DEMYSTIFYING MCGM BUDGET FOR MUMBAIKARS

2021-22

MUMBAI first

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INTRODUCTION

Citizen participation is the most important component of the budgetary process, as it promotes transparency and accountability in urban governance. Being one of India's richest civic bodies, MCGM's budget is one of the most awaited moments for its citizens and its peers at large. It is important for citizens to understand the intricacies of MCGM budgeting as MCGM is responsible for vital aspects of quality and standard of life in Mumbai. Its functioning is therefore the concern of every Mumbaikar.

In this regard, Mumbai First organized a virtual discussion on ***'Demystifying MCGM Budget for Mumbaikars'***, a step towards increasing public participation in the budgetary process by inviting prominent urban thinkers, economists, academicians, and informed citizens on **25th February 2021 at 5:00 PM** to discuss and analyze the MCGM budget 2021-2022 in detail.

The discussion broadly focused on:

- Simplifying the budget proposal for Mumbaikars across all walks of life and enumerating what it offers.
- Understanding the present state of municipal finances in the context of the growing responsibilities of the MCGM.
- Reflecting on the MCGM's capital investment profile. Reviewing the adequacy of existing resources to finance the short-term and long-term needs of civic infrastructure.
- Evaluating how the MCGM is leveraging its resources – budgetary, technical, and administrative – to overcome inadequacies and to build the potential of Mumbai as a world-class city.
- How citizens could play a role in the budget process & civic infrastructure

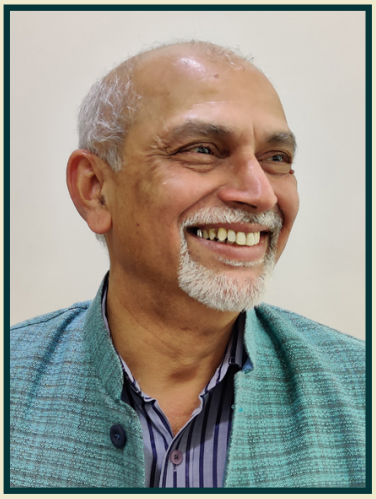
PANELISTS PROFILE

Mr. Jayant Kumar Bhatia

Jayant Kumar Banthia is an Indian public servant who served as Chief Secretary of Maharashtra from 31 May 2012 to 30 November 2013. His prior assignment was as the Additional Chief Secretary in the Public Health Department, Government of Maharashtra. Mr. Banthia also served in the United Nation Population Fund (UNFPA), on deputation for four years, as Chief Technical Adviser to Nigerian Census. He was the Registrar General and Census Commissioner of India from 1999 to 2004 and the 2001 Census was rolled out under his command. During his initial stint in the IAS, he worked as Assistant Collector, Osmanabad and Beed, Chief Executive Officer Z.P. Wardha, Collector Nagpur and Bhandara, and Managing Director, Maharashtra State Textile Corporation.

Mr. Rahul Kadri

Mr. Rahul Kadri is the Principal Architect & Partner at I.M.Kadri Architects. He completed his diploma in architecture from the Academy Of Architecture, Mumbai, and went on to pursue his master's degree in Urban Planning from the University of Michigan, Ann Arbor (1988). He assumed directorship of Kadri Consultants Pvt. Ltd in 1995 and since then has designed & executed several architecture & town planning projects under his leadership. He has designed townships for Tata's, Jindal's & Reliance, Hotels & Resorts for Taj & Club Mahindra, College Campuses for Symbiosis & The Supreme Court Of India, and more. Over the years he has honed his skill & passion to create places where people and nature thrive. Apart from his engagement with architecture, Mr. Rahul Kadri has been actively involved in proposals for the effective development of open spaces in Mumbai.



Dr. Ravikant Joshi

Dr. Ravikant Joshi is an Urban Finance and Management consultant and has worked in India and abroad. He is a former chief accounts officer of Vadodara Municipal Corporation with more than 35 years of experience. He has been responsible for the conceptualization, designing, and implementation of Municipal Financial, Budgetary, and Accounting System Reforms and their computerization in Vadodara Municipal Corporation. Dr. Ravikant Joshi has been an Advisor – Urban to CRISIL Risk and Infrastructure Solutions, Mumbai. He has worked as a short-term consultant (STC) for multilateral countries like the World Bank, Water & Sanitation Program, ADB, USAID, DFID, UN-Habitat, CLGF, and for various national/state level organizations on urban issues. He conceived, designed, and spearheaded the implementation of an Accrual Based Double Entry Accounting System in 159 municipal bodies of Gujarat.

Ms. Smruti Koppikar

Ms. Koppikar is an independent journalist, columnist, writer, and teacher. Her work focuses on how politics affects policy, gender and development issues, and urban affairs. With over two decades of experience in print and electronic media, Smruti is the winner of the Sanskriti Award for Excellence in Journalism. She reported and wrote on the 1992-93 post-Babri riots in Bombay, Latur earthquake, Gujarat riots, and every election since 1991 - the Enron phenomenon and debacle, the influence of the underworld on Mumbai life, women in the city, inequality in the city and the politics of it all. She writes a weekly column #MumbaiNama on the city's people, issues, and news for Hindustan Times and she has also been the driver of the 'Make Mumbai Safer' campaign for women's safety in Hindustan Times in 2013-2014.

Ms. Geetanjali Minhas

Geetanjali is a Special Correspondent with **Governance Now**, a platform for the analysis of public policy and governance. Before Governance Now she was an anchor and reporter for Live India and Janmat news channels and briefly worked at Exchange4media. She is a postgraduate in English Literature from Panjab University, Chandigarh, and also holds a postgraduate diploma in Administrative Management from NMIMS, Mumbai, and a postgraduate diploma in Journalism from Symbiosis Institute of Mass Communications, Pune. In 2017, she received the US AID REACH Media Award for excellence in reporting on TB.

EXECUTIVE SUMMARY AND WAY FORWARD

Citizen Participation in Budgetary Process

- MCGM should adopt the Pune Municipal Corporation's Participatory budget model, a successful model initiative, and contextualize an advanced model of the same for Mumbai.
- MCGM Commissioner should have Public Consultations with all the stakeholders while framing the new year budget as is done by the Finance minister for the Union Budget.
- Taking accountability for where the development funds of citizen representatives(corporator) are used and spent. A budget outcome report specifying how much of the budgeted amount was spent on what heads and which would allow citizens to know clear and concrete information.
- Strengthening and establishment of area sabhas to make way for greater accountability of both elected and appointed representatives.
- Going Forward, it would be appropriate to have ward-wise spending data from the budget. The BMC spends budgeted amounts in certain wards of the city often to repeat works while other wards get secondary treatment though their needs are more urgent. A ward-wise spend is necessary.

Financial Health of MCGM

- MCGM should present a more realistic budget especially with respect to capital expenditure.
- Revenue mobilization should be backed by equally dedicated expenditure rationalization.
- On average, in the past four years, Mumbai has spent Rs. 7500 crores only on development even though it had around Rs. 50000 crores with it and identified a project pipeline of Rs. 70000 crore or more. Mumbai has the capacity to have sizable debt on its balance sheet. It should borrow possible to a maximum extent following prudential financial norms and bring development to the city. Each sector of Mumbai requires resources and the right strategies and Mumbai should start reinvigorating its finances for its development.
- Contextualized data is missing in MCGM Budget. Hence, there is a need for a detailed and properly explained budget with a balance sheet clearly specifying receivables, payables, physical progress achieved, and impact or outcomes achieved through such development and key assets and liabilities of the MCGM.
- Gender budgeting, performance budgeting, and outcome budgeting, cost accounting, and cost auditing should be incorporated into the financial management framework of MCGM.
- MCGM resources need to be complemented by the external resources from the Government of Maharashtra and the Government of India. Such as grants and more importantly, new tax revenue sources as the only major tax revenue left with the MCGM is the property tax.
- Property tax should be based on capital value with cross-subsidization very affordable slabs for the property of lower values and higher slabs for the property of higher values.
- Historically, Professional Tax was a municipal tax. So there is a need for devolution of the professional tax to local governments

Women Safety

- The focus of the MCGM budget for women's safety should be primarily based on two aspects, namely, Gender Mainstreaming and Gender Auditing. Gender Mainstreaming primarily involves ensuring that gender perspectives and attention to the goal of gender equality are central to all activities - policy development, research, advocacy/ dialogue, legislation, resource allocation, and planning, implementation, and monitoring of programs and projects. Gender Auditing basically analyzes the income and expenditures of the government from a gender perspective.
- Gender Auditing should be conducted on the MCGM budget to bring inclusiveness to the center stage of public finance.
- Women's groups must be consulted in drawing up budgets, women's groups or academic departments can be involved in conducting a gender reading of previous budgets, there should be both macro and micro level budget allocations for making the city more gender-friendly and gender-just. A beginning can be made with street lights (to increase safety), more public restrooms (every 1.5 or 2 km), and larger infrastructure for women.
- A start was made in the revised development plan by including a chapter on gender for the first time. The objectives stated therein should be taken up for implementation, plans mentioned there should be implemented.

Bringing BEST back on wheels: Reforms

- The financial Sustainability of BEST could be improved by monetizing the bus depot's land which is located in prime locations across Mumbai. But caution should be taken so that it should not be used for real estate exploitations.
- Bus transport should be treated as a public utility such as drainage or education or roads and some loss should be accepted in principle. BMC spends a lot of money on road infrastructure. The BEST will need about Rs 800 crore-worth subsidy every year to perform efficiently and improve, and the BMC should ideally give it this sum and set parameters for improvement. It is their job to ensure that the subsidy does not pay for inefficiencies but for improvements.
- Non-tax revenue should be tapped by using the strength of BEST as an advertising and marketing platform.
- BMC must prioritize pedestrians and public transport as a service, not a profit-making enterprise. Its planning department must study traffic patterns and vehicle ownership to assess what areas of the city need investment of what kind.
- A point to note is that its budget provisions for pavements last two years were heavily slashed. Pavements are highly ignored with the exception of a few select wards- the BMC must immediately take up pavement reconstruction and repair these on a war footing across the city.

Education

- Mumbai has some of the best academicians, educators, instructors, private instructors, private and public universities. MCGM should form a task force to outline the future of Public Education in Mumbai for the next 10 years. MCGM should, in mission mode, work towards achieving all the outcomes formulated by the task force.

Health

- There is a need for a renewed focus on the primary health care set up in Mumbai. Greater budgetary spending on primary healthcare will lead to a rich dividend to the urban poor. Overall infrastructure, services, human resources need to be upgraded substantially to improve the quality of health of common Mumbaikars. Need 650 primary health care centers one for every square km of the city, Mumbai's area is 650 km sq.
- There is a need for a proactive response from the administration with respect to the procurement of equipment in a health crisis. Maintaining transparency is crucial to effective and efficient fund utilization.

Climate Change

- The newly proposed Climate Change Department should not be an advisory body. It should be given substantial power to take relevant decisions to mitigate the climate crisis.
- The department should have regular consultative meetings with citizens regarding adaptation and mitigation measures to be taken for climate change.
- The department should have a dedicated Data Center for collecting and analyzing climate data to take necessary steps effectively. Some additional measures such as Pledge to use 50% renewable energy by 2030, the closing of all Coal-fired factories in the Mumbai region and reducing construction dust from various infrastructures in Mumbai.

Flood Mitigation

- MCGM should conduct a thorough hydrological study on water inflows into the island city.
- It would be in order to conduct a flood map of the city, take stock of the Chitale committee report post 2005 flood, and draw up a contingency plan for the next 50 years given the climate crisis and sea-level rise.
- The current drains are not equipped to handle the peaks of rains currently received by Mumbai. There is a need for complete up-gradation of all the drains taking the future flow of water into consideration.
- Promoting Building structure designs that can accumulate and reserve the rainwater leading to controlled flow and less flooding. The concept of sponge cities should be promoted in Mumbai.

Mumbai First is working on a multi-stakeholder consultative discussion with the bureaucracy and other stakeholders for greater accountability and participation of citizens in budgetary processes

Proceedings of the Panel Discussion

Dr. Neville Mehta, CEO, Mumbai First in his opening address highlighted that the Municipal Budget is a very crucial subject as it decides the overall fate of a city and its citizens. Citizen participation in the budget process, he mentioned, is crucial to ensure the decision-making in public finance is done in a democratic, transparent, and politically accountable way.
In her opening remarks, **Ms. Geetanjali Minhas,** moderator of the panel discussion stressed that the BMC's budget is highly anticipated. Before delving into the panel discussion, she reiterated the indispensable role played by citizen participation in understanding the intricacies of BMC budgeting and urban governance.

Q) What is the impact of the pandemic on the budget/finances of MCGM? Comment on the revised MCGM budget 2021-2022? How far is it realistic?

Dr. Ravikant Joshi opined that the pandemic will have a significant impact on the overall MCGM finances as MCGM's operating revenue will be down by 5,900 crores which is 22% compared to the budget estimated before COVID. Operating expenditure will be up by 1500 crores growing at a CAGR of 8%. Capital expenditure will be down by 3,700 crores which is 25% compared to the budgeted estimate.

Mumbai has a history of a credible and realistic budget. The 2016-2020 budget shows a budgetary variance (i.e, the difference between income and expenditure) of only 3-5% which is good compared to Indian standards. But capital expenditure in the last two budgets has been highly unrealistic as more than 50% of the estimated expenditure was not spent.

In the last 4 years, the revenue has increased by only 4% which is less than the national and state economic growth but now in the budget somehow overestimates revenue growth at 15% which is highly unrealistic. MCGM expenditure growth is double their revenue growth but in the revised estimate, it has been almost down by 8%.

Capital expenditure is on the rise but next year it is projected to increase by 72%, it seems that 2020 and 2021's budget is highly unrealistic, particularly capital expenditure.

Q) Budget reports suggest that due to the implementation of the 7th Pay Commission, expenditure on the establishment is increasing In FY19 it was Rs 8,795 crore which increased to Rs 11, 911 crore in FY21, and a further increase is estimated to Rs 14, 021 crore in FY22. Will this increase constrain both the expenditure on infrastructure as well as the level of annual borrowings by the Corporation in a sustained manner? What can be done to improve the situation?

According to Dr. Joshi, an increase in the expenditure on the establishment by more than 2100 crores will not dent the finances of MCGM significantly. As the budgeted revenue flows will be able to cover the additional expenditure. The issue of capital expenditure in MCGM is paradoxical as MCGM has the capacity and sufficient funds to invest in infrastructure but it is not investing and developing the infrastructure as per the needs of the growing megalopolis such as Mumbai.

"It is often quoted that the MCGM budget is bigger than 6 to 7 states of India put together but it is not delivering as per the need of the metropolitan economy as can be seen through its revenue income which has increased by 4% which is less than half of the economic growth rate of India."

MCGM finds itself in a paradoxical situation in which- on the one hand, projects worth Rs 87,000 crore are on hold/stalled, and on the other hand, it has Rs 51,000 crore reserves in the form of fixed deposit with eroding returns (or 6% currently). If the reserves are utilized for the development of infrastructure for citizens it might receive many direct and indirect benefits for the overall well-being of the city. But due to issues incapacity, planning, and execution, citizens are robbed away from the benefits of development alongside the increasing cost and time overrun in developing existing infrastructure. In a nutshell, **Mumbai has the capacity but it is underperforming**.

Q) Despite having ample amounts of funds at its disposal, the MCGM is unable to optimally utilize these funds. This either means that the civic body does not have the willingness and/or expertise to execute the spending, or that they are over-ambitious, to begin with, and unnecessarily large provisions are made to please citizens and elected representatives with the size. There is a persistent gap between budget estimates and budget utilization? What according to you is the reason and what can be done to improve it?

Ms. Koppikar says, "there are three aspects to the issue. **Firstly, The gap is not new. Secondly, The gap is persistent and authorities who create a budget are not paying attention to that gap.** Lastly and more importantly, If the budget is Rs 100 and capital expenditure at best is between Rs 30 to 48, what is concerning is that even the Rs 30 to 48 is spent efficiently. So when we break it down, there are two questions that emerge,

1. What is BMC embarking on for capital expenditure? which we know, has gone low budget from 30 to 35% and a high budget of 40 to 48%. The highest was in 2008, 50 to 51% but it has not gone beyond that. **Why is the MCGM spending less than the budget provided? What does it mean to citizens? It means there is a gap in the services that should have been provided if the budget was utilized fully. It indicates that maybe BMC does not have the capacity and willingness to spend it on the right areas.**
2. Even the 24% spend on average, my question is what is it spent on? This brings us to the roots of politics, policies, and so on. Where in Mumbai has it been spent?

If you go beyond Shivaji Park, Dadar, Worli sea link area. We have roads that are narrower than pavements, we know for a fact that services across the city are not on priority. We have inequality in services across the city. The point is even the money which is spent on, where is the money spent on? In which area is the money spent? The answers to these questions are not very encouraging at all. "

Q) MCGM has proposed to the Government of Maharashtra to declare MCGM as a single Planning Authority for the entire city of Mumbai for integrated planning and development of the city in the immediate future. Your comment? Do they think it will ease the complex Metropolitan Governance of MCGM?

In his response, **Mr. Jayant Banthia** shared that having a single planning authority for Mumbai city has a lot of limitations. He raised a pertinent question-

Is MCGM a development authority or a planning authority? Can you distinguish the role of a planning authority and a development authority?

The basic role of MCGM is to execute projects. A development plan which is a perspective plan drawn or built can be sectoral or regional. Activities are pre-defined. Primarily in the case for MCGM.

Should MCGM be the city development authority or regional development authority? Because it can be ruled out in terms of the regional development authority. As a Metropolitan Town, it is essential to have a regional development authority because of the regional perspective in terms of transport, economic development, etc. Another reason for having a regional development authority to encompass development in Mumbai city. The no. of authorities beginning from the MSRTC, Mumbai Port Trust authorities are primarily responsible for the transportation either on land, trains - local, monorails, metro, and the waterfront, etc. MCGM does not have the capacity to handle such services. MCGM long back had the capacity to run the buses and electricity in Mumbai. It is still struggling with the BEST for over a decade.

The other development and planning authorities in Mumbai for example Maharashtra Housing and Area Development Authority (MHADA) and Slum Rehabilitation Authority (SRA) which are the housing authorities, now do the planning in a limited area of their domain. The issue here is the connectivity of the last mile which MCGM would have to provide for every housing area. So, the execution and the planning within the MHADA and SRA area are largely left to MCGM and it has hardly played a significant role in that sense.

There is a lot of integration that is required when it comes to central government authorities in Mumbai such as Mumbai Port Trust, Defence land, Railways, Airport Authorities.

To summarize , Mumbai cannot do with a single planning authority such as MCGM. It will require regional development authorities such as like MHADA and SRA. Housing development is not the forte of MCGM. Proper coordination between the respective authorities is the single activity that is required not only for planning but also for execution.

As a counter-response, Mr. Rahul Kadri shared the advantages of having MCGM as a single planning authority for Mumbai city. A single planning authority is essential and he stated that he also sees the rationale for having distinct planning and execution authorities. Mr.Kadri also expressed that the area BMC deals with is limited- on the one hand, we need a single authority in which we can take all the decisions in a uniform way, and on the other hand, we also feel the need for power to be decentralized.

"There is a certain opacity with which BMC functions. BMC needs to prioritize where the money is being spent or what is the budget for a particular project and citizen participation in that we solely need to avoid waste. No matter how brilliant the people are, any centralized system by definition can lead to a lot of information asymmetry about what constitutes a road or pavement. Right now, the largest chunks of land available in the city are with the Mumbai Port Trust because the citizens and land use plan for the rest of the city cannot affect that in any way. They are a planning body and while they enjoy a certain degree of autonomy, this planning should be seamlessly integrated for the city as much as possible. The limited landmass of Mumbai needs to be governed by a single body and not by multiple bodies"

Q) As Mumbai is currently in the midst of a health crisis, it was pertinent to dwell on the health budget of BMC. Capital expenditure on healthcare has been very low compared to the revenue expenditure. In 2018- 19 only 46% of the capital expenditure was utilized. how can the MCGM improve its capital expenditure during these unprecedented times? The budget trend shows that the revenue expenditure on primary healthcare (dispensaries and programs that fall under the MCGM Health department) is considerably lesser than the expenditure on hospitals, whereas the focus of the local government should be to improve the primary health care services to provide affordable healthcare closest to the citizens. Why is that? Is there something to relook at from the point of view of resource allocation?

Mr. Jayant Banthia responded saying capital expenditure of healthcare is largely governed by two factors :
1. Infrastructure such as the construction of buildings, primary healthcare, operations theatre, etc.
2. Procurement of different types of equipment.

There is a minimum expenditure required on the replacement of equipment in the hospitals. As technology is growing we need new equipment in the hospitals. During the pandemic, we witness increase in expenditure towards new hospital buildings which came up in August rather than investment in renovating existing equipment and new technologies.

There is a strange dichotomy when it comes to equipment- on the one hand, there is ample availability of capital to update the equipment in the hospitals, and on the other, the process to procure different types of equipment is often arduous. It is essential to review the intricacies involved. In terms of infrastructure whether it is a hospital, operation theatre, medical colleges, etc. MCGM is quite capable of handling these things, however, a persistent problem is with regards to receiving proprietary information.

In terms of overall capital expenditure, in pandemic times, the need to act quickly and make proactive decisions did come through strongly.

Secondly, there is a need for a renewed focus by spending more on primary healthcare. If we look at the Mumbai demographic as such, about 55 to 60% of the Mumbai population lives in slums. For them, primary health care is extremely essential and Mumbai's current capacity is inadequate for serving such a large population. We have archaic health structures when it comes to hospitals and they are required to be upgraded but we should look for a greater contribution from the private sector for primary health care.

For 40 to 45% of the people, they deny going to the urban healthcare centers. Primary healthcare is looked after by the private sector in Mumbai. It is expensive therefore it needs to be cut down and to strengthen the urban healthcare centers. It is the same issue as the quality of education in government and private schools.

In terms of primary healthcare delivery of services, the ecosystem and the environment of the urban healthcare system needs to be improved considerably. We cannot open primary healthcare clinics from 8 am to 12 pm. There need to change the timing of the clinic as per the demand of the citizens.
Railway, Airport authorities, Mumbai Port Trust are running major hospitals and medical colleges in Mumbai. MCGM could forge a collaborative framework with such authorities and towards providing quality healthcare in Mumbai.

Mr. Kadri says there is a lack of equipment like test tubes for pathology tests in the municipal corporation hospitals. There is also a need to decentralize the management in hospitals where bureaucratic bottlenecks continue to plague the system. Poor sanitation and hygiene conditions continue to plague the health sector of Mumbai. There is a need for responsive healthcare infrastructure management in Mumbai which can cater to the health care needs of Mumbaikars.

Q) Flooding of streets is a menace every year for Mumbai city. To dwell into the budget proposal for flood mitigation, MCGM has already spent about Rs.1391 crore in the recent past to tackle the flooding areas and in the current year there are about 54 tenders finalized amounting to Rs.535 crore and work will start on a war footing in the month of February 2021. But still, Mumbai faces floods year after year? What budget could have offered to solve the over flooding streets in Mumbai?

Mr. Kadri opined that Mumbai has not done a thorough hydrological study on the movement of water on the island and we are constantly paving more in the city in terms of wetlands, mangroves covering them. The absorption rate has gone down by 80% and the rainfall has increased because of the paving due to which there is no percolation happening. The more we pave the runoff becomes faster, if the runoff is faster then the drain size needs to be in large size to be able to carry it. Flooding occurs because the rainwater is not being able to go through the drainage system efficiently and currently most of it is going into the sea directly.

We need to change our laws to percolate more than the existing capacity. Mr. Aaditya Thackeray spoke about bringing back the ponds to percolate much more. We do have rules like in any piece of land. Society should be developed in such a way that whatever rainwater falls on it none of it should leave the premises. It needs to be absorbed in the property itself. These are the kinds of things we need to do.

Due to climate change, the intensity of rain is increasing. The issue is not of overall rain, but peaks of rains. When we get these tremendous peaks our drains get overwhelmed. They were designed for average discharge; they were not designed for these peak rains. Because of climate change, we probably have to change our standard of design of drains as they are based on the last 100 years. The drain sizes we are putting now are based on old standards which will not work going into the future.

We need to do two things: Allow the percolation where we can and change the standard for the drains because of the intensity of rainfall.

What can we do for these pavements? Don't pave so much. In a society, if you have a parking area use concrete blocks which will help to allow percolation of water. Have percolation pits in every society. Even if 20 to 30% of the water goes back into the sea then it will help tremendously. Basically, we need to slow the flow of water, so that it gets a chance to percolate. We need to mandate in every development plan that water should percolate into the ground and there are scientific ways to do that.

Q) Climate Change has been the biggest threat for coastal cities like Mumbai. To address climate change Mumbai city has recently become a part of the C40 cities of the world to address climate change issues. To address climate change and pollution issues in Mumbai city, the 'Climate Change Department' will be created in MCGM. What are your views and what should be their objectives with regard to the growing threat Mumbai infrastructure faces by rising sea level?

As an eminent urban planner, Mr. Rahul Kadri said " It is a positive thing that we are part of C40 cities but again this department will function according to what authority they will have, whether they will be an advisory body or depending on the structure of the body. What power they will actually have. If you have seen the air quality of the city, it has been really bad. It feels unsafe to live in the city beside the monsoon. To address air quality we require to deal with particulate matter, as there is dust in the air. The question is how do we reduce dust, the construction site is the biggest offender, we need to regulate them by making sure that dust does not go out of the construction site. The biggest polluter is the coastal road which is producing a tremendous amount of dust in the city especially along the western coast and fires, every locality is burning something or the other, it could be plastic, paper, etc. We need to be strict about who is allowed to burn and who is not. If any of these things are dealt with holistically. Besides construction and fire, the biggest polluter is an automobile and more emphasis needs to be on public transportation because the more fuel you burn the more pollution humans are producing. So, we need to use more efficient forms of transportation. What has happened in the city, in the last decade from 8% of the people using automobiles, now it has gone to 12%. So, the 4% is what is creating the problem. Hopefully, with the metros coming in, this may come down but I think we need to do much more with the BEST and there are already electric buses coming which is 3,100 buses and we need to invest more. If more spaces are added, there will be a proportional increase in the number of cars. Instead, focusing on walkability and cycle tracks would be beneficial."

A significant portion of the budget is allocated to roads. Hopefully, the new department will put a freeze on no more roads for the city. In Mumbai, by law, you are not allowed to have a footpath more than 2 meters wide because the road authority has said this is the maximum we can have. In fact, if you go to Tokyo now they are shrinking their road spaces. Creating footpaths of 6 to 8 meters wide even though previously it was 5 meters. They are 20 feet wide. There is a need to revisit and review the current standards and look at things holistically. Hopefully, the climate change department will think holistically across the board.

Q) The condition for education in Mumbai is sub-standard. To positively influence public perception towards MCGM schools, 963 upper primary schools and 224 secondary municipal schools of MCGM will be renamed as Mumbai Public School (MPS)? How far does nomenclature influence perception? What else can be done?

As per Ms. Smruti Koppikar, the answer is yes and no, simply by calling the BMC schools, Mumbai Public Schools are MCGM suddenly going to give world-class education with world-class facilities, NO. Does perception matter and nomenclature, yes of course otherwise we would still be calling this city Bombay rather than Mumbai. So why are we calling Bombay - Mumbai. **Calling BMC schools into Mumbai Public Schools might send a better ringtone to people's ears.** It is a very superficial cosmetic change that will not change what is happening inside the schools things will remain unchanged at a macro level.

Between 2009 and 2019, 215 BMC schools were closed down. By 2019, BMC lost 24% of its students - Praja Report. Why is 1 in every 4th child taken out of the BMC schools and that answer does not lie in changing the school name or allocating money for it because this year's budget allocates Rs 2,950 crores for public education? For special allocation for covid measures but there is an inherent assumption that if enough money is allotted, then things will get resolved but it does not. So budget allocation of any level in no way solves the inherent issue of public education in Mumbai.

Public education and Public health do not have substitutes. There will always be a class of being disregard who can afford private schools but BMC schools were never made for those. BMC schools were made for the working classes of the city which comprises 80-85% of the citizens and look at what has happened.

BMC schools are still in the rote learning system. They still crack the whip on kids, giving them capitalist punishment which is known to produce adverse results. Teachers are not at fault, as they do not have resources.

The question is, what kind of education, as a city, have we offered to the urban poor kids? The city had a history of night schools and there are literally thousands of people who have passed SSC and HSC, by working through the day and attending night school in their languages. The night schools have closed down because there is no demand for it now.

There needs to be a reorientation of the mission of the BMC schools. They have reoriented the entire school system and MCGM has to ask itself why they are running these schools. Why did 215 schools close in 10 years? Where are these students? Why are we not able to retain them? BMC Teachers are paid much better than Anganwadi workers.

The problems are multi-sectoral and intersectional. It would be a good idea for the MCGM to constitute a task force on schools that can create a plan for the future of public education in Mumbai. Mumbai has some of the best academicians, educators, instructors, private instructors, private and public universities. MCGM needs to set up a task force to solve both the very micro-level issue (school to school) and also a macro-level issue. So to sum up, the issue of public education is not going to be solved by changing names and allocating money to the budget.

Adding to the discussion, Mr. Kadri said "Besides being the urban planner, I have another goal. The single most thing that will make a difference is if teachers are given enough time to teach. In BMC schools, teachers have so much administration work which takes an hour and a half each day. There are enough qualified teachers, pedagogy, and NGOs to help them, all that's required is autonomy"

Q) There is persistent neglect with respect to women's safety in the MCGM budget? Does Mumbai surely need Gender-sensitive civic infrastructure? Could you tell us more about how such allocation in the municipal budget could improve citizen safety in Mumbai?

Ms. Koppikar, "Do we need it? of course? Is BMC or MCGM responsible only for women's safety? It is a very delicate thing when we speak about women's safety and then women are asked to answer those questions whereas there are larger questions because when a city is safe for me, then it is safe for Mr. Kadri, Mr. Banthia, and everybody else. So we can't only focus on women's safety. All are brought into these kinds of terminologies - we speak of women empowerment.

If you look at Mumbai in terms of the rate of crimes against women, Mumbai is a relevantly safe city compared to many cities in the country or in the world. You can most often or not step out alone at Mumbai road midnight or in the morning. And 9 out of 10 times, you will be completely fine. The idea, therefore, is how do we make this safer and when I say safer, I mean as a city how do we make it safer so that women also feel safe while going out- women and gender in the budget? I do not think it should be related only to safety or work issues alone. It is much larger, so what the BMC has been doing is something called a gender budget, a proportion of its budget devoted to gender. It was calculated that around 9% of the budget was put aside as a gender budget but my point is simply allocating money does not resolve it but we have to work towards it on the ground.

Here I come to two issues - firstly, Is the concept of gender mainstreaming, gender auditing. This something we have done under budget but not seriously, I can see some attempts at gender auditing. We don't take the final MCGM budget and do a gender audit of it. How much services x money spent on XYZ services. How many of these are used by women. Who are they used for? Ultimately we have known from experiences of academics that men and women use the city differently and men and women with the same infrastructure behave differently. Men and women have different relationships with the city's infrastructure. So what is gender auditing?"

Gender auditing is perhaps the need of the hour and it is not that we allocate x amount for gender budget. You were supposed to give me a toilet in the city anyways right? Don't give toilets to me because I am a woman. I am a citizen of the city and you have to construct public toilets for me. The lot has gone off regarding gender budget where services under other heads have been reallocated to gender and dressed up the way we like. So I am going a step behind. I am saying something more fundamental. Can we have the serious exercise of auditing the BMC budget spends? I know there is a problem about how much it has spent but can we have a gender audit of what the spent is?

For the first time in the city now, there is a provision for a development plan to have a certain portion of every civic ward for gender facilities like working women's hostel, etc. How can this be implemented? How can this be done? So, the idea is not just about safety, the idea is the larger gender inclusion from micro issues like lighting on the road so that the road becomes safer to designing buses which are for average women and also, macro issues where we have a portion of allocated land in the city where we construct gender-specific infrastructure. The baby steps are taken by MCGM but it depends on how MCGM sees the issue, takes the resources we have, and basically uses the prototype and runs with it. Commits more than money and makes it happen. A commitment needs to be made by MCGM for gender issues, gender auditing.

Mr. Kadri said regarding the issue of safety in Mumbai that when Jane Jacob wrote Safety in the City, she realized safety comes from the eyes on the street. **"How many eyes are there on the street? When there are enough eyes on the street people are safe only in isolated spaces or when it's dark, nobody is watching so crime tends to happen. So the idea with urban planning is how do you get more eyes on the street.**

One of the unintended consequences of the parking policies has been we are now getting buildings three or four floors for podium parking on the street and it becomes a dead watch. We have a very large development to cross in the night. It is just blank walls of car parking on the night which leads to safety concerns, so these are unintended consequences of a parking policy leading to safety compromise. The ground floor of the development plan has to have some public use. So that there are shops, clinics so that there are things happening on the ground. If you want to make a podium don't make it on the street. We are heading towards crime as we are building more isolated streets."

The other thing which was mentioned about working women is that the railways have to run ladies' special trains. They can run ladies' buses too from specific locations to make them feel safe. These simple tweaks can be done without extra cost.

Smruti Koppikar said **"She will celebrate a day when a woman becomes BMC Commissioner"**

Q) MCGM has appointed a consultant to bring administrative reforms in BEST? However, the financial sustainability of BEST remains a concern. Your comment?

Mr. Jayant Banthia mentioned, "From the last two years, BEST has reduced bus size which is running now in point services, the occupancy and last-mile connectivity has increased because of the road condition and size of the roads. When the occupancy and frequency of the buses increase, the faith of citizens of Mumbai in the BEST System will improve.

One of the ways I think the financial sustainability of BEST could be improved is the prime land on which most of the best depots in Mumbai had been established- monetization of such prime land can be one way of solving the crisis. The only word of caution is it should not be used for real estate exploitations but there is tremendous scope, fortunately, we have got excellent bus depots across the city, more so in the suburban as such and they could be really utilized to bring the liquidity and capital resources to revive best in terms of finances but at the end of the day it is not finances but the last mile connectivity which is primary concern whether BEST could reorient themselves for long term connectivity. The transit system was conceptualized and the experiment started but it ran into its own problem because of the road width. So to him, land monetization of the BEST depot is a possible answer but it should not be misused.

I think we need to find ways to comprehensively look at transportation. We do not have an integrated transport authority and I do not think so we should only look at the financial ability of the BEST. The more people go by bus, there will be favorable outcomes on the pollution levels in the city. We need to grow the BEST so that the land can be only used by the BEST in a more efficient way."

According to Ms. Koppikar, **"BEST is Mumbai's treasure, there were attempts to stall it, cut it, reduce its funding, it is a disastrous step. It is Mumbai's Heritage. It's Mumbai's Necessity. We must commit much more than money, thinking, planning more resources to it but at the same time look at the traffic pattern of the last six years, 77% people who use buses have gone to two-wheelers or three-wheelers or OLAs and Ubers. There has been a 77% rise in bikes, most of them who use to travel via BEST buses."**

Q) MCGM has committed 108 community toilets, 20301 nos. of public toilets which will be completed by 31st December 2021. During Covid-19 Pandemics, the situation was very difficult to handle due to overcrowding especially in areas where there was a lack of community toilets and other public spaces? Do you think the MCGM budget pays adequate attention to the problem & how can future sanitation facilities be improved in Mumbai?

Mr. Rahul Kadri believes that the issue of sanitation in Mumbai is much bigger than having a community toilet. "More than 50% of the citizens live in slums and we don't have a solution for it. If we can solve the housing problem then we can solve the toilet problem. It is a smaller part of the larger problem so the focus needs to be on how do we upgrade people's homes so that they have enough space for having a toilet and kitchen within the home which is well ventilated and lived in. "

It is a very simple thing but it is difficult to achieve in the city. we are relying on only one mechanism which is the SRA, the developers-led model, where the developers have houses that will sell and from the profits of that free houses from the people who live in slums. This SRA was instituted in 1997 and it was supposed to build a million houses per year and in 10 years, we were supposed to solve this problem. It is 23 years now, and we are nowhere near solving 10% of it and by this rate, it will take more than 150 years to solve the problem. The issue lies that this developer-type model or cross subside mathematically. This model cannot work because the absorption rate in the city only 65000 flats are sold in the city in a year. It is between 45k to 65k sold. If you want a million houses, you need to sell at 2k to 4k houses to subsidize this. So we need to find another way to solve the problem and if there is a seriousness to the BMC, Dr. Joshi said that BMC has a reserve of Rs 55, 000 crore. It is the exact amount of 11 million houses. So if it uses 55,000 crores it can wipe out all the slums, that's all we need to rebuild the slums with built 5 to 6 story buildings. In a sense, if there is a will, we can remove the slums from Mumbai. Build homes rather than roads, 30,000 for the coastal road why?

Q) What are your views about the budgetary and financial health of MCGM? What new Municipal Finance reforms MCGM needs to adopt for better sustainability in its finances in the future?

"There is also a need for a detailed and properly explained budget with a balance sheet with receivables, payable, and key assets"

Dr. Ravikant Joshi suggested, "When COVID 19 is over, MCGM can go all out for recovery. It has more than 15000 crores receivables, tax dues with the people that would stem from its current problem. As we have seen 6000 crores have been down because of the pandemic that can be recovered. **For example, MCGM has postponed capital value, revision of the property tax, user charges, there is huge money that can come through if there is political and bureaucratic will. Also, we need to carry out tax reforms, make it easy for the PPP model, revenue mobilization backed by the expenditure rationalization, and in fact, in the last 5 years, the Municipal Commissioner has spoken about expenditure rationalization. If they really carried out sincere earnestness much can be done.**

MCGM has 55,000 crores in the bank and has committed 87,000 crore pipeline projects. Do you know how much borrowing it has? Mumbai can stand to get a 50,000 crore rs loan. It is financially so strong that it does not have more than 5,000 crore rs outstanding loan or market loan. It is the Municipal Corporation that is not borrowing, leveraging, or performing in terms of development because of that the quality of life is not going up.

Does borrowing solve the problem? No, if we take an overall perspective and long-term perspective. **Mumbai and MCGM resources need to be complemented by the external resources by GoM and GoI**. First of all, we need to give it more resources, it has only been left with property tax, as the key source of revenue. A megalopolis in the world cannot be managed by property taxes and the user charges here and there. At the same time, it has to carry out public services like transport, health, education, etc. In developed countries there is a local income tax, similar can be replicated in India with necessary constitutional amendments."

Property tax is based on wealth. The real tax could be raised on the income-expenditure that has the vitality. The wealth in modern times does not have vitality. Octroi was giving that kind of vitality and now that is gone. For example professional tax - the city is full of professionals but it is with the Government of Maharashtra only Gujarat has given that tax to the Municipal Corporations in 2007-08. Tax on professionals is actually a municipal tax, it has been abrogated by the state. Historically, Professional Tax was given to the local economy.

Salaried tax should continue but a professional tax from the consultants like me and you can be given to the local Municipal Commissioner but there is another catch the maximum charge for professional tax could be rs 2,500 which was decided 30 years back, now each and every commission, central finance commission, constitutional reforms commission, nobody has said that ad Valorem. The Maharashtra government has to plead for it. Mumbai is not receiving the grant. The Government of Maharashtra is not giving grants to MCGM and when octroi was there, there was 0% grant for Mumbai. Dr. Joshi highlighted that "we need to rethink structurally if we are thinking for 10 to 15 years. In the short term, we can get resources as we have the capacity but in the long term, we have to seriously think and decide for it. Every citizen of Mumbai needs to ask for it."

As Ms.Smruti Koppikar says **"the question is how much the Government of Maharashtra gives Mumbai and its administration, how much it wants to withhold resources and resources allocation allowing Mumbai to raise its own resources, spend its resources ultimately is a political question"**

According to Dr.Ravikant Joshi, "Contextualized data is missing in MCGM Budget. Mumbai has the capacity to have more than 50000 crore debt on its balance sheet. Each sector of Mumbai requires resources and the right strategies and Mumbai should start reinvigorating its finances for its development.

Gender budgeting, performance budgeting, and cost budgeting should be incorporated into the budgetary framework of MCGM. Mumbai First should be facilitating the exercise with relevant stakeholders."

Q) How can citizens' participation be improved in municipal budgeting?

Dr. Ravikant Joshi suggested that MCGM should adopt an advanced version the Pune Municipal Corporation Participatory budget model which is one of the most successful participatory budgeting initiatives. In this model, every August, the city's municipal corporation publishes an advertisement and invites suggestions from its people for civic works to be included in the forthcoming municipal budgets.

People have a month to submit their proposals by filling up the 'Citizen Suggestion Form' available online and at the ward office. Next, the proposals are sent to the prabhag Samiti, made up of elected representatives of the locality. The Samiti approves the suggestions and sends the updated list to the accounts department of the corporation for scrutiny. The accounts department looks at the financial feasibility and sends a final list which is then included in the city budget. The regulations mandate that the individual projects cannot cost more than Rs 5 lakh and that each of the 76 prabhags (division) in the city can allocate a maximum of Rs 50 lakh. People can demand works on pavements, street lights, bus stands, public toilets, water, parks, signage, roads, traffic lights, public parking, garbage management, drainage, bus stands, and others. Civil society played a crucial role in popularising the initiative.

Alongside, **MCGM Commissioner should have regular consultations with all the stakeholders as done by the Finance minister for the Union Budget**.

On the macro level of participatory budgeting, Mr. Kadri commented that about 1500 cities follow the participatory budgeting model. Cities like New York as large as they have about 30% of the budget is decided by the citizens. So in Mumbai, it amounts to about a 10,000 crores budget decided by the citizens of Mumbai city. He went further on to say that not only taking suggestions but also democratically voting on the prioritization of the project is crucial.

At the micro-level, Ms. Koppikar requested all citizens to pay key attention to their elected local representatives (corporator) in their respective wards. All 227 corporators get Rs 60 lakh each as development funds to carry out discretionary civil development works in their electoral wards.

Taking accountability for where the development funds of citizen representatives are used could be an exercise worth taking. According to her, putting pressure on the citizens' representatives at the micro and nano-level would set the base on which a higher participatory budgeting framework can be built on.

MUMBAI first

To make the city a better place
to live, work and invest in

ABOUT US

Mumbai First is a not-for-profit think tank which aims at making Mumbai a better place to live, work and invest in.Mumbai First works on a unique Public-Private Partnership Project (PPPP) model. As a think tank and catalyst between Industry and Government, Mumbai First has in the last ten years, been working relentlessly towards its vision of transforming the Mumbai Metropolitan Region (MMR) into a world class city for its citizens and the most preferred destination for business.Mumbai First has been constantly evolving and organizing programs, workshops and roundtable discussions on the most relevant issues in the city, across nine verticals- Environment, Governance, Health, Education, Economic Growth, Art, Heritage & Culture, Transport & Mobility, Security & Resilience, and Housing. or **more details: https://mumbaifirst.org/**

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