

RESTRUCTURING OF MUNICIPAL SERVICES IN INDIA

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Millennium Development Goals commit the international community to a comprehensive vision of development and governance of public services. These goals have become the most widely accepted yardstick of development efforts by government and non-government organizations. The Millennium Development Goals (MDG's) are a set of numerical and time bound targets to key achievements in human development. The findings of a World Bank study (2005) suggested that the attainment of the MDG's will remain challenging in poor states of India. There are large interstate and intra-state variations in terms of performance on millennium development indicators. Many of the millennium development indicators have high level of geographical concentration in India. Bihar, Uttar Pradesh, Madhya Pradesh, Orissa and Rajasthan are at critical junction in terms of attaining Millennium Development Goals. Though, decentralization initiative has brought about the improvement in municipal services in India, however, urbanization, unplanned urban development and inadequate infrastructure and resources have stressed urban services. The urban services have not been able to keep pace with the fast growing population. Against this backdrop present paper purports to review the status of municipal services and efforts for its restructuring in the changed environment and new policy regime.

There has been considerable debate in India about the quality of public services delivery. Services delivery in India remains poor on a whole, however, a national survey of major public services by Public Affairs Centre conducted that India did well in terms of providing basic access to such services, but far less well in terms of ensuring their quality, reliability and effectiveness (Public Affairs Centre, 2002). A recent study by Transparency International found high levels of corruption in services as diverse as health care, education, power, land administration and the Police (Transparency International India, 2005). Again, progress towards achieving the Millennium Development Goal's has been slow (World Bank, 2004). The civil service is burdened by expanding expenditure. Short tenures caused by premature transfers of officials responsible for delivering

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public services have undermined continuity (World Bank, 2006). The weakness of accountability mechanisms is a barrier to improving services while bureaucratic complexity and procedures make it difficult for an ordinary citizen to navigate the system for his/her own benefit (World Bank, 2006). Civic pressure by Civil Societies for change is not robust. Lack of accountability provides opportunities for corruption. The unregulated cost of elections and lack of legitimate funding sources have created incentives to extract rents from administrative functions (World Bank, 2006). Thus, concept of good governance has got momentum in order to improve service delivery. The instrument for improving service delivery include (i) promoting competition, (ii) simplifying transactions, (iii) restructuring agency process, (iv) decentralization; (v) building political support for programme delivery; (vi) strengthening accountability mechanisms, etc. It is the general assumptions that competition improves service delivery outcomes. Simplifying transactions through greater use of e-governance made easier for citizens to interact with the state governments. Similarly, restructuring agency processes involved change on several dimensions. Decentralization and strengthening of local governments have improved the functioning of public services in effective and efficient manner. Again, reducing premature transfers, fostering access to information, checking corruption through generating public pressure and public interest litigation may ensure accountability.

Urban India is in the midst of transformation. In an era of economic reforms, liberalization, and globalization, cities and towns are fast emerging as centres of growth. It is estimated that by 2025, more than 50 per cent of the country's population will live in cities and towns. This is indicative of the likely increase in the demand of infrastructural facilities and services that could rise due to urbanization. This poses a serious challenge to urban planners, policy makers, and managers. This is high time to mobilize resources for financing urban infrastructure and services on the basis of public private partnership while community participation in delivery of public services may be increased through adoptions of Report Card System to measure public opinion on governance.

Status of Municipal Services

According to 2001 census, 27.78 per cent of the India's population resides in cities, compared to 17.3 per cent in 1951. But, in terms of population size, India's urban population is vast. Moreover, population in

large cities has grown rapidly and this has led to serious infrastructural deficiencies in urban India (Kundu, 2006). The massive increase in the percentage share of urban populations in Class I cities from 26.0 per cent in 1901 to 68.7 in 2001 has often been attributed to faster growth of large cities, without taking into consideration the increase in the number of these cities (Kundu, 2006). Small cities and towns in most of the states are either stagnating or decaying, despite the efforts of governments. The small and medium towns are likely to experience serious problems due to infrastructural deficiencies. Interestingly, urban local bodies are supposed to function as democratic institutions based on principles of decentralization, participatory development and governance. Due to massive urban growth, quality of urban life has deteriorated, creating an urgent need for strengthening urban local bodies that can deliver adequate services and improve living conditions of citizens. The 74th Constitutional Amendment Act has made provisions for introducing Twelfth Schedule of the Constitution which lists the functions of urban local bodies, covering planning regulation and developmental aspects.

In view of increasing demand of urban services and infrastructure, National Commission on urbanization recognized the role and importance of the urban sector for the national economy. The estimates of the Expert Group on Commercialization of Infrastructure Projects (ECGIP, 1996) for annual investment need for urban infrastructure are most recent. The annual investment need urban water supply, sanitation, and roads, stood at Rs. 280 billion for the period of 1995-2005. Another estimate made for the Ninth Five Year Plan had estimated the investment requirement for urban housing at Rs. 526 billion. The Central Public Health Engineering has estimated the requirements of funds for 100 per cent coverage of the urban population with safe water supply and sanitation services by the year 2021 at Rs. 1729 billion. Estimates by RITES indicate that the investment required for urban transport infrastructure in one lakh plus cities during the next 20 years would be of the order of Rs. 2070 billion (Savage and Dasgupta, 2006). Traditionally, the provision of urban infrastructure and services has been the primary functions of government, however, most of municipalities face problems of resources and these are effectively dependent on their respective state governments for allocating or transfer resources to them. In absence of resources, fragmentation of schemes, and increasing stress on services, the quality of basic services is declining. Even the increasing coverage of infrastructure is not matched by improvement in the service levels. The failures in urban service delivery are caused by overlapping of policy,

regulation and operational roles; fragmentation and duplication; limited autonomy to ULBs; weak links with citizens; lack of capacity; lack of incentives; etc.

Solid waste management is one of the important essential urban services provided by municipalities. Urban India produces about 48 million towns solid waste annually. It is estimated that by year 2047, waste generation will increase to 200 million tonnes, five times to present level (TERI). Cities with 1,00,000 plus population contribute 72.5 per cent waste generated in the country as compared to 3955 urban centres that produce only 17.5 per cent of the total waste (MOUD, 2005). The collection, segregation, storage, transportation, treatment, and disposal arrangements of waste are not proper and scientific. It leads to health hazards, and inefficiency in solid waste management. The bio-medical waste is also not properly managed in most of towns and cities. A study was conducted to ascertain the status of compliance of MSW Rules, 2000 by class one cities in India. The study shows that there is insignificant progress in the matter of processing of waste and construction of sanitary land fills (Asnani 2004).

Water supply and sanitation hold very important place in urban services. India's urban water supply and sanitation (UWSS) sector focus many problems and require a huge investment for revamping. Many service providers are not financially viable and are unable to maintain services without extensive subsidies. The services fall short of full coverage of the population and are often of low quality due to insufficient funding of operation and management. Environmental degradation has also deteriorated the quality of services. The latest data provided by the 58th round of the National Sample Survey (2002) specify the level of disparities in the modes of access for water supply across states. The states performing poorly in providing tap water to urban households are Bihar (35 per cent), Assam (35.5 per cent, Kerala (40 per cent), U.P. (50 per cent) and Orissa (50 per cent). In nine other states including large states such as Maharashtra, Andhra Pradesh and Gujarat, 90 per cent of the urban population receives tap water. Data on sanitation services, from the 54th round of NSS (1998) also indicate considerable state wise variations. Sanitary standards are abysmally low in the urban areas of Bihar and Madhya Pradesh where more than 45 per cent of the population has no access to any type of latrine. The septic tank is the most common mode of sanitation in use with more than one third of the urban population relying on them. Sewerage is virtually

non-existence in Bihar, Madhya Pradesh, Orissa, and Assam. Punjab, Maharashtra, Gujarat and Tamil Nadu are placed better. (Zerah, 2006).

The official statistics show that service coverage of water supply is quite high. However, low pressures and intermittent supplies allow back siphonage resulting in contamination of water in distribution network. The metering of domestic consumers in most of the cities is rarely taken seriously. Only 70 per cent of India's urban population has adequate excreta disposal facilities. There has been government policy not to build sewerage systems in towns of less than 10 million people. Thus due to inadequate sewerage and lack of waste water treatment facilities, river water and other sources for drinking water supply are excessively polluted. The uncollected solid waste creates hurdles in drainage system in most cities and causing flooding and water lagging in monsoon rains.

The increasing population in urban India has led to the growth of variety of economic activities which demand for a variety of transport modes and travel operators. A study carried out in 21 cities suggests that more than 75 per cent of the trips in a city are on account of either employment or education (RITES, 1998). However, the congestions in urban transport is gradually increasing due to increase in vehicles and inadequate expansion of road network. The increase in vehicles has caused air pollution and road accidents. Though India has developed an extensive public delivery system for the provision of health care and education, however, role of public sector in delivery of health and education services is gradually reducing. Only one third schools are managed by local bodies (35.6 per cent). The quality of infrastructure in schools run by local bodies is found to be poor. Though municipal hospitals exist in most Indian cities but generally public hospitals are quite inadequate for rapidly expanding urban population. Most of the health centres do not cover the slum populations. (Sahni and Kshivsagar, 1993). The access of poor to health care services managed by government is also declining.

Corruption in Municipal Services

The Indian corruption study 2005 by Transparency International India is unique for its scope and sample size. It takes into account both perceptions and experience of actually paying a bribe to get attended to or serviced by public service providers. The study covered 11 public services viz. Police, Judiciary, Municipal Services, Government Hospitals,

Electricity, Public Distribution System, Income Tax, Water Supply, Schools and Rural Financial Institutions. As high as 62 per cent of citizens think that the corruption is not a hear - say, but they have had first hand experience of paying a bribe or using a contact to get a job done in a public office. Three fourths of the citizens think that the level of corruption in public services has increased during 2004-05. According to study, police stands out high on the corruption score. Judiciary and land administration are rated next. Kerala stands out as the least corrupt state in India. Bihar is the most corrupt state. Jammu and Kashmir is the next to Bihar. The main factors of corruption in public services were reported to be (Transparency International 2005): lack of transparency and accountability in system; (ii) lack of an effective corruption reporting mechanism; (iii) lack of honesty among officials in government; (iv) acceptance of bribe as a way of life, custom and culture; (v) ineffective anti corruption institutions, (vi) poor economic policies; (vii) inadequate training and orientation of government officials.

The study highlighted the following facts in the context of municipal services (Transparency International India, 2005): (1) about 17 per cent households have interacted with municipalities to get one or the other service during 2004-05; (ii) nearly one-fourth of those interacted with the municipalities had actually paid bribes; (iii) more than one third had visited municipality more than four times in last one year; (iv) nearly three fourths opined that there was corruption in the municipality; (v) about three fifth believed that corruption had increased in last one year; (vi) two fifths had taken recourse to alternate methods like paying bribe or using influence to get their work done.

The service providers have their own view that due to shortage of staff, finances, inadequate training and orientation to staff, and lack of coordination between various departments of municipalities and also centralized decision making authority, the municipality is finding it difficult to deliver services effectively. Organizing training and orientation to staff and elected representatives, registration of complaints, computerization of departmental procedures, simplification of procedures and transparency in work, and also public private partnership initiatives have improved the efficiency in public service delivery system.

In order to improve the urban services, government now recognizes that greater accountability for service delivery performance is a pre-requisite for augmenting the coverage and quality of services. The urban

governments are attempting to improve the urban services through public private partnership initiatives and introducing Report Card Systems.

Public Private Partnership

Public Private Partnership provides an opportunity for private sector participation in financing, designing, construction and operations and maintenance of public sector programmes and projects. This is high time to forge a greater interface between the public and private sector in a wide range of activities in the country (planning Commission, 2004). The overwhelming response of private sector, including civil societies in the Tsunami earth quake in India was an outstanding example of public-private partnership.

Most of the public services have been traditionally provided through in house facilities of governments, financed, and managed directly by them. Public Private Partnership is an approach under which services are delivered by the private sector while the responsibility for providing the services rests with the governments. This arrangement requires the government to either enter into a 'contract' with the private partner or pay for the services rendered by the private sector. Contracting prompts a new activity when neither the public sector nor the private sector existed to provide the service (Planning Commission, 2004). Three things distinguished Public Private Partnership from direct provision of services by governments are (i) a partnership based on well articulated contract; (ii) a long term relationship between the public and private sector; and (iii) flexibility and responsiveness in decision making. The involvement of private sector participation for financing urban infrastructure and services, particularly water supply and environmental sanitation has not been very encouraging in India till recently. However, some private sector initiatives for financing long term capital investments in urban basic services, particularly water supply and solid waste management in recent years have indicated the potential of public-private partnership in delivery of services in urban sector. However, the basic hindrance towards the successful private sector participation in financing urban basic services is mainly, the failure of the governance system to create the conducive atmosphere in this regard rather than the failure of the initiative in itself. In order to derive the advantage inherent in public sector as well as private sector enterprises, the role of public-private partnership is considered to have great potential in some important areas in delivery of municipal services. The partnership fall into five main categories viz. - (i) contract services; (ii)

privatization of services; (iii) designing, construction and operation of facilities; (iv) project financing and; (v) merchant facilities. The partnership in municipal services is expected to reduce cost of maintenance, increase efficiency and timely completion of new projects while community participation in operation and maintenance of services is expected to be of great importance. Government of India is committed to remove the roadblocks in delivery of services and creating infrastructure in collaboration with private sector under Jawahar Lal Nehru Urban Renewal Mission. The Mission will have two main components, focusing on infrastructure and governance and services to the urban poor respectively. The government now recognizes that greater accountability for service delivery performance is a pre-requisite for improvement in the coverage and quality of services.

Report Card System

Report Card System is an effective tool and is useful in evaluating various aspects like people's participation, rule of law, transparency, responsiveness, equity, effectiveness and efficiency, accountability and strategic vision etc. which may be utilized in general to promote good urban governance.

A number of studies have been undertaken by various bodies to establish and monitor public opinion with respect to the delivery of public services. Report Cards are a method of measuring public opinion in a structured way. The main problems related to public services are (i) citizens have no effective voice to influence service delivery; (ii) the quality of service delivery by public services is very poor; and (iii) public authorities have no effective way to assess public satisfaction. Thus, Report Card System provides a mechanism to measure public opinion on quality of public services. The methodology of Report Card include random sample surveys of households, focus group discussions, brief case studies of selected respondents, documentation of information provided to the public by service providers and interviews with a sample of lower level staff of the agencies. The cards attempt to assess, rank and benchmark the following parameters; (i) overall satisfaction with service delivery (levels of service), (ii) the extent and coverage of services; (iii) patterns of emerging problems; (iv) the response of agencies to reported problems and grievances; (v) the effectiveness of bribes in rectifying reported problems. (World Bank, 1999). The studies in Ahmedabad, Bangalore, Pune highlighted that (i) the administration of public services is uniformly low across the cities; (ii)

supply shortages are in many cases 'manmade' and information is manipulated for personal gain; (iii) the popular belief that public services are cheap is a myth. Report Card system, under UNDP Project on "Capacity Development for Urban Governance" in Uttar Pradesh and Uttaranchal states was applied in selected urban local bodies viz. Dehradun, and Nainital in Uttaranchal and Malihabad, Basti, Mirzapur and Moradabad in Uttar Pradesh during 2002-04. The analysis of research findings suggest that there has been marked improvement in governance of municipal services. The 7 broad categories were made by Regional Centre for Urban and Environmental Studies (RCUES), Lucknow to measure the public opinion on municipal services. These include community awareness, community participation, rule of law, transparency, responsiveness, effectiveness and efficiency, and accountability. The two subsequent surveys conducted in local bodies demonstrated that there has been positive impact of project intervention on municipal governance (Dwivedi and Narayan, 2004). RCUES, Lucknow has introduced the report card system in selected cities and towns of Uttar Pradesh, Bihar, Madhya Pradesh and Jharkhand states. The following implications of study findings are noteworthy: (i) improvements in service delivery and consumer satisfaction can be improved at very reasonable cost; (ii) consumers are willing to pay more for services; (iii) consumers have to play an active role in the planning and monitoring public services; and (iv) the non-responsiveness of public services is directly linked to their monopolistic status (World Bank, 1999).

Reforms in Municipal Services

In order to remove road blocks in delivery of urban services, three types of triggers offer the potential for inducing reform in urban governance and service delivery. The first trigger could be fiscal flows. Second, decentralization has potential to spark change and create incentives for ensuring accountability in delivery of services. A third set of triggers would come from the demand side, essentially by making service providers directly accountable (Savage and Dasgupta, 2006).

The incentive based approach may be useful in revamping municipal services. The key elements in incentive based approach are (i) democratic decentralization, (ii) commercialization of service providers; (iii) market oriented financial systems. The provision of water and sanitation services should become the responsibility through a variety of arrangements. Devolution of responsibilities to municipal authorities will also lead to be

accompanied by good practices. The existing state owned service providers need to be radically reformed. This will include unbundling by functions, removing monopolies to encourage competition, and corporatization of disaggregated entities leading to privatization. These reforms may be supported by (i) enhancing private sector participation; (ii) developing appropriate comparative competition facilities; (iii) customer responses and feedback mechanisms. (World Bank, 1999). Tariff rationalization is also necessary for ensuring financial viability of services. The subsidy provided to poor should be explicit, transparent and target oriented.

Conclusion

Despite increasing financial support by the central government, the quality of services in cities is declining. In order to remove the roadblocks in improving service delivery, the central government has launched Jawahar Lal Nehru National Renewal Mission for large cities while Integrated Infrastructure Development Scheme for Small and Medium Towns is already targeted to improve the coverage and quality of basic urban services. However, state level response to the policy shifts is reported to be poor which creates hurdles in the efforts of central government. The main instruments for improving service delivery should include:

- Government should promote greater competition in service delivery across sectors. Regulation may be solution to the existing problem of predatory behaviour of service providers.
- Government may encourage the wider use of e-governance to simplify interaction between governments and citizens.
- Public Private Partnerships should be promoted specially in projects with e-governance, water, sanitation, solid waste management etc.
- Governments should conduct functional review of service providing agencies in order to examine road blocks in delivery of services and improving the coverage and quality of services.
- Better coordination mechanism should be created to foster inter agency collaboration for effective implementation of reforms and delivery of services.
- Report Card System should be introduced by private independent agencies to assess the performance and quality of services as well as governance. The feedback of citizens regarding quality and coverage of services provided by agencies may increase accountability and efficiency in service delivery.

- Citizen's charters are useful method for disseminating information to clients. These charters should be developed after consultation with staff, and citizens.
- Municipalities should limit its role to regulation of services, however private sector participation may be taken for monitoring, direction, auditing and performance evaluation of services by municipalities.
- Voluntary Tax Assessment, based on Unit Area Method depending on location, nature of usage, built up area, year/period of construction, and range of municipal services available, may be introduced in a large number of municipalities. This will reduce the corruption and enhance municipal revenues to urban local bodies.
- Transfer of certain funds to Ward Committees or Resident Welfare Associations to under take maintenance and repair work in their respective area may ensure decentralization and devolution of functions.
- Privatization of maintenance and operation works of certain civic amenities may be useful in improving the coverage and quality of urban services.
- Public utilities need to reinvent rather than just reform. A new governance structure for the services sector needs to evolve.
- Community participation in delivery of urban services may be augmented through strengthening NGO's local bodies, public associations and SHG's. However, orientation and training will be required for creating awareness and sensitizing representatives of these associations and organizations.

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