

Creating a Modern Indian City: An Interview with Delhi's Chief Minister

Sheila Dikshit discusses the challenge of urban development in India.

By Shirish Sankhe

Delhi is a rarity on the Indian landscape: a symbol of urban progress rather than urban decay. And for almost a decade, Sheila Dikshit has presided over the nation's capital as its chief minister.

Dikshit, nearing the end of an unprecedented second term, has helped guide an array of economic and political changes. Under her watch, the first phase of the Delhi Metro was completed on budget and on time—a feat heralded as belying the stereotype of the Indian government's inefficiency. The second phase is on track to be completed in time for the Commonwealth Games, scheduled to take place in the city in 2010.

Also during her tenure, power distribution has been privatized, pollution reduced, and green areas throughout the city increased. Students at government schools are performing better. In addition, Dikshit has attempted to lessen the tensions between the bureaucracy and citizens through an initiative that brings both sides together for regular discussions. Bhagidari, as it is called, has been held up as an international model of good governance.

Yet Dikshit would be among the first to acknowledge that progress has not come fast enough or without snags. Delhi is straining under the weight of a vast and growing population. More than 13 million¹ people live there, and half a million more move in every year. Decision making can be excruciatingly slow, especially since her administration shares authority in the city with elected municipal leaders and a lieutenant governor appointed by India's president.

Recently, Shirish Sankhe, a director in McKinsey's Delhi office, met with Dikshit in her residence and discussed the challenges of urban development in India, as well as some of her successes.

The *Quarterly*: Have India's recent economic gains surprised you?

Sheila Dikshit: I think we stopped being surprised a while back. There is a lot of confidence throughout India regarding Prime Minister Manmohan Singh's economic capabilities, his understanding of the Indian economy, and how you integrate the

Indian economy into the world economy. It also helps that the government is growth oriented and is moving toward a more open economy. Many current policy makers understand economics and have tried to take the economy out of the shackles where everything had to be cleared by the government before anything could take place.

People are feeling very comfortable with the growth. It's amazing how the buoyancy comes in. You see it in art, you see it in culture, in our theater, in our films. And among the youth there is the recognition: I am proud of my country. They no longer feel they have to go abroad for better opportunities. They're getting very good salaries here.



SHIELA DIKSHIT

Vital statistics

Born March 31, 1938, in Kapurthala, Punjab

Wife of the late Mr. Vinod Dikshit, a widely respected member of Indian Administrative Service, she has two children

Education

Received her MA in history from Miranda House, University of Delhi, after schooling at Convent of Jesus and Mary

Career highlights

Government of National Capital Territory of Delhi

- Chief minister (1998–present)

Government of India

- Union minister of state for parliamentary affairs (1986–89)
- Minister of state in prime minister's office (1986–89)

- Member of Lower House of Parliament, representing Kannauj (1984–89)

Fast facts

Serves as secretary of Indira Gandhi Memorial Trust, which awards Indira Gandhi Prize for efforts in international peace

Launched Stree Shakti in Delhi, a program which aims to empower women by providing employment training, financial aid, and access to health care and medicine

Represented India on UN Commission on Status of Women (1984–89)

The *Quarterly*: What can slow down India's growth?

Sheila Dikshit: We have people with outstanding and very innovative minds. This country is not short of wealth. This country is not short of skills. This country is not short of brains. What we lack, and I think what we always have lacked in this country, is effective management in the government.

I can give you a very interesting example. Government schools in Delhi were performing very badly. The pass percentage on standardized tests was 35 to 37 percent. We looked into it and found that the government spent 900 rupees per child per month, while nongovernment schools, which were performing better, were spending a maximum of 700 to 800 rupees per child. We brought the teachers together and asked, "Obviously, you are the best paid, so why are you not delivering? What do we need to do to motivate you?" And when the teachers got motivated, children performed better. Today the pass percentage has risen to 82 percent, half a percentage point more than nongovernment schools.

I can give you another example concerning the problem of exporting. There were 17 different forms that had to be filled out to export something. So we had a talk with the relevant authorities and said, "Please, let's reduce this." Other countries have 2 or 3 forms, and it's done with. So they set up this committee, and when they came back with a solution, instead of 17 forms, 25 forms had to be filled out. So you see it's the mind-set, especially in administration, that needs to be changed. We are addressing it, but I don't think we are addressing it seriously enough.

There is also a feeling of mistrust between government and nongovernment sectors. The bureaucrat always presumes that the person coming to him for help must be a crook, that he wants me to do something against the rules. But that poor person doesn't know the rules. That fellow sitting across the table has come in for help or information, and he's just wished away or told 100 reasons why he cannot be given what he wants.

The Right to Information Act² is helping by making things more transparent. When we started it in Delhi, we found a lot of skepticism about it. But now the people are starting to get used to that power. Also, I started an unusual program in Delhi called Bhagidari, which focuses on governance through partnership and received a best-practice award from the United Nations. Citizens' groups and the government interact with each other every week or every month in little groups. We train the citizens in what governance is about, since not all of them understand governing institutions. And the bureaucrats come to understand citizens better, that a citizen comes to you only because he is in some distress or needs something. This coming together has helped us a lot.

The *Quarterly*: Is social disparity becoming a bigger problem?

Sheila Dikshit: Yes, social disparity is there, perhaps not as much in the cities, which attract migration, as in the divide felt between the agrarian areas and the cities. Growth seems to have ignited in services and industry, but in the beginning that growth was not paying much attention to agriculture. That aberration has now been corrected, and it will come naturally.

I was in Himachal³ just about four weeks ago. One *panchayat*,⁴ which is the lowest level of government, told me that several years ago they were poverty stricken. They couldn't get even two square meals a day. In the past three years they made nine *crores*⁵ exporting flowers. So they're beginning to learn. Where the income of 60 to 80 families was virtually zero it came up to nine *crores*. They've tasted it. And there's going to be no stopping them from becoming role models for the rest of the *panchayat*—year round.

The *Quarterly*: How has Delhi changed during your two terms in office?

Sheila Dikshit: If you look at the physical achievements, the infrastructure is much better, the power is much better, water is much better, and transport is better because of the Metro, although not terribly so. I would say it needs another two to three years to put it right. When I look at human development, I think Delhi has changed from a cynical city to a city of hope. And it attracts not just people who seek jobs but also culture now. Almost the entire television industry, for instance, is located in Delhi, whereas Bombay⁶ used to be the top city.

That infrastructure—the dozens and dozens and dozens of flyovers that have come up, the underpasses that have come up—has attracted a lot of labor from outside. Meanwhile, those who were living here were not terribly interested in doing manual labor. So the labor came in, and those who are local have become better educated and are looking for jobs in the service sector. A bit more economic growth has meant more migration, and more migration has meant that we almost keep standing where we are.

The *Quarterly*: Has infrastructure been able to keep pace with growth in the city?

Sheila Dikshit: It is keeping pace now, but we should be ahead. The fact that we have been able to cater to the half million people coming into the city each year in everything except housing is the good point. The bad point is that it's slow. For me, it's not fast enough. With the technologies we have today, we should be able to build infrastructure much faster.

Archaic systems and a great multiplicity of authorities in Delhi are slowing us down. You have the federal government. You have my government. You have the municipality. We are a state government without, for instance, the power of owning land. It's a great problem. We have a lieutenant governor here representing the government of India, which no other state has. We work with our hands tied. It's very unique.

The *Quarterly*: Yet Delhi was able to complete the first phase of its subway on time and on budget. How do you explain that?

Sheila Dikshit: First, there's Sreedharan.⁷ He's a good manager, a good conceptualizer, and a good implementer. You can have and you will probably have lots and lots of Sreedharans in India, but they are unable to get the kind of freedom he was given to operate.

We gave him that space. For example, nothing that concerned the Metro was negotiable in a court of law, so it could not get stuck. Take land, for instance. Subways need land for stations, and you have to shift a lot of buildings, a lot of shops, and a lot of people. And when the Metro said, "We need land," and we said, "All right, this land you will get." And whatever else was reasonably asked for by them—for instance, not to pay excise, not to pay VAT,⁸ et cetera—we gave them that because it was important to complete this project. Also, to this day we have not taken a single person to the Metro and said, "Please employ him." There was no pressure at all, and they were totally on their own.

Now I can say to my other departments, if Mr. Sreedharan can do it, and if I promise I won't interfere, you do it. It was important to make the Metro project a role model, so that others would feel that they could get projects done too.

The *Quarterly*: Housing, especially low-income housing, has been less successful. Why?

Sheila Dikshit: Part of the problem with housing stems from the strict land laws that we have, and the very strict, archaic usage of land. Go to any European country, and you'll find a road and buildings right against the pavement. We say, if you have a plotted piece of land, set your building back 30 feet or 20 feet or whatever. These are luxuries which we cannot afford anymore—the FSI law, the FAR law, and all that.⁹

But what we are doing now, and what I hope to be able to complete before we go into the next election, is to bring in more housing for the poor. This means building 200,000-plus units for the poorer people. This could be a two-room tenement with a washroom for 2 *lakh*¹⁰ that would be subsidized. We will divide these tenements into communities that have their own little shopping area, a school, and little gardens in between. We'll have to change some laws, and we are working on that. But that is not stopping me at least from starting to build the houses.

I'm also very keen on what they call holding areas, which are kind of like dormitories, for migrant workers. The labor that comes in here could stay in those holding areas and go back to their villages if they want to. They do not own the place, but they do have the right to live there for a certain rent that can get transferred from mother to child and child to child. Unfortunately, the Indian political mind-set is still not able to accept this. It's still not sinking in, but I want it to sink in and will keep on singing until my voice is heard.

The Quarterly: How did public transportation in Delhi move to compressed natural gas (CNG) as an alternative-fuel source?

Sheila Dikshit: In 2001 we were facing a very peculiar situation where the courts said to start using CNG, but there was no CNG available and no vehicles were prepared to use CNG. We spoke to all the bus producers in Delhi, all the scooter producers, car producers. All public transport would be on CNG. So the changes that had to be made in the vehicles' mechanics were made. Then they would test it: could they go over flyovers? Would they be able to take the extreme weather we have—too much rain, too little rain, too hot, too cold, all that?

We also had a massive publicity campaign. I personally went to each and every person I could reach out to, as many as I could, to tell them it was good for the common health. We also gave them an economic packet because a CNG bus costs more than a normal bus, even though the recurring expenses are less. Then for about eight months we had queues as long as five kilometers of people waiting for a cylinder of CNG. But there were no riots, and the people were patient. I am eternally grateful to the people of Delhi for having understood, and now they are reaping the benefits.

But it wasn't just the courts. I am a citizen before I am chief minister, and I'm going to remain a citizen. I grew up here, and I've seen this city suffer on account of a poor environmental record. In the past five years we've increased the green cover from 36 square kilometers to 350 square kilometers. Now we are growing 19 city forests of 10,000 to 20,000 trees. We also passed a law that says if you cut 1 tree, for whatever purpose, you plant 10 others somewhere else. It doesn't matter where you do it, but you do it.

The Quarterly: Is funding a critical constraint?

Sheila Dikshit: No, funding is not a constraint. We have very good tax collection and have urged the people not to avoid taxes. We gave concessions where we thought we should, but we were also one of the first states to impose the VAT. Since things are happening here, the central government has been very kind to give us funds. So we are never short of funds.

The *Quarterly*: How can other Indian cities follow Delhi's example?

Sheila Dikshit: They should be made into city-states,¹¹ and we should start with five cities: Kolkata, Mumbai, Chennai, and so on. I am sure politically no one would agree with this, but I think administratively it would be good for the country's development. Create city-states and give them the power to undertake development. They should not be under the state governments but rather under their own chief minister or chief administrator or whatever you want to call the position. They would collect their own revenues, maybe sharing a percentage with the other states. You have to develop your cities, especially if you're envisaging that in the next 20 years 55 to 60 percent of India's population will be urban. You just can't do it with the same old administration where you're dependent on various constituents for every penny.

The *Quarterly*: Do you think Delhi can become a world-class city or, for instance, play host to the Olympics?

Sheila Dikshit: That's my dream. But one of the real problems we have is the density of the population. It's one of the highest in the world. And there is a paucity of land. Every other city the size that we are has a hinterland to spread into. We don't. We can only go higher. And that is not always easy, because we want to see the blue sky. But I am confident in the next eight or ten years that if we change people's attitudes—make everybody proud of the fact it's our city and we have to keep it clean and make it pollution free—we will do it.

It will still take five or six years to put the city on a course on which it can't go back. Today it can go back, but once it crosses the hump it can't slide back. That hump has yet to be reached. We're close, but we haven't reached it.

As for the Olympics, let us wait for the Commonwealth Games first. Then there would be not just the temptation to bid for the Olympics from our side but also a feeling in the world that Delhi could do it, that India could do it, and therefore deserves it.

About the Author

Shirish Sankhe is a director in McKinsey's Mumbai office.

Notes

¹ Census of India 2001.

² An act that allows citizens to secure access to information under the control of public authorities, with the goal of promoting transparency and accountability.

³ Himachal Pradesh is a state in northern India.

⁴ Village council.

⁵ Ninety million rupees, or about \$2.2 million.

⁶ Mumbai.

⁷ E. Sreedharan, the managing director of Delhi Metro.

⁸ Value-added tax.

⁹ The Floor Space Index (FSI) and Floor Area Ratio (FAR) are among regulations that restrict land use on a given plot.

¹⁰ Two hundred thousand rupees, or about \$5,000.

¹¹ Delhi, as the national capital territory, is not part of a larger state, a unique position in India. The country's other big cities are part of larger states that often use taxes raised in these cities for projects outside the urban areas.

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