

# ISAS Insights

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## Modi's Urban Initiatives – a Paradigm-shift?

*A number of new initiatives announced by India's Prime Minister Narendra Modi now, with the phased goal of transforming the overall quality of life in the country's urban centres, have been conceptualised better than his earlier 'Make in India' campaign. However, what is required is not just new thinking but also a change in the culture of project implementation. Failing that, the Modi **mantra** will continue to carry a tinge of uncertainty about it.*

S Narayan<sup>1</sup>

On 25 June 2015,<sup>2</sup> India's Prime Minister Narendra Modi announced a set of major initiatives for urban areas, carrying forward his promise of cooperative federalism to the next level. The attempt in these initiatives is to place funds at the disposal of the states. In his speech, he exhorted the assembled crowd of elected city leaders to adopt a citizen-centric approach to urban management. Guidelines for three programmes were unveiled on the same day.

Smart Cities Mission is an attempt to identify 100 cities in India, in the first phase, for development of physical, institutional, social and economic infrastructure. The 2011 National Census figures indicate that nearly 31% of India's current population lives in urban areas and

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<sup>2</sup> It is interesting that on 25 June 1975, forty years earlier, a state of internal emergency was declared in India by the then Prime Minister Indira Gandhi, suspending democratic rights and civil liberties. The emergency was lifted in 1977.

contributes 63% of the country's Gross Domestic Product (GDP). By 2030, these numbers are likely to rise to 40% and 75% respectively. There are 55 cities with populations of over one million each, and some of the mega cities have populations exceeding ten times that figure. Over 500 cities have populations exceeding 100,000. Starting with 30 cities in the current year, funds would be made available for 100 cities overall in the next three years for providing adequate water supply, assured distribution of electricity, sanitation including solid waste management, urban mobility and public transport, affordable housing for the poor and good governance. The 'smart' solutions highlighted in the guidelines include energy management, smart meters for water and electricity supplies, efficient waste management, integrated multimodal transport and the like.

'Atal Mission for Rejuvenation and Urban Transformation' (AMRUT) focuses on water supply, sewerage facilities, storm water drains, public facilities including public transport, parking and green spaces and parks.

'Swachh Bharat Mission' (SBM – the clean India drive) guidelines have been issued in December 2014, and were reiterated in an urban context. The focus is on toilets and solid waste management.

The three programmes of infrastructure, water and sewerage management and toilets fit into each other in the urban context, providing end-to-end solutions for urban problems.

There was also an announcement for the provision of housing for the poor under the *Pradhan Mantri Awas Yojana*, with a promise of 20 million houses by 2022.

There have been other announcements in the past, especially from the Modi Government including those relating to 'Clean Ganga' and the 'Make in India' programmes. However, the urban-programme announcements are different in several aspects.

There has been considerable thought put into the processes of implementation. There have been widespread consultations with the stakeholders, the state governments, local bodies and the civil society; the implementation structure that is suggested is quite new. The lessons from the Jawaharlal Nehru National Urban Renewal Mission (JNURM) have been incorporated in the new scheme. A new Special Purpose Vehicle (SPV) is to be formed for implementation in each of the urban entities selected. This would be headed by the local body chief and would have a professional chief executive officer. This body would prepare a comprehensive plan, and blueprint projects for implementation, ensuring discussions with the

stake-holders and getting their acceptance. The cities would then compete and bid for funds from the state government. The central government would allocate Rupees 2 billion to each of the 33 urban bodies in the first year. These funds, in the SPV, could be used to access the market or multilateral funding agencies (the World Bank is supporting the project initiatives). The central government would allocate the funds to the States, and the entire implementation, within the guidelines, would be left to the states. The central government will no longer appraise and sanction individual projects. There is flexibility in the fixing of priorities, and while the number of urban locations in each State has been identified, the selection is competitive, in the sense that the flow of funds would depend on the programme- and project- viability. Finally, the entire exercise is visualised as a three-year implementation phase, timing the completion with the tenure of the present government.

A similar process is set out for the water supply and sewerage schemes as well. A technical and financial approval process is focused on the sustainability of programmes.

It is clear that there has been considerable thinking behind the formulation of the guidelines, and unlike the 'Make in India' initiative, there is a clear step-by-step process that has been thoroughly thought about. An effort to learn from the past mistakes is evident as also a sincere effort to delegate powers to the states instead of micro-managing the implementation.

It is a bold, complex initiative, an attempt to modernise the selection and implementation process, ensure democratic decision-making, and to move towards modern management techniques. *However, there are several uncertainties in the formulation.*

First, this is an attempt to bring about changes in the implementation mechanisms. Project preparation, evaluation and analysis are to be outsourced, and there would always be the worry whether the existing organisational structures can adapt to the new set of rules and whether the implementing agencies could seamlessly move to the new processes from the old ones. Will the urban bodies shake off their traditional ways of doing things and adapt? And will this happen in all the cities selected? Will the elected representatives in the local bodies feel empowered or get left out? These are some of the concerns that arise.

Second, are the States themselves ready for such decentralisation? Years of centrally-sponsored, centrally-driven schemes have weakened the project-planning and implementation-machineries in the states. Often, project decisions had been made on ad hoc basis, driven by politics, and not citizen-needs. There is little understanding of detailed

project-planning even in some of the faster-developing states. The Andhra Pradesh administration is struggling to cope with the demands of a political executive who is thinking faster than the speed generated by the implementation capabilities of an established bureaucracy.

Third, those tasked with implementation, including managers, engineers and contractors, have to speed up, if the target of three years is to be met. The process is in overdrive, and not all the cities may be able to pick up pace. CEOs are to be recruited from the market-place, and the mere identification of a hundred willing and able managers in urban management is a challenge in itself. A lot of consultants will be needed to prepare the projects and for the due-diligence process, and their task is made more onerous by the requirement of citizens' approval for every project.

Finally, there is the entire process of accountability that has been holding back decision making in the last few years. The scams and allegations have made the decision makers wary of taking risks. In the current programmes, there is public money involved, which is open to public scrutiny, and there is a need to insulate the implementation process so that independent, transparent decision making is possible.

It is surprising that the media and commentators have not grasped the magnitude of the major changes that have now been suggested by the Modi Government. Nor has the shrill and purely ideological criticism voiced against these daring ideas dwelt much on assessment of the hurdle at the level of implementation, as one would expect in a mature and well-governed democracy such as India. This is regrettable, as there is much that is new, tapping into new technologies and aspirations. The exercise represents a distinct change in the way in which the policy makers are approaching development issues. They seem to have understood the complexities of the institutional processes that slow down public spending, recognising that the overarching statements and exhortations need to be backed by a detailed implementation process. The government has got into a mode of fixing how things work, and while the urban mission may appear to be a very ambitious one, it is a much-needed step in the right direction. Implementation is the key, failing which the programme would remain 'tall in talk but short in action', and carry a sense of unreality and uncertainty. A deeper analysis of the problems of implementation will certainly contribute to the probabilities of success of this daring new paradigm.

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