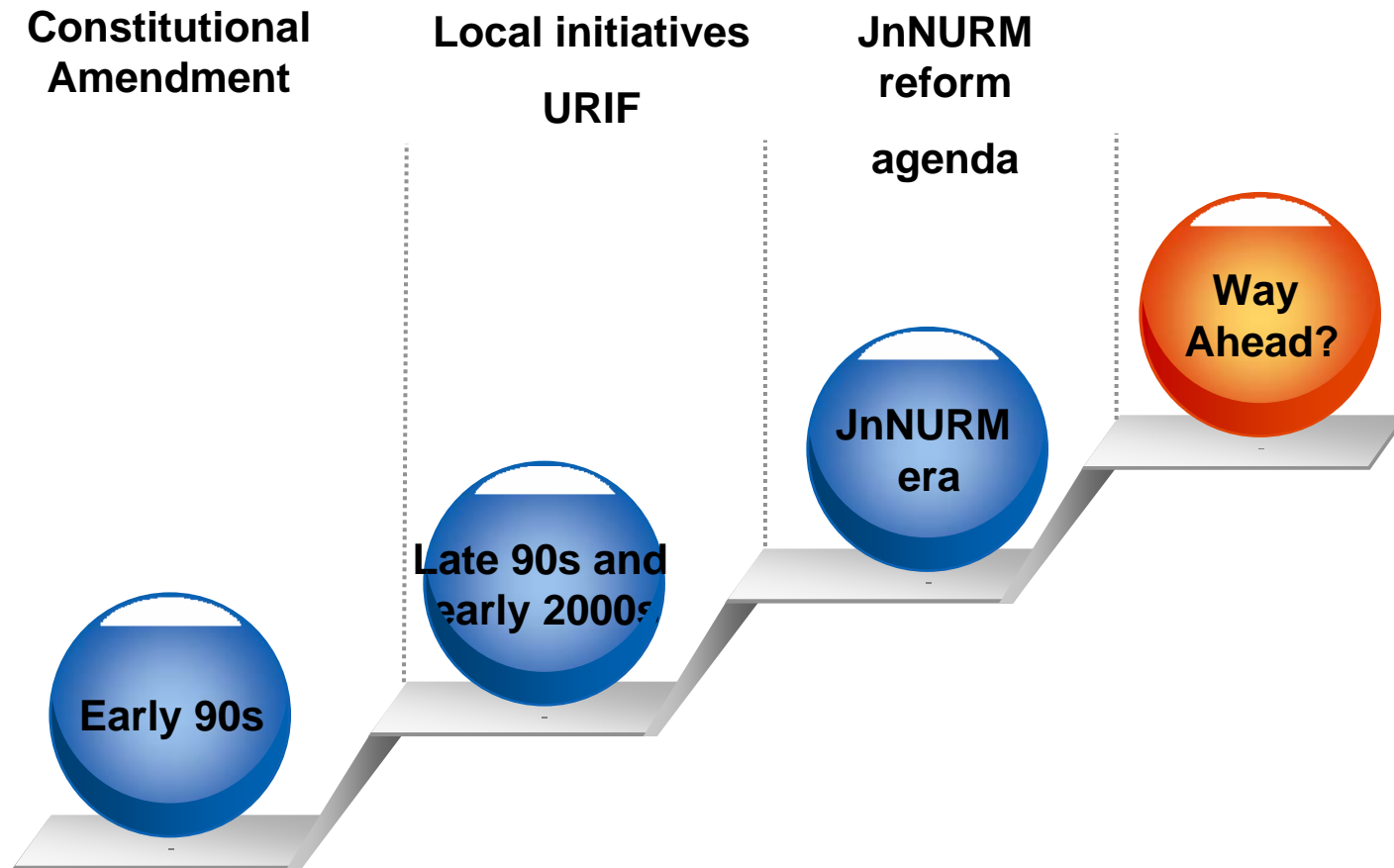


Urban Reforms in India

Progress, Status and Challenges

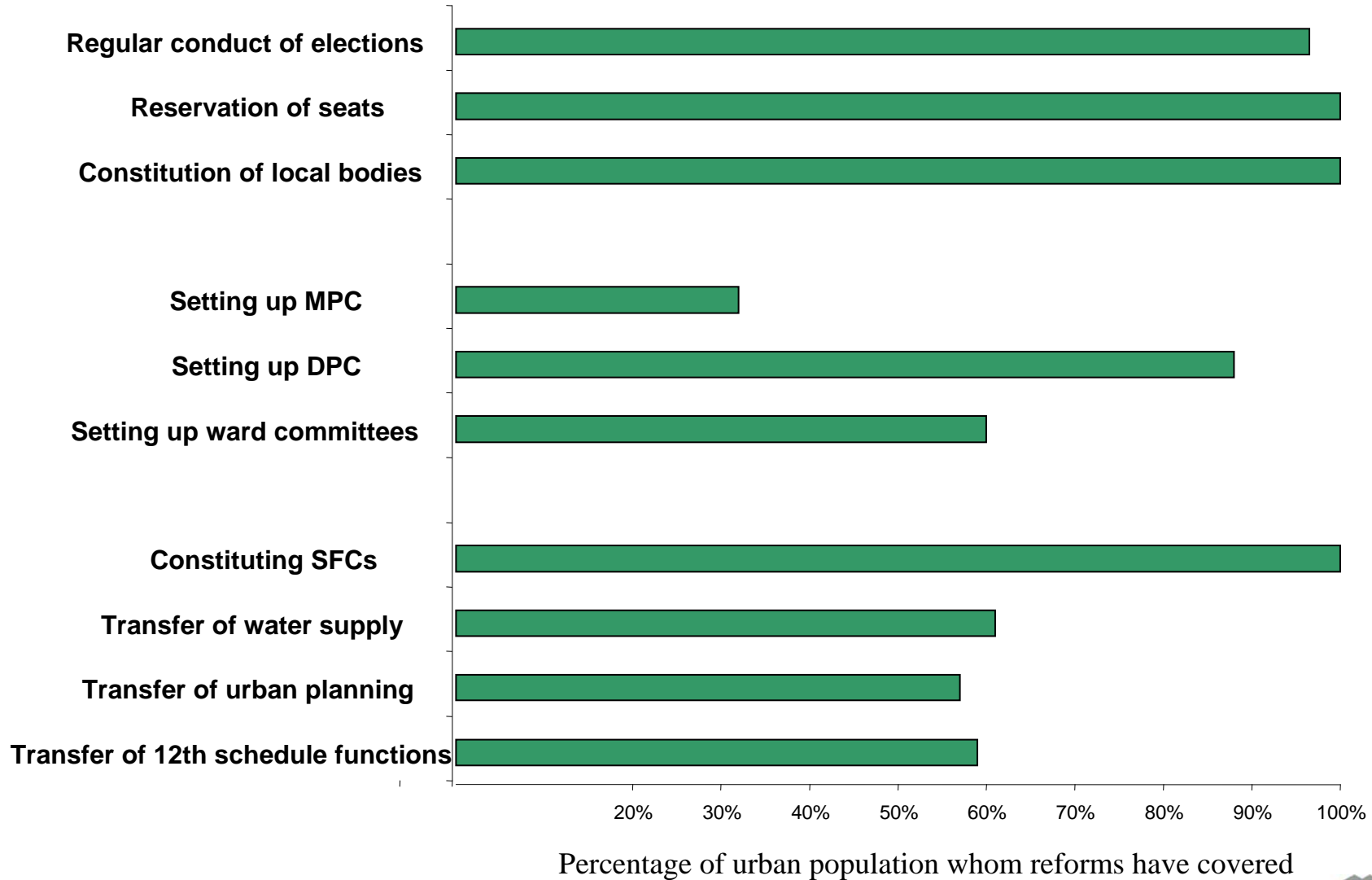
Reform timelines



Constitutional amendment

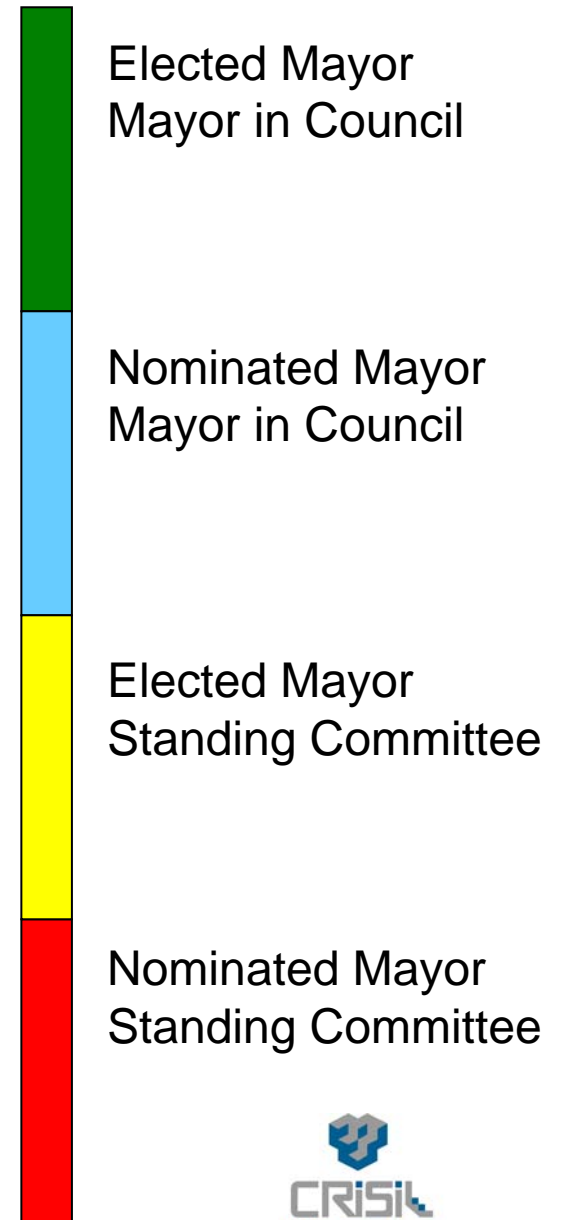
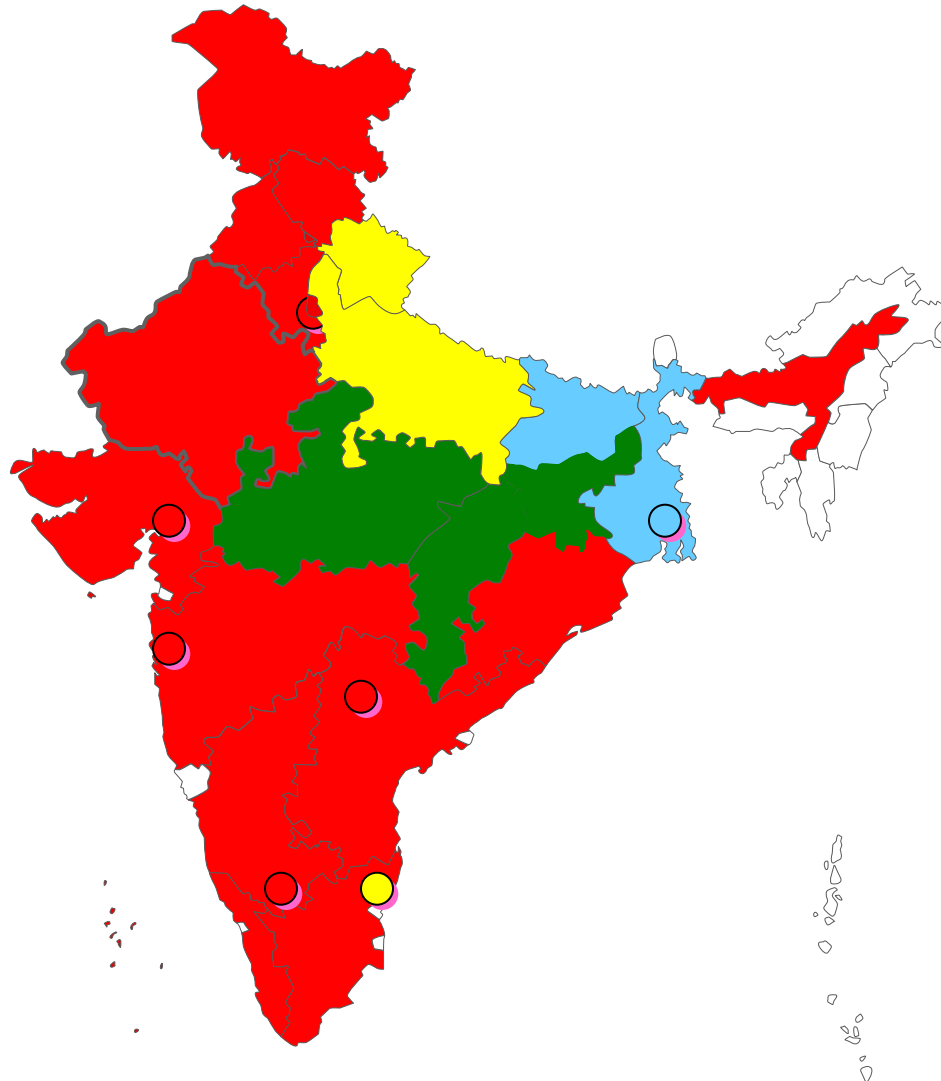
What has worked and what hasn't

Stated progress is impressive, real issues are hidden

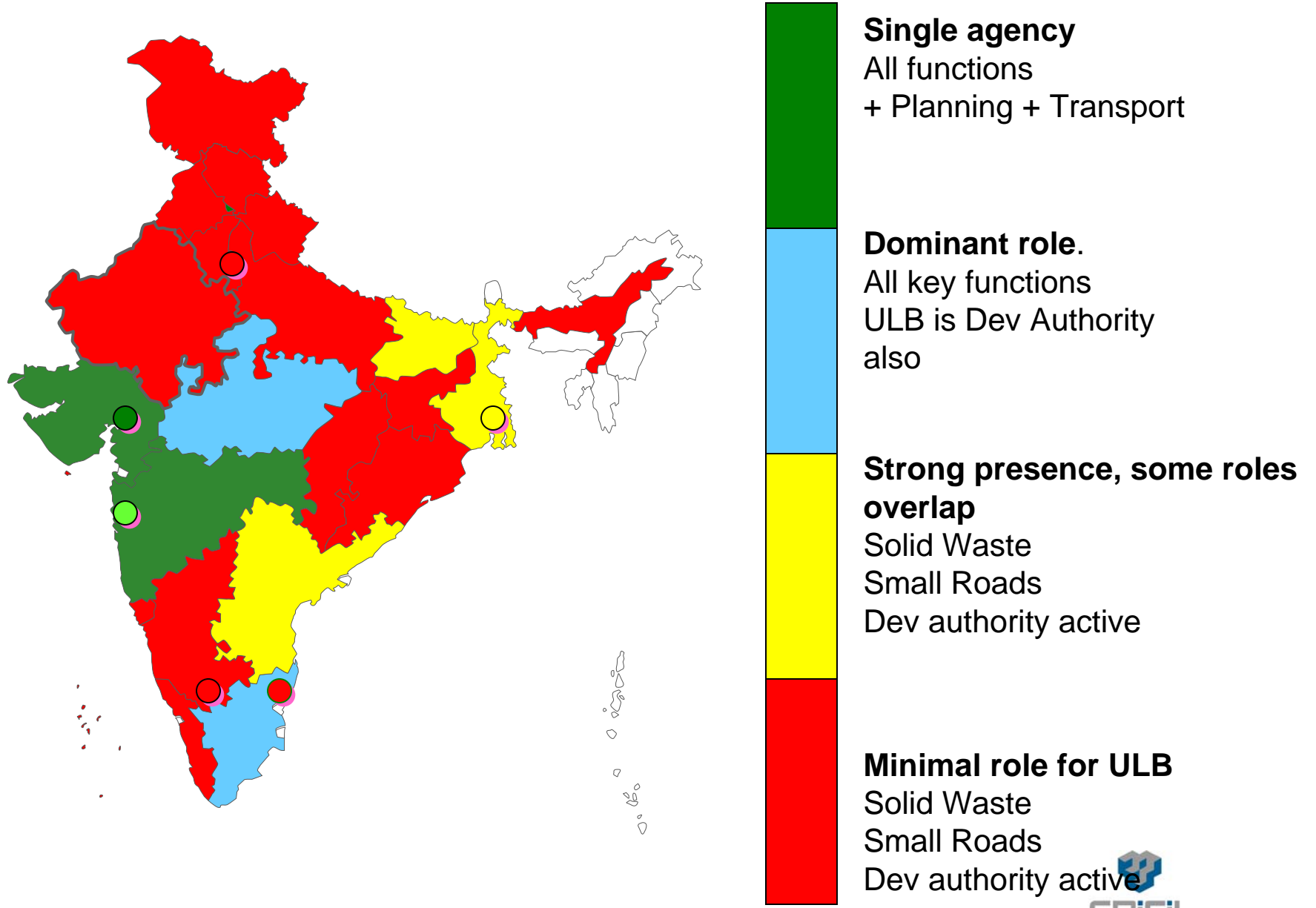


Electoral styles differ

- **Mix of styles of electing the Mayor**
- **Vastly differing powers of Standing Committee**

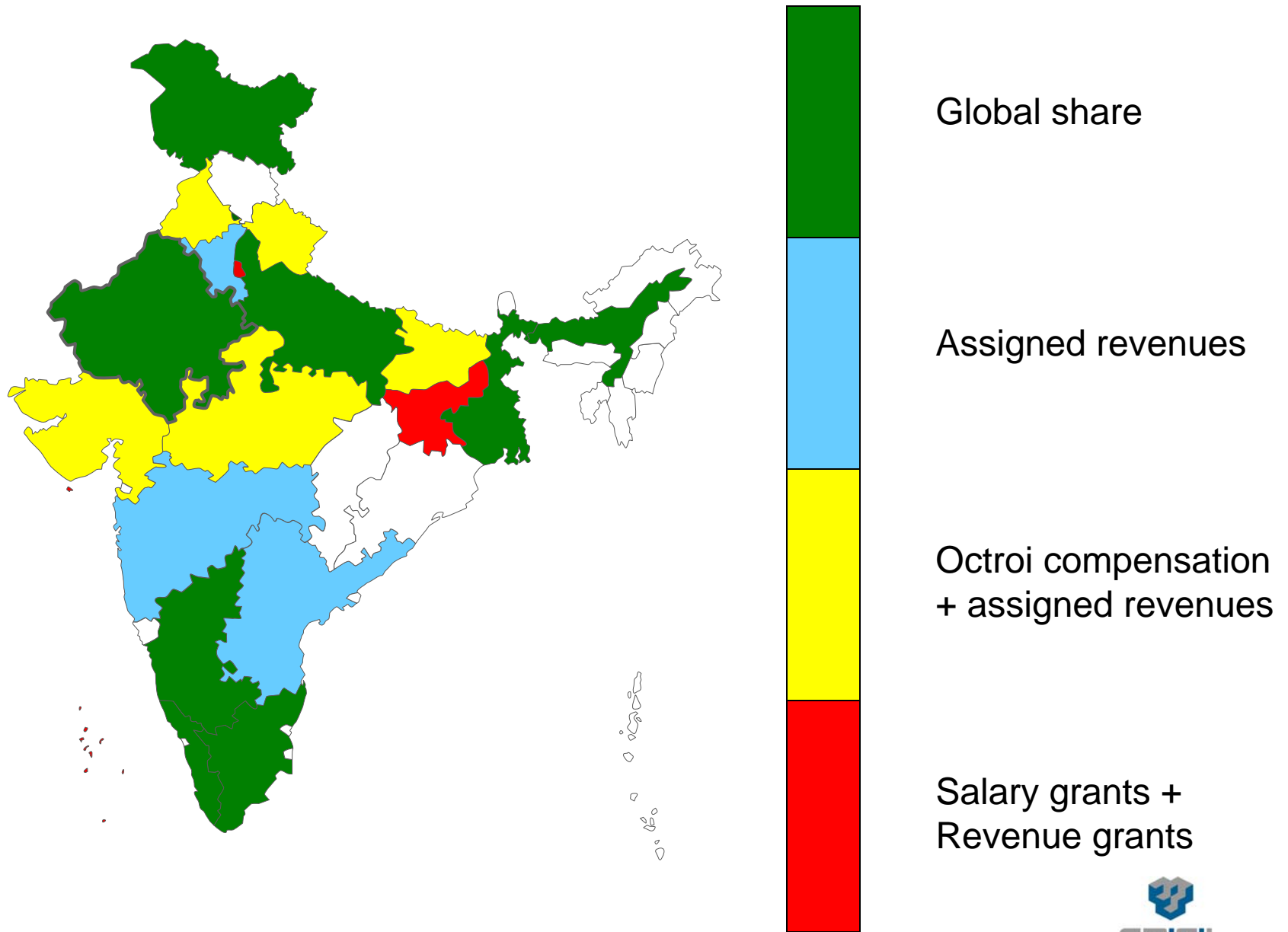


Real functional empowerment

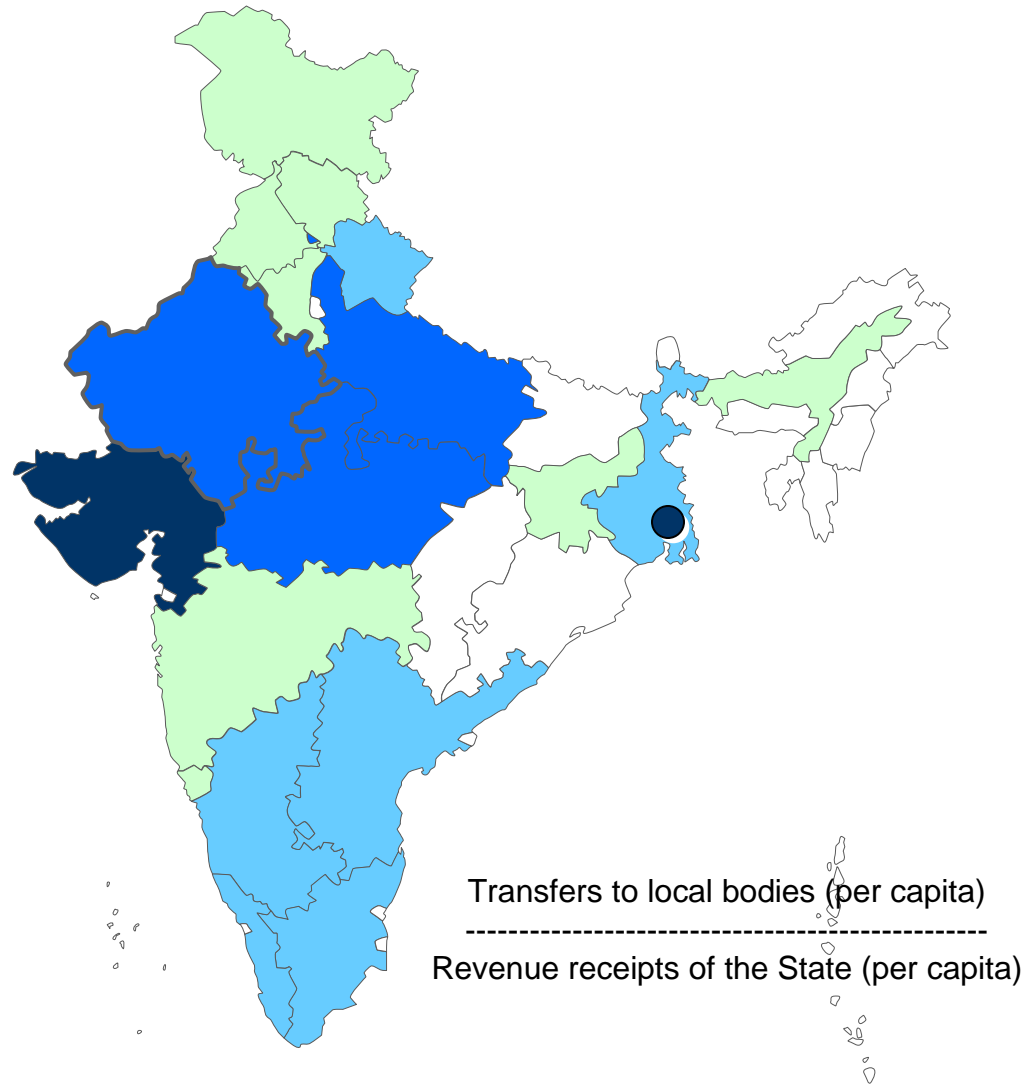


5. Mumbai has a dominant local body as well as strong parastatals

SFC Framework



Magnitude of transfers to local bodies



What has worked and what hasn't

What has worked

- **Compliance with the Letter**

What hasn't worked

- **Compliance with the Spirit**
- **Willingness of States to figure out the details**
- **Enforcement**

Constitutional amendment created hope of reforms

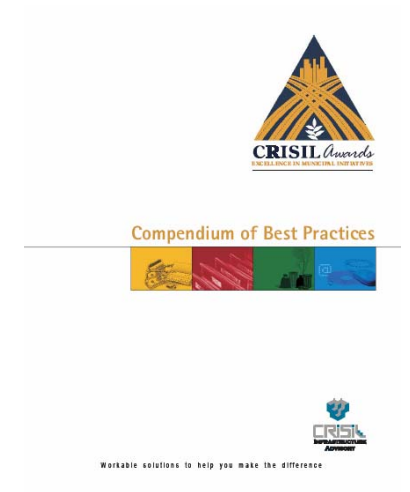
Without the purchasing power to ensure compliance, results were unimpressive

Local initiatives

What has worked and what hasn't

Mid 90s to early 2000

- Reform momentum was largely State and local body driven
- Key areas of reforms
 - Accounting reforms
 - Revenue reforms (largely property tax)
 - E Governance
 - Solid waste management
 - PPPs and community partnerships



What has worked and what hasn't

What has worked

- **Enthusiasm for reforms at local Govt level**
- **Effective in a new area (such as E Gov) or as a response to compulsion (revenue reforms, solid waste)**

What hasn't worked

- **Going beyond the Commissioner's commitment**
- **Not effective in systemic changes**

Sheer variety and number of local bodies ensured a reform momentum

Enthusiasm at local level cannot match upto the magnitude of changes required in the sector

JnNURM driven

What has worked and what hasn't

What has worked and what hasn't

What has worked

- **“Mandatory” is often effective**
 - State level legislative changes
- **Change of direction is easier**
 - E.g., Bus based, 24 X 7, PPP

What hasn't worked

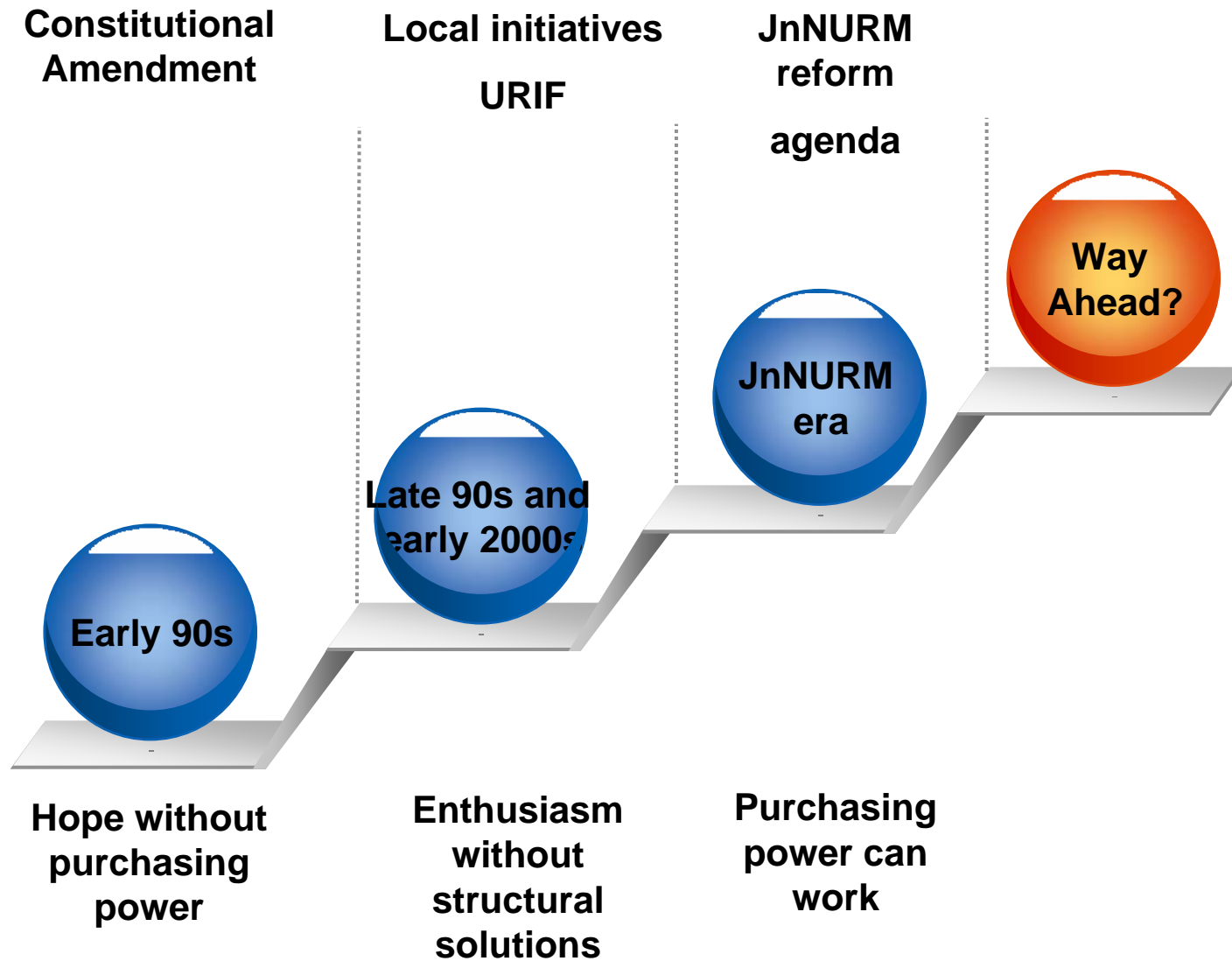
- **Won't ask, won't tell (hides poor implementation)**
 - E.g. Cost recovery, accounting reforms
- **Capacity and willingness to implement details**
 - E.g., E Governance, City level planning

Purchasing power makes a difference

Belling the cat is an effective role

You get only as much as you demand

Reform timelines



Next steps in reforms – structural issues

Real democratic governance

- Unitary body for accountability
 - ULB, MPC
- Mayor in council Vs Standing Committee
- Direct Vs Indirect elections

Full devolution of all core functions

- Define core services that have to be assigned
- Real devolution - role of parastatals, Planning authorities
- Fragmentation at State Government
- Where does UT belong?

Proportionate financial powers

- Style of SFC devolution
- Comparability of shares
- Next source of revenue for cities
 - Real estate linked
 - VAT/ Cess – Consumption linked

Working and accountable institutions

- Autonomy of institutions
- Unitary body for accountability
- Meaningful citizen participation
- Regulation

Reforms – What can work

- **Key structural issues (electoral power, functional domain)**
 - The local body system will not have the appetite to change these
 - Purchasing power of the next reform programme can help
- **Accelerating decisions at cross-roads (PPP, revenue model, leverage)**
 - Making these inevitable can help
 - The process of reform programme can smartly address this
- **Governance solutions (citizen participation, accountability)**
 - Current capacity is weak, enforcement may not succeed
 - Thorough planning is the only preparation, it can be a long haul



Thank You

sramanujam@crisil.com



CRISIL
INFRASTRUCTURE
ADVISORY

CRISIL Risk and Infrastructure Solutions Limited
A Subsidiary of CRISIL Limited, a Standard & Poor's company

www.crisil.com