

Municipal Management and Capacity Building: A Case Study from Punjab

Background

The MCL, by virtue of being the first point of contact of the general populace with the public sector, is the first order of government for the people. Like many other local bodies, it was functioning within an 'equilibrium trap' due to weak capacity building, where poor service delivery resulted in poor willingness-to-pay by the citizenry and consequently poor recoveries by the corporation. The management techniques of MCL were outdated, inefficient, non-transparent and frequently plagued by allegations of corruption. Financial resources were meagre, thereby limiting the extent of duties that could be undertaken by the corporation. Furthermore, disgruntled by the work ethic of MCL, the urban population grew increasingly cynical of the nature and scope of the corporation as the true voice and advocate of the city's requirements.

In the past, MCL had been plagued by several administrative and management issues. Primary among them were:

- Rapid urbanisation resulting in mushrooming unauthorised colonies.
- Outdated manual record-keeping systems that collapsed under pressure from increasing documentation, leading to litigation and heavy losses to MCL.
- Political interference and official connivance leading to apathy, demotivation, unionism and corruption amongst employees.
- Ineffective performance appraisal systems and poor accountability in work transactions.
- Limited in-house skill upgradation.
- Weak accounting, planning and budgetary methods with no lucid criteria for appraisal and prioritization of investment projects.
- Lack of citizenry involvement.

To meet this challenge, it became imperative to introduce capacity building reforms towards the improved management and self-sufficiency of the corporation.

Objectives

- ❖ The reforms initiated by MCL had the following objectives:
- ❖ To provide efficient and quality services at minimum cost
- ❖ To facilitate institutional strengthening and human resource development
- ❖ To inculcate a sense of accountability amongst all employees

- ❖ To ensure better management of the city through community participation and privatization
- ❖ To promote improved municipal planning and asset management
- ❖ To introduce better financial management

The Thrust

The thrust of the Municipal Corporation of Ludhiana (MCL) was on pursuing the following:

- Introducing various reforms related to managerial capacity building and community participation.
- Promoting Privatisation as the key element to reforms agenda in the programme.
- Incorporating a number of organizational restructuring measures.

The Strategy

The reforms focused on cutting down establishment expenditure, increasing work accountability and transparency using innovative e-governance techniques, implementing zero-based budgeting and promoting confidence building with stakeholders.

The Process

Realising the potential of the community to contribute to the improvement of their neighbourhood and work as 'managers without salary' MCL promoted the concept of 'Manage your Neighbourhood'. The management of parks was handed over to Neighbourhood Park Management Committees, whose tasks included the hiring of gardeners, supervision of gardening activities and the overall upkeep of gardens. Through this novel scheme, MCL not only overcame the problem of staff shortage but also ensured 80 per cent savings. It also eliminated the problems of absenteeism, unionism and continuous supervision. The condition of parks has improved significantly.



Privatization

To avoid the problem of monopoly and to provide efficient and cheap services to the citizens, MCL privatized a number of activities. MCL is the first corporation in India to get locally fabricated big vacuum cleaners for sweeping main roads. The output of each cleaner is equal to that of 20 sweepers. The Corporation thus saves 50 per cent of its costs apart from having much cleaner roads.

Street-light Maintenance

MCL is the first urban local body in Punjab to completely privatize street-light maintenance. This has helped reduce cost by nearly 50 per cent as compared to maintenance costs incurred by the Punjab State Electricity Board (PSEB). Additionally, by making the contractor pay a penalty of Rs. 50 per day per point for every non-functioning street-light, the process of privatization has led to increased efficiency of street-light maintenance.

Tube Wells

Water supply too has been handed over to a private contractor. Hundred and ten new tube wells with the latest technologies such as time switches have been installed, which do not require any manpower to run them. Additionally, the chlorination of water, de-siltation of sewers, night sweeping in congested areas, and maintenance of roads are undertaken by private contractors. Competition among private contractors to obtain assignments from MCL, has benefited the Corporation by way of efficient services and increased savings which range from 50-85 per cent.

Asset Management

The Estate Department of the MCL had been a liability rather than an asset to the Corporation. It did not have a complete inventory of its lands, many of its properties were not mutated in revenue records, encroachments were a frequent phenomenon and most of its valuable properties were under litigation. To tackle these problems, the following reforms were carried out:

Land Inventory and Database Development

MCL, with technical support from their consultants, unearthed hidden properties belonging to MCL through reconciliation with very old land/revenue records of the Revenue Department. As a result, MCL was able to add more than 800 additional properties to its land inventory, valued at about Rs. 190 crores. This will enable MCL to generate around Rs. 117 crores.

Comprehensive software for database management of lands has also been developed which enables MCL to keep a record of the status of all its properties and prevents any tampering of land records.

Geographical Information system (GIS)

MCL has developed a GIS for the city with the help of which data pertaining to different locations (including its own properties) can be ascertained instantly.

Financial Management

Financial reporting by means of single-entry cash-based accounting against the budgetary outlay system fails to give a holistic financial picture, questioning the authenticity of the data on record. Realising this, MCL switched over to the double-entry accrual-based accounting system. MCL is also the first corporation in the state to raise Rs. 17 crores from the capital market through municipal bonds on the basis of a credit rating of AA-(SO), without any government guarantee. Further, the method of Zero-Base Budgeting introduced in MCL has saved substantial resources.

Organizational Management

A monthly performance appraisal system has been introduced where all employees are given job charts according to their placement in the hierarchy. Each job carries certain weighted marks and the employee's performance is judged at the end of every month. Based on cumulative monthly scores, final marks are awarded. The employees are now more accountable, competitive and conscious of their performance.

Management Information System (MIS)

A Management Information System (MIS) was devised with the help of consultants, where the critical levels of decision-making, planning and information needs were identified. A system of management audit with reference to a set of key indicators for policy-making, administration planning, responsibility/accountability and community development has been set in motion. The new MIS now presents results in the form of specific information, comparable parameters and departmental as well as individual performances that leads to quick decision-making. As a result of improved information channels, several bottlenecks in departments have been identified and removed, resulting in greater efficiency in management.

Computerization

To redress the problems associated with incorrect billing, payments and receipts with respect to water/ sewerage and house tax were computerised. As a result, arrears worth Rs. 40 crore were brought to light. Additionally, details of employee provident funds, gratuities, along with salary details and increments, have been computerised. As a result, there is proper record management.

MCL was the first local body in Punjab to launch its website (www.ludhianacorp.com). This website provides MCL-related information and has opened up new vistas for dialogue between the elected municipal officials and the residents of Ludhiana. The dissemination of information regarding the working of the municipality provides a forum for communication and strengthens public participation. Providing web-enabled services is the next step in this exercise.

Organizational Restructuring and Staff Rationalization

- **Zonal system:** Ludhiana, being a large city, was difficult to manage from a single head office. To remedy this, the entire municipal area has now been divided into four zones and the organisational structure has been revamped. Redressal of complaints, tax collections and most other functions have been decentralised to the zonal level.
- **Staff optimisation:** The organisational structure of MCL was obsolete and redeployment of staff at appropriate places had become a necessity. Consequently, after privatisation of the bill distribution operation, employees performing this function were redeployed as tax collectors, thus improving tax collection without adding to the salary bill.
- **Single window inspectorate:** The previous taxation system was inconvenient as the public had to deal with seven different inspectors with huge territorial jurisdictions. To improve the efficiency in the functioning of the taxation department, a single window system was introduced, where only one inspector has been made responsible for all the seven activities in a particular area.

Major Achievements

The municipal reforms introduced in Ludhiana succeeded in achieving the broad objectives of better municipal management and capacity building. Some of the major achievements are as follows:

- By encouraging community participation in schemes like Park Management Committees, Neighbourhood Sanitation Committees, Neighbourhood Tube Well

Operator Schemes, etc., the delivery of services improved by a great extent. By involving the community, particularly senior and retired citizens who were willing to contribute their services for the betterment of their localities, MCL launched a cadre of 'managers without salary'. This concept has been very successful and has led to increased administrative efficiency.

- By opening several of its functions to private operators MCL introduced competition among private partners, which has led to more efficient and quality services at cheaper costs. Institutional strengthening was achieved through the introduction of the zonal system, where 90 per cent of the workload was tackled at the zonal level and only policy matters were taken up to the head office.
- The single window system has reduced the territorial jurisdiction of the inspectors by placing one inspector in charge of jobs that were being carried out by seven different inspectors.
- Computerisation has streamlined most of the functions of MCL enabling it to work more efficiently and needing very few employees as compared to manual systems.
- The introduction of the score-based monthly appraisal system enhanced performance levels of employees making them accountable to the Council every month rather than only at the time of the yearly appraisal.
- The introduction of MIS and computerisation helped senior management to take quick and well-informed decisions as the flow of information at different levels became easier and more reliable.
- The double-entry accrual-based accounting System helped in better decision-making due to the management and monitoring of the financial situation on a day-to-day basis.

Lessons Learnt

There has been a metamorphic change in the Municipal Corporation of Ludhiana to an efficient and responsible intermediary between the citizens and the elected local government. MCL is dedicated to improving the quality of life of the people by promoting a strong, effective and accountable municipal government. Some key aspects are responsible for the successful implementation of municipal reforms by MCL:

- Such reforms must be part of the agenda of the top leadership of an organisation. The credibility of the MCL leadership played an important role in acceptability of reforms.

- Community involvement is essential for implementing reforms. Mechanisms to ensure the participation of all sections of society in public life have been developed by the MCL.
- To carry out reforms in a time-bound manner, it is important that the progress of reforms is monitored at appropriate levels on a day-to-day basis and sorted out immediately. MCL introduced reforms in a phased manner involving all the stakeholders.
- Technical training of staff is crucial while introducing new systems like computerisation of various functions, implementation of MIS and GIS and switching over to double-entry accrual-based accounting system. Many employees, unhappy with a shift in the traditional mode of service delivery, resisted these training exercises. MCL resolved this issue by offering incentives to employees to undergo training and thus averted attempts to sabotage the reform process by employee inertia.

The press and other media played an important role in the implementation of reforms. To generate strong public opinion in favour of the reforms, MCL held regular media briefings. This helped in allaying fears and overcoming resistance to change by politicians and the public.
