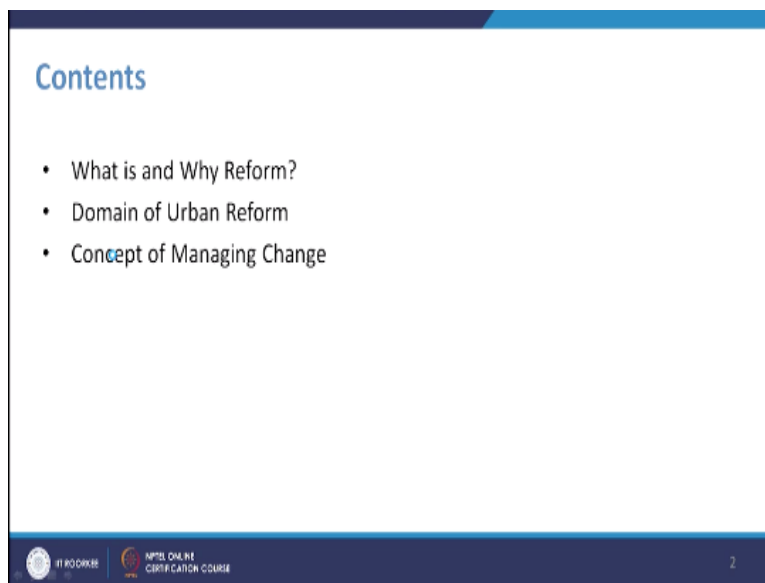


Urban Governance and Development Management (UGHM)
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Lecture - 16
Urban Reforms and Managing Change-I

Welcome to lecture 16. In this lecture we will discuss the significant and variety of urban reforms and its ULB role for adjusting those reforms. In the last lecture, we discussed about the various kinds of municipal system and process improvement, in the last week we discussed various aspects organization development. Now in this week we will discuss the how to improve the organization effectiveness by using various method. So today we will discuss the Urban Reforms.

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Under this, we will discuss what is and why reform. Domain of Urban Reform, Domain classification type and Concept of Managing change to tackle the Urban Reform.

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Agenda of Reforms

- To achieve the objectives the State Governments and ULBs will be required to accept implementation of an agenda of reforms:

1. Mandatory Reforms ✓
2. Optional Reforms ✓

Both Reforms will be in two level

1. Urban local body level]
2. State level]

So let me tell you some background that when we discussed in few lectures that in urban governance from 1992 from the 74th constitution amendment act it is a huge responsibility to the municipality to perform various kinds of activity including planning, development, service delivery etc and after that in; after that in 2004 onwards there are reformed in Urban Development Programs. For example, JNNURM and after that AMURT all the programs are reformed.

The objective behind this reform to link the reform with Urban Development Scheme was that if you provide much amount of finance to Urban Local Bodies without the accountability without the mandate of improving their effectiveness so that they can deliver the service in a better way. It has been seen in last couple of decades after the independent that they I mean the average level of services is very poor. And as a result there are lot of programs or schemes which failed even and in spite of spending much money.

So as keeping this in mind and considering this Government of India in 2004 they brought a flexi program called Jawaharlal Nehru National Urban Renewal Mission. And this program was unique in form because it is a compressive program, because of this program or earlier smaller and theme based programs were stopped and it was marched with this program. And in this program it was essential to have some reform.

That means if a municipality do some reform then only they will get some funding for the development. So that was the message. Now what is reform? Reform is basically the organizational change and the actions required for organizational change. And unless the organization change they cannot perform better to have the reform. So under this reform there are two types of reforms which were categorized.

One is that mandatory reforms which has to be done compulsorily and without that not a single amount of money will be disbursed and second was the option reform which some of the optional reforms has to be done but it is up to the government that how many reforms they can take based on their context based on their convenience. And secondly, there are two levels of the reforms. Some reforms were required to be done by the state level; some reforms were done required to be done at the Urban Local Bodies level.

So as Urban professionals as a City Manager you must know that what kind of reforms and what is their implications. So let us see one by one. So it is discussed that two types of reforms were there Mandatory Reforms and Optional Reforms. And both the reforms are there, ULB level and State level. So let us see what are the reforms.

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Mandatory Reforms: ULB Level

- Adoption of double entry system of accounting
- Introduction of e-governance using GIS and MIS for various services
- Reform of property tax with GIS
- Levy of reasonable user charges
- Internal earmarking within local body, budgets
- Provision of basic services to urban poor

At the Urban Local Bodies Level at the; which are mandatory. So, first reform was that the adoption of the double entry system of accounting. In municipalities, since Municipalities and

the Urban Local Bodies they are not a very large organization like any state department or the directorate or any public center sector undertaking. So their accounting was earlier classical and was done manually by single entry system.

So the message to this reform was that if they go to double entry system their asset and liability both will be counted and they will be in a better position to assess and to appreciate the asset and liability and the accounting system will be transparent. We will discuss this part in much more detail in some module where we will discuss the finance and accounts part in detail. So I am not going into that detail, but this is a very essential reform which was there in under JNNURM. Then E-Governance, in E-Governance using GIS and MIS for various services; E-Governance basically provides or facilitates any service by using electronic media.

For example, there are online building plan sanctioning. There could be online submission of the taxes. Online submission of the license and its application; online conversion of the building plan of the land use, so, so many activities are there which can be done electronically and slowly, slowly it is coming up and many municipalities and corporations are there, we have done excellent in E-Governance and using GIS and MIS Geographic Information System and Municipal Information System for improving the delivery of the services.

Third is the reform in the property tax with GIS. Now earlier the property tax was calculated case to case basis, house to house basis or property to property basis. Now the; it was cumbersome and it was huge in terms of the manpower and the time consumption. So the message was that if it can be done on unitary basis; if it can be done using some simplified method so that the property taxing become easier for the municipal staff, it can be transparent for the citizens and it can be effective in terms of timely delivery of the property taxation and its collection.

So that was the reform. Then, levy of reasonable user charges. Now in our local government we have been giving some services like water supply, we have been collecting the solid waste and the other waste; we have been providing the essential services like licensing and all the services. But can you charge some amount of user charge for the water supply or similar services. You have been doing the cleaning of the roads and cleaning of the common areas, public areas.

Now usually people do not charge money for that. But the absolute service which you are using in your premises can municipality charge a nominal amount of money? For example, for giving water supply to the family it takes like 400 to 500 liter per family, so can municipality charge very nominal amount like Rs.50 or Rs.20 or Rs.100? So that was the; in our country there is a common notion that people see user charge as a tax.

So when you say that okay a nominal amount of tax you will be required, so people will see at a tax, so challenge was that whether the municipality can convince and can appreciate the people that to appreciate the service delivery and give some amount of user so that the objective of taking user charge was that whether; so that municipality can sustain the infrastructures and sustain the service in a continuous basis. Then it was the internal earmarking within local bodies and budget, so that they can provide basic services for the urban poor.

Now if a municipality spends Rs.100 for on a particular budget how much money is used actually for the poor? Is there any earmarking? Is there any bracketing of that fund? So it was told that some amount of money in the tune of 20-30% has to be earmarked has to be devoted for the urban poor to provide the basic services. That was one of the important mandatory reforms at the Urban Local Bodies level.

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Mandatory Reforms: State Level

1. Implementation of decentralization measures as per 74th Constitutional Amendment Act.
2. Repeal of Urban Land Ceiling and Regulation Act.
3. Reform of Rent Control Laws balancing the interests of landlords and tenants.
4. Rationalization of Stamp Duty to bring it down to no more than 5% within next five years.

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Next let us see the mandatory reforms at the state level. The first reform which is important here is this implementation of the 74th Constitutional Amendment Act. In; even though in 1992 74th Constitutional Amendment Act came into force but after even 10 years' people I mean municipalities could not do all the changes or the suggestions given by the 74th Amendment. So it was told in this reform program that for state level organizations.

Every state government has to frame their Municipal Acts and delegate all the functions to the municipalities as per the prescription of the 74th Constitutional Amendment Act and including the DPC and MCP District Planning Committee and Metropolitan Planning Committee. You must be knowing that the Metropolitan Planning Committee and District Planning Committee are not at all formed in various states and various districts.

So it was very much mandatory that state government has to form the MPC and DPC to streamline the planning at the regional scale, that was an important and mandatory reform at the state level. Next is the Repeal of Urban Land Ceiling and Regulation Act. Now I hope that you know little bit about this act Urban Land Ceiling, the objective of this land ceiling act was that to have a ceiling or the cut-off for the urban land for individual ownership.

You know that land reform was there in rural area in 70s and 80s and as a result of that in rural areas the large chunk of land which was there under the ownership of the Zamindar's or the Landlords were distributed evenly to the farmers to the agricultural labors. So government thought sometime back that if we can do the same thing for the urban areas so they made a ceiling for the land area, in some areas it is like 500 square meters.

So if you have say 2000 square meter of land in urban area you cannot have more than 500 so remaining land will be wasted to government and government can use that land for the public infrastructure. Now the problem is if this ceiling is there government was not able to generate large amount of chunk in one place. There are land but in a segregated or distributed place. So it is very challenging to get a land in a unified space.

That is why government tried to repeal that Land Ceiling and Regulation Act and it was made mandatory for the state government because land is a state subject as you know. Second was the reform of Rent act, Rent Control Laws and Acts which balancing the interests of the landlords and the tenants. There are Rent Control Acts in various state which are basically draconian and it does have the tenants or the landlords to have their own right.

And as a result the rental housing as a subject has been neglected in our country and the Rent Control Acts were because of one reason was Rent Control Act. So government thought that why not we revise a Rent Control Act so the landlords and tenants both of them get their legitimate right and the rental housing become successfully in our country so that was another mandatory reform. The next one was Rationalization of the Stamp Duty, objective was to bring it down not more than 5% within next five years.

So you know that whenever your purchase any house or land or any apartment you need to spend some amount of money for the registration of the property which is done under some government registration department and they usually take 7%-8% of the stamp duties, sometime it is more than that. So the reform the objective of this reform was that the poor people cannot give that much of money so if there is a system of reducing that level.

And if there can be system of making a various levels of the stamp duty for poor it can be less, for the higher income it can be little more so those kind of reform could be there at the state level.

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Mandatory Reforms: State Level

5. Introduction of independent regulators for urban services.
6. Enactment of Public Disclosure Law and release of quarterly performance information to all stakeholders.
7. Enactment of Community Participation Law to institutionalize citizen participation
8. Assigning or associating elected ULBs with "City planning function".



There are few more mandatory reforms at the state level than like independent regulators for the urban services. In some of the state level organizations for the urban services like water supply, solid waste management, sanitation; there can be independent regulatory organization which will monitor and regulate the activities of the municipalities and service provision.

Then the Public Disclosure Law and release of quarterly performance information to all the stakeholders. Now, Public Disclosure Law is basically by and laws the set of laws which enables or which makes the mandate to disclose the essential information for the common citizen. In some lecture, we discussed Right to Information act. So under this act every municipality and the state government has to disclose their information under this provision of the law.

Enactment of Community Participation Law to institutionalize citizen participation; in some lecture we discussed various levels of citizens participation, so under this Community Participation Law it is essential and state government has to ensure that Community Participation Law is done and enacted in the state so let each and every municipal body and not only municipal body the other local bodies including Panchayat they make it essential and mandatory for the community participation in their all planning and development work.

Then assigning or associating elected ULBs with “City Planning Function”. You must have seen that in 74th Amendment Act the first job which is given into a schedule of 18 Job that is a City Planning function. But practically very less number of Urban Local Bodies would perform that function because of the less amount of funding less capacity in terms of the manpower for that.

So state government has to ensure that Urban Local Bodies have essential manpower and funding to do the City Planning function and more importantly they have to delegate that function through their municipal act. So as a result this mandatory reform most of the state governments now they have delegated the power but the reality is that because of the less amount of capacity at the local level they are still not able to perform full planning function.

Some of the state government they have tried by tried to give like the manpower in terms f the Urban Planning Professional in the municipalities required to create a common cadre of Urban Planning or City Planning if it is delegated to municipality and that can be streamlined through the Municipal Service Commission. There is a bigger agenda although but it is very important to know that this function at this point that delegating responsibility and function is one thing and second is enabling and including their capacity is also required to perform that responsibility.

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Optional Reforms
(State and ULB Level)

- Revision of bye laws to streamline the approval process
- Simplification of legal and procedural frameworks for conversion of land
- Introduction of Property Title Certification System in ULBs
- Earmarking at least 20 – 25% of developed land for EWS/LIG housing in all housing projects.
- Introduction of computerized process of registration of land and property.
- Revision of byelaws to make rain water harvesting mandatory
- Bye laws for reuse of recycled water.

Building plan 15 day?

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So next we discuss the optional reform apart from the mandatory reform there are some optional reforms which can be done by this state and Urban Local Bodies level like the revision of the bye

laws to streamline the approval process. For any approval like is a building plan can be any approval process which enables the approval within 15 days, I am just asking. I hope you know that in your municipality or in your organization it take more than one month or two months.

Now if the all the papers works are right and it is listed in the Citizen Charters and if it is done by the party and can it be done in 15 days can the process be streamlined so that it can be prompt, so those kind of reforms was the optional. The simplification of the legal and the procedural framework for the conversion of the land. Currently, the people in a urban area if they want to convert the land use they not only have to consult the municipal authority.

They have to go to the land registration department for the conversion of the land. But for the urban land unless it is delegated to the municipality also to regulate the land in terms of the conversion it is very difficult for a common citizen. So it is the responsibility of the state government to streamline even the conversion of the land and delegate that power to the municipal authority.

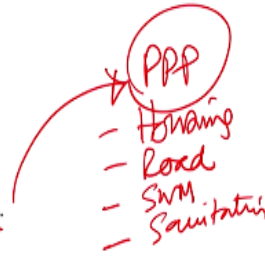
Then, Property Title Certification System in Urban Local Bodies. When you have a property when you have a land in a municipal local municipal area you apply to municipality for the mutation it is called mutation that means the property is registered on your name but that system could be also streamlined using essential regulation. Then earmarking 20%-25% developed land for EWS and LIG housing.

Now earlier in the last few slides we told that earmarking of the budget for the poor people is essential. Here, they are also telling that not only budget land as essential resource you have to earmark 20-25% of the land for the EWS and LIG housing. So please take a note some of the state government they have done this also. Then computerized process for registration of land and property then revision of byelaws so that the strategies like rain water harvesting ground water recharging that can be done and byelaws for reuse of recycle water.

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Optional Reforms (State and ULB Level).. Contd

- Administrative reforms.
- Structural reforms
- Encouraging Public Private Partnership.
- National Steering Group may add additional reforms to the identified reforms.



So there are some more optional reforms like administrative reform. Administrative reform means time to time government can do the administrative reform the objective of the administrative reform is to see the whole administrative structure of the government at the state level, state district, sub-divisions and the Tehsil blocks and the municipal level and even lower level and time to time suggest few recommendations and changes in the structure so that the overall government and overall governance structure can work in a better way.

For example, there are 2 to 3 administrative reform commission which were said by the various government but some of them were not properly implemented. So it is also important to have the administrative reform to make the commission have the report and to implement those suggestions and the recommendation of the committees.

There could be some structural reform in terms of the organizational structure and the system in the local government. Then encouraging private public partnership. After 2000 there are various municipalities who have been successful for PPP project in housing, in road and also in other infrastructure like say solid waste management and say sanitation. So how the concept of PPP and practice of PPP can be encouraged and can be made a kind of a practice or culture in the municipality that is also subject matter of the state planning state government.

And unless the state government do not make this a practices and the culture in the whole state it is very difficult at the local level to do something. So now in the current times most of the state government they have their own PPP policy and the rules so that the Urban Local Bodies they can collaborate with private sector and they can perform better in terms of the municipal infrastructure.

Then, National Steering Group may; apart from all these mandatory and the optional reform there can be any other reforms which time to time Government of India through their respective departments can institutionalized. So that is the message. So after this reform, now what was the effect of the reform or the outcome of the reform in India? Please take a note that the first impression of this reform was good because there are various changes which happened in the Urban Local Bodies which is definitely positive plan good in terms of their performance.

For example, most of the municipalities now at least understand and appreciate the essence of town planning and city planning. They understood that if they plan if they make a proper organizations of the whole project and they see the future of the municipality and the urban local bodies or their city it is better that they reduce the wastage they can have more projects they can prioritize the project in a better way and they can reach to the people that is number one.

Number two, through the accounting reform municipalities they have been able to bring transparency and accountability and better performance better efficiency in their accounting system. Third, in terms of the disclosure in the RTI Act and the Citizen Charters they have been able to reach people with more accountability and more transparency services. Similarly, some of the municipalities and corporations.

They have been also able to institutionalize few user charge most of the state government they have repeal the land ceiling and development a Land Ceiling Act and as a result more land is now available in the urban area, so these are some of the major outcome and the achievement in the Urban Reform Agenda which took place from 2004 to the current date. And but apart from that there are few lacunes.

There are few reforms which needs constant following up and constant persuasion by the state government and central government, so that at the end of the day it is performed. So instead of making too many organizations at the state level it is very important to strengthen the capacity of the Urban Local Government and the Urban Local Bodies that they can concentrate on reform and the change so that they can perform better, better and better. So how they can do that?

So there is a concept of managing change. If you bring, if you want to bring some organizational change in terms of reform in the organization it is also important that at; to manage that change in the organization through some dedicated and structured of management and administration. So that is a very important concept although in the management but now it is also applicable in the Urban Local Bodies and their governance.

So we will discuss this concept of managing change in more detailed manner and we will show you some example that how the principals of managing change was done or adopted in the municipalities and better result was there. And as a result the functionaries and the technical persons and more importantly the municipal elected representative. If they can get some amount of ideas about the managing change, they can definitely can manage their municipal function and whatever function.

And they can streamline and they can steer the change in the Urban Local Bodies our cities will be bright and beautiful and the green. So we will discuss this in concept of managing change to cheer the Urban Reform in the Urban areas in the next lecture. So with this I thank you very much for attending this lecture.