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CITIES AT CROSSROADS

Bring back the lakes

The good news is how citizen action on lake rejuvenation is gathering momentum in Bengaluru and is making a difference on the ground

AT A 'WATER RETREAT' organised by the Bangalore Sustainability Forum at the School of Ancient Wisdom in Bengaluru last week, I realised how far behind Delhi is when it comes to citizen engagement. Considering what we have done to Yamuna and how desperately we need a Yamuna driven movement to save this lifeline of our capital city, I was eager to learn what Bengalurians are doing to save their lakes.

Bengaluru's history and geography are intimately connected with its lakes. Taking advantage of the undulating ter-

rain, a system of cascading lakes was created centuries ago to provide natural rainwater harvesting in which the *raja kaluvs* or storm water drains carry surplus water from higher elevation lakes to the lower ones. These lakes, or tanks as they are called locally, supplied water, helped recharge ground water and also prevented flooding.

Bengaluru has come a long way from being the City of a Thousand Lakes. BBMP (Bruhat Bengaluru Mahanagara Palike) puts the number of currently 'live' lakes (i.e. still surviving on the map and with potential for reclamation) at 190. On the

other hand, Karnataka ENVIS reports that only 34 are actually 'live'. Most of the lakes and canals have disappeared through encroachment by housing complexes, bus stands, malls, stadia, and what have you. Many that remain are choked with untreated sewage and effluents, while construction debris and garbage is also dumped there routinely. The most polluted is the Bellandur Lake which, because of its location, is at the receiving end of all the sewage and chemical effluents that flow downstream.

The good news is how citizen action on lake rejuvenation is gathering momentum in Bengaluru and is making a difference on the ground. While BBMP is restoring the lakes, the task is far from accomplished. Sustainable solutions will be found only when sewage and effluents are treated and not just dumped into the lakes, but in the interim, citizen groups are working with great sensitivity with BBMP in rejuvenating lakes, one at a time, while BBMP lays down pipelines for bypassing wastewater.

Inarrate the story of the rejuvenation of the Kaikondrahalli Lake (covering 48 acres) on Sarjapur Road in the South-East part of Bengaluru to show the power of urban collective action, the importance of human leadership, and the effectiveness of partnering with the government. I spent a couple of hours at the lake in the company of Priya Ramasubban, the force behind the transformation of Kaikondrahalli, and philanthropist Rohini Nilekani, who has been trying to focus the attention of our country on the water challenges that are knocking at our door. What I saw was breathtaking and inspiring.

In 2008, when Priya moved to live close to the Kaikondrahalli Lake, she read in the newspapers about a proposed plan of BBMP to rejuvenate the lake. She gathered a group of local residents and approached BBMP with a request to be involved in the process of rejuvenation. They learnt that the Detailed Project Report (DPR) had already been prepared and a budget had been sanctioned. They were lucky that

the chief engineer of the Lakes Division of BBMP, Mr BV Satish, believed in working with local residents and was willing to share the DPR with them.

The first shock was when they examined the DPR with the help of some technical experts. The plan was essentially based on an engineering approach, which would include a garden with exotic gladioli, gazebos and a boating jetty. It would also fence off the lake from an adjacent school for low-income children. Priya's group lost no time in reaching out to a number of technical experts including Harini Nagendra, an accomplished ecologist, to advise them on an alternative plan which would focus on ecology rather than only aesthetics and be inclusive.

The group came to the conclusion that it was much more important to preserve the original watershed area of the lake and plant indigenous trees in the surrounding area. They also felt that the plan should not only provide access to the lake for the children from the adjacent school which had its play area on the lake land, but also washroom facilities which they earlier did not have. A separate pond should be built into the plan for religious practices during festivals. In redesigning the DPR, the group reached out to Vasudevan Kadalayil, an architect, who gave his services *pro bono*. A horticulturist, an ornithologist, and many more joined in.

After four years, once the infrastructure work was completed and water started flowing in, the citizens' group formed themselves into a trust—MAPSAS (Mahadevapura Environment Protection and Development Trust)—and assumed responsibility for the maintenance of the lake at the invitation of BBMP. There are other groups such as Friends of Lakes that have also come up to advise residents around different lakes on how to participate in the rejuvenation exercise and act as watchdogs.

During my visit to the Kaikondrahalli Lake, a charming surprise was to come my way as I saw a discrete plaque next to a jackfruit tree. The tree was planted in 2012 by Nobel laureate Elinor Ostrom, lauding the collective action to develop these urban commons. I saw lots of medicinal trees along the way. It was told that once local fishing communities get licenses from the fishing department to

fish, they come to the lake for fishing and do voluntary de-weeding in return. Cowherds are encouraged to take away grass for cattle feed. The trustees of MAPSAS, mostly women, are planning to train disadvantaged women in the skills using reeds and weeds from the foreshore and wetlands to make handicraft products so that they can supplement their income.

The MAPSAS motto of public land for public good has found resonance in the local community. The larger support network is provided by WhatsApp groups, Facebook pages and regular meetings. The *Kere Habbas* (lake festivals) have now become a regular feature and they keep everyone enthused and active with respect to the lakes as their common resource, and therefore in need of their watchful eye and loving participation.

As Priya put it, not all battles have been won and there will be challenges galore. The real estate interests, the politicians, the bureaucrats in the government departments with overlapping jurisdictions, and the differences within the community—all need to be reconciled and resolved to nurture and enjoy the public commons that have been created. Ostrom, who won her Nobel Prize for work on the enormous potential of community action to resolve difficult problems, is now no more. But she would be happy to see what has been achieved at the lake where she planted the jackfruit tree.

The rejuvenation of Kaikondrahalli lake in Bengaluru shows the power of urban collective action and the effectiveness of partnering with the government

Why are we always planners?

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From Planning Commission to NITI Aayog, we are always planning

IHAD EARLIER WRITTEN a book on Indian development planning as an invited fellow at the World Institute for Development Economics in Helsinki. It was reasonably well received, running into a reprint and paperback. I was under pressure to revise it. The Planning Commission has been abolished. I thought it more appropriate to write a book on Indian economic policy for the current generation of students to prepare them for work in the economy as it unfolds. We need to develop a responsible critical tradition to analyse the policy stance of the current NDA government and earlier governments, as stated in official documents, and to see if actual policies have relationship with past statements in terms of concepts or programme details. The NDA government released, after considerable examination, the NITI Aayog's Vision Statement up to 2020. The story in the main is that 'Everything Changes; Nothing Really Does'. Well, almost. But Politics does matter.

The growth strategy of the NDA is clearly stated. It is unequivocal and unconditional. The NDA was elected on a promise of abolishing planning. Strangely, the then Planning Commission decided to hold a meeting to which 'experts' were invited. I was also on the list. When I said I did not consider it a very useful way of spending my time to come for a meeting with necromaniacal civil servants, I was told somewhat severely by the senior lady in attendance at the other end that the PMO had decided who should attend the meeting. Being somewhat traditional, I accepted, because in our day if the PMO asked you to do something, you fell flat on your face and did it. Sometime before that meeting, I had delivered the Invited Raj Krishna Memorial Lecture at my alma mater, the University Department of Economics in Jaipur, where both Raj Krishna, a well known agricultural economist with a global reach and me had taught, and past students and teachers included both of us, Raja Chelliah, who was a colleague, and others who had followed me in the Planning Commission, like C Rangarajan, GS Bhalla and Arvind Panagariya, among others.

A number of us argued that reform of the Planning Commission was an ongoing issue, in an economy following the Manmohan Singh 1991 liberalisation path. A more focused body concentrating on issues like energy, water and demographics, which have a long-term perspective, should be the agenda of the new body, as in China, after the State Planning Committee was replaced by the National Economic and Social Development Commission. The Planning Secretary put all this in a two-pager, which we understand was to be discussed in the NDC. In the Raj Krishna Lecture, I gave my take on what the work of the new body should look like if it was not decided to abolish planning. But, in fact, it was decided to abolish planning after a hurriedly called chief ministers' meeting. The new body, called NITI Aayog, had a very amorphous agenda. To sum up, if the NITI Aayog was to be taken seriously, its agenda was, in my opinion, to be in demographics, energy, land and water, and like in China, it should also allocate resources for the long-term plan, which it was not mandated to.

The NITI Aayog, interestingly, decided that resource allocation or not, it would do planning, and in spite of planning being abolished and the finance minister allocating resources amongst states in his government's schemes which now in the annual Budgets aim to allocate more money than by the UPA, it prepares three-year and seven-year plans. On rare occasions, the PM makes some resources available to them and asks them to allocate those. But most of the time, its advise is not contaminated with filthy lucre.

I have no problems with all this. But as an emeritus professor, I would be happy if I could write a emeritus plan in a textbook clearly. Neither the UPA nor the NDA helped me in being fair to the next generation. After all, we professors have to earn our pension.

In spite of Planning Commission being abolished, the NITI Aayog prepares three-year and seven-year plans

URBAN DEVELOPMENT in India, due to its multiplier effect and value addition, coincides with expansion of non-farm sector. Most productivity gains (86% of GDP through structural readjustment) are noticed within and around cities. Accordingly, the city economy and resources to be extracted from taxes, charges and fees have vast potential for municipal finance. Yet the revenue-generating potential of municipal bodies is declining. Municipal own sources as part of national GDP have declined from 0.6% in 2007 to 0.53% in 2012. During this period, despite a quantum jump in fiscal transfers (36% to 46% of municipal income) from the Centre (₹1,000 crore for 1990-95 to ₹87,000 crore for 2015-16) and states (substantially from one state to another), municipal bodies have failed to sustain the size of municipal finance (declined from 1.08% to 1.03% of GDP). Municipal revenue as part of combined intergovernmental revenue also declined from 3.71% in 1990-91 to 2.43% in 2000-01 and 1.7% in 2007-08; this is 10.2% for developing nations and 12.7% is the global average. At city level, municipal governments access around 1% of GDP, whereas the scope could be 5-6% of city economy.

The fiscal stress at municipal level adversely affects liquidity, solvency and creditworthiness of city governments to maintain services at current levels of efficiency and upgrade them as per mandate. A March 2018 survey by Janaagraha confirms that many sample cities fail to mobilise revenue to pay salaries to employees. Evidence suggests fiscal stress

City GDP for municipal finance

City resources from taxes, charges and fees have vast potential for municipal finance

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across the size class of cities (North and East municipal corporations in Delhi and local bodies in smaller towns). In most cases, fiscal transfers to municipalities are either dedicated or used (as untied grants) towards payment of salaries.

Municipal finance from city economy and resources by way of suitable instruments assume special significance in the light of urban sector assessment being done by XV-FC and the government to frame a national urban policy.

The reasons for municipal failure to tap city potential are (1) inadequate coverage of city region, (2) lack of powers to levy taxes, (3) weakness in financial management—i.e. accounting and budgeting, and (4) traditional management of municipal expenditure.

First, a large part of city remains outside the purview of resource base of city government. Illegal land subdivision and land use conversion minimise the revenue

from property taxes (PT) and license fees. Economic Survey 2017 expressed concern on the gaps in urban centres (8,000-plus) and city governments (4,000-plus) as well as potential areas not classified as urban according to current definition of Census. Also, city region is not part of a single municipal system. Administrative city (such as NDMC and MCD), physical city (Gurugram and Noida) and city region (other adjoining towns) are different entities. There are huge variations in the income of administrative cities within a single city region. South Delhi Municipal Corporation, for example, is much better placed than East Delhi.

Second, the power to levy taxes as assigned by states as per Article 243X is limited to a few taxes with PT as a mainstay, which is underutilised to the tune of 5-20% of the potential. PT is 0.23% of GDP in India; global average is 1.04%. Also, user charges are limited to water sup-



ply; other instruments such as congestion pricing are not applied. Cities are not allowed to use instruments of value capture finance to raise funds. Land value gains captured by development authorities and housing boards within and around administrative city (such as DDA) are not shared with city governments.

Third, financial management is weak. Despite persuasion by the Centre along with municipal accounting code, double entry accounting is not fully applied by most urban local bodies. Most cities apply line item incremental budgeting, which ignores the actual requirement and availability of funds. Innovative auditing is not taken up, leading to revenue loss and expenditure mismatch. Cities report significant difference between budgeted amount and actuals, adversely affecting regular replacement and repair in their O&M activities.

Fourth, municipal expenditure suffers

from conventional system of deployment and technical know how. Time and cost overrun is common. Funds allocated to the Centre under different missions are underutilised, caused by lack of planning, manpower and implementation capacity. Cost-effective, environment-friendly, inclusive and sustainable delivery of services is not planned.

Responses to fiscal stress are emerging at the city level. Ahmedabad, Pune, Bengaluru, Hyderabad, Indore, Gurugram and NDMC have a track record of financial management, accounting, budgeting and efficiency in expenditure. They report revenue account surplus, which enables them to undergo rating for creditworthiness/ borrowing and repayment capacity, and also take up capital projects on non-market goods such as environment, poverty alleviation, tourism, etc. Pune and Hyderabad raised ₹200 crore each from municipal bonds, which were oversubscribed by six times and two times, respectively. This welcome trend will open up replication among smart cities and other cities taking up reforms in financial management.

Hyderabad Municipal Corporation carried out reforms in the database for PT and collection of impact fee to recover value addition due to municipal investment. Ahmedabad Municipal Corporation has two SPVs—Sabarmati Riverfront Development Corporation and Janmarg BRTS. AMC has also implemented several PPP projects (such as the Kankaria Lakefront Development), enabling additional liquidity to take up non-conventional projects on health, tourism, poverty alleviation and business promotion, which are normally

missing in a municipal budget.

The emerging models on correction provide a fiscal agenda to stimulate own source funds to city governments. These include: (1) As the state list of taxes, a separate list of local taxes needs to be added to Article 243X, which should cover value capture finance; (2) discretionary nature of Article 243W with regard to delegation of functions should be removed particularly in relation to remunerative and revenue generating activities; (3) Schedule XII should identify functions in the context of sectoral changes occurring since 1992; (4) state finance commissions should be synchronised with national FC to consolidate local demand for upward assessment; (5) fiscal devolution should be partly linked with municipal performance on mobilisation of own sources, and it should include pricing and cost recovery through non-conventional sources such as polluter-pay and reduce, reuse and recycle; (6) land value gains captured by development authorities or housing boards should be shared with ULBs in line with the recommendations of XIII-FC and Second Administrative Reforms Commission; (7) database on land, properties and advertisement potential should be regularly updated to widen base of value capture finance; (8) accounting system needs to be modified with double entry accounting; (9) normative budgeting should be introduced to gradually reduce the backlog and mobilise local elasticity for municipal budget; and (11) resources from private sector and community should be duly used to supplement municipal staff and assets.