# Impact of Infrastructure and Governance Transformations on Small, Medium and Big Cities in India

***(ICSSR Sponsored Research)***

**State-level Workshop Report of Governance and Infrastructure Transformations in Bhubaneswar and Puri via the JNNURM**

**Date: 30 October 2014**

**Venue: Xaviers Institute of Management, Bhubaneswar**

**List of participants present:**

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| **Sl. No.** | **Name** | **Designation** |
| 1 | Mr. Sanjib Mishra | DMA, DH&UD, Odisha |
| 2 | Fr. Paul Fernandes S.J. | Director, XIMB |
| 3 | Mr. Nishikant Mishra | Director, Dream Team Sahara (DTS) |
| 4 | Mr. P.K Pattnaik | Ex Director, DTP, Odisha |
| 5 | Mr. Nilamani Panigrahi | Junior Engineer, Puri Municipality |
| 6 | Mr. Gadadhar Sahoo | Capacity & Social Development, RAY Cell, Puri |
| 7 | Mr. Sayan Roy | Transport Planner, BPTSL, BMC |
| 8 | Ms. Sujata Samal | Project Coordinator (BSUP), SPARC |
| 9 | Ms. Sibani Mahante | Project Coordinator (BSUP), SPARC |
| 10 | Prof. Amita Bhide | Dean, School of Habitat Studies (SHS), TISS |
| 11 | Prof. Kajri Misra | Dean, School of Rural Management, XIMB |
| 12 | Dr. Ratoola Kundu | Assistant Professor, SHS, TISS |
| 13 | Ms. Geeta Thatra | Research Officer, SHS, TISS |
| 14 | Mr. Rajkumar | M.A. student and Research Assistant, SHS, TISS |
| 15 | Mr. Sansiddha Pani | M.A. student and Research Assistant, SHS, TISS |
| 16 | Ms. Namita Subudhi | Research Assistant, XIMB |
| 17 | Ms. Tanuwary Khudusia  | Research Assistant, XIMB |
| 18 | Beneficiaries and Community Leaders from Matitota Bhoi Sahi, Puri and Bharatpur, Bhubaneswar |

**List of participants absent:**

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| **Sl. No.** | **Name** | **Designation** |
| 1 | Mr. Sishir Kumar Ratho | Special Secretary, DH&UD |
| 2 | Mr. Ajit Kumar Mishra | Joint Secretary, DH&UD |
| 3 | Mr. Krishan Kumar | Municipal Commissioner, BMC |
| 4 | Mr. Srimanta Mishra | Project Officer- JnNURM, BMC |
| 5 | Mr. Sangram Mohapatra | Ex-Social Development Officer, PIU-JnNURM, BMC |
| 6 | Mr. Jagabandhu Sahu | Managing Director, BPTSL, BMC |
| 7 | Mr. Ranjit Karanam | Urban Planner, PMU JnNURM, DH&UD |
| 8 | Mr. Abani Kumar Nayak | Ex Team Lead, PIU-JnNURM, BMC |
| 9 | Mr. Subashish Khatua | IT Expert, PIU, Puri |
| 10 | Mr. A.K. Parida | Executive Engineer, BMC |
| 11 | Mr. Duria | Executive Engineer, Cuttack Drainage Division |
| 12 | Mr. Chandan Mishra | Young Professional, Urban Transport, DH&UD |
| 13 | Mr. Rajendra Patnaik | Executive Officer, Puri Municipality |
| 14 | Mr. Rajat Mishra | Junior Assistant, Puri Municipality |

**Schedule of the Workshop**

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| 09:30 – 10:00 am | Welcome |
| ***Session 1: Inaugural Session 10:00 to 10:45 Hrs.*** |
| 10:30 – 10:45 am | Inaugural address by Invited Speakers and Dignitaries |
| *Tea Break : 10:45 – 11:00 am* |
| ***Session 2: Impact of JnNURM on Governance*** |
| 11:00 – 11:30 am | Presentation by XIMB on Governance Case Studies |
| 11:30 am – 1:00 pm | Interactive Discussion on the Impact of JnNURM on Governance |
| *Lunch Break : 13:00 – 2:00 pm* |
| ***Session 3: Impact of JnNURM on Housing Sector*** |
| 2:00 – 2:45 pm | Presentation by XIMB on Sector Case Studies |
| 2:45 – 3:30 pm | Interactive Discussion on the Impact of JnNURM on *Housing Sector* |
| ***Session 4: Conclusions and Roadmap Ahead*** |
| 3:30 – 4:30 pm | Conclusions and Roadmap Ahead |

**Session 1: Inaugural Session**

**Welcome and opening remarks by Prof. Kajri Misra**

Prof. Kajri Misra began with an introduction of the workshop and its objectives. The objective of this workshop, she suggested, was to have all the stakeholders and key implementers of JNNURM to share their experiences of the programme, the issues that came up, challenges they faced in its implementation and if there were any success stories or positive outcomes from each of their perspective. The idea was also to exchange experiences among various stakeholders and to validate some of the findings of the study. The research questions, methodology, selection of states and cities for this project were also spelt out in fair detail. In this session, Prof. Kajri Misra highlighted some of her observations and the challenges faced in conducting this research. They were as follows:

1. It was very difficult to elucidate the real picture since there was a lot of gap in information. The frequent transfer of the officers was a much prevalent scenario, and if the noting was not done meticulously, then the subsequent officers were not aware of what had happened. In this way there was no continuity in the work that was taken up on the one hand, and it became more a person driven rather than system/institution/process driven on the other hand.
2. Sector-wise detailed information was not easily available. Since there was a time lag in the implementation of the projects, then the documents were misplaced or lost or not easily accessible.
3. In a state like Odisha – in terms of the levels of its urbanization, the kind of its demographic configuration and its history with respect to local self-government – many things could be neither taken for granted and nor seen with the same lenses, which are used to evaluate other states. Prof. Kajri quoted some of her personal experience to illustrate this point. The other significant issue in Odisha was the lack of capacity, and she said that Mr. Sanib Mishra would elucidate as to the kinds of issues that could come up with the lack of capacity. It was suggested by Prof. Kajri that these issues are multifarious, and it becomes difficult to appreciate and interpret what is happening on the ground unless one understands the context in a very detailed and personal manner.
4. It was also highlighted that the attempt of this project was not only to publish a paper or add to the theories but to think in ways of changing the situation on the ground. It was Prof. Kajri’s understanding that when we are working with the implementers and managers one begins to understand that the daily exigencies are so overwhelming, which can lead to many kinds of actions, and could be interpreted as lack of will, corruption, delay in implementation and so on. The critical appreciation of these kinds of programmes comes only when one understands the state in fair detail.
5. A point that was made by Prof. Kajri most often in terms of a challenge in doing this study and presenting the ‘real picture’ of the impact of JNNURM in Odisha was the significant gap in information. She also felt that a lot of information was shared in her personal capacity or off-record, which could not be quoted. So, she seemed to be confronting an ethical dilemma in terms of writing up the findings of this study. (This was most elaborately discussed by the project team while we stayed at XIMB).

Prof. Kajri welcomed everyone for the workshop, and especially Mr. P.K. Patnaik and Mr. Sanib Mishra as knowledgeable persons who would enrich the discussions at this workshop.

**Mr. Sanib Mishra, Commissioner and Director of Municipal Administration, Department of Housing and Urban Development (DH&UD)**

It was informed that Mr. Sanib Mishra has been in the DH&UD since the introduction of JNNURM and has been there through the project. He was to lay the ground for this workshop based on his familiarity with the history and implementation of JNNURM. This report highlights the main points made by Mr. Sanib Mishra in his presentation.

Mr. Mishra began with presenting Odisha as a ‘capacity stricken state’ and its non-familiarity with the introduction of a huge project such as the JNNURM by the Central government in 2005. He asserted that the Urban Local Bodies (ULBs) learnt about the launch of JNNURM, when the commissioner and deputy commissioner of Bhubaneswar Municipal Corporation (BMC) were invited to attend a meeting in Delhi and were asked to prepare CDP and DRPs. His main argument was that the Government of India had not consulted all the states before launching the JNNURM; and hence only the big cities and more developed states were eventually benefiting. In smaller and less developed states, like Odisha they did not have the capacities to prepare CDPs or DPRs, and in fact they were even unaware of what they meant. The ‘operational deficiencies’ according to Mr. Mishra have been mainly due to the non-preparedness of many states to ‘take a call’ on JNNURM. For instance, for the preparation of CDPs, the BMC had to depend on borrowed capacities and before the ULBs could arrive at their independent decision, they were given guidelines, options and outlines of how the CDPs had to be prepared. So, this meant that there was a pre-given framework, which was to be followed and implemented for initiating the JNNURM projects in the state. It also meant that there was no training or capacity building for the institutions of local self-governance to plan for the future of their cities according to its needs and future requirements.

On the positive side of JNNURM, Mr. Mishra noted that the Bhubaneswar Municipal Corporation (BMC) was not such an important body in the city planning and development. But the JNNURM had opened up an opportunity for citizens, urban dwellers, city planners, developers and others concerned with urban development ‘to dream big and think big’. For instance, he quoted his personal experience as a sub-collector of Bhubaneswar and his lack of awareness on the role of BMC, Municipal Corporation Act. His point was that the role of BMC was not only limited but also unfamiliar. But with the JNNURM the role of BMC had expanded, which included the functions of planning and infrastructure development. He mentioned in the passing that the city government had become more service-delivery oriented.

On the negative side, Mr. Mishra suggested that the JNNURM led to an increase in the rural to urban migration, since the city is going to have better infrastructure and there will a boost to the real-estate sector, but most importantly since the message of free/low-cost housing has spread across the country and a lot of people were now moving to the city.

Mr. Mishra believes that the underlying suggestion of JNNURM was to plan for the peri-urban areas of the city along with infrastructure development for the city. He felt that this was of utmost important since there has been limited planning for the peri-urban areas, which has increased the pressure on the cities tremendously (gives an example of Kerala from his recent visit – there being no rural and urban divide).

Under the JNNURM, Mr. Mishra’s analysis of the projects was that, most of the projects have failed. For instance in Puri – water supply project has failed, drainage project has not yet commenced in a proper manner, sewerage has only been 30 per cent commissioned but being pursued since 2000. The two projects under UIG, apart from individual beneficiary oriented projects like BSUP or IHSDP, that have been regarded as a ‘success’ and ‘appreciated by one and all’ are the Bindhu Sagar Project, which has been completed up to 70 per cent and 30 per cent of de-siltation work continues to remain.

The most visible change of JNNURM is the city bus service. The impact is so much that every city is demanding for urban public transport. The state is now under the pressure to meet this demand from other cities also. Hence, from state funding, city bus service has been launched for Barampur and Sambhalpur. Another 3 cities have been incorporated in the last stage of JNNURM project, that is, Koraput-Sunabeda-Jeypore cluster, Balasore-Bhadrak cluster, Cuttack-Chaudhar cluster. State government is also going to take up Rourkela-Berhampur cluster on its own. The state government is in the process of procurement of 130 more mini buses. With these figures, it was stated that there was definitely an increase in the demand for urban public transport and that mobility had become a critical issue with an emphasis on safety and economy. Giving the example of a route from Dumduma to BSS Nagar, the 2-3 trips in the morning and evening, Mr. Mishra said that more buses were required on this route, and suggested to the Chairman of Dream Team Sahara, since the laboring class travels on this route and ‘it is a sight to be seen’. [What are the conditions of this travel and are there fewer buses dedicated to this line due to some reason?]

Mr. Mishra also underlined that there was no organized urban public transport in Odisha prior to the JNNURM city bus service. Hence making the bus service operational was a huge challenge without adequate experience of providing this service. There is also a gap of 60-65 per cent of infrastructure support to be provided by the state government to expand the service of city bus. Having said this, Mr. Mishra stressed on the point that it is not a surprise that cities like Bangalore, Hyderabad, Kolkata or Chennai are more efficient in operating the city bus, since they have the experience of doing this and they have mainly up-scaled their performance by introducing more buses, which is not the case with Odisha since they have had to start from the scratch. He argued that these challenges should be noted while making any impact assessment, and that we cannot only look at the ridership or the passenger information system as criteria to measure the service provision. Mr. Mishra had also challenged the Director of Dept. of Urban Transport, GoO that with the 125 buses that were given under JNNURM how could they expect cities like Bhubaneswar, Puri and others to work on passenger information system and so on since it is not of utmost priority at this stage. It was important to take into account these various aspects, for instance, the operation of city bus service is across 5 urban centres in Odisha as of now and it is the largest service provider in terms of the area covered by the city bus in the country. This is another important challenge, which needs to frame the assessment of the city bus service.

There was a critique made of the pace of outcomes expected from JNNURM projects or reforms by Mr. Mishra. He argued that there is a hurry to complete the projects in quantitative terms without paying attention to the challenges that could be involved, the capacities that would be required to deliver good quality work. He also argued that the role of various bodies involved – the ULBs, Development Authorities and State Government – for the implementation of JNNURM is not clearly defined. If there needs to be a capacity building programme that needs to be organised, first there needs to be a clarity on the functions for which the capacities have to be enhanced, second there needs to be a stability of the officers designated for various positions. He said, “There is nothing called time-line, the system takes time to grow. You need to allow the system to grow. The system does not grow overnight. Since the expectations are high, we also make requests to our operating partner going beyond the Memorandum of Agreement. For example, there was news that the doctor’s consultation fees at AIIMS hospital is Rs. 10, while the transport charges to reach there is Rs. 200. When this news flashed there was a demand to ply more buses to AIIMS, and when we requested DTS, they had a genuine problem of no place to park the buses. Even to decide on various modalities of frequency, timing and so on requires sometime, but the higher-ups don’t seem to have the patience”. Mr. Mishra believes that there is a weakening of processes in the haste of delivering services without having an interim plan or giving time to up-scale some of the initiatives.

With respect to the impact of JNNURM on governance, Mr. Mishra pointed out that there are important provisions to do away with the archaic provisions/regulations in the Municipal Act, 1950 or other legislations. For example, at that point of time BMC could not charge advertisement fees but today it is a potential source of revenue. Another example, if the ULB in Odisha wants to spend Rs. 5,000 or more from their own source of earning, then they need to take the approval of the government, which is provided in the Municipal Act. This provision is there in Tamil Nadu also but the amount is Rs. 8,000. The point was that there could be regulations with respect to grants from the government but why should the BMC not have the leverage or financial buoyancy as far as their own source of revenue is concerned to plan their own activities/projects. Even for any small initiative, the councilors have to go to the government for approval. Mr. Mishra said that he had made a change in his office where he would only release budget head grants and the specific projects need to be decided by the Municipal Council. If there is any conflict of interest, then he argued that the local corporators would impress upon the council to approve the specific projects and it should not be the state government deciding about it. There is also supposed to be a move towards ‘participatory governance’ and the local ward level committees have to be constituted for which the proposal is on the floor of the house since the cabinet has already approved it. His point was that the ULBs should be given some independence to decide on what projects they would take up at least with their own sources, and there was a need to change these kinds of archaic provisions. Further, the role of corporators is important in the local governance of the city, and the Commissioner should only release money according to the budget heads but specifics need to be decided by the Council.

The most significant impact of JNNURM, according to Mr. Mishra, was that the citizens have become more demanding since they have now become aware of the city government and municipal body’s functions and responsibilities. The other positive impact noted by him was the hitherto neglected sectors that have received priority, like the urban public transport, preservation of water bodies and so on. For instance, under the UIDSMT, the ULBs made a very good intervention and have developed 24 tanks in Barampur beautifully, which would not have been possible otherwise and earned Barampur the urban water development award 2013 in Delhi.

Another significant critique of JNNURM that emerged from Mr. Mishra’s presentation and his experiences from a state like Odisha, where the levels of investment in urban development is low, was that the JNNURM had become project driven instead of programme driven by the Government of India. For instance, he pointed out that there was no need to review project-wise like the Bindhu Sagar project, but it was crucial to review the entire programme on water bodies, which would provide a wider perspective on the improvements that have happened in the infrastructure or governance under the JNNURM. If there is a comparison made between urban monitoring mechanisms with that of the rural systems, then we would notice that the latter has streamlined very well and the gram panchayats have their systems in place to review the various programmes. He further mentioned that there was a system in place for reporting with respect to programmes implemented by the gram panchayats, which could be even accessed by the Prime Minister of the country; while he as the Director of Municipal Administration was unaware of what was happening at the level of ULBs since there is no clearly defined chain of command. The task of monitoring and supervision seems to be further compounded with the overlapping roles and responsibilities of each level and across the line departments, and between the ULB and state government not being clearly defined.

Mr. Mishra concluded on the note that the ULBs in Odisha were mostly poor in projecting their achievements. He believed that projection was important since it draws the attention of the higher authorities, and with such attention finances, capacities and consultancy support, media attention flowed. However, Odisha seemed to be poor in doing so, which is very well performed by other states and in turn they benefit in terms of projects and finances. Example of a PPP project in the water sector of Rs. 188 crores, with the people getting 24\*7 water supply at the cost of Rs. 0.387 per liter, which is the first in the country but has not been covered positively by the press. The institutions would be paying at a different tariff structure, but this project is an achievement in itself, which could have been highlighted and advertised widely. This would not have been the case with states like Gujarat, Karnataka or Tamil Nadu. The counter point or ‘disheartening’ aspect to this showcasing is the excessive monitoring and supervision by the Auditor General (AG), which has introduced the language of ‘thematic audit’. For instance, the BMC had initiated an energy saving lights project in Bhubaneswar as a PPP with the Super wealth group of Mumbai on 5 October 2013, which was again the first of its kind and then introduced by Jaipur and Noida, but the AG called in to submit all the documents for thematic audit on 19 October 2013. Mr. Mishra said: “The AG should not sensationalize the issues and give more reasons to doubt to the people in an already hyper-doubting society. There needs to be some independence to the functionaries. If not, they would mostly begin to play safe rather than being creative, and this would lead to maintaining the status quo”.

With respect to the future of JNNURM, Mr. Mishra said that the department was not sure of the phase II scenario and if the BRTS was going to be sanctioned. It was already approved by the Central Monitoring & Sanctioning Committee (CMSC) on 25 February 2014, which was the last CMC meeting, but the concurrent financial support was not yet provided. He also said that there is tremendous uncertainty with respect to the idea of ‘smart city’ that has been floated without anyone having an idea of what are its components. What is a ‘smart city’? Is it only a digitized city with wi-fi and so on? Mr. Mishra shared from his recent visit to Spain, and a city 200 kms away from Barcelona, which is well developed small city with both affordable and high-end housing in the same locality, with the ‘support staff’ living in the same neighbourhood, the sewerage and drainage facilities managed with the city limits, the educational institutions, markets and city hall situated in walk-able distance and the bus being the only transport or most people walking around to different places. If such is the conception of smart city, then Mr. Mishra found it worthwhile with the digital technologies following along with all this, rather than other way around. He feels that wi-fi could be a part of this holistic vision rather than it being prioritized or made a prelude to a smart city. The main problem identified by Mr. Mishra with respect to envisioning or conceptualizing urban development is that there have been no systematic studies or planning for cities, whether it was while thinking about JNNURM or smart cities. Each state has specific local requirements, and each city may have its own ideas of development. If all these are not taken into account, then the smart city concept is going to benefit only a few big cities as it has been the case with JNNURM.

**Questions, comments, suggestions:**

* What is the change in the relations between ULBs and other development authorities, particularly in big cities like Bhubaneswar?

As per the Second Administrative Reforms Commission, it was clearly stated that there should not be any development authority. As far as the understanding goes, the Development Authorities plan for a larger area than the City Municipal Corporation or Municipality, and it is the mandate of the latter bodies to plan for the area within the city limits. Sharing from his visit to Ahmadabad in 2009, Mr. Mishra quoted the example of Ahmadabad Municipal Corporation (AMC) whose Director catalogued a host of functions that it performed, except Law and Order and Public Distribution. This was the breadth of functions performed by the AMC and it is important to create a planning wing in the Municipal Corporation. And the development authorities should plan for the peri-urban areas. But if we look at the Bhubaneswar Development Authority Act that was passed in 1982, we would realize that many of its provisions are violating the powers of the ULBs. The parastatal organizations have been created to weaken the ULBs. As of now the Municipal Corporation Act that was enacted in 2003 is applicable but the Municipal Corporation Act of 1950 is more coherent, visionary, practical and better for the city than the former, which is nothing but a copy-paste exercise of 5-6 states. It is of utmost importance that the planning function is transferred to the BMC. If there is any water logging, drainage or maintenance issues, then the people come to the BMC and not go to the BDA. But the building approvals are given by the BDA and not by the BMC, which is contrary to the provision in the Municipal Corporation Act, 1950. It stated that no building approval should be given without the clearance of the Executive Commissioner of the BMC. There are also many overlaps in the laws, for instance in the Police Act there is a provision that they would remove the road side encroachments, while it is also provided in the Municipal Corporation Act. Hence, there is a need for clear division of responsibilities and powers among the various authorities, since multiple authorities with overlapping powers, without clear definition of roles or chain of command, will kill the progress of the city.

* There is a suggestion towards creating a single window with the powers entrusted to the BMC and this has been debated for long. There have also been steps by the Development authorities in Odisha to transfer the functions to the ULBs. What are the precise blocks to this in the context of Odisha? Why is the actual transfer not happening?

The blocks are both internal and external. For instance, even the Primary Health and Water Supply functions departments do not want to come under the ambit of ULBs. There is an inherent opposition by them, and so is the case with the development authorities. But when we are talking about development authorities, we are mostly referring to Bhubaneswar Development Authority, since the other development authorities are playing no significant role, wherein one of their offices is known as a ‘notice board’ since they have no staff. With respect to Cuttack Development Authority, they have taken salary, administration and other establishment costs to the extent of Rs. 2.75 crores in the last 9 months, while their developmental expenditure is to the tune of Rs. 7 lakh. Puri-Konark Development Authority (PKDA) was also functioning but it was person-driven. First of all there is a need for strong political will, second there is a need for strong administrative decision to follow it in spite of the opposition, and it is crucial to strengthen ULBs.

* As an outsider, without coming to the state, meeting people or doing site visits, one gets an impression that Odisha is the most pro-reforms state, with one the most contemporary Municipal Act, Slum Act, green building control rules, CRZ, fresh water, you name it and there is. What are your thoughts on this?

Odisha state government is very sincere in implementing in letter but not in spirit and every direction given by the Central government is followed because we fear that we may lose funds on that front. Odisha government does not have the acumen or the intelligence to read between the lines, like other states. As it has been rightly observed that as per the accreditation report Odisha is best in complying with the reforms, but immediately we bring in notifications. On paper, out of the 18 we have already transferred 17 functions to the ULBs, except fire since Bhubaneswar does not qualify as a 1 million plus city according to 2011 census. But it is important to understand in what way these functions are being transferred in practice. For instance, the water supply function has been transferred but the BMC in turn passes a resolution saying that it does not have the technical capacities and transfers it back to the line departments. This is the kind of process, which is going on. Mr. Mishra assured for small group discussion, where he could share further and he could give more details or comments for the report, without necessarily quoting the DMA.

Thanking Mr. Sanib Mishra for sharing at this workshop, Prof. Kajri concluded on the note that there are many stories to each notification and there are layers to the changes that are taking place, but the time is insufficient to either cover it here in the workshop or in the research report and any such attempt would only be partial. Another issue that she underlined was the lack of critical intelligentsia, civil society or the press, which debates, questions and critiques these issues of urban development in Odisha, and might be there in some of the larger states and cities. This she pointed out as an important reason as to why many of the reforms remain on paper and do not translate on the ground.

**Mr. Nishikant Mishra, Chairman, Dream Team Sahara (private operating partner of city bus service)**

Mr. Nishikant Mishra began with his introduction of having a long association with the government of Odisha in various capacities for the last 25-30 years. He was the President of Small and Medium Scale Industries Sector (MSME) of Orissa and a member of the National MSME Board. He presented himself as an entrepreneur in Odisha, who attempts to encourage and build entrepreneurial capacities in the state, whether it is in the sector of industries, advertisement or urban public transport. His point was about focusing on the performance and displaying the contributions made in the state rather than mere publicity. He believes that while Odisha government since 2008-09 is attempting to look around at other cities and states and trying to learn from their experiences, which is a positive move; but it is not applying itself to think in a concerted manner about the kind of changes that it wants to bring about in its cities in a planned manner, along with paying attention to the capacities and weaknesses of the functionaries. He argued that Odisha is merely following other states since the last 2-3 years and rapidly changing without looking at its performance and capacity.

Some of the aspects that Mr. Mishra proposed for re-thinking (introspection or change) with respect to urban development were as follows:

* The tax structure of Odisha needed a serious re-thinking, since the ULBs were not in a position to raise their revenues and their tax structure is very different from that of other states. Since they have less revenue, there is less investment for development on their part. They are also shying away from functions that are due to them since they do not have adequate resources. This is an alarming situation and needs people to apply their thought at various levels and make the required changes in statues.
* Every state has urban development as its priority, which is not the case with Odisha. With the coming of JNNURM there has been some emphasis on this but the momentum that has been generated has to be carried forward. Having said this, attention also needs to be paid to the specificities with respect to the states and cities. It is of utmost importance to understand the local context of each city (its economy, demographic and geographical factors, skills and capacities of the city government and administration, availability of infrastructure, and many such factors), since ‘a common planning is not applicable for all the cities or states’.
* ‘The reforms related to urban development need to be system driven and not person driven’. Hence, there is a need to think of the planning aspect more seriously; and the administrators or planners involved in each sector should have an in-depth knowledge of the sector and the changes that are happening and required in it.
* It is also important to note that the state government and ULBs are engaging consultants to prepare plans for the cities in Odisha. This could be seen as a positive move; but it is also crucial to check the background of these consultants to find out if they are a ‘copy and paste organisation’ or if they are research-oriented. For instance, the DPR prepared for many sectors were impractical, and most of the operations were carried out in contrary to the DPR. Hence, there needs to be a vision in preparing the plans as well as a thought on the part of implementation. Since the hired consultants were mostly ‘copy-paste organisations’ and had not done their background work, but mostly interested in their consultancy fees, there was not much progress that could be made with respect to some of the projects. The urban transport was a success, according to Mr. Mishra, since Dream Team Sahara (DTS) believes in ‘stakeholder participation’; and with DTS being a partner – having their stakes involved in the project – they were able to prepare a more grounded plan and to achieve results in terms of its implementation.
* There was also a longish talk on working with a vision and passion, which are at the heart of an entrepreneurial operation. According to Mr. Mishra, the city bus service ‘succeeded’ in ushering the infrastructure and culture of urban public transport mainly because DTS worked with a passion and there were almost 60-70 thousand commuters of every class who were availing this service.
* There has also been constant and consistent persuasion from the DH&UD to expand the city bus services to other urban areas. But DTS has declined to go to other districts based on the argument that they want to perform well and provide quality service in the areas that they are currently operating. Mr. Mishra also said that they cannot go for mindless expansion of any project without taking into account the MoA, DPR and the present infrastructure that has been provided to the transport sector by the state government.

Summarising these points, Mr. Mishra said that the state government should prioritize the subject of urban development and decide which sectors and specific projects that it would like to focus on for the next 2-3 years. Then a good consultancy, which has a good track record, needs to be engaged not only for the preparation of DPRs but also through the process of implementation. There needs to be consultation with senior/retired officials from Odisha who are aware of the local specificities and learn from their experiences and understanding.

More specifically with respect to the operations of DTS and the challenges faced by them, Mr. Mishra made the following points:

* DTS is running on 7-8 routes as per the DPR, but they were supposed to operate on 12 routes. This is mainly because the state government has provided only 4 bus terminals, which have been there from earlier. They were supposed to provide infrastructure in terms of the OD (Origin and Destination) terminals but they have not done that in the last 4-5 years. If DTS is supposed to expand their service, there is a huge problem of parking the buses at night. So, when the state government is questioning DTS, it needs to reflect on its own performance. DTS is a 70 per cent performer but the government has not yet provided a single OD terminal. Hence, the government is a 0 per cent performer. So, how can a 0 per cent performance stakeholder question a 70 per cent performer?
* The point about giving these details was that the government needs to acknowledge the operators as ‘partners’ and not as their employees. They cannot make random demands and orders to DTS since there is a MoA, which is supposed to guide the relations between the government and the private operator. Mr. Mishra was very assertive that the government also needs to understand the history of this PPP, and realise that the OSRTC has failed and the private bus owners are only performing on long distance routes. There is a need for private participation and the government should change its attitude towards entrepreneurs like DTS. The government officials also should have the accountability towards delivering outputs, similar to the private players being made accountable, as they cannot only enjoy the powers without delivering any results.
* Dream Team Sahara is a Net Cost Model. There is also a provision that there should be automatic fair revisions, but the government does not do it. The fares were supposed to be revised for the 6th time but so far it has been done only thrice. Further, since the OD terminals are not provided, the buses are running without passengers and DTS has to bear those costs as well, and the government does not reimburse these costs. However, the government has provided Rs. 1 crore subsidy as a grant to OSRTC since there is no operator on a particular route, and DTS has questioned this disparity and unequal treatment of different stakeholders.
* If the government does not treat the operators as equal partners and if they do not deliver their share of functions, then the entrepreneurial spirit is going to be killed. DTS was the only participant in the tendering process of the city bus service through e-tendering. It was a single tender and still accepted since the government was keen on introducing the urban public transport.
* There are many projects that had to be re-tendered since there was not even a single applicant. In order to avoid re-tendering or non-response, the government needs to get the private players involved in a participatory manner and get them on board before the tendering process. These players should be involved from the planning to the implementation level, and the project partners, entrepreneurs and consultants need to be selected accordingly.

Mr. Mishra concluded on the note that the government needs to prioritize its work since there is too much on its plate. He also suggested that there need to be administrative reforms, wherein frequent transfer along with too many posts under each person was not the way of functioning. The lack of knowledge of local specificities on the part of current IAS officials who are mostly not from the state of Odisha needs to be thought of seriously, along with the lack of interest and capacities at various levels of the administration, since they do not help in long-term development of the state.

**Questions, comments, suggestions:**

* Is the non-performance of the government of Odisha a matter of lack of political will?

It is not lack of political will. The system has changed today in such a manner that it is mostly the bureaucrats who are controlling all the processes and the government officials do not have much say in it (shares a long personal experience of working with Mr. Biju Patnaik and about the change in the system).

* Are the contractors outside Odisha not interested in taking up projects in this state?

They are interested but the urban development projects are relatively recent. In most of the industries in Odisha, almost 70 per cent of the contractors are from outside. As the urban projects are made into package contracts, there are also criteria for it and aspects like work experience, investment and skill capacities become important. So, the contractors who were operating on a smaller scale earlier in Odisha are unable to match to these criteria. But it has been good so far with the JNNURM since the government also has not much experience and even the DTS. If there are bidders and their tender gets accepted, then they could operationalise the project.

Prof. Kajri ended this session thanking Mr. Mishra for working with the zeal and passion that he does. She also believes that the city bus service has been the major ‘success’ of JNNURM and has come a long way in addressing the need for urban public transport.[[1]](#footnote-1)

**Session 2**

**XIMB presentation on the Governance Case Study**

Ms. Namita Subudhi had provided the research assistance for this research and case study. This presentation was to cover the City Bus Service and Drainage sectors. Prof. Kajri Misra skipped the city profile and other background information due to the lack of time and as it might not be useful for the guests who were present in the workshop and familiar with the city. She directly began by addressing the central research question: What have been the changes in the governance structure due to JNNURM?

Prof. Kajri stated that prior to the JNNURM most of the functions were carried out by the state government and the ULBs had no significant role to play. She seconded Mr. Sanib Misra’s argument that the ULBs were empowered, even after JNNURM, only on paper but not in spirit, which was elaborated by Mr. Patnaik from his experience. In many sectors, the scenario is such that, the government departments had to give the final approval due to: first, the spending limits of the ULBs; second, while the functions had already been transferred to the ULBs they did not have the powers or capacities to carry out those functions.

In the ULB structure there is a Mayor and a Municipal Commissioner, but when it comes to decision-making it is the latter who makes them although the former officially presides over the Council. It has been the case from the last 12 years or so; and Prof. Kajri noted that the Commissioner of BMC and the Chairman of BDA has been the same person on at least three occasions. So, the executive head of the ULB and the Development Authority is the same person for the last many years. Further, the nodal officer in this structure is the one who is in-charge of the particular sector and to whom the file goes for clearance. Both the ULB and state government have a nodal officer.

With the introduction of JNNURM, apart from the State-level Steering Committee and the Nodal Officer; there came the Special Purpose Vehicle (SPV) and Project Implementation Unit (PIU) at the ULB level to implement at JNNURM projects. They were supposed to report to the Project Monitoring Unit (PMU) at the State level. The point is that with these additions to the municipal structure, there is no decision-making at the ULB level and the JNNURM projects work with separate units rather than within the existing structure. For instance, the city project did come with the involvement of BMC but it was implemented by the PIU, which in turn reports to the PMU and the state government. The PIU and PMU are directly under the Secretary, and they work on the proposals in consultation with the Secretary and report back to the state government.

In terms of time-line, although JNNURM officially started in 2007-08, it was almost 2009-10 or even later in some cases, by the time the entire structure was put into place. So, it was only in the last 2-3 years that the PIU has been functional, even though there have been projects on paper prior to this. ‘Though the structures were created and put into place, they were not manned’, noted Prof. Kajri Misra.

The Puri Municipality is small; but Bhubaneswar has a Municipal Corporation, which is one of the oldest and well staffed ULBs. There are functionaries in all the departments of the BMC and this has not happened because of JNNURM but existed prior to it. The BMC and BDA are two important bodies at the city level involved in the urban development projects. However, under the JNNURM, it is the PIU that received all the funds and implemented the projects. Although the Director of Municipal Administration was part of the governance structure, the decision-making was very thin, or even the monitoring and daily supervision, which was already elucidated by Mr. Sanib Mishra. Even the operational and strategic inputs on their part were very slim.

History of the BMC and the various Acts that have been passed was displayed on the slide. Map for overall governance structure in the state was shown. Then showing the snapshot of the existing infrastructure in Bhubaneswar of roads, sewerage, drainage, and the benchmark for JNNURM to build upon, Prof. Kajri stated that if a closer look is taken at each of them, there will be variations both positively and negatively. For example, in the water sector, the statistics showed that the supply is higher than the benchmark, which is not true because the manner in which the water is supplied is such that it is not distributed across all the wards and most of it goes in losses, which is the case with many water supply systems in the country. So, the heading ‘service level’ for water supply is misleading, since it only refers to the extraction level. It is the bulk water divided by the total population, and does not refer to the distribution or service level since it is not reaching the people. This point could be made with certainty since there are studies to show this. But each of the benchmarks would require separate studies to assess the actual service level. There are underlying stories and issues under various statistics that need to be unraveled in each sector, and the data used to show this was provided by the government and available in the public domain.

JNNURM had a set of mandatory and optional reforms to be carried out by the states in order to avail the grants for various projects. There was a chart that showed the progress report of each of the reforms undertaken by Odisha. Prof. Kajri’s point was that it is difficult to ascribe the effect of JNNURM on reforms, since many of them were initiated in the state prior to the introduction of JNNURM. While some of them were clearly due of JNNURM, many other reforms were initiated prior to it and happened to coincide. For instance, the Public Disclosure Law was discussed even prior to JNNURM not only in Odisha but in other states as well. It is true that the law has been passed in recent times but could we ascribe it only to JNNURM.

More specifically with respect to the Public Disclosure Law, it has not been passed and there is no gazette notification for it. But there are guidelines that every urban body should put up their financial reports and outcomes in the public domain. 5 years ago there was a debate about mandatory disclosure on the website or elsewhere, and it was complied by many; but in the last 3 years there has been again a lapse on this. There is definitely an increasing use of IT since the process of tendering is online; and the notifications and other information are up on the website, but this is not necessarily because of the Public Disclosure Law. Prof. Kajri’s suggestion was that the availability of information in the public domain was mainly due to the increased use and spread of IT in the last 5-6 years, which was not the case earlier. Hence, attributing any change to a particular law, JNNURM or a movement was going to be difficult for various reasons. Another example is that of Sanjog Helpline since there are statistics of how many calls they receive and address. But there is no information about what are the kinds of issues that come up or the issues that are resolved. When there is an enquiry into these specifics, then according to Prof. Kajri, each of these statistics become highly questionable.

Going into the specifics of each reform would be difficult. Prof. Kajri suggested that many of them do exist on paper but they are not practiced. For instance, one of the reform states that the elected municipal corporators should be part of the planning process and this does exist on paper. They are entitled to participate but the question is how much say do they have in the decision-making and how is this being operationalised. When you talk to the corporators, they are of the opinion that it is ultimately the Commissioner who makes the decisions.

Prof. Kajri pointed out that there have been some positive changes also, like the introduction of double entry system of accounting. It has taken them 3-4 years to implement this even for a small ULB but once they have leant the principles and there is a model in place, then it could be more easily done with other ULBs as well. ‘XIMB was supposed to train them back in 2006, but it did not happen. The realities of actually doing this are not so easy.’ Each reform has a story within and it was not possible to go into those details here. But if one were to do so, then they would be able to tease out the nuances of each reform. The point made at this juncture by Prof. Kajri was that there is an intention to implement the reforms and there has been a beginning, although it might not be a success story with each one of them. It would then be crucial to look at the rate of progress and what has been achieved in practice.

Mr. P.K. Patnaik pointed out that the states did not create specific projects for JNNURM. They already had projects that they were looking for funding, and with the introduction of JNNURM, the modified those projects to comply with the requirements of JNNURM. So, the states were already ahead of what the JNNURM expects them to perform. Odisha is very progressive in terms of catching up with new ideas, concepts, procedures, projects and accordingly go ahead with bringing out the policies, notifications, amending rules and regulations and so on. Even different schemes are formulated. It is up to this extent that Odisha is very promising and forthcoming. But when it comes to its implementation, then there is a realization of lack of funds, capacities, people with required skills or experience, adequate infrastructure, functionaries to carry about those initiatives and so on. Some of the significant limitations of JNNURM are:

1. There is no cushion provided for building of capacities. The phase-I does not even provide adequate funds to prepare the CDPs or DPRs. How are the states supposed to prepare these and it has taken a lot of time to prepare them and set the ball rolling.
2. There is no preparedness of the states, for instance, the question of land is crucial in Odisha since there is no land that belongs to the BMC but it is supposed to prepare the plans for the land that does not belong to it. How would the BMC know whether the land will be available for the plans that it is preparing?
3. Implementation and co-ordination are serious challenges. For instance, land is not with BMC and when it is making any CDPs it has no idea of what it can propose or what can be allowed.
4. There has been a downsizing of bureaucracy for reducing expenditure on the state’s exchequer. Hence, the staffing of various departments is not done and their capacities are not on par with the expectations of new schemes or programmes.
5. Only functions are being transferred to ULBs and not the funds and functionaries. So, in this case even the BMC is saying that they do not have the capacities and they are either not accepting the functions or under-performing.

On the positive side, according to Mr. Patnaik, JNNURM has laid priority on urban development, and it has laid emphasis on small and medium towns, which was not considered at all earlier for urban transformation, apart from metropolitan cities. This is a significant milestone for cities in Odisha.

**Questions, comments, suggestions:**

* What have been the impacts of the reforms on the cities is not yet emerging from the presentation. What we have been talking so far is still at the level of outcomes but not impacts. From the discussion, land has clearly emerged as an issue, but what have been the impacts on land? What are the kinds of changes that have happened with respect to land prices, housing markets, speed of building construction, entry of new players in the housing industry and so on?

There has been software designed for the simplification of building regulations by Tata Consultancy Services and it is mostly online now. But it depends on the capacity of the individuals to be able to follow these online procedures. These simplification processes have started and a lot of MIS is being put into place.

* But what is the impact of these online processes?

There has been some 15-20 per cent achievement on this front and it is a long way to go. As of now, it is still the Development Authority which is in charge of providing the clearances and approvals. The online system is still with the developer and should be transferred to the BMC hopefully in 2015. After it is ready, then the function might be transferred to the BMC, and then there will again be the question of capacity and all that.

* When it comes to participatory processes, the government is very partial. They are not willing to involve the NGOs, CBOs or any other civil society groups who are working with the communities and have access to those areas. This could be a way of increasing community participation of those who are coming under the various projects as beneficiaries. But the government is not very forthcoming and they are not disclosing the lists of beneficiaries or any such information. There has to be more involvement of private partners by the government since there are organisations like the UDRC that are willing to work with the government on behalf of the people.

There is a problem with this as well since the government cannot be partial to any particular private party and it has to go for competitive bidding.

Even when the government goes for competitive bidding, there are tenders that are accepted below the cost levels, which then cause severe constraints in the process of implementation. It is important that the proposals need to be reviewed by technical experts. In most cases they do not have a technically qualified panel, while they have officers from various departments. For instance, there was only one planner on the panel while they were preparing the CDPs, and the government officers did not have the technical competence.

* CDP is an important aspect of JNNURM, and it needs to be does in a participatory manner and take into account the needs and priorities of the people. But the government is also not looking at what is happening on the ground, which is the reason that there is a mismatch between the CDPs, DPRs and the implementation.

JNNURM did not give enough time for the preparation of various proposals. For instance, preparation of CDP was a huge problem since the time was insufficient for the BMC to prepare it in a technically sound manner. Then Puri-Konark Development Authority (PKDA) entered the scene and prepared the CDP in 2 weeks.

Many of the developed states have been planning for their cities for a long time, and the ULBs were also involved in the process for a considerable period of time. With the introduction of JNNURM, it was not much of a difficultly for these big and developed states to plan for their cities and prepare CDPs and so on. This was not the case with less developed states like Odisha. She argued that there is an emphasis on marginalised groups when we are taught planning but there should also be an emphasis on marginalised regions and states, when we are expecting outcomes from them in a short period of time without adequately building their capacities.

In terms of capacity, Odisha is surely falling short. For instance, there are positions created for urban planning of 72 – urban professionals, 226 – support staff but no recruitment is done. Even the advertisements have been made and it has been sent to Odisha Service Commission to fill these positions. But there have been a lot of internal difficulties of promotions, qualifications and so on, and there have not been many eligible applicants with the required qualifications as well.

* What has been the conventional share of Urban Development in the Odisha budget?

Department of Housing and Urban Development’s budget is around 1000-1100 crores as of now, which was 500 crores 5 years ago and out of this Rs. 170-180 crores went to water supply.

**Session 3**

**XIMB presentation of the Sector Case Study – BSUP – Housing for the poor**

In this session, the ‘beneficiaries’ of BSUP who had come from various localities to participate in this workshop were requested to share their experiences of the BSUP project, about where they lived, in what conditions, how the BSUP was implemented, what were the changes and challenges, and so on.

**1**. **Matitota Bhoi Sahi, Puri (one of the five BSUP sites in Puri)**

The ‘beneficiaries’ of Matitota Bhoi Sahi shared that they had spent their own money and built the house. Puri Municipality had promised to pay the beneficiaries in installments according to the stage-wise completion of the house but there has been considerable delay in the payment. For instance, there were cases where the delay after the completion of plinth level construction was more than 8-9 months. Due to this, people borrowed money on loans from the local money lenders at 3-5 per cent interest rate per month and incurred a lot of expenses. Recently, they were informed by the Puri Municipality that if the beneficiaries completed the construction of the house, then they would be paid their dues. Puri Municipality has also been insisting on the house design and completing the construction of bathroom and toilet, or plastering of walls, before they release the installments. People are unable to complete the house construction since they have already invested a lot of money and they have no more money left to invest further. They have been going to the Municipality’s office repeatedly to get their dues. In fact, Puri Municipality has not been paying the beneficiaries at all in some cases. Hence, it has become a huge burden and the people have become indebted in the process of constructing their house under the BSUP.

UDRC representative elaborated on the issues involved with respect to this BSUP project. The total cost budgeted for constructing a house was Rs. 1,70,000. 10 per cent was beneficiary contribution (i.e., Rs. 17,000) and Rs. 1,53,000 was promised to be paid to them by Puri Municipality. There was a contractor involved in the construction of houses under BSUP in this site. However, the contractor abandoned the work in the initial stages itself of the project. Ever since the contractor left some of the beneficiaries have been paid one installment, some have received two installments, and then the Puri Municipality stopped clearing any of the bills. In the beginning some have received money twice, that is, first time it was Rs. 60,000 and Rs. 8,000 in the second round. But they have not received the last installment. UDRC is working on 3 sites of JNNURM in Puri out of 5. Matitota is not under UDRC. There has still been an attempt on the part of UDRC to follow up with the Municipality but there has been no benefit so far; and the construction of their hose is not yet completed.

The main hurdle of the BSUP projects in Puri was the non-clearance of bills by the Puri Municipality. In this scenario, it was not only the beneficiaries who were in a precarious financial position but also the NGO (UDRC-SPRAC) since they had invested Rs. 50-60 thousand of cost escalation for each house in addition to Rs. 17,000 of beneficiary contribution and paid various taxes to the tune of 8 per cent (of Rs. 1,70,000). Hence, the NGO had spent most of their capital investment in the construction of 53 dwelling units and had no more money to invest for the remaining ones. The non-clearance of bills was the biggest impediment in the completion of this project, as they had taken up the construction of 164 dwelling units in three sites of Puri. After the withdrawal of the NGO as well, the additional burden fell upon the beneficiaries who were left worse off after the implementation of BSUP project.

A Junior Engineer (JE) of the Puri Municipality present at the workshop said that he had joined recently and could only answer to the extent he was familiar with the situation. He also said that he would report this matter to his senior officers. According to the JE, the main problem was that the Puri Municipality was supposed to release the money stage-wise and when the plinth level construction was done, they had released the first installment. The second installment was released once they had put the roof. Now the beneficiaries were required to do the finishing – flooring, internal and external plastering, fixing the door and windows – before the final installment is released. Since the beneficiaries have constructed houses of large area, the cost of construction has increased; and it has taken time to complete the construction, there is also the burden of cost escalation. But they need to complete the house before they get their due. How could the Municipality release the payment if they have not completed the construction? According to the DPR, a house of 200-250 sq. ft. could be built with the approved budget (Rs. 1,70,000) as per 2008 prices, but the people have constructed houses of 600-650 sq. ft. Hence, they have spent more money and unable to finish the construction of their house. In Puri, the Municipality is supposed to pay the bills stage-wise for the construction of 375 sq. ft. But since the people are left with no money, they are unable to do the finishing and the bills are not paid by the Municipality.

It was surmised that there was no agreement between the Municipality and the beneficiaries that the funds would be released based on stage-wise completion of the house and as per the design approved in the DPR. However, since the problem of non-payment of installments persists, it was suggested that the JE needs to report this issue back to his office and they could release the money since the people need to be paid their dues.

Rajkumar, one of TISS students who was involved in this research in Puri, also pointed out the ‘beneficiaries’ of BSUP projects were being charged an additional amount (apart from the beneficiary contribution), which included VAT of 5%, Sales tax of 1%, Royalty for sand and other minerals of 2%. This was supposed to be charged to the contractor, and since the contractor has left in between it is now being charged to the people. Basically, the contractor was supposed to construct 17 houses in Matitota and he completed 2 houses upto roof level, 3 houses upto plinth level and the rest he has done nothing. So, it is these 12 beneficiaries who have to bear this additional burden. Further, the beneficiaries were chosen by the corporators and not in a transparent manner.

Based on the above information, it was deduced that since the contractor was appointed in the initial stages to construct the houses but left in between, all these additional taxes would still be paid by the beneficiaries. This might be the case if the Municipality was still treating the BSUP project as an agreement with the contractor, and might be showing it as such in their documents. In such a scenario, the Municipality would deduct this amount and deposit it in the accounts division, and continue to show that the work was done by the contractor on paper. A UDRC representative questioned the unfairness of this practice that led to additional expenses for the beneficiaries, which should have been incurred by the contractor, while the people were already burdened with cost escalation, interest to be paid on borrowed money due to the delay in payments by the Municipality. A faculty from TISS questioned the Puri Municipality for treating the construction of BSUP houses by the contractor when it was actually done by the people themselves. This remained an unresolved question as to how was the Puri Municipality treating the contract with the beneficiaries after the exit of the contractor and why were the beneficiaries forced to pay the additional 8% of taxes?

Prof. Kajri marked the absence of two invitees at this workshop, that is, Mr. Ajit Mishra, Joint Secretary of DH&UD who is also in-charge of BSUP and RAY and Mr. Srimanta Mishra, Project Officer-JNNURM, BMC, as the beneficiaries of BSUP projects could have shared their grievances with them and they could have explained the problem and suggested ways forward.

**2**. **Bharatpur, Bhubaneswar (one of the three BSUP sites in Bhubaneswar)**

The discussion around this site brought out two crucial issues in the process of BSUP implementation in Odisha. First was the concern of cost escalation mainly due to the unrealistic estimation of construction of a house and the delay in initiating the BSUP projects. Second was related to the question of land and the definition of a ‘slum’.

According to the DPR, the estimate for the construction of a house under BSUP was Rs. 1,70,000. Of this, 10 per cent was to be beneficiary contribution (that is, Rs. 17,000) and Rs. 1,53,000 was supposed to be paid by the ULB. In the experience of UDRC, which was carrying out some BSUP projects in Bhubaneswar and Puri, it was impossible to construct a house with the minimal amount of Rs. 1,70,000 and they almost incurred Rs. 50-60 thousand in addition for each house. Such cost escalation was not taken into account while preparing the project proposal, which led to the contractors abandoning the project mid-way, the beneficiaries bearing an undue burden and the NGO being unable to complete the construction of all the dwelling units that they had proposed to do so. It must be pointed out that the contractors mostly abandoned the work after the plinth-level, which is also considered the ‘creamy layer’ where they could earn the most profit. With the exit of the contractors, the Puri Municipality and BMC issued self-work orders to the beneficiaries to complete the construction of their houses, however, much to their disadvantage. While the cost escalation increased the financial burden of the beneficiaries much beyond their capacities, the non-clearance of installments by the ULB made them debt ridden. In addition to this, the specific house design insisted by the ULB and non-participation of the beneficiaries in the process of planning/designing their house, which should have taken into account the specificities of their living and livelihood came up as significant issues and shortcomings of the in-situ re-development projects in Odisha.

Most of the BSUP projects in Odisha were implemented in old settlements that were either revenue villages or small hamlets. Some of them were also taken up in settlements on the peripheral areas, whose residents already had a history of displacement from the central parts of the city to be resettled on the outskirts. The main criterion adopted by the ULBs in Odisha for the selection of beneficiaries was of possession of a *‘patta’*. There were also other considerations like conditions of housing and access to networked infrastructure but they remained marginal in the process of selection. Hence, the BSUP projects were taken up in old revenue villages, hamlets, re-settled areas, or declared slums on the outskirts of the city; and the beneficiaries were selected based on the possession of individual land that had permanent and secure title with perpetual rights to land. It is important to note that whether it is with IHSDP or BSUP, there is no Central government guideline which states that the project should be implemented of ‘own’ land. The guideline merely states that there has to be a security of tenure and it is the responsibility of the ULB to provide security of the tenure. The first question is why is such a scheme, on these terms, applied to a settlement like Bharatpur revenue village, which as the beneficiaries were saying was their ancestral property and they have lived there for almost a century without even the knowledge that their settlement has been declared as a ‘slum’ by the BMC. The second question is who has taken this decision.

The discussion on the nomenclature of a ‘slum’ was lengthy and insightful, especially for the reason that there were hardly critical questions raised from any quarter, either by the NGO or by the academic institution. There seemed an initial consensus among all of them with respect to government’s categorization, and their only role was conceived in terms of being partners in implementation. However, this session clearly brought out the difference in people’s understanding of their settlement and that of the government, while as practioners/researchers we seemed to have accepted the latter’s vision without any critical questioning as to how does a revenue village become a ‘slum’. This was significantly a point about nomenclature and the principles of evaluating land. How can villages located on the periphery of the city be categorized as a ‘slum’ and how could the government implement slum re-development schemes like BSUP or IHSDP? How could we resettle them by declaring them as a slum was the fundamental question?

The main concern of this session was the manner in which the ‘beneficiaries’ were brought under the BSUP project and the terms on which they were being resettled. It is important to note that there are 436 declared slums in Bhubaneswar and there is no slum improvement work carried out in any settlement under BSUP. Individual beneficiaries were chosen for the construction of *pucca* house and no other infrastructure facility was provided to improve the conditions of living in the settlement. This session highlighted the need to have a pragmatic approach to ‘slums’ where the government could invest in providing water supply, drainage facilities, security of tenure and other social infrastructure. The people could invest in their incremental housing as they have been doing so far.

**Session 4 – Conclusions and roadmap ahead**

In this session, Mr. P.K. Patnaik, Ex-director, Department of Town and Country Planning (DTP), shared his views on the processes and challenges of implementation of JNNURM in Odisha, along with reflecting on ways forward for urban development in the state. According to Mr. Patnaik, JNNURM was a benchmark scheme to bring urban development into focus. Its main objective is to bring about reforms in governance both mandatory and optional for which some incentives are given to the states in the form of projects or investments.

A substantial part of the discussion in this session focused on the following themes: (i) urban governance, (ii) infrastructure augmentation and development, (iii) land development, (iv) regulation of land-use and construction of buildings, (v) municipal revenues in Odisha, (vi) Rajiv Awas Yojana; and each of these are discussed at some length below.

* **Urban governance**

Many of the mandatory reforms have been completed by GoO and this is done without making amendments to the laws, which would take time. Directions have been issued to developmental authorities in various towns to devolve their functions to the ULBs. However, the main problem is that either the Municipal Corporation or the Municipality have not yet accepted all the functions and they are carried out by the government departments or development authorities. This is mainly since the ULBs are not empowered and the state government has not taken adequate steps to empower them. On paper, the functions have been devolved and the day that ULBs will demand to perform them, they will be handed over to them. Until then the government is obliged to carry out those functions. With respect to empowering the ULBs, it has not happened for various reasons, while it has taken off very well in the rural areas not only in Odisha but across the country. The primary reason for this is the lack of political interest of different elected groups. It was suggested that devolution will happen only when the political leaders and bureaucracy would like to devolve the powers to ULBs, but devolution is a must.

JNNURM was basically meant to bring about a set of governance reforms and there were certain carrots given in the form of projects to the states. For this, the GoI also identified critical sectors of urban development like sewerage, water supply, drainage, transport, housing and a few more. While there were incentives created for the states to devolve the powers under JNNURM, the states could very well refuse to take that grant or they could devolve the functions on paper without actually providing any finances or support to the ULBs. But the GoO has been proactive in urban development; may not be at the level of implementation but at least for bringing in progressive policies and creating an environment where further developments could happen. For instance, there are 103 ULBs in Odisha and the DTP has started preparing a digitised remote sensing based master plan only for 55 ULBs, which captures the data of the government land available, its size, location, topography and so on. Of these 18 are already completed and 33 are in progress. This is a very advanced action that the GoO has initiated and the GIS platform would be readily available for mapping other projects like RAY and so on. For any new project, the data would be available right away for at least 33 towns, and there is no need for survey. With respect to e-governance, Odisha has tried online approvals of building permissions but the BDA has failed; in the sense that the software, which was designed, did not take into account very many aspects. There are some other arrangements now that are being made and it is suggested that unless the plot of land is not rectangle, it will not be approved for construction by the urban development authority and so on.

Although there are many issues in urban development, with respect to JNNURM it was said that it had given a boost to the agenda of urban development in all the states. It was also pointed out that co-ordination was a huge problem and JNNURM should have given a template for institutional set-up for co-ordination between BMC, Development Authority and state authority.

* **Infrastructure augmentation and development**

There are physical infrastructure constrains in Odisha; and the deficiencies have to be met by way of planned interventions. With respect to designing programmes or projects for Odisha, it was emphasised that drainage and roads should be the priority for any urban development. There was also a need to focus on service infrastructure in urban areas, which would provide opportunities for the development of affordable housing and in promoting the economic activities of various kinds and generate livelihoods. For this, there is a need for service land, may be for industry, roads, schools, hospitals and housing. It is important the GoO focuses on infrastructure development since this cannot be done either by private sector or by individuals. Planning and infrastructure development are crucial aspects of decision-making by the government. It was highlighted that we do not live in times where the government would pump in all the money to boost the economy, but there are private players and market forces which are going to influence the decisions. Hence, there needs to be a scope for meaningful partnership between the government and private players, which takes into account both the priorities of inclusion and social development, and the issues of time and cost over-runs, delay in implementation, mechanisms of co-ordination and other exigencies in improving the infrastructure of the cities.

It was also proposed that are new concepts in the arena of urban development that Odisha needs to consider and one among them is ‘transit-oriented development’, which means development over mass transit corridor, either by bus or by train, and on a particular point there is tall and intense development on particular nodes and creation of floor space to accommodate multiple activities such as residences, business offices, recreation, etc. With intense development, which houses many people, the infrastructure investment is considered to be minimised and saves a lot of cost, travel time and beneficial in terms of environment. Management of day to day activities in a convenient and transparent manner through e-commerce, where we pay our bills online and so on, is the key to make smart cities. These ideas were questioned and debated during the workshop due to their non-consideration of specific histories, development trajectories, needs and priorities of urban poor, cities and states, which is also the problem of JNNURM as it has been discussed and elaborated in this report.

* **Land development**

The planners of Odisha have been deliberating on the model to be adopted for Bhubaneswar with respect to urban land and creation of market-based instruments. They were considering all five options for making urban development process possible: (1) land assembly as it has taken place in Haryana; (2) issuing of FSI and TDR; (3) land acquisition which is fraught with many issues; (4) land pooling, as adopted by MIDC, Pune and mainly done by a private entity; (5) town planning scheme. Newer interventions that were mostly adopted by the metros like transit-oriented development, inclusive development, affordable housing, service land provisions, etc., were also being considered to be accommodated in the regulatory framework. For instance, there are many laws for affordable housing: Orissa Town and Country Planning Act, Orissa Development Authorities Act, Orissa State Housing Board Act, Orissa Improvement Trust Act, Orissa Municipal Act, Orissa Municipal Corporation Act. Then are rules and regulations in each of them. So, the percentage or incentives that are provided for affordable housing and the facilities that are to be provided for private entities need to be factored in. This would require amendments to the legal impediments in various laws so that there are no hurdles in implementation.

Land was considered to be a huge issue and the alienation of land is known to take a lot of time. In Odisha, land was under the control of General Administration Department (GAD) and not with the Revenue Department. As a professional body, the planners of Odisha have been advising that any vacant land or developable land should be vested with the Municipal Corporation or the Development Authorities. It was also suggested that there could be a regulation that 30-50% land could be reserved for the recommendations of GAD but not all the land could be under their control. There could also be a possibility that land could be made available for certain uses to the GAD like schools, hospitals, memorials and so on. It was believed that there was an utmost requirement that the BMC and BDA should own at least 30-50% of the government land in Bhubaneswar, since they had no land for even fixing a toilet or a bazaar. A note of caution was added that there are going to be problems and there needs to be careful thought given to this since the land records were not in place and in such a scenario the land mafia would get all the benefit. So, till Odisha puts its land records completely in place, and that is unlikely to happen very easily, there was a need to make cautious recommendations with respect to land development in the state.

* **Regulation of land-use and construction of buildings**

An engineer from one of the ULBs shared that there was a lot of problem with respect to planning for sewerage or drainage projects since the people who are constructing buildings are unwilling to leave any space in front of it. They are not abiding by the rules of the Town and Country Planning Act. These kinds of developments on land will make it difficult for BMC or BDA to plan for other services. There is also a problem of lack of enforcement of rules since they get building permissions very easily and there is hardly anyone to enforce the existing rules. There are no fines imposed or legal action taken against those who are not complying with the rules also. Further, there is regularisation after a few years, when the people pay some fine and get it regularised. The engineer suggested that if these regulations were not going to be followed then there would be a lot of problems in the future. These are not specifically issues of any particular town or city, but of many small towns in Odisha. If they are not regulated now, then these towns are also going to face similar problems like Bhubaneswar is facing today. If the authorities were to go with their master plans after 5-10 years and if people have already constructed 3-4 storied buildings, then what are they going to do. Will they demolish them?

* **Rajiv Awas Yojana**

An officer from the ULB shared his opinion on the response of RAY from Puri. He said that people wanted RAY to be implemented as it is an improved version of BSUP. However, three significant problems were noted with respect to RAY. First was the issue of beneficiary contribution, wherein it was pointed out if the urban poor could not pay 10 per cent for BSUP housing, then how would they pay a significant amount as required under RAY. Second was the issue of land since the Municipality does not own any land, and whatever land is there belongs to the temple and ashrams, and there are also CRZs and SEZs. Third was the much debated issue of declaring old settlements/hamlets (*sahi*) or revenue villages as ‘slum’.

* **Tax sources, revenues, finances of the ULBs**

According to the Odisha State Finance Commission Report, which has gone into fair details by mapping activities of ULBs and so on, there is a mention that BMC should adopt robust tax sources. But it does not specify what they could be. Elaborating on the sources of taxation, it was said that there was already sales tax, service tax, VAT, and property tax was going be introduced soon, which would improve 5% of revenues. Octroi has been abolished in the entire country; accordingly Odisha also terminated Octroi and introduced VAT. And since the BMC or Puri Municipality do not own any land, they do not receive any rent. If the government wants to empower the ULBs, they will find ways to raise revenues, introduce tax sources and so on. But there is no political will to do so.

The proportion of grant-in-aid to the different ULBs in Odisha is close to about 90% since they do not have any revenues. But the SFC report talks about 50-60% of revenues coming from tax sources. This would be the case once the property tax regime is introduced, otherwise the ULBs hardly have any revenue, since they do not own any land. Further, it is not only property tax, there is also no rental. For instance, in most of the cities in Gujarat up to 60% of their revenues could be from rentals, since the Municipal Corporations own and develop the land. But in Odisha, if the ULB’s do not own the land, then how are they going to develop land or charge rent. So far, even the vacant land is taxed at very minimal rates. For instance, if a person has 2000 sq. ft. of land, then the holding tax is merely Rs. 375. As a thumb rule, it is being proposed that the holding tax should be charged at Re. 1 per sq. ft. per annum. These are crucial aspects of property tax to increase the revenue of the ULBs.

**On a concluding note,** Prof. Kajri Misra reiterated that JNNURM was designed with a metropolis in mind. It was not designed for either small cities or for developing states, primarily since it relied on quick update on an existing capacity. This does not take into account the requirements of small cities where such capacities do not exist in the first place and the spade work to do this is not provided in JNNURM, either in terms of time or resources. Having said this, Prof. Kajri also qualified her statement that JNNURM was not meant to do that. In that case, why should we criticise a policy that had a clear stated intent.

1. There was a high court case, Private Bus Owners' Association v/s State of Odisha, opposing the plying of JNNURM buses on the route of BSSR and Puri. The judgement ruled in favour of the state on the grounds of ‘public interest’. See the link for more details of the case: <http://indiankanoon.org/doc/192321556/>. [↑](#footnote-ref-1)