

TOWN LEVEL BACKGROUND NOTE

Chandrapur

BY:
RESOURCES AND LIVELIHOODS GROUP, PRAYAS, PUNE
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List of Abbreviations

ChMC: Chandrapur Municipal Council

TPD: Town Planning Department

SWM: Solid Waste Management

APMC: Agricultural Produce Market Committee

D.P.: Development Plan

SC: Standing Committee

GB: General Body

BACKGROUND

Nearly 50% of India's burgeoning population would reside in urban areas in the near future, according to a number of studies. To address the pressure of such increasing urban population on the urban service provisioning, funds were earmarked in 2005 in the form of the Jawaharlal Nehru National Urban Renewal Mission (JNNURM). Large parts of the funds in JNNURM were allotted to the large cities, while the small and medium towns (SMTs) seemed to have not received a proportionate share of the funds. At the same time however, the reforms that formed a part of the package for funds allocation were applicable to the SMTs as much as to the larger cities.

This allocation of funds and of the reforms necessitates a comprehensive response in terms of assessing the opportunities presented by the reforms regime, as well as the threats that may entail the reforms. The larger cities demonstrably possess knowledge base and capacity of the administration as well as the citizenry (including the CSOs, CBOs, the academic institutions, and the citizens). The SMTs arguably lack this kind of knowledge base and capacity; focus therefore needs to be on the SMTs to enable such comprehensive response to the reforms and the projects (based on funding) regime in the SMTs as required. The response is necessitated especially because of the potential impacts the reforms and the projects are likely to have on basic service provisioning. The Urban India Reforms Facility (UIRF) was thus established keeping in mind the capacity building of the stakeholders of the basic urban service provisioning, and especially in the SMTs. A study examining in detail the local conditions in terms of impacts of the reforms and the projects regime on the basic service provisioning in ten SMTs was carried out as an activity of the UIRF1.

The output of these studies in the selected SMTs encompasses a Town Level Background Note (TLBN). As the name suggests, the TLBN attempts at building a background to the study of the basic service provisioning in the SMTs. For this purpose, it considers the development of the town as it is seen today, its social, economic and demographic fabric, and other aspects of the development of the town that are linked to the provisioning of basic services in the town. This understanding is evolved on the basis of Key Informant Interviews with activists/civil society representatives of the town, detailed interactions with the staff of the Municipal Councils/Corporations and review and analysis of documents pertaining to the governance of the councils/corporations2.

This report aims at presenting the background for scrutinizing development issues in Chandrapur, which was one of the ten towns selected for the study.

ABOUT THE REPORT

Right from the beginning, we felt that Chandrapur has a very complex face. It is lucrative for the industrialists and politicians due to its access to abundant mineral resources such as coal, iron-ore, and limestone as well as forest resources with rich variety of flora, fauna including teakwood and bamboo and wild-life. CSTPS, the largest thermal power station in

¹ For further information on the UIRF, please refer to the base note compendium here: <http://tiss-uirf.org/downloads/bc.pdf>

² For further information on the methodology used for preparation of this report, please refer to the Tools-and-Resources Kit (TRK) here: <http://tiss-uirf.org/index.php/trk.html>

Asia becomes a centre of attention for these actors as well citizens who boast about contribution of the town to the power sector in the state. The CSOs and environmentalist on the other hand constantly raise guard against the intensive exploitation of natural resources and its serious ill effects on the ecological balance in the town.

These are independent areas of research, and hence, this note does not aim at elaborating upon these factors. The purpose of this background note is to explore the following questions: How these complex factors determine the socio-economic profile of the town? Do they have any implications for the ChMC, which is in charge of providing basic services to the residents? What are the implications of these factors for availability and quality of basic civil services for the residents? Finally, what are the concerns that become critical in the future development of the town in the presence of these factors?

Data and information presented for the purpose of seeking answers to the above-mentioned questions have been gathered during the course of visits to various parts of the town, thorough interactions with residents, and key informant interviews (KIIs) with civil society persons as well as staff and officers from the ChMC, and review of documents obtained from ChMC as well as civil society.

We have divided this report into three parts: the first part provides basic information about the geo-environmental and socio-eco profile, as well as main development issues in the town. Part 2 provides details about the status of ChMC, the local body responsible for addressing the development issues in the town; it also presents analysis of utilization of the budget by the ChMC in the context of its financial status. Part III, which is the last section of this note, presents status of reforms in the ChMC along with some discussion on their implications for the development of the town, which is followed by a consolidated comment on the entire discussion in the note.

1 BASIC INFORMATION ABOUT THE TOWN

Geographical and environmental attributes play an important role in shaping the strategic relevance of any place. They are instrumental in shaping the ecology as well as socio-economic composition of that place. Both geo-envirom and socio-economic attributes provide a necessary context to look at the development issues in the town, while development issues thus placed in a broader context create a background to review the status and functions of ULBs as well as potential challenges and opportunities in front of the ULBs. It is with this understanding that we have given below a brief overview of some basic information about Chandrapur.

1.1 GEOGRAPHICAL AND ENVIRONMENTAL ATTRIBUTES

Chandrapur is situated at the eastern part of the Maharashtra State. It is the headquarter of Chandrapur District. The district is bounded by Nagpur, Bhandara and Wardha on the northern side, Yavatmal on the western side. Gadchiroli on the eastern side and Adilabad district of the Andhra Pradesh on the southern side. The town is at the southeast direction from Nagpur city, on the Delhi-Chennai railway route; it is a railway junction for about 30 express trains. Another small railway station (Chanda) in the town is Gondia - Chandafort the railway route, which connects the town with four surrounding blocks viz., Mul, Sindewahi, Nagbhid and Bramhapuri. These are also the major stations on this route.

Chandrapur is situated on the bank of "Erai" river; "Zarpat" is another river flowing through the town. 'Erai' river flows in North-South direction along the western and southern side, while 'Zarpat' flows along the eastern boundary of the town. Both Erai and Zarpat are the tributaries of the 'Wardha' River. ChMC has constructed a dam on the Erai river, which is located at the northern border of the town. This dam is the only source of water for Chandrapur. Along with these two rivers there are six reservoirs in the town, Ramala being the biggest among them. However these reservoirs, except Ramala have vanished in the course of growth of the town during the post-independence period.

The town is known for its hot and dry climate, just like other towns in the Vidarbha region. Humidity is very less in this region. In summer, the temperature of the town goes up to 46°C and it is amongst the highest recorded in the South Asian region; paradoxically, temperature goes down in winter to the minimum of 11.6 C. The topography of the town is level, though the northern part is slightly more elevated than the southern part.

Description of the environmental attributes of Chandrapur cannot be complete without mention and discussion of its access to mineral and forest resources. The town and its surroundings, in fact the entire district is known for rich storages of minerals such as coal, iron-ore and limestone. Out of the 23 coal mines in the district, 11 coal-mines (7 underground and 4 open-cast) are in the town and its vicinity. This entire area can be termed as the area of 'black dust' due to heavy presence of collieries. The famous CSTPS is located at Durgapur which is just about 15 kms from the town. Due to air and water contamination mainly by the coal industry, the Environmental Report for Chandrapur (2009-10) ranks the town among the 10 worst polluted cities of the world. On the other hand, the town hosts rich flora and fauna in its surroundings. The famous Tadoba National Park is just at a distance of 45 kms from the town.

These distinctive geo-environmental attributes form an integral part of the identity of town; hence, they need to be taken into account in the context of any development intervention in the town. Review of historical developments in the town further reveal how the typical profile of the town has evolved over the years, and how it has implications in the current context.

1.2 HISTORY

1.2.1 Socio-Political

The town is known to have existed from pre-historical times. It has witnessed regimes of many Hindu rulers before 17th century, and regime of Gond tribal kings almost till the middle of 19th century, when the town was ruled by the Maratha dynasty. From the beginning of the 20th century, the area was under British rule. Chanda was the name given by these British rulers. The regimes of Hindu and Gonda kings have left marks in the form of archeological sites in the town. In fact, the town owes its typical design/structure (a gaothan situated within a fort wall with four fort-gates viz., Jatpura, Binaba, Anchaleshwar and Pathanpura) to these very regimes. Unlike these regimes, British regime does not seem to have left any impact on the town. The town was a silent destination known as 'backward tribal area' for a long time even after independence. The geographic scope of the district and thereby significance of the town as a district's headquarter was also limited during British period. There were only three blocks in the district in this period. The district was a part of Madhya Pradesh, until various states were reorganized in 1959. This district became

a part of Maharashtra state in 1960. The district was again divided into two districts, Chandrapur and Gadchiroli in 1981, and from 1982 onwards, Chandrapur town became the headquarter of 15 blocks in the district. It was after this division that economic activities in the town started gaining some momentum.

1.2.2 Economic

Till 1970s the town did not have major industries worth name than Ballarpur Paper Mill, ACC Cement factory and Maharashtra Elektros melt Limited (MEL). There were four-five underground coal mines (administered by WCL), but the coal generated was not processed for further industrial development or power-generation. The town was a quiet place surrounded by thick forests.

This scenario started changing from 1981s, when *Mahagenco* established *Chandrapur Super Thermal Power Station* at Durgapur, which is situated just at a distance of 12 kms from the town. WCL started open cast coal-mines. This gave rise to emergence of many small scale enterprises, especially hotel and transport industry, which catered to the needs of industrial set-ups. Manikgarh Cement and L&T Cement were set up during the same period. Many SSI also emerged in MIDC of Chandrapur during this period. These aimed at catering to the big industries by providing spare parts. In spite of hard efforts on the part of MIDC association, these SSI did not get acceptance from the industries and therefore gradually closed down due to recession in short span of 5 to 10 years. The large-scale unit of MEL was also on the verge of collapse; however, it recovered from its huge dues of power bill after it became a subsidiary of Steel Authority of India, which has a good turnover till the date.

The town, in fact, the district witnessed industrialization in the second phase during 1990s with the expansion of CSTPS. Many more WCL open cast coal-mines, Maratha Ambuja Cement, Murali Agro (Cement) Industries, Ultra Tech and a number of iron plants came up in the district, majority of them in the vicinity of Chandrapur town.

The big industries gave rise to a chain of multiple economic activities, for example, coal-mines and coal washeries, transport required for these set-ups, skilled and unskilled work of loading and unloading coal, extracting coal, managerial tasks in each mine and so on.

Cement industry and other SSI such as hotel, transport, saw-mills also employed substantial number of migrant labor. Some laborers were also employed at the Ballarpur Paper Mill (the largest paper mill in the area) and CSTPS, which is situated at a distance of just five kms from the town.

Simultaneously, the Tadoba Andheri National Park was declared in 1995, which drew attention of the tourists across the globe. The inflow of tourists from all corners of the country as well as from other nations led to growth of services required for the tourists, mainly hotel industry and transport industry.

Along with these big and small industries, there are a number of small industries in the town. Industries in the old gaathan are limited in numbers and include Saw Mills, Auto Work Shops, Steel Fabrication Units, Ice Factories Soap Factories, Furniture Works, and Tiles Factories. There is a 'Co-operative Industrial Estate' along Mul road, which comes in the extended limit of the town. The gross area of this estate is 21.04 Hectors and it provides total 101 plots for Industrial Units. Out of these 54 plot area are functional and they provide employment to 1000 workers; the rest of the plots reported to be in developing stage.

The Maharashtra Industrial Development Corporation has also established industrial Estate along Ghugus road, out-side the Municipal Limits. It has 172 plots. As mentioned earlier, the SSI in this MIDC did not stand in the competition of big industries. At present only 42 plots are functional and they provide employment to 166 workers.

In addition, there are multiple service sector activities such as domestic work, auto-rickshaw driving, street-vending, scavenging, running small grocery shops, selling vegetables and other agricultural products on roadside, working as porter in the railway stations as well as in the collieries and other industries which require loading and unloading of heavy materials to be done. People engaged in all these activities are unorganized labor and like majority of workers in the collieries, they too are migrants from surrounding villages.

Thus transition of Chandrapur district from a backward district to an industrial district has completely determined the economic profile of the town. Chandrapur district is further set to become a major 'investment destination' in future. 38 industrial houses in the country have signed Industrial Entrepreneurs' Memorandum with Government of India. These industries include various power generation industries, coal-mines, cement industries, industries to extract the other less exploited minerals such as iron-manganese, copper and limestone. The total estimated investment in the district by these industrial set ups is to the tune of 44, 771 crore. The district is set to become a major power hub in the future with expansion plans of CSTPS and other newly commencing power stations.

The town is sure to have a major role in the planned future industrial development in the district. This indicates that the current trend of development of economic activities in the town is going to continue in future, probably at a much rapid pace than earlier.

Against this backdrop, let's review some salient features of the social composition of the town, which is obviously a product of the economic activities in the town.

1.3 SOCIAL COMPOSITION

It is evident from the discussion on economic profile that the town grew from a small quiet place to a cosmopolitan town during the course of industrial development in the district. The original residents of the town mainly included Hindu and Muslim families who earned their livelihood from agro-forestry-based activities and to some extent from government service. Very few were engaged in industrial activity.

Gradually industrialists who saw the potential of the area came to reside in Chandrapur to set up industries. Multiple acres of agricultural land was acquired for setting up industries in and around Chandrapur, which rendered/renders several small farmers and agricultural laborers landless. These landless had no other resort but to migrate to the cities, mainly to Chandrapur in search of livelihood. In Chandrapur, there was no dearth of employment in the unskilled and semi-skilled sector. Thus the migrants settled down in the town.

This process started long back in 1970s, when WCL started underground coal-mines and workers were required for extracting coal. Migrants from far off states like Punjab, Haryana, Delhi, Andhra Pradesh and Chhattisgarh came in search of livelihood, and since they were ready to do the hectic and high-risk work, they got settled down in the areas of collieries. This was the beginning of setting up of habitations in the areas of collieries. Along with rise in number of the coal-mines, increasing number of migrants employed in multiple activities related to coal-mines started residing in the vicinity of collieries. This led to slum-

development in the areas near Rayatwari Colliery, Mahakali Colliery, Babupeth, Lalpeth Hindusthan Colliery and so on. WCL also provided housing facility for its class 1 and class 2 staff in these areas. In fact, WCL is in charge of providing the basic facilities in these areas and as a result, residents do not even pay their taxes to ChMC.

Laborers working in other big and small industries settled down in various slum pockets in the same way. Thus, there are approximately 55 slums in the town and the estimated number of slum-dwellers in 2008 is tune of 1.35 million. Taking into account the fact that the total population of the town was about 3.5 million in 2008, the number of slum-dwellers is as high as 40%. It is nonetheless to say that most of the slum-workers being migrants and being unorganized remain deprived from basic civil services.

Thus, there are multiple facets to the socio-economic profile of Chandrapur. One facet is that of big and small-scale industries, which harvest handsome profit; while the other facet is that of multiple semi-skilled and unskilled activities and migrant laborers engaged in these activities, who serve these industries at nominal cost. Along with these two facets, yet another facet is that of contractors and middlemen who fare well on the basis of rich natural resource in the vicinity of town.

These facets have invariably shaped the demographic composition and structure of the town. Before we discuss the main development issues faced by the town, we need to have information about these aspects, so that we will also be able to gauge the differential impact of development issues on the residents of the town.

1.4 DEMOGRAPHIC COMPOSITION AND STRUCTURE OF THE TOWN

The population of the town has undergone considerable change during the last five decades. Table 1 shows that the population. According to ChMC, the present (2010) population of the town is approximately 4,50,00.

Year	Population
1951	42795
1961	58146
1971	84424
1981	146754
1991	226105
2001	289450
2008	3,46,344

Table 1: Pattern of Population-Growth (Source: Development Plan of the town)

The substantial growth in the population size after 1970 can be traced back to the industrial development of the town after 1970s. The consistent rise in the size of population also suggests that the burden on civic amenities, and hence, the responsibility on the civic administration has been on the rise. Against this backdrop, it is remarkable to note that *slum population* occupies almost 40% of the total population. The Environmental Report for Chandrapur Town quotes the figures as follows: Total Population in 2008-09: 3, 46, 344 and Slum-population: 1, 37, 717.) ChMC officials predict that the size of slum population has also

increased along with the overall size of population during the last two years. It is a common phenomenon across the third world countries that slum-dwellers are ill-placed when it comes to access to quality civic services.

It is significant to observe the pattern of habitations in the town. As mentioned earlier, industrial growth of the town has had a substantial influence on the growth of residential habitations in and around the town. Historically, all the habitations were situated within the four gates of the fort-walls, and preferably in the vicinity of ponds and temples. The area outside the boundary of the fort-gates was thickly forested till 1950s. Gradually, development of industries, especially coal-mines attracted laborers from various parts of the country, who resided near the coal-mines. The collieries thus emerged as habitations of coal-mine-workers. The collieries were situated outside the original limits of the town, i.e. the four fort-gates. The collieries are named after the respective coal-mining company. Thus, the suburbs inhabited by the coal-mine-workers came to be recognized as Babupeth, Lalpeth, Mahakali, WCL and so on. Majority of the slum dwellers stay in these suburban areas. The market area, the newly developing Bengali Camp area,

1.5 MAIN DEVELOPMENT ISSUES

In most of the SMTs, residents experience problems with respect to provisions of basic services such as water, sanitation, solid waste management, housing and transport. These can be termed as 'generic' development issues of residents of SMTs. While some development issues are town-specific, i.e. their roots are traced into the specific geo-socio-economic-political scenario in the town. We found that residents of Chandrapur experience both types of issues. Presented below is a brief overview of these issues.

1.5.1 Water

Water has always been a pressing issue for the town. The reasons are complex and multiple. As mentioned earlier, Erai river is the sole source of water for the town; it is also the source of water for CSTPS and many industries in and around the town, which require substantial amount of water. For a long time, there was no barrage on the river, till CSTPS built a dam for lifting water for its own purpose. This obstructed the flow of water for the town. It was after some negotiations and requests by the ChMC and MJP, that CSTPS allowed ChMC to lift 30 MLD water, which was obviously not sufficient to meet the needs of a growing town like Chandrapur.

Out-dated water distribution system is another factor responsible for shortage of water in the town. The first water supply scheme was built in 1960 for a population of approximately 80,000. It was not augmented till 1990, even though augmentation project was sanctioned by the state government in 1980s. This project had inherent lacunae in its design, and hence, in spite of substantial investment, it did not yield expected result. As a consequence, many residents have to rely upon well-water and bore wells. It was also observed that especially in the areas of collieries, there are no bore-wells, as collieries have completely exhausted the respective areas of their ground-water resource. In such areas, residents are forced to take water from illegal connections and also buy it from regular connections, which is an additional burden on the poor migrant families who have to struggle hard for survival.

Until 1998, MJP was operating and maintaining water-supply for the town, though the responsibility of collection of bill for water-supply was assigned to the ChMC. ChMC miserably failed to fulfill this responsibility, in turn leading to huge amount of pending bills. Consequently, MJP opted out from its responsibility and ChMC was forced to accept the responsibility although unwillingly. ChMC was bound to turn incompetent to handle the responsibility of operating the system with inadequate capacity. This led to high level of discontent among the residents. In order to pacify the residents, ChMC decided to hand over the responsibility to private contractor.

This was a critical decision; however, the civil society unaware about the implications, did not take any steps to engage in this process. The notification issued by the ChMC to seek suggestions and feedback of the residents went unnoticed. So did the attempts made by Hitawada, one of the leading newspapers in the district to raise guard against the notification. Subsequently, ChMC appointed *Gurukrupa Associates* for operating and maintaining the system for a span of 10 years, i.e., till 2012. The KIs in the town inform that the contract made with Gurukrupa has many serious loopholes. It does not put in any way, any binding on the contractor to meet the need of the growing population, which in turn keeps him free from the responsibility of augmenting the out-dated scheme has remained unresolved. Thus, irrespective of rise in the tariff, residents face severe crunch of water especially in summer.

Residents have to pay bills (which undergo an increase of 10% after every 3 years as per the conditions laid out in the contract) at the rate of Rs 960 per annum, in spite of low quality and quantity of water. Last year Gurukrupa decided in consultation with the ChMC to provide water only on alternate dates in order to meet scarcity of water from Erai River; reduction in the water supply was albeit not accompanied with reduction in the tariff. Thus, the decision to mitigate the discontent among the residents has paradoxically increased the discontent.

Some KIs have initiated efforts for pressurizing the ChMC to take up the half left augmentation scheme, with no effect, as ChMC lacks both political will and capability required to resolve the issue. Some KIs also advocate the need to engage WCL in the distribution of water to the town after due process of consultation. However, ChMC is not in a position to take up any responsibility in this matter.

The issue may be apparently resolved after the onset of monsoons during the next year; however, it will not address any of the above-mentioned basic issues. ChMC is the first ULB to privatize its water supply, and hence, this experience holds valuable lessons for other ULBs, who may be in favor of P-P-Ps in the sector of water supply or any public service for that matter.

1.5.2 Sanitation

Just like many other SMTs, Chandrapur has open drains, and no separate line for carrying of sewerage. The construction of drainage is of a low quality and it invariably leads flooding, mosquitoes, intermingling with water-pipe-lines thereby affecting quality of water and so on, in majority of the parts of the town, especially in almost all the slums. ChMC has initiated the process preparing the DPR for underground drainage; however, a few KIs pointed out that the proposed STP is above the flood-line and in the very area which is prone to floods (Pathanpura Gate).

The status of solid waste is not different that sewerage. WCL colonies are also not an exception; in fact, the problem of sanitation is severe in these colonies. Thus, the town presents a very gloomy picture with lack of basic civil amenities in most of the areas.

1.5.3 Pollution

As mentioned earlier, Chandrapur is ranked as the ten 'dirtiest cities' in the world, due to heavy air and water pollution. The most polluting factor is obviously coal-mines, coal-washeries and CSTPS. Senior citizens share that due to uncontrolled industrial and population growth, the town has lost its thick forests which were natural purifiers till 1980s. The Zarpat river which was a favorite trailing spot of tigers is now reduced to a nallha; in fact, it is rather hard to believe that it was a river. Like forest resource, the town has also lost its reservoirs; Ramala is the only reservoir left and it is also being encroached for creating 'parking lots'. Citizens' Groups (Rotary Club and Jagarook Nagarik Manch) have been consistently raised protest against this encroachment.

Most of the slum-dwellers, especially those living and working in collieries suffer from pollution-ailments such as infections of respiratory track, skin-infections and so on.

MPCB has laid out action plan for ChMC in order to reduce the pollution menace. However, KIs inform that ChMC has not taken any action on them. The political leaders are obviously not willing to take any action on industries which are a good source of both finance and political power.

The situation with respect to pollution due to coal industries appears frustrating. However, a recent initiative by citizens in the CHMC is heartening. A proposed (private) coal mine (owner Adani) in the vicinity of the of the town (it came in the buffer zone of Tadoba National Park) had be altogether cancelled due to strong protest from the civil society in Chandrapur. Multiple stakeholders in the town came together in this protest. This collective action, or potential of the town to take collective action is the only hope against the backdrop of current sorry status of affairs.

1.5.4 Other Pressing Issues in the Town

Along with these three issues, there are multiple issues in the town which need to be addressed according to the KI in the town. These include, ensuring an effective road network in the town, doing away with faulty construction of the fly-over, merging of Chanda railway station with Chandrapur station, beautification of the town on the basis of preservation of archeological sites and natural resources. The *Jagarook Nagarik Kirti Samittee* has made concrete suggestions with respect to all these issues, and they are also making concerted efforts for lobbying at the district and at the state level.

How does ChMC perceive these issues? How does it utilize its budget for addressing these issues? What is its vision of future development of the town? The next section aims at exploring answers for precisely these questions.

2 CHMC: HISTORY, CURRENT STATUS AND ISSUES

2.1 BASIC INFORMATION ABOUT CHMC

History: ChMC was established during British period, in 1868. Just like many other ULBs in the Vidarbha region, ChMC also became active after it became a part of Maharashtra state in 1960. As mentioned earlier, during this initial period, i.e. up to 1980s, it established systems for provision of basic civil services to the residents, building gardens, public libraries and other space for public use.

Structure: There are 61 wards in Chandrapur, though a substantial number were integrated in the town after the set up of CSTPS and launching of many more coal mines by WCL. The town had its first D.P. for the period of 1965 to 1985, which was later revised from 1990 to 2010, in which the municipal limit was extended to accommodate the increased area due to collieries. Thus the tenure of current D.P. of the town is almost over, however, ChMC has not initiated the process of revising the D.P. In the meanwhile, another township is developing in the outskirts of Chandrapur, which is waiting for its inclusion in the Municipal limit. We could not access details regarding human resources of the ChMC, though we were reported that there is scarcity of class IV workers, which makes ChMC lag behind on the front of service delivery.

Political Composition: ChMC has long been a seat of BJP and Congress alternatively. At present there is an alliance between BJP and Congress, though prior to this BJP and Shivsena were in power. There are 61 corporators (Congress: 21, BJP: 20, NCP: 16, Shivsena: 10, Independent: 4) has never got an opportunity to rule in the ChMC and Communists have also not figured in the political scenario in the ChMC. During the initial decades, the district was the seat of Congress party. Naresh Punglia (ex-MP and senior leader of Congress), who built his political career on the basis of strong mobilization of coal workers. Shantaram Potdukhe, a senior leader of Congress (ex states minister for Finance) was MP for a long period of 16 years. These power equations changed after 1990s and for last two decades, BJP is leading at the state level. Now BJP has also started gaining a good base among the coal workers and slum-dwellers in the town. Thus Chandrapur district and subsequently Chandrapur town has consistently received good political representation at the state level.

On the background of this basic information about ChMC and against the backdrop of development issues, let's review some highlights from review ChMC's budget report.

2.2 FINANCIAL STATUS

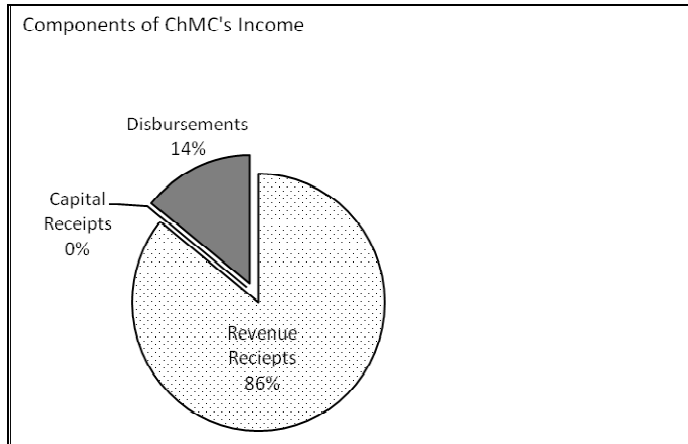
In any budget report, there are two basic components, (i) income and (ii) expenditure. In order to understand the financial position of any group, we need to review the status of these two components independently, as well as compare them with each other. We also need to review and compare the sub-components of these two components, in order to obtain trends regarding various aspects. In the following paragraphs, we have followed the same methodology for analyzing budget-reports of ChMC, on the basis of review of budget reports from 2002 - 2009.

2.2.1 Income: components and sub-components

Graph 1 presents the components of income of ChMC. As presented in this graph, there are just two components of income of ChMC, viz., revenue and disbursements; Share of

disbursements is nominal, and therefore revenue receipts become the most important source of income for ChMC. One wonders as to why there are no receipts at all under the heading capital receipts. We may need to look at the break-up of revenue receipts for this purpose.

Graph 1: Components of Total Income of ChMC

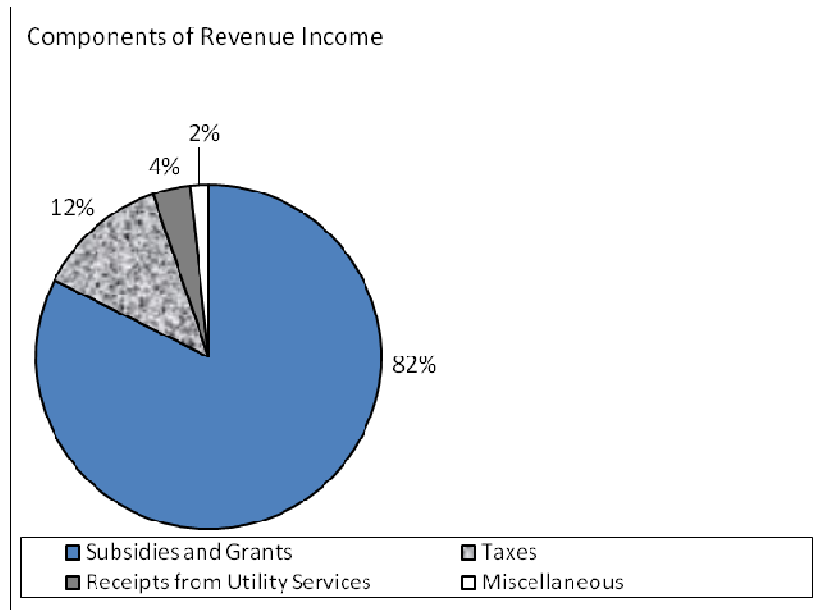


What are the sub-components of revenue income that make it the largest component of ChMC's income? These are presented in the graph (2) along with their respective shares in the total revenue receipts.

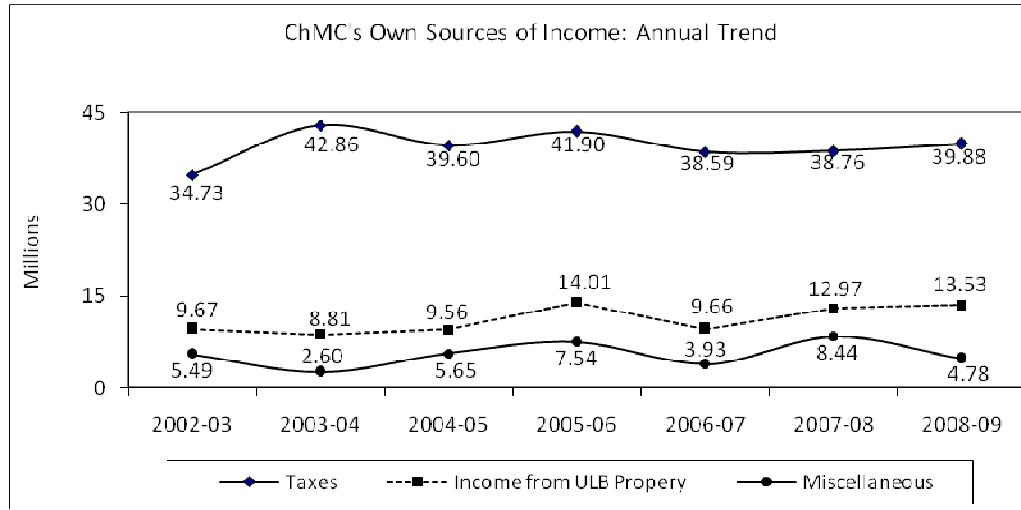
a. Revenue Receipts: Components and Sub-components

As presented in the graph below, grants and subsidies are the largest component of revenue receipts, while ChMC's own sources of revenue income (taxes, utility services and miscellaneous) occupy a very small, less than 20% of the total revenue receipts. Annual trend with respect to both these components have been presented in the subsequent graphs.

Graph 2: Components of Total Income of ChMC

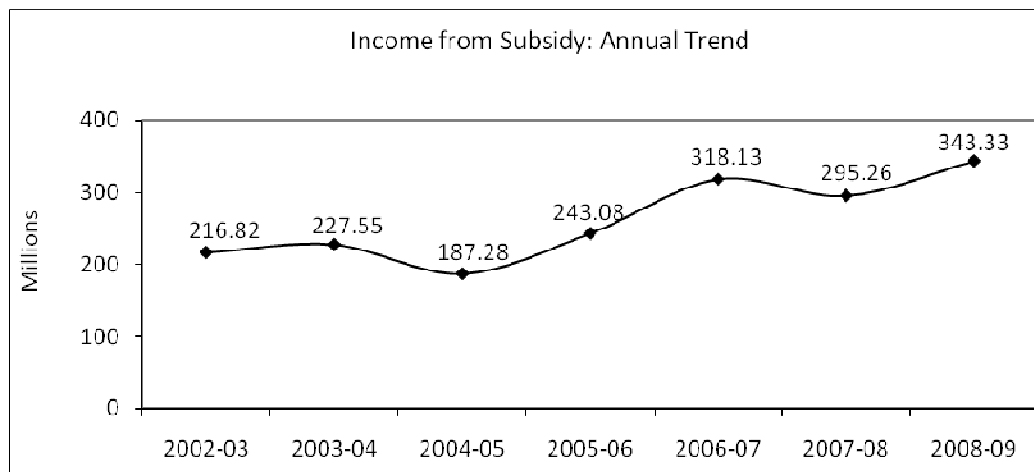


Graph 3: ChMC's Own Sources of Income: Annual Trend



Graph 3 shows that receipts from Utility Services and miscellaneous receipts have been nominal through-out the span of six years. Collection from taxes is slightly higher than these receipts, however, it has not increased over the years, rather, it has decreased during the course of last three years. Discussion about development issues in section 1 indicates that the poor collection of taxes is also likely to be an indicator of discontent among the residents.

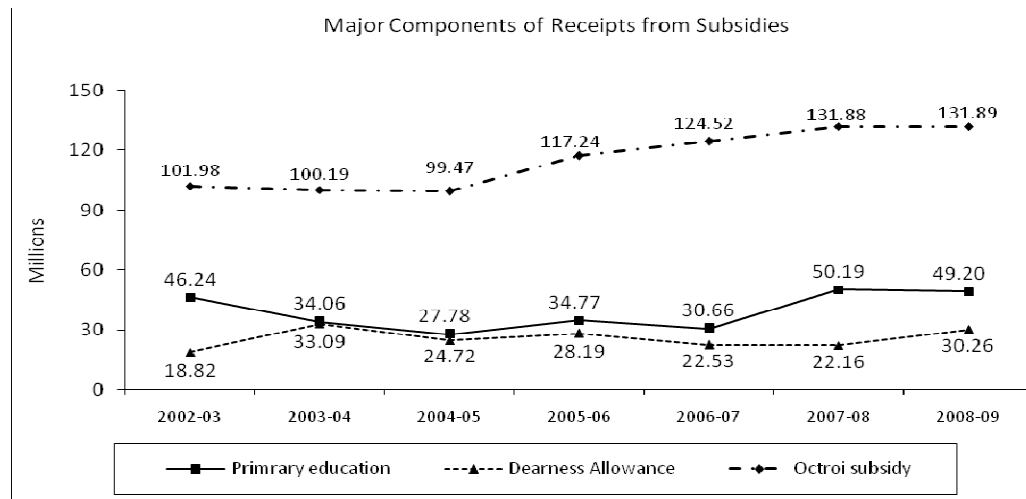
Graph 4: Receipts from Subsidies and Grants: Annual Trend



It is evident from the graph (4) that receipts are a major source of income for ChMC. The overall annual contribution seems to be on a slow rise, with some fluctuations between 2003, 2004, and 2007. These contributions are received from various grants. A glance at the break up of these grants reveals that ChMC has clubbed grants for day to day functioning and grants for specific purpose such as providing basic services to the poor, dalit, water supply on urgent basis, execution of D.P. and so on, together under the heading 'revenue grants'. In other ULBs we found that receipts and expenses from schemes for specific purpose are either recorded separately or they are recorded under the heading capital receipts and expenditure. This is why the heading 'Capital Receipts' shows nil heading in the budget report of ChMC. Usually grants for specific

purpose are higher than the grants for day-to-day functioning. However, we found that the situation is reverse in the ChMC. Graph 5 presents the major components of receipts from subsidies.

Graph 5: Major Components of Grants and Subsidies



Graph 5 shows that even among 'major' components, subsidy for Octroi is the real major source of receipts from subsidies and grants. It is also peculiar that none of the specific grants have figured in as major component of total contribution from grants. Though the income from Octroi-subsidy is on a consistent rise, it cannot be taken as an indicator of financial sustainability of the ChMC. As mentioned earlier, the population of ChMC is increasing at a rapid pace, and as per the population norms, ChMC is about to become a 'municipal corporation'. In this case, ChMC won't be provided Octroi subsidy from the state government. In such situation, ChMC is sure to face a severe financial crisis, if it is not able to increase its own sources of revenue.

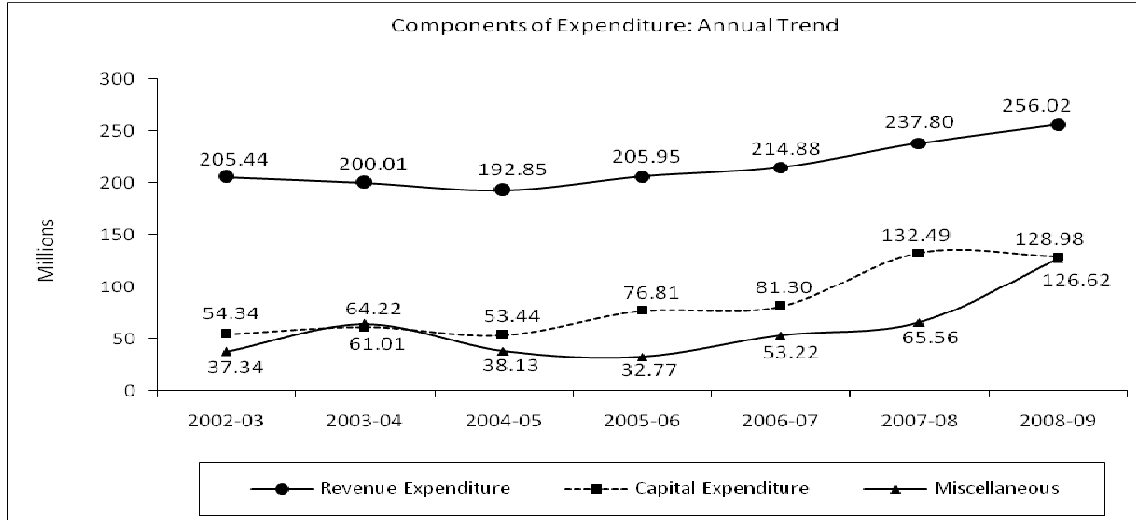
Receipts for Disbursements are receipts meant for some pre-decided items, such as PPF and pension for the staff, small investment and other miscellaneous items. Since these receipts do not assume significance for the residents directly, we have not discussed them in this report. Therefore, let's review the expenditure pattern of ChMC in the next section.

2.2.2 Expenditure of CHMC

As presented in graph 6, there are three major components of ChMC's expenditure: Revenue, Capital and Miscellaneous. It is evident that Revenue expenditure is the largest component of ChMC's component, while rest of the two components, especially miscellaneous expenditure has made small contribution across the years.

Though revenue expenditure is the largest component, it has remained more or less constant throughout the span of seven years. This indicates that expenditure on sub-components has not increased with growth of population.

Graph 6: Components of ChMC's Total Expenditure

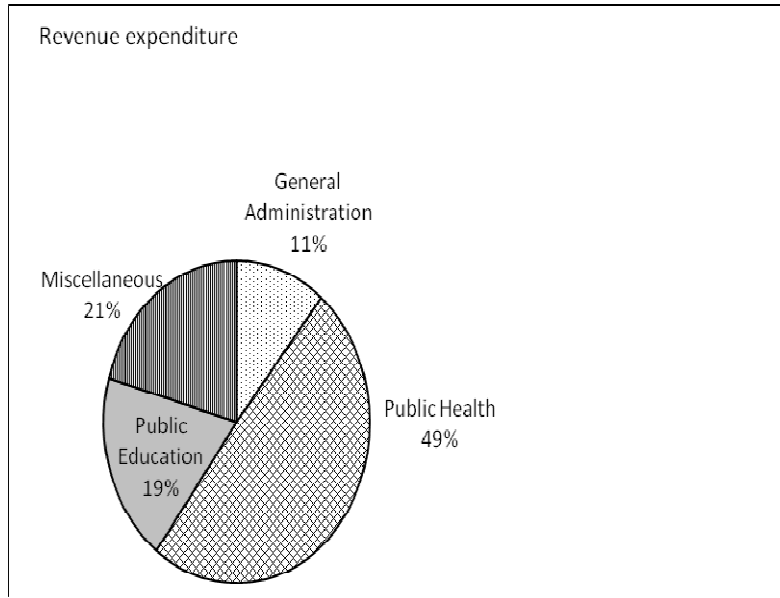


Capital expenditure however shows substantial rise during the last two years, while miscellaneous expenditure has remained more or less constant. Break up of capital expenditure shows, that it is expenditure from grants for specific purpose.

Let's now review the components of these three components one by one, so that we get some insight into the expenditure pattern of ChMC.

a. Revenue Expenditure

Graph 7: Components of Revenue Expenditure

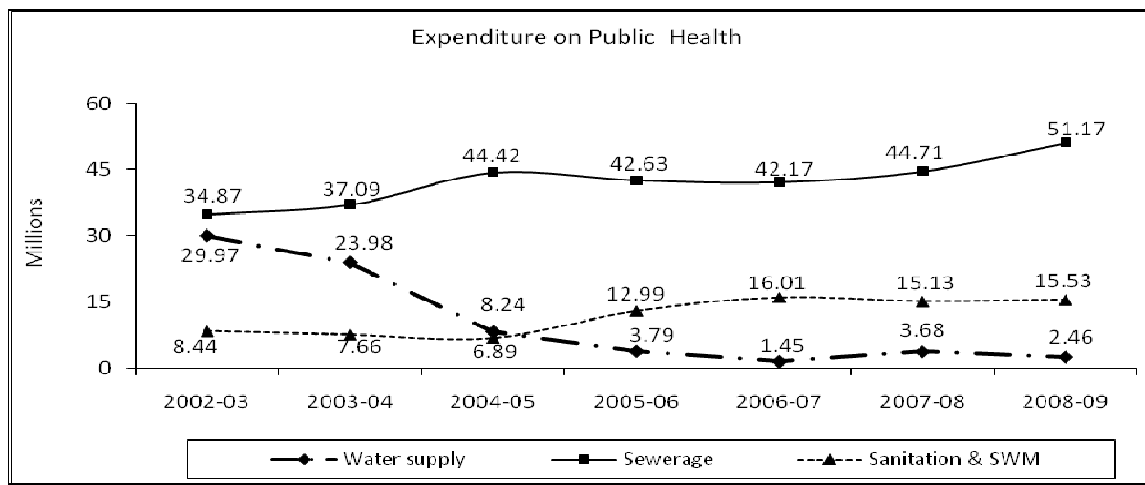


As presented in this graph, 'public health' is the largest component of revenue expenditure, while general administration is the smallest component. Just as in case of other ULBs, we were told that expenditure on administration has been integrated in each component of expenditure; hence, separate head on general administration does not signify total expenditure on administration.

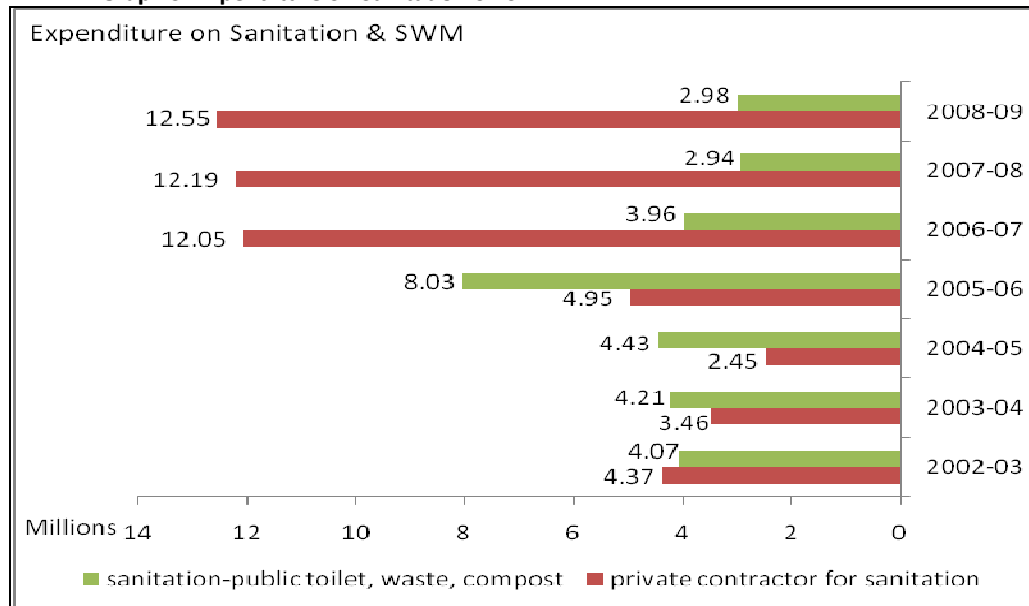
Break up of components under public health reveal that expenditure on most important public services, viz., water, sewerage and sanitation is recorded under this head. There are multiple other sub-heads under this component, however, for the purpose of this report, we have reviewed expenditure only regarding these three components, with the help of a couple of graphs.

Graph 8 presents annual trend of expenditure on these basic services, which reveals that expenditure on sewerage has been consistently higher than the rest of the two components, while expenditure on SWM has been lowest for first three years and it has been surprisingly higher than the expenditure on water supply during the rest of the four years. Trend regarding these three services is indeed peculiar; expenditure on sewerage is highest, but it doesn't seem to be reflected in the actual scenario; expenditure on water supply is the lowest, when water has been among the most pressing issues in the town. Graph 9 further suggests that ChMC has made expenditure on SWM and sanitation under some other heads of revenue expenditure.

Graph 8: Expenditure on Provision of Basic Civil Services: Annual Trend



Graph 9: Expenditure on Sanitation on SWM



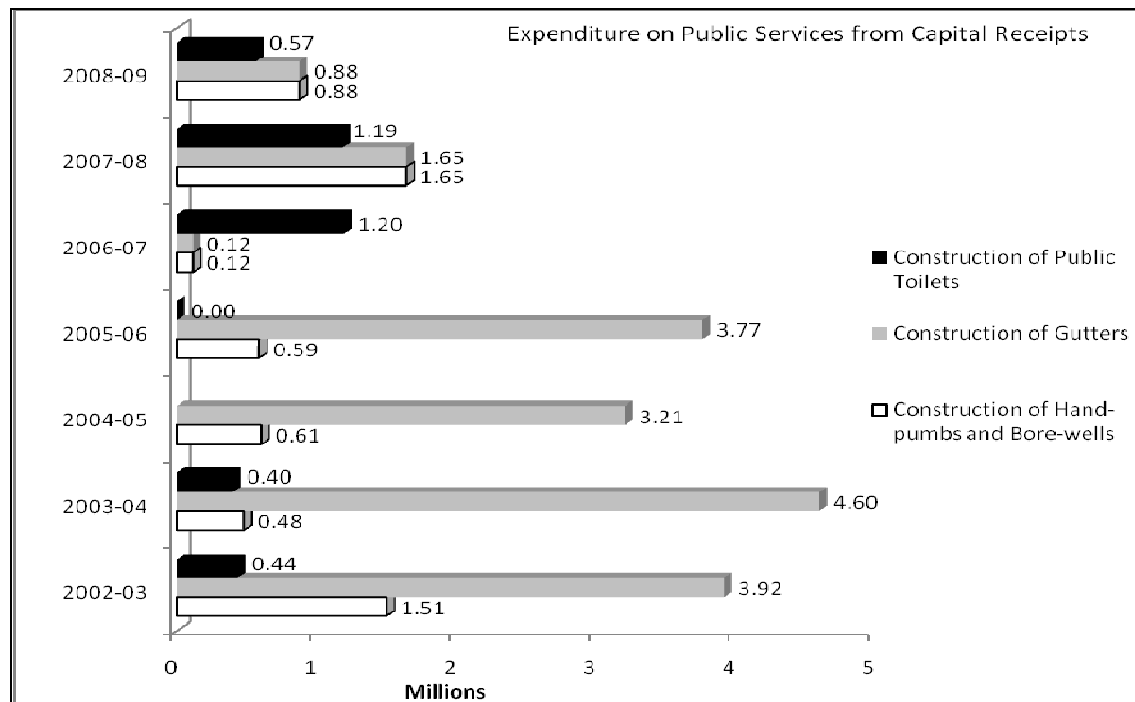
As presented in graph 9, ChMC has made some expenditure on composting of waste and sanitation facilities, which has not exceeded the limit of 13 million across the years. The graph also shows, that ChMC has appointed a private contractor for sanitation. The private contractor, we were told was expected manage the system of collection of waste from the residents, as ChMC found it difficult to reach out to remote slum-dwellers. However, in spite of this separate system and regular (though small) expenditure, scenario regarding collection and disposal of waste is far from satisfactory in most of the areas.

Let's now review how ChMC has utilized receipts from grants for specific purpose. As mentioned earlier, these expenses are recorded under the heading of 'capital expenditure'.

b. Capital Expenditure

ChMC has made expenditure on providing basic civil services especially to the poorer sections under many heads. Let's review the trend regarding this expenditure in the subsequent graphs.

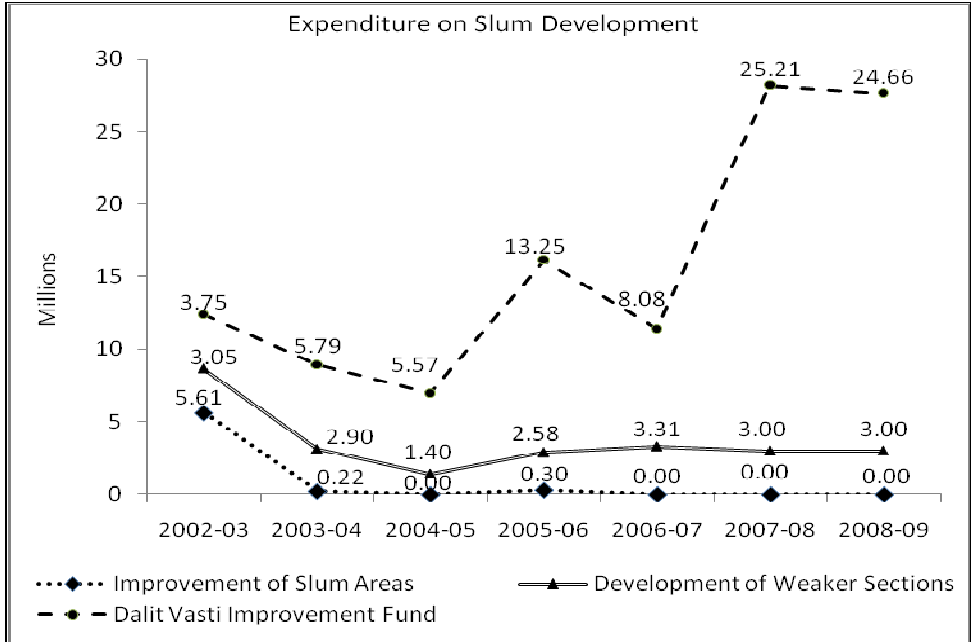
Graph 10: Expenditure on Sanitation and SWM



As presented in this graph, ChMC has made expenditure on three items, viz., construction of pumps and bore-wells, toilets and gutters. Expenditure on construction of gutters seems slightly higher than the rest of the components, however figures show that expenditure on all these three tasks has not exceeded two million except in case of construction of gutters in two years.

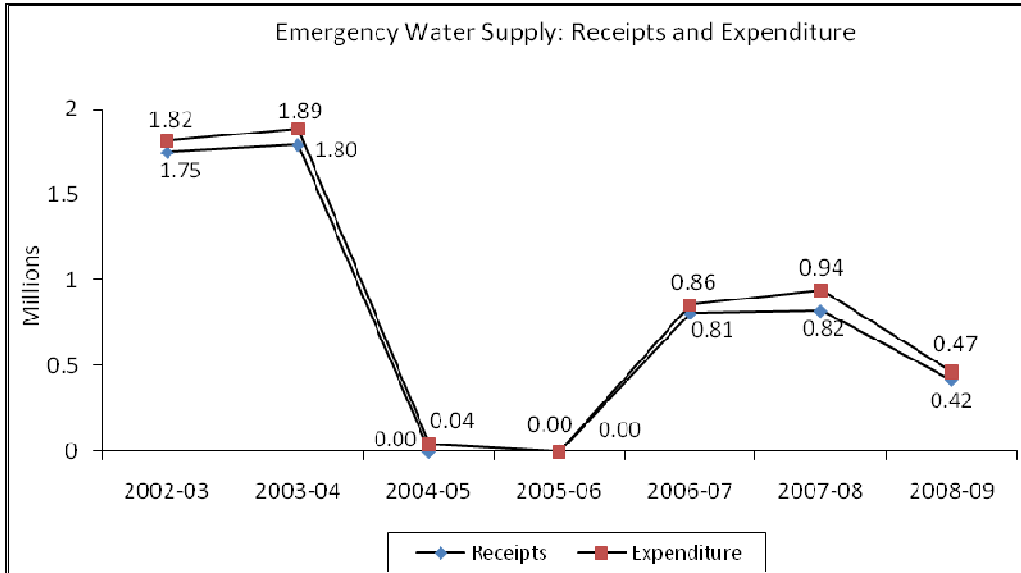
Graph 11 further shows that ChMC has made expenditure on slum development under three heads, expenditure from Dalit Vasti Improvement being the largest among them. Though expenditure from Dalit Vasti Improvement Fund is substantial in comparison with other two components, there is a lot of variation in the expenditure, and it has been quite low in the initial three years.

Graph 11: Expenditure on Slum Development



The next graph presents gap between receipts and expenditure on one of the critical issues in the town, viz., water supply on urgent basis.

Graph 12: Highest Sources of Revenue Expenditure

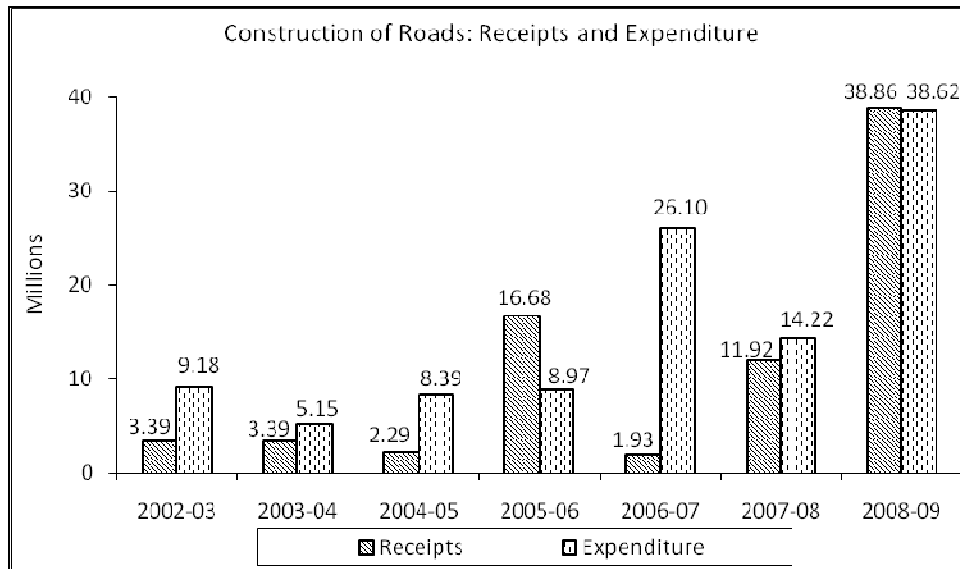


The graph shows that the entire amount of receipts have been spent under this head. However, the amounts are very small or even nil in some years, which is striking against the backdrop of consistent water crisis in the town.

Graph 13 presents the receipts and expenditure on construction of roads. Figures show that this is a regular item of expenditure and both receipts and expenditure have proportionately increased across the years, though there are some fluctuations in this span. This

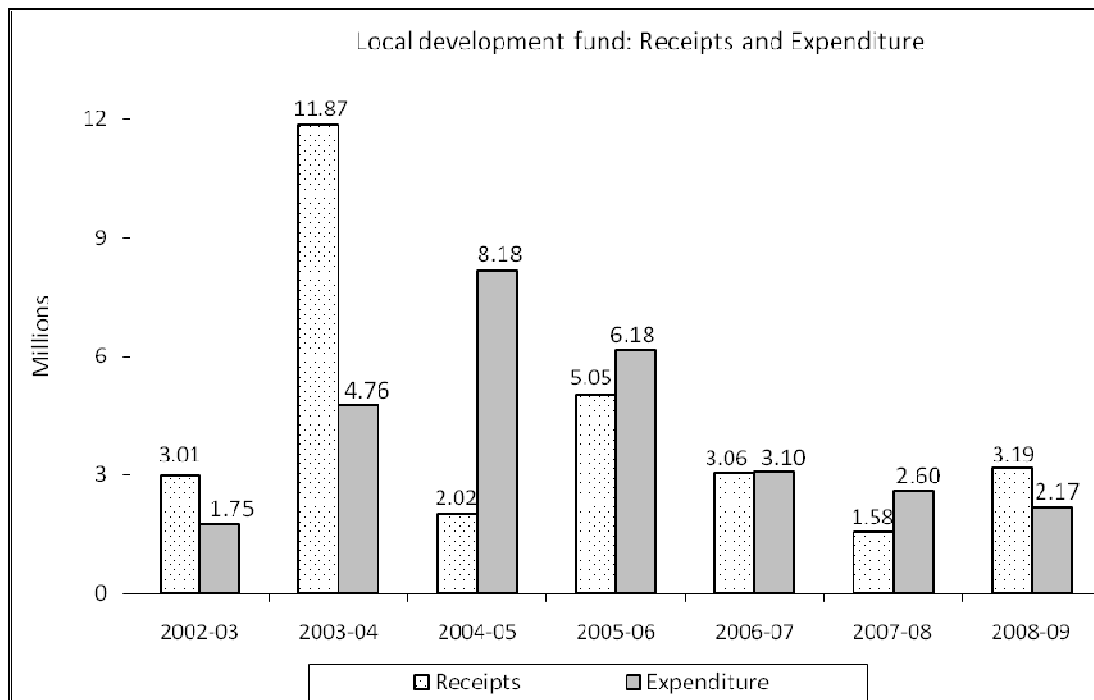
expenditure also does not justify the current status of roads in various parts of the town, especially collieries.

Graph 13: Receipts and Expenditure on Construction of Roads



In addition to all the above discussed items, ChMC has also made some expenditure from Local Fund, which is expected to be utilized for taking up urgent tasks for ensuring civic amenities to the residents. Graph 14 presents the receipts and expenditure from this fund.

Graph 14: Highest Sources of Revenue Expenditure

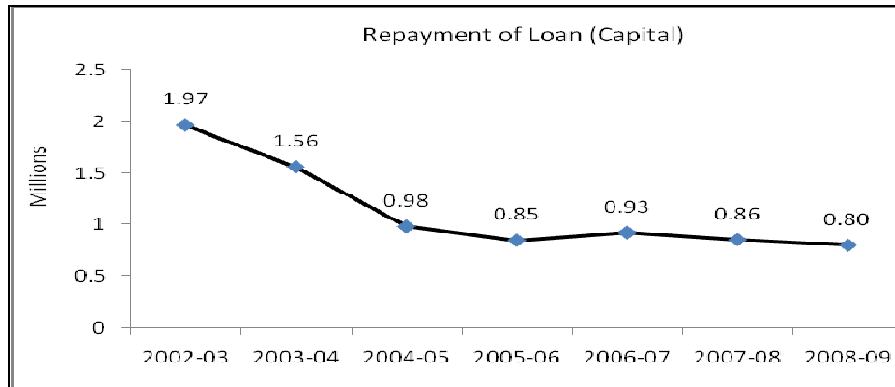


This is also a regular item of expenditure and ChMC has utilized these receipts satisfactorily; however, in the absence of details of works done from this fund, it is difficult to make any comment about the utility of this expenditure.

In a nutshell, capital expenditure has covered some basic aspects of public interest, especially interest of weaker sections. However, the size of expenditure is disproportionate with the size of population and scale of issues. Besides, there is no expenditure on addressing issues related to town planning, beautification of town, plantation of trees, execution of D.P. and so on.

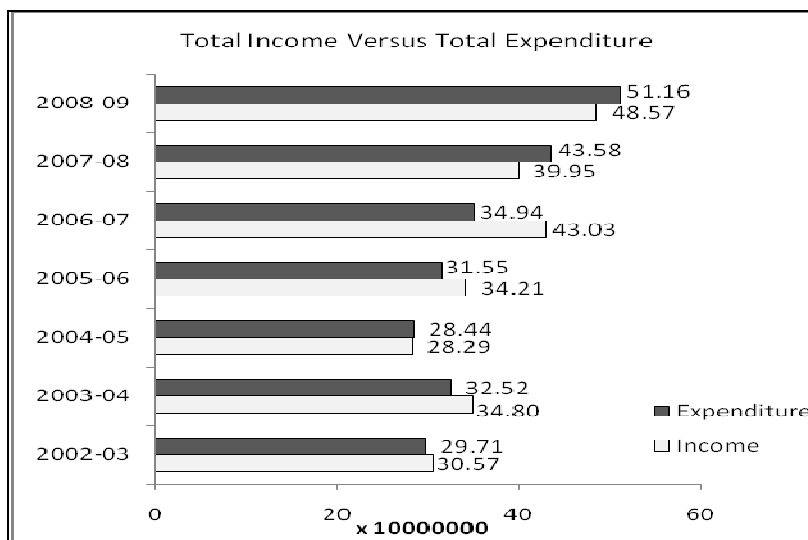
Let's now review a major component of 'miscellaneous expenditure' in graph 15.

Graph 15: Expenditure on Repayment of Loan



The figures show the repayment of loan during the last seven years. We were told that loan liability on ChMC is huge, to the tune of 40 crore, and that this amount is payable to the MJP. It is evident from the figures that repayment throughout the seven years has been minimal, and still, the amount of installments has decreased over the years. This means that ChMC is either not in a position to increase the amount of installments, or it has decided not to pay the dues to MJP like many other ULBs, who are not in a position to pay the huge dues and hence, have made conscious decision not to do anything about it. Thus repayment of loan in this case may not be considered as the real indicator of financial sustainability of ChMC. Therefore, let's see whether ChMC is deriving any surplus at the end of the year.

Graph 16: Total Expenditure in Comparison with Total Income



The graph shows that ChMC has not derived any surplus during 2007 -2009, though it has earned surplus in the previous three to four years. Thus, though financial condition of ChMC is not very sound, its funds are certainly not in the doldrums, unlike some other ULBs.

To sum up,

- ChMC's own sources of income are extremely weak, but contribution from grants is regular substantial, though it is disproportionate with the size of the town and scale of issues.
- ChMC's expenditure pattern shows that ChMC has regularly spent various funds on actual service delivery; however, the amount spent is very low; besides, many areas of public interest are left unaddressed and finally, whatever may be the expenditure, it does not show any reflection on the status of basic civil services.

Against this backdrop, let's review the status of development projects and reforms in the reforms regime³, which provide some insights about 'ChMC's vision about development of the town.

3 STATUS OF DEVELOPMENT PROJECTS AND REFORMS

3.1 DEVELOPMENT PROJECTS

ChMC has taken up two types of development projects from capital grants. These include:

(i) provision of housing to 800 slum dwellers through the funds of VAMBAY and HUDCO

(ii) Construction of Shopping Complexes (2) through IDSMT funds

The shopping complex in Gandhi Chawk is a multi-storied complex and it houses multiple trading activities. Provision of housing schemes however, is criticized by the KIs as well as the slum-dwellers, who aspired to seek housing through these schemes. During our short visit we were not able to identify beneficiaries of these schemes.

Apart from these completed projects, U.D. has also sanctioned ChMC's DPR for IHSDP. As per this approval, ChMC is taking up housing project along with basic amenities for 11301 slum-dwellers from six out of 55 slums in the first phase with the help of NGOs. The total sanctioned cost of project is 1473.75 million, and it is to be completed in 18 months after release of funds. ChMC is planning to cover the rest of slum-dwellers with the help of private players. The project had not received the installments till April 2010.

ChMC aspires to make the town 'slum-free' during the course of next 6 years. Experience of IHSDP, phase one would demonstrate whether this aspiration is going to be fulfilled.

3.2 JNNURM REFORMS

3.2.1 Mandatory Reforms

E-governance: ChMC has initiated the process of computerizing various functions; it has required resources, but lacks competent human resource, and hence, there is nominal progress on this front.

³ By 'reforms regime' we mean 'post 1990 period, era marked by advent of liberalism and privatization.

Double Entry Accounting: ChMC has not yet initiated the process for this transaction, though it plans to do so and complete the process within a span of seven years. This span is about to end in a year or two, however, ChMC has made no progress on this front.

User Charges: User charges have already been levied on water tax, and as mentioned earlier, these charges undergo 10% increase after every three years. ChMC plans to complete the target of 85% cost recovery by seventh year.

Internal Ear-marking of Funds for Basic Services to Urban Poor: ChMC has agreed to do so in principal, however the budget reports do not reflect this planning.

Provision of Basic Urban Services to Poor: ChMC has plans for completing this target with the help of IHSDP project and other schemes by engaging private players.

3.2.2 Optional Reforms

Among Optional Reforms, CHMC has given commitment to adopt all the 10 reforms. However, it has adopted only P-P-P in water sector. The experience of this reform agenda has already been discussed in section 1 of the report. This experience does not promise a positive outcome for further P-P-P initiatives, unless relevant lessons are integrated in their planning.

In a nutshell, Chandrapur is blessed with bountiful natural and mineral resources, leadership at the district and state level; at the same time it facing the menace of air-water pollution and unregulated growth of the population. Basic development needs of the town have not been met, and there is serious dearth of capabilities at the level of ChMC; on the other hand, there is vibrant civil society willing to utilize its expertise for public interest; there are economic institutions that generate huge revenue, and also exploit natural resources regularly and intensively. Against this backdrop, ensuring redressal of basic issues and planning for an inclusive and sustainable growth is a challenge that needs to be met in future.



4 ANNEXURE

4.1 REFERENCES

1. Gazette of Chandrapur District
2. 'Hitawad': compilation of articles on completion of 25th year
3. Report on Environmental Assessment, by Global Scientific Inc. , Nagpur
4. Chandrapur Janmashatabdi Grantha, Compendium on history and achievements of ChMC, on account of completion of 100 years for the town
5. Development Plan of the town
6. Budget Reports (from 2002 to 2009)

4.2 RESOURCE PERSONS

1. Kishor Gandhi
2. Ramanik Chavan
3. Sunil Deshpande
4. Suresh deshpande
5. rameshcandra dahiwade
6. Shanbhu wishwakarma
7. Bandu Dhotre
8. Prof. Doodhpachare
9. Sanjay Vaidya
10. Prof. Suresh Chopne