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Decentralisation and Urban Governance in Hyderabad. Assessing the role of different actors in the city.

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ABSTRACT

Among large cities in India, Hyderabad has been at the forefront of municipal reforms in areas such as municipal finance, partial privatisation via public-private partnership arrangements for the delivery of urban services, and "good governance" through measures aimed at improving transparency and accountability of the government.

The objective of this paper is to provide a preliminary analysis of the various initiatives aimed at implementing new forms of urban governance in Hyderabad and the actors involved in the process. The analysis focuses on the experience of political decentralisation, which is considered here to be a vital component of governance reforms. It attempts to assess the political capacity of the elected councillors (or corporators) and examine their relationship to the municipal administration and to other levels within the regional political system. The councillors entered office in 2002 under new legislation, ostensibly designed to activate the 74th Constitutional Amendment Act, after a gap of more than a decade in municipal elections. The study includes an analysis of recent efforts to enhance public participation in civic affairs and the consequences for political parties and elected representatives.

Decentralisation and Urban Governance in Hyderabad. Assessing the role of different actors in the city.¹

Loraine Kennedy²

Introduction

The objective of this paper is to provide a preliminary analysis of the various initiatives aimed at implementing new forms of urban governance and the actors involved in the process, in the Andhra Pradesh capital of Hyderabad. The study focuses in particular on the experience of political decentralisation, considered here to be a vital component of governance reforms. It attempts to assess the political capacity of the municipal councillors and to examine their relationship to the municipal administration and to other levels within the regional political system. Secondly, attention is given to recent efforts to enhance public participation in civic affairs.

Among large cities in India, Hyderabad has been at the forefront of municipal reforms in areas such as municipal finance, partial privatisation of urban services, introduction of new public-private partnership arrangements for service delivery, and “good governance” through measures aimed at improving transparency and accountability of the government. These reforms have been closely linked to, and driven by, state government policies, notably those implemented by the TDP-led government between 1995-2004. Indeed, during that period, the capital city served as a laboratory for many of the state government’s growth strategies. The fact that the vast majority of Hyderabad’s recent municipal reforms were adopted in the absence of an elected council is particularly relevant for the purpose of this study. It was only in 2002, after a gap of more than a decade, that municipal elections were held. Although the councillors (or corporators)

¹ This paper was prepared for the Workshop “Actors, Policies and Urban Governance in Hyderabad”, held at ASCI-CME, Hyderabad, September 20th, 2005. This workshop was organised in the framework of the APUG project, funded by the French Ministry for Research and the Centre des Sciences Humaines in New Delhi. We gratefully acknowledge the assistance of the GAPS project in organising the workshop. For more information on the research project, see the site: <http://www.csh-delhi.com/UAPG/index.htm>

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entered office under new legislation, ostensibly designed to activate the 74th Constitutional Amendment Act (CAA), their scope of action has not changed substantially. In some respects, they may even enjoy less discretionary power than in the previous period. Moreover, the official modalities for ensuring people's participation, designed at the same time as the reforms, have tended to sideline political parties or elected representatives in favour of other types of individuals and groups considered more neutral. This marginalisation of locally elected officials is one of the main issues explored in this paper. Hypotheses will be advanced about its causes and its consequences in terms of democratic decentralisation.

Defining key concepts

Urban governance is a concept that has received much attention in recent years by academics and development agencies alike, but it is not always defined rigorously. Its meaning is often implicitly normative, i.e., governance implies good governance. Hence, it is useful to be explicit about the working definition used here, which is from the UN-Habitat: "Urban governance is the sum of the many ways individuals and institutions, public and private, plan and manage the common affairs of the city. It is a continuing process through which conflicting or diverse interests may be accommodated and cooperative action can be taken. It includes formal institutions as well as informal arrangements and the social capital of citizens."³

A second definition of urban governance, from Jefferey Sellers (2002: 9), complements the first and allows us to focus on the economic dimension of cities, which has started to receive more attention: "actions and institutions within an urban region that regulate or impose conditions for its political economy". Here, institutions are understood in a broad sense, including institutionalised attitudes and behaviour, which play a functional role in society by providing a basis for decision-making, expectations and beliefs (Hodgson 1988: 205). In Sellers' definition, urban governance often includes or relies on governmental participation but it need not, it could just as well depend on business and labour groups, parastatal companies or neighbourhood associations. It can rely on either informal co-ordination or formal organisation and on initiatives from below and from above. He further notes that: "Although the control, regulation and transformation that define this governance revolves mainly around the specialised initiatives of elites and

³ Found at <http://www.unhabitat.org/campaigns/governance/principles.asp>. I am grateful to Frédéric Landy and Donatienne Ruby for suggesting this definition.

activists, these are not the only relevant local actors”, citizens who vote and consumers who buy homes also impact local outcomes (2002: 9). The advantage of this relatively neutral definition is that it can be used to analyse the prevailing situation, and does not assume there is an urban project, or that transformations are taking place. As Sellers notes, the urban governance model is an alternative to a hierarchical model where local agency is given little weight.

The first section sets the scene by providing a brief overview of governance reforms in Andhra Pradesh in the last decade. Section II outlines some of the municipal reforms undertaken in recent years in Hyderabad, following by a brief description of non-state actors in urban governance. Section IV presents local government structure and provides a profile of the current council. Section V analyses the functioning of municipal government on the basis of field interviews, with a focus on Wards Committee membership and meetings, the councillors’ earmarked funds and grassroots participation. In the final section, hypotheses are advanced for explaining the weakness of political decentralisation in Hyderabad.

I. Governance reforms in Andhra Pradesh

The state government of Andhra Pradesh has been among the most outspoken advocates of governance reforms in India in the last decade. Under the political leadership of N. Chandrababu Naidu (1995-2004) the TDP-led government attracted much attention both within India and from the international community for its “good governance” policies aimed at improving the performance of the administration and making it more transparent and accountable. The Naidu government’s political project, outlined in *Vision 2020* (GoAP 1999), included strategies for redefining the respective roles of the public and private sectors in society and profoundly modifying the interface between the bureaucracy and the people.⁴

I have argued elsewhere that these governance policies and the economic reforms they accompanied and buttressed were consciously crafted to appeal to international donor agencies and private investors (Kennedy 2004). To an extent, the overall policy package was quite successful: the state contracted huge loans from the World Bank and its share of new private investment improved considerably. With regard to the wider governance agenda however, it should be noted that these were decidedly top-down policies, and

⁴ See also Naidu’s book: *Plain Speaking* (2000).

even within the ruling party there was little in the way of policy debate (Manor 2004). Some of the specific measures aimed at improving governance have been successful (cf. the e-seva example, *infra*), but others have been criticised as ineffective.⁵

Popular participation and the formation of stakeholder groups, e.g. users' committees, were designed as central components of most government schemes, following the pattern imposed by international aid agencies for their projects. Under Janmabhoomi, for instance, development priorities were decided at gram sabhas attended by all sections of the village population. Likewise, irrigation and watershed development projects incorporated a decentralised programme structure with an emphasis on participatory local decision-making. The effectiveness of these "participation modalities" has been contested from different quarters. One recent study asserted that they are grossly inadequate for ensuring a voice to the weakest stakeholders because project practitioners treat participation as apolitical. By negating politics, dominant local interests are reproduced at the expense of weaker sections (Chhotray 2003: 21)

Clearly, the "good governance" policies did not always achieve their goals, but it can be argued that they contributed to creating awareness among the public and within the administration and have influenced the discourse surrounding both public service delivery and development in the state. On the side of the public, expectations appear to have risen, at least with regard to certain services (sanitation, water supply), which in theory should lead to more vocal demands.

The policies of the TDP government had a direct impact on the city of Hyderabad. In many respects, the state capital served as a showcase for its pet projects. For instance, one of the central components of the growth strategy consisted in promoting hi-tech sectors, and Hyderabad was chosen to be the primary hub, notably in the field of IT, in open competition with Bangalore. The objective was to make Hyderabad a "world class" city, and to this end enormous investments were made in both conventional and specialised infrastructure (roads, water supply and drainage, electricity, telecommunications, educational and training institutes, state-of-the-art industrial estates, international airport project, computerisation of certain government agencies). There were major efforts to regulate and beautify the city, through street-widening, traffic regulation, and the development of parks and greenery. In regard to good governance

⁵ See for example the recent study of the ICT based reform of property registration: Caseley 2004.

too, a number of schemes were taken up in Hyderabad, such as the e-seva initiative. Designed to simplify and accelerate public services, and most importantly to improve the relationship between government and the public by reducing corruption, e-seva has proved highly popular in the areas where it was available. It is a single-window set-up that allows “customers” to pay their utility bills, book seats for AP Transport buses, and apply for a passport, all at one stop. An enquiry about this service in late 2002 indicated that a significant proportion of bills were being paid through e-seva offices (see table 1).⁶ Incidentally, the hardware and software used for e-seva was contracted out to private companies, and most of the employees working in the e-seva branches were hired on a contract basis. This points to a key aspect of governance promoted by the TDP regime, and reproduced in Hyderabad’s urban reforms: i.e. a scaling down of the role and the overall size of the public sector and the introduction of competition in service delivery.

II. Far-reaching municipal reforms

It is in this context that the city of Hyderabad adopted a series of urban reforms. Formulated in the spirit of *Vision 2020*, with the same guiding principles, these reforms were intended to advance the government’s overall strategy, and serve as an example within Andhra Pradesh and India. Indeed, certain aspects of the reforms are considered as models for other metro cities, e.g. sanitation. They were implemented from 1999 to 2002, and cover a wide range of areas including municipal finances, accounting practices, administrative management and “governance”, in the sense of transparency and accountability. The following account examines a select number of initiatives, especially with regard to decentralisation and participation.

Property tax reform

To improve the municipality’s financial situation, several strategies were deployed, notably with regard to resource mobilisation. A self-assessment scheme for property tax, floated in 1999, was successful in increasing revenues. It was carefully designed with the intention of making the reforms acceptable to the population (Mohanty 2003b: 18). Self-assessment was seen as a way to involve tax-payers and as a means to deal with problems of long litigation. The guiding principles of the reform included a simple, easy to understand tax system, the idea that property tax finances specific public services, and

⁶ Field survey conducted by the author in November 2002. I am grateful to Mr. Phani Kumar, IAS, who was the director of e-Seva, for his kind cooperation.

a reasonable tax rate so as to prompt high compliance. To be successful, it was important that tax-payers perceive rapidly visible improvements in service quantity, quality and delivery system.

Table 1. Statement showing the performance of the e-Seva Department, October 2002.

Name of Dept.	No. of service connections available	No. of services in the area of e-Seva participation	No. of bills issued in a month	No. of transactions covered in e-Seva	% covered
APCPDCL ^a	1286444	840000	840000	393906	46.89
BSNL ^b	700456	600000	300000	81274	27.09
HMWS & SB ^c	385000	385000	151000	53658	35.54
MCH (property tax)	450980	450980	450980	58990	13.08
MCH (trade licence)	60000	60000	60000	41066	68.44
Grand Total	2882880	2335980	1801980	628894	34.90

a = AP Central Power Distribution Corporation, Ltd. (electricity)

b = Bharat Sanchar Nigam Ltd. (telephone)

c = Hyderabad Metro Water Supply and Sewerage Board

Source: Collected at the e-Seva Dept., October 2002.

The discourse accompanying the reforms indicates awareness on the part of the reformers that the public is a partner in resource mobilisation, and that citizens who meet their responsibilities have the right to demand a certain level of service in return. These rights have been spelled out by the MCH in the form of a Citizens' Charter, which reiterates the municipality's commitment to provide "SMART" civic administration i.e. Simple, Moral, Accountable, Responsive and Transparent, and "create a lasting partnership between the citizens and civic administration". Without being able to draw any conclusions about its effectiveness as an accountability device, the very fact such a document was released indicates some change in the way that the local administration is communicating with the public. Interestingly, the charter also includes citizens' responsibilities, one of its purposes being to: "solicit the cooperation of the people in the maintenance of a clean, green and healthy city in the spirit of self-help, mutual help, partnership and togetherness".⁷ In the same spirit, Metro Water, which does not come under the purview

⁷ See MCH Citizens' Charter, Municipal Corporation of Hyderabad, n.d., p. 3. See also <http://www.ourmch.com/citizencharter/cc1.asp>

of MCH, also issued a Citizens' Charter for water consumers in Hyderabad City. According to a recent study, this agency significantly improved its relationship with users after adopting citizen-focused service reforms that created a more responsive system for dealing with complaints (Caseley 2003).

Interestingly, resident welfare associations (RWAs) were mobilised to help with explaining the new tax scheme, and in several cases at least the members of the RWAs decided collectively on their assessment. Some RWAs even proposed to pay collectively the tax, i.e. with one cheque, but this practice was not accepted by the MCH. In one example we observed, a RWA showed keen awareness of its tax-paying "weight" and tried to leverage it to get benefits from the MCH: it printed letterhead that read: "one crore property tax paying association". As has been pointed out in the literature on urban reforms, RWAs are mainly to be found in middle and upper class neighbourhoods, and so presumably many areas of the city did not benefit from such an intermediary for interacting with the municipal administration.⁸ Other schemes floated during the same period also focused on getting neighbourhoods involved in civic affairs, via RWAs but also CBOs and women's groups. One such scheme concerns sanitation: street cleaning and garbage collection.

Privatising sanitation services

Starting in the mid 1990s, the MCH took various initiatives to privatise part of the city's sweeping and garbage collection, alongside a conventional service using municipal staff. Initially private contractors were hired to cover the city's new colonies, about 10% of the MCH area in 1994 (Zérah 1999: 3). Service levels were considered unsatisfactory and a new system based on a per load basis was implemented two years later. Meanwhile, the voluntary garbage disposal scheme had been introduced, in an early attempt to partially outsource garbage collection while getting the public involved in civic activities. In this scheme, RWAs organise garbage collection in their area by hiring and paying sanitation workers, who collect garbage from house to house. The MCH provides a free tricycle (worth Rs 4500) for every group of 100-150 houses, and guarantees timely lifting of the garbage every day. In 2003 there were 435 RWAs using this scheme, with almost 700 tricycles in circulation (Mohanty 2003a: 10). The residents we survey in the Methodist Colony in Somajigudi Ward were satisfied with this solution, where they felt

⁸ One might expect that this would have an impact on their relative compliance with the new tax scheme, but this would require further study. It would also be interesting to know if the MCH sought out other types of local partners in areas where there were no RWAs.

they had some control over the situation. Before that, there had been problems with irregular collection and garbage bins overflowing. This system relies on personal commitment by active members of the RWAs.

A few years later, the “Unit system” was implemented to prevent contractors from colluding to set prices or quoting insufficient prices and delivering poor service, and to facilitate monitoring (Broekema 2004: 95). Under this system, the first of its kind in India, the surface area of the city was divided into uniform units for sweeping and garbage collection (approx. 7-8 km of road, and approx 7-8 metric tons of refuse). The cost of sweeping and garbage collection was calculated by the MCH, using engineering schedules, taking into account equipment, disinfectants, payment of minimum wages and a 10% profit rate (Zérah 1999). Contractors are chosen through a lottery system, and their performance is closely monitored, in principle with involvement from local residents. In parallel, the MCH has implemented “Community contracting” in slum areas whereby sanitation units are contracted to women’s groups (organised under DWCUA), on the same terms and conditions as private contractors.

In 1999, 55% of the MCH area was covered by private contractors, in 2004 it was 75% of total area. According to official sources, outsourcing sanitation has brought considerable saving to the MCH in terms of personnel costs: they pay Rs. 42 crores to government sanitation employees, who cover 25% of the area, and Rs. 17.26 crores on contractual workers, who cover the remaining 75% of the area.⁹ Incidentally, overall salary expenditure by the MCH has dropped below 25% of total revenues. The negative aspects of this system are felt mainly by private sanitation workers who do not enjoy the same benefits as their counterparts on the municipal payrolls. Despite efforts at monitoring, it is extremely difficult to ensure that private contractors are paying minimum wages, on a timely basis, and that they are giving workers one day per week holiday.

Urban poverty alleviation

In the context of its recent municipal reforms, and its improved financial situation, the MCH has started earmarking funds for priority areas. In this way, the Hyderabad Urban Community Development and Services Fund was constituted to ensure a sustained flow of funds for poverty alleviation and slum improvement schemes taken up by the Urban Community Development Department (UCD) of the MCH. The Fund is constituted

⁹ Interview with the municipal commissioner in Hyderabad, 18 October 2004.

from the following sources: 20% of the property tax collected annually, 30% of annual per capital grants from the state government, and additional funds received from central and state governments under various anti-poverty programmes (Sreedevi 2005). This is a significant development, which suggests greater financial autonomy of the municipality and an explicit commitment to reducing urban poverty.

Notwithstanding, there is little scope for local innovation and local *political* participation. Urban poverty schemes (SJSRY, National Slum Development Programme, Special Nutrition Programme, etc.) come down from the central government ministries, complete with the implementation design, and are channelled through the line department, i.e. the UCD. This runs contrary to the spirit of the 74th CAA, which clearly intends for local governments to play a major role in the alleviation of urban poverty (Sivaramakrishnan 2004: 1).

Much of the UCD department's role involves organising the city's slum population (target group is population below poverty line) into thrift and credit groups, and also into a special community structure (under SJSRY guidelines) to ensure community-based participation. The pyramidal structure has at its base one resident volunteer for every ten families. Field officers are supposed to organise a "basti sabha" to choose volunteers and elect from among them neighbourhood committees, which in turn form the basis for the Community Development Societies. In theory, there is much scope for participation, since these elected "Community Based Organisations", in official parlance, are empowered to implement infrastructure works, through contracts or self-help, and to manage Community Halls. At present however the structure is non-operational because the state government has not organised elections for the last three years. In the meantime, works are being executed through the UCD Department. In this context, it can be noted that some other community-based local structures are also showing signs of decline, such as the Link Volunteers network that was created under the World-Bank supported Indian Population Programme (IPP VIII), which has now ended.¹⁰

Summarising state-led reforms

Both the state government's reform agenda and the urban reform initiatives taken up in Hyderabad give attention to the notion of "good" governance and popular participation.

¹⁰ The women volunteers we spoke to were not motivated to continue, because the incentives (financial and non-financial) were discontinued when funding for the programme ended. Similarly, we observed demoralisation among the nurses who had worked under the IPP VIII project, and who are now employed on a contractual basis by the MCH.

The discourse surrounding municipal reforms is favourable toward decentralisation and advocates integrating the new functions imparted by the 74th CAA. Despite that, there is ambivalence about the necessity to empower local bodies and by extension locally elected representatives, as we shall see in the following paragraphs.

With regard to promoting public participation in civic affairs, there have been several initiatives, some of which appear to be working well. RWAs are interacting with municipal administration in more institutionalised ways, and a kind of partnership relationship has taken place in some areas. Women's groups in slum areas have been mobilised to participate in thrift and credit groups and solid waste management schemes. A community development structure has been put in place for implementing central and state governments schemes, although these do not always function in practice or have been allowed to lapse.

It is noteworthy that the main examples of state-sponsored initiatives for popular participation do not involve elected political representatives, but seek rather to set up parallel structures. Indeed, these initiatives are conceived as ways to bypass political parties, which are largely discredited as legitimate representatives of the public in much of the discourse surrounding the notion of participation. This creates a paradoxical situation: Hyderabad is considered "advanced" in terms of municipal reforms of various kinds but does not offer a strong example of political decentralisation. This situation does not appear to be fully assumed by decision-makers involved in making policy for the city, whose rhetoric strongly contrasts with reality on the ground. And this reluctance to empower local representatives does not appear to correspond with the dominant vision that various stakeholder groups have for their city. This is apparent from the consultations held in connection with the City Development Strategy¹¹.

In the strategic action plan that was prepared in the framework of the City Development Strategy, considerable attention was given to the importance of decentralisation to empower the municipal council and further down the ward committees. It is worthwhile quoting the passage:

¹¹ UN-Habitat and the Cities Alliance gave financial support and technical assistance to the MCH for crafting a City Development Strategy between 2001 and 2003. ASCI was designated the local partner institution. Stakeholder participation constituted a crucial element of this undertaking, several rounds consultation were held and representatives from civil society were chosen to participate in the steering committee and the nine working groups (Good governance and ICT for urban governance; Poverty alleviation; Economic development; Environment, tourism and culture; Water and sanitation; Solid Waste Management; Traffic and transportation; Health and education; Urban finance).

Three clear tiers of decentralization are involved in traversing the goal of the inclusive city. The first comprises functional and financial decentralization from the State to the City. As a beginning, all functions envisaged to be performed at the city level should be transferred to the city. The second is the decentralization within the Council from the City to its wards. The City must equip the Wards Committees with functional and financial powers to make them effective performers. Simultaneously, it was necessary to encourage greater public participation in Wards Committees. (Jha (ed) 2004: xx)

As we will see later, these three tiers of decentralization are yet to be activated, offering a compelling illustration of the gap between discourse and reality.

III. Non-state actors in urban governance

International development agencies have had a relatively strong presence in Hyderabad, extending back over several decades. To a varying degree, they have left their mark on service delivery systems and have influenced subsequent programmes and administrative patterns. This presence intensified in the 1990s, as indicated above, when the state government worked closely with several international organisations, many of which took up projects in Hyderabad. To cite a few: the World Bank (Municipal Services for the Urban Poor, IPP VIII, Water and Sanitation Programme, with UNDP), the UK development agency DFID (Report Card on Civic Services in Hyderabad, Centre for Good Governance), and UN-Habitat and Cities Alliance (City Development Strategy). It can be argued that these projects and the training programmes that have accompanied them have had an impact on urban governance by introducing new norms in service delivery. Although high profile, these projects are not the only ones shaping the governance agenda in the city: civil society organisations are also involved.

Civil society organisations

There are scores of NGOs in Hyderabad involved in development-related activities or in mobilising around social and political issues. Two civil society organisations in particular, Lok Satta and PUCAAR, appear particularly relevant for our work as their focus is on political reforms and governance. They have worked together at election time to organise forums where all parties' candidates sit together and present their agendas.

Lok Satta (People's Power) is an organisation whose goals include promoting good government and fighting corruption and the criminalisation of politics in India. Based in Andhra Pradesh, where it has an extensive grassroots network, it has recently started branches in Mumbai and Bangalore. The empowerment of local governments has emerged as a major item on Lok Satta's agenda. It claims that this is not a romantic stance, but a pragmatic one: local government is more accountable to the public. To cite a recent report:

It is true that locally elected governments are likely to be as decent or corrupt as centralized governments. There is no greater morality in municipal governments. But as the government is local, and people understand the links between their vote and public good, and taxes and services, they will assert to hold the government to account and improve the quality of our democracy. (Lok Satta 2004: v)

People's Union for Civic Action and Rights (PUCAAR, which means "a call" or "a cry" in Urdu) is closely linked with COVA (Confederation of Voluntary Associations), an important and well-known confederation of NGOs whose emphasis is on communal harmony and the empowerment of the marginalized and poor. Based in the Old City of Hyderabad, COVA emerged in response to the communal riots in the early 1990s, and is affiliated with organisations in other states. Their activities include training for capacity-building, management skills, etc. among existing neighbourhood groups, and they assist in resource mobilisation for development projects.

PUCAAR emanated from COVA, but their emphasis is on "rights" as opposed to development. Identifying themselves as "the residents of the old city of Hyderabad", they call to task the ruling parties for neglecting the "old city" and for being indifferent to its needs. Their aim is to go a step further and denounce the humiliation they suffer, and the feeling of insecurity that looms over them (PUCAAR 2004: 1-2). This movement is very critical of the way that political parties manipulate citizens by making promises at election time and then not following through once in office.¹² One of its goals is to change the political agenda in the Old City, to diminish the emphasis on communal identities and increase the attention to development issues. They want to improve administrative transparency and create greater awareness among the people, make them more vigilant vis-à-vis their elected representatives and the administration.

¹² PUCAAR activists prepared a manifesto at the time of the Assembly election in 2004 and gave it to candidates. See PUCAAR 2004.

Corporate actors

The corporate sector constitutes another category of actor that contributes to defining urban governance in Hyderabad. The presence of this sector became more pronounced in the last decade due in part to the influence of global corporate culture, and its increasing attention to social responsibility. India's economic reforms also contributed by creating conditions for rapid growth of private firms in certain sectors, such as IT, which are strongly integrated in global markets. Local factors were equally decisive: under the TDP regime, public-private partnerships were used to promote infrastructure development in the metro area, e.g. HITEC City, new international airport. In the field of development too, the Naandi Foundation, created in 1998 at the behest of the Chief Minister, mobilised corporate sponsorship, drawn largely from the state's "indigenous" capitalists.¹³ According to their website, the idea was to create "a world-class institution backed by government support, set up by corporates and run by development professionals".¹⁴ The Foundation solicits individual and corporate financial support for carrying out various development initiatives, such as the school health clinics, and assisting the state government in implementing such programmes as the midday meal scheme.¹⁵ The success of these schemes depends largely on the generosity of private firms, who are mobilised through social networks.

Discussions with people at Naandi indicated they are not exactly involved in a partnership with government; the government has put them in charge of certain services, through a kind of "outsourcing" arrangement, and they deliver them independently. Yet there is awareness in this organisation that the delivery systems that they are putting into place will eventually be taken over by the government. Such a situation begs the question of sustainability: how to transmit the lessons of private management to public administration to promote a learning curve and ensure continuity.

Other corporate actors are also getting active on the development scene, like the Satyam Foundation, which organises medical camps and runs some training programmes, e.g. computer applications and English, to rehabilitate school drop-outs. The idea is that corporate social responsibility has the potential to bridge gaps between local human

¹³ The chairman is Dr K. Anji Reddy of Dr. Reddy's Lab, one of India's most successful pharmaceutical groups. Other members of the board include Ramesh Gelli, founder of Global Trust Bank, K.S. Raju chairman of Nagarjuna Group of companies, and Ramalinga Raju, chairman of Satyam Computers.

¹⁴ See www.naandi.org

¹⁵ Naandi ("a new beginning") clearly targets U.S.-based non-residents to whom it offers the chance "to give something back" to the state.

resources and the needs of the labour market. But such initiatives, usually carried out independently of other public and private initiatives, are often criticised as piecemeal. There is currently a trend in many large Indian cities for corporate actors to take part in metro-level planning bodies or think tanks. In some cases, like Bangalore and Mumbai, corporates are even seen taking the lead in efforts to address urban problems, usually with the goal of making the city more attractive for economic growth. Based on this preliminary assessment of Hyderabad, corporate development initiatives do not generally involve the municipal councillors, there tends to be mistrust, and a fear of being co-opted. Likewise, none of the municipal councillors interviewed made mention of corporate actors. This raises questions about the implications of corporate initiatives for political decentralisation, and for urban governance more generally.

IV. Hyderabad's municipal government in perspective

Like in most of India's large cities, local government has traditionally been weak in Hyderabad. This is a consequence both of the legal framework, which provides limited powers to the elected council, and political practice, in particular the tendency for political power to concentrate at the top, here at the state government level. Various examples from AP and elsewhere serve to illustrate the reluctance of state-level politicians to share power with city government, the most compelling being no doubt the frequent absence of polls for local bodies, rural and urban. This leaves local government in the hands of unelected administrative officers, who answer to their superiors within the bureaucracy. In addition to empowering local bodies, the 73rd and 74th constitutional amendments were intended to compel state governments to organise regular elections. Each state was required to amend their legislation to comply with the provisions of these amendments. This was done in AP in 1995, modifying the Hyderabad Municipal Corporations Act, 1955¹⁶.

In Hyderabad, a city that assumes special political importance as the state capital, municipal elections have not been held regularly. In recent history there have been two long gaps. The first one lasted from 1973, when the council was suspended, until 1986, when elections were held in the wake of the TDP's rise to power. The second gap extended from 1991 to 2002, much of it under the the TDP's tenure. During this last period, a special officer was deputed by the state government to the Corporation and

¹⁶ Cf. Laws relating to Municipal Corporations in Andhra Pradesh.

was vested with powers of the standing committee and the general body, thereby combining both executive and legislative roles. As indicated above, it was during this period that substantial urban reforms were undertaken.

Local government structure

The 1995 law that enacted changes to the Municipal Corporations Act can not be said to embody the spirit of the 74th CAA. In particular, the 1995 legislation did not fundamentally modify the existing structure of local government in Hyderabad based on the “commissioner” or “Bombay” model. This model continues to prevail in letter and in spirit alike. In the current framework, the Standing Committee and the Commissioner are the two main entities, representing respectively the legislative and executive branches of government. Technically there are four statutory entities: the Council, the Standing Committee, the Commissioner and the Wards Committees. In keeping with requirements of the 74th CAA, the Municipal Corporations Act of 1995 provided for the formation of Wards Committees, and it was decided that each would be comprised of not less than ten electoral wards. According to the law, these Wards Committees are to meet once in every fortnight (Rule 28, p. 1041). Each Wards Committee is presided by a chairperson, elected from among the ten councillors for a period of one year. There is a Secretary (administrative officer, rank of Deputy Executive Engineer) assigned to each Wards Committee, who is in charge of sending around the agenda and attending the meetings. More recently, a nodal officer, with the rank of an Additional Commissioner, has also been assigned to each Wards Committee to strengthen the framework.

The Standing Committee is constituted of the chairpersons of the ten Wards Committees, who elect from among themselves a chairperson to preside over the Standing Committee (SC). The SC meets once every week, with the officers of the main departments present. The SC can sanction works up to Rs 50 lakhs. Beyond that it must go to the General body meetings of the Council. The chairpersons of the Wards Committees change every year, meaning that the members of the SC and its chairperson also change annually.

One modification of the 1995 Municipal Act provides for a directly elected mayor, without really empowering the position. Evidently, this has been unsatisfactory because it is currently being revised back to the earlier practice of an indirectly elected mayor, chosen by the councillors from among themselves. Interestingly, the Mayor’s political capacity does not appear to be intrinsically linked to the post, but rather depends on his/her relationship to the party in power in the state government. When the current Mayor,

who belongs to the TDP party, was elected in 2002, the state government was ruled by the TDP. Indeed, this fact probably explains why he was elected, as voters are keenly aware that lower levels of government depend on political patronage from higher levels and they were perhaps trying to maximise the potential for securing resources. According to various accounts, the advantages enjoyed by Mayor Reddy came to a sudden halt in 2004 when the Congress was elected to lead the state government.¹⁷ This link between city and state politics and the subordination of the former to the latter is a recurring motif in this analysis.

Regarding municipal functions, most of the “new functions” outlined in the 12th Schedule of the CAA have not been effectively appropriated by the local body. In some cases, like poverty alleviation, it has been assigned to the existing UCD Department. Elected councillors have not been empowered to undertake “economic and social planning”, another item from Schedule 12. Indeed, most of those interviewed were not aware that such functions might come under their purview. Before analysing the functioning of the current council, it is useful to present some of its salient features.

A profile of the current council

In preparation for municipal polls in January 2002, the ward boundaries were redrawn and the reservation of seats notified. Map 1 shows the delimitation of the 100 wards and the ten Wards Committees.

Map 2 shows the distribution of seats, including the reserved seats for three different categories of the population: SCs & STs, Backward Classes (BCs) and women. Out of 100 seats, 62 are reserved and 38 unreserved (see Table 2 below). The number of seats reserved for SCs and STs is determined according to their weight in the total population of the corporation. In Hyderabad, as per the 1991 Census, STs constitute 0.91% of the total population and hence only one seat was reserved for STs. SCs constitute approximately 8% of the population, and 8 wards were reserved for this category, of which 3 for women (not less than one third). The wards selected were those having respectively the highest proportion of SCs and STs in the total population. As per the Act, these seats are to be allotted on a rotation basis to different wards. (As per the rules, the selection of the seats to be reserved for the various categories is made in the following order: STs, SCs, BCs, women.)

¹⁷This was confirmed by the former Commissioner of MCH, who stated in an interview that the Mayor went from being an important actor in the city politics to being a “nobody.” Interview, 18 October 2004.

Thirty three seats were reserved for BCs. These seats were selected on the basis of the voting strength of BCs to the total voting strength, and not on the basis of their weight in the total population. In the absence of Census data on caste, the data on BCs were collected by the municipality through an exhaustive survey of the city, using electoral rolls.¹⁸ These seats too are to be allotted on a rotation basis. Among the wards reserved for this category, 11 were designated for women; these wards were selected on the basis of the relative weight of women in the total population of the ward.

Regarding reservations for women, the CAA stipulates that not less than one third of the total number of seats are to be reserved for women, including the seats coming under the SC, ST and BC categories. 20 seats were reserved for women in the general category, chosen on the basis of the percentage weight of women to the total population. Table 2 summarizes the different category of seats.

The political affiliation of the ward councillors is represented in Map 3. The Majlis-e-Ittehadul Muslimeen (MIM) party dominates the council with 37 seats, more than a third of the total. MIM is followed in strength by the TDP and the INC, each with 21 seats, and the BJP with 15 seats. The remaining seats are shared among the TRS, the MBT, and one Independent. There are two broad alliances, MIM-INC and TDP-BJP although they do not necessarily engage in seat-sharing arrangements.

Table 2. Different categories of seats in the 2002 Municipal Elections.

Category	General	Women	Total
STs	1	-	1
SCs	5	3	8
BCs	22	11	33
Women	-	20	20
Unreserved	38	-	38
Total	66	34	100

Source: MCH.

This political map of the city presents several interesting characteristics. The MIM party, the single largest party, tends to be concentrated in the Old City, on either side of the

¹⁸ According the officer in charge, the MCH conducted the survey in 2001 on the basis of oral information (they did not require presentation of a caste certificate). Interview 17 January 2005.

Musi River, which is not surprising given that Muslims constitute by far its largest support base and the Muslim population is concentrated there. That being said, five non-Muslims were elected on a MIM ticket. In the “New City”, corresponding roughly to the top third of the map (to the east and west of Hussain Sagar), Congress, TDP and the BJP are fairly evenly distributed.

With regard to larger governance issues, it is significant to note that the MIM party has only a marginal presence in State-level politics, making Hyderabad the centre of its political activity. It can be observed that the representation of the MIM party is strong in the southern and central part of the city, and is virtual absence in the northern half. The MIM controls five of the ten Wards Committees and so occupies half the seats on the Standing Committee. Hence it is sure to retain the post of Standing Committee Chairperson, which is a more powerful post than that of Mayor, and is second only to the Commissioner.

V. Functioning of local government

To study the functioning of the municipal council, information was collected mainly through interviews held with 12 municipal councillors and several administrative officers at the MCH, including Additional commissioners in charge of line departments and the Municipal Commissioner.¹⁹ The analysis was further elaborated using information from discussions with civil society organisations and scholars working in the field, and from secondary data. In keeping with the methodology of the overall research project, our field enquiries were concentrated in two main areas of the city: some newer areas in the northwestern part, around Panjagutta and Somajiguda (Wards 21 & 22 in WC VIII), and selected areas of the Old City, mainly around Sultan Shahi and Puranapool (Wards 80 & 74).²⁰ Two main sets of issues are examined here: the functioning of the Wards Committees and new forms of participation.

Membership in the Wards Committees

The functioning of the Wards Committees appears to be a good starting point for

¹⁹ These interviews were held during three field visits in October 2004, January 2005 and June 2005. I am grateful to Dr. M. Sitamma who assisted with most of the interviews and helped interpret the data. Thanks also to Mr. P.V. Ramana Rao and Mr Venkatesh for research assistance.

²⁰ The objective was to include areas with contrasting profiles with respect to general infrastructure, demographic characteristics, and political representation. Moreover, we wanted to include both older and newer urban areas in our sample.

evaluating decentralisation. As mentioned above, the 74th CAA called for the creation of Wards Committees, conceived as a third tiers of government, closer to the people than the municipal council. Decisions regarding the membership of the Wards Committees have been left to each state government, and there are various models co-existing today. Hyderabad appears to be practicing a conservative formula because only MCs and officers attend Wards Committee meetings.²¹ There are no other civil society representatives admitted, and the meetings are closed to the public and the press.

This limited membership contrasts with Mumbai, for instance, where representatives of NGOs or CBOs are allowed to participate in the Wards Committees. Interestingly, this framework was adopted under pressure from voluntary organisations and action groups, which led campaigns and brought two court cases (Navtej 2005). These groups also helped to draft the criteria for the nomination of NGOs and CBOs to the Wards Committee, e.g., they must be recognised organisations organised in social welfare activities within the area. These civil society representatives are nominated by the councillors and their number can not exceed three.²²

In an interview, the former commissioner said she was favourable to a reform that would allow RWAs to participate in Wards Committees, but said that selection would have to be done carefully. Indeed, such a practice would raise legitimate concerns about the representative nature of these associations, and about what kind of associations to include in areas where there are not active residents' associations. It is noteworthy that the strategic action plan that was designed in the process of the CDS exercise recommended greater public participation in the Wards Committees. Indeed, they suggest that 20 representatives of civil society be allowed to sit on each Wards Committee, and that selected representatives should have "the same powers and rights as the councillors" (Jha (ed) 2004: 33). Since there are only 10 councillors on each Wards Committee, these civil society representatives would have twice the weight of the elected officials.

²¹ There is apparently some flexibility with these rules however because I learned that one woman councillor's husband gets a pass to accompany her to the WC meetings. This man confirmed that he is not allowed to participate in the discussions nor to vote, but as he admitted, he can talk to the officers at the tea and lunch breaks.

²² A recent study evaluated this experience and pointed out some of the weaknesses. Some WC refused to select civil society representatives (only 11 of 16 have nominated members); since these members are selected by the councillors, they tend to reflect the political profile of the WC, and some may even be close to the dominant political party of the WC; lastly, because many of the NGOs/CBOs lobbied the councillors for their position their negotiating position was weakened. See Navtej 2005.

There seems to persist some confusion about the functioning of Wards Committees and about their membership, both among the public and within the administration. For instance, in the Citizens' Charter, posted on the website of the MCH, in a section entitled Citizens' Cooperation Solicited, citizens are asked to "(p)articipate in all civic affairs including Wards Committee Meetings and raise your voice when required"²³.

The conduct of the meetings

Firstly, with regard to the regularity of Wards Committee meetings, discrepancies were found between the two zones studied. In Ward Committee VIII (Wards 21-30), 5 of the 10 councillors I interviewed confirmed that the meetings are held regularly, once in a fortnight. In contrast, in Ward V (nos. 68-76 & 78), where three councillors were interviewed, all indicated that meetings are held irregularly, although there was some discrepancy about the length of the gaps between meetings.²⁴ They all confirmed that the administrative officers turn up for the meetings, or at least most officers. One mentioned that not all the councillors attend the meetings regularly ("at least five should be there"). The reasons for this sub-optimal functioning were unclear. According to several MCs interviewed, it was because the municipal secretary assigned to the Wards Committee did not call the meeting. That officials are responsible for some of the malfunctioning was corroborated by the Municipal Secretary, who confirmed the poor performance and lack of commitment of some of the officers.²⁵ One MC suggested there were various exogenous reasons why the meetings could not be held regularly, and mentioned specifically the organisation of Assembly by-elections. Another councillor said they do not meet more often because they do not have an agenda. S/he suggested it was redundant to review the works in progress, which is apparently the main activity at the meetings, because they are constantly following up on the works in their wards anyway ("everyday we go to the office (MCH)"). S/he stated that the other Wards Committees do not meet regularly either. This was confirmed, indirectly, by another councillor, who asserted that Wards Committee VIII was the only one in the city to hold regular meetings, an assertion I was not able to confirm. Interestingly, this same councillor attributed the regularity of the meetings in Wards Committee VIII, and its overall good performance compared to others, to his personal engagement and vigilance. He expressed the opinion that his professional skills and higher educational level allowed him to

²³ <http://www.ourmch.com/citizencharter/cc2.1.asp>

²⁴ One said they are held once in 2 months, one said they were held once in a month, and the third said only that they were not held regularly.

²⁵ Interview with the Municipal Secretary, at MCH, 17.01.2005.

ensure that the Wards Committee functioned as it ought to, according to the rules. He said the officers had an incentive to meet their responsibilities since they knew he would demand it.

The political profile of these two Ward Committees is very different. In WC VIII there are six councillors from Congress, three from the TDP and one from the BJP. In Ward V, nine councillors represent the MIM party, and one is from the TDP. In both cases, the chairpersons are selected from among the dominant parties. One of the research questions that I hope to pursue in the next phase consists in trying to evaluate the role that political parties play in determining how local democracy functions. The ideological underpinnings of the party, internal party structure, as well as the leadership's attitudes toward decentralisation are some of the factors that could be expected to influence the manner in which this tier of local government works. The dominant party's relation to the state government ruling party would also appear to be consequential because it would be expected to affect its access to government resources.

Another difference between these two Wards Committees is the venue of the meetings, and the presence or absence of a designated building. Although this may seem like a minor point, it can be argued that it has symbolic importance, as a testimony to the significance of the Wards Committees and their new role as a legitimate tier of local government. A new building was erected for Ward VIII in Yousufguda, whereas the meetings of Wards Committee V are held in a meeting hall of the municipal offices near Charminar (Sardar Mahal Office). A list provided by the municipality indicates that four of the ten Wards Committees conduct their meetings in existing community halls. One councillor said that in principle each Wards Committee was to have a new building, and that money had been budgeted, but in most cases there was a problem locating a site for the building.

Councillor's Fund

One thing that all the councillors mentioned during the interview was their fund of Rs 30 lakhs. This amount is specifically ear-marked for each ward, and the councillor can decide how it is spent, mainly on roads and small infrastructure projects. Several councillors in the Old City mentioned that they are allotted an additional Rs 10 lakhs for sewerage works, but it was unclear if this was limited to the Old City. Councillors do not directly handle the details of the infrastructure works, they send their

recommendations to the concerned departments, and get estimates for the works. These are approved at the appropriate level, depending on the estimated cost²⁶, and the works are executed by the municipal departments. The existence of a councillor's fund does not mean that the wards spend only that amount, but it is a guaranteed minimum amount. In fact, several councillors proudly cited the amounts they had managed to spend in their wards (from Rs 60-70 lakhs per year to several crores per year). In some cases, these funds were garnered with the help of the local MLA, especially when the latter was a member of their party, but in other cases, the councillors were able to convince the officers and engineers at the MCH and at Metro Water of their needs.

A councillors' fund was in place during the last municipal council in Hyderabad, and this practice is also in place in other cities: in Mumbai it is Rs 20 lakhs per year per ward. Although no doubt appreciated by the councillors, allocating a fixed amount to each ward is not a sound planning practice. It appears to be a simplistic peace-keeping mechanism to ensure there will not be disgruntled councillors. But it would seem to encourage councillors to take an individualist approach to urban problems and act as a disincentive for debate and negotiation between councillors within the Wards Committees and even more so in the General Body meetings. In this context, it should be noted that although General body meetings are supposed to be organised once a month, they are scheduled on the average, once in six months (two ordinary meetings and one special meeting were held in 2003-04).

Many of the MCs complained about the fact that they have no authority to sanction expenditure, that all of their requests or recommendations must channel through the municipal office. One MC objected that "when a single bulb goes out, I have to write a letter". Many felt that they should be authorised to sanction small projects under Rs 5 lakhs, as was the case in the past. Currently all small works projects in the municipality are allotted through the lottery system, i.e., names are chosen out of a box from among registered contractors. This new system deprives the councillors the opportunity to choose contractors, which is a classic tool for distributing patronage.

In this context, it is noteworthy that most of the councillors interviewed expressed frustration and a sense of powerlessness. In the words of one councillor:

²⁶ For expenditure upto 20 lakhs, the Wards Committee is competent to give its approval. For approving works that cost from Rs 20-50, the Standing Committee is the competent authority. Above Rs 50 lakhs the General Body must give its approval.

The public does not actually need us, they can just approach the officers and get what they need. Government depends on the bureaucrats. (The commissioner) is only the executive officer. We are the corporation. In reality, (the commissioner) decides. Sarpanches have more power than corporators. We have no power.

Another councillor from the opposite side of the city expressed an almost identical sentiment: "MCs are the lowest rung. Officials have more sanctioning power than MCs." Notwithstanding, one councillor opined that the "commissioner has taken the power and this is good". S/he stated that there had been problems of corruption with elected officials, especially the chairperson of the Standing Committee, and that the quality of the public works had suffered. Apparently, even among local politicians there is not a consensus about the need or desirability of empowering local bodies.

Grassroots participation

When MCs were asked whether they saw signs of greater popular participation in their wards, several indicated that there were some new forms of mobilisation, such as that by Mahila Mandals. Although the concept has been around for a long time, these women's welfare groups have become more active as a result of schemes that promote women's thrift and credit groups. Almost all of the MCs interviewed mentioned the presence of these groups. In one case, the corporator claimed that he helped form these groups with workers from his political party, so that the women could avail of the schemes. Two of the women councillors I interviewed were active in Mahila Mandals before their election, and said that was how they had become involved in politics.

I asked the MCs to describe how the people in their constituency made their problems known to him/her. For urgent problems, such as water supply or a blocked drain, the public tends to phone or come to the councillor's house. Other demands are expressed mainly through letters or petitions, by individuals or most often by groups, such as Welfare Associations or RWAs. These organisations prepare petitions on their letterhead and send them to the MC. Interestingly, I observed that the letters were often sent with a copy to the commissioner and/or to the local MLA, or were sent directly to the latter, with a simple copy to the MC. MCs also take it upon themselves to channel demands up to the MLA, especially when they are from the same party. One MC says she enquires first at the MCH, and if the official in charge of that department informs her that there are no funds, then she sends it on to the MLA. In a slightly different configuration, suggesting resignation, one councillor said he advised people who came to him with their problems to write to the MLA directly.

None of the councillors interviewed organises ward level meetings, with the objective of consulting different interest groups and voluntary associations. To my knowledge, Tarnaka is the only Ward where such a “sabha” is organised, and here the initiative comes from a voluntary organisation, the Tarnaka Residents Welfare Association Standing Committee. Since their formation in 2002, they have held a yearly meeting to which they invite their elected representatives (councillor and MLA) and municipal officials and other prominent local personalities (e.g., a local industrialist) in order to present their problems, but also to devise collectively their future plans, through a micro-planning exercise.

Several councillors mentioned initiatives by RWAs or other associations who call MCs as well as MLAs to their annual meetings and present their petitions. These meetings offer a forum for politicians, who publicly take up the demands of the RWAs in a bid to win their political support at election time. A recent study of decentralisation in Delhi suggests similar findings with regard to the political function of RWAs, namely that the patronage they receive from elected representatives is proportional to their ability to mobilize the support of voters at election time (Tawa Lama-Rewal, forthcoming).

VI. Hypotheses for interpreting decentralisation and urban governance in Hyderabad

The primary reason for a weak city government in Hyderabad is not difficult to identify: the ruling parties of the state have been unwilling to empower local bodies. And they have not been pressured into doing so. As indicated above, it was the mobilisation of CSOs that resulted in more decentralised model of participation in Mumbai. In Andhra Pradesh, where there has been some functional devolution to local bodies on paper, there has not been an accompanying transfer of finances to give expression to the new functions. Recommendations by the State Finance Commissions, created by the 74th CAA, in favour of transferring funds to local bodies have not been implemented (Sreedevi 2005). Moreover, local governments do not have any real authority over functionaries, which constitutes a serious limitation.

Already in the late 1990s, the governance reforms initiated by the TDP government put little faith in democratic procedures to solve problems of poor governance. For instance, as Mooij remarks, the White Paper on Governance and Public Management only stressed administrative and technological (ICT) solutions (2003: 14). In informal discussions, several senior administrative officers (IAS cadre) expressed the idea that decentralisation is not necessarily the best way to proceed with urban reforms. One officer expressed concern that democracy and civic responsibility are incompatible: ‘urban local bodies face a resource crunch, but politicians just keep fighting for a bigger piece; they tend

to forget that there are rules. This can degenerate and have a negative impact.' The officer recalled that the hard urban reforms had been taken up when there was not an elected council and that the internal administration was shaken up. There was resistance from the employees unions and it was a difficult time. 'Now the MCH enjoys a sound financial footing, and the situation is comfortable for the councillors, because there is enough to go around.' Clearly, there is a conviction among this and other high level officers that municipal reforms could not have been realised with an elected body in place, and that even today councillors should not be given too much power or they may squander the hard earned achievements.

This raises crucial issues about the difficulty of conciliating decentralised democracy and urban reforms, such as fiscal management. Central ministries are pushing state governments to realise reforms at the municipal level, and there are strong economic compulsions to do so. But, as I have attempted to illustrate above, the tendency is to enact reforms without implicating city-level politicians. Indeed, the current set-up apparently aims to eliminate politics from local government, without unseating the representatives. The practice of allocating a councillor's fund, for instance deprives city politicians the opportunity to bargain and build coalitions, and to gain a better understanding of the city as a single organic entity. The practice of rotating chairpersons every year gives experience to a greater number of councillors certainly, but it may also inhibit the benefits that come with an accumulation of experience.

One question then is whether this marginalisation of elected representatives is an acceptable compromise to the democratic process. And it begs a second question: would their participation ensure a more democratic process? In other words, do local politicians effectively represent their constituencies, by effectively expressing their needs and aspirations? Naturally, politicians are not a generic category and individual councillors vary in their commitment and enthusiasm; some have a grass-roots base, gained through activism, and others do not. Likewise, political parties have different organisational structures, more or less decentralised, and their strategies for selecting candidates may rely on factors unrelated to public accountability. NGOs fighting to enact political reforms focus on these and related issues (e.g., reform of political parties, election reforms, grassroots mobilisation and awareness building) in an attempt to improve democratic institutions.

A major challenge then for improving governance in India's large cities is to find ways to maintain or strengthen fiscal responsibility and public accountability *within the framework of a democratically elected local body*. An equally critical challenge, which

could well be a condition for the first, and that cities across the world are facing, is to build a stable governing coalition, i.e., institutionalised arrangements between governments, businesses and other social forces. But the difficulty of this task should not be underestimated: in many large cities politicians and business interests are joined in a forceful nexus, with a direct financial stake in urban development ventures, notably real estate, and they may not welcome an empowered local body. This underscores the importance of reinforcing civil society counter-forces in the urban governance equation. In that respect, developments in Hyderabad in recent years show some encouraging signs: women's groups, RWAs and NGOs appear quite vibrant, and corporate actors have started to take an interest in both governance and development issues.

One hurdle that remains to be tackled in Hyderabad is the chasm that separates the Old City and the newer areas, some of which are very dynamic. This problem of a divided city has been eating at the city for decades. In a book published more than 15 years ago, *Old Cities, New Predicaments*, Ratna Naidu drew attention to the need for greater integration between the walled city and the rest of Hyderabad: "One can never overemphasise the need for easier traffic between the walled city and the metropolis, not merely physical traffic but also the traffic of ideas and information" (Naidu 1999: 157). Further, she warned that negligence of the historic core of the city could threaten future perspectives: "Economic stagnation, urban decay and the constant threat of communal conflicts in the walled city has created a hydra-headed monster which is poised to strike at the metropolis as a whole." (Naidu 1999: 169).

The current transformations of the urban environment, such as the construction of large new buildings (shopping centres, office buildings, luxury apartments) and flyovers are increasing differentiation in the urban fabric (which was already differentiated). As was clear from PUCAAR's manifesto, there is frustration and anger from the residents of the Old City, who feel excluded from this process. In this context, it may be relevant to note the discrepancy between the dominant political force in the city government, the MIM, and the constituencies that it represents, on one hand, and the locus of economic dynamism, on the other hand. Does this disjuncture help explain the continuing weakness of city politics? Has the dominance of MIM discouraged the mainstream parties from "investing" in the city politically? These are questions that will require further research.

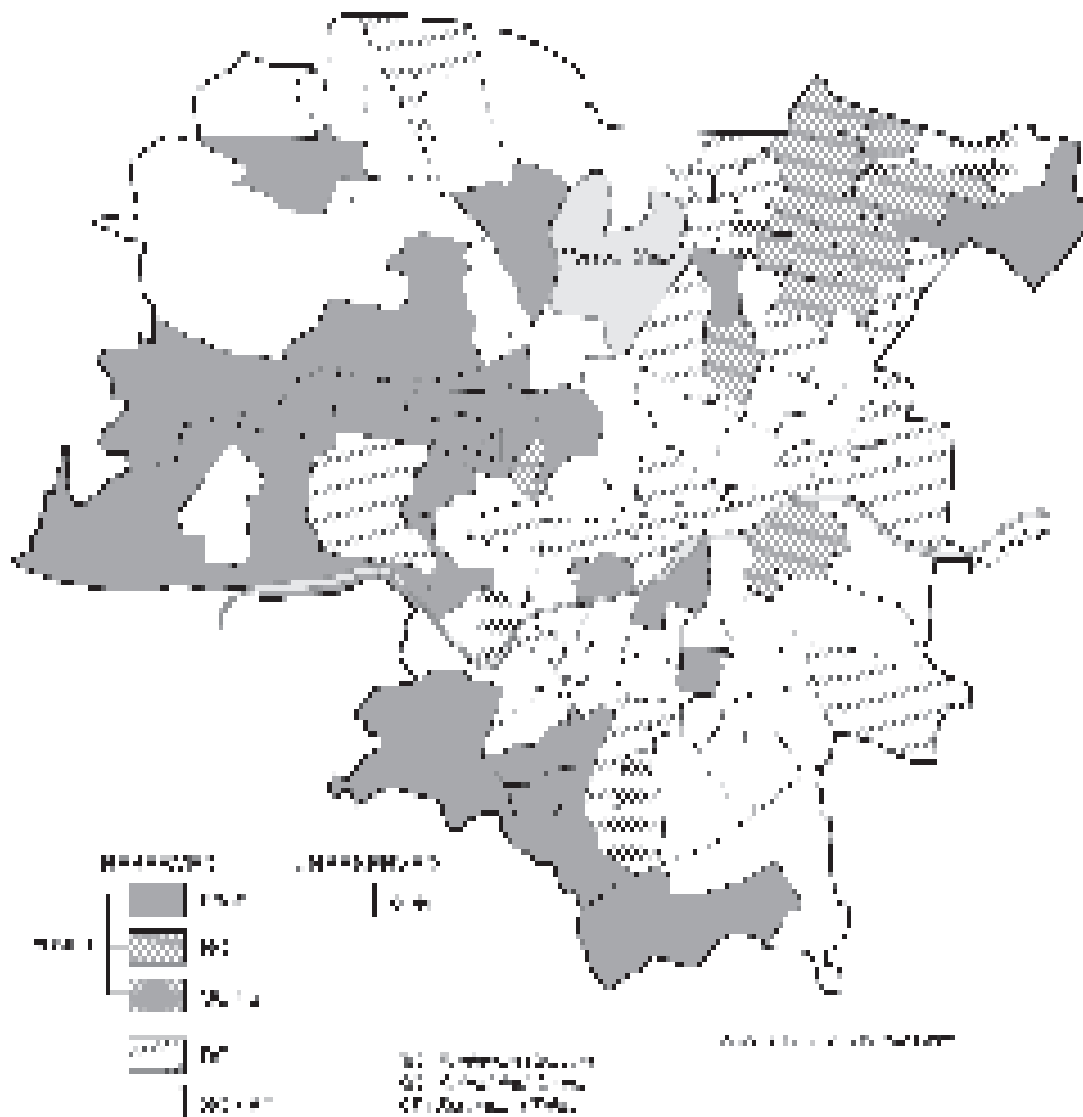
Map-1

MUNICIPAL CORPORATION OF IMPERATABAD
WARD MEMBERSHIP COMMITTEES,
2002 ELECTIONS



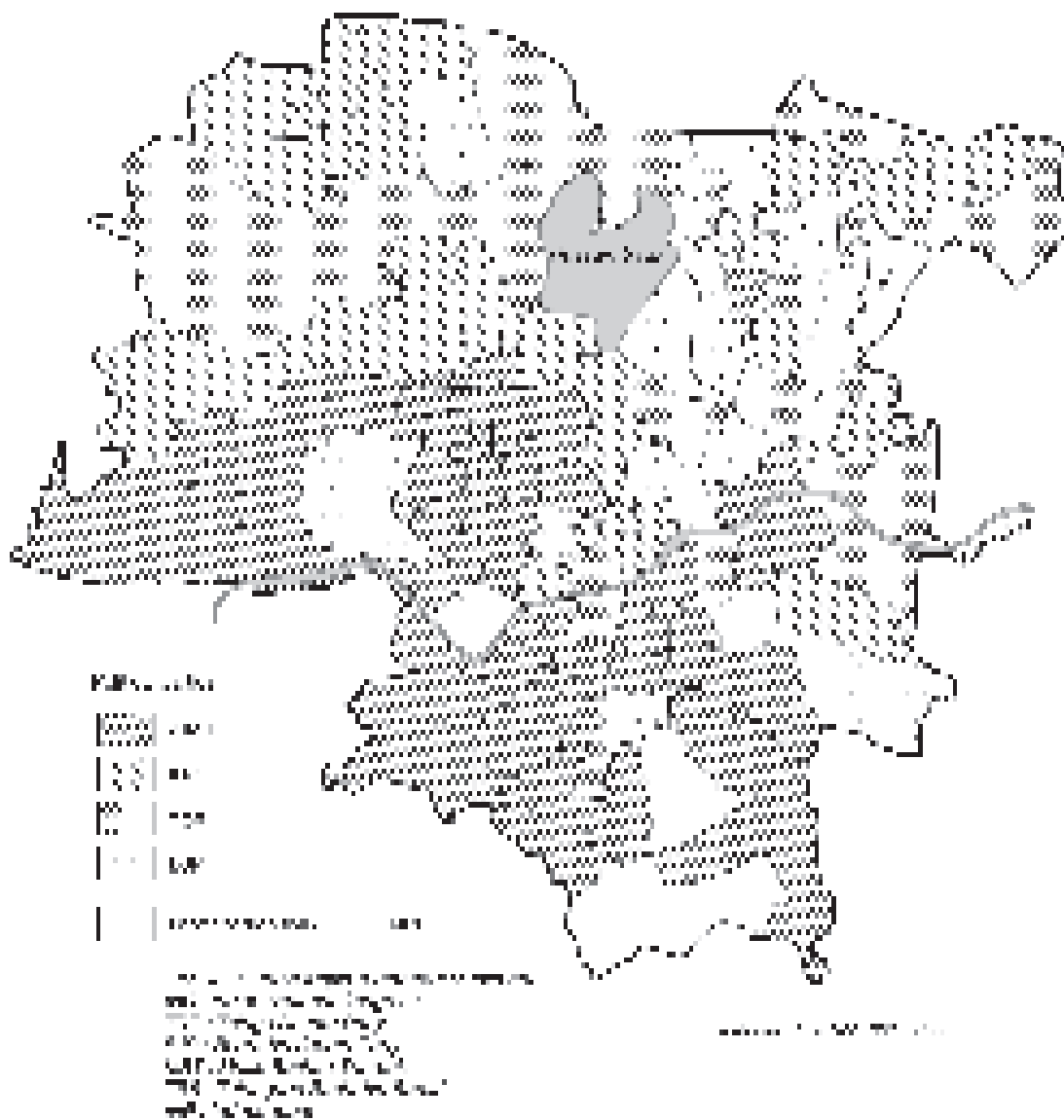
Map-2

**FIFTEENTH CATEGORIES OF SEATS
IN THE MUNICIPAL CORPORATION OF HYDERABAD,
2002 ELECTIONS**



Map-3

**POLITICAL REPRESENTATION
IN THE MUNICIPAL CORPORATION OF YECOTAGAD
2008 ELECTIONS**



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