



**Center for Excellence in Urban
Development
The Energy and Resources Institute
(TERI)**

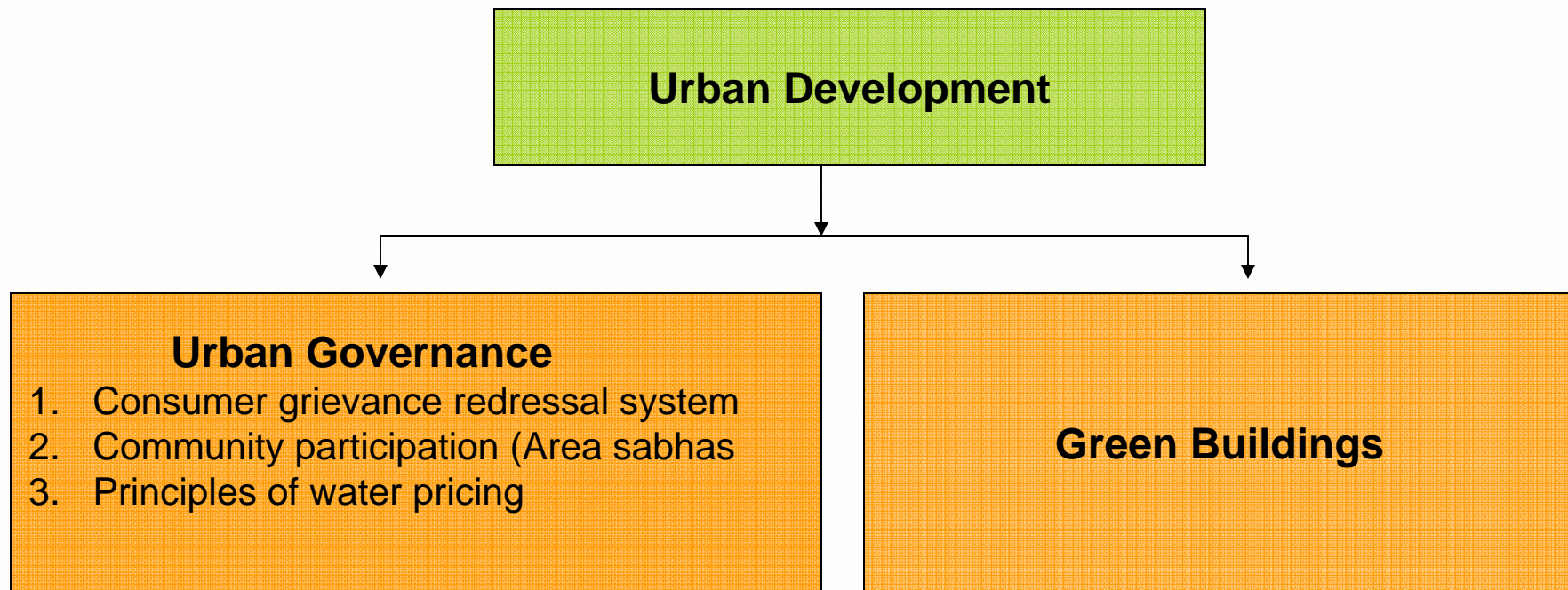
Introduction and background

- Selected as COE for Urban Development.
- Sanctioned 4 Projects under this:
 - Development Of Course Curriculum On Green Buildings
 - Assessment Of Consumer Grievance Redressal System
 - Enhancing Community Participation Through Setting Up Of Area Sabhas
 - Review Of Current Practices In Determining User Charges And Incorporation Of Economic Principles Of Pricing For Urban Water Supply
- Total Cost: Rs 54 Lakhs
- Time Frame: 1 Year

Mission Statement

- Bringing in principles of good governance in urban local bodies.
- Mainstreaming principles of energy efficiency in buildings sector.

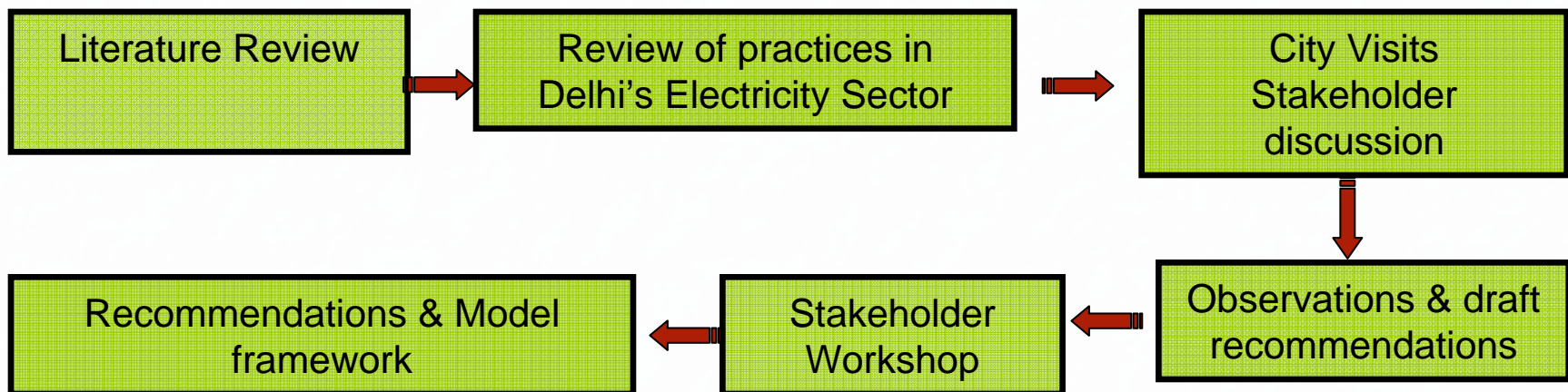
Areas of Specialization



Project Brief

Project I-Assessment of Consumer Grievance Redressal System

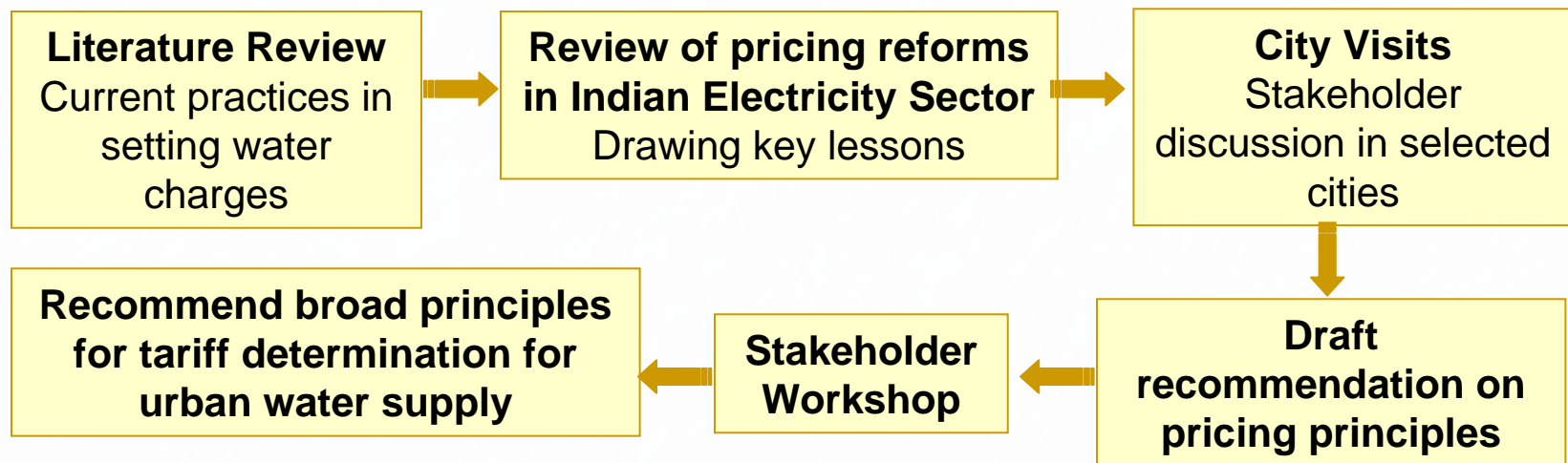
- **Objective:** Providing city - specific recommendations for strengthening the existing Consumer Grievance Redressal System (CGRS) in two selected cities and developing a model framework for consumer grievance redressal with respect to Municipal services
- **Approach Followed:**



- **Key Deliverable:** Model Framework for Consumer Grievance Redressal System

Project II- Review Of Current Practices In Determining User Charges And Incorporation Of Economic Principles Of Pricing For Urban Water Supply

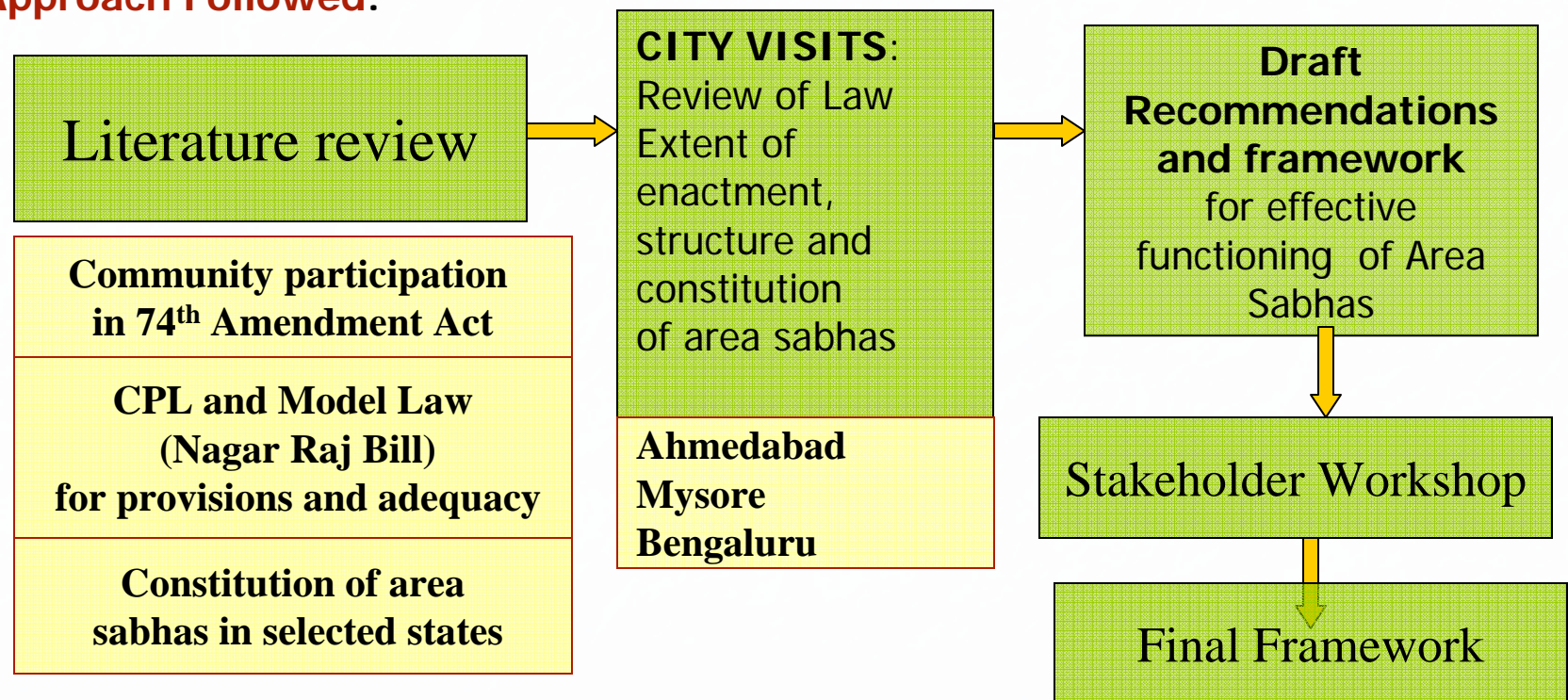
- **Objectives:** To frame broad principles of tariff determination to be followed in determining user charges for urban water supply
- **Approach Followed:**



- **Key Deliverable:** Broad guidelines of tariff determination to be followed in determining user charges for urban water supply

Project III-Enhancing Community Participation Through Setting Up Of Area Sabhas

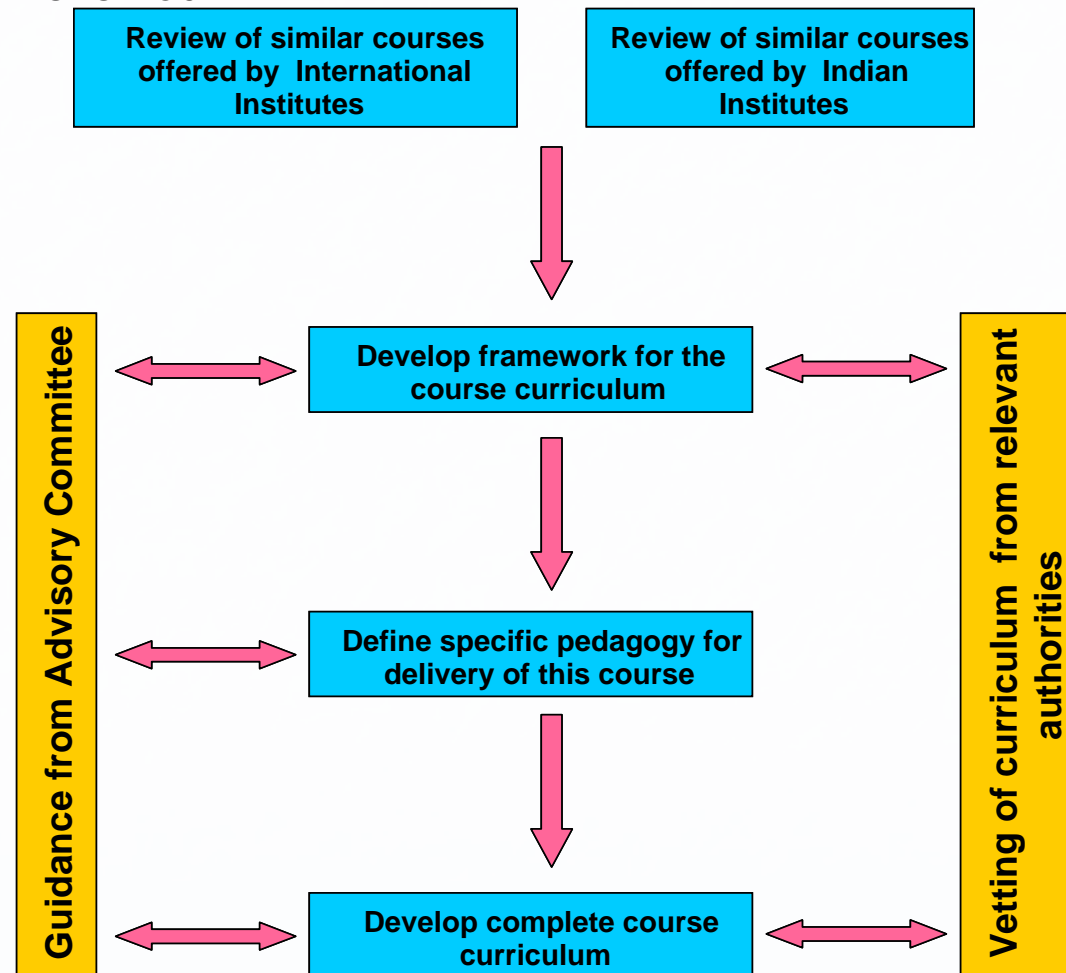
- **Objective:** Examine impediments and make recommendations for constitution of the area sabhas and making them functional and effective
- **Approach Followed:**



- **Key Deliverable:** A Framework for Implementation of Community Participation Law and setting up of ward committees and area sabhas.

Project IV- Curriculum development of a course on Green Buildings

- **Objectives:** Developing curriculum for a course of Green Buildings
- **Approach Followed:**



■ **Key Deliverable:** Detailed course content, list of reference materials & assessment tools

■ **Time Frame:**

| | | |
|---|---|------------|
| 1 | Project initiated | April 2009 |
| 2 | First Advisory Committee meeting | June 2009 |
| 3 | First phase report submission to MoUD | July 2010 |
| 4 | Second Advisory Committee meeting | May 2010 |
| 5 | First phase report submission to MoUD | May 2010 |
| 6 | External committee meeting for course vetting | June 2010 |
| 7 | Final report submission | July 2010 |

■ **Current project status:** Project complete

■ **Challenges/Hurdles faced:** Text books not available

■ **Implementation challenges:**

- Unavailability of suitable faculty members

- Lack of appropriate infrastructure in educational institutions

Key deliverables and Status

| | Deliverable | Date of Submission |
|---|--|--------------------|
| 1 | Inception Report | 15th July, 2009 |
| 2 | Mid Term Report | 31st Dec 2009 |
| 3 | Draft Final Report (posted on MoUD website for comments) | 19 April 2010 |
| 4 | Stakeholder Workshop | 4 June , 2010 |
| 5 | Final Report | 26 July , 2010 |

Broad Areas of Interest

- **'Evaluating Cost components (both O&M and capital costs) in provision of water supply for 3-4 Cities falling under different population category and assess the challenges faced by each city-type in identifying costs for tariff determination'.**

- **Assist 2-3 cities to make service provision sustainable**
 Involving Technical assistance,
 institutional restructuring,
 Capacity Building

- **Assist Ministry in the implementation of National Mission on Sustainable Habitat**
 - Development of sustainable habitat standards
 - R & D activities on urban transport, sustainable urbanization, water, solid waste, waste management, buildings (Griha rating system and TERI's associated expertise in energy efficiency in buildings)

Thank You

Recommendations on Guidelines for Pricing Urban Water

Objective: Rational pricing strategy to be formulated to achieve objectives of revenue sufficiency, economic efficiency, equity and fairness

Approach to tariff determination: Combination of cost of service approach and willingness to pay approach to tariff determination to be used while setting water tariffs to ensure both revenue sufficiency and social equity

Cost components:

- O&M costs - manpower, power, bulk water, chemical/ treatment, R&M
- Capital costs - investment, interest, depreciation, reasonable return

Sources of revenue: Revenue from sale of water, non tariff income (meter rentals, rebates, penalties, etc) & Subsidy/Grants from Government

Tariff structure:

- Two-part tariff structure consisting of a demand charge and variable charges
- Increasing Block Tariff (IBT) is most appropriate for domestic users; while uniform volumetric charges can be determined for other categories

Category-wise water tariffs:

- Domestic users should be charged through IBT tariffs:
 - Slab 1 – life line category: charged a marginal price only
 - Slab 2 – normal category: charged to ensure recovery of O&M costs
 - Slab 3 – high consumption category: charged at O&M cost + 'X'%
- Non-domestic users should be charged at fixed rate per KL of water consumed; while different rates may be charged from consumers falling in different consumption slab for promoting economic efficiency

Other aspects:

- Undertake measures to achieve 100% metering
- Segregate technical and commercial losses and undertake measures to reduce commercial losses and improve collection efficiency
- Put in place an Incentive system to reduce UFW gradually

Implementation of Guidelines - Role of various institutions

Role of Central Government

- Financial support should be provided to state government to facilitate water sector reforms
- Capital grants under JNNURM should be advanced for improving metering levels

Role of State Government

- State Water Policy should incorporate rational approach for pricing urban water
- To establish Independent Water Regulatory Authority at State Level

Role of Regulatory Authority

- Setting tariff guidelines for charging for water supply
- Monitoring and adherence to guidelines by water utilities
- Providing link btw government, water utilities and consumers
- Advocating best practices in tariff setting in water sector
- Monitoring quality of supply

Role of Water Utility

- Setting up of an Information Management System for maintaining quality financial and technical data for setting tariff
- A committed drive should be carried out for achieving 100% metering along with awareness campaigns
- Segregate technical and commercial losses
- Capacity building of employees to improve efficiencies

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Key findings – Literature review and city visits

- **Although most of the States have enacted the law to have ward committees, the ward committees are functional in very few.**
- **Wherever they are established, the delegation of functions and finances are weak, and make them ineffective**
- **The proximity between the citizens and the government is not achieved to the desired level.**
- **Citizens also lack the awareness and motivation to take part in the development of their city/neighbourhood/area.**
- **Community participation at sub ward level, by establishing Area Sabhas has also not taken off as desired, in spite of the provision of enacting CPL under JNNURM**
- **In TERI's view an apolitical system involving mostly voluntary association of citizens would not be sustainable. Election is the only way of securing representation in a democracy.**

Recommendations

Enacting and Implementing CPL

As a first step, all states should implement CPL and establish ward committees in all the cities and towns having population 1 lakh and above.

At a later stage the ward committees could be established in smaller cities as well.

The states should be vigorously encouraged to implement CPL.

Once ward committees are established and become functional in a city, 'area sabhas' should be constituted.

A time frame should be established in all the states by which the constitution of 'ward committees' and 'area sabhas' is carried out.

Polling booth system (with a population ranging from 1500-2000 people at an average) as proposed in the Nagar Raj Bill would be a uniform and practical unit for constituting 'areas'.

Area Sabha and Ward Committee

- All the voters registered under a polling booth will form 'area sabha' for that polling booth.
- Area Representative would be elected from within the 'area sabha'.
- Area Representatives would subsequently become member to the ward committee of their respective ward.
- Regular meetings of all the population of the area with the Area Representatives for feedback and communication for various development issues should be facilitated and organised.
- The Area Representatives from all the areas will become members to the ward committee of that ward.
- Each ward will have a ward committee. The ward committee will have elected corporators, and the Area Representatives as member.
- The city could identify eminent person from each ward who can become member to the ward committee without voting rights

Functions

Municipal Corporations and subsequently the ward committees and area sabhas should work in these core areas [As Per MML, Chapter 6 section 47(1)]:

- Water supply
- Drainage and Sewerage
- Solid Waste Management
- Preparation for plans for economic development and social justice
- Communication systems (such as construction and maintenance of roads)
- Transport System accessories (Streetlights, parking areas)
- Community health and protection of environment
- Markets and Slaughter-house
- Promotion of educational, sports and cultural activities
- Aesthetic Environment
- **City Planning**

The division of work amongst the Municipal Corporation, ward committee and the area sabha should be as per the **ACTIVITY MAPPING** prescribed under the Model Nagar Raj Bill.

Finance

- **The ward committees must be given financial powers and should have a say in the approval of municipal budget as prescribed in the Nagar Raj Bill**
- **Section 16(d) of the Model Nagar Raj Bill entails setting up of Ward Finance Committee which would prepare ward budgets and maintain ward level bank accounts**
- **It also specifies that the Ward Finance Committee would present the ward accounts before the ward committee**

Linking Ward Committee to Citizen centers

- **An office establishment should be provided/created at ward committee level and all meetings be held here**
- **Citizen complaint redressal centers and information centers should be based here to assist one time solution to all queries/requirement of the citizens.**
- **Citizens attend meetings of ward committees or meet their area representatives in these offices.**

Citizen Participation E-Portals

- At the later stages of establishing the area sabha system, E- portals be established for general public on the lines of IT enabled consumer grievance system
- The portal will be a virtual platform for citizens' involvement
- The portal will also inform the citizens about the schedule of the ward committee and area sabhas meetings, the subjects to be discussed, minutes of the meeting, ward budget etc

Guidelines

- In order to support the implementation of the Act, detailed guidelines could be prepared by the Ministry
- The guidelines would involve the details about the operational aspects of area sabhas and ward committees , for example, functions, finances, elections, frequency of meetings, etc.

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1. City specific recommendations

Critical review of the existing CGRS in **Ahmedabad** and **Raipur**, identifying gaps, and recommending measures for strengthening the current mechanism

Recommendations based on :

- Detailed understanding of the existing processes in the city
- Discussion with stakeholders (government, corporation, consumer groups, academicians, citizens)
- Examining best practices in other cities and sectors

2. **Model Framework for CGRS**

TERI proposes a Model IT enabled framework for CGRS

Key features:

- A uniform format for various avenues for complaint registration
- Effective flow of information between complainant and the municipal corporation
- Structured process of complaint closure
- A robust reporting and monitoring system
- In-built accountability and transparency
- Assessment of consumer feedback and citizen satisfaction

3. Pre-requisites for an effective implementation

- Training and skill enhancement of functionaries
- Citizen-friendly systems
- Building competitive pressure
- Legal recognition of Municipal's role in consumer grievance redressal
- Public disclosure
- Robust backend processes
- Independent Forum for Appeal

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