

UIRF | Urban India Reforms Facility



Status Report on Urban Reforms for the state of Maharashtra

With a focus on 3 Pro-Poor Reforms



Urban India Reforms Facility (UIRF)
School of Habitat Studies, Tata Institute of Social Sciences (TISS)
Malti and Jal A.D. Naoroji Campus Annex, Academic Building 2,
Opp. V. N. Purav Marg, Deonar Farms Road, Deonar, Mumbai- 400088
Phone: 91-022-25525375 Fax: 91-022-25525050



School of Habitat Studies
Tata Institute of Social Sciences (TISS)
Mumbai

Status Report on Urban Reforms for the State of Maharashtra

With focus on 3 Pro-Poor Reforms

Urban India Reforms Facility (UIRF)
School of Habitat Studies
Tata Institute of Social Sciences

Status Report on Urban Reforms - for the state of Maharashtra
With focus on 3 Pro-Poor Reforms

Prepared by:

Mr. Sanjeev Chandorkar
Mr. Yacoub Z. Kuruvilla
Mr. Devang Pandya

First Published:

August 15, 2011

Published By:

Urban India Reforms Facility (UIRF)
School of Habitat Studies, Tata Institute of Social Science, Mumbai- 400088
E-mail: tisshab@gmail.com, Website: <http://tiss-uirf.org/>

Printing by:

Anand Limaye
India Printing Works, India Printing House,
42, G. D. Ambekar Marg, Wadala, Mumbai - 400031
Tel : 022 - 6662 4969 Email : ipw@vsnl.net

Index

Sr. No.	Name of the Chapter	Page No.
I.	Background	7
II.	Need for Status Report on Urban Reforms (SRUR)	10
III.	A Set of Considerations while Preparing SRUR	13
IV.	Status Report on Urban Reforms (SRUR) for the State of Maharashtra (SoM)	17
	A. Applying the Set of Considerations to SRUR-Maharashtra	18
	B. Institutional Framework for Monitoring Reforms in SoM	20
	C. Overall Status of Urban Reforms in the State of Maharashtra	22
	D. Status of 3 Pro-Poor Reforms in SoM	34
V.	General Observations	47
	Annexure I	56
	Annexure II	58
	Annexure III	66

List of Tables

No.	Name	Page No.
4.05-A	State level Mandatory Reforms- Number of non-complying states	19
4.05-B	ULB level Mandatory Reforms- Number of complying ULBs	20
4.24-A	ULB level Mandatory Reforms- JNNURM cities in Maharashtra	26
4.24-B	ULB level Optional Reforms- JNNURM cities in Maharashtra	26
4.24-C	Summary of ULB level Reforms- JNNURM cities in Maharashtra	26
4.28-A	ULB level Mandatory Reforms- 73 UIDSSMT towns in Maharashtra	29
4.28-B	ULB level Optional Reforms- 73 UIDSSMT towns in Maharashtra	29
4.28-C	Summary of ULB level Reforms- 73 UIDSSMT towns in Maharashtra	30
4.42	Time elapsed in receiving of funds	33
4.54	Percentages of Provisions for Urban Poor to the Annual Budgets of ULBs	39
4.56	Percentages of Earmarking of Land for Urban Poor	40
4.58	Slum populations of municipal towns in Vidharbha region	40
4.60	Steps taken by Government of Maharashtra for implementing pro-poor reforms	41
4.62	Status of implementation of reforms related to urban poor in BSUP cities	41
4.68	Status of Pro-poor reforms related to urban poor in 2 towns of Maharashtra	46

List of Boxes

No.	Name	Page No.
4.52	Rajiv Awas Yojana (RAY)	38
4.61	MHADA and MMRDA- Initiatives for Housing	42

List of Abbreviations

74th CA	: 74th Constitutional Amendment
BSUP	: Basic Services to Urban Poor
CDP	: City Development Plan
CFC	: Central Finance Commission
CPL	: Community Participation Law
CSOs	: Civil Society Organisations
DMA	: Directorate of Municipal Administration
DPR	: Detailed Project Report
EWS	: Economically Weaker Sections
FSI	: Floor Space Index
GoI	: Government of India
GoM	: Government of Maharashtra
IHSDP	: Integrated Housing and Slum Development Programme
JNNURM	: Jawaharlal Nehru National Urban Renewal Mission
LIG	: Lower Income Group
MHADA	: Maharashtra Housing and Area Development Authority
MMRDA	: Mumbai Metropolitan Region Development Authority
MoA	: Memorandum of Association
MoHUPA	: Ministry of Housing and Urban Poverty Alleviation
MoUD	: Ministry of Urban Development
NGOs	: Non-Governmental Organisations
PDL	: Public Disclosure Law
PPP	: Public-Private Partnerships
QPR	: Quarterly Progress Reports
RAY	: Rajiv Awas Yojana
RBI	: Reserve Bank of India
SFC	: State Finance Commission
SLNA	: State Level Nodal Agency
SLSC	: State Level Steering Committee
SMTs	: Small and Medium Towns
SoM	: State of Maharashtra
UD	: Urban Development
UIDSSMT	: Urban Infrastructure Development Scheme for Small and Medium towns
UIG	: Urban Infrastructure and Governance
UIRF	: Urban India Reforms Facility
ULBs	: Urban Local Bodies
ULCRA	: Urban Land (Ceiling and Regulation) Act

I

Background

- 1.01 There is hardly any need to seek statistical evidence for deteriorating standards of urban basic services (like drinking water, sanitation, solid waste management, inner-city transport and housing) in majority of Indian cities and towns. Experiencing it is a part of daily lives of millions of Indian citizens; among them, citizens belonging to economically lower section are the worst affected in this regard. One major reason for such a situation is that the investment in urban infrastructure, whether from public bodies or private sector, has never kept pace with the rate at which urban population has increased in many of these cities/ towns. The Central Government has been routinely making budgetary provisions, mainly based on recommendations from Central Finance Commission(s) and introducing new schemes aimed at sprucing up urban infrastructure with an outlay of few hundred crores of rupees. Whereas, Private Sector, which has been complaining of absence of a friendly policy framework, has not shown any enthusiasm in investing in urban infrastructure substantially even when such policies are now in place and being honed further in regular revisions. All these have resulted in huge investment backlog. (This fact has been brought out by quite a few study reports; for example one published by RBI in 2008 has estimated such backlog at 76%). In response, in December 2005, Government of India while launching a set of mission/schemes¹ hereafter collectively termed as Jawaharlal Nehru National Urban Renewal Mission (JNNURM mission/schemes or simply JNNURM), has significantly stepped up allocation of funds towards urban infrastructure; JNNURM, with all its components, envisages an aggregate outlay of almost Rs.1, 00,000 Crores by all the three tiers of the state, viz., central government, state government and urban local bodies.
- 1.02 However, the deficit in investments in urban infrastructure resulting in poor quality of basic urban services is not the sole reason for discontent simmering in Indian urban centers. The rising expectations of millions of urbanites about quality and adequacy of urban basic services have also contributed to this restlessness. The situation has further worsened on account of growing demand for decentralization and democratization of urban affairs, which in turn, is the result of expanding consciousness of common citizens and

1 The Jawaharlal Nehru National Urban Renewal Mission (JNNURM) covers a select group of 65 cities in the country, largely state capitals and cities of historical significance. JNNURM has two components Urban Infrastructure and Governance (UIG) and Basic Services to Urban Poor (BSUP). All the cities / towns, other than these 65 cities are covered under two separate schemes, viz., Urban Infrastructure Development Scheme for Small & Medium Towns (UIDSSMT) and Integrated Housing & Slum Development Programme (IHSDP).

Eventhough, the Mission and the Schemes are formulated as distinct documents, presumably because they are being administered by separate Ministries of Government of India, it needs to be noted that all of them have almost identical provisions and more importantly, the set of 23 Reform Proposals stipulated in them are identical for all the states and ULBs in the country.

increasing participation of civil society organizations. Unfortunately, the administrative machinery, at state government or municipal level, has remained bureaucratic in its style and continued to practice its decades old 'top-down' approach.

- 1.03 The 74th Constitutional Amendment (CA), passed by the Parliament in 1992 has, in fact, created a conducive statutory framework to 'reform' the functioning of the Urban Local Bodies (ULBs) so as to make it more participatory and accountable to its citizens. However, barring couple of states like Kerala and West Bengal, it is reported that no other state has taken any noteworthy initiative in this respect. There is an urgent need to improve the functioning of Indian ULBs, not only because considerable time has elapsed after passing of 74th CA, but deterioration of basic urban infrastructure has already started eroding productivity of urban centers rendering them uncompetitive in an increasingly globalized Indian economy.
- 1.04 In order to retrieve the situation expeditiously, GoI, while formulating JNNURM mission/schemes has sought to pressurize state governments to undertake measures to implement provisions and spirit of 74th CA. It has done so by attaching a 'set of conditionalities' to sanction as well as disbursement of financial assistance from it and introducing a set of model bills, viz., Community Participation Law (CPL) and Public Disclosure Law (PDL). These conditionalities are in the form of 23 Reform Proposals, 13 mandatory and 10 optional. The 13 mandatory 'reforms'² are to be implemented by each state (7 no.) and Urban Local Bodies (6 no.) and 10 optional³ 'reforms' are to be implemented by both of them over a period.
- 1.05 It is likely that quite a few of these 23 Reform Proposals have been shaped and pushed by the political-economic forces whose interests are likely to be furthered by their implementation. For example, there are 7 reform proposals out of total 23 which are clearly aimed at facilitating creation of land markets in Indian urban centers; a reflection of growing influence of corporatization of real estate activities in all the major cities/towns in the country.
- 1.06 It has been observed that people friendly reforms under JNNURM are being perceived as a threat to the power-equations by the powerful coalitions of state and local level politicians, cutting across party-lines, bureaucrats, contractors and corporate. As a result, it is very likely that the 'reforms' will be implemented selectively; those benefiting 'strong lobbies' will be implemented with full earnestness, whereas those not backed by any 'driving force' will either be deferred or be implemented in their watered-down versions. These apprehensions are corroborated by the fact that in many states the land related reforms are being implemented enthusiastically, the public-private-partnerships are being encouraged whereas pro-poor reforms are yet to catch momentum. There is another handicap being faced by the central government. Independent of its constructive

2 There are in all 23 reform proposals stipulated in the JNNURM regime; 13 of them mandatory and 10 optional to be implemented by the state governments and ULBs; a list of these 23 reform proposals is provided in the *Annexure-I*.

3 Optional reforms are not 'optional' *per se* since the states/ULBs have to implement these reforms within the mission period; the 'option' is to select any two reforms out of a set of 10 for implementation per year.

purpose while formulating citizen friendly reform proposals like CPL and PDL, the GoI is entirely dependent on the state government, and state governments, in turn, on individual ULB, to implement them without compromising the underlying spirit.

- 1.07 While comprehensive and fundamental governance reforms are seen as critical for any improvement in performance of ULBs, it is feared that the reforms would be distorted and usurped by vested interests making them counter-productive. It is apprehended that 'reform' process and measures may be hijacked by mainstream sections of society and may affect the poor and disadvantaged disproportionately. Similarly, there are concerns whether huge amounts being provided for pro-poor schemes will actually provide true and sustainable benefits to poor.
- 1.08 Even after 18 years of passing of 74th CA and 5 years of introduction of JNNURM led reforms, there is reluctance among local and state level political and administrative set up to effect people-friendly changes in the functioning of ULBs. This reluctance need to be countered by a counter-weighting political force represented by a coalition of civil society and people-friendly political forces. It is true that, hitherto, civil society organizations have proved to be too weak for this purpose. For this to happen, one has to find spaces for democratic interventions in the affairs of ULBs, within the same statutory and policy regime. The 'reform' measures enunciated by JNNURM provide such opportunities and spaces to make governance processes more transparent, participatory, and accountable. Though these opportunities and spaces are not tailored for poor or their capabilities, improving governance processes by using these spaces often provide immediate relief and/or benefits to poor and disadvantaged. The expectations and apprehensions, aroused by the JNNURM mission/ schemes among the urban population, indicate at the need for effective public or citizens' control on these reform initiatives. Apart from individual citizens, civil society organizations and local academic institutions are seen as the main instruments for making governance transparent, participatory, and accountable provided they are equipped with appropriate knowledge and analytical tools.
- 1.09 In this context, Status Report on Urban Reforms (SRUR) for a particular state has been conceived as one such knowledge product which will facilitate providing an insight to those who are contemplating taking up issues on behalf of common citizens and particularly urban poor. This document is the first such SRUR for the State of Maharashtra.

□□□

II

Need for Status Report on Urban Reforms (SRUR)

- 2.01 The JNNURM regime has two broad components, viz., ‘projects’ and ‘reforms’. Out of these two components, it is expected that, the implementation of the ‘projects’ will continue to progress, albeit with some cases of time and cost overruns. There are two major reasons for this expectation. First, there will be increasing political pressure for initiation and completion of these (as well as yet to be undertaken) ‘projects’ from Parliamentarians and Legislators representing ‘urban’ constituencies, increased significantly consequent upon recently concluded delimitation exercise. Secondly, the political economy of the urban centers is such that a powerful coalition of politicians, bureaucrats, contractors and corporate will be interested in higher allocation and disbursement of funds for these ‘projects’. Different aspects of implementation of these ‘projects’ will also be monitored, however partially, first by few metro based CSOs/ NGOs and second by central and state governments themselves, which have created or in the process of creating suitable monitoring mechanisms such as Third Party Inspection Mechanism and Social Audits.
- 2.02 This is not the case with ‘reforms’, simply because the central government is entirely dependent on each of the state government for their implementation in respective state. Even after linking disbursement of funds with the progress of ‘reforms’, there are reports that such progress is far from satisfactory; the reasons for the same have already been discussed in earlier paragraphs.
- 2.03 There are indications from the newly elected central government that the JNNURM mission/ schemes will not only be extended beyond 2012, the original termination year, but more number of cities will be made eligible for assistance under the mission. Hence, it is felt that, this is an appropriate time to initiate a stock taking exercise aimed at mid-course correction in the provisions of the mission/ schemes and particularly the Reform Proposals. It is felt that documentation of the status of the reforms will be one of the important inputs for such exercise. An academic institution or a civil society organization, enjoying administrative as also financial independence from state or central government machinery, may be best suited to prepare such status report. Depending on richness and authenticity of relevant data and information available in a particular state, such status report will genuinely serve those who are keen to make use of space created by the citizen-friendly contents of some of the ongoing urban reforms, be it citizen friendly administrators of state governments and ULBs or civil society organizations/ political activists representing interests of the urban poor. Status Report on Urban Reforms (SRUR) is expected to act as one such knowledge base for undertaking advocacy activities to protect and promote public interest.
-

-
- 2.04 SRUR, being aimed at assessing status of progress of ‘reforms’, intends to exclude assessment of status of implementation of ‘projects’, from its purview. However, in reality, there will be situations when such assessments of implementation of ‘project’ and ‘reform’ cannot be artificially separated. For example, examination of the implementation of ‘reform proposal’ aimed at revision of user charges for drinking water, shall also cover examination of relevant details of ‘Urban Water Project’, such as, reasonableness of cost incurred on the project, proportion of debt financing which would have resulted in increased interest burden, whether the citizens have actually benefited by implementation of this project while paying revised tariff etc. In such cases, it would be necessary to flag off such linkages between the reform proposal under examination and the urban infrastructure project.
- 2.05 Similarly, there will be situations when status of implementation of a reform proposal ‘A’ is concomitant on successful implementation of reform proposal ‘B’. For example, for effective community participation, facilitated by implementation of Community Participation Act, one of the reform proposals, there is a need for availability of relevant information in public domain, expected to be in place with satisfactory implementation of Public Disclosure Act, another reform proposal.

Need for state specific SRUR

- 2.06 For decades, in line with the federal constitution, ‘Urban Local Bodies (ULBs)’ have been in the state’s list. Each state government, in response to the state-specific situations has enacted laws, formulated policies and procedures, and created institutions to address the ‘urban problems’ in that state. Further, all major cities and towns in India, having decades old and in some cases even centuries old history, emerged through a different, if not unique, evolutionary path with concomitant advantages and disadvantages. This includes geographical limits on expansion, pulling up land prices (as being witnessed in Mumbai), legacy of public spirited institutions and individuals, socio-political combinations and existence of lobbies representing powerful real estate/ commercial/ industrial interests. Both these factors, on one hand, have resulted in heterogeneity in the statutes, policies, practices, and institutions decisively shaping the functioning of ULBs within a particular state and, on the other, has also shaped the culture of peoples’ movements and quality and representative-ness of participation among the citizens of a particular city / town. The central government has demonstrated its keenness to introduce some degree of uniformity among the ULB related statutes, practices and policies prevalent in various states, by introducing uniform set of Reform Proposals in the JNNURM regime. However, independent of the merit of the proposal of bringing uniformity in the functioning of ‘local self governments’, one would agree that it will not be an easy task and, even if it succeeds, may require many more years. Keeping all these factors in view, as ULBs will continue to be a responsibility of respective states in foreseeable future, it is necessary that any status report pertaining to urban issues, not necessarily confined to urban reforms alone, needs to be state-specific.
-

2.07 There is another, equally strong, argument in this regard. Since the present set of reforms have been initiated by the central government and further, the entire set of reforms is identical for all the states and ULBs, one would argue that the status report covering any aspect of JNNURM need to be a national level status report. It is true that the policy makers at the central government will not be able to correct national policies unless they are equipped with nation-wide analysis. In order to reconcile the two objectives, i.e., to maintain state-specificity of such status report and decipher nation-wide common features, it has been decided to prepare a compendium of few state-wide status reports, over a period, by adopting following methodology:

- The first SRUR to be prepared for a particular state,
- By using the insights acquired while preparing such SRUR, a ‘Tools and Resources Kit (TRK), i.e., a set of tools and guidelines, to be prepared,
- By using such TRK, a set of similar SRURs will be prepared for other states, over a period, and
- By using this set of SRURs, an attempt will be made to find out pattern, if any, in the ‘successes’ and ‘failures’ in implementation of urban reforms.

2.08 Accordingly, this document is an attempt to track status of ongoing urban reforms under JNNURM regime in the state of Maharashtra; however while preparing such status report there is a need to keep in mind few considerations which are enumerated in the subsequent Chapter.



III

A Set of Considerations while Preparing SRUR

- 3.01 The team preparing SRUR-Maharashtra has been working on it for last few months. During this period, and based on the insight acquired in field visits and meetings with the state government and/ or ULB officials, it was realized that while designing this SRUR, there is a need to take into account quite a few considerations. As one of the objective of preparing this document is also to pave the way for replication of similar documents in other states, it was thought appropriate to lay down all these considerations in this document itself. This will also facilitate earmarking of constraints within which such exercises are being carried out as also make its limitations more explicit.
- 3.02 It is suggested that any agency contemplating preparation of SRUR may keep following set of considerations in mind:
- Even while taking abroad overview of all the 23 Reforms, need to undertake more in depth analysis of only a select group of urban reforms rather than covering all the 23 reforms simultaneously
 - Need to keep national status of implementation of these reforms in view
 - Slow progress of implementation of urban reforms and
 - Lack of authentic data and information.

Need to Focus on Select set of Reforms

- 3.03 The 23 reforms under JNNURM can be sub-grouped based on some common underlying theme, as may be seen from the Table below:

Table-3.03

Classification of JNNURM Reforms

	<i>Mandatory</i>		<i>Optional</i>
	<i>State Level</i>	<i>ULB Level</i>	<i>State/ ULB</i>
<i>Pro Poor Reforms</i>		-Internal earmarking of Budgets -Provision of Basic Services	-Earmark land for poor

<i>Land and/or Real Estate Related</i>	-Repeal ULCA -Reform Rent Control Act -Rationalize Stamp duty -Assign City Planning Functions to ULBs		-Streamline Approval process of Construction -Simplify conversion of agricultural land -Property Title Simplification - Computerization of registration of land / property
<i>Administrative</i>		-Adopt Modern Accounting -E governance	-Structural Reforms -Admn Reforms (cost reduction measures)
<i>With Economic implications</i>		-Property Tax -User Charges	-Encourage PPP
<i>Governance</i>	-74 th CA -Enact PDL -Enact CPL		
<i>Non-Controversial</i>			-Rain Water Harvesting -Reuse/ Recycle of water

It may be seen that that all 23 reform proposals envisaged under JNNURM need not be treated on par it terms of political sensitivity or their potential to impact lives of common urban citizens. For example, at one end of the spectrum there are politically sensitive reforms aimed at creation of land markets as also encouraging private sector investments in urban infrastructure and on the other, there are almost non-controversial reforms aimed at encouraging ‘rain-water harvesting’ and reuse/ recycling of water.

- 3.04 The forums representing interests on common citizens are weak and will continue to be so in foreseeable future. Accordingly, there is a need to prioritize expending the resources available at their disposal. Further, the proposal to cover all the 23 ‘reform proposals’ in one single status report simultaneously, will result in distribution of available resources, human and financial, non-commensurate their importance. Hence, there is a need to differentiate among the 23 reform proposals on some suitable criterion guided by the objective of preparing such SRUR. The civil society organizations / any other forum may consider taking up one or two themes out of these for their future work like research based advocacy depending on the constituency one represents and their own strengths.
- 3.05 The objective of SRUR is to empower academic institutions and/or civil society organizations willing to take up issues on behalf of common citizens, particularly urban poor in their respective cities /town. Keeping this objective in mind, it has been decided to focus more on such reform proposals which have greater potential of impacting the lives of urban poor by applying following criteria while selecting a set of reforms for SRUR is to be prepared, viz., (a) amenable to monitoring by a civil society organization, (b) amenable to advocacy and (c) having multiplier effect.

National Status

3.06 Even while preparing a state specific SRUR, it will be unfair to that state to pass on any judgment on the progress of implementation of urban reforms without taking into account an overview of nation-wide picture of status of implementation of urban reforms. However, in view of the rudimentary existence of the national level institutions collecting relevant data / information, it is extremely difficult to prepare a meaningful national-status-report. It is also observed that those non-government academic / research institutions who are maintaining data / information by using electronic formats are themselves dependent on the central government for this purpose. As a redeeming feature, it has been observed that there are positive but slow improvements in this regard.

Slow Progress of Reforms

3.07 It is widely reported that the implementation of 23 reforms envisaged under JNNURM are progressing quite slowly. For example, JNNURM website accessed in April 2010, reports that out of 65 cities covered under JNNURM only 10 ULBs have initiated action on one of the important reform proposal, viz., earmarking 25% land for the urban poor. If this is the situation in large, relatively better administered cities, after 5 years of introduction of the JNNURM, then one wonders what would be the status of this reform in 5000 plus small and medium towns across the country. However, one would agree that, while preparing state-wide status report on implementation of urban reforms, there is a need for pre-existence of accumulation of 'critical mass' of data / information for any researchers to draw any convincing observations. Even policy makers, be in central or state government, will need feedback from reasonable number of cities/ towns, before they embark on the exercise of mid-course policy correction, if any. It is apprehended whether, even after passing of 5 years of JNNURM regime, it is premature to take stock of the progress of implementation of the envisaged reforms.

Lack of authentic and updated data

3.08 Almost all the literature, prepared by academicians or government agencies, have expressed frustration over lack of reliable and authentic data from urban centers, be it on their physical performance (e.g., availability of water per citizen) or financial performance (e.g., exact expenditure on urban poor). This situation, may be with varying degree, prevails in almost all states. The central government agencies, who have expressed their helplessness in this regard, include Central Finance Commissions, Controller & Auditor General and Reserve Bank of India. All the three CFCs which gave reports, after the 74th Amendment Act came into existence, have made allocations to local bodies based on certain ad hoc basis. Similarly, many state governments transfer 'grants in aid' entirely on ad-hoc basis.

3.09 This is a sad state of information base covering financial aspects of ULB functioning, which inherently are quantitative in nature. One can imagine, how difficult it would be to capture progress of urban reforms, many of them are aimed at *qualitative* changes in the

ULB functioning. The situation has not changed after launching of JNNURM regime in 2005. This is reflected even in the data provided by the central government on its web-site (www.jnnurm.com) exclusively devoted to disseminate JNNURM related information. It is noticed that even this website provides very sketchy and ambiguous information, particularly on progress on reforms. Apart from sketchy information, the JNNURM web-site does not reveal any qualitative data about the implementation nor provide any explanation for unsatisfactory progress. One of the reasons, it is understood, is half-baked primary information provided by the state governments and ULBs themselves. It is learnt that, in their keenness to obtain the JNNURM funds from the central government, both state governments and ULBs, file the compliance reports and/ or commit unrealistic timelines for implementation of urban reforms. It is learnt that, issuing circulars and taking preliminary administrative measures are also being presented as compliance of the 'conditionality'.

- 3.10 In the absence of trustworthy mechanisms, such as social audit or third party inspections, either directly accountable to central government or those initiated by citizens' groups, central government is compelled to accept whatever information has been filed by the state government and ULBs. This is the status of the data/ information bases on JNNURM in spite of the fact that Delivery Monitoring Unit (DMU) in Prime Minister's Office (PMO) is directly monitoring progress of pro-poor reforms in JNNURM cities, with the help of Ministry of Housing and Urban Poverty Alleviation (MoHUPA). It is indeed a sad commentary on the extant monitoring mechanisms in the country. All these facts render the exercise of assessment of status of implementation of reforms rather difficult.
- 3.11 One would argue in favor of collection of data and information on the progress of implementation of urban reforms by the civil society organizations and/ or academic institutions themselves. However, anyone who is fairly acquainted with the enormity of the task involved (e.g., there are around 250 cities and towns in the state of Maharashtra alone), would agree that such work cannot be undertaken by any non-governmental institution. It may also be noted that such monitoring exercise will not be a one-time assignment but the updating of data-base will have to be on on-line basis demanding requisite machinery in place. Accordingly, the quality of SRUR prepared for any state will almost decisively be shaped by the availability of relevant data/ information in that state.
- 3.12 While deciding on exact contents of a state specific SRUR, the degree of above-mentioned handicaps in that state, need to be structured in. Further, it is also suggested that while identifying particular set of reforms to be covered in SRUR, availability of adequate data / information about that reform shall also be treated as one of the decisive input.

□□□

IV

Status Report on Urban Reforms (SRUR): For the State of Maharashtra (SoM)

4.01 It has been decided to prepare first such SRUR for the state of Maharashtra. There are two reasons for selecting Maharashtra for the first status report among the series of SRUR; these are as under:

- Maharashtra has been on the forefront in implementation of quite a few urban reforms initiatives, even ahead of agenda set out by the central government, besides being the biggest beneficiary under JNNURM and,
- the team preparing SRUR has, over last couple of years, acquired some understanding and insight and also established contacts in few urban centers in SoM.

4.02 This Chapter has been organized in four sections as under:

IV.A : Application of set of considerations mentioned in Chapter IV for the SoM

IV.B : Institutional mechanism for monitoring urban reforms in SoM

IV.C : Overall status of all the 23 reforms in SoM

- *State Level Reforms*

- *Town Level Reforms –JNNURM Cities*

- *Town Level Reforms – Small and Medium Towns (SMTs)*

IV.D : Status of 3 Pro-Poor Reforms in SoM

IV - A

Applying the set of considerations to SRUR-Maharashtra

4.03 Before taking stock of the status of reforms in the state of Maharashtra, it would be worthwhile to examine how the set of considerations enumerated in the preceding Chapter apply to this state.

Set of Reforms Selected for SRUR-Maharashtra (SRUR-M)

4.04 Maharashtra is not only one of the most urbanized states in our country but also has the highest number of urban poor too. Even before JNNURM was introduced, the state government of Maharashtra has been coming out with various policy initiatives aimed at benefiting urban poor. The issues hampering the lives of urban poor are so complex and irresolvable that there will be a need for the civil society and political platforms, taking up these issues on their behalf for years to come. By applying the criterion laid down earlier for selection of set of urban reforms, it has been decided that SRUR-M will focus more on 3 Pro-Urban-Poor reforms, viz., (a) internal earmarking in ULB Budgets for basic services to urban poor, (b) provision of basic services to urban poor and (c) earmarking at least 20-25 per cent of developed land in all housing projects for EWS and LIG.

National Scenario

4.05 It may be noted that even-though JNNURM, the mission aimed at select 65 cities as well as twin schemes UIDSSMT/ IHSDP, aimed at 5000 plus small and medium towns (SMTs) in the country, are initiated simultaneously by the central government, the monitoring of JNNURM by the central government appears to be better organized than the schemes made for SMTs. This can be partly attributed to the fact that most of the 65 cities are relatively better administrated and supervised, many of them being capital cities of respective states as also the mechanism to collect authentic data/ information from 5000 plus SMTs is extremely weak. In order to set a national backdrop for the SRUR-M, we reproduce below status of implementation of urban reforms available on JNNURM website. Table 4.05-A below provides the number of states which have yet to comply with state level mandatory reforms whereas Table-4.05-B provides number of cities (out of 65) which have complied with ULB level mandatory reforms.

Table 4.05-A

State Level Mandatory Reforms-Number of non-complying states

	Number
Implementation of 74th Constitutional Amendment Act (74th CAA)	
- Transfer of Schedule 12 functions	7
- Constitution of Metropolitan Planning Committees (MPC)	4
- MPC yet to be operational	4
Amendment to Rent Control Acts	11
Reduction of Stamp Duty	1
Community Participation Act	16
Public Disclosure Act	12

Source www.jnnurm.nic.in as on March 2010

Table 4.05-B*ULB level Mandatory Reforms- Number of complying ULBs*

Out of 65 JNNURM cities	No. of ULBs
Property Tax – ratio of effective coverage / demand raised in %	
- More than 90	15
- Less than 90	6
User Charges (Urban Water Systems)	
- More than 100 %of O&M recovery thru User Charges	7
- Less than 100 %of O&M recovery thru User Charges	5
Double Entry Accounting System	36
E-governance	14

Source: www.jnnurm.nic.in as on March 2010

Slow Progress of Reforms

4.06 From the data / information collected for the preparation for SRUR-M, it is observed, that the pace of implementation of urban reforms in the state of Maharashtra are not very impressive. However, the same may prove to be comparable with the one prevailing at national level. This is partly attributable to the fact that Maharashtra, being most urbanized state has been recipient of largest amount of financial assistance under JNNURM mission/ schemes, which stipulates implementation of urban reforms as a pre-condition for availing of such assistance. It may see in subsequent paragraphs, that the number of small and medium towns (apart form 5 JNNURM Cities) which have reported some action on implementation of urban reforms is noteworthy.

Lack of data- Limiting Factor for SRUR also in Maharashtra

4.07 As mentioned earlier, lack of authentic data on progress of implementation of urban reforms will prove to be a major stumbling block in its assessment; Maharashtra is not an exception to this observation. There are 5 big cities in the state which are eligible under JNNURM; the information on these 5 cities appears to be relatively better organized than the hundreds of SMTs. The website of MHADA, one of the nodal agencies, does not provide any information on progress of urban reforms. DMA, another nodal agency, responsible for collection of information on progress on reforms from small and medium ULBs does not maintain website.

4.08 Taking advantage of being located in Mumbai, where most of the agencies engaged with the monitoring of progress of JNNURM mission/ schemes, are also having their head-offices, the team preparing SRUR-M have visited most of them, many times, during January to April 2010. It has been observed that even after 5 years of implementation of JNNURM, basic mechanisms to collect authentic and updated data from respective ULBs is not in place.

IV - B

Institutional Framework for Monitoring Reforms in SoM

- 4.09 The concerned ministries of the central government like Ministry of Urban Development, MoHUPA have been active in monitoring the progress of JNNURM mission/ schemes as also some of the statutory bodies have been entrusted with advisory work, e.g., HUDCO appointed as appraising agency for the projects under BSUP and IHSDP. Apart from these arrangements, each state government has been directed to set up its own organizational structures to implement these missions/ schemes. Maharashtra state has also taken necessary action in this regard.
- 4.10 Many proposals/ ideas envisaged under JNNURM mission/ schemes were already in vogue in many states even before JNNURM was launched in 2005. And many states have set up necessary institutional infrastructure for this purpose. For example, in the state Maharashtra, there has been an institution entrusted with a responsibility to look into the needs of urban poor, including housing and basic services. Similarly there has been a Directorate office overseeing the functioning of the small and medium towns in the state. When JNNURM was introduced, government of Maharashtra, asked the existing Ministries/ Para-statal bodies to undertake additional responsibilities emanated from the JNNURM, ensuring synergy with their existing functions. This, it is felt, was a wise administrative decision than creating altogether new institutional structure.
- 4.11 There is an elaborate organisational structure in place in SoM to monitor the progress of urban reforms in JNNURM cities and UIDSSMT towns; brief details of various agencies involved in this work is given below:
- *State Level Steering Committee (SLSC)*: The SLSC takes decisions on policy matters regarding JNNURM schemes. It is headed by the chief minister and consists of secretaries from the coordinating departments and executive heads of all the nodal agencies.
 - *Urban Development (UD) Department*: UD Department under Chief Minister of the state coordinates overall implementation of JNNURM scheme, which also includes implementation of 23 urban reforms.
 - *Mumbai Metropolitan Region Development Authority(MMRDA)*: MMRDA is a nodal agency for Urban Infrastructure and Governance (UIG) component of JNNURM; being implemented in 5 cities in Maharashtra- Mumbai (including ULBs in metropolitan region), Pune (including Pimpri-Chinchwad ULB), Nashik, Nagpur and Nanded.
 - *Maharashtra Housing and Area Development Authority (MHADA)*: MHADA has been appointed the nodal agency for BSUP and IHSDP projects; a separate cell has been formed for this purpose. It also monitors the implementation of pro-poor reforms. MHADA is also the implementing agency for most of the IHSDP projects;
-

it collects Detailed Project Reports prepared by ULBs and send to HUDCO for appraisal.

- *Directorate of Municipal Administration (DMA)*: DMA has been appointed the nodal agency for UIDSSMT projects. Though most of the technical appraisal of these projects are done by Maharashtra Jeevan Pradhikaran in Pune. Therefore, DMA's role is more of a coordinator. The DMA also monitors reforms implementation. The DMA has prepared a consolidated format for assessing the status of implementation of reforms in urban local bodies.

4.12 It may be seen that an elaborate monitoring mechanism is in place in the state of Maharashtra, largely in line with the relevant provisions in JNNURM scheme. However, some of the noteworthy observations on this institutional mechanism are as under:

- Even if SLSC as well as UD Ministry is being overseen by the highest office in the state that of Chief Minister himself, this stature of these forums does not reflect in the vibrancy of activities in the implementation. It is true that expeditious implementation of 'Projects' under JNNURM regime is getting precedence over taking necessary administrative measures to increase the pace of implementation of urban reforms.
 - It is understood that the proceedings of SLSC meetings are not made available in public domain. This is certainly against the spirit of JNNURM regime which is intended to make urban affairs more participatory and accountable to its citizens.
 - It is also observed that there are overlapping responsibilities entrusted to different agencies; for example both DMA and MHADA are monitoring the progress of pro-poor reforms, with none of them having updated information.
 - MHADA is responsible for tracking status of implementation of urban reforms. However, as per the extant management system, such status is being requisitioned only when ULB demands second installment of the financial assistance from the nodal agency. Till such time the nodal agency do not have any system to gather relevant information on the latest status. It is understood from the MHADA officials that not many ULBs approach it for second installment which is also an indicator of slow progress of implementation of Projects
-

IV - C

Overall Status of Urban Reforms in the State of Maharashtra

4.13 As may be seen from the Annexure-I, JNNURM regime has stipulated 13 mandatory reforms to be implemented by the state (7 number) and respective beneficiary ULB (6 numbers). In addition, there is a set of 10 optional reforms to be carried out by ULB over a period of 5 years. This section seeks to assess overall status of all the 23 reforms; out of this a more detailed analysis of 3 Pro-Poor reforms has been provided in subsequent section.

State Level Reforms

4.14 There are 7 mandatory reforms in JNNURM to be implemented by each state government; these also include enactment of 2 new laws by the state legislature, viz., Community Participation Law (CPL) and Public Disclosure Law (PDL). The central government has provided Model Bills for 2 these enactments. Following paragraphs provide a broad overview of the latest status of each of these 7 Reforms in the state of Maharashtra; the relevant paragraphs also provide comparison of abovementioned two legislations made by the state with the Model Bills suggested by the central government.

Repeal of Urban Land Ceiling and Regulation Act (ULCRA)

4.15 Maharashtra has been one of the few states in the country, which, by the time JNNURM was introduced in December 2005, had not repealed ULCRA. The act was applicable in eight cities of the state - Mumbai, Thane, Pune, Nashik, Nagpur, Sangli, Solapur and Kolhapur. The ULCRA empowered the state government to take over a surplus land, above the size prescribed in the act and was expected to use that for creating housing stock for urban poor. In more than 35 years lapsed after it was passed by the state legislation in 1970s, it is reported that the state government had exercised these powers only in few instances and acquired only 1,000 acres of land. The rationale for repeal of ULCRA was that it was creating artificial scarcity of urban land and therefore leading to higher land prices. The GoM repealed ULCRA in November 2007. The repeal of Act has been welcomed by the Associations of Real Estate Builders; however there is no perceptible impact of its repealing on the land prices in the abovementioned 8 cities.

Community Participation Law (CPL)

4.16 One of the Reform Proposal under JNNURM is enactment of Community Participation Law (CPL) by each state. The Act was enacted in Maharashtra in June 2009 by amending the existing four Municipal Laws. One of the major deviations in the CPL of Maharashtra from the model CPL bill provided by the GoI is in respect of Area Sabha. The Model Bill has suggested that Area Sabha need to be constituted for each polling booth, the Maharashtra CPL allows such Area Sabhas to be formed at the level of each Municipal Ward and further that, the Sabha may be Chaired by the sitting Councilor of the ward

himself. Thus, it may be seen that even-though GoM has technically complied with the Reform Proposal, it has almost killed the spirit underling the CPL and denied a platform for communities to participate in the functioning of ULBs. A requisite Committee to formulate the Rules and Guidelines for implementation of CPL has been constituted.

Public Disclosure Law

4.17 This Reform Proposal directs all the state governments to enact Public Disclosure Law (PDL), once again along the lines of a model PDL bill made available by the GoI. The state of Maharashtra enacted PDL in June 2007. PDL of Maharashtra makes it mandatory for ULBs to disclose certain specified information about its operations public at regular intervals. There is a major deviation in the model PDL made available by GoI and the one enacted by GoM in respect of frequency of disclosure. Model PDL expects that ULBs shall disclose the set of information every three months, whereas PDL enacted by GoM is not only silent on this critical aspect but has also not pinpointed the responsibility of such disclosures in the ULB administration. The fact that even-after three years of passing of PDL no Rules have yet been framed underlines the lack of commitment of the political establishment in the state to make functioning of the ULBs transparent.

Associating Urban Local Bodies with City Planning function

4.18 During the interviews with the concerned officers in GoM, it is understood that, even before JNNURM stipulation, ULBs in Maharashtra are being 'associated' in city planning. For example it was informed that MMRDA discusses the city planning proposals with ULBs within Mumbai metropolitan region whereas Town Planning Department of the Ministry of Urban Development, conducts similar exercises with the administrations of small and medium ULBs. It was argued that there is no need to make extra efforts to implement this Reform in the state.

Amendment of Rent Control Act

4.19 The issue of controlled rents on residential properties, particularly in the city of Mumbai, is being debated for many years even before JNNURM was introduced. It is learnt state government officials that this matter is pending before High Court and government of Maharashtra is waiting for its final outcome. As such, till today, GoM has also not implemented this Reform Proposal.

Implementation of 74th CAA

4.20 This Reform Proposal directs state governments to implement the provisions of 74th CA like holding elections of ULBs regularly, transferring 18 functions included in Schedule 12 of the Constitution from the state government to ULBs, Constitution of State Finance Commission (SFC) and setting up Metropolitan Planning Committees (MPCs). It is to the credit of the state of government, that elections of ULBs are being held regularly, has formally transferred 18 functions to ULBs, SFC has been functional for last 15 years and MPCs have been set for two metropolitan regions in the state, viz., Mumbai and Pune.

While some of the administrative measures taken by the state government need to be welcomed, the Reforms originated from 74th CA have not yet redressed financial woes of ULBs; the transfer of 18 functions to ULBs have not been backed by transfer of financial resources and functioning of SFCs have also not yielded any tangible difference for the financial position of local bodies.

Rationalization of Stamp Duty to 5 per cent

4.21 In order to reduce the transaction costs in property markets, JNNURM stipulates reduction of stamp duty uniformly to 5 % of the value of property in all the states. However, collections by levying stamp duty, historically, have been one of the major sources to the state exchequer. Understandably, the states prefer to a more gradual reduction than the one stipulated JNNURM. In Maharashtra, stamp duty continues to be levied at 10 per cent based on the values in Ready Reckoner, being published and revised from time to time by the state government.

Town Level Reforms

4.22 JNNURM has distinctly identified set of reforms to be carried out by the state governments and those by the ULBs. However, even for those which are to be carried out by ULBs, state government is required to take few enabling steps in the form of amendments to the extant guidelines. However, it is observed that even after 5 years after introduction of Reforms, state government have either not taken any action or not taken it to its logical conclusion, as may be seen from few instances given below:

- **Double Entry Accounting System:** The GoM has passed a resolution expressing its commitment to establish modern accounting system vide. G R NO Lekhasu-102004/71/p.k.-5/04/UD-31 dt.6.7.2005. However, the manual for municipal accounts is yet to be adopted at state level.
- **Property Tax:** The GoM is yet to enact legislation for migration to a self assessment system of taxation and also from rateable value system to capital value system. It is also yet to implement the GIS-based property tax system.
- **User Charges:** The GoM claims to have defined service standards, a pre-requisite for introduction of reforms related to user charges.
- **E-Governance:** The GoM is yet to appoint a state technology advisor as also yet to complete the preparation of municipal e-governance design document. Similarly, ULBs are yet to redesign their procedures, known as BPR (Business Process Reengineering) document for migration to e-governance.

4.23 The set of 16 reforms, to be undertaken by each ULB, are identical for the cities being covered under JNNURM as well as UIDSSMT. However, there exist major distinctions between these two groups of cities, in terms of administrative capabilities and financial resourcefulness, presence of civil society organizations and media and political patronage enjoyed by them. These are the few decisive factors which, in fact, decide the speed and quality of ongoing urban reforms. Further, as mentioned elsewhere, the data and

information on urban reforms is better organized in 5 JNNURM cities than small and medium towns. Accordingly, while assessing the status of ongoing reforms, it was thought prudent to deal with these two groups of cities separately.

Town Level Reforms- JNNURM Cities

4.24 There are 5 cities/ metropolitan regions in Maharashtra which have been made eligible for financial assistance under JNNURM; these are Mumbai, Pune, Nagpur, Nashik and Nanded. A set of three tables below provides information, as on December 2009, on the status of implementation of 6 mandatory and 10 optional reforms being carried out by these 5 cities.

Table 4.24-A

ULB level Mandatory Reforms-JNNURM cities in Maharashtra

1.	Double Entry Accounting System	Mumbai and Nagpur
2.	E-governance	Mumbai
3.	Property Tax (85 per cent coverage and 90 per cent collection efficiency)	Pune
4.	User Charges	Mumbai, Nashik and Pune
5.	Internal Earmarking in ULB budgets	Mumbai, Pune, Nagpur, Nashik, Nanded
6.	Provision of Basic Services for urban poor	Mumbai, Nashik

Source: Indian Urban Portal of National Institute for Urban Affairs.

Table 4.24-B

ULB level Optional Reforms-JNNURM cities in Maharashtra

1.	Regarding approval for constructions	Pune, Nagpur, Nashik
2.	Regarding conversion of agricultural land	None
3.	Property title certification System	None
4.	Earmarking of land for Urban Poor	None
5.	Computerized registration of land/ property.	Mumbai, Nanded, Nagpur
6.	Rain-water harvesting	Nagpur, Pune
7.	Reuse of reclaimed Water.	Pune
8.	Administrative reforms	Nashik
9.	Structural Reforms	None
10.	Encouraging PPP	Mumbai, Nanded, Nagpur, Nashik and Pune

Source: Indian Urban Portal of National Institute for Urban Affairs.

Table 4.24-C

Summary of ULB level Reforms-JNNURM cities in Maharashtra

	Mumbai	Pune	Nagpur	Nashik	Nanded
Mandatory (6)	5	3	2	3	0
Optional (10)	2	4	4	3	2
Total(16)	7	7	6	6	2

Notes on the Table 4.24 A, B and C

1. Even-though in JNNURM terminology Mumbai city includes all other ULBs falling in the jurisdiction of Mumbai Metropolitan Region, the information provided in the Table against the name 'Mumbai' is in fact exclusively for Mumbai Corporation alone and does not include other ULBs. Similarly, information under 'Pune' does not include Pimpri-Chinchwad, which is treated as part of Pune City for JNNURM purpose.
2. It needs to be noted that the institution like NUIA compiles data/ information which has been furnished by these JNNURM ULBs to the central government. A third party inspection mechanism, which will verify these claims, is not in place. This fact needs to be borne in mind while analyzing the data-base.

Comments-JNNURM Cities - Mandatory Reforms

4.25 Brief comments on the status of implementation of 4 mandatory reforms in these 5 JNNURM Cities is given below; whereas comments on remaining 2 mandatory pro-poor reforms are being covered in more details elsewhere (in Chapter IV) to avoid duplication.

- Double Entry Accounting System (DEAS): Mumbai and Nagpur have accomplished this reform. It has been reported that private and multilateral institutions are active investors in both these cities. This, it is felt, may be one of driving force behind adoption of DEAS in these two cities.
- E-governance: Mumbai is the only JNNURM city in Maharashtra to achieve this reform completely. It has been noted that, though the other 4 JNNURM cities have their own websites, they are yet to complete all aspects of e-governance reform.
- Property Tax: Pune is the only JNNURM city to achieve 85 per coverage and 90 per cent collection efficiency. The proposal of abolishing octroi tax, one of the major sources of revenue for these 5 cities, has been under active consideration of the state government for quite some time. The ULB administrations have been preparing for post-octroi era by identifying newer sources and are expected to be keen in improving revenue from the property tax. However, it is seen that except Pune, no other JNNURM city has achieved the desired goals in this respect.
- User Charges: Mumbai, Pune and Nashik have achieved 100 per cent recovery of Operation and Maintenance (O&M) costs being incurred by them on their respective Urban Water Systems through levy of user charges.

Comments- JNNURM Cities - Optional Reforms

4.26 It appears that all 5 cities are not very pro-active in implementing 10 optional reforms; number of reforms reportedly implemented by them range from 2 to 4; in this respect following observations may be noted:

- All the 5 cities have claimed to have encouraged PPPs.
- None of the 5 cities have even initiated action with regard to 3 reforms, viz., Conversion of agricultural land, Property title certification system and Structural reforms. It is likely that these reforms require administrative and legislative action at the level of the state government.
- Pune is very active in implementing water related reforms like rainwater harvesting and reuse of reclaimed water.
- Mumbai has implemented only one optional reform. viz., computerized registration of land and property which must have been driven by active real estate industry in that city.
- Nashik has claimed to have completed administrative reforms. This Reform proposal, by any standard, being one of the most politically sensitive, there is a need to probe further what exactly has been accomplished by Nashik ULB, when it claims to have ‘completed’ this Reform.

Comments-JNNURM Cities- Summary Table

4.27 It may be seen from the Summary Table 4.24-C, that the Mumbai city is ahead of others in implementing mandatory reforms (5 out of 6). However, the performance of implementation of optional reforms in all the 5 cities is unimpressive, partly because central government has left their implementation to the ULBs. It may also be observed from the summary table that performance in terms of aggregate number of reforms (mandatory plus optional) implemented in case of 4 cities, viz., Mumbai, Pune, Nagpur and Nashik is more or less comparable (6 or 7) except Nanded (only 2) which is situated in backward region of Marathwada, lags far behind in this respect.

Town Level Reforms – Small and Medium Towns

4.28 The Directorate of Municipal Administration (DMA), Maharashtra is the nodal agency for the central government schemes made for small and medium towns in the state of Maharashtra. As per the terms of these schemes, it is mandatory for those towns which have availed any financial assistance to submit a Quarterly Progress Report (QPR) stating the progress in implementation of both projects and reforms. The QPR format is aimed at capturing a snapshot of the status of reform implementation than providing detailed information. As a result, the ULBs have resorted to reporting minimal information on status of implementation and is not amenable to any insightful analysis. The status of reforms, as reported by these ULBs can be broadly classified in three categories, ‘completed’, ‘in progress’ and ‘no action’; the third category of ‘no action’ includes towns which have not furnished any information, have reported that no initiative has been taken or those which have sought more time for initiation of action. As per DMA’s office, as on December 2009, 73 towns in Maharashtra have availed assistance under UIDSSMT and have submitted QPRs for December 2009 to that office. The relevant information obtained from DMA is provided in the 3 tables below:

Table 4.28-A*ULB level Mandatory Reforms-73 UIDSSMT towns in Maharashtra*

	Reform Proposal	Completed	Under Progress	Some Action	No Action	Total
		(a)	(b)	(a)+(b)		
1.	Double Entry Accounting System	4	31	35	38	73
2.	E-governance	7	13	20	53	73
3.	Property Tax (85 per cent coverage and 90 per cent collection efficiency)	31	13	44	29	73
4.	User Charges	9	17	26	47	73
5.	Internal Earmarking in ULB budgets	26	5	31	42	73
6.	Provision of Basic Services for urban poor	17	9	26	47	73
	Total	93	86	179	259	438
	% to the aggregate	21	20	41	59	100

Table 4.28-B*ULB level Optional Reforms-73 UIDSSMT towns in Maharashtra*

	Reform Proposal	Completed	Under Progress	Some Action	No Action	Total
		(a)	(b)	(a)+(b)		
1.	Regarding approval for constructions	9	4	13	60	73
2.	Regarding conversion of agricultural land	8	2	10	60	73
3.	Property title certification System	11	6	17	56	73
4.	Earmarking of land for Urban Poor	10	7	17	56	73
5.	Computerized registration of land/property.	19	7	26	47	73
6.	Rain-water harvesting	16	6	22	51	73
7.	Reuse of reclaimed Water.	5	11	16	57	73
8.	Administrative reforms	13	6	19	54	73
9.	Structural Reforms	7	10	17	56	73
10	Encouraging PPP	10	13	23	50	73
	Total	101	72	173	557	730
	% to the aggregate	14	10	24	76	100

Table 4.28-C*Summary of ULB level Reforms-73 UIDSSMT towns in Maharashtra*

	Reform Proposal	Completed	Under Progress	Some action	No Action	Total
1.	Mandatory (6)	93	86	179	259	438
2.	Optional (10)	101	72	173	557	730
3.	Total(16)	194	158	352	816	1168
	% to the aggregate	17	14	31	69	100

Note on the preparation of Tables 4.28 A, B and C

It may be seen that performance of 73 ULBs is being assessed for implementation of 6 mandatory and 10 optional reforms. JNNURM cities, in any state, being handful in number can be discussed individually. In case of hundreds of SMTs, there is a need to evolve a 'uniform' measure which will facilitate evolving some pattern, necessary to make broad meaningful comments on the status of implementation.

This measure is 'one ULB-Reform', which implies when a ULB completes a single reform the tally under 'Completed' reform will increase by a unity. If 10 ULBs complete (say) 2 reforms the tally will increase by 20 and so on. In a hypothetical situation when all the 73 ULBs implement all the 6 mandatory reforms, the tally would have been 438 (i.e., 73 x 6). In order to capture the status, all the numerical figures in one individual column have been summed up. For example, there are 93 ULB-Reforms completed, 86 under progress and in case of 259 there is no action reported. All these three categories add up to 438 which is the figure of maximum number of ULB-Reforms.

The same logic is applied for Optional reforms as well as summary of reforms.

Comments on Table-4.28A - Mandatory Reforms

4.29 It may be seen from the Table 4.28-A that there is no action in the case of around 60% the ULB-Reforms. Each of the individual mandatory reforms is discussed below:

- The implementation of Double Entry Accounting System (DEAS) has been very slow; only 4 ULBs have reportedly completed the reform. But the number of ULBs which are in the process of adopting DEAS is significant at 31. The adoption of DEAS will demand fundamental changes in the working culture of the ULBs and this could be one of the reasons why the progress is quite slow.
- E-governance is perhaps the mandatory reform which is being implemented very slowly; only one third of ULBs are showing some action on this front. The lack of administrative and technical capacity within ULBs can be a major reason for slow implementation of this reform. However, it is reported that small ULBs like Chiplun, Umred, Katol, Saoner and Jamner have created their websites; this development must be welcomed. Having an own website is the first step towards e-governance. In Chiplun, it was noted during the field visit that the presence of a younger and more active chief executive officer of that ULB seems to have helped implementation of such reforms.

- There is some action in case of 60% of ULBs in implementing Property Tax related reform; this appears to be highest percentage among all the six reforms. The implementation of property tax related reform, aimed at increasing the revenue from this stream, appears to be high on the agenda of these ULBs. In the wake of abolition of octroi and shrinking funds from the state government. it appears, is forcing the ULBs to maximise revenue from property tax, which has become the main source of revenue. There are also instances of adoption of GIS (Ashta, Ichalkaranji) and outsourcing revenue collection to private agencies (Sailu) by a few ULBs. These developments need to be welcomed. There is also a down side to this success story. The higher percentage of property tax collection does not inform anything about how much is the quantum of collections and whether the same is adequate for improving the functioning of ULB. For example Kamptee, a small town in Vidarabha with 94 % slum population (Census 2001), reports achievement of 100% collection target of property tax. One wonders how much will be collection by way of property taxes when such percentage of houses are notified as slum.
- In case of the reform of internal earmarking in budgets for urban poor, it is seen that most ULBs that are implementing the reform are marking 5 per cent for urban poor. It is learnt that many ULBs are still quoting an old DMA circular issued in 1988 directing ULBs to provide for 5 % of the annual Budget amount for welfare of backward classes. There are exceptions among the group of 73 ULBs being examined, e.g., Malegaon (44.27 per cent) and Ashta (30 per cent).
- There seems to be confusion regarding reform for provision of basic services to urban poor. Around 26 ULBs have claimed that they have submitted a project proposal under IHSDP scheme or are implementing the scheme and therefore this reform has been achieved. There is no information given on present status of basic services of urban poor.
- Recovery of Operation and maintenance by way of User Charges is another reform that is being implemented slowly by ULBs. This is to be expected as there will be tremendous political resistance to imposition of higher user charges. Still, it is pertinent to note that some ULBs have raised water taxes and converted illegal connections into legal connections to ensure some recovery of revenue for maintenance of capital assets.

Comments of the Table-4.28B - Optional Reforms

- 4.30 It is observed from the returns filed by ULBs in SMTs that many of them have either not filled the relevant column of status of optional reforms or have extended timelines for their implementation. Thus, almost 76 % of Urban-Reforms have reported that there is no-action taken.
- 4.31 There are only 13 ULBs which have reported that either they have completed (9 number) or in the process of completion of the Reform Proposal directing ULBs to streamline the approval procedures for constructions. There is no uniformity of approach and methods being adopted by each ULB Ashta and Baramati claim to have revised their DCR rules to streamline the approval process. The building approval process has been made online in Ichalkaranji. Hence, we can see that ULBs are following different methods to implement this reform.

-
- 4.32 There are only 10 ULBs which have initiated action for conversion of agriculture land into non-agriculture land. It is learnt that, the power to approve such proposal, which is normally vested in the respective district collector has been delegated to the Municipal Commissioners in 3 towns viz., Ichalkaranji, Tasgaon and Vadgaon.
- 4.33 The Reform Proposal regarding Property Title Certification System has been / is being implemented by 17 ULBs. However, there appears to be ambiguities about which agency shall be made responsible for maintaining records of property title. For example in Baramati and Nandurbar, these are being maintained by city survey departments, whereas in Vadgaon, the same is being maintained by the Taluka office of Revenue Department. It is felt that small ULBs, with the limitations of their administrative set up, may not have mechanism to keep and update these important records.
- 4.34 None of the 17 ULBs, which have reported some action on the earmarking of land for urban poor, has specified the amount of land it has earmarked. Some of them have quoted the requisite notification from the state government directing all ULBs to earmark at least 20 per cent of plots for EWS/LIG. It is observed that many ULBs while reporting compliance on this Reform Proposal have stated that this Reform has already been implemented by the state government. There appears to be lack of clarity on the procedural aspects of implementation of this reform as the powers related to land reservations/ acquisitions are enjoyed by the Revenue Ministry of the state government and not the respective ULBs.
- 4.35 The state government, it appears, has been active in computerizing land records even before this proposal has been included as a part of JNNURM reform agenda. The computerized land records can be accessed on relevant state government website.
- 4.36 There are 16 ULBs which have reported completion of action regarding Rain Water Harvesting, whereas in case of 6 others, the work is under progress. The ULBs of Baramati and Nandurbar have made rain water harvesting compulsory for all institutional buildings, Beed for all new buildings whereas Sangamner for all government buildings.
- 4.37 The Reform Proposal regarding Reuse and Recycling of water, there are 16 ULBs which have reported some action. There are few ULBs, viz., Ashta, Baramati, Islampur, Nandurbar and Vadgaon which have reported that they are waiting for recommendations of a committee formed by Government of Maharashtra.
- 4.38 The administrative reform proposal is essentially aims at rationalization of municipal staff has been pointed out that, even before JNNURM was introduced, the state government has initiated steps towards this direction. The ULBs in their compliance reports have stated that surplus and non-essential posts have not been filled. It is felt that the issue of improvement in the services rendered by the municipal staff shall get precedence over merely cutting down the staff strength.
- 4.39 Even though, there are 17 ULBs which have reported that they have taken some action on structural reforms, no details are available. Few ULBs like Ashta, Baramati, Ichalkaranji and Nandurbar have stated that they are awaiting directions from the state government which has appointed a 'think tank' to look into this issue.
-

4.40 There are 23 ULBs which have reported that they are encouraging PPPs in their functioning. However, a closer look of the details furnished by many of them reveal that barring few, in majority of the PPP cases some minor activity has been contracted to the private entity, for example in Nadurbar it is street lighting, in Ichalkarnji it is e-governance, in Malegaon it is shopping complex, in Vengurla it is the guest house and in Vadgaon it is the garden. It is reported that in Baramati and Nandurbar, solid waste management projects have been awarded on PPP basis, but details of the same are not available.

Comments on Table 4.28C - Summary

4.41 It may be seen that, even after 5 years of introduction of JNNURM regime, the progress of implementation of urban reforms is very slow. This observation is based on the data-base of 73 small and medium towns in the state; had we get an access to the data-base of all the 250 plus ULBs, the picture will be much more gloomy. The study of individual compliance report submitted by these 73 ULBs reveals that many of them have chosen to leave many columns in the format blank. This itself is an indicator of poor quality of monitoring mechanism as also lack of commitment of the ULB administrations towards implementation of the urban reforms.

4.42 One major reason for slow progress of reforms is delay in receiving funds from the central / state governments. Many ULBs have entered into a Memorandum of Agreement (MoA) with state and central government few years back laying down timelines for completion of each of the reform proposals. The main driving force for implementing these reforms has not been political or administrative commitment of the local leadership but the funds ULB is likely to get provided it completes / takes action on these reforms. It is not surprising that considerable delay in receipt of such financial assistance led to deferring of implementation of reforms. The office of DMA, the monitoring agency of the state government has obtained the relevant data from 61 SMT ULBs on the time elapsed from the date of signing of MoA and date of receipt of financial assistance; the same is provided in the Table below:

Table-4.42

Time elapsed in receiving of funds

Name of the Region	Number of ULBs	No. of days elapsed from the date of MOA to date of Assistance sanctioned		
		Maximum	Minimum	Average
Konkan	7	971 (Pen)	233 (Chiplun)	566
Western Maharashtra	18	1161 (Satara)	169 (Islampur)	527
Vidarbha	12	865 (Murtizapur)	77 (Yawatmal)	395
Khandesh	13	1182 (Sangamner)	140 (Ahemadnagar)	583
Marathwada	11	886 (Jalana)	1 (Basmat)	540
Total	61			522

Source: DMA database

4.43 It may be seen from the Table above that the maximum and minimum days lapsed between date of signing of MoA and the date of sanctioned of assistance is almost 3 years and 1 day respectively, implying that there is no pattern in the processing time. It is quite likely that the ULBs enjoying political patronage could have succeeded in ensuring sanction of assistance in the least the possible time. Even the average time elapsed for the entire database at 522 days, which is almost one and half years, is also considerably long.

IV - D

Status of Pro-poor Reforms in the State of Maharashtra

Poverty Alleviation Measures of the Central Government

4.44 India, in spite of its reasonable macro-economic indicators like growth rate in GDP, is still being considered as poor nation. One of the painstaking features of India's urbanization is disproportionately high rate of increase in number of urban poor. It has now been widely accepted that urban poverty (and even rural poverty too), does not imply inadequacy of income alone but also means denial of access to range of basic services and amenities with which human lives become humane. Since independence, Government of India has been launching newer and newer schemes, but even after more than 60 years, it does not have a road map, backed by necessary political will, to eradicate poverty, or at least soften its impact, in a time bound way. While tracking the status of implementation of pro-poor reforms, initiated under JNNURM, it would be pertinent to keep abreast an overview of urban poverty in the country and its causes as also the poverty alleviation schemes introduced by the Central Government in the past; a brief note in this regard is enclosed in *Annexure-II*.

Pro Poor Reforms under JNNURM Regime

4.45 The urban poor are the weakest constituency in urban areas in terms of voice in decision making. Their inability to meet basic human needs of shelter, food, education, health and employment not only affects their productivity but has also led to simmering discontent among them. This has had two serious fallouts; one, productivity of the urban centers, which are dependent on cheap labour provided by urban poor, is being eroded and second the potential threat it poses to the political stability. Probably, being aware of these facts, Central Government has included a set of 3 reforms exclusively aimed at benefiting urban poor. It has also stated, by issuing separate notifications, (vide Revised Guidelines for BSUP/ IHSDP issued in February 2009) and thus distinguishing them from other 20 reforms, that it would be essential for state government and ULBs to implement this set of 3 pro-poor reforms if they plan to avail the financial assistance under BSUP/ IHSDP. These 3 pro-urban-poor reforms are as under:

- Internal earmarking within Urban Local Body budgets for basic services to the urban poor – eventually developing a Basic Services to the Urban Poor Fund so that adequate resources are available for meeting the needs of the urban poor.
- Provision of basic services to the urban poor including security of tenure at affordable prices, improved housing, water supply, sanitation and ensuring delivery of other already existing universal services of the government for education, health and social security in a time-bound manner.
- Earmarking at least 20-25% of developed land in all housing projects (both Public and Private Agencies) for EWS/LIG category with a system of cross-subsidization so that land is available for affordable housing for the urban poor.

A brief background prevalent during pre-JNNURM days and the rationale for each of these 3 reform proposals are given below; these have been extracted from the 'Primers' on each Reform, prepared by National Institute of Urban Affairs for the Government of India.

Internal earmarking of funds within ULB Budgets

Background:

4.46 Internal earmarking of funds refers to a certain proportion of total estimated municipal income that would be budgeted for provision of housing and basic services for the urban poor. Even in pre-JNNURM days, many state governments have issued guidelines directing ULBs to set aside certain percentage of budget funds for the urban poor in the cities/towns in that state. However, it is reported that this practice was marked by diversity of practices across states and even within states; there are instances when outlays on welfare schemes made for urban poor or improvement of slums have also been claimed as outlays for urban poor. It is also learnt that there have been cases of diversion of such provisions to entirely unrelated budget expenditure. Such practices defeat the purpose behind such guidelines.

Reform Provision:

4.47 In order to bring some degree of uniformity and monitor-able performance indicator, central government, under JNNURM, stipulated that all ULBs shall institutionalize "internal earmarking of funds in their budgets specifically for basic services to the poor" and make necessary changes in their accounting and budgeting systems. GoI expects that such measures will lead to scaling up of delivery of civic amenities and services with an emphasis on universal access to the urban poor.

Provision of basic services to urban poor

Background:

4.48 It is common knowledge that urban basic services being provided by the ULBs are not evenly distributed among different localities within a city/ town; invariably the urban poor in that city/ town are discriminated against. It is true that majority of the urban poor are migrants from rural areas, migrated in recent past, earn their livelihood from informal economy and invariably live in informal settlements or shanties located on the periphery of cities. Lack of pro-active policies compounded by lack of financial resources with ULBs force these urban poor to live in same living conditions for years after years.

Reform Provision:

4.49 Central government directed state governments and ULBs to take measures to provide basic services to all the urban poor in the jurisdiction of respective ULB in a time bound manner. These services include security of tenure at affordable prices, improved housing, water supply, sanitation and ensuring delivery of other already existing universal services of the government for education, health and social security. The Reform Proposal further

directs that all projects under BSUP and IHSDP shall adopt a 'whole slum' approach. The state governments are expected to undertake detailed slum surveys and household economic surveys based on formats prepared by Ministry of Housing and Urban Poverty Alleviation (MoHUPA). The surveys are also to ensure the status of existing social services like education, health and social security. GoI expects that this will ensure ownership and sustainability of public interventions and urban poor will be able to hold urban local bodies accountable to them.

Earmarking 20-25% land for urban poor

Background:

4.50 GoI and many state governments, for years, have been emphasizing the need for providing houses to urban poor at affordable prices. However, in cities after cities, with ever escalating land prices, the idea has proved to be elusive for many policy makers. With repeal of Urban Land Ceiling Act, also one of the 23 Reform Proposals under JNNURM, the state governments do not wield any effective tool to acquire urban land for public purposes, like houses for urban poor. With fall in housing stock built by public sector agencies and developers and real estate companies focusing only on upper middle class clientele, buying a house in major cities of India is becoming increasingly out of reach even for middle class. The housing market, emerged during 90s, has totally excluded low income citizens and urban poor out of its ambit. The situation is relatively different in small and medium towns where, often, land is available at reasonable prices.

Reform Provisions:

4.51 Central government, under JNNURM, sought to correct this situation. This reform expects that all housing projects will reserve 20-25 per cent of land or tenements for economically weaker section (EWS) and Lower Income Group (LIG) in all housing projects undertaken by both public and private agencies. Each state government is expected to issue an order to this effect.

RAY- A noteworthy initiative of the Central Government

4.52 It has been widely accepted that one of the roots of wretchedness of lives of urban poor, particularly in metro cities, is lack of decent homes for them. In fact GoI already has launched an ambitious scheme, viz., Rajiv Awas Yojana (RAY) aimed at providing houses to the urban poor. It is learnt that RAY will even subsume some of the aspects of on-going 3 pro-poor-reforms stipulated under JNURM. Notwithstanding the merits of provisions of RAY, the partial elimination of piecemeal approach while resolving problems faced by urban poor needs to be welcomed. Hence, acquainting broad provisions of RAY and its critique, while discussing pro-poor-reforms, will be appropriate. A box below provides salient features of RAY.

Box 4.52

Rajiv Awas Yojana (RAY)***Salient Features of RAY:***

- Multi pronged approach focusing on (a) bringing existing slums within formal system and providing basic services to slums at par with rest of the city or town, (b) redressing the failures of formal system and (c) tackling shortages of urban land and housing that keep shelter out of reach of urban poor
- Assistance under RAY available only to those states which (a) assign property rights to slum dwellers, (b) continue implementation of 3 pro-poor reforms under JNNURM, (c) reform the rent control laws, (d) review and amend legislations, rules and regulations governing urban planning and development and e) adopt the ‘whole city’ approach for the scheme where both notified and non-notified slums of the cities are included.
- States can follow a beneficiary-built housing model with design and technical support from the Municipality/State, or construct housing through state parastatal or private partners. However, it expected to give ‘primacy’ to PPP model through FSI and land use concessions which can be used for cross-subsidisation of slum redevelopment.
- The pace of slum upgradation can be phased out by dividing city into zones and each zone be taken up for provision of basic infrastructure and services to slums.
- There is an emphasis on collection of ground level information of slum dwellers; use of technology led solutions and setting up monitoring agencies.

Critiques of RAY:

- Need to dovetail provisions of RAY with the relevant provisions of National Habitat and Housing Policy and JNNURM which are also aimed at creation of slum-free cities.
- For many slum dwellers, their residence is also a place to undertake some livelihood activities and hence are different from middle-class residential colonies; it is required that RAY shall keep these differentiating aspects in view.
- The whole city approach may be welcome as it enables holistic planning of infrastructure and allows for more rational options to emerge. However it needs to be recognized that people identify themselves at the level of a basti or a community and so the unit of planning has to be the basti. It is also apprehended that a large planning unit may make participation of poor people less meaningful.
- The options of upgradation, redevelopment or relocation should not be top-down arbitrary decisions of the state government. Slum dwellers should be given an opportunity to represent themselves in such decisions.
- RAY guidelines also propose PPP as the preferred mode for redevelopment of slums for high value land in major cities and it has been mentioned that public bodies will undertake housing projects on low value land. This proposal discriminating private and public sector, will unnecessary burden public bodies and may even affect the quality of housing stock constructed by them.
- RAY provides heavy reliance on availing housing loans by the slum dwellers. This, it is felt, will further burden the urban poor, who are not only living on meager income levels but have uncertain income too. There is a need to have very objective assessment of debt servicing abilities of the families and those which do not have capacity to repay housing loans shall be provided with rental housing.
- There is also a need to provide for a role for slum dweller association and federation in consultation process and such exercises shall not be conducted exclusively with the help of ‘reputed’ NGOs as provided in RAY.

Pro-Poor-Reforms- All India Status of JNNURM cities

4.53 Ideally, before we discuss status of these 3 pro-poor-reforms in the state of Maharashtra, it would be pertinent to take stock of their status in other states too. However, as mentioned earlier the relevant data / information is relatively better organized for 65 cities covered under JNNURM and not for SMTs. Hence, the tables below confine providing information on the status of implementation of these 3 pro-poor-reforms in the 65 JNNURM cities only.

Internal earmarking of funds for urban poor

4.54 This reform proposal directs all the ULBs to earmark certain percentage of their annual Budget for provision of basic services to the poor sections residing in that city/ town. The table below gives number of ULBs distributed over five brackets of percentages of such provision to the annual Budget for the year 2009.

Table- 4.54

Percentages of Provisions for Urban Poor to the Annual Budgets of ULBs

% of Provision to Annual Budget	No. of ULBs
0-10 %	2
10-20 %	5
20-25%	24
Above 25 %	5
Funds earmarked but not specified in percentage	16
Information not available	13
Total	65

Source: www.jnnurm.nic.in as on March 2010

Provision of Basic Services to urban poor

4.55 The JNNURM website mentions that only 4 ULBs out of 65, have reported that they have complied with provision of basic services to urban poor within their jurisdiction. It is not clear whether the respective ULBs have only initiated action in this regard or accomplished the task. It is noteworthy that 61 out of 65 cities have preferred not to report any progress on implementation of this reform.

Earmarking of at least 20-25 per cent land in housing project

4.56 This reform proposal directs ULBs to earmark at least 20% to 25 % land for the housing projects for the poor in their jurisdiction. It is noteworthy that almost two third i.e., 36 out of 65 ULBs have reported that they have earmarked more than 15 % of the land for this purpose.

Table – 4.56
Percentages of Earmarking of Land for Urban Poor

% of land earmarked for housing for poor	No of cities
5-10 %	1
10-15 %	6
15 % and above	36
Land earmarked for EWS/LIG but not specified in percentage	3
Information not available	19
Total	65

Source: www.jnnurm.nic.in as on March 2010

Poverty Alleviation Measures by the state of Maharashtra

4.57 Maharashtra is among the highly industrialized states of India with Mumbai considered as the financial and commerce capital of India being situated in the state. Maharashtra is also the most urbanized state in the country in terms of urban population with 42 million people staying in its cities and towns. Higher urbanization and continuous migration to its cities, without commensurate increase in employment in organized sector, has made urban poverty a serious issue in Maharashtra. While there are certain common aspects to the issue of urban poverty in cities and towns, there are also differences regarding the nature of urban poverty and issues affecting urban poor in major cities and small towns. A brief note on urban poverty in Maharashtra is enclosed in *Annexure-III*.

Slums in towns in Vidarbha region- an eye opener

4.58 It needs to note that ‘slumming’ is no more a phenomenon confined to the mega cities like Mumbai. The intensity of ‘push’ factors operating on rural population is so high that, families take the road to the nearby towns, without any job or livelihood avenue on hand. The proportion of slum population in the population of small and medium towns in Vidarbha region of Maharashtra is an eye-opener for civil society. The details are provided in the Table given below:

Table 4.58
Slum population of municipal towns in Vidarbha region

Sl.No.	Cities	District	Population	Slum Population	% slum population
1.	Amaravati	Amaravati	549370	232619	42.3
2.	Akola	Akola	399978	135009	33.8
3.	Kamptee	Nagpur	84340	78854	93.5
4.	Achalpur	Amaravati	107304	66790	62.2
5.	Chandrapur	Chandrapur	297612	50795	17.1
6.	Ballarpur	Chandrapur	89995	49298	54.8
7.	Bhandara	Bhandara	85034	46271	54.4
8.	Yavatmal	Yavatmal	122906	43232	35.2
9.	Gondia	Gondia	120878	38942	32.2
Total			1857417	741810	39.93

(Source: Census of India, 2001)

4.59 Nine out of the 30 cities with most slum population in Maharashtra are in Vidharbha. It is worth noting that 4 cities out of 9 have more than 50 per cent population staying in slums. A small town like Kamptee with less than 100000 population has 93.5 per cent of its population staying in slum. Another two towns namely Ballarpur and Bhandara have around 54 per cent of their total population staying in slums. In recent years, Vidharbha region has attracted national attention following a spate of farmer suicides. There seems to have been large scale migration to towns in Vidharbha in order to find some means of sustenance. This region also has a significant presence of population belonging to scheduled castes. Despite a gradual reduction in different forms of oppression they face, it seems that a large number of people from these communities who for social reasons still prefer to migrate to towns and cities to escape oppression

Pro-poor Reforms- Initiatives of GoM

4.60 The GoM has issued certain orders and resolutions for facilitating implementation of the reforms related to urban poor. These are shown in table below:

Table 4.60

Steps taken by Government of Maharashtra for implementing pro-poor reforms

Reform	Government of Maharashtra
Internal earmarking within Urban Local body budgets for basic services to urban poor	According to a report published by MHADA, it has been decided by Government of Maharashtra that “25 per cent of total budget amount of urban local body should be earmarked towards Basic Services to Urban Poor. All urban local bodies are directed to make a provision for Poor fund. All urban local bodies whose projects are sanctioned under BSUP and IHSDP have earmarked budget for urban poor and provision up to 25 per cent of budget for urban poor will be achieved during mission period”.
Provision of basic services to urban poor including security of tenure, improved housing, water supply, sanitation and ensuring delivery of other already existing universal services of government for education, health and social security.	All these components (seven point charter) are considered while preparing the Detailed Project Report. As per socio-economic survey done by urban local bodies, the provisions such as Community Center, Anganwadi, Animal Pen, Primary Health Centre, Parking spaces, Gardens, Informal markets, Livelihood center, Otta markets, provision for shops etc are made in DPRs.

<p>Earmarking at least 20-25 per cent of developed land in all housing projects for EWS and LIG</p>	<p>“The State Govt. issued directives vide order No. TBP 4307/2226/CR-334/2007/UD-II dated 17th July 2008 to all Municipal Corporations and councils to modify their Development Control Regulations (DCR) to provide:</p> <ul style="list-style-type: none"> • 10 per cent area in form of 30 to 50 sq.m plots for EWS/LIG and 10 per cent in the form of 50 to 100 sq.m. Plots for (MIG) in any sub-division of land measuring 2000 sq.m. and more. • 10 per cent tenements for each EWS/LIG Group (30 to 40 sq.m.) and MIG group (41 to 60 sq.m.) for layout of land measuring 4000 sq.m. and more.
---	--

(Source: MHADA report on BSUP and IHSDP obtained)

Box 4.61

MHADA and MMRDA- Initiatives for Housing

MHADA:

In May 2009, MHADA allotted 3,863 self constructed flats in Mumbai city. The number of applicants for these flats was an astounding 4.25 lakhs! pointed towards the massive demand –supply gap in this segment. MHADA will be ready with another 3500 flats in the year 2010, out of which around 90 % are made for EWS/LIG segment. GoM has sanctioned 2.5 FSI for MHADA’s projects.

MMRDA:

MMRDA has initiated scheme for providing around 200000 dwelling units on rent outside city limits. The beneficiaries will get a 160 sq.ft flat on leave and license basis for rent between Rs. 800 and Rs.1500 per month. The laudable objective of the MMRDA scheme is to bring the dwelling units within the affordable limits of the urban poor.

This project is being implemented in PPP mode and MMRDA has received 22 proposals from the private sector builders; 6 of them, 4 in Thane and another 2 in Bhaindar, have been firmed up and balance 16 are under consideration. GoM has granted FSI of 4, including 25 per cent FSI for commercial use and 75 per cent for residential use, for this scheme. The intending contractors/developers will construct and hand over the rental houses free of cost to MMRDA in lieu of sale rights of commercial area and premium offered to MMRDA.

It is necessary to ensure that benefits for EWS/LIG sections outweigh incentives provided to private developers. It is also not clear whether adequate planning has been done for providing infrastructure to support these massive housing projects. There have been complaints of lack of water and electricity in about 1100 MHADA flats allotted through lottery in 2009. It is important to ensure that EWS/LIG housing to be provided is of standard quality with provision for all basic amenities like water supply, electricity, sewerage and solid waste disposal.

4.61 The issues involved in creating and sustaining urban infrastructure in managing Mumbai Metropolitan Region are unique in many respects. The scale of the problems is so huge that the state government will have to play pro-active role in their resolution. Providing housing to urban poor at affordable terms is one such problem. In view of the massive shortfall in affordable housing segment, the GoM has pressed its two parastatal bodies, viz., MHADA and MMRDA to partially redeem the situation.

Status of Pro-poor Reforms-5 JNNURM cities in Maharashtra

4.62 Maharashtra has been sanctioned 64 projects under Sub-mission on Basic Services to Urban Poor in JNNURM. Five cities in Maharashtra- Greater Mumbai, Pune, Nashik, Nagpur and Nanded have been included in the submission.

Table 4.62

Status of implementation of reforms related to urban poor in BSUP cities

City/ No. of BSUP Projects / Slum Population/ (as a % of total population)	Status of Reform Implementation		
	Internal Budget Earmarking	Provision of Basic Services to Urban Poor	Earmarking of Land for EWS/LIG housing
Mumbai / 16 / 5823950 / (48.9)	Funds earmarked but not specified in percentage	Not mentioned	Land earmarked for EWS/LIG but not specified in percentage
Nagpur / 10 / 726664 (35.4)	Funds earmarked but not specified in percentage	Not mentioned	Land earmarked for EWS/LIG but not specified in percentage
Pune / 20 / 531337 / (20.9)	Funds earmarked but not specified as percentage	WSS -100 per cent Convergence of education and health Gender responsive budget Allocation Social security	15 per cent and above
Nashik /7 /142234 / (13.2)	20-25 per cent of funds	Not mentioned	10-15 per cent
Nanded /11 / 82715/ (19.2)	Funds earmarked but not specified in percentage	Not mentioned	10-15 per cent of land

Notes: Status of Reform implementation has been taken from Ministry of Housing and Urban Poverty Alleviation's report on JNNURM submitted to Delivery Monitoring Unit (DMU) in Prime Minister's Office (PMO) in December 2009.

Greater Mumbai:

4.63 For the purpose of JNNURM Mission, Greater Mumbai, apart from Mumbai Municipal Corporation itself, also includes municipal corporations of Navi Mumbai, Thane, Kalyan Dombivili, Mira Bhayander, Ulhasnagar and Kulgaon-Badlapur and a municipal council of Ambernath. However, the status of implementation of reforms is only for Municipal Corporation of Greater Mumbai (MCGM)

Status of Reforms:

Table 1 shows that Mumbai has not provided any specific details regarding status of implementation of any reform. It has claimed that it earmarks funds for urban poor but has not specified exact percentage of the amount. It has not mentioned any details about access of urban poor to basic services. It is a fact that most slums in the city are not connected to city systems of water supply and sanitation, sewerage and drainage. Despite, numerous schemes targeting slums like Slum Sanitation Scheme (SSP), the access levels to basic services for urban poor still remain unsatisfactory. The MCGM has not specified any improvement in the situation after implementation of UIG and BSUP projects under JNNURM. Regarding earmarking of land for urban poor, as a city with highest land prices in the country, one can expect that this reform is going to run into many hurdles. It is clear that the decision regarding earmarking of land in Mumbai limits will have to be taken by the state government as it exercises control over land related issues

Relevant Extracts from CDP:

According to Mumbai's CDP, 54% of Mumbai's population lives in about 1950 'slums' which are located both on public and private lands and lack basic services.

Nagpur

4.64 The status of reforms and relevant extracts from the City Development Plan for the city of Nagpur are given below:

Status of Reforms:

Similarly to Mumbai, it has not provided any specific details regarding status of implementation of any reform. NMC also claims to earmark funds for urban poor without specifying the percentage. It has not mentioned about status of access to basic services to urban poor. In absence of any data for benchmarking, it will be difficult to assess if there has been any improvement. Nagpur also claims to earmark land for poor without specifying the area of land earmarked.

Relevant Extracts from CDP:

Nagpur in its CDP itself has claimed that it does not have details regarding access to basic services of slum dwellers. "The exact statistics regarding access to basic services in the slums is not available with NMC. Slum pockets are located in low lying and water logged areas and face problems of general squalid conditions, unhygienic surroundings, and temporary structures.

Malnutrition, poor civic amenities, and inadequate sanitation are widespread in the slums increasing the vulnerability of the urban poor”

Pune

4.65 In JNNURM, Pune also includes Pimpri-Chinchwad. However, the reform status and relevant extracts from CPD are only for Pune Municipal Corporation (PMC).

Status of Reforms:

PMC has not specified the amount it earmarks for urban poor. However, it claims to have achieved 100 per cent coverage for urban poor in water and sanitation as well as achieve convergence of education, health and social security. Also, it claims to have earmarked more than 15 per cent of land for urban poor. It is not clear if this land has been reserved in the development plan or for BSUP projects.

Relevant Extracts from CDP:

Pune’s CDP states that “The urban poor population (slum population) in Pune is estimated at about 30-35 per cent of the total population of the city; the rapid growth of slums has largely an outcome of economic activity and job creation capacity of the city. The non- availability of EWS/LIG housing and inadequate service levels in some pockets of the slums has led to deteriorating environmental problems in the urban areas.”

Nashik

4.66 The status of reforms and relevant extracts from the City Development Plan for the city of Nashik are given below:

Status of Reforms:

Nashik Municipal Corporation claims to have earmarked 20-25 per cent of its funds for urban poor. It also claims to have earmarked between 10-15 per cent of land for urban poor. Again it is not clear whether this has been earmarked in development plan or for BSUP projects and there is also lack of clarity on location of this land (Within the city or near the periphery).

Relevant Extracts from CDP:

It does not specify status of access to basic services for urban poor and in its CDP it has already stated limitations of lack of information and incomplete municipal surveys has limited the municipal body from undertaking any programmes for slums.

Nanded

4.67 The status of reforms and relevant extracts from the City Development Plan for the city of Nanded are given below:

Status of Reforms:

Nanded-Waghela Municipal Corporation has not specified the amount it earmarks for urban poor. It also has not mentioned any details regarding access of urban poor to basic services. It

claims to have earmarked 10-15 per cent of land for urban poor. Again, it is not clear whether this land has been earmarked for BSUP projects or reserved in the development plan.

Relevant Extracts from CDP:

Nanded's CDP states that "NWCDC has restricted its role in slums to providing basic services under various small state and central government schemes. There has been no effort to undertake an integrated planning and development of slums and economically weaker sections."

Status of Pro-poor Reforms- SMTs in Maharashtra

4.68 The status of implementation of urban reforms in small and medium towns is not available in the public domain in a consolidated manner. However, UIRF and its project partners PRAYAS, had undertaken visits to few SMTs in Maharashtra during the months of January to June 2010. Information on reforms related to urban poor from 2 towns, viz., Satara and Chiplun was collected during this visit. The table below provides main features of reforms related to urban poor for these two towns. The issues emerging from implementation of these 3 reforms in these towns have been elaborated for each town.

Table 4.68

Status of implementation of reforms related to urban poor in 2 towns of Maharashtra

Name of Town/ Population of the towns	IHSDP Project	BPL Population	Internal Earmarking of Funds	Provision of Basic Services to Urban Poor	Earmarking of Land for housing EWS/LIG sections
Satara/ 1,08,043	No, Proposal was rejected due to non implementation of formalities	19 per cent of the population. No notified slums	5 per cent internal earmarking in the last 3 years budgets	Water supply and sewerage is the main issue. SWM collection is not so efficient.	No proposal to earmark land for housing.
Chiplun/ 46,213	No Project.	2900 households (20per cent of the population approx.). No notified slums	P-Budget to be implemented from this year. Expected earmarking is 20-25 per of total budget expenditure	SWM-satisfactory Water Supply and Sewerage needs improvement	No proposal to earmark land for housing.

Satara

4.69 Satara, an 'A' class municipal council is the district headquarters of Satara district situated in Western Maharashtra. The 2001 census has identified 5836 citizens as slum dwellers,

however, state government has not notified any locality/ basti as slum. During the visit, it was learnt that quite a few poor residents of few wards were asked to sign a memorandum pledging their commitment whenever a IHSDP project will be implemented. It is learnt that this project, formulated by Satara ULB, has been rejected on some technical grounds. Interviews with ULB official reveal that this project has been stalled due to exhaustion of funds allocated to Maharashtra under IHSDP.

- 4.70 Satara has been earmarking 5 per cent of its budget for urban poor since last three years. It is based on circular No.STC/1088/CRO4/88 dated 21st January, 1988 issued by Directorate of Municipal Administration (DMA) for preparation of budget estimates in Municipal councils. Section 4 a) states that 5 per cent of the income must be made to secure the welfare of the people belonging to backward class. It is also seen from budget documents that municipal body is more concerned with savings under different budget heads. There is an unwillingness to undertake expenditure by municipal body. The provision of basic services is satisfactory, though there is scope for general improvement in service levels across the city. The provision of basic services in areas in the peripheries is below average. It has not earmarked any land for EWS/LIG housing nor there are any immediate plans to implement this reform.

Chiplun

- 4.71 Chiplun, a 'B' class municipality with population close to 50,000, is an important town in Ratnagiri district of the Konkan region of Maharashtra. It does not have any notified slums. According to the city development plan that is a part of the DPR for water supply scheme under UIDSSMT scheme, it claims that 2900 households, i.e., more than 10000 persons are below poverty line. This is about 20 per cent of its total population.
- 4.72 It is learnt during the visit that the ULB has contemplated one project under IHSDP for poor residents of Vadar colony; however, the same was opposed by the prospective beneficiary residents who felt that they will lose the land, if they are moved to the multi-storied buildings envisaged under the project. It has not earmarked funds for poor separately, but plans to implement this reform in the current financial year 2010-11. The service levels in urban services like water supply and sanitation need to be improved in some areas where urban poor are more. However, Chiplun has an effective door-to door collection of solid waste management with nearly 100 per cent coverage. Another major issue for urban poor is poor quality housing stock and vulnerability to natural disasters like flooding which are normal occurrences during monsoons. According to officials in Chiplun, there is no great demand for affordable housing, a fact that can be corroborated when urban poor are not willing to move from their existing houses. The town has not implemented earmarking of land for urban poor. It is felt there is no demand for affordable housing which makes a compelling case for implementation of the reform. Even, MHADA which has 62 acres of land has not yet built any tenements and land is still lying vacant.



V

General Observations

- 5.01 Any status report is a dated document; more so when the institutional mechanisms intended to gather ground level data / information, the main source of inputs for such status report, is still under evolution. The rudimentary data gathering structures evolving in municipal sector in our country do not, even now, reflect 'easy-to-gather' quantitative data such as exact expenditure on urban poor. In such a situation, it is too premature to expect them to throw light on the qualitative aspects like actual 'outcomes' of implementation of reform proposals. For these reasons, 'Observations' laid down in the concluding chapter of this Status Report on Urban Reforms for the state of Maharashtra (SRUR-M) will not be as 'conclusive' as they ought to be.
- 5.02 The following observations are largely based on the insights acquired while studying the data/ information gathered while preparing the SRUR-M. However, in view of the fact that JNNURM led urban reforms are being uniformly applied all over the country and keeping in view non-distinguishable state of urban affairs in other states, these 'Observations' are also expected to have country-wide application. In order to streamline them, the observations have been grouped under suitable themes.

On the JNNURM frame vis-à-vis urban reforms

- 5.03 Though there is a huge investment backlog in urban infrastructure in Indian cities and towns, being partially remedied through JNNURM mission/ schemes, many feel that financial investments alone will not lead to creation of 'sustainable and accountable to citizens' ULBs as stated in the 'mission statement' of JNNURM. Successful implementation of ongoing urban reforms, not necessarily restricted to the 23 reforms stipulated under JNNURM, but many more which need to be introduced in years to come, are critical for ensuring creation and sustenance of 'sustainable and accountable to citizens' cities and towns in India. Nonetheless, it needs to be welcomed that for the first time since independence, the central government, through a set of 23 reforms under JNNURM, has demonstrated its willingness to look beyond 'technocrats-economists' led view to seek solutions for urban problems.
- 5.04 It is apprehended that the urban reforms agenda under JNNURM regime will continue to be hampered by its structural defects, e.g., (a) central government being solely dependent on the state governments and, in turn, state governments' dependence on the ULBs for implementation of urban reforms, (b) powerful combinations of politicians, contractors, real estate agents/ builders and administrators having a vice-like grip on the functioning of almost all ULBs perceiving any concrete proposal to bring transparency, accountability and participation of citizens as a threat and (c) 'one shirt fits all' approach adopted by the central government, refusing to take cognizance of the fundamental distinctions between
-

large cities and SMTs in the country. The status of implementation of urban reforms cannot be elevated merely by improvements in the administrations of ULBs and/or putting in place monitoring mechanisms (both are essential but not sufficient measures), as long as above-mentioned structural issues continue to drag their implementation.

- 5.05 It will be naïve to believe that the above-mentioned structural issues will get resolved in foreseeable future. This is because there is a considerable overlap between the socio-political-economic' combinations which have formulated these reforms and those which are responsible for stalling them. Both these combinations are interdependent on each other for their existence. The only way-out is to facilitate creation of fresh and consolidation of existing 'socio-political' forces which can act as a 'counterweight' to the prevalent forces ruling urban sector. This process has already started as being seen in many civil society organizations / groups active on urban issues and even extempore agitations/ representations staged by citizens in many cities/ towns / basties on umpteen urban problems they face in their daily lives. It is true that the consolidated strength of all these organizations/ groups is proving to be too inadequate to counterweigh the ruling combinations.
- 5.06 That is the reason why there is an urgent need to constructively 'exploit' citizen friendly spaces created by the ongoing urban reforms, make them more meaningful and simultaneously push for more 'fundamental' reforms in the functioning of ULBs. Every urban citizen in this country has a right, conferred on him by the 74th Constitutional Amendment, to demand more democratization of the functioning of his local government. For this to happen, citizens will have to organize themselves in different platforms, existing and new and also wield newer analytical tools to sharpen their demands and also throw up alternatives to the top-down techno-bureaucratic solutions normally resorted to for many years. Status Report on Urban Reforms is only one such knowledge product, in the array of analytical tools, which need to be prepared in days to come.

On the Urban Reform Implementation Process

- 5.07 One of the central piece of the JNNURM conceptual framework is interlinking sanctions and disbursements of financial assistance from the central government with the progress of 23 reforms stipulated in it. This appears to have been working. The state governments and individual ULBs are made to sign a Memorandum of Agreement (MoA) with the central government committing specific timelines for completion of individual reform, state government and ULBs have to file regular progress reports to the designated monitoring agencies and there are instances of subsequent disbursements being withheld by the central government on account of non-compliance of some the conditions by the state government and/ or ULB. However, there is also down side to this 'success', particularly in case of small and medium towns proposed to be covered under UIDSSMT. It has been observed in many ULBs of small and medium towns that the local level political and administrative set up do not show any enthusiasm in initiating necessary steps for implementation of urban reforms when their town is not likely to get any financial assistance under UIDSSMT in near future. This is going to prove to a be serious flaw in the implementation of urban reforms agenda, simply because, as per the reports,
-

the funds allocated for UIDSSMT, during last 5 years, has reached only to about 15 % to 18 % of 5000 plus SMTs in the country. One wonders how many years it will take just to 'incentivize' ULBs for implementing urban reforms.

- 5.08 It is also observed that there are quite a few ambiguities in the provisions of the reform proposals. For example, the reform proposal directing ULBs to earmark part of their annual Budget for urban poor does not specify pro-poor activities eligible under this reform proposal and, further, the base to which this prescribed percentage to be computed. It is learnt that these ambiguities have created scope for different interpretations made by different ULBs, suiting to their administrative convenience as also amenable to the pressures from different lobbies. This is only one example. Many such instances can be cited wherein the identical Reform Proposal or a part thereof is being interpreted differently by different ULBs or state governments. It is felt that, such an important policy document, having nation-wide-jurisdiction, should have been less ambiguous in its articulation.
- 5.09 It is noticed that success of an individual reform proposal is dependent on success of implementation of some other reform proposal. For example, information to be made available under Public Disclosure Law is an essential input for communities to participate in the functioning of their ULB, facilitated by enactment of Community Participation Law. Similarly, there are few Project Proposals which will shape the contents of one or more reform proposals. For example, implementation of the reform proposal directing ULBs to recover operation and maintenance expenditure through imposition of user charges (for say water supply) shall precede implementation of project, not necessarily green-field, aimed at improving the service quality of water supply. The JNNURM regime treats individual reform proposal as a stand alone proposal and seeks compliance of each one of them separately. It is felt that there is a need to sequence implementation of reforms and delineate interfaces among reform proposals and between projects and reforms and make revisions in the 'rule book' of JNNURM.

Token compliance, killing the spirit behind urban reforms

- 5.10 In view of their interdependence, all the three tiers of the state, viz., central, state governments and ULBs shall be made collectively responsible for implementation of urban reforms. However, among all the three actors, it is the state government which occupies position of a 'fulcrum'. It has a decisive role to play by creating new or modifying existing legislative frameworks conducive for expediting urban reform process and has all the wherewithal to set up necessary institutional infrastructure, not only to oversee but even handhold the ULBs in their endeavor. However, in this respect, going by the status of urban reforms in the ULBs of Maharashtra, the state government has not done enough.
- 5.11 The central government has made it clear that unless the state government and ULB comply with few pre-conditions, no assistance will be sanctioned and released under JNNURM. However, the irony of the situation is that the central government is solely
-

relying on the compliance reports being filed by the state governments and the ULBs, which merely informs whether a particular reform is 'completed', 'under progress' or 'no action taken'. It is noticed that the formats of such compliance reports does not even seek any details on the desired outcomes of the reform proposals.

5.12 One of the fallout of lack of enthusiasm bordering on passive resistance from the state governments, facilitated by skeletal formats devised by the central monitoring agencies, is its indulgence in mere tokenism in implementation of few reforms killing their underlying spirit. This can be seen from the way in which three mandatory reforms are being implemented by the state government of Maharashtra as given below:

- The Maharashtra government has enacted Public Disclosure Law (PDL) but even after a lapse of three years no rules have been formulated, rendering the PDL ineffective. Further, it is also observed that the PDL does not prescribe frequency at which requisite information is to be disclosed by the ULBs and the designated officer accountable for no-compliance.
- The Community Participation Law (CPL), envisaged under JNNURM regime is aimed at providing an additional forum, called as Area Sabhas, for the citizens' participation, which are expected to have much smaller geographical jurisdiction than that of the municipal ward. The CPL enacted by the Maharashtra state has made a mockery of this intention by equating jurisdiction of Area Sabhas to that of a municipal ward and further installed the Municipal Ward Councilor as the chairman of Area Sabha.
- The implementation of the provisions 74 th Constitutional Amendment requires transfer of 18 functions laid down the Schedule 12 of the Constitution to the ULBs. Having transferred these functions to ULBs, the state government has not transferred any fresh and commensurate resources to ULBs. Further, it is also observed that the State Finance Commission, a newly created statutory forum in 90s, has also failed to redress the financial woes of the ULBs.

On Delayed sanction of assistance- deferment of reforms.

5.13 The JNNURM procedures direct individual ULB to sign a Memorandum of Agreement (MoA) with the its state and central government indicating timelines for completion of each of the 23 urban reforms. This is followed by submission of Detailed Project Report (DPR) by the ULB seeking project specific financial assistance from the central government, which is sanctioned and released after proper scrutiny of the DPR. A review of the data provided by DMA office, the monitoring agency for SMTs in the state of Maharashtra, reveals that in many instances the first installment of central assistance is released after a lapse of one or even two years from the date of signing the MoA. Further, the JNNURM procedures have also laid down that the state monitoring agency shall obtain the status of implementation of these reforms only when the ULB approaches it for the second installment. There are cases where ULBs, after signing of MoA and after submission of DPR have not yet received any assistance under the JNNURM schemes. Unsure of the sanction and receipt of assistance under JNNURM schemes, there are tendencies

among ULB administration to defer earnest implementation of the urban reforms till the assistance is actually disbursed. It is observed from the DMA data base that many ULBs have sought extension of timelines for completion of reforms committed by them in their respective MoA. Thus, it may be inferred that, the inherent inconsistencies in procedural aspects of JNNURM regime have diminished sanctity of these timelines.

On ULBs ability to undertake reforms

5.14 The decades old neglect of ULB sector by respective state governments manifests not only in their precarious financial positions but also in their poor administrative abilities; this is true more for the small and medium towns than metro cities. Among the 23 JNNURM reforms, there are quite a few which demand requisite set of administrative and technical capabilities. For example engaging a private sector partner under PPP model for 25 to 30 years of commercial relationship requires appropriate insights of legal aspects, drafting skills and farsightedness. Similarly, adoption of modern accounting practices, computerization and e-governance will require, preferably younger staff, which are expected to be relatively more computer savvy. There is a commonplace argument that many of these services can be outsourced from the private firms and ULBs need not have to acquire them. However, it needs to be noted that while approving / monitoring the relationship with private sector partner, over a period of couple of decades, the ULB will have to have necessary in-house expertise, which, in any circumstances cannot be outsourced. Similarly, many activities of ULB are and will continue to be interdependent and hence there will be a need to integrate them at some appropriate level. Many of the new arrangements demand a high level of integrity from those who will be manning them and take decisions on behalf of ULB. Such high level integrity cannot be ensured unless individuals involved are ULBs own staff with long term association. Keeping these facts in view, it is felt that if the ongoing reforms are expected to yield sustainable benefits to the citizens, there is no escaping from equipping ULB administration with requisite skills.

A Ray of Hope in SMTs

5.15 The municipal administrations of large cities like Mumbai and Pune, also being the destinations of private capital, somehow, pick up the necessary skills to imbibe the modern management practices as also adoption of latest technologies. Small and medium towns are deprived of any such driving force to bring in changes in their functioning. There are reports that in spite of non-conducive working atmosphere, young administrative staff in municipalities are taking initiatives to bring about changes in the way in which ULBs have been functioning. UIRF team, during its visit to Chiplun, a small town in Konkan region of Maharashtra, noted that the young CEO of the ULB has been instrumental in implementing modern accounting practices in its organization. Similarly, the database obtained from DMA office reveals that few small towns are adopting GIS techniques in improving their property tax collection efficiency. There is a need to identify such 'success-case-lets' and find out the factors to which such successes can be attributed to.

On ULBs continued dependence on the state government

5.16 It may be observed that, out of 23 reforms proposals stipulated under JNNURM regime, ULBs are expected to be involved in as many as 16 reform proposals (6 mandatory and 10 optional). Notwithstanding their administrative abilities, ULBs continue to depend on the respective state government for many administrative clearances as the earlier web of government circulars, issued prior to JNNURM was introduced, has not been weeded out. Further, as many reforms are common to all ULBs it is learnt that state government have set up few internal committees to lay down guidelines, presumably to ensure uniformity as also smoothen out administrative clearances. This is certainly a prudent approach. However, it has been observed that ULBs, awaiting outcomes of such committees, hold back implementation of certain reforms till the Committee Reports are out.

On lack of data / information:

5.17 It is true that poverty of ground level data in ULB sector is a cumulative result of neglect of last so many decades. However, one wonders whether lack of data and non-creation of system for gathering and updating such database in urban centers serves interest of powerful lobbies operating in these ULBs. Absence of authentic data allows perpetuation of non-transparent decision making, undertaking capital expenditure schemes without being answerable to the outcomes of earlier expenditures and provides readymade veil for not being accountable to any public spirited monitoring agency, be it statutory body like Comptroller & Auditor General (CAG) Office or a local civil society organization.

5.18 It has been observed that the formats prepared by the nodal agencies, responsible for monitoring progress of urban reforms, are themselves so sketchy that there will not be any scope for its meaningful analysis. Further, it may also be noted that relevant information gathered and submitted to Prime Minister's Office, one of the highest administrative office in the country, also does not reveal truth; for example the reports submitted to PMO on ongoing urban reforms mention the cursory information like 'completed', 'under progress' etc., and does not divulge any useful information on exact provision of different expenditure heads, actual expenditure and their outcomes. This is really a sad commentary of the quality of monitoring mechanisms for urban reforms

5.19 Lack of data and information will continue to be a major constraint in undertaking similar exercises of preparing status reports in other states too. There is no immediate resolution of this situation in foreseeable future. However, it is felt that civil society organizations or any other agency working for urban poor, shall uphold and to the extent facilitate any proposal, initiated by the government, local, state or central, to create a scientific data/ information base on urban poor like the one provided for in Rajiv Awas Yojana.

On Ineffective Monitoring Mechanism

5.20 In Maharashtra, an elaborate institutional mechanism is in place, which has been entrusted the job of monitoring the progress of urban reforms. Majority of the key agencies like

MMRDA, UD, SLNA are directly reporting to the Chief Minister, highest administrative office in the state. With these arrangements, any citizen would expect reasonable quality and timeliness of implementation of the urban reforms.

On Internal earmarking within ULB Budgets

5.21 Comments on the status of implementation of the reform proposal directing ULBs in Maharashtra to earmark funds from their annual Budgets towards provisioning basic services to urban poor in their jurisdiction are given below:

- Even prior to JNNURM regime, ever since 1988, ULBs in Maharashtra have been directed by the state government to earmark certain percentage of funds from their annual budget for welfare of backward classes in their jurisdiction. For example, a circular (in Marathi) STC/1088/CRO4/88 dated 21st January, 1988 issued by the DMA office directs the ULBs to earmark 5 per cent of its Budget for welfare of urban poor. It is learnt that few ULBs are still quoting such circulars claiming that the Annual Budget has been prepared based on these circulars. Certainly, when JNNURM regime lays down another set of guideline for the identical activity (i.e. preparation of ULB Budget), there is an urgent need to issue revised consolidated guidelines reconciling inconsistencies, if any.
- It is also felt that asking ULBs to provide for higher proportion of their annual Budget for the urban poor shall be more realistic. Any unrealistic target will lead to a tendency to manipulate the data and will defeat the purpose behind the reform. It is felt that, to begin with, all ULBs shall be asked to provide in their annual Budget for urban poor in proportionate to their population in that city/ town.
- Actual field visits to the slums located in different cities/ towns in the state reveal that there is no perceptible impact of this Reform Proposal even in those ULBs which claim to have earmarked substantial percentage of their annual budgets. Internal earmarking of funds for urban poor reform needs to be supplemented by social auditing and outcome budgeting if the reform has to lead to substantial outcomes for urban poor.
- In the context of discussions on this Reform Proposal, it also needs to be noted that the fundamental issue for the small and medium towns is their Budget size itself. Hundreds of SMTs in Maharashtra, as also in other states, do not generate adequate resources even to meet their monthly administrative expenditures. In a meager 'hand-to-mouth' annual budgets, it will not be surprising to push aside the proposal for earmarking of funds for urban poor or manipulate the compliance.

On Provision of Basic Services to Urban Poor

5.22 This Reform Proposal directs ULBs to ensure provision of basic services to urban poor. Comments, based on the status of implementation of this reform in Maharashtra are as under:

- In Maharashtra, City Development Plans (CDPs) prepared by almost all the cities, admit that levels of urban services being provided to the poor sections are not comparable
-

to those enjoyed by rest of the city. However, these admissions are not backed by any empirical data. Assessment of implementation of this Reform Proposal is extremely difficult in the absence of refined data base; for example, quite often, the availability of a public stand post in a slum is considered as 100 % coverage of water supply for that slum.

- The central government has asked states and ULBs to conduct detailed socio-economic surveys of urban poor in each of the cities / towns. It is learnt that few cities have indeed initiated such surveys and few have completed such exercise, but the data is not available in the public domain.
- The UIG component of JNNURM as also UIDSSMT scheme, both are aimed at creation of fresh urban infrastructure facilities in the beneficiary towns. The urban basic services to be provided to urban poor under this Reform Proposal like drinking water, sewage, sanitation and solid waste management are the same set services being provided or yet to provided to non-poor sections within the same city. The principle of efficient use of financial resources as also technical considerations dictate that, the urban infrastructure for providing basic services to urban poor will have to be dovetailed with the infrastructure already existing or to be freshly created for the entire city. There is a need to have in place a formal mechanism to ensure inter-linkages between urban infrastructure projects under UIG and UIDSSMT on one hand and IHSDP and BSUP projects on the other.
- It is also learnt that BSUP and IHSDP projects are being undertaken under cluster approach and all tenements built under these schemes will have to be provided with basic services. It is felt that there is an urgent need to bring about clarity on all these aspects.

Earmarking of Land for EWS and LIG housing

5.23 From the point of view of urban poor, particularly in mega cities like Mumbai and Pune, this Reform Proposal is most sensitive and difficult to administer even for well meaning ULB officials. Hence, probably, this proposal is also one of the least complied with. Comments on its status of implementation are as under:

- The economics revolving around 'land' in cities in general and mega cities in particular is gripped by so powerful lobbies that only state and central government, not even political leadership of ULB, can counterweigh it. Unfortunately, even one discounts the absence of political will, with the repeal of ULCRA and subsequent court rulings; the state governments have been left with no tool with which it can acquire necessary land for urban poor below market prices. Left to private sector alone, this Reform Proposal is unlikely to yield tangible benefits to large sections of urban poor.
- Another major lacuna in this Reform Proposal is its total silence on the location of land which has to be earmarked for urban poor. Once again land-economics will force the housing for the urban poor to not only less developed locations within that city but

to the distant peripheries. Locating houses on peripheries has its own costs in terms of traveling time to the place of employment and loss of livelihood.

- Grant of Floor to Space Index (FSI) and Transferable Development Rights (TDR) to any new or / redevelopment construction project are the most potent tools in the hands of the state government. There is a need for formulation of a comprehensive scheme, integrating all these policy measures, which will lay down detailed guidelines and ensure reasonable implementation of this Reform Proposal.
- As mentioned earlier, the central government is in the process of introducing Rajiv Awas Yojana (RAY), a scheme aimed at providing housing for urban poor. RAY was being talked about for last many months. Whenever such policy measure is on the anvil, the government and ULB administration tend to withhold implementation of other decisions which are likely to be impacted by the new piece of legislation/ schemes. It is likely that, for last couple of years, the concerned administrators would have adopted similar approach in the case of this Reform Proposal too. Frequent changes in major policy initiatives aimed at benefiting poor by the state and central government provides an alibi to the already unenthusiastic bureaucrats for deferring or even not implementing similar policy initiatives.



List of reforms under JNNURM

All the mandatory and optional reforms shall be implemented by the state/ULB/Para-statals within the scheme period.

I. Mandatory Reform

At Urban Local Body / Parastatal

- Adoption of modern, accrual-based double entry system of accounting in Urban Local Bodies / Parastatals
- Introduction of system of e-governance using IT applications like, GIS and MIS for various services provided by ULBs / Parastatals.
- Reform of property tax with GIS, so that it becomes major source of revenue for Urban Local Bodies (ULBs)
- Levy of reasonable user charges by ULBs/Parastatals with the objective that full cost of operation and maintenance or recurring cost is collected within next seven years.
- Internal earmarking within local body budgets for basic services to the urban poor.
- Provision of basic services to urban poor including security of tenure at affordable prices, improved housing, water supply, sanitation and ensuing delivery of other already existing universal services of the Government for education, health and social security.

At State Level

- Implementation of decentralization measures as envisaged in 74th Constitution Amendment Act.
 - Repeal of Urban Land Ceiling and Regulation Act.
 - Reform of Rent Control Laws balancing the interests of landlords and tenants.
 - Rationalization of Stamp Duty
 - Enactment of Public Disclosure Law
 - Enactment of Community Participation Law to institutionalize citizen participation and introducing the concept of Area Sabha in urban areas.
 - Assigning or associating elected ULBs with “city planning function
-

Optional Reform (State and ULB/Parastatal Level)

- Revision of bye-laws to streamline the approval process for construction of buildings, and development of sites.
- Simplification of legal and procedural frameworks for conversion of agricultural land for non-agricultural purposes.
- Introduction of Property Title Certification System in ULBs.
- Earmarking at least 20-25% of developed land in all housing projects (both Public and Private Agencies) for EWS/LIG category with a system of cross subsidization.
- Introduction of computerized process of registration of land and property.
- Revision of bye-laws to make rain water harvesting mandatory in all buildings and adoption of water conservation measures.
- Bye-laws for reuse of recycled water.
- Administrative reforms, i. e., reduction in establishment by bringing out voluntary retirement schemes, non-filling up of posts falling vacant due to retirement etc., and achieving specified milestones in this regard.
- Structural reforms
- Encouraging Public Private Partnership

□□□

Urban Poverty in India

Poverty reflects the inability of an individual to satisfy certain basic minimum needs. This inability is expressed in terms of a level of income or expenditure that is considered necessary to satisfy those minimum needs⁴.

In India, urban poverty is defined in terms of minimum calorie intake of 2100 calories per capita per day. Accordingly, the poverty line estimated by Planning Commission for urban areas in 2004-2005 was Rs. 538.60 per capita per month in terms of consumption expenditure. However, one realises how low the poverty lines are set, if we see that an amount of Rs. 538.60 per month means only Rs.17.95 per day!

According to estimates from NSSO survey 61st round (2004), the percentage of Below Poverty Line (BPL) population in urban areas is 25.7 per cent of the total urban population. The NSSO surveys have shown a steady increase in number of urban poor from 60 million in 1973-74 to 80.7 million in 2004-05. It is a revealing fact that a quarter of the urban population in India cannot even reach this abysmally low level of consumption expenditure. It also means that a large section of urban poor who can be categorised as “borderline” poor are not declared “officially poor”, leading to their exclusion from most urban poverty schemes.

Urban Poverty is a multi-dimensional concept. Livelihoods, access to housing and basic services, health and education are all different dimensions of poverty. Poverty increases vulnerability to different risks. It also means limited access to opportunities for education, employment opportunities and income. Consequently, urban poor do not have access to adequate housing and poor access to basic services. Urban poverty is not just inadequacy of incomes to be able to buy a fixed amount of calories, but it is equally represented by inadequate access to improved housing, water supply, sanitation, and above all, it is also a sign of the constraints to the delivery of education, health, and social security services to the urban poor.

Urban poverty is both a cause and a consequence of urban problems. It leads to an increase in number of slums, faster growth of the informal sector and increased pressure on urban infrastructure and services.

Despite consistently high GDP growth rates for India over the last few years, it has been found that gap between urban rich and poor has been widening considerably. The consistently poor performance of the agricultural sector is leading to migration of more people from rural areas to cities and towns.

4 O.P Mathur (2009): ‘National urban poverty reduction strategy: 2010-2020 A.D.’, National Institute of Public Finance and Policy

This factor together with extension of urban areas will lead to an increase in urban population over the coming years. Urban poverty is set to become a major challenge for policymakers in our country as the urban population in the country grows that needs immediate attention.

The next section will outline different causes and manifestation of urban poverty in Indian cities.

1.2 Causes of Urban Poverty

The pace of urbanisation in India is relatively slow, largely due to the continuation of a large part of the workforce in agricultural sector despite its low or even negative growth and declining share to GDP. The different causes of urban poverty as outlined below:

1. There are both push and pull factors for migration of people from villages to cities and towns. The push factors are unemployment, rural poverty, social oppression and unavailability of socio-economic facilities and services. The pull factors of cities include better economic opportunities, jobs and higher incomes and better facilities for education and health. The concentration of public investment in urban areas is a factor to be noted. These factors lead to an influx of people into cities and towns creating pressure on existing housing stock and capacity of urban infrastructure.
2. Casualisation and Informalisation of labour in urban areas due to the increased supply of labour has played a huge role in increasing the number of urban poor by increasing irregular and insecure jobs, keeping wage rates down and lack of any provision of any form of social security for informal sector casual workers. Just 20 per cent of the people living in slum settlements have “regular wage employment”, others being either self-employed or casually employed⁵.
3. A continued shortfall in building adequate and affordable urban housing stock has meant that cost of housing often forms a significant part of expenditure of urban poor. This means reduced expenditure on other necessities like food, education and health services. It has also meant an increase in number of densely populated slums and informal settlements.

“Slum and squatter settlements are the physical manifestation of poverty in cities and towns, and reflect dimension of social exclusion. On these measures, cities and towns in India present a disconcerting picture. In 2001, 42.58 million persons in 640 cities and towns lived in slums and squatter settlements, representing 15 percent of the country’s total urban population and 23.1 percent of the population of 640 cities and towns that reported slums.”⁶

5 O.P Mathur (2009): ‘National urban poverty reduction strategy: 2010-2020 A.D.’, National Institute of Public Finance and Policy.

6 Same as above

4. The rise in slums and informal settlements have in turn led to low levels of access of urban poor to basic services like water supply and sanitation, solid waste management sewerage and also social services like education and health facilities. According to the Eleventh Plan document, these settlements lack water and sanitation, have high incidence of vector borne diseases, and are vulnerable as they have no back-up savings, food stocks, or social support systems.

NSSO surveys (2002) estimates that 49 per cent of urban population does not have tap water in their premises and have to depend on public stand posts or source water from other sources like water tankers. Similarly, almost 48 per cent of urban population does not have sanitation (toilets) in their premises. They have to depend on community toilets that are inadequate and poorly maintained.

5. The lack of security of tenure and conditionalities like cut-off dates has meant exclusion of large sections of urban poor from many housing and poverty alleviation schemes. “The slum dwelling existence is characterised by largely no rights to the land or dwelling in which they reside since slums are unapproved. Further, there is no accepted address. The threat of eviction without any compensation is real. Insecurity of tenure poses restrictions, the shelter remains insecure even after decades of residing in it, it cannot be used as collateral to obtain credit and lack of address proof limits participation in government schemes as well as in the economic mainstream”.⁷
6. Urban casual informal workers have been left behind in urban growth process as they don't have adequate education and skills. The self-employed workers face specific problems of access to credit, markets and space and also incur various ‘hidden costs’ in form of bribes that have to be paid to officials.
7. The continuous flow of migrants to urban cities means increasing competition especially among unskilled labourers for jobs, shelter and other basic services.

The different causes of urban poverty mentioned above have acted together to create a situation of insecurity and deprivation for urban poor. The urban poor continue to live in poor living conditions with poor quality housing and abysmal state of basic services. According to NSSO, 40-50 percent of urban population lack safe drinking water and basic sanitation and nearly 35 percent of urban households live in extremely crowded conditions and many more live in squatter and slum settlements. Many small and medium towns do not notify slums, but living conditions for urban poor there are also similar if not worse. The main issues in small and medium towns are poor quality housing stock and absence of basic amenities like sewerage, drainage and solid waste management.

7 Manisha G. Singh (2009): ‘Developing strategies - National Urban Poverty reduction Strategy’ in O.P.Mathur (2009)

1.3 The approach of Government of India to urban poverty

In 1950s and 1960s, Government of India (GoI) policies considered expansion of housing stock as a viable response to the problem of “slums”. Slums, as the First Five Year Plan (1951-56) noted, were “a disgrace to the country”. In 1970s, perceptions developed that given the constraint on financial resources, public housing could not be expected to solve the problem of slums, and therefore, it was necessary to focus on amelioration of the living conditions of slum dwellers and creation of safety nets in the form of procurement and distribution of public goods and employment for selected backward groups. The 1980s GoI explicitly recognized the problems of the urban poor which were seen to be linked with creation of employment opportunities, shelter upgrading, and access to basic services involving community level organisations. These policy frameworks have been backed by specific interventions in form of programmes and schemes. (Refer Table 1)

The post-1991 era is marked by one of the most dramatic shifts in India in the approach and thinking about cities and urbanization and the institutional and financial frameworks that should be in place for addressing issues of widespread urban poverty and other related urban issues such as the provision of shelter, services, infrastructure, governance, accountability and participation.

The shift in approach and thinking stems, at least in part, from firstly, the need to realign the urban sector policies and programmes to the emerging macroeconomic context of globalization and liberalization in the post-1991 period, and secondly, the growing importance of the role of cities and urban centers in the domestic economy reflected in their contribution to the country’s gross domestic product and urban productivity.

Both these factors have led to a series of important initiatives and interventions like 74th Constitution Amendment Act for urban local self governance institutions, increasing emergence of private actors for developing urban infrastructure and now JNNURM, an incentive based funding programme for developing urban infrastructure and implementing a detailed governance ‘reforms agenda’.

Though most states have incorporated the Schedule 12 functions into the municipal statutes, they have not specified the role of the ULBs vis-à-vis those of the state and state-level agencies in functions such as planning for economic and social development, poverty alleviation, and slum improvement and upgrading. Also, states have been reluctant in devolving funds and functionaries to urban local bodies making them weak in terms of financial resources and administrative capacity to implement schemes for urban poor.

The table below provides a brief summary of different schemes for urban poor in the areas of housing and basic services formulated by Government of India.

Table 1: Summary of GoI Schemes (Housing and Basic Services) for Urban Poor

Name of the Scheme	Year	Major Objectives	Summary on the Performance of the scheme
Environment Improvement of Urban Slums (EIUS)	1972	To provide basic services to urban poor like drinking water, sewerage, storm water drains, community baths, latrines, street lighting.	The scheme was transferred to state governments for implementation in 1974. The scheme has been subsumed under various schemes from time to time. The Scheme did not generate the active interest of the slum community since it did not involve them in the process of identifying specific works programs to be undertaken. As a result, the community did not have an ownership approach to the infrastructure created through the Scheme and expected the municipal authorities to maintain them.
Urban Basic Services (UBS) Scheme	1986	To provide of basic social services and physical amenities in urban slums.	The scheme applied to all urban slums. In 1991, the scheme became UBSP bringing functional integration between social schemes of UBS and physical amenities under EIUS. It had emphasised community based management. It was subsumed under SJSRY.
Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP)	1995	To address urban poverty problems of small towns.	The scheme aimed to provide basic physical amenities such as water supply, sanitation, solid waste management community toilets for a whole town basis. The scheme was subsumed into SJSRY after two years despite the fact that states were only at a preparatory stages of data collection.
National Slum Development Programme (NSDP)	1997	To upgrade of urban slums by providing physical amenities like water supply, storm water drains, community baths, widening and paving of existing lanes, sewers, community latrines and street lights etc.	The scheme include up gradations in infrastructural facilities, community centers, education, housing, thrift and credit societies, water and sanitation, primary education, adult literacy, SWM, garbage disposal. However, its performance had not been satisfactory due to delays in release of funds at state level for implementing agencies. The limitations of the scheme were that there was very little emphasis on housing component. It had a meager budget and the funds did not reach local bodies and targeted poor as expected. NSDP was subsumed under JNNURM and was continued from the financial year 2005-06.

Two Million Housing Programme (2MHP)	1998	To build 4 lakh dwelling units in urban areas.	The scheme was loan based aimed at Economically Weaker Section (EWS) and Low Income Groups (LIG). 4 lakh dwelling units (DUs) in urban areas for EWS/LIG were to be financed by HUDCO. HUDCO could not achieve its targets in the later years of the scheme as State Housing agencies could not get guarantees on loans and there was shortfall in recoveries from beneficiaries.
Valmiki Ambedkar Awas Yojana (VAMBAY)	2001	To facilitate construction and upgradation of dwelling units for BPL population in urban slums who do not possess adequate shelter as well as community toilets.	VAMBAY was first scheme meant exclusively for slum dwellers with a GOI subsidy of 50 per cent, the balance 50 per cent was to be arranged by state government for dwelling units. The scheme was to be implemented in partnership with State governments who were to set up implementation machinery, arrange for land where required and arrange for credit component of the housing. The funds under the scheme were provided to states in the proportion to their slum population. The scheme has been subsumed under JNNURM.
Integrated Low Cost Sanitation Scheme (ILCS)	1989	To convert dry latrines into low cost twin pit sanitary latrines and build individual toilets for households without them. The scheme would also lead to liberation of manual scavengers.	Though the scheme was launched in 1981, the scheme was accelerated in 1990 for achieving coverage target of 500 towns. The impact of the programme was found to be unimpressive. Delays in sanction of loan and subsidy, slow release of subsidy, inappropriate technology and lack of awareness has led to this situation. The scheme was revised from a demand-driven scheme to a subsidy scheme with targets from February 2008

(Sources: Five Year Plan Documents, NIUA working papers and Mathur 2009⁸)

According to several evaluation studies and Five Year Plans, most of these schemes for urban poor have remained uncoordinated and disjointed, and have failed in ensuring desired impact due to the deficiencies in the design and implementation of the urban poverty alleviation interventions.

8 a) 10th and 11th Five Year Plan documents,
b) Sen and Kumar (2006) Urban Poverty Alleviation Initiatives & The JNNURM: A Critical Assessment, NIUA Working Paper
c) Mathur (2009)

The schemes are often fragmented and have overlapping objectives. The issue of ineffective targeting has dogged all schemes implemented for urban poor. There have been frequent changes in make up of programmes and institutional frameworks for implementing them. Perhaps, the most crucial issue responsible for poor implementation of these schemes has been that urban poor and slum dwellers have not been involved in the process of formulation and implementation of these schemes. There has been a peripheral use of community and community based programmes for designing and developing strategies for implementing programmes and schemes.

The observations of the Tenth Five Year Plan (2002-2007) in this regard are instructive. It notes: “the implementation of programmes for the urban poor is beset with enormous problems. The understanding of the programmes, their objectives and modalities relating to implementation has been weak and superficial, leading to inaction in many areas that are of vital concern for the urban poor”. The plan draws attention to the failure to provide specific provisions in municipal laws for dealing with issues relating to the urban poor, slums, and economic planning for poverty alleviation etc. which flow from the 74th Constitutional amendment.

1.4 JNNURM: Sub-mission on Basic Services to Urban Poor (BSUP) and Integrated Housing and Slum Development Programme (IHSDP)

The launch of JNNURM in 2005 is a major landmark in urban sector in post-independent India. The scheme has made funding conditional on implementation of 23 reforms as stated in the scheme by states and urban local bodies. The scheme is divided into two sub-missions consisting of infrastructure and governance (UIG) and basic services for urban poor (BSUP) under MoUD and MoHUPA respectively.

For 65 cities included in JNNURM, the sub-mission for basic services to urban poor (BSUP) that focuses on integrated slum development through projects that provide housing and basic services like water supply, sanitation, solid waste management etc. is being implemented as a part of the mission.

As on 31st Dec 2009, 467 projects have been sanctioned under BSUP. West Bengal leads in terms of number of projects sanctioned with 91 projects but Maharashtra leads in getting central assistance with Rs. 1018 crores.

For small and medium towns which are not part of JNNURM, a scheme called Integrated Housing and Slum Development Programme (IHSDP) is being implemented for providing housing and basic services to urban poor. The scheme has been formed by merging VAMBAY and NSDP schemes. The target group of the scheme is slum dwellers from all sections of urban poor who are to be provided shelter and basic services through a cluster approach.

The aim of the project is to reach poorest of the poor who cannot build their own houses and provide basic services to houses under VAMBAY and NSDP which do not have access to them.

As on 30th Dec 2009, 860 projects with an additional central assistance of Rs. 5940 crores have been sanctioned. Uttar Pradesh leads with 135 projects sanctioned with 32105 dwelling units

to be built. However, Maharashtra leads in central assistance released with Rs.584.29 crores released for 104 projects to build 90603 dwelling units.

As a part of revised guidelines for BSUP and IHSDP schemes issued in Feb.2009, special emphasis was laid on implementation of 3 key 'pro-poor' reforms namely⁹ -

- 1) Internal earmarking within urban local body budgets for basic services to urban poor
- 2) Provision of basic services to urban poor including security of tenure, improved housing, water supply, sanitation and ensuring delivery of other already existing universal services of government for education, health and social security.
- 3) Earmarking at least 20-25 per cent of developed land in all housing projects (both Public and Private Agencies) for EWS/LIG category with a system of cross-subsidisation so that land is available for affordable housing for the urban poor.

Despite allocation of nearly 30 per cent of funds under JNNURM to BSUP and IHSDP (nearly 20000 crores), its impact is yet to be seen in creating inclusive cities and providing access to housing and basic services to urban poor.

Concluding Remarks:

We can see that the Government of India has realised that 'mainstreaming' urban poor is necessary if growth of cities and towns are going to be sustainable. The increasing urbanisation also indicates the shift of power to urban areas. There are more Parliamentary and Assembly constituencies in urban areas today. The constituencies in urban areas are going to increase in coming decades. Thus, there are increasing political compulsions to ensure provision of housing and basic amenities to urban poor and slum dwellers who are regular voters. The sustainability of cities, its infrastructure and governance mechanisms are all crucial issues which cannot be dealt by ignoring the needs of a vast majority of urban citizens. The GoI believes that its policy interventions in urban areas should lead to creation of 'inclusive cities'. In the coming years, we can expect further initiatives from GoI to deal with issues of urban poor though there is always a possibility that it may be limited to modification of existing schemes.

Maharashtra is the second most urbanised state in India. According to 2001 Census, 42.4 per cent (41 million) of Maharashtra's population lives in urban areas. In absolute terms, Maharashtra has largest urban population in the country. While Maharashtra's population has been growing at 2.0 per cent, its urban population has been growing faster at 2.9 per cent.



9 Revised Guidelines, Sub-Mission on Basic Services to Urban Poor, JNNURM , Feb 2009

Revised Guidelines, Integrated Housing and Slum Development Programme (IHSDP), JNNURM, Feb 2009

Urban Poverty in Maharashtra

Background

Maharashtra is the second most urbanised state in India. According to 2001 Census, 42.4 per cent (41 million) of Maharashtra's population lives in urban areas. In absolute terms, Maharashtra has largest urban population in the country. While Maharashtra's population has been growing at 2.0 per cent, its urban population has been growing faster at 2.9 per cent.

Maharashtra has historically been an in-migration state with higher economic growth rates and more industrial activities which generate more employment opportunities. Currently, over 80 per cent of Maharashtra's urban population lives in Class I cities (with population of more than 100,000). Cities in Maharashtra like Mumbai, Pune and Nagpur continues to draw migrants from rural areas as well as other states. According to the Census 2001 figures, there has been a decline in population growth in smaller cities and towns especially those in class V and class VI¹⁰.

Rapid growth of cities and absence of corresponding growth in employment opportunities is regarded as the root cause of growing urban poverty and unemployment in India. More people are drawn into occupations in informal sector due to excess labour supply and shrinking formal employment in urban areas. This sector offers insecure and low wage employment and is beyond purview of labour legislations. The post 1991 economic policies of liberalization and privatization in the context of globalization have further accentuated informalisation of labour.

As per BPL census 2002, 14.16 lakh people are categorised as below poverty line in Maharashtra. This figure amounts to 13.9 per cent of total urban population. Out of the 254 statutory cities/towns in the State, 61 cities/towns reported slums therein at the time of actual enumeration. The total population in 61 cities/towns was 3.36 crore and total slum population therein was 1.12 crore (33.3 per cent). In other words, one person out of every three persons in these cities/towns was residing in slum.¹¹

Though, the Maharashtra Economic Survey 2009-10 states that *"Results of National Sample Survey 65th round (July 2008 – June 2009) on the 'Housing Conditions', reveal that the housing conditions in the rural and the urban areas have improved considerably. Approximately 88 percent (80 percent in rural and 97 percent in urban) households have pucca/ semi pucca house in the state. Number of households having all the basic facilities of an approach road, drainage, garbage disposal and latrines is 54 percent (31 percent in rural and 78 percent in urban). The survey findings also show that 5 percent rural households and 28 percent urban*

10 Maharashtra Development Report (2007), Planning Commission

11 Economic Survey 2009-10, Government of Maharashtra

households stay in rented houses. However, there is still large number of urban poor who stay in abysmal conditions with regard to shelter and basic services. These issues are explained in the next section.

2.2 Consequences of Urban Poverty in Maharashtra

Growth of Slums: According to census 2001, 10.6 million people lived in slums in 62 cities that reported slums. Nearly 93.4 per cent of slum dwellers lived in 30 major cities of Maharashtra. As expected, Mumbai leads with 5.8 million slum dwellers. It is interesting to note that most towns in Vidharbha have a large section of population living in slums. For example, Kamptee in Nagpur district has 93.5 of its population staying in slums. Other towns with more than 50 per cent of their population staying in slums are, Achalpur (Amaravati)-62 per cent, Ballarpur (Chandrapur)-54 per cent, Bhandara (Bhandara)-54 per cent, Beed (Beed)- 53 per cent and Malegaon (Nashik)-52 per cent.

The main reason for growth of slums in big cities like Mumbai, Nagpur and Thane is that while these cities continue to attract migrants, the supply of affordable formal housing has not grown at the same pace. In small and medium towns like Kamptee, Achalpur and so on, the poor quality of housing stock is the major reason for more people staying in slums. The Census 2001 only enumerated slums Class I and Class II towns. There are many small towns in Maharashtra that have not notified slum areas for many years.

Amenities in slums: The conditions in small and medium cities can be understood from the fact that only 10.8 per cent households in urban areas excluding Mumbai have underground drainage facility.

Very few cities are able to provide water supply according to the norms. 42 per cent of households in Urban Maharashtra did not have latrines. It has been observed that in small and medium towns, provision for basic services are often absent for the entire town. For example, most towns do not have underground drainage or sewerage system. Though most towns have house-to-house collection, facilities for safe disposal of solid waste management are still absent.

We can see two distinct trends emerging. While in major cities like Mumbai, Pune and Nagpur slums are increasing due to increasing population and failure to meet the demand for affordable housing stock, in smaller cities and towns like Kamptee and Achalpur, poor quality of housing stock has meant that people are staying in slum like conditions in these towns. The lack of connections to the existing city system for basic services is the reasons for poor access of basic services in major cities whereas in small towns, often there is no proper city system for basic services which adversely affects access to basic services by urban poor in these cities.

Approach of Government of Maharashtra (GoM) to urban poverty

Slums are an important manifestation of urban poverty. The 2001 Census showed that 1.12 crore people which is about 33.3 per cent of total urban population in Maharashtra resided in slums. It has been estimated that nearly half of the slum population belong to Greater Mumbai

area alone. Slums have been enumerated on three occasions recently in Maharashtra including 2001 census. The next occasion was when GoM decided to issue photo passes to all slum dwellers in Mumbai and thirdly for BPL survey under SJSRY.

There has been a shift in GoM's policy on slums. In the 1960s, slums were treated as encroachments and were removed. However, this approach was ineffective and slums continued to grow. In 1970s, the focus shifted to undertake slum improvement works and providing basic amenities like water supply and street lighting. The Maharashtra Slum Areas (Improvement, Clearance and Redevelopment) Act was passed in 1971. In 1980s, the approach further changed to providing pucca houses to slum dwellers. In 1995, Slum Rehabilitation Authority (SRA) was created through an act to provide market based slum rehabilitation programmes. However, only slum dwellers whose names were on voter's list on 01.01.1995 were eligible for SRA schemes. The reasons stated by government for declaring 1995 as a cut-off date is that Mumbai cannot sustain a massive influx of people and mushrooming of slums had to be prevented. As issues related to urban poverty and slums in major cities has been continuously highlighted, GoM policies are more focused on slums in major cities. Not enough attention has been paid to small and medium towns regarding housing and basic services there. Though slums and housing issues are not in a dismal situation as in major cities, the absence of civic services especially in peripheral areas where urban poor are concentrated continues to be a major issue.

2.3 Performance of Schemes for Housing and Basic services for urban poor in Maharashtra

This section provides a summary of the performance of schemes related to housing and basic services in Maharashtra. The section will look at both centrally sponsored schemes and schemes initiated by Government of Maharashtra. The section will provide an overview of the impact of these schemes on housing conditions and delivery of basic services for urban poor.

Table 2: Summary of performance of schemes (housing and basic services) for urban poor in Maharashtra

Name of the Scheme	Summary of the Performance
NSDP	Since the inception of scheme in 1996-97 and upto 2005-06, an amount of Rs.338 crores has been released to the State of Maharashtra. The scheme covered 4732574 beneficiaries in 3140 slum pockets spread over 53 towns of the state.
VAMBAY	Since the inception of the scheme in 2001-02 and upto 30.11.2005 an amount of Rs. 217.22 crores has been released to the State of Maharashtra for construction of 74302 dwelling units and 25931 toilet seats.
ILCS	58 schemes in 181 towns, subsidy amount of Rs.11 crores has been released as GOI subsidy. 101676 units completed, 2795 scavengers liberated and 140 towns declared scavenger free

BSUP	This scheme is being implemented in five cities of the State namely Mumbai, Pune, Nagpur, Nashik and Nanded. The Government of India has sanctioned 60 projects in these cities for 1, 82,841 houses amounting to Rs. 6,682.11 crore. Of the sanctioned 1, 82,841 houses, the work of 13,692 houses have been completed and the work of 74,967 houses is in progress.
IHSDP	The Government of India has sanctioned 103 projects in various cities for constructing 91,065 houses. The total cost of the project is Rs. 1,825.92 core of which the share of the Government of India is Rs. 1,160.41 core, the share of the State Government is Rs. 431.70 core and the balance from the beneficiaries and the urban local bodies. Of the sanctioned 91,065 houses, work of 4,332 houses was completed and that of 10,641 houses is in progress.

(Source: Reports from Planning Commission)

MHADA was created by GoM especially for urban housing. It was to be able to acquire land in different parts of the state and use funds from HUDCO, LIC and other sources to build houses. Dalit Vasti Sudhar Yojana was started by government in mid 1990s on 100 per cent grant basis to improve civic amenities in urban localities that housed scheduled castes. Apart from these schemes, Government of Maharashtra has been mainly dependent on centrally sponsored schemes for providing housing and basic services to urban poor in small and medium towns.

The major issues that one can conclude from this section is that approach for major cities like Mumbai, Pune and Nagpur needs to be different from the approach for towns like Kamptee, Bhandara and Achalpur with regard to housing and basic services for urban poor. While in major cities, lack of availability of land and prohibitive cost of acquiring land makes affordable housing nearly impossible, the issue of availability of land is still not a major issue for cities in class II (less than 100000) and below. The issue in smaller cities and towns is of strengthening existing housing stock through renovation and refurbishment. It is still possible to provide land within cities to those who do not have their own house in these cities.

In case of basic services, the issue on major cities is ensuring that slum localities are connected to the existing city system for basic services like water supply, sewerage and solid waste management. In small and medium towns, the issue is that even the city level systems for most basic services are weak or even absent. Hence, there is a need to develop an integrated urban services delivery plan for these cities which will also ensure that slums and localities resided by urban poor are connected to these systems.

It is in this context that the BSUP and IHSDP schemes are being implemented in cities and towns of Maharashtra. The reforms related to urban poor seems to have been given special

emphasis under these schemes because of the lack of any major improvement in the situation of urban poor with regard to housing conditions and access to basic services. As on 15th Jan, 76 projects have been sanctioned for Maharashtra under BSUP and 104 projects under IHSDP. The impact of these projects on providing housing and basic services to urban poor will need a separate study.



