

## **Urban Reforms and Impact**

Reforms and development are two closely interlinked issues. Any discussion on reforms hence has to start with an understanding of the concept of development.

According to the United Nations, “Development is a multidimensional undertaking to achieve a higher quality of life for all people”. Talking about the link between economic development, social development and environmental protection, the UN specifies what it means by economic growth in ensuring all the above mentioned. “Through such growth, which should be broadly based so as to benefit all people, countries will be able to improve the standards of living of their people through the eradication of poverty, hunger, disease and illiteracy, the provision of adequate shelter and secure employment for all and the preservation of the integrity of the environment. Democracy, respect for all human rights and fundamental freedoms, including the right to development, transparent and accountable governance and administration in all sectors of society, and effective participation by civil society are also an essential part of the necessary foundations for the realization of social and people-centred sustainable development. The empowerment of women and their full participation on a basis of equality in all spheres of society is fundamental for development” (*Agenda for Development, Resolution adopted by the General Assembly, A/RES/51/240, 15 October 1997*).

For Amartya Sen ‘development is the process of expanding human freedom’ and for him there are ‘five types of interrelated freedoms – political freedom, economic facilities, social opportunities, transparency and security. “Development requires the removal of major sources of unfreedom: poverty as well as tyranny, poor economic opportunities as well as systemic social deprivation, neglect of public facilities as well as intolerance or overactivity of repressive states”. Sen argues: “Freedoms are not only the primary ends of development, they are also among its principal means. In addition to acknowledging, foundationally, the evaluative importance of freedom, we also have to understand the remarkable empirical connection that links freedoms of different kinds with one another. Political freedoms (in the form of free speech and elections) help to promote economic security. Social opportunities (in the form of education and health facilities) facilitate economic participation. Economic facilities (in the form of opportunities for participation in trade and production) can help to generate personal abundance as well as public resources for social facilities. Freedoms of different kinds can strengthen one another” (*Development as Freedom, 2000*). With this understanding Sen concludes that development is further enhanced by democracy and the protection of human rights, particularly rights such as freedom of the press, speech, assembly, and so forth.

From all this discussion we can conclude that development is not only about economic growth, but it also about social improvement in the conditions of people's lives. Importantly, development cannot be separated from politics. This is an important relation that needs to be recognised because many of the recent political discourse tries to draw a line demarcating development and politics. Often we here politicians stating that all of them should work together for development without bringing into it politics. This feature has gathered pace since the 1990s, after the introduction of neoliberal reforms.

The introduction of neoliberal reforms were sought to be justified (then and even now) with the argument that they are central to the development of our society. Any criticism of the reforms was projected as being 'anti-development'. Of course, these days, any criticism of reforms are not only 'anti-development', but they are also 'anti-national'!

## I

The first major attempt to reform urban governance was done through the 74<sup>th</sup> Constitutional Amendment that was adopted in 1992. This was intended to give constitutional status to municipal corporations across India. Through this amendment it was sought to devolve powers and functions to Urban Local Governments to enable them to act as effective democratic units of local self-government. The general philosophy behind the adoption of this amendment was that development and democracy are inter-related and needed to be pursued together. It is now 30 years since the 74<sup>th</sup> amendment came into force, however, much of its intentions are not yet realised.

According to the 74<sup>th</sup> amendment, 18 functions are listed under article 243-W, which are assigned to the city governments (known as third tier of government), across the states in India. For the record these 18 functions are:

1. Urban planning including town planning (Master Planning/Development Plans/Zonal Plans; Enforcing master planning regulations; Enforcing building codes)
2. Regulation of land-use and construction of buildings (Regulating land use; Approving building plans/high rises; Demolishing illegal buildings)
3. Planning for economic and social development (Promotion of economic activities; Ensuring social justice and social welfare)
4. Roads and bridges (Construction and maintenance of roads; Construction and maintenance of bridges and flyovers; Parking and street lights)

5. Water supply for domestic, industrial and commercial purposes (Storage of water and Providing connections; Collection of charges; Operation & Maintenance (O&M))
- 6a Public health, sanitation conservancy (Maintaining hospitals, dispensaries, medical colleges; Immunisation; Prevention of vector borne diseases; Quality of water and food)
- 6 b. Solid waste management (Garbage collection, segregation and disposal of garbage)
7. Fire services (Establishing and maintaining fire brigades; Maintenance of water reservoirs; Providing Fire NOC/approval certificate)
8. Urban forestry, protection of the environment and promotion of ecological aspects (Afforestation; Greenification; Awareness drives; Maintenance of natural resources)
9. Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded Identifying beneficiaries (Social Pensions (old age, widow, specially abled); Providing tools/benefits such as tricycles; Housing programs and Scholarships)
10. Slum improvement and upgradation (Identifying beneficiaries; Affordable Housing; Upgradation)
11. Urban poverty alleviation (Identifying beneficiaries; Livelihood and employment; Street vendors)
12. Provision of urban amenities and facilities such as parks, gardens, playgrounds (Creation of parks and gardens; operation and maintenance)
- 13a Promotion of cultural and aesthetic aspects (Fairs and festivals; Cultural buildings/institutions; Heritage; Public space beautification)
- 13 b. Promotion of Education (Schools and education)
14. Burials and burial grounds; cremations, cremation grounds (Crematoriums and burial grounds (different religions); Construction and O&M)
15. Cattle pounds; prevention of cruelty to animals (Catching and keeping strays; Sterilisation and anti-rabies; Ensuring animal safety)
16. Vital statistics including birth and death registration (Coordinating with hospitals/crematoriums etc. for obtaining information; Maintaining and updating database)
- 17 a. Public amenities including street lighting, parking lots and public conveniences (Installation and maintenance of street lights; Creation and maintenance of parking lots; Creation and maintenance of public toilets)
- 17 b. Bus stops (Deciding and operating bus routes)

18. Regulation of slaughter houses and tanneries (Ensuring quality of animals and meat; Disposal of waste).

These 18 functions, apart from those others of local importance deal with the day-to-day life of citizens. A study done in 21 cities across the country found out that not a single city government among these 21 cities has control over all the above listed 18 functions. Municipal Corporation of Greater Mumbai has control over 9 functions, followed by Kochi Municipal Corporation which has control over 8 functions. This is the maximum. Among the rest, 8 cities (including the above two) have independent control over more than 5 functions, whereas 13 cities have independent control over 5 or less than 5 functions. This is a clear depiction of how the urban local bodies are not allowed to do what they are supposed to do.

Moreover, according to the same study, in 9 cities there is an involvement of multiple agencies in more than 10 functions out of the 18 and there is no agency to coordinate among these various agencies leading to issues in delivery of services. “In Raipur, out of 18 functions, 15 functions have involvement of multiple agencies leading to issues in coordination and resulting in poor service delivery. Ranchi and Mangaluru have involvement of multiple agencies in 13 functions. 12 functions are carried out by multiple agencies in Vijayawada, Patna and Dehradun. Udaipur, Delhi and Kolkata have involvement of multiple agencies in 11 functions”.

On some counts the directions of the 74<sup>th</sup> amendment were implemented, like the constitution of three types local bodies and reservation of seats. There is no consistency about the term, powers and method of election of mayors and in most states, mayors do not have executive powers as they are vested with the commissioners. Similarly the direction to constitute ward committees is not being implemented in many cities and towns. Another area is, many states have not transferred functions, funds and functionaries. Revenue powers of these bodies are often very limited. One important reason is that the 74<sup>th</sup> amendment did not guarantee any concrete revenue base for the urban local bodies and they still remain with the state governments. Other reasons lie in the implementation of neoliberal reforms during the same period, which sought to delineate democracy and development.

The Eighth Five Year Plan (1992-97) for the first time introduced a focus on building cost recovery into the municipal finance system. This was reinforced during the Ninth Plan period (1997-2002) with a substantial reduction in budgetary allocations for infrastructure development. Metropolitan cities and other large cities were encouraged to make capital investments on their own in addition to covering operational costs of the infrastructure they developed. In 1996, the government of India committee published the ‘India Infrastructure Report’, which integrated the reform prescriptions of International Financial Institutions (IFI) to mobilise private resources. The Committee also recommended private

sector participation in urban infrastructure development and accessing capital markets through issuing municipal bonds. Interestingly, the secretariat of this committee was operated by the ICICI Bank! This was the first government of India report to comprehensively address the 'potential for commercialisation of infrastructure'. Following these directions, Ahmedabad Municipal Corporation (AMC), issued India's first municipal bond without state guarantees to finance a water supply and sewerage project in 1998. In 1999 government of India decided to provide tax-free status to municipal bonds to boost the municipal bond market. To date over 100 urban bodies have either obtained a credit rating or are in the process of obtaining one in order to mobilise resources through such bonds.

In 2003 the International Finance Corporation (IFC) introduced its municipal fund, which offers financial support to sub-national entities without sovereign guarantees for infrastructure development. In 2006, the World Bank's (WB) Sub-national Development Program was set up to offer Technical Assistance grants to sub-national entities for financial reforms followed by financial support (guarantees and loans) to attract private financing (*World Bank, 2006*). The Asian Development Bank (ADB) has also launched Urban Services Initiative, which provides resources, such as sub-sovereign loans, to help cities address the constraints to investment (*Managing Asian Cities Report, 2007*). For instance, through Karnataka Municipal Reforms Project (KMRP), the WB tied municipal reform to municipal investment support. The project has three main components: 1) Institutional development which entails carrying out reforms in 169 towns 2) Municipal investment support in 32 towns with the focus on raising funds from the market for infrastructure, accounting and tax related reforms, and 3) Bangalore Development which includes construction of roads, underground drainage and pro-poor sanitation in the Greater Bangalore area.

In 2004, the Twelfth Finance Commission in one of its final recommendations stated that state or local governments should take future loans directly from international financial institutions and that national guarantees should be phased out. This resulted in the cities being starved of central government funding and were compelled to undertake development projects through borrowings from the market, generating user fees and/or from IFIs.

When the urban local bodies fail to repay the loans, the IFIs turn the screw by forcing privatisation of services. For instance, Suez (a water multinational) used the World Bank to convince the Delhi Water Board to borrow money against future loans from the Bank. When the promised money did not come through five years later, the Delhi Water Board was forced to sell some of its assets, part of its operations, to pay the first loan. Suez swooped in and bought the water treatment center at a cheap price (*Privatizing Water, The New World War, Veronica Lake*).

Collection of user charges is another major policy prescription that is widely being implemented throughout the country. The Water Policy 2012, of the central government recommended that there should be a 'fair pricing' of water accessed for drinking and other like purposes. "In order to meet equity, efficiency and economic principles, the water charges should preferably/as a rule be determined on volumetric basis. Such charges should be reviewed periodically....Urban water supply and sewage treatment schemes should be integrated and executed simultaneously. Water supply bills should include sewerage charges". Appreciating the Punjab government's resolve to reform its urban governance structures, the World Bank in its report observed: "Considering ongoing state initiatives to improve ULBs' revenue base such as widening property tax base, willingness to move to volumetric water tariffs, willingness to bring in institutional changes", it recommended water supply to be handed over to a 'private operator' in Amritsar and Ludhiana cities (*Support Strategic Assessment for Innovative and Transformative change in delivering Urban Services in Amritsar and Ludhiana, World Bank July 2015*). This private operator will be allowed to levy 'politically and socially acceptable tariffs' to 'recover operation and maintenance costs'.

World Bank Group, lead by the IFC, announced a new venture with global corporations including Nestlé, Coca-Cola and Veolia (one of the major water multinational corporation), called the 2030 Water Resources Group (WRG) Phase 2 to "transform the water sector" by bringing together multinational corporations with huge financial investment into the water business. The group's strategy is to insert the private sector into water management through a combination of industry-funded research and direct partnerships with government agencies. Currently, WRG is formally working with the governments of Jordan, Mexico and Karnataka in India. A briefing released by this group states that addressing the challenges to water provision in India "will require economic instruments (such as water pricing, usage caps and tradable water rights), regulatory instruments (such as clear ownership, mandatory usage and efficiency and reporting standards) and institutional reform (such as infrastructure investment, greater private sector participation in the water sector and capability building)".

The World Bank and IMF have both made water privatisation a condition for the renewal of loans with countries of the 'global south'. A random review of IMF loans to forty countries during 2000s revealed that twelve countries had loan conditions that imposed water privatisation or full-cost recovery. A year-long study by the International Consortium of Investigative Journalists (2003), found that the majority of World Bank loans for water required the conversion of public systems to private as a condition for the transaction. The big water corporations – Suez, Vivendi (now Veolia) and RWE – used the World Bank and the IMF extensively to fund their operations in the 'global south'. When Suez took over the water

operation in Buenos Aires, all but \$30 million of the \$1 billion required for investment in new infrastructure was provided for by the World Bank (*Privatizing Water, The New World War, Veronica Lake*).

Public benefits of water services are inherently incompatible with the profit motive of the private sector. So the WB is suggesting Public Private Partnership (PPP) to be replicated across the country. The International Finance Corporation (IFC) has been involved directly in several private proposed or ongoing water projects in Bangalore, Kolhapur, Chennai and Tiruppur and has also been advising state governments in Maharashtra, Andhra Pradesh and Gujarat on water policy issues. The IFC often provides technical advisory services to governments on water sector reforms, which recommend privatisation or PPPs, whilst acting as an equity investor in many private water companies. The IFC has invested \$5 million out of a total PPP investment of \$39 million in two water and waste water projects, in Maharashtra. Though this is a PPP project, the majority of the funding comes from public resources, including more than 90 per cent of the capital expenditure of \$28.8 million. However, the private operator will charge the city for operation and maintenance under the concession agreement.

Significantly the World Bank (2005) itself notes that overall evidence suggests “there is no statistically significant difference between the efficiency performance of public and private operators in this sector”. This is in fact the experience of residents of Nagpur. In June 2007, the Nagpur Municipal Corporation (NMC) handed over the operation and management of water services of the Dharampeth area of Nagpur to private operator Veolia Water (India) Pvt Ltd on a pilot basis. The privatisation of drinking water services in Nagpur is a complete failure. The tariff of water has increased to four times and the losses to NMC after privatisation was Rs 180 crore annually. The privatisation process neither brought the water leakages down nor could the private company ensure sufficient supply of water to the residents. Similar is the experience with Jamshedpur Utilities and Services Company Ltd. (JUSCO), the flagship company of the Tata group. In the last two decades, JUSCO has expanded its water operations to Mysore, Bhopal, Gwalior, Kolkata, Haladia, Muzzafarpur, and Chennai and has become the largest water supply developer and operator in the country. The operations of JUSCO in India have not only failed to deliver services in Jamshedpur but also failed to provide its services in Mysore, Kolkata, and other cities (*Water Privatisation has a History of Failure in India. Let's Free our Waters, Makarand Purohit, 2017*).

Instead of learning from all these experiences the governments is insisting on installation of water metres, levying of user-charges and ultimately privatisation of water as way forward for overcoming water scarcity in the cities.

As we can see from the above examples, neither levying user-charges nor privatisation of services are beneficial to the majority of people living in urban areas.

## II

The main crux of the reforms imposed by these agencies are monetisation of assets, i.e., sale of public land and other assets to private entrepreneurs; steps to increase revenue collection capabilities like increasing property tax; commercialisation of services through the levy of user charges and encouraging privatisation. Municipal regulatory authorities are formed according to these imposition that decide and overrule most of the functions of the local bodies. Privatisation of water supply, collection and disposal of waste, sewerage, transport services are some more facets of these urban reforms. Public spaces like parks and other recreational avenues available to the people are also handed over to private entrepreneurs in the name of PPP.

The same policies are sought to be implemented for overcoming housing crisis in cities. The union government has announced that by 2022, it would ensure housing for all. We are already half-way through 2022, but we are not even half-way through achieving this goal. Instead of government accepting its failure and taking up steps to provide houses for all those in need, it is depending on private players and is ready to provide financial and non-financial support to them. In order to facilitate private sector participation and to meet the growing need of affordable housing, the Ministry of Housing and Urban Development had set up a 'Committee on PPP/PPPP in Affordable Housing Sector'. The report wants the government to evict poor people living in the slums and allocate these lands to private realtors for development. "Many Central and State government departments and agencies own vast tracts of land, in excess of their requirements in the foreseeable future, those are very poorly utilized and are often illegally encroached. A systematic policy and effort can bring such lands under affordable housing and further be made available to the private sector, at a low cost, to develop and build affordable housing projects using private capital and efficiencies under suitable PPP structures....In Indian cities like Mumbai, Delhi and Kolkata, vast tracts of some of the world's most expensive land can today be found covered by slums....Most importantly, governments must lead this opening up of new areas for real estate development by providing trunk infrastructure consisting of roads, water, sewage, electricity, etc. and public transport that would enable people to lead productive lives. This would be the ultimate Public Private Partnership at a strategic level that has the potential of addressing the problem of affordable housing at its root". The government even allows the private realtors to use these lands for their own commercial exploitation. "The private developer could even be allowed to utilize the entire land made available by government for high-end housing in exchange for providing affordable housing at another

location” (*Public Private Partnership Models for Affordable Housing, Ministry of Housing and Urban Affairs, September 2017*). The government thus wants to evict slum-dwellers from their lands and ensure benefits to the private realtors. To garner support, statements are issued that for the beauty of a city, slums should be cleared and those residing in them can be relocated at the outskirts of the city. More than the beauty, it is the land in which the private realtors are interested and the government wants to provide it to them on a platter.

Another area of reforms is ‘Affordable Rental Housing Complexes’ (ARHCs) announced by the Ministry of Housing and Urban Affairs for urban migrants/poor. Through the announcement the government will now ‘facilitate’ the availability of ‘rented accommodation’ for all those who do not have/own a house. Construction, Operation and Maintenance of ARHCs will be done by Public/Private Entities on their own available vacant land. The government announced modification of many laws to suit these public/private entities. Accordingly, these ARHCs will be kept outside the purview of existing State Rental Laws and shall be governed by Model Tenancy Act (MTA) or modification of the existing laws in the line of MTA. The rent of ARHCs will be fixed by the Entity and subsequently, the Entity can increase rent biennially at 8 percent, subject to maximum increase of 20 percent in aggregate, over a period of 5 years.

The government also announced many concessions to these Entities: “Exemption of Income Tax on profits derived from operation of ARHCs; exemption of GST on profits derived from operation of ARHC; project finance/loan at lower interest rate through concessional window under Affordable Housing Fund (AHF) by Housing Finance Companies (HFCs) and Priority Sector Lending (PSL) by Commercial Banks; use permission changes, if needed 50 percent additional FAR/FSI, free of cost statutory approval of ARHC projects through single window system (within 30 days); trunk infrastructure upto the project site and municipal charges at par with residential property”.

Even Covid could not lockdown the reform rush of the central government. In a rush to appease the IFCs, as a part of the five-part financial tranches released by the central government (2020) to ‘overcome the economic crisis induced by the pandemic’, an increased reform linked borrowing of 0.25 percent is earmarked for urban local bodies. The government’s fifth tranche explicitly linked funding with the implementation of municipal revenue reforms. One of these conditions wants the states to notify property tax floor rates in accordance with circle property rates; and notify water and sewerage charges, to *at least recover* operation and maintenance (O&M) costs. Many states like Tamilnadu, Andhra Pradesh, have already moved ahead and announced changes in various urban laws.

The 15<sup>th</sup> Finance Commission in its recommendations linked implementation of urban reforms to the release of funds. Though it had increased the share of resources allocated to the urban local bodies from

3.5 percent to 4.3 percent, there are some important conditions that are linked to access these grants. For those cities which are above ten lakh population they had allocated 100 percent performance linked grants tied to air quality, water and sanitation. This would invariably mean implementation of PPP policies and various other reforms as discussed above, to earn these grants. “To be eligible for ANY grant from 2021-2022, ULBs to meet two entry level conditions (i) notifying floor or minimum rates of property tax and thereafter show improvement in revenue AND (ii) timely submission of audited accounts”. Increase in property tax is one of the most important reform measures that the government is driving.

The major philosophy behind reforms is that the local bodies should mobilise resources necessary for their functioning from the consumers of the services. People are no longer considered citizens, but consumers, who need to be charged for every service, facility they access. Hence every service provided to the citizens is charged – water charges, waste collection charges, hospital charges, etc., to name a few. These charges add to the rising living costs in the cities and further burden the poor and middle-classes. This principle of user-pay always benefits the rich and the elite. In the name of receiving payments from the residents of these localities, they are provided with uninterrupted access to all kinds of quality services. On the other hand, other regions in the cities are discriminated as these regions remain unclean with dirty roads, unclean sewage systems, badly maintained roads and ill-lit streets, becoming breeding grounds for various kinds of diseases and pollution.

### **III**

An important governance reform prescribed by the IFIs is to depoliticise and commercialise the functioning of institutions of governance. These are suggested in the name of avoiding ‘political interference’ and ‘promoting greater efficiency’. In order to implement such a policy prescription, the 74<sup>th</sup> amendment directions to form ward committees and involve people in policy consultations is conveniently thrown away.

According to a study, out of 29 states, where wards committee were required to be set up, as of June 2004, enabling legislation was in place in only 19 and out of these, wards committees were constituted in only eight states (Sivaramkrishnan, 2006). This study also pointed that even in these eight states, only those committees set up in Kerala and West Bengal were very participative. This study was done before 2006 and recent reports indicate that the functioning of ward committees in West Bengal has ceased after 2011. This means that democratic spirit of people’s participation in governance was ensured through the urban local bodies only where the Left parties were strong.

World Bank in its the World Development Report (WDR), 2004 titled '*Making Services Work for Poor People*', sermonises that when services are provided to the people there should be some sort of an accountability through 'elections' or 'client power'. However, instead of vouching for electoral accountability, it privileges market mechanisms as a means of embedding greater accountability in public agencies. It asserts that: "...in some cases, the market solution may actually leave poor people better off (World Bank, 2004)".

**Parastatal Agencies:** In order to promote market solutions and neutralise electoral accountability, IFIs promoted the establishment of many Special Purpose Vehicles (SPV) for urban governance. This has meant that bureaucrats, rather than elected officials, work closely with IFIs and dominate different government structures administering reforms. Indeed, a particular condition of the IFIs has been to prescribe setting up SPVs, purely administrative and regulatory bodies, which would make project decisions, channel funds, monitor project and reform progress, and be in overall charge of the project. In 1993, the state of Karnataka established one of the first such SPV called the Karnataka Urban Infrastructure Development and Finance Corporation (KUIDFC) for projects with a focus on urban and municipal reforms. All IFI projects are routed through KUIDFC. KUIDFC does not entertain urban local bodies approaching it directly; the District Commissioner (DC) typically links the urban local body and KUIDFC. This means that in KUIDFC (including IFI) projects no direct link exists between the urban bodies and the contractors hired to do the work in the urban bodies jurisdiction. Contractors have to be approached through KUIDFC making monitoring and accountability to local government and local residents difficult.

The number of SPVs has reached a peak with the SMART cities project announced by the central government. The implementation of the Mission at the City level will be done by the SPV created for the purpose. The SPV will plan, appraise, approve, release funds, implement, manage, operate, monitor and evaluate the Smart City development projects. Each Smart City will have a SPV which will be headed by a full time CEO and have nominees of central government, state government and is supposed to have urban local body on its Board. "The states/ULBs shall ensure that, (a) a dedicated and substantial revenue stream is made available to the SPV so as to make it self-sustainable and could evolve its own credit worthiness for raising additional resources from the market and (b) Government contribution for Smart City is used only to create infrastructure that has public benefit outcomes. The execution of projects may be done through joint ventures, subsidiaries, public-private partnership (PPP), turnkey contracts, etc. suitably dovetailed with revenue streams. The SPV will be a limited company incorporated under the Companies Act, 2013 at the city-level, in which the State/UT and the ULB will be the promoters having

50:50 equity shareholding. The private sector or financial institutions could be considered for taking equity stake in the SPV”.

Quoting once again from the study done on cities: “Out of 21 cities, only Udaipur mayor is vice-chairperson of SPV’s board of directors. In 19 cities, councilors are not part of SPV’s board of directors. Only in Mangaluru and Ahmedabad, councilors are involved in decision making of SPV board. In Mangaluru, 4 councilors are members of SPV board whereas in Ahmedabad, 1 councilor is a member of SPV board apart from the mayor”. This demonstrates the executive bias in the SPV and the near total absence of elected representatives.

As the SPVs are not elected and do not have decisive representation of elected people’s representatives, they are not accountable to the people. Many of the powers that are assigned to the local bodies are now being slowly transferred to these SPVs. Whatever little powers that are exercised by the urban local bodies are also being denied to the elected representatives. Even in the present urban governance model, most of the executive powers rest with the commissioner and not the elected representatives (including the mayor). This makes a complete mockery of the democratic system of elections and breeds cynicism among the people. No wonder that instead of fighting elections on policies, money, religion, caste and other parochial interests determine voting decisions.

#### IV

**Conclusion:** From the above discussion it is clear that urban governance lacks democratic accountability and is unresponsive to the needs of the people residing in cities. As elected bodies whose representatives are in the immediate reach of people, the character of urban governance has to undergo a thorough change. Popular participation through the constitution of ward committees and citizen associations should be ensured. True self-governance means ensuring full play of democratic rights, where citizens opinion on governance issues is binding. For a start, local bodies should have complete authority to carry out all 18 functions, plus functions of local importance which are related to day-to-day life of citizens. This would mean that local functions which are currently under control of state government/parastatal bodies should be transferred to these local bodies.

When such a democratic environment is created, people would be able to air their grievances and also get redressal. Issues like user-charges, tax rises, privatisation of services, etc., when put for discussion among the people, would certainly face opposition and rejection. Real development too would be possible as people would involve in deciding on the nature of projects that their area/region needs. People would easily understand the link between the neoliberal policies (the link between politics and

economics) that are being pursued and how they are detrimental to their interests. Effective participation by civil society would ensure the realization of 'social and people-centred sustainable development'. People's participation in decision making process is also antithetical to authoritarianism and tyranny.

Urban reforms if intended for development, should hence lead to the elimination of unfreedoms (poverty, tyranny, poor economic opportunities, systemic social deprivation, neglect of public facilities, intolerance, overactivity of repressive States) that Amartya Sen talked about.