Indira Gandhi National Open University
School of Extension and Development Studies

MEDS-041
Introduction to Urban Development

Block

1

URBAN DEVELOPMENT: CONCEPT AND DYNAMICS

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MEDS-041 INTRODUCTION TO URBAN DEVELOPMENT

Dear Learner,

Welcome to the Course MEDS – 041 on "Introduction to Urban Development". As you all are aware that urbanization in India is quite astounding. Roughly, 30 percent of India's population lives in cities, but this number (30 crores) is already the second largest urban system in the world. It is expected that by 2025, half of the population will be urbane. The excessive urbanization has created manifold problems such as the haphazard growth of unauthorized housing colonies, slums and squatter settlements. Urban poverty and unemployment are serious problems. One of the estimation shows that at least 33 percent of the Indian urban population lives in slums. Thus, urbanization will be a problem before the urban planners and policy makers in the years to come. The criticality of the urban problems has not been properly understood due to less emphasis on urban development issues in the academic curriculum at the graduation and post-graduation levels. Therefore, it is pertinent to study about the various parameters and components of urban planning and development. It will also enable you to share your perspectives on urban planning and development in various forums. The main aim of this course is to make you aware about the introductory issues in urban planning and development. The course is divided into following four blocks.

The Block 1 deals with the basics of urban development: concepts, dynamics process of urbanization, and then it discusses about the various theories of urban development. It also gives the global overview of evolution of urban development, and finally it gives the urban development experiences in India.

The Block 2 deals with urban planning issues and it start with an overview of urban planning, and it moves on to various techniques of urban planning. It later discusses urban land use planning issues and finally it concludes with planning for city regions.

The Block 3 describes the urban governance and local organizations; it explains the role of urban statutory and institutional framework in urban governance. Finally, it discusses the role and importance of urban e-governance.

The Block 4 deals with emerging issues in participatory development, wherein the peoples participation, citizenship and enablement have been discussed at length. It deals with participatory tools and methods and it concludes with public private partnership for urban development.

BLOCK 1 URBAN DEVELOPMENT: CONCEPT AND DYNAMICS

There is a growing concern and interest on understanding the urban development, its concept and various dynamics. Urbanization is a process by which a people, instead of living in predominantly dispersed agricultural villages, start living in towns and cities dominated by industrial and service functionaries. It involves multiplication of urban places and/ or an increase in size of cities. Growth of urban population is only one of dimensions of urbanization. Hence, there is a need to address the issues related to urbanization in general and urban development in particular. This particular block on Urban Development: Concept and Dynamics will give a holistic understanding about the various dynamics and concepts of urban development.

Unit 1, **Urbanization: An Overview,** discusses that urbanization without proper planning has given rise to several problems such as housing, sanitation, education, provision of safe drinking water, unemployment, etc. particularly in underdeveloped countries. This unit provides information and knowledge regarding urbanization, its trends, impact and description about sustainable urban development.

Unit 2, **Theories of Urban Development,** deals with the different theories pertaining to planning and development of urban areas.

Unit 3, **Evolution of Urban Development: Global overview,** describes the current scenario of urbanization in the world and how globalization creates links between different cities of the world. All of these factors together create distinct challenges for policy makers and planners. An appreciation of this history and current status is necessary for developing a perspective on realities of Indian urbanization.

Unit 4, **Urban Development Experience in India,** demonstrates the urban development experience in India, and how it is grappling with severe shortcomings. Some of the examples show the best social services facilities in some cities (including world class education and health facilities). It also demonstrates how few cities are also host to a great many social ills – chronic poverty, poor sanitation, crime, environmental pollution and social unrest.

UNIT 1 URBANIZATION: AN OVERVIEW

Structure

1.1 Introduction

1.2 Urbanization: Concepts and Meaning

1.3 Causes of Urbanization

1.4 Urbanization and Urban Problems

1.5 Sustainable Urban Development

1.6 Let Us Sum Up

1.7 References and Selected Readings

1.8 Check Your Progress- Possible Answers

1.1 INTRODUCTION

The World is urbanizing very fast and more than 45 per cent of the World's population today are residing in urban areas. According to UN estimation, the Wold population is expected to increase by 72 percent by 2050, from 3.6 billion in 2011 to 6.3 billion in 2050.Customarily urbanization means increasing population living in cities and suburbs cities of a country. In 19th and 20th century, majority of the cities in the world are undergoing growth of urban population. In India also urban population which was 0.37 percent in 1951 has risen to 27.81 percent in 2001 and 31.16 percent in 2011 and is increasing day by day. According to Asian Development Bank, the national increase and net migration are the major contributory factors to urban growth. The share of world's population living in urban areas has increased from 39 percent in 1980 to 48 percent in 2000. However, urbanization without proper planning has given rise to several problems such as housing, sanitation, education, provision of safe drinking water, unemployment, etc. particularly in underdeveloped countries. This unit on "Urban Development: An Overview" will provide you information and knowledge regarding urbanization, its trends, impact and idea about sustainable urban development. After reading this unit, you will be able to:

- Explain meaning and trend of urbanization
- Narrate various causes of urbanization
- Discuss urbanization and urban problems
- Describe about sustainable urban development

1.2 URBANIZATION: CONCEPTS AND MEANING

Urbanization is popularly defined as the rise of population in urban areas. United Nations perceives urbanization as movement of people from rural to urban areas. Mishra (1998) defines urbanization in the following way "Urbanization is not a product. It is a process by which a people, instead of living in predominantly dispersed agricultural villages, start living in towns and cities dominated by industrial and service functionaries. It involves multiplication of urban places and/ or an increase in size of cities. Growth of urban population is only one of dimensions of urbanization." One of the eminent demographers Kingsley Davis

has classified the process of urbanization into three stages. The Stage-I is the initial stage, characterized by traditional rural society with predominance in agriculture and dispersed pattern of settlement. The stage-II is where proportion of urban population gradually increases from 25% to 40%, 50%, 60% and so on. This is otherwise called as the stage of acceleration where basic restructuring of the economy and investments in social overhead capitals including transport, communication take place. The stage-III is known as the terminal stage, where urban population exceeds 70% or more. According to Davis, at this stage, the level of urbanization remains more or less same or constant. Urbanization is derived from the Latin "Urbs" a term used by the Romans to a city.

The Census of India has broadly categorized urban areas in into following types:

i) **Statutory towns**: all places with municipality, corporation, cantonment board, notified town area committees, etc.

ii) **Census towns:** all villages with a minimum population of 5000 persons in the preceding census, at least 75 percent of male main working population engaged in non-agricultural activities and a population density of at least 400 persons per sq. km.

iii) **Urban Agglomerations (UAs)**: a continuous urban spread comprising one or more towns.

iv) **Urban Growths (OGs):** areas around a core city or town, such well recognized places like railways colony, university campus, port areas, etc. lying outside the limit of town.

Table 1.1: Number of Urban Agglomerations/Towns and Out Growths in India

Types of Urban Units		2001 Census	2011 Census
1.	Towns	5161	7935
	a) Statutory Towns	3799	4041
	b) Census Towns	1362	3894
2.	Urban Agglomerations	384	475
3.	Out Growth (OGs)	953	981

Source: *Census - 2011*

However, in India, the Municipal Law classification of urban areas is different to that of the Census one. The categories according to the Municipal Laws are as follows: (i) **The Municipal Corporation** having population about 3 lakh; (ii) **Municipal Council** with 1 to 3 lakh population and (iii) **Nagar Panchayats** having 5000 – 10,000 population. The Municipal Council are further subdivided on the basis of their population which is as follows:

Type	Population
A or Class-I	1 to 3 lakh
B or Class-II	50,000 to 1 lakh
C or Class-III	25,000 to 50,000
D or Class-IV	10,000 to 25,000

Source: *Census – 2011*

1.2.1 Trends in Urbanization

The 2005 data envisages that the world is projected to continue to urbanize and 60 percent of the global population is expected to live in cities by 2030. According to UN estimation, the Wold population is expected to increase by 72 percent by 2050, from 3.6 billion in 2011 to 6.3 billion in 2050.After knowing about urbanization, let us now discuss the trend of urbanization in developed and developing countries.

Urbanization is taking place in almost all the countries of the world. It is generally faster in developed countries as compared to developing countries. The figure given in Table-1 clearly reveals that the percentage of urbanization in developed countries is 76, while that of developing countries is 40.

According to Asian Development Bank, the national increase and net migration are the major contributory factors to urban growth. The share of world's population living in urban areas has increased from 39 percent in 1980 to 48 percent in 2000.

Table 1.2: Total Urban and Rural Populations by Development Group, Selected Periods, 1950-2050

	Population (billion)					Average annual rate of change (Percentage)			
Development group	**1950**	**1970**	**2011**	**2030**	**2050**	**1950-1970**	**1970-2011**	**2011-2030**	**2030-2050**
Total population									
World	2.53	3.70	6.97	8.32	9.31	1.89	1.55	0.93	0.56
More developed regions	0.81	1.01	1.24	1.30	1.31	1.08	0.51	0.23	0.06
Less developed regions	1.72	2.69	5.73	7.03	7.99	2.23	1.85	1.07	0.65
Urban population									
World	0.75	1.35	3.63	4.98	6.25	2.98	2.41	1.66	1.13
More developed regions	0.44	0.67	0.96	1.06	1.13	2.09	0.89	0.52	0.29
Less development regions	0.30	0.68	2.67	3.92	5.12	4.04	3.33	2.02	1.34
Rural population									
World	1.79	2.34	3.34	3.34	3.05	1.36	0.87	–0.01	–0.44
More development regions	0.37	0.34	0.28	0.23	0.18	–0.48	–0.48	–0.92	–1.14
Less development regions	1.42	2.01	3.07	3.11	2.87	1.74	1.03	0.07	–0.40

Source: *United Nations, World Urbanization Prospects, the 2011 Revision, Department of Economic & Social Affairs, Population Division.*

Table 1.3: World top ten Countries with largest Urban Population and World top ten Urban Agglomeration (2011)

Country*	Urban Population, 2005 (in Million)*	Urban Agglomeration**	Population**	Rank**
China	535.96	Tokyo, Japan	37.2	1
India	312.89	Delhi, India	22.7	2
USA	232.08	Mexico, Mexico	20.4	3
Brazil	151.93	New York, USA	20.4	4
Indonesia	104.05	Shanghai, China	20.2	5
Russia	102.73	Sao, Paulo, Brazil	19.9	6

Japan	101.83	Mumbai, India	19.7	7
Mexico	80.07	Beijing, China	15.6	8
Germany	72.41	Dhaka, Bangladesh	15.4	9
Nigeria	62.62	Kolkata, India	14.4	10

***Source:** *www.mapsofworld.com*

****Source:** *United Nations, World Urbanization respects The 2011 Revision, Department of Economic and Social Affairs, population Division*

1.2.2 Trends in Developed Countries

The important trends in urbanization in the developed countries are suburbanization, urban renewal, gentrification and megalopolitan development.

a) **Suburbanization:** One of the most significant changes in urban form that has happened in advanced capitalist countries in the twentieth century is the growth of suburbs. It has taken place around the edges of major towns and cities. A suburb is an area of residence, a neighbourhood of houses rather than mixed land use type of neighbourhood found in the city proper. Suburbanization has primarily been caused by the migration of people into the countryside escaping from the drawbacks of urban life .Customarily, suburbanization implies a separation between home and workplace, perhaps the most important is relatively cheap transport, as transport connectivity extends the distance of suburbs from the central city. Since 1945, the rate of suburban growth in the USA has been tremendous.

b) **Urban Renewal:** Urban renewal is a continuous process of remodelling urban areas by means of rehabilitation and conservation as well as redevelopment. In urban renewal, the emphasis is given on those parts of the city which have fallen below current standards of public acceptability. They are commonly found to be in the residential part of the inner city and also in the central parts of the inner city, face problems of inadequate housing, environmental deprivation, social malaise and the presence of non-conforming uses. The central business city part faces problems of traffic congestion and obsolescence of building and obsolesce of building and sites.

c) **Gentrification:** means change in the social character of neighbourhood as a result of professional higher income groups seeking residence in central city location. Gentrification is socially important in attracting some middle to high income residents back to central areas. Gentrification is so to say selective in nature not only in terms of population to attract but also of the conditions under which it occur. In the USA, most of the major cities are now experiencing varying levels of gentrification in their central area neighbourhoods. In Britain, the process has occurred in a few cities namely Bristol and London.

d) **Megapolitan Development:** One of the most important facets of urbanization in the developed countries is the growth of cities not in terms of population but in terms of area. Here the cities expand physically and the same number of people is living in the cities but at low densities. The examples of megapolitan type of development are characteristics of Atlantic sea board of USA, and in Japan it has appeared naturally and in the Netherlands it has

appeared by design and planning. The United States megapolis extends over 600 miles from Boston to Washington D.C., the Tokaido megapolis extends from Tokyo, Yakohoma to Osaka-Kobe-Kyoto and the Ransted megapolis comprises of three major cities of Amsterdam, Rotterdam and The Hague. This process has also started in developing countries.

1.2.3 Trends in the Developing Countries

Some of the trends of urbanization in developing countries are as follows:

i) Urbanization in the developed countries is higher as compared to the developing countries. As per UN statistics, the percentage of population residing in the urban areas of developed countries is 79.1%, while that of less developed countries is 46.8%.

ii) The urbanization in the African region is found to be slightly higher than the Asian region. However in both the region, urbanization is comparatively lower than those of Europe and USA.

iii) Urbanization takes place without much industrialization and strong economic base. Lack of industrialization led urbanization has resulted in growth of unorganized sector which is characterized by lower wage rate and poor service condition which affect the quality of life of urban population.

iv) Unplanned urbanization in developing countries has led to growth of urban slum areas characterized by low quality housing, poor sanitation, access to unsafe drinking water, etc.

v) It is not a flight of fancy, but delicately, the current pattern of urbanization in developing countries is alarming if viewed from a historical, spatial and cross country perspective. The unplanned urbanization greatly concerns most of the government in these countries.

Some of the features of urbanization as mentioned by the WHO are as follows:

i) More than half of the world's population now live in cities.

ii) By 2030, six out of every ten people will be city dwellers, which will rise to seven out of every ten people by 2050.

iii) One in three urban dwellers lives in slums.

iv) Urban air pollution kills around 1.2 million people each year around the world, mainly due to cardiovascular and respiratory diseases Tuberculosis incidence is much higher in big cities.

v) Urban environment tends to discourage physical activity and promote unhealthy food consumption.

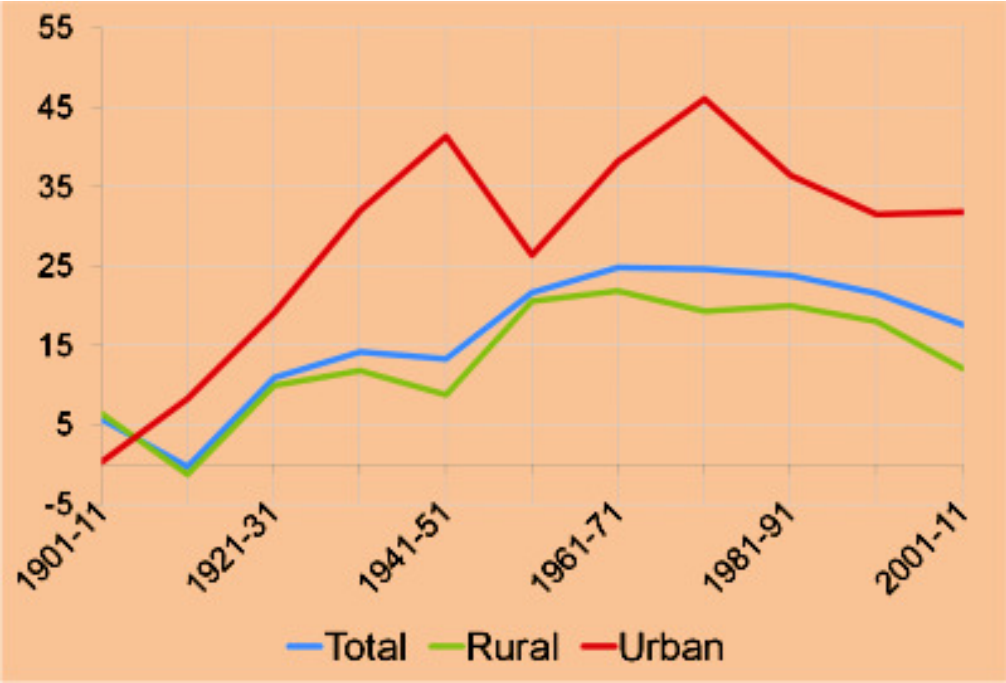
1.2.4 Trends of Urbanization in India

The trends of urbanization in India are as follows:

i) Urban population in India was 0.37 percent in 1951 has risen to 27.81 percent in 2001 and 31.16 percent in 2011. According to 2011 census, 377 million populations live in urban areas of India.

Table 1.4: Population of India by Residence

Census years	Number of Urban agglomeration/ town	Urban population	Rural	Urban-Rural Ratio (Percent)
1901	1827	25851873(10.84)	212544454(89.15)	12.16
1911	1825	25941633(10.23)	226151757(89.71)	11.47
1921	1949	28086167(11.18)	223235046(88.82)	12.58
1931	2072	33455989(11.99)	245521249(88.82)	13.63
1941	2250	44153297(13.86)	274507283(88.01)	16.08
1951	2843	62443709(17.29)	298644381(86.14)	20.91
1961	2363	78936603(17.97)	360298168(82.71)	21.91
1971	2590	109113977(18.24)	489045675(82.03)	22.31
1981	3378	159462547(23.33)	523866550(76.66)	30.44
1991	3768	217177625(25.72)	627146597(74.28)	34.63
2001	5161	285354954(27.78)	741660293(72.22)	38.47
2011	7935	377105760 (31.16)	833087662 (68.84)	50.84



Sources: *Various Census reports*

ii) In India, there is lopsided urbanization and the growth of population in class-I cities having more than one lakh population is higher as compared to other cities. According to 2001 Census, 69 percent of urban population lived in class-I cities. The percentage of urban population in class I, II, III, IV, V and VI cities according to census 2001 are 68.6, 9.67, 12.2 6.8, 2.3 and 0.2 percent respectively. Besides census 2001 also shows that nearly 37 percent of population live in million plus cities.

Table 1.5: Number of towns and percentage of urban population in different size categories

	Number of towns						Percentage of urban population					
Census Year	Class I	Class II	Class III	Class IV	Class V	Class VI	Class I	Class II	Class III	Class IV	Class V	Class VI
1901	24	43	130	391	744	479	26.00	11.29	15.64	20.83	20.14	6.10
1911	23	40	135	364	707	485	27.48	10.51	16.40	19.73	19.31	6.57
1921	29	45	145	370	734	571	29.70	10.39	15.92	18.29	18.67	7.03
1931	35	56	183	434	800	5009	31.20	11.65	16.80	18.00	17.14	5.21
1941	49	74	242	498	920	407	38.23	11.42	16.35	15.78	15.08	3.14
1951	76	91	327	608	1124	569	44.63	9.96	15.72	13.63	12.97	3.09
1961	102	129	437	719	711	172	51.42	11.23	16.94	12.77	6.87	0.77
1971	148	173	558	827	623	147	57.24	10.92	16.01	10.94	4.45	0.44
1981	218	270	743	1059	758	253	60.37	11.63	14.33	9.54	3.58	0.50
1991	300	345	947	1167	740	197	65.20	10.95	1319	7.77	2.60	0.29
2001	393	401	1151	1344	888	191	68.67	9.67	12.23	6.84	2.36	0.23

Note: Size categories (Class) of towns by population:
Class I **:** 100,000 or more; Class II : From 50,000 to 99,999; Class III **:** From 20,000 to 49,999; Class IV: from 10,000 to 19,999; Class V: from 5,000 to 9,999 Class VI: Below 5,000.
Source: *Census of India for different years.*
Source: *Kundu, A "Trends &Processes of Urbanization in India", Human Settlements Group, IIED, Population and Development Branch, UNFPA, 2011*

Annual exponential growth rates of population in different categories of Urban Centre (1981-2001)

Types	1981-91	1991-2001
Metro cities	3.3	2.9
Capital cities	3.4	2.8
Class I cities	3.0	2.8
Common towns (excluding new and declassified towns	2.8	2.6
Total urban growth	3.1	2.7

Source: *Kundu, A "Trends &Processes of Urbanization in India", Human Settlements Group, IIED, Population and Development Branch, UNFPA, 2011*

iii) The top three states in terms of percentage of urban population in India according to 2011 Census are Maharashtra (13.5%), Uttar Pradesh (11.8) and Tamil Nadu (9.3%). Most of the North Eastern states are in the bottom line of the urban population. Mizoram (0.1%), Arunachal Pradesh (0.1%) and Sikkim (negligible).

iv) The top three cities in terms of urban population in India according to the figure of 2011 census are Mumbai (18.41million), Delhi (16.31 million) and Kolkata (14.11 million).

v) The spurt in urban population in India is largely due to (a) migration, (b) natural increase, and (c) inclusion of new areas under urban.

vi) There has been a consistent increase in both male and female literacy rate in urban areas. The steady increase in female literacy has reduced the gender gap from 13.41 percent in 2001 to 9.75 in 2011.

Data Profile-Urban Agglomerations India, 2011 Census (provisional)

Indicator	2011 Census	2001 Census
Population (in million)	377.105	167.4
Sex ratio	926	888
Population (0-6) (in million)	41.2	37.3
Sex ratio (0-6)	902	904
Literacy rate (above 6 yrs) (in %)		
Persons	89.84	82.45
Males	93.79	87.91
Females	85.44	76.30

vii) The sex-ratio in urban India is lower as compared to rural. The sex-ratio in 2001 and 2011 census are 900 and 926 respectively; while in rural it is 946 and 947 respectively for 2001 and 2011.

viii) The growth of urban population in urban areas has given rise to urban agglomerations. In 2001, there were 35 urban agglomerations in India and it has risen to 53 in 2011, having a population more than one million or more.

Million plus UAs/ Cities

Distribution of Million Plus UAs/ Cities, 2011

Uttar Pradesh, Kerala	7 each
Maharashtra	6
Madhya Pradesh, Gujarat and Tamil Nadu	4 each
Rajasthan, Jharkhand and Andhra Pradesh	3 each
Punjab, West Bengal and Chhattisgarh	2 each
J&K, Chandigarh, Haryana, NCT Delhi, Bihar and Karnataka ‘	1 each

Source: *Census of India, 2011(Provisional)*

In this section, you studied about the meaning and features and trends of urbanization, now answer the questions given in *Check Your Progress*-1.

Check Your Progress 1

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) What do you mean by urbanization?

.....

.....

2) Write the key features of urbanization?

.....

.....

.....

.....

.....

1.3 CAUSES OF URBANIZATION

The causes of urbanization are many; however, a few important reasons of urbanization are narrated below:

i) **Agricultural Development:** Development of agriculture due to farm mechanization has resulted in fewer demands for labour force in the agriculture sector. These surplus labour usually migrate to urban sector for employment and livelihood. The labourers deployed in the construction and other low menial work and self employed activities are largely migrants from rural areas. It is also seen that agriculture development in Punjab has resulted in migration of rural Punjab population not only to the cities of different states of India but also to the cities of other countries of the world.

ii) **Industrialization:** Generally, it is observed that industrialization takes place in and around the cities. This industrialization help people add value to their product and this in turn helps more and more people to earn livelihood and settle down in the outskirt of the cities. The industrial workforces in the cities are mostly migrants from the rural areas.

iii) **Market Forces:** The proliferation of consumer goods industries through the play of market forces leads to an increase in the importance of the market oriented locations. Towns provide large readymade markets for consumer goods and thus attract new industries for the manufacturing of these goods, These new industries and the supply of labour in turn increase the size of the potential market. A snowball effect is set in motion and urban growth becomes self-sustaining.

iv) **Growth Services Centres:** With the growth of cities, the living standards of the city dwellers rises and along with these trading increases and the tertiary sector services by their very nature, tend to be centralized in towns providing retailing, entertainment, catering, banking, insurance and administration. As more and more services are required, it attracts more and more people and gradually the urban area grows.

v) **Emergence of towns as socio-cultural centres:** Now a day's towns have become the epi-centre of most of the socio-cultural activities of the nation-state. They have emerged more as a centre of entertainment. Towns with facilities such as cinemas, theatres, art galleries, museum, parks, etc, act as magnets to the surrounding population. Many people simply enjoy being near the centre of urban life .Because of the concentration of many socio-cultural activities, urban areas have become zones of immense opportunities.

People concentrate more and more in urban areas as success in urban areas is more attainable. The glamour of staying in urban areas becomes much more compared to rural areas. The influx of people makes the urban areas overcrowded.

vi) **Improvement in transport and communication:** Development of nation-sate focuses on improvement in infrastructure facilities and greater connectivity between rural and urban areas. More roads are constructed which improves the connectivity between rural and urban areas .As a result of improved communication and transport facilities, the migration of population from rural to urban areas becomes faster and easier. As the job opportunities available are manifold compared to rural areas more and more people prefer to migrate to urban areas leading to rise in urban population. The development of rail communication in backward areas also promoted migration of population from these areas to the towns, cities and metropolis.

vii) **Natural increase of population:** This is one of the most important factors for the current urbanization in the world. Although the upper and middle class population of urban areas have lower fertility leading to natural increase of population in urban areas. In fact the growth and natural increase of population in urban areas are lower compared to rural areas, but it cannot be overemphasised as one of the factors of increase in population in urban areas. All these factors are responsible for urbanization.

1.4 URBANIZATION AND URBAN PROBLEMS

The rapid Urbanization has brought in its wave a host of problems particularly for the government of the developing countries. Although, higher income is an added benefits to the urban dwellers, yet urban poverty and unemployment and a host of problems associated with pollution and congestation are the most noted indicators of urban failures. According to Tolley and Thomas, there are three types of externalities associated with over urbanization and these are:

i) First, environmental externalities such as those connected with pollution and congestation, meaning that cities sizes are large maximum national income and welfare;

ii) Second, protected employment that maintain urban wages above market-clearing levels may make cities large or smaller than they otherwise would be, depending on the elasticity for labour; and

iii) The attractiveness of urban areas can lead to excessive urbanization. On the whole, although, urbanization is contributing towards economic development and growth of a nation, yet the over urbanization has caused a sundry of problems to developing countries. Some of the important problems are given below.

Some of the problems due to urbanization are as follows:

1.4.1 Urbanization and Health

The World Summit on sustainable development identified health as an integral component of sustainable development and called for a more efficient, equitable, accessible and appropriate health care system for the population that rely on them. Urban areas, particularly the slums are exposed to many types of health

problems because of unhealthy environment and poor living conditions. The overcrowded and congested housing in the urban slum areas expose the slum dwellers to high rates of infectious diseases such as pneumonia, tuberculosis and diarrhea. Besides, the overcrowding combined with poor sanitary conditions and inadequate waste disposal creates conditions favorable to spread of infectious diseases. People in general and children in particular are susceptible to diseases when they are born and brought up in an environment characterized by overcrowding, poor hygiene, excessive noise and lack of space for recreation and study. Moreover, like the children, women and particularly pregnant women are vulnerable to environmental contaminants. Pregnant women's exposure to filthy environment increases the risk of abortion, birth defects, fetal growth and perinatal death. Many studies have shown that exposing pregnant women to carbon monoxide can damage the health of the fetus .Among the general population in the slum of the cities some of the diseases found occurring are HIV/ AID, tuberculosis, yellow fever and dengue. According to Trivedi, Sareen and Dhyani (2008) the range of disorders and deviances associated with urbanization is enormous and includes psychoses, depression, sociopathy, substance abuse, alcoholism, crime, delinquency, etc. such negative impact often results in unreasonable means which may result in communal violence. WHO has rightly remarked that "while urban living continues to offer many opportunities, including potential access to better health care, today's urban environments can concentrate health risks and introduce new hazards,"

1.4.2 Urbanization and Education

Although access to education is not a problem in urban areas, however, affordability is a problem particularly for the urban poor. Urbanization has boosted higher education in metropolis and cities. With the proliferation of cities, schools, colleges and universities have been established. As a result, literacy rate in urban areas are comparatively higher than that of the rural areas. However, education in the urban slum areas is still a concern. The migration of rural population to urban and semi-urban areas has put tremendous pressure on educational infrastructure and manpower in urban areas. Numbers of NGOs are seen to be working in education sector in urban slum. Despite free education, children of urban poor families are found to be engaged in income earning activities. Education for urban poor is still a luxury, particularly as far as the quality and higher education are concerned.

1.4.3 Urbanization and Sanitation

World Bank (1992) remarked that poor are the agents and victims of environmental degradation. The urban sanitation is a big problem as the provision of sanitation infrastructure is falling short of the growing population in urban areas. Customarily, sanitation means safe disposal of waste. It is estimated that 40 million people reside in slum without adequate sanitation. The drainage system in many unorganized slums either not exist and if existing are in a bad shape and in bits resulting in blockage of waste water. The open drainage passing through the slum colonies deeply affect the health of the people. Urban garbage disposal is one of the critical garbage management which has always remained a major challenge before the municipal areas and administration. In mega cities, urban people in general and children in particular suffer from many urban environment related health problems because of exposure to unhygienic garbage disposal.

Table1.6: Distribution of Urban Households by Means of Sanitation in India

	Categories	Percentage
1.	Bathroom facility within the house	29.6
2.	Pit Latrine	14.6
3.	Water Closet	46.1
4.	Other Latrine	13.0
5.	No Latrine	26.3
6.	Closed Drain	34.5
7.	Open Drain	43.4
8.	No Drainage	22.1

Sources: Census of India, 2001

The National Urban Sanitation Policy has stipulated the norm for total sanitation of cities those that are open defecation free city; universal access to toilets for all including the urban poor; elimination of manual scavenging; safe collection, treatment and disposal of all wastewater, etc.

1.4.4 Urbanization and Safe Drinking Water

Securing a safe water supply in urban areas is an increasing problem in most of the urban areas of developing countries. The United Nations recognizes access to clean drinking water as a human right, but it remains out of reach of millions of people. According to UN statistics, some 400 million people in Africa live in urban areas but as of 2008, 55 million of them lacked access to clean drinking water. According to Stockholm International Water Institute, global effort to improve access to drinking water has been hindered by rapid urbanization. It has been remarked that bad water kills more people than HIV, malaria and wars together affecting the lives of families and the economic development of may countries around this world.

Most of the urban areas do not have adequate access to safe and reliable supply of drinking water. The safe drinking water surveillance lays emphasis on following five important aspects:

i) Quality of drinking water

ii) Quantity of drinking water

iii) Accessibility of people to safe drinking water

iv) Affordability that is paying capacity of the people towards water tariff and

v) The continuity that is percentage of time a household spend for fetching which drinking water is available.

Although the percentage of households having access to safe drinking water is higher in urban areas as compared to rural areas, yet the poor management and distribution of water has resulted in unequal access to safe drinking water. The breakage in the water pipe sometimes leads to the contamination of drinking water sources. This has resulted in outbreak of waterborne diseases. The water shortage during summer and water contamination during the rainy season is problems which need to be tackled.

1.4.5 Urbanization and Housing Problem

One of the key challenges of urbanization is to provide healthy housing to urban population. However, the rising urban population has created serious housing problem, thus, leading to growth of urban slum featured with poor housing. Excessive urbanization has created manifold problems such as the haphazard growth of unauthorized housing colonies and slum and squatter settlements has become a well know phenomenon in the metropolitan cities like Delhi, Mumbai, Kolkata, Ahmadabad, etc. Ricard Arnott has pointed out that the unauthorized and squatter housing are astoundingly high in low income and lower middle income countries. The underdeveloped countries are unable to provide healthy housing to its urban population particularly migrating from rural to urban areas.

Table1.7: Rates of owner-occupancy, unauthorized housing and squatter housing by country income group, 1990(%)

Country type	Low Income	Lower Middle Income	Upper Middle Income	High Income
Owner Occupancy	33	59	57	59
Unauthorized Housing	64	27	9	0
Squatter Housing	17	16	4	0

Source: *Ricard Arnott, "Housing policy in Developing Countries: The importance of the informal economy,* http://www.growthcommission.org/storage/cgd

1.4.6 Urbanization and Pollution

Urbanization and pollution has become the most common phenomenon in mega cities. The growing numbers of vehicles and slums have escalated the urban pollution problems in big cities. Besides this, outdoor population caused by vehicles and factories, the indoor air pollution caused by the use of fuel store and fire woods, etc. by slum population has increased the risk of chronic obstructive pulmonary disease and acute respiratory infections in childhood. It is one of the most important causes of deaths among children below five year age in India. Besides, car, factories and burning wastes also emit dangerous gases that affect the air quality in the cities. Dangerous gases like carbon dioxide and nitrogen oxides cause respiratory diseases, has long effect on physical environment and human health.

1.4.7 Urbanization and Poverty

It is remarked that the most widely observed and acutely felt urban problem in developing countries is the large number of poor and unemployed people in the cities. According to ILO one third of the world's urban population approximately 400 million people were living in poverty. In has also noted that poverty-related problems such as overcrowding, hunger, disease, crime and malnutrition are increasingly prevalent in cities of many countries both developing as well as developed. Economic development and urbanization are closely correlated. For example in India, cities contribute 55 percent to country's GDP. Therefore for India, urbanization is considered an important component of economic growth. However, on the other hand, it is interesting to note that the ratio of urban poverty in some of the mega cities is even higher than the rural poverty which is termed

as "Urbanization of Poverty". This urban poverty is a responsible factor for several problems in urban areas such as housing and shelter, water, sanitation, health education, social security and livelihood. It has been rightly remarked that with growing poverty and slums, Indian cities are grappling the challenges of making the cities sustainable i.e. inclusive, productive, efficient and manageable.

Table 1.8: Percentage of poor in different size classes of cities/ towns in India

Categories	1993-94	1999-2000
Large towns/ cities	18.4	14.2
Medium towns/ cities	27.6	20.4
Small towns	33.2	24.2
All urban areas	27.4	19.9
Rural areas	35.7	23.9

Eradication of poverty form urban areas was a major challenge before the government. Thus urban poor constitute nearly 20 percent of urban population. Thus unplanned urbanization has escalated the size of urban poverty.

Table 1.9: State specific poverty lines 2004-2005 (Urban Areas) in India

State	Per Capita Monthly Income
Andhra Pradesh	542.89
Assam	378.64
Bihar	435.00
Chhattisgarh	560.00
Delhi	612.91
Goa	665.90
Gujarat	541.16
Haryana	504.49
Himachal Pradesh	504.49
Jammu & Kashmir	553.77
Jharkhand	451.24
Karnataka	599.39
Madhya Pradesh	570.15
Maharashtra	665.90
Orissa	528.49
Punjab	466.16
Rajasthan	559.63
Uttar Pradesh	483.26
Uttarkhand	637.67
West Bengal	449.32
Dadar & Nagar Haveli	665.90
All India	538.60

Source: Centre for Good Governance, Hyderabad,2007

1.4.8 Urbanization and Unemployment

Generating employment for the increasing number of urban population is a challenge for the government. It is said that nearly 45 percent of the urban households are engaged in unorganized sector. The urban underemployment and casual employment is another problem which has resulted in poor quality of living among the urban poor. The ILO has remarked that most urban unemployment in developing countries takes the form of underemployment , in which people are obliged to undertake any available economic activity, however, productive and unproductive, because these are no social-safety nets and no alternatives in the form of unemployment insurance or job training in the formal sector. In sub-Saharan Africa, the urban informal sector is estimated to employ more than 60 percent of the urban labour force at extremely low incomes. In Latin America and the Caribbean, 83 percent of all new jobs created between 1990-93 were in the informal sector, the bulk of these jobs are poorly remunerated, unsafe and of low productivity. The large majority of Latin America's urban poor work in the informal sector.

1.4.9 Urbanization and Transport Issues

Transport is one the factors which influences the rate and pattern of urbanization in a globalized world. Urban transport planning requires road layout, traffic lights and vehicle passages. The number of vehicle plying in the cities is not in consonance with the capacity of city road. Another aspect of transport problem is the provision of public transport and its poor interface with the private transport. One of the exponents of urban transport has proposed economic rationale for preferring small and less capital intensive vehicles over large metropolitan buses. Another problem of urban transport is the number of accidents and causalities because of rush driving. All these problems are associated with urban transport. In fact most of governments do not have urban transport policy.

1.4.10 Urbanization and Urban Administration

Unbridled urbanization can pose surmountable challenge before the administration and municipal governance. Problem will arise as how to organize new administrative structure and manpower development, how to prevent uncontrolled expansion, how to organize transport and communication system, how to finance public services, prepare master plans etc. Prioritizing the needs amidst socio-political pressure is a challenge before the district administration. Besides civic problems, the urban administration has to tackle other problems which population brings forth such as people resentments and disregarding rules and regulations, spoil public and private property and showing utter disregard for the rights and feelings of fellow citizens. Other issues like illegal migration, trafficking, etc. can pose problems for urban administration.

In this section you studied about the causes of urbanization and various problems of urbanization, now answer the questions given in *Check Your Progress* 2.

Check Your Progress 2

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) Give an account of urban poverty.

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2) Unemployment is one of the burning problems of urbanization-Explain.

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1.5 SUSTAINABLE URBAN DEVELOPMENT

The report of the World Commission on Environment and Development (WCED) envisaged that sustainable development has now assumed a broader significance as a process of change in which the use of resources, the direction of investments, the orientation of technological development and institutional changes must all contribute to enhancing the quality of human life, today as well as tomorrow, within the carrying capacity of supporting economic systems. It broadly emphasises on the establishment of a condition of ecological and economic stability that is sustainable far into the future. The United Nations Environment Programme and its partners have been persuading the nations of the short and long-term benefits to be gained from the sound environmental management of natural resources. WCED declared that "all human being have the fundamental right to an environment adequate for their health and well-being. There has to be sustainable development which will be durable and beneficial to the present and future generation."

Sustainable Urban Development must be the aim of all developing countries. The UNCHS (United Nations Conference on Human Settlement) defined sustainable city is a city "where achievements in social, economic and physical development are made to last". A Sustainable city has lasting supply of the natural resources on which its development depends and a lasting security from environmental hazards which may threaten development achievements.

Sustainable urban development is important because urban areas now a day contribute significantly to the Gross Domestic Product. They contribute increasingly to export and is a rich place for capital formation. Cities offer quality education and health care; arts and science; technology and innovation and transport and communication.

Some of the pre-requisites of sustainable urban development are :

i) Income and output to be produced at a constant or even increasing return to scale.

ii) City should assure minimum level of living to its inhabitants.

iii) A shift in the attitude of the people in the direction towards enterprise and equity.

iv) City should became self reliant and sustain itself without much depending on external sources.

v) The developmental institutions undergo a continual renewal to maintain their relevance to the needs of the urban areas.

vi) Participation of private sector, NGOs and CVOs should be encouraged in order to maintain the level of development.

vii) Management of Urban growth to promote minimal use of environmental capital, while meeting social and economic goals.

The Agenda 21 of WCED held in 1992 in Rio-de-Janerio for promoting Sustainable Human Settlement Development is:

a) Providing adequate shelter to all

b) Improving human settlements management

c) Promoting Sustainable land use planning and management.

d) Promoting the integrated provision of environmental infrastructure: water, sanitation, drainage, hazardous and solid waste management.

e) Promoting sustainable energy and transport systems in human settlements.

f) Promoting human settlement planning and management in disaster prone-areas.

g) Promoting sustainable construction industry activities.

h) Promoting human resources development and capacity building for human settlement development

To summarise, the aim of sustainable urban development is to ensure a sustainable city to the urban dwellers for improving the well being and quality of life.

1.6 LET US SUM UP

Many cities in the world are experiencing growth in urban population. The globalization and migration of population from the rural to urban areas has hastened the process of urbanization in India. In India, the metropolitan cities like Delhi, Mumbai, Chennai and Kolkata are experiencing pressure of urban population growth. The growth of urban population has given rise to sundry of urban problems such as unemployment, housing, sanitation, safe drinking water, etc. In this unit you studied about the meaning, features and problems of urbanization.

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1.8 CHECK YOUR PROGRESS - POSSIBLE ANSWERS

Check Your Progress 1

1) What do you mean by urbanization?

   Urbanization is a process by which a people, instead of living in predominantly dispersed agricultural villages, start living in towns and cities dominated by industrial and service functionaries. It involves multiplication of urban places and/ or an increase in size of cities. Growth of urban population is only one of dimensions of urbanization

2) Explain key features of urbanization.

   Some of the key features of are:

   i) Urbanization in the developed countries is higher as compared to the developing countries.

   ii) The urbanization in the African region is found to be slightly higher than the Asian region.

   iii) In India, there is lopsided urbanization and the growth of population in class-I cities having more than one lakh population is higher as compared to other cities.

   iv) Urbanization takes place without much industrialization and strong economic base.

Check Your Progress 2

1) Give an account of urban poverty.

   According to ILO, one third of the world's urban population approximately 400 million people were living in poverty. It has also noted that poverty-related problems such as overcrowding, hunger, disease, crime and malnutrition are increasingly prevalent in cities of many countries both developing as well as developed. Economic development and urbanization are closely correlated. For example in India, cities contribute 55 per cent to country's GDP. This urban poverty is a responsible factor for several problems in urban areas such as housing and shelter, water, sanitation, health education, social security and live hood.

2) Unemployment is one of the burning problems of urbanization-Explain.

   Generating employment for the increasing number of urban population is a challenge for the government. It is said that nearly 45 per cent of the urban households are engaged in unorganized sector. The urban underemployment and casual employment is another problem which has resulted in poor quality of living among the urban poor. The ILO has remarked that most urban unemployment in developing countries takes the form of underemployment in which people are obliged to undertake any available economic activity, however, poverty and unemployment are critical, because these are no social-safety nets and no alternatives in the form of unemployment insurance or job training in the formal sector.

UNIT 2 THEORIES OF URBAN DEVELOPMENT

Structure

2.1 Introduction

2.2 Theories of Urban Development

2.3 The New Urbanism

2.4 The Just City

2.5 Let Us Sum Up

2.6 References and Selected Readings

2.7 Check Your Progress-Possible Answers

2.1 INTRODUCTION

A theory in literary definition is a more or less verified or established explanation, accounting for known facts or phenomena. It is generally understood to refer to a proposed explanation of empirical phenomena, made in a way consistent with scientific methods.

Many scholars in several ways have also defined theory i.e.:

- *Theory is something to do, not simply to read (Calhoun et al.2007 cited in Jean Hiller, 2010)*
- *Theory is an explanatory supposition, which can be defined broadly or narrowly (McConnell, 1981)*
- *The key element of theory is that it abstracts a few characteristics of reality in an attempt to isolate and describe its central features (Simon, 1985)*

Theories can be categorized as under depending on their characteristics:

Type of theory	Characteristics
Normative	Concerns how the world ought to be
Prescriptive	Concerned with best means of achieving a desired condition
Empirical	Concerned with explaining reality
Models	Representation or stylized and simplified pictures of reality
Conceptual frameworks or perspectives	Ways of looking at or conceiving an object of study
Theorizing	Thinking about some aspect of a phenomenon

Source: *Theories of Urban Politics, David Judge, Gerry Stoker and Harold Wolman (Eds.) (1995)*

The theories pertaining to planning and development of urban areas has a history of common debates about ideas and practices and is rooted in a critical concern for the 'improvement' of human and environmental well-being, particularly as

pursued through interventions which seek to shape environmental conditions and place qualities.

After reading this unit, you will be able to:

- explain the theories of development
- discuss new urbanism
- describe the just city

2.2 THEORIES OF URBAN DEVELOPMENT

The theories of urban development have evolved over time, with the classical theories having been followed by the postmodern thoughts.

2.2.1 Classical Theories

The classical theories of urban development include Von Thunen Model, Concentric Zone Theory, Wedge or Radial Sector Theory and Multiple-Nuclei Theory.

i) **The Von Thunen Model**

Based on a series of simplifying assumptions, Von Thunen described a model that account for a spatial distribution of sites across a theoretical geographical area that would have varying rent generating capacities dependent upon transportation costs and distance from a central site. Von Thunen's model was highly generalized and was based on a series of simplifying assumptions (Krugman, 1996):

1) The space in which the model was framed was assumed to be an infinite or boundless, flat, and featureless plane, over which climatic conditions and natural resources were uniformly distributed.

2) The central attracting area was assumed to be a central market.

3) Transportation to this central market was assumed to be by horse and cart.

4) An allowance for the production and sale of different goods was made, but these goods were regarded as differing in bulk, therefore, having varying costs of transportation from point of production to the central market.

5) For each of these products, transport costs were assumed to vary with distance from the point of production to the point of sale at the central market.

6) The profits to be gleaned from the cultivation of one hectare of land were assumed to be the same for each product.

Based on these assumptions, and operating over the hypothetical space that Von Thunen proposed, he argued that agricultural land uses would segregate into a spatially hierarchic structure akin to that demonstrated in Figure 2.1.

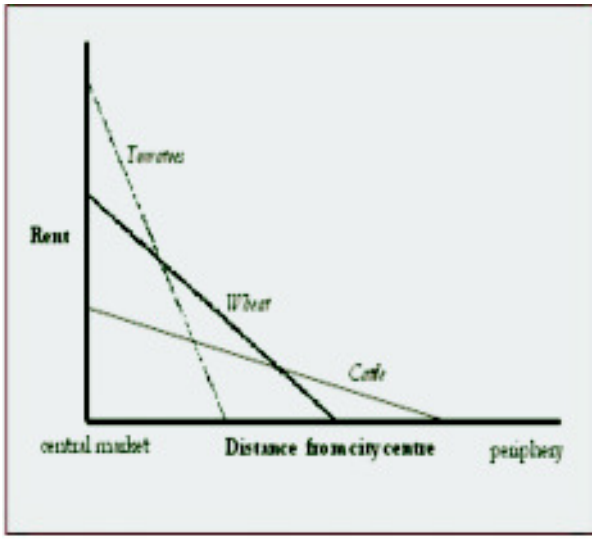

Fig. 2.1. The spatial organization of agricultural land uses proposed by the von Thunen model.

ii) **Concentric Zone Theory**

EW Burgess developed the concentric zone theory of urban land use in the mid-1920s based on an examination of the historical development of Chicago through the 1890s. It contrasts from the Von Thunen's approach in being *descriptive* rather than *analytical* (Harvey, 1996). The concentric zone theory of urban land use is based on the assumption that a city grows by expanding outwards from a central area, radially, in concentric rings of development.

Burgess classified the city into five broad zones as shown in Figure 2.These five broad zones are:

1) **The Central Business District (CBD):** the focus for urban activity and the confluence of the city's transportation infrastructure.
2) **The Zone of Transition**: generally a manufacturing district with some residential dwellings.
3) **The Zone of Factories and Working Men's Homes:** a predominantly working class population living in older houses and areas that were generally lacking in amenities characterized this zone.
4) **The Residential Zone**: this band comprised newer and more spacious housing for the middle classes.
5) **The Outer Commuter Zone**: this land use ring was dominated by better quality housing for upper class residents and boasted of an environment of higher amenity.

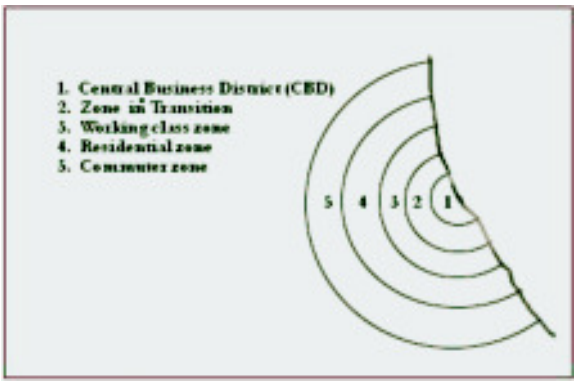

Fig. 2.2: The Burgess model of Chicago (after EW Burgess, 1925; Carter, 1981).

While useful in a descriptive sense for explaining the location of land uses in a mono-centric city, both the work of Burgess and Von Thunen has (by extrapolation to urban cases), has been criticized on the grounds that the models are too rigid to ever accurately represent actual land patterns (the mono-centric city assumption is perhaps the largest flaw). They have also been accused of overlooking the important influence of topography and transport systems on urban spatial structure and have been criticized for failing to accommodate the notion of special accessibility and ignoring the dynamic nature of the urban land use pattern (Harvey, 1996).

iii) **Wedge or Radial Sector Theory**

Development of the wedge or radial sector theory of urban land use is generally attributed to the work of Hoyt (1939). Hoyt's model concerns itself primarily with the location of residential uses across urban areas; it refers to business location only in an indirect fashion. The model seeks to explain the tendency for various socio-economic groups to segregate in terms of their residential location decisions. In appearance, Hoyt's model owes a great deal to Burgess's concentric zone model: Hoyt presents wedge-like sectors of dominant urban land use, within which he identifies concentric zones of differential rent. The model suggests that, over time, high quality housing tends to expand outward from an urban centre along the fastest travel routes. In this way, Hoyt transforms Burgess's concentric zones into radial or sectoral wedges of land use (Figure 2.3).

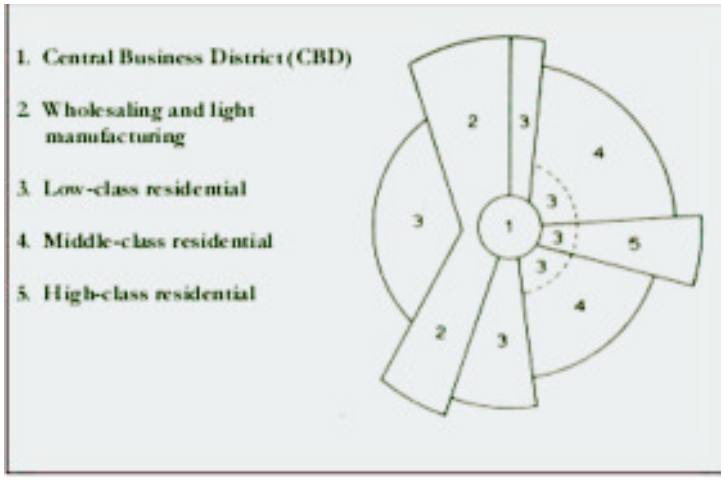

Fig. 2.3: Hoyt's sector model (after H. Hoyt, 1939; Carter, 1981).

The innovative element in Hoyt's model was in considering direction, as well as distance, as a factor in shaping the spatial distribution of urban activity. Hoyt's model also goes further than its predecessors in recognizing that the Central Business District is not the sole focus of urban activity (Kivell, 1993). One major criticism, however, is that the model overlooks the location of employment, which itself is the major determinant of residential location (Harvey, 1996).

iv) **Multiple-Nuclei Theory**

The work of Harris and Ullmann (1945) in developing a multiple-nuclei theory of urban land use is amongst the most innovative descriptive or analytical urban models. Their model is based on the premise that large cities have a spatial structure that is predominantly cellular. This, they explain, is

a consequence of cities' tendencies to develop as a multitude of nuclei that serve as the focal point for agglomerative tendencies. Harris and Ullmann proposed that around these cellular nuclei, dominant land uses and specialized centres may develop over time.

The novelty in multiple-nuclei theory lies in its acknowledgement of several factors that strongly influence the spatial distribution of urban activity, factors such as topography, historical influences, and spatial accessibility. The theory is also innovative in its recognition of the city as polycentric, as shown in Figure 2.4. In this sense, it moves closer to explaining why urban spatial patterns emerge.

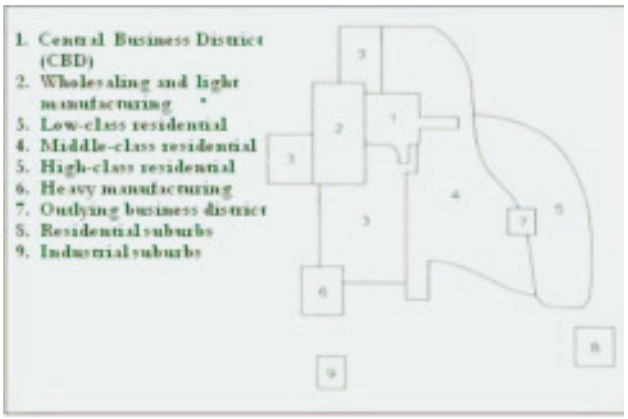

Fig. 2.4: Diagram illustrating Harris and Ullman's multiple nuclei model (after CD Harris and EL Ullman, 1945; Carter, 1981).

v) Central Place Theory

Central Place Theory is an attempt to explain the spatial arrangement, size, and number of settlements. A Central Place is a settlement, which provides one or more services for the population living around it. A German geographer Walter Christaller who studied the settlement patterns in southern Germany originally published the theory in 1933. In the flat landscape of southern Germany, Christaller noticed that towns of a certain size were roughly equidistant. By examining and defining the functions of the settlement structure and the size of the hinterland he found it possible to model the pattern of settlement locations using geometric shapes.

The theory consists of two basic concepts

- threshold — the minimum population that is required to bring about the provision of certain good or services and
- range of goods or services — the average maximum distance people will travel to purchase goods and services

From this he deduced that settlements would tend to form in a triangular or hexagonal lattice, this being the most efficient pattern to serve areas without any overlap. In the orderly arrangement of an urban hierarchy, Christaller, providing different groups of goods and services, has identified seven different principal orders of settlement. Settlements are regularly spaced - equidistant spacing between same order centers, with larger centers farther apart than smaller centers. Settlements have hexagonal market areas, and are most efficient in number and functions.

vi) **Weber's Theory of Location**

Alfred Weber, published the theory in 1909 which assumes that industrialists choose a least-cost location for the development of new industry. The theory is based on a number of assumptions, among them that: (i) markets are fixed at certain specific points, (ii) transport costs are proportional to the weight of the goods and the distance covered by a raw material or a finished product, and (iii) perfect competition exists. Weber postulated that raw materials and markets would exert a 'pull' on the location of an industry through transport costs. Industries with a high material index would be pulled towards the raw material. Industries with a low material index would be pulled towards the market. Industrial location may be swayed by agglomeration economies.

2.2.2 Modern Theories

i) **Public Choice Theory**

Two theories emerged in the 1980s to explain the motivations and formulae pushing urban development and to comment on the conflicts and pressures facing modern American cities. These theories superseded the debate between the post-war theories of democratic pluralism and regime politics that had dominated the field for two decades. First and most significant of these new ideas was the **"**public choice theory**"** advanced by Paul Peterson in his 1981 book, "City Limits". Peterson states that urban politicians and governing regimes are subordinate to the overall economic principles that force cities to compete to capture new investment and capital. He writes that the competitive nature of cities encourages the business elite and politicians to favor new development projects, concluding that successful cities require a local infrastructure that is supportive of the needs of business and economic development.

In 1987 John Logan and Harvey Molotch published **"**Urban Fortunes**"** as the first substantial criticism of Peterson's ideas. "Urban Fortunes" describes the combination of entrepreneurs and urban politicians as a "growth machine" — a powerful, pro-development network of business interests and local politicians whom favor increased economic development at the expense of neighborhood residents and other vulnerable stakeholders. Logan and Molotch argue that the close relationship between City Hall and the business world creates the growth machine and fuels its ability to overpower weaker forces attempting to influence the development process. Logan and Molotch also identify the costs and externalities created by the growth machines drive for economic development that were absent from Peterson's theory. The free market and fiscal growth models emphasized in Peterson's theory are the guides for city officials and entrepreneurs intent on spurring economic development within their city. The "public choice theory" of urban development outlined in City Limits suggests that market values and motivations drive city officials to pursue economic revitalization with the goal of attracting more private investment. This economically-based theory is built upon the belief that cities should "seek to upgrade their economic standing" by competing against other cities to attract new businesses and jobs through economic development. Cities are successful when they entice new jobs and development projects inside their boundaries following the logic that what is good for business becomes good for the city. Framing

urban development in strictly economic terms, Peterson claims the decisions of the city are governed by rational principles designed to increase public utility.

2.2.3 Planning Theories

i) **Traditional Planning Theories**

Planning efforts in the field rarely make obvious reference to philosophical synthesis or organizational development theory, nor are much attention given to lessons of historical experience based on case studies of past planning efforts. Planning theory has long been at tension over its normative versus descriptive or predictive nature. Is planning theory philosophically oriented toward laying out the correct way to plan, in an ethical sense? Or is it scientifically oriented toward showing the likely implications of undertaking various planning behaviors? Both traditions have always existed, but movement seems to be away from philosophy and toward science. The notion of a contingency use of planning theories has accompanied this trend. In the 1970s, Hudson (1974) published a widely cited article likening the planning theory universe to an Indian sitar whose strings represent synoptic, incremental, transactive, advocacy, and radical planning. The practitioner plays the strings at appropriate times. (Christensen 1985; Alexander 1996).

The most important of these other traditions include incremental planning, transactive planning, advocacy planning, and radical planning. These by no means exhaust the range of contemporary planning traditions, but they cover enough ground to illustrate the major developments in planning theory and practice since roughly 1960, developments which have grown up in response to recognized deficiencies in the synoptic approach.

ii) **Synoptic Planning**

Predominant concern has generally centered on the tradition of rational comprehensive planning, also known as the synoptic tradition. The synoptic approach has dominated both American planning practice and the planning of development assistance programs overseas. The approach is well suited to the kind of mandate bestowed on government agencies: a set of constrained objectives, a budget, and accountability. There are, however, several other counterpoint schools of thought, most of which differ from the confines of the synoptic approach. Synoptic planning, or the rational comprehensive approach, is the dominant tradition, and the point of departure for most other planning approaches. Synoptic planning typically looks at problems from a systems viewpoint, using conceptual or mathematical models relating ends (objectives) to means (resources and constraints) with heavy reliance on numbers and quantitative analysis. Synoptic planning has roughly four classical elements:

1) Goal-setting,
2) Identification of policy alternatives,
3) Evaluation of means against ends, and
4) Implementation of policy.

The process is not always undertaken in this sequence, and each stag permits multiple iterations, feedback loops and elaboration of sub-processes. For

example, evaluation can consist of procedures such as benefit cost analysis, operations research, systems analysis, and forecasting research. Forecasting can be broken down into deterministic models (trend extrapolation, econometric modeling, curve-fitting through multiple regression analysis); or probabilistic models (Monte Carlo methods, Markov chains, simulation programs, Bayesian methods) or judgmental approaches (Delphi technique, scenario writing, cross-impact matrices).

iii) **Incremental Planning**

Incremental planning came up as a response to the synoptic planning approach that has been criticized for its bias toward central control-in the definition of problems and solutions, in the evaluation of alternatives, and in the implementation of decisions. The case for incremental planning derives from a series of criticisms leveled at synoptic rationality, its insensitivity to existing institutional performances capabilities; its reductionist epistemology; its failure to appreciate the cognitive limits of decision-makers, who cannot "optimize" but only "satisfies" choices by successive approximations.

Charles Lindblom is one of the advocates of the theory of 'Incrementalism' in policy and decision-making (also called 'Gradualism') in 1959. The approach is to take "baby-steps", or "Muddling Through", in decision-making processes. In it, policy change is, under most circumstances, evolutionary rather than revolutionary. He stresses that policy decisions are better understood, and better arrived at, in terms of the push and tug of established institutions that are adept at getting things done through decentralized bargaining processes best suited to a free market and a democratic political economy. Incremental planning adheres more closely to the economic logic of individuals pursuing their own self-interest. Incrementalists also take issue with the synoptic tradition of expressing social values (a priori goal-setting; artificial separation of ends from means; presumption of a general public interest rather than pluralist interests).

iv) **Advocacy Planning**

The most influential of the 1960s challenges to rational planning came from a Hunter College professor who had worked with poor communities in Philadelphia and New York and believed in their lack of representation in the planning process. Paul Davidoff's (1965) article, "Advocacy and Pluralism in Planning," resonated with the frustration of many planners in their inability to meaningfully address the social and economic issues tearing at the fabric of American cities. Davidoff called for the distribution of planning services into low-income, minority neighborhoods through a cadre of advocate planners who would be physically located in neighborhoods and would represent the interests of neighborhood residents in city-level planning processes. Based on analogy with the legal advocacy system, Davidoff thought that many neighborhoods would arrange their own advocates. If these were not forthcoming, it was the duty of the city government to appoint advocates to represent the neighborhood. Debates among the various advocate planners would take place "in the coin of the public interest"- so that the prevailing positions would be those showing themselves as the most closely aligned with the broader needs of the city.The advocacy planning movement grew up in the sixties rooted in adversary procedures modeled upon the legal

profession, and usually applied to defending the interests of weak against strong-community groups, environmental causes, the poor, and the disenfranchised against the established powers of business and government. (Alinsky 1971; Heskin 1977.) Advocacy planning has proven successful as a means of blocking insensitive plans and challenging traditional views of a unitary public interest. In theory, advocacy calls for development of plural plans rather than a unit plan (Davidoff 1965). The advocacy planning movement liberated planners from positions labeled as comprehensive or public interest defined. It quickly spread well beyond the inner city. The use of publicly supported advocates spread even beyond the realm of planning and they became common in the service of environmental groups, trade associations, and even corporations. In practice, however, advocacy planning has been criticized for posing stumbling blocks without being able to mobilize equally effective support for constructive alternatives (Peattie 1968). One effect of the advocacy movement has been to shift formulation of social policy from backroom negotiations out into the open. Particularly in working through the courts, it has injected a stronger dose of normative principles into planning, and greater sensitivity to unintended side effects of decisions. A residue of this can be seen in the increasing requirements for environmental, social, and financial impact reports to accompany large-scale project proposals, whether originating in the private or public sector. Another result has been the stronger linkage between social scientists and judiciary processes in policy decisions. Advocacy planning has both reflected and contributed to a general trend in planning away from neutral objectivity in definition of social problems, in favor of applying more explicit principles of social justice. Much of the previous assumptions of city planners became the subject of conscious discussion and debate. Reflections from the advocate planners showed their work to be enormously difficult and conflicted. Critics pointed out tendencies of advocate planners to be demographically quite different from the residents they served. Advocacy planning seemed to raise expectations that could not be met in those communities. Ultimately, Davidoff was moved by the argument that you have to be from a community to effectively advocate in its behalf. He relocated to the suburbs where his organization, Suburban Action Institute, became influential in promoting federal fair share housing requirements (Needleman and Needleman 1974; Mazziotti 1974; Davidoff, Davidoff and Gold 1974).

By the early 1970s, it was normal to distinguish procedural planning theory focusing on planning process from substantive planning theory focusing on the growth and development of cities. Andreas Faludi, the Dutch planning theorist labeled these two subjects, theory-of-planning and theory-in-planning (Faludi 1973). The distinction was and remains controversial, with many scholars and practitioners arguing that one cannot study process without an understanding of substance, and vice versa. One aspect of the controversy is the tendency of the procedural emphasis to separate planning theory from design approaches to planning which are so rooted in the physical aspects of cities (Hightower 1969; Fischler 1995). Following the first experiences with advocacy planning, planning theorists began diverging in many directions. The rational planning model gradually lost ground. Indeed, in the late 1970s, it was common to talk about a "crisis in planning theory" resulting from the loss of a center to the field (Goldstein and Rosenberry 1978; Clavel, Forester and Goldsmith 1980).

v) **Radical Planning**

The criticisms of advocacy led to a wave of radical approaches to planning for the underpriviledged. Stephen Grabow and Alan Heskin's (1973) wrote in the "Foundations for a Radical Concept of Planning," on the inabilities of the current planning framework to respond to the needs of the poor. They called for a systemic change including decentralization, ecological attentiveness, spontaneity, and experimentation. Yet, it spawned the progressive planning movement seeking out incremental changes that over time would result in structural changes promoting equality, participation, and legitimacy. Progressive planners promoted public ownership of land and job generating industries, worker-managed enterprises, tax reform, community organizations, and leveraging of public resources through partnerships with private organizations that would agree to serve public purposes. Notable examples include Berkeley, California; Hartford, Connecticut; and Burlington, Vermont. Some progressives worked outside the mainstream government doing opposition planning or organizing community self-help initiatives (Krumholz and Clavel 1994; Friedmann 1987).

vi) **Urban Regime Theory**

Urban regime theory came to prominence with the publication of Clarence Stone's study of Atlanta in 1989, although earlier work by Fainstein and Fainstein (1983) and Elkin (1987) has also been influential. The urban regime theory holds that in certain places, community leadership has a certain framework, or regime, for examining issues. Individuals or interest groups that argue from outside that regime will find it very difficult or even impossible to win decisions. This results in an effective disenfranchisement of the outsiders. Implications for planners are both descriptive and normative: power lies in speaking the language of the dominant regime(s). If planners want to influence decisions, they will have to make arguments in a manner that the dominant regime(s) will understand and be responsive to (Lauria 1997).

vii) **Transactive Planning**

During the development of the radical critique, other planning theorists were reconsidering the overtly political directions of planning theory. A series of new directions emerged; focusing on planners' facilitative roles in shaping decisions emerged.Often referred to as social learning theories, these contributions emphasized planners' roles in bringing stakeholders together, gathering and sharing information, and helping social structures to learn from their experiences. John Friedmann's transactive planning emphasized that citizens and civic leaders, not planners, had to be at the core of planning if plans were to be implemented. Others defined a social experimentation process using elements of incrementalism. Chris Argyris and Donald Schon began to articulate a theory of action in which the planner, acting as catalyst strives to create a self-correcting decision structure capable of learning from its own errors (Argyris and Schon 1974; Friedmann 1987).

The transactive planning approach focuses on the intact experience of people's lives revealing policy issues to be addressed. Planning is not carried out with respect to an anonymous target community of beneficiaries, but in face-to-face contact with the people affected by decisions. Planning consists less of field

surveys and data analyses, and more of interpersonal dialogue marked by a process of mutual learning transactive planning also refers to the evolution of decentralized planning institutions that help people take increasing control over the social processes that govern their welfare. Planning is not seen as an operation separated from other forms of social action, but rather as a process embedded in continual evolution of ideas validated through action (Friedmann 1973). In contrast to incremental planning, more emphasis is given to processes of personal and organizational development, and not just the achievement of specific functional objectives. Plans are evaluated not merely in terms of what they do for people through delivery of goods and services, but in terms of the plans' effect on people,on their dignity and sense of effectiveness, their values and behavior, their capacity for growth through cooperation, their spirit of generosity.

2.2.4 The Post-Modern Challenge and Response

The postmodern philosophy emerged in the 1980s and early 1990s in the United States. It evolved in an environment of increasing pressures on poor communities, heightened awareness of ethnic, racial and gender differences in the society, with multiculturalism becoming a leading political force and illegal immigration, welfare programs, and affirmative action taking center stage. Ethnic wars in Africa, Asia, and Europe only reinforced the sense that differences among sub-groups within a country matter much more than collective interest. In this environment, planners were receptive to the introduction of post-modern philosophy. This stance highlighted diversity in points of view about social and political issues, rejected notions of human progress and saw domination of one group by another at every turn. Despite the French post-modern philosophers' high pessimism about the prospects for positive social change, planning theorists who have drawn upon them actively look for the solutions to this pessimism. They call for acknowledging and respecting diversity and difference, recognizing the varying forms of evidence persuasive among different populations, as well as meaningfully involving communities early in planning processes and sharing both power and theorizing activities with those they plan for. Still, the postmodern challenge is considerable and planning theorists are not at all clear about meeting them (Harper and Stein 1995; Mandelbaum 1996; Sandercock 1998).

Theories of social capital are a recent development to capture the imaginations of planning theorists as a response to the multicultural challenge. They have not yet been applied to planning settings in a full way. They emphasize the complexity and effectiveness of social networks and community leadership in moving a community toward an operable response to new challenges (Briggs 1997; Putnam 1995). Feminist planning theory, comfortable operating within the post-modem critique, calls planners to task for valuing economic production while undervaluing or ignoring familial and community re-production, as well as ignoring the different ways men and women use space. The feminist theorists argue that economic efficiency measures universally used in planning analyses attach zero value to home child care, or to volunteer work in community organizations, among others. They also cite transportation models as oriented around the journey-to-work. Women, in particular, tend to make more trips other than the conventional journeys from home to workplace (Moore Milroy 1991; Ritzdorf 1995).

While mainstream-planning theory has increasingly focused on the procedural side of planning, external developments on the substantive side are increasingly pushing the profession in new directions and demanding responses. The self-proclaimed new urbanism of Peter Calthorpe (1993) and Andres Duany (Duany and Plater-Zyberk 1992) has captured the imagination of public officials and homebuyers. They are essentially physical design oriented proposals justified largely by claims about enhancing civic life and social capital, entering the procedural realm. The sustainability movement, which has grown to enormous international proportions since the 1987 Brundtland Commission Report (Krizek and Power 1996) appears to focus on resource renewability and preservation, with as much concern for the relationship of rich to poor. The movement proposes new decision criteria and models based on global cooperation and advancement of equity. Finally, recent explorations into environmental justice issues have potential to lead to a new understanding of the nature of social divisions in both rich and poor countries (Petrikin 1995). Procedural planning theory must respond to these ideas but has not yet done so.

Till now you have read about the theories of urban development Now, answer the following questions given in *Check Your Progress 1.*

Check Your Progress 1

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) What are the classical theories of development? Explain any one

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2) What do you understand by Planning Theories? Explain briefly

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2.3 THE NEW URBANISM

"The New Urbanism" refers to a design-oriented approach to planned urban development. Developed primarily by architects and journalists, it is perhaps more ideology than theory, and is supported by academics and also planning practitioners. New urbanites have received considerable attention in the United

States and, to a lesser extent, in Great Britain. Their orientation resembles that of the early planning theorists—Ebenezer Howard, Frederic Law Olmsted and Patrick Geddes—in their aim of using spatial relations to create a close-knit social community that allows diverse elements to interact. The approach is characterized by an easy elision of physical form with social conditions; an urban design that includes a variety of building types, mixed uses, intermingling of housing for different income groups, and a strong privileging of the "public realm". The basic unit of planning is the neighborhood, which is limited in physical size, has a well-defined edge, and a focused center: "The daily needs of life are accessible within the five minute-walk" (Kunstler 1996). The new urbanism stresses the substance of plans rather than the method of achieving them. In practice, it has stimulated the creation of a number of new towns and neighborhoods, of which Seaside, in Florida, is the best known. The New Urbanism is vulnerable to the accusation that its proponents oversell their product, promoting an unrealistic environmental determinism that has threaded its way throughout the history of physical planning. David Harvey (1997) praises certain aspects of the New Urbanism,its emphasis on public space, its consideration of the relationship between work and living, and its stance toward environmental quality.

For planning theory, the most interesting aspect of the new urbanism is that its assurance of a better quality of life has inspired a social movement. Its utopianism contrasts with communicative planning, which offers only a better process. The movement, however, does not recognize that the fundamental difficulty with modernism was its persistent habit of privileging spatial forms over social processes (Harvey 1997). The movement is less convincing in its approach to social injustice. Harvey fears that the new urbanism can commit the same errors as modernism--of assuming that changing people's physical environment will somehow take care of the social inequalities that warped their lives. To be sure, with its emphasis on community, it is unlikely to commit the principal sin of modernist redevelopment programs, destroying communities in order to put people in the orderly environments that were thought to enhance living conditions. The real problem replicates the one that defeated Ebenezer Howard's radical principles in the construction of garden cities. In order to achieve investor backing for his schemes, Howard was forced to trade away his aims of a socialist commonwealth and a city that accommodated all levels of society (Fishman, 1977). The new urbanists must also rely on private developers to build and finance their visions; consequently they are producing only slightly less exclusive suburbs than the ones they dislike. Although, their creations will contain greater physical diversity than their predecessors, their social composition will not differ markedly.

2.4 THE JUST CITY

Engels (1935) laid out a role for intellectual understanding in bringing about a desirable transformation, as well as a picture of the future that only avoided the label of utopianism through an assertion of historic inevitability, the claim that once the working class seized power, it inevitably would create a just society. Depicting a picture of a just city puts the planning theorist in the role of advocate, not necessarily the advocate for a particular group, as in Davidoff's concept of advocacy planning but as the advocate of a program. Just City theorists fall into two categories: radical democrats and political economists. The former differ

from communicative planning theorists in that they have a more radical concept of participation that goes beyond the involvement of stakeholders to governance by civil society, and they accept a conflictual view of society. They believe that progressive social change results only from the exercise of power by those who previously had been excluded from power. Participation is the vehicle through which that power asserts itself. Whereas the communicative planning theorists primarily speak to planners employed by government, calling upon them to mediate among diverse interests, Just City theorists do not assume the neutrality or benevolence of government (Marcuse 1986). For them the purpose of their vision is to mobilize a public rather than to prescribe a methodology to those in office. A theory of the just city values both participation in decision-making by relatively powerless groups and equity of outcomes (Sandercock, 1998). The key questions asked of any policy by political economists have been who dominates and who benefits? The "who" has typically been defined by economic interest, but economic reductionism is not necessary to this mode of analysis; evaluation of outcomes can also be performed with regard to groups defined by gender, race, and sexual orientation. Nor does the stress on material equality need to boil down to an expectation that redistribution should proceed to a point where there is no reward to achievement.

A persuasive vision of the Just City needs to incorporate an entrepreneurial state that not only provides welfare but also generates increased wealth; moreover, it needs to project a future embodying a middle-class society rather than only empowering the poor and disfranchised. Recent work on industrial districts, social markets, local economic development, and national growth rates has pointed in a direction more sympathetic to middle-class aspirations (Storper 1997, Sayer and Walker 1991, Fainstein and Markusen, 1993, Bluestone and Harrison, 1997). Still, a great deal more attention needs to be paid to identifying a formula for growth with equity (Sanyal, 1998). And such an approach has to take into account the perseverance of a capitalist world economy and the evident success, at least for the moment, of a liberalized US economy.

Participation in public decision-making is part of the ideal of the Just City, both because it is a worthy goal in itself and because benevolent authoritarianism is unlikely. At the same time, democracy presents a set of thorny problems that have never been theoretically resolved and can only be addressed within specific situations. The almost exclusive preoccupation with participation that has come to characterize much of left thought since the demise of socialism in the Soviet bloc evades the problems that have vexed democratic theory throughout its history. Within a formulation of the Just City, democracy is not simply a procedural norm but rather has a substantive content (see Pitkin 1967). Given the existing system of social domination, it cannot be assumed that participation by stakeholders would be transformative in a way that would improve most people's situation. Consequently, deliberations within civil society are not ipso facto morally superior to decisions taken by the state. Rather, "it is the double-edged nature of the state, its ability to effect both regressive and progressive social change that must be stressed" (Yiftachel, 1998).

Till now you have read about new urbanism and the just city. Now, answer the following questions given in *Check Your Progress 2*.

Check Your Progress 2

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) What do you mean by New Urbanism?

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2) Explain the concept of Just City.

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2.5 LET US SUM UP

The principal question of planning theory is the analysis of the possibility for attaining a better quality of human life within the context of a global capitalist political economy. One way to approach this question is to frame a model of the good city and then to inquire how it is achievable. The model can be an abstract utopia—the cohesive city of the new urbanists' dreams or be derived from the identification of places, which seem to provide an exceptionally good quality of life (thus conforming to Hoch's description of pragmatic inquiry described above).

The types of theory pertaining to planning and development described above embrace a social reformist outlook and various perspectives for the growth and development of the city. They represent a move from the purely critical perspective that characterized much theory in the seventies and eighties to one that once again offers a promise of a better life. Whereas reaction to technocracy and positivism shaped planning theory of that period, more recent planning thought has responded to the challenge of post-modernism. Communicative planning theory has evaded the issue of universalism by developing a general procedural ethic without substantive content. The new urbanists claim that their design prescriptions incorporate diversity and provide people what they really want rather than what archaic zoning laws and greedy developers impose on them. Just City Theorists work from "the basic premise that any distributional conception of social justice will inevitably be linked to the broader way of life in which people engage" (Smith 1997, p. 21). The argument is that while there may be no universal standards of good and bad, there are criteria for judging better and worse (Smith 1997; Fainstein 1997). For Just City theorists, it concerns the development of an urban vision that also involves material well-being but which

relies on a more pluralistic, cooperative, and decentralized form of welfare provision than the state-centered model of the bureaucratic welfare state. Like their nineteenth century predecessors, they are seeking to interpose the planning process between urban development and the market so as to produce a more democratic and just society. The communicative theorists have reasserted the moral concerns that underlay nineteenth century radicalism' the new urbanists have promoted a return to concern with physical form, and just city theorists have resurrected the spirit of utopia that inspired Ebenezer Howard and his fellow radicals.

2.6 REFERENCES AND SELECTED READINGS

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2.7 CHECK YOUR PROGRESS-POSSIBLE ANSWERS

Check Your Progress 1

1) What are the classical theories of development? Explain any one

   The classical theories of urban development include Von Thunen Model, Concentric Zone Theory, Wedge or Radial Sector Theory, Central Place Theory and Multiple-Nuclei Theory.

   Central Place Theory is an attempt to explain the spatial arrangement, size, and number of settlements. A Central Place is a settlement, which provides one or more services for the population living around it.

2) What are Planning Theories? Explain briefly

   Planning Theories include incremental planning, transactive planning, advocacy planning, synoptic planning and radical planning. Synoptic planning typically looks at problems from a systems viewpoint, using conceptual or mathematical models relating ends (objectives) to means (resources and constraints) with heavy reliance on numbers and quantitative analysis.

Check Your Progress 2

1) What do you mean by New Urbanism?

   "The new urbanism" refers to a design-oriented approach to planned urban development. The approach is characterized by an easy elision of physical form with social conditions; an urban design that includes a variety of building types, mixed uses, intermingling of housing for different income groups, and a strong privileging of the "public realm." The basic unit of planning is the neighborhood, which is limited in physical size, has a well-defined edge, and a focused center. The daily needs of life are accessible within the five minute-walk.

2) Explain the concept of Just City.

   Radical democrats have a concept of participation that goes beyond the involvement of stakeholders to governance by civil society, and they accept a conflictual view of society. They believe that progressive social change results only from the exercise of power by those who previously had been excluded from power. Participation is the vehicle through which that power asserts itself.

UNIT 3 EVOLUTION OF URBAN DEVELOPMENT: GLOBAL OVERVIEW

Structure

3.1 Introduction

3.2 Urbanization in the North

3.3 Urbanization in the South

3.4 Current Scenario of Urban Development in the World

3.5 Globalisation and Cities

3.6 Let Us Sum Up

3.7 References and Selected readings

3.8 Check Your Progress- Possible Answers

3.1 INTRODUCTION

This unit will introduce you to how urbanization developed in the European and American countries (Northern Hemisphere) and how it developed in the global South(less developed countries who largely fall in the Southern Hemisphere).The patterns of urbanization in these two parts of the globe are extremely distinct, producing distinct realities, as reflected in the nature of the cities and the problems faced. We therefore try to understand these historical differences in the paths to urbanization. This unit will also acquaint you with the current scenario of urbanization in the world and how globalization creates links between different cities of the world. All of these factors together create distinct challenges for policy makers and planners. An appreciation of this history and current status is necessary for developing a perspective on realities of Indian urbanization which will be discussed in the next unit.

After reading this unit, you will be able to:

- describe the distinct historical paths of urbanization in the North and the South of the Globe;
- explain these distinct paths of urbanization to the current urban realities in cities in the global South; and
- discuss the current status of urbanization in the world and its implications for India.

3.2 URBANIZATION IN THE NORTH

In the more developed countries of the world, urbanization in the modern sense emerged during the sixteenth century. Three factors were crucial in this experience of urbanization:

a) Renaissance, b) Development of Modernity and c) Industrialization.

Renaissance refers to a period around the fifteenth to the sixteenth century, where Europe in particular experienced the emergence of several new ideas. These

ideas spanned several fields- in arts such as sculpture, and painting, literature, architecture, and science. The distinctive feature of these new ideas was that they represented a movement away from traditional thinking which was derived from religion (the Church) and expressed aspirations for liberation and democracy. Renaissance paved the way for the revolutions in France, Italy which expressed these new ideas and even forged a contract for a new kind of State which derived from all the citizens and which was therefore, obligated to extend liberation and rights to all its citizens. This was a tremendous departure from earlier ideas of society where the State represented by religion and the kings was seen as the ultimate authority, never to be questioned. The renaissance thus, laid the foundation of the development of modern thinking, science and technology and new political and thinking in Europe.

Development of modernity was an evolution from the foundations of renaissance. Modernity involved an emphasis on rationality as against earlier explanations deriving from God, Magic or fate. It involves the seeking of scientific explanations. It also involves an emphasis on materialism i.e. seeking of opportunities for betterment within this life rather than deferring it to an afterlife. It gave an emphasis to the individual as the basis of society as opposed to earlier emphasis on communities. This meant that social relationships and family structures underwent a change. It also meant that new knowledge was generated. This was paralleled by the development of modern systems and institutions of education, health care, social welfare and most importantly institutions of governance. These institutions of governance were more democratic in nature, and sought to give opportunities for all its citizens. It is evident that renaissance and development of modernity were linked. These two factors unfolded themselves over a century to unleash a third, most directly related factor to urbanization in Europe i.e. industrialization.

The most important and immediate factor which led to urbanization was industrialization. New scientific inventions fueled the way for more organized production in factories. The factory was a centralized unit of mass production of goods; this was different from earlier local and low scale sites of production that involved specific work skills. Now the machines helped to produce at a large scale. Production in factories required labour and this paved the way for people from the countryside to come to these factory sites for work. As industrial revolution increased in its pace, urbanization emerged as a counterpart. Cities were thus sites of production, of mass settlement. They were important territories for administration and necessitated new ways to think about how to provide for these mass collectivities- in terms of housing, services, recreation, and government etc. The basis for this had been laid down by the renaissance and the development of modernity. Urbanization in the North was thus an organic process as it emerged as a natural progression of economic, social, technological fields in society. The pace of these developments was gradual. It was accompanied by the formation of institutions that also followed this path.

The development of factories and cities was accompanied by a thirst for more raw materials and for food for the burgeoning work force in cities. Colonization played an important role in fulfilling these needs. Colonization began as an exploration of new territories for trade and rapidly progressed from mercantile to imperial objectives. Different European nations thus established themselves in colonies in Africa, Latin America, and Asia. These colonies fulfilled different

needs. Colonies like South Africa, Australia provided food while others such as India, Malaysia provided raw materials. They also paved the way for new commodities like rubber which further gave rise to new industries. Colonies of the European countries in the other continents thus proved to be shock absorbers for tiding over issues that accompanied urbanization such as food and raw materials.

Cities in Europe and the global North represented an evolution of society to a distinct stage of development where all these developments found full expression. Urbanization in the global North was a process that was linked to the accumulation of wealth and the emergence of this part of the world as economic and political powers. Cities thus were the centers of prosperity and places of opportunity.

Thus the critical features of urbanization in the North were:

- It was an organic and gradual process of evolution of society which happened over nearly hundred years or so.
- It was accompanied by the development of modern thinking and the development of new institutions of governance.
- The presence of colonies helped to reduce or offset some of the problems in urbanization such as large scale needs of food and raw materials.

3.2.1 An Illustration of Urbanization in the North: Tracing the Development of London

The City of London is a small area within Greater London, England. It is the historic core of London around which the modern conurbation grew and has held city status since time immemorial. London traces its history to the beginnings of the 2nd century. The city has witnessed several surges and declines appropriate to its status as a historical city. The most critical period for the development of modern London was the sixteenth and the seventeenth century. During this period, London's population grew tenfold, but that increase was more than matched by an expansion in the range of skills practiced by its inhabitants, in both manufacturing and services. This was the period during which the traditional pattern of built form, in which shop, counting-house, warehouse, and residence were intermixed was replaced by one in which new types of large-scale building, including exchanges and office blocks, were dominant. The city centre ceased to be a place where people dwelled. This was also accompanied by family and household transformations. After the Great Fire of London in 1666, a number of plans were drawn up to remodel the City and its street pattern into a renaissance-style city with planned urban blocks, squares and boulevards. Simultaneously, the city was also learning to cope with its food, sanitation and health needs.

The 18th century was a period of rapid growth for London, reflecting an increasing national population, the early stirrings of the Industrial Revolution, and London's role at the centre of the evolving British Empire. The urban area expanded beyond the borders of the City of London, most notably during this period towards the West End and Westminster. During this period London emerged as the world centre for financial, insurance, and commodity markets. Throughout the 19th century, the City served as the world's primary business centre, and continues to be a major meeting point for businesses to this day.

The development of London as a modern city thus happened over a three centuries from the 16th to the 19th century. The city faced several crises during this period form fires to the Second World War which devastated London. The descriptions of Engels of the some of the worker settlements in London in the nineteenth century are not very different from the slums in developing countries today. The tremendous prosperity generated through the process of industrialization and colonization, however acted as strong shock absorbers which helped the city to tide over these crises and emerge as a premier city in the world.

Reflection

What would have been the nature of urbanization in the North, if it was not accompanied by colonization?

To what extent is the current pattern of development and urban development, reflective of the pattern set by colonization ?

3.3 URBANIZATION IN THE SOUTH

3.3.1 Experience of Urbanization under Colonization

Many countries in the South, including India had their own settlement system developed over centuries of history, which also included cities. The degree of sophistication differed across countries. Thus countries like India and China had an elaborately developed settlement system while African countries, Latin America, Canada, and Australia were less populous and had sparse and distinct settlements. Some of the countries had traditional societies structured around subsistence agriculture and others had substantial urban settlements of varying degrees of economic and political complexity.

From the sixteenth century onwards, several of these countries experienced colonization by the countries in the North, for lesser or greater periods. The colonizers were distinct in their approach to colonization and settlement. Yet, the development of urbanization in several of these countries is marked by the influence of the colonial period, though not in a uniform way. The creation of cities that profoundly changed the traditional settlement trajectory was an important part of the colonial strategy. These new cities were distinct in their built form and performed very different functions as compared to their traditional form. Some cities were privileged and became part of the colonizers' regime of control. The colonizers also introduced distinct systems of planning, governance and service provision. All cities played different roles as part of the colonial regime.

Anthony King (1990) suggests the following lines of inquiry for understanding this urbanization led by colonization:

- The city's built environment, form and functions- How does this reflect the colonial past? For example, the colonial imprint is very clear in several parts of Bombay(now, Mumbai) island or in hill stations like Shimla
- The role of the city in its immediate geographical region – How did the development of the city impact the local production, transport system? Were new modes of transport created? How did it influence the settlement pattern of the region? Were labour movements affected and how?

- The role of the city in the colonial territory – Was the city conceived as an administrative territory? What was its role in exploitation of raw material, food, etc? How did it impact the traditional hierarchy of settlements? What role did it play in indigenous- colonial conflicts?

- The role of the city in the empire- Was it a defensive battalion like Singapore? Was it a gateway like Bombay (now, Mumbai)? Or was it a transport node like Eden?

- The role of the city in the world economic system – how did the city facilitate the expansion of industry or transfer of resources to another part of the world? How did this change over time?

These questions point us towards the fact that colonization had a deep reaching influence on cities in the Southern Hemisphere. This influence is directly seen in the built forms and buildings in cities but the more deeper influences have to do with the changes in the hierarchy of cities and settlement patterns, the introduction of systems that changed an entire way of life, the changes in connectivity and most importantly through the changes in the political economic systems of the colonized countries.

The introduction of urbanization through colonization has meant that urbanization in the countries in the South developed a few distinct patterns:

- Urbanization is not a result of organic processes produced through internal societal and technological changes but imposed by the colonizers on a society which was not prepared for it

- The imposition of form and function meant that cities reflect a segmented form – a colonial part and an indigenous part. The colonial part was orderly, planned while the indigenous parts were poor, overcrowded and unplanned.

- The cities are often characterized by economic systems that also have this divided character. Thus, there were segments of the city that benefited from the growth of industries while there were many who came to the city due to distress but did not find equal opportunities.

- The systems of urban governance also reflect a foreign character as they have not developed in synch with the local realities. They were oriented to serving the planned parts of the city and stressed much more on control than development.

3.3.2 An Illustration of a Colonial City: Tracing the Development of Metro Manila

The Philippines were claimed for Spain by Magellan in 1521 and by the 1570s, the role of Manila as the primary economic and political focus for this multiple-island state was firmly established. The subsequent colonial transfer to the United States in 1899 and to independence some 50 years later have only served to emphasize this pre-eminence, especially since the creation of the National Capital Region in the mid- 70s. At present Metro Manila has a population of almost thirteen million people, or more than one quarter of the country's urban population.

Metro Manila is a divided city. Its beaches, infrastructure, film center, hotels stand in sharp contrast to the dwellings on Smokey Mountain and other areas which house one-third of its urban population.

As rapid population growth continues, prospects for abundant employment and education opportunities become increasingly inaccessible. About 50% of the city residents are working in the informal sector, the proportion of in formalization has been growing in the last decade. Officially, only 5% of Manila's population is poor but according to recent year's findings, two thirds of poor households have a parent whose educational attainment level of only elementary grade. As most families have six or more family members, too often the eldest child is given the burden of foregoing school in order to take care of the house and take care of their siblings. Often times, they end up as secondary or even primary breadwinners

Activity:

You can exercise by the following activities in order to enhance your knowledge and understanding regarding urbanisation.

- Trace the history of a town or city known to you.
- When was the town created? By whom? For what purpose?
- Who were its dwellers?
- What was its economic base?
- What was its geographical size and features?
- What were the key features of the built form of the town?
- Then try to answer these questions as per the different historical milestones in the town.
- Finally answer all the above questions in relation to current status.
- Reflect on and analyze- Which forces and factors have shaped the urban development of this town or city? How?

3.3.3 Urbanization In The Post Colonial Era

The colonial influence on urbanization in the less developed countries has been perpetuated through the pattern of development in the post colonial era in several of the less developed countries. This has produced several distinctive features, which were earlier not observed in the urbanization experienced of more developed countries. Some of the important features are :

- In some of these countries, a phenomenon called urban primacy is observed. This means that one city dominates over all others in a settlement system in terms of population, economy, and socio- political dominance and geographical concentration. For example, 80% of the population of Thailand is rural. Out of the 20% urban population, 60% stays in a single city i.e. Bangkok. About two thirds of the migrants from the less developed north east parts of the country prefer to move 600-900 km to Bangkok than any other regional urban center. This is because the city has a disproportionately high share of economic and other social opportunities. The city thus becomes an island of opportunity amidst a sea of widespread poverty. Urban primacy is considered to be problematic because of the imbalance in the settlement

pattern and because the impact of development is not spread to the rest of the country.

- Urbanization in the Northern Hemisphere was characterized and accompanied by changes in overall economy which required fewer people in agriculture, changes in education, other aspects of society, formation of institutions etc. Thus it was not just a process of population growth in urban areas but was associated with economic, social and political change. However, the urbanization in the less developed countries is often seen to be in variation with a rise in education, agriculture- industry shift, scientific thinking and institution formation. Some of the countries are thus said to be characterized by 'over urbanization' which means urbanization that is not in consonance with other social, economic and political indicators.

- As a result of such over urbanization, the cities are characterized by high presence of migrants who are not prepared for 'urban' in terms of education, skills etc and in rates disproportionate to the rate of economic opportunities available in the cities. Thus, cities come to be characterized by a division. There are those who are part of the city's formal economy and services while others are compelled to resort to obtaining opportunities and services in the informal market. The active presence of an informal economy which often, parallels the formal economy is a key characteristic of cities in the less developed world. The informal economy is seen to have active links with the formal. It provides services (maids, drivers, security guards, ironing, laundering), goods (vending, recycled goods). It is actively engaged with the collection and recycling of waste and it creates at least few opportunities for housing, education, health etc for the poor migrants who come to the cities. This also translates into significant proportions of urban poverty.

Till now you have read about urbanization in the global north and urbanization in the global south. Now, answer the following questions given in *Check Your Progress 1*.

Check Your Progress 1

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) Distinguish between evolution of urbanization in the North and the South?

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2) What is meant by Urban Primacy? Give an example.

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3.4 CURRENT SCENARIO OF URBAN DEVELOPMENT IN THE WORLD

The world has become predominantly urban in the last decade. In 1990, the World Bank recorded for the first time that there were as many people living in cities as in rural areas with the global rate of growth of urban population being 4.5 percent per annum. By now, this urban world is a pronounced reality. The axis of this urbanization is tilted towards the less developed countries. For e.g. Urban population in East Asia is expected to rise by 450 million over the next two decades. In South and Central Asia, the increase is expected to be almost 350 million and in Sub Saharan Africa, the urban population could rise by 250 million. Between 1985-2005, the urban population in developing countries grew by more than 8.3 million a year, almost three times the annual increase of 3 million experienced in countries of the global North in the period 1880-1900.

The less developed countries have demonstrated a propensity for urbanization at much faster rates than were seen in the North countries. To give an example, the urban growth in Europe throughout the nineteenth century amounted to some 45 million people – a total exceeded by China in the 1980s.Another example may be a comparison between United Sates which was 40 % urbanized in 1900,70% urbanized in 1960 and 75%urbanized in 1990 as against North Korea which was 405 urbanized in 1870 and 78% urbanized in 1990.Between 1950-75,the urban population of the less developed world increased by 400 million and it rose by another billion in 2000. What these examples illustrate is that these countries are urbanizing at much faster rates than the developed countries.

As urbanization becomes a prominent phenomenon in the world, the size of cities has expanded phenomenally. The average size of the world's largest cities has grown to almost 10 times their size in 1900. Such agglomerations pose another serious challenge to policy. The sheer scale of urban size in some of the cities is astounding. These increasing city sizes have led to several new terms- mega cities, agglomerations, city regions etc. Mega city refers to a city size in terms of population while agglomeration brings in the idea of both population and geographical size; city region refers to several connected cities which are like nuclei in a particular region. To give an example, in Vietnam, between one-third to one-half of the population of the entire country lives in Ho Chi Minh City. It is estimated that currently, about 15 of the world's biggest cities are located in the less developed parts of the world.

This phenomenon of massive rise in quantum of urban population is not matched by an equal rise in economic growth. Thus substantive proportions of both urban and rural populations of these countries live amidst poverty. Urbanization with poverty is a phenomenon which the world that has not been experienced by the world so far. Knowledge of urban planning and governance as it has emerged in the North is located in a starkly different context from the one being experienced in the South. It thus calls for developing new knowledge about urban planning and governance.

3.5 GLOBALIZATION AND CITIES

The context within which this rapid urbanization is taking place is that of a world which is globalizing. Globalization represents an intensification of linkages

between the nations of the world. These links have been fostered by the development of technology, transport and communication. However there are many other dimensions to globalisation. First is the driving force of economic integration as transnational operations draw capital, human resources and physical resources from around the world into a global network of production and marketing. Second, there is an accompanied rescaling of national entities. Thirdly there is a convergence of local and international cultures into a lumpy but largely homogenous hybrid.

There are several debates about globalization. Some scholars view it as a process by which capitalist forces are being deeply entrenched into global South geographies. There are others who view it as a more multilateral process. However, one feature of globalization is increasingly becoming clear; it is that it is extremely uneven and creates some pockets which enhance in value while others get undermined. It is this feature that has particular relevance for cities. Cities across the world are emerging as the loci of globalization.

Under the influence of globalization, cities across the world increasingly get connected to a world system of cities. In this system, some cities appear as command and strategic control centers, these are called the 'world cities' (Friedman, 1982) or global cities(Sassen,1994). Then there are other cities which play the role of regional command centers, there are cities which play more specialist roles such as production centers for particular sectors or financial centers etc. Locating this economic niche has become an increasingly important challenge for cities as they have to compete with each other for resources and investment. Mumbai thus has to compete with other financial centers of the world or Bangalore (now, Bengalaru) has to compete with Chennai and Singapore for location of IT industries.

The implication of this competitiveness is that cities now have to develop entrepreneurial capacities and economic strategies; it calls for a sea change in orientations of local governments of cities, which till now were oriented towards their internal issues and services. These external orientations necessitate a lot of need for reform in local government role and capacity. Increased importance to the local government is part of this change.

The external orientations of cities causes fragmentation within cities, thus while some parts of the city are benefited and get linked to these external processes, there are others who get neglected. Some population segments also get neglected. The process of global unevenness thus gets recreated within cities. City governments also need to manage this unevenness and the discontent arising from it.

On the other hand globalization has also meant sharing of knowledge across borders. It has meant availability of resource support across these boundaries too. This makes it possible to create new linkages and learn from each other. We can thus learn how Porto Allegre in Brazil created a participatory budgeting process which led the path for more inclusive and accountable governance of the city or how Bogota brought about a change in its transportation system towards creating a public bus transport system. Such lateral learning, (whether across national borders or within them) has a tremendous potential for generating the need for new knowledge required for meeting current challenges of urbanization.

Globalization thus acts as a contrast filled backdrop on which the phenomenon of urbanization is unfolding. It presents opportunities as well as creates new challenges for urban governance and planning.

Till now you have read about current scenario of urban development in the World and globalisation and cities. Now, answer the following questions given in *Check Your Progress 2*.

Check Your Progress 2

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) Explain the meaning of over urbanization?

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2) What is the linkage between globalization and urbanization?

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3.6 LET US SUM UP

In the more developed countries of the world, urbanization in the modern sense emerged during the sixteenth century. Three factors were crucial in this experience of urbanization-a) renaissance b) development of modernity and c) industrialization .Urbanization in the North as an organic and gradual process of evolution of society which happened over nearly hundred years or so. It was accompanied by the development of modern thinking and the development of new institutions of governance. Also the presence of colonies helped to reduce or offset some of the problems in urbanization such as large scale needs of food and raw materials.

On the other hand, urbanization is not a result of organic processes produced through internal societal and technological changes but imposed by the colonizers on societies which was not prepared for it. This has produced several distinctive features, which were earlier not observed in the urbanization experienced of more developed countries. Urban forms, functions, economic systems and governance institutions in these societies reflect a segmented and divided character. Presence of large informal sector, urban primacy and over urbanization are some of the phenomena observed in urbanization in the global South.

The world has become predominantly urban in the last decade. The axis of this urbanization is tilted towards the less developed countries. The less developed countries have demonstrated a propensity for urbanization at much faster rates than were seen in the North countries. As urbanization becomes a prominent phenomenon in the world, the size of cities has expanded phenomenally this phenomenon of massive rise in quantum of urban population, however is not matched by an equal rise in economic growth. Thus substantive proportions of both urban and rural populations of these countries live amidst poverty. Urbanization with poverty is a phenomenon which the world that has not been experienced by the world so far.

The context within which this rapid urbanization is taking place is that of a world which is globalizing. Globalization represents an intensification of linkages between the nations of the world. Under the influence of globalization, cities across the world increasingly get connected to a world system of cities. Cities have to compete with each other for resources and investment and thus, locating an economic niche has become an increasingly important challenge for city growth. The implication of this competitiveness is that cities now have to develop entrepreneurial capacities and economic strategies; it calls for a sea change in orientations of local governments of cities, which till now were oriented towards their internal issues and services. These external orientations necessitate a lot of need for reform in local government role and capacity. The external orientation of cities causes fragmentation within cities. On the other hand globalization has also meant sharing of knowledge across borders. Globalization thus acts as a contrast filled backdrop on which the phenomenon of urbanization is unfolding. It presents opportunities as well as creates new challenges for urban governance and planning.

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3.8 CHECK YOUR PROGRESS - POSSIBLE ANSWERS

Check Your Progress 1

1) Distinguish between evolution of urbanization in the Global North and the Global South?

   Urbanization in the North was an organic and gradual process of evolution of society which happened over nearly hundred years or so. It was accompanied by the development of modern thinking and the development of new institutions of governance. Further, it was accompanied by colonization; the presence of colonies helped to reduce or offset some of the problems in urbanization such as large scale needs of food and raw materials. On the other hand, urbanization in the Global South was not a result of organic processes produced through internal societal and technological changes but imposed by the colonizers on a society which was not prepared for it. The imposition of form and function meant that cities reflect a segmented form – a colonial part and an indigenous part.

2) What is meant by urban primacy? Give an example.

   Urban primacy means that one city dominates over all others in a settlement system in terms of population, economy, and socio- political dominance and geographical concentration. For example, 80% of the population of Thailand is rural. Out of the 20% urban population, 60% stays in a single city ie Bangkok. About two thirds of the migrants from the less developed north east parts of the country prefer to move 600-900 km to Bangkok than any other regional urban center. This is because the city has a disproportionately high share of economic and other social opportunities.

Check Your Progress 2

1) Explain the meaning of over urbanization?

   'Over urbanization' means urbanization that is not in consonance with other social, economic and political indicators such as shift from primarily agricultural economy to industrial or service based economy, transformations in education, institutions and mechanisms of governance etc. Several developing countries which show the presence of very large cities with overall low levels of socioeconomic development are said to be over urbanized. However over urbanization is a contentious concept as it is west centric.

2) What is the linkage between globalization and urbanization?

   Cities across the world are emerging as the loci of globalization; the urban has become much more prominent. Under the influence of globalization, cities across the world increasingly get connected to a world system of cities in which cities need to compete with each other to attract investment and develop economic niches. The external orientations of cities causes fragmentation between and within cities, thus while some parts of the city are benefited and get linked to these external processes, there are others who get neglected. On the other hand globalization has also meant sharing of knowledge across borders. Globalization thus acts as a contrast filled backdrop on which the phenomenon of urbanization is unfolding. It presents opportunities as well as creates new challenges for urban governance and planning.

UNIT 4 URBAN DEVELOPMENT EXPERIENCE IN INDIA

Structure

4.1 Introduction

4.2 India's Urbanisation: Basic Features and Pattern

4.3 Phases of Urbanization in India

4.4 Challenges of Managing Urbanization

4.5 Let Us Sum UP

4.6 References and Selected Readings

4.7 Check Your progress – Possible Answers

4.1 INTRODUCTION

Cities around the world are playing an ever increasing role in creating wealth, enhancing social development, attracting investment and harnessing both human and technical resources for achieving unprecedented gains in productivity and competitiveness. At the same time, cities play a critical role in driving the transition to sustainable development and promise better access to improved social amenities (health, education, culture and recreation among others) and a range of civic services (water, power, sewerage, sanitation, roads and transportation etc) to upgrade the quality of life of inhabitants. As countries develop, cities and urban settlements account for a larger share of the national income and often generate a disproportionate share of gross domestic product (GDP) and provide huge opportunities for investment and employment.

However in reality, cities, particularly in developing countries, are often plagued with severe shortcomings. Displaying a differentiated pattern, they contain centres of affluence as well as concentrations of abject poverty and neglect. While they offer some of the best social services (including world class education and health facilities), cities are also host to a great many social ills – chronic poverty, poor sanitation, crime, environmental pollution and social unrest.

After studying this unit, you should be able to:

- Explain the trends and pattern of urbanization
- Describe the role played by various policies and programmes in urban development and management
- Analyze the impact and outcome of these policies and programmes

4.2 INDIA'S URBANISATION: BASIC FEATURES AND PATTERN

Although India is less urbanized compared to many Asian countries including China. Indonesia and South Korea, nevertheless with nearly a third of the population – in absolute numbers about 286 million urban inhabitants in 2001 – India had the second largest urban population in the world, next only to China.

Given current trends in population growth and migration, estimates of the United Nations indicate that India is witnessing an 'urban explosion' with India's urban population likely to reach 575 million by 2030 (40.90 percent of total population).

The importance of India's urban sector is indisputable. The urban sector's contribution to India's net domestic product is estimated at between 50 – 52 %, while at the same time, 64.7 % of employment in trade, commerce, and financial services; 65 % in manufacturing; and 68 % in the transport sector are concentrated in urban areas.

Basic feature of urbanization in India can be highlighted as:

1) Skewed and lopsided urbanization.
2) Urbanisation occurs without industrialization and strong economic base.
3) Urbanisation is mainly a product of demographic explosion and poverty induced rural - urban migration.
4) Rapid urbanization leads to massive growth of slum followed by misery, poverty, unemployment, exploitation, inequalities, degradation in the quality of urban life.
5) Poor quality of rural-urban migration leads to poor quality of urbanization.

The pattern of urbanization in India is characterized by continuous concentration of population and activities in large cities. Urbanisation process is not mainly "migration lead" but a product of demographic explosion due to natural increase. India's urbanization is followed by some basic problems in the field of: 1) housing, 2) slums, 3) transport 4) water supply and sanitation, 5) water pollution and air pollution, 6) inadequate provision for social infrastructure (school, hospital, etc).

Indian urbanization is involuted not evoluted. Poverty induced migration occurs due to rural push. Megacities such as Delhi, Mumbai, Kolkata, Chennai, Hyderabad and Bangalore grow in urban population not in urban prosperity. Hence it is urbanization without urban functional characteristics. These mega cities are subject to increasing slum and inadequate shelter, drinking water, electricity and sanitation. Urbanisation is degenerating social and economic inequalities which warrant social conflicts, crimes and anti-social activities. Lopsided and uncontrolled urbanization leads to environmental degradation and degradation in the quality of urban life, i.e pollution in sound, air, water, created by disposal of hazardous waste.

In this section you studied India's urbanization basic features and pattern. Now, you should be able to answer some questions relating to this section given in *Check Your Progress 1.*

Check Your Progress 1

Note: a) Write your answer in about 50 words

b) Check your answer with possible answers given at the end of the unit.

1) What are the basic features of Urbanisation?

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2) Explain the pattern of India's Urbanisation.

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3) What are the basic problems in India's rapidly growing cities?

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4.3 PHASES OF URBANIZATION IN INDIA

Urban planning and policy discussions in India have invariably and only dealt with issues like relationship between urbanisation and economic development, distribution of urban population in various size-classes of settlement, regional development, growth of large(especially metropolitan) cities, infrastructure and services, urban local bodies and institutional aspects(including finance and legal issues).A good number of reports, documents and papers have been published on these issues, a list of which (only the government-sponsored ones) is given in the Box below.

Basically the thrust of most of these reports have been that: i) large cities have grown faster than, and at the expense of, small and medium towns; ii) this is undesirable; iii) measures should be taken to arrest large city growth; by making greater investment in small and medium towns; and iv) effective industrial location policy, set to achieve at intra-regional balance in industrial location. This section focuses on an analysis of urban policy at the national level. It should be remembered however that urban development, housing, urban policy and urban planning in India are state subjects under the Constitution and therefore without a thoroughgoing analysis of urban development policies in different states, it is not possible to paint a comprehensive picture of urban policy in India. The Centre can, at the most, "issue directives, provide advisory services, set up model legislation and fund programmes which the states can follow at will". The urban policy existing in the states is largely an off shoot of that outlined in the national five years plans and other policies and programmes of the central government. It is in this context that an analysis of the national level urban policies and programmes become important to understand the general direction of urban policy in India.

4.3.1 The First Phase: 1951-56

The 1st Five Year Plan (1951-56) was mainly concerned with housing and rehabilitation of refugees. The Ministry of Works and Housing was set up to

ensure speedy spatial and occupational rehabilitation of refugees. A large number of rehabilitation colonies and sub-towns were set up in Delhi, Bombay, Ahmedabad, Uttar Pradesh, Haryana, Punjab and Calcutta. The city of Chandigarh was created in the same period as a symbol of 'modern' India. In the same plan period the National Buildings Organisation and the School of Planning and Architecture were set up in order to improve the quality and efficiency of built environment building, research and develop housing technologies and create a cadre of trained town planners. Furthermore, the central government also set up the Town and Country Planning Organisation to provide guidance and assistance to central and state governments on urban problems and also to prepare the Delhi Master Plan which was conceived as the model plan which was subsequently to provide a framework for master plans to be prepared for other cities. The other two issues that the First Five Year Plan was concerned about were industrial and employer housing and slums.

The Plan was categorical about the need for slum clearance. Terming slums a 'national problem' and a 'disgrace to the country' it stated that "it is better to pay for the cost of clearing than to…suffer their destructive effects upon human lives and property indefinitely". It is be noted however that the use of the term 'slum' in the First Plan refers exclusively to dilapidated and over-congested areas such as the Walled City in Delhi. The 2nd Plan (1956-61) identified "rise in land values, speculative buying of lands in the proximity of growing towns, high rentals and the development of slum areas" as features common to most large towns and cities. It also predicted an escalation in these problems given the trends in industrialization. The Plan thus introduced the theme of regional planning and emphasized the importance of preparing master plans. While recognizing growing housing deficits in urban areas it placed the problem of housing in the wider context of urban and regional planning and called for construction of housing for low income groups. Thus Town and Country Planning legislation was enacted and in many states institutions were set up for the preparation of master plans. In 1956, the *Slums Areas (Improvement and Clearance) Act* was passed. The Act defined slums as: "any area (where) buildings…(a) are in any respect unfit for human habitation, or (b) are by reason of dilapidation, over-crowding, faulty arrangement and design of such buildings, narrowness or faulty arrangement of streets, lack of ventilation, light or sanitation, or any combination of these factors, are detrimental, to safety, health or morals" For preventing the growth of slums, the Plan recommended strengthening local authorities and mobilizing "the support of enlightened public opinion" in enforcing the implementation of building codes and municipal by-laws.

It was in the 3rd Plan (1961-66) that urban policy and development planning began to acquire a cogent form. During this period, Master Plans for various cities were prepared and the need to strengthen urban local governments, especially their financial and administrative aspects, was recognized. In order to guide and enforce the planned development of cities through the implementation of master plans, para-statal development authorities, such as Delhi Development Authority (DDA), Mumbai Metropolitan Regional Development Authority (MMRDA), Madras Metropolitan Development Authority (MMDA), were set up. It is noteworthy that the master planning approach to tackling urban problems was an uncritical import from the then prevalent town planning and regulatory practices in Britain and the United States of America. The important features of these master plans were "a) designing of land use with a future perspective; b) a

city without slums, or in other words, a standard 'decent' housing for everyone; c) detailed modernized Central Business District; d) division of major land use into zones; e) an efficient highway and transportation system; and f) adequate community facilities with residential areas divided into neighbourhoods". The master plans give pre-eminence to the planned and orderly development of cities through a strict spatial segregation of functions such as housing, commerce, industries, etc. in mono-use zones.

The 3rd Plan also emphasized the need for balanced spatial and demographic development through locating new industries far away from cities, adopting the concept of the 'region' in the planning of large industries and strengthening rural-urban linkages. The Plan expressed concern about increase in land prices in cities and the growth of slums. The concept of urban community development was introduced to tackle problems of urban slums. Earlier the central government had introduced a scheme in 1959 to give loans to state governments for a period of ten years acquisition and development of land in order to make available building sites in sufficient numbers. Moreover, various measures such as freezing of land prices, acquisition and development of land and taxation of vacant land were suggested to control and regulate the urban lands. The Plan period also saw significant dispersal of urban planning and development activities from the centre to the states with massive amounts of investment poured into developing state capitals and new cities such as Gandhinagar in Gujarat and Bhuvaneshwar in Orissa. Thus we see that the first phase of urban policy was characterized by the lack of a comprehensive vision on urbanization or urban process in India. The Plans prepared during this period largely had an *ad hoc* and piecemeal approach towards urban issues and problems. Though from the second plan onwards, planned development of cities became a major theme , there was little attempt to reconcile the technocratic blueprint of master plans with the complex realities of a predominantly poor, newly independent, post colonial country.

4.3.2 The Second Phase: 1969-1984

Achieving balanced urban growth through dispersing populations in smaller urban centres was the overriding thrust of the 4th Plan (1969-74). This was to prevent the concentration of population in metropolitan cities such as Delhi, Bombay, Calcutta and Madras. The creation of small towns and ensuring the spatial location of economic activity in a planned manner consistent with the objectives of the Plan was underscored. The Plan articulated the need for urban land policy at the state level and provided specific guidelines for the formulation of the same. It recommended that the state level urban policies should aim at: (a) the optimum use of land; (b) making land available to weaker sections; (c) checking the concentration of land ownership, rising land values and speculation of land; and (d) allowing land to be used as a resource for financing the implementation of city development plans.

In 1970, the Housing and Urban Development Corporation (HUDCO) was set up to provide loans to urban development authorities and state housing boards for housing and other development projects such as infrastructure development, land acquisition and essential services. One of the main goals of the HUDCO was the promotion of housing for the persons belonging to low income groups and economically weaker sections. The central government launched the Environmental Improvement of Urban Slums (EIUS) scheme in 1972-73 to provide a minimum level of services, such as, water supply, sewerage, drainage,

pavements in 11 cities with a population of 8 lakhs and above. The scheme was later extended to nine more cities. In 1973, towards the end of the fourth plan, the World Bank started its urban sector operations in India with the launching of the Calcutta Urban Development Project. The 5th Plan (1974-79) was mainly concerned with introducing measures to control land prices in cities; providing a framework for the development of small and medium towns; augmenting basic services in cities and towns; addressing the problems of metropolitan cities with a regional perspective and assist development projects having national significance in metropolitan cities. The priorities expressed in the Plan were based partly on the National Urbanisation Policy Resolution of the Town and Country Planning Organisation. In order to evolve a framework for the development of small and medium towns, the central government constituted a Task Force on Planning and Development of Small and Medium Towns in 1975. The main objectives of the Task Force, were to examine laws relating to local administration and urban development, and to suggest suitable modifications of these laws, keeping in view the need to assist in the planned growth of small and medium towns, and to formulate guidelines and regulations in the matters such as zoning, setbacks, building control and such other relevant matters. The report of the Task Force was published in 1977 and recommendations included giving priority to the development of existing towns and cities within a population range of 50,000-3,00,000. The framework for the selection and consequent development of small and medium towns consisted of the following recommendations: (a) formulation of a national urban policy; (b) urban land policy to ensure proper use of land (c) development of small and medium towns, cities and metropolises with organic linkages to their immediate areas; (d) identification of growth points in the region that may be delineated; (e) evolution of location policies in the context of regional development; (f) provision of inviolable greenbelts around settlements of certain sizes; (g) working out of rational and feasible norms and standards of urban development; and (h) creation of appropriate statutory local government agencies at various levels. The Plan also emphasized the need for infrastructural development of cities with population over 300,000. To achieve this goal a scheme called Integrated Urban Development Programme (IUDP) was launched. Also, the Sites and Services Scheme for making serviced land available to the poor was launched in this Plan period.

One of the most important steps that were taken to check land prices and speculation in land during the fifth plan period was the promulgation of the Urban Land (Ceiling and Regulation) Act (ULCRA), 1976. The ULCRA aimed at preventing concentration of urban land in the hands of a few thereby checking speculation in and profiteering from land. It enabled the socialization of urban land to ensure equitable distribution amongst various social classes and orderly development of urban built environment. The Act provided for fixing ceiling on the possession and ownership of vacant land in urban areas and acquisition of excess land for creating housing stock for the poor.

The focus of the 6th Plan (1980-85) was largely on the development of small and medium towns and provision of basic services in urban slums. Though the Plan underlined the need to improve environmental conditions in slums through improvement in drainage, sewerage and sanitation the urban component of the 6th Plan is remembered primarily for the introduction of a centrally sponsored scheme called the Integrated Development of Small and Medium Towns (IDSMT) with the objective of promoting growth in towns with less than 100,000 population

through provision of infrastructure and basic services. The components eligible for central assistance under the IDSMT included land acquisition and services, construction of new markets, provision of industrial estates, provision of other services and processing facilities for the benefit of agricultural and rural development in the hinterland and low cost sanitation . The state components included slum improvement, small-scale employment generation, low-cost water supply schemes, drainage and sanitation, sewerage, preventive medical facilities, parks and playgrounds. To begin with the scheme included 231 towns in various states and union territories, selected on the basis of the ratio of urban population in the state to the total urban population in the country. Later on, a few additional towns were added to this list. There was also a lot of emphasis on containing the growth of metropolitan cities by dispersing industrial and economic activities in small and medium towns in general and satellite towns of large cities in particular. However, stagnation in agriculture and skewed investment policies coupled with favourable economies of agglomeration enjoyed by large cities thwarted all attempts at 'balanced regional development'.

4.3.3 The Third Phase: 1986 Onwards

In mid 80s the Indian economy started taking its first tentative steps towards liberalization. The urban policy reflected the trend in economic policy. The 7th Plan heralded a shift in urban policy by initiating a process of opening up avenues for private sector participation in urban development. The Plan called for radical (re)orientation of all policies related to housing and entrusted the main responsibility of housing construction to the private sector. The government's role was sought to be reduced to mobilization of resources for housing, provision for subsidized housing for the poor and acquisition and development of land. In order to boost the housing finance market, it recommended setting up of the National Housing Bank. It also proposed to set up a National Urban Infrastructure Development Finance Corporation to augment the capacity of urban local bodies to undertake infrastructure creation, particularly water supply and sewerage facilities.

In the 1988, the first ever National Housing Policy (NHP) was announced. The objectives of the NHP included removal of houselessness, improving the conditions of the inadequately housed and provision of minimum level of basic services to all. The Policy conceived the role of the government as a provider for the poorest and vulnerable sections and as a facilitator for other income groups and private sector by the removal of constraints and the increased supply of land and services. The IDSMT continued to be the most important scheme for the urban sector under the Seventh Plan as well. In the Plan period, the coverage of the scheme was extended to 102 additional towns. The Plan reiterated the need to integrate town level plans into the regional systems. Thus in 1985 itself the National Capital Region Planning Board was formed to reduce population pressure on Delhi by dispersing and diverting population and economic activity to other urban centres within the National Capital region thereby ensuring the balanced development of the region as a whole. Emphasis was also laid on community participation at the town/city level. Recognising the need to directly address the problem of urban poverty, the Plan also launched an urban poverty alleviation scheme called the Urban Basic Services (UBS) with a focus on improving the status of women and children in urban low-income families through community participation, integrated development and cost effectiveness. The UBS was later merged into the EIUS in 1990 and the name changed to Urban Basic Services for Poor (UBSP).

Another important scheme, namely, Nehru Rozgar Yojana (NRY) was launched in 1989 to generate employment opportunities for the urban poor. The NRY had three basic components of microenterprises, wage employment and shelter upgradation. In the same year, the National Commission on Urbanisation (NCU) submitted its report. The Commission was entrusted with the task of making a detailed investigation into the process, pattern, trends and issues of urban development and planning and suggesting appropriate framework and guidelines for urban policies and programmes in the coming years. The NCU emphasized close link between urbanisation and economic development. The NCU marked a significant departure from the policy pronouncements of earlier government policies and plans as it abandoned the concept of backward area because it was felt that instead of forcefully inducing investments in areas which are backward and have little infrastructure and in which the concessions are likely to be misused the identified existing and potential urban centres at intermediate levels could be developed to attract the migrants as they are located in closely related regions. Consequently, the Commission identified 329 cities called GEMs (Generator of Economic Momentum) which were further divided into NPCs (National Priority Centres) and SPC (State Priority Centres). Apart from GEMs, National and State Priority Centres, the Commission also identified 49 Spatial Priority Urban Regions (SPURs). The future growth in urbanisation was expected to take place along these nodes and corridors.

The Plan expressed the need to link urban growth with economic development and advanced the following policy directives:

a) Consolidation and operationalisation of spatial and economic dimensions of planning by:
   - involving an integrated hierarchy of rural and urban settlements based upon primary economic functions; and
   - linking the urban development plans with respective district level planning processes including the programmes of various state level and central departments like agriculture, rural development, environment, telecommunications, industries and other such organizations.

b) Convergence of all related programmes, i.e. IDSMT, housing and infrastructure development programmes of HUDCO, NRY and UBSP to create the desired impact in small and medium towns beyond the threshold level.

c) Taking legal, organizational and financial measures for enhanced and equitable supply of urban land and promotion of housing, including review of master plan standards, amendments to Land Acquisition Act, Urban Land Ceiling and Regulation Act, Transfer of Property Act and Rent Control Laws.

d) Promoting public-private partnerships in the urban development sector.

e) Developing appropriate specialized institutional support at the central and state levels to deal with financing and development of urban infrastructure.

In the same Plan period, in 1995, another programme called Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUEP) was launched. The PMIUEP was a five year long scheme applicable to all class II cities with a population ranging between 50,000 to 1, 00, 00 subject to the condition that elections to local bodies had been held. In 1992, the Town and Country Planning Organisation prepared a draft National Urban Policy. The main objectives of the

draft NUP were to: a) evolve a spatial pattern of economic activities and population distribution based on regional development and planning considerations; b) secure a balanced distribution of population among the urban centres of various sizes, so as to maximize economic gain and minimize social costs of urbanization; c) control further growth of metropolitan cities by dispersal of economic activities in the new growth centres; d) prioritise development of those urban centres which have been identified as prime economic movers in national economic development, such as the National Priority Cities (NPCs), State Priority Cities (SPCs) and Spatial priority Urbanisation Regions (SPURs); and e) improve the efficiency of the urbanisation process by removing bottlenecks and breakdowns in the supply of urban services.

At the beginning of the 8th Plan period, in 1992, the 74th Constitutional Amendment Act was promulgated. It was a landmark Act which sought to decentralize decision making in cities and towns through creation of elected urban local bodies (ULBs) as institutions of democratic self governance and devolution of essential functions related to city planning and service provision to these bodies. The salient features of the 74th CAA are introduction of the Twelfth Schedule which lists the functions of the ULBs, establishment of ward committees in areas having a population of over three lakhs, periodic and timely elections of ULBs, and devolution of finances to ULBs as per the suggestions of the State Finance Commissions (SFSs). The Mega City Scheme a centrally sponsored scheme launched in five cities, namely, Mumbai, Kolkata, Chennai, Hyderabad and Bangalore during the 8th Plan had the express purpose of preparing municipalities to use institutional finance and eventually market instruments like municipal bonds for capital investment requirements. One of the highlights of the 8th Plan period was the publication of the India Infrastructure Report. India Infrastructure Report was widely considered a landmark document in the push towards privatization and/or commercialization of infrastructure creation and management, service provision and regulatory and governance systems.

The 9th Plan (1997-2002) was greatly influenced by the India Infrastructure Report. The Plan recognized the skewed nature of urban process in India with urbanization and economic growth mainly concentrated in certain parts of the country and certain parts of a state. It thus admitted that the IDSMT, that had been launched in the sixth plan to reduce regional disparities, had largely been a failure. The 9th Plan reiterated its commitment towards reducing regional disparities; however, the primary responsibility for achieving the same was now with the state governments who were urged to raise resources for their activities from outside the Plan, specifically from financial institutions and capital markets. The Plan sought to make ULBs and parastatal agencies accountable and financially viable by cutting down on budgetary allocations for urban infrastructural development. The Plan recognized that while larger municipalities may be in a position to raise funds from capital market and financial institutions directly, the smaller ULBs simply do not have the financial and technical capability to do so. It thus proposed to create an 'Urban Development Fund' based on the principle of 'pooled finance' to help smaller towns realize commercial borrowings.

In terms of focus, the Plan recommended streamlining of employment generation programmes and creating housing stock for economically weaker sections and lower income groups through rationalisation of existing centrally sponsored urban poverty alleviation programmes. The sectoral objectives of the Ninth Plan were: (a) development of urban areas as economically efficient, socially equitable and

environmentally sustainable entities; (b) accelerated development of housing, particularly for the low income groups and other disadvantaged groups; (c) development and up gradation of urban infrastructure services to meet the needs of a growing population; (d) alleviation of urban poverty and unemployment; (e) promoting accessibility and affordability of the poor to housing and basic services; (f) improvement of urban environment; (g) promoting private sector participation in the provision of public infrastructure and of the community and NGOs in urban planning and management of specific component of urban services; and (h) democratic decentralization and strengthening of municipal governance.

The Hashim Committee, set up to review and streamline these programmes suggested phasing out NRY, PMIUPEP and UBSP and introducing Swarna Jayanti Shahari Rozgar Yojana (SJSRA) to reorganize self-employment and wage employment parts of the earlier programmes. The shelter upgradation component of NRY and PMIUPEP was merged with the National Slum Development Programme (NSDP).The SJSRY had two sub-schemes, namely, (a) Urban Self Employment Programme and (b) Urban Wage Employment Programme. The SJSRY sought to provide gainful employment to the urban unemployed or underemployed poor by encouraging the setting up of self-employment ventures or provision of wage employment. The implementation of the scheme was to be done through the setting up of community organizations like Neighbourhood Groups, Neighbourhood Societies and Community Development Societies. The responsibility of identifying beneficiaries, viable projects suitable for the area, preparation of applications, monitoring of recovery and general support was entrusted to the Community Development Societies. The Urban Self Employment Programme included schemes on Self Employment through setting up Micro-enterprises and Skill Development, confined to BPL beneficiaries who have education up to the 9th standard, and Development of Women and Children in Urban Areas for poor women who decide to set up self-employment ventures on a group basis. The Urban Wage Employment Programme was conceived to provide employment to persons Below Poverty Line in urban local bodies with a population of less than 5 lakhs. The Plan also suggested that the responsibility of distribution of water in urban areas should be given over to local bodies or to the private sector. It encouraged private sector participation in construction and maintenance of water supply and sanitation schemes.

In 1998, the National Housing and Habitat Policy (NHHP) was announced which specifically emphasized that housing construction in both rural and urban areas should be left in the hands of the private sector and that the government should restrict itself to the role of a facilitator. The Policy promised "Shelter to All" by the year 2001 but this promise was to be realized through the invisible hand of the market which was supposed to ensure affordable housing to all if all impediments to its efficient functioning were removed. As a follow up to the recommendations of the NHHP 1998, the Two Million Housing Programme was launched in 1998-99. It was a loan based scheme promoting the construction of 20 lakh additional housing units every year (13 lakh for rural areas and 7 lakh for urban areas). Out of this HUDCO was to meet the target of 4 lakh dwelling units in urban areas and 6 lakh in rural areas annually. In 1999, the Draft National Slum Policy was announced which proposed the integration of slum dwellers in the mainstream of urban life through in-situ up gradation. The Draft Policy included all underserviced settlements in its definition of slums and proposed

their up gradation and improvement as opposed to eviction. It also spoke about granting tenure to slum dwellers inhabiting government land apart from providing them with basic civic amenities. The Draft National Slum Policy was never adopted, however in 2001, a Rs. 20 billion subsidy based scheme called the Valmiki Ambedkar Awas Yojana (VAMBAY) was started with the aim to provide/ upgrade shelter to urban slum dwellers.

In the 9th Plan period two other major steps were taken to further the process of liberalization of land and real estate markets. The first step was the repeal of the Urban Land (Ceiling and Regulation) Act in 1999. The second major step was taken in 2002 when the government allowed 100 percent Foreign Direct Investment (FDI) in integrated townships, including housing, commercial premises, hotels and resorts. FDI was also permitted in infrastructure projects such as roads, bridges, mass rapid transit systems and for the manufacturing of building materials. The minimum area to be developed was fixed at 100 acres.

The 2001 Census had shown that contrary to the expectations and predictions of a wide array of actors, the rate of growth of urban population was steadily declining. This has been attributed to cities becoming inhospitable to poor migrants due to the promulgation of neo-liberal urban policies. However, the 10th Plan celebrates this fact and attributes it to the success of rural development programmes along with the limited availability of land for squatting in central urban areas. The Plan identifies urbanization as a key determinant of the economic growth in the 1980s and 1990s, boosted by economic liberalization. The 10th Plan (2002-07) was prepared in the backdrop of the Union Budget of 2002-03 which had announced radical measures to push cities into carrying out comprehensive urban reforms. The overriding thrust of the 10th Plan was to promote overhauling of the legislative, governance and administrative structure of cities through a set of market-friendly urban reforms and promotion of PPPs in urban infrastructure and services. A lot of emphasis was placed on making urban local bodies financially strong so that they have to rely less and less on state transfers. To enable ULBs to raise their own resources the Plan advocated reform in property tax, levying of user charges, increasing non-tax revenues, controlling establishment costs, better utilization of municipal assets and overhauling municipal accounting systems. These reforms, it was suggested, would enhance the credit-worthiness of ULBs and make them capable to mobilising funds from capital market and investors. The Plan also spoke about substantially increasing investment in up gradation of urban infrastructure and services but made it clear that central assistance in this regard would be made conditional upon states and ULBs carrying out sector reforms, in particular better standard of services and levying of user charges

4.3.4 Current On-Going Programmes

The process of urban reforms which tentatively began in the 8th Plan reached its high point when in December 2005, the Prime Minister launched the Jawaharlal Nehru National Urban renewal Mission (JNNURM). The JNNURM is basically a reform linked incentive scheme for providing assistance to state governments and urban local bodies (ULBs) in selected 63 cities, comprising all cities with over one million population, state capitals and a few other cities of religious and tourist importance for the purpose of reforming urban governance, facilitating urban infrastructure and providing basic services to the urban poor. The total

budget of the Mission is estimated to be Rs. 1,26,000 crores out of which the central government shall provide Rs. 50,000 crores. It is thus by far the single largest initiative of the central government in the urban sector.

The broad framework of the Mission is as follows:

- Preparation of City Development Plans (CDPs) by respective cities with a 20-25 years perspective.
- Sector-wise detailed project reports to be prepared by identified cities listing projects along with their financial plans.
- A Memorandum of Agreement (MoA) to be signed between the central government, state governments and ULBs containing the time bound commitment on the part of states/ ULBs to carry out reforms in order to access central funds under the Mission.
- Funding pattern in terms of percentages would be 35:15:50 (between Centre, States and Urban Local Bodies) for cities with over 4 million population, 50:20:30 for cities with populations between one and four million, and 80:10:10 for other cities.
- Assistance under the Mission to be given directly to nominated State Level Nodal Agencies, who in turn would give the same to state government/ ULB in the form of soft loan or grant-cum-loan or grant.
- The assistance thus provided would act as seed money to leverage additional funds from financial institutions/capital markets.
- Public Private Partnership (PPP) to be the preferred mode of implementing projects.

The Mission is comprised of two sub missions, namely, Sub-Mission for Urban Infrastructure and Governance and Sub-Mission on Basic Services to the Urban Poor. The admissible components under both these sub-missions together include urban renewal, water supply and sanitation, sewerage and solid waste management, urban transport, slum improvement and rehabilitation, housing for urban poor, civic amenities in slums.The priorities of the government become even clearer when we look at the set of reforms that the state governments and ULBs are supposed to carry out if they wish to avail central assistance under the JNNURM. These reforms have been divided into two parts - mandatory reforms and optional reforms.

Mandatory Reforms: State Level

The state governments seeking assistance under the JNNURM would be obliged to carry out the following mandatory reforms: a) effective implementation of decentralization initiatives as envisaged in the Constitution (seventy-fourth) Amendment Act, 1992; b) repeal of Urban Land (Ceiling and Regulation) Act, 1976; c) reform of rent control laws; d) rationalisation of stamp duty to bring it down to no more than 5 percent within seven years; e) enactment of a public disclosure law; f) enactment of a community participation law, so as to institutionalize citizens' participation in local decision making; and g) association of elected municipalities with the city planning function.

Mandatory Reforms: Municipal Level

The Municipality seeking assistence under JNNURM has to: a) adoption of a modern, accrual-based, double entry system of accounting; b) introduction of a system of e-governance using IT applications, GIS and MIS for various urban services; c) reform of property tax so as to raise collection efficiency to 85 per cent; d) levy of user charges to recover full cost of operation and maintenance within seven years; e) internal earmarking of budgets for basic services to the urban poor; and f) provision of basic services to the urban poor, including security of tenure at affordable prices.

Apart from these, there is a set of optional reforms common to both state governments and ULBs, any two of which they are supposed to implement each year. These include: a) revision of bye-laws to streamline the approval process for construction of buildings, development sites etc; b) simplification of legal and procedural frameworks for conversion of agricultural land for non-agricultural purposes; c) introduction of property title certification; d) earmarking of at least 20-25 per cent developed land in housing projects for economically weaker sections and low income groups with a system of cross-subsidisation; e) introduction of computerized registration of land and property; f) administrative reforms including reduction in establishment cost by introducing retirement schemes and surrender of posts falling vacant due to retirement; g) structural reforms; and h) encouraging public private partnership.

The JNNURM was accompanied by another scheme called the Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) which is more or less the same in content except for the minor difference that towns under the UIDSSMT do not have to prepare City Development Plans. 5098 cities and towns which have a population of less than one million and are thus not covered under the JNNURM come under the UIDSSMT. Earlier schemes such as IDSMT and Accelerated Urban Water Supply Programme (AUWSP) have been merged with the UIDSSMT. Similarly the Mega City Scheme and the VAMBAY have been partially subsumed under the JNNURM.

There seems to be a formidable consensus that the urban reform agenda, as enunciated in the JNNURM, the UIDSSMT and several other programmes and policies, is one of the key instruments for keeping the country on the path of high growth.

In this section you studied urban policies and their impact. Now, you should be able to answer some questions relating to this section given in *check your progress* 2.

Check Your Progress 2

Note: a) Write your answer in about 50 words

b) Check your answer with possible answers given at the end of the unit.

1) In which five-year plan period, the emphasis was laid on the preparation of master plans? Please specify the major features of master plans?

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2) Specify the main thrust of National Housing and Habitat Policy, 1998?

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3) What is the broad framework of Jawaharlal Nehru National Urban Renewal Mission (JNNURM)?

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4.4 CHALLENGES OF MANAGING URBANISATION

The challenge of urbanisation in India is to ensure service delivery at the enhanced minimum standards that are necessary when planning ahead.

The major challenges of Urbanisation are the following:

- Strengthening ULBs through better capacity building and financial management,
- Increasing the efficiency and productivity of cities with emphasis on reducing incidence of poverty and promoting sustainable development,
- Provision of essential urban infrastructure, amenities and services with public – private partnerships,
- Establishing regulatory/ institutional framework to oversee the functioning of public and private sector;
- Integration of economic and spatial planning with a view to achieving a rational spatial – economic development at city, state and national levels,
- Strict enforcement of anti – pollution laws and to reduce dangerous levels of air pollution particularly in metro cities,
- To establish a cost effective, energy efficient, socially desirable and transport system.

The challenge of managing urbanisation will have to be addressed through a combination of increased investment, strengthening the framework for governance and financing, and a comprehensive capacity building programme at all levels of government.

In this section you studied challenges of managing urbanization. Now, you should be able to answer some questions relating to this section given in *check your progress 3.*

Check Your Progress 3

Note: a) Write your answer in about 50 words

b) Check your answer with possible answers given at the end of the unit.

1) What are the main challenges of Urbanisation?

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2) What needs to be done to facilitate sustainable urbanisation in India

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4.5 LET US SUM UP

India is urbanising. This transition, which will see India's urban population reach a figure close to 600 million by 2031, is not simply a shift of demographics. It places cities and towns at the centre of India's development trajectory. In the coming decades, the urban sector will play a critical role in the structural transformation of the Indian economy and in sustaining the high rates of economic growth. Ensuring high quality public services for all in the cities and towns of India is an end in itself, but it will also facilitate the full realisation of India's economic potential.

India's economic growth momentum cannot be sustained if urbanisation is not actively facilitated. Nor can poverty be addressed if the needs of the urban poor are isolated from the broader challenges of managing urbanisation. Cities will have to become the engines of national development. India cannot afford to get its urban strategy wrong, but it cannot get it right without bringing about a fundamental shift in the mindset which separates rural from the urban.

India's municipal corporations, municipalities and nagar panchayats, commonly known as urban local bodies (ULBs) need to be strengthened as local self-government with clear functions, independent financial resources, and autonomy to take decisions on investment and service delivery. They must also be made accountable to citizens. Elements of this shift are already present in the local government framework as reflected in the 74th Constitutional Amendment, the

Jawaharlal Nehru National Urban Renewal Mission (JNNURM), and the emphasis placed on the urban sector by the Thirteenth Central Finance Commission.

To sum up, the steps needed to facilitate sustainable urbanisation in India are;

- Increasing investment in urban infrastructure
- Engaging in renewal and redevelopment of urban areas including slums
- Improving regional and metropolitan planning with integration of land use and transportation0I
- Ensuring access to services for all including the poor to meet the recommended norms
- Reforming systems of service delivery
- Improving governance of cities and towns
- Strengthening and securing the financial base of ULBs

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4.7 CHECK YOUR PROGRESS - POSSIBLE ANSWERS

Check Your Progress 1

1) What are the basic features of Urbanisation?

   Urbanisation is characterized by continuous concentration of population and activities in cities and towns. It is a process characterized by rural-urban migration, natural increase in population and increase in municipal area. Rapid urbanization leads to massive growth of slum followed by misery, poverty, unemployment, exploitation, inequalities, degradation in the quality of urban life. Poor quality of rural-urban migration leads to poor quality of Urbanisation.

2) Explain the pattern of India's Urbanisation.

   The pattern of urbanization in India is skewed and is characterized by growth of cities and towns in regions of agricultural surplus, stagnant or backward region. The big cities attained inordinately large population size leading to virtual collapse in the urban services and quality of life. Migration and natural increases are the predominant factor of urban growth.

3) What are the basic problems in India's rapidly growing cities?

   Problem of urbanization is manifestation of lopsided urbanisation, faulty urban planning, urbanisation with poor economic base. Due to rising demand for infrastructural provisions in the rapidly growing cities, and ineffective supply of services and facilities, the cities and towns environment is deteriorating in terms of : 1) poor housing, 2) increase slums, 3) inefficient transport 4) ineffective provision of water supply and sanitation, 5) increase in air and water pollution, and 6) inadequate provision for social infrastructure.

Check Your Progress 2

1) In which five-year plan period, the emphasis was laid on the preparation of master plans? Please specify the major features of master plans?

   It was in the 3rd Plan (1961-66) that emphasized the preparation of Master Plans for various towns and cities. The important features of these master plans were "a) designing of land use with a future perspective; b) a city without slums, or in other words, a standard 'decent' housing for everyone; c) detailed modernized Central Business District; d) division of major land use into zones; e) an efficient highway and transportation system, and f) adequate community facilities with residential areas divided into neighbourhoods".

2) Specify the main thrust of National Housing and Habitat Policy, 1998?

In 1998, the National Housing and Habitat Policy (NHHP) was announced which specifically emphasized that housing construction in both rural and urban areas should be left in the hands of the private sector and that the government should restrict itself to the role of a facilitator. The Policy promised "Shelter to All". As a follow up to the recommendations of the NHHP 1998, the Two Million Housing Programme was launched in 1998-99.

3) What is the broad framework of Jawaharlal Nehru National Urban Renewal Mission (JNNURM)?

The JNNURM is basically a reform linked incentive scheme for providing assistance to state governments and urban local bodies (ULBs) in selected 63 cities, comprising all cities with over one million population, state capitals and a few other cities of religious and tourist importance for the purpose of reforming urban governance, facilitating urban infrastructure and providing basic services to the urban poor. The total budget of the Mission is estimated to be Rs. 1,26,000 crores out of which the central government shall provide Rs. 50,000 crores. It is thus by far the single largest initiative of the central government in the urban sector.

Check Your Progress 3

1) What are the main challenges of Urbanisation?

The major challenges of Urbanisation are the following:

- Strengthening ULBs through better capacity building and financial management,
- Increasing the efficiency and productivity of cities with emphasis on reducing incidence of poverty and promoting sustainable development,
- Provision of essential urban infrastructure, amenities and services with public – private partnerships,
- Establishing regulatory/ institutional framework to oversee the functioning of public and private sector;
- Integration of economic and spatial planning with a view to a view to achieving a rational spatial – economic development at city, state and national levels,
- Strict enforcement of anti – pollution laws and to reduce dangerous levels of air pollution particularly in metro cities,
- To establish a cost effective, energy efficient, socially desirable and transport system.

2) What needs to be done to facilitate sustainable urbanisation in India

Some of the steps that needs to be taken are the following:

- Increasing investment in urban infrastructure
- Engaging in renewal and redevelopment of urban areas including slums
- Improving regional and metropolitan planning with integration of land use and transportation
- Ensuring access to services for all including the poor
- Reforming systems of service delivery

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MEDS-041 : INTRODUCTION TO URBAN DEVELOPMENT

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MEDS-041
Introduction to Urban Development

Urban Development: Concept and Dynamics 1

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2

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BLOCK 2 URBAN PLANNING

Block 2 on Urban Planning with four units discusses Urban Planning overview, Techniques for Urban Planning, Urban Land Use Planning and Planning for City – Regions.

Unit 1, **Urban Planning: An Overview,** defines urbanization and shows how urbanization without proper planning has given rise to several problems such as housing, sanitation, education, provision of safe drinking water, unemployment, etc. particularly in underdeveloped countries. Besides it also provides information and knowledge regarding urbanization, its trends, impact and idea about sustainable urban development.

Unit 2, **Techniques for Urban Planning,** describes the theories pertaining to urban development. As understood, urban areas has a history of common debates about ideas and practices and is rooted in a critical concern for the 'improvement' of human and environmental well-being, particularly as pursued through interventions which seek to shape environmental conditions and place qualities.

Unit 3, **Urban Land Use Planning,** will give knowledge regarding the current scenario of urbanization in the world and how globalization creates links between different cities of the world. All of these factors together create distinct challenges for policy makers and planners.

Unit 4, **Planning for City – Regions,** discusses about how cities play a critical role in driving the transition to sustainable development and promise better access to improved social amenities (health, education, culture and recreation among others) and a range of civic services (water, power, sewerage, sanitation, roads and transportation etc) to upgrade the quality of life of inhabitants.

UNIT 1 URBAN PLANNING: AN OVERVIEW

Structure

1.1 Introduction
1.2 Urban Planning: Meaning, Need and Importance
1.3 Types of Plan for Urban Planning
1.4 Strategy of Urban Planning
1.5 Master Plan and its Deficiencies
1.6 Urban Planning and Five Year Plans in India
1.7 Keywords
1.8 Let Us Sum Up
1.9 References and Selected Readings
1.10 Check Your Progress – Possible Answer

1.1 INTRODUCTION

Benton Mackaye, Lewis Mumford, Patrick Geddes and other scholars have conceptualized the planning process from the view point of mindsets. Benton Mackaye believed that every deliberate action must start in the mind, the realm of thought. It must be conceived and rehearsed in the realm of thought before it takes place physically.

Urban area is the most dynamic sector which requires the use of multidisciplinary approaches for their planning and management. The magnitude and dynamics of urban areas are major challenges for those responsible for their planning and management. Formulating and implementing effective planning and management approaches are a major challenge for both developed as well as developing countries. In this unit, you will be learning more about urban planning and planning processes.

After reading this unit you will be able to:

- Explain meaning, need and importance of urban planning
- Describe various types of planning required for urban development
- Narrate the thrust of urban planning in different five year plans in India.

1.2 URBAN PLANNING: MEANING, NEED AND IMPORTANCE

1.2.1 Planning –Meaning and Process

Before going to define urban planning it is essential to know about the meaning of planning. Planning is an important aspect of development. Generally speaking, a plan is a scheme, a design or a framework of programmes of action, strategies and activities. According to Sapru, " Planning is a process in which all organs/ departments should be engaged, a process where competing demands are ironed out, adjusted and reconciled in as rational a way as feasible". The view of the

United Nations (1975) was that "A plan is a programme of action for achieving definite objectives or goals. In this sense, a plan is a policy statement and planning means policy making". According to Rai and Kumra, planning is a widely accepted way to handle complex problems of resource allocation and decision making.

The planning process rests on the following four pillars:

1) **Perception –** which is the first vital component of the planning process. It involves perceiving the goals.

2) **Revelation –** of the opportunities offered by nature, which can be attained through extensive planning task.[1]

3) **Preparation –** of the plans, whereby the ideas of human mind are given a physical shape in the form of pictorial schemata.

4) **Execution –** executing the plans.

Generally, the planning process is comprised of the following steps:

1) Preliminary recognition and definition of the problem

2) Decision to act and definition of the planning task

3) Data collection, analysis, and forecasting

4) Determination of constraints and objectives

5) Formulation of operational criteria for design

6) Plan design

7) Testing of alternative plans

8) Plan evaluation

9) Decision-taking

10) Plan implementation

11) Review of planned development over time.

1.2.2 Meaning of Urban Planning

Urban planning is considered to be an important arm of urban development. A few definitions on urban planning given by different scholars working on urban planning are as follow:

- Urban planning is the study of the built environment of a city, town, or other urban areas and is closely related to environmental studies, conservation, and land use planning.

- Urban planning is a technical and political process concerned with the control of the use of land and design of urban environment, including transportation, networks, to guide and ensure the orderly development of settlements and communities.

[1] This involves the formulation of surveys

- Urban planning is a complex and dynamic process to synthesize the diverse activities, perspectives, aspirations and resources into a composite whole.

- Urban planning is one of the important public policies that government regulates. It involves the spatial resources, instructs the development of a city and the countryside and construction. It is concerned with maintaining social justice, safeguards public security, and public benefits.

1.2.3 Need and Importance of Urban Planning

It is believed that planning in general makes economic and social development easier by providing scope for explicit collection, analysis and interpretation of data and developing alternative policies that can systematically resolve competing demands and conflicts. As urban development is an emerging area and new areas are added to urban areas gradually, therefore urban planning is a key to urban development. It helps to accomplish the task as how to meet the needs of residents for food, fiber, and other natural resources. It also anticipates the need for places of residence, recreation, industry, trade, service, and other uses of land. It facilitates the provision of a system of transportation, sewage disposal, water supply, recreation, education, health, etc.

Urban planning enables a government to optimally utilize land and to create a smart and compact city, together with a new paradigm of land use and flexibility. It helps to ensure that the various establishments in urban areas are situated in appropriate localities. This avoids overcrowding and lessens congestion in a transportation system and other public facilities.

Urban planning enables a planner to judiciously utilize the scarce financial resources in various activities of urban development such as poverty eradication, employment generation, water conservation, energy, transportation, environment and population control, etc.

Urban planning helps to integrate the sect oral approach to planning. In urban development, different experts are engaged in different sectors such as housing, sewage, transport, land management, etc. In general, all these professionals are competent not only to manage their own sector but also to establish co-ordination with the other sectors. Good inter and intra sect oral management is sine-qua-non for urban development. This is possible only with the help of systematic urban planning.

Another hallmark of planning is participatory planning. By applying the principle of participatory planning, an urban planner can establish linkages with the stakeholders, beneficiaries and the service providers in a systematic manner. This will help in bringing about sustainable improvement in the living condition of the people residing in urban areas.

Undoubtedly, widespread acceptance of planning stems from the view that planning will help in bringing about balanced, sustainable, and systematic development of urban areas. Although, debate and research efforts continue over the nature and role of planning, there is widespread recognition of usefulness of some form of systematic planning for promoting urban development.

1.3 TYPES OF PLAN FOR URBAN PLANNING

1.3.1 Planning – Concept and Meaning

Each country has evolved a planning system that suits its specific needs and legal provisions. Urban development planning consists of a set of inter-related plans as follows:

i) Perspective Plan

ii) Development Plan

iii) Annual Plan

iv) Plans of Projects/Schemes

v) Structure Plan

vi) Regional Plan

vii) Local Plan

i) Perspective Plan

A perspective plan is a written document, supported by illustrations and maps, containing spatio-economic development policies, strategies, and general programmes of the local authority. This plan presents, to the state government and people, the intentions of the local authority regarding development of the urban center in the next 20- 25 years. The scope of this plan covers social, economic and spatial development goals, policies and priorities relating to all those urban activities that have spatial implications or that require land for their location and desired functioning. It also covers long term policy regarding development of infrastructure and resource mobilization that are necessary to promote these urban activities. Great care is always taken in this plan to minimize the conflict between environment protection and urban development. The basic purpose of a perspective plan is to provide a policy framework for further detailing, and, it serves as a guide for urban local authority in preparation of the development plan. A perspective plan should generally be for a period of 20 years, and, the plan period of 20-25 years should be so adjusted that it coincides with the term of the National/State Five Year Plans. This facilitates the integration of spatial and economic policy planning initiatives.

ii) Development Plan

A development plan prepared within the framework of the approved perspective plan is a medium term (5 years) comprehensive plan of spatio-economic development of the urban centre. The objective of a development plan is to provide necessary details and intended actions in the form of strategies and physical proposals for various policies given in the perspective plan. The objectives depend upon the economic and social needs and aspiration of the people, available resources, and priorities. A local authority cannot adopt a development plan unless it is conceived within the framework of the perspective plan which is approved, or, is in the process of being approved. The scope of this plan covers an assessment of current issues, prospects and proposals for development of the urban centre including employment generation, economic base, transportation and land use, housing

and other infrastructure; and, matters like environment, conservation and ecology. It also contains implement promotion rules, and resource mobilization plan with particular reference to finance, land, and manpower. It provides an efficient system of monitoring and review. Depending upon the urgency of the needs and priorities requiring special treatment and covering special aerial extant development, plans for specific subjects could also be prepared within the framework of the perspective plan and covering the area of jurisdiction of the local authority. These could relate to traffic and transportation plans, tourism development plans, environmental conservation plans, heritage conservation plans, mining sites reclamation plans, coastal area development plans, highway corridor development, and others.

A development plan is a statutory plan, approved and adopted by the local authority for implementation with the help of schemes and projects. Its proposals are precise and definite. According to T.T. Thahane, a development plan is a process of organizing national economic and social effort for promotion or achievement of clearly defined national development goals.

iii) Annual Plan

The purpose of an annual plan, to be prepared by the local authority every year, is to identify the new schemes/projects, which the authority will undertake for implementation during the year, taking into account the physical and fiscal performance of the preceding year, the priorities, the policies and the proposals contained in the approved development plan. This plan also provides the resource requirements during the year, and the sources of funds including those mobilized by the local authority, grants, aids and project/ scheme funds of the State and Central governments. It is, thus, an important document for resource mobilization, as on it's basis, the plan funds are allocated by the funding body. This plan, therefore, serves as an important link with the budgetary process. The annual plan provides a built-in system of continuous annual review of the performance, actions and initiatives of local authority in implementing development plan.

iv) Plans of Schemes Projects

Conceived within the framework of the development plan, schemes/projects are the working layouts supported by written report, providing all necessary details for execution including finance, development, administration and management. These schemes/projects could be for any area, old or new; any activity or land use like residential, commercial, industrial, recreational, educational or health related; or infrastructure development separately or in an integrated manner; by any agency such as government, semi-government, private or even individuals; or for any agency prepared by town planners, architects, engineers as the case may be, enjoying maximum freedom of expression in their design within the stipulations of development promotion rules and other regulations as applicable. These could also be for subjects like tourism development, recreation, urban renewal of central area, environmental improvement, conservation, and even land pooling.

The schemes/projects provide all the required planning, architectural, engineering, financial and administrative details, in graphics and written

form, for execution. These are to be prepared by the respective executing agencies which could be public or private. Selection of the area subject/ project will be determined by the needs and priorities of the executing agency guided by market forces and government policy interventions.

v) Structure Plan

This is a key document, which includes policies for the future use of land and the protection of the environment in the city. It sets levels of future development and its distribution. In doing this, it influences the economic prosperity and social well being of the city. It is basically a written and illustrated statement of the local planning authority's policies and main proposals for change on a large scale.

A structure plan takes into account all the issues affecting an area, including its buildings and spaces, land uses, activities, and transport. An essential aspect of the structure planning process is feedback from the community on how the area should evolve. An important phase of the structure planning process requires consultation with the community, local residents, traders, and the development industry to determine the best outcome for the centre. From the background research, analysis and consultation, the structure plan determines what is working well in an area and how this can be enhanced, as well as how the area can grow and change in the future. It provides clear strategies for how this can be achieved.

A few important components of the structure plan follow:

- Interpret national and regional policies.
- Establish aims, policies, and general proposals for the area for which the plan is prepared
- Provide a framework for local plans. The broad policies and proposals of the structure plan form a framework for the more detailed policies and proposals in local plans.
- Indicate action areas which are a priority for intensive action.
- Provide guidance for development control in those parts of the area covered or not yet covered by a local plan.
- Provide the basis for coordinating decisions between committees of the planning authority and district councils who deal with various components of development, and other public bodies likely to be concerned with important aspects of the plan.
- Bring main planning issues and decisions before decision making authority and the public.

vi) Regional Plan

A regional development plan, conceived within the framework of the regional perspective plan, is a comprehensive medium term (5 years) plan that consolidates the planning proposals of all urban and rural local bodies falling within the delineated area and provides regional development goals, objectives, priorities, sect oral programmes, and their spatial and environmental implications. The output report has illustrations and maps drawn to 1 : 50,000 to 1 : 100,000 scale. The phasing of a regional

development plan is in five annual periods and gives sect oral programmes, projects, and schemes indicating physical targets and fiscal requirements.

Important Elements of Regional Plans are as follows:

- The Regional Plan shall be a written statement and shall be accompanied by such maps, diagrams, illustrations, and descriptive matters of the proposals contained in the regional plan.
- The regional plan shall indicate the manner in which the land in the region shall be used, whether by carrying out development thereon, or, by conservation, or otherwise. The regional plan covers other matters that are likely to have any important influence on the development of a region, and every such plan shall include the following elements needed to promote growth and balanced development of the region, namely:

  a) The policy in relation to land use and the allocation of land for different uses;

  b) The proposals for major urban settlement pattern;

  c) The proposals for providing suitable economic base for future growth;

  d) The proposals regarding transport and communications including railways, and arterial roads serving the region

  e) The proposals for the supply of drinking water and for drainage; and

  f) Indication of the areas, which require immediate development as "priority areas".

vii) Local Plan

The local plan is the result of a decentralized plan. This plan is prepared either by the municipality or a particular municipal ward and is based on local need assessment. Nowadays, the district plan in India follows the local plan approach. In London it is called neighborhood planning. The neighborhood planning represents government's desire to decentralize power from Whitehall and give more responsibility to councils and particularly communities over decisions that directly affect their area.

The important elements of local plans area are as follow:

- Applying the strategy of a structure plan and developing policies and proposals contained in the structure plan;
- Providing a basis for coordinated development; public and private and investment on area covered on them will be coordinated;
- Providing detailed basis for development controls in the structure plan are refined and standards and other criteria will be precisely stated; and
- Bringing local and detailed planning issues before the public, informing property owners and developers how their interests will be affected.

In the above sections you read about the meaning, importance, and need of urban planning, and the types of planning. Now answer the questions given in *Check Your Progress 1*.

Check Your Progress 1

Note: a) Write your answer in the space given below.

b) Compare your answer with those given at the end of the unit.

1) What are the four pillars on which the planning process rests?

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2) What do you understand by a perspective plan?

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1.4 STRATEGY OF URBAN PLANNING

The seven steps to be followed when working on an urban plan are as follows:

Step 1: Assessment of needs

Step 2: Setting objectives

Step 3: Develop a strategy consistent with objectives

Step 4: Identify and quantify inputs

Step 5: Identify and quantify outputs

Step 6: Project and monitor outcomes

Step 7: Impact assessment

Step 1: Assessment of Needs

At the outset, the experts involved in urban planning have to assess various needs of the cities, towns, and municipalities such as housing, sanitation, land use, public places, electricity, etc., and prioritize those needs strategically. If it is a five year plan, they have to specify the yearly needs based on their urgency.

Step 2: Setting Objectives

Based on the identified needs, the second step before the planner is to formulate objectives. The objectives must be very specific, measurable, and time-bound the financial resources available at hand keeping in view. Formulation of

unrealistic objectives will create dissensions among urban dwellers. Therefore, appropriate objective formulation is critical to urban planning.

Step 3: Develop a strategy consistent with objectives

The third step is the formulation of strategy that is consistent with the objectives. There could be many possible strategies to be followed in order to achieve the goals and objectives. While developing strategies, utmost care has to be taken that the activities formulated after identifying strategies are really useful to achieve objectives.

Step 4: Identify and quantify inputs

Here, the task is to identify and quantify the human, physical and financial inputs required for performing activities. Arranging financial and physical resources from the revenue of the city government, and grants from the state and central government is an important exercise in the entire planning process.

Step 5: Identify and quantify outputs

The planner has to quantify the output to be achieved through financial investment made in the plan. For example, with the financial input in urban housing, the number of BPL families to be provided with housing is the output. Output in measurable terms will make the plan document more practical.

Step 6: Project and monitor outcomes

The sixth step in planning is to monitor the ultimate outcome of the plan. The actual achievement out of the projected output is the outcome. The real success of the plan is measured in terms of actual outcome.

Step 7: Impact Assessment

It is the last but not the least step in planning exercise. During this phase the following activities are exercised:

i) Conducting studies on the issues relating to input, output and outcomes.

ii) Dissemination of results to the stakeholders and publishing the impact of the plan for the public.

iii) Recording of lessons learned and archiving research findings for use in future planning process.

1.5 MASTER PLAN AND ITS DEFICIENCIES

According to Charles Haar, the master plan is the planning document which gives a general framework which includes planning for the development of downtown or the centre city area. The characteristics of a master plan are that it plans for the physical development of the downtown, that it is future oriented and that it is geographically inclusive and looks at the entire downtown or centre city. According to Nallathiga (2009) master plans are the traditional instruments used by local governments in India as forward planning tools by anticipating urban development and making provision for the same in terms of (a) the allocation of land for various uses; (b) the regulation of its development and (c) the provision of civic infrastructure. The functions of Master Plan according to Tewari (2002) are as follows:

√ To guide development of a city in an orderly manner so as to improve the quality of life of the people;

√ Organize and coordinate the complex relationships between urban land uses;

√ Chart a course of growth and change, be responsive to change an d maintain its validity over time and space a nd be subject to continual review;

√ Direct the physical development of the city in relation to its social ad economic characteristics based on comprehensive surveys and studies on the present status and the future growth prospects; and

√ Provide a resource mobilization plan for the proposed development works.

The implementation of a master plan has generally been very poor and, as an instrument that was developed to guide urban development, it has been found deficient in many ways. The deficiencies need to be redressed.

The major deficiencies of the master plan approach are:

- It provides a long-term perspective of development, but neglects short-term actions and objectives. Thus, it loses its effectiveness in a fast-changing scenario.
- It is rigid and static because it is treated as an end product and not as a continuous process.
- It takes a very long time in its preparation and approval, making it an out-of-date document even before its implementation. Consequently, there are frequent changes in land use.
- It lacks symbiosis of socio-economic dynamism and physical determination of a city.
- It lacks integration of physical and fiscal planning efforts.
- The norms and standards for land use and provision of facilities and services are generally high and very difficult to achieve at the time of implementation.
- Public participation in the planning process is not effectively taken into account.
- At times, implementation is held up due to delays in preparation of zonal plans and other detailed plans.
- Monitoring and review mechanisms are neither regular nor effective.
- It emphasizes control rather than promotion of development.
- Town planning and other related laws, such as acquisition of land, are not suitably amended to adjust to changing socio-economic, techno-economic changes, and development needs.
- Development management is generally not efficient. It lacks coordination between the planning wing on one hand, and decision-making and the executive wing on the other. Coordination and cooperation among various implementing agencies are also very poor, resulting in delays and many avoidable mistakes.

- It hardly caters to the demands of informal sector.
- In some cases, political interference results in some irrational proposals and implementation decisions.

The planning system should be dynamic, expeditious, and participatory. It should promote development and provide conducive opportunities for effective private sector participation in the implementation process. It should provide effective monitoring and review mechanisms, and incorporate the needs of the urban poor and provide opportunities for creation of jobs in both formal and informal sectors. It should have an active concern for the protection of environment and historical and cultural heritage, strive for sustainable urban development, and be action oriented with adequate fiscal support and resource mobilization strategy.

1.6 URBAN PLANNING AND FIVE YEAR PLANS IN INDIA

The available literature on the current planning practices in the country indicates that planning objectives, policies and strategies at national level, are basically formalized in the Five Year Plans. According to Item 20 of the Concurrent List in the Seventh Schedule of the Constitution of India, social and economic planning is a joint responsibility of the central and state governments. However, land being a state subject, the role of state governments becomes more pronounced in the implementation process.

At the state level, the system of economic planning is similar to the one at the national level. Spatial or physical planning is generally limited to a few selected urban settlements. The urban planning system includes the master plan, detailed further through zonal plans. In some states, provision of an interim general plan is also available. Generally the state Town and Country Planning Department/ Directorate is responsible for preparation of master/development plans of urban settlements under the respective state Regional and Town Planning Act. In Maharashtra, and Gujarat, the development plans of urban centers are prepared by state Town Planning and Valuation Departments, for, and on behalf of the municipalities. The development authorities, in some states, perform the planning function also. Private sector town planning consultancy firms are also engaged by various organizations to prepare development plan of state capitals, new towns and other towns. The implementation of these plans is generally through development authorities and special function boards/undertakings.

Urban planning received a thrust in the five year plans starting from the third five year plan. The following section brings out the planning focus accorded to urban growth over the plan period.

1.6.1 Third Five Year Plan

During the third five year plan, regional and urban development was accorded particular recognition, and development plans for 72 urban centers were undertaken. Regional studies in respect of metropolitan regions around Delhi, Greater Bombay and Calcutta were initiated. During the period 1963—1969, interim development plans for forty cities were completed. They provided necessary guidelines to government departments and public authorities on the use of land. For lack of adequate resources— financial and organizational—not

much headway could be made with implementation, except in a few metropolitan towns and new towns. There was an urgent need, in the context of the interim plans, to prevent unregulated growth of the towns.

During the third plan, the thrust of developmental policy was in the following direction:

i) As far as possible, new industries were be established away from large and congested cities.

ii) In the planning of large industries, the concept of region should be adopted. In each case, planning to extend beyond the immediate environs to a larger area, for whose development of new industry would serve as a major focal point.

iii) In community development projects or other areas within a district, the rural and urban components of development are to be knit into a composite plan based, in each case, on schemes for strengthening economic inter-dependence between towns and the surrounding rural areas.

Action was supposed to be taken in the following directions during the Third Plan.

- Control of urban land values through public acquisition of land and appropriate fiscal policies
- Physical planning of the use of land and the preparation of master plans
- Strengthening of municipal administrations for undertaking new development responsibilities
- Enactment of suitable legislation on town and country planning.

1.6.2 Fourth Five Year Plan

During the fourth five year plan, a need was perceived to prevent further growth of population in cities like Calcutta and Bombay, and lessen decongestion of population. In the case of the other cities, future planning was sought to be oriented towards stabilization of population at a desirable optimum figure, and, towards planning suitable new centers in the region for the likely spill-over. In this context, the potentialities of developing existing small towns in the area was sought to be fully explored.

The plan documented the felt need to create larger planning regions and to provide, by law, that the plans formulated by the regional authority are implemented by the local authority or authorities. It urged that the administrative structure of the local bodies was to be reviewed and rationalized towards better implementation of development plans. Expenditure on specific schemes, such as on roads, sewerage, or water supply, was thought to be highly wasteful in the absence of a long-term plan. In the long run, the plans of development of cities and towns was sought to be self-financing.

1.6.3 Fifth Five Year Plan

During the fifth plan, provisions were made in the State Plans for integrated urban development and have been supplemented by funds provided for the scheme of integrated urban development in the central sector. Under this scheme,

provision for loan assistance was made to state governments for developing the necessary infrastructure. Urban development programmes were taken up in the three metropolitan cities of Calcutta, Bombay, and Madras; and in nine other cities. The Fifth Plan was directed towards ameliorating the conditions of the backward sections of society. This was sought to be achieved by augmenting the programmes for the construction of housing colonies by State Housing Boards and by taking up on a large scale a programme for the provision of house sites for landless laborers in rural areas.

1.6.4 Sixth Five Year Plan

During the sixth plan, the role of the public sector was restricted to the improvement of slums, the direct provision of housing to some of the urban poor and encouragement of agencies such as HUDCO which could promote the marshalling of private resource into housing in a constructive manner. It was proposed that the strategy of attempting massive relocation of slums in urban areas should be given up in the future as relocation, not only involves substantial hardship to those affected in terms of loss of easy access to employment centers and other amenities, but results in unnecessary destruction of existing housing capital, however sub-standard it may be. It was therefore, urged that substantially increased investments be made in the environmental improvement of slum areas.

Besides these measures, a ceiling on urban land prescribed under the Urban Land (Ceiling and Regulation) Act, 1976, was meant to prevent speculation in land, and to ensure the optimal allocation of land to different users. The implementation of the Act has experienced great difficulties and the state governments have not been able to implement it effectively. A Working Group was set up in the Ministry of Works and Housing with representatives from state governments to suggest ways and means of improving the Act.

1.6.5 Seventh Five Year Plan

During the seventh plan it was recognized that planning of urban development should essentially be supportive of the economic development in the country, state or sub-region, be it in agriculture, extractive industry, manufacturing industry, or, in the tertiary sector. The provision of urban services such as transport, communication, water, sanitation, and shelter alone is usually unlikely to stimulate large-scale urban development. It is important to time investments in urban services and shelter to coincide with investments in agriculture and industry, mining and commerce which provide sources of permanent employment. Therefore, a proper urban development approach must consist of two constituents. The first is the interaction between physical and investment planning and the second is the preparation of regional and sub-regional urban development plans to make the first possible. Industrial location policy must be made to sub-serve regional and urban planning.

Regional urban systems were to be identified according to their economic, climatic, geographical and transportation characteristics. Planning for urban development could be done on the basis of such regions and according to the relative need and function of each town in its regional context. Thus, within each planning zone allocation to towns was to be made more on the basis of their functions with particular emphasis on their respective industrial and employment potential than on their sizes.

The planning for metropolitan development provided for:

- Coordination of city level investment plans with higher (state and central) level planning and resources allocation exercises.
- Coordination of city level investment plans with resource availability and with physical planning.
- The fostering of a close relationship between the norms and standards used in physical planning with the socio-economic realities prevailing within our cities. More explicitly the needs of the poor were to be accounted for more specifically in all physical planning exercises.

In the small towns and the new centers, the strategy was to purchase land in concentric circles, at short notice, before land values begin to rise, quickly providing the infrastructure facilities within a period of 2 to 3 years, and then selling the land to the public and private sectors.

The Seventh Plan asserted that planning of urban development should essentially be supportive of the economic development in the country. It urged making use of industrial location policy to sub-serve regional and urban planning and suggested that a concerted effort should be made to channelize private industrial investment in the vicinity of small and medium towns to check migration of population to the metropolises. The identification of regional urban systems was suggested on the basis of regional characteristics and needs and functions of each town in its regional context. More explicitly, the needs of the poor were to be taken into account in all physical planning exercises. The following were identified as the major constituents of a comprehensive plan for urban development:

- Planned and integrated development of small and medium towns and cities along with slowing down of growth of the big metropolises.
- Revitalization of civic bodies.
- Thorough reforms of municipal tax systems and municipal administration, in general.
- Concentration on the improvement of slums and the provision of basic municipal services.
- Working out measures for regular devolution of funds from state governments.
- Establishment of the necessary institutional framework for channeling capital funds for the improvement of urban infrastructure.

The distinctive features of the Plan are as follows:

- Spatial and economic dimension of planning for the urban sector needs to be consolidated and operationalised.
- Convergence of all related programmes to create the desired impact in small and medium towns beyond the threshold level is necessary.
- The key to success of urban development strategy lies in taking measures - legal, financial, and organizational — for enhanced and equitable supply of urban land.
- Private and public sectors have to act in tandem for urban infrastructure and housing. Innovations in funding pattern and the role of private developers in specific areas need to be explored.

- In view of the deteriorating environmental conditions caused by both natural and man-made factors, the conventional city plans should be modified to incorporate the measures needed for restoration of healthy environment.
- Programmes to deal with the problem of urban poverty should be developed in an integrated manner emphasizing both employment generation and access to basic services involving community level organizations.

1.6.6 Eighth Five Year Plan

The activities proposed to be taken up during the Eighth Plan follow.

- Land acquisition and development for residential use and economic activities;
- Development of sub-regional centers;
- Development of counter magnet areas;
- Institutional strengthening for plan implementation;
- Upgradation of regional roads;
- Development of power transmission and distribution; and,
- Augmentation and rehabilitation of urban infrastructure in DMA and priority towns.

The planning units were to be strengthened to carry out this task of preparation of an urban development strategy paper for the state which would outline the developmental priorities of each town based on the economic function and role of the town within its district/regional context.

1.6.7 Ninth Five Year Plan

The Ninth Five Year Plan prioritized regional development, strengthening of the rural-urban continuum and development of new centers of human settlements and economic activities as an alternative to the highly congested metro and mega cities.

The Ninth Plan tried to follow up on the progress made during the Eighth Plan in creating an urban development-friendly planning and fiscal environment. The Constitution (74th Amendment) Act and the liberated economic policies have ensured an era of democratic decentralization of planning; and a greater degree of involvement of the private sector. In this changed operational scenario, the urban planning system in vogue should be made more dynamic and participatory and the process of decentralization has to be extended from the state to the urban local government. The institutional framework for financial and other intermediation, including planning and project development and management, has to recognize the key role assigned to the elected urban local bodies. The Plan will seek to promote and strengthen this approach. It will, for example, encourage the constitution of the District Planning Committees (DPC), with an elected official as chairperson. The roles and functions of the DPC would include the consolidation of the plans of the panchayats and the municipalities to prepare the development plan for the district, coordination of all inter-related activities and funds, and monitoring the implementation of the district plans, schemes and projects and related activities. The Plan funds would be increasingly decided on the feedback from the DPC.

The Town Planning, Municipal and Urban Development Authority and other State Parastatals Acts and regulations should be speedily amended. This would strengthen the legal framework and enable it to assign the planning and development functions to the urban local bodies, facilitate planning reforms, permit schemes like land adjustment, for example, to promote the use of land as a resource and include all the emerging needs of planning and development in the light of the Constitution (74th Amendment) Act. The municipal/ city/town development plan will form a key component of plan financing at the local level and seek to maximize the linkages between infrastructure, land use, urban growth and economic growth.

1.6.8 Tenth Five Year Plan

During the Tenth Plan, it was urged that the city planning provisions need to be tuned to the requirements of the weaker sections in urban areas through adoption of appropriate and affordable standards and norms, use of cluster housing and 'growing house' concepts. The feeling that urban planning ignores the needs of the urban poor must be dispelled through effective action to meet these needs. The urban development authorities who acquire and develop large tracts of land for the growth of the cities, should reserve a major part of such land to meet the requirements of the EWS/LIG population.

1.6.9 Eleventh Five Year Plan

During the Eleventh Plan, it was realized that in order to make the urban planning and development process sustainable, it would be appropriate to interlink the planning framework comprising national-level spatial strategies, regional-level strategy plans, metropolitan regional strategy plans, and city- and ward-level land use and development plans.

For an effective urban planning system, it was felt that there was a need to have inter-related plans at three levels, namely, perspective/structure plans (20–25 years), short-term integrated infrastructure development Plans (five years) co-terminus with the National Five Year Plans, and plans of specific projects and schemes.

The national spatial strategy should incorporate policies for industrial location and development, employment generation, human settlement pattern, and structure and infrastructure development, both for rural and urban areas. The state spatial plans should be prepared by taking into account demographic and economic potentials, broad land use configurations, infrastructure requirements, and project implementation schedules including mechanism for the PPPs.

Each district should prepare a District Development Plan that integrates the plans for its constituent urban and rural areas as well as the sectoral allocations for various schemes under the purview of existing district agencies.

The Metropolitan Development Plan should be prepared on the basis of plans prepared by municipalities and panchayats under the metropolitan area and in the context of overall objectives and priorities set by the central and state governments.

The legal and institutional framework should provide the municipalities with adequate infrastructure and manpower to undertake the preparation of these plans.

Further, the process of preparation of development plans should be facilitated by developing urban and regional information system and providing access to remotely sensed data, aerial photographs, GIS, setting up MIS cells to build database at national and state level, etc. Evolving a suitable mechanism for strong database collection for all cities/towns with regard to coverage of urban population with basic services is most essential in the wake of the large number of infrastructure projects that are being considered by different states.

In the sections above, you read about the strategy for urban planning and the thrust assigned to urban planning during various Five Year Plans of the Government of India. Now, answer the questions given in *Check Your Progress 2*.

Check Your Progress 2

Note: a) Write your answer in the space given below.

b) Compare your answer with those given at the end of the unit.

1) What are the main features of urban planning in the Sixth Five Year Plan?

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2) List the steps to be followed while working on an urban plan.

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1.7 KEYWORDS

A Perspective Plan : is a long term (20-25 years) written document supported by necessary maps and diagrams providing the state government the goals policies, strategies and general programmes of the urban local authority regarding socio-economic development of the settlement under its governance.

A Development Plan : Conceived within the framework of the approved perspective plan, is a medium term (generally five year) plan providing to the people the comprehensive proposals for socio-economic and spatial development of the urban centre indicating the manner in which the use of and development therein shall be carried out by the local authority and other agencies.

An Annual Plan : Conceived within the framework of the development plan, this is a plan containing the details of new and ongoing projects that the local authority intends to implement during the respective financial year, and, for which necessary fiscal resources shall be mobilized through plan funds and other sources

Projects /Schemes : Conceived within the framework of an approved development plan, these projects /schemes are detailed working layouts with all supporting infrastructure, and documents including cost of development, source of finance and recovery instruments for their execution by public or private agency.

1.8 LET US SUM UP

Various types of plans with different duration and focus are found to occur. The five year plans have tried to bring about balanced urban development across the country. However, the targets set during the successive plans have met with limited success.

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1.10 CHECK YOUR PROGRESS – POSSIBLE ANSWERS

Check Your Progress 1

1) The planning process rests on the following four pillars:

   i) Perception

   ii) Revelation

   iii) Preparation

   iv) Execution

1) A perspective plan is a written document, supported by illustrations and maps, containing spatio-economic development policies, strategies and

general programmes of the local authority. This plan presents to the state government and people the intentions of the local authority regarding development of the urban center in the next 20- 25 years. The scope of this plan covers social, economic, and spatial development goals, policies, and priorities relating to all those urban activities that have spatial implications or, in other words, that require land for their location and desired functioning.

Check Your Progress 2

1) The seven steps to be followed when working on an urban plan are as follows:

   Step 1: Assessment of needs

   Step 2: Setting of objectives

   Step 3: Develop a strategy consistent with objectives

   Step 4: Identify and quantify inputs

   Step 5: Identify and quantify outputs

   Step 6: Project and monitor outcomes

   Step 7: Impact assessment

2) During the sixth plan, the role of the public sector was restricted to the improvement of slums, the direct provision of housing to some of the urban poor and encouragement of agencies such as HUDCO which could promote the marshalling of private resource into housing in a constructive manner. It was proposed that the strategy of attempting massive relocation of slums in urban areas should be given up in the future

   Besides these measures, a ceiling on urban land was prescribed under the Urban Land (Ceiling and Regulation) Act 1976, and was meant to prevent speculation in land, and to ensure the optimal allocation of land to different users.

UNIT 2 TECHNIQUES FOR URBAN PLANNING

Structure

2.1 Introduction
2.2 Survey Techniques
2.3 Analytical Techniques
2.4 Projection Techniques
2.5 Market Research Techniques
2.6 Participatory Techniques in Planning
2.7 GIS: Mapping, Interpretation of Information and Planning
2.8 GIS Applications in Urban Planning
2.9 Urban Projects Planning
2.10 Keywords
2.11 Let Us Sum Up
2.12 References and Selected Readings
2.13 Check Your Progress – Possible Answers

2.1 INTRODUCTION

This unit tries to detail various survey techniques including GIS, project and estimates and draws their relevance to planning. After reading this unit you will know about various techniques of urban planning. Some of the techniques usually used in urban planning are listed below.

i) Survey Techniques.

ii) Analytical Techniques.

iii) Projection Techniques.

iv) Market Research Techniques.

v) Participatory Techniques.

vi) GIS Techniques.

After studying this unit you should be able to:

- Describe various techniques of planning
- Explain GIS and its use in planning
- Analyze projects and estimates.

2.2 SURVEY TECHNIQUES

The survey is one of the popular methods used in the planning process. By definition, surveys are a two-way communication process that enhances the nature and quality of communication between the surveyors and the citizens. According to Webster's Dictionary, a survey is "the action of ascertaining facts regarding conditions or the condition of something to provide exact information especially

to persons responsible or interested" and as "a systematic collection and analysis of data on some aspect of an area or group". Generally there are two types of surveys:

i) A census survey which involves contacting the entire group or total population or universe; and

ii) The other category is the most common, called a 'sample' survey. It is a representative part of a whole universe.

The processes involved in preparing and conducting a survey are:

a) defining the purpose of survey;

b) developing the hypothesis;

c) defining the population;

d) developing the survey plan;

e) determining the sample frame and sampling methodology;

f) designing the questionnaire;

g) undertaking field work and gathering data;

h) quality control and data reduction and

i) analysis and interpretation of data.

Now that you have read about the survey process, let us discuss the types of survey usually undertaken during urban planning.

i) Visual Surveys: These are direct inspection surveys which are performed by survey teams who move in automobiles, on bicycles, or just walking. For the purpose of speed and the necessity of covering an entire area, it is advisable that survey teams use fast moving vehicles in the peripheral areas of the city being surveyed. However, for intermediate areas, bicycles may be advisable, and in the inner city areas, the pedestrian mode may be preferred. These types of surveys can be used in the initial stages of the investigation.

A proxy is something that can inform the investigator about a variable but which is easier to investigate than the variable itself. For example, planners often need information about household income for purposes such as identifying areas for targeting basic services, or to design a cost recovery scheme, or to assess the results of an income generating scheme. In such instances, even rough information would suffice, but the documentary statistics tend to be very aggregative or outdated, or both.

ii) Diagramming: Diagrams can structure and present information in a readily understandable visual form. They can be used as substitutes for dialogue to elicit information from respondents. This participatory diagramming is a process which asks respondents to share information visually. Some diagrams (e.g., sketches and maps) can be prepared without the assistance of informants, but they reflect the way the investigator (rather than the respondent) perceives the environment. Many respondents, however, do not have the time to spend on diagramming; hence, this method can be practiced only in situations where respondents are willing participants in the investigative activity.There are many types of diagrams and their potential number and variety are limitless.

Mapping is one of the most powerful techniques of diagramming representing the physical and socio-economic attributes of an area (e.g.., infrastructure, land ownership, land use, density, social composition, etc.). Maps can be drawn from a high vantage point or by walking around the area to be mapped. These maps can be supplemented with photographs to highlight specific attributes.

With the help of people who know about the past and present conditions, changes and trends which matter to the people can be discussed and diagrammed.

Examples:

– fuels used

– credit sources, interest rates

– roofing material

– number of radios

– number of latrines

– type of cooking pot/chair

– number of bicycles/shoes/clothing scooters/cars

Priorities, or preferences, can be brought out through participatory diagramming procedures. Priority ranking can be most useful in revealing people's preferences (e.g., in service type, house construction, plot location, etc.) or in establishing processional priorities (i.e., what will be bought next if additional income accrues to the household); the resulting processional priorities (i.e., what will be bought next if additional income accrues to the household); the resulting possessions can be used as proxy indicator for wealth or income.

iii) **Dialogue:** Semi-structured dialogue is a flexible two-way process where only some initial topics are investigated. These topics can be revised as the practitioner gains insight in the area as information flows in from respondents. Semi-structured dialogue is, thus, an informal process, but it needs to be managed expertly, particularly the aspects listed below.

a) Behavioral factors

b) Questioning

c) Probing answers

d) Judging responses

e) Cross checking

f) Managing the conversation

g) Recording the interview, and

h) Avoiding errors and biases

Non-verbal communication is important to any dialogue. Due attention need to be given to messages coming from not only what is said, but also through change in tone, modulation of the voice, attitude, and body postures. Certain strict behavioral guidelines should be observed to minimize the impact of the investigator's behavior on the answers given by the respondents.

While listening to the answers, the investigator should always adopt a posture which would convey the feeling to the respondent that he/she is being listened to intently. Similarly, loaded and ambiguous questions should not be asked. Probing is an impression to the informant that he/she is being cross-examined. Contradictions and arguments should be avoided. The investigator should be alert about the reliability of the answers being given. Try and classify the information given into the following categories:

a) Fact

b) Opinion

c) Hearsay, and

d) Rumor

The information obtained through one interview should always be cross-checked with other information and discrepancies should be explained. With a view to managing the dialogue, it is always wise to keep the conversation on track. The dialogue should be recorded immediately when it is over. While recording the conversation, care should be taken that a proper noting is made to distinguish between what was actually said by the informant and what was felt and interpreted by the investigator.

There are four common biases in conducting interviews, particularly if only a limited number of interviews are conducted and the interviewer is not familiar with the area. The biases are:

a) **Elite Bias –** the tendency to give more weight to the answers of the educated.

b) **Hypothesis Confirmation Bias –** tendency to focus selectively on information and ideas which conform to the preconceived hypotheses, assumptions, and beliefs of the interviewer.

c) **Concreteness Bias –** tendency to generalize from the particulars without probing or cross-checking sufficiently.

d) **Consistency Bias –** tendency to search prematurely for coherence in the information collected, in order to be able to draw meaningful conclusions as quickly as possible.

2.3 ANALYTICAL TECHNIQUES

Generally an analysis breaks down complex phenomena into simple elements. It organizes, illuminates, correlates, classifies, displays and resolves. Various analytical tools are available today which perform one or several of these tasks. Town planners use these tools to study the state of the society, the settlements, and their physical and socio-economic attributes, technological directions, environmental condition, and the changes that occur over a period of time. Based on the understanding of the existing condition and the trends of change, the planners carve out short term and long term scenarios of the future, and then, design schedules of inter-connected interventions to steer development towards a desired future state.

The analytical techniques are applied in the case of simplified reports and trend analysis. Let us discuss both of them one by one.

i) **Simplified Reporting:** A report is a summary or else a detailed description of the studied phenomenon. Its structuring, organization, and presentation do help perform the tasks of analysis which relate to putting the information in an ordered format, identifying patterns, classifying, observing trends, correlating and inferring, with a view to arriving at insights, conclusions, policy guidelines, or, design directions related to problems/issues under investigation.

Finally, the effectiveness of the report lies in how it is displayed. The first golden principle in this regard is to keep the report as short as possible, yet, illuminative. Judicious use of tables, graphs, and maps is the other essential aspect of reporting. Maps and diagrams are very effective in describing organizational structuring of institutions; or presentation of cross-sectional characteristics of an area such as density, air pollution, land use pattern, and socio-economic variations over space and time.

A report may rely on simple deductive techniques for arriving at conclusions. These could be in the form of simple, logical reasoning, e.g., taking notes of diverse information in a sketch form and developing the sketch further for analytical purposes by using connectors between information that appear to be logically inter-connected. In specific situations, where time and resources permit, more elaborate statistical methodologies may be adopted. Rating the information by grouping it, and giving different weights and noting them in an ordered sequence is also part of the analytical process. This can often ease the most complex process of sifting and sorting the information in order to classify, connect, and highlight the important results. This is a relatively open-ended process in which insights are gained over several sessions of discussions, cross-checking, repeated formulation and reformulation of ideas, and arriving at conclusions.

ii) **Trend Analysis:** This is a simple technique to study changes in a system over a period of time. Availability of time series data, for at least three points in time, is a basic requirement for its application. The analysis can be displayed in the form of 'tables, graphs, maps, or diagrams. This technique is popularly used in study and analysis of change in urban economy, demographic pattern and physical form and pattern.

2.4 PROJECTION TECHNIQUES

These techniques are used, as the name implies, for anticipating future which is a necessary step in the planning process. In this section, only those techniques will be dealt with which aim at simple projections and operate on limited data.

2.4.1 Population Projection

Planners are invariably most concerned with population projections which form the basic framework for setting targets expected to be achieved within a specified time frame, be it for land use, services, or facilities. A few of the population projection methods are briefly explained below.

i) **Mathematical and Direct Methods:** These are simple or direct methods, since they operate with past population records. Where past data suggests that the population has been changing by constant absolute amounts, and

arithmetic progression is involved; the figures can be plotted on a plain paper (conventionally, with y = population, and x = time) and the resulting straight line extrapolated to give the projected estimate. More usually, however, population changes approximate to a geometric progression, i.e., the change in unit time is a constant proportion of the preceding figure; in this case semi-logarithmic paper should be used to yield a straight line for extrapolation.

If the past data do not seem to follow a definite progression, a 'best fit' straight line equation can be derived by the method of least square and extended to provide the projection. Graphical methods are most useful for short term projections, particularly when demographic changes show stable trends. Hence, these methods should be used for projecting up to 10 years in stable situations and 5 years where population change is more volatile.

ii) **Employment Method:** This method assumes that there is a very strong inter-relationship between population and employment and that indicators such as workers' population can be correlated with total population to yield extrapolated information.The reliability of this method is certainly no greater than those already discussed and the method should not be used for long range forecasting.

iii) **Ratio Methods:** This family of methods rests on the assumption that changes in any geographical area are a function of those experienced in wider areas. Thus, the population of a city is held to be a function of that of the region, which itself is a function of that of the nation, and so on.The requirements of such projections are time series of information for the areas to be used in the analysis and a forecast, or a set of forecasts, for the largest area. In the ratio method, the population of the second largest area (e.g., the region) is plotted against the population of the largest area (say, the nation). A curve is then fitted to the points thus obtained by least square, graphical, or other method. It is extrapolated to estimate the projected value of the present area for the target year.

This method has the great benefit of simplicity and the use of readily available data. However, this does not directly examine the components of change which are subsumed in the central assumption, i.e., there are certain forces at work in nations, regions, and sub-regions which make for pattern and order in the proportionate share which the region and sub-region have in the nation. Further, it is assumed that these relationships change, but slowly, over time.

As with other projection techniques described above, these are less reliable for longer periods and smaller areas. These are most useful for quick and cheap forecasting for the middle range (say, 0-15 years) for areas not less than a whole metropolitan area, or a city region.

2.4.2 Economic Projections

Simple techniques of economic projection, used in physical planning context, are discussed here. Fundamentally, planners are concerned with the likely demands of land development for various types of economic activities (broadly within various sectors of activities), the possible location of these activities within a city or city region, and the broad relationships between these activities, and the scale and timing of migration (entrepreneurs and workers and dependent

population) into and out of the area. These projections are ultimately relevant for calculating demand for housing, hospitals, schools and other social facilities.

The methods of economic projections are listed below:

a) Simple Extrapolation

b) Productivity Method

c) Projection by Sectors of Economy

d) Economic Base Method

e) Ratio Method

So far, you have read about various survey techniques, analytical techniques, and projection techniques of urban planning. Now, answer the questions given in *Check Your Progress 1*.

Check Your Progress 1

Note: a) Write your answer in the space given below.

b) Compare your answer with those given at the end of the unit.

1) What are the various processes involved in a survey?

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2) Describe trend analysis among analytical techniques of urban planning?

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2.5 MARKET RESEARCH TECHNIQUES

Essentially, market research techniques help the planner in analyzing how much should be built and produced in respect of various facilities which can be economically justified. For example, if the issue is housing facilities, then, market analysis helps to measure the local housing supply in kind and quantity. It also reveals the demand for new units and the pace at which supply may satisfy demand. Similarly, if market research is required to analyze the feasibility of a shopping centre project, then the analysis helps in determining whether the site is suitable. If the site is found suitable, then the analysis helps in deciding how much of it should be acquired and developed. The market research technique is a useful tool which planners use for establishing economically justifiable

development targets for various facilities. Some of the basic methods of marketing research are:

i) **Surveys:** The survey can be done in various ways such in-person survey, where the investigator present people with samples of products, packaging and gather immediate feedback; telephone surveys; mail surveys and on-line surveys;

ii) **Focus Group:** The investigator discuss with a group of respondents and these sessions are usually conducted at neutral locations, using videotaping techniques or tape recorders to record the discussions;

iii) **Personal Interview:** Personal interviews is done either through structured or unstructured questionnaire and which is usually last for about an hour and responses are recorded;

iv) **Observation:** In this method the actual behaviour of the consumers in action are observed by videotaping them. This gives a more accurate picture of customer's usage habits and behaviours; and

v) **Field Trials:** Filed trials are done in real life situations which help in gathering information regarding product modifications, price adjustments or packaging improvements.

2.6 PARTICIPATORY TECHNIQUES IN PLANNING

There can be no meaningful development in any society if the people themselves are kept out of the development process. In fact, they must be at the centre of it. People can participate in the development process in the following ways:

a) participation in decision-making, such as the identification of development priorities;

b) participation in implementation of development programmes and projects;

c) participation in monitoring and evaluation of development programmes and projects; and

d) participation and sharing the benefits of development, managing assets, etc.

Some of the well known participatory methods are:

i) **Workshop-Based Method:** In which collaborative decision making take place by organizing workshop with the stakeholders. These workshops are also called as "action-plannig workshops" and they are basically held to bring the stakeholders together for designing development projects. It is sone in a "learning-by doing" atmosphere;

ii) **Community-Based Method:** Here the project managers undertake participatory meeting/workshop with local communities. In such settings, local people are the experts, whereas outsiders are facilitators of the techniques and are there to learn. This technique energize people, tap local resources, local knowledge and lead to clear priorities and action plans;

iii) **Methods for Stakeholder Consultation:** Beneficiaries Assessment (BA) abd Systematic Client Consultation(SCC) are techniques that cous on listening and consultation among a range of stakeholder group. Both these method intend to serve clients better by making donors and service paroviders aware of client priorities, preferences and feedback;

iv) **Methods for Social Analysis:** Social factors and social impacts analysis is done in order to pay systematic attention to certain issues that traditionally has been overlooked by development planner. For example gender issues and issues related to the disadvantaged section of the society such as Scheduled Castes and Scheduled Tribes.

2.7 GIS: MAPPING, INTERPRETATION OF INFORMATION AND PLANNING

A geographic information system (GIS) integrates hardware, software, and data for capturing, managing, analyzing, and displaying all forms of geographically referenced information. It allows us to view, understand, question, interpret, and visualize data in many ways that reveal relationships, patterns, and trends in the form of maps, globes, reports, and charts. GIS helps us answer questions and solve problems by looking at data in a way that is quickly understood and easily shared. A GIS technology can be integrated into any enterprise information system framework.

2.7.1 Components of GIS

Let us now discuss various components of GIS. GIS constitutes of five key components, namely: Hardware, Software, Data, People and Method.

i) Hardware: It consists of the computer system on which the GIS software runs. The choice of hardware system ranges from 300MHz personal computers to super computers with capability in teraFLOPS. The computer forms the backbone of the GIS hardware, which gets its input through a scanner, or, a digitizer board. The scanner converts a picture into a digital image for further processing. The output of the scanner can be stored in many graphic formats, e.g., TIFF, BMP, JPG, etc. A digitizer board is flat board used for vectorisation of a given map object. Printers and plotters are the most common output devices for a GIS hardware setup.

ii) Software: GIS software provides the functions and tools needed to store, analyze, and display geographic information. GIS software in use are MapInfo, ARC/Info, AutoCAD Map, etc. The software available can be said to be application specific. When low cost GIS work is to be carried out, desktop MapInfo is a suitable option. It is easy to use and it supports many GIS feature. If the user intends to carry out extensive analysis on GIS, then, ARC/Info is the preferred option. For those who use AutoCAD and are willing to step into GIS, AutoCAD Map is a good option.

iii) Data: Geographic data and related tabular data can be collected in-house or purchased from a commercial data provider. The digital map forms the basic data input for GIS. Tabular data related to the map objects can also be attached to the digital data. A GIS will integrate spatial data with other data resources. It can even use a DBMS, used by most organization to maintain their data, to manage spatial data.

iv) People: GIS users range from technical specialists who design and maintain the system to those who use it to help them perform their everyday work. The people who use GIS can be broadly classified into two classes. The

CAD/GIS operator, whose work is to vectorise the map objects. The use of this vectorised data to perform query, analysis or any other work is the responsibility of a GIS engineer/user.

v) **Method:** Generally, a successful GIS operates according to a well-designed plan and business rules, which are the models and operating practices unique to each organization. There are various techniques used for map creation and further usage for any project. The map creation can either be an automated raster to vector creator, or, it can be manually vectorised using the scanned images. The source of these digital maps can be either map prepared by any survey agency or satellite imagery. The other components of GIS, besides these five key components are scale, map resolution, and map accuracy. Let us discuss them one by one.

a) **Scale:** Scale is used to measure the earth's surface. To show a portion of the Earth's surface on a map, the scale must be sufficiently adjusted to cover the objective. Map scale or the extent of reduction is expressed as a ratio. The unit on the left indicates distance on the map and the number on the right indicates distance on the ground. The following three statements show the same scale.

1 inch = 2.000 feet => 1 inch = 24.000 inches => 1:24.000

The latter is known as a representative fraction (RF) because the amounts on either side of the colon are equivalent: that is 1:24.000 means that 1 inch equals 24.000 inches; or, 1 foot equals 24.000 feet; or, 1 meter equals 24.000 meters, and so on. Map scale indicates how much the given area has been reduced. For the same size map, features on a small scale map (1:1,000,000) will be smaller than those on a large-scale map (1:1,200). A map with less detail is said to be of a smaller scale than one with more detail. Cartographers often divide scales into three different categories. Small-scale maps have scales smaller than 1 : 1,000,000 and are used for maps of wide areas where not much detail is required. Medium scale maps have scales between 1 : 75,000 and 1 : 1,000,000. Large scale maps have scales larger than 1 : 75,000. They are used in applications where detailed map features are required.

So each scale represents a different tradeoff. With a small scale map, we will be able to show a large area without much detail. On a large-scale map, we'll be able to show a lot of detail, but not for a large area.

b) **Map Resolution:** Map resolution refers to how accurately the location and shape of map features can be depicted for a given map scale. Scale affects resolution. In a larger scale map, the resolution of features more closely matches real world features, because the extent of reduction from ground to map is less. As map scale decrease, the map resolution diminishes because features must be smoothed and simplified, or not shown at all.

c) **Map Accuracy:** Many factors besides resolution, influence how accurately features can be depicted, including the quality of source data, the map scale, drafting skills, and the width of lines drawn on the ground. A fine drafting pen will draw lines that are 1/100 of an inch wide. Such a line represents a corridor on the ground, which is almost 53 feet wide.

2.7.2 Data Attributes

Although the two terms, data and information, are often used indiscriminately, they both have a specific meaning. Data can be described as separate observations which are collected and stored. Information is that data, which is useful in answering queries or solving a problem. Digitizing a large number of maps provides a large amount of data after hours of painstaking work, but the data can only render useful information if it is used in analysis. Various types of data used in generating information are given below.

- **Spatial and Non-spatial data**

Geographic data are organized in a geographic database. This database can be considered as a collection of spatially referenced data that acts as a model of reality. There are two important components of this geographic database: its geographic position and its attributes or properties. In other words, spatial data deals with where something is, while attribute data deals with the question - what is it?

- **Attribute Data**

The attributes refer to the properties of spatial entities. They are often referred to as non spatial data since they do not in themselves represent location information.

- **Spatial data**

Geographic position refers to the fact that each feature has a location that must be specified in a unique way. To specify the position in an absolute way, a coordinate system is used. For small areas, the simplest coordinate system is the regular square grid. For larger areas, certain approved cartographic projections are commonly used. Internationally there are many different coordinate systems in use.

2.7.3 Geographic Representation

Geographic objects can be shown by four type of representation, namely, points, lines, areas, and continuous surfaces.

- **Point Data**

Points are the simplest type of spatial data. They are zero dimensional objects with only a position in space but no length.

- **Line Data**

Lines (also termed segments or arcs) are one-dimensional spatial objects. Besides, having a position in space, they also have a length.

- **Area Data**

Areas (also termed polygons) are two-dimensional spatial objects with not only a position in space and a length, but also a width (in other words, they have an area).

- **Continuous Surface Data**

It is the range of a continuous function from a plane, or, a connected region in a plane, to three dimensional Euclidean space.

2.7.4 Types of Information in a Digital Map

Any digital map is capable of storing much more information than a paper map of the same area, but it is generally not clear at first glance just what sort of information the map includes. For example, more information is usually available in a digital map than what we see on-screen. Evaluating a given data set simply by looking at the screen can be difficult: What part of the image is contained in the data, and, what part is created by the GIS program's interpretation of the data? We must understand the types of data in our map so we can use it appropriately.

Three general types of information can be included in digital maps:

- Geographic information, which provides the position and shapes of specific geographic features.
- Attribute information, which provides additional non-graphic information about each feature.
- Display information, which describes how the features will appear on the screen.

Some digital maps do not contain all three types of information. For example, raster maps usually do not include attribute information, and many vector data sources do not include display information.

i) **Attribute Information:** Attribute data describes specific map features but is not inherently graphic. For example, an attribute associated with a road might be its name or the date it was last paved. Attributes are often stored in database files kept separately from the graphic portion of the map. Attributes pertain only to vector maps. They are seldom associated with raster images.

   GIS software packages maintain internal links tying each graphical map entity to its attribute information. The nature of these links varies widely across systems. In some, the link is implicit, and the user has no control over it. Other systems have explicit links that the user can modify. Links in these systems take the form of database keys. Each map feature has a key value stored with it; the key identifies the specific database record that contains the feature's attribute information.

ii) **Display Information:** The display information in a digital map data set describes how the map is to be displayed or plotted. Common display information includes feature colours, line widths and line types (solid, dashed, dotted, single, or double); how the names of roads and other features are shown on the map; and whether or not lakes, parks, or other area features are colour coded.

   However, many users do not consider the quality of display information when they evaluate a data set. Yet, map display strongly affects the information you and your audience can obtain from the map - no matter how simple or complex the project. A technically flawless, but unattractive or hard-to-read map will not achieve the goal of conveying information easily to the user.

iii) **Layering:** Most GIS software has a system of layers, which can be used to divide a large map into manageable pieces. For example, all roads could be

on one layer and all hydrographic features on another. Major layers can be further classified into sub-layers, such as different types of roads - highways, city streets, and so on. Layer names are particularly important in CAD-based mapping and GIS programs have excellent tools for handling them.

Some digital maps are layered according to the numeric feature-classification codes found in their source data sets. For example, a major road might be on the 170-201 layer. However, this type of system is not very useful. A well thought out layering scheme can make any data set much easier to use because it allows the user to control the features with which we want to work. A good layering standard has layer names that are mnemonic (suggest their meanings) and hierarchical (have a structured classification scheme that makes it easy to choose general or specific classes). For example, a map could have its roads on a layer called RD, its railroads on a layer called RR, its road bridges on a layer called RD-BRIDGE, and its railroad bridges on a layer called RR-BRIDGE. This scheme is mnemonic because it is easy to tell a layer's contents from its name, and it is hierarchical because the user can easily select all the roads, railroads, bridges, road bridges, or railroad bridges.

The range of geographical analysis procedures can be subdivided into the following categories.

- Database Query.
- Overlay.
- Proximity analysis.
- Network analysis.
- Digital Terrain Model.
- Statistical and Tabular Analysis.

So far, you have read about the market research technique, participatory technique, and the GIS technique of urban planning. Now, answer the questions given in *Check Your Progress 2*.

Check Your Progress 2

Note: a) Write your answer in the space given below.

b) Compare your answer with those given at the end of the unit.

1) How can people participate in the development process?

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2) What are the types of information that can be included in digital maps?

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2.8 GIS APPLICATIONS IN URBAN PLANNING

The Geographic Information System has been an effective tool for implementation and monitoring of municipal infrastructure. The use of GIS has been in vogue primarily due to the advantages mentioned below:

- Planning of project
- Make better decisions
- Visual Analysis
- Spatial analysis
- Improve Organizational Integration

i) **Planning of Project:** The advantage of GIS is often found in detailed planning of a project that has a large spatial component; and, where analysis of the problem is a pre requisite at the start of the project. Thematic maps generation is possible on one or more than one base maps. As an example: the generation of a land use map on the basis of a soil composition, vegetation, and topography. The unique combination of certain features facilitates the creation of such thematic maps. With the various modules within, GIS it is possible to calculate surface, length, width, and distance.

ii) **Making Decisions:** The adage "better information leads to better decisions" is as true for GIS as it is for other information systems. A GIS, however, is not an automated decision making system, but a tool to query, analyze, and map data in support of the decision making process. GIS technology has been used to assist in tasks such as presenting information at planning inquiries, helping to resolve territorial disputes, and placing pylons in such a way as to minimize visual intrusion.

iii) **Visual Analysis:** Digital Terrain Modelling (DTM) is an important utility of GIS. Using DTM/3D modelling, a particular landscape can be better visualized which leads to better understanding of certain relations in the landscape. Many relevant calculations, such as (potential) lakes and water volumes, soil erosion volume (for example: landslides), quantities of earth to be moved (channels, dams, roads, embankments, land levelling) and hydrological modelling becomes easier.

Aside form the previously mentioned fields, in the social sciences GIS can prove extremely useful, too. Besides the process of formulating scenarios

for an Environmental Impact Assessment, GIS can be a valuable tool for sociologists to analyze administrative data, such as population distribution, market localization, and other related features.

iv) **Spatial Analysis:** The use of spatial analysis, which is a technique of GIS, helps to:

- Identify trends on the data.
- Create new relationships from the data.
- View complex relationships between data sets.
- Make better decisions.

v) **Improving Organizational Integration:** Many organizations that have implemented a GIS have found that one of its main benefits is improved management of their own organization and resources. Because GIS has the ability to link data sets together by geography, it facilitates interdepartmental information sharing and communication. By creating a shared database, one department can benefit from the work of another - data can be collected once and used many times.

As communication increases among individuals and departments, redundancy is reduced, productivity is enhanced, and overall organizational efficiency is improved. Thus, in a utility company, for example, the customer and infrastructure databases can be integrated so that when there is planned maintenance, people can be informed by computer-generated letters.

2.9 URBAN PROJECTS PLANNING

At the stage of urban projects planning, the implementing local authority starts with a given size of funds or budget constraint. The financial plan for development projects requires:

a) The cost recovery strategy;

b) The choice of project out of alternative proposals; and

c) A system of reporting financial performance for mid-course correction, terms of size of investment, or pay-back arrangements.

The budget period is determined by the time covered by investment flows within capital budget cycle that coincides with the medium-term development plan. Ideally, there should be a capital budget for the development plan within which individual action agency capital budgets would be identified. But, this assumes the existence of a nodal development agency for each settlement centre, which may not materialize. Within the budget constraint, there would be alternative project proposals under various functional areas. The *inter se* functional allocation of funds are determined by the local authorities in terms of political choice, while in the case of urban parastatal these are confined within single functional areas.

Among the various project proposals, the final choice would be guided by the results of the appropriate project appraisal methods for non-market facilities (cost effectiveness for partially marketed facilities (cost-benefit) and for market-

oriented facilities (discounted cash flow). The non-market facilities are to be created through tax revenues (budget surplus or revenue hypothecation) while the market facilities are to be created on the strength of appropriate user charges. The partially marketed facilities would have the mixed financing characteristics of the non-market and market-oriented facilities. The requirements of subsidized provision of services would result in reducing revenue stream or enhancing the expenditure stream, such that a support market-oriented facility in fact becomes a partially marketed one (e.g., water supply), and a partially marketed facility may turn out to be a non-marketed facility (primary education health care). There is a case for state assistance to provide for subsidized urban services in order to make these financially viable, both in terms of facility creation and their subsequent service delivery.

The urban project financial reporting system would be concerned with specifications of revenue and expenditure targets, the choice of discount rate, and the assumed losses due to risk and uncertainty. At the higher governmental levels, the objectives of employment capacity utilization of sunk investment, and conservation of foreign exchange would also carry weight in deciding about the degree of subsidization of urban services providing to the local authorities. In case the actual experience of revenue inflows and expenditure outflows exceeds the target, or in the event of non-realization of the assumed financing parameters, there would be a case for taking corrective actions. This should be done annually for each project and at the time of review of the development plan. Such a review should result in a recasting of investment size, in the pay-back period, and the cost recovery strategy.

Fee-based urban services would be optimally utilized only through market competition among the providers which may result in their private supply. This would make the consumer response market-oriented so that disfunctional objectives are met through state level budgetary policies. The implications for urban development financing will require an innovative approach in terms of enhanced municipal tax revenues, and the extent of utilizing land profits for urban development.

So far, you have read about the applications of GIS in urban planning, and about urban projects and estimates. Now, answer the questions given in *Check Your Progress 3*.

Check Your Progress 3

Note: a) Write your answer in the space given below.

b) Compare your answer with those given at the end of the unit.

1) What is the advantage of GIS in spatial analysis?

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2) What are the requirements for a financial plan in development projects?

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2.10 KEYWORDS

Technique : The systematic procedure by which a complex or scientific task is accomplished

Geographical Information System (GIS) : A geographic information system (GIS) integrates hardware, software, and data for capturing, managing, analyzing, and displaying all forms of geographically referenced information.

Scale : A system of ordered marks at fixed intervals used as a reference standard in measurement.

Projection : A system of intersecting lines, such as the grid of a map, on which part, or, all of the globe, or another spherical surface is represented as a plane surface.

2.11 LET US SUM UP

Planning techniques are tools for understanding urban phenomena. These urban phenomena are captured by the use of GIS in the form of line, area, and polygon. As a tool of analysis, GIS adds to the planning and preparation of thematic maps. Project and estimates are part of planning, where we decide, make, and execute a project.

2.12 REFERENCES AND SELECTED READINGS

Clarke, Keith C, 1999, "Getting Started with Geographic Information System" Prentice Hall, New Jersey

Lo, C. P, 2007, "Concept and Technique of Geographic Information Systems" Prentice Hall of India, New Delhi

Ministry of Urban Affairs and Employment, 1996, "UDPFI Guidelines, Vol. 1, New Delhi.

2.13 CHECK YOUR PROGRESS – POSSIBLE ANSWERS

Check Your Progress 1

1) The various processes involved in a survey are:
   i) Defining the purpose of survey;
   ii) developing the hypothesis;
   iii) defining the population;
   iv) developing the survey plan;
   v) determining the sample frame and sampling methodology;
   vi) designing the questionnaire;
   vii) undertaking field work and gathering data;
   viii) quality control and data reduction and
   ix) analysis and interpretation of data.

2) This is a simple technique to study changes in a system over a period of time. Availability of time series data at least for three points of time is a basic requirement for its application. The analysis can be displayed in the form of tables, graphs, maps, or diagrams. This technique is popularly used in study and analysis of change in urban economy, demographic pattern, and physical form and pattern.

Check Your Progress 2

1) People can participate in the development process in the following senses:
   a) participation in decision-making, such as the identification of development priorities;
   b) participation in implementation of development programmes and projects;
   c) participation and monitoring and evaluation of development programmes and projects; and
   d) participation and sharing the benefits of development, managing the assets, etc.

2) Three general types of information can be included in digital maps:
   - Geographic information, which provides the position and shapes of specific geographic features.
   - Attribute information, which provides additional non-graphic information about each feature.
   - Display information, which describes how the features will appear on the screen.

Check Your Progress 3

1) The use of spatial analysis helps to:
   - Identify trends on the data.
   - Create new relationships from the data.
   - View complex relationships between data sets.
   - Make better decisions.

2) The financial plan for development projects requires:
   a) The cost recovery strategy;
   b) The choice of project out of alternative proposals; and
   c) A system of reporting financial performance for mid-course correction terms of size of investment or pay-back arrangements.

UNIT 3 URBAN LAND USE PLANNING

Structure

3.1 Introduction

3.2 Land Use Planning – Meaning and Types

3.3 Objectives, Processes and Steps in Land Use Planning

3.4 Principles of Land Use Planning

3.5 Key Legislations on Land Use Planning

3.6 Urban Land Use and Legend

3.7 Let Us Sum Up

3.8 References and Selected Readings

3.9 Check Your Progress - Possible Answers

3.1 INTRODUCTION

Land is one of the most precious assets in any nation-state. Judicious utilization of land in general, and that of urban areas in particular is critical. In recent years, many states in India have been facing problems in designing the appropriate use of urban land.

The improper use of land in metropolitan cities has given rise to urban conflict. This unit will enable you to acquire knowledge on urban land use planning. After reading this unit you will be able to:

- Explain the meaning and types of urban land use planning;
- Narrate the objectives and processes of land use planning;
- Discuss the principles of urban land use planning;
- Describe various legislations on land use planning; and
- Prepare legends on land use planning.

3.2 LAND USE PLANNING – MEANING AND TYPES

Land is required for various uses in both the urban and rural areas of all societies. It is one of the most important and immovable asset of an individual and also that of the nation-states. It is a major factor of production and a vital element in the socio-economic development of any country or society.

3.2.1 Meaning of Land Use Planning

Land use refers to the use of the land in urban areas, i.e., cities and towns. In case of areas beyond the city limits into the hinterland of the city, the uses the land is put to, is referred to as Land utilization. The categories of land utilization are agricultural land, fallow land, forest areas, areas under settlements including urban and rural settlements, etc.

Before knowing about the meaning of land use planning, you should know some important concepts such as the land use plan and the land use map. A land use

plan is a guide for the location and intensity of future development in a community. It is a part of a comprehensive plan which deals with the interrelationship between the different land uses. It designates the present and future location, form, class and extent (size) within a planning jurisdiction for residential, commercial, industrial, and institutional (public areas and buildings) use or reuse. The land use plan includes a map and a written description of the different land use areas or districts. A land use map geographically and specifically locates existing and future land uses such as residential, commercial, industrial, and institutional (public areas and buildings) that has been established in the land use plan. The land use plan serves as the guide for official land use decisions. Zoning is one means of implementing a land use plan. A land use plan is part of a Master Plan that is formulated for the city for its planned development and to guide the development of the city in the future.

Land use planning is the term used for a branch of public policy, which encompasses various disciplines, which seek to order and regulate the use of land in an efficient and ethical way, thus preventing land use conflicts. In most developed countries, land use planning is an important part of social policy, ensuring that land is used efficiently for the benefit of the wider economy and population as well as to protect the environment. According to Magigi and Majani, land use planning refers to future-oriented and uses of the broad categories of land which introduces a degree of uncertainty about the specific type and scale of land use on a given piece of land. According to another definition, land use planning is a public policy exercise that designates and regulates the use of land in order to improve a community's physical, economic and social efficiency and well-being. By considering socio-economic trends and physical and geographical features, planning helps identify the preferred land uses that will support local development.

3.2.2 Typology of Land Use

Land in an urban area i.e., a city or a town, is put to use for different purposes: living areas, working areas, recreational areas, areas for provision of education, for movement, etc.

The land uses can be categorized as follows:

i) **Residential use-** includes residential areas of varying densities.

ii) **Commercial use-** includes commercial establishments i.e., retail shops, wholesale and warehousing i.e., storage areas and hotels. Retail commerce at various levels includes local shopping centres to community centres to district centres.

iii) **Industrial use-** includes manufacturing, service, and repair industry.

iv) **Recreational use-** includes parks at various levels i.e., community parks, city parks, district parks, and historical monuments.

v) **Public and semi public use-** includes

   i) Educational facilities, health facilities, socio-cultural and civic/ community facilities at various hierarchical levels. Educational facilities at all levels include nursery schools, primary schools, senior secondary schools, higher secondary schools, colleges and universities in ascending order;

ii) Health facilities include dispensary, health centres and hospitals;

iii) Socio-cultural and civic/ community facilities include religious buildings, socio-cultural centres, clubs, police stations, fire stations, burial grounds/ cremation grounds, sports facilities, stadium, sports centres;

iv) Government offices, courts, etc., are part of the area categorized as government use;

v) Areas categorized as Green Belt and Water Bodies include rivers, lakes, city forest, etc.

vi) Transportation includes roads, including national highways, state highways, arterial roads, collector roads, bye passes, roads in residential colonies, etc. ;railways, bus depots and bus terminals, truck terminals, mass rapid transportation systems including bus rapid transit (BRT) routes, light rail transit (LRT) routes, metro routes, airports; and

vii) Areas categorized as Utility include water treatment plants, sewerage treatment plants, electricity generation plants, electricity substations, sanitary land fills, etc.

3.3 OBJECTIVES, PROCESSES AND STEPS IN LAND USE PLANNING

3.3.1 Objectives and Processes

Land use planning provides the prerequisites for achieving a sustainable form of land use that is acceptable as far as the social and environmental contexts are concerned and is desired by society, while making sound economic sense. Land use planning in the context of technical co-operation is an iterative process based on dialogue amongst all participants.

Land use planning is, first and foremost, a process of clarification and understanding between people who, together, wish to change something and prepare future actions systematically. In the process, the elements of a plan are worked out co-operatively. Planning needs to start with a vision for the city. The core part of a planning process is, therefore, a commonly desired objective to be achieved by implementing the plan. Time planning is linked to the physical/ geographic/ecological planning of areas, and the two are mutually dependent. A major task of land use planning is to accompany and motivate the participants and those who will be affected, in order to attain a conciliation of interests concerning land resources, types, and extent of land use. The dialogue-orientated learning and negotiation process amongst participants leads to the development of their planning capacities and to sustaining co-operative relations at a local level. Participants in land use planning are direct and indirect land users, as well as those affected by the consequences of land use activities. People who often have political or economic influence form another group; this includes authorities, organizations, middlemen and women, processing industries for agricultural products, etc. However, the most important target group in land use planning is made up of the direct land users.

The Land Use Planning process covers all steps extending from setting up of vision, formulating objectives, generating information base, processing, analysis, discussion and evaluation, right up to the negotiation for a consensus concerning

the form of land use to be practiced. This includes the prerequisites for preparing, initiating and implementing the plan. New developments and knowledge gained during the planning process should be incorporated and may require revision and updating. This may result in a repetition of steps, which have already been taken and, e.g., can mean a renewed data collection, analysis, discussion and decision.

Land use is considered to be sustainable when it is both socially and environmentally compatible desired by the society, technically viable and when it makes economic sense.It sets in motion social processes of decision making and consensus building concerning the use and protection of private, common or public areas. The objectives of land use planning at different levels of planning are given in Table 3.1.

Table 3.1: Objectives and Responsibilities in Land Use Planning(LUP) According to Planning Levels

Planning Level	Objective of LUP	Responsibilities
National	• Guidelines for policies on conservation and resources use; • Normative directives for the use of resources: legal framework (land and planning rights); • Drafting national programmes for the use and protection of land resources (tropical forest action plan, desertification control programmes, investment guidelines); • Integration of directives relevant to LUP; • Establishment of national conservation areas (national parks); • Co-ordination of activities also relevant to LUP (comprehensive spatial planning); • Considering and transmitting the need for action articulated at lower level.	• Relevant ministries or technical authorities and organisations; • Inter-ministerial committees.
Federal State/ Province	• Political and administrative acceptance of LUP activities; • Establishment of institutional and organisational structures; • Translating national and regional guidelines (comprehensive spatial planning, regional and sectoral planning into strategies; • Formulating basic directives of LUP at lower level (translating regional guidelines into strategies); • Identifying areas with potentials and areas with risks; • Establishing protected areas; • Co-ordination of activities relevant to LUP; • Considering and transmitting the need for action articulated at lower level.	• Political and administrative committees; • Governmental and non-governmental technical services and sectoral agencies. • Political and administrative committees;
Region/ District	• Regulation of land use and of checking procedures; • Establishment of technical services;	• Forum with responsibility for application of guidelines;

	• Training for participants (capacity building); • Promoting dialogue; • Putting strategies for land use in concrete terms; • Offering solutions to problems (problem resolution platform); • Establishment of mechanisms for transmitting the needs identified at lower level.	• Governmental and non-governmental technical services.
Community/ Village	• Conciliation of interests; • Offering solutions to problems, establishing institutions dealing with LUP issues; • (if necessary based on a traditional system); • Decisions on the implementation of LUP; • Including farms/households in the LUP process; • Articulating the need for action for superior levels.	• Socially accepted committee; • Planning group as service unit of the higher level (including local experts and facilitators).
Farming Household Agricultural Operation	• Organisation and planning of living area and area for other land uses.	• Farmer's family.
Individual	• Satisfying individual needs by using land.	• Individual.

3.3.2 Steps in Land use Planning

The following steps are needed to be followed during land using planning

Step-1: Establishment of goals and terms of reference

Step-2: Organization of work

Step-3: analyse the problems

Step-4: Identify opportunity for change

Step-5: Evaluate land suitability

Step-6: Appraise the ulternatives: environmental, economic and social analysis

Step-7: Choose the best option

Step-8: prepare the land use plan

Step-9: Implement the plan

Step-10: Moniter and revise the plan

Step-1: Establishment of goals and terms of reference: At the outset the decision-maker and the representative of the people has to sit down and discuss various problems of the area. Later on, the planner has to prepare a goal as how a land-use plan be helpful. Some of the procedures needed to be followed in this stages are defining plan area, contacting the people of the area, gathering basic information about the area, and then establishing the goals.

Step-2: Organization of work: The tasks those are required to be performed durning this stage are identification of participants, assemble of materials, arrangement of venue, support staff and transport. The bar chart is a clear way of displaying the work plan.

Step-3: analyse the problems: It is a big-setp,which will include detailed technical aspects of land-use planning. Here existing land-use situation has to be analysed and compared with the development goals and this can be done by identification of land units and land-use system.

Step-4: Identify opportunity for change: When the problems needing attention are known, then the planner has to consider what can be sone to solve or meliorate these problems. It requires a coordinated effort between the planning team, land users and decision makers.

Step-5: Evaluate land suitability: This step is the central part of land evaluation. Here two main things has to be taken into consideration i.e. which areas of land are best suited? And which kind of us is it bese suited?. Here also selection of land qualities and characteristics have to be taken into consideration.

Step-6: Appraise the ulternatives: environmental, economic and social analysis: Besides the physical evaluation, an assessement has to be made for the sustaibable land use. Here the appraisal of environment economic and social conditions re crucial to land use planning. Some of the aspects to be taken into consideration while assessing environmental impact are soil and water resources, pasture and forest resources, quality of wildlife habitat, etc. the economic analysis way include quantification of land use practice that is use of land for cultivation, etc. The social impact is usually calculated on the basic of population, access to basic needs, employment and income opportunities, etc.

Step-7: Choose the best option: Here after considering all these aspects, the planner and decision maker has to chose the best option available.

Step-8: prepare the land use plan: In this step the planner has to prepare a land use plan for implementation. The map with the legends and writing the plan in more detail are done in this stage. The usual format of the plan include: (i) title; (ii) summary; (iii) introduction; (iv) management problems and opportunities; (v) direction; (vi) monitoring and revision; (vii) work plan for implementation and (viii) appendixes.

Step-9: Implement the plan: The planning team in this stage ensure that the measures recommended in the plan are correctly understand and put into practice by the implementing agency. Representatives of the planning team form an essential link between planning and implementation.

Step -10: Moniter and revise the plan: Once the planning process comes full circle the planning team monitor the plan. During monitoring following key aspects are taken into consideration:

Are the land-use activities being carried out as planned?

Are the effects as predicted?

Are the costs as predicted?

Have the assumptions on which the plan was based proved to tbe correct?

Are the goals still valid?

How far are the goals being achieved?

After monitoring the above said aspects, the planner makes necessary revision in the plan.

After reading this section, you would have gained some idea about land use planning. Now you should be able to answer the questions given in *Check Your Progress 1*.

Check Your Progress 1

Note: a) Write your answer in the space given below.

b) Compare your answer with those given at the end of the unit.

1) Name the different categories in which land use can be categorized?

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2) What are the objectives of land use planning at the community level?

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3.4 PRINCIPLES OF LAND USE PLANNING

Various principles of land use planning are discussed below:

i) Land use planning should be context specific, i.e., oriented to local conditions or for a city in particular, both in terms of method and content

Land use planning is not a standardized procedure that is uniform in its application worldwide. Its content is based on an initial regional or local situation analysis and checking on the applicability of the approach on the particular city/town. Planning approaches for any particular city or town often fail because global models, approaches and implementation strategies are applied to cities or towns without any considerations of the baseline situation and characteristics of the area.

ii) Land use planning for developing new sites for urban settlements should be based on an assessment of the suitability of the land for various urban uses

A city is a dynamic and continuously growing organism. It engulfs adjoining lands to meet the demands for new development. The land to be developed for

urban expansion needs to be assessed for suitability for urban development. The suitability of the land for urban uses is based on the assessment of landform or slope, drainage characteristics, groundwater resources, soil productivity, water bodies, present use of the land, i.e., agriculture, forests, etc. This process ensures that steep slopes, water bodies, wetlands, productive agricultural lands, dense forest areas, heritage areas are not taken up for urban development and are conserved. It aims at a sustainable form of land use for urban development.

iii) Land use planning is an iterative process; it should be flexible and open based on new findings and changing conditions

The city is a dynamic entity; it changes and develops with time. Land use planning is more than the preparation of a planning document. It is an iterative process in terms of both the principle and the method simultaneously. New developments and findings are observed and incorporated into the planning process. It may lead to the revision of decision and the repetition of steps already taken.

iv) Land use planning should be implementation-oriented

Land use planning (LUP) has to consider how the negotiated decisions and the solutions identified are to be implemented. LUP does not end with the land use plan. The implementation of limited measures (e.g., the development of cultivation techniques which conserve land resources) right at the outset, or parallel to the LUP process, plays an important role in increasing the trust of the people in the village as far as the planning process is concerned.

v) Land use planning should be based on an interdisciplinary approach

Land use planning should be based on an interdisciplinary approach that considers the ecological, economic, technical, financial, social and cultural dimensions of land use. Land use planning provides many interfaces with other technical disciplines and planning fields.

vi) Adherence to prerequisites for Land use Planning

The local preconditions that are necessary for land use planning are as follows:

- the existence of a clearly defined need;
- availability of information on national and regional plans;
- directives and regulations; as well as their analysis and consideration during implementation;
- clarification of work to be accomplished and responsibilities during the implementation, as well as a realistic time plan, in which the priorities of the stakeholders must be taken into account;
- ensuring the necessary extension and financial services;
- using all alternatives of compensation where use is going to be restricted.

vii) Ascertain prerequisites for implementation of the Land use Plan

In order to implement the land use plan, certain prerequisites are required. Essentially, the framework of the general conditions prescribes these: the extent to which the framework of general conditions can or cannot be influenced by the project is dependant on the case. To a limited extent, the implementation of a land use plan will always have repercussions on the general conditions. These can have also negative effects and must be considered from the beginning and

avoided as far as possible. The framework of general conditions in LUP considers land law, the situation of the natural resources, the interests of the participants, the economic system, the equipment of the responsible organizations in terms of materials and staff, or the traditional value systems of the target population. In conjunction with the need, clear objectives shared by all participants and involved parties resulting from negotiation processes are also imperative.

viii) Land use planning should take into account traditional strategies for solving problems and conflicts

Traditional urban and rural societies have their own way of approaching problems and settling conflicts concerning land use. In the process of land use planning, such mechanisms have to be recognized, understood, and taken into account.

ix) Land use planning should consider cultural viewpoints and buildup on local environmental knowledge

Local knowledge, i.e., complex indigenous knowledge of the environment often provided by a city or a town or villages in the city should be part of the basis for planning and implementing a sustainable land use.

x) Land use planning should consider urban development to be a "bottom-up" process, based on perceptions of the local population

Planning is not just a matter for experts, planners, and professionals but should be carried out together with those who will be affected by it. The people should actively participate in the process of land use planning. People who are affected have to be involved in the planning process from the initial stages of plan preparation and also need to be involved in the subsequent stages also in order to ensure a feeling of ownership concerning self-help activities. Plans would get implemented if the opinions and suggestions of the people are considered in the planning process. The results of planning and implementation of measures can then only be sustainable.

The local population often perceives environmental risks differently from authorities, consultants, or technical specialists. Dangers to, or the destruction of, land resources often do not become a critically recognized issue until they actually influence the land use. Any potential risk to the environment should, therefore, be discussed in the problem analysis stage by the different interest groups. The risks should be evaluated and taken into account both at the planning stage and during the plan implementation. The problems and needs expressed by the local population may be the result and consequence of environmental problems already perceived. In this case, the causes must be identified and weighed up during the participatory problem analysis in order propose appropriate solution strategies during the planning process. The basis for determining the need for land use planning is the problem analysis, during which the causes and interconnected causes are being identified, analyzed, evaluated and discussed.

xi) Land use planning is a dialogue; it should create the prerequisites for the successful negotiation and co-operation among stakeholders

The core task of land use planning consists of initiating a process of communication and co-operation that allows all participants to formulate their interests and objectives in the dialogue. On the basis of sound decisions, a sustainable form of land use is proposed whereby the aims and interests of other

participating groups are taken into account to the greatest possible extent. An important element of participation-oriented Land use Planning is the identification of the various groups of participants and differentiating them in terms of their use of and access to land resources. In addition, their position on the social scale (gender approach) and their capacities, either as stakeholders, or, as members of authorities and of other organizations has to be considered.

xii) Land use planning should be based on an effective feed forward process so as to achieve desired feedback. Therefore, free access to information for all participants is a prerequisite

An effective feed forward process is imperative in order to achieve proper feedback from stakeholders. Feed forward process entails informing the people about the plan at the right time. The extent to which stakeholders are informed, strengthen both their willingness and capacity to participate in planning and decision-making. It increases the motivation of the people for creating sustainable results. An open exchange of information leads to discussions about objectives among the key figures and promotes the willingness to reach a consensus. The dissemination of information in the local language(s) contributes to an improved transparency. In addition, it strengthens the trust of the population in land use planning activities.

xiii) Stakeholder identification, i.e., representation from various interest groups, is an important principle in land use planning

A prerequisite for realistic land use planning is the detailed analysis of the various interest groups. Since there are differences in interests specific to gender (i.e., men and women), age (young and old people), income (i.e., low income and high income communities), capability (i.e., disabled and differently abled groups), approaches (i.e., entrepreneurs, conservationists), etc., the aim is to uncover the various interests of the participants in order to identify different priorities concerning the planning of land use, and to create a basis for the negotiation and decision-making process.

xiv) Land use planning is a process leading to an improvement in the capacity of the participants to plan and take actions

The participatory methods used in all planning steps of land use planning promote the technical and organizational capabilities of all participants, thereby extending their capacity to plan and to act. In the medium term, this qualification process leads to an improvement in the capacity of local groups for self-determination.

3.5 KEY LEGISLATIONS ON LAND USE PLANNING

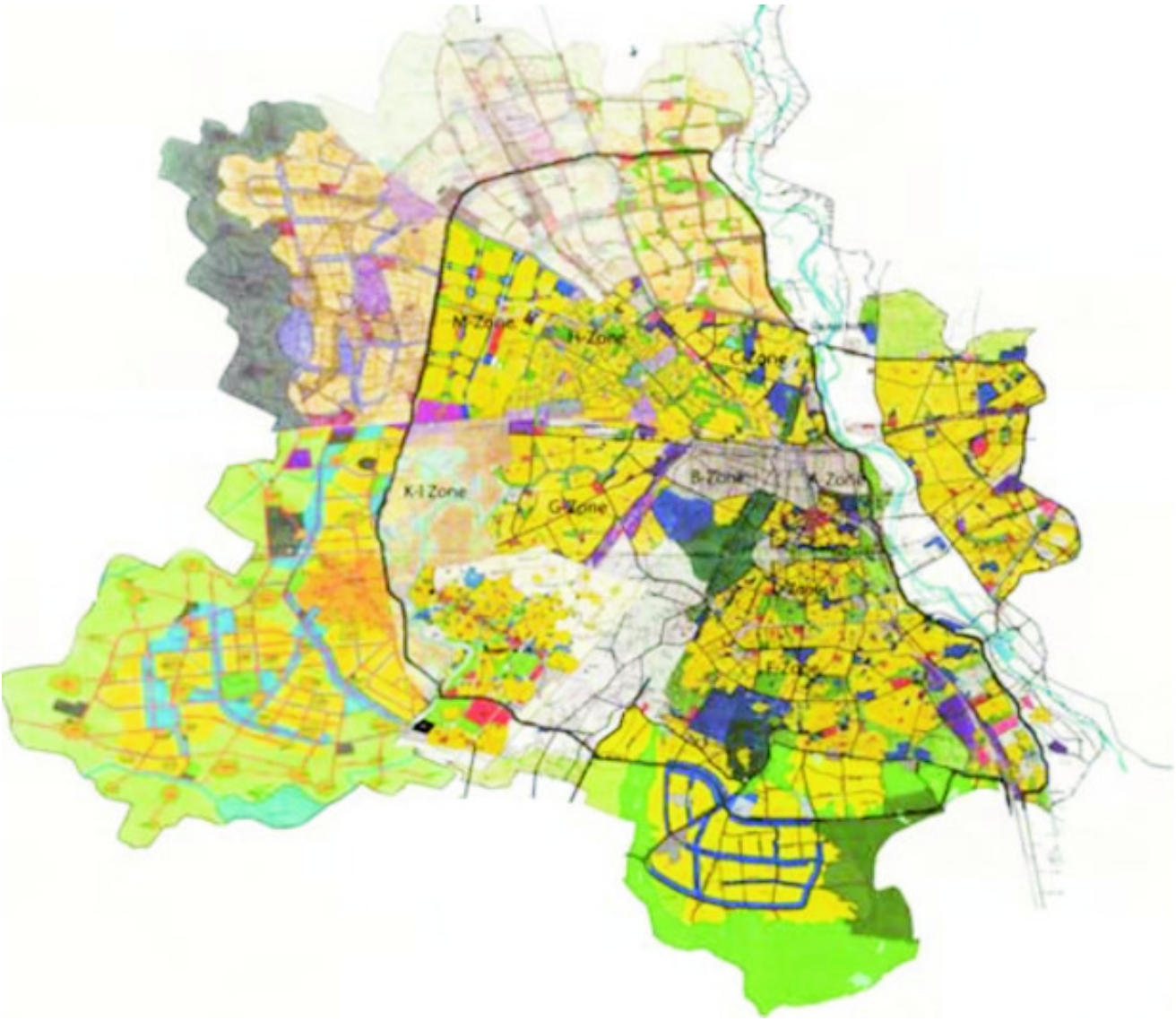
A master plan is a statutory instrument for guiding planned development and regulating improvement of towns and cities over a period of time, and contributes to development conceptually rather than operationally. The master plans are detailed out through zonal plans and layout plans. The focus of a master plan is primarily on land use planning. The master plan came into being through the Town and Country Planning Act of 1947 in the U.K. The Town Improvement Acts were formulated for various states of India. Master plans are formulated by development authorities of the particular cities. The development authorities are also guided by the respective Development Authority Act, e.g., DDA (Delhi

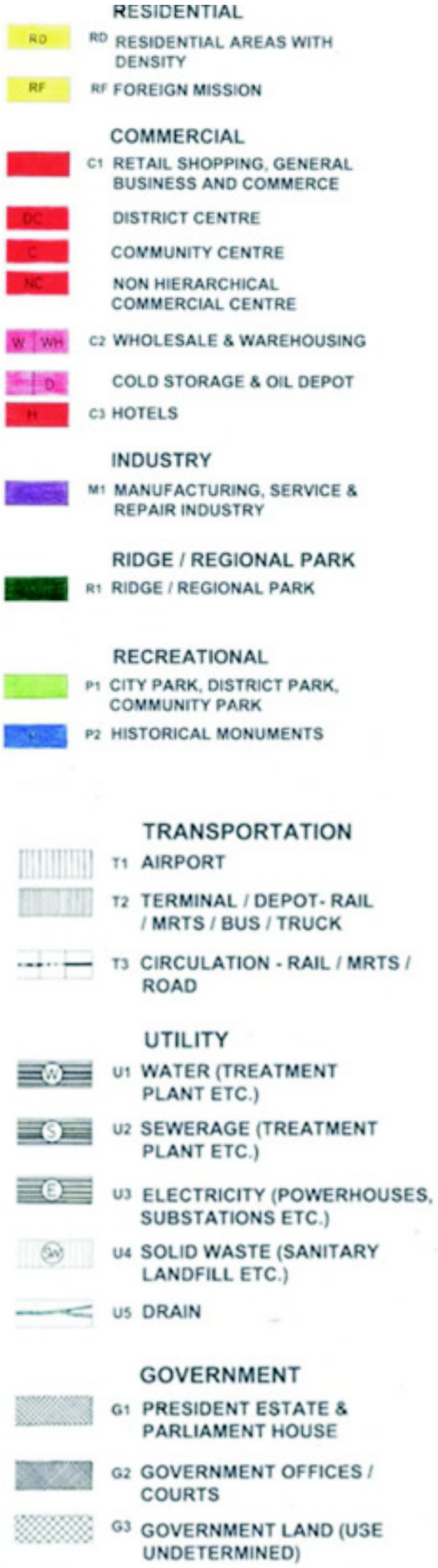
Development Authority Act). The Delhi Development Authority came into being in 1957 under the provision of the Delhi Development Act (1957), "to promote and secure the development of Delhi".

The Improvement Trust Act was modeled not only on the Glasgow City Improvement Act but also on the Bombay Port Trust Act of 1873. The mandate of the Act included clearance of blighted areas, street improvement schemes, provision of housing for displaced persons and plots with development control in reclaimed or other lands. Since most of the Town Improvement Acts of various states did not have provisions for preparation of a master plan, a Model Town and Regional Planning and Development Law, which formed the basis for various State Town and Country Planning Acts, was enacted by the State Governments. The municipal corporations and municipalities are fully representative bodies, while the notified area committees and town area committees are either fully or partially nominated bodies.

3.6 URBAN LAND USE AND LEGEND

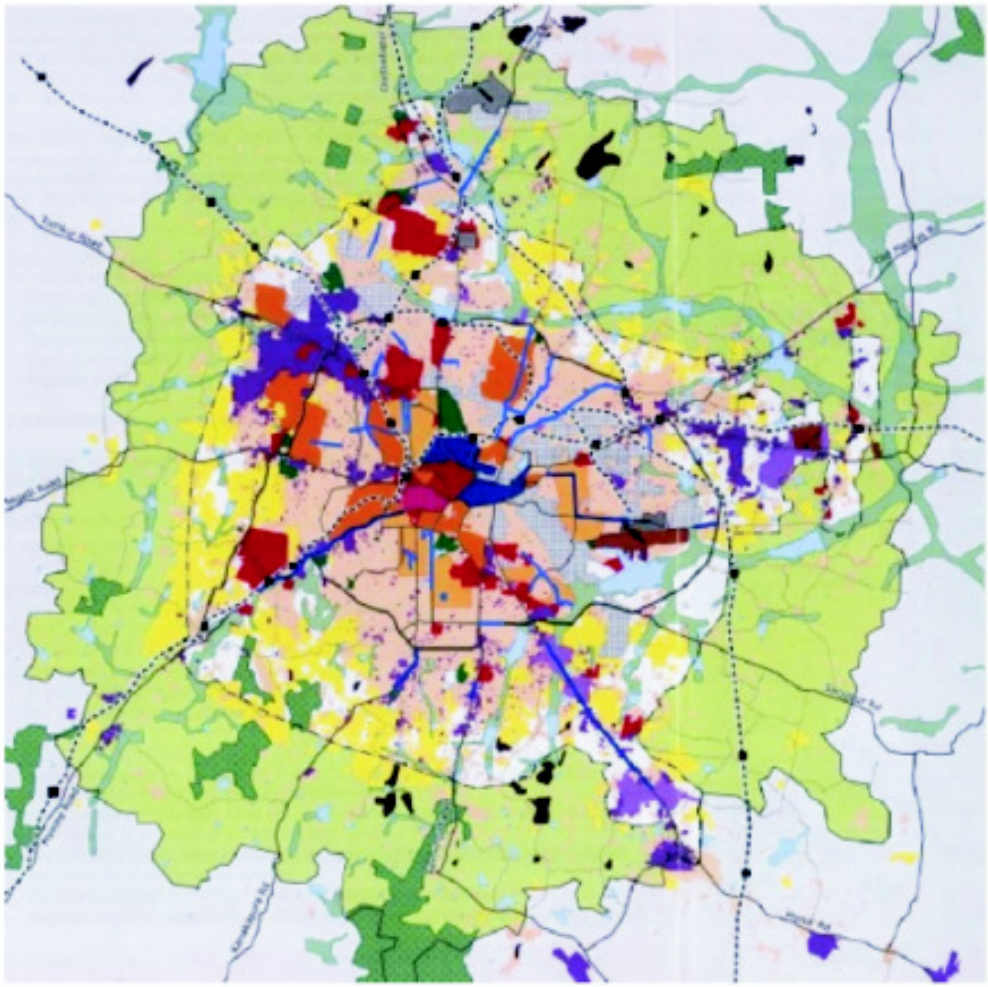
The use of legends is important for sketching any plan, particularly a land use plan. Various colors' depict different uses of land. There are two sets of colour codes for land uses. Some states have adopted one colour code and some states, another colour code.




RESIDENTIAL
RD
RD RESIDENTIAL AREAS WITH DENSITY
RF
RF FOREIGN MISSION
COMMERCIAL
C1 RETAIL SHOPPING, GENERAL BUSINESS AND COMMERCE
DC
DISTRICT CENTRE
C
COMMUNITY CENTRE
NC
NON HIERARCHICAL COMMERCIAL CENTRE
W
WH
C2 WHOLESALE & WAREHOUSING
D
COLD STORAGE & OIL DEPOT
H
C3 HOTELS
INDUSTRY
M1 MANUFACTURING, SERVICE & REPAIR INDUSTRY
RIDGE / REGIONAL PARK
R1 RIDGE / REGIONAL PARK
RECREATIONAL
P1 CITY PARK, DISTRICT PARK, COMMUNITY PARK
P2 HISTORICAL MONUMENTS
TRANSPORTATION
T1 AIRPORT
T2 TERMINAL / DEPOT- RAIL / MRTS / BUS / TRUCK
T3 CIRCULATION - RAIL / MRTS / ROAD
UTILITY
W
U1 WATER (TREATMENT PLANT ETC.)
S
U2 SEWERAGE (TREATMENT PLANT ETC.)
E
U3 ELECTRICITY (POWERHOUSES, SUBSTATIONS ETC.)
SW
U4 SOLID WASTE (SANITARY LANDFILL ETC.)
U5 DRAIN
GOVERNMENT
G1 PRESIDENT ESTATE & PARLIAMENT HOUSE
G2 GOVERNMENT OFFICES / COURTS
G3 GOVERNMENT LAND (USE UNDETERMINED)

In one code. Red is used for commercial use, whereas; in the other colour code, red is used to represent institutional use. Yellow is used for residential use for both sets of colour codes. Blue colour is used for institutional use/public and semi public use in one set of colour code, whereas in the other code, blue colour is used for commercial use. The land use maps of three cities namely Delhi, Bangalore, and Chennai are given and the changes in the legends used can be distinctly seen.

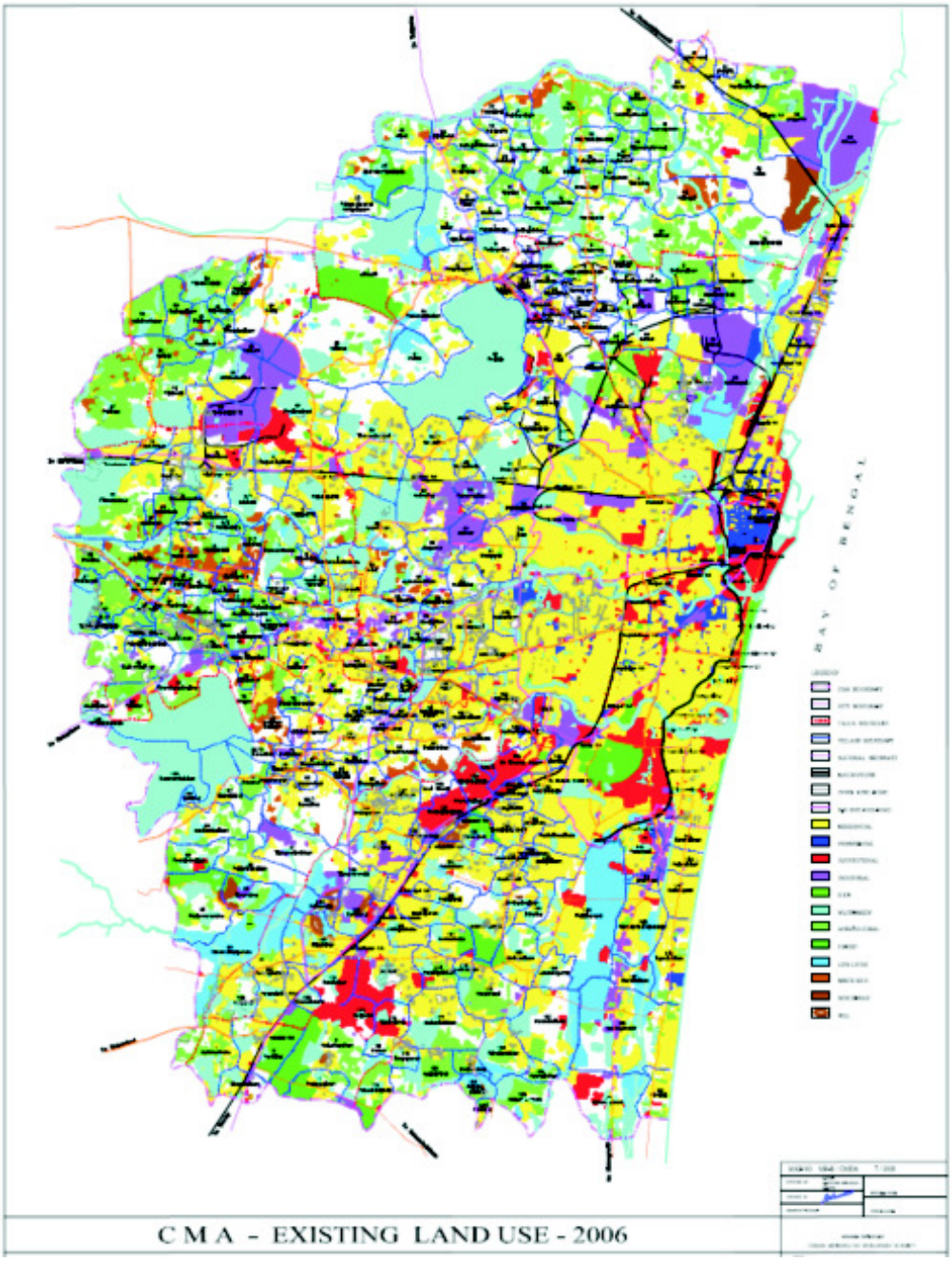
Master Plan of Bangalore (Land Use Map 2003)



Historical centre
Political centre
Commerical centre
Highly mized zone
Medium mized zone
Predominantly residential
New layout
Area not urbanised
Industrial area
IT dominant zone
Mutation axis
Commerical axis
Logistic zone
Main civic amenities
Defence
Public industrial complex

BDA
Main road
Railway
Railway station
Airport

Master Plan of Chennai (Existing Land Use Map Cma 2006)



- CMA boundary
- City boundary
- Taluk boundary
- Village boundary
- National highways
- Railway line
- Inner ring road
- NH bye pass road
- Residential
- Commercial
- Institutional
- Industrial
- OSR
- Water body
- Agricultural
- Forest
- Low lying
- Brick kiln
- non urban
- Hill

After reading this section, you would have gained some idea about land use planning. Now you should be able to answer the questions given in *Check Your Progress 2*.

Check Your Progress 2

Note: a) Write your answer in the space given below.

b) Compare your answer with those given at the end of the unit.

1) Land Use Planning should be implementation oriented. Explain.

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2) What are the steps for land use planning?

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3.7 LET US SUM UP

Urban land use planning is an important component of urban planning. Land, one of the important physical resources of a state, must be properly utilized in order to check wastage.

In this unit you read about the need and importance of land use planning, its processes and principles and also about various legends used in land use planning of a few major cities in India. You must now be sure how important land use planning is for urban development.

3.8 REFERENCES AND SELECTED READINGS

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3.9 CHECK YOUR PROGRESS-POSSIBLE ANSWERS

Check Your Progress 1

1) Land uses can be categorized as follows:

   i) Residential use

   ii) Commercial use

   iii) Industrial use

   iv) Recreational use.

   v) Public and Semi public use.

2) Land use planning at community level has the following objectives:

   - Conciliation of interests
   - Offering solutions to problems
   - Establishing institutions dealing with land use planning issues
   - Decisions on implementation of land use planning
   - Including farms, households in land use planning process
   - Articulating the need of action for superior levels.

Check Your Progress 2

1) Land use planning has to consider how the negotiated decisions and the solutions identified are to be implemented. LUP does not end with the land use plan. The implementation of limited measures (e.g., the development of cultivation techniques which conserve land resources) right at the outset, or parallel to the LUP process, plays an important role in increasing the trust of the people in the village as far as the planning process is concerned.

2) The following steps are needed to be followed during land using planning

   Step-1: Establishment of goals and terms of reference

   Step-2: Organization of work

   Step-3: Analyse the problems

   Step-4: Identify opportunity for change

   Step-5: Evaluate land suitability

   Step-6: Appraise the ulternatives: environmental, economic and social analysis

   Step-7: Choose the best option

   Step-8: Prepare the land use plan

   Step-9: Implement the plan

   Step-10:Moniter and revise the plan

UNIT 4 PLANNING FOR CITY – REGIONS

Structure

4.1 Introduction

4.2 City-Region: Nature, Scope, and Structure

4.3 Types of City Region

4.4 Challenges and Measures for Development of Peri Urban Areas

4.5 Planning for the City Region

4.6 Let Us Sum Up

4.7 References and Selected Reading

4.8 Check Your Progress - Possible Answers

4.1 INTRODUCTION

Cities form focal points for a number of smaller settlements (including smaller urban places) around them. Together, the city and the dependent settlements constitute a functional region. All settlements within the city region interact with the city in many ways and this forms the basis of their inter-relationships. The knowledge about a city would be incomplete without an understanding of the nature of its complex relationships with the settlements around it.

In this unit you will read more about the city region. After reading this unit you will be able to:

- Explain the city and region relationship, types, and significance
- Describe urban eco-systems
- Suggest policy interventions for peri urban areas
- Explain planning for city region

4.2 CITY-REGION: NATURE, SCOPE, AND STRUCTURE

4.2.1 Nature of City Region

A city is usually looked upon as an entity dependent on its surroundings, and less often as an independent unit. What is not so commonly understood is the fact that the city and the countryside are mutually interdependent and this relationship covers a wide range of physical, social, and economic interactions. Further, the degree of interaction between the city and its neighbouring settlements tends to decrease with distance. This general spatial phenomenon is known as distance decay and has wide-ranging implications. Closely related to the above is the role of the city in the socio-economic development of the region. While a city may either retard or promote growth in its surrounding region, in the post-colonial world, the city is often seen as a centre of development.

It is often asserted that cities are somehow or other dependent on their surrounding regions for their existence and growth. In ancient times, a city emerged as a

result of the surplus production of food and other basic necessities of life in the area. The city had a class of citizens, engaged in tertiary activities, who were dependent on the countryside for food. The city, therefore, could not exist without the countryside. In the modern world, cities still depend on the countryside to a considerable extent for the supply of vegetables, milk and even grain. In some cities in India these items come, not from the immediate neighbourhood, but from hundreds of miles away. The modern industrial city also depends on the countryside for raw materials of mineral or agricultural origin.

A more realistic and certainly the most common situation is one in which city and regions are mutually interdependent. The city depends on the region for perishable items of food, for industrial raw materials, and as a market for its industrial products and tertiary services. The countryside depends on the city for non-agricultural employment, for sale of agricultural products, and for various services and goods. It is pointless to argue about whether the city is more dependent on the countryside or vice versa.

4.2.2 Structure of City Region

The city region is an area around the city over which the city exercises a dominant influence in relation to other neighbouring cities of equal importance. This simplified definition of the city region raises a number of conceptual problems which need further elaboration. To begin with one should be clear about the concepts of influence and dominance and how these relate to the hierarchy of cities. When we talk about the city region, we make comparisons with adjoining cities of equal importance; this necessarily implies that there are cities and towns of lesser importance within the city region, and, corresponding to these lower order cities, there are smaller city regions. Thus, the structure of a city region is complex. It consists of a series of areas of influence and areas of dominance, apart from sets of smaller city regions which nest within it. It is pertinent at this stage to examine three basic notions in relation to the structure of the city region: (i) the concept of area of city influence, (ii) the concept of area of city dominance, and (iii) the concept of the city region.

i) The Concept of Area of City Influence

The areas of city influence are contiguous areas around a city from where people commute to the city to obtain certain goods or services. A cinema hall in a city may attract patrons from several villages around the city. The continuous area encompassing all these villages is the area of influence of the city with respect to entertainment through the cinema. Likewise, various institutions in the city such hospitals, colleges, schools and so on have their corresponding areas of influence. The areas of influence for different services and goods may cover smaller or larger areas around the city and their shapes may also differ. Thus it is possible to visualize a large number of service areas around a city.

ii) The Concept of Area of City Dominance

In any landscape one would expect to find a number of cities of the same or similar importance, and the areas in between these cities are often served by more than one city. In other words, the areas of influence of neighbouring cities tend to overlap; thus generating a zone of competition in between .In the middle of the zone of competition one can define a boundary which separates the areas

of dominance of the competing cities. Within this boundary, the city exercises a dominant influence—its influence there is greater than the influence of any other city. The area of dominance of a city is an exclusive area and is, therefore, of great significance in terms of territorial or regional divisions. Further, the dominant area in reality is dominant not only with respect to one or two services, but with respect to all services of equal importance. Thus, the area of dominance is a multifunctional area, while the area of influence is essentially a uni-functional area.

iii) The Concept of City Region

The areas of city influence and dominance are further complicated by the existence of a hierarchy of cities and urban places which give rise to sets of areas of influence and dominance, one within the other. The city region may be defined as the area of dominance of a city corresponding to its hierarchical level. However, the same city also performs functions of a lower hierarchical order. As a result, each city may have more than one area of dominance. In fact, several areas of dominance fall within the city region in a concentric form. Similarly, for each hierarchical level we have a set of areas of influence representing each service or function. According to Scott *et.al*, city-regions are becoming increasingly central to modern life and all the more so because globalization has reactivated their significance as bases of all forms of productive activity, no matter whether in manufacturing or services, in high-technology or low technology sectors. According to them, there are now more than 300 city regions around the world with populations greater than one million.

4.2.3 Scope of City Region

In recent times the role of the city in bringing about socio-economic development in the city region has been given due recognition. However, not all cities perform this role. In the past, when cities were centres of alien domination, they had hardly any role in the growth or development of the rural areas. Conflict, both socio-cultural and economic, has been a characteristic and continuing feature of the Indian rural-urban scene from early medieval times. The rural areas were in fact exploited by the city folk throughout this period. Even in the post-Independence period the bigger cities have acquired a distinct cultural identity of their own. Though the social distance between urban and rural elite is substantial, Indian cities today play a major role in changing the social and economic environment of villages. There is greater interaction between the city and the village than before, and the interaction continues to increase.

The city today serves as a focal point for development in education and health and even for rural development. The spread of banking from the cities to the rural areas was a remarkable achievement of the 1970s. In the process, rural wealth has been mobilized for development. The role of the cities and small towns in bringing about the Green Revolution cannot be denied. The city is seen as a key element in regional development planning in India today.

After reading this section, you would have gained some idea about planning of city. Now you should be able to answer the questions given in *Check Your Progress 1*.

Check Your Progress 1

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) City and region are mutually interdependent? Explain?

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2) What is the concept of area of city influence?

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4.3 TYPES OF CITY REGION

The complex variety of structural components existing in the city region has led to the recognition of a few major empirical and normative conceptual notions. Among these, the following merits special consideration in view of their importance to the planned development of the city region and beyond:

i) Peri-urban Areas

ii) Rural-urban Fringe

iii) Urban Corridors,

iv) Satellites and Suburbs, and

v) New Towns and Urban Counter Magnets.

4.3.1 Peri Urban Areas

The physical boundaries of urban built up areas often do not coincide with their administrative boundaries. The areas surrounding urban centres generally have an important role in providing food for urban consumers, with proximity lowering the costs of transport and storage. It is difficult to make generalizations on the nature of peri urban areas, which depend on the combination of a number of factors including the economic and infrastructural base of an urban centre, the region and the nation; the historical, social and cultural characteristics of the area, and, its ecological and geographical features. Peri-urban areas around one centre are also not necessarily homogenous: high- and middle-income residential developments may dominate one section, while others may host industrial estates, wile others provide cheap accommodation to low-income migrants in informal settlements.

As a specific and non-neutral space, a peri urban area refers to a transition or interaction zone, where urban and rural activities are juxtaposed, and landscape features are subject to rapid modifications, induced by human activities. Peri–urban areas, which might include valuable protected areas, forested hills, preserved woodlands, prime agricultural lands and important wetlands, can provide essential life support services for urban residents.

A peri urban area is not only a zone of direct impact experiencing the immediate impacts of land demands from urban growth and pollution, but is also a wider market-related zone of influence that is recognizable in terms of the handling of agricultural and natural resource products. When an urban area grows disorderedly and spills over to peri urban areas, this process can be referred as peri urbanization. Peri-urbanization can be regarded both as a driver and an effecter of global environmental changes. Observing land use and land cover change over time, we can perceive the effect and impact of urbanization on peri urban areas. The complex interactions between urban land use, environmental change, and socio-economic system on peri urban area must be approached from a systems perspective to understand their dynamic interactions and function and services of peri–urban's ecosystems. The peri urban interface around larger or more prosperous urban centres is also the location where processes of urbanisation are at their most intense and where some of the most obvious environmental impacts of urbanisation are located. They are often characterised by:

i) **Changes in land use:** land markets are subject to competitive pressure as urban centres expand and speculation is frequent. Whether low income groups such as small and marginal farmers or residents of informal settlements can benefit from these changes, or end up losing access to land, depends largely on land rights systems.

ii) **Changing farming systems and patterns of labour force participation:** because, peri urban agriculture can be highly profitable, small farmers may be squeezed out by larger farmers who can invest in agricultural intensification. As a consequence, wage agricultural labour often becomes more important than small-scale farming, attracting migrant workers. On the other hand, residents of peri urban areas may benefit from employment opportunities in the city.

iii) **Pressure on infrastructure and natural resources:** Changing demands for infrastructure and pressure on natural resource systems, with many rural dwellers' access to resources having to compete with urban demand (for example, for water, fuel wood and land for non agricultural uses) or affected by urban-generated wastes.

There is a need for an understanding of development that encompasses both rural and urban populations and the inter-connections between them. It acknowledges that where people live and work and other aspects of their local context influences the scale and nature of deprivation (whether they live or work in rural or urban areas). This understanding also recognizes that there are typical 'urban' and 'rural' characteristics that cause or influence people's livelihoods, although care is needed in making generalizations because of the great diversity between different urban locations (and rural locations).

For all the contrasts between 'rural' and 'urban', there are many exceptions. It is also useful to see that, in the middle of the continuum between 'rural' characteristics and 'urban' characteristics, there is a 'rural-urban' interface in which there are complex mixes of 'rural' and 'urban' characteristics. For instance, many of the areas around prosperous cities, or, on corridors linking cities, have a multiplicity of non-farm enterprises and a considerable proportion of the economically active population that commute daily to the city, or, find work seasonally or temporarily in urban areas. Many rural areas also have tourist industries that have fundamentally changed employment structures and environmental pressures.

If well managed, the interactions between towns and countryside are the basis for a balanced regional development, which is economically, socially and environmentally sustainable. Local development is increasingly associated with decentralisation processes, on the assumption that local government is 'closer' to citizens – meaning that it is both more accountable to them and that it has a better understanding of local needs and priorities. With regard to rural-urban linkages, local government can play an important role in facilitating positive interactions and limiting negative exchanges:

It is best placed for decision-making on physical transport and communication infrastructure; however, expenditure for infrastructure can be significant and well beyond the means of local government. Wider alliances, which increase access to financial resources, are therefore necessary.

The management of natural resources and wastes is an important area of local government intervention. However, it often includes much wider areas than those administered by local authorities, and requires alliances with other local, regional, national, and, sometimes, cross-border governments.

National level policies also have an important role, for example, with respect to access to land and land ownership and titling in both rural and urban areas. Clearly, this is not the responsibility of local authorities but is nevertheless crucial for local development planning and practice.

In short, understanding rural-urban linkages matters because it provides the basis for measures that can improve both urban and rural livelihoods and environments. Ignoring them means that important opportunities will be lost, and in many cases it will also contribute to poor and marginal people's hardship. There are urban initiatives that can reduce ecological damage to rural areas, and help support regional development. However, with a narrow urban-centric approach, such initiatives are unlikely to be given the priority they deserve.

4.3.2 Rural Urban Fringe

The impacts of urbanization and climate change on the world's environment and population are arguably two of the most pressing issues facing the world today. In rapidly urbanizing Asia, urbanization and climate change individually and collectively are a rapid and ever-growing challenge to regional and urban planners where traditional challenges, i.e., issues of governance, funding, rapid growth (geographic and population), increasing need for support infrastructure (transportation, water, sanitation), expanding social services, pollution, slums, etc.) are exacerbated by the need to more fully accommodate the direct and indirect

impacts of climate change and ecosystem loss in the planning process. Although certainly not overlooked in national, regional, and urban planning activities, there are two issues that, at present, are not considered to the extent that their impact merits, particularly in regional and urban planning:

1) The rapid expansion of urban centres into their "fringe zones" (peri urban, peri-agricultural, agricultural and undeveloped land)

2) The impact of urbanization on ecosystem sustainability.

Both issues are of critical and increasing importance to sustainable urban development, however, both issues are largely poorly understood and of ever increasing importance, particularly to urban planning and development.

The physical expansion of the city inevitably brings in concomitant changes in the social aspects of life in the fringe villages. The growth of industry, commerce, administration, and institutions of learning, arts and health generate jobs for the rural population. Jobs, even if of an unskilled nature with low salaries, are invariably welcomed by the rural community, who in the past have had to depend on an uncertain and precarious living by farming. For those who want to continue with farming, the rapidly growing city provides an expanding market for vegetables, fruits, milk, and so on. These market forces produce significant changes in rural land uses and even in the attitudes and values of the traditional rural people. In effect, the rural people change their lifestyle imperceptibly but significantly over a period of time and adopt a quasi-urban way of life. Thus, we have the emergence of a semi-urban society - a transitional phase between the rural and urban societies.

The peripheral areas around Indian cities show remarkable changes in physical and morphological as well as in economic and cultural terms. An understanding of the processes involved is vital to city planning in India. Before various aspects of the problem are examined, it is pertinent to attempt a clear definition of the concept of the rural-urban fringe.

The rural-urban fringe is an area of mixed rural and urban populations and land-uses, which begins at the point where agricultural land-uses appear near the city and extends up to the point where villages have distinct urban land-uses or where some persons, at least, from the village community commute to the city daily for work or other purposes.

A distinct feature of the Indian rural-urban fringe is the presence of both rural and urban people in the revenue villages around the city. This dichotomy is not directly revealed in the census data, but may be indirectly inferred from it through a study of the literacy and occupational characteristics of the village population. Fringe zones associated with urban centres have become more numerous, larger and complex with rapid urbanization and the associated transition of large populations from rural to urban lifestyles. Typically, these complex fringe zones have strong interactions with the urban centre and are often characterized by similar physical, demographic and occupational characteristics. A major difference is that in many cases the fringe zone residents have varying access to urban services and facilities and more importantly fringe zone residents have only a limited voice in urban planning and development. Unfortunately, the loss of agricultural and undeveloped lands, unauthorized urban development and

industrial operations, environmental degradation and overall a significant alteration of critical ecosystems are serious and ever increasing problems faced by fringe zones.

Ecologically, the transformation of the urban fringe zones to alternative use is a potential aspect of the rural-urban transformation; the resulting impacts are in many cases irreversible, have broad complex linkages throughout the urban environment and are presently largely unrecognized.

In the following the above-mentioned issues regarding fringe zones, urban ecosystems and climate change are discussed in terms of the broad issues, linkages and the need for a better understanding and more complete inclusion of these issues in the overall urban planning process.

There are a multitude of reasons why urban planning in general, and for fringe areas specifically, urban ecosystems and climate change are often not fully integrated into more traditional urban planning. Among the most important reasons are

1) The urbanization process itself
2) The environment and ecology of the fringe area
3) Lack of adequate information on the "value' and "place" of ecosystems in urban planning
4) The interaction of climate change and cities.

Perhaps the main reasons that fringe areas are inadequately incorporated into overall urban planning have to do primarily with the urbanization process itself and in particular with respect to the following:

a) **The rapid pace of urbanization:** Rapid urban expansion places an enormous burden on the planning process, i.e. planning for new development while simultaneously planning for the improvement and upgrading of the existing urban environment. As a result, in most urban centres the existing planning capacity is simply inadequate to an ever increasing task.

b) **Urban governance and planning:** Fringe areas generally fall outside the jurisdictional boundaries of the governing bodies of the urban area. Therefore, the local governments of the fringe areas and those of the urban area often act separately in terms of overall planning. This lack of an integrated advocacy group for integrated urban planning for the fringe areas is arguably the largest single hurdle to overcome. Compounding the problem is that the local governments of the fringe areas often have only limited town/urban planning rules, regulations or planning capacity. As a result, their existing "urban planning" is at best incomplete and at worst non-existent. Similarly, the vastness and diversity of fringe areas and the piece-meal nature of development makes it almost impossible for local government to monitor and manage.

c) **The structure of urbanization:** The process and the resulting spatial form of urbanization is a function of many factors. They are different for each urban centre. With variations, however, there is a general consensus that the

process becomes more integrated as the urban centre develops and the spatial form of growth can be broadly classified as concentric, sectoral or multiple nuclei in form. In urbanizing Asia, excluding the older more established major urban centres, the rapidly emerging new urban centres are primarily following the multiple nuclei form of development. This is of particular importance in that multiple nuclei development tends to create large amounts of fringe areas.

d) **Land use and speculation:** A primary driver of fringe development is the availability of relatively low cost land. This is even more attractive, for developers and speculators, because of the lack of comprehensive planning, rules and regulations. Extensive fringe development has two very important implications:

First, unplanned and unregulated fringe development is undertaken in anticipation of, but without, the necessary public facilities, schools, and infrastructure (particularly water and sanitation) that are required to support an urban population. The result is a complex mixture of land uses and variable areas of development often accompanied by substantial environmental and ecological impact.

Second, and perhaps the most critical issue arising from fringe urbanization that is particularly important in Asia in general and in the Greater Mekong region specifically, is the loss of approximately 100,000 hectares per year of agricultural land to urban development. The loss of agricultural land has obvious ramifications in terms of food supply and food prices but equally important is that it also results in a change in lifestyle for those disenfranchised from the land: many of whom migrate to the urban centre, further driving the urbanization process.

4.3.3 Urban Corridors

The rural-urban fringe may extend in a linear fashion along the arterial roads and railways, sometimes to a distance of over 30 km from the city centre. Near the city, the corridor is a part of the rural-urban fringe, while some distance away it becomes very dis-contiguous with long stretches of rural land use separating areas of urban land use. These dis-contiguous portions of the corridor lie outside the rural-urban fringe zone. Most corridor developments near metropolitan cities are easily identified. For example, there are seven corridors around Delhi. These are: (a) the Delhi-Ghaziabad-Modinagar corridor, (b) the Delhi-Ghaziabad-Hapur corridor, (c) the Delhi-Ghaziabad-Bulandshahr corridor, (d) the Delhi-Sonepat-Panipat corridor, (e) the Delhi-Najafgarh-Bahadurgarh corridor, (f) the Delhi-Gurgaon-Rewari corridor and (g) the Delhi-Faridabad-Ballabgarh corridor. Most, if not all, of the above, are industrial corridors with a number of large scale industries located on either side of the road leading to Delhi. In theory, urban corridors are of two types: urban industrial corridors and urban residential corridors. Urban residential corridors lie entirely within the rural-urban fringe area, while industrial corridors may extend beyond the fringe in a dis-contiguous manner. Examples of both types of corridors can be found near the metropolitan cities. Corridor development, in general, is mainly confined to the metropolitan periphery and is by and large absent in the area around one-lakh cities. In particular, almost all of the metropolitan cities have very conspicuous and fully developed corridors. The suburban electric railway network has greatly contributed to the growth of corridors near Mumbai, Chennai and Kolkata. In Mumbai and Chennai,

a string of residential suburbs along the main railway lines have contributed, to some extent, to the decentralization and decongestion of the inner areas of the cities.

4.3.4 Suburbs and Satellites

The term suburb, as currently used in India, implies merely a location near the periphery of a metropolitan city. The major metropolitan cities of India are served by suburban railway lines which pass through a number of stations. These places are perhaps the best known suburbs in India. Not all suburban places are legal towns. Some of them, in fact, are not even recognized as urban places in the Census of India. However, to be designated as a suburb, a place need not be a legal town or a recognized administrative area. Very often suburbs develop as residential colonies within the villages in the metropolitan periphery. These colonies often have high sounding modern names. In actual fact, however, these places do not have a separate administrative identity, but merely form part of a traditionally named revenue village. The people living in the residential suburbs, however, identify themselves with the metropolitan city and even claim to be living within the city. Further, the postal and telephone departments consider the suburbs as part of the metropolitan city and treat them in the same way as central areas of the city. These suburbs, however, do not receive the benefits of any of the metropolitan city services, nor do they pay taxes to the city.

Most suburbs are purely residential in character. People living in these suburbs commute to the city for work and are, in fact, dependent upon the city for most services such as higher education, health, and shopping. There are, nevertheless, a few suburbs where large and medium scale industries provide employment locally. In addition, in some cases, the industrial establishments themselves provide housing for their employee. In this case, we have a self contained township. Such townships with residential, commercial, and institutional areas are often designated as satellite townships. Conceptually, satellite towns differ from the suburbs mainly on account of the presence of industrial and other establishments which provide an employment base in the settlement itself. A good example of a satellite town is Faridabad, located about 30 km south of Delhi. In many cases, satellite towns generate reverse commuting from the city to the satellite town.

The term ‘satellite town’ is at times used to designate a place that is at a distance from the city, but linked to it through the daily commuting of people. In this case, the difference between suburbs and satellites is merely one of distance from the city centre. Suburbs are closer to the city while satellites are located farther away.

Satellites and suburbs, in this latter sense, may have a residential as well as an employment base. However, satellites in this case are located outside the rural-urban fringe, while suburbs are an integral part of the rural-urban fringe..

Suburbs and satellites are also labelled as ring towns, particularly by town planners. Around Delhi, the National Capital Regional plan recognizes two categories of ring towns - the inner ring towns and the outer ring towns. These correspond to the terms suburbs and satellites discussed above. There are, however, some minor differences. The ring towns are in fact recognized urban places, while suburbs include both recognized and unrecognised urban places.

The ring town concept is used by planners primarily as a strategy to stem the tide of immigration and overcrowding in the inner city. Towards this end, planners often suggest strengthening of infrastructure facilities in the ring towns to attract more people there. In practice, the ring towns have not received the attention they deserve and, in most cases, the infrastructural facilities, such as water supply and sewerage, remain woefully inadequate.

4.3.5 New Towns and Counter Magnets

New towns and counter magnets are also normative concepts that lend additional support to the basic objective of the green belt concept, namely to protect the main city from the flow of new immigrants and rapid physical growth. As the term suggests, new towns have nothing to do with existing towns, but are entirely new in terms of their location, layout plans, and infrastructure. They are conceived as independent townships with residential areas, employment areas, shopping centres, educational and health facilities, and all the basic urban amenities such as water supply, sewerage, and so on. The daily interaction between the new town and the city ought to be minimal, while economic activities in the new towns will take advantage of the economies of scale made possible by proximity to the main city. The new town idea has been widely accepted in England, where a large number of such towns have been established around London, Birmingham and other big cities.

After reading this section, you would have gained some idea about urban ecosystem planning. Now you should be able to answer the questions given in *Check Your Progress 2*.

Check Your Progress 2

Note: a) Write your answer in about 50 words

b) Check your answer with possible answers given at the end of the unit

1) Why are urban ecosystem and climate changes not fully integrated into traditional urban planning?

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2) What are the problems faced by fringe zones in urban areas?

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3) What are urban corridors and suburbs?

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4.4 CHALLENGES AND MEASURES FOR DEVELOPMENT OF PERI URBAN AREAS

4.4.1 Challenges of Peri-Urban Areas

Some of the challenges of peri urban areas are narrated below:

a) Complexity in environmental planning in peri urban areas

Changes in the peri urban interface range from urban expansion to the decline of agricultural and rural employment opportunities. Therefore, managing the environment of this interface has significant implications, not only for the livelihoods and quality of life of those who live in these areas but for the sustainability of urban and rural development, also. This is because the ecological, economic and social functions performed by and in the peri urban interface affect both the city and the countryside.

b) Complexity in mosaic of rural, urban and natural subsystems

From an environmental perspective, the peri urban interface can be characterized as a heterogeneous mosaic of "natural" ecosystems, "productive" or "agro-" ecosystems, and "urban" ecosystems affected by the material and energy flows demanded by urban and rural systems. Each of these sub-systems both conditions and is conditioned by the other two. An environmental conceptualisation of the peri urban interface has several implications for its analysis and for policy interventions. First, it opens a new understanding of these processes, calling upon the articulation of social, economic, and biophysical aspects. For instance, this reveals that the processes of private appropriation of land, either through real estate speculation, or, through the marginalisation of certain groups, reinforce unequal conditions of environmental quality. Thus, areas subjected to environmental hazards often become the habitat of lower income groups, whilst those areas of high environmental quality constitute the epicentre of speculative mechanisms.

Second, the carrying capacity of the region (soil productivity, vulnerability to floods, availability of drinking water, etc.) includes a set of more appropriate criteria for the environmental assessment of the peri urban interface than the conventional zoning criteria based on density, morphology, and urban and rural uses of the territory. Through trade and natural flows of ecological goods and services, cities tend to draw on the material resources and ecological productivity of vast hinterlands. The expansion of cities' ecological footprints has important implications for the peri urban interface in terms of both increasing pressures on its carrying capacity and missing production opportunities, for instance when

food is imported from distant regions rather than supplied from the city's hinterland. The quest for reciprocal and environmentally sustainable relations between urban, peri urban, and rural systems demands a reappraisal of the concept of the "urban bio-region".

c) Challenge of changing social structures

From a socio-economic viewpoint, the peri urban interface also presents several peculiarities. The continuous, but uneven process of urbanization taking place in these areas is generally accompanied by land speculation, shifting economic activities of higher productivity, and the emergence of informal and often illegal activities such as, intensive use of agro-chemicals and fertilizers for horticultural production, and mining or quarrying activities for the supply of building materials. As a result, the social composition of peri urban systems is highly heterogeneous and subject to change over time. Small farmers, informal settlers, industrial entrepreneurs, and urban middle-class commuters may all co-exist in the same region, but with different and often competing interests, practices and perceptions.

Thus, a second distinctive characteristic of the peri urban interface is that social groups are heterogeneous and in constant transition. That is to say, the composition and interests of these groups tend to change over time, in a process characterized by the fluctuating incorporation of new stakeholders. As a result, it is difficult to establish clear, and, more or less permanent institutional arrangements that deal effectively with the long term management of natural resources and the enhancement of the livelihoods of those living and working in the peri urban interface.

d) Challenge of Institutional landscape

The peri urban interface is often characterized as the converging of sectoral and overlapping institutions with different spatial and physical remits. This is related to the changing geographical location of the peri urban interface, or, of the process whereby institutional arrangements or areas of responsibility tend to be too small or too large, too urban or too rural in their orientation to address sustainability and poverty concerns effectively. In addition, private sector bodies as well as non governmental and community-based organizations also intervene in the management of peri urban areas, but often without clear articulation or leadership from government structures. The problem of institutional fragmentation is particularly relevant for understanding the constraints faced in environmental planning and management within this interface. Peri urban areas often share the territory of more than one administrative unit. Weak links and limited municipal power in sectors such as transport, water, energy, solid and liquid waste management, and land-use planning often result in uncertainty as to which institution administers which specific area or activity. No district is able to apply a single isolated approach when supplying the comprehensive water and energy flows required by its population, or to manage the wastes and pollution generated by that population within its jurisdictional limits. This discussion implies that environmental planning and management of this interface demands a conceptual and methodological shift from the physical definition of urban and rural areas (understood as clearly limited geographic and administrative entities) to a broader understanding, whereby the complex patterns of settlement and resource use, the flow of natural resources, of capital, goods, services and people, do not fit or accord with jurisdictional boundaries.

4.4.2 Measures for the Development of Peri-Urban Areas

Two measures that can broadly be recommended for the development of Per-Urban areas are follows:

i) Empowerment of Panchayati Raj Institutions for Development of Peri Urban Areas

Infrastructure in Indian peri urban areas is the liability of the state governments. The Constitution of India also makes it mandatory for constituting city panchayats for the areas in transition from rural to urban habitation. District planning committees and metropolitan area planning bodies have the constitutional backing for preparing development plans of the entire area for which such bodies have responsibilities for coordinating development activities that are mainly confined to the functions entrusted to them by the state legislature. It is the state government's responsibility to create the legal framework for providing infrastructure services in peri urban areas through panchayats, its own departments, other government agencies or private organizations.

Peri urban areas are in general under panchayats and a state may give panchayats such powers and authority for enabling them to function as institutions of self government. The Eleventh Schedule of the 73rd amendment to the Constitution specifies 29 areas of responsibility that states may devolve to the panchayats. Of the 29 areas specified, rural housing; drinking water; roads, culverts, bridges, ferries, waterways and other means of communication; rural electrification, including distribution of electricity; non-conventional energy sources; education, including primary and secondary schools; libraries; cultural activities; markets and fairs; health and sanitation, including hospitals, primary health centres and dispensaries are directly related to infrastructure.

Capacities of panchayats are inadequate to finance and manage infrastructure in peri urban areas. Subjects of local self government were assigned to states by Government of India and states are authorized to decide on taxation and other financial powers of panchayats, besides the functions that are assigned to the panchayats. States in India accordingly have followed different practices with respect to giving taxation powers to panchayats. In fact, most local taxes are levied by the state governments, thus limiting financial capacities of panchayats. Only minor taxes like animal tax, boat tax, toll tax, and non-taxes like charges from fare, sale proceeds of trees, charges for collecting river sand, plan sanction fees, etc have been assigned to panchayats in many states. The conditions of municipalities are only marginally better mainly due to the right given by the states to collect property tax on houses and commercial buildings.

Panchayats are mandated to prepare plans for economic development and social justice, and the implementation of schemes for economic development and social justice in rural areas, as may be assigned to them, including those that relate ot matters listed in the Eleventh Schedule. The first step in infrastructure management in a peri urban area is planning for the area, and panchayats lack the capacity to prepare such plans. Proper infrastructure management in peri urban areas also involves programming of investments and expenditure, design, construction, maintenance, operation, and in-service evaluation. Panchayats do not have the requisite technical manpower or trained personnel to carry out these functions. Thus, panchayats can give very little attention to delivery of

infrastructure in peri urban area within its bounds. In short, panchayat political structure is established for rural development, but their capacity for providing, maintaining, and operating suitable infrastructure, especially in peri urban areas is extremely limited. Therefore, there is a need for empowerment of panchayats with regard to allocation of adequate resources from the state exchequer and to enable them to impose various taxes for enhancing their own sources of revenue for the development of peri urban areas.

ii) Central Scheme for Bridging Infrastructure Gaps in Rural Areas Around Towns

Provision of Urban Amenities in Rural Areas (PURA) of the Ministry of Rural Development, Government of India is a pertinent scheme for infrastructure development in peri urban areas. PURA aims at bridging the rural-urban divide and achieving balanced socio-economic development by providing physical and social infrastructure in the identified rural clusters consisting of 10 to 15 villages within a radius of 4 to 5 kilometres around selected towns. To enhance the growth potential of these villages, PURA focuses on provision of drinking water; upgrading existing health facilities; road connectivity, improvements in transportation; power connectivity; electronic connectivity in terms of reliable telecom, internet and IT services; establishment of good educational and training institutions; and developing market connectivity to enable farmers to get the best prices for their produce. It is contemplated that the resource allocation under PURA is for incremental gap filling where existing program allocations are not sufficient. PURA is a 100 per cent centrally sponsored plan scheme with expectations that it will take about two to three years to complete its activities. So far, (2004-2005 to 2006-2007) under the scheme, the central government has allocated Rs.30 crores and released Rs.21 crores to seven states which have utilized Rs.12 crores. Although the Planning Commission has identified 504 towns (one town per selected District) up to a population of one lakh for consideration under PURA, the basic idea of the scheme is relevant to the peri urban areas of all urban centres. Long term environmental strategies for the peri urban interface should be based on an understanding of the current policies that affect, directly or indirectly, the processes of change taking place in peri urban areas. The environmental policies or interventions with a specific focus on this interface are still rare. This is partly because of the lack of institutions with a clear and specific remit on peri urban areas.

Therefore, when examining those policies and strategies that affect the peri urban interface, it is necessary to take a broader perspective, considering not only policies that have more immediate impacts on peri urban areas but also on those which affect a variety of flows between rural and urban areas.

4.5 PLANNING FOR THE CITY REGION

The city region has often been recommended as a territorial unit for regional development planning. The recommendation is based on the comparative merits of the city region in relation to other types of regions, such as river valleys or homogeneous or formal regions. The city region as a unit of regional planning should, however, not be confused with the concept of city planning area. The latter covers a much smaller area around a city or metropolis although, occasionally, the city planning area is also mentioned as the city planning region.

Nevertheless, the city region and city planning area are fundamentally different concepts; they are not only different in size, but the planning objectives, methods of planning and plan strategies for each also differs significantly. A clear understanding of these differences will eliminate the common misconceptions about the spatial framework of regional and city planning.

The delimitation of areas of influence of individual cities has a number of uses. To begin with, the exercise in itself provides an understanding of the spatial form and extent of the city's influence with respect to one or more criteria. If the criteria are chosen with clear planning objectives in mind, then they become even more important. As an illustration, let us take a modern health facility such as a hospital equipped for the treatment of common diseases. The area of influence, as defined from the hospital data on in-patients, would surely indicate that some areas or villages are not served by the hospital. It would then be possible to investigate why this is so. Such an investigation would provide the basis for a new strategy for the expansion of health facilities. A similar argument can be advanced for most social services, such as education at various levels, crop insurance, banking services, and so on. The methodology used in the study of area of influence of a city can also be used for examining the spatial extension of programmes and schemes for rural development. Most programmes for rural development originate from cities. Thus, schemes for family welfare services planning, health, agricultural extension, rural credit and marketing can be evaluated and better organized by the application of methods of geographical field enquiry.

The city region has a number of inherent advantages as a spatial unit for regional development planning. The city, being the only focal point, has easy access to all places within the region. Even at the initial stage, its influence in terms of tertiary services extends to all parts of the region. Economic and social planning can take advantage of the existing links between the city and the countryside. Development, it is commonly asserted, occurs in an uneven manner, with cities becoming the initial nuclei of development. Cities play an important role in bringing about changes in agriculture, rural education and health. In recent times, cities have become the new centres of modern industry. In some cases, the leading manufacturing units in the city attract ancillary industries, thus, paving the way for self-sustaining growth. The forces of urban and industrial agglomeration not only contribute to the growth of the city, but also lead to the industrialization of the countryside. These notions have generated the concept of cities acting as growth points and growth centres. The promotion of a hierarchy of such centres is one of the major strategies of regional development planning at present. The city region provides a convenient and sound spatial framework for such an approach to regional planning.

After reading this section, you would have gained some idea about urban city planning. Now you should be able to answer the questions given in *Check Your Progress 3*.

Check Your Progress 3

Note: a) Write your answer in about 50 words

b) Check your answer with possible answers given at the end of the unit.

1) The city region has often been recommended as a traditional unit for regional development planning. Explain.

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2) Capacities of panchayats are inadequate to finance and manage infrastructure in peri urban areas. Explain.

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4.6 LET US SUM UP

In this unit, you have read about the city-region relationship, their interdependence and the role of city in the socio-economic development of a region. You have also read about the significance and types of city region. The unit also deals with the importance of urban ecosystems and the impact of climate change and the associated risks to populations in urban areas. The policy interventions for the development of peri urban areas have also been dealt in depth. The unit also briefly explains the planning for the city region.

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4.8 CHECK YOUR PROGRESS-POSSIBLE ANSWERS

Cheek Your Progress 1

1) The city depends on the region for perishable items of food, for industrial raw materials, and as a market for its industrial products and tertiary services. The countryside depends on the city for non agricultural employment, for sale of agricultural products and for various services and goods.

2) The areas of city influence are contiguous areas around a city from where people commute to the city to obtain certain goods or services. A cinema hall in a city may attract patrons from several villages around the city. The continuous area encompassing all these villages is the area of influence of the city with respect to entertainment through the cinema. Likewise, various institutions in the city such hospitals, colleges, schools and so on have their corresponding areas of influence. The areas of influence for different services and goods may cover smaller or larger areas around the city and their shapes may also differ. Thus, it is possible to visualize a large number of service areas around a city.

Cheek Your Progress 2

1) There are a multitude of reasons why urban planning in general, and for fringe areas specifically, urban ecosystems and climate change are often not fully integrated into more traditional urban planning. Among the most important reasons are (1) the urbanization process itself, (2) the environment and ecology of the fringe area; (3) lack of adequate information on the value and "place" of ecosystems in urban planning, and (4) the interaction of climate change and cities.

2) The loss of agricultural and undeveloped lands, unauthorized urban development (sprawl) and industrial operations, environmental degradation and overall a significant alteration of critical ecosystems are serious and ever increasing problems faced by fringe zones.

3) The rural-urban fringe may extend in a linear fashion along the arterial roads and railways, sometimes to a distance of over 30 km from the city centre. Near the city the corridor is a part of the rural-urban fringe, while some distance away it becomes very dis-contiguous with long stretches of rural land-use separating areas of urban land-use.

On the other hand suburbs are merely a location near the periphery of a metropolitan city. Suburbs are an integral part of the rural-urban fringe. .Not all suburban places are legal towns.

Cheek Your Progress 3

1) The city region has a number of inherent advantages as a spatial unit far regional development planning. The city, being the only focal point, has ‘easy access to all places within the region. Even at the initial stage, its influence in terms of tertiary services extends to all parts of the region. Economic and social planning can take advantage of the existing links between the city and the countryside. Development, it is commonly asserted, occurs in an uneven manner, with cities becoming the initial nuclei of development. Cities play an important role in bringing about changes in agriculture, rural education, and health.

2) Subjects of local self government were assigned to states by Government of India and states are authorized to decide on taxation and other financial powers of panchayats, besides what functions are to be assigned to panchayats. States in India accordingly have followed different practices with respect to giving taxation powers to panchayats. In fact, most of local taxes are levied by the States, thus limiting financial capacities of panchayats. Only minor taxes like animal tax, boat tax, toll tax, and non-taxes like charges from fare, sale proceeds of trees, charges for collecting river sand, plan sanction fees have been assigned to panchayats in many states.

MEDS-041 : INTRODUCTION TO URBAN DEVELOPMENT

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URBAN GOVERNANCE

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BLOCK 3 URBAN GOVERNANCE

Block 3 on Urban Governance consists of three units covering the major aspects of urban governance. This block gives an overview of governance relevant to urban development. The block provides knowledge of the concept 'governance' and discusses the emerging challenges of governance in urban planning and development.

Unit 1, **Governance: An Overview,** introduces basic concepts of governance and its needs and scope. The unit also discusses the several contexts such as corporate governance, international governance, national governance, local governance and environmental governance. Since governance is the process of decision-making and the process by which decisions are implemented, an analysis of governance focuses on the formal and informal actors involved in decision-making and implementing the decisions made and the formal and informal structures that have been set in place to arrive at and implement the decision.

Unit 2, **Urban Governance: Statutory and Institutional Framework,** discusses how the urban governance, which is derived from the basic concept of governance in relation to urban areas is reflective of the various constituents of public service delivery are organized to increase the welfare of citizens (both current and future). It can only be measured relatively, and somewhat subjectively, how effective the institutions are in terms of the principles of sustainability, decentralization, efficiency, equity, participation, transparency, accountability, civic engagement and citizenship, and security.

Unit 3, **Urban E - Governance,** describes how ICT helps to introduce a wide range of ways in which government should use the Internet and computer networks for improving collaboration and cooperation between its various wings. It also discusses how it would help in making government services more transparent, efficient and effective for the public by sharing accurate and up-to-date information and improving people's access to government services; boosting public sector accountability, transparency, efficiency and effectiveness. E-governance can also help streamline activities, cut costs and paperwork and help the city governments make more informed development decisions.

UNIT 1 GOVERNANCE: AN OVERVIEW

Structures

1.1 Introduction
1.2 Governance: Concept and Importance
1.3 Formal and Informal Governance Systems
1.4 Types of Governance
1.5 Good Governance
1.6 Challenges of Good Governance
1.7 Governance and Development
1.8 Let Us Sum Up
1.9 References and Suggested Readings
1.10 Check Your Progress – Possible Answers

1.1 INTRODUCTION

The concept of "governance" is as old as the concept of a state or the existence of a monarch. In other words, it is as old as human civilization. The meaning of governance can be understood differently in terms of context and space, however, the most commonly understood meaning is - the process of decision-making and the process by which decisions are implemented (or not implemented). Governance can be used in several contexts such as corporate governance, international governance, national governance, local governance and environmental governance. Since governance is the process of decision-making and the process by which decisions are implemented, an analysis of governance focuses on the formal and informal actors involved in decision-making and implementing the decisions made and the formal and informal structures that have been set in place to arrive at and implement the decision.

Government is one of the actors in governance, and the other actors involved in governance vary depending on the level of government that is under discussion. In rural areas, for example, other actors may include influential land lords, associations of peasant farmers, cooperatives, NGOs, research institutes, religious leaders, finance institutions political parties, the military etc. The situation in urban areas is much more complex as the interconnections between actors involved in urban governance are more diversified. At the national level, in addition to the above actors, media, lobbyists, international donors, multi-national corporations, etc. may play a role in decision-making or in influencing the decision-making process. All actors other than government and the military are grouped together as part of the "civil society." In some countries in addition to the civil society, organized crime syndicates also influence decision-making, particularly in urban areas and at the national level. Similarly, formal government structures are other means by which decisions are arrived at and implemented. At the national level, informal decision-making structures, such as "kitchen cabinets" or informal advisors may exist. In urban areas, organized crime syndicates such as the "land/builder mafia" may influence decision-making. In some rural areas locally powerful families may make or influence decision-making at village level.

The thrust of this unit is to analyze the genesis and concept of urban governance evolving to meet the various goals of development, and meet the social requirements of urban population. As a process, governance may operate in an organization of any size: from a single human being to all of humanity; and it may function for any purpose, good or evil, for profit or not. Perhaps, the moral and natural purpose of governance consists of assuring, on behalf of those governed, a worthy pattern of 'good' while avoiding an undesirable pattern of 'bad'. The ideal purpose, obviously, would assure a perfect pattern of good with no bad. A reasonable or rational purpose of governance might aim to assure, (sometimes on behalf of others) that an organization produces a worthwhile pattern of good results while avoiding an undesirable pattern of bad circumstances.

After studying this unit, you would be able to:

- understand the evolution of the concepts of governance in urban areas;
- describe the types of governance;
- explain the scope and purpose of governance;
- distinguish between centralized and decentralized, and formal and informal governance systems;
- analyze challenges and attributes of good urban governance.

1.2 GOVERNANCE: CONCEPT AND IMPORTANCE

Governance is a concept which is used in different meanings in different contexts; it varies from narrow structural definition of its management of public affairs by government constituents i.e., legislation, executive and judiciary, to the processes that ensure deliveries, participation, justice, respect of rights, innovation and networking. The term 'governance', is derived from the Greek term, *kubernao*, which means 'to steer'. So, governance is the process that steers affairs of the State. In ancient times, the Greek philosopher, Plato used the term, governance, in reference to the affairs of the state. The term came into the limelight with the publication of the World Bank's report on sub Sahara in 1989. The report said that development initiatives taken up by the World Bank had not been able to produce the desired development benefits due to the weak role of the state, and its ineffective institutions. Summarizing this problem, the World Bank report coined the term 'crisis of governance'. Thus, the focus was cast on improving governance by improving managerial and administrative competencies.

The World Bank defines governance as, 'the exercise of political authority, and the use of institutional resources to manage the society's problems and affairs.' The World Bank interprets governance as the institutional capacity of public organizations to provide public and other goods demanded by a country's citizens in an effective, transparent, impartial, and accountable manner, subject to resource constraints. The World Bank has further defined that 'Governance' in general, has three distinct aspects: (a) the form of a political regime; (b) the processes by which authority is exercised in the management of a country's economic and social resources; (c) the capacity of governments to design, formulate; and (d) implement policies, and, in general, to discharge governmental functions.

Further, in literature the use of 'Governance' can be distinguished in seven different uses under different settings:

- as corporate governance, relating to companies;
- as the New Public Management;
- as 'good governance';
- as international interdependence generating new modes of governing;
- as a 'socio-cybernetic system', focusing on mechanism of coordination;
- as a way of governing through networks.

It is the last concept of governance together with new public management concerned with public/development policies of nations and cities that is of concern here.

The main elements of governance approach in such context essentially are:

- Its focus on the *complexity* of government i.e., multiple agencies, institutions and systems linked complex patterns of interaction and marked by increasing problems of coordination;
- the focus on *alternatives to hierarchy*
    - identifying systems of *rules*
    - identifying alternative organisational forms, notably *networks*;
- To be seen as a *change*, both in practice as well as theory.

The governance approach directs attention to these diverse bodies and the ways in which they relate to one another and produce government. It is concerned with organizational forms and the relationships between them – with networks and networking – but also with the underlying structure of shared meaning and values through which these relationships are sustained. It seeks to build an understanding of the structures and practices which are there. Based on these discussions, it can be said that governance means the process of decision making, and the process by which the decisions are implemented, or even not implemented. Over a last decade, the concept of governance has undergone change. It has included a few elements like accountability, transparency, and effectiveness into its broad contours. It has led to the emergence of a new aspect of governance, which is termed, good governance.

After reading this section, you will have gained an idea about the 'governance'. Now you should be able to answer the questions given in *Check Your Progress 1*.

Check Your Progress 1

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) What do understand by Governance? What does the term mean?

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2) What is good governance?

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1.3 FORMAL AND INFORMAL GOVERNANCE SYSTEMS

All nations have both formal and informal governance systems—that is, systems within which citizens and government officials interact. Governance involves both public decision-making and public administration. The formal systems are embodied in constitutions, commercial codes, administrative regulations and laws, civil service procedures, judicial structures, and so on. Their features are readily observable through written documents, physical structures (e.g., ministry buildings, legislatures, courthouses), and public events (e.g., elections, parliamentary hearings, state-of-the-union addresses, city council meetings, legal proceedings). The informal systems, by contrast, are based on implicit and unwritten understandings. They reflect socio-cultural norms and routines, and underlying patterns of interactions among socioeconomic classes and ethnic groups. Their manifestations are less easily noticed and identified. Thus, governance systems have a dual character; formal and informal elements exist side-by-side, and are intimately connected in diverse and not immediately obvious ways. For instance, most of what we understand as corrupt practices in government today result from the clash of uncertified activity with the lawful realm of democratic politics and bureaucratic administration. It is customary and expected in most societies for people to help friends and family members. Yet, the same behavior is improper and, indeed, unlawful when it takes place within a rational-legal civil service organization where appointments are supposed to be made on merit (see McCourt 2000).

This institutional dualism has its roots in the historical evolution of social relations between rulers and the ruled, from tribal chieftaincies, to kingdoms and empires, to feudalism and the emergence of the nation-state. Yet, the changing blend of formal and informal governance elements does not connote a continuum from "traditional" to "modern." No human society is so "advanced" that it relies exclusively on formal *de jure* institutions to run its common affairs. Informal *de facto* traditions and practices are constantly evolving and being adapted to new circumstances. Those that live on usually do so because they provide some value to people. They are functional in the jargon of social science—or else they would disappear through disuse. One of the challenges of development is figuring out how to separate the *de facto* governance institutions that serve, or at least do not contradict, the majority's needs and well-being, from similar-looking institutions that block or even reverse improvements in social welfare.

1.4 TYPES OF GOVERNANCE

Global Governance

Global governance or world governance is the political interaction of transnational actors aimed at solving problems that affect more than one state or region when there is no power of enforcing compliance. The modern question of world governance exists in the context of globalization. In response to the acceleration of interdependences on a worldwide scale, both between human societies and between humankind and the biosphere, world governance designates regulations intended for the global scale. The question of world governance did not arise until the early 1990s. Up until then, the term "interdependence" had been used to designate the management of relations among states. The post-Cold War world of the 1990s saw a new paradigm emerge based on a number of issues:

- The growing importance of globalization as a significant theme and the subsequent weakening of nation-states, pointing logically to the prospect of transferring to the global level the regulatory instruments no longer working effectively at the national or regional levels.
- An intensification of environmental concerns for the planet, which received multilateral endorsement at the Rio Earth Summit (1992). The Summit issues, relating to the climate and biodiversity, symbolized a new approach that was soon to be expressed conceptually by the term Global Commons.
- The emergence of conflicts over standards: trade and the environment, trade and social rights, trade and public health. These conflicts continued the traditional debate over the social effects of macroeconomic stabilization policies, and raised the question of arbitration among equally legitimate objectives in a compartmentalized governance system where the major areas of interdependence are each entrusted to a specialized international institution. Although often limited in scope, these conflicts are nevertheless symbolically powerful, as they raise the question of the principles and institutions of arbitration.
- An increased questioning of international standards and institutions by developing countries, which, having entered the global economy, find it hard to accept that industrialized countries hold onto power and give preference to their own interests. The challenge also comes from civil society, which considers that the international governance system has become the real seat of power and which rejects both its principles and procedures. Although these two lines of criticism often have conflicting beliefs and goals, they have been known to join in order to oppose the dominance of developed countries and major institutions, as demonstrated symbolically by the failure of the WTO 1999 Ministerial Conference in Seattle.

Corporate Governance

Corporate governance is a term that refers broadly to the rules, processes, or laws by which businesses are operated, regulated, and controlled. The term can refer to internal factors defined by the officers, stakeholders or constitution of a corporation, as well as to external forces such as consumer groups, clients, and government regulations. Well-defined and enforced corporate governance provides a structure that, at least in theory, works for the benefit of everyone

concerned by ensuring that the enterprise adheres to accepted ethical standards and best practices as well as to formal laws. To that end, organizations have been formed at the regional, national, and global levels. In recent years, corporate governance has received increased attention because of high-profile scandals involving abuse of corporate power and, in some cases, alleged criminal activity by corporate officers. An integral part of an effective corporate governance regime includes provisions for civil or criminal prosecution of individuals who conduct unethical or illegal acts in the name of the enterprise.

Corporate governance consists of the set of processes, customs, policies, laws and institutions affecting the way people direct, administer or control a corporation. Corporate governance also includes the relationships among the many players involved (the stakeholders) and the corporate goals. The principal players include the shareholders, management, and the board of directors. Other stakeholders include employees, suppliers, customers, banks and other lenders, regulators, the environment and the community at large. The first documented use of the word "corporate governance" is by Richard Eells (1960) to denote "the structure and functioning of the corporate polity". The "corporate government" concept itself is older and was already used in finance textbooks at the beginning of the 20th century (Becht, Bolton, Röell, 2004). These origins support a multiple constituency (stakeholder) definition of corporate governance.

Project Governance

Project governance is the management framework within which project decisions are made. Project governance is a critical element of any project since while the accountabilities and responsibilities associated with an organization's business as usual activities are laid down in their organizational governance arrangements, seldom does an equivalent framework exist to govern the development of its capital investments (projects). For instance, the organization chart provides a good indication of who in the organization is responsible for any particular operational activity the organization conducts. But unless an organization has specifically developed a project governance policy, no such chart is likely to exist for project development activity. Therefore, the role of project governance is to provide a decision making framework that is logical, robust and repeatable to govern an organization's capital investments. In this way, an organization will have a structured approach to conducting both its business as usual activities and its business change, or project activities.

Information Technology Governance

Information Technology Governance is a term which has come into use in the last few years to indicate the taking of a more formal, structured approach to the role of Information Technology in large enterprises. The Information Technology Governance movement arises from the perception that the corporate approach to IT has, in the past, been too slapdash and informal. Major decisions with substantial effects on the company's future well-being have been left in the hands of often fairly junior technical staff. At the same time, and perhaps as a consequence, there has been a litany of horror stories related to major IT projects which failed to live up to expectations, either not fulfilling the functionality originally specified or running massively over budget in cost or time. Repeated studies have shown that many IT projects fail and that a great deal of IT investment is wasted. Statistics quoted in some research papers indicate that somewhere

between 20% and 40% of all money spent on IT projects is squandered. Globally, this amounts to hundreds of billions of Euros per year. The goal of IT Governance is to mitigate this waste and to help companies manage IT investments in such a way that they produce real value for the business.

IT Governance primarily deals with connections between business focus and IT management. The goal of clear governance is to assure the investment in IT generate business value and mitigate the risks that are associated with IT projects.

Participatory Governance

Participatory Governance focuses on deepening democratic engagement through the participation of citizens in the processes of governance with the state. The idea is that citizens should play more direct roles in public decision-making or at least engage more deeply with political issues. Government officials should also be responsive to this kind of engagement. In practice, Participatory Governance can supplement the roles of citizens as voters or as watchdogs through more direct forms of involvement. The United Nations Development Programmes (UNDP) defines governance as "governance is the exercise of economic, political and administrative authority to manage a country's affairs at all levels". It comprises mechanisms, processes and institutions, through which citizens and groups articulate their interests, exercise their legal rights, meet their legal obligations and mediate their differences". Participation is taken as the pillar of good governance. Public participation is a political principle recognized as a right. Public participation seeks the involvement of those who are targeted as the beneficiaries. Those are affected by decision needs to participate in the decision making process. This implies that public contribution will influence the decision. Public participation is regarded as the vital part of democratic process. The participatory processes is seen as the facilitator of and inclusiveness shaped by the desire to for the participation of the whole community or society. Public participation is a part of people centered or human centric principles which have emerged in culture over the last thirty years. This brings the issue of people first paradigm shift. In this respect public participation may challenge the concept that big is better and the logic of centralized hierarchy. It advances alternative concepts of more heads are better than one and arguing that public participation can sustain productive and durable change. Article 25 of the international covenant on civil and political rights envisaged "every citizen shall have the rights and the opportunity ….. to part in the conduct of public affairs, directly or through freely chosen representatives…"

In some countries public participation is the central principle of making public policy. Public participation is viewed as a tool intended to inform planning, organizing and funding of activities. Public participation may be used measure attainable objectives, evaluate impact and identify lessons for future practices. The public participation in administrative rulemaking refers to the process by which proposed rules are subject to public comment for specified period of time. Public participation is typically mandatory for rules promulgated by executive agencies of Indian government.

Non-Profit Governance

Non-profit governance focuses primarily on the fiduciary responsibility that a board of trustees (sometimes called directors — the terms are interchangeable)

has with respect to the exercise of authority over the explicit public trust that is understood to exist between the mission of an organization and those whom the organization serves.

Participation and Governance

In recent years loss of public trust in authorities and politicians has become a widespread concern in many democratic societies. Public participation is regarded as one of the potential solutions to the crisis in public trust and governance, particularly in Europe, and other democracies. The idea is that public should be involved more fully in the policy process in that authorities seek public views and participation, instead of treating the public as simply passive recipients of policy decisions. The underlying assumption by political theorists, social commentators, and even politicians is that public participation increase public trust in authorities, improving citizen political efficacy, enhancing democratic ideals and even improving the quality of policy decisions. However, the assumed benefits of public participation are yet to be confirmed.

1.5 GOOD GOVERNANCE

The structural definition of governance is sometimes not adequate, particularly when the objective is to improve governance in new ways, which is touted as 'good governance'. This concept of good governance caught the attention of several nations and states – both developed and developing – and several interpretative applications were made – notable among them are administrative reforms, process re-engineering/ restructuring, decentralization of powers, transparency and accountability mechanisms, and e-governance initiatives. From a neo-liberal perspective (or, new public management school), good governance means: less government (or, less regulation), more market (private provision of services) and better policing (or, reducing scope for corruption). However, good governance has to be directed not to less government, but to better connection – within and between government and other bodies. Therefore, good governance agenda directs attention away from the sub-division of authority and work towards the accomplishment of outcomes.

The widely accepted notion about Good governance has eight major characteristics, which has been depicted in figure 3.1. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society. It calls attention to questions of distribution – not only of wealth but also of opportunities for the exercise of political competence – both voice and choice. The UNDP (1997) defined following principles associated with the concept of good governance, which are widely accepted:

a) Participation

b) Rule of Law

c) Transparency

d) Responsiveness

e) Consensus orientation

f) Equity, Efficiency and Effectiveness

g) Accountability

h) Strategic Vision

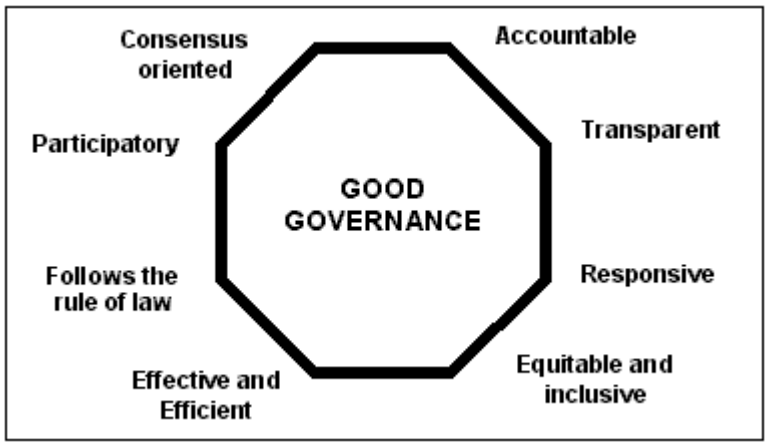

Fig. 3.1: Characteristics of good governance

Participation

Participation by both men and women is a key cornerstone of good governance. Participation could be either direct or through legitimate intermediate institutions or representatives. It is important to point out that representative democracy does not necessarily mean that the concerns of the most vulnerable in society would be taken into consideration in decision making. Participation needs to be informed and organized. This means freedom of association and expression on the one hand and an organized civil society on the other hand.

Rule of law

Good governance requires fair legal frameworks that are enforced impartially. It also requires full protection of human rights, particularly those of minorities. Impartial enforcement of laws requires an independent judiciary and an impartial and incorruptible police force.

Transparency

Transparency means that decisions taken and their enforcement are done in a manner that follows rules and regulations. It also means that information is freely available and directly accessible to those who will be affected by such decisions and their enforcement. It also means that enough information is provided and that it is provided in easily understandable forms and media.

Responsiveness

Good governance requires that institutions and processes try to serve all stakeholders within a reasonable timeframe.

Consensus oriented

There are several actors and as many view points in a given society. Good governance requires mediation of the different interests in society to reach a broad consensus in society on what is in the best interest of the whole community

and how this can be achieved. It also requires a broad and long-term perspective on what is needed for sustainable human development and how to achieve the goals of such development. This can only result from an understanding of the historical, cultural and social contexts of a given society or community.

Equity and inclusiveness

A society's well being depends on ensuring that all its members feel that they have a stake in it and do not feel excluded from the mainstream of society. This requires all groups, but particularly the most vulnerable, have opportunities to improve or maintain their well being.

Effectiveness and efficiency

Good governance means that processes and institutions produce results that meet the needs of society while making the best use of resources at their disposal. The concept of efficiency in the context of good governance also covers the sustainable use of natural resources and the protection of the environment.

Accountability

Accountability is a key requirement of good governance. Not only governmental institutions but also the private sector and civil society organizations must be accountable to the public and to their institutional stakeholders. Who is accountable to whom varies depending on whether decisions or actions taken are internal or external to an organization or institution. In general an organization or an institution is accountable to those who will be affected by its decisions or actions. Accountability cannot be enforced without transparency and the rule of law.

From the above discussion it should be clear that good governance is an ideal which is difficult to achieve in its totality. Very few countries and societies have come close to achieving good governance in its totality. However, to ensure sustainable human development, actions must be taken to work towards this ideal with the aim of making it a reality.

1.6 CHALLENGES OF GOOD GOVERNANCE

Some of the challenges of good governance are as follows:

- Securing freedom of information and expression
- Removal of arbitrariness in exercise of authority
- Use of I.T. base services to de-mystify procedures and improve the citizen-government interface.
- Reducing cost of governance
- Eradication of corruption to re-establish credibility of government.
- Establishing legitimacy and credibility of institutions.
- Making every department result oriented.

Recounting its wide experience the World Bank Document narrates the challenges of "good governance". For instance despite technical soundness, programmes and projects have often failed to produce desired results. Laws are not enforced

properly and there are often delays in implementation. Privatized production and market led growth do not succeed unless investors face clears rules and institutions. In the absence of proper accounting system budgetary policies cannot be implemented of monitored. Many a time procurement system encourages corruption and distorts public investment priorities. The failure to involve beneficiaries and others affected in the design and implementation of projects has often led to substantial erosion of their sustainability. Against this background of mal-governance, the World Bank has attempted to focus on some of the key dimensions of 'good governance' such as public sector management, accountability, the legal framework for development and information and transparency as stated earlier.

The World Bank has also identified a number of challenges of good governance, which assumed significance for the developed and the developing countries. These factors deal with political and administrative aspects, which are as follows.

- Political accountability including the acceptability of the political system by the people and regular elections to legitimize the exercise of political power.
- There should be freedom of associations and participation by various religious, social, economic and cultural and professional groups in the process of governance.
- An established legal framework based on the rule of law and independence of judiciary to protect human rights, secure social justice and guard against exploitation and abuse of power.
- Bureaucratic accountability ensuring a system to monitor and control the performance of government offices and officials in relation to quality of services, efficiency and misuse of discretionary power. The related determinants include openness and transparency in administration.
- Freedom of information needed for formulation of public policies, decision-making, monitoring and evaluation of good performance.
- A sound administrative system should lead to efficiency and effectiveness. This in turn means the value for money and cost effectiveness.
- Lastly there is a greater need of cooperation among the government and civil society organizations.

1.7 GOVERNANCE AND DEVELOPMENT

The recent understanding and emphasis of governance is more to achieve development, and so there is more and more debate to enhance the empirical understanding and relationship of governance and development. Now governance is more viewed as a tool to achieve development, and is now regarded as two sides of the same coin. There are enough examples to demonstrate how the term development is closely related to the process of governance. Let us understand this that every State in the world initiates a series of development activities in order to bring about a positive change in the economy, society and the lives of its citizens. In the entire process of development, the State has been playing a dominant role. However, it has been observed that the benefits from the

development initiatives have not produced desired effects and again it has failed to bring about a positive change in the lives of the intended people. So, a basic question regarding the role of the State and its efficiency has been raised. The search for alternative mechanism to ensure development benefits to the people has been on the agenda of policy makers. The recent arrangement of public-private-partnership has emerged as the viable alternative in providing service delivery in certain sectors of the economy. Thus, the basic approach to development has undergone rapid changes in recent times.

In establishing the relationship between development and governance, the central point that both the concepts aim at is the benefits to the citizens. Both concepts have no meaning, if they do not serve to the benefits of the citizens. Moreover, both the concepts are not detached from each other, rather they complement each other. Development initiatives bear fruit with the presence of good governance. Again, the good governance ensures participation of people in the decision making related to development programmes. The participation of people in development initiatives is truly the reflection of the empowerment of people. Generally development implies the process of improving the standard of living and well being of the citizens by raising the per capita income. Per capita income is definitely the parameter of development, but at the same time how much benefit has it provided to the common citizens in terms of availing basic elements of life, like health, education etc. Thus development has transformed from a merely economic term to a value loaded term; i.e. human development. So, based on the performance on human development front, all countries are ranked which is called the human development index. The famous Nobel laureate Prof. Amartya Sen has contributed significantly towards changing the meaning of development and making it a broad and inclusive concept. Prof. Amartya Sen argues that one way of seeing development is in terms of expansion of the real freedoms that the citizens enjoy to pursue the objectives they have reason to value, and in this sense the expansion of human capability can be, broadly, seen as the central feature of the process of development (Dreze and Sen, 1996).

The quality of governance relates to a great extent to the practice of domestic politics and to public action. Looking at the functioning of the various democratic countries, it can be said that the role of the public is not confined to influencing or challenging the decisions of the government, rather to play a constructive and definitive role in the socio-economic development of the society and reducing social inequalities. Prof Amartya Sen argues that public action has the potential of making a government really accountable and transparent (Dreze and Sen, 1996). As discussed earlier, accountability and transparency are the two key components of good governance. Thus, governance can be ensured and strengthened by public action or more involvement of people in the process of governance. The role of the government is to build institutions to help facilitate the involvement of people in the entire process of governance. The Government of India's initiative like 73rd and 74th amendments which provided constitutional status to grass root institutions liken the *panchayat* and *nagarpalika* has been a landmark achievement to ensure involvement of people in the process of governance. Moreover, another significant step taken by the Government of India to constitutionally ensure 50% seats reserved in *panchayats* for women is yet another positive step to involve women in the process of governance. Since, the people are directly involved with the governance, they have a definitive say in the decision making process. This has also involved the people in the development

process also. Having a say in the decision making process at the grass root level, the people can themselves decide what kind of development they want and not necessarily the development plan that used to be imposed from the higher ups. It has also validated the argument that development and good governance are mutually complimentary. Good governance facilitates development and in turn development ensures the furtherance of good governance. The display of budget allocation and how that amount has been utilized are regularly being publicized by displaying at the public places and placing it in regular *panchayat* meetings. As the common people get a concrete idea about the progress of development initiatives at the local level, it brings in transparency and a sense of increased accountability among the government officials. The awareness among the people has brought a positive impact on the implementation of the development initiatives. This can also be interpreted as public action as identified by Prof Amartya Sen. This process has again gained strength with the enactment of the Right to Information Act which has empowered the common citizen to ask for any information from the officials. The enactment of Right to Information act, constitutional guarantee to the grass root organization have resulted in bringing the governance to the door step of the people. The participation of people has also brought about a qualitative and significant change in the development process and its impacts on the larger section of the society.

After reading this section, you will have gained an idea about godd governance. Now you should be able to answer the questions given in *Check Your Progress 2.*

Check Your Progress 2

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) What are challenges of good governance?

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2) How governance and development are related and complementary?

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1.8 LET US SUM UP

In this unit we have discussed the concept of Governance, its meaning and attributes of governance in the first section. Later we explained the good governance and at different challenges coming in the way of achieving good governance. In continuing section we have discussed different reforms available for achieving good governance and how these reforms leads to accountability and transparency in administration. In second part we discussed types of governance, what are its different forms and different sources. In continuation of the section we have discussed in details about the urban governance.

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1.10 CHECK YOUR PROGRESS – POSSIBLE ANSWERS

Check Your Progress 1

1) What do understand by Governance? What does the term mean?

   Governance is the process that steers affairs of the State. In ancient times, the Greek philosopher, Plato used the term, governance in reference to the

affairs of the state. The term came into the limelight with the publication of the World Bank's report on sub Sahara in 1989. Governance involves both public decision making and public administration. The formal systems are embodied in constitutions, commercial codes, administrative regulations and laws, civil service procedures, judicial structures, and so on.

2) What is Good Governance? Write characteristics of good governance?

The widely accepted notion about Good governance has 8 major characteristics. They are participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making.

Check Your Progress 2

1) What are challenges of good governance?

Some of the challenges of good governance are as follows:

- Securing freedom of information and expression
- Removal of arbitrariness in exercise of authority
- Use of I.T. base services to de-mystify procedures and improve the citizen-government interface.
- Reducing cost of governance
- Eradication of corruption to re-establish credibility of government.
- Establishing legitimacy and credibility of institutions.
- Making every department result oriented.

2) How governance and development are related and complementary?

There are enough examples to demonstrate how the term development is closely related to the process of governance. Let us understand this that every State in the world initiates a series of development activities in order to bring about a positive change in the economy, society and the lives of its citizens. In the entire process of development the State has been playing a dominant role. However, it has been observed that the benefits from the development initiatives have not produced desired effects and again it has failed to bring about a positive change in the lives of the intended people. So, a basic question regarding the role of the State and its efficiency has been raised.

UNIT 2 URBAN GOVERANCE: INSITTUIONAL AND STRUTURAL FRAMEWORK

Structure

2.1 Introduction

2.2 Urban Governance: Concept and Need

2.3 Urban Local Bodies and Municipal Governance in India

2.4 Urban Governance in India: Structural Changes and Innovations

2.5 Impediments in Improved Governance

2.6 Measures to strengthen Urban Governance

2.7 Let Us Sum Up

2.8 Keywords

2.9 References and Selected Readings

2.10 Check for Possible Answers

2.1 INTRODUCTION

Governance, in the modern times, has been becoming an important means for achieving societal development objectives. Although governance improvements are perceived differently in the developed and developing worlds, it is also becoming an area of convergence where both developed and developing societies could learn from experiments and make use of it for transforming respective societies. Governance is a concept which is used in different meanings in different contexts; it varies from narrow structural definition of its management of public affairs by government constituents i.e., legislation, executive and judiciary, to the processes that ensure deliveries, participation, justice, respect of rights, innovation and networking. Urban Governance is derived from the concept of governance in relation to urban areas to be reflective of how the various constituents of public service delivery are organized to increase the welfare of citizens (both current and future).

After reading this unit, you will be able to:

- Define urban governance
- Explain Urban Local Bodies and Municipal Governance in India
- Describe structural changes and innovations in urban governance
- Discuss the impediments of improved urban governance
- Measures to strengthen Urban Governance

2.2 URBAN GOVERNANCE: CONCEPT AND NEED

Urban Governance is derived from the concept of governance in relation to urban areas to be reflective of how the various constituents of public service delivery are organized to increase the welfare of citizens (both current and future). It can

only be measured relatively, and somewhat subjectively, how effective the institutions are in terms of the principles of sustainability, decentralization, efficiency, equity, participation, transparency, accountability, civic engagement and citizenship, and security. It requires a periodic strengthening of these aspects of city management in order to ensure service delivery, which is considered achievable through strategies of enabling, participation and capacity building.

The urban or city governance definition and process are essentially those pertaining to governance in general i.e., central to the concept of city governance is the notion that a multitude of actors are involved in the city governance process. However, initiatives towards better governance can come not only due to the pressures of urbanization but also with increasing financial constraints and fragmented responsibilities, which is making many cities to realize now that only a collegiate effort can improve city and its competitiveness, thereby the cities can discover the virtuous circles.

In this context, city governance is more concerned with a network of system of governance rather than government, in which all sectors (public, private and other social organizations) and geographies (cities, regional and national) interact in the decision making process in order to produce an efficient and effectively managed city as well as promoting city at a global level. This perspective has important implications for city strategists, planners, businesses and real estate players, because, once adopted, it involves all of them in a complex and networked process of decision making that can shape and change the future of their city. In fact, the realization of this is leading to the emergence of new networks that create new platforms for discussion and debate on how to make the cities better governed and what resources are required to make it happen.

It is the partnerships which need to be forged and developed in order to improve the overall city governance. However, city governance can be understood not only in the static framework of interactions but also as a dynamic interaction between these major stakeholders and external agencies operating outside the city. Sometimes, these agencies might provide a direction to the change, known as good urban governance. In many ways, urban governments in the developing countries are a classic case for the application of ‘good governance’ prescription because of:

- multiple government agencies with poor interconnection
- government major provider of services, but often inefficient
- extensive but uneven regulation
- conflicting agency agendas producing regulatory stalemate
- frustration of development opportunities
- widespread evasion of regulation
- considerable scope for corruption

In this session you read about Urban Governance, now answer the questions given in Check Your Progress 1

Check Your Progress 1

Note: a) Write your answer in about 50 words

b) Check your answer with possible answers given at the end of the unit

1) What are principles of good governance?

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2) How do you measure effective Urban Governance?

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3) Who are the key players in decision making and implementation process of governing the cities?

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2.3 URBAN LOCAL BODIES AND MUNICIPAL GOVERNANCE IN INDIA

Municipal governance in India was first introduced in 1687 when the Madras Municipal Corporation was formed, followed by the creation of the Calcutta Municipal Corporation and the Bombay Municipal Corporation in 1726. In 1850, the Improvements in Towns Act was passed by the Government of India that established a system of councillors and gave them administrative authority. Subsequently, Lord Mayo's Resolution of 1870 instituted the system of city municipalities and called for the introduction of an elected president to lead them.

In 1882, Lord Ripon's Resolution of Local Self-Government created the outline and structure of municipal governance in India. It introduced a two-tier system of governance to increase governance efficiency through decentralisation of functions. Based on the 1918 Montague-Chelmsford Report, the Government of India Act 1919 introduced the system of 'Dyarchy', where power-sharing arrangements between the state and the local bodies differed, but conformed to the same organisational pattern.

The District Municipalities Act of 1920 transformed the Municipal Councils into elected bodies and granted them powers to flesh out their own budgets. The

Government of India Act 1935 brought local government within the purview of the state or provincial government and granted them enhanced powers.

The following types of urban local bodies are found in India:

1) **Municipal Corporation –** Municipal Corporation is established by the Act of state government for the big cities of states and by the Act of Parliament for the big cities of Union Territories. A corporation has three authorities. First is the corporation council headed by the Mayor, who is assisted by the Deputy Mayor. The councillors and Mayor are directly elected by the people. Council is a deliberative and legislative organ of the corporation. Second organ of the corporation are the standing committees to deal with various activities like health, education, public works and are empowered to take decisions in their respective fields. The third authority of the corporation is the Municipal Commissioner, who is a government officer and is responsible for the implementation of the decisions taken by the council and standing committees.

2) **Municipalities –** They are setup by the Acts of state legislature for the administration of small cities or towns. It also has three authorities. First the municipal council is the legislative branch of the municipality, and is headed by the Chairman, who in turn is assisted by a Deputy Chairman. The standing committees facilitate the work of municipality in various fields such as health, taxation finance etc. The third authority of the municipality is the Chief Municipal Officer, who is appointed by the state government and is responsible for the general administration of the municipality.

3) **Notified Area Committee –** This may be created either in a town which is fast developing or which may not fulfill the conditions for the creation of a municipality. It is known as Notified Area Committee because it is created through a notification of the state government published in the official gazette. It is not a statutory body and all its members and chairman are nominated by the government. It performs similar functions as performed by a municipality.

4) **Town Area Committee –** It is created by a separate Act of state government for the administration of small towns. It performs a limited number of functions like street lighting, drainage, etc. As provided in the Act, it may be wholly elected or totally nominated or partly elected or partly nominated body.

5) **Cantonment Boards –** They are established to perform municipal functions for civilian population living in cantonment or military areas. Its noticeable feature is that it is created and works under the central Act of 1924 under the administrative control of Ministry of Defence. There are three types of Cantonment Boards depending upon the number of civilian population in the Cantonment Area. It consists of partly elected and partly nominated members. The members are elected for a three year term. The military officer commanding the cantonment station is the ex officio chairman of the Cantonment Board.

6) **Townships –** Townships are established by a public sector undertaking as its housing colony to provide civil amenities to its employees living in township. It has no elected members and its affairs are managed by a Town Administrator appointed by the public sector undertaking.

7) **Port Trusts –** Such urban bodies are established by an Act of the Parliament to manage and protect ports and to provide civic amenities to the port area. It is headed by an official appointed by the central government. It has both elected and nominated members.

8) **Special Purpose Agencies –** The state governments establish some special purpose agencies to perform some specific functions of municipalities. They function as separate bodies not under the control of municipalities. They may be created either by an act of State Legislature or by an order of the executive. Some of these agencies are Housing Board, Water Supply Undertaking, Electricity Supply Undertakings, Urban Development Authorities, etc.

2.3.1 The 74th Constitution Amendment Act of 1992 and Urban Local Bodies

Prior to 1992, Indian local governments did not have a constitutional status but only a statutory status under state law. Therefore, the governance of urban areas was directly under the control of the state government. This changed with the enactment of the 74th Constitution Amendment Act, 1992. For the first time in the history of urban governance, Urban Local Bodies (ULBs) were granted a constitutional position as the third tier of government.

These bodies were given a constitutional outline for conducting regular elections, powers and financial devolution. The Amendment assigned local bodies with the responsibility of providing basic services.

Urban Local Bodies (ULBs) are classified depending on the population:

- Nagar Panchayats: for 'rurban' areas
- Municipal Councils: for smaller urban areas
- Municipal Corporations: for metropolitan areas

"In many States local bodies have become weak and ineffective on account of a variety of reasons, including the failure to hold regular elections, prolonged supersessions and inadequate devolution of powers and functions. As a result, Urban Local Bodies are not able to perform effectively as vibrant democratic units of self-government."

Municipalities were designed to incorporate elected representatives, experts and the Municipal Chairperson. They were awarded a five-year term with re-election scheduled for within 6 months of dilution. Towards this, a state-level Election Commission was established.

The 74th Constitution Amendment Act also sought to institute the Directive Principle of decentralisation in the urban context. ULBs were granted powers and responsibilities in terms of preparation of plans, implementation of development schemes, and administration of taxes. A state level Finance Commission was established to review the finances of ULBs falling within its purview.

In addition to these three tiers of local government, two other important organisational structures — the District Planning Committee and the Metropolitan Planning Committee— have been created under the Constitution. The 74th Constitution Amendment Act also added the 'Twelfth Schedule' to the Constitution. The Schedule (Article 243W) enumerates the functional responsibilities that the municipalities are meant to shoulder.

Table 3.1: Main Characteristics of Urban Local Governments

Type of Municipality	Rationale for Constitution and Brief Characteristics	
	Before 1992	After 1992
Municipal Corporation	• Established in metropolitan areas or big cities • Wider functions and larger powers than councils, enjoy more autonomy and have larger revenue resources • Separation of deliberative from executive functions and vesting of all executive powers in an appointed authority who is independent of the elected body.	• Constituted in "large urban areas"*
Municipal Committee/ Council	• Most popular form of local government in urban areas • Set up in cities and large towns • Extent of State control is relatively larger than corporations	• Constituted in "small urban areas"*
Nagar Panchayat	• Constituted after 1992	• Constituted in "areas in transition from rural to urban"*
Notified Area Committee	• Set up by State government in medium and small towns • Created for areas which do not fulfill conditions for constitution of councils but are otherwise important. • Also created for newly developing towns or areas where industries are being established. • All members including chairman are nominated by State government and not elected.	Abolished
Town Area Committee	• Semi-municipal authority constituted for small towns. • Members are either wholly nominated or wholly elected, or partly nominated and partly elected.	Abolished

Source: *Report of the Committee of Ministers Constituted by the Central Council of Local Self Government (1963); Government of India (1966); Sachdeva, Pardeep (1993); Constitutional Provisions Relating to Village Panchayats and Municipalities in India (1999).*

Note: *A "large urban area", a "small urban area" and a "transitional area" are defined as such area "as the Governor may, having regard to the population of the area, the density of the population therein, the revenue generated for local administration, the percentage of employment in non-agricultural activities, the economic importance of such other factors as the Governor may deem fit, specify by public notification" (Constitutional Provisions Relating to Village *Panchayats* and Municipalities in India, 1999).

The number of municipalities (i.e., municipal corporations, municipal councils and *nagar panchayats*) differs from State to State. It is obvious that States with a large number of urban areas have a higher number of municipalities. There are some States where municipal corporations and/or *nagar panchayats* do not exist. This is due to the fact that the urban areas in such States do not fulfil the conditions for the constitution of a particular type of local government.

Municipalities are constituted by the State governments, which specifies the class to which a municipality shall belong in accordance with the provisions of the municipal Act. For this purpose, size of the urban population is the main criterion. However, in some States consideration is also given to other criteria, such as location of the urban area and the per capita income.

Table 3.2: Criteria for Constitution of Municipalities in some States

Name of State	Type of Municipality and Criteria		
	Municipal Corporation	**Municipal Council**	**Nagar Panchayat**
Haryana	Population of 300,000 or more	Population of more than 50,000 and not exceeding 500,000	Population of not more than 50,000
Rajasthan	Population of 500,000 or more	Population of more than 100,000 and not exceeding 500,000	**Class II:** Located at District Headquarter; population of 50,000 or more and not exceeding 100,000; per capita income of Rs. 200 or more **Class III:** Population of 25,000 or more and not exceeding 50,000; population of less than 25,000 and per capita income of Rs. 150 **Class IV:** Population of less than 25,000

Source: *Municipal Law in Rajasthan, Vol. II (2005: 549-50); The Haryana Municipal Act, 1973 (2005: 47); United Provinces Municipalities Act, 1916 (2004).*

Note: In Rajasthan, *Nagar Panchayats* (also known as Municipal Boards) have been further classified as Class II, III, and IV municipalities; Municipal Corporations and Municipal Councils are referred to as Class I municipalities.

2.3.2 Municipal Legislation

Urban local governments are governed by the provisions of the State municipal Acts. Every State has its own municipal Act. The State legislature is empowered by the central government to decide on the structure, functions and powers to be entrusted to the local governments. Although the content and format of various State municipal Acts is more or less uniform, there are striking differences in the provisions for devolution of powers, functions and funds to local governments

since this is determined by the condition of both the State and the local government. The system is regulated by enactments passed from time to time by State legislatures. Furthermore, municipalities possess powers to draft local byelaws on various provisions for the furtherance of municipal administration. This is due to the fact that each urban area has its own distinct character. The byelaws are sent to the State legislature for approval. The municipal Act is, therefore, a comprehensive guiding legal document for the local government officials and the elected representatives, and byelaws are framed to further clarify the administrative procedures.

In every State, two different types of Acts are generally in use – one for the Municipal Corporations and a common Act for the Municipal Councils and N*agar Panchayats*. In a few States where several municipal corporations exist, the legislature has framed municipal Acts especially for some corporations. The remaining corporations in the State are governed by a common municipal corporations Act.

2.3.3 Composition of Municipalities

There have been significant changes in the composition of municipalities since their constitution. In the ancient period, municipal administration was in the hands of the ruling class or the ruling government and their subordinate offices and departments. Urban citizens were not happy with the prevailing 'centralized approach', which was characterized by excessive bureaucracy. It was gradually realized that because local governments were formed for the welfare of the urban citizens, it was necessary to involve them. This thinking paved the way for citizen's participation in municipal affairs. A select number of urban citizens are now chosen by holding elections to municipalities. For this purpose the municipal area is divided into several wards delineated on the basis of population. There is a contest for the seat/post of councilors in municipalities among the eligible voters at the ward level. One person from each ward is elected to the post of councilor. Elections are also held for the post of a mayor in municipal corporations and a chairperson (also known as a president/chairman) in municipal councils and *nagar panchayats*.

The State government departments are responsible for the organisation of municipal elections. Besides, the State government appointed staff and persons nominated by the State government, citizen's representatives have become a part of the local government. Whereas the appointed staffs are trained to handle their duties, citizens' representatives are more aware of the quality of life at the ward level. The effort of the government has been on maintaining a balance in the distribution of power between the officials and the non-officials and on establishing a democratic form of local government. To enable wider participation in municipal affairs, seats in local governments are reserved for some sections of the society .In addition to the appointed, nominated and the elected functionaries, ex-officio persons are also affiliated to the local government. A typical composition of an urban local government is shown below:

Table 3.3: Composition of Urban Local Governments

Category	Type of Municipality	
	Municipal Corporation	**Municipal Council/ Nagar Panchayat**
Elected Members	• Mayor; Deputy Mayor • Councillors/Elected Ward Representatives	• Chairperson/President; Vice-President • Councillors/Elected Ward Representatives
Ward Representatives	• MPs • MLAs • MLCs	• MPs • MLAs • MLCs
Ex-officio Members		
Appointed Staff	• Municipal Commissioner • Subordinate Staff	• Executive Officer • Subordinate Staff
Nominated Members	• Selected Citizens	• Selected Citizens

Source: *State Municipal Acts.*

Notes: i) Elected Members: There is one seat of Mayor/President, Deputy Mayor/Vice-President in a municipality; there are as many councillors as the number of wards in a municipality.

ii) Ex-officio Members: MP – Member of Parliament; MLA – Member of Legislative Assembly; MLC – Member of Legislative Council.

iii) Appointed Staff: There is one position of Municipal Commissioner/Executive Officer in a municipality; the various sub-committees of a municipality are run by the subordinate staff in association with the elected members and the Municipal Commissioner/Executive Officer. Such staffs do not have the right to vote in the meetings of the municipality.

iv) Nominated Members: A certain number of persons having special knowledge or experience in municipal administration are nominated by the State government. Such members do not have the right to vote in the meetings of the municipality.

Box 3.1 : Reservation of Seats in Municipalities (Article 243 – T)

1) Seats shall be reserved for the **SCs and STs** in every Municipality and the number of seats so reserved shall bear, as nearly as may be, the same proportion to the total number of seats to be filled by direct election in that Municipality as the population of the SCs in the Municipal area or of the STs in the Municipal area bears to the total population of that area and such seats may be allotted by rotation to different constituencies in a Municipality.

2) Not less than one-third of the total number of seats reserved under clause (1) shall be reserved for **women belonging to the SCs or as the case may be, the STs**.

3) Not less than one-third (including the number of seats reserved for women belonging to the SCs and the STs) of the total number of seats to be filled by direct election in every Municipality shall be reserved for **women** and such seats may be allotted by rotation to different constituencies in a Municipality.

4) The offices of **Chairpersons** in the Municipalities shall be reserved for the SCs, the STs and women in such manner as the Legislature of a State may, by law, provide.

5) The reservation of seats under clauses (1) and (2) and the reservation of offices of Chairpersons (other than the reservation for women) under clause (4) shall cease to have effect on the expiration of the period specified in Article 334.

6) Nothing in this Part shall prevent the Legislature of a State from making any provision for reservation of seats in any Municipality or offices of Chairpersons in the Municipalities in favour of **backward class** of citizens.

Today, there are around 5161 ULBs with Municipal Corporations, Municipal Councils and Nagar Panchayats, besides Cantonment Boards.

2.3.4 Duties of Municipalities

The basic objective of an urban local government has changed from the maintenance of law and order in the early years to the promotion of the welfare of the community in recent times. The State municipal Acts provide an exhaustive list of functions, which are classified into obligatory and optional or discretionary functions. The former have to be necessarily performed by the local government and for which sufficient provision in the budget has to be made. Failure to perform any of these functions may compel the State government to supersede a municipality. Discretionary functions may be taken up depending upon the availability of funds. Municipal functions listed in the State municipal Acts generally fall in the following broad categories: (a) public health and sanitation; (b) medical relief; (c) public works; (d) education; (e) development; and (f) administrative .

Table 3.4: Functions of Urban Local Governments

S.No.	Category	Description
1	Public Health and Sanitation	Water supply, public vaccination, control of diseases, prevention of pollution, collection & disposal of rubbish, maintenance of sewers, etc.
2	Medical Relief	Establishment & maintenance of health institutions, etc.
3	Public Works	Construction & maintenance of streets, bridges, etc., control & regulation of building activity, street lighting, tree plantations, etc.
4	Education	Establishment & maintenance of educational institutions, etc.
5	Development	Construction & maintenance of markets, shopping centres, drinking water standposts, wells, parks, gardens, etc.; preparation of comprehensive plans for development & growth of town, etc.
6	Administrative	Preparation of annual reports, maintenance & development of municipal property, regulation of traffic, registration of births & deaths, etc.

Source: *Government of India (1966: 20-23); Municipal Acts of various States.*

Furthermore, the Seventy-Fourth Amendment Act, 1992 provides that State legislatures may endow municipalities with 18 functions. Whereas many of these functions (such as urban planning, water supply, sanitation, slum improvement, etc.) were already listed in the municipal Acts of most States, certain new functions have been included, namely planning for economic and social development; urban forestry, protection of the environment and promotion of ecological aspects; safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded; urban poverty alleviation; and promotion of cultural, educational and aesthetic aspects. It is understood that the listing of the 18 functions has been done to ensure that State governments give priority to at least those functions that are of importance to every urban area. In most State municipal Acts, the list of 18 functions has been inserted.

Box 3.2: Powers, Authority and Responsibilities of Municipalities (Article 243 – W)

Subject to the provisions of this Constitution, the Legislature of a State may, by law, endow:

a) the Municipalities with such powers and authority as may be necessary to enable them to function as institutions of self-government and such law may contain provisions for the devolution of powers and responsibilities upon Municipalities, subject to such conditions as may be specified therein, with respect to:

   i) the preparation of plans for economic development and social justice;

   ii) the performance of functions and the implementation of schemes as may be entrusted to them including those in relation to the matters listed in the **Twelfth Schedule**;

b) the Committees with such powers and authority as may be necessary to enable them to carry out the responsibilities conferred upon them including those in relation to the matters listed in the Twelfth Schedule.

Twelfth Schedule

1) Urban planning, including town planning;
2) Regulation of land-use and construction of buildings;
3) Planning for economic and social development;
4) Roads and bridges;
5) Water supply for domestic, industrial and commercial purposes;
6) Public health, sanitation, conservancy and solid waste management;
7) Fire services;
8) Urban forestry, protection of the environment and promotion of ecological aspects;
9) Safeguarding the interests of weaker sections of society, including the handicapped & mentally retarded;
10) Slum improvement and upgradation;
11) Urban poverty alleviation;

12) Provision of urban amenities and facilities, such as parks, gardens, playgrounds;
13) Promotion of cultural, educational and aesthetic aspects;
14) Burials and burial grounds; cremations, cremation grounds and electric crematoriums;
15) Cattle pounds; prevention of cruelty to animals;
16) Vital statistics, including registration of births and deaths;
17) Public amenities, including street lighting, parking lots, bus stops and public conveniences; and
18) Regulation of slaughterhouses and tanneries.

Source: *Constitutional Provisions Relating to Village Panchayats and Municipalities in India*

2.3.5 Division of Powers - Elected, Nominated and Administrative

The 74th Constitution Amendment Act provides the outline for elected and nominated councillors. The number of elected councillors varies according to the population of an area. Nominated councillors are to be selected by the elected councillors for their expertise in municipal administration. However, they are not granted voting rights.

The municipal corporation – organisational Structures

The 74th Constitution Amendment Act does not specify any specific organisational structure for municipal administration in India. This is an issue for state legislation and the structure differs from state to state.

The Ministry of Urban Development drafted a Model Municipal Law, 2003 which was circulated to state governments. The rationale for the lack of a centrally administered Municipal Model is that local bodies need to be flexible to respond better to local requirements. As detailed below, two broad models are commonly in use.

i) Commissioner system

The mayor

The Mayor in the Municipal Corporation is typically chosen through indirect elections by the councillors among themselves, for a term of one year, which is renewable. The Mayor does not have executive authority. Councillors and Committee Councillors act as a committee. The most powerful committee is the standing committee, which functions as the steering board exercising executive, supervisory, financial and personnel powers. It is composed of elected members varying in number between seven and sixteen through a system of proportional representation of councillors.

The Executive

The Municipal Commissioner acts as the Chief Executive Officer and head of the executive arm of the Municipal Corporation. All executive powers are vested in the Municipal Commissioner. The powers of the Commissioner are provided by the statute and delegated the Standing Committee.

ii) Mayor in council model

This form of city governance is similar to a cabinet government and follows the framework of state and national governments. This model consists of a Mayor and a cabinet, with individual portfolios, chosen from among the elected councillors. The Municipal Commissioner acts as the Principal under the supervision of the Mayor who is the Chief Executive Officer.

Although the above "model" structure may seem relatively simple, in reality, urban governance is a confusing mix of multiple agencies. Some are new while others are legacies of older regimes; some are answerable to local government while others to state level or even national government.

In this session you have been read about the Municipal System in India, now answer the questions given in Check Your Progress 2.

Check Your Progress 2

Note: a) Write your answer in about 50 words

b) Check your answer with possible answers given at the end of the unit

1) What are main components of 74th Constotution Amendment Act ,1992?

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2) What are the duties of municipality?

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2.4 URBAN GOVERNANCE IN INDIA: STRUCTURAL CHANGES AND INNOVATIONS

India has been experiencing several changes in the political and economic space, which have some implications to governance and, so also, to urban governance. India had followed mixed economic model with public sector leading the economy and public spending determining the welfare of the society. There was a significant deviation in this approach through economic policy reforms in 1991 that were brought as a necessity to make India emerge as a strong economy in line with competition from other countries. With this added pressure on services, in addition to the pressures from rapid urbanization gripping the country in 1980s, markets emerged as important institution in the wider allocation of resources, in their ability to mop-up and bring-in private resources in economic activities and in representing the needs (and aspirations) of growing consumer class in cities.

2.4.1 Legal Provision relating to Municipal Governance

74th Constitutional Amendment Act in 1992 sought to give a new lease of life to municipal bodies by identifying them as the third tier of urban governance.The Amendment Act focused on devolving additional functions to the municipal bodies and urging the state governments to assign them more taxation powers commensurate : to their additional responsibilities.These are as follows:

i) Municipal elections and functioning of ward committees

As per a study conducted by the NIUA (National Institute of Urban Affairs), municipal elections have been held by most of the states. Nine states have constituted ward committees to ensure representation from each ward in the decision-making process. However, ward committees are functional only in Tamil Nadu and Kerala. In fact, Kerala is the only state where the ward committees are functioning successfully in each and every ward and in towns having population above 1 lakh .

ii) Transferring of functional responsibilities

Most of the states have incorporated provision in the Municipal Acts for the devolution of power to the municipal bodies. However, the extent of functions devolved differs from state to state. The states of Kerala, West Bengal, and Tamil Nadu have in fact assigned some additional responsibilities apart from those mentioned in the 12th Schedule.

iii) State finance commission and financial reforms

The finance commissions constituted in various states of India have attempted a detailed review of the financial position of the municipal bodies. Most states have constituted two SFCs (state finance commissions) so far.

iv) Constitution and functioning of DPCs and MPCs

The DPCs (district planning committees) were constituted with a view to achieving integrated regional planning. It was envisaged that the DPCs would prepare draft development plans, including spatial plan for the district, and would integrate the common interest of the rural and urban areas within the district. Their role would also be advisory to the local bodies in preparation of development plans and their effective implementation. Coordination and monitoring of implementation of district development plans and allocation of resources to local bodies for planning and implementation of local-level projects contained in the district development plans would be another area of intervention by the DPCs.

MPCs (metropolitan planning committees) were to be constituted in every metropolitan area. The purpose was to accord constitutional recognition to metro-regional planning with a view to augmenting investment in economic activities and infrastructure, by putting in spatial planning inputs. MPCs would be responsible for functions such as preparation of draft development plan for the metropolitan areas, spatial coordination of plans prepared by the municipalities and panchayats in the metro area, and recommending modifications in the local area plan. The MPCs would also advise local bodies in preparation of development plans and, thereafter, monitor effective implementation of approved development plan of the region.

It is widely held in the public finance literature that the Act, however, did not address the mobilization of resources to cover financial requirements of service provision but, rather, exacerbated it by the addition of new functions. Yet, as noted earlier, cities have not done enough in terms of improving governance modes and building governance structures that can anticipate changes and prepare themselves for the same. The capacity of many local governments to plan and manage their cities is limited and, as a result, they are not able to meet the challenges of increasing demands.

2.5 IMPEDIMENTS IN IMPROVED URBAN GOVERNANCE

Urban governance and management have predominantly been the constitutional domain of state governments. The municipal bodies have been functioning under state governments, which have been delegating authority, powers, and functions to them through state legislative enactment. These local institutions of urban government have become weak over the years due to a host of factors, including encroachment on traditional and legitimate municipal functions by creating parastatals and urban development authorities, weak executive system, fragile fiscal health, and inadequate staffing and expertise in municipal management .

i) Issues in decentralization

As discussed in the earlier section on implementation of the 74th Constitutional Amendment, states have incorporated provisions in their Municipal Acts for transferring additional functions to the municipal body, but the extent of functions transferred differs from state to state. Further, the performance of Municipal Bodies in undertaking these functions varies from city to city even in the same state. Discussions with stakeholders brought out that capacity and resource constraints of municipal bodies are the major reasons for this difference in their performance. While the larger municipal corporations still have access to funds, the smaller municipal councils are financially very weak. Further, the devolution of functions to the municipal bodies is also affected by the fact that in some cities, the parastatals, which traditionally delivered certain basic functions, have not been dismantled. As a result, they continue to perform certain functions that may have legally been passed on to the municipal bodies. The continued existence of the parastatals has led to overlaps and often conflicts in the roles and responsibilities of each agency involved in municipal governance. In such a scenario it becomes difficult for the citizens to hold any particular agency responsible for inadequate service delivery.

ii) Financial impediments

The ULBs are financially weak, and while there is provision to levy and collect adequate user, charges, such provisions are not fully utilized. Many municipal bodies are running into deficits and are heavily dependant on government grants. The state budgetary allocations have, however, been drying up for most states, and it is being realized that the traditional system of funding based on plan and budgetary allocations will only reduce in the future.

iii) Operational capacity issues

Most ULBs face problems due to lack of capacity, improper staffing patterns, and lack of standardization. They do not have the institutional, operational, educational, and legal capability to develop commercially viable infrastructure projects, mobilize resources for the projects, and implement them. Lack of adequate training is the main impediment in introducing new technologies and management styles in the working of the municipal corporations. E-governance initiatives, accounting reforms, and in fact, even private participation all require a certain level of training of the staff on IT systems, accounting norms, and so on.

iv) Insufficient public participation

The urban governance system lacks people's involvement in the decision-making process. While there is little effort on part of the municipal bodies to include people in the process, the problem gets compounded by the fact that there is very little awareness amongst citizens themselves on their role in the governance process.

v) Issues in transparency and accountability

The lack of transparency and accountability in the working of urban local bodies has already been brought out in the earlier discussions on the Municipal Disclosure Law. The main impediment towards achieving transparency and accountability is not the lack of understanding on the need for the same but the lack of means to achieve the same. Most ULBs are severely capacity constrained both in terms of funds and manpower. In such a scenario, it becomes difficult to put in places systems that would enhance accountability. In fact, the root cause of the problem of inefficient service delivery is the capacity constraints of ULB.s.

2.6 MEASURES TO STRENGETHEN URBAN GOVERANCE

The Planning Commission of India constituted a Working Group on Urban Governance for formulation of 12th Five Year Plan. Some of the recommendations of the committee for strengthening urban governance are as follows:

1) **Standardizing the classification of ULBs**: The states should adopt standard norms for classification of ULBs. It would be advisable that all the municipalities should be reclassified into three categories: Municipal Corporation for large urban areas of 5 lakh and more population; Municipal Council for urban areas of 1 lakh to 5 lakh population and Nagar Panchayat for towns below 1 lakh population.

2) **Strengthening Ward Committees:** There is wide variation in the functioning of ward committees across the state. Although, the legal provisions for the constitution of a Wards Committees have been made in most of the states, the actual spirit of the Amendment is diffused. Hence, constitution of ward committees and their functioning needs to be incentivized. Further, there is a need to establish area sabhas and to create the linkage between area sabhas and ward committees so as to ensure that accountability and participatory processes became a reality.

3) **Strengthening Metropolitan Planning Committees:** The 74th Amendment specific establishment of a Metropolitan Planning Committee (MPC) for preparing development plans at the metropolitan level. However, MPCs are yet to evolve as per the spirit of the constitutional amendment. Only a few states have initiated creation of such entities. The central government needs to support the state government in this respect.

4) **Empowerment of political office bearers:** The Mayors or Chairpersons of the ULBs should be accountable to people and need to have power and tenure commensurate with this objective. The local conditions should determine whether the cities should adopt a "Mayor in Council" system or an "Executive Mayor" system. In addition, there is a critical need for building the capacity of the political executive specifically in areas such as sensitization vis-à-vis the need for reforms, service level benchmarks, etc.

5) **Convergence of functions of Parastatals/State Bodies with Local Bodies:** Historically, due to poor staffing and technical capabilities of the Local Bodies, a number of Para-Statal Bodies were created for providing services listed in the 12th Schedule. Consequently, a large number of parastatals, including Development Authorities, Water Supply & Sewerage Boards, Slum Housing & Development Boards, PWD etc. have been performing various functions which could have been vested with the Local Bodies in accordance with the mandate of the 74th Amendment. The multiplicity agencies providing various services in the Urban Sector has led to overlapping, ambiguity and wastage of resources. Over and above that, the parastatal bodies are not elected Bodies and are not directly answerable to the citizens. There is a need for activity mapping for these bodies.

6) **Framework for Governance of Mega Cities:** The problems of megacities are admittedly complex. The large scale of interventions required for core services such as water supply, sanitation and roads, leads to formidable administrative challenges. This is made more complex as trunk services historically have not been mapped or digitized, unregulated use of vacant lands have lead to haphazard growth, proliferation of slums, unauthorized construction and encroachment. Therefore, the challenge before the mega cities is how to ensure good municipal administration keeping in view such large complexities. There is a need for creating a governance system for these cities.

7) **Strengthening the Organisational Capacities:** The poor quality of urban managers is one of the major reasons for sub optimal urban administration. The manpower available in most of the urban local bodies is not equipped with the necessary technical and planning skills to meet the growing urban challenges. There is an urgent need for increased investment, financial management and audits in local bodies. Thus, creation of a municipal cadre is essential.

8) **Regulatory Mechanisms for Delivery of Basic Urban Services:** An Independent Urban service Regulator is the need of the hour as the current paradigm of service provider deciding service levels and tariff is outdated. The regulator would monitor provision of service as well as tariff regime and ensure transparency and efficiency.

9) **Public Private Partnership:** PPPs which are structured around a robust revenue model (including user charges, targeted subsidies, and viability gap funding) and offer a good prospect of return on investment can contribute to systemic gains and better management of urban services. The State governments should bring out a legislative framework to address the entire gamut of issues in implementation of PPP Projects and develop clear policies with regard to identification of projects which can be developed and implemented on PPP basis, delivery processes, project development, approval and implementation process, guiding principles of contract management, etc.

10) **Accountability and Citizen Participation:** A more interactive and participative framework should be followed by ULBs to ensure greater accountability to the citizens. Citizen Report cards, like the one prepared by the Public Affairs centre in Bengaluru, need to be replicated across all cities.

11) **Use of E-Governance and Technology for Improvement of Delivery of Services and Need for Database:** The information Technology (IT) can play an important role in improving governance. With municipal administration becoming increasingly complex, the benefits of IT adoption are becoming more and more visible across several municipalities. The tools of IT and E-Governance should be strengthened and adopted in all the ULBs and for this, whatever skill upgradation is required, should be done.

In this session you read about the lacunas of urban governance and steps required to strengthen them, now answer the questions given in the Check Your Progress 3

Check Your Progress 3

Note: a) Write your answer in about 50 words

b) Check your answer with possible answers given at the end of the unit

1) What are the impediments in improved urban governance?

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2) What are the broad aims of implementing e-governance in municipalities?

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2.7 LET US SUM UP

The phenomenon of urbanization, globalization and liberalization are increasing pressure on service delivery in the cities of developing countries that are engulfed by vast number of problems. Unfortunately, most of the cities are ill equipped to tackle the problems and pressures because either they gave inadequate thought about the trajectories of city growth or because they did not plan and allocate resources to do it; even otherwise, there are inefficiencies built-in through traditional designs of institutions of service delivery made on political and bureaucratic forces. This is leading to government failures in service delivery, which can be addressed by institutional innovations under partnership mode (apart from governance reforms) to steer urban governance in right direction. However, policy reforms are also needed so that right kinds of incentives prevail for nurturing new institutions.

2.8 KEYWORDS

Governance, Partnership, Management, Network, Municipal, Organisational, Efficiency, Urban, Reform, Accountability, Participation

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2.10 CECK YOUR PROGRESS POSSIBLE ANSWERS

Check Your Progress 1

1) What are principles of good governance?

A) (a) Participation (b) Rule of Law (c) Transparency (d) Responsiveness (e) Consensus orientation (f) Equity, Efficiency and Effectiveness (g) Accountability (h) Strategic Vision

2) How do you measure effective Urban Governance?

Urban Governance is derived from the concept of governance in relation to urban areas to be reflective of how the various constituents of public service delivery are organized to increase the welfare of citizens (both current and future). It can be measured relatively, and somewhat subjectively, how effective the institutions are in terms of the principles of sustainability, decentralization, efficiency, equity, participation, transparency, accountability, civic engagement and citizenship, and security.

3) Who are the key players in decision making and implementation process of governing the cities?

There are two key players involved in the decision-making and implementing process, and also of the institutional structures that support them.

The decision makers can be categorized into two broad categories:

Government: This includes in a federal state the Union, State and Local Governments .

Civil Society: This includes community groups, the urban poor, NGO's, business establishments, and the media. Effective governance at the last mile, in a healthy democracy is dependent on the participation of citizens and the capacity of local governments to govern efficiently.

Check Your Progress 2

1) What are main components of 74th Constotution Amendment Act ,1992?

The 74th Constitution Amendment Act also sought to institute the Directive Principle of decentralisation in the urban context. ULBs were granted powers and responsibilities in terms of preparation of plans, implementation of development schemes, and administration of taxes. A state level Finance Commission was established to review the finances of ULBs falling within its purview. In addition to these three tiers of local government, two other important organisational structures — the District Planning Committee and the Metropolitan Planning Committee— have been created under the Constitution. The 74th Constitution Amendment Act also added the 'Twelfth Schedule' to the Constitution. The Schedule (Article 243W) enumerates the functional responsibilities that the municipalities are meant to shoulder.

2) What are the duties of municipality?

The State municipal Acts provide an exhaustive list of functions, which are classified into obligatory and optional or discretionary functions. The former have to be necessarily performed by the local government and for which sufficient provision in the budget has to be made.Discretionary functions may be taken up depending upon the availability of funds. Municipal functions listed in the State municipal Acts generally fall in the following broad categories: (a) public health and sanitation; (b) medical relief; (c) public works; (d) education; (e) development; and (f) administrative .

Check Your Progress 3

1) What are the impediments in improved urban governance?

Issues in decentralization

The devolution of functions to the municipal bodies is also affected by the fact that in some cities, the parastatals, which traditionally delivered certain basic functions, have not been dismantled. As a result, they continue to perform certain functions that may have legally been passed on to the municipal bodies.

Financial impediments

The ULBs are financially weak, and while there is provision to levy and collect adequate user.,charges, such provisions are not fuly utilized,

Operational capacity issues

Lack of adequate training is the main impediment in introducing new technologies and management styles in the working of the municipal corporations. *Insufficient public participation*

The urban governance system lacks people's involvement in the decision-making process.

Issues in transparency and accountability

The main impediment towards achieving transparency and accountability is not the lack of understanding on the need for the same but the lack of means to achieve the same.

2) What are the broad aims of implementing e-governance inmunicipalities?

Focus on clearly identified citizen services that would be covered with clearly laid down service levels and outcomes to be achieved.

- Improve efficiency and effectiveness in interaction between local government and its citizens and other stakeholders.
- Improve quality of internal local government operations and management information systems to support and stimulate good governance.
- Bring about transparency and accountability in urban local body operations.
- Help improve reach of the delivery of services to citizens.

UNIT 3 URBAN E-GOVERNANCE

Structure

3.1 Introduction

3.2 Need and Importance of e-Governance in Urban Development

3.3 Initiatives of e-Governance: International Experiences

3.4 Initiatives of e-Governance: National Experiences

3.5 Challenges in e-Governance

3.6 Let Us Sum Up

3.7 Keywords

3.8 References/Selected Readings

3.9 Check Your Progress – Possible Answers

3.1 INTRODUCTION

Generally speaking, e-governance or electronic governance in urban development is the use of information and communication technologies (ICT) in the operation and maintenance of urban services. ICT helps to introduce a wide range of ways in which government should use the Internet and computer networks for improving collaboration and cooperation between ministries; making government services more transparent, efficient and effective for the public by sharing accurate and up-to-date information and improving people's access to government services; boosting public sector accountability, transparency, efficiency and effectiveness. E-governance can also help streamline activities, cut costs and paperwork and help the city governments make more informed development decisions.

Many countries worldwide have been reforming their governments and public service delivery. They use ICTs as a key way to bring about urban development. To illustrate, introduction of e-government initiatives is being perceived as a major tool in meeting the challenge that Africa is facing in bringing about city development. In many countries, for a simple transaction such as obtaining a form, a large number of citizens spend most of a day at a local administration office. Too often, they do not know fully about the range of available public services, what they are entitled to, or how the services are delivered. For civil servants, processing the transactions manually is a time-consuming exercise, which introduces human errors and corruption. Information that they collect is kept within particular departments and not shared among ministries and agencies. Decision makers do not have accurate and up-to-date information, analysis and forecasts on their country's socio-economic development, which are critical in making informed decisions based on evidence.

The initiative of the use of information technology (IT) in urban management started in the late nineties, especially after the adoption of the 74th Constitutional Amendment Act (CAA) in 1994, when urban local bodies (ULBs) became constitutional entities of local governance. Prior to this, local governance was the mandate of the state governments where the ULBs were supposed to perform certain functions mandated to them by the state governments. The passage of the 74th CAA resulted in the increased role of the ULBs in local governance. Further,

the central government launched the programme of Jawaharlal Nehru National Urban Renewal Mission (JNNURM) in 2005 where adoption of reform in e-governance became mandatory for all the 65 Mission cities (all State capitals, all million plus (population) cities and cities of historical interest). The use of ICT is expected to help the ULBs and state governments to curb corruption, reduce time for the provision of civic services and bring about transparency in urban management. The 65 ULBs are in different stages of adoption of reforms and are committed to adopt a complete computerized system of service delivery by the end of the mission period.

After studying this unit you should be able to:

- Discuss the meaning and concept of e-governance.
- Describe various initiatives of e-Governance in different development sub-sectors in urban areas with the help of examples/case studies.

3.2 NEED AND IMPORTANCE OF E-GOVERNANCE IN URBAN DEVELOPMENT

3.2.1 Need for E-Goverance

E-Governance which is a short form for electronic governance, also known as digital governance or online governance refers to the use of ICT to provide and improve government services, transactions and interactions with citizens, businesses, and other arms of government. While e-government is often thought of as *online government* or *Internet-based government*, many non-Internet *electronic government* technologies can be used in this context, like telephone, fax, wireless networks and services etc.

E-Governance has become an essential tool for urban development by involving the use of IT in:

- Improving transparency;
- Providing information to the citizen speedily;
- Improving administrative efficiency; and
- Improving public service such as transportation, power, health, water, security and municipal services.

One of the important components of e-Governance solution is the Geographical Information System (GIS). The GIS has helped in systematic mapping of four aspects:

- **Revenue mapping** – showing details of all municipal taxes and charges like property tax levied on various assets. This will help the officials by improving assessment and thereby increasing collection of revenues.
- **Municipal infrastructure mapping** – showing the details of municipal infrastructure like roads, solid waste management system, streetlight, housing, etc., thereby helping the city planners in town planning.
- **Resource and assets mapping** – showing specifically the assets for optimum utilization and hence providing better services to the citizens.

- **Poverty mapping**– showing socio-economic attributes of the poor households. This will help in targeting the correct citizens for the correct services.

3.2.2 Importance of e-governance

Urban areas are currently the largest contributors to global energy consumption and climate change. The world's 20 largest cities alone – each with a population exceeding 10 million – are responsible for 75 percent of the planet's energy use. Added to this is the rapid development of metropolitan areas around the globe as well as the need to renew outdated 20th century infrastructures in cities. The scopeof ICT in addressing these urban challenges is tremendous.

The further development of the information/knowledge/network society is now a common goal of many authorities round the world. Modern telecommunications can be seen not only as a new way of working but also as a new form of urban management. Delivery and management of urban services can be better done by e-governance. This may be true for property tax collection; vehicle tracking or efficient transport services. The quality and diversity of conventional transportation networks and services are important locational factors for many industries and activities. Therefore, analogously, one may suppose that ICT and its applications will, over the course of time, similarly come to affect spatial development and thus one may argue that with this in mind, ICT should already now be taken into account in all future spatial planning processes. In the policies and plans for sustainability and eco responsibility in cities, much attention has been directed to three sectors: the built environment, energy, and mobility. At the commencement of the 21st century, it is obvious that a fourth, equally important element must be addressed that is ICT.

This era is the start of a dialogue about how cities can create coherent, long term policies and plans to manage the environmental impacts of ICT and utilize ICT strategically to create sustainable 21st century cities. ICT products and systems are a significant and rapidly growing part of the environmental footprint of modern urban life. They are resource intensive in manufacturing and distribution, consuming ever greater amounts of energy while in use, and producing escalating volumes of solid and toxic waste.

ICT products, systems and networks are the essential drivers of productivity improvements and innovation for the 21st century. They will be the enablers of sustainability solutions in all networks of urban life: buildings, energy production and use, mobility, water and sewage, open spaces, education, and public health and safety. ICT innovation is also the catalyst for changes in personal, work and community life that will be a fundamental requirement for sustainable economic development.

Until now, little attention has been given to measuring the eco footprint of ICT in cities, or to clearly understand its role in enabling other sustainability initiatives. Because ICT systems and products are literally everywhere in modern life, it is difficult to see and understand that each device is part of a whole system globally linked by networks to create, manipulate, store, move and present information for humans and machines. To successfully manage the ICT environmental footprint and realize the benefits for enabling sustainability, a city must have a vision and strategy for ICT that encompasses all organizations and constituencies.

ICT helps develop an innovative combination of advanced technologies that meet the unique needs and vision for each urban area. Some of these technologies include:

- Vehicle tracking/identification systems;
- Dynamic congestion-charging programmes;
- Video communication solutions;
- Integrated transportation management systems;
- Global positioning system (GPS), radio frequency identification (RFID) and other sensor technologies;
- Broadband, wireless and intelligent infrastructures; and
- Collaboration technologies in the creation of innovative work environments.

A study about the relationship between the quality of local e-government services and the levels of Internet access in the 12 regions of the United Kingdom reveals that lower quality of local e-government services correlate with low levels of Internet access. In Taiwan, electronic tax-filing systems, the implications of technology acceptance and perceived credibility of the systems are positive factors that influence adoption of e-government services. Whether e-government in the future will be a method for including more citizens in a government or excluding less technologically educated citizens remains a concern. Many information policy issues are likely to present significant challenges to the development of e-government. These are:

- Ensuring ability to use required technologies;
- Educating citizens about the value of e-government;
- Ensuring access to useful information and services;
- Coordinating local, regional and national e-government initiatives;
- Developing methods and performance indicators to assess the services and standards of e-government;
- Providing consistent and reliable electricity, telecommunications, and Internet access;
- Addressing issues of language and communication;
- Preventing e-government from lessening responsiveness of government officials; and
- Including individuals with disabilities in e-government.

3.3 INITIATIVES OF E-GOVERNANCE: INTERNATIONAL EXPERIENCES

Examples of e-Governance practices followed in some of the developed countries are given below:

3.3.1 Automated Building Plan Approval: Case of Singapore

Singapore is a key hub in the development of the global information and knowledge economy. Part of the developing e-Business capability in Singapore

is the Construction and Real Estate Network project (CORENET). This world's leading initiative has changed the entire perception of building planning in Singapore. Key to the success of CORENET is Automated Code Checking, which allows automated approval of building plans over the Internet. Received data is stored and checked within EXPRESS Data Manager software.

CORENET is a major IT initiative undertaken by the Singapore Ministry of National Development to re-engineer the business processes of the construction industry and achieve a quantum leap in turnaround time, productivity and quality. CORENET centres on developing IT systems to integrate the four major processes of a building project life cycle, supported by key infrastructures, to provide a *One-Stop Submission Centre* (OSSC) to facilitate electronic submission, processing and approval of building project documents over the Internet.

The specific objectives of CORENET are:

- To speed up the business planning and project evaluation processes in the building industry by making all relevant information readily available to all players in the industry;
- To streamline the design-related processes by having all industry professionals work with one common set of electronic plans instead of separate paper and electronic plans presently used;
- To evaluate the compliance of building design to statutory requirements with minimal intervention and guidance from the regulatory authorities;
- To move towards common procurement procedures and document standards; and
- Integrated Building Plan and Building Services System (IBP/IBS).

One of the major projects in CORENET is the IBP/IBS which is an expert system that automatically performs checks on digital plans for compliance with building plan and building services regulatory requirements. The design checking and approval process using the manual approach is time-consuming and inefficient. Automating this process eliminates potential delays as well as avoids inconsistencies in code interpretation.

One-Stop Plan Submission of Building Plans

It is a virtual submission centre to facilitate round the clock electronic submission and approval of digital building plans. It will be an advanced e-government solution for industry professionals such as architects, structural, mechanical and electrical engineers. Automated compliance checks are performed on the relevant parameters of the proposed building against the building codes and compliance regulations. Payment of fees done with the help of electronic. The system saves the industry travelling time to the 13 regulatory agencies and brings about significant manpower and cost savings to both industry and agencies.

3.3.2 Smart Work Centers: Amsterdam

This network of Smart Work Centers (SWC) is part of collaboration between Cisco and the City of Amsterdam under the Connected Urban Development program (CUD), which serves to address modern urban challenges including mobility, climate, energy and sustainable ways of urban management. The Double

U Smartwork aims at a one stop shop for location providers, individual users, independent professionals and corporate users, where all SWCs can be booked directly by a central booking tool.

SWCs comprise a regional network of neighbourhood professional work and community centres supporting travel virtualization and enabling mobile working practices. SWCs offer a professional work environment near residential areas to lower energy use and carbon emissions. Estimates revealed that users have saved on an average of 66 minutes of commuting time per day.

An SWC is a physical facility where high quality workplace solutions are offered to professional workers in a neutral, centrally located and easily accessible environment. To minimize traffic, an SWC is located in the vicinity of roads, traffic junctions, stations and residential areas. Currently, there are several providers of SWC-like facilities in the Netherlands. The Double U Smartwork Foundation serves as a coordinating platform for SWC providers and aims to develop a national network. Users, regardless of where they live or reside, should have access to a good workplace within biking distance. Until recently, existing SWCs were too fragmented and locally focused, therefore, employers operating on national level were not interested in offering their employees an alternative working spot. Double U links a network of over 50 open and SWCs, with the plan to extend to 100 national centres.

Smart Work Centers are well equipped and go beyond providing a workplace. The services and facilities are not only meant to facilitate work itself, but also to provide work related services as day-care and catering facilities.

Anyone can use the facilities offered by one simple online booking system. Through the portal, users can quickly find the nearest location with the right facilities, whether they are on the road or at their workplace. The available providers are automatically displayed.

3.3.3 An Energy Efficient City: Madrid

Madrid is one of the first pilot projects carried out in Spain within the Connected Urban Development program (CUD), in which companies and cities partner to contribute to the development of sustainable, efficient and innovative cities through the use of connectivity and new technologies. Promoted by the Municipal Company for Housing and Lands of Madrid; Cisco and technology partner Telvent, have deployed network infrastructure, connectivity and control systems in a pilot, apartment building in the city. The development is intended as temporary housing on a rental basis to young people in Madrid.

The *Energy Efficiency Manager* installed in homes can, at any time and in real time, manage energy consumption, controlling emissions of carbon dioxide and make decisions about the way in which residents make use of energy both at the individual apartment level and throughout the building. In the future, this is intended to extend across the urban community. The solution, which allows consumers to set limits and comparisons of weekly, monthly or yearly consumption, provides to citizens and municipal managers, daily tips to improve efficiency and be more environmentally responsible.

Urban Eco-Map is part of the global Urban Services Platform approach toward which visionary cities and the ICT industry are moving. Urban Eco-Map provides real-time environmental intelligence to enable citizens, communities, cities, countries and businesses alike to make smart ecological decisions and to develop policies that improve the sustainability of cities. Through this comprehensive view of eco-data, we can now take a global *pulse* of the eco-health of our planet.

3.3.4 Urban Eco Map: San Francisco

Urban Eco-Map: A pilot co-developed with the City and County of San Francisco, Urban Eco-Map provides cities with relevant data regarding primary greenhouse gas contributors – transportation, waste and energy – to help city residents take action to reduce their emissions.

3.3.5 Personal Travel Assistant: Seoul

Personal Travel Assistant (PTA): PTA is a Web-based service that allows residents in Seoul and Amsterdam to make on-the-go travel decisions based on time, cost and carbon impact. It offers *virtual assistant* features that provide transit guidance based on user preferences via any Web-enabled device, from any location.

In this session you read about urban e-governance and e-governance practices in developed countries, now answer the questions given in the Check Your Progress 1

Check Your Progress 1

Note: a) Write your answer in about 50 words

b) Check your answer with possible answers given at the end of the unit

1) What do you mean by e-governance?

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2) Explain the importance of e-governance and how e- governance has helped urban management across countries with examples.

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3.4 INITIATIVES OF E-GOVERNANCE: NATIONAL EXPERIENCES

Examples of e-Governance practices in some of the Indian states are narrated below:

3.4.1 Computer-Aided Registration of Deeds and Stamp Duties: An Initiative of the Andhra Pradesh Government

E-governance has helped the state revenue departments to register properties in less time, store information scientifically and bring about transparency in the system. Such an initiative was taken in Andhra Pradesh in the late eighties, where the Computer-aided Administration of Registration Department (CARD) project has brought about computerized counters at land registration offices throughout Andhra Pradesh. The project aimed at altering the antiquated procedures that had governed the registration system of the state, which included the laborious copying and indexing of documents as well as their unscientific space-consuming preservation in ill-maintained backrooms. The state had a flourishing business of brokers and middlemen who exploited citizens selling or buying property. The CARD project is an attempt to reform this system through the use of IT[1]. With the introduction of CARD, citizens now complete registration formalities within a few hours. The CARD project illustrates some of the key implementation issues the state and national governments may face in their efforts to use IT to improve citizen-government interfaces and serves as a best practice to be replicated by them (J. Satyanarayana, 2002).

The idea of introducing computers was originated in 1988 in Andhra Pradesh when a project was initiated to computerize the process of issuing Encumbrance Certificates. 386 server operating with 14 terminals was set up at a cost of about $31,000 (Rs 1.33 million). Data entry of index registers of the twin cities of Hyderabad and Secunderabad was initiated. The National Informatics Centre (NIC) provided the technical assistance. The entry of 15 years of data went on until 1995 when a pilot scheme for issuing computerized Encumbrance Certificates was launched in one of the city offices. The feasibility of taking up a comprehensive Registration Department computerization project to address other registration formalities and problems was established in a study conducted by J. Satyanarayana[2] in August 1996. The study brought out methods by which various registration services could be delivered electronically across the counter in an integrated manner and showed a road map as to how the process of valuation could be consigned to the computer and also introduced the concept of electronic document management as an essential part of computerizing the registration process.

i) Objectives of the CARD Project

CARD is a major IT project designed to eliminate the maladies affecting the system of registration through electronic delivery of all the registration services. It was based on the primary objectives outlined below.

[1] The CARD project was funded entirely by the government of Andhra Pradesh. The original outlay was about US$3 million (Rs.130 million).

[2] Commissioner & Inspector General of Registration and Stamps C.T. & Excise Complex, M.J. Road, Nampally, Hyderabad

- Demystify the registration process.
- Introduce a transparent system of valuation of properties, easily accessible to citizens.
- Bring in speed, efficiency, consistency and reliability.
- Replace the manual system of copying and filing of documents with a sophisticated document management system that uses imaging technology.
- Replace the manual system of indexing, accounting and reporting.
- Introduce electronic document writing.
- Substantially improved the citizen interface.

ii) Benefits of CARD

The CARD project aims at providing improved quality of the services at the registration department by providing a computer interface between citizens and government. The tedious procedures that took weeks have been replaced by a system that can be accomplished in just a few minutes. The market value assistance and issuing of the Encumbrance Certificate (EC) takes five minutes each. The sale of stamp papers, document writing and registration of the documents takes ten minutes, thirty minutes and one hour respectively. The positive impact of the CARD project on the efficiency of registration operations can be gauged from the following table:

Quantitative Benefits of CARD

Description of registration services	Time taken in manual system	Time taken in CARD system
Encumbrance Certificate	1 to 5 days	10 minutes
Valuation of properties	1 Hour	10 Minutes
Sale of Stamp Paper	30 Minutes	10 Minutes
Document Writing	1 day	30 Minutes
Registration	1 to 7 days	1 hour
Certified copies of documents (registration under CARD)	1 to 3 days	10 minutes

Source: *Based on CARD (J. Satyanarayana, 2002)*

3.4.2 KAVERI in Karnataka

KAVERI is another e-governance initiative undertaken by the Government of Karnataka. For the last five decades, the process of registration of documents was done manually and involved the following steps:

- Stamping,
- Presentation,
- Admission of execution,
- Identification by witnesses and
- Registration, as prescribed in Karnataka Stamp Act, 1957 and Registration Act, 1908

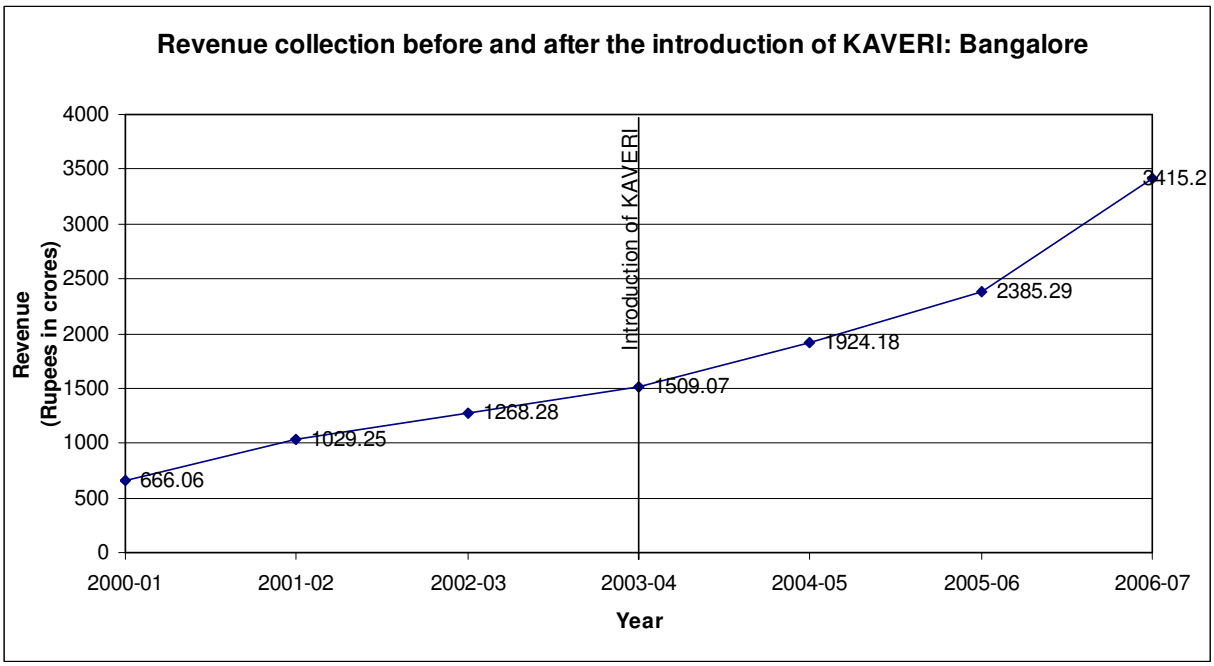
i) Features of KAVERI

Automated Kiosks with touch screen operation facility were installed in every Sub-Registrar's Office, through which public can have access to the following information in Kannada and English.

- Market value of land in all villages, owns and cities in the state.
- Model formats of commonly used deeds and forms required for Registration of Marriage.
- Model byelaws of Societies and Associations.
- Frequently asked questions and exhaustive answers.
- Fee for Registration of documents/Registration of Societies/Firms/Marriages.
- Acts and Rules bearing on registration of documents.

(Source: Department of Stamps & Registration, Government of Karnataka, 2008)

Under the manual registration process, the documents registered were copied manually in specified books. After that, they were verified with the original documents, and the hand written documents were authenticated by Registering Officers. The registered book would serve as a public document. Since the manual procedure involved writing each document that was to be registered, the time taken for the entire registration procedure was anywhere between two to three months. Moreover, it also meant 2–3 trips to the registration office to check if the document was ready. The solution lay in finding an alternative procedure that would meet the statutory requirements and also speed up the process while preserving the accuracy of the manual procedure. Computerization was the way forward. The Department of Stamps & Registration, Government of Karnataka set up automated registration process in the state in the year 2002. More than 200 Sub-Registrar Offices in Karnataka came under computerization under an outsourced model whereby the vendor could complete the registration process within 30 minutes. The software was aptly called KAVERI, after the river Cavery[3] .



[3] Centre for Development of Advanced Computing, Pune (C-DAC) provided the technical support in developing suitable software to cover the following aspects of registration: Registration of properties, Valuation of properties, Scanning and Archival of Documents, Reports, Vendor management system, Utilities, Website, Societies, Firms and Marriage Registration and Data Transmission.

After the introduction of KAVERI, the department has registered documents and returned the same to the parties concerned within 30 minutes of its presentation. The graph indicates that there was a significant growth in the revenue to the state exchequer after the introduction of KAVERI. In spite of reduction in stamp duty and registration fee there was significant growth in revenue[4]. This was possible due to the elimination of the human interface as the KAVERI system calculates the value of property through automated programme[5].

3.4.3 E-Suvidha – E-Governance Initiatives of Pimpri Chinchwad Municipal Corporation

The Pimpri Chinchwad Municipal Corporation (PCMC) has introduced an integrated e-Governance Programme to ensure improved transparency to build citizen centric governance. The implementation of e-governance gave new set of responsibilities to PCMC's employees. This project has involved around 11 corporation departments, which are computerized. Citizen Facilitation Centre (CFC) is the most successful project, which provides services to citizens with more than 99% efficiency. Another Innovative project is PCMC@home, which provides services of corporation directly at home through PCMC personnel.

The initiative under E-Suvidha has considerably reduced the hassles faced by the citizens. Citizens take minimum time and cost for availing the civic services. Citizens avail the facility on a mouse click from home or office or any remote location-avoiding visit to Corporation office or division office. Payment of charges and taxes directly online through payment gateway facilities reduces the travelling cost and valuable time. Citizens save about 3–4 hours of time through availing E-Suvidha facilities and in some cases citizens save days by availing the online facilities of the PCMC.

Kiosks set up in different wards, zonal offices and other public places have helped the citizens who are not proficient with net banking and who are not able to avail web based facilities. Visit to Kiosks at the nearest point helps the citizens to avail the facilities, services and payment of different charges, taxes and bills. The web based application helps the citizens to locate their properties for assessment details and for payment of taxes online. The utility mapping has helped the PCMC to monitor the delivery of essential services such as water supply, drainage lines, roads, streetlights, garbage bins, etc. This has increased the overall service delivery improvement to provide services and identify the areas which do not avail these services and utilities.

The following section provides details of the services provided under E-Suvidha initiative:

- **Property and water revenue management:** The property assessment details and water charges are available online, with online payment facility. This has reduced number of visits by the citizens to the corporation office.
- **e-Tendering:** PCMC has initiated the online tendering system for all projects and procurements to be taken up for the development works under its limits. Submission of tenders and documents can be done online.

[4] The Government of Karnataka reduced the rate of stamp duty on conveyance from 10% to 8% and Registration fee from 2% to 1% with effects from 01-04-2003.

[5] This initiative of the department got two e-governance awards from GOI for introducing computerization as best practice.

- **Dashboard for works management:** Dashboard of work management is an integrated web based software for monitoring and tracking the progress of work. This module is also integrated with financial data like budget approved for works, cost incurred and other information, which helps in keeping a track of the projects undertaken by PCMC. Necessary decisions are taken from time to time depending upon the progress of projects and works.

- **Citizens Facilitation Centre (CFC):** PCMC's Citizens Facilitation Centre (CFC) provides 79 different citizen centric services for 12 departments of the Corporation. The CFCs work on single window basis to provide one stop service to the citizens for PCMC. CFCs also provide services of the District Collectorate like caste certificates, domicile certificate, ration card, and also provides value added services of Road Transport Office like issuance of learning licenses and collection of Maharashtra State Electricity Board bills, collection of BSNL bills, collection of insurance premiums and railway ticket booking.

- **SMS-based complaint monitoring system:** To reduce the difficulties of citizens and to send a complaint to PCMC, a SMS based complaint system has been initiated. A citizen can send a complaint by SMS and scrutiny of received complaints takes place through PCMC administration. An SMS as well as an email immediately goes to the related officer for addressing the complaint. This has reduced PCMC's response time considerably.

- **Solid waste management with vehicle tracking:** PCMC has also started GPS vehicle tracking system. This GPS system has been integrated with an interface, which will assign waste pick up job and duty management. The system also monitors and registers the auto job picks adherence via geo reference and stop at pick up bin location. Vehicles trip/job report gets generated for number of trips per vehicle per driver and as well as contractor. Pick up adherence report; exception report on missed bins also gets generated for the authority to monitor the collection of solid waste from bins. Tracking report, stoppage, over-speed reports, detention reports etc., are getting generated for continuous monitoring of collection and transportation of vehicles.

- **Geographical Information System:** PCMC has a GIS mapping of 182 sq. km area. This has been done through geo-referencing of the Quick Bird satellite map of 0.6 m resolution map. This mapping has been developed for GISDA by Science and Technology Park (STP) and on terms of integration with various databases and application services. GISDA runs from a centrally located system, which can be accessed through web. GISDA provides core web technology and a GIS platform that is used by all other applications to provide Web-GIS based Citizen Centric Services.

- **Property and water revenue management:** Through this service following fecelities are provided:
    - Citizens can view their bills online;
    - Taxes can be paid online from home;
    - High level of transparency is achieved;
    - Strong MIS and administration control;

- Citizens can pay or use any office of corporation;
- Easy Property Registration for tax assessment;
- Ability to create/copy rate profile for different tax years;
- Property Tax calculations;
- Self-Assessment of Property Tax;
- Provisional Tax and Notice generation.

- **e-Tendering:** This facility helps:
  - All the departments publish tenders online;
  - Bidders can view/download tenders online;
  - Bidders pay fees online;
  - Bidders bid online using digital signature;
  - Bidding is controlled through parameters like bidding capacity;
  - Tenders only opened by Tender committee using digital signatures online;
  - Lowest financial bids are published online to all bidders;
  - The Bidder registration is one time process;
  - Tender-Committee can be defined per tender;
  - Department wise Bidder Registration as well as common bidders;
  - Bidding Capacity and Tender limits are configurable with Rate Contracts;
  - Integration with Accounting;
  - Generation of comparative statement;
  - Facility to define multiple manufacturers for single item and bidders can bid for multiple manufacturers for single item;
  - The comparative statement is generated for all manufacturers;
  - The EMD and Tender Fees are auto-calculated based on Tendering Rules; and
  - Bidders can pay the EMD and Tender Fees online through online payment gateway.

- **Building permission management:** The broad uses of the building permission management system are:
  - Creation of new projects for the developed drawings and project attributes;
  - The Auto DCR system reads the drawing and extracts the geometrical information of layouts and building plans;
  - Single window to get all N.O.C. The application is integrated internally with all departments;
  - Integrated with digital signature key – the applicant signs the application digitally and then it is encrypted;

  Based on the project attributes the graphical object information is mapped to the relevant development control rules.

  - Final detailed rules verification report is produced, indicating passed/ failed status for each rule;

- Reduces the architect's/authority's effort for drawing and calculations;
- Permission status is available online to the applicant;
- Eliminates the human errors and manipulation and produces accurate reports;
- Tremendously reduced the time cycle of approval;
- Alerts on unnecessary delays;
- Standardizes the drawing process;
- Detailed user friendly dynamic reports.

- **Dashboard for Works Management:** This facility offers following services:
  - Every work has unique identification number generated by the system to be used for all purposes;
  - Budget is loaded in the system;
  - The workflow of various stages of the work is configured in the system;
  - At every stage the person who is in charge of that work needs to update its status;
  - It is linked to e-tendering application;
  - The work flows through various stages of approval. Once it is approved and work order is issued the work can be commenced;
  - Work in progress can be tracked for its completion, bills raised, payments made and funds allocated.
- **Solid waste management with vehicle tracking:** The system includes benefits like:
  - Bin wise service efficiency report;
  - Business specific alerts via SMS/email;
  - Vehicle being dispatched to trip;
  - Vehicle reaching assigned waste bins locations;
  - Unloading at land fill site;
  - Vehicle stoppage time in various locations and breakdown.

Activity 1

Visit a near by corporation / municipal office and find out whether e-governance has been introduced in your city/town. If yes, what are the civic services, which are delivered through e-governance?

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In this session you are acquinted with the case studies of e-governance in India, now answer the question given in Check Your Progress 2.

Check Your Progress 2

1) Taking Pimpri Chinchwad Municipal Corporation as a case study, name various initiatives of e-Governance taken in different development sub-sectors in the city.

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3.5 CHALLENGES IN E-GOVERNANCE

Though this unit has presented discussions of interesting and innovative e-government initiatives, e-government still faces many challenges as it continues to develop. In designing and implementing e-government sites, a government must consider elements of policy, including regulatory issues, economic issues, and the rights of users.

One US General Accounting Office report specifically listed the challenges to implementing e-government as; (1) sustaining committed executive leadership; (2) building effective E-Government business cases; (3) maintaining a citizen focus; (4) protecting personal privacy; (5) implementing appropriate security controls; (6) maintaining electronic records; (7) maintaining a robust technical infrastructure; (8) addressing IT human capital concerns; and (9) ensuring uniform service to the public. Other scholars have noted additional broad challenges, such as defining the parameters of e-government and making e-government function so that it does not conflict with other laws.

A recent U.S. government study found that the biggest concerns for e-government managers were not technical issues, but instead were policy issues, including coordination and collaboration between agency leaders, agency-centric thinking rather than focusing on the overall goals and functions of e-government, and communication to better understand and foster inter-relationships between e-government projects. Along with complex policy issues, some of the greatest challenges to maximizing the potential of e-government may involve social dimensions of information policy related to the Internet. The planning and implementation of e-government, as it continues to develop and grow around the world, will have to focus on finding methods to address varied issues. Some of the most important sources of information about meeting challenges to effective e-government are actual e-government initiatives that are currently operational. The lessons that can be learned from ongoing e-government projects, both in what works and what does not, will provide meaningful guidance in developing and refining e-government. Furthermore, the examination of e-government projects from different levels of government and different parts of the world offers a method to share knowledge about e-government. In many ways, the future directions of e-government will be confronting the important policy issues

that remain unaddressed. Studies such as those in this symposium issue are valuable to the conceptualization and application of current and future e-government projects, regardless of where the projects occur.

The Government of India has launched the National e-Governance Plan (NeGP) with the intent to support the growth of e-governance within the country. E-government helps simplify processes and makes access to government information easy for citizens as well as for public sector agencies.

3.6 LET US SUM UP

E- governance or electronic governance in urban development is the use of information and communication technologies (ICT) in the operation and maintenance of urban services. This initiative of the use of information technology (IT) in urban management started in the late nineties, especially after the adoption of the 74th Constitutional Amendment Act (CAA) in 1994, when urban local bodies (ULBs) became constitutional entities of local governance. Further, the central government launched the programme of Jawaharlal Nehru National Urban Renewal Mission (JNNURM) in 2005 where adoption of reform in e-governance became mandatory for all the 65 Mission cities (all State capitals, all million plus cities and cities of historical interest). The Government of India has launched the National e-Governance Plan (NeGP) with the intent to support the growth of e-governance within the country. The introduction of e-governance has facilitated the state and local governments in the country in successfully delivering urban services to its citizens in a transparent and efficient manner. Although e-governance has been introduced in all the Mission Cities under JNNURM, concerted efforts need to be taken to increase the coverage across and within cities. Efforts should also be taken to include non-Mission cities under e-governance.

3.7 KEYWORDS

E-governance : E- governance or electronic governance in urban development is the use of information and communication technologies (ICT) in the operation and maintenance of urban services.

JNNURM : Launched in 2005, Jawaharlal Nehru National Urban Renewal Mission (JNNURM) is a central government reform linked programme wherein adoption of reform in e-governance is mandatory for all the 65 Mission cities (all State capitals, all million plus cities and cities of historical interest).

CARD : The CARD is a project aimed at altering the antiquated procedures that had governed the registration system of the state of Andhra Pradesh, which included the laborious copying, and indexing of documents as well as their unscientific space-consuming preservation in ill-maintained backrooms. The state had a flourishing business of brokers and middlemen who exploited citizens selling or buying property. The CARD project is an attempt to reform this system through the use of IT.

KAVERI : The Department of Stamps & Registration, Government of Karnataka set up automated registration process in the state in the year 2002, wherein 202 Sub-Registrar Offices in Karnataka came under computerization whereby the vendor could complete the registration process within 30 minutes. The software was aptly called KAVERI, after the river Cavery.

E-Stamping : To prevent fraudulent practices in stamp paper based transactions and registrations, e-stamping has been introduced in some states where the entire exercise of stamp duty payment and generation of stamp duty certificate takes less than 3 minutes. It offers a secure and reliable stamp duty collection mechanism, and stores information in secured electronic form and builds up a central data repository to facilitate easy verification.

E-Suvidha : Development of an integrated e-Governance programme to ensure improved, transparent and efficient way of building citizen centric governance.

3.8 REFERENCES / SELECTED READINGS

JNNRUM programme, Ministry of UD, GOI, www. urbanindia.nic.in

Municipal e-Design Document, Ministry of UD, GOI, www. urbanindia.nic.in

NeGP, Department of IT, Ministry of Communication & IT, GOI, www.mit.gov.in

NISG Knowledge Center, www.nisg.org

http://www.egovonline.net/

3.9 CHECK YOUR PROGRESS – POSSIBLE ANSWERS

Check Your Progress 1

1) What do you mean by e-governance?

   E- governance or electronic governance in urban development is the use of information and communication technologies (ICT) in the operation and maintenance of urban services.

2) Explain the importance of e-governance and how e-governance has halped urban management actions, give examples?

   Two examples of the use of IT in the field of property registration are CARD in Andhra Pradesh and KAVERI in Karnataka. The CARD is a project aimed at altering the antiquated procedures that had governed the registration system of the state of Andhra Pradesh, which included the laborious copying, and indexing of documents as well as their unscientific space-consuming preservation in ill-maintained backrooms.

Check Your Progress 2

1) Taking Pimpri Chindwad Municipal Corporation as a case study, name various initiatives of e-governance taken in different development sectors in the city

Property and water revenue management; e-Tendering; Dashboard for works management; Citizens Facilitation Centre (CFC); SMS-based complaint monitoring system; Solid waste management with vehicle tracking; Geographical Information System; Property and water revenue management; e-Tendering; Building permission management.

MEDS-041 : INTRODUCTION TO URBAN DEVELOPMENT

BLOCK 1 : URBAN DEVELOPMENT: CONCEPT AND DYNAMICS

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BLOCK 2 : URBAN PLANNING

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BLOCK 3 : URBAN GOVERNANCE

Unit 1 : Governance: An Overview

Unit 2 : Urban Governance: Institutional and Structural Framework

Unit 3 : Urban E-Governance

BLOCK 4 : URBAN MANAGEMENT

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Unit 3 : Financial Management

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BLOCK 5 : PARTICIPATORY URBAN DEVELOPMENT

Unit 1 : Participatory Development: An Overview

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Unit 3 : Participatory Tools and Methods

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BLOCK 4 URBAN MANAGEMENT

Block 4 on **Urban Management** with four units discusses the Development Management, Urban Management and Management of Urban Services, Financial Management and Urban Assets Management.

Unit 1, **Development Management,** describes, how in a holistic sense, true development means not only high economic growth and per capita income but also enhancement of education, health, and living condition of the people. Development management usually means management of development, management in development, and management for development.

Unit 2, **Urban Management and Management of Urban Services,** describes in details, how the growing millions in urban areas have to be fed, provided with housing, safe drinking water, sanitation and energy, and means of transportation. Management of these services is critical to raise the quality of living in city life. Many urban problems are the result of poor management, poor planning and absence of coherent urban policies rather than urbanization itself. Urban management although a fragile yet a most important component of urban planning and development.

Unit 3, **Financial Management,** discusses the growth of Financial Management as an independent variable, and how it draws heavily on "Economics" for its theoretical concepts. In the early half of the last century, the job of financial management was largely confined to the acquisition of funds, but as business firms continued to expand their markets and they became larger and more diversified, greater control of financial operation became highly important. Thus, now the scope of financial management is very wide and it should not be considered to be merely restricted for raising of capital.

Unit 4, **Urban Assets Management,** describes how there are several important steps in fixed assets management so far as urban local bodies are concerned. It shows the different steps involved in identification, categorization and location, the next step being the valuation, the fourth step is recording; the fifth, updating, the sixth, accounting, and the seventh; presentation. It also describes how the Municipal staffs have to deal with some of the very common problems in assets management.

UNIT 1 DEVELOPMENT MANAGEMENT: AN OVERVIEW

Structure

1.1 Introduction
1.2 Meaning of Development Management
1.3 Aims of Development Management
1.4 Scope of Development Management
1.5 Elements of Development Management
1.6 Development Management Cycle
1.7 Pre-requisites of Good Development Management
1.8 Let Us Sum Up
1.9 References and Selected Reading
1.10 Check Your Progress: Possible Answer

1.1 INTRODUCTION

After the Second World War 'development' becomes the buzz word for the developing country. As development is considered as a multi-dimensional concept, the management of various sectors of development became a challenging task before the managers of development. In a holistic sense, true development means not only high economic growth and per capita income but also enhancement of education, health, and living condition of the people. Balanced development calls for growth and development of all the sectors in the long run. Development management usually means management of development, management in development, and management for development. All of these are discussed in this unit. After reading this unit, you will be able to:

- Define development management
- Discuss the aim and scope of development management
- Identify various elements of development management
- Narrate the development management cycle
- Describe various pre-requisites for good development management

1.2 MEANING OF DEVELOPMENT MANAGEMENT

Development management is a growing and important area in development studies. It is used as an instrument for achieving smooth and faster development. Definitions given by various experts on development management are given below.

According to Paton, "Development management is contemplated with a realization of the importance of the expressive aspect of management in which values and ideas are promoted as part of, not just as one way, of getting things done".

According to Wuyt, "Development management aims at promoting values, in particular, what is to be regarded as development, in this way".

According to Seers, "Development management means managing, as far as possible, in such a way as to enhance the potential of those one who is working with directly and development organizations that carry similar values, even if this is not the most straight forward way of getting a particular job done".

In the words of Korten, "Development management can be thought of in terms of positive linkages between development, capacity building, and learning in individual, organizational, institutional and societal levels".

Allan Thomas in his book on development and management has critically discussed development management. The three definitions of development management given by him are:

i) Development management includes, firstly, the management of the specific tasks involved in development interventions called management of development;

ii) Secondly the normative idea of management oriented towards development ideals called management for development; as well as the more straightforward notion of management in a development context, known as management in development.

iii) Development management is not just a question of getting the task at hand completed by the best means available. It also means simultaneously building the capacity to undertake future tasks and learning how to be able to cope with what at present are unspecified task; and

iv) Management for development implies a style of management in which any and every activity is undertaken in such a way as to enhance development.

According to Solaiman, "development management means evaluating change from the present situation into a better situation and it is a process of improving, building and innovating in order to ensure better quality of life for the present human beings without jeopardizing those of the future". From these definitions it can be concluded that development management is a process of conducting development in a systematic way to improve the quality of life of the people.

1.3 AIMS OF DEVELOPMENT MANAGEMENT

Development management aims to improve the management of development projects or programmes in a systematic manner, in order to improve the quality of life of people at the grassroots level. The aim of development can be outlined as follows:

i) It is aimed at promoting development through the best alternative ways and in a cost-effective manner.

ii) It is aimed at improving the efficiency and effectiveness of the individuals as well as organizations for achieving development objectives.

iii) It is aimed at synergizing the three important aspects of development management: management of development, management for development, and management in development.

iv) Development management is more value-laden and aims at promoting present development without affecting the future. In other words, development management aims at sustainable development.

v) Development management is a positive and proactive approach to formulating, considering, determining, and delivering development activities. It employs a participatory approach in development project and programme formulation, implementation, monitoring, and evaluation; instead of the one-sided, top down approach. In other words, it is undertaken in the spirit of partnership and inclusiveness.

vi) The aim of development management is to improve the quality of life of the people through better management of development projects and programmes.

vii) It is intended to build up both individual as well organization capacities in order to improve efficiency and effectiveness at all levels.

viii) It aims at developing an alternative model of development, which is more efficient, effective, and productive compared to its existing counterparts.

ix) Development management aims at effective management of funds, functions, and functionaries at various levels.

x) It aims at just and equitable way of development.

The aims of development management can be presented in the form of figure below. Development management from the abovesaid discussions aims at management of manpower, finance, and process involved in the development. The other aspects which development management is aimed at, is the management of developmental values, principles, and ethics.

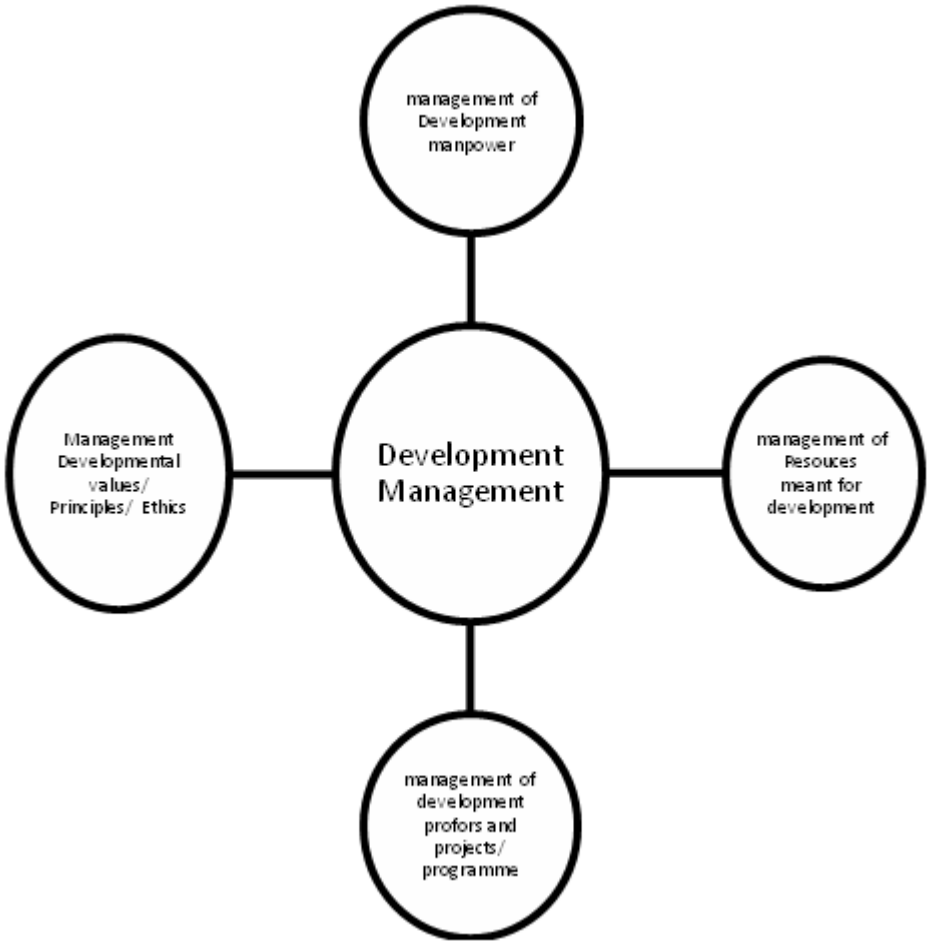

Fig. 1.1: Various aspects of Development Management

In this section, you have studied the meaning and the aims of development management. Now answer the questions given in Check Your Progress 1.

Check Your Progress 1

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) What do you mean by Development Management?

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2) Narrate two important roles of development management.

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1.4 SCOPE OF DEVELOPMENT MANAGEMENT

Development management has a lot of scope in development studies. After the Second World War, most of the developing counties have adopted various development models, and development management is now regarded as an important tool of development. The scope of development management are follows:

1) **Hasten the process of development:** Development management helps to hasten the process of development. Development management intends to apply a systemic approach in the management of development programmes and projects. A well formulated project with proper need assessment will not only yield good results but also helps in the judicious use of resources and curtail wasteful expenditure.

2) **Facilitate empowerment:** Development management in general and participatory development management in particular lead to empowerment. Development management helps to achieve the goal of absolute, collaborative, adaptive, tacit, and cosmetic empowerment. It empowers the employed and people engaged in development projects and programmes.

3) **Proper utilization and allocation of funds:** Application of management principles in development projects and programmes could help the development management to achieve the project's goal and objectives with reduced cost. Proper manpower and resources management checks wastage of financial resources. Therefore, in recent years, most of the projects funding

agencies are using a logistics framework in project design. Proper balancing of expenditure on salary head and expenditure on service delivery is an important requirement of action research projects. It is observed that a large chunk of resources is consumed in paying salary to the service staff, while expenditure on actual services delivery is meagre. Development management helps the manager engaged in development process and activities to make their projects and programmes cost effective and promote judicious management of various aspects of development projects and programmes.

4) **Strengthen Development Organization:** The application of management principles in development organization helps to strength development organization. Customarily, the five important functions of management are planning, organizing, staffing, directing, and controlling.

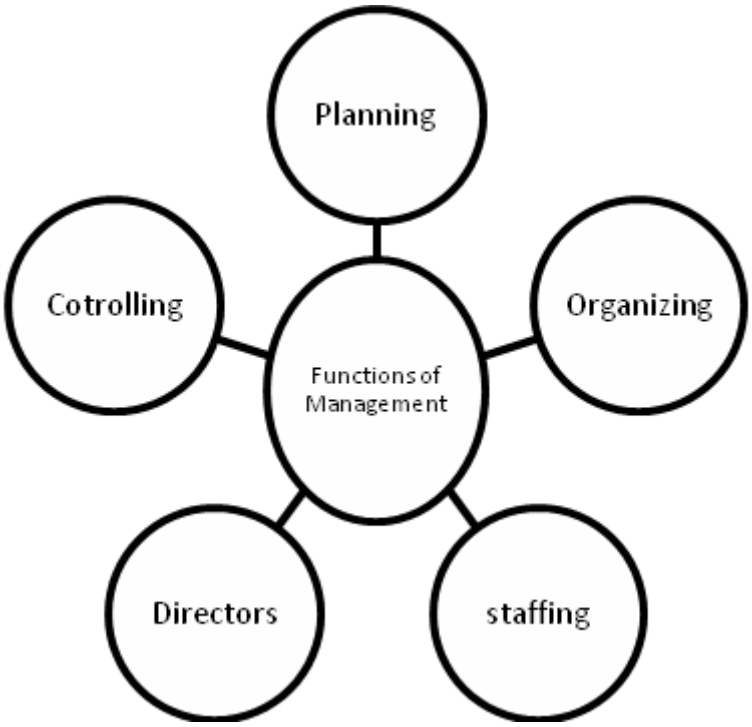

Fig. 1.2: Functions of Management

The planning of development activities in advance with a future course of action helps to effectively achieve pre-determined developmental goals. Organizing is a process of bringing together physical and financial human resources and developing effective relationship among them to achieve developmental goals. Staffing helps in putting the right person in the right job. Directing aims at influencing, guiding, supervising, and motivating the developmental functionaries and actors for the achieving of development goals. Controlling is a way of applying measurement and correcting the course of action in case of any deviation for the achievement of development goals.

These management principles should not only be applied to organizational development but also for effective implementation of projects and programmes by any organization. Therefore, the scope of development management is immense in development.

5) **Human Resource Development and Capacity Building:** The goal of human resource development is to improve the performance of the organization by maximizing the efficiency and performance of its people. Human resource development is a system of developing continuously, and, in a planned way, the competencies of individual employees, didactic groups, teams and the entire organization to achieve organizational objectives. According to Tadaro, it is human resources which ultimately determine the character and pace of economic and social development.

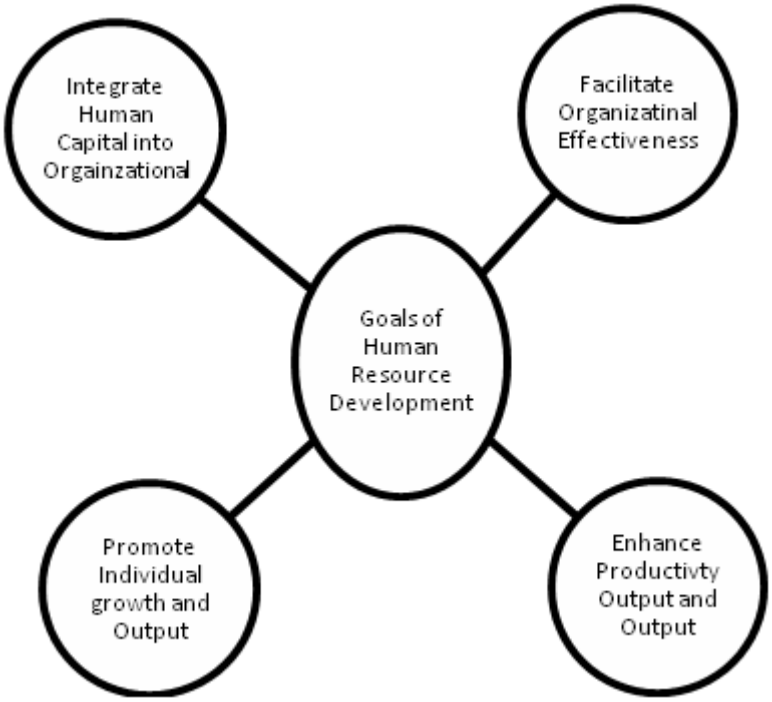

Fig. 1.3: Various Aspects of Human Resources Management

Human resource management principles help to promote human capital, and human capital is the most vital capital required for faster development. Development management promotes human capital. Human capital is generally defined as the skill formation of employee through training and capacity building which increases an individual's contribution to total productivity and development. Thus, human resource development is one the important areas of development management.

1.5 ELEMENTS OF DEVELOPMENT MANAGEMENT

It is more important to discuss various elements of development management. The four important elements of development management enhancement strategies are:

i) Capacity building training

ii) Technical assistance and

iii) Leadership and participation

iv) Decentralization and empowerment.

All four elements are directly focused on people. It is pertinent to mention here that individuals alone cannot define management. Management takes place within organizational settings. Therefore, both individuals as well as an organization are central to development management.

Development management needs to focus on four main areas:

i) Contextual factors related to management which include the impact on local, physical, environmental, political and cultural factors, as well as on external factors such as economic and political conditions on the projects and programmes.

ii) Management strategy, which includes organizational structure and institutional arrangements, encompasses both formally established and informally constituted working relationships among affected organizations and people. Secondly, the resources control encompassing financial, commodity, and logistic management. Thirdly, the approach includes getting things done in an effective and efficient manner.

iii) Management enhancement strategy, involves attempts to change administrative processes, such as ways of carrying out development programmes in the local setting and efforts to increase consideration of human resources management and behavioural factors, such as skills, performance, and management capacity of the people who are part of, or, who will benefit from the project.

iv) Fourth, the important elements of development management are decentralization and empowerment. The development goal can be effectively and efficiently achieved if it is decentralized. The decentralization principles thrust responsibility at all levels, thereby promoting accountability and transparency. The decentralization of political, economic, and administrative decision making would ensure better and effective implementation of developmental projects and programmes. The capacity building of grassroots functionaries will be helpful to effectively deal with decentralization and development.

The first area of emphasis is to assess the impact of the local environment on the project. The second area of concern is how the project was designed and managed to encounter the change, and; the third area relates to activities that strengthen the management and institutional capacity of those who will sustain the project after donor funding ends.

Effective management strategies for development must take care of following aspects.

i) Setting goals and benefits

ii) Discussion with the stakeholders

iii) Time horizon

iv) Resource management

v) Managerial leadership

vi) Training and technical assistance.

At the outset, the development manager must set the goals of development and articulate the benefits of the development projects and programmes. After setting goals, the development manager must initiate discussion with the stakeholders. For example, in case of a rural development projects and programmes, the village panchayat is the main stakeholder. The development manager has to initiate discussion with the village panchayat before launching the development project. This will make the development participatory.

The management of time is critical to any development initiative. The project and programme has a certain time period limit. The development manager has to stick to the time limit. It is better, if the development managers prepare a *Gantt Chart* of various projects and programmes activities and move accordingly.

Management of both physical and financial resources of the project is very important. The development manager must have adequate training on how to manage fiscal and financial resources. The managerial leadership and training of development managers, from time to time, is important for development management.

In this section you studied the scope and elements of development management. Now, answer the questions given in Check Your Progress-2.

Check Your Progress 2

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) Briefly, write about the scope of development management.

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2) What are the three key elements of development management?

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1.6 DEVELOPMENT MANAGEMENT CYCLE

Development management intends to set out a detailed and wide variety of policies to guide the decision making process for future planning. Customarily development management as an instrument is largely used in: (i) Management of development sectors such as a agriculture, industry, rural development, etc.

and (ii) Management of development projects and programmes. For example in India context, management of Mahatma Gandhi National Rural Employment Guarantee scheme (MGNREGS); Sarva Shiksa Abhiyan (SSA); National Rural Health Mission (NRHM), etc. are the example of management of development programmes.

The development management cycle begins with the formulation of development goals and objectives and ends after the dissemination of development impact. The steps involved in development management cycle are mentioned in Figure 14.

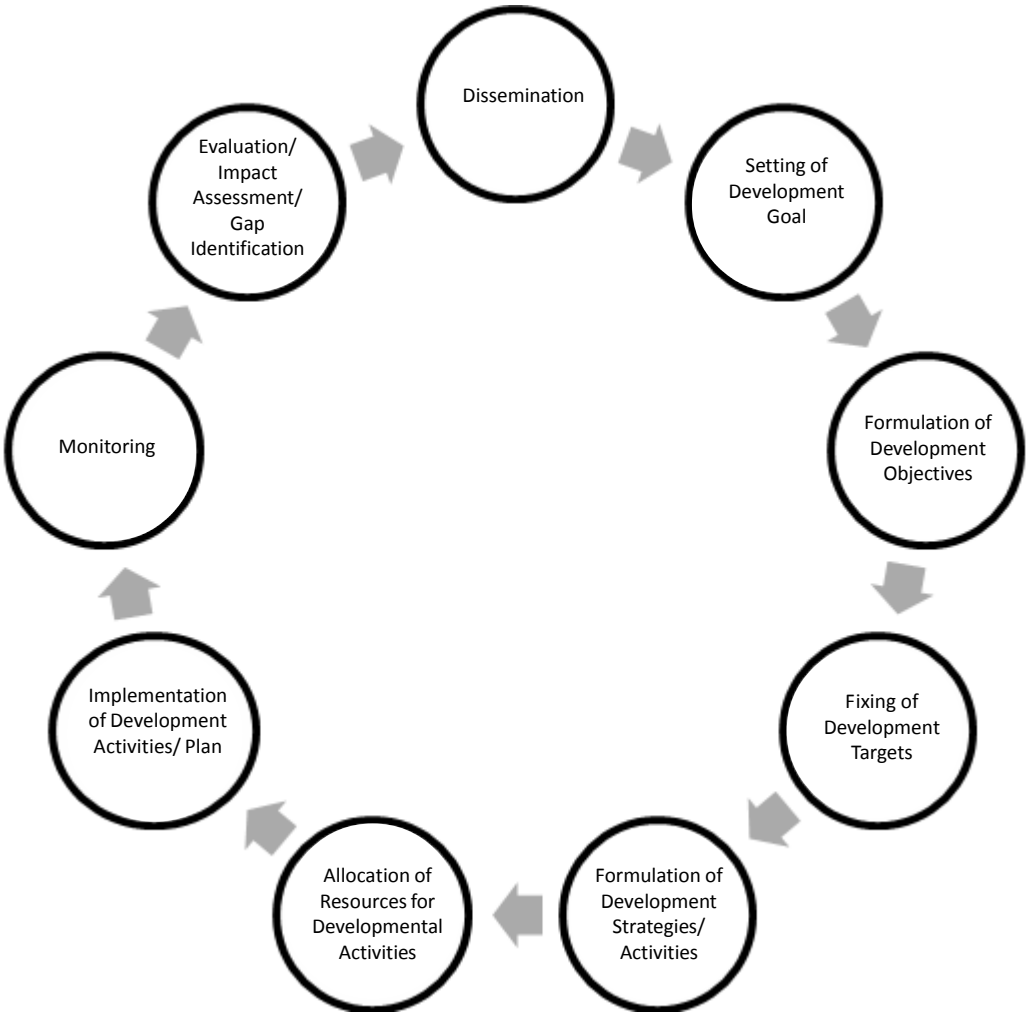


Fig. 1.4: Development Management Cycle

The nine steps of development management cycle are:

i) Setting the development goal

ii) Formulation of development objectives

iii) Setting the development targets/ outcomes

iv) Formulation of development strategies and activities

v) Allocation of Resources

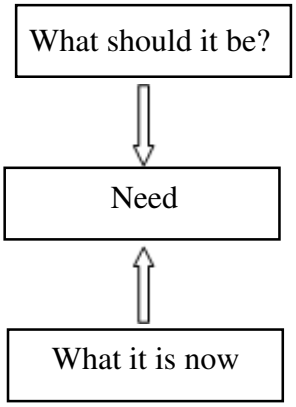
vi) Implementation of the development plan and activities

vii) Monitoring

viii) Evaluation / Impact assessment/ gap identification

ix) Dissemination of result to the policy makers and donors.

i) **Setting the development goal:** Development goals are formulated after the identification of development needs. Development needs are the difference between what the development "should be" and "what it is". The development gaps are identified and documented in the plan and policy documents. Based on these gaps, taken out of the plan and policy document, development goals are formulated by the national and state government, and also by the NGOs involved in the implementation of development projects and programmes at the grassroots.



ii) **Formulation of development objectives:** Development objectives are drawn out of the developmental goals. Development objectives are the statement of a desired end product to be achieved through the development projects or programmes. These statements should clearly spell out the desired outcomes and how they will be attained and measured. The development objective as far as possible should be "SMART", which means:

S-Simple

M-Measurable

A-Attainable

R-Realistic

T-Time-bound

Any development project or programme must intend to achieve its objective within a given time frame.

iii) **Fixing up development targets/outcomes:** After formulation of objectives, the next action in the development management cycle is the setting of development targets and outcomes. Setting targets and outcomes comes before the development activities, because outcomes based on indicators provide clues to the development manager on how to fix the targets/ outcomes. The targets and outcomes must be realistic and based on the objectives of the projects or programmes, activities and strategies. For example, the outcome of universal immunization calls for a door-to-door vaccination strategy by health workers. Otherwise, it will undermine the development projects/ programme endeavour.

v) **Formulation of development strategies/activities:** Development objectives and expected outcomes enable the development manager to formulate suitable strategies. The activities must be in tandem with the development outcome. During the formulation of strategies the development manager

must take the help of area/ subject experts in the specified development area in which development projects and programmes are being launched.

vi) **Allocation of resources:** Judicious allocation of resources on various activities and even between the programme personnel and programme activities is critical to development management. It is observed that a gigantic share of funds goes to the administrative side and a meagre amount is left for programme activities by the development agencies implementing various projects. This type of unbalanced allocation of resources has implications on the outcomes of developmental projects. One of the important roles of the development manager is to see that resources are allocated properly on various aspects of development. Moreover, the community contribution must be resorted to wherever necessary so that the project activities become participatory and sustainable.

vii) **Preparation and implementation of development plans and activities:** Effective implementation of development plans and activities is a challenge before the organization implementing development projects. The activity plan with a "Gantt chart" and activity mapping are, today, widely used by development institutions during the formulation of developmental projects. It helps the donor agencies as well as implementing agencies to monitor the activities against set targets. Today, under decentralized planning, development plans are prepared at the village, block, and district levels by various partner institutions identified by the goverment. Development management must possess adequate skills to prepare development plans.

viii) **Monitoring:** Monitoring is another important component of development management. Monitoring is a continuous and periodic review, and surveillance by the development management at every level of the implementation of an activity to ensure that input deliveries, work schedules, transected outputs and other required actions are proceeding according to plan. The availability of an activity plan, as discussed in the preceding point, is a pre-condition for monitoring. During monitoring, field data are collected, processed, analyzed, and presented to management.

ix) **Evaluation/impact assessment/gap identification:** Evaluation is the process of determining, systematically and objectively, the relevance, efficiency, effectiveness, and impact of project activities in the light of the stated objectives. It provides information to the development manager about past or ongoing activities, and, in a way helps, in case there is any need for modification to project activities.

x) **Dissemination:** The last item in the development management cycle is dissemination. The result of the project evaluation and impact assessment needs to be disseminated in the form of a report to the donor agencies. This can even be published in newspapers and journals so that other stakeholders can learn and replicate it elsewhere. While disseminating, it should be kept in mind that all the aspects including input, process, output and outcome need to be covered. Complete details will help the stakeholders as well as beneficiaries and also the development managers to interface with a larger audience.

1.7 PRE-REQUISITES FOR GOOD DEVELOPMENT MANAGEMENT

Some of the pre-requisites for good development management are given below.

i) **Inter & Intra Sectoral Coordination:** For the effective management of development projects or programmes, the development management must have a climate of healthy intersectoral coordination. Coordination among the sectors is essential for smooth implementation of development activities. For example, the development manager, while implementing any health programme at the grassroots level, has to coordinate with health related departments such as education, public health, women and child welfare, panchayati raj , etc. Besides, intra sectoral coordination within the health sector at different levels, such as district, *taluka*, block, and village levels, is also essential for the smooth implementation of health programme.

ii) **Good Governance:** In recent years good governance has become a buzz ward in development. It is widely felt that good governance will ensure faster development. According to the United Nations, the important features of good governance are consensus oriented, participatory, accountable, transparent, responsive, equitable and inclusive. Development management needs to use good governance as a tool for effective implementation of development activities to achieve development goals. Customarily, good governance helps create an environment in which sustained economic growth becomes achievable.

iii) **Convergence:** Convergence in recent years has been emphasized to check the duplication of effort and wastage of resources. It is seen that at the grassroots level, the activities implemented by different sectors - different agencies and different institutions - sometimes overlap, which leads to wastage of resources and man-hours. For example, in an area, if the health and education programmes with similar objectives, strategies, and activities are being implemented by the government, non-governmental organization, and by the bilateral organizations, too, then it will not only be overlapping but would create confusion in the minds of people. The convergence of the activities as well as of funds will definitely check the wastage of resources.

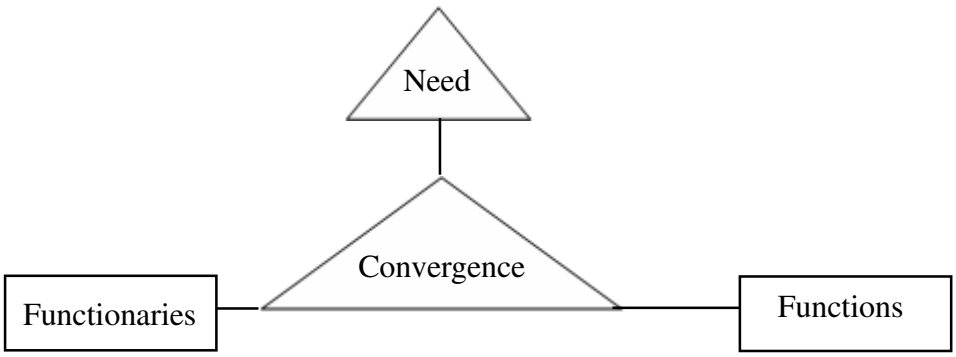


Fig. 1.5: Convergence of various Aspects

The judicious convergence of funds, functions and functionaries by the development manager will make the entire programme cost effective. In recent times, the Ministry of Rural Development and Ministry of Health

and Family Welfare of government of India are working on convergence in order to effectively implement rural development and health and family welfare programmes at the grassroots. The GOI-UN Joint convergence Programmes aims to help backward districts achieve better results in the areas of livelihoods, education, health, nutrition, water, and sanitation.

iv) **Decentralization:** One of the important pre-requisites of good development management is decentralization. Decentralization of funds, functions, and functionaries to the lower level of governments has led to effective implementation of programmes at the grassroots. To cite an example, the decentralization model of Kerala is considered as one of the factors for higher social development. Decentralization has been argued on following grounds.

- Allocative efficiency- Local authorities and grassroots functionaries are more sensitive to local priorities and needs and can allocate resources effectively.
- Information Provision- The local government can keep can keep people better informed as they are closer to them.
- Responsiveness – The local government can be more responsive to the needs of people than state and central government.
- Local revenue maximization – As local governments are closer to the people they can better motivate and collect taxes, fees, and user charges.
- Accountability- Being closer to people, they will be more accountable to them and otherwise people by putting pressure on them will make them accountable.

v) **Leadership:** Leadership is an essential pre-requisite for good development management. Development managers must influence development workers and support them for the accomplishment of developmental tasks. Effective leadership is the key to good development management. It is said that an effective leader is one who can successfully integrate and effectively utilize scarce resources for the accomplishment of institutional goal. Five important traits of leadership are honesty, intelligence, forward looking, competency, and inspirational.

In this section, you studied the development management cycle and pre-requisites of good development management. Now, answer the questions given in Check Your Progress 3.

Check Your Progress 3

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) What is the importance of the Development Management Cycle?

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2) Write about one of the important pre-requisites of good development management?

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1.8 LET US SUM UP

Development management has become an essential tool for facilitating better development. The scope of development in development studies is immense. The use of the development management cycle in development management would help in effective implementation of developmental projects and programmes. In this unit, you read about the meaning, aims, and scope of development management. Besides, this unit also covers the development management cycle and pre-requisites of good development.

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1.10 CHECK YOUR PROGRESS: POSSIBLE ANSWERS

Check Your Progress 1

1) What do you mean by Development Management?

   Development management is one of the growing and important areas in development studies. It has been defined differently by various developmental experts. According the Solaiman "development management means evaluating change from the present situation into a better situation and it is a process of improving, building and innovating in order to ensure better quality of life for the present human being without jeopardizing those of the future".

2) Narrate two important role of development management.

   The two important roles of development management are: (i) It aims at synergizing the three important aspects of development management such as management of development, management for development and

management in development; and (ii) Development management is more value laden and aims at promoting present development without affecting the future. In other words, development management aims at sustainable development.

Check Your Progress 2

1) Briefly write about the scope of development management?

   The two important scope of the development management are: (i) Fasten the process of development: The development management helps to fasten the process of development. Development management intends to apply systemic approach in the management of development programmes and projects. A well formulated project with proper need assessment is not only yield good result but also helps in judicious use of resources and curtails wasteful expenditure; and (ii) Facilitate empowerment: Development management in general and participatory development management in particular lead to empowerment. The development management helps to achieve the goal of absolute, collaborative, adaptive, tacit and cosmetic empowerment. It empowers the employed and people engaged in development projects and programmes.

2) What are the three key elements of development management?

   The three important elements of development management enhancement strategies are:

   v) Capacity building training

   vi) Technical assistance, and

   vii) Leadership and participation.

Check Your Progress 3

1) What is the importance of a Development Management Cycle?

   Development management intends to set out a detailed and wide variety of policies to guide the decision making process for future planning. Customarily development management as an instrument is largely used in: (i) Management of development sectors such as agriculture, industry, rural development, etc. and (ii) Management of development projects and programmes. For example in India context, management of Mahatma Gandhi National Rural Employment Guarantee scheme (MGNREGS); Sarva Shiksa Abhiyan (SSA); National Rural Health Mission (NRHM), etc. are the example of management of development programmes. Development management cycle begins with the formulation of development goals and objectives and ends after the dissemination of development impact. The development management cycle helps the development manager to implement development projects and programmes in more systematic way.

2) Write about one of the important pre-requisites of good development management?

   The three important principles of good development management are inter and intra sectoral coordination; good governance and convergence. Besides leadership and supervision also key to successful implementation of any projects and programmes.

UNIT 2 URBAN MANAGEMENT AND MANAGEMENT OF URBAN SERVICES

Structure

2.1 Introduction

2.2 Urban Management: Meaning and Scope

2.3 Urban Management: As a Process

2.4 Management of Urban Services

2.5 Requirements of Good Urban Management

2.6 Let Us Sum Up

2.7 References and Suggested Readings

2.8 Check Your Progress: Possible Answers

2.1 INTRODUCTION

Urban is one of the important and most growing sector particularly in developing countries. One of the predictions envisages that there will soon be four billion city dwellers on the planet, each of them producing consuming and travelling. These growing millions have to be fed, provided with housing, safe drinking water, sanitation and energy, and means of transportation. Management of these services is critical to raise the quality of living in city life. Many urban problems are the result of poor management, poor planning and absence of coherent urban policies rather than urbanization itself. Urban Management although a fragile yet a most important component of urban planning and development.

In this unit we will cover the meaning and scope of urban management and also management of urban services. After reading this unit, you will be able to:

i) Define urban management and delineate its scope

ii) Explain management and delivery of urban services

iii) Describe the pre-requisites of good urban management

2.2 URBAN MANAGEMENT: MEANING AND SCOPE

2.2.1 Meaning of Urban Management

The concept urban management is a recent, but, widely used concept as the urbanization is growing very fast. A few definition of urban management given by various exponents are described below.

According S K Sharma the Urban Management can be described "as the set of activities which together shape and guide the social, physical and economic development of urban areas. The main concern of urban management, then, would be intervention in these areas to promote economic development and well-being and to ensure necessary provision of essential services."

According the Amos "Urban Management is the responsibility of municipal government and urban management is concerned with all aspects of urban development, both public and private. It is no way confined to the services operated by the municipal authority. Good urban management depends on the power to coordinate the activities of a variety of agencies at national and local levels." While Davidson writes "Urban Management is about mobilizing resources in a way that can achieve urban development objectives".

According to Rakodi "urban management aims to ensure that the components of the system are managed so that they make possible the daily functioning of a city which will both facilitate and encourage economic activity of all kind and enable residents to meet their basic needs for shelter, access to utilities and services and income generating opportunities."

According to Cheema "urban management is a hostic concept. It aimed at strengthening the capacity of government and non-government organizations (NGOs) to identify policy and programme alternatives and to implement them with optimal results."

According to Ronald McGill "urban management is seemed to have a twin objective: first to plan for, provide and maintain a city's infrastructure and services; and second to make sure that the city's government is in a fit state, organizationally and financially, to ensure that provision and maintenance."

William attempted to define urban management as a topic of study. He argued that "urban managenalism is not a theory nor even an agreed perspective. It is instead a framework of study".

Churchill gave a complex definition of urban management. He maintained that "the term urban management is begging to take on a new richer meaning. It no longer refers only to the systems of control but rather, to set of behavioral relationships, the process through which the myriad activities of the inhabitants interact with each other and with the governance of the city."

2.2.2 Scope of Urban Management

The scope of urban management is more complex and wide. The complexity of scope of urban management very well articulated by Williams "there have been considerable debate as to whether urban managerialism should simply be concerned with the role of government officials as mediators or whether it should encompass a whole range of actors in both public service and private enterprise who appear to act as controllers of resources sought by urban populations." While Ricardson gave three tests of urban management success. Firstly, the ability of metropolitan managers to implement a declared spatial strategy to be regarded as a reasonable test of managerial efficiency. Secondly, the effectiveness of metropolitan management in cites of the developing countries is the ability to deliver basic urban services and trunk infrastructure to rapidly growing urban population. Thirdly, the other key managerial problem with urban service delivery is the simple one of operation and maintenance. While Leonard touch other aspects of scope of urban management by organizing that managerialist thesis is "concern with the institutions and official empowered to allocate resources and facilities " UNDP's experience from different countries broadly argues scope of urban management in the following way "one of the most important lessons

learnt from the distant and recent past is the failure of outdated models and practices of physical planning as well as isolated projects and initiatives in providing an answer to the vast and pressing needs of rapidly forming urban centres in the developing world. Urban management can be answer to this challenge, provided that it develops, both in concept and in practice, as a holistic approach."

From the above discussions, a few important scope of urban management can be drawn:

i) Planning, implementation, monitoring of urban infrastructure and services. Effective and efficient delivery of urban services to raise the quality to living of people residing in urban areas.

ii) Effective and efficient management of projects and programmes for achievement of urban development goals.

iii) Promotion of intersectoral coordination in the urban sector. Coordination with the health, public health, education, women and child welfare, etc. for the holistic urban development.

iv) Promote community participation and involve NGOs and civil society organizations in the effective provision and management of urban services.

v) Enhance the capability of Urban Local Bodies and Urban Institution in carrying out the duties and responsibilities entrusted to them under the 74th constitution amendment (India).

vi) Strengthen urban administration and governance to deal with various problems associated to urban development.

vii) Effectively implement urban policies for enhancing contribution of both formal and informal sectors towards urban development.

McGill has rightly summarized the scope of urban management with the view that urban management in developing countries should seek to achieve the simple but fundamental twin objective of:

a) Planning for, providing and maintaining a city's infrastructure and services; and

b) Making sure that the city's local government is in a fit state, organizationally and financially, to ensure that provision and maintenance.

The Urban governments be it central, state or urban local bodies generally carry out the responsibility for managing six inter-related urban sector i.e. urban land, natural environment, infrastructure, urban services and development. Given in Figure 2.1

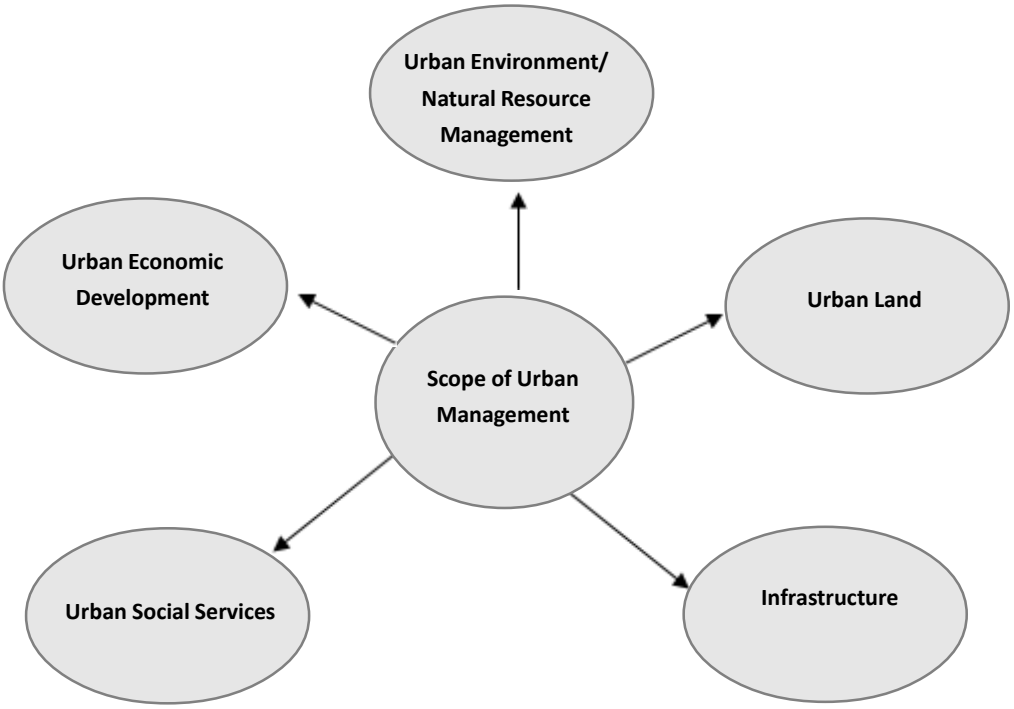

Fig.2.1: Urban Economic Development

i) **Urban Land Use:** Management of urban land is of the prime responsibility of local governments. The equitable, efficient and effective management of urban land is essential for city development. A few important issues related to urban land management are follows:

   a) Accurate and timely mapping, gathering and maintenance of land related data;

   b) Fair and quick land registration procedures to facilitate effective administration of property rights;

   c) Clear cut and fair mechanisms for assembly, transfer and disposal of land including a transparent market valuation mechanisms;

   d) Effective policy and participatory planning of land users and

   e) Efficient and effective procedures and systems for generating revenue from land through taxation and user fees.

ii) **Natural Environment:** It is one of the important duties and responsibilities of local government to do proper management of natural environment of cities. The cities natural resources must be managed in a such a way that it is free from pollution and environmental degradation. If the cities, especially large towns environment are not managed properly, it would result in serious irreplaceable depletion of essential resources and affect safely to public health and the capacity of natural systems to sustain development. Therefore, there should be proper management of water resources, air quality and land resources in urban areas in tune with environmental protection and sustainable development.

iii) **Infrastructure:** Infrastructure development is critical to urban development. The local government, therefore, need to do proper planning, provisioning, operation and maintenance of urban infrastructure such as road, water supply

and treatment system, solid wade management system, provision of electricity, urban transport, housing, communication systems ranging from telephone services to telecommunication. A proper coordination among various divisions such as planning, constructing, operation and maintenance is essential for management of urban infrastructure.

iv) **Urban Social Services:** Local governments are often called upon to manage a diverse range of social services in their areas. These services include urban health care facilities through dispensaries and clinics; education at least pre-primary and primary education; security from crime, public safety from fire and natural disaster and during emergencies; welfare programs of physically challenged and old age; poverty alleviation programe and provision of recreation i.e. open spaces, parks and part of cultural facilities. Provision of urban social services is equally important to that of urban infrastructure. The provision of urban services also called for establishment of schools, hospitals, old age home, care house for physically challenged, recreation clubs and parks. The judicious allocation of resources between various development infrastructure and service infrastructure is sine-qua-non for holistic urban development.

v) **Urban Economic Development:** Local governments influence economic development through policies and programmes, which has relation with investment climate, distribution of goods and services and other basic amenities; and provision of services through taxation and other mechanisms. These affect various sectors of urban economy:

a) **Primary sector** – economic activities, for example, agriculture activities performed in peri-urban areas in Indian context Nagar Panchayats;

b) **Secondary Sector** – activities relating to manufacturing and construction; and

c) **Tertiary Sector** – functions relating to services activities such as banking, insurance, information technology. The local government needs to make necessary urban employment provision in under to provide sustainable livelihood to urban migrant labourers. Strong urban economy is essential for faster urban development.

2.3 URBAN MANAGEMENT: AS A PROCESS

The local governments and their managers face a complex task in managing various components falling under the scope of urban development i.e. environment, urban land services, infrastructure and economic development. Each scope of activity not only compete each other, but also suffer from internal contradictions. It is rightly remarked by Leman (1994) that with many competing demands from all sectors in rapidly urbanizing areas, it is often difficult to assess the impacts of actions one sector against another and to establish a rationale approach to establishing priorities for planning, directions and managing public investments. There are nine basic steps to be followed in multi sectoral urban management. The multi-sectoral urban management are follows:

i) Identification of Problems

ii) Formulation of objectives

iii) Development of policies

iv) Development of institutional arrangements

v) Development of programmes/projects

vi) Development of plan/strategy

vii) Implementation of programes/projects

viii) Operation and maintenance

ix) Evaluation

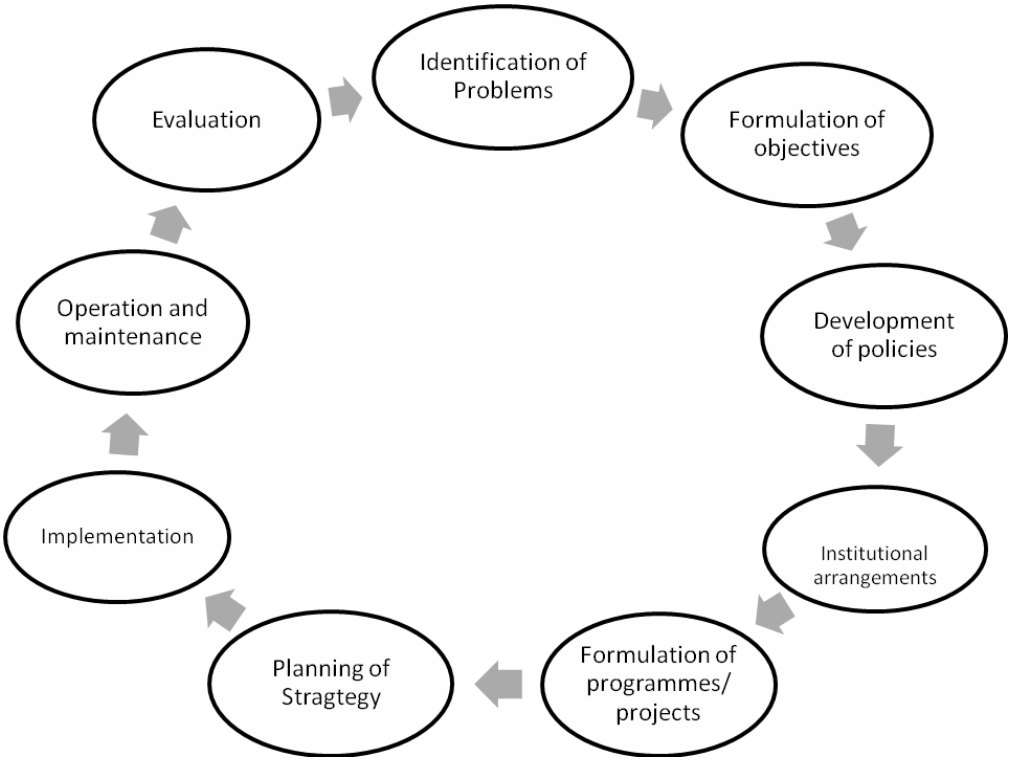

Fig.2.2: Urban Management Cycle

The nine different steps of Urban Management cycle given in Figure 2.2

1) **Identification of Problem:** Problem analysis is of prime importance to urban development programmes/projects, as it strongly influences the design of all possible urban development interventions. Problem identification is a deductive process. It is a state of affairs or facts or figures that cause difficulties and sufferings. The problem analysis not only investigates What is wrong? but also try to understand 'Why' and 'How' it is wrong in order to assign priority to the problem.

2) **Formulation of Objectives:** The objective formulation is a process, whereby, the problem are converted into objectives or good towards which activities can be directed. It is viewed that objective analysis is a tool to understand what objectives will be aimed as a result solution to the problems identified in the problem analysis. The development objectives as far as possible should be **"SMART"** that is **S-** Specific, **M-**Measurable, **A-**Attainable, **R-**Realistic and **T-**Time bound.

3) **Development of Policies:** In order to achieve the desired goal of urban development, the formulated objectives must be integrated into policy document. At these stage, necessary legislative, regulatory and organizational mechanism and economic, financial and technical measures required are developed.

4) **Development of Institutional Arrangement:** After inducting or designing policy, institutional arrangement has to be made. The institution, so created will require to implement objectives. For example, HUDCO (Housing and Urban Development Corporation) has been formulated to implement, policy of urban housing and other basic needs.

5) **Programme/ Project formulation:** In this phase, detail programmes and in each programme, what are the projects to be launched in order to achieve the objectives have to be formulated.

6) **Development of Plan/Strategies:** In this stage, programme and project specific details, technical plan and strategies has to be developed in order to achieve urban development objective.

7) **Implementation:** The plan formulated strategies and activities are implemented by the various institute and agencies deployed in order to achieve the developmental goals and objectives of urban development sector.

8) **Operation Maintenance:** Day to day monitoring of operation and maintenance of development works is required for the effectiveness of adoption of programme and project specific objectives. As major amount of money is divested in urban infrastructure development, therefore, operation and maintenance holds the key of urban development activities.

9) **Evaluation:** Last but not the least, stage of urban development management cycle in evaluation. The urban development department or the ULBs implementing various urban development programmes can engage third party for the impartial evaluation of their programmes and project in term of inputs, process and output. If necessary, an impact assessment can be done for the basic needs projects such as water works, sanitation and solid waste management.

These nine steps are cyclical and should be undertaken as a matter of regular routine in order to ensure relevance to changing conditions.

After reading the basic understanding and concepts of urban management, its major aspects in order to make efficient urban management process, now you can answer. Check Your Progress with following questions.

Check Your Progress 1

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) What is urban management?

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2) Write five components and scope of urban management.

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3) Explain urban management cycle.

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2.4 MANAGEMENT OF URBAN SERVICES

One of the key functions of urban management is the effective delivery of urban goods and services for the improvement of quality of life of people living in urban areas. The government of India, recently, as an urban reform agenda used "Service Level Bench-marking (SLB)" as a tool to enhance accountability for service delivery. The SLB was initiated by the Ministry of Urban Development, GOI, as part of the urban reform agenda and developed a common framework for monitoring and reporting on service level indicators. This section will cover GOI managing of urban services aspect. This can be broadly discussed in following heads:

2.4.1 Performance Parameters Indicators and Benchmarks

The four important basic urban services for which performance parameters have been identified are:

i) Water Supply

ii) Sewerage

iii) Solid Waste Management; and

iv) Storm Water Drainage

1) Water Supply: Water is one of the basic needs of urban life. Provision of safe drinking water to urban people is one of the important responsibilities of urban government. The management of water supply primarily related to reach and access to quality service and prevalence and effectiveness of the systems to manage the water supply networks. The indicators and benchmarks related to water supply parameters is given is Table 2.1

Table 2.1: Indicators/Benchmark of Water Supply Services

S.No.	Indicators	Benchmark
1.	Coverage of Water Supply Connection	100%
2.	Percapita Supply of water	135 lpcd
3.	Extent of meeting of water conection	100%
4.	Extent of non-revenue water	20%
5.	Continuity of water supply	24 hours
6.	Quality of water supplied	100%
7.	Efficiency of redressal of consumer complaints	80%
8.	Cost recovery in water supply services	100%
9.	Efficiency in collection of water supply-related charges	90%

Source: *MOUD, GOI, Hand Book on Service Level benchmarking*

2) **Sewage Management (Sewerage and Sanitation):** Good sewage system is an important pre-requisite for a disease free urban life, particularly from the point of view of occurrences of recent diseases like Dengue. The performance indicators relating to sewage management broadly includes reach and access of the service, effectiveness of the network and environmental sustainability and also financial sustainability of operations. The indicators and benchmark for sewage management are given in Table 2.2

Table 2.2: Indicators/Benchmark of Sewage Management Services (Sewage & Sanitation)

S.No.	Indicators	Benchmark
1.	Coverage of toilets	100%
2.	Coverage of Sewage network services	100%
3.	Collection efficiency of sewage network	100%
4.	Adequacy of sewage treatment capacity	100%
5.	Quality of sewage treatment	100%
6.	Extent of reuse and recycling of sewage	20%
7.	Efficiency of redressal of consumer complaints	80%
8.	Extent of cost recovery in sewage management	100%
9.	Efficiency in collection of sewage charges	90%

Source: *MOUD, GOI, Hand Book on Service Level benchmarking*

3) **Solid Waste Management:** Most of the urban centres are plagued by acute problems related to solid waste management. Solid waste management is one of the obligatory duties of urban government. The solid waste management performance deals with reach and access, effectiveness of network operation and financial sustainability. The indicators and benchmark for solid waste management are given in table 2.3

Table 2.3: Indicators/Benchmark of Solid Waste Management Services

S.No.	Indicators	Benchmark
1.	Household level coverage of solid waste management services	100%
2.	Efficiency of collection of municipal solid waste	100%
3.	Extent of segregation of municipal solid waste	100%
4.	Extent of municipal solid waste recovered	80%
5.	Extent of scientific disposal of municipal solid waste	100%
6.	Efficiency in redressal of customer complaints	80%
7.	Extent of cost recovery in solid waste management services	100%
8.	Efficiency in collection of solid waste management charges	90%

Source: *Hand Book on Service Level Benchmarking, MOUD, GOI*

4) **Storm Water Drainage:** The storm water drainage is vital for mega cities experiencing problems of water logging during rainy season. The performance indicators with regard to storm water drainage include extent of network and effectiveness of the network. The indicators and benchmark of storm water drainage are given in Table 2.4

Table 2.4: Indicators/Benchmark of Storm Water Drainage

S. No.	Indicators	Benchmark
1.	Coverage of storm water drainage network	100%
2.	Incidence of water logging /flooding	0%

Source: *Hand Book on Service Level Benchmarking, MOUD, GOI*

2.4.2 Role of Stakeholders

After discussing about the parameters and indicators of various service delines and their management, it is now pertinent to discuss about the role of various stakeholders in performing service level benchmarking. The stakeholders involved in the process of SLBs (service level benchmarking) are follows:

i) Central Governement
ii) State Government
iii) Urban Government
iv) Parastatal Agencies
v) Bi-lateral / Multi-lateral Aid Agencies
vi) Citizen and Civil Society

Let the discuss their role one by one.

1) **Central Government:** The Government of India will take the lead in disseminating information about the service level parameters and building wider acceptance. SLBs will be an integral part of City Development Planning process, both for assessment of current situation and setting targets under their plans.

2) **State Government:** The responsibility of the state government will be to periodically evaluate the SLBs as an input for its decisions related to policy, resource allocations, providing incentives and penalties, channelizing technical and manpower support and regulatory considerations.

3) **Urban Local Bodies:** ULBs are the most important stakeholders for the institutionalization of SLBs. The role of ULBs is to generate performance reports on SLBs periodically by undertaking following exercises: (a) Systems for capturing data; (b) systems for collection and analysis of performance indicators; (c) Systems for assessment and evaluation of performance; (d) systems of decision making; (e) systems for operational decisions and plans; and (f) systems to take corrective action for performance improvement.

4) **Parastatal Agencies:** The Parastatal will play similar role to that for ULBs. They are unlike ULBs have to put systems in place for performance management. The need for periodic reporting of SLBs to ULBs and its disclourse is important in both the cases.

5) **Bi-lateral/ Multi-lateral Aid Agencies:** As far as role of bi-lateral / Multi-lateral aid agencies is concerned. Various urban governance and infrastructure improvement programme initiated and funded by bi-lateral amdn multi-lateral aid agencies can dovetail with and further strengthen this initiative.

6) **Citizens and Civil Society:** Citizens should be engaged with ULBs through Area Sabhas, Resident Welfare Associations (RWAs) and other such civil society organizations in examining the SLBs and suggesting remedial actions.

A performance management system developed in the Ministry of Urban Development, Government of India for service level benchmarking in the context of performance management of urban service is given in figure 2.3

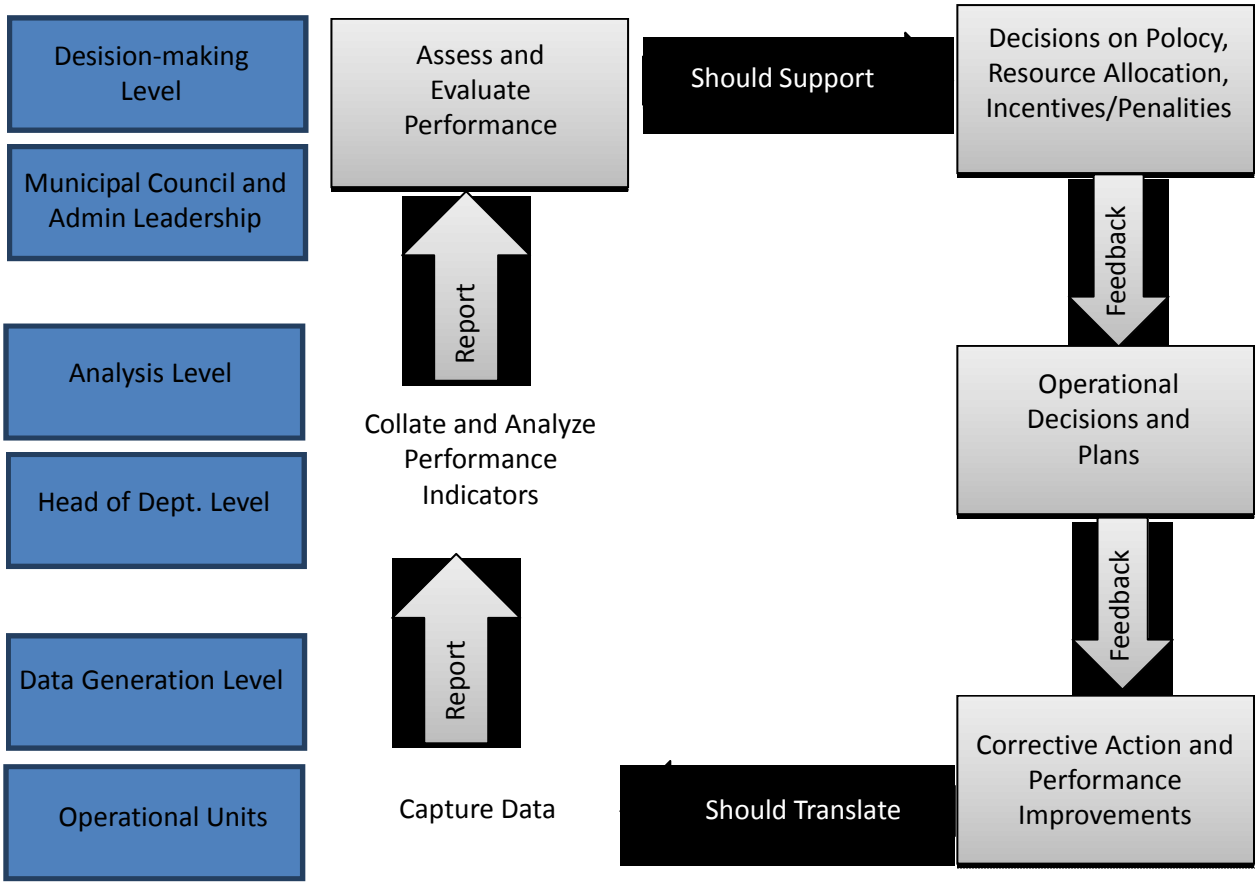

Fig 2.3: Performance Management System

The service level parameters are measured either from a utility manager's / planner's perspective or from a citizen's or customer's perspective (for detail consult Handbook on Service Level Benchmarking, Ministry of Urban Development, Government of India).

2.4.3 Prioritizing Urban Services Management Initiatives

The Government both centre and state as well as bi-lateral and multi-lateral agencies have initiated several projects and programmes on urban management for improving the quality of life of people residing in urban areas. One of such programmes is JNNURM which aims to encourage cities to initiate improvement in existing service levels in financially sustainable manner. The ultimate end users of the programme are the dwellers of urban areas.

Importance Ratings
5-High
3-Medium
1-Low

What's – How Relationship
9-Strong
6-Moderate
3-Weak
0-No Relationship

			Hows														
			Publication	Website	Downloadable forms	User details for other department, RTO, Landrecord	Workflow automation	Single sing on for multiple department's online services	Interopreability	Service catalogue	Online request logging / IT enabled Service dest / Payments	City database/Hyperlinks to other database	Email facility to City managers	Concept of Ownership of Infrastructure (e.g. Know about Projects near your	Innovative Initiatives		
			Measures														
Easy access to City information	Customer Important Rating	5	9	9	6	0	0	3	6	9	6	6	6	3	6	345	Relationship Totals
Availability of forms, process details		5	9	9	9	6	3	3	3	6	3	3	6	0	0	300	
Availability of interdepartmental information for same user		5	0	3	0	9	9	9	9	3	6	6	0	0	6	300	
Reduce cycletime of procedures		5	3	3	6	6	9	3	3	3	3	6	3	0	3	255	
Avoid human interface in process		2	6	6	9	6	9	6	6	6	9	6	6	6	6	174	
Multiple channels for payment of dues		3	0	9	9	6	9	9	9	6	9	6	0	0	0	216	
Ease of recording voice/suggestions		3	0	6	6	0	3	0	0	3	6	6	9	0	9	144	
Ease of logging & Track service requests		5	0	9	9	6	6	6	6	6	9	6	0	0	0	315	
Multiple hand offs to be avoided		1	0	0	3	6	9	9	9	3	6	0	0	0	0	45	
Clarity on initiatives of multiple department Operating in city		3	9	9	6	3	0	6	6	6	3	9	3	6	0	198	
Information on where to apply for what & what needs to be submitted		5	9	9	9	6	3	6	6	9	6	6	0	0	0	345	
Expect my request to be resolved the first time		3	0	0	0	0	3	0	0	0	9	9	0	0	0	63	
			189	294	279	210	222	216	231	240	270	267	123	45	114		
			How Important														

Fig. 2.4: Quality Function Deployment Matrix

Proful Gharpure has developed 'voice of customers (VOCs)' which would enable the service provider for better management of urban services on the one hand and provision of quality services on the other. Source of the VCOs for urban services in cities are follows:

- No clarity of the set up of civic authority (Municipal Corporation).
- Poor information availability on initiatives.
- Lack of clarity of procedures.
- Time consuming processes lead to ignorance.
- Lack of accountability of officials.
- Too many agencies and overlap of work.
- Interdependencies/document exchange.
- Non-availability of multiple payment modes.
- Refrain from lodging services requests for want of time.
- Feel left out form the decision making process.

The Quality Function Deployment (QFD) tool developed by Gharpure (2008) is given in figure 2.4 which intends to bring out the priorities list of customer requirements and potential solution. QFD essentially brings out the top ranking customer needs based on the user's priority along with the top solution ideas which the city services provider needs to incorporate while planning for the projects.

2.5 REQUIREMENTS OF GOOD URBAN MANAGEMENT

Various requirements of good urban management are as follows:

1) **Balancing act of Government and Market:** The urban management system must scientifically define urban government "administrative power and the operation right". Many of the activities of urban services are being regulated by the market and some of those which can not be solved by market such as the infrastructure construction, environmental protection, social justice, public welfare under taking, social security undertaking, are being provided by the government. The provision of market-led services in regulated prices and government services with time-bound manner will enhances the service delivery mechanism in urban areas. The government support is required for the impoverished urban dwellers, while the rich and upper middle class can manage the market and private sector related services such as housing and other civic amenities.

2) **Promoting Community Participation in Urban Management:** In simple terminology, 'community participation' refers to the involvement of the people in a community in various development projects such as education health care, drinking water, sanitation, etc. Community participation is ensured in following ways:

   i) community leaders/whole community consulted by the development agencies;

ii) contribution in terms of finance, material and labour;

iii) operation and maintenance management;

iv) project management; and

v) promoting participation of disadvantaged such as women, Scheduled Castes and Scheduled Tribe in decision making.

The community involvement during all stages of urban development project strating from project formulation uptill impact assessment is a very good way of effective project management. The public participation in urban management presupposes that community should not be looked as the target of urban management, but need to be seen as participant of urban management.

3) **Empowered Urban Local Bodies:** Effective urban management call for an empowered system of urban local bodies. The urban local bodies must be endowed with three Fs: Funds, Functionaries and Functions, so that they can exercise their duties and responsibilities more effectively. The functionaries and elected representatives of ULBs must be provided with training from time to time to carry out their duties and responsibilities. The coordination between different tiers of ULBs is another areas which can promote better urban management.

4) **Strengthening Development Governance:** Good development governance is essential requisite for good urban management. According to World Bank, governance is the manner in which power is exercised in the management of a country's economic and social resources for development. According to UNDP, development governance aims at a corruption free political and public administration for the achievement of development goals. Therefore, for achievement of urban development goals, development governance needs to be given niggardly attention. The five governance principles, advocated by European commission i.e. openness, participation, accountability, effectiveness and coherence are also critical to urban management.

5) **Promotion of better Inter Sectoral Coordination:** Inter sectoral coordination is critical to the effective implementation of various urban development projects and programmes. The urban development managers must establish coordination between various sectors such as public health, health, education, environment, etc. for holistic development of urban areas. The related sectors can not work in silos rather in tandem to promote effective urban development. For example, for effective promotion of better health in urban areas, the coordination between health, public health, education, women and child development is essential. Various international agencies have emphasized on the intersectoral coordination for the effective attainment of development goals.

After going through this entire unit, it is expected that you must have understood the meaning, concept and scope of urban management, its management process, management cycle, management of various urban services, and essential requirements for good urban management. Now Check Your Progress through questions given below.

Check Your Progress 2

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) Discuss basic urban services required for effective urban management and its stake holders.

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2) Make a flow chart of urban management of your nearest area and evaluate its status.

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3) What are the basic requirement of good urban management.

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2.6 LET US SUM UP

Urban Management is one of the important component of urban development. Although the concept of urban management is recent one, yet is one of the most widely used concept as the urbanization is growing very fast. Urban management as a subject helps the government and agencies dealing with urban development for the efficient and effective management urban development projects, programmes and resources for the attainment of urban development goals. This unit deals in details about the concept and meaning of urban management given by a few exponents of urban development. It has also enumerated the scope and requisites of good urban management. Besides in this unit, you mighty have read about the performance parameters indicators and benchmark developed by the Ministry of Urban Development Government of India.

As it is predicted that more than 50 percent of population will be living in urban areas by 2025, therefore, better urban management is a challenge before the nation states of developing countries.

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2.8 CHECK YOUR PROGRESS: POSSIBLE ANSWERS

Check Your Progress 1

1) What is urban management?

   Urban Management, according S K Sharma, can be described "as the set of activities which together shape and guide the social, physical and economic development of urban areas. The main concern of urban management, then, would be intervention in these areas to promote economic development and well-being and to ensure necessary provision of essential services."

2) Write five components and scope of urban management.

   The important components are as followins. (1) Urban Environment/Natural Resource Management, (2) Urban Economic Development, (3) Urban Social Services, (4) Urban Land, and (5) Infrastructure.

3) Explain urban management cycle.

   Urban management cycle comprises tasks from identification of problem till its solution, which include the scope of urban development i.e. environment, land urban services, infrastructure and economic development. There are nine basic steps to be followed in multi sectoral urban management. The multi-sectoral urban management broadly comprises- identification of Problems, formulation of objectives, development of policies, development of institutional arrangements, development of programmes/projects, development of plan/strategy, implementation of programes/projects, operation and maintenance, and evaluation.

Check Your Progress 2

1) Discuss basic urban services required for effective urban management and its stake holders.

   The four important basic urban services has been identified and often discussed. These are water supply, sewerage, solid waste management; and storm water drainage. There are also other important services required in urban management like education, health etc. however, above four are most significant. So far as concern of role of stake holders, the stake holders are (a) central government, (b) state government, (c) urban government, (d) parastatal agencies, (e) bi-lateral / multi-lateral aid agencies, and (f) citizen and civil society.

2) Make a flow chart of urban management of your nearest area and evaluate its status.

   See the figure -3: performance management system **of** sub-section 2.5, accordingly prepare the flow chart of urban management of your nearest urban area.

3) What are the basic requirement of good urban management.

   Various requirements of good urban management are as follows: (a) balancing act of government and market, (b) promoting community participation in urban management, (c) empowered urban local bodies, (d) strengthening development governance, and (e) promotion of better inter sectoral coordination.

UNIT 3 FINANCIAL MANAGEMENT

Structure

3.1 Introduction

3.2 Financial Management: Objectives, Functions, Significance, Approaches and Goals

3.3 Accounting: Concept, Objectives, Functions, Basis, Branches, Book-Keeping

3.4 Auditing, Meaning and Definition, Objectives and Principles

3.5 Budgeting: Objectives, Process, Advantages and Limitations

3.6 Let Us Sum Up

3.7 Keywords

3.8 References and Suggested Readings

3.9 Answers to Check Your Progress

3.1 INTRODUCTION

Finance is an important function is any business as money is required to support its various activities. It has given birth to "Financial Management" as a separate subject. Financial management is of recent origin and has not acquired a body of knowledge of its own. It draws heavily on "Economics" for its theoretical concepts. In the early half of the last century, the job of financial management was largely confined to the acquisition of funds. But, as business firms continued to expand, their markets and they became larger and more diversified, greater control of financial operation became highly important. Thus, now the scope of financial management is very wide and it should not be considered to be merely restricted for raising of capital. It also covers other aspects of financing such as assessing the needs of capital, raising sufficient amount of funds, cost of financing, budgeting, maintain liquidity, lending and borrowing policies, dividend policies and so on. Finance is considered as the life-blood of any business. It is defined as the provision of money at the time it is needed. All the plans of a businessman would remain mere dreams unless adequate money is available to convert them into reality. Financial management is very important to every type of organization. It refers to that part of managerial activity concerned with the procurement and utilization of funds for business purposes. Howard and Upton have defined the financial management as it involves the application of general management principles to financial operations.

Therefore, financial management is concerned with broadly four tasks. The first and foremost is estimation of the fixed and working capital requirements; secondly, formulation of capital structure; thirdly, procurement of fixed and working capital; and fourthly, management of earnings.

After studying this unit, you will be able to:

- describe financial management including its objectives, functions, significance, approaches and goals;
- define the concept, objectives, functions, basis and branches of accounting as well as make distinction between book-keeping and accounting;

- explain the objectives, principles, advantage and limitations of auditing; also classify the different types of auditor and state the qualities of an auditor; and
- discuss the concept of budgeting and explain the objectives, processes, advantages and limitations of budgeting.

3.2 FINANCIAL MANAGEMENT

Financial management is a managerial activity concerned with planning and controlling of the firm's financial resources to generate returns on its invested funds. The raising and using of capital for generating funds and paying returns to the suppliers of capital is the finance function of a firm. Thus, the funds raised by the company will be invested in the best investment opportunities, with an expectation of future benefits. Financial Management means planning, organizing, directing and controlling the financial activities such as procurement and utilization of funds of the enterprise. It means applying general management principles to financial resources of the enterprise. Scope of financial management includes:

- **Investment decisions:** includes investment in fixed assets (called as capital budgeting). Investments in current assets are also a part of investment decisions called as working capital decisions.
- **Financial decisions:** relate to the raising of finance from various resources which will depend upon decision on type of source, period of financing, cost of financing and the returns thereby.
- **Dividend decision:** The finance manager has to take decision with regards to the net profit distribution. Net profits are generally divided into two:
  - a) Dividend for shareholders- dividend and the rate of it has to be decided.
  - b) Retained profits- amount of retained profits has to be finalized which will depend upon expansion and diversification plans of the enterprise.

3.2.1 Objectives of Financial Management

The financial management is generally concerned with procurement, allocation and control of financial resources of a concern. The objectives can be:

1. To ensure regular and adequate supply of funds to the concern.
2. To ensure adequate returns to the shareholders which will depend upon the earning capacity, market price of the share, expectations of the shareholders.
3. To ensure optimum funds utilization. Once the funds are procured, they should be utilized in maximum possible way at least cost.
4. To ensure safety on investment, i.e., funds should be invested in safe ventures so that adequate rate of return can be achieved.
5. To plan a sound capital structure- there should be sound and fair composition of capital so that a balance is maintained between debt and equity capital.

3.2.2 Functions of Financial Management

1) **Estimation of capital requirements:** A finance manager has to make estimation with regards to capital requirements of the company. This will

depend upon expected costs and profits and future programmes and policies of a concern. Estimations have to be made in an adequate manner which increases earning capacity of enterprise.

2) **Determination of capital composition:** Once the estimation have been made, the capital structure have to be decided. This involves short- term and long- term debt equity analysis. This will depend upon the proportion of equity capital a company is possessing and additional funds which have to be raised from outside parties.

3) **Choice of sources of funds:** For additional funds to be procured, a company has many choices like-

   a) Issue of shares and debentures

   b) Loans to be taken from banks and financial institutions

   c) Public deposits to be drawn like in form of bonds.

   Choice of factor will depend on relative merits and demerits of each source and period of financing.

4) **Investment of funds:** The finance manager has to decide to allocate funds into profitable ventures so that there is safety on investment and regular returns is possible.

5) **Disposal of surplus:** The net profit decision has to be made by the finance manager. This can be done in two ways:

   a) Dividend declaration - It includes identifying the rate of dividends and other benefits like bonus.

   b) Retained profits - The volume has to be decided which will depend upon expansion, innovational, diversification plans of the company.

6) **Management of cash:** Finance manager has to make decisions with regards to cash management. Cash is required for many purposes like payment of wages and salaries, payment of electricity and water bills, payment to creditors, meeting current liabilities, maintenance of enough stock, purchase of raw materials, etc.

7) **Financial controls:** The finance manager has not only to plan, procure and utilize the funds but he also has to exercise control over finances. This can be done through many techniques like ratio analysis, financial forecasting, cost and profit control, etc.

3.2.3 Significance of Financial Management

Financial management occupies a significant place because it has an impact on all the activities of a firm. Its primary responsibility is to discharge the fiancé function successfully. No one can think of any business activity in isolation from its financial implications. The management may accept or reject a business proposition on the basis of its financial variabilities. In other words, the live executive who are directly involved in the decision-making process should give supreme importance for financial consideration. The finance function centres round the management of funds, raising of funds and the using them effectively.

But the dimensions of financial management are much broader than mere procurement of funds. Planning is one of the primary activities of the financial manager. It helps him to obtain funds and the best time in relation to their cost of the conditions under which they can be obtained. However, Financial Management should not be taken as a profit extracting device. It implies a more comprehensive concept than the simple objective of profit-making. Its broader mission should be to protect the interest of the different sections of the community undisturbed and protected through maximizing the value of the firm.

The concepts of financial management are applicable to an organization, irrespective of its size, nature of ownership and control. They can be applied to any activity of an organization which has financial implication. In the words of Raymond Chambers:

"The term Corporate Financial Management is often used to emphasize the financial management of companies or corporations. Thus, it consists of the decisions relating to: (a) investment – concerned with capital budgeting and current assets management (b) financing-concerned with determining the best financing mix, and (c) dividend-concerned with the solution to the decision of dividend policy."

3.2.4 Approaches to Financial Management

Traditional Approach: Finance involves arrangement of funds required by the business enterprise from and through financial institutions ('from' signifies procurement of loan capital, and 'through' implies the selling of securities by financial institutions). Hence, the traditional approach of financial management focused on 'arrangement of finance' for meeting various financial needs of an enterprise.

Modern Approach: financial management encompasses wider applications, viz., assessment of funds required, effective procurement of those funds through most economical means, and efficient utilization of those funds through profitable investments, as well as cash and liquidity management. To put it in the words of Ezra Solomon, the key questions in financial management of a business enterprise happen to be: "(i) what is the total volume of funds, an enterprise should commit? (ii) What specific assets should an enterprise acquire? (iii) How should the funds required be financed?" These questions, if answered properly, lead to four broad decision areas of financial management, viz., funds requirement decision, financing decision, investment decision, and dividend decision.

3.2.5 Goals of Financial Management

The financial management has to take three important decisions viz. (i) Investment decision i.e., where to invest fund and in what amount, (ii) Financing decision i.e., from where to raise funds and in what amount, and (iii) Dividend i.e., how much to pay dividend and how much to retain for future expansion. In order to make these decisions the management must have a clear understanding of the objective sought to be achieved. It is generally agreed that the financial objective of the firm should be maximization of owner's economic welfare. There are two widely discussed approaches or criterion of maximizing owners' welfare -(i) Profit maximization, and (ii) Wealth maximization. It should be noted here that objective is used in the sense of goal or goals or decision criterion for the three decisions involved.

Profit Maximization: Maximization of profits is very often considered as the main objective of a business enterprise. The shareholders, the owners of the business invest their funds in the business with the hope of getting higher dividend on their investment. Moreover, the profitability of the business is an indicator of the sound health of the organization, because, it safeguards the economic interests of various social groups which are directly or indirectly connected with the company e.g. shareholders, creditors and employees. All these parties must get reasonable return for their contributions and it is possible only when company earns higher profits or sufficient profits to discharge the obligations to them.

Wealth Maximization: The wealth maximization (also known as value maximization or Net Present worth Maximization) is also universally accepted criterion for financial decision making. The value of an asset should be viewed in terms of benefits it can produce over the cost of capital investment. Era Solomon has defined the concept of wealth maximization as follows- "The gross present worth of a course of action is equal to the capitalized value of the flow of future expected benefits, discounted (or as capitalized) at a rate which reflects their certainty or uncertainty. Wealth or net amount of capital investment required to achieve the benefits being discussed. Any financial action which creates wealth or which has a net present worth above zero is a desirable one and should be undertaken. Any financial action which does not meet this test should be rejected. If two or more desirable courses of action are mutually exclusive (i.e., if only one can be undertaken) then the decision should be to do that which creates most wealth or shows the greatest amount of net present worth". In short, the operational objective of financial management is to maximize wealth or net present worth. Thus, the concept of wealth maximization is based on cash flows (inflows and outflows) generated by the decision. If inflows are greater than outflows, the decision is good because it maximizes the wealth of the owners. We have discussed above the two goals of financial management. Now the question is which one is the best or which goal should be followed in decision making. Certain objections have been raised against the profit maximization goal which strengthens the case for wealth maximization as the goal of financial decisions.

Profit Maximization Vs Wealth Maximization

The financial management has come a long way by shifting its focus from traditional approach to modern approach. The modern approach focuses on wealth maximization rather than profit maximization. This gives a longer term horizon for assessment, making way for sustainable performance by businesses.

A myopic person or business is mostly concerned about short term benefits. A short term horizon can fulfill objective of earning profit but may not help in creating wealth. It is because wealth creation needs a longer term horizon Therefore, financial management emphasizes on wealth maximization rather than profit maximization. For a business, it is not necessary that profit should be the only objective; it may concentrate on various other aspects like increasing sales, capturing more market share etc, which will take care of profitability. So, we can say that profit maximization is a subset of wealth and being a subset, it will facilitate wealth creation.

Giving priority to value creation, managers have now shifted from traditional approach to modern approach of financial management that focuses on wealth maximization. This leads to better and true evaluation of business. For e.g., under

wealth maximization, more importance is given to cash flows rather than profitability. As it is said that profit is a relative term, it can be a figure in some currency, it can be in percentage, etc. For example a profit of say Rs.10,00,000 cannot be judged as good or bad for a business, till it is compared with investment, sales, etc. Similarly, duration of earning the profit is also important i.e. whether it is earned in short term or long term.

In wealth maximization, major emphasis is on cash flows rather than profit. So, to evaluate various alternatives for decision making, cash flows are taken under consideration. For e.g. to measure the worth of a project, criteria like: "present value of its cash inflow – present value of cash outflows" (net present value) is taken. This approach considers cash flows rather than profits into consideration and also use discounting technique to find out worth of a project. Thus, maximization of wealth approach believes that money has time value.

An obvious question that arises now is that how can we measure wealth. Well, a basic principle is that ultimately wealth maximization should be discovered in increased net worth or value of business. So, to measure the same, value of business is said to be a function of two factors - earnings per share and capitalization rate. And it can be measured by adopting following relation:

Value of business = EPS / Capitalization rate

At times, wealth maximization may create conflict, known as agency problem. This describes conflict between the owners and managers of firm. As, managers are the agents appointed by owners, a strategic investor or the owner of the firm would be major concerned about the longer term performance of the business that can lead to maximization of shareholder's wealth. Whereas, a manager might focus on taking such decisions that can bring quick result, so that, he/she can get credit for good performance. However, in course of fulfilling the same, a manager might opt for risky decisions which can put the owner's objectives on stake.

Hence, a manager should align his/her objective to broad objective of organization and achieve a tradeoff between risk and return while making decision; keeping in mind the ultimate goal of financial management i.e. to maximize the wealth of its current shareholders.

Check Your Progress 1

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) What is Financial Management?

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2) What are the objectives of Financial Management?

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3.3 ACCOUNTING

3.3.1 Concept and Definition

You know there is a limit to human memory. You cannot remember everything you do. If you are given Rs. 6000 and asked to buy a number of items you will find it difficult to remember the detail of various items you purchased. Hence, it becomes necessary for you to write them on a piece of paper or a note book. It is still more difficult in case of business which usually involves a large number of transactions. In business, you have to buy and sell more frequently. You make payments and receive payments every now and then. It becomes almost impossible to remember all these transactions. So, unless you record them properly you cannot obtain any financial information you need. For example, you cannot easily ascertain the amounts to be received from various customers to whom the goods were sold on credit. You will not know the detail of how much you owe to your suppliers. You may also find it difficult to work out the profit earned or loss incurred during a particular period. It is, therefore, necessary to maintain a proper record of all the transactions which take place from time to time. The recording of business transactions in a systematic manner is the main function served by accounting.

The Concept

The traditional meaning of accounting was provided by the American Institute of Certified Public Accountants (AICPA) in 1961 when it defined accounting as:

"the art of recording, classifying and summarizing in a significant manner and in terms of money, transactions and events, which are, in part at least, of financial character and interpreting the results thereof":

American Accounting Association (AAA) has defined the Accounting as follow:

"Accounting is the process of identifying, measuring and communicating economic information to permit informed judgments and decisions by users of the information".

3.3.2 Objectives of Accounting

The following are the main objectives of accounting:

1) **To keep systematic records:** Accounting is done to keep a systematic record of financial transactions, like purchase of goods, sale of goods, cash receipts and cash payments. In the absence of accounting there would have been terrific burden on human memory which in most cases would have been impossible to bear. Systematic record of various assets and liabilities of the business is also to be maintained.

2) **To ascertain the operational profit or loss.** Accounting helps in determining the net profit earned or loss suffered on account of running the business. This is done by keeping a proper record of revenues and expenses of a particular period. Profit and loss account prepared at the end of the year helps the management, suppliers, bankers and the government in knowing whether the business is earning profit or generating loss.

3) **To ascertain the financial position of the business:** The businessman is not only interested in knowing the operating result, but also interested in knowing the financial position of his business i.e., where it stands. In other words, he wants to know what the business owes to others and what it owns, and what happened to the capital – whether the capital has increased or decreased or remained constant. A scientific record of assets and liabilities facilitates the preparation of a "balance sheet" answers these questions.

4) **To facilitate rational decision making:** Apart from the owners, there are various other parties who are interested in knowing about the position of business, such as tax authorities, the management, the bank, the creditors, etc. From this viewpoint, the accounting system has to furnish the required information. In present scenario, accounting has taken up the task of analysis and reporting of information at the required point of time to the required level of authority to facilitate rational decision making.

3.3.3 Functions of Accounting

Following are the functions of accounting:

Record Keeping Function: The primary function of accounting is to keep a systematic record of financial transaction - journalisation, posting and preparation of final statements. The purpose of this function is to report regularly to the interested parties by means of financial statements.

Protect Business Property: The second function of accounting is to protect the property of business from unjustified and unwanted use. The accountant thus has to design such a system of accounting which protects its assets from an unjustified and unwanted use.

Legal Requirement Function: The third function of accounting is to devise such a system as will meet the legal requirements. Under the provision of law, a business man has to file various statements e.g., income tax returns, returns for

sales tax purpose, etc. Accounting system aims at fulfilling the requirements of law. Accounting is a base, with the help of which various returns, documents, statements etc., are prepared.

Communicating the Results*:* Accounting is the language of business. Various transactions are communicated through accounting. There are many parties - owners, creditors, government, and employees, etc, who are interested in knowing the results of the firm. The fourth function of accounting is to communicate the results to interested parties. The accounting shows a real and true position of the firm of the business.

3.3.4 Basis of Accounting

Cash Basis Accounting: According to this system, only actual cash receipts and payments are recorded in the books. The credit transactions are not recorded at all, till actual cash is received or paid. Thus, if purchases are made in the year 2010 on credit and payment for purchases is made in the year 2011, such purchases shall be considered to be an expense of the year 2011 and shall not be recorded in the year 2010. This system of accounting is mostly followed by non-trading organizations, professionals like lawyers, doctors, chartered accountants, etc.

Mercantile or Accrual System: According to this system, all the business transactions pertaining to the specific period, whether of cash or credit nature, are recorded in the books. This system of accounting is based on accrual concept, which states that revenue is recognized when it is earned and expense is recognized when obligation of payment arises. Actual movement of cash is irrelevant. Mercantile system of accounting is widely followed by the industrial and commercial undertakings because it takes into account the effects of all transactions already entered into.

3.3.5 Branches of Accounting

Accountants specialize in different types of accounting activities and this has resulted in the development of different branches of accounting. Some of these are:

Financial Accounting: It is the original form of accounting. It is mainly confined to the preparation of financial statements for the use of outsiders like debenture holders, creditors, suppliers, etc. The financial statements are the Income statement (or Profit and Loss Account), Statement of Retained Earnings (Profit and Loss Appropriation Account) and Balance Sheet. In this manner, the financial accounting is useful for ascertaining net profit or loss, the balance retained (undistributed profit, and the financial position).

Management Accounting: It is accounting for the management, which provides necessary information to the management for discharging its functions. It is concerned with the analysis and interpretation of accounting information to guide the management (or owners) for future planning of business activities. It makes the use of techniques such as ratio analysis and statement of cash flows.

Cost Accounting: It shows classification and analysis of costs on the basis of functions, processes, products, centers, etc.It also deals with cost computation, cost saving, cost reduction, etc. It helps in determining the selling price of products and services.

3.3.6 Book-keeping vs. Accounting

Book-keeping: It is a process of recording Company's day-to-day financial transaction into a journal. The journal entry included the date, the name of the accounts to be debited and credited, and the amounts. The bookkeeping process further requires that all transactions recorded in journal need to be classified into ledger accounts.

Accounting: It is the bigger picture. It is the system that keeps track of the data, including people, and records the transaction's history, as well as taking the information that is obtained through the bookkeeping process and using that information to analyze the results of the business. Accounting is the system that provides the reports and information needed for management to make decisions as to the direction of the business, as well as issues such as taxation, Sales Tax etc.

In this session you read about accounting, now answer the questions given in Check Your Progress 2

Check Your Progress 2

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) Define Accounting.

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2) What is the difference between Book-keeping and accounting?

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3.4 AUDITING

3.4.1 Meaning and Definition

Meaning: When the work of an accountant is finished, the duty of an auditor starts. Auditing involves verification of the entries passed by the accountant and the final accounts prepared by him. It is the scrutiny of the accounts of a business with help of vouchers, documents and the information given to him and also the explanations submitted to him. Unlike an accountant, the auditor has to satisfy himself after due verification and through scrutiny of accounts as to whether transactions entered into the books of accounts are bonafide. An auditor is required

to submit his report to the effect whether or not the Balance Sheet and Profit and Loss Account is a true and fair representation of the existing state of affairs of a business concern respectively.

Definition: "Auditing may be defined as the examination of the books, accounts and vouchers of a business with a view to ascertain whether or not the Balance Sheet is properly drawn up so as show a true and correct view of the state of affairs of the business."

"Auditing is a systematic and independent examination of data, statements, records, operations and performances (financial or otherwise) of an enterprise for a stated purpose. In any auditing situation, the auditor perceives and recognizes the propositions before him for examination, collects evidence, evaluates the same and on this basis formulates his judgment which is communicated through his audit report."

3.4.2 Objectives of Auditing

For better understanding, objectives can be classified as:

Primary Objectives: To determine and judge the reliability of the financial statement and the supporting accounting records of a particular financial period is the main purpose of the audit. As per the Indian Companies Act, 1956 it is mandatory for the organizations to appoint a auditor who, after the examination

and verification of the books of account, disclose his opinion that whether the audited books of accounts, Profit and Loss Account and Balance Sheet are showing the true and fair view of the state of affairs of the company's business. To get a true and fair view of the companies' affairs and express his opinion, he has to thoroughly check all the transactions and relevant documents of the company made during the audited period. It helps the auditor to report the financial position of the organization. Audit also disclose whether the Accounting system adopted in the organization is adequate and appropriate in recording the various transactions as well as the setbacks of the system.

Secondary Objectives*:* In order to report the financial condition of the business, auditor has to examine the books of accounts and the relevant documents. In that process, he may come across some errors and frauds. We may classify these errors and frauds as below:

- **Detection and Prevention of Errors:** Following types of errors can be detected in the process of auditing.

  a) **Clerical Errors:** Due to wrong posting such errors may occur. Money received from Microsoft credited to the Semens's account is an example of clerical error. Even though the account was posted wrongly, the trial balance will agree.

  b) **Errors of Principle:** While recording a transaction, the fundamental principles of accounting is not properly observed, these types of errors could occur. Over valuation of closing stock or incorrect allocation of expenditure or receipt between capital and revenue are some of the examples of such errors. Such errors will not affect the trial balance but will affect the Profit and Loss account. It may occur due to lack of knowledge of sound principles of accounting or can be committed deliberately to falsify the accounts. To detect such errors, the auditor has to do a careful examination of the books of account.

- **Detection and Prevention of Frauds:** To get money illegally from the organization or from the proprietor frauds are committed intentionally and deliberately. If it remains undetected, it could affect the opinion of the auditor on the financial condition and the working results of the organization. Therefore, it is necessary for the auditor to exercise utmost care to detect such frauds. It can be committed by the top management or by the employees of the organization.

3.4.3 Principles of Auditing

The **Webster's New International Dictionary** defined the word 'Principle' as "a fundamental truth, primary law, a settled rule of action". Applied to auditing, principle is the fundamental truth necessary for the effective accomplishment of the objectives of auditing.

Though the principles of auditing are not as finally developed as the principles of accounting. The following fundamental principles of auditing have evolved over the years:

1) **Principle of Independence:** Independence is the basic veracity of auditing. Without it, objectives of auditing cannot be attained with all fairness. Since

independence is a mental situation, there must be independence to perform all the works. Only those audit report are accepted which have been made under Indian Companies Act, 1956 to give due place (importance) to independence.

2) **Principle of Objectivity:** Auditing must be conducted objectively. The auditor must be free from bias, emotions and whims while auditing. It demands verification of the transactions and the use of reasonable skill and diligence. According to this principle of auditing, those transactions which have been recorded in the books of accounts must be verified with true evidence.

3) **Principle of Full Disclosure:** According to this principle, the client should provide all possible evidence, explanations and records. The principle implies that the auditor should make full disclosure of his findings in respect of the audit work performed by him.

4) **Principle of Materiality:** This principle indicates that more attention must be paid to those items which are materially important and in the area where the risk of error and fraud is relatively more. The fact of materiality has to be in accordance with the situation.

5) **Confidentiality:** During the course of audit whatever information are supplied to the auditor, he should keep them confidentially. No information should be place before any third person without taking permission of the concerned authority. It should be provided only in case of legal duty of the auditor.

6) **Skills and Competence:** The work of audit should be performed by such persons who are trained, experienced and efficient. It is expected form the auditor that he is sincere to the declarations of the Indian Institute of Chartered Accountants.

7) **Report:** Preparation of audit report is the most important work of an auditor. Report should be provided in writing. He should provide a clean report which means that the auditor is satisfied with the books of accounts. On the other hand, if the auditor is not satisfied with the books of accounts, then he provides qualified report.

3.4.4 Advantages and Limitations of Auditing

It is compulsory for all the organizations registered under the companies act must be audited. There are advantages in auditing the accounts even when there is no legal obligation for doing so. Some of the advantages are listed below:

1) Audited accounts are readily accepted in Government authorities like, Income Tax Dept., Sales Tax dept., Land Revenue Departments, Banks etc.

2) By auditing the accounts errors and frauds can be detected and rectified in time.

3) Audited accounts carry greater authority than the accounts which have not been audited.

4) For obtaining loan from financial institutions like Banks, LIC, HUDCO, HDFC, IFCI etc., previous years audited accounts evaluated for determining the capability of returning the loan.

5) Regular audit of account create fear among the employees in the accounts department and exercise a great moral influence on clients staff thereby restraining them from commit frauds and errors.

6) Audited accounts facilitate settlement of claims on the retirement/death of a partner.

Auditing also suffers from certain **limitations** which are as follow:

1) **Only test check:** Since the number of transactions is very large, it is almost impossible for the auditor to check each and every transaction. Hence, only test checking is done by him. It is possible that frauds and errors may escape such test checking. In the absence of any suspicion, he is justified to do test checking only. Hence, there is no guarantee that audited accounts are free from errors and frauds as they exhibit a true and fair view of the financial position and the working results of the organization.

2) **Over emphasis on financial aspect:** Auditing is confined to checking, ticking, totalling, vouching etc of financial transactions recorded in the books. No attention is paid to other important aspects such as finances, efficiency and effectiveness of management and business ethics.

3) **Lack of independence:** In theory, the auditor is appointed by the shareholders. However, in practice, he is appointed by the management i.e. the shareholders having majority shares. As such, the auditor is hardly independent and cannot report fairly and friendly.

4) **Difficulty in verification and valuation of assets and liabilities:** It is almost impossible to certify and value the assets and liabilities and particularly the stock in trade. It is not possible to fix exactly the cost or market value of stock in trade. Again the stock may not even be marketable. Further, the book debts may be bad or doubtful. Hence, the balance sheet may not show a true and fair view of the financial position or its working results.

5) **Inefficient internal check and control:** Efficiency and effectiveness of auditing is largely dependent upon an efficient internal check and internal control systems. In case these are not efficient, the auditor cannot audit the accounts properly.

3.4.5 Types/Classification of Audit

Internal audit: An audit conducted in between two annual audits is called Interim Audit. Wherever a Company wants to declare an interim dividend, it becomes necessary to get interim audit of the accounts done up to the date at which the Company wants to declare the interim dividend. In other words, interim audit involves a complete audit of accounts for a part of the year i.e. from the date of the last Balance Sheet to the date of the interim accounting period.

External audit: External audit is that which is critical review of the representation of the published financial statements. It is compulsory for all company's which are listed in the stock exchange.

Continuous audit: An auditing process that examines accounting practices continuously throughout the year. Examination and verification of a firm's financial transactions and their supporting documents, carried out daily or on

fixed interval basis. Continuous-audit is performed usually by the firm's internal auditors to eliminate the year-end workload.

Procedural audit: It is an examination and appraisal of the procedures in maintaining the books of accounts of an organization. This can ensure the reliability for the preparation of Profit and Loss Account and Balance Sheet. It is not particular type of audit; rather it forms a part of the whole audit procedures.

Cost audit: Cost audit plays a dynamic role in the achievement of social objects of business, i.e., production of quality goods at a reduced price and the attainment of higher productivity in all factors of production. Cost audit is the audit process or verification of the cost of the manufacture or production of any article.Following is the main advantages of cost audit:

i) It brings to notice operational inefficiencies and enables corrective action.

ii) It suggests measure for productivity improvement.

iii) It helps the Government in controlling prices.

Management audit: Management audit is comparatively a recent modern thinking. It deals with the evaluation of the efficiency of the performance of management in an organization. "Management audit has been defined as a comprehensive critical review of all aspects of process of management."

Balance Sheet audit: Balance Sheet Audit does not simply mean an audit of the Balance Sheet only, it is more than this. In fact, Balance Sheet Audit is a system of audit where Balance Sheet is first taken up for examination and the audit works backward to the Profit and Loss Account and the books and records.

Suitability: Balance Sheet Audit is suitable where:

i) The size of the organization is big and transactions are numerous; and

ii) The internal control system of the organization is effective.

Complete audit: A complete audit is an unrestricted audit for the entire financial year and for the whole organization. In complete audit, the auditor is free to check all the books and records of the organization. A statutory audit is of this type. A partial audit is only an audit of part of the transactions or records.

Partial audit: A partial audit can be an audit covering the whole year or a part of the year. An audit to check inter-division transactions only or a cash audit or an audit of sales or purchases only is a partial audit. Thus, in partial audit, the field of audit is restricted and the nature of audit is specified to the auditor in the appointment letter. An audit which is conducted considering the particular area of accounting is known as partial audit. Under partial audit, audit of whole account is not conducted. Audit of particular area where the owner thinks essential to conduct audit will be conducted. Generally, transaction of business is related to cash, debtor, creditor, stock, etc. A business may conduct an audit of any of these transactions.

Internal audit: It involves a conduct of systematic examination of the records, procedures and operations of an organization. It is generally carried out by employees of the Company with a view to:

i) confirming that the policies of management are being properly executed and drawing attention to those areas where policies appear to be inadequate; and

ii) to verify that the information used by management to control the undertaking is both adequate and accurate.

Cash audit: Cash audit is an audit of cash transactions and the cash book only. It is a limited or partial audit. Only the cash receipts and payments are checked in this audit with the help of documentary evidence to ensure that they have been properly entered in the cash book.

Propriety audit: Propriety audit refers that kind of audit wherein the various actions and decisions of the management of an enterprise are examined in the light of public interest and standard of conduct. The conduct of propriety audit by an auditor requires a rare quality of prudence, wisdom and skills, since he has to examine the regularity prudence and impact of the various actions and decisions of the management. In propriety audit, the auditor has to find out the justification of the transactions, the amount of the expenditure incurred and the prudence of the sanctioning authority.

Social Audit: Social audit is performed to know the corporate social responsibility.

3.4.6 Qualities of an Auditor

An auditor must have all the qualities of head and heart as he is required to perform a variety of functions. He must be a man of character and good behaviour. He must also be a hard task master so as to do the work himself and get the work done though his assistants. In particular, he must possess the following qualities:

1) **Knowledge of Book-keeping, Accountancy and Auditing:** An auditor must have thorough and up-to-date knowledge of accounting and auditing principles, practices, techniques and procedures. As accounting is a changing technique, he should be fully aware of the new changes and developments in the field of accounting. He should not pass any entry or account as correct unless he becomes sure of its correctness. Hence, the knowledge of the principles of accounting becomes very much necessary for him.

2) **Knowledge about Working of Business:** The auditor should know the technical details about the working of the business or the industry or trade carried on by his client, only then he would be able to judge whether the profit of the business and its financial position are truly reflected in the financial statements.

3) **Knowledge of Economics:** He should also the familiar with the principles of economics and the economic laws. It is essential because a business has to work within some specific social and economic conditions which have definite effect on the business.

4) **Knowledge of Audit Case Laws:** He should have good knowledge of the audit case laws and important decisions, both past and present, which have gone a long way in defining the duties and liabilities of an auditor under varying circumstances.

5) **Knowledge of Industrial Management:** He should have good knowledge of industrial management, financial administration and business organization.

6) **Technical Knowledge:** He must have thorough knowledge of the technical and other details of the business so that he can elicit necessary information from the employees of his client. This will also help him not to ask ridiculous questions from his client during the course of audit work.

7) **Knowledge of Latest Audit Techniques:** He should be well versed in latest auditing techniques, practices and procedures. He will do well if he participates in Seminars, Conferences and Convocations organized from time to time by the professional bodies in India and abroad.

8) **Knowledge of Tax Laws:** He should have up-to-date knowledge of Income-Tax Laws particularly when he is to conduct tax audit.

9) **Knowledge of Cost Accountancy:** He must have thorough and up-to-date knowledge of cost accounting principles, practices, techniques and procedures in order to be a cost auditor.

10) **Honesty:** An auditor must be honest person. He should not certify any transactions as correct unless he is sure that it is true. He must exercise reasonable care and skill before he believes what he certifies is true as was observed by Justice Lindley in the case London and General Bank (1895).

11) **Tactful:** An auditor must be tactful so as to effectively deal with client to get necessary explanations for his audit work.

12) **Secrecy:** He must not disclose the secrets of his client otherwise he will have to make good (compensate) the loss suffered by his client. He will also loose the confidence of his client and may not get audit work in future.

13) **Courteous and Well-behaved:** He should be courteous and well-behaved as he is to deal with senior officers of his client. He should try to win their confidence so as to get their whole heated co-operation to carry out his duties as auditor.

14) **Impartial:** He should be impartial. He must not be influenced in the discharge of his responsibilities directly or indirectly. In case he finds something suspicious, he should thoroughly examine the matter to find the truth.

15) **Common Sense:** He must possess good common sense to deal effectively with the employees who might be more experienced and clever than him. Well laid schemes of fraud cannot be discovered unless the auditor possesses a high level of common sense. In fact lack of common sense implies non-sense. Unfortunately, "the common sense is a thing which is uncommon to him".

16) **Cautious and Vigilance:** An auditor must be very cautious and vigilant. If he faces an awkward situation when his duty to his client is opposed to his own interests, he should be bold enough to discharge his duties faithfully and honestly. It will pay him in the long-run.

17) **Eliciting Information:** An auditor should be clever to be able to extract the necessary information in full. He should be capable of preparing a proper questionnaire having intelligent questions.

18) **Reasoning:** An auditor should always be prepared to hear arguments and must be reasonable.

19) **Methodical:** An auditor should be methodical, hard working and accurate.

20) **Prudence:** If the auditor is asked to give advice on matters relating to finance or to suggest improvements in the accounts, although not within his sphere, an auditor must be prudent and practical.

21) **Ability to prepare Report:** Last but not the least, an auditor should have the ability to write his report to the shareholders clearly, correctly, concisely and forcefully.

In this session you read about auditing, now answer the questions given in Check Your Progress 3.

Check Your Progress 3

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) What do you mean by audit?

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2) What is the main objective of audit?

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3.5 BUDGETING

It is well recognized that an enterprise should be managed effectively and efficiently. Managing, in fact, implies coordination and control of the total enterprise efforts to achieve the organizational objectives. The process of managing is facilitated when management charts its course of action in advance. The function of management also includes decision-making facilitated by various managerial techniques, procedures and by utilizing the individual and group efforts in a coordinated and rational way. In our daily life, we prepare budgets for matching the expenses with income and available funds can be invested in any project giving maximum return. Similarly in business, budgets are prepared on the basis of future estimated production and sales in order to find out the

profit in a specified period.Budgeting are a management process. It is defined as the process of preparing plans for future activities of a business enterprise after considering and involving the objectives of the said organization. It is a technique to formulate a budget, implement it and to evaluate it. The work of preparing a business budget is not a simple task and it is completed through budgeting. It has following characteristics:

1) Budgeting is a continuous managerial process.
2) Budgeting is related to a definite period of future time and usually a year.
3) Budgeting is based on certain objectives.
4) Budgeting is used for future forecasting of various business activities

3.5.1 Objectives of Budgeting

The determination of budget objectives and their achievement is the object of budgeting. Generally, following are the objectives of budgeting:

1) One of the objectives of budgeting is to prepare a budget on the basis of past, present and future conditions for pre-determined objectives covering all the activities of the business. Thus budgeting helps in planning.
2) Budgeting not only helps in planning but is also helps in co-coordinating the activities of various departments.
3) In budgeting, objectives and targets of all the departments are fixed and monitored. Thus it helps management in its controlling function.
4) Budgeting communicates the objectives, policies, physical and financial targets of all the departments.
5) Helps in performance evaluation.
6) Helps in comparing two or more firms or entities.
7) Helps in fixing standards.
8) Helps in cost control and cost reduction.
9) Helps in removing the complexities of delegation of powers.
10) Helps in raising competitive strength.
11) Helps in increasing managerial efficiency.

3.5.2 Process of Budgeting

The budgeting process can be described as follow**:**

1) **Formulation of Business Policies:** Before preparing a budget, it is very essential that business policies must be formulated because these policies work as pillars of guidance. Therefore, such policies are determined in advance and are formulated by the top management.

2) **Preparation of Budget Forecasts:** After formulation of budget policies, the budget organization gives order to all the heads to prepare budget estimates for a certain period of time for their departments. The heads prepare budget keeping in view the objectives, past data, information and present conditions.

3) **Comparison of Alternatives, Coordination and Review:** The budget committee considers the budgets prepared by the various departments with their alternates. By analyzing and reviewing, the budget committee selects the best one among the given alternatives considering the profitability and financial position of the Company. Budget committee tries to establish the coordination among various departmental budgets. If the Budget committee requires a change in the budget, the budget officer can issue a new circular to the head with necessary guidelines and points to be considered to revise the budget.

4) **Formation of Master Budget, Final Approval and Budget Execution:** After comprising and reviewing the budgets, the budget committee formulates the master budget coordinating all the departmental budgets. Then it is sent to the Boar of Directors for approval. A meeting of the shareholders may be called if necessary for the final approval of master budget. After the final approval with necessary amendments, it is handed over to the top management for execution at various levels in the organization.

3.5.3 Advantages of Budgeting

- **Helpful in managerial functions –** Budgeting helps in all managerial functions such as planning, organizing, co-coordinating, motivating and controlling.
- **Profitability analysis –** Revenue and expenditure are analyzed and predicted, therefore, future profitability can be projected.
- **Cost analysis –** All types of costs are estimated and analyzed therefore cost control and reduction is possible.
- **Helpful in comparison –** In budgeting actual are compared with budgeted standards and deviations are searched.

3.5.4 Limitation of Budgeting

1) Budgets are simply estimates of future activities and how much success will be achieved depends upon future situations. There are good chances of personal bias in budget formulation.

2) Budges can be ineffective if prepared on the basis of scanty information and knowledge.

3) If there is no full cooperation between various departments and employees budgets are bound to fail.

4) Budget expenses may prove highly burden some.

In this session you read about budget, now answer the questions given in Check Your Progress 4.

Check Your Progress 4

1) What is meant by budgeting?

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2) What are the different steps in budgeting?

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3.6 LET US SUM UP

Finance is an important function is any business as money is required to support its various activities. It has given birth to "Financial Management" as a separate subject. Financial management is a managerial activity concerned with planning and controlling of the firm's financial resources to generate returns on its invested funds. Thus now the scope of financial management is very wide and it should not be considered to be merely restricted for raising or capital. It also covers other aspects of financing such as assessing the needs of capital, raising sufficient amount of funds, cost of financing, budgeting, maintain liquidity, lending and borrowing policies, dividend policy and so on. Finance is considered as the life-blood or any business. Scope of financial management includes: Investment decisions, financing decisions and dividend decisions. The financial management is generally concerned with procurement, allocation and control of financial resources of a concern. Its main objective is to maximize the profits and value of shareholder funds. Man functions of financial management are: Estimation of capital requirements, determination of capital's composition, investment of funds, and financial control. Approaches of financial management are: Traditional approach of financial management focuses on 'arrangement of finance' for meeting various financial needs of an enterprise whereas Modern approach encompasses wider applications, viz., assessment of funds required, effective

procurement of those funds through most economical means, and efficient utilization of those funds through profitable investments, as well as cash and liquidity management. Accounting is the art of recording, classifying and summarizing in a significant manner and in terms of money, transactions and events, which are, in part at least, of financial character and interpreting the results thereof". Accounting has three branches such as Financial accounting, Management accounting, and Cost accounting. Basis of accounting are cash basis and accrual basis. Accounting is concerned with auditing. "Auditing may be defined as the examination of the books, accounts and vouchers of a business with a view to ascertain whether or not the Balance Sheet is properly drawn up so as show a true and correct view of the state of affairs of the business." There are two main objectives of Auditing. Primary objective is to determine and judge the reliability of the financial statement and the supporting accounting records of a particular financial period is the main purpose of the audit and the secondary objective is to examine the books of accounts and the relevant documents to locate errors and frauds and to suggest the way to prevent these frauds**.** In our daily life, we prepare budgets for matching the expenses with income and available funds can be invested in any project giving maximum return. Similarly in business, budgets are prepared on the basis of future estimated production and sales in order to find out the profit in a specified period. Budgeting are a management process. It is defined as the process of preparing plans for future activities of a business enterprise after considering and involving the objectives of the said organization. It is a technique to formulate a budget, implement it and to evaluate it.

3.7 KEYWORDS

Accounting : is a means of measuring and reporting the results of economic activities.

Management Accounting : The process of preparing management reports and accounts that provide accurate and timely financial and statistical information required by managers to make day-to-day and short-term decisions.

Cost Accounting : Cost accounting is the classifying, recording and appropriate allocation of expenditure for the determination of the costs of products/services, and for the presentation of suitably arranged data for purposes of control and guidance of management.

Financial Management : The planning, directing, monitoring, organizing, and controlling of the monetary resources of an organization.

Auditing : An examination and verification of a company's financial and accounting records and supporting documents by a professional, such as a Certified Public Accountant.

Budgeting : is defined as the process of preparing plans for future activities of a business enterprise after

considering and involving the objectives of the said organization.

Book-keeping : The systematic recording of a company's financial transactions.

Accrual basis of accounting: The most commonly used accounting method, which reports income when earned and expenses when incurred.

Cash basis of accounting : It is a method which reports income when received and expenses when paid.

Social audit : It is performed to know the corporate social responsibility.

3.8 REFERENCES AND SUGGESTED READINGS

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Srivastawa and Mishra, (2012), Financial Management,2nd edition Oxford Publishing, New Delhi

3.9 POSSIBLE ANSWERS: CHECK YOUR PROGRESS

Check Your Progress 1

1) What is Financial Management?

Ans. Financial management is a managerial activity concerned with lanning and controlling of the firm's financial resources to generate returns on its invested funds. The raising and using of capital for generating funds and paying returns to the suppliers of capital is the finance function of a firm. Thus the funds raised by the company will be invested in the best investment opportunities, with an expectation of future benefits.

2) What are the objectives of Financial Management?

Ans. The objectives of financial management are:

1) To ensure regular and adequate supply of funds to the concern.
2) Ensure adequate returns to the shareholders which will depend upon the earning capacity, market price of the share, expectations of the shareholders?
3) To ensure optimum funds utilization. Once the funds are procured, they should be utilized in maximum possible way at least cost.

Check Your Progress 2

1) Define Accounting.

Ans. Accounting is the process of identifying, measuring and communicating economic information to permit informed judgments and decisions by users of the information.

2) What is the difference between Book-keeping and accounting?

Ans. Book-keeping: It is a process of recording Company's day-to-day financial transaction into a journal. The journal entry included the date, the name of the accounts to be debited and credited, and the amounts. The bookkeeping process further requires that all transactions recorded in journal need to be classified into ledger accounts.

Accounting: It is the bigger picture. It is the system that keeps track of the data, including people, and records the transaction's history, as well as taking the information that is obtained through the bookkeeping process and using that information to analyze the results of the business. .

Check Your Progress 3

1) What do you mean by audit?

Ans. Auditing is a systematic and independent examination of data, statements, records, operations and performances (financial or otherwise) of an enterprise for a stated purpose. In any auditing situation, the auditor perceives and recognizes the propositions before him for examination, collects evidence, evaluates the same and on this basis formulates his judgment which is communicated through his audit report.

2) What is the main objective of audit?

Ans. Objectives of Auditing are:

Primary Objectives: As per the Indian Companies Act, 1956 it is mandatory for the organizations to appoint a auditor who, after the examination and verification of the books of account, disclose his opinion that whether the audited books of accounts, Profit and Loss Account and Balance Sheet are showing the true and fair view of the state of affairs of the company's business.

Secondary Objectives*:* In order to report the financial condition of the business, auditor has to examine the books of accounts and the relevant documents. In that process he may come across some errors and frauds.

Check Your Progress 4

1) What is meant by budgeting?

Ans. Budgeting are a management process. It is defined as the process of preparing plans for future activities of a business enterprise after considering and involving the objectives of the said organization. It is a technique to formulate a budget, implement it and to evaluate it. The work of preparing a business budget is not a simple task and it is completed through budgeting.

2) What are the different steps in budgeting?

Ans. The different steps in budgeting are:

1) Formulation of Business Policies
2) Preparation of Budget forecasts
3) Comparison of Alternatives, Coordination and Review
4) Formation of Master Budget, Final approval and Budget Execution

UNIT 4 URBAN ASSETS MANAGEMENT

Structure

4.1 Introduction

4.2 Definition and Categorization of Assets

4.3 Valuation of Assets -General Principles

4.4 Valuation of Assets for Opening of Balance Sheet

4.5 Valuation of Assets-Ongoing

4.6 Asset Management

4.7 Issues in Valuation

4.8 References and Selected Readings

4.9 Check your Progress-Possible Answers

4.1 INTRODUCTION

Urban infrastructure development and assets creation are critical to urban development. There are several important steps in fixed assets management so far as ULBs are concerned. The first step is identification and categorization; the second step is location; the third step is valuation; the fourth step is recording, the fifthis, updating, the sixth, accounting, and the seventh, presentation. Municipal staff has to deal with some of the very common problems which may commonly include:

i) the non-availability of records pertaining to the various fixed assets - including sometimes their original cost, date of acquisition or construction etc.;

ii) the difficulty of locating a fixed asset - for instance, a road roller which had been purchased and appears on the books, but was physically scrapped a long time ago and no record of its disposal remains; and

iii) lack of data on current condition and remaining useful life.

After studying this unit, you will be able to:

- Discuss the appropriate value, useful life and depreciation of municipal fixed assets and their reporting in the financial statements;
- Explain the effectiveness of control over municipal fixed assets; and
- Describe municipalities true financial position in facilitating budgetary planning and control over resources.

4.2 DEFINITION AND CATEGORIZATION OF ASSETS

There are several definitions of assets that are commonly used in various parts of the world, as different accounting and standards exist in different countries. Accounting Standard 10 on 'Accounting for Fixed Assets', promulgated by the Institute of Chartered Accountants of India (ICAI), defines a fixed asset as:

"An asset held with the intention of being used for the purpose of producing and providing goods or services and is not held for sale in the normal course of business".

The context of Urban Local Bodies (ULB) is different from commercial bodies to which these accounting standards generally apply. Hence, a set of Accounting Standards for Public Sector Bodies have been developed by the International Public Sector Accounting Standards Board (IPSASB), a constituent of the International Federation of Accountants (lFAC).

The definition of Assets as per the IPSASB is:

"Assets are resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity".

The concept of control of an asset's economic benefit is a key issue in determining whether that asset should be reported in the financial statements of a ULB. This concept of control is what leads to non-owned assets like Hire Purchase assets, Leasehold property to be recognized as assets. This concept is important because governments are required to maintain control over public property in a fiduciary capacity and hence any loss of control is not only a financial but also a fiduciary loss.To determine whether a ULB should be reporting an asset, it is necessary to look to the indicators of control. According to AS26, 'control' is identified when the enterprise has the power to obtain future economic benefits flowing from the underlying resource and also can restrict the access of others to those benefits.

Where the control of the asset has been affected, say where municipal land has been encroached, the 'Technical Guide for Accounting by ULBs' issued by ICAI provides that a provision equal to virtually the entire carrying amount of land shall be provided. Even in such cases, the right to take possession remains with the ULB.

4.2.1 Classification of Assets

The classification of fixed assets can be done in several ways -'function-wise' for example water works and sewerage and drainage or 'nature-wise' such as plant and machinery, etc.

The fixed assets can be divided into two main categories :

i) Infrastructure Assets; and

ii) Other Assets

Infrastructure assets- are long-lived capital assets associated with governmental activities that normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets the examples are roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems. Buildings are excluded from the definition of infrastructure assets unless they are an ancillary part of a network of infrastructure.

As per IPSAS, infrastructure assets displays following characterstics:

– They are part of the system or network.

– They are specialized in nature and do not have alternative uses.

– They are immovable; and

– They are subject to constraints on disposal.

Apart from this, several municipalities may have their own classification systems based on local laws (accounting rules) or practices. In some cases, the maintenance of fixed asset registers is done as per these classifications i.e. Tools Register, Plant & Equipment Register, etc.

4.2.2 Asset Classification as per National Municipal Accounting Manual (NMAM)

However, the account coding structure prescribed in NMAM, 2005, Government of India does not maintain this distinction and classifies assets into 11 major groups, all under the Broad head of 'Fixed Assets'. The choice of minor heads is left to states. The proposed classification of Fixed Asset as per NMAM code of accounts is into 11 categories as follows:

i) Land

ii) Buildings

iii) Roads & bridges

iv) Sewerage and drainage

v) Water works

vi) Public lighting

vii) Plant & machinery

viii) Vehicles

ix) Furniture, fixtures, fittings and electrical appliances

x) Office & other equipments

xi) Other fixed assets

Among these, items (iii), (iv), (v) and (vi) can be classified as 'infrastructure assets'.

Besides, the NMAM has classified Assets into 'Movable' and 'Non-movable' category. This distinction is especially useful when the objective is to physically verify the assets.

i) Land: Land includes parks, playgrounds, agricultural land, dhobighat, dumping ground, tonga, rickshaw, taxi (other than underground taxi stands) and cycle stand, parking places (other than those which are covered) and any vacant site on which no construction has taken place. Where assets such as buildings, roads, bridges etc. are constructed on land, all land (including cove land) should be shown as under this head.

ii) Buildings (including structures): Buildings include office-buildings, school-buildings, public-conveniences, hospitals, dispensaries, maternity and child welfare centers, shopping-complex, town hall building, community centers, staff quarters, rest-house, milk dairy, workshop buildings, fire station, stores building, covered taxi stands, covered parking areas, lavatory blocks, urinals, dhalaos and dustbins and garbage vats, etc. structures include public

fountains and others which cannot be classified as buildings but are nevertheless of a permanent nature. Land under buildings should be separated and shown distinctly under 'land'.

iii) **Roads & bridges:** This includes several types of assets including roads, pavements, footpaths, bridges, subways over bridges, flyovers, culverts, and causeways.

iv) **Sewerage and drainage:** This includes items like roadside drains, underground drains, sewerage network, etc. Plant and machinery for stations including pumps etc. would be classified under this head.

v) **Water works:** This includes all items related to water works such as bore wells, treatment plants, reservoir, overhead tanks, pipelines, plant and machinery for water works, etc.

vi) **Public lighting:** This covers all assets related to lighting and includes electrical installations like transformers, cables etc, lamps and fittings and poles. Any electrical installations other than for public lighting would be covered under subsequent head of 'furniture, fixture, fittings & electrical appliances'.

vii) **Plant and machinery:** Plant and machinery include all engineering equipments like road rollers, bull dozers, etc.; medical equipments used in hospitals, dispensaries and maternity centers, scientific equipments, generators, clock tower, etc. This will not include plant and machinery used specifically in waterworks, pumping stations, sewerage treatment plant, etc. which are already classified under those heads. However, plant and machinery used for other purposes should be included under this head.

viii) **Vehicles:** Vehicles include all types of trucks, water tankers, buses, jeeps, cars, two-wheelers, three-wheelers and loaders, etc. Mobile machinery such as road rollers and bulldozers would not be classified as vehicles as their primary purpose is not transportation.

ix) **Office & Other equipments:** All items of office use such as computers, peripherals, photocopy machines, type-writers, communication and telecom equipments would be recorded under this head. Other equipment should also be recorded under this head.

x) **Furniture, fixture, fittings & electrical appliances:** They include metal as well as wooden chairs, tables, racks, cupboards, water coolers, fans, air conditioners, refrigerators, TV, etc. Items which can be classified as office and other equipment should be first classified under that head. Else, should be included here.

It would also include all types of installation cables, lampposts, mercury vapor lamps, sodium vapor lamps, light fittings, power points, etc., used in the buildings and other premises used by the ULB (other than those used for street-lighting as they are included under the heading 'Public lighting').

xi) **Other fixed assets:** This will include all other assets not specifically covered in any of the earlier heads. It will include for instance, intangible assets such as software, etc.Specific assets with different valuation or re-use norms (such as heritage assets, works of art etc.) may also be classified as separate sub-groups under this head.

4.2.3 Capital Work in Progress

In addition to the above categories, one more category is important 'Capital Works in Progress'. This includes costs of constructing fixed assets before construction is substantially complete. The identification of an items of construction as 'Capital Work in Progress' means that the item is intended to be capitalized once it is complete / put into use.Capital Work in Progress (CWIP) is included in the 'Fixed Assets' group of assets but is only an interim account, until the asset is put into use. In particular following:

a) CWIP is not recorded in any of the 'asset' registers. Instead, a separate CWIP Register is maintained to record progressive bills for construction;

b) Any amount paid for purchase / construction of an asset which has not been completed / put to use should be shown as CWIP and recorded in CWIP Register;

c) No depreciation is charged on CWIP since the asset has not been put to use;

d) The asset should be transferred from CWIP to Fixed Asset Register when it is put into use. Hence, CWIP register should be reviewed regularly for such items.

In this section you studied definition and categorization of assets. Now, you should be able to answer some questions relating to this section given in Check Your Progress-1.

Check Your Progress 1

Note: a) Write your answer in about 50 words

b) Check your answer with possible answers given at the end of the unit.

1) Define fixed assets?

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2) What are the characteristics of "infrastructure assets"?

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4.3 VALUATION OF ASSETS - GENERAL PRINCIPLES

4.3.1 Models of Valuation of Fixed Asset

There are two models for valuation of fixed assets:

i) Cost Model; and

ii) Revaluation Model

i) The cost model

The cost model requires that:

After recognition as an asset, an item of property, plant and equipment shall be carried at cost less any accumulated depreciation and any accumulated impairment losses. This is the traditional 'historical cost' model based on which assets are generally valued for financial reporting purposes in India.

ii) Revaluation Model

Under the revaluation model, the valuation of assets is continually reviewed to reflect the fair market value as much as possible. The model is described below:

After recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The fair value of items of assets is usually determined from market-based evidence by appraisal. However, many ULBs have assets for which it may be difficult to establish market value because absence of market for these assets. In such cases, the fair value of the item may be established by reference to other items with similar characteristics, in similar circumstances and location.

The recommended valuation model for fixed assets is that:

a) Assets should be valued at initial (historical) cost paid to acquire them;

b) Depreciation should be charged periodically to reflect the written down value of the asset;

c) Revaluation would be permitted, with some restrictions.

4.3.2 Principles of Assessment of Fixed Assets Costs

Following principles are generally taken into consideration while valuating the fixed assets costs:

i) Recognition of Fixed Assets

The principle for determining capitalization is given below:

The cost of an item shall be recognized as a fixed asset if:

i) the asset is held for producing or providing goods or services and is not held for the normal course of business;

ii) the future economic benefits or service potential associated are expected to fit the entity;

iii) the estimated useful life of the asset is beyond one year; and

iv) is beyond the minimum threshold limit for recognition as fixed asset.

ii) Historical Cost

This is the bedrock of the valuation principle and is stated as follows:

Fixed assets are to be reported at Historical Cost. The cost of a fixed asset includes not only its purchase price or construction cost but also related charges necessary to place the assets in its intended location and condition for use. Since the historical cost of donated / gifted assets is NIL, they are to be valued at a nominal cost of Rs.l/

The fixed assets includes:

a) purchase price, less trade discounts and rebates, if any;

b) import duties;

c) other taxes or levies which are non-refundable in nature;

d) transportation cost, if charged separately from the purchase price;

e) cost of inspection, if paid separately;

f) handling costs;

g) cost of site preparation;

h) installation cost, including cost of such permanent or temporary structures that are considered necessary for installation;

i) professional fees for engineers or architects or inspectors, etc.; and

j) any other cost incurred to put the asset at its location and use.

iii) Self Constructed Assets

In cases where a ULB constructs the asset itself (school building, primary health clinic, etc.), the cost of construction of that building and other costs which are directly attributable should be taken into consideration in arriving at the value of the building. This means that all the material costs of construction, payments made to the various contractors, etc., should be included. For example, if the ULB appoints an Assistant Engineer whose only work is to look after the construction of the building, then the salary of the Assistant Engineer for the construction period should also be added.

iv) Assets acquired under exchange

Sometimes, a ULB may acquire some fixed assets in exchange for some other fixed assets. This can happen for instance, when old office machinery is exchanged for a newer model. Where assets exchanged are similar, the net book value of the asset (the office machinery) which is exchanged should be taken, and to it the extra amount that is paid, if any, is added. If instead an extra payment, a refund is involved, the necessary adjustment will have to be made. In case of dissimilar assets, the assets acquired should be recognized at its fair value.

v) Process of Valuation

The process of valuation of assets is required:

a) When the first (opening balance sheet) is being prepared; and

b) At the time of preparing annual financial statements

In this section you studied valuation of assets-general principles assets. Now, you should be able to answer some questions relating to this section given in Check Your Progress-2.

Check Your Progress 2

Note: a) Write your answer in about 50 words

b) Check your answer with possible answers given at the end of the unit.

1) What is a revaluation model for valuation of assets?

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2) What are the principles for determining capitalization of fixed assets?

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4.4 VALUATION OF ASSETS FOR OPENING OF BALANCE SHEET

i) Process for Preparation of Opening of Balance Sheet

The following steps need to be followed for preparation of Opening Balance Sheet:

a) **Identification of assets** - using various sources of data,

b) **Verification of assets** - This is prescribed to be carried out as current identification initiatives may either miss out existing assets or take in assets which do not belong to the ULB. Hence, some test checks or verification, with records and physical inspection are recommended;

c) **Identification of assets that require valuation** - This shortlists the assets which need to be valued in accordance with the following procedures and have not outlived their useful life in which case a summary valuation of Re.l/- can be made;

d) **Valuation of assets** - This is the subject matter of this manual. Although accounting norms / policies for these are provided, ULBs lack guidance in practical matters of asset valuation.

e) **Passing of opening entries** - This is the process for preparation of First (Opening) Balance Sheet. Taking cognizance of the assets value in the accounting records brings it within the purview of the new accrual based double entry accounting system.

f) **Maintenance and updating of fixed asset records** - The details of assets are also recorded in appropriate Fixed Asset Registers and a system has to be developed through which these registers are continually updated with any addition, modification or disposal of these assets.

ii) Basic Premises

The basic premises proposed in the NMAM for the valuation methodology are:

a) Considering the current practices in asset record maintenance, most ULBs do not have readily available records about existing assets;

b) The purpose of valuation is not to determine the 'correct value' of an asset. It is to get a reasonable estimate of the book value for the purpose of including in a statement which reflects the 'true and fair' financial position of the ULB; and

c) Unlike other entities where valuation of assets affects share prices and / or prospective takeovers based on valuation of the company, this concern is not relevant to ULBs.

iii) Asset received as a gift

If evidence exists, or it is known that an asset was received by the ULB as a gift i.e. without any consideration being paid, it should be recognized at Re.1/-. This is in line with the basic policy of historical cost reporting i.e. to report an asset at the consideration paid for it.

However, these assets may be of considerable value in the market and hence, their nominal valuation should not take away the importance to maintain and monitor them appropriately. It is not necessary that there should be a document establishing the gift - mere knowledge should suffice.

iv) Historical cost based

Where the details of purchase are available (this will usually happen in case of recent years assets), the amount of purchase cost and date of purchase would be available. In such a case valuation should be done as follows:

a) Step 1: Determine historical cost as on the date of purchase

b) Step 2: Determine depreciation till valuation date

c) Step 3: Deduct depreciation (a) from historical cost and (b) to arrive at the book value on the date of valuation.

This is the closest we can get to the historical cost of the asset. All other methods are improvisations to overcome deficient information about the existing assets.

Although policies for capitalizing assets require inclusion of ancillary expenses such as borrowing cost, these require significant analysis and are elaborate. Unless the amount of such expense is likely to be significant, they can be ignored for valuation of existing assets in the opening Balance Sheet.

4.5 VALUATION OF ASSETS – ONGOING

Once the asset have been valued and included in the Balance Sheet, their carrying value leads to be periodically recomputed to provide for depreciation and other transactions.

Aspects such as revaluation of assets, depreciation of assets, etc. which arise on a regular basis in the ULB are discussed as follows.

i) **Depreciation of Assets:** Depreciation has a significant effect on the determination and presentation of the financial position of a ULB. Depreciation is charged in each accounting period by reference to the extent of the depreciable amount.

   ULBs need to report depreciation accurately in their financial statements for two main reasons:

   a) to match expenses with the incomes generated because of or with, those expenses; and

   b) to ensure that the asset values in the balance sheet are not overstated. An asset acquired in Year 1 is unlikely to be worth the same amount in Year 5.

ii) **Accounting Principles:** The basic principles with regard to depreciation are:

   a) Depreciation shall be provided at the rates prescribed by the state. Depreciation on all fixed assets is to be provided consistently on either Written Down Value or Straight Line Method. Whatever method is used, it should be applied consistently.

   b) Depreciation shall be-provided at full rates for assets, which are purchased / constructed before October 1 of an Accounting Year. Depreciation shall be provided at half the rates for assets, which are purchased / constructed on or after October 1 of an Accounting Year.

   c) Depreciation shall be provided at full rates for assets, which are disposed on or after October 1 of an Accounting Year.

iii) **Straight-line Method (SLM):** Straight-line depreciation is the simplest and most often used technique, in which the ULB estimates the "salvage value" of the asset after the length of time over, which it will be used to generate revenues or provide service (useful life), and will recognize a portion of that original cost in equal increments over that amount of time.

iv) **Written Down Value Method (WDV):** The WDV method is a type of accelerated depreciation because it recognizes a higher depreciation cost earlier in the asset's lifetime. Under this method, each year's depreciation is applied to the opening net book value of the asset rather than original cost of the asset. This process continues until we reach the residual/salvage value or the end of the asset's useful life.

   Residual or Salvage value is the amount which an enterprise expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal.

v) **Amortization:** In the case of an intangible asset, the term 'amortization' is generally used instead of depreciation. Both terms have the same meaning.

The period of amortization will depend on the asset. In case of items like software, where technological advances will result in a quicker obsolescence, a time frame of 5 years is recommended.

Intangible assets below Rs.25,000 can be expensed and need not be capitalized. The higher limit (compared to tangible assets) is prescribed to avoid detailed recording and amortization of minor items like software which generally cost below Rs.25,000.

vi) **Impairment of Assets:** 'Impairment' is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

In other words, if the carrying amount of an asset is more than the amount that is to be recovered through use or sale of the asset, then the asset is said to be 'impaired'. It basically means that although there may be useful life left of an asset, the-productivity of the asset has gone down sharply. For example, if by policy of the government, certain items are decided not to be produced by the ULB, the future cash flows would be affected that the existing recoverable value of assets used in the production could go below its carrying amount.

vii) **Disposal of Assets:** When an asset is retired from service, it should be treated in accordance with the following procedures :

a) No depreciation should be charged after disposal/retirement of the asset;

b) In case the disposal happens before October 1, 50% of the depreciation should be charged. If it is on or after October 1, full depreciation should be charged;

c) The assets which are out of service should be recorded in a separate register;

d) Once an asset is disposed, its movement should be updated in the Fixed Asset Register.

4.6 ASSET MANAGEMENT

The following strategies are used during asset management.

i) Asset Life-cycle

An asset proceeds through a number of sequential phases during its life cycle acquisition, operation and maintenance, refurbishment or enhancement, and, finally, disposal. The life cycle of an asset begins with a planning process that identifies the need for that asset and determines how and when it is to be procured. The asset is then acquired - either an existing asset is purchased or a new one is created. The asset then enters its operational phase.

As the asset ages, it may deteriorate or become obsolete, at which stage a decision is made to either refurbish, enhance or dispose it of. If the need still exists for the service provided by the asset, the cycle recommences.

There are essentially three broad stages in the life cycle of an asset:

a) Acquisition;

b) Operation and Maintenance; and

c) Disposal.

ii) Asset life-cycle management strategy: Asset Life Cycle Management (ALCM) is a strategic, integrated approach to maintenance that considers all the elements that affect the productive life of an asset - from design to disposal. It is a proactive process that compliments existing policies by providing strategic focus and perspective.

Asset-intensive organizations including ULBs which successfully adopt asset life cycle management will reduce maintenance costs and improve productivity through superior planning. From design to disposal, an asset's life cycle includes the following stages:

a) Clarify the need or requirement to be satisfied by the asset;

b) Identify the type of asset suitable for the requirement and fulfill the need;

c) Determine the maintenance strategy, cycle and plan for the life of the asset

d) Purchase the asset;

e) Commission, operate and maintain the asset; and

f) Dispose of the asset at the end of its economical life.

These planned maintenance strategies improve reliability, overall productivity, the length of an asset's life, and ultimately total cost of asset ownership.

ii) Asset Management Unit (AMU): It would be clear from the foregoing discussions that ALCM would greatly enhance productivity and performance of ULBs. However, currently there is no unified department in ULBs which looks at all aspects of asset management. In most ULBs, the acquisition assets is the responsibility of the Stores and Purchase Department. Similarly, the account department normally records only the financial transaction and is not concerned with maintenance and management of the asset.

For these reasons, it may be useful for the ULBs to set up an Asset Management Unit (AMU) so that various aspects of asset life cycle are properly managed. This AMU may be centrally located and under the charge of the head of Finance or the Commissioner. The justification for the cell to report directly to the Commissioner arises from the fact that the use of many of the fixed assets such as land and building has policy overtones, and the alternatives in these respects may have to be examined from a larger perspective.

In this connection it is also to be noted that planning for assets (capital budgeting) is a specialized and time consuming exercise by itself, and most departments of finance and accounts in ULBs do not have the wherewithal in terms of either time or human resources to spare for it. Hence, the AMU can have specialized and dedicated staff for exclusively focusing on these issues.

b) Structure of AMU

The AMU could consist of the following staff and officers:

a) Head, AMU - preferably a person with Asset Management experience, including MIS and computer systems;

b) Procurement plan Officer- responsible for purchase planning, scheduling and design;

c) Recording Officer - for review / maintenance of Fixed Asset registers. Also to keep track of disposed assets, sales and preparation of various reports including depreciation schedules;

d) Maintenance plan Officer - To oversee all scheduled, planned maintenance, to co-ordinate with relevant departments to ensure all assets are in working condition and serviced in time; and

e) Other staff as may be needed

The AMU staff and officers must all be computer literate and reasonably proficient in working with electronic spreadsheets. If capacity building measures are necessary in these regards, the ULB must speedily plan for the same and implement necessary programs.

Attention is to be paid to the qualifications and experience of the officers deputed to the AMU. At the minimum, officers should have formal accounting qualifications, with in-service training or external diplomas or other qualifications in information technology. Staff should be appropriately chosen with regard to experience in accounting, procurement, and MIS.

c) Functions of AMU

The functions of the AMU shall be, without any loss of generality, as follow:

i) Procurement Planning

a) To prepare short and medium term asset acquisition plans in consultation with the proposer/user departments and to present the same with due financial impact exercises and alternatives for consideration of Competent Authority.

b) To prepare general Procurement Plan for fixed assets before the beginning of the fiscal year in terms of the approved asset acquisition plans and to layout necessary timelines, parameters and benchmarks.

ii) Asset Acquisition

a) To assist and facilitate the purchase department in the process of acquisition of assets as per Asset Procurement Plan.

b) To assist and facilitate the other execution departments to carry out the Procurement Plan.

iii) Recording and Reporting

a) To develop, update and maintain an asset tracking database with respect to the location, condition, and other parameters per fixed assets;

b) To develop, update and maintain a Capital Works in Progress database and to generate necessary MIS there from;

c) To develop, update and maintain the Fixed Assets Register and to record all fixed asset related transactions which add to or subtract from the book-value of the asset.

d) To separately maintain the register of impaired assets and assets scheduled for disposal with due attention to computation of value in use and recovery/salvage values. To also assure that due process is followed in determination of fair values and market prices.

e) to prepare evaluative and analytical reports for the management from time to time.

f) to prepare depreciation schedules.

iv) Maintenance

a) To prepare, in consultation with other departments, planned maintenance schedules and to oversee their implementation.

b) To prepare, in consultation with concerned departments, schedules for conditional assessment and plans for major renovations, repairs, and modifications.

v) Disposal of Assets

a) To prepare and follow through on the annual disposal plan for fixed assets.

b) To prepare Asset renewal plan which will feed into the capital procurement plan.

In this section you studied valuation of assets for opening of balance sheet, valuation of assets- ongoing and asset management. Now, you should be able to answer some questions relating to this section given in Check Your Progress-3.

Check Your Progress 3

Note: a) Write your answer in about 50 words

b) Check your answer with possible answers given at the end of the unit.

1) What is an Asset Life Cycle?

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2) Explain an Asset Life Cycle Management Strategy?

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4.7 ISSUES IN VALUATION

The valuation of urban assets many times confronted with issues. A few important issues associated with valuation of urban assets are narrated below:

i) **Freehold Land:** All land ownership of which vests with the ULB should be included in the opening balance sheet. The categories are:

Land acquired through purchase

The land will be recorded at the purchase price paid/payable and other incidental costs such as registration charges incurred to bring the asset to its present location and condition.

Lands acquired through compulsory acquisition

The land will be recorded at the total compensation paid/ payable for the acquisition of land.

Compensation paid: It shall be valued at compensation actually paid.

No Compensation Paid: If the asset was acquired without paying any compensation then shall be valued at Re.l/-. However, any developmental work done should be capitalized cost.

Compensation in dispute: The amount paid will be recorded as the asset value. Any extra amount that may be payable, if determinable, should be shown as contingent liabilities. When any further amount is paid to the previous owner, it will be added to the asset in 1 year of payment.

ii) **Vested Government Lands:** Vested government lands are those lands which are not owned by the ULBs nor does any economic benefit accrue to the ULB. The ownership of these lands vest with the State/Central government and the ULB merely acts as a trustee for these lands. As per Technical Guide issued by ICAI for ULBs, vested government land shall not be recorded as asset as neither ownership nor economic benefits is with ULBs. The description of such lands shall form a part of the number to the balance sheet.

Land improvement

Original cost of any improvement to land such as land development and land filling should be capitalized as an improvement to the land.

Land acquired through government grants

If the ULB has purchased land from government grants, then the cost of the land will be shown at gross value i.e. cost paid/ payable or as determined. The grant received should be shown as Capital Reserve in the Balance Sheet.

iii) **Buildings:** The valuation of buildings shall be carried out as follows:

Buildings purchased

Purchase cost of the building shall include the purchase price cost and incidental costs such as registration charges and other costs incurred to bring the asset to its present location and condition.

Building constructed

If the building has been constructed, then the cost of construction will be taken as the cost.

Heritage Buildings

Heritage buildings are generally to be valued in the same manner as other buildings. However, they are to be disclosed separately under the Head 'Heritage Assets' under Other Assets. The purpose is to distinguish the assets for their historical, cultural and / or religious significance and to recognize the restrictions on their use or sale.

Art and Historical items

ULBs should capitalize works of art, historical treasures, and similar assets at their historical cost. These items can be classified under 'Heritage Assets' under 'Other Assets'.

Governments should disclose information about their works of art and historical collections. Capitalized collections or individual items that are exhaustible, such as exhibits whose useful lives are diminished by display or educational or research applications, should be depreciated over their estimated useful lives. Depreciation is not required for collections or individual items that are inexhaustible.

iv) **Value of land under Roads:** Roads are generally built on property that is owned by the ULB. Hence, apart from the road, the land under the road also needs to be valued and accounted.

Such land is to be kept under 'Land' and not included in 'Roads & Bridges'. The value of such land should be taken at the historical cost i.e. if any amount is paid to acquire it then at the compensation paid, etc. If the amount cannot be ascertained, a nominal value of Re. 1/- should be considered for the land under each road.

v) **Pipe networks:** Networks will normally have trunks, mains, and sub-mains. This is equally valid for water supply as well as sewerage network. Those parts of network which are relatively stand alone should be considered separate assets on their own. The criterion to be also used is that failure of the smaller network is not critical to the continued operation of the larger one.

While computing historical costs, original costs of digging an earth work should be included.

Any major cost for improvement of network functioning (for instance, removal of sediments and coating from mains or trunks) should be added to the book value.

vi) **Intangible Assets:** Intangible assets in ULBs will generally be in the nature of expenditure on software. The ULB will assess the expenditure made in development or purchase of the intangible asset in the last 2 years and capitalize it as fixed asset. In case the intangible asset has been provided free of cost on a sharing basis, it should not be shown in the balance sheet.

The process of valuation of intangible asset would be as follows:

a) **If Purchased:** The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (excluding recoverable amount from the taxing authorities), and any directly attributable expenditure like professional fees for legal services, etc. on making the asset ready for its intended use. Any trade discounts and rebates are deducted in arriving at the cost.

b) **If Internally Generated:** The cost of internally generated assets such as software should be determined in line with Accounting Standard 26 'Intangible Assets'. Where the asset meets the criteria for recognition, its cost will comprises all expenditure that can be directly attributed or allocated on a reasonable and consistent basis to create the asset / software for its intended use. Costs include: (i) expenditure on materials and services used in developing the asset, (ii) salaries, wages and other employment related costs of personnel directly engaged in developing the asset, (iii) any expenditure that is directly attributable to generating the asset. However, it excludes: (i) selling, administrative and other general overhead expenditure unless this expenditure can be directly attributed to making the asset ready for use; (ii) clearly identified inefficiencies and initial operating losses and (iii) expenditure on training the staff to operate the asset.

c) **If Gifted/Donated**: If the asset was acquired without paying any price and gifted to ULB (or if it is donated): then it shall be valued at Re .l/-.

d) **If Acquired though exchange:** An intangible asset may be acquired in exchange or part exchange for old intangible asset. Where the assets exchanged are similar, the net book value of the asset which is exchanged should be taken, and to it the extra amount that is paid, if any, is added. If instead of an extra payment, a refund is involved, the necessary adjustment will have to be made. In case of dissimilar assets, the assets acquired should be recognized at its fair value. The residual value of an intangible asset in ULBs should be assumed to be zero. Hence, the full cost should be 'amortized' over the estimated useful life of the asset. Subsequent expenditure on intangible assets should be generally recognized as an expense unless it increases the capacity or the life of asset.

4.8 REFERENCES AND SELECTED READINGS

1) Andhra Pradesh Municipal Asset Management Manual, Department of Municipal Administration and Urban Development, Government of Andhra Pradesh,2008

2) Model National Municipal Asset Valuation Methodology Manual, Ministry of Urban Development, Government of India,2009

4.9 CHECK YOUR PROGRESS- POSSIBLE ANSWERS

Check Your Progress 1

1) Define fixed assets?

   An asset held with the intention of being used for the purpose of producing and providing goods or services and is not held for sale in the normal course of business.

2) What are the characterstics of "infrastructure assets"?

   As per IPSAS, infrastructure assets displays following characterstics:

   – they are part of the system or network.

   – They are specialized in nature and do not have alternative uses.

   – They are immovable; and

   – They are subject to constraints on disposal.

Check Your Progress 2

1) What is a revaluation model for valuation of assets?

   Under the revaluation model, the valuation of assets is continually reviewed to reflect the fair market value as much as possible. After recognition as an asset, an item of property) plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

2) What are the principles for determining capitalisation of fixed assets?

   The principle for determining capitalisation of fixed asset is that the :

   a) the asset is held for producing or providing goods or services and is not held for the normal course of business;

   b) the future economic benefits or service potential associated are expected to fit the entity;

   c) The estimated useful life of the asset is beyond one year; and

   d) Is beyond the minimum threshold limit for recognition as fixed asset.

Check Your Progress 3

1) What is an Asset Life Cycle?

   An asset proceeds through a number of sequential phases during its life cycle acquisition, operation and maintenance, refurbishment or enhancement, and, finally, disposal. The life cycle of an asset begins with a planning process that identifies the need for that asset and determines how and when it is to be procured. The asset is then acquired and enters its operational phase. As the asset ages, it may deteriorate or become obsolete, at which stage a decision is made to either refurbish, enhance or dispose of it.

2) Explain an Asset Life Cycle Management Strategy?

   From design to disposal, an asset's life cycle includes the following stages

   a) Clarify the need or requirement to be satisfied by the asset;

   b) Identify the type of asset suitable for the requirement and fulfill the need;

   c) Determine the maintenance strategy, cycle and plan for the life of the asset

   d) Purchase the asset;

   e) Commission, operate and maintain the asset; and

   f) Dispose of the asset at the end of its economical life.

MEDS-041 : INTRODUCTION TO URBAN DEVELOPMENT

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BLOCK 5 : PARTICIPATORY URBAN DEVELOPMENT

Unit 1 : Participatory Development: An Overview

Unit 2 : Citizen Participation in Urban Development

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PARTICIPATORY URBAN DEVELOPMENT

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BLOCK 5 PARTICIPATORY URBAN DEVELOPMENT

Block 5 on Participatory Urban Development with four units discusses on Participatory Development, Citizen Participation and Enablement, Participatory Tools and Methods and Public Private Partnership for Urban Development.

Unit 1, **Participatory Development: An Overview,** deals with basics of Participatory development, and discusses how participatory development is an attempt to compensate for or overcome the limitations of the top-down development approach by adopting a bottom-up development approach. The latter approach involves taking the needs and opinions of local residents into account as much as possible in the formulation and implementation of development project policy.

Unit 2, **Citizen Participation in Urban Development,** covers different facets of community participation, and thus may seem like an equitable approach towards governance. It is an empowering tool whereby a community is empowered to decide furtherance of self-reliant community, it also shows, how empowering people leads to giving them necessary rights, which they can use for their own betterment.

Unit 3, **Participatory Tools and Methods,** describes how the participatory tools and methods are the means by which the principles of participation are translated into the actual practice of development. Participatory methods ensure that all stakeholders become involved in a number of different activities which are integral to the development process. They provide a structured approach to participation with clear guidelines of who should be involved, when and to what extent. It also covers how the participatory tools are specific activities designed to encourage joint analysis, learning and action.

Unit 4, **Public Private Partnership for Urban Development,** covers how the PPP models have been applied in many countries around the world and some infrastructure sectors are more conductive to PPP than others. It also describes how there are ranges of reasons including better potential for cost recovery, higher political commitment due to the sector's importance for country economic growth etc. With appropriate modalities, support for capacity development, and political commitment to sector reform, PPP is feasible in other sectors as well.

UNIT 1 PARTICIPATORY DEVELOPMENT – AN OVERVIEW

Structure

1.1 Introduction

1.2 Participatory Development: Concept and Meaning

1.3 Promoting Participatory Development

1.4 Indicators of Participation

1.5 Relevant Terms Explained

1.6 Let Us Sum Up

1.7 References

1.8 Check Your Progress – Possible Answers

1.1 INTRODUCTION

Participatory development is one of the most important approaches for realizing self-reliant, sustainable development and social justice. In the so-called top-down approach to development, the entire process of formulating and implementing policies is carried out under the direction of developing country governments and the people tend to be put in a passive position. The social strata that receive the benefits of development have their position as beneficiaries reinforced by this system for promoting development, leaving unsolved deep-rooted problems of poverty and disparities between urban and rural areas. This, in turn, jeopardizes the success and sustainability of development projects. Participatory development arose from consciousness of these inadequacies. Specifically, participatory development is an attempt to compensate for or overcome the limitations of the top-down development approach by adopting a bottom-up development approach. The latter approach involves taking the needs and opinions of local residents into account as much as possible in the formulation and implementation of development project policy. It is an approach that enables people to acquire the skills needed to implement and coordinate the management of development projects themselves and thus reap more of development's returns.

Therefore, in this Unit we attempt to present you the concept, meaning, principles, approaches, typology of participation, measurement and indicators of participation, which will be useful to you to understand the approaches and strategies to promote participatory development.

After studying this unit, you should be able to:

- explain the concept and meaning of participatory development;
- describe the principles and approaches to participation;
- appreciate the typology of participation, measurement and indicators of participation; and
- explain the approaches and strategies for promoting participatory development.

1.2 PARTICIPATORY DEVELOPMENT: CONCEPT AND MEANING

There are many paths to development. Different paths to development, nevertheless, converge in an assumption that improvement in living conditions are not brought about from above by some outside agency but by the people themselves taking an active part in their development. It is, therefore, generally agreed that if progress is to be achieved, it cannot be imposed from outside and must be based on small locally based and sustainable initiatives. To effectively address issues of sustainability and equity, people centred and people controlled development is evolving as an alternative approach. The focus of current development efforts is, thus, heavily tilted in favour of building institutional capacity through participation and local self-reliance leading to empowerment. The notion of 'people's participation' is now widely recognized as a basic operational principle of development programmes and projects. Participation has come to be recognized as an absolute imperative for development. Some even argue that development, in fact, *is* participation. There is nothing more basic to the development process than participation. Over the last ten years, participation by the people has become a buzzword in the development community.

The failure of past development efforts was largely attributed to the lack of people's participation. Development was carried out for the people, but not by them. The existing planning procedures for the project are not based on the understanding of the critical ingredients of participation; namely participation in decision making, participation in implementation, participation in benefit sharing and participation in evaluation. In response, the emphasis shifted to local development efforts and involvement of the people in development activities. These conventional strategies have seen development primarily as a series of technical transfers aimed at boosting production and generating wealth. The basic fault in the conventional approach is that the poor are rarely consulted in development planning and usually have no active role in development activities. This is because the vast majority of the poor have no organizational structure to represent their interests. Isolated, undereducated and often dependent on elites, they lack the means to win greater access to resources and markets, and to prevent the imposition of unworkable programmes or technologies. The lesson is clear: unless the poor are given the means to participate fully in development, they will continue to be excluded from its benefits. This realization is provoking new interest in an alternative development strategy, that of people's participation through organizations controlled and financed by the poor.

In the traditional approach to development it is well known that the administrators of development projects and the beneficiaries do not sit on the same side of the table. In fact they sit at different levels, the former being always at a higher level. What follows, therefore, it quite inevitable. Each looks at each other with suspicion. Community participation is non-existent. At times the people of a given area are not even informed of project implementation in their area. At other times, after plans are made, the community is informed through formal meetings where the officers justify their plans, but modification is not considered. Projects tend to be identified and designed by donors in consultation with central government officials, and the budgets and timetables are planned in a rigid way

which makes it difficult for the community to play a significant role. The emphasis upon the achievement of physical outputs within a limited period of time and with close supervision and accountability are added difficulties.

1.2.1 Defining and Interpreting Participation

Since the late 1970s there has been a range of interpretations of the meaning of participation in development. The following are a number of examples: 'With regard to rural development . . . participation includes people's involvement in decision-making processes, in implementing programmes, their sharing in the benefits of development programmes and their involvement in efforts to evaluate such programmes.' (Cohen and Uphoff, 1977) Participation is also considered a voluntary contribution by the people in one or another of the public programmes supposed to contribute to national development, but the people are not expected to take part in shaping the programme of criticizing its contents (Economic Commission for Latin America, 1973). Participation includes people's involvement in decision-making processes, in implementing programmes, their sharing in benefits of developmental programmes and their involvement in efforts to evaluate such programmes (Cohen and Uphoff, 1977). According to the Asian Development Bank, "Participatory development may be defined as a process through which stakeholders can influence and share control over development initiatives, and over the decisions and resources that affect themselves".

What gives real meaning to popular participation is the collective effort by the people concerned to pool their efforts and whatever other resources they decide to pool together, to attain objectives they set for themselves. In this regard participation is viewed as an active process in which the participants take initiatives and actions that is stimulated by their own thinking and deliberations over which they exert effective control. The idea of passive participation which only involves the people in actions that have been thought out or designed by others and controlled by others is unacceptable. Community participation is an active process by which beneficiary or client groups influence the direction and execution of a development project with a view to enhancing their well-being in terms of income, personal group, self-reliance or other values they cherish (Paul, 1987).

The development literature is overburdened with the definitions of the term participation. 'Participation' has been used in different ideological contexts and has been given a variety of more specific meanings in development literature and among development organizations, planners and managers. There is no one comprehensive definition that describes how participation works in development. The definition depends on the objectives of the development organization and their capacity to implement participatory approaches. Each development organization has to define for itself, what exactly they mean by 'participation' (SEGA: FAO, 2001). Participation is most often taken to mean involvement by 'common' people (i.e., by non-professionals) in various types and stages of development work. Frequently, these people are intended beneficiaries of the work that is undertaken. When that is the case, one commonly refers to the involvement as people's participation. But 'participation' may also denote involvement by a range of other stakeholders with different interests and abilities. Most fundamentally, as stated by Keough (1998), participatory development should be considered as 'at heart a philosophy', embedding the belief that 'it is the right way to conduct oneself with other human beings (1998:194).

According to the UNDP (1993:21) 'participation means that people are closely involved in the economic, social, cultural and political processes that affect their lives'. This appears to be one of the simplest definitions of participation since it implies that people participate only in those economic, social, cultural and political processes that have the potential to bring about favourable changes in their lives. This definition comes very close to the notion of Johnston and Clark (1982:171) who have strongly warned against regarding participation as a 'free good, desirable in unlimited quantities.' Participation, according to them, "has a large cost for the poor and they will invest their participation when they believe it will secure them valuable benefits not otherwise available at comparable cost, time and risk"(*ibid.* :172).

A participatory approach aims to support local people to carry out their own development using the expertise of outsiders to help them achieve their development goals. While local women and men are the experts on local constraints and opportunities, they do not know everything. Small farmers, for example, are usually disadvantaged in their lack of knowledge about the options that development programmes can offer, including improved methods and technologies, and may not receive information about markets, inputs and new government policies. Therefore, while development agencies need greater access to local knowledge in order to play a more effective role, farmers need increased access to information about the wider context in which they live in order to make informed decisions about their development (SEGA, FAO 2001).

Quite often there is a tendency to link participation with some development project as if outside project there is no scope for participation. This type of approach to participation is easily discernible from Paul's interpretation who says, "participation is an active process by which beneficiaries influence the direction and execution of a development project with a view to enhancing their well-being in terms of income, personal growth, self-reliance or other values they cherish" (1986:2).

There are other scholars who have tried to interpret participation in slightly different ways by placing more emphasis on the process rather than the contents and outcome of the participation. In this regard special reference may be made of Fraser (1993:190) who makes a distinction between participation that is spontaneous or bottom-up with the participation that is induced, coerced, or top-down participation. Similarly, the United Nations (1981:8) distinguishes between coerced participation, which it condemns, induced participation, which it regards as second best, and spontaneous or bottom-up participation, which it contends 'comes closest to the ideal mode of participation, as it reflects voluntary and autonomous action on the part of the people to organize and deal with their problems unaided by governments or other external agencies.' Further, Midgley (1986) also makes a similar distinction between 'authentic' participation, in which local people democratically control project decision-making, and pseudo-participation, in which projects are carried out according to prior decisions made by outsiders.

1.2.2 Participatory Development and Participation in Development

At this stage, it would not be out of place, if a distinction between participation in development and participatory development were also made. Participation in

development is usually said to mean the full involvement of people in the development which affect their lives, regardless of gender, race, age, class, sexual orientation or disability. Participatory development essentially means conventional project practice in a more participatory and sensitive manner. Wignaraja (1991:202) has observed that, "participatory development is essentially top-down participation while participation in development is bottom-up participation". The distinction between participatory development and participation-in-development is central to understanding of practice of participation. Table 1 provides as comparative analysis of the two concepts. According to FAO (1997), participation in development is a process of equitable and active involvement of all stakeholders in the formulation of development policies and strategies and in the analysis, planning, implementation, monitoring and evaluation of development activities.

Table 1.1: Comparative Analysis: Participatory Development vs. Participation – in – Development

Participatory Development	Participation in Development
It means conventional project practice in a more participatory and sensitive manner.	It entails genuine efforts to enage in practices which openly and radically encourage people's participation.
It is introduced within the predetermined project framework.	It stems from the understanding that poverty is caused by structural factors. It attempts to alter some of these causes which lead to poverty.
It is top-down participation in the sense that the management of the project defines where, when and how much the people can participate.	It is bottom up participation in the sense that the local people have full control over the processes and the project provides for necessary flexibility.
It is the more prevalent practice. It is more dominant in terms of resources available.	It is more prevalent with NGOs then with the governments. Such cases are still a few but increasing in influence.

Source: *Oakley et al. (1981)*

1.2.3 Participatory Development: Principles and Approaches

Participatory development is essential for at least two reasons:

- it strengthens civil society and the economy by empowering groups, communities and organizations to negotiate with institutions and bureaucracies, thus influencing public policy and providing a check on the power of government; and,
- it enhances the efficiency, effectiveness and sustainability of development programmes.

Participatory development, or what is sometimes referred to as popular participation, may be defined as a process by which people take an active and influential hand in shaping decisions that affect their lives. Popular participation

may involve difficult and long processes but brings many benefits: the contribution of local knowledge to; an increased chance of objectives and outputs being relevant to perceived needs; greater efficiency and honesty of officials and contractors because they are under public scrutiny; "ownership" of the activity by community-based organizations. Through empowerment, participation can also lead to changes in knowledge, skills and the distribution of power across individuals and communities thus improving social equity.

"**Empowerment**" is essential to participatory development. Empowerment is enhanced when the organizations in which people participate are based on a democratic approach, strengthening the capacity of members to initiate action on their own or negotiate with more powerful actors. It thus builds up the capacity of people to generate and influence development at various levels, increasing their access to and influence over resources and institutions, including by groups hitherto marginalized such as low-income populations and particularly women.

Participatory development is not 'blue-print' development but it is a strategy which constructs its approach in relation to the demands of the project context. In this respect, some basic principles will help to determine what this approach should be. In the practice of participatory development to date, the following are the kinds of key principles which have been seen to be more important (UNDP, 1998).

The primacy of people: whatever the purpose or ultimate goal of the project, people's interests, their needs and their wishes must be allowed to underpin the key decisions and actions relating to the project. It is not a question of including people as and when it is felt by project management to be convenient; people must sit centre-stage and their interests taken into consideration during the whole course of the project.

People's knowledge and skills must be seen as a potentially positive contribution to the project: a project which does not seek to make use of local knowledge and skills may not only be less effective but will also be squandering a useful resource. A participatory project should seek every possibility to base its activities upon local resources, both to avoid situations of dependence on external ones and also to help develop local capabilities, which will be important if the development is to be sustained. Participation is to do with developing people's capacities and this can best be achieved by building on and strengthening their existing knowledge and expertise.

People's Participation must empower women: participatory development should seek to improve gender inequalities through providing a means by which women can take part in decision making. Women's participation must be transformative, not be merely tokenistic; while there are often enormous social and cultural barriers which hinder women's participation, participatory development should seek to bring about change and to create the circumstances where women's voices can also be heard. This is a sensitive and critical issue, but efforts to involve women in an appropriate manner must be central.

Autonomy as opposed to control: as far as it is realistic to do so, seek to invest as much responsibility as possible for the project with the local people, and thus avoid having absolute control in the hands of project staff. Such a principle is

not always realistic and it should not be pushed too far in such circumstances; but there must be a discernible move to minimize the control of project staff and to maximize the potential responsibility of local people.

Local actions as opposed to local responses: encouraging local people to make decisions and to take action within the broad parameters of the project, as opposed to merely responding passively to initiatives proposed by others. The more that these kinds of local initiatives can be encouraged, the more a sense of ownership will develop among local people; but the major obstacle may see project staff who are unwilling or unable to promote local ownership of project activities and outcomes.

Allow for some spontaneity in project direction: promoting people's participation will mean that, as far as it is reasonably possible, the project should be allowed to develop in accordance with the abilities of local people to play an increasing role and to begin to assume some responsibility. Unless the project is able to plan for and to accommodate people's participation, it will remain a straight jacket and may push on to predetermined objectives regardless of whether local people are on board or not. Participatory projects do often take longer but, if they are truly participatory, the outcome is more positive and sustainable.

After reading this section, you would have gained some idea about participatory development. Now you should be able to answer the questions given in *Check Your Progress 1*.

Check Your Progress 1

Note: a) Write your answer in the space given below.

b) Compare your answer with those given at the end of the unit.

1) What is the difference between participatory development and participation in development?

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2) Why is participatory development essential?

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1.3 PROMOTING PARTICIPATORY DEVELOPMENT

In promoting participatory development it is important to consider and decide how this is to be done. It is not enough simply to declare a commitment to participation. A strategy must be devised which should purposefully guide the promotion of participation within the project. A major reason why people's participation is not consistent or effective in many projects is because time and resources have not been given to thinking through how it is to be promoted. Clearly a project cannot afford to spend an excessive amount of time on this promotion; hence the importance of devising a strategy and of promoting people's participation in accordance with the expectations of the project. Project management must be able to take a long term view of the expected development of the project and be prepared to promote the form of participation which would be most appropriate. We can structure this examination of a strategy for participation around four key aspects; the initial questions, the basic principles in promoting participation, participation as a sequence of actions and the key stages in a participatory strategy (UNDP1998).

Asking the Initial Questions

a) What might be the reaction of national and local authorities to efforts to promote participatory development? National and local political systems do have an effect upon the political climate at the local level and it can not be assumed that efforts to increase people's say in and responsibility for local development processes will be looked upon with approval. It will be critical to assess the potential for a participatory form of development within the context of the national political climate in order to avoid any major dysfunctions or adverse reactions once the project has got underway.

b) What are the social, political, and cultural factors within the area or region in which the project is to be developed, which could influence people's participation? This question is fundamental to understanding the likely reaction to a participatory project and will inform project management of the kinds of obstacles which the project might encounter. It should also reveal those factors which could facilitate local people's participation.

c) What local traditional practices or organisations could play an effective role in promoting participation? The answer to this question will be fundamental in designing the methodology of the project and it has been shown that, where participatory projects can be built upon existing patterns or structures of participation, they can be more effective. Participatory development projects are introduced into areas and regions where traditional forms of community co-operation and support will already exist and such projects should seek to adopt their ideas to these existing mechanisms and not invent entirely new structures.

d) What would be the likely reaction of local people to efforts to get them more involved in, to make a contribution towards and to assume some responsibility for the proposed development project? In order to answer this question, it may be necessary to find out what other development initiatives have taken place in the area in the past decade or so and what consequences they had for

the local population. Participation demands time, energy and resources on the part of local people and it would be useful to assess what demands the project might make upon them and what the likely response would be.

e) What resources, skills and time does the project have to promote participation? A careful and realistic assessment of the project's own potential to promote participation is a prerequisite to the design of an appropriate strategy. There is no point in being overly ambitious if the skills and resources are not available! It is a difficult task to match the resources available with the nature of the participation which can be promoted. The promotion of participation does demand resources and these will have to be assessed carefully before the project begins.

1.3.1 Participation: Means Vs. End

Participation is an objective as well as means when social development is the ultimate goal of any aid activity. In other projects, with economic or sector goals, enhanced participation may be seen as a means to achieving other objectives. In all cases the project framework should make this clear. As regards the rational for participatory development, it is mostly agreed by many scholars that it can be both utilitarian (instrumental) and moral (final). This dual rationale for participatory development, in fact, lends lot of support to the generally held view that participation is both a means and an end in itself. Tabl1.1 provides a comparative analysis of these concepts.

Table 1.2: Comparative Analysis: Participation as Means vs. End

Participation as Means	Participation as End
It implies use of participation to achieve some predetermined goal or objective.	Participation as an end attempts to empower people to participate in their own development more meaningfully.
It is an attempt to utilise the existing resources in order to achieve the objective of programmes/project.	The attempt is to ensure increased role of people in development initiative.
The stress is on achieving the objective and not so much on the act of participation itself.	The focus is on improving the ability of the people to participate rather than just achieving the predetermined objectives of the project.
It is more common in the government programmes etc. where the main concern is to mobilise the community and involve them in improving the efficiency of the delivery system.	This view hardly finds favour with the government agencies. NGOs in principle agree for this viewpoint.
Participation is generally short term.	Participation as an end is viewed as a long-term process.
Participation as a means therefore, appears to be a passive form of participation	Participation as an end is relatively more active and dynamic.

Source: *Oakley et al. (1981)*

1.3.2 The Argument For and Against of Participation

There are arguments for and against the promotion of greater people's participation. These arguments are less concerned with societal level participation in democratic and representative institutions, but more with people's participation in development activities. There has been a consensus on usefulness of participation in development projects. The major advantages of participation as enumerated by Oakley et al. (1991), and others are:

Participation as Contribution: In a different ways, contribution of the local people is solicited. People's participation is construed as people's contribution to the project. Their contribution can vary from voluntary to even forced. Most of the projects on health, education, water supply, etc. emphasize on people's contribution in form of labour material or other resources.

Participation as Empowerment: Participation is being increasingly viewed as the process of empowering the local people. The focus is on transfer of power-change in the power structure. This is based on the recognition of the relationship between the state and people. Thus participation becomes a process of empowering the people so that they gain more control over their own resources and lives.

Participation, however, doesn't always lead to empowerment. It takes a supportive environment in which to nurture people's aspirations and skills for empowerment to ultimately occur. Some means of achieving this are:

- Don't underestimate people. Give them tools to manage complexity; don't, shield them from it;
- Divide the issues into bite-sized chunks
- Start with people's own concerns and the issues relevant to them
- Don't superimpose your own ideas and solutions at the outset;
- Help people widen their perceptions of the choices available and to clarify the implications of each option;
- Build in visible early successes to develop the confidence of participants; "Staircase" skills, trust and commitment to the process: offer a progressive range of levels of involvement and help people to move up the ladder;
- Direct empowerment training for participants may not be appreciated - it may be better to develop skills more organically as part of the process;
- If at all possible, avoid going for a comprehensive irreversible solution. Set up an iterative learning process, with small, quick, reversible pilots and experiments;
- Continuously review and widen membership. As new interests groups are discovered how will they be integrated into the process?
- Help people to build their understanding of complex and remote decision processes which are outside the delegated powers of the participation process but which are affecting the outcomes.
- Nurture new networks and alliances;
- Plans must be meaningful and lead to action;

- Manage the link between the private ability of the various interest groups to deliver on their commitments and the public accountability and control of the implementation;
- Build in opportunities for reflection and appraisal; *and*
- Make sure people are having fun!

The FAO (1997) has argued that for governments and development agencies, people's participation through small groups offers distinct advantages which, among others, include:

Economies of scale: The high cost of providing development services to scattered, small scale producers is a major constraint on poverty-oriented programmes. Participatory groups constitute a grassroots "receiving system" that allows development agencies to reduce the unit delivery or transaction costs of their services, thus broadening their impact.

Higher productivity: Given access to resources and a guarantee that they will share fully in the benefits of their efforts, the poor become more receptive to new technologies and services, and achieve higher levels of production and income. This helps to build net cash surpluses that strengthen the groups' economic base and contribute to rural capital formation.

Reduced costs and increased efficiency: The poor's contribution to project planning and implementation represent savings that reduce project costs. The poor also contribute their knowledge of local conditions, facilitating the diagnosis of environmental, social and institutional constraints, as well as the search for solutions.

Participation can ensure effective utilization of available resources: The people and other agents work in tandem towards achieving their objectives. The local people take responsibility of various activities. All these improve the efficiency and make the project more cost-effective.

The major allegation against this, however, is that the government and other agencies in the name of people's participation may assign fewer resources and transfer the burden of project costs onto the local people.

Building of democratic organizations: The limited size and informality of small groups is suited to the poor's scarce organizational experience and low literacy levels. Moreover, the small group environment is ideal for the diffusion of collective decision-making and leadership skills, which can be used in the subsequent development of inter-group federations.

Sustainability: Participatory development leads to increased self-reliance among the poor and the establishment of a network of self-sustaining rural organizations. This carries important benefits: the greater efficiency of development services stimulates economic growth in rural areas and broadens domestic markets, thus favouring balanced national development; politically, participatory approaches provide opportunities for the poor to contribute constructively to development.

The pivotal role of people's participation in development is now re-emerging in economic and social development thinking. The strategy for sustainable development includes a "people-centered" approach that will improve the poor's

access to productive assets, allow them to participate in designing and implementing development programmes, and foster their involvement in institutions from village to national level (FAO, 1997).

Effectiveness

Lack of people's involvement has been seen as one of the major causes of failure of most projects. People's participation can make the projects more effective by providing them say in deciding the objectives, strategy and participating in implementation there by ensuring effective utilisation of the local resources.

Self-reliance

A major criticism of many development interventions has been that they create a kind of dependence syndrome. However, if the local resources – both human and material are utilised, the realisation grows that may problem have local solutions. With active involvement of the local people, it is not only possible to break the mentality of dependence but also increase the local people awareness, confidence and control. In fact, the involvement in decision making, implementation and monitoring develops human resource, which can enable them to participate at other levels.

Coverage

Despite professed target groups and attempts to cover the weaker sections, most projects have been found lacking in this aspect. The benefits are cornered off by the elite and powerful. People's participation can be a potent way of ensuring the benefits to the target group. Further, the cost effective operations can ensure that resources are available for wider coverage.

Sustainability

Most of the externally assisted project fail to sustain the level of activity once support or inputs are diminished or withdrawn. People's participation is regarded as an essential pre-requisite for continuity of the activities. The involvement of local people and utilisation of local resource becomes essential for sustainability.

However, the litmus test is whether people's participation brings them tangible benefits or it is just a ploy to get people's contribution or unfairly burden them. They can be summarised as follows:

Arguments against Participation:

- Participation costs time and money; it is essentially a process with no guaranteed impact upon the end product. Participation can greatly add to the costs of a development activity and therefore its benefits have to be carefully calculated;
- Processes of participation are irrelevant and a luxury in situations of poverty and it will be hard to justify expenditure on such a process where people need to be fed and their livelihoods secured;
- Participation can be a destabilising force in that it can unbalance existing socio-political relationships and threaten the continuity of development work;
- Participation is driven by 'ideological fervour' and is less concerned with seeking to secure direct benefits for people from development activities than with promoting an ideological perspective into development; and

- Participation can result in the shifting of the burden onto the poor and the relinquishing by national governments of their responsibilities to promote development with equity.
- Certain costs are associated with people's participation. Oakely *et al*. (1991) has identified the major arguments against people's participation as follows:
- Delayed start and initial slow progress in terms of achievement of physical as well as financial targets.
- Increased resource requirement in terms of material as well human to support participation.
- Process taking its own course and not moving in the expected lines.
- Relinquishing power and control is not easy.
- Increased expectation due to the involvement of the local people.

Hence, many projects just prefer to involve people only in the implementation stage to avoid problems. In most projects participation is more illusory than real. Therefore, participation remains rhetoric than a practical reality. This is despite a general realisation that participation has to be an essential ingredient in development projects.

1.3.3 Obstacles to People's Participation

People participation takes place in a socio-political context. A host of factors have been identified as obstacles to participation. Oakley *et al.* (1991) has listed the three major obstacles to people's participation namely structural obstacles, administrative obstacles and social obstacles. Structural obstacles comprise of those factors which form the part of the centralised political systems and are not oriented towards people'' participation. The other set comprises of administrative obstacles. The administrative structures are control oriented and hardly provide any significant space to local people to make their own decisions, control their resources etc. Finally the social obstacles which include mentality of dependence, domination of the local elite, gender inequality etc are quite crucial to people's participation.

Most of participatory development fails to take into account the larger obstacles and hence the impact such projects is hardly sustainable and pervasive.

1.3.4 Participation and Empowerment

Participation is a qualitative process leading to qualitative change in the form of empowerment. But can we measure the qualitative change? Essentially the question that we have to ask is whether the outcome of participation in development can be evaluated and characterized as 'successful' or 'unsuccessful'? Uphoff (1980) has very correctly observed that, "empowerment is a key aspect of participation, but it is not the whole of participation. For Freire(1973), " the supreme touchstone of development is whether people who were previously treated as mere objects, known and acted upon, can now actively know and act upon, thereby becoming subjects of their own social destiny. When people are oppressed or reduced to the culture of silence, they do not participate in their own humanization. Conversely, when they participate, thereby, becoming active subjects of knowledge and action, they begin to construct their properly human history and engage in progress of authentic development".

Oakley and Marsden (1984:86) have identified three levels of participation leading to empowerment. The first level they call as 'manipulatory' or 'therapeutic', and place mass mobilisations campaigns (for example literacy campaign in India) in this category. At the second level they say only 'token' forms of participation with the extension of information, consultation and collaboration of one sort or another (like beneficiary oriented rural development projects). At the upper levels is partnerships, delegated power and citizen control, which are, regarded as "real" forms of participation.

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In the UNDP's Human Development Report (1993:21), it has been very categorically mentioned that, "since participation requires increased influence and control, it also demands increased empowerment. Any proposal to increase participation must therefore pass the *empowerment test* — does it increase or decrease people's power to control their lives"? Almost similar view echoes in the opinion expressed by Oakley and Marsden (1984), "participation as end is the inexorable consequence of the process of empowering and liberation. The state of activating power and of meaningfully participating in the development process is in fact the objective of the exercise". Giving a new term as 'knowledge empowerment' which participation brings about, Kronenburg (1986) also links participation with empowerment when he says, "with the newly acquired power of knowledge, which has not been given or taken away from somewhere but has been auto-generated, the participants can influence the course of events to liberate themselves from oppressive situations and determine their own destiny".

Successful participation must be concerned with achieving power: that is power to influence the decisions that affect one's life. But can we ignore the strength of Goulet's (1989:175) view that, "limits exist as to how much participation can occur, and as to what goals it can achieve". He even cautions, "in participation gestation times for success are long and unpredictable"(*ibid.,* 176). And he deplores, "participation, is no panacea for development: its dual nature as both goal and means implies unending compromises between the antagonistic requirements of efficiency and equity (*ibid,* 175).

UNDP in its Human development Report (1993:31) has very aptly noted, "Participation is a process, not an event. What is important is that the impulses for participation be understood and nurtured", since "participation is a plant that does not grow easily in the human environment."

1.3.5 Typology of Participation

Manipulative Participation: Participation is simply pretence, with "people's" representatives on official boards but who are unelected and have no power.

Passive Participation: People participate by being told what is going to happen or has already happened. It is a unilateral announcement by an administration or project management without listening to people's responses. The information being shared belongs only to external professionals.

Participation in Information giving: People participate by answering questions posed by extractive researchers using questionnaires surveys or similar approaches. People do not have the opportunity to influence proceedings, as the findings of the research are neither shared nor checked for accuracy.

Participation by Consultation: People participate by being consulted, and external people listen to views. The external professionals define both problems and solutions, and may modify these in the light of people's responses. Such a consultative process does not concede any share in decision-making, and professionals are under no obligation to take on board people's views.

Participation for Material Incentives: People participate by providing resources, for example labour, in return for food, cash or other material incentives. Much on farm research falls in this category, as farmers provide the fields but are not involved in the experimentation or the process of learning. It is very common to see this called participation, yet people have no stake in prolonging activities when the incentives end.

Functional Participation: People participate by forming groups to meet predetermined objectives related to the project, which can involve the development or promotion of externally initiated social organisation. Such involvement does not tend to be at early stages of project cycles or planning, but rather after major decisions have been made. These institutions tend to be dependent on external initiators and facilitators, but may become self-dependent.

Interactive Participation: People participate in joint analysis, development of action lplans and formation or strengthening of local institutions. Participation is seen as a right, not just the means to achieve project goals.

Self-Mobilisation: People participate by taking initiatives independent of external institutions to change systems. They develop contact with external institutions for resources and technical advice they need, but retain control over how resources are used. Such self-initiated mobilisation and collective action or may not challenge existing inequitable distributions of wealth and power[1].

Adapted from: Socio-cultural Impact (www.socio-culturalimpact.com). "Participatory Learning and Action: A Trainer's Guide. 1995.

1.3.6 Measuring Participation

Participation is often recognised as being an important element in project design and some projects go so far as to have participation itself as an objective. One should try to measure project effectiveness in terms of the participation of different interest groups in the decision making process. This will include a measure of

the quality of participation as well as its quantity. For example, in the case of a water-supply project, the formation of a village or urban water committee was a prerequisite of the project providing assistance to a village or to an urban area and one of the tasks of the project manager was to examine the effectiveness of these institutions. Questions that had to be answered included:

- Which committees are more effective and why?
- Are the committees representative?
- Is there a trade-off between effectiveness and being representative?
- Who is using the water supply?
- Are any standpipes broken?
- How effective is the village/urban committee at managing the repairs of the standpipes?

In order to measure the institutional health of the village water committees the project manager might use an institutional maturity index. This would consist of a more than just a list of village/urban committees. It would include, for instance, information on each committee's membership, the numbers of meetings it held, their degree of representativeness and whether or not a record of decisions taken by the committee had been kept. This information should allow the bare facts of project progress to be unpacked and the reasons for success and failure understood.

1.4 INDICATORS OF PARTICIPATION

Monitoring and Evaluation (M&E) involves asking a number of broad questions concerning project output, effect and impact. Essentially, we need to know what has happened as a result of the project's activities, when and to what extent. We also need to understand the economic, political and social changes which have occurred and how these are perceived. In order to do this we need to identify and agree the indicators which will be used to describe and to illustrate the results and changes which we are looking for. The use of indicators is a prominent feature of most M and E systems and there is extensive literature on their nature, purpose and how they should be used. In particular, emphasis is placed on the need to ensure that the indicators selected for the M and E of a particular project are:

- valid
- relevant
- specific
- timely
- reliable
- sensitive
- cost-effective

The selection of indicators is a critical issue and the most important thing is to ensure that proposed indicators meet the above criteria. There is little point in selecting indicators which, for example, are over-complex, demand enormous amounts of staff time or appear to be un-related to the objectives of the project. Furthermore, indicators of participation will need to be both quantitative and

qualitative; quantitative indicators to measure the extent and the magnitude and qualitative indicators to describe and to explain the nature and quality of the participation which has occurred. The following is a composite list of possible indicators of a process of participation which is drawn from a range of project level examples:

1.4.1 Quantitative Indicators of Participation

- Improved and more effective service delivery
- Numbers of project level meetings and attendance levels
- Percentages of different groups attending meetings (e.g. women, landless) Numbers of direct project beneficiaries
- Project input take-up rates
- Numbers of local leaders assuming positions of responsibility
- Numbers of local people who acquire positions in formal organisations
- Numbers of local people who are involved in different stages of project

1.4.2 Qualitative Indicators of Participation

- Organisational growth at the community level
- Growing solidarity and mutual support
- Knowledge of financial status of project
- Concern to be involved in decision-making at different stages
- Increasing ability of project group to propose and undertake actions
- Representation in other government or political bodies with relation to the project
- Emergence of people willing to take on leadership
- Interaction and the building of contacts with other groups and organisations
- People begin to have a say in and to influence local politics and policy formulation

The above are not a model list of indicators of participation; they are far too many and are presented merely as examples of the kinds of indicators which could be used. The two critical issues are (i) to work with the minimum number of indicators which could give a realistic understanding of the evolving process of participation, and (ii) to determine the indicators on the basis of the characteristics and purpose of the project. There are no generic indicators for the M and E of participation. A further question concerns who determines the indicators and how far indicators necessarily have to be external and supposedly objective; there is an increasing awareness that local people should also be involved in determining how their increasing participation could best be monitored and the more appropriate indicators. It should be borne in mind that 'indicators' is a term employed by external development projects and that it may need to be translated in a different way in the local context. Indeed, as we shall see below, there are even suggestions that indicators are not very useful in the M and E of processes like participation and that less structured and more flexible means are needed to evaluate qualitative change. Recent experiments broadly in

the field of social development have begun to monitor qualitative processes such as participation, not on the basis of predetermined indicators, but by using a series of open-ended questions which project participants answer (UNDP, 1998).

1.5 RELEVANT TERMS EXPLAINED

Development: A process of social and economic advancement, in terms of the quality of human life. The term often implies the dominant Western world- view, involving such elements as a belief in progress, the inevitability of material growth, the solution of problems by the application of science and technology, and the assumption of human dominance over nature. Alternative philosophies are suggested by terms such as "sustainable development" or "participatory development."

Empowerment: The term empowerment has different meanings in different socio-cultural and political contexts. The term empowerment which connotes different meanings includes:

- self-strength,
- control,
- self-power,
- self-reliance,
- own choice,
- life of dignity,

in accordance with one's values, capable of fighting for one's rights, independence, own decision making, being free, awakening, and capability - to mention only a few. These definitions are embedded in local value and belief systems. In its broadest sense, empowerment is the expansion of freedom of choice and action. It means increasing one's authority and control over the resources and decisions that affect one's life.

Facilitation: A process used to help a group of people or parties have constructive discussions about complex, or potentially controversial issues. The facilitator provides assistance by helping the parties set ground rules for these discussions, promoting effective communication, eliciting creative options, and keeping the group focused and on track.

Indicator: An indicator is a pre-defined variable which helps to identify (in)direct differences in quality and/or quantity within a defined period of time. As a "unit of measure" it allows to judge if an intervention was successful or not. With the aid of indicators, complex problems are simplified and reduced to an observable dimension.

Participation refers to involvement whereby local populations in the creation, content and conduct of a program or policy designed to change their lives. Participation requires recognition and use of local capacities and avoids the imposition of priorities from the outside

Participatory development: An approach to "development" that empowers individuals and communities to define and analyze their own problems, make their own decisions about directions and strategies for action, and lead in those

actions. The approach is contrasted with "top-down" development processes, in which outsiders, with greater socioeconomic and political power, make the key decisions about local resource use and management.

Public participation: A process that consists of a series of activities and actions conducted by a sponsoring agency or other entity to both inform the public and obtain input from them. Public participation affords stakeholders the opportunity to influence decisions that affect their lives. Other terms for public participation include public involvement and public engagement.

Stakeholders are any individual, group or institution, which could be involved in the transfer of knowledge and best practice to improve the urban development process, can be considered a stakeholder.

After reading this section, you would have gained some idea about participatory development. Now you should be able to answer the questions given in *Check Your Progress 2*.

Check Your Progress 2

Note: a) Write your answer in the space given below.

b) Compare your answer with those given at the end of the unit.

1) Give any two arguments against participation.

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2) What do you understand by passive participation?

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3) What are the qualitative indicators of participation?

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1.6 LET US SUM UP

Participatory development is one of the most important approaches for realizing self-reliant, sustainable development and social justice. In the so-called top-down approach to development, the entire process of formulating and implementing policies is carried out under the direction of developing country governments and the people tend to be put in a passive position.

Participatory development leads to increased self-reliance among the poor and the establishment of a network of self-sustaining rural organizations. This carries important benefits: the greater efficiency of development services stimulates economic growth in rural areas and broadens domestic markets, thus favouring balanced national development; politically, participatory approaches provide opportunities for the poor to contribute constructively to development.

The pivotal role of people's participation in development is now re-emerging in economic and social development thinking. The strategy for sustainable development includes a "people-centred" approach that will improve the poor's access to productive assets, allow them to participate in designing and implementing development programmes, and foster their involvement in institutions from village to national level.

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1.8 CHECK YOUR PROGRESS – POSSIBLE ANSWERS

Check Your Progress 1

1)

Participatory Development	Participation in Development
It means conventional project practice in a more participatory and sensitive manner.	It entails genuine efforts to enage in practices which openly and radically encourage people's participation.
It is introduced within the predetermined project framework.	It stems from the understanding that poverty is caused by structural factors. It attempts to alter some of these causes which lead to poverty.
It is top-down participation in the sense that the management of the project defines where, when and how much the people can participate.	It is bottom up participation in the sense that the local people have full control over the processes and the project provides for necessary flexibility.
It is the more prevalent practice. It is more dominant in terms of resources available.	It is more prevalent with NGOs then with the governments. Such cases are still a few but increasing in influence.

2) Participatory development is essential for at least two reasons:
   - it strengthens civil society and the economy by empowering groups, communities and organizations to negotiate with institutions and bureaucracies, thus influencing public policy and providing a check on the power of government; and,
   - it enhances the efficiency, effectiveness and sustainability of development programmes.

Check Your Progress 2

1) Two arguments against participation are as follows:
   - participation costs time and money; it is essentially a process with no guaranteed impact upon the end product. Participation can greatly add to the costs of a development activity and therefore its benefits have to be carefully calculated;
   - processes of participation are irrelevant and a luxury in situations of poverty and it will be hard to justify expenditure on such a process where people need to be fed and their livelihoods secured;

2) Passive participation is where people participate by being told what is going to happen or has already happened. It is a unilateral announcement by an administration or project management without listening to people's responses. The information being shared belongs only to external professionals.

3) Qualitative Indicators of Participation are

- Organisational growth at the community level
- Growing solidarity and mutual support
- Knowledge of financial status of project
- Concern to be involved in decision-making at different stages
- Increasing ability of project group to propose and undertake actions
- Representation in other government or political bodies with relation to the project
- Emergence of people willing to take on leadership
- Interaction and the building of contacts with other groups and organisations
- People begin to have a say in and to influence local politics and policy formulation

UNIT 2 CITIZEN PARTICIPATION IN URBAN DEVELOPMENT

Structure

2.1 Introduction
2.2 The Importance of Citizen Participation
2.3 Benefits of Participation
2.4 Facilitating Citizen Participation
2.5 Stages and Levels of Participation
2.6 Emergence and Development of Community Participation in Urban India
2.7 India's Community Participation Law: The Model Nagara Raj Bill, 2008
2.8 Citizen's Participation Initiatives
2.9 Let Us Sum Up
2.10 References and Selected Readings
2.11 Check Your Progress – Possible Answers

2.1 INTRODUCTION

Citizens' participation can be understood as a forum wherein people can participate in the decision-making process and are involved in local affairs. According to United Nations definition, it is the creation of opportunities to enable all members of a community to actively contribute to and influence the development process and to share equitably the fruits of development. This theory of governance is in certain ways like revisiting the reasons of community like wherein the community participation in fact shows that when people are given the chance to participate in the decision making process, the resulting policies are often the best possible solutions to any local problem.

Community participation when first heralded as the new method of promoting development in the 1960's was seen as a method to promote sustainable and long-term development. Community participation thus may seem like an equitable approach towards governance. Community participation if used rightly can pave the road to development.. It is an empowering tool whereby a community is empowered to decide furtherance of self-reliant community. Empowering people leads to giving them necessary rights, which they can use for their own betterment. It has been seen that an empowered community or group can flourish even when bureaucratic set up of the country fails.

Thus, citizen participation in urban governance in India requires enabling policy environment, trained human resources, modern institutional designs and most importantly, open mind-sets among urban planners and managers who consider citizen participation as a building block of accountable and transparent urban governance.

After reading this unit, you would be able to:

- explain the meaning of citizen participation and its related concepts;

- describe benefits and methods of citizen participation;
- discuss stages and levels of citizen participation;
- explain tools/techniques of citizen participation.

2.2 THE IMPORTANCE OF CITIZEN PARTICIPATION

Citizen participation can be viewed from the perspective of benefits to be gained and costs to be borne. Implicit in this "penchant for getting involved" is the notion of the relationship between self and society.

Citizen's participation is both an end in itself, and a means to an end. Citizen participation is a long promised but elusive goal, limited by access to information and by an incomplete understanding of as to how government works. Men and women have a right to take part in making decisions that affect their community. This is because it affects their own development and future. In mainstream models of local government, citizens delegate community management and development to politicians and specialists. Direct participation can be seen as an aspect of citizenship, a matter of people having access to information and policymaking processes, as well as to the full range of their society's decision-making processes.

The purpose of citizen participation is to:

i) To be heard in a meaningful way, to be treated as if their opinions and information mattered;

ii) To influence problem definition as well as proposed policies;

iii) To work with administrators and policy makers to find solutions to public problems;

iv) To have an equal force in the policy process.

2.2.1 A Means to an End

People's participation can improve governance by making it more:

- Transparent
- Coherent , accountable
- Effective
- Efficient

Citizen Governance is about responding to people's needs and demands. Involving the people themselves in identifying these needs and demands, and in designing policies and programmes to meet them, is an excellent way of doing this. Citizens' participation can be considered as a means of achieving better governance.

2.2.2 Concept of Citizen Governance

Democracies are weak without citizen governance. Citizen governance is value based and thus must be construed within civil society organisations and leaders should examine their own political context and vision for change. The concept of citizen governance is young and to sustain it government at all levels needs to

learn to work in different ways within a new culture. This will require the removal of walls that have divided the bureaucracies of the government and the citizens. Civic engagement is defined as active participation and collaboration among individuals, government and the private sector to influence and determine decisions that affect the citizens. The mere existence of civil society organizations or a formal dialogue with them will not ensure citizen governance. Unless the government is open to listen to the citizen groups and involve them in the governance process no tangible benefits will flow to the society from citizen governance.

2.3 BENEFITS OF PARTICIPATION

What are the benefits to the average citizen? There are five advantages to be gained from active participation in community affairs:

i) The citizen can bring about desired change by expressing one's desire, either individually or through a community group.

ii) The individual learns how to make desired changes.

iii) The citizen learns to understand and appreciate the individual needs and interests of all community groups.

iv) The citizen learns how to resolve conflicting interests for the general welfare of the group.

v) The individual begins to understand group dynamics as it applies to mixed groups.

Active participation includes citizens and stakeholders in the task of identifying, planning implementing and evaluating programs and projects executed by the agency. Passive participation implies voluntary or other forms of contribution by the people to predetermined programs and projects, in return for some perceived expected results.

It is argued that community decisions that involve citizens are more likely to be acceptable to the local people. Better community decisions, by definition, should be beneficial to the average citizen.

Citizen participation in community affairs serves to check and balance political activities. Participation allows fuller access to benefits of a democratic society. A cross section of citizen participation in the decision-making process reduces the likelihood of community leaders making self-serving decisions.

There are three rationales for citizen participation. First, it suggest that merely knowing that one can participate promotes dignity and self-sufficiency within the individual. Second, it taps the energies and resources of individual citizens within the community. Finally, citizen participation provides a source of special insight, information, knowledge, and experience, which contributes to the soundness of community solutions. The result is an emphasis on problem solving to eliminate deficiencies in the community.

Citizen participation can legitimize a program, its plans, actions, and leadership. To legitimize can often mean the difference between success and failure of community efforts. Community betterment is a product of citizen involvement.

After reading this section, you would have gained some idea about citizenship participation. Now you should be able to answer the questions given in *Check Your Progress 1*.

Check Your Progress 1

Note: a) Write your answer in the space given below.

b) Compare your answer with those given at the end of the unit.

1) What are the requirements of citizen's participation in Urban Governance?

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2) Define Civic Engagement?

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3) What is the purpose of citizens participation?

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4) Name any three benefits of citizens participation?

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2.4 FACILITATING CITIZEN PARTICIPATION

Citizen participation can be facilitated by stressing the benefits to be gained. This will work only so long then the benefits must become obvious. The intangible benefits as well as the tangible should be emphasized. These are frequently omitted and are, by far, the true gains of community action.

Citizen participation can be facilitated with an appropriate organizational structure available for expressing interest. This may require organizing a more neutral group than may be in existence in a community. However, in some situations, existing groups are adequate. Situation judgment is required by persons with appropriate experience and competency.

Citizen participation can be facilitated by helping citizens find positive ways to respond when their way-of life is threatened. Most people want to act responsibly. Use these situations to help people find positive ways to deal with threatening predicaments.

Citizen participation can be facilitated by stressing the commitment or obligation each of us has toward improving the community. However, people will not continue to participate unless the experience is rewarding, or at least not too distasteful.

Crisis situations have long been successfully used as a basis for gaining citizen participation. Crises should not be invented but, if they exist, they become powerful motivation. The closing of a major plant, closing of a school, loss of train service, and a major drug problem are examples of threats to a people's way-of-life that have served as rallying points for citizen participation.

The most positive of all approaches to facilitate greater participation is to provide citizens with better knowledge. Obviously, the knowledge has to be in their value system. When it is, experience shows they usually act accordingly. Adequate time and means of diffusing the new knowledge must be employed for satisfactory results.

2.5 STAGES AND LEVELS OF PARTICIPATION

2.5.1 Stages

One way to characterize participation is to identify the stage or phase of the process in which citizen participation is sought. The following stages have been identified:

a) *Problem identification:* investigation and discussion aimed at identifying the root cause or the most important aspect of a problem or issue.

b) *Problem analysis:* analysis of the context and factors influencing the issue or problem, followed by the development of possible interventions and/or policies.

c) *Policy preparation:* examining the feasibility of various policy options and identifying potential.

d) *Policy design:* choosing the optimal policy option, followed by refining and concretization, so that it can be put into practice.

e) *Policy implementation:* putting the chosen policy into practice.

f) *Monitoring, evaluation and follow-up:* supervising implementation, gathering feedback on the effectiveness and efficiency of the chosen measures, and adjusting policies, plans and implementation in accordance with the feedback, in order to ensure sustainability.

2.5.2 Levels

During any of the above stages, different levels of citizens' participation are possible. The lowest level is that of merely being informed. At the other end of the scale, the highest level is being fully responsible for managing a process. These are the levels that have been identified:

a) *Resistance:* active opposition from the people concerned.

b) *Opposition:* this can mean several things. First, the formal role played by political parties that are not in government in controlling and influencing the parties and policies of these governments. Second, the actions that citizens and/or civil organisations take to protest against and change policy decisions and other governmental measures. Lastly and more generally, the term can also refer to all processes and mobilizations of people / factions / parties to protest, question and try to change decisions or measures inside or outside organisations.

c) *Information:* understood here as a one-way communication to stakeholders.

d) *Consultation:* This is a two-way communication. Stakeholders have the opportunity to express suggestions and concerns, but without any assurance that their input will be used, or used in the way they intended.

e) *Consensus-building*: stakeholders interact with one another and discuss various options, with the objective of agreeing negotiated positions that are acceptable to all.

f) *Decision-making*: citizens are directly involved in making decisions and share responsibility for the resulting outcomes.

g) *Risk-sharing*: participating citizens are personally implicated in the outcomes, and share the risk that the outcomes might be different from what was intended. In this way, they share accountability.

h) *Partnership*: this level builds on the two preceding ones. Here, citizens do not only take part in decision-making and accountability, but also participate in implementing decisions on a basis of equality with other stakeholders.

i) *Self-management*: citizens autonomously manage the matter at hand, thus carrying full responsibility and accountability. This is the highest level of participation.

After reading this section, you would have gained some idea about participation. Now you should be able to answer the questions given in *Check Your Progress 2*.

Check Your Progress 2

Note: a) Write your answer in the space given below.

b) Compare your answer with those given at the end of the unit.

1) What are the methods of participation?

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2) What are the stages of participation?

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3) Name any four tools of active participation?

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2.6 EMERGENCE AND DEVELOPMENT OF COMMUNITY PARTICIPATION IN URBAN INDIA

Historically speaking, urban India started experimenting with community participation as early as in the 1950s. In the face of inequitable distribution of the fruits of development resulting in widening disparities, the involvement of communities in the implementation of pro- poor programmes began to be widely acknowledged as an effective weapon of poverty reduction. As such, in 1958 the scheme known as the Urban Community Development (UCD) was launched with assistance from the Ford Foundation, the purpose being to improve the quality of life of the poor in urban areas with the active involvement of the community.

The twin ideas of community building and people's participation received a new impetus with the Seventh Five year plan which laid stress on improving the living conditions of the slum dwellers. Then came the Urban Basic Services for

the Poor (UBSP) in 1985 which was a step ahead in the direction. The programme for the first time emphasized the idea of participation of the poor in the amelioration of their poverty. The programme aimed at improving and upgrading the quality of life of the urban poor, especially women and children by providing them better access to the basic services. The ULBs were given the overall responsibility for implementation of the programme.

2.6.1 Community Networking in the SJSRY Programme

The Swarna Jayanti Sahari Rozgar Yojana (SJSRY) launched in the 50th year of India's independence in all urban local bodies, was the first to seriously consider how to involve the community. The ULBs are the designated nodal agencies for implementing the programme through a three-tiered community structures comprising women members belonging to below-the-poverty line families. The guidelines envisage that families residing in a specific locality and living below -the -poverty line will form a committee called the Neighbourhood Group (NHG) and select their own representative who is known as the Resident Community Volunteer (RCV). All the RCVs from different localities will form a ward-level body called Neighbourhood Committee (NHC) with four office bearers, namely, chairman, vice-chairman, secretary and treasurer. At the town level there is a body called Community Development Society (CDS), which will also have councillors of the Ward. The CDS being the federation of the community-based organisations is the focal point for purposes of identification of beneficiaries, screening of applications, monitoring of recovery, identification of viable projects. It may also set itself up as the Thrift and Credit Society. The NHGs will report to the NHC and the NHC to the CDS. The association of women is expected to empower women and engender development by enabling them to play the role of planners and achievers within their own surroundings.

2.6.2 The Growing Significance of Community in Urban Renewal Programmes

The new initiative of urban renewal through Jawaharlal Nehru Urban Renewal Mission (JNNURM) in 2005 has attached a lot of importance to community participation for the implementation of all urban renewal programmes in India. For accessing the benefits of the programme under JNNURM, each of the cities is required to prepare City Development Plan (CDP) for which community consultation has been made mandatory. The guidelines provide for the formation of the National Technical Advisory Group and the State Level Technical Advisory Groups to advise national and state level steering committees and urban local bodies on enlisting community participation, securing transparency and accountability, ways and means of involving citizens in service delivery and governance. The other important terms of reference of these Groups include: helping setting up of voluntary technical corps in each mission city, mobilizing civil society support and enlisting citizens' involvement through ward committees, area sabhas and voluntary technical corps.

2.7 INDIA'S COMMUNITY PARTICIPATION LAW: THE MODEL NAGARA RAJ BILL, 2008

The Model Nagara Raj Bill, 2008 (hereinafter 'the Bill') is India's first community participation legislation and creates a new tier of decision making in each

municipality called the *Area Sabha*. The Bill is a mandatory reform under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), which means that the various states in India must enact a community participation law to be eligible for funds under the JNNURM programme.

The fundamental purpose of the Bill is to establish appropriate political and accountability *spaces* to link urban governance with the people by institutionalizing citizen participation. This is crucial because the Bill has the potential to empower people by ensuring regular citizen participation in decision-making that affects the conditions of their lives. The Bill has been circulated by the central government and states are mandated to either enact a separate law or make appropriate amendments to their existing municipal laws. With the objective to integrate the involvement of citizens in municipal functioning in urban areas, the Bill is distinctive because it creates the institution of an Area Sabha which shall be the third and foundational tier of government within the municipality and ensure decentralization from below. An Area Sabha will elect members into the ward committees and shall start the process of political engagement by an election of an Area Sabha representative. By creating an additional platform, the Bill also assigns the role, functions, duties and responsibilities which are essential for the development of these institutions as institutions of self-government.

2.7.1 Highlights of the Bill

The Bill suggests a three-tier model of decentralization starting with the municipality on top followed by ward committees and Area Sabhas. This is done at two levels. *First*, it details the process of selection of a representative of an Area Sabha as well as its functions, rights, power, and duties and *secondly*, it puts forth the mechanism of electing members into the Ward Committees and the scope of its functioning and activities. What follows is a brief examination of the key provisions of the legislation.

a) *Constitution of Area Sabha*

An Area Sabha shall include all persons *registered in the electoral rolls* in that area and the representatives of each Area Sabha shall be elected by the *registered* voters. In this context, reliance must be placed on the fact that the Bill excludes migrants, traders, squatters, pavement dwellers and other temporary residents and may therefore have a social exclusionary fall-out. While the Bill requires that an election be normally conducted by the State Election Commission to select the representatives, this is *not a mandatory requirement*. Thus, the Bill does not put forth an entirely democratic method of decentralization by allowing the possibility of nomination by members of the Sabha or the State Government without conducting elections. However, the 2008 Bill is relatively progressive as the original 2004 draft of the Bill did not even provide for an election process and only provided for a nomination process where the ward councillor was to select a nominee with the highest number of registered voter nominations.

b) *Area Sabha Representatives – Their Role, Rights, Duties and Responsibilities*

The Bill lays down a broad array of functions and duties of an Area Sabha Representative which include among others, the determination of the priority of welfare and the identification of the most eligible persons, assistance to the public health centres, tax mapping and mobilize voluntary labour. The representative of an Area Sabha also has a duty to suggest the location of public amenities

within the area and point out the problems of deficiency in the water supply and street lighting arrangements in the Area Sabha jurisdiction. These are complex and varied responsibilities and there are concerns on the enormity of responsibility entrusted upon one representative.

c) *Constitution of Ward Committees*

At the second tier of government, the Bill envisages the creation of a ward committee in which 2/3rd of the total members would be the Area Sabha representatives resident in that ward. The elected councillor of the ward shall be the chairman of the ward committee, and continue to represent the ward in the municipal council. The Bill provides for automatic variations in the size of a municipality or ward depending upon the population of an area and the number of polling booths. The provision which provides for the inclusion of ten persons nominated by the municipality and representing 'civil society' in undemocratic and has been criticized with the alternative suggestion of using the domain expertise of such members in separate committees.

d) *Functions, Rights and Duties of Ward Committees*

The ward committees are given wide ranging functions which are similar to the responsibilities entrusted upon the Area Sabha representatives. They are given to right to obtain information regarding matters pertaining to the ward. Productions of ward plans, preparation of the budget, encouraging local level alternatives for implementation are some of the duties of the ward committees under the Act.

e) *Activities of Ward Committees and Constitution of Sub-Committees*

The activities of a ward committee can be categorized under the broad heads of planning, budgeting and maintenance of accounts. The Bill also calls for the constitution of a *Ward Finance Committee* to prepare the annual budget and a report on the financial transactions and a *Ward Information and Statistics Committee* to compile, maintain and update information pertaining to the economic scenario, land use and infrastructural developments and requirements.

2.7.2 Process of Community Participation in Planning and Budgeting

The bill recommended eleven steps in the process of community participation in planning and budgeting. These steps are given in Table 2.1.

Table 2.1: Process of Community Planning and Budgeting

Step 1	Preparation of database
Step 20	Publishing and sharing of CDP with ward and area sabha
Step 2	Information on current schemes and programmes
Step 19	Finalization of city development plan and budget
Step 3	Mobilization of citizens on preparation of area development plan
Step 18	Expression of approval/disapproval of the CDP by the WC and AS
Step 4	Informal interactions within the area/locality to identify felt needs
Step 17	Discussion of city development plans

Step 5	Listing out of felt needs for area development planning
Step 16	Sharing of city development plan to the ward committees and area sabha
Step 6	Prioritizing of listed out felt needs in area sabha meeting
Step 15	Preparation of city development plans consistent with the medium-term FP
Step 14	Municipal meeting for prioritizing and finalizing city development plan
Step 7	Preparation of area plan and budget
Step 8	Submission of area plan and budget to the ward committee
Step 13	Compilation of ward level plans to prepare city development plan
Step 9	Compilation of area plans and budget at the ward level
Step 12	Submission of the ward level plan and budget to the municipality
Step 10	Ward Committee meeting for finalizing the ward level plan
Step 11	Discussion and review of ward plan at the area sabha level

2.8 CITIZEN'S PARTICIPATION INITIATIVES

At the outset, let us discuss some of the citizen's participation initiatives undertaken by the bilateral and multilateral agencies, central and state governments as well as by the ULBs are discussed here. Driven by the successes of the DFID funded Calcutta Slum Improvement Projects (SIPs) of the 1990s implemented in the territorial jurisdiction of the Kolkata Municipal area the Government of West Bengal and the Department for International Development (DFID) agreed to collaborate on devising the Kolkata Urban Services for the Poor (KUSP) programme launched in March 2004 for the Kolkata Metropolitan Area which spreads over 1785.04 square kilometres and covers 41 urban local bodies including 3 municipal corporations and 33 per cent slum population.

KUSP takes a three- pronged approach towards urban poverty reduction through: (i) strengthening of policy and institutional structures in the urban sector towards promoting inclusive planning and poor- focused governance and accountability systems, (ii) creating and strengthening community organisations and based on their inputs, providing basic services (piped water, sanitation, sewerage, street lights, access roads) to the urban poor, and (iii) supporting local economic development by capacitating municipal governments and undertaking local livelihood- based demonstration projects involving the poor (especially women).

The programme is oriented towards making the ULBs performance- based by encouraging ULBs to consider innovative ways to enhance their financial sustainability and to improve their service delivery capabilities. The programme intends to promote the use of public- private partnerships as a mechanism for improving service delivery by making an exhaustive use of private sector expertise and resources. Another distinguishing component of the programme is the establishment of an Incentive Fund that aims at creating a competitive milieu within the ULBs by financially rewarding them on the basis of their performance. The programme provides for what is called the Innovative Challenge Fund which

would be given to the Community based Organizations (CBOs) for the improvement of their quality of life.

2.8.1 Implementation Strategy

KUSP is being implemented through a specially designed body called Change Management Unit (CMU) which has been created as a registered society to work under the overall administrative guidance and supervision of the Municipal Affairs Department, Government of West Bengal for a period of four years. The CMU is expected to play a twofold role while working with the support agencies such as Directorate of Urban Local Bodies , Municipal Engineering Directorate, Institute of Local Government and Urban Studies and the concerned ULBs: *as programme manager* and *as facilitator of change*. The programme stipulates active involvement of the community in the creation and provision of basic services to the poor for which it seeks to utilize the existing community structures in the slums known as the Community Development Services (CDS) and create new community structures to be known as the Slums Works Management Committee (SWMC) for the maintenance of assets to be create out of the programme.

KUSP programme thus recognizes the potential role that civil society groups can play in building infrastructures and maintaining them. It is supposed to enable civil society organizations to take up pioneering initiatives for the poor and access funds for implementing innovative pilot projects on health, education, livelihood generation, vulnerability and social security especially for the poor in the ULBs under the programme.

2.8.2 Role of CDS in the Preparation of the DDP

One of the important objectives of the KUSP programme is to facilitate preparation of development plan with the active involvement of the community. This work was undertaken with a lot of fanfare. In West Bengal the Ward Committee at the level of the ward is statutorily required to prepare draft plan and in this body there is representation of the CDS. The WC is a constitutional body. All the ULBs have prepared voluminous glossy DDPs as we found in the office of the CMU. A close and careful reading of the plans beautifully drafted does not show real footprint of the community. The professional skill is there everywhere in the document. But what about the reflection of the will of the community?

The empirical investigations reveal that quite a large number of the respondents have not heard about DDP, not to speak of their participation in the processes. The interaction with the municipal functionaries indicates that they have failed to make the members of the CDS realize the need for their participation. Their immediate gain in community contracting kept them more absorbed. Secondly, the KUSP officials engaged in organizing training for the DDP did not take special care for the CDS. The emphasis on technical dimension of planning diluted the social significance of planning. One may conclude that the DDPs prepared by the ULBs under the KUSP programme could not successfully incorporate the voices of the poor. This factor is very important because lack of involvement in planning will not ensure participation of the poor in the processes of implementation. It is significant to note that in some ULBs the members of the CDS raised their voices to include their agenda in the DDP but the document does not include them. It implies that the draft document has not been placed before the community for their endorsement.

The inability of the wards committees, institutionalised through 74th CAA, to usher in decentralised governance has led to the growth of middle class activism through the resident welfare associations (RWAs). The municipal responsibility of provision of services is being increasingly passed on to the RWAs. Their involvement has been broadly in areas of operation and management of civic services, capital investment in infrastructural projects, planning and participatory budgeting, and maintenance of neighbourhood security. In fact, efforts have been made to institutionalise them as partners in the development process, through government-led programmes like the *Bhagidari* in Delhi. The RWAs have been supported not only by the government but also by private agencies and other civil societies. Importantly, their functioning has been restricted largely in the middle income and posh colonies. Correspondingly, the informal settlements, which house the urban poor, are unable to exercise their voice through the same form of activism.

RWAs are emerging in almost all big cities and are effective as people in a locality or belonging to a group can see their interest being served by these organisations. The participatory model helps the people to get involved to voice their concern by building local pressure groups. RWAs found in middle class areas serve their interests as consumer-citizens. Participation in associational activities is skewed quite heavily towards those with higher levels of education and income. It is found that in Delhi, the poorer and sometimes also less well educated people are more active in political life, and that poorer people, especially those with some education are more active in solving public problems. He noted that the same is not true of associational activity as there is a strong tendency for wealthier and particularly for more educated people to be involved in associational activity, which questions the notion in the current development discourse that poor people are able to secure effective representation or "empowerment" through participation in associations in civil society.

The NGOs, the government and the private sector are supporting the participatory governance through RWAs in a big way. Asian Centre for Organisation, Research and Development, an NGO, has been assisting the Delhi government with the *Bhagidari* scheme. A similar involvement is witnessed in Mumbai. Further, the state has in a way sponsored the RWAs. Many state and local governments have signed memoranda of understanding with the RWAs with the latter being accountable to them. In the National Capital Territory of Delhi a majority of the RWAs are registered with Delhi government as their "*Bhagidars*" (partners) in the Bhagidari or Citizen-Government Partnership Scheme.

The RWAs are required to coordinate with a number of government departments and parastatal and civic agencies to address their day-to-day problems. As an illustration, the RWAs in Delhi need to coordinate with the Delhi Jal Board (DJB) to resolve their problems related to drinking water and sanitation. The RWAs also help the DJB to collect water bills, to distribute water through tankers, replace old/leaking pipelines, in water harvesting, etc.

Neighbourhood security is already being maintained by many of the RWAs. The Municipal Corporation of Delhi (MCD) has allowed them to construct gates for security purpose after obtaining necessary clearance from the police, fire department and the MCD itself. Several RWAs have come forward to take up the responsibility of cleaning the roads, maintaining street lights, community

parks and roads, and managing community halls as well. The RWAs are trying to sanitise their neighbourhood by trying to remove encroachments and petty commercial establishments from their "gated" colonies. Importantly, in Delhi, the Delhi Development Authority (DDA) has been brought under the participatory framework as the RWAs have joined hands with the authority for prevention of encroachment, maintenance of community parks, other common areas and parking facilities inside the colony. The RWAs are also coordinating with the Delhi Police for crime prevention and regulation of traffic in their respective colonies. In Mumbai too, residents are trying to ward off the unauthorised encroachments from their immediate neighbourhood as a part of the Advance Locality Management Programme.

Importantly, as per the new land use notification of DDA (2006), the provision for consulting RWAs has been reintroduced. In residential areas where mix land use is permitted, the Local Area Plan (LAP) would be formulated and implemented only after seeking the approval of the RWAs. The appointment of court commissioners by the Delhi High Court to monitor illegal constructions is not new in Delhi. However, appointment of RWA members in the committee in place of lawyers is definitely a departure from the previous organisational structure.

In many cities, e g, in Gurgaon, Delhi and Chennai, the RWAs have formed political parties and federations to make their voices felt. In Delhi, the 10% increase in power tariffs was withdrawn with the efforts of the RWAs. The RWAs voiced their concerns about the ambitious 24×7 project. Presently, the RWAs are being encouraged to get involved in selection of projects that are to be implemented by the government departments. The government calls this participatory budgeting for including citizens group in budget formulation and resource allocation. The MCD, for example, would release payment to the contractor only if the concerned RWA has given clearance. Payment to the contractor would also be based on the quality of the works, as determined by the RWAs.

The Delhi government is also making efforts to involve the RWAs in preparation and implementation of development plans at the local level. It is envisaged that the RWAs would be able to take decisions with regard to construction of roads, drains, parks, water pipelines and other civic works within their colony. Many of these have asked the government to strengthen the Bhagidari system through legislation, giving RWAs a legal status or giving them control over a part of the budget so that their participation in developmental activities becomes real.

Importantly, a new fund "My Delhi I Care" has been created for meeting the infrastructural needs of the community, which is likely to increase the role of RWAs in development planning. The role and responsibility of RWAs have, therefore, been extended from maintenance of services to making capital expenditures for infrastructural development. Encouraged by the success of the initiatives mentioned above, the residents in several other colonies are also proposing capital projects like building of roads, footpaths, drainage system, water connections and other amenities. They have expressed their willingness to pay for it provided the MCD helps in fixing a reasonable rate for a part of the project cost.

In Tamil Nadu, RWAs are effective in large cities and in small towns as well. In some cities RWAs have also been able to collect funds from the residents to launch major capital investment projects in their localities. In some projects, the RWAs are not only active partners in capital investment but also act as intermediary monitoring agencies.

2.8.3 A Citizen Participation Model in Hubli Dharwad, Karnataka

The citizen participation model in Hubli Dharwad has been developed by the active urban local body in the twin city and under the able leadership of the Commissioner. With this model, citizen participation is ensured by establishing a forum called Citizen Committee at every polling booth across the city. Citizen Committee comprises nine members who must be registered voters from different age groups with one-third being women and another one-third being at least PUC qualified.

In the pilot phase of the Ahmadabad Slum Networking Project (SNP), a partnership was established with poor communities which included a 33% financial contribution from each neighbourhood group. This amounted to a household contribution of Rs. 2000-2500/- for the cost of the physical works and a contribution of Rs.100/household to a maintenance fund. Once the community had deposited 60% of their contribution, the AMC agreed to carry out a survey in the slum area. When 90% of the households had deposited their contribution, the AMC began construction of the agreed improvements. It is thought that the financial commitment of the community led to their involvement in monitoring the work and a sense of ownership of the services installed.

2.8.4 People's Planning Campaign of Kerala: A model of Participatory Planning

The People's Planning Campaign of Kerala has succeeded in providing a concrete methodology for participatory planning for local level development. The steps involved in this methodology are: 1) Needs identification 2) Situation analysis 3) Strategy setting 4) Projectisation 5) Plan finalization 6) Plan vetting 7) Plan approval

2.8.5 People's Estimate: Experience in Andhra Pradesh

Under the leadership of the district collector, the administration in East Godavari, Andhra Pradesh, along with the Panchayat Raj Engineering Department initiated a large number of works with people's participation in 2001. The concept of people's estimate is aimed at fostering greater accountability by enhancing people's participation in developmental works. Usually, for undertaking an engineering work, government estimates are prepared in English, based on the standard schedule of rates. Preparation of estimates is followed by technical approval by the authority concerned, tendering an entrustment to successful contractors.

The participatory process starts with public meeting and creating works and vigilance committee. The former committee carries out the works and the latter ensures quality and timely completion of the work. On completion of 50% of the work, a working estimate as per government process and also under the people's

estimate is prepared by the engineers and the differences and possible extra works, fund utilization etc are discussed in the public meeting. And final public meeting is organized on completion of the work.

2.8.6 Citizen Report Card as a Tool for Participatory Monitoring and Evaluation: Mangalore Case

Inspired by a private sector practice of conducting client satisfaction surveys, a small group of people in Bangalore led by Dr. Samuel Paul, concerned about the city's deteriorating standards of public services, initiated an exercise in 1993 to collect feedback from users. User perceptions on the quality, efficiency, and adequacy of the various services were aggregated to create a 'report card' that rated the performance of all major service providers in the city.

This exercise was repeated in 1999, and has been replicated in at least five other Indian cities. By systematically gathering and disseminating public feedback, report cards may serve as a "surrogate for competition" for monopolies – usually government owned –that lack the incentive to be as responsive as the private enterprises to their client's needs. They are a useful medium through which citizens can credibly and collectively 'signal' to agencies about their performance and pressure for change.

After reading this section, you would have gained some idea about participatory development. Now you should be able to answer the questions given in *Check Your Progress 3*.

Check Your Progress 3

Note: a) Write your answer in the space given below.

b) Compare your answer with those given at the end of the unit.

1) Give examples of citizens centric reforms?

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2) What are the enabling factors of citizens' governance?

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2.9 LET US SUM UP

In this unit you have read about the concept of citizen governance. The importance and benefits of citizen's participation have been largely discussed. The unit has also thrown light on the methods of people's participation and the stages of participation. The unit later discusses the emergence of community participation in urban India. India's community participation law has also been discussed. Towards the end, the unit discusses about the Citizen's participation initiatives, various citizen centric reforms and enabling factors for citizen governance.

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2.11 CHECK YOUR PROGRESS - POSSIBLE ANSWERS

Check for Your Progress 1

1) What are the requirements of citizens participation in Urban Governance?

   Citizen Participation in urban governance in India requires enabling policy environment, trained human resources, modern institutional designs and most importantly, open mind-sets among urban planners and managers who consider citizen participation as a building block of accountable and transparent urban governance.

2) Define Civic Engagement?

   Civic engagement is defined as active participation and collaboration among individuals, government and the private sector to influence and determine decisions that affect the citizens.

3) What is the purpose of citizens participation?

   The purpose of citizen participation is to:

   1) To be heard in a meaningful way, to be treated as if their opinions and information mattered;
   2) To influence problem definition as well as proposed policies;
   3) To work with administrators and policy makers to find solutions to public problems;
   4) To have an equal force in the policy process.

4) Name any three benefits of citizens participation?

   1) The citizen can bring about desired change by expressing one's desire, either individually or through a community group.
   2) The individual learns how to make desired changes.
   3) The citizen learns to understand and appreciate the individual needs and interests of all community groups.

Check Your Progress 2

1) What are the methods of participation?

   Voice, Choice, Representation and Information are four methods of participation.

2) What are the stages of participation?

   1) Problem identification
   2) Problem analysis
   3) Policy preparation
   4) Policy design.
   5) Policy implementation
   6) *Monitoring, evaluation and follow-up*

3) Name any four tools of active participation?

Newspapers, Local Cable TV, Radio, etc., Public Hearings, Public Festivals Student Forums and Seminars

Check Your Progress 3

1) Give examples of citizens centric reforms?

Community Participation Law, Public Disclosure Law. Right to Information Act.e-governance etc.

2) What are the enabling factors of citizens governance?

Ensuring public access to government information, transparency, conducting public hearing and referenda and involving civil society to monitor government's performance in areas such as accountability, cost effectiveness an information sharing enable citizen governance.

UNIT 3 PARTICIPATORY TOOLS AND METHODS

Structure

3.1 Introduction
3.2 What are Participatory Methods?
3.3 Why is Participatory Management Important?
3.4 Application of Participatory Methods
3.5 PLA: Underlying Principles and Techniques
3.6 Working with Stakeholders
3.7 Using Participatory Methods: Advantages, Challenges and Ways Forward
3.8 Relevant Terms Explained
3.9 Let Us Sum Up
3.10 References and Selected Readings
3.11 Check Your Progress – Possible Answers

3.1 INTRODUCTION

Participatory tools and methods are the means by which the principles of participation are translated into the actual practice of development. Participatory methods ensure that all stakeholders become involved in a number of different activities which are integral to the development process. They provide a structured approach to participation with clear guidelines of who should be involved, when and to what extent. They are very important to programme and project planning when clear procedures need to be identified and approved, rather than relying on an ad hoc approach. Participatory tools are specific activities designed to encourage joint analysis, learning and action. Special 'packaged' techniques can be very powerful ways of getting people involved. However, no one tool or technique is applicable to all situations.

A wide range of distinctive tools and methods have been developed over the last decade or two. This Unit provides a cross section of participatory methodologies. It is by no means a comprehensive list of all existing methodologies but is intended rather, to provide an example of the range of resources available to those who wish to expand participation at any level of their operations from the internal organizational level to the external programmes/projects supported. It should also noted that none of these methods need be used exclusively; rather they can be used in combination. Each has its own strengths and weaknesses and different methods can be used for different purposes.

After studying this unit, you should be able to:

- explain why participatory tools and methods are important in participatory process management;
- describe participatory tools and methods;
- appreciate the principles and techniques of participatory methods; and

- describe the attitudes and actions that are critical to applying participatory methodologies.

3.2 WHAT ARE PARTICIPATORY METHODS?

Participatory methodologies aim to actively involve people and communities in identifying problems, formulating plans and implementing decisions.

They are often seen as a set of principles for generating insights about people and the communities in which they live. However, for those involved in using them, they are not only often flexible and informal, they are also continually evolving. In addition, there is no one standard methodology or set of methods to employ in any given situation: different techniques therefore need to be developed for particular situations.

Participatory methodologies enable people to do their own investigations, analyses, presentations, planning and action, and to own the outcome. The principles behind participatory methodologies are:

- That it is possible, and desirable, to increase participation in development by involving those immediately affected by a particular need;
- Involving people so affected enables activity designers and managers to explore a range of real circumstances and systems rather than concentrating on statistical samples;
- Issues can be investigated from different perspectives and using a range of approaches, such as involving multidisciplinary teams;
- Informal approaches are often more appropriate and can be changed as the work progresses.

Participatory methods are most commonly associated with the spread of diagramming and visual techniques which began to be developed in the 1970s. These originated in a number of scientific disciplines interested in analysis of complex systems: biological science, ecology, agricultural economics and geography. It became increasingly important to work with farmers to develop more sophisticated models to explain their responses to development programmes. The increasing influence of applied anthropology in development agencies from the 1980s also led to greater awareness of the need for a more sophisticated understanding of poverty, social processes and grassroots perspectives on development. The end of the 1980s diagramming techniques had combined bringing together the insights from these different disciplines into a flexible methodology commonly referred to as Rapid Rural Appraisal (RRA). By the mid 1990s it was becoming increasingly evident that the mechanical application of these techniques was often failing to really reach and capture the views of poor people, particularly women, children and socially excluded. There was renewed interest in methodologies for participation, drawing on earlier traditions of participatory action research which had been long established as an integral part of many grassroots organizations.

Participatory methods are therefore a diverse and flexible set of techniques for visual representation and stakeholder involvement characterized by a set of underlying ethical principles. There is no one set of techniques to be mechanically

applied in all contexts for all participants. There is on the one hand a set of visual tools to be flexibly applied to assist the synthesis and analysis of information which can be used in group settings and also as part of individual interviews. On the other hand are a set of guidelines for facilitating participation and negotiation in focus group discussions and workshops bringing together different stakeholders. These may or may not make substantial use of visual techniques. Generally both visual techniques and participatory facilitation are combined in different ways. The emphasis is on innovation and creativity in adapting previous practice to new contexts and needs.

Participatory methods have a useful contribution to make in analysis of the findings of impact assessment. They provide a useful means of investigating and crosschecking information gained by quantitative and qualitative methods at appropriate stages during the assessment. At the same time information obtained through participatory methods should also be cross-checked through triangulation with other methods to test their validity and increase their credibility.

Participatory methods have an important contribution in the systematic identification of realistic ways forward based on the information obtained from the impact assessment. As noted above, diagramming techniques are frequently used in management consultancy for this purpose. In addition the participatory process facilitates communication between donors, policymakers, development practitioners and those affected by interventions. The different stakeholders therefore both have their own opportunity to present their views and recommendations, and also to comment on those presented by other stakeholders.

This participatory process needs to be carefully facilitated in order not to raise unrealistic expectations or create tensions which cannot be resolved. It is crucial that the potential limitations on change are clear to all those concerned, particularly in relation to resources available and the skills of development agencies. It is also important again to ensure fair representation of different stakeholders through the detail of focus group and workshop design.

A particularly important contribution of participatory methods is their role in capacity building of the different stakeholders. Where sufficient attention is paid to these participatory methods have the potential to build up the necessary information resources and networks for a learning process which will be sustainable beyond the term of the one particular impact assessment. This can include:

- Group-level learning
- Ongoing participatory monitoring and evaluation
- Multi-stakeholder networks for policy assessment

Thus the costs of integrating participatory methods can be seen as a contribution to development in themselves, leading to much longer term benefits. These benefits have included reducing the costs of project administration, reducing default in micro-finance programmes, making training programmes more attractive to clients prepared to pay for services. This is therefore also a contribution to longer term financial sustainability of interventions.

Participatory methods have an important contribution to make at all stages of an impact assessment:

- Initial identification of impact goals, indicators, categories for sampling and analysis and initial exploration of hypotheses
- During the impact assessment process for crosschecking and further exploration of issues raised by other methods
- Towards the end of the assessment to systematically identify and test the possible implications of any recommendations for improvement in projects or policy with different stakeholders

3.3 WHY IS PARTICIPATORY MANAGEMENT IMPORTANT?

Participatory management will not arise spontaneously: it is a conscious and informed activity to be advocated and implemented at every stage of the activity cycle. And it s important that senior staff recognize participatory management as necessary to the success of any development activity or intervention: senior staff are key because they act as powerful role models for other staff; and the practices they espouse should filter through to influence the way whole teams of staff interact with their partners.

The process of continued, active stakeholder involvement in an activity results in various improvements.

- **Sustainability and sustainable impact**

  More people are committed to carrying on the activity after outside support has stopped;

  Active participation helps develop skills and confidence.

- **Effectiveness**

  There is a greater sense of ownership and agreement of the processes to achieve an objective.

- **Responsiveness**

  Effort and inputs are more likely to be targeted at perceived needs so that outputs are used appropriately.

- **Efficiency**

  Inputs and activities are more likely to result in outputs on time, of good quality and within budget if local knowledge and skills are tapped into and mistakes are avoided.

- **Transparency and accountability**

  This accrues as more and more stakeholders are given information and decision making power.

- **Equity**

  This is likely to result if all the stakeholders' needs, interests and abilities are taken into account.

3.4 APPLICATION OF PARTICIPATORY METHODS

Participatory methodologies can be used at any stage of the Activity Cycle:

- At the Design stage, by involving people in identifying problems during the planning and designing stage, e.g. needs assessments, feasibility studies;
- At the Implementation stage, through examination of a particular problem or topic e.g. identifying priorities, or implementing new activities where information
- needs to be collected;
- At the Monitoring and Evaluation stage, by enabling participants to implement procedures to examine their own activities.

The precise information requirements of the different stages are diverse. However they all depend on the systematic collection of data about the households and communities served by the activity and the environments in which they live and work.

Three of the more common methodologies are:

1) Participatory Learning and Action;
2) Participatory Rapid Appraisal;
3) Participatory Action Research.

See Box 1 (overleaf) for more information on these.

Box 3.1: Common Participatory Methodologies

Participatory Learning and Action (PLA)

An approach, which seeks to enable those with smaller, less dominant voices, to be heard and to take control over decisions, which affect their lives. PLA is a process of **LEARNING from**, **with and by the community**; of using a **set of tools, methods, techniques and exercises to UNDERSTAND** the needs, problems, and concerns of people. Participatory Learning and Action combines:

- a set of diagramming and visual techniques originally developed for livelihoods analysis;
- underlying grassroots participation principles of human rights activism which involve rethinking power relations and partnerships between development agencies, experts and poor people. These are now being developed further to facilitate negotiations between different stakeholders in projects and policy dialogue.

Participatory Rural Appraisal (PRA) is a cross-disciplinary, cross-sectoral approach to engaging communities in development through interactive and participatory processes. PRA builds upon the techniques of **Rapid Rural Appraisal** (RRA) pioneered to involve communities in their own needs assessment, problem identification and ranking, strategy for implementation, and community action plan. It uses a wide range of tool, often within a focus group discussion format, to elicit spatial, time related and social or institutional data.

Participatory Action Research (PAR) involves three key elements: research, education and socio-political action. It is an experiential methodology for the

acquisition of serious and reliable knowledge upon which to construct power, or countervailing power for the poor, oppressed and exploited groups and social

classes — the grassroots — and for their authentic organizations and movements. Its purpose is to enable oppressed groups and classes to acquire sufficient creative and transforming leverage as expressed in specific projects, acts struggles to achieve the goals of social transformation.

After reading this section, you would have gained some idea about participatory tools. Now you should be able to answer the questions given in *Check Your Progress 1*.

Check Your Progress 1

Note: a) Write your answer in the space given below.

b) Compare your answer with those given at the end of the unit.

1) What are the principles behind participatory methodologies?

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2) Why are the different stages where participatory methodologies can be used?

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3.5 PLA: UNDERLYING PRINCIPLES AND TECHNIQUES

A wide range of distinctive methods have been developed over the last decade or two. This chapter provides a cross section of participatory methodologies. It is by no means a comprehensive list of all existing methodologies but is intended rather, to provide an example of the range of resources available to those who wish to expand participation at any level of their operations from the internal organizational level to the external programmes/projects supported. It should also noted that none of these methods need be used exclusively; rather they can be used in combination. Each has its own strengths and weaknesses and different methods can be used for different purposes.

The participatory methods discussed here are now generically referred to as **Participatory Learning and Action (PLA).** Participatory Learning and Action combines:

- **a set of diagramming and visual techniques** originally developed for livelihoods analysis and now widely used in Natural Resources departments in development agencies. They have since been adapted for use in other sectors including enterprise development.
- **underlying principles of grassroots participation** from human rights activism which involve rethinking power relations and partnerships between development agencies, experts and poor people. These are now being developed further to facilitate negotiations between different stakeholders in projects and policy dialogue.

The underlying principles and most common techniques are summarized in Box 3.2.

Participatory methods for impact assessment are most commonly associated with the spread of **diagramming and visual techniques** which began to be developed in the 1970s. These originated in a number of scientific disciplines interested in analysis of complex systems: biological science, ecology, agricultural economics and geography. It became increasingly important to work with farmers to develop more sophisticated models to explain their responses to development programmes. The increasing influence of applied anthropology in development agencies from the 1980s also led to greater awareness of the need for a more sophisticated understanding of poverty, social processes and grassroots perspectives on development. By the end of the 1980s diagramming techniques bringing together the insights from these different disciplines had been combined into a flexible methodology commonly referred to as Rapid Rural Appraisal (RRA). Parallel to these developments in the South, methodologies like Soft Systems Analysis and Cognitive Mapping also became increasingly common in areas like management consultancy, organizational research and planning. Here diagrams were used for institutional analysis, highlighting problem areas and brainstorming possible solutions. Workshops for organizations and enterprises included senior executives and managers.

By the mid 1990s it was becoming increasingly evident that the mechanical application of these techniques was often failing to really reach and capture the views of poor people, particularly women, children and socially excluded. There was renewed interest in **methodologies for participation** drawing on earlier traditions of participatory action research which had been long established as an integral part of many grassroots organizations in the South. In India for example SEWA and other women's organizations based their programmes on the findings of focus group discussions in the 1970s and 1980s. MYRADA and AKRSP developed participatory methodologies for grassroots mobilization. In Latin America Paolo Freire developed methodologies for action research which were later adopted in other countries. These methodologies were based on underlying principles of human rights and aimed to use the research process itself as a means of empowerment through use of diagrams as a focus for discussion and other methodologies like drawing and role-play. More recently these methodologies have been extended to include photography and video by grassroots groups and looking at ways in which grassroots groups can record their own information in diaries.

Box 3.2: PLA: Underlying Principles and Techniques

UNDERLYING PRINCIPLES

- embracing complexity
- recognition of multiple realities
- prioritizing the realities of the poor and disadvantaged
- grassroots empowerment
- from assessment to sustainable learning
- relating learning to action

TECHNIQUES

Visual Techniques

- Diagrams: Flow/causal diagram; Venn/Institutional diagram; Systems diagrams; Pie charts; Histograms
- Ranking Techniques: Preference ranking and scoring; Pair wise ranking; Direct matrix ranking; Ranking by voting; Wealth ranking
- Time Trends Analysis: Historical and future (visioning) mapping; Time trends charts; Oral Histories
- Mapping Techniques: Mobility mapping; Social mapping; Transect (walks)
- Calendars: Seasonal calendar; Historical seasonal calendar
- Ethno-Classifications: Proverbs, Stories, Indigenous Categories and Terms, Taxonomies

Group and team dynamics methods

- Focus Group discussions
- Role-play
- Participatory workshops

Recent Innovations

- Photo and Video production with grassroots groups
- Grassroots diaries using diagrams and simple numerical and written information

OTHER COMPLEMENTARY QUANTITATIVE AND QUALITATIVE METHODS OF INVESTIGATION

- Secondary Data Review
- Structured questionnaires
- Semi-structured interviewing
- Case studies
- Participant observation
- Direct observation,
- Qualitative anthropological fieldwork

Initially the term PRA (Participatory Rural Appraisal) was used to describe the bringing together of RRA and activist research. It was emphasized that the most

important aspect was not the diagramming tools but their flexible application based on a number of underlying principles:

- **Embracing complexity** and seeking to understand it rather than oversimplifying reality in accordance with predetermined categories and theories
- **Recognition of multiple realities** to be taken into account in analysis or action.
- **Prioritizing the realities of the poor and most disadvantaged** as equal partners in knowledge creation and problem analysis.
- **Grassroots empowerment**: aiming not only to gather information about impact, but to make the assessment process itself a contribution to empowerment through linking grassroots learning and networking into policy-making.

More recently the term Participatory Learning and Action (PLA) has become preferred because it more effectively incorporates the underlying human rights tradition through emphasizing the importance of:

- changing from **appraisal to learning** and hence moving away from the use of participatory methods as an extractive process by outsiders to a sustainable learning process involving different stakeholders as equal partners.
- the importance of **relating learning to action** incorporating programme and policy improvement as an integral part of the learning process.

Participatory methods are therefore a diverse and flexible set of techniques for visual representation and stakeholder involvement characterized by a set of underlying ethical principles. There is no one set of techniques to be mechanically applied in all contexts for all participants. There is on the one hand a set of visual tools to be flexibly applied to assist the synthesis and analysis of information which can be used in group settings and also as part of individual interviews. On the other hand are a set of guidelines for facilitating participation and negotiation in focus group discussions and workshops bringing together different stakeholders. These may or may not make substantial use of visual techniques. Generally both visual techniques and participatory facilitation are combined in different ways. The emphasis is on innovation and creativity in adapting previous practice to new contexts and needs.

3.6 WORKING WITH STAKEHOLDERS

Understanding the stakeholders, including their literacy levels, local languages, gender roles, indigenous management practices and work ethics is one important step. This information can be used to design log frame planning activities that are more appropriate to the local context and more conducive to local participation. A second, related step is to learn roughly equivalent terms in local languages for key log frame concepts (such as Goal, Purpose, Outputs, Assumptions). This often has to be done through discussions with local people. Sometimes the terms need to be renegotiated in log frame workshops when there is more of a context for the discussion and a better understanding of key concepts. Each of the above require that the preparation for log frame planning workshops be thoughtful and

rigorous, including ample time for stakeholder interviews in advance of the session and adequate time for designing and preparing specialized planning sessions that are responsive to local requirements.

For planning work with illiterate or semi-literate participants, the traditional (literacy-based) version of the log frame is inappropriate. In these groups, more literate and more articulate elites may dominate discussions, even with the assistance of an outside facilitator. In these situations local ownership of activity designs will not result and the disbenefits of using the log frame approach far outweigh its benefits.

Through adequate planning and preliminary stakeholder interviews, this kind of situation should be recognized well in advance of the arrival of a planning team. Where use of the log frame approach is not appropriate, Participatory Learning and Action (PLA) or Participatory Rural Appraisal (PRA) planning methodologies will be more appropriate (Refs), because they rely more on images rather than words. If need be, the results of these planning methods may be eventually be married with the log frame, preferably through a planning process involving more articulate local representatives. If necessary, though this is less desirable, planning experts can synthesis PRA planning decisions into a log frame format. In these kinds of planning settings, using the formal, literacy-based version of the log frame will created a bias against local participation. Again, more literate and articulate elites will tend to dominate the planning process. In these situations, the log frame approach can be used subtly with little explicit mention of its technical terms.

One planning process used in this situation combines consensus-based approaches for determining objectives that have more of a visual focus or an intuitive appeal. In using and blending these planning methods the visual focus and visioning provides a common basis for communication and building consensus and ownership amongst local groups.

3.7 USING PARTICIPATORY METHODS: ADVANTAGES, CHALLENGES AND WAYS FORWARD

Participatory methods have the potential to bring together information from a diversity of sources more rapidly and cost effectively than quantitative or qualitative methods alone.

- Relevance of impact goals and indicators
- Stakeholder representation
- Reliability of understanding of development processes
- Credibility of practical inference

However participatory methods also face a number of inherent challenges which need to be taken into account. Some of these are common to all impact assessment methodologies; some are due to the visual tools and some to the participatory process. The degree to which participatory methods realise their potential contribution depends critically on how carefully they are used and in what context. Participatory methods are not a fixed set of mechanistic tools but a diverse range

of possible techniques which need to be flexibly adapted to particular situations and needs. In some cases problems can be resolved through innovation in the methods themselves. Sometimes limitations can only be, others can only be addressed through triangulation with other quantitative and qualitative methods.

Using participatory methods provides a useful way of:

- Rapidly identifying the range of potential impacts through exploring the inter linkages between different dimensions of livelihoods and poverty
- Prioritizing the different possible impact goals for assessment by identifying which of the range of possible impacts are most important for the primary stakeholders e.g. increased income versus decreased leisure, levels of income and/or working conditions expected
- Identifying reliable measurable or qualitative indicators which can be used in different contexts or for different target groups.

These potential contributions of participatory methods also have their own challenges:

- Challenge of standardization for comparison because of the emphasis on locally identified impact goals and indicators there are added challenges for comparative assessment. It is however possible to agree on common impact goals to be applied across contexts and then weight locally specific indicators by which they are to be measured. This is merely an extension of the weighting procedure itself, which inevitably involves a certain amount of rather imprecise measurement and assumptions. The participatory process enables the rather arbitrary nature of *a priori* weighting to be based on local rather than external priorities.
- Challenge of sensitive information**:** it cannot be assumed that the participatory process will necessarily yield in-depth information on sensitive issues. In some cases the inevitably unpredictable nature of participation has enabled generally private issues like domestic violence or controversial issues like caste discrimination to be raised. Including techniques like role-play has been found useful in highlighting dimensions of power relations. In other contexts this sort of sensitive information may require in-depth investigation by qualitative methods.

The participatory process also has a number of inherent challenges which include:

- Emphasis on consensus may serve to privilege dominant views and further marginalize the most disadvantaged through giving the appearance of participation. Explicit attempts are likely to be needed to include the very poor, women and socially excluded and also to ensure that they are not only present, but their voices are heard. This requires careful attention to the participatory process: who participates which may require particular attention to location and timing, how they participate which may require separate meetings or special allocation of time to particular participants.
- The differences and also potential conflicts of interest may be difficult to resolve and may require careful skills of negotiation. Recognizing and addressing these differences and potential conflicts is nevertheless still essential to ensuring that the impact assessment is a reliable representation of contribution to poverty reduction.

Participatory methods have the potential to bring together information from a diversity of sources more rapidly and cost effectively than quantitative or qualitative methods alone. As indicated in Box 2 they have a number of potential key contributions in increasing:

- Relevance of impact goals and indicators
- Stakeholder representation
- Reliability of understanding of development processes
- Credibility of practical inference

Although there are inherent challenges faced by the use of participatory methods, these are no greater than for quantitative or qualitative methods. Much of the problem with participatory research in the past has been because of under resourcing, leading to mechanical use of tools by people with insufficient experience or understanding of context. Participatory methods cannot be seen as a cheap option. People with the skill and experience to flexibly adapt the different techniques to the particular issues, contexts and institutions being assessed, must treat them as a serious and integral part of impact assessment requiring management. In many contexts a skilled facilitator would be able to train programme staff, local investigators and/or grassroots leaders to replicate selected simple exercises to extend the scope and coverage of the participatory investigation. This is particularly the case for longer-term impact assessments and/or where at least some local people already have experience of participatory methods as co-facilitators or participants. Skilled participatory facilitators would also be able to identify any limitations in the information obtained and indicate ways in which the information obtained through participatory methods can best be triangulated with other quantitative and qualitative methods.

Box 3.3: Participatory Methods: Advantages, Challenges and Ways Forward

	Advantages	Challenges	Ways for
Relevance of impact goals and indicators	• rapidly identifying the range of potential impacts • participatory prioritisation of different impact goals • identification of locally relevant indicators	• standardization of impact goals and indicators to allow comparative assessment • ensuring that sensitive issues are aired	• using the same impact goals, weighting locally-specific indicators • role play and/or triangulation with qualitative methods
Representation of different stakeholders	• identifying relevant stakeholder categories for assessment, control groups and analysis • involving different stakeholders in a participatory process, including the most vulnerable	• the focus on consensus may mask differences • ensuring that the most vulnerable are present and their voices are heard • resolving differences between stakeholders	• paying attention to participatory process: location, timing, composition of discussion groups and discussion agenda • triangulation with quantitative survey or informal qualitative targeted interviews

Reliability of findings	• rapidly obtaining impact and other information for whole communities or groups • exploring processes and hypotheses • rapidly investigating underlying or side issues	• scale and representation beyond physically identifiable communities • focus on diagram outputs may detract from analysis of processes	• using quantitative PLA methods eg mapping and voting • careful documentation of context and the assessment process • triangulation with other methods
Credibility of practical inference	• increases communication between donors, policymakers, development practitioners and those affected by interventions • makes information immediately accessible to different stakeholders	• may raise unrealistic expectations • may create tensions which cannot be resolved	• attention to identifying and clarifying the limitations of the programmes and policies • careful attention to the participatory process

3.7.1 The Role of a Facilitator

- Help the participants to organise more quickly and effectively.
- To create a conducive environment where participants can be comfortable with one another.
- Guide the participants through a process of learning.
- Encourage the participants to become involved in the training program.
- Help the sub groups to establish proper roles and responsibility.
- Help the participants in setting up agenda and develop an attitude among them that it is in their best interests.
- Ensure that both the participants and the facilitator(s) are honest, open in their behaviour and actions.
- To provide a process, which will help the participants to discuss their own content in the most satisfactory and productive way possible.
- Facilitator is positive about the content of the training and has equal stake in the decisions that are taken by them.
- Facilitator may face many challenges with the participants but ultimately the participants must solve it on their own.

3.7.2 Facilitation Skills

Adapting: to the changing conditions, allowing freedom to change the mind and adjust to suit the particular needs of the moment.

Communicating: thoughts, feelings and ideas about the happenings. Enables to contribute and share; also helps to develop a sense of freedom to act in appropriate way.

Listening: in an open and quiet way. Helps to understand what and how it is happening. and gives basis for the choices to act.

Questioning: in an enquiring and learning way. Gain knowledge to make choices.

Reviewing: what is happening here and how. Helps to assess what changes your action has had on what is happening.

After reading this section, you would have gained some idea about participatory methods and tools. Now you should be able to answer the questions given in *Check Your Progress 2*.

Check Your Progress 2

Note: a) Write your answer in the space given below.

b) Compare your answer with those given at the end of the unit.

1) What do you understand by participatory learning action?

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2) What are the advantages of participatory methods?

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3.8 RELEVANT TERMS EXPLAINED

- ***Access to resources.***

  A series of participatory exercises that allows development practitioners to collect information and raises awareness among beneficiaries about the ways in which access to resources varies according to gender and other important social variables. This userfriendly tool draws on the everyday experience of participants and is useful to men, women, trainers, project staff, and field-workers.

- ***Analysis of tasks.***

  A gender analysis tool that raises community awareness about the distribution of domestic, market, and community activities according to gender and familiarizes planners with the degree of role flexibility that is associated with different tasks. Such information and awareness is necessary to prepare and execute development interventions that will benefit both men and women.

- ***Focus group meetings.***

  Relatively low cost, semi-structured, small group (four to twelve participants plus a facilitator) consultations used to explore peoples' attitudes, feelings, or preferences, and to build consensus. Focus group work is a compromise between participant observation, which is less controlled, lengthier, and more in depth, and preset interviews, which are not likely to attend to participants' own concerns.

- ***Force field analysis.***

  A tool similar to one called "Story With a Gap," which engages people to define and classify goals and to make sustainable plans by working on thorough "before and after" scenarios. Participants review the causes of problematic situations, consider the factors that influence the situation, think about solutions, and create alternative plans to achieve solutions. The tools are based on diagrams or pictures, which minimize language and literacy differences and encourage creative thinking.

- ***Logical Framework* or *LogFRAME*.**

  A matrix that illustrates a summary of project design, emphasizing the results that are expected when a project is successfully completed. These results or outputs are presented in terms of objectively verifiable indicators. The Logical Framework approach to project planning, developed under that name by the U.S. Agency for International Development, has been adapted for use in participatory methods such as ZOPP (in which the tool is called a *project planning matrix*) and Team UP.

- ***Mapping*.**

  A generic term for gathering in pictorial form baseline data on a variety of indicators. This is an excellent starting point for participatory work because it gets people involved in creating a visual output that can be used immediately to bridge verbal communication gaps and to generate lively discussion. Maps are useful as verification of secondary source information, as training and awareness raising tools, for comparison, and for monitoring of change. Common types of maps include *health maps, institutional maps (Venn diagrams),* and *resource maps*.

- ***Needs assessment.***

  A tool that draws out information about people's varied needs, raises participants' awareness of related issues, and provides a framework for prioritizing needs. This sort of tool is an integral part of gender analysis to develop an understanding of the particular needs of both men and women and to do comparative analysis.

- ***Participation***

  Participation refers to involvement whereby local populations in the creation, content and conduct of a program or policy designed to change their lives. Participation requires recognition and use of local capacities and avoids the imposition of priorities from the outside

- **Participatory development.**

  An approach to "development" that empowers individuals and communities to define and analyze their own problems, make their own decisions about directions and strategies for action, and lead in those actions. The approach is contrasted with "top-down" development processes, in which outsiders, with greater socioeconomic and political power, make the key decisions about local resource use and management.

- ***Participant observation***

  A fieldwork technique used by anthropologists and sociologists to collect qualitative and quantitative data that leads to an in depth understanding of peoples' practices, motivations, and attitudes. Participant observation entails investigating the project background, studying the general characteristics of a beneficiary population, and living for an extended period among beneficiaries, during which interviews, observations, and analyses are recorded and discussed.

- ***Preference ranking*.**

  Also called direct matrix ranking, an exercise in which people identify what they do and do not value about a class of objects (for example, tree species or cooking fuel types). Ranking allows participants to understand the reasons for local preferences and to see how values differ among local groups. Understanding preferences is critical for choosing appropriate and effective interventions.

- **Public participation.**

  A process that consists of a series of activities and actions conducted by a sponsoring agency or other entity to both inform the public and obtain input from them. Public participation affords stakeholders the opportunity to influence decisions that affect their lives. Other terms for public participation include public involvement and public engagement.

- ***Role playing.***

  Enables people to creatively remove themselves from their usual roles and perspectives to allow them to understand choices and decisions made by other people with other responsibilities. Ranging from a simple story with only a few characters to an elaborate street theater production, this tool can be used to acclimate a research team to a project setting, train trainers, and encourage community discussions about a particular development intervention.

- ***Seasonal diagrams* or *seasonal calendars*.**

  Show the major changes that affect a household, community, or region within a year, such as those associated with climate, crops, labor availability and demand, livestock, prices, and so on. Such diagrams highlight the times of constraints and opportunity, which can be critical information for planning and implementation.

- ***Secondary data review.***

  Also called desk review, an inexpensive, initial inquiry that provides necessary contextual background. Sources include academic theses and dissertations, annual reports, archival materials, census data, life histories, maps, project documents, and so on.

- ***Semi-structured interviews.***

  Also called *conversational interviews,* interviews that are partially structured by a flexible interview guide with a limited number of preset questions. This kind of guide ensures that the interview remains focused on the development issue at hand while allowing enough conversation so that participants can introduce and discuss topics that are relevant to them. These tools are a deliberate departure from survey-type interviews with lengthy, predetermined questionnaires.

- ***Socio-cultural profiles.***

  Detailed descriptions of the social and cultural dimensions that in combination with technical, economic, and environmental dimensions serve as a basis for design and preparation of policy and project work. Profiles include data about the type of communities, demographic characteristics, economy and livelihood, land tenure and natural resource control, social organization, factors affecting access to power and resources, conflict resolution mechanisms, and values and perceptions. Together with a participation plan, the socio-cultural profile helps ensure that proposed projects and policies are culturally and socially appropriate and potentially sustainable.

- ***Surveys.***

  A sequence of focused, predetermined questions in a fixed order, often with predetermined, limited options for responses. Surveys can add value when they are used to identify development problems or objectives, narrow the focus or clarify the objectives of a project or policy, plan strategies for implementation, and monitor or evaluate participation. Among the survey instruments used in Bank work are *firm surveys*, *sentinel community surveillance*, *contingent valuation,* and *priority surveys*.

- ***Tree diagrams.***

  Multipurpose, visual tools for narrowing and prioritizing problems, objectives, or decisions. Information is organized into a treelike diagram that includes information on the main issue, relevant factors, and influences and outcomes of these factors. Tree diagrams are used to guide design and evaluation systems, to uncover and analyze the underlying causes of a particular problem, or to rank and measure objectives in relation to one another.

- ***Village meetings.***

  Meetings with many uses in participatory development, including information sharing and group consultation, consensus building, prioritization and sequencing of interventions, and collaborative monitoring and evaluation. When multiple tools such as resource mapping, ranking, and focus groups

have been used, village meetings are important venues for launching activities, evaluating progress, and gaining feedback on analysis.

- ***Wealth ranking.***

  Also known as wellbeing ranking or vulnerability analysis, a technique for the rapid collection and analysis of specific data on social stratification at the community level. This visual tool minimizes literacy and language differences of participants as they consider factors such as ownership of or use rights to productive assets, lifecycle stage of members of the productive unit, relationship of the productive unit to locally powerful people, availability of labor, and indebtedness.

- ***Workshops.***

  Structured group meetings at which a variety of key stakeholder groups, whose activities or influence affect a development issue or project, share knowledge and work toward a common vision. With the help of a workshop facilitator, participants undertake a series of activities designed to help them progress toward the development objective (consensus building, information sharing, prioritization of objectives, team building, and so on). In project as well as policy work, from preplanning to evaluation stages, stakeholder workshops are used to initiate, establish, and sustain collaboration.

- **Stakeholders**

  Stakeholders are any individual, group or institution, which could be involved in the transfer of knowledge and best practice to improve the urban development process, can be considered a stakeholder.

3.9 LET US SUM UP

Development practitioners use a wide variety of different methods, tailored to different tasks and situations, to support participatory development. Each of the methods described above is a combination of tools, held together by a guiding principle. Dozens of exercises exist to cultivate collaborative development planning and action. These are the tools with which social scientists and other development practitioners encourage and enable stakeholder participation. Some tools are designed to inspire creative solutions; others are used for investigative or analytic purposes. One tool might be useful for sharing or collecting information, whereas another is an activity for transferring that information into plans or actions

It would be misleading to claim that any tools or methods are inherently participatory or that they spontaneously encourage ownership and innovation among stakeholders. The participants in development planning and action—the users of these methods and tools—must be the ones who encourage and enable participation. The tools themselves facilitate learning, preparation, and creative application of knowledge. They make it easier for Task Managers and borrowers who are committed to participation to collaborate with a broad range of stakeholders in the selection, design, and implementation of development projects. These same methods, however, can also be implemented in a "top-down" manner, which merely pays lip service to participation. The ultimate responsibility for using these methods well, therefore, rests with the users and facilitators.

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3.11 CHECK YOUR PROGRESS – POSSIBLE ANSWERS

Check Your Progress 1

1) The principles behind participatory methodologies are:
   - That it is possible, and desirable, to increase participation in development by involving those immediately affected by a particular need;
   - Involving people so affected enables activity designers and managers to explore a range of real circumstances and systems rather than concentrating on statistical samples;
   - Issues can be investigated from different perspectives and using a range of approaches, such as involving multidisciplinary teams;
   - Informal approaches are often more appropriate and can be changed as the work progresses.
2) Participatory methodologies can be used at any stage of the Activity Cycle:
   - At the Design stage, by involving people in identifying problems during the planning and designing stage, e.g. needs assessments, feasibility studies;
   - At the Implementation stage, through examination of a particular problem or topic e.g. identifying priorities, or implementing new activities where information
   - needs to be collected;
   - At the Monitoring and Evaluation stage, by enabling participants to implement procedures to examine their own activities.

Check Your Progress 2

1) The participatory methods are now generically referred to as **Participatory Learning and Action (PLA).** Participatory Learning and Action combines:
   - **a set of diagramming and visual techniques** originally developed for livelihoods analysis and now widely used in Natural Resources departments in development agencies. They have since been adapted for use in other sectors including enterprise development.
   - **underlying principles of grassroots participation** from human rights activism which involve rethinking power relations and partnerships between development agencies, experts and poor people. These are now being developed further to facilitate negotiations between different stakeholders in projects and policy dialogue.
2) Using participatory methods provides a useful way of:
   - Rapidly identifying the range of potential impacts through exploring the interlinkages between different dimensions of livelihoods and poverty
   - Prioritizing the different possible impact goals for assessment by identifying which of the range of possible impacts are most important for the primary stakeholders e.g. increased income versus decreased leisure, levels of income and/or working conditions expected
   - Identifying reliable measurable or qualitative indicators which can be used in different contexts or for different target groups.

UNIT 4 PUBLIC PRIVATE PARTNERSHIP FOR URBAN DEVELOPMENT

Structure

4.1 Introductions

4.2 Public Private Partnership: Meaning, Objectives and Importance

4.3 Types of Public Private Partnerships

4.4 PPP in the International Arena

4.5 PPP in India

4.6 Let Us Sum Up

4.7 References and Selected Readings

4.8 Check Your Progress – Possible Answers

4.1 INTRODUCTION

PPP models have been applied in many countries around the world and some infrastructure sectors are more conductive to PPP than others. In which, the power sector and transport sector have received most PPP model. There are ranges of reasons including better potential for cost recovery, higher political commitment due to the sector's importance for country economic growth etc. Nevertheless, this does not mean that PPP in other sectors is without prospects. With appropriate modalities, support for capacity development, and political commitment to sector reform, PPP is feasible in others sectors as well.

Urban development plays important role in country development; the possible good of urbanization can solve many problems such as housing, environment, infrastructure systems etc. Due to supplying the private sector's expertise, efficiency, innovation, risk sharing, financing etc. into public project, the quality of public facilities and services can be uplifted. India has the second largest urban population in the world and is likely to see significant growth in number of people living in cities over the next two decades. Ensuring quality urban services to this large, growing population would be crucial to realising India's vision of urban development. Infrastructure development at this scale would require huge resources and it was not feasible for the government alone to fund the total required infrastructure investment. PPPs are useful only if they ensure quality supply at reasonable cost stressing the need for the establishment of independent regulatory bodies with an appeal mechanism.

After reading this unit you will be able to:

- understand the importance of PPP in Urban Development;
- describe various forms of PPP models;
- illustrate examples of successful PPP models on International front;
- illustrate examples of successful PPP models on national front.

4.2 PUBLIC PRIVATE PARTNERSHIP: MEANING, OBJECTIVES AND IMPORTANCE

4.2.1 Definition of Public Private Partnership (PPP)

PPP are collective efforts, between public and private sectors, with clearly identified partnership structures, shared objectives and specified performance indicators. According to UNECE (United Nations Economic Commission for Europe) PPP refers to innovative methods used by the public sector to contract with the private sector who bring their capital and their ability to deliver projects on time and to budget while the public sector retains the responsibility to provide these services to the public in a way that benefits the public and delivers economic development as an improvement in the quality of life. The Canadian Council for Public Private Partnership defines PPP as a co-operative venture between the public and private sectors, built on the expertise of each partner, that best meets clearly defined public needs through the appropriate allocation of resources, risks and rewards.

4.2.2 Objectives of Public Private Partnership

Some of the objectives of PPPs are as follows:

1) Improving access to essential services
2) Improving quality of services available
3) Exchange of expertise
4) Mobilize additional resources for activities
5) Improve efficiency
6) Better management of services
7) Increasing scope and scale of services
8) Increasing community ownership of programmes
9) Ensuring optimal utilization of government investment and infrastructure
10) Cost-effectiveness and division of assignments
11) Promote co-ordination, collaboration and cooperative development

4.2.3 Importance of PPP

It is estimated that more than half of the world's population today lives in the cities, towns and other urban spaces. Current trends predict that this number will continue to rise with urban population growth. According to the World Bank, over 90 percent of recent urbanization has occurred in developing countries, with urban areas gaining an estimated 70 million new residents each year. This trend is especially prevalent in South Asia and Sub-Saharan Africa, the two poorest regions in the world, where the urban population is expected to double by 2030. For an economy to grow in a sound manner, it is important that the cities are well managed. For this very reason, the pressure on the government to provide with the basic human needs of health care, clean water and sanitation rises when the process of urbanization grows at a fast rate.

The urban areas differ in their characteristics and problems from country to country. However one thing that is common to the urban areas across the globe

is that the finances needed for different urban development projects are too high to be provided by the public sector alone. Taking this into consideration, many nations are exploring the possibility of PPP for large scale investments in providing the basic infrastructure to the urban multitude. Traditionally the role of private sector was limited to providing skilled labour under short term contracts with the delivery of service being the sole responsibility of the public sector. However a PPP allows a private consortium to assume risk

4.2.4 Advantages of PPPs

Cost Savings

Cost savings materialize in several different forms (discussed below) but are mainly due to the private sector's role as a mutual partner in the project. Generally speaking, the private partner's fundamental drive for economic gain yields it an incentive to continually improve its performance, thereby cutting overall project costs.

Whole of Life-Cycle

Public-private partnerships combine two or more of the project's phases in a single bundle for the private consortium to deliver over the long-term. This creates economies of scale by motivating the private sector to organize its activities in a way that drives efficiencies and maximizes returns on investments.

Output-Based Contracts

Public-private partnership projects typically adopt an output-focused contract which links payments to performance. This specifies project results in terms of the quality delivered, rather than how assets or services are provided.

Emphasis on outputs also encourages innovation to take place by motivating the private partner to develop new methods and approaches for project delivery that meets requirements at lower costs.

Risk sharing

Public-private partnerships are designed so that risk is transferred between the public and private sectors, allocating particular project risk to the partner best able to manage that risk cost-effectively.

PPPs Deliver On-Time

With financing risk routinely transferred to the private consortium, any delays in meeting the agreed upon timelines can lead to additional costs for the private partner as it alone carries the debt for a longer period of time. Therefore, the private sector has a direct financial interest in ensuring that projects and services are delivered on-time, if not sooner.

Enhancing Public Management

By inviting the private partner in, the public authority can transfer risks and responsibilities over the day-to-day operations of two or more phases of the urban infrastructure project to the private consortium. This frees the public sector to focus on other important policy issues such as regulating, performance monitoring and urban service planning.

Improved Levels of Service

By bringing together the strengths from the public and private sectors, PPPs have the unique ability to share a diverse range of resources, technologies, ideas and skills in a cooperative manner that can work to improve how urban infrastructure assets and services are delivered to the people.

Increased Availability of Infrastructure Funds

Public-private partnerships free up funding for other urban infrastructure projects in two ways: first, through the potential cost savings inherent in the PPP approach, and second, through access to private financing which commits the government to spread payments for services rendered over a longer period of time. Seeing that it is the private partner who typically absorbs the financing risk, the public authority is not obliged to record the investment upfront as part of its bottom line surplus or deficit for that fiscal year. This allows the transaction to remain 'off balance sheet', meaning the government can borrow money for other important projects without affecting calculations of the measure of its indebtedness.

4.2.5 Some Disadvantages of PPPs

Additional Costs

Public-private partnerships represent good opportunities to lower overall project costs. However, when compared with traditional procurement, the complete PPP process invites additional costs that, if not managed properly, can erode some of the potential economic benefits of this model. One of these potential cost drivers is identified in the tender process - a competitive approach to choosing a project partner unique to the PPP procurement model. Parties bidding for a project expend considerable skills and resources in designing and evaluating the project prior to implementation. Depending on the number of project bidders, costs can add up as all participating bids tend to be factored into the overall cost of the project.

Second, the long-term and inclusive nature of a PPP contract requires that each partner spend considerable time and resources on outside experts to help anticipate and oversee all possible future contingencies. This can be very costly, particularly for a public agency inexperienced with the private sector and requiring additional help to protect the public interest. Last, while the private financing element of the partnership is one of the most important incentive drivers for the private partner, the price of financing can result in higher capital costs ranging between 1 and 3 percent. Unless cost savings generated by the private consortium outweigh the added cost of private loan financing, a PPP project may not deliver cost savings.

Reduced Control of Public Assets

In view of the fact that the private sector absorbs a significant portion of the project risk, important decisions over outcomes are inadvertently shared with that partner. Accordingly, this can result in the loss of public control over important decisions concerning a range of public issues, from how basic public goods such as housing and clean water should be delivered and priced, through to on-site labour issues around job pay and security.

Loss of Accountability

Partnerships are typically governed by a complex web of contracts which extend responsibility over the provision of housing and other urban service to a wide range of partners. If not clearly defined, contracts can overlap roles and responsibilities and blur lines of accountability for the public taxpayer.

Mitigating Risk

The more complex the urban project and the more people involved the higher and more varied the risk becomes. Although a carefully structured PPP manages risk through a well-defined contractual agreement, some risk is unforeseen and therefore difficult to mitigate. In the case of such unexpected risk (or project failure), oftentimes it is the public authority that is left to not only pay for the failure of the risk, but also the emerging costs.

After reading this section, you would have gained some idea about public private partnership. Now you should be able to answer the questions given in *Check Your Progress 1*.

Check Your Progress 1

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) Write any five objectives of PPP.

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2) How does PPP facilitate risk sharing?

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4.3 TYPES OF PUBLIC PRIVATE PARTNERSHIPS

The PPP models vary from short-term simple management contracts (with or without investment requirements) to long-term and very complex BOT form, to divestiture.

The variations in the models may be due to

- Ownership of capital assets
- Responsibility for investment

- Assumption of risks, and
- Duration of contract.

The PPP models can be classified into four broad categories in order of increased involvement and assumption of risks by the private sector. These categories include

1) Management contracts
2) Turnkey
3) Lease
4) Concessions
5) Private ownership of assets

1) Management Contracts: A management contract is a contractual arrangement for the management of a part or whole of a public enterprise by the private sector. Management contracts allow private sector skills to be brought into service design and delivery, operational control, labour management and equipment procurement. However, the public sector retains the ownership of facility and equipment. The private sector is provided specified responsibilities concerning a service and is generally not asked to assume commercial risk. The private contractor is paid a fee to manage and operate services. Normally, payment of such fees is performance-based. Usually, the contract period is short, typically two to five years. But longer period may be used for large and complex operational facilities such as a port or airport.

There are several variants of the management contract including:

a) Supply or service contract
b) Maintenance management
c) Operational management

a) Supply or service contract:

Supply of equipment, raw materials, energy and power, and labour are typical examples of supply or service contract. A private concessionaire can itself enter into a number of supply or service contracts with other entities/ providers for the supply of equipment, materials, power and energy, and labour. Non-core activities of an organization (public or private) such as catering, cleaning, medical, luggage handling, security, and transport services for staff can be undertaken by private sector service providers. Such an arrangement is also known as outsourcing. Some form of licensing or operating agreement is used if the private sector is to provide services directly to users of the infrastructure facility. Examples of such an arrangement include, catering services for passengers on railway systems (the Indian Railways, for example). The main purpose of such licensing is to ensure the supply of the relevant service at the desired level of quantity and quality.

b) Maintenance management

Assets maintenance contracts are very popular with transport operators. Sometimes equipment vendors/suppliers can also be engaged for the maintenance of assets procured from them.

c) Operational management

Management contracts of major transport facilities such as a port or airport may be useful when local manpower or expertise in running the facility is limited or when inaugurating a new operation. Management contracts are also quite common in the transport sector for providing some of the non-transport elements of transport operations such as the ticketing system of public transport and reservation systems. Operational management of urban transport services can also be contracted out to the private sector. In the simplest type of contract, the private operator is paid a fixed fee for performing managerial tasks. More complex contracts may offer greater incentives for efficiency improvement by defining performance targets and the fee is based in part on their fulfilment.

2) **Turnkey:** Turnkey is a traditional public sector procurement model for infrastructure facilities. Generally, a private contractor is selected through a bidding process. The private contractor designs and builds a facility for a fixed fee, rate or total cost, which is one of the key criteria in selecting the winning bid. The contractor assumes risks involved in the design and construction phases. The scale of investment by the private sector is generally low and for a short-term. Typically, in this type of arrangement there is no strong incentive for early completion of a project. This type of private sector participation is also known as Design-Build.

3) **Lease:** In this category of arrangement an operator (the leaseholder) is responsible for operating and maintaining the infrastructure facility and services, but generally the operator is not required to make any large investment. However, often this model is applied in combination with other models such as build-rehabilitate-operate-transfer. In such a case, the contract period is generally much longer and the private sector is required to make a significant level of investment.

The arrangements in an afterimage and a lease are very similar. The difference between them is technical. Under a lease, the operator retains revenue collected from customers/users of the facility and makes a specified lease fee payment to the contracting authority. Under an affermage, the operator and the contracting authority share revenue from customers/users. Following Figure shows the typical structure of an affermage/lease contract. In the affermage/lease types of arrangements, the operator takes lease of both infrastructure and equipment from the government for an agreed period of time. Generally, the government maintains the responsibility for investment and thus bears investment risks. The operational risks are transferred to the operator. However, as part of lease, some assets may be transferred on a permanent basis for a period which extends over the economic life of assets. Fixed facilities and land are leased out for a longer period than for mobile assets. Land to be developed by the leaseholder is usually transferred for a period of 15-30 years.

It may be noted here that if the assets transferred to the private sector under a lease agreement are constrained in their use to a specific function or service, the value of assets is dependent upon the revenue potential of that function or service. If assets are transferred to the private sector without restrictions of use, the asset value is associated with the optimum use of the assets and the revenues that they can generate.

4) **Concessions:** In this form of PPP, the Government defines and grants specific rights to an entity (usually a private company) to build and operate a facility for a fixed period of time. The Government may retain the ultimate ownership of the facility and/or right to supply the services. In concessions, payments can take place both ways: concessionaire pays to government for the concession rights and the government may also pay the concessionaire, which it provides under the agreement to meet certain specific conditions. Usually such payments by government may be necessary to make projects commercially viable and/or reduce the level of commercial risk taken by the private sector, particularly in the initial years of a PPP programme in a country when the private sector may not have enough confidence in undertaking such a commercial venture. Typical concession periods range between 5 to 50 years. It may be noted that in a concession model of PPP, an SPV may not always be necessary.

Concessions may be awarded to a concessionaire under two types of contractual arrangements:

a) Franchise

b) BOT type of contracts

a) Franchise

Under a franchise arrangement the concessionaire provide services that are fully specified by the franchising authority. The private sector carries commercial risks and may be required to make investments. This form of private sector participation is historically popular in providing urban bus or rail services. Franchise can be used for routes or groups of routes over a contiguous area.

b) Build-Operate-Transfer

In a Build-Operate-Transfer or BOT (and its other variants namely Build-Transfer- Operate (BTO), Build-Rehabilitate-Operate-Transfer (BROT), Build-Lease-Transfer (BLT)) type of arrangement, the concessionaire undertakes investments and operates the facility for a fixed period of time after which the ownership reverts back to the public sector. In this type of arrangement, operating and investment risks can be substantially transferred to the concessionaire. However, in a BOT type of model the government has explicit and implicit contingent liabilities that may arise due to loan guarantees provided and default of a sub-sovereign government and public or private entity on non-guaranteed loans. By retaining ultimate ownership, the government controls policy and can allocate risks to those parties best suited to bear them or remove them.

In a BOT concession, often the concessionaire may be required to establish a special purpose vehicle (SPV) for implementing and operating the project. The SPV may be formed as a joint venture company with equity participation from multiple private sector parties and the public sector. In addition to equity participation, the government may also provide capital grants or other financial incentives to a BOT project. BOT is a common form of PPP in all sectors in Asian countries. A large number of BOT port and road projects have been implemented in the region.

Under the Build-Rehabilitate-Operate-Transfer arrangement, a private developer builds an add-on to an existing facility or completes a partially built facility and rehabilitates existing assets, then operates and maintains the facility at its own risk for the contract period. BROT is a popular form of PPP in the water sector. A key distinction between a franchise and BOT type of concession is that, in a franchise the authority is in the lead in specifying the level of service and is prepared to make payments for doing so, whilst in the BOT type the authority imposes a few basic requirements and may have no direct financial responsibility.

5) **Private ownership of assets:** In this form of participation, the private sector remains responsible for design, construction and operation of an infrastructure facility and in some cases the public sector may relinquish the right of ownership of assets to the private sector.

It is argued that by aggregating design, construction and operation of infrastructure services into one contract, important benefits could be achieved through creation of synergies. As the same entity builds and operates the services, and is only paid for the successful supply of services at a pre-defined standard, it has no incentive to reduce the quality or quantity of services. Compared with the traditional public sector procurement model, where design, construction and operation aspects are usually separated, this form of contractual agreement reduces the risks of cost overruns during the design and construction phases or of choosing an inefficient technology, since the operator's future earnings depend on controlling costs. The public sector's main advantages lie in the relief from bearing the costs of design and construction, the transfer of certain risks to the private sector and the promise of better project design, construction and operation.

There can be three main types under this form:

a) Build-Own-Operate type of arrangement

b) Private Finance Initiative (a more recent innovation)

c) Divestiture by license or sale

a) Build-Own-Operate

In the Build-Own-Operate (BOO) type and its other variants such as Design-Build- Finance-Operate, the private sector builds, owns and operates a facility, and sells the product/service to its users or beneficiaries. This is the most common form of private participation in the power sector in many countries. For a BOO power project, the Government (or a power distribution company) may or may not have a long-term power purchase agreement (commonly known as off-take agreement) at an agreed price from the project operator.

In many respects, licensing may be considered as a variant of the BOO model of private participation. The Government grants licences to private undertakings to provide services such as fixed line and mobile telephony, Internet service, television and radio broadcast, public transport, and catering services on the railways. However, licensing may also be considered as a form of "concession" with private ownership of assets. Licensing allows competitive pressure in the market by allowing multiple operators, such as in mobile telephony, to provide competing services.

There are two types of licensing: quantity licensing and quality licensing. By setting limits through quantity licensing, the government is able to moderate competition between service providers and adjust supply between one area and other. Quality licensing however, does not place any restriction on number of providers or the amount of service produced but specifies the quality of service that needs to be provided. The government may get a fee and a small share of the revenue earned by the private sector under the licensing arrangement.

b) Private Finance Initiative

In the Private Finance Initiative (PFI) model, the private sector similar to the BOO model builds, owns and operates a facility. However, the public sector (unlike the users in a BOO model) purchases the services from the private sector through a long-term agreement. PFI projects therefore, bear direct financial obligations to government in any event. In addition, explicit and implicit contingent liabilities may also arise due to loan guarantees provided to lenders and default of a public or private entity on non-guaranteed loans.

In the PFI model, asset ownership at the end of the contract period may or may not be transferred to the public sector. The PFI model also has many variants. The annuity model for financing of national highways in India is an example of the PFI model. Under this arrangement a selected private bidder is awarded a contract to develop a section of the highway and to maintain it over the whole contract period. The private bidder is compensated with fixed semi-annual payments for his investments in the project. In this approach the concessionaire does not need to bear the commercial risks involved with project operation.

Apart from building economic infrastructure, the PFI model has been used also for developing social infrastructure such as school and hospital buildings, which do not generate direct "revenues".

c) Divestiture

This third type of privatization is clear from its very name. In this form a private entity buys an equity stake in a state-owned enterprise. However, the private stake may or may not imply private management of the enterprise. True privatization, however, involves a transfer of deed of title from the public sector to a private undertaking. This may be done either through outright sale or through public floatation of shares of a previously corporatized state enterprise.

Full divestiture of existing infrastructure assets is not very common. However, there are many examples of partial divestiture.

4.4 PPP IN THE INTERNATIONAL ARENA

1) Sustainable energy use for urban development (London)

International and national governments are promoting sustainable development and renewable energies through direct lending, changes to legislation, financial incentives, and building and construction regulations and indicators. A 2008

report by Deloitte concludes, however, that "PPP [Public-Private Partnership] financing is often the appropriate answer to renewable energy financing." As a result, a number of municipalities are increasingly turning to models of Public-Private Partnerships to finance renewable energies, and these partnerships may take a variety of forms depending on the needs of those involved and the parameters of the project.

The following case studies illustrate examples of European cities that have taken advantage of the variety of PPP models to launch successful renewable energy systems:

London

Woking Borough Council's Thameswey Energy Limited

The Woking Borough Council, a public authority based outside of London, established Thameswey Energy Limited in 1999 as an Energy Service Company (ESCo) that owns, operates, and manages the heat, electricity, and water supply in the borough. Thameswey is a PPP between the Borough Council and Xergi Limited, a Danish energy company which owns 10% of the shares. By utilizing the PPP model, Woking was able to surpass government controls on local government spending, establish a Combined Heat and Power (CHP) plant, and build a private wire renewable energy system and fuel cell CHP system. The private system also allows the Borough to save on fees associated with accessing the national power grid, to which it is connected as a back-up supplier.vi

The benefits of the CHP system are considerable. From 1990 to 2004, the Borough experienced a 48.6% reduction in energy consumption and a 17.23% reduction in CO2 emissions from 2002. Additionally, all residents have received free or subsidised insulation, allowing the Borough to save 91,270 tonnes of energy per year. The Borough credits its success to the technical, financial, and commercial innovation gained by working in partnership with the private sector, and has proven how a PPP model can provide additional flexibility and capital in what would otherwise be a strict planning environment.

Source: *(ULI, 2011)*

2) Multi-utility Complex in Warsaw

Warsaw lacked the infrastructure it needed in order to organize large, prestigious sports, business and cultural indoor events. In order to meet this need, city officials specified that the Arena Varsovia Centre needs to be constructed with a capacity of holding 12,000 people. The design and building risks lie entirely with the private partner. The management of the facility would however be in the hands of the public partner.

3) Handwashing for Diarrheal Disease Prevention in Central America

The Central American Handwashing Initiative aimed to reduce morbidity and mortality among children under five through a coordinated communication campaign promoting proper handwashing with soap to prevent diarrheal disease. The Initiative was conceived and facilitated by the United States Agency for International Development (USAID) through two of its projects: Basic Support

for Institutionalizing Child Survival (or BASICS) and the Environmental Health Project (EHP).

The Initiative took place from 1996 to 1999. The facilitator, or "catalyst" (the two projects) contacted soap producers from five Central American countries—Guatemala, Costa Rica, El Salvador, Honduras, and Nicaragua. Four companies eventually launched handwashing promotion campaigns in 1998 in the first three countries. Ministries of health and education, media companies, UNICEF, nongovernmental organizations (NGOs), and foundations also joined the partnership. The campaign consisted of radio and television advertisements, posters and flyers distributed by sales personnel and through mobile units to communities; school, municipal, and health centre programs; distribution of soap samples; promotional events; and print advertisements. According to a follow-up assessment, ten percent of the women surveyed improved their handwashing behaviour. Based on observed relationships between handwashing behaviour and diarrhoea in these studies and supporting scientific literature, one can also estimate that over the course of the intervention there was an overall reduction in diarrheal prevalence of about 4.5 percent among children under five.

4.5 PPP IN INDIA

PPPs are a relatively new phenomenon in India but already more than Rs.1000 billion worth of PPP projects are currently under development across the country. Both central and state-level governments are hoping to build on this progress, both by scaling up the use of PPPs in sectors where progress has already been made and introducing it into sectors where few private projects have yet been realized. However, to achieve their ambitions for the use of PPPs in infrastructure projects, both national and state governments will need to provide for much higher visibility PPP programs and also seek to disseminate best practice, as both commercial and bureaucratic learning advances.

PPPs in Different States for Urban Development

The PPPs represent a unique and flexible solution to implement infrastructure projects. They can embrace a range of structures and concepts which involve the sharing of risks and responsibilities between the public and private sectors. Some of these are well tried and tested conventional arrangements, while others require additional contractual agreements.

1) PPP for Construction of Roads in Rajasthan

Rajasthan has been in the forefront of successfully implementing a number of road sector projects in the recent past. Rajasthan was the first State to announce a State Road Policy in 1994 to facilitate the entry of private sector in the roads sector. A Model Concession Agreement was put in place for inviting private sector to develop roads on Build, Operate and Transfer (BOT) basis. The Rajasthan Road Development Act was enacted and launched in 2002 to encourage a greater level of participation of private sector in the development of the road sector. The Act provides formal framework to mainstream PPP modalities in the Roads sector. Under the State Road Development Fund Act, 2004 a non-lapsable State Road Fund (SRF) was created through levy of 50 paisa Cess on petrol / diesel. SRF is being leveraged to take up large / mega State Highways project.

A total of 56 road projects entailing investment of 852.84 crores have already been completed on BOT format of PPP, out of which 34 road projects entailing investment of 288.04 crores have already recovered investment, through toll, and transferred back to the Government. Other 22 road projects involving investment of 564.80 crores are being build/operated on BOT format of PPP.

Rajasthan Mega Highways Project for improvement and maintenance of 1053 km of road at an investment of 1500 crore has been completed through a joint venture company, RIDCOR.

2) PPP for Water Supply in Rajasthan

Rajasthan, a water deficient province, has many water transmission and distribution projects which are pending resource allocation and subsequent implementation. In-principle, the State

Government is inclined to proceed with annuity-based and other appropriate PPP modalities in the water sector. Project development and structuring for a few water supply projects on PPP format have been initiated. These include two projects of water supply in Ajmer (1500 crore) and Udaipur (790 crore) towns, one project of Bisalpur-Tonk- Uniyara drinking water supply (385 crore) covering 2 towns and 436 villages of Tonk District, and two pilot projects for water supply in Jaipur (Mansarovar) (25 crore) and Kota (15 crore) with focus on reduction in non-revenue water and achieving 24 x 7 water supplies.

3) PPP for Education in Rajasthan

The Government of Rajasthan intends to engage private sector participants to design, finance, establish, operate, manage and maintain 165 secondary schools (from 6th to 12th) for a period of 30 year 5 schools per districts are proposed to be built under the project. Phase–I of this project aims at procuring 50 schools in the Ajmer (4 districts) and Udaipur (6 districts) Divisions. The land for these PPP schools will be provided on a 30 year lease basis to the private sector partner After expiry of the concession period of 30 years, the assets of these schools will be transferred to the Government.

These PPP schools will be run by the private sector autonomously. The private partner(s) will bear the entire capital cost. Government will provide capital assistance at the rate of 500Rs. per sq ft of constructed area subject to maximum of 5.0 million Rs. to be paid depending upon the progress of construction and use of own funds by the private developer. The private partner will have full independence in operational matters such as teacher recruitment and running of schools. PPP schools will have to attain a high performance benchmark apart from seeking an affiliation with either the State Board or the CBSE.

4) PPP in providing radiology services in health care facilities across Bihar

The lack of diagnostic facilities in rural hospitals was evident in Bihar. Apart from other support services, this partnership was intended to focus on providing better treatment. With this intention, the Government of Bihar entered into various public private partnerships in the health sector. The Government of Bihar contracted with private provider IGE Medical Systems (IGEMS) to provide radiology services in health care facilities across Bihar, from primary health centres to district hospitals.

Under this new policy, the services in Government hospitals are provided free to patients, but necessary infrastructure was lacking. To provide better radiology services in all health care facilities operated by State Health Societies in 38 districts, these services were contracted to private providers who would set up and operate the necessary infrastructure in the allotted space inside the health centre as per agreement, and would be paid charges as per rates fixed by State Health Society Bihar for the number of tests performed.

Expression of interest was invited from various private providers operating similar services and the providers were selected through a process of technical evaluation. The partnership was formalized through a signed Memorandum of Understanding (MoU) and rates were fixed at which the charges would be reimbursed. Initially, the charges were paid by users (patients). However, when the decision was taken to provide free treatment to all patients coming to government hospitals, the MoU was amended and the charges were being paid by the Government.

IGEMS developed an innovative business model of franchising where local entrepreneurs are encouraged to operate the radiology centers with technical support from IGEMS. This models creates rural employment apart from providing radiology services at economical costs. This high volume model helps in negotiating with vendors for best prices for raw materials thus achieving economies of scale and gaining nominal profits in spite of very low costs. Monitoring is done by district health society and payments are made from districts

5) PPP for Delivery of Reproductive Child Health Services to the Slum Population of Guwahati City, Assam

The urban health intervention in Guwahati, Assam, involves contracting a trust hospital - Marwari Maternity Hospital (MMH) to provide services in eight low-income municipal wards of the city, having a total population of 2 – 2.5 lakh. The state government pays the MMH for providing outreach and referral services, in the identified areas.

In addition, vaccines and contraceptives are provided free to MMH. MMH is covering 14 outreach sites in these areas. It is mainly providing RCH services but the outreach team includes a doctor and they can also treat simple ailments or refer patients to the hospital.

In the hospital, sterilisation, spacing and abortion services are provided free of cost to patients, while deliveries, operations and diagnostic tests are charged at concessionary rates.

The initial contract was for one year (2002-2003). Government of Assam reviewed the performance after one year and renewed the contract. To build up the referral system, the Government of Assam also proposed to upgrade three or 4 health posts/urban family welfare centres to secondary hospitals in the urban limits of Guwahati, within or near the slum areas.

The PPP initiative has had significant successes. Apart from direct provision of services, it has induced replication in the public sector. The secondary/ referral system is being strengthened with marginal investment since the staffs are already available. The MMH management has started a programme of RCH camps in peri-urban areas at their own cost. Other private and trust hospitals in the city are expressing interest in joining this initiative.

6) PPP for Improving Conditions of the Slums in Ahmedabad

Officially incepted in 1995, Ahmedabad's Slum Networking Program commenced as an adaptation of the DFID funded Indore Habitat Project. The program continues to exist as a partnership, though the nature of the partnership has evolved.

In 1995, approximately 3 million people dwelled in Ahmadabad, 40% of whom were considered slum dwellers. Himanshu Parikh, the sanitation infrastructure engineer of the Indore Habitat Project, garnered the support of Arvind Mills, emerging as a global corporation with headquarters in the city, and the Ahmadabad Municipal Corporation (AMC) to turn the venture into a citywide pilot project, beginning with the up gradation of 4 slums, 3,300 households, amounting to approximately 22,000 people. Three objectives emerged from the partnership 1) to improve the physical and non-physical infrastructure facilities within selected slum areas; 2) to facilitate the process of community development; and 3) to develop a city level organization for slum networking and infrastructure improvement. In addition to the physical upgrading components, which included the implementation of roads and pavers, storm water, waste water, individual water supply, individual toilets and landscaping, the project also included a social component, including the organization of community groups (for woman and children), educational activities for pre-school aged children, and developing linkages to the formal sector via vocational training and access to finance for starting up businesses. SAATH, an NGO that had been working with slums since 1989, developed a strategy with SHARDA Trust, the implementing agency chosen by Arvind for carrying out the social component of the program. Although AMC passed a resolution to formalize the project, the language was extremely vague and written in such a way that most of the burden was placed on Arvind Mills. Further, indicative of the organic nature of this network partnership, no contracts were written between actors.

To avoid the burden falling on any single entity, cost sharing of the pilot was split quite evenly between the public sector, AMC, 40%; the private sector, Arvind Mills, 27%; community members, 27%; and 4% from SAATH who assumed responsibility for the community development component of the program.

The project proved successful on several fronts: first, implementation of physical infrastructure (roads, sewage, storm drains, and water supply) occurred in a timely, cost-effective manner, and remained within the budget. Second, largely with the help of SAATH, community involvement occurred at every juncture of this process, from design to payment of contractors. The community even established a "community corpus" of Rs 100 per household fund to ensure maintenance of the infrastructure. Lastly, SHARDA Trust convinced SEWA bank to provide and underwrote all loans taken by project participants who did not posses upfront funds to ensure that the project would for household financing reasons.

Where the project proved less successful was 1) bringing the project to scale – the impact of 181 households is much smaller than that of 3,300 households; 2) administrative delays due to miscommunication at AMC, resulting in a 450 day response time in some cases (and 3) community development, seemingly due to mismatched values and expectations between SHARDA Trust and SAATH. Whereas Improving Slum Conditions with Public Private Partnerships SHARDA Trust seemed to expect greater skills development training, SAATH focused the majority of community development efforts on public health.

These missed opportunities speak to the challenges faced in maintaining alliances. AMC did not feel it was treated as an equal partner, while SAATH felt that SHARDA Trust was unduly pressuring the organization to achieve results. While the organic nature of this partnership allowed for greater participation amongst various entities, namely the community members and NGOs, lack of clearly delineated roles prohibited more effective action to take place. That no legal agreement existed between the actors essentially ensured mismatched expectations. Clearly AMC's resolution, which relegated the City to a facilitator role, was either mis-communicated or not fully embraced by the many bureaucracies within AMC.

After reading this section, you would have gained some idea about different models of PPP. Now you should be able to answer the questions given in *Check Your Progress 2*.

Check Your Progress 2

Note: a) Write your answer in about 50 words.

b) Check your answer with possible answers given at the end of the unit

1) What is Trunkey model of PPP.

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2) What are the different types of management contract?

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4.6 LET US SUM UP

In this unit you have read about the concept of Public Private Partnership and its importance in urban development. It also throws light on the various types of Public Private Partnerships that are in vogue. To add to the understanding of the learner on PPP, the unit also brings to light a few case studies of PPPs in both national and international front.

4.7 REFERENCES AND SELECTED READINGS

UNHABITAT 2011, Public Private Partnership in Housing and Urban Development, The Global Urban Economic Dialogue Series, UN-HABITAT.

Moszoro M. and Magdalena Krzyzanowska 2011, Implementing Public Private Partnership in Municipalities, Working Paper, WP -908, IESE Business School, University of Navara.

Qingshu X. and Roger Stough 2002, Public-Private Partnerships in Urban Economic Development and Prospects of Their Application in China, Presented at the International Conference on "Transitions in Public Administration and Governance".

ULI 2011, Public Private Partnership in Sustainable Urban Development, Infoburst, Urban Investment Network.

4.8 CHECK YOUR PROGRESS – POSSIBLE ANSWERS

Check Your Progress 1

1) Some of the objectives of PPPs are as follows:
   1) Improving access to essential services
   2) Improving quality of services available
   3) Exchange of expertise
   4) Mobilize additional resources for activities
   5) Improve efficiency
2) Public-private partnerships are designed so that risk is transferred between the public and private sectors, allocating particular project risk to the partner best able to manage that risk cost-effectively.

Check Your Progress 2

1) Turnkey is a traditional public sector procurement model for infrastructure facilities. Generally, a private contractor is selected through a bidding process. The private contractor designs and builds a facility for a fixed fee, rate or total cost, which is one of the key criteria in selecting the winning bid. The contractor assumes risks involved in the design and construction phases. The scale of investment by the private sector is generally low and for a short-term. Typically, in this type of arrangement there is no strong incentive for early completion of a project. This type of private sector participation is also known as Design-Build.
2) There are several variants of the management contract including:
   a) Supply or service contract
   b) Maintenance management
   c) Operational management

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