinniyampalayam and Vilankurichi. The area under the jurisdiction of the Corporation increased from 105 square kilometres to 257 square kilometres.¹⁴ After the expansion, the city is now administratively governed by being separated into five zones - North, South, East, West, and Central - and has 100 wards that are split between the zones.¹⁵ The city has also had to adapt to govern the larger jurisdiction effectively. Throughout 2014, the city lobbied the state government to create two more deputy commissioner posts, one for Works and one for Health, given the increased amount of work the city government faced. They passed a Corporation Council resolution and wrote to the Government of Tamil Nadu asking for these positions to be sanctioned at the IAS level.¹⁶

The Mayor, who is currently an AIDMK party member, is directly elected by the people, and the city has had five mayors since the position was created in 1996. The position of the Mayor is an extremely partisan political position: the previous Mayor resigned under pressure from the party after being removed from his position as the AIDMK district urban secretary in 2014 because of allegations that he did not provide adequate support for the party during Lok Sabha elections. A new AIDMK politician was selected and then elected in his place.¹⁷ He, along with a Deputy Mayor elected from among the councilors, and 99 councilors together form the elected leadership of the city. In 2011, the Council reserved 40 councilor positions for women, scheduled castes and scheduled tribes, indicating that marginalised groups have opportunities to participate in municipal

¹⁴ See Binoy Valsan, "Corporation to have 28 more wards under its limit", *Times of India*, July 7 2011, available at: <http://timesofindia.indiatimes.com/city/coimbatore/Corporation-to-have-28-more-wards-under-its-limit/articleshow/9129834.cms?referral=PM>, accessed: August 26, 2015; "Coimbatore Corporation explores expansion of city area", *The Hindu*, January 3 2010, available at: <http://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/coimbatore-corporation-explores-expansion-of-city-area/article675925.ece> accessed: August 28, 2015; Binoy Valsan, "Corp'n's expansion plan evokes mixed response", *Times of India*, July 8 2011, available at: <http://timesofindia.indiatimes.com/city/coimbatore/Corpns-expansion-plan-evokes-mixed-response/articleshow/9142532.cms?referral=PM> , accessed: August 28, 2015.

¹⁵ "Corporation to have five zones," *The Hindu*, September 22, 2011, available at: <http://www.thehindu.com/news/cities/Coimbatore/corporation-to-have-five-zones/article2475762.ece>, accessed: August 29 2015.

¹⁶ See "2 more deputy commissioners' posts sought" *The Hindu*, January 31 2014, available at: <http://www.thehindu.com/news/cities/Coimbatore/2-more-deputy-commissioners-posts-sought/article5638152.ece> , accessed: August 29, 2015; "Corporation seeks two more DC posts" *The Hindu*, May 04 2014, available at: <http://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/corporation-seeks-two-more-dc-posts/article5974558.ece>, accessed: August 29 2015.

¹⁷ M. K. Ananth, "Rajkumar is Coimbatore Mayor," *The Times of India*, September 23, 2014, available at: <http://www.thehindu.com/news/cities/Coimbatore/rajkumar-is-coimbatore-mayor/article6437837.ece> , accessed: September 3, 2015.

electoral politics.¹⁸ Councillors are currently primarily from the ruling party in the state, the All-India Anna Dravida Munnetra Kazhagam (ADMK), but also have members from other Dravidian and national parties including the BJP, Indian National Congress (INC), DMK, Marumalarchi Dravida Munnetra Kazhagam (MDMK), Desiya Murpokku Dravida Kazhagam (DMDK), and the Communist Party of India-Marxist (CPM).¹⁹ The city government interfaces with the state government. One of our interviewees told us that the government of Coimbatore can only approve and sanction projects that cost up to an amount of 50 lakhs. More expensive projects have to be approved and sanctioned by the CMA and state government.

Residents of Coimbatore have a number of means of addressing their issues in the city. The city has long used a grievance redressal system, and our interviewees in the city claimed that most complaints were received through SMS nowadays. The city uses a portal that consolidates all complaints coming through other means, such as in writing, or those coming in person.²⁰ Moreover, it was clear from our interviews with both city officials and residents that councillors played an important role in brokering between them and supporting residents, especially the poor, in accessing services, schemes, and housing and to address grievances that they faced.

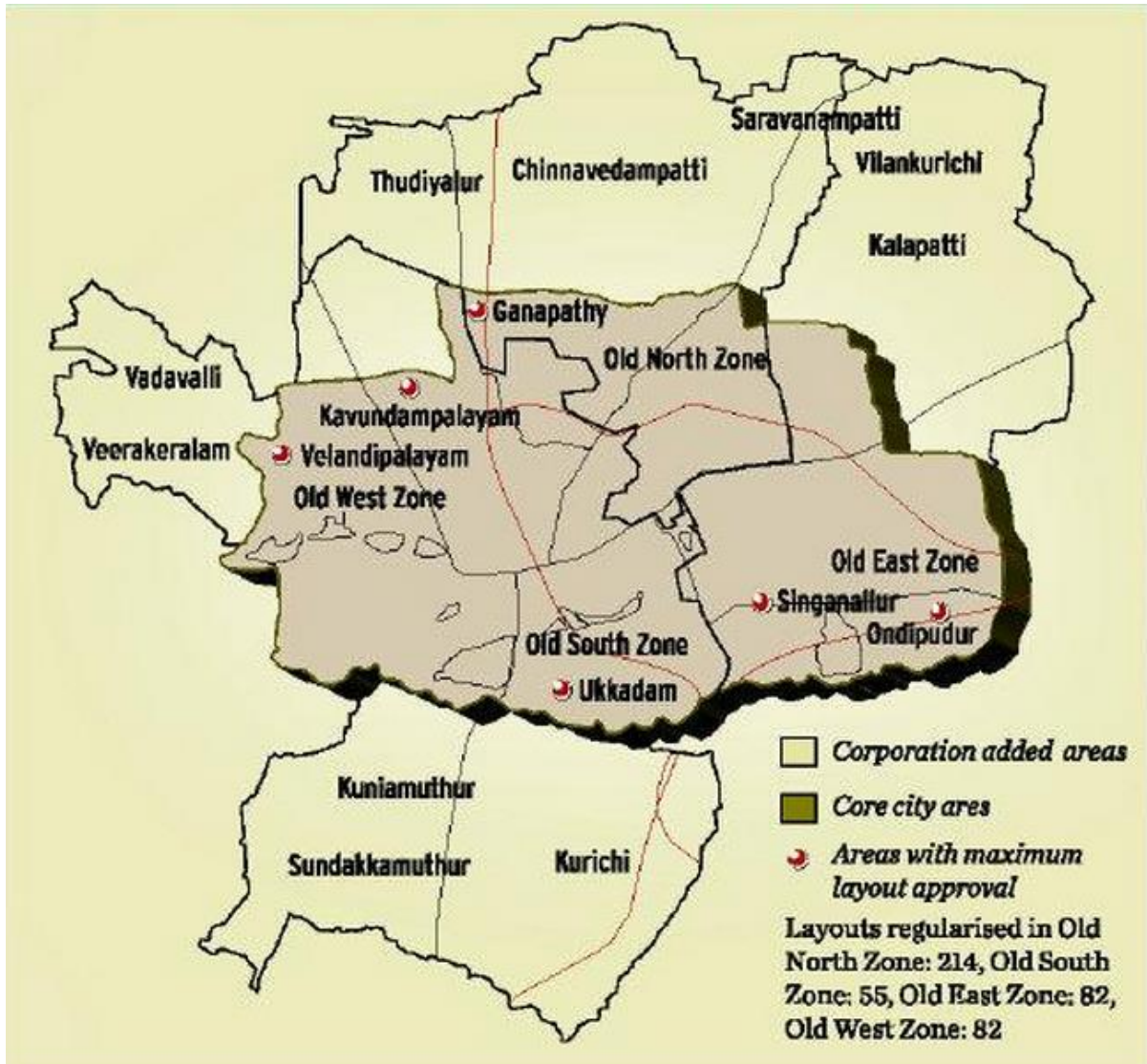
¹⁸ “Coimbatore District Gazette” available at:

<https://www.ccmc.gov.in/ccmc/images/stories/Electoralroll/gazette%20copy%20%20ward%20councillors%20reservation%20-%20english.pdf> accessed: 8 September 2015.

¹⁹ “List of Councilors,” Coimbatore City Municipal Corporation website, available at <https://www.ccmc.gov.in/ccmc/index.php/council/members>, accessed: September 3, 2015.

²⁰ Interview with SETVUH, Grievance Redressal Cell, April 11, 2014.

Figure 1: Map showing added areas



Source: Karthik Madhavan, "City limit expansion raises regularisation questions for residents, civic body", *The Hindu*, January 2 2012, available at: <http://www.thehindu.com/news/cities/Coimbatore/city-limit-expansion-raises-regularisation-questions-for-residents-civic-body/article2768137.ece>, accessed: Septemer 2 2015.

2.2 *Fragmented governance and strong state influence*

In the “Memorandum of Agreement” between the Ministry of Urban Development and the Corporation of Coimbatore for the JNNURM, the Corporation claimed that subjects in the 12th schedule, like water supply and slum upgrading and improvement, have been transferred to the urban local body.²¹ In reality, this statement is only partially true in Coimbatore. Like many cities in India, governance is highly fragmented in Coimbatore, with city and state agencies and departments having jurisdiction over the same services and functions, leading to poorer outcomes in some cases.²²

For example, this is true in the case of land use management and planning in the city. The last approved Master Plan for the city was written in 1994, and was written by the Local Planning Authority (LPA) for Coimbatore, a state department that is separate from the Corporation. According to our interviews with local officials, land use was the sole focus of this master plan; the plan had little to do with economic development, city finances and investment, or transportation planning. Development was sanctioned and approved by the Local Planning Authority on the basis of whether land was classified as industrial, commercial, or residential. The Corporation has to interact with the Local Planning Authority to ensure that its projects were developed according to the land use norms delineated in the plan, even though it had little input into the original plan, and private developers and individuals also have to get approvals from the LPA for construction. This has made managing the city’s growth a cumbersome process. As a result, observers have noted that a great deal of Coimbatore’s recent development has been unauthorized.²³

Recent attempts to revise the land use plan and update it for current conditions have not moved forward, suggesting that improving the management of land use is not a priority for either the city or the state. A modified Master Plan based on the earlier one was written in 2007, revised based on feedback, and put out for conditional approval in 2011. However, according to newspaper reports, this plan never went through the full approval process.²⁴ Newspapers also reported that yet another version of the Master Plan was in the process of being prepared in 2014, with the help of students from Bhartidasan University in Trichy who conducted many of the surveys required. This plan, like earlier draft plans, was also subject to repeated delays. After discussions between Local Planning Authority officials and the senior bureaucrats at the Coimbatore Corporation to

²¹ “Memorandum of Agreement between Coimbatore Corporation and Government of India” available at: http://jnnurm.nic.in/wp-content/uploads/2010/12/Coimbatore_MoA1.pdf, accessed: September 3, 2015.

²² Rajendra Kumar, “The Coimbatore City Corporate Plan: A Case Study of Strategic Management,” *The Challenge of Urban Government*, Mila Freire and Richard E. Stren, eds, 2001: World Bank Publications.

²³ Rajendra Kumar, “The Coimbatore City Corporate Plan: A Case Study of Strategic Management,” *The Challenge of Urban Government*, Mila Freire and Richard E. Stren, eds, 2001: World Bank Publications.

²⁴ “LPA to have a relook at Coimbatore Master Plan,” *The Hindu*, December 16, 2011, available at: <http://www.thehindu.com/news/cities/Coimbatore/lpa-to-have-a-relook-at-coimbatore-master-plan/article2720113.ece> accessed: September 3, 2015.

ensure that there would be no conflicts between the new draft of the Master Plan and project proposals already in the pipeline,²⁵ newspapers reported that the new plan would be ready in 2015.²⁶ However, the new plan has not yet been released or approved.

The close involvement of state level departments or agencies in what are ostensibly city level functions is not limited to land use management alone. For example, the Tamil Nadu Water Supply and Drainage Board (TWAD Board) has always been responsible for the planning and construction of water and sewerage infrastructure in the city, as it is in municipalities across the state of Tamil Nadu other than Chennai. The Coimbatore Corporation is only responsible for its maintenance, storage and distribution. The Tamil Nadu Slum Clearance Board is responsible for much of the construction and programmatic spending related to slums, as it is in Chennai and Madurai as well. It also continues to be responsible for maintenance of tenements once they are built. Figure 2 below shows various services and the departments or entities that are responsible for its provision, showing that there are overlapping jurisdictions between state and city level entities. It is clear from examining local institutions that the devolution of powers envisioned in the 12th Schedule of the Constitution has been only partially implemented in Coimbatore.

This control over ULB functions by state level agencies and departments comes from the fact that decentralization as a policy has historically faced stiff resistance in Tamil Nadu. DMK and ADMK Ministers of Parliament voted against the 73rd and 74th Amendments to the Constitution, arguing that the central government was intervening too much in the powers of the states.²⁷ Such resistance came from very pragmatic considerations: the state of Tamil Nadu has developed over many decades a strong populist rhetoric, backed by a politics of patronage that distributed state resources to specific castes and classes in return for their political support. Such resource distribution happened through legal means, such as through noon-meal programs for students in government schools or through the distribution of mixies, grinders, televisions, and other consumer goods to all families below the poverty line, and through informal or extra-legal means, such as the selection of candidates for government jobs and kickbacks. A great deal of political science literature on Tamil Nadu has examined this question in detail,²⁸ but for the

²⁵ “Master Plan to include new transport hubs,” *The Times of India*, February 12, 2014, available at: <http://timesofindia.indiatimes.com/city/coimbatore/Master-Plan-to-include-new-transport-hubs/articleshow/30252749.cms>, accessed: September 3, 2015.

²⁶ “Coimbatore Master Plan to be ready soon,” *The Hindu*, August 28, 2014, available at: <http://www.thehindu.com/news/cities/Coimbatore/coimbatore-master-plan-to-be-ready-soon/article6359891.ece> accessed: September 3, 2015.

²⁷ Anil Kumar, *Federalism and Decentralisation in India: Andhra Pradesh and Tamil Nadu*, *Institute for Social and Economic Change*, 2009, available at: <http://www.isec.ac.in/WP%20-%202008.pdf>, accessed: September 3, 2015.

²⁸ For example, see Narendra Subramaniam, *Ethnicity and Populist Mobilization: Political Parties, Citizens, and Democracy in South India*, New Delhi: Oxford University Press, 2000.

purposes of this paper, it is sufficient to note that such a political system has meant that there is a strong incentive for the party in power at the state level to retain close control over municipalities and their resources, and to resist central government mandates for decentralization.

Figure 2: Institutional landscape of the city

<i>Service component</i>	<i>Primary responsibility</i>	<i>Secondary responsibility</i>
1. Economic development	State Government	Coimbatore Corporation
2. Land use and growth management	Local Planning Authority (LPA)	Corporation
3. Water supply and sewerage		
• Source development and transmission	Tamil Nadu Water Supply and Drainage Board	Corporation
• Storage and distribution	Corporation	—
• Sewerage and sanitation	Corporation	—
4. Solid waste management	Corporation	—
5. Storm water drainage		
• Urban drainage	Corporation	—
• Maintenance of water bodies	Public Works Department	Corporation
6. Roads and transportation		
• City roads	Corporation	—
• Major roads/highways	Highways	Corporation
7. Traffic management	Traffic Police	Corporation
8. Street lighting	Corporation	—
9. Urban environmental management	Tamil Nadu Pollution Control Board	Corporation
10. Social development	Corporation	Government
11. Urban governance and management	Corporation	Commissioner of Municipal Administration

Source: Rajendra Kumar, "The Coimbatore City Corporate Plan: A Case Study of Strategic Management" Mila Freire and Richard E. Stren, eds. *The challenge of urban government: policies and practices*. World Bank Publications, 2001.

2.3 *The impact of the World Bank*

What is interesting in the case of Coimbatore is that state level intervention in the city has been intensified by a long history of intervention in the municipality by the World Bank. The World Bank began to intervene in the urban sector in Tamil Nadu first in the city of Chennai (then called Madras) through the Madras Urban Development Projects, which started in 1977. They then expanded their involvement into municipalities statewide in the Tamil Nadu Urban Development Project (TNUDP), which began in 1988, and was extended into the TNUDP II and III, the last of which is still on-going. These projects made investments in municipalities throughout the state, including in Coimbatore, and impacted local governance in two important ways.

Firstly, the structure of the urban sector World Bank projects in Tamil Nadu further strengthened the role of state level institutions in planning and implementing infrastructure projects in the city, a structure that was later replicated in the implementation of the JNNURM. We have limited analytical literature on these projects outside of Chennai, but we did have access to project documents from the World Bank and some case studies on specific successes. A piece on the success of the municipality of Alandur's underground sewerage project describes the development of the project in all 12 municipalities where it was implemented, including in Coimbatore. The project began in 1997, as an effort to improve sanitation systems in these 12 cities. Initially, the projects were supposed to be designed not by the cities, but by the state level TWAD Board. However, even this state level institution lacked the capacity to develop projects of this size and complexity. The development and management of the projects were then moved to the Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL), an agency that was created explicitly through World Bank funding to provide financing and planning support for infrastructure projects in the state.²⁹ The state government, TNUIFSL, and the World Bank interacted with these twelve cities closely to plan and implement improvements in the sewerage network in all of them,³⁰ a process that seemed to have worked well.

Documentation from the state government about the TNUDP III also described a project management structure in which staff, finances, and decision-making authority was concentrated at the state level – not at the ULB level. A TNUDP project staff of 24 people was housed at the CMA, and three staff were added to support each of the 7 regional directors of Municipal Administration who worked under the Commissioner,

²⁹ G. Rajivan, "Tamil Nadu Urban Development Fund (TNUDF): A presentation," October 1999.

³⁰ Mukesh Mathur, "Alandur Sewerage Project: A success story of public private arrangements," National Institute of Urban Affairs, published in the *India Infrastructure Report 2002*, Oxford University Press, 2002.

further strengthening the existing state structure for oversight and management of municipalities. A State Level Project Sanctioning Committee approved projects above Rs. 1 crore, and a Sub Committee approved smaller projects. Both of these committees were housed at the CMA in Chennai. There was also a Project Preparation Fund controlled by the CMA that paid for feasibility studies, preparation of detailed designs of infrastructure projects, procurement packages, and for the supervision and management of municipal projects. The World Bank and the state government worked with the municipality to hire consultants to create studies and project plans and then supported the cities in issuing tenders for bids from private contractors to implement the projects. Some projects, like the underground sewerage project in Coimbatore and Alandur described above, were for multiple municipalities, again suggesting that these projects were led by the state rather than by city level officials who created projects based on an assessment of local needs and priorities. In other words, while ULBs were involved, the projects were created, funded, monitored, and implemented by state level institutions in partnership with World Bank project offices. While councillors were asked to approve projects, the involvement of the urban local bodies in the process of developing, funding, and approving the projects was otherwise limited.

Secondly, many of the reforms and requirements under the JNNURM borrowed heavily from international financial institution projects, and many of these had already been implemented in Coimbatore under the World Bank projects. For example, TNUDP III provided trainings for municipal officials to switch over to accrual based accounting and worked with five municipalities, including Coimbatore, to implement GIS based property management systems, all of which are elements of the JNNURM's reforms. In 1998, the World Bank worked with Coimbatore to create a City Corporate Plan (CCP), which laid out a plan to improve the city's waste collection, transportation infrastructure, water supply, and drainage networks, and developed an investment strategy to carry out the plan. The CCP lay dormant for a number of years because the city did not have the funds to build the identified projects, but newspaper reports stated that the JNNURM "came as a godsend" and the city was finally able to fund the CCP projects by including them in the city's CDP.³¹

The history of the involvement of Tamil Nadu state agencies and the large number of World Bank projects in the state as a whole is very important for our assessment of changes in the city of Coimbatore after the JNNURM. Our interviews with city officials revealed that many of them saw stark changes after the arrival of the JNNURM in the city, changes that are detailed below. However, the history of interventions in the city by state institutions such as the TWAD Board and the TNSCB actually show a great deal of continuity between earlier World Bank and state interventions and the more recent

³¹ K. V. Prasad, "In development mode," *Frontline*, December 18, 2010, available at: <http://www.frontline.in/static/html/fl2726/stories/20101231272609800.htm> accessed: September 3, 2015.

interventions under the JNNURM. Coimbatore's municipal institutions were accustomed to working well with such outside partners, and the JNNURM's relative successes in the city built on this successful local history. In the Bank's process of creating, financing, and implementing projects, state level institutions acted as financiers, helped to manage projects, approved a list of consultants, supported urban local bodies to develop projects, and approved or rejected projects in committees housed in offices in Chennai. This was very similar to the process later used in the JNNURM. Moreover, many of the reforms required by the JNNURM had already been implemented in Coimbatore, leading to even greater continuity.

3. An Overview of JNNURM Projects in Coimbatore

The city had a number of JNNURM projects, including both UIG and BSUP projects. Newspaper reports stated that most of the projects identified for the UIG were actually projects that had already been planned for the city before the JNNURM was announced, but which had not received adequate funding to move ahead earlier. UIG projects were fewer in number, but were much larger, with a total planned project cost of Rs. 826 crore. These projects included one storm water drain project, two projects to improve water supply, one project to improve solid waste management, and a comprehensive underground sewerage scheme. In contrast, there were 17 BSUP projects with a total cost of Rs. 525 crore. These projects included large resettlement colonies that were to be built by the TNSCB, as well as projects to provide money for slum-dwellers to improve their own houses that were to be managed by the Corporation, and smaller construction projects in the urban agglomeration.

Although the JNNURM was a city-wide improvement program, it reinforced some exclusive tendencies already present in the governance of the city. The JNNURM claimed its goal was to transform entire cities. However, in Coimbatore, according to our interviews, only the center of the city was being developed under the scheme. Though the Coimbatore City Municipal Corporation (CCMC) expanded to include 12 urban local bodies in 2011, and the expansion had been discussed for many years prior, there are few JNNURM projects being implemented in the newly added areas. This is because, when projects were being planned, these areas were under the administration of a Town Panchayat – and the JNNURM was only for “mega-cities.” City expansion has been a slow and somewhat problematic process in many cases, and in the case of Coimbatore, the JNNURM seems to have underscored a tendency to neglect the newly annexed areas for many years after annexation. Approval processes for the JNNURM at the central or state government level did not push the city towards more even development across the city, despite the fact that the expansion was one that was planned.

By 2011, one year before the JNNURM was originally scheduled to end, almost none of the projects had been completed, both for the UIG and the BSUP. In the most recent update available on the JNNURM website, only two UIG projects are completed – one of the water supply schemes and the solid waste management project. The completed water supply scheme also went over-budget by 25%, a source of much consternation for the city officials that we interviewed. The other three projects are still pending, and have spent 65% of the total approved project costs. According to the most recent update available on the BSUP website, only two of 17 BSUP projects have been completed. Of the 26,335 total dwelling units were expected to be either constructed or improved in-situ in Coimbatore, of which 16,561 (63%) had been completed by 2015, and 12,801 (48%) were occupied.

JNNURM projects were sanctioned in Coimbatore according to the standard processes across all states. The State Level Nodal Agency, which in Tamil Nadu was the Tamil Nadu Urban Finance and Infrastructure Development Corp. Ltd. (TUFIDCO), approved projects from the three JNNURM cities in the state. TUFIDCO is a state level agency that supports municipalities in the state by providing advisory services and access to alternative sources of finance. It was responsible for the first municipal bond issue in the country.³² UIG projects were implemented by the CCMC, which managed projects through a separately created JNNURM cell, in partnership with state level agencies like the TWAD Board and contracted out work to consultants and contractors. BSUP projects were implemented by both the CCMC and the Chennai-based para-statal TNSCB.

³² T.R. Raghunandan, "Urban decentralisation: the forsaken opportunity", *Livemint*, 06 September 2015, available at: <http://www.livemint.com/Opinion/rAmodgjGP5HWRG0Tdfj1N/Urban-decentralization-the-forsaken-opportunity.html>, accessed: September 3, 2015.

Figure 3: UIG Projects, Costs and Progress

Project Title	Approved Cost*	Total ACA Commitment (Central Share)*	Utilization as per March 2014*	% of Utilized amount against approved cost	% of Physical Work Completed	Date of Completion as per latest QPR
Improvement to water supply scheme	11374	5687.15	14261	1.25	Completed	Completed
Solid Waste Management	9651	4825.5	8396	0.87	Completed	Completed
Comprehensive Sewerage Scheme	Underground 37712	18856.44	23204	0.62	0.86	41791
Water Supply Improvement Scheme to 16 Town Panchayats in Coimbatore Urban Agglomeration	5882	2941.18	2888.13	0.49	0.89	41791
Storm water Drainage System in the Coimbatore City Municipal Corporation - Phase 1	18000	9000	14261	0.79	0.78	41791
INTERIM TOTALS	82620	41310.27	63010.13	0.76		

Source: jnnurm.nic.in, accessed February 10 2015

* Financial data in lakh rupees

Figure 4: BSUP Projects, Funds and Progress

Project name	Project Cost*	Central Share*	Central Share released*	Dwelling units	Dwelling Units in progress	Construction completed	Occupied
Construction of 39 Houses for Saravanampatty Town Panchayat	0.92	0.46	0.46	39	0	39	39
Construction of 129 New houses for Periyanaickenpalayam Town Panchayat	2.77	1.38	1.38	129	0	129	129
Construction of 129 houses for Veerapandi (N0-4) Town Panchayat	2.74	1.37	1.37	129	0	129	129
Construction of 131 new houses for Vellalore Town Panchayat	2.92	1.46	1.46	131	0	131	131
Construction of 135 New houses for Idigarai Town panchayat	3.1	1.55	1.55	135	0	135	135
Construction of 1608 Slum tenments at Ammankulam in Coimbatore City	41.03	15.56	15.56	1608	224	1384	1384

Construction of 179 new houses and providing infrastructure facilities in Goundampalayan Municipality	3.95	1.96	1.96	179	44	135	135
Construction of 2232 Slum tenments at Ukkadam Sewrage farm at Coimbatore City	55.36	20.69	20.69	2232	840	1392	1392
Construction of 300 houses and providing infrastructure facilities for Kurichi	6.75	3.36	3.36	300	140	160	160
Construction of 303 New Houses for Kuniyamuthur Municipality	6.37	3.17	3.17	303	78	225	225
Construction of 36 houses for Vedapatti Town Panchayat	0.91	0.46	0.46	36	0	36	36
Construction of 41 New houses for Kannampalayam Town Panchayat	0.95	0.48	0.48	41	0	41	41
Construction of 57 New houses for Veerkeralam Town Panchayat.	1.38	0.69	0.69	57	0	57	57

Construction of 88 New houses for Madukarai Town Panchayat	2.09	1.04	1.04	88	0	88	88
Construction of 9600 houses and Infrastructure facilities (Phase III) at Ukkadam Coimbatore City	135.68	63.69	63.69	7048	3288	3760	0
Construction of houses and Infrastructure facilities (Phase-II) for Coimbatore	199.94	96.59	96.59	10973	4810	6163	7163**
Construction of houses and Infrastructure facilities (Phase- I)Detailed Project Report for 18 Slums Coimbatore Municipal Corporation.	58.82	28.66	28.66	2907	200	2707	2907**
TOTAL	525.68	242.57	242.57	26335	9624	16711	14151

Source: Modified from JNNURM data, available at: http://jnnurmmis.nic.in/jnnurm_hupa/jnnurm/Jnnurm_Ray_AHP_Progress_Report/City-wise_BSUP.pdf, accessed September 6 2015.

*financial data in crore rupees

** Please note that errors in the data available from the government have been replicated in this table, such as the fact that more homes in the last row have been occupied than are listed as being completed.

4. Changes after the JNNURM: Reforms

Under the JNNURM, cities and states had to implement certain mandatory reforms to meet the mission’s objective of improving urban governance.³³ Because of Coimbatore’s history with the World Bank, many of the reforms required by the JNNURM had already been implemented or had been partially implemented in both Tamil Nadu and the city, and the arrival of the JNNURM made no further changes in the city. As a result, Coimbatore did very well in government evaluations of their reforms. The city-level mandatory reforms required urban local bodies to put in place e-governance systems, double entry accounting practices, improve their collection of taxes and user charges, and set aside some of their revenues for projects that extended services to the urban poor. State governments were also required to commit to reforms like implementing the 74th Amendment Act and legislating public information laws.

Coimbatore’s performance at implementing mandatory city level reforms was calculated at 91%.³⁴ The city performed better than Madurai and only marginally fell behind Chennai whose performance at implementing reforms was calculated at 94%.

S.No	Reform Milestone	Max. Score	Achieved Score		
			Chennai	Madurai	Coimbatore
ULB LEVEL REFORMS					
1	e-Governance	10.0	10.0	10.0	10.0
2	Shift to Accrual based Double Entry Accounting	10.0	10.0	10.0	10.0
3	Property Tax (85% coverage & 90% collection efficiency)	10.0	10.0	8.5	9.5
4	100% O&M cost recovery in Water Supply & SWM	10.0	6.5	5.5	5.0
5	Internal Earmarking of Funds for Services to Urban Poor	10.0	10.0	10.0	10.0
6	Provision of Basic Services to Urban Poor	10.0	10.0	10.0	10.0
Total ULB Level Score		60.0	56.5	54.0	54.5

Figure 5: Reforms scorecard for cities in Tamil Nadu

Source: “JNNURM scorecard”, available at: <http://jnnurm.nic.in/wp-content/uploads/2014/02/Tamil-Nadu-Reforms-31Jan14.pdf>, accessed September 9, 2015.

However, the JNNURM’s mandated reforms did result in changes to the city in a number of ways, as revealed by our interviews with officials and analysis of official documentation related to the city, such as city budgets and annual reports. On the whole, officials we interviewed believed that reforms had had a positive effect on the local body. In interviews they praised the reforms and revealed that governance had become

³³ “Guidelines for the JNNURM”, available at: <http://urban.bih.nic.in/Docs/JNNURM-Guidelines.pdf> accessed: September 3, 2015.

³⁴ “JNNURM scorecard”, available at: <http://jnnurm.nic.in/wp-content/uploads/2014/02/Tamil-Nadu-Reforms-31Jan14.pdf> accessed: September 3, 2015.

“convenient,”³⁵ accounting had become “efficient,”³⁶ and “increased productivity,”³⁷ and that reforms had transformed Coimbatore’s paper-based governance practices into one of “the very best (e-governance) systems”³⁸ in the country.

For example, one mandatory city reform designed to improve urban governance required cities to implement e-governance systems to register complaints, provide basic services like birth and death registration, and allow people to pay taxes and other fees online. In the words of one official of the Coimbatore Corporation, the city has been “cruising steadily and effectively in its path towards e-governance.”³⁹ Government officials we interviewed admitted that the system had made the Corporation “efficient” and reduced their workload. Indeed, Coimbatore’s e-governance system has won several state and national level awards.⁴⁰ One town-planning official said that the CCMC was understaffed, and the e-governance system helped with building approvals. He said that before the JNNURM builders had to submit building plans manually for approval. Under the new system, applicants submit their building plans and proposals online. The proposal is forwarded to the concerned officer and approved via email. Once approved, builders get a text message confirming that their plans have been approved. When asked if the automated approval system made it difficult to detect fraud, the official replied that “If there is wrongdoing, our surveyors revoke the building plan license.”⁴¹

Officials were also satisfied with the online complaint management system put in place in accordance with the JNNURM’s guidelines. One official said it was “very useful” and another said that it had made governance processes “convenient.”⁴² The system registers complaints from a variety of sources, including the city’s call centre, the Corporation website, from officials like councillors, the Collector, the Commissioner, and the Mayor, and those sent by text message or post. Even complaints from people who walk in to Corporation offices or who complain personally to officials are registered on the system. Depending on the nature of the complaint, it is assigned a priority by the complaint

³⁵ Interview with CBHYTD, CCMC, April 11, 2014.

³⁶ Interview with XDETHP, Accounts Department, April 9, 2014.

³⁷ Interview with PREFGT, Council, April, 10, 2014.

³⁸ Interview with CBHYTD, CCMC, April 11, 2014.

³⁹ “Coimbatore City Municipal Corporation website”, available at:

<http://ccmc.gov.in/ccmc/index.php/component/content/article?id=110:e-governance>, accessed: September 2, 2015

⁴⁰ “e-Governance in Coimbatore Corporation”, available at:

http://icrier.org/pdf/Tamilnadu_Coimbatore_6nov12.pdf, accessed: September 3, 2015; “Awards and Accolades for Tamil Nadu Government”, available at:

<http://www.tndipr.gov.in/pdf/Awards%20&%20Accolades.pdf>, accessed: September 3, 2015; “TN bags 7 awards in e-governance”, *The Hindu*, 14 November 2003, available at:

<http://www.thehindu.com/2003/11/14/stories/2003111405990400.htm>, accessed: September 3, 2015.

⁴¹ Interview with MKOPLI, Town Planning Department, April 11, 2014.

⁴² Interview with SETVUH, Grievance Redressal Cell, April 11, 2014.

system. For instance, water supply, streetlights, drainage, and garbage related complaints are assigned a high priority.

The system logged some complaints that were related to JNNURM projects. According to the official in charge of the system, these complaints are usually about dug up roads or obstructions in roads or footpaths.⁴³ This is not surprising, as the city's storm water drains project (that requires digging up the roads and footpaths) was still incomplete, years after it had begun. On the day we visited in April 2014, we observed that complaints about the JNNURM were a very small percentage of the total complaints received through the system. The official in charge also told us about 'thank you messages' that they received from citizens who were satisfied with the efficiency with which their complaints had been addressed.

Reforms also seemed to have uneven impacts in the city. Although officials praised e-governance, especially the complaint monitoring system, we learned from our interviews in slums that the system did not seem to have benefitted the urban poor. While officials stressed that even complaints made verbally to officials in ward and zone offices or via phone calls were registered and disposed of, residents from declared and undeclared slums said that their complaints about municipal services were not addressed promptly or at all. Such dissatisfaction with the city's responsiveness to complaints was expressed in slums both with and without clear property rights.

Other changes resulting from the JNNURM were clustered around two broad sets of reforms, those related to decentralization and local capacity and those related to finance, including finance for the urban poor. The JNNURM resulted in changes to the city's decision-making and oversight processes, to their staffing and use of consultants, on their capacity for large-scale project implementation, and to their planning processes, as well as to their revenues, expenditures, and budgets. In some cases, the changes were large, but in other cases, the changes built on processes already taking place in the city. These changes were identified through interviews with the city's employees and residents over two separate field visits to the city, and are supplemented by our review of the available primary sources such as the city's development plans, government orders, and official reports and are detailed below.

4.1 Decentralization and local capacity related reforms

One of the JNNURM's stated goals was to implement the 74th Amendment. The 74th Amendment requires state governments to conduct regular municipal elections, transfer governance functions to urban local bodies, assist in improving the financial position of ULBs and constitute District and Metropolitan Planning Committees. Historically, Tamil Nadu has neglected devolving power to cities and villages. The two major parties in the

⁴³ Interview with SETVUH, Grievance Redressal Cell, April 11, 2014.

state, the AIADMK and the DMK have been united in their opposition to the 73rd and 74th Amendment Acts, and opposed the amendments when they were introduced for discussion in Parliament under Narasimha Rao government.⁴⁴

The reason they provided for their opposition was that since state governments are responsible for governance, the Centre could not dictate how cities and villages in the state are governed. Both parties have lobbied the Centre for more powers at the state level, but have resisted devolving these same powers to cities and villages. After the amendment became law, Tamil Nadu took some steps to implement the 74th Amendment Act. However, the lack of political will to implement the Act in its spirit could explain the number of parastatals continuing to perform many municipal functions in Tamil Nadu and the continued functioning of many local governments as simply extensions of the state government.⁴⁵

Did the JNNURM's reform that mandated the implementation of the 74th amendment, and linked central government funding to its implementation change anything? The data available on the JNNURM website does not present a clear picture. In the most recent update on reform implementation status available the only reform Tamil Nadu has not fully executed is the one relating to the 74th Amendment. The JNNURM reforms scorecard gives Tamil Nadu 14.5/15 for implementing the 74th Amendment Act. Tamil Nadu lost 0.5 points because it failed to devolve all of the 18 functions listed in the 12th Schedule to urban local bodies.⁴⁶ The scores also provide a limited understanding of reform implementation. The scorecard measures only whether states have "incorporated" clauses of the 74th Amendment into "into the State Municipal Act" and not whether these clauses are actually enforced. For instance, the state receives a full score for constituting for Metropolitan and District Planning Committees,⁴⁷ even though these committees are not functioning at all in Coimbatore.

Our interviewees reported that the District Planning Committee did not meet regularly or influence the planning of the JNNURM in the city. In fact, they admitted that parastatals in the city and in Chennai still dominated the governance landscape. One of our

⁴⁴ Anil Kumar, *Federalism and Decentralisation in India: Andhra Pradesh and Tamil Nadu*, *Institute for Social and Economic Change*, 2009, available at: <http://www.isec.ac.in/WP%20-%202008.pdf>, accessed: September 3, 2015.

⁴⁵ T.R. Raghunandan, "Urban decentralisation: the forsaken opportunity", *Livemint*, 06 September 2015, available at: <http://www.livemint.com/Opinion/rAmodgjGP5HWRG0Tdf1j1N/Urban-decentralization-the-forsaken-opportunity.html>, accessed: September 3, 2015.

⁴⁶ The extent of devolution is also unclear. According to a memorandum of understanding between the Ministry of Urban Development and the Coimbatore Corporation in 2006, Tamil Nadu had devolved 16 out of 18 functions to the city of Coimbatore. However, after the JNNURM's completion, the scorecard on the JNNURM website shows that Tamil Nadu had devolved only 15 functions to the city, casting some doubt on the quality of official data.

⁴⁷ Tamil Nadu Government Gazette, 2009, available at: <http://www.tniscbe.org/download/gg/gg220.pdf>, accessed: September 3, 2015.

interviewees complained about having to travel to Chennai to discuss the planning of Coimbatore projects at the CMA and Tamil Nadu Urban Finance and Infrastructure Development Corporation offices. In fact, the structure of the JNNURM's implementation throughout Tamil Nadu echoed the Chennai-centric model that was used to implement TNUDP projects in the state, with Chennai-based bodies like the TNSCB, the TWAD Board, and TUFIDCO, the state level nodal agency for the JNNURM, all playing a large role in planning for and implementing both UIG and BSUP projects.

4.1.1 Staffing, municipal capacity, and consultants

Regardless of the legislative changes, the JNNURM resulted in some *de facto* decentralization to the ULB because municipal staff were suddenly responsible for the implementation of projects that were much larger than any project they had implemented before. This resulted in a great deal of strain on the city's manpower. The city created a separate JNNURM cell within the Corporation to execute these projects. Initially, the cell was created for just two large-scale projects: the Pilloor water project, and the storm water drain project, but eventually all JNNURM projects were managed through the cell, including BSUP projects managed by the Corporation.⁴⁸ The cell was strange in that functions already existing within the Corporation were replicated within it for the purposes of the JNNURM. This meant that there were two offices for storm water drains in the CCMC buildings, one that implemented *non*-JNNURM storm water drain projects, and one that implemented JNNURM storm water drain projects. However, numerous interviewees complained that the cell was understaffed,⁴⁹ leading to delays in projects, necessitating the widespread use of consultants,⁵⁰ and resulting in the transfer of at least one large project from the ULB to the TNSCB for implementation.

However, such understaffing seems to have been built into the very structure of the JNNURM: the guidelines for the Mission state clearly that the city was to reduce the size of the city's rolls through Voluntary Retirement Schemes and leaving vacant posts unfilled, that administrative costs for any project should cost less than 5% of the central share, and that wage costs were inadmissible as part of project costs,⁵¹ which meant that cities were unable to hire people to manage the large new projects. In Tamil Nadu, the constraints on staff were made more acute by the fact that the state has been involved in a 15-year process of reducing staff. Since the Staff and Expenditure Reform Commission was appointed in 2001, the state has imposed a hiring freeze, declined to fill vacant posts, and closed departments in an effort to reduce the financial pressure that salaries and

⁴⁸ Interview with BCHTLL, CCMC, April 9, 2014.

⁴⁹ Interview with BCHTLL, CCMC, April 9, 2014; Interview with MKOPLI, April 11, 2014.

⁵⁰ Interview with MKOPLI, Town Planning April 11, 2014.

⁵¹ "JNNURM Modified Guidelines", available at: <http://urban.bih.nic.in/Docs/UIG-Guidelines.pdf>, accessed: September 8 2015.

pensions placed on the state.⁵² According to our interviews, the hiring freeze negatively impacted the city's abilities to execute JNNURM projects effectively,⁵³ and the JNNURM itself provided no money for more staff.

As a result of this chronic understaffing, the municipality relied on consultants to formulate, monitor, and implement JNNURM projects.⁵⁴ Consultants were also required because project-based development, as in the JNNURM, required the Corporation to put together complex Detailed Project Reports that were beyond the capacity of most city officials. However, the city's experience with consultants was very mixed. According to our interviews, at least one firm had to be fired after two years because of their ineffectiveness. Multiple officials working on a range of JNNURM projects reported difficulties finding skilled consultants and holding them accountable for their work.⁵⁵

However, in parallel to these struggles with staffing and the reliance on consultants, there were also other comments among interviewees that indicated an increase in capacity in the city as a whole thanks to the increased responsibilities for city officials under the JNNURM. More than one interviewee mentioned the number and scale of new projects under the JNNURM with a sense of pride.⁵⁶ Others mentioned that this was a period of improvements in the city overall. For example, one official mentioned an improvement in the quality of toilets in slums, saying "Ten years ago, toilets were nasty. Now you can sleep in a toilet in a slum."⁵⁷ Although this official could not attribute this improvement directly to the JNNURM, it was clear among our interviews that there had been a general improvement in competence and effectiveness among city bureaucrats through the period of the JNNURM in Coimbatore.

In other words, the *de facto* decentralization of project management responsibilities as a result of large new projects in the city of Coimbatore under the JNNURM was a mixed bag. The municipality did show improvements in capacity resulting from the need to suddenly manage extremely large and complex projects under the JNNURM, but parallel efforts in the Mission to limit administrative costs necessitated the widespread hiring of consultants, and understaffing and poor project management led to delays in projects.

4.1.2 Ability to plan locally

The JNNURM poses an important question. As described above, Coimbatore was able to take on the project management of large-scale infrastructure projects for the city overall

⁵² V. Jayanth, "State moves to downsize its bureaucracy," *The Hindu*, June 22, 2005, available at <http://www.thehindu.com/2005/06/22/stories/2005062207830400.htm>

⁵³ Interview with CBHYTD, CCMC, April 11, 2015.

⁵⁴ Interview with CBHYTD, CCMC, April 11, 2015.

⁵⁵ Interview with MKOPLI, Town Planning, April 11, 2015.

⁵⁶ Interview with BHUTRT, TNSCB, February 25, 2014.

⁵⁷ Interview with BHUTRT, TNSCB, February 25, 2014.

to a limited extent. But did this reflect changes in the city's ability to plan for itself, as true decentralization would imply?

Coimbatore had multiple and sometimes conflicting plans for the city, which included a city mobility plan, a Master Plan, and a corporate plan. The city's plans were also out of date: the approved Master Plan for Coimbatore had been prepared twenty years earlier, and revisions had not been given approvals, suggesting that the city's planning capacity was not at a high level before the JNNURM anyway, nor was planning a priority.⁵⁸ The JNNURM's required City Development Plan for Coimbatore added to the confusion, rather than resolving discrepancies between plans. Although the CDP borrowed heavily from the projects identified in the City Corporate Plan, it did not take into account all existing approved plans for the city. Our interviews also did not suggest that the city's ability to plan improved significantly with the JNNURM. Indeed, members of the Coimbatore's City Technical Advisory Group (CTAG), an advisory body created by the JNNURM, specifically criticized the city for its inability to plan adequately for projects like the Pilloor project, the water project that went significantly over-cost.⁵⁹

4.1.3 Capacity for monitoring by elected representatives

One important aspect of decentralization that was mentioned repeatedly in our interviews was about the involvement of elected representatives. According to our interviewees, council members remained informed about and closely involved in the decision-making about and monitoring of JNNURM projects, unlike the experience of the JNNURM in other cities like Chennai. All projects above Rs. 50 lakhs require the approval of the council, as well as the allocation of Corporation land for resettlement or for other projects. Consultants regularly interacted with the council: DPRs were presented as interim reports in front of the full council for their feedback, as well as in front of other local stakeholders, and council opinions were incorporated into the final reports and projects. Finally, council members were also actively involved in the selection of beneficiaries for many projects, such as tenement housing, by informing people within their jurisdictions about application processes, and bringing them to sign-up camps.⁶⁰

4.1.4 Conclusion

Decentralization has been a fraught subject in Tamil Nadu because of the state government's historical opposition to it, and the continued persistence of powerful parastatals and unwillingness to devolve all powers in the 12th Schedule to ULBs shows that

⁵⁸ Interview with MKOPLI, Town Planning, April 11, 2015. See also: "Coimbatore Master Plan to be ready soon," *The Hindu*, August 28, 2014, and "Planning authority to revise and submit city master plan in 3 months," *The Times of India*, December 16, 2011.

⁵⁹ Interview with MKOPLI, Town Planning, April 11, 2015.

⁶⁰ Interview with BHUTRT, February 25, 2014.

there is a lack of political will in the state to devolve power to the municipalities, even after the implementation of the JNNURM. By virtue of the need to manage large and complex infrastructure projects, there was still a great deal of *de facto* decentralization under the JNNURM. Even though para-statal were closely involved in the implementation of projects in Coimbatore, the Corporation still had to create a separate project office to manage JNNURM projects. However, the office was chronically understaffed and the city was forced to rely on consultants for writing DPRs and many other tasks, meaning that improvements in local capacity were somewhat limited. The CDP also did not resolve any of the city's historical challenges with local planning. However, our interviews suggested that both elected representatives and bureaucrats in Coimbatore increased their abilities to implement and monitor projects locally, an important improvement.

4.2 Finances and expenditure related reforms

The JNNURM affected the city's budgeting and finance in two primary ways. Firstly, the Mission had explicit reforms focused on finance and budgeting that cities were asked to adopt. Secondly, the JNNURM also had large *de facto* impacts on Coimbatore's budget through the additional costs that JNNURM projects required from cities and states having to pay their share.

The reforms specific to finance and budgeting were as follows:

- a. the adoption of an accrual-based, double entry system of accounting
- b. reform of property tax with GIS, so that collection efficiency reaches at least 85% during the JNNURM period
- c. levy of reasonable user charges by ULBs so that the full O&M costs and recurring costs are recovered during the JNNURM period.
- d. Internal earmarking of budgets for basic services for the urban poor. The recommended norm is 25% of the total municipal budget.

To some degree, Coimbatore implemented or had already implemented all of these reforms with many positive results. Coimbatore reformed its accounting systems, property tax collection, and user charges in accordance with the JNNURM's mandatory financial reforms. For instance, an official in the Accounts department told us that double entry accounting is more accurate than the earlier system, as "all transactions are linked to each other," giving the Corporation a better idea of its financial position, profits and losses. The CCMC had also increased property tax and water charges as recommended by the reforms. Reforms related to increasing the amount of money for the urban poor missed the JNNURM's stated goals, but provided a means for greater accountability of

city expenditures on the poor that had not existed before. In summary, our research found that the JNNURM had significant impacts on the city's finances, but that the impacts came as much from the *de facto* increases in expenditures as from the mandatory and optional reforms. The impacts of all of these changes are discussed in detail below.

4.2.1 Significant increases in expenditure

One of the most dramatic changes that took place in the city of Coimbatore was a large increase in the number and the size of projects being implemented in the city. This included projects being implemented by the TNSCB, because earlier Finance Commission funded TNSCB projects were much smaller in scale than the new JNNURM-BSUP projects.⁶¹ The number, size, and costs of new projects was something that numerous interviewees commented on, although they disagreed on whether this was a good or a bad change for the city.

These projects increased costs for the city because both the city and the state had to pay for a percentage of all new projects. One interviewee mentioned that the JNNURM was a good program because the city was able to get large-scale new infrastructure and only pay 30% of the costs (in the case of the UIG).⁶² This is because costs for new infrastructure in cities with populations between 1 and 4 million split project costs with 50% from the Center, 20% from the state, and 30% from the city. However, the impacts on the city's expenditures were considerable, even if the city was only paying for 30% of the costs. The following chart, which shows the increase in expenditure from 2003 to 2014, reveals that the Corporation's budget increased by more than 8 times, from Rs. 7,823 lakhs to Rs. 63,105 lakhs by 2014, a remarkably large increase for that period of time.⁶³ Moreover, such increases were likely to be sustained after the JNNURM projects were completed because of the concomitant increase in operations and maintenance costs for new infrastructure and services.⁶⁴

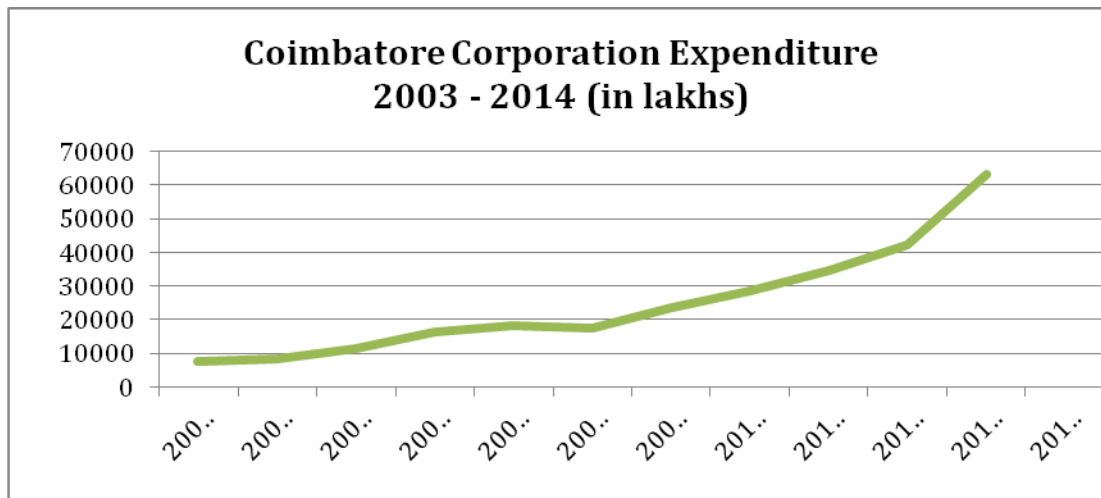
⁶¹ Interview with PTGNOG, TNSCB, April 9, 2014.

⁶² Interview with PREFGT, Council, April 10, 2014.

⁶³ Please note that these numbers are drawn from the revised budget estimates which are created six months into the fiscal year, meaning that actuals may have been slightly different. We were not able to collect information on actuals across all of these years because of the lack of availability of accurate data. However, we believe that the revised budget estimates which are based on the actual spending till date are more accurate than budget allocations, which are prepared along with new budgets but may not always be spent as planned.

⁶⁴ Interview with XDETHP, Accounts Department April 9, 2014.

Figure 6: Coimbatore Corporation budgetary expenditure increases, 2003 – 2014.



Source: Collated by research team from Coimbatore budget documents.

Our interviews in Coimbatore revealed that the increase in expenditures also came about because costs for new infrastructure were not actually limited to 30% of project costs in practice. A number of our interviewees from the CCMC mentioned that these projects actually put even more fiscal pressure on the city than the 30% figure indicated. This is because the JNNURM required cities to pay for any cost escalations, which placed a large amount of risk on the city over the lifetime of the project's construction. Given the size of these projects, the projects increased in cost significantly over the years due to the long period of implementation. Such cost increases were just as stark for the large BSUP projects, but the state bore the burden of cost increases when the TNSCB was the implementation agency. Indeed, one TNSCB official wryly quipped that the 50-40-10 center-state-city split ended up being more like 25-65-10 because of cost escalations.⁶⁵ Further, financial risks to the municipality came from delays in disbursements from the central government, a constant problem according to at least one official.⁶⁶

Another official told us that land was also required to be transferred free of cost for such projects, which means that the state or municipal owners of the land were providing another subsidy to the project that was not accounted for at all in the JNNURM's listed project costs,⁶⁷ further skewing the split in costs between central, state, and city coffers. This means that the state and city share was in reality much larger in those cases where land transfers took place than the cost breakup given by the central government.

⁶⁵ Interview with PTGNOG, TNSCB, April 9, 2014.

⁶⁶ Interview with MKOPLI, Town Planning April 11, 2014.

⁶⁷ Interview with PTGNOG, TNSCB, April 9, 2014.

4.2.2 Coimbatore revenues

Coimbatore was able to absorb the increased expenditures resulting from cost escalation of projects because of their strong financial position and because their revenues increased commensurate to their project costs, limiting the size of their deficits. Data on the JNNURM website suggests that Coimbatore did not fare well at collecting user charges for basic municipal services. For instance, it received only 5/10 on the JNNURM reforms score card for user charges, as the city was able to raise only a part of its operation and maintenance costs from user charges on its municipal.⁶⁸ However, a close examination of the Corporation's budgets from 2003 to 2014 reveals that the city's total revenues increased from Rs. 8,113 lakhs to Rs. 62,570 lakhs, an almost identical increase to that in the city's expenditures.

One explanation for the low score could be the city's expansion in 2011. The reforms scorecard was published only two years after the city expanded to include the area of several local bodies at its periphery. Government officials revealed that since these areas had different levels of urban development, and the CCMC had not been able to rationalise property taxes, collect user charges, or even extend its services to these areas.

How was the city able to increase revenues so significantly? In part, the revenue increases came from increases in grants from the central and state governments to the city. However, the increases came also from implementing JNNURM reforms: especially the mandatory reform to increase user fees to cover the full operations and maintenance costs of new infrastructure, and to improve property tax collections. The city of Coimbatore revised their property tax rates in 2008,⁶⁹ and continuously worked to improve collection efficiency, reaching 82% collection in 2013. The city also increased rates for a range of services. The city also increased rents for shops it constructed,⁷⁰ added new fees like name change fees for property transfers,⁷¹ and collected fees like vacant land taxes in the newly annexed areas.⁷² The city reportedly is also planning to institute charges for solid waste management collection and increase charges for water.⁷³ What this meant was that the city's revenue from their "own resources" (which

⁶⁸ "JNNURM Reforms scorecard" available at: <http://jnnurm.nic.in/wp-content/uploads/2014/02/Tamil-Nadu-Reforms-31Jan14.pdf>, accessed September 3, 2015.

⁶⁹ Interview with XDETHP, Accounts Department April 9, 2014.

⁷⁰ Karthik Madhavan, "Coimbatore Corporation revenue likely to increase further," *The Hindu*, February 26, 2014, available at: <http://www.thehindu.com/news/cities/Coimbatore/coimbatore-corporation-revenue-likely-to-increase-further/article5728653.ece>, accessed September 3, 2015.

⁷¹ "Coimbatore Corporation to improve tax collection," *The Hindu*, March 15, 2013, available at: <http://www.thehindu.com/news/cities/Coimbatore/coimbatore-corporation-to-improve-tax-collection/article4511880.ece>, accessed September 3, 2015.

⁷² Karthik Madhavan, "Coimbatore Corporation steps up VLT collection drive," *The Hindu*, January 4, 2012, available at: <http://www.thehindu.com/todays-paper/coimbatore-corporation-steps-up-vlt-collection-drive/article2773156.ece>, accessed September 3, 2015.

⁷³ Interview with MKOPLI, Town Planning April 11, 2014.

includes tax income and service fees and charges)has been regularly increasing. Over the eleven years examined, income from the CCMC's own resources has increased from about 50% to 60% of its total revenue, with a high of 65% in 2012-13, at a time when the total revenues were increasing significantly.

Not all of the service charge increases had equal impacts on the budget. Revenue from property tax did increase steadily over the years thanks to rate and collection increases. However, property tax as a proportion of the income from the CCMC's own resources has shown a negative trend overall. Property tax was 46% of the CCMC's income from its own resources in 2003-2004, but only 21% in 2013-2014

Figure 7: Own income as a percentage of total income

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Total revenue income	7304	7677	9413	12756	12655	14346	19949	21310	27313	30055	43084
Own resources	3624*	4316*	4762*	7552*	6695*	7706	12308	12932	13869	19513	25408
Own income as a % of revenue	50%	56%	51%	59%	53%	54%	62%	61%	51%	65%	59%

Source: Collated and analysed by research team from Coimbatore budget documents.

*These figures were not provided as separate figures in the budget documents. Property tax, “other items,” service charges and fees, sale and hire charges, and “other income” were added to arrive at this figure.

Figure 8: Property taxes as a percentage of total

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Total revenue income	7304.44	7676.64	9412.7	12755.7	12654.8	14346.3	19948.6	21310.2	27313.1	30054.9	43083.9
Property tax income	1674	1900	2245.74	2500	2871	3465	3712.5	4059	4480	4773.18	5395
Property tax income increase over prev. year	n/a	226	345.74	254.26	371	594	247.5	346.5	421	293.18	621.82
Property tax income % increase over prev. year	n/a	13.50%	18.20%	11.32%	14.84%	20.70%	7.14%	9.33%	10.37%	6.54%	13.03%
Property tax as % of total income	22.92%	24.75%	23.86%	19.60%	22.69%	24.15%	18.61%	19.05%	16.40%	15.88%	12.52%
Property tax as % of own resources income	46.20%	44.02%	47.16%	33.10%	42.88%	44.96%	30.16%	31.39%	32.30%	24.46%	21.23%

(Service) Fees and charges income	310.05	349.41	418.51	734	857.16	875.1	796.28	1057.8	1063.33	1221.96	1773.75
(Service) Fees and charges increase over prev. year	n/a	39.36	69.1	315.49	123.16	17.94	-78.82	261.52	5.53	158.63	551.79
(Service) Fees and charges increase over prev. year	n/a	12.69%	19.78%	75.38%	16.78%	2.09%	-9%	32.84%	0.52%	14.92%	45.16%
(Service) Fees and charges as % of total income	4.24%	4.52%	4.45%	5.75%	6.77%	6.10%	3.99%	4.96%	3.89%	4.07%	4.12%
Service Fees and charges as % of own resources income	8.56%	8.09%	8.79%	9.72%	12.80%	11.36%	6.47%	8.18%	7.67%	6.26%	6.98%

Source: Analysis by research team from numbers collated from budget documents

Similarly, income from service fees and charges had also increased steadily over the years, except in 2009-2010, when collections were 9% less than the previous year's. Contribution of service fees and charges to the CCMC's income from its own resources increased to almost 13% in 2007-2008, but has since decreased to 7% in 2013-2014. Considering the increase in the number of assets operationalized and maintained by the ULB over the period of the JNNURM, it is interesting to note that the income from service fees and charges has not become a large portion of the CCMC's income from its own resources. Another significant component of revenue labeled as "other income" was not analyzed here because of inadequate information about the sources of this income.

This suggests that while the city drastically increased its revenues from its own resources, the goals of the JNNURM reform of recovering O&M costs were not met. The CCMC budget documents also do not allow for analysis that will ascertain whether property tax collection efficiency has reached at least 85%, as the reforms required. Our limited analysis suggests that despite significant progress, neither of these goals has yet been achieved.

Without these increases in the city's own revenues, Coimbatore's deficits would have been much higher, and the impacts of the increases in expenditures would have been devastating for the city. However, unlike in many other cities, the tax and rate increases for basic services caused few political problems in Coimbatore.⁷⁴ The lack of significant political opposition to rate increases annulled a significant risk to the municipality of taking on new expenditures without significant concomitant revenue increases to pay for their share of project costs. One explanation for the lack of political opposition could be that, so far, rate increases have only come into effect for property taxes and certain municipal fees, but not for services in widespread use like water and solid waste management, even though the council has approved revisions in their rates.⁷⁵ One official at TUFIDCO in Chennai called this the "carrot and stick approach." On the one hand property tax and cost recovery reforms, which help to make the city sustainable, are usually unpopular with politicians and residents. On the other, the JNNURM made large amounts of money available for cities to undertake enormous infrastructure projects that they would not have had access to before.⁷⁶

4.2.3 Accrual based accounting

⁷⁴ However, the city did struggle to increase property tax payment compliance, using strict penalties like cutting off water to those who did not pay the tax. Binoy Valsan, "No water for tax defaulters: Municipal Corporation," Times of India, February 8, 2014. Available at: <http://timesofindia.indiatimes.com/city/coimbatore/No-water-for-tax-defaulters-Municipal-corporation/articleshow/30013595.cms>, accessed September 3, 2015.

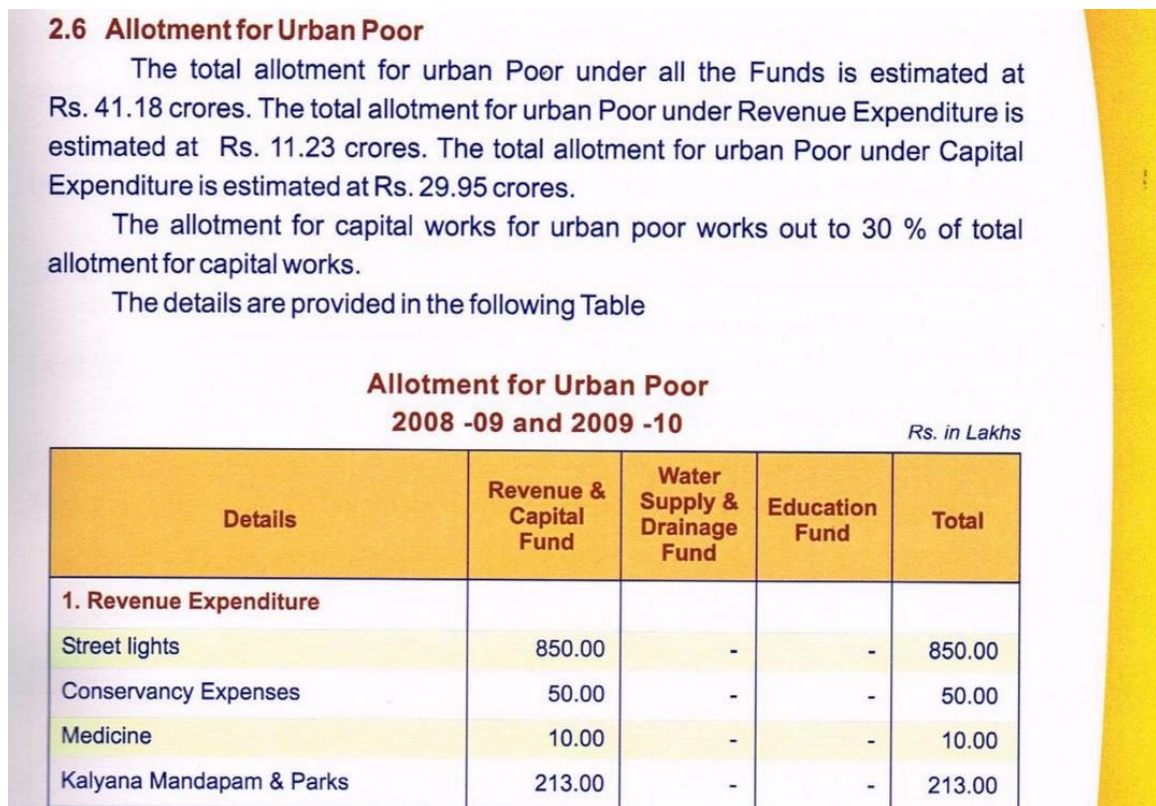
⁷⁵ Phone conversation with VTIHD, Commentator on politics, September 10, 2015.

⁷⁶ Interview with official at TUFIDCO, June 5 2014.

Some reforms caused little change in the functioning of the city. According to our interviews, the adoption of an accrual based, double-entry system of accounting met with little resistance, and was thought to have “improved efficiency.”⁷⁷ This is likely because an accrual based accounting system may have already been in place in many local departments before the JNNURM because of the demands of World Bank projects.

4.2.4 Limited spending on the urban poor

The reform on setting aside 25% of the budget for the urban poor seems to have been



more problematic in its implementation. Internal allotment for the urban poor has featured in the CCMC budget from the year 2007-2008 onwards, in the revenue and capital funds, as well as the water supply and drainage fund. An illustration of this allotment from the 2009-2010 budget is as follows:

Figure 9: Allotment for the urban poor

This analysis of the budgets only took into account the expenditure on the urban poor according to the revised budget estimates of every year, from 2007-2008 to 2013-2014. This is because the “allotment” for the urban poor need not match the expenditure on the

⁷⁷ Interview with XDETHP, Accounts Department, April 9, 2014.

urban poor, and the revised budget estimates are more likely to be a reflection of the real amount spent on these line items. The expenditure for the urban poor is easily identified because line items or functions are listed in terms of a general component, and one specifically on the urban poor. The following is an illustration on how the expenditure on the urban poor is identified in the city's budget documents.

Figure 10: Allotments for the Urban Poor

2053	Pension and Leave Salary Contribution	15.52	20.00	5.68	20.00
	Total	1,156.07	1,175.00	1,736.76	1,900.00
	C. OPERATING EXPENSES				
2043	Expenditure on Food Sampling	-	0.20	0.39	0.50
2084	(a) Maintenance of Garden / Park	3.23	10.00	6.20	10.00
	(b) Garden / Park - For Urban Poor	-	10.00	9.60	10.00
2088	(a) Power Charges for Street Lights	724.53	600.00	458.03	550.00
	(b) Power Charges - Street Lights Urban Poor	-	150.00	196.29	125.00
2089	(a) Maintenance Expenses for Street Lights	70.74	315.00	116.31	300.00
	(b) Street Lights maintenance - Urban Poor	-	125.00	49.85	125.00

20

Outcome Budget 2009-10

Source: 2009-2010 Budget document for CCMC obtained by research team.

Analysis shows that explicit expenditure on the urban poor in the general revenue and capital funds of the CCMC budgets has been a maximum of 10.34% of the total budget. In 2007-08, 10.34% of the expenditure from the general fund was spent on the urban poor, and since then, it has been less than 10%, as seen in the table below. This proportion of expenditure is much less than the reform's recommended 25% expenditure on the urban poor.

Figure 11: Expenditure on urban poor as a percentage of total expenditure

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Expenditure on the urban poor as a percentage of	10.3%	8.9%	7.8%	8.6%	9.9%	9.3%	8.4%

total expenditure

Source: Calculated by research team based on budget documents obtained from the CCMC.

If one were to consider the separate water and drainage fund (a portion of the city's expenditures), expenditure on the urban poor was about 10% in 2011-2012; the rest of the years, it has been between 3 and 5% of the expenditure.

Thus, it is evident that while the CCMC has been allotting funds for the urban poor, it has not been meeting the requirement of the reform in terms of actual expenditure on the urban poor. Considering that one of the aims of the JNNURM is to increase access to basic services for the urban poor, expenditure by the CCMC has not been adequate. However, our researchers noted one big improvement resulting from the JNNURM in the city of Coimbatore. Thanks to the focus on the poor in the city's budgets, it is much easier to see what percentage of the city's budget is explicitly being spent on the urban poor. The Corporation, by identifying line-items clearly in the budget, seems to have at least provided the tools to evaluate the government's spending on the poor, unlike in Chennai where they only provided estimates. Such tools also provide residents the ability to match stated spending with the services they received in reality, a useful measure of accountability that did not exist earlier.

4.2.5 Conclusion

In summary, the changes resulting from the JNNURM's reforms and projects to the city's finances and budgeting processes had large impacts on the city. The city's expenditure increased by 8 times over the period of the JNNURM, and the city took on large financial risks related to cost escalations in taking on the projects. The city and state also contributed far more than was acknowledged by the central government, especially in certain projects where they transferred land. However, the city also increased revenues proportionate to their expenditures through increased inter-governmental transfers and increases in user fees and property taxes. The city did not face any issues in changing its accounting system, but meeting the 25% allocation for the urban poor proved to be impossible, reaching a high of only 10% during the entire course of the JNNURM. In other words, in Coimbatore, the enormous fiscal risks that the JNNURM entailed paid off, resulting in far more infrastructure for the city. But in cities where political resistance prevented raising user fees and where states did not increase grants to cities, such risks may have resulted in a disaster for the cities.

5 Changes after the JNNURM: UIG

Both newspaper reports and interviews with officials repeatedly noted that the UIG projects approved in Coimbatore were older projects that had been set aside because of lack of funding. All projects had been outlined in the City Corporate Plan that had been formulated for Coimbatore with the support of the World Bank in 1998, and were “hurriedly cobbled together” to meet the deadlines for the JNNURM’s CDP submission.⁷⁸ However, the approved UIG projects were still the largest schemes ever undertaken by the Corporation, and posed a large challenge for implementation.⁷⁹ Even though the Corporation did improve its capacity to take on large projects, it was clear that the city struggled with this new challenge. In this section, we discuss the UIG and discuss in some detail the storm water drains and water sector related projects.

The largest project was the underground drainage project, with a total approved cost of Rs. 37,712 lakhs. The project has not yet been completed, despite being approved in 2007, one of the earliest projects to begin in the city. According to newspaper reports, Corporation contractors were extremely slow in completing works. One contractor from Andhra Pradesh initially hired for the project was blacklisted and their contract terminated, leading to further delays. Open trenches and piles of dirt were left for months in areas where projects were on-going, leading to problems during the rainy season. The Corporation also struggled to lay roads again after they had been dug up for constructing sewerage lines, and these roads turned to mud and slush during the rains.⁸⁰ These problems led to significant criticism of the city’s progress in the Council.⁸¹

Yet, despite extensive criticisms of project progress and quality, Coimbatore was still considered to be a successful implementation of the JNNURM by both city and state officials, as evidenced by their obvious pride in our interviews. In fact, the Ministry of Urban Development released a case study on the improvements in the city’s solid waste management system through the JNNURM project in July of 2013, a report designed to serve as a summary of best practices and guide for other cities looking to effectively implement SWM projects. The report found that the city’s SWM collection improved from 55% of households and 20% of shops to 95%, and that the city’s segregated waste

⁷⁸ K V Prasad, “JNNURM: Tardy progress of schemes draws criticism,” *The Hindu*, September 27, 2011, available at: <http://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/jnnurm-tardy-progress-of-schemes-draws-criticism/article2489456.ece> accessed: September 3, 2015.

⁷⁹ Interview with PTGNOG, TNSCB, April 9, 2014.

⁸⁰ Binoy Valsan, “No respite for citizens as UGD works sees no end,” *Times of India*, June 28, 2013, available at: <http://timesofindia.indiatimes.com/city/coimbatore/No-respite-for-citizens-as-UGD-works-sees-no-end/articleshow/20805613.cms> , accessed September 3, 2015.

⁸¹ K. V. Prasad, “JNNURM: Tardy progress of schemes draws criticism,” *The Hindu*, September 27, 2011, available at: <http://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/jnnurm-tardy-progress-of-schemes-draws-criticism/article2489456.ece> accessed: September 3, 2015.

moved from 10% to 80%. The management of this project was similar to earlier World Bank initiatives under the city. According to the report, the project was managed by TUFIDCO, and the plan was formulated according to the “capacity of the implementing agency and to utilize the experiences of the private sector.” The resulting project had 27% of funds going to the city for source segregation and primary and secondary collection, and the rest going to private contractors for transport of waste and construction of transfer stations. Documentation like this suggests that Coimbatore was viewed as a success in Delhi as well, a surprising viewpoint given how problematic the implementation of UIG projects was in the city.

5.1 Storm water drains

One obviously problematic project was the storm water drains initiative, which was approved at a total cost of Rs. 18,000 lakhs in 2009. The project was envisioned very ambitiously. According to JNNURM documentation, consultants prepared a large multi-phase project including storm water drains along all roads in the Corporation (before its expansion) and improving the city’s existing natural drainage routes. The State Level Sanctioning Committee submitted a project worth Rs. 22,675 lakhs to the Central Sanctioning and Monitoring Committee, but they approved a smaller project of Rs. 18,000 lakhs in August, 2009. Tenders were finally invited for the project in May, 2010. The second and third phases of the project received approval from the Council and were sent to the State and Central Sanctioning Committees, but were never approved for funding under the JNNURM.⁸² Officials reported that state government funds were instead sanctioned to improve the city’s natural drainage routes.

The original government order sanctioning the project stated that the expected completion date of the first phase was supposed to be 18 months from its projected start date of October 2009.⁸³ Yet, as late as January of 2014, newspaper reports claimed that the Corporation was planning to send the second and third phases of the original project to the central government for approval because the first phase was only now almost over, meaning that the project went years behind schedule. In this sector as well, the city struggled repeatedly to work with contractors effectively, imposing fines on contractors that delayed deliverables and went over-budget.⁸⁴ The project was divided into seven packages, which were given to three different contractors in September 2010 – P&C and SPS & Co JV, which was awarded four packages, Mohan Reddy and Murali & Co JV,

⁸² Coimbatore Corporation, “Coimbatore Corporation: JNNURM Ongoing Scheme Details,” Date unavailable, available at <http://220.225.213.209/corp/DwldForms/test/Jnnurm.pdf>, accessed: September 2, 2015.

⁸³ Government of Tamil Nadu, Municipal Administration and Water Supply (MA2) Department GO(D)No.55, Dated February 18, 2010.

⁸⁴ Karthik Madhavan, “Coimbatore Corporation goes after JNNURM contractors”, *The Hindu*, July 21, 2013, available at: <http://www.thehindu.com/news/cities/Coimbatore/coimbatore-corporation-goes-after-jnnurm-contractors/article4937569.ece>, accessed: September 3, 2015.

which was awarded two packages, and SCW Companies which was awarded one package. By April of 2013, newspapers reported that only one of the contractors SCW had completed their package, and the city set monthly deliverables and fines for delaying beyond a final deadline of July of Rs. 50,000 per day for the other two contractors.⁸⁵

Residents also complained about the poor quality of the implementation of the first phase of the storm water drains project. In streets less than seven feet in width, water logging was still widespread because officials faced technical difficulties in installing the drain pipes. Residents also complained that flooding occurred even in areas where pipes had been laid. Officials responded by blaming residents for throwing garbage and plastic bags into the drains. But problems seemed to be more deeply rooted: in certain streets, residents found drainage manholes “detonating causing the entire water to come out as a water fountain.”⁸⁶ Earlier this year, rains led to flooding in bus stands, railway stations, under-bridges, main roads, and other key places in the city where pipes had been laid, and observers concluded that the storm water drains project had failed to carry the rain water in the city to the lakes as it was meant to. There seemed to be a discrepancy between official accounts of the work and resident accounts: Officials claimed that the work had been completed for all 737 km of city roads, but many councillors complained that work was still pending in their wards, and demanded that Corporation funds be used to complete the work immediately. Councillors and residents also complained that drains had only been built on one side of the road, rather than on both sides as originally planned.⁸⁷

5.2 Water

Coimbatore had two large water supply projects under the JNNURM: a water supply improvement scheme that had an approved cost of Rs. 11,374 lakhs and a project to improve water supply in 16 municipalities in the Coimbatore Urban Agglomeration, some of which were annexed into the city, which cost Rs. 5,882 lakhs. Like the Storm Water Drains project, both the water projects also faced several problems during implementation. For instance, although officials at the JNNURM cell divided the Rs. 113.74 Crores⁸⁸ improvement to water supply scheme (also called the Pillur or Pilloor scheme) into several smaller packages, they ran into difficulties with land use

⁸⁵ “Deadline set to complete storm water drain work,” *The Hindu*, April 21, 2013, available at <http://www.thehindu.com/news/cities/Coimbatore/deadline-set-to-complete-storm-water-drain-work/article4639646.ece>, accessed: September 1, 2015.

⁸⁶ “Storm water drains project delayed, corpn blames public,” *Times of India*, October 2, 2014, available at <http://timesofindia.indiatimes.com/city/coimbatore/Storm-water-drains-project-delayed-corp-blames-public/articleshow/44028454.cms>, accessed: September 1, 2015.

⁸⁷ Komal Gautham, “Rain tests storm water drain project,” *Times of India*, April 19, 2015, available at <http://timesofindia.indiatimes.com/city/coimbatore/Rain-tests-storm-water-drain-project/articleshow/46973333.cms>, accessed on September 1, 2015.

⁸⁸ GO (D). No. 546, Municipal Administration and Water Supply,

permissions, and also found it difficult to tender for these packages successfully. The first package of the project called “construction of a collection well and pumping machinery” required the Corporation to acquire land from the Forest Department and change its status from forest land to land that can be used for “non- forest uses.”The processes of land acquisition and conversion were time consuming and tangled in red tape, and our interviewees cited these difficulties as the main reason for the slow pace of implementation.⁸⁹

Like the first package of the project, the second package was also delayed. The Corporation took time to find a contractor for the package. Tender documents for this package were floated four times before a contractor was selected. The first two calls for tenders received no response from private contractors. The third call for tenders received one bid. However the contractor quoted a sum that far exceeded the estimate amount, and hence the third call for tenders was recalled. The estimate was revised, and one private contractor was awarded the contract on the fourth attempt. All in all, the Pilloor II Water Supply project was completed years behind schedule, and cost 25% more than originally allocated for the project, an increase the city had to bear.

Why was the Corporation unable to successfully tender a project? According to one civil society activist, officials were not efficient at tendering was partly because they lacked “basic capacities” and partly because consultants did not provide them with adequate guidance. “They only give drawings and estimates,” he exclaimed about consultants, but “they don’t guide the municipality in how to plan and get clearances!”⁹⁰ Officials in charge of the project were less critical about its implementation. They acknowledged that there were problems with land use and tendering, but also insisted, “that the issues have been sorted now.”⁹¹

After the completion of the project, the council approved an increase in the price of water in keeping with the JNNURM reform guidelines. They planned to increase the minimum monthly water charges from Rs. 80/- to Rs. 100/- for individual homes and from Rs. 600/- to Rs. 900/- for apartments. Anticipating protests, the Corporation invited comments from the public on the hike, but extended the date for comments when they didn’t receive many. A newspaper reports that there was little resistance to an increase in water charges as “the people in the city understood the need for the hike to improve the Corporation’s revenue.”⁹² Though there was little public opposition, councillors of the AIADMK, CPI-M, and CPI staged a walkout in the Council when increases in water

⁸⁹ Interview with BCHTLL, JNNURM cell February 26, 2014.

⁹⁰ Interview with POREWB, City Technical Advisory Group, April 9, 2014.

⁹¹ Interview with BCHTLL, JNNURM cell February 26, 2014.

⁹² “Cautious approach to water tariff increase”, *The Hindu*, January 28, 2008, available at: <http://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/cautious-approach-to-water-tariff-increase/article1188067.ece>, accessed September 9, 2015.

charges were discussed and approved.⁹³ However, these charges still have not been implemented in the city. One of the reasons for this is because the Corporation has not been able to extend piped water supply to the added areas or rationalize water prices in these areas.

Despite all these pitfalls, water supply improved dramatically after the implementation of the project, according to one of our interviewees. He told us that per capita supply has improved from 145.69 lpcd to 184.26 lpcd in the city centre. The newly added areas received 72.61 lpcd, however the frequency of this is only 4-12 days, he added. One of our interviewees as in charge of water in the city and said that the JNNURM had made it easier to get a water connection in the city as the application process could be done online.⁹⁴

⁹³ Cautious approach to water tariff increase”, *The Hindu*, January 28, 2008, available at: <http://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/cautious-approach-to-water-tariff-increase/article1188067.ece>, accessed September 9, 2015.

⁹⁴ Interview with CBHYTD and assistant, April, 11, 2014.

Figure 12: Water prices

(Values in Rs.)

WATER TO GET COSTLIER

Domestic (Individual houses)

Deposit		Monthly minimum charges	
Old rate	Revised rate	Old rate	Revised rate
1,000	5,000	80	100

Domestic bulk (Apartments)

Deposit		Monthly minimum charges	
Old rate	Revised rate	Old rate	Revised rate
3,000	10,000	600	900

WATER BILL IN ADDED AREAS

Name of the local body	Monthly water charge for houses	Monthly water charge for commercial connections
Kurichi	55	110
Kuniamuthur	100	200
Kavundampalayam	60	120
Veerakeralam	50	150
Vadavalli	50	100
Thudiyalur	60	180
Vellakinar	60	100
Chinnavedampatty	60	100
Saravanampatti	60	120
Kalapatti	60	150
Vilankurichi	30	30

Source: “Coimbatore Corporation plans to increase water charges”, *The Hindu*, August 28, 2013, available at: <http://www.thehindu.com/news/cities/Coimbatore/coimbatore-corporation-plans-to-increase-water-charges/article5067442.ece>, accessed: September 10, 2015; “New areas under Corporation spared from water tariff hike”, *The Hindu*, September 2, 2013, available at: <http://www.thehindu.com/news/cities/Coimbatore/new-areas-under-corporation-spared-from-watertariff-hike/article5085240.ece>, accessed: September 11, 2015.

While the Pillur scheme catered to the city, the water supply improvement to 16 town Panchayats in Coimbatore was supposed to address water shortages in the outskirts. The project was approved in early 2009 and was due to be completed and commissioned in 2014, but most recent update on the JNNURM website reveals that incomplete and that the project has utilised only 49% of its approved cost of Rs. 58 crore.⁹⁵ In fact, the Corporation Council has extended the tenure of officials hired for the JNNURM so that they could oversee the project on water supply to added areas.⁹⁶

5.3 Conclusion

Evaluating Coimbatore's efforts under the UIG component of the JNNURM is difficult. Projects ran over-budget, were not completed on time (and are still on-going), and the city clearly had difficulty managing its contractors. Yet, both in our interviews and reviews of literature from the central government, we found a sense of pride in the accomplishments of the city under the JNNURM's UIG component, as noted earlier in the section on increased capacities in the city. One theory that may explain this dissonance may be that Coimbatore's and Tamil Nadu's record on implementation of the UIG and reforms, while spotty, may have been better than many other comparable cities. For example, the selection of Coimbatore for a case study on successful implementation of the Solid Waste Management project, as mentioned above, and the highlighting of Coimbatore and Tamil Nadu's performance in financial reforms in another document prepared for the Ministry of Housing and Urban Poverty Alleviation on best practices in the financial management of urban local bodies in India⁹⁷ suggests that this might be the case. However, more research that allows for comparisons between Coimbatore and other cities is required to validate this theory.

⁹⁵ "Project implementation status" available at: <http://jnnurm.nic.in/wp-content/uploads/2014/08/TN.pdf>, accessed September 5, 2015.

⁹⁶ "Corporation to extend JNNURM posts by a year", *The Hindu*, August 17, 2015, available at: <http://www.thehindu.com/news/cities/Coimbatore/corporation-to-extend-jnnurm-posts-by-a-year/article7548495.ece>, accessed: September, 11, 2015.

⁹⁷ Yashwantrao Chavan Academy of Development Administration, "Final Report: Best Practices in the Financial Management of Urban Local Bodies in India," Submitted to the Ministry of Housing and Urban Poverty Alleviation, June 2009, available at http://fincomindia.nic.in/writereaddata%5Chtml_en_files%5Coldcommission_html/fincom13/discussion/report08.pdf, accessed: August 12, 2015.

6 Changes after the JNNURM: BSUP

Our team reviewed BSUP projects through site visits to projects and interviews with residents, an examination of available DPRs, interviews with TNSCB officials and city officials, and reviews of available newspaper documentation. We found that BSUP projects were of a much larger scale than earlier slum interventions in the city, and that this caused significant issues in their implementation. Especially, in resettlement colony projects, their size created problems in siting and construction that cost the city and state time and money. Coimbatore's relatively small size and the location of the resettlement colonies within the city meant that resettlement resulted in fewer protests than in Chennai, partly because the resettlement colonies were still relatively close to residents' original homes. However, processes for public consultation and consent were patchy at best, and residents of both slums and resettlement colonies expressed a great deal of dissatisfaction with the projects.

The BSUP projects in Coimbatore were of two different kinds: one managed by the TNSCB, involving the construction of large-scale tenement clusters in the city for the resettlement of slum-dwellers, and another kind of project managed by the Corporation, involving in-situ improvement of individual homes in slums and the construction of infrastructure. Tenement clusters were problematic both in their construction and in their eventual settlement, as detailed below. Corporation-led in-situ slum development, while also facing challenges in implementation for the urban poor, seemed to be implemented more smoothly.

6.1 Project Approvals Process

From our interviews, we were able to get a detailed understanding of the approval process for TNSCB projects under the BSUP. Analysing the details of the process given below show that the process for deciding upon BSUP projects had little relationship to decision-making processes within the Corporation. The process for approvals in BSUP projects managed by the TNSCB was as follows:

- I. Preparation of DPR by the TNSCB or by the Corporation (through a consultant)
- II. Approval by the state level committee for the JNNURM BSUP that sits in Chennai, which constitutes officials from the CMA, Town Planning Department, and so on, who give a formal go-ahead for the project. This state-level approval is required because the state has to contribute its share.
- III. Approved DPR is then sent to the appraisal agency for scrutiny. Earlier, the Building Materials and Technology Promotion Council (BMPTC) used to be the appraisal agency. Now it is HUDCO, Coimbatore.

- IV. Approved DPR is then sent to the Central Sanctioning and Monitoring Committee (CSMC) for their approval.
- V. DPR is given environmental clearance by the state level environment clearance authority.
- VI. TNSCB engineers prepare financial estimates for administrative sanction within the TNSCB
- VII. These estimates then go to the Ministry of Housing and Urban Development, GoTN, so that a G.O. can be passed for work orders.
- VIII. Technical sanction is then required by the Chief Engineer, TNSCB for the TNSCB board's approval.
- IX. A tender is floated for the project.
- X. The bidders are examined for "pre-qualification" (adequacy of funds, equipment, staff, past experience with a project of at least half the cost proposed for this project, etc.). The lowest bid is then selected for approval by the TNSCB.
- XI. Agreement is signed between the Superintending Engineer, TNSCB and the contractor, after which the site is handed over.⁹⁸

There are a number of similarities between this process and what was described in the World Bank funded and TWAD board led sewerage projects, and similarities to earlier central government and World Bank funded projects implemented by the TNSCB. Under the JNNURM, which had much larger projects than any earlier central government or World Bank funded projects in the city, this meant that very large projects with long-term fiscal impacts on the city were being decided upon almost entirely by state and central level institutions, with little input from city officials. However, TNSCB officials did state in our interviews that although projects did not require formal approvals from councilors, any projects that used land within the city required approvals from the Council before a DPR could be prepared, meaning that elected representatives did have some measure of control over at least the location of BSUP projects.

Issues of capacity in BSUP projects differed from those in UIG projects. TNSCB engineers told us that they had a great deal more experience than Corporation officials at putting together project proposals, likely because of their past experiences with such projects. Indeed, all TNSCB DPRs under the JNNURM were written by the engineers themselves, while Corporation officials outsourced all of their DPRs to consultants.

⁹⁸ Interview with BHUTRT, TNSCB, February 25, 2014.

4.1 Too big to succeed?

The BSUP projects in Coimbatore were extremely large, something that would prove to cause problems for their implementation. In the entire history of Coimbatore before the JNNURM, a total of 33,856 units for slum-dwellers had been built or improved through a range of projects funded by the central and state governments. The largest of these was the centrally funded Environmental Improvement of Urban Slums (EIUS) scheme, which developed 12,683 units in Coimbatore, the Accelerated Slum Improvement Scheme (ASIS), which improved or built 7,456 households, and the World Bank-funded Slum Improvement Scheme under the TNUDP, which improved or built 6,730 units.⁹⁹ Under the JNNURM, the government planned to build another 26,335 units in the city, more than 75% of the total number of units that had been built or improved in the city in the previous three decades combined – but in just seven years.¹⁰⁰ This was an extremely ambitious goal, one that resulted in problems for both the Coimbatore Municipal Corporation and for the TNSCB.

In February 2007, the central sanctioning committee approved a project to build 1,608 units in Ammankulam, within the city of Coimbatore,¹⁰¹ and the TNSCB quickly started their construction. In 2009, a block of flats constructed in Ammankulam sank a few inches, leaving the construction unstable. As a result, the TNSCB demolished the affected block and also reduced the size of all other tenement buildings from G+5 to G+3 “to restore stability,” bringing the total number of units there to only 792 according to a newspaper report.¹⁰² According to news reports, for the 144 units that were found to be unstable in Ammankulam, a new site had been identified in Vellalore.¹⁰³

The Corporation submitted a DPR to build 9,600 tenements in Ukkadam at the cost of Rs. 184.81 crores, a project that was also approved by the central government relatively early in the JNNURM at a sanctioning committee meeting held in October 2007. However, our interviews with officials revealed that the project was quickly handed over to the TNSCB for implementation because of the Corporation’s inability to execute it. According to at least one official, the Corporation could not execute the project well because of lack of

⁹⁹Tamil Nadu Slum Clearance Board, “Construction of 2232 Tenements at Ukkadam Sewage Farm, Coimbatore, Tamil Nadu: Revised DPR,” Date Unavailable.

¹⁰⁰ “City-wise status of projects under the BSUP”, available at:

http://jnnurmmis.nic.in/jnnurm_hupa/jnnurm/Jnnurm_Ray_AHP_Progress_Report/City-wise_BSUP.pdf

accessed: March 25, 2015.

¹⁰¹ Since there are discrepancies between the numbers reported in the newspapers and the numbers reported in the JNNURM website, wherever possible we have used the JNNURM website numbers. Sources for all other numbers will be clearly mentioned.

¹⁰²<http://www.thehindu.com/news/cities/Coimbatore/tnsbc-identifies-alternative-site-for-unstable-ammankulam-flats/article3318294.ece>

¹⁰³<http://www.thehindu.com/news/cities/Coimbatore/tnsbc-identifies-alternative-site-for-unstable-ammankulam-flats/article3318294.ece>

staff at the JNNURM cell.¹⁰⁴ Immediately, Corporation councillors protested this decision, arguing that the TNSCB had “proved its incompetence” in Ammankulam, and could not be trusted to build the new buildings. Councillors also argued that since the Ukkadam project had been planned on land that was originally a waterbody and intended for a “sewage farm,” this project was also likely to sink.¹⁰⁵ Officials told us that the land set aside for these projects was originally waste land intended for “sewage lagoons” that would allow sewage water to aerate before treatment,¹⁰⁶ but they were large plots of land that the government already owned – ideal for the large-scale resettlement colonies made possible by the BSUP funding.

The councillors’ protests proved prescient: a block of flats in Ukkadam sank into the ground in 2011. The TNSCB immediately stopped construction on the site and reduced all existing buildings to G+3 to reduce their weight, and demolished the affected building entirely. According to newspaper reports, the number of flats was then reduced by 1,064 at the site and the TNSCB began looking for a new site for these units.¹⁰⁷ An official told us that new land was identified in a location called Malai Nagar, and that the project was moving forward there.¹⁰⁸ According to records on the JNNURM website, the number of units actually decreased by far more than just 1,064. The total number of approved units dropped to 7,048, more than 2,500 units less than what was originally proposed. Only 3,760 units have been completed in this site, with another 3,288 reportedly still under construction,¹⁰⁹ meaning that as of 2015 the project has successfully completed only 39% of its originally planned units. Newspapers also reported other procedural lapses, including the failure to obtain clearance from the Tamil Nadu Pollution Control Board before construction.¹¹⁰ City councillors have continued to demand that construction be stopped and occupancy prevented in these unstable tenements.

Why were these projects so problematic? Officials offered different reasons. In Ammankulam, officials told us that a major issue was the lack of appropriate approach

¹⁰⁴ Interview with PTGNOG, TNSCB, April 9, 2014.

¹⁰⁵ “Corporation does a re-think: TNSCB to build houses for urban poor,” *The Hindu*, December 15, 2010, available at: <http://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/corporation-does-a-rethink-tns-cb-to-build-houses-for-urban-poor/article953243.ece>, accessed September 3, 2015.

¹⁰⁶ Interview with MKOPLI, Town Planning April 11, 2014.

¹⁰⁷ Karthik Madhavan, “TNSCB identifies alternative site for unstable Ammankulam flats”, *The Hindu*, April 16, 2012, available at: <http://www.thehindu.com/news/cities/Coimbatore/tnscb-identifies-alternative-site-for-unstable-ammankulam-flats/article3318294.ece>, accessed: 3 September 2015.

¹⁰⁸ Interview with BHUTRT, TNSCB, February 25, 2014.

¹⁰⁹ “City-wise status of projects under the BSUP”, available at: http://jnnurmmis.nic.in/jnnurm_hupa/jnnurm/Jnnurm_Ray_AHP_Progress_Report/City-wise_BSUP.pdf accessed: March 25, 2015.

¹¹⁰ See Karthik Madhavan, “Hope sinks for the poor along with tenements”, *The Hindu*, September 12 2011, available at: <http://www.thehindu.com/news/cities/Coimbatore/hope-sinks-for-poor-along-with-tenements/article2446514.ece>, accessed September 3, 2015; V.S. Palaniappan, “Their hopes of re-location sink”, *The Hindu*, April 19, 2010, available at: <http://www.hindu.com/2010/04/19/stories/2010041960300500.htm>, accessed: September 3, 2015.

roads to the site, which resulted in great delays in bringing materials, supervision, and oversight to the project. The more glaring problem was that both sites were previously waterbodies: Ammankulam was originally a “kulam” or marsh, and Ukkadam was classified for use as a sewage farm rather than for housing because it was a seasonal marshy area.

At Ammankulam, officials told us that soil testing was done by the Department of Civil Engineering at the PSG College of Engineering, since the TNSCB does not have soil testing capacities. PSG was picked because of the reputation of the college. The land was marshy but with firm soil and soft rock about two metres beneath the surface. Officials blamed the failures of the soil testing on a cavity beneath the rock, which could not be detected until after the block was completely constructed and led to the sinking of the block. However, it was clear from both the complaints of councillors and comments from officials that the land itself may not have been suitable for residential construction at all without significant investments in reclamation, which is why it had been originally set aside for a “sewage farm” by the city.

In Ukkadam too, soil testing was done by PSG, and the structural engineering design by NIT Trichy, with TNSCB doing the architectural design. Dismantling these tenements from G+5 to G+3 to reduce the risk of sinking has caused overspending. The TNSCB has borne the extra costs of about Rs. 15 crore, and have applied to GoTN for reimbursement. Since the two instances of buildings sinking, the engineering department in Anna University, TNSCB has appointed Guindy University to do future soil testing.¹¹¹

Officials themselves did not draw attention to the project size in identifying problems, but it was clear that their size did inhibit the projects’ success. Such large tenement complexes were new to Coimbatore, and required large plots of government land, only available on unsettled marshlands and wetlands. The level of preparation required for the project required resources and capacities that were beyond the capacities of the TNSCB and other local institutions. The failures of the project, which were significant, suggest that smaller projects may have been more appropriate for Coimbatore, and may have been far more successful and wasted less money.

4.1 Relocation... but within the city in larger units

About 20% of the total allotted funds under the BSUP went to the TNSCB for constructing a total of 3,840 relocation tenements in Ukkadam and Ammankulam. Including the project to construct 9,600 tenements in Ukkadam, a total of 52% of the BSUP funds in Coimbatore have been allocated for relocating slums rather than developing them in-situ. Many officials claimed in our interviews that the “demand” for relocation had been established by a study that was conducted in 2007 by the

¹¹¹ Interview with BHUTRT, TNSCB, February 25, 2014.

Corporation, but few details were available about this study and we were not able to obtain a copy. The city also used this study to identify families for relocation.¹¹²

However, unlike in Chennai, where most BSUP projects were located outside the Corporation boundaries, Coimbatore's BSUP projects appear to have been largely within the existing city boundaries. Based on an examination of the "Status of DPRs" document on the JNNURM website and a discussion with residents from Coimbatore, five of these projects fall within the current Coimbatore Corporation boundaries including the relocation tenements at Ukkadam and Ammankulam. These have been approved at a total cost of Rs. 540.04 crores, which is almost 94% of the total BSUP funding for Coimbatore. This means that although many of the projects were focused on relocation, most of the money under the BSUP was still being used to enable slum families to live within the city, albeit in large resettlement colonies rather than dispersed slums.

Apart from these larger projects, there are 12 projects being implemented outside the Coimbatore Corporation boundaries for 1,557 beneficiaries at a total cost of just Rs. 34.85 crores. However, very little information is available on these projects, either in interviews or in available literature.

Relocation under the JNNURM also allowed for another benefit: the tenements that were built were actually significantly larger than the ones that the TNSCB had earlier been constructing in Coimbatore. Earlier tenements had been only 180 sq. ft., and were just a single room with a toilet. Thanks to an increase in funding under the JNNURM and the rules of the scheme, the expenditure per house went up to an estimated Rs. 3.5 lakhs per unit, and the size went up to 250 sq. ft. with a hall, bedroom, kitchen, and bathroom. In constructions planned for the future, the size was to be even bigger at 387 sq. ft. and the expenditure per house was to increase again to Rs. 5 lakhs per house.¹¹³ In other words, the size of the tenements increased steadily through the period of the JNNURM.

However, despite the increased size and the location of resettlement colonies within the city relatively close to existing slums, the TNSCB found it difficult to move residents to these units. As of 2015, the JNNURM website reported that none of the Ukkadam units had been occupied, while all of the 1,384 completed units in Ammankulam had finally been occupied. In total, less than half of the planned units in the city were occupied a decade after the JNNURM was launched, suggesting that the BSUP resettlement housing was not a success. Many of the occupied units were actually those that were rebuilt by residents themselves under the Corporation-managed in-situ redevelopment scheme, meaning that resettlement was even less successful.

¹¹² Interview with PTGNOG, TNSCB, April 9, 2014.

¹¹³ 1. Interview with BHUTRT, TNSCB, February 25, 2014; Interview with PTGNOG, TNSCB, April 9, 2014 (the latter gave slightly different figures for sizes, but very similar).

One other issue with resettlement may have been the lack of services. The funds allotted to the TNSCB for the construction of tenements in Ammankulam and Ukkadam only include the costs of construction, and not the provision of infrastructure facilities, a cost that the city and state agencies had to bear after their construction.

4.2 In-situ housing construction

The second of the two kinds of BSUP projects in Coimbatore was the in-situ housing construction program run by the Corporation and intended to benefit a total of 13,880 households. Consultants who put together the DPRs helped the city to identify that Rs. 1.6 lakh would be the cost of for each house, of which 10% was supposed to be paid by the beneficiary.¹¹⁴ Based on consultations with councillors to identify local needs, the engineers also planned and built infrastructure for each of the slums. The DPRs detailed wider roads, infrastructure for waste collection, street lights, *anganwadis*, schools, parks and playgrounds, and sewerage and water lines.¹¹⁵ The housing component had no ULB funding but only a 10% beneficiary contribution; and the infrastructure components only had a 10% ULB funding.¹¹⁶ Each re-built house had to meet certain conditions to receive all the funds: it had to be at least 25 square meters, and have an individual toilet. Sale deeds were provided to residents as soon as they provided their beneficiary contribution in full.

We heard mixed reports of whether slums had to be officially recognized or “declared” before they were eligible for this program. One official said that they had to have *patta* in order to be eligible,¹¹⁷ but another cited the city’s long history with developing undeclared slums under the TNUDP and Adi Dravidar Welfare Schemes with an NOC from the landowner to argue that the city has not focused exclusively on declared slums.¹¹⁸ However, the DPRs explicitly stated that “most of the beneficiaries have patta & rest are eligible to get same,”¹¹⁹ meaning that the program was limited to those residents of slums that were already recognized. Although some residents complained that Rs. 1.6 lakhs was inadequate to rebuild their homes, the scheme appears to have been implemented without significant problems.

4.3 Beneficiary selection, public consultation, and consent

Coimbatore has had a mixed record on public consultations in the resettlement projects. Officials claimed that the relevant MLAs, councillors, and residents were consulted

¹¹⁴ Interview with BCHTLL, JNNURM Cell, April, 9, 2014.

¹¹⁵ Infrastructure Professionals Enterprise, “Consultancy Services for Preparation of Detailed Project Report on Basic Services for the Urban Poor: Detailed Project Report for 18 slums” January 2007.

¹¹⁶ Interview with BCHTLL, JNNURM Cell, April, 9, 2014.

¹¹⁷ Interview with BCHTLL, JNNURM Cell, April, 9, 2014.

¹¹⁸ Interview with PTGNOG, TNSCB, April 9, 2014.

¹¹⁹ Basic Services for the Urban Poor, Phase 2 DPR for 62 Slums, vi.

before the projects were put together,¹²⁰ but inputs from these consultations appear to have been incorporated on an ad hoc basis. Interestingly, our interviewees from the TNSCB and the Corporation of Chennai insisted that elected representatives had been closely consulted for all projects, whether for relocation or in-situ development. When pressed, they revealed that elected representatives were involved only in the selection of beneficiaries, whether for relocation sites or for in-situ development. Councilors informed people about opportunities and brought them to sign-up camps.

According to officials at the TNSCB, settlement in resettlement colonies were supposed to prioritize people from the same zone in which they are built, but officials claimed that this could not always happen in practice.¹²¹

4.4 Institutional changes

Despite the patchy nature of the BSUP project successes in Coimbatore, officials did mention that there were improvements in the capacity of the TNSCB and other local institutions to respond to issues facing slum-dwellers.

One improvement was in the ability of the city to make lands available to the TNSCB for BSUP projects. Lands were regularly provided free of cost to the TNSCB under the JNNURM, usually lands converted from the “natham poramboke” or unusable public lands category. Permits were also quickly provided to allow the TNSCB to construct multi-story residential buildings on the land. Such processes usually take years, but under the JNNURM, the lands were moved quickly from one department to another and all necessary permits provided.¹²²

Other officials mentioned that the JNNURM resulted in a more “scientific approach” being taken to the issue of slums. Earlier, before evictions and slum improvements, only lists of slums and houses were prepared. Now, socio-economic data is collected by the Community Development Wing, and satellite imagery of each slum is used to identify plot boundaries for each household, survey numbers are provided for each home, and survey data is integrated with the map for a comprehensive picture. The TNSCB also computerized many of their regular activities, including creating biometric identity cards for residents of the areas they controlled and combined their GIS and MIS.¹²³

4.5 Field observations and concluding notes

As part of our work in Coimbatore, we undertook field visits to slums that were slated for eviction and relocation to see whether residents had been consulted during the

¹²⁰ Interview with BHUTRT, TNSCB, February 25, 2014.

¹²¹ Interview with PREFGT, Council, April 10, 2014.

¹²² Interview with PTGNOG, TNSCB, April 9, 2014.

¹²³ Interview with PTGNOG, TNSCB, April 9, 2014.

construction process for tenements, and spoke with residents at a meeting of a slum-based movement for better services and rights. What we saw was not surprising: although the TNSCB and Corporation had visited the sites, residents were not always clear about the plans for their areas or about eligibility criteria, and many of them preferred their existing homes to the new planned homes. However, most residents mentioned that their current homes were susceptible to floods and other dangers, and most homes lacked all basic amenities. These communities clearly needed investments, but it was less clear whether the Ukkadam and Ammankulam resettlement colonies would meet their needs. Residents were ambivalent about their new homes even though they were not moving out of the city, and even though the new homes would have *patta* and flood protection.

One slum we visited was Muthuannankulam, a place where officials claimed to have spent significant amount of time building consensus in the community for their impending move. In interviews with a group of five women residents, we learned that the area had been settled for 80 to 90 years, but the 2,000 current households did not have a *patta*. They did pay property tax and had metered electricity connections. Homes were of varying sizes, but each unit had at least two rooms with brick walls and tiled roofs. Homes did not have toilets and sewerage connections, and residents told us that they either used a nearby public toilet (which had been open for five years) or they practiced open defecation. During the regular floods in the area, residents told us they took refuge in a nearby marriage hall or school. Residents cited the floods, the mosquitoes, garbage accumulation, and the lack of toilets as the primary problems the area faced. Yet, they were skeptical about relocation. They feared a lack of space in their new homes, and anticipated troubles with neighbors over leaks and shared spaces. Despite Corporation and TNSCB officials claiming a large amount of interaction with the area, residents were not sure whether they were going to be moved to Ukkadam or to another area called Kovaipudhur, which was 10 km away.

In another slum called Rajiv Nagar - Valankulam, residents had apparently been allotted the land from the government 20 years prior on which they lived, although none of them received *patta*. Houses were made of both brick and more temporary materials, and the area reportedly flooded regularly. Residents reported that they have access to public toilets, but other services were difficult to access. The local MLA, Lakshmanan, held public meetings in the area in 2006 to ask whether residents would be willing to move to Ammankulam and Ukkadam. Residents preferred to stay, but agreed to move because of the promise of *pattas* and stability. Residents also told us that the homes being built in Ammankulam were larger than their current homes, and that they were looking forward to relief from the constant flooding.

Another large slum we visited was CMC Colony's Slaughterhouse slum, where 2,000 households lived on land belonging to the PWD, the Corporation, and the TNSCB. A few months earlier, the TNSCB had informed the residents that they would be moved to

Ukkadam. Residents surmised that they were being moved because their land was required for a new flyover for the city. They stated that they have been living in the area for 100 years, although they did not have *patta*. Residents also reported that they were comfortable in these homes – many had bathrooms within the home, and the rest shared public toilets. There was a water point for each lane of the neighborhood, and the slum was well connected to jobs and schools. No public meetings had been held about the impending move, but the residents had been surveyed and enumerated in preparation. Residents protested the move because of the relocation area being in a sewage farm, and because the size of the units was smaller than their current homes. However, Ukkadam was just five minutes from CMC Colony.

Through our visits to slums that had been informed that they were slated for relocation, we found a range of conditions. Some were undeclared slums without any basic amenities such as running water or toilets, but others were places where residents had invested in improving their homes and where they had *patta*. Across the neighborhoods, slum-dwellers had little clear information about when evictions would be taking place or why they had been asked to move. However, unlike in Chennai, resettlement colonies were located relatively close to where slums were currently located, and some residents actually looked forward to moving to a place where they would have relief from flooding, mosquitos, and other problems that they faced in their current localities.

7 Conclusion

Our research in Coimbatore was intended to help us understand the extent to which and the ways in which the JNNURM influenced and changed the governance landscape of the city. We also wanted to understand how the JNNURM had impacted the urban poor, including impacts from the infrastructure programs specifically directed at the urban poor, urban poor focused reforms, and reforms and infrastructure project for the city as a whole. To find answers to these questions, we conducted interviews with a wide range of local officials from the various institutions engaged in planning and implementing the JNNURM and residents, analyzed source material including city budgets and annual reports, plans and Detailed Project Reports written for the JNNURM, newspaper reports, and the limited available scholarly literature on Coimbatore. Our research did not uncover a straightforward story of institutional change in the city. Our most important findings have been highlighted below.

Decentralization to the ULBs was supposed to be a focus of the JNNURM's state and city level reforms, but in Coimbatore the push for decentralization was minimized by the city's history and the city and state institutions already working locally. The state of Tamil Nadu has historically resisted pushes toward decentralization, in part because state politics depended on the control of all state and municipal resources by the ruling party to be used as patronage to reward loyal voters. As a result, strong para-statal agencies and departments housed or headquartered in Chennai continued to control many functions that should have been delegated to the municipality. Decades of World Bank investment in urban areas of Tamil Nadu relied upon these strong state level institutions to plan and implement projects in the city, further strengthening them vis-à-vis the ULBs. The JNNURM continued to put significant power over planning and implementing projects in these state level institutions, such as the Chennai based TWAD Board and the Slum Clearance Board, meaning that there was a great deal of continuity in the institutions that controlled infrastructure in the city of Coimbatore. Moreover, many of the governance reforms, such as accrual based accounting and e-governance, had already been partially or fully implemented in the city because of the World Bank's requirements. Coimbatore's experience of implementing the JNNURM saw a great deal of continuity with its earlier practices and institutional landscape.

However, other factors did radically change the city. The sheer size and scale of infrastructure investment in the city dwarfed anything that Coimbatore had implemented in the past, and this challenged and improved the skills of the bureaucrats in charge of these projects, whether they were UIG or BSUP projects. This meant that there was a real sense of pride in the city about their accomplishments despite the fact that most UIG and BSUP projects were problematic, including significant delays in completion, cost overruns, sinking of large buildings because of poor foundation construction, and failure

of constructed storm water drains to prevent flooding, among many other issues. Even in the face of these widespread issues, our interviews revealed a strong feeling of accomplishment in the implementation of the JNNURM locally, one that seemed to be echoed by the Central government in its selection of Coimbatore for best practice documentation and high scores in JNNURM “report cards.”

Our research also suggests that the JNNURM did make large changes in the city that will have long-term impacts, but that many of these changes were *de facto* rather than *de jure* changes resulting from the mandatory reforms. That means that these changes are likely to be ignored by the most observers of the JNNURM, because they are not visible without access to detailed budget documents and first-person interviews. Yet, these are the kinds of changes that will have lasting impacts on the city. In Coimbatore, these changes included a six-fold increase in both revenues and expenditures, one that was likely to be a lasting change because of the increases in costs related to operations and maintenance of new infrastructure. Much of the increases in revenues came from an increase in locally raised revenues like property taxes, and increases were planned for fees for basic services like water in the near future. While there was little political opposition in the city to the rate increases implemented so far, the city’s increases in fees for essential services would certainly impact vulnerable populations greatly, and the few opposition party councilors staged a walkout when the rate increases were discussed in the Council. However, the JNNURM also enabled much greater transparency in the city’s budgets that enabled residents to see for the first time how little of the budget (less than 10%!) was actually being earmarked for the poor. Such transparency could be the first step towards improving the amount of money being used for the poor.

Both UIG and BSUP projects struggled with implementation. Contractors for the storm water drains project had to be fined and disciplined to finish their projects, and even after implementation was completed, residents complained of flooding throughout the city during the monsoons, suggesting that the project was poorly implemented. The water project found it difficult to find contractors who would bid for the tender, only finding bidders after multiple rounds of issuing the tender. The project later went 25% over budget, an increase that the city had to bear. Yet, the project did result in reported improvements in access to water for residents in the central city. BSUP resettlement projects were even more problematic. These projects were approved for the city with little input from elected representatives or local bureaucrats, and eventually two large projects sank into the ground and had to be moved or significantly altered. The failure of both BSUP and UIG projects suggests that JNNURM projects were far too big for both the city and the TNSCB. The scale of the projects and their rapid timeline simply did not allow for a gradual increase in the capacity for implementation and management by local officials. Future central government projects may do better to make smaller, more

focused investments that allow for a gradual increase in capacity for project management from ULBs.

Finally, in a city without a significant history of evictions and resettlement, the new BSUP resettlement colonies had not yet provoked significant citizen opposition. In part, this lack of opposition came from their location within the city boundaries as opposed to far on the outskirts as in many larger cities. It was also due to the fact that tenement units were far larger under the JNNURM than they had been in previous tenement projects, and were, therefore, more attractive, particularly for residents of undeclared slums who did not have access to basic services or tenure security.

The JNNURM had lasting impacts in the city of Coimbatore, but not always in the ways that the Mission seemingly intended, based on the published Guidelines. The city had a great deal of new infrastructure, but not always of the best quality, as evidenced by the poorly functioning storm water drains and sinking resettlement colonies. The city's expenditures jumped sharply, but because increases were balanced by an increase in revenues, the city averted the kind of fiscal catastrophe that plagued cities like Vijayawada. However, continued property tax and other rate increases for basic services will be necessary for the continued fiscal sustainability of the city to meet the increased costs of operations and maintenance of new infrastructure. Decentralization was achieved in limited ways, as city officials improved their capacities for project management and effective implementation, but state institutions continued to play an outsized role in the city. Finally, the poor seemed to be largely in the same situation that they were in before the program was implemented, especially those in undeclared slum settlements for whom the only option for improving their access to basic services was moving to a resettlement colony.

List of Interviews

1. Mr. Jeevaraj, Draughting officer JNNURM
2. The Chief Engineer, TWED
3. Mr. Parthipan, Assistant Engineer JNNURM
4. Mrs. Kavita Administration Wing , JNNURM
5. Mr. Natarajan Executive Engineer, JNNURM
6. Mr. Senthil Kumar Accounts Department, City Corporation of Coimbatore
7. Mr. Amalraj, Council Secretary and Deputy Commissioner South Zone Coimbatore
8. Mr. Sugumar, Chief Engineer, Coimbatore City
9. Mr. A. Varadarajan, Executive Engineer , Town Planning
10. Mr. Premlata, Junior Assistant, Grievance Redressal System
11. Mr. Baskar CTAG
12. Mr. ALC Kumar, Assistant Executive Engineer TNSCB, Coimbatore
13. Nanjappan, Assistant Executive Engineer, TNSCB, Coimbatore and Field visit to Ammankulam Tenements
14. Parthiban , Junior Engineer, Coimbatore Corporation, JNNURM Cell
15. Rajaskharan, Executive Engineer , TNSCB Coimbatore
16. Field Visit to Muthannankulam
17. Members of the Thendral Movement and field visit