

UPDATES FROM THE WOMEN'S FELLOWSHIP IN PUBLIC FINANCE FOR CITIES

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About the Women's Fellowship in Public Finance for Cities

The Women's Fellowship in Public Finance for Cities is an immersive, two-year programme that provides a platform for young women professionals to carve out a niche for themselves in the domain of public finance. By nurturing women professionals to emerge as leaders in PFM, the Fellowship aims to drive better gender outcomes in the future and catalyse reforms for better quality of life in India's cities and towns.

The first cohort, comprising of 11 Fellows, was launched in January 2024. The Fellows are working on live projects with either the Finance Department or Urban Development Department in 6 states.

Celebrating One Year of the Fellowship

While previous updates chronicled the journey of the Fellows from theory to practice, this issue marks a significant milestone: the completion of one year of the Fellowship. Our Fellows have evolved from novices in the sector to competent professionals with a deep understanding of public finance management. We are excited to share their growth and achievements with you in this issue.

Fellows Reflect



Through the Fellowship, I have had the opportunity to collaborate with experts, local governments, and the Tamil Nadu Finance Department, gaining invaluable insights into public finance. Interacting with stakeholders across states and observing fiscal strategies first-hand has broadened my perspective. From advancing property tax reforms to navigating intergovernmental transfers, each experience has deepened my understanding of the financial frameworks that shape urban development, highlighting the importance of data-driven approaches for effective outcomes."

Aishwarya Shekar,
PFM Fellow, Tamil Nadu



The Fellowship has perfectly combined my academic background in cities and governance with practical applications in urban finance. Engaging with thought leaders, experts, and participating in Janaagraha's 16th Finance Commission discussions has offered me an unparalleled learning experience. This opportunity allowed me to actively understand how urban local bodies in India function. Field visits provided firsthand insights into the challenges and opportunities in financial management and governance, revealing the realities of urban development.

Through expert-led webinars, I deepened my understanding of public financial management, rural-to-urban transitions, and intergovernmental transfers. The hands-on experiences have significantly shaped my professional path and clarified my purpose in contributing to better cities and improved quality of life for citizens.

Merin Sunny, PFM Fellow,
Karnataka



Fellows Reflect



The Fellowship has given me the opportunity to work with the senior leadership at the State Treasury, Odisha, gaining both conceptual and practical insights into the digital initiatives of the state for budget execution. In addition, I have also got a chance to be involved in diverse in-house projects at Janaagraha, varying from budget analysis, conducting literature review, and developing concept notes.

Bhavya Mittal,
PFM Fellow, Odisha



This Fellowship has provided me with a unique opportunity to deepen my understanding of public finance management while gaining invaluable hands-on experience. I had the chance to engage directly with key stakeholders in municipal finance, including frontline workers and leaders in the Department of Housing and Urban Affairs (DoHUA), which broadened my perspective on governance and public finance. During this Fellowship, I have had the opportunity to support the shift of Urban Local Bodies (ULBs) in Assam to a Double Entry Accrual Based Accounting System — an essential reform aimed at enhancing transparency and financial accountability. Additionally, I contributed to the design and implementation of the municipal budgeting framework, and curating and delivering training programmes for newly inducted municipal cadres. I also supported DoHUA in exercises related to the central and state finance commissions. Overall, this Fellowship has enabled me to work at the intersection of policy, capacity building, and finance, helping drive meaningful change in the state's urban finance landscape."

Veronica Q Wijunamai,
PFM Fellow, Assam



Voices from the Field

The 'Public' in Public Finance Management



Anupriya
PFM Fellow
Punjab

Marking one year of my Fellowship journey felt like the right time to organise my wandering thoughts and ideas into an article. While most of my colleagues have been working on the 'financial' aspect of Public Finance Management (PFM), my journey has delved into improving outcomes through better PFM systems.

As part of the Fellowship, I had the opportunity to work on citizen scorecards and social audits for municipal services. While designing the social audits, I kept thinking about why they are important and the context in which they were introduced in organisations or programmes, particularly in rural development programmes in India. This led me to question the very foundation of social audits — the government's accountability to its citizens.



Participants design an accountability tool for a primary health centre during the Local Governance and Social Accountability course by Azim Premji University.

Achieving accountability, one of the most common goals for PFM reforms, is rooted in the fact that money collected from the public in the form of taxes finance almost all the functions of the government. It is both rational and ethical to disclose the outcomes achieved with this money. Achieving outputs and outcomes begins with objectives: improving citizen service delivery, enhancing programme planning and implementation, and making institutions more effective and efficient.

In a classic example of municipal taxes vs services, increasing municipal tax collection is crucial for the fiscal sustainability of Urban Local Bodies (ULBs). However, service delivery improvements often do not keep pace.

In a classic example of municipal taxes vs services, increasing municipal tax collection is crucial for the fiscal sustainability of Urban Local Bodies (ULBs). However, service delivery improvements often do not keep pace. It is ironic that citizens can easily pay water charges online but face difficulties in obtaining water connections. E-governance often prioritises administrative convenience over citizen convenience.

Recently, I got a chance to attend a short course on 'Local Governance and Social Accountability' organised by Azim Premji University, Bengaluru, where I learnt that the idea of the 'citizen' in a democracy is not someone who is at the mercy of those in power; rather, it is someone to whom the powerful owe answers, for the power they wield is vested by the citizens. Simply put, one is always answerable to their investors, donors, and funders. Citizens being at the centre of democracy, it is important for the government to disclose its agendas for the year, transparently provide details of all its funds and expenditures, and consult citizens on important development programmes.

Transparency and accountability by the government could lead to an increase in trust by citizens. They could also feel responsible for playing their own part in governance. This could manifest in the form of improved civic sense in public places or more voluntary tax payments. Because accountability works both ways.

It is important to strengthen institutions and make them more efficient, but one must not forget the central objective of citizen welfare behind the very idea of the institutions. The same goes for accountability mechanisms — they should not only focus on top-down accountability within the government but also on bottom-up accountability toward the citizens.

Only then can it be called 'Public' Finance Management in its true sense



Participants with gram panchayat officials and the social audit team during their exposure visit in Hasandahalli, Malur Taluk, Kolar District, Karnataka.

The Unintended Consequences of Public Policy: Lessons from Urban Local Bodies (ULBs) in Karnataka



Meghamala C

**PFM Fellow
Karnataka**

Public policy is a dynamic interplay of intentions and outcomes. While policies are often designed with the best intentions, the ground realities sometimes produce unintended consequences, challenging policymakers and implementers alike. As part of the team supporting Karnataka's 5th State Finance Commission, I have had the opportunity to visit over a dozen Urban Local Bodies (ULBs) across the state, unravelling fascinating stories of how policies translate, or fail to translate, in real life. These experiences provide valuable insights into how policies, despite their aspirations, can falter when social, economic, and institutional contexts are overlooked.

Case 1: Water Metering in Chikkamagaluru - A Tale of Misdirected Incentives

The Chikkamagaluru City Municipal Council installed water meters in select wards to improve water management and revenue collection. Due to limited funds, the initiative was confined to a single ward and this selective implementation triggered residents in the metered ward to remove and sell the meters, arguing they should not pay while others get water for free. This highlights the classic principal-agent challenge and the need to understand social and economic contexts before implementing reforms.



Meghamala with members of the 6th Finance Commission during a field visit to PRIs and ULBs in Chikkamagaluru and Hassan.

Case 2: Property Tax in Yadgir - Navigating Fiscal Pressures

The second example comes from Yadgir Municipal Council and illustrates how ULBs adapt to fiscal pressures.

A condition set by the 15th Finance Commission mandated that ULBs increase their property tax collection over the previous year in tandem with the state's Gross State Domestic Product (GSDP), which averages around 11% annually. For a small municipality like Yadgir, this was an unattainable target. To navigate this challenge, the municipality resorted to underreporting property tax demands, thereby creating a superficial appearance of year-on-year growth while failing to address the underlying revenue issues. While this tactic technically met the commission's requirement, it undermined the spirit of the policy and failed to address the underlying issues of revenue enhancement.



This case reflects another facet of the principal-agent challenge. The Central Finance Commission (the principal) sought to incentivise fiscal discipline and strengthen local revenue collection. However, the municipality (the agent), constrained by its limited capacity, resorted to superficial compliance instead of genuine performance. The unintended consequence was a system that rewarded creative reporting over substantive outcomes, defeating the purpose of the policy. This highlights the need for policymakers to account for institutional constraints and design conditionalities that are realistic and achievable.

The Perils of Unintended Consequences

Both these examples emphasise a crucial lesson: even the best-laid plans can go awry when they do not account for ground realities. Policymakers must anticipate behavioural responses, recognise institutional limitations, and adopt context-sensitive implementation strategies. For instance, in Chikkamagaluru, preparatory steps like public consultations (at both, the planning and implementation stages) and awareness campaigns could have mitigated resistance and increased public buy-in. Similarly, realistic and tiered targets for property tax collection, coupled with capacity-building measures, could have empowered ULBs like Yadgir to genuinely improve their fiscal health.

Citizen engagement through participatory planning, budgeting, and systemic reforms is crucial for ULBs. Converging funds from various schemes can empower municipalities and create effective policies.

Public policy is as much about understanding people and institutions as it is about drafting laws and programmes. The cases of Chikkamagaluru and Yadgir show how unintended consequences can derail even the most well-meaning policies. By embracing a holistic and adaptive approach, policymakers can bridge the gap between intention and implementation, ensuring that governance delivers meaningful results for all.

Deep Diving into Stamp Duty Reforms – A Potent Tool for Revenue Augmentation



Nirupama Mohankumar

PFM Fellow

Karnataka

What Public Finance Management Means to Me

During my previous engagement as a Mahatma Gandhi National Fellow working on grassroots reforms at the district level, I realised that efficient public finance management forms the backbone of any effective policy machinery and drives impactful outcomes. This understanding deepened as I observed a direct correlation between robust revenue generation and key development indices like Gross State Domestic Product (GSDP) and per capita income, creating a virtuous cycle.

The Uniqueness of Stamp Duty as a Revenue Tool

When I started working in Tamil Nadu with the Finance Department, I dove into the state's finance and revenue landscape, focusing on the state annual budget, capital budgeting, and property tax collection. One fascinating project was augmenting stamp duty, guided by Dr Arvind Subramanian, former Chief Economic Advisor to the Government of India and current member of the Economic Advisory Council to the Chief Minister of Tamil Nadu.

This project demonstrated that stamp duty and registration fees reflect the health of the real estate sector and population income levels. A micro-level analysis of village clusters highlighted discrepancies between guideline values and market rates. My task was to develop a model to bridge this gap, ensuring guideline values aligned with market rates to increase revenue. This involved understanding legal challenges, conducting data analysis, and studying market trends. Although the outcomes were challenging, I gained valuable exposure to state-level revenue systems and the broader economic context.

Transitioning to Karnataka: Key Learnings

During a phase of deep personal loss, Janaagraha's empathetic support helped me regain my footing. After recovering, I began working on the 16th Finance Commission project, analysing data from CityFinance.in, and identifying emerging trends. I also got a chance to map decentralisation trends and lessons for ULBs from a rural 'Decentralisation Index.'

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Next, I began working on stamp duty reforms in Karnataka. The Principal Secretary of the Revenue Department outlined a comprehensive scope focusing on quantitative and qualitative deliverables, including data insights, guideline value revision, policy briefs, human resource assessments, and improvements to the land registration portal.

This project highlighted the importance of stamp duty as a revenue tool, showing how competitive pricing can deter property undervaluation, reduce revenue leakage, and promote housing and infrastructure development. It demonstrated the potential to create a win-win for both the government and citizens by encouraging transparency and efficiency in property transactions.

As the Karnataka project progresses, I look forward to contributing insights that not only enhance revenue but also enable sustainable urban development.

Beyond Work: Exploring Bengaluru

Outside of work, I am immersing myself in Bengaluru's vibrant urban culture. I have become a curator in one of the city's largest reading communities and often explore its bustling libraries and public spaces. Attending sitar concerts and other music recitals has further enriched my experience. These activities have broadened my perspective on urban living and deepened my connection to the city.

Overall, this Fellowship has provided me with a range of unforgettable experiences. I look forward to continuing my journey in PFM along with my broader vision of creating robust public finance systems that drive equitable growth.

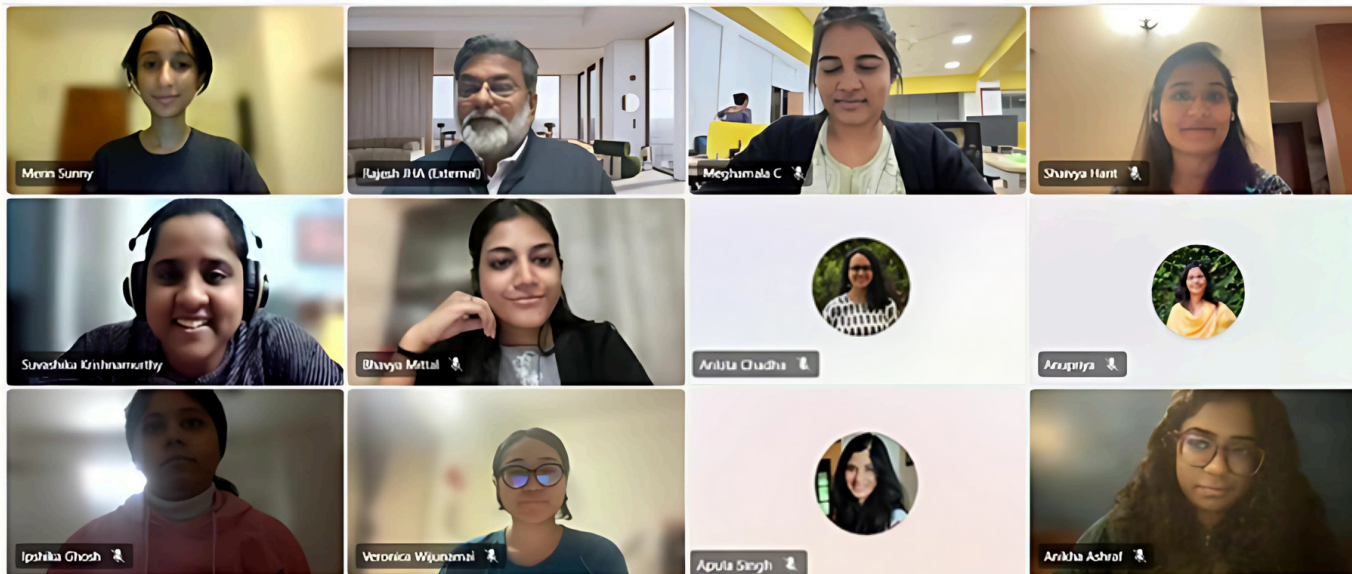
Class is in Session: Learning Highlights

The Fellows continue to deepen their understanding of Public Financial Management through expert sessions and practical applications. **This quarter's highlight was a webinar on 'Linking PFM to Service Delivery Outcomes' by Mr Rajesh Jha, an independent consultant specialising in health financing, economics, and its intersection with public finance.**

Drawing from his extensive experience, Mr Jha explored how PFM reforms can drive improvements in health service delivery. He emphasised several key aspects:

- Strategic planning and its impact on service delivery, highlighting the importance of aligning PFM processes with local needs
- Community accountability, using Kerala's example to demonstrate how collective action can hold systems accountable and drive improvements in service delivery.
- Resource allocation challenges and the critical link between budgets and service outcomes
- The role of audits in improving spending efficiency and ensuring accountability.

The session was particularly valuable for its focus on practical application. Using state-specific examples and personal anecdotes, Mr Jha encouraged Fellows to examine how PFM reforms influence service delivery in their own contexts. His engaging approach, combining real-world examples with humour and practical insights, made complex PFM concepts more accessible.



Webinar by Mr Rajesh Jha, financial health expert, on 'Linking PFM to Service Delivery Outcomes'.

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Got feedback?

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