



## **KEEPING BANGALORE A SILICON VALLEY OF INDIA: AN OVERVIEW OF THE BRUHAT BANGALORE MAHANAGARA PALIKE**

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### **1. Introduction**

A city by definition is a Brand. A brand is the DNA of a CITY, what it is made of, what it passes from generation to generation. It is authentic and indicates what makes a city different from others. Bangalore is the fifth largest city in India. It is the prime city of Karnataka, housing 37% of the state's urban population. Its rapid growth has been attributed to pull factors like its favorable climate, migration, cosmopolitan character and socioeconomic development. Migration from within and outside the state has been the prime cause of Bangalore's increasing population.

Bangalore, the capital of southwestern state of India is a thriving modern business and economic centre. Business Today magazine had rated Bangalore as the "Best City for Business" in India. Global news magazine Business Week said that it will be one of the ten global hotspots in the 21<sup>st</sup> century when the technology driven 'new economy' will usher in an era of long-term growth across borders. The economic and industrial growth, especially its emergence as the major software development and export center, has put the city in the league of fastest growing cities of Asia. Bangalore's rapid growth began in 1960s when the government located key defense and telecommunications research establishments here.

By the mid-1990s India was the world's largest software exporter after the USA, and Bangalore accounted for a third of this US\$ 2 billion software development industry. The rate of growth which is phenomenal 60% annually has put the needs of better governance, infrastructure and civic amenities of the city at a great strain. Bangalore City has advantages of high quality manpower, state government support, cleanliness and mild climate for maintaining the economic health of the city and its sustainable growth.

### **1.2 Growth of Bangalore**

Much later it became the capital of the princely state of Mysore. Its modern development dates back to this period, with the establishment of many industries and academic institutions. The British establishment a Cantonment in Bangalore. When a new state of Karnataka was formed including Mysore and parts of other states, Bangalore was retained as the capital.

Kempe Gowda placed four towers to demarcate the limits of the Bangalore of his day but the city has spread well beyond them. The city's area increased five-fold from under 29 sq. km. in 1901 to 151 sq.km. in 1981. The urban agglomeration of 1981 (including 17 towns and 79 outgrowths) covered a much bigger area of over 365 sq. km. The 1984 plan for the metropolitan area extends to 1,279 sq.km. with a conurbation area

of nearly 440 sq. km. The spatial growth of the city is due to three main factors population growth (both immigration and natural increase); absence of natural boundaries to the physical expansion of the city: and changes in administrative boundaries.

Bangalore's civic history was launched in 1862 when its first Municipal Board was formed by nine leading citizens under the Improvement of Towns Act, 1850. This, however, had no jurisdiction over the cantonment area till the two municipalities were merged in 1949 to form the Bangalore City Corporation. Several areas are still not under BCC being extensions which are being developed by the Bangalore Development Authority (BDA) to be handed over to the Corporation once developed. Bruhat Bangalore Mahanagara palike was formed on 16/01/2007 by integrating the areas of erstwhile BMP with those of 8 Municipalities and 110 urbanized Villages around it. The jurisdictional area which was 226 sq km in BMP has now increased to nearly 800 sq kms in BBMP.

Bangalore had a long history as a centre for textile production during the late 19th and early 20th centuries. With encouragement of the Government of Mysore, other industries began to grow in the Bangalore area and during World War II, a number of public sector companies, including Hindustan Aeronautics were established. At independence, Bangalore's industrial base comprised textiles and public sector enterprises. Because of the inception of various public sectors people from around India came and settled in the city. During the 80s, under the impact of economic liberalization in several high-tech fields, including electronics, private enterprises became growth engines. Local entrepreneurs and the technology giant Texas Instruments discovered its potential as a high-tech city and since then there has been an explosive growth of the software industry, giving Bangalore the title of the "Silicon Valley of India" among business circles worldwide. It is now home to more than 250 technology-oriented companies. Bangalore has led the economic resurgence of India from the front and is poised for phenomenal growth in years to come. It has been rated as the best business city time and again both nationally and globally. Significantly the new economic order of Bangalore is fuelled by the engines of new technologies such as IT and Bio-Technology; and is spurred by vast reservoir of technically qualified people.

### **1.3 Industry**

The City is the hub of industry in the State of Karnataka. It was the home of textile and electrical industries prior to independence as well. The establishment of giant public sector undertakings like Hindustan Aeronautics Limited, Indian Telephone Industry, Hindustan Machine Tools and Bharat Electronics in the 1950s gave a fillip to industrial development in the city, generating great demand for ancillary units. Over the years, a number of industries have developed both in the public sector (State and Central) and private sector. The presence of premier research institutions like Aeronautical Research Laboratories, Indian Space Research Organization and the Indian Institute of Science, the Indian Institute of Management besides other Engineering and Technical Institutions, research centers led to the mushrooming of well-educated youth and has led to inception of innumerable small, ancillary and service industries.

Currently, the city has a large agglomeration of information technology industry in India, besides a diversified mix of private and state-owned industries producing aircraft, pharmaceuticals, automobiles, electrical and electronic goods. Thus, the economic base of the city seems reasonably stable, comprising large industries producing capital goods, supported by large, medium and small ancillary units.

According to the information available on the private sector, nearly 60% of the medium and large industries of Karnataka are located in the Bangalore Urban District, of which about 80% is in the city generating employment for nearly 2,10,000 people. Similarly, there are nearly 40,000 small-scale industries in the city, providing employment to an estimated 8,50,000 people. Most of these small scale industries are located in clusters. In fact, Peenya industrial estate is said to be the biggest industrial estate in South-east Asia.

Besides, there are a large number of cottage and tiny industries employing perhaps even a larger number than small-scale industries. It is quite likely that nearly 60% of the employees are engaged in some sort of industrial production. Greater industrialization would perhaps have taken place if power were available freely and infrastructure facilities better. Compared to other places, entrepreneurs perhaps find Bangalore better and are still investing, though on a smaller scale.

#### **1.4 Garden City of India**

Bangalore is endowed by nature with a very pleasant and equable climate throughout the year. Its tree lined streets and abundant greenery have led to it being called the “Garden City of India”. The city’s salubrious climate, ambience, and entrepreneurial environment had made it a hotspot for business. Bangalore was ranked the best city in India for business by the Business Today-Gallup survey.

#### **1.5 Background**

This paper draws upon the experiences gained during the review of the BBMP Bangalore, Karnataka, the approach towards restructuring a government department to enable transition from controls to a service-enhancing function, which is outlined in this paper, is likely to be of relevance and interest to other developing cities engaged in similar efforts. The paper is structured as follows.

In Section 1, we explain first the context of the restructuring exercise and methodology adopted. The core philosophy underlying the restructuring is explained in relation to the need for the department to reorient itself to a new policy environment, where there is a sharp change in its basic functioning from control to service-enhancing activities. Based on the analysis of data collected through interviews and stakeholder surveys, the paper next reports on the diagnosis of the problems confronting the BBMP, both internally and externally, and on what stakeholders expect from the BBMP.

In Section 2, the key elements of the recommended redesign of the BBMP at the various levels are presented. We cover the major recommendations relating to administrative organization structure, manpower deployment, training, work processes, use of information technology, institutional mechanisms for service facilitation, and introduction of fee-based services.

In Section 3, our focus is the Department’s head office in the BBMP. Our analysis and recommendations relating to structure, strategic functions and transparency in governance are outlined.

#### **2.0 Objectives and Context of the Study**

The Bangalore City Corporation one of the oldest service sector organization departments, was set up for promoting infrastructural facilities to the common man residing in Bangalore, with a special emphasis on roads, drains. Health and social welfare. An officer from the Indian Administrative Service normally heads BBMP as Commissioner. During January 2007 Bruhat Bangalore Mahanagara Palike was established, with 8 Municipalities and 110 urbanized villages comprising an area of 800.00 sq kms. The main Challenges faced after the formation of BBMP are:

- 1) Infrastructure needs to be upgraded to bring it up to the level of the core area.
- 2) BBMP should provide the Drinking water and a smooth sanitary system in these areas.
- 3) Properties not yet taxed are to be brought under the umbrella of taxing.
- 4) Better Enforcement systems in place.
- 5) Preparation of GIS System for the entire BBMP area.

- 6) Removal of Encroachments from Government lands, Widening of roads etc. Providing ecological balance by developing greenery and rejuvenating the water bodies etc.
- 7) Many structural and functional changes to be introduced in the various departments in the later days.

Currently the mandate of BBMP is to promote service organizations in the city on a sustainable basis through Public Private Participation proactive human, material, infrastructure and fiscal interventions. The objective of our functional review was to suggest measures for improving the efficiency and the effectiveness of BBMP by:

- ✓ Examining options for structural reorganization (restructuring, rightsizing or reorganizing) of the Department to improve service quality.
- ✓ Identifying potential activities for outsourcing or divestment in line with the changes in government policy.
- ✓ Identifying appropriate level of devolution of financial and administrative powers in the system to improve implementation efficiency and transparency at all levels.

### **3.0 Methodology**

This study used multiple approaches. As a first step, a field survey was undertaken among internal and external stakeholders to collect data about the departments' activities and stakeholder expectations. This was followed by personal interviews with the officers as well as staff of the department at the Head office as well as local levels. In all over 100 employees were interviewed and over 150 questionnaire surveys distributed among internal and external stakeholders. The survey findings were used to substantiate the insights obtained from the in-depth interviews and focus group discussions in some locations. This approach offered the team a first-hand understanding of the context, which was useful for organizational diagnosis and helped identify areas for organizational intervention.

As part of the review, the study team carried out a functional benchmarking exercise with comparable organizations from Corporation of Reno City USA, Obtaining details from World Bank Norms, verified various options of PPP which are in use worldwide. Additionally, the approaches of several Indian cities such as Mumbai in Maharashtra, Chennai of Tamil Nadu, and Hyderabad from Andhra Pradesh which have developed and sustained growth and have proven themselves were also studied. Approaches used, linkages employed and integration efforts especially with respect to development by these cities were analyzed to arrive at determining an appropriate role and structure for BBMP and its various departments in Bangalore.

### **4.0 Background of Bangalore City Corporation**

The Bangalore Mahanagara Palike (Bangalore City Corporation) was established in 1949 by merging two separate municipalities which was in charge of the administration of the 'City Area' and the 'Cantonment Area' of the City. The population of Bangalore at that time was only about 0.75 million and the municipal corporation started with only 7 divisions with as many elected councilors. This was subsequently increased to 50 divisions. The area of the city was expanded to include 87 wards in 1991 and 100 wards in 1995. At present the BBMP has 800sq. kms. of the city area is organized into 150 wards each represented by a Councilor in the City Corporation. The total population of the city is estimated at about 6.75 million (6.29 million in 2006).

Apart from the 150 elected councilors representing the wards the Council of the City Corporation also includes Members of Parliament and Members of State Legislature representing different areas of the city. The number of such ex-officio members is 40. In addition, the Karnataka Municipal Corporations Act, 1976 makes a provision for the nomination of 10 members to the Council. The elected members of the Council

representing the wards elect from among them a Mayor and a Deputy Mayor for a tenure of one year at a time. The present Council of BBMP has to be formed after the elections. The previous Council began its tenure in November 2001. The previous Mayor and the Deputy Mayor were elected in November 2002.

The Council of the Corporation ordinarily has two meetings in a month one meeting to consider a structured agenda containing various proposals and resolutions and another meeting to discuss any matters brought up by the Councilors in order to highlight the problems of the city. The meetings normally last 6 to 8 hours and resolutions are passed on the subjects placed before the Council.

The members of the Council also elect following eight Standing Committees each consisting of 7 councilors with a tenure of one year.

- 1) Standing Committee on Taxation and Finance
- 2) Standing Committee for Public Health
- 3) Standing Committee for Town Planning and Improvement
- 4) Standing Committee on Public Works
- 5) Standing Committee for Accounts
- 6) Standing Committee for Education & Social Justice
- 7) Standing Committee on Appeals
- 8) Standing Committee for Markets and Horticulture

The Standing Committees normally consider various matters coming within the purview of their functions and take policy and administrative decisions according to a scheme of delegation of powers prescribed in the Rules. The Executive responsibilities for the management of the Corporation's affairs are vested in a Commissioner of the Corporation and a number of senior officials. The Commissioner and some officers at the level of the Heads of various Departments are usually appointed by Government from among the officers belonging to the State's Civil and Technical Services. Several departments of the Corporation are also headed by the Corporation's own officials. These include several Deputy Commissioners, Chief Engineers and Health Officers. The Corporation has a sizeable reservoir of manpower with a total strength of about 13000 persons.

#### **4.1 Functions of the Corporation**

The City Corporation discharges a number of functions vital to the day to the day life of the citizens and the economy of the City. The more important functions include the construction and maintenance of the city's road network, street lighting, solid waste management, infrastructure for water supply and underground drainage, maintenance of parks, construction and maintenance of the storm water drains network, management of maternity homes and dispensaries, management of schools, maintenance of crematoria and burial grounds, enforcement of town planning regulations and regulation of several trades including restaurants, hotels and other food vending establishments. A more detailed listing of the Corporations functions as stipulated in Section 58 and 59 of the Karnataka Municipal Corporations' Act, 1976 is given in Annexure A. The highlights of the functions of major departments are summarized below:

#### **4.2 Engineering Department**

The responsibilities of the Department of Engineering in the Corporation range from maintenance of roads, sidewalks, drains and public buildings. Regulation of building construction, clearing of encroachments etc. The department has about 200 engineers at different levels to supervise and execute over 2500 public works every year. The total budget of the engineering department would amount to about 22220 millions rupees including the outlay on the several major projects. This department also implements various infrastructure

projects including construction of grade separators, delisting of rejuvenation of lakes and construction of sanitary landfills etc.

Management of floods in the low lying areas of Bangalore City is a major concern of the engineering department. The drainage of Bangalore City is divided into four separate drainage networks leading to four river valleys flowing in different directions. Due to the fast development of the city and the reduction in the untreated surfaces of open areas, the run off from storm water in the city has been accelerated resulting in the overflowing of the existing storm water drains. The corporation has taken up a major project estimated to cost over 4000 million Rupees to remodel the existing storm water drains of Bangalore City.

#### **4.3 Department of Health**

The functions of the health department include both the maintenance of environmental cleanliness in the city and the provision of medical care. The department employs over 11000 workers for cleaning the streets, collecting garbage on a door to door and daily basis and the maintenance of public toilets and amenities. Over two thousand tonnes of solid waste is collected in the city and transported to designated dumping yards outside the city limits. The corporation has recently initiated a major campaign for segregation of dry and wet household waste in order to ensure eco-friendly treatment of the wet waste and the maximum recycling of the dry waste consisting of plastics, paper, metals and glass. A major mosquito control programme, Street dog control and censes is also being implemented by this Department with the help of about 700 workers. An interesting feature of the activities of the health department is the involvement of various citizens' organizations and citizen volunteers in ensuring the environmental cleanliness of the city.

#### **4.4 Department of Education**

The Education Department of the Corporation is responsible for managing 78 nursery schools, 11 primary schools, 32 high schools and 11 junior colleges which have a combined student strength of about 21,000 and teaching staff numbering 650. This department also maintains 169 public playgrounds in the city. The children attending the corporation schools are given free text supply of text books, uniforms, and other facilities. They are also given their noon-meal free of cost by the Corporation in Akshaya Pathre scheme adopted by ISCON. The Corporation is currently seeking the involvement of several non-governmental organizations in providing additional facilities in the schools to improve the quality of education.

#### **4.5 Horticulture Department**

The city of Bangalore has long been known as the Garden City in view of the large number of parks and the avenue trees which have been developed over several decades. The City Corporation maintains over 400 large and small parks and the greenery in the road margins and the medians. During the last few year, the Corporation has developed over 100 parks throughout the city at least one each in one ward.

#### **4.6 Resource mobilization**

The City Corporation has initiated a major reform in the system of property tax collection in Bangalore during the last few years. The Self-Assessment Scheme of property tax introduced early in the year 2000 has not only gained widespread citizen support but also resulted in increased revenues for the Corporation. Under this scheme, the citizens are enabled to calculate the taxes payable on their properties and file assessment returns every year. This has virtually ended the element of uncertainty and arbitrariness in the assessment of property taxes. The collection of taxes since the introduction of the SAS has gone up from 1920 millions (2002-03) rupees to 6433.00million rupees during 2007-08.

The Bangalore City Corporation has been a pioneer in the country in raising market borrowings through municipal bonds. As far back as 1997, Bangalore raised Rs.1250 million for the development of the arterial roads in the city. Another pioneering effort has been the successful negotiation of a Memorandum of Understanding between the Government of Karnataka and the Corporation for receiving a major tranche of development grants tied to specific reforms agenda. Also the Bangalore Corporation has been the first municipal body to raise line of credit facilities for capital works amounting to Rs. 10,000 million from the Housing and Urban Development Corporation, company owned by Government of India. Government of India is releasing Rs 6000 millions for development works under JnNURM grants this year.

#### **4.7 Milestones in public private partnership**

The Bangalore City Corporation has been a major player in the new experiment of public private partnership started by the Government of Karnataka and several corporate entities in Bangalore in the form of the Bangalore Agenda Task Force (BATF). The BATF has brought together eminent persons from the corporate sector, professionals and academics to work with civic bodies like the Bangalore City Corporation, the Bangalore Development Authority, the Bangalore Water Supply and Sewerage Board etc. This experiment has been responsible for the introduction several reforms during the last three years in the governance of Bangalore City. The impact of the partnership between the BATF and the BMP is to be seen in a number of aspects. The partnership has resulted in defining a new approach to health and sanitation issues in the city. It has facilitated a systematic and coordinated strategy for provision of infrastructure services.

#### **4.8 Health and Sanitation related initiatives**

The BMP-BATF partnership has resulted in fundamental changes in the way solid waste is handled being in the city. The introduction of door to door collection of garbage in Bangalore as part of the Swachha Bangalore Campaign has been one of the most successful initiatives in the field. The dedicated BATF team has worked assiduously on fine tuning the strategy of Swachha Bangalore (SB) right from designing the SB push carts to creating a corps of citizen volunteers called 'Suchi Mitras' to help the BMP keep the city clean. The BATF also created a Helpline to register citizens' complaints on garbage collection enabling closer monitoring of this functions. The BATF is involved in the preparation of scientific plans for sanitary landfills for the city.

#### **4.9 Improving BMP's Financial Health**

If the financial health of BMP has vastly improved over the last few years, the credit for the transformation is to be given to the Self-Assessment Scheme (SAS) of property tax which was introduced in the year 2000. This citizen friendly method of taxation is perhaps the single most important reform of a fundamental nature introduced by the BMP. The BATF has lent active support through its advocacy and publicity campaigns to ensure the widespread acceptance of the SAS by citizens. The result of this is a near doubling of BMPs tax collections from about Rs.113 crores during 1999-2000 to Rs.192 crores during 2002-03. The signing of the memorandum of understanding between the State government, Government of India and the BMP to link financial grants from both governments to specific reforms agenda under JnNURM grants is another important milestone in improving the financial health of the BMP.

### **5.1 The Changing Context of Government Interventions in Development:**

To promote the growth of a vibrant, efficient and internationally competitive service sector organization in Bangalore which caters to the infrastructural needs of the residents of the city, the state government of Karnataka has initiated several steps to simplify the regulatory framework, remove procedural impediments

and reduce redundancy in record maintenance and approval, and speed up implementation through a New Policy of PPP.

## 5.2 Philosophy of Restructuring

The structure of the departments under study were compared and contrasted with the benchmarked organizations. Currently, departments within BBMP have structures that do not match the dynamically changing technology environments and beneficiary expectations. Further, in the changed economic and regulatory contexts they also need to interact simultaneously with several stakeholders, including other departments, investors, and media and special interest groups. This calls for a more proactive and entrepreneurial orientation rather than a regulation oriented approach. Hence, the study team proposed an alternate structure that provides sufficient flexibility and offers a possibility of increased coordination. In suggesting the reorganization the study team was guided by the following principles.

In the context of trends in India towards grassroots level democratic decision-making within a federated/multi-tiered government structure, effective functioning calls for extensive reciprocal interdependency. In such a regime, the inter-departmental coordination mechanisms should be goal-oriented and task driven. The proposed structure should be amenable to multiple types of coordination at local (ward levels), intermediate (Zonal command office) and headquarter (Council) levels.

## 5.3 Current Structure and Issues

The organizational structure at the Commissionerate level during 2006 is shown in Fig. 1. An analysis of the staffing patterns at the ward and Zonal levels indicated several problems affecting the ability of the department to design, deliver or administer developmental programmes. Some of the major organizational issues identified by the team were:

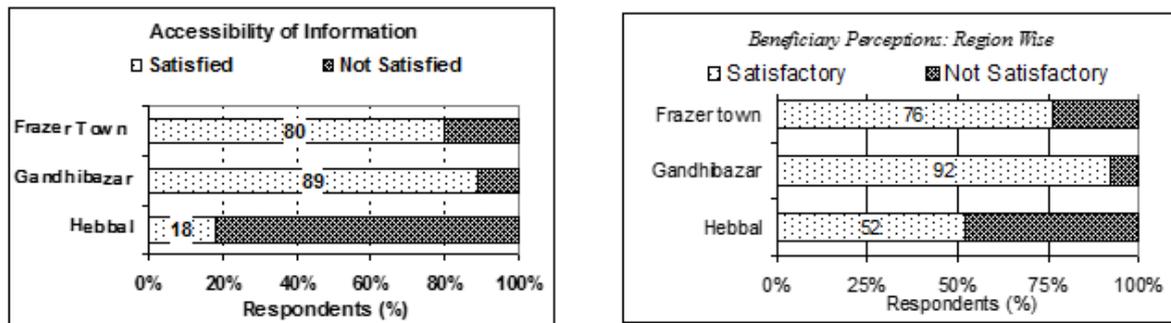
**Mismatch of organizational structure and skill-levels with changing regulatory contexts:** Some senior level positions have become redundant either due to changes in programmes. This problem is exacerbated by a scheme-based approach to work allotment at the Commissionerate. The current structure does not emphasize an integrated approach to strategic planning and does not reinforce the linkages in training, and technology development.

**Absence of accurate data:** The prevailing incentive systems/Fining systems at BBMP did not facilitate regional planning. An excessive emphasis on target setting had led to falsification of data at the local levels, in turn reducing the reliability of the data presented by the BBMP to the state government regarding the growth and performance of small and medium projects in the city. For example, several activities like violation of Building Byelaws from the builders and the revenue collections from such violations were not accurate or not whole study or sidewalks updating data, Removal of hoardings data were not accurate. Lack of accurate data also severely impaired the ability of BBMP and other policy makers to formulate meaningful plans for the development of the city.

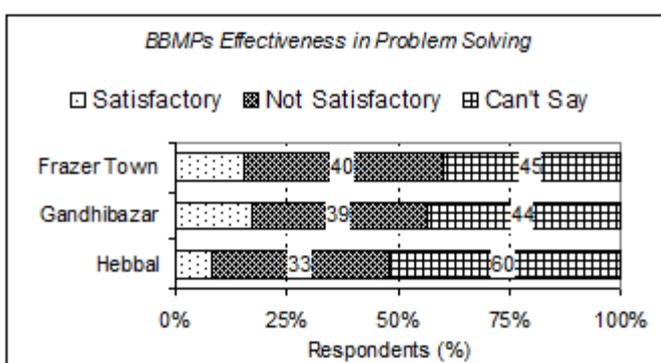
## 6.0 Findings from stakeholders survey

**Beneficiary (Citizen's) Perceptions:** The stakeholder survey was carried out in three key areas of the city. (Frazer Town, Gandhibazar and Hebbal) to determine citizen's perceptions regarding the BBMP and the services rendered by the agency. The questionnaires were circulated amongst the staff as well as other beneficiaries. The total number of complete responses from employees was approximately 26 while beneficiary responses exceeded 100. The analysis revealed the following:

Beneficiary Perceptions about current level of services were mixed: While a sizable portion expressed their satisfaction with the current services rendered by the BBMP at the Gandhibazar area and several also thought that the BBMP services were not up to the mark. A few respondents pointed out the increasing irrelevance of the BBMP employees. The ability of BBMP to reorient itself to a changing context was not apparent. Interestingly, there were some regional variations in the responses indicating higher levels of effectiveness in some offices of BBMP compared to others.



**Major problems faced by Residents** the major problem faced by the residents related to access to information about the projects being carried out in their region. Some respondents reported having problems related to harassment during construction of buildings, fixing of taxes (property /commercial). Other issues mentioned include cleaning of garbage and attending the power, water supply and UGD problems immediately, paucity of labors and lack of technology in cleaning the roads, footpaths etc.,. BBMP's effectiveness in solving problems: Despite expressing some satisfaction regarding the level of services offered, the ability of BBMP effectiveness in solving infrastructural problems were questioned by a number of beneficiary respondents. Interestingly, many respondents were skeptical about the capacity of the BBMP to solve their problems during rainy season (Especially people located in low laying areas) in response to a question on accessibility of information and responsiveness of BBMP local offices to queries, the answers indicated a mixed response.



### 6.1 Staff Perceptions

Staff perceptions regarding the effectiveness also varied significantly across various offices. However several common points emerged in the interviews and survey responses. Delay in granting approvals and general decision-making was attributed to the absence of interdepartmental coordination. Low productivity was attributed to systems and procedures currently in place. For instance approximately 56% of all officials go through 10 or more files on a day. However most of the comments made by these officials on these files are

overruled at the next hierarchical level. Most of the time is lost in preparing various tabulations and statements. Nearly 30% of the time is lost in moving to higher offices for attending meetings... In certain departments such as revenue offices lack of adequate computerization in the local offices was cited as a reason for slow decision-making and file movement in the revenue department. Many staff members also admitted to a sense of inadequacy in meeting the changing public demands in the absence of adequate training opportunities.

### 6.2 Responding to the Emerging Challenges

**Need for a Change of Focus:** Historically BBMP was involved in activities such as issuing registration certificates, disbursing subsidies, controlling the growth of the city by absorbing the building Byelaws, Providing the Infrastructure facilities to the urban population, promoting trade, training and implementing developmental schemes. The changes in the economic environment have ushered in new challenges for the industries and in turn to the department. For the latter, it has implied primarily a need for change in orientation-- from a directive command and control mode to what most citizens called as a facilitative mode.

The study team’s discussions with the employees as well as other citizens and experts on the meaning of ‘facilitation’ indicated that to be a facilitator, the department needed to reinvent itself by offering the services shown in the table 1.

Function	Functions involved
Engineering Department	Maintenance of Roads, Footpaths, vigilance on violations of Building byelaws, Implementation of New infrastructural projects. Compiling information on Central and other schemes.
Revenue Department	Collecting of taxes and revenues. Inter-departmental coordination
Information Technology Enhancement	Technology scanning, Quality & Standardization, Up gradation support
Education Department	Maintenance of good percentage of pass through quality education
Horticulture Department	Maintenance of parks, greeneries in the city
Finance Department	The adoption of the modern fund based accounting system (FBAS), Strict vigilance on expenditure by not allowing dual expenditure for one work
Human Resource Department	Allocation of required staff to the work, Training the staff

### 6.3 Proposed structure

The key elements of the new organizational design proposed are the following:

Rationalization of Staff and Offices across regions based on need: The study team’s analysis of the activities at the ward level revealed that not all wards require to be manned by a senior officers. Instead the wards under consideration were categorized as Category A or B based on current level and potential as New ward, partially New ward, Old ward and Newly added areas and size of the wards. For example, the wards of old

Bangalore, were identified as category Awards. The wards of newly added areas of Bangalore, were identified as category D wards.

### **Functional Orientation of the Departmental Structure**

In accordance with the approach outlined in the earlier section, the team proposed reorganising the Commissionerate into 3 Subdivisions namely, reflecting the new functional tasks of the market-enhancing department:

- ✓ Training, Development & Consulting
- ✓ Trade & Investment Promotion (Market Intelligence, Escort, Liaison activities), and
- ✓ Technology Development (Technology scanning, IPR/WTO issues, Technology acquisition and transfer)

#### **6.3.1 Training Needs**

The new orientation of the department calls for developing appropriate skills within DIC. An analysis of the training needs was conducted and skill- gaps were identified. Critical skills need to be built up in the areas of business analysis (market intelligence, forecasting), IT usage, and emergent issues such as IPR, WTO. The study team recommended that a few officers be re-designated as Business Analysts in charge of different areas. Each business analyst would continue to specialize in a specific industry, and advise the commissioner as well as others on industry specific issues. Extensive training would also be needed to build other facilitation skills such as public relations, and client handling.

Given the increased levels of concerns about industrial safety and environmental conservation and the fact that DIC will need to play a crucial role in managing crises/disasters in the future. Associated skills also need to be imparted to the staff at all levels.

#### **6.3.2 Improving Strategic Planning & Quality of DIC Services**

Establishing Industry Facilitation Councils (IFC): Industries located in Karnataka typically face several problems related to access to finance, raw material, power etc. The problem is aggravated due to the lack of coordination amongst the various departments of the government. Even though the single window concept announced in the new industrial policy has had a limited impact in the absence of an apex body to solve the problems of industries at the district level. Currently the only agency is an Industrial tribunal based in Bangalore, with jurisdiction over the entire Karnataka state. Given this, the study team recommended the establishment of Industrial Facilitation Councils (IFC), both at the State level, and in the four regions identified earlier.

#### **6.3.3 Improving the Financial Viability of DIC**

With the increasing orientation towards a market-based structure, opportunity exists for DIC to introduce a fee-based system for provision of value added services. While basic information would continue to be provided gratis as before, some information such as information about specific markets, legal advice on WTO and IPR issues, technology screening and selection advice, and other facilitation activities could be fee-based services. The obvious advantages from such a system are one, a tentative move towards financial sustainability and two, an increased possibility of gaining immediate feedback from the beneficiaries on the quality and relevance of services offered by DIC. As an introductory measure DIC could provide information and charge for activities related to

- ✓ Market intelligence
- ✓ Technology related information, and
- ✓ WTO and IPR related information

#### **6.3.4 Reorganization at the Secretariat Level**

The study also revealed that one off improvements in DIC's structure and systems (at the Directorate-level) would have a very limited impact if corresponding changes are not initiated in the Departmental Head Office in the Secretariat. The Department of Industries and Commerce is headed by a Principal Secretary, who reports to the concerned Ministers. Over the years, for reasons of political expediency, the secretariat's functional structure has been fragmented to a large extent. This has resulted in the addition of several unnecessary administrative layers at the departmental level without any commensurate value addition.

#### **6.3.5 Measures for Increasing Synergy and Coordination**

A significant barrier to effective decision-making and implementation at the Secretariat level has been the continuous fragmentation of the functions within the Department. At the secretariat level, the Principal Secretary represents the Departments of Industries & Commerce, Sericulture, Sugar, Large & Medium Industries, and Infrastructure. The additional secretary represents Small Scale Industry, Departments of Textiles, and Mines & Geology. The stakeholder survey indicated that the service expectations of various departments from the Secretariat are mostly facilitative in nature requiring more intradepartmental coordination. Therefore, the study team recommended a consolidation at the secretariat level.

### **7.0 Conclusions**

The findings of the study were discussed in several consultative forums of the concerned departments. Several recommendations were accepted in principle for implementation, while others are being reviewed. In retrospect is clear a successful reorganization calls for strong political will, a far-reaching vision and philosophy on the role of the government and intensive consultations with stakeholders. In order to gain fully from the restructuring approach suggested in this paper, acceptance at senior levels of the government, adequate commitment of financial resources as well as appropriate training and skill building of employees are critical to success.