

Metropolitan Governance and Finance
The cases of Mumbai and Hyderabad

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Introduction

1. Recognition of urbanization and metropolitan development in India's development agenda
 - 1992 constitutional amendment
 - The Jawaharlal Nehru National Urban Renewal Mission (JNNURM) - a federal initiative
 - Revival of the debate on the role of Mayor in metropolitan governance

2. Issues at the core of discussions
 - Population size of cities and metropolitan areas – does size matter
 - Outward expansion beyond municipal boundaries – multi-municipal; issue of relationships
 - Economic importance – to what extent it will be a determining factor for governance structures

3. Goal of the paper

National Context of Urban and Metropolitan Governance

1. Setting the broad parameters for municipalities

- Constitution defines the functions, powers, and authority of the central (federal) and state governments, but not of local governments which are statutorily laid out in the state statutes
- Constitution, however, recognizes local governments and provides safeguards against keeping them under suspension or dissolution; it safeguards their composition as well.
- Envisions a large role for municipalities and correspondingly mandates each state to constitute once every five years a Finance Commission to recommend a fiscal architecture for municipalities
- Also mandates the central Finance Commission to make recommendations on augmenting the finances of municipalities

2. Constitutional Provisions for metropolitan areas

- Definition (Link 1)
- Provision for a Metropolitan Planning Committee (MPC) for every metropolitan area to prepare a draft development plan
- Lays down that every MPC be represented by the Government of India in addition to others
- Provides details in respect of the what the draft development plan should consist of -.

3. Other central government initiatives – JNNURM

- Reform-linked grant facility aimed at improving governance structures in metropolitan areas (Area Sabha), disclosure of accounts, E-governance,
- Property Tax Boards

4. Executive Mayor/Mayor-in-Council versus the system of division of powers between the deliberative and executive wings.

Overview of case study metropolitan areas

Maps: Mumbai

Mumbai Metropolitan Region

A bunch of seven Islands

Island city *68.7 sq. km*

Population *2.95 million*

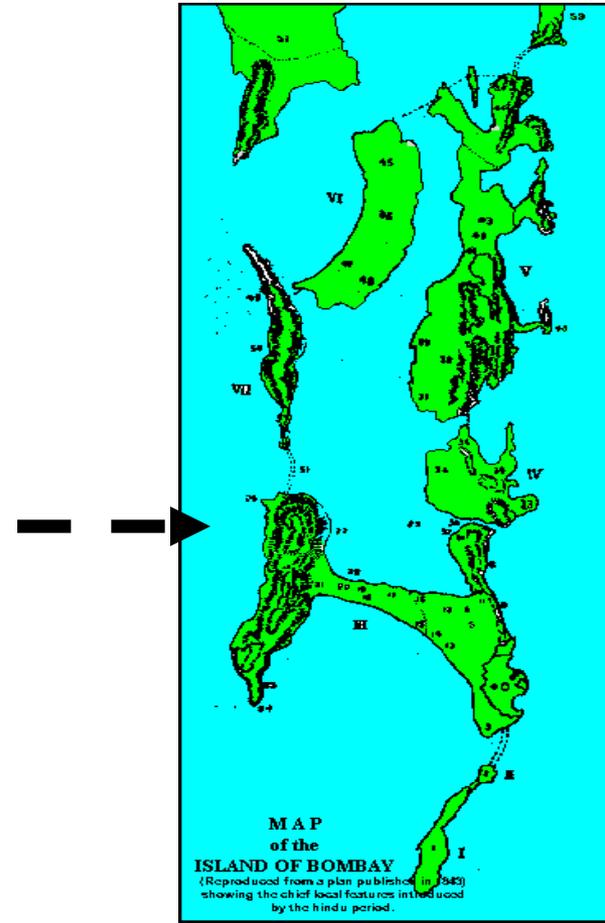


• Mumbai was originally the cluster of seven islands.

• The East India Company started development of Mumbai as naval base, which subsequently metamorphosed as a large port with flourishing trade and commerce.

SEVEN ISLANDS:

- Bombay island
- Parel
- Mazagaon
- Mahim
- Colaba
- Worli
- Old women's island

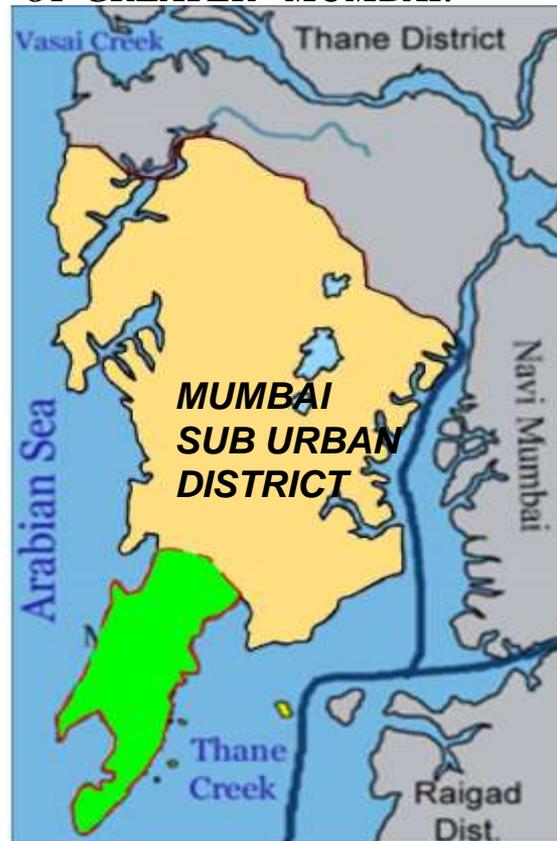


Municipal Corporation of Mumbai
Island city and its sub urbs

**(437.71 sq.km and a population
of 11.97 million)**

Seven islands combined to form **MUMBAI**
(Island city).

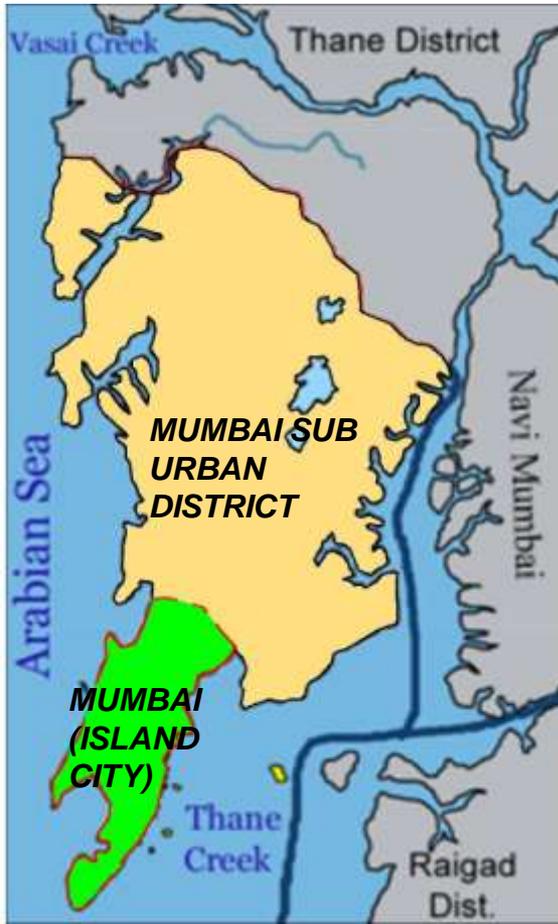
***MUNICIPAL CORPORATION
OF GREATER MUMBAI.***



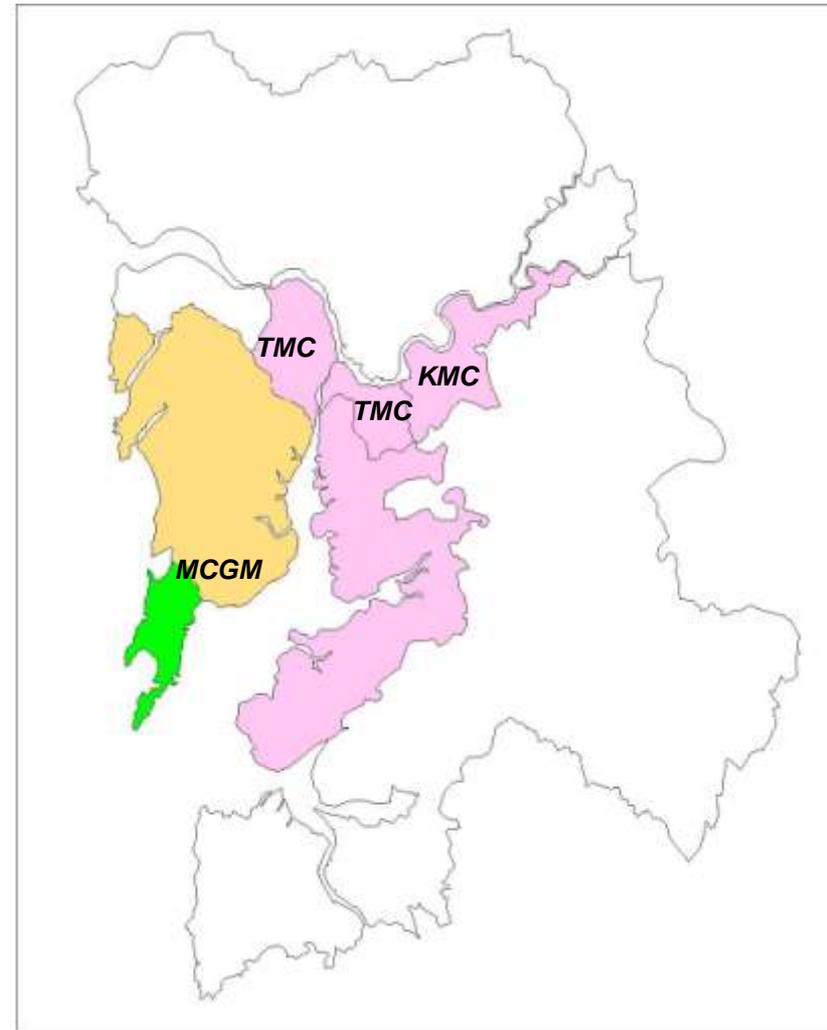
Mumbai Metropolitan Region
Island city, suburbs, and 5 municipal
Corporations, 15 municipalities,
7 non-municipal towns, and
995 villages

*(4355 sq. km)
and a population of
17.85 million)*

MUNICIPAL CORPORATION OF GREATER MUMBAI



MUMBAI METROPOLITAN REGION



MCGM – Municipal Corporation of Greater Mumbai
TMC- Thane Municipal Corporation
KMC- Kalyan Municipal Corporation
NMMC- Navi Mumbai Municipal Corporation

Demography of Mumbai Metropolitan Area (MMA)

Composition of Population in the Mumbai Metropolitan Area (MMA)

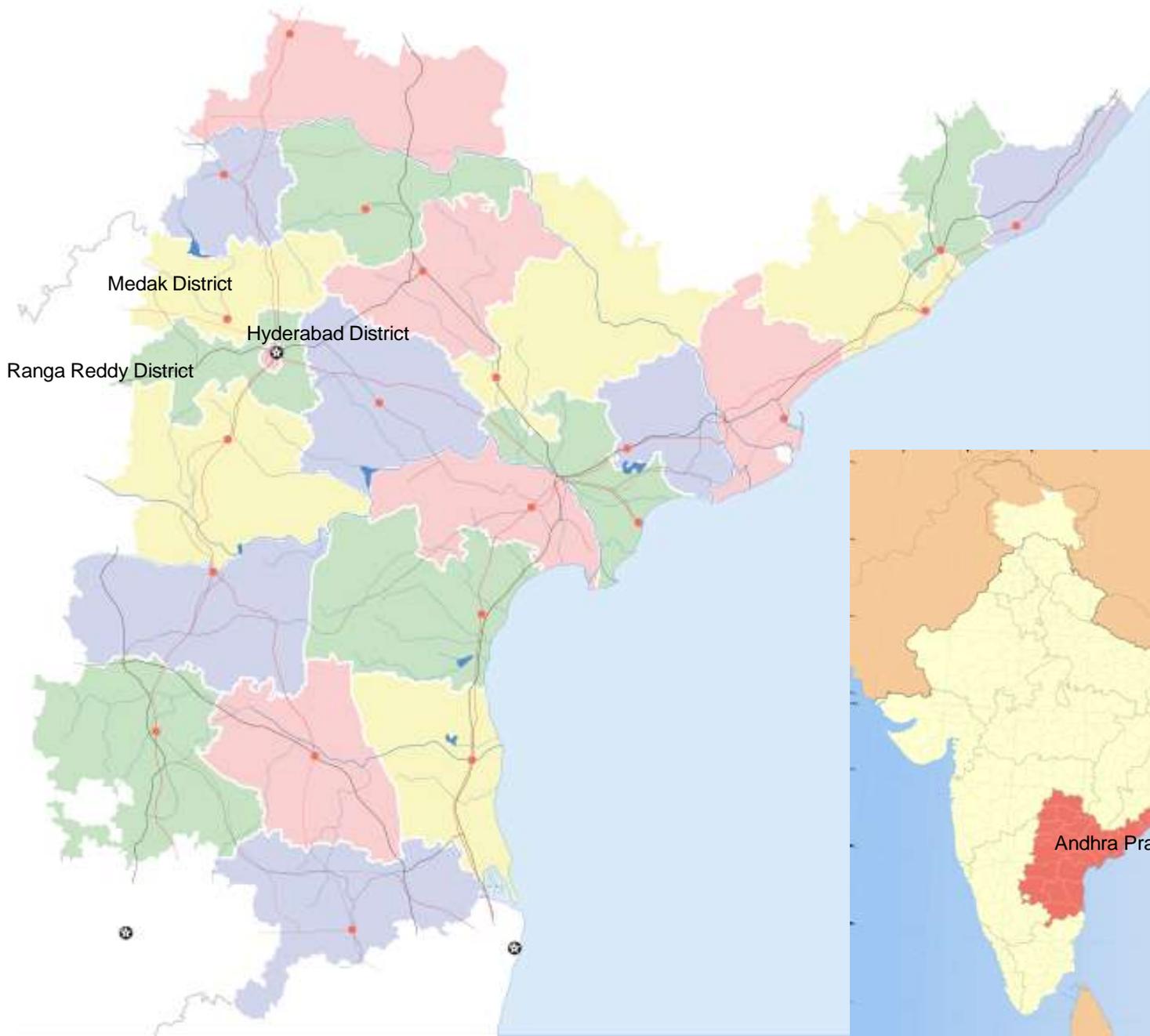
Municipal Corporation of Greater Mumbai (MCGM)			Other local governments			MMA		
Year	Island city	% change	MCGM (excl Island city)	% change	% change	% change	% change	% change
1981	2.89	-	5.34	-	1.41	-	9.65	-
1991	2.79	-3.5	7.13	33.5	3.53	150.4	13.45	39.4
2001	2.95	5.7	9.07	26.6	5.95	68.6	17.85	32.7

3. Economy of Mumbai

- India's financial, industrial, and media centre as well as country's largest part, has extensive and far reaching effects on the economy
- Undergoing a process of de-industrialization
- Manifests some of the worst housing conditions and world's largest slum population; located on some of the most expensive real estate
- Restrictions on real estate are among the key constraints on city's growth

Overview of case study metropolitan areas

Maps: Hyderabad



HMDA BOUNDARY AND BOUNDARY OF 10 MUNICIPALITIES

HMDA Boundary



Demography of Hyderabad Metropolitan Area

Constituent units	Area (sq.km)	Population 2001 (,000)
Municipal Corporation of Hyderabad (MCH)	172.60	3,632
10 Peripheral Municipalities surrounding MCH	418.58	1,718
125 Panchayats	1273.69	826
Secunderabad Cantonment Board	40.17	207
Total	1905.04	6,383

3. Economy of Hyderabad

- Largest contributor to state's gross domestic product, state sales tax and excise duties
- Economy witnessing transformation from a traditional manufacturing towards a knowledge sector comprising information technology, IT enabled services and biotechnology

4. Hyderabad experimenting with a new governance model – the 10 municipalities and Panchayats have been merged with the Hyderabad Municipal Corporation in an attempt to develop the entire HMA in an integrated manner. The erstwhile Hyderabad Urban Development Authority has been transformed into Hyderabad Metropolitan Development Authority.

Governance Structures

The Mumbai Metropolitan Area

Greater Mumbai governed by the Mumbai Municipal Corporation Act, 1888 as amended from time to time – principal agency responsible for provision of infrastructure and services. Other Corporations and constituent units governed and regulated by other State Acts.

Planning and development of Mumbai Metropolitan Region regulated by the Mumbai Metropolitan Regional Development Authority Act 1974. It is responsible for preparing and implementing projects of regional significance, assisting other municipalities in their infrastructure projects, coordinating the development efforts in the MMR and preventing development that has adverse impacts on the region. It has made plans for and developed parcels of and property for commercial purposes in the Mumbai Corporation of Mumbai area.

Slum Redevelopment Act - a statutory body set up under the Maharashtra Slum Areas Act, 1971 is responsible for formulating schemes for slum rehabilitation and implementation schemes in the slum areas.

Other Acts impacting on the region's development include –

- Maharashtra Housing and Area Development Authority (MHADA)
- Maharashtra State Road Development Corporation (MSRDC)

Details are in a linked file. ([Link 1](#))

The Hyderabad Metropolitan Area

Comprises the recently created Greater Hyderabad Municipal Corporation (GHMC) by merging 10 municipalities and Panchayats with the Municipal Corporation of Hyderabad.

Almost co-terminus with the metropolitan region.

- i. Establishment of Greater Hyderabad Municipal Corporation (GHMC) by the merger of 10 municipalities and Panchayats with the Municipal Corporation of Hyderabad. It has increased the jurisdiction of Greater Hyderabad Municipal Corporation from 175 sq.kms to 625 sq. kms

Hyderabad is now governed by the Greater Hyderabad Municipal Corporation Act, 2008. However, there is no change in the functional or fiscal assignment of the newly formed Corporation.

- ii. Replacement of Hyderabad Urban Development Authority by Hyderabad Metropolitan Development Authority (HMDA) via an Act of 2008. It provides for the establishment of Metropolitan Development Authority for the purposes of planning, coordination, supervising, promoting and securing the planned development of the Hyderabad Metropolitan Region and for matters connected therewith or incidental thereto.

Three important functions of HMDA - - -

- to undertake preparation of Metropolitan Development and Investment Plan, revision of the said Plan and prioritize the implementation of the said plan
- to undertake execution of projects and schemes as per the said Plan and/or through action plans for any sector or area of the metropolitan region
- to co-ordinate the development activities of the Municipal Corporation, Municipalities and other local authorities, the Hyderabad Metropolitan Water Supply and Sewerage Board, the Andhra Pradesh Transmission Corporation, the Andhra Pradesh Industrial Infrastructure Corporation, the Andhra Pradesh State Road Transport Corporation and such other bodies as are connected with development activities in the Hyderabad Metropolitan Region

Financial Powers of HMDA

- The State shall create a Metropolitan Development Fund with a seed capital of Rs. 2000 million for the purpose of administering the Act.
- Important provision is that every Municipal Corporation and Municipality falling within the HMDA, shall contribute to the Development Fund.

iii. Enactment of the Andhra Pradesh Metropolitan Planning Committee Act, 2007 under which the Metropolitan Planning Committee (MPC) shall –

- ensure the preparation of Development Plans by the constituent units
- review the implementation of the Development Plan so prepared

Financing Metropolitan Services

Powers to levy taxes with the Municipal Corporation of Greater Mumbai (MCGM)

- Octroi
- Property taxes
- Other minor taxes such as advertisement taxes
- fees and charges
- Intergovernmental transfers
 - State government grants
 - Central government grants

Per Capita Income- Greater Mumbai

Year	Per capita income
2003-04	3897.5
2004-05	4301.6
2005-06	4700.7
2006-07	5753.2
2007-08	6288.7

Per Capita Revenue expenditure- Greater Mumbai

Year	Per capita revenue expenditure
2003-04	3078.6
2004-05	3637.9
2005-06	3401.8
2006-07	4069.6
2007-08	4857.2

Per Capita – Property Tax Greater Mumbai

Year	Per capita – Property tax
2003-04	526.8
2004-05	565.70
2005-06	614.12
2006-07	700.71
2007-08	975.11

Other Municipal Corporations have identical powers

The MMRDA enjoys powers to levy development charges and fee

Functions of the Greater Hyderabad Municipal Corporation

- Provides civic services and infrastructure facilities:
 - Roads, bridges
 - Widening of roads
 - Traffic and transports amenities
 - Street lighting
 - Markets
 - Storm water drainage and flood control
 - Play grounds, Stadia, Swimming pools etc.
 - Rain water harvesting and water conservation
 - Town planning
 - Slum improvement/Urban community development
 - Hospitals
 - Crematoria, burial grounds, slaughter houses
 - Multi Modal Transport System (MMTS) Project

Per Capita Income – Hyderabad

Year	Per capita income
2003-04	697.6
2004-05	663.4
2005-06	718.8
2006-07	786.0
2007-08	1168.2

Per Capita Revenue Expenditure – Hyderabad

Year	Per capita revenue expenditure
2003-04	597.7
2004-05	797.9
2005-06	879.9
2006-07	968.0
2007-08	922.2

Per Capita – Property tax Hyderabad

Year	Per capita – Property tax
2003-04	281.0
2004-05	262.3
2005-06	281.1
2006-07	338.0
2007-08	372.7

Issues in Governance

Encroachment on the powers of the Municipal Corporation of Greater Mumbai

Major areas of overlap observed between MCGM and parastatals – e.g., MCGM and MMRDA as also MSRDC involved in road development; MCGM responsible for slum upgrading but SRA set up a specialized body for this purpose

Confusion about the role of the Metropolitan Planning Committee, just set up, and lack of political acceptance of such a Committee

Right of access to lands occupied by different agencies

Take over of infrastructure developed by one agency for maintenance by another agency

Lack of clarity in ownership of projects developed in a multi-agency framework

Specific instances of conflict:

- Conflict over assigning priority to projects to be developed
- Disagreement on project design as well as implementation mechanism
- Meeting the cost of damages in redoing infrastructure
- Inadequate information exchange e.g., maps of drain networks.

A citizens group called the “Bombay First” set up and in partnership with the McKinsey, prepared a comprehensive vision for Mumbai’s development in 2003.

A Special Projects Office (SPO) set up in 2003, with reporting channel to the Chief Minister.

A Task Force constituted to examine the vision report which has set up six sub-groups

- Strategic planning and finance
- Housing
- Economic growth
- Physical infrastructure
- Social infrastructure
- Governance

A new 8-point agenda for Mumbai's transformation

- Boost economic growth to 8-10 percent per annum by focusing on services, developing hinterland-based industries and making Mumbai a consumption centre.

- Improve and expand mass and private transport infrastructure, include linkage with the hinterland
- Dramatically increase low income housing availability (1.1. million low income houses) and affordability and drive up upgrading of housing stock.
- Upgrade safety, air pollution control, water, sanitation, education and healthcare.
- Create a `Mumbai Infrastructure Fund' with an annual funding of Rs. 1500 crore and attract debt and private financing.
- Make governance more effective, efficient and responsive by corporatizing key departments and streamlining important processes such as building approvals.
- Generate momentum through 20 quick wins to show visible on the ground impact in the first 1-2 years.
- Enable implementation through committed public private resources, led by the Chief Minister and make key government organizations accountable for results

Expectation: It will trigger a new and effective governance plan.

Hyderabad

- Inter-municipal coordination is no longer an issue.
- Municipal-parastatal coordination – example: no clearly defined institutional mechanism to ensure that roads passing through various jurisdiction are developed within a common framework.
- Many managers connected with metropolitan service delivery and infrastructure
- Metropolitan areas abound in ‘ spillover effects’
- Metropolitan Management crisis – jurisdictional, institutional and functional overlaps leading to duplication
- Functions of elected local bodies usurped by parastatal authorities
- No coordinating agency to prepare a Financing Plan

- Defines a metropolitan area

Metropolitan area means an area having a population of ten lakh or more comprised in one or more districts and consisting of two or more municipalities or Panchayats or other contiguous areas, specified by the Governor by public notification to be a Metropolitan area for the purposes of this Part.

(Lakh = 100,000)

THANK YOU