

UIRF | Urban India Reforms Facility



Maharashtra State Level Background Paper



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Preface

A State level Background Paper

The state level base paper is a document that intends to understand the changing interface between state government, its myriad institutions and the urban local bodies.

Urban development, housing, water supply are all state functions. The character of most municipal bodies in the country follows an 'ultra vires' principle and thus, the state governments were the principal players in governance of towns and cities prior to the 74th CAA. After the amendment, there have undoubtedly been changes that have given a constitutional place to the urban local bodies but state governments continued to be major players. Further, the changes in urban situations (including realities, governance changes, reforms) have meant that the role played by state government departments and institutions have been reconfigured in relation to the ULBs. The SLBP is thus an attempt to map these reconfigurations in legal, institutional, human resource and financial relationships. The assumption here is that state governments have evolved their own designs of these change processes whose broad direction is determined by larger politico economic and institutional processes.

The rationale for evolving such a SLBP is in the fact that there exists very little data or literature that delves into these relationships comprehensively along all these parameters. Data exists largely at the metro and large city level and there is almost total paucity of a state wide picture. The SLBP seeks to fill in this gap and provide a knowledge support to groups interested in public spirited action.

■ **Objectives of SLBP**

The principal objective of the SLBP is to map the relationships between ULBs and the state government in legal, financial, human resource dimensions and understand how these elements interface in practice to produce various 'systemic' maladies or opportunities in terms of urban service sectors. Further, the SLBP aims to map these relationships as they have changed in response to the impetus provided by the 74th CAA and the JNNURM or other projects directed at reform.

■ **SLBP Tools and Resource Kit (TRK) users**

The SLBP TRK is proposed to be applied by state level academic institutions that have a certain amount of freedom and resources to pursue research activities. It is also assumed that they will have access to various government institutions and hence data and policy material that is dynamic such as Government Resolutions, directives, notifications, budgets etc other than material that is in the form of laws, reports and research studies and articles.

It is also envisaged that the SLBP so prepared will be a knowledge resource that, along with the report on urban reforms, will provide a much needed system interface to groups and individuals interested in public spirited action. This has implications for the way in which the SLBP is written and made available.

■ **Positioning the SLBP**

The SLBP partly derives from the National level Background Document (NLBD) that traces urban issues, and the evolution of policy responses and reforms at the national level. It also links with the State paper on urban reforms which traces the substantive content of reforms and the status thereof. At another level, it responds to the demands of the Town level Background note (TLBN) and the Reports on Solution for Local Problems (RSLP) which are documents which describe local realities and guide local groups for public spirited action in particular sectors.

In view of the above, the SLBP has the following positional characteristics –

- It follows a chronological path in tracing the changes in institutional relationships. Two clear milestones are evident; a) the 74th CAA and the conformity legislations passed by the state governments and b) the reforms. However, it is realized that reforms have an extremely uneven timeline and cannot be equated to these milestones alone. Thus, it was seen in Maharashtra that certain reforms in human resource allocations and in allocations of grants have been pursued much in advance of JNNURM. These are thus used as broad milestones and the emphasis is on mapping the changes from post independence to current situations, wherever possible.
- The SLBP maps the legal relationships as they form the basis of the institutional relationships. However, institutional relationships are dynamic and have multiple dimensions which may significantly differ from the spirit of legislation. Thus, the effort is to map the financial, human resource relationships as well as how these elements interact in practice. The key element studied here is the degree to which the ULBs have 'agency' in responding to local issues and what are the 'controls' exerted by the state government departments and institutions.
- The SLBP moves from a generic understanding of institutional relationships to a sectoral mapping to respond to the demands of a sectoral RSLP. Another reason for adopting this approach is because over the years, there have been specialized sectoral institutions developed by the state governments. The choice of sectors has been determined by an initial exploration of which sectors are being pursued vigorously under the JNNURM through the projects. Thus, in Maharashtra, housing, water and solid waste have been chosen as the sectors for study.
- The pace of reforms is distinct across these sectors. In Maharashtra, it is seen that the pace of changes in the housing sector has been extremely rapid, followed by water while in the case of solid waste management, it is sluggish. The chronological

phases for the three sectors are thus distinct. However, an attempt is made to see how these timelines interface with the 74th CAA and the JNNURM.

- The SLBP is not an issue based document. However, it is recognized that how institutional relationships produce certain issues on ground is a necessary part of building an insight into the significance of changing relationships. This has been done in two ways - a) doing town case studies and b) scan of news reports, research studies. These 'practice' dimensions help to validate and deepen the understanding of 'maladies' and 'opportunities' in changing relationships of the ULBs and state government.
- Preparation of Report

Besides the effort in collection of data, one of the key challenges in preparation of the SLBP has been the sifting through data for selecting what is 'relevant'. This is because the scope of the SLBP is extremely expansive both in terms of substance as well as in terms of theory and perspectives. Further, the timelines being mapped are extremely long. The effort in the SLBP template is thus to provide guidelines and provide a line of inquiry which may help to sift through this material. The focus of particular chapters has also been explained therein.



List of Abbreviations	
AIILSG	All India Institute of Local Self Governance
AR	Accommodation Reservation
BCs	Backward Classes
BOO	Built own Operate
BPL	Below poverty line
BPMC Act	Bombay Provincial Municipal Corporations Act, 1949
CAA	74th Constitutional Amendment Act
CBOs	Community Based Organization
CEO	Chief Executive Officer
CIDCO	City and Industrial Development Corporation
CRISIL	Credit Rating and Infrastructure Services India Limited
DCR	Development Control Regulations/Rules
DMA	Directorate of Municipal Administration
DOUD	Department of Urban Development
DPs	Development Plans
ESR	Elevated Storage Reservoir
EWS	Economically Weaker Section
FDI	Foreign Direct Investment
FSI	Floor Space Index
GDP/NDP	Gross Domestic Product/ Net Domestic Product
GOM	Government of Maharashtra
GR	Government Resolution
GSDA	Groundwater Survey and Development Agency
GSDP/NSDP	Gross state domestic product/Net state domestic product
GSR	Ground Storage Reservoir
HUDCO	Housing and Urban Development Corporation Limited
IDSSMT	Infrastructure Development Scheme for small and medium towns
IHSDP	Integrated Housing and Slum Development Programme
IT	Information Technology
JNNURM	Jawaharlal Nehru National Urban Renewal Mission
LIC	Life Insurance Corporation
LIG	Lower Income Group
LPCD	Liters per capita per day
MH	State of Maharashtra

MHADA	Maharashtra Housing and Development Authority
MIDC	Maharashtra Industrial Development Corporation
MJP	Maharashtra Jeevan Pradhikaran
MLA	Member of Legislature
MMC Act	Mumbai Municipal Corporation Act, 1888
MMC	Mumbai Municipal Corporation
MMRDA	Mumbai Metropolitan Region Development Authority
MPCB	Maharashtra Pollution Control Board
MRCA	The Maharashtra Rent Control Act 1999
MRTTP Act	Maharashtra Regional Town Planning Act 1966
MSEB	Maharashtra State Electricity Board
MSW Rules 2006	Maharashtra Non-biodegradable Solid Waste (Proper and scientific collection, storing and disposal in the areas of Municipal Corporations) Rule 2006
MWRRA	Maharashtra Water Resources Regulatory Authority
MWSSB	Maharashtra Water Supply and Sewerage Board
NGOs	Nongovernmental Organizations
NMC Act	The City of Nagpur Municipal Corporation Act, 1948
NMC	Nagpur Municipal Corporation
NOC	No objection Certificate
NRW	Non Revenue Water
PCNNDP	Per Capita Net District Domestic Product
PCNTDA	Pimpri Chinchwad New Town development authority
PPP	Public Private Partnership
RSG	Revised Staffing Guidelines
SCs	Scheduled Casts
SEZs	Special Economic Zones
SFD	State Finance department
SPV	Special Purpose Vehicle
STs	Scheduled Tribes
SWM/MSW	Solid Waste Management
TDR	Transfer of Development Right
The Maharashtra Municipal Councils Act	Maharashtra Municipal Councils, Nagar Panchayats and Industrial Townships Act 1965

UAs	Urban Agglomeration
UD	Urban Development Department
UFW	Unaccounted for Water
UIDSSMT	Urban Infrastructure Development Scheme for small and Medium Towns
UIG	Urban Infrastructure and Governance
ULBs	ULB-Urban local bodies
ULCRA	Urban Land Ceiling and Regulation Act 1976
VAT	value added tax
WSSD	Water Supply and Sanitation Department
YASHADA	Yashwantrao Chavan Academy for Development Administration

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Chapter 1

Overview of Urbanization in Maharashtra

Historical Overview of Urbanization in Maharashtra

Maharashtra has historically been one of the highly urbanized states of India. The urban history of Maharashtra spans over two millennia. Urbanization in the state has been influenced by the Hindu North on one hand, and the Islamic Middle-East on the other. However the most significant influence shaping the current form of urbanization in the state is the colonial impact which focused around the primate port city of Bombay.

Maharashtra was, historically, a bridge between the north and the south of the subcontinent, and this cultural and political, as well as military, connect, initiated the urbanization history in the state. The earliest urban centers in the state were inland governmental towns, linked by trade routes through the mountain passes to the coastal ports which evolved at a slightly later date.¹ The initial focus of city development was political and administrative control and development of religious centers, and both these objectives led to the growth of two significant cities in the Godavari valley, viz. **Paithan**, a strategic junction of the arterial north-south route, and **Nashik**, a sacred Hindu city.² Another geographic trait that proved to be a harbinger of urbanization in the state is the coastal belt of Konkan which consisted of many ports like Sopara, Chaul, Dabhol and so on. These port cities were important centres for international trade and the emergence of some of these, at a particular point in the political history, over the others was a consistent phenomenon till the colonial times.

The concept of town planning, in Maharashtra, with an urban region spread around a capital city, situated within the north-south corridor was a contribution of Islamic rulers. It led to the emergence of the towns of **Ahmednagar, Aurangabad, and Sholapur**. These cities reflected the **Islamic Middle Eastern** urban traits such as, notable walls and gates, a citadel, a royal quarter, a central mosque, bazaar, numerous villages like quarters and houses built around a central courtyard as the main residential units.³ These were generally fortified cities with magnificent architecture and good planning, the best example being the city of Aurangabad. Apart from the grand capital cities and the port towns, the Islamic dynasties also built in small towns called **kasbas** which later served as the nucleus of urban centres under Maratha rule. The prime examples of this development were the **Kasba Poona and Kasba Kolhapur**.

1 Meera Kosambi: Indigenous and Colonial Urban Development in Western Maharashtra

2 R Thapar(1966): A history of India. Vol. 1

3 V.F. Costello (1977): Urbanization in the Middle East. Cambridge University Press

The advent of the Marathas saw a shift towards the hill forts on the eastern slope of Sahyadris which served the purpose of guarding and defending a territory assigned. The scene of urbanization in Maharashtra underwent a change with the Peshwa dominion, which gave numerous cities to the Western region of the state. The utility of urban centres, in this era, encompassed many aspects like political control- Nashik, Poona, Satara, Karad, Sangli, Miraj, Kolhapur, Nagpur etc; administrative centres- Aurangabad, Ahmednagar, and Sholapur, religious towns as Wai, Pandharpur, Dehu, and Alandi, ports like Kalyan and Thana, apart from the earlier port cities and trade centres.

The **North- South axis** was a major factor for location of urban centers throughout all these periods with the ghats being the medium of connectivity. The advent of the **British** thoroughly transformed these historical continuities. The British search for an insular site with maritime potential ended in the discovery of Bombay which was then vigorously promoted as the **primate city**, in spite of the absence of any association with natural trade and the lack of port. The essence of urban transformation resulting from the British colonial impact was the creation of a new hierarchical urban system spread around this city, to which the new communication networks such as roads and railways were made to converge. This modern urbanization in combination with the rapid industrialization, which in turn destroyed the indigenous manufacturing centres and converted Bombay into a modern textile centre, led to the decline of indigenous cities with the worst affected being the city of Poona. The extreme focus on Bombay also rendered the earlier east-west axes which linked the coastal ports to inland centres through the major ghats obsolete. The British introduced new categories of towns such as **cantonment cities** and **hill stations**. The colonial era also saw the development of urban institutions of **governance and concepts of town planning**. The influence of the primate city centric growth has been a continuing phenomenon even in post independent India and has become a marker of the industrial and financial growth of Maharashtra and the accompanying urbanization. In fact, Mumbai has emerged as a national center for manufacture, trade and commerce. Its increasing expanse has generated other cities in the vicinity and the locus of urbanization in Maharashtra has now widened to form a golden triangle between Mumbai, Pune and Nashik.

Contemporary Urbanization in Maharashtra

Urbanization is a complex process of social change with many dimensions. Historically, it is defined as an index of transformation from a traditional rural economy to a modern industrial one. This implies that there are economic, social and institutional dimensions in the transition. It is sometimes also seen demographically as a progressive concentration of population in an urban unit.⁴

It is a long term process of switch from a spread out pattern of human settlements to one of concentration in Urban Centers⁵. There are also theories which see urbanization

4 Davis, K. (1965): The urbanization of the human population. Scientific American

5 Davis K (1962): "Urbanization in India – Past and Future", in Turner, R. (ed.) India's Urban Future, University of California Press, Berkley.

as part of evolution of societies --- a cycle through which a nation passes as it evolves from agrarian to industrial society.⁶

Broadly, it can be understood that urbanization is seen as a companion of economic growth and industrialization where human density increases in and around urban centres. This raises important areas of inquiry about the pattern of urbanization in Maharashtra. Is the society in Maharashtra transitioning from an agrarian society to an industrialized society? Is the population getting concentrated around urban centers? Which ones? What is the profile of urban residents in Maharashtra vis a vis rural ones? What does urbanization mean as a development programme for the state?

Overall proportion of Urbanization

Maharashtra was moderately urbanized at the time of independence and this high rate has been consistent through the last six decades. In 1961, when the country was largely rural with a mere 17.8 percent urban population; Maharashtra had 28.2 percent urban population. According to the Census 2001, 42.4 percent of Maharashtra's population was enumerated as urban.

Urban population growth rate indicators imply that apart from the 1971-1981 decade, the growth rate of urban population of Maharashtra has been more than the country's average even without consideration of the much high base numbers.

Table 1.1 demonstrates that while there is a decrease in the decadal (over 10 years) urban population growth rate from 40 percent in 1971 to 34 percent in 2001, there is a consistent rise in the overall urbanization from 28 percent in 1961 to 42 percent in 2001. On the other hand there is a consistent decline in the growth rate of rural population. *This indicates that many rural tracts are getting transformed into urban.*

Number of Urban Centers

Census of India defines two types of towns (Urban centres), namely:

- a) **Statutory towns:** All places with a municipality, corporation, Cantonment board or notified town area committee, etc. so declared by state law.
- b) **Census towns:** Places which satisfy following demographic criteria:-
 - i) A minimum population of 5000;
 - ii) At least 75% of male working population engaged in non agricultural pursuits; and
 - iii) A density of population of at least 400 persons per square kilometers.

An increase in the rate of urbanization can be due to the increase in any one of these or both of them. It can be observed that the **percentage increase in the number of statutory towns, as notified by the respective state governments, has been very limited**

6 Davies Kingsley and Golden H.H.(1954) : " Urbanization and development in pre-Industrial Areas", Economic Development and cultural change , Vol. 3 No.1

Table 1. 1

Urbanization in Maharashtra in comparison with the country as a whole

Characteristics of Urbanization	1961		1971		1981		1991		2001	
	MH	India	MH	India	MH	India	MH	India	MH	India
Urban Population	1,11,62,561	7,89,36,603	1,57,11,211	10,90,94,309	2,19,93,594	15,97,16,351	3,04,96,352	21,71,77,625	4,10,19,734	28,53,54,954
Total Population	3,95,53,718	43,92,34,771	5,04,12,235	54,79,49,809	6,27,84,171	68,51,84,692	7,87,48,215	84,43,24,222	9,67,52,247	1,02,70,15,247
Urban Population as percentage of Total Population	28.22	17.97	31.17	19.91	35.03	23.31	38.73	25.72	42.40	27.78
Growth Rate of Urban Population (Decadal)	--	--	40.75	38.20	39.99	46.40	38.66	35.98	34.50	31.40
Growth Rate of Rural Population (Decadal)	--	--	22.22	21.80	17.6	19.73	18.3	19.35	15.5	18.25
Growth Rate of Total Population (Decadal)	--	--	27.45	24.75	24.54	25.04	25.42	23.22	22.86	21.63
MH Urban population as a percentage of total urban population	14.14	100	14.40	100	13.76	100	14.04	100	14.37	100
Numbers of Urban Centers (Statutory Towns + Census Towns)	--	--	--	--	307	4029	336	4689	378	5161
Number of Statutory Towns	--	--	--	--	232	2758	246	2996	251	3798
Number of Census Towns	--	--	--	--	75	1271	90	1693	127	1363

Source: 1) Maharashtra Urban Development Project (Government of Maharashtra) and 2) Census of India 1991 and 2001, paper-2, Rural-Urban Distribution

in Maharashtra when compared to the country as a whole. In the last census decade of 1991-2001, India has seen an increase of around 26 percent in the number of statutory towns whereas this number for Maharashtra is a mere 2 percent. On the other hand one can observe that the state of Maharashtra has undergone a huge increase of around 41 percent in the number of census towns where as the number of such towns have decreased at a heavy rate of 20 percent for the country. An attempt to dissect these differences can be an interesting exercise. In fact, it can be observed that among the bigger states, with comparatively higher percentage of urbanization, it is **only Maharashtra that shows such a drastic increase in the number of census towns with minimal increase in the number of Statutory towns** (Refer Table 1.2), apart from the states of Punjab and Haryana where agro based industries have changed the demographic concentration.

Table 1. 2
Growth of Census Towns in Highly Urbanized States

States	% Urban Population 1991	% Urban Population 2001	% growth in urban centres (Decadal)	% growth in Census Towns (Decadal)	% growth in Statutory Towns (Decadal)
Maharashtra	38.73	42.40	12.5	41.11	2.03
Punjab	29.72	33.95	30.83	125	24.10
Haryana	24.79	29.00	12.76	120	0
West Bengal	27.39	28.03	-1.83	-5.26	6.03
Gujarat	34.40	37.35	-8.33	-60	112
Andhra Pradesh	26.84	27.08	-20.45	-36.48	0
Karnataka	30.91	33.98	-11.76	-65.35	26.25
Tamil Nadu	34.20	43.86	77.39	-69	550

Source: Computed from Census of India 1981, 1991 and 2001, paper-2

In table 1.2 a comparison with the most urbanized state of Tamil Nadu, as per the 2001 census, can be of some interest here. Maharashtra was the most urbanized state, in terms of population till the beginning of the 21st century, however the period between 1991 and 2001 has seen Tamil Nadu adding around 610 statutory towns⁷. Thus the total number of towns in that state, as per 2001 census is 832 incorporating its 43.86 percent urban population. Maharashtra on the other hand, does not reflect any significant growth in the number of statutory towns in the same period, even after the census towns increasing to high numbers. It can also be observed that as per the 2001 census states that the number of centers with a population varying between 5000 to 50,000 in Maharashtra, is 1565, out of which only a meager 286 have town status.⁸ Thus it seems that the statutory discretion, in Maharashtra, is very different from that of Tamil Nadu.

7 Highlighting an influence of the 74th CAA and the state government's perception that all these settlements should be regarded as urban

8 Based on: Mahajan Sulakshna: *Marathi Article on the no-chronological rural nature of Maharashtra titled: "Maharashtra Kalvisangat Graminta"*

City Size Trajectory of urban Maharashtra

An observation of the census data reveals that in 1961, nearly 66 percent of the urban population in Maharashtra lived in Class I cities that formed a little over 4 percent of the state's urban settlements. In 2001, the share of Class I settlements was nearly 11 percent with nearly 80 percent of the urban population living in them. All other size classes of towns reported smaller shares of urban population in 2001 compared to 1961.⁹ These numbers indicate the bias of urbanization, towards the bigger cities in the state. (Refer Table 1.3). The growing concentration of urbanization around the big cities has in turn eaten up the share of smaller towns (Class IV-VI) reducing it to only 4.22 percent in 2001, a drastic fall from around 8 percent in 1981.

Table 1.3
Class Cities Variation in Maharashtra

Maharashtra City Classes*	Class I	Class II	Class III	Class IV – VI
% population 1961	65.8	6.9	11.3	16
% population 1971	70.7	7.4	10.6	11.3
% population 1981	75.24	5.95	10.88	7.93
% population 1991	77.85	6.49	10.39	5.27
% population 2001	79.70	6.66	9.42	4.22

Source: computed from Census of India 1981, 1991 and 2001, paper-2, Some Figures are Estimates *City Class definitions: Population size-class: Class I: 100,000 and above; Class II: 50,000 to 99,999; Class III: 20,000 to 49,999; Class IV: 10,000 to 19,999; Class V: 5,000 to 9,999 and Class VI: Less than 5,000 persons.

Even within the Class I towns, the growth has been extremely concentrated with around 88 percent of urban population restricted to the million-plus cities. The urbanization story in Maharashtra is thus essentially a story of few big cities which are growing and hundreds of smaller centers that are declining.

Geographical Trends

The Maharashtra state as it is defined today spans from the Arabian sea coast in the west Gujarat and the Union territory of Dadra and Nagar Haveli to the northwest, Madhya Pradesh to the northeast, Chhattisgarh to the east, Karnataka to the south, Andhra Pradesh to the southeast, and Goa to the southwest. The state covers an area of 3, 07,731 square km or 9.84% of the total geographical area of India.

This trend of urban growth being focused in big cities has led to severe disparity in the degree of urbanization across regions of the state. A look at the degree of urbanization, across various census divisions (Refer Table 1.4 and 1.5) describes the huge regional inequalities prevalent. Maharashtra is divided into 6 divisions, for census purpose which map three administrative regions, viz. 1) Rest of Maharashtra (RoM) region which consists of Konkan, Nashik and Pune Divisions, 2) Marathwada Region which consists of Aurangabad Division and 3) Vidarbha Region which consists of

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Amravati and Nagpur Divisions. It is observed that the Rest of Maharashtra region is far more urbanized than the Marathwada and Vidarbha with a difference of nearly twenty-three percentage points.

Table 1.4
Levels of Urbanization (Percent), Region wise

Region	1981	1991	2001
Rest of Maharashtra	42.4	46.2	50.5
Marathwada	18.6	21.9	24.6
Vidarbha	25.9	30.2	32.2

Source: Director of Census Operation, Maharashtra 1981 and 2001

A further look at the data in each of the three regions indicates more nuances of these differences as shown in Table 1.5.

Table 1.5
Levels of Urbanization (Percent) by census divisions

Census Division (Region)	1981	1991	2001
Konkan Division (RoM)	66.4	71.6	75.1
Nashik Division (RoM)	22.1	25.6	28.2
Pune Division (RoM)	30.5	32.3	37.5
Aurangabad Division (Marathwada)	18.6	21.9	24.6
Amravati Division (Vidarbha)	22.2	25.0	26.5
Nagpur Division (Vidarbha)	29.7	35.0	37.1

Source: Director of Census Operation, Maharashtra 1981 and 2001

Table 1.5 shows that within the Rest of Maharashtra region, the Konkan division reflects a very high ratio of urban population due to the inclusion of Greater Mumbai and Thane. Pune division constitutes the second most urbanized division with Nashik being the third within this region. One can observe, however, that of the three, Pune has experienced the fastest growth of urban population in the 1991-2001 decade i.e. of over 5 percentage points. Amongst the other three regions, Marathwada and Amravati are least urbanized.

The extent of disparities in urbanization of a region is further revealed by observing the levels of urbanization across the districts. Till 1981 there were 26 districts in Maharashtra, which has increased to 34 in 2001. The increase in the number of districts has occurred through bifurcation of the existing districts in the state. One can observe a variance from a high of 100 percent urban population, in Greater Mumbai district, to a low of even single digit percentages in many districts like Gadchiroli and Sindhudurg.

Table 1.6
District wise levels of Urbanization

District	Census Division	Towns (UAs) (2001)	% Urban Population (1981)	% Urban Population (1991)	% Urban Population (2001)	Class-I Towns
Dhule	Nashik	2	19.52	20.53	26.01	Dhule
Nashik	Nashik	15(1)	31.02	35.52	38.83	Nashik, Malegaon
Nandurbar	Nashik	4	N.A.	N.A.	15.47	None
Ahmadnagar	Nashik	17(2)	12.95	15.84	19.66	Ahmadnagar
Jalgaon	Nashik	16(1)	25.14	27.42	26.07	Bhusawal, Jalgaon
Buldana	Amravati	11	18.49	20.63	21.26	None
Akola	Amravati	8	24.89	28.68	38.48	Akola
Amravati	Amravati	10	29.25	33.01	34.51	Achalpur, Amravati
Wasim	Amravati	4	N.A.	N.A.	17.48	None
Yavatmal	Amravati	13(1)	15.09	17.21	18.67	Yavatmal
Wardha	Nagpur	7	24.98	26.61	26.4	Wardha
Nagpur	Nagpur	25(2)	56.75	61.48	64.36	Kamptee, Nagpur
Bhandara	Nagpur	6	13.1	13.15	15.44	None
Gadchiroli	Nagpur	2	2.43	8.71	6.93	None
Gondiya						
	Nagpur	2	N.A.	N.A.	0.96	Gondiya
Chandrapur	Nagpur	14	17.38	28.04	32.37	Chandrapur
Nanded	Aurangabad	13	18.74	21.71	24.02	Nanded-Waghala
Parbhani	Aurangabad	8	19.87	22.5	32.53	Parbhani
Jalna	Aurangabad	4	N.A.	16.92	19.07	Jalna
Bid	Aurangabad	6	16.26	17.96	17.9	Bid
Osmanabad	Aurangabad	8	12.64	15.22	15.84	None
Latur	Aurangabad	5	N.A.	20.42	23.58	Latur
Hingoli	Aurangabad	4	N.A.	N.A.	15.62	None
Aurangabad	Aurangabad	9(1)	24.87	32.78	37.19	Aurangabad
Thane	Konkan	27(2)	44.34	64.74	72.58	Bhiwandi, Nalasopara, Vasai, Virar
Greater Mumbai	Konkan	1	100	100	100	Greater Mumbai

Greater Mumbai	Konkan	1	100	100	100	Greater Mumbai
Ratnagiri	Konkan	8	8.73	8.97	11.33	None
Sindhudurg	Konkan	5	N.A.	7.6	9.56	None
Raigad	Konkan	26	14.12	17.84	24.24	Panvel
Solapur	Pune	9	29.65	28.81	31.8	Solapur
Pune	Pune	21	47.53	50.76	58.07	Barshi, Pune
Satara	Pune	14	13.04	12.91	14.24	Satara
Kolhapur	Pune	15(2)	25.32	26.4	29.65	Ichalkaranji, Kolhapur
Sangli	Pune	8(1)	21.48	22.84	24.52	Sangli

Source: Census of India, 1981, 1991, 2001, Paper-2, Rural-Urban Distribution

Table 1.6 reveals several facets of the spread of urbanization in the state-

- The districts with less than 10 percent urbanization are Gondiya, Gadchiroli and Sindhudurg. Ratnagiri has a slightly higher level of urbanization at 11 percent.
- The districts where there is not even one Class I city are Nandurbar, Buldhana, Washim, Gadchiroli, Gondiya, Bhandara, Osmanabad, Hingoli, Ratnagiri, and Sindhudurg.
- The most urbanized districts are Greater Mumbai and Thane. Their figures are sharply different from the other districts in the region.
- The Pune division has 7 Class I cities while Nashik has 6 Class I cities.
- Nagpur and Amravati divisions have differences among the urban and tribal districts.
- Aurangabad division shows a more or less uniform low rate of urbanization.

Overall, the data depicts a picture that is dominated by Mumbai and its surrounding cities. There is a more regional spread of urbanization in Pune and Nasik divisions. In the other regions, single city/districts are the focal point of urban growth.

Economic Trends and Urbanization

Maharashtra is economically one of the developed states of India with comparatively good infrastructure and widespread industry with a rapidly growing service sector. The primate city of Mumbai, developed in the colonial era, continues to be the financial capital of India. It houses the headquarters of almost all major financial institutions, insurance companies and mutual funds. India's main stock exchanges and capital market and commodity exchanges are located in Mumbai. The gross state domestic product (GSDP) of the state which reflects the total volume of production is estimated at Rs. 6,92,479 crore at current prices for 2008-09 and contributes about 13 per cent of the Gross

Domestic Product (GDP).¹⁰ The GSDP at constant (1999-2000) prices for the same year is estimated at Rs. 4, 42,321 crore, as against Rs. 4, 27,817 crore in 2007-08.

An examination of GSDP over 20 years indicates that the growth rate of the GSDP, for Maharashtra has been consistently high and grown rapidly at rates over 8% after 2003-04 in the last decade, reflecting the ever growing economic potential of the state as a whole.

A comparison with other big states of similar growth potential, viz. Andhra Pradesh, Tamil Nadu, Kerala, Karnataka, Gujarat, Punjab and Haryana and West Bengal, highlights that Maharashtra with its 7.9 percent GDP growth rate (actual) in the tenth five year plan (2002-2007) was second only to Gujarat with 10.6 percent GDP growth rate. It is interesting to note that all of these with the exception of Kerala are also highly urbanized states.

An analysis of regional economic data and level of urbanization in the state reflects a direct correlation between the economic growth rates of the census divisions and their respective levels of urbanization. (Refer Table 1.7). The table reveals that-

- The least urbanized divisions of Nasik, Aurangabad and Amravati are also the regions with the least growth rates while the most urbanized divisions such as Konkan and Pune show consistently high growth rates.
- Further the table reveals high disparities among the various districts within regions. Thus, Raigad district within Konkan reflects a high negative growth rate. Other districts within the state with such high negative growth rates are Nandurbar (-13.26), Hingoli (-6.18), Osmanabad (-9.15), Wasim (-16.10) and Gadchiroli (-8.04).
- Pune division is the only division within the state where inter-district disparities are fairly low i.e. Difference within growth rates of the districts is less than 4 points. Inter-district disparity is sharpest in the Konkan division with the difference among the highest and the least growth being about 15 points.

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Table 1.7

District wise GDP growth (GDP figures are in Crores)

No.	District	GDP at current prices (2007-2008)	GDP at current prices (2008-2009)	GDP at constant prices* (2007-2008)	GDP at constant prices* (2008-2009)	Growth Rate at Constant* Prices	% Urban Population (2001)
1	Mumbai	1,30,277	1,52,961	93,863	1,01,103	7.71	100
2	Thane	76,164	87,395	53,308	55,850	4.77	72.58
3	Raigad	16,399	16,759	11,056	10,118	-8.48	24.24
4	Ratnagiri	8,292	9,547	5,651	5,917	4.71	11.33
5	Sindhudurg	4,252	4,990	3,186	3,327	4.43	9.56
	Konkan Div.	2,35,383	2,71,652	1,67,064	176,315	5.54	75.1
6	Nashik	32,893	36,094	22,931	22,921	-0.04	38.83
7	Dhule	6,584	7,256	4,632	4,583	-1.06	26.01
8	Nandurbar	5,136	4,845	3,507	3,042	-13.26	15.47
9	Jalgaon	17,201	20,076	12,611	13,355	5.9	26.07
10	Ahmadnagar	20,284	23,665	13,422	13,619	1.47	19.66
	Nashik Div	82,097	91,936	57,103	57,520	0.73	28.2
11	Pune	67,952	77,543	47,077	48,660	3.36	58.07
12	Satara	14,845	16,273	10,352	10,322	-0.29	14.24
13	Sangli	13,005	14,934	9,330	9,781	4.83	24.52
14	Solapur	19,318	21,715	13,374	13,866	3.68	31.8
15	Kolhapur	21,971	24,731	15,481	15,897	2.69	29.65
	Pune Div	1,37,090	1,55,197	95,613	98,526	3.05	37.5
16	Aurangabad	15,959	18,623	11,015	11,580	5.13	37.19
17	Jalna	5,557	6,438	3,944	4,065	3.07	19.07
18	Parbhani	5,932	6,826	4,120	4,376	6.21	32.53
19	Hingoli	3,514	3,480	2,331	2,187	-6.18	15.62
20	Bid	8,175	8,956	5,615	5,606	-0.16	17.9
21	Nanded	8,963	10,300	6,304	6,479	2.78	24.02
22	Osmanabad	5,329	5,324	3,595	3,266	-9.15	15.84
23	Latur	7,390	7,424	4,863	4,573	-5.96	23.58
	Aurangabad Div	60,817	67,372	41,787	42,132	0.83	24.6
24	Buldhana	7,378	8,303	5,266	5,362	1.82	21.26
25	Akola	6,878	7,649	4,919	4,989	1.42	38.48
26	Wasim	3,327	2,953	2,218	1,861	-16.1	17.48

27	Amravati	10,074	11,135	7,088	7,189	1.42	34.51
28	Yavatmal	9,574	11,180	6,964	7,312	5	18.67
	Amravati Div	37,231	41,221	26,455	26,713	0.98	26.5
29	Wardha	5,798	6,447	3,926	4,042	2.95	26.4
30	Nagpur	28,183	33,020	19,274	20,595	6.85	64.36
31	Bhandara	5,322	5,960	3,667	3,625	-1.15	15.44
32	Gondiya	4,894	5,501	3,428	3,440	0.35	0.96
33	Chandrapur	10,519	11,582	7,585	7,651	0.87	32.37
34	Gadchiroli	2,773	2,862	1,916	1,762	-8.04	6.93
	Nagpur Div	57,489	65,372	39,795	41,115	3.32	37.1
	Maharashtra	6,10,108	6,92,749	427,817	442,321	3.39	42.43

Source: 1) Economic Survey of Maharashtra 2009-10; 2) Director of Census Operation, Maharashtra 1981 and 2001; 3) Census of India, 1981, 1991, 2001, Paper-2, Rural-Urban Distribution * The base year is 1999-2000

This regional disparity seems equally pronounced in terms of the per capita domestic products of the districts. The average per capita net district domestic product in the year 2008-09 was Rs. 54,867, as against Rs. 49,058 during 2007-08, at current prices. This is much higher than the per capita National domestic product at current prices (base year 1999-2000) which was Rs. 37,490 in 2008-09, or against Rs. 33,283 during 2007-08. Maharashtra currently maintains a second position in terms of state per capita district domestic product, lagging only to Haryana.

Table 1. 8
District wise Per Capita Incomes

No.	District	Per Capita Net District Domestic Product(Rs.), at Current Prices (2007-2008)	Per Capita Net District Domestic Product(Rs.), at Current Prices (2008-2009)	Growth Rate of Per Capita Net District Domestic Product
1	Mumbai	77,145	89,343	15.81
2	Thane	69,265	78,531	13.38
3	Raigad	55,935	57,074	2.04
4	Ratnagiri	39,527	47,183	19.37
5	Sindhudurg	40,738	47,183	15.82
	Konkan Div.	69,199	78,961	14.11
6	Nashik	51,791	55,841	7.82
7	Dhule	31,194	33,869	8.58
8	Nandurbar	33,240	30,516	-8.19
9	Jalgaon	37,651	43,184	14.70
10	Ahmadnagar	41,584	47,856	15.08
	Nashik Div	42,127	46,391	10.12
11	Pune	71,073	79,968	12.52

12	Satara	43,531	47,009	7.99
13	Sangli	41,321	46,699	13.02
14	Solapur	40,899	45,055	10.16
15	Kolhapur	50,445	55,931	10.88
	Pune Div	54,126	60,365	11.53
16	Aurangabad	42,927	49,465	15.23
17	Jalna	28,754	32,635	13.50
18	Parbhani	32,102	36,161	12.64
19	Hingoli	30,257	29,150	-3.66
20	Bid	31,562	33,672	6.69
21	Nanded	25,581	28,853	12.79
22	Osmanabad	29,924	29,155	-2.57
23	Latur	29,410	28,764	-2.20
	Aurangabad Div	31,840	34,538	8.47
24	Buldhana	27,326	30,165	10.39
25	Akola	33,834	36,750	8.62
26	Wasim	27,469	23,628	-13.98
27	Amravati	31,317	33,710	7.64
28	Yavatmal	32,349	36,979	14.31
	Amravati Div	30,706	33,202	8.13
29	Wardha	38,434	41,757	8.65
30	Nagpur	52,884	60,592	14.58
31	Bhandara	38,439	42,037	9.36
32	Gondiya	33,807	36,986	9.40
33	Chandrapur	40,379	43,456	7.62
34	Gadchiroli	24,115	24,370	1.06
	Nagpur Div	42,699	47,473	11.18
	Maharashtra	49,058	54,867	11.84

Source: Economic Survey of Maharashtra 2009-10

- Table 1.8, representing the per capita net district domestic product (PCNDDP) for 2008-2009, indicates that the districts of Mumbai, Thane, Raigad, Nashik, Pune, Kolhapur and Nagpur have an income greater than the state's average. In all these districts, except Raigad, considerable percent of the population is urban.
- The table reiterates the economic backwardness of districts like Nandurbar, Wasim and Gadchiroli. In fact, Gadchiroli's PCNDDP is less than half of the state average. All of these are districts where there is not even one Class I city.
- Not a single district in Aurangabad and Amravati divisions has a PCNDDP equivalent to the state average.

- Only Pune and Konkan divisions, both lying in the highly urbanized RoM region, portray a per capita income higher than the state average
- When compared to the data in Economic Survey of Maharashtra 2004-05, only one district, Nashik, with this criterion, reflects as a new entry in the latest data, implying that there is continuity in economic growth patterns in the state. Rich regions have continued to get richer while the backward districts continue to be so.
- The data shows that there are gross correlations between high productivity and level of urbanization. Thus Gadchiroli with the least growth in PCNDDP is also one of the least urbanized districts. This is also true of Nandurbar, Hingoli, Osmanabad, and Washim. However there are districts with moderate urbanization but low growth in PCNDDP such as Nasik(urbanization- 38 %, growth in PCNDDP-7.82%), Chandrapur(urbanization-32%,growth in PCNDDP-7.62%) and Latur (urbanization-23%,growth in PCNDDP- negative 2.2%). Thus the correlation is not true for all cases.

Poverty and Urbanization

The regional inequities discussed above have resulted in gross differences in the standards of living within the state with acute prevalence of poverty in some regions. On one hand, the absolute level of per capita income for Maharashtra has been considerably higher than that at the all-India level whereas on the other the proportion of poor has also increased. The ratio of poverty in Maharashtra decreased from 53 per cent in 1973-74 to 37 per cent in 1993-94 and further reduced to 25 per cent in 1999-2000.¹¹

However this scenario has deteriorated in the first decade of 21st century, as estimated by the Planning Commission, with the current poverty ratio in the State at 30.7 percent, higher by 3.2 percentage points than the All-India ratio (27.5 per cent).

The State stands third amongst major states in the country after Uttar Pradesh and Bihar as regards the population below poverty line in absolute numbers. Maharashtra, Tamil Nadu and West Bengal had the same level of incidence of poverty during 1993-94, but poverty ratios for the states Tamil Nadu and West Bengal are much less than that of Maharashtra during 2004-05. In absolute terms, the population below poverty line of the State has increased by 12.2 lakh during the same period. Thus the high rate of economic growth observed during the post 2000 period in the state is accompanied by an increasing incidence of poverty.

The Planning Commission data, for 2004-05, reflects that, in absolute terms, the number of people below poverty line (BPL), in Maharashtra stands to be more than 30 million of which at least 10 million belong to extreme poverty situation. Out of these 10 million people, approximately 7.5 million live in the districts of Buldhana, Wardha, Gadchiroli, Hingoli, Bid, Parbani, Nanded, Latur, Osmanabad, Jalna, Aurangabad and Ahmadnagar.

11 Srijit Mishra and Manoj Panda (2005): *Growth and Poverty in Maharashtra*, IGIDR

Apart from these districts, a sizable population of poverty is also concentrated in some parts of western Maharashtra and hilly regions of northern and eastern Maharashtra.¹²

Table 1.9
Percentages of Poor in Maharashtra and India

Percentage of Poor in Maharashtra and India						
	Maharashtra			All-India		
	Rural	Urban	Combined	Rural	Urban	Combined
1973-74	57.7	43.9	53.2	56.4	49	54.9
1983	45.2	40.3	43.4	45.7	40.8	44.5
1993-94	37.9	35.2	36.9	37.3	32.4	36
1999-00	23.7	26.8	25	27.1	23.6	26.1

Source: Planning Commission (available at www.indiastat.com). For more details refer Srijit Mishra and Manoj Panda (2005): *Growth and Poverty in Maharashtra, IGID*

Table 1.10
Distribution of Poverty among Social Groups in Urban Maharashtra

Social Groups	Percentage in Population	Percentage among poor
Scheduled Tribes	3	43
Scheduled Castes	13	41
Other Backward Classes	19	34
Others	65	21

Source: Shrijit Mishra and Manoj Panda *Growth and Poverty in Maharashtra, IGIDR 2006*

The Table 1.10 above further shows that the Scheduled castes and tribes are overrepresented in population below poverty line. The urban poor are characterized by a high proportion of scheduled castes in particular. This is a cause of concern as it reflects the extent to which urbanization in the state has fared in terms of distribution of opportunities for well being.

Structure of urban Economy

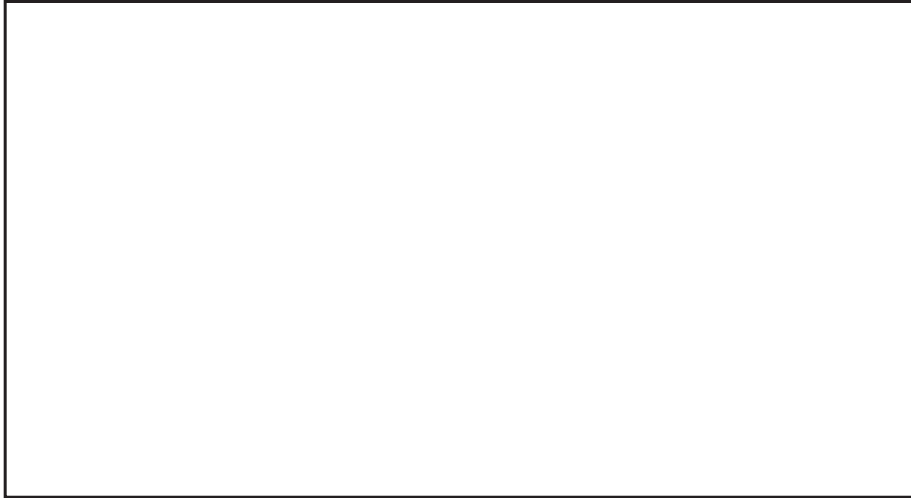
Modern urbanization is often associated with industrialization. The following section describes the overall structure of economy of Maharashtra and focuses on the urban economy in particular.

Maharashtra was one of the most industrialized states in the country at the time of independence. As per the Economic Survey of Maharashtra 2009-10, the industry and services sector contributes to about 89 per cent of the State's domestic product. The share of industry varied between 33 and 36 percent till 1998-99 and it has been declining thereafter. During 1980-90, the share of industry in the economy ranged around 58.8 percent but plummeted to 46.5 percent in the decade thereafter. The share of the service sector in GSDP which was commensurate with the industrial share has been growing

12 Issue Paper/Green Earth (2005): *Fighting Poverty in Maharashtra*

phenomenally since 1990-91 and reached nearly 60 per cent in 2003-04. It is the same as of 2009-10 as per the Economic Survey of Maharashtra.

The sector which has shown a consistent decline is agriculture. Figure 1.1 shows that the share of agriculture in the economy was about 28 percent in 1980-81. It declined to 12 percent in 2002-03. In 2009-10, the share of agriculture in the economy was about 11 percent.



Thus it can be concluded that the economic growth of Maharashtra seen in earlier statistics is largely a growth spurred earlier by the industrial and now the services sector. These shifts have several implications as discussed below.

A. The declining contribution of agriculture to the state economy is in total contrast to its share in employment. The table below reflects that while there is an increase in the proportion of workers in the services sector, this increase is low. Agriculture continues to occupy the lion's share in employing workers. It indicates that rise in service economy has not been accompanied by a parallel rise in employment. Further it is indicative of a massive contrast between the poor growth of agriculture sector on which a large majority of the population depends for sustenance and fast growing service sector that employs relatively few people.

Table 1. 11

Sector wise Worker composition in Maharashtra

Sector	Workforce involved (1991)	Percent to Total (1991)	Workforce involved (2001)	Percent to Total (2001)
Total Agriculture and Allied Services (Primary)				
	21683674	62.64	24584943	58.46
Total Manufacturing and Industry (Secondary)				
	4684503	13.53	5383857	12.8
Total Services (Tertiary)	4525013	13.07	6627667	15.76

Source: Maharashtra Development Report (2007), Planning Commission

B. The census data on the number of workers and their composition in Maharashtra (Refer Table 1.12) shows a remarkable increase in the proportion of marginal workers. The direct implication is that the number of persons registered to be employed for some time in some activity, also including those, who are engaged in addition to their main activity, has gone up. This indicates a drastic increase in seasonal or temporary work and a significant decline in full time employment.

Table 1.12
Worker composition in Maharashtra

Activity	1981	1991	2001
Total Workers			
(Main + Marginal)	26718230	33910366	42053330
Growth Rate (Decadal)	---	26.91	24.01
Main Workers	24301793	31006109	35670836
Growth Rate (Decadal)	---	27.58	15.04
Share in Total	90.96	91.44	84.82
Marginal Workers	2416437	2904257	6382494
Growth Rate (Decadal)	---	20.18	119.76
Share in Total	9.04	8.57	15.18

Source: Census of India (1981, 1991 and 2001)

C. An examination of data across urban- rural areas reveals that the number of workers in the urban areas has been consistently rising from 29 percent in the 1991 census to 33 percent in 2001. Among the urban workforce too, there is a striking increase in the number of marginal workers.

Table 1.13
Rural-Urban Worker composition in Maharashtra

Activity	Total workers (1991)	Total workers (2001)	Rural Workers (1991)	Rural workers (2001)	Urban Workers (1991)	Urban workers (2001)
Total	33910366	42053330	24033000	28107000	9877000	13947000
Main Workers	31006109	35670836	21381000	22752000	9625000	12919000
Percentage of Main Workers in total workforce	91.44	84.82	88.96	80.95	97.45	92.93
Marginal Workers	2904257	6382494	2653000	5355000	252000	1028000
Percentage of Marginal Workers in Total Work Force	8.56	15.18	11.04	19.05	2.55	7.37
Percentage increase in Total Workforce during 1991-2001	---	24.01	---	16.95	---	41.2

Percentage increase in Main Workforce during 1991-2001	---	15.04	---	6.4	---	30.7
Percentage increase in Marginal Workforce during 1991-2001	---	119.76	---	101.84	---	307.93

Source: Computed based on Census of India (1991 and 2001). Some figures are approximate

D. The industrial activity in Maharashtra has been very high in some districts, viz. Mumbai (including suburbs), Thane and Pune. According to the Maharashtra Development Report (2007), by the Planning Commission, Maharashtra has been categorized into four categories, namely: 1) backward; 2) less developed; 3) moderately developed; and 4) developed, based on the level of industrialization (Refer Table 1.14)

Table 1.14

Industrial Categories of Districts in Maharashtra

District	Census Division	Industrial Category	Level of Urbanization
Mumbai	Konkan	Developed	100
Thane	Konkan	Developed	72.58
Raigad	Konkan	Developed	24.24
Ratnagiri	Konkan	Backward	
Sindhudurg	Konkan	Backward	
Nashik	Nashik	Moderately Developed	38.83
Dhule	Nashik	Backward	26.01
Nandurbar	Nashik	Backward	15.47
Jalgaon	Nashik	Backward	
Ahmadnagar	Nashik	Moderately Developed	
Pune	Pune	Developed	
Satara	Pune	Less Developed	14.24
Sangli	Pune	Less Developed	
Solapur	Pune	Backward	
Kolhapur	Pune	Less Developed	
Aurangabad	Aurangabad	Less Developed	
Jalna	Aurangabad	Backward	19.07
Parbhani	Aurangabad	Backward	32.53
Hingoli	Aurangabad	Backward	15.62
Bid	Aurangabad	Backward	17.9
Nanded	Aurangabad	Backward	
Osmanabad	Aurangabad	Backward	15.84
Latur	Aurangabad	Backward	23.58
Buldana	Amravati	Backward	

Akola	Amravati	Backward	
Wasim	Amravati	Backward	17.48
Amravati	Amravati	Less Developed	34.54
Yavatmal	Amravati	Backward	
Wardha	Nagpur	Backward	26.4
Nagpur	Nagpur	Less Developed	
Bhandara	Nagpur	Backward	
Gondiya	Nagpur	Backward	
Chandrapur	Nagpur	Backward	32.37
Gadchiroli	Nagpur	Backward	6.93

Source: Based on the definitions in Maharashtra Development Report (2007), by the Planning commission

In fact mapping this data with the division wise level of urbanization (Refer Table 1.14), a very strong correlation can be noted in the industrial inclination of a division and the percentage of urban population in the same. Thus the more industrialized districts were the more urbanized ones. It needs to be seen how the shift towards a service sector economy affects these industrialized urban regions of the state.

Emerging patterns of Economic growth

Since the 1990s, there has been a flight of manufacturing activities from cities like Mumbai to the hinterlands- the new centres being Nashik, Aurangabad, Nagpur and Poona.¹⁴ Meanwhile as the urban belts shifted their base from production to services, the Information Technology (IT), BPOs and other service sector industries started finding a place in the core areas of cities. The IT Parks are mainly concentrated in Greater Mumbai (123), Pune (117), Thane (80), Nashik (4) and Nagpur (2).¹⁵ Since the 1990s the investment in industrial sector, especially the foreign direct investment (FDI) has been rising. As reported by the Economic Survey of Maharashtra 2009-10, 15,408 industrial projects with an investment of Rs. 5,58,336 crore have been registered in the period August, 1991 to August, 2009 with the Government of India for setting up industries/mega projects in the State. By the end of August, 2009, out of the total registered projects, 6,627 projects (43 per cent) involving an investment of Rs. 1,47,443 crore (26 per cent) were commissioned generating about 8.36 lakh employment (30 per cent). In the total investment, the major sector wise share of investment was of Chemicals (18 per cent) followed by Metallurgical and Textiles (11 per cent each), Food Processing and Engineering (5 per cent each) and IT Industry (2 per cent). The compound annual growth rate of investment in projects registered and commissioned in last five years is 14.4 and 5.2 per cent respectively. (Refer Table 1.16)

14 Whitehood and More (2007): Revanchism in Mumbai? Political economy of rent gaps and urban restructuring in a global city

15 Economic Survey of Maharashtra 2009-10

Table 1.15
Industrial Investments in Maharashtra (August 1991 to August 2001)

Category of Projects	Number of Projects Approved	Investments on Approved (in Crores)	Employment generated in Approved Projects	Number of Projects Commissioned	Investments on Commissioned (in Crores)	Employment generated in Commissioned Projects
IEM/LOI/EOU	15,408	5,58,336	28,16,802	6,627	1,47,443	8,36,265
FDI	4,133	81,763		1,659	39,291	
MOU	147	1,28,813	1,95,291			

IEM – Industrial Entrepreneurs Memorandum, LOI – Letter of Intent, EOU – Export Oriented Unit,

FDI – Foreign Direct Investment, MoU – Memorandum of Understanding

Source: Directorate of Industries, Government of Maharashtra

Another important development, in the last decade, that has impressed upon the economic scope of the state is the encouragement to Special Economic Zones (SEZs), as the primary tool to attain the objective of encouraging the growth of industries in the state. SEZs are branded as the tax-free territory and the policies are targeted at propagating fast growth of the industrial sector. The State has adopted the Special Economic Zone (SEZ) Policy with effect from 10th February, 2006. Up to November, 2009, in all 225 SEZ proposals were received in the State, of which 144 were approved by the Central Government (108 formal and 36 in-principle approvals) and 58 proposals were notified. Out of 144 approved SEZs, 59 are information technology/information technology enabled services, 57 are single-product, 16 are multi-product and 12 are multi services. (Refer Table 1.17). The role of MIDC also has been linked to the growth of SEZs in the state

Table 1.16
SEZs proposed in Maharashtra, Region wise

Area	Numbers	Area (ha)	Proposed Investment (in Crores)	Proposed Employment (Lakhs)
Konkan	69	29,996	1,14,406	43.58
Western Maharashtra	50	6,715	57,202	14.33
Marathwada	15	3,771	4,962	1.53
Vidarbha	10	4,910	12,578	5.81
Total	144	45,392	1,89,148	65.25

Source: Directorate of Industries, Government of Maharashtra

These patterns of economic investment have varied implications for the nature of urbanization in the state. Some of these are –

- Big cities like Mumbai- Pune and Nashik have emerged as the golden triangle in the state attracting maximum investment, particularly in the service sector. These are also the regions where massive investments in urban infrastructure are taking place. The employment patterns, spatial patterns and way of life in these cities are registering extremely rapid changes to respond to the needs of this global investment. This in turn has implications for the livelihood and sustenance of various social groups in these cities.
- Manufacturing activities are getting dispersed in the vicinity of these cities. This means that new urban corridors are getting developed. Urban corridors basically mean blurring of boundaries between adjacent cities, exerting further pressure for more urbanizable land in the vicinity of these cities. This has environmental implications. Also, the scale of emerging cities in the state is also going to be huge, creating new challenges for urban governance.
- The prospect of developing new, more dispersed urban centers appears to be dim at the moment and requires a really determined and concerted policy effort. On the other hand the size of the emerging urban corridors in the state poses new challenges for governance, including a review of the appropriateness of the current structures of urban governance.
- The emerging pattern of urbanization is bound to give tremendous economic returns but their spread across population through employment and other benefits seems to be slight going by current trends. Here too, policy will need to play a critical role.

Jawaharlal Nehru National Urban Renewal Mission (JNNURM) in Maharashtra

Maharashtra leads in funds allocation and funds released for all schemes under JNNURM. In sub-mission for Urban Infrastructure and Governance (UIG) for JNNURM cities too, the state leads in number of projects sanctioned with 79 projects (Jan 2010) which is about 15 per cent of total projects sanctioned under it.

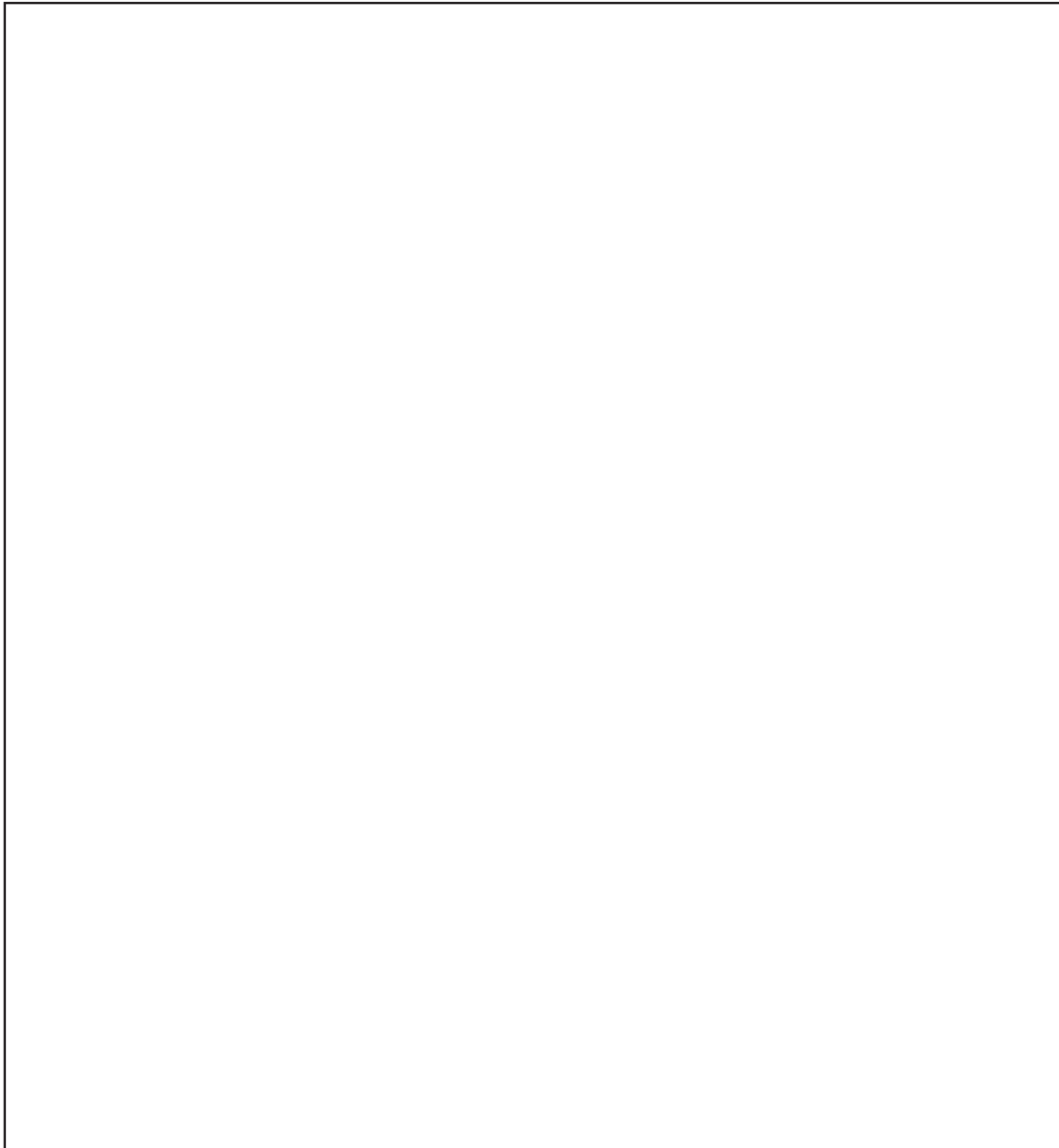
In terms of central assistance released, Maharashtra has received Rs.2928 crores or nearly 23 per cent of the total funds released under this sub-mission.

In sub-mission on Basic Services to Urban Poor (BSUP), Maharashtra has been sanctioned 60 projects which are about 12 per cent of the total projects sanctioned. Maharashtra is in third place after West Bengal and Uttar Pradesh in terms of projects sanctioned. However, it leads in receiving central assistance with Rs 1018 crores which is about 22 per cent of the funds released for this sub-mission.

In UIDSSMT scheme for small and medium towns, Maharashtra has been sanctioned 94 projects which are about 12 per cent of the total projects under the scheme. This puts Maharashtra in second place after Tamil Nadu. However, Maharashtra leads in receiving central assistance with Rs. 1242 crores which is about 20 per cent of the funds released for the scheme.

In IHSDP scheme for small and medium towns, Maharashtra has been sanctioned 104 projects which are about 12 per cent of the total projects under the scheme. Maharashtra is second after Uttar Pradesh in terms of projects sanctioned. Maharashtra leads in central assistance received with Rs. 584 crores which is about 19 per cent of the total funds released for the scheme.

The reason for Maharashtra leading in access of central funds is that it has the highest population living in urban areas in terms of absolute numbers. (42 million out of 281 million- total urban population in India). Figure 1.1 and Figure 1.2 specifies the state's share in JNNURM projects and funds.



Further Table 1.17 and 1.18 summarises the number of JNNURM projects spread across ULBs and Administrative Division wise respectively. (For details refer Annexure 1.1(a) and (b)).

Table 1.17

Total number of Projects under JNNURM across ULBs of Maharashtra

	Number of projects under BSUP	Number of projects under UIG	Number of projects under IHSDP	Number of projects under UIDSSMT	Total
Municipal Corporation	63	78	24	11	176
Class					
A Municipal Council	1	0	10	16	27
Class					
B Municipal Council	1	1	30	34	66
Class C Municipal Council	0	0	44	31	75
Nagar Panchayats	0	0	0	2	2

Total number of projects in Maharashtra is 346

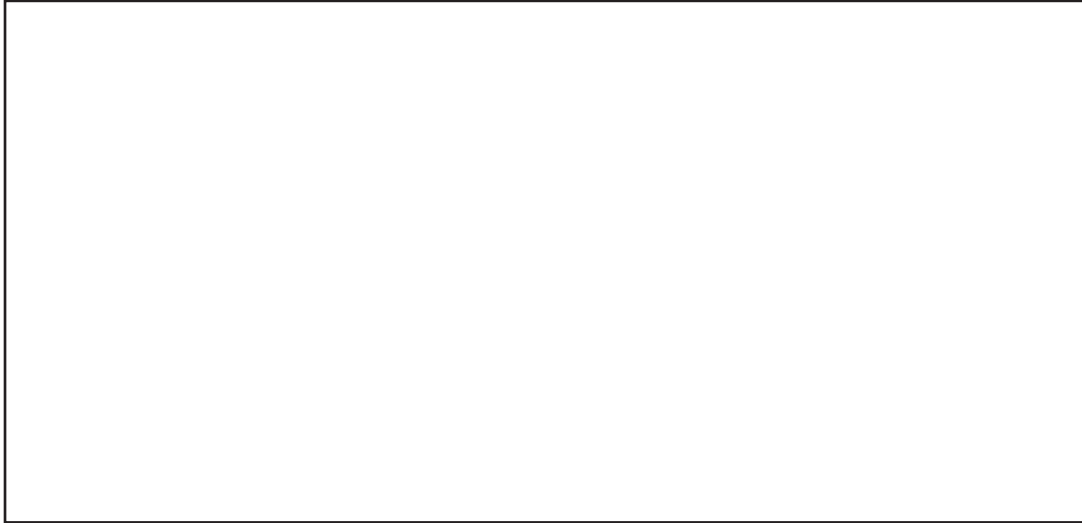
Table 1.18

Distribution of Projects across divisions in Maharashtra

	Number of projects under BSUP	Number of projects under UIG	Number of projects under IHSDP	Number of projects under UIDSSMT	Total
Konkan Division	16	25	3	8	52
Nashik	8	6	20	17	51
Pune	20	20	22	28	90
Aurangabad	11	11	17	22	61
Amravati	0	0	24	12	36
Nagpur	10	17	22	7	56

Total number of projects in Maharashtra is 346

Map 1.1 Distribution of JNNURM projects in Maharashtra



Tables 1.17 and 1.18 give us a clear idea about the distribution of projects across ULBs and divisions in the state of Maharashtra and point out the biases towards some areas vis a vis others. Most of JNNURM projects are concentrated in the 22 Municipal Corporations totaling up to 176 out of the total 346 projects. This clearly brings out the focus of the JNNURM projects on the bigger urban centres vis a vis the small and medium towns. Across divisions one can infer from the available data that there is a clear tilt towards some like Pune and Konkan (which constitutes Mumbai Metropolitan Region) with Pune having as many as 90 projects. The lesser urbanized Amravati division has the least number of projects (only 36). The map 1.1 below further point out the concentration of JNNURM projects across districts within administrative divisions and regions. Vidarbha region which consists of Amravati and Nagpur Divisions has the least number of projects with districts like Gondia, Gadchiroli, Bhandara and Chandrapur having very few projects. In contrast the Rest of Maharashtra region which consists of Konkan, Nashik and Pune Divisions has many projects with Pune topping the list with 50 projects.

Every district in the state has received at least one JNNURM project. However the distribution of JNNURM projects in the state thus corresponds with the overall pattern of urbanization in the state which is positively biased towards Mumbai-Pune-Nashik and western Maharashtra. Cities like Nanded, Latur, Amravati seem exceptional and the reasons for the same are clearly attributable to the political leadership.



Chapter 2

Mapping Institutional relationships of Urban Local Bodies with the State Government in Maharashtra

Introduction

Urban local bodies (hereafter ULBs) constitute the bulwark of urban governance in the state. This chapter describes the architecture of urban governance in the state, and locates the urban local bodies in this back drop. It is expected that this would lay the foundation for understanding the ULB- State Government relationships as manifested in various sectors described in subsequent chapters.

One of the key objects of Jawaharlal Nehru National Urban Renewal Mission (hereafter JNNURM) is decentralization and empowerment of the ULBs. It bases itself on the implementation of the 74th Constitutional Amendment Act (hereafter CAA). The attempt in the following sections is to therefore trace the positioning (legal, financial and in terms of human resources) of the ULBS as it has been evolving over the years. This changing positioning does not occur in a vacuum but in an institutional space which is shared with other institutions. A nuanced understanding of these changing institutional maps is only possible sectorally as is attempted in subsequent chapters. However, we introduce these institutions here.

The main department concerned with urban development in Maharashtra is the **Urban Development Department** (hereafter UD) which is further subdivided into UD1 and UD2. In addition; there is a strong urban development agenda in the department of Housing. The state has several institutions which provide technical inputs or are responsible for implementation of specific projects.

These include

Special Planning authorities – These are authorities that are constituted for the planning of specific regions or new cities. These authorities, besides preparing development plans for the mandated cities/regions also undertake development projects. Under the JNNURM, their role in particular has become very critical. Examples of such authorities include- MMRDA (Mumbai Metropolitan Region Development Authority), PCNTDA (Pimpri Chinchwad New Town development authority) and CIDCO (City and Industrial Development Corporation)

Directorate of Town Planning and Valuation - The directorate of town planning aids in preparing the Development Plans (DPs) for various towns and cities in the state.

Directorate of Municipal Administration (DMA) - This directorate is the authority which controls, supervises and reports the administration of municipal councils in the state. It is a particularly key body for grant making and human resource in small and medium towns in the state.

The Maharashtra Housing and Area Development Authority (MHADA) plays a key role in execution of Public housing projects in the state. Over the years, the MHADA has also become the slum project executing agency in the state.

Maharashtra Jeevan Pradhikaran (MJP) has the mandate of bulk water provision to the different urban areas in the state.

All India Institute of Local Self Governance (AIIILSG) and **Yashwantrao Chavan Academy for Development Administration (YASHADA)** are institutions with a research and capacity development mandate. Both these institutions have units which specifically focus on urban areas and issues.

There are **249**ULBs in Maharashtra. These include **22** Municipal Corporations, **222** Municipal Councils (18 of Class "A", 62 of Class "B" and 142 of Class "C") and **4** Nagar Panchayats. Table 2.1 specifies the region wise distribution of ULBs. (For details refer annexure 2.1)

Table 2. 1
The region wise distribution of Urban Local Bodies

Sr. No.	Region	Municipal Corporations	Municipal Council			Total	Nagar Panchayat	Total ULBs
			A	B	C			
1	Kokan	8	5	7	15	23	2	36
2	Nasik	5	1	13	21	36	1	41
3	Pune	5	3	10	28	41	1	46
4	Aurangabad	2	4	10	37	52	1	53
5	Amaravati	2	2	12	24	39	0	40
6	Nagpur	1	3	10	17	30	0	31
	Total	23	18	62	142	221	5	249

Source: Performance Budget of Urban Development Department 2008-09;

At present there are no Industrial Townships in Maharashtra constituted under Municipal Councils Act 1965. However a significant decision was taken in the State Cabinet meeting held on 11th January, 2001 and 10th April, 2002 which decided to declare 16 Industrial Townships in Maharashtra. The actual notification of the same was withheld due to pending decisions of the Delimitation Commission and so far, has not seen the light of the day.

All ULBs in Maharashtra are governed by 4 Municipal Laws namely:

1. Mumbai Municipal Corporation Act, 1888 (MMC Act)
2. The City of Nagpur Municipal Corporation Act, 1948 (NMC Act)

3. Bombay Provincial Municipal Corporations Act, 1949 (BPMC Act)

4. Maharashtra Municipal Councils, Nagar Panchayats and Industrial Townships Act 1965 (hereafter The Maharashtra Municipal Councils Act)

These Acts have laid down the provisions for constitution, composition, election of members, functions, municipal authority and staff, municipal funds, sources of revenue, audit of ULBs i.e. the framework within which all municipal bodies are expected to function. This framework has been then expanded, detailed out, modified through creation of institution, practices pertaining to financial and human resources introduction of reporting formats etc. Thus this ensuing part of the Chapter is focused on tracing and analyzing the changes in ULBs during the pre and post period of 74th CAA 1992, with respect to constitution, composition, functions and duties, human resources and financial resources of ULBs in Maharashtra. It will also identify different issues pertaining to these changes.

Section I: Constitution of ULBs in Maharashtra

- **Situation prior to 74th CAA 1992**

Constitution of ULBs involves a change in institutions that govern and hence a change in the nature or quantum of governance. Evidently, there are stakes involved on either side. An appropriate labeling of a territory as “urban” is thus a key political and administrative decision. Two facets of constitution of ULBs deserve analysis. One is the **expansion of ULB areas** and the other is **declaration of particular areas as “urban”** with requisite institutional changes.

The following are the legal provisions concerning the same -

The MMC Act 1888 and the NMC Act 1948 are applicable to particular cities of Mumbai and Nagpur respectively. There was an extension of city limits and an amalgamation of administrative jurisdictions when both these Acts were promulgated but as single City Acts, there is no provision of declaration of urban areas. It is the BPMC Act, 1949 and the Maharashtra Municipalities Act, 1965 which have provisions for declaration of municipal area, deletion, amalgamation and other changes. Prior to Maharashtra Municipalities Act 1965, there were different criteria that applied for establishing and classifying municipalities.

- In Vidarbha, any local area could be declared as a municipality.
- In Western Maharashtra, a minimum population of 2000 was required for declaring any local area as a district municipality while only a district municipality could be converted into Borough municipality.
- In Marathwada minimum population of 15000 was required for declaring any area as a city municipality and the population required for a town municipality was more than 5000 but less than 15000.

After the passage of the Maharashtra Municipalities Act, 1965, there was an attempt to bring uniformity in these parameters for declaring a municipal area. The **Municipal Acts Unification Committee** (July 1963) recommended that 'population according to the last preceding official census should be the sole criteria for declaring any local area as a municipal area the minimum requirement being 10000 population.' In spite of the recommendation of the **Committee on Democratic Decentralization** that towns having a population up to 20000 should not be given municipal administration; the state government accepted the recommendation of the Municipal Acts Unification Committee on the population parameter of 10,000.

By Maharashtra Act 4 of 1974, the minimum requirement of 10000 population was raised to 15000. At the same time, the state government retained the right to declare municipal areas with less than 15000 population.

Procedure for declaring Municipal Area

As per the procedure for declaration of 'Municipal Area' given in the Act, the State Government has to make an inquiry regarding the population of the proposed municipal area prior to the declaration. The words used "deems fit" in provision of 'Municipal areas and their Classification' (Section 3) leaves the nature of inquiry to the discretion of the State government.

After the inquiry is over a proclamation calling for objections is to be published. The State government issues a notification declaring the area of the municipality after considering all the objections received. Delay in dispatch of objections does not affect validity of the notification if the objections are considered and rejected by the Government.

The 'Notification' declaring the municipal area defines the limits of the municipal area and the name of the Municipal Council. The jurisdiction of the Municipal Council extends up to the limits of the municipal area declared in the Notification. (Bill, Note on Cl. 3, Maharashtra G. G., Pt. V, 26-3-1965, Ex. P. 214)

Classification of Municipal areas

The reason for classification of municipalities as stated by the Municipal Acts Unification Committee is - 'It is accepted that there should be one Act governing all municipalities. Nevertheless it is also desirable that there should be some distinction between the bigger and the smaller municipalities. While the bigger municipalities can be entrusted with higher responsibilities and duties, the small municipalities may have to be given special assistance by the government. The Committee, therefore, recommends that the municipalities should be classified on the basis of population.'¹⁶

According to the provisions in the Maharashtra Municipalities Act 1965, every municipal area should be classified by the State government as 'A' Class, 'B' Class or 'C' Class, on the basis of population as discussed in Table 2.2.

16 Report of Municipal Act Unification Committee, page no. 5

Table 2.2*Constitution of Municipalities under the Maharashtra Municipalities Act 1965*

Classification of Municipal Councils	The Maharashtra Municipalities Act 1965	
	Original Provision related to classification criteria or classification criteria before Maharashtra Act 4 of 1974,	Provision related to classification criteria After Maharashtra Act 4 of 1974,
Population limit for Municipal area	Minimum population requirement is 10000	Minimum Population requirement is 15000
A Class Municipal Council	Population more than 50,000	Population more than 75,000
B Class Municipal Council	Population of more than 20000 but less than 50000	Population of more than 30000 but less than 75000
C Class Municipal Council	with population of 20000 or less	with population of 30000 or less

However Section 342 (Bill, Note on Cl. 3, Maharashtra G. G., Pt. V, 26-3-1965, Ex. P. 214) makes a special provision for Hill stations etc.

Provision regarding Option to C Class Municipal area to cease to be a municipal area

(Section 4 proviso of the Maharashtra Municipalities Act 1965)

In the case of a municipal council specified under C Class, if its population is below 10,000, it may decide to cease to be municipal area. Such a decision, however, should be taken within one year from the application of the Act to that municipal area and by passing a resolution by simple majority. The resolution should be forwarded to the Govt. for making necessary declaration. The government shall accept the resolution and will issue a notification under section 1 (Bill, Note on Cl. 3, Maharashtra G. G., Pt. V, 26-3-1965, Ex. P. 214)

Provision related to the Effect of reclassification of Municipal areas

(Section 5 of the Maharashtra Municipalities Act 1965)

The Government was given power to review classification after each census or when the limits of any municipal area are altered and reclassification of the municipal area was deemed necessary. This section had provided that when the class of any municipal area is changed, on reclassification the provision of this Act applicable to new class allotted to such municipal area shall apply from the date of the change. But there was to be no increase or decrease immediately in the number of councilors and the existing Councilors will continue to hold office till the next general election.

Provision for Alteration of Municipal Area

(Section 6 of the Maharashtra Municipalities Act 1965)

The State government may by notification,

- a. alter the limits of municipal area so as to include there in or to exclude there from such local area as may be specified in the notification.
- b. amalgamation of two or more municipal areas so as to form one municipal area;
- c. split up any municipal area into two or more municipal areas
- d. declare that the whole of any local area comprising a municipal area shall cease to be a municipal area.

The government may exercise this power if the population of any municipal areas goes below 15000. This can be also possible when the whole or part of a municipal area is to be included in a Municipal Corporation, and the part left is not sufficient to constitute a municipal area.

It is thus evident that prior to the 74th CAA, the constitution of municipal bodies in the state was solely determined on the **basis of population** and the parameters for the same kept on changing. It is also evident that this process of constitution was solely **in the hands of the state government**.

- **Situation after the 74th CAA 1992**

Article 243Q of the 74th CAA has stipulated the criteria for 3 types of ULBs. They are (a) Municipal Corporation for a Larger Urban area; (b) Municipal Councils for a Smaller Urban Area and (C) Nagar Panchayat for an area in transition from rural to urban. It lists five criteria for constituting ULBs namely, **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 and the economic importance**. For the first time, thus more comprehensive parameters were laid down for declaration of municipal areas. However specific quantitative criteria were not specified in the 74th CAA for 'Larger Urban Area' and 'Smaller Urban Area'.

Article -243 Q. Of the 74th CAA 1992 Constitution of Municipalities.-(1) there shall be constituted in every State,-

- (a) A Nagar Panchayat (by whatever name called) for a transitional area, that is to say, an area in transition from a rural area to an urban area;
- (b) A Municipal Council for a smaller urban area; and
- (c) A Municipal Corporation for a larger urban area, in accordance with the provisions of this Part:

Provided that a Municipality under this clause may not be constituted in such urban area or part thereof as the Governor may, having regard to the size of the area and the municipal services being provided or proposed to be provided by an industrial establishment in that area and such other factors as he may deem fit, by public notification, specify to be an industrial township.

(2) In this article, "a transitional area", "a smaller urban area" or "a larger urban area" means 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 or such other factors as he may deem fit, specify by public notification for the purposes of this Part.

Municipal laws of Maharashtra have been amended by the Maharashtra Amendment Act No.41 1994, section 109 (A); as per the Article 243Q of 74th CAA. Accordingly, all ULBs in Maharashtra have been categorized as Municipal Corporations, Municipal Councils and Nagar Panchayats.

The State Government has considered **population and proportion of people engaged in non-agricultural activities** as major criteria for constitution of ULBs. Thus, Section 3, 4, 341A and 341F the Maharashtra Municipal Councils Act 1965 defines a Municipal Council as an area where the population is not less than 25,000 and the percentage of employment in non agricultural activities is not less than 35%. (*Annexure 2.2*) Similarly, a Nagar Panchayat is an area where the population is more than 10,000 but less than 25,000 and the percentage of employment in non agricultural activities is not less than 25%. 'The BMC Act that applies to all municipal corporations then defined the corporation as any urban area with a population of not less than 3 lakhs as a Larger Urban Area. In this case, population has been applied as the sole parameter for change in institutional trajectory'.

A detailed comparative analysis between provisions before and after introduction of the 74th CAA with respect to constitution and classification of urban bodies reveals the following:

The Mumbai Municipal Corporation Act, 1888(MMC Act)

It has been observed that Mumbai Municipal Corporation is not constituted on the basis of Population Criteria like Municipal Councils.

The City of Nagpur Municipal Corporation Act, 1948(NMC Act)

Prior to 74th CAA, NMC Act was applicable to the city of Nagpur. However after 74th CAA, this law was amended as it applies only to the larger urban areas constituting the City of Nagpur. The term of larger urban area was introduced for corporation in this law.

Bombay Provincial Municipal Corporations Act, 1949(BPMC)

As mentioned earlier, initially BMC Act 1949 applied to the Province of Bombay which included cities of Ahmadabad and Poona. Further it applied to city of Pune and

other cities in Maharashtra after re- organization of the state. However, before 74th CAA the population criteria for Corporations were not in existence, but it was introduced in the 74th CAA. Further, the amended BMC Act provides for a classification of corporations on the basis of population. These categories would determine the number of councilors in the city.

These are i) above 3 lakhs and up to 6 lakhs, ii) above 6 lakhs and up to 12 lakhs, iii) above 12 lakhs and up to 24 lakhs and iv) above 24 lakhs

Maharashtra Municipal Councils, Nagar Panchayats and Industrial Town Act 1965

The table below analyzes the comparative provisions for constitution of Municipal councils prior to and after the amendments in Municipal Councils Act following the 74th CAA.

Table 2.3

Comparative analysis related to Maharashtra Municipal Councils Act 1965 before and After 74th CAA

Points for Comparison	The Maharashtra Municipalities Act 1965		Section 3, 4,341A and 341F of Maharashtra Municipal Councils, Nagar Panchayats and Industrial Townships Act 1965 (MMCNPIT Act)
	Original Provision related to classification criteria or classification criteria before Maharashtra Act 4 of 1974.	Provision related to classification criteria After Maharashtra Act 4 of 1974.	
Title of the Act	The Maharashtra Municipalities Act 1965	The Maharashtra Municipalities Act 1965	Maharashtra Municipal Councils, Nagar Panchayats and Industrial Townships Act 1965.
<i>Comment:</i> The word 'municipalities' has replaced by the word 'Municipal Councils. Also two new terms as Nagar Panchayat and Industrial Townships have been inserted.			
Provision related to Municipal area- Population limit for municipal area/Urban area	Municipal Area as any local area with Population not less than 10000	Municipal Area as any local area with Population not less than 15000	a. Smaller urban Area with Population not less than 25000 and b. the percentage of employment in non-agricultural activities in such area is not less than thirty-five percent

<p><i>Comment:</i> We have seen that limit of population for deciding urban local bodies has been changed from 10000 population to 25000 population. That means minimum population requirement for municipal council has been increased.</p>			
<p>Classification of Municipal Councils</p>			
A Class Municipal Council	Population more than 50,000	Population more than 75,000	With population of more than 1,00,000 but not more than 3,00,000
<p><i>Comment:</i> Before 74th CAA, there has been no upper limit of population for A Class municipal council, however post 74th CAA ; the population limit for larger urban area has been stipulated as 3 lakhs population.</p>			
B Class Municipal Council	Population of more than 20000 but less than 50000	Population of more than 30000 but less than 75000	With population of more than 40,000 but not more than 1,00,000
<p><i>Comment:</i> There is an upward revision in the minimum and maximum population limits.</p>			
C Class Municipal Council	with population of 20000 or less	with population of 30000 or less	With population of more than 25,000 but not more than 40,000
<p><i>Comment:</i> A maximum limit of 40,000 has been introduced while the minimum limit is revised to 25,000.</p>			
Nagar Panchayat	Not applicable	Not applicable	It is such a transitional area which has (a) population of not less than 10,000 and not more than 25,000 & (b) this area is not more than 25kms away from the territorial limits of any Municipal Corporation or a 'A' Class Municipal Council and the percentage of employment in non agricultural activities is not less than 25% OR

			© this area is more than 20kms away from the territorial limits of any Municipal Corporation or a 'A' Class Municipal Council and the percentage of employment in non agricultural activities is not less than 50%.
<p><i>Comment:</i> It has been observed that, there is no provision for Nagar Panchayat, before 74th CAA.</p>			
Industrial Township	Not applicable	Not applicable	The location of any particular industrial area developed by the Maharashtra Industrial Development Corporation constituted under the Maharashtra Industrial Development Act 1961 or by a Co-operative society formed for developing a co-operative industrial estate in any urban area or part thereof, is to be an Industrial Township
<p><i>Comments:</i></p> <ol style="list-style-type: none"> 1. It has been observed that, there is no provision for Industrial Townships, before 74th CAA. 2. The industrial township, an additional unit ULB's was introduced by the 74th CAA. Such Township would not be having a full fledged municipal council but would be governed by an Industrial Township Authority comprising the nominees of the industrial units situated in the township area and authority like the Maharashtra industrial Development Corporation or the Co-operative Society formed for developing a co-operative Industrial Estate in the area. (Objects and reasons in 'The Maharashtra Municipal Corporations and Municipal Councils (Amendment) Act 1994.' 			

Classification of Municipal Corporations

More recently, the state government has introduced a classification of the municipal corporations in the state. According to the GR No. 1005 / Classification/ CR no. 379/05/ UD-24, Mantralay (Secretariat) Mumbai 400 032, Date: 4th May 2006, the State Govt. has decided to classify 22 municipal corporations into four Classes namely Class A, Class B, Class C and Class D. on the basis of criteria like **Population, Area, Revenue**

Sources and Collection and Infrastructure etc. The objective of such classification is to bring co-ordination in the administrative structure of all municipal corporations and such classification may be used as basis for assisting in granting the various Central or state funds to these corporations.

Table 2.4
Classification of Municipal Corporations

Classification	Name of Municipal Corporation	No.
Class A	Greater Mumbai Municipal Corporation	1
Class B	Pune, Nagpur Municipal Corporation	2
Class C	Pimpri Chinchwad, Thane, Nashik, Navi Mumbai Municipal Corporation	4
Class D	Solapur, Aurangabad, Kalyan-Dombivali, Kolhapur, Sangli, Miraj-Kupwada, Amaravati, Mira-Bhinder, Ulhasnagar, Bhivandi-Nijampur, Ahamadnagar, Akola, Jalgoan, Nanded-Waghela, Dhule, Malegaon	15

There is no discussion of the parameters of this classification. However the division of the classes suggests that there has been some consideration of scale and economic prospects. It indicates that there is an increasing sophistication in the architecture of urban governance. However, the basis of these decisions, the objectivity with which they are taken, their implications are a matter of intense contestation on the ground.

Constitution and Classification of ULBs –in practice

There are several cases of constitution of municipal bodies that do not keep with the provisions.

It is seen that Municipal Corporations, A class and B class Municipal councils conform to the population parameters. However, the constitution of C class councils and Nagar Panchayats seems to be a contested terrain. Currently there are 142 “C Class” Municipal Councils in the State. If the population criterion for constitution of C Class municipal councils mentioned in the municipal law is strictly applied, then 81 out of 142 municipal councils do not fit as they have populations less than 25000. Similarly in case of Nagar Panchayat there are 4 Nagar Panchayats in the state namely Dapoli (Ratnagiri), Kanakavali (Sindhudurg), Shirdi (Ahmadnagar) and Malkapur (Satara). Of these, only Dapoli (10414 Population) and Kankawali (14625 population) have population within the prescribed population criteria. Out of 1566 urban centers with population between 5,000-50,000 in the state only 256 have town status. This further testifies to the fact that ‘declaration of urban’ is extremely contested.

Constitution and Classification as Political Decisions

The politics behind the constitution and classification of municipal councils become evident when these decisions are contested. In the recent past, several such cases have come to light. Some examples are-

The constitution of 'Vasai- Virar Municipal Corporation' is a recent case in point. The state had issued a notification¹⁷ on July 3, 2009 that the municipal councils of Nallasopara, Virar, Navghar-Manickpur and Vasai along with 53 adjoining villages would be merged to create the new municipal corporation of Vasai-Virar. Forty-nine villages out of 53 village panchayats have unanimously objected to the merger, and have launched an agitation for their villages under the banner of 'Gaon Vachva Jan Andolan' (People's Agitation to Save Village). Local leaders of Vasai-Virar cutting across all party lines have joined the campaign to save the villages, last remaining green belts of the Vasai, from urbanization that is eminent after being merged into the municipal corporation. They have strongly demanded the exclusion of 53 villages from municipal limit of proposed Vasai-Virar Municipal Corporations. During the State Budget session 2010 the state government has accepted the exclusion of 30 of the 53 villages and assured that a final decision on the remaining 23 villages would be taken before the budget session on March 18, 2010. Villagers of these 49 villages do not feel they are benefited from this merger. Moreover they feel the merger would be disadvantageous to the village as their ancestral land holdings would be taken over providing civic amenities for which there is no space left in the urban areas. (For details refer Annexure 2.3)

Chiplun (Dist. Sidhudurg) is a B Class Municipal Council with a population of 46229 as per 2001 census. Development Plan for CMC was sanctioned on 16th December 1988 by GOM and it was implemented from the date 31st March 1989. Second revision of Development Plan will be started during this year (2010). In 1967, area called as "Chiplun Upanagar" was merged within City limit. (Area was 4.47sq.miles). Now, total area of the city is 14.6 sq.km. Officials in Chiplun Municipal Council have reported that there is one pending proposal from last 5-6 years of **extension of city limit**. CMC is willing to include area called as Kherdi within the limit of city but, gram panchayat is not willing to do so.

Malkapur (Dist. Satara) has a population of 12847 as per 2001 census. Its present population is estimated at around 32000. Malkapur is one of the first towns where *Maharashtra Jeevan Pradhikaran (MJP)* runs a 100% water meter scheme with efficient implementation. However, it has been declared as a Nagar Panchayat only recently i.e. in 2008-09. In this case we can observe that even though Malkapur fulfilled the population criteria of constitution of municipal body long back, there has been delay in the transforming the rural local body to urban local body. In Satara- the district in which Malkapur is located, there are several such cases. As per data, there are 76 villages of above 5000 population but only 22 of these have been declared as municipal bodies.¹⁸

Shirdi is another interesting case to gain insight into the dynamics of transforming a rural unit to urban. Population of Shirdi was 26184 as per 2001 census which is more than 25000. Shirdi Gram panchayat existed till 10th Jan 1990. The state government

17 Notification Issued by Urban Development Department Mantralaya, Mumbai-400 032, dated the 3rd July, 2009

18 Article written by Ms. Sulkshana Mahajan 'Maharashtrachi Kalvisangat Grmimata' in Marathi daily news paper 'Lokasatta' in November 2006.

appointed Administrator under Maharashtra Municipal Act 1965 to look after needs of facilities and civic services of growing population and increasing number of pilgrims and also to control the haphazard development in Shirdi town. It has been observed that daily floating population to visit temple is about 50-6000 and during festival days it goes to more than 2.5 lacks.¹⁹ Further in 1995, Shirdi Village Panchayat (Ahmednagar District) was converted into a Municipal Council and accordingly election programme was announced for that Council. However not a single nomination was received due to protest by the local residents regarding conversion of this local body. Thereafter four attempts were made to hold the elections so as to constitute that council but on every occasion due to strong resentment, no election could be held. Finally, Government had to reconvert that council to a Village Panchayat and immediately thereafter again as a Nagar Panchayat. Then only an election could be held for that Nagar Panchayat successfully²⁰.

From Shirdi's Case we have learned that transformation of rural area to urban area is the dynamic process; it does not mere applying the population criteria for forming the urban local body but people's willingness and participation in this process is play crucial role.

All the cases discussed above give a fair idea of the stakes involved in these institutional transitions. The following seem to be the rationale offered for urban/higher classification-

- Promote orderly development
- Upgrade service levels
- Create more urbanisable land for amenities
- The following are the reasons why these attempts are resisted-
 - Agricultural and other primary sector activity has significant importance
 - Local economic and political stakes in grey development

However, underlying is a pressing need for more comprehensive criteria and parameters for these decisions and a process that is more transparent and participative.

Section II: Composition of Urban Local Bodies under Municipal Laws

The objective of this section is to understand the composition of ULBs in Maharashtra in pre and post 74th CAA periods trying to trace the changes in 'composition of ULBs' along with the related components such as Reservations seats for Scheduled Casts, Schedule Tribes, Backward Classes and Women, Tenure of ULBs and Tenure of office of councilors.

19 Detailed Project Report of Municipal Solid Waste Management Scheme for Shirdi Nagar Panchayat under 12th Finance commission

20 State Election Commission Report 1994-2004.

- **Prior to 74th CAA:**

- a) It can be observed from provision related to elected members in all municipal laws that the number of elected councilors is decided on the common principle on the basis of latest population census of that city.
 - Bombay Municipal Corporation (BMC) Act: BMC was consisted of 'One Hundred and Forty Councillors' (by Mah. Act no.25 of 1982, section2).
 - Nagpur Municipal Corporation (NMC) Act: The NMC Act provided that the Corporation was consisted of such number of councilors not exceeding Seventy Five elected at ward elections.
 - Bombay Provincial Municipal Corporation (BPMC) Act: The BPMC Act provided that each Corporation come under this Act was consisted of such number of councilors *not* exceeding one hundred and forty elected at ward elections.
 - Maharashtra Municipalities Act: i) For Class A Municipal Council Minimum Number of elected Councillors shall be 40, and for every 5,000 of the Population above 75000 there shall be 1 additional elected Councillors so however that the total no. of councilors shall not exceed 60. ii) For Class B Municipal Council: Minimum Number of elected Councillors shall be 30, and for every 3,000 of the Population above 30 thousand there shall be 1 additional elected Councillors so however that the total no. of councilors shall not exceed 40. iii) For Class C Municipal Council: Minimum Number of elected Councillors shall be 20, and for every 2,000 of the Population above 15 thousand there shall be 1 additional elected Councillors so however that the total no. of councilors shall not exceed 30.
- b) The state government was the authority to decide number of councilors.
- c) All municipal laws have provision related to reservation for members belonging to SCs and STs only.

- **Post 74th CAA:**

- a) After 74th CAA, there has been a change in the number of Councillors. The number of councilors was increased.
 - Mumbai Municipal Corporation (BMC) Act: By Mah. Act No. 41 of 1994, MMC Act was provided 'Two Hundred and Twenty One Councillors' directly elected by election at ward level. At present the number of elected members is 'Two Hundred and Twenty Seven Councillors'.
 - Nagpur Municipal Corporation (NMC) Act: according to 74th CAA, NMC Act was provided 'One Hundred Twenty Nine councilors' directly elected at ward election. [By Mah. 41 of 1994, Section 79]. At present the Corporation shall Consist of One Hundred Thirty Six (136) Councillors directly elected at ward elections. [By Mah. Act no. 8 of 2002, Sec. 8 (a)].

- Bombay Provincial Municipal Corporation (BPMC) Act: After 74th CAA, BPMC Act has provided number of Councillors with respect of population limits. Such as
 - Population above 3 lakhs and up to 6 lakhs - Minimum No. shall be 65, and for every additional Population of 15,000 above 3 lakhs, there shall be 1 additional elected Councilor so however that the maximum no. of councillors shall not exceed 85.
 - Population above 6 lakhs and up to 12 lakhs - Minimum No. shall be 85, and for every additional Population of 20,000 above 6 lakhs, there shall be 1 additional elected Councilor so however that the maximum no. of councillors shall not exceed 115.
 - Population Above 12 lakhs and up to 24 lakhs - Minimum No. shall be 115, and for every additional Population of 40,000 above 12 lakhs, there shall be 1 additional elected Councilor so however that the maximum no. of councilors shall not exceed 145.
 - Population above 24 lakhs - Minimum No. shall be 145, and for every additional Population of 1 lakh above 24 lakhs, there shall be 1 additional elected Councilor so however that the maximum no. of councillors shall not exceed 221.
 - Maharashtra Municipal Councils Act: i) For Class A Municipal Council - Minimum Number of elected Councillors shall be 38, and for every 8,000 of the Population above 1lakh there shall be 1 additional elected Councilors so the total no. of councilors shall not exceed 65. ii) For Class B Municipal Council - Minimum Number of elected Councillors shall be 23, and for every 5,000 of the Population above 40 thousand there shall be 1 additional elected Councillors so that the total no. of councillors shall not exceed 37. iii) For Class C Municipal Council - Minimum Number of elected Councillors for shall be 17, and for every 3,000 of the Population above 25 thousand there shall be 1 additional elected Councillors so that the total no. of councillors shall not exceed 23.
 - It has been observed that after 74th CAA, proximity between Councilor and voters has decreased. This is because the volume of population per elected member has increased even after revising number of councillors. Previously there was an additional 1 councilor provided over the 40 councillors for every 5000 population over the 75000 population and at present an additional 1 councilor is provided over the 38 councillors for every 8000 population over one lacks population. This also can be observed for Class B and Class municipal councils.
- b) However after enactment of the 74th CAA, 'the State Election commission' is the authority to decide the number of councilors.
- c) After constitution of 74th CAA, all municipal laws are amended by the provision for Reservations for members belonging to Scheduled Casts, Scheduled Tribes and Backward Classes also. There has been provision for one elected councilor for each

ward pertaining to all municipal laws. However, in 2001 the State election Commission has introduced a 'temporary' provision for "Multimember wards" by Maharashtra Act No. VIII of 2002. This Act also called as the Maharashtra Municipal Corporations and Councils (Amendment) and Temporary Provisions for Conduct of Elections of Municipal Corporation Act 2001. Objective is to bring coordination between administrative structure which are larger and electoral constituencies that are small.

Implication of this provision

This provision for Multi-Member ward elections was applicable to all Municipal Corporations (except Brihan Mumbai) and Municipal Councils / Nagar Panchayats. The objective of this amendment was holding the general elections for the purpose of reconstituting the corporation which are to be held immediately after the date of coming into force of this act or before expiry of its term, or before March 2002. The amendment provided that each ward would consist of 3 to 5 councillors, however in practice each ward has 3 to 4 Councillors. However municipal laws before this amendment provided one councillor for each ward. The experience of multimember ward election was shared by one councillor in Chandrapur city. He is councillor of Bengali Camp ward for last 3 terms. Municipal election for Chandrapur Municipal Council was held on 23rd December 2001. This election was conducted according to Amendment 2001. Total 62 seats were contested in 20 wards. One Ward called PRABHAG comprised 3 or 4 wards. There were 22 seats reserved for women (1/3 for total seats), 16 seats for Schedule Cast, 8 seats for Schedule Tribe and 23 seats for Backward Class of citizens. Every ward had 3 Councillors. The councillor reported that the multimember ward election created various problems. It had worst implications on the developmental work in the ward. It was becoming very difficult to take any decision by common consensus regarding any activity in the ward.

Section III: Municipal Functions

In Maharashtra all municipal laws have provided functions and duties of ULBs. These functions are categorized as 'Obligatory' and 'Discretionary' functions. As nomenclature suggests 'Obligatory duties' are those duties for which every ULB should make an adequate provision for performing these duties. On the other hand, ULBs may in their discretion make provisions either wholly or partly for all or any of the functions which are mentioned as 'Discretionary'. This section of chapter deals with the analysis of functions and duties of ULBs specifically those functions which are enlisted in the 12th schedule of 74th CAA.

- **Situation prior to the 74th CAA 1992**

Until the 74th CAA, local governments in India were organized on the basis of the 'ultra vires' principle [beyond the powers or authority granted by law] and the state governments were free to extend or control the functional sphere through executive decisions without an amendment to the legislative provisions. Through the 74th CAA, an attempt was made

to improve the performance ability of municipalities, so that they are able to discharge their duties efficiently.²¹

Article 243-W of 74th CAA has prescribed “Powers, Authority and Responsibilities of Municipalities.” Accordingly, ULBs are supposed to perform **18 functions** which are listed in **Twelfth Schedule of CAA**. The 18 functions under 12th Schedule are suggestive in nature and not mandatory. It is State Government’s decision to treat some of them as Obligatory/Mandatory or Discretionary/Non-mandatory functions.

However some of the functions enlisted in the 12th Schedule of 74th CAA, already existed in the municipal laws of Maharashtra before the enforcement of the 74th CAA.

Table: 2.5

Status of functions in the 12th schedule in Maharashtra Municipal Acts prior to 74th CAA

No.	Functions under 12th Schedule	Mumbai Municipal Corporation Act 1888	The City of Nagpur Municipal Corporation Act 1948	Bombay Provincial Municipal Corporation Act 1949	Maharashtra Municipal Councils, Nagar Panchayats and Industrial Townships Act 1965
1	Urban Planning including Town Planning	Obligatory	Obligatory	Obligatory	Obligatory
2	Regulation of land use and construction of Building	Obligatory	Obligatory	Obligatory	Obligatory
3	Planning for economic and social development	Absent	Absent	Absent	Absent
4	Roads and Bridge	Obligatory	Obligatory	Obligatory	Obligatory
5	Water Supply for domestic, industrial and commercial purpose	Obligatory	Obligatory	Obligatory	Obligatory

21 Executive summary of Research Study namely ‘Impact of the Constitutional (the 74th Amendment) Act on the working of urban Local Bodies (Volume I) year 2005 undertaken by National Institute of Urban Affairs.

6	Public Health, Sanitation, conservancy and Solid Waste Management; this include	Obligatory	Obligatory	Obligatory	Obligatory
	To set up farm or factory for disposal of waste	Discretionary	Discretionary	Discretionary	Discretionary
7	Fire Services	Obligatory	Obligatory	Obligatory	Obligatory
8	Urban Forestry, Protection of environment and ecology	Absent	Absent	Absent	Absent
9	Safeguarding the interest of weaker section including handicapped and mentally retarded	Discretionary (weaker Section include SC, ST, VJNT and Nav Budhist)	Absent	Absent	Obligatory (weaker Section include SC, ST, VJNT and Nav Budhist) Discretionary (Provision for to establish institutions for handicapped and homeless)
10	Slum improvement and up gradation	Absent	Absent	Absent	Absent
11	Urban Poverty Alleviation	Absent	Absent	Absent	Absent
12	Provision for urban amenities and facilities parks, gardens and playgrounds	Discretionary	Obligatory	Discretionary	Discretionary
13	Promotion of cultural, educational and aesthetics aspects	Discretionary	Discretionary	Discretionary	Discretionary
14	Burials and burials ground, cremation grounds and electronic crematoriums	Obligatory	Obligatory	Obligatory	Obligatory

15	Cattle Pounds, prevention of cruelty to animals	Absent	Absent	Absent	Absent
16	Vital Statistics including registration of births and deaths	Obligatory	Obligatory	Obligatory	Obligatory
17	Public amenities including (a) street lightening, (b) parking lots, bus stops and (c) public conveniences	Obligatory Discretionary Obligatory	Obligatory Discretionary Obligatory	Obligatory Discretionary Obligatory	Obligatory Absent Obligatory
18	(a) Regulation of slaughter houses (b)and Regulation of tanneries	Obligatory Absent	Obligatory Absent	Obligatory Absent	Obligatory Absent

Comments:

Functions like Planning for economic and social development, Urban Forestry, Protection of environment and ecology, Slum improvement and up gradation, Urban Poverty Alleviation, Cattle Pounds, prevention of cruelty to animals, Public amenities including parking lots, bus stops and Regulation of tanneries were incorporated for the first time in the Municipal Laws after enactment of the 74th CAA.

Comments related to functions and duties mentioned in the Maharashtra Municipal Councils Act 1965

Extinguishing fires and protecting life and property when fires occur was one of the 'Obligatory functions' in the Maharashtra Municipalities Act 1965, which was amended by Mah. 26 of 1990, section 2 and substituted as 'maintenance of a fire-bridge equipped with suitable appliance for extinguishing fires, and protection of life and property when fire occur.'

Comments related to functions and duties mentioned in the Bombay Provincial Municipal Act 1949

"Providing for parking and halting places or lots for vehicles on any part of any public street or public place which vests in the corporations" was incorporated in BPMC Act by Mah. 13 of 1992, section 2.

• Situation after the 74th CAA 1992

In the view of 74th CAA, the state Govt. of Maharashtra has amended the legal provision related to "duties and responsibility" in all four existing municipal laws in the State; these have been amended under the Maharashtra Municipal Corporations and Councils (Amendment) Act 1994 [41st Amendment Act of 1994]. As mentioned earlier functions like Planning for

economic and social development, Urban Forestry, Protection of environment and ecology, Slum improvement and up gradation, Urban Poverty Alleviation, Cattle Pounds, prevention of cruelty to animals, Public amenities including parking lots, bus stops and Regulation of tanneries have been incorporated in all municipal laws of Maharashtra.

Please refer Table 2.6 Position of Functions introduced by 74th CAA in Maharashtra Municipal Laws (Page No. 53)

Provision for Performance of functions by 'Agencies'

Section 63-A of Mumbai Municipal Corporation Act, Section 66-A and 67-A of Bombay Provincial Municipal Corporation Act, Section 58-B and 58-C of the city of Nagpur Corporations Act and section 77 (1-A) of the Maharashtra Municipal Councils, Nagar Panchayats and Industrial Townships Act have provided that any duty imposed or any function assigned under these municipal laws to ULBs can be discharged by them through functions and schemes on their own or through any 'agency' subject to terms and conditions determined by the state government.

Some Observations - Practices in Municipal Councils

1. 'Poverty Alleviation' is the 'discretionary' duty of all ULBs. So it is not mandatory for ULBs to make provisions for discharging this duty in their annual budget. As a newly added function, most ULBs in the state do not have the institutional structure to undertake this function and it is observed that this function has translated into implementation of Central Government schemes. Chandrapur is a case in point. Officials from the Municipal Council (A class) informed that they have undertaken some programs under 'the Swarna Jayanti Shahari Rojgar Yojana' (SJSRY) Centrally Sponsored Scheme which began from 1st December 1997 under funding pattern of Centre and State in 75:25 basis. He also added that they have undertaken this program for urban poor only because this program is externally funded. It is very difficult for them to make separate provisions for urban poor. Not only because of lack of funds but also political will at local level.
2. 'Urban Planning including Town Planning' is an obligatory function for all ULBs. As we have explained earlier that the scope of ULB0 in Town Planning and Urban planning function is very limited as defined in the municipal laws. The state government has deputed town planning officers to several ULBs for discharge of this function. Thus, Chandrapur Municipal Council has Separate Town planning Department comprising of a Town planner and 2 Clerks. The state government has sent a notice to Municipal Council for sending the proposal regarding Revision of Development plan (DP) of Chandrapur in 1999-2000. Chandrapur Municipal council was supposed to undertake revision of DP and complete it within 4-5 years starting from 1999-2000. However Municipal council has not responded to this notice and has not taken any action toward revision of DP of the city given prescribed period. A Senior Clerk working in the Town Planning department of municipal council shared that there were lot of discussions in meetings regarding revision of DP. The main issues in the debate pertained to changes in reservations of land mentioned in the previous DP, encroachment on government

land and private land and stake of local political leaders. No concrete result came from such discussion. Finally GOM has withdrawn this function from Municipal council and handed over the same to Chandrapur District Town Planning Authority.

Table 2.6

Position of Functions introduced by 74th CAA in Maharashtra Municipal Laws

No.	Functions under 12th Schedule	Mumbai Municipal Corporation Act 1888 (MMC Act)	The City of Nagpur Municipal Corporation Act 1948 (NMC Act)	Bombay Provincial Municipal Corporation Act 1949 (BPMC Act)	Maharashtra Municipal Councils, Nagar Panchayats and Industrial Townships Act 1965 (The Mah. Municipal Councils Act)
1	Urban Planning including Town Planning	Obligatory	Obligatory	Obligatory	Obligatory
<p>Comments: According to Mah. Municipal Councils Act Town Planning include “erecting substantial boundary marks of such description and in such position as shall be approved by the Collector, defining the limits or any alteration in the limits of the municipal area.</p> <p>1. According to MMC Act Town planning include “the improvement of Brihan Mumbai”</p> <p>2. According to BPMC Act Town Planning include “erecting substantial boundary marks of such description and in such position as shall be approved by the state Government defining the limits or any alteration in the limits of the city.”</p> <p>3. According to NMC Act Town planning include “Constructing, altering and maintaining Corporations Boundary marks.” Earlier we mentioned that (refer Table No. 2.9) urban planning including town planning was one of the obligatory functions under all municipal laws. However the specific words used to describe the meaning of town planning are different in each act. Urban planning thus means defining the limits or any alteration in the limits of the municipal area or, Constructing, altering and maintaining Corporations Boundary marks.</p>					
2	Regulation of land use and construction of Building	Obligatory and Discretionary	Obligatory and Discretionary	Obligatory and Discretionary	Obligatory and Discretionary
3	Planning for economic and social development	Obligatory	Obligatory	Obligatory	Obligatory
4	Roads and Bridge	Obligatory	Obligatory	Obligatory	Obligatory

5	Water Supply for domestic, industrial and commercial purpose	Obligatory	Obligatory	Obligatory	Obligatory
6	Public Health, Sanitation, conservancy and Solid Waste Management	Obligatory	Obligatory	Obligatory	Obligatory
7	Fire Services	Obligatory	Obligatory	Obligatory	Obligatory
<p>Comments: Functions and duties related to 'civic services' like water supply, public health, sanitation, conservancy and solid waste management, fire services, roads and bridges (Function no. 4,5,6,7) are obligatory to all municipal councils and municipal corporations. Every ULB is expected to make provision in its municipal budget and management of human resources to deliver these services to the citizens. The state government provides special grants to perform these functions to ULBs.</p>					
8	Urban Forestry, Protection of environment and ecology	Obligatory	Obligatory	Obligatory	Obligatory
9	Safeguarding the interest of weaker section including handicapped and mentally retarded	Discretionary	Absent	Absent	Obligatory and Discretionary
<p>Comments: 1. Safeguarding the interests of weaker sections including handicapped and mentally retarded is a discretionary function and was not included in the list of functions of any corporation except Mumbai.</p> <p>2. It is discretionary function for Mumbai Corporation to safeguard the interests of weaker sections including SC, ST, VJNT and Nav Buddhist only and does not cover interests of handicapped and the mentally retarded.</p> <p>3. However all Municipal Councils should make provision for Safeguarding the interest of weaker section including SC, ST, VJNT and Nav Budhist.</p>					
10	Slum improvement and up gradation	Discretionary	Discretionary	Discretionary	Discretionary
11	Urban Poverty Alleviation	Discretionary	Discretionary	Discretionary	Discretionary
<p>Comments: Function no. 10 and 11 are related to urban poor. In all Municipal laws these functions are treated as discretionary functions. That means for any corporation or council it is not mandatory to perform these functions. Officials of Municipal bodies have shared that even though they are willing to perform these functions, the major constraint is lack of funds. So that for such functions ULBs are mainly dependent on the Central Govt. or the State Govt.</p>					

12	Provision for urban amenities and facilities like parks, gardens and playgrounds	Discretionary	Obligatory	Discretionary	Discretionary
Comments: Providing facilities like parks, gardens and playgrounds is discretionary for all municipal councils and all corporations except Nagpur Corporation for which it was an obligatory function prior to the 74th CAA.					
13	Promotion of cultural, educational and aesthetics aspects	Discretionary	Discretionary	Discretionary	Discretionary
14	Burials and burials ground, cremation grounds and electronic crematoriums	Obligatory	Obligatory	Obligatory	Obligatory
15	Cattle Pounds, prevention of cruelty to animals	Absent	Discretionary	Discretionary	Discretionary
16	Vital Statistics including registration of births and deaths	Obligatory	Obligatory	Obligatory	Obligatory
17	Public amenities including (a) street lightening, (b) parking lots, bus stops and (c) public conveniences	Obligatory Discretionary Obligatory	Obligatory Discretionary Obligatory	Obligatory Discretionary Obligatory	Obligatory Absent Obligatory
Comments: 1. Providing public amenities like Parking lots, bus stops are discretionary functions for all municipal corporations. However this function is not included in the list of functions and duties of municipal councils. It means these public amenities can be provided only when municipal corporations have funds to provide them.					
18	(a) Regulation of slaughter houses	Obligatory	Obligatory	Obligatory	Obligatory
	(b) and Regulation of tanneries	Discretionary	Discretionary	Discretionary	Discretionary
Comments: Regulation of slaughter houses is obligatory function in all Municipal laws however regulation of tanneries is a discretionary function in all Municipal laws.					

Section IV: Financial Resources of ULBs

ULBs can revenue from own sources and from external sources.

- A) Revenue from own sources includes tax revenue and non-tax revenue
- B) Revenue from External Sources includes State Grants and loans.

The main thrust of this section is to understand and analyze the financial sources of ULBs prior to, after 74th CAA and the recent trends in the same in the wake of reforms.

The 74th CAA and Powers of taxation

The 74th CAA envisages that states should devolve additional taxation powers to ULBs so as to make them financially competent for performing additional functions and responsibilities.

Section 139 of MMC Act, 1988, Section 127 of BMC Act, 1949 , Section 114 of NCMC Act 1948, Sections 105 and 108 of Maharashtra Municipal Councils, Nagar Panchayats and Industrial Townships Act, 1965 have provisions for 'Imposition of Compulsory and Voluntary taxes.' All four municipal laws have provided for two categories of taxes: 'Compulsory' and 'voluntary'.

- Compulsory taxes are those which are compulsorily levied by every ULB.
- Voluntary taxes are left to the discretion of ULB.

Comparative Analysis, Observations and Comments

Following comparative analysis regarding "Powers of Taxation" in all four municipal laws, during pre and post 74th CAA period helps us to observe significant changes in financial sources of municipal bodies.

Table 2.7
Powers of Taxation under Municipal laws pre and post 74th CAA

Mumbai Municipal Corporation Act	
Prior to 74th CAA	Post 74th CAA
Compulsory Taxes	
a)Property Tax	a) Property Tax
b) A tax on vehicles and animals	b) Not Applicable
c) Absent	c) A Tax on dogs.
d) A theatre tax	d) A theatre tax
e) Octroi	d) Octroi
Voluntary Taxes	
a) Education Cess	a) Education Cess
b) Street Tax	b) Street Tax

Observation and Comments:	
1. Prior to the 74th CAA period, there were four sources of compulsory tax. At present Mumbai Municipal Corporation has imposed three compulsory taxes namely property tax, theatre tax and Octroi.	
2. There is no change in the discretionary taxes.	
Bombay Provincial Municipal Corporation Act, 1949	
Prior to 74th CAA	Post 74th CAA
Compulsory Taxes	
a) Property Tax	a) Property Tax
b) a tax on Vehicles, boats and animals	b) a tax on Vehicles, boats and animals
Voluntary Taxes	
a) Octroi	a) Octroi
b) a tax on dogs	b) a tax on dogs
c) a theater tax	c) a theater tax
d) a toll on animals and vehicles entering in the city	d) a toll on animals and vehicles entering in the city
Nil	e) a Cess on entry of goods into the limits of the city for consumption, use or sale to be levied in lieu of octroi with the previous sanction of the State Govt.
f) any other tax (not being a tax on professions, trades callings and employment) which the state legislature has power under the constitution to impose in the state.	f) any other tax (not being a tax on professions, trades callings and employment) which the state legislature has power under the constitution to impose in the state.
Observations and Comments :	
1) BPMC Act has provided two taxes namely Property tax and tax on vehicles, boats and animals, which are mandatory in nature. After 74th CAA, no new tax has been introduced in the list of compulsory taxes.	
2) After 74th CAA, BPMC act has provided additional tax namely "Cess on goods" which is a voluntary tax.	
Nagpur City Municipal Corporation Act 1948	
Prior to 74th CAA	Post 74th CAA
Compulsory Taxes	
a) a Property Tax	a) Property Taxes
b) a latrine or conservancy tax upon private latrines, privies or cesspools cleansed by corporation agency	b) Not applicable
c) a tax for the construction and maintenance of public latrines	c) Not applicable

d) a water –rate, where water is supplied by the corporation	d) Not applicable
e) a cess on animals or goods brought within the city for sale, consumption or use therein.	e) a cess on animals or goods brought within the city for sale, consumption or use therein.
Voluntary Taxes	
a) a tax on persons exercising any profession or art or carrying on any trade or calling within the city	a) Not applicable
b) a tax payable by the owners on all or any vehicles or animals, used for riding, driving, draught, or burden or on dogs where such vehicles animals or dogs are kept within the city.	b) a tax payable by the owners on all or any vehicles or animals, used for riding, driving, draught, or burden or on dogs where such vehicles animals or dogs are kept within the city.
c) a toll on vehicles and animals used as aforesaid entering the city and on boats moored within the city.	c) a toll on vehicles and animals used as aforesaid entering the city and on boats moored within the city.
d) fees on the registration of cattle sold within the city	d) fees on the registration of cattle sold within the city
e) A lightening rate where the lightening of public streets, places and buildings is undertaken by the corporation.	e) A lightening rate where the lightening of public streets, places and buildings is undertaken by the corporation
f) A market dues on persons exposing goods for sale in any market , or in place belonging to or under the control of the govt. the Nagpur Improvement Trust or of the Corporation.	f) A market dues on persons exposing goods for sale in any market , or in place belonging to or under the control of the govt. the Nagpur Improvement Trust or of the Corporation.
g) any other tax which the state legislature has power to impose in the State under the constitution.	g) any other tax (not being a tax on professions, trades callings and employment) which the state legislature has power under the constitution to impose in the state.
Observations and Comments:	
<p>1. Prior to the 74th CAA, there were four compulsory taxes which were levied by Nagpur Municipal Corporation. However by Mah.13 of 1992, section 11, a latrine or conservancy tax, a tax for the construction and maintenance of public latrines and water –rate were abolished. At present there are only two compulsory taxes namely Property Tax and Cess on animals or goods have levied by the corporation.</p> <p>2. In case of Discretionary Taxes, the corporation levied 7 different taxes prior to 74th CAA period however post 74th CAA, the Tax on any profession, art or any trade has been abolished.</p>	

Maharashtra Municipal Councils, Nagar Panchayats and Industrial Townships Act, 1965	
Prior to 74th CAA	Post 74th CAA
Compulsory Taxes	
a) Consolidated Property Tax	a) Consolidated Property Tax
b) an Octroi	b) Not applicable
c) Profession Tax	c) Not applicable
d) a tax on cinemas, theatres, circuses, carnivals and other performance and show	d) a tax on cinemas, theatres, circuses, carnivals and other performance and show
e) a tax on advertisements other than advertisements published in the news papers. Provided that the maximum and minimum rates at which the taxes aforesaid shall be levied in different classes of municipal areas and other matters relation to imposition, assessment, collection and exemptions there of shall be prescribed by the rules	e) a tax on advertisements other than advertisements published in the news papers. Provided that the maximum and minimum rates at which the taxes aforesaid shall be levied in different classes of municipal areas and other matters relation to imposition, assessment, collection and exemptions there of shall be prescribed by the rules
Voluntary Taxes	
a) a tax on all vehicles(excluding motor vehicles as defined in the Motor Vehicle Act 1939[IV 1939]) ,boats or animals, used for riding, driving, draught, or burden and kept for use within the municipal area, whether they are actually kept within or outside such area	a) a tax on all vehicles(excluding motor vehicles as defined in the Motor Vehicle Act 1939[IV 1939]) ,boats or animals, used for riding, driving, draught, or burden and kept for use within the municipal area, whether they are actually kept within or outside such area
b) a toll on vehicles (excluding motor vehicles save as provided in the section 20 of the Bombay Motor Vehicle Tax Act 1958) and animals used.	b) a tax on vehicles (excluding motor vehicles save as provided in the section 20 of the Bombay Motor Vehicle Tax Act 1958) and animals used.
c) a tax on dogs kept within the municipal area	c) a tax on dogs kept within the municipal area
d) A special sanitary tax on private latrines, premises or compounds cleansed by municipal agency	d) A special sanitary tax on private latrines, premises or compounds cleansed by municipal agency
e) A drainage tax	e) A drainage tax
f) A special water tax for water supplied by the council in individual cases	f) A special water tax for water supplied by the council in individual cases
g) A tax on pilgrims	g) A tax on pilgrims
h) A Special Educational tax	h) A Special Educational tax

i) any other tax (not being a tax on professions, trades callings and employment) which the state legislature has power under the constitution to impose in the state.	i) trades callings and employment) which the state legislature has power under the constitution to impose in the state.
<p>Observations and Comments:</p> <ol style="list-style-type: none"> 1. It is observed that initially municipal councils levied five compulsory taxes. However after 74th CAA period it has reduced to three compulsory taxes. The taxes namely Octroi and Profession Tax have been withdrawn. 2. There is no change in status of voluntary taxes before and after 74th CAA period. 	

Overall, It is seen that compulsory taxes were reduced post 74th CAA. Further it is also seen that there is very little flexibility to ULBs in exercising the power to impose taxes. The rates of taxes, the rules pertaining to the same are all decided by the State Government. However, the 74th CAA also provides for State Finance Commissions to establish a sound basis for these decisions.

The table also reveals that property tax and octroi are the two most important sources of own revenue for the ULBs. The following section thus discusses these in greater depth.

Property Tax

Property Tax is the most important source of Income of ULBs. It is a compulsory tax for all municipal bodies in Maharashtra. Property Tax includes several other taxes related to property. The Changes in the taxes that comprise 'Property Taxes' are explained in given below table 2.8

Table 2.8

Mumbai Municipal Corporation Act 1888	The City of Nagpur Municipal Corporation Act 1948	The Bombay Provincial Municipal Corporation Act 1948	Maharashtra Municipal Councils, Nagar Panchayats and Industrial Townships Act 1965
However after 1980s, two additional taxes were included in the property taxes namely education cess and the street tax . Were included in the property taxes namely education cess and the street tax .	Till 1976, 'Property tax' under this Act was defined as the tax payable by the owners of buildings or lands situated within the City with reference to the gross annual letting value of the building or land. Also the act has provided the provision related to Property Tax on what properties to be levied. Gradually Property Tax is determined by different components. The 'street tax' and the 'educational cess' were introduced as a part of Property Tax by Mah. 12 of 1993, S. 21.	Till 1980s, the Property taxes was comprised of only two taxes a) Water Tax b) General Tax After 1990s, 5 taxes have been added to Property Taxes under this Act such as a) Water benefit tax b) Sewerage Tax c) Sewerage benefit tax d) Education Cess e) the street tax	Till 1977, the Consolidated Property Tax under this Act included 5 components as a) General Property Tax b) General Water Tax c) Lightening Tax d) General Sanitation Tax e) Special Latrine Tax Two additional two taxes have been added to Property Tax as i) a fire tax(added by Mah. 26 of 1990, section 4) ii) An environment tax (added by Mah. 18 of 1993, section 21).
At present, Property Taxes under this act comprise of the following taxes	At present, Property Taxes under this Act has comprised by the following taxes	At present, Property Taxes under this Act has comprised by the following taxes	At present, Property Taxes under this Act has comprised by the following taxes
a) General Tax	a) General Tax	a) General Tax	a) General Tax
b) Water Tax	b) Water Tax	b) Water Tax	b) General Water Tax
c) Water Benefit Tax	c) Water benefit tax	c) Water benefit tax	c) Not applicable
d) Sewerage Tax	d) Sewerage Tax	d) Sewerage Tax	d) Not applicable
e) Sewerage Benefit Tax	e) Sewerage benefit tax	e) Sewerage benefit tax	e) Not applicable
f) the street tax	f) The street tax	f) The street tax	f) Not applicable
g) Education Cess	g) Education Cess	g) Education Cess	g) Not applicable
h) Betterment Charges	h) Not applicable	i) Not applicable	h) Not applicable
i) Not applicable	i) Not applicable	j) Not applicable	i) General Sanitation Tax
j) Not applicable	j) Not applicable	k) Not applicable	j) Special Latrine Tax

k) Not applicable	k) Not applicable	l) Not applicable	k) Fire frightening Tax
l) Not applicable	l) Not applicable	m) Not applicable	g) Environment Tax
m) Not applicable	m) Not applicable	n) Not applicable	m) Lightening Tax

Observations and comments:

- From the above table it can be observed that Property tax comprises various taxes. All the components have now been made uniform through the various amendments in the case of MMC, NMC and BPMC i.e. all the corporations. The changes in the NMC and BPMC are mostly in the period of 1990.
- Mumbai Municipal Corporation has imposed Betterment Charges under Property Tax which is not a part of property tax levied by other municipal corporations.
- There have been substantial changes in the components of property taxes levied by Municipal Councils. Consolidated property tax imposed by Municipal Councils now includes taxes like Fire fighting Tax, Environment Tax, and Lightening Tax which are not part of Property taxes levied by municipal corporations.

In all the Municipal Councils and Municipal corporation areas, the assessment of the Property tax is based on the “**Annual Rateable Value**”. The annual Ratable value of a building means the amount of the annual rent which the building or the land would have fetched if it had been rented out or which it actually fetches, whichever is more or less 10% thereof.

The State Government has legislated the minimum and maximum rates of property taxes that can be levied by the ULBs and actual rate is to be decided by an individual ULB. Municipal Corporations can levy the property tax as a percentage of **annual rateable value of the property** and ceiling for such percentages are laid down by the GOM in 3 different Acts. These are summarized in Table 2.9

Table 2.9
Rates of Property Tax in Municipal Corporations in Maharashtra

(Annual Rates as Percentage of Value)

No.	Components of Property Tax	MMC 1988	NMC Act 1948	BPMC Act 1949
1	General Tax	26	12-3	Maximum 12
2	Fire frightening Tax	4	1	Maximum 12
3	Water Tax	6.5	10-15	Autonomy to the ULB
4	Water Benefit Tax	12.5	--	Autonomy to the ULB
5	Sewerage Tax	39	12	Autonomy to the ULB
6	Education Tax	12	2-12	Up to 5
7	Street Tax	15	--	Maximum 10

MMC= Mumbai Municipal Corporation, NMC=Nagpur Municipal Corporations,
BPMC= Bombay Provincial Municipal Corporation

Source: Chap 8.4 Finances of Urban Local Bodies in Maharashtra, A statistical Profile by Dr. Abhay Pethe, Ajit Karnik, and Dilip Karmarkar in India Infrastructure Report 2003.

It can be seen from table 2.9 that

- Mumbai Municipal Corporation has no autonomy regarding the components and rate for each component of the tax. However the ceilings are fairly high.
- Nagpur Municipal Corporation has very limited autonomy to decide rate for Water Benefit tax and Street tax.
- All other municipal corporations under the BPMC Act have sufficient autonomy compare to Mumbai and Nagpur Municipal corporations, especially regarding Water and Water Benefit Tax and Sewerage Tax.
- However there is no freedom or power to any municipal corporation to levy any new component of property tax or changing the tax base.

The share of property tax in the revenues of municipal corporations in the state was 17.91 % in 1995-96. It was raised gradually and stood at 21.15 % in 1999-2000.²²

As per the section 114 of the Municipal Councils Act 1965 Property Tax is a compulsory tax. The consolidated property tax is being levied at the following rates in the A, B and C class Municipal Councils.

Table 2.10
Rates of Property Tax in Municipal Councils

Type of Municipal Council	Rates of taxes based on the Ratable Value	
	Minimum	Maximum
A Class	23	28
B Class	22	27
C Class	21	26

(Percentage of Value)

Source: Report of Second Maharashtra Finance Commission, March 2002

Important Issues related to Property Tax

- **Centralized Valuation of properties**

Prior to 1995, it was the ULB's task to fix the rate of property tax within prescribed limit of tax rate. This led to malpractices and corruption practices in valuation. Also the method of fixing the rateable rate was not transparent. The arbitrary assessment of tax led to disputes. Also there were certain cases where inequitable tax was imposed for similar properties. There was irregularity in revision of tax rates. The tax leakages were very high. This affected the volume of Property tax and in all affected the revenue of that ULB. To avoid all such discrepancies in previous system of valuation of property, the

²² Chap 8.4 Finances of Urban Local Bodies in Maharashtra, A statistical Profile by Dr. Abhay Pethe, Ajit Karnik, Dilip Karmarkar in India Infrastructure Report 2003

work of fixing rateable value was handed over to Directorate of Town Planning Authority. The revision in tax rate is done every four years.

- **Static Basis of Assessment**

The present system of property tax is on the basis of Rental Value of the Property. It is lacking in many aspects, especially buoyancy, simplicity and equitability. On account of Rent Control Act, the rents of properties in Mumbai are frozen at 1940 level. In the case of properties assessed thereafter, their first letting is considered as standard rent as per the definition of Standard Rent given in the Rent Control Act and same is taken as basis for assessment purposes. This base of tax remains undisturbed unless there is alteration or addition in the properties or its user is changed. This has resulted in lack of buoyancy.

- **Property Tax now seen as the most important revenue source for ULBs**

The table 2.11 shows the share of property tax to the total income and to the own income of municipal councils as per the classification of Councils.

Table 2.11

Share of property tax to the total income of municipal councils

Year	Municipal Council Class A		Municipal Council Class B		Municipal Council Class C	
	% to total income	% to own income	% to total income	% to own income	% to total income	% to own income
1995-96	7.3	9	8.7	12.7	7.4	12.2
1996-97	7.1	8.8	9.6	13.3	7.6	12.3
1997-98	7.4	10	9.3	13.4	7.3	12.3
1998-99	7.5	10	9.3	13.5	7.2	12.3
1999-2000	7.3	21	11.2	27	8.1	22

Source: Report of the Second Maharashtra Finance Commission, March 2002, Chap_9: Present Financial position of Municipal Councils and Assessment of their needs

From the above statistics it can be observed that there is an increasing trend of property tax share to own income of all classes of municipal councils. At the same time, it is also seen that the share of property tax in total income has remained unchanged indicating that the absolute incomes of ULBs have not registered significant difference.

- Growth of properties assessed is moderate while recovery is low

Table 2.12

Property Tax: Number of Properties & Tax Recovery

Class of Municipal Councils		1995-1996	1996-1997	1997-1998	1998-1999	1999-2000	Average Percentage Annual growth rate
A	No. of Properties	509,161	529,352	548,629	573,771	609,947	4.5
	Recovery in %	24.65	31.24	31.24	35.45	41.76	14.4
	Creore Rs.	62	60	75	83	96	12
	% Recovery to demand	46.7	40.8	44.4	43.4	43.4	Average 44.0
B	No. of Properties	480,378	498,239	526,524	534,339	585,463	5
	Recovery in %	18.13	21.70	24.67	26.67	35.79	19
	Creore Rs.	45	53	59	63	82	17
	% Recovery to demand	48.8	50.1	50.6	41.1	58.2	Average 49.8
C	No. of Properties	602,736	612,781	658,021	766,373	729,572	5.1
	Recovery in %	14.15	16.15	18.17	21.04	26.24	16.8
	Creore Rs.						
	% Recovery to demand	53.9	54.4	52.1	50.6	53.6	Average 52.9

Note – Figures in crore rupees are per capita in rupees

Source: Report of the Second Maharashtra Finance Commission, March 2002, Chap_9: Present Financial position of Municipal Councils and Assessment of their needs

The above table clearly shows that the rate of growth of assessed properties is about 5% overall but is the least in A class municipal councils, which may in fact have a higher potential of growth. Further, it is also seen that while there is an overall improvement in percentage of recoveries, in absolute terms, it continues to be low with the highest being about 41%. The proportion of recovery is least in C class councils at 26% while in B class councils it is around 35%. These figures indicate that property tax has yet to develop a sound basis to be a good revenue source for ULBs. It is weak in terms of coverage and in terms of recovery.

- Linkage of Property tax Recovery to Grants

In recent years, the recovery of property tax is linked to the disbursement of Dearness Allowance grant by the government to the municipalities. The percentage recovery and the percentage of admissible D.A. Grant is as shown in Table 2.13

Table 2.13
Percentage Recovery and Percentage of admissible D.A. grant

Sr. No.	Percentage of recovery of taxes	Percentage of admissible DA grant
1	Up to 60 percent	70 percent
2	From 61 to 70 percent	80 percent
3	From 71 to 85 percent	85 percent
4	Above 85 percent	100 percent

Source: Report of the Second Maharashtra Finance Commission, March 2002, Chap_9: Present Financial position of Municipal Councils and Assessment of their needs

The average percentage recovery of property tax of A, B and C Classes of Municipal Councils is 44, 49 and 52 percent respectively. Generally all classes of Municipal Councils are receiving only 70 percent of the admissible D.A. grant. This is one indication of the financial crunch faced by ULBs, especially the Councils in recent years.

- **Change in Basis of assessment to Capital Value**

The State Government of Maharashtra has published notification on 31st May 2010 regarding amendment in all Municipal laws in Maharashtra in respect of change in the basis of Property Tax from June 1, 2010. The property tax till now was based on the 'Rateable value system' which has been discussed before. Its basis is now changed to 'Capital Value System'. In the capital value system, the value (a percentage of which will be the property tax) will be based on the actual property value. The figure will be mostly based on the stamp duty Ready Reckoner which the government brings out every year. Once the market value is decided, this market value will remain constant for 5 years. On this market value a certain percent, say 0.3% will be charged as property tax for one year. This is expected to increase the buoyancy in property tax and contribute to enhanced revenues for ULBs. It is also expected to generate land uses in conformity with value. Thus high value uses will tend to occupy high value lands while obsolete land uses will be tendered redundant with market forces. On the other hand, this can be considered to unleash forces that cause indirect displacement of the vulnerable from high value town locations.

Octroi

Octroi is a levy on goods entering into a local jurisdiction for sale, consumption or use. It has been the major source of revenue from own income of the ULBs. The share of octroi in the total income of ULBs has been around 30 to 40 percent whereas its share in its own income is about 51 to 63 percent. In the case of municipal councils, the share of octroi to total income has been 50%, 37% and 31% respectively in case of A, B and C class councils. In recent years, it has been generally agreed that octroi is a regressive tax which adversely affected integration of the economy, and interrupts the free flow of goods. It affects the poor the most.²⁴ Hence, there has been a move to replace octroi.

24 Report of the Study Group for Devising alternative to Octroi, 20 May 2006

Abolition of Octroi in Municipal Councils

In May 1999 the Government of Maharashtra abolished the levy of Octroi in all classes of municipal councils. (GR. No. 1099/927/C.N. 88/99/ U.D. -14 –Part 3, Date: 10th Feb 2000) It has badly affected the total revenue of municipal councils.

Table 2.14
Municipal council's Incomes from Own Sources

(Rupees in Crores)

Municipal Council Class	Total own AndPer Capita Income	Year					Average percentage Annual Growth (Excluding the Year 1999 - 2000)
		1995 to 1996	1996 to 1997	1997 to 1998	1998 to 1999	1999 to 2000	
Class A	Own Income	271.8	279.00	310.12	356.32	199.06	9.5
	% to total Income	81	81	74	75	57	
	Per capita	679	682	742	833	456	7.16
Class B	Own Income	141.72	162.48	183.43	203.76	130.35	12.8
	% to total Income	69	72	69	69	41	
	Per capita	436	495	546	584	370	10.26
Class C	Own Income	115.12	130.61	147.65	170.25	115.39	13.9
	% to total Income	60	61	60	58	36	
	Per capita	308	341	377	426	283	11.42

(Per capita income in Rupees)

Source: Report of the Second Maharashtra Finance Commission, March 2002, Chap_9: Present Financial position of Municipal Councils and Assessment of their needs

It can be observed from table 2.14 that prior to abolition of octroi, the average growth rates in own revenues for A, B and C class municipal councils were 9.5, 12.8 and 13.9 respectively. However, in the Year 1999-2000, own income has dropped down considerably. The extent of this drop ranges from about 50% for A class councils to about 68% in the case of C class municipal councils.

From the same year the state government decided to provide 'Grant in lieu of Octroi' to all municipal councils on the basis of actual collection of 1997-98 for the first year and an addition of 10percent annual increase for next four years. (GR. No. 1099/927/C.N. 88/99/ U.D. -14 –Part 3, Date: 10th Feb 2000). After completion of five years, no municipal councils would have been entitled to receive grant in lieu of octroi.

Abolition of Octroi in Municipal Corporations

In case of Municipal corporations, the state government formulated a 'Maharashtra State Octroi Abolition Committee' (MSOAC) under the Chairmanship of Mr. Subodh Kumar, the Principal Secretary, Department of Finance (Reforms). This Committee submitted its Report on "Devising Alternatives to Octroi" on 20th May 2006. It established that half the revenue of municipal corporations, around Rs 5,572 crore, comes from octroi and it is not feasible to abolish it unless a credible alternative is found. The report recommended imposition of 'profession tax' by Municipal bodies, the levy of additional value added tax (VAT) and increased property tax.

The State Government response has been to delay the abolition of octroi and to abolish it in a phased manner.

During the Budget Session 2010-11, in conformity to these recommendations, the State Govt scrapped octroi in **Nanded, Jalgaon and Mira-Bhayandar** Municipal Corporation from April 1, 2010. Goods entering these Municipal Corporations will be levied a '**local body tax**'. Also the government will monitor for three months how the new tax collection system is executed in these **D class Municipal Corporations**, after which it will consider scrapping the same in 16 such municipalities. The decisions pertaining to other corporations remain under abeyance.

Overall it is seen that the abolition of octroi has had a detrimental effect on the revenues of municipal councils and the D class corporations where it has been scrapped. The viable alternatives to octroi are yet to be located and implemented.

Non-Tax Revenue

The non-tax revenues of the ULBs are also as listed below:

1) Parking fees, 2) Permit fees for bazaar, abattoirs, businesses and professions, 3) Service fees/User charges/rates for the services and amenities provided by the municipal bodies, 4) Rent from buildings and commercial complexes, 5) Development fees granting permission to construct buildings on vacant plot, 6) Fees received from the schools, dispensaries/hospitals of the civic bodies, 7) Water Cess received on meter, 8) Other fees, assessment rate etc., 9) Income derived from interest.²⁵

It is evident that all of these are linked to the actual regulation or services given by ULBs. It is this option which is increasingly being resorted to by the ULBs in the various sectors as seen further.

Revenue from External Sources: State Grants

The income from own sources of ULBs is not sufficient for incurring expenditure on their various obligations, to bridge this gap the state government provides grants. The following table describes the various legal provisions pertaining to grants for ULBs

25 Chapter on Maharashtra, A research study on Assessment of the Impact of the 74th CAA, 1992 on the working of ULBs; prepared by RCUES of AILSG

Table 2.15

Provisions in the 4 municipal laws regarding Grants to ULBs

<p>Provision related to State Grant to ULBs in Municipal Laws</p>	<p>MMC Act, 1988: Section 111(A)</p>	<p>BPMC. 1949: Section 82 (A)</p>	<p>NMC 1948 Section 78 (A)</p>	<p>The Maharashtra Municipal Councils Act, 1965 Section 90</p>
<p>Subject of Provision</p>	<p>Annual grant by State Government from proceeds of 'entertainments duty'</p>	<p>Annual grant by State Government from proceeds of 'land revenue, non agricultural assessment and entertainments duty'.</p>	<p>Annual grant by State Government from proceeds of 'land revenue, non agricultural assessment and entertainments duty'.</p>	<p>Municipal Fund</p>
<p>Content Of Provision Prior to 74th CAA</p>	<p>The State Govt. may make a grant to the Corporation every year of such amount as it may from time to time determine having regards to the proceeds of the entertainments duty levied and collected in Brihan Mumbai under the Bombay Entertainment Duty Act, 1923. All moneys received by the Corporation by way of such grants shall be credited to the Municipal Fund.</p>	<p>The state govt. may make a grant to each corporation every year of such amount as it may from time to time determine having regards to the proceeds of the land revenue and non-agricultural assessment levied and collect under Maharashtra Land Revenue Code 1966 and the entertainments duty levied and collected under the Bombay Entertainment Duty Act, 1923, by it in the area within the jurisdiction of the corporation. All moneys received by the corporation by way of such grants shall be credited to the Municipal Fund.</p>	<p>The state govt. may make a grant to the corporation every year of such amount as it may from time to time determine having regards to the proceeds of the land revenue and non-agricultural assessment levied and collect under Maharashtra Land Revenue Code 1966 and the entertainments duty levied and collected under the Bombay Entertainment Duty Act, 1923, by in the City. All moneys received by the corporation by way of Such grants shall be credited to the Municipal Fund.</p>	<p>The State Govt. may make such grants to every council every year and subject to such terms and conditions and in such manner as it may deem fit for all or any following purposes, namely- a) water Supply, b) Drainage, c) Primary and Secondary education, d)Development plan and town planning schemes under the Maharashtra Regional and Town Planning Act 1966, e) Dearness allowance to the officers and servants of the council, f)Public health, g) Fire brigade h) Construction and maintenance of roads; and i) such other amenities as the state Govt. may from time to time determine. Such grants shall be credited to the municipal fund and applied for the purpose for which they are sanction.</p>
<p>Amendment as per 74th CAA.</p>	<p>Provided that the state government may deduct any amount which is due to the State Govt. or to any Govt. Corporation, a Govt. Company , or to any other Statutory authority constituted by the Govt. of Maharashtra from the grants made by the state govt. or from any sum representing grant-in-aid or the share of the corporation/council in the net proceeds of the taxes, duties tolls and fees levied by the state and distributed by the state govt. on the recommendation of the finance Commission. Also, provided that before making such deductions, the Corporation's/council's say in the matter shall be considered by Government.</p>			

Legal provisions for state grants in 4 municipal laws

It is observed that

- Every Municipal law contains the provision related to “grant to municipal bodies”. These provisions also describe the basis of the State grant, which are different for Municipal corporations and Municipal councils.
- Mumbai Municipal Corporation receives annual State grant equal to proceeds of the entertainments duty levied and collected by Mumbai Municipal Corporation.
- Similarly Nagpur Municipal Corporation and other Corporations under BMC Act receive annual State grant equal to the proceeds of the land revenue and non-agricultural assessment levied and collected under Maharashtra Land Revenue Code 1966 and the entertainments duty levied and collected under the Bombay Entertainment Duty Act, 1923 in the cities.
- In case of Municipal Councils and Nagar Panchayat, each city receives annual grants for different subjects listed in the provision like water supply, drainage, primary and secondary education and so on. Also the state govt. may provide another grant if it decided. However the basis of these grants is left to the decision of the state government. It is evident that municipal councils are more dependent on state grants than corporations.
- The 74th CAA while providing for grants for discharge of duties by the ULBs also provides for a deduction of dues and fees of the ULBs from the grants. This gives the state governments an additional power over the finances of the ULBs.

Municipal councils are more benefited by grants than municipal corporations. The rationale for this is that municipal councils are not as resourceful as Municipal corporations. There are about 30 types of grants flowing towards the ULBs under major and minor heads in the State Budget.²⁶ Some of the important ones and their characteristics are given below.

1. Dearness Allowance Grant: As mentioned in Government Resolution No. Mum 1174/58489-A dated the 1st January 1975, the State government has issued orders that with effect from the year 1974-75, the Dearness Allowance grant paid to the Municipal Councils would be linked to the percentage of recovery of taxes. The basis for percentage of dearness allowances mentioned in this GR has been modified by GR: Urban Development and Public Health Department, Mantralaya, Mumbai, Resolution No. 1366/-10, 1977.

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Table 2.16
Revised Scale of Dearness Allowance

Percentage of Recovery	Percentage of D.A. grant admissible
Up to 50%	80%
51-60%	85%
61-70%	90%
71-80%	95%
above 80%	100%

The grant for the year onwards should be paid on the basis of the recovery in preceding year.

In 2000, the Scale of grant has been modified according to recommendations of the 5th Pay Commission. (GR: Urban Development Department, Mantralaya, Mumbai, GR. No. Municipal Councils Administration-1099/99/C.N. 159/98/UD -16, date: 27th March 2000)

2. Grant for reimbursement of leave salary of Chief Officers: Leave salary of Chief Officers is compensated in this form of grant.
3. Chief Officers Salary grant: This grant is given for expenditure incurred on salaries and allowances of all "C Class" Municipal Councils having population less than 15000 to the extent of 100 percent.
4. Land Revenue and Non-Agricultural Assessment Grant: According to Government Resolution: Govt. of Maharashtra Urban Development Department and public Health Department, Sachivalaya, Bombay; Resolution No. MUN 1175/30135/Mun-2, August 1975 this grant was given to all Municipal Councils. Municipal councils having population 15000 and more are entitled to receive a grant equal to the rate of 15 percent of the land revenue and 75 percent of the non-agriculture revenue collected during the previous year in the area.

Similarly municipal councils having population less than 15000 are entitled to receive grant equal to 100% of land revenue and 75% of the non-agriculture revenue collected during the previous year in the area. The recommendations of the First Finance Commission were accepted as a result of which the Municipal Councils are now given this grant at 75 percent of the land revenue and 75 percent of non-agriculture revenue collected in their area (GR: Maharashtra Government, Urban Development Department, Mantralaya, Mumbai, GR: JNT/102000/C.N. 6/2000/UD-16, Date: 31st March 2000).

5. Entertainment Grant: The State Government has sanctioned a grant on account of Entertainment Duty to municipal corporations and municipal councils. As per the Government Resolution: Government of Maharashtra, Urban Development and Public Health Department, Sachivalaya, Bombay-32; Resolution No. MUN 1175/30135(1)

MUN-2, Date: 1st August 1975 amount of grant was based on Entertainment duty released in previous year.

Table 2.17

Percentage of share of the entertainment duty to Municipal Corporations and Councils

Municipal Corporations and Councils	Admissible entertainment grant	
Municipal Corporations	10 %	} of the total collection made in the previous year.
Municipal Councils Class A	30%	
Municipal Councils Class B	35 %	
Municipal Councils Class C	40 %	

The scale of grant was revised and increased by government in 1996. (No. JEN 1094/3057/C.N. 338(94)/UD-16, date: 5th December 1996).

6. Stamp Duty Grant: This grant is given to all municipal Councils at the rate of 1% of the value of the sale or mortgage deed.
7. Minor Mineral Grant: This grant is given to all C Class Municipal Councils to enhance their meager resources for excavation of minor minerals in their jurisdiction as royalty. The amount has been increased from one to five lakhs.
8. Pilgrim Tax Grant: The State Govt. of Maharashtra abolished Pilgrim Tax in the year 1977-78 by passing the GR No. GNT 1477/1820/UD-10, Date 1st January 1978. Hence, State Govt. decided to give 75% of amount as a grant of 3 years average revenue from Pilgrims tax to the certain Municipal Council as compensation for abolition of pilgrim tax collected by these Councils. Initially this grant was given to six municipal councils namely Trimbak, Alandi, Jejuri, Pandharpur, Tuljapur and Ramtek. In the year 2009-010 'Paithan Municipal Council' was also included under this grant.
9. Profession Tax Grant: This grant is given as compensation for the abolition of Profession Tax previously collected by 35 Municipal councils and 6 municipal corporations namely Pune, Solapur, Kolhapur, Pimpri-Chichwad, Kalyan and Nagpur.
10. Road Grant: Motor vehicle tax collected from within the Jurisdiction of Municipal Corporation/ Council is shared by way of Road Grant at the rate of 17.75% of the net tax collected from the areas of the Municipal Corporations/ Councils including Mumbai Mahanagarpalika based on the recommendation of the First Finance Commission. Mumbai Mahanagarpalika, which was earlier collecting wheel tax is now prohibited from collection it further it has been granted road grant.
11. Octroi Grant: Due to abolition of octroi on nakas of all municipal Councils from 1.5.1999 a grant equal to the amount of Octroi collection of previous year plus a 10% annual increase is given an Octroi grant to all municipal Councils for a period of five years. Though the period of five years ended in 2004, municipal councils are still receiving this grant.
12. Primary education Grant: The govt. provides grant to Municipal Corporations/Councils to run primary Schools.

13. Special Grant to Municipal Corporations for development of basic services: The State government has introduced the special grant to 22 municipal corporations in Maharashtra from the year 1989. The purpose of this grant is to fulfill the need of additional financial resources, which are required to meet the growing needs of basic services due to increasing urbanization. All Municipal corporations are not in position to meet financial needs from their own revenue sources. Hence the State Government has started this special grant. During initial period, this grant was provided to Nagpur and Aurangabad City. In 1994-95, the State government decided the criteria for this special grant. The Criteria are that 50% of total grant will be based on Population, 35% of total grant will be based on Capital Expenditure and remaining, 15% of total grant will be based on average per capita income. Also every municipal corporation is required to raise an equivalent amount of grant. This grant is specially utilized for road and bridge construction.

At present, the state government has disbursed around seventy eight crores and seventy five lakhs rupees on this grant. Past records of this grant shows that all 22 corporations have received this grant except Pimpri-Chinchwad.

14. Special Grant to Municipal Councils: GOM decided to extend the scope of previous decision to provide special grant to Municipal corporations for provision of basic services to also include municipal councils. This special grant issued vide the GR no. 102000/C.R. 40/ 2000/UD-4 on February 25, 2000 lists the following criteria for availing the same-

- a) Municipal councils should undertake any new work/project which would be in connection with the duties and functions mentioned in the law. For e.g. Power generation from Solid Waste.
- b) Such work or projects should be such that they cannot be financed by any other grants of either the State or the Central Government.
- c) ULBs would be expected to give 10% contribution
- d) Such task or project should have capacity to create any capital or assets in future.
- e) This grant can be used for constructing the building for ULBs which do not have buildings of their own.
- f) GOM has considered the area, population, density of population, last year's total income and expenditure etc. for releasing this grant to all municipal councils.

Every municipal council is expected to prepare project proposal for this grant which are scrutinized by Maharashtra Jeevan Pradhikaran (MJP) or Town planning and Valuation Department. Such project proposals are then forwarded to the State Government for further sanction. The disbursement is however through the Directorate of Municipal Administration.

Observations:

- It can be observed that after 74th CAA, all grants are almost purposive in nature.

- The dearness allowances grant is a strange case where the principle of incentives is applied on the basic salary of the employee. Further the ULB has to initially pay.
- The amount of staff and then get compensation in due course, adversely affecting its liquidity position. If a ULB receives lower allocation due to non-performance, the ULB gets penalized and not the concerned staff.
- Many grants like octroi, profession tax, pilgrim, road etc. are compensatory in nature. These grants are given subsequent to withdrawal of respective taxation powers of the ULBs. The distributive principles are not uniform. Generally the smaller classes of ULBs get grants higher than the ratio of their collection or expenditure.
- In this connection, it is important to note the status of Grants received and loans taken by municipal councils from the state government.

Table 2.18

Status of grants received from government and loans taken by Municipal Councils

Class of Municipal Council		1995-96	1996-97	1997-98	1998-99	1999-2000	Average % Annual growth rate
A	Grants in Rs. Crores	53.64	53.01	72.31	89.68	297.85	19.70 (Excluding 1999-2000)
	%to total income	16	15	17	20	30	Average 17 (Excluding 1999-2000)
	Loans in crores	10.7	13.48	39.24	23.09	72.44	97.4
	% to total income	3	3.9	9.3	5.2	12.7	---
B	Grants in Rs. Crores	59.59	60.63	75.18	89.47	184.26	14.9 (Excluding 1999-2000)
	%to total income	27	27	21	39	41	Average 28.5 (Excluding 1999-2000)
	Loans in crores	4.79	2.34	5.57	2.9	3.82	17.7
	% to total income	2.4	1	201	1	1.3	---
C	Grants in Rs. Crores	70.28	76.61	94.13	116.44	203.32	18.5 (Excluding 1999-2000)
	% to total income	37	36	38	40	54	Average 37.7 (Excluding 1999-2000)
	Loans in crores	5.75	5.11	5.23	5.26	3.98	-8.1
	% to total income	3	2.3	2.1	1.7	1.1	---

Source: Report of the Second Maharashtra Finance Commission, March 2002 Chap- 8 and Performance Budget of Urban Development Department 2008-09

As seen in Table 2.18 the grant received in 1999-2000 has increased substantially, this is because Government has provided grants to all Municipal Councils as compensation for its decision of prohibiting Municipal Councils from collecting Octroi.

The table further indicates that the average growth rate of grants in case of A class councils is 19% as compared to rate of growth of loans which stands at 97%. In case of B class councils the growth rate in grants is 15% while increase in loans is 18%. In case of C class councils, the rate of growth of grants is 18% while that of loans has reduced by 8%. These figures suggest that A class councils are under considerable financial pressure, a fact earlier borne out by the discussion on octroi too.

Initiative for improving financial status of municipal councils

An important initiative in the regard of financial health of the municipal councils was taken by the DMA through its Standing order No. 5 dated on 13th October 2000. Some of the key points from this standing order are given below:

The beginning point of this order is the fact that the financial capacity of municipal councils is weak. The following are cited as the reasons for weak financial status of the councils-

- Bad Budgeting Practice which reflects artificially inflated amount of Revenue and Expenditure of Councils in Budget. Such practices include Diversion of one fund to another fund, undertaking Capital Expenditures like construction work are made out of revenue expenditure, unpaid water bills for which provisions are made in the budget, contracting private agencies for sanitation work irrespective of adequate staff on roll etc.
- Unwanted expenditure on Administration which includes non utilization of services of Octroi staff, expenditures on non teaching staff, contracting out of services while incurring excess expenditure on staff.
- No revision in valuation of property tax and user charges.
- Misuse of fund including irregular deposit of provident fund and gratuity.
- The DMA suggested the following solutions to overcome above mentioned shortcomings:
 - ⇒ Budget should not be overestimated.
 - ⇒ Revenue income should not be utilized for Capital expenditure.
 - ⇒ Take steps to fully utilize existing staff in all departments in councils.
 - ⇒ Revision in valuation of property tax. Revenue from property tax can be increased by imposing property tax on residents in slums irrespective of whether slums are declared or none declared.

- ⇒ imposing taxes on unauthorized construction. However one should remember that by collecting tax on unauthorized construction does not mean that the construction has become authorized.
- ⇒ Survey for new construction should be done by municipal council every year.
- ⇒ Separate finance department should be created in every council to have effective control on financial transactions of municipal bodies.

Every Municipal council was expected to follow/implement the suggestions given by DMA and send a report for the same to DMA office.

The above discussion indicates that the nature of financial control of the state government over ULBs and especially municipal councils goes much further than that of a grant maker or that envisaged under law. It is also to be noted that in the last decade in particular, the nature of control has attained close supervisory nature. Performance is dictated and is linked to sharing of grants and taxes. In an overall bid to increase the coverage of revenues, even taxation of unauthorized constructions and slums has been suggested.

Section V: Staffing Pattern of Urban Local Bodies

Size and quality of human resources (municipal staff) is a vital part of municipal administration as effective delivery of municipal services to the citizens is dependent on the municipal staff. The objective of this section is

- a. To understand and analyse the rules and regulations related to Municipal councils and municipal corporations in Maharashtra.
- b. To identify issues related to staffing pattern.

Municipal Staff of the Mumbai Municipal Corporation

The Mumbai Municipal Corporation Act 1888 has [under sections 60A, 73A, 76A, 76B, 77,78, 78A, 78B, 78C,79, 80, 80A and 80 B] stated provisions for municipal staff, their appointments, appointing authority, term for the posts, authority determining rules and regulations of service etc.

The power of appointing municipal officers in all leadership positions in MMC is either vested fully in the GoM or is vested to different authorities like the corporation or the Commissioner, the Brihan Mumbai Electric Supply and Transport Committee, the Standing Committee and Education Committee with the approval of GoM. The law also affirms that certain posts (mentioned above) are permanent in nature and that is there is a restriction of employment of permanent officers and servants.

Staffing Pattern for Municipal Corporations other than the Mumbai Municipal Corporation

The other 20 municipal corporations are regulated by BMC Act 1949. Sections 45, 46 and 47 state the provisions for appointment and conditions of services of Municipal Staff

and servants including City Engineer, Medical Officers of Health, Municipal Chief Auditor, Municipal Secretary, Deputy Commissioner and Assistant Municipal Commissioner. Also, sections 51, 53, 54, 346 and 348 state the provisions for deciding number, designations, grades etc. of other municipal officers and staff. Similarly, NMC Act 1948 provides rules for appointment and conditions of services of Municipal officers and staff. All recruitments of municipal officers and staff are carried out with the prior approval of the State Government.

Till 2006, there were 180-200 different designations existing in municipal corporations all over the state. Every Municipal corporation had its own guidelines for recruitment of municipal staff. In short, till 2006 every municipal corporation had the power to decide all regulations related to their staff according to provisions in the said acts.

In 2006, the Government of Maharashtra took a major step in bringing uniformity in the staffing pattern of all municipal corporations except Mumbai. Accordingly, the Urban Development Department of the State has published a government resolution no. Department of Urban Development, the Government of Maharashtra, GR No.1005/classification/C.R.No. 379/05/UD-24, Mantralay, Mumbai-32 on 4th May 2006, regarding classification of Municipal Corporations and staffing pattern for municipal corporations.

Key points in the said GR are:

1. The 22 municipal corporations were classified into four Classes namely Class A, Class B, Class C and Class D on the basis of criteria like Population, Area, Revenue Sources and collections and Infrastructure etc. This system of classification which has been discussed previously is subject to revision after every population census i.e. after every 10 years.
2. Further, all municipal services were also classified into 3 categories namely: Administrative, Accounting Services and Technical services as given in table 2.19
3. To bring uniformity in designations, grades and salary scales of municipal officers and staff, the government has prepared staffing pattern of 38 cadre officers, their posts, numbers and salary scales. This staffing pattern is applicable to all Municipal Corporations except Mumbai. Please refer Table 2.20 for list of 38 cadre officers.
4. The state government has prescribed the Administrative overheads limit up to 35% for all municipal corporations. Administrative expenditure includes salaries to staff, retirement's benefits to staff, office expenditure, vehicle and fuel expenditure and contracting/ outsourcing administrative works.
5. Eligibility of certain posts is decided by the state government.
 - A person eligible for the post of Additional Commissioner in B class Municipal Corporation will be from All India Services cadre, appointed on deputation.

- A post of Additional Commissioner in C class Municipal Corporation will be filled by officer from State Administrative services on deputation.
 - A post of Assistant Commissioner in B class Corporation will be filled by officer from State Administrative services on deputation.
 - A post of Additional Commissioner in C class municipal corporations will be filled by an officer in Administration department of that corporation by promotion. However this post cannot be filled by an officer from Accounts Department or Departments of Technical Services.
 - Municipal corporations are not supposed to make transfers or promotions of any officers working in Administration department to Accounts or Technical services department.
6. Additional staff above the sanctioned limit may be approved by the state government only after the govt. is satisfied that administrative expenditure of that corporation is within prescribed limit.
7. When any A class council will convert to convert into the Corporation on the basis of population criteria, the post of administrative head of council namely the chief Executive Officer (CEO) will accordingly change to the post of "Commissioner." In such cases the State govt. has decided to appoint such CEOs as Additional Commissioner or Deputy Commissioner or Assistant Commissioner to that Corporation. This is one of the modes of promotion of such officers with regard to their long experience in administrative services in local bodies. (This as per state govt. decision mentioned in the GR of Urban Development Department; No. MCo/1295/3308/C.R. 138/ 95/ UD-14 Date: 10th May 2004).

This GR has a twofold impact. Firstly, it seeks to bring in a certain level of capability in municipal corporations with lower grades. This was also ensured by retaining professional domains of technical, administrative staff. Secondly by compelling the corporations to limit the administrative expenses under 35 percent, it seeks to curb the tendency to recruit additional staff. Prior to this GR, every corporation had its own guidelines for recruitment of municipal staff. They also had an independent commission for deciding scale of salary and a tribunal for resolving complaints related to services. Hence all corporations enjoyed the power of appointing municipal staff and servants as per their requirements with prior approval of GOM. However, now with this caderisation of key posts in the corporations, the state government has gone a step ahead by defining a road map for recruitment. It is to be noted that these officials who are paid as per GoM rules contribute an additional financial burden on the ULBs which they may or may not be in a position to bear.

Table 2.19

Categorization of departments of Municipal Services under all Municipal corporations except Mumbai Municipal Corporation

A. Administrative Services				B. Accounts Department	
1. General Administration Department	2. Ward Administration Department	3. Revenue Department	4. Municipal Corporation Secretariat	1. Account and Finance Department	2. Audit Department
Desks under Department				Desks under Department	
Registration	a. ward Administration	a. Property Tax Valuation	a. Meeting Section	a. Account	a. Audit (Revenue)
Establishment	b. Library	b. Property Tax collection	b. Committee Offices	b. Budget	b. Audit (Expenditure)
Records	c. Poverty Alleviation	c. Market License Fees Collection			
Public Relations	d. Women & Child Welfare	d. Property Investment/ Disposal			
Departmental Inquiry	e. Parks and ground	e. Octrio			
Election					
Social Justice					
Law					
Sports and Cultural activities					
Labour					
Store					
Purchase					
Statistics					
C. Municipal Corporation Technical Services					
1	2	3	4	5	6
Public Health & Sanitation Dept.	Medical Health Dept.	Public Works Dept. (PWD)	Water Supply & Drainage Dept.	City Planning Dept.	Urban Commerce & Industry Dept.
Desks under Department					
Solid Waste Management; <i>Collection</i>	Hospital Management	PWD Buildings and Roads	Water Supply	City Planning	Urban Commerce & Industry Dept.

Solid Waste Management; Treatment	Family Welfare Dep.	PWD Vehicle			
	Spraying of disinfections	Property Management			
	Animal husbandry				
	Controlling epidemic				
7	8	9	10	11	
E-Governance	Environment Dept.	Education Services	Transport Services	Fire Fighting Services	
Desks under Department					
E-Governance	Environment Dept.	Pre-Primary Education	General Administration & Establishment	Fire Brigade	
Geographical Information system	Forest	Primary Education Board	Depot Management & Transport Promulgation Dept.		
		Higher Education Board			
		Higher and Technical Education Board			
		Occupational education Dept.			

Table 2.20

Revised Staffing Guidelines 2005: List of 38 cadre officers and their number of posts

No.	Name of Post	Class B	Class C	Class D
		Maximum Number of post		
1	Additional Commissioner	1	1	-
2	Deputy Commissioner	4	3	2
3	Assistant Commissioner	8	6	4
4	Valuation , Tax Collection Authority	1	1	1
5	Assistant Valuation , Tax Collection Authority	2	2	1
6	Women and Child Development Officer	1	1	1
7	Social Development Officer	1	1	1
8	Law officer	1	1	1
9	Security Officer	1	1	1
10	Statistics Officer	1	1	1
11	Superintendent	2	2	1
12	Municipal Corporation Secretary	1	1	1
13	Municipal Corporation Deputy Secretary	1	1	-
14	Librarian	1	-	-
15	Senior Account officer	1	1	1
16	Senior Auditor	1	1	1
17	Account officer	2	1	1
18	Deputy Auditor	2	1	1
19	Medical Officer	2	1	1
20	Assistant Public Health Officer	1	1	1
21	Veterinary Officer	1	1	1
22	City engineer	2	1	1
23	Executive Engineer	3	2	2
24	Deputy Engineer	6	4	3+1
25	Deputy Engineer (Water Supply)	2	1	1
26	Deputy Director Town Planning	1	1	1
27	Assistant Director Town Planning	1	1	1
28	System Manger (E- Governance)	1	1	1
29	Environmental Protection Officer	1	1	1
30	Dean	1	1	-
31	Medical Superintend	1	1	-
32	Education Officer	1	1	1
33	Administrator (Education Board)	2	2	2
34	Transportation Manager	1	1	1
35	Deputy Transportation Manager	1	1	1
36	Depot Manager	1	1	1
37	Senior Fire Services Officer	1	1	1
38	Deputy Senior Fire Services Officer	1	1	1

Staffing Pattern followed by Municipal Councils:

Following Table 2.21 specifies the changes have been take place in the municipal staff of municipal councils

Table: 2.21

Major Changes in Staffing structure of Municipal councils from 1990 -2010

Prior to 1990	<ul style="list-style-type: none"> ▪ Section 75 of Maharashtra Municipalities Act 1965 provided a provision for Chief Officer (CO) for every council. The Post of CO was recognized as a post under Maharashtra State Municipal Chief Officer's services and not as a municipal post. It was the first attempt to create common cadre or cadre of Chief Officers. ▪ Section 76 of Maharashtra Municipalities Act 1965 stated that every Municipal council had power to create posts for officers and servants on the basis of its own need for execution of its duties with the prior sanction from DMA.
1990	<ul style="list-style-type: none"> ▪ Two new posts were introduced such as Municipal Fire Officer and Assessor and Collector of Taxes [by Mah.18 of 1993, section 12(a)]. Guidelines of staffing for Municipal councils (Table:2.22) introduced The state govt. directed that municipal council should not spend more than 42% of total revenue of ULBs for administrative expenses
1993	<ul style="list-style-type: none"> ▪ Staff in municipal councils who were on contract basis prior to 10th March 1993 was regularized in municipal services. For that purpose 700 non-permanent (asthayee) posts were created. The Revised Staffing Guidelines (RSG) stipulated that these posts would be cancelled after completion of period
2005	<ul style="list-style-type: none"> ▪ RSG was sanctioned in the meeting held on 4th February 2005 <p>Highlights of RSG</p> <ul style="list-style-type: none"> ⇒ It was based on population of the city whereas earlier one was based on area and wards of the city. ⇒ It was prepared according to Class of Municipal Councils ⇒ RSG includes 12 major Departments. (Refer Table 2.23). The GOM decided to create 11 cadre posts so that employees of municipal councils will be benefited by promotion opportunities. Also it has been decided out of 11 cadre posts, 6 cadre posts will be at the state level cadre. (Refer Table 2.24) ⇒ Administrative expenses limited to 50% in A class, 55% in B Class and 60% in C class municipal council.

2006	<ul style="list-style-type: none"> ▪ The limit for Administrative Expenditure was further curtailed from 42% to 35% for all Municipal Councils by the GR dated on 4th May 2006 ▪ The Maharashtra Municipal Councils, Nagar Panchayats, and Industrial Townships State Services (Absorption, Recruitment and Conditions of services) Rules were framed. <p>Highlights of rules</p> <ul style="list-style-type: none"> ⇒ Rules specified the posts included in Maharashtra Municipal Services, includes Maharashtra Municipal Engineering Services (Civil, Electrical and Computer), I Water Supply, sewerage and Sanitation Engineering Services, Audit and Accounts Services, Taxation and Administrative Services, Fire Services, Town planning and Development Services. i.e. caderisation of 6 posts. ⇒ Appointing authority will be Director of DMA ⇒ Salary and other allowances of these municipal officers are paid out of municipal fund.
2010	<ul style="list-style-type: none"> ▪ The Maharashtra Municipal Councils, Nagar Panchayats, and Industrial Townships State Services (Absorption, Recruitment and Conditions of services) Rules were amended. Instead of one appointing authority (Director of DMA) another 2 (Regional Director of DMA and the collector) appointing authorities included.

An officer from DMA informed that total 3112 posts were created in State services under the Rules 2006. However, only 568 employees have opted for state service. Existing employees in municipal councils are not willing to be absorbed in state service due to bad service conditions. Now DMA has decided that 1500 posts will be filled from existing employees in municipal councils and remaining by direct appointment.

Chandrapur municipal council has received Staffing pattern along with the official order from DMA in 2006. It is expected that given staffing pattern should be implemented within 5 years i.e. from 2005-06 to 2010-11. However the same has not been implemented fully. According to the Administrative officers in the town,

- Given staffing structure is not proportional to population size and volume of services.
- Staffing structure is improper for e.g. Suggested staff for Department of Property tax is based on the assumption of computerization of property tax and so less number of staff is provided for this department. This will have has adverse implication on collection of property tax as door to door collection of taxes by the municipal staff is the usual practice and citizens have not been oriented to a self assessment and payment system.

- Executive Engineers in Water Supply, Drainage and sanitation department are already burdened with additional functions or schemes like IHSDP, JNNURM solid waste management Scheme, Suvarna Jayanti shahari Rojgar Yojana (Poverty alleviation scheme).

The above example elucidates how caderisation has meant a centralization of recruitment at the ULB level and the kind of difficulties that this produces for the ULBs.

Conclusion

74th CAA has brought in a promise of decentralization. However this promise which was incorporated as part of the amendments to the various municipal laws in the state has been defeated by the degree of centralization in respect of a) constitution of ULBs b) financial directives and c) directives in respect of recruitment. The last two of these have been under the pressure of reforms. It also needs to be noted that the distrust of the ULB capacities is deep rooted and lies at the basis of these decisions.

Whatever be the factors responsible, at the current juncture, the ULBs in a descending order of scale do not stand as independent units of local governance but as appendages which have been burdened with too many responsibilities and too few resources.

Table 2.22
Guidelines for Staff Structure in Municipal Council (1990)

No.	Post	Number of Posts		
		Class A	Class B	Class C
1. City Sanitation Department				
1	Health Officer	1	1	--
2	Senior Sanitation Supervisor	1	--	--
3	Sanitation Supervisor	For 20000 population 1 supervisor		
4	Contractor (Mukadam)	1 Contractor for 4 Wards		
5	Clerk (Establishment)	1 Clerk for 150 employees		
6	License Fee Clerk (Market Inspector)	1	1	Nil
7	Sweepers	1 sweeper for 3000 sq .feet.		
8	Conservancy worker(for Toilet cleaning)	1 worker for Public Toilets with 50 seats		
8	Conservancy worker for cleaning gutter	1 worker for 300 meters		
9	Other Conservancy worker	6	4	2
10	Sweeper for Vegetable Market/Food grain Market	1 sweeper for market place in the city		
11	Compost Fertilizer	For 75 pits (each pit is about 10X4X3) one labour		
12	Slaughter House	1 sweeper for slaughter house in the city		
13	Spraying for disinfections	1 worker for 4 wards		
14	Providing traps for rates kill	1 worker for 10 wards		
15	Cattle pounds	1 worker for 1 cattle pounds		
2. Administration Department				
1	Administrative Officer	1	1	--
2	Senior Clerk	2	2	1
3	Junior Clerk	8	5	4
a	Meeting Section (Sabha Kamkaj)	5	2	2
b	Office work	1	1	1
c	Inward Outward	1	1	1
d	Chief Officer	1	1	--
4	Typist (Tank lekhak)	2	2	1
5	Police Constable(PC)/Naik	1 PC	1 Naik	1 Naik
6	Telephone Operator	2	--	--
7	Watchman	2	2	1
Accounts desk				
1	Internal Auditor	1	Nil	Nil
2	Assistant Internal Auditor	1	1	1

3	Accountant	1	1	Nil
4	Assistant Accountant	1	1	1
5	Cashier	2	1	1
6	Auditor Clerk	4	2	1
7	Clerk	3	1	1
8	Peon	2	2	1
	Total Sanctioned post	15	9	6
3. Property Assessment Department				
1	Manager (Assessor)	1	1	--
2	Clerk	2	1	--
	Total Sanctioned post	3	2	--
4. Tax Recovery Department				
1	Officer in Charge (Adhikshak)	1	1	--
2	Assistant to Officer in Charge	1	--	--
3	Tax Supervisor	1	1	1
4	Clerk	For 1000 properties 1 Clerk and 1 Peon		
5	Peon			
6	Market Tax Recovery Clerk	1 clerk For Rs. 5 lakhs per year		
5. Octroi Department				
1	Octroi Officer in Charge	1	1	--
2	Octroi Assistant to Officer in Charge	1	--	--
3	Octroi Supervisor	3	2	1
4	Octroi Inspector	3	2	1
5	Clerk and Octroi Peon	1) 3 clerk and 3 Peon for per Check Post (full time) 2) For other 2 Clerk and 2 Peon		
6	Central Store (Godam)	1 clerk, 1 peon and 1 watchmen/security (if available for each shift)		
6. Octroi Administration				
7	Clerk	2	1	1
8	Peon	1	1	--
7. Library				
If municipal Council has Library				
1	For 5000 books	No need to have independent staff		
2	For 5000-1000 books	1-Librarian, 1-Clerk, 1 peon		
3	For 1001 to 30000 books	1- Librarian, 1- Assistant Librarian, 1 Clerk, 1- Peon		
4	More than 30000 books	1- Librarian, 2- Assistant Librarian, 4 Clerk, 4- Peon, 1 –Security (for separate building of library)		

8. Parks Department				
1	Park Officer	1	1	--
2	Chief Gardener	1	1	--
3	Gardener and Labour	For each 1 gardener, 2 labour; If Garden area is more than 20 guntha than for each 20 guntha 1 gardener and 2 labour.		
4	Watchman/Security	1	1	1
9. Street Lightening Department				
1	Electrician	1	1	--
2	Store Keeper	1	1	--
3	Wireman/labour	For 500 electric polls 1 wireman and 2 labour		
10. Vehicle Department				
1	Fire Officer	1	--	--
2	Assistant Fire Officer	1	1	--
3	Leading Fireman	3	--	--
4	Driver- For a vehicle	3	3	2
5	Assistant Fireman	12	9	4
6	Assistant Telephone Operator	3	3	--
7	Ambulance Driver	3	3	2
8	Cleaning Vehicle Driver	1	1	1
9	Labour	6	6	6
10	Driver for other vehicle used for administrative purpose	For each vehicle one driver		
11. Building Department				
1	City Engineer	1	--	--
2	Deputy Engineer/Assistant Engineer	1	1	--
3	Overseer	1 for 10 wards	1for 15 wards	1 for whole municipal council
4	Sub-Overseer	1 for 10 wards	1for 15 wards	1 for whole municipal council
5	Carpenter	1 for 10 wards	1 for 15 wards	1
6	Mukadam /Contractor	1 for 10 wards	1 for 15 wards	1
7	Mason/Brick layer	1 for 10 wards	1 for 15 wards	1

8	Labour	20 for 10 wards	10	5
9	Road Roller Driver for a vehicle	1	1	1
10	Dumper Driver	1 for 10 wards	1	1
11	Tracer	1	1	--
12	Clerk	1	1	--
13	Draftsman	1	1	1
14	Clerk or typist	1	1	--
15	Office In charge	1	--	--
16	Senior Clerk	1	1	--
17	Clerk	10	6	3
18	Store Keeper	1	1	--
19	Watchman	1	1	--
12. Town Planning				
1	Town planner	1 (Town planner)	1 (Assistant Town planner)	--
2	Planning Assistant or Building Inspector	1 (for 10 wards)	1 (for 15 wards)	1 (for whole city)
2	Clerk	2	1	--
3	Peon	1	1	--
13. Records/Stationary/ Birth-death registration Section				
Record				
1	Senior Clerk	1	1	--
2	Junior Clerk	1	1	1
3	Clerk for copying	1	1	1
4	Peon	1	1	1
Stationary				
5	Senior Clerk	1	1	--
6	Junior Clerk	1	1	1
7	Peon	1	1	--
Birth-death registration				
8	Senior Clerk	1	1	1
9	Court Duty Clerk	1	1	--
10	Social welfare officer	1	--	--
11	Clerk	1	--	--

Medical Facilities for hospital with 30 beds		
12	Medical Officer, Class 1	1
13	Medical Officer, Class 2	2 or 3
14	Nurse	7
15	Sister	1
16	Compo under	2
17	Laboratory in charge	1
18	X-ray in charge	1
19	Ward Boy	4
20	Assistant to Laboratory in charge	1
21	Assistant to X-ray in charge	1
22	Driver (if vehicle available)	1
Primary Health Centre		
23	Medical Officer	1
24	Rural Family planning officer	1
25	Nurse/Midwife	1
26	Assistant to Nurse/Midwife	1
27	Staff Nurse	2
28	Compo under	1
29	Staff 4th Class	4
30	Sanitation Inspector	1
31	Driver (if vehicle available)	1

Table 2.23

Revised Staffing Guidelines 2005: Structure of Major Departments and Sub-departments in Municipal councils

No.	Name of the Major Department	Designation of Head of the department	Sub-Departments	Remarks
1	Administration	Administration and Human Resource officer Municipal council Computer Engineer; Grade -A	Meetings Section	<i>For C class Municipal Council</i>
			Establishments	
			Records Section	Store and Purchase section will be merged in the Records section
			Store and Purchases	
Computer Section	<i>For A and B Class Municipal Council</i> It will be part of Administration Department			

2	Municipal Services Department	Deputy Chief Executive Officer	Urban services Complaints redressal Centre	<i>For C class municipal Council</i> Urban services Complaints redressal Centre, parks, Poverty Alleviation section, Women and Child Development section, Library, Kondwada, Illegal Construction, Market and Collection will be merged in the Administration Department <i>Nagar Panchayats / Councils (population less than 25000)</i> No Fire Brigade department
			Grounds	
			Poverty Alleviation Section	
			Women and Child Development	
			Library	
			Kondwada	
			Illegal Construction	
			Market and Collection	
Fire brigade service				
3	Accounts and Budget	Accounts Officers Grade-A	---	<i>For C municipal council</i> Accounts, Budget and Audit will be in single department.
4	Audit	Auditor Grade-A	---	
5	Town Planning	Municipal Council Town planner Grade-A	Building Permission	---
6	Town Planning	Municipal Council Town planner Grade-A	Urban and Economic Development	<i>For C municipal council</i> This department will be merged in Building permission department.
7	Tax	Tax officer	---	---
8	Health Department	Municipal council Health Officer Grade-B	Birth-Death registration	<i>For C municipal council</i> There will be no sub-departments
			Pashusanvardhan	
			Implementation of National Health Scheme	
			Public Health Hospitals	

9	City sanitation Department	Water Supply, Drainage and Sanitation Engineer Grade-B	Sanitation department	---
10	Building Department	Municipal Council Engineer Selection Grade	Building	---
11	Lightening	Municipal Council Engineer (Electricity) Grade-A	Lightening	---
12	Water Supply	Water Supply, Drainage and Sanitation Engineer Grade-B	Water Supply	
			Drainage	

Table 2.24

Revised Staffing Guidelines 2005:

Proposed State level Cadre based Posts in Municipal Councils

No.	Department	Code	Number	Cadre	Salary Scale
1	Administration	Adm	3	1. Deputy Chief Executive Officer (A class Municipal Council)	6500-10500
				2. Deputy Chief Executive Officer (B class Municipal Council)/ Administration officer/Tax Officer/ Social Welfare and Personal Relation Officer	5500-9000
				3. Office Supervisor/ Assistant Office Inspector/ Social Welfare and Personal Relation Supervisor/ Assistant Social Welfare and Personal Relation Supervisor/Purchase Supervisor/ Assistant Purchase Supervisor/ Tax Inspector/Assistant Tax Inspector /Collection manager/ Assistant Collection manager/ Law and Labour Supervisor/ Assistant Law and Labour Supervisor	5000-8000/ 4500-7000

	General Administration	G	6	1. Senior Clerk 2. Clerk-Typist/ Data Entry Operator/ Cashier/ Telephone Operator 3. Driver 4. Constable 5. Peon 6. Steno	4000-6000 3050-4590 3050-4590 2610-4000 2550-3200 4000-6000
2	Accounts and Audit	ACT	3	1. Accountant -selection Grade 2. Accountant/Auditor-Grade A 3. Accountant/Auditor –Grade B 4. Deputy Accountant/Assistant Accountant/ Auditor /Assistant Auditor	8000-13500 6500-10500 5500-9000 5000-8000/ 4500-7000
3	Health	HEA	3	1. Health Officer –Grade A 2. Health Officer –Grade B 3. Senior Health Assistant/ Health Assistant	6500-10500 5500-9000 4500-7000/ 4000-6000
4	Sanitation and Solid Waste Management	SAN	3	1. Senior Sanitation Inspector / Sanitation Inspector 2. Contractor (Mukadam) 3. Conservancy Worker	4500-7000/ 2610-4000 2550-3200
5	Public Works	PW	4	1. Municipal Council Engineer- Selection Grade 2. Municipal Council Engineer- Grade A 3. Municipal Council Engineer- Grade B 4. Building Supervisor/Junior Building Supervisor	8000-13500 6500-10500 5500-9000 5000-8000/ 4500-7000
6	Water Works	WW	6	1. Water Supply, Drainage and Sanitation Engineer- Grade A 2. Water Supply, Drainage and Sanitation Engineer- Grade B 3. 3. Water Supply, Drainage and Sanitation Supervisor/Junior Water Supply, Drainage and Sanitation Supervisor 4. Assistant Laboratory 5. Pump Operator/Electrician 6. Valve man	6500-10500 5500-9000 5000-8000/ 4500-7000 3200-4900 3050-4590 2550-3200

7	Electricity	ELC	4	<ol style="list-style-type: none"> 1. Municipal Council Engineer (Electricity)-Grade A 2. Municipal Council Engineer (Electricity)-Grade B 3. Electricity Supervisor/Junior Electricity Supervisor 4. Wireman 	<p>6500-10500</p> <p>5500-9000</p> <p>5000-8000/ 4500-7000</p> <p>3050-4590</p>
8	Citizen Facility	CF	3	<ol style="list-style-type: none"> 1. Senior Parks Supervisor/Parks Supervisor 2. Librarian 3. Assistant Librarian 	<p>4500-7000/ 4000-6000</p> <p>4000-6000</p> <p>3200-4900</p>
9	Town planning	TP	4	<ol style="list-style-type: none"> 1. Municipal Council Town Planner- Selection Grade 2. Municipal Council Town Planner- Grade A 3. Municipal Council Town Planner- Grade B 4. Assistant Planner/Junior Assistant Planner 	<p>8000-13500</p> <p>6500-10500</p> <p>5500-9000</p> <p>5000-8000/ 4500-7000</p>
10	Fire	FIR	7	<ol style="list-style-type: none"> 1. Fire Brigade Officer – Selection Grade 2. Fire Brigade Officer –Grade A 3. Fire Brigade Officer –Grade B 4. Fire Station Supervisor/ Assistant Fire Station Supervisor 5. Leading Fireman 6. Fireman 7. Driver cum Operator 	<p>8000-13500</p> <p>6500-10500</p> <p>5500-9000</p> <p>5000-8000/ 45000-7000</p> <p>3050-4590</p> <p>2750-4400</p> <p>3050-4590</p>
11	Computers	COM	3	<ol style="list-style-type: none"> 1. Municipal Council Engineer (Computer)- Grade A 2. Municipal Council Engineer (Computer)- Grade B 3. Programmer/ Facility Manager OR Junior Programmer/ Facility Manager 	<p>6500-10500</p> <p>5500-9000</p> <p>5000-8000/ 4500-7000</p>



Chapter 3

Solid Waste Management in Maharashtra

Introduction

Municipal solid waste includes commercial and residential waste generated in municipal or notified areas in either solid or semi-solid form excluding industrial hazardous wastes but including treated bio-medical wastes. Management of Solid Waste (hereafter MSW) is one among the basic essential services provided by municipal authorities.²⁷ This management has a public as well as an environmental dimension, hence extremely critical for sustenance of urban living. In India, as urban population is growing at 2.7 per cent to 3.5 per cent per annum, the yearly increase in the overall quantity of solid waste in the cities will be more than 5 per cent. The Energy and Resources Institute (TERI) has estimated that waste generation will exceed 26094 million tonnes per year by 2047—more than five times the present level. Cities with 100,000 plus population contribute 72.5 per cent of the waste generated in the country as compared to other 3955 urban centers that produce only 17.5 per cent of the total waste.

Table 3.1

Waste Generation in Class 1 Cities with Population above 100,000

Type of cities	Tones /day per cent of total garbage
The 7 mega cities	21,100 18.35
The 28 metro cities	19,643 17.08
The 388 class 1 towns	42,635 37.07
Total	83,378 72.50

As indicated in table 3.1, the larger the city, the larger the quantum of waste generated and thus the larger the challenge in managing it.

Though solid waste management fell within the domain of ULBs; the scientific treatment of solid waste for environmentally sustainable cities, the financing of MSW functions and new trends in the involvement of human resources in these functions and new patterns in practices –all of these assumed importance only in the period following the year 2000 after the passing of the MSW Rules 2000 which marked the watershed in this sector.

27 The Municipal Solid Wastes (Management and Handling) Rules, 2000 includes within the definition of municipal authority 'Municipal Corporation, Municipality, Nagar Palika, Nagar Nigam, Nagar Panchayat, Municipal Council including notified area committee (NAC) or any other local body constituted under the relevant statutes and, where the management and handling of municipal solid waste is entrusted to such agency.' Note: Mega cities are above 4 million population and metro cities (also known as million plus cities) are the same as the identified cities under the proposed JNNURM. Class 1 cities are those with population in the 100,000 to 1 million range and are 388 in number. Source: MOUD (2005) in P. U. Asnani. Solid Waste Management :160

Very little data on the sector is available on the sector before the 2000s simply because this sector did not attract as much attention as it should have. The period following 2000 altered the scenario. The JNNURM and the current developments are aimed at financing MSW Projects emerging from the above framework and opened new debate.

Consequently most of the discussion in this chapter on financial relations, human resources, institutional mapping and practices structured as pre 2000 and post 2000.

Status

Status of Solid waste management in Maharashtra

There is not much data available on the status of solid waste management in municipal councils. A study by AILSG in 2003 indicates the status of SWM in the Class I cities of the state. The key findings are given below in table 3.2

Table: 3.2

Status of SWM in the Class I cities of the state

Cities	TPD (tons per day)	Sweeping (in %)	House to house collection (in %)	Lifting (in %)
Konkan division				
Panvel	18 (lowest among councils)	70%	70%	100%
Navghar Manickpur		100%	60%	97%
Virar		100%		100%
Nalasopara			20%	80%
Ulhasnagar		100%		100%
Bhiwandi-Nizampur	320 (highest among councils)			100%
Kalyan-Dombivili		100%	20%	82%
Mumbai	7500 (largest)	77%	15%	100%
Navi-Mumbai	400 (lowest)	60%	100%	100%
Thane		100%	10%	100%
Ambarnath			10%	94%
Nashik division				
Nashik	230		100%	100%
Ahmednagar		64.9%	25%	85.5%
Bhusawal	51 (lowest)	100%		100%
Dhule			10.8%	100%
Jalgaon	220	44%	5.5%	81%
Malegaon				92%
Pune division				
Kolhapur	165 (lowest)	79.9%	15%	72.7%

Pimpri-Chinchwad			75%,	96.8%
Pune	1000 (highest)			75%
Barsi	30 (lowest among councils)	53.8%		66.7%
Ichalkarnji		100%		84.6%
Satara		49.1%	2.4%.	60%
Sholapur	350 (highest in councils)			80%
Aurangabad division				
Aurangabad	300	80%	10%	90%
Beed	25 (lowest among councils)	76.3%		80%
Jalna,		39.3%		71.4%
Latur		62.9%	11.6%	79.2%
Nanded-Waghala	149(highest among councils)	83.6%		90.6%
Parbhani		8%	3.4%	92.6%
Amravati division				
Amravati	160			86.7%
Achalpur	60	53.13%		90%
Yavatmal	24	90%		100%
Nagpur division				
Nagpur	700		30%	100%
Chandrapur	100	63%	42%	100%
Gondia	40	76.2%		87.5%

Some of the key patterns evident from the table are -

- Aurangabad and Amaravati divisions generate the least amount of waste at 226gm per capita per day. This is followed by Nashik with 285 gm and Pune with 303 gm per capita waste. The highest waste is generated in Nagpur division(365 gm) and Konkan division (443 gm)
- In terms of volume, Mumbai generates the maximum waste at 14903 tons per day followed by Pune and Nagpur. However the relationship between population and amount of waste generated is not direct in all cases. Thus the least waste is generated by Panvel at 18 TPD though it does not have the least population.
- A lot of focus of solid waste management is on sweeping with about 50 % or more roads being swept daily. The exceptions seem to be cities like Parbhani where only 8% roads are swept daily.
- The data also reflects a high proportion of lifting of waste with 15 ULBs lifting hundred percent of the waste and others ranging close to this figure. However,

here too there are exceptions like Satara which lifts only 60% of the waste generated.

- Corporations having the system of house to house collections are very low and only Navi Mumbai and Nashik have adopted a hundred percent house to house collection.
- 10 cities have no processing facilities- decentralized or otherwise. 23 cities have centralized processing facilities for vermin posting or composting. There is very little experimentation with decentralized models.
- In all the cities, dumping on open ground is a common practice. There is some movement towards creating sanitary land fills.
- There is a tremendous variation in the costs of SWM ranging from Rs 21.8 per capita per year in Beed to Rs 265 per capita per year in Mumbai.
- There are two large components of expenditure on SWM. The first is the establishment costs which account for about 70-90% of the costs on SWM. This is partly explained by the focus on daily sweeping which is a labour intensive activity. Another significant component of SWM costs is the cost of transport, especially in cities like Mumbai (56.7%), Mira-Bhayandar (47.1%), Pimpri-Chinchwad (31%) and Pune.

- **Pre 2000 situation**

A. *Legal Framework*

All Municipal laws in Maharashtra, sanitation and conservancy are the obligatory function as mentioned below in Table 3.3. It is also enlisted in the 12th schedule of 74th CAA 1992. However 'to set up farm or factory disposal waste is the discretionary function in all Municipal laws.

Table: 3.3

Position of sanitation and conservancy function in Maharashtra Municipal laws prior to 74th CAA (i.e. prior to 1994 in Maharashtra)

Functions under 12th Schedule	Mumbai Municipal Corporation Act 1881	The City of Nagpur Municipal Corporation Act 1948	Bombay Provincial Municipal Corporation Act 1949	Maharashtra Municipal Councils, Nagar Panchayats and Industrial Townships Act 1965
Public Health, Sanitation, conservancy and Solid Waste Management	Obligatory	Obligatory	Obligatory	Obligatory
To set up farm or factory for disposal of waste	Discretionary	Discretionary	Discretionary	Discretionary

B. Institutional Framework

As mentioned earlier, 'MSW service' is the obligatory duty of every ULB. Primary responsibility is on ULBs to undertake this municipal service. It mainly includes collection and disposal of waste only. Further the function also had a nuisance dimension that enabled the ULBs to take action against those who created obstructions in the same.

C. Human Resources

Prior to 1990, recruitment of sanitation staff was solely the domain of ULBs. In 1990, the first attempt to bring uniformity in numbers of recruitment as it was felt that there was an indiscriminate recruitment. This was done through issue of staffing guidelines released by the GOM vide government resolution (GR) No. JEN-1089/744/CR 235/89/UD 14/ Mantralaya, Mumbai-32, on 14th August 1990. Table 3.4 specifies the details of these guidelines for municipal staff for Solid Waste Management:

Table: 3.4

Municipal Staff in municipal councils for Solid Waste Management

No.	Post	Number of Posts		
		Class A	Class B	Class C
	1. City Sanitation Department			
1	Health Officer	1	1	--
2	Senior Sanitation Supervisor	1	--	--
3	Sanitation Supervisor	For 20000 population 1 supervisor		
4	Contractor (Mukadam)	1 Contractor for 4 Wards		
5	Clerk (Establishment)	1 Clerk for 150 employees		
6	License Fee Clerk (Market Inspector)	1	1	Nil
7	Sweepers	1 sweeper for 3000 sq .feet.		
8	Conservancy worker(for Toilet cleaning)	1 worker for Public Toilets with 50 seats		
8	Conservancy worker for cleaning gutter	1 worker for 300 meters		
9	Other Conservancy worker	6	4	2
10	Sweeper for Vegetable Market/Food grain Market	1 sweeper for market place in the city		
11	Compost Fertilizer	For 75 pits (each pit is about 10X4X3) one labour		
12	Slaughter House	1 sweeper for slaughter house in the city		
13	Spraying for disinfections	1 worker for 4 wards		
14	Providing traps for rats kill	1 worker for 10 wards		
15	Cattle pounds	1 worker for 1 cattle pounds		

It is observed that according to these guidelines-

- MSW staff was recruited on the basis of geographical area. Thus the larger the geographical area, the larger the number of workers.
- 8 posts created under this department.

- The recruitment of staff was subject to condition that every ULB should not spend more than 42% of total revenue of that ULB on administrative expenditure.
- Further ULBs were also directed to keep a limit on the number of contracted staff

D. Financial Resources

Prior to 2000, there was no special grant or fund provided to ULBs for MSW. As a basic and obligatory function of ULB, the expenditure for the same was incurred from the regular budget of the ULB and formed a bulk of it.

Table 3.4 given below specifies the revenue expenditure on MSW incurred by Municipal Corporations²⁸ mid 1990-91 and 1994-95.

Table: 3.5

Revenue expenditure on MSW services in Municipal Corporations

(Per capita expenditure in rupees)

(Expenditure in Crores)

For 12 Corporations	1990-91	Expenditure	181.07
		Per capita expenditure	99
		Percentage to total Expenditure	16.25
	1994-95	Expenditure	355.01
		Per capita expenditure	193
		Percentage to total Expenditure	16.61

Source: Report of First Maharashtra Finance Commission January 1997

As indicated by the expenditure figures on various municipal services provided by the municipal councils, expenditure on 'Sanitation' was second priority in A class municipal councils, first priority in B class municipal councils and second priority in C class municipal councils.

Table 3.6

Revenue expenditure on Sanitation services in Municipal Councils

(Per capita expenditure in rupees)

Year	Per capita expenditure of Municipal Councils		
	A	B	C
1990-91	41	44	33
1994-95	75	77	58
% to total revenue expenditure in 1994-95	15.4	18.49	16.98

Source: Report of First Maharashtra Finance Commission January 1997

28 Given table indicates revenue expenditure of 12 municipal corporations namely Mumbai, Thane, Navi Mumbai, Kalyan, Nashik, Pune, Pimpri-Chinchwad, Solapur, Kolhapur, Aurangabad, Amaravati, Nagpur, which were constituted till 1997

Table 3.6 specifies the per capita revenue expenditure on MSW in the year 1990-91 and 1994-95. It is observed that over the period of five years expenditure on MSW was increasing.

E. Issues

It is evident from the relevant MSW sections of 4 municipal laws that MSW as a particular sector in urban governance till 2000 revolved around collection and disposal.

Some of the gaps identified within this framework are:

- No clear delineation of municipal body's responsibility except for very general guidelines.
- Solid waste and its various categories have not been defined
- There is no differentiation between Bio degradable and non- biodegradable waste and scientific treatment of the same.
- The sources from which waste is generated are not identified And consequently there are no provisions of collection from source to a centralized point.
- No provisions on segregation of waste.
- There are hidden assumptions that private buildings would employ services like sweeping and cleaning which invariably excludes habitats like slum communities from the ambit of MSW services because slums usually do not employ private services of cleaning and sweeping.
- There are no provisions of transportation of waste to the collection points- who would do it and how frequently.
- The technical aspects of management (particularly those related to processing and disposal) of solid waste have not been addressed.
- The 3 Rs (Reduce, recycle and reuse) of MSW have been neglected.
- Processing and recycling are neglected areas.
- How waste is to be disposed scientifically is a neglected area.
- No provisions related to landfills and acquiring land for the same.
- Except for abysmally low fines for non compliance from the generators of waste there are no sections in the 4 legislations on monitoring the functions of the MSW and the penalties for non compliance.
- Penalties for improper dumping of waste have been clubbed with the nuisance law.
- No benchmarking of service.
- No provisions pertaining to contracting out services to private players.

- No provisions on involvement of stakeholders like households, cooperative housing societies, corporate bodies, rag pickers, (Non Government Organisations) NGOs and Self help groups.
- **Post 2000 situation**

A. Legal Framework

The ensuing discussion on legal framework, institutional mapping, and status of MSW in Maharashtra, financial relations, human resources and practices is based on the period following the year 2000 when the Municipal Solid Waste (Management and Handling) Rules, 2000 under the Environment (protection) Act, 1986 were enacted following the SC judgment on the same. This made it mandatory for ULBs to improve their work in keeping management system with the rules by 2003. The MSW Rules 2000 mark a watershed in management of solid waste in urban centers in India. These rules lay out procedures for **waste collection, segregation, storage, transportation, processing and disposal**. Second, these rules also specified standards for compost quality, health control & management and closure of land-fills. Third, these rules stress upon collection of waste from its source of generation (households, office complexes, commercial areas) and give procedures for distinct treatment of different categories of waste. Fourth, the MSW Rules of 2000 made the Municipal body responsible to organize awareness programs for segregation and recycling of waste. Finally the Municipal authorities were required to adopt proper technologies to recycle and process waste so as to minimize burden on landfill as prescribed in the Rules.

It was expected that individual states would form their own rules on MSW in their respective states drawing copiously from the MSW Rules 2000. In Maharashtra it took six years for the state government to come out with its own rules on MSW. The **Maharashtra Non-biodegradable Garbage (Control) Ordinance, 2006** (Environment Department, Government of Maharashtra) was enforced by the **Governor of Maharashtra**. Under this ordinance **two Rules** have been published. The first is the **Maharashtra Non-biodegradable Solid Waste (proper & scientific collection, sorting & disposal in the areas of Municipal Corporations) Rules 2006** and other is the **Maharashtra Plastic Carry Bags (Manufacture & Usage) Rules 2006**.

The key points that can be inferred after comparing and contrasting the Maharashtra Rules with the MAW rules

1. The MSW Rules 2000 clearly place the **responsibility** from **collection to disposal of waste** on the municipal authorities with detailed compliance criteria laid out in Schedule III of the MSW Rules 2000, on each of the functions- collection, segregation, processing, transportation and disposal. In contrast, the Maharashtra Ordinance 2006 **emphasizes that the major responsibility rests on the owners and occupiers of land and building** where waste is generated. Though the ordinance defines the terms 'owners' and 'occupiers' and who are included within

these definitions; there are many issues left unaddressed. For instance how would the rules be implemented in pavements, *gullis*, *nullahs*, spaces between two roads or houses, or buildings, crossroads, slum areas and other kinds of informal settlements and undefined spaces where the status of owners and occupiers are not clear?

2. On collection the MSW Rules 2000 clearly address various concerns pertaining to segregation (house to house collection, or ghanta gadi during pre-decided hours, provide for central community bins, collection from various sources including slums, not to mix biodegradable and non biodegradable waste, not to burn any waste etc.) The role of the municipal authority is **significantly reduced in the Mah. Rules** i.e. to only 'to place or provide or place in proper and convenient situation public receptacles, depots or places for temporary deposits or collection of non-biodegradable garbage'. The Ordinance 2006 places the responsibility on owners and occupiers of every land and building to segregate and store the waste generated by them into a minimum of two receptacles one for biodegradable waste and other for non-biodegradable waste.
3. The Maharashtra Non Biodegradable Rules, 2006 discuss involvement by **other actors (NGOs, rag pickers, self help groups)** specifically in collection while the MSW Rules of 2000 does not specify this. This however is not backed by any provision on how such groups would be paid, what would be the mechanism to monitor the relations of various groups and the ULBs, who would be responsible and for what were clearly open to interpretation. Therefore one can conclude that in collection, the ULBs in Maharashtra are doing a gear shift in moving from actually doing collection to doing the "arrangement" while other actors are involved in collection.
4. The MSW Rules 2000 discuss positive measures like creating awareness programmes among citizens on waste generation and segregation. The Maharashtra Ordinance 2006 and the Rules 2006 on the other hand are largely **punitive in nature**. They **empower** the ULBs to take punitive action against the occupier or owner of the premises where this waste is generated for non compliance. The responsibilities of various government departments and agencies involved with MSW functions in the MSW Rules 2000 talks in terms of "responsibility"; the Maharashtra Ordinance 2006 and the Rules of 2006 talk mainly of their "powers".
5. The Schedule II of the Compliance Criteria of the MSW Rules 2000 lay out **certain standards** to the municipal authorities for the establishment and maintenance of storage facilities. These include: a) do not create unhygienic conditions, b) keeping in mind other things like the quantities of waste generation in a given area, the population densities, c) accessibility to users; non exposure to open atmosphere and aesthetics and user-friendly, d) that storage facilities shall be daily attended for clearing of wastes, e) bins for storage of bio-degradable wastes shall be painted green, those for storage of recyclable wastes shall be painted white and those for storage of other wastes shall be printed black without involving any manual handling of waste. f) If

unavoidable due to constraints, manual handling shall be carried out under proper precaution with due care for safety of workers. On the other hand, the Maharashtra Ordinance and the Rules of 2006 **do not specify** any of these standards except that the municipal authorities must provide for separate dustbins for **temporary deposit** of non-biodegradable garbage other than those kept and maintained for deposit of biodegradable garbage.

6. On transportation too there are detailed provisions within the MSW Rules 2000. For instance vehicles shall be covered and waste should not be visible to public, nor exposed to open environment preventing their scattering, shall vehicles be so designed that multiple handling of wastes, prior to final disposal, is avoided. The Maharashtra Ordinance and the Rules of 2006 do not say anything different.
7. The MSW Rules 2000 discuss in detail the processing of municipal solid wastes for which municipal authorities are called upon to adopt suitable technology or a combination of technologies to make use of wastes so as to minimize burden on landfill. The compliance criteria lays out number of methods that can be adopted for example the biodegradable wastes shall be processed by composting, vermin-composting, anaerobic digestion, the compost or any other end product should comply with standards as specified in Schedule-IV; mixed waste can be recycled, incineration with or without energy recovery including pelletisation. Municipal authority or the operator of a facility wishing to use other state-of-the-art technologies shall approach the Central Pollution Control Board to get the standards laid down before applying for grant of authorization. The Maharashtra Ordinance 2006 and the Rules of 2006 do not specify how the biodegradable waste is to be processed or disposed off. The Ordinance 2006 only states that arranging for recycling of non-biodegradable garbage is the duty of the municipal authority.

The MSW Rules 2000 lay out that for Disposal of municipal solid wastes land filling shall be restricted to non-biodegradable, inert waste and other waste that are not suitable either for recycling or for biological processing, Land filling of mixed waste shall be avoided unless the same is found unsuitable for waste processing. The Maharashtra Rules are silent on this.

B. Institutional Framework

- The District Collector was made the competent authority to allocate land for sanitary landfills to ULBs vide G.O Misc 2002? Adm 363/J-1 dated 2.9.03.
- Further the state government created District Committees comprising of the Collector, Regional Pollution Board member, forest officer, geologist, representatives of town planning directorate, irrigation department, archeological department and municipal administration directorate and the ULB representative. These district committees were expected to assist the ULB to identify land for landfills. It needs

to be noted that while these are district committees, at least 4 members of the committee are located at a regional level

- In 2004 (local self development -2004/Adm.43/Desk1445) , creation of solid waste management facilities was declared as an acceptable object for application of MLA funds under the local area development funds up to a limit of 10 lakhs.
- In 2006, the state government brought out a resolution about the allocation of Twelfth Finance Commission grants to ULBs. The Directorate of Municipal Administration was denoted as the nodal agency for disbursement of this grant.
- For preparation of Detailed Project Reports for SWM as required by the Central Government, the following institutional structure was created



The current institutional map for solid waste has thus become more complex. It now involves more state institutions and also departments as depicted in the diagram-

Institutional Map for MSW

C. Human Resources

In 2005, the Staffing guidelines for municipal staff in municipal councils were revised. Following table 3.7 specifies the revised structure of sanitation staff in Municipal councils.

Table 3.7

Municipal Staff for MSW Department in Municipal Councils

NO.	Post	Pre 2005	Revised in 2005
1	Senior Sanitation Inspector/ Sanitation Inspector	1 for 20,000 population	1 for 25,000 population
2	Mukadam	1 for 10,000 population	1 for 20,000 population
3	Conservancy	1 for 1000 population	1 for 1000 population

As is evident in the table, the population per worker for each category of sanitation work was upwardly revised by these guidelines. The immediate implication is the reduction in the number of staff. This has been accompanied by a simultaneous move to involve other actors in MSW.

D. Financial Resources

There are two new sources of finance, specifically directed at MSW which have been introduced in the last few years to enable ULBs to implement the MSW rules. These are the twelfth finance commission grants and the MLA funds.

Twelfth Finance Commission

The Government of Maharashtra received Rs 158.20 crores for five years or a consolidated grant of Rs 791 crores under the twelfth Finance Commission. JNNURM cities in the state and the relatively strong financial corporations in the state were not covered by this grant. It was allocated to 11 Municipal Corporations under Group A and 222 councils and 3 nagar panchayats that formed group B. Group A was funded on the basis of population and geographical area while ULBs in group B were funded using the criteria of deprivation index, distance from highest per capita income and revenue effort.

All the ULBs which were sanctioned this grant were expected to spend 56.5% of the sanctioned share on SWM projects. This was expected to boost financing of capital intensive SWM projects. In fact the state government directives encourage the ULBs to take up projects such as fertilizer plants or waste to energy plants.

MLA funds

It is another source of funds to finance MSW functions whereby the Government of Maharashtra has been permitted under utilization of local development funds of Members of Legislative Assembly / Council for management and Creation of facilities for disposal of Urban Solid Waste (Refuse) through Government Resolution No. Local Self Development – 2004/Adm.43/Desk 1445 issued on 20th February 2004 by the Planning Department, Government of Maharashtra.

E. Issues

The aim of the ensuing section is to highlight the crucial issues that emerge from ground level practices throw light on the actual implementation of MSW, the difficulties, gaps and probably suggest the ways to correct the situation. The evolving patterns of initiatives in MSW in various urban centers mainly focus in the following:

▪ Improvement of the collection process

In many urban centres, Municipal Bodies have taken initiative to put in place a system to separately collect waste from large waste producers like hotels, restaurants, marriage halls, slaughter houses, markets, shopkeepers, roadside hawkers, offices, cowsheds, etc.

Nagpur has around 939 hotels and 204 marriage halls. Earlier their waste was dumped into community bins. This resulted in cattle and pig menace around the bins, and stink emanated due to decomposition of food waste. The Corporation deployed two trucks between 9 p.m. to 4 a.m. to collect waste generated from these hotels. Matheran Municipal Council has started a separate waste collection system for hotels and lodges and charges on a per room basis. A separate system of collection of waste from commercial areas has been successfully adopted in Yavatmal. Mira Bhayander Municipal Corporation collects such waste separately and recovers the cost by charging generators of such bulk waste. Bulk waste is separately collected from restaurants, hotels, canteens in Thane, Pune, Umred and some other cities. Bulk waste from vegetable markets and restaurants in Vasai, and to some extent in Virar and Mumbai, is lifted and transported at night.

▪ Involvement of other actors in collection

Some urban centres have taken initiatives to make the private operators accountable for their services. For instance, in Amravati the operator engaged for door to door collection has to submit the signatures of 25 respected citizens of the ward for satisfactory work, at the end of every month, failing which the monthly bill is not be cleared. Yavatmal has put in place a system where the residents can phone up a dedicated telephone number in case the Ghanta Gadi does not come to collect the waste. In Akola, CBOs have engaged unemployed youth in collection. However segregation is done at the time of collection by the workers. However this has also given rise to other issues. When NGOs and CBOs are involved in collection functions, there are no provisions on what would be the nature of interactions between them and the municipal authority in terms of payment structure, responsibilities for non compliance, specific duties, social security measures and protection against health hazards.

▪ Processing

Many cities are processing waste before disposal. Most of the cities that are undertaking processing functions are doing so either through private operators or NGOs. Some cities have assigned the work of processing to a private operator (like Akola, Amravati, Phaltan, Ashta, Islampur), others are doing processing through NGOs (e.g.Kalyan, Matheran, Kagal). A few are operating and managing the processing on their own (e.g. Nashik,

Kamptee, Chalisgaon, and Shirpur). Many municipal bodies have left the sale of compost/ other produce to the private sector.

▪ **Spreading awareness**

Many urban centres in Maharashtra have taken initiative to create awareness about segregation into dry and wet waste; storing it at source (in their houses or in the society) and handing it over to the ghantagadi (door-to-door collection) or transferring it into community bins, as determined by the municipal authority, about the 3R's – Reduce, Recycle and Reuse, to ease the pressure on waste management, the importance of processing of wet waste into useful manure in a decentralized manner, using means like vermi-composting, etc, not to litter roads and public places etc. However, this is unmatched to the pace that has been seen in civil society initiatives seen in some of the cities.

Mumbai adopted Advance Locality Management model for decentralized waste management which began with awareness creation. Some 700 ALMs have successfully carried out awareness campaign and are getting community support. In Matheran, Council and Matheran Bachav Samiti together prepared a detailed plan for waste segregation at source, door to door waste collection and recycling. Virar and Panvel Municipal Councils organized workshops for Corporators, NGOs, industry and business communities, etc to undertake SWM planning. Thereafter a working group was formed to take forward the process. Pune started public awareness campaigns through schools and colleges for giving segregated waste only. Nashik, Ulhasnagar, Pune Corporations, AILSG and MPCB have made excellent films on this subject.

The examples on Kalyan Dombivli, Akola and Nashik Municipal Corporation discussed below illustrate the nature of issues facing ULBs and the kind of choices made by them.

The Kalyan Dombiwali Municipal Corporation (KDMC) took an initiative to directly process large quantity of biodegradable waste produced in the city by involving non-government organization, the Stree Mukti Sangathana in April 2002. The vehicles of the Corporation bring biodegradable waste to the processing sites and the workers appointed by the NGO process the waste to produce compost.

The Municipal Corporation has provided the site to the NGO on a rent-free basis and a sum of Rs 1 lakh was given as advance to the NGO for procurement of equipments and wages on refundable basis. The biodegradable waste from the vegetable markets, the hotels and marriage halls is collected separately and taken directly to the composting sites. No machinery is used for composting process. The water required on the site is to be provided free of cost.

The NGO has appointed 3-4 workers - one male and three female - on the site. The male and female workers earn Rs.2500 and Rs.2100 per month respectively. The labor segregates plastics and other non-biodegradable material from the waste. They spray a culture and water on biodegradable waste. After the compost is prepared, it is sieved and

packed in 40kg bags to be sold in the market from which it recovers the cost of processing. The NGO has been able to refund one-fourth of advance taken from the Municipal Corporation. Thus the Corporation could manage almost 40MT of biodegradable waste per day by transporting this waste. On both the sites, it is the Municipal Corporation's responsibility to provide 20 MT of waste for processing. Segregation of waste into dry and wet waste. The NGO has to provide the required labor, equipments, materials, etc. for preparing the compost. A supervisor is to be appointed by the NGO to monitor the day-to-day work of the workers. After preparing the compost, the NGO is responsible for its packing, storing and sale. The income from the sale of compost is that of the NGO. There is substantial employment generation for the local poor in the city. The municipal corporation does not get involved in the sale of the compost prepared out of the waste. This being the property of the NGO ensures that the quality of the compost is maintained to suit the market requirements.

The example of the Akola Municipal Corporation that has given a contract on Build Own Operate (BOO) basis in February 2002 for a period of 20 years for establishment of pilot plant of 50 MT capacities for conversion of solid and organic city waste into organic manure also brings out many issues. The technology said to be a cost effective process using micro biological culture to covert organic waste into excellent quality organic manure within a short period of time for the project is provided by Dr Panjabrao Deshmukh Krishi Vidyapeeth (PDKV), Akola. It is this technology involves controlled conversion of city waste into organic fertilizer through a biological process for decomposition followed by a mechanical screening of the decomposed organic matter. All the investments like land, building, equipments, manpower, water, electricity, etc. for the project have been made by the private operator (Rs.1.15 crore). The manpower appointed by the operator removes the non-biodegradable items and then processes the biodegradable waste to produce organic manure.

As per agreement, responsibilities of the Municipal Corporation include: supply minimum 50 MT of waste daily at the plant site; it shall not give authority to any other party to process solid waste till period of contract. Transport the rejects from the processing site to the landfill site, repair and maintain the roads for plying vehicles transporting solid waste to and fro the project site, provide two bore wells for maintaining the plant and greenery around, has provided octroi /cess exemption for procurement of plant, machineries and raw material required for project implementation, and is also responsible to verify progress from time to time.

The operator is responsible for investing in the land, machinery, buildings, manpower, water & electricity, etc. for setting up and operating processing plant, storage and sale of the manure produced and has to pay a royalty of 4 per cent every year to the Corporation on the net sales, to keep project site hygienic and in good condition and has to follow all SWM guidelines. He supplies manure to the Corporation for development of the city gardens and their maintenance, the quantity of which does not exceed 10 per cent of the royalty amount in cost. The operator is allowed to appoint sub-contractor for the purpose

of installation, erection and operation of the plant. He is allowed to transfer the plant and machinery to any other third party for whom Akola Municipal Corporation may issue NOC. As per the contract, if the operator fails to pay the royalty, he is liable to pay interest at 8 per cent per annum till the payments are made and if he fails to pay consecutively for three years, the agreement shall be terminated. A penalty of Rs.1000 per day is charged to the Municipal Corporation if it fails to provide daily 50 MT of solid waste consecutively for one week.

There are many issues that come out from Akola Municipal Corporation's initiative of contracting out services to private players. The plant handles only 40% of the city waste. However, the corporation has contracted not to award a similar right to any other operator till the agreement is in force. What happens to the processing of the rest of the waste?

There is no mention about how the contractor would adhere to minimum wages, safeguard health of the workers by providing proper equipment, apparel and prevent manual segregation of mixed waste. Since 20 years permission has been given to operate the plant without any provisions to make changes in the agreement, there could be less possibility of adopting an advanced technology in future. There are no set standards or penalty mentioned in the agreement to check the treatment of waste in a scientific manner.

Contracting out municipal functions is a contentious area with hardly any regulation. This area opens up a host of issues- on what criteria are contracts given, in what ways are private contractors accountable to its workforce and to the Municipal authority, how can the municipal authority control and monitor the quality of services of the contractors, what is the status of the workforce recruited by the contractor. Accountability and transparency are the major (from the perspective of the end users and workforce) issues that need to be addressed.

The case in Nashik brings out this point clearly. Ramrao Patil in Nashik was a contractor-builder at the centre of a scam reported in the media and referred to by the municipal conservancy workers as the "fake loan case". In the year 2003-04, the contractor at the time, Ramrao Patil, took loans in the names of conservancy workers from the New Panvel branch of the credit society to finance garbage collection contracts elsewhere in the state. With the money, he bought tractors and trailers, set up a distribution agency and diversified into construction. The outstanding loan, in these workers' names, is now over Rs 10 crore. Patil's modus operandi in cheating the illiterate workers was rather simple. There were about 450 conservancy workers on contract with Patil when he bagged the tender for ghanta gaadis. After an agitation that forced him to pay up, Patil summarily sacked 250 of them. He had about 100 of the remaining workers brought to his office in batches of 8-10. "Only one of us was taken in at a time," remembers More. "We were made to sign or put our thumb impression on a page, while the rest of the document was hidden by Patil's handlers. We were told the forms were for our insurance and PF. He had arranged for a photographer too. Most of us don't know how to read and write, so we blindly signed the forms. I asked them to read it, because I glanced at the top which

showed a credit society's name. I was threatened with dire consequences then and there and thrown out of his office and my job.... So I was saved from this fake loan." While there has been no discussion of the role of Nashik Corporation in this matter, it is evident that the current systems are creating an environment conducive for operators like Ramrao Patil. (Source: NASHIK: FAKE LOAN A Carrion Crow. SMRUTI KOPPIKAR Outlook India.com)

Conclusion

To conclude, in the context of economic liberalization, MSW- a crucial sector of urban governance opens up a can of unaddressed issues- on human resource management, contracting out essential services in an unregulated manner which in turn makes the whole process in transparent and unaccountable and a growing tendency to offload their essential services by acting as a "facilitator" and involving other actors (contractors, NGOs, CBOs, citizens etc) in various functions of MSW. In a situation where ULB themselves are doing very little to ensure systematic and effective MSW in urban centres, they expect ready involvement and participation of the people. More and more new actors are being involved in MSW functions with hardly any mechanism for monitoring and evaluation. The compensation for these service providers would definitely be drawn from citizens. It seems that municipal authorities would not hesitate to introduce new taxes for these utilities.

In addition, officers admit that there is a huge gap in addressing various aspects of human resources. As an officer maintained, 'The Conservancy department of MCGM has a huge manpower employed i.e. Sweepers and Motor Loader- 25706 and Supervisory and Admin Staff- 3474. of the two sets the sweepers, loaders and the scavengers are the most vulnerable to poor health and they are not aware of safety issues, thus some HR based research is needed reflecting the all round development of the workers. If the need is there to keep the workers healthy and hearty, some training programmes and entertainment/education programmes need to be developed for them.'

The situation in Maharashtra as it exists today leaves a huge scope for proper implementation of the MSW Rules 2000 in letter and spirit. Thus one needs to understand the various aspects of this sector in all its complexities in order to find effective ways of finding workable solutions.



Chapter 4

Urban Housing in Maharashtra

Introduction

Housing is a basic need and a human right. Accessing an affordable and decent house is also one of the most crucial dimensions of urban living. It is this aspect which has emerged as a challenge in recent years with an estimated million as the national housing shortage. The JNNURM as an urban infrastructure programme has sought to undertake several initiatives to redress the same, including projects and reforms.

In Maharashtra, as a leading state in urbanization, issues of housing have been experienced on a tremendous scale. The urban areas in the state reflect a high proportion of slum dwelling population. Similarly, there are several forms of irregularities in housing such as gunthewaris, encroachments etc. The state has thus been compelled to take initiatives in the forms of legislations, orders far in advance of other states.

This chapter is an overview of the legal regulatory frameworks and institutions that impinge on issues of housing in urban Maharashtra. It also attempts to understand the changes in these frameworks, particularly in the past few years and under JNNURM through the projects and reforms. Finally, the chapter links these frameworks to issues faced by the poor, in particular.

Housing in Urban Areas

Housing in urban areas assumes much more significance than an activity that residents undertake to fulfill their shelter needs. It is an activity that is regulated in multiple ways and levels. It is an activity that is organized along the lines of an industry and as such the creation of built space itself is an arena of multiple stakes, conflicts, and contradictions. It is an arena that has changed rapidly in the last decade and further the discourse around the role of policy making and the State in this context has also changed tremendously.

As an economic product, several key inputs are necessary for production of housing. These include- land, material and technology in keeping with norms and finance. All of these inputs are regulated and hence an understanding of the frameworks and how they influence these inputs, the institutions that undertake this regulation is essential.

Land is the most crucial input in housing. It is estimated that land occupies about 60% component of the housing cost. It is thus the most critical component of affordable housing supply. Housing construction can only be undertaken on lands

that are considered fit for a) urban use and b) residential use. Multiple legal and regulatory provisions intercept this availability of land. Most of these controls are at the State government level and thus will be examined further in this chapter in detail.

Construction and development of land in urban areas is influenced by the development of modern technology and the invention of new housing materials. Much of this has been codified as part of the Town planning guidelines and building codes. The building bye laws are constructed by the state government and implemented by the urban local bodies. This has been discussed further in detail.

Housing is a part of long durable goods. As such investment in housing is significant, both on part of occupants, buyers and developers. Housing finance system that is accessible is crucial in this regard. Housing finance is mostly regulated at the national level and hence has not been discussed here.

The housing market is largely a private market. The government intervenes in the market in two other ways. One is through regulation of transactions by way of stamp duties and registration and secondly by way of entering the arena of housing provision itself through institutions like the Housing boards. Both these are largely under the state government purview and thus discussed.

It is evident from the above discussion that housing has become a highly organized activity and industry. Most of it is based on norms and principles borrowed from developed countries where the issues of housing access are not significant. However, in the context of urban development in the country and the state, the organized housing industry bypasses the poor who are needed in the city. Thus, there has been an almost parallel rise in informal housing taking the form of gunthewaris, slums etc. The government has also evolved frameworks to deal with these issues. These have also been discussed further ahead in this chapter.

Table: 4.1

Housing and Amenities in Urban Maharashtra and Urban India: 2001

No.	Characteristic of Housing / Amenity	Urban Maharashtra	Urban India
Housing			
1	Purpose for which the Housing Unit was Used		
	Residential	79.3	77.3
	Residential Cum Other Use	2.1	2.8
2	Condition of the House Used as Residences		
	Livable	34.2	32.2
	Dilapidated	3.0	3.7
3	Households Living in Houses with		
	A) Material of the Roof		
	i) Grass, Bamboo etc.	2.2	7.0
	ii) Plastic, Polythene etc.	1.2	0.8
	B) Material of the Wall		
	i) Grass, Bamboo etc.	2.1	3.9
	ii) Plastic, Polythene etc.	0.8	0.4
	iii) Mud, Unburnt Bricks	12.6	12.8
	iv) Wood	1.6	0.9
	C) Material of the Floor		
	i) Mud	13.9	13.9
	ii) Wood/Bamboo	0.2	0.4
4	Type of Structure in which Households Lived		
	Permanent	81.6	79.2
	Rest	18.4	20.8
5	Number of Rooms in which Households Lived		
	i) No Exclusive Room	3.9	2.3
	ii) One Room	46.7	35.1
	iii) Two Room	26.9	29.5
6	Number of Rooms by Nature of Ownership		
	A) Owned	67.2	66.8
	i) No Exclusive Room	3.5	2.0
	ii) One Room	41.3	29.2
	iii) Two Rooms	27.9	29.3
	B) Rented	28.5	28.5
	i) No Exclusive Room	4.3	2.8
	ii) One Room	57.6	46.9

	iii) Two Rooms	25.4	30.4
	C) Other	4.3	4.7
	i) No Exclusive Room	6.6	3.7
	ii) One Room	58.3	46.8
	iii) Two Rooms	20.8	28.1
Amenities			
7	Water Supply		
	A) All Sources		
	i) Tap	89.2	66.7
	ii) Hand Pump	4.5	16.2
	B) Within Premises		
	i) Tap	49.7	94.4
	ii) Hand Pump	8.3	1.7
	C) Near Premises		
	i) Tap	80.3	59.7
	ii) Hand Pump	10.9	23.3
	D) Away from Premises		
	i) Tap	54.7	41.7
	ii) Hand Pump	15.9	22.3
8	Source of Lighting		
	Electricity	94.3	87.6
	Kerosene	5.1	11.6
9	Bathroom within Premises	81.5	70.4
10	Latrine/Drainage		
	No Latrine	41.9	22.1
	No Drainage	12.4	24.1
11	Households without Separate Kitchen	17.6	24.1
12	Fuel Used for Cooking		
	Firewood	9.9	22.7
	Crop Residue	1.2	2.1
	Cowdung cakes	0.3	2.0
	Coal/Charcoal	0.5	4.6
	Kerosene	30.0	19.2
	LPG	57.0	48.0

(Source: Registrar General of India, 2001b.)

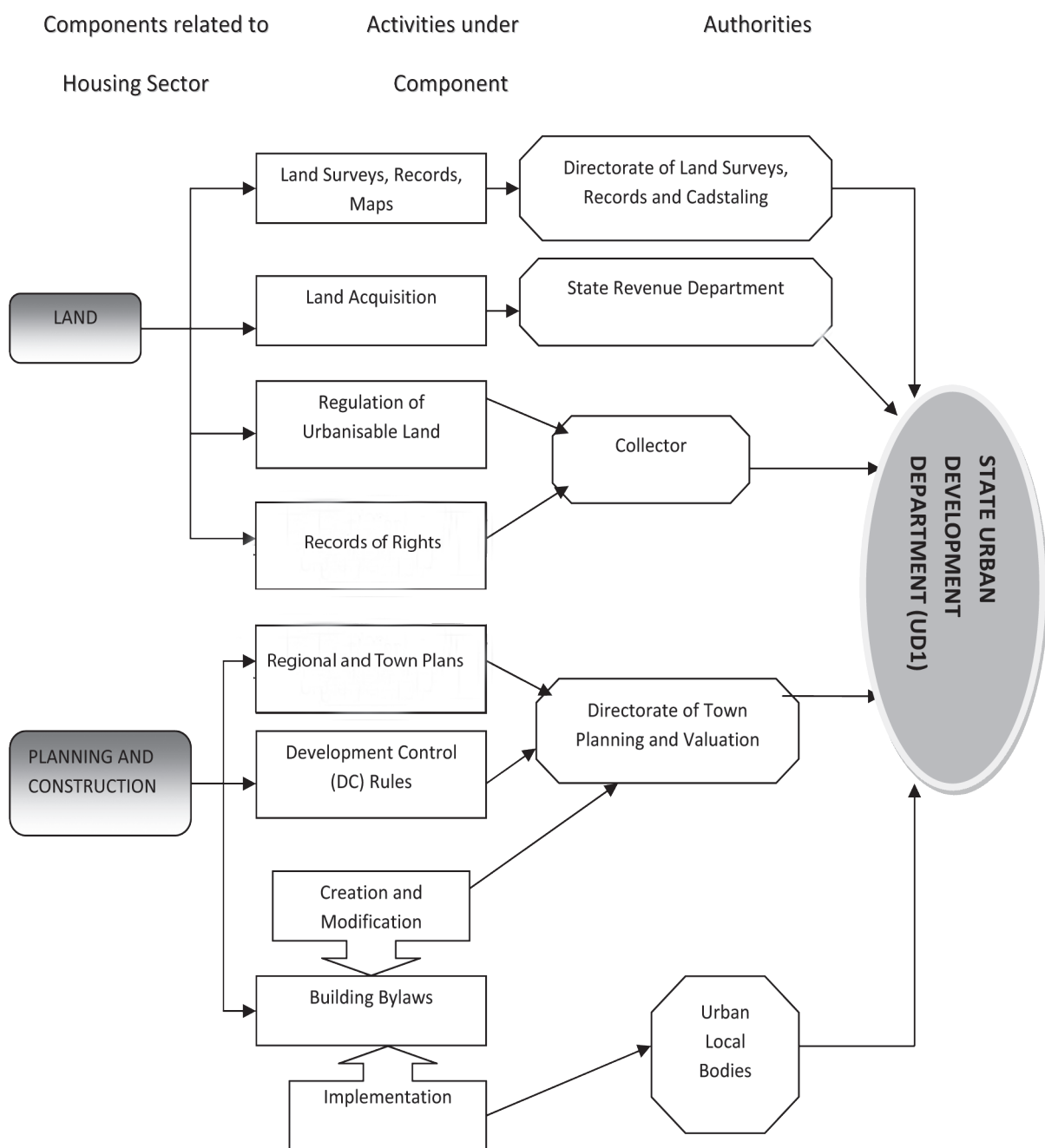
Several facets of the housing situation in the state are noteworthy

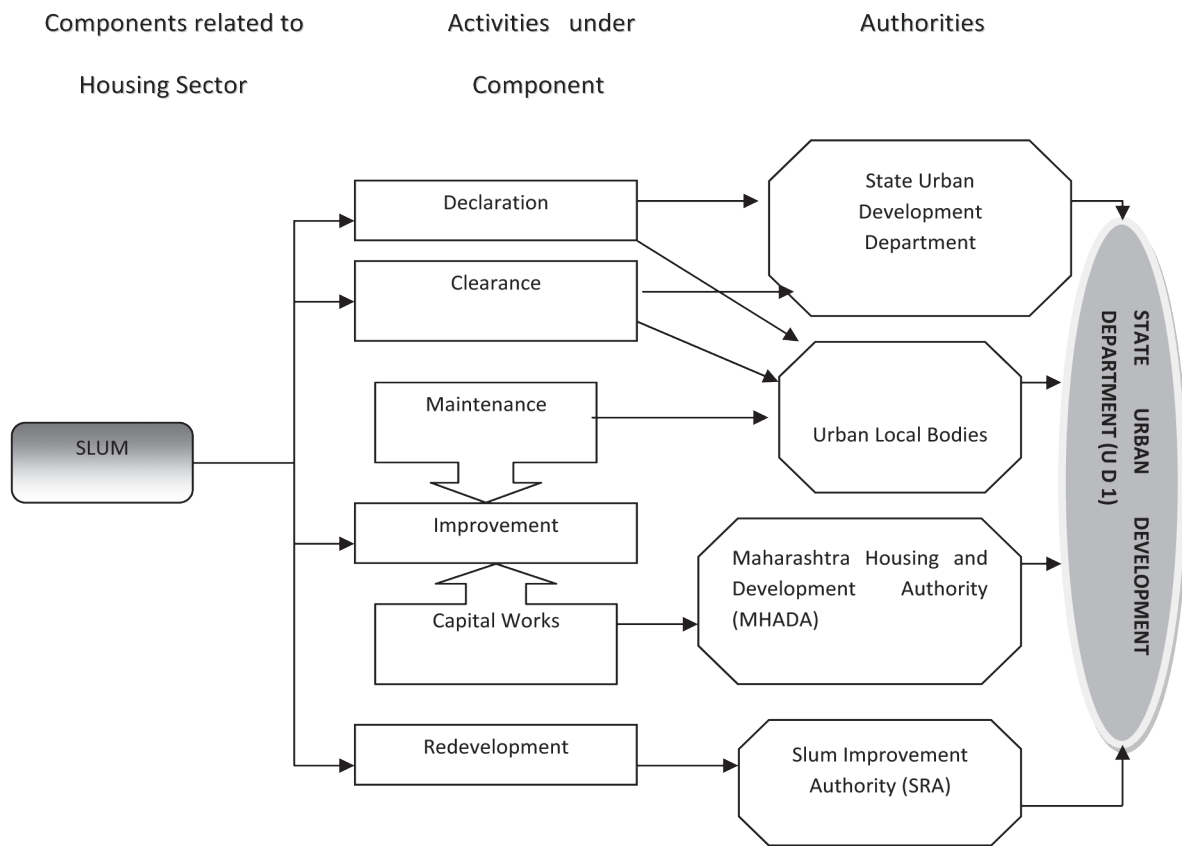
- Overall, the situation in Maharashtra is better than the national situation
- Housing is largely seen as owned and residential, its primary purpose is shelter than investment

- An overwhelming majority of urban households lives in non permanent structures with no exclusive rooms and with variable access to basic amenities.
- The nature of amenities that the situation is one of flux in terms of exclusive rooms at least for kitchen, use of kerosene as opposed to fuel wood.
- The picture of this status of housing is in sharp contrast with the nature of regulation in the state.

Institutional Map with respect to Housing

Figure 1.5





Legal regulatory and policy frameworks

The thinking on how to regulate this broad expanse of housing has changed significantly through the post independence years. This can roughly be divided into three phases. These phases are a) independence to 1980s – the phase of legal market intervention b) 1980-1995 the phase of extension of control with considered loosening c) 1995 onwards- the phase of facilitation of markets.

A. Phase I -Legal Market Intervention

In the post independence years, the thinking on housing was basically for the State to constrain the unscrupulous market and to undertake actions in public interest. This was done through various legislations, creation of institutions and the promotion of schemes that would encourage cooperatives and public sector to invest in housing. The above spirit was a part of the following interventions in land, development and construction. During the later parts of this phase in the 1970s, the state also extended its role as a provider and also developed policies on slums.

1. Intervention in Land

Intervention in land took many forms. The primary intervention was through constraining ownership and regulation of development. Later a ceiling was put in place on actual ownership itself. Other indirect forms on regulation of land supply through the control of urbanizable land and regional and development plans were also put in place.

a. Regulation of Private Ownership

The Constitution of India recognizes a right to private property. (Article 19 (f)) As such the prevalent situations of property ownership form the basis of housing construction in any town. In Maharashtra, the historically created land ownerships such as zamindari and inamdari in Marathwada, Khoti in Konkan, the temple trusts and other religious bodies, the princely states and grant-ships created under the British rule constitute one layer of ownerships and they continue to have an influence over nature and quantum of residential development in particular locales to a significant degree.

The system of registering property ownership was also introduced in the country by the British. These systems were a part of the extension of foreign control in a way that would be legible to them as opposed to customary laws. The beginning of these systems was through detailed land surveys and recording the uses and occupants with maps. This was accompanied by a system of recording transactions. The Department of Land Surveys is the repository of this knowledge. Such surveys were carried out only in the British territories and in response to a perceived need for improved revenue collection. These surveys were refreshed in the post independence years. However, there have been few attempts for comprehensive updation. Property records are thus, an arena of intense contestation vulnerable to manipulation, and a maze of claims and counter claims. The basis of regulation of property is thus, problematic.

In post independence years, the view was to constrain private ownership and consolidate the eminent domain of the State which would enable it to undertake actions in public interest. The 25th Amendment of the Constitution in 1972 made any legislation claiming to subserve the Directive principles non justiciable. This enabled further legislation for takeover of land at less than the market rate or at a 'nominal amount'. In urban areas, balanced development and access to housing formed two key public interest arenas around which legislations were created. Such legislation reached its peak during the 1970s. Some of these legislations were-

Maharashtra Regional and Town Planning Act, 1966

The Maharashtra Regional and Town Planning Act (MRTP) lays down the framework for preparation of development plans that detail the land use of particular towns and regions. The Act also provides for acquisition of lands for public purposes, especially those for public amenities and infrastructure. Sec 125 of the Act defines public purpose as ... any land required, designated or reserved in a development plan or town planning scheme ... or for development of a new town shall be deemed to be public purpose) The provisions of acquisition are similar to those in the Land Acquisition Act, 1894.

Slum Improvement Act, 1971

This act following a model central legislation, declares that execution of any work of improvement in a slum area or clearance for redevelopment is deemed to be a public

purpose. The compensation to the land owner is fixed at 60 times the monthly income derived from such land during preceding five years.

Maharashtra Housing and Area Development Act, 1976 (MHADA) and the *Mumbai Metropolitan Region Development Authority Act, 1975 (MMRDA)* similarly enable acquisition of land but lay down compensation at 100 times the monthly income.

Urban Land Ceiling and Regulation Act (ULCRA)

The most critical legislative framework which curtailed ownership in urban areas is Urban Land Ceiling and Regulation Act (ULCRA) which was promulgated in 1976. The objective of the Urban Land (Ceiling & Regulation Act), 1976, (hereafter ULCRA) was to facilitate the availability and affordability of urban land by increasing its supply in the market and by establishing an efficient land market. The ULCRA provided for imposition of a ceiling on both ownership and possession of vacant land; acquisition of excess vacant land by the state government with powers to dispose of the land for the common good; payment of compensation for the acquisition of the excess. The aim of the Act was to give summary powers to the State Government to acquire surplus land in towns and cities with populations exceeding two lakhs at a maximum of Rs.10 per sq. mtr. The objective was to create a land pool with the government to undertake mass housing schemes by providing affordable shelters, the government hoped to reduce the stark urban inequity. ULCRA was applicable to 9 cities in the state. A total of 30,000 acres (12,140 hectares) was identified as surplus. Till 1986, the state government was able to acquire only 450 hectares of this i.e. less than 1% of land identified as surplus.

b. State Ownership of land

Another way in which the state intervenes in land is through its direct ownership of lands. The eminent domain of the State and the systems of land administration created since the British times have meant considerable proportions of lands are vested with different arms of the government and public authorities at the local, State government and Central levels. This brings in an element of direct control over the usage of these lands. The state government had a policy of allocating some of these lands to housing cooperatives.

The proportion of public lands is high in particularly cities like Mumbai (due to direct colonial interest), Navi Mumbai, Pimpri Chinchwad (as they are planned cities where land acquisition took place) and is between 50-60 percent. However, in other cities too, there are significant proportions of public lands. The exact amounts are however not known.

c. Availability for Urban Use

Another way in which the government controls land is by regulating the supply of urbanizable land. The Maharashtra Land revenue (MLR) code makes provision for the same. Land can be called non agricultural land, if any activity in the nature of development is carried over on the land which makes land unfit for cultivation.

Section 42 of MLR Code 1966 states that, "No land used for agriculture shall be used for any non-agricultural purpose; and no land assessed for one non-agricultural purpose shall be used for any other non-agricultural purpose without the permission of the Collector." This means that the 'Collector' is the authority in which permission for conversion of agricultural to urban use is vested. As such, every residential development has to be preceded by this permission.

The Collector has to ensure that agricultural lands are not developed indiscriminately and that the development does not contravene provisions of other legislations such as the Indian Highways Act, 1955, the Indian Forest Act, 1927, the Forest Conservation Act, 1980, the Minor Mineral (Extraction) Act, 1955 and Explosives Act, 1984, the Maharashtra Agricultural Produce Marketing (Regulation) Act, 1963 etc.

These permissions for non agricultural use was required even in Class I cities and not just in new urbanization zones.

d. Regulation of Availability for Residential use

The development of land is guided through a large legal framework- regional and development plans, laws that protect environment and agricultural lands to check unscrupulous construction activities. The framework of development plans is provided by the Maharashtra Regional and Town Planning (MRTP) Act, 1966. Section 18(1) of the MRTP Act requires that every person who intends to carry out development in the Region obtains a permission of the 'Municipal Authority' in whose jurisdiction such development is proposed. Where the land is situated outside the jurisdiction of any Municipal area, the permission of the 'Collector' is required before carrying out the development. In the Municipal areas or in the areas falling within the jurisdiction of Special Planning Authority and New Town Development Authority, the developments are also regulated by the respective authority.

According to the provisions made in the MRTP Act, 1966, it is obligatory on every planning authority as defined in that Act, to carry out survey, prepare an existing land-use map and prepares and publishes a development plan for the entire area within its jurisdiction. Since the municipal councils have no technical staff, the Town Planners from the State directorate of town Planning department are appointed to function as Town Planning Officers. The first such regional plans were prepared for Mumbai, Pune and Nagpur Municipal region (Mahanagar Pradesh) in the 1970s.

The major way in which development plans regulate the supply of housing is thus by permitting Residential development only on lands that are designated as fit for residential use or are in the residential zone. Some of the parameters for such lands are-

- Lands that are at distance from industrial zones
- lands that do not form part of ribbon development along highways, coastal zones, hills, water bodies, flood lines, infrastructure works that are hazardous
- Lands that conform to other safety considerations
- Plot division that conforms to particular standards

2. Intervention in Construction and Development

Modern cities require planning of infrastructure and services. This in addition to safety norms of various kinds forms the basis of regulation of development and construction. The two principal frameworks for the same are - Development Plans & town Planning Schemes; and Building Codes.

Town Planning legislation existed in the state since British times. The purpose of town planning is to promote integrated and balanced development in potential areas, through the cooperation of land owners who hand over lands to the government for a certain period for laying of infrastructure and services. After such work is done, the lands are handed over to the owners, with a considerable appreciation of their value. Town planning thus has a long tradition. It is a component of the MRTTP Act, 1966 but has not been given considerable emphasis after 1966 when a preference was given for preparing the larger city development plans and regional plans.

In all there are 58 Town Planning Schemes in the State in 12 towns, the largest number (31) being in Mumbai. The other Towns which have TPS are Ahmadnagar, Bhusawal, Dhule, Ichalkaraji, Jalgoan, Kolhapur, Pune, Sangli, Parabhani and Solapur. The average time taken for a TPS from declaration to implementation is 15 years.

As discussed earlier, these town planning schemes soon gave way to the larger development plans which were essentially land use plans. Development plans are typically prepared for a period of 20 years and are expected to guide the development of lands in towns for particular uses. They provide for creation of amenities and infrastructure, also with the same time perspective. The development plan is backed by law and thus all the reservations proposed are liable to be taken over. Development plans thus provide regulatory framework that frowns upon non contravening uses and is a resource development frame which requires resources. Development plans were first prepared for the big cities and then gradually for all the Class I cities in the state.

Development plans are backed by a set of development control rules (DC rules) or building bye laws. Development control rules set in policies for particular locations in cities and particular kinds of buildings. Building bye laws specify standards for plot size, access ways, open spaces, height of buildings, parking, set back, service networks, fire safety, specifications of structural design etc. Both these are implemented by the local bodies. The local bodies issue commencement certificates and completion certificates, based on these considerations. DC rules are made only for the large cities, building bye laws too were initially applied only to the large cities.

The experience of most development plans in the state has been that there has been little implementation of the reservations. The record whether in terms of land acquisition or in terms of development of amenities has been dismal. Only Mumbai's development plan of 1964 -1983 could see positive implementation. Thus development plans act more as a regulatory frame than a development frame.

3. Stamp Duty and Registration

The Bombay Stamp Act applies to the entire State of Maharashtra. Only the instruments specified in the Schedule to the Act are covered by this Act. All other instruments are either chargeable under the Indian Stamp Act (e.g., transfer of shares) or are not chargeable at all (i.e., if they are not specified under the Act as well as under the Indian Stamp Act). It is very important to note that stamp duty is on an instrument and not on a transaction. Section 2.2 S. 3 of the Act levies stamp duty at the rate provided in Schedule I; on any instrument executed in the State. Even instruments executed outside the State are liable to duty only on their receipt in the State, provided it relates to a property situated in the state. Stamp duties and registration charges are collected by the revenue department of the state government. In the post independence years, stamp duty regime was made more stringent by application of registration charges. The volume of such charges has also risen substantially to about 5% of the market value of the property.

4. Rent Control

Rent Control Acts were first enacted (in 1918 in Mumbai), under the unusual circumstances of the First World War when supply of housing could not be augmented. There were three separate rent control acts existing in Maharashtra for the three regions namely, Bombay Rents Hotel and Lodging Housing Rates Control Act, 1947 (applicable in erstwhile Mumbai state); The Central Provinces and Bearer Letting of Houses and Rent Control Order 1949 (applicable in Vidarbha areas), and the Hyderabad Houses (Rent Eviction and Lease) Control Act, 1954 (applicable in Marathwada areas which were in Hyderabad prior to the reorganization of the state). In the post independence era, the rent control acts were continued and unified. The Bombay Act was a temporary Act whose duration has been extended from time to time. The other two were permanent Acts.

Under the Maharashtra rent control Act, rents were frozen at the pre 1940 levels called standard rents. The Act gave considerable power to the tenants to protect them against summary evictions or unreasonable rise in rents. The Maharashtra Act was applicable to the whole state, there were no exemptions granted on the basis of ownership or date of construction and thus was applicable to all premises. An increase in the rent at 4% per annum was permissible. Rent could also be increased if the land lord carried out improvement works with the written permission of 70% tenants or if the building condition deteriorated. Eviction rights to landlords were highly constraints. Rent Control was also under the purview of the state government.

Studies say that rent control in the state had a serious impact on property tax collection and by allowing obsolete uses in high value areas. It also affected the state of finances of local bodies.

5. State as provider

After independence, the ideas of state as a provider, particularly for the lower income groups and economically weaker sections took strong root. This took the form of institutions which first were confined to some cities but then a state wide institution for

the same i.e. MHADA was established. MHADA was established as per the provisions of MHADA Act 1976 on 5th December 1977 by merging all the erstwhile state organizations working in the shelter sector. The main objective of setting-up of MHADA was to have coordination of all the activities in shelter sector. MHADA is empowered to acquire lands under MHADA Act 1976 for creation of affordable housing. The following is status of lands acquired by MHADA till 1990.

Table 4.2
Details of Acquisition under MHADA Act

Name of Town	Preliminary Notification Area Ha.	Final Notification Area Ha.	Land taken over percentage of area notified
G. Bombay	399.99	124.71	31.18
Thane	Nil		
Kalyan	Nil		
Bhiwandi	Nil		
Pune	949.57	2.89	0.3
Pimpri-Chinchwad			
Sangli	157.31	44.62	28.36
Miraj			
Kolhapur	Nil		
Solapur	210.82	114.12	54.13
Ahmadnagar	35.02	27.81	79.41
Nashik	75.08		0
Malegaon	Nil		
Dhule	72.86	58.66	80.51
Jalgaon	89.01	61.82	69.45
Bhusawal	87.23		0
Aurangabad	40.99	2.75	6.71
Jalna	82.67	7.41	8.96
Latur	26.94	8.55	31.74
Nanded	98.65		0
Amarawati	78.09	77.37	99.08
Akola	95.67	28.15	29.42
Chandrapur	82.07		0
Nagpur	37.61	6.16	16.38
TOTAL AREA	2619.58	565.02	21.57 (Average)

Percentage of Area taken over to area notified	21.57
Addition of time for preliminary works for collection of data and processing proposal for acquisition and time for taking over possession after final notification	3 Months before preliminary notice
Average time required for Acquisition (in months)	3 Months after final notice
	24 Months
Critical time as per statute	6 Months between preliminary and final notice

Source: P.M. Apte, Land Procurement for Low Income Housing

It is evident from the table that MHADA's record of acquisition was fairly close to the target in cities like Amravati, Dhule, Malegaon, Solapur and Ahmednagar. However, in other cities, it has been less than 25%. This has meant that lands were acquired in small pockets and spread over various parts of the cities. In turn, this had implications for access, infrastructure, planning implementation and costing. Till 1977, the various housing boards had constructed 1, 90,004 houses in the state. In the three years after formation of MHADA, another 5000 units were added.

Another institution which was engaged in shelter activity in the state was **the City and Industrial Development Corporation (CIDCO)**. CIDCO was established by the Government of Maharashtra as a public limited company on 17th March 1970 primarily for the purposes of planning and development of New Bombay. This was done as per recommendations of the Regional Plan for Bombay Metropolitan Region. Subsequently, CIDCO was also entrusted Projects to develop New Townships near Nashik, Aurangabad and Nanded.

This was also a phase where construction activity by housing cooperatives in the state reduced and construction in Mumbai and surrounding cities began to be dominated by developers. The developers managed the projects from procurement of land to handing over ready constructed units to potential buyers. This necessitated a new legal framework for the protection of housing consumers. Thus the Maharashtra Apartment Ownership Act of 1970 which enabled ownership and inheritance and transfer of individual apartments were created.

6. Dealing with Slums

Slums were almost nonexistent at the time of independence. In 1956, it was seen as a problem to be dealt with through clearance. Section 61 of the Mumbai Municipal Corporation Act and the Section 63 of the Bombay Provincial Municipal Corporation Act had provisions for securing or removal of dangerous buildings and removal of obstructions in public places. Thus slums were only seen as physical structures. The first policy response in this regard was thus one of clearance. Slum Clearance involved clearing of slums and resettling them in other, safer habitations as slums were considered to be unsafe and dangerous to morality. However this was ineffective in curbing the problem. Further the rate of clearance far out stripped the rate of rehabilitation, thereby creating tremendous trauma and resistance from the occupants.

Their presence of slums in cities like Mumbai, Pune began increasing rapidly in the period after 1960. In the 1970s, in particular when the state was struck by droughts in subsequent years, the number of slum areas and slum dwelling population expanded rapidly. The state Government then appointed a Joint Committee to formulate comprehensive state wide legislation on this issue, somewhat on the lines of the Central government legislation on the same. This Committee submitted its report in 1971 and the recommendations were incorporated in a Bill which took form of the Maharashtra Slum Areas (Improvement, Clearance and Redevelopment) Act, 1971.

This Act (section 4) provided for declaration of slum areas on public and private lands and outlines an acquisition procedure for the same. It defines the slum as 'any area which may be a source of danger to the health, safety or convenience of the public of that area by reason of having inadequate or no basic amenities, or being in sanitary, squalid, overcrowded or otherwise. It (Section 5A) also provided for improvement works to be undertaken in slum areas, taking a humane approach to the problems faced by slum dwellers. The competent authorities for declaration were the Municipal Commissioner in case of lands belonging to the Corporation and the Collector in case of lands belonging to the state government.

In 1977, with the formation of MHADA, it was declared as the competent authority in the state to carry out improvement works. Chapter IX of the MHADA act thus deals with slums. Thus MHADA became the agency responsible for capital investment in slums, while maintenance of these facilities became the task of ULBs.

The Slum Improvement act was initially promulgated for the cities of Mumbai, Pune, Solapur, Nagpur and Aurangabad. In later phases, other cities were added to the list.

The initial norms for improvement were one tap for 150 persons, street lights at every 30 meter distance and common latrines for every 50 persons. These amenities were provided to the slum pockets which were declared and to slum dwellers that had their names in the 1980 and 1985 voter's list. However the actual achievement of service delivery till 1980 was 11634 water taps (works out to 1 tap for every 213 persons) and 35950 toilet blocks (700 persons per toilet block). The level of basic amenities in slums was thus dismal.

In this first phase, it is seen that the institutional framework created for creation of housing was dominated by the state government. The state government controlled all aspects of land policy; it created institutions like MHADA for construction activity, stamp duties and registration was levied by the state government and the slum act too created a caveat for state institutions like MHADA to get into improvement works at the city level. Additionally, the Rent Act created conditions whereby the resources of the urban local bodies through property tax collection were constrained. The urban local bodies were thus left with three roles-

- Approval of buildings
- Removal of encroachments
- Declaration of slums

Only a few large municipal corporations like Mumbai Municipal Corporation had the mandate to create improvement of works in slums on its lands

The resources for housing were of three kinds. The first was land. This was transferred to a significant degree to MHADA in this phase. There were also other lands vested in the state government; it also had the powers to acquire land under the various Acts. The second resource was financial. These allocations were budgeted to the Department of

Housing and Special Assistance, apart of the URBAN Development Department. The third resource was human and it is seen that this skilled resource was also centralized with the creation of the town planning directorate.

B. Phase II: Extension of Control with considered loosening (1980-95)

In this phase in Maharashtra, very interesting developments took place. On one hand, the legal frameworks and mechanisms which were applicable to only a few large cities were gradually extended to several towns in the state. This was also the phase where several of the institutions which were created in the earlier phase became functional. On the other hand, there was a certain tolerance of the market evident in the way provisions were designed to aid the market in the large cities of the state.

1. Land

a. Ownership

In the late 80s, the ULCRA began to be seen as too compelling and unproductive. Of the total land identified as vacant surplus, the Government was only able to acquire 450 hectares. The first indication of relaxation of the provisions in the act was the exemptions which were given in the scheme. The Government of Maharashtra evolved a scheme for building houses for Economic Weaker Section (EWS) under section 20. It was based on a formula of 60:40 wherein it was possible for the land owner to surrender only 60 percent land to Government for weaker sections and use remaining 40 percent land for construction of flats for sale in the open market. The extent of such exemption was high. An area of 40418 hector was exempted under section 20 and 21 covering 44201 cases. The following has been the progress of the scheme in terms of tenements handed over to the state.

Table 4.3

Tenements handed over to Govt. under provisions of Section 20 and 21 of ULC Act.

No.	Name of City	Total Tenements
1	Greater Mumbai	5888
2	Pune	3386
3	Nashik	636
4	Solapur	208
5	Kolhapur	259
6	Ulhasnagar	1012
7	Nagpur	265
8	Thane	3560
9	Sangli	50
	Total	15264

Source: Performance Budget of Urban Development Department, Maharashtra 2010-2011

b. Regulation of urban and residential use

There were no significant changes in the framework for the above in this phase. However this phase saw a significant number of development plans being prepared and many more areas coming under an urban nomenclature. 57 new development plans were created in this period.

This phase also saw the experimentation with market based land development mechanisms. Accommodation reservation (AR) which exchanges a development right for a developed amenity on part of the plot and Transfer of Development Right (TDR) which gave a development right in exchange of land or part of land to be used for public purpose were introduced as mechanisms to realize the development plans.

2. Development and Construction

The most important change in this phase was the introduction of standardized bye laws for all A, B and C class Municipal councils. The following are the key provisions of these byelaws.

Table 4.4

Key provisions of Standardized bye laws for A, B, and C class municipal councils.

	Class A municipal councils	Class B & C
Application	Any development work, including development of land, alteration, re erection or demolition of building	Any development work alteration, demolition, re erection does not apply to development of land
Requirement – for building permit and CC	Key (location) plan, site plan, Sub-division, layout plan, building plan, services plans, certification of supervision, ownership title	Ownership title, site plan, sub-division layout plan, building plan, specifications & certification of supervision. No location plan and services plan.
Parameters for approval	Architectural control of key locations and developments abutting > 18 m roads; site requirements, access, rules for subdivision, open spaces (10%). Plot size 50-100 sq m row • 150 sq m detached building.	Architectural control of developments abutting > 12m roads, site requirements, access, rules for subdivision, open spaces (10%). plot size –50-100 sq m row • 150 sq m detached building.
DC and zoning	Residential Zone APMC Industrial NDZ Special	Residential 1 R2 (Shop lines at Ground Floor) APMC Industrial NDZ Special

Involvement of professionals	Architect or engineer or certified draughtsman necessary for developments > 350 sq m or > 2 storeys.	Architect / Engineer necessary for developments > 500 sq m plots > 3 storeys
FAR	1.5 – residential & mixed upto 2.0 for commercial 1 for institutional buildings	-
Built up	Max 50% Max 1/3rd of plot area for institutional buildings	Max 60% of plot area Max 1/3rd of plot area for institutional and assembly buildings
Set back space	3 m all over. 6 m in institutional buildings	smaller setbacks to a limit of 10% over permissible to prevent hardship
Height	Should not be > 1.5 times width of abutting Road	Max 2 stories – greater for commercial
Parking space	1 for every 2 101-200 sq m	Only for institutional buildings & assembly buildings
Habitable rooms	7.5 sq m per person EWS – 11 sq m for household	7.5 sq m per person EWS – 12.5 sq m
Materials	National Building Code Part V & VII Relaxed for EWS & LIG	National Building Code Applied to buildings > 2 Stories.

The above table shows that there are some differences applied in the standards for A class councils as opposed to the B and C class councils. However, even in case of the B and C class councils, the standards such as plot size etc are fairly high. A result of this was the growth in irregular housing which defied these standards, a scenario which was already prevalent in the larger cities in the state.

3. Stamp duty and Registration

There were no changes in this framework either. However, it was during this phase that stamp duties were linked to the ready reckoners, thereby making land valuation an important exercise. Land valuation thus became an important part of the Town Planning directorate. Also the rates of stamp duties were increased from time to time.

4. Rent Control

The rent control framework also was unchanged during this phase. However the impacts of rent control were beginning to be evident such as dilapidated buildings. The solution found by the Government was to create the option of leave and license to avoid the applicability of rent control Act.

5. State as Provider

During this phase, the government of Maharashtra received a boost in its housing investments in the form of a World Bank loan for the same, focused on Mumbai. Shelter activity in Mumbai and Navi Mumbai thus expanded. However, even then it fell short of need. The following is the track record of MHADA during this period

Table 4.5
MHADA Housing in Mumbai

Year	EWS	LIG	MIG	HIG	Other	Total
1985-86	2105	761	608	796	-	4270
1986-87	2183	2813	1830	945	-	7171
1987-88	1201	8083	1078	832	40	11,234
1988-89	3715	9595	2548	3432	1	19,291
1989-90	3412	5159	1230	784	124	10,709
1990-91	1179	2563	708	244	6	4700
1991-92	195	3670	1006	290	2201	7362
1992-93	200	8666	964	1166	3485	14,481
1993-94	3201	9031	3010	1188	135	16,565
1994-95	119	7616	1033	417	201	9386

Source: PM.Apte, *Land Procurement for Low Income Housing*

The table above shows several interesting facets-

- The best performance of MHADA has been less than 20,000 units per year. However it has come close to this figure only for three years in the decade. On the other hand the actual need of housing units per year has been in the range of 40,000 units per year in Mumbai alone. Thus it has never been able to match upto the actual shortage of housing.
- The construction of EWS housing shows a sharp decline after 1990 with a brief revival in 1993-94 when the Lok Awas Yojana was introduced.
- There is a similar sharp increase in the number of HIG dwellings constructed after 1991.

At this time, the land stocks available with MHADA also dwindled considerably to 593.12 hectares. The figure in the chart above indicate that MHADA had started facing difficulties in creating affordable housing for the weaker sections in an environment of rising land and construction costs. Hence the efforts in cross subsidizing through the creation of HIG housing. At the national level, a National Housing Policy was drafted for the first time in 1986. This policy maintained that the role of the state in housing was to be that of a facilitator and not that of a provider. This also had some influence on the state government.

In 1992, the Mumbai Housing Board was restructured to create Mumbai Housing Board, Building Repairs and Reconstruction Board and Mumbai Slum Improvement Board. Further, The Amravati and Nashik Board were also established in 1992.

5. Dealing with Slums

This phase saw a tremendous growth in slum population in the state. In 1983, provisions of the slum act were made applicable to several towns in the state. Some of these towns included Jalna, Latur, Bhusaval, Jalgaon, Miraj, Nandurbar, Gondia, Barshi, Khamgaon, Bhivandi, Kalyan, Amalner, Chandrapur, Wardha, Kamtee, Satara and pandharpur and Achalpur. By 1995, the number of cities where the slum Improvement Programme was being implemented rose to 61.

Table 4.6

Magnitude and Share of Slum Population in the Total Slum Population in Maharashtra and within the Population of the City in 30 Cities: 2001*

City	Slum Pop. Number	Total Population Number	Share in Population of the City	Share in Slum Pop. In the State
Gr. Mumbai	5823510	11914398	48.9	54.6
Nagpur	726664	2051320	35.4	6.8
Pune	531337	2540069	20.9	5.0
Thane	420276	1261517	33.3	3.9
Amravati	232619	549370	42.3	2.2
Solapur	231420	873037	26.5	2.2
Malegaon	212577	409190	52.0	2.0
Nashik	142234	1076967	13.2	1.3
Navi Mumbai	138621	703947	19.7	1.3
Aurangabad	136276	872667	15.6	1.3
Latur	135009	399978	33.8	1.3
Akola	129357	1006417	12.9	1.2
Pimpri Chinchwad	111304	598703	18.6	1.0
Bhiwandi	92718	341473	27.2	0.9
Dhule	82715	430598	19.2	0.8
Nanded-Waghala	78854	84340	93.5	0.7
Kamptee	76324	259170	29.4	0.7
Parbhani	74283	138091	53.8	0.7
Beed	71040	299828	23.7	0.7
Kolhapur	67462	485183	13.9	0.6
Achalpur	66790	107304	62.2	0.6
Ambarnath	64195	203795	31.5	0.6
Jalgaon	62696	368579	17.0	0.6

Jalna	56157	235529	23.8	0.5
Ullhasnagar	53717	472943	11.4	0.5
Chandrapur	50795	297612	17.1	0.5
Ballarpur	49298	89995	54.8	0.5
Bhandara	46271	85034	54.4	0.4
Yavatmal	43232	122906	35.2	0.4
Gondiya	38942	120878	32.2	0.4
Maharashtra	10644605	33803460	31.5	

Note: Slum population arranged in descending order in 30 of the 62 cities/towns in 2001 is reported in the Table above.

*Data relate to the slum population, total population in Class I and Class II cities in Maharashtra in 2001.

(Source: Director of Census Operations, Maharashtra, 2001).

An examination of the above data suggests that the expenditure on Slum improvement works had increased by 6 times in the period 1980-95, the physical achievement in terms of number of people who has been covered by services had trebled in the same period. However, the proportion of slum residents who were covered by these basic services as a part of total slum population in fact decreased.

The greatest policy changes in this period were seen in policies with respect to slums. Towards the beginning of this phase, there were a number of improvement projects in slums through foreign assistance. These included the Slum Upgradation in Mumbai and Navi Mumbai by the World bank, The urban Basic Services program in Nashik, the GTZ project in Nagpur etc. Several Central government programs for urban poor and slums were also introduced during this period. These included Self Employment for urban Poor (SEPUP) in 1984 and Nehru Rojgar Yojana in 1986.

The larger cities of the state had by then started experiencing second and third generation slums with complex issues. There were two contradictory initiatives taken at this point. One was the passage of the Maharashtra Prevention of Dangerous Activities of slum lords, boot leggers and drug offenders act, 1981. This act popularly known as the slum dada act, empowered the state to take action against slum lords etc without judicial investigation for a certain period. The second major initiative in the state during this period was the introduction of the Slum redevelopment Scheme (SRD) which was confined to Mumbai. The slum redevelopment Scheme envisaged redevelopment of slums in Mumbai using incentive FSI up to 2.5 under which houses of 180 sq feet would be given to slum dwellers on a payment of Rs. 15000. This was experimentation in using market based mechanisms for slum development for the first time.

The high extent of centralization which was set into motion in the earlier phase was thus continued and increased in this phase. The elaboration of building bye laws for all municipal councils in the state gave a standardized framework for the town authorities for the building approval process. Towns that were registering a rapid growth of slums had to also bear the costs of clearance; on the other hand powers of declaration of slums and carrying out improvement works were given to the state government

authorities. However the maintenance of the amenities so created was left to the ULBs. An increasing rift was thus created between state authorities who carried out capital investments and left the ULBs with the burden of maintaining these amenities with no allocation of resources.

The one exception to this trend is seen in the formation of the Slum Redevelopment Committee in Mumbai which was under the authority of the Corporation. However this too was soon to change.

C. Phase III - Market Facilitation (1995 onwards)

This phase has seen a drastic change in the orientation of the state government towards housing. Interventions are increasingly seen to be in complement of the private sector whose role was in provision of housing was not just acknowledged but supported and incentivized. This is also a phase when there have been rapid changes in policies related to housing.

1. Land

During this period it began to be recognized that land has premium value and several initiatives of the government began to reflect this recognition.

- In 2008, the Maharashtra Land Revenue code was amended to facilitate the building approval process which required every development on any land to have an approval of the Collector. Earlier, the Municipal Corporation/Municipal Council was required to send copy of the sanctioned building plans to the Collector concerned. It is now not necessary for the land owner to apply to the Collector separately for Non Agriculture (N.A) permission. The Collector can automatically fix and recover amount of Non Agriculture (N.A) assessment based on the plans received from the Municipal Corporation/ Council. Non Agriculture (N.A) assessment is now leviable from the date of issue of commencement certificate. Similarly after the Municipal Corporation/Council grants permission to change one Non Agriculture (N.A) use to another Non Agriculture (N.A) use, in such cases it is not necessary for the land owner to apply to the Collector separately. The Collector can automatically revise Non Agriculture (N.A) assessment according to the change in use and recover the amount from the date of change of use granted by the Municipal Corporation/ Municipal Council.
- The Urban Land Ceiling Act was repealed under directions of the Central government in 1999. Prior to the repeal which was highly debated in the legislature, there was a last ditch effort to acquire as many lands as possible. A total of 1714.58 hectares of land had been acquired in the state. The position of land acquisition in the various cities in the state through ULCRA prior to the repeal in 1999 was as follows-

Table 4.7
Land acquired under provision of ULC Act

No.	Name of City	Total Area (Hectare)
1	Greater Mumbai	193.21
2	Pune	189.00
3	Nashik	18.24
4	Solapur	47.03
5	Kolhapur	86.75
6	Ulhasnagar	63.76
7	Nagpur	870.15
8	Thane	6.28
9	Sangli	240.16
	Total	1714.58

The repeal of the ULCRA marks a major shift in the thinking of government on how to intervene in housing and on whose behalf. A gradual shift in thinking towards highest and optimum use of land is seen in this phase. The thinking at the national level was that the government needed to free the restriction on housing activity and free the supply of land to aid large scale creation of housing. In earlier phases it was the speculative tendencies of private capital that were identified as a source of problems in housing. Now it was the short fall in creation of housing units and the shortage thereof that was identified as the key problem. A land supply that was freed of restrictions was an essential part of this analysis. The thinking on land supply in Maharashtra however, shows an interesting contradiction. There is a tendency to move towards optimal development of land but it is not accompanied by changes towards freeing the supply of land. The controls on land through ownership, eminent domain still remain strong as ever. The land Ceiling Act has been repealed but the court cases regarding the same have not been withdrawn. Thus land supply remains restricted as ever.

2. Development and Construction

Several more towns were brought into the purview of development plans under this phase. As of now, Regional plans for 15 districts are prepared and sanctioned for whole areas of districts. These were Pune, Sangali, Solapur, Jalgaon, Ahmadnagar, Raigad, Ratnagiri, Sidhudurg, Greater Mumbai, Amaravati, Akola, Vashim, Nagpur and Chandrapur. Regional plans for 6 districts (Satara, Kolhapur, Nasik, Thane, Gadchiroli, Nanded) are partially prepared. The 11 districts which do not have regional plan are Dhule, Nandurbar, Buldhana, Yavatmal, Bhandara, Gondiya, Wardha, Beed, Usmanabad, Parbhani and Hingoli.

Similarly, development plans for towns were prepared from 1995 onwards. As of now, out of 22 corporations Primary development plans have been sanctioned for Mumbai, Nagpur, Pune, Solapur, Kolhapur, Nashik, Amaravati, Navi Mumbai and Pimpri-

Chinchwad. Also revised plans for Mumbai, Pune and Pimpri-Chinchwad were sanctioned. Revised Development Plans for Nagpur and Kolhapur Municipal Corporation and primary development plan for Thane Municipal Corporation have partially sanctioned. In case of Aurangabad Municipal Corporation, primary development plan for original area and extended area in Municipal Corporation was prepared and sanctioned whereas revised development plan for original area in Municipal Corporation has been prepared pending for sanctioning. The state govt. now decided and planned to prepare Primary development plans for Solapur, Kalyan and Sangli-Miraj Kupwad.

In short, out of 22 Municipal corporations, development plans for 11 municipal corporations were sanctioned by the State govt. Municipal corporations like Ulhasnagar, Kalyan, Nanded and Sangli-Miraj-Kupwada has been constituted recently. These municipal corporations were originally municipal councils. These cities have development plans for their municipal council area. There are 247 municipal bodies in Maharashtra. Out of these, development plans for 210 municipal bodies are prepared and sanctioned.

The post 1995 phase can be said to be a FSI phase in terms of planning and construction. During this phase the state government has used incentive FSI for arriving at solutions to several housing issues, first in Mumbai, then in Pune and Nagpur and more recently in other cities too. Some of these include-

- Reconstruction of dilapidated buildings, redevelopment of old Municipal and MHADA colonies in Mumbai
- Redevelopment of slums in Mumbai, Pune, Nagpur
- Rehabilitation of project affected people in Mumbai
- Re housing mill workers in Mumbai
- Creation of parking spaces

In 2006, the government of Maharashtra prepared a housing policy becoming the first state in the country to do so. This policy contains several provisions vis-vis FSI. Some of these are as follows-

- Efficient use of land through higher Floor Space Index (FSI) for Low Income Group (LIG) **housing**
- Lands reserved for Public **Housing** and **Housing** for Dishoused be developed through Public Private Partnership (PPP) or non-monitory incentives under the Development Control Regulation (DCR).
- In order to decongest Municipal Corporations areas in MMR region and to make available affordable houses to the middle class, it is necessary to encourage Special Township Schemes outside the Municipal Corporation area by raising FSI limit of 0.5 to 1.0 in Urbanisable Zone (U-1 and U-2). It is proposed to carry out appropriate changes in the Development Control Regulations.

The use of FSI and TDR has thus been regularized as a norm and most frequently for low income housing. It is also important to note that the policy of incentive FSI is also being applied to several Class I cities in the state.

Following this, MHADA passed a resolution on 4th February 2010 regarding 'Affordable housing project on partnership basis. This is a major decision regarding additional FSI sharing between MHADA and private developers for creating affordable housing projects in the state. In cities where an additional FSI is made available to MHADA, the order proposes to give the benefit of additional FSI to the developers and for MHADA to acquire the tenements so constructed after payment of construction cost. In cities where 2.5 FSI has not been granted, the developers can hand over 50% built up area to MHADA at construction cost.

3. Stamp duty and Registration

Here too the state government has attempted to maximize its revenue potential. On one hand the central government is pressing for rationalization of stamp duties to 5%. The GoM has done this but it has changed the base valuation of lands. In 2009, the land prices in the ready reckoners were revised upwards by over 13%. The process of registration is now being applied to leave and license agreements too.

4. Rent Control

In 1992, the government of India circulated a 'model rent legislation' to create an environment conducive to investment in housing and to increase supply in the market. (Wadhwa 2002:2471) The Maharashtra Rent Control Act 1999 (henceforth MRCA or the Act) was thus promulgated. The MRCA unified the three erstwhile Rent Acts.

Most of the provisions of the MRCA entrust the state government with the last call on all matters-to decide on exemptions, cessation of exemptions, issuing orders. The MRCA exempts many premises from its purview which again is decided by the state government. Two kinds of exemptions have been provided under MRCA: (1) Properties owned by government, local authorities; premises used for public purpose; premises held by a public trust for a religious or charitable purpose or premises belonging to a university established by law. All these exemptions, except that to premises belonging to the government, are given subject to certain terms and conditions. The assumption here is that government is unlikely to exploit tenants. (2) Premises let or sublet to banks. In this case the exemption is based on the fact that banks are rich tenants and hence do not need protection. Standard Rent is now defined as standard rent fixed by the Court plus an increase of 5%; or the rent at which the premises were first let on or after 1-10-1987 with a 4% annual increase.

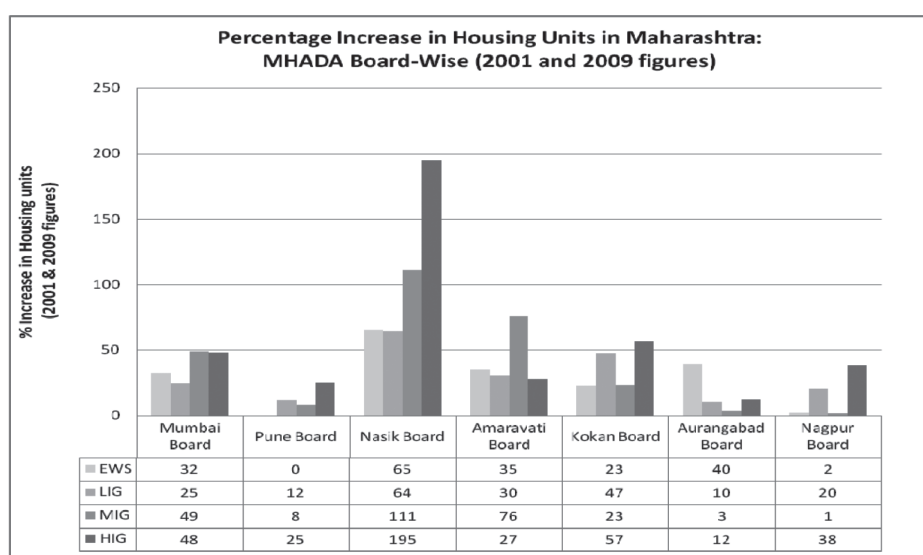
The recent revision of the basis of property tax from annual rateable value to capital value is also expected to revise the basis of rental markets and create more incentives for properties to be let out.

5. State as Provider

MHADA symbolizes the provider role of the State. Its role has changed tremendously in this phase of market facilitation. The JNNURM has generated tremendous investment in housing, particularly affordable and low income housing. At the same time, the stress is now on doing housing projects through public private partnership. A prime focus of MHADA became the implementation of slum development schemes. The original mandate of MHADA i.e. to create affordable housing took a back seat. The chart below discusses the performance of MHADA post 1995.

Figure 1.6

Housing Status in Maharashtra build by MHADA Board wise



The figures above show that the performance of MHADA, especially in creation of low income and weaker section housing has taken a back seat in this phase, in the larger cities. MHADA has thus been unable to counter market pressures effectively and instead has become a victim of market forces that are pushing housing prices upwards.

A new player in housing provision is the MMRDA which has stepped in with a massive rental housing programme in the Mumbai Metropolitan region. The rental housing scheme affords private developers an incentive FSI of 3 for generation of rental housing units through FSI 1. The rental units of 160 sq feet are to be made available to households with a monthly income of less than Rs 5000 and residing in the metropolitan region for over 15 years. The MMRDA sees this as a solution for slum free cities.

As the state government increasingly moves towards a facilitator role supportive of the market, the need for new institutions that would enable the resolution of issues faced by housing consumers has begun to be felt. The GoM housing policy announced the formation of a Housing Regulatory Commission. The objective of such a commission as, declared in the housing policy was to ensure a check on housing prices. Consultations with a few stake holders were held in this regard. However, no formal draft of the same has been presented to the legislature so far.

6. Dealing with Slums

Slums became an object of land profiteering in this phase. The phase has seen the extension and consolidation of the slum redevelopment scheme into legislation and then its extension to many other cities beyond Mumbai.

In 1997, there was a major legislative change in the slum act. By virtue of this amendment, Chapter I of the Slum Act was divided into Chapter I –A to I-C, by incorporating provisions for Slum Rehabilitation Scheme which entitled all slum dwellers prior to 1995 in Mumbai to a free house through redevelopment of their slums by private developers. The incentive for the same was the award of FSI in consideration of densities and difficulties of redeveloping particular areas. A quasi judicial authority to govern the same was created in the form of Slum Rehabilitation Authority.

Initially, this provision was only applicable to Mumbai but subsequently Slum rehabilitation Authorities have been created in Pune and Nagpur.

Subsequently, there have also been changes in the process of declaration of slums. Firstly, criteria have been laid down for declaration of slums on private land. Secondly, the authority for declaration of slums has now been centralized from Chief Officers to the Urban Development Department.

The GoM Housing policy of 2006 has the following provisions for slums-

- Resettlement of slums located on infrastructure land and vital public projects.
- In-situ redevelopment of slum through a menu of options.
- Incentivising redevelopment on cluster or township basis.
- Security of tenure to be the basis of all rehabilitation/redevelopment options. Government land after redevelopment to cooperatives on occupancy or lease-hold basis.
- The slum dwellers cooperative societies opting for redevelopment in partnership with accredited Non Government Organisations (NGOs) should be permitted to raise finance for housing by land tenure as collateral as a condition in the tenure.
- Redevelopment of Slums on the lands belonging to Public Authorities by the designated public authority through transparent competitive bidding of the Development Rights. The surplus Floor Space Index (FSI) if any, to be used for Low Income Group (LIG) housing. Premium received to be invested in infrastructure through the mechanism of infrastructure fund.

Subsequent years have seen that security of tenure is a dimension that has not been worked upon. It is also clear that resettlement is the only option now seen for the slum dwellers. Most of the IHSDP and BSUP projects in the state are in fact projects of resettlement. There are almost no projects for in situ improvement being pursued and in some ways; this represents a return to the early days of clearance. The actors are

different this time as earlier it was the state housing boards which took action while now it is the private actors.

The other striking dimension of these new developments is the dimension of generating revenues from slums. This is evident from the way in which development charges, premiums have been levied from time to time on the developers who are involved in slum redevelopment schemes.

7. Dealing with Irregular Housing

Irregularities in housing that have developed over a period of time have been widely exposed in this phase, prompting the state government into action. Some of these prominent cases include-

- A public interest litigation against unauthorized construction in Ulhasnagar exposed the wide spread presence of unauthorized building construction to the tune of 85-90%. After some demolition actions and court cases, the state government drafted an amnesty policy for regularization after payment of premium to the local body. A similar stance was adopted in the case of Dombivili Municipal Corporation.
- Constructions on forest land in Mumbai have been similarly regularized.

Gunthewaris are widely prevalent in several towns and cities of the state. In 2001, the GoM passed the Maharashtra Gunthewari Developments (Regularisation, Upgradation and Control) Act, 2001 to deal with the same. "Gunthewari development" is defined as plots formed by unauthorized sub-dividing privately owned land, with buildings, if any, on such plots, including excess vacant land under the Urban Land (Ceiling and Regulation) Act, 1976, not vested in the State Government, but excluding land under encroachment. The act says that all Gunthewari developments existing on the 1st January, 2001, shall, on an application being made in this behalf by the plot-holders to the Planning Authority, as provided in section 4, be eligible for being considered by the Planning Authority for regularization. After scrutiny of applications and payment of compound fees and development charges, the planning authority issues a certificate of regularization to Plot holders. Regularization under this law confers only benefit of basic services to the plot holders and permission of further development of regularized plot.

There are several issues with respect to gunthewari which need to be noted.

- There is no state wide data on the actual extent of gunthewari
- The application of the Act has been arbitrary thus it is not applicable to Mumbai Municipal Corporation. On the other hand in Sangli 22,000 houses on 56 land reservations were regularized under gunthewari
- In several cities only a small proportion of plots identified have applied for regularization. In Nanded it is 2350 among 17,500 plots holders while in Pune it is 700 among 1.3 lakhs plot holders.

- The rates of regularization of gunthewari are differential and often do not compare with the development charges.
- The major block in obtaining applications for regularization is the requirement to surrender 10% land.

Source: News releases in *The Times of India* on Apr. 19, 2002 and Apr. 16, 2003, <http://www.nwmcnanded.org/marathi/Gunthewari.htm>, News release on 29th March 2009 in 'Deshonnati', a daily news paper in marathi; news release in 'Lokmat' a marathi daily news paper on 5t June 2000.

The approach to irregular housing serves to intensify the contradictions in unchanged, strong planning and construction frameworks on one hand and a tolerance of the irregularities in housing in the form of slums, gunthewaris or unauthorized constructions on the other. The cumulative impact of these developments is a subject of intense debate. The key questions in this debate are-

- Overall impacts of such ad hoc, unplanned tolerance on the infrastructure of the city
- Whether tolerance is a necessary component of inclusivity
- Whether it is possible to reconcile planning frameworks with acceptance of informal settlements

Institutionally, this tolerance is accompanied by increasingly punitive tone to the responsibility of the ULBs in checking encroachments. The state government in Maharashtra has proposed to pass a bill related to encroachments and amend the municipal corporation Acts by which the responsibility will be fixed on the municipal officials concerned, the onus of an encroachment-free state and criminal action will be taken against them if they are found to be wanting in fulfilling their responsibility.

This phase has seen a considerable acceleration in housing activity in the state. It is a phase where policies that advance further densification of land have been promoted and where the state agencies have sought to stimulate the housing markets. However the impact of these policies on the affordability of housing is questionable.

Some of the changes at the level of the ULBs include-

- Increasing the coverage of property tax to include irregular settlements and now even, slums in the case of cities like Mumbai and also linking it to annual rateable values. This is expected to increase the buoyancy of property taxes and raise the revenues of the ULBs. However the current changes are too recent to indicate the impact of the same.
- Taking a step towards inclusion of slum dwellers in the ULB budgets
- Increasing pressure on ULB officials to check encroachments

The role of the urban local bodies vis-a-vis housing issues is as problematic as ever. Housing largely remains with the state government with the ULBs being the custodians of the construction process linked to provision of amenities.

The effort in the following chart on practice is to link the discussion to the issues on ground in a particular town, in this case Chiplun.

Housing in Chiplun

Chiplun is a B class municipal town in Ratnagiri district. It is a taluka place with some religious importance. The MIDC initiated the development of Chiplun chemical zone, way back in 1980s as part of its regional development efforts. The population of the town as per the 2001 Census was 46,229.

Till very recently, Chiplun had the appearance of an extended village. However, the real estate prices are rising quite fast and hence the emergence of multi storey structures and developments. The current land prices in the town are in the range of 60-80,000(outskirts) per guntha to 5, 00,000(city center) per guntha; constructed tenements cost range from Rs 600 (outskirts) -2500 (city center) per sq feet and rental tenements are priced between Rs 1200- 5000 per month. Housing is by and large considered as affordable though the local residents fear that land and construction prices are appreciating very fast. The rate of appreciation of real estate has been around 7% p.a in the last five years.

This demand is being spurred by the investors from Ratnagiri, Pune and Mumbai. The local housing demand, as indicated by population growth is low (estimated population in 2005 was 60,000 while current population is about 50,000). The process of land and real estate development for outsiders is being aided by local politicians and land lords. A one window approach or building project approval has meant that the local developers are now competing with developers from Mumbai- Pune such as the Paranjapes. On the other hand, about 15% population stays in slum like conditions or homelessness.

These low income settlements are located in Govalkot, Pirali wadi, Pikale wadi, and Bahadursheikh Naka. There are also some sporadic settlers in Ranade Ali and Shivnadi nullah. However, there is no officially recorded slum in Chiplun town. Many of the residents of these settlements are from Marathwada or are members of nomadic tribes who are engaged in construction work, ragpicking and other informal sector work.

The differences between these households and the official households of the city are small. Thus, most of the houses in Vadar colony (one of the slum like settlements) are between 700-1000sq feet, while the entire town does not have drainage lines. Water supply and vulnerability to floods of the Vashishti river are the two critically distinguishing factors of these poorer areas from the rest.

The development Plan for Chiplun was sanctioned in 1988. The plan was based on a population projection of 60,000 by 2005. The decadal population growth in the city between 1991-01 is around 5% which has been the maximum it has attained so far and the current population is estimated at 50,000 which is short of this projection. Clearly the

development plan was made in anticipation of the developments that the MIDC would usher.

There are 122 reservations proposed in the DP. However the council has only been able to develop 40 of these so far. The greatest block to the implementation of development plan is land acquisition as most reservations proposed are on private land.

Of the 4 reservations for public housing and housing for dishoused, land has been acquired in two cases. Further it has been handed over to MHADA. The organization launched a scheme of 436 units in 1986 but it was abandoned. The two other plots are yet to be acquired. Another attempt at public housing was when MHADA put forth a proposal for 'rehabilitating' the Vadar colony into 300 sq feet tenements in multi-storey buildings, using the remaining area for developing a cricket playground. The residents of Vadar colony staunchly resisted this development. They were helped by the fact that many of them had the land records in their names though their constructions are not.

Chiplun thus presents the typical picture of a town where shelter activity is gradually giving way to second home investments, affordability is giving way to property market, and the ULB has few controls over the construction activity which largely bypasses the poor.



Chapter 5

Urban Water Governance in Maharashtra

1. Introduction

Water is a basic need of life, as well as an essential source for many economic activities and livelihoods. Being common resource, water has become *non-substitutable* not only for life and livelihoods needs, but also for many other types of uses and users. Largely, the processes of Industrialization & urbanization, as well as, environmental degradation have contributed in making the water a scarce as well as a *non-substitutable* resource. Industrialization and urbanization processes have raised the standard of living and increased the uses of water manifold. This has increased the value of water in monetary as well as usage terms, making it more and more non-substitutable. Industrialization and urbanization are also contributing in the pollution of water resources on a large extent. Resultantly, freshwater is growing scarcer rapidly, resulting in a greater contest to gain control over it. Thus, the scarcity, multiplicity of uses, non-substitutability are the essential characteristics that make water-governance more critical and complex.

On this background, this chapter aims at providing an overview of the development and functioning of the urban water procurement and provisioning in the pre and post reforms era. It focuses mainly on the development of institutional and regulatory framework with respect to urban water supplies in the state of Maharashtra in three distinct phases. Section two presents the Institutional framework and policy development in the pre 74th CAA whereas section three traces the development of institutions and state-ULB relationships after 74th CAA, having a clear focus on reforms. The subsection 4 elaborates institutional developments during the reforms era, i.e. post JNNURM. The fifth section summarizes the existing legal and institutional FW that is in operation and the last section summarizes current issues before the sector as well as suggests some further research areas in terms of institutional frameworks. Each section talks about five essential aspects of urban water supply vis. ownership, control and use of water, infrastructure development, financing of infrastructure, operation and maintenance of the water supply systems, and monitoring and evaluation of the same.

2. Phase I: Institutional Developments in the pre-74th CAA in Maharashtra

2.1. Ownership, Control and rights

2.1.1. *Pre-constitutional phase*

(a) Establishing State-Control

The history of the institutions of water can be traced back even up to the Indus valley civilization, however colonial and constitutional

contexts are relevant to the purpose of this chapter. British introduced a system of *State Control* over the surface water mainly with intent to generate revenue. First, through the *common law principles* focusing on the landowners rights to use water, British rulers introduced regulation for surface water as riparian rights and for groundwater providing an unlimited access to the landowners. Important statutes such as *Embankment Regulations (1829)* and *Indian Easement Act (1882)* established regulations in order to protect and maintain embankments, establishing controlling authority to govern the use as well as to acquire land for embankments. The *North India canal and drainage Act (1873)* for the first time recognized the right of the Government to ‘use and control for public purposes the water of all rivers and streams flowing in natural channels, and of all lakes’ (Cullet, Gupta 2009)²⁹. These enactment such as *Madhya Pradesh Irrigation Act (1931)* s assert state control over water resources *The government of India Act (1935)* established the division of responsibilities between the National and states (provinces) to take decisions with respect to water resources (ibid). According to the state list, under the Seventh Schedule of the Constitution of India, states have jurisdiction over “water resources” within their limits.

(b) Water as a ‘Human Right’

Neither the government of India nor does the state governments have enacted any specific law defining fundamental rights over water sources. However, several court decisions enshrine such a right owing to Article 21 (right to life) of the constitutions of India. In several cases (such as *Narmada Bachao Andolan Vs. Government of India*)³⁰ the Supreme Court judgments have unambiguously stated water as the basic need for the survival of the human being and is part of right to life and human rights as protected in the Article 21 of the Constitution of India.

2.1.2. Reiteration of colonial principles of state-control in the (post-Independence) period

Article 372 of the Constitution of India endows with continuation of all of the laws in force before independence, including the Government of India Act 1935 that establishes water (including drinking and irrigation) as a state subject. As far as the supply of drinking water is concerned,

29 Cullet, Gupta 2009: Cullet, P., and Gupta, J., ‘India: evolution of water law and policy’ published in ‘The evolution of law, politics and water’ by Springer Academic Publishing, Dordrecht, The Netherlands 2009.

30 Usha Ramnathan? Check

the role of the central government (CG) has been to design broad policy framework, as well as, to support states financially. CG has been playing this role since independence through mainly through issuing guidelines and routing money through the planning commission.

The premise of the state-irrigation acts is the age-old colonial statutes, which have reasserted the state control over surface resources. Since independence, states have been managing the water resources including rivers, embankments, lakes, water storages and other surface sources (ibid). Unlike surface water, the government of India neither enacted nor extracted any statutes with respect to the groundwater legislations until 1980s, as the colonial legacy did not provide for the same. The Indian Easement Act of 1882 provides some grounds for determining groundwater rights. However, there has been a customary acceptance across India for ownership of groundwater extracted from the dug-well to the same entity, which owns the piece of land.

2.2. Allocating water resources for bulk supplies

2.2.1. *Lack of formal provisions or instruments for allocating water*

Major sources for bulk water have been surface water including rivers, lakes and dams. These are the main sources for urban water-supply schemes. In the drought-prone or water-scarce regions, groundwater has also been an important sources boreholes and hand-pumps, however it is never looked as 'bulk' source.

Control over water in rivers, lakes and obviously the canals is defined by State Irrigation Acts, however the control is only limited to irrigation purposes. With respect to water allocation to cities and towns, and towns until independence, the concept of riparian rights was in practice, customarily. The government neither translated riparian practices in to the irrigation Act nor provided any special Act for defining them by giving it a force of law. The Maharashtra Irrigation Act 1976³¹ was the single Act available for the provisioning and regulation of the irrigation purposes up to the 74th CAA, which also deals with most of the surface water reserves in the state. Interestingly the Act contains none of the clause with respect to water allocation and usage for non-irrigation purposes, including the urban/rural domestic and industrial uses.

31 The Maharashtra Irrigation Act was enacted by repealing five different Acts that were in force before Maharashtra Irrigation Act 1976, viz. The Bombay Irrigation Rules (1879), The MP Irrigation Act (1931), M.P and Varhad water rules (1949), Hyderabad Irrigation Act (1957) and Fasali Hyderabad Irrigation (Improvement and inclusion fees) Act. Surprisingly, none of this Act contains any clause or provision regarding non-irrigation usage and allocations of the water from surface reserves.

2.2.2. Ad-hocism in decision making

Despite a complete lack of legal provisions, the state-government has been making decisions to allocate bulk water from the dams and reservoirs constructed by irrigation department consistently. The government had been making all decisions regarding bulk water allocations on an ad-hoc basis, as the need generated for respective towns, by either ministry or department of irrigation as well as by the Chief Minister. These decisions are premised on government resolutions issued from 1965 to 1999³² (total 50 resolutions).

2.2.3. Control over water by a particular agency³³

In fact, there is no concept of ownership of water as such except the *state ownership*; however, under the umbrella of *State Ownership* various agencies manage and maintain dams. More precisely, if any particular agency (say either Department of Irrigation or ULB or the MIDC) constructs the dam, or bears the capital expenditure, the respecting agency controls water-allocation. The construction of dams have a definite purpose, may it be the 'irrigation', or 'industrial', or the 'domestic'. Despite this fact, majority of the irrigation dams provide water for non-irrigation (mainly industrial and domestic) purposes. Respective agency controls the allocation-decisions as well as actual implementation of the decisions. For example, MIDC controls the water allocations from the *Barvi dam* located in Thane district and constructed in 1973, which also distributes excess water to ULBs and Gram-Panchayats that come in the precincts of its distribution system. Similarly, the dams constructed by the ULB (for example, *Vaitarana Dam* by BMC or the *Kashyapi Dam* by the NMC) are exclusively used by the respective ULBs. However, such cases are fewer in number, and importantly this is very much in consistent with the policy of the state government. The stipulations in the policy suggest that the State Government has powers to take decisions in all (conflicting or normal) situations even about the dams controlled and managed by the particular agencies.

2.3. Financing infrastructure for urban water supply

2.3.1. Central Government schemes³⁴

CG has been primarily shouldered the responsibilities pertaining to the finance for urban water supplies. The review of the first, second and third

32 Source: compilation of resolutions of water resources department of government of Maharashtra, by Prayas.

33 Source: Based on the interviews of government officials and websites of relevant agencies.

34 The subsections 2.3.1 to 2.3.4 are based on a review of section in five year plans of India pertaining to urban water supply.

plan shows that CG ensured a major funding for urban water supplies across states including Maharashtra. For example, during the first and second five-year plan, the city of Bombay was the primary beneficiary of the central funds for improving the urban water supply for the Vaitarna-cum-Tansa scheme. From the third FYP, the central government started with the policy of offering loans to the corporations and municipalities for building infrastructure.

2.3.2. Accessing funds from IFIs and NFIs

Considering the increasing need for financing urban water infrastructure, the CG approached for two important financial sources for financing the urban water supply infrastructure. The CG prescribed international financial institutions such as World Bank for the bigger metropolitan cities. For smaller towns, the CG approached two national financial institutions, the Life Insurance Corporation of India (LIC) and Housing Development Corporation (HUDCO).

(a) World Bank

Accordingly, WB funded the first water supply to BMC for the constructing *Vaitarna dam* in 1979. Along with the Mumbai scheme, WB also financed the Chennai Municipal Corporation. Having a strong financial basis and bigger budget than all other ULBs in Maharashtra, the BMC was able to repay the loan in just four years.

(b) LIC and HUDCO

HUDCO as well as LIC are two public important financial institutions that have provided loans to the substantial number of ULBs in Maharashtra. Central government has given a counter guarantee to these loans to these financial institutions.

2.3.3. Incorporation of Maharashtra Water Supply and Sewerage Board (MWSSB)

The efforts of CG for accessing funds from NFIs lead to a necessity for independent para-statal bodies in the states. Accordingly, state government of Maharashtra established Maharashtra Water Supply and Sewerage Board in 1976³⁵. The objective behind the establishing this Para-statal body was to fill the gap of financial intermediary (Feedback Consultants 2003) between the ULBs and lending Authorities.

35 Maharashtra Water Supply and Sewerage Board Act, 1976

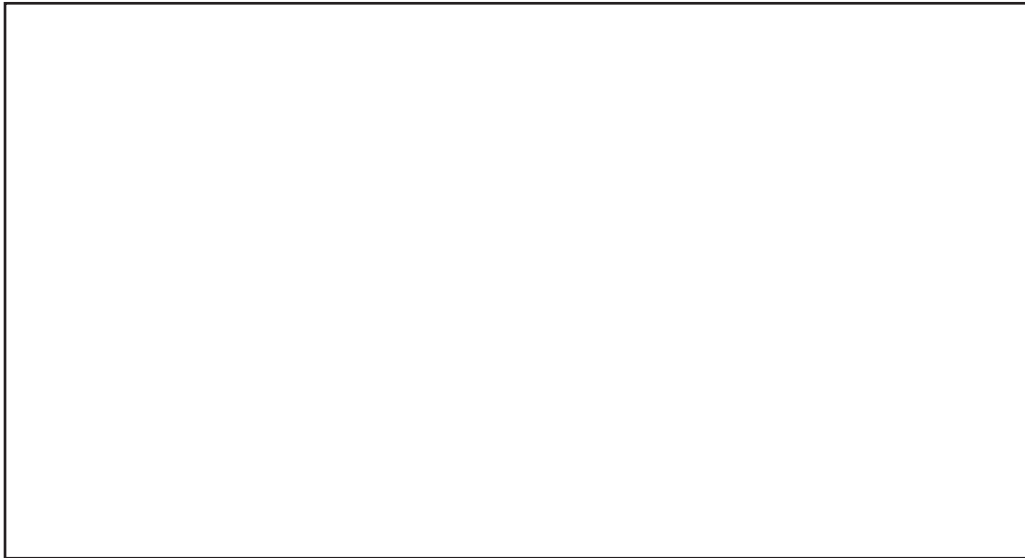


Figure 1.7 : Organogram - water supply and sanitation department

2.3.4. Financing Operation and Maintenance: DMA and ULBs

The government of India has accepted the policy, which stipulates bearing of operation and maintenance costs as the responsibilities of ULBs even from the early years of independence. For example, the third five-year plan clearly mentioned the failure of almost all ULBs in levying and collecting water-taxes in order to meet the capital and O&M expenses.

An interesting contradiction in Maharashtra, is that while all the ULBS have the responsibility of O&M according to the municipal acts there is a large variation in taxes across the ULBs in Maharashtra primarily because of non-linking of taxes with operation and maintenance costs. This is because the Directorate of Municipal Administration (DMA)- a state level body prescribes and regulates the municipal water taxes for small and medium towns, whereas bigger municipal corporations levy taxes on their own. The DMA or the GoM have never issued clear norms for calculation of water tax considering the variations in expenses incurred in procurement of water due to variations in distances of sources, requirement of pumping energy and so on. This has resulted in.

2.4. Building infrastructure for urban water supply

Historically, the state government has been entrusted with the responsibilities of building infrastructure. Water supply infrastructure typically consists of reservoir (a dam, or a lake, water is not sourced from direct flow of the river or natural lake), water pumping and treatment infrastructure (intake well, pumping and conveying infrastructure such as pump-house, main pipeline) and distribution infrastructure (balancing reservoirs and conveyance systems). In

Maharashtra, these responsibilities are divided in to three main agencies viz. Irrigation department, MWSSB, and ULBs. However, all agencies involve private contractors for actual building of infrastructure.

2.4.1. Department of Irrigation

Hitherto, department of irrigation, GoM has built over 1400 large dams in Maharashtra for irrigation purposes³⁶. Although a major quantity of water has been spared for irrigation purposes, many dams are feeding to the cities and towns across the state. The percentage of non-irrigation use of water varies year to year as per the availability of the water. According to the statistics sourced from irrigation audit report 2005-06 the percentage for non-irrigation use (that mainly includes urban and industrial uses) ranges from 22% to 31% showing a sustained growth in the from 2001 to 2005.

2.4.2. Maharashtra Water Supply and Sewerage Board³⁷

Initially, the intention of the state government was to establish MWSSB especially for working as a financial intermediary. However, gradually WSSD, GoM thought it prudent to assign the roles of the construction of schemes to the MWSSB, instead of maintaining it with PHE department. Accordingly, the law enacted for establishing the MWSSB consisted of these provisions too. The MWSSB has constructed urban water supply schemes for more than 90% of the towns in Maharashtra.

2.4.3. Maharashtra Industrial development Corporation (MIDC)³⁸

Another para-statal body is the MIDC, which has contributed in building water infrastructure. MIDC has constructed five major surface storage projects (dams) in the state. Besides, MIDC accesses 65% of its water from irrigation dams, and 34% of the water from the storages it has constructed. As of today, out of 1286 MLD of water, MIDC supplies approximately 707 MLD of water. In the total water supply controlled by the MIDC, approximately 12485 MLD of water has been reserved for domestic purposes and 4055 MLD for industrial purposes. The above reservation figures indicate the extent to which MIDC has rights to draw water from rivers, irrigations project and other sources. The reservation figures indicate that MIDC still has large unutilized rights, which MIDC could use for future expansion of its water supply systems.

36 Source: http://irrigation.maharashtra.gov.in/english/dcmNew/index_UC.php?departmentCode=0900, and <http://mahawrd.org/>

37 Source: <http://mjpmaharashtra.org/about.aspx>

38 <http://www.midcindia.org/Pages/DefaultMIDC.aspx>

2.4.4. Municipal Corporations

Since beginning, there has been a tradition that ULBs build water storages such as dams and lakes for satisfying the urban water needs. The Gorewada tank of Nagpur, Tulsi and Vihar lakes of Mumbai are the oldest examples of ULBs' discharging responsibilities of building of water-storages for urban water supply. However, in most cases, only ULBs with strong financial conditions have constructed water supply systems and storage reservoirs on their own. For majority of the ULBs the MWSSB has discharged this function.

2.5. Managing the retail supply

Retail supply involves mainly operation water supply schemes in various cities, including pumping, treatment and distribution of water, levying and collection of taxes and tariffs, and maintenance of infrastructure. Interestingly, in Maharashtra, there has been no single agency handling these functions collectively. Rather a scenario of multiplicity of agencies emerged until 74th CAA, despite a clear policy frame was in place for retail provisioning. Following sub-section lists out main agencies involved in retail provisioning.

2.5.1. ULBs

The responsibility of retail provisioning primarily rests with the ULBs by virtue of various municipality acts that are in force in Maharashtra.³⁹ To quote from one of the acts 'Obtain a supply or an additional supply of water, proper and sufficient for preventing danger to the health of the inhabitants from the insufficiency or unwholesomeness of the existing supply, when such supply or additional supply can be obtained at reasonable cost' is the obligatory function to all municipal laws'. Accordingly, almost all cities having larger populations and elaborate administrative and technical set up (in the form of water supply) department have been handling almost entire functions of the water supply. The common powers mentioned in all the municipal acts include:

- To provide proper and sufficient water for public as well as private purposes.
- To manage all municipal water works and water schemes in the city, as well as to take actions in order to protect the water sources and supply system and to prohibit actions that causing damage to the sources and waterworks

However, certain important clauses are not uniform in the acts too, as mentioned under

39 (a) Mumbai Municipal Corporation Act 1888, (b) Nagpur Municipal Corporation Act 1948, (c) The Bombay Provincial Corporation Act 1949 and (d) the Maharashtra Municipal Councils and industrial townships Act 1965.

- Nagpur Municipal Corporation and Mumbai Municipal Corporation Acts have provided powers related to Private Water Supply that includes-ensuring conveyance of water to private premises on written application, to fix the charges for that water supply, to undertake inspection of such premises and so on.
- Similarly Mumbai Municipal Corporation Act and Bombay Provincial Corporation Act do not provide the powers related to Public Water gratuitous water-supply. It includes ULB's control over all existing public drinking fountains, tanks, reservoirs, cisterns, pumps, wells, ducts and works for the supply of water of the gratuitous use of the inhabitants of the city.
- Nagpur Municipal Corporation Act provided that prior approval of the State govt. is required for water schemes of five lakhs or more, this provision is not provided by other 3 municipal laws.

2.5.2. MWSSB

The primary functions of the MWSSB, as mentioned earlier were to work as a financial intermediary as well as to perform public health engineering functions for constructing water supply infrastructure. The state government policy stipulates for handing over schemes to the ULBs for operation and maintenance after completion. However, despite efforts of MWSSB, ULBs were not able to take-over the schemes from MWSSB, mainly due to lack of capacities. This compelled MWSSB also to undertake retail supply functions. Interestingly, ULBs did not possess capacity (and hence the interest) for technical operation and management of the water scheme. Therefore, while the MWSSB retained technical operation and management functions, other functions such as levying of taxes and tariffs, collection of taxes remained with the ULBs.

2.5.3. MIDC

Maharashtra Industrial Development Corporation (MIDC), formed in 1960s (was known as Board of Industrial development), though with an objective of balanced industrial growth, also involved in urban water supply. In most cases MIDC supplies bulk water to the ULBs which are located in the Mumbai Metropolitan Region (consists 12 ULBs except MCGM) and Konkan region. Out of total water available with MIDC across the states (comprising six dams constructed by MIDC) approximately 55% of the water supply is devoted to the domestic use of which most of the supply is done to the corporations and municipal councils.

2.6. Monitoring, surveillance of quality and quantity aspects

2.6.1. Maharashtra Pollution Control Board

The monitoring and regulation of the water pollution rests with the Maharashtra Pollution Control Board (MPCB), established under the provisions of Water (Prevention and control of pollution) Act 1974⁴⁰. MPCB has powers to issue directions and guidelines to all types of polluting entities, both public and private. State government levy and collect an independent 'water pollution cess' to raise finance for meeting the administrative and establishment expenses of pollution control board. The MPCB monitors the quality of water affected by point and non-point sources⁴¹ as per the standards set by the Central Pollution Control Board.

2.6.2. Department of Health and agencies involved in managing retail supply

Agencies involved in procurement, treatment, and management of retail water supply have been responsible for providing safe and pure water to urban dwellers. In majority cases in Maharashtra, MWSSB operates the water-treatment-plants (WTP) by and in a few cases the MIDC and the ULBs. Thus these agencies discharge (expected to discharge) primary responsibility of providing pure water through effective operation of WTPs by adhering to the technical manuals and standards. Most agencies follow standards set by World Health Organization in 1971, which the government of India has accepted.

Generally, aeration followed by coagulation-flocculation and disinfection (using chlorine gas or powder) is typical process followed in treatment of water. A chemist employed as part of the WTP operation team does the online monitoring of quality of water. However, agencies involved in managing retail supply, mainly ULBs conduct water quality-tests at the labs in all civil-hospitals, which function under the state's health departments. Thus, health department is indirectly responsible for quality control in supplying urban domestic water.

2.6.3. The Groundwater survey and development agency (GSDA)⁴²

The state government established GSDA in 1972 in order to explore, develop and augment the groundwater resources in the State. GSDA is responsible for monitoring the ground water table and through continuous data collection, compilation and analysis. However, with respect to urban

40 Water (Prevention and control of pollution) Act 1974.

41 There is a general consideration that Disposal of untreated or insufficiently treated industrial effluent and sewage are the main as 'point sources' of pollution. The major non-point sources are disposal of human excreta due to open-defecation, animal-waste, residues of chemical fertilizers and pesticides used in agriculture,

42 Source: www.mahawssd.gov.in

groundwater the GSDA has seldom performed an important role, as the majority of the schemes are sourced from surface reserves.

3. Phase II: Institutional Development post 74th CAA phase (From 1992 to 2005)

3.1. Institutional changes pertaining to the allocation of Bulk Water Resources

There were no changes in the institutional machinery for allocation of bulk water resources post the 74th CAA; the Dept of Irrigation continued to play a major role mainly because of the department of irrigation managed major bulk sources of water (surface storages) under the direct control of the state government.

In 2003, Maharashtra government took a major step was towards creating a dedicated institutional structure in order to deal with permissions pertaining to bulk water allocation for non-irrigation use, by establishing three independent committees — (a) *High powered committee*, (b) *Inter-regional Standing Committee* and (c) *Emergency Committee*. The HPC serves as an apex body to take decisions on permissions with respect to demanding water from dams that request for drawing more than 25% of the storage and consists of Ministers of Irrigation, Water Supply, Industry, finance and agriculture as members. The Standing Committee that consists of secretaries representing Industry, Urban development, water supply & sanitation, and irrigation departments handles requests demanding water below 25% of the dam storage.

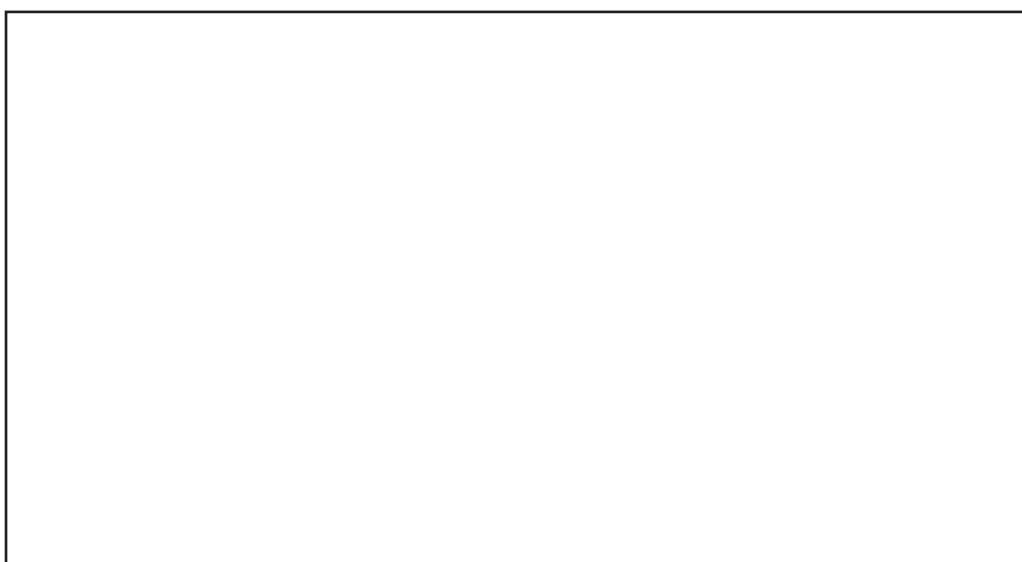


Figure 1.8 : The process of granting bulk water permissions to ULBs

The Committee that takes decision in emergencies is constituted at district level and consists of District Collector (Magistrate) as the chairperson and Chief Executive Officer, engineers-irrigation and other engineers as other members of it.

In Maharashtra, the first preference for allocating water from the dams is for the drinking and domestic water purposes by precedence, despite there has been a complete lack of clarity for principles for allocating water to the industry and the agriculture. It could be deduced from the decisions of the state government that whether the next order of priority was for irrigation or industry after. Therefore, there were no specific issues as far as the allocations for urban domestic water is concerned. Besides perennial rivers, 15% of the water from the dams could be lifted for domestic purposes.

The Government Resolution dated 21 Jan 2003⁴³ with respect to the high power committee has summarized the issues involved in sharing of bulk water for non-irrigation use in quite an unambiguous manner. The core issue in sharing water has been the issue of transit losses. A large number of urban water schemes are based on the river streams, which were perennial once upon a time. These schemes face acute shortages in summer, as recently no river flows perennially. During shortage period, scarce-hit ULBs depending on such systems, place their demands to irrigation department in order to release water from the upstream dams, so as they could lift water from the flow released in the riverbed. This process increases the scope for the transit losses at a great scale, through evaporation and theft as well as the use by riparian users, who may use water for any purpose including cash crops.

In order to solve this issue, the GR directs ULBs (as well as other, non-irrigation users) to lift water directly from the dams (in case of irrigation dams/tanks) or the concerned ULB should go for its own reservoir.

3.2. Institutional Restructuring in terms urban water supply

3.2.1. *Creation of separate department (and Ministry) for Water Supply and Sanitation*

In 1996, the state government took a major step by separating the function water supply and sanitation from the department of urban and rural developments, and formed an independent department for Water Supply and Sanitation. After creation of Department of Water Supply and Sanitation (WSSD), the State government also made accountable the MWSSB to the WSSD and separated from the state ministry of urban development, along with the GSDA. The state government also changed name of the MWSSB as Maharashtra Jeevan Pradhikaran.

3.2.2. *Dismantling of MWSSB*

Along with the initiatives in water and energy audits by empanelling of private consultants at state level, and other reforms such as demand driven approach; double-entry accounting systems, a key development is taking place is **dismantling of the**

43 Government resolution number misc/1001/(154-01), Department of Irrigation, Date Jan. 21, 2003

Maharashtra Jeevan Pradhikaran. Government has been seriously thinking from last six years different options to dismantle it into different units. The state government has consulted twice to the private consultants in order to seek a plausible-to-implement plan for split MJP function-wise (To Feedback Consultants in 2003 and To CRISIL in 2009). Finally, in May 2010 the State Government declared to divide MJP in to two separate public sector companies — (a) Construction Company and (b) Operation and Management company on the lines of dismantling of the MSEB done in 2003⁴⁴. This was one of the important recommendations of the Sukhtankar Committee report.

3.3. Major changes in financing water supply infrastructure

3.3.1. Reforms suggested and accepted through different committees

Among all, the demand driven approach is an important development. It implies a departure from the earlier supply driven approach of the government and persuade ULBs to come forward with clear demands for augmentation as well as improvements in their water supply systems. It also implies acceptance of and compliance with the reforms by undertaking expected activities such as *water and energy audits*. Thus, the WSSD has already laid a policy of tying funds with the reform measures for the aspiring ULBs by introducing a demand driven approach even for the regular grant-in-aid provided by the central and state government under programs such as the AUWSP and IDSSMT.

Table 5.1

Highlights: Post 74th developments and implications for urban water infrastructure

Sr. No.	Developments post 1992	Implications for the financing urban water infrastructure
1.	1995: Publication of the White Paper	<ul style="list-style-type: none"> ▪ Emphasis on increasing private connections, and closing down public stand-posts to enhance profits ▪ A time plan for ULBs to recover over-dues, ▪ Powers to District collectors to (and not to) approve the municipal budgets so as to overcome the problems of O&M, bill recovery, ▪ ULBs to levy realistic cess to overcome issues pertaining to recovery
2.	2001: Sukhtankar Committee report	<ul style="list-style-type: none"> ▪ Setting up the initiative (urban) Development fund through transferring of 30% of the state annual outlay on the urban water supply. The fund could be set up with active assistance of the multilateral / bilateral institutions, with an independent professional management. ▪ Accrual based double entry system of book keeping ▪ The tariff revision process needs to be executed through duly legislated independent economic regulatory mechanisms.

44 Report by Feedback Consultants to Government of Maharashtra, 2003, (unpublished document) obtained from government of Maharashtra, water supply and sanitation department.

3.	2003 : Enactment of State Water Policy	<ul style="list-style-type: none"> ▪ Participation of (a) private sector has been encouraged in the financing and implementing the water projects (b) Water audit will be compulsory for all water resources projects, (c) Water tax should be sufficient to cover all administration, O & M costs of the delivery and use of water and to recuperate all or a portion of the capital costs of the infrastructure ▪ Water charges shall be determined on the basis of the approved water tariff system and will be levied on a volumetric basis.
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3.3.2. Changes in the financing pattern

Another important area dealt with respect to finance was the revision of the funding pattern for the ULBs, which was a definite step towards achieving full recovery of the operation and management costs as well as partial recovery of the capital costs of the water supply systems. The corresponding GR summarizes the funding pattern as below (see table 6).

Table 5.2

Funding pattern for the ULBs in Maharashtra – WSSD

Urban Local Bodies	Subsidy (%)	Loan (%)	People's Contribution
Municipal Corporations except BMC	23.33	66.67	10
A- class Municipal Councils	25	65	10
B-Class Municipal Councils	40	50	10
C-class Municipal Councils (Having population more than 20000 and above as per 1991 census)	50	40	10
other C 1- class Municipal councils	90	---	10

3.3.3. Issuance of bonds by MWSSB (MJP)

Issuance of the bonds by MWSSB was an important development on the financial front. MJP decided to issue the bonds immediately after it was transferred from State Ministry of Urban Development to the newly created Ministry of Water Supply and Sanitation in the year of 1997. State government issued counter-guarantee to these bonds, through which MJP raised sizable amount of money. MWSSB used the funds generated through issuance of bonds for a very ambitious project of 'tanker-free Maharashtra scheme'. Financial reforms got a decisive push during this period.

3.4. Building Urban Water Supply Infrastructure

The 74th Constitutional Amendment reiterated this responsibility of the ULBs and included "Water Supply for domestic, industrial and commercial purpose" in

the 18 functions, which were transferred to ULBs in 1994. Thus, the constitution assigned central role in providing clean and safe drinking water to its citizen to the ULBs.

One of the major implications of 74th amendment could be seen in the case of a small town called Shirpur, located in the Dhule district on the north of Maharashtra. The Shirpur municipal council was first among the councils to seek permission from the state government for taking decision regarding contractor for its water supply scheme. In the year 1999, Shirpur Municipal Council sought the permission and decided not to award the contract to the MWSSB, but to a private contractor. Interestingly, MWSSB sources also admired the quality of works the council could ensure through a private contractor.

This development developed a perception among MWSSB staff that this is a direct impact of the 74th CAA. MWSSBs role as an engineering or infrastructure building agency came in to a question as the state government gave ULBs the choice and freedom to decide the contractor.

3.5. Managing the retail supply

Alike the bulk water, reforms in the institutional set ups in the retail provisioning also got impetus in post 2000 period. However, it needs to be categorized among the following as per the sequence of policy developments. During the pre-JNNURM regime, the urban water sector was introduced with almost all of the financial and institutional reforms and in fact had prepared the ground for pitching the allocations of the funds under JNNURM.

3.5.1. Policy and institutional Reforms

It all began with a publication of a White Paper in 1995 that captured important aspects of reforms in the sector such as finance, as well as issues in operations and management of the sector. The white paper also set the stone for separating the function of water supply for both the rural and urban areas from the respective departments in 1996.

The Sukhtankar committee report, that came out in 2001, laid solid foundations for the reforms by analyzing all major aspects of urban (and rural) water supply and recommending prescriptions. The committee especially focused on the techno-economic efficiency issues in the water sector and suggested a number of measures of the reforms.

Table 5.3

Post 74th CAA developments: Implications for retails supply

Sr. No.	Developments post 1992	Implications for the retail water supply
1.	1995: Publication of the White Paper	<ul style="list-style-type: none"> ▪ Declared Operation and maintenance of the schemes should be carried out on contract basis, ▪ Suggested water audits should be mandatory by law to promote economy, ▪ Importantly emphasized the need to assess feasibility of privatization of water supply
2.	2001: Sukhtankar Committee report	<ul style="list-style-type: none"> ▪ Emphasized on database-Building to ensure investment and entry of private actors in the sector ▪ Transformation of Water and wastewater functions of the local bodies need into independent commercial enterprises with support from special allotment of funds. ▪ Private sector participation to provide efficient and cost effective services ensured with high competition ▪ A level playing field between public and private operators ▪ MJP to be divided in to multiple units, free to tie up commercial relationships within and outside with private companies
3.	2003 : Enactment of State Water Policy	<ul style="list-style-type: none"> ▪ Participation of (a) private sector has been encouraged in the financing and implementing the water projects (b) Water audit will be compulsory for all water resources projects

The state government accepted many recommendations of the reforms suggested by the Sukhtankar committee and set the directions for ULBs to implement it. Interestingly, the instruments used for directing the implementation of the reforms were *government resolutions* by the WSSD. The major areas covered in the GR were (i) The demand Driven Approach, (ii) Water and Energy Audits, (c) Contracting the Operation and Management (PPPs), (d) Funding patterns and new avenues of availing finances and (e) Accounting reforms, along with other routine issues such as tariff revisions, setting up committees for monitoring schemes, and administrative orders. All other departments such as MIDC, MJP, DOUD issued GRs in conformity with the spirit and content of the GRs issued by the WSSD.

3.5.2. Norms of Supply

The following table shows Water Supply Standards & Norms in rural & urban areas recommended by National Environmental Engineering Research Institute (NEERI) 2002.

Table 5.4
Norms of water supply for urban areas

S. N.	Population	Recommended norm (lpcd)
1	Less than 20,000	
	a. Population served by stand posts	40
	b. Population provided with pipe connections (C class municipal council)	70
2	20,000 to Less than 100,000	100
3	100,000 to Less than 1,000,000 (A class municipal councils)	100 (with no sewerage system)
		135 (with sewerage system)
4	1,000,000 and above (Corporations)	150

Source - Neeri)

3.5.3. Progress of reforms at the level of ULB- in pre JNNURM⁴⁵

An important GR issued in 2001 directing ULBs to seek private participation in operation and management of the water supply schemes has led to the first ever PPP project in the country by *Chandrapur Municipality* (CMC). CMC has contracted out the Operation and management of the water supply scheme in tin the year 2004.

3.6. Monitoring, surveillance of quality and quantity aspects

The Sukhtankar committee report had also recommended establishment of regulatory commission along with the proposals of dismantling of MJP. The objective behind establishing a regulatory commission was to set, monitor, control and ensure compliance to various norms and standards with respect to finance and revenue (collection of taxes), environmental aspects (pollution of drinking water sources) and public health issues (contamination of drinking water). However, establishment of the regulatory commission was sequenced after dismantling of the MJP, which still has not been possible. This led government to delay the establishment of regulatory mechanisms for urban water and wastewater sector, as per the recommendation of the committee.

Before the launch of the JNNURM, the state of distribution of functions in the urban water sector among different agencies shows that the important function of policy-making and finance is concentrated in the hands state governments. The 74th amendment has made least impact on the devolution of these functions to the ULBs. However, ULBs (for example Shirpur, Chandrapur) started with taking

45 Based on the compilation of government resolutions issued by government of Maharashtra

executive decisions such as building infrastructure and outsourcing management urban water supply systems. The table below (Refer table 4) presents overall picture of distribution of responsibilities among various state, para-statal and local agencies.

Table 5.5

State ULB relationships in post 74th CAA period: Water Supply

Sr. No.	Institutions	Policy Making		Finance (including sources of finance)	Monitoring	Construction	Operation and management
1.	Cabinet of ministers/ Legislature	✓	✓	(Central and state Grants, loans)	✓		
2.	WSSD	✓			✓		
3.	MJP		✓	(loans, Bonds)	✓	✓	✓
4.	ULBs		✓	(own revenues, loans)		✓	✓

4. Phase III: Institutional Development post JNNURM in Maharashtra (After 2005)

During the 10th FYP-period GOI started two very important flagship programs viz., The Jawaharlal Nehru National Urban Renewal Mission (JNNURM) and Urban Infrastructure Scheme for Small and Medium Town (UIDSSMT) in 2005. The earlier Mega City Scheme was subsumed in the JNNURM and integrated development scheme for medium towns (IDSMT) and AUWSP were merged in to the UIDSSMT scheme with the launch.

The project of Water Supply Scheme has sanctioned to 5 municipal corporations such as Mumbai - including Thane, Kalyan-Dombivali and Meera-Bhayander; Pune-including Pimpri-Chinchwad, Nashik, Nagpur and Nanded municipal corporations (mega cities) and 18 municipal councils (small and medium towns) in Maharashtra under JNNURM. These projects are subject to reform conditionalities and similar to the approach taken by WSSD linked funds distribution with the progress in implementing the reforms. Along with a set of 23 reforms, the JNNURM reiterated the reforms that the state government initiated by following Sukhtankar Committee recommendations. Important financial and managerial reforms under JNNURM those relevant to water sector are:

- Levy of reasonable user charges by ULBs/Para-statals with the objective that full cost of operation and maintenance or recurring cost is collected within next seven years. These cities/towns should graduate to full O&M cost recovery in a phased manner.
- Revision of bye-laws to make rain water harvesting mandatory in all buildings and adoption of water conservation measures.
- Bye-laws for reuse of recycled water.
- Encouraging Public Private Partnerships.

The user-charges aim at bringing ULBs out from the financial crisis by linking the capital, as well as operation and maintenance expenses of the water supply schemes to the tariff. The objective behind this is to make the supply schemes self-sufficient and hence financially sustainable. Other two reforms, targeting rainwater harvesting and recycle and reuse of wastewater aim at increasing overall availability of water through recharging groundwater aquifers and sewage treatment. The rainwater harvesting targets the increase in freshwater availability for direct human-contact uses, while the recycling and reuse target at selling treated sewage to the industries and other non human-contact needs

In sum, it can be said JNNURM has given a boost to the ongoing reforms in Maharashtra as far as its contribution is concerned. Besides, the JNNURM regime also supports the set of pro-poor reforms (refer the document SLSR_UR by UIRF) however its progress has been reported to be very slow in ULBs across Maharashtra. The reforms that are relevant from the pro-poor governance of the water sector are (a) E-governance and (b) Assigning the city-planning function to the ULBs. Both these reforms if implemented well together have the potential of addressing the issue of peri-urban planning of water-infrastructure.

4.1. Allocating Bulk Water Resources: Establishment of MWRRA

As described the section 2.3.1 the decision-making with respect to the bulk water allocations to the ULBs was very much in the control of the Department of Irrigation and was subject to decisions by the Cabinet Ministry or the state government. The post 2000 period experienced major developments in bulk water allocations. In the year 2003, a few simultaneous developments occurred with respect to bulk water allocations. A major development was enactment of State Water Policy in 2003, following the enactment of central water policy (2002). Both the policies, based on similar principles paved the way for private entry in the construction as well as operation and management of the reservoirs, though retained the first preference for the allocation.

In the year 2005 a state government took major step towards reforming the pre-existing institutional arrangements for allocating and pricing of bulk water by establishing 'Maharashtra Water Resources Regulatory Authority Act, 2005'. The mandate of this authority is to regulate bulk water allocations by (pre) fixing entitlements and even introduce trade in the entitlements as well as regulate tariff (see table 3). The objective of formulating an independent authority was to separate critical regulatory functions from the 'state' in order to rationalize the regulatory processes and do away with the political interventions in the decisions that needs to be taken on the basis of techno-economic rationality. Despite it focuses on entitlements it also commits itself for equitable and just allocation of water among the users.

Implications of reforms in bulk water allocations are going to be fundamental in the sector, even for the ULBs. MWRRA has not fixed *entitlements* as of yet, however,

it would base the decisions of giving entitlements by prescribing certain criteria, and until then the high-powered committee would take the decisions regarding bulk water allocations. The criteria for defining the bulk water entitlements would be, most likely premised on the demand forecasts of the city, as also it has been the basis for calculating the design capacities of the water supply systems. However, the acts stipulates for fixation of even bulk water tariffs on the basis of the recovery of the operation and maintenance costs, to begin with and gradually aim at pricing bulk water at full cost recovery levels. The establishment of MWRRA is part of the MWSIP project funded by World Bank to government of Maharashtra.

4.2. Financing water supply infrastructure

Financing of infrastructure through private sources got a boost after 2005. Although there is a very little progress in the seeking finance from private sector, the Nagpur Municipal Corporation has taken a major step in 2010 with the decision to invite Veolia, a private multinational water company to invest its own capital investment.

Barring these exceptions, the progress of the reforms and perusal for private investment has not been successful at the expected scale. The failure of utilizing as well as repaying the funds generated through the bonds by MWSSB as well as ULBs has been a major reason as per the perception of the government employees. This failure, along with the other issues has raised several concerns with respect to profitability of the ventures. The neglect of state-authorities in regulating the wide-scale practice of self-provisioning of water by accessing groundwater, the fear of tariff-shocks, political opposition to raise taxes, are some of the other important reasons affecting private participation. The current schemes undergoing are mainly under the majority of the

4.3. Building Urban Water Supply Infrastructure : the concept of 24x7 supply

Introduction of a 24x7 water supply scheme was an important development in the post JNNURM period. JNNURM introduced 24x7 (continuous) supply-systems as a norm for designing urban water supply systems, with metered (volumetric) water supply. As a norm, all the schemes taken under JNNURM and UIDSSMT have followed this norm and it implies that systems would supply water on a continuous basis to end the intermittency in supply. The 24x7-supply system draws its basis for techno-financial efficiency from certain core arguments. First, it reduces the pumping-hours, as pipes are full because of 24x7 -supply. Second, it requires pipes with less diameter, thus reduces the cost of the system. Third, it reduces the possibility of entry of outside dirty (sewage) water in to the pipes despite pipes break after a few years due to rusting and other reasons, hence it prevents contamination, and fourth, if water charged properly reduces the unnecessary water use.

Before, the execution of the norm of 24x7 started under UIDSSMT and JNNURM, the MWSSB undertook special pilot projects in Badlapur and Malkapur (Satara District) in order to convert intermittent supply schemes in to 24x7 schemes. The effort at the Badlapur was though capital intensive did not yield success in terms of techno-financial efficiency nor it could change the consumption behavior of people as MJP reports, despite introducing the tariff structure based on volumetric measurements of consumption of water priced progressively as consumption goes on increasing. However, the Malkapur initiative, which was a relatively smaller town in nearing success in both reducing the consumption levels, alleviating negative impacts of telescopic tariff, thereby decreasing the intensity of issues in affordability as well as the minimizing the operation and management costs. Usage of high levels of automation in operation and management, thorough social awareness programs and strong political will is one of the important features in Malkapur transformation.

In metros, the effort by Municipal Corporation of Greater Mumbai (MCGM) of converting the K-east ward failed due to wide-scale protest by the slum dwellers. However, Nagpur Municipal Corporation undertook an ambitious project under JNNURM scheme to convert one of its water supply-zone in to 24x7-supply zone. NMC contracted Veolia as a consultant for this project, which recently it has decided to upscale to the whole of Nagpur.

As far as the agencies are involved in building infrastructure is concerned, except metropolitan cities, MWSSB is continuing to be an infrastructure building-agency for SMTs, even schemes that government has taken under JNNURM-UIDSSMT.

4.4. Managing the retail supply

4.4.1. A gradual but definite trend towards management contracts

A weak financial and technical capacity of the ULBs in Maharashtra is leading towards a gradual but definite trend in signing management contracts with private contractors in the post-JNNURM period. After initial failure of the effort by Municipal Corporation of Greater Mumbai (MCGM) of converting K-east ward in to 24x7-supply system, the MCGM has decided award smaller contracts to the private contractors for operation and maintenance of the zones. However, the tax-collection has still rests with the MCGM. The Municipal Corporation of Navi Mumbai also followed a similar path. Similarly, Latur municipal council and Sangli-Miraj-Kupwad Corporation made concentrated efforts to bring private player in the operation and management, and Latur also went ahead with signing a tri-partite agreement with MJP and a consortium of companies (an SPV) named as Latur Water Management

Company however faced strong oppositions from the civil society, as well as opposition parties.

4.4.2. *User-charges and pre-paid meters*

The JNNURM also introduced an important reform of employing the concept of 'user-charges' for all municipal services including water supply as a conditionality for accessing funds. This has led the entire beneficiary-ULBs towards raising their taxes with or without improving the quality and reliability of the water services. Although a very few ULBs such as Mumbai and Pune claim to be in 'profit' in terms of water supply, that too because of large-scale supply to commercial and industrial users, many of the ULBs still not have reached at the stage where they would recover the costs.

Many ULBs such as Nagpur, Latur, Navi-Mumbai, Mumbai, Pimpri-Chinchwad have completed installation of meters for nearly 15 to 20% of the towns. In all other towns, metering is due and seems to face severe opposition fearing the raise in water taxes.

4.4.3. *Rainwater harvesting and waste-water recycling*

The JNNURM scheme also introduced two very important reforms. First, reform was making necessary changes in the building by-laws (permissions) in order to ensure integration of rainwater-harvesting system in every construction in the town. Second, was building systems for recycling of entire wastewater in the town. The primary objective of these reforms is to reduce the demand for freshwater and increase the use of treated wastewater for non-human-contact needs, as well as to increase the freshwater availability though the wastewater needs.

4.5. Monitoring, surveillance of quality and quantity aspects: the debate on regulatory authority is intensified

In the post-JNNURM period, the deliberations within the government officials have become intense on the proposal of establishing Urban Services Regulator. A committee under the chair of the then revenue minister of the GoM in 2009. The officials reported that the draft bill for establishing the regulatory commission is ready and is to be tabled first in the legislature.

5. Current Status and Issues

Many complex and interlinked factors characterize issues in urban water sector in Maharashtra. These include factors at various scales, (local, sub-regional, regional, and state levels) and range from regional availability of bulk water (including rainfall as a major source), to allocation policy among different users, monitoring, and finance and so on. Some of the major issues are discussed below.

5.1. Availability of bulk water

The state of Maharashtra has five regions, and among those, the western Maharashtra is the most water-rich region in the state because of its proximity to the Western Ghats. Irrigation department has built large reservoirs in this part of the state primarily for irrigation purpose, which are now serving the Industry and the urban needs. As opposed to western Maharashtra, the Marathwada region has been most scarce hit region, especially the Manjra river basin. Equally scarce hit region has been the North Maharashtra, chronically. For example, Manjara project, which serves water to 4 small and medium towns including Latur (current estimated population approximately 5 lakh), three sugar factories and expected to irrigate a sizable hectares of the farmlands is the severely drought hit reservoir for last three consecutive years. Similarly, Konkan peninsula is a water-blessed region however, the topography is not as suitable as the western Maharashtra in order to create storages and face intense deficits after January month.

Scarce availability for slightly bigger SMTs, (mainly the district places) like Buldhana, Jalna, Akola, Chandrapur, Beed, Parbhani, Hingoli, Usmanabad, Dhule, Jalgaon Washim as well as many more small towns are facing severe bulk water shortages.

5.2. Finance

5.2.1. *Piece-meal approach in financing the infrastructure*

The poor state of infrastructure is a legacy of the piece-meal approach of the government in allocating and distributing the grants. The government has always been distributed grants meagerly, which forced a 'step-by-step' completion of the infrastructure building. This has resulted in inflation of the costs of the projects, which further hampered the quality of the infrastructure, as government did not meet the increased cost. Another implication of the piece-meal approach was that, it could never match the pace of urbanization and increasing pressures of the demand to supply additional quantities of water to the increased population. Thus, even today, finance is a huge requirement almost everywhere for augmenting the systems as well as for managing the recurring costs.

The various policy documents of the central government, especially Five Year Plans reiterate the paucity of funds to finance schemes adequately from decades. That is the reason for allowing and directing ULBs to generate finance from public and private financing institutions as well as markets 1970s for water infrastructure. Accordingly as mentioned earlier, LIC and HUDCO played a major in financing the ULBs for the same, through MJP. However, even the loans granted during the mid 80s to many SMTs (routed though the MJP) for construction of urban water supply systems, have not been paid back to the financial institutions.

For example, Satara Municipality owes approximately Rs. 181 crores to the MJP and LIC on account of a loan raised for water supply systems.

5.2.2. Revenue generation for meeting O&M expenditure

The failure in paying back the loans stem from various roots. At the very primary level, policy guidelines expect ULBs or the relevant agencies to meet the recurring expenses incurred for operation and maintenance. However, inefficiency of the ULBs in collection of taxes has created a major problem in paying back the loans.

Another important dimension is almost entire number towns in Maharashtra have the low water taxes. A flat tariff system, which is not linked to the volumetric measurement of consumption of water, is in place in all these towns. The general body of the ULBs takes decision pertaining to taxes, and thus ULB decided it. However, the Directorate of Municipal Administration (DMA) or the Department of water supply and sanitation also issue guidelines if they find taxes inappropriately low (or high). The levels of taxes vary in many of the ULBs, for example, Junnar municipal council charges Rs. 1100/- for 1/2 inches connection where as the Chandrapur council is charging Rs. 974 /- even though the private contractor is not meeting the costs. Both, the shortage in bulk availability of the supply and financial crunch in augmenting and maintaining the schemes is resulting in the inequity in supply at the level of the towns as well as within the towns to various sections of the society. The next section presents a picture of the issues and shortfalls in accessing the sufficient quantity and quality of the water.

5.3. Impact of shortages of water and funds on access, quantity and quality

5.3.1. Status of average quantity water supply in towns against norms

Most critical issue across the state has been the access to piped water supply. The state level data shows that almost 85% of the urban population has access to the piped water supply, (reference) however in terms of quantity as expressed by the liters per capita per day (lpcd) across the years the supply levels are not adequate. The table below gives a snapshot of the shortfall levels in the different selected cities in Maharashtra.

Table 5.6*LPCD levels and shortfall in various select cities in Maharashtra (2007)*

Sr. No.	Category of local body	GOI Norm [Gross lpcd including 15 per cent Unaccounted For Water (UFW)]	Satisfying Norm	Below Norm	Range of Shortfall
1.	Municipal Corporations (14 - excluding Mumbai)	177 lpcd	2	12	2 to 97 lpcd
2.	A Class Municipal Councils	83 lpcd – Towns without sewers 159 lpcd – Towns with sewers	3	15	3 to 109 lpcd
3.	B Class Municipal Councils	83 lpcd – Towns without sewers 159 lpcd – Towns with sewers	9	39	3 to 94 lpcd
4.	C Class Municipal Councils	83 lpcd – Towns without sewers 159 lpcd - towns with sewers	15	81	1 to 109 lpcd
5.	C1 Class Municipal Councils	83 lpcd -towns without sewers 159 lpcd- towns with sewers	8	58	3 to 109 lpcd

Source: State of Environment Report, 2007 by MPCB

The access to adequate water has been an issue for many towns in Maharashtra and in summer, the situation worsens. In the year of 2009, out of data collected from the newspapers (see adjacent pie-chart) for 43 towns from different parts of the state shows that more than 10 towns were receiving water once in a week, whereas three out of these 10 were receiving once in 15 days in different quantities. Remaining 35 towns were receiving water in varied intervals of 4 to 1 days.



Figure 1.9 : Supply Frequency-Classification of sample ULBs

Thus, the shortfall in provisioning of water is almost everywhere and access in sufficient quantity is highly unequal across the state.

5.3.2. General Status of quality of supply

Similarly, the quality issue is also one of the core issues, which have an important seasonality aspect. According to the Sukhtankar Committee report (2001), all 'A', 'B', 'C' class towns and municipal corporations take 136000 water samples of which approximately 10% samples failed. However, local investigation reveals that the testing equipments and the material needed for testing samples is not available in adequate quantity as well as does not match the quality standards. For example, respondents reported in Chandrapur that, even the daily collection of the water-samples largely remains ritualistic; the personnel involved in the collection of samples never follow the guidelines for collecting samples. The municipal employees also informed that testing results are not fully reliable.

5.4. Impact of shortage of funds: inequitable access within towns

Inequitable access to sufficient quantity of water is and continuing problem across the state, caused by mainly four problems — (a) Shortage in availability of the bulk water, and (b) inefficiently managed water supply systems, (c) Insufficiency of distribution network, and (d) technical flaws in the distribution system.

(a) Neglect towards conservation of local water-resources:

One of the important observations about the process geographical expansion of the cities is that kills the decentralized water supply systems in the villages. As a process of expansion of the cities, these villages get included in the municipal limits of the cities. Obviously the gram-panchayats get dissolved as the municipal jurisdictions expands. The norms for water supply immediately change as soon as villages are expanded and water demand increases by almost doubly. This process transforms their earlier decentralized supply systems and creates a load on the pre-existing urban water supply system of the town or city. In this process, local water resources such as lakes and wells remain most neglected. In fact, if managed well these resources can become essential even in meeting partial demands. However, at present there is no mechanism to ensure this.

(b) Inefficiency of distribution network:

One equally important factor for creating a negative impact on access to as well as quality of water supply is the old and damaged water supply systems. Technical guidelines suggest that the life of urban water infrastructure is in the range of 15 to 20 years. For majority of

the water supply systems in Maharashtra this life-period is over, which MWSSB constructed during the decade of 80s. Additionally, the criminal neglect to the operation and management of the schemes has resulted in increasing the severity of the issue manifold. This is resulting in high amount of physical loss of water through leaking of pipes in the distribution systems. Estimates show that almost half of the water supplied is lost due to the leakages. Further, it leads to the contamination of water by allowing entry of dirty water in the pipes that distribute through broken parts and holes in the pipes. These losses add in the shortage of water that already cities are facing.

(c) Insufficiency of distribution network :

The insufficiency of the distribution network across big and small towns, mainly in the peripheral areas is a critical issue. The local authorities have not been able to expand the existing networks to the peri-urban areas, mainly due to insufficiency of funds. For example is the town of Alibag, where the local municipal council has not been able to integrate much-needed elevated storage reservoirs in the pure water distribution network, which the MWSSB had constructed 15 years back. Similarly, many towns (including bigger cities like Pune and Nagpur) have not been able to expand their distribution network with the growing needs of the cities. Certain parts of many cities suffer from water shortages despite having adequate bulk reserves for meeting the demands of the population in Maharashtra merely due to lack of adequately laid distribution networks.

Along with the peri-urban areas, the slums are the worst hit in terms of the sufficiency of the distribution infrastructure. For example, slums in the towns such as Akola, Parbhani, Jalna, Satara, Chandrapur are receiving water either with extremely low pressure or through tankers. In cities like Jalna and Parbhani, people frequently buy water in slums, as well as colonies of economically weaker sections.

(d) Technical flaws in the distribution system:

The technical flaws in the existing distribution systems, which are in the degraded state in most cases, are also causing the inequity. To elaborate, the settlements and colonies located on high lying areas always suffer from the low-pressured supply in an absence of pressure-management. The technical persons express their inabilities to manage and maintain a uniform pressure across the distribution network, because old, rusted and decayed pipes do not have capacity to withstand the high pressure if maintained artificially using pumps. Another constraint in using pumps is that

the pumping leads to high levels of energy consumption and results in increasing the O&M costs. This leads to unequal distribution of the water within cities.

5.5. Response to the water shortages: Self-provisioning as a coping strategy

The practice of self-provisioning is widespread, as a major coping strategy to the vagaries of public water supply. The practice of using groundwater is prevalent in most towns through privately owned motored bore-wells or hand-pumps and in some cases dug-wells. Especially in the water-scarce regions in Maharashtra, the shortfall in the quantity supplied or accessed, as well as the extra quantities (than norms) used, are compensated from the ground water sources. There are also some ULBs in Maharashtra that do own bore-wells (for example Latur Municipality owns 1000 bore-wells and was about to close them under sector reforms), however, private bore-wells are in huge proportions to the publicly owned bore-wells.

Obviously, poor implementation of the 'groundwater act (1993)' leads to unavailability of the records in the ULBs about ownership of the bore-wells. GSDA too overlooks this practice in terms of monitoring the water levels to the desired extent.

5.6. Vested Interests, Political economy and Issues of Access

5.6.1. Political and economic interests and generation of sufficient revenues

Issues in local politics always aggravate the core problems in water supply such as equitable access, just allocations as well as managing the O&M expenditure, especially ensuring adequate revenues from the water services. As reported by the local informants and citizen in various towns, the recovery of the taxes is caused by many factors that can be broadly classified in to two categories (a) Political protection to defaulters. However, both these factors are interrelated and one impact on the other, and (b) Non-observance by Municipal employees to the processes such as sending tax-bills, ensuring recoveries.

Political protection to defaulters is the manifestation of the political interests of the retaining vote-bank. It was reported by the respondents that in most cases, this protection is not enjoyed by the poor alone but by the sections, which have capacity to pay the bills. Rather, the loss of the revenues is at miniscule levels from the poorer sections, but at a very high level from the giants. The economic element of interest in protecting or deliberately persuading the practice of defaulting is creating space for promoting illegal sale of water availed directly from the WTPs of municipal supply systems. Another manifestation of the economic interest also reflects in promotion of economic interests. For example, in Mumbai the cost of availing an illegal group-connection (in a ten-member group) is

Rs. 4000/ per member as a 'connection-fees'. Whereas in Jalna and Parbhani, it was reported that bore-well owners sell water to other slum-dwellers at the rate of Rs. 300 to 500 per month.

Illegal connections are rampant in majority towns also because of issues such as low-pressured supply and irregular supply timings due to both non-observances of supply-schedule as well as interventions by the local politicians to avail more water in the areas they reside or have interests.

The non-observance by municipal employees in sending tax-bills to the households arises from their disinterest due to the practice of protecting defaulters. This negatively affects the willingness and commitment of the municipal employees to observe the operation schedule, and further drags them in the nexus. Of course many a times, the nexus begins from the employees too, however, it was reported that the interests of the class three and class four employees are always smaller than the politicians and higher cadre officials.

5.6.2. Political and economic interests and utilization of own revenues

The ULB has always an option to utilize its own fund (own revenues other than water-tax) for operation and maintenance of the water supply systems, however it is grossly inadequate to satisfy the competing demands it faces from various sectors within the municipality including staff salaries. A cursory look at the expenditure pattern of ULBs own revenues show that other than the staff salaries, small capital expenditure, such as short-length inner roads, connecting pipelines to newly settled colonies to water supply, small drainage works attract entire revenue-expenditure. Thus, the operation and maintenance of the infrastructure does not draw enough money and attention in the ULBs.

5.6.3. Political and economic interests and expansion of water supply infrastructure

Another important economic dimension of the local political structure is the tanker lobby. Motored bore-wells are not affordable to poorer sections, as it requires sizable amounts of capital and operating costs for the aspiring family, and hence are owned only by middle class and upper middle class and richer classes. Poor are largely left to the alternative provisioning arrangements by the municipality, which are undertaken usually in summer season, through private tankers by following the usual practice of contracting. The state government provides a special fund through the DMA to ensure adequate emergency finance made available to ULBs for provisioning of water. District Collector oversees the process. Local politicians in majority places own these tankers, which provide water to the unconnected as well as poorer areas in the

town. For example, in Jalna and Parbhani these tankers carry the names of MLAs and local councilors even with the electoral symbols of the political party they represent. However, it was reported that the tankers also provide water to the commercial users such as Hotels, Marriage-halls, small processing units, bigger laundry-units (those which serve hotels and lodges) etc and majority of these traders buy water from the private bore-wells within or from the peripheral areas of the city but also draw water from the WTPs. This business and the stakes of the local politicians in it prevent genuine efforts of infrastructure building and system refurbishment even through government grants, as reported during the study.

The Pune Municipal Corporation set another weird example in this respect. The PMC transferred the responsibility of water supply to private building contractors and tanker-operators to supply water to the 27 villages located in peripheries of the city. As a guarantee, the building contractors submitted affidavits to the PMC. The NGOs and villagers, as building contractors, criticized this act of the PMC as contractors and tanker operators did not adhere to the terms and conditions mentioned in the affidavits. The contractors did not supply water to people adequately; instead, contractors used water mainly for constructing housing societies and colonies. Contractors also did not handover the copy of the water-affidavits to the people who resided newly in the flats they purchased in the housing colonies, thus escaped from their responsibility to provide water to people.

5.7. Municipal Capacities

Two types of issues that aggravate the problem of, (a) staff issues and (b) Inadequate vision to augment financial Resources are important in the context of the municipal capacities. Until 1990, there has been a practice of recruiting the staff locally by the municipality, and importantly, there was no standard method adapted to recruit the staff such as exams. Moreover, municipal service commissions did not represent to cadres and transfers were not possible among the staff members. Obviously, recruiting was much likely to be a close-door process and it was much likely that thus recruited employees would remain accountable to the politicians and/or the bureaucrats of the local body who opened the doors of municipal jobs for them. Employees recruited thus, have little expertise and understanding of the municipal systems as well as water supply and still promoted to the higher levels of responsibilities.

Similarly, the vision for increasing the municipal revenue, which might be an important way out for shortage of funds, is very less among the municipal authorities as well as politicians. This has affected a lot on the size of the

municipal budgets especially own funds. This is another important capacity building area.

Meanwhile, the most important drawback of the ULBs, especially small and medium towns came to front was their unwillingness to take-over schemes constructed by the MJP. The mandate of MJP, when it was assigned with the role of infrastructure building, was to handover the schemes after construction of the scheme to respective ULBs. However, did not happen with the plenty of ULBs in Maharashtra. ULBs neither-possessed capacities to operate and manage the schemes not confident of creating of capacities. The state government also failed to understand the gravity of the issues, and make adequate arrangements for the same. The low efficiency as well as the skill base of the staff, their involvement in the nexus, weak accountability towards the public, low recoveries of the water-cess, and importantly lack of clear policy frames for streamlining the support for ULBs.

6. Conclusion: Issues and Challenges Posed by Reforms

Despite all these efforts, the primary information about the status of all these 23 reforms (including the optional and mandatory) show that ULBs as far behind in implementing the reforms, despite, techno-financial reforms are pushed with immense force from the state as against the pro-poor and other governance reforms. The reasons are the same, municipal capabilities, staffing, financial health etc. The current situation of the ULBs is not at all promising to shoulder the burden of the financial reforms, as well as to cope with the private entry especially capacities to deal with local regulation issues as well as the state level regulatory processes, if introduced.

Moreover, important reforms such as the structural and administrative reforms are also observed to be slow in various towns in Maharashtra. The progress of building cadres of officials within the ULBs as per the staff configuration provided by the DMA is awfully sluggish due to rigid and non performance oriented structures. Thus, even after five years of JNNURM regime, the ULBs are struggling with the same issues, as those are listed in section 4 of this chapter and there is very little difference.

The State Institute of Urban Development, YASHADA, (state training centre for building capacities of bureaucracy in the state) is making efforts in building capacities of the ULB officials especially focusing on training in legal, administrative and financial aspects. Similarly, the state government has also launched an activity for capacity building and training of the ULBs in double entry accounting systems by appointing private firms and a few ULBs such as Baramati and Chiplun already achieved it.

Despite these efforts, a major challenge ULBs are facing is a complete absence of a vibrant and competitive private sector to take part in PPPs on one hand, and danger of huge financial burdens and citizen opposition over the issue affordability due to implementation of the concept of user charges. To cover the issue of viability of projects in PPPs, the central finance ministry has already come out with the viability gap funding

scheme, however, state PPP cell and WSSD could not yet make use of it, even in case of SMTs.

Similarly, reforms cannot be spearheaded without strong support of a regulatory agency to facilitate and deal with the issues in service standards as well as the managing the relationships among the private and public entities. The Maharashtra development report 2009, recommends strongly a Water and wastewater regulatory commission. In April 2010, the Maharashtra state government has already made a declaration about establishing such an authority that includes other municipal services other than water and wastewater.

Importantly, what is lacking is the promotional drives for implementing pro-poor reforms in water sector that can do away with the factors in local political economy which is one of the roots to the inequity in accessing and availing water in urban areas across classes. The reforms, primarily focusing on the techno-economic rationalities of efficiency and financial self-sustainability are grossly inadequate to provide answers to issues of affordability that has created by the concepts such as user charges and a telescopic rate structure, which is evident from the public protests the ULBs are facing in different cities such as Latur. Important reforms, such as community participation law, Public disclosure law are being put on the backburner preventing the possibilities of the citizen participation in the local decision-making.

Thus, there is a great need to align the reforms properly with the various challenges coming from the earlier piece-meal approaches, shortages of bulk water as well as the stakes and interest in the political economy. Mere persuasion of the private-sector participation will not be sufficient for addressing these challenges of access, quantity and quality issues.



Annexure 1.1 a.i

Municipal Corporations 22							
No.	Name of the city	District	Number of Projects under BSUP	Number of Projects under UIG	Number of Projects under IHSDP	Number of Projects under UIDSSMT	Total Number of Projects under JNNURM Regime
KOKAN DIVISION							
1	Mumbai	Mumbai	5	7			12
2	Thane	Thane	3	8			11
3	Navi Mumbai	Thane	1	3			4
4	Kalyan-dombivali	Thane	3	4			7
5	Bhiwandi-Nizampur	Thane			2		2
6	Ulhasnagr	Thane	1	1			2
7	Mira-Bhayander	Thane	1	1			2
PUNE DIVISION							
8	Pune	Pune	9	12			21
9	Pimpari-Chichwad	Pune	11	8			19
10	Sangali-Miraz-kupwada	Sangli			3	1	4
11	Kolhapur	Kolhapur			2	3	5
12	Solapur	Solapur			1	1	2
NASIK DIVISION							
13	Nasik	Nasik	8	6			14
14	Ahmednagar	Ahmednagar				2	2
15	Malegaon	Nasik			8	1	9
16	Jalgaon	Jalgaon					0
17	Dhule	Dhule			1		1
AURANGABAD DIVISION							
18	Aurangabad	Aurangabad			1	1	2
19	Nanded -Waghala	Nanded	11	11			22
AMARAVATI DIVISION							
20	Amaravati	Amravati			3	1	4
21	Akola	Akola			3	1	4
NAGPUR DIVISION							
22	Nagpur	Nagpur	10	17			27
TOTAL			63	78	24	11	176

Annexure 1.1 a.ii

Class "A" Municipal Councils -18							
No.	Name of ULBs	District	Number of Projects under BSUP	Number of Projects under UIG	Number of Projects under IHSDP	Number of Projects under UIDSSMT	Total Number of Projects under JNNURM Regime
KOKAN DIVISION							
1	Virar	Thane					0
2	Ambarnath	Thane	1				1
3	Nalasopara	Thane					0
4	Navghar-Manikpur	Thane					0
5	Panvel	Raigad				1	1
PUNE DIVISION							
7	Satara	Satara			1	1	2
8	Barshi	Pune			1		1
9	Ichalkaranji	Kolhapur			1	1	2
NASIK DIVISION							
6	Bhusaval	Jalgaon					0
AURANGABAD DIVISION							
10	Parabhani	Parbhani			1	1	2
11	Jalana	Jalana			1	1	2
12	Latur	Latur			1	6	7
13	Beed	Beed				1	1
AMRAVATI DIVISION							
14	Achalpur	Amravati			1	1	2
15	Yawatmal	Yawatmal			1	1	2
NAGPUR DIVISION							
16	Gondiya	Gondiya				1	1
17	Wardha	Wardha			1		1
18	Chandrapur	Chandrapur			1	1	2
TOTAL			1		10	16	27

Annexure 1.1 a.iii

Class "B" Municipal Councils- 62							
No	Name of ULBs	District	Number of Projects under BSUP	Number of Projects under UIG	Number of Projects under IHSDP	Number of Projects under UIDSSMT	Total Number of Projects under JNNURM Regime
KOKAN DIVISION							
1	Vasai	Thane					0
2	Dahanu	Thane					0
3	Kulgoan-Badalapur	Thane	1	1			2
4	Palghar	Thane					0
5	Khopoli	Raigad				1	1
6	Ratnagiri	Ratnagiri					0
7	Chiplun	Ratnagiri				1	1
PUNE DIVISION							
8	Baramati	Pune			1	1	2
9	Lonavala	Pune			1		1
10	Talegoan-Dabhade	Pune					0
11	Dound	Pune			1	1	2
12	Islampur	Sangli			1	1	2
13	Vita	Sangli				1	1
14	Karad	Satara			1	1	2
15	Phaltan	Satara			1	1	1
16	Pandharpur	Solapur				1	1
17	Jaysingpur	Kolhapur			1	1	2
NASIK DIVISION							
18	Yevala	Nasik			1	1	2
19	Manmad	Nasik				1	1
20	Shrirampur	Ahmednagar			2	1	3
21	Sangmaner	Ahmednagar				1	1
22	Kopargoan	Ahmednagar			1		1
23	Nandurbar	Nandurbar				1	1
24	Shahada	Nandurbar				1	1
25	Shirpur-Varwade	Dhule			1	1	2
26	Dondaicha- Varwade	Dhule			2		2
27	Amalner	Jalgaon			1	1	2

28	Chopada	Jalgaon			1	1	2
29	Chalisgaon	Jalgaon				1	1
30	Pachora	Jalgaon				1	1
AURANGABAD DIVISION							
31	Sillod	Aurangabad				1	1
32	Gangakhed	Parabhani					0
33	Hingoli	Hingoli			2	1	3
34	Basmatnagar	Hingoli				1	1
35	Deglur	Nanded					0
36	Udgir	Latur					0
37	Usmanabad	Usmanabad			1	1	2
38	Ambejogai	Beed				1	1
39	Parali-vaijunath	Beed					0
40	Majalgaon	Beed					0
AMARAVATI DIVISION							
41	Buldhana	Buldhana					1
42	Khamgoan	Buldhana			1	1	2
43	Malakapur	Buldhana			1		1
44	Shegoan	Buldhana				1	1
45	Chikhali	Buldhana					0
46	Anjangoan-Surji	Amaravati			1		1
47	Warud	Amaravati			1		1
48	Pusad	Yavatmal				1	1
49	Vani	Yavatmal					0
50	Karanja	Washim			1		1
51	Washim	Washim			1	1	2
52	Aakot	Akola				1	1
NAGPUR DIVISION							
53	Kamapthi	Nagpur					0
54	Umared	Nagpur			1	1	2
55	Bhandara	Bhandara			1		1
56	Tumsar	Bhandara			1		1
57	Aarvi	Wardha			1	1	2
58	Hinganghat	Wardha			1		1
59	Ballarpur	Chandrapur					0
60	Warora	Chandrapur					0
61	Bhadravati	Chandrapur				1	1
62	Gadchiroli	Gadchiroli					0
TOTAL			1	1	30	34	66

Annexure 1.1 a.iv

Class "C" Municipal Councils - 142							
No.	Name of ULBs	District	Number of Projects under BSUP	Number of Projects under UIG	Number of Projects under IHSDP	Number of Projects under UIDSSMT	Total Number of Projects under JNNURM Regime
KOKAN DIVISION							
1	Jawhar	Thane					0
2	Alibag	Raigad				1	1
3	Mahad	Raigad					0
4	Pen	Raigad				1	1
5	Roha	Raigad					0
6	Uran	Raigad					0
7	Murud- Janjira	Raigad					0
8	Shrivardhan	Raigad					0
9	Matheran	Raigad					0
10	Karjat	Raigad					0
11	Khed	Ratnagiri					0
12	Rajapur	Ratnagiri					0
13	Sawantwadi	Sindhudurg			1		1
14	Vengurla	Sindhudurg				1	1
15	Malvan	Sindhudurg				1	1
PUNE DIVISION							
16	Indapur	Pune					0
17	Shirur	Pune				1	1
18	Jejuri	Pune					0
19	Bhor	Pune				1	1
20	Saswad	Pune					0
21	Aalandi	Pune			1		1
22	Junnar	Pune				1	1
23	Aashta	Sangli			1	1	2
24	Tasgaon	Sangli			1	1	2
25	Rahimatpur	Satara				1	1

26	Mhasvada	Satara					0
27	Wai	Satara			1		1
28	Panchgani	Satara				1	1
29	Mahabaleshwar	Satara					0
30	Karmala	Solapur				1	1
31	Sangola	Solapur				1	1
32	Akkalkot	Solapur			1		1
33	Mangalvedha	Solapur				1	1
34	Maindargi	Solapur					0
35	Dudhani	Solapur					0
36	Kudurvadi	Solapur				1	1
37	Malkapur	Kolhapur					0
38	Murgood	Kolhapur					0
39	Wadgaon	Kolhapur			1	1	2
40	Gadhinglaj	Kolhapur				1	1
41	Kurundavad	Kolhapur					0
42	Kagal	Kolhapur					0
43	Panhala	Kolhapur					0
NASIK DIVISION							
44	Igatpuri	Nasik					0
45	Nandgoan	Nasik					0
46	Sinnar	Nasik					0
47	Trimbak	Nasik					0
48	Bhagur	Nasik					0
49	Satana	Nasik					0
50	Rahuri	Ahmednagar					0
51	Rahata	Ahmednagar					0
52	Shrigonda	Ahmednagar					0
53	Devlali-Pravara	Ahmednagar			1		1
54	Pathardi	Ahmednagar					0
55	Taloda	Nandurbar					0
56	Navapur	Nandurbar					0
57	Faizpur	Jalgaon					0
58	Yaval	Jalgaon					0
59	Raver	Jalgaon					0

60	Savada	Jalgaon					0
61	Parola	Jalgaon				1	1
62	Dharangaon	Jalgaon					0
63	Erandol	Jalgaon					0
64	Jamner	Jalgaon			1	1	2
AURANGABAD DIVISION							
65	Paithan	Aurangabad					0
66	Vaijapur	Aurangabad			1	1	2
67	Gangapur	Aurangabad			1		1
68	Khuldabad	Aurangabad					0
69	Kannad	Aurangabad			1		1
70	Sonpeth	Parbhani				1	1
71	Purna	Parbhani					0
72	Manvat	Parbhani					0
73	Selu	Parbhani				1	1
74	Jintur	Parbhani				1	1
75	Pathari	Parbhani			1	1	2
76	Kalmanuri	Hingoli					0
77	Ambad	Jalna			1	1	2
78	Bhokardan	Jalna			1		1
79	Partur	Jalna			1		1
80	Biloli	Nanded					0
81	Umari	Nanded					0
82	Mudakhed	Nanded			1		1
83	Kandhar	Nanded					0
84	Hadgaon	Nanded				1	1
85	Dharmabad	Nanded					0
86	Kundalvadi	Nanded					0
87	Mukhed	Nanded					0
88	Kinvat	Nanded					0
89	Loha	Nanded					0
90	Ahmadpur	Latur					0
91	Nilanga	Latur					0
92	Ausa	Latur					0
93	Tuljapur	Usmanabad					0

94	Umaraga	Usmanabad					0
95	Bhoom	Usmanabad					0
96	Paranda	Usmanabad					0
97	Murum	Usmanabad					0
98	Naldurga	Usmanabad			1		1
99	Kalamb	Usmanabad					0
100	Gevrai	Beed			1		1
101	Dharur	Beed					0
AMARAVATI DIVISION							
102	Jalgaon-Jamod	Buldhana					0
103	Mehkar	Buldhana					0
104	Nandura	Buldhana					0
105	Deulgaon-Raja	Buldhana			1		1
106	Lonar	Buldhana			1		1
107	Sindkhedraja	Buldhana			1		1
108	Morshi	Amravati					0
109	Daryapur	Amravati					0
110	Chandur railway	Amravati			1		1
111	Chandurbazar	Amravati			1		1
112	Dhamangaon	Amravati					0
113	Shendurajana	Amravati			1		1
114	Chikhaldara	Amravati					0
115	Daravha	Yavatmal			1		1
116	Ghatanji	Yavatmal					0
117	Digras	Yavatmal					0
118	Umarkhed	Yavatmal					0
119	Pandharkavda	Yavatmal			1		1
120	Mangarulpeer	Washim					0
121	Risod	Washim			1		1
122	Telhara	Akola				1	1
123	Balapur	Akola				1	1
124	Patur	Akola					0
125	Murtijapur	Akola			1	1	2
NAGPUR DIVISION							

126	Ramtek	Nagpur			1		1
127	Khapa	Nagpur			1		1
128	Kalmeshwar	Nagpur			1		1
129	Mowad	Nagpur					0
130	Savner	Nagpur			1	1	2
131	Katol	Nagpur			1	1	2
132	Narkhed	Nagpur			1		1
133	Mohapa	Nagpur			1		1
134	Pawani	Bhandara			2		2
135	Tirora	Gondiya			2		2
136	Pulgaon	Wardha			1		1
137	Devali	Wardha			1		1
138	Sindi	Wardha					0
139	Mool	Chandrapur					0
140	Bramhapuri	Chandrapur					0
141	Rajura	Chandrapur			1		1
142	Desaiganj	Gadchiroli			1		1
TOTAL					44	31	75

Annexure 1.1 a.v

Nagar Panchayts – 3							
No	Name of ULBs	District	Number of Projects under BSUP	Number of Projects under UIG	Number of Projects under IHSDP	Number of Projects under UIDSSMT	Total Number of Projects under JNNURM Regime
KOKAN DIVISION							
1	Dapoli	Ratnagiri				1	1
2	Kanakavali	Sindhudurg					0
PUNE DIVISION							
3	Malkapur	Satara					0
NASIK DIVISION							
4	Shirdi	Ahmadnagar				1	1
TOTAL						2	2

Annexure 1.1b

District	Number of Projects				
	BSUP	UIG	IHSDP	UIDSSMT	Total
Mumbai	5	7			12
Thane	11	18	2		31
Raigad				4	4
Ratnagiri				2	2
Sindhudurg			1	2	3
Konkan Div.	16	25	3	8	52
Nashik	8	6	9	3	26
Dhule			4	1	5
Nandurbar				2	2
Jalgaon			3	6	9
Ahmadnagar			4	5	9
Nashik Div	8	6	20	17	51
Pune	20	20	5	5	50
Satara			4	5	9
Sangli			6	5	11
Solapur			2	6	8
Kolhapur			5	7	12
Pune Div	20	20	22	28	90
Aurangabad			4	3	7
Jalna			4	2	6
Parbhani			2	5	7
Hingoli			2	2	4
Bid			1	2	3
Nanded	11	11	1	1	24
Osmanabad			2	1	3
Latur			1	6	7
Aurangabad Div	11	11	17	22	61
Buldana			5	2	7
Akola			4	5	9
Wasim			3	1	4
Amravati			9	2	11
Yavatmal			3	2	5
Amravati Div	0	0	24	12	36
Wardha			5	1	6
Nagpur	10	17	8	3	38
Bhandara			4		4
Gondiya			2	1	3
Chandrapur			2	2	4
Gadchiroli			1		1
Nagpur Div	10	17	22	7	56
Maharashtra	65	79	108	94	346

Annexure 2.1

List of Urban Local Bodies in Maharashtra

Municipal Corporations 22					
No.	Name of the city	Date of Formation of UL B	Population as per Census 2001	Electe Councilors Till 2002	
				Elected Members	Seats reserved for women
KOKAN DIVISION					
1	Mumbai	The Corporation was established on 18th Feb. 1873	11978450	227	76
2	Thane	The Corporation was established on 2nd October 1982	1262551	116	39
3	Navi Mumbai	The Corporation was established Later in 1992	703947	66	22
4	Kalyan-dombivali	The Corporation was established on 2nd October 1983	1193366	96	32
5	Bhiwandi-Nizampur	The Council was established in the Year 1865 and in the beginning of the year 2002 it was transformed in to the Corporation.	598703	84	28
6	Ulhasnagr	The council was established in 1960	472943	76	26
7	Mira-Bhayander	The council was established on the 12th of June 1985	520301	79	27
PUNE DIVISION					
8	Pune	The Corporation was established in 1950	2540069	146	49
9	Pimpri-Chichwad	The Corporation was established in 1982	1012472	105	35
10	Sangali-Miraz-kupwada	Not found	436781	68	22

11	Kolhapur	The Corporation was established on 15th December 1972	493167	72	24
12	Solapur	The Council was established in the Year 1925 and it was transformed in to the Corporation in 1964.	872478	98	33
NASHIK DIVISION					
13	Nasik	The Corporation was established in 1982	1077236	108	36
14	Ahmednagar	The municipal council was established in 1854. Ahmednagar Municipal Corporation came to be established in 2003.	307615	64	21
15	Malegoan	The municipal council was established in 1863.	409403	72	24
16	Jalgoan	The council was established in 1864.	368618	55	19
17	Dhule	The council was established in 1860.	341755	65	22
AURANGABAD DIVISION					
18	Aurangabad	The Corporation was established in 1982.	873311	83	27
19	Nanded -Waghala	The council was established in 1933.	430733	65	21
AMARAVATI DIVISION					
20	Amaravati	The Corporation was established on 15th Aug. 1983.	549510	81	27
21	Akola	Not found	400520	71	24
NAGPUR DIVISION					
22	Nagpur	The Corporation was established in 1864	2052066	136	46
Class A Municipal Councils					
KOKAN DIVISION					
1	Virar	The council was established on 31st May 1985	118928	40	14

2	Ambernath	The council was established in the May1959	203804	41	14
3	Nalasopara	The council was established on 25th Jan. 1990	184538	27	7
4	Navghar-Manikpur	The council was established on 5th May 1994	116723	26	9
5	Panvel	The council was established in 1852	104058	38	13
PUNE DIVISION					
6	Satara	The council was established on 1st Aug, 1853.	108048	39	13
7	Barshi	The council was established on 24th august 1865.	104785	38	13
8	Ichalkaranji	The council was established in 1893	257610	58	19
NASHIK DIVISION					
9	Bhusaval	Not found	172372		
AURANGABAD DIVISION					
10	Parabhani	The council was established in 1952.	259329	58	19
11	Jalana	The council was established in 1933.	2355795	54	18
12	Latur	The council was established in 1935.	299985	63	21
13	Beed	The council was established in 1952.	138196	43	13
AMRAVATI DIVISION					
14	Achalpur	The council was established in 1869.	107316	39	13
15	Yawatmal	The council was established in 1893.	120676	41	14
NAGPUR DIVISION					
16	Gondiya	The council was established in 1919.	120902	41	14
17	Wardha	The council was established in 1874.	111118	39	13

18	Chandrapur	The council was established in 1877.	289450	63	21
Class "B" Municipal Councils- 62					
KOKAN DIVISION					
1	Vasai Thane	The council was established on 26TH May 1864	49337	24	8
2	Dahanu Thane	The council was established on 31st May 1985.	44401	19	6
3	Kulgoan-Badalapur Thane	The council was established on 14th April 1992	97948	25	8
4	Palghar Thane	The council was established on 18th Sept 1998	52677	19	6
5	Khopoli Raigad	The council was established on 4th July 1970.	58664	30	9
6	Ratnagiri Ratnagiri	The council was established in 1876.	70383	29	10
7	Chipalun Ratnagiri	The council was established in 1876	46229	20	8
PUNE DIVISION					
8	Baramati Pune	The council was established in 1865.	51334	25	9
9	Lonavala Pune	The council was established in 1872.	55652	26	9
10	Talegoan-Dabhade Pune	The council was established in 1884.	42578	23	7
11	Dound Pune	The council was established in 1937.	42204	23	8
12	Islampur Sangali	The council was established in 1853.	58330	27	9
13	Vita Sangali	The council was established in 1854.	41804	23	8
14	Karad Satara	The council was established in 1855.	56161	39	13
15	Phaltan Satara	The council was established in 1868.	50800	25	9

16	Pandharpur Solapur	The council was established in 1853.	91381	33	11
17	Jaysingpur Kolhapur	The council was established in 1942.	43067	24	8
NASHIK DIVISION					
18	Yevala Nasik	The council was established in 1858.	43207	23	6
19	Manmad Nasik	The council was established in 1927.	72401	27	11
20	Shrirampur Ahmednagr	The council was established in 1947.	81255	31	10
21	Sangmaner Ahmednagar	The council was established in 1860	61958	27	9
22	Kopargoan Ahmednagar	The council was established in 1947.	59970	27	9
23	Nandurbar Nadurbar	The council was established in 1865.	94368	30	10
24	Shahada Nandurbar	The council was established in 1869.	49696	24	8
25	Shirpur-Varwade Dhule	The council was established in 1869.	61694	27	9
26	Dondaicha- Varwade Dhule	The council was established on 7th June 1952	42436	23	8
27	Amalner Jalgoan	The council was established in 1864.	91490	33	11
28	Chopada Jalgoan	The council was established in 1870.	60865	27	9
29	Chalisingaon Jalgoan	The council was established in 1919.	91110	33	11
30	Pachora Jalgoan	The council was established in 1947.	45333	24	9
AURANGABAD DIVISION					
31	Sillod Aurangabad	The council was established in 1990.	43867	18	6
32	Gangakhed Parabhani	The council was established in 1952.	40428	23	8
33	Hingoli Hingoli	The council was established in 1952.	69432	29	10
34	Basmatnagar Hingoli	The council was established in 1952.	57365	24	8

35	Deglur Nanded	The council was established in 1954.	48028	25	8
36	Udgir Latur	The council was established in 1953.	91933	33	11
37	Usmanabad Usmanabad	The council was established in 1933.	80612	31	11
38	Ambejogai Beed	The council was established in 1952.	69478	29	10
39	Parali-vaijunath Beed	The council was established in 1954.	88537	33	11
40	Majalgoan Beed	The council was established in 1954.	44029	23	8
AMARAVATI DIVISION					
41	Buldhana Buldhana	The council was established in 1892.	62972	28	9
42	Khamgoan Buldhana	The council was established in 1867.	88687	33	11
43	Malakapur Buldhana	The council was established in 1906.	61012	27	9
44	Shegoan Buldhana	The council was established on 10th Feb.1887	52423	25	9
45	Chikhali Buldhana	The council was established in 1930.	48428	25	9
46	Anjangoan-Surji Amaravati	The council was established in 1930.	51170	25	8
47	Warud Amaravati	The council was established in 1937.	41,005	23	8
48	Pusad Yavatmal	The council was established in 1931.	67166	28	9
49	Vani Yawatmal	The council was established in 1925.	52834	26	9
50	Karanja Washim	The council was established in 1895.	60158	31	9
51	Washim - Washim	The council was established in 1887.	62956	28	9
52	Aakot - Akola	The council was established in 1987.	80726	31	10
NAGPUR DIVISION					
53	Kamapthi Nagpur	The council was established in 1827.	84340	31	11

54	Umared Nagpur	The council was established in 1897.	49573	25	8
55	Bhandara Bhandara	The council was established in 1867.	85213	32	11
56	Tumsar Bhandara	The council was established in 1867.	42021	23	8
57	Aarvi - Wardha	The council was established in 1865.	40575	21	7
58	Hinganghat Wardha	The council was established in 1867.	92342	33	11
59	Ballarpur Chandrapur	The council was established in 1949.	89995	33	11
60	Warora Chandrapur	The council was established in 1867.	41971	23	8
61	Bhadravati Chandrapur	The council was established in 1997.	56903	24	8
62	Gadchiroli Gadchiroli	The council was established in 1985.	42468	23	8
Class "C" Municipal Councils – 142					
KOKAN DIVISION					
1	Jawhar - Thane	This council was established on 1st Sept. 1918.	11298	18	6
2	Alibag - Raigad	This council was established in 1864	19496	17	6
3	Mahad - Raigad	This council was established in 1866.	24276	17	6
4	Pen - Raigad	This council was established in 1865.	30201	19	6
5	Roha - Raigad	This council was established on 16th Feb. 1886.	19071	17	6
6	Uran - Raigad	This council was established on 1st March 1867.	23251	17	6
7	Murud- Janjira Raigad	This council was established in 1888.	12552	17	6
8	Shrivardhan Raigad	This council was established in 1888.	15186	17	6

9	Matheran - Raigad	This council was established on 1st May 1905	5139	17	6
10	Karjat - Raigad	This council was established in 1992.	25531	17	6
11	Khed - Ratnagiri	This council was established in 1940.	13813	17	6
12	Rajapur- Ratnagiri	This council was established in 1940.	10499	17	6
13	Sawantwadi Sindhudurg	This council was established in on 1st Jan 1878.	22901	17	6
14	Vengurla Sindhudurg	This council was established in 1876.	12471	17	6
15	Malvan Sindhudurg	This council was established in 1918.	18680	17	6
PUNE DIVISION					
16	Indapur - Pune	This council was established in 1865.	21592	17	6
17	Shirur - Pune	This council was established in 1868.	26999	18	6
18	Jejuri - Pune	This council was established in 1868.	12000	17	6
19	Bhor - Pune	This council was established in 1885.	17886	17	6
20	Saswad - Pune	This council was established in 1869.	26689	17	6
21	Aalandi - Pune	This council was established in 1869.	17565	17	6
22	Junnar - Pune	This council was established in 1860.	24741	17	6
23	Aashta - Sangli	This council was established in 1853	33203	20	7
24	Tasgaon - Sangli	This council was established in 1865.	33457	20	7
25	Rahimatpur Satara	This council was established in 1853.	16554	17	6
26	Mhasvada Satara	This council was established in 1857.	20500	17	6
27	Wai - Satara	This council was established in 1856.	31110	19	6

28	Panchgani Satara	This council was established in 1910.	13280	17	6
29	Mahabaleshwar Satara	This council was established in 1885.	12737	17	6
30	Karmala Solapur	This council was established in 1867.	21928	33	11
31	Sangola Solapur	This council was established in 1855.	28116	18	6
32	Akkalkot Solapur	This council was established in 1904.	38213	21	7
33	Mangalvedha Solapur	This council was established in 1872	21706	17	6
34	Maindargi Solapur	This council was established in 1889.	12148	17	6
35	Dudhani Solapur	This council was established in 1910.	11754	17	6
36	Kudurvadi Solapur	This council was established on 1st April 1954.	22777	17	6
37	Malkapur Kolhapur	This council was established in 1884.	5504	17	6
38	Murgood Kolhapur	This council was established in 1921.	9204	17	6
39	Wadgaon Kolhapur	This council was established on 1st August 1887.	22758	17	6
40	Gadhinglaj Kolhapur	This council was established in 1887.	25357	17	6
41	Kurundavad Kolhapur	This council was established in 1883.	21327	17	6
42	Kagal Kolhapur	This council was established in 1909.	23776	17	6
43	Panhala Kolhapur	This council was established on 1st Jan 1954.	3452	17	6
NASIK DIVISION					
44	Igatpuri -	This municipal council was established in 1868.	31539	17	6
45	Nandgoan Nashik	This municipal council was established in 1921.	23195	17	6

46	Sinnar Nashik	This municipal council was established in 1860.	31630	19	6
47	Trimbak Nashik	This municipal council was established in 1854.	9804	17	6
48	Bhagur Nashik	This municipal council was established on 1st October 1925.	12457	17	6
49	Satana Nashik	This municipal council was established in 1954.	32561	21	7
50	Rahuri Ahmednagar	This municipal council was established in 1972.	34476	20	7
51	Rahata Ahmednagar	This municipal council was established on 12th November 1987.	19019	17	6
52	Shrigonda Ahmednagar	This municipal council was established on 10th Jan 1990.	26324	17	6
53	Devlali-Pravara Ahmednagar	This municipal council was established on 15th Feb 1983.	30340	18	6
54	Pathardi Ahmednagar	This municipal council was established in 1985.	19532	17	6
55	Taloda Nandurbar	This municipal council was established in 1867.	25036	17	5
56	Navapur Nandurbar	This municipal council was established in 1982.	29979	17	6
57	Faizpur - Jalgaon	This municipal council was established in 1889.	23685	17	6
58	Yaval - Jalgaon	This municipal council was established in 1884.	31803	19	7
59	Raver - Jalgaon	This municipal council was established in 1892.	25993	17	6
60	Savada - Jalgaon	This municipal council was established in 1883.	19332	17	6
61	Parola - Jalgaon	This municipal council was established in 1964.	34799	20	7
62	Dharangaon Jalgaon	This municipal council was established in 1860.	33625	19	7
63	Erandol	This municipal council was established in 1866.	30120	19	6

64	Jamner - Jalgaon	Not found	36386		
AURANGABAD DIVISION					
65	Paithan Aurangabad	This municipal council was established on 27th Feb.1954.	34518	20	7
66	Vaijapur Aurangabad	This municipal council was established in 1954.	37064	21	7
67	Gangapur Aurangabad	This municipal council was established in 1943.	22325	17	6
68	Khuldabad Aurangabad	This municipal council was established in 1954.	12794	17	6
69	Kannad Aurangabad	This municipal council was established in 1954.	34403	20	7
70	Sonpeth - Parbhani	This municipal council was established in 1952.	13022	18	6
71	Purna - Parbhani	This municipal council was established in 1944.	33225	20	7
72	Manvat - Parbhani	This municipal council was established in 1954.	29218	18	6
73	Selu - Parbhani	This municipal council was established in 1954.	39851	22	7
74	Jintur - Parbhani	This municipal council was established in 1953.	38112	21	7
75	Pathari - Parbhani	This municipal council was established in 1954.	38112	19	7
76	Kalmanuri - Hingoli	This municipal council was established in 1953.	20632	17	6
77	Ambad - Jalna	This municipal council was established in 1953.	26108	17	6
78	Bhokardan - Jalna	This municipal council was established in 1944.	16950	17	6
79	Partur - Jalna	This municipal council was established in 1952.	29012	17	6
80	Biloli - Nanded	This municipal council was established in 1954.	13433	17	6
81	Umari - Nanded	This municipal council was established in 1942.	11151	17	6
82	Mudakhed Nanded	This municipal council was established in 1953.	18700	17	6

83	Kandhar - Nanded	This municipal council was established in 1945.	20772	17	6
84	Hadgaon - Nanded	This municipal council was established in 1943.	23339		
85	Dharmabad - Nanded	This municipal council was established in 1950.	29951	19	6
86	Kundalvadi - Nanded	This municipal council was established in 1946.	14334	17	6
87	Mukhed - Nanded	This municipal council was established in 1953.	25933	17	6
88	Kinvat - Nanded	This municipal council was established in 1946.	24878	17	6
89	Loha - Nanded	This municipal council was established in 1987.	20148	17	6
90	Ahmadpur - Latur	This municipal council was established in 1952.	35805	21	7
91	Nilanga - Latur	This municipal council was established in 1944.	31662	19	7
92	Ausa - Latur	This municipal council was established in 1952.	30876	19	6
93	Tuljapur Usmanabad	This municipal council was established in 1952.	31706	19	7
94	Umaraga Usmanabad	This municipal council was established in 1951.	30178	19	6
95	Bhoom Usmanabad	This municipal council was established in 1946.	17509	17	6
96	Paranda Usmanabad	This municipal council was established in 1946.	16990	17	6
97	Murum Usmanabad	This municipal council was established in 1939.	17237	17	6
98	Naldurga Usmanabad	This municipal council was established in 1955.	15989	17	6
99	Kalamb Usmanabad	This municipal council was established in 1954.	23022	17	6
100	Gevrai - Beed	This municipal council was established in 1954.	28492	18	6
101	Dharur - Beed	This municipal council was established in 1952.	18338	17	6
AMARAVATI DIVISION					
102	Jalgaon-Jamod Buldhana	This municipal council was established in 1924.	26282	17	6

103	Mehkar - Buldhana	This municipal council was established in 1929.	37715	21	7
104	Nandura Buldhana	This municipal council was established in 1930.	37469	21	7
105	Deulgaon-Raja Buldhana	This municipal council was established in 1949.	24372	17	6
106	Lonar - Buldhana	This municipal council was established in 1987.	20082	17	6
107	Sindkhedraja Buldhana	This municipal council was established in 1987.	13941	17	6
108	Morshi - Amravati	This municipal council was established in 1937.	33607	20	7
109	Daryapur Amravati	This municipal council was established in 1937.	34397	20	7
110	Chandur Railway Amravati	This municipal council was established on 15th Aug. 1948.	17719	17	6
111	Chandurbazar Amravati	This municipal council was in 1948.	17635	17	6
112	Dhamangaon Amravati	This municipal council was in 1940.	21426	17	6
113	Shendurajana Amravati	This municipal council was in 1948.	21083	17	6
114	Chikhaldara Amravati	This municipal council was in 1948.	4711	17	6
115	Daravha - Yavatmal	This municipal council was in 1931.	22366	17	6
116	Ghatanji - Yavatmal	This municipal council was in 1948.	19347	17	6
117	Digras - Yavatmal	This municipal council was in 1925.	39178	22	7
118	Umarkhed Yavatmal	This municipal council was in 1939.	34059	20	7
119	Pandharkavda Yavatmal	This municipal council was in 1931.	26572	17	6
120	Mangarulpeer Washim	This municipal council was in 1959.	27815	18	6
121	Risod - Washim	This municipal council was in 1989.	27516	17	6
122	Telhara - Akola	This municipal council was in 1952.	18906	17	6

123	Balapur - Akola	This municipal council was in 1934.	39502	21	7
124	Patur - Akola	This municipal council was in 1956.	20538	17	6
125	Murtijapur - Akola	This municipal council was in 1915.	38554	22	7
NAGPUR DIVISION					
126	Ramtek - Nagpur	This municipal council was in 1867.	22516	17	6
127	Khapa - Nagpur	This municipal council was in 1867.	14972	17	6
128	Kalmeshwar Nagpur	This municipal council was in 1865.	17331	17	6
129	Mowad - Nagpur	This municipal council was in 1867.	8737	17	6
130	Savaner - Nagpur	This municipal council was in 1867.	26712	17	6
131	Katol - Nagpur	This municipal council was in 1919.	37435	21	7
132	Narkhed - Nagpur	This municipal council was in 1948.	21537	17	6
133	Mohapa - Nagpur	This municipal council was in 1953.	7068	17	6
134	Pawani - Bhandara	This municipal council was in 1867.	22587	17	6
135	Tirora - Gondiya	This municipal council was in 1956.	22529	17	6
136	Pulgaon - Wardha	This municipal council was in 1902.	36522	19	7
137	Devali - Wardha	This municipal council was in 1867.	15878	17	6
138	Sindi - Wardha	This municipal council was in 1940.	13052	17	6
139	Mool - Chandrapur	This municipal council was in 1987.	22330	17	6
140	Bramhapuri Chandrapur	This municipal council was in 1990.	31207	17	6
141	Rajura - Chandrapur	This municipal council was in 1954.	25843	17	6
142	Desaiganj Gadchiroli	This municipal council was in 1961.	24793	17	6

Nagar Panchayts – 3					
KOKAN DIVISION					
1	Dapoli - Ratnagiri	This was constituted in 1999.	13848	17	6
2	Kanakavali Sindhudurg	Not found	14625	Not found	
PUNE DIVISION					
3	Malkapur - (Satara)	This was established in 2009	32000	Not found	
NASIK DIVISION					
4	Shirdi Ahmadnagar	This was constituted on 10th Jan 1990.	15129	17	6

Source: Performance Budget of Urban Development Department 2008-09, a book 'Urban Maharashtra: An Overview written by Somnath Patil, Census 2001

Annexure 2.2

“C class” Municipal Councils having population less than 25000

No.	Name of Municipal Councils	Population as per 2001 census	No.	Name of Municipal Councils	Population as per 2001 census
KOKAN DIVISION			AURANGABAD DIVISION		
1	Malvan Sindhudurg	18680	41	Gangapur Aurangabad	22325
2	Vengurla Sindhudurg	12471	42	Khuldabad* Aurangabad	12794
3	Rajapur Ratnagiri	10499	43	Sonpeth Parbhani	13022
4	Sawantwadi Sindhudurg	22901	44	Kalmanuri Hingoli	20632
5	Roha Raigad	19071	45	Bhokardan Jalna	16950
6	Khed Ratnagiri	13813	46	Hadgaon Nanded	23339
7	Uran Raigad	23251	47	Kinvat Nanded	24878
8	Murud- Janjira Raigad	12552	48	Loha Nanded	20148
9	Shrivardhan Raigad	15186	49	Kundalvadi Nanded	14334
10	Matheran * Raigad	5139	50	Biloli Nanded	13433
11	Jawhar Thane	11298	51	Umari Nanded	11151
12	Alibag Raigad	19496	52	Mudakhed Nanded	18700
13	Mahad Raigad	24276	53	Kandhar Nanded	20772
PUNE DIVISION			54	Naldurga Usmanabad	15989
14	Aalandi Pune	17565	55	Kalamb Usmanabad	23022
15	Junnar Pune	24741	56	Murum Usmanabad	17237

16	Jejuri Pune	12000	57	Bhoom Usmanabad	17509
17	Bhor Pune	17886	58	Paranda Usmanabad	16990
18	Indapur Pune	21592	59	Dharur Beed	18338
19	Panchgani* Satara	13280	AMARAVATI DIVISION		
20	Mahabaleshwar* Satara	12737	60	Telhara Akola	18906
21	Rahimatpur Satara	16554	61	Chandur Railway Amravati	17719
22	Mhasvada Satara	20500	62	Chandurbazar Amravati	17635
23	Karmala Solapur	21928	63	Dhamangaon Amravati	21426
24	Kudurvadi Solapur	22777	64	Shendurajana Amravati	21083
25	Dudhani Solapur	11754	65	Chikhaldara* Amravati	4711
26	Maindargi Solapur	12148	66	Daravha Yavatmal	22366
27	Mangalwedha Solapur	21706	67	Ghatanji Yavatmal	19347
28	Wadgaon Kolhapur	22758	68	Deulgaon-Raja Buldhana	24372
29	Panhala* Kolhapur	3452	69	Lonar Buldhana	20082
30	Murgood Kolhapur	9204	70	Sindkhedraja Buldhana	13941
31	Malkapur Kolhapur	5504			
32	Kurundavad Kolhapur	21327	71	Ramtek Nagpur	22516
33	Kagal Kolhapur	23776	72	Khapa Nagpur	14972
NASIK DIVISION			43	Kalmeshwar Nagpur	17331
34	Bhagur Nasik	12457	74	Mowad Nagpur	8737
35	Trimbak Nasik	9804	75	Mohapa Nagpur	7068
36	Nandgoan Nashik	23195	76	Narkhed Nagpur	21537
37	Pathardi Ahmednagar	19532	77	Pawani Bhandara	22587
38	Rahata Ahmednagar	19019	78	Tirora Gondiya	22529
39	Savada Jalgaon	19332	79	Devali Wardha	15878
40	Faizpur Jalgaon	23685	80	Sindi Wardha	13052
			81	Mool Chandrapur	22330

* Hill Station Councils

Annexure 2.3

News related to constitution of Vasai –Virar Municipal Corporation

1. Formation of Vasai –Virar Municipal Corporation

Monday, August 10, 2009

The state had issued a notification on July 3, 2009 that the municipal councils of Nallasopara, Virar, Navghar-Manickpur and Vasai along with 53 adjoining villages would be merged to create the new municipal corporation of Vasai-Virar. Forty-nine of the 53 village panchayats that have unanimously objected to the merger. “Thane: District’s unit of Shiv Sena today said that they will go on fast unto death from tomorrow as a protest against the formation of Vasai-Virar Municipal Corporation. Shiv Sena leader Vivek Pandit in a release said that he will go on hunger strike in front of Vasai tehsil office from tomorrow opposing the move of forming Vasai-Virar Municipal Corporation from tomorrow, the Martyr’s’ day. The corporation was formed despite the opposition of 43gramsabhas out of 53, which were merged in the corporation,when their opinion was sought by the government in September2006, a letter addressed to Chief Minister Ashok Chavan, on behalf of Pandit, said. Moreover, the government received 12,000 objections against the move, it said.”

Source: <http://www.evasai.com/2009/08/formation-of-vasai-virar-municipal.html>

2. Vasai-Virar civic body not a good idea, say villagers

▪ Indian Express

Vasai-Virar Municipal CorporationPosted: Tuesday , Jul 21, 2009 at 0120 hrsMumbai:

The notification of merging 53 villages along with the four municipal councils into one civic body known as the Vasai-Virar Municipal Corporation has not gone down well with the villagers.

The villagers have resisted the move. The state had issued a notification on July 3, 2009 that the municipal councils of Nallasopara, Virar, Navghar-Manickpur and Vasai along with 53 adjoining villages would be merged to create the new municipal corporation of Vasai-Virar.

Forty-nine of the 53 village panchayats that have unanimously objected to the merger, have now launched an agitation for their villages to be left alone under the banner of ‘gaon vachva jan andolan’ (people’s agitation to save village). Regional leaders of Vasai-Virar cutting across all party lines have joined the campaign to save the villages, last remaining green belts of the Vasai, from urbanisation that is eminent after being merged into the municipal corporation.

On September 21, 2006, in a gram sabha convened by the gram pachayats, the villagers had unanimously decided that they would not merge with the municipal corporation. Barring three villages, rest of the 49 villages have taken a decision against the merger. "The state government overruled the decisions of the gram sabha which is against the spirit of the 74th Amendment of Article 243 of the Indian Constitution," said Shiv Sena leader, Vivek Pandit.

He added that the villages objected to the merger with the new municipal corporation, as they did not see any benefits in it. "The dwellings in the villages are self-contained farm houses that do not need anything what an urban local body could provide. Moreover, it would be disadvantageous to the village as their ancestral land holdings would be taken over providing civic amenities for which there is no space left in the urban areas," said Pandit. During the creation of new civic bodies in Thane, in the past it was seen that the merged villages were often used for amenities, which the city would not prefer it in its own backyard such as garbage dumping grounds.

Suresh Joshi of the Bharatiya Janata Party said that the villages should remain villages. "We are not against the creation of new civic body. Let there be new civic body of four municipal councils. There is no immediate need for the move as the villages are still not urbanised," said Joshi.

Dominica Dabre, a Congress leader from Vasai has also joined the campaign of the villagers against the move for the merger. "There is no space for development of civic amenities in Vasai-Virar and these villages would be razed to accommodate the new civic amenities for those people living in the cities. If this merger is not stopped the villages would be lost forever," she said. She added that despite being in the Congress she is vocal about the cause as she is with the people.

Pandit said that an agitation would be launched on 26 July to demand the withdrawal of the notification. If the state still fails to get the message, we would resort to hunger strikes, the leaders hinted.

Source: <http://www.indianexpress.com/news/vasaivirar-civic-body-not-a-good-idea-say/491940/>

3. Chief minister Ashok Chavan puts an end to Vasai-Virar furore

Kiran Tare / DNA Thursday, March 11, 2010 1:34 IS

Mumbai: The furious row over the demand to exclude 53 villages near Vasai from the proposed Vasai-Virar Municipal Corporation may soon end. The state government on Wednesday accepted the exclusion of 30 of the 53 villages and assured that a final decision on the remaining 23 villages would be taken before the budget session on March 18.

The state government has also accepted that the election for the municipal corporation would not be held till a final solution was drawn on the issue.

Chief minister Ashok Chavan held a meeting with Vasai MLA Vivek Pandit, who is in the forefront of the agitation to exclude the villages, at his residence Varsha on Wednesday night.

“Chavan said 30 of the 53 villages would be excluded and the demands of the rest of the 23 villages would be addressed later. But, I opposed the proposal because 16 of the 23 villages fall under the green zone,” Pandit told DNA.

At the meeting, Pandit also demanded that the Vasai municipal council continue to exist. “I emphasised that the council should be allowed to carry out development works. It can be merged with the municipal corporation after some time,” Pandit said, adding, “The government did not listen to our demands till there was a violent agitation,” Pandit said.

Pandit was on a hunger strike last week to press his demand to exclude 53 villages. On March 5, the police forcefully admitted him to the Thane civil hospital. The police action had led to violence in Vasai resulting in damage to public property.

http://www.dnaindia.com/mumbai/report_chief-minister-ashok-chavan-puts-an-end-to-vasai-virar-furore_1357864



