

Introduction

This chapter focuses on the role of local bodies in urban governance and the provision of basic services such as water supply, sanitation, solid waste management and housing in urban areas. India's urban population has grown phenomenally over the past five decades with about 7-8 million people being added to the urban population each year. The level of urbanization increased from 17.3% in 1951 to 25.7% in 1991, and is 29% at present (Planning Commission, 2000; 2001). This has put tremendous pressure on urban services, with the major concern being the growing gap between the demand and supply of basic services, particularly for the poor and slum dwellers.

An overview of the structure of local governance and the provision of urban services in the country is first presented. This is followed by highlighting the Agenda 21 issues relevant to this chapter and a review of the main policies, legislation and programmes initiated in these areas, particularly since the 1990s. An analysis of the achievements and concerns with regard to the implementation of Agenda 21 for promoting local governance and provision of urban services is then presented. Finally, some strategies are suggested for effective participation of urban local institutions and better delivery of urban services.

Urban governance and services in India: an overview

Before 1992, local level institutions did not have a constitutional status and had only a statutory status under state law. Thus, for instance, governance of urban areas was directly within the jurisdiction of the state government. This structure underwent a major change with the enactment of the 73rd and 74th Amendments of the Constitution of India in 1992, which marked a new era in the nature of local governance in rural and urban areas respectively. The 74th Amendment Act of the Constitution of India redefined the role, powers, functions and financial authority of urban local bodies (ULBs). These bodies were given

constitutional protection for regular elections, powers and financial devolution. The urban local bodies are classified into nagar panchayats, municipal councils and municipal corporations depending on the population. The Amendment entrusts these local bodies with the responsibility of providing basic services to their cities.

Urban governance and services in the context of Agenda 21

The recommendations made in Agenda 21 for promoting the participation of local authorities in sustainable development activities and the provision of basic urban services of water supply and sanitation, solid waste management and housing, are presented below.

Role of local authorities in implementing Agenda 21

As the achievement of many Agenda 21 objectives requires action at the local level, the participation of local authorities in planning and implementing economic, environmental and social policies is critical. Agenda 21 stressed that local authorities play a vital role in raising awareness and educating people in promoting sustainable development because these were the level of governance closest to the people.

Based on the local agenda for sustainable development formulated by consultation, the progress and achievements of programmes, policies, laws and regulations to achieve Agenda 21 objectives were to be assessed. Agenda 21 also urged that all local authorities be encouraged to implement and monitor programmes which aim to ensure the representation of women and youth in the decision-making, planning and implementation processes.

Provision of environmental infrastructure: urban water supply and sanitation services

Agenda 21 recognized that the inadequacy and lack of environmental infrastructure for the provision of water supply and sanitation in developing countries was responsible for adverse health impacts. It called for an *integrated approach to the provision of environmental infrastructure in human settlements in particular for the urban and rural poor*. Agenda 21 emphasized that these basic services were an investment in sustainable development that could improve the quality of life, increase productivity, improve health and reduce the burden of investments in curative medicine and poverty alleviation.

While stressing the need for improving infrastructure and services in urban areas and ensuring *equitable access* to them, Agenda 21 stressed that these services should be provided in an economically sound manner. It called for '*adequate pricing policies*, reduction of subsidies on and recovering the full costs of environmental services such as water supply, sanitation and waste management.

Solid waste management in urban areas

With regard to the environmentally sound management of solid waste in urban areas and in particular the role of local bodies in this process, Agenda 21 called for action on two fronts. These were, the promotion of sufficient financial and technological capacity at the local level to implement waste reuse and recycling policies, and, extending waste service coverage to urban areas. By the year 2000, the necessary technical, financial and human resource capacity to provide waste collection services commensurate with needs were to be provided. By the year 2025, waste services were to be provided to the entire urban population.

Sustainable human settlement in urban areas

Agenda 21 states that 'the overall objective of promoting sustainable human settlement development is to improve the social, economic and environmental quality of human settlements and the living and working environments of all people, in particular the urban and rural poor'. Such improvements were to be based on technical cooperation, partnerships among the public, private and community groups, with special consideration for women, indigenous people, the elderly and the disabled.

Providing adequate shelter for all was one of the programme areas in Agenda 21 for promoting sustainable human settlement development. The overall objective was to achieve adequate shelter for rapidly growing populations and in particular for the urban and rural poor, through an environmentally sustainable approach to shelter development. Agenda 21 called for measures to be taken to reduce the urban shelter deficit by improving access of the urban poor to housing and finance schemes.

Review and analysis of initiatives for improving urban governance and provision of services

Highlights of legislation, policies, programmes and other initiatives

An overview of main policies, legislation and programmes for the devolution of power to local bodies and the provision of water supply, sanitation and housing services in urban areas is presented below (Table 15.1). The role of urban local bodies in the provision of these urban environmental services is also highlighted.

Table 15.1 Highlights of policy and other initiatives: urban governance and services

Year	Initiative	Highlights
1974	Environmental Improvement of Urban Slums (EIUS) Scheme	<ul style="list-style-type: none"> ▪ The scheme is applicable to notified slums in all urban areas ▪ Aims at provision of basic amenities such as water supply and sanitation ▪ The EIUS scheme was made an integral part of the Minimum Needs Programme in 1974
1979	Integrated Development of Small and Medium Towns (IDSMT)	<p>The scheme was initiated with a view to:</p> <ul style="list-style-type: none"> ▪ Augmenting civic services ▪ Strengthening municipalities through promotion of resource generating schemes ▪ Reducing migration from rural areas to larger cities by providing sufficient infrastructural facilities, including water supply.
1986, 1990/9 1	Urban Basic Services Scheme (UBSS) (1986)/Urban Basic Services for the poor Programme (UBSP) (1990/91)	<ul style="list-style-type: none"> ▪ The primary objective was improving the standard of living of urban low-income households, particularly women and children through the provision of sanitation and social services in slum areas. ▪ In 1990/91, the scheme was integrated with the EIUS and came to be known as the Urban Basic Services for the Poor (UBSP) programme.
1989	Scheme of Housing and	<ul style="list-style-type: none"> ▪ SHASU was one of three

Year	Initiative	Highlights
	Shelter Upgradation (SHASU)	schemes implemented under the Nehru Rozgar Yojana (NRY) which targeted people living below the poverty line in urban areas <ul style="list-style-type: none"> ▪ It aimed at shelter upgradation and providing homes for the urban poor and was introduced in cities with a population between 1 and 20 lakhs
1990	National Waste Management Council (NWMC)	One of the NWMC objectives was municipal solid waste management. The council is engaged at present in a survey of 22 municipalities to estimate the quantity of recyclable waste and its fate during waste collection, transportation and disposal.
1992	73 rd and 74 th Constitution (Amendment) Acts	<ul style="list-style-type: none"> ▪ A three-tier system of local governance, through Panchayati Raj Institutions (PRIs) in rural areas and through Urban Local Bodies (ULBs) in urban areas was established ▪ Reservation of not less than one-third of total number of seats in each PRI and ULB for women was stipulated ▪ State legislatures were empowered to entrust local bodies with necessary power and authority to enable them to function as institutions of local self-government
		<ul style="list-style-type: none"> ▪ State finance commissions were to be set up to provide for sharing of revenues between the state and local bodies
1994	Accelerated Urban Water Supply Programme (AUWSP)	<ul style="list-style-type: none"> ▪ A Centrally-sponsored scheme initiated with the objective of solving the drinking water

Year	Initiative	Highlights
1994	National Housing Policy	<p>problems in towns having a population of less than 20,000 (as per the 1991 Census)</p> <ul style="list-style-type: none"> ▪ Formulated to implement the recommendations of Agenda 21 for developing sustainable human settlements ▪ Main objective was providing access to adequate shelter for all
1995	Master Plan for Municipal Solid Waste Management	<ul style="list-style-type: none"> ▪ The Ministry of Environment and Forests and the Central Pollution Control Board organized a meeting with municipal authorities and other concerned ministers in March 1995 to evolve a strategy for the management of municipal solid wastes
1996	National Slum Development Programme (NSDP)	<ul style="list-style-type: none"> ▪ Additional central assistance being released to States/Union Territories for the development of urban slums ▪ Objectives of the programme include provision of adequate and satisfactory water supply, sanitation, shelter upgradation, garbage and solid waste management in slums. ▪ Focus areas of the NSDP include development of community infrastructure, empowerment of urban poor women and involvement of NGOs and other private institutions in slum development.
1997/ 1998	National Agenda for Governance	<ul style="list-style-type: none"> ▪ Identifies 'Housing for All' as a priority area, with particular emphasis on the needs of the vulnerable groups, economically weaker

Year	Initiative	Highlights
1998	Aseem Burman Committee	<p>sections and lower income groups.</p> <ul style="list-style-type: none"> ▪ Under this programme, 20 lakh additional units were to be created every year from 1998-2002, of which 7 lakh additional units were to be in urban areas. ▪ In January 1998, the Aseem Burman Committee was formed under the Supreme Court of India to review the solid waste management conditions in class I cities in India. ▪ The key recommendation of this committee's report was to enable private sector participation in SWM
1998	National Housing and Habitat Policy	<ul style="list-style-type: none"> ▪ Objective of the policy is to create surpluses in housing stock and facilitate implementation of the National Agenda for Governance ▪ Promotes public-private partnerships for tackling housing and infrastructure shortages
2000	The Municipal Wastes (Management and Handling) Rules	<ul style="list-style-type: none"> ▪ The rules lay down the procedure for waste collection, segregation, storage, transportation, processing, and disposal ▪ Municipalities will be required to submit annual reports about municipal waste management in their areas to the Central Pollution Control Board ▪ These rules mandate that all cities set up suitable waste treatment and disposal facilities by December 31, 2001, or earlier

Year	Initiative	Highlights
2000	Manual on Solid Waste Management for Local Bodies	In January 2000, the CPHEEO (Central Public Health Environmental Engineering Organisation) under the Ministry of Urban Development brought out a manual on solid waste management to provide guidance to local bodies.

The policies highlighted above are analyzed in the following paragraphs from the perspective of the achievements and concerns in implementing specific Agenda 21 recommendations.

Achievements

Role of urban local authorities in implementing Agenda 21

With the implementation of the 74th Constitution (Amendment) Act, all states have either enacted new municipal laws or amended existing laws to comply with the Act^a (Ministry of Urban Development, 2001). All states have conducted the election to the local bodies^b. As a result, there are 2009 nagar panchayats, 1430 municipal councils and 101 municipal corporations in the country, with an elected representative base of 68,554 people (HSMI, 2000). All States have constituted state finance commissions, which have recommended significant devolution of resources to the urban local bodies^c.

The 74th Amendment lists a whole range of functions and responsibilities as falling in the domain of ULBs. These include formulation of plans for economic development and social justice, urban planning, water supply, sanitation, solid waste management, public health, urban forestry, environmental protection, slum improvement and urban poverty alleviation, among others. State legislatures have endowed the municipalities or urban local bodies with these functions. The financial resources necessary for these functions are being generated through the State Finance Commissions.

Thus the enactment of 73rd and 74th Amendments of the Constitution have provided a framework for decentralisation of governance and local participation in the formulation and implementation of plans for environmental protection and provision of basic services like water supply, sanitation and solid waste management. For instance, Income Tax Act was amended to allow issue of tax

^a Except Jammu and Kashmir.

^b Except Bihar and Pondicherry.

^c Except Arunachal Pradesh.

free bonds by urban local bodies and guidelines were issued for tax free municipal bonds.

Urban water supply and sanitation services

The need for providing potable drinking water, expanding and improving sanitation facilities in urban areas has been reiterated in successive plans. The Basic Minimum Services Programme introduced in 1996 targeted providing safe drinking water to 100% of the urban population by 2000. Although the provision of safe drinking water and sanitation is the prime responsibility of state governments and more specifically the local bodies, the Central government has been supplementing these efforts through programmes such as the Accelerated Urban Water Supply Programme (AUWSP). Under the programme, 104 schemes in 438 small towns have been commissioned (Planning Commission, 2000). Further, schemes aimed at augmenting civic services and strengthening municipalities through promotion of resource generating schemes have been implemented. One such scheme, Integrated Development of Small and Medium Towns (IDSMT) was undertaken in 945 towns upto March 1999 (Planning Commission, 2000).

These programmes and the increasing share of urban water supply and sanitation in total public sector outlay (from 1.4% in the Eighth Plan period to 2% in the Ninth Plan) have yielded results in terms of the population covered by these services. Access to water supply is available to 90.2% of the population in urban areas and sanitation facilities to 49.3% of urban population (Ministry of Finance, 2000-2001).

Solid waste management in urban areas

Since the bubonic plague epidemic in Surat in 1994, there has been renewed focus on improving solid waste management services. The major initiative being the notification of the Municipal Solid Wastes (Management and Handling) Rules in 2000. These rules specify the guidelines and the role of local bodies as nodal agencies in solid waste collection, transportation and disposal. The Ministry of Environment and Forests has set deadlines for cities to establish suitable waste processing, disposal and landfill facilities. Municipalities across the country are in the process of privatizing different aspects of solid waste management to reduce the cost incurred in providing these services and to improve the overall efficiency. Waste-to-energy projects have been initiated with different arrangements for setting up and operating these facilities involving the private sector and local bodies.

Private sector participation (PSP) in solid waste management offers several advantages, the first of which is cost saving, closely related to improvement in efficiency and effectiveness of services. PSP also encourages new technologies and reduces establishment costs. In India, the cities of Navi Mumbai, Hyderabad, Surat and Rajkot have experimented with PSP in various aspects of SWM with encouraging results (TCGI and PADCO, 2001).

Sustainable settlements in urban areas

The need for state intervention to meet housing requirements of vulnerable sections and to create an enabling environment for achieving the goal of 'Shelter for All' was emphasized in the Eighth Plan (1992-97). Specifically targeted to implement the recommendations of Agenda 21 for developing sustainable human settlements, a National Housing Policy was formulated in 1994, with the objective of providing adequate shelter for all. The needs of adequate housing in urban areas and for vulnerable groups has been receiving increasing attention. Housing development has been accelerated for the poor, low income, urban slum dwellers and other disadvantaged groups. This has been part of the programme towards development of urban areas as economically efficient, socially equitable and environmentally sustainable entities, highlighted in the Ninth Plan (1997-2002).

Towards meeting its goal of providing housing for all, 20 lakh additional housing units were to be constructed annually over the period 1997-2002, of which 7 lakh units were to be in urban areas. This target was achieved for the year 1999/2000. In addition, about 1 lakh units of housing are constructed annually for economically weaker sections and another 27,000 units for low income groups in urban areas (Ministry of Urban Development, 2000-2001).

Several schemes have been implemented to improve living conditions in urban slums. Until November 1998, the Environmental Improvement of Urban Slums Scheme (EIUS) benefited about 375 lakh urban slum dwellers, against the targeted 330 lakh people (Ninth Plan and MoUDPA, 2001).

Concerns

Role of local authorities in implementing Agenda 21

With the implementation of the 73rd and 74th Constitution (Amendment) Acts, political decentralization has taken place in almost all states. However, the progress in fiscal and functional decentralization has been mixed, with the process of devolution at different operational levels across states (Planning Commission, 2000). Based on the recommendations of the SFCs, many state

governments have given PRIs a share in state taxes such as land revenue, land cess, royalties on mines and minerals and forest revenue. ULBs have also been empowered to levy taxes and cesses such as professional tax, property tax and entertainment tax. However, these taxes are less buoyant in nature, while proceeds from more buoyant taxes such as sales taxes and excise duties have been kept out of the purview of the local bodies (Planning Commission, 2000).

Together with inadequate fiscal devolution, internal resource generation by local bodies is poor. Resources raised by municipal authorities constitute barely 0.6% of the national GDP and, therefore still remain peripheral to the Indian economy (Planning Commission, 2000). As a result of these factors, the resource base of local bodies at the rural and urban levels is extremely limited, making them dependent on financial assistance from the state and central government. This situation persists despite the reiteration in successive plans of the need to augment civic services and strengthen municipalities by augmenting resources, devolution of funds and provision of new avenues of taxation.

Urban water supply and sanitation services

Here again, the key concern is the gap between demand and supply of basic water and sanitation services. The high population density in urban centres and the escalating per capita cost of providing urban services account for the deterioration of basic services and amenities (Eighth Plan). Moreover, the service levels of water supply in most urban areas, particularly small towns are far below the desired norm. Population coverage figures for water supply and sanitation are based on average supply levels and do not reflect regional disparities within states and even within the city itself.

The poor, particularly those living in slums and squatter settlements are deprived of these basic facilities (Planning Commission, 2000). About 40% of households living in slums are without access to safe drinking water and 90% without access to sanitation. Diarrhoea deaths account for 28% of all mortality, while acute respiratory infections account for 22%. Nearly 50% of urban child mortality results from poor sanitation and lack of access to clean drinking water in urban slums (Planning Commission, 2000).

The need for allocation of funds to the ULBs for implementation of schemes for the provision of basic services is an area of concern. The pricing of water does not cover even operational and maintenance costs and billing and collection mechanisms for water tariff remain weak. Paucity of funds, non-availability of adequate trained manpower and over centralization have

resulted in the operation and maintenance of water supply becoming an area of concern (Planning Commission, 2000).

Solid waste management in urban areas

Owing to the limited availability of finance and infrastructure none of the municipalities seem to be in a position to meet the deadlines for setting up waste processing and disposal facilities. Due to budgetary constraints, inadequate equipment and poor planning, house-to-house collection of wastes by local bodies is very rare. Inspite of rules & regulations and decentralized decision-making in urban services, the collection efficiencies still range on an average from 50 to 90% of the solid waste generated, leaving the balance unattended (CPHEEO Manual, 2000). The average expenditure on solid waste collection in most class I cities is around 75% of the total expenditure on this service as per 1997-98 figures. This leaves little money for disposal activities making these services inefficient (NIUA, 2000). This percentage rises to around 85% in class II cities. The budget allocation for disposal of solid waste remains at 10-15% of the total expenditure on this service, insufficient to ensure proper disposal (NIUA, 2000).

Sustainable settlements in urban areas

Despite the introduction of policies and programmes for providing housing to disadvantaged groups and efforts to contain the proliferation of slums, the housing problem persists, resulting in pressure on urban services and infrastructure (Planning Commission, 2000). Increasing population pressure on land and infrastructure and the associated high costs have made proper housing inaccessible to the poorer segments of the population and have caused a growth of slums and squatter settlements (Eighth Plan). Thus, while there has been a steady growth in housing stock, infrastructure and services, the demand-supply gap has been rising (Ninth Plan).

Integrating Agenda 21 concerns: directions

Based on the preceding analysis, strategies for improving the effectiveness of local governance and provision of basic services in urban areas are presented below.

Role of local authorities

Greater decentralization and devolution of revenue-raising powers to PRIs and urban local bodies should be promoted, to reduce excessive dependence on the

Central and state governments. This is imperative as with the implementation of the 73rd and 74th Amendments, local bodies will become increasingly responsible for the operation and maintenance of water supply, sanitation and solid waste management. In addition, local bodies should be encouraged to raise internal resources and then receive matching grants from the government (Planning Commission, 2001).

Issuance of tax-free municipal bonds by the Ahmedabad Municipality in 1998 was an important step in this direction. Tax-free municipal bonds worth Rupees one billion were notified without a state guarantee to partially finance water supply and sewerage projects. This was an important milestone in the development of a debt market for urban environmental infrastructure in India. The Pune and Bangalore Municipal Corporations followed suit. This scheme needs to be adopted by other local bodies to enable them to raise capital for environmental infrastructure projects.

At present most local bodies have a system of single-entry accounts working on cash inflows and outflows. It is proposed to introduce a double entry accrual-based accounting system which would enable reliable financial statements subjected to check and balances, asset accounting and maintenance, rating of local bodies by credit rating agencies and facilitate inflow of private investment in urban environmental infrastructure projects.

A model Municipal Act and supporting legislation should be introduced to simplify complicated municipal bylaws, to enhance the borrowing capability of urban local bodies, to facilitate the entry of the private sector and to regulate tariff collection by local bodies.

Urban water supply and sanitation

Urban planning should be based on an integrated approach to provide and maintain basic services. This will enable addressing in a holistic manner the environmental, economic and social dimensions associated with environmental infrastructure in cities. Recommendations made in previous plans need to be implemented. These include promotion of private sector participation in construction and maintenance of water supply and sanitation schemes, involvement of communities in the management of services, strengthening of local institutions for implementing and sustaining water and sanitation programmes and raising water tariffs so as to increase resources for local bodies.

Solid waste management in urban areas

Most local bodies find it difficult to incur heavy capital expenditure in improving solid waste collection, transportation, and disposal systems. Given the resource constraints of the local bodies, the private sector should be encouraged as much as possible. Experience in India suggests that cost savings are possible by involving the private sector in solid waste management. For instance in New Bombay during the period 1992-93, the private firm's cost of service delivery at Rs 4.3 million per year was much lower than CIDCO's (City and Development Corporation) cost of Rs 9.9 million, indicating an efficiency gain as high as 56 percent. During the period 1991-92, upon privatization, Rajkot Municipality's expenditure on primary waste removal was reduced from Rs 1.7 million to Rs 1.4 million (saving of 15%) and the expenditure on secondary waste removal was reduced from Rs 260 per tonne to Rs 200 per tonne (saving of 23%). Considering the high cost involved in waste management, the first priority of the local bodies, even in the case of privatization should be waste minimization at source. To facilitate this, awareness generation programmes should be undertaken to ensure the active participation of citizens.

Sustainable settlements in urban areas

The first step in attaining sustainable settlements in urban areas is to reduce the pressure on cities resulting from migration from rural areas, by providing infrastructure and development opportunities there. Programmes such as the IDSMT that target the development of small- and medium-sized towns need to be effectively implemented to reduce the concentration of activities in metropolitan centres. The Approach Paper to the Tenth Plan highlights the need for the development of medium-sized towns which are experiencing the most rapid population growth of all segments of the country and where municipal structures and institutions are not strong enough to cope with the challenges (Planning Commission, 2001). Further, a suitable strategy needs to be developed to deal with the housing problems of socially disadvantaged groups in the informal sector. Specifically, focussed attention is needed to evolve a state-specific strategy including structured housing programmes for the urban poor to prevent the growth of slums and for the rehabilitation of existing slums (Planning Commission, 2000).

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