

# URBAN FINANCE



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## Urban Reform Incentive Fund (URIF)—A Status Report

In order to accelerate and incentivise the process of urban reforms the Government of India decided to provide reform-linked assistance to states. The 2002-2003 Budget called for setting up an URIF with an initial outlay of Rs. 500 crore per annum during 10<sup>th</sup> Plan. The URIF will provide incentives to state governments to carry out reforms. Each reform area has been assigned a special weightage. The states will enter into Memorandum of Agreement (MoA) with the Ministry of Urban Development & Poverty Alleviation (MOUD&PA) for carrying out the reforms. The MoA contains acceptance of the States to undertake the reform measures. On signing the MoA 50% of the states allocation will be released, as incentive on signing of MoA, and the balance 50% will be given to the state governments after achieving the prescribed milestones.

States that do not wish to undertake all the seven reforms can sign a MoA covering less than the complete reform package. The funds under URIF are released as additional central assistance to the states. Allocations are based on the share of each state's urban population compared to total urban population. Allocations are based

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on the share of each state's urban population compared to total urban population.

Till now 24 states have entered into Memorandum of Agreement (MoA) with the Ministry of Urban Development & Poverty Alleviation

(MOUDPA) for carrying out the above reforms. Out of 24 states only nine states have agreed to undertake all seven reforms; eight states have agreed for six reforms; two states for five reforms and five states have decided to undertake only four reforms.

States have shown reluctance in taking up reforms where legislative changes are required e.g. repeal of ULCA, rationalization of stamp duty and reforms in rent control laws. These reforms require wider consensus as well as progress cannot be shown towards achieving milestones in a short-term period. Whereas the state governments have more acceptance for reforms areas like introduction of computerized processes of registration, property tax reforms, levy of user charges and introduction of double entry system of accounting.

The Government of India has constituted an empowered committee under the Chairmanship of Secretary, Department of Urban Employment and Poverty Alleviation. The committee will assess the milestones achieved before releasing the incentive payment corresponding to that milestone.

Among the states, which signed MoAs for URIF, Karnataka has achieved agreed milestones for all the reforms it had signed MoA. Out of 17 states, which have agreed to abolish ULCA, seven have passed resolution to abolish ULCA from their states. Five states have issued government order for rationalization of the stamp duty. No state has achieved the milestone for reforming rent control laws. Six states have started the process of computerised registration of documents. Only three states have initiated property tax reforms. Karnataka has shown some progress in fixing the tariffs. Four states have shown progress in revising municipal accounting systems.

## REFORMS AND MILLSTONES TO BE CARRIED OUT BY STATES UNDER URIF

Reform	Weightage of State's Share out of URIF allocation (%)	Milestone for signing MoA	Milestone for II Instalment
Repeal of the Urban Land Ceiling Act	10	Repeal of ULCRA Act in totality	Resolution passed by state legislature and application of ULCRA Act in the state has been effectively abolished
Rationalization of stamp duty	20	Rationalization of stamp duty in phases to bring it down to no more than 5% by the end of the Tenth Plan period;	State Government should issue government order (GO)/resolution laying down the rationalization schedule.
Reform of rent control laws	20	Reform of rent control laws to remove rent control so as to stimulate private investment in rental housing	<ul style="list-style-type: none"> <li>- The required legislation enacted and brought into effect in respect of new construction/newly arising vacancy.</li> <li>- State government should issue GO/resolution laying down the total policy of reform of rent control.</li> </ul>
Introduction of computerized processes of registration	10	Introduce and bring into effect the computerised systems in regard to registration of documents	Progress in terms of adoption of required amendments to rules, appointment of consultants/personnel, action to develop software, and hardware procurement for computerization
Reform of property tax	10	<ul style="list-style-type: none"> <li>- Remove all exemptions on property tax barring buildings actually and exclusively used for religious worships or running charitable institutions.</li> <li>- Adopt objective methods and transparent procedures of property tax assessment such as unit area method or capital value method, and introduction of self-assessment method by March 2004.</li> <li>- Take measures to achieve total coverage of all properties under property tax assessment</li> <li>- Achieve 85% collection efficiency by tenth plan period and provide annual targets toward this purpose.</li> </ul>	<ul style="list-style-type: none"> <li>- State should carry out required amendments to remove exemptions on property tax excepting buildings actually and exclusively used for religious worships or running charitable institutions.</li> <li>- State should have adopted assessment method based on unit area method or capital value method.</li> </ul>
Levy of reasonable user charges	20	Levy of reasonable user charges by urban local bodies, with the objective that the full cost of operation & maintenance of water supply, as well as any other service for which specific user charge is being levied.	<ul style="list-style-type: none"> <li>- State should assess the O&amp;M requirements of each town/ city for water supply and arrive at the aggregate requirement for the state.</li> <li>- State should ascertain total specific user charges, namely water charge or water rate, and sanitation/solid waste charge being recovered in the state.</li> <li>- Determine share of capital cost to be met through water tariff.</li> <li>- Specify annual revision of user charges through GO/resolution so as to reach recovery of full cost of O&amp;M by end of Tenth Plan period.</li> </ul>
Adoption of double entry accounting system to accrual based double entry accounting	10	State will undertake to revise municipal accounting system to accrual based double entry accounting	Progress in adoption of the revised accounts manual, and training of personnel and computerization of municipal accounts.

### MoAs Signed by States to Undertake Reforms under URIF

SI.No	States	1	2	3	4	5	6	7
1	A&N Islands	✓	✓	✓	✓	✓	✓	✓
2	Andhra Pradesh	X	X	X	✓	✓	✓	✓
3	Arunachal Pradesh	X	X	X	✓	✓	✓	✓
4	Bihar	X	✓	✓	✓	✓	✓	✓
5	Chandigarh	✓	✓	✓	✓	✓	✓	✓
6	Chattisgarh	✓	X	✓	✓	✓	✓	✓
7	Delhi	✓	✓	X	✓	✓	✓	✓
8	Goa	X	✓	X	✓	✓	X	✓
9	Gujarat	✓	✓	✓	✓	✓	✓	✓
10	Haryana	✓	X	✓	✓	✓	✓	✓
11	Himachal Pradesh	X	✓	✓	✓	✓	✓	✓
12	Karnataka	✓	X	X	✓	✓	✓	✓
13	Kerala	✓	✓	✓	✓	✓	✓	✓
14	Madhya Pradesh	✓	✓	✓	✓	✓	✓	✓
15	Maharashtra	✓	✓	✓	✓	✓	✓	✓
16	Manipur	✓	X	✓	✓	✓	✓	✓
17	Meghalaya	X	✓	✓	✓	✓	✓	✓
18	Nagaland	✓	X	✓	X	✓	✓	✓
19	Orissa	✓	✓	✓	✓	✓	✓	✓
20	Rajasthan	✓	X	X	✓	X	✓	✓
21	Tamil Nadu	✓	X	✓	✓	✓	✓	✓
22	Tripura	✓	✓	✓	✓	✓	✓	✓
23	Uttar Pradesh	✓	✓	✓	✓	✓	✓	✓
24	West Bengal	X	X	X	✓	✓	✓	✓

*Source : Ministry of Urban Development and Poverty Alleviation*

The GOI released Rs. 188.14 crores to states as first instalments for taking up reforms. States were to show progress towards achieving the prescribe milestone against the reform for becoming eligible for second instalment. Out of 24 states that have signed MoAs only 12 states were released second instalment of Rs. 47.65 crores under URIF. The states that have not achieved milestones but have shown some progress were allocated part payment against the proposed weightage for that reform. During the year 2004-2005, second generation reforms and weightage to be given to each reform is now to be decided. The Empowered Committee has been authorized by the Government to take a decision in this regard. Some of the draft proposals with MoUD&PA for second generation reforms areas under URIF are placed below:

(i) Revision of byelaws to streamline the approval

process for construction of buildings, development of sites, etc.

- (ii) Revision of municipal laws in line with model legislation prepared by the Ministry of Urban Development and Poverty Alleviation.
- (iii) Simplification of legal and procedural frameworks for conversion of agricultural land for non-agriculture purposes.
- (iv) Initiation of public private partnership in the provision of civic services.
- (v) Reduction in staff strength and revenue expenditure of ULBs.
- (vi) Introduction of property title certification systems.

## Best Practices by Urban Local Bodies in India\*

In this issue we are presenting the best practices from Maharashtra

### 1. REDUCED WATER RATE DEPOSIT SCHEME

#### — Thane Municipal Corporation

The income from the water charges of Thane Municipal Corporation (TMC) was almost stagnant over the years owing to stagnant water rates. The revenue from the water tax was Rs.20 crores in the last three years, while the expenditure of Rs. 50 Crores per year was almost double. This resulted in a gap of almost 60% between the expenditure and the income leading to a heavy loss to the Corporation. This initiated the Thane Municipal Corporation to launch REWARDS i.e., Reduced Water Rate Deposit Scheme that is an advance water-billing scheme in September 2002.

#### DESCRIPTION OF THE INITIATIVE

The flat rate per family per month in the last three years from 1999-2002 for building was Rs.60 per family per month and for slums Rs.30 per family per month. The TMC launched this scheme with the intention to revise the rates and also to benefit the people from the revised rates, if they pay a 5-year advance water bill. The water rates were revised to Rs.90 per family per month for buildings and Rs. 45 per family per month for slums (2002-2003), which shall increase by 15% every year for the next 5 years. The rates after 5 years shall thus be Rs.160 per family per month for buildings and Rs. 80 per family per month for slums (2006-2007). The advantage given to the citizens from the scheme was that if they paid an advance bill of 5 years, they shall not have to bear the 15% increase every year and shall be charged as per the rate of the year 2002-2003.

The various measures adopted for the success of the scheme were:

- Citizen's opinion surveys were conducted to identify prospective consumers who could pay the 5-year bill.
- Brochures were circulated to make people aware.
- Meetings were arranged between the committee members of housing societies / complexes and the

\* En Route to Reforms in Urban India: Compendium of Best Practices

- (vii) Introduction of independent regulators for urban services.
- (viii) Implementation of all decentralized measures as envisaged in the 74<sup>th</sup> Constitutional Amendment.
- (ix) Implementation of Urban Street Vendor Policy by the States.
- (x) Adoption of Vulnerability Atlas of India and establishment of a techno-legal regime in the building bye-laws & Development Control Rules etc. for earthquake disaster mitigation.
- (xi) Removal and further prevention of encroachment of Govt. land (measurable parameter area encroached) and policing of such lands.
- (xii) Reduction in number of slums.
- (xiii) Incentivising State Governments to make at least 20%-25% of their developed lands in the Housing colonies (plots/flats) developed by Housing Boards and Development Authorities to be reserved for EWS/LIG.
- (xiv) To amend byelaws to make Rain Water Harvesting mandatory in Housing Societies / Colonies whether developed by private developers or by Government agencies for which detailed guidelines to be given by Municipal Authorities / Development Authorities.
- (xv) To promote private sector and cooperatives for undertaking housing construction for all segments with focus on EWS/LIG in urban areas.
- (xvi) To undertake appropriate reforms for easy access to land
- (xvii) To identify specific housing shortage under each category, namely LIG/EWS etc. and to prepare Housing Action Plan to meet the housing shortages.
- (xviii) To make the housing finance affordable for EWS/LIG and to make the land or shelter provided to slum dwellers strictly non-transferable.

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Indo-USAID FIRE (D) project

officials from TMC. In the meetings the people were convinced about their benefits from this scheme.

- Support from the elected representatives / local Corporators was taken.
- Efforts were made for timely redressal of the resident's grievances leading to their satisfaction, confidence and good response to the scheme.
- The problems identified pertaining to water supply, street lights, roads, transport, etc. only required little initiative to put TMC machinery in action and to do the routine duties in well directed manner and did not require any special expenditure. This way the complaints and grievances reported by the societies / complexes were to be redressed.

## RESULTS ACHIEVED

- Within six months period (September 2002-February 2003) more than 10,000 families participated in the REWARDS scheme.
- TMC has anticipated a participation rate of 20% that accounts to approximately Rs.8 crores through advance water billing system. TMC was able to mobilize Rs. 5 crores in first 6 months.
- The new system adopted helps in saving the time and money of both the consumers as well as the suppliers.
- The scheme helps in motivating the municipal employees to perform well thereby encouraging more consumers to participate in the scheme.
- The advance water billing prevented the need of taking loans thereby repaying them for a longer period. The Corporation also benefited from the interest generated from the lump sum amount collected.

## LESSONS LEARNED

- Interaction between the consumers and the municipal officers helps in bringing out the reasons of initial inertia of people to participate in such schemes. Timely redressal of consumers' problems develops their satisfaction and trust towards the urban bodies.
- Participation and support of elected representa-

tives/local Corporators helps in saving time and also caters to people's participation.

- The scheme is a means of checking the level of consumers' satisfaction towards the services provide by municipal bodies.

## 2. STRATEGY FOR REDUCING UNACCOUNTED FOR WATER

### — Nagpur Municipal Corporation

Estimates of "unaccounted for water" in Indian cities range from 30% to 50%. High water losses not only reduce the revenues of the local body but also undermine efforts to conserve water. The Nagpur Municipal Corporation's recent initiative for regularisation of illegal water connections has been highly successful as it used a variety of innovative approaches to elicit cooperation from the public. The scheme also achieved impressive progress on its twin objective of universal metering.

## SITUATION BEFORE THE INITIATIVE

In early 2001, the water supply situation in Nagpur city was far from satisfactory. While the quantity of water produced was adequate, there were huge losses during transmission and distribution. As a result, the citizens faced acute water shortage.

In Nagpur Municipal Corporation (NMC) a major area of concern was the very large number of illegal (unauthorized) connections nearly 35000 in 2001 that resulted in substantial loss of revenue for the corporation. Compared to the annual O&M expenditure of Rs. 50 crore, the total revenue collection of the water department used to be only Rs. 17-18 crore.

Another factor that potentially discourages water conservation in urban areas is the absence of metering. There were nearly 18000 un-metered connections in Nagpur city even before 1966 when the policy of universal metering was adopted.

## DESCRIPTION OF THE INITIATIVE

### Objectives

The present scheme for regularization of illegal connections had three implicit objectives: a) to regularize the maximum number of connections (the target being 35,000), b) simplify the procedure, and c) to implement the scheme at minimum cost.

## PHASE III of INDO - USAID FIRE (D) PROJECT LAUNCHED

The United States Agency for International Development (USAID) launched the third phase of Indo-USAID Financial Institutions Reform and Expansion (FIRE-D) project, a joint initiative of USAID and the Government of India on December 14, 2004. The FIRE-D project works with all three tiers of government in India: central, state and municipal to create a supportive environment for cities to undertake vital reforms. During phase I and II, the project achieved significant results, especially in creating an enabling environment for improved urban service delivery. The project has facilitated the process by assisting in number of areas like access to capital markets, pooled financing mechanisms, accounting reforms as well as developing model legislation for government reforms at the local level. In Phase III the project will continue to:

- promote state and central policy reforms in water and sanitation;
- expand the market-based infrastructure financing system;
- improve and institutionalize creditworthiness and efficient delivery of basic municipal services;
- build capacity for commercially viable water and sanitation project development and management with market-based financing;
- develop policy and regulatory environment and incentive funds to facilitate service

delivery and project development with market-based financing;

- demonstrate a strategic approach to improve access of the poor to urban infrastructure services;
- strengthen municipal financial viability with emphasis on resource mobilization of tax and non-tax internal resources; and
- strengthen municipal capacity and disseminate lessons learned.

Mr. William Martin, Acting Mission Director, USAID India, while delivering the keynote address at the December 2004 launch of FIRE III, stated that this is a historic moment and praised the decade-long FIRE partnership between the two countries. He emphasized that experience around the world has proved that water and sanitation are best delivered at the local level and at that level citizens and government can work together to ensure dependable quality services to meet the needs and expectations of all citizens. Mr. M Rajamani, Joint Secretary, Ministry of Urban Development stated that phase III of FIRE project would help MOUD take the urban reform agenda forward. Ms. Rebecca Black, Director of Office of Economic Growth, said that the main objective of the project is to ensure increased efficiency in delivery of water and sanitation services and make cities economically viable. Ms. Black is very optimistic that the project will be able to meet this challenge.

*Source: Indo-USAID FIRE Project.*

### Implementation

- To implement the scheme, the water supply department of NMC came up with a novel idea -- since water connections are generally installed through licensed plumbers, why not use them to also find and convert the illegal connections that existed.
- There are approximately 200 plumbers in Nagpur city. They were organised into small teams and assigned to the 7 water zones. Their responsibilities included door to door survey; convincing the illegal connection holders, filling the prescribed form, collecting the requisite charges, getting the connections sanctioned, depositing the requisite

charges, and fixing the meter on illegal connections.

- Citizens were instructed to buy only standard meters from approved manufacturers. The labour charges for meter installation were fixed at Rs. 150-200 and these were announced to the public.
- For every case of illegal connection that was found, a monetary incentive of Rs. 50-100 was promised. Thus, a carrot and stick policy was used to co-opt the plumbers in this scheme. Within a period of 4 months, nearly 25000 applications were received by NMC. Out of these, about 22000 have already been regularized.

## Innovations

The following steps were taken in the new scheme:

- **Simplification of application form:** In the revised application form, minimum bare information to be filled by the consumer. Only one documentary proof of ownership or occupation of the premises was required.
- **Simplification of office procedure for sanctioning regularization:** Arrangements were made to accept the application form, site inspection, sanction of application, and acceptance of requisite charges for registration at all zonal offices of NMC. Efforts were made to ensure that this process is completed in the shortest possible time.
- **Wide publicity:** Was given by way of distributing printed pamphlets, banners of the scheme were displayed at important places. The scheme was announced by advertisement in local newspapers and through the local cable TV network.
- **Disconnection in case of refusal to cooperate:** List of illegal connection holders who were reluctant to fill up the prescribed forms was also submitted by the plumbers to the respective zonal office. Action of disconnection of water supply was immediately initiated against them.

## RESULTS ACHIEVED

- **Illegal connections regularized:** Out of the estimated 35000 illegal connections in the city, about 25000 (71%) were detected and regularized within a period of 4 months.

- **Revenue enhancement:** The water tax revenue of NMC has shown substantial increase. The quantity of water billed in 1998-99 was 163 MLD, whereas in 2002-03 the quantity billed was 300 MLD
- **Universal metering:** This initiative has brought the NMC closer to its goal of universal metering in the city. Since 1998, about 75000 new connections have been metered.
- **Citizens' response:** The time-bound regularization scheme received tremendous response due to the simplified procedures and reasonable charges. The citizens' feedback as reported in the media was very positive.

## LESSONS LEARNED

- The most important lesson of this initiative is that citizens would respond positively to the policies of urban local bodies provided these are reasonable, transparent and clear to understand.
- The success of a programme that requires citizens' participation depends on simplification of administrative procedures at the interface with citizens.
- While concessions of various types may be offered in the initial phase of this type of programme, these should be time-bound. After the expiry of the compromise period, the urban local body must demonstrate toughness and commitment to established rules by restoring penalties or other forms of disincentives.
- The NMC officers also feel that in the beginning some coercive action should be taken in selected zones of the city to send a strong message to the public.
- Another lesson that has emerged from this initiative is that after the consumer has paid the regularization charges, there should be no procedural delays in sanctioning the connection or in meter installation. These considerations are extremely important for obtaining citizens' cooperation.
- Many urban local bodies in India do not pursue universal metering of water connections. However, the experience of Nagpur shows that this is a highly desirable practice from the perspective of the urban local body as well as society, and it is not at all difficult to manage.

### 3. PROVISION OF SANITATION FACILITIES FOR SLUM DWELLERS

#### — Municipal Corporation of Greater Mumbai

The Slum Sanitation Program (SSP) is an integral part of the Bombay Sewage Disposal Project (BSDP). This World Bank program started in 1997-98. Under this project, MCGM has awarded 20 contracts worth Rs. 600 million for construction of 400 toilet blocks with 8000 seats spread over 24 wards of Mumbai.

#### SITUATION BEFORE THE INITIATIVE

About 60% population (6.9 million) of Mumbai lives in slums. The toilet blocks in these slums are provided by agencies like MCGM, MHADA and private parties. Though the maintenance of most of the toilet blocks falls under the purview of MCGM. Lifespan of these toilet blocks is about 8-10 years. Due to coastal climate and rough usage by the local slum dwellers, most of the toilets gets destructed before their estimated life span. They become frequently choked, unhygienic and unhealthy for use. Therefore, these blocks are used for dumping garbage.

#### DESCRIPTION OF THE INITIATIVE

To avoid the recurring expenditure of MCGM on sanitation, certain guidelines have been formed under the Slum Sanitation Program for improving the sanitary conditions in slums.

The program involves - consultation with communities regarding the facilities to be provided; and their participation in the implementation of subsequent operations. The Slum Sanitation Program is also focused on creating awareness and alleviating health risks through community capacity building and improving the urban environmental conditions.

Government of Maharashtra (GoM) has enacted an Act entitled "Maharashtra Slum Areas Improvement and Redevelopment Act, 1971", which has been modified in March 2001 by adding a clause stating that in case a slum dweller is required to be evicted in the larger interest of public and if the slum is a protected structure, (existing before 1995), the slum dweller/s shall be provided with an alternative accommodation measuring 225 sq ft in the nearby areas with other civic facilities like water, sanitation and roads provided.

- The scheme involves construction of new toilet blocks, retrofitting of old toilet blocks, demolition

and reconstruction of the old toilet blocks in RCC having a life span of about 30 years.

- Priority is given to connect the reconstructed toilet block to municipal sewer line. Construction of septic tank and aqua privy system are the other respective alternatives in case the connection with municipal sewer line is not possible.
- A monthly pass is issued to the members on payment of Rs.20-30 per family depending upon the locality and their expenditure

The features and facilities provided in the toilet blocks constructed under the SSP are:

- RCC construction with the usage of good quality construction material has a design life of 30 years.
- Rooms for caretakers, bath and urinals and children's squatting platforms.
- Provision of suction and overhead tanks with pumps.
- Provision of electricity for lighting and running the water pumps.

#### Resource Mobilization

- The capital expenditure in constructing the toilet blocks is born by MCGM through the funding provided by the World Bank under the Bombay Sewage Disposal Project.
- The slum residents have to form a Community Based Organization by registering itself with the Charity Commissioner. The CBOs so formed will take care of the operation and maintenance of the toilet blocks constructed under SSP.

#### RESULTS ACHIEVED

- At present 281 toilet blocks are being constructed, out of which 134 toilet blocks (2700 seats) have been commissioned and are handed over to CBOs. The remaining toilet blocks are at different stages of progress.
- Out of five sites contracted for retrofitting of old toilet blocks, two sites have been completed and commissioned.
- At four places where construction of R.C.C toilets was not possible, MCGM has provided two mobile

## REGIONAL WORKSHOPS ON MODEL MUNICIPAL LAW

To give an impetus to implementation process of various recommendations of the Model Municipal Law, the National Workshop on Model Municipal Law on November 21, 2004 recommended for wider dissemination of Model Municipal Law by organizing four Regional Workshops in different parts of the country.

In this context, two Regional Workshops on Model Municipal Law (MML) have been organized by the Ministry of Urban Development, (MOUD), Govt. of India, National Institute of Urban Affairs (NIUA), and Indo-US Financial Institutions Reform & Expansion (FIRE- D) Project and the local training institute in Jaipur and Kolkatta for northern and eastern region respectively. Representatives from state governments and urban experts attended the workshops.

MML is a tool for state governments, which will help them in reviewing their Municipal Acts. This would enable urban citizens to take decisions and to create an environment where cities can function more effectively.

The workshops highlighted that the state governments require to closely review working of ULBs and bring in needed amendment in their municipal laws to give autonomy as envisaged in the 74th Constitutional Amendment. The MOUD is also keen to support state governments to review and revise their municipal laws on lines of the MML. The Government of India will support state governments to improve finances of ULBs through comprehensive tools such as CCF, URIF and PFDf.

Source: NIUA

toilets, which have been commissioned and handed over to the communities in the year 2001.

- The target till the end of December 2003 is to construct about 400 toilet blocks.
- The operation and maintenance cost is totally born by the community (Rs.5000 per seat as corpus amount).

control rooms functioning in different parts of the city to cater to complaint redressal. Each control room had a different set of employees and equipments. The annual expenditure of the control rooms was more than 10 millions. The number of complaints received by these individual control rooms was not more than 40 to 50 per month. This was due to the confusion among the citizens as to which complaint has to be reported to which department.

Under the Central Complaint Redressal System (CCRS) scheme, 5 separate control rooms were unified into a single control room located at the head office. The benefit obtained from this scheme was that a centralized system was developed to redress the complaints which has not only reduced the confusion among the citizens but has also helped in bringing down the cost involved in maintaining and managing the control rooms. The Corporation is now been able to redress almost 76% complaints on time.

### LESSONS LEARNED

Slum dwellers once convinced about the authenticity of the purpose, are willing to pay for availing services.

#### 4. GRIEVANCE REDRESSAL SYSTEM — Municipal Corporation of Greater Mumbai

Before 1999, different departments of Municipal Corporation of Greater Mumbai (MCGM) had separate

## **National Accounting Manual** — *A step towards Municipal Accounting Reforms*

The Ministry of Urban Development (MoUD), Government of India, has taken several initiatives towards good urban governance and making urban local bodies self-sustaining viable entities of local self-governance.

Urban sector reforms have been identified as thrust areas by the Ministry and tools such as City Challenge Fund, Pooled-Finance Development Fund, Urban Reforms Incentive Fund, Private Sector Participation guidelines have been framed. Further, to supplement the Urban Reform agenda, MoUD has developed the Model Municipal Law, to assist urban local bodies in the areas of resource mobilization, entry of private sector partnership and switching over to accrual-based accounting.

Based on the XIth Finance Commission recommendations and the Guidelines issued by the Ministry of Finance, Government of India, Comptroller and Auditor General of India (C&AG) constituted a Task Force to recommend budget and accounting formats for Urban Local Bodies (ULBs) in India. The C&AG Task Force issued a 'Report on Accounting and Budget Formats for ULBs' suggesting accrual basis of accounting and Budget and Accounting Formats, Significant Accounting Policies, Cost of important utilities and services and MIS reports.

Therefore, to provide a generic framework of National Municipal Accounting and a simplified tool kit to the ULBs for recording the accounting entries, the MOUD, launched the formulation of the National Municipal Accounts Manual, based on the Task Force Report. The C&AG has facilitated and overseen the development of this manual. The Indo-USAID FIRE-D project and the National Institute of Urban Affairs have supported the initiative.

The manual comprehensively details the accounting policies, procedures, guidelines designed to ensure correct, complete and timely recording of municipal transactions and produce accurate and relevant financial reports. The manual is to be adopted and followed by the various State Governments while drafting their state specific municipal accounts manuals.

This initiative is expected not only to enhance the capacities of ULBs in municipal accounting leading to increased transparency and accountability in utilization of public funds for the development of urban sector but also will help in creating an environment in which urban local bodies can play their role more effectively and ensure better service delivery.

*SOURCE: Indo-USAID FIRE Project*

### **SITUATION BEFORE THE INITIATIVE**

- There were 5 control rooms for various departments of MCGM. All these departments were located at different parts of the city.
- The citizens faced problems due to confusion in

identifying the relevant place for complaint registration. This discouraged them to make complaints.

- Complaints received were very less, but the operational cost of running the control rooms was high.

- There was a lot of duplication of work due to lack of coordination among the control rooms and the ward offices.

## **Actions taken**

- A detailed study was undertaken in 1999 to analyze the quality of services provided by MCGM, the various types of complaints arising out of these services, efficiency of existing control rooms and allied issues.
- The study indicated the need for a Citizens' Charter, wherein the civic administration could define the norms for Quality of Services and set time limits to redress each type of complaint.
- PRAJA, an NGO, collaborated with the MCGM to evolve the Citizens' Charter.
- The five separate control rooms of the MCGM were unified into a single control room located at the head office in 1999.
- The CCRS was publicized by involving various political parties, NGOs, CBOs, volunteer groups and the media. This was done to inform and encourage the citizens to use the new system.

## **DESCRIPTION OF THE INITIATIVE**

To avoid the confusion among the citizens and to reduce the costs, the CCRS was set up that provided a single window complaint registration system. The CCRS was adopted to bridge the gap between the MCGM and the citizens.

- The CCRS unit has been provided with a 24-hour toll free number – 1916, with ten telephone lines in one hunt group.
- The CCRS is equipped with four computers connected to a server that is installed with complaint management software developed in-house. The software provides a registration number to each complaint, which can be used by the complainant to track his complaint any time.
- The operators at the head office are also provided with fax machines and e-mail accounts to register the complaints received through such mediums.
- The system is connected to all the 24 wards through the Internet.
- Each type of complaint has been allotted a specific time within which it has to be redressed.
- The Complaint Officer of the CCRS records the complaint into the software application and allots the complaint number to the complainant, using which, the complainant can follow up on his complaint.
- The software segregates complaints depending upon the subject, recipient, etc. and forwards the complaint as electronic mail over the Internet.
- Complaints are attended through the ward offices within the chartered time limit and the compliance report is sent back.
- Non-redressal of complaint within the chartered time results in automatic escalation of the complaint to the higher authority.

## **RESULTS ACHIEVED**

- The citizens can now submit their complaints at any time of the day either at the head office, Zone office or Ward office. Complaints can be made through fax, telephone, and internet or in person.
- The system has helped MCGM to become more receptive and responsive to the citizens.
- It has helped in improving the trust of citizens towards the MCGM.
- CCRS has received about 99,658 complaints since its inception in December 2000. Of these, 76,262 complaints have been redressed on time.
- The percentage complaints redressed is 76%. The non-redressal of complaints is mainly due to the external factors like pending court judgments.

## **LESSONS LEARNED**

Mumbai is a very big city in terms of population as well as spread, and it is difficult for an urban local body to provide civic services efficiently and effectively. Introduction of technological tools in governance enables the urban local bodies to keep pace with the changing times. It also helps in providing quick solutions to various problems of the citizens.

## URBAN INFRASTRUCTURE NEWS IN BRIEF

- **The Ministry of Urban Employment and Poverty Alleviation (MUEPA)** is seeking approval from planning commission for existing funds of Rs. 11 billion which are into common mission fund to launch **National Urban Renewal Fund (NURF)**. The proposed NURF would reform all qualifying urban local bodies, and has to be executed collectively by newly formed **Common Urban Reform Elements (CURE)**.
- **The International Bank for Reconstruction and Development (IBRD)** has sanctioned a long of \$300 million for the rail component of **Mumbai Urban Transport Project (MUTP)**. The MUTP will also get additional credit of \$60 million from the International Development Association. The estimated cost of the rail component of MUTP is Rs. 31.25 billion. MUTP has road and rail components and partly funded by World Bank through a previous loan of \$463 million from IBRD.
- **Delhi Jal Board** to provide round the clock water supply in two zones of South Delhi, as an urgent need towards efficiency upgradation in the water distribution management the plans is to improve the distribution system and gradual conversion to 24x7 supply of water. Need for rainwater harvesting in all parts of the country is the issue of the Board.

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