Implementing property tax reforms in Bangalore: an actor-network perspective

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Abstract

Many municipal governments in developing countries are experiencing serious difficulties in dealing with the rapid growth of population in cities. Catalysed through processes of globalisation, the growth of cities, especially the so-called ‘mega-cities’, has not been matched by investments in infrastructure like roads and power due to the inability of local government organizations to collect adequate revenues from sources like property tax. Recognizing these difficulties, agencies such as the Asian Development Bank have initiated systems for property tax reforms in a number of Asian cities, including Bangalore. In this paper, we discuss the story of this reform process drawing upon the actor-network perspective on translations. We argue that such a perspective helps to go beyond studying innovation processes through the lens of ‘technology diffusion’, and provides a more interesting and insightful perspective of ‘technology translation’.

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1. Introduction

Urban centres in the developing world are experiencing very rapid and chaotic growth brought about by large-scale migration of rural population into cities and ever-increasing population rates. As Castells (1996) points out, for the first time in human history, the urban poor are predicted to outnumber the rural poor. Globalization tends to accelerate this growth, especially in metropolitan centres that serve as global hubs of economic activity. An example of such a hub is Bangalore in South India, which has become a centre of global attention for software development. It is the fastest growing city in India (ranked fifth in terms of population in the country), and the population is projected to reach a figure of seven million by 2011 (BDA, 2000). Poverty, as is characteristic of rapidly urbanising cities in the developing world, is also rampant in Bangalore. At least 27% of the city's population falls below the poverty line \(^3\) and it is projected that the population of slum dwellers will continue to increase for the foreseeable future (Jana Sahayog, 1998).

Globally, there is a recognition of a crisis in municipal services in urban centres of many developing countries and international agencies such as the World Bank and United Nations have initiated various programs to rejuvenate municipal services such that, as cities become increasingly urbanized, municipal governments develop the capability and resources to make cities liveable and meet the basic civic needs of citizens. This capability-building approach resonates with an emerging conceptualisation of governance in the international development discourse since the 1990s, according to which a range of public and private sector organisations both at local and global levels are increasingly becoming involved in urban governance (Jayal & Pai, 2001). For example, the Asian Development Bank (ADB) recently implemented a program on “enhancing municipal service delivery capability”, the objective of which was to enable municipalities in the Asian region to enhance their capacity to deliver civic services by adopting ‘modern’ management techniques, specifically those of benchmarking and continuous improvement, privatisation, creating support networks between municipalities globally, and automation. This project has a global dimension with international consultants working with ten municipalities in China, India, Indonesia, Malaysia, Pakistan, Philippines and Sri Lanka (ADB, 2001). Representatives from these different municipalities meet periodically to identify and adopt best practices, for example related to property tax, garbage disposal and parking.

Implementation of these modern models and methods of management to support ‘good governance’ and ‘best practices’ is complex and problematic, as the target of attention, the local municipal organizations, typically do not have the institutional structure or the financial and manpower resources to support them. While traditionally, the municipal organizations have served as instruments of state control and regulation, ongoing governance reforms demand that they decentralise their organizational setup and emphasise transparency and accountability. Such demands

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\(^3\) Defined in 1998 as having an income of Rs. 10,000 ($ 215) or less per annum.
run counter to their historically defined structures (Madon & Sahay, 2000). While
the process of introducing reform is complex, it nevertheless has to be engaged with,
as it is part of a broader modernization agenda in municipal governance the world
over.

It is against this backdrop that this paper attempts to trace the Bangalore City
Corporation’s (BCC) initiative to reform its Property Tax System (PTS) and the
interplay of local contingencies and external influences therein. There has been a
growing pressure from citizen groups, international agencies and the local media
on the BCC to rationalize the existing PTS. While a look at the nominal figures
for property tax collection would indicate a 10.4% rise in revenue from this tax from
1988–89 to 1994–95, when these figures are adjusted to take into account inflation,
revenue from property tax has been almost stagnant for this period reflecting poorly
on the efficiency of the BCC to extract essential revenue to meet the infrastructure
demands of Bangalore’s rapidly growing population (Paul, 2002). Although there
had been a number of initiatives to enhance the performance of the PTS over the
years, no significant change materialised until the recent implementation of a Self-
Assessment Scheme (SAS). This paper describes the implementation of SAS against
the historical backdrop of earlier change initiatives.

A key aim of our paper is to understand the manner in which various stakeholder
groups and technologies come together in a heterogeneous network and are rede-
defined over time to bring about (or not) change in the systems by which property
tax is assessed, collected and appealed against. In Section 2, we outline our research
approach, and in Section 3, we outline the working of the PTS including its sub-sys-
tems of assessment, collection and appeals. Section 4 includes an analysis drawing
explicitly upon theoretical concepts from the “sociology of translation” literature.
Section 5 develops some implications and some brief conclusions.

2. Research approach and methodology

While our present research started in 1998, we have been working in India since
the early 90s studying various initiatives related to the introduction of IT in different
Indian government departments. The case of Bangalore city has been particularly
interesting as the ongoing processes of change have ICT deeply implicated in them.
For example, reforms of PTS have also been accompanied by attempts to introduce
Geographical Information Systems (GIS) for mapping the properties. While Banga-
lore has become a centre of global software development, and is experiencing rapid
growth in demand for civic services, the municipal bodies have been hard pressed to
find the resources and capabilities to provide the services required to cater for the
growth in population and associated demands on infrastructure. As a result, various
city municipal agencies are attempting to introduce reforms, most often spearheaded
with the use of ICTs. Discussions with senior BCC officials pointed us to the various
problems that were surfacing in the process of trying to implement these reforms. To
understand these problems in greater detail, and also to try and contribute to facil-
itating the reform initiative, we initiated a research project in 1997 titled ‘information
flows to support local governance in Bangalore. The envisaged objective of the project was to analyze existing inter and intra departmental information networking of the BCC with other stakeholders in the city and how this could be further streamlined to help enhance the effectiveness of the existing system of local governance.

In 1999, we made a formal presentation of our research proposal to senior BCC officials. In the discussions that followed, the BCC officials recommended that we focus on the PTS, which was current and important, with significant longer-term implications for city-governance. We adopted a longitudinal research design in order to trace the dynamics around the introduction of the PTS reform. Two Bangalore-based researchers were hired to help conduct fieldwork on a continuous basis, supported by the two other overseas-based researchers who visited Bangalore once or twice a year to conduct joint interviews, develop interpretations of the data, and provide some theoretical directions. About 20% of the interviews were conducted jointly by the four researchers and the rest by the two Bangalore-based members. A total of 122 interviews were conducted with BCC decision makers and executive staff at different levels, officials of other government agencies, representatives of non-governmental organizations and emerging public private relationships, private sector employees and citizens. A number of these were repeat interviews, i.e. the same person was met more than once at different points in time. All interviewees were either involved in implementing the PTS or were affected by the reforms (for example, citizens) (Table 1).

All the interviews were conducted in face-to-face settings (but not tape recorded) in the location of the interviewee’s workplace. Sometimes useful information was also obtained in the office corridors, or while walking with the respondents to the parking lots as they were getting ready to leave. The interviews did not involve a fixed schedule of questions, but a set of issues that were identified by us to be important in shaping the information flows surrounding the PTS, for example relating to the use of ledgers deployed for recording the tax details. Over time, as people were met for the second and third time, there already existed a shared understanding between us and we could start the conversation from where we had left off at the last meeting. The duration of interviews ranged from a few minutes to an hour and invariably was interrupted by phone calls and by the entry and exit of various other people into the office of the respondent. Such interruptions were considered ‘normal’, as our respondents were public officials. Together with interviews, additional data were obtained through participant observation, attendance at public meetings, study of press reports, study of websites, and various other sources. Electronic mail was not used as the BCC officials typically did not use this medium.

A starting point of our analysis was to understand at the micro-level the workings of the PTS by constructing a network of ‘information flows’ that surrounded the PTS. Information flows were not seen from a traditional “information processing” approach used in systems analysis and design approaches which focus on the physical movement of information without adequately considering the social context (DeMarco, 1979; Davis, 1983). Our perspective was inspired by Actor-Network Theory and as such conceptualised information flows as an abstraction of a complex
Table 1
Interviews conducted (1998–2001)

<table>
<thead>
<tr>
<th>BCC</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Decision makers</td>
<td>Additional Commissioner, BCC</td>
<td>Deputy Commissioner (DC) (Development)</td>
<td>Commissioner, BCC</td>
<td>DC (Estates)</td>
<td>13</td>
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<tr>
<td></td>
<td>DC (South), Revenue (twice)</td>
<td>DC, (East) BCC</td>
<td>DC Resource Planning and Finance (three)</td>
<td>DC (Estates) (twice)</td>
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<tr>
<td>Range officials</td>
<td>Health Officer</td>
<td>Assistant Executive Engineer Cell (AEE)</td>
<td>AEE</td>
<td>24</td>
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<td></td>
<td>Town and Country Planning Officer</td>
<td>Under Commissioner (three)</td>
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<td></td>
<td>Range Officer (RO) (three)</td>
<td>Chief Accounts Officer</td>
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<td></td>
<td>Deputy RO (DRO) (three)</td>
<td>Junior Law Officer</td>
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<td>Assistant RO (Six)</td>
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<td>Range/field staff</td>
<td>Tax inspector (two)</td>
<td>Accountant/case worker (Four)</td>
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<td></td>
<td>Senior Revenue Inspector</td>
<td>Data entry operator (two)</td>
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<td></td>
<td>2nd Division Clerk</td>
<td>Manager (two)</td>
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<td>Managers (Four)</td>
<td>Tax inspector</td>
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<td></td>
<td>Senior Revenue Inspector</td>
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<td>Head manager Divisional Clerks (two)</td>
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<td></td>
<td>Data entry operator (two)</td>
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<tr>
<td>NGOs</td>
<td>Public Affairs Centre</td>
<td>Regional Director, Janasahayoga (3 repeat)</td>
<td>Regional Director, Jana Sahayog (2 repeat)</td>
<td>12</td>
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<td></td>
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<td>TIDE (2 repeat)</td>
<td>Coordinator, CIVIC</td>
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<td>Reporter, Slumsuddi</td>
<td>Coordinator, PAC</td>
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<td>Jana Sahayoga</td>
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Table 1 (continued)

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<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>Total</th>
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<td>Bangalore Agenda</td>
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<td>Task Force (BATF) Members</td>
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<td></td>
<td>3 Members (each twice)</td>
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<td></td>
<td>Coordinator for BATF</td>
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<td>Civil Engineer,</td>
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<td>Consultant BATF (twice including repeat)</td>
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<td>BCC’s Coordinator for BATF</td>
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<td>Manager BATF Accounting</td>
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<td>Other Government Agencies</td>
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<td>Commissioner BDA</td>
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<td>KUIDFC</td>
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<td>Secretary IT</td>
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<td>Town and Country Planning Department</td>
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<td>Private sector firms</td>
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<td></td>
<td>Indian Software House involved in range level computerization (one)</td>
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<td></td>
<td>Indian GIS company involved in BCC (twice)</td>
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<td></td>
<td>French GIS company involved in projects in BDA, BWSSB and BCC (3 times)</td>
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<tr>
<td>Citizens</td>
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<td>Social activists (3)</td>
<td></td>
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<td></td>
<td>Property tax owners (18)</td>
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<td></td>
<td>NAL Director helping BCC with design of addressing system (1)</td>
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<tr>
<td></td>
<td>IJGEC Research Fellow working on waste management</td>
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</table>
We conceptualised the property tax assessment system as follows:

- **RI/TI identifies unassessed properties**
- **Property assessed by RI of concerned ward**
- **Citizens registers Khata in ARO**
- **Approval of assessment by ARO/DRO/RO as per assessment powers (physical verification of site if required)**
- **Demand notice**

We conceptualised the property tax collection system as follows:

- **Citizen**
- **Door-to-door tax collection**
- **Kirdi Book**
- **Accountant enters collections details**
- **ARO checks daily collections and compiles ward-wise information**
- **Range-wise information compiled and forwarded to Zonal DCs and Commissioner**

We have conceptualised the system of property tax appeals as follows:

- **Citizen**
- **Appeal made to BCC official (ARO/DRO/RO/DC)**
- **Details of appeal scrutinised**
- **Hearing takes place**
- **Citizen accepts appeal decision**

Fig. 1. Understanding the nature of information flows in the PTS before implementation of the SAS.
heterogeneous network comprising of work practices, artefacts like paper files and ledgers, the buildings through which the files are carried, people involved, and organizational procedures and informal practices that shape the flow of information. This perspective finds its basis in the sociology of translation approach that seeks to unpack the social practices and contextual influences that shape the design and use of an artefact (Callon & Law, 1989). The paper form used to fill out the property tax details was the analytical starting point, which we discussed with various BCC employees in order to understand how it was filled, and then transmitted from one desk and office to another. Interviews with different actors, participant observation, and a study of the physical movement of files helped to construct what we describe as the property tax network (depicted in Fig. 1).

Over the period of our research, we compiled nearly 1000 pages of interview notes and other material. The approach to data collection was empirically grounded and ‘bottom-up’, and the data analysis was interpretive and conducted in a holistic fashion relying on our individual and collective abilities to integrate and synthesize the vast amount of accumulated data. The analysis proceeded in an interpretive process (Walsham, 1993) starting from individual field notes being created by the researchers of the interviews they were present in, sharing them electronically with the others, and followed by a process of discussion (face-to-face and electronic) to identify key themes. The varying backgrounds of the four researchers (an economist, an organizational psychologist and two from information systems) helped to develop multiple interpretations on the themes that emerged from the analysis process. These different themes were integrated in the form of a report submitted to the BCC, which served as a ‘first-cut’ on the analysis, helping to refine our interpretations, and provided a basis for subsequent theoretical analysis. Three such reports were prepared during the course of our research. For example, we submitted the information flow schematic (Fig. 1), along with an identification of the various bottlenecks and constraints to the BCC Commissioner and other senior officials. This interchange helped to cross-verify our interpretations and make changes. The theoretical analysis was guided by Callon’s (1991) description of the four moments of translation relating to problematization, interessement, enrolment, and mobilization, that we employed to characterize the SAS implementation process. We identified particular themes and related them to these four different moments. A summary of this analysis process is illustrated in Table 2.

3. Details of the property tax system

In this section, we describe the PTS existing prior to the implementation of the SAS. Along with a description of the PTS, we also detail some of the shortcomings that contributed to the pressures for reform.
Table 2

<table>
<thead>
<tr>
<th>Moments of translation</th>
<th>Examples of themes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Problematization: “Land no longer viewed in the framework of a socialist agenda but as a global commodity whose revenue has to be maximized”</td>
<td>The globalization context makes it all more complex. Previously land was a monopoly source for BDA. However, influx of global money has made it lucrative for private developers to operate in this domain. They are trying to reach out to the relatively richer people which make land/houses increasingly ill-affordable to the common person. Toyota has recently purchased from the city 150 acres of “table top land”. As a result, the corporation is going to knock hillocks and trees to make the land table-top like for Toyota. There are little efforts being directed to people living in slums or for the middle, lower-class families. The environmental effects are extremely severe and adverse. (An employee from a housing development corporation.) The global pressure I see arising primarily through rents. Prices of land and houses have got extremely inflated because of the speculation being done by NRIs or Indian employees of global companies, in real estate. People working in these large companies do not bother about what rents they are paying because it is being paid by their companies. As a result prices have got tremendously inflated and the local people find it extremely difficult to buy or rent property. Tens of thousands of flats lie empty in the city because outsiders have purchased houses just from the speculative point of view. In this process, some people have totally mis-speculated. This kind of absentee landlordism arising from global NRI people has had major impacts on prices and the use of space for local people. (A citizen and member of a NGO.) Earlier the city had a very buoyant source of revenues in Octroi (tax paid for transportation of goods into the city). But then that was abolished in 1970. The Government gave us an octroi compensation in lieu of that. At that time in the 1970s, the amount we got in compensation was OK and commensurate with what we were losing on account of the abolition of the tax. But now that amount has fallen far behind. For example, this year we got Rs. 70 crores, and if we project what we would have got based on the growth in sales tax, this amount would be to the tune of Rs. 250 crores. So, there is a major loss of revenue. We need to make the PTS stronger and generate more revenues. (An Additional Commissioner in the municipal government.)</td>
</tr>
<tr>
<td>Interessement: “Convincing the actors that PTS is the best solution to address the problem”</td>
<td>The idea is to try and rationalize the property tax system. The existing system is on the annual rental value basis and the proposal is to shift to a capital value system. Mainly, this is being done to bring in uniformity and transparency into the system. Six zones have been created. Till now, there is no uniformity in the system, no norms and no basis for assessment. The implementing authority for the proposed system is the BCC. The six zones have been created based on the market value system. There will be review procedures that are to be introduced. ADB has taken up the project to examine procedures. Amendments are required to move from the rental value system. This has still to be done. (A Divisional Commissioner in the BCC.)</td>
</tr>
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We are also introducing a self-assessment system, where the assessee can make a self assessment and send in a cheque. Of course this assessment will be verified and accepted by the authorities. The idea is to try and minimize the procedures. Last year, this proposal was sent to the council. Even though the system was accepted, they called it back (A Divisional Commissioner in the BCC).

The property tax system, they (BCC) are trying to rationalize the system, and to make simpler the criterion. The problem is that the system is arbitrary and valuation is not done on a uniform basis. Two, the procedures are such that there is scope for corruption. Things do not come to light, there is collusion. People have to pay tax. We had evolved a system of self-assessment of property tax. The council had taken steps to adopt it, but that was not done finally. It is also not known whether all the properties are also assessed. There is a loss of revenue. We need the SAS. (An ex-Commissioner of BCC.)

Twenty percent of property owners have opted for (1.9 lakhs of the total 4 lakhs) SAS. In fact there was public request to reopen the scheme. (Tax Commissioner.)

Extensive publicity was given to the scheme to make it popular. Media was used for this, awareness meetings of resident groups were organised, occasion for resident group and BCC official interaction was provided and three hundred payment centres were set up for this purpose. (Tax Commissioner.)

Appeals in the true sense of appeals does not exist Is it right to expect that a person senior to the person assessing the property is the right person to dispose an appeal. How does he know why was the property assessed the way it was. Also by making the assessor responsible for hearing appeals would make him more accountable and leave lesser scope for corruption. (Tax Commissioner)

Measures to ‘take forward’ SAS learning: (Discussed in BATF meeting) Encourage and ensure citizen participation Adopt a long term perspective Adopt best practices Increase cooperation and coordination amongst stakeholders Scale experiences to other urban local bodies.
In the first phase a well designed communication/publicity plan was followed which is the major factor behind the success of the scheme – Multiple channels of publicity were utilized. 250 group meetings were held at the ward levels, 70 sessions with professional bodies were held to sort out issues, SAS booklets were sold over the counter and also through mobile information units, panel discussions were held, phone in facilities were provided, press advertisement in English and Kannada (local language) newspapers were taken out, control rooms were set up, etc. The SAS has resulted in a 50% increase in growth rate of PT collection. (Discussed in BATF review meeting.)

Initially there was resistance to the new system from political as well as a-political associations. Dharnas (a form of protest) and press releases were there. Writ petitions were filed. Doubts and suspicions were sown in the minds of the citizens. The challenge was overcome with government support. Stay orders were vacated and regular press conferences were organised by BCC. Citizen friendly measures were adopted. Working hours at the payment centres were increased. Tax could be paid at 156 bank counters. 54 payment clinics were set up in each range. Besides these there were 15 mobile clinics. In April public response was poor. About Rs. 2.5 crores were collected. By May, the response increased and the rush changed into a deluge. There was a public request to extend the scheme. The second phase was the learning phase wherein the importance of committed team spirit, communication techniques, government support and empowerment of citizen for results was recognized. (Discussed in BATF meeting.)

Communication has played a significant role in the ongoing transformation of Bangalore. The BATF initiative is inspiring, motivating, involving, initiating, innovating, collaborative, simple, transparent and informative. This initiative first targets the citizens and then the financial community. (PR official of BATF.)

SAS will soon be made compulsory by amending the KMC Act. Initially, there was internal resistance to SAS. Initially there was some resistance as RI and TI s were unable to go to banks and make their daily remittances of tax collected. But the Commissioner has talked to them and they have changed. Also they have realized that their workload would reduce by 50%, (BBC Divisional Commissioner)
The PTS is defined within the legislative provisions of the Karnataka Municipal Corporation (KMC) Act, which stipulates that taxation norms are to be revised once every five years. However, this had not taken place since 1972. One of the main reasons for this, we were told by BCC officials, was that members of the Municipal Council—the elected representatives of citizens, did not actively promote/support initiatives to reform the PTS as they feared losing their vote banks by supporting reform initiatives which entailed increased taxes. In the absence of any revision of taxation norms, there had been a considerable decline in property tax revenues despite the large increase in the number of properties.

The PTS was based on the annual rental value (ARV) which was calculated as a percentage of a fair rent for a property after deducting a standard percentage as compensation for the cost of repairs and maintenance. Court rulings had supported the Rent Control Act’s interpretation of the ‘fair rent’, which could not exceed the standard rent of the building determinable in the Rent Control Act. This limited the scope of the local authorities to increase property tax revenues, and attempts to do so had been subject to constant litigation that remained unresolved for years. The low penalty for default (5% of tax dues) encouraged property owners to delay or not pay taxes, and further contributed to poor revenues.

The PTS comprised of three interrelated components of assessment, collection, and appeals, which are described in the following sections.

Assessment: The assessment process began with the Tax Assessor and Revenue Inspector physically inspecting properties and assessing their taxable value. Assessors were expected to follow preset assessment norms based on a very detailed categorisation of properties in terms of type of construction (for example, type of flooring) and use (for commercial or residential purpose). The multiplicity of categories and the absence of clearly defined assessment norms contributed to allowing assessor subjectivity while categorising a property. This subjectivity, we were told by citizens, could be influenced through personal connections and providing favours to revenue officials. It had become a common practice for property owners to seek informal ways of tax assessment and over the years had contributed significantly to declining revenues. As a citizen working for a non-governmental organisation observed “some citizens preferred not to pay the tax and instead pay a ‘fee’ to the BCC official to suppress the issue of a demand notice. As a result, he argued “the city collects much less revenue than it should, and money is diverted to private purses”.

Under-assessment was also contributed to by poor interagency cooperation. For example, the Bangalore Development Authority (BDA) is responsible for land development, after which they hand the property over to the BCC which is responsible for coordinating the provision of municipal services (like water and power) to the owner of the land in return for payment of property tax. When a property owner applies for the ‘khata’ certificate (based on which the property tax is levied) to the BCC, he/she is required to furnish proof of transfer from BDA to BCC. Since the BCC does not have direct access to BDA’s database it had to rely on individual owners’ files, which were often not forthcoming. Another example of poor cooperation comes from the Estate department that is responsible for intervening in problems of encroachments.
The BCC has to send individual case files to the Estate department for verification of encroachments. Since BCC does not have direct access to the Estate department files, this process of verification takes a very long time, causing delays in assessment, and allowing opportunities for malpractice. Taking advantage of this lack of interagency integration and ambiguity in assessment norms, many property owners avoid being included in the tax net altogether. A senior BCC official told us that nearly 100,000 slum huts, about 20,000 properties still formally shown as listed under the BDA, and another 60,000 buildings that have not paid improvement charges, remain unassessed, and there was thus “no good estimate of the extent of under-assessment”.

The “demand amount” that is the tax dues, estimated in the assessment process is verified at different levels in BCC depending on the size and value of the property. All documents, however, are routed through the Assistant Range Officer (ARO) who is the point of public interface. On approval, the range office staff, specifically the Accountant and Manager, enter the assessment values into the Assessment Register (a record book that has assessment details), the Mutation Register (a log that details changes in ownership, property bifurcation, etc.) and the Demand Collection Book (that has details of taxes to be collected and actually collected). Collection of tax dues then follows.

Collection: While tax dues were supposed to be collected at designated banks, most taxpayers preferred to pay in person to the Tax Inspectors as it allowed the possibility of under-assessment. Tax remittances were recorded in the ‘khirdi’ book by the inspectors and reported to the ARO. Accountants compiled ward-wise collection statements on a daily basis, and forwarded weekly the consolidated range statements to the zonal authorities. As ward offices are located in the range office itself, the reports were physically passed from desk to desk, and from the range to the zone office by utilising the daily dispatch facility called ‘tapal’. The Deputy Commissioner forwarded the statements from the zonal office to the Commissioner at the Central headquarters. Once a month, reports were supposed to be sent from the zonal office to the Deputy Commissioner/Commissioner by hand. If required or asked for, the Commissioner would forward the collection report to the concerned Minister. Disputes over non, or under, payment of taxes were handled by the appeals system.

Appeals: The KMC Act provides property owners with the provision to appeal against what they perceive to be an unfair or wrong assessment. This provision allows for appeal at three levels. At the first level, an appeal could be made within 30 days from the date of assessment, or after 30 days provided the appellant first paid the dues that would be adjusted later in line with the decision taken. In case of dissatisfaction with the decision taken on the appeal, the appellant could make a ‘second appeal’ (second level) after 15 days to the Standing Committee on Taxation and Appeals. The process of deciding on the appeal was slow, as there was no stipulated time period within which the appeal should be processed. If the Standing Committee reduced the property tax by more than 50% of the original assessment, the BCC Commissioner could bring the case to the notice of the Divisional Commissioner (who represents the State government). If yet unsatisfied, the appellant could file a file a third level appeal in the form of a civil case suit within 90 days of the
Standing Committee’s decision. A copy of the notice would be served to the BCC Commissioner and forwarded to BCC’s legal department, and BCC lawyers would fight the case. Civil cases in India are typically prolonged, and property related cases are no exception. We were told there was a huge backlog of such appeal cases pending which would require many years to clear. Based on an analysis of file movements of 77 appeal cases, we found that it took about 5 months for a case to be disposed of at the first level. 25% of these results were contested which stretched out the legal process to about a year, giving the taxpayers the opportunity to use personal connections or bribes to have the case favourably resolved. A BCC employee described the bureaucratic impediments to the speedy resolution of appeal cases:

“Primarily, slow disposal of grievances is because more often than not we are unable to dispose of the case. About 25% of the time it is because the complainants do not submit the relevant documents, and 75% it is because the way people do work here. Departmental slackness is difficult to check because people are interested in secondary tasks (underhand dealings). When we try to look into the matter the concerned official just says that the relevant documents were not furnished. Another problem that is faced is because the complaint books are not updated in a timely manner”.

Given the low penalties for default and the long time taken for appeal redressal, taxpayers were encouraged to default and invest their tax amount elsewhere and receive a return that is higher than the penalty. Like the processes of assessment and collection, the system of appeals was also subject to collusion of vested interests between the collectors and citizens. As an example we describe one of our experiences in the ward offices. A non-resident Indian made an appeal for waiver of arrears on grounds of not being aware of change in regulations as the family was abroad. That, according to the caseworker, was not reason enough for failing to pay the arrears. When the formal appeal channel failed, the owner returned with an acquaintance of the caseworker the following week. This third person informed the caseworker that he personally knew that the property owners were ‘good people’ who admitted to having made a genuine mistake, which they would ensure would not happen again. He ended his request with “brother, please sort this out”. The matter was subsequently sorted out, apparently helped by the payment of a “fee”.

The inherent bottlenecks in the PTS, the consequent decline in its performance resulting in pressures for implementation of the SAS, are described in the following section.

4. Implementation of the self-assessment scheme

The SAS is a system for computing property tax based on the annual rateable value which is the probable gross rent of a property. The SAS is based on the Capital Value System (CVS) wherein the property tax is based on the market value of the property—it is calculated as a percentage of both the value of land and building. Rates on the market value of the land, published by the revenue department as
per the Stamp Act of 1957, will be taken into consideration and rates for the building will be calculated as mentioned in the Schedule of Rates of the Public Works Department. Therefore, in the new system—a sum total of the cost of land plus cost of the building minus the depreciation—is taken into account. The state government has fixed a percentage varying between 0.3% and 0.6% to be calculated on this sum total. The BCC will fix the actual percentage of tax on each category. As per the new SAS, each category will have uniform percentage (Times of India, 2002).

SAS was envisaged as a measure to rationalize and streamline the existing PT process. SAS entailed a change in the mode of taxation in that the onus of assessment and remittance of tax dues was shifted from revenue officials to property owners. The ARV, which formed the basis for computing the property tax, was de-linked from the Rent Control Act. SAS was no longer based on the ‘fair rent’, and instead unit rental values were fixed to be used for computing rental values of properties. These values were based on land registration estimates provided by the Department of Land Records and are subject to revision once every five years. This change was expected to reduce subjectivity in assessment and enhance transparency and accountability in the PTS. A second change that SAS was expected to bring about was the replacement of the practice of door-to-door collection of taxes by self-assessment and remittance by property owners themselves at designated collection counters such as banks. With property owners responsible for assessment of individual taxes, it was also expected to reduce the number of appeals, thus reducing the pressure on the appeals system and reducing the dependency of the citizen on the BCC for resolution of the cases. In the words of a senior BCC official:

“Rationalization was expected to bring in uniformity and transparency into an extremely complex and opaque system where there were few standard norms for assessment and extremely limited powers for the BCC to incriminate defaulters”.

SAS had been on BCC’s agenda since the mid-90s. Attempts to implement it however had met with limited degrees of success. The officially stated reason for this was the technical shortcomings of the scheme. In our interviews we were informed that there was however an unspoken, but stronger, reason for this to do with the vested interests of the endorsing authorities. The field staff responsible for assessing and collecting taxes were also a silent source of resistance to implementation as they perceived SAS as a threat to their jobs. We interpreted the SAS implementation strategy to be conceived largely as a ‘diffusion model’, with the assumption that decisions once endorsed by the concerned central authority, would as a result spread to the rest of the organisation. Within this perspective, little attention was given to enrolling stakeholders external to BCC in order to provide momentum to the implementation of SAS.

The PTS network has been deeply institutionalized through practice, and for nearly three decades, had not undergone any major revisions. An earlier attempt to install SAS came in 1988 when the State Government issued guidelines to implement a reform package for the PTS. The BCC responded by gaining the Municipal
Council’s sanction for carrying out the project. However, this support soon turned out to be illusory as the Council members realized the implications of the scheme in terms of weakening the ‘control’ over their vote bank. The Council forced the BCC to withdraw the scheme on the grounds of ‘technical flaws’. Not much of a follow-up was done on the SAS since the then Commissioner was transferred and his successor did not take any initiative to implement SAS. The new Commissioner was sceptical about initiating any reforms, without first making legislative amendments. In an interview, he said:

“I really do not know how successful the system would work out to be. The success of any system requires the permission of law. And this system is still pending before the government. I have my own doubts about its working out legally. If any individual questions it, legally we cannot defend it”.

The Commissioner was subsequently transferred (in November 1999), and his replacement who was Harvard educated, and extremely dynamic, strongly believed that the SAS needed to be implemented as a basis for any reform in the BCC. He made financial reform a top priority and established a Budget Implementation Committee and seven working groups with the responsibility to implement various budget proposals. One of these groups was responsible for overseeing the SAS implementation. This group worked in close coordination with the Bangalore Agenda Task Force (BATF), an entity newly established by the State to coordinate integrated and planned development of the city. This task force was unique in representing a public–private partnership consisting of an amalgam of public, private, and non-governmental sectors along with citizens and politicians. Through this network the potential was created for different stakeholders to be able to raise a voice against formal and informal impediments that had historically stalled earlier attempts to reform. This network helped to strengthen the hands of the BCC to implement SAS.

In the year 1999, there was a fresh and increased impetus for reform as Bangalore was increasingly becoming a focus of global and national attention, and the Chief Minister (who was the head of the state of Karnataka of which Bangalore is the capital) had promised to make ‘Bangalore like Singapore’ in the short span of five years. This increased attention led to pressures on the BCC for reform including the encouragement to undertake capacity-building programs, increase interface with public who were increasingly being looked upon as ‘customers’, adoption of benchmarked management practices, emergence of public–private partnerships and the appointment of dynamic and pro-change officials. With respect to the implementation of SAS, the above exigencies brought together stakeholders besides the endorsing authorities and revenue officials such as property owners, media, private enterprises, the BATF consortia, and nongovernmental organizations. This convergence or increased active participation of stakeholders facilitated their ‘enrolment’ and helped to create a critical mass of people willing to speak in support of the SAS initiative.

In the following part of this section, we discuss how this redefined strategy was developed, and the process by which the complex and heterogeneous PTS network was mobilized. The ANT perspective is drawn upon to analyze the process of implementation.
4.1. Implementation of SAS: an ANT perspective

Actor-Network Theory views technological change as an attempt to build and stabilize a heterogeneous system of allies composed of both human and non-human entities through processes of translation (Latour, 1987). Callon (1991) describes translation as involving four moments namely problematization, interessement, enrollment and mobilization. Problematization relates to the process of becoming indispensable by presenting the solution to a problem in terms of the resources a person or group owns. Interessement follows successful problematisation where actors experiencing the problem are convinced that the only way to resolve their problem is by addressing the articulated solution. The actors then need to be isolated to limit external influences that could challenge the legitimacy of the solution. The third translation step is enrolment during which alliances are consolidated through bargaining and making concessions. Finally, through mobilization of allies, actors become legitimate spokespersons of the groups they claim to represent. This leads to strengthening and stabilization of the network.

Various actors, both human and material, participate in and affect the property tax administration. The interconnectedness amongst them goes beyond the formal organization of the PTS and is therefore very complex. We drew upon ANT to elaborate this complex network of interconnections and the underlying dynamics. In keeping with the ANT perspective, the PTS has been conceptualized as a key actor in BCC’s revenue network. Other constituent stakeholders of the revenue network were identified by mapping the operational flows of property tax related information and the associated decision making hierarchy in the system. This revenue network so constructed comprised of multiple stakeholders or actors specifically the state and central government agencies, international aid agencies, citizen interest groups, public–private partnerships, property owners, existing media, work practices and related artefacts and organizational procedures around the PTS. The interplay of interests of these actors and the organizational procedures contributed to define a negotiation space within which PTS reforms were operationalized. More specifically, this negotiation space was shaped by legislative stipulations, guidelines for reforms, citizen charters, technical and financial support, and the use of media.

The PTS can be conceptualized as a network in itself comprising of actors that BCC manages to draw upon from the broader revenue network and motivate to participate in its reform initiatives. A system like the PTS is fundamentally heterogeneous, including various diverse interest groups, for example while citizens will like the property tax rate minimized, it is in the interest of the BCC to maximize their revenues. This diversity of interests contributes to ongoing power struggles and tensions. The challenge then is to see how tensions arising as a result of this diversity can itself help support the network. BCC’s authorities to make changes in the PTS are closely monitored by the Municipal Council by virtue of its constitutional status. In Actor-Network parlance, this Council that comprises of elected representatives of citizens serves as an ‘Obligatory Passage Point’ (OPP) since BCC’s proposals for changes (for example, the introduction of SAS) need to be formally ratified by them.
4.1.1. Problematization

The problematization process in the implementation of SAS can be seen as being shaped by three ongoing processes. The first concerned the exigencies of globalization such as non-residents Indians based in North America making investments in land in India contributing to massive speculation and consequently a steep hike in land prices starting around the mid-90s. As land increasingly became a prized commodity during this period, Bangalore which historically had been primarily a quiet pensioner’s paradise was turned into a rapidly growing commercial hub popularly called the “Silicon Valley” of Asia (Heitzman, 2004). This in turn resulted in increased demand on both the quantity and quality of public infrastructure and services.

A second process influencing the problematization was the broader crisis in urban governance in Bangalore due to the financial strain stimulated by the fast growth in expenditure of municipal agencies as compared to their revenue sources and their dwindling PTS returns. The Central government, specifically the Ministry of Urban Affairs and Employment (1998), issued comprehensive guidelines for property tax reforms to States, which was followed-up by a resolution passed by the Central Council of Local Government and Union Territories in May 1994 for development of alternative methods for the assessment and levying of property tax.

A third source of impetus for problematization originated from the ongoing governance reform initiatives particularly those focused on capacity building within municipal services. Specifically, the ADB project mentioned earlier which included the PTS reform effort is a case in point. The benchmarked practices that emerged from ADB’s capacity-building initiative included the introduction of the SAS, legislative amendments, incentives and penalties for regular payees and defaulters respectively. Implementation of SAS was endorsed and propelled by political changes in the State in 1999 with the new Congress government pronouncing the vision of turning Bangalore into Singapore in 5 years.

The combination of different actors at international, national, state, and municipal levels, and processes, specifically those stemming from globalization, the urban governance crisis, and international capacity-building initiatives, in various ways helped to problematize the crisis in municipal services as one of lack of revenue, and SAS was positioned in the network as the solution to this problem. Land was now not seen by the BCC primarily as a public good that the government was responsible to distribute according to socialist principles, but more as a commodity whose value needed to be maximized through property tax revenues in order to assuage some of the ongoing financial strain. Such a problematization helped to provide legitimacy for the introduction of the SAS initiative which was technically justified as being “transparent, uniform and simple” (A BATF official).

4.1.2. Interessement

The process of interessement in the SAS implementation was catalyzed by the BATF which acted as the change facilitator, as it helped to create a potential for different stakeholders to be able to raise a voice against formal and informal impediments that had historically stalled earlier attempts to reform. This network helped
to strengthen the BCC by building stakeholder consensus on the need for incorporating SAS. In 2000, with support from the BATF, the BCC successfully put the SAS in place. As in the case of the earlier initiative to implement SAS, SAS again did not have the absolute approval of the Council. The BCC Chairperson, nevertheless, sent out in March 2002 an ordinance stating that the implementation of SAS was to be an optional scheme, thus not requiring the endorsement of the Council. A former Mayor of the city filed a public litigation action immediately, on the grounds that BCC did not have the constitutional authority to introduce the SAS under the provisions of the KMC Act (1976). He argued that BCC should focus on the enforcement of stringent taxation rules and methods to catch tax evaders rather than increase taxes through the SAS. The BCC dealt with this objection, stating that it was not exceeding or misusing its constitutional powers since the SAS was not mandatory and the citizens had the option to not accept the SAS if they chose and continue with the earlier system. The stay order was dismissed in one day.

The interessement strategy of isolating the actors from influences that went counter to the interests of SAS was dealt with in two main ways. Firstly, BCC recognised the potential and legitimacy provided by external stakeholders such as senior executives from the IT industry who were members of the BATF, and enrolled them in its revenue network. This helped provide alternative resources and legitimacy to support the SAS implementation. Secondly, BCC decision makers recognised that constitutional reforms of the KMC Act was a highly complex and political process that would take time, and would in all probability again be blocked by the Council members. In an innovative move, they defined the implementation of SAS in keeping with their executive powers as a voluntary rather than a mandatory scheme, thus sidestepping the need for Council ratification.

4.1.3. Enrolment

The enrolment strategy used by BCC was communication-intensive, making extensive use of the media and a professional advertising campaign. Conceptual inputs and financial support for these campaigns came from the BATF, spearheaded by a member who ran a private market research agency. Communication initiatives in earlier implementation initiatives following the diffusion model had focused primarily on providing technical details of the scheme, without trying to enrol citizens by informing them of the benefits of the scheme and trying to deal with their fears. The campaigns focused on actively communicating the scheme to citizens, its objective and benefits, and dealing with the resistance in a rational way (open to discussions and debates). The intensive communication campaign drew upon a variety of media including the distribution of pamphlets, public meetings, newspaper pullouts and billboards. Twenty-four hour help lines were set up in the BCC offices, and other innovative methods were used such as having messages about the key aspects of SAS being displayed on cellular phones and billboards. An active attempt was thus made by the BCC to listen to the concerns of the citizens about the SAS and to try and address them through providing better and more relevant information.

The communication campaign highlighted aspects of simplicity, transparency, accountability and elimination of malpractices that would come with the SAS. Public
opinion was actively solicited and incorporated into the SAS scheme. In public meetings, BCC officials answered queries to generate public interest and debate, and assurance was given to citizens that their concerns would be incorporated into the scheme where feasible. This helped BCC to gain the confidence and support of the citizens to the extent that, despite complaints about increased taxation, people began talking in terms of their responsibility towards the BCC as ‘good citizens’.

A communication expert of the BATF observed that the assumption underlying the communication strategy was that participation would help build consensus on contentious issues and if citizens were given opportunities to voice their concerns, they would start owning the actions, which would in turn increase their compliance to SAS. Local non-governmental organizations and resident groups too actively participated in the communication campaign in terms of organizing public meetings and providing support facilities for payment clinics.

The enrolment strategy can be seen to be built upon three distinctive features. One, it was professionally designed and implemented using a variety of media so as to reach a maximum audience in the city, and create a negotiation space for discussions around SAS implementation. Two, various stakeholders were involved in promoting and implementing the programme, which allowed taking into account interests of a wide spectrum of stakeholders and thereby creating a broader acceptance and appreciation of the programme. Three, the citizens were not seen as passive recipients of government orders, but as active participants whose concerns and ideas were being considered seriously and incorporated into further reform efforts. These various efforts of the BCC reflected their attempts to bargain and make concessions with various interest groups (such as citizens) as contrasted to their earlier approach of primarily issuing orders and expecting compliance.

4.1.4. Mobilization

The first indications showed that SAS as a method of tax assessment and remittance was well-received by property owners. Surveys carried out by newspapers to gauge public response indicated a positive response to the scheme. BCC records reported that nearly 50% of the 400,000 or so properties in the city had opted for the SAS in the very first phase of its implementation. There was popular expectation that the SAS would help to enhance tax revenue by 25–30%. At the closure of the first phase, a senior official in the Taxation and Resources department reported that BCC had collected Rs. 720 million (approximately US$15 million) from 189,000 property owners, which was nearly three times the amount collected during the same period in the previous year. In the second phase, another 200,000 property owners were targeted to be brought under the scheme. The 2000–2001 budget reported a record property tax collection of Rs. 1570 million (approximately US$32 million), representing a 40% increase from the Rs. 1170 million collection of the preceding year.

At the end of the first round of collections, a survey of 18 property owners found that 16 had opted for the scheme. Only two had preferred the earlier ARV to SAS. One of them said that while he had nothing against the scheme, he did not appreciate the rates of estimation: “Everyone would prefer to pay at fixed rates provided the
rates are reasonable”. The other person who did not support the SAS was the owner of a scooter repair garage who was of the opinion that the “SAS is beneficial for the palatial houses and not for the small units”. He believed that the minimum amount that he was asked to pay under the scheme was much more than what he should be paying for a 100-year-old house. While the scheme would benefit rich people with new houses, he felt that it was not sensitive to the needs of the underprivileged.

There were other criticisms against SAS on technical grounds, and the steep increase in tax that accompanied the revision. Many property owners filed grievances against this steep revision. Some Council members felt that the scheme was not as popular as it was made out to be by the media. One member described the scheme as ‘daylight robbery’ since, while the KMC Act allowed a hike rise of only 5%, the SAS involved a 500–600% increase. The same member argued that only 10% of people were opting for the scheme voluntarily, and 10% did so out of fear and another 10% were non-taxpayers who were trying to make up for years of non-payment and come clean on their earlier tax evasion. The remaining acceptors were those people who had recently built a house or whose No Objection Certificate was pending with the BCC. The BCC countered arguments against the rate rise by drawing attention to the fact that had revisions taken place at stipulated intervals since 1972 (the year of the last reform), the current hike would not be perceived as being so steep. A second counter argument used was that SAS was not just a revision of taxes, but a larger package of change including property tax assessment methods which would protect citizens from harassment by tax collectors, and systems for improving efficiencies. A BCC Deputy Commissioner for Taxation and Resources assured us that concessional packages could be part of the SAS plan in the future, and some of the existing criticisms to the rate rise would be further addressed.

Another technical objection against SAS pertained to the categorization of properties. Some felt that SAS did not differentiate between properties that were built using more expensive material than others. One taxpayer said that “under the current categorization being followed there is no difference in the tax being paid by a marbled-floor house owner and a mosaic- floored house owner”. Frustration was also expressed about the lack of information on how the categorization was arrived at. One person said that the “ignorance of the public is being taken advantage of by BCC”. Insistent demands were made to make the categorization more transparent by including more categories of building materials used. The BCC responded by setting up a committee to look into such anomalies and promised to review the situation within a year. A BATF facilitator who was frustrated by the critical response of some citizens to SAS in general remarked “even if you get a Nobel Prize winner to formulate the SAS, there will be some flaws”.

Some field staff were also resistant to SAS as they feared that with the new self-assessment procedures their services would no longer be required since their practice of door-to-door assessment and collection would be eliminated. To counter this fear, BCC officials held meetings with the Union leaders and assured them that their jobs were secure and that that the scheme would only simplify their tasks and reduce their workload. The staff were given a bonus of one month’s salary in appreciation of the extra work they put in to facilitate the SAS implementation.
Despite criticisms about rate hikes, technical flaws, and political agendas from various quarters like citizens, staff, and some Council members, the BCC and its allies tried to counter the critiques and mobilize more people into the network. Property owners, with some of whom we had informal conversations, and others whose opinions were expressed in letters to editors or in opinion surveys reported in local newspapers, generally seemed to be positive about the SAS. The underlying reason for this seemed to be the convenience SAS offered them, and as a property owner put it “all money paid was being accounted for and did not go into the personal pockets of the BCC officials, and this was reasonable”. One retired official said “it keeps him away from interacting with the revenue inspectors and escape harassment”, a theme emphasized in BCC’s campaign slogan: “It is worth paying a few rupees more to live with dignity than to pay less and be at the mercy of corrupt collectors”. The fact that BCC was being open to suggestions was seen as being “fair”. The increased percentage of property owners that had opted for the SAS after its first phase, regardless of their personal interests, provides an indication of the initiation of the stabilisation process. As a BCC Tax Commissioner said:

“More than 200,000 people have opted for the scheme. Do you mean they are gullible?”

While it is still premature to argue that the SAS network has been fully mobilized and that the actors are now all speaking on behalf of it, there are positive indicators in that direction. For example, the 2003 BATF Annual Report indicated that property tax collection has nearly doubled over the period from 2000–02 to 2002–03 (BATF, 2003). Two key points in favour of a tendency towards stabilization of the SAS reforms can be interpreted from the sense of freedom that some of the property owners expressed from assessors’ harassment, and BCC’s continuing campaigns to facilitate public interactions to understand citizens’ concerns and promises to incorporate them into further revisions. Newspaper reports of BCC's continued intensive communication campaigns indicate BCC were trying to create and sustain a critical mass of people that would help to continue to stabilize the SAS in the future. However, the success of the stabilization effort would critically depend on how the citizens feel that the promises made by the BCC to deal with their concerns (for example, rate structure) are met in the future, and further incentives that are provided for other citizens to enrol in the scheme.

5. Implications of the analysis

In this paper, we have traced the implementation of property tax reforms in Bangalore within a context of multiple global and local influences. In contemporary discussions around administrative reforms and the introduction of e-governance initiatives, there is often the simplistic assumption made that reform can be achieved primarily through legislation (Madon & Sahay, 2000). Such an assumption tends to ignore the significant influence that other actors (for example, citizens and media) have on the process, and has led to various unrealized attempts at reform, for exam-
ple related to decentralization of planning processes (Madon & Sahay, 2000). With increasing use of consultants and management best practices, there now seems to be a subtle but discernible trend towards greater equity and participation with ongoing negotiations for the inclusion of a variety of ‘non state’ actors in governance such as NGOs, citizen groups, small and medium enterprises, and the media. New definitions of governance that have emerged in recent years as a result of these negotiations and also with the changing political agendas such as the discourse of the “Third Way” in the UK (Giddens, 2000) see the State as “enablers” and not “regulators”. An example of this changing role is provided in our case where a key responsibility of the BCC was in enabling the BATF consortia who were seen to have the technical and financial expertise to undertake such a complex reform effort.

A key theoretical implication of the above is that municipal reform and new forms of governance do not emanate through stipulations of the State or Central Governments, but through understanding the plurality of actors, and addressing issues concerning the substance of governance. This implies that governance can no longer simply be equated with civil service reform, or with the application of management strategies devised externally. Instead, the call is for greater emphasis on gaining an understanding of how the process of reform is shaped by players and institutions at both the local and global levels over time.

Conceptualising the PTS as a network comprised of state and non-state actors has implications for addressing issues of inclusion and exclusion of citizens within the city. New systems of urban governance although including many new players continue to discriminate against the poorest of the poor within the city. In a city like Bangalore, a large percentage of the population (27%) falls below the poverty line and have in the past been largely excluded from formal processes of governance. The formation of new networks comprising of global and local players offers no real solution unless it is accompanied with pressure to put in place systems whereby this large group of citizens can acquire new abilities that can assist them in managing their daily lives. At present, there are non-governmental organisations working with slum dwellers to help them acquire such capabilities in terms of increasing their awareness of government obligations and their rights (Madon & Sahay, 2002). However, the fact that these organisations are not adequately represented in the BATF is indicative of the second main implication of our study, which is as follows. For new networks of governance to be effective, they not only should comprise global and local players that can influence the formal systems of governance, but they need to actively elicit participation of the representatives of marginalized groups in the city who stand to benefit most by the introduction of reforms like the SAS. Since nearly a fourth of the city population comprises of slum dwellers, their representation in coalitions which define property tax systems that directly affect them becomes fundamental.

By conceptualizing PTS as a network consisting of players at global and local levels who may be in conflict leads to a discussion of the issue of the nature of ‘technology transfer’. Technology transfer often gets treated in a binary manner in terms of the transfer of an artefact from the ‘north’ to the ‘south’, and arguments have been made about the incompatibility of Western or Northern management methods and
techniques that inscribe assumptions of rationality that are different from those in the context of the South (Powell, 2001). These critiques emphasize a variant of the ‘diffusion model of innovation’ according to which technologies are seen as originating from one point and then spreading out according to existing social, political and cognitive structures and processes (Rogers, [1962] 1995). This rather macro-level perspective on the spread of technology tends to disregard the micro-level translations, negotiations and politics that are required to make things work in practice. These micro-level translations help to form different networks, or redefine existing ones (such as the sidestepping of the Council described above), which, in the course of the transfer process, may give rise to different effects.

In the case of the PTS, the diffusion model would imply that the SAS was conceived by the State Government, with influence from the international community, and then rolled out to the BCC for city-wide implementation, with an eventual spread to citizens and tax workers at the range and ward level. This would be to neglect, however, the active role of groups and organisations in shaping and configuring the innovation beyond its initial design. Law and Callon (1988) argue against the diffusion model of technology transfer encouraging us instead to view technology as being passed from ‘hand to hand’ and changing over time. For example, Akrich (1992) traces the negotiations that follow when a machine for compacting forest waste is transferred from Sweden to Nicaragua. The author describes how the machine starts to change as it moves between the two countries and also how the social and technical relations around it also are redefined as new actors come onto the scene such as deforestation, the civil war, etc. Akrich argues that these negotiations that occur create heterogeneous networks of all kinds which are in a constant state of flux. As a technology is transferred, it necessarily starts to change by playing different roles, and implying redefined roles for the concerned actors. In the case of the PTS in Bangalore, as modern management principles and new procedures are attempted to be adapted locally and introduced, various levels of translation occur that involve the creation of new relations. For example, various translations occur in the process of BCC starting to consider citizens as ‘customers’, and various discussions and negotiations in public help to provide assistance to what being a customer means, and what rights they possess. This shifting frame of reference seeks to create a new basis for the relationship between the citizens and the BCC with the latter gradually trying to align the interests of the citizens with priorities of revenue collection, honesty and transparency.

This translation implies not only a change in governance processes, but also in the substantive content of what is being transferred. The PTS itself is changed in its technical context, for example in the simplification of the categories used for classifying different kinds of properties. In contemporary times, with the ongoing influences of globalization, there is a constant state of flux or transformation of systems of governance in local agencies like the BCC. Walsham (2000) alerts us to an ever-increasing need to embrace diversity as synergies resulting from diversity could help to keep the network in place rather than its breakdown. For example, till quite recently within a socialist framework private sector players like the BATF would have been seen as having interests that run counter to those of the citizens. But within the
new agenda of creating public–private partnerships, an entity like the BATF provides synergies to the BCC in undertaking a complex reform effort. Thus, the tensions and the differences in interests, in addition to the alignment of interests, help to make the network hang together. Callon and Law (1989) are critical of researchers who in their quest to adhere to a general set of actor-network principles that seek to find the “enrolment of interests” tend to ignore tensions and differences that are equally important in keeping a network together. Law describes cases in which an actor-network may grow and stabilise itself not because the links are all aligned, but because of the tensions and inconsistencies. This discussion suggests an important research implication from this paper, which is the need to examine differences and tensions in addition to the convergence of interests in an actor network. For example, in the SAS case presented, the tensions between the private sector and the government contributed to synergies where the private sector provided the expertise and the government the legitimacy.

The theoretical implications discussed above can provide crucial guidelines to policy-makers in developing countries involved in implementing urban reform. In this paper, we have tried to untangle the meaning of the term ‘reform’ by analysing it at a micro level in terms of increasing local processes of collaboration between key stakeholders. Identifying key stakeholders like the Municipal Council in our case can have crucial implications for policy-makers intending to introduce administrative reform through developing effective strategies to enrol or even sidestep the controlling interests of such powerful stakeholders. In the property tax case, the BCC-BATF alliance anticipated the Municipal Council resistance to reform and sidestepped it by arguing that SAS is not compulsory which cleared the way for its introduction. Such strategising can help to provide a focus on what needs to be done on the ground to make things work in practice. In our study, we tried to obtain this grounding by trying to understand in detail firstly the information flows that constituted the PTS, secondly the actors and their interests who influence these flows, and thirdly where the bottlenecks for reform arise. Such an approach, we believe, can help researchers in their empirical efforts and also managers to develop and implement strategies for reform.

6. Conclusions

Our paper has tried to reveal a more complex picture of how modern models and methods of management become embedded within existing municipal reform processes. As we have shown, the context of the existing municipal reform within Bangalore is itself a complex network consisting of players at macro and micro level. At each level, actors operate within the constraints of their social context and a crucial research question for us has been the way in which they have been able to shape the implementation of the SAS reform as consumers and producers of information at various levels. Our study of the SAS implementation efforts through the ANT translation process has provided important lessons about the role of human and non-human actors as critical elements in a set of power relations which can
change over time. The BCC was able to effectively introduce a complex reform initiative like the SAS despite the constraints it faced in terms of institutional capacity typically attributed as a cause for the failure of previous reform efforts. Our research suggests that this was achieved by mobilizing through various global and local initiatives a network of actors with different interests, capacities and responsibilities (for example the BATF) which created synergies that did not exist before. This conclusion helps to challenge commonly held notions of the global–local linkage being one way, or of the global or the local being a single monolithic entity. Instead, there are networks within networks in play which shape these linkages. The potential for introducing reforms is thus linked to the capacities of creating such enabling networks.

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References


**Glossary**

*ANT:* Actor-Network Theory  
*ARO:* Assistant Range Officer  
*ARV:* Annual Rental Value  
*BATF:* Bangalore Agenda Task Force  
*BDA:* Bangalore Development Authority  
*BCC:* Bangalore City Corporation  
*GIS:* Geographic Information System  
*ICTs:* Information and Communication Technologies  
*KMC:* Karnataka Municipal Corporation  
*PTS:* Property Tax System  
*SAS:* Self-Assessment Scheme