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RCUES

Regional Centre for Urban and Environmental Studies
All India Institute of Local Self Government, Mumbai

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The Urban World

The Regional Centre for Urban & Environmental Studies (RCUES) All India Institute of Local Self-Government (AIILSG), Mumbai

Established in 1926, the All India Institute of Local Self Government (AIILSG), India is a premier autonomous research and training institution in India. The institute was recognized as an educational institution by Government of Maharashtra in the year 1971. The Institute offers several regular training courses in urban development management and municipal administration, which are recognized by the Government of India and several state governments in India.

The AIILSG works in close collaboration with several international organizations, viz, UN-HABITAT, UNDP, UNICEF, US-AID, WHO, GTZ, FES, Ford Foundation, CIDA, Cities Alliance, and it has close work ties with several international networks such as CLGF (U.K), UCLG-ASPAC, ICLEI, CITYNET and LOGOTRI.

In the year 1968, the Government of India established the Regional Centre for Urban & Environmental Studies (RCUES) at AIILSG, Mumbai to undertake urban policy research, technical advisory services, and building work capabilities of senior and middle level municipal officials, and elected members from the States of Goa, Gujarat, Maharashtra, Rajasthan and UT's of Diu, Daman, Dadra & Nagar Haveli. In western region and Assam and Tripura states in North East Region. The RCUES is fully supported by the Ministry of Urban Development, Government of India. The Principal Secretary, Urban Development Department of Government of Maharashtra is the ex-officio Chairman of the RCUES, Mumbai.

In the year 1991, the RCUES was recognized by the Ministry of Urban Development, Government of India as a National Training Institute (NTI) to undertake capacity building of project functionary, municipal officials, and municipal elected members under the earlier urban poverty alleviation programme-UBSP. In the year 1997, the Ministry of Urban Affairs and Employment recognized RCUES of AIILSG as a NTI for capacity building under SJSRY, the centrally sponsored poverty alleviation programme in the States and UT's in the western region, Madhya Pradesh, and Chattisgarh.

In 2005, the Ministry of Urban Employment and Poverty Alleviation (MOUE&PA), Government of India and UNDP have set up the `National Resource Centre on Urban Poverty' (NRCUP), which is anchored by Regional Centre for Urban and Environmental Studies (RCUES) of All India Institute of Local Self Government (AIILSG), Mumbai. The NRCUP is launched under GOI – UNDP, project titled `National Strategy for the Urban Poor'.

In 2009, the RCUES, Mumbai is recognized as a `Nodal Resource Centre' on SJSRY by Ministry of Housing and Urban Poverty Alleviation, Government of India.

The AIILSG, Mumbai also houses the Solid Waste Management (SWM) Cell backed by the Government of Maharashtra for capacity building of municipal bodies and provide technical advisory services. In 2008 Mumbai Metropolitan Regional Development Authority (MMRDA) established Solid Waste Management Cell to provide technical advise for development of regional landfill sites and capacity enhancement in Solid Waste Management for urban local bodies in MMR. On 5th September, 2011 Water Supply & Sanitation Department, Government of Maharashtra established Waste Management & Research Centre in AIILSG, Mumbai, which will be supported by Government of Maharashtra.

The AIILSG, Mumbai is selected as Nodal Agency by Water Supply and Sanitation Department, Government of Maharashtra in preparation of City Sanitation Plans for 19 Municipal Corporations in Maharashtra State, under the assistance of Ministry of Urban Development, Government of India.

On 13th January, 2010 Water Supply & Sanitation Department, Government of Maharashtra established Change Management Unit Cell at AIILSG, Mumbai which will be supported by Government of Maharashtra.

The AIILSG, Mumbai is handling major Project on Performance Assessment System (PAS) in Maharashtra covering all 248 ULBs in collaboration with CEPT, Ahmedabad & in close cooperation with Water Supply & Sanitation Department, Government of Maharashtra, Urban Development Department, and Directorate of Municipal Administration, Government of Maharashtra.

On 10th April, 2012 Water Supply & Sanitation Department, Government of Maharashtra established Service Level Benchmarking Cell at AIILSG, Mumbai which will be supported by Government of Maharashtra.

The Urban World - Quarterly Publication of Regional Centre for Urban and Environmental Studies of All India Institute of Local Self Government, Mumbai

(April - June 2015)

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Editorial

India and City Planning

In terms of percentage of population that lives in urban areas, India's urbanization, despite its many mega and metropolitan cities, is low and would find a place among the less urbanized countries. The Census results of the last few decades show that overall urbanization in the country has not picked up speed and continues to hover around a decadal growth rate of two to three percent. However, in terms of the history of urbanization, and in the art of planned city creation, it stands among the oldest. The Indus Valley civilization and its cities are testimony to a highly sophisticated and technologically advanced urban culture.

These cities display advanced knowledge of town planning with well laid out streets, a high sense of aesthetics and a great degree of emphasis on proper hygiene. All houses had access to water and drainage facilities and the towns were equipped with one of the world's first known urban sanitation systems. The cities had excellent covered drainage with manholes for periodic cleaning. Soak-pits partially purified the sewage before draining them into the river. Brick-lined wells provided water to homes.

Surprisingly, an aspect of these cities that does not get highlighted is that they were highly egalitarian. There was no great rigidity about the segregation of the rulers and the ruled. This was a sad development that got injected into Indian cities later and was accentuated by the British system of confined cantonment areas for the military, civil lines for the civil administrators and the crowded settlements for commoners.

India continued to create cities down the ages, some of which continue to live till this day. Pataliputra, for instance, close to the present-day Patna, came up as a city some 500 years before Christ and grew into one of the largest global cities full of splendour. The same is true of Delhi, showing evidence of continuous inhabitation several centuries before Christ. However, the imperialist ethos destroyed logical urban planning for the entire cities, borne out by the expanse of houses and openness for the imperial masters and the high density and unsanitary conditions for the commoners.

The sad part of such planning is that this has lived long past the demise of imperialism in this country. While there is constant attention paid to urban governance and debated animatedly at workshops and conferences, scant attention has been paid to setting right the urban planning process that our socio-economic context necessitates. It would be difficult to find many countries around the world where urban planning continues to lay down land use plans on ground founded on abstract norms of an ideal city.

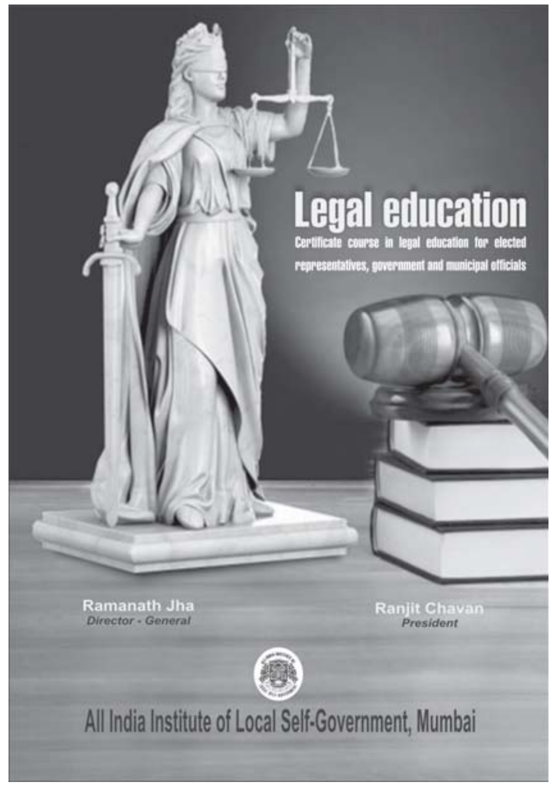
Flawed plans deliver flawed products – they cannot deliver governable cities. One of the reasons why city authorities find delivering good governance so arduous is because they constantly have to fire-fight situations created by some unimaginative plans. In the context of waste management, for instance, the ceaseless urban struggle in India in delivering clean streets and city cleanliness is because of its scant treatment in the city plan. The same applies to housing shortages, a subject on which no detailed analysis is available for universalizing housing. It is time we played some close attention to these questions.

Place : Mumbai

Date : 30th June 2015

Legal Education

Certificate Course in legal education for elected representatives, government and municipal officials



All India Institute of Local Self-Government (AIILSG) has been recognized as an Educational Institute by Government of Maharashtra in the year 1971. The Government of India established the Regional Centre for Urban & Environmental Studies (RCUES) at AIILSG, Mumbai in 1968. RCUES is fully supported by the Ministry of Urban Development, Government of India and undertakes urban policy research, technical advisory services and building work capabilities of senior and middle level municipal officials and elected members from the States.

In the recent past it is observed that there is growing expectation of the public from administration for bringing efficiency and accountability in the public delivery system handled by all the Municipalities.

In view of the above, AIILSG and Centre for the Study of Social Change (CSSC) have designed the three months weekend Certificate Course under the title "Legal Education" for government and municipal officials, and elected representatives.

The course will have also following objectives –

- To create awareness of rules and regulations vis-à-vis their roles and responsibilities, thorough understanding of court rulings, judgments, contempt of court, PIL, injunctions, stay order, final disposal, interim orders, etc.
- To educate and equip them for proper briefing to senior counsels and advocates and to put up strong affirmative case before the courts for speedy litigation, thereby help to save tax payers money.
- To develop skills for articulation while representing the State / Municipal bodies before Court of Law.
- To develop their requisite capabilities and confidence building of representatives of ULBs.

The course has the broad coverage of relevant Laws, introductions about court functioning, inputs on preparations of Legal Instruments, Documents and many other aspects are taken into considerations.

The course has apt teaching methodology which include training by experts in the field of Law, Professionals and Academicians, Sr. Legal Officials from Municipalities and Judiciary.

To start with it will have the coverage of ULBs in MMR region.

Reforming the Property Tax

Mr. Ramanath Jha
Director - General, AIILSG

Explaining Property Tax

Property tax means "a tax on buildings and lands in the City".[1] In India, unlike countries such as UK, where the occupier is liable to pay the property tax, it is the liability of the property owner to pay the property tax to the concerned municipalities. In many urban local bodies (ULB), where octroi was levied, property tax was overshadowed and somewhat ignored on account of the much larger revenue that octroi generated. This was "a cess on the entry of goods into the limits of a city for consumption, use or sale therein".[2] With the progressive abolition of octroi in most cities, property tax has emerged even in these cities as the principal source of revenue. Quite naturally, its efficient administration assumes the highest significance for any ULB.

Constitutional Provision

The Seventh Schedule of the Indian Constitution states the legislative powers of the Union and State Governments. Entry 4 in the State List of the Indian Constitution empowers the State Governments in all matters that pertain to local governments. Under Article 243-W, the Legislature of a State is mandated to devolve powers to ULBs on functions listed in Schedule 12 of the Constitution. Further, Article 243-X authorizes State Governments to devolve the power to levy taxes, duties, fees, tolls according to the limits set and procedure laid down by the Legislature of the State Government. The 74th Amendment to the Constitution did not go so far as to include a separate list of taxes assigned to the ULBs. This was completely left at the discretion of the State Government. This includes the discretion to determine what taxes would be collected by municipal governments and what would be the limits within which such devolved power would be exercised.

Expectations of Property Tax Edifice

There are certain expectations about the quality of the property tax system. Some of the features of a good property tax structure that are widely agreed are the following:

i. The tax should yield adequate revenues to meet local needs and should be sufficiently buoyant over time.

ii. Taxpayers should perceive the tax to be reasonably fair. There should, therefore, be ample transparency and simplicity in the manner of assessment, levy and collection.

iii. The tax base should be visible to ensure accountability.

iv. It should minimize discretion on the part of assessors in tax levy.

v. The tax should be easy to administer.

vi. It should ensure equity between classes of taxpayers/property owners.

vii. The tax should be stable and predictable over time.

Observations of Law[3]

ULBs have repeatedly been dragged to Courts on the matter of property tax. Litigants have challenged their initiatives and changes in the taxation system that ULBs have injected. While deciding these cases and pronouncing judgments courts have set several guidelines and limits in regard to the determination and levy of property tax. These need to be appreciated and factored in while contemplating any inventiveness so as to discourage litigation and avoid adverse court rulings.

Inequity and Discrimination

One of the grounds that have dragged the levy of property tax to courts has been that the levy has not been equitable and has been violative of Article 14 of the Indian Constitution. Quite clearly, a law on taxation cannot claim immunity from the equality clause that is embodied in Article 14 of the Constitution. But in the application of the doctrine of equality in matters relating to taxation, the Courts have, in view of the "inherent complexity of fiscal adjustment of diverse elements", permitted "a larger discretion to the Legislature in the matter of classification". The Legislature possesses "greatest freedom of classification" and the power to classify is of "wide range and flexibility" so long as it adheres to the basic principles underlying the principle of equality and does not practice "clear and hostile discrimination" against a particular person or classes.

In further interpretation of what constitutes equality and discrimination, the courts have held that in permissible classifications mathematical nicety and perfect equality are not required. Similarity and not identity of treatment is enough. If there is equality and uniformity within each classified group, the law will not be struck down as discriminative though due to some fortuitous circumstances arising out of a peculiar situation, some included in a class get an advantage over-others, so long as they are not singled out for special treatment.

The Court cannot for "obvious reasons meticulously scrutinize" the burden of taxation on different persons and interests. Certain advantages or disadvantages are accidental and unavoidable and are inherent in every law imposing a tax because such law "has to draw a line somewhere and some cases necessarily fall on the other side of the line".

Procedure

It is important that a statute lays down a specific procedure to make any assessment and does not leave it entirely to the executive to lay down such procedure. An overdose of discretion for the executive to decide what is fair and what is not would open the doors for a challenge of that statute.

The 'Procedure' as proposed under the Composite Area linked System begins with the submission of returns by owners of lands and buildings and in some cases occupiers. An enabling provision empowers the Municipal Commissioner or an authorized officer to make an Inspection and survey and take measurements.

There ought to be a Declaration, by public notice, by the Municipal Commissioner of his or her intention to classify, with reference to premises numbers, lands and buildings in each ward on the basis of factors specified in the law, including location and structural characteristics of buildings.

The procedure should provide for a reasonable opportunity to ratepayers for filing objections and the hearing of objections by an independent Municipal Valuation Committee. An appeal against the decisions of the Municipal Valuation Committee could be filed with the Municipal Assessment Tribunal constituted under the Act.

Reasonableness

A statute is open to question on the ground that it has dishonoured the prerequisite of reasonableness. But as long as a tax preserves its quality as a tax and is not confiscatory or extortionate, the reasonableness of the tax cannot be challenged. The Court would reject the challenge of a taxing statute as unreasonable unless it is shown that the frailties in the provisions of a taxing statute are of such a serious nature as to justify its description as a colorable exercise of the legislative power.

The reasonableness of a taxing statute may be ensured by laying down the procedure for consulting the requests of the local inhabitants. There could also be a provision for an appeal. So also the approval of the State Government may be made necessary before classification of lands and buildings is finalized and the unit area annual values are fixed. The State Government could act as an overseer of the actions of the local body on behalf of the Legislature.

It may be noted that it is not possible to put the test of reasonableness into a "strait-jacket of a narrow formula". It may also be mentioned that the quantum of tax to be levied, the condition subject to which it is levied and the social and economic policies which the tax is designed to subserve are all matters of political character and these matters have been entrusted not to the Courts but to the Legislatures.

Delegation

The vital legislative function comprises the determination of legislative policy and its formulation as a binding rule of conduct and cannot be delegated by the Legislature. There is also no unlimited right of delegation inherent in the legislative power itself. There should be adequate direction in the statute itself for the exercise of the delegated power.

The direction may take the shape of providing the maximum rates of tax up to which a local body may be given the discretion to make its choice. It may take the form of providing for consultation with the people of the local area and then fixing the rates after such consultation. It may also take the form of subjecting the rate to be fixed by a local body to the approval of the State Government which acts as a watch-dog on the action of the local body in this matter, on behalf of the Legislature.

So long as the law has provided a method by which the local body can be controlled and there is provision that reasonable rates are fixed, it can be said that there is guidance in the matter of fixing the rates. The nature of the body to which delegation is made is also a factor to be taken into consideration in determining whether there is sufficient guidance in the matter of delegation.

Property Tax Systems

There are three key methods of property tax calculation.

1. ARV (Annual Rental Value)

The system of annual rental value has been traditionally the most used method of assessing property tax. ARV has been defined as the gross annual rent at which the property may reasonably be expected to be let from year to year. It is thus a hypothetical value which can be interpreted as the market rent of the property in question. It is not the actual rent transacted. The key benefit flowing out of the ARV system is that it is premised on the income concept under which a tax payer pays some percentage of his rent. The system also lends itself to easy explanation to the tax payer. However, ULBs lose the advantages that could have ensued to it because of appreciating property values. This weakness could be compensated by periodical revaluation of the ARV. However, this has not been the experience and in any case revisions have not been seen to be adequately capturing the actual market value. The problem has been compounded by the Rent Control Act that has frozen the rents to be estimated under the ARV. The system has been additionally criticized for being a deterrent to the intensive use of land in cities as it offers nothing to a property owner to build to the full potential of land under the existing development control regulations.

2. CVS (Capital Value System)

While, as earlier stated, the ARV takes into account the annual hypothetical value of rent the Capital Value System (CVS) considers the capital value of the property. Many tax experts believe that in developing economies, the ULBs would find greater comfort in adopting the CVS. It takes into account not only the present but also the potential value of the property. Since appreciation in land value would be captured in the market value of the property and since the tax is based on market value of properties, the tax base would expand on a continuous basis. More importantly, since vacant land would also be assessed at its market value, it would promote exhaustive use of land. However, CVS also requires that the latest sale information must be accurately available for a variety of properties. If this is unavailable, the huge and rampant underreporting of sale value would make the CVS lose all its glitter.

With a view to having the option of moving to capital value system, in 2009, Maharashtra amended its Municipal Acts (Mumbai Municipal Corporation Act, Bombay Provincial Municipal Corporation Act, The city of Nagpur Corporation Act, Maharashtra Municipal Councils, Nagar Panchayats and Industrial Townships Act, Maharashtra (Urban Areas) Protection and Preservation of Trees Act and Maharashtra Tax on Buildings Act. The primary features of the amendment were that now ULBs could levy property tax either on rateable value or capital value and was to comprise water tax, water benefit tax, sewerage tax, sewerage benefit tax, general tax, education cess, street tax and betterment charges. For fixing capital value, the Municipal Commissioner "shall have regard to the value of any building or land as indicated in the Stamp Duty Ready Reckoner…..prepared under the Bombay stamp (determination of True Market Value of Property) Rules, 1995, framed under the provisions of the Bombay Stamp Act, 1958". The amendment specifically brought unauthorized constructions within the property tax ambit along with heavy penalty "equal to twice the property tax leviable on such building". [4]

3. UAS (Unit Area System)

The unit area system is an arithmetical system of calculation of property tax based on covered area of the building and the unit area value or unit area tax for the category (of locality or amenity, etc.) in which the premises is located. The property tax is calculated by fixing the unit price per sq.mt. or sq. ft. and by multiplying the unit rate by the property area and other multiplication factors for age, location, use, occupancy, structure, etc. In the unit area value system the entire city has to be grouped into somewhat homogenous categories for specifying a unit area value. Such groupings could be done taking into consideration factors like average rental value, average capital value of land, quality of physical infrastructure, availability of social and market infrastructure, type of development, economic classes of occupants, etc. Different cities that have adopted variants of this method have used varied classifications of properties.

Patna pioneered the UAS system. It took into account the location, usage, built-up area and the type of construction. The location criterion had three sub-categories – principal streets, main roads and others. Construction types were three as well. They were pucca with re-inforced concrete roof, pucca with asbestos or corrugated sheets and others. Usage categories were also three – commercial/industrial, residential, and others. The annual rateable value was fixed for each category and the tax base was accordingly determined. This new valuation method was challenged in the courts but was finally upheld by the Supreme Court. In Ahmedabad, the wards were grouped into 4 broad categories mainly on land -value basis. In Delhi, about two thousand colonies/ localities have been classified into 7 categories taking into account ten different factors. In Hyderabad, the average rental value for each locality, for each type of use has been prescribed.

Other Methods

Besides the above models, two other systems have been operational in other parts of the world. These are the SVS (Site Value System) and the ADS (Area Detail System). The former can be looked as an alternative in planned cities with good FSI stipulations, as the system tends to promote optimum utilization of buildable land. However, it may not turn out to be kind to low income families and the informal part of the city. The ADS, while apparently simple, has its own infirmities and hence a detailed analysis of the system is not attempted here.

Trends in Property Tax Collection

Property tax as a share of total revenues has been showing a downward trend in many cities and insufficient buoyancy in others. While the contribution of property tax in OECD countries (Organization for Economic Cooperation and Development – an international economic organization of 34 developed countries founded to stimulate economic progress and world trade) was over 2 percent of GDP, it was about 0.6 percent in developing countries. Additionally the OECD countries have shown an upward trend in collection, moving from 1.24 percent in the 1970s to 2.12 percent in the 2000s. On the other hand, in the developing world, this collection has crawled from 0.42 to 0.60 in the same time frame. In India, information that was collected from a sample group of 32 ULBs for the period 2004-2008 with Baramati at one end (57,000 population) and Mumbai on the other revealed that per capita collections in 2008 was Rs. 457 or Rs. 1.25 per day.

A trend of loading heavier property tax on non-residential properties was also observed. In Bengaluru, for instance, during 2008-11, non-residential properties contributed about 40 per cent of the property tax. This is a common practice in most cities, where industrial and commercial properties are inequitably burdened with very heavy taxation.

Problems

Property Tax has been beset with a large number of problems. To begin with, as stated earlier, the Indian Constitution leaves ULBs substantially circumscribed administratively and financially by the State. This has allowed unwarranted interference by States in the financial/administrative affairs of ULBs. The HPEC 2011 itself recounts the abolition of house tax in 2006 by the Rajasthan State Government. A similar step was taken in 2008 by the Haryana Government in relation to self-occupied residential properties and this was reversed only when Government of India linked the receipt of grants under a central scheme to property tax reform. In either case, no reference was made to the ULBs nor any consultation with them entertained. Neither was any alternative source of revenue identified and bestowed on the ULBs. The State Finance Commissions that recommend transfers from States to ULBs were also substantially not acted upon by State Governments.

In the global taxation scheme, almost all broad-based and progressive taxes are retained by the Central Governments. The tax base of ULBs as a consequence is narrow. This generally forces municipal governments to be heavily dependent on central and state transfers. However, with many states already in very weak financial condition, there is not much help forthcoming. In general, therefore, cities are always struggling to shoulder the onerous responsibilities cast on them. Fiscal federalism principles enunciate that local services by and large should be paid for by the beneficiary citizens. But this is easier said and done in developing countries where a host of factors seriously limits the collection of high user charges to pay for goods and services locally provided.

"ULBs in India "are among the weakest in the world…. in terms of capacity to raise resources"u (HPEC 2011, p.xxvii). One of its important ailments is low revenue productivity. In 2006, thirty-six large municipal corporations collected an average of just Rs. 486 per capita with an annual growth rate over three years of 7.9 per cent. This meant that revenue from property tax was virtually stagnant vis a vis the inflation rate and in decline vis a vis the GDP growth.

The rent control laws have been a huge dampener in the realization of the full potential of property tax. In the southern part of Mumbai this is a major factor in low revenue yields. "Although there were inconsistent judgments, Supreme Court in the case of Municipal Corporation of Indore versus Rathna Prabha in 1976 clearly observed the need to move away from the rental valuation principle as per the rent control acts. However, there are always problems in adopting valuation according to market rents whenever the rental valuation is adopted as the base of the tax."[7]

The tax further suffers from a huge number of exemptions that are either mandated by law or provided for noble causes by ULBs. The ones not mandated vary from state to state and city to city. Article 25 of the Constitution provides exemption to all properties belonging to the Union Government. In a city like Delhi, this would mean, for instance, that almost the entire "Lutyen's Bungalow Zone" (LBZ) would yield no revenue to the local government. LBZ covers an area of about 26 sqkm. All land and buildings in the LBZ belong to the central government, except for 254.5 acres which is in private hands. There are about 1000 bungalows in the LBZ, of which less than ten percent are in private hands. This also means that the LBZ receives municipal services free of cost and gets subsidized by other tax payers. Other exemptions include places of religious worship, educational institutions, charitable institutions, ancient and historical monuments, burial and cremation grounds and several others. Vacant land is generally exempt. Central government properties of foreign missions also enjoy tax exemption without an insistence for reciprocity.

In many larger cities, with the proliferation of slums, a huge chunk of the population moves out of the property tax net and is liable to pay a service tax that is a highly subsidized amount. Experience shows that there is strong political resistance to de-notify a slum after its development and to the application of normal municipal taxes applicable elsewhere in the city. There is thus a clear distinction drawn between the formal and informal settlements and the set of laws applicable to them.

Property tax compliance is one of the lowest among all taxes. There is reluctance by tax payers to pay property tax compared to say, payment of income tax. Being local residents, they find skipping or delaying payment of property tax as the most amenable compared to central and state taxes. ULBs are easier to manipulate or pressurize and are definitely more familiar. Local political representatives are equally loath to hike property tax rates despite clear indications that they have fallen behind as individual incomes have risen, capacity to pay has increased, values of properties have steeply moved upwards and inflation has eaten into revenue yield justifying reasonable periodic upward revision. This trend has been seen across cities and across States.

Market based valuation and its periodic updating has been a problem in ULBs. In any of the cases of annual letting value, capital value or area based value, the value taken as the base is presumptive and hence subject to dispute and challenge. Also, since the properties cannot realize the market value unless sold, use of this value in property tax computation is questionable. These difficulties have resulted in the low productivity of property tax and the tax has failed sadly in keeping pace with the steep appreciation in urban property value.

The urban local bodies have a serious problem with their information systems. Several ULBs have outdated property tax registers. While construction gallops in cities, there is no prompt inclusion of these new constructions in the property register. The Administrative Reforms Commission noted that only about sixty to 70 per cent of the properties in urban areas are actually assessed. This means that properties that are enjoying municipal services are escaping the property tax net. The use of the GIS (Geographic Information System) would enable the capture of all such properties with consummate ease. But this is not widely used. Some of the ULBs were forced to adopt the system once this became mandatory under the JNNURM. This had quick and salutary results in the increase of both coverage of assessed properties and property tax collection.

An efficient property tax system would ensure clarity in property ownership or tenancy rights and a cadaster that uniquely identifies properties and their owners. Additionally, information flow from other ULB departments on fresh construction, on additions to old constructions and on constructions that are unauthorized and yet liable to pay property tax ought to flow speedily from the buildings and construction department to the tax department. These, in many instances have been found wanting leading to tax evasion, non-collection and under collection. Very few municipal bodies have been able to bring the entire taxable properties and constructed area under the tax net.

Quite naturally, low coverage promotes poor tax collection. But even otherwise, collection efficiency has been seen to be low. Most ULBs are not able to actually collect the annual demand raised. This is on account of inadequate staff, lack of concerted effort by the existing staff and a huge number of disputes pending in courts of law. The average collection rate for 36 largest municipal corporations was 37 percent.

The Critical Need for Property Tax Reforms

As the bastion of municipal revenue, property tax must emerge from a vicious cycle in a renewed and reinvigorated form to provide the best possible revenue to ULBs. India already has a large urban population standing at around 380 million people in 7935 urban areas with 53 mega and metropolitan cities. As the country urbanizes further and adds to its urban numbers, ULBs will be required to support larger infrastructure systems. That would need huge money. Financial support from the Centre and the States would continue to be limited, especially in view of the precarious financial position of the States themselves and their struggle to finance their own commitments. Even with private sector participation, market borrowings and other off-budget funding, expanding cities will have to think what they can do themselves to bridge the infrastructure gap. Decidedly, property tax, far in excess of other sources, would have to answer that call.

Reforms carried out by ULBs

Over a period of time, a number of cities have attempted to modernize and reinforce the administration of property tax. This was partly on account of the city's own initiatives, partly due to State exhortation and in some instances mandated by money transfers to ULBs through Government of India schemes. For instance, reform of property tax was a compulsory reform under the JNNURM. It wanted cities to move towards the implementation of on-line system for property tax through a proper GIS enabled mapping of properties and a transparent, user-friendly and simple property tax system.[8]

While different cities have tackled different parts of property tax and sought to reform them, they, in the main include more scientific and logical methods of determining the tax base, introduction of self-assessment by property owners, ensuring ease of tax payment including on-line payment, and reduction in compliance cost. An important direction of the reforms was the adoption of the area based valuation and the capital value system to determine the tax base to inject property tax with necessary buoyancy in place of the annual rateable value system.

System Changes

In terms of systemic changes, cities such as Patna, Ahmedabad, Chennai, Indore and Kolkata have adopted the Unit Area System. While each of these cites has its own variant within the UAS, all of them have a progressive scale of tax rate. Some other cities have a progressive scale for residential properties and a flat rate for non-residential properties. Mumbai and Bengaluru have attempted the Capital value system. On the other hand, Bhubaneshwar, Hyderabad and Ludhiana continue to follow the ARV method of assessment.

Municipal Corporation of Greater Mumbai (MCGM) earlier had a system of Annual Rental Value (ARV) System for the assessment of properties within the limit of the Corporation. Subsequently MCGM moved from ARV to the Capital Value System from 1st April 2010. Accordingly Bills of all the properties except slums were issued and recovery progressed. Now the revision is due. Modifications will be done and new bills will be issued from 1st April 2015.

Database

In terms of database, Bengaluru, Chennai and Hyderabad are cities where the database of all properties is digitized by using GIS mapping. For each property Hyderabad has provided a unique Property Tax Identification Number (PTIN). Ludhiana and Patna do not have a computerized database of assessed properties. Neither has digitisation been initiated.

Payment Options

In most municipalities, tax payment gateways and agencies for administration for tax have been increased manifold, thereby facilitating payment by citizens. These new initiatives include on-line payment, payment through banks, civic centres, Resident Welfare Associations and through ATMs.

The e-tax system introduced in Mumbai provides an entire IT system that manages properties and their taxation. It calculates the property tax demand automatically based on any of the above mentioned methods. It is fully integrated with e-Gov Financials which is the accounting software that manages Municipal finances, so that up-to-date reporting of tax collection is fully automated. The tax collection application also generates the Bank Deposit Challan and other relevant reports. The application handles property registrations, transfers, bifurcations, and amalgamations within the Corporation.

In Pune, to boost tax collection and facilitate citizens, Citizens' Facilitation Centres have been opened at intervals to decentralize the collection. The Pune Municipal Corporation (PMC) has 21 branches and six extension counters of Cosmos Co-operative bank.

Self-Assessment

In most of the very large cities, such as Chennai, Bengaluru, Hyderabad, Ahmedabad and Pune self-assessment has been introduced. However, in many of these cities it has not been made mandatory. Wherever this has been made mandatory, the onus for filing property returns on a regular basis and paying the tax on schedule rests with the property owner. This helps better tax compliance.

Incentives

Some ULBs provide incentives to tax payers for certain compliances. Mumbai Municipal Corporation, for instance, recently announced its 'early bird incentive' scheme for payment of property tax. The programme offers a six per cent tax rebate to taxpayers who pay the annual tax amount in full by June 30. The scheme is being implemented for the next two years on a trial basis. Several other ULBs such as Bengaluru and Hyderabad offer similar rebates for timely and on-line payment. In Pune, if a construction fits the criteria of being eco-friendly, it fetches a rebate on property. The Ahmedabad Municipal Corporation (AMC) launched an incentive scheme for defaulters of property taxes. The scheme allowed a 70% waiver of interest to residential defaulters and 50% waiver for commercial property defaulters from December 1, 2013 to January 31, 2014. The scheme helped the ULB recover arrears of 125 crores.

Citizen Interface

In many cities such as Ahmedabad, Bangalore, Mumbai, Pune, Hyderabad and others, citizen interface in property tax, as in other areas, has grown. Many of these corporations have engaged in wide consultations with citizens in the process of reform, heeded their suggestions and treated them as vital stakeholders in city governance. There is rising evidence that decisions taken in isolation by ULBs do not go down well with citizens. In engenders protests, litigation and the rise of resistance to any steps the ULBs desire to take. The process of consultations is, therefore, most welcome.

Results

The results of reforms carried out have been a mixed bag. In Bengaluru, property tax reforms led to substantial increase in tax revenue. However, in Delhi, the ULB witnessed a decline in collections. Patna launched the area based taxation in the country but was disappointed with the outcome. It has the dubious distinction of having the lowest and most immobile per capita collection. Decidedly, reforms have to be backed by vigorous and honest implementation.

Further Suggested Reforms

The basic constraint in all reform expected of ULBs is that this must start with the State allowing functional and financial autonomy to ULBs. There are examples galore of how a ULB is stifled by the centralization of municipal powers in the hands of the state. A central theme of good governance is decentralization and decision-making at the most logical level. This has happened in large parts of the developed world. India needs to follow that path in the interest of development and good governance.

Property survey, mapping and application of GIS are absolutely essential to the property tax system in ULBs. The use of this platform and its multiple benefits, both financial and administrative, make its current non-usage unintelligible. Further, computerization of the property tax system and other allied e-uses in the administration of property tax such as web-based systems of tax collection are crying needs. States must make this mandatory.

A relook at exemptions is also necessary. The kinds of exemptions that have proliferated in ULBs have been detailed above. These exemptions are unkind to the revenues of the ULBs and get compounded by several services provided free of cost. This chain of exemptions begins from the top levels of Government and is clearly akin to huge subsidies provided by the local bodies. This only promotes more exemptions to be dished out by the ULBs at the expense of their citizens. A close examination of the system of exemptions would show that in the interests of fairness, transparency and accountability, there is a strong case for entirely doing away with the system of exemptions.

Since property tax systems in cities can have a significant impact on availability of housing stock, a view needs to be taken on properties that are built but not occupied, either through self-occupation or through offering them for rent. There is a case for a separate look at such properties and devise ways so that they can be brought into use. A combination of incentives for adding these to rental stock and disincentivization of vacancy would have to be carefully worked out.

Self-assessment is already gaining currency in ULBs. Many larger corporations have been practising this in their cities and the practice deserves to be further encouraged. This could be a necessary part of the tax system. This would lead to the avoidance of defaults by property owners, greater trust of the system by them and a welcome step for honest tax payers. It would lead to an overall addition to the familiarity and involvement of citizens in the reform process.

Vacant lands within the cities that have developmental potential ought not to be kept outside the tax net. Land values rise steeply with no benefits accruing to the council. The ULB, in any case, while providing certain services, factor in such lands. Water and drainage lines, roads and several other services cannot skip such properties as they are interspersed amidst and along developed properties. They, therefore, need to be brought within the tax net.

In cities that have undertaken reforms, an area of reform not considered appears to be the exclusion of the entire unbuilt area of the plot in the case of independent houses. Two detrimental consequences follow. One, this incentivizes large plotting of land leading to inefficient land use in a constrained urban land market. Two, it reduces the availability of housing stock. Finally, it reduces property tax demand by seriously reducing the exploitation of the full potential of land. These unbuilt areas have to be treated as vacant land and taxed accordingly. It is therefore important to include the plot area along with the built-up area.

Within the Town Hall, maximum coordination among related municipal departments is absolutely necessary for information flow on properties. The building and construction department, departments that levy user charges have information that would allow the property tax department to update their registers in quick time and raise higher tax collection.

Case Study

One town has been studied as random example with the specific purpose of finding out how far property tax reforms have gone. It has been usual that most studies concentrate on the larger cities. This is because these cities are more visible; it is easier to reach them; their records are more organized, they are more equipped to take up reforms and their economies are nationally more significant. However, a huge urban population lives outside them divided into several thousand ULBs. Many of them may play important roles in the future if they are injected with efficiency, infrastructure and quality of life. In the national interest, such cities ought to be equipped with that role so that urbanization gets decentralized allowing the larger cities themselves to breathe easy and survive.

The town considered here is Jejuri. Jejuri is a small municipal council from Maharashtra.

1. Jejuri

Jejuri is a Municipal Council in the district of Pune in Maharashtra at a distance of about 50 kms from the city of Pune. The town is one of the oldest municipal councils in the State (established in 1868). Its total geographical area is 6.59 sq km. It is a centre of pilgrimage and is visited by a large number of pilgrims (11 million per year according to Jejuri Nagar Parishad data of 2013-14) to pay obeisance to God Khandoba in the Jejuri temple. The 2011 Census puts the population of Jejuri at 14,515 with a literacy rate of 79.1 percent.

Quite like most other councils, Jejuri had old records for the properties within the municipal council limit registered with them. These records were in paper form and were not updated since long. Over a period of time, the Jejuri landscape, like most other urban landscapes got transformed considerably. Many new properties were added, but these were not necessarily listed with the ULB. Additionally, many of the listed properties underwent construction or change of property usage. Many of such changes went unnoticed by the ULB as the owners chose to ignore reporting them. As a consequence, the ULB suffered the consequences of 'un-assessed' and 'under-assessed' properties that could have potentially added to the revenue.

With a view to reforming their property tax system, the Jejury Municipal Council proceeded on the path of GIS based property tax mapping. This pioneering work was awarded to AIILSG in 2012. It duly completed the job in a matter of a few months and the updated property tax information was used for tax collection from the financial year 2013-14. This would remain applicable for a period of four years after which a fresh revision would take place. Prior to this job, AIILSG also carried out the transformation of the town's Development Plan by putting it on a GIS platform. This yielded the town additional benefits as we shall see.

A word about GIS and its application would not be out of place. The data that got used for the cited job were the following:

- High resolution satellite images
- Field survey data (map features)
- Property Tax Register (available with Urban Local Bodies)
- Property Information collected from field
- Existing maps
- Digital photographs
- Internal dimension measurement of property

Approach:

- **Procurement of high resolution satellite images:** For urban applications, high resolution satellite images were used. A variety of satellite images is available with spatial resolutions of 50 cm, 60 cm and 1 m. These are available as grayscale and colour images. The satellite images for India are procured through National Remote Sensing Centre (NRSC), Hyderabad. Following is the list of satellite images with the respective source agencies:

Sn.	Sensor/ Satellite	Resolution	Source
1	WorldView-02	0.50 M (Colour)	Digital Globe
2	WorldView-01	0.50 M (Grayscale)	Digital Globe
3	Quick Bird	0.60 M (Colour)	Digital Globe
4	IKONOS	1.00 M (Colour)	Geo Eye

- **Differential GPS (DGPS) Survey: I**t is an enhancement to Global Positioning System that uses a network of fixed, ground-based reference stations to broadcast the difference between the positions indicated by the satellite systems and the known fixed positions. These stations broadcast the difference between the measured satellite pseudoranges and actual (internally computed) pseudoranges, and receiver stations may correct their pseudoranges by the same amount.

DGPS comprises two receivers that are relatively close together that will experience similar atmospheric errors. DGPS requires that a GPS receiver be set up on a precisely known location. This GPS receiver is the 'base or reference station'. The base station receiver calculates its position based on satellite signals and compares this location to the known location. The difference is applied to the GPS data recorded by the second GPS receiver, which is known as the 'roving receiver'. The corrected information can be applied to data from the roving receiver in real time in the field using radio signals or through post-processing after data capture using special processing software.

DGPS survey is carried out to establish permanent bench marks across the city. These bench marks are used for geo-referencing of satellite images as well as for the Total Station Survey.

- **Feature extraction from satellite image:** High resolution satellite images are geo-referenced using DGPS points. The geo-referenced satellite images are then used for preparing digital basemap extracting the features from the same.

  Features extracted from satellite images are:

  - Water bodies (ponds, lakes, reservoirs)
  - River, streams, nalas
  - Transportation network (rail, roads)
  - Canals
  - Buildings

- **Total Station Survey:** A total station is an electronic/optical instrument used in modern surveying. The total station is an electronic theodolite (transit) integrated with an electronic distance meter (EDM), plus internal data storage and/or external data collector. Angles and distances are measured from the total station to points under survey, and the coordinates (X, Y, and Z or northing, easting and elevation) of surveyed points relative to the total station position are calculated using trigonometry and triangulation. Data can be downloaded from the total station to a computer and application software used to compute results and generate a map of the surveyed area.

  Features extracted through Total Station survey are:

  - Railway tracks
  - Road centrelines& road edges
  - Compound walls and fences
  - Building corners

- **Field verification of map:** The data captured through Total Station survey is superimposed over the satellite image features. This basemap is then printed on large scale (1:500 or 1:1000) for field verification. The field observations are marked on the paper maps and are later transferred to the digital basemap.

  Finally the buildings are assigned unique IDs for household data collection

- **Household Survey**: Appropriate questionnaire are designed in local language in consultation with the Urban Local Body for collecting the property information at household level. These questionnaires are used along with the updated basemap (showing unique IDs of the building) for data collection at household level.

  This is followed by digital photography and measurement of internal dimensions of individual property. Internal dimension measurement is carried out using electronic distometers.

- **Data computerisation:** The filled-in questionnaires are computerized by entering the data into appropriate database. Depending upon the volume of the data, RDBMS application can be chosen.

  Property Tax Register available with the Urban Local Body is also computerised to enhance the efficiency of the routine department functions and correlation with the field collected data.

  Existing maps such as Municipal Limit, Survey boundaries, etc are also computerized and superimposed on the satellite images.

- **Data compilation:** The digital basemap is integrated with the attribute database and digital photograph. This enables retrieval on property information on mouse click.

- Development of customized software application: User friendly customized software application is developed to manage the property information database and enable the following functions:
  - Search & queries
  - Report generation
  - Generation & printing of field register, tax notice (119), complain register, final tax bill, demand register and final tax register.

While going about the reform work in Jejuri, the AIILSG team collected all background information in about 4400 forms and covered the total geographical area of the Council. Since this was a third party survey, there was a larger degree of faith reposed by the citizens in the survey. This was aided by following a completely transparent process where the citizens were kept informed of the manner of tax computation. This can be seen from the fact that subsequent to this exercise, only 80 objections were lodged by the citizens. Of these, more than half were about name corrections and sundry clerical errors. Only a miniscule number was in regard to tax computation, mainly on account of tenants that were in occupation of properties but left during the course of the survey.

Salutary Results of Reforms

The use of GIS applications listed above resulted in the following:

As computerized and latest updated information was made available to Jejuri, it enabled identification of un-assessed and under-assessed properties and led to increase in the property tax demand. A total of 729 fresh properties were listed that had earlier escaped the property tax net. This amounted to a 24 per cent addition to properties up from 3829 to 4402. This had a positive impact on the total collection of property tax. Whereas total tax was Rs. 75 lakhs for the year 2012-13, post GIS mapping, it went up to Rs. 1,05,23,824. This was a jump of about 40 percent.

Apart from the financial benefits accruing to the Council, the other constructive consequences were the following:

- Attainment of the mandatory reform under UIDSSMT: GIS based Property Tax Management System enabled Jejury to comply with one of the mandatory reforms under UIDSSMT.
- Improvement in functional efficiency of the department: Customized software automated routine process such as generation of property tax bills, tax payment receipts & notices. The city while doing it manually did the job over a period of time and several errors crept in. Now with the computerized database, the same exercise could be done within a day without errors. This saved time, energy, as well as repetitive filling of a whole bunch of registers.
- Future revision of property tax: Property Tax is subjected to revision at regular intervals. This involves updation of the existing property tax register which can be done much faster with computerized data. Hence future revisions would be a much simpler affair.
- Quick resolution of objections: Revised property tax is subjected to objections by the citizens. The objections are heard and resolved jointly by Department of Town Planning and Urban Local Body. With availability of detailed property information and property plans in digital form, most of the objections can be resolved on-screen. Even for cases of field verification, available information can be printed quickly, verified in the field and changes can be done to the digital data. This enables resolution of numerous cases within short span of time.
- Property numbers were not in sequence. After GIS mapping fresh numbers were given in sequence. This will ease the planning process in the city. Additionally, the revenue map and the property map have been superimposed on each other. In view of this ready data, it would now be possible for Jejuri to quickly shift from

the annual rateable value system to capital base system, if it so desired.

- The house numbers have been injected with bar codes that can easily be scanned and property data base can be retrieved.

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Street Vendors and Public Space

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The current confusion over street vendors has evoked strong reactions from 'citizens' groups in Mumbai and Delhi. The cry is that street vendors have encroached on public space and these should be restored to the people. The basic issue is who occupies urban public space?

On the one side we have the working poor who use pavements for their work. The most prominent in developing countries are street vendors who can be found everywhere in the city. Another group are the casual workers who sell their labour every day. These people assemble in certain street corners where some of them are picked up for work by either labour contractors or employers. These workers include construction labour, carpenters, plumbers, painters among others. In both cases these people are regarded as illegal encroachers on public land. There are also a large number of homeless who use the pavements as their homes.

Controlling Public Space to Control the Working Poor

Control over public space by the state and/or the civic authorities can be construed as control over the people, especially the working poor. Alison Brown in her interesting exploration of public space in her book, *Contested Space: Street Trading, Public Space and Livelihoods in Developing Countries,* points out that the Fascist government of Benito Mussolini in Italy (1922-43) was one of the first to recognise the importance of dominating public space. His government strictly regulated the use of public space and encroachers (in almost all cases the poor) were removed with brute force. The state invariably treats the working poor as illegal encroachers which enables the local authorities to exert total control over them. The working poor are made to feel that activities relating to their livelihood are illegal and they rarely challenge the power of the bureaucracy, whether legitimate or otherwise.

On the other hand, civic authorities can show laxity in curbing encroachment by other sections of the population. For example housing societies of the middle and upper-middle classes frequently encroach on public space by usurping land around their residences. Shops and restaurants also encroach on public space by building extensions on pavements. In most such cases the civic authorities ignore the intrusions or at the most they frown on these activities but take no concrete action to remove the encroachers. Recently the former chief secretary of the National Capital Region (Delhi) in an article in a newspaper had strongly recommended that the civic authorities should remove magazine and book sellers in Connaught Place should be removed from its broad pavements and have open air cafes instead!

The most blatant case of usurping public space is by the 'residents' welfare associations' in Delhi. These associations put up gates at the entrances and exit points in the housing societies of the middle classes and the rich. Private security agencies are employed to regulate entry of people, presumably hawkers and other service providers. All this is done in the name of public security. The roads, parks and community centres within these societies are built and maintained by the municipality or other government authorities by using public money, yet they become the private property of these societies. Moreover maintenance of law and order is the responsibility of the police and not of private security guards. That the police and municipal authorities support such activities means that the police are incapable of protecting citizens. Have any of those citizens who talk so forcefully about retrieving public space from hawkers ever protested about the way public space is being usurped by these RWAs?

Perceptions on Urban Public Spaces

Though urban public space is a fact in the sense that we know what it is and the land records of the civic authorities will have accurate records on it, the perception of urban public space differs between communities. For the wealthy public spaces such as parks, pavements and beaches are places for recreation. Pavements should not be encroached by pavement dwellers or street vendors because these may come in the way of their morning walks. Beaches should be clean because the wealthier sections could relax on the sands and enjoy the sea breeze. Similarly public parks are often taken over (adopted) by local residents' associations and are beautified and converted to jogging parks that are no longer accessible to the city's working poor. The above examples are ways in which public spaces are usurped and converted to private space. The authorities play an active role in these processes because they encourage such 'adoptions' of public space.

For the working poor public spaces have different connotations. For street vendors wide pavements would mean places where they could earn their livelihood and provide for their families. For the poorer sections pavements are places where they can buy their daily needs from the street vendors who sell low priced goods and food. For the urban poor pavements and other public spaces could be places where they could reside as they cannot afford more expensive housing.

Similarly, for the poorer sections like beaches or parks are places for relaxation and recreation where they can also feast on low cost food offered by street vendors. However, their behaviour and their clothes are vastly different from that of the upper classes who think that public spaces are their exclusive priority. The municipal authorities too seem to agree with this approach as they actively help in excluding the poor from public places. For example, Juhu beach is a popular place for all sections of Mumbai's population. The beach is filled with revellers on Sundays and holidays. These people are mainly the lower middle class and the poor as they have little forms of recreation in the city. The beach has an array of food stalls run by street vendors, many of these are licensed to sell cooked food by the municipality. The main buyers are the poorer sections. There have been frequent protests about this state of affairs by the upper class residents of the area. These materialise in the form of protests by the local resident welfare associations (housing societies around Juhu are the most expensive in the city and they house the elites). They frequently protest about how the beach is dirtied by the vagabonds and irresponsible street vendors. The municipal authorities of the area have found a novel way of preventing street vendors and the poor from using this beach. They have decided to remove the food stalls and build car parking lots on that space for those who visit the beach. This would obviously mean that car owners have greater access to the beach than ordinary citizens.

Supreme Court's judgements and their violations

The Supreme Court through a number of landmark rulings has taken a different view. The use of pavements exclusively for pedestrians has been challenged by the Supreme Court in 1989 (Sodhan Singh vs NDMC). The judgement states, "If properly regulated according to the exigency of the circumstances, the small traders on the sidewalks can considerably add to the comfort and convenience of the general public, by making available ordinary articles of everyday use for a comparatively lesser price. An ordinary person, not very affluent, while hurrying towards his home after a day's work can pick up these articles without going out of his way to find a regular market. The right to carry on trade or business mentioned in Article 19(1) g of the Constitution, on street pavements, *if properly regulated cannot be denied on the ground that the streets are meant exclusively for passing or re-passing and no other use.*" (emphasis added).

The 2013 judgement of the Supreme Court (Maharashtra Ekta Hawkers' Union vs Municipal Corporation of Greater Mumbai) has laid down the guidelines for implementing the policy. Though this ruling is mandatory for all states, in most cases it has been ignored. This has led to the current crisis in urban areas. The main problem is not hawkers but the way the municipal authorities in Mumbai and Delhi are implementing the judgement which states that every municipality must form a Town Vending Committee (TVC) which will decide on hawking zones. Till then, Section 16 (xv) notes, "All the existing street vendors / hawkers operating across the country shall be allowed to operate till the exercise of registration and creation of vending / hawking zones is completed in terms of the 2009 Policy. Once that exercise is completed, they shall be entitled to operate only in accordance with the orders/directions of the concerned Town Vending Committee." Neither of the metros has conducted surveys of existing hawkers. In Mumbai the TVC met in July 2014 and the issue of hawking zones was not discussed. According to the judgment new hawking zones can be demarcated only after the survey is completed and it is found that more hawkers need to be accommodated.

Half-hearted attempts at regulating hawking

There are only very few city plans that have made provisions for hawkers. Bhubaneswar is a very good example. The author had conducted two surveys in Bhubaneswar the first in 2002 and the second in 2010, as a part of larger surveys in Indian cities (both surveys can be found in NASVI's website). The differences between 2000 and 2010 were striking. In 2000 there was little regulation of street vendors. In fact Bhubaneswar was one of the two cities (the other being Imphal) that had demarcated space on pavements for hawkers though it amounted to a mere 3% of the pavement area. However after the first National Policy for Urban Street Vendors was accepted by the government the Municipal Commissioner started allotting areas for accommodating street vendors. Most of the existing street vendors were given pitches on pavements. There is space for including more in future. The scheme was a success as there was greater discipline among the vendors and there were very few complaints from the public. The income of the hawkers had increased as they did not have to part with a part of their earnings (20% in 2000) to corrupt police persons and municipal authorities. They were also able to get loans from banks which kept them out of the grip of unscrupulous money lenders.

The major metros like Mumbai, Delhi Kolkata and Chennai have no designated areas for street vendors. In fact the TVCs in these cities may have been formed but they do not function, giving the municipal corporations a free hand in enforcing hawking policies. Mumbai has had two Development Plans (DP) of 20 years each since 1994 (the second one, 2014-2034, is controversial and has recently been scrapped by the state government). Both have demarcated in detail the use of public space for education, hospitals, parks and gardens etc. but street markets do not figure anywhere. The new DP for Mumbai (2014-34) created a controversy by demarking hawking zones in areas where there were no hawkers. This has incensed some affluent residents including film personalities, who have come out in protest. The chaos is created by the municipality and not by hawkers. In fact it is strongly suspected by many that the municipal authorities had deliberately included these areas in the DP so that there would be protests from the upper class residents and this in turn would stir public outcry against hawking in general. If greater controls and restrictions are put on street vendors they become more dependent on paying rents to the authorities for existing on the pavements.

The move by the Municipal Corporation of Greater Mumbai to arbitrarily allot hawking zones is not just irresponsible but it violates the Supreme Court order as well as contradicts the Street Vending (Protection of Livelihood and Regulation of Street Vendors) Act 2014. The provisions of this act are more or less similar to the Supreme Court order. In both cases the TVC is the only authority that can allot hawking zones. In the case of Mumbai the DP has usurped this activity from the TVC. Moreover the DP is for 20 years and it is unreasonable for having hawking zones for such a long period of time. Hawking zones can change over time and the TVC must decide on this.

Rent seeking and Reluctance to Legalise Street Vending

There is undoubtedly a strong section in the administration that does not want to have a solution. These people (corrupt municipal officials, police and politicians) have a lot to lose if street vending is legalised. The census on street vendors on municipal lands that was conducted by TISS and YUVA in 1998 had noted that around Rs. 385 crores was collected annually as rents. Manushi Trust had conducted a study in Delhi in 2000 where it was found that Rs. 50 crores was collected every month from street vendors and cycle rickshaws, totalling Rs. 600 crores annually. The then Chief Vigilance Commissioner, Vithal, had asked the government to take a serious note of this. The amounts at present would be much more, perhaps three times more.

Studies conducted in 10 cities (see NASVI website) showed that over 70% of street vendors paid various amounts as rents for conducting their activities. Almost all had faced eviction at least once that resulted in confiscation and/or destruction of their goods of them by the police or municipal authorities. Certain sections such as food vendors had to pay higher bribes and to different departments. Most street vendors had to regularly pay the police and municipal officials. In addition food vendors had to pay rent to the health department and conservancy department as these too could slap charges on them. These illegal acts decrease the incomes of the street vendors and also keep them in debt.

Need for Implementing the Law

Legalising street vending would help vendors in very positive ways. Firstly, they would no longer need to pay rents to the authorities to remain on the streets. This would, at an average, increase their income by 30% or more. Legalising would also mean that they could apply for loans through banks and other institutions. The author had conducted a study on how financial support could be provided to street vendors. The study covered 15 cities in India and was funded by UNDP. One of the findings was that around 65% of the street vendors that took loans did so from money lenders who charged exorbitant rates of interests ranging from 120% to 400%. These kept them permanently in debt and caused further loss of their income. In fact such vendors retained a mere 20% to 30% of their income as they had to pay interests to money lenders and rents to the authorities. This made them borrow more money to stay afloat. Thus the spiral of indebtedness eroded whatever little earnings they had.

So far none of the states have laid down the orders for implementing the national law. Though the law was accepted by the new government soon after it took over, it did not take any step to see that the states implemented it. As a result the law remains merely in the Gazette of India, in other words, only on paper. Till then the livelihoods of over ten million street vendors lie in limbo.

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Futuristic Infrastructure – Issues and Solutions

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Introduction:

Availability of quality infrastructure is a key for the growth, economic prosperity and global integration of any country. Lack of infrastructure not only results in reduced economic output, it also translates into additional costs in terms of time, effort and money for accessing essential services such as healthcare and education. India today is plagued by inadequate infrastructure that struggles to keep up with an ever increasing population.

India has set a target of Rs. 51 lakh crore of investment in the 12th Five Year Plan (2012-17), as against Rs. 27 lakh crore invested in the previous plan period. Though India traditionally built its infrastructure with government funds, private sector participation has increased in the past ten years and now accounts for almost 40 per cent of the total spend.

This paper is an attempt to study:

- The performance of infrastructure sector during the XI Plan and prospects of this sector for the XII Plan
- Why India needs widespread use of PPPs?, and Public Private Partnership Initiatives in India.
- The factors constraining PPP based development needs.
- Recommendations for future rollout of PPPs.

I. Assessment of Eleventh Five Year Plan:

Infrastructure has been relatively a neglected sector of Indian economy, till the end of the X Plan. Inadequate infrastructure was recognized in the XI Plan as a major constraint on rapid growth. The Plan has emphasized the need for massive expansion in investment in infrastructure based on a combination of public and private partnerships. Table 1 highlights the performance of core industries and infrastructure services during the Eleventh Plan period.

Table 1
Performance of Core Industries and Infrastructure Services During the Eleventh Plan Period

(in per cent)

SI. No	Sector	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
1	Power	7.30	6.30	2.50	6.80	5.70	9.30
2	Coal	5.90	6.00	8.20	8.00	0.00	-2.70
3	Finished Steel	12.20	6.80	13.20	3.20	9.60	5.70
4	Fertilizers	3.30	-8.60	-2.60	13.20	1.00	-0.50

SI. No	Sector	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
5	Cement	9.40	7.80	7.60	10.10	4.30	5.10
6	Petroleum						
	a) Crude oil	5.60	0.40	-1.80	0.50	11.90	1.90
	b) Refinery	12.60	6.50	3.00	-0.40	3.00	4.10
	c) Natural gas	-1.40	2.10	1.40	44.80	9.90	-8.80
7	Railway revenue-earning freight traffic	9.20	9.00	4.90	6.60	3.80	4.70
8	Cargo handled at major ports	9.50	12.00	2.20	5.70	1.60	0.40
9	Civil aviation:						
	a) Export cargo handled	3.60	7.50	3.40	10.40	13.40	-1.10
	b) Import cargo handled	19.40	19.70	-5.70	7.90	20.60	1.40
	c) Passengers handled at international terminals	12.10	11.90	3.80	5.70	11.50	7.20
	d) Passengers handled at domestic terminals	34.00	20.60	-12.10	14.50	16.10	17.50
10	Telecommunications: Cell phone connections	85.40	38.30	80.90	47.30	18.00	-51.00
11	Roads: Upgradation of highways						
	i) NHAI	-12.50	164.60	30.90	21.40	-33.30	8.90
	ii) NH(O) & BRDB	-10.50	12.50	17.30	4.00	-6.80	-36.50

Source: Economic survey 2010-11 (p.259), 2011-12 (p.252)

The performance of the infrastructure services is described as a mixed bag during the Eleventh Plan period. The Ministry of Statistics and Programme Implementation (MOSPI) has been preparing statistics relating to core industries and infrastructure services. As seen in table 1, there are ups and downs in the progress of the different sectors. The analysis based on flash report of MOSPI highlights sub optimal project implementation across all the major sectors. There have been time and cost overruns.

The total investment in infrastructure which includes roads, railways, ports, airports, electricity, telecommunications, oil, gas, pipelines and irrigation has increased from 5.7 per cent of GDP in the base year of the Eleventh Plan to around 8.4 per cent in 2010-11. The pace of investment has been particularly buoyant in some sectors- telecommunication, oil and gas pipelines, while falling short of targets in electricity, railways, roads and ports.

Efforts to attract private investment into infrastructure through the PPP route has met with considerable success not only at the level of the central government, but also at the level of the individual states. Inadequate infrastructure was recognized in XI plan as a major constraint on rapid growth.

Prospects for the Twelfth Plan:

India needs to create infrastructure to the extent of $ 10 trillion in three decades. It needs to invest $1 trillion in the infrastructure sector, during the twelfth plan period ending march 2017. It has to be paid for to make projects bankable and viable. Investment must come from domestic savings as well as from budgetary support, but largely by payment of reasonable user charges, plus bringing new paradigm of thinking for infrastructure development is essential.

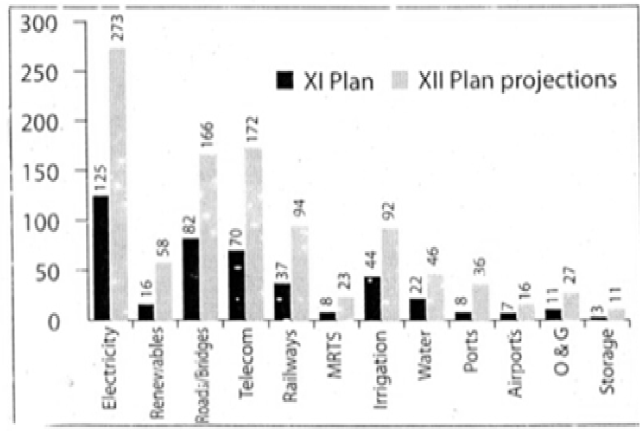
The Planning Commission has explored two alternative targets for economic growth in the Twelfth Plan, the first is a restatement of the Eleventh Plan target of 9.0 per cent growth, which could not be achieved. The second is even higher target of 9.5 per cent average growth for the Twelfth Five Year Plan. The growth rate of 9.5 per cent requires much faster growth in electricity, gas and water supply sectors. The Twelfth Plan sets an ambitious target of one lakh MW in power generation. Against Eleventh Plan investment for infrastructure, projected at rupees 5,14,040crores of total infrastructure investment, Twelfth Plan envisages an investment of fifty lakh crores in five years.

Inadequate spending on infrastructure during the Eleventh Plan was a mojor constraint on rapid growth in the country. According to the Planning Commission, in order to attain a 9 per cent real GDP growth rate, infrastructure investment should be on average almost 10 per cent of GDP during the Twelfth Plan. The Twelfth Plan envisages spending of close to USD 1 Trillion on infrastructure development during the five year period. There will be a significant increase in the amounts spent on all sectors including electricity, roads, bridges and renewables. (referFig.1)

Overemphasis On Public Private Partnership:

Out of total investment of fifty lakhs crore over a period of five years, private sector is expected to provide 25 lakh crore.

Fig 1
Twelfth Plan Spending On Infrastructure (USD Billion) ($=50 INR)



***Source**: Planning Commission, Faster Sustainable and Inclusive Growth, An Approach to the Twelfth Five Year Plan (2012-17), October, 2011.*

Government looks to be withdrawing from infrastructure sectors in Twelfth Five Year Plan and lays overemphasis on public private partnership. Approach paper of Twelfth Five Year Plan states that India has 1017 PPP projects accounting for Rs. 4,86,603 crore. India today is second only to china in terms of number of PPP projects and in terms of investments, it is second to Brazil.

Planning Commission rides high on the success of PPP model in road transport and modernization of airports. The Twelfth Plan must continue the thrust on accelerating the pace of investment in infrastructure, as this is critical for sustaining and accelerating growth. PPP based development needs to be encouraged wherever feasible. It is necessary to review the factors which may be **constraining private investment,** and **take steps to rectify them.**

II. Why India needs more widespread use of PPPs?

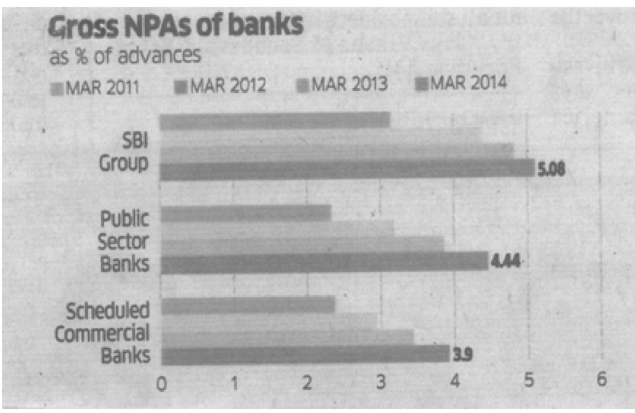
To build infrastructure, we need a more widespread use of PPPs. PPPs become all the more important for India because:

- Government doesn't have financial room to develop infrastructure, PPP projects are indispensible.

- Private investments needs access to long term funds
- Banks are not in a position to fund infrastructure because of asset liability mismatch. Sunil Mittal in his article "Can he Bring Back the Spark"has pointed out that it is very important to encourage and support PPPs as, the gross non-performing assets as percentage of advances as shown in Fig. 2 are increasing, thus making it more difficult for flow of funds of banks for infrastructure development.

Fig. 2

Gross NPAs of Banks for the Year 2011 To 2014



***Source**: Mittal Sunil (2014) Can He Bring Back the Spark". The Economic Times. 17th May, 2014*

- Globalization of Indian economy
- Privatization is not the best form in a country like India

PPPs will help to reduce the backwardness in infrastructure and put India on par with developed countries.

The U.K. came out of the depression of 1930s by government spending money in social infrastructure. India can not only come out of the current recession but it can develop faster and satisfy infrastructure needs of the country.

The Government of India is promoting PPPs as an effective tool for bringing private sector efficiencies in creation of economic and social infrastructure assets and for delivery of quality public services.

Public – Private Partnership Initiative in India: By end March 2014 there were over 1300 projects in the infrastructure sector with a total project cost (TPC) of Rs. 694,040 crore. These projects are at different stages of implementation i.e. bidding, construction and operational.

i.) **Viability Gap Funding for PPP Projects:** Under the Scheme for financial support to PPPs in infrastructure, (Viability Gap Funding (VGF) Scheme), 178 projects have been granted approvals with a TPC of Rs. 88,697 crore and VGF support of Rs. 16,894 crore, of which Rs. 1455 crore has been disbursed.

ii.) **Support for Project Development of PPP Projects:** The India Infrastructure Project Development Fund (IIPDF) was launched in December 2007 to facilitate quality project development for PPP projects and ensure transparency in procurement of consultants and projects. So far 53 projects have been approved with IIPDF assistance.

iii.) **National PPP Capacity Building Programme:** The National PPP Capacity Building Programme was launched in December 2010 and has been rolled out in sixteen states and two central training institutes i.e. the Indian Maritime University and Lal Bahadur Shastri National Academy of Administration. The roll out in the respective institutes commenced in 2011-12. So far, 160 training programmes have been conducted to train over 5000 public functionaries who deal with PPPs in their domain.

iv.) **Online toolkits for PPP Projects:** For five sectors available in the department of Economic Affairs, Ministry of Finance, websites on PPPs i.e. www.pppindia.com. The PPP toolkit is web based resource that has been designed to help improve decision making for infrastructure PPPs in India and to improve the quality of infrastructure PPPs that are implemented.

Many State Governments have institutionalized measures to encourage private sector engagement in creation of infrastructure delivery of services. Infrastructure Development and Enabling Acts have been developed by Andhra Pradesh, Bihar, Gujarat, and Punjab. PPP policies and guidelines to facilitate PPP projects have been notified by Karnataka, Haryana, Orissa, Assam, Goa, Madhya Pradesh and West Bengal. Other measures include development of sectoral policies for promoting PPPs, establishing nodal departments / PPP cells, establishing VGFs (to supplement the VGF provided by the Central Government) establishing project development funds to supplement GOI grant under IIFDF, establishing panels of transaction advisers, and developing standardized bid documents, sectoral templates and handbooks on PPPs. Awareness of schemes, guidelines initiatives and resource materials prepared is being created through PPP websites of Central and State Governments.

III. Factors Constraining Private Investment:

- Most of the PPP projects are getting delayed by six months to three-four years, but are not getting the relief for the cost escalation. From the time of inception, there are **delays due to land acquisition** as a result every year, there is 15 to 20 per cent **cost escalation.**

- The **Land Acquisition Rehabilitation and Resettlement Act** has **increased cost** dramatically and needs a relook.

- There are many **projects that are stuck** at the 90-95 per cent marks and need focused resolution, either because of a small land acquisition or a small environment approval. It needs **swift clearance**. One research study states that the infrastructure projects under litigation are to the tune of two lakh crore rupees.

- Many **foreign firms are wary of investing in India**. They are not very excited because they feel there are too many hurdles, too many permissions, too many stoppages and therefore they cannot plan the projects and the cost in an accurate manner.

- By end of 2013-14, thirteen projects at a total project cost of Rs.16000 crore received no financial bids, though some of them were put on the block more than once. Many infrastructure majors GMR and GVK are walking out of mega projects worth over Rs.10,000 crores. The companies are backing out as they are facing severe financial stress. Regulations on exit options have been difficult, capital for many companies is blocked in existing projects and policy issues like land availability are the reasons why interest in infrastructure projects has waned.

- India has awarded around 758 PPP projects worth Rs. 4 lakh crore in core sectors such as roads, energy and airports as well as developmental sectors like education. But as the UN has pointed out, there is **no central law to govern PPPs.** Between 2012 to 2017, India aims to invest a trillion dollars in infrastructure creation, a bulk of which is to come through the PPPs. There is a need to have a central law governing PPPs.

- The UN office on Drugs and Crime (UNODC) conducted a survey of 400 private sector and government officials to assess the ground realities on corruption in PPPs, but just 100 responded. Talk about **corruption is an important area that needs to be addressed** – the body had stressed. The survey's findings are illuminating. 42 per cent of firms feel roads and power are the sectors most prone to corruption. 75 per cent of government officials perceived these two sectors as hot beds of graft. Nearly 87 per cent of private players said that bidding norms and tender criteria were rigged to suit certain bidders to which over 44 per cent of babus agreed.

- Any such corruption in such contracts translate into sub-optimal or even no services for the citizens they are intended for 48 per cent of private sector respondents said, over 56 per cent of government officials attributed misrepresentation of revenues and facts by private partners and bidders as the most common route of corruption.

- The four big reasons that PPP projects are stuck as pointed out in the article titled "Government Puts PPPs on Hold" (Economic Times July 16, 2014) were Land acquisition, forest and environmental clearances, defence land tracts on highway alignments and delays in clearances for rail over bridges from the railways.
- Infra projects in today's environment can only become viable if they get low-cost-funds, since construction costs have gone up while traffic revenues have dipped. Bank lending rates are at 13 per cent, while infrastructure bonds offer funds at 9 per cent.
- Private companies that expanded aggressively in the capital intensive infrastructure power sector are **overloaded with debt** and have burnt their fingers due to slowdown in projects under execution and lower than expected returns on operational assets. Companies like GVK, GMR, Lanco have put on block projects and subsidiaries to reduce stress.
- Rachita Prasad in the article titled "Tough Road Ahead for ADAG Infra Projects" lists the following problems experienced by PPP projects – Reliance Power cannot operate its newly built 2400 MW Somalkot plant as **gas is not available**, work on Tilaiya UMPP could not be started because government has still not handed over the land for the project. The krishnapatnam UMPP has been stalled after price of Indonesian **coal escalated.** R-Infra bagged two of the biggest transmission projects in the country but could not start work due to **delay in government clearance.** These delays threaten giant projects.

IV. Suggestions for Future Rollout of PPPs.

- It is important to set **realistic milestones for programmes** rather than impose unattainable deadlines on underprepared organizations.
- It is equally important to **build capacities of government agencies** to administer complex contracts and deliver on critical obligation quickly. When bids are sustainable, it is important to terminate the contract early, before funds are disbursed and investments made. It is important to protect officials from the consequences of right decisions, irrespective of the outcome of subsequent rounds of bidding. This would help to instil the needed confidence in officials to take the best decisions in the interest of the project.
- As recommended by various stakeholders, **establishing independent regulatory and dispute settlement mechanisms** for expeditious settlement of disputes or to deal with industry wide concerns needs to be fully explored.
- For PPPS to become a mainstream form of public service delivery, one crucial attitude in all stakeholders would be the unambiguous intention to honour their respective contractual obligations. **A national programme for character building** is perhaps, the only way to achieve this.
- In order to attract international investments, and also the best players, we have to prove that ours is a nation where justice is speedy and certain. One way to expedite decisions is to have **special courts for infrastructure arbitration**. With focused arbitration courts, there projects will not get struck and there will not be a short changing of the government or the companies.
- **Relooking at certain basic norms** will help, say industry insiders. In roads, for example there are several areas in India where there has been no traffic growth, and hence, entending the 8-10 years given to break even would help companies cover the increasing cost of construction.
- Most of the PPP projects are getting delayed by six months to three-four years, but are not getting the relief for the **cost escalation**. From the time of inception, there are delays due to land acquisition as a result every year, there is 15 to 20 per cent cost escalation. There should be **relaxation of exit clauses of infrastructure**

projects, which is essential for liquidity and very important for a concessionaire, to unlock money and move to the next level.

- As the results take some time, most of the PPP projects experience increasing project time, which results in increased holding costs. The **role of multiple agencies should be curtailed**. With multiple agencies, there is always confusion over the role and responsibility of each. This increases project time, which results in increased holding costs.

- The **Land Acquisition Rehabilitation and Resettlement Act** has **increased cost dramatically and needs a relook**. Though the attitude within the government is changing with regard to land acquisition; and the government agencies have now started paying market rates, and not the government rates which makes for a swifter land acquisition. But there are many projects that are stuck at the 90-95 per cent marks and need focused resolution, either because of a small land acquisition or a small environment approval. This needs swift clearance.

- A United Nations' body has found, that PPP projects in India's roads and power sectors are most prone to corruption, with private partners' evasion of revenue-share due to the government emerging as the biggest menace. The UN office on Drugs and Crime (UNODC) has flagged loopholes in Indian Law' ability to curt such graft and suggested that **private partners in PPPs be designated as public officials to make them accountable under the Right to Information Act**. This would bring such projects under the proposed laws to protect whistle blowers and guarantee service delivery to citizens. India has awarded around 758 PPP projects worth Rs. 4 lakh crore in core sectors such as roads, energy and airports as well as developmental sectors like education and healthcare. But as the UN has pointed out, there is no central law to govern either PPPs or public procurements. During XII Plan India aims to invest a trillion dollars in infrastructure creation, a bulk of which is to come through the PPP route. This trend merits the **need for legislation and procedures to address probity issues in PPPs.** Most states do not have a legislation to regulate public procurement or PPPs. Tamil Nadu and Rajasthan have introduced such laws in 2012, but Andhra Pradesh which has the highest PPPs in the country are struggling to finalise a law, though cabinet cleared the move in 2008.

- As highlighted in Economic Survey 2013-14 "global experience indicates that PPPs work well when they combine the efficiency and risk assessment of the private sector with the public purpose of the government sector. They work poorly when rely on the efficiency and risk assessment of the government sector. India should be careful not to undertake PPPs that do not apportion risks and responsibility sensibly. **Flexibility needs to be built into arrangements** so that the contract can be withdrawn and put up for rebid when the private party under performs. The early success of PPP projects in India was mainly due to the meeting of obligations by the stakeholders in a timely manner as well as implementation of projects over reasonable timeliness. However with economic slowdown, lower than-expected demand for services and a sharp rise input costs has started resulting in failure of contracting parties to meet their obligations as stipulated in the PPP agreements. As a result, the infrastructure gap has widened over the last few years. A model that depends on private capital may be difficult to implement, if the companies executing infrastructure projects are financially stressed and not in a position to raise more funds in the absence of radical restructuring. The execution operation and maintenance capacities of implementing agencies also need to be assessed and strengthened. The role of banks and financial institutions needs a relook from the due diligence and appraisal perspective.

- Future development of infrastructure will depend on how investment in infrastructure is facilitated. Such investment requires long-term funds with long pay back periods e.g. from insurance and pension funds as pointed out in the Budget announced on 8th March,2015 the Prime Minister Narendra Modi and Finance Minister Arun Jaithley are looking at alternative Long-term and lower cost financing from pension funds like the Rs. 7.5 lakh crore Employee Provident Fund (EPF)
- A cavalier approach of bank and financial investors to appraise projects, need to be replaced by a **rigorous approach of banks and financial investors.**
- Given that we want to spend 1.5 trillion dollars on infrastructure, **a radical rethink in our financial systems** is needed. Dedicated **Infra Banks** are needed, rather than the present banks whose sector specific limits are relatively small for large projects. Also Life Insurance Corporation (LIC) or other insurance companies could be given an infrastructure bank license. Insurance companies having long-gestation only, can borrow funds from international insurance or institute funds at low cost, to lend to infrastructure projects for a longer maturity period. The **World Bank** can also be convinced to be a partner or equity holder or a large deposit player.
- Though assets delivered through the PPP model and available for financing through securitization have risen, Indian infrastructure firms are hard pressed with the development of existing projects delayed and the attractiveness of new projects diminishing for private sectors funds and strategic operators. In order to provide a robust funding mechanism to the cash starved sector, the government and Securities Exchange Board of India (SEBI) will facilitate the securitization of projects assets through **Infrastructure Business Trusts**. The government will incentivize the creation of such trusts, which will help to raise long-term capital for the much needed sector. Infrastructure projects are now funded by bank loans, resulting in asset-liability mismatches in the banking sector. An infrastructure business trust will be set up as trust and registered with the market regulator. The regulator has proposed two categories of trusts. Category I trusts can raise funds through private placements from institutional investors only. These trusts can invest in multiple projects. The category II trust can raise funds from both local and foreign investors. However, it can invest only in commercially-operational projects. It can invest in minimum of four projects. This **Trust route** will help to boost infrastructure sector, and create a framework of fast-track, investment friendly and predictable PPPs to build large-scale projects that are of vital importance for India to compete in global markets.
- Lastly, PPP is still a nascent concept in India and the ability of PPPs to become an efficient means of delivering public services will depend on the **intentions and spirit of all contracting parties,** to honour their respective commitments

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Innovations in Urban Poverty Reduction : The Brazil Way

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Introduction

Over the last two decades, cash transfers, both conditional and unconditional, have found widespread international acceptance, with over 40 countries using them in some form for handing out cash to poor families, instead of subsidies and welfare schemes. In some cases, the intent is only to increase the income of an economically poor family, in other cases cash is an incentive linked to targets such as sending children to schools. The largest Cash Transfer Scheme exist in Brazil, where in 1995 two cities began to transfer cash to accounts of urban poor families that agreed to a set of conditions including sending children to school. Today Brazil's CT programme, Bolsa Familia, is believed to be the largest in the world, covering some 12 million families. Its impact has been dramatic. Between 2003 and 2009, poverty has fallen from 22 per cent to just 7 per cent of the population, and estimates say that the income of the poor has grown at a rate almost seven times that of the rich during the same period. It stands out in contrast to the severe squeeze that the world's poor suffered because of the global economic slowdown. An average family gets about $12 a month, but this small amount has had such an astonishing impact that Brazil is now a role model all over the world for its transformative programme. It took Brazil almost a decade since the launch of cash transfer programmes in 1995 by local governments to launch Bolsa Familia at the central level in 2003 which is continued till date. The Bolsa Familia or family allowance programme put in place a single unified registry of the poorest in Brazil and a working system to transfer the cash efficiently through ATM cards issued by a federal bank named Caixa Economica Federal that runs social programmes,. Similar experiments in cash transfers are under way in countries such as Ghana, Angola, Egypt, Turkey, and even some cities of the US. Studies, especially from Latin America where cash transfers are thriving, suggest that incumbent governments get significant support among people who have received cash from their government.

The Rio Way : How the Cash Tranfer Scheme worked ?

The single registry of Urban Poor in Brazil, maintained for the ministry of social development by Caixa Federal Bank, is used by various other ministries to offer subsidies and services to the poorest. The single registry covers about a third of the population of Brazil, while Bolsa Familia families extracted from this registry account for a quarter of the population considered the poorest in the country.

Bolsa Familia merged four pre-existing cash transfers, one for school-going children, another for subsidised gas and two others for food and nutrition, into one programme. Under the unified programme, families earning less than about $35 per capita per month are given a fixed minimum amount of $35 per capita every month by the government. Families who have an income between $35 and $70 per capita will get only a variable benefit and not this fixed minimum one. The variable benefit is a cash transfer of about $16 for every child aged 0-15 years and about $19 for every child aged 16-17 years of age. But to get this cash transfer, the government has imposed three conditions - all children in the family have to be fully immunised, they have to be in school and pregnant women or young mothers in the family have to complete the ante-natal and postnatal check-ups and nutrition monitoring. The Rio Scheme does not subsume all subsidies or replace government services with cash. It works in conjunction with a set of government policies and interventions that are meant to address various challenges faced by people living in extreme poverty. A very good example is the programme “Electricity for Everyone” which uses the registry to identify the poorest families who get a 65 per cent subsidy on power. There is Mais Education, a programme of the education ministry to have more fulltime schools. The schools with the largest number of students from Bolsa Familia families, that is the poorest students, are identified for being made full time. There are programmes for helping communities build structures for storing water especially in arid areas and the communities are identified through the single registry.

The registry which records details of water source, electricity, education, housing etc is again used as the basis for running such programmes. The people whose names are in the Single Registry also get housing loans at much reduced interest and a scheme of easy installments over several years for paying back. Those over 65 years who are in the single registry have a card which makes travel in public transport buses free for them across the country. None of the problems of electrification, access to water or housing or transport for the elderly is being solved by giving people more money through cash transfers. The registry is merely being used for better targeting and to ensure that the really poor are not deprived of the benefits of government programmes and services. To overcome poverty, the Rio Government want to bring the number of excluded families to near zero by December 2015. The registry is revised every two years. It is possible that in the intervening time, some families will continue to receive Bolsa Familia even after they find a job that pays more than the limit set to be eligible for the allowance. Random sampling has found that about 10 per cent of the families might be making more than the cut-off limit. That is okay for the scheme implementation. It might be more expensive to try and fix it. It is better to pay till it gets cut in the revision, “ explains Luis Henrique Paiva, secretary ministry of social development. Even while trying to target accurately, the focus is clearly on preventing exclusions and a “leakage” of 10 per cent is considered better than risking some deserving people getting excluded.

Cash Transfer Programmes in India

Among all social welfare programmes, cash transfers seems to be the most preferred in most parts of the world including India as on today. Many call it the fastest spreading new social policy in the developing world. India has been citing the success of cash transfer programmes such as Bolsa Familia as inspiration for a similar scheme here. India already has several cash transfer systems of its own such as the old age pension scheme. However, they have not worked very well and it is hoped that the latest cash transfer scheme being launched in conjunction with the new unique identification number (UID) and Aadhaar cards works better. Ex. Finance minister P Chidambaram said the programme would be a “game changer” and called it “pioneering and path-breaking reform. The programme was implemented in the first stage in 51 districts starting January 1, 2013 and now extended to the entire country . As part of the implementation plan, district magistrates of all the 51 districts were trained in New Delhi in March 2013 . Initially, payments for 29 welfare programmes such as pensions, scholarships, unemployment allowances and health benefits, are transferred to the Aadhaar-enabled accounts of the beneficiaries. Most of these payments are already being credited to the accounts of the families, so in the initial stages what the DCT would do is to cut delay in cash credits. By the end of the 2014, the entire country is covered under DCT and it is in the long run that the programme is emerging as an effective social welfare policy.

Aadhaar Cards Coverage Till 31st March 2015

The Aadhaar card has emerged as probably the world’s largest biometric identification programmes in the world with the Unique Identification Authority of India (UIDAI) issuing nearly 82 crore cards. Available data shows that the Federal Bureau of Investigation (FBI) biometric database is way behind with 15 crore and with more Indians expected to register for Aadhaar, it could emerge as the largest programme of its kind globally.

Uttar Pradesh had the highest number of enrolments with 10.48 crore cards while Maharashtra had 9.19 crore and West Bengal 6.12 crore up to April 20, 2015

Data showed that the UIDAI has issued 81.78 crore cards, covering nearly 67% of the population. May 2014 has been pursued vigorously by the Modi administration as it pushed to tackle unwieldy subsidies and roll out its massive Jan Dhan financial inclusion drive. The government is using Aadhhar Card extensively in targeting cooking gas subsidies in the petroleum sector. It is a very scientific and useful instrument. The government is leaning heavily on the JAM Number Trinity — Jan Dhan Yojan And Aadhaar — to better target subsidies. According to the Economic Survey (March 2015) Aadhaar card enrolments were increasing at a rate of 2 crore per month. The government had seeded over 10 crore bank accounts with registered Aadhaar numbers by 31st December 2014.

With the introduction of Jan Dhan Yojana, the number of bank accounts is expected to increase further and offering greater opportunities to target and transfer financial resources to the poor, as Observed by the survey. "The big change that has taken place in the current environment is the Direct Benefit Transfer. Technology has made it simpler to transfer cash. Two other major changes have occurred in the past few years which make it possible for the country to use technology to manage expenditure. One is the availability of Aadhaar numbers, and mobile phones. These are great advantages to reduce administrative expenditure in the delivery of services to the people. The 34 programmes identified for now under the cash transfer scheme are part of ministries such as Social Justice and Empowerment, Human Resources Development, Minority Welfare, Women and Child Development, Health and Family Welfare, and Labour and Employment. All ministries with schemes under the proposal have set up implementation committees to prepare a roadmap. Ministries have already been instructed to digitise their databases of beneficiaries and link them with Aadhaar, so that Aadhaar enabled payment systems could be operationalised. In case of school education, while the mid-day meal will continue to be served as hot cooked food, as ordered by the Supreme Court, there are other components of Sarva Shiksha Abhiyaan such as school uniforms that is considered for direct cash transfers. Bihar, Jharkhand and Madhya Pradesh have already agreed to transfer cash to beneficiaries for this component. In higher education, scholarships are transferred electronically to beneficiaries for the past four years, though it is not linked to Aadhaar. In the health department, components where there are cash payments could also move into the scheme.

India does not have a federal bank or any bank the size of Brazil's Caixa Economica Federal which can extend banking facilities through ATMs to all those being offered cash transfer. So, it has to be a patchwork of several banks (along with one Lead Bank) authorised to do the same through various means such as business correspondents, micro-ATMs and so on. An apex bank could be established as a public-private partnership, on the lines of the Industrial Development Finance Corporation, rather than NABARD. Its governance, organisational culture and operating ethos would reflect 21st century values - striving to serve the unreached urban masses for their overall economic and social development in a business-like, professional and financially sustainable manner. According to government's own estimates, when the scheme is fully mature across the country over Rs 400, 000 crore would be annually distributed directly to the people. A below poverty line family could end up getting almost Rs 40, 000 every year in their account. While it may add to inflation and there could also be spillages, it is expected to be far more efficient system than any existing welfare measure. The fundamental driving force behind the entire strategy is to just give the poor money, in the belief that they are capable of taking appropriate decisions that would maximise their welfare. A national political consensus can ensure the success of such an ambitious programme, which is integral to a more efficient governance system for the whole country.

If such a political consensus emerges, Direct Cash Transfers could well be the magic pill that could transform India's social welfare efforts, helping drastically reduce the daunting challenges of malnutrition, illiteracy, child labour, healthcare etc.

Concluding

Experiments in cash transfers are under way in countries such as Brazil, Ghana, Angola, Egypt, Turkey, and even some cities of the US. The study of advantages of cash transfers scheme has concluded that CTP have shown encouraging results as the programmes are well-targeted and have managed to concentrate their benefits on the poorest households. They have managed to enhance household consumption when the transfers are substantial. Recipients have spent more on higher quality food. Cash Transfer Programmes have helped reduce poverty and child labour. They have shown promise in addressing long term structural poverty. They can address sudden shocks like calamities, distress and economic shocks if they are unconditional and countercyclical. They have little or no negative effects like crowding out private transfers and private investment, reducing labour supply or impacting wages. Countries which have developed strong targeting, delivery and monitoring mechanisms as a result of cash transfer systems have found these useful for other social safety programmes. Some have developed cutting edge technical systems as a result of the need for coordination.

Government of India believes that following schemes could immediately benefit from direct cash transfers. Scholarships: Merit, SC, ST and OBC scholarships, sports scholarships, cultural scholarships etc. Fee reimbursement schemes run by many state governments. Pensions: Old-age pensions, pensions for destitutes etc could get a leg up. Income support of other types: Unemployment allowances, other benefits for the poor. Wage payments.

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Suggestions for Grassroots Financial Counseling

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Introduction:

With the advent of the SHG-Bank linkage program in the early 1990's, bolstered by the rapid inroads made by MFIs in the later half of the 1990's, financial inclusion has been ramped up and it is estimated that about 600 million of the worlds' poor now have access to finance. In India, after having tried to come to grips with poverty alleviation since Independence and much more so after 1969, it was realised that various government-led interventions for poverty alleviation, did not achieve desired results if one goes by the results of the IRDP, SGSY, and other such costly government led initiatives which were failures at the implementation levels. At best, these efforts were cornered by the lumpen elements of rural society and the poorest 30 per cent could not access these subsidised funds due to various problems of program design, project costs and bureaucratic bungling, including banking problems.

Nationalised banks tried their best to cooperate with the district authorities, to identify BPL clients for capital/interest subsidies in govt. programs but in the absence of poor people having access to bank accounts, it was slowly realised by the planners that before poverty alleviation could be tackled, it was necessary to ensure 100 per cent financial inclusion so that necessary payments and entitlements under pension schemes, MGNREGS and old age payments etc. could be paid directly to the beneficiaries to prevent leakages but the minimum requirement was a bank account. Also, without any bank account, these poor beneficiaries were being fleeced by the system (with agents taking a hefty cut of the small amounts these poor people were entitled to). The Dr. Rangarajan Committee Report on Financial Inclusion, 2008 was spot on, very timely and pleaded for a system to enhance financial inclusion for all rural adults by 2015. It recognised that financial inclusion could not be brought about by having only no-frills bank accounts. The rural people had to realise their financial capabilities by access to:

i) Safe banking deposits as a priority

ii) Affordable credit that was timely

iii) Safe funds transfers and remittances

iv) Financial counseling and education

v) Micro-pensions and micro-insurance products

It was also realised that while rural people were often illiterate, they had numerical literacy capabilities and boosted by the rapid speed of mobile phones in rural India (which exceeds the number of sanitation units and safe drinking water sources in homes), the quality services of mobile operator–led funds transfer in Kenya (M-Pesa) and South Africa, South America and Philippines, financial inclusion became big business. But as on date, we are at least five years behind other developing countries in devising a safe mobile-based funds transfer system.

Financial Literacy

Only 35 per cent of India's population are financially literate as per a Visa study on Global Financial Literacy Survey and 34 per cent of Indian women and 29 per cent of the men did not have bank accounts. But Indians are known for their savings habits and the SHG-Bank Linkage Program has proved that even the poorest of the poor are able to save and the creation of 7 million SHGs only endorses this fact. The Gross household Savings Rate which averaged 19 per cent in the early 1990's, increased to 23 per cent by 2003-04 and has now increased to 38 per cent of GDP. Concerns arise when these savings are invested in fixed deposits in banks or Risk-free Govt. securities and other low-yielding instruments or in non-financial assets like gold or real estate. Most Indians do not save for their retirement, lack proper financial goals, lack rational portfolio analysis and without understanding the real rate of inflation-adjusted returns. About 25 per cent of urban households and 40 per cent of rural households borrow money from informal sources (including moneylenders) to meet the cost of medical/ hospitalisation expenses. Only 5 per cent of Indian household savings are invested in modern financial instruments such as equity, mutual Funds and debentures (2010), as per a recent RBI report. In the Indian financial markets, FII share is more than that invested fro the household savings of Indians.

Financial Education:

With the easier transmission of funds to rural areas, due to hard work put in by migrant labor forces all around the world, financial education has became essential as the financial flows of remittances home, have ensured that rural people who hitherto had been living from hand to month, were now forced to make major decisions as regards savings, their borrowings / investments and temporary deposits and indeed their entire financial future with little help or assistance or instruction from banks. Also there were agents of 'chit' (or cheat) companies or fly-by-night operators who promised to double the deposits in 3 years and vanished at the first available opportunity. The availability of sizeable funds with persons who had no capability to deal with surplus funds (even temporarily), is a major problem, as about 75 per cent of the low income consumers (600 million), are not empowered to engage responsibly with the formal financial system. This does not include the 2.7 billion people (as per CGAP estimates) who remain unbanked even today. What is at stake is the credibility of the financial system for the first-time users of the system as they could be cheated easily in the process, thereby loosing all faith in the system.

Also, the cost of financial education of these new entrants would be very high, costing about Rs. 500 to Rs. 700 per person. Depending upon the area and the systems used, this could cost a massive amount (Rs. 1650 thousand crore). This is a very huge sum for the world's financial system to bear. But the cost of not providing financial education to the 'bottom' of the pyramid' clients, is even more horrendous and hence, various methods of training such as news-media, village meetings using DVD / tracker product linked training by the banks, and classroom teaching, all have littering costs across various locations. Using NGOs and other social organisations in rural areas, would be preferred and a far cheaper option but costs will still be high. If increased numbers of financially illiterate clients start using products not designed for their needs, the result could lead to over – indebtedness, loss of assets, loss of livelihoods etc. and in extreme cases, could lead to increased spate of suicides. For banks, this enhances operational risks, political interference and public intolerance as in A.P., Bolivia, etc. This can then lead to Govt. interference, tougher regulations and politicians questioning the 'social benefits' of MFIs! Also, if financial education of illiterate customers and potential customers is neglected, vast untapped business potentials in mobile banking, mutual funds, micro-pensions and micro-insurance and also micro-deposits, would be lost. As MFIs are in a state of recovery, NGO and banks need to join together with RBI and NABARD and take forward the financial education and counseling brief in rural areas so that financial inclusion is rendered possible.

Training and Delivery Systems

Financial education has a range of costs and costs differ from area to area (depending upon population density) and also when and at what stage the training is conducted. BRAC in Bangladesh reports induction training costs per head of about Rs. 4 to Rs. 30 while SEWA in Ahmedabad reports costs ranging from Rs. 80 to Rs. 115 per person for supplemental training. The Mann Deshi Mahila Bank has a star performer training program with costs ranging from Rs. 66 to Rs. 160 per person while OIBM, Malawi which follows a DVD + trainer approach, cites costs ranging from Rs. 165 to Rs. 285, per person. FINO bank correspondent training model reported per capita training costs ranging from Rs. 220 & Rs. 330 while the costliest training reported was that of Banco Adopem for delinquency management training at Rs. 770 per person.

Thus, it is clear that the most effective and low-cost training module would be at the entry point for the new account holder to be informed and trained as regards financial literacy norms and this can be supplemented as the relationship between the bank and the client develops and is strengthened over the years due to mutual understanding and assessment of the banker-client relationship. However, only a fraction of the intended clients are reached today and the efforts may not be scalable and viable for banks. It is surprising to note that banks do not perceive client education as being part of their business outreach efforts and are treating this expenditure as an unnecessary cost! Obviously, they are not keen on developing new and potential clients! Banks are also not attuned to evolving forms of microfinance such as mobile funds transaction, microfinance, micro-pensions, BC/BF models etc. This could be a potential game-changer for these banks, insurance agencies and other financial institutions which are able to invest in financial literacy campaigns in rural areas for their new customers.

RBI Initiatives

With a view to implementing the recommendations of the Rangarajan Committee, the RBI came up with the idea of banks setting up and opening of Bank Literacy Centres (FLC) in each of the 625+ LDM's Offices, in a time-bound manner, in addition to 139 existing Financial Literacy and Credit Counseling Centres (FLCC) created since 2009, by banks. The RBI study observed that:

1) Few people were aware of the existence of FLCCs
2) Sponsor bank s funded and staffed these FLCCs
3) Only sponsor bank product brochures were distributed
4) No arms-length relationship between banks and FLCCs

RBI has passed on initiatives for financial literacy to the FLCCs which would be opened in all 630 odd districts by the Lead Banks and rural branches of commercial bank and RRB branches would provide additional assistance to the FLCC. Additional financial literacy materials would be provided by RBI.

Further, the RBI reviewed the Lead Bank Scheme in August 2009 and suggested a sharper focus on facilitating Financial Inclusion by insisting on a roadmap to be drawn up by banks to provide banking Services to every village with a population of 2000 and above, on a weekly basis by March 2011 and in places with better infrastructure availability and with the State Government providing road and digital connectivity, this date could be advanced. But the BC/BF Model did not really take off as banks took the not-for –profit mandate a tad too seriously and the BC/BF model became unviable. BCs were not viewed as logical extensions of banks by the customers and hence poor availability of services and poor off-take was the result. High transaction costs eroded the operating margins of BC/BFs and non-provision of fee-based services such as MGNREGS and other social payments such as old-age pensions, etc. made the model as unviable. A major mistake made by banks was the non-identification of existing retailers and grocers as BCs and BFs and selecting persons who had no idea of handling cash transactions as BCs / BFs. The FLCCs set up with fanfare also did not take up financial literacy or counseling seriously or on a mission mode and these died a natural death. The banks did not consider joining hands with NGOs for financial literacy or for financial counseling.

Campaigns in schools and colleges for financial literacy and for micro-deposits mobilisation were started but were not sustained on a mission mode.

However the mobile van banking facilities were a success as it benefited the villages which lacked a brick and mortar bank branch. PRIs could also have been used by the banks as also NGOs but these efforts were not made. Neither were cooperatives nor post office branches which had a combined reach of over 2,60,000 outlets utilised for spreading financial literacy. The Ministry of Finance set up the Financial Inclusion Fund and the Financial Inclusion Technology Fund (Rs.500 crore each) but the Boards of these Funds prevented NABARD from utilising cooperatives and commercial banks from utilising these funds and so with only RRBs and a few other NGOs and corporates only having access to these funds, the FIF/FITF never could take off and NABARD was unfairly blamed for not utilising these funds for financial inclusion.

GOI Initiatives for Financial Inclusion

Actually the stage was being set for a UPA / Central Government sponsored initiative launched in February 2011 called 'Swabhimaan'. The aims were to bring basic banking facilities to all villages with more than 2000 population by March 2012, ensuring smallholder farmers to avail of cheap credit facilities and insulating them from moneylenders. Swabhimaan was to assist in the emergence of the rural entrepreneur as a driver of the rural economy and eventually narrow the income disparities between the urban and rural sectors. The Central Government decided to pay banks Rs. 140 per no-frills account opened and soon there was a race to open no-frills accounts most of which became inoperative accounts and the entire Swabhimaan initiative which started with a political bang ended without even a whimper. Whether the Swabhimaan experiment was actually ended officially is yet to be ascertained but the new Government installed the Prime Minister's Jan Dhan Yojana Scheme in August 2014 and efforts have been made to avoid the mistakes of the Swabhimaan experiment.

The Prime Minister's Jan Dhan Yojana (PMJDY) has a six-fold Path as under:

1) Universal access to banking facilities by mapping each district into sub-service area catering to available households so as to ensure access to banking facilities within a radius of 5 Kms.

2) Provision of basic banking accounts to all households with overdraft facility and RUPAY debit card

3) Financial literacy Programs to all account holders so as to ensure optimum usage of banking facilities as available

4) Provision of Micro-insurance facilities to all willing and eligible persons, latest by 15 August 2018

5) Creation of a Credit Guarantee Fund to cover all defaults in overdraft accounts

6) Introduction of Swavalamban Scheme for persons in the unorganised sector pension Scheme from 14 August 2018 onwards.

In addition to the RUPAY Debit Card launched by the National Payments Corporation of India (a RBI–promoted organisation), every account–holder is entitled to an accident insurance cover of Rs. 1,00,000 and an overdraft facility of Rs. 5000 and also for those opening an account before 26 January 2015, a life insurance cover of Rs. 30, 000. Predictably, the numbers game is on and all banks are trying to ensure reaching the 'magic' target of 10 crore new accounts by 26 January 2015. Use of technology with the UIDIA linked to Bank Accounts will enable the transmission of various subsidies and entitlements directly to the bank accounts and ensure that rent-seekers are excluded from preying on poor people. However there is a need to educate the new account holders that they must operate the bank accounts regularly or else the micro-insurance and micro-pension scheme facilities would be denied. Also overdrafts are generally allowed by bankers only to those account – holders who enjoy a good business relationship with them and not otherwise. The bank accounts need to be operationalised and utilised frequently/regularly and this must be conveyed to all account-holders without any ambiguity.

The Way Ahead

While all agree that financial literacy training is a must, for new rural clients, a systematic monitoring / evaluation study of the efforts made by various NGOs / banks etc. has yet to be made. What is needed is better coordination between MFI's, RBI, NABARD and commercial banks, to support innovations and customer support systems so that cost reduction and cost recovery is possible at a later data. Another initiative could be to utilise funds from the Financial Inclusive Fund (FIF) and the Financial Inclusion Technology Fund (FITF), which has been set up by GOI in 2008. Unless there is better coordination and a felt need to address the lack of financial education among the new / poorer customers of the rural financial system, the problem of financial inclusion will persist and so will rural poverty. The key to removal of rural poverty is by ensuring financial inclusion of all adults by 2015 through an intensive financial literacy campaign.

Taking into account the need of its members, SEWA has been conducting financial literacy programs to influence their members' financial and business behavior. A 5-day program on financial literacy with several modules on avoiding indebtedness, need for savings, understanding the impact of interest rates, compounding of interest rates, basic accounting skills, long term financial planning, etc. A second 5-day course has been designed on essential micro-business skills such as marketing, packaging, investment, customer service, cost reduction, etc. for members operating micro-enterprises.

As some micro-entrepreneurs were illiterate but had numerical skills and were being required to take sound business decisions, these courses were useful and were conducted in various States. Banks need to support these programs as part of their Financial Inclusion Strategy. RBI has suggested that Financial Literacy be an integral part of the school syllabus and school and college students need to be exposed to financial instruments and markets. Unless the entire banking system carried out financial literacy initiatives and financial inclusion on a mission mode as was done for Self Help Groups, Financial Inclusion of all adults by 2015 would be difficult.

Various Initiatives have been initiated by NABARD, RBI, GOI, Banks and NGOs to usher in Financial Inclusion and the Prime Minister's Jan Dhan Yojana Scheme is the latest effort to ring in Financial Inclusion. As it builds upon earlier efforts, it has sincerely tried to learn from the mistakes made and therefore has a better chance of survival and success. The ultimate test of its success would be in equitable and inclusive growth of the economy leaving none behind through better systems and appropriate technologies. To enable Financial Inclusion to be mass-based, the entire banking system should encourage financial literacy and financial counseling, use mobile-based transactions extensively as the spread of mobiles has been phenomenal in both urban and rural areas and finally encourage more NGO-assisted Self Help Groups to be formed rather than MFIs. These simple initiatives provide a fighting chance for the common people to be financially included. And finally the Post Office deserves a full banking License and the cooperatives made more functional and efficient in view of the large clientele base of both in rural India.

Banks should look upon Financial Inclusion as a golden opportunity to educate and build up their clientele in under-banked areas of the country rather than a 'forced expenditure'. Developing an emerging market is equally important for the insurance sector which has a very poor rural clientele both in the life and non-life segments. If banks and cooperatives have a client base of 50 per cent in rural areas, insurance companies have a client base of about 5 per cent only. The micro-insurance sector and the micro-pension sector have yet to formulate their plans for their foray into the rural areas and launching a combined 'Financial Literacy Campaign' in rural areas is an urgent necessity today with the help of the State/District authorities and the Panchayati Raj Institutions. Using the Prime Minister's Jan Dhan Yojana platform, a mass financial literacy campaign should be launched on an urgent basis rather than individual institutional marketing campaigns which are neither cost-effective nor efficient.

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Review of Freedom Indicators of the Urbanised states of India

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Introduction:

This indicator was developed on the ideas of Milton Friedman, Michael Walker and others who wanted an empirically sound way to measure whether economic freedom would lead to better economic and social outcomes. This has indeed been conclusively demonstrated, and the index has become an important contribution to the international policy debate. Its success has inspired researchers to come up with sub-national indices to capture the performance of sub national institutions in China, Germany and elsewhere. The Friedrich Naumann Stiftung has been engaged in developing an Economic Freedom Index for the States of India for several years now. This index has become an important part of India's reform discourse.

The Indian index is based on the three parameters which are size of the government, legal structure and security of property rights, and regulation of business and labor. The Indian index ranks 20 states of India for which data is available.

The researchers to the index are distinguished economists from India. Bibek Debroy and Laveesh Bhandari are known for their work in suggesting policy recommendations for Indian economic growth. For the current Index, Cato Institute, a prominent and leading think-tank based in Washington DC has also joined hands. Swaminathan S. Anklesaria Aiyar, a well-known writer and commentator, is the third co-author representing Cato's initiative.

The index shows the direct correlation between economic freedom and the well-being of citizens. As the world index has shown a direct correlation between economic freedom and national indicators of human and material progress, the same similarity is also visible at the sub national level. States in India which are economically freer are also doing better in terms of a higher per capita growth for its citizens, unemployment levels are lower in these states, sanitary conditions are better and the states also attract more investments.

Objective of study:

The present study tries to analyse following points

1) Study of most urbanised states in India.
2) Study of overall economic freedom indicators ranks in most urbanised states in India.
3) Study of size of government: State Ratings and Ranking.
4) Study of Legal Structure and Security: State Ratings and Rankings.
5) Study of Regulation of Labor and Business: State Ratings and Rankings

Methodology in Brief

Since data needs to be comparable across time and geography, credible and robust, and highly reflective of the conditions in different states the following criteria have been identified in the selection of Variables.

1. The data should be objective: that is, it should not be based on perceptions but on hard facts such that it is not sensitive to perceptions of elite groups or the masses but should reflect conditions as they actually are.

2. The data should be available from highly respected, public and ideally government or semi-government sources: this would ensure that the ensuing discussion and debate should focus on the resultant performance of the states and not on the quality and credibility of the data.

3. The data should be available periodically and should be available from the same source for different states: this would ensure the credibility of the data and the continuity of the ratings. Each of the variables that are constructed is normalized to correct for the differences in the size of the states. Hence normalisation is done by dividing by population, area, a ratio or using it as a percentage of some aggregate so that it is neutral to the size of the state. Moreover, each data source needs to be available for a large enough number of states so that missing data points are minimised. In line with the previous ratings for the Indian states, the range equalisation with equal weights has been chosen as the appropriate method. This is a multi-stage process. First, range equalisation is conducted on each variable across all states—this requires the subtraction of the minimum value from the value for each state and dividing the resultant with the difference of the maximum and minimum values. Range equalisation ensures that all variables lie between 0 and 1. Each of the new 'range equalised' variables is then aggregated with others using equal weights to create an index for each of the areas under consideration.Next the indices of each of the three areas are aggregated to obtain a composite index using equal weights. Thus, four indices are generated on which basis each of the states is ranked.

Area 1: Size of Government: expenditures, Taxes and enterprises

Interference of the government in the functioning of the economy or a large role of the government as a producer and provider of services and goods or of redistribution of resources reduces the level of economic freedom. Government revenue expenditure, administrative GDP and a large employment in the public sector are therefore indicators of size of the government. Taxes on income, commodities and services, property and capital transactions, and other duties are indicative of the extensive role played by the government in the economy.

1) Inverse of government revenue expenditure as a share of gross state domestic product (GSDP)

   Higher revenue expenditure by the government is indicative of a large size of the government and thus an indicator of lower economic freedom. Therefore, inverse of this ratio has been considered.

2) Inverse of administrative GSDP as a ratio of total GSDP

   Administrative GDP is the contribution of government services to the national product. The lower this ratio,the better is the level of economic freedom as the government's role is lower; therefore the inverse of this ratio is used.

3) Inverse of share of government in organised employment

   This is the ratio of employment with the government and quasi-government institutions to total organised sector employment. This ratio is a direct indicator of the size of the government. Inverse of the ratio is considered.

4) Inverse of state level taxes on income as a ratio of GDP

   This is the ratio of income tax collected by the state to the GDP. The lower the state taxes on income, higher will be the economic freedom. So, the inverse of this ratio has been incorporated in the analysis.

5) Inverse of ratio of state level taxes on property and capital transactions to state GDP

   This is the ratio of taxes on property and capital transactions to state GDP. High transaction costs and taxes tend to restrict the trade activities. Therefore, economic freedom is considered to be inversely related to level of taxation and the inverse of the variable has been taken.

6) I*nverse of state level taxes on commodities and services to GDP*

This is the ratio of taxes collected on commodities and services i.e., sales tax, service tax, excise, etc. to the GDP. Lower taxes on commodities would result in a higher freedom index; therefore the inverse of this ratio has been used.

7) Inverse of stamp duty rate

Stamp duty is defined as tax collected by the state by requiring a stamp to be purchased and attached on the commodity. Higher duties impose higher constraints on trade and economic activities and curb the economic freedom of agents. The inverse of this variable is taken to ensure that higher level of economic freedom is reflected by a higher ratio

Area 2: Legal Structure and Security of Property Rights

The efficiency of the government in protecting human life and property is measured by this category. The quality of the justice mechanism is measured by the availability of judges, by the completion rate of cases by courts and investigations by the police. The level of safety in the region is measured by the recovery rate of stolen property and by the rate of violent and economic crimes.

8) Ratio of total value of property recovered to total value of property stolen

One of the key ingredients of economic freedom is protection of property. This is the ratio of total value of property recovered to the total value of property stolen. A higher value of this variable denotes efficiency of law enforcing agencies in protecting property rights and would therefore signify greater economic freedom.

9) Inverse of violent crimes as a share of total crimes

This is the ratio of violent crimes, including murder, attempt to murder, etc., to total crimes under the Indian Penal Code (IPC). Theinverse of this ratio is considered, relating higher economic freedom to lower incidence of violent crimes.

10) Inverse of cases under economic offences as a share of total cases registered

This is the ratio of economic offences (criminal breach of trust and cheating) to the total crimes reported under the IPC. Inverse of this ratio is considered, as lower incidence of economic offences is indicative of better protection of property rights and therefore higher economic freedom.

11) Inverse of vacant posts of judges in the judiciary as a ratioof total sanctioned posts of judges

This is the ratio of total vacant posts of judges in district/subordinate courts to total posts sanctioned. A high value of the ratio indicates that adequate infrastructure for getting justice is not in place. Therefore, the inverse of this ratio is considered.

12) Percentage cases where investigations were completed by police

This is the ratio of total cases where investigations were completed by the police to total cases registered for investigation by them. A higher value of this ratio indicates higher economic freedom as it indicates lower pendency of investigations.

13) Percentage cases where trials were completed by courts

This is the ratio of total trials completed by the courts to total cases awaiting or undergoing trial by courts. A higher value indicates higher economic freedom as it indicates lower pendency of cases.

Madhya Pradesh is one of the best governed states and this is reflected in its index value that is far ahead of all others (see Table 1.5). Better police investigations as well as a lower share of economic offences to the total incidences of crime resulted in significant improvement over time in the state. On the other hand, significant decline is noticed in the index values of Tamil Nadu. The state is at a distant second.

Area 3: Regulation of Labour and Business

An entrepreneur needs to take many decisions that cannot cater to the sentiments of all the workers and management that his firm employs. Decisions such as rationalisation of employee strength are an essential component of efficient use of scarce resources. Constraints on exiting seriously hamper an entrepreneur's freedom. Labour laws for many decades have favoured the rights of the workers in the country. The number of strikes and industrial disputes that take place in the economy portray the amount of economic freedom in terms of the control that an entrepreneur has over his own business. Other areas where an entrepreneur may lack control over his own business is in terms of lack of adequate infrastructure and raw material. Such limitations severely constrain the entrepreneur's ability to enforce decisions that may be beneficial for his business. High transaction costs are well known deterrents of trade and economic activity. They also contribute to black market transactions. The higher the costs in terms of licenses, the more constraints they impose on carrying out trade and economic activity and therefore serve as restraints on economic freedom of agents. Corruption also translates into higher transactions costs.

14) Ratio of average wage of unskilled workers (males) to minimum wages

This is the ratio of yearly average of daily wages for harvesting to minimum agricultural wages in the state. A higher than one ratio in a state indicates that the wages received by workers are higher than the specified minimum implying greater economic freedom both for the entrepreneur and labour.

15) Ratio of average wage of unskilled workers (females) to minimum wages

This is the ratio of yearly average of daily female wages for harvesting to minimum agricultural wages in the state. A higher than one ratio in a state indicates that the wages received by workers is higher than the specified minimum implying greater economic freedom both for the entrepreneur and labour. This ratio is taken separately from that for males as many times the market determined wages for unskilled female workers are said to be biased against them.

16) Inverse of man-days lost in strikes and lockouts/ total number of industrial workers

This is the ratio of man-days lost due to disputes (strikes andlockouts) to the total number of workers. A large number of man-days lost indicates the breakdown in arbitration and other consensus mechanisms. The fewer the man-days lost, the better is economic freedom. Therefore, the inverse of this variable is considered.

17) Implementation rate of industrial entrepreneurs memorandum (IEM)

IEM denotes the intention to invest in an industry. However, when there arbureaucratic or other delays, the rate of implementation is low. This indicator is the ratio of total amount invested to total amount proposed for investment in the shape of IEMs. A higher ratio implies larger economic freedom and thus depicting lower interference of government.

18) Inverse of minimum license fee for traders

Traders are required to pay a minimum amount of fees for obtaining a license from the government to indulge in market activities. Therefore, the higher the license fees, the more restricted traders are while trading in the market. The inverse of the variable is taken to denote higher levels of economic freedom.

19) Inverse of power shortage as a percentage of total demand

This is the ratio of power shortage to the total demand for power. Power shortage exists either due to low investment on the part of the government or due to low levels of private sector generation. A higher power shortage will tend to slow down the production process and thus would relate directly to inability of an entrepreneur to control his business. Again, the inverse of the ratio is taken.

20) Inverse of pendency rate of cases registered under corruption and related acts

This is the ratio of cases pending investigation from the previous year of cases registered under the Prevention of Corruption Act and other related acts as a share of total cases registered under the same acts. Economic freedom is higher when justice is served promptly and therefore the inverse of the pendency rate is used.

Gujarat has seen significant improvement in its index values and retains its pre-eminent position (see Table 1.6). Himachal Pradesh has seen the most significant improvementin this measure. This position of Himachal Pradesh is contributed by better performance on a range of variables—yearly market wages to minimum notified wages for unskilled workers, strikes and lock outs, and total cases registered in the prevention of corruption act improved.

Table 1
Urbanized states in India

States	Urban population
Delhi	97.5
Chandigarh	97.25
Daman	75.15
Pondicherry	68.33
Goa	62.17
Maharashtra	52.11
Gujarat	42.6
Tamilnadu	40.1
Kerala	39.2

Table 2
Freedom indicators of states (area 1, 2, 3)

States	Area 1	Rank	Area 2	Rank	Area 3	Rank
Haryana	0.75	1	0.42	8	0.47	5
Gujarat	0.74	2	0.52	4	0.67	1
Maharashtra	0.68	3	0.15	9	0.36	10
Assam	0.63	4	0.17	7	0.28	12
Punjab	0.63	5	0.38	11	0.22	20
Tamilnadu	0.61	6	0.64	2	0.51	3
Kerala	**0.61**	**7**	**0.45**	**6**	**0.27**	**15**

Table 3
Overall Economic Freedom Ratings, 2011

	2005		2009		2011	
	Overall	**Rank**	**Overall**	**Rank**	**Overall**	**Rank**
Gujarat	0.46	5	0.57	2	0.64	1
Tamil Nadu	0.57	1	0.59	1	0.57	2
Madhya Pradesh	0.49	2	0.42	6	0.56	3
Haryana	0.47	4	0.47	1	0.55	1
Himachal Pradesh	0.48	3	0.43	5	0.52	5
Andhra Pradesh	0.4	7	0.51	3	0.51	6
Jammu & Kashmir	0.34	15	0.38	8	0.46	7
Rajasthan	0.37	12	0.4	7	0.43	8
Karnataka	0.36	13	0.34	13	0.42	9
Kerala	0.38	10	0.36	10	0.42	10
Chhattisgarh	0.33	16	0.33	15	0.41	11
Punjab	0.41	6	0.35	12	0.39	12
Maharashtra	0.4	9	0.36	10	0.39	13
Uttarakhand	0.33	17	0.26	19	0.38	14
Assam	0.3	19	0.29	18	0.36	15
Uttar Pradesh	0.35	14	0.34	13	0.35	16
Orissa	0.37	11	0.31	17	0.34	17
West Bengal	0.31	18	0.33	15	0.32	18
Jharkhand	0.4	8	0.38	8	0.31	19
Bihar	0.25	20	0.23	20	0.29	20

Summary and conclusion

1. The top state in India in economic freedom in 2011 was Gujarat. It displaced Tamil Nadu, which had been the top state in 2009. Gujarat's freedom index score has been rising fast, and at 0.64 it is now far ahead of second-placed Tamil Nadu (0.56). Madhya Pradesh (0.56) is close behind in third position, Haryana (0.55) retains fourth position and Himachal (0.53) retains fifth position.

2. The bottom three states in 2011 were, in reverse order, Bihar,Jharkhand and West Bengal. In 2009, the reverse order was Bihar, Uttarakhand and Assam. Uttarakhand has moved up sharply from 19th to 14th position, and this improved freedom is reflected in its average GDP growth rate of 12.82 per cent in 2004-2011, the fastest among all states. This is an impressive achievement for a once-backward state.

3. Earlier the median score for economic freedom for all states had declined from 0.38 in 2005 to 0.36 in 2009. But it has now improved substantially to 0.41 in 2011. This is good news. Still the median score lags way behind Gujarat's 0.64, so other states have a long way to go.

4. The biggest improvement has been registered by Madhya Pradesh. Its freedom index score rose from 0.42 in 2009 to 0.56 in 2011, enabling it to move up from 6th to 3rd position.

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Mumbai Climate Action Plan – Lessons from New York City

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Introduction

As a coastal mega city, Mumbai is highly sensitive to problems arising from global climate change. Currently, Mumbai lacks an effective, practical, and visionary plan to mitigate climate change. In order to formulate a comprehensive sustainability plan and develop a climate resilient Mumbai, we can consider mitigation efforts followed by New York City, USA. The 'PlaNYC' is the New York City (NYC) plan document that combines all sustainability measures and interlinks their benefits to achieve 30% reductions in carbon emissions by 2030.[1]

Need for A Climate Action Plan

Past initiatives:

At the city government level, Mumbai's efforts to combat climate change have been intermittent and, often, project driven. The Mumbai Development Plan (DP) (2005-2025), a comprehensive document of Mumbai's vision for the future, mentions sustainable development as a prerequisite to future growth of the city.[2] It suggests strategies like low cost housing; encouraging use of public transport; tree plantation, use of biodegradable materials and outlines an action plan for Solid Waste management[3]. Audits to verify the success of all these initiatives are still pending. In Mumbai's latest DP, (2014-2034) instead of becoming a central theme for the city's development efforts, sustainability is sidelined.

Missing Links:

Mumbai's problems of utilization of space and densification make it an ideal candidate for focusing on initiatives like mass transit and development of mixed land-use. City management and environmental groups focus on preserving eco-sensitive areas like mangroves and the Sanjay Gandhi National Park. Post the destructive floods on 26 July 2005, disaster mitigation strategies have received greater importance[4]. Strictly enforced court directives help to minimize noise pollution in public places. Thus, various governmental agencies address issues of sustainability at different levels. However, the city lacks an overarching framework to clearly define, articulate, and regulate these mitigation mechanisms.

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1 City of New York. *New York City's Pathway to Deep Carbon Reductions*. Official Plan Document, Mayor's Office of Long-Term Planning and Sustainability, New York: The City of New York NYC Mayor's Office, 2013, 130. — The original PlaNYC was released in 2007. However, for the sake of this report, I have considered the 2013 PlaNYC document.

2 Deputy City Engineer, Planning and Design. "Index for the Greater Mumbai City Development Plan." *Municipal Corporation of Greater Mumbai*. n.d. http://www. mcgm. gov.in/irj/go/km/docs/documents/MCGM%20 Department %20List/City%20Engineer/Deputy %20City %20Engineer % 20(Planning%20 and% 20Design)/City% 20Development %20Plan/Need%20for% 20Sustainable%20 Development. pdf (accessed August 12, 2014).

3 "Mumbai City Developement Plan 2005-2025, Strategy for Environmental Improvement." *Municipal Corporation of Greater Mumbai*. n.d. http://www.mcgm.gov.in/irj/go/ km/docs/documents/MCGM%20Department%20List/ City%20Engineer/Deputy %20City%20 Engineer%20 (Planning %20and%20Design)/City% 20 Development %20Plan/Strategy% 20for%20 environmental % 20 improvement. pdf (accessed August 12, 2014).

4 Municipal Corporation of Greater Mumbai. "Mitigation Strategy." *Municipal Corporation of Greater Mumbai*. n.d. http://www.mcgm.gov.in/irj/portal/anonymous/qlms (accessed August 12, 2014).

International and National Directives:

Cities in the developing world often face the negative impacts of climate change. The World Bank report on 'Guide to Climate Change Adaptation in Cities', stresses on the need for Climate Change adaptation at urban level.[5] India's National Action Plan for Climate Change (NAPCC)[6] proposes measures in sectors like solar, water and agriculture. The NAPCC aims to mitigate climate risks while providing avenues for development. Individual states have State Plans confirming to the NAPCC guidelines. Citywide climate action plans will soon be mandatory to receive funds through JNNURM[7]. In order to build such comprehensive sustainability plans, Mumbai's administrators need to analyze best practices followed by cities around the globe.

Solution

Why New York City?

While administering any new program/project, Mumbai's city managers and engineers have to overcome the complexities presented by Mumbai's diverse demographics, topography, and culture. Many initiatives that seem to work in smaller towns are ineffective in Mumbai due to these intricacies.

Hence, when devising a Climate Action Plan, it is beneficial to find a plan that works in a city more complex than Mumbai. New York is one such place. As per PlaNYC, it is on track to achieve its climate mitigation goals by year 2030.

PlaNYC and its key features:

PlaNYC, formulated in 2007, is New York City's comprehensive sustainability agenda and vision for the next few decades[8]. It comprises of innovative solutions and practical measures to combat climate change risks in sectors like housing, energy, waste management, etc. It recognizes the issues and potential that New York City has in being resilient to climate change. PlaNYC starts with a current profile on greenhouse gas emissions of NYC. For each sector of buildings, power, transportation, solid waste management, PlaNYC:

- Suggests ground-level technical and practical solutions to reduce emissions;
- Identifies probable barriers to implement these solutions;
- Provides mitigation strategies to overcome these barriers.

The Plan locates all these initiatives in a frame of economic cost-effectiveness, i.e., the cost of investing in new technologies in the short term and reaping long-term sustainable benefits.

PlaNYC achievements:

PlaNYC's demonstrates its success through progress reports published every year. As per the latest report published in 2014, PlaNYC is on track to achieve its 2030 goals of reducing carbon emissions by 50%[9]. New York City demonstrates the way to

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5 The International Bank for Reconstruction and Development/World Bank. *Guide to Climate Change Adaptation in Cities*. 2011. http: siteresources. worldbank.org/INTURBANDEVELOPMENT/Resources/ 336387-1318995974398/GuideClimChangeAdapt Cities.pdf (accessed August 12, 2014).

6 Ministry of Environment and Forests, Government of India. *National Action Plan on Climate Change.* Official Plan Document, National Informatics Centre, Government of India, 2008.

7 *JnNURM- Jawaharlal Nehru National Urban Renewal Mission, the author thinks that this would happen due to the newly elected Central Government's focus on environmental issues.

8 City of New York. *New York City's Pathway to Deep Carbon Reductions.* Official Plan Document, Mayor's Office of Long-Term Planning, and Sustainability, New York: The City of New York NYC Mayor's Office, 2013, 130.

9 The City of New York, Mayor De Blasio. *PlaNYC 2014 Progress Report.* June 2014. http://www.nyc.gov/html/ planyc/html/home/home.shtml (accessed August 12, 2014).

- "The cleanest air in 50 years
- 865,000 trees and
- Building codes upgraded five million square feet of reflective rooftop added to our urban landscape to prepare for floods, wind, and extreme weather
- 19% reduction in carbon emissions since 2005, Ahead of our goal to reach 30% reduction by 2030; " quoted verbatim from the report

achieve climate change resilience is by having a comprehensive action plan in place.

Mumbai City-climate Change Master Plan

Adopt 'PlaNYC' to Mumbai:

To adopt PlaNYC to Mumbai's situation, it is necessary to conduct debates and discussions with practitioners, city administrators, and citizens. Through this process, we can determine which factors from PlaNYC are important and which are unfeasible for Mumbai. Awareness programs and outreach programs to citizens help in creating an atmosphere conducive to success of any plan. Most important factor is the thought that sustainability and climate resilience, if adopted as the theme for development, will result in building a stronger city.

City Departments and Sustainability Cell:

It is important to look at the way PlaNYC implementation is structured. In New York City, the Mayor's Office of Long-Term Planning and Sustainability (OLTPS) is the umbrella organization, which creates the PlaNYC. Currently, the JNNURM sustainability cell, that reports on climate change for Mumbai, is an office with little administrative/implementation power. Formulating a comprehensive Climate Action Plan will include restructuring the present hierarchy and grant more powers to the sustainability cell. A Climate Action Plan also relies on greater co-ordination and knowledge sharing between departments. It involves accuracy in recording and monitoring various city-services like water supply, sewerage, and solid waste management. Greater synchronization and transparent communication between parastatal agencies[10] will ensure climate resilience for Mumbai and the greater metropolitan area.

Long Term Vision:

Work has begun on formulating the Master Plan from 2014-2034. However, to have a vision for Mumbai that goes, and sustains, beyond this timeline will be the objective of the Climate Action Plan. Creating awareness regarding the need for an all-encompassing notion of sustainable and climate resilient Mumbai is the need of the hour. To build a climate resilient Mumbai, our long-term vision has to adopt the PlaNYC to solve Mumbai's local problems. In this regards, we need to take the following steps:

1. Formulate a cross-functional team comprising scientists, climate change experts and practitioners from Mumbai as well as the team of experts who formulated PlaNYC and are currently involved in its evaluation.
2. While the experts work on their own domain-specific sectors like energy, transportation, construction and residential energy consumption, there need to be periodic meetings with the entire team to break them out of their silos and make the plan fit together better.
3. Coordination and consultation with the Development Plan team is a requirement. While the Mumbai Climate Action Plan should become a stand-alone entity in the city, a close dialogue should occur between the DP team and the Mumbai CAP team to provide an effective vision document for Mumbai.
4. Lastly, once this plan is operational, a mechanism of periodic audits should be set up to ensure that the Mumbai CAP is reaching its goals.

To ensure sustainability of the city and its economy, Mumbai should take these steps as soon as possible.

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[10] Parastatal agencies: Like Mumbai Metropolitan Regional Development Authority (MMRDA: land and roads), Maharashtra Housing and Area Development Authority (MHADA: Construction of rental and affordable housing) and MCGM

Book Review

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Who Cares? Socio-Economic Conditions of Nurses in Mumbai by Aarti Prasad (Mumbai: Himalaya Publishing House), 2014; pp xxvi+253, Rs.458/-

Health is one of the basic human needs. The Human Rights and the International Covenant on Economic, Social and Cultural Rights (ICESCR) recognizes health as central to the dignity of the person. Health is one of the indicators of development of a society. Hence, it is also included in the Millennium Development Goals.

In developing countries like India, one can see large disparities in availability and access to health facilities. In India, health is the responsibility of the state and it is included in the Directive Principles. Attainment and maintenance of good health depends on access to nutritious food, clean water, appropriate and timely availability of medical services for treatment during sickness. From this point of view, providing good health services to people becomes responsibility of the state government. In India, three types of health services are available namely- hospitals run by government, hospitals run by municipal corporations and hospitals governed by public trusts and private organizations. Health workers play a vital role in taking these services to the patients. Hence, their physical and mental status matters in reaching the health services to patients. From this angle, the researcher has chosen the appropriate topic for the study.

The book highlights equity issues in health services. Subordination of nurses and its ill-effects on patients are discussed keeping gender discrimination at the centre. The researcher has focused on many issues related to nursing profession. They include working conditions of nurses, their salary, shift duties and stress levels, safety at work place and violence, grievance redressal mechanism, affiliation to unions, etc. For this, the researcher has collected primary data by interviewing nurses from various sectors, which is the strength of this research. The sample of the research includes nurses employed in various health care institutions located in ward H-East and West of Mumbai district, Maharashtra.

The book has six chapters. Chapter I introduces linkage between health and development. The researcher focuses on paradigm shift in twenty first century from economic growth to human development. The researcher establishes linkage between good health and productivity, good health and economic prosperity by elaborating various examples. Effects on ill-health and their catastrophic impact on individuals and families are explained by the researcher. Further, she highlights how access to health facilities helps in reducing poverty. She also adds that investment in health facilities will lead to economic development.

Generally speaking, in India, health services are provided by doctors, nurses and midwives/dais. The researcher describes the vital role of nurses in treatment, prevention, promotion and rehabilitation of patients. She further elaborates on gender biased attitude of the society towards nursing profession, as this profession is dominated by females.

In this Chapter, the researcher draws attention to the effects of adoption of Structural Adjustment Programme by the Government of India. Reduction in the provision of funds in the annual budget has replaced highly qualified workers by less qualified workers. This has severely affected the quality of health services with serious implications on the patients.

By giving references of the World Health Report (2006), the researcher illustrates shortage of trained nurses throughout the world and focuses on the need for specialized training facilities. The trend of 'brain drain' due to less remuneration paid to nurses in developing countries, compared to developed countries results in the shortage of nurses. This has been explained very logically. Further, she refers to the fact that… "United Nations and Canada with 10 per cent of global burden of diseases has 37 per cent of world's health workers, who spends more than 50 per cent of the world's health financing, whereas the African region has 24 per cent of the burden, but only three per cent of health workers, spending less than one per cent of world health expenditure!!!" (pg 6). It accomplishes the fact that throughout the world, urban areas have better health facilities in comparison to their rural counterparts.

In the Chapter I, the researcher also narrates historical perspective of nursing profession in India. Further, by referring to reports of WHO and statistical data, the researcher highlights on the current scenario of health workers in India. It states that in India, the ratio of nurse: physician is 1.6:1, which is very low, compared to international norms. India faces acute shortage of nursing staff with an estimated deficit of two million. India also has shortage of recognized nursing colleges where quality education can be imparted. The researcher draws attention to the fact that within India, nursing colleges are unevenly distributed. 'the four southern states have 63 per cent of nursing schools in contrast to 20 per cent in the poorly performing seven states in middle and north India and Odisha' (pg 23). Researcher raises the question of quality of nursing education in private colleges, as they are mushrooming all over the country.

She concludes this chapter by raising questions on overall quality of nursing education, shortage of nurses, lack of job description for nurses and functional autonomy.

Chapter II illustrates availability of various health care facilities in Mumbai district. It includes objectives, methodology adopted and scope of the study. This chapter explains in detail different health facilities available at various levels. Researcher tries to establish co-relationship between population of Greater Mumbai and available health care facilities. While doing this, she brings to the notice that even tough Mumbai is the capital of Maharashtra state, it has inadequate health facilities. The huge gap in the access to health care has serious implications on health workers, working in public sector hospitals. To substantiate her point, she refers WHO report… 'as per WHO norms, there should be one bed per 550 population. In Mumbai, the ratio is 1: 3500 people!!! (pg 26).

The positive side of this research is that the researcher has used both- qualitative as well as quantitative research methodology. She has used convenience sampling methodology. The sample size is also appropriate/adequate (200 nurses). It fairly represents almost all types of health workers employed in private hospitals, municipal hospitals and private nursing homes. The sample is drawn from various hospitals located in two wards of Mumbai namely H (East) and H (West). The researcher could have justified the selection of these wards in her study.

Chapter III deals with review of existing literature related to nursing profession. The review focuses on various areas such as socio-economic profile of nurses, reasons for opting nursing profession; training and technology; working conditions, opportunities for promotions and problems faced; etc. The review of literature reveals that most of the studies show the need for improvement in training and skill building of nurses. Nurses, working in the super speciality hospitals, are facing challenges as their knowledge is outdated. They require refresher training to meet the demands of present situation. Very few studies have focused on the area of career advancement and promotional avenue.

Interpretation of data is divided into two chapters namely Chapter IV and Chapter V. Chapter IV gives detailed findings of socio-economic profile of the nurses, who were interviewed. It includes age, religion, mother tongue, marital status, family income, number of family members, professional training and years of experience, reasons for joining nursing profession and other related areas. Data interpretation is done by only calculating percentage.

Chapter V is totally devoted to the working conditions of nurses. Researcher has focused on permanency of job (contractual, temporary, bond or confirmed), remuneration and other allowances, social security (provident fund and gratuity), work profile/duties of nurses, overtime and compensation, leave facilities, occupational hazards, facilities available at hospitals (canteen, changing room, crèche, etc), professional competence and opportunities for career advancement, grievance redressal system, support system, affiliation to union/nursing association and other related issues.

Based on analysis and interpretation of data explained in chapter IV and V, the researcher has given summary, findings and recommendations in Chapter VI. Major findings show that nurses employed in municipal hospitals were better off than nurses employed in private hospitals and private nursing homes. Irrespective of their working place, all of them were under-paid. Low salaries, shift duties and heavy work load were major issues for high attrition rate in this profession. They come across various occupational health hazards, especially treating HIV patients. The risk of needle stick injury was reported by nurses employed in private and civic hospitals.

Conclusion

Perception towards nursing profession has changed over the years from 'care giving' to 'paying' profession. For a long time nursing was considered a predominantly female profession, interestingly now, male members are also joining it. Even though their number is less and mostly they are employed in private hospitals, their perception towards this profession is missing. Researcher could have included them in the sample.

The researcher has focused on almost all the problems of nursing profession. She has succeeded in showing the effects of long working hours and shift duties. Inadequate remuneration, little scope for career advancement and refresher trainings, work pressure due to understaffing, increasing work place violence and other gender biased issues were also highlighted.

Findings of this study are shocking and force everyone to think about this profession. If this is the condition of nurses in Mumbai, then what would be their conditions in rural and tribal hospitals? What type of health services they might be delivering? One needs to take these issues seriously. There is an urgent need the Government, policy makers and the nursing association to look into these matters. From this point of view, the present research has contributed in the knowledge construction.

Even though the title of the book refers to 'Socio-Economic Conditions of Nurses in Mumbai' but a few aspects are missing. Researcher has not established co-relation between various factors. For example, - shift duties and their effects marital status; family income, salary of nurse and savings; effects of shift duties on family life and occupational hazards, attitude of patients, their relatives and stress level, etc. To find out the inherent relationship and differences in the data, a systematic analysis of the data should have been done. For this, different statistical techniques are used. For the purpose of analysis of responses given by nurses, the researcher has used ONLY percentage. For qualitative analysis of data, the researcher could have used mean, median, mode, Standard Deviation, skewness and kurtosis. For inferential analysis, the researcher could have used ANOVA technique. By using this, she could have shown the differences in the quality of nursing profession in private hospitals, government hospitals and nursing homes. By using t-test, the researcher could have explained socio-economic conditions in a much better way. By doing cross tables, other important findings could have been drawn, which are missing.

Making available the counselling facilities exclusively for nurses would definitely improve the services of nurses. This can become one of the recommendations. Overall, the researcher has succeeded in bringing out major problems faced by nurses. She has also given viable recommendations. If implemented, health services will definitely improve and the goal of 'health for all' will be achieved.

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