



## **International Workshop on Governance of Megacity Regions**

**4-5 February, 2013,**

**Mumbai**

**Workshop Report**

**Centre for Policy Research**

**New Delhi**



The international workshop on the Governance of Megacity Regions was organised jointly by the Centre for Policy Research (CPR) and Confederation of Indian Industries (CII), in association with the Rockefeller Foundation and Mumbai First to discuss the challenges faced in the governance of multi-territorial, multi-municipal regions. The reference document was the study on India's megacity regions undertaken by CPR with the assistance of the Ministry of Urban Development (MoUD).

The workshop commenced with welcoming remarks by Mr. Adi Godrej, President, CII and Mr. Narinder Nayar, Chairman, Mumbai First, an introduction to the workshop by Mr. K.C. Sivaramakrishnan, Chairman, CPR, and an inaugural address by Mr. Ajay Maken, Union Cabinet Minister for Housing and Urban Poverty Alleviation. This was followed by the presentation of the results of the CPR study on Governance of Megacity Regions, on the international experiences, the political spectrum, and the way forward.

As per the 2011 Census, there are fifty-three million plus cities in India out of which the five largest were chosen for the study, namely, Mumbai, Kolkata, Chennai, Bangalore and Hyderabad. The purpose of the workshop was to discuss the governance issues in managing Metropolitan Regions, which, while being a demographic, economic and political reality, still do not feature as distinct entities of administration or governance in the present Union-State-Local framework. Metropolitan growth is a comparatively new phenomenon in India. However, the related problems of political and institutional adjustments are not unique to India and thus there is a need to learn from international experiences.

This report is divided into three sections: The first section deals with CPR's study on Governance of Megacity Regions, the second looks at the international experience, and the third looks at the way forward.

## **Section I CPR Study**

The study, titled "Governance of India's Megacity Regions", was funded by the Ministry of Urban Development (MoUD) and was undertaken to examine the present problems faced in the governance of megacity regions and to understand better the problems in implementing Constitutional provisions on Metropolitan Planning Committee (MPC). It also explored the present options for improved governance of these megacity regions and tried to initiate better discussion on the same.

There are three concepts about Metropolitan Regions in India. These are (i) Urban Agglomerations (UAs), which are a statistical creation of the Registrar General of India (RGI) and have no administrative implications, (ii) Municipal Conurbations, which are collections of various local bodies, and (iii) Planning and Development Entities, which are engaged in spatial planning and some infrastructure investments. The five megacity regions identified and studied are Mumbai, Kolkata, Chennai, Bangalore and Hyderabad.

These five megacity regions are dominant demographically, accounting for 4.7% of the national population and 18.2% of the total urban population of the country (2011). In addition, these megacity regions are economic engines, contributing 10.3 % of India's total GDP and 19.8% of the urban GDP (2004-05), and are hubs of fast growing sectors. These are also the capital cities and represent a concentration of political power. These megacities are characterised by the presence of people speaking various languages and belonging to different religions and ethnic groups. These megacity regions also feature in the Global World City (GaWC research group) rating and also rated in the Economist's top 120 Globally Competitive Cities.

However, these regions face certain challenges partly due to the fact that they contain multiple jurisdictions governed by different local bodies. The institutions in these regions are governed by different legislations and hence have different mandates, functions and powers. There are multiple providers and regulators of different services like water supply and sanitation, transport and power. There is multiplicity in planning as well, with separate planning authorities, land revenue authorities, special development authorities, infrastructure corporations, slum clearance authorities, and housing boards. The creation of Special Planning Authorities and Special Economic Zones (SEZs) has also given rise to "Multiple Territorialities".

In addition to the challenges arising due to the multiplicity in planning, there are competing demands for land. There is an increasing demand for housing, for both low income settlements and for high income developments. There is also an increasing demand for premium commercial real estate for advanced producer services. Spatial inequity in terms of access to basic services such as treated tap water and piped sewerage is prominent.

These challenges have evoked several responses by the megacity regions. These responses can be broadly categorised into four categories: (i) Boundary Expansion, (ii) Development Authorities, (iii) Special Purpose Agencies, and (iv) Trans-municipal Arrangements.

Development Authorities are usually tasked with urban planning and development. This, however, leads to possible conflicts of interest and resources between the metro-wide planning and the urban development projects. These authorities are also plagued by delay and conflicts in enforcement and a preoccupation with projects, which leads to planners becoming plotters.

Another response by the megacity regions to deal with the challenges has been Boundary Expansion. All the megacities under study have witnessed an expansion of the region in general, and an expansion of the core-city in particular but these expansions do not extend to the city region as such and are significantly short of the regions limits.

The megacities have also witnessed the creation of Special Purpose Agencies which are sector-specific metropolitan institutions. However, these are not truly metropolitan in terms of the region covered by them.

Trans-municipal arrangements have also come up in the megacities as a response to the challenges. These inter-municipal arrangements are brought about by the municipalities on their own and some multi-municipal arrangements are done by the state governments.

The 74<sup>th</sup> Amendment to the Constitution tries to provide a solution to the problems being faced by metropolitan regions. Under Article 243ZE, every “Metropolitan Area”, as defined under Article 243P, is required to constitute a Metropolitan Planning Committee (MPC). Although the Article is innovative and visionary, their composition is dominated by Municipal Representatives whose main preoccupation is with local issues. Importantly, while the law is there, MPCs have not been constituted in three out of the five metropolitan regions under study! Thus, there is a disconnect between the situation on the ground and the constitutional prescription. However, there are some redeeming features. It is the only Constitutional provision which recognises a “metropolitan region” and the multi-municipal and multi-jurisdiction nature of the region.

The metropolitan regions will continue to grow; metropolitan-governance, thus, is inevitable. The metropolitan tasks will become even more complex and these cannot be dismissed as another version of municipal problems. Municipal consolidation, Union Territories and metropolitan regions as city states are not feasible options. The MPC design in its current state is flawed and this demands a relook at the Constitutional Provisions. The MPC could be remodelled as a Metropolitan Council, which would strive to achieve a balance between

representational legitimacy and functional requirements. The Development Authorities can be used as building blocks for Metropolitan Councils. The need of the hour is a clear delineation between metropolitan level tasks and local level tasks, which may be possible through a State legislation.

## **Section II International Experience**

An important part of the workshop comprised the presentations and discussions by scholars from the United States of America, Toronto, Brazil, London, Jakarta and, Johannesburg. A gist of the various international city presentations is given below.

### **London**

Post the abolition of the Greater London Council (GLC) by the Thatcher Government in 1986, metropolitan government didn't exist for next fourteen years, however several ad-hoc bodies came into being leading to a fragmented and complex system. Owing to a democratic deficit, pressure was built for London to change. As a result, Greater London Authority (GLA) was established under the Greater London Act, 1999 by the new Labour government that came into power in 1997.

The GLA has a functional region of population of 14 million. Since the London area is too powerful within the UK, the GLA was organised on the principle of "subsidiarity" with the central authority performing only those tasks which cannot be performed effectively at a more immediate or local level. Thus the GLA has a primarily strategic function and is responsible for the London Plan and the Boroughs are responsible for most operational service delivery. The London-wide government works best in transport, waste, infrastructure, planning and economic development, whereas the Boroughs specialise in operational services.

Its leadership is based on a strong mayor model, wherein the elected mayor is very powerful within the GLA and also has some statutory power over the Boroughs. However, there is tension between the boroughs and the Mayor and there is constant posturing and pressuring like the fact that the tax collected in the suburban Boroughs is used for the Central London city area. But there is now a new alliance between the Mayor and the Boroughs to work together for winning more resources for London. London model shows that more strategic a

large authority becomes the lesser it has interaction with locals. City-wide governance is good at physical infrastructure, but it is far harder to create identity, meaning, and a sense of belonging.

## Toronto

The old Metro Toronto structure disappeared in 1999 and the city and the boroughs were amalgamated into a single unit. There was fierce resistance against this move, especially from the residents of the core city, but the provincial government pushed it through. There is now a single city with a directly elected mayor and forty-four councillors elected from the wards. However, the old conflicts between the city and the suburbs are still present, especially when transit is concerned, and these are reflected in the mayoral voting patterns.

In 2006, there was a growth framework for the region which was published by the province under the “City of Toronto” Act. Under this Act, the city was provided with a legislative framework within which it could strive to become globally competitive. The Act also gave taxation powers to the city-level government.

## Jakarta

The case of Jakarta also highlights the importance of social media for increasing participation and inclusion. While deciding a metropolitan governance structure, it is crucial to consider the role of civil society and the community. Participation of these groups would instil a sense of ownership. There is also a need for a change in the mindsets of people to increase engagement of the citizens. A “Metropolitan Citizens’ Association” that brings together different civil society groups, and relating this to a central government structure is the need of the hour. There is also a need for a “Conservationist Ecological Approach”- metropolitan areas should focus not just on economics but on ecology as well especially in cities like Jakarta that are prone to ecological stress.

## Seoul

The strategy to manage the Seoul National Capital Region in the 1960s and 1970s was “Growth Control”. There was direct control over population, which involved a Seoul citizen tax, stopping the growth of industries, demolition of squatter settlements and prohibition of

industry. 1980s onwards, however, this has been changed to a multi-core strategy to prevent “reckless development”. Also, in 1998, fiscal decentralisation and balanced regional development were adopted as major reform policies.

However, several decentralisation issues remain in South Korea. The Central Government retains control of local development and there is great bias towards the capital city of Seoul. Provincial and Municipal Finance remains highly centralised and local governments remain dependant on the central government for finance. There is still a strong vertical control. Many important functions like Education and Police still remain centralised. In addition to these problems, there is a growing inequality in income, the labour force is shrinking and an ageing society requires housing and social welfare. There is a rising environmental concern as well.

## Tokyo

The Tokyo Metropolitan Government has around 8 million people in its jurisdiction while the Tokyo Metropolitan Region has about 35 million people. The central government has been very strong and in the light of recent financial austerity and lack of government at the regional level there has been increasing power debates and tension between the city and the state. Decentralisation in the 1990s, led to decreased financial control of the developmental states. Like London, there is an attempt to apply the principle of subsidiarity which has led to mergers among municipalities. It has also led to an increase in the responsibilities of local governments but with lesser money and hence a decreased ability to do things. The impact on Tokyo, however, has been less since it has been the economic engine of growth.

Arguments for greater “regional governance” are currently being pushed. However decentralisation leading to lesser funds from the Centre is a concern. Thus, there is still a role for the national government to support both domestic and international competitiveness.

## Brazil

Prior to 1988, 9 metropolitan regions were formally established under Complementary Federal Laws numbers 14 and 20. The creation of MRs was a result of industrialisation and great economic growth in the 1960s and 1970s. Post 1988, there was recession and inflation control in the 1990s and economic growth in the 2000s, and the states were made responsible for the establishment and management of metropolitan regions. There are currently 55

metropolitan regions in Brazil which have been established by states using different definitions and concepts, which has led to heterogeneity.

An interesting feature of Brazil is that in addition to the 55 MRs, three Integrated Development Regions (RIDEs) have been established by the central government. These are similar to MRs and are composed of municipalities of two or more different states.

Even with the recognition of the need for governance of metropolitan region, the performance of states has been mixed. A study on 15 MRs, 9 created before 1988 and 6 after 1988, showed that 46% have specific management institutions and 55% have specific funds for metropolitan development, but only 33% of them are “active”. There has also been a weakening of metropolitan management; 11 states do not define what a public function of common interest is, only 10 states have a system of metropolitan management, 16 state laws provide for creation of metropolitan councils and just 9 provide for the creation of metropolitan funds.

The case of Brazil shows that there is a need to deal with horizontal and vertical conflicts and tensions with specific political agendas, and historical and cultural differences. There is also a need to recognise the differences between management and governance.

## South Africa

The relationships between the three spheres of government, as provided for by the Constitution in 1996, are fairly complex and are very difficult to manage given the limited experience of the new government. Serious issues with service delivery have also led to growing public mistrust and dissatisfaction with municipalities.

Currently, there is an apparent lack of will to explore the more “radical” possibilities. Instead, there is a “light approach” to integration. There are attempts to simplify the institutional terrain without major re-organisation – amalgamating metro and district authorities, and create a new metro from existing districts. The approach is also to gradually and incrementally build strategic cross-border partnerships in key areas such as transport and environmental management and seek coordination on a project basis. Alignment of spatial frameworks and planning systems is also gradually happening – the common framework provided by the new National Development Plan is important.

South Africa shows that factors other than institutional structure can be more important for performance than structure. Also, there is a need for a less complex structure of governance which requires proper delineation of roles. Voluntary networks of collaboration can be a step in the long term process of institutional transformation.

In addition to these presentations, during the workshop, metropolitan governance in the United States was also discussed. A striking feature of the US is the common definition of Metropolitan Statistical Areas (MSAs) across different state agencies like the Census Bureau, Office of Management and Budget, and the Labour Bureau based on economic relations and commuting patterns. These MSAs are characterized by inter-related market dynamics and there are objectives of growth, innovation, human skills development, infrastructure and housing, governance.

Since the concept of 'home rule' is strong in the United States, often, top-down governance for metropolitan regions does not work. There are metropolitan and regional level bodies and the challenge is to make different agencies come together at the regional scale. Often in a complex decision making process, an informal approach to decision making may be better than a more formal approach. Besides this, there are other more fundamental issues, e.g., the need to infuse talent into local urban governments.

So, while regional governments are essential today, there are layers of politics, political barriers and the fact that often state governments don't want to change the present arrangements. In a democracy, political structures are very sophisticated – the power game needs to be understood. The best politicians will reform if they see a quality of life improvement for their constituents. But while only incremental changes may be realistically possible, people often expect large scale changes, overnight! This creates a challenging environment for metropolitan governance in the US.

### **Section III The Way Forward**

There was a broad agreement in the Workshop about the need for metropolitan level governance. The suggestion made by the CPR study was a further amendment to the 74<sup>th</sup> Amendment of the Constitution. However, it was understood that the legal prescription in isolation would not be enough. There is a lack of authority and accountability at both the metropolitan and sub-metropolitan levels which needs to be dealt with.

It was generally agreed that there is a need for a distinct entity to deal with metropolitan issues, but there is still not enough clarity on what shape the entity should take. Also, there is a need to define properly the relationship this entity is to have with both the Centre and the State. Since Metropolitan region do not fit well in the narrow construct of National, State and local, there is a need to relook at the relationship that these regional governance entity will have with the others.

Some other concerns which came up during the discussions related to Ecology and the Environment. In demarcating regions as “Metropolitan”, there is a need to look at the environmental and ecological impacts, in addition to economic and social impacts. Metropolitan level governance would also have an impact on the economy of the entire region, on jobs as well as equity. The issue of inclusiveness also comes up which has also been highlighted in the international experience.

The outcomes of the Workshop can be summarised as follows:

1. Broad agreement that a distinct entity was required at the metropolitan level to address the metropolitan wide issues of economy, employment, land, ecology, services, infrastructure etc.
2. Distinction to be maintained between metropolitan level functions which are strategic from operation of basic services at the municipal level
3. The present stipulation in the 74<sup>th</sup> Amendment for a Metropolitan Planning Committee composed predominantly of Municipal and Panchayat Councillors is flawed. It ignores non-municipal territories like Industrial Townships, SEZ etc. Representational legitimacy requires representatives at other levels to be brought in such as the Union government, business and industry, state representatives etc.
4. The proposed metropolitan entity, call it a Metropolitan Council or something else will remain a geographical part of the existing state. Functionally, it will be an extension of the State government with the required autonomy but not be a subordinate office run by Departments of the State Government.
5. Necessary amendments to the Constitution for this purpose should be made. Additionally, state laws as necessary should also be amended or enacted afresh.
6. The Existing Development Authorities should be suitably reconfigured so that they can become building blocks and functionally support the proposed Metropolitan Council.

7. The internal structure of the Metropolitan Council should provide for a Chairman either elected directly or designated from among elected representatives at the State or Municipal level.
8. The structure should also provide for a Metropolitan Commissioner who will be the Chief Executive answerable to the Chairman and accountable for the Councils functions.

Feedback has started coming in on the workshop and the report. There are some suggestions that the content and the recommendations of the report should be specifically related to some cities, like Mumbai, Bangalore and Hyderabad, to enable discussions in small groups to carry the agenda forward.

The workshop has also garnered significant coverage in national as well as regional media. The concluding session of the workshop is likely to be televised on a major TV news network of the country. The CPR study, the presentations, video recordings and transcripts of the sessions are available at [megacitygovernance.cprindia.org](http://megacitygovernance.cprindia.org).

*For a hard copy of the Workshop Report, the Thematic Report and/or the City Reports, please contact Centre for Policy Research at [sivarama@cprindia.org](mailto:sivarama@cprindia.org).*