

Report of the Scoping Study

On

Knowledge Related Needs

Urban Stakeholders in Small and Medium Towns in Maharashtra

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1. Introduction

1.1. Need for and Relevance of the Scoping Study

The introduction of urban reforms has placed gigantic challenges before the ULBs in India, especially in the SMTs. The nature of these challenges is very complex, because the maladies that the reforms aim to tackle or find remedies to, are also complex and rooted in local, state and central policies and governance issues as well as the political economy around those. Understanding these challenges is of immense importance to both, the government as well as the civil society actors which aim and endeavor to work for improving governance and thereby municipal services through a variety of means and instruments, such as reforms.

One of the many crucial factors that have positive or negative implications for successful implementation of the reforms is knowledge. The free exchange of knowledge and information among the topmost and comparatively lower circles of influence is not only important but is also a prerequisite for achieving the goal of just and equitable delivery of services. Unfortunately, the process of knowledge sharing and dissemination is found at lower levels across SMTs than required levels.

Similarly, continuous generation of the knowledge and information to fill the gaps existing among the ground level actors should also go on. Existence of knowledge and information in various forms that suite the needs of the local stakeholder is also equally important prerequisite along with the channels that facilitate the sharing of it. As far as the diversity of the stakeholders in the SMTs is concerned, such readily available knowledge products on reforms that would satisfy the knowledge related needs of the local stakeholders are almost missing.

Thus both these points, absence of locally relevant knowledge products suiting the needs of stakeholders which are heterogeneous in nature, as well as, weak status of channels of the sharing knowledge and information, underline the two needs — (a) Explore the reasons behind weak channels and strengthen them and (b) generate and disseminate the locally relevant knowledge on reforms.

This particular background drives the initiation of this study, which aims at understanding the knowledge-related needs of the various stakeholders in SMTs in Maharashtra. While the study focuses specifically on the present conditions and needs of the urban local bodies, it also comments on the presence of civil society in the SMTs. It presents the perceptions of various stakeholders about reforms and appraises their knowledge needs against the background two aspects — (a) performance issues in ULBs, as well as (b) extent of participation of civil society organization in the small and medium towns.

It is visualized such a scoping study would be relevant for a variety of organizations, such as academic and government institutions at state level, along with the ULBs, CSOs and even private actors at local levels. Since the generation of knowledge is also a complex process that entails contributions from various institutions at various levels, it was thought that such a study would be important for laying a perspective and broadly articulate the thematic areas of study for knowledge requirements.

1.2. Objectives of the study

Along the lines of points mentioned in 1.1 the objectives of the study could be articulated in the following manner.

- a. To understand the perceptions about reforms of the different stakeholders in SMTs
- b. To understand the demands posed by the reforms on the ULBs and plans and efforts of the ULBs in responding to the demands
- c. To understand the obstacles and hindrances being experienced by the ULBs in this regard
- d. To understand the knowledge needs of the local stakeholders, especially ULBs and Civil Society Organizations.

1.3. Scope and Limitations of the Study

This study is based on the work done by UIRF team in the first phase of project, especially for developing the town level products in SMTs in the state of Maharashtra. It is based on the data collected for two outputs – (a) Report on solution to local problems (RSLP) and (b) Town level Background Note (TLBN) that focus on the issues in delivery of basic services in SMTs as well as broader development issues in the towns. It relies on the insights of the study team as well as largely draws on the field note. It only talks about the situations in SMTs and not metropolitan cities. For the sake of simplicity and practicality, the towns funded under UIDSSMT are considered as SMTs and those that are funded under JNNURM are considered as metropolitan cities.

The scope of this study is primarily focused on two principle stakeholders at the SMT level, ULBs and CSOs. ULBs have been considered as “responsibility holders”, as those are accountable to common citizen for delivery of services along with other special category consumers. Whereas on the other hand, the civil society organizations are considered as the most common forms of organized citizens and are considered as “rights holders”. Thus the basis of the “stakes” of the stakeholders classified in to “rights” and “responsibilities”. The understanding of knowledge needs for ULBs is aimed at exploring headways for capacitating them in order to improve their performance in their functioning as well as improve overall governance. Similarly, developing an understanding of the CSOs needs aims at exploring forward steps for capacitating CSOs so that those could articulate their demands on both, substantive policy issues as well as processes and spaces related to citizen participation.

However, this report provides a description and analysis of the issues in ULBs-functioning and CSOs’ activities in the context of reforms however limits itself to broader issues. It does not present a causal analysis of issues and problems in an exhaustive manner but limits the discussion only to role of knowledge and information in facilitating reforms at the level of ULBs and CSOs. Thus a comprehensive analysis of reforms is not intended in this document. Similarly, recommendations prescribed at the end of this document are limited primarily to the state level academic institutions and government institutions, which primarily articulate thematic areas that could be studies in order to satisfy knowledge needs of local stakeholders up to a certain extent. In doing so, this document does intend to either provide concrete spaces for intervention for CSOs or concrete training programs for ULBs.

2. The participation of civil society and citizens in ULBs: Extent, spaces and challenges

2.1. Civil Society in SMTs: nature, presence and activeness

Civil society organizations are one of the important stakeholders across society; hence, it is imperative to understand the nature, presence and overall character of the civil society organizations in the urban and peri-urban areas. As far as SMTs in Maharashtra are concerned, there is a great variety in the nature and character of the civil society organizations. This diversity is characterized by a number of factors such as kinship, castes, religion, ideologies and stances, and importantly, these also characterize and define the participant base as well as the agenda of these organizations. The table below presents a brief nature of the CSOs.

Organization type	Participant base	Issues undertaken	Instruments/ avenues used	Presence	Scope of influence as a civic group
Caste based organizations	Mainly target caste groups	Caste issues, issues of inequity, and policy issues	Social gatherings, awareness building campaigns	medium	Depends on political strength, especially the number of participants in the group
Religious organizations	Mainly representing the religion	Religious and cultural issues, freedom to express, seldom developmental issues	Religious occasions e.g. <i>Ganesh</i> festivals (<i>hindus</i>), <i>Ids-iftaars</i> (<i>Muslims</i>)	Strong (many small groups or federations)	Seldom handle municipal issues, prefer individual cases to larger issues
Media Groups	Registered organizations, mainly journalists	Security of journalists, freedom to express, developmental issues	writing / conversing through Print and electronic media, Local seminars	At least one or two groups in every city	Opinion makers, good political strengths (esp. vernacular media)
Local academic institutions (LAIs)	Active professors, lecturers	Development issues, issues in civic services, cultural issues	UGC seminars, local seminars, (If involved in NGOs)- Other activities	Large, 2 to 8 LAIs depending on the population	Institutions never take 'positions', however, various groups are active.

Organization type	Participant base	Issues undertaken	Instruments/ avenues used	Presence	Scope of influence as a civic group
Non Governmental Organizations	mixed, (class & caste groups), professors, researchers, leaders implementers	Slum issues or civic-services-related issues (inequity etc)	Demonstrations, hunger-strikes, media-campaigns, public-meetings, research, implementation	Very few working on municipal issues	Low influence, mostly work on rural issues
Public Libraries	Readers' clubs, Library members, political and social leaders	Reading culture, knowledge promotion, range of local developmental issues , larger issues	Promoting reading habits, public lectures, Awarding the outstanding social contributors	At least one or two libraries in each town	Good participant (reader) base, but politically weak
Citizen Forums	Citizen, elderly citizen, Saturday-clubs etc.	no specific issues as such	No major activity, a few RTI users	low	very little, neither any political strength nor a large participants base
Trade Unions	Municipal workers, other industrial / unorganized sector workers	Employees' rights, responsibilities	Demonstrations, Strikes, negotiation meetings (dialogue with the authorities/ management)	medium	Focused more on employees' issues, expect citizen support, but never take issues pertaining to municipal service
Informal civic associations	aware citizens	diverse (water, floods, communal harmony)	Awareness building, providing aid, helping destitute	medium to large	Facilitative, philanthropic types have considerable influence, adversarial type have less
Voluntary Activists / Researchers				low	

Table 1: Nature and activities of civil society organizations in SMTs

The extent of activeness of civil society organizations thus could be seen as in a variety of forms (refer Table 1) that handle numerous issues and follow agenda based on that. Their strength as an influential group lies mainly in the extent of the participant base they draw together, not only in the context of municipal services but pertaining to the agenda they follow. To illustrate on each of the type listed in the table, **religious groups** and **caste based groups** generally follow religious agenda and are linked to political activity in the town as well as state level politics. Those assemble a large participant base, and have good political strength. However, they do not engage in larger issues pertaining to municipal services unless those are perceived to be extremely severe. Largely, a trend is observed that such groups share an association with the mainstream political leaderships and follow constant exploration for opportunities. However, it is observed that despite engaging with individual complaints sometimes such organizations avoid taking open positions on issues and problems related to municipal services.

Organizations such as **Media Groups and Journalists' Organizations** also do not focus exclusively on the issues with respect to municipal services and citizens at the organization level. They generally deal with journalists' issues. However, the writings in the newspapers and news coverage do devote sufficient space to citizens' issues and emphasizing the problems, their scale, severity, and issues of inequity pertaining to those. The writing also elaborates the economy and politics around the issues. However, one could not observe active involvement of the journalists' organizations barring one or two cases in towns.

The same applies to some of the **trade unions** too. Generally, trade union leaders involve in issues pertaining to salaries and social security benefits to the employees. Unless threatened with the reforms, generally they do not try to seek outside support, and their strategies and activities revolve around employees' issues.

NGOs do not operate at a large extent in SMTs. Those which exist in a few towns do not have a great orientation on policy issues, but do engage in implementing programs, especially those working on slum issues, such as housing. However, in a few cases such as Chandrapur, NGOs have been very active on issues such as water scarcity and disparity in water distribution and been well placed in the local context.

Independent activists are well aware of the issues in municipal service delivery and also generally have an understanding of the financial as well as political economy-contexts of the issues. However, being independent observers they have immense potential in generation of information and knowledge, on the other hand, their involvement in specific activities remains low.

The **Local academic institutions** in the SMTs in Maharashtra are generally governed by locally founded educational societies (Such as *Shivneri Education Society* in Junnar Town), and the observations have shown that their board of directors largely represents local political stream. These colleges are attached to universities placed at regional centers (such as North Maharashtra University or University of Pune); and their initiatives remain limited to educational activities. Research culture is still incipient in these colleges, that too only because of UGC compulsions.

On the basis of the above details, one could conclude that despite that CSOs do not involve themselves in municipal issues to a large extent their activities have a sizable influence on the

societies and the participant base. The followers of the CSOs do engage in the activities initiated by the organizations. The trend observed in Maharashtra suggests that CSOs in slightly bigger towns, even in the SMTs category (Such as Latur, Aurangabad, Kolhapur, Satara, Sangli, Chandrapur, Nagpur, Malegaon etc) involve themselves in municipal issues, and have a larger participant base and activeness. As compared to these bigger (population- and geographical area- wise) towns, four towns (Jalna, Chandrapur, Alibag and Satara) from the ten selected towns under the first phase of the UIRF project have a stronger presence of CSOs and also the inclination to work on municipal issues. Importantly, from these four towns, two are slightly bigger than the others. The primary factors that contribute to this overall trend pertaining to bigger (population above four lakh) towns are:

- **Educational background and understanding:** Educational background is one of the most important factors that influence the existence, scale and intensity of the issues. It has been observed that generally citizenry having good level of awareness and educational background is a confluence of many factors such as resource base of the town, political leaderships, industry and economy, as well as existence of educational institutions, which is largely found in bigger, so called developed towns. The prevalence of CSO activities in towns like Kolhapur and Aurangabad validate this observation.
- **Development hotspots (Chandrapur):** Large-scale development activities such as mining and land acquisition for big projects also draw attention and create conditions that encourage involvement of civil society. The case of Chandrapur is a good example of such an occurrence which highlights interaction, involvement and interventions by civil society organizations in the water supply distribution, PPP arrangements and bulk allocations. Similarly issues in the town of Alibag also being a development hotspot hold a considerable scale of CSO activities.
- **Scarcity of essential resources and contexts:** Scarcity of the resources, such as water, or land for waste dumping grounds, also have emerged as a major factor for activeness and interventions by civil society organizations. For example, in Jalna, the traders' group has invested money for de-silting of a natural reservoir to increase the water storage. Similarly, in case of irregularities in municipal solid waste management in places like Karad-Malkapur, and Uruli Devachi (near Pune) the societies affected by waste-dumps are increasingly intervening in the solid waste management practices adopted by the ULBs, and are demanding for better solutions.
- **Recurrence of certain problems:** Other than above factors, recurrence certain problems such as floods in towns like Chiplun and Mahad, conflicts in religious group in Malegaon, also facilitate the occurrence and activities of the CSOs.

Despite above factors, it has been observed that rise of active civil society organization is not at a great scale across SMTs especially those which work issues in municipal governance. On the basis of the above-mentioned situation that is prevailing in the SMTs following broad conclusions could be made.

- As compared to rural areas, the scale and intensity of the activism on urban issues is found a little low among the civil society actors. Rather, the presence of the aware, active and vibrant civil society working on issues such as democratization of governance and citizen participation is almost nil except a few cases.

- Citizens' groups exist in a few of the towns, however those are mostly inactive on issues of municipal services and those which are active mainly function with the encouragement of the locally active political parties.
- Independent groups who are willing to be active on the issues, need support knowledge-wise as well as strategic, in order to grasp the changes looming over with respect to the municipal governance as well as the issues and challenges in the service delivery.

2.2. Civil society strengthening in urban areas: Constraints and challenges

The presence of the civil society organizations on urban services is essentially constrained by many factors, including the availability information and knowledge. Below are some of such factors.

- **The heterogeneity** in the structure, participant base, and the issues handled by the civil society organizations has made a decisive impact on the two important aspects of the CSOs: (a) the agenda for the CSOS, and (b) the scale of their operations. Agendas of the civil society organizations are decided by many factors, such as the vision and interests of the founders / initiators, their political aspirations, ideological orientation and strategic challenges they face while following their vision and agenda.

The scale of operations of the CSOs is heavily dependent on the participant base as well as the scale of the networks on the area they work in. Generally, caste and religion-based organizations or ideology-based organizations are involved in such networks. However, the scale of operations varies, and other than religious activities the scale of operations has not spread to a great extent geographically.

- **Constraints due to the local governance structures** : The experience of civil society organizations, (especially Grassroots organizations - GrOs) suggest that it has always been a tough struggle for GrOs in either realizing rights and raising voices, or fighting against inequities, which yielded low returns. The urban governance context, especially structure as well as functioning of the municipal bodies, is one of the major factors that has made this struggle even harder. Municipal bodies have been opaque, non-friendly to the citizens, and lack the spaces for public participation, both structurally and functionally. Despite the fact that municipal service delivery has been inefficient and inequitable, civil society participation seldom thrived, due to these bottlenecks at the municipal level.

Insensitive grievance redressal system is also a result of the inadequate civil society participation in municipal governance. Formally, the state never established a grievance redressal system in the ULBs, (other than the officers responsible for handling complaints). This led to an informal practice of referring (even petty) complaints to the local political leader, which further induced patron-client relationships among the citizens and political leaders.

- **Challenges in the local political economy**: The political economy around municipal functions is one of the determinants of the scale and influence of the civil society organizations in SMTs. The term political economy here is used specifically to emphasize the involvement of the political representatives such as the council members in the economics around the municipal services and the municipal functions. The findings suggest that this particular

factor has been very influential in posing the challenges, rather difficulties, before the civil society groups endeavoring to work for the poor and vulnerable sections of urban society.

The political economy influences differently different types of CSOs, depending upon their agenda and vision. Broadly, as a working classification, CSOs could be classified as **representative CSOs** (Caste based groups, trade unions etc.), **technical CSOs** (providing technical expertise), **Service delivery agencies** (implementing agencies, academic agencies) and **socio-cultural groups** (religious groups) [World Bank, 2000]. Importantly, interactions of all these types of organizations with the main political stream have facilitated interdependency in their relationships.

Type of organization	Agenda of the CSO	Nature of Interaction with political economy	Causative factors, determinants
CBOs (mainly slum based etc.)	<ul style="list-style-type: none"> ▪ Employment ▪ Caste - issues ▪ Festive celebrations 	<ul style="list-style-type: none"> ▪ Frequently or closely linked groups ▪ The organization is often led by active politicians 	<ul style="list-style-type: none"> ▪ Monetary Support ▪ Votes, Bargaining power ▪ Business Associations ▪
Religious organizations	<ul style="list-style-type: none"> ▪ Communal harmony, social cohesion and peace ▪ Spread of religious activities and ideology 	<ul style="list-style-type: none"> ▪ The organization is often led by active politicians ▪ Closely linked interactions 	<ul style="list-style-type: none"> ▪ Vote banks ▪ Bargaining for political leadership ▪ Building business networks
Local Academic institutions	<ul style="list-style-type: none"> ▪ Educational activities ▪ Research 	<ul style="list-style-type: none"> ▪ Many times the governing organization is led by active politicians 	<ul style="list-style-type: none"> ▪ Economics of the institutions is controlled by polity
Trade Unions	<ul style="list-style-type: none"> ▪ Recruitments ▪ Pay-scales ▪ Permanency ▪ Promotions etc 	<ul style="list-style-type: none"> ▪ Have close linkages with bureaucracy and politicians ▪ Active involvement of politicians however weaker than caste-based and religious groups 	<ul style="list-style-type: none"> ▪ The vested interests in recruitments and all other demands of trade unions ▪ Unions promoted by political parties influence the agenda

Type of organization	Agenda of the CSO	Nature of Interaction with political economy	Causative factors, determinants
NGOs	<ul style="list-style-type: none"> ▪ Varied Agendas with two types: <ul style="list-style-type: none"> ▪ Adversarial work ▪ Facilitative work 	<ul style="list-style-type: none"> ▪ Adversarial work-based NGOs generally take advantage of political opportunities with oppositional strands ▪ Facilitative work-based organizations maintain good communication with the mainstream polity 	<ul style="list-style-type: none"> ▪ Citizen's rights, campaigns, voicing concerns of the disadvantaged ▪ Working with the government either for implementing programs or training
Media Groups	<ul style="list-style-type: none"> ▪ Bringing forth citizens' issues ▪ Knowledge generation and dissemination 	<ul style="list-style-type: none"> ▪ Active communication ▪ Politicians own / control media houses 	<ul style="list-style-type: none"> ▪ Economics of the media groups is controlled by politicians ▪ Opinion makers, have a lot of political nuisance value and utility

Table 2: Local political economy and CSOs interface

These interdependencies in relationships are characterized by the power equations between the CSOs and mainstream polity, which define the *quid pro quo* relationships between them. Chief patterns observed were:

- (a) The representative CSOs, especially **community based organizations** that represent slums or squatter-settlements, have more pressing short term demands that longer term. This reduces their bargaining power, and elections becomes the only occasion for them to demand accountability of the public representatives. In majority of the SMTSMTs, ULB elections are fought by constituting local fronts and alliances at local level, where political parties take relatively less interest in maintaining the vote-banks. These factors make CBOs weaker. On this background, such organization does not opt for the longer route of democratic processes to realize rights or enjoy services, but surrender to the patron-client model mentioned earlier.
- (b) **Local Academic institutions (LAIs)** have been apolitical in terms of their activities and have always found comfort in the popular perception that they have nothing to do in the municipal functions. In fact, research is one of the very powerful tools LAIs have, which could be used for awareness generation and education. However, it is seldom practiced. There is a strong need to promote research culture in local academic institutions.
- (c) **Trade unions** by nature, are dependent on the bureaucracy and politicians for satisfying their demands and enjoyment of their rights, and hence seldom think of citizens' issues. TUs always face a dilemma of having a clear position on issues in delivery of urban services. This is particularly because, on one hand, TUs cannot play their role effectively as service providers, as they are inadequately capacitated, and face citizens' complaints

and rights-stakeholders while fighting for their demands. This dilemma leads them towards forming the patron-client relationships with local political leadership, and constrains their role in the urban service delivery.

- (d) State level **media Groups** broadly influence the local circulation. There are a few local publications too, dailies as well as weeklies. Owners of majority of these print houses are associated with political stream, which influences the coverage of and the emphasis on the news items. also In spite of the prevalence of such practices that are against the objective and spirit of the journalism (E.g. collusion with leaders, paid news), local media cover a vast range of relevant issues and have been effective in influencing public opinion.
- (e) Very few **NGOs** are found in in SMTthe SMTs, and even fewer working on urban issues. Their interaction with the local political economy is the least influential, as NGOs lack mass base (as against CBOs or caste based /religious groups).

To summarize the above, following chief constraints could be mentioned:

- **Patron – client relationships** among mainstream polity and potentially powerful CSOs is one of the major constraints. Obviously this does not apply to all types of CSOs however newspapers, religious organizations, in some cases caste-based organizations, and importantly local academic organizations display the trends of such models. The constraint creates when issues and activities of CSOs, especially citizens' demands clash with the interests of other powerful actors. In order to avoid such conflicts and complications patron-client models emerge which put constraints on any type of activity. For example, if strong vested interests (of common players) reflect in an academic institution as well as in the ULB, academic institutions take cautionary approach in undertaking research on municipal services.
- **Rigidity and undemocratic nature of local governance institutions:** Another important constraint is the rigidity and apathetic nature of the local governance institutions. Even at the level of grievance redressal the response of the officials has been very low. This results low willingness among citizen to be organized and pro-active on participatory activities.
- **A reality of the 'hard struggle-soft gains' for the urban poor:** The experience of the CSOs suggest that the struggle in pursuing even smaller, petty demands also take longer time in ULBs. For broader issues, the struggle becomes harder and harder and results in very soft gains or at times no gains. This situation also puts decisive constraints on activities which aim to pursue broader issues such as participation in municipal governance or common issues in municipal services.

On the other hand, the larger objectives of promoting participatory processes and democratizing local governance also could realize certain opportunities despite huge constraints. Importantly, the initiatives of the government in promoting reforms in urban governance, and of assuring investments, are important steps that facilitate such opportunities. The process guidelines for implementing reforms, as well as certain reforms proposals, have this potential to create certain opportunities for encouraging civil society participation in the local governance, provided that the ULBs implement them with the expected diligence and detail.

2.3. Opportunities in promoting civil society participation: Spaces created by reforms

In order to understand the potential opportunities for public participation, both overt and latent, one has to contextualize them with the reforms and relate them to the factors that influence CSOs participation. Here, with this objective, the table below summarizes the reforms that facilitate civil society participation through both, (a) institutional and (b) non-institutional means.

SN	Reforms	Expected Changes	Possible Opportunities
1.	Reforms aimed at decentralization, democratization and citizens' participation	1. Community participation law	Awareness building on the provisions of the law and generating demands for better spaces
		2. Public disclosure law	Demanding, understanding and analyzing information w.r.t. disparities and inequities in provision of urban services
		3. Implementations of 74 th CAA	Demanding accountability and monitoring of functions
2.	Pro-poor Reforms	1. Internal Earmarking of funds for basic services to urban poor	Monitoring of fund allocation, fund diversion and actual expenditure for poor, as well as of the norms that justify them
		2. Provision of basic services to the urban poor at affordable prices	Monitoring of costs of availing services, norms for affordability (in future) and promoting participation
		3. Earmarking of 25% of land in all developed projects for EWS and LIG with cross-subsidization	Monitoring and planning costs and projects based on land reservations for EWS and LIG

Table 3: Reforms with opportunities for civil society participation

A close look at the above table (Table 3) clearly delineates two important spaces for civil society participation in municipal functions, (a) the institutional space created by 74th CAA, Community Participation law and Public Disclosure Law; and (b) the issues that urban poor and/or their representative organizations could undertake using these institutional spaces.

However, (a) The status of reforms at the ULB-level and (b) Distortions in implementing reforms, are the two other factors that could impact these opportunities. The Maharashtra experience with respect to *community participation law* suggests that a high level of distortion has taken place while passing the law in which a number of provisions from the model law have been completely changed. Evidently, Maharashtra State government has used its own discretion while making changes in the law. After a lot of dissents and protests, recently the Government has appointed a committee with civil society representatives, to review the provisions of the law.

To explore the possibilities of participation of civil society organizations in SMTSMTs, it is imperative to understand factors that influence CSOs involvement vis-a-vis reforms. A closer look at the nature of the CSOs (as discussed in section 2.2) suggests that despite CSOs working exclusively on the agenda of democratization are underdeveloped, the existing CSOs could use spaces created by the reforms to engage in municipal governance. The prerequisites are that:

- (a) The CSOs should be able to grasp and visualize the impacts of reforms on urban services
- (b) They should visualize the strategies to deal with the changes
- (c) They should be able to articulate the agendas to work upon the issues that would arise

These requirements pose complex challenges in terms of the possibilities of CSOs' and citizens' participation in local governance. The exposure of and interactions with CSO activists suggests that there is no particular association among factors that influence the CSOs involvement (i.e. development hotspots, extreme scarcity of basic resources and availability of information and knowledge) and reforms. Despite the examples of Chandrapur, Jalna, Aurangabad, Chiplun, Kolhapur, Satara, Malegaon and Alibag, show active civil societies, only either on the routine issues of inequity or on environmental impacts of development projects. **This background particularly outlines the role of knowledge building and knowledge dissemination on urban issues and reforms, among the civil society organizations in SMT the SMTs.**

3. ULBs in the SMTs: Issues And Challenges

One of the key objectives of the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) has been empowerment of the ULBs. The JNNURM has adopted a strategy of tying the disbursement of funds for infrastructural projects with the progress of reforms even for the SMTs, which have generally been the victims of neglect of public finance. The objective was to encourage the ULBs to implement reforms which would further result in improved local governance and effective delivery of services.

3.1. Core issues in performance

- (i) **The Status of services:** The overall status of the basic services in SMTs is not very impressive when compared to metros, on the parameters such as effectiveness and coverage. ULBs in the SMTs lag far behind in provision of basic services. For example, none of the sample towns (considered during the first phase of the project) has an underground drainage system, and many of these towns have availed funding under UIDSSMT scheme for the same.

Similarly, in terms of water supply, both coverage and consistency of supply in most of the towns lag behind. Roughly, the age of the water supply systems ranges from 8 years to 35 years in majority of the SMTs. For example, **Junnar** still maintains a scheme built in 1990, **Jalna** maintains a WTP erected in 1932, and **Chandrapur** continues with the water supply network constructed in 1962. Many systems have grown old and inefficient in SMTs. Increasing urbanization pressures have burdened the SMTs to expand water supply networks, which has not been possible because of paucity of funds. Out of the ten sample towns, six towns have been sanctioned funds for water supply schemes under UIDSSMT.

A range of issues was observed in the municipal SWM sector, across not only the lifecycle components of solid waste management, but also various types of waste. The ULBs were seen resort to various measures, chiefly financed through the 12th finance commission which is not part of JNNURM related schemes but part of the larger process of reforms.

Collection of the solid waste generated in the municipal areas was the most visibly affected component of SWM systems in the towns. This influence the quality of life of the municipal dwellers, largely the poor, but affecting all classes as such. Irregular collection timings, exclusion of areas from the collection system, non-cooperation by the residents with the collection mechanism due to apparent non-cooperation by the collection system staff were observed to be the key issues. Lack of proper treatment or disposal of solid waste was seen to be another issue neglected by the larger citizenry, since the impacts of the same are not directly visible. On the other hand, big ticket investments, largely involving private parties, targeted towards treatment and disposal of MSW are yet to see fully established or operational. Biomedical waste management facilities are functional or underway in only a couple of towns. Industrial waste treatment was an area found to be entirely neglected in all of the towns, except in Jalna where metallic waste was reported to be recycled on a commercial basis.

- (ii) **Scale and Quality of infrastructure**

The availability of infrastructure for basic services has also been found at varying scales. A high level of disparity in provisioning is found mainly due to disparity in availability of infrastructure as well as disparity in investments for creating infrastructure. A number of incomplete, unfinished infrastructure projects were found in the sample cities. Half-left constructions of public toilets for slums, un-integrated ESRs in a water distribution network since 15 years in **Alibag**, unfinished construction of vermi-compost plants for waste treatment in **Junnar** are a few examples of such cases.

Operation and maintenance of the existing infrastructure is also a major issue. Low recoveries of the property and water taxes, inefficient octroi collection as well as low-priced rentable properties (shops) owned by ULBs are apparently primarily responsible for low revenues of ULBs, which further create paucity of disposable funds for operation and maintenance. Similarly the ULBs' own revenue is the only untied budget available at the ULB level and hence most contested by council members for snatching biggest possible share for their wards, mainly for petty construction work, such as repairing of roads.

Undoubtedly, corruption is one of the core reasons contributing largely to the low quality of infrastructure in SMTs. In smaller ULBs (or towns), which are neither blessed by natural resources nor with human resource development facilities (educational etc), a large part of political economy revolves around the municipal expenditure and contracts of petty projects. Trading communities and caste-majorities generally influence the business and also the decision making.

(iii) Issues in administration and management

Administration and management of municipal councils is another area where the ULBs are struggling. The *State Level Background Paper* (one of UIRF KPs) covers this issue with elaborate details. The staffing policies for SMTs started changing since 1990. The directorate of municipal administration (DMA, a state level department that regulates administrative functions of SMTs), configures the staffing pattern for the SMTs.

Historically, the SMTs have not been paid adequate attention in terms of recruitment of skilled human resource. The Maharashtra Municipal Act stipulates adequate powers to locally recruit staff to the ULBs with permission from the DMA. However, local recruitment has been blemished by two core issues, (a) Political interventions in recruitment, and (b) Recruitment of unskilled staff. These two factors cause a number of administrative and managerial problems, such as recruitment of ineligible and unskilled staff, staff unaccountability that, further result in inefficient delivery of services. Observations and field exposure on the issue of staff accountability reveal that there is a great prevalence of absenteeism, dual jobs (signing ULB musters while working full time for other agencies), running parallel professions (commission-based agencies, land-dealings, small shops, etc) among municipal staff that further affect the diligence as well as output of staff in municipal services. Informants also reported that there is a considerable extent of utilization of municipal staff by politicians and bureaucrats for personal needs. Thus, mainly the local recruitment policies have resulted in creation of these problems; again inevitably patron-client relationship model has been conducive to these models.

While on the policy side, the history of the staffing pattern (especially post 1990) suggests that there have been consistent changes in the staffing policies and patterns for the SMTs. In 1990,

norms for administrative expenses were brought down to 42% of the total budget of the ULBs along with the guidelines for staffing. The staff on contract basis was regularized in 1993 but kept impermanent, and guidelines were issued to discontinue them after completion of the contract period. Again in 2006, the revised staff guidelines brought administrative expenses down to 35% with a clear policy of building state- and ULB-level cadres in the issues. These changes have deeply affected the availability and skill levels of the staff in the municipal councils. This led to ineffective management of the delivery of the urban services, and lack of management systems, skills and practices have been the core reasons behind it.

(iv) Issues in finance: Finance has been a major issue and there is a large amount of literature on finance woes of the SMTs. ULBs generally has two sources of finance¹, (a) own revenues and (b) Central and State grants. As mentioned earlier in section 3.1 (ii), the size of the own revenues has been insignificant in SMTs due to low size of the economy. Property tax, water taxes, and **especially Octroi** have been largely determinants of scale of economies in the SMTs, which form lower own revenues. Further, the own revenues of the SMTs are marred by low coverage of tax collection nets, as well as low collection efficiencies.

Grants have been another source of the ULBs, both tied and untied. The untied grants are generally considered and accounted for under the head of ULB-Revenues with the justification that, being untied funds, the ULBs enjoy same freedom to allocate them as it does for own revenues. However, the ratio of "Own revenues" to "ULB revenues" has been very low, around 25%. The collection efficiencies for property and water tax also do not reach even 50%. The issues in assessment of the taxes are altogether a different issue which affects ULB's own revenues.

Loans mainly taken for constructing water supply systems from MJP-HUDCO/LIC are overdue in most of the ULBs. Owing to weak overall financial management, loan repayment has not been possible, and as a mandatory requirement, a few ULBs are able to manage at least interests-payments while some not even that. Single entry accounting practices, coupled with irregularities in maintenance of records, vouchers further has aggravated the problems.

On the expenditure side, **Administrative expenses** (in other words, establishment costs) coupled with **disbursements** (chiefly, social security benefits) constitute a bigger percentage in the overall expenditure. Despite the state's untied grants for administrative expenses (such as for dearness allowance), administrative expenses shoot up so high that ULBs have to resort to capital grants to manage them. Capital grants were not a routine receipt until the 11th finance commission for SMTs. Similarly the grants that were highly unpredictable were also untied for a long time. The 12th finance commission recommendations strongly argued for tied grants, and a clear focus on building SWM infrastructure was upheld. On this particular background of extreme paucity of funds for capital grants, it becomes grave to find that up to 60% of grants received are used up as administrative expenses, instead of being channeled to capital expenditure, further affecting the scale and quality of infrastructure.

¹ ULBs own revenues generally consist of (a) income from taxes, (b) income from property rentals, (c) Octroi (which is a history now), and (d) untied grants from state. Here, the term 'own revenues' is considered for indicating 'revenues of the ULB alone' and that does not consist of 'untied grants by state'.

All the factors discussed above describe poor management of financial resources at the ULBs end, aggravated by neglect of overall financial governance at ULB level as well as irregularities caused by intensive political intervention. The compensatory grants (equivalent to the revenues from Octroi) given by state to ULBs after withdrawal of Octroi collection powers, have been very low because of the then revenues of ULBs from Octroi were very low. The primary reason of lower revenues (than potential) was the excessive political interventions and corrupt practices supported by traders' groups in Octroi collection.

(v) Issues in planning and decision making: General body (GB), Standing Committee (SC) and Mayor (President, in case of SMTs) are the three centers of forums in a ULB that have powers to make decisions on expenditure, and the issues related to overall governance. The powers with respect to approving the contracts are distributed among all these three centers; however, GB enjoys powers for approving contracts of amounts higher than SC or Mayor. Certainly an administrative nod from chief Officer is an essential requirement, but CO can't really be called a decision-maker as s/he is bound by legal and administrative procedures. A closer look at the decision making patterns of the general body reveals that the proposals of **Tenders and Contracts** highly influence the agenda of the GB and SC meetings. Those seldom reflect citizens' complaints and issues.

The drive for organizing standing committee meeting has reportedly only been the agenda of approving tenders and contracts. The capital grants disbursed by state, both tied and untied, generally encourage ULBs to organize the general body meetings. The untied grants are the most contested because those offer the most flexibility to propose projects on a variety of issues. Council members, especially those who are knowledgeable on administrative procedures and loopholes therein, contest for projects fiercely. The ULB's revenue-fund which is already weak when contested and distributed (in the form of approved proposals) results in throwing breadcrumbs (in most cases depending on the gravity of the issue) to all those who contest. Finally this results in projects having negligible budgets, which fall far shorter than the need for investment. Decision making processes of Standing Committee face fewer contests (for relatively lesser funds than GB), however reveal similar patterns. Whereas, the Mayor's decision-making is almost discretionary.

Such a randomized and highly contested decision making process divulges a complete lack of planning for addressing needs of the town, both in terms of infrastructural needs as well as the needs pertaining to service delivery. GB, SC and the Mayor's office as important decision making platforms have a complete defocus on planning perspective and run after random proposals that could fetch money as well as build voters' support for the council members. For many members, it becomes a lifeline support to remain in politics.

Development plan (DP) prepared by the Town Planning department faces severe challenges in getting passed at the State level, due to two core reasons, (a) Fear of upgrading the status of ULB that would put financial burden on ULBs to manage the expenses², and (b) unmanageability of issues in extension of limit of municipalities. Upgrading ULBs has financial implications, in form of more financial freedom coupled with substantial responsibilities of raising revenues for

² Usually upgrading of ULBs from C class to B or B class to A and likewise increase the burden on ULBs to increase revenues as the size of the state grants is generally go on reducing to higher grades of ULBs. ULBs having higher grades are managing their expenses

managing the administrative expenses, as state reduces its monetary support. ULBs those are already weak, are apprehensive to manage this burden and find comfort in remaining non-upgraded. Similarly, conflicts over ULB-limit extension proposals between Gram Panchayats and ULBs grow fiercer because of the vested interests of local politicians in the land-markets. While the 73rd amendment gives rights to enjoy highest freedom to Gram Panchayats, politicians use clauses of 73rd CAA for opposing extension proposals and getting merged in the ULBs. Both these factors have serious implications in terms of city-planning and development.

Land management is another important issue, again a ferociously contested as well as tactically misappropriated resource by politicians, traders and business groups. ULBs according to the municipal laws in Maharashtra have **regulation of land use** as a discretionary and obligatory function. ULBs could regulate and influence the use pattern using two instruments, (a) Reservations on private as well as on public (municipal) lands-plots and, (b) Applying and monitoring building construction rules. Local authorities, especially decision makers use this first instrument of putting reservations on private land rather politically to trounce rivals. Whereas politicians use public lands, even those which are reserved for gardens and other public purposes, for constructing commercial complexes as those have potential to fetch good amount of money to them through renting out shops and offices, nevertheless could be justified on the basis that, revenues from rented shops add up to the ULB's own revenues. For example, **Chandrapur Municipal Council** has demolished more than five municipal school buildings to construct commercial complexes, justifying its actions on the grounds that 'schools are no longer receiving applications for admissions'.

Development plans do outline the infrastructural needs of the city as well as contain some comments on the economy and growth potential of the cities; however, those are grossly inefficient and lack data support. Additionally, DPs are not supported by the envisioning exercises about future growth of the city either, and do not reflect factors that lie beyond the scope of the town such as the state policies and initiatives by parastatal agencies. Thus, the process of building perspectives for overall development planning, infrastructure needs, investments and growth opportunities and sustainability aspects are overlooked. While on the other hand, the city keeps on growing or deteriorating with unordered and amorphous patterns of urbanization, with uneven infrastructure and inequitable allocation and distribution of resources.

3.2. Challenges posed by Reforms

Reforms pose massive challenges before ULBs, and surprisingly, it was found that in the ULBs, neither the politicians nor the bureaucrats were aware of the challenges in their true scale. The understanding of the reforms has remained weak among the ULBs as well as the politicians.

SN	Reform Proposals	Tasks and Challenges for ULBs
1	Financial and accounting reforms	a User Charges <ul style="list-style-type: none"> ▪ Handling political pressures in increase in coverage (base) of users, billing and collection ▪ Adopting technologies to measure the services and consumption levels and building managerial capacities
		b Property Tax <ul style="list-style-type: none"> ▪ Adopting technologies (GIS), for reducing subjectivity, discretion and inequities in tax assessment ▪ Motivating dwellers for self-assessment ▪ Expanding the tax net, human resource management
		c Double entry accounting <ul style="list-style-type: none"> ▪ Motivating own employees to learn, adopt and practice accrual based double entry (ABDE) accounting
2	Governance Reforms (Pro-private)	a Encouraging PPPs <ul style="list-style-type: none"> ▪ Capacity building and training of own employees on contractual regulation, PPPs and conflict management ▪ Transfer and settlement of local staff that is currently employed for concerned department that is going to be privatized ▪ Effective redressal of citizen's grievances and gaining command over system as local regulators ▪ Building and monitoring databases ▪ Entry based and performance regulation through transparent, accountable and equitable mechanism, with clearly assigned responsibilities
		b Structural Reforms <ul style="list-style-type: none"> ▪ Decentralizing the ULB's Administration, optimization of staffing, synchronization of internal cadres. (Needs management vision and effective delegation)
		c Administrative Reforms <ul style="list-style-type: none"> ▪ Capacity building and training of staff, Upgrading Managerial Skills
		d E-Governance <ul style="list-style-type: none"> ▪ Achieving E-governance in extreme load-shedding ▪ Computer education of staff
3	Reforms for speedy development	a Simplification NA land conversion <ul style="list-style-type: none"> ▪ Protecting this instrument from being misused for land markets
		b Revision of building <ul style="list-style-type: none"> ▪ Should not result in offering unnecessary incentives and exemptions and should not

SN	Reform Proposals	Tasks and Challenges for ULBs	
	byelaws	sacrifice better urban planning and management of space.	
4	Sectoral Reforms	c Rain water harvesting byelaws	<ul style="list-style-type: none"> ▪ Pressurizing Building Construction Groups and Individuals for constructing the relevant facilities, ▪ Effective monitoring of rain-water harvesting structures while issuing completion certificates
		d Byelaws for reuse of waste-water	<ul style="list-style-type: none"> ▪ As above
5	Pro-poor Reforms	a Internal Earmarking of funds for basic services to urban poor	<ul style="list-style-type: none"> ▪ Devising methods and ways to earmark and monitor, establishing practice to earmark funds, allocating tied and untied funds to achieve earmarking – spatially, covering poorer habitations, building the appropriate database and monitoring mechanism
		d Provision of basic services to urban poor at affordable prices	<ul style="list-style-type: none"> ▪ Managing the trade-offs in affordability and cost recovery, using cross-subsidization as an acceptable mechanism for levying taxes/user charges, making cross-subsidization feasible, devising tools for analysis and training staff for analyzing and decision-making
		c Earmarking of 25% of land in all housing projects for EWS and LIG with cross - subsidization	<ul style="list-style-type: none"> ▪ Managing the political contest over land as well as stringent monitoring for cross subsidization ▪ Allocation of houses/plots etc of such projects for the LIGs and EWS.
6	Reforms aimed at decentralization, democratization and citizens' participation	a Community participation law	<ul style="list-style-type: none"> ▪ Tools and processes for Institutionalizing citizen participation facilitating Area Sabhas ▪ Building protocols for awareness building
		b Public disclosure law	<ul style="list-style-type: none"> ▪ Database management, disclosing pertinent data stakeholder (poor) friendly manner, using innovative formats and media to disclose
		c Implementation of 74 th CAA	<ul style="list-style-type: none"> ▪ Capacity and commitment
7.	Pro-poor Reforms	a Internal Earmarking of funds for basic services to urban poor	<ul style="list-style-type: none"> ▪ Allocation of funds specifically for developing infrastructure for poorer areas ▪ Monitoring of fund allocation, fund diversion and actual expenditure for poor as well as norms that justify them
		b Provision of basic services to urban poor at affordable prices	<ul style="list-style-type: none"> ▪ Levying of appropriate user charges for basic urban services with adequate collection efficiency ▪ Monitoring of costs of availing services, norms for affordability (in future) and promoting participation

SN	Reform Proposals	Tasks and Challenges for ULBs
c	Earmarking of 25% of land in all developed projects for EWS and LIG	<ul style="list-style-type: none"> ▪ Land allocations and utilizing of land exclusively for EWS and LIG ▪ Making cross subsidization feasible ▪ Monitoring planning, costs, projects based on land reservations for EWS and LIG

Table 4: Challenges posed by reforms before ULBs

In terms of the overall status of the reforms, it was found that **accounting reforms** are the priority reforms for the ULBs. An empanelment of Consultant Firms has been made at the state level to undertake capacity building workshops for ULB's accounting reforms. ULBs such as **Chiplun, Baramati and Satara** were observed to be ahead in implementing the accounting reforms, and Chiplun Municipal Council plans come out with its first budget with Double Entry Accounting System in 2011. Others are undergoing capacity building programs for the staff organized by consultants, mainly chartered accountant firms of. Reforms such as **Public-Private Partnerships** (in basic services) are yet to make a head start. Chief Officers are exploring opportunities for tying-up with private players however are not able to find potential players. The PPP that is already in operation in Chandrapur in water sector has apparently not made any difference to the delivery of water services but reportedly increased the price of water as the private operator has increased the tax collection efficiency. The PPP is already in doldrums because of two types of issues (a) Issues that lie beyond the purview of PPP contract³ and (b) ULB capacities to perform the tasks of designing and performing contractual regulation and effective grievance redressal. It is an apt example of a PPP contract functioning in absence of a clear regulatory framework at the state level as well as at the ULB level. However, except Chandrapur PPP, **Aurangabad** is the only ULB going for a major PPP in water sector. **Latur** has been another ULB which is making efforts for gaining citizens' acceptance to its initiative of a Management Contract of water however is not getting through. The reasons for public protests are both ideological issues as well fear of price shocks. The contract was signed two years ago, however despite **Chiplun Municipal Council** claims that it has gone for 9 PPP contracts, all in construction sector, however, it more or less appears to be a routine business of tendering and contracting of construction projects and other facilities such as gardens. In none of the cases neither private investment nor private participation in service provisioning is sought. It is expected that in coming years, many ULBs would go for PPPs similar to the initiatives of Chiplun Municipal Council however, in order to undertake major PPP contracts, **the issue regarding presence of vibrant, capable and willing private sector would remain same.**

None of the **pro-poor reforms** has really progressed among the ULBs. The earmarking of funds is relatively an easy task, and still ULBs are not following them up meticulously. The schemes such as *Dalit Wasti Sudhaar Yojana* and other schemes specifically meant for vulnerable sections already provide some space for earmarking. Whereas, the earmarking of land for EWS and LIGs would be the most challenging for ULBs on the background of land paucity, unordered land use patterns, planning issues, and most importantly due to issues and conflicts in municipal limit extension.

The policy level thinking on **Structural reforms** and **Administrative reforms** aiming at decentralizing administration mechanisms has been inadequate, which is also reflected in the ULBs' initiatives. A

³ Refer Report on State Level Reforms of Maharashtra by UIRF to read exclusive case study on Chandrapur PPP.

gradual decrease in administrative expenses, as well as a slow but steady effort for streamlining staff configuration, is the only processes ongoing at the state level.

The State Level Reforms aiming at democratization of governance, especially the **Community Participation Law (CPL)** are caught up in debates, though passed in 2005. Similarly, the **CPL** and **Public Disclosure Law (PDL)** although passed, are yet to be notified by the State. The committee appointed by the State on CPL would give its recommendations by Dec. 2010. The India Urban Portal managed by Central Ministry of Urban Development declares that Maharashtra has completed the state level reform of **Integration of city planning function**; however, the ground reality reveals that it is caught up between the deficiencies in thinking, coordination and implementation among the town planning authority, the ULBs and the State.

Importantly, there is a clear lack of thinking at the policy level in terms interrelations among various reforms as well as their linkages to basic municipal services or sectors. The scattered and un-integrated thinking has also been reflected in mechanisms used for the monitoring of reform mainly contributing to confusions at the ground level pertaining to integration and optimization of reforms in available resources. Table 4 outlines these challenges briefly that call for a holistic thinking in terms of implementing reforms, considering the ground realities and constraints at the ULBs' end.

4. Knowledge-Gaps and Constraints in accessing knowledge

4.1. Reforms: Perceptions, stances and changed roles of the stakeholders

The understanding of reforms and their implementation among ULBs, private sector and civil society groups was found to be very low. Even the stakeholders that were aware of the reforms did not know the purpose and contents of the reforms. The perceptions about reforms vary a great deal and largely depend on the roles they play in reforms.

S N	Reforms	ULB		CSOs ⁴		Perceptions of Private sector
		Perceptions	Changed roles	Perceptions	Stances taken	
1.	Pro-poor (earmarking of funds & land, IHSDP)	Earmarking is perceived as administrative job, for others – capabilities of ULB is an issue	Budgetary exercises, capacity building, conflict managemen t	Mostly not aware, but those fully aware, do not consider these as 'reforms'	Not applicable	Routine government contracts
2.	Pro-private	Confusions over PPPs, inadequate knowledge, want of vibrant Pvt. agencies	Facilitating and regulating Private participation	Anti-poor, create issues of affordability	Standpoints reflect the ideological debates, but largely oppositional	Not realized potential, apprehensive of political interventions
3.	Administrative	Unaware of	Facilitation	Not aware in	Oppositional,	Unaware &

⁴ For the purpose of this table, all types of civil society organizations are not considered here, but only ideology based organizations and NGOs.

S N	Reforms	ULB		CSOs ⁴		Perceptions of Private sector
		Perceptions	Changed roles	Perceptions	Stances taken	
	and structural	decentralization of administration, Aware of staff configuration but not happy	and management of reforms,	full sense, but largely perceive as Anti-state, and pro-private	mainly ideological stances, underline need of protecting Pooors' interests	not bothered, do not see opportunities in capacity building
4.	Democratization and participatory reforms (CPL, PDL)	Unaware, those are not ULB level reforms, not bothered	Not defined, state needs to issue rules guidelines	At SMT level not much awareness pertaining to reforms	At ideological level support and demand decentralization	Not bothered
5.	Financial Reforms (Bonds, PPPs, User charges, Accounting reforms)	Aware but have doubts about their practicability	Progressing towards financial self sufficiency, decreasing State dependency	Not aware about the details, but broadly perceive again as pro-private	Take oppositional stands, mainly perceive as anti-poor	Not realized the scope, gaps at the perceptions levels, not realized the costs and benefits

Table 5: Stakeholders and Reforms - Perceptions and changed roles

However, with reference to the two important stakeholders, ULBs and CSOs, apparently the perceptions show a specific trend. Despite the fact that ULB's perception of reforms is limited and is influenced by their capacities, it is found that there is a large extent of confusion among the ULBs about certain set of reforms, especially the pro-private reforms. Despite that the official documents and policies of the state government bolster all the twenty three reforms, unofficially the trend in the SMTs reveals that ULBs (especially bureaucracy) is pressurized to implement the financial reforms with private sector participation strategies. Implementation of other two sets of reforms — (a) governance reforms, aiming at decentralization and democratization of the processes are not taken seriously, and (b) administrative and structural reforms — has been a state-guided process and also aided with the other simultaneous processes at the state level. Consequently, at the ULBs end, that too at the level of bureaucracy, the challenges are of implementing PPPs and financial reforms, and hence the perceptions are formed only about the same. The perceptions could be summarized as below:

- (a) Despite being an optional reform for the initial implementation phase, successful PPPs is the prime performance indicator for ULBs to showcase at the state and central levels.
- (b) Managing successful PPPs is a tedious business because of dangers it involves such as public-protests, and political vested interests.
- (c) PPPs are going to increase the contractors' involvement and stakes in municipal functions.
- (d) If possible, it would be politically safe to have PPPs having local or sub-regional private sector partner than having state-level or national level stakeholder from the point of manageability.

- (e) The administrative and structural reforms would come as compulsions from the state, and would be addressed accordingly.
- (f) The pro-poor reforms except earmarking of land are mainly budgetary exercises. BSUP is replaced by IHSDP for SMTs which is largely driven by project-based funding by state and central authorities, and perusal of these projects is largely the job of local politicians.
- (g) The 74th amendment has given immense powers to the *General Body, Standing Committee and Mayor*, and has undermined the role of the administration in the ULBs. This has resulted in weakening of their potential in ULB decision making and overall performance. COs (on a representative level) should be empowered enough so that they could influence the ULB's decision making, instead of only being a 'rubber stamp'.

Whereas, at the level of peoples' representatives, the perceptions vary and indicate that although politicians have not realized the full potential of financial reforms and PPPs, they have grasped the basic idea. The perceptions of political representatives⁵ at the local level could be summarized as below:

- (a) In spite of the expectation that the municipal councils are run by the local councilors, it has been observed that State, regional level leaders and Members of Legislature exert considerable influence over the ULBs. In turn, the tapping of opportunities created by reforms would largely be controlled and influenced by them, especially the PPPs and other contracts of infrastructure refurbishment.
- (b) There is a complete lack of understanding among the local politicians, even to form any perceptions regarding the reforms. Since the decision making is highly controlled by state level politicians who are generally patrons of local politicians, it highly depends on them.
- (c) Those who have some idea of the reforms generally believe that it is mainly a bureaucratic task, to be eligible to gain funds from the state and the bureaucracy would take care of it.

While at the level of civil society organizations, as mentioned in the footnote 4, the NGOs and some ideology-based groups have some level of broad understanding regarding all types of reforms. However, this understanding remains limited only to a broad understanding of the reforms agenda, and it misses the details and nitty-gritty of the provisions and their implications for different actors, especially the urban poor. Other CSOs, such as the religious groups, lack any information and have not formed any perceptions regarding reforms. Media organizations have a broad understanding of reforms, as well as the provisions of the reforms, but lack a holistic understanding, especially at the level of junior journalists. The commonly found perceptions could be motioned as follows:

Largely the urban reforms reinforce the agenda of globalization, liberalization and privatization started in 1990, and expand it to the urban infrastructure sector. These reforms are anti-public and anti-poor and without going in to the details of them, those should be rejected.

There are many shades to above interpretation among the CSOs. The above mentioned interpretation typically represents 'left ideology', and there are a few organizations that are not as radical as 'the left', but are concerned about issues that affect poor. Such CSOs do not reject reforms completely, and however are willing to understand their implications for poor and to

⁵ Here, while using the term political representatives, representatives or politicians of mainstream political parties are only considered.

work on those. This necessitates a deeper understanding of not only the reforms but also of their implications in context specific situations. Such CSOs, deprived of such detailed understanding, could not articulate their thinking and response.

4.2. Challenges in accessing knowledge and information

There are strong constraints in availability of literature on the reforms at the local level. There are many factors that create these constraints, such as: (a) lack of systematic compilation of information and knowledge that is produced through academic and policy debates as well as practice literature, (b) lack of systematic compilation and analysis of ground level experiences, (c) absence of proper utilization of channels to route the information and knowledge to its ground level users, and (d) Absence of, as well as limitations in, tailoring of the knowledge-products as per the diversity of users, especially among the CSOs and municipal councils.

The **systematic compilation and analysis** of the reforms and reforms-related literature itself is a major challenge that requires a considerable amount of effort. Even after half a decade of initiation of reforms, the confusions, inadequate understanding, a sense of being directionless prevails among the ULBs and CSOs. These confusions prevent the CSOs from articulating their opinions and thinking, as well as the ULBs from performing their responsibilities. This calls for a demystification of reforms by explaining their state level trajectory, varied interpretations, distortions and perversions of reforms (such as in case of CPL).

Current review of literature suggests that there is a considerable **dearth of literature on SMTs**, especially pertaining to the status and issues involved in delivery of civic services. Areas such as impediments in implementing the reforms, as well as incentives and disincentives created by the reforms for various actors are largely unexplored, which need attention of the research community. This would address the constraint of compiling and gathering the experiences of local actors with respect to reforms as well as delivery of services.

On the background of variety of organizations and their agendas as well as reforms-related knowledge-needs at the level of ULBs, **tailoring of knowledge products** to address the gaps, seems to be a major requirement. Tailoring of KPs would critically consider the roles of the actors and align the content accordingly.

Want of effective utilization of the existing channels of knowledge such as the local media, is one of the stark deficiencies observed across SMTs. The core reason for this lies in the constraints of local journalists in developing an understanding of reforms and their association with the local issues. Therefore, despite the coverage, context specificity and uniqueness of local issues, their connection with the reforms is seldom reflected in the news or articles. On the background of role of newspapers in building and influencing public opinion, activities such as information-feeding in local newspapers and capacity building of journalists is one of the important challenges.

The prevailing situation indicates that there is almost an **absence of networks for sharing of knowledge**, information and experiences among the civil society organizations in SMTs. The networks which exist and engage in the knowledge and information sharing in the urban sector, largely remain at the national level and use electronic media to exchange information to a large extent. Since these networks also are an important and effective channel, it needs to be

explored to disseminate knowledge and information in the form that suites the need of networks at the SMT level.

Similarly, extremely **slow progress of reforms** and **lack of understanding of those among municipal authorities**, also have impacted the understanding of the civil society organizations. Slow progress creates hurdles in making people understand the direct and immediate relevance of reforms, and the need to respond in a variety of ways and with a variety of approaches.

Thus, the challenges related to the access to information to the civil society as well as citizenry in the SMTs highlight the critical role of knowledge and information dissemination in addressing the challenges. The challenges underline the needs to address the issues, such as the unavailability as well as the lack of proper channels for channeling the information and knowledge.

5. Capacity issues and Major themes for knowledge building

Against the status and challenges before both the key actors i.e. ULBs and Civil society, this chapter briefly outlines the major capacity building areas and role of knowledge generation and dissemination in the overall context of this report. This chapter also outlines major themes for exploration, especially in the context of SMTs in Maharashtra that are critically relevant for the ULBs and the civil society, and suggest a role for two state level actors, i.e. Government and premier academic institutions in knowledge-building and dissemination.

5.1. Knowledge needs for ULBs of SMTs

As detailed in chapter 3, the ULBs face multiple challenges in performing their duties. To summarize, these challenges are rooted in socio-politico-economic and cultural dynamics as well as the systemic constraints that are largely exogenous to the operational freedom a ULB enjoys and thus lie beyond the realm of its control. Furthermore, these exogenous factors exercise a greater influence on the municipal decision making, than the core competencies of the ULB staff and their gamut of operations. However, despite these exogenous factors, the administrative protocols, procedures and government-guidelines do play an important role in the local decision making. In this context, reforms, their understanding among ULB staff, and procedures to implement those could be viewed as an important and critical tool that could be utilized in order to gain the control back from the exogenous factors within the ULB's operational boundaries.

In this context as well as against the background of the generic challenges mentioned in section 4.2, the ULBs need to be understood in terms of three core actors, (a) political representatives; (b) Officials, especially those representing cadres, and (c) locally recruited staff. Even though the capacity building areas for these actors have common elements, naturally the emphasis on details of those for each of these actors would change. Chiefly, the following areas could be listed.

Officers and managerial staff: At present, the process of building cadres is underway, and four posts, i.e. *Chief Officer, Chief Engineer, Chief Administrative Officer, and Chief Accountant* are included in the state cadre. All of these posts are fresh and recruited through exams conducted by Maharashtra Public Services Commission or a similar recruitment procedure. However, there is a serious neglect in training of these officials. Recently, Maharashtra Government recruited 101 posts in the ULBs, without standard training due to apathy and lethargy of the state. The training typically contains (a) A foundation course, (b) A field Exposure. It is commonly talked about among the bureaucrats that such neglect may result in a deception of COs by local staff owing to their inadequate understanding of administrative and legal procedures in important matters such as accounting and finance. The old generation of chief officers has a good understanding of the routine administrative procedures however seem ignorant about legal issues. Thus, **Municipal law/s, reforms-related legalities and procedural clarity** is an important area where capacity building of officials is needed.

In terms of financial matters, the issue of **financial dependency on the state and central government** still largely occupies majority of the understanding. Reluctance of traders and industrialists who possess wealth in ULBs (typically in any industrial and/or trading centre) to pay taxes (for example – reluctance to pay the Goods and Services Tax that substitutes Octroi) make

the challenge more complex before the ULBs which endeavor to implement the financial reforms such as user-charges. As per the latest GR issued by GoM, **building feasible models for application of user-charges in municipal services with cross-subsidization** is going to become a major challenge technically, economically as well as socio-politically before the ULBs. On this background, **sharing of financial resources between State, Central and ULBs** becomes an important issue to explore, that could contribute in building **feasible models of finance for ULBs**. Thus, the financial reforms entail an exploratory experimentation in search of feasible models for ULBs in SMTs for next few decades, and it would be an important area where the state level actors and research community could contribute.

Revamping the DMA: Municipal service delivery is bound to face fundamental changes and challenges in the near future, because of the structural and administrative reforms and e-governance. At present, facilitating structural and administrative reforms is largely a state-led process, and importantly, it reflects a **weak representation of municipal authorities in design of the structural reforms**. Similarly, the **Directorate of Municipal Administration (DMA) which has been the most neglected department at the state level** plays an important role in implementing the reforms. Many staff members believe that the **DMA needs a revamp** that would redefine its role and strengthen or align its functions according to reforms, which is not at all talked about at the state level.

Class Three and Class Four Employees: Further, considering the trends over last few years in implementing the reforms, especially at the staff-configurations of various ULBs, it is evident that there is a large amount of confusion because of **absence of clear administrative policies** with respect to the administrative and structural reforms for ULBs in SMTs. Larger, centrally-led administrative reforms commission does seek inputs from the ground, however has limitations. The State has withheld the process of recruitment of class 3 and 4 employees locally on one hand, and not addressed the insufficiency of staff through cadre based recruitment. The only inference one could draw from this is the assumption that *private sector participation strategies would address these needs* might be the only thinking behind this. This is one of the important area as well as a pressing issue at the level of ULBs that needs a deeper exploration.

Town planning: ULB Planning has also remained largely a process conducted by outside agencies, and it lacks important aspects such as integration of the local perspectives as well as envisioning. The town planning authority runs a routine checklist for preparing a Development Plan that lacks context specificity, as well as development thinking. Further, the plan documents do not get passed by state agencies for decades due to various complexities involved. On this background, **the reform that associates city planning function with ULBs has created an important issue of Role of Maharashtra Town Planning Authority in the Reforms Era**. Unless issues in **revamping of roles between town planning authority and ULBs are resolved, and capacity building efforts at the ULB end are initiated**, the planning would not go ahead. Furthermore, beyond the functional distribution of the planning process, it would also be extremely necessary to integrate the larger socio-economic aspects of the city, in the planning process. Merely the administrative personnel would not be able to address these needs, but academic and civil society actors have a significant role to play in it.

An important finding at the SMTs was the lack of development vision among local council members. There are willing and committed council members, although few in numbers, who need training and capacity building on various aspects of the reforms. Especially, in SMTs there

are a large number of independent candidates who are not associated with any political parties. Thus, they are the least influenced by the parties' official positions on reforms and privatization, and are willing to learn. Thus, capacity building of such council members and their associates is an important area that could be explored.

To summarize, the following research areas could be listed that would largely benefit the ULBs and the government machinery (Pertaining specifically to SMTs)

- (a) Legal and procedural issues in municipal laws, (in light of 74th constitutional amendment, and model municipal law)
- (b) Exploring feasibility of financing models for ULBs (in light of user-charges and cross-subsidization)
- (c) Sharing of revenue resources among center, state and ULBs (with special reference to the state finance commissions)
 - i. Role of MREGS in meeting financial crunch in 'C' class Municipal Councils.
- (d) Institutional issues in town planning: Roles and conflicts in State, SMTs and parastatals
- (e) Administrative reforms and staff configurations in ULBs of SMTs – core policy issues

5.2. Civil Society Organizations

Chapter 2 details out the status and knowledge gaps for civil society in general in SMTs. The heterogeneity in civil society organizations demands diverse kinds of knowledge inputs with tailor-made products. Even then, there is much larger scope to generate unified or homogenous knowledge products and disseminate those, mainly because there is no literature available on reforms. Broadly, the following themes could be explored in this regard.

a. Debate around Reforms – Perspectives and positions

There is a great need to demystify reforms in order to generate an understanding among the CSOs. At present, as discussed earlier, the CSOs face difficulties in comprehending reforms-related complexities as well as articulating their position and agenda. In this context, a compilation of different perspectives and summaries of debates around reforms needs to be offered to the CSOs. Similarly, literature on various approaches taken by SMTs in other states, and success/ failure stories of theirs, needs to be generated. This could include case studies, leaflets, etc.

b. Access to basic services – common policy issues

An analysis of issues in access to basic services would be very relevant to civil society organizations. Even from the policy angles there is no such study that presents a compilation of the data on municipal service delivery reflecting the disparity and inequity in delivery of services geographically, socially as well as across the classes of ULBs. There is much scope to build databases that could prove helpful to even the government agencies. However, it needs to be noted that such databases should facilitate an understanding of common policy issues pertaining to SMTs.

c. Decentralization of urban governance

There is a great debate on this issue at international as well as national levels, which reflects extreme positions as well as varying perceptions on the concepts such as accountability and participation. Community Participation Law, one of the most distorted urban reforms, in Maharashtra is undergoing a process of change. All this content, consisting debates and proposed models to institutionalize participation, needs to be offered to the CSOs for a deeper understanding of, as well as experimentation at, the local levels. Similarly, there is a great need to consult larger civil society representatives in the current process initiated by the committee appointed by GoM, and this consultative process needs to go beyond metros, towards SMTs.

d. Voluntary disclosure of information – Building a model of disclosing information in a people-friendly manner (including types of information, disclosure tools, and method)

E-governance is one of reforms that is on the list of the state government for SMTs. GoM amended the relevant sections of all the four different municipal acts prevailing in Maharashtra, in view of the model public disclosure law about one year ago; however, there is no progress at the ULBs pertaining to it. It appeared that most of the ULBs have confused PDL with e-governance, and launching a website and publishing a citizens' charter on it is perceived as a compliance parameter to PDL. Besides, in view of the current and future emphasis on private sector participation, there is great scope those ULBs disclosing data sets that would be more useful to private sector and less to citizens. Besides, there are great difficulties in depending on website and computers for disclosure, as availability of electricity as well as computer literacy are a issues in SMTs. Thus, the **ULB needs to explore other ways and tools to disclose information that are friendlier to the citizens, such as maps, posters, pamphlets etc.**

e. Impacts of specially targeted infrastructure schemes (Dalit Wasti, IHSDP, Rajeev-Awas)

The housing schemes under JNNURM no longer remain limited to construction of houses, but have become infrastructure development schemes, since housing colonies need every facility. These schemes could be looked at holistically including their techno-financial designs, implementation practices as well as socio-economic background of the beneficiaries. Such studies have potential to ensure participation of civil society organizations at the state level.

f. Emerging land markets and housing in SMTs – policy and practice

Land is one of the most critical resources for development, which is growing scarcer even in SMTs. It would be very relevant to understand the land markets in SMTs, and that would be relevant to understand issues with respect to affordability in housing, and planning. This issue also needs to be explored in the context of 74th and 73rd Amendments as the conflicts between ULBs and Gram Panchayats over municipal limit extension prevail in almost all SMTs, which are intrinsically linked with the land markets.

g. Public-Private partnerships and the challenges in SMTs

Especially on the background of low municipal capacities as well as absence of capable private sector, the state level push for promoting PPPs have created several challenges and confusions at the level of SMTs. Albeit there is some level of understanding of the same among CSOs, there is a great need to present experiences of PPPs to CSOs as well as the alternatives to PPPs such as PuPs (Public-public partnerships). CSOs and common citizens would feel it relevant from those

SMTs which have already proposed PPPs in basic services such as water and solid waste management.

5.3. Role for the state level actors

a. Government Institutions

Yashada (Yashwantrao Chavan Academy for Development Administration, Pune) is the only state-run premier administrative training institute which has a great role in capacity building of the administrative human resource at ULBs. However, as gathered from the State Institute of Urban Development (a centre run by *Yashada* for imparting trainings on urban issues) – official, there is much scope to expand the SIUD-activities in urban sphere. Currently, SIUD conducts training programs for ULB officials, especially the chief officers and Engineers only on those reforms that have been given priority by the state, viz. E-governance and Double Entry Accounting Systems. It also seldom provides demand-support on PPPs to some ULBs.

However, SIUD's activities are constrained by paucity of funds, and hence it has to follow state prioritization. The donor-aided projects are dominated by donors' priorities in terms of areas of trainings. Similarly, SIUD officials experience a high level of reluctance from ULBs in sending candidates for training courses. Thus, the effectiveness of its initiatives has limitations.

In fact, the UD ministry should promote objective, third-party research studies by state institutions such as AILSG, *Yashada*, other state level academic institutions, and local academic institutions, in order to take feedback on reforms. Such studies also have great potential in building training material, and facilitating stakeholder participation on urban reforms.

Yashada has already given a proposal to generate funds by taking 1 to 1.5% of salary portion of state and central officials in Maharashtra exclusively to solve issues of funding of *Yashada*. Prima-facie it seems instrumental and is very much in line with the National Training Policy of the Government of India.

Similarly, in view of the grave situation of services and finances in SMTs, the UD ministry also should consider the proposal of revamping the role of DMA. At present, the DMA only looks after administrative issues of SMTs, but it needs to carry forward the role of coordination of reforms which it has been rested with for JNNURM period. There is a great need to establish good communication and feedback systems between SMTs and the DMA. Such efforts would build databases and would be instrumental in building a true scenario of SMTs as an input to state and central policy making. Further, the DMA could also act as a coordinating agency for basic services/sectors beyond administrative functions, especially in view of reforms in other para-statal such as the MJP, and ensure synchronized efforts in SMTs.

b. Premier academic institutions such as TISS and IIT

Academic institutions could play a role of knowledge generation and of support mechanisms for SMTs. Those could engage in collaborative studies with the local academic institutions. Section 5.2 has already listed a handful of themes for exploration, pertaining to SMTs.

However, it has been found that there is a dire need to capacitate local academic institutions knowledge-wise. Despite that the UGC has started giving emphasis on research activities of local academic institutions, the LAIs lack a clear agenda for undertaking research, and also need training on research methodology. For want of these two things, it has been found that the practice of 'outsourcing' studies sponsored by UGC is already gaining acceptance among the college lecturers and spread of such practices would surely be detrimental on many counts. State level institutions could have a great role to play in influencing the research agenda of the lecturers, and in contributing to engage in studies related to the local issues in a collaborative or facilitative manner.

As far as supporting CSOs and NGOs is concerned, as it has been dealt sufficiently in previous chapters of this report, academic institutions also could offer need-based support to the existing networks. Although networks do not exist in sizable scale in SMTs, a beginning could be made with existing networks in Metros and bigger towns.

Annexure One: Urban India Reforms Facility: Possible areas for exploration

The objective of this annexure is to suggest various options for future exploration for UIRF on the basis of its activities in the first phase. This report of the scoping study forms the basis for the areas and activities suggested below.

Option 1: Activities in facilitative mode: The first option that UIRF could explore is to support training needs of the ULBs. The section 6 of this report has already outlined various support needs of the ULBs. UIRF can collaborate with training institutes like Yashada, which are currently focusing on very limited areas as far as urban reforms and issues are concerned. Collaborations could open new windows of opportunities to disseminate knowledge in a targeted manner as well as to experiment and contribute directly in the ULBs.

Options 2: Activities supporting CSO participation: Despite challenges there is a great need to build knowledge networks in small and medium towns. The lower scales of activities and engagement of CSOs in SMTs could be viewed as an opportunity developing and expanding network with the CSOs and LAIs. LAIs especially colleges of social work and social sciences having research inclination could be one of the potential partners for future UIRF activities. UIRF could also engage in developing and participating state level networks. For example, the UIRF initiated process on Community Participation Law has already gained pace among the CSOs as well as at the level of state government. However, the networks currently involving primarily represent metro setting and least from SMTs are participating in it. UIRF team has ample opportunity in contributing to it from the perspective of small and medium towns.

Option 3: Exploring Metros: Unlike SMTs metropolitan cities show that there is sizable civil society activity on various issues pertaining to reforms. Along the lines of the SMTs issues in metropolis could also be explored focusing on the issues within reforms, especially on the background that metropolitan cities are being given thrust in view of developing them as centers of growth with lot of investments. Nonetheless, in terms of reforms, metros seem ahead and financial reforms such as PPPs are more likely to be followed in metro cities. Exploring metros could also create opportunities for UIRF to have comparative perspectives towards metros and SMTs and in subsequent phases would create opportunities for intervention in metropolitan cities too.

Option 4: Linking UIRF activities with new initiatives such as Systems Dynamics Modeling: On the background that the School of Habitat Studies is coming out with a new initiative in Systems Dynamics Modeling. There is a great opportunity for adopting this approach in the second phase UIRF project, especially in *thematic research*. This could be relevant especially because the decision making regarding the municipal services in urban scenarios represent complex institutional dynamics. This dynamics becomes complex due to three core reasons — (a) multiple actors at multiple levels, and (b) multiple incentives or disincentives created by external changes in a municipal set up such as reforms and (c) their multiple perspectives. The interaction among these increases the complexity in system in a dynamic set up. It is observed that, considering the scale of projects and interdependence among the various sectors (e.g. water and sanitation, or water, sanitation, waste and environment etc) this complexity results with yawning gaps in decision making, action and impact in terms of space and time. For example PPP initiative in Chandrapur could be viewed as an excellent example of the same at SMT level. In fact metropolitan cities display more complexity than SMTs, hence comprehending the

dynamics in metropolitan cities through systems approach should be tried, if possible, in any one of metropolitan city in Maharashtra or even outside.
