Session-II
CPR's Study on Megacity Governance

Presentation by Dr. Partha Mukhopadhyay: Good Morning! My name is Partha Mukhopadhyay. I'm with the Centre for Policy Research and the purpose of this particular session is two-fold – one, to introduce Indian megacity regions to colleagues who may not be familiar with it, and to hopefully provoke discussions on the proposal that has been advanced in the thematic report referred to by the Minister.

This particular study that I'm presenting was based on a grant that was given to us by the Ministry of Urban Development, with these terms you can see. I will not read them out; they're relatively short and quite self explanatory. This was conducted by a fairly large and multi-disciplinary team. Some of the persons on the left hand side have moved on to other assignments since, but they all contributed in substantial detail to the study. In addition, we were fortunate to have very supporting research from the Prayas Energy Group independent study on electricity in megacities, from the Institute for Financial Management and Research in Chennai which sort of looked through the financial aspects of Chennai, and the Centre for Environment and Development in Kolkata which looked at the wetlands issue in Chennai, and ofcourse the various officials and chief executives of the Metropolitan Region Development Authorities whom we met and various people in various cities, a number of whom are here today. We are grateful for their presence and even more grateful for their help over the last year or so.

The plan of this presentation is that we start with a brief introduction. Then we look at the characteristics of the regions, the challenges of these megacity regions, how they have responded to it, and then discuss the whole issue of governance of these particular regions.

So, the governance structure in India essentially, as Mr. Sivaramakrishnan mentioned during his initial remarks, is broken up into Union, State and Local Government, but obviously this is an insufficient metric or measure within which to measure megacity issues and, in addition, a lot of this ground has already been covered, so I'll just move forward on this one.

When we talk about megacity regions, I think it's useful for us to understand what we meant in this particular study. The Census of India defines something called an Urban Agglomeration, which is largely something that is driven by spatial continuity. Then, in addition, there's a collection of municipalities that you could put together and I'll get to more of that in a second. But there is also the whole issue of legislated regions which are created when states create metropolitan development authorities. When states create these authorities, they also define a region over which that metropolitan development authority will have sway in terms of where their powers will extend to, and it is this notion of a state defined metropolitan development area that we considered for our study as the metropolitan development region, largely because the clearest political expression by the state of something that is understood by them as referring to a region that depends on a core city. So that is the third element and we'll come to that in a second is what we're looking forward in that area.

The five regions that we're looking for in that area are Kolkata, Mumbai and to broadly give a sense especially to the international participants as to where these cities broadly are. Over

the years, and this is in the report, but these regions have had a fairly long history. The first of course was the Delhi Development Authority. You then had the MMRDA, roughly in 1974. Before that was Kolkata in 1970 and a lot of these regions came into being in the 1970s and I'm sure there will be a lot of discussion as to why is that an appropriate time in that area. Of these various regions now, it's only Bangalore which is in the unique position of having two development authorities, one which is the regional development authority, and the other which looks at the city, the Bangalore Development Authority. The Bangalore Metropolitan Development Authority, the BMRDA, coexists with the Bangalore Development Authority which looks after the city, and in all the other regions, there is a single unified authority which looks at the region.

So what are these regions like? I'll go through this fairly quickly. You have these basic, five panels to your left, give you some basic information about each of these regions, and for those who are not familiar with the regions, I would encourage you to sort of... They've been made with some love and labour, and I would sort of encourage you to go through them at your leisure. So, I'll just move through these areas in... Bombay is about 4,500 square kilometres, and as you can see, essentially defined largely by the transport network. Also, the initial rationale for the creation of Bombay came through as part of the commuting distances and as you can now see, those distances extend to as much as 120 kilometres from the south of Bombay, which is where we are currently, and a slightly more manageable 54 kilometres if you sort of move in the north-east needle direction. You have a similar kind of spread for Kolkata. The red circles that you see on the right hand side are sort of the extent of the region as defined by the KMDA Act. Actually the Town and Country Planning Act, which sort of incorporates the KMDA, which defines the KMDA, but the transport network goes to almost as far as Mumbai, about a 120 kilometres or so. Chennai, in that sense a slightly more compact city, about 50 kilometres in a semi-circular fashion. But Chennai has also got two interesting characteristics; one, a lot of the place where growth is taking place in and around Chennai is outside the region and there have been discussions for expanding as you shall see later, and in addition you have a situation where the Chennai Urban Agglomeration, which is the only one of our five megacity regions where the Urban Agglomeration, which I said earlier is defined by spatial continuity and is defined by the Census, actually is not contained within the metropolitan region. So Chennai Urban Agglomeration actually extends beyond the Chennai Metropolitan Region. Bangalore is the only region where ther is a neat overlap between districts and the boundaries of the region. It contains three districts now, Bangalore Rural, Bangalore Urban and Ramnagaram. The three districts were created out of a single Bangalore district and therefore when it was defined, and this was defined in the Seventies, it was defined over that entire district. It actually had a little bit of Kolhar thrown into it, which it lost like a little appendix somewhere along the way. So, you broadly have, Bangalore is the only place which has in principle, an overlap between the administrative jurisdiction and regional jurisdiction. And finally, Hyderabad, which is recently perhaps in this constant tension and competition between Bangalore and Hyderabad moved to extend its megacity regions from roughly what was about 1300 square kilometres to 7100 square kilometres in size and this happened in 2008 and along with it, it also extended the municipal corporation to about 650 square kilometres, roughly five times what it was before. The shaded area that you see in this region is something that could be perhaps discussed especially in the context of economic development is called the outer ring road of Hyderabad. As you can see, it sort of bounds the Greater Hyderabad Municipal Corporation, but the more interesting part of the outer ring road story is the planning story. The outer ring road's planning zone is essentially a planning zone with significantly different planning laws and significantly more relaxed in terms of...the Minister mentioned FSI during his remarks in the morning, this is one zone

where those kinds of restrictions do not apply. The question is what kind of development would take place is an interesting thing that we shall observe going forward.

That is roughly what the spatial story is. So what are the regions like in demographic, political and cultural character? I think a lot of this has already been referred to by Mr Sivaramakrishnan in his opening remarks. So I will have the benefit of running through quite quickly. I think Mr Sivaramakrishnan mentioned that in the morning that Delhi is *sui generis* in its governance structures. But in some senses these are perhaps a place where the tension between the State and the Local, which the minister referred to, I think is an even more of an issue. In Delhi it is quite possible that tension may be between the Federal and the State and now of course the State has come back with a fair degree of strength to trifurcate the Delhi local government into three elements. So there is a whole debate around Delhi which one could have. It was a conscious decision not to include Delhi in a sense that the structure put together. One of the issues that you would look through in these areas is very simply the fact that if you look at the national structure, our megacities are not overwhelmingly dominant in the system as you would find in many other places. So we have a fairly dispersed urban system. This is about currently 15% of the urban population. If you throw in Delhi it comes to about 20% of the urban population and roughly 6% of the national population if you throw in Delhi. But in each of the States as you can see from this particular chart, they are very important, especially in terms of the urban population. Apart from Hyderabad and Chennai, Bangalore is roughly about 40%, Kolkata well over 50%, Mumbai about 40% of the urban population of these States. So in their States these are all what urbanists call prime cities which means they are at least twice as large as the next city in that particular State.

They are also a relatively significant share of the State GDPs. As you can see except, as I said, for Chennai and Hyderabad, Tamil Nadu's economic structure is a lot more spread out and also because of the nature of the Chennai urban agglomeration as I said the way it is defined is to put it together. These numbers that you actually see there and that we shall see in the charts are numbers, as an economist let me sort of point out these are numbers in the prices of 1990 and the numbers referred to 2005 because that is the last number for which we have consistent data. One of the issues while doing this study is, as our international collaborators might recognize we have very little information at the level of the region. So a lot of this has to be constructed in various ways. We have tried to do it in a consistent manner which will hopefully aid other researchers going forward, but these have to be constructed in some sense. There is no place where you can sort of pull out a number for what is the GDP for a particular mega region. So as a rough ballpark figure what you need to do is to multiply those numbers by about 4 to get today's GDPs of these cities in today's prices and if I do that for Mumbai and sort of use a PPP transform that people love to use nowadays that number comes out to about $250 billion. So the GDP of Mumbai is roughly comparable in PPP terms to the GDP of Hungary, a little bit more than the GDP of Israel. We are talking about pretty large, heavy economic beasts in this particular area. The blank cells are actually there for a reason.

This gives you the share of GDPs for different sectors and I can see C manufacturing and G is hi-tech services, real estate, business, finance and that kind of stuff and both of these, especially Mumbai, Kolkata and Bangalore provide a large share of these GDPs. The interesting part of this particular story is that you have a situation where if you look at the National Survey data we really don't have the information to construct these numbers in a disaggregated fashion like we have done. So currently we are not collecting data in a manner that will help us understand our cities. That is one of the big issues that we need to

understand which is why we have kept the things as a blank and this gives you a sense of the structure of employment, the structure of GDP within these cities which means roughly about a quarter of the employment is in manufacturing and about the same in terms of the GDP structures and if you look at it we talk about India not being a manufacturing country and that kind of story. But within our urban areas and especially our regions there is actually a fairly significant share of manufacturing. The question is to whether we are not enough manufacturing, maybe need to sort of step back and think as to whether we are not enough urbanized and consequently hence not enough manufacturing. Mr Sivaramakrishnan mentioned this whole issue of global visibility and also the issue of political presence made I think of course emphatically so by the minister in his remarks.

The other issue that I would like to point out to you is the difference in the extent of linguistic diversity across these cities. Bengaluru and Mumbai are two of the more diverse linguistically areas, which means they are drawing in people from all across the country which you will see in those maps. The map of India that you have in the top right hand corner of those charts shows you from where people are coming to that particular region and you will get a much more disaggregated picture there. This simply gives you, the dark line gives you the share of the largest linguistic group in that particular city and the shaded line immediately afterwards gives you the share of the next three highest and as you can see in Mumbai and in Bangalore the difference between the next three and the top is not very much whereas in the other cities of course they are much more dominant linguistically in specific areas. As far as religious beliefs go they are roughly in a similar fashion apart from Chennai which has a slightly different composition as compared to the other five cities. What I would like you to take away from the slide is a fact that as mega regions they are actually attracting people and serving in some sense people across the country. So what are the challenges that these regions are facing.

The first is that of administrative multiplicity. As you can see, not only there are districts, municipal corporations, municipalities and a sense of urban administration but also as Mr Sivaramakrishnan mentioned not all that is urban in India is municipal and therefore there is a significant amount of both villages as well as census towns. Census towns are creatures for those who are unfamiliar with this area which are villages in administrative terms but urban in almost every other way and consequently our colleague Kanhu Pradhan who has done a very detailed study of those census towns (and if know more about him please feel free to ask him), but the basic story here is a structure where we are looking at a situation where if at least they are dense, more than 400 people per sq km, they are big, at least 5000 people, and they are almost entirely non-farm which means 75% of the male working population, at least 75% of the male working population is involved in non-farm activities and yet in some senses they are governed as if they are villages and so there is an issue here that we need to confront. Over the last intercensal of the period their share of the urban population has grown from about 7% to 15%. There are multiplicities of legislations, putting the stuff together multiple providers and regulators of services, if you are looking at water supply and sanitation. You have a long list of acronyms (I would be happy to sort of spell them out for you) but the general idea is there are whole bunch of people who are providing, the degree of integration is relatively limited. Multiple planning agencies in these particular areas, and the point that was made by Mr Sivaramakrishnan, multiple territorialities.

There are, even within these mega regions little carve outs, areas which are governed either by private parties or by some curious, not entirely by private parties almost in any way, but by a curious mixture of governance arrangements. So for example the Nabadiganta which is

a small zone in Kolkata carved out of the Kolkata Metropolitan area within the Kolkata metropolitan is governed by a body which comprises I think about five businessmen and five State government officials. So there are innovative governance mechanisms shaping out in that area. The special economic zones in Gujarat, not area where we studied, is an area where what you have is a situation where they are going to be governed by a representative of the State government, a representative of the Union Government and a representative of the developer. It is a like a *trimurti* governance structure that you are putting together. Outside of Chennai, for example, the Mahindra World City recently had to handover the domestic tariff area of that it had developed to the local *panchayats* for their governance. In other places the industrial area local authority, for example, in Sri City which is across the border in Andhra Pradesh, the Andhra Pradesh Industry Infrastructure Corporation essentially manages that particular area. So there are different regimes even in terms of governance, as Mr Sivaramakrishnan mentioned, experiments that are being carried out in different parts of India.

The second challenge apart from multiplicity is the competing demand for land and in India there has been always this tension between do you want to contain the city and therefore this whole belt or the green belt in a border and sort of keep the things inside or do you want to expand the city and therefore bring in more land at the peripheries into urbanisable areas and this tension I don't think has been fully resolved, and I think the minister's remarks on land use and the manner in which it is controlled and regulated was I think a fairly eloquent description of the problems that we face. One of the results of that is that we take a lot of by-passes so we take planning for special zones, special planning authorities, special economic zones, transferable development rights, a variety of ways and I am sure Marco is here from Brazil, Mumbai has been the one of the key areas in the transferable development rights. Sao Paulo and other agencies have used a lot of these developments areas and it would be useful for them to sort of engage in what the differences there are. But the critical thing is today MMRDA has, I am not sure, Uma is here, so I am not sure the numbers are right, but about Rs.12000 crores in reserves which is about $3 billion, broadly speaking $2.5 billion. DDA has somewhere of the order of about $4-5 billion in reserves. These are not necessarily resources that we earmarked for that particular region and this I think the minister sort made this quite clear so I am not going to go this thing much further.

The other issue, a challenge that you deal with spatial inequity and as you can see views two quick areas; piped sewerage and treated tap water. The first bar which is the grey bar essentially shows you the percentage of households who have piped sewage in the core municipal corporation. In Hyderabad 82% would have it in the GHMC. In the urban area of the mega city region that number drops sharply to 27% and if you go to the rural areas of that mega city region that numbers will drop even more sharply to almost thing. The same story when you move to treated tap water with Mumbai standing out as a very strong exception. One of the issues that you may want to think about is Mumbai and its regions is also one place where local bodies have a lot more control over these services. Is the outcome related to that we didn't explore that issue further but this is a possible thing to think about as we take this thing further.

So how people responded, how these mega city regions respond to challenges? The primary response as we said is the creation of development authorities. Basically define a large region, as you will see over there, and give them a certain level of powers. But as we see here while most of them were conceived in a rational planning mode and the panel here has Shri Shirish Patel would obviously know a lot more about it than many in the room, so I will

not belabour this point but fundamentally what started off as an interesting technical solution has got diverted and derailed with a variety of other areas and part of it I think has got to do with the point that the minister made in his remarks which is the issue of how much participation do you bring into this planning process because it is a question of having to be explained to the people or you have to get them to understand why this has been done rather than a wisdom from a pie. That is one of the issues that I think sort of comes through. The regional development authorities, as I mentioned, only Bangalore has two authorities but each of these areas that we are looking forward has the development authorities as they in many other cities. The regional development authorities are creatures of these in a few other cities. The composition of these boards is a mix between political representatives and officials as you go forward and the chairperson is usually a minister of the state government. In a sense these metropolitan development authorities essentially are vehicles of the State government to manage the area which is in the megacity region. That is one response in the megacity.

Second response is a boundary expansion and we spoke about the boundary of the Bangalore Municipal Corporation which has now become the Brihat Bengaluru Mahanagar Palike was increased substantially. Chennai has now increased its municipal corporation is now thinking about increasing the region. Hyderabad has done both increases in the region as well as in the municipal corporation. Kolkata there has been relatively little movement nor much movement and Mumbai there has been creation of new municipal corporations in that particular area, and finally you have a set of what we call sector specific authorities. These are similar to those from the US and Amy is on the panel which are what we call special districts where different municipalities get together to work on a particular area but while they might appear so they actually are not because these are essentially agencies created by the State to provide a certain number of services in the municipal corporation. Throughout this response tour you can see with the development authorities it is only in expansion of the boundaries of the local authorities. The local authorities have a greater degree of power and also the sector specific agencies means like the water supply and sewerage boards. It means that that function is provided by a State government agency and not by a local authority. This gives you a sense of what that leads in the case of transport in Kolkata. The dark blue is this Union Government. The light blue is the state government and the city level agencies are all at the bottom. You see the complexity with which this region has to essentially grapple.

Then you have trans-municipal arrangements which bring together different municipalities. The Mumbai megacity region I think has the only genuine example of real inter-municipal arrangements and this is the similarity with the special districts in the US where three municipalities the Bhiwandi-Nizampur, Mira-Bhayandar and Thane have come together to manage the Deogarh-Kemgarh water works in the region. If you look at the structure of that management you realize that officials of the State government are actually part of the management structure, but in some sense the chairman, the controlling staff is the local body members which are the two Mayors, one of the Co-Chairman, the Mayor of Thane Municipal Corporation was the Chairman and this we found to be a really interesting but unfortunately a unique example of management during the course of our study. There are other what we call we are distinguishing between inter-municipalities where municipalities come together in their own and multi-municipal where multiple municipalities are served. Most of the multi-municipal arrangements are done by State government entities who are projects created for multiple municipalities under the aegis of the development authority or a water supply and sewerage board and something of that structure. The reason for this is fairly simple because municipalities do not have agency. They cannot decide for themselves except in some States

like Maharashtra and Gujarat. It is difficult for them together to do a work or coordinate in a particular manner.

We then come to the issue of what is the constitutional status of governance of these particular areas. Mr Sivaramakrishnan was involved in the 74th Amendment to the Constitution which created the Metropolitan Planning Committee which was the way in which it was constitutionally thought about that these regions would actually be governed. This is the basic features. The elections and the creation of electoral bodies and elected bodies was made mandatory. However, the functions of these elected bodies, what were these bodies once elected to do. That was left as an option to the State governments. So what you have is a situation and repeated judgments of the judicial system. They have emphasized the primacy of the state authority, I know Nira is in the room and many others, and they would of course refer to the Mumbai mills case which I think is the classic case where the primacy of the state government over the local government in deciding what to do with you lands was asserted by the courts. So while it is necessary to hold municipal elections it is perfectly legal to give them nothing to do. The Metropolitan Planning Committee, I won't go to the terms of reference, but the fundamental issue that we find is that the composition of this Metropolitan Planning Committee is dominated by municipal representatives and yet as we see during the course of the previous discussion the power and the agency lies outside the municipal domain. So there is this tension between what the Constitution asks you to do and the structure of the body which says it has to be municipal and the reality which says the State is powerful, the economy is dependent on global forces and this disconnect or dissonance between what the Constitution prescribes and what the situation is on the ground that I think has led to a situation where the Metropolitan Planning Committees are just not being formed or in the case of Maharashtra where they have actually been formed the extent of work that they have actually been doing has been relatively limited.

Even in Kolkata where they were functional for about 10 years, in fact, they were constituted in 2001, again constituted later in 2006, they have been reconstituted since the Left Front government was defeated and the Trinamool Congress has come to power. So in out of a five mega city regions, four of them now do not have Metropolitan Planning Committees though all of them have passed legislation to actually form them. Why is that the case and we mentioned some of that area but fundamentally as I said we go back to this whole issue of the disconnect between what is the situation on the ground and what is the constitutional prescription and yet it is hard to get away from the fact that the metropolitan region is constitutionally recognised as part of this particular article and how do we exploit this recognition. Can we exploit this recognition to provide a certain degree of structure to our system?

So the thematic report makes the following suggestion. One, it recognises the inevitability of metropolitan governance. It also recognises that it is not possible to keep expanding the core municipality *ad infinitum* to bring in more and more of the area under the municipal control. Neither is it possible to transfer these areas into the union government as occasionally people sort of seem to argue. Nor is it possible to separate these out as city-states. Even in Delhi where it has been a state, the National Capital Region actually sort of now encompasses multiple states and soon these megacity region will grow out of the State which has been formed but you cannot continually keep on doing State reorganization for that particular area.

So how do you then govern these particular regions? One of the issues is to recognise and since the principal author of this report is Mr Sivaramakrishnan I find this interesting that he

also was intimately involved with the creation of the MPC, but he seems to believe at this point in time that this particular design that was created was flawed and there seems to be little purpose to keep on repeating that mistake over and over again. So the idea is to then remodel the MPC as a Metropolitan Council which achieves a balance between the representational legitimacy that I think the MPC currently has in abundance with functional requirements which means the importance of the State and the importance of business and the importance of civil society in these megacity regions. How do we achieve this? We achieve this by not prescribing the membership of these organizations but leaving that in some sense to the decisions of the States. The idea is to shift from where you prescribed the membership but left the functions to the discretion of the State to a situation where you define the functions and then say look if these functions have to be managed you the State decide what kind of stakeholder group you want to bring together to manage them and it may vary.

The political realities of each of our States is different, different States will have different structures but it is that shift that we are basically trying to look for which is what we are talking about to the... In addition, we think that there should be representation of the union government within this particular structure and not representation we can argue that currently are the railways and the structures, etc., who are part of the story. That is not the kind of resolution that we are looking at. We are looking at political representation of the union government in these areas essentially recognising the fact that these regions function not just for the States in which they are located, but as you see from those charts over there, integral to the development of the national as a whole, and finally technically it will be useful to sort of merge these or at least achieve some congruence between district administration and the administration of these particular areas. In order to do this there will be a number of constitutional issues that will come up. But it is possible to do this in the interim through State legislation. So if a State wants to constitute a Metropolitan Council which sort of reforms the metropolitan development authorities that they currently structure that is something that is possible through State legislation and with a much clear delineation of both the manner in which it will be governed and their functional mandate and the distinction between metropolitan and local tasks. Fundamentally it is important to realize that the Metropolitan Council should be seen as a part of the State and not as a subordinate entity. It is only then that you can think of it as having a true measure of autonomy. In addition to this you would obviously need to provide, if you are going to move some issues down to the local level, you need to provide a lot more authority at the local level. Again that is an issue that is up for the States to discuss and it is within their powers to achieve.

That is where I think the thrust of the arguments that we have so far. We look forward to the debate. Thank you.

Suresh Prabhu, Chair: Partha thank you very much for a very comprehensive and exhaustive and a very interesting presentation on the challenges that all these megacities are facing today. In fact, if we really look at it one must look at not just megacity in terms of the size of population, not just in size of its landmass where it is spread but actually we should really like to look at it at inevitability of cities growing. It has a limitation as well. We cannot just keep making projections about what could be the population of a city in the next few years' time and therefore that is going to be the reality which we must accept. There is a need to bring in lot of planning, lot of foresight, lot of vision and make sure that we don't meet with *fait accompli* by saying this is the city now, we have given it to you. We have messed it up, now manage it. So what cannot be managed in a planned manner and resulted into managed cannot be managed later on at the end of the pipe like we normally do. So we

really need to look at it as an issue in which how can we really look at the cities in a different perspective.

I think one of the things that we really need to do for each of the city, each of these megacity is to find out what is the carrying capacity of these cities. It is an extremely important exercise which I think was missing from the point that you mentioned because each city, each geography, each territory has a carrying capacity. Even if you now make London ten times of its size I think London will just crumble, will not be able to take that much load, will not be able to provide the services and therefore we really need to first and foremost find out the carrying capacity of each of these cities and the carrying capacity will depend on several factors. I think one of the things we really need to look at that a city has 20 million population, so where do they get water from? The water comes from thousands of kilometres away. Delhi is trying to get water from Tehri. Mumbai is getting water from Nasik and Vaitarna, many places. But all these places themselves are facing a crisis because they don't have enough water for their own use. How will they be able to export water to the cities? I think there are many challenges which are going to come in the next few years' time.

Let us take power. Power, again is generated somewhere else. Through the transmission lines we are bringing it here. This whole model of whether centralized power generation itself is sustainable or not needs to be looked into. So I think when we do the carrying capacity studies of a city we really need to factor many of these issues into this; how are we going to deal with disposal? Do we have enough capacity to do that, and therefore, I think one of the most important issues that you really get into is how do you actually make sure that cities' limitations also are understood and we just don't provide and we just don't say that the population would be so much and therefore we need to plan. Actually we need to first find out the limitation of that growth. Just unlimited growth cannot be built into the cities and therefore that is one of the important issues that we really need to keep in mind.

The second issue is about obviously the quality of life of the cities. The size of population, number of people, how to govern it all that boils down to for what? Why do we need governance structure? I think governance structure is needed to improve quality of life of the people, to increase open spaces there. We cannot just make cities where the cities become slum cities wherein now Mumbai, more than 2/3 of the population live in slums. I think that is something which is untenable and unacceptable. Therefore, what we really need to find out is how do you actually make that happen and then basically what is also important is the size of city does not necessarily define the soul of the city. I think each city has its own culture, cultural ethos. How do you actually make sure that that is not compromised in the question of increasing the size of the city whether in terms of population or in terms of increasing territorial areas? What is important, most important is how do we keep the cultural ethos, the soul of the city intact and therefore that is an extremely important issue.

I fully agree that we really need to look at governing these cities in a completely different context. We already have a constitutional framework. The 74th Amendment to the Constitution has provided some part of the solution to this problem but not entirely I agree with you. We really need to find out how can these cities be managed in a manner that there will be one single authority which can plan as well as execute it. In Mumbai, the city that you covered in your study, there are railways who are planning on their own. There is an airport which decides that what they should do, they will do on their own. In fact, even outside the airport if you want to decide where the cars should be parked I think it will be first probably before thousands cars are parked then somebody will decide who is responsible

for deciding on the parking of the car because that is the type of territorial dispute that exists between various authorities. The fight for terrain, fight for their own rights and therefore we really need to find out one single authority and that has to be an elected authority obviously because we cannot go against the spirit of the Constitution of India and therefore 74th Amendment has actually put that particular part of the story very clearly defined that we need an elected representative. Maybe a Mayor of Mumbai who should have exercised many of these rights in many forms. So central government authorities like railways, like ports, like airports they need to be subservient in a manner to ensure that the city's planning and execution does not come in the way as well as the State governments, maybe the city police in terms of maintaining the order in cities how do we actually make that needs to be really looked into and therefore I think we really need to look at many of these issues in a different way.

You mentioned a very interesting point and that is the governance issue. (That if in ten years) First of all, our policy is that open spaces have to be maintained. That is the planning. So all the planning authorities of all the cities have provided for certain open spaces. But open spaces get then encroached by various users and then the government is extremely intelligence and must be complimented, the government for coming out with an amazing imaginative response, of regularizing everything. So every ten years we are going to regularize the wrongdoing of the previous ten years then what is the need for planning and therefore I think we really need to talk to this, we really need to work on it. Therefore, the starting point, in my opinion, and I am sure we have a very distinguished panel like Sirish Patel, my good friend from media, Mr Iyer, my friend from Brookings and I have of course, extremely illustrious co-chair in form of Mr Ram Walase who is actually putting this into reality; planning new cities and make sure that we don't commit the same mistake of the old cities. I hope the new cities will be better than the old ones and therefore all these issues will be handled but one thing I want to repeat again by saying that what is the whole purpose of relooking and revising the issue of governance of the megacities we should be very clear.

The purpose should be how do we improve the quality of life of people who live in these cities. How do we ensure that the open spaces in these cities are maintained much more than what they were available before. If even gardens are going to be taken over for a variety of other uses I think the city's lungs will be gone, city's ability to deal with any crisis will be gone and particularly like Mumbai or Kolkata or Chennai the cities that you talked about are all the cities on the border of the seas and the climate change is growing to create another set of problems. They are going to say that the sea level rise, hopefully not so soon, but sea level rise will probably even submerge some of these cities and I am really shuddered to think what could happen for a city like Mumbai and Chennai or even Kolkata with such a population. What is their ability to deal with disaster management? How do actually they will be able to deal with those issues and therefore I think these are the many challenges that we are facing here need to be addressed and also should not forget the fact that we try to deal with the city that we don't have with as a holistic manner because where do the people in city come from? If the population of the city is rising obviously people are migrating from villages into the city. So the village dwellers are now becoming city dwellers. So therefore we cannot look at city's problems ignoring the reality but we really need to deal with the problems of India as a whole because if we continue to just address now our attention more on cities ignoring the reality of villages probably we will have the same problem over a period of time. So I think holistic development, holistic planning and looking into the issues from a human point of view is extremely important. So let me first ask my friend Shirish Patel. I think you are going to look at the settlement issues. So probably how do we look at these issues.

Comments by Mr Shirish Patel:
Thank you Mr Chairman. Let me say that since this is a session on the CPR Report I would just like to make some comments on the report. There are one or two points that I take issue with and other matters where I agree entirely and wholeheartedly with what the report has to say. So let me start with the issues of contention.

At one point in the report we are told and I quote "underlying with the clear objectives of metropolitan planning one is to contain the growth and limit the territorial expansion of the core city and further stipulation of a green belt". Here what I would like to do is draw your attention to a recent report by Shlomo Angel and others entitled *Making Room for a Planet of Cities* published by the Lincoln Institute of Land Policy in 2011. This is a study based on satellite images and other maps of a survey of 120 cities around the world. Among the findings is the fact that the built up area densities in developing countries are double those in Europe and Japan and the build up area densities in Europe and Japan are three times what they are in the US, Canada and Australia, the land rich countries. It is also a fact that built up area densities declined by 2% per annum between 1990 and 2000 and have been in persistent decline for a century or more. The decline in densities is among other things the function of income change. So to those who think we should intensify our existing densities still further we should point out that this is exactly contrary to what is going on worldwide and we would be wise to understand and accept this and plan for the alternative of diminishing densification. While containing a city with a green belt or otherwise might make sense for existing residence and financial institutions that want to maintain high property prices. We also need to note that in the sample of 30 cities that was studied more closely 28 out of the 30 increased their built-up areas at least 16 fold in the last century. 16 fold in a 100 years. So let us accept that containment makes no sense and instead what we need to do is anticipate and plan intelligently to accommodate the cities' inevitable growth.

The Shlomo Angel report also notes that cities have fragmented open spaces in and around the city and their perimeter particularly that are equivalent in size to the built-up areas. But the size of fragmented open space within the built-up area has slowly but significantly decline in the 1990s, i.e. we are losing open spaces for recreation within built-up areas and I have no doubt that this partly due to our efforts at containment rather than focusing on expansion to accommodate growth and the diminishing densification that we can expect over time. Incidentally, to those who bemoan the loss of agricultural land to urban uses we should point out that in India urban land is between 1 and 2 per cent of the total land areas. How much space do we need for urban expansion? What is the realistic projection of Mumbai's urban land needs, and here the findings of the Shlomo Angel study are quite startling. In a developing country with a medium projection of density decline he expects the urban land cover to increase over a period of 50 years by 326% and with a high projection of density decline he expects it to increase by 603%. In other words, in 50 years' time we should expect Mumbai to be between 4 and 7 times as large as it is today. If that is indeed so it is high time we started working on a plan to deal with that growth. We also need to get on urgently with planning for Mumbai's growth as the CPR report says "opening up new areas of development either left to the market forces or handled by development authorities". That is the way it is at present. Now this is really in my view an abdication of responsibility for metropolitan planning and it would be useful to take note of what Angel report says which is that you should lay out an arterial grid of roads, a kilometre apart, which can support public transit and this is what you should plan for the areas into which the city is going to inevitably grow.

Another issue I would like to look at is housing. Here the CPR report says "Mumbai, even with salaried employment, informal housing remains the only option available for many". I think it is a matter of the utmost shame to all of us that something like 55%, I think Mr Prabhu mentioned 2/3rd of Mumbai lives in slums. At the time of independence 50% of Mumbai lived in rental housing. Since then in the last 60 odd years 96% of all new construction has been for ownership and hardly anything for rental. So today we have something like 17% of Mumbai's *pucca* housing stock as rental and that is mainly because of all the old buildings that we have inherited from 60 years ago. New additions to rental stock have been negligible. In cities all over the world, the rental stock is around 50%. In Mumbai, over the last 60 years we have added 4% and the reason for this is our completely outmoded Rent Act which totally discourages the construction of rental housing, particularly for the poor. At the end of World War II many countries had what we call first generation rent control. Every country has either removed these altogether or moved on to second generation rent controls by which rentals can be gradually increased until they come close to market levels. As far as I know, Mumbai is the only city in the world that still has first generation rent controls. Occupants pay 1000th of the current market rent. We should understand that rent controls are a form of subsidy extracted from the landlord and paid to the tenant at no cost to government. Government just stands on the sidelines and cheers. Actually, if we were to remove rent control protection from the premises and apply it instead to the occupant we would find that in many cases a means test would reveal that the tenant is perfectly capable of paying market rent and in many cases the tenant is probably richer than the landlord from whom he is extracting a subsidy.

So if we are serious about eradicating slums we need to move from first generation to second generation rent controls which means a gradual increase in rentals until they approach market rents and a complete ban on applying any kind of rent controls to new construction. Only then will we begin to see serious investment in rental housing. In France, for example, 85% of the rental housing is owned by single families who own the home they live in and have a second home which they give out on rent. We can have the same thing here. Families with access to bank loans could massively finance new rental construction for housing. All they need is a cast iron assurance from government that government will not suddenly declare that live-in licence premises are now subject rent control. The government has done this in the past, in the 1970s. Rent control premises were declared as available for, you could apply to the court and get a fixed/standard rent. So as long as the Rent Act is on the books government can do this again. Only a repeal of the Rent Act or a major modification can be taken as a serious indication that government intends removal of rent control once and for all.

On the matter of housing, the CPR report says "new attempts to create housing are distinct from the older sites and services programmes in the way they are financed". Actually, one of the most successful housing projects in Mumbai, in my view, is Charcop. This is located in North-western Mumbai. It was started about 30 years ago it is a model of mixed income housing with both middle and the low income houses ranging in size from 25 sq mt to 100 sq mt; some on the ground, some in apartments. There are schools and parks common to all. The scheme was completely neutral in regard to financing. There was a small amount of cross-subsidy between the low income and the middle income groups, but no external subsidy was required. The original World Bank loan has been repaid in full with interest. After that scheme was over the World Bank gave up financing such individual projects. But I was astonished that the State government also gave up and failed to recognise that this was a model for future schemes on Greenfield sites. It can easily be replicated and its main feature is affordability brought about by the fact that for a poor family the initial investment is

minimal with incremental investment over a period of years as and when the family finds itself in funds. One other possibility that the government needs to seriously consider is inclusionary housing and policies addressing the problem of a housing the poor, all those who are below the median income, exist in many countries and these are addressed mainly to the 40th percentile and below, i.e. 80% of those who are below the median income and this policy exists in England, France, Italy, Spain, Canada, the US, many other countries. The policy simply mandates that whenever you build anything, for any purpose, whether it is an office or a mall or a cinema or a high value residential apartment, you are bound to set aside a proportion of the built-up space for inclusionary housing. In most countries it is around 25%. In Spain it is 50%. Most often the requirement is that the inclusionary housing must be provided on-site. So the low income population is interspersed with the rest of the city. They are no in ghettos at distant locations. The interesting is that the cost of construction is reimbursed to the builder. So he is not trying to cut corners on specifications, but the land for the inclusionary housing is free and he gives that because he gets permission to develop the rest of the property. It goes without saying that no builder in the world likes his country's policy of inclusionary housing.

It is important to understand how these schemes are administered. It is not left to the developer to manage everything which is what we do in Mumbai. There are three distinct aspects of such schemes and each is placed in the hands of the agency best equipped to deal with it. The developer constructs the housing. He understands construction. And a separate agency, usually an NGO, in the UK it is typically a housing association, collects rents, maintains and manages the property. It also owns the property so it is able to mortgage it and get financing and the third aspect, a separate aspect is that of subsidy which is provided by government on a family by family basis, separately administered, both from the construction and from the maintenance and management of the property and I think it is important to not that no one gets his or her housing free and the family may get a subsidy but they pay rent or they buy a house from the housing agency that is administering the project and these agencies are very strongly controlled by government in regard to the rates they can charge. We really badly need this kind of inclusionary housing policy not only in Mumbai but in each of the metropolitan regions studied by the CPR and finally on metropolitan governance, the CPR report says "a metropolitan governance entity should be regarded as an extension of the State exercising some of its sovereign powers and not remain a creature of the State subordinate to its different departments". It is in my view vital that governance of the region is vested in leaders who are locally elected and who are answerable to the city's inhabitants. These leaders do need full powers to be effective. The entire bureaucracy in the city needs to report to them, including the police force as in New York. The NYPD Police Commissioner is appointed by the Mayor. For the locally elected leadership to be effective the entire apparatus of bureaucracy at city level must answer to them and not to a state government that is dealing with a host of other major issues of no relevance to the city and the local leadership may report to the State government but it needs full and independent charge of all metropolitan affairs. Thank you.

P. Vaidyanathan Iyer: Basically, if I look at the problems, I haven't lived in Bombay forever. I have moved to Bombay about six months back. I was in Delhi and, in the last six months, I must tell you, that at least two dozen CEOs must have told me that they would rather shift to Delhi. The sense that I get from talking to people across the spectrum is the quality of life which the Chairman talked about, is very critical and there are several issues to the quality of living.

So when I look at governance as an issue I particularly find a couple of issues which are very interesting. We as media are a mirror to what happens in and around us. So let me just quickly tell you a couple of things which we have reported and we have kind of championed over the last couple of months or even a year. Say, for instance, we talk about governance in city municipal limits and I look at the first 9 months of the current financial year of the Brihan Mumbai Municipal Corporation and less than 25% of its massive Rs.26,581 crore budget is spent. I am talking about capital works. Capital works in the city are critical for maintenance of the city, for the running of the city. Clearly, whether this is about, say, containment of the city I don't really think it is an issue of containment or expansion of the city. It is more an issue of basic governance at the local level. I look at what the corporators 227 corporators in Mumbai are talking about in the BMC Standing Committee meetings. Their attendance in the meetings, the issues that are brought out in the meetings and lo and behold I find that the maximum number of questions which corporators are asking about in Mumbai, mind you, they are not about storm drainage system, they are not about slums. They are about renaming of streets and local roads. So when I look at governance this is something which really strikes me, what are the people whom I elect in my ward what are they talking about when they are representing me in the decision making apparatus of the state government or the city. I believe, I learn that way back in 2006, a similar debate about rejuvenating the city had started and the State government did take an initiative to set up an empowered committee. Some of the members of the empowered committee might be there in this august audience, I am given to understand that this empowered committee met, say, not more than two dozen times in the last six to seven years and the frequency of meetings which used to be about three or four or even five in a year has reduced to less than two in a year. So this debate about looking at the city and how to take care of the city's problems it is not new to Mumbai. It is happening for a long time.

The last point which I want to just point quickly is to a city or to a state or to a nation what is very critical is decision making. I have seen that a freeze in decision making, be it the national economic environment or the state economic environment or even the city really costs. You have seen that in India, a freeze in decision making, last 2-3 years (now I guess things have started moving) has really cost the government or the country growth in vital GDP percentage points. So do I think about Mumbai. Several decisions take forever to first get off the ground and second, to be implemented. Say, some of the biggest projects like the Eastern Expressway were to be executed two years back. They were started five years back and still we are waiting for the completion. Similarly, with several other infrastructure projects in the city. So I think the speed to execution starting from conception on paper to decision making to execution I think that is very critical for cities.

About slums, I really don't see a very concerted effort from the political establishment to look at transforming the city by giving a very good alternative to slums. Many times, many people tell us that these slums must go. But you have to include the slum dwellers as stakeholders while we are talking about it. So every other slum rehabilitation or slum redevelopment project has got politicians involved which I think is critical but they shouldn't go to the extent of...what eventually happens is there is a lot of rent seeking in such redevelopment projects. I guess those are issues which the political system needs to really look at much more closely. Thanks.

Comments by Ms Amy Liu:
First of all, I want to thank Chairman Siva and CPR for giving me an opportunity to join you for this very important conversation. I am the Co-Director of the Metropolitan Policy

Programme at Brookings and prior to Brookings I had an opportunity to work for the Secretary of Housing and Urban Development at the national government level.

I have thought the work that the CPR has done on this report, the monumental task unveiling some monumental challenges and I have a learnt a lot in reading this report and you have given us all much to think about. The challenges identified in this report are quite complex and I warn you that my own early observations will not do this fine work justice. But let me start with several caveats. No doubt, US and India are so different that comparisons are hard to make and transferable lessons are not so obvious but I will try to bridge that gap. I loved the line in the report that "India governance defies typology." We share your pain. The US is also beset too with cost and problems of coordination, of fragmentation, multiplicity of approaches and systems and institutions. So this is really hard work. But lastly though metropolitan city regional governance does remain a work in progress in the United States and I am sure elsewhere around the world and will be hearing from other experts on that. So we certainly do not have all the answers. But with that out of way let me offer you some three core observations from the American experience and I would probably say this is the out of the box moment.

First, the report calls for the need for a formal definition of metropolitan areas, both as a matter of defining the geography of governance regimes but also as a tool for standardization when it comes to measurement and statistics. I agree with the importance of this but I would urge that a metropolitan area not be defined by its human settlement pattern but by its economic activity. In India, the definition of the metropolitan area is emerging as the report noted as a unit defined by planners or by population size and adjacency of population centres. In the United States our Census Bureau also offers a similar official definition of an urbanized area which meets minimum thresholds of population levels and population density. But we also are lucky to have a formal common definition of a metropolitan area that is now used by the Census Bureau, by our Bureau of Economic Analysis and our Bureau of Labour Statistics. All three of those agencies collect data and share a common definition of a metropolitan area which is defined by commuting patterns, the extent to which a threshold percentage of workers in an outline county commutes to jobs in central counties. So at the core what this means is that we need to look at metropolitan areas through an economic lens and I think that is absolutely essential and therefore affects the definition of megacity governance and the role and function of regional scale institutions and policies and earlier this morning we heard Union Minister Maken imply that can the economic power of metropolitan areas translate to political power and I think that is something that we need to keep in mind. At the core cities in metropolitan areas exist because of their economic function. This is also how the CPR report starts with, that cities in metropolitan areas grow and thrive because of economic agglomeration, the inherent benefits found in the concentrations and synergies between firms and labour and institutions and like industries.

Now, I had the pleasure of visiting the Mumbai City Museum yesterday. Mumbai's history begins like all major urban centres. Bombay rose as a major city through its strategic location as a hub of trade and commerce which was further accelerated by the British East India Company which strengthened it as a major port city. That growth in trade and commerce spurred the rapid migration of workers who wanted to flock to this city of opportunity. Today the future and success of Mumbai and other megacities will be its ability to not just manage rapid urbanization but how urbanisation helps it flourish as an inclusive, functioning and prosperous economy in a dynamic global economy. Mumbai operates as a two-tier formal and informal economy. But it is an economy nonetheless. Land use and

planning and infrastructure planning is but one input into what enables markets to work and what enables markets to create opportunities for low income and working people. One final consideration on this score. We have heard now several times of the five megacities featured in this report make up about 10% of the country's GDP and I think the cities themselves make up about 5 or 6% of the national population. In the United States the hundred largest metropolitan areas make up just 62% of the national population but they generate 75% of the nation's GDP. So the hope is that as cities urbanize they also increase the wealth and productivity for the nation and its citizens. So those economic outcomes must remain central as you determine the goals of improved metro governance.

So the second point is what does this mean then for metropolitan scale governance and what form should governance take. CPR took about 700 pages to answer this question. So I am just going to offer some high level observations on this point. First is that as mentioned before we must recognise that a city, a metropolitan area is a complex market ecosystem made up of highly interrelated subsystems and now Brookings has had the opportunity to work with metropolitan areas around the United States including these regional economic plans to try to operate within these market dynamics. In these plans, leaders are conducting market analyses and strategies around the five key market dynamics that drive and affect the key measures of economic prosperity; those measures around GPD growth, around job growth and ultimately the income growth of our citizens. These five market drivers are – boosting the growth of your core industry sectors, improving the innovation ecosystem in your economy; developing the human capital and skills of your workforce; infrastructure, land use, housing and finally governance, the tax and service delivery of that community. These five drivers affect the behaviour of firms and people and workers. Inherent in that framework is that spatial planning, land use, infrastructure, are not ends in themselves. They are means to an end. Ultimately land use, housing, infrastructure, technology should be physically arrayed in ways that will boost the productivity of firms, the efficient connection between firms, employers and workers and ultimately include connecting people in neighbourhoods to market opportunities.

In the end though given this context there is no amount of formal governance that can manage a metro-economy or a market system. In the United States we have created formal metropolitan planning organizations. We have formally elected metropolitan governments such as in Portland, Oregon or Minneapolis-St Paul which you can hear Myron Orfield tomorrow. We have city county consolidations to try to match the scale of urbanization of growth. We see multiple cities come together to form formal merged service deliveries to increase efficiencies and save money. We have regional scale civic institutions and non-profits that try to address regional economic development and other aspects of urban living and we have planning entities. We have project based implementers. We have fragmented workforces systems. We have fragmented education systems. This is the complex reality of how decision making and action is being done in our cities and regions. At the end of the day I think the US prefers an informal versus a formal approach when it comes to regionalism to embrace the constant government, civic, private sector collaboration with accountability and to have nimble institutions and policies that can adapt to the ever changing scale and dynamics that base our regions and our nation. That is the experience of the regional scale.

What are the implications for central government? Let me close with what I think remains an experiment today, but ultimately I think the American story is not one of top-down central solutions by formalizing metropolitan governance. Instead we are trying to advance flexible approaches to reflect the unique and divergent realities that we are seeing across the various

metropolitan areas across the United States. Unlike just like in India, every single one of our cities and metropolitan areas are very different. To have a fixed response from the central government would not be flexible enough to respond to those tailored situations. When President Obama was elected there was hope that given his urban roots he would be good for cities and metropolitan areas and in that spirit he created the first ever White House Office of Urban Affairs and he created a Special Assistant to the President in Domestic Policy that was dedicated to urban issues and we have the opportunity work closely with the administration in designing a federal approach to metro areas and metro-economies. What did this look like?

First, metropolitan approaches are not just the responsibility of the Secretary of Housing and Urban Development. In fact, some of the boldest metropolitan policies and strategies are driven by the Department of Energy or the Department of Commerce. Then rather than focus on the form the goal was to focus on how to break down programmes silos to reward crosscutting regional scale decision making. So in areas of sustainability how does the Department of Housing, the environmental protection agency, the Department of Transpiration how do they come together to do joint grant making and regulations to promote the integration of these systems to support sustainable outcomes at the metropolitan scale. When it comes to economic strength the Department of Commerce, the Small Business Administration, the Department of Labour and many other agencies came together to promote regional cluster solutions on energy innovation, on exports and trade, on advanced manufacturing, again, all at the regional scales. When it came to economic inclusion the Department of Housing, the Social Services, the Department of Education came together to create neighbourhoods of opportunity. As they did so they developed performance-based competitive grants to regional consortia of universities, business, civic and government who can develop strong plans and demonstrate the capacity to implement. At the end of the day we are rewarding cross-sector collaborations that demonstrate outcomes and we benchmark their outcomes.

Finally, what we are seeing in the last couple of years is the federal government and major philanthropies like the Bloomberg Foundation are focused on capacity building. To help cities innovate our federal government is beginning to recognise the local leadership in capacity matters. So we have inter-agency federal teams providing technical assistance to cities. We have federal agencies creating partnerships with non-profit organizations to place young professionals or mid-career professionals as Fellows to join city government and help them with design and implementation of strategies. Given severe budget cuts in our fiscal environment in the United States many of our cities are now strapped for talent.

In closing there is great experimentation under way in the United States. But the good news is that the US is joining all of you in trying to figure out how we continue to empower cities and metropolitan areas of engines of national economic prosperity and national economic progress. Thank you.

Comments by Mr. Ram Walase: To my mind, when we talk about megacity governance there are three main points. One is planning, the second is implementation and third is technology. Planning because a country like India we will be doubling our urban population by 2030 and that means we will need to build as many more cities as we have today and what that means is that today we are spending most of our retrofitting our infrastructure, repairing our services, digging up our cities time and again and that can be avoided if you plan it properly.

The next thing is implementation and in implementation if you look at, even the report covered the issues and implementation and the urban governance. The main issue that we face today is that we want to decentralize but we do not have adequate capacities at various levels. So even though we plan our urban local bodies do not have the capacity to implement projects efficiently and effectively. That is something needs to be addressed at some point in time and when we say implementation two things count again. One is accountability and second is the target driven or the goal driven approach. When we are saying that our urban population is going to double in next 20 years we must have appropriate frameworks and goals set in each and every department of our urban governance. We need to have adequate housing, we need to have adequate utilities, we need to have adequate transportation and these goals need to be broken down. That is where the accountability and the capacity comes into picture.

The last point that I would like to make is the technology. Today, we are still talking about how do we accommodate our existing population, how do we retrofit our existing cities, how do we create new cities around our peri-urban areas whereas the leading cities in the world today are using technology to their advantage. Talk about Singapore, talk about Barcelona, they are already talking about what their cities will look like with the backbone of technology in 20 years down the line and it will be very important for us – our economy is driven by the technology led businesses, lot of our IT companies are providing these services to the global cities but we ourselves are not utilizing these technologies to the best of the effect – and it is high that we look at each of our megacities to have a technology master plan where we look at the technologies to enhance the efficiencies of our existing cities. Thank you.

Question & Answer Session

Mr HK Dua: I would like to know from Ms Amy Liu where does the power of the state administration end and the metropolitan administration's begin? That is a border line, where exactly? Similarly, in Washington where does the power of the federal government ends and the local authority's. How that these areas Washington DC has managed? This is important in view of there is overlap here in functions of the State government and the local municipalities. In Delhi there is a federal government (we call it central government), State administration and the local municipal administration. There is a lot of confusion there, too many agencies as it has been pointed out by Mr Suresh Prabhu, down the line. How do you manage that kind of relationship.

Mr Ashank Desai, Mumbai First: I have a question to Partha. You showed this data of MMR migration and its impact on how many people speak the language there of that region and how many are non which was interesting. I saw it for the first time. What would be interesting, or whether you have that data, non-local language analysis happens because of migrations of two kind; people who come from a lower income strata and higher income strata, both come for a different reason, they come for job but different types of jobs. Do you have any data on that? That would be very interesting outcome in terms of planning and migration issues.

Mr Abhay Pethe: There are two queries that I have. One has to do with the CPR report. Has it all considered the polycentric mode of governance and has, for some reason, discarded it and is coming closer to the Mumbai vision kind of coordinated CEO model, and the second one has to do with do you really believe, and there were elements of that in what Amy talked of and so on, given the way in which the planning is practised, especially in the South, is it

now the time to fundamentally rethink planning process and not keep just to spatial and resources – public resources – but to make it more strategic and policy reform oriented.

Next Speaker: I need to make a small clarification. Mr Iyer mentioned that the empowered committee meets only twice or thrice a year. I have been attending it for the last little over a year. We meet every month Mr Iyer. The twice or thrice happened in the early years, I believe, but now we meet every month.

Mr A. Ravindra: My question is to Amy Liu. You spoke about spatial planning or rather private sector collaboration with accountability. This is a very important but a very difficult aspect to handle. In India now we are trying to promote more on PPPs, but accountability, even within the government sector it is not properly established. We are still struggling with it. What sort of mechanisms do you have in the United States to ensure accountability in this sort of public-private collaboration?

Mr. Suresh Prabhu: I would request starting with Mr Ram because I hope the cities become Ram Rajya one day. But I will start with him and then end with Partha. But just few points. Can we think about a charter. We talked about giving more powers under the Constitution as part of devolution because what powers you can give under the Constitution to the lower government actually it is at the expense of the higher government. You devolve more powers from central government to state or from state to the local authorities because that is the only power available within the country. But what is more important is in addition to devolution of power can we think about a charter in which with attendant powers, with attendant ability to deal with all the challenges it will be responsibility on the part of the city governments to ensure that each of these parameters on which we should judge the performance of that particular government are also fulfilled because then that only makes sense because otherwise as we are seeing that we are just going from one end to another, pendulum is swinging from centralized to decentralized power. But end of the day unless we ensure that the citizens of that particular city benefit from this it is not going to work. So can we think about a charter for this? Please, Ram, I start with you, not this question. I am just talking whatever was concerning you.

Mr Ram Walase: I think there was one question about PPP and accountability. I think in almost all sectors of the economy we have seen that PPP has been able to bring in investment, efficiency and there is no reason why in this sector it cannot be. As far as, I think the question was addressed to her, but in US they don't have too much of PPP, especially in this sector. That is my understanding. We are talking about decentralization of implementation mechanisms and that is also happening because we do not have adequate feedbacks going back from public. That is why we think if we devolve the power to the lowest urban local body then it helps us in implementing the project better though which is not the case. If we improve our feedback mechanism from people and if we still keep the implementation at the higher levels it will bring in lot more efficiency to the implementation. That is my view.

Ms Amy Liu: Two questions were directed at me. One was about the proper role of federal, state and local and the other one about P3s. Let me take the easier one and then come back to this very good question about the division of labour between each level of governing. My comments right here that the United States does not have a lot of P3s right now in the United States. But we are also recognising that between the need for private investment in infrastructure as well as the rise in foreign investment and foreign direct investments in both firms and infrastructure in the United States that we need to get ahead of the game on this one

and States and cities are trying to experiment with different forms of privatization and private investment in their infrastructure. What we are finding is, comes back to this question of capacity. There is not a lot of expertise at the national, state or local level about how to structure P3s in a way that will ensure accountability to the public and assure accountability in performance and their outcomes. That expertise is very few and far between. So what we have proposed which is under discussion at the national level is something that we see in other countries, is whether or not there is a national level public-private unit that works directly with States and cities with a standard approach on how to structure these deals in a way that is optimal both for the market side but also optimal for taxpayers and we see some States beginning to do that as well.

On federalism; our programme thinks about this constantly, the proper role of federal, state and local governments in managing all the complex issues that face our country. So I think this is always imperfect. There are swings through the political period in history around that level agency, the agency at the local level and the national level. But here is generally how it sorts out. The federal government obviously is responsible for managing and setting the framework for US, the US economy and social welfare and distribution effects of our society. What is really interesting is since the recession there has been a real understanding that macroeconomic policies have not been sufficient in helping our very desperate economies rebuild and rebound. What ails the trade which is an auto manufacturing sector is radically different from what is holding back the recovery of a place Phoenix or Florida which is mostly been hit hard by the housing collapse. Very different circumstances, not one size fits all approach. So what has been very interesting is we are seeing that our national government is trying to recognise that macroeconomic policies need to be matched with regional economic solutions that will enable each of the individual market conditions to adapt to the market conditions which is why one of the things that we are seeing happening whether through all the different government funds that comes from federal government is a re-evaluation of formula grants, that just sending out money to States, localities with no strings attached based on population or such formulas but instead now starting to think about giving away grants and federal government funds through competition and rewarding those States, those regions that are willing to make structural, systemic reforms that are going to make a real systemic difference in performance outcomes. So you see our federal government giving massive grants to states to overhaul their education system. You see, as I mentioned earlier, our federal spending going down to regions and rewarding those folks who are solving some of the major challenges the national government faces.

The states though is where the most power resides when it comes to metropolitan issues. They govern ultimately how economic development dollars are spent, how infrastructure dollars are spent, how workforce and education dollars are spent. But what is interesting is like here they tend to focus more on the rural areas than the urban and in that way they spend more time helping the rural areas where there is not a lot of capacity. So what you are seeing now is states giving more flexible funds to urban areas. Anyway, what we are seeing a lot of interesting experimentation at the State level where they are similarly doing what the federal government is doing which is rewarding large urban centres that come together with regional plans and funding that sort of cross-sector collaboration. What we are seeing in the United States is much more collaboration between the States and regions in coming together on large challenges.

Mr. Shirish Patel: I just want to say that I think I read in the CPR report that PPP brings no new resources to the table. That is an important observation.

Mr Partha: I give it back to Amy to answer to Mr. Dua's question on governance of Washington DC, but on the question of migrants the current data does not allow us to tell you migrants and non-migrants we can discover what their occupation patterns are. But migrants from Bihar and migrants from Bangalore, can we separate out their occupation patterns? No. As of now the current that is released doesn't allow us to do that. The National Sample Surveys don't allow us to do that. The Census data if it is released even in sample form might enable us to do that. As of now we can only tell you what the difference is between migrants and non-migrants and that I will be happy to do offline. Between generic non-migrants and migrants we can make that difference.

Mr. Suresh Prabhu: I think you are all setting agenda for him to go more into detail. That is a very good idea and I think therefore we are going to keep him very busy for the next few weeks or months maybe. Till then I think we can do a better thing for a while, go and break for lunch.

End of Session II