The Politics of Making Greater Hyderabad
Metropolitan Scale-Building and Local Government Capacity

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December 18, 2016

(Draft only. Please do not cite or circulate.)

I. Introduction

This paper deals broadly with urbanisation processes and urban governance in contemporary India, in connection with economic growth strategies. It examines some keytendencies of urban development in the largest cities and analyses the multiscalar politics that are in play, focusing primarily on state actors situated at various spatial scales (central, state, local). In particular, it engages with the tension between efforts to promote economic growth in urban spaces and parallel efforts to enhance the capacity of municipal corporations and make them more accountable and more effective in delivering basic services and 'development'. It reflects on the consequences of these developments in terms of (more macro processes of) state restructuring, on one hand, and urban governance and citizenship, on the other.

The starting point for this paper is the observation that India's largest urban agglomerationsare not onlygrowingdemographically and spatially, the built-up area spreading ever further afield,they are being reconfigured politically, via the extension of municipal boundariesto cover increasingly vast areas. In this process, smaller towns and villages get merged with larger urban agglomerations. As Shaw notes, between 1991 and 2001, 221 towns were thus merged, twice as many as in the previous decade (2012: 32). This trendhas been observed across various scales and categories of settlements (Pradhan 2013), but the focus here is on the expansion of the boundaries of metropolitan cities, such as occurred in Hyderabad and Bengaluru in 2007 and in Chennai in 2011.[1]

This paper will argue that these processes, which I call metropolitan scale-building, areprimarily an expression of a broader strategy on the part of state governments to leverage their large cities as growth engines. By channelling public and private investments to particular urban spaces, usually in in the peripheries where land is more easily available and less costly, state agencies accompany and shape metropolitan restructuring and initiate new areas of growth, notably through large-scale transport projects (ring roads, mass transit) and the development of industrial estates, often in partnership with private developers. The most common rationale for metropolitan scale-building, a trend observed throughout the world (Lefèvre 1998), is the felt need to enhance political capacity in order to produce outcomes that will allow these cities to better compete with other urban regions in India and globally for investments. Significantly, such initiatives are also often framed as an urban planning imperative, a response to the need to scale-up administrative capacity for providing infrastructure and services to fast-growing peripheral areas and alsoregularise existing unplanned construction. Regardless of the rationale, it will be argued here that territorial rescaling, which involves different types of actors situated at different spatial scales, is always a contested process.

To engage with these issues, a case study approach is adopted. It focuses on the politics of creating Greater Hyderabad, a political project acted in 2007, and examines how the process of territorial integration is playing out, with a specific focus on the western peripheries of the city, which have undergone rapid transformation in the past 15-20 years. This paper will question what this territorial reorganisation changes in terms of governance, understood to be the configuration of actors shaping

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[1] Areas increased respectively in Hyderabad from 172 km^2 to 725 km^2 in Bengaluru from 161 to 741 km^2 and in Chennai from 176 to 426 km^2.

the current and future affairs of the city. With special attention to the power relations between the corporation and the state government, it will examine the consequences of this political project for the sovereignty of the local state. Although not acentral focus here, it is also a first step in assessing what these reformsmean for residents, both those in the core city and those in the periphery.For the latter, what are the consequences ofhaving their political representation shift from a rural panchayat or a lower grade municipality to a corporation?

This paper also examines proactive efforts on the part of GHMC to implement reforms for increasing community participation in urban governance and the practical steps it has taken to integrate recently annexed territory, as well as the obstacles to asserting its sovereignty over these spaces. In particular, it questions the extent to which policy instruments that designate special areas for intensive high quality property development, mainly in the form of office parks and industrial enclaves,constitute risks for the effective consolidation of metropolitan scale. I will argue that by contributing to the fragmentation of urban space and by depriving the local body of fiscal revenues, such instruments are obstacles to strengthening the capacity of civic administration. In theory at least, the revenue withheld from the local body could be used to equalize service levels thereby better integrating new areas into the more established city core.

This paper has two main theoretical objectives. Firstly, it aims to contribute to research on state restructuring in India, which although distinct from economic restructuring, accompanies it and is in turn influenced by it. It will examine the specific ways in which state governments exercise their policy prerogatives in urban jurisdictions and how local governments respond. Using a scale-sensitive political economy approach grounded in an empirical enquiry, it seeks to contribute to our understanding of the politics surrounding specific technologies of government used to shape urban space (i.e., enclave/zoning technologies)and to exert authority over residents and business activities. I will examine how such strategies are contested.Secondly, it offers a reflection on urban governance in India's large cities in light of such ambitious expansion projects and examines the implications for local state sovereignty and urban citizenship. This will build on existing scholarship examining the governance challenges raised bylarge urban megaprojects such as integrated townships(Goldman 2011;Ren& Weinstein 2013; Shatkin2011), including those addressing external governance (Sood 2015, 2016) and impacts in the peripheries of metropolitan cities (Kennedy & Sood 2016; Raman 2016; Vijayabaskar& Suresh Babu 2016).

The paper is organised as follows: section IIsituates the case study within the broader context of India's contemporary political economy, in relation to recent literature. The next section describesin broad strokes the case study, the rationale for making Greater Hyderabad and the institutional arrangements involved.Section IV analyses the challenges and obstacles to consolidating GHMC and builds the case. Section V reiterates the main arguments and concludes.

II. Urban development and the politics of rescaling

At the most basic level, metropolitan growth processes involve the spatial expansion of the built-up area to peri-urban and rural hinterlands. Often taking place through the development of clusters and corridors, these contribute over time to the reorganisation of urban space around new central spaces (polycentric growth). Observed in most of India's metropolitan cities, this pattern has accelerated since the mid-1990s (Shaw, Satish 2007). Recent studies have sought to explicate the drivers and specific modalities of such developments, taking into account different spatial scales, from global finance capital (Denis 2011; Halbert, Rouanet 2015) and state-level political elites (Kennedy 2007, 2009, 2014; Kennedy, Sood 2016) to local property owners and developers (Raman 2016; Rouanet, Halbert 2016). As has been richly documented, various types of actors are seizing opportunities for rents from land conversion and real estate development, in response to market demand and with a view to speculating on the future appreciation of urban property values (Goldman 2011). These processes drive a form of accumulation—not exclusively reserved for urban areas—that often comes at the cost of dispossession for the most vulnerable sections of society: eviction from informal

settlements and loss of livelihoods (Levien 2013; Sampat 2016), although situations vary remarkably depending on the political economic dynamics of each locality. Less stringent enforcement of planning rules by rural panchayats on the urban fringe and more lenient regulations also contribute to making peri-urban spaces attractive places to invest (Roy 2011; Zerah, Denis forthcoming). Equally relevantfor the discussion here are processes of private (or corporate) urbanization, notably via townships and business parks, which involve the private provision of public goods (Sood 2015)and contribute to spatial and political fragmentation.

Various theories help to understand and interpret links between economic processes and urban spaces and how these shape public policy. In the 2000s both economic geographers and urban economists re-activated the concept of 'agglomeration economies' to argue that the spatial concentration of people and economic activities increases productivity and hence capital accumulation (Glaeser and Gottlieb 2008). The 2009 World Development Report, titled *Reshaping Economic Geography* (World Bank, 2009) helped these ideas gain traction in the developing world and contributed to the revival of spatially oriented policy tools that had gone out of vogue in the economic policy mainstream (Robbins 2011).[2]In India, these ideas were promoted, among others, by the McKinsey Global Institute whose 2010 report called for policies to harness the growth opportunities opened up by urbanisation by pouring investments into Tier 1 and large Tier 2 cities (2010: 29-30). Such policy prescriptions remain highly controversial, not least because they amplify spatial inequalities in the short and medium term.

What no doubt helped these policy prescriptions make a comeback was their resonance with observable patterns of economic growth characterized by spatial concentration in industrial clusters or large metropolitan regions in the context of global economic restructuring following the slowdown of the 1970s. Writing in the early 2000s Allen J. Scott pointed to global-city regions as the key drivers of global growth (2001) building on related ideas of 'global cities' as key nodes underpinning the global economy. Of special interest here, Scottobservesa political and strategic dimension to this trend, noting efforts to engage in territorial and political amalgamation at the local scale to construct inter-territorial bases of collective action (2001: 4). The idea was to build political capacity at the metropolitan scale in order to better face competition from other cities. On the surface, the AP government's decision to create Greater Hyderabad appears to stem from the same logic.

One body of political economic theory that appears particularly relevant for examining this case is the literature on state restructuring or rescaling. This neo-Marxian body of theory, largely inspired by critical urban geography (David Harvey, Eric Swyngedouw) and French regulation theory (Jessop),focuses on how states adapt to changes in capitalism by reconfiguring their relation to space and territory (Brenner et al 2003; Brenner 2004). Developed primarily in reference to North Atlantic capitalism, it has sought to explain how nation-states shifted from a Keynesian-inspired model based on "uniform and centrallymanaged policies, aimed at the redistribution of assets, income and employmentopportunities and infrastructure in order to create socially cohesive national spaceeconomies" (Klink 2013: 1169) to a supply-side model targeting investments and promotional policies in favour of specific types of spaces. In contrast to 'spatial Keynesianism', these subsequent policies were characterized by "the proliferation of customized anddownscaled institutional arrangements aimed at the creation of competitive urbaneconomies" (ibid).Urban spaces in particular have been targeted as strategic production sites,concentrating human and physical resources most capable of creating value and well connected through quality telecommunications and transport infrastructure. Across the globe, cities have been increasingly leveraged as growth engines in the regional and national economies, a trend observed in both advanced and emerging economies.

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[2]For instance earlier examples were the 'growth poles' from the 1950s and Italy's industrial districts from the 1980s.

This body of theory builds on conceptions of scale that are not restricted to spatial aspects. Here, a scale has political and socialtexture and emerges or consolidates as a result of social processes that involve an appropriation of space.In thisconceptual approach, the emphasis shifts to the 'scalar dimensions of political andsocial practices' rather than focusing on phenomena occurring at variousready-made scales (e.g., local, national, global, etc.) (Moisio 2011). Importantly, *rescaling* or shifting scales is always a contested process and new or recalibrated scales are understoodas an outcome of struggles for influence and power. Thus, new state spaces are produced via acontested process by socio-political forces emanating from various geographical scales (Kennedy 2014:7).

Fundamentally, rescaling processes imply a change in the *spatial frame of reference* underpinning state action. They can lead to a formal reconfiguration of jurisdictions, for instance through merging of territories like in the case of Greater Hyderabad. When used in this 'narrow' sense, it refers to "the changing organization of state territoriality in the modern inter-state system; the evolving role of borders, boundaries, and frontiers; and the changing intra-national geographies of state territorial organization and internal administrative differentiation" (Brenner et al. 2003: 6). In contrast, the 'integral' sense of state space covers a wider range of state spatial strategies that attempt to shape the geographies of socio-economic activities. It refers to "the territory-, place-, and scale-specific ways in which state institutions are mobilized strategically to regulate and reorganize social and economic relations and, more generally, to the changing geographies of state intervention into social and economic processes" (Brenner et al. 2003: 6, cited in Kennedy 2014: 8).

As cities become strategic sites for growth, issues about urban governance naturally come to the fore. In Europe, as nation-states have scaled back on social policies, local urban bodies have found themselves on the front line for dealing with unemployment, affordable housing, etc., without necessarily having access to more resources. This has prompted debates aboutmultiscalar governance arrangements,territorial reorganisation, about the fiscal powers of local bodies, and the merits of powerful executives and directly elected mayors.[3] India's large cities have not seen a significant increase in powers, despite the reforms instituted by the 74th amendment. State governments remain the key actors in urban space (Kennedy Zerah 2008) and as cities become more strategic in their regional economies, they have a tendency to act as a substitute for the local government.Criticising this state of affairs KC Sivaramakrishnan remarked: "In the Indian context, the chief minister of a state, however skilled and competent he or she may be, cannot double up as the mayor of its principal city".[4]

In India, the decision to formalize the metropolitan scale as a political entity, i.e., by extending municipal boundaries, is the prerogative of state governments, in keeping with their statutory powers to legislate on issues pertaining to local government. That said, the timing of several recent mergers (e.g., Bengaluru, Hyderabad and Chennai) suggests state governments may be taking their cue from the central government whosemost ambitious urban policy, the JNNURM (launched in 2005), targeted the country's largest cities.A decade before JNNURM, the 74th CAA attempted to address metropolitan governance, albeit it in a non-binding way. It defined metropolitan areas as those having 10 lakhs population and recommended the formation of an elected planning committee for each metropolitan area to ensure greater legitimacy and accountability.[5]

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[3] In India, recent bill proposal by ShashiTharoor

[4] Cf. K C Sivaramakrishnan: Megacity governance: The current hierarchical model is neither sacred nor eternal, *Business Standard*, March 8, 2009. See also Sivaramakrishnan 2011.

[5] "Provided that not less than two-thirds of the members of such Committee shall be elected by, and from amongst, the elected members of the Municipalities and Chairpersons of the Panchayats in the Metropolitan area in proportion to the ratio between the population of the Municipalities and of the Panchayats in that area;". It further states that representation is such committees may also include members from "Government of India and the Government of the State and of such organisations and institutions as may be deemed necessary for carrying out the functions assigned to such Committees;"

Be that as it may, as urban-based growth has become more compelling in recent decades, state governments' perceptions about urban space within their territory have started to change (Kennedy &Zerah 2008, Kennedy 2014). State-level agencies, such as Infrastructure Development Corporations, which are public enterprises usually allowed to turn a profit, are particularly instrumental in shaping new developments on the urban frontier. They are empowered to use state machinery to acquire land or to transform government land into a commodity by bringing it into the market, and converting its land use to be compatible with industrial or commercial development (Kennedy, Sood 2016). As I will elaborate further below, Andhra Pradesh provides a particularly compelling illustration of this. The decision to create Greater Hyderabad in 2007, by decree, came after about a decade of policies that aggressively sought to develop specific places in Hyderabad's urban peripheries, most remarkably in Rangareddy district. There, the state government directly promoted or provided support for private development of large-scale industrial projects, starting with HITEC City, one of its flagship projects, a first step in the creation of a cluster of export-oriented service sector activities that has been pursued, for instance with theNanakramguda IT Park and Financial District.[6]

III. CreatingGreater Hyderabadby decree

The legal constitution of the Greater Hyderabad Municipal Corporation (GHMC) in 2007 was only the first, and no doubt easiest, step to actually creating a new state scale, both in physical and symbolic (representational) terms. Territorial reorganisation on this scale is a complex process that necessarily unfolds over time, and this study does not pretend to take account of the entire scope of that exercise. The description is this section will be limited to some key parameters that will allow me to provide background information before engaging with the main research questions in the subsequent section.

In July 2005, the government of Andhra Pradesh issued a government order proposing to constitute the Greater Hyderabad Municipal Corporation (GHMC) by merging 12 surrounding municipalities and eight grampanchayats with the existing Municipal Corporation of Hyderabad (MCH).[7] This proposal would increase the total area of the municipality by more than four times, from 172 km^2 to 725 km^2. In terms of population too, it would just about double the existing local body. In 2001 the MCH had 3.6 million people, whereas Greater Hyderabad registered 6.8 million in 2011. Significantly, when the proposal was put before the general body of the MCH for a vote in 2005, shortly after the GO had already been issued, a large majority of corporators rejected it (75 against 15 in favour). Opponents were not happy they had not been consulted and about the lack of public debate on such an important issue. There were concerns about the costs the merger would generate, notably to increase service levels in the new areas on par with those of the core city. It was feared that thesecosts would be disproportionately borne by the MCH, whose financial position was relatively stronger than the surrounding bodies. Moreover the press reported fears that the liabilities of the local bodies proposed to be merged would fall on the exchequer of MCH.[8]

Although the Congress-led state government was behind the initiative, only 15 Congress corporators voted in favour of the proposal; some state-level Congress leaders also spoke out against it.[9] Both the Telugu DesamParty (TDP) and the Majlis-e-IttehadulMuslimeen (MIM) party criticised the move

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[6]This kind of 'intentional clustering' is among the most important of the direct industrial policies at the disposal of subnational states (Chakraborty and Lall 2007: 143).

[7] See Government Order Ms. No. 704, Municipal Administration and Urban Development Department, Government of Andhra Pradesh, dated 20 July 2005. The municipalities are L.B. Nagar, Gaddiannaram, UppalKalan, Kapra, Alwal, Qutubullapur, Malkajgiri, Kukatpally, Serlingampally, Rajendranagar, Patancheru and Ramachandrapuram. The Gram Panchyats are: Shamshabad, Mamidipalli, Satamarai, Jalapally, Mankhal, Tukkuguda, Sardarnagar and Ravarala.

[8] See "Greater Hyderabad to bring in drastic changes" The Hindu, Feb 01, 2007.

[9] See "Drop Greater Hyderabad move: Shashidhar Reddy", The Hindu, Apr 24, 2006.

as politically motivated and poorly conceived. For the MIM in particular, whose social base is in Hyderabad's Old City, the proposal was a direct threat to its continued influence in the enlarged body. The results of the first election to GHMC show that the MIM's fears were justified: with 43 seats it came in third behind Congress (52 seats) and TDP (45). In the previous council it had 37 seats out of 100 total (against 21 seats each for TDP and Congress). (cf. appendix election results)

Petitions were filed challenging the proposal to create Greater Hyderabad, but these were dismissed by the High Court in February 2007[10] and the GHMC was formed shortly thereafter in April 2007. Hence, despite opposition from across a wide swathe of the political spectrum, and legal challenges, the state government went ahead with its proposal; it asserted its political will to scale up the metropolitan area, a decision within its statutory powers.In effect, the Constitution places 'Local government' in the State List and empowers state governments to constitute municipal bodies and determine their powers.[11]

Two main rationales can be gleaned from the GOinstituting the GHMC. The first was to strengthen the city's civic administration and to assign responsibility to a 'single entity' for urban public services and 'developmental needs':

> The overall city level systems like major road network, water supply, sewerage and drainage system network, urban transport system, environment management system, etc. cannot be done in compartments or locally *and need to be tackled in an integrated manner by an appropriate civic management structure* with proper planning, resource mobilisation and technical capabilities. The existing separate local bodies are unable to cope up with the above. Therefore *there is a need to strengthen the civic administration* by reorganising the existing set up by having *a single entity* with a clear cut organisational system to meet the challenges thrown up by such fast pace of growth of Hyderabad and its urban spread and to *manage in an integrated manner* both the metropolitan and community level developmental needs. (GoAP 2005, GO Ms No. 704, emphasis added).

The second rationale was to scale-up economic development in the metropolitan region. As the GO further notes:

> Since the mid-1990s, massive developments have been taking place in the areas around Hyderabad city in the field of information technology, bio-technology, sports infrastructure, etc. creating new employment opportunities and thereby, triggering expansion of townships. (GoAP 2005, GO Ms No. 704).

Expanding the metropolitan area was seen as a means to better engage with globalisation processes; here export-oriented information technologies and bio-technologies are explicitly mentioned. This resonates perfectly with the state government's efforts starting in the mid-1990s to use Hyderabad as a 'platform' for connecting the region to the global economy, spelled out in the *Vision 2020* roadmap.

Administrative adaptation

In the wake of the merger of surrounding local bodies, political and administrative sub-units were redrawn and staffing patterns reconfigured. The new administrative set-upwas conceived as a three tier structure: a head office at the apex level, five zonal offices, each headed by a Commissioner, and finally 'circles', each headed by a Deputy Commissioner. Initially, there were 18 circles formed of which seven circles comprised the territory of the former MCHand 11 circles covered the newareas.[12]

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[10] See "Greater Hyderabad to bring in drastic changes" The Hindu, Feb 01, 2007.
[11]Cf. Seventh Schedule, List II, item 5: "Local government, that is to say, the constitution and powers of municipal corporations, improvement trusts, district boards, mining settlement authorities and other local authorities for the purpose of local self-government or village administration".
[12]Interview with Mr V.K., Finanical Adviser, GHMC Head Office, Hyderabad, 12 January 2016.

This number was increased to 24 circles in December 2015 in preparation for the elections to GHMC to be held in February 2016. In October 2016, the number of circle offices was again increased from 24 to 30. 30was the number recommended by an expert committee formed to offer guidance for the merger with regard to the rationalisation of staffing pattern. In its 2011 report, the committee recommended hiring 2607 new administrative posts (in addition to the existing 2399)to enhance governance and accountability while improving service delivery.[13]Significantly, the report suggested reducing the number of additional commissioners (from 10 to 6) and hiring as many as 145 assistant commissioners to be posted in all the circles to improve revenue collection and service delivery.[14]Although the recommendations received approval both fromthe municipal counciland the state government,the new posts were not filled.[15]The most probable reason is that the Telangana agitation was intensifying in late 2013 and those in favour of bifurcation wanted all new hiring to take place under a new administration, more favourable to Telangana natives. Press reports indicated there was pressure from 'Telangana unions' in the secretariat and the GHMC.[16] Then GHMC commissioner Somesh Kumar in on record saying "It is not proper to take major decisions at this time. We will wait for the bifurcation process to be completed".[17]

Nevertheless, the point remains that staffing at the municipality appears not only grossly insufficient in number compared to the population of the city, it is also highly skewed with very few senior and middle level officers in relation to low-level employees. Field-level employees make up by far the largest proportion of civil servants on the rolls, as the following table, dating from late 2012 indicates. This is withstanding the fact that the municipality started outsourcing on a large scale in the late 1990s, eliminating the number of salaried employees in sanitation (street sweeping, garbage collection) but also bill collectors, otherwise the balance would be even more skewed against senior and middle-level employees.[18] This pattern makes for a very hierarchical model of urban management where senior level officers concentrate the bulk of power and responsibility.

Public Servants in GHMC (December 2009)

1. No. of senior officers	20
2. No. of middle level/supervisory level officers	134
3. No. of ministerial employees	2315
4. No. of field level employees	6641
5. No. of Public Health workers	328
6. No. of non Public Health workers	241
7. No. of teachers	NA. Education looked after by District Collector
8. Total	9679

Source: Annexures to the Rules contained in G.O.Ms.No. 726, M.A. Dated: 21.12.2009. Schedule 1 – Basic particulars of the Corporation Greater Hyderabad Municipal Corporation.

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[13] See "Report on GHMC staff pattern", *News18*, November 10, 2011, URL: http://www.news18.com/news/india/report-on-ghmc-staff-pattern-417446.html , last accessed 22 Nov 2016.
[14] See "Report on GHMC staff pattern", News18, November 10, 2011, URL: http://www.news18.com/news/india/report-on-ghmc-staff-pattern-417446.html , last accessed 22 Nov 2016.
[15] See "GHMC sanctions 2,607 new posts", *The Hindu*, Hyderabad edition, ,August 15, 2013. url: http://www.thehindu.com/todays-paper/tp-national/tp-andhrapradesh/ghmc-sanctions-2607-new-posts/article5024609.ece, last accessed 22 Nov 2016.
[16] "TRS plans Delhi civic model of administration for Hyderabad", Deccan Chronicle, May 7, 2014. Url: http://www.deccanchronicle.com/140507/nation-current-affairs/article/trs-plans-delhi-civic-model-administration-hyderabad last accessed 22 Nov 16.
[17] See for instance "5 yrs on, short staffed GHMC awaits recruitments", *Times of India*, Hyderabad edition, January 8, 2016.
[18]With regard to garbage collection, for instance, by 2004 75% of total area of the MCH area was covered by private contractors (Kennedy 2006). Not surprisingly, outsourcing brought considerable saving in terms of personnel costs allowing the MCH to reduce spending on salaries.

In terms of urban planning, the erstwhile authority called Hyderabad Urban Development Authority (HUDA) was 'upgraded' in 2008 and transformed into the Hyderabad Metropolitan Development Authority (HMDA). With jurisdiction over 7257 km2, it is the 3rd largest urban planning authority in the country after the National Capital Region and Bengaluru Metropolitan Region Development Authority. However, it was evident from discussions with planners that the capacity of the organization had not been proportionately empowered to keep pace with the new mandate, the most egregious illustration being that the master plan for the metropolitan area was outsourced to an agency in Ahmedabad (CETP).

The 74th CAA included a provision for the constitution in metropolitan cities of a planning committee that would include political representation whose mandate would be to undertake "coordinated spatial planning of the area, integrated development of infrastructure, sharing of water and other natural resources and environmental conservation". Although a metropolitan planning committee was set up in Hyderabad, it is comprised primarily of officials, with the chief minister at its head. According to one the architects of the 74th CAA, "The Hyderabad MDA is a super body with a significant mandate but singularly lacks political participation and, therefore, legitimacy and accountability"[19]. It can be noted that this tendency to bypass representational bodies, for instance by delaying elections, is a recurring pattern in AP/Telangana politics.

HMDA was formed by merging HUDA and threeother entities: Hyderabad Airport Development Authority, Cyberabad Development Authority and Buddha Poornima Project Authority. These three development authorities had been created in the late 1990s under ChandrababuNaidu's TDP government as part of an effort to expedite particular large-scale projects, identified for their strategic importance. They are emblematic of a certain type of state spatial rescaling, i.e., ad hoc policy instruments that define specific regulatory frameworks for the realization of specific projects in specific places, effectively removing them from the purview of normal government departments (Kennedy 2007, 2014). Of particular interest here is the Cyberabad Development Authority (CDA)was created in 2001 shortly after construction on HITEC Citybegan. The group of iconic office buildings (Cyber Towers, Cyber Gateway and Cyber Pearl) making up HITEC City enjoyed uninterrupted electricity and excellent telecommunications, in addition to a relatively clean and well-maintained environment. The rationale for CDA was to ensure that urban development in the area surrounding HITEC City would conform to the same high standards. Covering a large surface area (52 km^2), CDA had its own Master Plan and a specific set of rules for land use and buildings, as well as rules for governance. Significantly, jurisdiction over this sub-area was delegated to the APIIC, the government agency is charge of industrial infrastructure development, making it the 'deemed localauthority'. APIIC took charge of all the traditional functionsof the local government: general maintenance of the area, new infrastructuredevelopment *and* tax collection. This was on modelled on the Industrial Area Local Authority (IALA),aninstrument created in 1994 through amendments to municipal laws that allows designated industrial areas to collect various taxes and fees and spend them according to their own discretion. The idea behind IALAs was to provide civic amenities to industrial areas, "to fill the gap" left by the corporation, and also "give some decision-making powers to the entrepreneurs".[20]Thesepolicy instruments illustrate the state government's deep engagement in the metropolitan region including in ways that directly affectgovernance, a topic further explored in the following section.

IV.Challenges and Obstacles to consolidating GHMC

Integrating pre-existing municipalities and panchayats into the new Greater Hyderabad corporation hasthrown up numerous challenges, fromreorganising administration toconstructing physical connections between spaces via networked infrastructure and equalising services levels across space,

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[19] Cf. K C Sivaramakrishnan: Megacity governance: The current hierarchical model is neither sacred nor eternal, *Business Standard*, March 8, 2009.

[20]Interview with the Managing Director, TSIIC, Hyderabad, 8 January 2016. See also Sood 2016.

to name just a few. In terms of governance too, the GHMC has not been particularly innovative and preliminary research suggests the areas outside the erstwhile municipal corporation (MCH) record have not enjoyed noticeable improvement, neither in civic services nor local democracy.

Despite quadrupling in area and doubling in population, the number of political constituencies in GHMC, called 'wards', increased by only 50%; the GHMC council has 150 seats as compared to 100 seats in the ex-MCH. As this indicates, sub-municipal wards increased in size, and each elected corporator now represents a considerably larger population than under the previous set-up. Whereas there was an average population of 36 000 in each constituency of the former MCH, this rose to about 48 000 in the new merged corporation.[21]This means that under the new set-up, political representation has become more diluted, the distance between a resident/voter and her elected representative has become greater.

Moreover, it took the state government more than two years after the formation of the GHMC to organise elections to the municipal council. After numerous postponements, ostensibly linked to the delimitation of wards, they were finally held in November 2009. One mandate was completed before the decision to bifurcate AP and form Telangana State was taken in February 2014. Following that, again it took almost two years to organise the next round of elections. For the ruling Telangana Rashtra Samiti(TRS), the GHMC elections were of huge significance, largely viewed as a confidence vote for the TRS. When they were finally held in February 2016, the TRS swept the election winning 99 of 150 seats (cf results of 2009 and 2016 elections in the appendix).

With regard to governance reforms aimed at institutionalising popular participation e.g., the Community Participation Law, a mandatory reform under JNNURM, the GHMC has had difficulty implementing them in the newly integrated areas. Although the Ward committees[22] and Area Sabhas[23] have usually been formed 'on paper', they have not been functioning on the ground.[24]There are numerous reasons these bodieshave not been effective, not only in the merged areas but throughout the city, starting with unrealistic assumptions about how local politics works. On the basis of a preliminary analysis, it appears that the Area Sabhas in particular lack legitimacy, stemming from that fact that they are a non-elected body whose members, "representatives of civil society"[25], are nominated de facto by the ruling party. Given that situation, opposition corporatorsquite naturally view the members of the Area Sabhasas undermining their power. The list of the Area Sabhas' functions[26], which are fundamentally *political*, makes it easy to understand why an elected representative might feel threatened and be unwilling to cooperate with them:

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[21] See "Greater Hyderabad Municipal Corporation awaits govt nod for pending shake-up", *Times of India*, Hyderabad City edition, Aug 27, 2012. Url: http://timesofindia.indiatimes.com/city/hyderabad/Greater-Hyderabad-Municipal-Corporation-awaits-govt-nod-for-pending-shake-up/articleshow/15789451.cms last accessed 22 Nov 2016.

[22]Headed by the elected councilor of the ward, the ward committee is comprised of not more than 10 people 'representing civil society' such as residential welfare association and the Area Sabhas representatives in the ward.

[23]Area Sabhas are formed for every 5000 residents and the members are intended to play an important role in identifying local problems on issues such as roads, water supply and sanitation.

[24] This was admitted by various categories of people interviewed including officials in Serilingampally, a municipality merged in 2008 with GHMC, officials in the GHMC Head Office and community leaders who had been solicited to take part in an Area Sabha (interviewRenuka).

[25] "PERSONS ELIGIBLE FOR NOMINATION: The following persons should be registered voters in the electoral rolls of the areas/wards concerned: A President/Secretary of registered Residents Welfare Association in the Area; A member of registered Tax Payers Association/Rate Payers Association in the Area; A President/Secretary of slum level federation of a slum in the Area (or) a representative of a self help group in the Area; A member of a registered association / institution / institute / body or organization or Non-Governmental Organization (NGO) or MahilaMandali or Trade Union / Chamber of Commerce / Medical Council in the area." Source: powerpoint collected at the GHMC, (d. 20 May 2011), 8 January 2016.

[26] Collected from GHMC Head Office, 8 January 2016.

- "To generate the proposals and determine the priority of developmental works to be taken up in the Areas and forward the same to the Ward Committee;
- To identify the eligible persons for beneficiary oriented schemes in the order of priority and forward the same to Ward Committee;
- To verify the eligibility of persons getting various kinds of welfare assistance from the Govt. such as pensions & subsidies and submit a report to Ward Committee;
- To identify the deficiencies in Water Supply, Sanitation and Street Lighting and to suggest remedial measures to Ward Committee;
- To suggest the location of street lights, public taps, public wells and public toilets to the Ward Committee."

Although an in-depth explanation of the functioning of thesebodies will require further research, it is apparent from the discussions I had with officials, elected representatives and residentsthat these recent reforms intended to enhance popular participationand make local government more effective have not fulfilled their objectives. Power continues to be concentrated at the top, epitomized by the strong influence exerted by MLAs in the city, and local governance can be characterised as having a 'democratic deficit'. I will turn now to a more narrow focus on local government powers (statutory powers to raise revenue) and responsibilities (to provide services).

Although inclusion in the GHMC would seem to hold out the promise of benefits for new residents in terms of better infrastructure and improved service levels there is no clear-cut evidence that this has been the case. A sign that not all people living on the peripheries even aspire to be part of GHMC, a number of villages have contested their inclusion and gone to court.[27]Their main complaint seems to be that they would be required to pay more taxes without reaping noticeable benefits.

As mentioned above, at the time of the merger the core city was generally wealthier than the surrounding peripheries, and enjoyed better levels of basic services (on water and sanitation, see Huchon, Tricot 2008). Presumably, to equalise services levels after the merger,municipal revenues would haveto be channelled from the core city toward the upgrading newly integrated areas. The extent to which this has happened or not could not be verified because the GHMC does not generate spatialised data indicating where expenditureis occurring, nor an analysis correlating geographies of collection and expenditure. As for the collection of tax revenues, data can be gathered from the individual circles and aggregate data is available at the head office. According to one source in the GHMC with knowledge of the issue,his overall impression is that outer areas are 'feeding' the core areas, where much more is spent on maintenance, for instance. Some sources of revenue are primarily collectedfrom the core city, like property tax, whereas others sources come more from fringe areas, such as fees from town planning receipts because construction activity is much more dynamic.

Without going into a detailed discussion of local public finance, it can be noted that the two most important sources of revenue for local government are property taxes and "Town Planning charges", linked to property development and construction. Property tax, calculated on the basis of estimated rental values, is the single largest source of revenue in Hyderabad, like in most local governments. Reforms implemented in the late 1990s, based on self-assessment, resulted in sizable increases in property tax revenues.[28](add time series data)"Town Planning charges", which include various fees and charges have been very buoyant in Hyderabad, bringing in revenue that amounts to approximately 50% of that of property tax. In 2014-15, Town Planning receipts were 52 752 lakhs,

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[27]This was related by officials in interviews. See also, "15 villages merged with Greater Hyderabad", *Times of India*, Sep 1, 2013.

[28] The self-assessment scheme for property tax was implemented in 1999, and designed with the intention of making the reforms more acceptable to taxpayers while avoiding litigation with tax evaders.

compared to property tax revenues of 108 573 lakhs. Town Planning chargesincludebuilding permission for both layouts and individual building or alterations, internal and external betterment charges, development charges (for change in use of land or building according to AP Urban Areas Act), impact fees for commercial buildings[29], and City level Infrastructure Impact Fees for building over 15 meters tall. Among Town Planning receipts the two most important heads are Building Permits and Impact Fees, levied on certain roads,followed by betterment charges and Building development charges. As this suggests, a booming real estate sector has the potential to bring significant revenue to local government.

Another compelling statistic bearing witness to the dynamism of property development is the amount of stamp duty generated in the GHMC area. The state government collects this tax on land transactions and turns over the surcharge to the GHMC (assigned revenues). In 2009, this amounted to 146.28 crores (against 14.86 crores for Entertainment tax and 12.62 crores for Profession tax).

Arguably, one of the reasons governments pursue a growth agenda is to bring in revenues, not only indirectly from jobs, but directly in the form of tax proceeds. However, the GHMC is not currently fully harvesting the fruits of property development and building activities, because of the space-based instrumentsmentioned above,i.e., special development authorities and IALAs. This deserves some discussion as it provides a forceful illustration of the tensions I am trying to highlight in this paper between building up a metropolitan scale in order to better promote growth, on one hand, and not fully allowing the benefits of that growth to strengthen metropolitan government, on the other.

As mentioned,the provisions governing IALAs, of which there are 14 in the GHMC, allow for significant tax revenue and building feesto becollected and kept internally. Under the rules, only part of the property tax collected is turned over to the municipality (for IALAs 35% initially, although this has been increased for some IALAs) and the rest is maintained within the IALA to be used on maintenance and other improvements, left to the discretion of a managing committee, elected from among the entrepreneurs/ owners of the units in the IALA, which comprise the "service societies" (Sood 2016).

In fact, in doing researchfor this paper, it was learned that many of the IALAs do not in fact share tax revenues and town planning fees with the municipality. In January 2016, officials in the Finance Dept. of GHMC said that in 2014-15they had collected 7 crores in shared property tax from IALAs, against 60 crores that was owed to them (40% of a total amount of 150 crores). The 7cr was paid from Shamshabad (international airport) and Cyberabad areas only, both of which were recently developed.[30]If 150 crores is indeed the amount of property tax currently withheld via the IALA mechanism, a figure I was unable to cross-check, it represents a tremendous amount in relation to the GHMC's total revenues. Moreover, an indicator of the scope that some of newly integrated areas represent for revenue, Serilingampally (Circle 11),where the Cyberabad and Nanakramguda IALAsare located, is among the circles with the highest property tax collection 102 croresin 2014-15 (out of 1089 crores total).[31]

The GHMC is naturally displeased about this state of affairs. In theory at least, the revenue generated within the industrial areas could be used to equalize service levels, one of the major challenges facing the current administration, thereby helping it to integrate the new areas into the more established

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[29] According to a document collected at GHMC: "The impact fees are meant to address city wide problems emanating from high density commercial development. This fees collected is utilised for implementation of capital improvement and decongestion plan i.e. for works such as Road Widening, Link Roads, Slip Roads, Parallel Roads, Junction improvements, Flyovers etc. Impact fees are 'one-time' charges collected to pay for public infrastructure required by new developments", as per G.O.Ms No.766 MA & UD dt: 18/10/2007.
[30]Interview with official at the Finance Dept, GHMC Head Office, Hyderabad5 January 2016.
[31]Only four circles, all in the core city (Khairatabad 1, Khairatabad 2, Kukatpally, and Secunderabad) generated more property taxes than Serilingampally.

city core.The GHMC has protested against the non-payment of taxes and tax arrears from IALAs. More importantly, it haspublicly disputed the *principle* of maintaining IALAs within the GHMC area. In 2010 the Standing Committee and the General Body passed resolutions contesting the delegation of powers to the IALAs and appealing for the dismantlement of the IALAs and their re-integration into the municipality's jurisdiction. According toAshima Sood, who has conducted in-depth research on IALAs, the GHMC is challenging the statutory basis of the IALAs' powers, arguing that it was the Andhra Pradesh Municipalities Act of 1994 that delegated these powers and not the GHMC Act (or the amended HMC Act 1955)(Sood 2016). The GHMC has formally requested that the state governmentallow it to take over the 14 industrial areas (which include residential areas),currently administered under the IALA formula. In a press report, the GHMC is quoted as saying the IALAs represent "a parallel power centre by giving building permissions and collecting property tax",[32]a viewpoint also expressed in interviews in the Finance Dept. of the GHMC. Again, if indeed the IALAs in the GHMC are able to raise tax revenues to the tune of 150 crores per year, it represents a huge sum in relation to the GHMC's total budget. Taking over the IALAs would be a game-changer for the GHMC.

As this makes clear, the local government (GHMC) contests the state government's claim (via the TSIIC) to administer the industrial areas that fall within municipal territory. It strives to assert its sovereignty over its official territory, basically challenging the state government to honour its promise of making the metropolitan city a true political scale. So far the GHMChas not succeeded in convincingthe state government (Department of Municipal Administration and Urban Development) to act in its favour. To do so, it would need to counter the weight of the Industries & Commerce Dept., and its powerful Industrial Infrastructure Corporation (TSIIC), which come under the direct supervision of the Chief Secretary to the government. Within the state government there are no doubt conflicting positions and tensions.

This example underscores the state government's contradictory position: on one hand, it is working to build up the metropolitan scale, expressed by its decision to expand the boundaries of the corporation, on the other, it condonesmaintaining in place special instruments, mainly IALAs, which deprive the corporation of much neededrevenue. Moreover, these instruments undermine the authority and capacity of the GHMC. This example also illustrates twoopposing principles at work with regard to managing tax revenues: whereas IALAs collect and keep tax revenues internally, taxes from 'normal GHMC areas' are collected at the circle-level and then pooled together at the main office, where they make up a key component of the municipal budget. In 'normal GHMC areas', there is no automatic link between the amount of tax raised in a particular area and the amount spent.

V. Concluding remarks

In the perspective developed here, metropolitan scale-building processes involve economic and political aspects that bring into play various spatial scales. Using the example of Andhra Pradeshand Telangana, I have argued that state governments are the main driving force behind efforts to construct metropolitan scale and that they are primarily motivated by economic considerations, although power, influence and private gain are also no doubt strong motivators. This assessment is derived from observing state government action in the western periphery of Hyderabad over the last 10-15 years and the manner in which various policies have been drafted to reinforce each other. Conforming in many respects to a textbook definition of state spatial rescaling, urban development policies in Hyderabad havebeen framed within the broader objective of enhancing growth and economic development, and have been pursued in conjunction with policies that seek to restructure urban economies or promote new economic activities.

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[32] "Controversy-hit APIIC may lose its IALA arm", Times of India, Oct 3, 2010. The report ends by stating "With transfer of powers from IALAs, the GHMC hopes it would get an additional Rs 100 crore revenue from building fee and property tax collections."

Thispaper documented how the decision to create Greater Hyderabad came after a decade of policies that sought to develop specific places in Hyderabad's urban peripheries by channelling public and private investments into large-scale infrastructure projects and new economic activities, especially for those sectors growing rapidly in the global economy e.g., IT-related industry and services and financial services(Kennedy 2007). The resolution to create GHMCwasmotivated by the objective toscale-up economic capacity in the areas undergoing rapid development and link them with the core city. In conjunction with metropolitan-scale planning for transport infrastructure (e.g., ring road), the aim was to functionally integrate metropolitan space by building connections between dispersed clusters of activity and townships. Policy-makers appear to have been inspired by theideathat metropolitan regions are increasingly viewed as a significant scale for engaging with globalisation processes (recall that export-oriented information technologies and bio-technologies were explicitly mentioned in the GO).

On the other hand, the political project involving large-scaleterritorial reorganisation and the creation of a new political entityhas not been fully embraced.Efforts to build economic scale and restructure the urban/regional economy have not been accompanied by effective politicalrestructuring. Administrative capacity has not been perceptibly enhanced, despite recommendations, and much remains to be done to equalise service levels between the core city and the peripheries. In terms of political representation, the merger actually made local government more 'distant' than it was previously for residents by expanding the physical size of electoral wards. Although 'community participation' institutions, i.e., Ward Committees and Area Sabhas, were supposed to help 'fill the gap', and bring local government closer to the people, they are not actually functioning in many parts of the city including in the newly merged areas I visited.Greater Hyderabad cannot be said to constitute a salient socio-political scale, in the sense used here, i.e., socially invested space that coordinates social and political processes. For residents, especially those living in the recently merged areas, it is not as yet a spatial and symbolic frame of reference imbued with meaning.

Not only have governance reforms fallen short of instilling a sense of the metropolitan scale as a lived scale, actions on the part of the state agencies (presumablycondoned by the stategovernment) have actually undermined local state sovereignty. One compelling example examined here is through the use of spatialised instruments, like industrial area authorities (IALAs), which put in place ad hoc mechanisms for governance. For all practical purposes they cut these spaces out of the municipal fabric, removing them from the purview of the local government. The justification is that the municipal corporation would not maintain adequately the industrial areas, especially the premium estates like Cyberabad or Nanakramguda, developed by the APIIC/TSIIC.

As I have argued in this paper, these policyinstruments are obstacles to strengthening civic administration, both with regard to governance and to the extent thatthey contribute to fragmenting urban space. Moreover, they unequivocally deprive the local body of statutory sources of revenue.[33]As 'deemed local authorities', IALAs are legally empowered to raise and keep a large share (50-65%) of property taxes and town planning charges from the units located in the industrial estate. Actually, most IALAs do not transfer a share of the property taxes they collect to the GHMC, as per the rules, a situation that the state government has not stepped in to remedy.[34]

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[33]For instance, in some cases, town planning fees are waived or "not collected" if government-owned land is with the industries department, which is most often the case with industrial enclaves.

[34]There is a body of evidence, both testimonial and official, indicating that the IALAs are not properly executing their role as 'local authority', most notably by collecting taxes on a regular basis from industrial units and sharing the proceeds with the municipal corporation. An evaluation in 2006 underscored the problem of arrears in property tax and recommended a concession for the payment of arrears in property tax. It also stated that a "poor understanding of local government processes" was one of the problems contributing to poor administration of IALAs" p4; (cf. Institutional Restructuring of Industrial Area Local Authorities – APIIC, collected from APIIC on 2/12/2006).

The policy instruments and practicesexamined in this paper offer a powerful demonstration of the unwillingness of state government to empower local government. The tensions surrounding the governance of industrial areas can be seen as the visible flashpoints in the contested process of scale building, revealing both tensions within various departments of the state government, and tensions between the regional state and the local state. Althoughon the surface, these actions appear to be at odds with the decision to create Greater Hyderabad, the lack of attention given to political empowerment of local government is not an accident.Rather itmust be seen within the broader context of Hyderabad's history marked by centralised political institutions and long stretches without local elected bodies. As AnantMaringanti, a longtime observer of Hyderabad, notes:"Time and again, the city and the region surrounding it has been subjected to deficits of democracy and administrative inefficiency."[35]

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[35] Cf "Hyderabad as UT will suffer from deficit democracy", *Times of India*, Jul 30, 2013

Appendix

Table 2 Results of GHMC elections in 2009 and 2016

Party Name	2009 Elections seats out of 150 wards	2016 Elections seats out of 150 wards (variation)
TRS	0	99 (+99)
Congress	52	2 (-50)
TDP	45	1 (-44)
AIMIM	43	44 (+1)
BJP	5	4 (-1)

Source: http://hyderabad-india-online.com/2016/03/2009-2016-ghmc-election-results/ accessed Nov. 18, 2016.

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