

# Chapter - 16

## Good Practices in Urban Governance

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**16.1** One significant feature of urban capacity building is learning from good practices and adopting them to meet cities' particular needs where possible. In recent years documentation and dissemination of good practices has become a very significant part of capacity building. Similarly, the ULBs across the globe have been making efforts to improve urban governance including financial management and effective service delivery to improve the quality of life of the civic community.

**16.2** The UN-Habitat has developed best practice database which is in public domain. The Dubai International Awards, being awarded for urban best practices annually since 1995, covers practices from as many as 150 countries. Massachusetts Institute of Technology developed international urban best practices in water supply, sanitation and other services including environment, housing, etc. Good practice in Latin America relating to fiscal management and local resource management, participatory budgeting, public service provision, etc., have been well documented by Tim Campbell and Harald Fuhr under the aegis of World Bank Institute. The ULBs in the state should make efforts to benefit from these practices and experiences.

### Good practices in the country

**16.3** The 12<sup>th</sup> FC documented best practices in rural local bodies in the areas of finance and taxation, accounts and audit, incentive grants, levy of user charges, etc., and recommended for their adoption (Para. 8.18 and 19). Yaswanthrao Chavan Academy of Development Administration undertook a study of municipal best practices for the 13<sup>th</sup> FC covering resource mobilization, expenditure reduction through outsourcing and PPP, accrual accounting, accountability and citizen charters, slum development, delegation of funds, functions and functionaries, maintenance of municipal finance statistics, etc. The study also documented Tamil Nadu experience of urban infrastructure development through urban development fund, Kerala experience of delegation of powers to ULBs, 24X7 control room for grievance redressal in Hubli-Dharwad, etc. The 13<sup>th</sup> FC felt that these practices can usefully be emulated by the ULBs (Para 10.78). Documentation and dissemination of urban best practices gained momentum in India in recent years. The Ministries of Urban

Development and Housing and Urban Poverty Alleviation have documented several good practices in the country. The Ministry of Urban Development, GoI in partnership with ASCI established National Urban Water Awards with a view to recognize best practices in water management in the country. Thus there is a mine of information on best practices in urban sector. What is needed is to disseminate them with a view to enhance understanding of municipal functionaries in the state so that they can adopt and implement them as needed profitably.

16.4 The NIUA brought out a compendium of best practices in urban property tax reforms in India covering reforms in Ahmedabad, Bangalore, Bhubaneswar, Chennai, Hyderabad, Indore, Kolkata, Ludhiana, Patna and Pune M.Corps .

16.5 World Bank, GoI and CII, etc., published compendiums on PPP best practices in urban infrastructure covering water supply and sewerage, SWM, transport and others. They include good practices *inter alia* sewerage project in Alandur, water supply project in Nagpur, centralized bio-medical waste treatment facility in Surat, multi-story parking and commercial complex in Indore, bus terminal in Dehradun, street lighting in Nasik, integrated municipal SWM project in Timarpur -Okhla, etc.

16.6 The Planning Commission and UNDP published a volume on successful governance initiatives and best practices from Indian states covering municipal management and capacity building in Punjab, women's empowerment in Tamil Nadu, participatory poverty reduction in Kerala, etc. ASCI brought out a compendium of cases on use of information and communication technology for effective urban governance covering water, sanitation and other municipal services in different cities, billing and collection, biometric attendance system and citizen interface through e-sewa in Hyderabad and improve citizen services in Jabalpur M. Corp.

#### **Urban Good Practices - Chhattisgarh**

16.7 The GoC launched Bhagirathi Nal Jal Yojana with a view to provide to the urban poor and those who live in slums access to water supply in their premises. This is a subsidized water connection scheme being implemented in the ULBs across the State and has caught the imagination of the urban community, particularly the poor. Korba Municipal Corporation undertook PT reforms in 2010. The RMC formulated an advertisement tax policy. Despite resistance in the beginning leading to modification of the policy, the RMC is mobilizing income from this largely untapped source. This indicates the potential of the source but being neglected by a majority of ULBs. These practices are discussed in detail.

**Box 16.1: Bhagirathi Yojana in Bhilai Municipal Corporation**

Bhilai, the second largest city in Chhattisgarh, has a population of over 6.25 lakh as per Census 2011. Prior to the completion of water augmentation project in 2008, the city depended on ground water supplied through limited individual connections and PSPs. Only 8,000 of 1,50,000 HHs were covered with individual water connections. Urban poor and slum HHs suffered most as they had to depend on PSPs, hand pumps, tankers, bore wells and others.

BMC took advantage of Yojana and initiated steps to implement through intensified campaign to extend both regular connections and to the poor. An 'Implementation Committee' headed by the Mayor and consisting of members of Mayor-in-Council and Commissioner as members was constituted. The Committee decided to implement the Yojana in all slums instead of prioritizing them. The BMC decided that all HHs with a built up area up to 800 square feet with no concrete roof are eligible to get water connection under the scheme. All HHs on encroached lands are also eligible with a condition that water supply connection does not confer the title to land. BMC appointed two contractors through competitive bidding for providing last minute connectivity including provision of water meters, use of strap saddle technology and High Density Polyethylene (HDPE) pipes.

BMC developed customized software to establish a robust customer database. To build awareness, publicity through local print and electronic media were undertaken. Powers were delegated to zonal officials to implement the scheme.

The BMC received about 28,000 applications for water connection of which 24,000 are under the scheme. Over 8,600 connections have already been provided and another 10,000 connections were approved. BMC targets to provide 50,000 additional connections covering 2.5 lakh population in the next one year and has requested GoC to provide a subsidy of Rs. 15 crore.

With the implementation of the scheme, BMC started generating revenues in the form of user charges. This also reduced expenditure on water supply through tankers. For example, BMC spent in 2006-07 Rs. 114 lakh on tankers which came down to Rs. 15.5 lakh in 2011-12. The scheme also brought increased citizen satisfaction, reduced social tensions among the urban poor HHs at PSPs, reduced health problems, improved quality of life among slum households and increased ULB revenues potential to meet the O&M costs. The number of grievances also reduced substantially. There is a very positive response both from citizens as well as the local elected representatives towards the scheme.

### **Bhagirathi Nal Jal Yojana**

**16.8** As per Census 2011 only 3.43 lakh of 12.28 lakh urban HHs in Chhattisgarh have residential water connections and receive protected piped water. Recognizing that low water supply coverage is mainly due to high connection cost and cumbersome procedures, GoC launched Bhagirathi Nal Jal Yojana in August 2009. The Yojana aims at provision of residential water connection to the identified poor free of cost. The objectives of the Yojana are to extend water connections to about three lakh slum and urban poor HHs, improve the living conditions of urban poor women and children through easing their struggle for basic

services and prevent wastage of water at PSPs. It is expected that the implementation of the scheme would result in enhancing the self respect of women leading to their empowerment.

### *Implementation*

**16.9** The water connection under Yojana is extended to the urban poor, but the ULBs are given the freedom to decide on the eligibility criteria. The expenditure toward capital cost of provision of water connection is reimbursed by the GoC according to the actual expenses subject to a ceiling of Rs. 3,000 per connection. Once water connection is provided, the beneficiary has to pay monthly user charges. The ULBs are entrusted with the responsibility of selection of slums under the guidance of Implementation Committee headed by Mayor/President. The applicant has to submit an application requesting for water connection and property/house title is not a constraint to extend water connection. The ULB based on number of applications received, raises a demand for reimbursement of funds from SUDA, the nodal agency for implementation of the scheme. The Yojana has demonstrated encouraging results during the last three years. Till date 1,27,812 connections have been provided in 110 ULBs. Implementation of the scheme appears to be weak in some ULBs and some are not able to take up the scheme due to unavailability of water. Sustainability of the Scheme lies in effective billing and revenue collection mechanism. Bhilai Municipal Corporation (BMC) is one of the ULBs implementing the Yojana effectively and has become a role model for others in the state. For its effective implementation and increasing the access to water to the urban poor BMC received an award from the Ministry of Urban Development, GoI under the National Urban Water Awards in 2010. This Yojana can be considered a best practice, sustainable and replicable. The BMC case can be seen from Box 16.1.

### **PT Reforms in Korba**

**16.10** Korba Municipal Corporation (KMC) is a good example of efficient PT management – revision, identifying un-assessed and under-assessed properties and plugging loopholes in levy and collection. The reforms included conducting a survey of properties, introduction of slab system as per the guidelines, revision of tax rates and streamlining levy and collection. These efforts got a phillip after the UADD issued the guidelines in June 2011.

### **Property Survey**

**16.11** One significant feature of reform was to undertake a house to house survey of properties in the city in 2010-11. This survey identified 10,000 new properties, about 9,000

properties were brought into the PT net, number of exempted properties came down and PT collections increased substantially, as can be seen in table 16.1. The properties were divided into four categories viz., residential, commercial, PSU residential and PSU commercial. The PT rates were 8% for residential, 9% for commercial and PSU residential and 10% for PSU commercial.

**Table 16.1: Property Tax Survey**

Sl. No.	Particulars	No. of Properties		Difference	
		Before Survey	After Survey	No	percent
1	Total Properties	71784	81828	10044	13.99
2	Paying PT	39940	48811	8871	22.21
3	Paying only Consolidated Tax (CT)	12218	24232	12014	98.33
4	Exempted from PT and CT	19626	8785	-10841	-55.24
5	Increase in PT (Rs in lakh)	807.00	2188.77	1381.77	271.22
6	Increase in CT (Rs in lakh)	90.00	520.02	430.02	477.80

Source: Korba Municipal Corporation

### Revision of Rates

16.12 The KMC revised the PT rates as per the GoC guidelines, introduced slab system and adopted the rates for different slabs indicated in table 16.2. As a result, the properties with a higher ALV have to pay higher PT which was not the case earlier. This increased the revenues from PT substantially.

**Table 16.2: Revised Rate of PT**

Sl. No.	ARV	percent of Tax	In 2012-13 properties under each category	Percent
1	0 - 6000	Nil	24232	
2	6001 - 12,000	6	12419	48.6
3	12,001 - 20,000	8	6270	24.5
4	20,001 - 30,000	10	3055	11.9
5	30,001 - 50,000	12	2029	8
6	50,001 - 75,000	15	914	4
7	75,001 - 100,000	18	366	1
8	100,001 & above	20	500	2

Source: Korba Municipal Corporation

With these initiatives, KMC increased the number of PT payer by 22 percent and revenue from PT by 271 percent, as can be seen from table 16.1. The number of exempted properties was reduced by 55 percent and number of consolidated tax payers doubled.

## Advertisement Tax – RMC

16.13 Advertisement tax is an optional tax under M.Corp Act [Sec. 132(6)] (1) and MC Act [Sec. 127(6)(1)]. There are variations in exploiting the potential of this tax by ULBs - tax base, rate, revision, etc. Except M.Corps and some MCs this tax is not being exploited by others. In NPs the scope is considered minimal and as such no efforts are being made. RMC the largest M-Corp in the State attempted to exploit its potential. RMC adopted a policy in 2009 based on tendering levy and collection. It outsourced the collection from the hoardings, uni-poles, etc. The RMC faced resistance from property owners for collection of this tax and to overcome the objections, guidelines were revised in 2012. As per these guidelines, advertisement rights on hoardings and uni-poles situated on public lands, advertisement on buses, jetties, etc., are tendered for collection. Hoardings which are situated on individual buildings/properties are levied and collected by the RMC at a revised rate of Rs. 40/- per sq. ft. (earlier it was Rs. 11.25/- per sq. ft.) RMC now levies advertisement tax also on mobile vans carrying hoardings at a rate of Rs. 136/- per sq. ft. Advertisements on walls are exempted from this tax. The income from advertisement tax is increasing over the years. Revenue collection from this source increased from Rs.30 lakh in 2006-07 to Rs.78 lakh in 2010-11. With changes in policy, the RMC hopes to collect over two crore rupees during 2012-13 as can be seen from table 16.3.

Table 16.3: Income from Advertisement Tax – 2012-13

SL No.	Particulars	Revenue (Rs. in lakh)
1	Traffic Booth	23.20
2	Advertisement on road dividers	79.49
3	Uni- poles	6.19
4	No Parking Board	5.45
5	Roof of residential buildings/private hoardings	87.39
6	LED board on residential buildings	2.26
	<b>Total</b>	<b>203.98</b>

Source: RMC

16.14 *The Commission recommends that the good practices as above and the good practices documented by various institutions as mentioned in paras 16.2 to 16.6 above should be compiled, disseminated to all ULBs in the State. The experiences in good urban governance in India and elsewhere should be shared with them. The SIUGD should play a significant role in documenting good practices and their adoption by ULBs. The State Govt. should consider incentivizing adoption of good practices.*