Rémi de Bercegol

Small Towns and Decentralisation in India

Urban Local Bodies in the Making

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Outside the Indian hinterland rushed by. Hundreds
of kilometres of a familiar yet unknown landscape,
seen countless times through train windows, but never
experienced—his life till then had been profoundly urban.
Shabby stations of small where the train didn't stop,
the towns that looked nice from a train window,
incurious patient eyes and weatherbeaten bicycles
at a level crossing, muddy children and buffalo
at a waterhole. To him, these places had been, at best,
names out of newspapers, where floods and caste wars
occurred, and entire Harijan families were murdered,
where some prime minister took his helicopter just
after a calamity, or just before the elections. Now he
looked out at this remote world and felt a little unsure,
he was going to spend months in a dot in this hinterland.

Upamanyu Chatterjee *English, August:*
An Indian Story, 2006 (pp. 10–11).

To my family

Acknowledgements

This book is adapted from my doctorate thesis, which I submitted in France in 2012.[1] As such, it is the fruit of an enriching human, intellectual and emotional adventure for which I would like to thank all those who have supported me, both in India and in France.

I would like to express all my appreciation and gratitude to Marie-Hélène Zérah, researcher at the *Institut de Recherche pour le Développement* and supervisor of my work in Delhi, for being a constant source of extremely valuable advice during my stay in India. My sincere thanks also go to Sylvy Jaglin, Professor of Geography at Université Paris Est and my thesis supervisor in France, who supervised, guided and revised this research. Thank you both for taking turns to motivate and advise me throughout my doctorate, from the initial design stage through to writing and editing my thesis.

None of this work would have been possible without the full cooperation of the Ministry of Urban Development and Directorate of Local Bodies management staff in Lucknow, who gave me permission to conduct this research; without the support of all the engineers, who took the time to explain how their agency works; without the involvement of the municipal elected officials, who allowed me to review their records and interview their staff; or, of course, without the input of the local people. I would therefore like to pay particular tribute to all the people I met in the small towns of Siddarthnagar, Phulpur, Kushinagar and Chandauli, who responded to my questions and provided confirmation that urban research is not merely an academic exercise or technical analysis, but it is also shaped by the moments shared with the people directly affected, the inhabitants experiencing and feeling the impacts of these contemporary changes every day. Lastly, I would like to extend my

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Towns in Transition

A Photo-Essay of the Small Towns Studied

From the countryside to the town
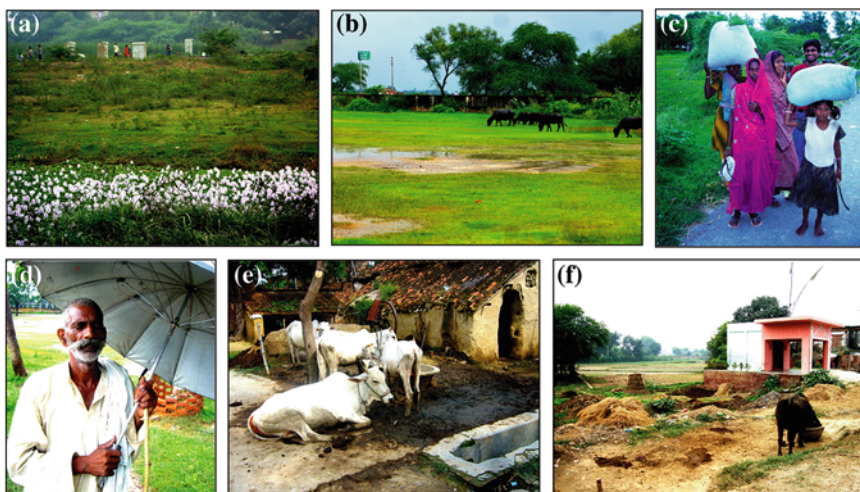
In many ways, rural life remains deeply entrenched in these small towns. Whether luxuriant flowers in Phulpur, the "town of flowers" (**a**), or placid buffaloes in Chandauli (**b**), non-built-up areas inside the "town" boundaries play host to scenes more commonly found in villages, including planted fields and prairies. Many of the towns' inhabitants continue to work in the agricultural and pastoral sectors (**c** and **d**), preserving a rustic image for these towns (**e** and **f**).

Ongoing urbanisation

However, the village aspect is only one of the small towns' many features. These more urban pictures show the physical transition that is already under way. Every day, there is heavy traffic on all the towns' main roads: (**a**) and (**b**) in Kushinagar and Phulpur, respectively, along which blocks of multi-storey housing, which are almost as high as the advertising hoardings (here showing an advert for life insurance) are taking over the town centres: (**c**) and (**d**) in Siddarthnagar and Chandauli).

The small towns' bazaars

The busiest area is the town centre: people come to the bazaar to buy and sell local produce from the surrounding countryside and farms (**a** and **b**), as well as to conduct other errands, such as visit the barber (**c**) or go shopping for a new sari or sandals (**d**).

Intense business activity

A whole range of small-scale crafts and trades have developed to supplement this intense business activity. For example, these cups produced by pottery workshops in Chandauli (**a**) will be sold on the various chai stalls located throughout the bazaar (**b**). Similarly, the bidis made in the poor wards of the town (**c**) are sold directly at points of use, such as at this outside restaurant (**d**).

Service hubs

As well as being trade and consumer centres, small towns also serve as important regional service hubs, directly helping to foster urbanisation by attracting people from surrounding areas. These small towns contain public administration buildings (local courts, Block Development Offices, various technical agency offices, the district hospital—as in Chandauli—or prison—as in Siddarthnagar), banks, private clinics and a whole range of firms working in the service sector. The photos here show: a clerk from the court in Phulpur (**a**); a painter re-decorating the outside of one of the public schools in Chandauli (**b**); a group of people outside a food ration shop (**c**); and the long queue of people waiting to use the only cash machine in Kushinagar (**d**). *Source* Author's photographs.

Employment areas

All these activities attract a large number of people each day, not only from within the town, but also from the surrounding villages and even neighbouring towns. As the district capital, Chandauli is an important employment area and numerous people from the region travel there each day to work. Similarly, many of the people that work in the tourist area of Kushinagar also live outside the town. Overall, people commute into work in all of the four small towns studied. The modes of transport used by these commuters vary, with people travelling by bicycle (**a**), rickshaw, motorbike or even by car for those who can afford it (**b**). However, the most popular form of transport is the (overcrowded) privately owned shared taxis (**c**) that run very low cost (around an average of 10–15 rupees per 15 km), regular daily shuttle services between the towns and surrounding villages and which provide a much more frequent and convenient service than the few public buses (**d**). Road traffic accidents are common as traffic is poorly regulated (**e**).

Contents

About the Author

Rémi de Bercegol, Ph.D., is a Research Fellow at the French National Centre for Scientific Research (CNRS). He has a doctorate in Urban Planning from LATTS (research group on technology, territories and societies) at ENPC/UMLV, Paris Est, France. He was a Visiting Researcher at the Centre for Social Sciences and Humanities (CSH) in New Delhi between 2008 and 2012. During this time, he undertook research for his book on small towns and decentralisation reforms in northern India. Beyond the scope of India, his research now focuses on world urbanisation and the transformation of cities in the global South, analysed principally in terms of their essential services (water, sanitation, waste management and energy).

Acronyms and Abbreviations

74CAA	74th Constitutional Amendment Act
BJP	Bharatiya Janata Party
BSP	Bahujan Samaj Party
CDO	Chief Development Officer
DM	District Magistrate
DUDA	District Urban Development Authority
EE	Executive Engineer
EO	Executive Officer
G	General
GoI	Government of India
JE	Junior Engineer
JN	Jal Nigam
JNNURM	Jawaharlal Nehru National Urban Renewal Mission
MC	Municipal Corporation
MLA	Member of the Legislative Assembly
MLC	Member of the Legislative Council
MoUD	Ministry of Urban Development
MP	Member of Parliament
NHAI	National Highways Authority of India
NIPFP	National Institute of Public Finance and Policy
NIUA	National Institute of Urban Affairs
NP	Nagar Panchayat
OBC	Other Backward Classes
PRI	Panchayati Raj Institutions
PWD	Public Works Department
SC	Scheduled Castes
SDM	Sub-divisional District Magistrate
SP	Samajwadi Party
SPCB	State Pollution Control Board

UIDSSMT   Urban Integrated Development Scheme for Small and Medium
           Towns
UP   Uttar Pradesh
UPHDB   UP Housing and Development Board

Chapter 1
Understanding the Changing Urban Space in India

Abstract This chapter introduces a book on the effects of decentralisation reforms on small Indian towns. Previously controlled at the State and Central level, responsibility for urban management has been radically redefined since decentralisation reforms were launched in India at the beginning of the 1990s. Most of the attention on this subject has so far focused on metropolitan cities; however, reforms have also been quietly taking place in other, far smaller urban areas where more than half of the urban population is actually living. Therefore, the purpose of this introduction is to present the aim of a survey undertaken in four small municipalities. In order to identify the impacts of the reform in all their complexity, a multi-dimensional approach has been used that reviews not only the local democratic aspects but also the more technical and financial processes being implemented. As the country embarks on this reorganisation, this research will help build a better understanding of the processes underlying the emergence of municipal institutions in India and, more generally, of the future facing rapidly changing small towns in the global South.

Keywords India · Urbanisation · Small towns · Decentralisation debates · Methodology · Multi-level analysis

Although considered home to one of the oldest urban civilisations,[1] India today remains one of the least urbanised regions in the world (over two-thirds of the population still lived in rural areas in 2011). However, at the same time, the country

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[1]The ruins of the cities of Harappa and Mohenjo-Daro, built in the Indus Valley in around 2600 B.C.; Patna, the current state capital of Bihar, constructed on the site of the ancient capital of the Maurya empire (321–151 B.C.); and Vijayanagar (now Hampi, in the state of Karnataka), capital of the eponymous Hindu kingdom (1336–1565) and well-known example of the Chola dynasty (which ruled from the third century A.D.): all are ancient cities whose visual remains continue to reflect the importance of urban areas in Indian civilisation.

contains a number of million-strong metropolises that are among the largest megacities in the world, as well as a multitude of small and medium-sized towns and cities that have sprung up since the last census.[2] Thus, "in legend and in fact, India may still be a land of villages, but no Indian can today avoid the cities" (Khilnani 1997, p. 109). This paradoxical urbanisation (Dupont 2008) is all the more striking as it is taking place against a backdrop of liberal reforms, which directly affect and pose new challenges for urban development.

Previously controlled at the State and Central level, responsibility for urban management[3] has been radically redefined since decentralisation reforms[4] were launched in India at the beginning of the 1990s. Most of the research on the resulting changes has so far focused on metropolitan cities; however, reforms have also been quietly taking place in other, far smaller urban areas. Therefore, the purpose of this book is twofold. By drawing on the findings of empirical research, the aim is to contribute to discussions on decentralisation by focusing on a type of lesser known and relatively little studied urbanisation, that of small towns in India. In addition, in order to identify the impacts of the reform in all their complexity, a multi-dimensional approach has been used that reviews not only the local democratic aspects but also the more technical and financial processes being implemented. Thus, how do municipal institutions in small towns set themselves up and develop within a decentralised environment?

Finally, by seeking to determine the specific features of the political economy within these towns, the aim of this book is also to examine how these municipalities are constructed and, looking ahead, how they are likely to develop: on the fringes of urbanisation, what will the future towns created by the devolution of powers look like? As the country embarks on this reorganisation, this research analysis will help build a better understanding of the processes underlying the emergence of municipal institutions in India and, more generally, of the future facing rapidly changing small towns in the global South.

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[2]This is a ten-year census. Full and detailed results of the last census, conducted in 2011, were made available in March 2014 (http://censusindia.gov.in/. Accessed 26/11/2015).

[3]Understood as "all technical department coordination and regulatory activities that contribute to the efficiency of urban government" (Dupuy 1982, cited by Jaglin 1998, p. 27).

[4]In literature on developing countries, the term *decentralisation* covers a wide range of processes, from administrative devolution through to the implementation of a policy for local democracy (Litvack and Seddon 1999, p. 2–4: Le Meur 1999, p. 6). This term describes the process through which a central government devolves roles and authority to public (municipal) local authorities (Jaglin et al. 2011).

1.1   Small Towns in the Shadow of Large Cities

1.1.1   The Small Town in India, an Overlooked Area of Study

Pankaj Mishra's travelogue, "Butter Chicken in Ludhiana: Travels in Small Town India" (1995) provides a sympathetic reminder of the fact that there is a multitude of non-metropolitan urban areas undergoing rapid change and which are worthy of attention. In this book, we make frequent reference to the "Indian story" of a (highly) eccentric civil servant working in the administration of a small Indian town (Chatterjee 2006, first published in 1988). Despite still having a place in popular imagery, it is important to recognise that when people think of contemporary urban India, it is no longer the nostalgic picture of towns such as Malgudi created by R. K. Narayan (1982) that is brought to mind, but rather the country's large cities. Bollywood's focus on the poverty of the *City of Joy* (referring to Kolkata, see Lapierre 1985) and the dreams of *Slumdog Millionaire* (Boyle et al. 2008) conjures up fascinating images of a metropolis, of a *Maximum City* (see Mehta 2004), of an urban India whose excesses and disparities are in sharp contrast with the "darkness" (Adiga 2008) of the rest of the subcontinent. However, the complexity of an urban system that consisted of 7,933 towns and cities in 2011 cannot be defined by analysis of the few cities in India with over a million inhabitants alone. A brief review of the country's urban hierarchy shows that the distribution of the urban population (only 27.92 % in 2001 and 31.16 % in 2011) is far more complex[5] than the simple urban/rural dichotomy would suggest (see Table 1.1).

The Census of India groups urban areas into six categories (I, II, III, IV, V, VI) by population size, which can range from fewer than 5,000 inhabitants to over 100,000. Of the 7,933 towns identified in the 2011 census, 7,428 had fewer than 100,000 inhabitants (including 2,774 new small towns[6]) (see Fig. 1.1). Categories III (from 20,000 to 49,999 inhabitants), IV (from 10,000 to 19,999 inhabitants) and V (from 5,000 to 9,999 inhabitants) are the largest, containing 1,905, 2,233 and 2,187 towns, respectively. Whilst 40 % of the country's population is concentrated in around 40 cities with over a million inhabitants, the same proportion, i.e. around 114 million people, also still lives in towns that are much

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[5]The official definition of urban areas distinguishes between "Statutory Towns" (municipalities) and "Census Towns". Statutory towns are granted municipal status at the discretion of the individual state concerned. The decision is therefore purely administrative and there are no statistical criteria involved. For Census Towns, all urban areas are statistically defined as urban units by the Census of India if they meet the demographic and economic criteria set by the Register Central of India (RGI) (a minimum population of 5,000, with a population density of at least 400 persons per km^2. and at least 75 % of the working population not employed in the agriculture sector).

[6]These are former rural communities that are now considered urban areas as they meet the criteria used by the *Register Central of India* (see Bhagat 2011b). Every 10 years during the Census, several towns are redefined as urban centres under these criteria, whereas others revert to village status.

Table 1.1 Number of towns in each census of India category in 2001 and 2011

	Total	Category I	Category II	Category III	Category IV	Category V	Category VI
Population size		+ 100,000 inhabitants	Between 50,000 and 99,000 inhabitants	Between 20,000 and 49,999 inhabitants	Between 10,000 and 19,999 inhabitants	Between 5,000 and 9,999 inhabitants	Fewer than 5,000 inhabitants
Number of towns in 2001	4,378	393 (35 of which have over 1 million inhabitants)	401	1,151	1,344	888	191
Number of towns in 2011 (provisional)	7,933	505	605	1,905	2,233	2,187	498

Source Government of India, Census of India. New Delhi: Office of the Registrar General and Census Commissioner, 2001, 2011
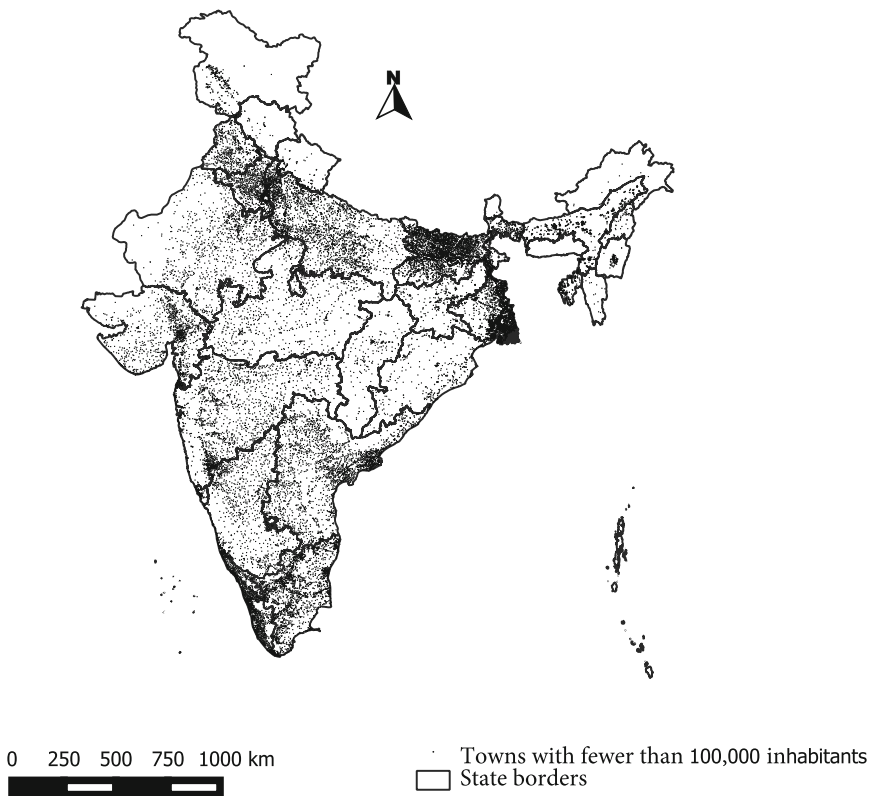
Fig. 1.1 Towns with fewer than 100,000 inhabitants in 2011. *Source* eGeopolis; created by: Alexandre Cébeillac

smaller in size. In the shadow of the "India shining"[7] metropolises, there is another urban India: that of smaller towns, the statistical accounting of which has been the subject of much debate (Kundu 2011) due to their being in transition; they are no longer "rural" but neither are they yet fully "urban" (Marius-Gnanou and Denis 2011).

Taking its lead from media portrayals of urbanisation, the scientific community has paid little attention to small towns in India. For a long time, "Indian studies" seemed polarised between two extremes of analysis, namely rural communities and major metropolises. This is, of course, something of a shifting generalisation and one which we will review in this chapter; however, overall, studies of Indian small towns have often remained on the fringes of research into urbanisation in India.

During the 1960s through to the 1980s, when the government sought to develop rural areas and limit urban development, scientific studies mostly focused on the role of villages, initiated by researchers such as Dumont and Pocock (1957) and, to a lesser extent, on the role of small towns in rural regions by highlighting how they helped develop the surrounding countryside (Sen 1972; Nagarlok 1986). In 1965, the National Council of Applied Economic Research launched a study to identify the economic opportunities that small towns could offer semi-urban and rural populations in order to minimise migration towards large cities (NCAER 1965). At the end of the 1970s, during a seminar entitled "The Place of Small Towns in India" (Singh and Singh 1979) an "agropolitan strategy" was even developed to help speed up rural and agricultural development by focusing on small urban settlements (cited by Dupont 1995, p. 42). By examining the links between urbanisation and industrialisation, certain researchers then began advocating for industry to be concentrated in large towns and cities, predominantly for reasons of economic efficiency (Turner 1962). For example, Mohan recommended "a concentration of the dispersion rather than a dispersion of the concentration" (Mohan 1985, p. 641 cited in Dupont 1995).

When, from the 1980s onwards, the Indian government began to introduce ongoing economic liberalisation and fundamentally refocus its development strategy on urban settlements; researchers studying Indian towns also started to concentrate more on metropolitan areas, the huge size of which they found fascinating. They, thus, gradually moved away from studying small towns, which became merely more incidental. A quick review of the recent literature on "the Indian town", whilst not exhaustive, reveals the extent to which urban research focuses on large cities. For instance, in their introduction to the publication entitled *La ville en Asie du Sud*, Dupont and Heuzé (2007) clearly illustrate the researchers' fascination for major cities: "it is essentially the extremely large city that commands our attention here. The emergence of megacities in which new socio-spatial dynamics are being created, notably the process of fragmentation, is […] one of the main

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[7]In 2004, "India shining" was the slogan used by Atal Bihari Vajpayee of the Bharatiya Janata Party, who stated his intention to transform the country into a major world power by 2020.

features of urban development in contemporary societies" (p. 14).[8] Similarly, virtually all the articles contained in *Urban Studies*, edited by Patel and Deb (2006), focus on major cities such as Delhi, Mumbai or Kolkata, with the smallest town studied being Coimbatore (which had 1 million inhabitants in 2011). In the introduction to the publication, the author laments the fact that there is a lack of research available on smaller towns: "Though this introduction suggests that there is a tremendous diversity of and about urban experience, I have been able to include examples mainly from metropolitan cities. Unfortunately, there is very little published work on small and medium towns of India" (Patel and Deb 2006), in a footnote with asterisk on p. 21. When Sujata Patel lists the main studies carried out on urbanisation in India over the last few decades, she includes only a very small sample of towns, all of which are large: Delhi (Gupta 1981; Dupont et al. 2000), Calcutta (Chaudhuri 1995), Hyderabad (Naidu 1990), Vijaywada (Parthasarthy 1997), Lucknow (Graff 1997), Bangalore (Heitzman 2004; Nair 2005) and of course Mumbai (Patel and Thorner 1995; Patel and Masselos 2003) (p. 21). Similarly, *Urbanization in India, Sociological Contributions*, edited by Sandhu (2003), a compilation of 13 outstanding analyses that originally appeared in the *Sociological Bulletin* from 1952 onwards, ultimately only focuses on a limited selection of towns and cities, which do not fully represent the diversity of India's urban areas: five of the articles are on Delhi or Bombay, whereas only one covers a small town (in the Punjab); the remaining articles explore more general topics.

Through skilful semantic substitution, urban research thus often explores the Indian town through just a few metropolises. Examples of this abound in the scientific literature on urbanisation in India. Although claiming to have in-depth knowledge of THE town, research actually focuses predominantly on the upper level of the urban hierarchy. Through a few, very specific cases, it depicts Bombay, Calcutta, Delhi, Chennai and Bangalore as the archetypes of Indian towns and cities. This neglect of the small town shows that the scope for observing urban change is limited to only one type of urban area (Bell and Jayne 2009). It is entirely natural that metropolises have become the focus of researchers' attention: they are the seat of economic, political, social and/or cultural power and undergo rapid population growth, which causes change and leads to tension. Urban research has thus legitimately endeavoured to examine the changes taking place in metropolises and in towns undergoing metropolisation.[9] However, due to the variety and diversity of India, studies of the "town" cannot be confined to these types of urban area alone. The urban population is also found in India's numerous small towns, which have their own territorial complexity and where the balance of power plays out differently. Consequently, it is not possible to claim knowledge of the Indian town without taking the situation in non-metropolitan urban settlements and in

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[8]Unless otherwise mentioned, all the translations from French sources are by Nicola Brodrick.

[9]Whether the German philosopher Georg Simmel at the beginning of the twentieth century or, for example, the English geographer A.J. Scott at the beginning of the twenty-first century, large towns have always held a fascination for researchers and dominated the field of urban studies.

small towns, in particular, into account. As awareness of the lack of research on this topic has grown, the number of studies focusing specifically on small towns appears to have increased over the last few years particularly since publication of the findings of the 2011 census. Thus, the research of P. Shastri, who conducted a review of municipal finances to explain "How India Small Towns Live (or Die)" (Shastri 2011), has since been joined by other studies. Notable examples include the work carried out by the Tata Institute of Social Sciences, Mumbai on "Small Cities and Towns in Global Era" overseen by Sharma and Sandhu (2013); the historical monograph of Tranquebar, a small town in Tamil Nadu, written by Jørgensen (Jørgensen 2013); and, more recently, the study (since the 1970s) of urban development in Arni, another ordinary small town in northern Tamil Nadu, detailed in the publication edited by Harriss-White (2015). Last but not least, there is also the work carried out by the SUBURBIN research team (Subaltern Urbanization in India),[10] which has included an exhaustive literature review of all the available scientific literature on small towns (Raman et al. 2015) and an analysis, through a collection of case studies, that combines both macro- and micro-perspectives (Denis and Zerah 2016). However, these temporary programmes remain in the minority compared to the profusion of studies that continue to focus on major cities; this despite the fact that examining the momentum underpinning these small towns has never been more relevant.

1.1.2   The Difficulty of Taking the "Small Town" in India into Account

As, for a long time, scientific research on India focused either on large cities or on villages, overlooking all the towns in between, there is no real agreement on what constitutes "small to medium-sized towns". Depending on the author, this term can cover towns with populations of varying sizes, ranging from 20,000 to 50,000 inhabitants, and even up to 500,000.[11] However, the method proposed by M. K. Jain, M. Ghosh and W. B. Kim for classifying towns by size appears to be the simplest and most relevant: thus, the last three categories in the Census (up to

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[10]"Subaltern Urbanization in India" is a project financed by the French National Research Agency and jointly implemented by the Institut Français de Pondichéry and the Centre de Sciences Humaines of New Delhi between 2011 and 2014). (http://suburbin.hypotheses.org/. Accessed 26/11/2015).

[11]As just one of many examples, Véronique Dupont (*Institut de Recherche pour le Développement*) defines "small towns" as having fewer than 20,000 inhabitants and "medium-sized towns" as having between 20,000 and 100,000 inhabitants (Dupont 2002). In contrast, Amitabh Kundu (*Jawaharlal Nehru University*) refers to all urban settlements with fewer than 50,000 inhabitants as "small towns", with "medium-sized towns" being all those with a population of between 50,000 and 1 million (Kundu 2007). Lastly, as far as S.S. Dhaliwal is concerned, "small towns" have fewer than 500,000 inhabitants, and "medium-sized towns" have a population of between 0.5 and 1 million (Dhaliwal 2004, preface, p. IX).

19,999 inhabitants; i.e. categories IV, V and VI) are defined as "small towns"; "medium-sized towns" are those in category III of the Census (up to 49,999 inhabitants); and "large towns" are defined as those in category II (up to 99,999 inhabitants). This leaves only those towns in category I of the Census (over 100,000 inhabitants), which the authors define as being "cities" rather than "towns".[12] Finally, they draw a further distinction between "cities" and "million-plus cities" (that have over 1 million inhabitants). The term "megacities" can also be added to complete this classification; these being metropolitan areas with over 4 million inhabitants (Jain et al. 1993).

The broad "urban" category, a product of the urban/rural dichotomy, is extremely misleading as there are considerable socio-economic disparities between million-plus cities and small towns. The common feature of these small and medium-sized towns is that they have far fewer resources than the metropolises (Shastri 2011). These towns face more extreme poverty[13] (Himanshu 2006; Lanjouw and Murgai 2011) and suffer from a severe lack of basic public services (Bhagat 2011a); issues which become greater the smaller the town (Kundu and Thakur 2006). These variations are even more pronounced in the least developed states, especially those that have witnessed rapid urban development, such as the region of Uttar Pradesh, the focus of this book. The regularly criticised failure[14] of planners to take the specific features of small towns into account reveals an inability to appreciate the diversity of urban India. From the first five-year plan (1951–1956) to the most recent small town development programme (Urban Integrated Development Scheme for Small and Medium Towns—UIDSSMT—2005–2014), urban policies have never truly succeeded in fully integrating these towns and nor does the launch of the "Atal Mission for Rejuvenation and Urban Transportation", which is to cover 500 towns (2015–2020) in addition to the 100 identified "Smart Cities", look set to reverse this trend.

As highlighted by other authors (Bagchi 2003; Mahadevia and Mukherjee 2003), the new management regulations aim to enhance a liberalisation that is geared towards cities rather than small towns. Whether undertaken by journalists or scientists, current analyses of basic public service and poverty issues focus mainly on slums in selected large cities. According to the economist Amitabh Kundu, who

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[12]Literature on urban studies in India is mostly produced in English and differentiates between town size by defining them as either "towns" or "cities". Although this distinction is not always made, it helps make it clear that, in Indian studies, "small to medium-sized towns" are separate to "small and medium-sized cities".

[13]In India, the official poverty line is between 816 and 1,000 rupees/per capita/month (around €10) in villages and towns respectively. Poverty ratios increase in inverse proportion to the size of the town. Thus, in 2004-05, towns with over 100,000 inhabitants contained an average of 12 % of poor households, whereas this figure increased to 23 % in towns of fewer than 50,000 inhabitants (Himanshu 2006).

[14]For a detailed summary of the development programmes implemented specifically for small towns in India since independence up to the 1990s, please refer to the introduction to Véronique Dupont's research on industrialisation in the small town of Jetpur (Dupont 1995) and the introduction to the author's thesis, which is available online (Bercegol 2012).

advocates for greater recognition of small urban settlements, there are a number of reasons for this anomaly: first, cities provide national and international agencies with greater visibility for their housing improvement programmes; second, it is considered easier to implement projects that target a large proportion of the poor population, in absolute terms, when these people all live within one area rather than spread over multiple small towns; finally, Indian cities, seats of power and its reproduction, mainly define development programmes for their own profit (Kundu 2003).

Urbanisation in India is thus far from being uniform and, consequently, the description of the "Indian town" compiled from a few case studies of cities needs to be qualified. Given the ongoing reforms, Indian authorities need to ensure small towns are properly taken into account: why do these towns remain on the fringes of urban development? Although the reforms appear poorly adapted to the heterogeneity of Indian urban development, it can be assumed that they have nevertheless had an impact. Furthermore, this impact will have been strongly influenced by the type of town in which the reforms were implemented and by the types of area they were aiming to transform. The decentralisation process that characterised reforms in the 1990s, not just in India but also in the rest of the world, directly reinforces this local development aspect and the importance of territory. Thus, how are political, technical and financial authorities restructuring themselves in small towns, which still have few stable institutions? Answering this question can help enrich the debate on urban decentralisation.

1.2 Enriching the Debate on Urban Decentralisation

1.2.1 Is Decentralisation the Panacea?

Unlike certain other countries that came under international pressure to change, the decision to introduce decentralisation in India was instead made as part of domestic policy and was the outcome of a longstanding debate on the role of local institutions. Indeed, this reform resurrects the myth of the *panchayat* (which literally means "assembly"—*ayat*—of "five"—*panch*), the oldest type of local governance in India that took the form of a small village council made up of respected elders and which remains deeply ingrained in the collective psyche.[15] Following independence, Mahatma Gandhi advocated the introduction of *panchayati raj*, a social system built around local institutions (see Box 1.1).

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[15]References to *Panchayat* can be found in the *Manusmiriti* (the oldest Hindu text and founding text of the Dharma tradition), the *Arthashastra* (which translates as "political science", a treatise on politics, economic policy and military strategy written in 4B.C.), as well as in the *Mahabharata* and *Ramayana* (two important epic Hindu poems written between 4B.C. and 4A.D.).

> **Box 1.1: Gandhi's ideal of re-establishing the *panchayat***
> The well-known *ahimsa*[16] (non-violence) principle on which Gandhi based
> his campaign for independence is also a severe criticism of the centralised
> government, which, by its very nature, is the seat of institutionalised violence
> (Vidal et al. 2003). For Gandhi, "in the ideal State, there is no political power
> because there is no State" and "in such a state everyone is his own ruler. He
> rules himself in such a manner that he is never a hindrance to his neighbour"
> (Gandhi 1962, p. 2148). Successfully developing a democratic and
> non-violent India first involves re-establishing the old *panchayat* system,
> where the exercise of power "must begin at the bottom [and where] each
> village will be a republic" (Gandhi, cited by Prabhu 1961, p. 72) that will
> have full powers as part of a united federal India.

However, when the Indian Union was established, it was difficult to reconcile
introducing the *Panchayati Raj* system with the need to construct and ensure the
stability of the new State. In what the media describes as "the biggest democracy in
the world", the hopes resting on decentralisation go beyond improving manage-
ment, linking it instead to political ideology and an ideal of local democracy.

Launched through the 73rd and 74th constitutional amendments (73 CAA and 74
CAA) of 1992 for villages, and towns and cities, respectively, the reform hopes to
avoid the pitfalls previously encountered during implementation of an essentially
centralised management model (Ruet 2002; Sanan 2004) by officially recognising
the positive role played by local governments (Government of India 1992). It plans
to turn municipalities into *development areas* and *hubs of local democracy* (Tawa
Lama-Rewal 2010):

- "development" areas as planners hope to revitalise the development system by
  building the capacities of local authorities, in which social and economic pro-
  grammes are to be based.
- hubs of "local democracy" because, after questions were raised over the pre-
  vious centralisation process, discourse on decentralisation now advocates for the
  democratic involvement of the population in the decision-making process in
  order to lend greater legitimacy to public action and thus improve the effec-
  tiveness of local service management.

The general principles of the reform are set out in all institutional literature on
decentralisation theory, not only that specific to India. Generally stemming from the
field of economics and public management,[17] this theory developed considerably
during the 1990s to promote both state withdrawal, following increased economic
liberalisation, and the notion of a local democracy in which local governments and

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[16]*Ahimsa* is a Sanskrit word meaning "not to injure" and "compassion" and which originally
appeared in the *Chandogya Upanishad*, one of the oldest major *Upanishads* (500 B.C.).

[17]Such as *Public Administration and Development,* for example.

citizen participation are linked to urban governance[18] arrangements (Blair 2000; Jaglin et al. 2011). The concept of decentralisation is built on the apparent existence of a link between the spatial and institutional proximity of local governments to the population and their ability to effectively and transparently take on a certain number of responsibilities (Bardhan 2002, 2008). Democratising local institutions and involving inhabitants in the local decision-making process (empowerment) should help provide the municipalities' with greater legitimacy when identifying local needs and ensure they are best-placed for devising management policies that are adapted to local preferences (accountability and responsiveness) (Rondinelli et al. 1983; Briscoe and Garn 1995), thus improving access to public services.

This concept has gained a strong foothold around the world, both among its "neo-liberal" and "neo-Marxist" supporters, who, despite their great ideological differences, both see decentralisation as a way of consolidating local democracy against the centralised state (Mohan and Stokke 2000). However, in recent applications of the reform, it is possible to find "two main and distinct mechanisms: intergovernmental transfer mechanisms from the local to local levels [and] transfer mechanisms from the public sphere towards the market and non-governmental sector[19]" (Jaglin 2005, p. 107), which could cause reticence and even resistance when it comes to putting them in place. The polysemous interpretation of the concept has come about due to the initial aim of its theorists, which was to reconcile a political objective with one of effectiveness. It is indeed possible to distinguish between the "political aspect of decentralisation" on the one hand, which covers issues such as democratic proximity, local representativity and people's involvement in the decision-making process, and the "technical aspect of decentralisation" on the other, which deals with issues such as delegating responsibility, management effectiveness and financial transfers.

However, assessments of decentralisation reform undertaken in various countries around the world tend to show that the theoretical conditions for its success are not always met in practice: there appears to be insufficient financial and human resources effectively transferred to municipalities (Robinson 2005) and some observers have raised questions over, and even challenged, the democratic legitimacy of local representatives (Crook and Manor 1998). Finally, the supposed correlation between the "democratic aspect" of the reform and its "technical aspect" appears to be far from systematic, "democratic advances do not necessarily translate into material terms" (Jaglin 2005, p. 108).

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[18]Unlike the World Bank's normative "good governance" framework, the concept of "governance" is defined here as being a "process of coordinating stakeholders, social groups and institutions to achieve specific and jointly defined goals" (Levy and Lussault 2001, p. 418).

[19]For the World Bank: "The most complete forms of decentralization from a government's perspective are privatization and deregulation because they shift responsibility for functions from the public to the private sector […].They allow functions that had been primarily or exclusively the responsibility of government to be carried out by businesses, community groups, cooperatives, private voluntary associations, and other non-government organizations" (Decentralization Thematic Team-b, cited by Jaglin, 2005b, p. 8).

Although decentralisation has not had the anticipated effect in India's large cities (see, for example, Baud and de Wit 2008), questions about its relevance in smaller towns have not yet been raised. However, it would appear reasonable to assume that, a priori, service management would be made easier in small towns precisely because of their smaller size, which implies greater proximity between users and operators. For example, in small towns there is more capacity for socio-political involvement, thereby making it easier to ensure local people are committed and involved on a daily basis in making sure the services provided are fairer and more effective. Similarly, it is also reasonable to assume that the increased proximity between elected officials, civil servants and local people will help minimise the risk of collusion and corruption when it comes to awarding contracts. Finally, given the technical nature of certain services and the small size of the administration in small towns, it would potentially be possible to delegate the management of these services to non-municipal specialist bodies, such as private operators, non-governmental organisations or supra-local public departments. In theory, the introduction of decentralisation in small towns could thus be considered a panacea as, by transcending the limitations of the urban/rural dichotomy, decentralisation would leave it up to the municipalities to democratically define the type of technical management they require to meet the specific needs of their towns in transition.

1.2.2   Available Literature Contains Inadequate Assessments of Indian Decentralisation

From a political standpoint, the 74th Amendment makes it compulsory to hold regular local elections and introduces positive discrimination (through electoral quotas) in order to ensure municipal institutions are democratic. From a more technical perspective, the reform also includes the transfer of several management responsibilities (such as for the water supply service, road construction and solid waste management, for example) and devolution of the corresponding funding in order to help municipalities fulfil their urban management roles. However, although implementation of the political aspect of the amendment is mandatory across India, the transfer of technical responsibilities is left at the discretion of each federal state, which is free to introduce its own legislation defining how this transfer is to take place. This has led to considerable disparities between towns and regions, making country-wide assessment of the process difficult. According to K. C. Sivaramakrishnan, a senior civil servant who was closely involved in developing the constitutional amendment, this heterogeneity has been created by the reform itself as it is, above all, founded on a political imperative of local democracy. In addition to which, the administrative aspects of the reform were not properly prepared (Sivaramakrishnan 2006).

Implementation of the decentralisation reform has met with resistance[20] from regional and national politicians, as well as from all levels of the administration and from locally dominant class and caste groups (Tawa Lama-Rewal 2010).

In spite of these analytical challenges, studies into the impacts of the reform are now gradually beginning to appear in India. They are mainly produced by two national institutes in charge of publishing the official literature, namely the National Institute of Urban Affairs and the National Institute of Public Finance and Policy. These institutes conduct large-scale reviews, notably with the support of the regional institutes in each state, such as the Regional Centre for Urban and Environmental Studies in Uttar Pradesh. Credit rating agencies are also interested in the economic and financial aspects of the reform (such as CRISIL, for instance) and national and international donors, such as the World Bank, carry out their own independent assessments. Finally, various research centres from India and abroad (such as the *Centre de Sciences Humaines* with its APUG and SETUP[21] programmes, for instance, or other institutional partners, such as the joint Indo-Dutch IDPAD[22] programme) produce critical analyses within the fields of socio-anthropology and political science.

To date, the specialist literature has mainly examined the capacity of new local democratic institutions to take on their new responsibilities by assessing their effectiveness and representivity. The findings of this research into Indian municipalities thus confirm the adverse effects already seen in Indian villages and, more generally, in other countries in the global South. This criticism falls into two main categories, based on the scale of analysis to which it relates.

At the micro level, the most commonly repeated criticism is that of elite capture,[23] whereby the local elite secures any benefits obtained through decentralisation for their own ends (Alsop et al. 2000; Behar 2001; Echeverri-Gent 1992; Jha 1999; Mathew 2001; Meenakshisundarum 1999; de Souza 2000), notably by "hijacking" some of the decentralised public services, such as water supply (Weis 2005) or sanitation (Ban et al. 2010). In large towns, decentralisation may make it possible to introduce different service levels based on the users' capacity to pay, which could "formalise disparities in access to services and compound the process

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[20]R. K Sivaramakrishnan particularly highlighted the fact that the 62nd Amendment (the precursor to the 74th amendment) was far more detailed, especially with regard to the quantitative classification of different types of local government; however, due to lack of agreement, these clarifications were left out of the final version that was ultimately adopted.

[21]For information on the completed APUG programme, see: http://www.csh-delhi.com/UAPG/index.htm and for information on the completed SETUP programme, see: http://setup.csh-delhi.com/ (both accessed 26/11/2015).

[22]Information on the now completed Indo-Dutch Research Programme on Alternatives in Development can be found at: http://www.indiawijzer.nl/university_education/den_haag/den_haag_idpad.htm (Accessed 26/11/2015).

[23]In Indian literature, the term "elite capture" (see Kundu 2009, for example) usually refers to the process by which local leaders use the benefits of decentralisation to further their own ends; whereas, in Africa, it usually refers to the central government's hold over the local elite (see Crook 2003, for instance).

of fragmentation between rich and poor areas" (Kundu 2003, p. 3085). Furthermore, in traditional societies built on relationships of patronage, the poor would lack the capacity to form political organisations or informal networks to influence local decisions. Thus, decentralisation could end up bolstering the power of the local elite to the detriment of disadvantaged population groups (Kennedy 2008; Kundu 2009; Lama-Rewal 2007a; Zérah 2007). Other authors have demonstrated that decentralisation can lead to the "deprofessionalisation" of difficult technical decisions resulting in enhanced patronage interests (the World Bank 2007), particularly through counter-productive corruption processes, such as those seen in the water supply sector (Asthana 2008). These analyses thus disprove the myth that decentralisation automatically guarantees transparency, participation and democratic power-sharing.

At a more macro-economic level, criticism mainly focuses on the lack of sufficient technical and financial resources (NIUA 1998, 2005). In some cases, decentralisation has led to a degree of state withdrawal, with the state devolving responsibilities to decentralised institutions without transferring adequate resources, particularly financial, to enable these institutions to assume their new roles, thus leaving them unable to implement adapted public policies (Bagchi and Chattopadhyay 2004; Kundu 2000). Thus, for most municipalities, it would appear that effective decentralisation is far from being achieved as the transfer of public service management functions to the municipalities is yet to take place and municipalities play virtually no role in urban planning and development (Mathur 2007, p xii). The level of positive impact made by decentralisation is thus directly determined by the central government's real and resolute commitment to supporting local government's activities as part of efforts to develop central/local relationships. This commitment appears to have been in place in the villages of West Bengal (Crook and Sverisson 2001) and Kerala (Matthew 2004), although questions remain as to the sustainability of the arrangements made (Heller et al. 2007), particularly as regards funding. By its very nature, decentralisation could, therefore, penalise the poorest states, who are unable to free themselves from their constraints as easily as the richest (Bardhan and Mookerjee 1999) and, against the backdrop of liberalisation, only benefit the most competitive cities, such as the metropolises with links to the global economy, who will be able to get far more out of decentralisation than other, usually smaller towns that are automatically excluded from its advantages (Kundu and Sarangi, 2005).

The findings of these studies show that the impact of decentralisation in India varies widely between states, as well as between the towns and cities within them (All India Institute of Local Self Government 2003). Furthermore, it is not possible to reach a consensus on the effect of decentralisation simply because the impacts of the reforms have not yet been properly assessed for the whole of the country. Indeed, the findings of existing assessments have been undermined by a number of shortcomings. Very often, research on decentralisation in India involves snapshot assessments of specific towns, mainly cities or metropolises. It more or less consciously dismisses a whole section of urban settlements, namely small towns, which are less visible and harder to reach, whilst also failing to consider the long-term

nature of the reform. As a result, specialists' findings and conclusions can vary widely and are sometimes contradictory. Although we think we know all about "the" subject, in all likelihood, we only really know about "one aspect" of it at a particular "given moment". Firstly, it is to be noted that the majority of studies into urban decentralisation deal with only "part" of urban development. Due to the huge size of the subcontinent, even the most skilled centres of expertise have difficulties conducting general impact assessments that cover the wide range of urban diversity in India. Consequently, their findings, while not necessarily unsound, are skewed by the sample and the case studies they select. Between the macro-assessments that, by their nature, ignore the local aspect and the micro-studies that leave no room for generalisation, it is difficult to assess the diversity of the situations that exist. In addition, most of the work that analyses decentralisation does not consider the reform as an ongoing process and so its findings are representative of only a "fixed" moment in time. However, as the process is far from being completed, decentralisation can only be understood from a historical perspective and by slowly "learning by doing" (Crook and Manor 1998). Finally, the available assessments focus almost exclusively on the local level of decentralisation, reviewing the capacity of municipalities to take on their newly assigned roles, whilst failing to provide the multi-level perspective required for improving understanding of the ongoing reconfiguration of power.

1.2.3   Examining Urban Decentralisation by Looking Beyond the Local Level

Overall, the approaches used, which involve questioning the ideal of a demiurgic decentralisation by comparing it to the realities of its practical application at the local level, highlight its adverse effects, leading to relevant questions to be raised about the reform's ability to improve urban management. However, if we want to understand the multi-dimensional complexity inherent in implementing this reform, these approaches remain incomplete. Not only do they require comparison with the actual situation in little studied areas, such as small towns in India that have specific dynamics, but they also need to be supplemented by other, less mono-centred angles of approach. The assumption here is that it is the strength of the links between the local and other levels that determine the extent of all the changes occurring. How do small municipalities interact with other public, civil or private stakeholders at other levels? The restructuring of power relations triggered by decentralisation provides us with an opportunity to improve our understanding of how this power has been redistributed between the different levels of government. It notably enables us to assess the municipalities' institutional set-up process, as well as examine how they coordinate their activities with those undertaken at other

levels. These issues have rarely been addressed by Indian research,[24] especially as they relate to the specific case of small towns.

Implementation of the decentralisation reforms involves a substantial reorganisation of powers within the town and results in new interaction between the different levels of government and social forces. The reforms in India do not, in fact, advocate for the complete transfer of the regional government's financial, technical and democratic responsibilities to the municipalities. According to the asymmetrical rationale that "the central government doesn't know what to do, the local government doesn't know how to do it" (Bird 1995), the reforms are, in fact, designed to make each party's responsibilities dovetail together by matching needs to resources. Therefore, officially, urban management does not come under the responsibility of one sole level of government, but instead requires cooperation between local, regional and central governments, who work towards shared objectives with a view to developing multi-level governance.

The multi-level governance concept involves "nested layers of authority, each with its own separate sphere of policy concerns" (Horak 2010, p. 42). It was initially used by the OECD (Corfee-Morlot et al. 2009) to assess European policies before being expanded to describe other types of situation in which governance is shared between several institutions.[25] In many countries, and particularly in India, the approach of coordinating stakeholders within a multi-level governance system is still in its early stages as, on a practical level, multi-level management is costly, both in terms of research and monitoring, as well as decision-making. Therefore, the aim is not so much to assess governance, a concept that is not particularly relevant to small towns and has too many connotations for international institutions, but rather to explore, through a multi-level perspective, how the municipal architecture is progressively put in place.

This research is also based on the assumption that the implementation of decentralisation in India not only requires institutional coordination, but also needs to involve political negotiations between parties that do not necessarily share the same vision. The current governance system tends to involve complex situations of resistance and sometimes contradictory power, rather than of stable cooperation. The decentralisation process therefore provides "an approach for studying local authorities in their relationships with the central government" (Roig 1966, p. 471). However, the majority of studies on decentralisation confine themselves to examining the democratic aspect of this process by focusing on the representivity of local institutions rather than looking beyond local government performances and taking all the relationships between governance stakeholders, as well as issues and institutional arrangements at the different levels of government, into account (Andersson

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[24]With the notable exception of the work carried out by Pranab Bardhan, many of whose papers are available online at: http://emlab.berkeley.edu/users/webfac/bardhan/papers.htm (Accessed 26/11/2015).

[25]Such as environmental and climate change policies, for example (for more on this subject, see Betsill and Bulkeley 2007 and Gotelind and Kern 2008).

and Ostrom 2008, p. 77).[26] As far as Venot and Narayan are concerned, priority should be given to multi-dimensional analyses that examine how various stakeholders influence the practices and decisions made by other stakeholders and to reviewing the incentive measures that foster (or hamper) their cooperation (Venot and Narayan 2009).

For the purposes of this research, the reorganisation of power can be examined by looking at all stakeholders (civil, public, private) at the various levels (local, regional, central, international) involved in governance in small towns as "the relationships [between them] are able to make political power and its spatial expression more easily understood" (Raffestin 1980, p. 25). What are their respective powers, what motivates them to cooperate or, conversely, to not want to work together? What issues create political tension and what impact does this have on urban governance? The aim is to examine the processes involved in building the municipal architecture as, at the various levels and within small towns, it is these processes that are steadily redefining the way in which urban governance develops.

1.2.4   Understanding the Town Through Its Technical/Public Services

To achieve this, following on from other recent work on "technical and social sciences"[27] that looks at the social, economic and political aspects of technical networks (Halbert et al. 2012; McFarlane and Rutherford 2008; Jaglin 2005; Dupuy and Offner 2005; Coutard et al. 2005; Offner and Pumain 1996), we have opted to "examine the town by looking at its "hardware", its material infrastructure, as we believe that the choices made in this area ultimately structure the daily existence [of the urban population]" (Lorrain 2011, p. 32). The town is not only a place of power where multiple stakeholders with differing interests and strategies battle for control (Barbier and Bedu 2008), but it is also a "technical system"[28] (Le Galès and Lorrain 2003, p. 1). It contains within it technical services usually built around networks, such as the water supply service, sanitation, roads, solid waste management and energy, etc. By managing and channelling flows (of water, wastewater and solid waste, etc.) using technical equipment (material infrastructure), these technical networks form a tangible part of the town and directly influence its structure. The

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[26]Criticising the simplistic view of mono-centred studies, Krister P. Andersson and Elinor Ostrom thus propose to examine decentralisation from a "poly-centric" perspective, which refers to an ideal system in which no authority is superior to the others and each party is free to set and enforce rules within a clearly defined geographic area and jurisdiction (Andersson and Ostrom 2008, p. 79).

[27]See the work conducted by LATTS, in particular http://latts.fr/en (Accessed 26/11/2015).

[28]P. Le Galès and D. Lorrain refer to the metropolis as being a "MEGA technical system" (2003, p. 305) and we have borrowed this term here, removing the word "mega", which denotes large metropolises, in order to apply the term to the town in all its sizes.

morphology of the urban area is thus shaped and altered by the existence or lack of these services' infrastructure. The public service management methods used, and which directly affect the development of these services, create a spatial differentiation that can fall into two categories, either urban *fragmentation* or *integration*[29] (Graham and Marvin 2001), and result in the introduction of different regulatory arrangements[30] (Jaglin 2005).

As in other sectors managed by the public authorities, the management of network-based services has been shaped by the neo-liberal type policies adopted in most developing countries around 20 years ago. As a result, public service policies need to meet two, apparently contradictory, requirements: they need to be cost-effective by ensuring the long-term sustainability of the infrastructure and they need to ensure social equity by reducing inequalities in access to this same infrastructure (Dubresson and Jaglin 2008). Wherever reforms have endeavoured to meet these objectives, the result has been the changes to the quantity and quality of public assets and services, as well as to their spatial distribution within the town. During the 1990s, most of the observations on the resulting changes focused on "privatisation"-related[31] debates, despite the fact that this type of management delegation model was ultimately very little used, particularly in countries like India, being introduced in only a few cities and metropolises (Zérah 2000, 2003; Zérah and Renouard 2014). However, there are other changes taking place to network-based services in towns that are not being influenced by liberal norms but are instead being carried out as part of local reforms (Jaglin and Zérah 2010).

By reviewing existing arrangements and proposing new forms of regulation, the decentralisation reforms help directly reshape the relationship between network-based services and urban areas. In India, until the beginning of the 1970s, responsibility for infrastructure management and maintenance was assigned to the municipalities. However, these municipalities were unable to successfully develop their urban services as they lacked the human and financial resources required. Consequently, from the mid-1970s onwards, Indian states began setting up a range of regional technical agencies to progressively take over the management of all urban public services. The management of technical services, such as water supply, sanitation and roads, was thus transferred to engineers from specialist public

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[29]*Integration* highlights all the links of solidarity and inter-dependence that contribute to the overall functioning of the town and, consequently, the fact that the town shapes society (Coutard 2008). In contrast, *fragmentation* describes the process of regulated or non-regulated dislocation and dispersal on a very—overly—small scale: that of community groups, neighbourhood or personal ties (Coutard 2008).

[30]S. Jaglin defines "regulation" as describing "the (legal, economic and political) mechanisms used by local public authorities during a period of change to settle differences, organise disorder and ensure the changing replication and/or transformation of a social system" (Jaglin 2004, p. 5).

[31]There is a wealth of literature available on this subject. For a critical analysis, it is worth reviewing *L'eau mondialisée, la gouvernance en questions* written by Schneier-Madanes in 2010, as well as the recent special 'water' issue of *Actes de la recherche en sciences sociales* written by Lorrain and Poupeau (2014).

agencies, generally set up as parastatal companies known as "boards" (with the technical agency in charge of water being known as the Water Board, for example). By the start of the 1980s, the municipalities' responsibilities had largely been reduced to managing the solid waste collection service. As they served almost no purpose, and were also suffering from a lack of electoral legitimacy, local governments were gradually phased out; disappearing altogether from small towns, where they were already virtually non-existent. Thus, at the beginning of the 1990s, responsibility for the provision of public services in the vast majority of Indian towns was shared among a variety of parastatal agencies.

Under the reforms introduced through the 74th Amendment in 1992, regional governments had to transfer some of these technical agencies' responsibilities to the municipalities. Only the electricity service remained under regional state control. These regional governments thus continue to manage the entire electricity service, from production through to distribution and maintenance, through the same state electricity boards as before. Apart from this one exception, responsibility for most basic public services has been passed to municipalities. However, many states have opted to keep their technical agencies in place, only transferring some, rather than all, of their responsibilities to the new urban governments using specific arrangements. The decentralisation reform therefore raises the key question of how responsibilities are to be shared between these agencies and the municipalities and how they are to work together to effectively manage and provide universal services. How does the local government interact with the regional government and technical agencies to define their shared objectives and work together to achieve them? This service management shake-up can create tension, even conflict, at various levels. How does this affect the expansion and management of public services? Finally, part of our research also involves exploring if there are any features of devolved service management that are specific to small towns and, if so, what do these tell us about the exact nature of the "small town"?

The progressive involvement of municipal governments in urban management and the mechanisms that they use can be explored by examining the "field" of devolved services, which is understood here to mean "a playground, a field of objective relations between individuals or institutions competing for the same objective" (Bourdieu 1980, p. 196). Through the decentralisation reform, devolved service governance brings together the "dominant position holders" (who, in India, are currently the state and its regional technical agencies) and the "newcomers" (municipalities, civil society and private companies); players whose power strategies vary in accordance with their specific resources. Carrying out a multi-dimensional review of these urban services will provide us with an insight into how the specific reorganisation of powers is shaping the municipality and how, by altering the spatial arrangement of these networks, it is helping to directly define the town in general and, in this instance, the small town in particular.

1.3   An Analysis of Small Municipality Governance

1.3.1   A Comparative Approach

As the aim of this study is to examine the implementation of decentralisation in small towns in India, it is important not to limit the research to one town only as "the monographic approach can lead to idiosyncrasies" (Lorrain 2011, p. 34). According to Michel Coquery, "analyses, summaries and comparisons remain essential to the development of geographical research" (Coquery 1994, p. 6). To distinguish between the specific attributes of a town and the features of the process being studied, "the case study must be […] tested through comparison, with this being the initial step towards attempting to formulate the type of generalisation required to make theoretical progress" (Dupont and Heuzé 2007, p. 15).

The first research question focuses on the reorganisation of powers within small towns, which generally lack facilities and are extremely poor. What mechanisms are used and how long does it take to set up devolved institutions in these towns? To respond to this question, the diverse range of situations created by urbanisation in India and encountered in small towns need to be studied by examining a representative sample of these towns. The choices made when developing this sample were far from being impartial and, thus, have shaped the direction of the study and partially influenced its findings.

Firstly, it is not really small towns in the strict sense of geographic locations that we want to compare, but rather the changes to their governance methods brought about as part of a restructuring *process* following decentralisation. Within small towns, how are the new institutions created by decentralisation set-up and what new compromises are made? The next step then involves determining which aspects of the way decentralisation is implemented apply to small towns in general and which apply specifically to only one town and are not observed elsewhere. What are the similarities and differences in urban management within the towns and what processes created them? As the primary aim of this research is to develop an understanding of how the municipal architecture is created in small towns, rather than to conduct a comprehensive review of these towns as geographic areas, a tailored research sample is required.

In the same way as a biologist with his test tube strives to minimise the interference of certain variables, we have opted to limit the scope of analysis to towns situated in the same, relatively homogeneous, area and within a coherent administrative, political, economic, cultural and geographical unit. We have thus selected a sample of four small towns of similar size, each with around 20,000 inhabitants,[32]

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[32]The demographic threshold is representative of the majority of towns in Uttar Pradesh, 65 % of which fall into category III (from 20,000 to 49,000 inhabitants) or IV (from 10,000 to 19,999 inhabitants). In addition, this is the critical threshold that usually triggers water supply infrastructure extension work to cover all areas of the town (see Chap. 2 for a detailed explanation of the town sampling method).
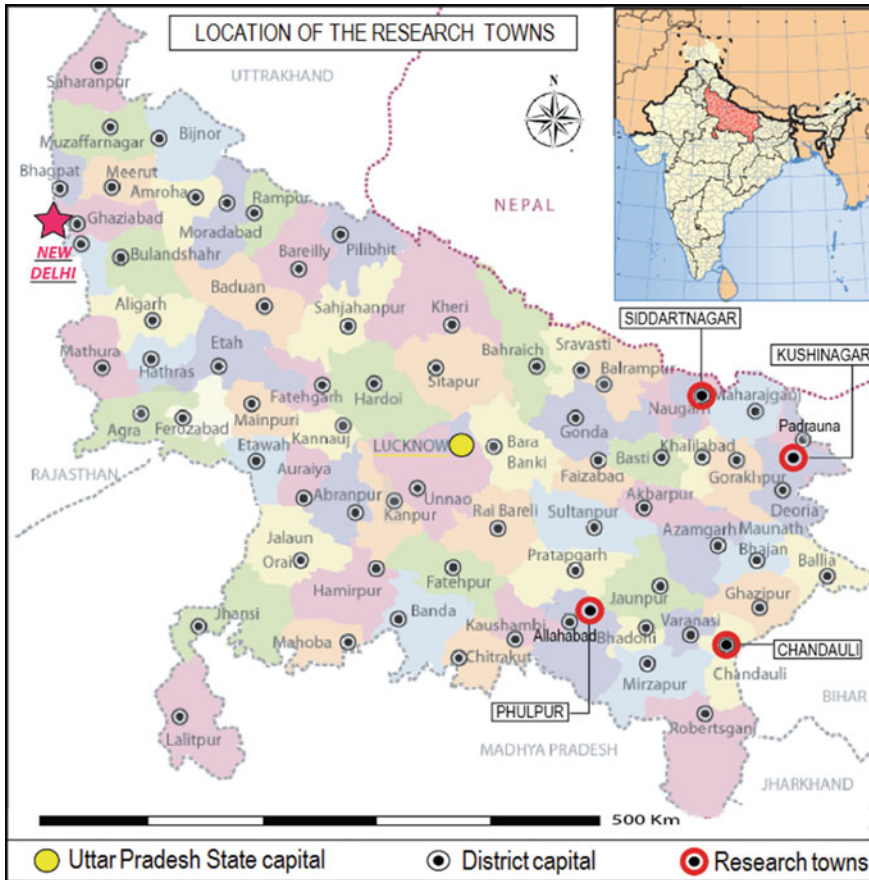
Fig. 1.2 Location of the small towns selected for the study. *Source* Adapted from Maps of India and used with permission

from within the eastern region of Uttar Pradesh, which is a predominantly rural area and one of the poorest regions in India (see Fig. 1.2). In contrast to the west of the state, which in part benefits from its proximity to neighbouring Delhi, the federal capital of India, economic development in eastern Uttar Pradesh (also known as "*purvanchal*"—"province of the East") is low and poverty is much higher (World Bank 2002), which means there is a pressing need for decentralisation to bring improvements.

Each of the small towns selected for the study has a specific feature enabling potential differences in implementation of the reform to be identified. Thus, Kushinagar is a small tourist town with a Buddhist religious site; Chandauli is a district administrative centre whose population doubled during the 1990s; Siddarthnagar is the administrative centre of one of the poorest districts in Uttar Pradesh and, as such, has been defined a priority area by the government; Phulpur is

located near an industrial fertiliser plant and has a predominantly Muslim population (the populations of the other towns being mainly Hindu). However, beyond the specific features of each of these small towns, they have all experienced the same changes as a result of the decentralisation reform and they all have to address the same financial, human and political challenges. Comparing these small towns should, therefore, be highly instructive as, examining them side-by-side will help inform our understanding of a single phenomenon, namely that of the changes taking place in urban authorities within small towns, themselves undergoing physical and institutional transformation. As highlighted by V. Dupont and D.G. Heuzé, "interpretation frameworks that aim to be universal and that can be updated by this mapping exercise will, in return, provide a new insight into local urban realities" (Dupont and Heuzé 2007, p. 15).

The ultimate aim of the methodology selected is to assess the relevance and suitability of the reform in small towns in a poor state. As with other studies into decentralisation, this research is, in one sense, extremely biased. Were the same study to be carried out in small towns in the peri-urban area of a mega city in a developed region, the findings would evidently be very different. However, this is precisely one of the aims of this work: to show that each region is different and that, in order to conduct a rigorous analysis of a phenomenon, geographic context is required. Finally, although this case study may be highly specific, it is nonetheless possible to apply some of the findings on the obstacles to improving people's living conditions to towns in general. As such, this book can also therefore contribute to the current debate on urban decentralisation in India.

1.3.2   "Firsthand" Field Research in Uttar Pradesh

This work is, above all, the result of intensive field work. Much of the research involved experiencing daily life in the small towns to gain a better understanding of their specific features. After an initial field visit of 3 weeks to Uttar Pradesh, between 2008 and 2009, three visits were conducted to each of the four towns selected. The longest of these (the first) was for 3 weeks and the shortest (the last) was for just over a week. During these visits, a number of trips were also made to these towns' neighbouring provincial administrations. In addition, two short 1-week assignments were spent interviewing ministers in Lucknow, the state capital. Throughout the research period, this immersion was greatly facilitated by the institutional, technical and financial support of the Centre de Sciences Humaines de New Delhi (CSH[33]) where, through an "international voluntary service in administration" programme, the author worked as a scientific secretary for the first two years of this research (between February and December 2009) and then as an affiliated researcher. From 2010 onwards, the perspective required to produce the

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[33]The centre was renamed Centre for Social Sciences and Humanities in 2013.

final dissertation research was provided by LATTS in France and was vital for enabling a more objective analysis of the information collected, far removed from the environment of the research case study areas. Finally, thanks to the combined support of the CSH, the Ecole Doctorale Ville, Transport, Territoires (VTT) and the Fondation Palladio managed by Fondation de France,[34] two further visits were carried out to the small towns in November 2010 and June 2012[35] to identify any new developments and check the relevance of the findings prior to returning to France to complete the research analysis and then write this book.

In the field, practical implementation of the comparative analysis theory was hampered by the poverty found within the study region. There is virtually no official data collected on these small towns, making analysing and comparing them difficult: municipalities have very few administrative documents (maps, accounts, technical drawings) and the information available from the regional government's agencies is very often incomplete and unreliable. In Uttar Pradesh, there is a culture of a lack of transparency and what a Comptroller and Auditor General of India report has officially described as "rampant" malpractice, having identified a total of 17,429 financial irregularities over an audit period of only 2 years (CAGI 2009). As a result of this malpractice, coupled with errors made through carelessness, all existing administrative documents need to be interpreted with considerable caution. Thus, achieving the aim of understanding the process through which powers are being reorganised in small towns was initially hampered by the difficulties encountered when endeavouring to build a scientific case on quantifiable and comparable facts.

In addition, the field surveys turned into true research tasks as it was necessary to seek out the data to be analysed and, sometimes, even work with the administrative authorities to produce it. For example, there was no accurate record of the number of domestic water supply connections per ward, thus it was necessary to go round each ward with a plumber and do a physical count. Similarly, it took about a year to obtain the municipalities' financial reports due to the multitude of administrative authorisations required and the fact that, ultimately, the accountants had to compile these reports specifically to meet our request. Finally, there were no accurate maps available for most of the towns and, at the time the research was conducted, Google Earth had not yet published aerial photos of the areas studied. As a result, the maps had to be created especially for the research with the help of engineers, regional civil servants and other municipal staff.

Building an analysable database for these types of small towns in a poor state therefore takes time. It is for this, predominantly practical, reason that the sample was limited to *four* small towns. By analysing them side-by-side, comparing these four small towns has helped provide an overview of the situation in small

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[34]Fondation Palladio (http://fondationpalladio.fr/. Accessed 26/11/2015) provided financial support in the form of a grant during the final year of the research.

[35]The visit in June 2012 was conducted as part of a post-doctoral assignment for the ANR SUBURBIN programme http://suburbin.hypotheses.org/ (Accessed 26/11/2015).

municipalities (within the defined scope of the study region) and assess the reorganisation of powers resulting from the decentralisation reform.

1.3.3 The Analysis Matrix Used for the Surveys

The comparative analysis used meant following similar methodological approaches for all four towns. Thus, a lack of specific data in one town could invalidate the findings obtained from all the other towns. It was, therefore, necessary either to exclude some of the documents provided or to make further efforts to acquire the necessary data in order to proceed with the comparison. To this end, the same research method was used for the four small towns studied, both for producing maps and accounting documents and for conducting qualitative and quantitative surveys. In each of the towns in the sample, we carried out a survey with users to assess the level of the services provided and the institutional democratisation process and we also conducted qualitative interviews with the various local and regional urban governance stakeholders.

For the household surveys, the sample of inhabitants was created for the different wards of each town using the following types of criteria: geographic (one ward in the centre and one in an outlying area); activity (a residential area and business area —trade, small-scale industry, tourism, administrative offices); and sociological (a predominantly low-caste ward and a predominantly high-caste ward). Due to the duplication of some wards (a low-caste ward is usually poor and often—but not always—located in an outlying area), we also interviewed users in non-shortlisted wards, who we selected at random as we walked around the town. In total, we surveyed users in 28 different wards, including eight in Chandauli, nine in Kushinagar, seven in Siddarthnagar and five in Phulpur. We conducted individual interviews between three and six households per ward and, in some cases (as neighbours all gathered round during interviews), we also completed collective questionnaires. This activity culminated in us analysing the responses of 131 households between 2008 and 2012.

In addition, we conducted numerous interviews with all the ward's elected officials and the town mayor, as well as with some of their predecessors. We spent a large part of our time in the local government offices, meeting the various employees on a daily basis to glean information on life within the municipalities (they provided a wealth of highly useful information for understanding existing power struggles and for identifying the weaknesses and potential of local administrations), working to obtain accurate data from administrative documents, electoral rolls and maps (for developing water supply network coverage maps, for instance) and reconstructing certain other information (such as accounting documents). Outside the municipality, we also met with other institutions involved in the town's development, from district administrative technical agencies through to representatives of a number of departments from the ministry of urban development based in Lucknow. We have thus endeavoured to assess our research subject by

focusing on several levels, not only on the local level by studying the municipal administration and elected officials, but also on the regional administrative authority level by interviewing various civil servants, and using a multi-scale and multi-dimensional approach.

- By reviewing the democratic aspect of the reform, we have focused on the restructuring of the political authorities: *what are the main features of the relationship between the population and the municipal government?* We conducted surveys with local residents and their elected representatives to build a picture of their interactions since the devolution of power and then examined the political set-up of the municipality by comparing it to the regional level: *how is the State repositioning itself given the municipal government's increased political legitimacy?* We also reviewed the administrative changes that have been made within local government: *how do elected officials interact with municipal government employees and civil servants?* Finally, we looked at the extent to which the democratisation of institutions had changed the town's administrative management: *what impact has the restructuring of authority/responsibilities had on the management of the municipality?*
- By reviewing the technical aspect of devolved public services, such as water supply and urban roads, we studied the restructuring of functional authority: *what are the main features of technical service management since decentralisation?* Using surveys undertaken with regional engineers and municipal service managers, as well as available technical documents, we examined the municipality's institutional integration into the governance system: *How does the municipality coordinate with the technical agencies to carry out its new responsibilities?* We sought to highlight the potential variables in the coordination and cooperation between stakeholders, as well as any sources of tension impacting on the effectiveness of service management. Similarly, we focused on the various links in place between the municipalities and regional government by looking at the infrastructure available in each of the towns: *how is the regional government involved in service provision?* Finally, reviewing the technical services' strategies led us also to examine whether there was equal access to these services in the small towns: *are there any differences in access to services that could be considered as discriminating against certain social groups?*
- By reviewing the financial aspect of the municipalities, we focused on how their position in the institutional set-up has changed since the 1990s: *what are main changes seen in the financial relationship between the municipality and the regional government?* By drawing on an analysis of the accounting documents developed with each municipality, we have sought to build an understanding of the impact of the financial changes on the opening up of competition between towns: *how have the reforms fostered an increase in disparities between towns?* We also examined the role of the state of Uttar Pradesh in intentionally developing certain towns and not others: *how has the financial support provided by the upper levels of government changed since decentralisation?* By

comparing data from each town, we sought to understand the variables likely to result in increasing differences between towns. Finally, we looked to establish how much independence municipalities enjoy when setting their budgets and making tax decisions: *what do the municipalities' financial decisions tell us about their empowerment?*

We have thus used a multi-scale (by combining various levels of observation) and multi-dimensional (by studying our research topic from various angles) approach for reviewing the municipal set-up of the small towns studied. The comparative framework that guided our studies enabled us to highlight a number of inter-dependent aspects (democratic, technical and financial) and develop an understanding of how the municipal institutions fit into the poly-centred architecture, in terms of the relationships between the various stakeholders working on different levels.

1.3.4   Structure of This Publication

A four-chapter structure has been selected in which to present this research. This structure has the advantage of being both simple and clearly highlighting the common theme of the research. In addition, it also mirrors the chronological order of the study by reproducing the gradual immersion into the political, technical and financial management of small municipalities.

Chapter 2 outlines the scope of the study, first subjectively through a field note, then at the regional level of Uttar Pradesh, and finally for the small towns selected. The sampling method is based on a reasoned choice that places the research against the backdrop of a poor and highly politicised region. Uttar Pradesh suffers from poor economic and social development (with particularly poor service levels in small towns), yet over the last few years, the state has also seen a rise in the number of political parties from the lower castes (with high numbers in small towns). Rather than using position papers, this chapter draws on a range of statistical data, visual documents and a field note to review the main features of the small towns selected for the study.

Having provided the necessary background information, Chap. 3 sets out the initial findings of the political aspect of the analysis and describes how local responsibilities and authority have changed following implementation of the decentralisation reform in the small towns involved in the study. From a formal perspective, the main elements of the 74th Amendment (regular elections, quotas for the lower castes and for women) appear to have been implemented; however, in reality, the democratic spirit of the reform is essentially being circumvented as, in each of the small towns, municipal powers are being seized by local leaders. On another level, the restructuring of political authority appears to have above all benefitted the regional political parties, which are attempting to gain a foothold in the towns via the local oligarchy that has been made legitimate by the reform.

Finally, the local people have benefitted very little from this reorganisation of power, which provides them with few opportunities to participate in urban management.

Chapter 4 covers the small municipalities' decentralised technical services,[36] namely roads and water supply, which embody all the transfers of power being implemented. The "roads service" (namely all roads-related public services, such as sanitation, solid waste collection, public lighting and the roads themselves) is included de facto by its predominance at the local level. Public road works is a major issue for all concerned: for the local people, who are eager to see improvements; for elected officials who wish to visibly enhance their public profile; for the local construction companies who want the works contracts; and for the regional agencies who want to hold onto their functional responsibilities. The detailed analysis of incentive mechanisms reveals the development of political and economic arrangements that somewhat undermine the municipalities' supposed independence. Examination of the "water supply service" has highlighted other issues, both technical and institutional, as the study reviewed whether the regional government has displayed any favouritism in its procurement of infrastructure and whether local authorities have limited sovereignty.

Chapter 5 covers the "financial and accounting" aspects of municipal management. It explains where the municipalities' financial resources come from and reviews their expenditure since the 1990s. The analysis undertaken provides a chronological overview of the changes that have taken place within public services and how small towns' local governments' ways of working have changed since decentralisation. As with the roads service, it steadily became apparent that studying this aspect provided an ideal opportunity not only to assess the independence of the municipalities' budget decisions with a view to quantifying disparities in the support provided to the municipalities by the state but also, and more generally, to better assess the repositioning of the municipalities within the institutional architecture that has been taking place since the 1990s. This comparative perspective thus made it possible to analyse the differences in the municipalities' financial management and gain an understanding of their relative empowerment since implementation of the reform.

The conclusion, Chap. 6, includes a cross-cutting summary of the main findings of the research by responding to all of the questions outlined in the introduction above. The section begins by reviewing the political implications of transferring local governance powers to the small towns studied. This is followed by a review of the way roles and responsibilities have been reallocated between the local institutions and traditional public stakeholders. Together, this information provides an

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[36]The public electricity service is not explicitly dealt with in this study as responsibility for this utility was not devolved to local governments under the 74th Amendment. However, it is occasionally mentioned as it is technically linked to the water supply service, which uses an electrical pumping system, which is covered in some detail in this study.

understanding of the municipal set-up whilst highlighting the specific features of small towns in India. Finally, this summary concludes with a call for studies to better take "small towns" into account as this legitimate area of review provides numerous new possibilities for urban research.

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Chapter 2
From Theory to Practice: Field Research in Four Small Municipalities in Eastern Uttar Pradesh

Abstract This chapter outlines the scope of the study, first subjectively through a field note, then at the regional level of Uttar Pradesh, and finally for the small towns selected. The sampling method is based on a reasoned choice that places the research against the backdrop of a poor and highly politicised region. Uttar Pradesh suffers from poor economic and social development (with particularly poor service levels in small towns); yet over the last few years, the state has also seen a rise in the number of political parties from the lower castes (with high numbers in small towns). Rather than using position papers, this chapter draws on a range of statistical data, visual documents and a field note to review the main features of the small towns selected for the study.

Keywords Uttar Pradesh · Basic urban services · Small towns · Municipalities · Field note

As part of a graphic report on poverty in India,[1] the well-known American journalist and artist Joe Sacco visited Kushinagar district, which is in the same eastern region of Uttar Pradesh as that studied for this research. The description of the difficulties he had obtaining information, of the corruption within the administration and of the violence practised by the system against the Dalits[2] could easily have been written to describe the situation encountered during the present survey (see Fig. 2.1).

It will thus be important to begin the book by building up a comprehensive picture of the designated regional area in which the research was conducted, as its local character gives rise to specific findings that cannot necessarily be found elsewhere, within a region that has other distinct features. To paraphrase

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[1]An article entitled "*Les fermiers aux pieds nus*", first published in January 2011 in issue 13 of the *French Quarterly Review* XXI.

[2]*Dalit* is a term used to describe the group of people previously regarded as untouchable (also called "*harijans*" by Gandhi), who are traditionally very often relegated to carrying out tasks regarded as impure by upper caste Hindus in India (for more information on "untouchables", please consult the work of reference written by Robert Deliège, *Les Intouchables en Inde. Des castes d'exclus*, Paris, Imago, 1995).
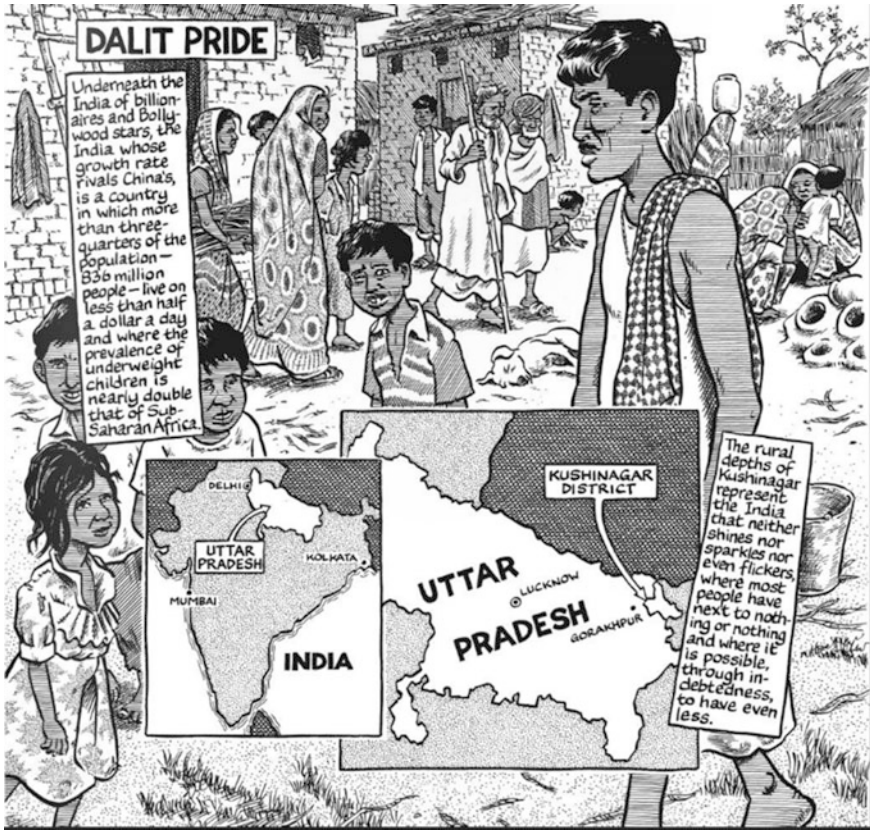
Fig. 2.1 Kushinagar district, by the graphic artist and reporter Joe Sacco. *Source* © Joe Sacco 2012, reproduced here with the kind permission of Joe Sacco

Véronique Dupont and Djallal G. Heuzé, from their publication on towns in southern Asia, we believe that "understanding the processes, identifying the factors underlying the various urban forms and structures involves placing yourself within a given historical and geographic context" (2007, p. 15). The aim of this first chapter is, therefore, to introduce and describe the research area and it begins with a *mise en abyme* in the form of a field note entitled "In deepest Uttar Pradesh". Deliberately introspective and written in the first person, this brief account seeks to provide an insight into what it is like to conduct empirical research in small towns and to describe some of the unexpected incidents that can occur. These personal observations are then followed by a detailed examination of the criteria that led to the selection of Uttar Pradesh as the study area over other regions of India. This reasoned explanation also includes an overview of some of this state's specific (economic, social, urban and political) features as they relate to our research. Finally, after having described the selection criteria used to determine the small

towns chosen for in-depth analysis, this chapter concludes with a brief description of each of the small towns studied. Further information on these towns can then be obtained from looking at the colour graphic documents included in this publication.

2.1 In Deepest Uttar Pradesh

The field work did not always run smoothly and some of the difficulties I encountered severely frustrated my attempts to obtain the data I required. By describing some of the stumbling blocks I ran into, this brief field note, originally written after 2 years of work on this research,[3] aims to show that, although sometimes difficult, these types of experience are never insurmountable and can ultimately prove to be heuristic and worthy of inclusion in the research process. These adventures of "an innocent geographer"[4] provide an insight into the everyday challenges of conducting research in small towns in a poor state and into the empiricism these helped create for analysing the processes studied.

"Namaste, Mere Dost![5]"

In order to build an understanding of my research subject, I needed to immerse myself in the life of small towns and so I set off with just a rucksack on my back and no idea of the challenges awaiting me. Following an initial exploratory visit to a number of small towns, I chose four of these, all similar in size with around 20,000 inhabitants and within the same political and cultural region, namely the eastern part of Uttar Pradesh, where the main language is Bhojpuri (predominantly spoken in eastern Uttar Pradesh and neighbouring Bihar) and which is extremely poor. Over the course of my 4-year research, I visited each of these four small towns on numerous occasions, usually accompanied by a research assistant.

During my first ever visit to one of these towns, I was accompanied by an interpreter from Varanasi, who was to help me by explaining the purpose of my research to the local authorities. However, given the harsh reality of these towns and the contempt in which he held the local people, who were less well-educated and from a lower caste, we quickly decided to bring our working relationship to an end. Thus, with the financial support of the Centre de Sciences Humaines in New Delhi (CSH), I hired another assistant, a friend from Delhi, to assist me in the field. Unfortunately, when faced with the daily difficulties of living in these cramped small towns, which he found "too dirty and congested", he also soon decided to give up the post. After these first two unsuccessful attempts, I finally had the pleasure and good

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[3]A version of this field note (in French) was published online by the review *Carnets de Géographes*: http://www.carnetsdegeographes.org/ (accessed 26/11/2015).

[4]This is a reference to the excellent book by Nigel Barley, *An Innocent Anthropologist* (1983), which gives a witty account of his field work among the Dowayo people of Cameroon.

[5]"Welcome, my friend!".

fortune of working instead with Shankare Gowda, who turned out to be the ideal assistant for this research. From a village in Karnataka and with a doctorate in political science, Shankare, who was 37 years old at the time, had already worked with researchers from CSH, interviewing elected officials and Indian civil servants as part of his previous assignments. Patient and highly supportive of my work, Shankare greatly facilitated my immersion in the small towns and, over time, became much more than a simple assistant to become a colleague and true friend with whose help I was able to properly develop my research. Indeed, Shankare played a vital role in my field work, where the language barrier was just one of the many challenges encountered and where it was necessary to adapt the theoretical objectives of the research to the practical realities of a complex region.

The huge city of Mumbai is often used to highlight the excesses of anarchic urbanisation in which all vices thrive. However, I think that, unfortunately, discussions on the failings of "modern urban" India should also include some of the less high profile but equally violent cases of poor small towns. The towns selected for the study are in an extremely poor region, where day-to-day corruption (Jeffrey 2000), which is virtually institutionalised and has been officially described as "rampant" in a Comptroller and Auditor General of India report (CAGI 2009), is coupled with a democracy that is often taken over by the towns' elite despite a relative openness at parliamentary level (cf. Jaffrelot and Verniers 2012). In addition, the enslavement of poor population groups takes place against a background of permanently shifting traditional feudal systems (Jeffrey and Lerche 2000) and poverty remains an integral part of the landscape (World Bank 2002; Sacco 2012). In relation to this final point, it is important here to revise a hackneyed statistic by clarifying that the people who are the worst-off in India are not necessarily those who live in remote rural areas or in slums in large cities, but instead are to be found in small towns, and particularly in small towns in the least developed—and most disadvantaged—states (for more on this subject, see Himanshu 2006).

As an outsider arriving in one of these small towns, there are things that you initially find shocking, but you are then able to see beyond this first subjective impression and recognise the positive ongoing changes. Once accustomed to the hubbub of the *tempo*[6] and other overcrowded small transport vehicles, the first thing that strikes you is the *nala*, the foul smelling, permanently overflowing open drains beside which children like to play, sometimes inadvertently stepping into stagnant excrement. The persistent smell of the *nala* is merely the most noticeable precursor of the types of urban issue found in small towns. The rivers that flow through the town are literally drowning in rubbish; the water supply pipes are full of dirty water that seeps in from the drains in which they are laid; any paved or tarmac roads are of such poor quality that they are constantly being repaired; services are rare and the queue to use the only cash machine in the town seems to get interminably longer;

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[6]In the region studied, *tempo*, taken from the name of the company, Bajaj Tempo Ltd, is the name usually given to the small, privately owned vans that take people to and from the district's towns and villages on a daily basis.

finally, the long daily power cuts paralyse the entire town, turning it into a true "night market". However, people end up getting used to these constraints. Although the situation can appear somewhat "difficult" to a visitor upon arrival (on one of his bad days, my assistant more prosaically described it as "pathetic"), once you have acclimatised and started living in the town, you soon get used to the things that you initially found so shocking as an outsider. And, after all, even if the roads wear out so soon after being built, a few years ago, there were no roads at all. The same is true of public lighting, which admittedly has only been installed along one main road and only works when there is electricity available (which means sometime they can be lit during the day but not overnight). Similarly, there were hardly any solid waste collection or public water supply services available in the past, whereas there services are now being provided today, albeit not to their best potential; however, they are constantly improving. People put up with the shortcomings of the available urban services, which at least do remain *available* and have noticeably improved their daily lives. This urban modernity may be relatively poor quality, but it is modernity nonetheless and better than nothing. In visiting these small towns, I too eventually got used to them, despite a few difficulties that my doctoral supervisors sometimes had to listen to and in spite of my previous experience of working in the slums of Bombay and Chennai. Living with rare electricity, sometimes with scarce water and in the stultifying heat and dust so far away from home, any foreign researcher would feel somewhat lost in such remote small towns as those in deepest Uttar Pradesh.

Certain things were easier to overcome than others and some have even made unforgettable anecdotes. Whilst anecdotes may have no place in a true position paper, they nevertheless provide useful information about what goes on in these small towns. One such telling event took place on my first day in Phulpur, a small town to the west of Allahabad. Upon our arrival in the town, and after having discovered there were no hotels and that it would be impossible to stay in a family home due to people's general distrust of strangers, my assistant and I found ourselves in a most unusual situation. During our morning wanderings looking for somewhere to stay, I had been rather disconcerted to see some men walking round town armed with sub-machine guns. "Each culture has its own values, habits and customs" as the saying goes, so I had done my best to ignore them and focus on resolving the more pressing and far more reassuring problem of finding somewhere to spend the night. Imagine my surprise when, in an area of highly irregular housing, I suddenly came face-to-face with around a dozen sub-machine guns that had been left outside leaning up against a wall! As one thing led to another, my search for accommodation finally took me to the house of one of the town's local kingpins, the young head of a gang of "*goonda*s", the local mafia, to whom I ended up introducing myself and, with a tense smile, explaining the reason for my presence in Phulpur. The mafia is an omnipresent part of everyday life in the region, particularly in Phulpur where all prominent figures, including the Mayor, have their own "bodyguards". After having given my brief explanation, I opted to make myself scarce and, rather than renting a room in an armed gang's headquarters, we ended up staying in the hall of a private clinic that was still under construction (but already in operation) after having met the clinic's owner, who was only too happy

to take advantage of the additional income we would provide. My assistant and I therefore spent our nights sleeping either on an old hospital bed or on the small sofa meant for clients and our days walking around the various districts of the town conducting research until the doctor finished his day's consultations and we were able to regain "our" costly temporary lodgings in the evening.

Our problems finding accommodation in Phulpur, which were nowhere near as extreme in the other towns studied, paled into insignificance beside the researcher's main difficulty: the lack of official administrative data, not only within the offices in these small towns, but also within their regional counterparts in Uttar Pradesh, which is rivalled only by the malpractices of a minority of certain civil servants. The locally recruited and poorly trained municipal employees were not always able to help me simply because they lacked the basic technical resources required: there were no computers, minimal accounting and the town map was often hand-drawn, etc. The administrative apparatus in most of the small towns did not have any proper and easily analysable data (see Fig. 2.2).

Fig. 2.2   The lack of administrative data. *Note* **a** Map used by the municipality of Siddarthnagar, which provides an inaccurate view of the actual morphology of the town; **b** public electricity company's offices in Kushinagar, with walls covered in stacks of dusty files. **c** Accountant in Kushinagar working without a computer and much training to compile **d** a set of municipal annual budgets which have been especially compiled for this research (see complete financial analysis in Chap. 5). *Source* Author

The difficulties of collecting administrative data became truly apparent when we started the slow and painful task (see Box 2.1) of collecting information on municipal budgets for the period between 1990 and 2009, information which led to a highly revealing analysis, contained the Chap. 5 of this book, of the actual management of small towns.

> **Box 2.1: In Search of Lost Budgets**
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> Despite the earnest help of numerous civil servants, the difficulties we had in obtaining municipality accounting information revealed failings within the regional administration and highlighted the forced inactivity of staff working within dilapidated buildings and suffering from constant power cuts; buildings which were sometimes strangely empty, but most often stuffed full of a suffocating amount of paperwork. This "search" took us from municipal offices to the offices of the Ministry of Finance and the Directorate of Local Bodies, via a series of diverse regional administrative institutions where these documents should theoretically have been stored and filed. Most often, we would eventually find the document we sought lodged between two piles of dust-covered paper, which had been stuffed in a cupboard and forgotten. The only place these documents had been "filed" was in the small towns; but neither had the regional administration destroyed them.[7] Ultimately, they had just not been opened for a very long time, let alone properly compiled; a task that needed to be completed to enable us to analyse them.

This financial data collection task did at least have the advantage of providing us with the opportunity to study each administrative level over a long period of time, from the small town up to the state regional capital, and, incidentally, to spare an empathetic thought for the difficult experience that Upamanyu Chatterjee describes in *English, August: An Indian Story*. In this novel, published in 1998, the author narrates his experience of small towns through the eyes of a young Indian civil servant (Agastya Sen, also known as "August") who lands a job in a small municipality in the heart of India called Madna, in which can be found all the scourges of traditional India. Given the similarity of the situations outlined in the book with my own experience, I have included a short extract here in which the author mischievously describes the dilapidated state of the district administrative building:

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[7]According to the civil servant in charge of the accounting department at the Directorate of Local Bodies in Lucknow, certain files that are considered non-essential are regularly burnt to make space in the archives. Since 2005, the information has been stored with the provincial administration, who is currently working on computerising all the files (Ministry of Finance in November 2009).

"Gandhi Hall stood beside the city police station, a three-storeyed building. For a moment he thought that it had been bombed, something out of a TV news clip on Beirut, broken window panes, old walls, an uncertain air, a kind of wonder at not having collapsed yet. A red banner over the door, and outside, a statue of a short fat bespectacled man with a rod coming out of his arse. He asked in wonder, "Is that a statue of Gandhi?"

Sritvastav laughed shrilly. "Yes. Who did you think?"

"Phew. What's the rod, sir?"

Srivastav laughed even more. "That's to prop up the statue. It fell off a few weeks after it was installed. Madna will have many more surprises, Sen."

(Chatterjee 2006, pp. 28–29)

In addition to the administration, I also had to deal with local, regional and national politicians, members of the national parliament and of the parliament of Uttar Pradesh. At the municipal level, and since implementation of the decentralisation reforms set out in the 74th Constitutional Amendment of 1992, the elected Mayor seems to hold all the power: supposed to be the living embodiment of the democratisation of local life, the Mayor has genuine symbolic power over his fellow citizens. For the researcher, the first surprise when studying the Mayors of these small towns is the number of cases of corruption that they all seem to get embroiled in at some point or another during their careers before emerging from the experience unscathed, thanks to the intervention of political friends in high places. This corruption, which can help "grease the wheels" when on a small scale, can also become a source of local conflict that blocks the urban service development process. However, the Mayor's influence within *his* town is not limitless as, in reality, he is still a long way from holding all the power and remains highly dependent upon the regional government, which allows him only the minimum amount of leeway, at least in Uttar Pradesh.

Finally, I was further surprised by the lack of an organised civil society in form of residents' or users' associations, non-governmental organisations or even small-scale private operators such as those found in major cities. However, there is very little interest in involving civil society in governance or discussing community-based service management in these small towns. The mostly poor population is making do with the services provided, which are admittedly poor but nonetheless available, and so make no attempt to develop other management methods than relying on political relations. There is no real organised local civil opposition to stand up to the local leaders who have taken over the municipal bodies and the local media is most often owned and controlled by the managing elite.

A researcher would thus search in vain to find situations similar to those seen in cities. For example, small towns are relatively uniform in their poverty, making urban fragmentation much different and far less noticeable than in cities, where it is common to find business areas and slums side by side. Therefore, small towns are highly specific research areas, with dynamics that are very distinct from those of the metropolises usually studied. They are still thriving urban settlements, but settlements that have developed within their own territorial context. Thus, it was

necessary to experience life in these towns in order to study them. In addition, having the opportunity to produce part of this book in France, far away from the small towns studied, provided me with the distance required to begin an objective analysis of the data collected. It is these main findings that are provided in this publication: facts that have been documented, examined, compared and interpreted as part of research into the process of setting up municipal institutions in a context where these institutions are only just beginning to emerge.

In human sciences, no matter how meticulous your theoretical preparation, you will always come up against the field reality of a research area that refuses to fit neatly into the methodological framework in which you would like to confine it. As a researcher, you thus have no other choice than to adapt using a more inductive analysis approach and by being prepared to abandon some of your initial assumptions and allowing yourself to be guided by the field, as outlined in *Grounded Theory* developed by Glaser and Strauss (1967). In spite of the frustration and disappointment they can initially create, practical difficulties should thus be considered heuristic (and even humorous, as illustrated by a well-known "innocent anthropologist" in Cameroon—Nigel Barley 1983) as, ultimately, they always illustrate a specific feature of the research topic. Accepting this can help generate a new starting point for more relaxed and freer research that provides a greater insight into the actual processes being observed. In other words, the twists and turns of empirical research serve to remind the researcher that it is (s)he who needs to adapt to the field, and not the other way round!

2.2   The Selection of the Region for Analysis

Uttar Pradesh (see Fig. 2.3) was selected using a combination of geographical, political, social and institutional variables that are described in more detail below. First, as the aim of the reform is to improve people's living conditions and reduce poverty, we wanted to conduct the research in a poor area of the country. Based on the available assessments of development programmes in India, it would appear that poor states are unable to free themselves from their constraints as easily as the richest (Bardhan 2008; Kundu 2003), which makes them of interest to our research. Had we been interested in a different perspective, we could also have opted to study a state with strong social and economic development in order to illustrate good urban governance practices. However, as we chose to do the opposite, the state selected needed to have the foundations in place to implement the decentralisation reform, particularly the democratic aspects, political process and administrative institutions, to enable us to observe progress, strengths and weaknesses. Finally, we opted to focus on a regional area suffering from similar urban imbalances to those found in the rest of India, with cities having experienced much faster growth than other types of urban area during the 1990s.
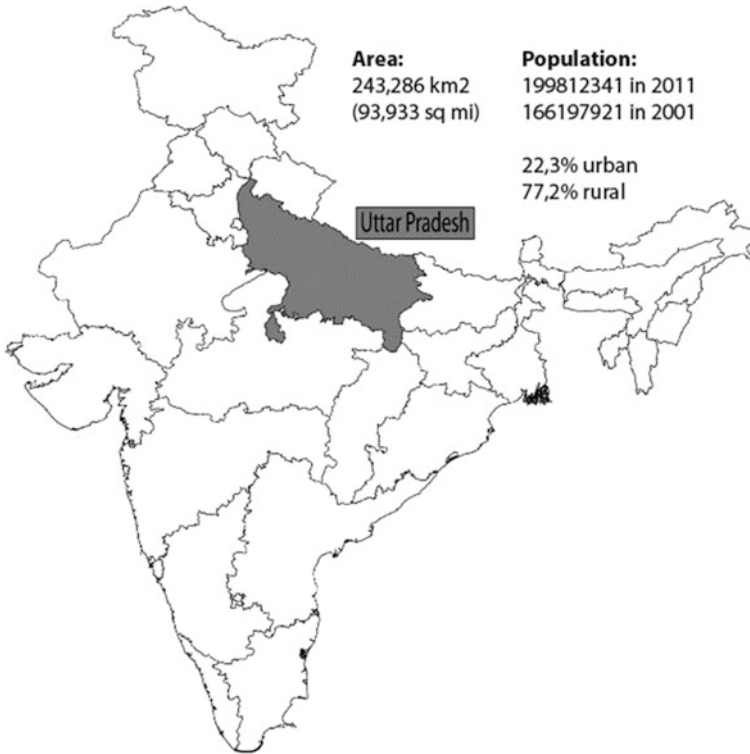
Fig. 2.3 General overview of Uttar Pradesh. *Note* Location of Uttar Pradesh (since 2000). Situated in the centre of the north of India, Uttar Pradesh (UP) covers an area of 294,413 km², which equates to 9 % of the total area of India. With 199 million inhabitants—or 16.5 % of India's total population—in 2011, UP is the country's most populous state and is demographically on a par with the seven largest countries in the world. The development of the state automatically has a major impact on India as a whole. *Source* Based on Census 2011 (GoI 2011)

2.2.1 Political and Institutional Context

2.2.1.1 Indian Democracy Seen Through the Lens of Uttar Pradesh

With a population of 199 million inhabitants in 2011, Uttar Pradesh is not only the most highly populated region in India, but it is also the state with the highest number of *Lok Sabha*[8] representatives, having 85 members, or 16 % of all MPs. Half of

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[8]*Lok Sabha* is the lower house of India's parliament. According to the Constitution, it can contain a maximum of 530 members of parliament, including representatives from the states (elected in proportion to their population), 20 representatives from the Union Territories and 2 representatives of the Anglo-Indian community who are nominated by the President of India for a 5-year term. The *Lok Sabha* has the same legislative powers as the *Rajya Sabha* (the higher house), except in matters of finance, on which it has the final say.

India's prime ministers since independence have come from Uttar Pradesh. The state is home to numerous temples, mausoleums and sacred rivers, making it highly symbolic for the whole of India despite sometimes tense struggles over its identity.[9] Thus, "political developments in UP will always be of national significance" (World Bank 2002, p. 56). Due to its geographic location on the edge of the Indian peninsula, Uttar Pradesh has been invaded numerous times in its past and experienced various waves of immigration, meaning that today it is home to an extremely socially, religiously and ethnically diverse population. It was the British who created the political entity, naming it the "North-Western Provinces of Agra and Oudh". This was renamed the "*United* Provinces of Agra and Oudh" in 1902 and then shortened to "United Provinces" in 1937. The state was only given its current name of "Uttar Pradesh" ("Northern Province") two-and-a-half years after independence. Unlike the Tamils, Bengalis or Rajasthanis, there is no overarching term given to the inhabitants of the region and, even today, political affiliations and allegiances are often strongly divided along ethnic lines. This social fragmentation is reflected in the political sphere (see Box 2.2): support for the Indian National Congress Party, which was still popular at the national level at the time of the research, is virtually non-existent in Uttar Pradesh, having been crushed by the BJP (*Bharatiya Janata Party*: "Indian People's Party"), BSP (*Bahujan Samaj Party*: "People in Majority") and SP (*Samajwadi Party*: the "Socialist Party"), who have each capitalised on the community divisions among the population to assert their political authority (Pai 2002).

Box 2.2: The Main Political Parties in Uttar Pradesh

Congress is one of the world's oldest and largest political parties and played an important role in India's fight for independence. The party's dominance has progressively diminished since the end of the 1980s as "identity" parties, such as the Hindu nationalist BJP and the pro-Dalit party, BSP, have gained in popularity. Having taken over from the BJP to govern India in 2004, the Congress party suffered a historic defeat in the legislative elections of 2014, finishing a long way behind the Hindu nationalists, who regained power and once more govern the country. The leader of the party, and new government, is Narenda Modi, a charismatic leader and controversial figure due to his extolling of "Hindutva" ("Hinduness") and his part in his state government's handling of anti-Muslim riots in 2002 in Gujarat.

In Uttar Pradesh, the destruction of Ayodhya mosque in 1992 by Hindu activists had already caused riots across the country and led to "President's

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[9]For example, the destruction of Ayodhya mosque in 1992, sparked by Hindu nationalists from the BJP and RSS, caused widespread violence between Hindus and Muslims throughout the country. It also led to a state of emergency being declared in Uttar Pradesh and the government being dismissed (then led by the BJP). The court's decision, announced in November 2010, that divided the area under dispute into three equal parts between the warring parties, is highly symbolic of the tensions that exist in India between Muslims and Hindus.

Rule" being invoked within the state (whereby the state came under the direct control of the central government). In this region, which is home to a high proportion of people from the lower castes and classes, the SP and BSP have successively joined forces and fought each other for power. The BSP gains most of its support from the "untouchables", who make up over 21 % of the population (compared to an average of 19 % for the whole of India), whereas the SP's electoral base is the *Yadavs*, one of the largest Muslim castes. During the research period from 2008 to 2012, the BSP had been at the head of the government since 2007, having taken over from the SP; however, the SP went on win an absolute majority at the 2012 elections and returned to power, thanks in part to the Muslim vote.

Source Dictionnaire de l'Inde and Encyclopédie Larousse

The "Untouchables", who are usually referred to as "Dalits"[10] in Uttar Pradesh, are administratively classed as Scheduled Castes (SC).[11] Although positive discrimination for civil service jobs has been in place for around a century, for a long time these groups were too poor to take full advantage of their quotas and, until recently, posed no threat to the Congress party led by the upper castes. In contrast, the "unfavourable treatment" reserved for the Other Backward Classes (OBC),[12] who were initially not given quotas for jobs within the administration, was triggered by the upper castes' fears of being overrun by groups whose demographic and economic weight was far greater than that of the untouchables (the Mandal Commission[13] estimated that 52 % of the country's population were OBC at the time) (Jaffrelot 2002, pp. 143–144). The former Prime Minister, Vishwanath Pratap

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[10]The term *Dalit* ("oppressed") is often preferred to "*untouchable*", which some consider derogatory.

[11]Although it appears to fly in the face of common sense, the Indian Constitution has abolished "untouchability", but not the caste (for more on this subject, see, Herrenschmidt (1997).

[12]Along with *Scheduled Castes* (SC) and *Scheduled Tribes* (ST), *Other Backward Classes* (OBC) is another designation given to disadvantaged groups by the government. "Considered to be *Shudra*, the castes concerned have a ritual status that places them between the twice-born on the one hand and the Scheduled Castes on the other.[…] it is up to each state to compile their official lists of OBC […] the ambivalent terminology of which reflects the difficulty in defining their social type" (*Dictionnaire de l'Inde*, 2009, p. 155).

[13]This commission, which was named after its president, B.P. Mandal, was established in 1978 by the Janata party government to consider the needs of the OBC, a category now recognised by the Constitution but not fully defined. The commission recommended reserving 27 % of job opportunities in central government agencies and public-owned enterprises for the OBC. V.P. Singh's decision to implement the Mandal report was greeted with opposition from the upper castes (certain students set themselves on fire) as the new quotas meant fewer job opportunities for them in the government sector, which had always been their private turf (*Dictionnaire de l'Inde contemporaine*, 2009, pp. 21–22).

Singh's recognition of this situation turned Uttar Pradesh into one of the rare states where the OBC also benefitted from quotas in the same way as the Scheduled Castes.

Although these quotas for government jobs did not really help create equal socio-economic conditions (as Mandal himself acknowledged in the 1980s), they did transform the lower castes' relationship with the political powers. The administrative categories enabled castes with a demographic majority to come together to form powerful electoral coalitions (Khilnani 2002). The OBC's political influence automatically grew when voters from the lower castes decided to stop voting for the mainly upper caste Congress candidates and switch their support to the *Samajwadi Party* (SP) instead, in which they were better represented (Chandra 2000). Similarly, the small Dalit elite of civil servants hired through the administrative quotas later joined forces to set up the BSP, which has been continually growing in popularity in Uttar Pradesh. These caste-based parties have been able to develop a winning strategy by turning the OBC and SC from simple administrative categories into "*political* categories for which the caste system is major source of social oppression" (Jaffrelot 2002, p. 144). They have thus become a driving force in the unification of marginalised groups. Zoya Hasan sums this situation up well when she says "in other words, the Castes and Tribes identified and the OBC have become political categories thanks to the quotas" (Hasan 2006, p. 82).

The major development in the role of castes in Uttar Pradesh embodies the "plebeianisation" of Indian democracy better than anywhere else in the country. At the beginning of the research period, in 2008, Mulayam Singh Yadav, leader of the Samajwadi Party, relinquished the position of Chief Minister of Uttar Pradesh to the high-profile Kumari Mayawati (see Box 2.3), the first Dalit woman to hold the post, and a symbol in her own right of the "untouchables" rising power (which make up 20.5 % of the population in Uttar Pradesh, compared to a national average of 16.2 % in 2011).

Box 2.3: The Mayawati Phenomenon

Chief Minister of Uttar Pradesh in 1995 and 1997, then again from 2002 to 2003, and finally from 2007 to 2012, Mayawati, a single woman, former teacher and Dalit, had an entirely unique political profile. She became secretary of the BSP (which works to improve the situation of the Dalits) upon its creation in 1984 and steadily began to play an increasingly greater role in the party, thanks to the support of its founder, Kanshi Ram. For Stéphanie Tawa Lama-Rewal, Mayawati "is nobody's heir", "she is strongly committed and challenges conventions, strongly backed by her supporters" (Tawa Lama-Rewal 2007, p. 9). She was elected on a platform of social change that focused on furthering the interests of the Dalits. One of the first projects she launched specifically targeted the development of Dalit districts and was named the "Kanshi Ram" programme in honour of the BSP founder who died

in 2006. For political analysts, this "social revolution" was above all driven by Mayawati. In an article that appeared in *The Hindustan Times*[14] on 10 April 2007, Dipankar Gupta was quick to compare Mayawati's political strategy with that of Mao: while never losing sight of their support base (the Dalits for Mayawati and the poor peasants for Mao), they both managed to obtain the support of dominant strategic partners to win power (the Brahmin for Mayawati,[15] and rich peasants and some landowners for Mao). However, some observers view "Mayawati's revolution" as a "Brahmin counter-revolution" as, in her quest for power to topple Mulayam Singh, Mayawati was forced to strategically concede a "disproportionate" number of seats to the upper castes (Teltumbde 2007, p. 2148; Gupta 2007)[16]. For more information on the political processes in place in Uttar Pradesh, please see Sudha Pai's work entitled *Political Process in Uttar Pradesh. Identity, Economic Reforms and Governance,* Dorling Kindersley, India, 2007. Criticised for her management of the state and suspected of corruption, she later lost the election to the BSP's rival party, the SP.

The legislative elections in 2012 signalled an end to Mayawati's reign and returned the Samajwadi Party to power, led by Akhilesh Yadav (son of a former state Chief Minister). In many ways, Uttar Pradesh symbolically embodies the political changes that have been taking place in contemporary India, which makes it a region of great interest for research into implementation of the decentralisation reform.

2.2.1.2 A Municipal Tradition Within a Complex Administrative System

Its size automatically makes Uttar Pradesh the state with the highest number of municipalities. In 2011, 630 urban settlements had local urban government status and thus fall into one of three categories of urban local bodies set out in the 74th Amendment (see Box 2.4).

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[14]*The Hindustan Times* is the second most widely read English language newspaper in India after the Times of India (according to the Indian Readership Survey).

[15]Since 1999, the BSP has strategically traded some of their seats in parliament in return for Brahmin support in order to win power (Gupta 2007, p. 119).

[16]Anand Teltumbe's and Smita Gupta's analysis challenges the Dalit victory, maintaining that the Brahmin, aware of the other parties' weak support (BJP and SP), strategically joined forces with the BSP to remain in power in response to Mayawati's rallying call in 2005.

Box 2.4: The Three Categories of Local Government
The 74th Constitutional Amendment defines three types of urban local bodies:

- The Municipal Corporation or "Nagar Nigam" is responsible for local government within cities;
- the Municipality or "Nagar Palika" is the name given to local government within smaller cities and large towns;
- the "Nagar Panchayat" is responsible for settlements that are "in transition" and which include small towns.

It is up to the regional state to identify and allocate an urban settlement to one of the three categories using a range of (demographic, spatial, fiscal and economic) criteria, the definition of which remains at the state's discretion.[17]

The distinction between the three different types of local government is important as the category to which a town is assigned has the greatest legal bearing on how the municipality operates, both on an institutional and financial level. However, most states have preferred not to explicitly define the criteria for designating towns to categories within their municipal legislation, instead leaving this decision to the governor of the province, as is the case in Uttar Pradesh.[18]

Thus, in Uttar Pradesh in 2011, there were 14 Municipal Corporations, 192 Nagar Palika and 424 Nagar Panchayats (the most in all states in India, far more than in Rajasthan and Madhya Pradesh that contained 169 and 271, respectively). There is strong political will within the state to ensure democratic representation within these new local government bodies. For the municipal elections, the policy of positive discrimination for women, Scheduled Castes (SC) and Scheduled Tribes (ST) was further extended to Other Backward Classes (OBC), despite this not being a requirement of the Constitutional Amendment. Uttar Pradesh has historically played a pioneering role in the devolution of powers. During the British Raj, municipal legislation was first drawn up for Lucknow in 1856, followed by similar

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[17]"The Governor of the State taking into consideration (i) the population, size and density of the area, (ii) percentage of employment in non-agricultural activities, (iii) economic importance and (iv) any other factor may specify the type of municipality" (Article 243Q). The demographic threshold criterion used to distinguish a "settlement in transition" from a "small urban area" or "large urban area" is thus not explicitly defined in the 74th Amendment, whereas it was included in the 65th Amendment bill of 1989 (which was rejected by the Rajya Sabha) and gave a size of 10,000–20,000 for the first category, 20,000–300,000 for the second and over 300,000 for the third.

[18]The municipal legislation states that "3. Declaration etc. of transitional area and smaller urban areas: (1) Any area specified by the governor in a notification under clause 2 of article 243Q of the Constitution with such limits as are specified therein to be a transitional area or a smaller urban area, as the case may be. (2) The Governor may, by a subsequent notification under clause 2 of article 243 Q of the Constitution, include or exclude any area in or from a transitional area or a smaller urban area referred to in subsection 1, as the case may be" (Uttar Pradesh Municipalities Act, 1916, p. 6 amended on 31 May 1994). Government of Uttar Pradesh 2007.

texts in the North-Western and Awadh Provinces in 1873. This municipal culture was thus already in place several years before the famous resolutions of Lord Mayo and Lord Ripon, which both recognised the legitimacy of local government for managing local affairs (see Box 2.5).

> **Box 2.5: Lord Mayo's Resolution (1870) and the Ripon Resolution (1882)**
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> For the British colonial powers, the aim of recognising local government was to improve the efficiency of local economic management and maintain social order. In 1870, Lord Mayo's Resolution recognised local governments as necessary tools for improving the administrative governance of a region and promoted fiscal decentralisation to local bodies, but also—and above all—to increase the funds of the East India Company (Khatoon 1980; Dossal 1991). However, it was in 1882 that the greatest change took place when Viceroy Lord Ripon, the "father of local government in India" (Rai and Singh 2007, p. 10), passed a resolution recognising that the growth of towns was creating administrative and financial management issues. The aim of this "Local Governments' Magna Carta" was to make decision-making more democratic and "an instrument of popular and political education" as Lord Ripon described it (Maheshwari 1971, p. 17). Councils elected with a two-thirds majority were set up in each province and made responsible for taxes within the area under their jurisdiction. British officers did nevertheless manage to place restrictions on this by placing local governments under the indirect control of the district magistrates and by allowing the provincial governments to organise local elections at their own discretion (Shah 1955).

At the beginning of the twentieth century, the 1914 Uttar Pradesh Town Area Act and the 1916 Uttar Pradesh Municipalities Act were passed setting out the scope of the municipalities' authority. They were followed by the Uttar Pradesh Municipal Corporations Act in 1959[19] and have subsequently been amended numerous times. These local governments, strengthened by implementation of the decentralisation reform, thus became part of an exceedingly complex regional administrative system.

Chaired by the Chief Secretary, Uttar Pradesh's 83 technical departments (finance, planning, water, roads, local governments, etc.) are brought together under the Secretariat (or cabinet). This Secretariat assists the Council of Ministers (of which there are a hundred in total), who advise the Chief Minister, the elected head

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[19]The 1959 U.P. Municipal Corporations Act and the 1916 UP Municipalities Act are also known as U.P. Nagar Nigam, 1959 U.P. Nagar Palika, 1916.

of the government. The Governor, appointed by the President of India, executes the decisions made by the Chief Minister. The Chief Minister sets the budget and makes the major political decisions, which are coordinated by the Secretariat in Lucknow. The responsibility for implementing these decisions then passes to each of the 83 departments, who delegate their activities to Uttar Pradesh's 19 divisions, then to the district agencies (spread over a total of 83 districts, thus there are about 3–6 districts in each division) and down to the municipal level (or, for rural public policy, to the "teshils", of which there are around 3–6 per district, and to the blocks, of which there can be between 0 and 20 per district). These various levels and each department concerned are coordinated by the Divisional Commissioner, the District Magistrate (DM) and his deputy, the District Vice-Magistrate, and the Executive Officer (EO), who works on behalf of the municipalities (and so, since the 74th Amendment, comes under the authority of the elected Mayor).

This organisational set-up has made it extremely difficult to provide effective public services as it is so highly fragmented. A study revealed that the number of administrative divisions and departments mushroomed during the 1980s under the pressure of political compromises introduced by the political leaders. Thus, whereas in 1947 there were only 42 departments and sub-departments in the Secretariat in Lucknow, by 2000, this figure had risen to 72 departments and over 150 sub-departments. Between 1965 and 1974, the number of administrative divisions grew by 50 % and there was a sevenfold increase in the number of civil servants in supervisory roles. In 1965, each secretariat supervised 1.82 civil servants within a given section; in the mid-1990s, this ratio stood at 1.14 (Dhar and Gupta 1999).

The political instability created by the coalitions formed in parliament has a considerable impact on this administrative set-up. Each government reshuffle is systematically followed by a reorganisation of the administrative apparatus (to get rid of political rivals and install supporters in their place) (Jaffrelot 2003), which has led some to say that "the only thing that moves in Uttar Pradesh is its civil servants": on average, a District Magistrate's mandate lasts for 6–18 months, whereas a Divisional Commissioner or state secretary rarely remains in their post for longer than 10 months (Dhar and Gupta 1999). A 2002 World Bank report noted that, in order to stabilise political coalitions, the successive governments had to split or create functions and responsibilities. Thus, the report identified four energy ministries and four education departments, for example. In addition, some functions, such as roads maintenance, are split between different institutions and there are a number of other departments that all cover similar—or exactly the same—issues (such as five departments working on similar social development topics). The separation between the secretariat and the departments in the field has become extremely tenuous as the secretariat's activities have expanded to cover part of the departments' remit. Ultimately, this fragmentation of responsibilities, along with the accompanying proliferation of rules, has made coordination between agencies particularly complex and had a negative impact on the effectiveness of everyday local public services.

2.2.2   Towns and Cities in a Poor State: Urban Imbalances and Poor Services

2.2.2.1   Urbanisation in Uttar Pradesh: Uneven Urban Development

In 2011, UP had 44.4 million inhabitants and, despite being home to 11.8 % of India's urban population (second only to Maharashtra), it was still a predominantly (78 %) rural state that was less urbanised than its neighbours (see Table 2.1).

From 1971 onwards, there was relatively rapid urban development in Uttar Pradesh, followed by a significant slowdown. From 1971 to 1981, the state's annual average growth rate stood at +4.78 %, whereas the growth rate for India as a whole was +3.79 %. Over the next decade, from 1981 to 1991, annual growth in Uttar Pradesh stood at +3.27 %, compared to an overall national rate of 3.09 %. This was mainly a result of the central government's urban sprawl policy that focused on less-developed states in an attempt to reduce metropolisation (Dupont 2008). Although it experienced a considerable slowdown between 1991 and 2001, the urban population of UP continued to grow at a rate of 2.84 % per year, slightly above the national average of +2.73 % per year. However, despite this rapid urban growth, Uttar Pradesh still had very few urban centres. In 2001, only 20.8 % of the population lived in towns or cities, meaning that four out of five people continued to reside in the state's 97,942 villages. The most recent results from the 2011 census appear to indicate a clear downward trend, with an annual urban growth rate of only 0.9 % between 2001 and 2011 (whereas the average for India was 4.1 % for the same period), meaning urbanisation within the region now stands at 22.28 %.

Urban development within Uttar Pradesh appears fairly typical of the urbanisation taking place in other poor states in India, where there is a correlation between urban development and the development of the state (Hashim 2009). In general, the strong urban growth of poorly developed states, such as Uttar Pradesh, Bihar, Madhya Pradesh or Orissa, can be ascribed to the industrial and urban sprawl policies introduced in the years following independence. The end of this type of programme at the start of the 1990s, the withdrawal of the state and a shift towards more liberal policies[20] led to a slowdown in urbanisation and a greater focus on existing cities and the more developed and urbanised states, such as Tamil Nadu, the Punjab, Haryana, Maharashtra and Gujarat (Sandesara 1991).

As far as growth per town size is concerned, urban development in Uttar Pradesh during the 1990s was relatively similar to that seen in the rest of India in that the reforms of the 1990s led to the more rapid growth of large towns and cities.[21] Apart

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[20]Such as the devaluation and partial convertibility of the rupee in 1992 to help integration into the global economy, for example.

[21]It is, however, important to note the particularly high growth of small towns in West Bengal (+63.7 % during the 1990s). This is due to the implementation of a radical land reform programme, which, over a 20-year period, was of huge benefit to the poor in terms of participation, increased agricultural output and human development (Crook and Sverrisson 2001).

Table 2.1 Breakdown of India's urban population since 1971 (in % based on Census data)

States	1971	1981	1991	2001	2011
Andhra Pradesh	19	23	27	27	33
Arunachal	4	6	12	20	23
Assam	9	10	11	13	14
Bihar	10	12	13	11	11
Chhattisgarh	–	–	–	20	23
Delhi	90	93	90	93	98
Goa	26	32	41	50	62
Gujarat	28	31	34	37	43
Haryana	18	22	25	29	35
Himachal Pradesh	7	8	9	10	10
Jammu and Kashmir	19	21	23	25	27
Jharkhand	–	–	–	22	24
Karnataka	24	29	31	34	39
Kerala	16	19	26	26	48
Madhya Pradesh	16	20	23	27	28
Maharashtra	31	35	39	42	45
Manipur	13	26	28	24	30
Meghalaya	15	18	19	20	20
Mizoram	11	25	46	50	52
Nagaland	10	16	17	18	29
Orissa	8	12	13	15	17
Punjab	24	28	30	34	37
Rajasthan	18	21	23	23	25
Sikkim	9	16	9	11	25
Tamil Nadu	30	33	34	44	48
Tripura	10	11	15	17	26
Uttar Pradesh[a]	*14*	*18*	*20*	*21*	*22*
Uttaranchal	–	–	–	26	31
West Bengal	25	26	27	28	32
India	**20**	**23**	**26**	**28**	**31**

NB The states of Chhattisgarh, Jharkhand and Uttaranchal (or Uttarakhand) were created after the 1991 Census and thus do not appear in figures collected prior to 2001.
[a]As of 2001, the mountainous region of Uttar Pradesh has been a separate state known as Uttaranchal

from this particular case, urbanisation in Uttar Pradesh followed the same two-speed pattern as in the rest of the country: whereas in 1901, less than a quarter of the urban population lived in cities with over 100,000 habitants, in 2011, 63 % of urbanisation was taking place in the Category 1 cities and urban development in small- and medium-sized towns was slowing. However, according to the geographer Frédéric Landy, this so-called crisis in small towns is quite simply a "statistical

Table 2.2 Percentage of the urban population per category of town in Uttar Pradesh

	Category I (over 100,000 inhab.)	Category II (from 50,000 to 99,999 inhab.)	Category III (from 20,000 to 49,999 inhab.)	Category IV (from 10,000 to 19,999 inhab.)	Category V (from 5,000 to 9,999 inhab.)	Category VI (fewer than 5,000 inhab.)
1901	24.20	13.97	11.42	18.28	21.22	10.91
1911	25.66	13.49	11.00	18.47	19.64	11.74
1921	25.71	15.34	10.68	15.73	19.60	12.93
1931	27.89	14.25	15.82	15.29	16.78	09.97
1941	37.77	10.81	16.99	12.89	15.21	06.32
1951	45.70	09.04	14.40	11.42	13.51	05.94
1961	54.88	11.76	16.65	10.85	05.65	00.22
1971	57.66	10.93	16.87	09.83	04.54	00.18
1981	51.48	12.43	12.82	13.39	08.46	01.42
1991	55.51	11.43	14.04	12.27	05.85	00.51
2001[a]	59.49	10.95	15.61	10.77	03.03	0.14
2011	63.32	09.25	13.85	09.49	03.71	0.38

[a]On 9 November 2000, the mountainous region of Uttar Pradesh, Uttaranchal, became a separate state
Source Census of India

myth" (Landy 2002, p. 188) because, as Kamala Marius-Gnanou and François Moriconi-Ebrard also note, the classification used is that set out in the Census of India, in which towns are grouped "in categories of sizes bound by fixed thresholds within an environment undergoing demographic expansion [that] inevitably fuels the image of an urban boom that is primarily…one of statistical categories" (Marius-Gnanou and Moriconi-Ebrard 2007, p. 1) (see Table 2.2).

This growth in the urban population of Uttar Pradesh was accompanied by an increase in the number of urban settlements, which rose from 293 in 1971 to 659 in 1981, then to 702 in 1991, 704 in 2001 (of which 66 were Census Towns) and 984 in 2011[22] (which included 267 Census Towns[23]). This increase in the number of towns since 1971 has also changed the urban structure of the population due to the fact that the size of these towns has grown. There were only two metropolitan cities in 1981; however, Varanasi was subsequently granted this status in 1991, followed by Agra and Allahabad in 2001. Thus, even if we exclude Ghaziabad (which has

[22]These figures include not only the municipalities but also all other non-rural settlements identified by the Census (such as Census Towns, Outgrowths, Cantonment Boards and Industrial Townships).

[23]These are former rural settlements now considered to be urban settlements as they meet the Census of India criteria (having over 5,000 inhabitants, a population density of at least 400 inhabitants per km² and at least 75 % of the working population not working in the agricultural sector). By identifying such a large number of new Census Towns, the 2011 Census found itself at odds with the states who were reluctant to grant these towns official municipality (or Statutory Town) status, both for political (newcomers into the municipal political arena) and financial reasons (requirement to grant funding to all towns with municipality status).

2.38 million inhabitants but is part of the Delhi urban area), Uttar Pradesh still contains six million-plus cities (Kanpur: 2.92 million; Lucknow: 2.9 million; Agra: 1.76 million; Varanasi: 1.43 million; Meerut: 1.42 million; and Allahabad: 1.21 million), which alone are home to over one-quarter (30.57 %) of the state's urban population. The 47 other cities with over 100,000 inhabitants, meanwhile, contain a third (32.7 %) of the urban population. The remaining towns account for less than 40 % of the state's urbanisation with 9.25 % of the population living in the 59 category II towns, 13.85 % in the 212 category III towns, 9.49 % in the 308 towns in category IV, 3.71 % in the 233 towns in category V and 0.14 % in the 27 category VI towns.

As far as network-based technical services are concerned, this urban concentration brings with it both advantages and disadvantages: high population densities help reduce costs and enable economies of scale by increasing coverage within the same area; however, these high population densities also place greater pressure on resources and the environment. In addition, many of the people moving to towns and cities are poor, which requires service providers to find adapted solutions. It is estimated that the slum population grew from 5.8 million in 1991 to 7.7 million in 2001, before falling slightly to 6.3 million in 2011; still a very high figure.

2.2.2.2 Poor Municipal Services in the Towns of Uttar Pradesh

The management set-up for urban public services was redefined by the 1992 constitutional recognition of local governments to whom eighteen functions are to be devolved (see Box 2.6).

Box 2.6: Local Management Responsibilities Introduced Under the 74th Amendment

According to Article 243 W, the states are to transfer the following 18 functions to the municipalities:

1. Urban planning and town planning; 2. Regulation of land use and construction; 3. Planning for economic and social development; 4. Roads and bridges; 5. Domestic, industrial and commercial water supply; 6. Public health, sanitation, and solid waste management; 7. Fire services; 8. Urban forestry, ecological and environmental management; 9. Safeguarding the interests of the physically and mentally disabled; 10. Slum improvement and upgrading; 11. Urban poverty alleviation; 12. Provision of urban amenities, including parks, gardens and playgrounds; 13. Promotion of cultural, educational and aesthetic activities; 14. Management of burials and burial grounds and installation of an electricity-powered crematorium; 15. Prevention of cruelty to animals; 16. Registration of births and deaths; 17. Public amenities and infrastructure, including street lighting, car parks, bus stops and other public conveniences; 18. Regulation of slaughterhouses and tanneries.

The functions transferred to municipalities include the provision of technical services (such as solid waste management, water supply and sanitation, for instance) and urban regulatory responsibilities (such as economic and social development planning, for example or setting up poverty alleviation and slum improvement programmes, etc.).

Access to water in small towns in Uttar Pradesh

In India, where, at the beginning of the 1990s, 37.7 % of households were without access to water, the water distribution service has long epitomised the failures of a centralised management system. According to the 2011 Census, 53.4 % of India's population still has no piped water at home despite implementation of the reform. In Uttar Pradesh, according to data from Jal Nigam (JN, the governmental agency in charge of water), the entire urban population of the region's towns and cities, both large and small, has had access to water since 2004. Similarly, the Indian census of 2011 confirmed a highly encouraging access rate for these towns of 95.8 %. Unfortunately, however, this official version needs to be put into perspective as, although highly positive, it reveals little about the wide range of different situations encountered.

Firstly, these figures aggregate all modes of access, whether access is through a water supply system or standalone handpumps and boreholes (not connected to the public network). In reality, only just over half of the urban population has access to running water from the piped network, with the remaining households obtaining their water from other sources (in 2011, 46.3 % used handpumps and boreholes, 0.8 % used traditional wells and 1.3 % used surface water). 21.2 % of households have no access to water at home and, for 5.2 % of these, the nearest water point is more than 100 metres away.[24] After having increased during the 1980s, from 50.76 % in 1981 to 58.8 % in 1991, the number of households with access to the piped network dropped by 2.32 % during the 1990s to stand at 56.5 % in 2001. This figure then fell by a further five percent to reach 51.5 % in 2011, placing Uttar Pradesh among the states with the lowest piped water network connection rates in India and revealing a heavy dependence on boreholes and handpumps.

In addition, by grouping towns together in the same simplistic "urban" category, many of the official statistics fail to show differentiated access based on urban settlement size. However, access to the water supply network remains low as it is also being hampered by the extremely poor performances of a service for which the distribution standards, set by Jal Nigam, not only vary considerably with the size of the town (between 135 and 150 l per capita per day in cities of over 500,000 inhabitants and between 70 and 135 l for all other towns since 2002), but are also rarely met by a third of towns and cities, particularly small towns (Mishra 2002). Thus, in 2001, 85 % of towns with between 20,000 and 100,000 inhabitants had a service that met fewer than 50 % of the standards. In contrast, two-thirds of towns

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[24]Thus, for the economist Amitabh Kundu, the apparent service improvement is primarily a statistical mirage created by the official definition of "access to water" as, since 2001, households with a water source more than 100 m away from their home are now included in the new, vague category of "away", created for the 2001 Census (Kundu 2009).

with fewer than 20,000 inhabitants (67 % of towns) provided a service that met over 75 % of the set standards, as these were easier to attain (70 l per day). This situation illustrates the problems encountered when progressing from a system supplying a small number of inhabitants, essentially a large village with a piped water network, to a proper urban water scheme that needs to supply a population of over 20,000.

Finally, as they are based on the quantity of water distributed rather than the quantity actually received, these government figures tend to overstate the actual situation experienced by the population as physical losses of around 25–40 % (McKenzie and Ray 2009) further impact on the already poor performances seen. This data also overlooks other issues, such as intermittent service, which directly affects the water quality: when the service is only available for a few hours each day, the resulting changes in pressure damage the pipes and the water in the network is polluted by wastewater seeping into the system.

Road services in small towns in Uttar Pradesh

In the definition of "road services" used here, we include all public services that involve the "road" infrastructure: sanitation services and wastewater and storm water drainage, which also includes the public toilet system; the roads and public lighting services; and road cleaning services.

Sanitation and toilets

According to the official census figures, the percentage of households with access to toilets in towns in Uttar Pradesh doubled between 2001 and 2011, rising from 32 % to 77.2 %. However, in practice, only 28.3 % of Uttar Pradesh's urban population is connected to a sewer system, which is below the national average of 32.6 %. To offset this lack of sewerage, nearly 47 % of urban households have a septic tank; however, nearly 15 % of the urban population continues to practice open defecation inside towns. This particularly low coverage rate is due to the fact that sanitation has never been defined as a priority in public policy, not only in Uttar Pradesh but also in the majority of Indian states (Janakarajan et al. 2006).

This lack of infrastructure is particularly acute in small towns. According to the Directorate of Local Bodies, only 55 towns had a sewer system (or at least a partial system) in 2000, and the majority of these were large towns and cities: 11 Municipal Corporations, 41 Municipalities and 3 Nagar Panchayats. Of these 55 towns and cities, only 5 had wastewater treatment plants (Farrukhabad, Allahabad, Kanpur, Mirzapur and Varanasi), which were constructed as part of the first phase of the Ganga Action Plan.[25] However, even in these towns, much of the wastewater remains untreated. There are, therefore, virtually no sanitation services in Uttar Pradesh and, in small towns, sewer systems remain the exception rather than the rule.

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[25]*Ganga Action Plan* is a programme set up to protect the water of the River Ganges. Phase 1 was launched in 1985 and Phase 2 in 1993. It aims to reduce the volume of wastewater discharged into the Ganges, but has not yet managed to eradicate pollution.

Jal Nigam, the public agency responsible for sanitation infrastructure, paints a slightly less grim but equally unsatisfactory picture. By breaking this coverage rate down by type of "network-based" and "off-network" sanitation option (underground network, open drains, simple public toilets, no facilities), it reveals there are significant inequalities between the different sizes of town and that, essentially, the smaller the town, the poorer the service level. In 2001, 75 % of inhabitants in Municipal Corporations were connected to a sewer system; however, in municipalities, this figure was only 20 % and struggled to reach 1 % in the 418 Nagar Panchayats (small towns). In reality, in small towns, 40 % of the population's wastewater is disposed of through an open air drainage system and 57 % have no access to sanitation at all, neither underground sewers, open drains nor access to public toilets.

Roads, construction, lighting and repairs

About 10 years ago, Om Prakash Singh, a former roads minister, said of the roads infrastructure: "I am myself perplexed. None of the officials know how many roads are lying half-finished and for how many years" (*The Times of India* http://planningcommission.nic.in/plans/stateplan/upsdr/vol-2/Chap_b8.pdf, (p. 247), 24 February 2001). It is estimated that nearly 40 % of the roads are not paved and that about a fifth of all roads are unsuitable for motorised vehicles, making Uttar Pradesh the state in which travel is most difficult (Planning Commission, 2009). Here again, it is small towns that are most affected. According to the Directorate of Urban Local Bodies, fewer than 2 % of the state's 13,018 km^2 of asphalted roads are to be found in the Nagar Panchayat. Instead, over 50 % of these roads are located in the other municipalities and the remainder in the eleven Municipal Corporations.

Similarly, the majority of towns lack proper public lighting and this situation is particularly noticeable in the smallest towns, which have eight times fewer light bulbs than other towns in Uttar Pradesh (around 10 for every 1,000 inhabitants in the Nagar Panchayats compared to an average of 80 in the other municipalities). It is important to note that this poor street lighting is also due to power supply issues: with electricity consumption of only 567 kWh per inhabitant in 2001, India has one of the lowest per capita rates of energy consumption in the world. Finally, the roads within these towns are often strewn with rubbish. It is estimated that Uttar Pradesh generates 400 g of solid waste per capita per day. According to J.S. Mishra, 2.8 street cleaners are required for every 1,000 inhabitants; however, in the majority of towns, both large and small, this recommended figure is not met. Similarly, the majority of towns fail to supply the recommended number of public rubbish bins, namely 1 per 100 households (Mishra 2002, p. 179).

2.2.2.3 Municipalities that are Financially Dependent on Regional Transfers

As in other states, the 74th Constitutional Amendment has introduced a State Finance Commission (SFC) into Uttar Pradesh that is responsible for reviewing the municipalities' financial structure on a 5-year basis and producing recommendations for making improvements (Articles 243I and 243Y), particularly by determining how much they should be awarded in grants and use their local taxation. In theory, to ensure its *autonomy*, a municipality's share of "internal resources"[26] needs to be higher than its available "external resources".[27] Municipal *autonomy* "is the expression of [municipalities'] capacity to make decisions and take actions in accordance with their remits" (Dafflon and Madiès 2008, p. 63). Theoretically, this autonomy is of two distinct and interdependent types: *financial autonomy*[28] and *budgetary autonomy*.[29] In theory, within a decentralised system, the only way for municipalities to ensure they have the freedom to implement policies that are not dictated by higher levels of authority but instead meet the needs and demands of the local population is by raising its own revenue.

Implementation of decentralisation in India has thus been accompanied by a reorganisation of the way in which local tax revenue is distributed between the three levels of government (see Box 2.7).

Box 2.7: General Breakdown of Tax Revenue Since Implementation of the 74th Amendment

- Central government: income tax, wealth tax, corporate tax, customs duties.
- Regional government: indirect taxes, business tax, VAT, tax on income from property.

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[26]Termed "internal resources" in Indian accounting and financial documents, these are funds received from local "tax and non-tax revenue". "Tax revenue" is income received from local taxation (property tax, business tax, taxes on vehicles, animals, trade, etc.), whereas "non-tax revenue" is income received from local public service fees, various fines and charges, from renting out municipal property and land and from interest on municipal investments, etc.

[27]Termed "external resources" in financial and accounting documents, these are financial transfers that can take the form of grants-in aid, borrowing or loans.

[28]*Financial autonomy* is achieved "when a local authority is able to raise the financial resources required through its own means, without petitioning or depending on other authorities at a higher or on the same level of government" (Dafflon and Perritaz 2002). In other words, financial autonomy is the "the capacity to raise revenue autonomously" (Guenguant and Josselin 2005, p. 150).

[29]*Budgetary autonomy* describes a decentralised public authority's capacity to "define, entirely independently, the types, quantity and quality of the services it intends to offer its residents" (Dafflon and Perritaz 2002).

- Local government (depending on the legislation in place in each state): octroi, property tax, vehicle tax, cinema and entertainment tax, advertising tax, etc.

However, despite the devolution of fiscal powers, the hope that decentralisation will help reduce states' tax burden remains remote (Bagchi and Chattopadhyay 2004, p. 5255), particularly in poor states like Uttar Pradesh. Compared to those in other states in India, municipalities in Uttar Pradesh have particularly low tax revenues and so continue to rely upon financial support from the state. When decentralisation was first introduced in 1997–98, a study by the National Institute of Public Finance and Policy (NIPFP) had shown that municipalities were able to generate a large proportion of their revenue locally, raising an average of nearly 82.78 % of their own resources (from municipal sources), with 17.23 % being received in the form of financial transfers (from the regional and central governments) (Mathur 1999). However, this finding did not apply to the few states that had already abolished octroi (tax levied on consumer items coming into the town), such as Uttar Pradesh, where 80.56 % of municipal revenue came from financial transfers. After octroi tax was scrapped in 1979, no replacement tax was introduced locally to offset the funding gap and municipalities instead became more reliant on financial support. *Octroi* was thus one of the most important traditional local taxes (Mathur et al. 2000, p. 39) and continued to account for between 60 and 80 % of all municipal revenue in Gujarat and Maharashtra in 2001 (Mathur and Thakur 2004).

However, 10 years of decentralisation later, a new NIPFP study revealed that, overall, there had been little improvement in the tax situation and that the financial autonomy of municipalities in Uttar Pradesh seemed instead to have decreased as 85.2 % of municipal revenue was found to come from external financial transfers (see Table 2.3).

When the majority of states started abolishing octroi,[30] this left a funding gap that needed to be filled by the introduction of new taxes (or new transfers, which some observers deemed insufficient,[31] Bagchi 1999). When octroi was abolished, the **property tax** was supposed to take over as the main source of municipal revenue (Bagchi 2003). Its tax base is the annual amount received from the rent or sale of land and property; however, it has proved difficult to put in place as local

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[30]In 1993, the All India Motor Transport Congress initiated a wave of strikes to protest against octroi and submitted a memorandum to the Indian government calling for it to be abolished. This led to the creation of a government review committee, which produced a report in 1994 setting out recommendations for various ways of scrapping this tax, considered by its opponents to be "odious, vexatious and useless" (NIUA, 1998). In 2014, it was abolished throughout India, apart from in a new municipalities in Maharashtra; however, remnants of this tax can still be found in municipal budgets in some of the states (for instance, in the Punjab, where octroi was officially abolished in 2004, but where there is still an "octroi on electricity").

[31]For Soumen Bagchi, the only way to effectively strengthen local governments is by reintroducing octroi tax (Bagchi 1999, p. 2637).

Table 2.3 Municipal revenue breakdown by state for 2007–2008

	Source of municipal revenue available in 2007–08	
	% Internal	% External
Andhra Pradesh	58.4	40.2
Assam	38.2	61.8
Bihar	14.6	85.4
Chhattisgarh	14.1	85.9
Goa	57.8	42.2
Gujarat	61.5	38.5
Haryana	33.5	66.5
Himachal Pradesh	47.8	42.2
Jammu and Kashmir	16.9	82.1
Jharkhand	20.2	79.8
Karnataka	34.2	65.8
Kerala	39.5	60.5
Madhya Pradesh	11.6	88.4
Maharashtra	76.1	23.9
Orissa	4.5	95.5
Punjab	89.1	10.9
Rajasthan	39.5	60.5
Tamil Nadu	38.4	61.6
Uttar Pradesh	*14.8*	*85.2*
Uttarakhand	21.8	78.2
West Bengal	51.7	48.3

Source Mathur (2011)

governments lack the required capacities, particularly in the poorest states. Thus, along with those in Chhattisgarh, Madhya Pradesh and Jammu and Kashmir, municipalities in Uttar Pradesh generate very few local resources and still appear to be highly dependent on financial transfers.

Overall, despite increased local taxation, virtually all states continue to support their municipalities to some extent. The imbalance between their high budgetary expenditure and low local incomes means that higher levels of government have no choice but to redistribute funding to the municipalities. The majority of municipalities remain unable to provide basic public services without state support. Thus, states have generally implemented the SFC recommendations to devolve more financial resources. The reports on implementation of these recommendations (Action Taken Report—ATR) tend to show the same trend, namely an increase in financial transfers from the regional state to local governments (however, these transfers vary in value and thus exacerbate regional differences). In Uttar Pradesh, the regional government has followed the recommendations of the three SFC by progressively increasing the amount of net state tax revenue it transfers to the municipalities. However, for some analysts, states are using this financial support to control municipal expenditure rather

than granting municipalities' greater fiscal authority, which would reduce their dependency on state transfers (Mathur 2001, p. 89).

2.3 Overview of the Four Small Towns

The four towns selected for the research are all located in the east of the state, or "*purvanchal*" (eastern province). This is a highly rural area where the relative mechanisation of agriculture has raised unemployment and which is considered to be one of the poorest regions in India in terms of development (World Bank 2002). Consequently, the small urban settlements in this region are vital to the development of the local economy and the decentralisation reform is an important driver of improvement. On a smaller geographic scale, the mapping study to identify the exact location of the towns enabled us to exclude outlying settlements (Cantonments or Outgrowths) and dissociate ourselves from the ongoing *New Economic Geography*-related debates on the growth of towns located next to larger towns and cities, which is not the focus of this research.

The towns selected each have around 20,000 inhabitants and are all undergoing a similar demographic transition, being still rural in some aspects yet already urban in others. According to the categories used by the Census of India, the towns fall between category IV (10,000–19,999 inhabitants) and category III (20,000–49,999 inhabitants). According to the Jal Nigam engineers, 20,000 inhabitants is a critical threshold that usually triggers an upgrade of the water supply infrastructure, which has to be extended to cover the growing surface area of the town.[32] Furthermore, not only is this population size representative of the majority of towns in Uttar Pradesh (where 2/3 of urban settlements have fewer than 50,000 inhabitants), but it also differentiates this research from other studies into urban governance, which tend to focus on cities in category I. Finally, from a practical field work perspective, the relatively small size of each town meant it was possible to extensively cover the whole town area on foot and produce an accurate map of its layout.

The small towns selected are governed by the same municipal legislation (the Uttar Pradesh Municipality Act 1916, amended by the 74th Amendment) and all have very similar issues with their decentralised services. For example, based on the studies conducted, the number of households connected to the water supply network in all four towns did not exceed 50 % in 2009 (36 % in Kushinagar, 31 % in Chandauli, 18 % in Siddarthnagar and 45 % in Phulpur), raising doubts over the capacity of the reform to provide universal access to the service. Despite the reform, none of the towns has underground sewerage, there is very little public lighting (usually only on the main road), the roads are poorly maintained and solid waste collection is sporadic. These towns thus appear to provide a consistent base for comparison and for reviewing the technical aspects of the decentralisation process.

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[32]Interview with the Jal Nigam department in Lucknow in May 2008.

Table 2.4 Main features of the four towns studied

Town	Chandauli	Phulpur	Siddarthnagar	Kushinagar
Population in 2011	23,020	22,998	25,422	22,214
Population in 2001	20,093	20,986	21,741	17,982
Population in 1991	11,039	16,767	17,596	13,734
% SC	22 %	7 %	8.36 %	9 %
% OBC	51 %	60 %	51.7 %	62 %
% GENERAL	27 %	33 %	39.30 %	29 %
Median income	5,000–7,000 rupees	5,000–7,000 rupees	5,000–7,000 rupees	5,000–7,000 rupees
Status	Nagar panchayat	Nagar panchayat	Nagar palika parishad	Nagar panchayat
Number of wards[a]	15 wards	15 wards	25 wards	14 wards
Activities	• Market town • District capital	• Market town	• Market town • District capital	• Market town • Tourist town
Specific features	Town with the highest population growth in Uttar Pradesh between 1991 and 2001	• Near an industrial site (IFFCO) • Large Muslim population, estimated to be half of the town's population	• District included in the list of MCDs by the state of Uttar Pradesh • Urban area that covers two distinct sites • Nagar Palika status	• Maitreya tourist development project • Urban area that covers two distinct sites (Kushinagar and Kasia)

Sources Based on Electoral Commission data, compilations of census data and author's survey (created by Rémi de Bercegol)

[a]The "ward" is an urban administrative division, which defines a neighbourhood and, depending on the region, can also define an electoral constituency. They are usually defined at regional administration level by the District Magistrate, officially using population figures; however, in reality, geographic and social factors are also taken into account and the ward boundaries are reviewed at every election

Although very similar, each small town also has its own specific (cultural, institutional, economic or social) profile (see Table 2.4). Their essentially agricultural economic base is supplemented by a further distinctive feature (an administrative town, an industrial town, a tourist town, a market town). Their administrative status varies (Nagar Panchayat and Nagar Palika—2/3 of municipalities in Uttar Pradesh are Nagar Panchayats), ranging from a district capital to a state priority development area. Finally, they are all at different stages of development. The aim here was to introduce a number of variables that could explain potential differences in implementation of the reform.

2.3.1 Chandauli Nagar Panchayat: A Small Town that is Now the District Capital

Chandauli is around 40 km from the sacred city of Varanasi (1,435,113 inhabitants in 2011), near the Ganges to the north-west (6 km away) and 15 km from the city of Mughal Sarai (154,692 inhabitants in 2011), a major railway hub linking the neighbouring states of Bihar and Madhya Pradesh (see Fig. 2.4).

The town is located near the age-old Grand Trunk Road, an extremely busy route of over 2,500 km long that links Kabul in Afghanistan in the west with Chittagong
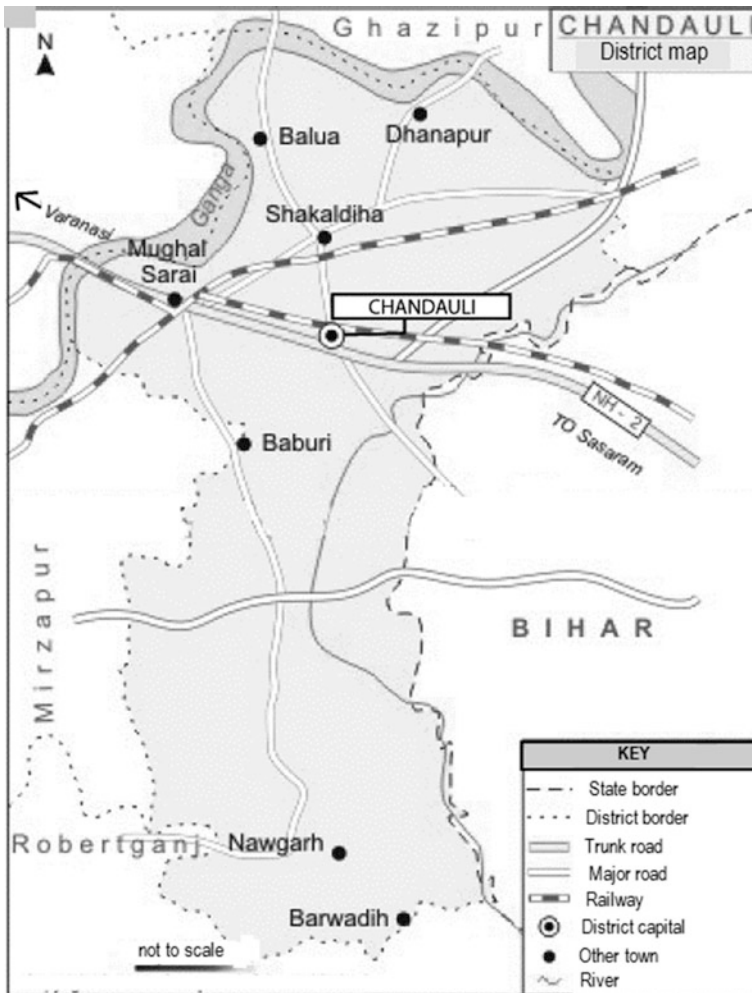
Fig. 2.4 Location of Chandauli. *Source* Maps of India, used with permission

in Bangladesh in the east. It also has rail links and there is a railway station within the town.

The town of Chandauli is not only an urban municipality, but it is also the administrative capital of the district of Chandauli, which was created in 1997 following the division of the former Varanasi district. There are, therefore, two types of administrative body within the town: that of the Nagar Panchayat, which manages the town of Chandauli but not the district; and that of the Zilla Panchayat, which manages the district's rural areas but plays no part in urban affairs. Chandauli is unique in that it is the only Nagar Panchayat in Uttar Pradesh to also be district capital, as district capital status is usually only reserved for "Nagar Palika Parishad" towns. The government restructured Varanasi district and created Chandauli district in 1997 in order to ease congestion and overcrowding in Varanasi by encouraging people to stay in rural areas.

Within Chandauli, there is a police station, court, hospital and the infrastructure required to manage the district. In addition, Kamala Pati Tripathi, a native of the town who was railway minister during Indira Gandhi's first term in government, facilitated the construction of a degree college, an intermediate college, a junior high school and a primary school, despite such educational establishments being rare for a town of this size. The town also has a range of amenities, from banks to petrol stations and a large number of private clinics; however, it does not have any hotels.

Due to its specific administrative status, the town employs a number of civil servants within various government departments. At the regional level, Chandauli is considered a market town as it is surrounded by several villages that have no real market place of their own. A multitude of small-scale entrepreneurs from Chandauli and its surrounding area have set up business in the town and helped drive the strong growth in economic activities that has increased the wealth of some of the town's population. However, most of Chandauli's inhabitants continue to work in the agricultural and small-scale business sectors and there is no large-scale industry in the town.

Urban development in Chandauli has led to the creation of "fingers" of built-up areas, most of which extend beyond the administrative boundaries of the town, particularly to the west along the Grand Trunk Road motorway, to which the old town centre is adjoined, and other regional roads. In contrast, a substantial part of the north of the town contains large cultivated fields (see Fig. 2.5).

There have been two main surges in the town's population growth: the first took place after 1971, the year the village obtained "town area" status; and the second was during the 1990s when it was named capital of the eponymous district. The creation of Chandauli district on 25 May 1997 saw the town of Chandauli achieve the highest 10-year population growth in the whole of Uttar Pradesh between 1991 and 2001 as it attracted people from the surrounding rural areas, achieving a growth rate of +82 %.

The town's population stood at 23,020 in 2011, 55 % of whom are male and 45 % are female. Chandauli has a young population (16 % of the population is under 6 years of age) and a low level of literacy (74 % for men and 55 % for

Fig. 2.5 Town of Chandauli. *Source* Based on available maps (Panchayat, Google Earth and personal observations), created by the author

women). During the research period (2008–2012), the population breakdown was as follows: 22.4 % Scheduled Castes; 50.95 % Other Backward Classes (OBC); and 26.64 % General (G). There were no Scheduled Tribes (ST) listed in any of the town's fifteen wards.

With 22.4 % of the population being classed as Scheduled Castes (SC), Chandauli is the town with the largest proportion of lower castes out of all the small towns studied (in the other towns in the sample, this figure stands at around 10 %), being almost on a par with the "General" population (27 %). However, geographically, these two categories of population live in very distinct areas (see Fig. 2.6). The people classed as Scheduled Castes tend to live in ward no. 1 in the south of the town and in ward nos. 2 and 3 in the north-west. Meanwhile, the richer "General" population is mainly to be found in ward no. 7, one of the oldest parts of the town, in ward no. 11 near the district administrative buildings, and in ward nos. 12 and 13. The Other Backward Classes population live in the town's other wards, particularly the older neighbourhoods that today make up the town's shopping area (ward nos. 14, 15, 8 and 6 in the south of the town and ward no. 5 in the north, along the road).

CHANDAULI

POPULATION COMPOSITION OF CHANDAULI
ACCORDING TO THE CENSUS DATA
(in %)

- ■ TOTAL 'SC' POPULATION
- ■ TOTAL 'OBC' POPULATION
- ■ TOTAL 'GENERAL' POPULATION

BREAKDOWN OF INHABITANTS BY WARD AND BY CASTE

WARD	SC	ST	OBC	GENERAL	TOTAL
1	1191	0	195	45	1431
2	848	0	418	77	1343
3	848	0	480	23	1351
4	343	0	816	221	1380
5	315	0	768	190	1273
6	209	0	646	519	1374
7	154	0	416	676	1246
8	152	0	868	119	1139
9	143	0	1013	251	1407
10	96	0	797	474	1367
11	60	0	367	977	1404
12	56	0	495	706	1257
13	55	0	572	791	1418
14	32	0	1148	176	1356
15	0	0	1240	107	1347
TOTAL	4502	0	10239	5352	20093

SPATIAL DISTRIBUTION OF THE 'SC' POPULATION
in percent

SPATIAL DISTRIBUTION OF THE 'OBC' POPULATION
in percent

SPATIAL DISTRIBUTION OF THE 'GENERAL' POPULATION
in percent

SC POPULATION PER WARD (IN %)
0   10   20   30   40   50   60   70   80   90 100%

OBC POPULATION PER WARD (IN %)
0   10   20   30   40   50   60   70   80   90 100%

GENERAL POPULATION PER WARD (IN %)
0   10   20   30   40   50   60   70   80   90 100%

Fig. 2.6 Social geography of Chandauli. *Sources* Based on Electoral Commission data, created by the author

As in the other towns studied, household median income in Chandauli was estimated through the field work to be around 5,000–7,000 rupees per month; however, this amount varied quite considerably between the different socio-professional categories. The survey revealed a geographic correlation between the poor population groups and the Scheduled Castes (the poor are predominantly Scheduled Castes and most often live outside the town centre).

2.3.2   Phulpur Nagar Panchayat: An Industrial Town with a Large Muslim Population

The town of Phulpur is about 40 km from Allahabad (1,117,094 inhabitants in 2011) in the district of the same name, which was created in 2000 (following the creation of the state of Uttaranchal—a mountainous region that previously formed part of north-west Uttar Pradesh—that led to a reorganisation of the state into 70 districts).
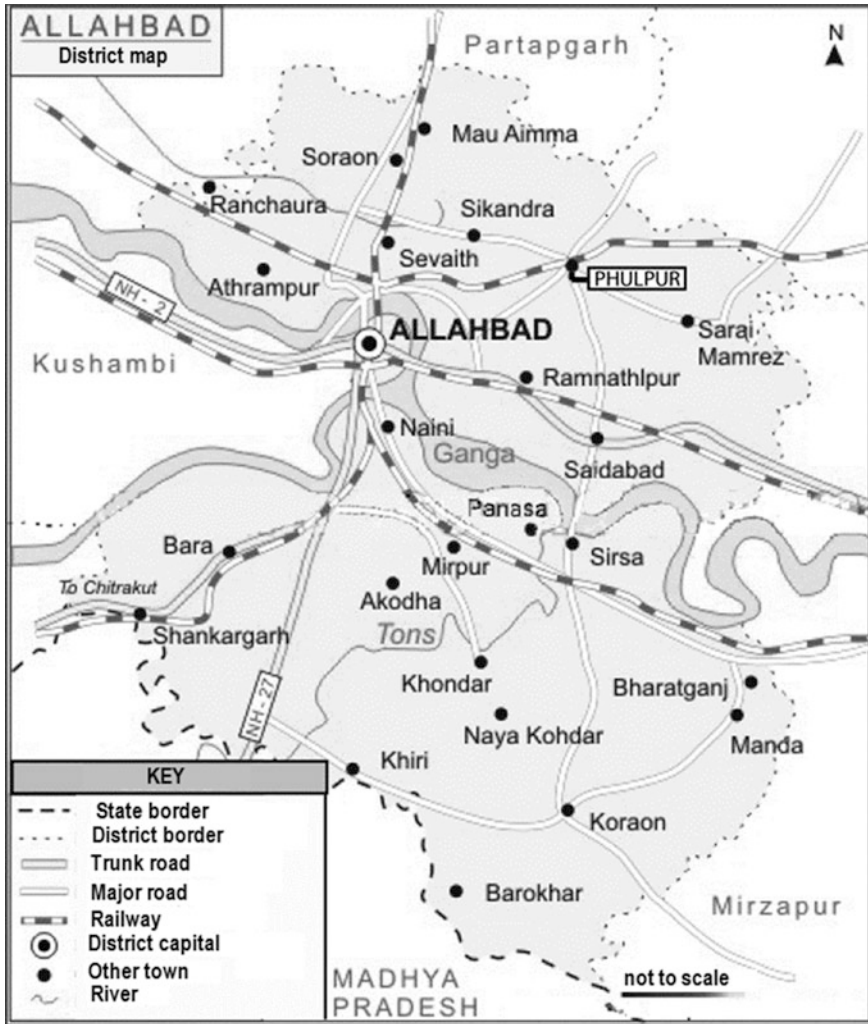
Fig. 2.7 Location of Phulpur. *Source* Maps of India, used with permission

Phulpur is connected to the rail network by the Allahabad–Jaunpur line and is easily accessible by the provincial Allahabad–Jaunpur motorway and the Phulpur–Handia road that links the town to the national NH2 motorway (see Fig. 2.7).

The literal meaning of "Phulpur" is "the town ("pur") of flowers ("Phul")" and it gets its name from the fact that it has a climate conducive to the blossoming of flowers. After an extremely dry season where temperatures can get up to 50 °C between November and June, the monsoon season between July and September brings with it humidity levels of 80 % and average rainfall of 900 mm. This major fluctuation causes all the flowers to bloom. "Phulpur" was officially created in 1926

and the town hall was built in 1975. The local government was dissolved in 1977 when a state of emergency was declared.[33] The town was managed by the Sub-Divisional-District Magistrate, a central civil servant appointed by the government, until 1996 when regular elections were reintroduced as part of the 74th Amendment.

As in the region's other small towns, Phulpur's economy predominantly relies on agriculture and small businesses. However, the town is particularly defined by the large industrial complex set-up on its outskirts by the Indian Farmers' Fertiliser Cooperative Limited (IFFCO), one of India's largest agricultural fertiliser cooperatives (see Box 2.8). The Phulpur plant is one of six IFFCO sites. It was built in 1981 and mainly produces ammonia and urea.

Box 2.8: IFFCO (Indian Farmers' Fertiliser Cooperative Limited)

During the 1960s, India's cooperative sector distributed 70 % of all fertiliser used in the country but was not involved in its production. In order to gain independence from public and private suppliers and safeguard farmers' interests, a new institution was set up: IFFCO. When it was created in 1967, there were 57 cooperatives working with IFFCO. Today, there are 37,700 from across 28 states and territories within India. The cooperative is officially registered as a Multistate Cooperative Society whose main activities include producing and distributing fertiliser.

In 2007–08, IFFCO produced 6,847,000 tonnes of fertiliser, thus accounting for 20 % of the country's total nitrogenous fertiliser production and 25 % of total phosphate fertiliser production over the same period. Plant productivity for this period stood at 1,354 tonnes per person. IFFCO's turnover for the year was 12,163 million rupees. IFFCO's financial success has enabled it to invest in numerous other fertiliser and chemical production companies, both in India and abroad (Oman, Senegal and Egypt). More recently, IFFCO has diversified its activities and entered into other profitable sectors, such as insurance.

Apart from IFFCO, which is on the outskirts of the town, there are very few other activities or amenities and no other industry: the town has no bank, no school, no hotels and no restaurants. In addition, there are very few urban pockets outside the town's boundaries, except to the west, where the IFFCO plant is located in a non-built-up area. Within the town, there are areas of wasteland, which are usually flooded during the monsoons, as well as land used for urban farming (see Fig. 2.8).

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[33]After her election to the Lok Sabha was annulled due to election irregularities, the Prime Minister Indira Gandhi unilaterally declared a state of emergency from 1975 to 1977 and granted herself dictatorial powers.
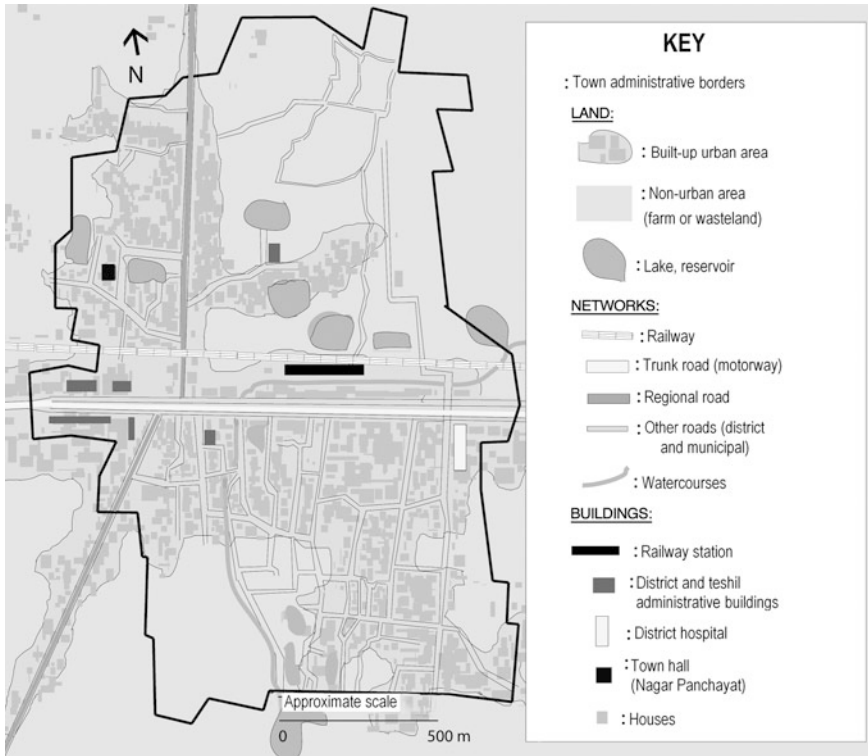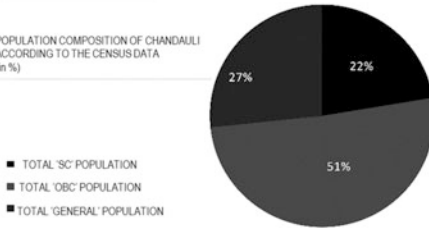
Fig. 2.8 Town of Phulpur. *Source* Based on available maps (JN, Panchayat, Google Earth and personal observation), created by the author

The town's population growth is intrinsically linked to the opening of the IFFCO plant and arrival of small-scale subcontractors. The town's population grew by 37.57 % between 1971 and 1981, rising from 8,572 to 11,793 inhabitants. After the IFFCO plant opened, the population then increased by 41.63 % to stand at 16,671 inhabitants in 1991. After slowing to a rate of 26.36 %, Phulpur had a population of around 21,000 inhabitants in 2001 and 22,998 in 2011.

Unlike the other towns in the sample, this town is unusual in that over half of its population is Muslim (52 % according to the Nagar Panchayat). Phulpur's population is 54 % male and 56 % female. It is also relatively young as 17 % are under 6 years of age. As in Chandauli, the literacy rate is low (60 %) and there is an uneven split between genders as male literacy stands at 70 %, but female literacy is only 49 %. According to the Nagar Panchayat, at the 2006 elections, 7 % of the population was classed as Scheduled Castes (SC), 0.05 % as Scheduled Tribes (ST), 58.42 % as Other Backward Classes (OBC) and 32 % as General (G). As it has Nagar Panchayat status, the town is divided into 15 administrative areas.

The spatial distribution of these castes shows that the largest population group, the OBC, predominantly live in the old town centre, in ward nos. 8, 11, 12, 14 and 15. In contrast, the Scheduled Castes' population has moved out of these areas into the town's outlying ward nos. 1, 2 and 3. The north of the town is mainly home to people considered Other Backward Classes, whereas the so-called General population groups mostly live in the south of the town (see Fig. 2.9).

PHULPUR

POPULATION COMPOSITION OF PHULPUR
ACCORDING TO THE CENSUS DATA
(in %)

■ TOTAL 'SC' POPULATION
■ TOTAL 'OBC' POPULATION
■ TOTAL 'GENERAL' POPULATION

BREAKDOWN OF INHABITANTS BY WARD AND BY CASTE

WARD	SC	ST	OBC	GENERAL	TOTAL
1	416	0	58	749	1223
2	368	11	894	48	1321
3	281	0	488	650	1419
4	104	0	457	988	1549
5	104	0	923	453	1480
6	70	0	1405	27	1502
7	69	0	549	691	1309
8	37	0	1076	278	1391
9	24	0	1161	307	1492
10	10	0	731	647	1388
11	0	0	1197	312	1509
12	0	0	965	439	1404
13	0	0	669	727	1396
14	0	0	955	415	1370
15	0	0	732	0	1233
TOTAL	1483	11	12260	6731	20986

SPATIAL DISTRIBUTION OF THE 'SC' POPULATION
in percent

SPATIAL DISTRIBUTION OF THE 'OBC' POPULATION
in percent

SPATIAL DISTRIBUTION OF THE 'GENERAL' POPULATION
in percent

2.29% of SC including 1% ST

SC POPULATION PER WARD (IN %)

0   10   20   30   40   50   60   70   80   90   100%

OBC POPULATION PER WARD (IN %)

0   10   20   30   40   50   60   70   80   90   100%

GENERAL POPULATION PER WARD (IN %)

0   10   20   30   40   50   60   70   80   90   100%

Fig. 2.9 Social geography of Phulpur. *Sources* Based on Electoral Commission data, created by the author

This mapping exercise does not enable us to determine which areas are predominantly Muslim as there is no information available on this at the ward level. However, the Nagar Panchayat estimates that nearly half of the town's inhabitants are Muslims. Comparing our empirical observation of this religion within Phulpur, and of its mosques and madrasas, with the mapping of castes reveals no correlation, tending to suggest that the Muslim population is relatively spread out across the town, although there is perhaps a higher number living in ward nos. 4 and 5.

2.3.3   Siddarthnagar Palika Parishad: A Town with Privileged Status in a Poor Region

The town of Siddarthnagar is 76 km from Basti (114,651 inhabitants) and 74 km from Gorakhpur (692,519 inhabitants). The town has no direct link to the motorway, but the Gonda–Gorakhpur railway line does pass through the town (see Fig. 2.10).

The eponymous district of which it has been the capital since 1988 (when it was created) borders Nepal to the north and is extremely poor. It is one of the least
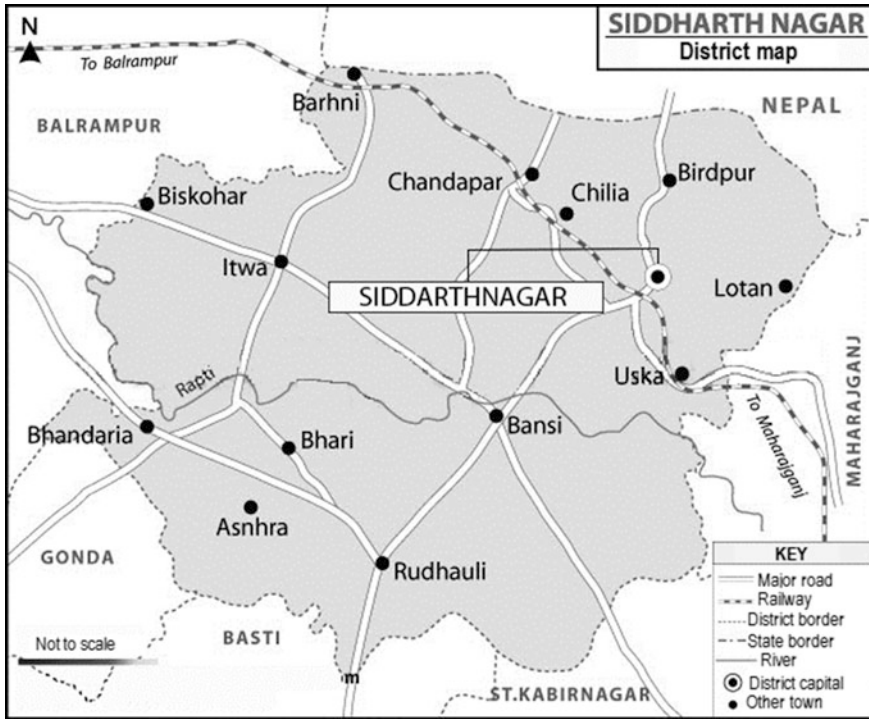
Fig. 2.10 Location of Siddarthnagar. *Source* Maps of India, used with permission

developed regions in Uttar Pradesh and, as such, is included in the list of 90 Minority Concentrated Districts in India (see Box 2.9).

Box 2.9: The List of 90 MCDs

A list of 90 Minority Concentration Districts (MCDs) was drawn up by the Ministry of Minority Affairs based on data collected from the 2001 Census. These are districts with the poorest access to basic public services and the lowest socio-economic indicators. In general, these districts are inhabited by non-Hindu groups (Muslim, Buddhist, Christian, Sikh and Zoroastrian).

The central government has set up a *multi-sector development programme* specifically to reduce poverty in these districts. With a budget of 3,780 million rupees, the aim is to improve people's standard of living by improving the public education and health services, as well as other basic services, such as water supply, sanitation and roads.

The institutions and residents of "Siddarthanagar" also sometimes refer to the town as "Tetri Bazar" or "Naugarh" because it actually consists of two distinct

large villages located about 3.5 km apart and separated by the Jaumar River: Naugarh (5,654 inhabitants in 2001) and Tetri Bazar (16,117 inhabitants in 2001). There is no urban continuum linking these two parts of the town as heavy rains during the monsoon season always cause the Jaumar River to burst its banks and flood the surrounding area.

The original town centre is Naugarh. According to its inhabitants, king Shuddhodana, leader of the Sakya clan (and father of Siddhartha Gautama, the future Buddha) left his palace in Kapilavastu to meet nine other kings in what is now Naugarh to discuss the heavy floods that were paralysing the region. This is the event that gave Naugarh its name, which literally means "nine" (nau) "kingdoms" (garh). According to popular mythology, the Pandava brothers from the epic narrative "Mahabaratha" came here to hide during the thirteenth year of their exile. Much later, during the British colonial era, the British set up a surveillance and administration post in the town (and one of the British army buildings remains standing to this day).

Over time, a market called "Tetri Bazar" established itself next to Naugarh and has become an important trading area for the surrounding region. Although this market town has developed more recently than Naugarh, it has grown more quickly and at an opportune time. Following India's green revolution, the increase in agricultural production and harvests meant there was a need for a suitable market place to be available all year round. However, Naugarh often experiences flooding during the monsoon season, whereas Tetri Bazar is on slightly higher ground. The population of Tetri Bazar has steadily increased and it was awarded Town Area Committee status in 1978, independently of Naugarh where population growth has slowed.

Thus, Naugarh and Tetri Bazar were originally two very different towns. In 1989, Siddarthnagar district was created. Naugarh and Tetri Bazar were thus brought together under the same administrative body: Siddarthnagar Nagar Palika Parishad, which became the capital of the new district. The new town was named "Siddarthnagar", which literally translates as the "town" (nagar) of "Siddarth", in reference to the Buddha's early years, until he left his kingdom at the age of 29 and discovered Nirvana. Today, the town is known by all three names, which can sometimes cause confusion. For instance, Siddarthnagar train station is in Tetri Bazar but the railway company has it listed as Naugarh station. For the purposes of the research, the town as a whole is referred to as Siddarthnagar; the northern, more outlying yet oldest part, is referred to as Naugarh; and the administrative and commercial centre of Siddarthnagar is Tetri Bazar. This distinction is important as the water supply network has been installed in two distinct parts: one for the population of Tetri Bazar and the other for the inhabitants of Naugarh (see Fig. 2.11).

Most urban development is taking place to the east of the town, where there are a number of nearby villages and which is also where the district administrative buildings are located (notably a prison), midway between the town and its outlying areas. As it is in a highly rural district, most of Siddarthnagar's economic activities are linked to the agricultural sector and the town provides an important marketplace
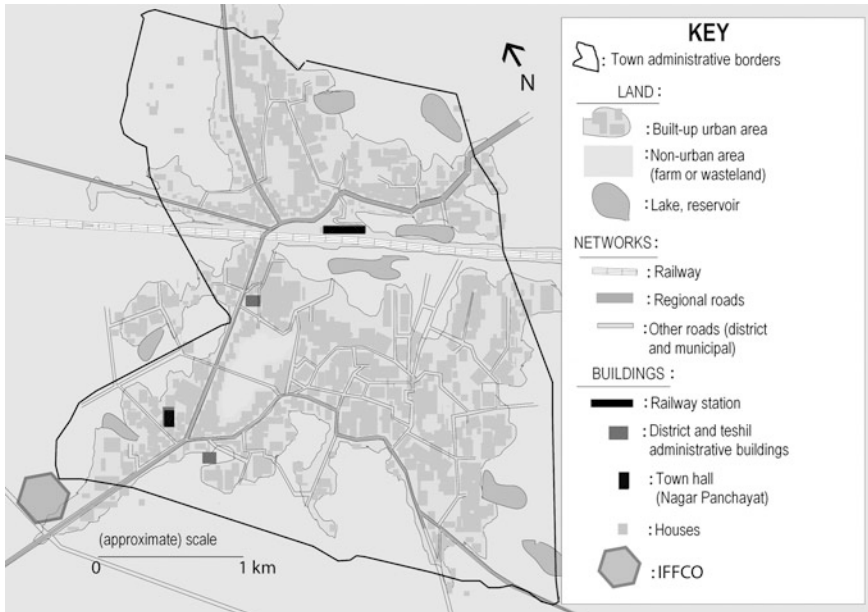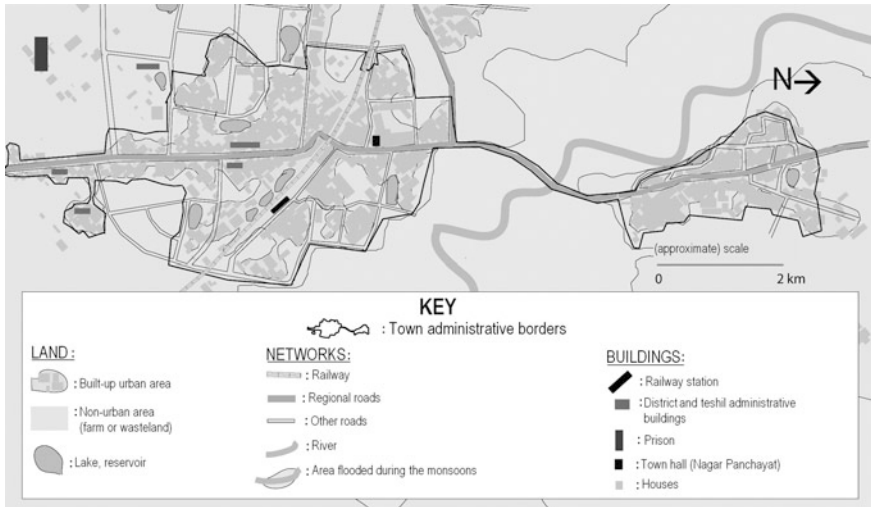
Fig. 2.11 Map of Siddarthnagar. *Source* Based on available maps (JN, Panchayat, Google Earth and personal observation), created by the author

for local farmers. However, there is no urban agriculture inside the town; all farmland is located outside the town boundaries. Most non-built-up areas are tracts of wasteland that are usually flooded during the monsoons. There are also no major industries operating in the town as there are in Phulpur.

The town had a population of 21,915 inhabitants in 2001 and 25,422 in 2011. This population is 53 % male and 47 % female and 18 % is under 6 years of age. The literacy rate in Siddarthnagar is 62 % (71 % for men, 53 % for women). During the research period, 8.36 % of the population was classed as Scheduled Castes (SC), 51.7 % as Other Backward Classes (OBC), 39.30 % as General and there were no identified Scheduled Tribes (ST).

As in Phulpur, the spatial distribution of these castes (see Fig. 2.12) shows that the Scheduled Castes (SC) population groups predominantly live on the outskirts of the town, in ward nos. 1, 2, 3, 4 and 5, whereas the people classed as OBC are mainly to be found in the old town areas of Naugarh and Tetri Bazar. Observation carried out in ward nos. 20, 15 and 24, home to a mainly Other Backward Classes' population, revealed that a high number of Muslims also live in these areas. In Tetri Bazar, people from the General population group have tended to congregate in ward nos. 16 and 12, but they are also to be found in all other wards of the town. However, there are very few people classed as General population in Naugarh and they mostly live in ward nos. 11 and 6, which border the fields that they own.

Finally, unlike the other towns in the sample, which have Nagar Panchayat status, Siddarthnagar is a Nagar Palika Parishad. Consequently, the town is not divided into fifteen wards like the other towns, but instead into a total of 25 wards split into two groups: those in Naugarh (7 wards) and those in Tetri Bazar (18 wards). This different status also has financial implications, which are covered in the final chapter.
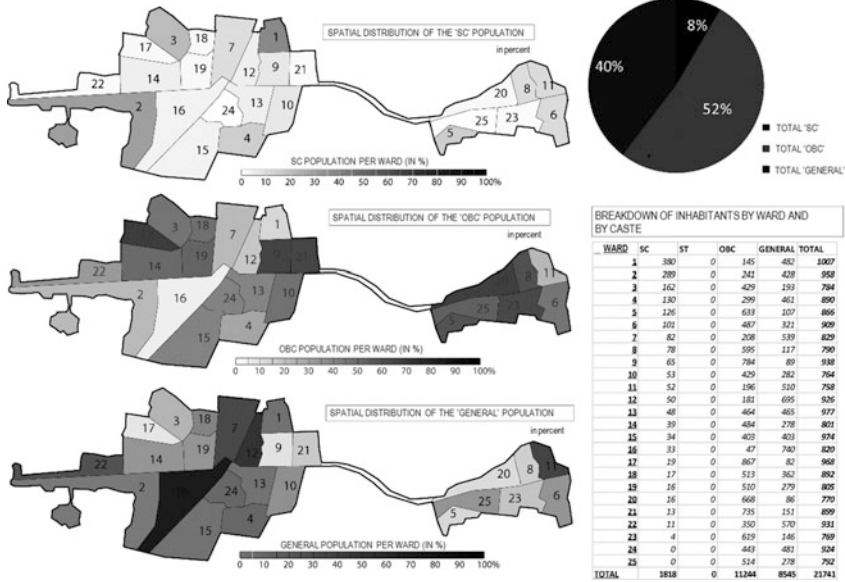
Fig. 2.12 Social geography of Siddarthnagar. *Sources* Based on Electoral Commission data, created by the author

WARD	SC	ST	OBC	GENERAL	TOTAL
1	380	0	145	482	1007
2	289	0	241	428	958
3	162	0	429	193	784
4	130	0	299	461	890
5	126	0	633	107	866
6	101	0	487	321	909
7	82	0	208	539	829
8	78	0	595	117	790
9	65	0	784	89	938
10	53	0	429	282	764
11	52	0	196	510	758
12	50	0	181	695	926
13	48	0	464	465	977
14	39	0	484	278	801
15	34	0	403	403	974
16	33	0	47	740	820
17	19	0	867	82	968
18	17	0	513	362	892
19	16	0	510	279	805
20	16	0	668	86	770
21	13	0	735	151	899
22	11	0	350	570	931
23	4	0	619	146	769
24	0	0	443	481	924
25	0	0	514	278	792
TOTAL	1818	0	11244	8545	21741

2.3.4   Kushinagar Nagar Panchayat: A Tourist Town with Great Development Potential

The town of Kushinagar is situated in the north-east of Uttar Pradesh, in the district of the same name. However, the district capital is the neighbouring town of Padrauna (49,723 inhabitants), 35 km further north (see Fig. 2.13).

As with Siddarthnagar, the town consists of two distinct areas located 3 km apart. The first, and largest, area is commonly known as "Kasia" and is the administrative and commercial centre of the town. The second, much smaller, area is the town's cultural and tourist centre, called "Kushinagar", or the "place of joy", due to its links to Buddhism (see Fig. 2.14).

Although mention of Kushinagar can be found in the epic poem Ramayana (as being the town of Kusa, son of the legendary Rama, 7th avatar of the Hindu supreme god Vishnu), the town is above all a Buddhist pilgrimage site. In the fifth century B.C., the small village of Kushinagar was part of the Mallas kingdom. It was here that Gautama Buddha gave his last sermon in 483 B.C. before attaining

Fig. 2.13 Location of Kushinagar

"*parinirvana*" (the "final nirvana"). In his travelogue, the Chinese monk Fa Hien[34] described "Kushinara" as "a simple village with bamboo houses in the middle of the jungle". Following Buddha's death, Kushinagar expanded to cover different sites: the cremation site in the east; the commemoration site to the west, where there is a large Stupa; and the site of the village itself in the north. Kushinagar flourished

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[34]Fa Hien (337–422) was a Chinese Buddhist monk who travelled through Nepal, India and Sri Lanka between 399 and 412 to acquire original Buddhist texts. He described his journey in *A Record of Buddhist Kingdoms, Being an Account by the Chinese Monk Fa-Hien of his Travels in India and Ceylon in Search of the Buddhist Books of Discipline*.
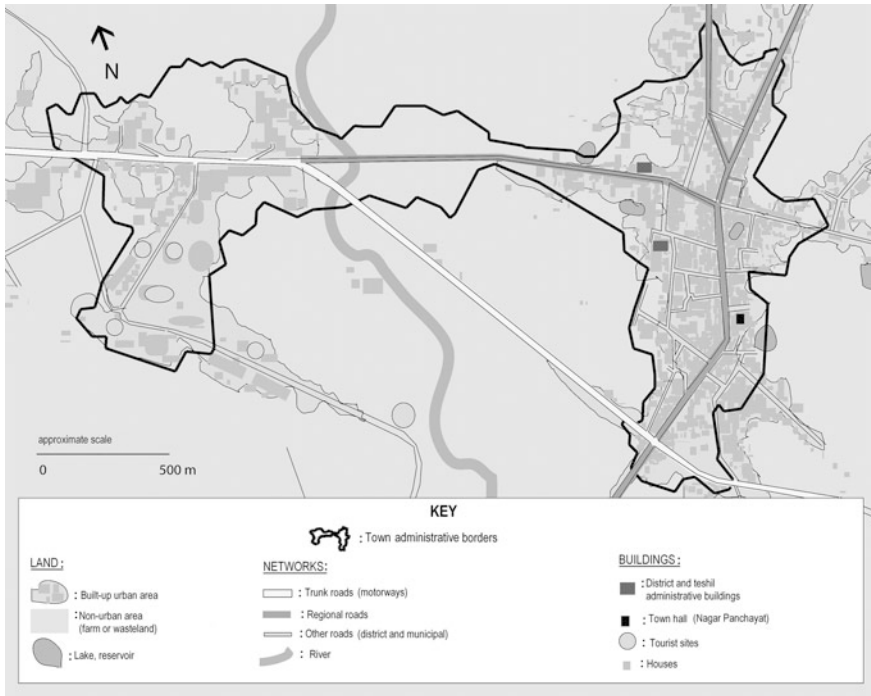
Fig. 2.14 Town of Kushinagar. *Source* Based on available maps (JN, Maitreya Project Master Plan, Google Earth and personal observation), and created by the author

under the reign of Mauryan Emperor Ashoka (273–262 B.C.), when numerous *stupa*s[35] and *vihara*s[36] were built and renovated. After this relatively golden era, Kushinagar slowly fell into oblivion and its religious cremation and commemoration sites disappeared after a succession of Mughal invasions in the twelfth century. Kushinagar only returned to prominence in the late nineteenth century, following archaeological excavations in 1876 that once more exposed the main sites and helped Kushinagar gradually regain its status as an important Buddhist pilgrimage town (see Box 2.10).

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[35]A *stupa* (which is Sanskrit for "heap") is a mound-like stone structure that can vary in size and which contains Buddhist relics.

[36]*Vihara* is the Sanskrit term for an Indian Buddhist monastery and means "a secluded place in which to walk".

Box 2.10: Buddhist Pilgrimage Towns in India, International Tourist Sites

Uttar Pradesh and Bihar are home to numerous ancient Buddhist sites. Some of these sites have now become important pilgrimage destinations.

The most well-known site remains Bodh Gaya in Bihar where, according to legend, Siddhartha Gautama achieved "enlightenment" (from the Sanskrit word "*bodhi*", or "awakening") following several months of meditation. Sarnath in Uttar Pradesh is where Buddha delivered his first teachings to his disciples on achieving Nirvana. As it is only a few kilometres from Varanasi, Sarnath has become a popular tourist destination, even if tourists spend only a few hours there visiting the historical monuments and museum. Kushinagar is where Siddhartha Gautama died and was cremated. According to the legend, he was 80 years old when he died, lying on his right side and smiling (see the graphic document below); he is deemed to have achieved "*nirvana*" (i.e. "extinction" and, by extension, "peace" then "liberation") and thus to have become the "Buddha". Consequently, Kushinagar, the "place of joy", has become an important pilgrimage destination, but its tourist potential remains underdeveloped compared to that of Sarnath and Bodh Gaya, which have been receiving government support for a number of years now to help them improve their infrastructure and promote international tourism.

Ever since the 1980s, the government of Uttar Pradesh has been endeavouring to develop the tourist potential of this religious (Buddhist), cultural (archaeological) and geographically important site (as it is also a stop-off point on the new motorway between Lucknow and Patna, the National Highway 28). The Indian government has also now got involved in the town's tourist development through its Maitreya megaproject, an ambitious American Indian development plan. The project has been initiated by neo-Buddhist associations in the United States, who want to turn Kushinagar into a must-see religious and cultural destination by developing a religious tourist complex several hectares in size to the south of the town. The aim is to encourage pilgrims to stay longer than 2 days (the maximum duration of their stay at the moment) and attract international tourism. In addition to constructing new hotels, there are also plans to build an airport (work on which officially started in January 2014), rail and motorway infrastructure (which was completed in 2012). If it is to develop its tourist activities, Kushinagar needs to have a high standard of urban infrastructure. Thus, not only does the town receive grants from the central and regional governments in India, but it also receives aid from foreign donors, such as an American Buddhist organisation and the government of Japan. However, project progress has been hampered by difficulties procuring the necessary land.[37]

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[37]The provision of financial compensation to the 700 families who have seen their land expropriated has become a high-profile political issue that has been reported in national media and taken up by Indian activists, particularly Medha Patkar's National Alliance for People's Movement,

Although Kushinagar receives all the media attention due to its ashrams, temples and hotels, it is still only a tourist offshoot of Kasia, the town centre proper (where most of the people live and which serves as a market place for the surrounding villages). The town as a whole has only been officially known as "Kushinagar" since the 1991 census, before which it was referred to as Kasia. The government changed the town's name in order to help the entire town and region benefit from the tourist boom of the Kushinagar site. In 1996, after the first elections in Kushinagar, the name of the district was also changed, from Deoria to Kushinagar; however, the medium-sized town of Padrauna was retained as district capital.

Kasia, the town centre, serves as a market place for farmers from neighbouring villages, who come to sell their crops.[38] There are many small businesses in the town, as well as a number of small-scale industries, such as sawmills, rice and wheat mills. Overall, the town is like any other typical small town, but is defined by its adjoining tourist area in which there are several Buddhist temples, a government-run museum, three luxury hotels and a number of restaurants and shops.

Between 1981 and 2011, the town's population doubled, rising from 11,500 to 22,214 inhabitants. In line with the other towns in the sample, the population is 52 % male and 48 % female, 15 % of whom are under 6 years of age, and the literacy rate stands at 62 % (70 % for men and 54 % for women). The population breakdown is as follows: 9.06 % Scheduled Castes (SC); 61.53 % Other Backward Classes (OBC); 29.4 % General (G); and there are no Scheduled Tribes (ST). As Kushinagar has a slightly smaller population than the other towns, it is divided into 14 wards (instead of the 15 seen in the other Nagar Panchayats of Phulpur and Chandauli) (see Fig. 2.15).

Nearly two-thirds of the people in Kushinagar are classed as Other Backward Classes and they mainly live in the older areas and commercial districts of Kasia, particularly along the main shopping streets. The Scheduled Castes population groups live further out, in ward no. 2 to the north-west and in ward no. 4 in the tourist area; a large number also live in the older part of Kasia, near the shopping district, in ward nos. 1 and 3. The General population groups are mainly to be found in the north of Kasia, in wards with very few lower caste residents. In the Kushinagar area, the proportion of General, Other Backward Classes and Scheduled Castes population groups appears to be much more mixed.

As in the other towns, the geographic distribution of household income predominantly corresponds to the spatial distribution of the three categories of caste. However, there are few notable exceptions with some households in the Other Backward Classes category appearing particularly well off, having incomes

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(Footnote 37 continued)

better known for its opposition to the Narmada dam. The unique (geographic, economic and institutional) nature of this mega-project, which brings together local and international civil society, public and private stakeholders, includes a number of aspects potentially of interest to researchers but which are not covered here.

[38]The main crop grown is sugar cane (there is a government-owned sugar cane processing factory in the neighbouring town of Padrauna).

SPATIAL DISTRIBUTION OF THE 'SC' POPULATION
in percent

SC POPULATION PER WARD (IN %)
0   10   20   30   40   50   60   70   80   90   100%

SPATIAL DISTRIBUTION OF THE 'OBC' POPULATION
in percent

OBC POPULATION PER WARD (IN %)
0   10   20   30   40   50   60   70   80   90   100%

SPATIAL DISTRIBUTION OF THE 'GENERAL' POPULATION
in percent

GENERAL POPULATION PER WARD (IN %)
0   10   20   30   40   50   60   70   80   90   100%

KUSHINAGAR

POPULATION COMPOSITION OF KUSHINAGAR
ACCORDING TO THE CENSUS DATA (in %)

9%
29%
62%

■ TOTAL 'SC' POPULATION
■ TOTAL 'OBC' POPULATION
■ TOTAL 'GENERAL' POPULATION

BREAKDOWN OF INHABITANTS BY WARD AND BY CASTE

WARD	SC	ST	OBC	GENERAL	TOTAL
1	388	0	667	129	1184
2	382	0	673	413	1468
3	367	0	1074	0	1441
4	158	0	698	453	1309
5	97	0	576	530	1203
6	71	0	634	504	1209
7	46	0	954	198	1198
8	33	0	1227	173	1433
9	26	0	245	908	1179
10	25	0	356	763	1144
11	16	0	1023	408	1447
12	11	0	1073	162	1246
13	10	0	894	205	1109
14	0	0	1051	382	1433
TOTAL	1630	0	11065	5288	17983

Fig. 2.15 Social geography of Kushinagar. *Sources* Based on Electoral Commission data, created by the author

sometimes in excess of 30,000 rupees in a town where the average for the majority of the population is between 5,000 and 7000 rupees per month.

2.4 Conclusion

The empirical difficulties encountered in the research are related to the specific features of the region and study areas selected, namely small towns in the east of Uttar Pradesh. As such, this backdrop provides a particularly appropriate

framework for reflexive analysis of the decentralisation process and for observing the changes triggered by these reforms.

On an institutional level, the specific features of Uttar Pradesh make practical implementation of the decentralisation reform particularly complicated. However, the eastern region of the state is an extremely poor area that has high hopes of the social and economic improvements promised by the reforms. Although small towns lack facilities and are experiencing sustained population growth, they can nonetheless have a major impact on driving and revitalising development in the surrounding areas of this predominantly rural region. It therefore appears worthwhile to study these small towns in more detail, not only to assess the tangible impacts of decentralisation, but also to review the accompanying reorganisation of power within the towns' political economy. In this regard, the rise to power of caste-based parties such as the BSP in Uttar Pradesh during the research period, combined with the consolidation of local elections, places renewed attention on political democracy as experienced in small municipalities.

In keeping with this reasoned choice, it seemed appropriate to select four small towns with enough similarities to enable comparison (same population size, in the same region, with the same lack of development) and with enough differences (notably as regards their economic and administrative activities) to enable us to identify where processes potentially vary between specific towns and to isolate explanatory factors. The aim of comparing the four small towns of Kushinagar, Chandauli, Siddarthnagar and Phulpur was not only to gain an overview of the specific situation in small towns in Uttar Pradesh, but also and above all to build a clear understanding of the political, technical and financial restructuring taking place as a result of decentralisation in towns for which the reform was not directly intended.

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Chapter 3
From Local to Regional Challenges, the Political Profile of the Small Towns' Municipal Councils

Abstract This third chapter sets out the initial findings of the political aspect of the analysis and describes how local responsibilities and authority have changed following implementation of the decentralisation reform in the small towns involved in the study. From a formal perspective, the main elements of the 74th Amendment (regular elections, quotas for the lower castes and for women) appear to have been implemented; however, in reality, the democratic spirit of the reform is essentially being circumvented as, in each of the small towns, municipal powers are being seized by local leaders. On another level, the restructuring of political authority appears to have above all benefitted the regional political parties, which are attempting to gain a foothold in the towns via the local oligarchy that has been made legitimate by the reform. Finally, the local people have benefitted very little from this reorganisation of power, which provides them with few opportunities to participate in urban management.

Keywords Political decentralisation · Local politics · Electoral quotas · Local administration · Local democracy · Political entrepreneur · Small towns · Uttar Pradesh

In each of the towns visited, there is a portrait of Mahatma Gandhi symbolically displayed inside the Nagar Panchayat[1] building, which is the seat of devolved power and, in a way, the reincarnation of the Gandhian ideal of local government. As the reform has raised hopes of democratising local institutions, it is the political aspect of decentralisation that first drew the researchers' attention. The first signs of a local democratic system emerged prior to the reform in the form of local elections; however, these were held only intermittently and were interspersed with drawn-out dissolutions and reformations determined by the state. As a result, local authorities

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[1]Which literally translates as the municipal council; thus, by extension, the term is also used to describe the town hall.

played such a minor operational role that, in practice, the administrative management of small towns fell to the district magistrate who oversaw development projects. The introduction of the 74th Amendment in 1992 therefore provided local government with the constitutional stability it required to manage its own municipal affairs. Each town now has a democratically elected municipal council and there are quotas in place to ensure council members are representative of the town's population.

In this chapter, we will examine the legitimacy of the municipal council, the cornerstone of the decentralisation reform, by reviewing the representativity of local elected officials and their dealings with the population. This analysis will show that the introduction of electoral quotas for traditionally marginalised groups does not automatically result in truly democratic power-sharing. We will then explore the inexorable politicisation of the municipal debate as new parties have entered the local arena; parties that initially operated at other levels but which have been quick to seize the new political opportunities presented by the reform to expand their local electoral base. Lastly, we will show how the uneven distribution of local powers in favour of elected officials has facilitated the emergence of a new type of entrepreneurial oligarchy within the small towns, an oligarchy that is embodied by the mayor in all his ambivalence.

3.1   Towards a Renewal of Local Powers?

It is the town hall which physically symbolises the changes in municipal power-sharing within small towns (see Fig. 3.1). However, experience shows that the hoped-for democratic revolution has not fully taken place within these towns. There have been difficulties getting local institutions up and running and, although the quota requirement appears to have been met, the participatory spirit of the reform is essentially being circumvented, considerably hampering efforts to ensure all segments of the population are fairly represented within the municipal council.

3.1.1   Institutions Within the Local Representation System

3.1.1.1   "Bringing the Government to the Citizens' Doorstep"[2]

Since decentralisation was introduced, people living in towns and cities, which are divided into constituencies (called wards) by the District Magistrate, are represented by elected ward members who sit on a municipal council chaired by a mayor. Thus,

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[2]This is an expression first used by K.C. Sivaramakrishnan, a senior civil servant closely involved in drafting the 74th Constitutional Amendment (Sivaramakrishnan 2006).

Fig. 3.1 Each town's town hall. *Note* The sign at the entrance of the Nagar Panchayat in Phulpur is written in both Hindi and Urdu (The syntax and morphology of Urdu is very similar to Hindi and, until the partition of India and Pakistan in 1947, they formed one and the same language, Hindustani. Urdu is written in a Persian-Arabic script.) as there is a large Muslim population in the town, which also has a Muslim mayor (**a**). As part of the work to widen the motorway that passes through Chandauli, the administrative building was demolished and a new one built a few years later (in the mid-1990s) on land on the edge of the town (**b**). There is a notice at the entrance of each town hall listing the municipal council members, as in Siddarthanagar for example, which includes the names of the 25 ward representatives and of the government-apppointed members (**c**). This sign can also be displayed in the meeting room used to host the municipal council's monthly meetings (**d**, taken in Kushinagar). *Source* Author

the inhabitants of the towns studied are regularly invited to vote in elections, which are held every 5 years[3] under the authority of the District Magistrate (DM), to select their ward representatives and the mayor, who work out of the Nagar Panchayat—or town hall—building. Depending on the state, the mayor is either directly or indirectly elected for a one to five-year term. In Uttar Pradesh, the mayor is directly

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[3]In the event that the mayor is provisionally removed from his post during his mandate, for corruption, for instance, the Uttar Pradesh Municipality Act stipulates that new elections must be held within 6 months. Previously, some states had managed to suspend elections for several years (for example, in Madras—now known as Chennai—in Tamil Nadu, there were no municipal elections held for 22 years). Until a new mayor is elected, the municipality is managed by the state via the District Magistrate, as was the case prior to decentralisation.

elected by the town's inhabitants for a five-year term and chairs the municipal council of ward representatives.

This concept of bringing the government closer to the people through elected representatives is based on the panchayat system. The authors of the 74th Amendment sought to reproduce the "Gram Sabha", the village committee that represents the population and which has one representative for around 1,000 inhabitants: "it was expected that in the case of municipalities, the municipal ward would be the counterpart of a village panchayat. However, since urban areas have a higher density of population, the ratio [councillor/habitants] could not be the same" (Sivaramakrishnan 2006, p. 5). There are fifteen elected representatives in the Nagar Panchayats of Chandauli and Phulpur, one for each of the towns' 15 wards. Kushinagar has 14 wards, and thus there are 14 representatives. As it has Nagar Palika status, Siddarthnagar has a higher number of representatives as there are 25 electoral wards (see Table 3.1). The number and size of these administrative divisions are redefined every 5 years in line with population growth.

Each ward is home to around one thousand inhabitants, which tends to suggest that elected representatives in these small towns are much closer to the people than those in large towns and cities (see Table 3.2).

Table 3.1 Electoral changes in the small towns studied

	Kushinagar	Chandauli	Siddarthnagar	Phulpur
Number of wards at the 2006 election	14 wards (→14 elected representatives)	15 wards (→15 elected representatives)	25 wards (→25 elected representatives)	15 wards (→15 elected representatives)
Population per ward	Around 1,200 inhabitants	Around 1,300 inhabitants	Around 900 inhabitants	Around 1,300 inhabitants

Table 3.2 The ward representation system in cities with over 300,000 inhabitants

	Pop in 2001	Number of wards	Number of wards per committee	Average population per committee	Average population per elected representative
Bangalore	4,292	100	28	153,000	42,920
Cochin	596	66	66	9,000	9,000
Kalarnassery	63	33	33	2,000	2,000
Greater Mumbai	11,914	227	16	745,000	52,485
Nasik	1,077	36	6	179,000	29,917
Kolkata	4,581	141	71	33,000	32,490
Siliguri	478	47	47	10,000	10,170
Bidhannagar	168	23	23	7,000	7,305
Delhi	9,817	134	12	818,119	73,264

Source Sivaramakrishnan (2006)

In cities with over 300,000 inhabitants, citizen participation takes place through "wards committees" chaired by an elected representative, who has a specific budget to spend on their ward. These committees are set up to deal with local ward matters by acting as liaison between the municipality and local people. This is an innovative form of management designed to promote inclusive governance: in theory, this negotiating committee should bring together elected representatives, municipal civil servants and civil society representatives.[4] By bringing local government closer to the people, the aim is to encourage local residents to get involved in the daily administration of their ward.

However, in some cities and regions, the introduction of wards committees has had mixed results due to shortcomings in the way they have been set up. The vast majority of states have shown little enthusiasm for creating these wards committees. Making the most of the confusion generated by the wording of Article 243S, where the "wards" of "ward**s** committee" is written in the plural, all states—with the exception of Kerala and West Bengal—have grouped several wards together within the same committee. In June 2004, only 19 (including the territory of Chandigarh) of India's 29 states had amended their municipal legislation and, of these 19, a mere seven had created ward**s** committees.[5] Furthermore, in the cities that have active residents' associations involved in the committees, it would appear that these associations are often ambivalent (Harriss 2007), sometimes undemocratic in the way they work (Baud and de Wit 2008), usually sociologically uniform (with the well-off classes over-represented) and, whether in Delhi (Tawa Lama-Rewal 2007a; Kundu 2009), Bangalore (Nair 2005), Chennai (Coelho 2005; Harriss 2005) Hyderabad (Kennedy 2008), or Mumbai (Zérah 2007), association membership remains largely restricted to the owners of developed plots, thereby sidelining disadvantaged groups. Thus, despite the 74th Amendment, truly fair citizen involvement in the local authority has not yet been achieved.

For small towns with fewer than 300,000 inhabitants, the creation of wards committees is not a constitutional obligation. The authors of the amendment assumed that, as there are fewer inhabitants in each ward in these towns, institutional support to foster communication between the people and their representative is not required as close local ties should already exist. Due to this lack of clarification within the 74th Amendment text, none of the small towns studied require ward meetings to be held to enable local residents to express their needs and give

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[4]Although observers generally agree that "the amendment also gives NGOs and citizens' groups the opportunity to participate in municipal councils" (Sivaramakrishnan 2006, p. 4), it is important to note that the term "civil society" is not explicitly mentioned in the Constitutional Amendment: clause 243R.2.a(i) of the official text merely stipulates: "persons having special knowledge or experience in Municipal administration", which has been interpreted differently by various states.

[5]The state of West Bengal has gone the furthest of these 7 states by implementing wards committees not only in cities with over 300,000 inhabitants, but also in a number of smaller towns, including certain Nagar Panchayats. Lastly, Kerala also stands out, as it has set up ward committees in all its municipalities, regardless of population size (Sivaramakrishnan 2006, pp. 154–161).

feedback to their representatives. The majority of wards have no available meeting place and there are no set visiting hours for representatives to meet with their constituents.

3.1.1.2 An Entirely Relative Grassroots Democracy

In theory, elected officials play an intermediary role by liaising between inhabitants and the administration, communicating local people's needs and requests to the municipality and reporting back the municipal council's decisions. As far as the inhabitants interviewed are concerned, the local elected representative is their first point of contact with the administration. As such, and as seen in other towns (Ghosh and Tawa Lama-Rewal 2005; Benjamin 2004; Benjamin and Bhuvaneswari 2006; Berenschot 2010), these representatives establish themselves as the main liaison with the state. In practice in the small towns studied, however, ward residents' requests are formally submitted only during informal meetings with the local elected representative. People go to see their representative to discuss individual matters, such as neighbourhood disputes, or to request their help with administrative procedures, such as applying for social programmes. For example, in January 2008, the Executive Officer in Chandauli sent two letters to the government at the request of a local elected representative: the first asked for special financial assistance to be provided to the family of a Dalit from ward no. 2 who had died in a train accident; and the second asked for a pension to be awarded to an elderly resident of ward no. 5 who had no family to support them.[6]

When a representative successfully petitions for infrastructure to be built in their ward, such as a road, *nala* or proper pavement, the local residents tend to hold them in great esteem. However, if a local elected representative is unable to assert their influence at the municipal level and obtain new infrastructure for their ward, residents instead consider them superfluous and prefer to submit their requests to the "more influential" mayor or Executive Officer (decentralised civil servant) directly. Some people believe that it is better to by-pass local government to get what they want regardless because "*they are all corrupt*".[7] This distrust thus encourages them to harness institutional and political resources from outside the municipality. Although they are politically engaged, some activists opt to get funding to meet their wards' needs by asking an influential member of their political party to plead their case to a member of parliament at Lucknow. Other residents, meanwhile, are prepared to entrust the development of their ward to the district authorities only (notably through the District Magistrate and District Urban Development Agency).

Lastly, certain dissatisfied inhabitants say they also write to the Chief Minister directly when they feel that neither the municipality nor the administration can or wants to help. For instance, in 2009, a Dalit leader from Chandauli became so

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[6]Administrative letters from the municipality of Chandauli.

[7]This was a recurring theme in user surveys in each of the small towns studied.

disillusioned with the corruption scandals engulfing the mayor and several of the town's councillors that he wrote a letter of complaint to the then Chief Minister of Uttar Pradesh, Mayawati, claiming that "*only Mayawati can bring about change because all the others are corrupt*".[8] Regardless of whether these allegations of corruption (which were also later levelled at the Chief Minister[9]) were true, his approach is proof that in small towns in many developing countries, not just in India, "the poor and the minorities, oppressed by the local power groups, may be looking to the central state for protection and relief" (Bardhan 2002, p. 188).

In the short-term, this by-passing of ward representatives, and even of local government, could be considered a rather counter-intuitive outcome of the decentralisation reform as bringing people closer to their elected representatives does not in itself appear to ensure greater participation. However, embedding decentralisation in these small towns is a long-term process that involves a continuous cycle of learning about democracy, assimilating and adapting this information to develop new democratic approaches, thus triggering the learning cycle to start again.

3.1.2   The Representativity of the Municipal Council

The legitimacy of elected officials is at the heart of the municipal government democratisation process. The representativity of these elected officials is facilitated by the positive discrimination system in place in Uttar Pradesh. Thus, not only are there quotas for women, Scheduled Castes (SC) and Scheduled Tribes (ST), but Uttar Pradesh municipal legislation also includes quotas for Other Backward Classes (OBC) (which is not a constitutional requirement and is specific to Uttar Pradesh). However, as analysis has already shown,[10] the generally respected introduction of quotas (see Table 3.3) is not enough to ensure that the traditionally disadvantaged population groups are fully represented.

3.1.2.1   The Representation of Women Within a Patriarchal Society

In accordance with the 74th Amendment, a third of seats[11] are reserved for women and are allotted on a rotational basis to ensure women are given the opportunity to

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[8]Interview in Chandauli in May 2009.

[9]Mayawati became embroiled in a number of corruption cases during her mandate (which were widely reported in the local press) and these contributed to the fall of her government in 2012.

[10]Essentially focusing on rural India, these include the work conducted by George Mathew (2004).

[11]It is to be noted that some states, such as Bihar, have gone further, reserving 50 % of seats for women instead of the third recommended by the 74th Amendment.

Table 3.3 Meeting the quotas: Members elected between December 2006 and June 2012

Representative	Kushinagar	Chandauli	Siddarthnagar	Phulpur
Mayor	OBC Female	General	OBC Female	General
Ward no. 1	SC-Female	SC	SC	SC-Female
Ward no. 2	OBC	SC	SC Female	General
Ward no. 3	OBC	SC	OBC Female	General
Ward no. 4	General	OBC	OBC	General-Female
Ward no. 5	General	OBC	OBC Female	General
Ward no. 6	OBC	General	General	General
Ward no. 7	OBC	Female	General	General-Female
Ward no. 8	OBC	Female-OBC-	OC Female	OBC-Female
Ward no. 9	General—(Female OBC)	Female-OBC-	OBC	General-Female
Ward no. 10	Female	OBC	SC Female	General
Ward no. 11	General	OBC	General Female	OBC
Ward no. 12	OBC	Female	General	General
Ward no. 13	Female-OBC	General	SC	General
Ward no. 14	OBC	General	General Female	General
Ward no. 15	OBC	OBC	General	General-Female
Ward no. 16			General	
Ward no. 17			OBC	
Ward no. 18			General	
Ward no. 19			General	
Ward no. 20			OBC	
Ward no. 21			General	
Ward no. 22			General	
Ward no. 23			OBC Female	
Ward no. 24			General	
Ward no. 25			General Female	

Source Author's own research

hold all available posts within the municipality.[12] However, following the elections, it transpires that, whilst the quotas are respected on paper, they are being circumvented in practice. Thus, although women appear to be involved in municipal administration due to the number of seats they hold, their political duties are often being carried out by their husbands instead. For example, women have been elected mayor in Siddarthnagar and in Kushinagar; however, in both towns, it is their

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[12]This is a major change as, unlike the SCs and STs, there were previously no national or regional electoral quotas for women (for more information on this, please see Ghosh and Tawa Lama-Rewal 2005).

husbands who have actually assumed this function and head the Nagar Panchayat in their place. For the husband of the mayor of Siddarthnagar, this hypocritical stance helps ensure the municipal council continues to meet the regional administration's financial transfer requirements: "*we have to apply the new rules from 'Lucknow' for the elections in order to get government grants*".[13] Formal compliance with quotas for women is therefore driven by a utilitarian motive, that of accessing funding, rather than by any desire for ensuring true representation.

This circumvention is an extension of the traditional gender inequality that is entrenched in Uttar Pradesh; a state where women, most of whom are poorly educated, are held in a position of inferiority and where the men consider this positive discrimination proof that regional government policy is disconnected from the realities of local life. When interviewed, the female elected representative of ward no. 7 in Chandauli, who is unable to read or write, freely admitted to her lack of knowledge: "*[if you want to talk about political and urban administration], wait for my husband, as I know virtually nothing about it*".[14] In the small towns studied, many of the women interviewed appear to have accepted this male dominance, which severely limits some of these women's involvement in municipal administration. Ultimately, most female elected representatives have no idea what their role entails and are happy to let their husbands attend municipal council meetings in their place.

In this regard, the situation in the small towns studied is very similar to that encountered in villages by Girish Kumar, where "most of the women members had suffered on account of class and caste divisions. An overwhelming proportion of them had been victims of patriarchy as well. Noble exceptions apart, very few of them had any prior knowledge of what was expected from them, and even fewer could reap any advantage from their tenure in the panchayats. Very few were satisfied or enjoyed their exalted positions as elected leaders" (Kumar 2006, p. 139). However, given the similarity between these situations and the observations made in cities such as Delhi and Chennai (Ghosh and Tawa Lama-Rewal 2005), the impact of quotas for women appears to depend more on local political traditions and culture than on the size of the town or city. Stéphanie Tawa Lama-Rewal and Archana Ghosh thus note that the number of female candidates and officials elected to unreserved seats and occupying important positions on the municipal council significantly increased during the second post-74th Amendment elections held in Kolkata and, to a lesser extent, in Mumbai, where there is a longer tradition of local politics.[15] Thus, "in the regions, or towns, where local politics is a relatively long-standing active tradition and where the dominant political parties have a dense organisational structure, such as in Kolkata and, to a lesser extent,

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[13]Interview held on 3 December 2008 in Siddarthnagar with the mayor.

[14]Interview held on 8 July 2008 in Chandauli (ward no. 7).

[15]In their study, the authors thus highlight the key role played by the political system of the Communist Party of India (Marxist) in Kolkata and of *Shiv Sena* in Mumbai in influencing the effective implementation of quotas for women.

Mumbai, the impact of political quotas for women has been high […]. In contrast, in Delhi and Chennai, very few women put themselves forward as candidates for unreserved seats (and even fewer are elected) and the women who are elected lack the political resources needed to fully assume their new functions; or at least to assume them as fully as their male colleagues" (Tawa Lama-Rewal 2007b, p. 3).

Ensuring the visible and effective representation of women within local government appears to be a struggle in these small towns, which are only just discovering local democracy. This should therefore serve as a reminder that, however laudable, any positive discrimination towards women needs to be more broadly incorporated into a major programme to tackle gender inequality in order to address its underlying causes (particularly improving girls' poor school attendance,[16] ensuring their day-to-day safety and, more generally, overhauling the political system).

3.1.2.2 The Representation of the Traditionally Discriminated Against Scheduled Castes

Along with quotas for women, the 74th Amendment also includes provisions to ensure that traditionally discriminated against population groups, such as Scheduled Tribes (ST) and Scheduled Castes (SC), are also represented in local government in proportion to their demographic weight. Although there are no ST groups identified in any of the small towns studied, the Dalit inhabitants, officially classed as SC by the administration, do constitute a minority that has been historically discriminated against, as illustrated by their geographic exclusion (they often live on the outskirts of town, some distance away from the centre). The quota policy is thus a major step forward for the Dalit population as their representation within local government is now a constitutional requirement.

However, while these groups may now be formally represented, their SC elected officials often struggle to assert themselves within the municipal council and play little part in actual municipal management; a situation that mirrors the findings of other studies into the introduction of SC quotas (Mathew 2004; Robinson 2005). Firstly, due to the lack of formal education among the SC population, the SC elected representatives have only a vague understanding of their roles. Although most of them have heard of the Nagar Palika Act that governs municipal affairs,

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[16]In 2011, the literacy rate for women in Uttar Pradesh stood at 59.26 % (compared to 79.24 % for men). 77 % of children aged between 6 and 14 go to school every day, but there is a clear gender gap: between the ages of 6 and 10, 84 % of boys and 74 % of girls go to school; then, between the ages of 15 and 17, only 58 % of boys and a mere 33 % of girls attend classes. This low literacy rate is partially due to a lack of infrastructure, as Uttar Pradesh suffers from a severe shortage of teachers and classrooms: there are only 20 primary schools per 100,000 people in UP, whereas the national average is 65:100,000; this is in contrast with other equally poor but far better equipped states, such as Madhya Pradesh, Orissa and Assam, which have an average of 120 (Planning Commission 2007).

very few have ever consulted it (some simply because they cannot read) and none of them are aware of the 74th Amendment. As an extreme example, in Chandauli, the SC representative of ward no. 1 hardly ever goes to the Nagar Panchayat any more as his alcoholism prevents him from making himself understood. In addition, despite the Chief Minister of the region, Mayawati, being a Dalit, some SC representatives feel that other, non-SC elected officials treat them with disdain. In Siddarthnagar, for example, one of the SC representatives has complained of a lack of consideration whenever he speaks to the mayor: "for him, I will always be a 'Dalit' of no interest!" However, not all upper caste council members treat the SC representatives with such contempt. In Phulpur, for instance, the SC representatives are fully integrated and can often be found at the Nagar Panchayat discussing current affairs with their fellow council members. However, few of them harbour any hopes of becoming mayor, not so much because of their caste, but because they lack the financial resources. According to them, quotas alone are not enough to win an election campaign as they will always lack the social and economic capital required. Nonetheless, the SC representative from ward no. 2 in Chandauli was considering standing in the next municipal elections as, as far as he is concerned "everything is possible nowadays!".[17]

In spite of these issues, the outcome of the quota policy for Scheduled Castes has been positive: although it has not brought about radical change, it has nonetheless provided traditionally excluded population groups with political legitimacy, which in turn offers them the possibility—however slight—of entering the town's political arena. Furthermore, while the pessimism of certain observers with regard to the lack of political integration of the Dalits despite the quotas (Limbadri 2007) is perfectly understandable, according to other authors (Palanithurai 2005, for instance), there are signs that the SC elected representatives are slowly but surely starting to assert themselves within local governments (Fig. 3.2).

3.1.3 The Paradoxes and Limitations of Positive Discrimination

The introduction of quotas is not enough on its own to provide the poor with decision-making authority. Analysis of the elected officials' socio-professional categories clearly shows that most of them are already prominent local figures: the Other Backward Classes (OBC), which benefit from quotas in Uttar Pradesh, thus appear particularly privileged in small towns, where they are economically and demographically dominant. Although there are no electoral quotas in place for

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[17]Interview held on 29 November 2010. Observations made during a return field visit in 2012 revealed that these hopes were not borne out as no Dalit was actually elected mayor. In reality, the situation has got worse, as Mayawati's defeat in the legislative elections has had the knock-on effect of reducing Dalit political integration at the local level, as they now receive less support from the regional government (led by the SP).

Fig. 3.2 Quotas met on paper, but circumvented in practice. *Note* Electoral quotas for women and the SC groups appear to be complied with on paper, but are circumvented in practice with both female and SC representatives excluded from decision-making bodies by local leaders. For example, during a religious festival in Kushinagar, the mayor (the woman pictured in the centre of the *first photograph*) is placed at the heart of the ceremony whilst her husband, who carries out the mayor's functions on a day-to-day basis, presides over and leads the festivities, which the local people see as proof of his kindness and generosity. Similarly, this Dalit from Siddarthnagar, an active member of the BSP and appointed to the municipal council as the official party representative (*second photo*), feels excluded from the municipal council, claiming that: "they don't even tell me the dates of the meetings". *Source* Author

Muslim residents, they are nonetheless well-represented as they also have significant economic and demographic weight within the small towns studied. Lastly, the lack of any representatives from civil society[18] (in contrast to cities, where civil society is often highly active) supports the notion that the representation system is biased against the poor (see Table 3.4).

3.1.3.1   The Traditional Elite of Predominant "Minorities"

Uttar Pradesh has a more ambitious quota policy than any of the other Indian states in that it includes Other Backward Classes (OBC), as well as SC/ST. Paradoxically, this makes little difference in the small towns studied as the OBC are not really a discriminated against minority; not only are they in a demographic majority but, along with the so-called 'General' castes, they are also involved in most of the town's main economic activities. Many of them are landowners, lawyers, doctors, major retailers or construction firm owners and, even outside of small towns, "their political success is closely linked to their economic power" (Hasan 2006, p. 63). In

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[18]It is worth noting that the term "civil society" here refers to organised civil associations (such as Resident Welfare Associations, Community-Based Organisations or Non-Governmental Organisations), whose involvement is theoretically encouraged by the 74th Amendment due to their "special knowledge" (to quote the text) of the situation on the ground.

Table 3.4 The elected representatives' professions

Representative	Kushinagar	Chandauli	Siddarthnagar	Phulpur
Mayor	Entrepreneur Brick manufacturer	Farmer Landowner	Landowner Millet silos	Lawyer Entrepreneur
Ward no. 1	Fisherman	Beedi cigarette manufacturer	Ration shop owner	Shop owner
Ward no. 2	Shopkeeper	Social worker	Employee in a photocopying firm	Shop owner
Ward no. 3	Employee in a gift shop and restaurant	Employee in a paper manufacturing company	Employee in the Irrigation department	Shop owner and entrepreneur
Ward no. 4	Teacher and shopkeeper	Farmer	Landowner	Landowner and farmer
Ward no. 5	Landowner, farmer and entrepreneur	Fruit and vegetable wholesaler	Stationery shop owner	Doctor
Ward no. 6	Shop owner	Shop owner and construction company entrepreneur	Farmer and landowner	Lawyer
Ward no. 7	Sawmill owner	Lawyer	Son of a district administration employee	Pump salesman
Ward no. 8	Electrical shop entrepreneur	Chemist	Shop owner	Farmer and landowner
Ward no. 9	Journalist	Livestock breeder and farmer	Wood manufacturer	Construction company entrepreneur
Ward no. 10	Fruit and vegetable wholesaler and entrepreneur	Civil servant in the Public Works Department	Fisherman	Fruit and vegetable wholesaler
Ward no. 11	Farmer	Lawyer	Farmer	Livestock breeder
Ward no. 12	Water pump shop owner and entrepreneur	Journalist	Chemist	Car/motorbike salesman
Ward no. 13	Chemist	Farmer and landowner	Clothes shop owner	Pump and borehole firm owner and entrepreneur

Table 3.4 (continued)

Representative	Kushinagar	Chandauli	Siddarthnagar	Phulpur
Ward no. 14	Civil servant in the Planning Department	Farmer	Shop owner	Land and factory owner
Ward no. 15	Farmer	Entrepreneur	General farmer and landowner	Construction company entrepreneur and shop owner
Ward no. 16			Chemist	
Ward no. 17			Livestock breeder	
Ward no. 18			Journalist	
Ward no. 19			Chemist	
Ward no. 20			Electrical equipment retailer, insurance agent and construction company entrepreneur	
Ward no. 21			Car/motorbike salesman	
Ward no. 22			Car/motorbike salesman	
Ward no. 23			Major wholesaler	
Ward no. 24			Public works entrepreneur	
Ward no. 25			Wholesaler	

Source Author's own research

other words, the OBC are already part of the privileged circle within small towns, in which they are fully involved. Some own the construction firms that work on urban development projects financed by the municipality (mainly road improvement schemes).

Not all elected officials are aware that it is illegal to take on multiple concurrent roles[19] and some, such as the businessman and representative for ward no. 6 in Chandauli, even believe that this overlap helps improve efficiency: "it's easier and quicker for everyone if I carry out some of the work because I have the best company in Chandauli".[20] For these elected officials-come-entrepreneurs, the goal is clearly to make money by taking on contracts to develop the town.[21] Along with those from the 'General' category, the majority of OBC elected officials form an economic elite that exerts a stranglehold over the town and promotes the interests of their dominant and homogenous group. Most of these representatives have known

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[19]The regulations are set out in the Uttar Pradesh Municipality Act, Chapter 2, 12 D iii.

[20]Interview held on 12 July 2008.

[21]Corruption practices are covered at the end of this chapter.

each other for years, some since school, and others have set up in business together. The small size of the town helps strengthen the ties between these individuals, who come together to ultimately create a relatively closed social group of economic leaders whom decentralisation has transformed into a legitimate political elite.

3.1.3.2 Integration of the Muslim Population

Published in 2006, the Sachar Committee report painted a particularly grim picture of the level of socio-economic development achieved by the Muslim minority in India compared to other religious communities (Sachar 2006). When compared to Sikhs, Christians and Jains, and in proportion to their population, Muslims continue to suffer from poor political representation, which is estimated to be between 4 and 6 % on average (Jayal 2004). There is a Muslim member of parliament in only ten states and the success rate of Muslim candidates in elections fell from 61 % in 1952 to 18–20 % between 1991 and 1999 (Sridharan 2004). The situation in which the Muslim community finds itself is symbolic of the paradox created by the quota policy as, although the most recent studies generally agree that they are discriminated against (Basant and Shariff 2010; Deshpande and Bapna 2008), the Muslim minority is not defined as a separate category and thus there is no specific quota for their castes[22] and religion (which would require an amendment of the constitution[23]). Despite their lack of political representation, proposals to put a specific quota in place for Muslims have caused huge controversy, even among the Muslim community itself (Delage 2011, p. 13). The proportional representation of minorities on political party lists could appear at first as a legitimate solution as it forces the mainstream parties to address minorities' issues and encourage voters from minority groups to vote for the dominant parties. Nevertheless, Zoya Hasan remains highly sceptical about creating specific reserved seats, whether by changing to a semi-proportional electoral system or by reviewing the boundaries of electoral constituencies. She believes this would result in the ethnification of the party system and, despite more proportional representation, minorities would automatically be brought together whilst remaining isolated within the political spectrum. (Hasan 2006, p. 62).

In the small towns studied, despite the lack of specific quotas, the fact that Muslims tend to live near their mosque or madrasa means that the predominantly

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[22]It is important to bear in mind that, in India, the notion of castes is now no longer restricted to Hinduism and is also used to refer to the social structures of other religions. Thus, according to Rémy Delage, "the social organisation of Indian Muslims, although generally similar to that found in Arab and Middle Eastern societies (patrilineality, lineage, marriage), is nonetheless different due to the local categories of caste used to define it" (Delage 2011). For an overview of Muslim minorities in India and south Asia, please refer to Gilquin (2010).

[23]The Constitution stipulates that the state cannot positively discriminate with regard to jobs and recruitment on social and religious grounds (Articles 14 and 15); it essentially focuses on the most disadvantaged groups (Article 16), namely the SC and OBC. As things stand, only Hindus and certain Sikh (1956) and Buddhist (1990) groups legally come under the SC category.

Muslim wards are usually represented by elected officials that are also Muslim, regardless of secondary caste considerations. In most cases, these elected officials are fully integrated into the local government. Muslim elected representatives do not appear to be the victims of discrimination nor do they seem to be excluded from power, or the post of mayor (the mayor of Phulpur is Muslim, which suggests a certain demographic representativity as half of the town's population is Muslim). Such non-discrimination is not only due to the demographic weight of this minority, but also to the fact that, like their OBC peers, these Muslim elected officials already have substantial economic and social capital, which elevates them to economic elite status within the town. Whenever they come into conflict with the mayor, they know that they can form a legitimate opposition. In Chandauli, for instance, the Muslim OBC representative for ward no. 5 used the Right to Information Act to complain about the lack of transparency surrounding some of the decisions taken by the mayor and on which he was not consulted. In Siddarthnagar, the representative of one of the Muslim wards is in conflict with the BJP-affiliated mayor, mainly for ideological reasons; however, he continues to meet with the mayor on a regular basis to promote the interests of the residents of his ward and participate in the development of the town.

3.1.3.3   The Lack of Civil Society Representatives

One of the distinctive features of the decentralisation reform in India is that it aims to help ensure members of civil society are included in the municipal council. In practice, resident welfare associations (RWAs), community-based organisations (CBOs) and non-governmental organisations (NGOs) only sit on municipal councils in a selected few towns and cities (mainly in Kerala, West Bengal and, more recently, in Maharashtra) (Sivaramakrishnan 2006).

The impact of civil society organisations' involvement is mostly limited to the largest cities, both because these cities are used to showcase government projects to attract potential international investors (Kennedy 2004) and because this type of discourse is aimed at the growing middle class that lives in these metropolises. As a number of studies have shown, civil society participation in these cities can lead to marginalisation of the poor as the interests of a sociologically dominant class are promoted over those of disadvantaged and less well-organised population groups. For example, in Delhi, residents' associations are usually only set up in planned and formal developments and do not exist in either illegal settlements or slums. Supported by legal decisions that have found in their favour, these residents' associations focus on environmental issues (relocating polluting factories, phasing in auto-rickshaws that run on compressed natural gas, protecting green spaces, etc.) without considering their social impacts (Zérah 2007).

However, in the small towns studied, such issues do not arise as, due the lack of demographic diversity within these towns, no formal civil society organisations exist. RWA members are usually from relatively well-off population groups that predominantly live in large cities. CBOs are most often found in the slums of these

same cities and NGOs generally also work in these slums or within rural areas.[24] None of the municipal councils have had to worry about including a representative from organised civil society in their ranks as there is no hypothetical middle class[25] in these predominantly poor small towns. The structure required to develop an organised civil society-based opposition is simply not in place. In addition, any media outlets are often owned or controlled by the local ruling oligarchy. Although some elected officials are also journalists, they never openly question municipal administration procedures and decisions. Similarly, the poorly organised religious communities play only a limited role within their ward and have little influence on town governance.

In conclusion, analysis shows that introducing positive discrimination to ensure castes are fully represented does not necessarily improve the representativity of social classes. Most of the officials elected onto the municipal council continue to be prominent local figures. Only the wealthiest members of society have the financial means to launch an electoral campaign. Although no longer insurmountable, socio-economic barriers continue to prevent people from participating in local government. However, for local people, this representativity, whilst nominal, nonetheless provides a sense of political legitimacy. As noted by Zoya Hasan, the "reservations do play the role of a catalyst in the construction of political identities. In other words, Scheduled Castes, Scheduled Tribes and OBCs have become political categories through reservations." (Hasan 2006, p. 64). As such, local democratic elections and the quota policy have opened up a breach in the dominant economic oligarchy's monopoly of power that could continue to grow; the potential changes this could induce therefore need to be studied over the long term. For example, despite a century-old positive discrimination system, it still took "decades of political awareness" (Jaffrelot 2005, p. 143) before "dalits" became a political group in their own right.

3.2   The Local Redeployment of Regional Parties

Municipal councillors do not only represent the local people. They also represent the regional parties seeking to gain a foothold in the town. In addition to local political representatives, municipal councils also include appointed regional political representatives who help ensure the regional government retains (some) oversight of municipal proceedings.

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[24]A manager from the NGO Sulabh (http://www.sulabhinternational.org), who lives in Siddarthnagar, explained to us that the NGOs mandate within the district covers the neighbouring villages only (field visit to Siddarthnagar in November 2009).

[25]As demonstrated by Satish Deshpande, this notion of a "middle class" is particularly misleading as it suggests both the majority and middle of the socio-economic hierarchy whereas, in fact, it contains at most 15 % of the Indian population (Deshpande 2006, p. 222).

3.2.1 The Political Set-up

Local elected officials are the interface between the local population and the regional parties. Although regional politics are slowly permeating local life, our research shows that neither the electorate nor the ward representatives yet feel truly aligned to a regional party and continue to take a practical approach to dealing with local issues (see Table 3.5).

3.2.1.1 The Gradual Municipalisation of the Regional Parties

The first point of note is the high number of elected officials who claim to be "independent" and have no affiliation to a political party. Although regional party labels do not immediately appear to play a major role in the towns studied, there is no doubt that state-level political fallouts and manoeuvrings do trickle down to the local level, as illustrated by the notable absence of the traditionally dominant Congress party from all the small towns studied (with the exception of two elected officials in Siddarthnagar) as, during the research period, the dominant party was the BSP (see Fig. 3.3).

Congress's loss of influence in the small towns has its roots in the broader political history of Uttar Pradesh, where it has lost support over the years as the popularity of other caste-based parties has grown (Chandra 2007; Jaffrelot 2005; Pai 2002). Between 1966 and 1977 (during Indira Gandhi's first term as Prime

Table 3.5 Regional political parties within local government

Representative	Kushinagar	Chandauli	Siddarthnagar	Phulpur
Mayor	BSP	BSP	BJP	BSP
Ward no. 1	Independent	BSP	Independent	SP
Ward no. 2	Independent	BSP	Independent	BJP
Ward no. 3	Independent	BSP	SP	BJP
Ward no. 4	Independent	Independent	Independent	Independent
Ward no. 5	Independent	SP	Independent	BSP
Ward no. 6	Independent	BJP	BJP	SP
Ward no. 7	Independent	BJP	Independent	SP
Ward no. 8	Independent	Independent	SP	SP
Ward no. 9	Independent	Independent	Independent	SP
Ward no. 10	Independent	Independent	SP	BSP
Ward no. 11	Independent	BJP	BJP	BJP
Ward no. 12	Independent	Independent	Independent	BSP
Ward no. 13	Independent	Independent	Independent	SP
Ward no. 14	Independent	BJP	Congress	SP

(continued)

Table 3.5 (continued)

Representative	Kushinagar	Chandauli	Siddarthnagar	Phulpur
Ward no. 15		SP	Independent	SP
Ward no. 16 (Siddarthnagar)			Independent	
Ward no. 17 (Siddarthnagar)			Congress	
Ward no. 18 (Siddarthnagar)			Independent	
Ward no. 19 (Siddarthnagar)			Independent	
Ward no. 20 (Siddarthnagar)			Independent	
Ward no. 21 (Siddarthnagar)			Independent	
Ward no. 22 (Siddarthnagar)			BJP	
Ward no. 23 (Siddarthnagar)			Independent	
Ward no. 24 (Siddarthnagar)			Independent	
Ward no. 25 (Siddarthnagar)			Independent	
+Appointed by the government	BSP	BSP	BSP	BSP
+Appointed by the government	BSP	BSP	BSP	BSP
+Appointed by the government			BSP	
+Appointed by the government			BSP	
+Appointed by the government			BSP	

Note SP Samajwadi Party; *BJP* Bharatiya Janata Party; *BSP* Bahujan Samaj Party
Source Author's own research

Fig. 3.3 Local visibility of regional parties. *Note* The prestige of the mayor, most often affiliated to the BSP (three out of four mayors between 2008 and 2012), helps increase the popularity of the locally dominant party. During the research period, the campaign posters put up by the BSP (as in the first photograph (**a**) in Chandauli) helped unseat the outdated figures from Congress (here (**b**) a statue of the Congress member Sri Tripathi in Chandauli) and served as a recruitment campaign within these small towns, urging people to join the growing dominant party platform. Although this political set-up has as yet had only a small impact on the electorate, the municipal level is currently the focus of intense power struggles between the regional parties. *Source* Author

Minister), Congress was extremely popular in Chandauli, which prided itself on being the birthplace of the railways minister, Kamala Pati Tripathi. Through this minister, the town received preferential treatment with regard to education projects and a number of public schools were built, thereby helping the party to maintain its stranglehold over the town up to the 1990s. Between 1988 and 2000, the municipal council was chaired by a mayor affiliated to the Congress party. This mayor thus oversaw implementation of the 74th Amendment and accompanying changes, but was unable to seize the opportunities presented by the reform. This period is now derided by the town's inhabitants as it produced few tangible results. Current political representatives have criticised the inaction of the mayor during this period as he was unable to obtain additional funding from the state. The political situation at the time (which saw the regional rise of caste-based parties and progressive isolation of Congress), combined with the institutional upheavals triggered by the 74th Amendment (and subsequent period of acclimatisation at the municipal level) resulted in the fall of the Congress party, which disappeared from the political scene during the years 2000.

In scientific literature on this topic, it is argued that, at the local level, Congress was unable to "adapt" to the new political order that saw caste become a factor of identity-based cohesion (Chandra 2000). In contrast, the opposition parties were able to adopt a successful expansion strategy, notably by offering political support to the newly elected local representatives. However, the available literature pays less attention to the institutional role played by decentralisation in Congress's decline; nevertheless, there are two key aspects that need to be taken into account. Firstly, in the towns with a predominantly OBC population, it is highly likely that the adaptation and transfer of regional political conflict to the municipal level directly benefitted the opposition parties at elections during the 1990s. Secondly, it is reasonable to assume that the introduction of the reform in towns (particularly in emerging towns such as these) meant that the municipal administration had to adapt to the new political leadership of the local elected officials (who replaced the regional civil service managed by the District Magistrate); in other words, a local government running-in period was required. The municipalities' transition from simple development tools to local political institutions inevitably involved making adjustments. This was illustrated by the fact that the relative lack of technical experience of the first local governments to come to power (and who were affiliated to Congress) was punished at subsequent elections as new political parties (such as the BSP, the dominant party during the research period; then the SP in the Uttar Pradesh 2012 elections) started to gain ground, having enhanced their legitimacy by learning from the errors made by their predecessors.

3.2.1.2 The Small Towns' Political Apprenticeship

The requirement to introduce local democracy into an area usually governed by traditional authorities is easier to decree than to implement. Voters are just beginning to learn about electoral issues and their political apprenticeship is being

influenced by a broader political exploitation process on a different scale. The development of people's political awareness appears to be being dictated by the regional parties striving to gain a foothold in local politics and with whom the inhabitants of small towns have little in common. Far removed from the political concerns of the regional capital in Lucknow, in the small towns studied, practical local issues continue to take priority over the ideology of any particular party. At the municipal elections, most people ignore political party labels and instead cast a practical vote, claiming to be non-partisan and independent. During our research, 8 out of 10 inhabitants stated they had voted, not for a particular political party, but for the local figure they considered to have most influence and thus best able to attract funding to carry out construction work to develop their ward. Thus, regional political issues are not yet making themselves fully felt at the local level and the "political awareness-raising" process (Jaffrelot 2005, p. 143) is still in its early stages.

This same practical approach is also to be found among elected officials, most of whom claim not to follow the political agendas of the regional parties and to have adopted a level of independence. In Kushinagar, for instance, very few elected representatives explicitly acknowledge their political affiliation; however, the political leanings of some candidates did become more pronounced in the run-up to elections. The local political arena is shaped more by political manoeuvrings than by ideological affiliations. Once in power, the mayors of Chandauli, Siddarthnagar and Kushinagar clearly rallied behind the dominant regional party (the BSP during the research period, followed by the Samajwadi Party–SP—after the fall of Mayawati) as this is a way of "*more easily reaching the politicians in Lucknow and obtaining financial support*" (according to the mayor of Kushinagar[26]). As confirmed by the mayor of Chandauli, in most cases, there are no ideological considerations involved: "*The BSP approached me when I was elected mayor asking me to join their party, I didn't go seeking them out […] personally, I prefer the policies of the BJP*".[27] At the municipal level, therefore, the regional political parties, and the state's governing political party in particular, are highly successful at encouraging local elected officials to join them, at least formally and separately to caste considerations, by strategically paying for their support.

Similarly, ward representatives politically align themselves to the mayor as they believe this then makes it easier to curry favour. In contrast, elected representatives in conflict with the mayor can rely on the support of other regional political parties to create a form of opposition, notably by using their relationships with politicians outside the municipal council, such as the Member of the Legislative Assembly or Member of Parliament. However, whilst all these alliances with regional parties appear motivated more by strategic interest than by any real political conviction, there are also a number of political activists within the municipal councils.

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[26]Interview held in Kushinagar on 25 November 2008.
[27]Interview held in Chandauli on 13 July 2008.

3.2.2   The Incursion of Politicians into Municipal Administration

3.2.2.1   The Activism of the Members Appointed by the Regional Government

Although the discourse on decentralisation, at least formally, promotes the enhanced local representativity of municipal councillors, in Uttar Pradesh, the legislation also includes the appointment of regional government representatives, who are not elected but nominated directly by the state's governing political party. These representatives potentially have an important role to play in Uttar Pradesh as there are three appointed members in every Nagar Panchayat (and 5 in each Nagar Palika Parishad, such as Siddarthnagar). Unlike in other states,[28] the legislation clearly stipulates that these non-elected members hold voting rights within the municipal council: "nominated members […] shall hold office during the pleasure of the State Government and they shall have the right to vote in the meetings of the municipality" (Uttar Pradesh Municipality Act 1916, Article 9b, c, d, e). The state's "right of oversight" over local government reflects the regional government of Uttar Pradesh's (2007) reluctance to fully recognise the legitimacy of the municipal council.

In practice, this clause is rarely respected by the municipality. Being a state government-nominated council member is actually a hindrance; these representatives enjoy less legitimacy than the directly elected local officials as they are considered to have been appointed through regional political nepotism. The extent to which they are accepted onto the municipal council depends not only on their political affiliation, but also on their relationship with the dominant local powers and, in particular, with the mayor. In some municipalities, they are fully involved in council decisions whilst, in others, they are often deliberately excluded from the decision-making process, which remains the domain of the town's elected oligarchy. Thus, during the research period when Uttar Pradesh was governed by the BSP, most of these nominated members were Dalits who received little support from the mayors (already members of the dominant party, except in Phulpur), who did not consider them to offer any new political or economic opportunities that would help him assert his power. If the nominated members are in conflict with the mayor, it is thus difficult for them to tip the balance of the power in their favour, even if they do have regional political support.

The members appointed by the regional government thus act merely as observers and have little local legitimacy. They report back to their political superiors on the municipal decisions and action taken. This reporting role actually involves monitoring municipal leaders, whose behaviour could be detrimental to the region's governing party. For example, an appointed member of the municipal council in

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[28]In Orissa, for example, Clauses 47,49 and 54 of the Orissa Municipality Act clearly state that, although nominated members have the right to attend council meetings, they cannot vote on decisions.

Kushinagar told us that he had written to his superiors to inform them that the municipality, headed by the mayor, was involved in corruption and the misappropriation of public funds. Unlike most elected officials, these municipal council members are genuine activists who openly acknowledge their affiliation with the ruling party. In return for their allegiance, they hope to carve out a political career within the party that appointed them as this would help raise their social, then economic, status.

3.2.2.2   Members of Parliament and the Assembly

In accordance with Clauses 9b and 9c of the UP Municipality Act, the Member of the Legislative Assembly (MLA) and the Member of Parliament (MP)[29] whose constituency covers the municipality are automatically given a seat on the municipal council and also have voting rights, which is not the case in other Indian states.[30]

On the surface, these MPs and MLAs appear completely disconnected from the municipalities' affairs as they have never actually visited any of the town halls within their constituencies. However, this physical absence does not mean they are not involved, as they play a major role on other levels. During an interview with the District development department, we witnessed first-hand an attempt by the local MP to intimidate the Chief Development Officer of Siddarthnagar. This influential member of Uttar Pradesh's parliament wanted the official to block a financial transfer to a Panchayat ruled by an opposition party. According to the Chief Development Officer, "this type of situation happens a lot with political leaders, and please understand that not only are these situations very tiresome, but they are also very difficult to manage".[31] In reality, the MLAs and MPs authority extends beyond municipal issues to encompass regional politics in Lucknow and national political issues in Delhi. In line with the political conflicts in which they are involved, some MLAs/MPs have infamous reputations and are often the focus of media attention.[32] During the fieldwork in Kushinagar, the Samajwadi Party MLA, who was permanently surrounded by his 20 armed bodyguards, was suspected of assassination, misappropriation of funds and corruption.

Despite this disconnect with the local situation on the ground, the regional and national parliamentarians' means of exerting influence is facilitated by the

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[29]Members of the Legislative Assembly (MLA), Members of Parliament (MP) and Members of the Legislative Council (MLC) are regional (assembly) and federal (Parliament) elected parliamentarians.

[30]The municipal legislation in most states is extremely unclear on this subject, whereas in other states, such as Orissa, municipal legislation specifically states that MLAs and MPs automatically have seats on the municipal council, but do not have the right to vote (Sect. 47, 49, 54, Orissa Municipality Act 1950).

[31]Interview held on 9 December 2010.

[32]For instance, when writing this book, one of the most recent affair involving UP politicians saw the MP's henchman sentenced to jail for murdering a MLA.

MPLADS programme, which allocates a budget of 20 million rupees a year to MPs and 1.25 million rupees a year to MLAs (about 250,000 Euros and 15,000 Euros, respectively). Approved in 1993, 1 year after the 73rd and 74th Constitutional Amendments were adopted, the aim of this programme is to facilitate parliamentarians' involvement at the local level; however, the role assigned to them under this programme has been the subject of much controversy. In a study into rural decentralisation in Madhya Pradesh, the World Bank noted, for instance, that the MPs and MLAs had completely "usurped" the authority of the Zilla Panchayat (Alsop et al. 2000, p. 49). According to the political scientist Girish Kumar, although these funds help cover the shortfall in municipal finances (and are, thus, beneficial from this perspective), they seem at odds with the decentralisation process as they can be used to finance development projects without requiring the Nagar Panchayat's prior approval (thus weakening local government). The allocation of these funds also introduces favouritism, patronage and clientelism into development assistance, with certain wards receiving preferential treatment due to the political ties of their elected representative or leader (Kumar 2006). According to the inhabitants interviewed, some infrastructure has indeed been built with funding from the MLA or MP, thanks to the network of contacts their ward representative has developed within the political party. Examples of this include the sports ground in Kushinagar, which was financed by the MLA, and the funding of drainage work in a ward in Chandauli. As the debate on the role to be assigned to MLAs/MPs is not the focus of this research, it is of more significance to note that parliamentarians are helping embed the regional parties they represent at the local level, both through these funds and through their resulting patronage of ward representatives.

Ultimately, the political parties play an active role in the local political arena. By strategically supporting selected local elected officials, whom they encourage to get more and more involved in the party, the dominant regional political party is the best-placed to steadily take over the public space by monopolising all forms of legitimate authority.

3.3 The Creation of an Entrepreneurial Oligarchy

The reform has undeniably shifted the balance of power towards elected officials, who are now supported by state representatives. However, in small municipalities that still do not have stable administrations in place and where the traditional elite have been able to reposition themselves within the local political arena, the reform has had extremely mixed results. One of the adverse effects of this devolution of powers has undoubtedly been the automatic increase in local corruption. At the

moment, it seems difficult to avoid these abuses of the system; nevertheless, it is hoped that the challenging process of democratising institutions will ultimately lead to the development of a different form of local political management.

3.3.1 A Municipal Management Method that Favours the Mayor

3.3.1.1 The Local Power Imbalance

In India, the structure of the municipal system varies from state to state but, overall, there are two main models under which power is predominantly placed in the hands of either local elected officials or the regional civil servants: the Mumbai Model and the Kolkata Model (see Box 3.1).

Box 3.1 The two administrative models used in India

Under the 'Mumbai Model' or 'Commissioner System', the Municipal Commissioner, a civil servant appointed by the regional state, is the authority responsible for coordinating the municipal apparatus. The mayor is elected indirectly by the councillors (ward representatives) for a one-year renewable term. Compared to the Commissioner, the mayor has little executive power. This unequal power-sharing system has its roots in the British colonial era, when the Commissioner was the coloniser's representative. The indirect election of the mayor, coupled with his short mandate, leave him with very little power.

Under the 'Kolkata Model', or 'Mayor in Council System', introduced in 1984, local government is set up in a similar way to local or regional governments. The Chief Executive Officer supports a powerful mayor, who holds both legislative and executive powers. This mayor chairs the equivalent of a federation of the town's wards. He must work with these wards to provide public services, which include water supply, drainage, solid waste collection, sanitation, roads, public lighting and park maintenance.

In Uttar Pradesh, the general structure of the municipal authority tends towards that of the Kolkata Model, with a powerful mayor who has a civil servant, the Executive Officer (EO), to assist him. This civil servant is the focal point in charge of administrative liaison between the municipality and regional government. The EO is the only civil servant seconded to the local authority by the regional government as all other municipal employees are recruited locally (see Box 3.2).

> **Box 3.2 The Executive Officer, a longstanding and vital role**
>
> The position of Executive Officer dates back to the Mughal Empire,[33] when Akbar helped lay the foundations for a modern state, which were subsequently developed by the British colonial powers. Managed by civil servants, the administration was organised into a province system ruled by princes, the *jagirdar*s and *zamindar*s, who were to facilitate the collection of local taxes. In towns, this role was delegated to the Kutwal, a civil servant directly appointed by the emperor and the cornerstone of the municipal administration. This civil servant was responsible for the maintenance of identified roads and housing, setting up and collecting local taxes, price controls and market measures. His roles were the same as those found in today's municipal governments: Municipal Commissioner, Executive Officer and City Magistrate (Saran 1973, p. 232–234).

The decentralisation reform has very clearly tipped the balance of power towards the local elected politicians and away from the municipal administration, who now finds itself restricted to a supporting, executive role.

3.3.1.2   The Weak Authority of the Administration

The role of the Executive Officer (EO) is to implement the decisions taken by the municipal council. Municipal employees are recruited locally; however, the EO is the only civil servant to be seconded to the local authority by the regional government. After having completed their administrative exams,[34] the civil servant enters into the regional civil service and the Directorate of Local Bodies appoints them to a position in one of the 630 municipalities in Uttar Pradesh. They become the focal point in charge of administrative liaison between the municipality and regional government. As a regional civil servant, they ensure local governments operate within the law. All expenditure above 15,000 rupees approved by the mayor must also be counter-signed by the Executive Officer. In general, the EO works in conjunction with the Chief Development Officer, District Magistrate and Divisional Commissioner to coordinate urban development work. The Executive Officer's role consists of ensuring regional recommendations are implemented at the municipal level. To this end, the EO is regularly required to attend meetings at the Directorate of Local Bodies offices to receive updates on these new guidelines. The majority of

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[33]At its peak in 1687, it is estimated that the empire covered 3 million km^2, extending from the Bengal region in the west (modern day Bangladesh) to Sind in the east (now Pakistan and Afghanistan) and from Kashmir in the north to the Deccan Plateau in the south.

[34]Civil servants take a regional examination to become an Executive Officer. Indian Administrative Services graduates have a direct career path to the post of District Magistrate. For more information on this, please see the article by Dalel Benbabaali (2008).

Table 3.6   The successive EOs in Siddarthnagar

Executive Officers	Start date	Transfer to another town	Time in post
1st EO	1-07-1989 (date the district was created)	12-11-2001 (second election post 74 CAA)	12 years, 2 months
2nd EO	13-11-2001	06-02-2002	2 months, 3 weeks
3rd EO	07-02-2002	15-07-2002	5 months, one week
4th EO	16-07-2002	14-09-2003	1 year, two months
5th EO	15-09-2003	06-07-2004	Under 11 months
6th EO	06-07-2004	08-08-2004	1 month
7th EO	09-08-2004	01-06-2006	1 year, 10 months
8th EO	25-07-2006	20-08-2007	Less than a month
9th EO	21-08-2007	18-07-2008	11 months
10th EO	1-08-2008	27-08-2008	Under 4 weeks
11th EO	28-08-2008	Still in post	–

Source Notice board in the EO office (in Siddarthnagar)

meetings in 2009–2010, during the field research period, focused on local tax arrangements and fiscal targets. The EO's incentive for ensuring the municipal administration is effectively managed lies in their promotion prospects within the regional administration (they can ultimately aspire to end their career in the post of District Magistrate).

Previously, the Executive Officer received his orders from the District Magistrate only. Since the reform, the Executive Officer's functions are legally subordinate to those of the mayor (Clause 60 of the UP Municipality Act). Although the EO is the superior of all the municipality's local employees (Clause 61), he is the subordinate of the elected officials for whom he works. Furthermore, these elected officials consider the EO to be there to serve them: "he knows how to manage the administration in order to implement our decisions […] in accordance with current legislation".[35] This institutional subordination makes it easier to have the EO transferred in the event of conflict, as this simply requires two-thirds of local elected officials to pass a vote of no-confidence against him (Clause 58). To avoid being inopportunely transferred, the EO must thus tread a fine line between dealing with pressure from the municipal representatives (even if this means not reporting certain irregularities so as not to offend them) and fulfilling his obligations to the regional administration (who will ultimately transfer him anyway). According to the Directorate of Local Bodies, changing the EO every 2–3 years reduces the risk of corruption between the civil servant and elected officials.[36] Thus, there has been a long procession of Executive Officers in each of the towns visited. In Siddarthnagar,

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[35]Interview held in Phulpur in December 2012.

[36]Interview held at the Directorate of Local Bodies, Lucknow, on 9 July 2009.

for instance, eleven decentralised civil servants held the post of EO between 1989 and 2009 (see Table 3.6).

Although the first EO remained in his post for 12 years, the arrival of the second mayor following decentralisation in 2001 resulted in major changes to the town's administrative management. Around a dozen civil servants were transferred between 2002 and 2008, some of whom only lasted a few weeks in their post before being moved to another town. In most cases, these transfers were initiated by the mayor, who wanted to prevent the EO from gaining power. Siddarthnagar's current EO, who had occupied the post for nearly a year when we met him, admitted he was afraid of the mayor and felt powerless against him: "I'd prefer not to answer questions about the mayor. I don't want to be transferred to another district; you know, all my family live in Rudhauli [the neighbouring town]". Prior to working in Siddarthnagar, the EO managed the Nagar Panchayat in Rudhauli, which the mayor sees as a sign of incompetence as he believes that Siddarthnagar, being a Nagar Palika Parishad, is more complex to manage than a Nagar Panchayat. In contrast to the EO, the mayor was only too willing to give us his opinion of the current Executive Officer: "In any case, I don't like him and I'll end up getting him transferred elsewhere".[37]

These transfers have an impact on the town's management as each new civil servant has to get up to speed with the municipal administration's ongoing affairs. In some cases, the EO has been transferred before a replacement has been found, which has left the town without a decentralised civil servant to oversee its administrative management. This occurred in Chandauli, where the EO took several months' holiday as he was due to be transferred (following legal disagreements with the mayor). In the end, the civil servant from the neighbouring town of Said Naja took over the administrative management of the town, visiting Chandauli town hall twice a week (see Fig. 3.4).

In contrast to the decentralised civil servant, who appears to have little say, the mayor appears to hold the greatest municipal management authority. Prior to the reform, the mayor was only elected indirectly by the ward representatives, who could thus have him removed by passing a vote of no-confidence if two-thirds of representatives were in support. In Uttar Pradesh, this directive was abolished[38] to provide the mayor with more scope to act independently, without being constantly thwarted by opposition strategies developed by alliances of local elected officials. In 2007, Mayawati reaffirmed the strategy of assigning decision-making power to the mayor by doing away with the position of deputy mayor, or vice-chairman. When this vice-chairman found himself in conflict with the mayor, he was accused of hampering the effective management of urban affairs. Now, the mayor is elected directly by the local people for a five-year term. He chairs the council of ward

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[37]Interviews held on 9 November 2009 at the Nagar Palika of Siddarthnagar.

[38]The procedure used to remove a mayor varies from state to state. Some states' municipal legislation stipulates that the regional government may directly remove a mayor from office, whereas others specify that a motion must be passed by the majority of municipal council members.

Fig. 3.4 Municipal civil servants. *Notes* The day-to-day administrative management of the municipality is undertaken by a team of municipal employees managed by a decentralised civil servant (in the centre of the photo (**a**) taken in Phulpur), the Executive Officer (EO). Following implementation of the 74th CAA, the EO now works for the elected mayor. According to the EO in Siddarthnagar, it is vital to have a good relationship with the mayor to prevent a transfer to another municipality. In his office, the list of civil servants that have previously held his post serve as a daily reminder of the precarious nature of his position (**b**). In Chandauli, a disagreement between the EO and mayor regarding corruption resulted in the EO being transferred before his replacement had been found, leaving this senior post vacant for several months (photo (**c**), the EO office in Chandauli remained closed for about 6 months). The administrative team had to manage on their own prior to receiving assistance from the EO of a neighbouring town. *Source* Author

representatives and it is virtually impossible to have him removed. Dismissing a mayor involves a long drawn out investigation that may culminate in a case being brought against him at the court in Allahabad. The court will then determine the mayor's innocence or guilt in accordance with the clauses set out in Article 48 of the UP Municipality Act.

Since decentralisation, legal responsibility for recruiting local civil servants (see Box 3.3) for the municipal team has been assigned to the municipal council (Clauses 66–74). The mayor can recruit class III municipal employees, such as an accountant, for instance. The EO (class II) can recruit class IV municipal employees, such as electricians, under Clause 60-d, which stipulates he can take all the steps required to ensure the municipality operates effectively. The mayor thus also has more authority over recruitment than the EO.

> **Box 3.3 Administrative civil servants in Uttar Pradesh**
>
> Municipalities in Uttar Pradesh employ a total of 85,404 people (245 senior level, 550 middle level, 2,633 junior level civil servants[39] and 81,976 other staff). Of these 85,404 employees, 3,607 come from the regional civil service ("centralised services cadre") and the remaining 81,797 employees are local civil servants ("non-centralised cadre"). Civil servants from the centralised services cadre are assigned to the positions of Executive Officer (EO) and Medical Officer (MO)[40] within the municipality and to the posts of District Magistrate (DM), Sub-Divisional District Magistrate (SDM), and Chief Development Officer (CDO) within the district. Non-centralised cadre civil servants are those recruited locally to run the administration and they occupy a wide range of posts, from the secretariat through to technicians.
>
> The government of Uttar Pradesh and the Directorate of Local Bodies are responsible for recruiting the class I and II regional civil servants (senior civil servants and managers), such as the DM and EO, who can be transferred from one district/municipality to another. The municipalities recruit class III and IV employees ("white collar" workers and junior staff).[41]

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[39]The different titles, junior, middle and senior, are used to describe the civil service administrative hierarchy of permanent staff based on skill level and length of service (as well as on a quota policy for lower castes); they are also used to define the level of responsibility and salary of each post, which are categorised in classes I–IV.

[40]None of the small towns studied have a medical officer, which reflects these towns' lack of human resources.

[41]For Christophe Jaffrelot, "one cannot help but compare the four classes of the Indian administration system with the hierarchy of the caste system given the disproportionate over-representation of the higher castes in the upper classes. Class 4 employees are mainly public maintenance workers and cleaners, which is why the Scheduled Caste recruitment quotas are always filled: the untouchables traditionally hired for these jobs continue to be so; the only thing that has changed is that they now wear the official uniform and have civil servant status" (Jaffrelot 2002, p. 135).

Table 3.7 Number of employees per municipality

2009	Kushinagar	Chandauli	Siddarthnagar	Phulpur
Total number of employees	59	55	56	60
Permanent employees	25	22	24	25
Daily employees	34	33	32	35

Source Author's own research

It is difficult to definitively demonstrate whether the number of employees has increased since implementation of the 74th CAA because, as highlighted by the EO in a report to the Directorate of Local Bodies, the municipalities do not hold accurate staffing records.[42] However, those employees whose employment predates the 74th CAA all confirm that the size of the municipal team has grown and that they now have more resources than previously, even though the increased workload means there are still not enough staff.

Employees are defined by their civil servant status, which can either be "permanent" or "daily" (on a contract). The pay scale for permanent civil servants is determined at the regional level by the Pay Commission and is based on class (Classes I, II, III, IV) and length of service. Thus, for example, the 8,000 rupee starting salary for a junior accountant (class III) could ultimately rise to 20,000 rupees in line with length of service. The municipal team also employs temporary staff (30–40 contractors). Each municipality employs a total of around 60 people. In Phulpur, for instance, the 'permanent' municipal team of staff includes: one Executive Officer; three clerks; two water tower technicians; one tax collector and six assistants; a team of nine dustmen; a gardener; a plumber; and an electrician (see Table 3.7).

Being recruited as a permanent employee by the mayor provides an official way into the civil service and access to all the benefits that this affords. This recruitment process can, therefore, sometimes be abused. It is rumoured that the mayor has sometimes been bribed[43] to give certain employees permanent status. In Chandauli, a Dalit from the cleaning team in Siddarthnagar even went to court to obtain permanent employment status after having spent 15 years as a daily worker.[44] The mayor's recruitment authority therefore places him in a powerful position.

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[42]Information taken from administrative correspondence between the Executive Officer in Chandauli and the Directorate of Local Bodies.

[43]In a letter written in January 2008, the District Magistrate of Chandauli asked the Executive Officer to clarify the recruitment process used to hire a number of technical employees about whom he had received complaints.

[44]Administrative correspondence from Chandauli.

3.3.1.3 Power Grabbing by the Mayor

Previously, the town was managed by the regional administration under the authority of the Sub-Divisional District Magistrate (SDM). When making decisions, this SDM could ignore local political considerations as he had no legal obligation to consult with the inhabitants' (elected or self-proclaimed) representatives. In order to ascertain the town's priority needs, he could consult with local leaders, who were usually traditional prominent figures (construction firm owners, large landowners); however, these leaders had no official influence over the town's management.

Following decentralisation, the people's needs are now theoretically passed on by their elected representatives at council meetings held to democratically define municipal policy. The municipal council, chaired by the mayor, should hold regular meetings attended by all ward representatives, the three nominated representatives and the decentralised civil servant (the EO). The elected officials are paid expenses for attending (5,000 rupees a month for the mayor and 200 rupees per representative for each official meeting) but receive no formal remuneration. The meeting agenda is set by the town mayor, the head of the municipal council (UP Act, Clause 86). In theory, the purpose of these meetings is to discuss local issues. A vote is to be held to approve all decisions, which should then be made public through notices displayed on the walls of the town hall. However, in practice, ward representatives have few decision-making and financial powers. Unlike in cities, these representatives have no specific annual budget to cover the cost of developing their ward. Even when preparing the annual budget, they have little discretionary power for promoting the needs of their wards. The Uttar Pradesh Municipality Act does not include a specific classification of expenditure for each ward and each town tends to use a classification for sectors of activity instead.

Although chapter III of the Uttar Pradesh Municipality Act contains a relatively clear description of how this municipal council is supposed to work, very few elected officials are aware of the related legal provisions and the vast majority has never read them. The municipal councillors' lack of knowledge of their rights and responsibilities provides the mayor with greater scope for harnessing all decision-making power and using it to his advantage. The mayor rarely calls municipal council meetings, intended as the cornerstone of the democratic representation system, thus ensuring he is able to govern without the approval of other elected officials (see Table 3.8).

In Siddarthnagar, the mayor called only one official meeting in the town hall in 2009, during which he presented the municipal budget. More official meetings were held in Kushinagar; however, this figure remains low when compared to the number

Table 3.8 The mayor's availability and municipal council meetings

Research from 2009	Kushinagar	Chandauli	Siddarthnagar	Phulpur
Number of official meetings (in 1 year)	4	3	1	3
Hours mayor is in his office	Anecdotal: the mayor rarely visits the town hall	End of the afternoon	Never	Never

Table 3.9 Municipal council operating procedures

	UP Municipality Act	Field observations
Frequency of meetings	Monthly	Not fixed, at the mayor's discretion.
Meeting venue	Town hall meeting room	Personalised, at the mayor's house, in his hall or on his terrace.
Attendees	All representatives	Representatives in conflict with the mayor are not invited to the meeting.
Agenda	Set by the mayor	–
Discussion	All representatives	–
Decision-making	Vote by all representatives	The mayor has the final say.
Decision approval process	Jointly signed by the EO + Mayor	–
Publication of decisions	Publically displayed outside the town hall	Decisions are not made public.

Source Author's personal research (2009)

of more informal meetings the mayor holds with his inner circle at home. Similarly, there were very few municipal council meetings held in Phulpur. There are no regular meetings scheduled in any of the municipalities and the majority of the decisions are made informally at the mayor's home (see Table 3.9).

As far as most elected officials are concerned, when these council meetings do take place, they are used more to share information than to collectively consult on issues. Decision-making is undemocratic as representatives are rarely given the opportunity to vote on decisions. When he is in disagreement with other members of the municipal council, it is not in the mayor's interest to hold joint discussions. In some instances, representatives with whom the mayor is in conflict are simply not invited to the meetings. Furthermore, as the official municipal meeting minutes are not made public, the local people remain unaware of the decisions the mayor has taken. In reality, the few municipal council meetings held are just for show as the important decisions are taken outside the formal municipal authority system. The majority of mayors never visit the town hall, despite having an office there. They prefer to hear people's requests and grievances at home, making the decision-making process even less transparent. In each of the towns, there is informal committee of loyal supporters, which mainly includes construction firm owners and some of the ward representatives, that meets at the mayor's house. Most of the decisions on awarding public construction contracts are taken during these meetings, even if it means "compensating" some of the absent representatives by buying their approval.

Ultimately, the relationship between local representatives and the mayor appears to be dominated by patronage and clientelism. The funding or infrastructure that these representatives obtain are seen as proof of the mayor's largesse, as favours in return for their loyalty. These feudal practices give the mayor a sense of impunity and local omnipotence. By doing away with the monthly consultation tool (as the municipal council hardly ever meets), the mayor removes the formal relationship that links him

Fig. 3.5 From theoretical to practical local democracy. *Note* In theory, the Nagar Panchayat is where municipal meetings are held to enable the elected representatives on the municipal council to engage in democratic debates. However, in practice, it plays only a simple local administrative role as decisions are most often made elsewhere. In Kushinagar, for instance, although there are a number of meeting rooms set up within the town hall (**a**), these are rarely used as the mayor prefers to invite selected representatives to his home instead (the two-storey building in the centre of the photo) (**b**). Each of the towns has the same point in common: the municipal council does not operate in line with the democratic guidelines set out in the legislation and the elected ward representatives do not meet to formally vote on municipal council decisions. *Source* Author

with the ward representatives. It is therefore not possible to challenge his public management before the end of his mandate, at the next municipal elections. Therefore, within the local political arena, the mayor appears all-powerful (see Fig. 3.5).

3.3.2   The Indirect Impacts of Decentralisation

3.3.2.1   An Increase in Corruption

One of the indirect impacts of the decentralisation reform is the increase in widespread procedural irregularities and local corruption. In theory, the Executive Officer (EO) is responsible for ensuring that the democratically approved decisions are implemented in accordance with current legislation, particularly as regards municipal expenditure on public construction contracts (see Box 3.4).

Box 3.4 Municipal public procurement legislation

(1) *Decisions taken by the municipal council for all projects (Clause 91, Clause 96 1b)*
Decisions must be approved by the council of local representatives.

(2) *Legalisation of decisions by the EO (Clause 97 2b and Schedule II 179-1)*
Each decision must be ratified by the mayor and the EO, which means the EO must attend the council meetings.

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(3) *Coordination of the relevant agencies by the EO (Clause 60, Clause 97 A, Schedule II)*
    After having approved the decision made, the EO must contact the relevant government agency for the type of project involved. For instance, either the Public Works Department for a road repairs contract or the Jal Nigam Junior Engineer to replace a faulty water pipe.
(4) *A cost estimate to legalise the various payments (Clause 96 3)*
    An engineer is to produce a cost estimate for the work.
(5) *Issue an invitation to tender for all projects with a value of over 15,000 rupees (Clause 90, 94 3, 96 1b)*
    The invitation to tender must be made public (published in the press).
(6) *Selecting a private entrepreneur and drawing up a contract. (Clause 96)*
    This must be a government-certified entrepreneur. The final decision rests with the mayor.
(7) *Paying the entrepreneur and carrying out the project (Clause 95 j, Clause 96 3)*
    The entrepreneur must provide a security deposit to the town hall, which will be returned once a regional government-authorised engineer has deemed that the project meets the technical specifications initially set out in the contract.

The presence of the Executive Officer (EO) does not always ensure that the municipalities operate within the law. In each of the small towns studied, everybody, residents and the regional administration alike, is well aware that there is collusion between civil servants and elected officials when awarding local development contracts (for road construction, drainage, paving, public lighting).

Our review of the documents[45] covering the District Magistrate's auditing of the work officially carried out since the last elections in Chandauli reveals significant shortcomings and large-scale corruption within the local system.

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[45]The documents consulted include 35 pages of archived municipal documents held in Chandauli, mainly:

• Advance notice of the audit by the District Magistrate published on 21 June 2007;
• Various documents listing the available/unavailable supporting documents from the previous EO2;
• Two sets of minutes from Panchayat meetings dealing with two of the affairs;
• Letters of explanation from the main figures accused of corruption;
• Announcement by the EO that a FIR (first information report) is to be set up to investigate an irregular land deal involving the mayor;
• Condemnation, by the EO3, of financial malpractice surrounding the procurement of electrical equipment, then accusations of numerous irregularities made against various local government figures and passed onto the DM in Chandauli, as well as onto the head of civil servant appointments, the head of local governments and the high secretary of town development in Lucknow.

The District Magistrate was alerted to issues in Chandauli by the EO in post at the time and so conducted an audit into the town's local affairs. Examination of these audit documents highlights a series of irregularities:

- no invitation to tender had been issued for a large number of the projects carried out;
- for other projects, the invitation to tender had been published in newspapers that were not distributed in Chandauli merely to meet the public information requirement;
- numerous invoices remained unpaid by the municipality;
- work was carried out without the mayor's official approval and without a prior cost estimate having been drawn up by the relevant government agency;
- contracts were awarded to private entrepreneurs that had not been certified by the government;
- there were irregularities related to a ground lease;
- a contract was cancelled and official documents relating to the funding of four shops and the above-mentioned ground lease were stolen;
- electrical equipment costing 627,190 rupees was paid for but not delivered.

Of the many cases identified, three particularly illustrate the extent of the illegal practices employed by all members of the administrative team in Chandauli, from the mayor to the EO and including the team of local staff and even some district level civil servants.

An irregular land deal directly involving the mayor and the Executive Officer

After his election, in 2005, the mayor sold tracts of public land to a farmer and used the money to reimburse his election campaign costs. Although the lease contract was signed by the mayor and the incumbent first EO, "*this transaction is illegal as the Nagar Panchayat does not have the authority to allocate public land for private use*" (from a letter written by the DM in 2007). In 2007, when it was announced that the DM would be conducting an audit and that an FIR[46] procedure was being initiated against the mayor and tenant farmer, copies of the lease agreement mysteriously disappeared (the secretary and farmer claimed they had been stolen) before being left "anonymously on a window sill of the town hall" a few days later. Meanwhile, the first EO was transferred and the mayor had the lease contract annulled at a council meeting on 8 August 2007, which the new EO did not attend. The DM deemed this hasty contract cancellation to be unconstitutional as the EO had not been present at the meeting. In a letter to the DM written in August 2007, the mayor defended the validity of his decisions, arguing that nowhere in the 1916 Nagar Palika Act, amended by the 74 CAA, is there a clause stating that the EO must be present to ratify decisions taken in a meeting chaired by the mayor. However, this learned argument was then undermined by the mayor himself, who later wrote that

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[46]The FIR (First Information Report and Final Investigation Report) is a document produced by the police following investigation of a person suspected of a crime.

he "is not very well-educated and not familiar with the Nagar Palika rules and procedures" (letter to the DM sent in August 2007). In a final attempt to justify his actions, he then condemned the EO's collusion in this affair.

To draw a line under this case, the DM decreed that the crops on the land under dispute be pulled up at the municipality's expense but did not seek to remove the mayor, preferring instead to place the blame on the EO for failing to report irregularities in the transaction.

Major procedural irregularities involving the secretary, accountant and a private entrepreneur

In a letter dated 4 January 2008, the district's Junior Engineer accused the mayor of making an illegal payment of 378,960 rupees for road works. There had been no cost estimate drawn up and no invitation to tender had been published in the press. Furthermore, the private entrepreneur was not licensed to carry out public construction work. The Junior Engineer asked the District Magistrate to investigate and punish the guilty parties; however, no further action was ever taken.

A financial affair involving the Chandauli Nagar Panchayat administrative team

This final affair was exposed by the third Executive Officer (EO) to hold the post since the mayor's election. It involves a whole host of figures accused of "conspiracy", "violating rules" and "falsifying official documents" to embezzle 627,190 rupees over the course of the 2006–2007 financial year.

It revolves around a fictitious electrical equipment procurement project and involves numerous procedural and financial irregularities. In June 2006, a cost estimate for this project was drawn up and anonymously approved. An invitation to tender was even published in a newspaper. However, through a series of corrupt practices, an authorised entrepreneur was overlooked for the project, which was instead awarded to another, unlicensed, firm that was paid in a number of instalments and who the EO accused of colluding with the mayor. The EO outlined all the illegal acts committed by the administrative team in Chandauli in a report sent in January 2008 to the Directorate of Local Bodies and secretary of the UP appointment division. All in all, 627,190 rupees were paid out by the municipality in December 2006 for electrical equipment that still had not been delivered in 2008. According to the EO, those involved in the corruption included not only municipal councillors, but also the SDM, who received 150,000 rupees, and municipal civil servants, such as the EO at the time, the general secretary and the accountant, who shared 477,190 rupees between them. A First Information Report compiled against those involved led to an investigation that confirmed the EO's accusations. This report was sent to the Chief Secretary, Appointment Division, UP Governance and to the Director of Local Governing Bodies, UP in Lucknow so they could take the necessary action (dismissal and indictment) against the SDM and the other guilty parties, respectively. A copy of this report was also sent to the Uttar Pradesh High Secretary for Urban Development (Lucknow), the police commissioner (Varanasi Division) and the District Magistrate of Chandauli for information.

Initially, the EO did not include the mayor in these accusations because, as far as the EO was concerned, "the guilty parties have taken advantage of his lack of municipal administration experience". However, the investigation he initiated by denouncing the municipality's actions soured his relationship with the municipal team. The mayor endeavoured to get the 15 Nagar Panchayat council members to sign a petition demanding the Executive Officer be transferred; however, the tactics he used were particularly underhand. The mayor personally visited each of the council members to obtain their signature either through intimidation or by lying about what the petition was for (for those representatives, particularly the women, unable to read).

Thus, the EO subsequently accused the mayor of abuse of power and corruption. The mayor was suspended from his duties for 6 months while his case was heard at the courts in Allahabad, following which he was finally acquitted as a result of the support he received from his political party, the BSP.

It would be reasonable to question the Congress-affiliated EO's political motives in initiating impeachment proceedings against the mayor of Chandauli, a member of the BSP. Our field research tends to suggest that the heightened tension between the two men, both members of the Brahmin caste, predominantly stems from the redistribution of powers between the administration and the elected representatives, with the EO refusing to serve a politician whose management practices he clearly detests. However, regardless of the reasons behind this animosity, the origins of which are difficult to define,[47] the malpractice seen in Chandauli is symptomatic of the widespread increase in local corruption that has been observed since decentralisation. It is not in the civil servants' interests to speak out against this local system of corruption. In Chandauli, at the end of the court case mentioned above, and against all expectations, the BSP mayor was able to remain in his post but the EO was transferred to another municipality.

However, the mayor and EO often work in collusion. In Siddarthnagar, the EO admits that he sometimes feels obliged to commit irregularities to keep in with the mayor. In Phulpur and Kushinagar, management irregularities are commonplace. Paradoxically, when civil servants and elected officials collude in corruption, more development projects get carried out than when such irregularities are reported. This is line with Pranab Bardhan's observation, who noted that, in developing countries, "at the local level in situations of high inequality, collusion may be easier to organize and enforce in small proximate groups involving officials, politicians, contractors and interest groups; risks of being caught and reported are easier to manage, and the multiplex interlocking social and economic relationships among local influential people may act as formidable barriers to entry into these cozy rental havens" (Bardhan 2002, p. 194). Many of the entrepreneurs and intermediaries that respond to invitations to tender are also municipal councillors. Although illegal, this is common practice in all four small towns studied. Thus, as the accountant in

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[47]After having spoken to both parties, the original causes of the conflict (whether personal and/or political) between them remain unclear.

Siddarthnagar himself admitted, "there is more development in the town, but also much more corruption".[48]

In many ways, the small towns' municipal councils are little different to the committee of the same "oligarchs" who governed the towns during the 1980s and 1990s when they were still large villages. The traditional local elite has remained in place and prevailed in each of the elections. Some of the representatives are systematically re-elected, thus becoming the towns' first local political figures.

3.3.2.2   The Mayor's Political Entrepreneurship

Scientific literature generally defines the political entrepreneur as being "someone who recognises that a group of individuals share a desire for the provision of a collective good or common goal, and who believes there to be a profit to himself in undertaking the costs of providing an organisation which will furnish such a goal" (Jones 1978, pp. 499). In other words, "he uses the existence of private profit to serve the common good" (Facchini 2006, p. 265). Touching on the fields of both economic and political sciences, the "political entrepreneur" theory is based on the Austrian theory of market processes (Kirzner 1973) and the theories of entrepreneurship developed by Schumpeter (1934). However, political science focuses mainly on the quest for power (Schneider and Teske 1992, p. 739), whereas economic science above all seeks to define the various types of profit (Wagner 1966).

In studies on India, the term was first used by the anthropologist Attwood (1974) to distinguish between two opposing figures: the "patron", who relies on the organic solidarity of the local elite; and the "group mobiliser", who draws on the mechanical solidarity of individuals. Attwood shows that the "patron" and "mobiliser" are closely interconnected and that they can each swap roles and mobilise different social networks to adapt to political circumstances (Attwood 1974, p. 226–227). More recently, Andrew Wyatt (2009) has analysed the role of these political entrepreneurs in transforming the party system in Tamil Nadu. He thus observed that, by "opening/closing the cleavages" of caste, the political entrepreneur helps new political parties emerge that restructure the powers in place.

For the purposes of this research, the concept is useful for describing the emergence of a new type of "political entrepreneur" following decentralisation, namely local entrepreneurs who see municipal elections as an opportunity to raise their personal social and economic status and who are indirectly involved in a far more collective form of political change. In each of the small towns studied, it the mayor who best embodies this entrepreneurial change brought about by the reform. Although they are democratically elected representatives, mayors are above all prominent local leaders who make no secret of their ambitions to forge a successful political career. As far as they are concerned, the position of mayor is merely the

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[48]Interview held in November 2009 in the municipal offices of Siddarthnagar.

Table 3.10 Profile of the towns' mayors (December 2006–June 2012)

Mayor	Kushinagar	Chandauli	Siddarthnagar	Phulpur
Political affiliation	BSP	BSP	BJP	BSP
Previous political experience	Yes, local elected representative	Yes, Vice-Chairman	Yes, mayor in 1996	Yes, SP activist
Political ambition	Parliamentarian (MLA)	Parliamentarian (MLA)	–	Parliamentarian (MLA)
List (religion)	OBC (Hindu)	General (Hindu)	OBC (Hindu)	General (Muslim)
Profession	Entrepreneur, brick manufacturer	Farmer, landowner	Major landowner; Owner of millet silos	Lawyer and entrepreneur
Level of education	Not available	Not available	Not available	University
Place of residence	Ward no. 3	Ward no. 13	Ward no. 25	Ward no. 4

Source Author's personal research and interviews conducted between July 2008 and December 2010

first step on this career path, which they advance by joining the dominant political party, and their next goal is to be elected to the coveted post of MLA, which is more lucrative and rewarding (see Table 3.10).

Compared to the mayor, the other local representatives (whether elected or appointed) are just starting out as political entrepreneurs and aspire to the model of success he embodies. Regional political parties are taking advantage of these career ambitions to get a foothold in the local political arena. During the research period, when the Bahujan Samaj Party (BSP) ruled the regional government, the strategic development of political entrepreneurship enabled the party to gain ground within the towns. The Samajwadi Party's (SP) victory in the 2012 legislative elections directly led to the decline of the BSP in the municipal elections as the mayors strategically aligned themselves to the new ruling party in the hope of gaining a political advantage.

The Mayor of Kushinagar

As a result of the electoral quotas in place for women, the mayor of Kushinagar is officially a woman, who is married to a rich OBC entrepreneur that manages a large brick-making factory. However, in practice, it is her husband who carries out the mayor's duties and the woman's name is merely added to administrative documents to prove to the state that the town has formally complied with the electoral quota. Through his status as mayor, the husband has successfully consolidated his business interests both in Kushinagar and in Gorakhpur, the neighbouring divisional town, which he visits on a regular basis in his dual role of private entrepreneur and politician. He was able to fund an election campaign and obtain the support

required to ensure his selection using the money made through his business. In return, his position as mayor has enabled him to leverage his initial investment by making it easier for him to award construction and development contracts to his own business concerns. As far as his political leanings are concerned, the future mayor became an active member of the BSP soon after Mayawati was elected Chief Minister of Uttar Pradesh, when he saw an opportunity to rapidly improve his individual social status as the party rose in power. Having joined the town's political and economic elite, he now aspires to become an MLA once he has served out his term as mayor of Kushinagar. To his mind, his political career is an extension of his career as a private entrepreneur.

The Mayor of Chandauli

In Chandauli, the mayor is the heir to a powerful Brahmin family and one of the largest landowners in Chandauli. He had been involved in the town's politics before, during the 1990s. During his first mandate between 1996 and 2001, he was one of the town's local ward representatives. Between 2001 and 2006, he held the position of vice-chairman.[49] He reluctantly joined the BSP upon his election as town mayor but does not support the party's ideas. His reasons for joining are predominantly strategic as, by aligning himself with the ruling party, he safeguards himself from attack and is instead granted their support and protection. His affiliation with the party is thus not merely down to circumstance, but also reflects the political strategy towards Brahmins developed by the BSP, which consists of obtaining their support in return for helping them remain in power. As in Kushinagar, the position of mayor has enabled the current mayor to increase his wealth and cover the cost of his election campaign (for which he had to sell some of his land). However, his position has been considerably weakened by his virtually feudal management of the town and numerous financial abuses, which have resulted in him losing some of his local political support. Renounced by his electorate and accused of corruption by the Executive Officer, he was suspended for 6 months and taken to court in Allahabad. However, thanks to the support of the BSP, the court case against him was dismissed and he was able to resume his post without being penalised. He wishes to continue his political career by becoming an MLA under the BSP, whilst remaining open to changing political parties should a more promising opportunity arise.

The Mayor of Siddarthnagar

Since the introduction of local elections, the position of mayor in Siddarthnagar has been contested by members of two of the town's most powerful and influential families that have built extensive political and business networks.

The previous mayor owns a major agricultural vehicle dealership. After being elected mayor between 1996 and 2006 under the banner of the BSP (although in his second term, the mayor was officially his wife), he was subsequently forced to cede

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[49]The post of vice-chairman was abolished in 2006 by Mayawati but the UP Municipality Act still contains two clauses on the vice-chairman's role within municipalities (Clauses 54 and 55).

his position to a member of the other family. However, this has not put an end to his political ambitions and he also aspires to be elected to the position of MLA at the next elections.

The husband of the current mayor also comes from a powerful local family and heads up a farming cooperative. He is a member of a rich family with a long political tradition in the town and which is affiliated to the BJP. His father was a *pradhan* (elected representative) between 1978, the year that the town was designated a 'town area', and 1989, when the district was created. He himself was elected mayor between 1991 and 1993, before Mulayam Singh Yadav (the then head of the Samajwadi Party) dissolved the BJP municipality. The mayor is aware that his political affiliation currently does not act in his favour. The MLA (Congress) and the MP (BSP) of Siddarthnagar provide him with no help in gaining direct access to the politicians in Lucknow. He is the only mayor in the four towns studied who has joined a party for ideological rather than purely political reasons; however, he too hopes to build a political career within his party and become an MLA.

The Mayor of Phulpur

The current, Muslim mayor of Phulpur first became involved in politics when studying law at university in Allahabad. At the 1966 elections, he supported the Samajwadi Party (SP) and became their local campaign manager and general secretary.

When Mulayam Singh Yadav (SP) handed over power to Mayawati Kumari (BSP), the mayor decided to join the pro-Dalit BSP party instead. He is currently the district Muslim president of the party. He considers that the BSP is more accepting of Muslim leaders than the SP and makes no secret of his political ambitions: he hopes to be elected MLA at the next elections and wants to align himself with the ruling party, as this will provide him with the support he requires.[50] In his opinion, the previous BJP-affiliated mayor had been unable to curry favour with the regional government because of his political allegiance. In contrast, his switch to the BSP has enabled the town to attract more support from the regional government. After having met the party leaders in Lucknow, he managed to obtain Adarsh Panchayat ("model Panchayat") status for the town, which will ensure it receives more regional grants. Although previously a lawyer, he became a construction firm entrepreneur shortly after becoming mayor. Since decentralisation and the accompanying increase in the number of construction contracts available within the town, the construction business has become more and more lucrative and, as with the position of mayor, being an entrepreneur is seen as a sign of social and economic success.

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[50]During the follow-up field visit in 2012, we were able to verify that this opportunist switching of party allegiance had indeed taken place: as a result of the BSP's loss to the SP at the regional elections, the local BSP mayors had shifted their support to the SP.

3.3.2.3   The Ambivalent Democratisation of Institutions

Paradoxically, it is the mayors, elected by the people, who embody all the contradictions of the system of local democracy. Through their electoral legitimacy, they are accepted as representing the towns' inhabitants. However, there are questions over the assumed representativity of each of these mayors as their sociological profiles reveal that they still belong to a traditional economic elite; one which decentralisation has helped transform into a legitimate political elite. More generally, this social reproduction of economic elites within the local political arena is not just confined to the mayors. While the quotas have generally been met, our field research clearly shows that the instances of malpractice and power grabbing by the elite in each of the towns are the same as those seen in studies conducted into villages (Kumar 2006). However, there is no denying that socio-political change is slowly taking place. Furthermore, this research does not seek to conclusively determine whether or not local elections are leading to the renewal of elites, but instead advocates for further, more in-depth research into the backgrounds of elected officials and traditional elites that covers several generations.

The figure of the mayor embodies not only this local representativity of elected officials, but also the regional representativity of state-level political parties. The introduction of municipal elections has resulted in a shift in political territoriality[51] from the regional to the local level. Instead of being motivated by political ideology, the driving force behind this territorial shift is the individual ambition of the elected officials, especially the mayor. In each of the towns visited, it would appear that the mayor's primary aim is to develop his business interests rather than build a political relationship with his electorate. The regional parties are thus able to take advantage of this opportunism to gain a foothold in the local political arena. The mayors are already familiar with the workings of local power through their status as economic and/or traditional elites. They, more than anyone else, know how to gain political leverage from their economic advantage. Thus, as they "see a means of gaining an advantage through political specialisation" (Facchini 2006, p. 9), it is the mayors who best embody the figure of the "political entrepreneur", who considers the political party to be a useful way of gaining elevated social status (see Fig. 3.6). Local elections clearly help these private entrepreneurs realise their ambitions whilst, at the same time, allowing the party system to gain a foothold in the municipality's political arena.

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[51]This refers to the concept of *territoriality* defined by the geographer R. Sack as an "attempt by an individual or group to affect, influence, or control people, phenomena, and relationships by delimiting and asserting control over a geographic area" (Sack 1986, p. 19).

Fig. 3.6 The social distance between the mayor and his constituents. *Note* As can be seen in the first photo, where the municipal employees appear to keeping a respectful distance from the mayor's plush jeep (photo (**a**) taken in Phulpur), there is a significant social distance between the elected official and the rest of the local population. Generally, the mayor is a member of the powerful local economic elite and is very well-off, as illustrated by the large house owned by the mayor of Chandauli, a Brahmin landowner (**b**). The political legitimacy he acquired following his election has helped enhance his existing powers, which he successfully cultivates, both economically and politically, to distance himself socially from his constituents

3.4   Conclusion

Despite the introduction of electoral quotas for marginalised groups within the municipal council, the effective representativity of local elected officials remains highly formal and has not led to the hoped-for renewal of local elites. In practice, it is mainly the traditional leaders, the economically dominant male elites, who have succeeding in repositioning themselves to consolidate the same traditional oligarchy that reigned prior to decentralisation and which, paradoxically, has now been strengthened and provided with legitimacy by the reform. These prominent figures view their political role within the local authority as a means of elevating their social and economic status. Regional parties are gaining a local foothold in the towns through the election of these elites onto the municipal council and are thereby also helping transform these local councillors into "political entrepreneurs". Regional political parties are using the opportunism of this dominant class to gradually gain ground in the municipalities and steadily grow their electoral base among the local population. Thus, certain elected officials are driven more by strategic political affiliations than by a desire to work in the local public interest to develop the ward they represent.

   As this new local democracy is still in its early stages and not yet fully implemented, the aim of ensuring grassroots participation to help better assess local needs and respond to them more effectively remains far from being achieved. On the one hand, there is little transparency in municipal decision-making: the mayor's relationship with the population mostly resembles one of patronage where the people themselves consider any progress made under the mayor to be a sign of his benevolent largesse. On the other hand, as the people in these small towns are often unaware of their rights and uneducated about the duties and responsibilities of the

municipal council: they pragmatically accept the improvements they are offered and passively tolerate the local elected officials' abuses of power. Ultimately, therefore, it is the small towns' residents who appear to have benefitted the least from the impacts of political devolution as the local restructuring of power has predominantly helped strengthen the position of the local traditional elites.

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Chapter 4
Between Urban Imbalances and Technical Constraints: The Challenges of Managing Local Public Services

Abstract This chapter covers the small municipalities' decentralised technical services, namely roads and water supply, which embody all the transfers of power being implemented. The 'roads service' (namely all roads-related public services, such as sanitation, solid waste collection, public lighting and the roads themselves) is included de facto by its predominance at the local level. Public road works is a major issue for all concerned: for the local people, who are eager to see improvements; for elected officials who wish to visibly enhance their public profile; for the local construction companies who want the works' contracts; and for the regional agencies who want to hold onto their functional responsibilities. The detailed analysis of incentive mechanisms reveals the development of political and economic arrangements that somewhat undermine the municipalities' supposed independence. Examination of the "water supply service" has highlighted other issues, both technical and institutional, as the study reviewed whether the regional government has displayed any favouritism in its procurement of infrastructure and whether local authorities have limited sovereignty.

The devolution of responsibility for local services to the municipalities is central to the decentralisation reform as these municipalities are supposedly better able to meet inhabitants' needs. These local services can cover a wide range of activities, from fire safety to bus stop maintenance, with the urban roads and water supply services appearing most vital for ensuring effective urban development.

However, although the states' permanent responsibilities are clearly defined in a formal list (the Union List for the central government and the State List for the regional states), the reform has not led to the creation of a similar list for municipalities (there is no official Municipality List other than the 18 technical functions set out in Article 243 W of the 74th Amendment) and the actual definition and devolution of municipal functions remains at the discretion of the regional

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governments. Existing legislation is thus "a strange mixture of old and new provisions" (Barthwal 2004, p. 43), which explains the discrepancies between regions.[1] In other words, the devolution of technical responsibilities to local authorities is directly dependent on the regional governments' willingness to hand over some of their functions. Uttar Pradesh has *partially* transferred half of the 18 technical functions (by separating the construction and investment activities, which remain under the region's control, from the operational maintenance functions, most of which have been devolved to the municipalities). Local governments must thus coordinate with various parastatal agencies in order to manage their municipal services and this is reshaping power relationships at the regional through to the local levels.

In this chapter, we will review the impact of this reorganisation of technical responsibilities by examining the urban roads and water supply services. Analysing the roads service will enable us to explore the growing complexity of urban governance arising from the emergence of new forms and scales of entrepreneurship that, although they can help expand services, above all illustrate municipal shortcomings and resulting institutional confusion. By studying the dynamics of the water supply service, we will then more specifically examine the expansion and transformation of a service that requires greater technical expertise. In both cases, the poor infrastructure in the small towns can be ascribed to the individual municipality's lack of technical skills and its poor coordination with government technical agencies.

4.1 An Overview of the Poor Roads Service

The "roads service" includes all road infrastructure and maintenance, public lighting, and sanitation. Empirical observation of this service has revealed a number of issues. Firstly, its poor quality is an indication of the weakness of local governments. Secondly, as roads are one of municipalities' main activities, expanding road-related services within the town has become a central political and economic issue that reflects the changes arising from decentralisation. Finally, over and above the discrimination processes seen in other Indian towns and which need to be placed in perspective for the small towns studied, roads service issues extend beyond the local level and raise questions as to where and how the municipalities fit into the network of public agencies already in existence, particularly as regards division of responsibilities and institutional coordination.

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[1] Some of these technical functions were outlined in the Concurrent List, which assigned shared responsibility to the central and regional governments but which the Constitutional Amendment failed to clarify as the regional governments were not fully consulted during its preparation. The majority of the regions reluctantly amended their municipal legislation only at the last minute (Mathur, 2006, p.84).

4.1.1 Overview of the Roads Service

4.1.1.1 The Main Road Networks

First, as is the case in Chandauli and Kushinagar, there may be a national motorway that passes through the town (through the centre of Chandauli; north of the tourist area and south of the bazaar in Kushinagar). In Kushinagar for example, this motorway is popular among residents who use it on a daily basis to travel (on foot, by cycle rickshaw or motor vehicle) between the tourist area and the bazaar in Kasia, for instance. Motorways are constructed by the National Highway Authority of India (an agency of the central road and motorway transport ministry), which is responsible for carrying out any repairs independently of the municipal administration. To reduce congestion at the junction with the major regional road south of Kasia, the National Highway Authority of India is working to build a motorway flyover similar to the one in Chandauli. These motorways, which consist of dual carriageways separated by a central reservation, are in very good condition and of a quality that meets international standards. The construction and maintenance of these national networks are a good example of the fiscal federalism theory developed by Oates (1972). The nationally uniform nature of this service, the economies of scale achieved by employing the same central agency to construct the network, the positive knock-on effects for the towns' inhabitants that use it every day and the reduction in traffic congestion and decision-making costs mean that devolving management of the motorways would be counter-productive. Thus, as with the rest of the network, the federal government remains entirely responsible for the sections of motorway that pass through the towns.

Similarly, the secondary roads that pass through the town play a vital structural role in the towns studied. In each of the small towns, it is these secondary roads that are the most frequently used. As they pass through the town, these roads are usually very busy in the old town centre as they link the town's main commercial centres (shops, cinema, banks, chemist, etc.) and the municipal, teshil or district administrative bodies and institutions (clinic, hospital, police station, etc.) However, they see less traffic in the more outlying areas. As their main function is to link towns to other urban centres, secondary roads continue to be built and maintained by the regional branch of the Public Works Department (PWD), in accordance with an administrative procedure regulated by the state authorities (see Box 4.1).

> **Box 4.1: The Public Works Department**
> The Public Works Department was initially created in Ajmer province in 1854, during the British colonial era, before being rapidly expanded to most of the country's other regions. Within each district of Uttar Pradesh, there are several devolved branches of the Public Works Department (PWD), which are divided into two or three departments. One is in charge of constructing the secondary road network that criss-crosses the district and links towns and

cities. This department is the contracting authority for the roads that pass through the towns studied. A second department is responsible for road construction in rural areas only, for villages. Finally, there is a third PWD department responsible for road construction for military security (*naxalite* areas in Chandauli and the area around the border with Nepal in Siddarthnagar).

Sources http://cpwd.gov.in/ and http://uppwd.up.nic.in/ (both accessed 26 November 2015).

Following a request from the contracting authority (administration, elected officials, MPs), a PWD engineer estimates the cost of the work required and produces a Detailed Project Report. This report is submitted to the Chief Secretary in Lucknow, who in turn forwards it to the Chief Minister for approval. In theory, the PWD will then issue an invitation to tender and supervise and monitor the work. The PWD issues invitations to tender for different categories of road construction contract (classed as A, B, C, D, E) depending on the cost of the work. Only licensed construction companies are eligible to bid. Construction companies wanting to respond to the invitation to tender need to hold the correct licence for the category of contract listed on the tender documents.

As far as technical specifications are concerned, these roads are well-designed, constructed using high quality materials and wide enough for two-way traffic, which is sometimes indicated by road markings. They are bordered by large capacity drains that protect them from flooding and some of them even have pavements for pedestrians. However, the condition of these roads is generally poor due to the damage caused by their intensive daily use by the towns' inhabitants. Moreover, as they form part of two different road networks (municipal and regional), there is still some confusion over who is responsible for the maintenance of these sections of regional road. The request for road repairs can be raised by the municipality itself, the regional administration, or even come from within a PWD department. However, regardless of who submitted the request, agreement from the regional government is required before PWD can start the work, which can cause significant delays. In most cases, road maintenance is thus de facto undertaken by the municipality, who fills in potholes from time to time, and only more rarely by the PWD (see Fig. 4.1).

4.1.1.2 Municipal Streets

As they are intended for local use, experts agree that a town's streets can be more easily and optimally managed at municipality level (Bardhan and Mookherjee 1999). Articles 203 to 223 of the UP Municipality Act is consistent with this, legally devolving the "permission to lay out and make a street" (Article 204) to the municipality, as one of the municipality's roles involves "constructing, altering and
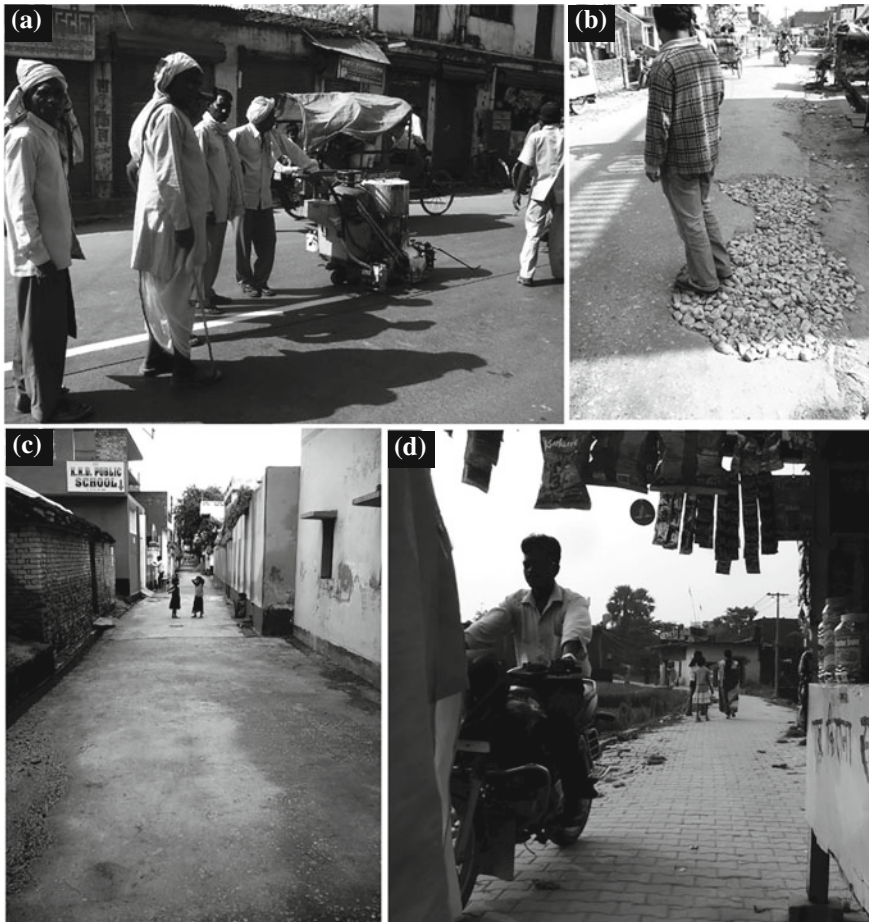
Fig. 4.1 The different road networks. *Note* As in Kushinagar and Chandauli, there is usually a motorway that passes through the town, which is often supplemented by parallel roads that serve to ease urban congestion without affecting the motorway traffic. The regional roads are built by PWD and are frequently used by the local population, which complicates their maintenance: for instance, the road marking machine (at the end of the *white line*), see **a**, belongs to PWD, which oversees the work, but the local elected officials insist on inspecting the work carried out. The municipality often carries out repairs; however, these are very basic, mainly consisting of filling holes with stones as an interim measure until they are paved over by PWD, see **b**. Responsibility for the construction and maintenance of other roads is more clearly assigned to the town. Road surfaces vary from ward to ward: cement, tarmac or interlocking paving stones, see **c** and **d**. *Source* Author

maintaining public streets" (the beginning of Article 7–h). However, despite the fact that streets are used only by their inhabitants and so see relatively little traffic, problems encountered mean that the infrastructure quality of these streets is considerably lower than that of the roads designed by PWD. Whilst the financing for these entirely inner urban streets is generally provided by the municipality, the

construction work is outsourced to private companies through invitations to tender. However, the UP Municipality Act includes no detailed specifications on the quality of the materials to be used. Although this remains highly unclear, Clause 96-3 of the legislation does specify that the municipality must ensure that all infrastructure built under contract is inspected by a specialist engineer to ensure compliance with the Unified Traffic and Transportation Infrastructure Centre's construction standards (UTTIPEC). UTTIPEC has the technical authority to assess whether the completed infrastructure meets the standards in force. However, in practice, the specialist engineer is not always called upon to carry out the assessments and checks required as he is often unable to cover the entire district under his responsibility. Based on our interviews with construction firms, it would appear that the engineer may also sometimes grant his approval in return for payment. Financial malpractice on the part of the construction companies, the municipality and engineers in the awarding of contracts appears to be common and this has an adverse effect on the final quality of the infrastructure, which is often only average at best and further diminished by the added cost of this small-scale corruption.

Under the current legislation, responsibility for solid waste collection and public street lighting is clearly assigned to the municipality (Articles 195–202, 219, 273 of the UP Act) as "it shall be the duty of every municipality to make reasonable provision within the municipal area for lighting public streets and places" (Article 7-a) and "cleaning public streets, places and drains" (Article 7-c). Each municipality also has its own street-cleaning team that removes rubbish and debris from along urban roads.

The size of the municipal street-cleaning team varies in accordance with the size of each town, but each team consists of at least five permanent employees and around 30 day labourers (on short-term contracts). A total of between (a minimum of) 30 and (maximum of) 40 people work in the street-cleaning team, which is fewer than half the recommended number (2.8 per 1,000 inhabitants according to Mishra 2002). Chandauli is the only municipality to have provided each ward with a rubbish bin, meaning there is one bin for 1,000 inhabitants. In the other towns, people have to leave their rubbish at the side of the road. A few, seldom used, small bins have also been placed in some of the administrative and tourist areas. In all the towns studied, solid waste is disposed of outside built-up areas, on uninhabited municipal land, along the roads and sometimes outside the town. There is no post-collection treatment. Thus, there is no composting, no recycling process and no particular landfill maintenance. When the rubbish tip gets too big, the municipality quickly incinerates the waste, then sometimes buries it and lays asphalt over the top (Fig. 4.2).

Unlike in the largest cities, it would appear that there is not enough waste produced to support an important informal waste recycling economy made up of rag-pickers, such as in Coimbatore, for example (Cavé 2014) and many other cities. To confirm this, a comparative study of informal waste management in towns of different size needs to be set up. Such a study could highlight the various uses made of each type of waste, as this is more organic and less varied in small towns than in large cities (where solid waste contains more electrical components, metals, plastics
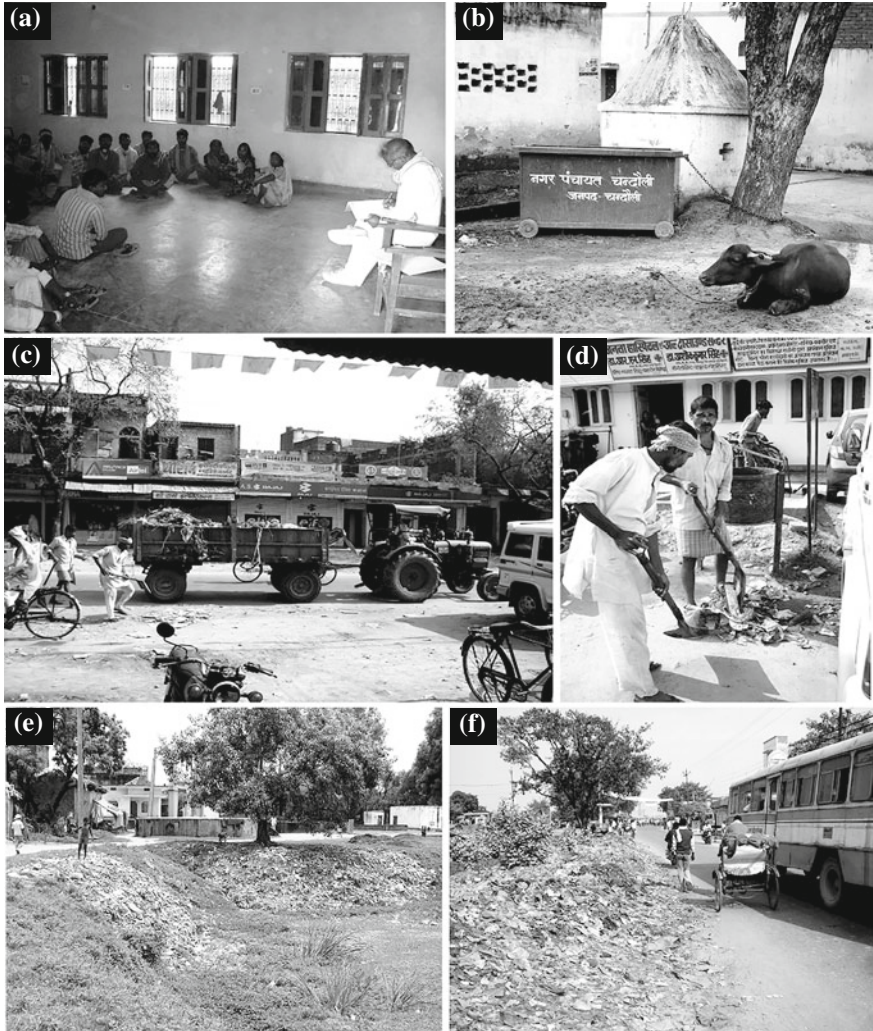
Fig. 4.2 The solid waste collection service. *Note* In Chandauli, where there is no Executive Officer (following a conflict with the mayor), the mayor himself meets with the daily contract workers in the town hall meeting room to pay their wages (**a**). The municipality has 15 bins which it has placed in each of the wards and is planning to purchase additional containers to facilitate collection (**b**). The municipal waste collection team usually criss-crosses the town in their motorised vehicle once or twice a week, picking up rubbish from street corners and emptying the bins (**c, d**). This rubbish is then tipped out onto wasteland, sometimes inside the town boundaries, such as here on a site in front of the mayor of Chandauli's house (**e**), or here in Siddarthnagar, on the road out of Tetri Bazar towards Naugarh (**f**). When these rubbish piles get too big, they are burned then covered in tarmac. *Source* Author

Table 4.1 Public lighting within the towns

	Phulpur	Siddarthnagar	Chandauli	Kushinagar
Number of halogen lights in 2010	12 i.e. 1 light for 1,748 inhabitants	17 i.e. 1 light for 1,279 inhabitants	12 i.e. 1 light for 1,674 inhabitants	20 i.e. 1 light for 899 inhabitants
+ incandescent light bulbs	No	No	No	Yes

Source Author's personal research

and other recyclable materials). For example, the National Solid Waste Association of India[2] clearly states that small towns are not the main focus of their attention: "the organisation undertakes to collect solid waste management information in Class I and II municipalities (population of over 50,000)". Thus, although partnerships with NGOs are on the increase in a large number of towns[3] (Baud et al. 2001; Baud et al. 2004), this type of innovative partnership is much rarer in small towns. Finally, although privatisation within the sector is becoming increasingly common in other regions, none of the small towns studied have yet outsourced their solid waste collection and street-cleaning services to private companies (Anderson 2011).

Public street lights are located along main roads, usually the secondary roads built by PWD, and are financed by the municipality, who is responsible for their maintenance (see Table 4.1).

A municipal team of either one or two employees especially assigned to the town's public lighting department is in charge of changing light bulbs and resolving any routine electrical problems. The town's inhabitants consider public lighting to be a positive sign of urban development. There is a highly visible difference between the outlying villages and the small towns: at night, the town's main roads are generally lit, whereas the neighbouring villages usually have no public lighting at all. However, power blackouts and electricity rationing (determined by the regional government) mean towns are regularly plunged into darkness. Of the four towns visited, Kushinagar appears to be the best lit at night. Even though it sees very little traffic, the main road within the tourist area is particularly well-equipped, being lit with halogen lights (see Fig. 4.3).

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[2]The National Solid Waste Association of India is a non-profit organisation and member of the International Solid Waste Association. For more information, please visit the association's website: http://www.nswai.com/ (accessed 26 November 2015).

[3]Some authors consider this to be a form of "social privatisation" of the service (Arroyo et   al., 1999).
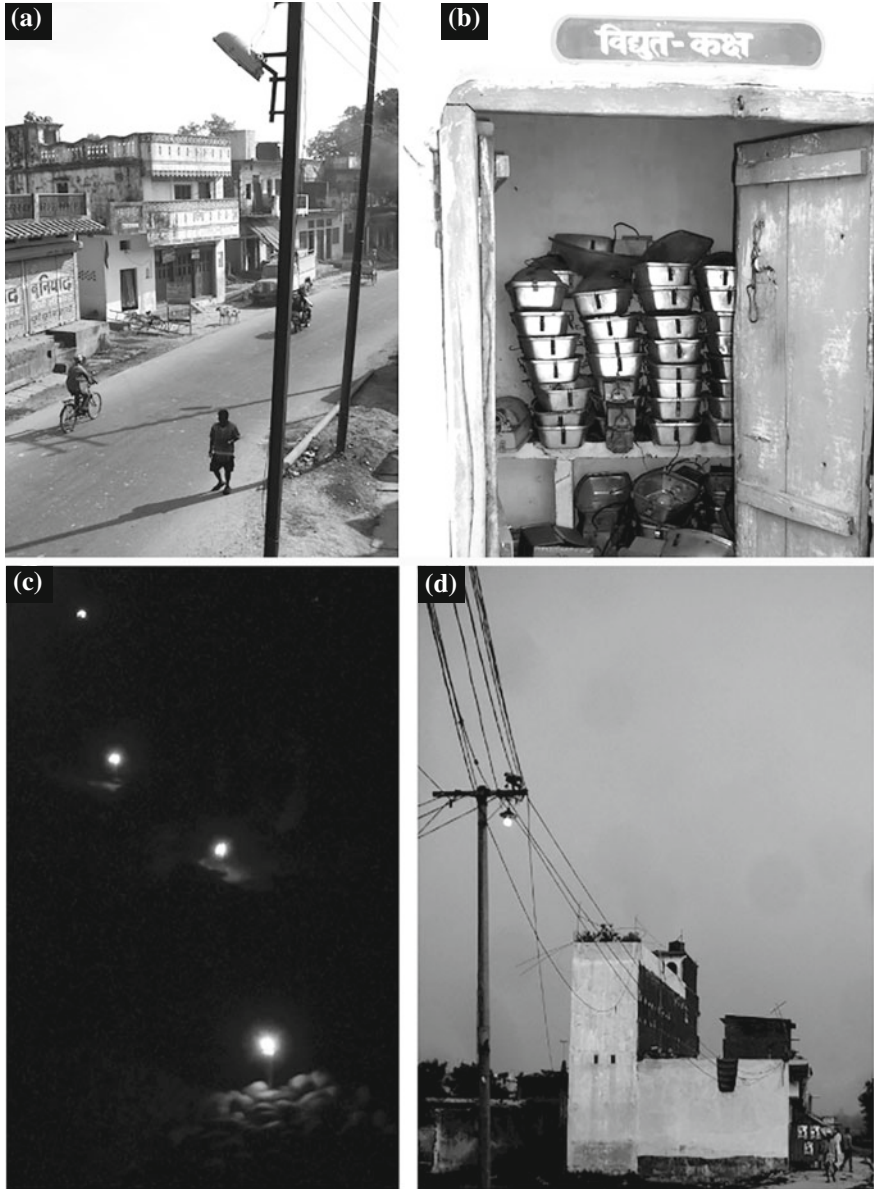
Fig. 4.3 Public lighting. *Note* Public lighting using halogen lights is usually only installed along the town's main roads (**a**, **b**, taken in Siddarthnagar and Chandauli respectively) and the municipality generally keeps a supply of spare light bulbs in stock. Other, smaller roads are not usually lit and so residents have come up with alternative solutions, such as using electricity generators or even just candles, as seen in a street in Phulpur (**c**). However, some municipalities have also introduced less costly incandescent light bulbs into some of their wards (**d**). *Source* Author

4.1.1.3 Makeshift Sanitation

Construction of a conventional sewerage system is not currently under consideration in any of the small towns studied. Consequently, there is often standing wastewater in the streets as it is not properly disposed of and roads are frequently flooded with a mixture of stormwater and wastewater during the monsoons (the water table in the Indo-Gangetic plain region is shallow and the already saturated soil struggles to absorb both the stormwater and greywater produced by the town).

Since the reform, the constitutional responsibility for sanitation management has been assigned to the local government and the Uttar Pradesh Municipality Act devotes part of Article 7 (h) to sanitation, stating that it is the municipality's duty to construct "latrines, privies, urinals, drains, drainage works and sewerage works". However, the responsibility for designing this costly and complex technical infrastructure remains with the regional technical agency, Jal Nigam, which was set up to ensure the "development and regulation of water and *sanitation* services".[4] In practice, as the municipality has only a poor understanding of the finance mechanisms involved, it is the Jal Nigam engineers that draft and submit any new sanitation projects. In some instances, the engineers have started developing topographical plans for a potential sanitation and wastewater drainage project[5]; however, none of the required studies were subsequently completed and no Detailed Project Report was submitted to obtain funding. This is because Jal Nigam considers that sanitation infrastructure "is not a priority" (according to a senior Jal Nigam civil servant in Lucknow[6]) and that resizing and expanding the water network is more important. According to the engineers, increasing the quantity of water distributed will not only enable the increase in urban demand to be met, but also help "clean the streets more easily using a mechanical 'flushing' effect"[7] created by increasing the volumes of water discharged. Although meeting sanitation needs is one of the small towns' key priorities, this issue is still a long way from being addressed (see Fig. 4.4).

As no proper system has been designed by Jal Nigam, local governments have put a compensatory system of "*nala*"[8] in place to dispose of wastewater. Technically speaking, this is a basic gravitational system of simple gutters constructed as and when required along the roads (with no overall initial plan) by firms responding to invitations to tender issued by the municipality. However, none of the firms recruited to manage these sanitation projects has received training to ensure they take the topography and altitude aspects of this technical task into account.

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[4]Quoted from Jal Nigam website's home page: http://www.upjn.org/index.aspx (accessed 26 November 2015).

[5]In Siddarthnagar, for instance, the Jal Nigam engineer has precise topographical maps of the town.

[6]Interview held at the Jal Nigam head office in Lucknow in April 2008.

[7]Interview held with the head of the Chandauli District branch in 2009.

[8]Anglicism from the Hindi word *nala,* which locally refers to water drainage system.

Fig. 4.4 Lack of sewerage. *Note* As there is no sewage system, wastewater tends to spill into the street (**a**), where it either flows across the road (**b**) or collects in pedestrian areas (**c**). The situation is even worse during the monsoons (**d**). (All of these photographs were taken in the centre of Chandauli). *Source* Author

Thus, this gravity-based *nala* system often does not work effectively: the open drains overflow, stagnant water collects in the streets and the town is literally left standing in its own wastewater. The construction materials used are often of poor quality and the *nala* quickly fall into disrepair resulting in yet more stagnant wastewater in the roads and streets. Ultimately, as there is no overall design plan, these nalas constitute a form of second-rate sewage system; one which, although a lot less costly, is also far less effective.

To overcome these technical shortcomings, the municipal street-cleaning team is tasked with manually cleaning out the frequently blocked nalas and drains or digging makeshift ditches to divert wastewater away from the roads in the event of flooding. Wherever possible, the municipality also directs some of these nala towards the PWD-constructed roads, as most of these have a sufficiently large capacity drainage
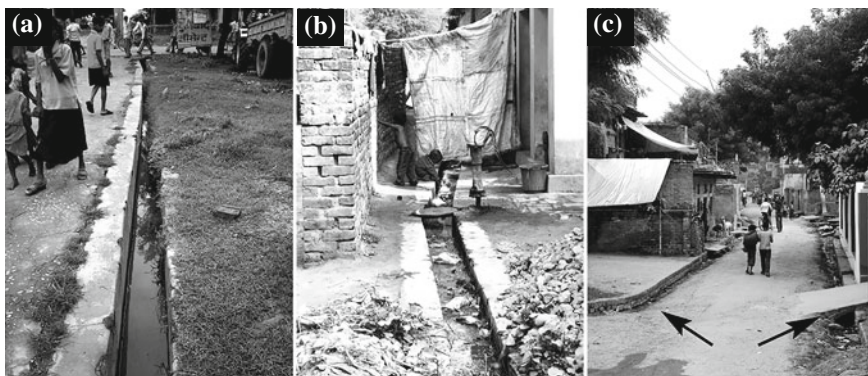
Fig. 4.5 A basic wastewater disposal system. *Notes* To compensate for the lack of proper sewerage, the towns have devised a precarious "*nala*" system, which consists of basic drains dug along the towns' main streets (**a**). Wherever possible, these *nala*s direct domestic wastewater towards the stormwater drainage system installed along the PWD roads. The dispersal drains running along roads in the town centre are usually covered with slabs to prevent people accidentally falling in and ensure they do not get blocked up by rubbish (**b**, **c**). *Source* Author

system (although this was not initially intended for wastewater disposal). When the PWD branch builds its roads, it also constructs dispersal drains that run parallel to the road to protect against flooding. All wastewater is discharged, without treatment, into ponds, waste ground or old water tanks previously used for religious rituals, not all of which are located outside the town. Large quantities of this wastewater are also discharged into urban rivers, which are used as sewers (and which residents call "the main *nala*"). Finally, it is worth noting that some of this wastewater is being recycled for agricultural use and is used to irrigate a number of fields around the towns (see Figs. 4.5, 4.6, 4.7, 4.8 and 4.9). As these types of town have little networked infrastructure, they provide the perfect framework in which to implement alternatives to conventional wastewater treatment systems.[9]

The municipality does not cover the cost of household connections to this precarious nalas system. Given that few households pay to have a connection installed, domestic wastewater is not properly discharged and often collects in front of houses. For the towns' inhabitants, addressing the problems and inconvenience caused by lack of an effective sewer system is a key priority, more important even than improving the water supply service. However, the effective resolution of these problems seems out of reach for the moment, given the ongoing confusion surrounding sanitation:

- Jal Nigam has opted out of constructing a sewage system as it considers water infrastructure to be more important than sewerage;

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[9]The online reports on decentralised technologies published by the Centre for Science and Environment can be viewed free-of-charge on: http://www.cseindia.org/taxonomy/term/20123/menu (accessed 26 November 2015).

Fig. 4.6 The non-integrated design of nala. *Note* In Siddarthnagar, the Jal Nigam engineer bemoans the fact that, due to lack of coordination, the construction firms do not work off the town's topographic maps that he himself developed for a project, which was ultimately cancelled (**a**). He told us that "this would have prevented some of the problems now causing stagnant wastewater to collect in the street!" (**b**, **c**). According to the engineer, local residents are also partly responsible for these issues when, for example, they block up a *nala* to make it easier to cross a road (**d**). *Source* Author

- The Public Works Department installs a basic drainage system along the roads that it constructs to prevent flooding, and this system is also taken advantage of by the municipality;
- The local government oversees the day-to-day construction of a precarious nalas system to compensate for the lack of sewerage;
- Local inhabitants appear to have little awareness of the dangers of poor sanitation, particularly of the risks associated with consuming agricultural and fisheries products that have been produced using recycled wastewater.
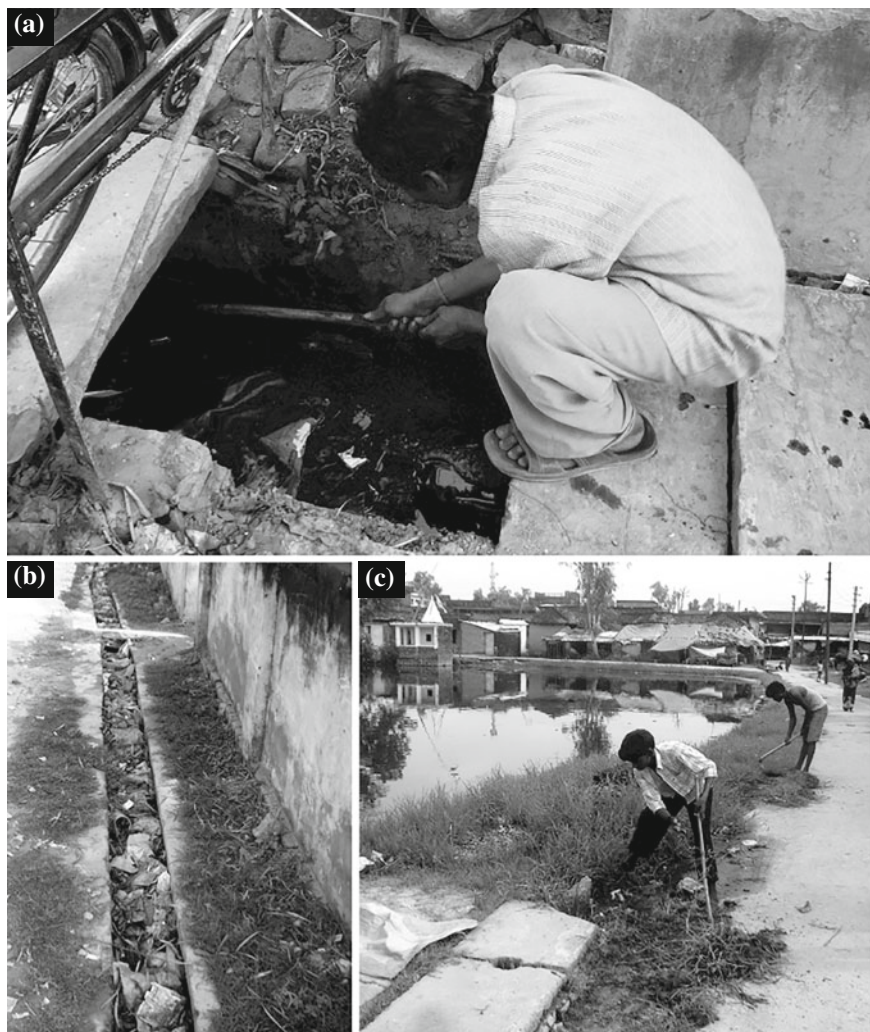
Fig. 4.7 Cleaning of the nala by the municipal team. *Note* A municipal employee is tasked with unblocking the *nala* and drains (**a** taken in a street in Phulpur), which are often filled with rubbish (**b** also in Phulpur). Sometimes, the town hall can require the team to dig makeshift ditches by hand where the *nala* is too short to reach its storage container (**c**), or there is no *nala* along a particular street, for example. *Source* Author

However, since the ban on dry toilets was introduced by the 'Employment of Manual Scavengers and Construction of Dry Latrines (Prohibition) Act' in 1993, the need for an effective public sanitation service has become all the more pressing in order to eradicate manual scavenging once and for all (see Box 4.2).

Fig. 4.8 Wastewater storage basins. *Note* To keep up with growing urbanisation, water basins (old traditional basins previously used for irrigation) have been converted into storage containers for the town's wastewater (**a**). Some of this wastewater is also *left* to stagnate in natural basins not initially designed for this purpose (**b**) or is diverted into the "main *nala*", an urban river that flows through the town (**c**), and takes the waste away from the urban area (**d**). (**a**, **b**, **c** in Chandauli; d in Kushinagar.). *Source* Author

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Box 4.2: Manual scavenging

Manual Scavenging is a term used to describe the daily manual removal of human excreta from "dry toilets" (namely toilets with no wastewater disposal system) by workers known as 'scavengers'. The use of dry toilets was officially prohibited in 1993 by the Employment of Manual Scavengers and Construction of Dry Latrines (Prohibition) Act in order to eradicate this degrading task, which is carried out by groups of *untouchables*, 80 % of whom are women. Thus, not only was this political decision highly symbolic, it also raised a number of technical issues. Wastewater must now be disposed of using a modern centralised gravitational sewer system, which requires a

Fig. 4.9 Wastewater reuse. *Note* Some of the wastewater is used to irrigate the fields surrounding the town (**a**, **b**, taken in Phulpur). More surprisingly, some of the wastewater storage basins are used for fishing (in two water tanks in Chandauli, shown in **c** and **d**). Further research into the reuse of this wastewater would be useful for providing a greater insight into this topic, which has not been covered by this book. *Sources* Author

good supply of water. Despite a national action plan having been set up to eradicate the practice before 2007 (National Action Plan for the Total Eradication of Manual Scavenging), manual scavenging was still being carried out in numerous towns in 2011 as over 12.5 million households were still not connected to even a basic sewage system (Sengupta 2011). The Delhi government's monitoring programme, Samajik Suvidha Sangam*, thus estimates that, in 2011, 37 % of urban India's human excreta was still being manually removed by 1.3 million Dalit workers.

Note *Created following the publication of the 2006 Delhi Human Development Report, "Samajik Suvidha Sangam, Mission Convergence" is a

programme set up by the Delhi government to coordinate the activities of various government departments with those of Community-Based Organisations in order to improve the living conditions of the most vulnerable people. For more information, please see: http://www.missionconvergence.org.

Whereas a lack of other services, such as water supply, can be overcome using "compensatory strategies" (Zérah 2000), it is far more difficult for users to compensate for the lack of a sanitation service. For the majority of inhabitants, individual strategies, such as installing domestic septic tanks, for example, remain financially out of reach, meaning their only option is to use the fields or the street. For households that do have septic tanks, the cost of emptying these is not covered by the municipality. The municipality is supposed to install public toilets for use by people without access to private toilets; however, with only 1–2 toilet blocks per town, these public toilets remain far too few and far between. Furthermore, no maintenance is ever carried out on these toilets and the municipal authorities no longer even know who originally financed them or, on occasion, whereabouts in the town they are located. This illustrates the local governments' lack of interest in this issue, which directly affects the poorest sections of their town's population.

4.1.2   The Roads Department, an Illustration of the Challenges Involved in Reorganising Authority

4.1.2.1   Visible Expansion at the Expense of Technical Quality

There were fears that decentralisation could have the perverse effect of enabling a small local elite to take over decision-making authority within the towns. A World Bank study conducted in the villages of southern India concluded that the decentralisation of sanitation and street-cleaning services could result in priority being given to better maintaining wards that are home to the local political elite, with the rest of the village being less frequently cleaned. This appropriation of services would be further facilitated by the lack of information provided to inhabitants on the activities of the Panchayat members, who could exploit this to use local management to their own advantage (Ban et al. 2010). However, empirical observation of the roads departments in the four small towns studied tends to show that the appropriation of these municipal services by the local elite is far more nuanced. The spatial distribution of road-related services appears relatively uniform and any differences seem to be due more to the geographical and historical layout of the roads than to any discrimination or preferential treatment for certain wards.

A roads department that is fairly consistently poor
As far as rubbish collection and street cleaning is concerned, there is no marked difference between wards. With the exception of the Kushinagar tourist area, which

is afforded special attention, all of the towns' wards are similarly strewn with rubbish. The most frequently cleaned streets are also the busiest, such as market streets and main roads, and thus ultimately also remain the dirtiest. In contrast to the findings of the World Bank study into villages, our field research in the four small towns found no major examples of street-cleaning services being focused on the wealthiest wards or those housing the urban elite rather than on the poorest or Dalit areas. In Chandauli, for instance, the Mayor's house adjoins a former pond that has been converted into a small rubbish dump used by the ward. In Kushinagar, the ward in which the mayor lives, situated along one of the town's shopping streets, is given no preferential treatment compared to any of the other wards in the town. There is thus no discrimination against wards with regard to street cleaning.

As far as the state of the road surface is concerned, the urban roads designed by PWD are usually in better condition than those designed by the municipality. The fact that these roads have large drains alongside them, most of which are covered, means they are not regularly flooded by wastewater and so deteriorate less quickly. Due to their central location and high volumes of daily traffic, the PWD roads are also better maintained by the municipal maintenance teams: these main roads usually have public lighting and are regularly cleaned and repaired. In contrast, the remainder of the entirely municipal roads appears to be in a significantly worse state of repair, with the condition of these roads worsening as they move away from the historical centre towards the town's outlying areas, which generally receive less attention from the maintenance teams. In the central wards, some of the older municipal roads are covered with successive layers of different types of road surface (paving, cement, tarmac), whereas the more recent roads, mostly located in the less densely populated outlying areas, are rarely surfaced.

Elected officials in conflict with the mayor are still able to ensure roads are built or repaired within their ward. For instance, this was the case for a Muslim elected official in Siddarthnagar, who obtained funding for street resurfacing despite his heated encounters with the mayor, as well as for the Dalit inhabitants of ward no. 2 in Chandauli where the municipality has recently installed incandescent street lighting. There are further examples of this type to be found in all four of the small towns. This is one of the positive aspects of decentralisation: the appropriation of infrastructure by the elite, as seen in other towns and cities, seems far less common in the small towns studied.

Funding for road works is evenly and equitably distributed
It is difficult to definitively demonstrate the theory of non-differentiation in the provision of road infrastructure. In order to do this, information would be required on the amounts invested into the same ward over the course of several years. However, the administrative boundaries change with each election and the information is not available for each of the towns. Nevertheless, the picture provided by the draft version of Chandauli's 2008–2009 budget challenges the idea that funds are misappropriated towards the elite living in the town's wealthiest wards. For 2008–2009, Chandauli municipality allocated funding for road infrastructure, which included tarmacked and paved roads and nalas, equally between wards,

Fig. 4.10 Allocation of the 2008–2009 road and *nala* construction budget for the wards of Chandauli, breakdown per 100 rupees. *Note* Wards nos. 1, 2, and 3 are predominantly Dalit wards. *Source* Chandauli Nagar Panchayat documents for 2008–2009
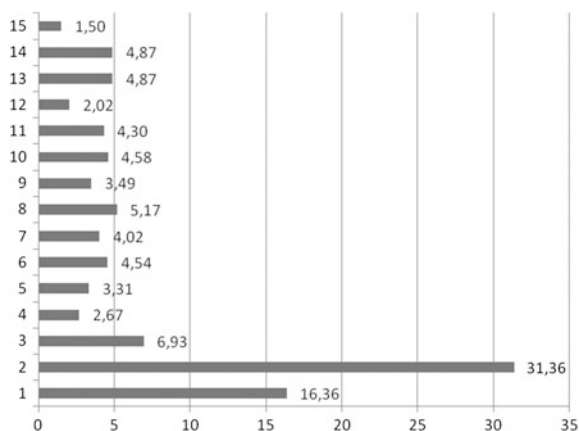
whilst strongly focusing on the most densely populated Dalit wards, SC wards nos. 1, 2 and 3 (whereas the mayor of Chandauli, a member of the Brahmin caste, lives in ward no. 13) (see Fig. 4.10).

In the draft version of the 2007–2008 road and nalas construction budget, an average of around 4 in every 100 rupees was to be spent on road infrastructure per ward, with the exception of the Dalit wards nos. 1 and 2, for which 16.36 and 31.36 rupees were allocated respectively. Therefore, when drawing up this draft budget, the municipality focused on the two poorest and most densely populated Dalit wards in order to bring them into line with the rest of the town. It is interesting to note that ward no. 13 in which the mayor of Chandauli, a member of the Brahmin caste, resides was afforded no special treatment, being allocated 4.87 of every 100 rupees available for the town. There is thus nothing to suggest that infrastructure is being appropriated for the elite in this case. Similarly, there is also no apparent discrimination against ward no. 6, home to one of the Mayor's fiercest political opponents, as this ward was allocated 4.54 rupees out of every 100. The apparent aim of the municipality's development policy is thus to bring all of the wards' roads up to the same standard. As a result, wards no. 15 and 12, which are older, densely populated and already have an extensive road and nala network, required only 1.5 and 2 rupees respectively.

4.1.2.2 The Political and Economic Challenges of Developing Roads-Related Services

The equitable expansion of municipal roads-related services to all wards is the result of a twofold political and economic incentive provided to municipal officials following decentralisation (see Fig. 4.11).
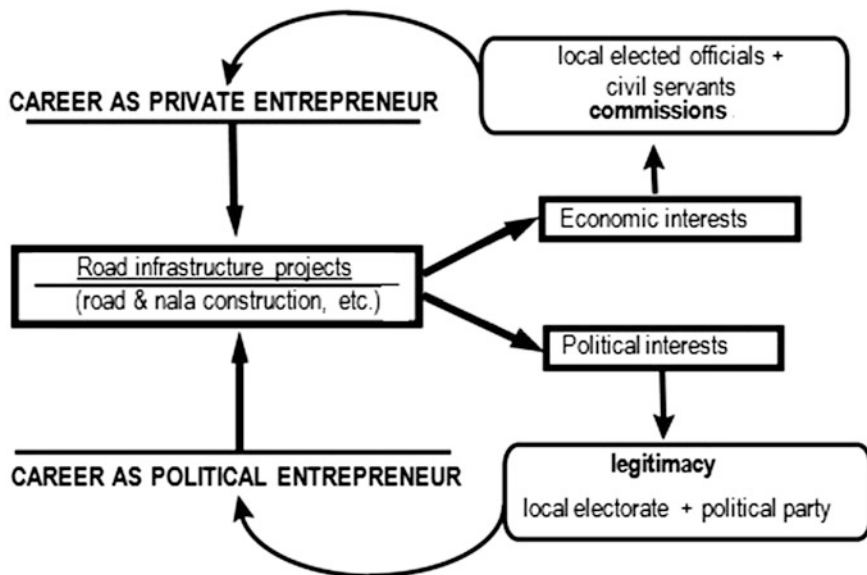
Fig. 4.11 The Mayor's political and economic incentives. *Note* The reform has created an entrepreneurial environment that is both economic (the windfall of public works contracts and associated commission) and political (legitimacy in the eyes of the political party and the local electorate) and which has led to a sharp increase in the number of low-tech road infrastructure projects. *Source* Developed by the author

An economic incentive: local corruption, a vehicle for expanding roads-related services

Although some elected officials claim to have no vested interest in public development projects, others are extremely open about their involvement, which they consider to be both legitimate and effective seeing as they are best suited for the task of carrying out public construction work.

One such official is the long-standing representative of ward no. 7 in Kushinagar. As a key figure within the town, he helped with the physical construction of the town by initially taking on the role of broker, acting as intermediary between the construction companies and the municipality, before himself setting up a construction company (prior to becoming ward representative) to build municipal pavements and roads. More recently, he has expanded his business to include the installation of public lighting, which is why most wards in Kushinagar have better public street lighting than any of the other towns studied. According to him, by providing the municipality with funding and giving him the opportunity to manage and award local public contracts, the decentralisation reform has helped considerably speed up development projects. As far as he is concerned, the fact that he is both a private entrepreneur and political representative is entirely legitimate as "it is

in the municipality's interests to build as much as possible for everyone".[10] In fact, there is a genuine collective interest as public development projects ultimately benefit the whole of the town. However, despite these good intentions, the interests of these elected officials-come-company owners are primarily economic. They are able to award themselves more and more contracts and are thus eager to increase the number of development projects implemented within the town so they can earn money from each contract completed, even if this means corrupting other elected officials and civil servants if required.

This is thus aligned to the observation made on 9 June 1994 to the Foreign Correspondents Club by Professor Edward Chen about China, namely that "corruption, on a small scale, sometimes helps grease the wheels to achieve results" (cited by Lecorre 1994, p. 30). In their analysis of development in Gobindgarh, a small industrial town in Punjab, the economists Amitabh Kundu and Suntinder Bhatia showed that the traditional practice of paying financial commissions via a broker (financial go-between), who is central to any business agreement, has helped facilitate transactions (Kundu and Bhatia 2001). This tradition of brokerage can also be found in a study by Frédéric Landy and Girish Kumar into corruption within the Public Distribution System (PDS)[11]: "corruption cannot be understood without examining socio-political practices such as patronage, corruption and brokerage that are traits of everyday Indian life" (Landy and Kumar 2009, p. 106). Considered legitimate by elected officials, the virtually institutionalised local corruption system paradoxically works here to effectively grease the wheels of road infrastructure construction. However, this expansion of road-related services throughout the town, independently of wards, is carried out with little regard to the quality of the materials used. For example, in ward no. 3 in Siddarthnagar, the local representative has complained of the fragile nature of the cement used for the recently constructed *nala*. According to him, due to the high cost of the commissions pocketed by some of the elected officials and the administration, the entrepreneur had no choice but to reduce the quantity of cement used to stay within budget and this has had a noticeably adverse effect on the quality of the infrastructure built (see Fig. 4.12).

A politically motivated expansion: pressure from the dominant political party and electoral advantage

The elected official-come-entrepreneur also has a political incentive for wanting to increase the number of infrastructure projects. Rather than appropriating part of the infrastructure for his own ward or social group, it is instead in the representative's interests to build his local political legitimacy. This will not only enable him

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[10]Interview held on 27 February 2009 with a private public works construction firm owner in Phulpur.

[11]The Public Distribution System (PDS) is a national food security system that distributes rations (rice, sugar, flour and kerosene) to the poor through a network of Fair Price Shops (FPS). The PDS is plagued by corruption, not only in its ration card system (that provides households with access to the scheme), but also in the resale and misappropriation of subsidised commodities for private and profitable means (as notably seen during the surveys in Chandauli). For more information on India's food policy, please see the publication written by Landy (2008).

Fig. 4.12 The poor quality of the road infrastructure. *Notes* The misappropriation of funds on road and nalas construction projects undertaken by local building firms (**a**) reduces the quality of the infrastructure built. In (**b**), a disgruntled resident is kicking a *nala* recently constructed by the municipality in Siddarthnagar to demonstrate its fragility, which is due to the entrepreneur having scrimped on cement. The third *photo* (**c**), taken in Chandauli, shows a similar example: this is a newly paved street, but it is already beginning to break up. The last *photo* (**d**) shows one of many streets in Phulpur that is in an advanced stage of deterioration. *Source* Author

to ensure his term in office is financially profitable (economic incentive), but will also help him carve out a political career (political incentive). For the mayor, the advantages of this political strategy of uniformly expanding services are twofold: it satisfies his electorate at municipal level and his political party at the regional level.

Within the town, the roads department provides a highly visible service. The electorate, who are also the daily users of these roads, witness the development,

street lighting and street-cleaning work at first hand. By meeting the needs of all inhabitants, regardless of their social, ethnic or religious background or place of residence within the town, the mayor is able to provide his urban electorate with a daily reminder of his public service. Nevertheless, during our research, the Dalit wards sometimes appeared to receive a larger portion of the public works budget than other wards. This is because, as a *political entrepreneur* (Wyatt 2009), the mayor has to strategically follow the regulation policies of the regional government, then led by the pro-Dalit BSP, if he wishes to further his political career. Thus, he needs to ensure that the municipal council's local activities are aligned to the dominant political party's guidelines as much as possible in order to obtain the party's backing to become an MLA. This illustrates the observation made by the political commentator Iffath A. Sharif with regard to Sri Lanka, namely that making politicians dependent on the votes of ethnic groups other than their own can help them reduce discrimination against minorities (Sharif 2011, p. 277). By developing local economic opportunities and political ambitions, decentralisation appears to facilitate the short- and medium-term integration of minorities and traditionally disadvantaged wards.

4.1.2.3   The Political Involvement of the State

Since mid-2008, the regional government has been directly involved in town management through the District Urban Development Authority (DUDA), which has completely taken over the running of certain Dalit areas as part of the Kanshi Ram programme introduced by Mayawati. This is a slum upgrading programme (involving the construction of roads and houses, and the installation of water supply and toilets) that is being coordinated by DUDA (see Box 4.3 and Fig. 4.13).

> **Box 4.3: The Kanshi Ram programme**
> The Kanshi Ram Programme is a project launched by Mayawati in 2008, during her term as Chief Minister of Uttar Pradesh (2007–2012), in honour of Kanshi Ram, the founder of the BSP who died in 2006. The aim of this decidedly political development project is to improve the living conditions of people in poor wards, most of whom are Dalits. The municipality appears to be largely left out of the decision-making process as management of these wards has been taken over directly by the state, specifically by SUDA (the State Urban Development Agency) and its district office, DUDA (District Development Urban Agency).

There are 16 technical agencies and departments grouped together under DUDA. Brought together by the District Magistrate, representatives of the various public institutions develop a ward upgrading action plan. DUDA's responsibilities and activities vary in line with the wards' priority needs. For instance, in Siddarthnagar, DUDA provides all basic services to the inhabitants of the wards they manage. In

Fig. 4.13 Renovation of ward no. 5 in Siddarthnagar. *Note* Taken over by DUDA as part of the Kanshi Ram programme initiated by Mayawati, the predominantly SC ward no. 5 has been entirely renovated. It now has good quality road infrastructure, the roads and squares have been paved, nalas have been dug (some of which are covered) and new water pumps installed. *Source* Author

Chandauli, however, the responsibility for some services, such as water supply, remains with the municipality and DUDA instead focuses on social housing, with support from the UP Housing and Development Directorate of Local Bodies, and women's education programmes that mainly target Dalits (sewing and pottery classes).

In the four towns studied, DUDA primarily focuses its activities on the slums of administrative sectors nos. 1, 2 and 3, home to the largest population of Dalits. However, activities can also be extended to pockets of slums located in other parts of the towns. In order to identify local needs, DUDA bypasses the municipality and works directly with local advisors. These advisors have usually had some form of disagreement with elected officials and refuse to get involved in municipal politics, which they believe to be "corrupt",[12] thus preferring to receive assistance directly from the regional government instead. Most often, they are micro-local ward leaders seeking to obtain or retain social recognition from residents. With few ideological leanings towards a particular regional party and usually OBC, the political activism of these advisors is, above all, born of the circumstances created by the opportunity provided by the Kanshi Ram programme. Unlike most of the

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[12]Interview with one of the local DUDA advisors in July 2008 in Chandauli.

municipality's elected officials, they have no financial interest in undertaking work to develop the town as the fact that public procurement contracts are directly managed and approved by the DUDA-coordinated technical agencies means they are unable to act as brokers between DUDA and the construction firms.

Although this regionally managed programme is an example of successful coordination between different institutions, by its very nature it runs counter to both decentralisation and the assertion of municipal authority. Furthermore, local governments are only too aware of the fact that the region is interfering in the town's affairs. The mayors of each of the four towns studied are highly critical of DUDA, which they (rightly) believe to be state-sanctioned competition. As the mayor of Siddarthnagar said of DUDA and the BSP, "I have greater legitimacy, but "they" are more powerful". By bypassing local government, the state is able to gain a foothold in the town. There is, however, a directly political reason why it wants to maintain this local visible presence: elected on a pro-Dalit platform, the BSP needs to uphold its main electoral promises by ensuring its actions are clearly visible at local level, within the Dalit wards. This local presence includes personalising development programmes, which inhabitants attribute to Mayawati, and essentially indicates to the municipal elite that they remain politically dominated by the regional political elite. Although it has been changed by the devolution of powers, the state's relationship with the municipalities remains dominated by the regional government.

These findings virtually mirror the conclusions of Sudha Pai, who established that in Uttar Pradesh, the fact that Dalit interests are represented is due not to the local representatives voted in as a result of SC electoral quotas, but rather to the direct involvement of the BSP party in urban politics (Pai 2004). In line with other empirical work in this area conducted in other developing countries (Blair 2000; Crook 2003; Schou 1999), these findings show that there is no automatic correlation between the expansion of representative democracy bodies at local level and improvements in people's well-being and that, instead, there are other, more complex processes at work.

Ultimately, there are thus relatively few differences in the road-related services provided in the towns. Rather, it is in both the political and economic interests of the mayor, elected representatives, entrepreneurs and municipal civil servants to cooperate and ramp up work on the roads and nalas. Any discrimination that may exist is caused more by the poor quality of the materials used than by a total lack of infrastructure. In contrast to municipality-led activities, regional government involvement can result in certain wards being given preferential treatment. These priority wards, targeted by specific development plans, are those that are symbolically, politically or economically important to the regional government, such as Dalit wards or the Kushinagar tourist area. The more local democratic bodies are monopolised by the economic and traditional elite within the towns, the less apparent the appropriation of infrastructure for this elite's own ends due to the strong involvement of the BSP. Paradoxically, any discrimination seen in public roads-related services thus tends to be more a result of ongoing regional government control than of appropriation by the local elite.

4.1.3   The Reflection of a Multi-Level, Poorly Coordinated and Uncooperative Governance Structure

4.1.3.1   Chaotic Urban Governance

The fact that responsibilities for road-related services are fragmented and blurred is symptomatic of the more general administrative chaos that exists within town management and which decentralisation has done nothing to alleviate. In Uttar Pradesh, the technical functions relating to urban roads have only been partially devolved to the municipalities and are usually divided into construction and management responsibilities. The municipality thus has to align its activities with those of other partly state-controlled agencies that, pre-decentralisation, were in charge of managing all these activities themselves. These notably include the Uttar Pradesh Public Works Department (PWD), Uttar Pradesh Jal Nigam (JN) and the District Urban Development Agency (DUDA).

Alongside the urban governments, there is a total of 28 Development Authorities (the state's statutory planning and development authorities) in Uttar Pradesh. These include: the State Town Planning Department (in charge of urban planning) and the District Urban Development Agency (DUDA); partly state-controlled agencies, such as the Uttar Pradesh Housing and Development Board (UPHDB, the agency responsible for constructing and allocating social housing); devolved technical agencies, such as the Uttar Pradesh Jal Nigam or Public Works Department; and ministerial departments, such as the Directorate of Local Bodies (the secretariat responsible for all local governments within the state of Uttar Pradesh) who have to coordinate with the other ministries. This profusion of agencies and secretariats, which often have similar roles, also have to contend with a decision-making authority that is dispersed among representatives of the regional government (the District Magistrate, Vice-District Magistrate, Sub-Divisional Magistrate and Chief Development Officer, etc.), local government and the different elected officials at other government levels, such as the Members of the Legislative Assembly and Members of Parliament.

The increase in the number of institutions, a common occurrence in all Indian states but which is particularly striking in Uttar Pradesh, creates tension around the distribution of responsibilities and, above all, gives rise to considerable confusion. In an article entitled "Too Many Cooks in the Urban Services Kitchen" that appeared in *The Financial Express* on 17 January 2005, Ramesh Ramanathan criticised the administrative chaos typical of town management in India, as a result of which the "the citizen is confused, the local politician is confused, the agency representatives are confused":

"Imagine a puppet whose strings are being pulled by different puppeteers: the hands by one, the legs by another, the head and shoulders by a third. Seen from the audience, the show would not look pretty. City governance in India is similar, being pulled and pushed in different directions–sometimes even torn apart–by a chaotic urban administrative set-up" (Ramanathan 2005).

Infrastructure financing further complicates this fragmented set-up. In theory, funding can be received from an external donor, or from central or regional government through a programme run by a particular ministry. However, it can also come from annual grants from an agency, which are managed by different public, private or civil stakeholders at various levels. Moreover, since funds have been devolved to Members of the Legislative Assembly and Members of Parliament, these politicians may also provide funding for infrastructure projects. Finally, the financing for some infrastructure can be raised using multiple, hybrid and sometimes confusing funding procedures.

This administrative chaos results in a tangle of red tape, which, according to Syed Hasan Jaffar, retired Jal Nigam director, even the government struggles to navigate:

"Most alarming in this context is the confusion in the government. […] Any paper from local bodies, development authority, Sansthan and Nigam has to pass through the three tier official machine of the Directorate of Local Bodies, from where it then has to pass through a Section Officer, Under Secretary, Dy. Secretary, Joint Secretary, Special Secretary and finally to the Principal Secretary and then to the Honourable Minister. So we see the spiralling size of hierarchy, i.e. government" (Jaffar 2004, p. 262).

During our field research, we were able to observe just how long it takes to complete these bureaucratic procedures, which cause numerous delays in financial transfers and in the delivery of projects to municipalities, even when infrastructure projects have received official approval from the Directorate of Local Bodies.[13] Thus, it is not surprising that little supervised, low-tech projects, such as the road and *nala* construction programmes carried out directly by the municipality, have increased over recent years.

4.1.3.2   The Challenging Issue of Integrating Municipal Institutions

In India, town management is thus extremely complex and decentralisation has not made this any easier. Without clearly defined procedures for coordinating with other institutions, the municipal body is currently reduced to nothing more than an additional administrative link in the complex bureaucratic urban management chain. In the small towns studied, as highlighted by the situation roads-related services, this administrative chaos leads to responsibilities being devolved with no follow-up, no proper enforcement of construction standards and no real control, which ultimately results in municipal services of extremely poor quality.

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[13]Infrastructure project delivery can sometimes be pushed back by several years, as illustrated by the water supply expansion projects planned for the small towns studied.

Whilst, in theory, it would be possible to distinguish between construction and investment activities, which remain the responsibility of the region, and operations and maintenance tasks, which have been devolved to the municipality, empirical reality shows that, in practice, such a distinction is not always made and the local, regional, even national governments can all perform the same duties within the same area. Thus, as they are poorly coordinated, instead of complementing each other, these different authorities can sometimes find themselves in competition with one another. At the moment, for example, drainage work comes under the responsibility of not only the municipality, but also the Uttar Pradesh Public Works Department (PWD), the Uttar Pradesh Jal Nigam (JN) and the Uttar Pradesh Housing and Development Board (UPHDB), both for investment and delivery. Since the decentralisation reform, responsibility for road construction and maintenance has been devolved to the municipality, but can also be assigned to PWD or DUDA, depending on whether the project is municipal, regional or social. Similarly, responsibility for constructing water infrastructure, toilets and administrative buildings can fall to UP JN, DUDA or UPHDB; however, the municipality is usually, but not always, responsible for maintenance.

Finally, as during the *pre*-decentralisation period, solid waste management appears to be the only service clearly and entirely under the municipality's sole responsibility. Neither Uttar Pradesh nor any other state in India has clearly defined the responsibilities and coordination procedures to be used by the municipalities and urban management stakeholders for other public services. However, one of the major challenges facing urban governance consists of improving the communication and coordination between all parties involved in urban development.

The Kanshi Ram programme, managed by the District Urban Development Agency (DUDA) provides an example of successful consultation and coordination: DUDA officials are made clearly aware of inhabitants' needs by local civic leaders and the agency makes every effort to meet these needs by working with and coordinating various partly state-controlled bodies, all of whom are aware of each other's activities. The success of the Dalit ward upgrading project shows that, in Uttar Pradesh, the establishment of clear governance and successful public action is dependent upon regional political will.

In conclusion, despite constitutional recognition of the role of local governments, their integration into roads and public service governance remains poor and the scope for action afforded to municipalities is extremely limited. With the exception of road and nalas construction and maintenance, the majority of the technical and decision-making bodies ultimately remain under the authority of the regional government. The detailed study of the water service, which requires greater technical expertise, makes it possible to review this analysis in more detail and more closely observe the multi-faceted processes driving the current reorganisation of authority over public services.

4.2   Focus on the Municipal Water Supply Service

In India, where, at the beginning of the 1990s, 37.7 % of households were without access to water (Census of India, 1991), the water supply service has long epitomised the failures of a centralised management system. The public service management set-up has since been redefined following the constitutional recognition of local governments in 1992 (GoI 1992) when certain responsibilities, such as water supply, were devolved to municipalities. However, in 2011, 32.1 % of India's population still lacked access to water (Census of India 2011) and, consequently, it seems reasonable to question the effectiveness of this reform. The low proportion of households connected to the water supply network in the four towns studied, namely less than 50 % in 2009 according to our surveys (36 % in Kushinagar, 31 % in Chandauli, 18 % in Siddarthnagar and 45 % in Phulpur), shows that the decentralisation reform has failed to make the water supply service universally accessible.

   After reviewing the main empirical reasons behind the municipalities' technical inability to take over management of the service, we will examine the limited scope for action these municipalities actually have and show how the substantially different levels of infrastructure available in these small towns, which all have similar needs, is evidence of the ongoing major role being played by the provincial government. Ultimately, our findings agree with observations made in some of the specialist literature on drinking water issues, which state that the failure to provide universal access to the water supply service in India stems not so much from restrictive demographic pressures (1.21 billion inhabitants in 2011) or unfavourable geo-climatic conditions (veering between severe droughts and heavy monsoon rains), as from the fact that institutions are highly ill-adapted to deal with the complexity of local situations (Llorente and Zérah 2005).

4.2.1   Laborious Decentralisation

4.2.1.1   Management Responsibilities

Prior to the reform of the service, all water infrastructure design and management tasks were the responsibility of Jal Nigam, the governmental technical agency in charge of water and sanitation. Thus, Jal Nigam engineers were in charge of the entire water supply service, from its technical design through to its implementation and day-to-day management (see Box 4.4).

Box 4.4: The technical design of infrastructure, a Jal Nigam responsibility
Jal Nigam (JN) is a "water authority" created in 1975 by the state of Uttar Pradesh. With 56 billion rupees (about 700 million euros) in capital, it is the largest parastatal company in Uttar Pradesh in terms of capital employed. Its 11,212 employees also make it the second largest employer in the state, behind the road transport authority. As a technical agency, Jal Nigam's engineers design water supply infrastructure for the region's towns and cities, but all management responsibilities (maintenance and day-to-day operation) were transferred to the urban municipalities as part of the decentralisation reforms introduced in the 1990s.

Following decentralisation,[14] Jal Nigam had to cede part of its responsibilities as urban governments[15] were officially put in charge of infrastructure *management*. This included both financial responsibility (funding some of the cost of infrastructure construction, billing users and collecting revenue to carry out technical maintenance) and technical responsibility (installing new network connections, routine maintenance and service infrastructure management). However, the Jal Nigam engineers remain in charge of water infrastructure *design* and the technical extension of primary water mains and infrastructure (water towers, pipework, or even treatment plants in some of the larger towns, etc.), which involves working with a range of various institutions (regional government departments, the government's electricity agency, private contractors, etc.) before transferring management of the facilities to the local authorities. Jal Nigam describes itself as the public water service "nodal agency",[16] with whom the municipality has to work to provide universal access to the service.

Under the decentralisation reform, local political representatives have gained a new status that gives them a key role in service governance. This governance was previously the exclusive preserve of the Jal Nigam engineers, who are now instead officially required to implement the local authorities' requests. In practice, coordination efforts between the municipality and Jal Nigam often lead to tension or even conflict, which hampers development of the service. Over and above factors of caste and religion,[17] this theoretical reallocation of authority to municipal staff has

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[14]The Uttar Pradesh Municipality Act 1916 was amended in 1994, from Clause 224 through to Clause 235-A, to include the legislative changes introduced by the 74th Constitutional Amendment of 1992.

[15]This is not the case in rural areas, where Jal Nigam continues to be fully responsible for the entire water supply service when this is provided through a piped network.

[16]Undated electronic "UIDSSMT Chandauli Project" document collected from the Jal Nigam office in Mughal Sarai in June 2009.

[17]A caste system remains in Indian society, which sub-divides the population into hierarchical social strata. In this case, the engineers working for Jal Nigam are predominantly from the upper castes, whereas the majority of the elected officials in the small towns studied belong to castes considered inferior under Sanskrit tradition.

made the engineers "feel downgraded" and appears to be the main cause of their hostility towards elected officials, who they more or less openly discredit. This latent, and sometimes racist, contempt can be exacerbated by distance, as the engineers do not generally live in the small towns studied. For example, the engineer responsible for Chandauli, whose offices are in the neighbouring town of Mughal Sarai, objects to having to go to inspect the facilities in Chandauli on the grounds that "the municipal managers are uneducated".[18] As far as the Hindu assistant engineer in Siddarthnagar is concerned, rather than being the result of social or technical factors, the low connection rate seen in the market town of Naugarh (a ward in Siddarthnagar where only 18.8 % of households are connected to the network) is in part due to the "very poor hygiene" (sic)[19] of the ward's Muslim population.

In addition, the engineers feel they have been reduced to a form of servitude by the various political pressures and demands placed upon them, making cooperation with the municipality more difficult. Whilst we were conducting an interview at the Jal Nigam offices in Allahabad, an elected official from the pro-Dalit Bahujan Samaj Party came into "demand" the installation of new handpumps in his ward. Upon the official's departure from his office, the chief engineer launched into a tirade of criticism about the arrogance of this new local government, asking: "what can you do with these small, second-rate politicians who think they can do whatever they want?"[20].

Ultimately, the municipality remains largely uninvolved in the water infrastructure design process. There is no real consultation structure set up for the technical and financial preparation of the project and, in addition, local elected officials appear so overwhelmed by the complexity of projects that they prefer to abdicate all responsibility to the engineers. Thus, water network design decisions (network configuration and location, financial and technical maintenance plan, etc.) continue to be made without consulting the primary stakeholders, which goes against the principle advocated by decentralisation.

4.2.1.2 Minimum Technical Transfer

In theory, the transfer of Jal Nigam-designed facilities to the municipalities should be accompanied by at least a minimum amount of skills transfer: "Jal Nigam organises suitable training as well as capacity-building programmes from *time to*

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[18]Interview held at the Jal Nigam office in Mughal Sarai in August 2008.

[19]During an interview on 29 September 2009, the (Hindu) engineer for Siddarthnagar told us that "Muslims don't take baths…".

[20]Interview held in the Jal Nigam office in Allahabad, 2009.
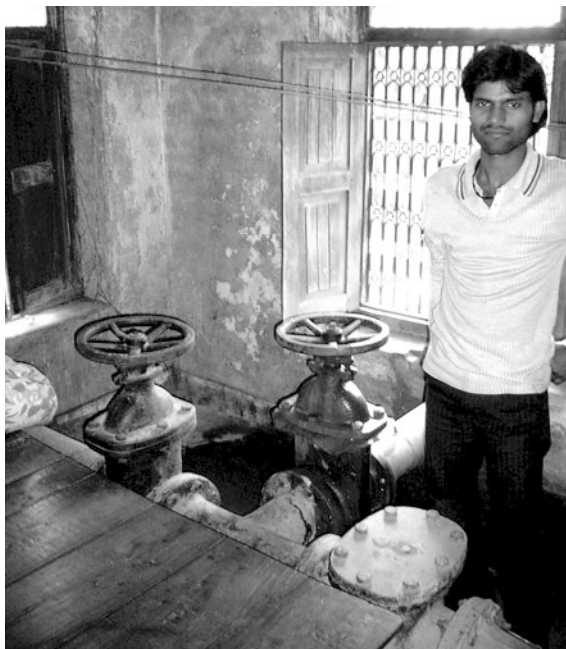
Fig. 4.14 Vijay, a municipal employee who works at the water tower. *Note* At the time of research, Vijay Yadav was employed by the municipality to work in one of Chandauli's water towers. One of his jobs included starting up the pumps at set times and opening the valves to release the water required for daily distribution. Like his colleagues, he had only a basic education and has received no specific training from Jal Nigam. Although he had learned the essentials required to do his job, he was not in a position to carry out proper infrastructure maintenance, which resulted in worn and damaged equipment that he was unable to repair. For example, it is not uncommon for a pipe to burst due to poorly regulated pressure whilst the water is being distributed. *Source* Author

time as per the need of the project" (Jal 2005). In reality, the engineers are highly reluctant to have to transfer what they consider to be part of their jobs. In Kushinagar, for instance, the Jal Nigam engineers made an unsuccessful attempt to block the transfer of water network management to the municipality:

> … it is suggested that […] the system should be continued to be maintained by the UP Jal Nigam itself […] *This is necessary because the town area committee will not be able to maintain the scheme because they do not have trained engineers with them*. The Kushi Nagar Town is going to be an important International Tourist Center of India in the near future with the efforts of the government of Uttar Pradesh and Japan. Hence, efficient maintenance of the scheme is a must and has an impact on the tourists coming to the town (Jal 1990).

Over and above their argument that the town is a showcase for tourism, this clear show of dissent highlights the Jal Nigam engineers' distrust of the municipalities'

Fig. 4.15 Pipes submerged in wastewater. *Note* In Siddarthnagar, where the municipal plumber attended school only up to sixth grade, household connections are connected to the distribution system by poorly attached small-diameter pipes laid directly inside the gutters. This is ostensibly to protect the pipework from potential surface damage, but in fact makes the water unsafe for consumption as wastewater seeps into the pipes. *Source* Author

technical capacities and their reluctance to provide technical training to local municipal employees (see Fig. 4.14).

In general, the municipal technical team consists of between 2 and 4 locally recruited employees (one of whom will be a plumber). Although some are permanent staff (paid around 6,000–8,000 rupees, or about a hundred euros, a month), the majority of these employees, such as the plumber, are paid the minimum daily wage (70 rupees, or less than a euro, a day). It is far easier for the municipality to afford these salaries than to recruit a qualified engineer, who would anyway prefer the career prospects offered by Jal Nigam (where the starting salary is 11,000 rupees a month—just less than 200 euros—rising to 30,000 rupees—around 550 euros–depending on length of service). With no prior training from Jal Nigam, the municipal plumber learns "on the job", without necessarily taking all the proper precautions as he is unaware of what these are (see Fig. 4.15).

Local employees have never received any training on public health issues. According to Jal Nigam standards, the water tower tanks should be cleaned with chlorine at least twice a year. However, this directive is not followed in any of the towns studied, where water tanks are only cleaned once every 12–18 months on average. In some instances, the town hall has simply neglected to budget for chlorine and the networks are checked only rarely. In the water distribution area that

covers the tourist area of Kushinagar, so many people were falling ill that the municipality eventually ordered a clean out of the offending tank, in which was found the decomposing body of an adolescent who had committed suicide some weeks before. In addition to these virtually non-existent basic checks, there is also a level of unprofessional nonchalance displayed by some of the poorly trained employees. For instance, in a dismissal letter from April 2008, written following complaints from dissatisfied users, the Investigation Officer in Chandauli accuses one of the employees of "playing cards instead of being at his post to open the valves during distribution hours".[21] Finally, in each of the towns studied, employees' failure to properly regulate the pressure when opening the valves regularly results in water hammer and causes the weakest pipes to burst.

As none of the municipal employees are trained to maintain and fix the Jal Nigam pipework, leaks can remain unrepaired indefinitely, sometimes for months, until the engineers eventually come to carry out repairs. This can lead to conflict between the municipal authority and Jal Nigam, as in Phulpur for example, where there were major leakages on the piped water network in the north of the town. The municipal elected officials blamed Jal Nigam for this, claiming they had transferred infrastructure to the local authority that was worn and poorly maintained. The engineers, however, blamed these leaks on the incompetence of the municipal plumbers, who, they claimed, had damaged the pipework either when connecting households to the system or simply when opening the valves. When the district's senior public servant finally ordered the engineers to carry out repairs, work was hampered by opposition from an elected official, who claimed the new pipework would damage the roads in his ward. After several months, the network was finally handed over to the municipality, but the leaks are steadily reappearing and the local authority has had to resign itself to putting in place a makeshift solution, namely installing public taps to reduce the pressure inside the pipes during distribution hours. This is just one of many episodes in which there has been a lack of understanding between the municipal managers and Jal Nigam engineers.

4.2.1.3 Intermittent Electricity Supply

This poor relationship is made worse by electricity rationing and inopportune power outages that prevent the pumps from operating, meaning that the tank is not properly filled. The resulting changes in pressure damage the pipes and the water distributed becomes polluted by wastewater seeping into the system. The chronic lack of electricity being produced in India not only results in a highly intermittent water service, but also means that not even the highly restrictive power distribution norms in place in Uttar Pradesh are always respected (8–9 h in rural areas, as is the case in Phulpur, and 14 h in towns with specific administrative status, such as the *teshil* or district headquarters, 4 hours of which is at low voltage). Jal Nigam

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[21]Extract from the letter of dismissal.

designs water infrastructure based on theoretical power distribution norms that fail to match the daily reality within the small towns, meaning the hours of distribution have to be rationed as a result. Not only is this restrictive, but these hours are also extremely irregular due to the unscheduled nature of the outages. In Phulpur, the distribution period alternates on a weekly basis, with power supplied during the day one week and during night-time hours the next. In a letter to the regional electricity department dated October 2007, the mayor of Chandauli also requested the "replacement of the borehole generator. As this is no longer working, it is not possible for the municipality to use the pumps to supply drinking water". Intermittent power and inadequate equipment thus create major technical issues for the municipality managing the network and further reduce their already limited scope for action.

4.2.2   The Service Provided Through the Network Is Inadequate

The number of households with an individual connection to the water network is very low compared to Jal Nigam forecasts (upon which the engineers based the financial plan for the system), thus illustrating that attempts to expand access to the water distribution service has failed (see Table 4.2).

The map of available (domestic and free) connections and public handpumps, which have been installed in strategic locations to compensate for the poor service provided by the network, illustrates the failure of the reform as implemented to sustainably improve the water service (see Fig. 4.16).

4.2.2.1   Access Is Technically Fragmented

Individual household connections are installed using technical and financial criteria defined largely without the municipal authority's involvement. The monthly household connection fee set by the local authority is between 20 and 30 rupees a month (less than 50 euro cents). This is consistently lower than the Jal Nigam recommendations for ensuring financial sustainability of the system, yet is an amount that inhabitants are able to pay (the estimated median salary in these towns

Table 4.2 The number of domestic connections is well below Jal Nigam forecasts

Number of domestic connections	Phulpur	Siddarthnagar	Chandauli	Kushinagar
Jal Nigam forecasts made at the project design stage	*3,357 in 2003*	*3,000 in 2009*	*Not available*	*2,400 in 2009*
Actual number of connections recorded by the municipality	1,356 in 2009 (45 %)	532 in 2009 (18 %)	995 in 2009 (31 %)	915 in 2009 (36 %)

Source Jal Nigam forecasts and municipality accounting records
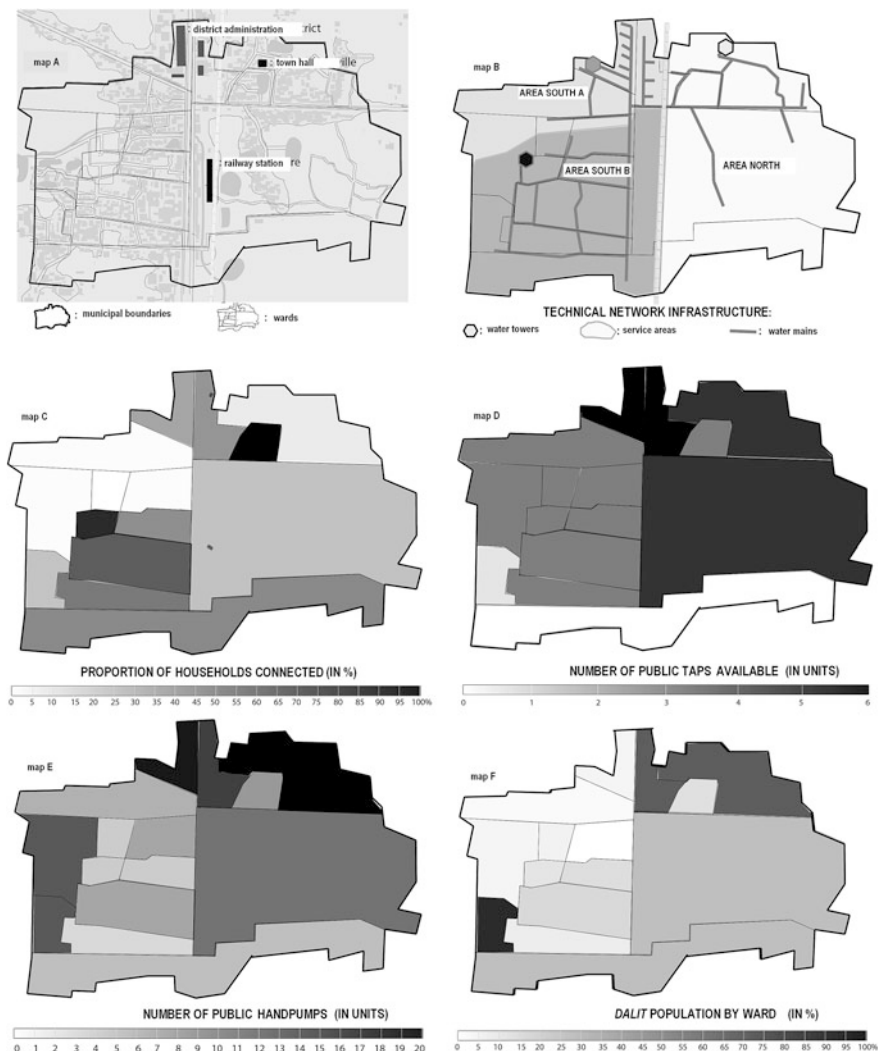
Fig. 4.16 Poor access to the piped network, as seen in Chandauli. *Note* As in other towns, Chandauli's urban development (*map A*) and piped water supply network layout (*map B*) means that the households with the best connections to the service (*map C*) mostly live in the highly built-up wards next to the water towers. The municipality has installed a number of free-to-use taps, particularly in the less built-up areas with less coverage (*map D*); however, the municipality's preferred solution for increasing coverage involves installing a large number of public water pumps (*map E*) for use by people living outside the piped network area and on the outskirts of the town, in Dalit wards, for example (*map F*). *Source* Municipal data, Jal Nigam report, electoral commission data, Google Earth and the author's own observations

stands at between 5,000 and 7,000 rupees a month, or about one hundred euros). In reality, it is the fixed cost of the initial connection that remains prohibitive for the towns' residents. Not only must they pay the upfront fee set by the municipal council (around between 500 and 600 rupees on average), but they must also cover the set cost of the pipework required to connect their house to the network. Plumbing costs rise exponentially the greater the distance between the house and the primary network, whilst, at the same time, the pressure drops and the quantity of water delivered to the tap falls the longer the pipe.

Comparison of the wards with the most connections shows that connection to the water network is not directly determined by caste or social background but by the location (itself socially differentiated) of the house, with houses in the town centre more likely to be connected as they are closer to the infrastructure and water towers. When connecting to the piped system, people living on the outskirts of the town experience technical problems (low pressure) and have an added financial burden (higher plumbing costs). Thus, people moving into the now increasingly densely populated outlying wards are likely to be discouraged from connecting to a water scheme constructed prior to the area's expansion.

All municipalities have opted to install a number of free public taps (which also runs counter to Jal Nigam's financial recommendations of levying a monthly charge of between 8 and 15 rupees per household in Phulpur and 24 rupees in Kushinagar).[22] The location of these community water points, which are connected to the piped system, is determined by the local authority based on social factors, the aim being to compensate for the fact that only a small number of the poorest households are connected to the network (thus, the cost, covered by the municipality, no longer prevents connection to the piped system in poor wards). However, there are also more symbolic and economic reasons behind the choice of location, such as wanting to develop the most important and popular parts of the town (the ward around the railway station, the administrative district headquarters, the touristice centre, for instance). The municipality's willingness to expand the service remains hampered by technical factors as certain outlying wards are still unable to connect to the piped water system due to low pressure at the end of the network.

4.2.2.2   Users Are Dissatisfied with the Service

In each town, satisfaction surveys were carried out with a sample of connected households[23] to assess service performance. One of the most common criticisms is

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[22]Although not followed in practice, these official recommendations to charge for the use of standpipes reflect a willingness to introduce a cost recovery policy, thus breaking away from the policy of free access generally seen in Indian towns.

[23]This sample was taken from different wards within the town. The criteria used to select these wards were geographical (on the outskirts, in the centre), as well as sociological (a ward with a high Dalit population and a ward with a low Dalit population) and economic (predominantly residential, tourist, commercial or administrative nature of the ward, etc.).

Table 4.3 Water service hours in the four small towns studied

Phulpur	Siddarthnagar	Chandauli	Kushinagar
− 6.00 am to 8.00 am (alternate weeks); −12.00 pm to 1.00 pm and 4.00 pm to 6.00 pm (alternate weeks).	−4.30 am to 8.30 am; −3.00 pm to 7.00 pm	−5.00 am to 10.00 am; −12.00 pm to 2.00 pm; −5.00 pm to 7.00 pm.	Monday to Saturday: −6.00 am to 10.00 am; −12.00 pm to 2.00 pm; −6.00 pm to 8.00 pm Sundays: 6.00 am till noon

Source Author's personal research

low pressure at the tap. The dissatisfied users nearly all live in wards some distance away from the water tower, at the end of the network. As the pressure drops the further the pipes move away from the water tower, certain households receive significantly lower quantities of water than those living near the water tanks. In each town, users also complain more or less vehemently about the poor water quality (caused mainly by the lack of water tank maintenance and wastewater seeping into the pipes) and this is reflected in the number of cases of waterborne diseases treated by hospital doctors (interviews conducted in August 2008 and 2009). During our field research, we learned that a ward representative in Chandauli had even advised residents against drinking water from the network and instead to find other sources, particularly during the monsoon season.[24] Finally, as in many other towns in India, people struggle to cope with the intermittent nature of the service as water is only distributed between once and three times a day and for one to four hours at a time (see Table 4.3).

This intermittent service has a direct impact on the effectiveness of the water supply service as it results in only limited quantities of poor quality water being delivered. In India, continuous water supply remains the exception due not only to local politicians' interventions and the limited availability of power, but also to the technical approach taken by the engineers and a deep-rooted "tradition of intermittent service" (Zérah 2006) (see Fig. 4.17).

4.2.2.3 The Development of Municipal "Off-Network" Facilities

In reality, to help offset the deficiencies of the poorly aligned water supply network, municipalities have come to rely heavily on "off-network" facilities, particularly handpumps (installed by Jal Nigam but financed by the local authorities). The use

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[24]It is not possible to put a figure on the number of cases of waterborne diseases seen in the towns studied as the district hospitals keep no precise records of these.

Fig. 4.17 Water supply. *Note* Water is distributed via the network two to three times a day, depending on the town. This water can sometimes be seen gushing out of taps that have inadvertently been left open, such as at this public water tap in a street in the centre of Phulpur. In addition, the water pressure varies from area to area, dropping as the distance from the water tower increases to the point where there is virtually no pressure at all at the end of the network. *Source* Author

of these handpumps is facilitated by the fact that the groundwater tables are shallow in this Indo-Gangetic Plain region, which is fed by the neighbouring Himalayas. In a letter to the District Magistrate dated July 2006, the municipality of Chandauli explained that due to "power supply issues, the municipality is unable to provide a water service and has had to install 103 handpumps to overcome this problem […] furthermore, although the water tower tank has been repaired, pressure levels in certain wards remain too low". In a further letter, the mayor of Chandauli directly petitions the district magistrate to "install handpumps in ward no. 2 as soon as possible as the municipality is not able to provide a water distribution service and Jal Nigam has not responded to our requests". Similarly, in a letter dated July 2008, the municipality of Chandauli urges Jal Nigam to start carrying out "repairs on the handpumps as quickly as possible as these are no longer working properly". As they free the municipalities from the technical constraints of operating an inefficient network, these pumps have become highly popular among local authorities.

Furthermore, the decision-making process used to determine the location of these handpumps, which are completely free to use, is far more decentralised (being carried out by local elected officials) than the process used to define the route of the piped network. In addition, decisions are made based on social and technical factors (to supply water to poor wards and/or wards that are poorly covered by the network due to their outlying location) and more symbolic considerations (the same as those used to determine the location of water points, installing handpumps in places of importance, such as stations, the town hall or in the most prestigious areas, such as the touristic ward in Kushinagar—sector no. 4 on maps of Kushinagar). Thus, in
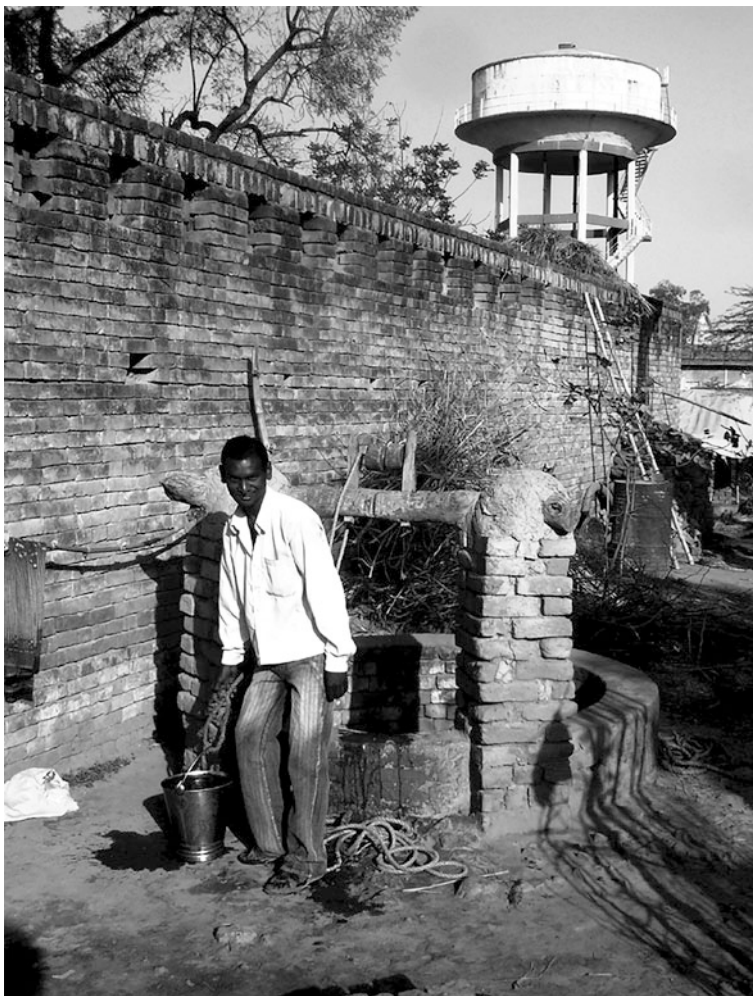
Fig. 4.18 The highly popular "off-network" water sources. *Note* A man getting water from a local well even though there is a water tower visible in the background is a prime illustration of the towns' failure to provide adequate services through the piped water network. The man in this photograph prefers using "off-network" water sources, such as wells and handpumps, as not only are they totally free (no connection cost), but water is above all available 24/7, i.e. he is not bound by the time constraints imposed by the network's intermittent supply. In addition, like most of the residents of Siddarthnagar, he believes that the quality of the groundwater drawn from the well or handpump is far better than that of the water supplied by the municipal network, which he considers to be dirty and not fit for consumption. *Source* Author

the wards that suffer the most from supply issues, the municipality endeavours to compensate for the poor service provided through the network by increasing the number of handpumps, a strategy that can also become a political issue. In the run-up to elections, (municipal and higher) elected officials may particularly target

hotly contested wards, turning the installation of handpumps in certain wards into a matter of political competition. This supports other analyses of local political "territorialisation" issues created by the water service (Bercegol and Desfeux 2011). The Kanshi Ram programme, a special project launched by the pro-Dalit party in power in Uttar Pradesh between 2008 and 2012 to install facilities and equipment in Dalit wards (such as ward no. 5 in Siddarthnagar, which has excellent coverage thanks to the standpipes and handpumps installed through the programme), also fits into this "territorialisation" electoral strategy (see Fig. 4.18).

4.2.2.4   The Growth of the Private Market

As in other towns in India, the level of the water service is so poor that customers have been forced to find costly and time-consuming "compensatory strategies" (Zérah 2000) that provide unequal access and around which a fast-growing local private market has developed. There are no water sellers (such as the water tankers or bottled water sellers found in states with deep water tables, such as Tamil Nadu for instance); however, the private market for the installation of individual household pumps, or boreholes with motorised pumps for those able to afford them, has grown considerably over the past few years. As a result, the owner of a specialist water pump shop in Siddarthnagar claims to sell "over 500 handpumps a year" (interview conducted in October 2009). Full installation costs 2,800 rupees (just over 50 euros, whereas the median salary in these towns stands at just over a hundred euros) and includes the price of the pump, an approximately 12 m deep borehole and pipework of around 9 m in length.

Although they are much more expensive, motorised pumps are becoming increasingly popular. An electric pump and 40 m deep borehole costs 26,000 rupees (around 520 euros). This already high cost (which the majority of households are unable to afford) does not include the price of the water storage tank, which varies from between 800 and 4,000 rupees (between around 15 and 80 euros) depending on the size that, in turn, can range from 200 to 1,000 l in capacity. In general, 80 % of the tanks purchased have a storage capacity of 500 l (see Fig. 4.19).

Families in many traditional dwellings continue to use traditional wells. These freely accessible wells, located away from private property, continue to be highly popular among the towns' poor inhabitants. In reality, the water provided through the poorly operating piped network has become more of a back-up resource, with people mainly obtaining their water from less restrictive sources. Thus, not only is access to water in small towns symptomatic of the transitional nature of these settlements, which are both rural and urban and contain a combination of public, private and traditional providers, but it also illustrates the planners' failure to improve operation of the service, undermining efforts to expand access despite decentralisation.

Fig. 4.19 Private alternatives to the water supply network. **a** Two workers in the process of installing a handpump in front of a house. Although basic, this technology has become extremely popular among households. By purchasing a handpump, the client is freed from the constraints inherent in using public services and this at a relatively low cost. **b** A growing number of wealthier households are opting to buy electric (or even fuel-powered) pumps, such as that seen on top of the pile of handpumps. This is a much more expensive investment as a deeper borehole is required and a storage tank has to be installed on the roof of the house. These strategies are in stark contrast to those used by inhabitants who cannot afford to buy their own equipment and thus will have to continue to use public handpumps or even traditional wells (**c, d**). *Source* Author

4.2.3   The Myth and Reality of Service Decentralisation

4.2.3.1   "Technical" Capture Rather Than Elite Capture

Ultimately, decentralised management of the water service, as set up in the small towns studied, has not led to any notable improvements in the service level. This significant finding, which contradicts a recent—and embellished—evaluation of water service decentralisation in other Indian towns (Gupta, Kumar and Sarangi 2011[25]), also challenges the simplistic correlation between the geographical size of the service and managerial effectiveness (Blair 2000). As already illustrated in other towns, the reforms can lead to the "deprofessionalisation" of technical decision-making, resulting in local power struggles, enhanced patronage interests (World Bank 2007) and even counterproductive corruption processes (Asthana 2008), thus giving lie to the myth that the reforms automatically guarantee participation, democratic power-sharing and local service improvements. Furthermore, many analyses show that, in certain cases, decentralisation can strengthen the position of the local elite, who secures any benefits obtained for their own ends ("elite capture"), notably by "hijacking" some of the decentralised public services, such as water supply or sanitation (Weis 2005; Ban, Gupta and Rao 2010), and ultimately widening the gap between the rich and poor wards.

In the towns studied, where the population continues to be geographically segregated by caste (the Dalit wards usually being consigned to the outskirts of the town, with the town centre mainly home to the upper castes), the majority of municipal elected officials belong to the same dominant group of local community leaders. However, it would appear that the specific nature of the water supply sector ensures any hypothetical infrastructure capture by dominant groups is minimised. Thus, the fragmented distribution of water supply facilities and infrastructure across wards seems due, not to intentional discrimination, but rather to a range of technical factors. The real authority to expand the piped water service remains in the hands of its designers and those financing the network's technical infrastructure, rather than in those of the municipal managers, whose scope for action is still extremely limited. Although the monthly service charges are lower than those recommended by Jal Nigam (and rarely collected), work to expand access to the network predominantly remains hampered by plumbing costs, the technical capacity of the network, its electricity supply, as well as a host of other technical factors outside the scope of the local managers' remit.

The situation as regards access to water in the towns studied thus reveals the important role played by the piped network in determining the level of service

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[25]This study examines 27 of the 63 towns selected to benefit from the JNNURM (Jawaharlal Nehru National Urban Renewal Mission) and concludes that greater autonomy leads to a better service being provided.

provided, which supports similar observations made in other towns in India, such as Delhi, Mumbai and Hyderabad ("there is also a technical dimension. In fact, connections can be given only to households in areas where this is physically possible"—Huchon and Tricot 2008). In both small towns and large cities, access to the piped network determines the level of service received: due to their proximity to the distribution infrastructure, the historic urban centres always have better water supply than the newest wards, which are often located outside the reach of the existing network.

As the design of this piped distribution system is driven by technical and demographic criteria defined by the regional parastatal agencies, fears that the local authority may misappropriate the service for the benefit of only some parts of the population thus appear misplaced. With the exception of the installation of water pumps (which is, by its very nature, more decentralised), expansion of the water service mainly depends on a number of technical factors and so is largely beyond the municipality's control. More generally, these modes of access underline the major role played by the piped network in the very fabric of the town (Tarr and Konvitz 1981; Coutard 2005) and disproves the theory that reforms to networked services will reinforce growing urban fragmentation (Graham and Marvin 2001). Under this set-up, as the body financing the infrastructure and responsible for its transfer (via Jal Nigam), it is the provincial government that appears to still have the lead role in expanding access to the service.

4.2.3.2 The Continuing Role of the State

Comparison of the technical systems within the four towns studied, which have similar needs and are located within the same region, reveals that Uttar Pradesh's regional authorities are not treating all the towns equally. Existing network infrastructure provides considerably different levels of service, with the quantity delivered to the tap varying by as much as threefold (from 70 l per capita per day in Phulpur to 200 l per capita per day in the tourist area of Kushinagar) (see Table 4.4, Fig. 4.20 and Box 4.5).

> **Box 4.5: Infrastructure varies from town to town**
>
> → The central and regional governments' decision to develop Kushinagar has resulted in the implementation of more ambitious projects and renovation of the tourist area.
> → In Chandauli, the central and regional governments have been working to ensure the town is able to fulfil its role as district capital through the implementation of successive service improvement projects. However, these efforts are currently being thwarted by a lack of electricity, which means the quantities distributed are below the recommended norms.

Table 4.4 Overview of the piped water infrastructure in 2012

Water service infrastructure in 2009	Kushinagar (tourist town)		Chandauli (district headquarters)	Siddarthnagar (district headquarters)		Phulpur
	Kushi	*Kasia*		*Terri*	*Naugarh*	
First water project	1985		1972	1989		1974
Number of projects	2		3	1		2
Foreign funding	Japanese government		None	None		None
National funding	UP government		Central government and UP government	Central government and UP government		Central government and UP government
Private funding	No		No	No		No
Local government	Provides land		Provides land	Provides land		Provides land
Cost of last project	12,064,000 rupees (1993)		Not available (2005)	Not available (1989)		11,147,000 rupees (2003)
Current number of water towers	3		3	2	1	3
	1	2		1		
Current total capacity	2,600,000 l		1,250,000 l	1,450,000 l		1,050,000 l
Details (date and capacity)	Zone K (1993): 1,250,000 l	Zone 1 (1993): 750,000 l Zone 2 (1993): 750,000 l	Zone 1 (1972): 100,000 l Zone 2 (2005): 650,000 l Zone 3 (2005): 500,000 l	Zone S: 1,000,000 l (1990)	Zone N: 450,000 l (1990)	Zone 1 (2000): 450,000 l Zone 2 (1973): 250,000 l Zone 3 (2000): 350,000 l
Number of planned pumping hours per day	14	14	8	8	8	8
Expected number of litres per capita per day	200	150	70	70	70	70
Upcoming planned improvement projects	None		U.I.D.S.S.M.T (JNNURM) →135 l per capita per day	UIDSSMT →135 l per capita per day	None	None
Cost	–		56,192,000 rupees	28,116,000 rupees	–	–

Sources Author's own research using information available from JN, the municipalities and field observations.
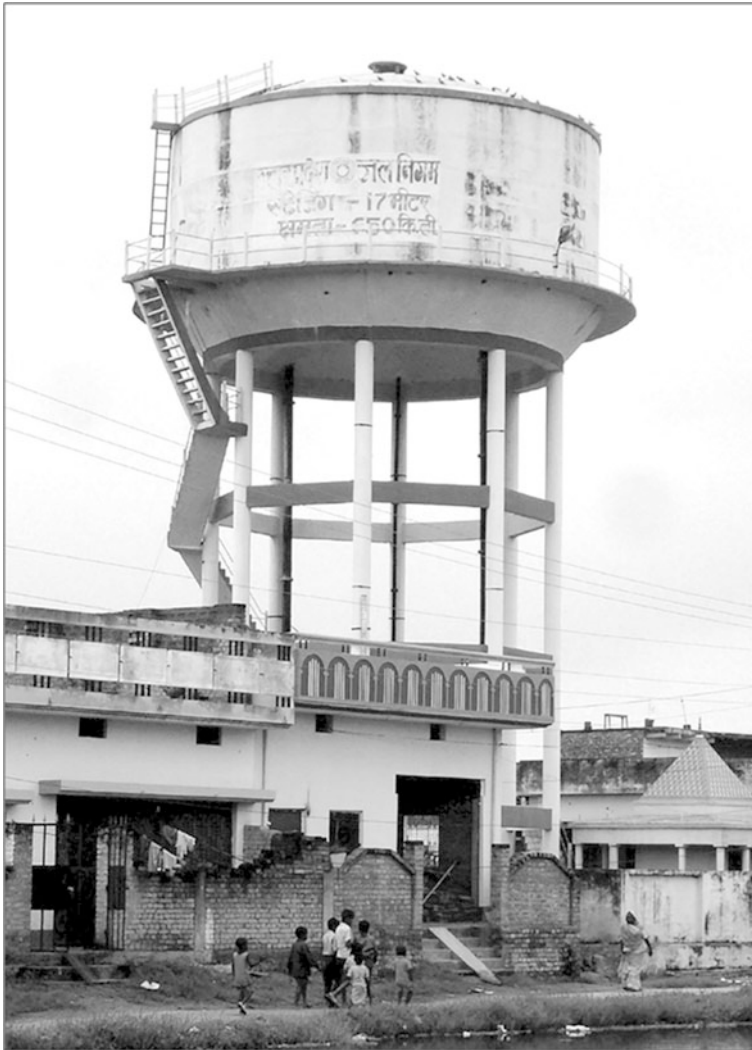
Fig. 4.20 The size of water towers varies from town to town. *Note* In the eastern region of Uttar Pradesh, water to supply the distribution networks can easily be extracted from the shallow water table. Each town of 20,000 inhabitants has similar basic water network infrastructure that consists of two to three water storage towers supplied by water from boreholes. However, there are differences in capacity, as seen in Kushinagar, where the water tower funded by bilateral Japanese aid is twice the size of the water towers found in other towns of a similar size (photograph of the large water tower in Kushinagar). *Source* Author

→ Siddarthnagar's differentiating factor is its administrative status (district capital), which means there is a need to expand its piped water system; work that is being made possible by the town's improved electricity supply (16 h).
→ Compared to other towns of similar size, lower quantity estimates were used when designing Phulpur's water supply network: 70 l for Phulpur compared to 150 l per capita per day for Siddarthnagar. However, the improvement projects for the two towns were both drawn up at around the same time (1999 for Phulpur and 2001 for Siddarthnagar), thus suggesting that the regional authorities consider Phulpur to be less important.

Despite the new reorganisation of powers, addressing these disparities largely remains outside the local government's control. The differences in the infrastructure allocated to each town are the result of technical and financial factors that stem from regional level political decisions.

Just a few years after they were installed in each of the towns studied in the 1970s (when the villages gained urban administrative status), the water supply systems were already inadequate to the task of meeting the growing demand. With population growth, upgrading of the infrastructure is triggered once the size of the town reaches the critical threshold of 20,000 inhabitants. However, the actual outcome of each infrastructure resizing project is contingent on a range of cumbersome administrative procedures, which can sometimes take years to complete as the regional authorities do not consider the town a priority. Project approval requires the agreement of an array of institutional stakeholders with sometimes competing interests. In Siddarthnagar, for example, the engineers opted to modify the initial project rather than attempt to negotiate a possible compromise with the department of railways, who were refusing to allow them to lay pipework under the railway line. This administrative process is also being hampered by the increased involvement of the municipality due to the tension this creates. In practice, Jal Nigam continues to be in charge of all technical supervision and inflexibly designs each supply network infrastructure expansion plan using its own statistical population projections rather than basing this on the requirements submitted by the local authority, which is only actually consulted to initial the final project. As in other large towns in India, rather than working to improve the poor state of existing infrastructure, which is likely only to deteriorate further, the engineers are instead playing catch-up (Zérah 2000).

In all the towns studied, funding for this technical infrastructure is very heavily subsidised (between 90 and 100 %) by the regional and/or central government, or even by outside institutions (as in Kushinagar, for instance, which received special assistance from the Japanese government to improve water supply within the tourist ward, where the main Buddhist pilgrimage sites are located). Since introduction of the decentralisation reform, the municipalities have to contribute 10 % of the total cost of each new project. However, this change in policy, intended to foster ownership of the infrastructure by the local authority, is proving difficult to

implement due to the lack of municipal resources available in Uttar Pradesh and in its small towns, in particular, where, as we will see in the following chapter, local tax revenues rarely exceed 10 % of the total resources available (which is not always the case in other states, such as Punjab—Mahadevia and Mukherjee 2003). The vast majority of investment still comes from public aid granted by the central and regional governments as part of urban infrastructure renovation programmes.

One of the largest programmes underway during the research period was the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), an ambitious programme launched in 2005 by the central government (see Box 4.6).

> **Box 4.6: The JNNURM programme**
> With a much larger budget than previous programmes (150,000 crores, or 21.5 billion euros), the main feature of the JNNURM programme is its conditionality clauses. The aim of these mandatory reforms is to modernise municipalities' way of working, notably by giving them greater fiscal responsibilities, targeting citizen participation and, more generally, focusing on applying all the provisions of the 74th Amendment. In 2005, all these components combined to make this programme "the single largest central government initiative in urban development", despite its imperfections (Mathur 2007).

This programme provides substantial amounts of funding for urban modernisation. The majority of this financing has been allocated to 65 major cities of "national importance" (as part of the Sub-Mission for Urban Infrastructure and Governance). Only 21 % of the remaining budget has been made available to the small towns involved (in the Urban Infrastructure Development Scheme for Small and Medium Towns—UIDSSMT), despite the fact that these towns are home to 57 % of the programme's urban beneficiaries. Although there is intense competition between these small towns to access the funding available, these municipalities rarely have the administrative skills required to "draft funding requests (DPR—Detailed Project Reports) and raise the necessary resources" (Kundu and Dibyendu 2011). Consequently, within the same region, rather than funds being granted based on the needs of each municipality, this investment ends up being directly allocated in accordance with the political priorities of the state and the inconsistent decisions it is compelled to make.

Due the specific features of the sector, the water supply service thus remains highly dependent on the piped network infrastructure, the overall technical structure and funding of which seems to have remained unaffected by the decentralisation reforms in their current form. Thus, as things stand, expansion of the water service rests first and foremost with the technical and non-decentralised decisions made by the Jal Nigam regional office and the investment decisions of the states, rather than with the municipalities.

In conclusion, there are many lessons to be drawn from analysis of the difficulties encountered during the decentralisation of water services in the small towns studied. First, without substantial investment to upgrade the water distribution networks, any reform of the service is doomed to achieve poor results. Recent evaluations of the JNNURM reveal that only 8.9 % of the infrastructure projects approved by the government since 2005 have so far been completed and highlight a range of issues, including corruption, bureaucratic delays and lack of local capacity (CAGI 2013). Furthermore, the service is deteriorating as a direct result of the lack of any skills transfer to the municipalities. Thus, unless municipal authorities are truly involved in their technical management, infrastructure upgrading programmes will merely continue to help create a "mythical public good" (Ruet 2002). Finally, despite these failures, the municipality's introduction of public standpipes in wards with poor network coverage illustrates the positive 'day-to-day mediator' role that local elected officials have taken on since decentralisation (Berenschot, 2010). Nevertheless, this increase in alternative "off-network" facilities also reflects the growing "hybridisation" of the service (Coing, 1996), which, though far from being specific to India,[26] through its ambivalence (Coutard and Rutherford 2009), risks undermining the concept of equal access for all inhabitants regardless of their means.

4.3   Conclusion

The reorganisation of technical authority has thus given rise to far more complex challenges than the simple automatic transfer of political power. The poor outcome of water service decentralisation thus highlights how vitally important it is to address the technical needs that the municipalities, particularly those in small towns, currently still seem to have.

It is mainly for this technical reason that concerns over the appropriation of infrastructure by the local oligarchy need to be set in context. Whilst the town's key public figures may have taken over local democracy bodies, their appropriation of infrastructure for their own ends is less evident as it is simply more difficult to achieve and provides little political or economic advantage. Analysis of local elected officials' political and economic incentive mechanisms shows that it is instead in their interests to expand the service whenever they have the means to do so, as seen in their implementation of municipal road development projects, which require little technical expertise to set up. In addition to the economic advantages this approach provides, it also helps them legitimise and retain their place within the

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[26]Initially introduced by the World Bank in Nigeria (Lee and Anas 1989), then extended to cover other countries in the global South, there is now a wealth of literature on the (private and community-based) alternatives available for replacing or supplementing the public water supply service (for India, please see: Llorente and Zérah, 2005).

municipal government, and can sometimes even help them rise through the ranks of the dominant political party.

For the more technical services, such as water supply, which require extensive infrastructure and major investment, the municipalities remain highly dependent on government agencies. The reform has not yet led to the full integration of local governments into the technical stakeholder structure and, consequently, they have been unable to acquire the expertise required. With no clearly defined procedures for coordinating with other institutions, the municipal authority is currently confined to little more than an additional administrative link in the long bureaucratic urban management chain.

With the exception of road and nalas construction and maintenance, municipalities thus have very little scope for action and the majority of the technical and decision-making bodies ultimately remain under the regional government's responsibility. Therefore, whilst differences in access to technical services may have emerged since implementation of the reform, these are above all directly linked to the decisions made by the regional government, to whose authority the municipalities continue to be bound. However, the local alternatives put in place to overcome service failures show that the municipality has the potential to become a highly relevant development tool. Regardless of the reform introduced, close synergy needs to be generated between the local authorities, technical agencies and donors in order to facilitate expansion of the service.

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Chapter 5
From Dependence to Artificial Autonomy: Low Financial Resources of Small Municipalities

Abstract This chapter covers the "financial and accounting" aspects of municipal management. It explains where the municipalities' financial resources come from and reviews their expenditures since the 1990s. The analysis undertaken provides a chronological overview of the changes that have taken place within public services and how small towns' local governments' ways of working have changed since decentralisation. As with the roads service, it steadily became apparent that studying this aspect provided an ideal opportunity not only to assess the independence of the municipalities' budget decisions with a view to quantifying disparities in the support provided to the municipalities by the state but also, and more generally, to better assess the repositioning of the municipalities within the institutional architecture that has been taking place since the 1990s. This comparative perspective thus made it possible to analyse the differences in the municipalities' financial management and gain an understanding of their relative empowerment since implementation of the reform.

Keywords Financial decentralisation · Municipal accounting · Local taxation · Budget analysis · Small towns · Uttar Pradesh

One of the challenges of decentralisation is also financial as public money is at the heart of discussions, debates and conflict in small towns, just as it is elsewhere. Thus, in the municipalities studied, the aphorism "money is the sinews of war" is far from being a cliché. In this final chapter, we will look at the financial changes that have taken place in these municipalities since the 1990s in order to examine any disparities and provide an insight into their institutional relationships with other levels of government.

Following decentralisation, the municipalities' ability to finance public services is now theoretically linked to their budget management. To help them assume these new responsibilities, a State Finance Commission was set up in each state under

Article 243Y of the 74th Amendment to assess the municipalities' financial position and produce recommendations for improvement. However, several years after implementation of the reform, the majority of these finance commissions still have no clear picture of how authority is shared between the various urban management stakeholders and which responsibilities have actually been taken on by the municipalities. This lack of understanding prevents them from proposing suitable financial recommendations (Mathur 2013). Due to the lack of reliable accounting data available, this issue is rarely discussed in relation to small towns and especially not those in poor states such as Uttar Pradesh. However, in order to build a detailed understanding of the reorganisation of power, a chronological overview of the budget changes that have taken place following decentralisation is required.

To complete this research and review the financial reorganisation that occurred between the beginning of the 1990s and the end of the years 2000, we therefore had to obtain 20 years' worth of previously unpublished accounting data. The ultimate aim was not to reconstruct the municipal accounts but rather to obtain a credible overview of how the financial position of the small towns had changed over time. Using the data obtained, we have compared the changes seen in each town's municipal revenue to both review the gradual disparities that have emerged in the financial support awarded by the Uttar Pradesh regional government and explore the reorganisation of local tax collection methods in each of the towns. This exercise is supplemented by a detailed analysis of municipal expenditure and a review of urban governments' autonomy. The findings of this research ultimately provide a greater insight into the range of financial processes involved in helping the municipalities to find their place within the shifting institutional architecture.

5.1   Accounting Within the Small Municipalities: Purpose, Accessing Documents and Analysis Methodology

In order to assess how local governments in small towns have been set up and their capacity to provide public services, it is first necessary to review the changes that have been made to their financial structure, preferably over the course of several years, to gain an understanding of current changes. Successfully carrying out this analysis in turn involves examining the financial reports and municipal budgets produced since the 1990s. However, this type of official data is not available in the majority of Indian towns, where no large-scale accounting reforms were carried out prior to 2005. Extensive research was thus undertaken as part of this book to obtain "firsthand" accounting information, the compilation and analysis of which helped build an in-depth understanding of the financial and budget changes that have taken place since implementation of the 74th Amendment.

5.1.1   Small Municipalities' Accounts are an Unknown Quantity

5.1.1.1   The Required Accounting Records Still Need to Be Constructed

Decentralised governance works on the principle of shared decision-making and participation. To this end, the municipality must put provisions in place to make it accountable to its citizens. Keeping transparent accounts is thus central to this democratic process. Furthermore, municipalities are now expected to increase service levels by generating their own revenue and by creating an enabling environment for other stakeholders and institutions (civil society, private companies and banks) to get involved in the town's urban development. However, the municipality's ability to raise additional finance from inhabitants and external donors depends not only on state of the town's financial health, but also on the quality of its accounts. In other words, if it is to successfully implement effective taxes or promote the town to potential donors, the municipality must be capable of keeping up-to-date accounting records of the assets and people found within the town's boundaries. These accounting records are a prerequisite to implementing the property tax (see Box 5.1), designed to replace the now defunct octroi tax as the main municipal tax.

> **Box 5.1: The property tax**
> In many developing countries, this tax is, in theory at least, the tax "most likely to apply the equivalence principle if the market value of the real estate holding capitalizes the services provided by local public infrastructure positively and negatively capitalizes the resulting fiscal charge. It can also be seen as partially respecting the ability-to-pay since property value and management increase the capacity to contribute" (Dafflon and Madiès 2011, p. 34). The property tax, one of the major local revenue streams, can thus theoretically be considered a fair and balanced tax. However, the key to this tax lies in its application. It "can only be implemented if a certain number of prior conditions are met: there must be a land registry that is acknowledged, published, accessible, and updated over the long term; it must be possible to identify owners […]; there must be updated assessments of land values […]; and the capacity to manage this tax must exist, specifically notification, collection […] (Dafflon and Madiès 2011, p. 34)". A fair tax and robust accounting can thus help build willingness-to-pay among local taxpayers and reassure potential external investors.

Thus, rigorous and transparent accounting management is required to provide evidence of the municipality's financial health for both strategic reasons (to reassure public and private institutions and ensure the town receives financial transfers) and

democratic purposes (to encourage inhabitants to pay their local taxes). The aim of the accounting reforms launched in the 1980s was to modernise accounting practices, notably by converting from cash-based single-entry to a double-entry[1] accrual[2] accounting system that clearly lists municipalities' income and expenditure. However, these reforms were only implemented in a very small number of towns and were not subsequently rolled out to other towns and cities. These accounting reforms failed, not because of their technical content, but instead because their choice of beneficiaries (mainly large cities), the origin of their deposits (international donors) and a lack of coordination hampered efforts to standardise the accounting procedures used in Indian municipalities (Joshi 2003).

5.1.1.2   "One Size Never Fits All"

It was only in the year 2000 that the 11th Central Finance Commission (GoI, 2000) recommended giving the Comptroller and Auditor General of India (CAGI[3]) full authority for overseeing local governments' accounts. In 2002, the Urban Reforms Incentive Fund was set up to provide financial incentives to municipal administrations to undertake a range of land and property, local taxation and accounting and budgetary reforms. In 2003, the Ministry of Urban Development developed the Model Municipal Law[4] to furnish the regional states with guidelines for improving their municipal legislation. In this draft law, the central government specifically highlights the need to apply the recommendations produced by the State Finance Commission (SFC).

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[1]The double-entry accounting system can be set out using a "T-account", where the left side of the "T" account is called a "debit" and the right side a "credit". This system makes it easy to check financial reports as the T-accounts can be analysed to identify any errors or omissions.

[2]"Accrual" is a generic term that describes a revenue or expense that is recorded as they occur regardless of whether or not any payment (in or out) has actually been made (GRET-CGAP 2007 pgs. 12, 13, 60).

[3]A government organisation responsible for advising and auditing the accounts of municipal, regional and central governments http://www.cag.gov.in/ (accessed 26 November 2015).

[4]The main aspects clarified through this draft law include:
     -the essential role played by the State Finance Commission in municipal finances;
     -the type of administrative penalties to be imposed for municipalities in infringement of the regulations;
     -the debt limit for municipalities;
     -the standard accounting rules;
     -the methods to be used for collectively developing municipal budgets;
     -the requirement for municipalities to prepare an inventory of infrastructure and assets;
     -the advantages to local governments of preparing their own development plan;
     -the need to include the private sector in constructing, financing and managing public services.

In 2005, modernisation of the accounting system resulted in widespread changes for local administrations. The CAGI recommendations (2002), which included the double-entry accounting system, were incorporated in the National Municipal Accounting Manual. Although the majority of states have accepted these recommendations, most are struggling to apply them, even in the most dynamic cities. For instance, a 2006 study of Mumbai's municipal budget highlighted the ongoing confusion that surrounds municipal accounting methods. In this study, aptly entitled "Analyze 'This': Deciphering the Code of 'Mumbai' Budgets", the authors describe the extreme difficulties they had in understanding the budgets that the municipality had made available online to the public and detail the time-consuming reformatting task they had to undertake before being able to analyse them (some items were included twice or recorded under the wrong heading) (Pethe and Lalvani 2006). Above all, as Sanjukta Ray rightly observed, these recent accounting reforms completely ignore the specific requirements of small towns: "the benefits of the recently achieved municipal accounting reforms in India have not touched the numerous small and medium towns. All the thought, agenda, technicality and practices involved in the launching of the recently achieved municipal accounting reforms in India so far seem to have very scant understanding or concern for the extent of impoverishment, problems and specific needs of the typical Indian small or medium town." (Ray 2008, p. 110).

One of the main aims of the accounting reforms was to convert from a single-entry to a double-entry accrual accounting system. However, this changeover is complex and requires more human and technical resources than most small municipalities possess (Sharma 2012). Thus, it will take a long time for small towns to fully implement this reform: "there must be a realization, based on first hand observation, that the present level of accounting in most municipal bodies of small and medium towns is very far below the minimum level of qualification, skill, and computer literacy necessary for the accounting staff to absorb the training that would usually be given by the agency initiating the conversion to double entry accounting systems […]. One size never fits all […]. Rampant malpractices prevail particularly in the municipal bodies of less developed States (e.g. Bihar, Jharkhand, Uttar Pradesh, Chhattisgarh) […]. Accounting reforms will be hard to launch in such areas where substantive accounts don't even exist" (Ray 2008, p. 112). Therefore, it is no surprise to find that, despite the 2005 Right to Information Act (which theoretically allows the general public to freely access various municipal records[5]), it is extremely difficult to get hold of accounting records in small towns in India.

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[5]www.righttoinformation.gov.in.

5.1.2   Accounting Practices in the Small Towns Studied

5.1.2.1   Official Accounting Records Are Unreliable, Despite the Reforms

Empirical observation of the four small towns studied confirms the municipal accounting staff's lack of competencies. In theory, and since 2005, there must be three types of budget available at different stages during the year. First, when the budget is created (the estimated budget), second at the end of the financial year when the initial figures are reviewed (the revised budget) and, third, following the settlement of all outstanding income and expenditure (the financial report). However, municipalities often only get as far as the first stage, drawing up the estimated budget.

   This inability to set up an accounting system is due to a lack of human and technical resources. Very few municipalities have computers and even fewer employees know how to use them, so accounting records are predominantly paper-based. According to the Finance Department accountant in Lucknow, the municipal accountants do not use accounting software because the training was sloppy ("most of them do not know how to use it properly"[6]). The clerk or accountant thus continues to record and draft the budget by hand or using a typewriter. For instance, whilst the municipal budget was entered onto a computer for the first year ever in 2008–2009 in Chandauli, the other municipalities still did not have computers.

   Nevertheless, since implementation of the 2005 National Municipal Accounting Manual recommendations, the municipal budgets do now seem to be drafted using a predefined template and so, at first glance, all appear similar (see Fig. 5.1 and Box 5.2).

Box 5.2: Accounting model

Typical Budget Classification Used Since 2005
Class A: "tax revenue"
Class B: "non-tax revenue"
Class C: "grants and contributions"
Class D: "financial loans"
Class E: "infrastructure expenditure"
Class F: "administration expenditure"
Class G: "day labourers' wages" (non-permanent staff)

   Note the exact headings can vary

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[6]Interview conducted in November 2009 with the accounts department of the Directorate of Local Bodies in Lucknow.

Fig. 5.1 Examples of accounting documents produced since 2005–2006 (Siddarthnagar and Phulpur). *Sources* Accounting documents provided by the municipalities

However, the thoroughness with which this accounting data is collected is extremely relative. The headings given to income streams and expenditure items can vary widely and the detail of the categories included differs from accountant to accountant (resulting in an 18-pages document for Phulpur and only 5 pages in Siddarthnagar). Each municipality has interpreted the National Municipal Accounting Manual guidelines differently. None of the accountants have been provided with proper training[7] despite having been invited to the Directorate of

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[7]For example, the clerk in Kushinagar does not know where to put certain expenditure items and does not always know what some of these items refer to.

Local Bodies or a training centre, such as the Regional Centre for Urban and Environmental Studies, in Lucknow, to receive instructions on the working methods they need to adopt. The municipal accountant generally comes from the town in which he works and, in practice, is trained "on-the-job" rather than at a training centre. The only civil servant trained on these accounting methods can often work as both clerk and accountant or even be responsible for several municipalities. Ultimately, each accountant places their income and expenditure items wherever they see fit, meaning that the items listed under each budget heading can vary widely making comparison difficult. Considerable effort still needs to be made to ensure the budgets drawn up are consistent and transparent. Training of the municipal accountants is a prerequisite for effectively implementing the new accounting model introduced in 2005. Since the accounting reforms, the budget should officially be submitted to the District Magistrate, who then forwards it onto the Directorate of Local Bodies in Lucknow. The assurance of hierarchical and multiple administrative controls within the municipality, district and regional capital gives a misleading impression of this financial data's rigour and accessibility. It would thus be entirely reasonable to question the accuracy and reliability of the figures submitted to the Finance Department in Lucknow.[8]

At the local level, it is evident that transparency is far from a priority in the municipalities studied. In theory, since introduction of the Right to Information Act (2005) and the Urban Local Government Disclosure Bill (2006), the municipal administration should make the town's inhabitants aware of its activities by publishing records on the notice board outside the municipal offices. However, in practice, none of the municipalities studied inform the town's residents of public expenditure. Similarly, invitations to tender are not always published in the press, Nagar Panchayat council meetings are always held behind closed doors and there is always a lack of transparency about how public money is spent. Given the widespread small-scale corruption and poorly planned day-by-day management, is it any wonder that access to the financial information that would show up these municipalities' shortcomings is so hard to come by? Despite having official authorisation from the district and regional government authorities to carry out our research, all the municipalities studied were extremely reluctant to provide us with their accounting information. For example, in Kushinagar, the Executive Officer opted to orally dictate the budget figures rather than provide us with a hard copy; in Chandauli, this information was obtained on a day when the Mayor was out of the office,[9] thanks to the kindness of a trusting employee; in Phulpur and in

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[8]A professor and expert on this topic from the School of Planning and Architecture in New Delhi told me that the highly erratic accounting data available at the regional and national levels in no way reflects the financial situation at the local level (informal interview, February 2011). This observation was subsequently confirmed by one head of the National Institute of Urban Affairs (interview in January 2013).

[9]The malpractice inherent in the financial management of these towns meant that the Mayor and Executive Officer were often unwilling to release these documents out of fear that any irregularities would be discovered as they would be held primarily responsible.

Siddarthnagar, the municipalities only gave us access to useable documents following numerous hierarchical authorisations and explanations.

In the end, these recent accounting records proved difficult to analyse for a number of reasons. First, the uniform accounting template is not being used, complicating efforts to comprehensively compare towns and, second, the records do not provide an overview of changes in the towns' financial position from the 1990s onwards. In reality, the only useful information is to be found in the detailed description of local taxes (all taxes are specifically listed) included in the most recent budgets (which, when the research was being conducted, was for the year 2008–2009). It appears that the Finance Department does not hold any accounting records at all for certain municipalities (namely the majority of small and medium-sized towns) for the period prior to 2000/2005 as the municipalities themselves had no standardised accounting framework to work from.

5.1.3   "Firsthand" Original Material

To conduct the financial analysis, we used original accounting material to provide a comparative perspective of the financial situation in the four towns between 1991–1992, prior to introduction of the decentralisation reform, and 2007–2008, when we started our field research; thus, over a period of 16 years. The formatting[10] of these documents made it possible to then compare the financial data of the four municipalities.

The following photographs illustrate the type of financial document used to compile all accounting records from 1991–1992 up to 2007–2008 (see Fig. 5.2).

Municipalities were requested to provide an accounting document listing all income and expenditure since 1991. However, these records had never previously been compiled as municipalities did not produce financial reports before either 2000 or 2005. The data provided was based on old handwritten accounts that were impossible to use in their original form. Initially, all of the available financial documents listing income and expenditure since 1991 were reworked to respond to our request. In partnership with the accountant from each municipality, we worked to reformat all this raw data. As far as was possible, the figures were recalculated, compiled and grouped by year and type of income and expenditure item. The data was classified using the system that the accountant had instinctively set up to respond to our request for figures for each year since 1991–1992: what is the income structure (where has the income come from) and how is it spent? The data is presented as a financial report with expenditure since 1991 listed on one side and municipal income received over the same period on the other.

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[10]The drafting and compilation of the financial reports produced for this research took several weeks as the accounting records could not be used in their original state.
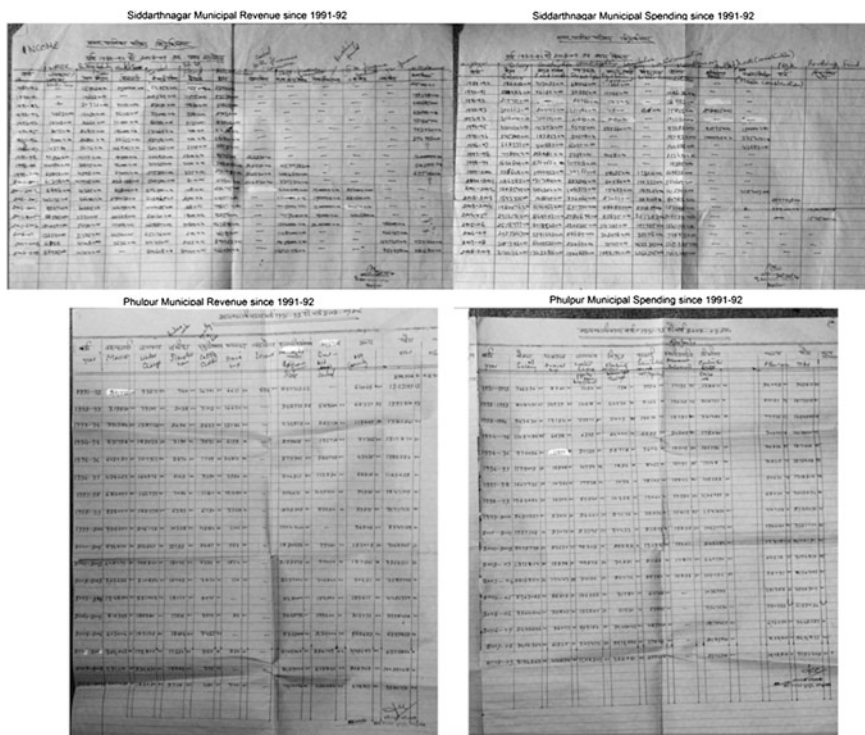
Fig. 5.2 Reconstructing financial records from the 1990s onwards. *Sources* Example of accounting documents compiled for the research (taken from the municipalities of Siddarthnagar and Phulpur)

Despite the cumbersome and dispiriting nature of this long and painstaking task, the resulting reports provided each of the municipalities studied with an accurate record of their financial management since 1991 and also gave us previously unpublished and reliable data we could use for our research. This financial report is, in fact, the only document in existence that offers an accurate and useable overview of the municipalities' financial position during the 1990s. It therefore provides great added value for our research into the actual situation encountered in these small towns. Based on the results obtained, and given a number of accounting inconsistencies found between the two data sources, we opted to leave out certain elements contained in official budgets prior to 2008–2009 and focus our analysis instead on the financial reports from 1991–1992 to 2007–2008. The information held in these financial records should help us answer the following questions: how has municipalities' income changed since decentralisation? What are the major changes seen? Are there any disparities between towns? What are the small towns' main weaknesses?

5.1.4   Terminology: "Decoding" the Financial Data Obtained

Each municipality's accounts clearly distinguish between total income and total expenditure and also list the main account components.

5.1.4.1   The Typology of the Municipalities' Income Structure

It is common practice in accounting to make a distinction between "non-tax revenue" and "direct" or "indirect" taxes when compiling the list of municipal internal income streams.

For the purposes of our research, and as we had asked them to record the main sources of municipal income since 1991, each accountant instinctively listed their local resources in a more basic manner. This had the advantage of directly highlighting which income streams each municipality's accountant considered most important. However, the content, title and detail of some of these income streams varied from one municipality to the next.

For the sake of clarity, it was thus necessary to reclassify the information available on local sources of revenue into four main categories.

- The first category is "property tax", which is a domestic tax that is supposed to have replaced the now abolished octroi as the municipalities' main source of revenue.
- The second category common to all four small towns studied is "water charges", which are paid by consumers (connection cost, distribution and maintenance costs) to help cover service operating costs. It is to be noted that there are no user charges in place for any of the other public services (sanitation, drainage, solid waste collection and public lighting).
- The third category is "commercial taxes", which includes the various taxes levied on the towns' economic and business activities (mainly market taxes and parking taxes for mobile stallholders and vehicles[11]).
- The fourth "miscellaneous" category includes all other taxes and income streams,[12] which are often more specific to each municipality, such as the butchers and cattle tax in Phulpur, and also covers the fees paid for the various permits and licences granted to individuals.

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[11]The details of this category were not always available for the period from 1991–1992 to 2007–2008 and are not listed here to ease understanding (certain findings were subsequently clarified following a review of the more detailed forecast tax revenue included in accounts for the 2008–2009 financial year).

[12]*Idem*, this can include deductions from property transfers, income from renting out municipal land or fees received for building permits or fishing licences.

Lastly, the source of the external revenue received, which was also included in the financial records compiled by each municipality, is often not specified as it is evident to the accountant that the vast majority of this revenue has come from the regional government. We were able to obtain more detail on this by reviewing the 2008–2009 budget and this enabled us to distinguish between (regional or central) "grants" and (private or public) "loans".

5.1.5 The Typology of the Municipalities' Expenditure Structure

We have done our utmost to provide a comprehensive overview of expenditure breakdown and trends, despite having access to only imperfect and disparate data. Thus, we have divided the information available into six main comparable categories.

- The first category is municipal "administrative operations" expenditure. It aims to show the relationship between the administration and its employees. This category thus includes the salaries paid to all permanent staff, which is the largest expenditure item under this heading. However, it also includes municipal staff travel expenses and any advances paid to employees, as well as all the administrative costs associated with employing private firms recruited through municipal invitations to tender.
- The second category includes all costs linked to "public health and safety", namely street cleaning (through the solid waste collection service) and road safety (through the public lighting team). Thus, in the financial records compiled, all municipalities grouped these expenditure items under the same heading and also included the cost of the necessary equipment (bins, vehicles, fuel, street lights and light bulbs) and the contract staff wages.
- The third category lists expenditure on "water and wastewater management", which includes the cost of wastewater drainage, nalas maintenance, water storage tank maintenance and well cleaning. Road and *nala*s construction is not included here, as this heading covers the upkeep and maintenance of existing infrastructure, particularly the traditional water storage tanks.
- The fourth category covers all "road construction" costs, including asphalting and paving roads. This category illustrates the municipality's focus on developing the urban infrastructure. As it includes expenditure relating to the physical construction of the town, reviewing the items listed under this heading provides an insight into the material development of the town and into the relationships that exist between the municipality and the private entrepreneurs carrying out the road-building work.

- The fifth category includes the "municipal water service" operating costs, such as the cost of replacing pipes and drilling wells, as well as the cost of the water pump electricity bill and contractors' wages. This heading provides an indication of the priority afforded to the town's public water service.
- The sixth, and final, category is headed "other development work", for which most municipalities included little detail. From the information gathered orally, it is clear that these expenditure items can vary widely, including, for example, the cost of buying a computer for the legal officer, the cost of organising a large *puja* or the cost of constructing a park or public toilets. Thus, this category includes a range of miscellaneous expenses.

Ultimately, this data provided us with a credible overview of the changing financial position of the small towns studied. The findings presented in this chapter are the result of comprehensive research (tracking down and formatting financial documents) and in-depth analysis (comparing the data obtained for the four towns despite the differences in classification). To quote other authors who conducted a similar accounting exercise in Mumbai, this was time-consuming and arduous work "and we had not bargained for the level of difficulty and labor when we committed to it" (Pethe and Lalvani 2006, p. 40); however, we now have a far better insight into the financial changes that have taken place inside these local governments.

5.2 Small Towns Dependent on Outside Funds

The revenue structure in towns in Uttar Pradesh is the reverse of that found in municipalities in other states (Mathur 2011), as the proportion of internal revenue[13] has been falling and the proportion of external revenue[14] increasing. Thus, it would appear that decentralisation in Uttar Pradesh has led to a paradoxical situation in which towns are becoming increasingly financially dependent upon non-local donors (see Fig. 5.3).

On average, nearly 70 % of all revenue for the four municipalities came from external sources in 1991–1992. In 2007–2008, locally collected tax revenue accounted for an average of less than 10 % of revenue. Thus, the amount of external revenue received by the four towns rose by an average of 20 % over the period. In each of the towns studied, the increased proportion of external revenue in overall municipal resources is due to the fact that local revenue levels have stagnated whilst external revenue has grown more quickly. In other words, external

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[13]This official term refers to all locally generated fiscal revenue (the municipality's own resources).

[14]This term refers to revenue received from outside the municipality and includes financial transfers devolved to the municipality by higher levels of government or provided by external donors.
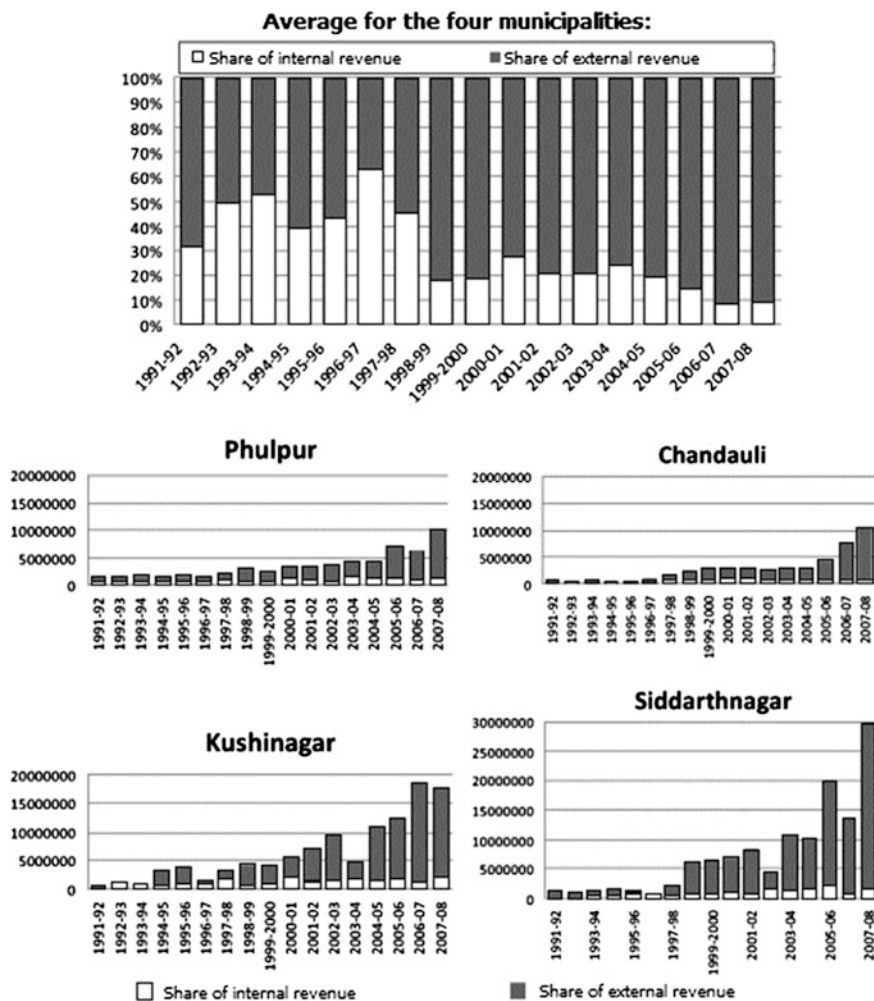
Fig. 5.3 The proportion of "internal revenue" and "external revenue" in municipal budgets between 1991–1992 and 2007–2008 (in % for the average; in rupees for the detailed figures for each town). *Source* Based on the financial data provided by the accountant in each municipality

grants and contributions have gradually taken over, meaning that the income raised from local taxes now constitutes only a very minor part of the municipality's total revenue.[15]

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[15]See *Figure 'r': Average rise of local and external revenue in municipal budgets in rupees* in the annex.

5.2.1   "Fiscal Populism": The Impact of Democracy on Local Taxation

One of the 74th CAA's primary objectives involved progressively improving the local revenue of municipalities to provide them with financial legitimacy and fiscal resilience (NIPFP 1995). To this end, towns now have the use of discretionary fiscal powers and a number of tools (taxes, charges, fees) through which to pool their local wealth. A municipality's "internal revenue" (the total amount of municipal revenue received from local taxation) is dependent upon the fiscal potential of its inhabitants, its rate of taxation and tax collection efficiency. This internal revenue determines the extent to which local governments are dependent on and are able to negotiate with external stakeholders (state of Uttar Pradesh, central government, lending agencies).

5.2.1.1   Local Taxation in the Four Towns Is Generally Poor

On average, municipal fiscal revenue has stagnated or fallen since the introduction of municipal elections (see Fig. 5.4).

Figure 5.4 showing this "see-sawing" growth highlights extreme annual fluctuations in tax revenue (a high annual collection rate can follow a year of very few contributions). This horizontal irregularity is accentuated by a vertical variability (some towns can collect up to three times more tax revenue than others, as is the case in Kushinagar). Overall, whether measured in current terms or at constant prices, the revenue collected per inhabitant remains very low for each municipality. By way of comparison, whereas the average internal revenue for other municipalities in India came to 482.1 rupees per inhabitant in 2001–2002, and to 79.5 rupees for other municipalities in Uttar Pradesh, in the small towns studied, this figure failed to reach 60 rupees on average at current prices over the same period (29 in constant terms as shown on Fig. 5.4).

Whereas the tax effort made in Kushinagar helped the municipality increase its revenue from 29.8 rupees per inhabitant in 1991–1992 to 41 rupees per inhabitant in 2007–2008 (at constant prices; 113 rupees in current prices), the tax contribution per inhabitant in Phulpur, which was similar to Kushinagar in 1991–1992, had fallen to 18 rupees at constant prices by 2007–2008 (49.09 rupees in current terms). However, it is Chandauli that has the lowest tax revenue per inhabitant as this rose by only 1.5 rupees at constant prices over the same period (or 12 rupees in current terms). As in Kushinagar, Siddarthnagar has been able to take advantage of its local revenue sources. The quantitative increase in this revenue of around 20 rupees at constant prices between 1991–1992 and 2007–2008 (or +67 rupees in current terms) puts it in second place in terms of total tax revenue collected.

The detailed analysis of municipal budgets has helped highlight certain specific features of the taxes levied by the municipalities studied and has notably revealed that neither the "property tax", supposed to have replaced octroi tax as the main
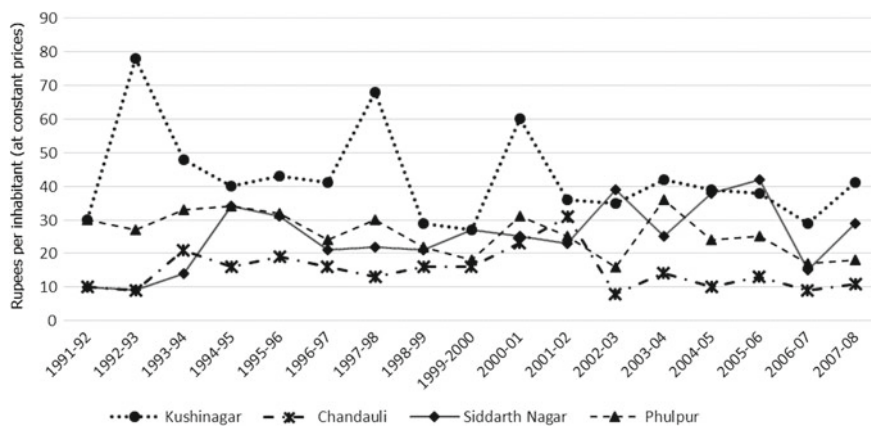
Town	Kushinagar	Chandauli	Siddarthnagar	Phulpur
1991-92:	29.8 rupees	10.06 rupees	10.36 rupees	29.65 rupees
2007-2008 (constant terms, linked to 1991)	40.84 rupees	11.58 rupees	28.11 rupees	17.74 rupees
2007-08 (current)	112.98 rupees	32.03 rupees	77.77 rupees	49.09 rupees

Note: * Based on the annual rate of inflation (consumer price index) since 1991.

Source: Accounting records provided by each municipality and linked to inflation since 1991

Fig. 5.4 Local revenue raised by each municipality between 1991–1992 and 2007–2008 (in rupees per inhabitant at constant prices*)

source of taxation, nor "water charges" have been fully implemented in any of the four towns (see Fig. 5.5 and Box 5.3).

Box 5.3: Overview of the tax structure in each small town

- Kushinagar differs from the other towns in that it is able to raise significant revenue through its local taxes. The District Magistrate has described the town as being an "Ardash Nagar", or model town; this despite the fact that the municipality has still not introduced the property tax. However, any resulting shortfall is being offset by tourism, a source of considerable local revenue for the municipality (which has introduced a parking tax for tourist coaches that accounts for nearly half of the income from "commercial taxes").
- Local revenue in Chandauli remains low primarily because there is a lack of political will to ensure taxes are actually collected. The ongoing drop in revenue generated through the property tax introduced in 1998–1999 is a
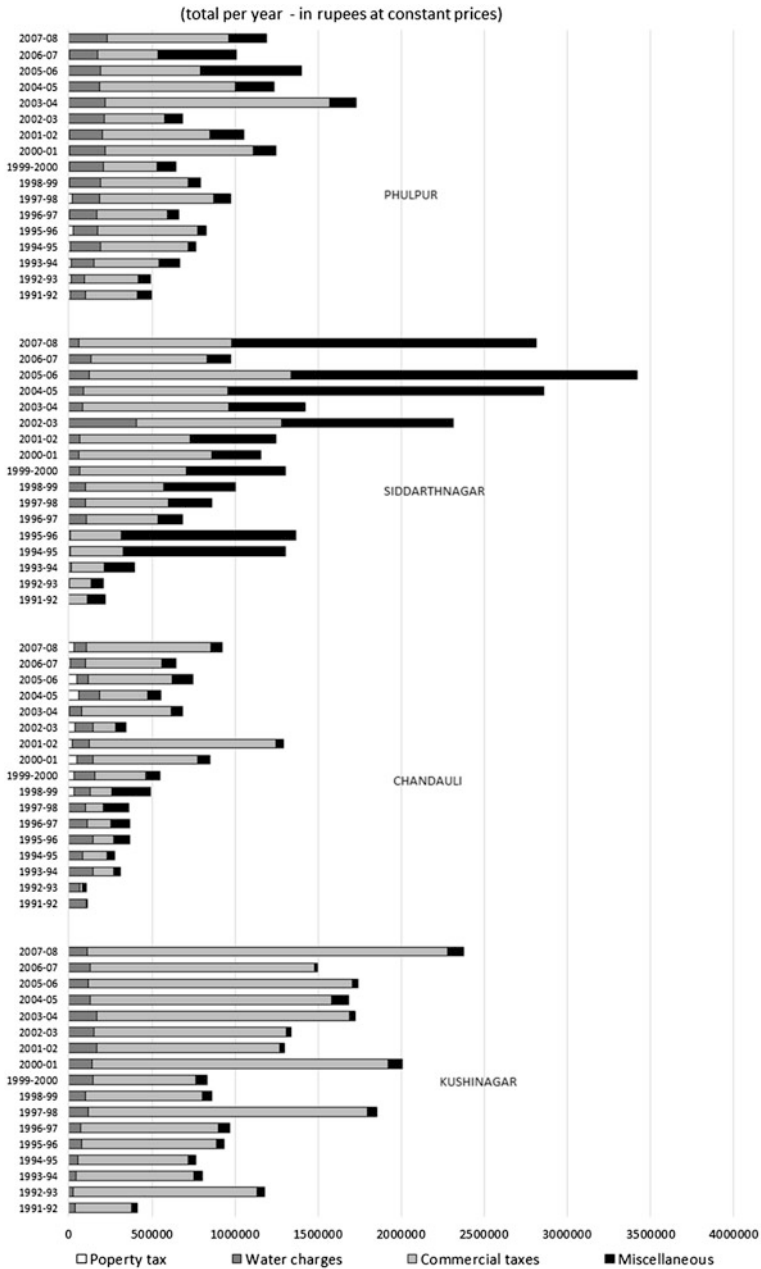
Fig. 5.5 Details of each municipality's tax revenue. *Sources* Accounting records from each municipality

reflection of the municipality's struggle to establish a "tax purpose". Local authorities tend to consider this property tax as a means of accessing additional external resources (such as UIDSSMT, the eligibility criteria for which includes implementation of this tax) rather than as a method of increasing their local revenue. Ultimately, virtually all of Chandauli's local revenue comes from business and commercial taxes.

- Siddarthnagar is an example of a town that has a myriad of small ("miscellaneous") taxes, all of which help increase the municipality's internal revenue. These taxes can include fishing licences, building permits and a whole host of other various taxes (classed as "misc tax"*) that account for three-fourths of the revenue raised from this vague tax category. As in Kushinagar, the main stable source of local revenue comes from the parking tax as the number of vehicles within this market town and district capital is continuing to rise (on average, money raised through this tax accounts for nearly half of the town's "commercial tax" revenue).

- Although highly dependent on the "commercial taxes" levied on the town's market activities, Phulpur provides an alternative example of local taxation where the overall low level of returns is offset by the originality of some of the taxes introduced. One such tax is the butchers' licence (classed under a "miscellaneous taxes", as are the fines awarded for failure to obtain this licence), introduced as around 50 % of Phulpur's population is Muslim and thus tends to eat more meat on a regular basis. As in Chandauli, which also has low levels of internal revenue, the previously levied property tax gradually stopped being collected before being completely abandoned at the end of the 1990s.

Note * Analysis of the 2008–2009 budget provided more detail on these miscellaneous taxes, thus they mainly include: taxes related to permits and licences (fishing, construction, other); tax levied on the town's cinema, on financial securities, on rental agreements and other types of small taxes.

Overall, the municipalities' tax revenue mainly comes from a wide range of taxes, both those levied on businesses and markets (the "commercial taxes" that are a major source of revenue in all four towns) and other various taxes (the type of "miscellaneous taxes" particularly prevalent in Siddarthnagar). The more domestic-type taxes, such as property tax (complex to implement) or water charges (unpopular) have not been introduced. In other words, as in other developing countries (particularly those in Africa), municipalities in India "tax what they can tax", introduce a vast array of different taxes, fees and charges (Fjeldstad and Rakner 2003). Of the municipalities studied, the two that generate the highest tax revenue (Kushinagar and Siddarthnagar) are those whose fiscal strategy is based on taxing economic activity, which enhances the role of the town as a bazaar or market for the surrounding rural regions. The tax on motor vehicles and the parking tax are directly aimed at taxing the professionals that profit commercially from these

towns, which serve as a marketplace for neighbouring villages. Thus, traders coming into a small town to sell goods and make money are also required to contribute to the municipality's finances.

Lastly, it is to be noted that having district capital status (as is the case for Chandauli and Siddarthnagar) is not a direct guarantee of higher tax revenue. Tax rules and tax creation remain the same for all towns, irrespective of their administrative status. Kushinagar has the highest level of internal revenue of all the municipalities studied, yet has no particular administrative status. In contrast, Chandauli generates low internal revenue despite being an administrative district capital. Thus, it is not a town's administrative status that creates tax revenue for the municipality, but rather its capacity to develop its economic activity and then profit from this through related taxes.

5.2.1.2   Taxpayers' Reluctance to Pay Is Aided by Ineffective Collection Methods

Collecting taxes in small towns is highly challenging
The municipality does not have the human and technical resources available to collect local taxes; an issue that is compounded by the inability of the municipalities' accounting departments to introduce fair taxes that are accepted by the population. Using the property tax as an example: how can the municipality identify property owners and assess property values prior to embarking on fair tax collection if it has no up-to-date database or maps? The municipality has only limited access to a highly inaccurate land register that includes no mapping data and which is managed by the regional administration (under the official responsibility of the Chief Development Officer) with whom the municipality rarely has any contact.

A population that is suspicious of local taxes
In line with the "equivalence principle", in return for paying taxes to the local administration, people expect the quality of public services to improve. However, as this causal relationship is extremely weak, taxpayers have little incentive to actually pay their local taxes. Furthermore, in order to foster virtuous, cooperative behaviour (and avoid "free rider" issues), the entire population needs to pay local taxes, starting with elected officials. However, although these politicians are legally responsible for local finance management, the people believe them to be extremely "corrupt". A resident of Phulpur, reluctant to pay the local taxes, summed up the opinion of the majority of the town's inhabitants by disdainfully stating: "I don't know why I should have to help these shady politicians get richer".[16] Regardless of the validity of these allegations, this statement highlights the poor public perception of elected officials. During the household interviews, the term "corrupt" was regularly used by residents to describe their politicians and, in particular, the Mayor,

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[16]Interview held in Phulpur in February 2009.

thereby illustrating why people, who are already poor, are unwilling to hand over part of their revenue to the local government oligarchy. Inhabitants' low levels of cooperation are therefore partially because of the corruption issues that undermine the morality of local politics and partially a result of the poor relationship that exists between municipal taxes and improvements to public services.

The option of collection through enforcement

During the surveys, a number of municipalities mooted the possibility of delegating tax collection to a private company; however, no invitation to tender has yet been issued. In contrast, some of the local offices of the public electricity company (which has branches in each of the four towns studied) have recently outsourced the collection of household bills (see Box 5.4).

> **Box 5.4: Outsourcing collection: Collecting payment for electricity bills**
>
> According to the engineer at the electricity company office in Kushinagar, people's refusal to pay their electricity bills is one of the main reasons the public company is in debt. He claims that up to 90 % of connected households have failed to pay their bills and even the municipal administration has defaulted on payment upon occasion. To put an end to such uncooperative behaviour, in 2008, the local office introduced a coercive collection system: the bill for the municipality's electricity consumption is sent directly to and collected from the Directorate of Local Bodies in Lucknow; however, household bill collection is now carried out by a private company hired specifically for this purpose. The public electricity company pays this private enterprise 7 % of the total amount collected based on a collection rate of 60 % of all bills. According to the engineer, although this measure has helped improve bill collection, it remains insufficient.
>
> *Source* Interview at the electricity company offices in Kushinagar, Wednesday, 28 October 2009.

Resistance to taxation can also be found in other developing countries, where this has sometimes led to outright tax revolt, as in the district of Arumero in north-east Tanzania in 1998 (Kelsall 2000). Here, the municipalities were forced to privatise local tax collection using specialist companies and even private militia. However, case studies have shown that, although such enforcement measures initially led to increased tax revenue per capita, they were subsequently found to be unsatisfactory and efficient collection was not sustained (Fjeldstad and Rakner 2003). In reality, these enforcement measures only serve to heighten people's mistrust of the local administration.

5.2.1.3   Local Taxation Is Subject to "Electoral Populism"

Tax revenue is determined not only by the tax sovereignty of the municipality (local power of taxation), but also—and especially—by the local political will to generate this revenue (or effectively use this power of taxation) given the electoral risks that this entails.

Tax sovereignty that is seldom actually implemented
The process of creating a new local tax is highly complex, with the successive approval of the elected councillors, district magistrate, divisional commissioner and the Directorate of Local Bodies being required prior to any tax being authorised. Ultimately, new taxes are still created by the state, not by the municipality. Once these administrative procedures have been completed, it is then necessary to put an effective tax collection process in place. However, this poses a further issue as, although tax sovereignty is recognised *de jure,* it remains impeded de facto by the municipal administration's lack of technical skills and human resources. When octroi tax was abolished in Uttar Pradesh in 1979, the property tax was supposed to take over as the main source of municipal revenue. However, this tax is far from being implemented in the small towns studied. In Kushinagar and Siddarthnagar, the introduction of this tax, regularly proposed to municipal councillors by the Executive Officer, has constantly been pushed back, not only on technical grounds, but also for political reasons.

The advent of "fiscal populism"?
In this type of small town, where the income per inhabitant is low (the median income is around 7,000 rupees), it is not in the (elected) Mayor's interest to tax the population (his electorate), who he sees first and foremost as being a source of potential votes. It is therefore revealing to note that the arrival of democracy in these small towns has resulted in taxes that fluctuate in accordance with electoral priorities. The most striking example of this can be seen in Phulpur where the introduction of regular elections from 1994–1995 onwards has directly led to the Mayor abolishing the property tax. Similarly, in Chandauli, the property tax was temporarily suspended during the 2003–2004 tax year prior to elections due to its unpopularity, which made it too great an electoral risk (it was subsequently reinstated as soon as elections were over). In the same way, the revenue generated through the water service remains somewhat below capacity. As a general rule, all revenue sources that rely on contributions from households are low-yielding. For the same electoral reasons, the municipality finds it difficult to justify increasing public service charges as it does not have the operational scope for action required to improve the services delivered in return.

Low local taxation is thus primarily due to the nature of the local political market, which tends towards "fiscal populism". Elected officials fear being punished at the polls and so seek to minimise this risk by avoiding conflict with their

electorate.[17] To avoid stigmatisation and to preserve their electoral advantage, the elected officials within the small towns studied tend to replicate, or even scale down, the fiscal choices of their predecessors.[18] The result is temporary fiscal mimicry, where tax rates are reduced in constant terms and which benefits the local inhabitants. Ultimately, these observations help corroborate theories asserting that fiscal choice is guided by the mobility of the tax base (Tiébout 1956; Wilson 1999). The municipality will avoid placing the tax burden on the electorate (whose vote is mobile) and will instead seek out a more captive market, namely those that make a living from trading in the small towns' bazaars, which are visited by everyone in the surrounding rural areas. Obliged to visit the town to sell and trade goods or generally run their business (in the transport, tourism or service sector, etc.), these traders and business people are tied to the towns' markets and thus constitute the local governments' tax base of choice.

In the end, the municipalities' tax revenue remains extremely poor as they all have low-yielding taxes and carry out haphazard tax collection. The majority of this low tax revenue comes from a range of commercial taxes imposed on traders and businesses, rather than from other types of domestic taxes, such as the property tax or water charges, which have virtually been phased out. These types of commercial tax are better accepted by the public and carry less short-term political risk for the elected officials that put them in place. Thus, in tax terms, it is more expensive to do business in the town than to live there. Since decentralisation, the state has facilitated this fiscal populism, which stems from electoral factors, by increasing its support through development of a "regional grant system".

5.2.2 The Implementation of a "Grant System"

Whereas in Uttar Pradesh, financial transfers (municipalities' "external" revenue) make up the majority of available local revenue (around 75 % in 2001–02 for all towns in the state), in towns in other states, these usually constitute less than one-third of municipal revenue (Mathur 2011). For the towns studied, this financial support accounted for nearly 90 % of their budget in 2007–2008 but remains extremely unequally distributed, with some of the towns benefitting from much higher grants than others.

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[17]In one respect, this echoes the *political voice* hypothesis (formulated by Hirschman in 1970, among others) which presents government decision-makers as potential Leviathans whose predatory behaviours can be regulated through the intermediary of the electoral system.

[18]These situations also echo the *yardstick competition* hypothesis that Salmon applied to analysis of political behaviour which gives voters the opportunity to compare the performances of their elected officials with those of their neighbours (Salmon 1987) or, in this instance, with those of the previous incumbents.

5.2.2.1   Major Support Through Grants from the Regional Government

In contrast to the municipalities' own resources, the amount of revenue received from external sources appears to have been continuously increasing since decentralisation, in line with State Finance Commission (SFC) recommendations. However, despite their similar population size, these growing financial transfers are being unevenly distributed between the towns. Thus, Kushinagar and Siddarthnagar are awarded more grants than Phulpur and Chandauli, which receive much less support (see Fig. 5.6).

In theory, external funding can take the form of central and/or regional government grants and bank loans/private investment. In practice, in the municipalities studied, 100 % of external funding comes from various government grants and 0 % is raised through bank loans.

According to the detailed information contained in the 2008–2009 budgets, virtually all external revenue comes from the regional government (see Table 5.1).

Lack of loans: the lack of loans is due to the fact that the municipalities do not have the technical capacities to access financial markets and, more broadly, benefit
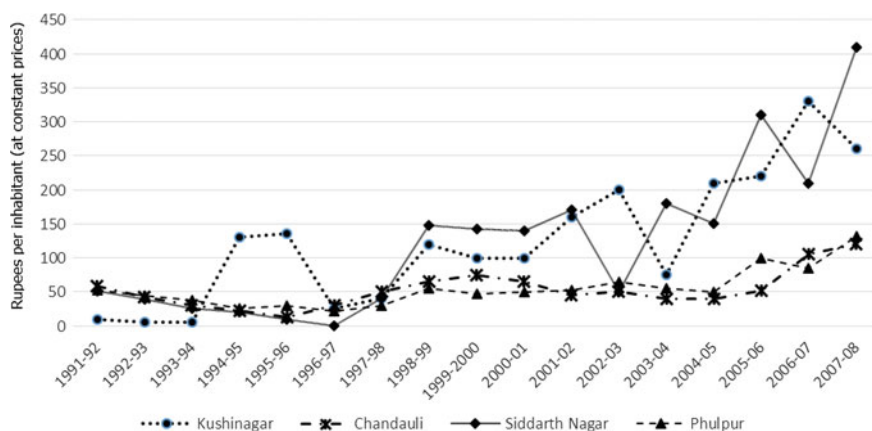
Town:	Kushinagar	Chandauli	Siddarthnagar	Phulpur
1991-92:	9.5 rupees	57.53 rupees	50.63 rupees	51.45 rupees
2007-08:	727.5 rupees	330.41 rupees	1,134.31 rupees	364.8 rupees
(current)				
2007-2008: (constant terms, linked to 1991)	262.96 rupees	119.43 rupees	410 rupees	131.88 rupees
Rate of change (constant)	+2,668%	+108%	+710%	+156.33%

Source: From figures provided by the accountant in each municipality.

Fig. 5.6 Uneven distribution of financial transfers (municipalities' "external revenue" in rupees per inhabitant at constant prices)

Table 5.1 Proportion of bank loans and grants received in 2008–2009

Town:	Kushinagar (%)	Chandauli (%)	Siddarthnagar (%)	Phulpur (%)
Grants	100	100	100	100
– from central government	(3)	(2)	(4)	(8)
– from UP	(52)	(45)	(48)	(92)
– conditional (special programmes)	(45)	(53)	(48)	(0)
Bank loans (external private funding)	0	0	0	0

Source 2008–2009 municipal budgets

from the liberal reforms introduced in the 1990s. Despite the claims made by those supporting the privatisation of municipal sectors, for the vast majority of towns in India, access to bank loans remains difficult as the rating agencies (such as CRISIL,[19] the pioneer in its field in India) have approved only very few municipal corporations. The total lack of recourse to loans reveals the extent to which small towns are hampered in their efforts to avail themselves of an opportunity that was lauded as one of the key measures of the changes introduced in the 1990s. Their failure to access loans is due not only to their technical incapacity, but also to the fact that rating agencies and international donors do not consider them financially attractive.

The central/regional government's special programmes: For the small towns eligible to take part, special funding programmes (which are naturally cyclical) can help considerably supplement municipal revenue. However, the budget allocation and use of any financial transfers made is overseen by the government, particularly when these public funds are awarded as part of special, politically motivated programmes (such as Kanshi Ram) or technical schemes (UIDSSMT) (see Box 5.5). These funding allocations are awarded upon the fulfilment of certain conditions and there are restrictions placed upon their use, which severely reduces the municipality's decision-making authority.

> **Box 5.5: Special fund allocation mechanisms**
> **The Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT)**
> Under the UIDSSMT programme, the central government provides 80 % of funding, the regional government provides 10 % and the local government 10 %. To be eligible for the programme, towns need to meet a number of criteria. For example, they need to have implemented:

[19]Crisil describes itself as "a global analytical company providing ratings, research, and risk and policy advisory services" (cf. www.crisil.com).

- a double-entry accounting system for their municipal finances;
- the property tax;
- "user charges" to cover public service infrastructure management and maintenance costs;
- public services for low-income residents.

The majority of towns applying to the UIDSSMT programme do so to increase water supply production and distribution capacity, using the funding obtained to construct a new water tower and replace worn pipes.*

The Kanshi Ram programme

Under the Kanshi Ram programme implemented in Uttar Pradesh by Mayawati, the regional government is coordinating a ward renovation and rehousing programme through DUDA. The specific target of the programme is the poor SC population. The local government has no decision-making powers over the programme's financial management or the type of infrastructure built. In 2008–2009, Phulpur was the only town still not to have benefitted from this type of conditional grant. According to the current Mayor, this was due to the poor record of his predecessor. He hopes that his town will shortly be eligible for this type of programme during his mandate as he has "modernised the town", "increased tax revenue" and has "a good relationship with the government".**

Notes * The technical agencies are paid directly by the Directorate of Local Bodies in Lucknow. Thus, the money is only forwarded through the municipal accounts and, as such, cannot be reallocated.

** Interview held in February 2009 with the Mayor of Phulpur, who strategically joined the ruling regional party (the BSP) after having won the municipal election.

Grants from the state of Uttar Pradesh: the vast majority of the municipalities' available resources are made up of grants allocated by the state. These state transfers have been steadily increasing since the introduction of decentralisation, in line with the successive State Finance Commission recommendations. However, the amount awarded through these grants is determined using a formal grant allocation formula (see Box 5.6).

Box 5.6: Formal differentiated grant allocation variables
In order to determine the grant allocations to be transferred to municipalities, the Uttar Pradesh Finance Commission uses a mathematical formula that cross references a number of variables. A percentage of the state's regional tax revenue is transferred to urban governments, being shared out in accordance with:

- their administrative status: 41 % of transfers go to the Nagar Nigams, 41 % to the Nagar Palika Parishad and 18 % to the Nagar Panchayats;
- then, the size of their population (80 %) and surface area (20 %);
- and, lastly, the municipality's financial performance, which accounts for up to 10 % of the budget allocated to each town.

Source The Second Uttar Pradesh State Finance Commission Report

The failure of the "revolving fund": initiated by the Uttar Pradesh Finance Commission, the aim of this fund was to change municipal managers' mentality and make them understand that "the period of free grants has passed" (or, "the time of free lunch is over!" Mishra 2002, p. 165) and that municipalities need to manage their finances responsibly to ensure they are able to repay any loans. In theory, this is akin to interest-free government credit, issued without charges and repayable over 10 years. From the accounting information available, it is not possible to identify the role played by this revolving fund[20] in the small towns' finances. However, according to a member of the Uttar Pradesh Finance Commission, this government loan has been a complete failure as municipal councils have simply used it as a grant, without concerning themselves with the longer term repayments that will need to be made after the end of their mandate. In his opinion, "everybody knows very well that the large majority of local governments will never return the money".[21] Moreover, the third State Finance Commission has recommended cancelling this grant.

Ultimately, the financial resources available to municipalities are strongly determined by the grants allocated by higher levels of government, which tends to shift budgetary sovereignty away from the towns and onto the state. The state thus still has considerable leeway when allocating grants. This dilutes the rigidity of the formal rules and introduces informal variables into the funding allocation process, which create interurban inequality.

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[20]In Kushinagar, there is no mention of this fund in either the financial data for 1991–1992 to 2007–2008 or in the 2008–2009 municipal budget.

- For the municipality of Siddarthnagar, it only appears in 2001–2002 to 2005–2006, for a total of 8,545,000 rupees.

- In Chandauli, there was no budget heading reserved for this, with the exception of 2008–2009, when 2,000,000 rupees was requested.

-In Phulpur, although there is no mention of this in the revenue breakdown, it would appear that, between 2005–2006 and 2007–2008, 1,677,382 rupees was spent on revolving fund repayments and a further 8,000,000 rupees was set aside for this for 2008–2009. It can thus be assumed that Phulpur owes at least 2,477,382 rupees to the revolving fund.

[21]It is important to note, however, that revolving fund repayments have been included in the Phulpur municipality budget since 2005–2006. This is as part of efforts to ensure the town achieves Ardash Panchayat status and thus will be able to obtain additional grants.

5.2.2.2 Informal Variables Used to Calculate Allocations and Support Mechanisms that Lack Transparency and Equality

Since decentralisation, the levels of state support provided to the four municipalities studied have differed considerably. In 2008–2009, Siddarthnagar received almost three times more in state grants (21,500,000 rupees) than Phulpur (8,912,677 rupees in 2008–09), despite the fact that both towns are located within the same institutional region (Uttar Pradesh) and geographic area (eastern Uttar Pradesh) and have a similar population.

The district headquarters variable needs to be qualified
Whilst having district headquarters status can result in a town being awarded priority funding allocations from the central government's special programmes (to resize water supply infrastructure through the UIDSSMT programme, for example), it does not directly provide automatic access to the largest regional grants.[22] The regional government transfers grants to the districts, but the district headquarters do not directly benefit as these funds are intended for other purposes. The district administrative offices are often based in the town (or nearby); however, the district administration's remit does not include managing urban areas, which remains the responsibility of the municipal council.

At best, a regional capital can hope to attract more visitors (civil servants, workers, elected village officials, people from the region), as people will need to come to the town to carry out administrative tasks at the district administration buildings (police stations, courts, hospital, etc.). By making the most of this additional traffic and imposing a specific tax on the economic activities that spring up around it (stalls outside the courts, transport, on-road parking), the district headquarters could thus potentially increase its tax revenue.

The town's surface area is sometimes artificially increased…
The urban surface area variable is used to help determine the amount of funding to be allocated to each town. However, as there is a lack of qualified staff to undertake mapping exercises to accurately calculate the surface area of each town, nobody is really capable of precisely identifying the boundaries of towns in Uttar Pradesh.[23] Furthermore, the third Uttar Pradesh Finance Commission's report criticises this variable and recommends using only "demographics" and "financial performance" to allocate funds (GoUP 2011). The municipalities take advantage of the lack of clarity surrounding this surface area rule in order to manipulate it. By artificially expanding their urban surface area (by annexing a neighbouring village, for instance), towns are strategically able to increase their grant allocations.

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[22]The case of Chandauli and Siddarthnagar, both district headquarters, is a good illustration of this as, when comparing the four towns, Chandauli receives the least amount of regional transfers, whereas Siddarthnagar receives the most.

[23]Interview with the Finance Department in Lucknow, November 2009.
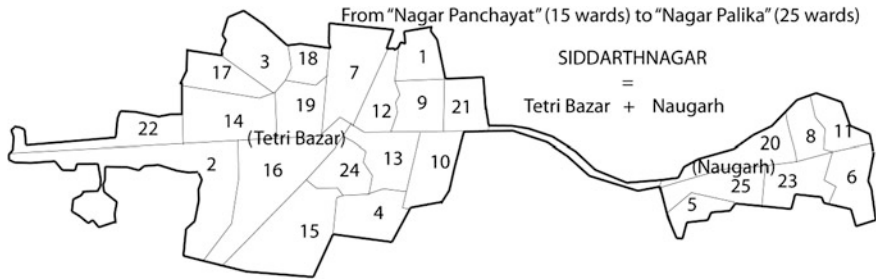
Fig. 5.7 Increase in the town's surface area (example of Siddarthnagar). *Source* Created by the author

… in order to change administrative status and become a Nagar Palika Parishad

The strategy of increasing the town boundaries enables the municipality to convert from Nagar Panchayat (town panchayat) administrative status to that of Nagar Palika Parishad (municipal board) in order to claim larger regional grants.

For example, for the 2001 census, Siddarthnagar "reorganised" its 15 administrative divisions (wards) into 25 new wards to help it obtain Nagar Palika status.[24] Naugarh and Tetri Bazar, two distinct small towns, were artificially joined together in 1989 to create Siddarthnagar and, in 2001, under pressure from the MLA of the time, the District Magistrate authorised the change in the town's status (see Fig. 5.7).

This area extension strategy has also been employed in other towns. According to the (interim) Executive Officer in Chandauli, for instance, the municipality has entered into negotiations with a number of political decision-makers to obtain authorisation to annex 32 neighbouring villages. This would thus enable the town to change administrative status and qualify for more financial aid.

… in order to gain regional visibility and benefit from neighbouring wealth

The municipality of Kushinagar has also expanded the town's boundaries to obtain more funding. Thus, the town artificially extends from its original centre (Kasia) to its tourist area (Kushinagar itself), without there being any urban development linking the two. By "annexing" the neighbouring area of Kushinagar, Kasia has been able to take advantage of the money generated from local tourism. As a result, the assistance provided to the tourist area by external donors now benefits the whole of this new town.

The variable of the municipality's fiscal performance

To encourage better municipal management, the regional government stipulates that, in order to access part (10 %) of their budgeted grants, municipalities must meet the prerequisite of improving their local tax revenue. Through this "carrot

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[24]A Nagar Panchayat can have no more than 15 wards, whereas a Nagar Palika has a minimum of 25 wards.

approach", the regional government aims to make the municipal government more accountable and further their institutional development. The greater the revenue generated by the municipality, the greater the likelihood of benefiting from regional grants (as is the case for Kushinagar and Siddarthnagar). In contrast, the less internal revenue municipalities are able to generate, the less chance they have of obtaining grants (as seen in Phulpur and Chandauli). In theory, only 90 % of grants are actually awarded at the beginning of the tax year, with the remaining 10 % only being transferred if the municipality has been able to improve its previous year's tax collection rate by 5 %. Specialist literature highlights the potentially harmful role these objectives set by regional government can play when a local authority sees its reputation tarnished by being unable to meet the targets (for more on this subject, please see Fjeldstad and Rakner 2003, with regard to municipalities in Uganda; AFD 2011).

In practice, however, the system in Uttar Pradesh does not appear to be particularly rigid as the remainder of the transfer is awarded upon partial validation of the objectives set by the municipality. Thus, the municipality simply needs to ensure it sets achievable objectives and continues to maintain a slightly increasing level of taxation, in current terms, to access the remaining 10 %.[25] The "carrot approach" can, therefore, be easily circumvented. In reality, the regional government's only real leverage for inducing municipalities to increase their local revenue consists of the Executive Officer's career ambitions and his desire for recognition of the town's good fiscal performance from the Directorate of Local Bodies (with a view to being promoted or transferred to a larger town); however, this clashes with the Mayor's short-term vision as he is reluctant to increase local taxes as this may harm his chances of re-election.

The potential for strategic development for the regional government
Another important variable, implicit in the allocation of funds, is the priority given to certain towns in Uttar Pradesh's development policy. Thus, in 2008–2009, Siddarthnagar received an especially large regional grant allocation of 21.5 million rupees (or 795 rupees per inhabitant), due mainly to the fact that it was classed as being in one of the 90 least developed districts. According to the Siddarthnagar District Magistrate, the Planning Commission recognised not only the crucial role the town plays in the development of the district, but also the need to support the town's own development by providing greater financial assistance. Similarly, Kushinagar also received a relatively large grant in 2008–2009 of 12.75 million rupees (or 556 rupees per inhabitant) following the government's decision to develop the town's tourist potential. A motorway has just been built linking the capital of Uttar Pradesh with that of Bihar. This makes a detour past the small town of Kushinagar, whose Buddhist tourist complex is destined to become a must-see tourist destination. In contrast, neither Phulpur nor Chandauli receive any specific attention and their grant allocations come to under 9 million rupees.

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[25]According to the interview with Said Naja (and interim Chandauli) Executive Officer held in November 2010 in Chandauli Nagar Panchayat).

Government priorities generally go hand in hand with towns' inclusion in development programmes and this is reflected by the increase in conditional grants received in the municipal accounts (currently, these are mainly being awarded to towns involved in the central UIDSSMT programme). The only town not included in the UIDSSMT programme is Phulpur as, unlike Siddarthnagar, it is not a social priority, nor does it have the tourist potential of Kushinagar and it is of no administrative importance unlike Chandauli.

The variable of regional political relationships

Finally, in order to fully understand the different levels of grant allocations, it is also necessary to take much more informal variables into account. According to the president of the Uttar Pradesh Pay Commission[26] and member of the State Finance Commission, although the political persuasion of the Mayor should have no bearing on financial devolution from the regional state to the local government, in practice, political pressure is commonly exerted to obtain grants. Thus, it is well known that the municipalities' Mayors predominantly visit Lucknow for lobbying purposes as "in addition to the Planning Commission recommendations, the state is free to award larger sums of money to a particular town… based notably on its political persuasion".[27] As a result, being politically affiliated with the ruling party makes it much easier for local elected officials to obtain grants. According to Finance Department staff, this political clientelism goes hand in hand with corruption within the regional government. Additional grants are awarded in exchange for a fee, or backhander, based on the same brokerage principle as that seen at the municipal level; a practice that is particularly common in relation to the revolving fund as "political bargaining is the primary driver for obtaining this funding".[28] Thus, the complicit relationship between municipal and regional elected officials is a key criterion in the allocation of this fund.

Lastly, there is also external funding available from the Member of Legislative Assembly (MLA) and the Member of Parliament (MP), which they award directly to development projects that are aligned to their political decisions and electoral strategy. The accounting for this funding does not pass through the municipality, but instead goes via the district's Chief Development Officer, who is tasked with disbursing the funds. Here too, political bargaining and patronage play a role in the allocation of funds.

These variables show that the regional government provides local governments with very little scope for action. Through the grant system, the state of Uttar Pradesh invests at local level to either develop a town's economic potential (as in Kushinagar), develop a particularly poor region (as in Siddarthnagar), encourage municipalities to improve their management performances (using the 10 %), or

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[26]The Pay Commission establishes the salary scale for (permanent and non-permanent) regional administration staff.

[27]Interview with the President of the Pay Commission held at the Lucknow Finance Department, November 2009.

[28]Interview with the Lucknow Finance Department, November 2009.

meet political objectives, such as developing Dalit wards. It does this using both formal (through the Kanshi Ram programme) and more informal methods (clientelism and patronage).

5.2.2.3   A Difficult Choice: Transfers that are Essential but Create Disparities

The state has to reconcile the progressive empowerment of local governments with continuing to ensure they are provided with sufficient funding to take on their new roles.

The small towns studied do not have sufficient capacity to meet their infrastructure needs and grants make up a vital part of their revenue. However, due to their allocation criteria, these financial transfers can exacerbate municipalities' dependence, not only by restricting the decision-making authority of elected officials and thus undermining the principle of devolving responsibilities, but also by making these officials strangely less open to imposing local taxes, as they do not consider them necessary. Herein lies all the ambiguity of a financial support mechanism that is nonetheless vital to the survival of municipalities (see Table 5.2).

As highlighted above, elected officials tend to set lower taxes to appease their electorate as part of a "fiscal populism" approach, which results in lower local revenue and higher levels of financial transfers to make up the shortfall. More broadly, the major weakness of budget transfer policies, particularly in developing countries, resides in their low incentive power (Weingast 2006, p. 15) for local growth (to which can be added the risks of corruption as the influx of non-municipal resources automatically facilitates the misappropriation of part of these funds). This is the position held by supporters of the so-called "second generation" financial transfers (the equivalent of conditional grants), who, rather than simply considering grants as a means of offsetting shortfalls in local resources, regard financial transfers as a way of inducing local governments to improve their fiscal performance.[29] Paradoxically, it is through this type of financial transfer that

Table 5.2 The contradictory effects of grants on municipalities' autonomy

Conditional grants ➔ weaken budgetary responsibility
Unconditional grants ➔ discourage fiscal responsibility

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[29]"The standard public finance question takes subnational jurisdiction's income as given and looks at the incentive effects of tax assignments and transfers. The second generation of fiscal federalism growth perspective examines the effect of the tax and transfer system to increase income (through public or private investment) […] the allocative efficiency of the tax system in a standard public economy sense is of second importance to fiscal autonomy on the revenue side" (Singh and Srinivasan 2006, p. 5).

the municipal autonomy objectives set out in the decentralisation reforms can be met over the long term.

For the state of Uttar Pradesh, grants are a means of guiding the municipalities in their new roles in order to avoid the pitfalls of anarchic and unplanned management. As such, grant policies could help consolidate the implementation of decentralisation. However, for the municipality, given local poverty levels, these programmes are above all regarded as a source of "additional" financial aid from the distant regional government ("this is a new scheme *from Lucknow*", was how the Mayor of Chandauli described the central UIDSSMT programme, believing it to be a regional scheme set up by the state of Uttar Pradesh). In reality, the local administration still fails to see the value of developing local management skills despite the fact that it is gradually changing its management methods to meet the various programmes' criteria (implementing the double-entry accounting system, imposing local taxes, carrying out development work, etc.).

From an incentive perspective, conditional grants focus on good performances rather than available capacities. In theory, the aim is to create a virtuous circle in which these (fiscal and, more generally, management) performances progressively lead to improvements in the town's capacities. Local efforts are rewarded by increased regional support.

In practice, however, and in light of the capacities available (potential local wealth), this grant principle disrupts the horizontal equalisation of financial disparities between municipalities because it tends to favour those with the greatest capacities (highest levels of available local wealth) as they are more easily able to meet the allocation criteria. However, as the aim of grants is to reduce disparities between municipalities through an equal redistribution of wealth (NIPFP 1995, p. 57), it would make more sense to provide greater assistance to those towns less able to generate their own revenue. A study conducted by the National Institute of Public Finance and Policy in the 1990s revealed that municipalities with lower than average revenue per capita are usually allocated lower grants (NIPFP 1995, p. 65). For municipalities of fewer than 100,000 inhabitants, this disparity in grant allocations is even wider (p. 69). Twenty years of decentralisation later our analysis shows that nothing has changed as most states still fail to follow the basic principle of redistribution and the smallest municipalities with the least revenue continue to receive the fewest grants (Mahadevia and Mukherjee 2003, p. 30). This is also one of the main criticisms levelled at the JNNURM as the funding for this programme targeted just a few major cities and the rest of urban India was ignored (Khan 2013). By their very nature, the negative aspect of conditional grants is thus their discriminatory procedures, which tend to favour the wealthiest towns (which are also often the largest) and force those municipalities that are poorer (such as the smallest) and dependent upon these transfers to focus their spending on regional and central government-defined priority areas. Targeted grants thus reduce the scope for action of the weakest and, particularly, smallest municipalities and preclude these municipalities from a share of the funds.

Differences in the levels of "general" grants (i.e. those not subject to any conditions) also reveal inequalities in the relationship between local and regional, and even central, governments. Some municipalities have special access to higher levels of government, whereas others appear to be somewhat ignored by these other bodies of power. The predominant issue is the actual procedures used to allocate the mainly regional grants (which make up the majority of grant resources). The official rules governing the funding mechanisms of these transfers can be manipulated and are often abused, both by the local and regional governments. As highlighted above, each municipality has been able to develop different strategies to ensure they receive greater administrative or political recognition by bending the official rules. In other words, each town has specific *capital* that it can convert into grant allocations of varying size. Political negotiations with the regional government will thus determine development of the local government's *social capital* (electoral support and political relationships); the municipality's *economic capital* (regional development); the town's *cultural* or *symbolic capital* (regional, national and even international influence); and, more simply, the municipal team's *strategic capital* (more or less complete knowledge of formal and informal urban management issues).

However, these strategies are defined with the support of members of the regional government. These government members do not hesitate to circumvent the rules that they themselves approved to promote the development of selected towns, either by implementing specific programmes or through more or less transparent clientelism and patronage that can result in regional-level corruption. According to regional administration civil servants, regional political support is still the key for ensuring grants are directed towards a particular town for its exclusive use. In other words, the arbitrary politician overrides the fairness of cross-subsidies, which remain guided by the regional political authorities.

Our analysis of municipalities' revenue has helped clarify the observations made by Paromita Shastri, who, in her book *How India's Small Towns Live (or Die)*,[30] notes that small towns' low local revenue collected is due to the suboptimal management of a local administration that is increasingly dependent on financial transfers. As things stand, the financial transfer policy put in place following implementation of the 74th Amendment appears to be a vital component of municipalities' financial health. By making part of its financial support conditional, the state of Uttar Pradesh is endeavouring to promote the development of municipalities' local accounting and technical capacities. However, the rules governing grant allocations are frequently subverted and manipulated and do not enable fiscal accountability objectives to be met. Without more training for municipal staff and more rigorous allocation procedures, any increase in grants will not, on its own, be

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[30]His study is based on an analysis of the recent budgets of 29 small towns in Rajasthan, Odisha, Andhra Pradesh, Haryana, Himachal Pradesh, Madhya Pradesh, Chattisgarh and Bihar (but not Uttar Pradesh).

enough to empower local governments. Ultimately, the considerable discrepancies in the size of the grants awarded to the towns above all highlight the extent of the uneven relationships in place between the municipality and regional government. It is this regional government that largely dominates, establishes guidelines and retains control of urban management.

5.3 Budgetary Imbalances and Basic Services

Since implementation of the 74th CAA, the local role of each municipality has expanded, along with their budgetary responsibility. Maintaining the water supply service or public lighting incurs additional costs that have to be budgeted for using the resources available.

5.3.1 A Budgetary Capacity that is Much Improved but Remains Insufficient

5.3.1.1 Greater Budgetary Responsibility

As currently implemented, one of the aims of the decentralisation policy is to increase the capital available at local level. For the regional government, the aim is to ensure municipalities are financially able to carry out their recently devolved roles. As the financial resources available to the municipality have increased, the Mayor's financial powers have also been officially expanded. As the elected head of the local government, the Mayor now has higher authorised spending limits, being able to sign off on this expenditure without requiring approval from outside authorities. According to the Uttar Pradesh Planning Commission's official documents, there is a maximum authorised spending threshold for elected officials, which varies in accordance with the administrative status of the municipality (Table 5.3).

Previously, in small towns, the Mayor's spending limit for development work stood at only 3,000 rupees. However, since implementation of the 74th Amendment,

Table 5.3 Planning Commission spending thresholds for each municipal status

Type of government	Authority	Pre-74th CAA	Post-74th CAA
Nagar Nigam	Mayor	–	Up to 1 million rupees
	Nagar Ayukta	Up to 10,000 rupees	Up to 200,000 rupees
Nagar Palika Parishad	Mayor	Up to 10,000 rupees	Up to 50,000 rupees
Nagar Panchayat	Mayor	Up to 3,000 rupees	Up to 15,000 rupees

Source Uttar Pradesh Planning Commission, 2010–2011 Annual Plan, Chapter VIII: Governance

the regional government now allows the Mayor to authorise work costing up to 15,000 rupees (he can sign a cheque for 15,000 rupees on behalf of the town hall). For amounts above this threshold, all spending decisions also have to be approved by the Executive Officer. In theory, as a central government official, appointed by the government and seconded to work at local level, this Executive Officer is the sole authority with direct oversight of the Mayor's spending.

Nevertheless, these official thresholds (2010–2011 annual plan) need to be qualified, as there is confusion over some of these figures, even within the regional administration itself (for instance, in another Planning Commission document, the authorised limit for Nagar Nigams is no longer set at 200,000 or 1 million rupees, but at 100,000 rupees[31]). Moreover, the UP Municipality Act 1916 includes no clear restrictions on the amount of expenditure that can be incurred (Clause 120-A). In practice, according to the Mayors, there is no official maximum spending threshold (other than that imposed by the money they have available to spend). However, their spending is nonetheless restricted by the requirement that each budget decision be approved by both the elected official and the decentralised civil servant (the Mayor's and Executive Officer's signatures are required on each official document[32]). Outside of the debates over the validity of official documents and spending thresholds, implementation of the 74th Amendment has effectively led to greater local budgetary responsibility for the increased financial resources that have been devolved.

5.3.1.2   A Budgetary Capacity that Differs from Town to Town

Based on the correlation between available financial resources and actual budgetary capacity, the wealthier municipalities logically spend much more per inhabitant than those municipalities that are less well off. A review of each municipality's level of spending reveals that this generally follows similar patterns to their level of revenue (see Fig. 5.8).

In parallel with the increase in revenue, there are three main periods of change: low amounts of spending up to 1996–1997; then an increase up to 2003–2004 following implementation of the first State Finance Commission's recommendations; and, finally, a further rise in spending from 2004–2005, after publication of the second State Finance Commission report.

Ranking the municipalities based on their level of spending produces very similar results to those seen when arranging them by revenue. Analysis of the data shows that the level of spending is strongly determined by available revenue (without it necessarily being contingent on this), thereby putting the correlation

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[31]*planning.up.nic.in/annualplan0304/part1/Chapter-09.htm* [consulted on 15 January 2012].

[32]With the exception of cheques where the signature of one of the two representatives is sufficient (as, in theory, the budget documents authorising payment should already have been approved by both parties).

Fig. 5.8 Spending per inhabitant since 1991 (constant). *Source* From figures provided by the accountant in each municipality, linked to inflation since 1991 and to population forecasts for each town
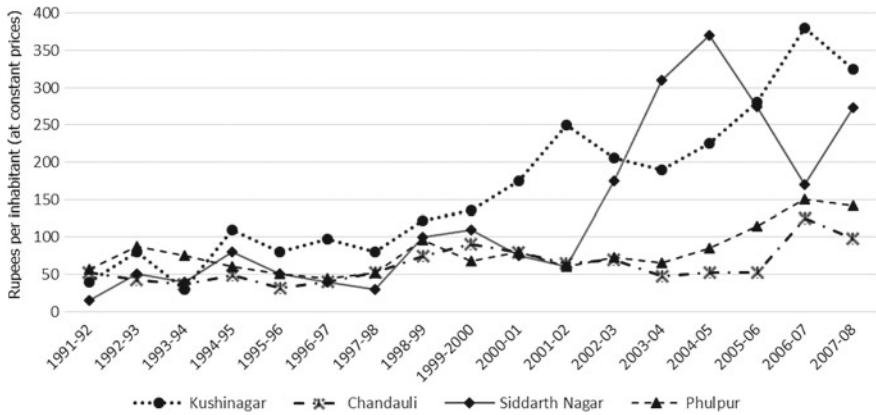
Town:	Kushinagar	Chandauli	Siddarthnagar	Phulpur
1991-92:	40.05 rupees	53.27 rupees	15.35 rupees	57.75 rupees
2007-2008: (constant terms, linked to 1991)	324.93 rupees	98.4 rupees	273.03 rupees	141.53 rupees
2007-08 (current):	898.94 rupees	272.25 rupees	755.35 rupees	391.56 rupees

between the municipalities' financial resources and budgetary capacities into perspective. Chandauli and Phulpur spent 53.27 rupees and 57.75 rupees per inhabitant, respectively, at the beginning of the period studied. However, given that, as we have seen above, there was no great change in their revenue, unsurprisingly, there have been only moderate and proportional variations in their spending per inhabitant. Spending doubled in Chandauli in 2007–2008, but still failed to reach 100 rupees per inhabitant (in constant terms); similarly, spending in Phulpur increased by 145 % to stand at 141.53 constant rupees per inhabitant. Siddarthnagar saw the highest growth in spending with a rate of change of 1,662.26 % between 1991–1992 and 2007–2008. This increase in spending is consistent with the rise in municipality revenue. However, whilst Siddarthnagar is the wealthiest municipality, it is Kushinagar that spends the most. In 2007–2008, Kushinagar spent 325 rupees per inhabitant in constant terms, compared to Siddarthnagar's 273 rupees. This situation is similar to that seen in a number of other years.

Despite the increase in municipalities' financial resources, the balance between their revenue and spending levels remains fragile. Figure 5.9 compares the accounting balance (the annual difference between income and expenditure) for each municipality between 1991–1992 and 2007–2008.

Thus, despite its high revenue, Kushinagar municipality regularly returns a financial deficit. Between 1999–2000 and 2007–2008, there was a deficit reported for 7 of the 9 years in the period. Adding together all of the municipality's
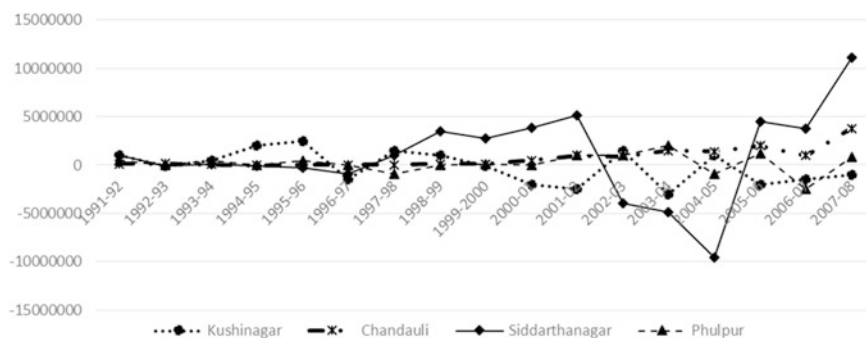
Fig. 5.9 The accounting balance of the four municipalities between 1991–1992 and 2007–2008, in current terms. *Sources* From figures provided by the accountant in each municipality

successive surpluses and deficits between 1991–1992 and 2007–2008 gives a total deficit of nearly 5 million rupees, or -206 rupees per inhabitant. Similarly, Phulpur's accounts also regularly fall into the red, although the deficits involved remain much lower than those reported in Kushinagar. Over the period 1991–1992/2007–2008, Phulpur municipality ultimately generated an accumulated surplus of only 23,370 rupees, scarcely +4.5 rupees per inhabitant. The balance between revenue and expenditure is thus particularly fragile for these two towns. In contrast, the financial stability of Chandauli and Siddarthnagar seems much more positive and assured. Although Siddarthnagar has had to deal with successive periods of relatively sizeable deficits, such as between 2002–2003 and 2004–2005, the town has also been able to generate profits to largely offset its losses. Consequently, Siddarthnagar has a surplus of 15.4 million rupees, or +669 rupees per inhabitant. The municipality of Chandauli is also notable for what appears to be its virtuous management. With the exception of 2 years in the past (1994–1995 and 1995–1996), the town has always managed to keep its accounts out of the red. Altogether, it has generated a profit of 10.1 million rupees, or the equivalent of +425.8 rupees per inhabitant.

5.3.2   The Specific Features of Each Municipality's Budget Choices

Any snapshot of the municipalities' budgetary responsibility will be biased as it is restricted to a specific moment in time, whereas the acquisition of infrastructure takes place progressively, over a longer period. It is therefore necessary to review trends in spending to gain a better understanding of how the budget is used at local level. This makes it possible to: ascertain the priority accorded to each urban activity sector by the local governments; determine the theoretical quality of the services provided based on the amounts invested; and analyse the level of local

fiscal revenue, which is partly dependent upon the fees paid in return for services provided.

The data collected reveals that certain expenditure items commonly found in large municipalities are simply absent from the accounts of the specific small towns studied. For instance, the available financial reports show that there has been no spending allocated to debt repayments as small towns are unable to take out bank loans. However, in certain cases, some towns (such as Phulpur) may have budgeted for revolving fund repayments. In addition, despite the provisions included in Article 243 W of the 74th Amendment, no spending has been allocated to environmental management, the upkeep of cemeteries and the welfare of the disabled, thus reflecting the fact that budget choices are constrained, in part due to the small towns' lack of financial and technical resources.

Municipalities' main expenditure items are confined to administration of the municipality and spending on public services, such as roads and water supply and sanitation services. These expenditure items can be grouped into six main categories (administration, public health, sanitation, construction, water, other[33]) (see Fig. 5.10).

5.3.2.1 Extravagant Spending in Kushinagar

With an accumulated deficit of -206 rupees (between 1991 and 2008), Kushinagar is the highest spending municipality with expenditure of 325 rupees per inhabitant in 2007–2008 (at constant prices). In 1991–1992, when revenue was low, three-quarters of all spending (or 414,348 rupees) went on road cleaning, which, at the time, mainly consisted of clearing rubbish from public roads. Administrative operations accounted for just 14 % of total spending (or 75,659 rupees), only slightly more than the 59,777 rupees (11 %) spent on running the water service. Then, increases in available revenue progressively led to a rebalancing of spending. Spending on waste collection fell and other expenditure items were introduced. Thus, road construction costs increased almost continually, to the point where they constituted 50 % of all spending in 2007–2008, or 9.5 million rupees. It is highly interesting to note the stable and proportional rise in administration expenses, which accounted for 11 % of planned expenditure in 2007–2008. Whilst only a small part of the budget (5 %) was spent on the municipal water service, expenditure on public health remained a priority in 2007–2008 as, with 4.5 million rupees budgeted, it accounted for nearly a quarter (23 %) of all spending.

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[33]The precise definition of these six main spending categories is provided at the start of this chapter, in the section outlining the data collected.
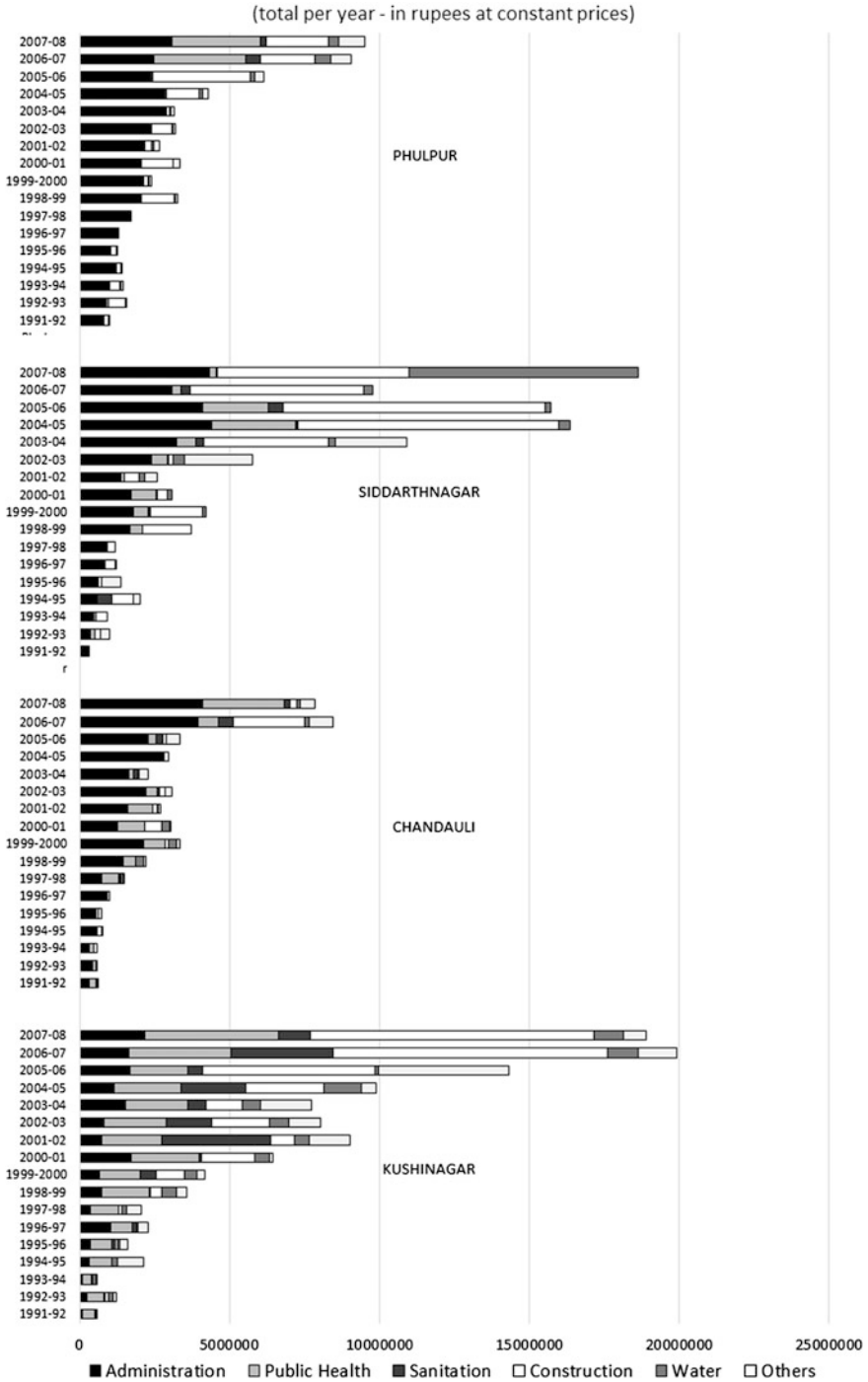
Fig. 5.10 Breakdown of each municipality's expenditure. *Source* Financial records from each municipality

5.3.2.2 Chandauli or the Administrative Monster

In contrast to Kushinagar, Chandauli has apparently been extremely economical in its management of public money. In 2007–2008, the town spent only 98.4 rupees per inhabitant (in constant prices). In total, between 1991–1992 and 2007–2008, Chandauli's accounts showed a profit. However, far from attesting to apparently disciplined financial management, this surplus is instead an indication of the municipality's inability to utilise the funds available to develop the town. It is striking to note the lack of change in the breakdown in spending, which has remained relatively the same despite the increase in financial resources. Whatever the year, administration costs account for the majority of all spending: over half in 1991 with 55 %; 92 % in 2004–2005[34] and 52 % in 2007–2008. In total, between 1991–1992 and 2007–2008, nearly 59 % of available financial resources were used solely to cover the cost of the administration's activities. In fact, the Nagar Panchayat administration's spending essentially increased in proportion to overall municipal costs: between 1991–1992 and 2007–2008, the total amount of expenditure increased by 13.3 and administration costs grew by 12.7. Thus, comparing two towns of similar size, in 2007–2008, Kushinagar spent only 2.2 million rupees on administration operating costs, whereas Chandauli spent almost double that amount, namely 4.1 million rupees. Chandauli municipality's reputation for efficient management has consequently been somewhat tarnished by its massive administrative expenditure. In 1991, the remaining available funds were mainly spent on road maintenance (39 %); more specifically, on road sweeping as public lighting was only installed in 2007–2008. Over the years, road cleaning would continue to constitute the main item of expenditure and, in 2007–2008, it still accounted for 35 % of municipal spending. Expenditure on construction finally rose in 2007–2008 to account for 28 % of total spending, before dropping to only 3 % the following year as a result of various associated issues (tension between the Mayor and devolved civil servant).

Similarly, "other expenditure" also appears as a comparatively large spending item, accounting for a total of 7 % of accumulated expenditure. In reality, this miscellaneous item is used to conceal mostly short-term spending that sometimes concerns only the Mayor, either symbolically (organisation of an event to celebrate the Mayor's largesse) or directly (buying clothes for the Mayor's wife[35]). Lastly, it is also worth noting that expenditure relating to operation of the water service constitutes a relatively small part of total municipal spending.

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[34]This was the year prior to elections and this figure supports rumours that funds were misappropriated to finance the Mayor's election campaign.

[35]Details of this expenditure was documented in a written exchange between the Mayor and the District Magistrate following a complaint from the Executive Officer, who accused the Mayor of misappropriating public funds and requested that a First Investigation Report be initiated to review his suspected corruption.

5.3.2.3   The Ease of Expenditure in Siddarthnagar

As in Chandauli, Siddarthnagar has accumulated a sizeable surplus over the years. However, whereas fewer than 100 constant rupees per inhabitant were spent in Chandauli in 2007–2008, in Siddarthnagar, this figure stood at 273. Siddarthnagar's expenditure breakdown is also radically different to that of Chandauli. A large portion of the budget was very quickly allocated to the construction of roads and nalas. This accounted for 41 % of spending in 1993–1994; 44 % in 1998–1999 and 53 % in 2004–2005. All in all, between 1991–1992 and 2007–2008, construction costs were Siddarthnagar's largest expenditure item, making up 41 % of total spending and coming in ahead of administration costs (32 %).

Thus, the majority of Siddarthnagar's spending is on infrastructure development. Whilst administrative costs accounted for over 85 % of expenditure in 1991–1992, they constituted only 23 % in 2007–2008. However, in quantitative terms, the amount remains very similar to that seen in Chandauli: 4.3 million rupees in total, or +63.4 rupees per inhabitant in constant prices. Siddarthnagar is able to spend such a high amount on administrative costs and yet not reduce its infrastructure expenditure simply because the municipality has the financial resources available to do so. Another permanent expenditure item that has constantly been included is that of public health and sanitation. Spending levels on "other expenditure" have varied over the years. Up until 1999–2000, there was no expenditure on water service operations included in the accounts. However, in 2007–2008, this accounted for nearly 42 % of spending. This increase is due to the fact that the pipe replacement work undertaken by Jal Nigam as part of the UIDSSMT, although paid for directly by the Directorate of Local Bodies, was nonetheless included in the municipality's financial report.

5.3.2.4   Subsistence Spending in Phulpur

In contrast to Siddarthnagar and Chandauli, Phulpur has a fragile budget balance. In 2007–2008, Phulpur spent 141.53 per inhabitant in constant terms, which is more than Chandauli but less than Siddarthnagar and Kushinagar.

In Phulpur, the vast majority of spending goes on administration of the town. Although spending on construction has occasionally led to a reduction in administration expenditure, prior to 2004–2005 (the year of the municipal elections), spending on administration never fell below 60 % of all expenditure. The subsequent years saw a twofold increase in spending on construction and public health. This was made possible by an overall increase in revenue and thus helped lower the proportion spent on administration.

In 1991–1992, when Phulpur's total revenue stood at 81 rupees per inhabitant and the town spent 57.75 rupees per inhabitant, 83 % of spending went on administration costs. In 2007–2008, the municipality had double the amount of revenue with 150 rupees per inhabitant (at constant prices) and spent 141.53: 32 % on administration; 31 % on road cleaning; 2 % on water tank maintenance; 22 %

on construction; 4 % on the water service and 3 % on other types of expenditure. In other words, the situation in Phulpur clearly shows that the variable of greater available resources enables a wider range of more balanced expenditure. In 2004–2005, the municipality spent beyond its means and found itself in deficit, having financed the construction of major visible infrastructure, such as new roads and water pumps. This was a result of the Mayor's strategy at the end of his mandate to substantiate his role within the municipality and gain re-election. Similarly, in 2005–2006, the newly elected Mayor set out to distinguish himself from his predecessor at the end of his first year in office by authorising spending on required and previously overlooked work, such as repairing damaged infrastructure. He also allocated funds to construct new roads. In subsequent years, priority was given to maintaining this infrastructure with a sharp increase in the amounts allocated to public health and sanitation.

Although spending on construction increased from 2004–2005 onwards, this ultimately still only constituted 23 % of all expenditure between 1991–1992 and 2007–2008. Administration is the highest expenditure item, accounting for 56 % of total spending. Expenditure on public health accounts for 11 %, sanitation only 2 % and the water service just 3 %, with the remaining 5 % being spent on miscellaneous costs.

5.3.3   Analysis: How Much Budgetary Devolution is There in the Small Towns?

5.3.3.1   Between Specific Features and Patterns

Municipalities' budgetary choices reflect their specific features (for instance, some spend far more on administration than others), which nonetheless need to be qualified (see Box 5.7).

> **Box 5.7: Summary of the specific features of each town's budget**
> ➔ Kushinagar municipality appears to be efficient in its spending as the majority of available resources go towards urban development rather than administration costs. Kushinagar's accounting deficit is thus the result of major investment in town infrastructure. Spending on road and nalas construction has continued to rise over the last few years, as has expenditure on infrastructure maintenance (such as solid waste collection, upkeep of the nalas and public lighting). Compared to road-related expenditure, the public water service accounts for only a small proportion of municipality spending.
> ➔ Analysis of expenditure in Chandauli reveals a municipality whose administration costs eat up the vast majority of available revenue without it being any more efficient than in other towns (it is also worth reiterating that the Mayor was suspended for financial malpractice). Spending on

development (on roads, road paving, nalas construction, and the installation of public bins and lighting, for example) has been swallowed up by the voracious appetite of the municipal administration. Only since 2007–2008 have grants been used to improve existing infrastructure. The positive balance of Chandauli's accounts is thus deceptive as it masks the lack of urban development projects.

➜ As the wealthiest of the four municipalities in the case studies, it is unsurprising that Siddarthnagar's spending appears to be both balanced and diverse. Although the town's administration costs are (quantitatively) as high as those in Chandauli, this does not seem to adversely affect any of the other expenditure items and spending on construction remains high. Spending decisions are less problematic in Siddarthnagar as it has far greater financial resources available than other towns.

➜ The breakdown of expenditure in Phulpur illustrates the importance of this variable of available financial resources. Prior to the increase in its revenue, the majority of the municipality's spending went on administration, and particularly on running the town hall. However, as soon as it became financially possible, the municipality began spending most of its budget on infrastructure construction and maintenance.

The situation in Phulpur demonstrates the extent to which the municipalities are dependent upon financial transfers.

The common feature of all the towns studied is that spending on road construction, i.e. expenditure on both roads and nalas (and, to a lesser extent, on their cleaning and lighting and sanitation), steadily appears to be becoming the municipalities' main priority (see Fig. 5.11 and Table 5.4).

Between 1991–1992 and 2007–2008, administration costs accounted for 59 % of aggregated expenditure in Chandauli, 56 % in Siddarthnagar, 32 % in Phulpur and only 13 % in Kushinagar. Construction costs constituted 41 % of expenditure in Phulpur, 32 % in Kushinagar, 23 % in Siddarthnagar and only 9 % in Chandauli. It is also interesting to note that public health continues to be a priority in Kushinagar, accounting for 25 % of spending. In contrast, public health expenditure stands at 19 % in Chandauli, only 9 % in Phulpur and 11 % in Siddarthnagar. Although sanitation accounts for 12 % of spending in Kushinagar, this constitutes only 2–3 % of expenditure in the other towns. The total of 6 % of expenditure is thus misleading. Apart from Kushinagar, none of municipalities consider the sanitation service to be a priority. Lastly, spending on the water service, which accounts for only 6 % of total expenditure, remains extremely low in all the towns studied, with the exception of Phulpur where it stands at 10 %. This low level of spending is reflected in the poor quality of the water services provided.
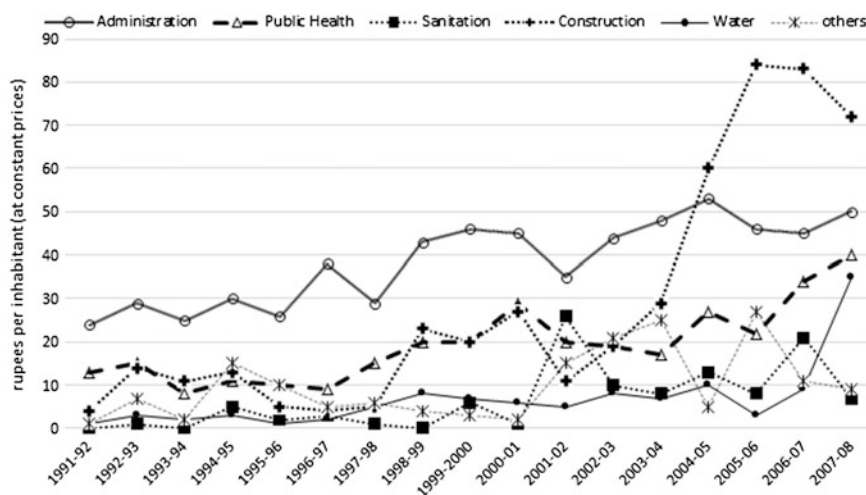
Fig. 5.11 Spending on the main budget items (average for the four municipalities in constant rupees per capita). *Source* From figures provided by the accountant in each municipality

Table 5.4 Summary of the four towns' aggregated expenditure between 1991–92 and 2007–08

	Kushinagar (%)	Chandauli (%)	Phulpur (%)	Siddarthnagar (%)	Total (%)
Administration	13	59	32	56	35
Public health	25	19	9	11	16
Sanitation	12	3	2	2	6
Construction	32	9	41	23	29
Water	6	3	10	3	6
Other	12	7	6	5	8

Source From figures provided by the accountant in each municipality

5.3.3.2 Grants and Devolved Administration: Major Misappropriation

Although small towns do not take out loans and thus have to set no money aside for debt repayments and despite steadily increasing financial support from the regional and central governments, administration costs continue to constitute a major item of expenditure. Between 1991–1992 and 2007–2008, administration costs accounted for 59 % of aggregated expenditure in Chandauli, 56 % in Siddarthnagar, 32 % in Phulpur and only 13 % in Kushinagar. Construction costs constituted 41 % of expenditure in Phulpur, 32 % in Kushinagar, 23 % in Siddarthnagar and only 9 % in Chandauli. Rather than blaming insufficient amounts of devolved financial resources, the scientific literature on this subject, essentially based on case studies in

Africa (Uganda, Tanzania), sometimes links an increase in grants to potential malpractice within the local administration, which views these grants as a means of harnessing revenue (Fjeldstad and Rakner 2003). Therefore, increasing grants could result in corruption as the administration may be tempted to misappropriate some of the financial transfers for its own use.

This type of situation can also be found in the small towns of Uttar Pradesh, with a few variations. In Chandauli, for instance, the fact that the majority of available resources go towards managing the administration is due more to misappropriation of funds by the local government than to insufficient financial transfer allocations. In theory, the towns all have similar operating costs, thus it is not necessarily the poorest municipalities that have to spend most of their revenue on this expenditure item (e.g. Phulpur only spent 32 % on operating costs between 1991–1992 and 2007–2008, sacrificing spending on other development items to do so). In practice, some of the best subsidised municipalities, which thus have strong budget capacity, continue to spend a large part of their revenue on administration costs (e.g. Siddarthnagar spent nearly 56 % on these between 1991–1992 and 2007–2008). Closer analysis of administrative expenditure trends also shows that this spending often increases at the end of the mayor's term in office and then falls just after the elections, before steadily rising once more up to the time of the next election. However, an increase in regional financial support does not always result in increased spending on administration as some municipalities have also successfully invested the devolved funds into development (e.g. Kushinagar). It would therefore be premature to claim that there is a strict correlation between increased grants and a rise in misappropriation of funds through spending on administration. In contrast, the disparities in the amounts spent on administration costs clearly illustrates the extent to which the management efficiency of local governments differs from town to town and this regardless of the level of grants awarded to the municipalities.

5.3.3.3   Regional Reticence and Local Competencies: How to Divide the Budget?

Although administration remains a major expenditure item, increasing the towns' budget capacity has led to greater attention being paid to non-administrative budget items as municipalities work to ensure they are able to carry out their new functions. The direct beneficiary of this increase in financial resources has been the roads-related services (construction of roads and nalas, road cleaning and street lighting). This budgetary focus on roads is, in reality, a result of the regional government's reluctance to devolve all eighteen functions included in Article 243 W of the 74th Amendment to the municipal governments. In Uttar Pradesh, only seven of these relatively secondary and non-technical functions have been

fully devolved to the municipalities.[36] Public health-related activities, which mainly involve road cleaning, were the local governments' main focus even before the decentralisation reform. In contrast, most of the more technically complex, major responsibilities (such as water supply, slum upgrading or urban planning) have only officially been partially transferred, meaning that, in practice, the regional government has retained all the decision-making authority (due to there being no institutional coordination procedures and a lack of willingness from state bodies).[37] Spending on administration and roads is high because these are the municipalities' main activities in Uttar Pradesh, being among the few functions that the regional government has committed to devolving to the local level as it seeks to retain relative control, which ultimately has only served to make the division of responsibilities more confused.

The only major change with regard to the prereform period is the introduction of large-scale municipal spending on road infrastructure construction, made possible by the increase in financial resources and the relatively non-technical nature of the work involved. This is in contrast to spending on other infrastructure that requires specific technical expertise and a major one-off investment (e.g. water network extension) or on road-related infrastructure that involves fewer technical skills and less but continuous investment (as deterioration caused by daily use means roads in small towns constantly need to be repaired). Road infrastructure construction is thus a responsibility that the local government has been easily able to assume following decentralisation as it has the technical and financial capacities required. Ultimately, this breakdown of budgetary resources is more or less in keeping with fiscal federalism theories: "each public service should be provided by the jurisdiction having control over the minimum geographical area that would internalise benefits and costs of such provision" (Oates 1972).

5.3.3.4   Road Construction and the Local Political Market

Local elected officials have adapted well to these restricted budgetary decisions and allocate the majority of their non-administrative budget to road construction and cleaning. However, it is also in both their political and economic interests to direct budget funds towards this sector.

For the same electoral reasons that prompt the Mayor to establish "fiscal populism", indirectly endorsed by the "grant system", the local government focuses on the most visible budgetary decisions as a means of ensuring it is not punished at the polls. Road infrastructure and road maintenance are highly visible to inhabitants on

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[36]These include responsibility for the development of parks and similar public places, the promotion of aesthetic, educational and cultural activities, cremations and cemetery management, animal welfare, management of birth and death registers and public amenities (public lighting, bus stops, etc.).

[37]This situation can also be found in large cities (for example, see Kennedy 2004; Huchon and Tricot 2008).

a daily basis and roads is an area over which the municipality has most control. However, it is necessary to make a distinction here: the roads-related services provided by the municipality are not directly shaped by the individual preferences of the population (as supporters of decentralisation tend to believe), but rather by the political and financial gains that can be made by the local elected officials (and by their technical capacity to deliver them).

The scale of nalas and road construction expenditure is also linked to the extensive autonomy enjoyed by the municipalities within this sector, which makes it easier to misappropriate public money. As the administrative team and private entrepreneurs (which are also sometimes local councillors) are socially and spatially close, the award of public contracts is extremely financially attractive for the Mayor, who is the main beneficiary. Municipal managers are paid commissions ("baksheesh") for each construction project. Ultimately, therefore, although 29 % of expenditure between 1991–1992 and 2007–2008 was officially allocated to constructing roads and nalas, in reality, the amount spent on actual infrastructure was somewhat lower. Thus, the slight decrease in administration-related expenditure needs to be put into perspective as this does not automatically indicate any greater efficiency within the administrative team. In practice, actual spending on this item is far higher as a result of the commissions received by the (official and unofficial) local administrators for other budget items.

All in all, despite the differences in budget, due mainly to weaknesses within the local administrations and their disparate levels of financial resources, public expenditure management within the small towns is governed by similar mechanisms and constraints. The growth in subsidies that accompanied decentralisation has helped increase the municipalities' budget capacity (and, in some cases, can also lead to corruption regardless of the amounts awarded); however, this has not helped provide these municipalities with the technical resources required to take over all the functions outlined in the 74th Amendment (whatever the town). In practice, therefore, the municipality's budgetary autonomy is mainly confined to roads-related services, namely road cleaning (which was the municipality's responsibility even prior to the decentralisation reforms) and construction (the main budgetary change resulting from the reforms), which, to an extent, is a real "subversion of the democratic decentralisation process" (Shastri 2011). Both municipal and regional governments have adapted very well to this post-decentralisation reduced budget situation. It enables the regional administration to retain control over the functions that were meant to be devolved to the municipalities, sometimes by totally bypassing the municipal institution to work directly at local level (as is the case with the Kanshi Ram programme). It also enables local councillors to escalate any technical issues to the regional administration and makes it possible for them to focus their local budgets on roads. Not only does this benefit these municipal councillors politically, as roads is an area that is highly visible to the electorate, but it is also financially attractive due to the high levels of local corruption involved in the procurement process. Only the inhabitants appear to gain

little advantage from this situation, having to settle for, yet seemingly satisfied with, basic services of average quality and a minimal, but nonetheless operational, public service in their town.

5.4 Conclusion

Analysis of each municipality's accounting data provides a credible overview of the financial changes that have taken place as a result of decentralisation.

As with the management of public services, local authorities have been struggling with the technical aspects of the accounting reforms. The scale of these technical issues, which are related to a lack of suitable human resources, is best illustrated by the municipalities' failure to implement the property tax. Without trained staff to take on this vital responsibility, budgetary management in these small municipalities will continue to lack transparency and benefit only a small corrupt elite rather than helping improve conditions for the towns' residents, who fail to understand why they should make an effort to pay taxes, which they consider to be unfair and serve no purpose.

With the advent of local electoral issues in the mid-1990s, tax arrangements have gradually developed to embrace fiscal populism, whereby elected officials have reduced the majority of household taxes, either because, like the property tax (which is anyway too technically complex to implement), they are unpopular or for more symbolic reasons, as with water service user charges. Over the years, this reduction in fiscal revenue (in constant terms) has been offset by imposing higher taxes on the town's economic activities, even if, quantitatively, these taxes remain very small. A whole range of commercial taxes, such as those imposed on markets or private vehicle parking, thus generate the majority of the municipality's own low resources.

However, this low taxation has only been made possible by the continual increase in financial support from the regional government, which renders the municipalities "financially dependent". This rise in financial transfers, which constituted an average of over 90 % of available municipal resources in 2008–2009, has ended up fuelling an unequal "grant system" that reflects the increased sense of competition that has arisen between towns since decentralisation. Some municipalities have benefitted more from this system than others. This is mainly due to the development decisions made at the regional level, even though each town has its own specific capital (relational, political, economic, administrative, etc.) that it is able to strategically employ when required.

Ultimately, the increase in this dependence on funding from the state of Uttar Pradesh largely dominates the fragile development of local governments' slow empowerment. Municipalities still sorely lack the human resources required to achieve any sort of autonomy. Thus, it is unsurprising that budgetary autonomy is also limited, mainly to spending on administration operations and urban roads; spending that has increased considerably with the rise in financial transfers. The

recent development of roads-related services, although still only poor, nonetheless constitutes a significant step forward for these disadvantaged small towns. However, the real beneficiary of this rigid situation is, undoubtedly, the State government, which, through its involvement via its wide-ranging financial support, continues to retain control over the local governments.

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Chapter 6
Building the Town of Tomorrow: The Difficult Development of Small Municipalities

Abstract This last chapter concludes the book with a cross-cutting summary of the main findings of the research by responding to all of the questions outlined in the introduction above. The section begins by reviewing the political implications of transferring local governance powers to the small towns studied. This is followed by a review of the way roles and responsibilities have been reallocated between the local institutions and traditional public stakeholders. Together, this information provides an understanding of the municipal set-up whilst highlighting the specific features of small towns in India. Finally, this summary concludes with a call for studies to better take "small towns" into account as this legitimate area of review provides numerous new possibilities for urban research.

Keywords Uttar Pradesh · Basic urban services · Small towns · Municipalities · Decentralisation effects · Multi-level analysis

At a symposium on provincial urbanisation held at the School of Planning and Architecture in Delhi, a mischievous professor amused his audience when he claimed that it sometimes seemed to him that the urban authorities had washed their hands of small towns by entrusting them to the god Vishvakarma. This light-hearted comment concluded a discussion on the lack of attention being afforded to small towns. In this book, we have indeed shown that, far from receiving divine intervention and despite their constitutional recognition, the municipal institutions within these small towns are still very weak and unable to change the towns' physical organisation in their current state.

With the 1992 urban decentralisation laws, the Government of India was eager to avoid the pitfalls previously encountered during implementation of a centralised management model under which towns had no autonomy. As well as devolving major technical responsibilities to municipalities, the aim of the reforms was to democratise local institutions and involve inhabitants in decision-making in order to enhance the legitimacy of these municipalities and improve their capacity to devise tailored management policies to meet local needs. In this context, it could be assumed that urban management would be improved in small towns precisely

because of their smaller size, which implies greater proximity between users and operators. In reality, however, analysis has tended to robustly qualify these appealing assumptions and highlighted a number of difficulties that are specific to small towns. Whereas large towns and cities often inherit stable administrations, in small towns, everything needs to be built from scratch. This means that, in practice, taking on new, devolved responsibilities poses numerous technical (lack of human resources), economic (lack of financial resources), political (decision-making bodies taken over by local prominent figures) and, more broadly, institutional challenges (no clear division of responsibilities) that all reduce the impact of the reform.

In contrast to the approach advocated by the devolution of powers, the small municipalities studied play virtually no part in planning and developing public services. However, the reform is helping to steadily politicise the population, which could ultimately result in new reorganisations of power. In other words, decentralisation in small towns poses challenges that are both political and technical in nature and that need to be taken into account throughout the long reform process.

6.1   A Democratic Challenge

6.1.1   The Development of Political and Economic Entrepreneurship

In towns previously managed by the district administration, the greatest change since municipal elections were introduced appears to be the emergence of a local democracy, physically embodied by the Nagar Panchayat building that houses the elected municipal council. Strong regional political willingness to restore local powers (by expanding the electoral quotas for women and Dalits to other traditionally marginalised groups, such as the OBC) has thus helped new figures, such as leaders from the lower castes, gain access to prime political posts. However, in small towns where virtually feudal village traditions remain strong, this still nascent local democracy is currently struggling to trigger any true reorganisation of power.

Despite the introduction of quotas, the figures in positions of power remain the same, as local leaders (usually from among the traditional elite, local businessmen and landowners) continue to monopolise municipal bodies, which they above all see as being a source of income and means of elevating their social status. From a sociological perspective, it appears clear that the reorganisation of municipal powers has helped consolidate an endogamous economic oligarchy that revolves around the mayor. Thus, it is often the same powerful families that continue to monopolise local authority, leaving little room for new potential leaders. This propagation of local elites, the "masters of the countryside" (Harriss-White 1996), is made possible by the active patronage networks in place at the local level that have led to the development of a widespread and virtually institutionalised system of local corruption.

Although democratic decentralisation has tended to strengthen the political rule of traditional elites, that these same elites have physically appropriated public services for their own ends (through "elite capture") is less evident. In practice, due to the lack of technical expertise within the local authority, these elected officials still have few decision-making prerogatives. Thus, local councils' decision-making authority is mostly limited to the services that require fewer technical capacities to put in place, such as road infrastructure or water tanks, and for which the municipalities have greater scope for action. Paradoxically, the economic influence of small-scale local corruption, coupled with the increase in funds transferred by the regional government,[1] tends to help ensure that municipal projects benefit the entire population, including those groups traditionally discriminated against, such as the Dalit or Muslim communities. The commission system used when awarding public procurement contracts (a by-product of reallocating local administrative powers to elected officials) acts as a "lubricant" for expanding these services, albeit at the expense of their quality, which is reduced as a result of the baksheesh that has to be paid to municipal council members. These conflicts of interest have facilitated the emergence of new "economic entrepreneurs", as can be seen in Phulpur, for example, where the mayor, a former lawyer, has set up a construction firm since being elected.

In addition to this economic aspect, it is also in the local elected officials' political interests to ensure they do not discriminate against part of their electorate. This is particularly true of the official who is eager to further his political career within the regional party to which he belongs and whose guidelines he is to follow. Behind this facade of local democracy, the regional political parties are increasingly working to gain a foothold in the municipalities in order to oversee urban affairs. Through its members on the municipal council, the regional ruling party (which, during our research period, was the Bahujan Samaj Party or BSP[2]) is thus a dominant presence within the municipalities and has fostered the emergence of strategically aligned municipal "political entrepreneurs".[3] There is no doubt that regional politics and conflicts are increasingly making themselves felt at the local level. It is also striking to note that, following its loss of influence within Uttar Pradesh, its former traditional stronghold, the Congress party is virtually absent from each of the towns studied (with the exception of two elected officials in Siddarthnagar), whereas support for other caste-based parties has grown (Pai 2002); parties such as the BJP, the SP and, of course, the BSP. However, in contrast to the regional level, where new elites from very low castes have risen to power (as best

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[1]This has been facilitated by a marked increase in devolved funding, particularly since 1998–99 (when recommendations from the Uttar Pradesh 1st State Finance Commission were implemented), which has helped reduce administration costs and increase expenditure on construction.

[2]Although the BSP led the regional government during the research period, it has since been replaced by the Samajwadi Party, which won the 2012 elections.

[3]The mayor's allegiance to the ruling party can help ensure he obtains regional grants during his term in office. When the BSP lost the 2012 legislative elections, the party thus also suffered losses in the subsequent municipal elections, which were won by the new regional ruling party, the SP.

illustrated by Mayawati), the "political entrepreneurs" of small towns continue to come from the traditionally dominant oligarchy and their political success appears closely linked to their economic influence.

The decisions made by municipal elected officials are, therefore, the result of a compromise as they have to accommodate state ruling party incentives, the electoral ambitions of municipal representatives and the economic interests of local entrepreneurs.

Municipal elected officials' management thus tends to support the observation that "local performance depends on the incentives facing decision-makers, which in turn depend on the financial, institutional, and political environments in which decentralization occurs" (Litvack and Seddon 1999, p. 66). The emergence and development of this "political and economic entrepreneurship" is one of the main changes generated by the reform. It fosters a coalition of multi-level interests, both for municipal and regional policy-makers and, to a lesser extent, for the local people, who benefit only indirectly.

6.1.2 A Citizenship that is Specific to Small Towns?

Apart from at local elections (every 5 years), very few of the citizen involvement mechanisms promoted by decentralisation theory appear to be in place. In contrast to cities with more than 300,000 inhabitants where the Ward Committees theoretically provide ward residents with a platform to voice their local needs (although with little real success, see Sivaramakrishnan 2006), the only consultation mechanism set out by the reform for small towns is the municipal election.

In these towns that, just a few years ago, were still villages without roads and with no electricity, the majority of inhabitants continue to see the (albeit poor) everyday improvements being made as a sign of the dominant groups' benevolent largesse. Thus, citizen participation currently remains extremely limited. People are willing to submit to the authority of powerful local figures because these leaders ultimately ensure that the ward's roads are repaired, new street lights are installed or blocked drainage channels are cleared. The municipality's installation of public standpipes in wards with poor water supply coverage illustrates the positive day-to-day mediation role that has been taken on by local elected officials since decentralisation (Benjamin 2004; Berenschot 2010). The ward representative's political networks are also sometimes used to obtain extra-municipal infrastructure for the ward through special funding provided by MLAs and MPs. Although such examples remain rare, these MPs usually prefer to finance the more prestigious types of amenity (such as sports grounds and wedding venues, etc.). Similarly, rather than question feudal links to the local elites, portraits of Mayawati are displayed throughout the Dalit wards as a way of thanking her for her actions. This demonstrates that political decentralisation is now having an impact as the local level is becoming both the product and subject of power struggles between social groups and individuals, not all of whom are local and who are helping to place the

town within a resolutely multi-level and shifting architecture of power. Overall, the population is becoming progressively more politicised as a result of the benefits granted by the political parties.

These developments reflect the consolidation of a form of political clientelism that, by revealing the indirect influence of the regional parties, suggests it is a "political society" (as defined by Chatterjee 2004), rather than a hypothetical "civil society", that is emerging in these small towns. The nature of these small towns means that there is virtually no "middle class" as there is in large towns and cities where groups of people considered to be middle class are involved in active local organisations, such as Resident Welfare Associations. There are also no external non-governmental organisations (NGOs) as the traditional areas in which these NGOs work still do not usually cover small towns and their issues. It thus appears that a form of citizen participation is progressively emerging that is specific to small towns. Local residents, unaware of how to make use of the opportunities to get involved through the legal channels provided by the reform (unlike the RWAs or NGOs in large towns and cities), are compelled to surrender some of their rights in return for votes at the elections. Planners' neglect of small towns thereby indirectly relegates these towns' inhabitants to "second class" citizens, both figuratively (afforded lower priority) and geographically (distanced from the decision-making centres in large towns and cities), as has already been seen in the slums of India's metropolises (Zérah et al. 2011). Thus, the reform as it is designed appears not to be able to limit another form of "urban exclusion" (Kundu and Sarangi 2005). Looking beyond India, there are legitimate concerns that, over the long term, a two-speed urbanisation process could potentially lead to two-tier citizenship, with the active involvement of people in cities linked to the global economy and providing the best services on the one side and the exclusion of people living in outlying and overlooked towns on the other. However, the progressive increase in awareness among towns' inhabitants could also continue to help widen a new window of political opportunity for more participation and thus shape the technical transformation of small towns.

6.2   A Technical Challenge

6.2.1   A Lack of Financial Autonomy

Overall, when it comes to investing in major infrastructure, such as the water supply network, municipalities are extremely dependent on regional government priorities and can struggle to raise the 10 % contribution sometimes required under the financial terms of the project.

Paradoxically, since being given greater fiscal autonomy, the municipalities' local tax revenue has stagnated or even fallen at each local election (in constant rupees). Neither the property tax, intended to replace the now abolished octroi as

the municipalities' main source of tax revenue, nor monthly water charges are being effectively collected in any of the towns. In each of the four towns studied, local elected officials are loath to tax their electorate for fear of harming their chances of re-election. This "fiscal populism" strategy is further facilitated by the fact that municipal councillors are able to rely on a secure system of regional grants that have increased significantly since the 1990s and now account for virtually all of the municipalities' available resources (90 % on average in 2008).

The argument of improved service provision in return for paying higher local taxes appears to have little relevance in these small towns. Not only does the local administration lack the accounting expertise required to ensure fair, inclusive and effective tax collection, but the predominantly poor inhabitants are also reluctant to hand over any more of their meagre incomes to a municipal council they believe to be corrupt.[4] The differences in the local authorities' fiscal performances are mainly due to the methods used to tax business activities (trade licences, parking spaces). Some municipalities have comparative advantages because of their status as an administrative centre or tourist area; they also provide a vital market (bazaar) for the surrounding rural areas and can thus raise higher revenue by implementing and collecting commercial taxes.

For similar reasons, the interest-free public loan, or revolving fund, recommended by the Uttar Pradesh State Finance Commission has not been a success, as these small municipalities have rarely repaid the amounts borrowed. It is therefore clear that discussions on privatising or delegating the management of infrastructure to private operators in these small towns are irrelevant, as the new economic policy on public service management introduced in the 1990s was really only applicable to a few Indian cities (mainly the metropolises, where even here the approach has not been a success; see, for example, Zérah and Renouard 2014). It also appears highly premature to consider attempting to attract the types of private investor seen in some larger towns and cities, as, due to a lack of both qualified staff and transparent local budget management, these small municipalities still have not set up the proper accounting procedures required to reassure external donors. Similarly, decentralised cooperation arrangements, bilateral aid and major urban projects funded by international donors such as the World Bank rarely include small towns, which suffer from a statistical bias that renders them invisible and overshadowed by large cities.

6.2.2 A Significant Lack of Human Resources

Linked to this lack of funding is the municipalities' severe shortage of human resources, which is not only hampering the decentralisation of services but, in some

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[4]The fact that certain elected officials have been prosecuted whilst in office (e.g. the mayor of Chandauli, who was charged with embezzling public funds in 2009) only serves to heighten this distrust of municipal leaders.

cases, is also disrupting and impairing the effective management of those services that have already been devolved.

The municipalities have now been assigned a number of technical responsibilities, but lack the human resources and skills required to successfully carry out their role. Despite having been able to recruit more local staff over the last 20 years, local authorities still cannot afford to hire qualified engineers to oversee maintenance of the technical infrastructure. As a result, the quality of the services managed by the poorly trained local employees is often low: the poorly maintained water supply network becomes damaged, letting in wastewater and leading to technical problems (making people reluctant to use it, as seen by the low connection rate of between only 18 and 45 %); the poorly planned installation of the *nalas* systems, although vital for discharging wastewater, fails to prevent the roads from flooding (and gives rise to the majority of inhabitants' complaints); more generally, all development work is hampered by a lack of expertise (for instance, the quality of the roads is very poor because the local firms that build municipal roads are unfamiliar with regional construction standards) and the poor capacities of the local administration within the region's small towns.

However, the blame for most of these shortcomings lies with the poorly adapted municipal legislation, which fails to take the issues encountered in non-metropolitan areas into account and thus is ill-suited to small towns (which remain unfamiliar with its content). Introduction of the reform, therefore, has not helped the new municipal institutions integrate into the existing institutional system. The public service agencies, most of which were created by the state of Uttar Pradesh in the 1970s, are reluctant to work with these new local institutions, which they see as encroaching on their responsibilities. Instead of working together, there is a lack of coordination between the municipality (who, in theory, knows *what* to do at the local level) and the technical agencies (who know *how* to do it), which tends to create a sense of competition or mutual distrust (that is exacerbated by caste-based conflicts between the inhabitants of small towns, who are mainly from the lower castes, and the engineers, who are still poorly represented in spite of the electoral quotas). As a result of the municipalities' lack of expertise and failure to cooperate with the engineers, major infrastructure projects are still predominantly implemented by the state through its technical agencies, which rarely consult with the local authority. For example, when designing the layout of the water supply network, engineers use the population forecasts and technical guidelines provided by the regional parastatal agency and thus seldom involve the municipality.

6.2.3 Municipalities have Limited Powers

The reorganisation of technical services thus appears somewhat muddled and, as a result, the municipalities have mainly taken on those responsibilities either overlooked by the state technical agencies (such as repairing the regional roads that pass through the town and which are poorly maintained by the Public Works

Department, or putting a makeshift sewer system in place as this is not considered a priority by Jal Nigam) or which these agencies have been forced to hand over (management of the water supply scheme), etc. The small size of the Nagar Panchayat buildings (that contain just a few basic rooms) is a reflection of the municipal administrations' poor technical capacities (there is no separate department for each service) and contrasts with the better equipped town halls seen in towns of similar size in other states that have been more proactive in developing their small towns (such as in West Bengal, for instance)—it being the extent of the state's involvement that primarily determines the success of any reform.

In each of the four towns studied, all decisions to upgrade the poorest wards under a special regional programme or prioritise the development of a specific area, such as the tourist area in Kushinagar, have been made by the state rather than by the municipality. Similarly, the differences observed in the poor public services within towns of similar size are due less to the municipal administration's local management than to the fact that the state does not invest in all towns equally. Preferential treatment is predominantly given to towns with administrative district capital status or with tourist capital, as these are the towns considered a priority for large-scale infrastructure improvement projects (such as the central Urban Integrated Development Scheme for Small and Medium Towns (UIDSSMT) programme or the mega "Maitreya" tourist project in Kushinagar) and that generally have better electricity supply. Substantially different levels of funding have been provided for water supply networks, for example, as illustrated by their distribution capacity, which varies widely from town to town (70 L per capita per day in Phulpur, 135 L per capita per day in the district capitals and 200 L per capita per day in the tourist area of Kushinagar).

These disparities between towns of similar needs also reflect the inequalities that have crept into Uttar Pradesh's regional grant system since the 1990s. Although these grants have increased, the formal grant allocation mechanisms are frequently bypassed to meet regional political priorities, thus generating competition between municipalities. Comparative analysis of the four towns studied shows that they are not all equally equipped to seize these funding opportunities as the regional government does not consider them to have the same (territorial, administrative, economic or political) importance and this can ultimately lead to substantially different levels of grants being awarded to cover the same basic needs.

Thus, in 2007–08, Siddarthnagar had revenue of 1,134 rupees (in current terms) per inhabitant, whereas other towns, such as Phulpur and Chandauli had only around 350 rupees (a gap that contrasts with the period at the beginning of the 1990s when all the towns had the same resources, namely about 50 rupees per inhabitant). The process underway appears, therefore, to be exacerbating disparities between the towns despite their similar size. The greater a municipality's financial difficulties, the harder it will find it to lift itself out of poverty. Its fixed administrative operating costs eat up its meagre resources, meaning there is nothing left over for infrastructure construction and public services. In contrast, towns with more potential for development find it far easier to attract support from the regional government. This is illustrated by the fact that, between 1991–1992 and 2007–2008, there was a 20-fold

increase in the amount of financial transfers awarded to the new tourist site in Kushinagar, which is considered a major economic boon for the region. In all of the four towns, in order for the municipality to succeed, the regional government needs to become more closely involved in local affairs. The state remains the main decision-maker and it is its regional priorities, regardless of whether these are social development (widespread poverty in Siddarthnagar), economic (tourism in Kushinagar), or administrative (the administrative capitals of Chandauli and Siddarthnagar), that mainly determine the funding amounts allocated to the towns, overriding the authority of those elected officials who only have political networks to call on (such as the mayor of Phulpur, for instance, who has strategically aligned himself to the ruling party).

6.3   Conclusion

There are two main lessons to be drawn from this research into small towns in India: the first relates to the specific institutional construction of small municipalities in Uttar Pradesh and, looking ahead, of small towns in India in general; and the second highlights the need for more in-depth research into "small towns", not only to gain a better understanding of these towns and thus improve their governance, but also to ensure they are afforded the attention they deserve, which should be equal to that of their metropolitan counterparts.

Analysis clearly rules out any normative and ideological definition of the local level of government as being no more democratic and no more effective than any other. Decentralisation has not yet helped municipalities carve out a place for themselves within the already complicated institutional architecture. Although local authorities' dual political and technical responsibilities are clearly defined in the legislation, they have not yet been fully assumed in small towns, which lack the capacities required to take these functions on. As a civil servant from the Uttar Pradesh Finance Commission ironically remarked, "the laws are very good but their application leaves a lot to be desired".[5] The traditional parastatal public service agencies are further hampering the institutional integration of small towns in India through their reluctance to work with an institution that they see as taking over part of their role. The only way to clear up the resulting confusion is through strong state involvement. This not only involves providing greater financial support and enhancing small municipalities' legitimacy, but also includes developing their technical and human resources to help them establish themselves as competent institutions able to effectively assume their public service functions. In other words, in India as in other countries, the emergence of municipalities as institutions at the crossroads of democracy and development remains the direct responsibility of the states.

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[5]Interview conducted in November 2010 in the Finance Department in Lucknow.

The government of Uttar Pradesh, aware of the scale of this institutional change, has cautiously initiated the complicated municipal construction process and is gradually reorganising the management architecture to create a certain level of polycentricity, as illustrated by the multitude of institutions presented. However, this polycentric architecture remains weak at the moment as its management and its coordination are yet to be reinforced. While the successive reforms appear to have enabled municipalities to embark on a slow but sure "learning by doing" process (Crook and Manor 1998), it would be unrealistic to expect these still relatively unsettled local authorities to be able to fully assert themselves in their dealings with other urban governance stakeholders. Such a process never runs smoothly or without errors and adjustments, especially not in small towns, where everything has to be built from scratch—both technically and democratically. It is therefore necessary to adopt a long-term and flexible view of Indian municipalities' development, and particularly of their progressive politicisation. In order to successfully construct effective municipalities, adapted policies are required that strike a balance between increasing municipal autonomy and providing vital regional support.

However, this requirement for a long structural reform period is at odds with the (shorter) duration of political mandates and thus hampered by the new strategic guidelines that accompany any political change. Following Narendra Modi's appointment as Prime Minister in 2014, he revised the urban policy of his predecessors using the same liberal approach that he used in Gujarat. The launch of the ambitious 100 "Smart Cities" project reflects his determination to change the image of Indian towns. In addition to simply promoting "urban marketing" and attracting private donors, this project to provide priority funding to a hundred cities will no doubt provide welcome opportunities for technological innovation; however, it will not resolve the issues encountered in numerous other small and medium-sized towns where the level of basic services remains poor. Following the cancellation of phase II of the JNNURM programme, the aim of which was to focus greater attention on small municipalities, it must be hoped that the launch of the "Atal Mission for Rejuvenation and Urban Transportation" will cover a greater number of (non) smart cities than the 500 towns initially planned and particularly focus on the smallest, which are most often overlooked. It appears vital that the capacities of these towns continue to be developed so that they are able to fully assume their local functions and establish themselves as a relevant and effective level of management.

The second major lesson to be drawn from this research is that institutional change is particularly difficult to effect in small towns, not only because they lack human, technical and financial resources, but also because the socio-cultural characteristics of these towns, along with the specific problems they encounter on a daily basis, are poorly understood.

By consciously selecting small towns as the subject of this research, one of the aims of this publication is to draw attention to the existence of a whole other major urban reality, one that is often ignored by planners and researchers (Bell and Jayne 2006), and also to provide an insight into urban dynamics beyond those seen in India. The issues covered potentially apply to all topics, as the many observations

made regarding large Indian cities and their related theories would benefit from being supplemented and viewed through the prism of small towns.[6] The only way of making sure that people in small towns in the least developed states, many of whom have no drinking water, toilets and electricity, no longer have to suffer inhuman conditions is by ensuring that planners properly take the diversity of urban India into account (Kundu 2009, p. 169). Thus, this does not so much involve advocating for small towns that lack a "metropolitan advantage" (Halbert 2010) or examining the obstacles created by their size, but rather involves studying small towns to provide further insight into urbanisation, as this deeper understanding of small towns is vital for implementing more tailored reforms in order to effectively plan and build the towns of tomorrow.

Finally, the focus on small towns as a legitimate and necessary "research topic" should not overshadow the fact that these towns are places in which people live and work. Outside the critical analysis of the problems encountered in these towns, Chandauli, Kushinagar, Siddarthnagar and Phulpur remain places where people live and work, cross paths and share experiences[7] and places that the author cannot help but think of with a certain amount of nostalgia.

Thus, in conclusion, my sincere thoughts go to all the residents of these small towns, their elected officials, the town hall employees and to all the people with whom I became friends over the course of this research. These include Sushil from Chandauli, who took me to see "his" Rajdari waterfalls whilst on a tour around the district with Ravi and his friends. Also not forgetting old Vinod who, with a voice like a drunken Stentor, suddenly burst into a guitar-accompanied Bollywood song one boring evening in Siddarthnagar and who, subsequently never missed an occasion to call me in Delhi and again serenade me with "*nazar ke samne*"[8] down the phone. In one final reference to the book by Upamanyu Chatterjee, I will leave the last word to Sathe, originally from—and happily living in—Madna, as he says goodbye to his friend August, the main protagonist, who was unhappy with his appointment as a civil servant in this same small town and has just found out (to his great relief) that he is about to transferred to the regional administration of a larger town:

> On the first day, in Kumar's office, you asked me what I was doing in Madna. Where you've grown up, it's different, isn't it, everyone pronounces 'epitome' correctly and doesn't use 'of' after 'comprise', and behaves as though these things matter. But Madna is home for me, August, in Bombay I felt lost. My best years, my past, is here, bittersweet because it is gone. Whatever you choose to do, you will regret everything, or regret nothing. Remember.

(Chatterjee 1988, p. 318).

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[6]See the programme website: www.suburbin.hypotheses.org.

[7]This is an English translation of a paraphrased sentence written by Djallal G. Heuzé in relation to metropolises: "c'est un lieu de vie, de parcours croisés, de vécus partagés" (Heuzé 2007, p. 428).

[8]This is a popular song from a famous Bollywood film, *Aashiqui*, released in 1994: https://www.youtube.com/watch?v=fFxiyW9TaWg.

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Appendix

Tables A.1, A.2, A.3 and A.4: Detailed 2008–09 budgets for each municipality.
Source (for all) Official accounting documents.
See Tables A.5 and A.6.

Table A.1 Total revenue

	Kushinagar	Chandauli	Siddarthnagar	Phulpur
Total revenue	30,891,500	21,112,677	43,919,000	10,080,000

Tables A.2 Expected internal revenues from the estimated budget for 2008–09

Kushinagar			Siddarthnagar		
water charges	16%		Property tax	4%	
Cinema	1%		Water	7%	
Taxi	45%		Trade	21%	
Trade	13%		Parking	45%	
auto-rick shaw	0%		Rent	3%	
slaughter	2%		Commerce	0%	
non-veg	0%		Licences	0%	
property transfers	11%		Administrative	4%	
Administrative	0%		fishing	2%	
fisheries	0%		Cinema	1%	
Licences	1%		Deposit	0%	
others	8%		Misc	13%	
unspecified	3%				

Chandauli			Phulpur		
Property tax	22%		Property transfer	4%	
Water charges	15%		Water	22%	
Poperty Transfer	9%		Trade	58%	
Vehicule Tax	34%		Slaughter	2%	
Fisheries	0%		Fines	0%	
Building permits	4%		Others	14%	
other permits	1%				
Restaurants	7%				
Cinema	4%				
Not specified	4%				

NB: Revenue forecasts were not met (due to failure to collect property tax and water charges)

Table A.3 Amount of financial transfers in 2008–09 by residents and by origin

	Central Govt	UP Govt	Schemes	Loans	
Kushinagar	35	556	486	0	rps/hab
Chandauli	15	276	327	0	rps/hab
Siddarthnagar	60	795	795	0	rps/hab
Phulpur	28	322	0	0	rps/hab

NB: some schemes were postponed

Table A.4 Breakdown of planned spending as per 2008-09 budget

Kushinagar		
	Salaries	3%
	Various admin.	2%
	Others	1%
	Deposit	0%
	Water	9%
	Road Nala	59%
	Lighting and Cleanliness	26%

Chandauli		
	Administration	14%
	Public Lighting	11%
	Cleanliness	18%
	Water	4%
	Road Nala	43%
	Misc	10%

Siddarthanagar		
	Administration	2%
	Public lighting	4%
	Maintenance	35%
	Roads	43%
	Water	2%
Infrastructure 92%	waste	1%
	others	1%
	Deposit	2%
	Justice	3%
	Audit	1%
	Revolving fund	5%
Admin+water 2%	Salaries	80%
	Pensions	20%
Cleanliness 6%	36 Contractual staff	83%
	Pensions	17%

Chandauli		
	Public Lighting	3%
	Maintenance	19%
Infrastructure 60%	Roads	48%
	Water	10%
	Waste	4%
	Revolving fund	16%
	Salaries admin	33%
Admin+water 25%	Salary collector	14%
	Salary water	37%
	Pensions	16%
Cleanliness 15%	8 Permanent salaries	46%
	23 contractual staff	54%

Tables A.5 Financial records for each municipality: revenues since 1991–92 (in rupees)

Kushinagar	Property tax	Water charges	Commercial taxes	Miscellaneous
1991–92	0	38,806	338,990	35,313
1992–93	0	23,000	1,108,215	48,394
1993–94	0	44,503	706,552	50,762
1994–95	0	51,618	663,750	49,832
1995–96	0	78,197	807,750	49,877
1996–97	0	68,428	831,900	68,502
1997–98	0	118,398	1,676,200	58,178
1998–99	0	100,667	704,500	53,549
1999–2000	0	144,717	620,061	67,887
2000–01	0	139,062	1,779,265	85,178
2001–02	0	169,094	1,098,700	27,883
2002–03	0	151,821	1,157,120	29,314
2003–04	0	170,117	1,520,600	31,856
2004–05	0	125,746	1,456,500	98,461
2005–06	0	116,938	1,587,230	35,728
2006–07	0	129,454	1,349,399	18,948
2007–08	0	112,059	2,163,844	99,483
Chandauli	Property tax	Water charges	Commercial taxes	Miscellaneous
1991–92	0	105,449	0	5646
1992–93	0	66,585	16,000	23,031
1993–94	0	142,029	127,229	37,752
1994–95	0	82,437	145,622	49,549
1995–96	0	143,449	126,448	94,406
1996–97	0	110,576	139,512	118,239
1997–98	0	102,098	103,964	153,493
1998–99	30,925	98,168	127,373	237,162
1999–2000	29,318	125,266	306,767	87,185
2000–01	50,178	97,356	626,603	76,308
2001–02	21,150	101,867	1,121,266	48,669
2002–03	38,690	107,158	138,011	61,047
2003–04	3000	73,184	540,479	69,843
2004–05	61,310	122,002	289,587	81,698
2005–06	45,828	71,075	506,459	125,422
2006–07	9730	90,320	456,514	87,340
2007–08	31,190	74,043	746,298	70,500
Sidarthnagar	Property tax	Water charges	Commercial taxes	Miscellaneous
1991–92	0	0	113,241	107,888
1992–93	0	4263	129,102	75,709
1993–94	0	16,442	193,750	186,276
1994–95	0	8972	317,069	978,248

<div align="right">(continued)</div>

Tables A.5 (continued)

Sidarthnagar	Property tax	Water charges	Commercial taxes	Miscellaneous
1995–96	0	9500	306,234	1,051,470
1996–97	0	103,729	431,266	148,075
1997–98	0	99,546	496,412	265,349
1998–99	0	100,984	468,337	433,071
1999–2000	0	65,872	642,214	596,315
2000–01	0	61,378	797,988	296,828
2001–02	0	68,196	662,300	514,696
2002–03	0	403,135	876,977	1,030,584
2003–04	0	82,274	878,275	459,807
2004–05	0	88,585	867,788	1,900,259
2005–06	0	124,059	1,214,983	2,080,306
2006–07	0	132,511	697,680	145,315
2007–08	0	61,828	918,048	1,832,764
Phulpur	Property tax	Water charges	Commercial taxes	Miscellaneous
1991–92	6611	93,871	311,932	82,011
1992–93	16,650	79,101	319,850	73,477
1993–94	12,786	138,772	391,384	124,696
1994–95	6159	182,532	531,728	44,086
1995–96	25,871	147,913	602,027	47,770
1996–97	3926	164,975	425,663	67,757
1997–98	19,490	166,733	684,000	103,245
1998–99	3368	188,938	528,000	72,400
1999–2000	1106	205,172	325,500	110,891
2000–01	1155	214,647	894,000	138,209
2001–02	1234	198,260	648,476	204,962
2002–03	110	210,834	365,656	109,283
2003–04	0	221,043	1,348,500	156,296
2004–05	24	185,960	815,959	234,223
2005–06	0	189,145	603,006	607,688
2006–07	250	172,800	364,043	467,622
2007–08	0	230,630	731,110	228,168

Source (for all) Accounting documents compiled for the research

Tables A.6 Financial records for each municipality: spending since 1991–92 (in rupees)

Kushinagar	Administration	Public health	Sanitation	Construction	Water	Others
1991–92	75,659	414,348	0	0	59,777	5307
1992–93	235,308	551,921	60,313	110,817	144,825	101,004
1993–94	98,501	276,619	3220	42,059	105,462	17,755
1994–95	303,787	756,617	0	11,625	178,755	862,629
1995–96	339,868	732,035	108,660	92,904	48,200	273,129
1996–97	1,017,770	744,231	125,670	10,525	52,851	327,652
1997–98	364,935	914,397	17,300	111,938	158,720	482,752
1998–99	720,242	1,594,364	55,245	362,504	484,885	339,300
1999–2000	638,499	1,389,115	526,784	918,610	434,926	260,491
2000–01	1,713,082	2,267,447	56,974	1,784,109	492,553	119,506
2001–02	714,863	2,028,509	3,611,482	811,902	469,343	1,376,792
2002–03	789,700	2,081,307	1,529,065	1,922,180	637,215	1,074,709
2003–04	1,519,644	2,066,465	634,407	1,204,648	594,071	1,712,178
2004–05	1,142,955	2,234,278	2,146,854	2,630,124	1,248,240	475,716
2005–06	1,670,630	1,942,315	487,552	5,752,553	100,823	4,349,737
2006–07	1,634,002	3,393,422	3,407,974	9,184,037	1,007,868	1,276,021
2007–08	2,168,557	4,464,743	1,058,485	9,472,369	955,378	780,017
Chandauli	Administration	Public health	Sanitation	Construction	Water	Others
1991–92	323,512	228,121	7536	4894	0	24,015
1992–93	411,471	117,232	1000	0	0	0
1993–94	323,669	138,019	18,115	90,936	0	0
1994–95	495,251	60,008	10,192	155,280	999	51,768
1995–96	477,655	39,592	11,173	77,379	0	112,298
1996–97	879,519	28,017	4800	0	0	67,906
1997–98	740,634	535,725	50,227	39,688	78,240	39,235
1998–99	1,441,228	426,237	5942	0	268,883	59,275
1999–2000	2,120,374	722,893	1500	102,849	290,012	92,057
2000–01	1,268,075	889,582	21,142	547,451	275,829	32,000
2001–02	1,579,931	853,791	6121	153,509	15,810	95,184
2002–03	2,190,872	391,470	55,496	202,761	20,555	216,090
2003–04	1,624,426	167,029	132,268	40,453	15,525	289,754
2004–05	2,689,461	50,254	0	35,000	13,744	157,829
2005–06	2,263,331	292,708	231,043	102,047	10,025	453,938
2006–07	3,924,424	688,619	519,675	2,367,301	149,080	815,375
2007–08	4,100,187	2,723,855	174,177	240,031	122,255	475,145
Siddarthnagar	Administration	Public health	Sanitation	Construction	Water	Others
1991–92	234,900	29,762	11,213	0	0	0
1992–93	338,518	151,582	418	204,713	646	278,925
1993–94	469,258	65,892	5054	369,521	0	0
1994–95	527,752	42,715	505,660	713,731	0	240,775

Tables A.6 (continued)

Siddarthnagar	Administration	Public health	Sanitation	Construction	Water	Others
1995–96	564,995	39,678	0	123,853	0	635,410
1996–97	809,214	16,097	0	341,883	0	43,683
1997–98	891,364	5359	9058	256,981	0	0
1998–99	1,664,034	415,856	0	1,654,066	0	0
1999–2000	1,796,280	493,664	58,125	1,744,953	133,216	0
2000–01	1,711,192	822,249	60,580	313,841	179,333	0
2001–02	1,370,119	104,373	15,023	494,204	187,224	415,407
2002–03	2,401,011	536,060	23,033	148,649	386,768	2,277,958
2003–04	3,211,277	651,340	286,837	4,144,964	234,859	2,371,000
2004–05	4,397,341	2,784,698	85,835	8,697,031	383,383	0
2005–06	4,078,921	2,202,325	514,387	8,718,502	197,725	0
2006–07	3,075,020	286,871	302,478	5,791,642	322,766	0
2007–08	4,327,181	231,069	37,447	6,402,522	7,632,397	0
Phulpur	Administration	Public health	Sanitation	Construction	Water	Others
1991–92	792,389	138	9924	138,871	1454	20,042
1992–93	883,077	54,936	8165	558,737	14,518	54,127
1993–94	972,511	11,009	15,670	341,484	33,977	79,935
1994–95	1,135,488	60,000	6522	175,440	6242	30,947
1995–96	1,005,787	28,718	9604	155,596	27,729	44,226
1996–97	1,210,047	1824	8463	19,148	4734	31,235
1997–98	1,593,934	1038	12,145	42,522	17,938	50,631
1998–99	2,005,110	14,352	19,060	1,106,799	55,540	62,030
1999–2000	2,066,841	27,176	32,296	154,864	26,660	74,758
2000–01	1,980,002	37,433	23,879	1,063,774	23,395	196,660
2001–02	2,112,089	28,882	13,688	243,584	72,302	178,180
2002–03	2,348,929	30,221	21,166	660,150	49,232	64,512
2003–04	2,836,232	23,476	28,382	109,752	34,156	98,791
2004–05	2,788,684	31,780	64,765	1,076,794	145,522	191,358
2005–06	2,304,351	51,930	53,885	3,267,690	153,247	320,922
2006–07	2,481,723	3,044,043	483,440	1,813,467	563,154	676,696
2007–08	3,065,589	2,975,522	178,461	2,089,940	343,473	838,847

Source (for all) Accounting documents compiled for the research