

PREFACE

In a bid to standardize higher education in the country, the University Grants Commission (UGC) has introduced Choice Based Credit System (CBCS) based on five types of courses *viz. core, discipline specific, generic elective, ability and skill enhancement* for graduate students of all programmes at Honours level. This brings in the semester pattern, which finds efficacy in sync with credit system, credit transfer, comprehensive continuous assessments and a graded pattern of evaluation. The objective is to offer learners ample flexibility to choose from a wide gamut of courses, as also to provide them lateral mobility between various educational institutions in the country where they can carry their acquired credits. I am happy to note that the University has been recently accredited by National Assessment and Accreditation Council of India (NAAC) with grade ‘‘A’’.

UGC (Open and Distance Learning Programmes and Online Programmes) Regulations, 2020 have mandated compliance with CBCS for UG programmes for all the HEIs in this mode. Welcoming this paradigm shift in higher education, Netaji Subhas Open University (NSOU) has resolved to adopt CBCS from the academic session 2021-22 at the Under Graduate Degree Programme level. The present syllabus, framed in the spirit of syllabi recommended by UGC, lays due stress on all aspects envisaged in the curricular framework of the apex body on higher education. It will be imparted to learners over the six semesters of the Programme.

Self Learning Materials (SLMs) are the mainstay of Student Support Services (SSS) of an Open University. From a logistic point of view, NSOU has embarked upon CBCS presently with SLMs in English / Bengali. Eventually, the English version SLMs will be translated into Bengali too, for the benefit of learners. As always, all of our teaching faculties contributed in this process. In addition to this we have also requisitioned the services of best academics in each domain in preparation of the new SLMs. I am sure they will be of commendable academic support. We look forward to proactive feedback from all stakeholders who will participate in the teaching-learning based on these study materials. It has been a very challenging task well executed, and I congratulate all concerned in the preparation of these SLMs.

I wish the venture a grand success.

Professor (Dr.) Ranjan Chakrabarti
Vice-Chancellor

Netaji Subhas Open University
Under Graduate Degree Programme
Choice Based Credit System (CBCS)
Subject : Honours in Public Administration (HPA)
Urban Local Government
Course Code : CC-PA-07

First Print—January, 2023

Netaji Subhas Open University
Under Graduate Degree Programme
Choice Based Credit System (CBCS)
Subject: Honours in Public Administration (HPA)
Urban Local Government
Course Code: CC-PA-07

: Board of Studies :
: Members :

Chandan Basu
Professor of History
Director, School of Social Sciences, NSOU

Dipankar Sinha
Professor of Political Science
University of Calcutta

Soma Ghosh
Professor of Political Science
Principal, HMM College for Women

Pujan Kumar Sen
Professor of Public Administration
NSOU

Barnana Guha Thakurta (Banerjee)
Associate Professor of Political Science
NSOU

Sital Prasad Nag
Associate Professor of Political Science
NSOU

Manoj Kumar Haldar
Assistant Professor of Political Science
NSOU

Debajit Goswami
Assistant Professor of Public Administration
NSOU

: Writers :

: Editor :

Block I Units 1-5
Avijit Biswas
Assistant Professor of Political Science,
Dr. Gour Mohan Roy College

Pujan Kumar Sen
Professor of Public Administration
NSOU

Block II Units 1-5
Souradeep Sen
Assistant Professor of Political Science,
University of North Bengal

: Format Editing :
Debajit Goswami
Assistant Professor of Public Administration
NSOU

Block III Units 1-5
Avijit Biswas
Assistant Professor of Political Science,
Dr. Gour Mohan Roy College

Block IV Units 1-5
Souradeep Sen
Assistant Professor of Political Science,
Dr. Gour Mohan Roy College

Notification

All rights reserved. No part of this Self-Learning Material (SLM) may be reproduced
in any form without permission in writing from Netaji Subhas Open University.

A.B.Aich
Registrar

Netaji Subhas Open University
Under Graduate Degree Programme
Choice Based Credit System (CBCS)
Subject: Honours in Public Administration (HPA)
Urban Local Government
Course Code: CC-PA-07

CONTENTS

Block I Introduction	1- 30
Block II Origin and Growth of Urban Local Government in India	31-89
Block III Organization and Structure	90- 114
Block IV Local Government Finance	115 - 168

CC:VII Urban Local Government

Block-I Introduction

Unit-I Rationale and Necessity of Local Government

1.0 Stucture

1.1 Learning Objectives

1.2 Introduction

1.3 Definition of Local Government

1.4 Features of Local Government

1.5 Local Government and Local Self Government

1.6 Significance of Local Government

1.7 Conclusion

1.8 Summary

1.9 Glossary

1.10 Model Questions

1.11 References

1.1 Learning Objectives

Local Government as a concept is not a new one. Its existence is as old as civilization. Local governments can fulfill the needs of the locals. The success of local government depends on how well we can use it to reach our interest. So we have to learn about local government for the betterment of us as well as our society. By reading this unit we can understand-

- The meaning of Local Government.
- Difference between local government and local-self government. And
- Importance of local government.

1.2 Introduction

The concept of local Government is not new in India. It is as old as civilization. In India it has been found in the Vedas, in the epics of Ramayana and Mahabharata, Manu Smriti and in the famous novel called Arthashastra written by Kautilya. Local government was formed to solve the problems of the citizens and maintain the rule of law. Every state wants to reach the goal of their socio-economic and political development. Hence local government plays a crucial role to achieve this. At present, local governments in almost all countries have legal legitimacy.

In India there are three tier systems of government, these are union government, state government and local government. Local Government was included in the Indian Constitution in 1992 through the 73rd and 74th amendment act. It operates at both urban (Urban Local Government) and rural level (Rural Local Government). Urban local government consists of institutions like Municipal Corporation, Municipality and Nagar Panchayat and Rural local government consists of institutions such as Gram Panchayat, Panchayat Samiti and Zilla Parishad.

Local government is the basic unit of people's participation and governance. It fulfills the basic needs of citizens as well as the society. Local government gives lessons of political consciousness and political socialization which developed the possibilities of successful democracy. Institutions of the local government ensure devolution of power from central level to grass root level for betterment of government services. Citizens cultivate cooperative common interests through the local government. Local government's institutions play a crucial role in the process of democratic decentralized governance. It provides the opportunities for people to participate in governance, developmental policies and decision making processes. It gives an important stage to the rustic people to analyze their problems and emphasis on the responsible and effective local government for the enjoyment of political rights.

1.3 Definition of Local Government

Local government has been defined in various ways. According to L. Golding "Local Government as the management of their affairs by the people of locality". To Harris, local government is "A government of the people themselves through freely elected representatives". John J Clarke said that "Local government appears to be that part of the government of a nation or state which deals mainly with such matters as concern the inhabitants of a particular district or place." According to K. Venkatarangaiya "Local government is the administration of a locality-a village, a city or any other area smaller than the state-by a body representing the local inhabitants, possessing a fairly large amount of autonomy, raising at least a part of its revenue through local taxation and spending its income on services which are regarded as local and, therefore, distinct from State and Central Services".

R.N Prasad in his book 'Urban Self Government in India' has given a more satisfying definition of local government. In his words "Local Government means a system of territorial units with defined boundaries, a legal entity, institutional structure, powers and duties laid down in general and special statutes and a degree of financial and administrative autonomy".

A local government is a locally elected administrative unit or administrative structure. This administrative structure is usually elected by local citizens and it solves the problems of the local

citizens and adopts the best possible policies for the development. The local government has to be accountable to the local citizens for all its developmental activities. However, the responsibility of implementing various central or state projects is vested in local governments. In this connection, the local government also has to be accountable to the central and state governments. People also get various services from our local government such as drinking water supply, drainage system, roads, garbage cleaning, electricity. It also entertains us by developing parks, playgrounds, tourist attractions, etc. Generally local governments have their own sources of income such as property tax, tax on services etc.

In view of the above discussion, we can say that different experts have discussed local government in different ways. It is very difficult to find a universal definition of local government because the nature, powers, functions and structure of local government vary from country to country.

1.4 Features of Local Government

From the above definitions, we find some features of local government very easily. The features of local government mentioned below:-

- Local government is a smaller unit with defined area determined by the state or central government. The area of local government can be changed by legislation.
- Local government administration is operated by a body of persons who are directly elected by the citizens belonging in that defined area.
- The primary function of local government is to provide basic amenities to the citizens and the nature of its functions is developmental.
- Local government has limited power to make laws and its enforcement.
- Local government has its own income source.
- Local government's institution is directly accountable to the local citizens for their every action.
- Local governments ensure the participation of the local citizens in the decision making process for their own needs.

1.5 Local Government and Local Self Government

Concepts of local government differ from country to country. Various scholars call it 'Local Government' and some scholars call it 'Local Self Government'. The term Local Self Government was used to refer to local government in our country during colonial rule.

Pardeep Sachdeva in his book 'Local Government in India' stated that "the term local self government has been used in those countries which were under colonial rule. For instance, in our

country, the term originated when the country was ruled by the British and we did not have any self-government at the central and provincial levels. After the British government decided to associate us in administering local affairs, it meant a slice of self-government for the people. Hence the term 'local self-government' was meaningful at that time. But now the word 'Self' has become redundant as the country enjoys self rule at all levels.”

1.6 Significance/Necessity of Local Government

We can guess the rationale and necessity of local government already in the definition and characteristics of local government. However, if we discuss how the local government affects us, its necessity and rationale will be very clear.

Local government serves two purposes. The first one is for administrative purposes and the other one is to ensure citizens participation in the decision making process in determining specific local public needs. Democratic rights can be extended to the masses through local government systems. Through this system decentralization is effected and the way is paved for the full development of each individual's personality. The importance of local government institutions as educational centers of democratic thinking is immense. Local governments ensure the environment in which every individual can enjoy their liberty. According to A. Tocqueville “Without Local institutions a nation may give itself a government, but it has not got the spirit of liberty”. Mahatma Gandhi rightly said “Indian Independence must begin at the bottom. thus , every village will be a republic, ... having full powers”. Pandit Jawaharlal Nehru addressed a conference of Ministers of the Department of Provincial Local Government in 1948 that “Local Self Government is not and must be the basis of any true system of democracy. We have got rather into the habit of thinking democracy at the top and not so much below. Democracy at the top may not be a success unless you build on its foundation from below.”

The rationale and necessity of local government is debated from various angles. Some important aspects are discussed below:-

1.6.1 Instrument for Political Participation

Local government firmly establishes local democracy. Local government allows the citizens of the local area to participate in the decision-making process. The presence of local government allows people to participate in the political process. Local government institutions develop the civic consciousness of the citizens and enrich the administrative experience. Through local government's institutions, local people get an opportunity to take initiative in law-making and administrative activities. As a result, citizens' political consciousness, responsibility, administrative competence etc. increase.

The mindset of participation in government activities is developed among the local people. As a result, the foundations of democracy are strengthened and the success of democracy is assured. H. J. Laski in his famous book 'Grammar of Politics' rightly said that "The institution of local government is educative in perhaps a highest degree at least contingently than any other part of government. And it must be remembered that there is no other way of bringing the mass of citizens into intimate contact with persons responsible for decisions."

1.6.2 Instrument for Political Education

Local government plays a crucial role as a source of political education for common people. In general, political education of the people means that the people will be aware of the political and administrative experience at the local level. Since local representative government is closest to the people, direct experience of the structure and functioning of this government is possible. Local government makes people aware of their political rights and duties. Through local government, people get a fair idea of how to vote in elections, and how to make policies on matters of public interest.

Also, through participation in local politics, people become aware of national politics and world politics. That's why, local government plays an important role in the political education of citizens. Getting involved in local government activities, citizens learn a basic education for national or state level politics.

1.6.3 Instrument for Political Socialization

Local government is established on the principle of democratic decentralization. Participation and initiatives of local people are ensured at the lowest level of administration through local government. As a result, political socialization of local citizens is possible. Political activities of political parties and groups revolve around local government. Every political party strives to spread its political ideas as much as possible among the citizens. As a result of all these political activities the process of political socialization of the masses is accelerated.

1.6.4 Instrument for Political Leadership

Dr. Biswanath Chakraborty elaborates very well with statistics on how local government is regarded as a training ground for political leaders. Local government acts as a training ground for developing the future political leaders of the state. For this reason some have characterized local government as the 'political Industry' of building leaders. In countries where local government is well-established and has a long tradition of local government, a large proportion of national politicians come from local government experience.

For example, many members of the United States Legislature come after local government experience. In 1954, a survey found that 11 out of 31 governors in the United States had local government experience. A similar survey in 1955 found that 33 of the United States senators had local government experience.

In addition, 29 percent of the members of the United States House of Representatives have local government experience. In Britain and other European countries, participation in local government activities is considered a training ground for going to the central legislature. A survey from 1945 to 1950 found that 56 per cent of the Labor party and 25 percent of Conservative and Liberal parties in Britain's House of Commons had local government experience.

In India, both before and after independence, local governments have served as training grounds for the making of national politicians. Examples include Subhash Chandra Bose, Jawaharlal Nehru, Vallabhbhai Patel, Sarojini Naidu, who have emerged as national politicians with local government experience.

1.6.5 Instrument for Political Accountability

Since local government is directly elected by local citizens, local government is accountable to the public for its performance. As the local government is closest to the people, the people are able to question the functioning of the government and solve any problem collectively. Since local residents can participate in the decision-making process of local government, they are also responsible for the performance of local government.

1.6.6 Instrument for Socio-economic Development

Most modern states are large and populous. The problems of all these states are very complex. It is not possible for the central government or state government to solve all the problems timely. Central government is mostly busy with national issues. State governments are also engaged in dealing with provincial problems. Neither central nor state governments can give due attention to local problems. Through local government institutions it is possible to give proper attention to local socio-economic issues and provide necessary solutions.

1.6.7 Instrument for Decentralized Administration

A decentralized administrative structure is made possible through the establishment of local governments. Only the local government understands the problems of local citizens best. Development of local areas can be managed by the local government much more efficiently than the central government or the state government.

1.6.8 Instrument for National Integration

Local government has a special role as an instrument of national integration of the state. In a state like India with ethnic, tribal, linguistic and religious diversity, the local government has a special role to play in integrating various ethnic and tribal groups into the political process. Local government helps to engage people from different groups in political activities. Only a small number of people can join the national politics. In this case, the local government creates opportunities for a large number of people to participate in the political process. The more people have access to the political system, the more stable a country's political system is. Many experts believe that if the local government can be given the opportunity to operate independently, it will not only ensure the harmonious development of various regional entities in India, but will also strengthen national unity.

1.7 Conclusion

The importance of local self-governance in making a democratic system successful and viable is undeniable. Democracy is paved when citizens actively participate in political and administrative activities in maximum numbers. Local government ensures the political participation of the people. The presence of a successful local government is instrumental in the overall development of a country.

1.8 Summary

Local government is a government with defined areas operated by elected representatives and it is accountable to the citizens for their functions. The function of local government is to provide services to the citizens. by local government local citizens can participate in the governing process and collectively achieve their common interest. Besides this, local governments implement policies of the central or state government. It is the people's nearest government by which people can solve their problems collectively. It has limited power to make laws and it has its own source of income. Local government ensures the citizen's participation in the decision making process of local governance, ensures political education and political socialization of the masses. It is also used as an instrument for making political leadership and political accountability as well. Local government is also considered as an instrument for national integration and its prime goal is to socio economic development of the citizen as well as the state.

1.9 Glossary

Local Government- A government in a particular village or town or city by an elected representative who lives in that particular village or town or city.

Rural Local Government- Local government in village areas.

Urban Local government- Local Government in town or city areas.

Democracy- A political system by whole citizens of a state through elected representatives.

Decentralized Governance- A system where power or responsibilities or activities of the government transfer from central level to local administration.

Political Participation- Participation of people in the governing process.

Political Socialization- The process by which a person integrates with the political culture of the society, gains knowledge of the political values, ideals, and beliefs of the society and acquires a social and political nature.

Accountability- The condition of being accountable or responsible.

1.10 Model Questions

Long questions

- Discuss the meaning and characteristics of local government.
- write a note on the necessity of local government.
- What is the rationale behind the establishment of local government?

Short Questions

- How do you define local government?
- Write a short note on local government.
- What Are the Differences between Local Government and Local-Self Government?
- What is the role of local government in political participation and political socialization?
- 'Local government is the training ground of future political leaders'-explain it.
- What is the role of local government in the expansion of political education?

1.11 References

1. S.R. Maheshwari, *Indian Administration*, Orient BlackSwan, New Delhi, 2013.
2. L. Golding, *Local government*. London: Hodder & Stoughton, 1975
3. Harris, G.M. *Comparative local government*. London: oxford, 1948
4. John.J. Clarke, *Local Government of the United Kingdom*. London: 1948
5. P. Sachdeva, *Local Government in India*. Noida: Pearson, 2011
6. R.N. Prasad, *Urban Local Self Government in India*. New Delhi: Mittal Publication, 2006
7. Chakraborty, Biswanath: *People's Participation in West Bengal Panchayat System*, Kolkata, Mitram, 2008.

Unit-II Approaches to the Study of Local Government

2.0 Structure

- 2.1 Learning Objectives
- 2.2 Introduction
- 2.3 Liberal Approach
- 2.4 Marxist Approach
- 2.5 Gandhian Approach
- 2.6 Public Choice Approach
- 2.7 Conclusion
- 2.8 Summary
- 2.9 Keywords
- 2.10 Model Questions
- 2.11 References

2.1 Learning Objectives

In order to have a comprehensive understanding of local government, it is necessary to know how various theorists have described it. By reading this unit we will learn about various approaches in the discussion of local government. Here every approach has been discussed separately.

2.2 Introduction

We have already observed that there is no specific definition of local government. Because its nature and functions differ from country to country. Therefore, no specific theory of local government has been developed. Theoretical discussions about local government are limited. However, we get the concept of local government from the discussion of some theorists of different genres. They presented different approaches to local government. These are-

- Liberal Approach
- Marxist Approach
- Gandhian Approach
- Public Choice Approach

2.3 Liberal Approach

The primary objective of liberalism is to establish individual liberty. Although John Locke was the first to talk about liberalism, we can find discussion of the liberal approach of local

government in the writings of J S Mill, Lord Bryce, Alexis de Tocqueville etc. Political liberty has always been important in the discussion of liberalism. Individual freedom is achieved only through the enjoyment of political rights of the individual. And here comes the idea of decentralization. Decentralization of state power is possible through local government.

According to the liberal approach, local government is shown as a means of providing public services. Liberals wanted to frame local government in the context of national politics as well as questions of local development. In liberal approach, the positive aspect of liberty is defined as participation in the governing process and local government makes it possible. Because people's participation through local government is the driving force behind democratic decentralization.

According to the liberal approach, local government is the government by which the people are educated in democratic ideals of civil rights, their duties as citizens in the society, so that future leaders can be created from society and the liberty of the people can be protected.

2.3.1 J.S Mill on Local Government

According to J.S Mill, Representative government is the best form of government. Because only a representative government can highlight the problems of the citizens and ensure its solution. He discussed local government in the light of representative government. According to him, through local government the maximum number of citizens can be represented in the process of governing. In general, the local government creates a positive environment in which citizens can enjoy their liberty.

In his book '*Representative Government*' argued that the national government is always busy with national issues. For this reason the national government can't look after the local issues. Local government is the government of the local residents. According to him Local government is required to solve all local issues.

He also analyzed the need for local government in the context of political education. Local government is the greatest instrument of political education of the people. By participating in local government decision-making processes, people have the opportunity to apply their experiences at the national level.

2.3.2 Alexis de Tocqueville on Local Government

Alexis de Tocqueville is one of the authors of the Liberalism approach to local government discourse. The French government sent Alexis de Tocqueville to study in America in 1831. Although his job was officially to review prisons. During his nine-month journey, he was particularly impressed by American civic culture.

We find his view on local government in his famous book '*Democracy in America*'. In this book he writes "The village or township is the only association which is so perfectly natural that wherever a number of men are collected it seems to constitute itself. The town, or tithing, as the smallest division of a community, must necessarily exist in all nations..." he also added "...local assemblies of citizens constitute the strength of free nations. Town-meetings are to liberty what primary schools are to science; they bring it within the people's reach, they teach men how to use and how to enjoy it. A nation may establish a system of free government, but without the spirit of municipal institutions it cannot have the spirit of liberty."

Regarding local government, Tocqueville states that the political life of a citizen begins with the process of urban life. He observes that small towns in the United States are like a state. Power came from these cities or towns. That is, the main power was in the hands of the cities, the state did not leave its power in the hands of the city, but the state was created by taking power from the city. The city administration enjoys complete independence. But when the affairs of the country were presented, the cities willingly accepted the authority of the state. According to him, this was possible because of balance in the entire political process.

According to Tocqueville American's democracy lies in the 'Town Spirit'. Urban cohesion is the bedrock of American democracy. In his discussion on local government, we find that the collaboration between local and central government, role of local government for public well being, political participation in local government, civic consciousness.

2.4 Marxist Approach

Marxist approach to local government discourse is an alternative approach to liberalism. Although neither Marx nor Engels gave a theory about local government, they discussed local government in the context of socialism. Marxists begin their discussion with a critique of the liberal capitalist state and from here the local government discussion started.

According to Marxist approach the nature of local government in a capitalist system is purely capitalist in nature. In a class-based society, local government functions only to protect the interests of the capitalist class. The Second Congress of the Communist International stated that "It is no different with the local government institutions of the bourgeoisie, which it is theoretically incorrect to counterpose to the state organs. In reality they are similar apparatuses of the state machine of the bourgeoisie, which must be destroyed by the revolutionary proletariat and replaced by local soviets of workers' deputies".

The nature of local government in a socialist state is reflected in Marx's writings. According to him, after the removal of capitalism, the bureaucracy should be destroyed and communes should

be established at the local level. The members of the commune will be elected by the people. This suggests that the devolution of power to civil society at the local level.

This will be more understandable if we describe the nature of local government in the Soviet Union. In the Soviet Union Local government representatives were elected by the citizens and were responsible for managing the development of the local area. Each local administrative unit had a functional area and the local administrative units were governed by the principle of democratic centralism. The local government units worked closely with the Communist Party. Local government was run as a functional unit under the direction of the Communist Party. These units of local government could give feedback to the Communist Party leadership and the government, but were bound to follow the instructions of the higher level of the party or the government according to the principle of democratic centralism.

Another Marxist writer who conceptualized local government was Cynthia Cockburn in her book 'The Local State'. According to Jong Soo Lee, Cockburn explained local government as being a relatively autonomous instrument of class domination. Accordingly, the main point is placed on the 'structural' context of 'local' government. Local government is not concerned as an issue about organization, but with reference to core theoretical concerns derived from Marxist theories about the state, class relations and policy-making. its basic role is 'continually to reproduce the conditions within which capitalist accumulation can take place. The capitalist state is charged with securing the conditions favorable to capital accumulation as a whole and in the long term.

2.5 Gandhian Approach

Mahatma Gandhi is one of the architects of local government in India. His approach towards local government is most relevant. From his concept of Gram-Swaraj we get the concept of local government. Mahatma Gandhi described his ideal village that "An ideal Indian village will be so constructed as to lend itself to perfect sanitation. It will have cottages with sufficient light and ventilation built of a material obtainable within a radius of five miles of it. The cottages will have courtyards enabling householders to plant vegetables for domestic use and to house their cattle. The village lanes and streets will be free of all avoidable dust. It will have wells according to its needs and accessible to all. It will have houses of worship for all, also a common meeting place, a village common for grazing its cattle, a co-operative dairy, primary and secondary schools in which industrial education will be the central fact, and it will have Panchayats for settling disputes. It will produce its own grains, vegetables and fruit, and its own Khadi. This is roughly my idea of a model village... I am convinced that the villagers can, under intelligent guidance, double the village income as distinguished from individual income. There are in our villages' inexhaustible resources not for commercial purposes in every case but certainly for local purposes in almost every case. The greatest tragedy is the hopeless unwillingness of the villagers to better their lot."

He envisioned a village where all the inhabitants would be self-reliant and they would all work together to manage the village. He very much emphasized on decentralized governance rather than authority to establish self-rule. He wanted to establish Gram-Swaraj through the establishment of Panchayat. Village assemblies are the key of Gandhi's concept of Gram-Swaraj. To him this village assembly will have its own decision-making power and the power to implement the decisions. The village assembly will play a positive role in creating brotherhood among the local people.

Instead of a centralized system, Mahatma Gandhi wanted to create a systematic anarchy where the role of the state would be minimal. He introduced the idea of swaraj to establish the sovereignty of the individual instead of state authority. In his Gram-Swaraj the individual would manage his own governance.

2.6 Public Choice Approach

The public-choice approach emerged in the early 1960s. The supporters of the public choice approach are James Buchanan, Gordon Tullock, William A. Niskanen, and William C. Mitchell. According to Bidyut Chakraborty, Public choice theory is a method to study the decisional processes for the allocation of scarce resources in the society. It lays emphasis on the element of choice, with the citizen in the role of consumer. It is in favour of the citizen's choice in the provision of public goods and services. The advocates of this approach assume that the individual can make rational decisions about his needs and demands. An individual will act in accordance with his self-interest in order to maximize his decision.

According to the Public Choice approach, the market is a key factor for providing services and goods to the citizens. The prime objective of the public choice approach is to reduce social responsibility of the state. This approach promotes decentralization of power, privatization, maximizing the role of market, and debureaucratization.

The supporters of the public choice approach criticize the present structure of the local government and want massive reform. Like the national government, local governments are also struggling through corruption, inefficiency, lack of transparency etc. The public choice approach always supports private initiatives. If the management of local government is entrusted to the appropriate private player on the basis of contract, the competition between different private organizations will increase. As a result, efficiency in local government operations will increase and corruption will also be avoided.

2.7 Conclusion

From the above discussion it can be stated that liberal approach in the study of local government is a widely accepted approach in the world. Marxist model of local government was mostly seen in the socialist state like USSR. The Gandhian ideal concept of local government is the base of the Indian model

of local government. The autonomy of the villages that Mahatma Gandhi talked about was not implemented in reality. The local government of India is directly or indirectly accountable to local citizens, state government and central government. The process of privatization in terms of local government services and goods are happening but the role of the state in the socio economic development of the citizens can not be ignored. Local government is responsible for the development of the rustic people. It is the instrument of the marginalized people for their upliftment.

2.8 Summary

Although it is very hard to find a universal definition of local government, there is no specific approach in the study of local government. We have found the concept of local government from the various writers of different genres. There are four approaches in local government study. These are Liberal Approach, Marxist Approach, Gandhian Approach and Public Choice Approach. The chief exponent of liberal approach are J.S Mill and Alexis de Tocqueville. According to their perspective, local government is the means for protecting civil rights, individual rights, making future political leaders, public well being, political participation in local government, civic consciousness. Marxist perspective on local government is different. They argued that in a capitalist state, local governments work for the interest of the owner class or capitalist. In a Socialist state, the local government runs as a functional unit under the direction of the Communist Party. The public choice approach promotes privatization. The supporters of the public choice approach want to create a competitive environment where citizens have multiple choices. It increases the transparency and efficiency in the local government.

2.9 Glossary

Liberalism- A political philosophy which promotes individual liberty and civil rights.

Decentralization- Transfer of responsibility or activity or power from top to bottom of an organization or governmental institutions.

Representative Government- A government which is formed by elected representatives.

Civic Culture- a culture which implies acceptance of the authority of the states and belief in participation in civic duties by the people.

Socialism- A political philosophy which promotes Social ownership of the means of production and a co-operative management of the economy.

Gram-Swaraj- Autonomy of village

Privatization- The policy of transferring publicly owned assets, organizations or companies to private ownership.

Debureaucratization- A process in which dependency on bureaucrats decreases.

2.10 Model Questions

Long Questions

- Discuss the liberal approach in the study of local government.
- Write a note on Gandhian conception of local government
- How did Marxist approach describe local government?
- Which approach has gained the most acceptance in the study of local government? Justify your answer

Short Questions

- Write a short note on the Public Choice approach in the study of local government.
- How did J.S Mill describe the local government?
- What was Alexis de Tocqueville's idea about local government?
- Write a short note on Mahatma Gandhi's 'Gram-Swaraj'.
- How did Cynthia Cockburn describe local government?

2.11 References

1. P. Sachdeva, *Local Government in India*. Noida: Pearson, 2011
2. R.N. Prasad, *Urban Local Self Government in India*. New Delhi: Mittal Publication, 2006
3. Lenin, V. (no date) *The Communist international[1], The Second Congress of the Communist International*. Available at: <https://www.marxists.org/archive/lenin/works/1920/jul/x03.htm> (Accessed: October 22, 2022).
4. Lee, J.S. *ANALYSING POLICY VARIATION IN LOCAL GOVERNMENT*. Available at: <https://etheses.whiterose.ac.uk/3567/1/418643.pdf> (Accessed: November 2, 2022).
5. Gandhiji on Villages. Compiled by: Divya Joshi. Mumbai: Mani Bhavan Gandhi Sangrahalaya; Available from: <http://www.mkgandhi.org/ebks/Gandhionvillages.pdf>. (Accessed on 2022 OCT 22]).
- 6.
7. Chakrabarty, B., Kandpal, P.C. and Roy, A. (2020) *Public administration in a globalizing world: Theories and practices*. New Delhi, India: SAGE Publishing.

Unit-III Democratic Decentralization

3.0 Structure

3.1 Learning Objectives

3.2 Introduction

3.3 Concept of Decentralization

3.4 Democracy and Decentralization

3.5 Conclusion

- 3.6 Summary**
- 3.7 Keywords**
- 3.8 Model Questions**
- 3.9 References**

3.1 Learning Objectives

By reading this unit you will understand the concept of decentralization, democracy and how the process of decentralization makes democracy successful.

3.2 Introduction

Today, democratic decentralization is the essence of an ideal political system. According to recent political and social scientists, democratic decentralization is more relevant in developing countries of the Third World. In all these third world countries it is necessary to consider the issue of development in terms of local people's participation and control. Local autonomy is a natural consequence of the combination of democracy and decentralization of power. Local autonomy and democratic decentralization become meaningful through local public participation and control. Political empowerment of all these institutions is essential. The same political ideology that prevails in democratic decentralization finds expression in local self-government.

3.3 Concept of Decentralization

Decentralization has broader meaning. In the modern sense, decentralization can be expressed as Transfer of administrative authority from the central government to provincial institutions, local governments, semi-autonomous government institutions, professional bodies and voluntary organizations outside the administration. So, Decentralization refers to a process by which the government transfers some of its responsibilities and duties completely to some other authority. In other words, the government gives responsibility and power to perform some of its responsibilities to lower authorities or organizations.

The existence and independence of local bodies in decision-making at the local level through decentralization is fairly recognized. But in the process of decentralization, a sense of collective responsibility is created. In other words, local autonomy is created through the devolution of powers and responsibilities by the ruling government to another local authority. Professor Laski said in his book 'A Grammar of Politics' "It is a training in self government. It entrusts the administration of powers to those who will feel most directly the consequences of those powers."

According to Crook and Manor "Decentralization can be usefully understood as a political process whereby administrative authority, public resources and responsibilities are transferred

from central government agencies to lower-level organs of government or to non-governmental bodies, such as community-based organizations (CBOs), 'third party' non-governmental organizations (NGOs) or private sector actors”.

Most modern state systems are public welfare democratic state systems. This type of state has to perform many and various responsibilities in various fields for the socio-economic and political development of the citizen. Due to this wide spread of government responsibilities, it is necessary to give some responsibilities and powers to some authorities. When all the responsibilities and duties are in existence, arrangements are made to transfer responsibility and power for execution.

In the process of decentralization, the central authority has to hand over power and authority to the local level authorities. In many cases to adjust policies and programs according to local conditions the necessity is felt. In all these cases the imperative of discretionary decision of the local authorities is undeniable. Leonard White's definition of the concept of decentralization is significant. In the work titled 'decentralization' this social scientist said "Decentralization denotes the transference of authority legislative, judicial or administrative from higher level of government to lower."

From the above discussion we find some features of decentralization. They are as follows

- Decentralization essentially eliminates the system of administrative promotion and hierarchy at specific levels of governance.
- Decentralization also eliminates the pitfalls of bureaucratic administration.
- The process of decentralization creates a tendency for citizen's participation in administrative affairs and inculcates democratic ideals at the grassroots level.
- Through the process of decentralization citizens can be more empowered to engage in the governing process. And this is the key to the success of democracy

3.4 Democracy and Decentralization

Democracy cannot succeed without decentralization. Democratic governance is the most inclusive form of governance in this era. In this type of governance, democratic ideals are put into practice. That is, the democratic ideology is implemented in the administrative organizational structure, and the idea of decentralization is embedded in it. Decentralization as an administrative process is the opposite of centralization. Linked to administrative processes, people's enthusiasm and initiative are stimulated. As a result, the development process in the socio-economic field is accelerated. The process of decentralization creates more enthusiasm and improves morale among local authorities.

Camille Cates Barnet in his work titled 'Democratic Decentralization' has stated that "Democratic decentralization is the development of reciprocal relationships between central and

local governments and between local governments and citizens. It addresses the power to develop and implement policy, the extension of democratic processes to lower levels of government, and measures to ensure that democracy is sustainable. Democratic decentralization incorporates both decentralization and democratic local governance”

Democratic decentralization is a political concept. From this point of view, power is distributed from higher to lower levels through democratic decentralization. Its objective is to expand public participation in the governing process. The main idea of decentralization is the decentralization of power. This decentralization of power is democratic.

3.5 Conclusion

Finally, it can be said that democratic decentralization is considered as a means of realizing the political rights of citizens. It further encourages citizens to participate in the governance process. So democratic decentralization is a process in which power is transferred from higher authority to local authority and local authority deals with the people directly. It is the successor of grassroot democracy.

3.6 Summary

Decentralization is the process in which power or activities or responsibilities are transferred from higher level to lower level of an organization or government's institutions. The essence of democracy is the people's participation in the governing process and the process of decentralization allows citizens to engage in the decision making process of the government. decentralization eliminates the pitfalls of bureaucratic administration. Democratic decentralization facilitates people to be more empowered.

3.7 Glossary

Decentralization- Transfer of responsibility or activity or power from top to bottom of an organization or governmental institutions.

Democratic Decentralization- The process of devolution of state functions and resources from the center to lower level elected representatives.

Local Autonomy- A system in which institutions of local government have sufficient discretion to act on matters of local affairs.

3.8 Model Questions

Long Questions

→ Write a note on Democratic Decentralization.

→ What is the role of Decentralization in Democratic governance?

Short Questions

- What do you mean by Decentralization?
- What are the characteristics of decentralization?
- Write a short note on democratic decentralization?
- Can democracy succeed without decentralization?

3.9 References

1. R.N. Prasad, Urban Local Self Government in India. New Delhi: Mittal Publication, 2006
2. Laski, H.J. (2018) *A grammar of politics*. New Delhi: Anamika Publishers & Distributors (P) Ltd.
3. Crook, R.C. and Manor, J. (1998) *Democracy and Decentralization in South Asia and West Africa*. Cambridge: Cambridge University Press.

Unit- IV Local Government, Democracy and Development

4.0 Structure

- 4.1 Learning Objectives
- 4.2 Introduction
- 4.3 Democracy
- 4.4 Development
- 4.5 Local government and Democracy
- 4.6 Local Government and Development
- 4.7 Conclusion
- 4.8 Summary
- 4.9 Glossary
- 4.10 Model Questions
- 4.11 References

4.1 Objectives

Only local government institutions can understand the needs of the local citizens. It also is responsible for the local development. By reading this chapter you will understand the meaning of democracy, development and relation between local government, democracy and development.

4.2 Introduction

Currently, democracy is a globalized system. The necessity of local autonomy in democratic governance is undeniable. Many refer to this local autonomy as a sign of democracy. There is no substitute for autonomy of local government. For this reason the system of local autonomy through local government is widely accepted in every democratic state.

4.3 Democracy

The meaning and features of local government have already been discussed, so let's start with democracy. The word 'democracy' is derived from two Greek words. The corresponding Greek words are 'Demos' and 'Kratos'. 'Demos' refers to the people and 'kratos' refers to power. So in the etymological sense 'democracy' refers to the power of the people. Andrew Heywood in his book 'Politics' stated that "The origin of the term democracy can be traced back to Ancient Greece. Like other words ending in 'cracy' (for example, autocracy, aristocracy and bureaucracy), democracy is derived from the Greek word Kratos meaning power, or rule. Democracy thus means 'rule by the demos' (the demos referring to the people', although the Greeks originally used this to mean 'the poor' or 'the many')." .

Former American President Abraham Lincoln once said that "Democracy is the government of the people, by the people, for the people." Bernard Crick in his 'In Defence of Politics', said that "... democracy is perhaps the most promiscuous word in the world of public affairs." According to Rajeev Bhargava democracy ensures the accountability of those holding power to the people who are the ultimate source of the power. It is the consent of the people which makes government authority legitimate.

In general, democracy is a system where power rests in the hands of the people. In other words, democracy refers to a system in which the people have political power. People can exercise that power directly or indirectly. This use of power can be of three types. These three types of exercise of political power are: participation, competition and liberty. Participation is through voting and election. There is competition between political parties. And finally liberty refers to freedom of speech and expression and freedom of assembly etc .

4.4 Development

The term 'development' has multidimensional character. It is complex, ambiguous, contested and elusive in its nature. In general development refers to socio-economic change that allows people to achieve their human potential. It can be said that development is the political term that has different meanings, that depend on the context in which the term is used and it may be used to reflect and to justify a variety of different agendas held by different people or organizations.

According to experts, development means bringing the country and the nation towards modernization by causing economic growth and ensuring the country's savings, investment, production and increase in national income. Adam Smith defined national development as total accumulation of capital. At that time the proponents of economic development considered the growth of per capita income as national development. According to the United Nations Development Program (UNDP), development refers to a process that enables people to choose the benefits and standards of living they want.

Amartya Sen in his book 'Development as Freedom' stated that development simply does not mean GDP growth, industrialization or increasing national income. He elaborated development in the context of freedom. Actual development is possible by securing freedom. Instead of increasing people's income, it ensures people's social security, freedom, welfare etc.

4.5 Local Government and Democracy

Democracy promotes the people's participation in the decision making process in governance. Local government ensures the participation of people at the grassroot level of governance. Through local government citizens can directly participate in the decision making process in the government.

Every democratic country establishes an elected local government which deals with the local issues. Local peoples enjoy their liberty and rights through participation in local government. So it can be said that local government is the fundamental unit of a true democratic state. Pradeep Sachdeva stated that the success of national democracy largely depends upon the success of democracy at the grassroots level. According to Anwar Hussain Syed "*Local Governments are to total government what basic tissues are to the human body. Without them, the government would have no vitality. The countries, cities, towns, villages and boroughs serve as training schools for the leaders of government, and in the affairs of local government are tried those who aspire to state and national offices*". Jawaharlal Nehru's speech at the first Local Self-Government Ministries Conference in 1948 is very relevant. He said "*Local self Government is and must be the basis of any true system of democracy. We have got rather into the habit of thinking*

democracy at the top and not so much below. Democracy at the top may not be success unless you build on its foundation from below”.

Local governments allow citizens to take collective decisions for their socio-economic development. It is also considered as the training ground of the people for realization of democratic values. Democracy is all about power to people. Local governments empower people to secure liberty.

4.6 Local Government and Development

Local government is the basic unit for the people’s socio-economic development. It is the mediator for implementation of state or central government’s developmental programmes and policies. Besides this only the local government can understand the needs of the local people. Local governments are responsible for local development. According to Sachdeva, the local government, being concerned generally with the welfare of the people, deals mainly with those functions which contribute to the socio-economic development of the country. Being more conversant and concerned with the local problems as compared to the government in the capital, it can manage the local affairs more efficiently and effectively.

4.7 Conclusion

From the above discussion it can be concluded that local government ensures the grassroot democracy for socio-economic development. Development and grassroot democracy are the two sides of the same coin. It is considered a tool for promoting self-governing. After the independence of India 1947, local governments in urban and rural areas in some states played the crucial role to spread democratic values among the citizens and boost the developmental process.

4.8 Summary

Democracy is a political system that is governed by the people. In other words, in democracy, people can choose their government by participating in elections. The goal of democratic government is to protect the people's liberty. Local government is the key to making democracy successful. local citizens can choose their local government to achieve their collective interest. the local government performs to ensure the socio-economic development of the people. the local government implements several developmental schemes and policies of the national or state government.

4.9 Glossary

Democracy- A political system by whole citizens of a state through elected representatives.

Autocracy- A system of government which is governed by one person with absolute power.

Aristocracy- A system of government which is governed by the highest class in certain societies.

Bureaucracy- A system of government in which most of the governmental decisions are taken by state officials rather than by elected representatives.

Development- A process which promotes growth, progress or positive change in the society.

4.10 Model Questions

Long Questions

What is the relationship between democracy, development and local government?

Discuss the expanding role of local government as the successor of democracy.

Short Question

- Write a short note on Democracy
- What do you mean by Development?
- What is the role of local government in democracy?
- Do you think the local government is responsible for socio-economic development?

4.11 References

1. Crick, B. (2013) *In defence of politics*. London: Bloomsbury Academic.
2. Bhargava, R. (2008) *Political theory: An introduction*. New Delhi: Pearson Education India.
3. Nations, U. (no date) *What is human development?*, *Human Development Reports*. Available at: <https://hdr.undp.org/content/what-human-development> (Accessed: November 1, 2022).
4. Sen, A.K. (2001) *Development as freedom*. Oxford: Oxford University Press.
5. P. Sachdeva, *Local Government in India*. Noida: Pearson, 2011

Unit-V Local Government and Globalization

5.0 STRUCTURE

5.1 Learning Objectives

5.2 Introduction

5.3 Globalization

5.4 Features of Globalization

5.5 Types of Globalization

5.6 Impact of Globalization on Local Government

5.7 Conclusion

5.8 Summary

5.9 Model Questions

5.10References

5.1 Objectives

The main objective of the units is to explain the role of globalization in the local government process. By reading this unit you can understand the impact of globalization on local government and its merits and demerits.

5.2 Introduction

Globalization process includes economic, political, cultural, and social elements. There is considerable literature on how these elements have affected local government. Globalization has brought enormous changes in our daily life. Due to technological advancement our nature of work has changed drastically. Due to globalization all levels of governments including local governments change their approach towards development. Before looking at how globalization has affected local government, we need to understand the concept of globalization.

5.3 Globalization

The Information and Communication Technology (ICT) revolution, the free flow of information-based and knowledge-based economies, the growing integration with the global economy of the national economy, and the market economy, is the key to globalization. So globalization is the process by which the free market economy is ensured all over the world. In this process, foreign companies are doing trade throughout the world. That's why you can get all the foreign products at a minimal price from your doorstep.

Although globalization has been broadly used since 1970 but globalization as a concept we can find from ancient times, people have been shown to participate in international trade. Although there was no general policy then. The history of globalization begins thousands of years ago, in the middle Ages, the Silk Road was used to trade China with Europe through Central Asia.

According to Robert Cox “the characteristics of globalization trend include the internationalization of the production, the new international division of labor, new migratory movements from south to north, the new competitive environment that accelerates these processes, and the internationalizing of state...making states into agencies of the globalizing world”. Rosabeth Moss Canter in 'Thriving Locally in the Global Economy' (1995) originally defined globalization as ‘the world is becoming a global shopping mall in which ideas and products are available everywhere at the same time’.

5.4 Features of Globalization

From the above discussion, we also find some features of globalization. These are-

5.4.1 Integration of Economies

The integration of economies throughout the world is necessary for interaction and integration among people, companies, and governments worldwide.

It is a process in which agreements are made among the countries within a particular geographic region for reducing tariff barriers to ensure a free flow of goods and services.

5.4.2 Liberalization

To ensure integration of economies among the countries it is necessary to implement the process of liberalization in their own countries.

Like integration of economies, liberalization also is a process by which a country reforms their economic policies to open their market to all. It ensures freedom of the entrepreneurs for the establishment of any kind of legal trades or industries in their own countries or abroad.

5.4.3 Privatization

After liberalization, it's time for privatization. Without liberalization there is no existence of privatization. Privatization refers to the transfer of ownership of any property, corporation or business or services from government to the privately owned sectors.

Globalization would not be possible without LPG. Here L refers to Liberalization, P for Privatization and lastly G for Globalization. It can be said that liberalization and Privatization are the preconditions of globalization.

5.4.4 Free Trade

It refers to free flow trade among the countries without tariff barriers. Free trade can be possible when some countries within the same geographic region sign an agreement for the free trade among their countries.

5.4.5 Interconnectedness

It provides us a framework to explore the world through interaction with different people, animals, nature by using several technological tools without any kind of barriers.

5.5 Types of Globalization

The impacts of globalization are multidimensional. It affects worldwide societies in the aspects of Economic, Social, Political, Cultural, and environmental. There are the main 5 types of globalization. These are:

5.5.1 Economic Globalization

The concept of globalization as a whole is largely economic. Globalization has emerged and developed mainly as an economic concept and system. Economic globalization is the economic connection of a country with the global economic system. Globalization in the economic field is free economic adoption. This is to remove the regulatory rules imposed on a country's economic affairs and to expose the domestic economy to the world.

5.5.2 Social Globalization

It is another one of the important types of globalization. Social globalization is a process. As a result of this process, traditional social institutions become weak. The identity of the socialized people is renewed.

People are no longer members of a particular community or national because of the new identity. In the pre-modern world, the context of human identity was narrow and limited. In terms of family, ethnicity, tribe, village, religion etc The identity of individual people was determined. The target population is also made up of the population of the state. As a member of the state, the identity of the citizenship or nationality of the people prevails.

According to the opinion of a group of sociologists, as the globalization process expands, the personal and collective identities of people become weaker. Former identities of the past lose its importance. Relationships with people from distant places developed due to the development and expansion of new technologies, the expansion of business and communication systems, In this case the Internet, e-mail, website etc. opens up a new world in front of people.

5.5.3 Cultural Globalization

The process of cultural globalization is also sometimes called McDonaldization. Cultural globalization is the process by which a world-class of goods, ideas and information is produced in one part of the world. As a result, cultural differences between different races, regions and individuals are removed.

The emergence and development of international or multinational companies and the emergence of global goods have partly driven the process of globalization. The revolutionary development and expansion of information technology, the expansion of satellite-based communication systems, the Internet, the telecommunication infrastructure and various global media corporations are highlighting the process of globalization.

However, as culture helps globalization, so does obstruction. As the elements or forces of globalization are enriched by culture, so is resistance. Hollywood movies are screened worldwide. Adidas sports goods are sold around the world. The Coca-Cola market is worldwide. McDonalds has demanded the world's fast food market. Such products are many and varied worldwide. But all these international brands have to do with the dignity of local culture and the touch of social customs.

5.5.4 Political Globalization

Political ideology is often referred to as one of the characteristics of globalization. That is, the expression of globalization also occurs in political ideology. The transformation of liberalism is called an example of political ideology in the process of globalization. Moreover, the emergence, development and expansion of Non- Governmental Organizations (NGOs) as an expression of political globalization; The role of the national states is to refer to the role of climate change and so on.

The expression of political globalization has occurred in international organizations. All these organizations exceed the national boundaries. Extending the boundaries of the single state of the international organization extends to the international sphere of many states.

There are many and many international organizations in the present world. Most of these were formed in the aftermath of World War II. Notable examples of this are the United Nations Organization (UNO), the European Economic Community (EEC), the World Bank, the International Monetary Fund (IMF), and the World Trade Organization (WTO), etc.

Theoretically, nation-states can take initiative in organizing international organizations in a coherent and organized manner without sacrificing their sovereignty. Transnational-state boundaries may force international institutions to impose their will on states.

5.5.5 Environmental Globalization

Environmental globalization refers to internationally coordinated practices and regulations in the form of international treaties regarding environmental protection. The growth of globalization and its impact on the global environment is an important concern to the world.

According to some environmentalists, there is no doubt that the tide of development that has come under the influence of globalization is actually polluting the environment. To them globalization increases our consumption of a lot of products made through natural resources which is affecting the ecological cycle very badly.

Many think that industrialization is a part of globalization and the process of industrialization has been increasing with the help of globalization. Due to industrialization harmful chemicals have been thrown to the environment and it affects the environment dangerously.

5.6 Impact of Globalization on Local Government

Globalization is affecting local government in many ways. Globalization has made information and technology readily available. With the use of advanced technology, the local government has been able to increase its scope of work as well as complete its procedures very easily. Simply put, globalization helps improve the efficiency of local governments.

As a result of globalization the concept of E-Governance has emerged. Goal of e-Governance is to provide services to the citizens by maintaining transparency and accountability. Local government is the key unit for the implementation of this goal.

For many scholars globalization has impacted local government badly. According to Jiro Yamaguchi For most local governments, globalization is causing serious problems, especially regarding sustenance of the local economy. First of all, local governments in the rural area still depend on agriculture, which is the least competitive. Even if there is a manufacturing sector, employment is slashed by relocation of the production center. Employment in local communities is supported by the public sector through public investment.

Although there are some negative aspects, the efficiency of local government has increased as a result of globalization. Presently the whole world is interconnected. After World War-II, the United Nations (UN) was formed as a kind of world government. But the UN can't govern the world. It needs the local government to turn their policies into reality. For example, many environmental policies are implemented

by the local government throughout the world. But it has to be accepted that the technological knowledge brought by globalization is increasing the communication of the government with the people.

5.7 Conclusion

From the above discussion it can be concluded that Globalization is believed to facilitate economic and social development in communities served by local governments. Whether the necessary skills and abilities exist to realize these benefits is debatable. Larger local authorities, or municipalities, supported the idea of globalization and began formulating policies on international relations. Globalization boosts the participation of local citizens in their local governance.

5.8 Summary

So globalization is the process by which the free market economy is ensured all over the world. In this process, foreign companies are doing trade throughout the world. That's why you can get all the foreign products at a minimal price from your doorstep. Globalization promotes integration of economies, liberalization, Privatization, and free trade. Globalization can happen in different ways viz economic globalization, social globalization, cultural globalization, political globalization and environmental globalization. technological advancement is the key of globalization and through this technological advancement local government increases its efficiency and effectiveness. although many scholars argue that globalization is causing serious problems, especially regarding sustenance of the local economy. But it has to be accepted that the technological knowledge brought by globalization is increasing the communication of the government with the people.

5.9 Glossary

Globalization- A process in which integrates the national economy with the world economy.

Liberalization- A process by which government policies are made by the government to promote the free trade.

Privatization- The policy of transferring publicly owned assets, organizations or companies to private ownership.

5.10 Model Questions

Long Questions

Discuss the impact of globalization on local government.

Write a note on the meaning and features of globalization.

Short Questions

- What does globalization mean?
- What are the characteristics of globalization?
- What are the types of globalization?

5.11 Reference

1. Ghosh, P. (2015) *International Relations*. Delhi: PHI.
2. Jiro Yamaguchi, *Hokkaido University*. Available at: <https://lex.juris.hokudai.ac.jp/global-g/paper/4-04.pdf> (Accessed: November 2, 2022).
3. Biswas, A. (2020) *What is globalization and history of globalization [4 phases]*, *SCHOOL OF POLITICAL SCIENCE*. Available at: <https://schoolofpoliticalscience.com/meaning-and-history-of-globalization/> (Accessed: November 3, 2022).
4. Biswas, A. (2020) *5 important types of globalization*, *SCHOOL OF POLITICAL SCIENCE*. Available at: <https://schoolofpoliticalscience.com/what-are-the-5-types-of-globalization/> (Accessed: November 1, 2022).

CC VII BLOCK II

UNIT I

EVOLUTION OF URBAN LOCAL GOVERNMENT IN PRE-INDEPENDENT INDIA

Structure

1.0 Objectives

1.1 Introduction

1.2 Stage I: Urban Local Government in Ancient and Medieval Periods

1.3 Stage II: Urban Local Government in the British Period

1.4 Conclusion

1.5 Summary

1.6 Glossary

1.7 Model Questions

1.8 References

1.0 Objectives

After studying this unit, you are expected to:

- Define Urban Local Government and identify its necessity.
- Identify the ancient and medieval roots of Urban Local Government in India.
- Identify and analyse the role of the British colonizers in the evolution of Urban Local Government in India.

1.1 Introduction

In the most generic sense, Urban Local Government refers to an institution of governance in a statutory urban setting, demarcated by a definite area and population, which may deliberate, regulate, and implement decisions on subject matters entrusted to it by the law of the land. In India, the rationale for having a three-tier government is to ensure that every variation of regional political values, as well as, problems can be represented or dealt with, seamlessly. Within prosperous states, the Urban Local Bodies (henceforth, ULBs) may be having greater resources as compared to those in poorer towns in less prosperous states, and these would be in a better position to provide a great number of services to its constituents. Local governments respond to the needs and aspirations of the inhabitants of the immediate locality, on matters which concern them in their daily lives, viz. quality of water, access to sanitation, healthcare services, and so on. In India, a country diverse in socio-economic terms, it is a simple fact that the level of services provided by a particular ULB would differ from one city to another within a state, as well as, nationally. A system of good urban governance begs specific institutions to be vibrant and accountable, in the light of the recent population explosion in urban areas, and the consequent expansion of cities in India. According to a UN Habitat report, an estimated 180 million rural people live next to India's 70 largest urban centres, a number that will increase to about 210 million by 2030; by 2030, 60 million residents will reside in Indian cities and there will have to

be one Chicago built every year, with an urban population annual growth rate of 2.38% (UN Habitat, 2012-2022).

In this unit, the focus will be on the evolution of Urban Local Government in pre-independent India which has its roots both in the country's ancient past and colonial heritage. Urban Local Government in India has emerged through numerous stages which can be broadly divided into the standard chronological sequence of Indian history: from the prehistoric times to the advent of British rule; and from the beginning of the British rule to its end in 1947. The matter of post-independence Urban Local Government in India will be dealt with in the next unit.

1.2 Stage I: Urban Local Government in Ancient and Medieval Periods

India represents an ancient civilization that dates back to thousands of years. It is indeed a civilizational state, with perhaps China being the only other state deserving a similar epithet. Urban local government is deeply rooted in Indian history. The excavations in Mohenjodaro and Harappa of the Indus Valley Civilization (c. 3000 BCE) speak volumes about the organized urban life in ancient times, not least, revealing the fact that these were amongst the oldest planned cities of the world. There were wide streets, public offices and agoras, facilities for communal baths, drainage and sewers. These testify to the existence of an informed citizenry, and an effective municipal government. According to Khanna, the people of the Indus Valley were therefore proud residents of perhaps the first urban civilization, giving to the world its earliest planned cities, complete with town planning, drainage systems, not least, the earliest example of city government (1967: 3).

For Thakur (1981), the Indian system of highly organized urban local government has also been referenced in the Vedas, in the epics of *Mahabharata* and *Ramayana*, in few of the Upanishads, and, most importantly, in the *Arthashastra* of the great polymath of ancient India, Kautilya. In Kautilya's text there is reference of a regular plan of town administration which was specially designed to deal with the typical urban problems. He envisaged in his scheme, the *nagaraka* or a city's mayor who would perform various functions in connection with day-to-day administration of the city. In the post-Mauryan times, there used to be a chief executive officer in the city administration and one of the important duties of civic administration seems to have been a prompt arrangement of the city's sanitation which included maintenance of the drainage system and cleanliness of the roads. In the Mauryan and the Gupta periods, the villages developed into large towns and an urban culture grew in places like Pataliputra, Ujjain, and

Takshila. During the reign of the Guptas, city administration reached its zenith, with the *Parishad* as its administrative council. There was also a provision of having elected administrative officers (1981: 247). During the rule of Chandra Gupta, the administrative council of a city like Pataliputra was centred on village communities, as an elected body with definite functions. For Havell, although certain matters were reserved for the control of imperial officials, Megasthenes mentions that large cities used to have six bodies of five members each and each of these bodies had been entrusted with important subjects of human activities, which included the registration of births and deaths, care and entertainment of foreigners, and so on (Sachdeva, 2011: 39). Even in the Licchavi kingdom there existed elected administrators and representatives which shows that democracy was not imported to India by the colonial masters, and had existed centuries before the advent of either the Mughals or the British, with an inexorable emphasis upon self-governing institutions and practices (Majumdar, 1981: 576-583).

Moving on from the ancient times, medieval India encountered three distinct systems of administration, instituted by: the Rajputs, the Sultans of Delhi, and, finally, the Mughals.

According to Pandey, governance during the Rajput period led to the state being divided into smaller units, the biggest of which was the *prant*. As an influence of the later-Vedic era, the stringent caste system of the Rajput Empire precluded anyone other than *Brahmins and Kshatriyas* from being eligible for civil and military appointments. This made the rest of the people apathetic towards political affairs. By abstaining from direct participation in local administration, they helped to develop initiative, efficiency and self-reliance among the local population (1969: 1-9).

While in the Sultanate period, administration was basically military in nature; its rulers obeyed the principles and tenets of Islamic laws and applied those in letter and spirit in their administration. For administrative purposes the state was divided into *prants*. The head of the *prant* established various departments for administration. For Puri, the *prants* were divided into *shikos*, whose head was known as *shikdar*. The *shikos* were divided into *sarkars*, *sarkars* into *parganas* and *parganas* into villages. *Pargana* was under the *shiqqadar* in charge of executive affairs and land revenue. At the level of the *pargana* there were other officials such as *amil* or the collector of revenue who levied central as well as provincial revenue; *diwan*, *fotahdar* or the local treasurer, *daroga* or the superintendent of accounts, *amin* or the surveyor, *kanungo*, *munshif*, *thanadar*, *patwari*, and so on, were there to assist. The *diwan* in *sarkar* was the

executive head of the *pargana*. City administration was run by a centralized bureaucracy, but the villages had some sort of self-rule (Vol. II, 1975: 81). Sachdeva opines that the civil administration of the city was vested in a *muhtasib*. He had multifarious functions including looking after public utilities such as water supply and wells, provision of amenities for travellers, maintenance of public buildings, demolition of houses likely to collapse, supervising the markets, inspection of weights, and measures and prevention of adulteration of food, which in modern times are regarded as municipal functions (2011: 39).

According to J. N. Sarkar, the renowned historian on the Mughal period, '[T]he Mughal system at one time spread over practically all the civilised and organised parts of India. Now it is dead in our times. Traces of it still survive. But the new has been built upon the old; our present has its roots in our past' (1952: 3). Many of the cities like Delhi, Agra, Lucknow, and Hyderabad, bear the imprint of Mughal influence. Puri opines that during the Mughal times municipal administration was vested in the *kotwal* or the head of the police in the metropolis. Judicial administration was handled with the help of the *qazis* and *sardars* (Vol. II, 1975: 242). In *Aaini Akbari*, Abul Fazal has described the functions of the *kotwal* in minute details. He was the city governor, combining in him official powers and duties of the chief of the city police, magistrate and prefect of the municipal administration. In this period, opines Sachdeva, the structure of the society was predominantly feudal and, therefore, the vast powers and various functions of the state were centred in an individual or institution. The very nature and style of the Mughal Emperors were loath to any kind of democratic administration in the local areas. Democratic administration was denied not only to a city but the village was also stripped of its administrative functions. It was reduced to an executive committee of the village community on purely social affairs (2011: 39). The chief officers of the localities like those placed at the heads of province belonged to the *mansabdars*. The *mansab* was a commission, which was held by the officers of the emperor. According to Roy, it was a hierarchical system that comprised the *mansabdars* ranging from those commanding twenty horsemen to those commanding five thousand horsemen (1960: 14). The local people were not associated with the management of civic affairs and the urban local government was directly depended upon and rigorously controlled by the central administration. It can thus be concluded, following Sachdeva that in medieval and early modern India, there were hardly any municipal institutions enjoying powers of self-government and the municipal self-government traditions of ancient India had simply

withered away under the military despotisms of the Sultanate of Delhi and the Mughal Empire(2011: 39).

1.3 Stage II: Urban Local Government in the British Period

The development of municipal government since the advent of British rule in India can be divided into two parts: first, the English East India Company's rule up to 1857 and second, the British government rule from 1858 up to 1947. After the death of Aurangzeb in 1707, the Mughal Empire began to disintegrate and the minor rulers started fighting among themselves. The East India Company took advantage of this situation and established its hold over several parts of the country. The defeat of the last Nawab of Bengal at the battle of Plassey (1757) led to the transfer of authority into the hands of the company. After the revolt of 1857, the company's rule ended with the enactment of the Government of India Act (1858) and passed on to Queen Victoria, the then British monarch. The board of control and the court of directors were abolished and their powers were given to the newly created office of the Secretary of State for India.

1.3.1 Urban Local Government 1687-1857

The origin of municipal administration in British India dates back to 1687 when a municipal corporation was set up at Madras under a charter granted by James II, the then British monarch with a view to transfer the financial burden of local administration to the local city council. According to Sachdeva, the Royal Charter of 1720 established a mayor's court in each of the three presidency towns of Madras, Bombay, and Calcutta, but these courts were more judicial than administrative in nature (2011: 40). The year 1773 was a landmark in the growth of Indian administration. Before 1773 there was no central authority in the country. The 1773 Act restricted the powers of the presidencies from making war or treaties without the sanction of the governor-general-in-council. This started the British Parliament's control over the affairs of the East India Company. Hoshiar Singh and Pankaj Singh opined that the Pitt's India Act of 1784 placed Indian affairs under the direct control of the British government by establishing a board of control representing the British cabinet over the court of directors (2011: 7). However, a statutory basis of the urban local government was not provided until 1793 when the Governor-General-in-Council was empowered to appoint justices of peace for the presidency towns from among converted civilians and the British subjects, who were vested with the authority to impose taxes on houses and lands to provide for the sanitation of the towns. Sachdeva mentions that in 1842, the Bengal Act was passed to set up town committees for sanitary purposes, and in 1850, an Act

was passed for the whole country permitting the formation of local committees to make better provisions for public health and convenience (2011: 40).

1.3.2 Urban Local Government 1858-1947

Since the enactment of the Government of India Act (1858), the portfolio system was introduced in 1859 by Lord Canning, whereby a member of the council would be appointed in charge of one or more departments of the government by the governor-general and he would issue orders on behalf of the Governor-General-in-Council. For Sachdeva (2011: 40), after 1863, a string of municipal acts followed, authorizing governors to form a municipality in any urban area of the province. The municipal committees were empowered to administer municipal funds but were obliged to expend the proceeds of taxes for the maintenance of the police, and the surplus, if any, could be utilized for the sanitary improvements of the town. Lord Mayo's Resolution (1870) provided for a measure of decentralization from the centre to the provinces emphasizing the extension of municipal self-government. The resolution encouraged the general application of the principle of election with the objective of developing self-government in urban areas. But in practice, the principle of election was introduced wholly or partially in a few places only and the members continued to be nominated in most of the municipal committees. The measures for developing municipal government during this period proves that it was introduced primarily to serve the British interests rather than promote self-governing bodies in the country.

Lord Ripon's Resolution (1882), however, is considered a landmark in the development of local government in India, as it envisaged local bodies to be instruments of political and public education, advocating: a. the establishment of a network of local self-government institutions; b. the reduction of the official element to not more than a third of the total membership; c. exercise of control from without and not from within; and (d) a large measure of financial decentralization; and e. the adoption of election as a means of constituting local bodies. Concomitant legislation introduced an elective principle at the discretion of provincial governments, giving municipal committees the power to elect their presidents subject to government approval. Sachdeva (2011: 41) mentions that the reforms enunciated by Lord Ripon for rejuvenation of local self-government had initially met considerable success, but, these were hampered subsequently due to the following factors: a. the adoption of obstructive tactics by the bureaucracy; b. the hostile attitude of Lord Curzon, the successor of Lord Ripon, who considered the reforms to be too radical to be implemented and preferred administrative efficiency to

political education; c. the Deputy Commissioner dominated these institutions as he enjoyed vast powers of supervision and control; and d. elections had also proved unpopular as these were not based on adult franchise and the electorate comprised of only 2 per cent of the total urban population.

The Government of India, in its resolution of 28 April 1915, suggested the gradual implementation of the recommendations of the Royal Commission on Decentralization (1907), which were largely a replica of Lord Ripon's proposals of 1883. But a programme that was prominent in 1883 was hopelessly outdated in 1915. Moreover, the Government of India Act(1909) had introduced communal electorates for Muslims for legislative councils. In 1910, the Muslim League had demanded separate electorates in local bodies as well. Consequently some municipalities had been constituted on the basis of communal electorates. The introduction of communal electorates in municipal government had become a great impediment in the healthy development of the spirit of self-rule at the local level, as mentioned in both the Montague-Chelmsford (1918) and Simon Commission (1927) reports (2011: 41).

Following the Montague-Chelmsford Report (1918), a Government of India Resolution of 16 May 1918 recommended to the provinces that municipal boards were to contain a majority of elected members, franchise was to be lowered, and official chairmen were to be replaced by non-official ones. The Resolution also laid down that minorities should be represented through nomination rather than by separate electorates. The Government of India Act (1919) introduced the *diarchical* system of government, whereby the local self-government department, being a transferred subject, came under the charge of a popular minister responsible to the provincial legislature. The Act laid down a schedule of taxes which could be levied only by or for the local bodies, thereby enabling these to be relatively independent of the central government. Although democratization was ascendant, the administrative process and efficiency deteriorated due to rampant corruption in the local bodies of various Indian provinces. Moreover, the lack of administrative experience in elected members coupled with the paucity of expert guidance and trained managerial personnel also contributed to administrative failures (2011: 44).

With the inauguration of provincial autonomy under the Government of India Act(1935), the development of municipal government in India received further impetus. The Act abolished the system of diarchy and introduced popular governments in the provinces. Local government was classified as a provincial subject. But no taxes were earmarked for local bodies under the

Act as these could be imposed by the provincial governments, without any specifications regarding how much of it had to be reserved for local bodies. This change had proved rather unfavourable for local authorities as state governments had in certain areas utilized what were previously recognized to be purely local taxes for their own purposes, and with the outbreak of the Second World War in 1939, further democratization of local bodies and improvement of administrative machinery suffered a tremendous setback. The municipal bodies, instead of providing civic amenities, were performing services related to black-outs drills, raising voluntary organizations for defence, increasing first aid, and so on, under the guidance and direct supervision of the district administration (Sachdeva, 2011: 44). Thus, no significant efforts could be made to bring about reforms in municipal government during the period of provincial autonomy, as the British left the country divided, enraged and broke in 1947.

1.4 Conclusion

This unit has focussed on the evolution of Urban Local Government in India in two stages, through the historical analysis of institutions of urban local government in ancient and medieval India, and, from the beginning of the British rule thereupon to its end in 1947. Urbanization and the administration of urban areas in India was ascendant during the Indus Valley Civilization, and later during the rule of the Mauryas and the Guptas. The same suffered in the medieval times under the rule of the Rajputs, the Sultans of Delhi, and then the Mughals. With the advent of the British, urban local government was modelled to suit the interests of the East India Company till 1857, and since the demise of the company's iron grip over India, the British government and the Governors General enacted several legislations and resolutions for the betterment of urban administration in India, with notable examples such as Lord Mayo's Resolution (1870), Lord Ripon's Resolution (1882), the Government of India Resolution (1818), and the Government of India Acts of 1919 and 1935. The focus was on democratic representation, taxation and financial independence, and administrative efficacy of ULBs in India.

1.5 Summary

This unit has discussed the following:

- Urban Local Government refers to an institution of governance in a statutory urban setting, demarcated by a definite area and population, which may deliberate, regulate, and implement decisions on subject matters entrusted to it by the law of the land.

- By 2030, 60 million residents will reside in Indian cities and there will have to be one Chicago built every year, with an urban population annual growth rate of 2.38%
- India is a civilizational state and urban local government is deeply rooted in Indian history, as excavations in Mohenjodaro and Harappa of the Indus Valley Civilization (c. 3000 BCE) has proved.
- The Indian system of highly organized urban local government has also been referenced in the Vedas, in the epics of Mahabharata and Ramayana, in few of the Upanishads, and, most importantly, in the Kautilya's *Arthashastra*.
- During the reign of the Guptas, city administration reached its zenith, with the *Parishad* as its administrative council.
- In medieval and early modern India, the municipal self-government traditions of ancient India had simply withered away under the military despotisms of the Rajputs, the Sultanate of Delhi and the Mughal Empire.
- The origin of municipal administration in British India dates back to 1687 when a municipal corporation was set up at Madras under a charter granted by James II, however, a statutory basis of the urban local government was not provided until 1793.
- Lord Ripon's Resolution (1882) is considered a landmark in the development of local government in India. It was followed by similar recommendations suggested by the Royal Commission on Decentralization (1907).
- Following the Montague-Chelmsford (1918) and Simon Commission (1927) reports, the Government of India Act (1919) introduced the *diarchical* system of government, and local self-government came under the charge of a popular minister responsible to the provincial legislature.
- Under the Government of India Act (1935) the development of municipal government in India received further impetus. No further development with regard to urban local government in India took place till 1947, owing to the Second World War (1939-1945) and the retreat of the British from the subcontinent.

1.6 Glossary

Diarchy: government by two independent authorities, especially in India from 1919 to 1935.

Governor-General/Viceroy: a representative of the British monarch in charge of the administration of British colonies.

Kotwal: city governor as well as the chief of the city police, magistrate and prefect of the municipal administration during Mughal times.

Mansabdar: a commissioned officer of the Mughal emperor, also a provincial governor.

Muhtasib: city administrator during the reign of the Delhi Sultans.

Nagaraka: a city's mayor, as described in Kautilya's *Arthashastra*.

Parishad: council for a city's administration in the Gupta age of Indian history.

Portfolio system: introduced by Lord Canning in 1859, whereby a member of the council would be appointed in charge of one or more departments of the government by the governor-general, issuing orders on behalf of the Governor-General-in-Council.

Prant: smaller geographical units of states, created for administrative purposes in medieval India.

Urban Local Government: an institution of governance in a statutory urban setting, demarcated by a definite area and population, which may deliberate, regulate, and implement decisions on subject matters entrusted to it by the Constitution.

1.7 Model Questions

Long Answer Type

1. Discuss the ancient and medieval roots of Urban Local Government in India.
2. Discuss the development of Urban Local Government in India from 1687 to 1857.
3. Discuss the development of Urban Local Government in India since 1858 with special emphasis on the Ripon Resolution (1882).
4. What were the respective impacts of the 1919 and 1935 Government of India Acts on Urban Local Government in India? Why did Urban Local Bodies remain deficient despite roughly two hundred years of British Rule in India?

Short Answer Type

1. Discuss the structure of Urban Local Government in the post-Mauryan times.
2. Discuss the way in which the empire of the Delhi Sultans was divided for administrative purposes.
3. Discuss the type of Urban Local Government under the Mughals.
4. Write a short note on the development of Urban Local Government in India from 1687 to 1784.

5. Write a short note on the Mayo Resolution (1870) and the Ripon Resolution (1882).
6. Write a short note on the impact of *diarchy* on Urban Local Government in India.

1.8 References

- Havell, E.B., *The History of Aryan Rule in India* (London: 1918).
- Khanna, R.L., *Municipal Government and Administration in India* (Chandigarh: Mahindra Capital Publishers, 1967).
- Majumdar, R. C., *A Comprehensive History of India. Vol. 3, Part I: A.D. 300-985* (New Delhi: Indian History Congress/People's Publishing House, 1981).
- Pandey, A. B., *Society and Government in Medieval India* (Allahabad: College Book Depot, 1969).
- Puri, B. N., *History of Indian Administration, Vol. II* (Bombay: Bhartiya Vidya Bhavan, 1975).
- Roy, N. C., *The Civil Service in India* (Calcutta: Firma KLM, 1960).
- Sachdeva, P., *Local Government in India* (New Delhi: Pearson, 2011).
- Sarkar, J. N., *Mughal Administration* (Calcutta: M. C. Sarkar and Sons Ltd., 1952).
- Singh, H. and P. Singh, *Indian Administration* (New Delhi: Pearson, 2011).
- Thakur, V. K., *Urbanisation in Ancient India* (New Delhi: Abhinav Publications, 1981).
- UN Habitat Reports (2012-2022). URL: <https://unhabitat.org/fr/node/91195>.

UNIT II

EVOLUTION OF URBAN LOCAL GOVERNMENT IN POST-INDEPENDENT INDIA

Structure

- 2.1 Learning Objectives
- 2.2 Introduction
- 2.3 The Committees and Commissions on Urban Local Government
- 2.4 The national-level conferences on urban local government
- 2.5 Towards constitutional recognition
- 2.6 Conclusion
- 2.7 Summary

2.8 Glossary

2.9 Model Questions

2.10 References

2.1 Learning Objectives

After studying this unit, you are expected to:

- Define Urban Local Government and identify its necessity in modern India.
- Identify the post-independence evolution of Urban Local Government in India till the Constitution (74th Amendment) Act, 1992.
- Identify and analyse the reasons for the lopsided development of urban local bodies in India and the steps taken towards constitutional recognition of such institutions.
- Understand the implications of the findings and recommendations of various government-appointed committees and commissions, vis-à-vis the betterment of such institutions.

2.2 Introduction

In the most generic sense, Urban Local Government refers to an institution of governance in a statutory urban setting, demarcated by a definite area and population, which may deliberate, regulate, and implement decisions on subject matters entrusted to it by the law of the land. In India, the rationale for having a three-tier government is to ensure that every variation of regional political values, as well as, problems can be represented or dealt with, seamlessly. Local governments respond to the needs and aspirations of the inhabitants of the immediate locality, on matters which concern them in their daily lives, viz. quality of water, access to sanitation, healthcare services, and so on. In India, a country diverse in socio-economic terms, it is a simple fact that the level of services provided by a particular ULB would differ from one city to another within a state, as well as, nationally. A system of good urban governance begs specific institutions to be vibrant and accountable, in the light of the recent population explosion in urban areas, and the consequent expansion of cities in India. According to a UN Habitat report, an estimated 180 million rural people live next to India's 70 largest urban centres, a number that will increase to about 210 million by 2030; by 2030, 60 million residents will reside in Indian cities and there will have to be one Chicago built every year, with an urban population annual growth rate of 2.38% (UN Habitat, 2012-2022).

In this unit, the focus will be on the evolution of Urban Local Government in post-independent India. After achieving independence in 1947, India adopted its constitution on 26 January 1950, a Constitution which was heavily influenced by its colonial legacy and the acts of the British India government, notable amongst which was the 1935 Government of India Act. The Constitution of independent India directs the state vide its Article 40 of the Directive Principles of State Policy to organize *panchayats* and to empower them adequately so that they become viable units of self-government, but it does not contain counterpart provision for urban settlements (2007: 22). The only reference to urban self-government is to be found in two entries: Entry 5 of List II of the Seventh Schedule (the State List) and Entry 20 of the List III (Concurrent list) (2007: 327, 332). For Sachdeva (2011: 44), the Constitution places local government including urban local government within the legislative competence of the states, and the role of the central government will necessarily have to be advisory and catalytic rather than one of dominance. The development of urban local government in India, therefore, took place without much constitutional guarantees before the central government accepted the recommendations of the National Commission on Urbanization (1985) and incorporated them in the Constitution (63rd Amendment) Bill, 1989, which was later enacted as the Constitution (74th Amendment) Act, 1992.

This unit will thus be divided into the following parts: it would first describe the manner in which the committees and commissions appointed by the central government, as well as, the various state governments in India have functioned and the recommendations that these legal bodies have proffered from time to time on the question of urban local government; and second, it would focus on the activities and recommendations of the various national-level conferences on urban local government which ultimately paved the way for the enactment of the 74th Amendment Act (1992) to provide constitutional sanctions to the structures and functions of urban local bodies in India.

2.3 The Committees and Commissions on Urban Local Government

In the absence of the constitutional recognition of its powers, functions and resources, urban local bodies have remained neglected in India, despite the popular opinion during independence that these would be used more and more as instruments of national policy. As the Indian has been predominantly centered upon a rural setup, even the Planning Commission did not pay much importance to urban local bodies, making no significant policy statement about it till the

Third Five Year Plan (1961-1966) in which it received only a passing and tacit mention. According to Sachdeva (2011: 45), the Fourth Five Year Plan referred to recommendations made by the Rural–Urban Relationship Committee and the Local Self Government Ministers’ Council on Augmentation of Financial Resources and hoped that the state governments will take all the measures necessary to augment resources at the local level. However, as late as the Seventh Plan (1985-1990), many of the municipal bodies were moribund or have stood superseded, being ill-administered and ill-financed. The National Commission on Urbanization has also observed that urban local bodies in India were in a mess (1985). To overcome such deficiencies, however, the central and state governments in India instituted from time to time various committees and commissions, a few of which are worth a study.

2.3.1 Committees and Commissions appointed by the Central Government

The central government of India has, from time to time, appointed various committees and commissions to enquire into the functional aspects of urban local government before the 74th Amendment Act (1992). These bodies have also made valuable suggestions for their improvement which has snowballed into the constitutional recognition of urban local government in India. According to Sachdeva (2011), the important amongst them are:

1. The Local Finance Enquiry Committee (1949-1951)
2. The Taxation Enquiry Commission (1953–54)
3. The Committee on the Training of Municipal Employees (1963)
4. The Rural–Urban Relationship Committee (1963–66)
5. The Committee of Ministers on Augmentation of Financial Resources of Urban Local Bodies (1963)
6. The Committee on Service Conditions of Municipal Employees (1965–68)
7. The Administrative Reforms Commission (1967)

The basic focus and recommendations of each of these can be mentioned succinctly.

1. The Local Finance Enquiry Committee (1949-51) had recommended a separate and distinct tax zone for utilization by local governments without any encroachment by the state or central government.
2. The Taxation Enquiry Commission (1953–54) had observed that there is a discrepancy between the growth of municipal revenue and the growth of municipal expenditure with

regard to important civic services, and had recommended the setting aside of certain taxes for exclusive utilization by or for local government.

3. The Committee on the Training of Municipal Employees (1963) had emphasized on the need for imparting training to municipal personnel and recommended the setting up of training institutes at the central level and also in the states. It had entrusted, among other things, the central institute with the responsibility to prescribe the standards of training and research and to itself serve as a model in this respect.
4. The Rural–Urban Relationship Committee (1963–66) made a comprehensive enquiry into the urban government set-up, urban development and planning machinery, the structure of urban local bodies, municipal personnel, finances of urban local bodies, public participation in urban community development, relation between the state government and local administration, and above all, into the rural–urban relationship. It recommended the evolution of a system of local government which is capable of responding to the process of interaction and interdependence between the town and its adjoining villages.
5. The Committee of Ministers on Augmentation of Financial Resources of Urban Local Bodies (1963-1965), set up by the Central Council of Local Self Government, identified the reluctance of local bodies to step up taxation even in the field earmarked for it. It recommended them to levy taxes put at their command, to take up remunerative activities which would create permanent non-tax revenue, and to set up statutory urban development boards to undertake town development.
6. The Committee on Service Conditions of Municipal Employees (1965–68), also set up by the Central Council of Local Self-Government, recommended the constitution of state-wide cadres of municipal employees to ensure that the personnel available for municipal employment would have the desired competence and prestige enjoying appropriate conditions of service.
7. The Administrative Reforms Commission (1966) had, among other agenda, urban local government as its subject of enquiry, and a chapter in the Report of the Study Team on District Administration, set up by the same Commission, is devoted exclusively to urban local bodies. The study team agreed with most of the recommendations of the Rural–Urban Relationship Committee (1966). According to Sachdeva (2011: 47), concomitantly, the task forces set up by the Planning Commission in 1983 have

suggested the strengthening of municipalities by improving their tax-base, ensuring timely elections, providing better personnel, improving training programmes, etc., and to merge the urban development authorities into the municipal system.

The state governments have also been appointing committees and commissions to look into one or the other aspect of urban local governments—mainly into their finances, system of grants-in-aid and personnel system. Some state-government-appointed committees on administrative reforms have also included urban local government into their area of study, e.g., the Corporation of Calcutta Investigation Commission (1950) and the Patna Municipal Corporation Committee (1969). For Sachdeva (2011), some of the committees and commissions constituted by the states exclusively for surveying and recommending on urban local governments are as follows:

1. Assam: The Finances of Municipal Committee (1969).
2. Delhi: The Delhi Municipal Organization Enquiry Committee (1948); the Commission on Finances of the Municipal Corporation of Delhi; and New Delhi Municipal Committee (1968).
3. Gujarat: The Municipal Rationalization Committee (1961) and the Grants-in-aid Code Committee for Municipalities (1964).
4. Haryana: Resource Committee (Local Bodies), 1988 and Municipal Grants Commission (1969).
5. Kerala: The Municipal Grants Enquiry Committee (1965).
6. Madhya Pradesh: The Urban and Local Self Government Committee (1959); the Committee of Enquiry on the Emoluments and Conditions of Service of the corporation and Municipal Employees (1965).
7. Maharashtra: The committee for the unification of acts relating to municipalities in Maharashtra State (1963).
8. Odisha: The Orissa Local Body (Urban) Administration Enquiry Committee (1963).
9. Punjab: the Local Government (Urban) Enquiry Committee (1957); Reorganization of District Administration (1969); the Punjab Municipal Employees Pay Committee (1969).
10. Tamil Nadu: White Paper on the Reforms of Local Administration in Madras State (1950).

2.3. 2 The Central Council of Local Self Government

Apart from the recommendations of the committees and commissions constituted by the central and state governments in India, the activities of the Central Council of Local Self Government are worth mentioning. Although the Central Council of Local Self-Government as a purely advisory body was convened in 1948, it was constituted under Article 263 of the Constitution of India by an order of the president in 1954 (Inter-State Council Secretariat, Ministry of Home Affairs, GoI, 2016). It consisted first of the central minister of health, and presently, the minister of urban development as its chairman and the ministers of local self-government in the states.

The Council is empowered to invite experts and technical advisers to its meetings but they have no right to vote. It may set up committees to investigate into the problems of urban local governments, e.g., the committee of ministers on the Augmentation of Financial Resources of Urban Local Bodies (1963) and the Committee on Service Conditions of Municipal Employees (1965). Originally it addressed problems of both the rural and urban local governments, but since 1958 it has mainly dealt with issues of the latter. The Council considers and recommends broad lines of policy vis-à-vis local government in almost all of its aspects. It prepares proposals for legislation on matters relating to local government, draws up common programmes of action, not least, makes recommendations to the central government regarding allocation of funds to local bodies. It is also empowered to review the objectives accomplished in different areas, especially those where central funds have been utilized. In its annual meetings, the Council passes resolutions and reviews implementation of earlier resolutions (Inter-State Council Secretariat, Ministry of Home Affairs, GoI, 2016).

2.4 The national-level conferences on urban local government

The central government in India has, from time to time, convened various conferences of state ministers of local self-government, All India Council of Mayors, commissioners of municipal corporations, housing ministers, and ministers of town and country planning. It has also sponsored various regional and all-India level seminars conducted on topics related to urban government where a constant refrain had been in favour of the constitutional recognition of urban local bodies. To exemplify, the Indian Institute of Public Administration conducted a seminar on Improving City Government (1958) and on the Cabinet System in Municipal

Government (1969). Coupled with these seminars, the conferences on urban local government led first to the constitution of the National Commission on Urbanization (1985), and ultimately, to the adoption of the 74th Amendment Act (1992). According to Sachdeva (2011), the noteworthy conferences regularly convened on urban local government are:

2.4.1 The Conferences of All India Council of Mayors

The All India Council of Mayors serves as the forum of the mayors of municipal corporations in India. It was convened in 1959 and has been meeting annually under the chairmanship of the minister of health, when urban development was a part of the Ministry of Health, and under the union minister for urban development since 1985, when a separate ministry of urban development was created. The Council is empowered to discuss matters of interests pertaining to the position of the mayor such as executive responsibilities vis-à-vis constitutional provisions and the amendments thereto, the grant of emergency powers to the mayors, the introduction of the mayor-in-council system, the delegation of additional powers to the mayors vide relevant government orders, and especially, the grant of constitutional recognition to local bodies, and so on. The Council has an executive committee which meets in between its official sessions to deal with issues of municipal corporations that may come up when the Council is not in session (All India Council of Mayors, 2018).

2.4.2 The Municipal Commissioners' Conference

The Municipal Commissioners' Conference was first convened in 1965 at the initiative of the municipal commissioner of Delhi Municipal Corporation. There exists at the state level similar organizations of presidents of municipal committees and executive officers of the municipal committees. For Sachdeva (2011) the conferences of the presidents of municipal committees are empowered to take joint decisions about the implementation of decisions taken by the state government, while the conferences of the executive officers of the municipal committees discuss civic problems, with an emphasis on the improvement of the conditions of civic facilities and services.

2.4.3 Conferences of State Ministers of Local Self Government/Ministers of Town and Country Planning/Housing Ministers

According to Sachdeva (2011: 49), the Ministry of Urban Development convenes conferences of state ministers of local self-government, ministers of town and country planning and housing ministers from time to time to enable them to exchange their views on civic problems, matters

relating to regional and urban planning, suggest legislative, administrative and financial measures to solve the problems confronting the states in these fields and to report on the decisions previously taken, and to formulate new policies on the subjects under discussion.

2.5 Towards constitutional recognition

A great landmark in the evolution of urban local government in the post-independence period was the setting up of Ministry of Urban Development in 1985. Sachdeva (2011) mentions that in the beginning, urban local government was the responsibility of the Ministry of Health as local government had its beginning in an urge to improve sanitary conditions as recommended by the Royal Army Sanitation Commission (1863). The Ministry of Health looked after both rural and urban government until 1958, when the former was separated from it and put under the charge of Ministry of Community Development. In January 1966, a part of local government, namely, urban development was made the responsibility of the Ministry of Works and Housing which was later renamed as the Ministry of Works, Housing and Urban Development. In 1967, the subject of urban development was transferred to the Ministry of Health, which was designated as Ministry of Health, Family Planning, Works, Housing, and Urban Development. In February 1973, the subject of urban development was transferred to the Ministry of Works and Housing. Therefore, with regard to the constitutional status of urban local government two additional developments would have to be mentioned: the role of the Ministry of Urban Development, established in 1985; and, the recommendations of the National Commission on Urbanization, established in 1985 which snowballed into the very basic elements of the constitution amendment bill by which urban local government received constitutional status in 1992.

2.5.1 The Ministry of Urban Development

For Sachdeva (2011), it was in 1985 that on realizing the magnitude and complexity of urban problems resulting from urbanization taking place at an alarming rate in the country that Government of India decided to set up a separate Ministry of Urban Development and entrusted it with the responsibilities of broad policy formulation and monitoring programmes in the areas of housing, urban development, urban poverty alleviation, urban water supply and urban transport, in addition to construction and maintenance of central government buildings and management of central government land and property. The ministry has under its administrative control the Central Public Works Department, Directorate of Estates, and National Building

Organization as attached offices; Controller of Stationery, Controller of Publications, Land and Development Office, and Town and Country Planning Organization as subordinate offices; Delhi Development Authority, Delhi Urban Arts Commission, National Capital Regional Planning Board, and National Institute of Urban Affairs as autonomous and statutory bodies; and National Building Construction Corporation Ltd., Housing and Urban Development Corporation Ltd. (HUDCO), and Hindustan Prefab Ltd. as public sector undertakings. The state governments have also set up departments/directorates of urban local government in conjunction with other departments of allied nature or as separate departments, on the recommendations of the Committee on Augmentation of Financial Resources of Urban Local Bodies (1963), the Central Council of Local Self Government (1965), the Rural–Urban Relationship Committee (1966), and the Study Team on District Administration of the Administration Reform Commission (1967), to reduce the congestion of work at the secretarial level, to fulfil the need for a field organization on the pattern of the directorates of other departments, and to serve as a bridge between the municipalities and the state level institutions.

2.5.2 The National Commission on Urbanization

Another landmark in the evolution of urban local government was the setting up of National Commission on Urbanization in 1985 by Government of India to make a comprehensive analysis of the rapidly growing phenomenon of urbanization and of the problems caused by it for the urban governments, and to suggest measures to combat it. For Sachdeva (2011), the Commission was set up after a lapse of twenty years of the submission of the reports of the Rural–Urban Relationship Committee (1966) which had also examined the urban government setting comprehensively. The National Commission on Urbanization had examined the various urban problems in depth especially those of dimensions of urbanization, urban future, urban pattern, spatial planning, urban poverty, finance, urban management, housing, conservation, transport, water and sanitation, energy, people’s participation, information system, and legal framework, and made recommendations for their solution in its seven volume report submitted in 1988 (Report of National Commission on Urbanisation, Vol. I, 1988). The government had since accepted most of these recommendations and incorporated them in the Constitution (63rd Amendment) Bill, 1989, which was later enacted as the Constitution (74th Amendment) Act, 1992.

According to a literature of the Indian Council of Social Science Research (Vol. I, 1973), the central government has been conscious of the deficiencies in the organization and functions of urban local government and the factors responsible for their dismal performance and deterioration in the post-independence period, such as (a) the drafting of top national leaders in the Parliament and the central government and to some extent in the state legislatures and state governments, resulting in the domination of local bodies by inept politicians and consequent increase in political nepotism and corruption; (b) the increase in functions of municipal bodies due to the increasing pace of urbanization has not been matched by a corresponding increase in their finances resulting in their inability to cope with their increased responsibilities and the deterioration in the quality and quantity of services; (c) local bodies continue to be governed by the early nineteenth century framework of municipal administration, laws and by-laws, rules and regulations, practices and procedures—the cities today have to plan for the twenty-first century while the institutions which are supposed to implement these plans are a hangover of the nineteenth century; (d) the Five Year Plans have hopelessly admitted the severe limitations of municipal administration while doing very little about introducing radical changes in such administration; (e) the Finance Commission which is appointed every five years under the constitution of India is not required to look into the problem of local finance; (f) the states do not generally consider urban problems as of any particular consequence and usually the Ministry of Local Self Government is one of the unimportant ministries; (g) the state governments superseded municipalities and corporations on political grounds though some other excuse was given; (h) the corporations and municipalities are, by and large, centres of inefficiency, corruption, and political nepotism. Most of them are bankrupt and cannot in any way tackle the big problems in the field of housing, transport, environmental pollution, etc. In short, the municipal bodies are not geared to urban planning as understood today but perform municipal functions as understood in the nineteenth century. They have neither the financial viability nor the legal backing to confront urban problems except in the limited sphere of zoning, land use planning, and so on.

For Sachdeva (2011), the central government had introduced the Constitution (63rd Amendment) Nagarpalika Bill, in August, 1989, with a view to give power to the people and to strengthen, revamp, and rejuvenate urban local governments. Its main provisions were the constitution of *nagarpanchayat* for areas in transition from rural to urban areas, ward committees

in *nagarpalikas* and zonal committees in *mahanagarpalikas*, reservation for Scheduled Cases/Scheduled Tribes and women, state finance commission to recommend the principles to ensure soundness of local bodies finances, conduct of elections by the State Election Commission, audit of accounts by the Comptroller and Auditor General of India, and above all, the grant of constitutional status to local bodies. The Nagarpalika Bill introduced in 1989 was hailed as historic and momentous. It was passed by the Lok Sabha, but it was defeated in the Rajya Sabha by a narrow margin of three votes. The Congress (I) Government again in power, introduced the bill in the form of the Constitution (73rd Amendment) Bill on 16th September, 1991. The Bill was passed as the Constitution (74th Amendment) Act, 1992. It would prove to be the greatest landmark in removing the deficiencies that the urban local governments have been suffering from for the last one hundred years and in strengthening them to ensure their efficient and effective organization and functioning in the best interests of the residents of urban areas in India.

2.6 Conclusion

To conclude the current unit it may be observed that the evolution of urban local government in post-independence India has been remarkably sluggish, owing mostly to the inertia of the central and state governments. It was only during the mid-1980s that the central government took some ground-breaking decisions insofar as setting up the Ministry of Urban Development, appointing the National Commission on Urbanization, and the introduction of the Nagarpalika Bill were concerned. These were done with the explicit objective of rejuvenating urban local bodies in the country, which received the ultimate impetus with the enactment of the Constitution (73rd Amendment) Bill (1991) in 1992. Keeping in mind the prognosis of the UN Habitat Report that India would encounter an urban population annual growth rate of 2.38% (UN Habitat, 2012-2022), the central and state governments would have to step up in future to make Indian cities liveable. With the faithful execution of the various provisions of the Constitution (74th Amendment) Act, 1992, a revolutionary and accountable functioning of urban local bodies in India can indeed be expected.

2.7 Summary

This unit has discussed the following:

- Urban Local Government refers to an institution of governance in a statutory urban setting, demarcated by a definite area and population, which may deliberate, regulate, and implement decisions on subject matters entrusted to it by the law of the land.
- After achieving independence in 1947, India adopted its constitution on 26 January 1950 where the only reference to urban self-government is to be found in two entries of the State List and the Concurrent List.
- To overcome such deficiencies, the central governments in India instituted from time to time various committees and commissions, such as, the Local Finance Enquiry Committee (1949-51), the Taxation Enquiry Commission (1953–54), the Administrative Reforms Commission (1966), and so on.
- The state governments also, from time to time, constituted committees and commissions for similar purposes concerning urban local bodies, notably in Assam, Delhi, Gujarat, Haryana, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Tamil Nadu, and West Bengal.
- The Central Council of Local Self Government, established under Article 263 of the Constitution of India by an order of the president in 1954 can investigate into the problems of urban local governments, can consider and recommend broad lines of policy vis-à-vis local government in almost all of its aspects. It is also empowered to review the objectives accomplished in different areas, especially those where central funds have been utilized.
- The central government in India has, from time to time, convened various conferences of state ministers of local self-government, All India Council of Mayors, commissioners of municipal corporations, housing ministers, and ministers of town and country planning. It has also sponsored various regional and all-India level seminars conducted on topics related to urban government where a constant refrain had been in favour of the constitutional recognition of urban local bodies.
- A great landmark in the evolution of urban local government in the post-independence period was the setting up of Ministry of Urban Development in 1985. It has been entrusted it with the responsibilities of broad policy formulation and monitoring programmes in the areas of housing, urban development, urban poverty alleviation, urban water supply and urban transport, and so on.

- Another landmark in the evolution of urban local government was the setting up of National Commission on Urbanization in 1985 by Government of India to make a comprehensive analysis of the rapidly growing phenomenon of urbanization and of the problems caused by it for the urban governments, and to suggest measures to combat it.
- The Nagarpalika Bill introduced in 1989 was hailed as historic and momentous. Facing rejection in 1989, it was reintroduced in as the Constitution (73rd Amendment) Bill on 16th September, 1991. The Bill was passed as the Constitution (74th Amendment) Act, 1992. It would prove to be the greatest landmark in providing constitutional status to urban local bodies in India.

2.8 Glossary

Commission/Committee: A commission is usually appointed by Government and is entrusted to carry out a task, while a committee can discuss matters only according to fixed rules to make recommendations.

Concurrent List: The Concurrent List or List-III is a list of 52 items given in the Schedule Seven to the Constitution of India.

Constitution (Amendment) Act: An amendment is an addition/alteration made to a constitution or any legal document. In case of the Constitution of India, the parliament may amend the provisions of the Constitution following procedures mentioned in Article 368.

Mahanagarpalika: Municipal Corporation in India.

Nagar Panchayat: Town Council or Notified Area Council in India.

Nagarpalika: Municipality with its own local council and officials in India.

State List: The State List or List-II is a list of 61 items. Initially there were 66 items in the list in Schedule Seven to the Constitution of India.

Urban Local Government: an institution of governance in a statutory urban setting, demarcated by a definite area and population, which may deliberate, regulate, and implement decisions on subject matters entrusted to it by the Constitution.

2.9 Model Questions

Long Answer Type

1. Discuss in detail the roles and recommendations of the committees and commissions on urban local government set up by the central government in India.

2. Discuss in details the composition and functions of the Central Council of Local Self Government in India.
3. What have been the contributions of the national-level conferences on urban local government convened by the central government in India?
4. What roles did the establishment of the Ministry of Urban Development and the National Commission on Urbanization have with regard to providing constitutional recognition to urban local bodies in India?

Short Answer Type

1. Discuss briefly the powers and functions of the All India Council of Mayors.
2. Discuss briefly the issue areas in which state-level commissions/committees on urban local government have made recommendations in India.
3. What were the recommendations of the Administrative Reforms Commission with regard to urban local government in India?
4. What according to the Indian Council of Social Science Research (1973) were the factors responsible for the poor performance of urban local bodies in India?
5. Discuss briefly the politics through which the Nagarpalika Bill (1989) become the Constitution (74th Amendment) Act, 1992?
6. What were the reasons behind the establishment of the National Commission on Urbanization?

2.10 References

“Augmentation of financial resources of urban local bodies: report of the Committee of Ministers constituted by the Central Council of Local Self Government” (New Delhi: Controller of Publications, 1965).

“Formations,” *Inter-State Council Secretariat* (Ministry of Home Affairs, Government of India, 2016). URL: <http://interstatecouncil.nic.in/isc-formations/>.

“History of AICM,” *All India Council of Mayors* (2018). URL: <https://www.allindiamayorcouncil.com/index.php/about/history/history-of-aicm>.

“Report of Committee on the Service Conditions of Municipal Employees” (New Delhi: Ministry of Health and Family Planning and Urban Development, 1968).

“Report of National Commission on Urbanisation,” Vol. I (Government of India, Ministry of Urban Development, 1988). URL: <https://indianculture.gov.in/reports-proceedings/report-national-commission-urbanisation-vol-i>.

“Report of the Committee of Ministers on Augmentation of Financial Resources of Urban Local Governments” (New Delhi: Manager of Publications, 1965).

“Report of the Committee on the Training of Municipal Employees” (New Delhi: Ministry of Health, 1963).

“Report of the Local Finance Enquiry Committee” (Delhi: Manager of Publications, 1951).

“Report of the Rural–Urban Relationship Committee,” Vol. 1 (New Delhi: Ministry of Health and Family Welfare, 1966).

“Report of the Study team on District Administration” (Delhi: Manager of Publications, 1967).

“Report of the Taxation Enquiry Commission,” Vol. 3 (New Delhi: Ministry of Finance, Government of India, 1953–54).

A Survey of Research in Public Administration, Vol. I (New Delhi: Allied Publishers, 1973).

Sachdeva, P., *Local Government in India* (New Delhi: Pearson, 2011).

The Constitution of India (New Delhi: Ministry of Law and Justice, Government of India, 2007).

UN Habitat Reports (2012-2022). URL: <https://unhabitat.org/fr/node/91195>.

UNIT III

CONSTITUTIONAL STATUS OF URBAN LOCAL GOVERNMENT

Structure

3.1 Learning Objectives

3.2 Introduction

3.3 The Structure of Urban Local Government in India

3.4 Role and Responsibilities of Urban Local Government

3.5 Issues and Challenges necessitating Reforms of Urban Local Bodies

3.6 Conclusion

3.7 Summary

3.8 Glossary

3.9 Model Questions

3.10 References

3.1 Learning Objectives

After studying this unit, you are expected to:

- Identify the structural and functional aspects of Urban Local Government in India before the enactment of the Constitution (74th Amendment) Act, 1992.

- Identify and analyse the roles and responsibilities of Urban Local Bodies in India and the issues which necessitated their constitutional recognition.
- Understand the requirement for further reforms in the light of recent issues and challenges faced by ULBs in India.

3.2 Introduction

Although there is a long history of urban local government (ULG) in India, there has been inadequate provisions in the Constitution of India with regard to urban local bodies (ULBs) which show that activities of such bodies in urban areas were initially not considered as obligatory or binding. The Directive Principles of State Policy (Part IV of the Constitution of India) refer only to village panchayats, whereas, the State List (Entry 5) and the Concurrent List (Entry 20) implicitly refers to the subject of the ULBs: the powers of municipal corporations, improvement trusts, district boards, and other local authorities for the purpose of local government or village administration (2007: 22, 327, 332). In the lack of constitutional recognition, therefore, urban local bodies were left to the discretion of the respective states which then passed Municipal Acts to legitimise the organisation and functioning of such bodies. But, irregular elections to these bodies, indefinite and frequent suspensions, inadequate devolution of powers and resources led to the weakening of the structure and processes of urban local bodies throughout India. There was an urgent need to evolve mechanisms guaranteed by the Constitution, in terms of defining and improving the relationship between ULG and state governments, to demarcate its functions and sources of revenue, and to ensure regular elections and participation of members in planning and implementation of various development schemes and projects, not least, the representation of all sections of the society through reservation of minimum seats for vulnerable sections.

The year 1985 saw the beginning of urban reforms in India with the creation of the Ministry of Urban Development by the Government of India. The Ministry then promptly formed the National Commission on Urbanisation (NCU) in 1985 to study urban issues and recommend strategies of development. It held several workshops, seminars, and consultations before submitting its report. The report of the NCU paved the way for legislative actions, snowballing into the constitutional recognition of ULBs in India. The Joint Parliamentary Committee (JPC) conducted extensive studies of the functioning of municipalities and held discussions with state governments. The proposed Constitution Amendment Bill concerning

urban local government was introduced in parliament in 1989. It was passed by the Lok Sabha, but it was defeated in the Rajya Sabha by a narrow margin of three votes. The Congress (I) Government again in power, introduced the bill in the form of the Constitution (73rd Amendment) Bill on 16th September, 1991. The Bill was passed as the Constitution (74th Amendment) Act, 1992. It came into force on 1st June, 1993. A window of one year was given to the state governments to adopt legislations ensuring conformity with the provisions of the 74th Amendment Act (1992). In effect state municipal laws were amended to incorporate various provisions with regard to the composition and functions of municipal bodies.

In this unit, the focus would be on the constitutional status of urban local government in India. It would delineate the structure, role and responsibilities of urban local government in India, before the passage of the 74th Amendment Act (1992). It would also describe the issues and challenges faced by urban local bodies in India which necessitated a direct intervention by the central government to bestow constitutional recognition on ULBs to ensure uniformity of organization and functional efficiency.

3.3 The Structure of Urban Local Government in India

Prior to the 74th Amendment Act (1992), the statutes of respective states and Union Territories determined the constitution of municipal bodies in India. There were two types of Acts, viz. the Municipal Corporation Act and the Municipal Act which prescribed the structure of ULB in respective states. There has been a deliberative wing consisting of the elected body—headed by the city's Mayor or a Chairman, as the case may be—which had the power to advice or take action in an issue-based manner. On the other hand, there has been an executive wing led by the Municipal Commissioner, normally an officer of the state government. In bigger municipal corporations, the Commissioner is a cadre of the Indian Administrative Service or a senior member of the state civil service. In cities like Mumbai or Delhi, the organization of the municipal corporation comprise the Mayor on top of the system, followed by the Standing Committee, the Commissioner and additional zonal commissioners in charge of various affairs ranging from education to electricity taxes and transfer duty.

On the other hand, smaller municipalities catering to about 120 thousand inhabitants have limited number of departments, limited roles and functions. The departments may range from Public Works, Public Health, and Water Supply, to License, Town Planning, Street Light, and Taxes. The roles and functions may range from ensuring maintenance of civil services and

facilities such as water supply and sewage system, issuing license and permits for shops and businesses, regulating shops and markets, running health services, to the maintenance of land record and properties owned by it.

The Municipal Commissioner, a state-appointed officer, is the head of the executive arm of the Municipality. The Commissioner is vested with executive powers, although the Municipality as a legislative body lays down policies for the governance of the city. The tenure of the Commissioner is fixed by the concerned state government, whereas his/her powers are delineated in the statutes and/or delegated by the corporation or the Standing Committee.

The Mayor in the Municipal Corporation is usually chosen through indirect election by the Ward Councillors from among themselves for a term of one year, which is renewable. The Mayor is generally not vested with executive authority. The Councillors act by the Standing Committee exercising executive, supervisory, financial, and personnel powers. The Standing Committee is composed of elected members. The Mayor-in Council system was introduced in West Bengal in 1984. The system comprises the Mayor and a Council of elected members with individual portfolios. The Municipal Commissioner acts as the Principal Executive Officer and is subject to the control and supervision of the Mayor as the Chief Executive Officer, thereby ensuring adequate checks and balances.

In India, a city is divided into wards. All the wards of a city form a Ward Committee, comprising elected Councillors. The Ward Committee is subject to general supervision of the Mayor-in-Council. It looks after the functioning of water supply, drainage, collection and removal of solid waste, disinfection and health services, housing services, lighting, repair and maintenance of roads, parks, and drains. Article 243S of the Constitution of India provided for the constitution and composition of Wards Committees, etc. (2007: 141).

There may also be a Directorate of Municipal Administration headed by the Director Local Bodies. Normally, the Municipal Commissioner is a senior officer than the Director Local Bodies, thereby placing him/her directly under the control of the concerned state government. However, as noted by Maheshwari (1971), the control of the state government over ULBs has often degenerated into spasmodic, intermittent bouts, and was often negative, thereby necessitating a uniform system of accountability and intervention.

Citing a variety of reasons for the weakness and ineffectiveness of ULBs in many states which included the failure to hold regular elections, prolonged supersession and inadequate

devolution of powers and functions, the central government introduced the 73rd Amendment Bill(1991) which was enacted as the Constitution (74th Amendment) Act, 1992. The Act introduced political, functional and fiscal empowerment with reservation of seats to women and other weaker sections (243T), the duration of Municipalities, etc. (243U), creation of wards committees (243S),listing municipal functions with the Schedule XII in the constitution, and creation of State Finance Commission (243Y) (2007: 141-143, 144-145, 356). Among these Schedule XII and Article 243Y are discretionary: states have not devolved the functions as per Schedule XII in many cases, but other functions are implemented as per constitutional mandates.

As per the Sixth Report of the Second Administrative Reforms Commission (2007), there were no major changes in the structural and functional elements of ULBs till the 74th Amendment Act (1992), despite rapid urbanization and the consequential increase in the issues and problems of urban areas in India. The powers and functions of these bodies were subject to the discretion of states, which in most cases were apathetic towards city administration. The 74th Amendment Act (1992) brought about a paradigm shift by bestowing constitutional status upon ULBs. The Amendment conforms to the principal of subsidiarity, which stipulates that functions shall be carried out closest to citizens at the smallest unit of governance possible, and delegated upwards only when the Local Unit cannot perform the task. The report of the Second Administrative Reforms Commission (ARC) recommended that the same principle must inform the future reform packages for the ULBs. The constitutional status of the ULBs has ensured permanency to these entities of self-government, bestowing them with the mandate of planning for development and social justice in local areas.

3.4 Role and Responsibilities of Urban Local Government

According to Vaidya (2009), municipal governance in general was not stable in India till the passage of the 74th Amendment Act (1992). Prior to its enactment, the ULBs were either summarily suspended or superseded. Even when they were functioning, their financial status was abject. The National Commission on Urbanization (1985) submitted its report in 1988, advising the rejuvenation of the financial status of ULBs for which three measures were suggested: first, the development of mechanisms for the devolution of funds to ULBs from the state budget; second, the allocation of more finance in the Five-Year Plans; and third, the strengthening of the taxation base of ULBs (Report of National Commission on Urbanisation Vol. VIII, 1988).

The Article 243W of the Constitution of India states the powers, authority, and responsibilities of Municipalities, etc. (2007: 144). It directs the legislature of a state to endow Municipalities with such powers and authority as may be necessary to enable them to function as institutions of self-government. Over the years, however, the assigned functions and revenues of the ULBs have been steadily encroached upon by certain specialized agencies of the state government. These agencies, such as, Infrastructure Boards, and so on, had usurped various responsibilities of municipalities like water supply and sewerage. These agencies often worked without the knowledge or support of the ULBs, and as noted by the report of the Second ARC (2007) contributed to the weakening of the authority of municipal bodies. Consequently, ULBs remained ill-equipped to respond to emerging problems or issues, lacking necessary organizational ability, manpower, and resources. Moreover, to make matters worse, urban areas attracted less attention from politicians and policy-makers due to predominantly rural character of Indian society.

In India, there are multiple agencies operating in similar issue-areas within a definite city which often leads to jurisdictional and technical complications. These include a range of para-municipal agencies as well, such as Development Authority or Improvement Trust, local-level Water and Sanitation Agency, and so on. Functions and responsibilities listed in the Schedule XII have not been transferred to ULBs in most states. The specialized agencies of the state governments and the ULBs at times have overlapping mandates, such as housing and infrastructure development. The agencies often become unaccountable to the local population, as they are not answerable to the ULBs or have more powers than the latter. In effect, a strong need has been felt to devise suitable mechanisms for better coordination at the local level, by treating the ULB as the primary local institution for vertical and horizontal coordination, representing local needs and enjoying popular support. In this regard, the Schedule XII has to be reviewed by the parliament to determine local accountability, and the mandatory—not discretionary—transfer of functions to the ULBs.

3.5 Issues and Challenges necessitating Reforms of Urban Local Bodies

According to the Government of India (2014), urban local government is expected to play many roles, as:

- a) A Regulator, namely the administration of various acts and regulations.

- b) A Provider, that involves providing urban services efficiently and equitably by managing its accounts effectively and efficiently.
- c) An Agent that takes the schemes of higher-level Government to the people. This includes promotion of popular participation.
- d) A Welfare Agency, which provides active assistance to higher level governments in the equitable distribution and delivery.
- e) An Agent of Development, who strives for improvement in the quality of life through the augmentation of infrastructure.

Additionally, ULBs are required to provide various services to the inhabitants of urban areas, and to serve as mechanisms for deepening democratic participation. The demand for standardizing and rationalizing the structure of ULBs led to the enactment of the 74th Amendment Act (1992). Although the Act did not specify the manner of election, tenure or powers of the Mayors of urban local bodies, some states have directly elected mayors, with varying tenure and powers. According to Kumar (2019), the directly elected Mayor is expected to tap the support of bureaucrats by presenting himself as a people's representative of the city. The direct election provides the required legitimacy to the Mayor to interact, demand, and get work executed in the best interest of the city. There is also an obverse view that an empowered executive at the city can be achieved through an indirectly elected Mayor-in-Council system in which the Mayor remains accountable to the council. The Mayor has to form a Council out of the elected Councillors which was to aid and advice the Mayor. In effect, a cyclical system has been established in most states. The Second ARC (2007) noted that the Mayor in the Urban Local Government in most states enjoys primarily a ceremonial status, with the Commissioner, appointed by the State Government, having all the powers. According to Jha (2018), often the Mayor ends up acting as the opposition to the Municipal Commissioner, which is a major issue if the latter is averse to negotiations. Such situations create gridlocks which are difficult to overcome without the direct intervention of the concerned state government.

There are two recommendations in this regard: first, with regard to powers and functions; and second, with regard to tenure. In the first case, it has been recommended that the functions of chairing the Municipal Council and exercising executive authority should be combined in the same functionary, i.e., Chairman or Mayor, while the Municipal Commissioner is to perform the functions delegated to him/her. The selection of the Municipal Commissioner is also

recommended to the authority of the Mayor who is expected to be accountable to the electorate. Secondly, the uniformity of the Mayor's tenure has also been recommended at five years across the country, so as to ensure continuity and accountability. Similarly, according to the Annual Survey of India's City-Systems, ASICS (2016), the tenure of the Municipal Commissioner is also recommended to be fixed for a reasonably fair period. With regard to the role of ULBs in Flagship Programmes of the Government of India, it has been recommended that an excessive reliance on private consultants must be avoided, with an increase in popular participation, and a thorough rejection of common sets of solutions for all cities across India as impractical, therefore, redundant. According to Khan et al. (2018), Flagship Programmes such as the prior Jawaharlal Nehru National Urban Renewal Mission or the current Smart Cities Mission have often eroded the autonomy of ULBs, leading to more direct control of such bodies by the state governments. This is also a trend which has to change, if the future efficacy of ULBs is to be secured.

3.6 Conclusion

The effective governance of urban areas demands institutions of local government that are vibrant and accountable—with sufficient autonomy to be able to respond to the needs and aspirations of the inhabitants of urban areas. Although this has been accepted in theory, in practice there has been a remarkable reluctance to share power in the post-independence era with local bodies, which has directly contributed towards the latter's underdevelopment. Acknowledging these aspects and as a means for redressal, the central government resolved to bestow constitutional recognition upon urban local bodies in India. The 74th Amendment Act (1992) attempted to redress the situation, however, despite the passage of three decades, the real transfer of power to ULBs is still to occur. With remarkable strides in urbanization, cities in India are now experiencing infrastructural and service-oriented crises. To tackle these, the central government is giving a wide berth to the state governments, with the expectation that these would undertake reforms at the level of the ULBs to strengthen its organization and resource base. Just as the constitutional status of ULBs were an issue in the early 1990s, being resolved with the passage of the 74th Amendment Act (1992), the urgent matter now is with regard to further reforms vis-à-vis the roles and responsibilities of ULBs, necessitating further legislative action.

3.7 Summary

This unit has discussed the following:

- Although there is a long history of urban local government in India, there has been inadequate provisions in the Constitution of India with regard to urban local bodies (ULBs).
- The Directive Principles of State Policy (Part IV of the Constitution of India) refer only to village panchayats, whereas, the State List (Entry 5) and the Concurrent List (Entry 20) implicitly refers to the subject of the ULBs.
- In the lack of constitutional recognition, urban local bodies were left to the discretion of the respective states which passed Municipal Acts to legitimise the organisation and functioning of such bodies.
- Various functional problems led to the weakening of the structure and processes of urban local bodies throughout India. There was an urgent need to evolve mechanisms guaranteed by the Constitution to regularize the functioning of ULBs in India.
- Prior to the 74th Amendment Act (1992), the statutes of respective states and Union Territories determined the constitution of municipal bodies in India. There has been a deliberative wing consisting of the elected body headed by the Mayor, and an executive wing led by the Municipal Commissioner.
- The creation of the Ministry of Urban Development (1985) which set up the National Commission on Urbanisation (NCU) in the same year ultimately snowballed into the constitutional recognition of ULBs in India.
- The proposed Constitution Amendment Bill concerning urban local government was introduced in parliament in 1989. The Bill was passed as the Constitution (74th Amendment) Act, 1992. It came into force on 1st June, 1993.
- Although state municipal laws were amended to incorporate various provisions with regard to the composition and functions of municipal bodies, the transfer of powers to municipal bodies has been neglected.
- The 74th Amendment Act (1992) conforms to the principal of subsidiarity, which stipulates that functions shall be carried out closest to citizens at the smallest unit of governance possible, and delegated upwards only when the Local Unit cannot perform the task.
- Article 243S of the Constitution of India provided for the constitution and composition of Wards Committees, etc. Although Article 243W of the Constitution of India states the powers,

authority, and responsibilities of Municipalities, etc. the assigned functions and revenues of the ULBs have been steadily encroached upon by certain specialized agencies of the state government. Consequently, ULBs remained ill-equipped to respond to emerging problems or issues, lacking necessary organizational ability, manpower, and resources.

- The Flagship Programmes of the Government of India have also sometimes eroded the autonomy of ULBs, however, certain recommendations have been put forward to ensure the future efficacy of ULBs and its jurisdictional autonomy vis-à-vis their respective state governments.

3.8 Glossary

Concurrent List: The Concurrent List or List-III is a list of 52 items given in the Schedule Seventh to the Constitution of India.

Constitution (Amendment) Act: An amendment is an addition/alteration made to a constitution or any legal document. In case of the Constitution of India, the parliament may amend the provisions of the Constitution following procedures mentioned in Article 368.

Nagarpalika: Municipality with its own local council and officials in India.

Principle of Subsidiarity: The Principle stipulates that the functions shall be carried out closest to citizens at the smallest unit of governance possible, and delegated upwards only when the Local Unit cannot perform the task.

State List: The State List or List-II is a list of 61 items. Initially there were 66 items in the list in Schedule Seven to the Constitution of India.

Urban Local Government: an institution of governance in a statutory urban setting, demarcated by a definite area and population, which may deliberate, regulate, and implement decisions on subject matters entrusted to it by the Constitution.

3.9 Model Questions

Long Answer Type

1. Discuss the process of granting constitutional status to urban local government in India, with special reference to the 74th Amendment Act (1992).
2. What has been the role of the National Commission on Urbanization (1985) toward the grant of constitutional status to urban local bodies in India?
3. What are the ways in which ULBs in India were structured prior to the enactment of the 74th Amendment Act (1992)? What was the function of the Mayor-in-Council?

4. What were the types of empowerment introduced by the 74th Amendment Act (1992) for city dwellers in India? What are the major issues and challenges faced by ULBs in India? Are administrative reforms vis-à-vis ULBs necessary?

Short Answer Type

1. Discuss briefly the politics through which the Nagarpalika Bill (1989) become the Constitution (74th Amendment) Act, 1992?

2. What were the reasons behind the establishment of the National Commission on Urbanization?

3. Discuss the relationship between the Mayor and the Municipal Commissioner as the state-appointed officer of the Municipality.

4. What were the recommendations of the Second Administrative Reforms Commission (2007) with regard to the principle of subsidiarity followed by urban local bodies in India?

5. According to the Government of India (2014), what are the roles that ULBs are expected to play, and what are the services that they are expected to deliver?

6. What are the recommendations by various experts vis-à-vis diminishing the tussle between the office of the Mayor and the office of the Municipal Commissioner in India?

3.10 References

“Second Administrative Reforms Commission (6th Report), Local Governance,” (New Delhi: Government of India, 2007). URL:

https://www.darpg.gov.in/sites/default/files/local_governance6.pdf.

Annual Survey of India's City-Systems (Bengaluru: Janaagraha, 2016).

Government of India Statistical Yearbook (New Delhi: Ministry of Statistics and Plan Implementation, 2014).

Jha, R., “Strengthening Municipal Leadership in India: The Potential of Directly Elected Mayors with Executive Powers,” *ORF*, Occasional Paper No. 168 (2018).

Khan, S., Taraporevala, P. & Zerah, M. H., “Mission Impossible: Defining Indian Smart Cities,” *Economic & Political Weekly—Review of Urban Affairs*, (2018), 53(49).

Kumar, N., “Directly Elected Mayors: A Step towards Democratic Urban Governance,” *Economic & Political Weekly*, (2019) 54(46).

Maheshwari, S. R., *Local Government in India* (Bombay: Orient Longman, 1971).

The Constitution of India (New Delhi: Ministry of Law and Justice, Government of India, 2007).

UNIT IV

74th CONSTITUTIONAL AMENDMENT ACT: FEATURES

Structure

- 4.1 Learning Objectives
- 4.2 Introduction
- 4.3 The Constitution and Composition of Municipalities and Ward Committees
- 4.4 Powers, Authority, and Responsibilities of Municipalities
- 4.5 Elections, Finances, and the Committees for District and Metropolitan Planning
- 4.6 Conclusion
- 4.7 Summary
- 4.8 Glossary
- 4.9 Model Questions
- 4.10 References

4.1 Learning Objectives

After studying this unit, you are expected to:

- Identify the necessities of the Constitution (74th Amendment) Act, 1992.
- Identify and analyse the features and provisions of the Constitution (74th Amendment) Act, 1992.
- Understand various aspects of municipal finances and district/metropolitan planning as functional domains of Urban Local Government in India.

4.2 Introduction

Prior to the enactment of the Constitution (74th Amendment) Act, 1992, in the lack of constitutional recognition, urban local bodies (ULBs) were left to the discretion of the states which comprise the Indian Union. These states had passed Municipal Acts to legitimise the organisation and functioning of such bodies. But, irregular elections to these bodies, indefinite and frequent suspensions, inadequate devolution of powers and resources led to the weakening of the structure and processes of urban local bodies throughout India. There was an urgent need to evolve mechanisms guaranteed by the Constitution, in terms of defining and improving the relationship between ULG and state governments, to demarcate its functions and sources of

revenue, and to ensure regular elections and participation of members in planning and implementation of various development schemes and projects, not least, the representation of all sections of the society through reservation of minimum seats for vulnerable sections.

The year 1985 saw the beginning of urban reforms in India with the creation of the Ministry of Urban Development by the Government of India. The Ministry then promptly formed the National Commission on Urbanisation (NCU) in 1985 to study urban issues and recommend strategies of development. It held several workshops, seminars, and consultations before submitting its report. The report of the NCU paved the way for legislative actions, snowballing into the constitutional recognition of ULBs in India. The Joint Parliamentary Committee (JPC) conducted extensive studies of the functioning of municipalities and held discussions with state governments. The proposed Constitution Amendment Bill concerning urban local government was introduced in parliament in 1989. It was passed by the Lok Sabha, but it was defeated in the Rajya Sabha by a narrow margin of three votes. The Congress (I) Government again in power, introduced the bill in the form of the Constitution (73rd Amendment) Bill on 16th September, 1991. The Bill was passed as the Constitution (74th Amendment) Act, 1992. It came into force on 1st June, 1993. A window of one year was given to the state governments to adopt legislations ensuring conformity with the provisions of the 74th Amendment Act (1992). In effect state municipal laws were amended to incorporate various provisions with regard to the composition and functions of municipal bodies.

The present unit will deal with the features and provisions of the Constitution (74th Amendment) Act, 1992. It will be divided into three sections based on the provisions of the 74th Amendment Act (1992: 1-6): first, on the constitution, composition and duration of municipalities and ward committees, with special emphasis on reservation of seats; second, on the powers, authority, and responsibilities of municipalities; and third, on municipal elections, finances, audit, and committees for district and metropolitan planning.

4.3 The Constitution and Composition of Municipalities and Ward Committees

As the 74th Amendment Act (1992) came into effect on 1st June, 1993, a new section was inserted in the Constitution of India, viz. Part IXA relating to the Municipalities (Articles 243P through 243ZG) (2007: 139-149) along with the Schedule XII which defines the functions in respect of which schemes for economic development and social justice are to be implemented by the municipalities vide Article 243W of the Constitution of India. According to the 74th Amendment

Act, the state government is required to constitute either of the three types of municipalities depending upon the population/population density, size of area, revenue generated for local bodies, percentage of employment/dependence on agricultural or non-agricultural activities, vide Art. 243Q of the Constitution of India:

- a. Nagar Panchayats for transitional areas, i.e., transition from rural to urban areas. These areas are neither purely rural nor purely urban with regard to their social, economic, and cultural aspects. It must have a population that is less than 25 per cent dependent upon agriculture and/or exhibiting rural socio-cultural norms, or remaining on industrial and service-sector employment.
- b. Municipal Council for a smaller urban area.
- c. Municipal Corporation for a larger urban area.

The Act does not include areas demarcated as military cantonments and/or Industrial Townships. As demographic and other factors—on which the constitution of these bodies is based—varies from state to state, the respective state legislatures frame their own laws to declare the form of Urban Local Government for any particular area.

The state governments, vide Art. 243R (1), are responsible for holding direct elections for the Ward Councillors. The number of Councillors is also fixed by the state government. Direct election of Ward Councillors enable the realization of grassroots democracy. Along with directly elected Ward Councillors, persons with special knowledge or expertise can be nominated to the municipalities, vide Art. 243R (2ai) of the Constitution of India. This can channelize their expertise towards the betterment of the community, although such individuals cannot vote in local bodies. Moreover, any elected member of the Lok Sabha or the state legislative assembly residing in the area of a particular municipality is also its ex-officio member. This provision boosts the resource base of the local body, as such elected Members of Parliament or State Legislative Assembly often serve as interfaces between the local and state/Union administration. Vide Art. 243S, all Chairpersons of the Committees constituted as per Clause 5 are the members of the respective ULB. Various ward committees are constituted in such a way that their Chairpersons would, in theory, ensure realistic plan formulation and implementation, keeping the links between ULBs and state/central government intact.

The state governments are also required to evolve the process of elections of the Chairpersons of ULBs, not least, decide on matters relating to disqualification of any member of

the municipality, vide Art. 243V (2). The state governments have been directed by the 74th Amendment Act (1992) to constitute and decide upon the composition of Wards Committees in all municipalities having a population of more than three lakhs (Art. 243S). The Ward Committees serve as the bridge between ULBs and the citizens, providing a space for their active participation local-level planning. These committees prepare and submit ward development schemes for allotment of funds, ensure proper utilization of allotted funds, oversee maintenance of public utilities safeguarding the assets of the municipal corporation.

All the aforementioned mandates of the state governments are to be carried out with due obeisance to reservation policies of the Government of India. In order to ensure adequate representation to Scheduled Castes, Scheduled Tribes and women, seats have been reserved in urban local bodies, vide Article 243T (2007: 141-142). The proportion of seats reserved for SC/ST candidates to the total member of seats is nearly same as the proportion of the population of SC/ST in the municipal area, with a minimum one-third of the total member of seats reserved for SC/ST being reserved for women belonging to SC/ST communities. These mandatory provision is applicable only on directly elected members. The state governments may decide reservation criteria to the offices of Chairpersons in case of SC/ST and women candidates. It has the optional power for reservation of member for seats with regard to Backward Classes as Members or Chairpersons of Municipalities.

In order to bring uniformity, the term for each Municipality has been fixed for five years from the date appointed for its first meeting, vide Art. 243U. State governments, through the office of Chief Election Commission, are responsible for conducting elections before the expiration of the duration of the municipality. It has no power to supersede/suspend the ULBs but, may dissolve any municipality. In this regard, a reasonable opportunity must be provided to the concerned municipality, before its dissolution. In case of dissolution, elections have to be conducted within six months from the date of dissolution. As per the provisions of the Act, the municipality constituted owing to dissolution of the previous will be in office only for the remaining duration of the term.

4.4 Powers, Authority, and Responsibilities of Municipalities

Urban local government functions on the basis of the principle of decentralization of powers which demands a balanced sharing of authority between the state and Urban Local Governments to make municipalities truly a unit of local self-government, enabling them to administer their

respective areas, as well as to ensure democracy at the grassroots. As per the 74th Amendment Act (1992: 3), state governments are to bestow requisite powers and authority so as to enable ULBs to prepare plans for bringing economic development and ensuring social justice to carry out their functions and responsibilities conferred upon them including those in relation to the matters listed in Schedule XII. Also, to implement various schemes, projects and programmes, etc. Under Art. 243W there are 18 Schedule XII functions (2007: 356) entrusted to municipalities in India: urban planning including town planning; regulation of land use including construction of buildings; planning for economic and social development; provisions for roads and bridges; water supply for domestic, industrial and commercial purposes; public health, sanitation conservancy and solid waste management; maintaining fire services; urban forestry, protection of the environment and promotion of ecological aspects; safeguarding the interests of the weaker sections of the society including the handicapped and mentally retarded; slum improvement and up gradation; urban poverty alleviation; provision of urban amenities and facilities such as parks, gardens and playgrounds; promotion of cultural, educational and aesthetic aspects; burials and burial grounds and cremations, cremation grounds and electronic crematoriums; cattle pounds and prevention of cruelty to animals; vital statistics including registration of births and deaths; public amenities including street lighting, bus stops, parking lots and public conveniences; and finally, regulation of slaughter houses and tanneries.

Apart from these powers, municipalities in India can be entrusted with other functions by acts of legislature in order to bring about a qualitative change in the standard of living and to ensure overall sustainable development.

4.5 Elections, Finances, and the Committees for District and Metropolitan Planning

The State Election Commission constituted under article 243K of Part IX of the Indian Constitution has been vested with the power to superintend, direct, and control the preparation of electoral rolls for the smooth, free and fair elections to the municipalities. This function has been entrusted under Article 243ZA of the Constitution of India (2007: 145). Apart from elections, for the transparent execution of the Schedule XII functions, it is essential to provide municipalities with adequate financial resources, which is ensured by Art. 243X. The state legislature can authorize the municipalities within its domain to levy, collect and appropriate taxes, duties, tolls, and fees. It may also assign taxes and duties collected by the state government to municipalities,

and grants-in-aid from the Consolidated Fund of the state. It also provides for constitution of funds by the municipalities for crediting and withdrawal of monetary funds.

The Finance Commission constituted under Art. 243Y (2007: 144-145) for reviewing the financial position of Panchayati Raj Institutions has also been assigned the task of reviewing the financial position of municipalities. It makes recommendations:

- a. for distributing between the state and municipalities the netproceeds of taxes, duties, tolls and fees, which are leviable by the state government;
- b. for allocation of share of such proceeds between municipalities at all levels in the state;
- c. to determine the taxes, duties, tolls and fees to be assigned or appropriated by the municipalities;
- d. for grants-in-aid to municipalities from Consolidated Fund of State; and
- e. for measures needed to improve the financial position of municipalities.

Moreover, the maintenance of accounts of municipalities and their audit under Art. 243Z is to be done as per the provisions of the respective state law. The State Legislatures can make provisions for this purpose as per the local needs and available institutional framework. Further, to bring about coordination and cohesiveness between different governing bodies like Panchayats Raj Institutions (PRIs) and Municipalities, comprehensive planning mechanisms had to be evolved. To fulfil this aim, provision for the constitution of Planning Committee at the District Level has been incorporated in 74th Amendment Act (1992: 4-5) under Art. 243ZD for the consolidation of plans of PRIs and Municipalities so as to ensure overall development of the district. As per the Act, four-fifth of the total number of the members of Planning Committee must be elected from among the directly elected members of PRIs and Municipalities and their representation should be in proportion to the ratio of rural and urban population in the district. The District Planning Committee is to prepare plans giving due regard to the common interest between panchayats and municipalities including spatial planning, sharing of water, other physical and natural resources, integrated development of infrastructure and environmental conservation, as well as the extent and type of available financial and other resources. The draft plans are to be forwarded by the Chairperson of the Committee to the state government for approval.

Vide Art. 243ZE (2007: 147-148), there exists a provision for constituting a Metropolitan Planning Committee for the areas designated as Metropolitan with the size of population of 10

lakhs and above. The purpose is to prepare a consolidated and comprehensive plan for the Metropolitan area as a whole. As per the 74th Amendment Act, two-thirds of the total member of its members must be selected from among the directly elected members of Municipalities and their representation should be in proportion to the ratio of rural and urban population in that area. To ensure better planning and close cooperation and coordination between Union, State and Local government, provisions have been made to have representation of various Union and State level Committees, organisations and institutions, if deemed necessary. The Metropolitan Planning Committee is to prepare the draft plans giving due regard to the draft development plans prepared by panchayats and municipalities of the area, common interest between panchayats and municipalities including co-ordinated spatial planning, sharing of water, other physical and natural resources, integrated development of infrastructure and environment conservation, the extent and type of investments likely to be made by the Union and State government and type of available financial and other resources. The draft plan has to be prepared keeping in view the overall objectives and priorities set by both the Union and State Governments.

The draft plans are to be forwarded by the Chairperson of the Committee to the State Government. Vide Art. 243ZC (2007: 146), nothing in Part IXA shall apply to Scheduled areas and Tribal areas as referred to in the Art. 244 of the Constitution. However, the Parliament may by law, extend the provisions of the Part IXA to these areas, subject to such exceptions and modifications as may be specified in that law. The Ministry of Urban Development undertook necessary steps to ensure that the provisions of State Municipal Laws were brought in conformity with the provisions of the 74th Amendment Act (1992: 6). It was fixed that 31st May, 1994 would be the target date for bringing about conformity between the state laws and the provisions of the 74th Amendment Act. This was achieved through various measures undertaken by the Ministry of Urban Development including organising seminars, meetings, and through frequent correspondence with the state-level stakeholders.

4.6 Conclusion

Before the 74th Amendment Act, Municipalities were classified under ‘Local or Other Authorities’ under Art. 12 of the Constitution of India (2007: 6). Through a Constitution Amendment Bill of 2016 an Institution of Self-Government status for municipalities had been sought to widen the ambit of the definition of the ‘State’ under Art. 12 of the Indian Constitution.

Various governmental reports and research studies reveal that only marginal changes, which were mandatory have been carried out, while the real purpose of the Act stands defeated because of the state-sponsored specialized agencies are now performing most of the functions of ULBs. Functions assigned as per Art. 243W are discretionary in nature and fiscal powers are assigned as per Art. 243X are also discretionary. Even, mandatory clauses of Articles 243D and 243ZE are not implemented in its letter and spirit. In this regard, it is imperative for the states to curb the mandates of specialized agencies that are extra-constitutional in nature, thereby providing adequate freedom to ULBs to act independently in order to function as autonomous bodies at the grassroots level. The ULBs must be involved more into the planning, regulation, slum development and water supply and sanitation functions, as it is empowered with the District Planning Committee and Metropolitan Planning Committee. State Finance Commissions has to be constituted in a timely manner and their recommendations be implemented so as to strengthen the fiscal base of the ULBs, keeping in mind that local fiscal autonomy is inversely related to local dependency. To realise the true potential of the 74th Amendment Act, there is an urgent need now to create an efficient and reliable administration with coordination between elected and state appointed functionaries; to intensify and improve the local governance with more involvement of elected representatives; and finally, to enhance accountability and responsiveness with the improved capacity of the local people to participate in the decision-making process, especially vis-à-vis service delivery with enhanced motivation.

4.7 Summary

This unit has discussed the following:

- Prior to the enactment of the Constitution (74th Amendment) Act, 1992, urban local bodies (ULBs) were left to the discretion of the states which comprise the Indian Union. These states had passed Municipal Acts to legitimise the organisation and functioning of such bodies.
- The creation of the Ministry of Urban Development (1985) which set up the National Commission on Urbanisation (NCU) in the same year ultimately snowballed into the constitutional recognition of ULBs in India.
- The proposed Constitution Amendment Bill concerning urban local government was introduced in parliament in 1989. The Bill was passed as the Constitution (74th Amendment) Act, 1992.

- As the 74th Amendment Act (1992) came into effect on June 1, 1993, a new section was inserted in the Constitution of India, viz. Part IXA relating to the Municipalities (Articles 243P through 243ZG) along with the Schedule XII.
- According to the 74th Amendment Act, the state government is required to constitute either of the three types of municipalities depending upon the population/population density, size of area, etc. These are Nagar Panchayats, Municipal Council, and Municipal Corporation.
- The state governments, vide Art. 243R (1), are responsible for holding direct elections for the Ward Councillors. The state governments are also required to evolve the process of elections of the Chairpersons of ULBs, and decide on matters relating to disqualification of any member of the municipality, vide Art. 243V (2).
- In order to ensure adequate representation to Scheduled Castes, Scheduled Tribes and women, seats have been reserved in urban local bodies, vide Article 243T. In order to bring uniformity, the term for each Municipality has been fixed for five years from the date appointed for its first meeting, vide Art. 243U.
- Under Art. 243W there are 18 Schedule XII functions entrusted to municipalities in India. Apart from these powers, municipalities in India can be entrusted with other functions by acts of legislature.
- The State Election Commission constituted under article 243K of Part IX of the Indian Constitution conducts elections to the municipalities. Vide Art. 243X, the state legislature can authorize the municipalities within its domain to levy, collect and appropriate taxes, duties, tolls, and fees.
- The Finance Commission constituted under Art. 243Y (2007: 144-145) for reviewing the financial position of Panchayati Raj Institutions has also been assigned the task of reviewing the financial position of municipalities. The maintenance of accounts of municipalities and their audit under Art. 243Z is to be done as per the provisions of the respective state law.
- Planning Committee at the District Level has been incorporated in 74th Amendment Act under Art. 243ZD for the consolidation of plans of PRIs and Municipalities so as to ensure overall development of the district. Vide Art. 243ZE, there exists a provision for constituting a Metropolitan Planning Committee for the areas designated as Metropolitan with the size of population of 10 lakhs and above.

- The Ministry of Urban Development undertook necessary steps to ensure that the provisions of State Municipal Laws were brought in conformity with the provisions of the 74th Amendment Act by 31st May, 1994. This was achieved through various measures undertaken by the Ministry of Urban Development.

4.8 Glossary

Conformity of Legislation: to ensure that state laws conform to union laws so that one does not clash with the other, in which case the law of the union or federation will prevail.

Constitution (Amendment) Act: An amendment is an addition/alteration made to a constitution or any legal document. In case of the Constitution of India, the parliament may amend the provisions of the Constitution following procedures mentioned in Article 368.

Decentralization: the transfer of control of an activity or organization to several local offices or authorities rather than a single, centralized one.

Nagar Panchayat: Town Council or Notified Area Council in India.

Urban Local Government: an institution of governance in a statutory urban setting, demarcated by a definite area and population, which may deliberate, regulate, and implement decisions on subject matters entrusted to it by the Constitution.

4.9 Model Questions

Long Answer Type

1. What was the state of Urban Local Bodies prior to the enactment of the 74th Amendment Act (1992)? Discuss in details.
2. What are the provisions of the 74th Amendment Act with regard to the constitution and composition of municipalities and Ward Committees?
3. What are the provisions of the 74th Amendment Act with regard to the powers, authority, and responsibilities of Municipalities in India?
4. Discuss the provisions of the 74th Amendment Act with regard to the composition of Municipal Finance Commission, District Planning Committee, and Metropolitan Planning Committee.

Short Answer Type

1. Discuss the difference between Nagar Panchayats, Municipal Council, and Municipal Corporation in India.

2. Discuss the provisions for setting up Wards Committees, etc., as enshrined in Art. 243S of the Constitution of India.
3. Discuss the reservation policies of the Government of India with regard to institutions of Urban Local Government.
4. Mention six Schedule XII functions that municipalities are required to carry out in India.
5. Discuss the process of constituting Municipal Finance Commission under Art. 243Y of the Constitution of India.
6. What are the provisions for setting up Metropolitan Planning Committee as per Art. 243ZE of the Constitution of India?

4.10 Reference

The Constitution of India (New Delhi: Ministry of Law and Justice, Government of India, 2007).
“The Constitution (74th Amendment) Act, 1992,” (New Delhi: Government of India, 1993).
URL:https://www.education.gov.in/sites/upload_files/mhrd/files/upload_document/74amend.pdf

UNIT V

IMPLICATIONS OF THE 74th CONSTITUTIONAL AMENDMENT ACT

Structure

5.1 Learning Objectives

5.2	Introduction
5.3	Salient Features of the Constitution (74 th Amendment) Act, 1992
5.4	Implications of the Constitution (74 th Amendment) Act, 1992
5.5	Criticisms of the Procedural Aspects vis-à-vis the Enactment of the Amendment Bill
5.6	Conclusion
5.7	Summary
5.8	Glossary
5.9	Model Questions
5.10	References

5.1 Learning Objectives

After studying this unit, you are expected to:

- Be aware of the salient features of the Constitution (74th Amendment) Act, 1992.
- Identify and analyse the various implications of the features and provisions of the Constitution (74th Amendment) Act, 1992 vis-à-vis Urban Local Government in India.
- Understand the criticisms levied against the procedural aspects of the Constitution (73rd Amendment) Bill, 1991, which became the Constitution (74th Amendment) Act (1992).

5.2 Introduction

The year 1985 saw the beginning of urban reforms in India with the creation of the Ministry of Urban Development by the Government of India. The Ministry then promptly formed the National Commission on Urbanisation (NCU) in 1985 to study urban issues and recommend strategies of development. It held several workshops, seminars, and consultations before submitting its report. The report of the NCU paved the way for legislative actions, snowballing into the constitutional recognition of ULBs in India. The Joint Parliamentary Committee (JPC) conducted extensive studies of the functioning of municipalities and held discussions with state governments. The proposed Constitution Amendment Bill concerning urban local government was introduced in parliament in 1989. It was passed by the Lok Sabha, but it was defeated in the Rajya Sabha by a narrow margin of three votes. The Congress (I) Government again in power, introduced the bill in the form of the Constitution (73rd Amendment) Bill on 16th September,

1991. The Bill was passed as the Constitution (74th Amendment) Act, 1992. It came into force on 1st June, 1993. A window of one year was given to the state governments to adopt legislations ensuring conformity with the provisions of the 74th Amendment Act (1992). In effect state municipal laws were amended to incorporate various provisions with regard to the composition and functions of municipal bodies.

As the 74th Amendment Act (1992) came into effect on 1st June, 1993, a new section was inserted in the Constitution of India, viz. Part IXA relating to the Municipalities (Articles 243P through 243ZG) (2007: 139-149) along with the Schedule XII which defines the functions in respect of which schemes for economic development and social justice are to be implemented by the municipalities vide Article 243W of the Constitution of India.

The present unit will deal with the implications of the features and provisions of the Constitution (74th Amendment) Act, 1992 vis-à-vis Urban Local Government in India. It would first provide the salient features of the Act to setup a context for evaluating the implications thereof, providing also the list of functions that the Act bestows upon Municipalities that comprise the Schedule XII of the Constitution of India. The provisions with regard to the constitution of finance commission to review the financial position of Municipalities will also be mentioned. Only then will the implications and criticisms of the Act follow.

5.3 Salient Features of the Constitution (74th Amendment) Act, 1992

The Constitution (73rd Amendment) Bill that was passed as the Constitution (74th Amendment) Act in 1992 provided for the following, according to Sachdeva (2011):

1. Three categories of nagarpalikas: Nagar Panchayats for transitional areas, that is areas in transition from rural to urban, with a population between 10,000 and 20,000; municipal councils for urban areas with a population between 20,000 and three lakhs; municipal corporations with a population exceeding three lakhs.
2. Wards committees in nagarpalikas with a population of 100,000, and zonal committees in territorial areas of municipal corporations as an intermediate level between the ward committees and the municipal corporations.
3. Direct elections of nagarpalikas and ward committees, and constitution of zonal committees by the chairpersons of the wards committees comprised within the territorial areas of the zonal committees; representation of chairpersons for Ward Committees in municipal councils and of chairpersons of zonal committees in municipal corporations.

4. Reservations in nagarpalikas and wards committees for the scheduled castes and the scheduled tribes in proportion of their population, and 30 per cent reservation for women.
5. A fixed tenure of five years for nagarpalikas including the nagar panchayats and ward committees, and in the event of their dissolution the holding of elections within six months.
6. A committee at the district level for harmonizing and consolidating the plans of panchayats and nagarpalikas in the district and preparing a draft development plan for the district as a whole, and its elections from among the members of the panchayats and nagarpalikas in the district in proportion to the ratio of the population covered by them.
7. Sound finances by securing authorization from state legislatures for grants-in-aids from the consolidated fund of the state as also assignment to or appropriation by nagarpalikas of the revenue of designated taxes, duties, tolls and fees.
8. A finance commission to review the finances of the nagarpalikas, and recommend principles on the basis of which their soundness could be secured.
9. Superintendence, direction and control of elections to the nagarpalikas, including nagar panchayats and other elected committees by the Election Commission.
10. The Comptroller and Auditor General of India to cause the accounts of the nagarpalikas, ward committees, and zonal committees to be audited in such manner as he may deem fit.
11. Factors that would disqualify a person from membership.
12. The governor's decision on the question of disqualification, which he would take after obtaining the opinion of the Election Commission, to be treated as final.
13. Barring of the jurisdiction of the courts in matters relating to elections.

For Sachdeva (2011), the bill had been hailed as historic, revolutionary, and momentous. The government had assured that it would try to remove all the difficulties that it might encounter in its implementation. The Bill was passed by the Lok Sabha but it failed to get the support of two-thirds majority in Rajya Sabha—it was defeated by a narrow margin of three votes only—and therefore could not become a statute. The Congress (I) government was replaced by the National Front government as a sequence of general elections held in November, 1989. The new government, under the stewardship of Shri V.P. Singh, was committed to strengthen the local governments, both urban and rural, and to bring a new legislation in the nearfuture to recast, restructure, revamp, and revitalize them in a much improved form. This was

to be done by incorporating the provisions of the defeated legislation with a view to remove the deficiencies inherent in the structure, organization, and functioning of urban local governments, and to ensure their rehabilitation as instruments of genuine democracy at the grassroots level and agencies for provision of basic civic amenities, development, and welfare of the people living in the towns and cities. But the National Front government could not honour its commitment to the people by introducing the promised legislation for due to its preoccupation with other complex problems demanding its immediate and urgent attention, and the eclipse of its rule within a short span of eleven months. The Janta Dal government under the prime ministership of Shri Chander Shekher would survive only four months.

The bill aimed at rectifying the defects, deficiencies, and inadequacies in the structure and organization of urban local governments and at revitalizing and strengthening them. For Sachdeva (2011), the government had introduced the Nagarpalika Bill as the Constitution (65th Amendment) Bill in the Parliament, which was highly commended on account of its strong points. These were:

1. The setting up of three types of nagarpalikas—the nagar panchayats for transitional areas, municipal councils, and municipal corporations for urban areas. The nagar panchayats are meant for areas in transition from rural to urban with a population between 10,000 and 20,000, the municipal council for urban areas with a population between 20,000 and three lakhs, and municipal corporations for urban areas with a population exceeding three lakhs.
2. Setting up ward committees and zonal committees to enable the local bodies become the training ground for democratic institutions in the country.
3. Apart from giving power to the people, placing responsibility on them at various levels so that a new leadership emerges.
4. Empowering the state election commission to hold the elections in order to see that periodical elections of local bodies are free and fair.
5. Reserving thirty percent of the seats for women and for the scheduled castes and scheduled tribes in proportion to their population in the areas concerned.
6. Appointing a state finance commission to look into the needs of local bodies, and empowering the Comptroller and Auditor General to audit the accounts to provide a safety valve to the people against the misuse of funds.

7. Banning the jurisdiction of the courts in matters relating to the elections to urban local bodies.
8. Above all, granting the ULBs constitutional status by amending the constitution.

These provisions were expected to strengthen democracy right from the grassroots level and enable the people to shape their own destinies.

5.3.1 The Schedule XII Functions

As per the 74th Amendment Act (1992: 3), state governments are to bestow requisite powers and authority so as to enable ULBs to prepare plans for bringing economic development and ensuring social justice to carry out their functions and responsibilities conferred upon them including those in relation to the matters listed in Schedule XII. Also, to implement various schemes, projects and programmes, etc. Under Art. 243W there are 18 Schedule XII functions (2007: 356) entrusted to municipalities in India:

1. Urban planning including town planning.
2. Regulation of land-use and construction of buildings.
3. Planning for economic and social development.
4. Roads and bridges.
5. Water supply for domestic, industrial and commercial purposes.
6. Public health, sanitation, conservancy and solid waste management.
7. Fire services.
8. Urban forestry, protection of the environment and promotion of ecological aspects.
9. Safeguarding the interests of weaker sections of society including the handicapped and mentally retarded.
10. Slum improvement and up-gradation.
11. Urban poverty alleviation.
12. Provision of urban amenities and facilities such as parks, gardens, playgrounds.
13. Promotion of cultural, educational and aesthetic aspects.
14. Burials and burial grounds; cremations, cremation grounds and electric crematoriums.
15. Cattle pounds; prevention of cruelty to animals.
16. Vital statistics including registration of births and deaths.
17. Public amenities including street lighting, parking lots, bus stops and public conveniences.

18. Regulation of slaughter houses and tanneries.

Apart from these powers, municipalities in India can be entrusted with other functions by acts of legislature in order to bring about a qualitative change in the standard of living and to ensure overall sustainable development.

5.3.2 Article 243I: Constitution of Finance Commission to Review Financial Position

According to Clause 1 of this Article (2007: 134-135):

1. The Governor of a State shall, as soon as may be within one year from the commencement of the Constitution (73rd Amendment) Act, 1992, and thereafter at the expiration of every fifth year, constitute a Finance Commission to review the financial position of the Panchayats and to make recommendations to the Governor as to—
 - a. the principles which should govern—
 - i. the distribution between the State and the Panchayats of the net proceeds of the taxes, duties, tolls and fees leviable by the State, which may be divided between them under this Part and the allocation between the Panchayats at all levels of their respective shares of such proceeds;
 - ii. the determination of taxes, duties, tolls and fees which may be assigned to, or appropriated by, the Panchayats;
 - iii. the grants-in-aid to the Panchayats from the Consolidated Fund of the State;
 - b. the measures needed to improve the financial position of the Panchayats;
 - c. any other matter referred to the Finance Commission by the Governor in the interests of sound finance of the Panchayats.

Interestingly, the above extract of Article 243I existed in Clause 2 of the Constitution (73rd Amendment) Act, 1992, which was referred to in the Constitution (74th Amendment) Act, 1992.

5.4 Implications of the Constitution (74th Amendment) Act, 1992

The Ministry of Urban Development undertook necessary steps to ensure that the provisions of State Municipal Laws were brought in conformity with the provisions of the 74th Amendment Act (1992: 6). It was fixed that 31st May, 1994 would be the target date for bringing about conformity between the state laws and the provisions of the 74th Amendment Act. This was achieved through various measures undertaken by the Ministry of Urban Development including

organising seminars, meetings, and through frequent correspondence with the state-level stakeholders.

Although it has been stated by the Ministry of Urban Development that the states have brought in the necessary amendments in their respective Municipal Laws to ensure conformity with the 74th Amendment Act, for Aizaz (2007), various State Government Reports reveals some of the provisions particularly with regard to constitution of Ward Committees, District Planning Committees etc. have not been implemented in reality. Before the 74th Amendment Act, Municipalities were classified under 'Local or Other Authorities' under Art. 12 of the Constitution of India (2007: 6). Through a Constitution Amendment Bill of 2016 an Institution of Self-Government status for municipalities had been sought to widen the ambit of the definition of the 'State' under Art. 12 of the Indian Constitution.

Various governmental reports and research studies reveal that only marginal changes, which were mandatory have been carried out, while the real purpose of the Act stands defeated because of the state-sponsored specialized agencies are now performing most of the functions of ULBs. Functions assigned as per Art. 243W are discretionary in nature and fiscal powers are assigned as per Art. 243X are also discretionary. Even, mandatory clauses of Articles 243D and 243ZE are not implemented in its letter and spirit. In this regard, it is imperative for the states to curb the mandates of specialized agencies that are extra-constitutional in nature, thereby providing adequate freedom to ULBs to act independently in order to function as autonomous bodies at the grassroots level. The ULBs must be involved more into the planning, regulation, slum development and water supply and sanitation functions, as it is empowered with the District Planning Committee and Metropolitan Planning Committee. State Finance Commissions has to be constituted in a timely manner and their recommendations be implemented so as to strengthen the fiscal base of the ULBs, keeping in mind that local fiscal autonomy is inversely related to local dependency. To realise the true potential of the 74th Amendment Act, there is an urgent need now to create an efficient and reliable administration with coordination between elected and state appointed functionaries; to intensify and improve the local governance with more involvement of elected representatives; and finally, to enhance accountability and responsiveness with the improved capacity of the local people to participate in the decision-making process, especially vis-à-vis service delivery with enhanced motivation.

However, for Sachdeva (2011), the issues requiring in-depth study, discussions, deliberations, and decisions were the need for the constitutional recognition of local bodies and the need for clear statutory delineation of the powers, functions, and resources of urban bodies. It is in this regard that the 74th Amendment Act has had the greatest impact, providing answers to questions ranging from, what should the criteria for the constitution of different types of local authorities be—population, non-rural character of population, density of population, income or combination of all these—should there be a reclassification of municipal bodies. To questions pertaining to who should conduct the elections to municipal bodies, the Election Commission or the state government, and who should bear the expenses.

5.5 Criticisms of the Procedural Aspects vis-à-vis the Enactment of the Amendment Bill

For Sachdeva (2011), the provisions of the Constitution (73rd Amendment) Bill, 1991, which became the Constitution (74th Amendment) Act (1992) are by and large exceptional, as they fulfil the long-standing need of the urban local bodies to revamp and thus enable them to serve as efficient instruments—exercising the inherent democratic right of the people to govern themselves, and providing civic amenities to them. But the Bill has been criticized for its following procedural weaknesses:

1. Political parties and people were not consulted at least till the establishment of the Inter-state Council in 1990.
2. Boycotting of Chief Ministers' Conference by the Chief Ministers of Non-Congress Governments who felt that the Bill was a potentially dangerous idea aimed at undermining the federal structure of the constitution by breaking it into districts and nagarpalikas owing direct allegiance to the Centre.
3. The timing of the introduction of the Bill and suspects on Sponsors' motives since the Bill was introduced right at the end of the five-year term of the Rajiv Gandhi government.
4. The States were not consulted in passing on their jurisdiction to nagarpalikas, although self-government is a state subject.
5. The involvement of centre–state relations in the Bill make it open to challenge in courts of law, despite the claim of the government that the bill did not involve centre-state relations.

6. There was no clear-cut relationship described between the tiers of governments, with the Constitution already heavily tilted in favour of the central government insofar as centre-state relations are concerned.
7. The mandates of MLAs, MPs, and bureaucrats have not been defined in any detail, which creates variations from one state to another.
8. State Election Commission not adequately equipped to conduct elections, which may lead to electoral malpractices and other attendant issues which are against the promotion of grassroots democracy.
9. The bill gives wide powers to the governor, who may in some cases act contrary to the interests of grassroots democracy.
10. The different treatment of Scheduled Areas is also based on the discretionary powers of the governor.

5.6 Conclusion

As Sachdeva (2011) has pointed out, the criticism offered by the critics of the bill, when analysed objectively and dispassionately, would confirm that there was no dispute whatsoever about the contents of the bill, which had been applauded and appreciated by one and all, and the criticism centres round the undemocratic manner of eliciting the opinion of the public, political parties, and the states. The crux of the whole issue that the states had been bypassed and their jurisdiction had been invaded by the Centre and the basic structure of the constitution had been changed, could be decided by the Supreme Court. The government planned to get constitutional sanction for ensuring democracy in urban local bodies and to endow them with the responsibilities and finances required to ensure that urban India flourishes and leads the country forward to progress and prosperity.

Although three decades have relapsed since the enactment of the 74th Amendment Act (1992), what has been actually observed so far seems to fall short of the expectations raised by the Act. This can be attributed to the bureaucratic and political rigmaroles in India which have hindered the evolution of urban local governments as institutions of self-government. Although the Act has had tremendous implications vis-à-vis the entire edifice of urban local government and centre-state relations in India, the lack of political will and the obstructive attitude of the bureaucracy are the greatest hurdles in the devolution of powers to the local bodies.

5.7 Summary

This unit has discussed the following:

- The salient features of the Constitution (74th Amendment) Act, 1992, with regard to the three categories of nagarpalikas; the constitution of wards committees; direct elections nagarpalikas and ward committees, and constitution of zonal committee; reservations in nagarpalikas and wards committees for the scheduled castes and the scheduled tribes, and for women; the tenure of nagarpalikas; the finances of nagarpalikas; district and metropolitan planning committees; the audit of the accounts of nagarpalikas; and, barring the jurisdiction of the courts in matters relating to elections. The 18 Schedule XII functions have also been delineated, along with Article 243I dealing with the Constitution of Finance Commission to Review Financial Position of Municipalities.
- The implications of the Constitution (74th Amendment) Act, 1992 vis-à-vis state Municipal Acts. Such Acts had to be amended to bring about conformity between the state laws on urban local government and the 74th Amendment Act (1992) before the cut-off date of 31st May, 1994. Various State Government Reports reveals some of the provisions particularly with regard to constitution of Ward Committees, District Planning Committees etc. have not been implemented in reality. Various governmental reports and research studies reveal that only marginal changes, which were mandatory have been carried out, while the real purpose of the Act stands defeated because of the state-sponsored specialized agencies are now performing most of the functions of ULBs.
- With regard to the need for the constitutional recognition of local bodies and the need for clear statutory delineation of the powers, functions, and resources of urban bodies, the 74th Amendment Act has had the greatest impact, providing answers to a range of technical and procedural questions vis-à-vis ULBs.
- The criticisms of the provisions of the Constitution (73rd Amendment) Bill, 1991, which became the Constitution (74th Amendment) Act (1992) for its procedural weaknesses, pertaining to the lack of consultations with political parties and people, in general; the miscommunication of intent by the Congress (I) central government to the non-Congress state governments; the timing of the introduction of the Bill and suspects on Sponsors' motives; the lack of direct consultation with state governments despite self-government being a state subject; the involvement of centre-state relations in the Bill make it open to challenge in courts of law; no clear-cut relationship described between the tiers of

governments; the mandates of MLAs, MPs, and bureaucrats; the limitations of State Election Commissions; and finally, the discretionary powers of the governor, especially with regard to the administration of Scheduled Areas.

5.8 Glossary

Constitution (Amendment) Act: An amendment is an addition/alteration made to a constitution or any legal document. In case of the Constitution of India, the parliament may amend the provisions of the Constitution following procedures mentioned in Article 368.

Mahanagarpalika: Municipal Corporation in India.

Nagar Panchayat: Town Council or Notified Area Council in India.

Nagarpalika: Municipality with its own local council and officials in India.

State List: The State List or List-II is a list of 61 items. Initially there were 66 items in the list in Schedule Seven to the Constitution of India.

Urban Local Government: an institution of governance in a statutory urban setting, demarcated by a definite area and population, which may deliberate, regulate, and implement decisions on subject matters entrusted to it by the Constitution.

5.9 Model Questions

Long Answer type

1. What are the salient features of the Constitution (74th Amendment) Act, 1992? Discuss in Details.
2. What were the strong points of the Nagarpalika Bill which was introduced as the Constitution (65th Amendment) Bill in the Parliament?
3. What are the implications of the Constitution (74th Amendment) Act, 1992, with regard to the state laws pertaining to urban local government in India?
4. In what ways could the procedural aspects of the Constitution (73rd Amendment) Bill, 1991 be criticized? Do criticisms mean that the 74th Amendment act has failed in its objectives? Argue cogently.

Short Answer Type

1. Discuss the difference between Nagar Panchayats, Municipal Council, and Municipal Corporation in India.
2. Discuss the reservation policies of the Government of India with regard to institutions of Urban Local Government.

3. Mention six Schedule XII functions that municipalities are required to carry out in India.
4. Discuss the process of constituting Finance Commission under Art. 243I of the Constitution of India.
5. Discuss two implications of the 74th Amendment Act (1992).
6. Discuss five criticisms of the procedural aspects of the Constitution (73rd Amendment) Bill, 1991.

5.10References

- “The Constitution (74th Amendment) Act, 1992,” (New Delhi: Government of India, 1993).
URL:https://www.education.gov.in/sites/upload_files/mhrd/files/upload_document/74amend.pdf
- Aizaz, R., “Challenges for Local Government in India” *Asia Research Centre*, Working Paper 19 (2007).
- Sachdeva, P., *Local Government in India* (New Delhi: Pearson, 2011).
- The Constitution of India* (New Delhi: Ministry of Law and Justice, Government of India, 2007).

CC:VII Urban Local Government

Block- III Organization and Structure

Unit: I Urban Local Government - Organization and Structure

Structure

- 1.1 Learning Objectives
- 1.2 Introduction
- 1.3 Organization and Structure
- 1.4 Conclusion
- 1.5 Summary
- 1.6 Glossary
- 1.7 Model Questions

1.8 References

1.1 Learning Objectives

The main objective of this unit is to provide basic knowledge to the reader about the basic structure of urban local government and its organization.

1.2 Introduction

Urban local government in India refers to the governance of a town or city through representatives elected by the residents of a particular area. The state government determines the territory of local government in urban areas. According to Dr. Annapurna Nanda an urban area is one which is officially declared by its statutory establishment as a municipal body or a notified area or a cantonment by a specific Act. So, Urban Local Government is a government consisting of elected representatives in town or city areas. Urban local government is the main provider of essential civic services and amenities in urban areas and ensures grassroots democracy at the local level.

Cities and towns contribute substantially to the economic development of the country. These urban centers play an important supporting role in the development of the rural hinterland. People and theirs to keep this economic transformation in line with needs and realities at the grass root level

Representatives are fully involved in the planning and implementation of programs at the local level. To keep democracy strong and stable in Parliament and State Assemblies, its roots must reach the towns and villages and the towns where the people live (74th Amendment Act 1992).

1.3 Organization and Structure

The Urban Local Government came into effect in 1993 by the 74th constitutional amendment act. There are three tier systems in urban local government. These are Municipal Council for smaller urban areas, Municipal Corporation for larger urban areas, and Nagar Panchayat for an area in transition from rural to urban area.

Municipal Council

Municipal Council also known as Municipality, Nagar Palika or Nagar Palika Parishad is an urban local government in smaller urban areas. Necessity for creation of municipality are a density of 1000 people per square mile, the total population of the inhabitants of the urban areas shall not be less than 3000 and the occupation of at least three-fourths of the total adult male population of that urban areas shall be mainly non-agricultural.

The 74th Constitutional Amendment Act states that The seats shall be filled by direct elections in the municipal council. Besides the seats filled by direct elections, some seats may be filled by nomination of persons having special knowledge and experience in municipal administration. Persons so nominated shall not have the right to vote in the meetings of the municipality. The Legislature of a State may, by law, also provide for the representation in a municipality of members of the House of the People and the members of the Legislative Assembly of the State representing constituencies which comprise wholly or partly the Municipal area and also the Members of the Council of States and the members of the Legislative Council of the State registered as electors within the municipal area. The manner of election of Chairpersons of municipalities has been left to be specified by the State Legislature.

There is a reservation policy adopted in the municipality for adequate representation of SC, ST and Women. These reservations will be applied for direct election only. The tenure of the municipal council is only five years. The municipalities are responsible for the development of urban areas. There are 18 functions they have to perform which are stated in the Twelfth Schedule of the Constitution.

Municipal Corporation

Municipal Corporation is the top most urban local government. According to American Encyclopedia, 'A Municipal Corporation is a legal institution formed by the sovereign power creating a popular community of prescribed area into a body politic and corporate with a corporate name and continuous succession and for the purpose and with authority of subordinate self-government for improvement and administration of the affairs of the area'. Municipal Corporations are formed in big cities like Kolkata, Mumbai, Delhi etc. It has a statutory status.

Before the 74th constitutional Act, Municipal Corporations were non-sovereign bodies but they had statutory status. In India municipal corporations are created by the state government by passing acts such as Bombay Municipal Corporations act(1988), Calcutta Municipal Corporation Act (1951) etc. According to Pardeep Sachdeva, 'A perusal of the various municipal corporation acts of different states in India reveals that no scientific basis, guidelines or criteria have been laid down or followed for determining the eligibility of a city for the grant of corporation status. Consequently decisions for upgrading any municipality to corporation are taken arbitrarily by the state government concerned, often under the pressure and pulls exerted by political and vested interests. It should, therefore, not be surprising to observe that whereas small cities like Chandranagar, Rajpur and Ujjain with populations of 75238, 174518, and 203278 respectively, had corporations, bigger cities like Jaipur and Srinagar, with a population of 617208 and 403414 respectively, were being governed by municipal committees'.

Nagar Panchayat

A nagar panchayat is a rural-to-urban transition settlement in India and therefore a form of urban political unit comparable to a municipality. An urban center with a population of more than 12,000 and less than 40,000 is classified as a Nagar Panchayat. Nagar Panchayat also known as Panchayat Towns. The structure and functions of Nagar Panchayat are decided by the state government. In India, the Nagar Panchayat or Panchayat Town can be observed in states like Karnataka, Maharashtra, Tamil Nadu, Kerala. Each nagar panchayat is operated by the ward committee, the chairman and ward members. Each member of the nagar panchayat is elected from their respective ward on the basis of adult franchise for five years. The provision of reservation in representation is there. One third seats are reserved for the SC,ST, and Women.

Apart from Municipal Council, Municipal Corporations and Nagar Panchayat there are also six urban bodies that exist in India. They are- Notified Area Committee, Town Area Committee, Cantonment Board, Township, Port Trust, Special Purpose Agency.

Notified area committee

State governments constitute notified area committees to take over the administrative responsibilities of a notified area. A notification passed by the Government Gazette identifies a notified area as an essential semi-urban element. A notified area committee enforces certain provisions of the State Municipal Act as specified in the notification issued by the Gazette. The notified area committee is constituted by the nominated members by the state government. Thus it is not a statutory body and not an elected body also.

Town area Committee

Town Area Committee is a semi urban body and it has performed limited civic functions such as street lighting, drainage, roads, conservancy, etc. The Town Area Committee is established by the state government's act. In terms of Town Area Committee members it depends on the state governments whether they can be fully or partially elected or fully or partially nominated.

Cantonment board

Cantonment board is a civic administrative body in India which is under control of the Ministry of Defense. As per the Cantonment Act, 2006, the members of the cantonment board are elected and ex-officio and some members are nominated. The term of elected members is only five years. The act stated that The Central Government may, by notification in the Official Gazette, declare any place or places including boundaries where any part of the force is quartered or which, being in the vicinity of any such place or places, is required or required for service. Such

force shall be a cantonment for the purposes of this Act and all other laws for the time being in force and may by a similar notification declare any cantonment to cease to be a cantonment.

Township

Township is another form of urban local government. Townships are established by the public sector enterprise to provide civic amenities to employees of the public sectors. It has no elected members. Basically it is an extension of the bureaucratic structure of the Public Sector Enterprises. The public sector enterprise appoints an administrator to administer the township body.

Port Trust

Port Trust is established in the port areas. The basic function of the Port Trust is to conduct shipping and trade through a commercial seaport and ensure the civic amenities of the residents. Port Trust consists of both elected and nominated members as well. It is a statutory body.

Special Purpose Agency

States may create specific agencies to look after specific functions that 'legally' belong to any of the above local city governments. These organizations are task based and not area based like the above seven organizations. They are known as 'special purpose' or 'single purpose' bodies or 'functional local bodies'.

They are created as statutory bodies by an Act of the State Legislature or by an Executive Resolution. They act as autonomous bodies that carry out their assigned functions independently of the urban local government. They are not subordinate to any urban local governing body.

1.4 Conclusion

From the above discussion it can be concluded that although the journey of urban local government began long before independence, it was formally established by the 74th Constitutional Amendment Act in 1992. So it was constitutionally recognized long after independence. The development of urban areas is being completed through urban local government. They are playing a crucial role in providing basic amenities to the citizens. Citizens can participate in the local governing process for their development.

1.5 Summary

The 74th Constitutional Amendment Act, 1992 led to the formal introduction of Urban Local Government in India. There are three tier system urban local governments in India. These are Municipal Corporation, Municipality and Nagar Panchayat. Municipal Corporations are established in the big cities like Kolkata, Mumbai, Chennai, Delhi etc. Municipalities are established in small cities and towns. Nagar panchayat is a rural-to-urban transition settlement in India and therefore a form of urban political unit comparable to a municipality. Apart from these urban bodies there are more urban bodies in India such as Notified Area Committee, Town Area Committee, Cantonment Board, Township, Port Trust, Special Purpose Agency. The Notified Area Committee is operated in the semi urban areas. Town area committee is the semi urban body and it has performed limited civic functions. The Cantonment Board is a civil administrative body in India under the control of the Ministry of Defence. Township is established for the public sector unit's employees. Port Trust is operated in the port areas for managing ports and ensuring the civic amenities in that area such as Kolkata Port Trust. A special Purpose Agency is created by the state legislature to fulfill specific objectives. They act as autonomous bodies that carry out their assigned functions independently of the urban local government.

1.6 Glossary

Urban Local government- Local Government in town or city areas.

Democracy- A political system by whole citizens of a state through elected representatives.

Municipal Council- is an urban local government in smaller urban areas.

Municipal Corporation: is an urban local government in big cities.

Nagar Panchayat: is a rural-to-urban transition settlement in India and therefore a form of urban political unit comparable to a municipality.

1.7 Model Questions

Long Questions

- Write a note on organization and Structure of Urban Local Government.

Short Questions

- What is a Notified Area Committee?
- Write a Short note on Municipal Corporation
- Write a short note on Township
- What do you mean by Cantonment board

1.8 References

1. S.R. Maheshwari, *Indian Administration*, Orient BlackSwan, New Delhi, 2013
2. P. Sachdeva, *Local Government in India*. Noida: Pearson, 2011
3. *Web archive - internet archive* (no date) *Web Archive - Internet Archive*. Available at: <https://webarchive.unesco.org/#/> (Accessed: November 25, 2022).
4. *The Constitution (74th amendment) act, 1992 background* (no date). Available at: https://mohua.gov.in/upload/uploadfiles/files/74th_CAA13.pdf (Accessed: November 25, 2022).
5. Nanda, D.A. (no date) *Urban Local Government in India: Challenges and prospects*. Available at: <https://www.rnlkwc.ac.in/pdf/anudhyan/volume1/Urban-Local-Government-in-India-Challenges-and-Prospect-Dr-Annapurna-Nanda.pdf> (Accessed: November 25, 2022).

Unit-II Corporation and Municipality

Structure

- 2.1 Learning Objectives
- 2.2 Introduction
- 2.3 Municipal Corporation
- 2.4 Municipality
- 2.5 Conclusion
- 2.6 Summary
- 2.7 Glossary
- 2.8 Model Questions
- 2.9 References

2.1 Learning Objectives

By reading this unit, readers get the knowledge about structure, power and function of Municipal Corporation and Municipality.

2.2 Introduction

Municipal Corporation is the top most form of urban local government and is for an urban area with population above 3 lakhs.. According to W.B Munro, 'A municipal corporation is a

subordinate political body established by the authority of law, its existence evidence, by general or special character, with a corporate name, with defined limits and population and with delegated powers of local government'. According to Holmberg, municipal corporations face a dual role in society, whereas the actions of the municipal corporations are directed towards the welfare of the society, but at the same time have to be executed in business-like terms.

Municipal corporations are established in big cities like Kolkata, Mumbai, Chennai, Delhi etc. There is no fixed criteria for the establishment of municipal corporations because the state government determines the criteria of municipal corporations.

Municipality is set-up in small town areas. The basic goal for establishment of a municipality is to fulfill the civic amenities to the citizens. Municipal corporation and municipality both got the constitutional status through the 74th Constitutional Amendment Act.

2.3 Municipal Corporation

Before independence there were only three municipal corporations in India. These are- the presidency towns of Kolkata, Bombay and Madras. After the 74th Constitutional Amendment Act. There are seven Municipal Corporations in West Bengal alone.

Structure and Authority of Municipal Corporation

As per the constitution, the composition of municipal corporations has been decided by the state legislature. The municipal corporation consists of the ward committee. Each ward member is elected by the direct election through adult franchise.

Duration of Municipal Corporation

The term of municipal corporation is five years. The election of the Municipal Corporation shall be held before the expiry of its term and before the expiry of six months from the date of its dissolution.

The Corporation Council: Eligibility and Disqualification

The councilors are elected for five years of term. The minimum age requirement for councilors is 21. The city has been divided into many wards. Anyone citizen can be a councilor if he/she is a voter of the ward. The State Government may remove a Councilor if the Councilor abuses his powers or if he is mentally or physically incapacitated.

Reservation of Seats

According to the Constitution In order to provide for adequate representation of Schedule Caste(SC), Schedule Tribes(ST) and of women in the municipal corporation bodies provisions have been made for reservation of seats. The proportion of seats to be reserved for SC/ST to the total number of seats shall be the same as the proportion of the population of SC/ST in the corporation area.

The reservation would be made in respect of seats to be filled by direct elections only. Not less than one-third of the total number of seats reserved for SC/ST shall be reserved for women belonging to SC/ST. This is a mandatory provision. In respect of women, the seats shall be reserved to the extent of not less than one-third of the total number of seats. This includes seats reserved for women belonging to SC/ST. These reservations will apply for direct elections only. This is also a mandatory provision. There will be no bar on State Legislatures from making provisions for reservation of seats in any municipality or office of Chairperson in the municipalities in favour of the backward class of citizens. This is an optional provision.

Ward Committee

The constitution gives the provision of the ward committee. The ward committee consists of one or more wards within the territorial area of the municipal corporation. The counselor shall be the chairman of the ward committee which consists of one ward only and in case of the ward committee with two or more wards the councilors are representing their wards. The term of the chairperson of the ward committee is one year and he or she is eligible for reelection. An officer as a secretary can be appointed to the ward committee by the municipal corporation.

Standing Committee

Each municipal corporation has standing committees. The standing committee consists of the Mayor, Senior Deputy Mayor, and Councillors from amongst members. The Mayor is the Chairperson of the Standing Committee. The ex-officio member of the standing committee is the commissioner and he or she has the voting right in the committee. Subject to the overall control and supervision of the Corporation, the power to manage the affairs of the Corporation, exercise any power and perform any function of the Corporation is vested in the Standing Committee.

Mayor

The newly elected councilors elect the mayor at the first meeting of the corporation. His term of office is five years. He may resign before the expiration of this term. He may be removed . A special meeting of the Corporation shall be called to discuss the motion for the removal of the Mayor. A special meeting shall be called upon the written demand of one-third of the elected members of the Council. The mayor is removed if the majority of elected councilors support the

removal motion. However, no removal motion can be raised against the mayor within six months of his election.

Sources of Income of Municipal Corporation

The residents of the municipal corporation pay several taxes like property tax, water tax, housing tax etc. These are the main sources of income of municipal corporations besides these municipal corporations may introduce taxation on advertisement, trade, carriages, carts, tolls etc.

Functions of Municipal Corporation

Schedule Twelve of the Indian Constitution has provided 18 functions of the municipal corporations. They are-

1. Urban planning including town planning.
2. Regulation of land-use and construction of buildings.
3. Planning for economic and social development.
4. Roads and bridges.
5. Water supply for domestic, industrial and commercial purposes.
6. Public health, sanitation conservancy and solid waste management.
7. Fire services.
8. Urban forestry, protection of the environment and promotion of ecological aspects.
9. Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded.
10. Slum improvement and upgradation.
11. Urban poverty alleviation.
12. Provision of urban amenities and facilities such as parks, gardens, playgrounds.
13. Promotion of cultural, educational and aesthetic aspects.
14. Burials and burial grounds; cremations, cremation grounds; and electric crematoriums.
15. Cattle pounds; prevention of cruelty to animals.
16. Vital statistics include registration of births and deaths.
17. Public amenities including street lighting, parking lots, bus stops and public conveniences.
18. Regulation of slaughterhouses and tanneries.

2.4 Municipality

Municipalities are the local governments of urban areas. Basically municipalities are established in small cities or towns. Governments can form municipalities in urban areas as per the 74th Constitutional Amendment Act, 1992. A number of criteria have to be maintained before issuing notification for creation of municipality. These are-

- The population density of the inhabitants of the concerned city shall not be less than 1000 per square mile.

- The total number of inhabitants of that city shall not be less than 3000.
- The occupation of at least three fourths of the total adult male population of that city is mainly non-agricultural. In the original proposal the main consideration was the population of the inhabitants of the respective urban area among the conditions for the creation of the municipality.

If any town in the state fulfills the above criteria, the state government can issue notification for creation of municipality in the concerned towns. It is pertinent to mention that as the state government has the power to create a municipality, the government can also change the area of the municipality.

Structure and Authority of the Municipality

The self-governance of small urban areas is carried out through municipalities. For example, it can be said that in West Bengal, except major cities all towns and small cities are managed by the municipalities.

Duration of Municipality

The term of municipality is five years. The election of the Municipality shall be held before the expiry of its term and before the expiry of six months from the date of its dissolution.

Councilors: Eligibility and Disqualification

The members of the municipality are called councilors. Councilors are elected on the basis of universal adult suffrage. All residents of the municipality over the age of 18 are eligible to vote in this election.

Being a councilor requires certain qualifications such as he or she must be a voter of the concerned municipal area, then the age should be at least twenty one years, he or she would not be a member of another municipal body or sub-division council at any level.

The State Government may remove a Councilor if the Councilor abuses his powers or if he is mentally or physically incapacitated.

Reservation of Seats

As per the constitution. At least 1/3 of the total seats in each municipality should be reserved for women. There is reservation of seats for Scheduled Castes and Scheduled Tribes in every municipality. These seats are reserved in proportion to the total population of the respective municipality. At least 1/3 of these reserved seats are to be reserved for Scheduled Castes and Scheduled Tribes and women.

Municipal Council

A council was formed with all the elected councilors elected to the municipality for five years. Members of the Council elected one from themselves as Chairman in the first session. If the members of the Council could not be elected chairman, the state government appointed one of the councilors from the council as chairman.

Chairman

In the administrative field, the role of the chairman is important. The chairman is the chief executive of the municipality. The tenure of the chairman is five years. He can resign himself before this specific term of tenure is over, and he may also be deported based on a written application for at least one-third of the total members of the Councilors.

The chairman is the chief executive of the municipality. Due to this, it is controlled by the administration of the whole municipality. The chairman presided over the meeting of the Council.

He distributes liability among the members of his council. All the documents of the municipality are preserved by the chairman. As the administrative head of the Assembly, the chairman served with the state government, district authorities, various developmental organizations and citizens and taxpayers of the municipality. Besides, the chairman is responsible for transforming all the decisions taken at the Council. However, the entire officials and employees helped the chairman in this regard. Again, the state government can give the responsibility of various tasks through the law at different times. He has to perform all the duties.

Ward Committee

It has been said to form a ward committee with one or more wards for every three lakh or more residents of the municipality. The municipality takes decisions regarding the formation of ward committees. If this committee is formed with a ward, then the elected councilor from the concerned ward becomes the chairman of this committee. If this committee is formed with two or more wards, in that case a chairman is elected from among the representatives of the respective wards.

The Ward will identify the problems of the ward and forward each problem to the municipal authorities in order of priority. It will supervise the works of road repair, lighting, water drainage, tube wells, food water pipe lines etc. and if there is any complaint, it should be brought to the attention of the commissioner so that the related problems can be resolved. The problems of the residents of the wards should be resolved quickly through discussion in the ward committee.

Standing Committee

Each Municipality has standing committees. The standing committees are constituted with the president and the vice-president, and four other members in the case of Class A council and four

members in the case of Class B councils to be elected by the members of the municipality from amongst elected members for a term of two and a half years.

The amended West Bengal Panchayat Act provides for the formation of six standing committees in each municipality-

1. finance and resource mobilization standing committee
2. Public works standing committee
3. Health education and urban poverty elevation standing committee
4. Public health and sanitation standing committee
5. Water supply standing committee
6. Solid waste management standing committee

Sources of Income of Municipality

For the purpose of carrying out various functions, the municipality needs a large amount of money. There are three sources of municipality. These sources are

- **Revenue from own sources**

The main source of revenue of the municipality is the money collected through taxation. In this context, various taxes, levies, duties, fines etc. are significant. Some of the important taxes and duties are taxes on property, water supply, garbage removal and street lighting, taxes on vehicles and livestock, and newspaper advertisements etc.

- **Grant from the State Government**

The State Government arranges financial assistance for the special projects of the municipality. In various cases and times, the State Government provides financial grants or assistance to the municipalities. All the grants or assistance may be conditional or unconditional.

- **Loans**

Municipalities can raise money through loans subject to the permission of the State Government. Municipalities can borrow from any state-owned bank, government financial institution or any lending institution approved by the state government. But taking such loans requires prior permission of the state government. Again, the state government plays the role of guarantor of municipal debt if needed.

Functions of the Municipality

Schedule Twelve of the Indian Constitution has provided 18 functions of the municipal corporations. (already discussed earlier).

2.5 Conclusion

The process of development and urbanization has increased in every state of India. Rapid urbanization has brought about significant changes in the socio-economic conditions of urban

residents. Many and various problems have arisen in urban areas. The responsibilities of municipalities and municipal corporations have been gradually expanded. In this situation, all the civil needs cannot be met through the limited income. So the municipal government has to increase the source of income. Apart from that, the state's controls over municipalities and municipal corporations need to be reduced.

2.6 Summary

Municipal Corporations is the top most urban body in India. Municipality is established in the smaller city or towns. Mayor is the administrative head of the municipal corporation whereas the chairman is the administrative head of the municipality. Both urban bodies have five year terms. Both the bodies have their own revenue systems. Apart from state and central government grant funds to these municipal bodies to carry out national and state level schemes or policies. Beside this they can borrow the loan from public sector banks. In terms of loan both the urban bodies require the approval of the state government. Municipal corporations and municipalities have to perform 18 functions mentioned in the constitution. They are operated by several committees such as ward committee, standing committee etc.

2.7 Glossary

Councilor- An elected member of a ward in a municipality or municipal corporation.

Municipal Council- is an urban local government in smaller urban areas.

Municipal Corporation- is an urban local government in big cities.

2.8 Model Questions

Short Questions

- Write a Short Note on Municipality.
- Write a short notes on Municipal Corporation
- What is the Ward committee?
- What is the Role of the Standing committee in municipal corporation?

Long Questions

- Write a Note on Composition and function of the Municipal Corporation
- Write a Note on composition and function of the municipality

2.9 References

1. Schultz, O. and Tran, D. *Municipal corporations: A study of the accounting choice, Simple search*. Available at: <https://www.diva-portal.org/smash/get/diva2:736460/FULLTEXT01.pdf> (Accessed: November 3, 2022).
2. P. Sachdeva(2011). *Local Government in India*. Noida: Pearson,
3. *The Constitution (74th amendment) act, 1992 background* (no date). Available at: https://mohua.gov.in/upload/uploadfiles/files/74th_CAA13.pdf (Accessed:November 25, 2022).
4. *West Bengal Panchayat Act, West Bengal panchayats acts*. Available at: http://www.wbprd.gov.in/HtmlPage/view_rules_acts.aspx (Accessed: November 20, 2022).

Unit-III Mayor in Council System in Municipal Corporation

STRUCTURE

- 3.1 Learning Objectives
- 3.2 Introduction
- 3.3 Mayor in Council
- 3.4 Conclusion
- 3.5 Summary
- 3.6 Glossary
- 3.7 Model Questions
- 3.8 References

3.1 Learning Objectives

The prime objective of this unit is to discuss the power and function of Mayor-in-Council and the role of Mayor in mayor in council.

3.2 Introduction

Mayor is the civic head of the municipal corporation. According to the Merriam-Webster Dictionary Mayor-Council is ‘relating to, or constituting a method of municipal government in which policy-making and administrative powers are vested in a usually elective mayor and council’. Mayor in Council is the prime administrative unit in a municipal corporation. This system was introduced in west bengal in 1980 as the Calcutta Municipal Corporation Act. This system increases the responsibility of the mayor. This Act favors a strong mayor system.

3.3 Mayor in Council

The main administrative body of Calcutta Corporation is Mayor in Council . This council is formed with a mayor, deputy mayor and more than 10 councilors. That is, the Mayor in Council is formed with a maximum of 12 members. The councilors elect the mayor from among themselves. The mayor was elected at the first meeting of the newly elected councilors. The mayor appoints the deputy mayor and other members of the council. The term of office of the council mayor is five years. However, the members of the previous council mayor remain in office until a new mayor is elected. If the mayor resigns or is removed from office, the mayor in council is abolished. The Mayor may remove any member by written order and the Council shall cease to be a member of the Council if the membership of the Corporation is terminated or the term of membership has expired.

The members of the mayor in council take responsibility for a specific matter. They supervise and coordinate the activities of various departments. They are personally responsible for their respective departments. According to the new law, the executive powers of the Corporation are exercised by the Mayor in council. The mayor in council performs all executive duties on behalf of the Corporation.

The Mayor in Council is formed according to the norms of parliamentary democracy. The relationship of mayor in council with corporations is similar to that of cabinet with state legislatures.

The mayor convened a meeting of the mayor in council. He presided over this meeting. The agenda of this meeting is fixed by the direction of the Mayor. The Council manages the affairs of the Corporation with the approval and consent of the Mayor. However, the council may give the power and authority to the mayor in writing and subject to conditions to take action on any matter.

The Mayor himself can take decisions on urgent matters and take necessary measures accordingly. However, the mayor has to submit his report to the corporation or council as soon as possible. If the mayor's seat is temporarily vacant due to resignation, removal or death, the deputy mayor performs the duties of the mayor for that period. At that time all the powers of the mayor are enjoyed by the deputy mayor. The main power is vested in the hands of the mayor. The administration of the corporation revolves around him.

This mayor in council performs all the executive duties in the name of the corporation. According to the present Corporations Act, the chief administrative officer of the Corporation is the Mayor. The Mayor is the central figure in the council. He has the main power. The administration of the corporation revolves around him. The Mayor is responsible for supervising

and coordinating the functions of the Corporation. The relationship of the State Cabinet with the State Legislature is similar to that of the Mayor's Council with the Corporation.

A mayor in council is made up of members of the mayor's political party or group. It also ensures the active cooperation of all members of the council. The mayor can successfully manage the municipal administration and good relations with other members of the council. In the present system, the person holding the post of Mayor of Kolkata must be the leader of a political party. Because the tradition of the parliamentary system dictates that the mayor is the leader of the majority party of the corporation. In this way, the responsibility of municipal administration of Calcutta is entrusted to one party. As a result, political opposition cannot create problems in the municipal administration.

Responsibilities of various departments are clearly divided among the members of the Mayor in Council. The members of the council take responsibility for a specific subject or department. As a result, they do not have to be burdened with various responsibilities. In this situation, it is possible to formulate and manage development plans in all basic matters. In this way successful municipal administration can be ensured by careful utilization of experience and skill.

The members of the mayor in council are responsible directly to the corporation for their respective offices for the conduct of the functions of the council. The mayor can be removed by a motion. If the mayor is removed, the mayor's council will also be abolished. For this reason, the mayor in council has to play a responsible role in the municipal administration. As a result, the council cannot be autocratic.

3.4 Conclusion

From the above discussion it can be concluded that Mayor-in-Council is the prime body to implement the government's policies. Mayor is the administrative head of the corporation as well as Mayor-in-Council. The council is directly responsible to the corporation for their every action. The mayor in councils is constituted according to the norms of parliamentary democracy. The tradition of parliamentary democracy has been followed in the functioning of this council. The executive powers of the Corporation are vested in this Council as per the provisions mentioned in the Calcutta Municipal Corporation Act.

3.5 Summary

Mayor in council is the main administrative body of the corporation which is constituted with a mayor, deputy mayor and more than 10 councilors. That is, the Mayor in Council is formed with a maximum of 12 members. The mayor in council is formed as per the parliamentary norms. The council acts like a cabinet of the state government where the mayor is the head of the council and the whole council is responsible collectively to the corporations. Mayor presided over all the

meetings of the council. If the mayor resigns from his/her post, the council will be abolished. Mayor in council can take all the executive decisions of the corporations. The relationship of the State Cabinet with the State Legislature is similar to that of the Mayor's Council with the Corporation.

3.6 Glossary

Mayor in Council- main administrative body of a corporation.

Parliamentary Democracy- A system of a democratic governance of a state.

Mayor- A civic head of a municipal corporation.

3.7 Model Questions

Short Questions

- Write a Short Note on Mayor-in Council.
- What is the composition of the Mayor-in Council.

Long Questions

- What is the role of mayor in Mayor-in Council?
- Discuss the power and functions of the Mayor-in Council.

3.8 References

1. *The Constitution (74th amendment) act, 1992 background* (no date). Available at: https://mohua.gov.in/upload/uploadfiles/files/74th_CAA13.pdf (Accessed: November 25, 2022).
2. *The Kolkata Municipal Corporation Act, 1980* (no date). Available at: http://www.wbja.nic.in/wbja_adm/files/The%20Kolkata%20Municipal%20Corporation%20Act,%201980.pdf (Accessed: November 30, 2022).
3. “Mayor-council.” Merriam-Webster.com Dictionary, Merriam-Webster, <https://www.merriam-webster.com/dictionary/mayor-council>. (Accessed 21 Nov. 2022)

Unit-IV Chairman in Council System in Municipalities

STUCTURES

- 4.1 Learning Objectives
- 4.2 Introduction
- 4.3 Chairman in Council
- 4.4 Conclusion
- 4.5 Summary
- 4.6 Glossary
- 4.7 Model Questions
- 4.8 References

4.1 Learning Objective

The prime objective of this unit is to discuss the power and function of Chairman-in-Council and the role of Chairman in Chairman in council.

4.2 Introduction

The chairman-in-council system was established in West Bengal by the West Bengal Municipal Act, 1993. Chairman is the civic head of the municipality. The chairman in Council is formed according to the norms of parliamentary democracy. The relationship of chairman in council with municipality is similar to that of cabinet with state legislatures.

4.3 Chairman in Council

According to the West Bengal Municipal Act, 1993, 'There shall be Chairman-in-Council consisting of the Chairman, Vice-Chairman and other members not exceeding, in the case of a municipal area included in Group A, five, in the case of a municipal area included in Group B, four, in the case of a municipal area included in Group C, three :

Provided that in respect of the municipal areas included in Group D and Group E, all the powers and functions vested with the Chairman-in-Council under this Act or under any other law, for the time being in force, shall be examined or performed, as the case may be, by the Chairman of the concerned Municipality'.

All executive powers of the Municipality are vest in the Chairman in Council. It is collectively responsible to the municipality. The Chairman presides over the meetings of the Board of Councilors along with the Chairman-in-Council. The chairman convened a meeting of the chairman in council. He presided over this meeting. The agenda of this meeting is fixed by the direction of the chairman.

The Council manages the affairs of the municipality with the approval and consent of the chairman. However, the council may give the power and authority to the chairman in writing and subject to conditions to take action on any matter. The Chairman allocates business among the members of the Chairman-in-Council in respect of Group A, Group B and Group C municipalities.

The chairman himself can take decisions on urgent matters and take necessary measures accordingly. However, the chairman has to submit his report to the municipality or council as soon as possible. If the chairman's seat is temporarily vacant due to resignation, removal or death, the vice-chairman performs the duties of the chairman for that period. At that time all the powers of the mayor are enjoyed by the vice-chairman. The main power is vested in the hands of the chairman. The administration of the municipality revolves around him.

The members of the chairman in council take responsibility for a specific matter. They supervise and coordinate the activities of various departments. They are personally responsible for their respective departments. The executive powers of the municipality are exercised by the chairman of the council. The chairman in council performs all executive duties on behalf of the municipality.

4.4 Conclusion

From the above discussion it can be concluded that Chairman-in-Council is the prime body of the municipality. Chairman is the administrative head of the corporation as well as Chairman-in-Council. The council is directly responsible to the corporation for their every action. The Chairman of councils acts according to the norms of parliamentary democracy. The tradition of parliamentary democracy has been followed in the functioning of this council. The executive powers of the municipality are vested in this Council as per the provisions mentioned in the West Bengal Municipal Act.

4.5 Summary

The Chairman-in-Council system was established in West Bengal by the West Bengal Municipal Act, 1993. The chairman in Council is formed according to the norms of parliamentary democracy. The relationship of chairman in council with municipality is similar to that of cabinet

with state legislatures. The council is constituted with the Chairman, Vice-Chairman and other members not exceeding, in the case of a municipal area included in Group A, five, in the case of a municipal area included in Group B, four, in the case of a municipal area included in Group C, three. all executive powers of the municipality are vested on the chairman-in council. chairman is the head of the council. he/she presides all the meeting of the council. Chairman in the council is collectively responsible to the municipality.

4.6 Glossary

Chairman-In-Council- prime administrative body of a municipality.

Parliamentary Democracy- A system of a democratic governance of a state.

Chairman- Administrative head of a municipality.

4.7 Model Questions

Short Questions

- Write a Short Note on the Chairman-in Council.
- What is the composition of the Chairman-in Council?

Long Questions

- What is the role of mayor in the Chairman-in Council?
- Discuss the power and functions of the chairman-in Council.

4.8 References

1. *Department of Urban Development & Municipal Affairs* (no date). Available at: https://www.wburbanservices.gov.in/upload_file/act_&_rules/west_bengal_municipal_act.pdf (Accessed: November 30, 2022).
2. *The Constitution (74th amendment) act, 1992 background* (no date). Available at: https://mohua.gov.in/upload/uploadfiles/files/74th_CAA13.pdf (Accessed: November 25, 2022).

Unit- V Urban Development Authorities

Structure

- 5.1 Learning Objective
- 5.2 Introduction
- 5.3 Urban Development
- 5.4 Urban Development Authorities in India
- 5.5 Conclusion
- 5.6 Summary
- 5.7 Glossary
- 5.8 Model Question
- 5.9 References

5.1 Learning Objective

By reading this unit, the reader can understand the meaning of urban development and urban development authorities with examples.

5.2 Introduction

Urban Development Authority is a body created for ensuring the development of the urban areas. It is established by law passed by the government. Thus the Urban Development Authority is a statutory body. In the era of globalization the demand of urban areas is increasing day by day. Municipalities and corporations are facing many problems delivering services in this rapid growing process of urbanization. In this connection state governments are creating several urban development authorities for specific purposes. In West Bengal, several urban development authorities are there such as Kolkata Metropolitan Development Authority, Siliguri Jalpaiguri Development Authority, West Bengal Housing Infrastructure Development Corporation. Other significant urban development authorities in India are Delhi Development Authorities, Housing and Urban Development Corporation etc.

5.3 Urban Development

Urban planning is a technical and political process through which use of land and urban environment are designed. This process includes air, water, urban infrastructure, transport systems, service management, housing etc. Proper development of urban residents is ensured through urban planning. How the city's resources (such as water, Gas, land) will be delivered to the people, ensuring proper use of land in infrastructure and locations are implemented through urban planning. Urban planning includes research and analysis, strategic thinking, architecture, urban design, public opinion polling, policy formulation, implementation and management. A design is formulated according to the overall condition of the city and identifying various issues. Urban planners work to formulate the necessary policies to ensure proper management of the city.

5.4 Urban Development Authorities in India

Urban Development Authorities are created for the infrastructural development of urban areas. These authorities make urban planning as per the global need and execute those plans to ensure sustainable development. Some urban development authorities are discussed below-

Housing and Urban Development Corporation (HUDCO)

Housing and Urban Development Corporation (HUDCO) is a public sector unit under the Ministry of Housing and Urban Affairs established on April 25, 1970. HUDCO's prime mandate is to improve the housing conditions of the economically weaker sections and to concretize this, it was necessary to ensure that it would essentially have to be low cost, easily available and require minimum skills (Sachdeva: 2011).

Main Objectives of HUDCO

Presently The Housing and Urban Development Finance Corporation outlines their objectives mentioned below-

- Providing long term finance for construction of houses for residential purposes or finance or undertake housing and urban development programmes in the country;
- Financing or undertaking, wholly or partly, the setting up of new or satellite towns;
- Subscribing to the debentures and bonds to be issued by the State Housing (and/or Urban Development) Boards, Improvement Trusts, Development Authorities etc., specifically for the purpose of financing housing and urban development programmes;
- financing or undertaking the setting up of industrial enterprises of building material;

- Administering the money received, from time to time, from the Government of India and other sources as grants or otherwise for the purposes of financing or undertaking housing and urban development programmes in the country;
- To promote, establish, assist, collaborate and provide consultancy services for the projects of designing and planning of works relating to Housing and Urban Development programmes in India and abroad;
- To undertake the business of Venture Capital Fund in Housing and Urban Development Sectors facilitating Innovations in these sectors and invest in and/or subscribe to the units/shares etc. of Venture Capital Funds promoted by Government/Government Agencies in the above areas;

Delhi Development Authorities (DDA)

Delhi Development Authorities (DDA) was established in 1957 through Delhi development Act to promote and secure development of Delhi. Since 1957 DDA has played a crucial role in the orderly-yet-rapid development of Delhi.

The Delhi Development Act (1957) stated that ‘The objects of the Authority shall be to promote and secure the development of Delhi according to plan and for that purpose the Authority shall have the power to acquire, hold, manage and dispose of land and other property, to carry out building, engineering, mining and other operations, to execute works in connection with supply of water and electricity, disposal of sewage and other services and amenities and generally to do anything necessary or expedient for purposes of such development and for purposes incidental thereto:

DDA formulated its 1st Master Plan in 1962 for planned growth and development of Delhi and It revised the 1st Master Plan and a Comprehensive Master Plan with a perspective up to 2001. As per the DDA record ‘DDA has constructed, or facilitated construction of more than 10.65 lakh dwelling units hereby ensuring shelter for more than half of the population of Delhi and it has developed as many as 22 industrial estates having 12000 units. The Authority has also allotted thousands of institutional plots’. So it can be undoubtedly said that DDE has contributed to the progress of Delhi at present.

Kolkata Metropolitan Development Authority (KMDA)

Kolkata Metropolitan Development Authority is formed as a statutory body under the West Bengal Government. CMDA was established by the The Calcutta Metropolitan Development Authority Act, 1972. It is a planning and development authority of Kolkata.

KMDA performs its functions in Kolkata Metropolitan Planning Area. It is performing its functions under the administrative control of Urban Development Department of Government of West Bengal.

The KMDA is constituted with an 11 member board or authority including both elected representatives and nominated bureaucrats. The Hon'ble Minister in charge of Urban Development, Government of West Bengal is the ex-officio Chairman of the KMDA Board. The Board or Authority of the KMDA takes all major policy decisions that are incidental to the running of the business of the KMDA.

KMDA has a multidimensional role. It is the city planning agency, it creates new areas and townships, it provides basic services like water, drainage, waste management along with physical infrastructure development. KMDA is the technical secretariat of the Kolkata Metropolitan Planning Committee (KMPC). Apart from these main functional areas, KMDA is also engaged in providing consultancy services and implementing projects on behalf of other public sector departments and agencies.

5.5 Conclusion

Finally, let us say that in the era of globalization, the government has created various urban development authorities to further develop the urbanization process. Their main aim is to implement various developmental projects in the urban areas.

5.6 Summary

The Urban Development Authority has been created to ensure the development process in urban areas. Municipalities and corporations are always facing various challenges to take necessary steps to meet the increasing demands of urban areas. It is for this reason that the government is creating specific development authorities for specific purposes. For example, Housing and Urban Development Corporation (HUDCO) is created for improving the housing conditions of the economically weaker sections and to concretize this, it was necessary to ensure that it would essentially have to be low cost, easily available and require minimum skills. Delhi Development Authorities (DDA) is established for promoting and securing the development of Delhi. Kolkata Metropolitan Development Authority (KMDA) acts as a city planning agency and creates new areas and townships, it provides basic services like water, drainage, waste management along with physical infrastructure development.

5.7 Glossary

Globalization- a process in which people, companies, government, non-governmental organizations interact with each other and exchange knowledge.

Urban Development Authorities- An Authority created for the development of urban areas.

5.8 Model Questions

Short Questions

- Write a Short Note on Housing and Urban Development Corporation (HUDCO).
- What do you mean by urban development?
- Write a short note on DDE.
- Write a short note on KMDA?

Long Questions

- Write a note on Urban Development Authorities in India
- What are the objectives of the HUDCO?

5.9 References

1. P. Sachdeva(2011). *Local Government in India*. Noida: Pearson.
2. *Housing and Urban Development Corporation Housing and Urban Development Corporation - Home*. Available at: <https://www.hudco.org.in/> (Accessed: November 30, 2022).
3. *The Delhi Development Act, 1957 arrangement of sections - legislative* . Available at: <https://legislative.gov.in/sites/default/files/A1957-61.pdf> (Accessed: November 30, 2022).
4. *KMDA organization. Kolkata Metropolitan Development Authority*. Available at: https://kmda.wb.gov.in/page/cms/kmda_organization_7ab718 (Accessed: November 30, 2022).
5. *The Calcutta Metropolitan Development Authority Act, 1972*. . indiacode.nic.in. Retrieved November 5, 2022, from <https://www.indiacode.nic.in/bitstream/123456789/14202/1/1972-11.pdf>

CC VII BLOCK IV

UNIT I

SOURCES OF REVENUE

Structure

- 1.9 Objectives
- 1.10 Introduction
- 1.11 Finances of the Urban Local Government
- 1.12 Sources of Funds
- 1.13 Investment Requirement
- 1.14 Financially Empowering the ULBs
- 1.15 Conclusion
- 1.16 Summary
- 1.17 Glossary
- 1.18 Model Questions
- 1.19 References

1.0 Objectives

After studying this unit, you are expected to:

- Identify the legal and institutional frameworks of states for the operational devolution of functions, officials, and funds to the Urban Local Bodies.
- Identify the various sources of revenue for the ULBs including tax revenue; non-tax revenue; devolution of funds from the State Government; financial assistance from the Union government; grants based on the recommendations of the CFCs; and borrowings.

- Understand the investment requirement for urban infrastructural services and the measures that might aid in expanding the resource base of the ULBs.

1.1 Introduction

The economic development of a country is often understood to be steered by its cities or urban areas. At present, Indian GDP witnesses about 63 percent contribution from urban areas, which is expected to reach almost 75 percent by 2030. Together with this, most of the GDP from non-farm sector (about 86 percent of GDP) is contributed either by cities, census towns, or from outside the ULB areas in the urban agglomerations, as part of a structural change. This generates opportunities of employment to a vast number of unemployed people. Further, this leads to migration from rural areas to urban areas and from smaller towns to bigger cities and urban areas in search of employment and better standards of living. The civic agencies of cities are thereby burdened with the responsibility of providing at least basic services and amenities if not more, depending on the availability of resources.

The Urban Local Government as a nodal body is expected to perform functions that will lead to comfortable lives for its residents. The scope of responsibilities and corresponding functions of Urban Local Governments is contextually determined. The principles of economy and subsidiarity lead to Urban Local Government being an obvious choice for certain functions like waste management, water supply and sewerage, horticulture etc. However, according to article 243X of the Constitution of India, the State government is vested with the power to assign functions to Urban Local Bodies (ULBs).

The ULBs were granted Constitutional status as functional units of Local Self-Government by the 74th Constitutional Amendment Act (CAA) of 1992. The legal and institutional frameworks of all states within the territory of India must provide for adequate and operational devolution of functions, officials, and funds to the Urban Local Bodies for transparent, responsive, efficient, effective, and accountable urban governance. Being municipal bodies in any State, ULBs therefore, obtain their powers and scope of duties from the municipal laws framed by the respective states. However, municipal laws are not uniform across states in India, with different states resorting to different levels of devolution.

1.2 Finances of the Urban Local Government

Fiscal stress has been preponderant in the history of most ULBs in India. They have, generally, always faced shortage of adequate funds. This is not a recent development as their sources of

revenue were scant and limited (except for some big cities like Mumbai) even after independence. The following taxes have been recommended by the Taxation Enquiry Commission (1953) for exclusive reservation and utilisation by/for local bodies:

- i) Taxes on lands and buildings
- ii) Tax/ duty (octroi has been abolished by all the states)
- iii) Taxes on vehicles other than those mechanically propelled
- iv) Taxes on animals and boats
- v) Taxes on professions, trades, callings and employments
- vi) Taxes on advertisements other than advertisements published in newspapers
- vii) Theatre tax or show tax
- viii) Duty on transfer of immovable property (levied along with the Stamp Duty collected by the Government)
- ix) Taxes on goods and passengers carried by roads or inland waterways.

Along with this, the Commission had also advised the need for encouraging municipalities to create and expand their non-tax sources of revenue.

The low revenue levels of ULBs can also be attributed to the general hesitation to impose new taxes or increase the tax rates. The assumption that the 74th CAA would improve the fiscal health of the ULBs did not prove true as their present state of finances remains far from satisfactory. Mathur (2011) states that:

- i) Internally generated revenue by municipalities is inadequate to meet revenue expenditures
- ii) Nature of transfers and grants-in-aid is ad-hoc and discretionary
- iii) Expenditure on establishment (wages and salaries) is very high *vis-a-vis* expenditure on operations and maintenance of services, and
- iv) There is lack of adequate finance data.

In order to gain an understanding of the resource base of ULBs, we need to look into their sources of funding in relation to the investment requirement in urban areas.

1.3 Sources of funds

The sources of funds for ULBs can broadly be classified as follows:

1.3.1 Tax Revenue

The ULBs are eligible to levy certain taxes. Of these, a few of the most common ones are professional tax, property tax, advertisement tax, and entertainment tax, among several others. In

2017-18, Property tax contributed almost 60 percent to municipal tax revenue in India and as such, Property tax continues to be the major source of income for most of the local bodies. However, according to Ahluwalia et al.(2019), even while contributing nearly 60 percent to municipal tax revenue, it was only 0.15 percent of GDP, which is much below the level of 1 percent estimated for recurrent taxes on immovable property in OECD countries. States are expected to double the property tax collection from INR 200000 million (2019) to INR 400000 million by 2024 according to the tool kit of the government of India (September 2020).

In order to achieve this:

- (i) PT base needs to be expanded with ration cards, GIS mapping, mutations, cross-checking with building licenses, review of exemptions, electricity/gas accounts, and cover all government properties under GoI circular 2009
- (ii) The guiding value for rent or unit area needs to be revised e.g. Delhi rates are fairly low, and
- (iii) Revenue collection needs to be automated following a smooth online system offering attractive concessions and incentives; Always Best Control (ABC) analysis is required to specially target top 10-20 percent properties with attachment of bank account.

According to the estimates of the High Powered Expert Committee, 2011, the total municipal revenue for India as a whole was about INR 1 lakh crore. The bulk of this income is leached by staff salaries, pensions and operational expenses. This is one of the reasons behind the stagnancy of Municipal revenue as a share of GDP in India at around 1 percent from 2007-08 to 2017-18. It was only 0.43 percent of GDP in 2017-18.

1.3.2 Non-tax Revenue

As mentioned before, ULBs have certain non-tax sources of revenue as well. Of these, the most common are user charges for water and sanitation, rent from municipal properties, and so on. There has been a considerable increase in the share of non-tax receipts from 33 percent in 2007-08 to 41 percent in 2017-18. However, it is true that the enormous potential of increasing this revenue further through the levying of user charges remains untapped. The revenue obtained at present is not sufficient to fully meet the cost of service delivery. The JNNURM had tried to correct this discrepancy through reforms, but it could not be executed uniformly across the country. Other non-tax sources of revenue generation that might considerably enhance fiscal

resources of the ULBs also need to be paid more attention. Local fee/charges have enormous potential in this regard such as (i) right of way from gas/electricity and fibre optic lines (ii) cell tower (iii) recovery on user charges (water etc.) which is only @ 20 percent, (iv) leasing electricity poles (v) and giving maintenance of parks to RWAs like Delhi @ INR 8000 per park, which is much lower than the amount spent for a municipal employee. Along with these measures, advertisement fees need to be levied along the lines of Thiruvananthapuram (listing the sites and plugging the leakages for 33170 unauthorised boards to double the income from 2018 to 2019). With revision of rates in a ratio of 1:8 as per location and by dividing the city into clusters, South Delhi MC has recorded a three-time increase in revenue.

1.3.3 Devolution of funds from the State Government

The revenue generated from the devolution of funds from the state government is largely dependent on the recommendations of the State Finance Commission (SFC). Article 243Y provides for the creation of the Finance Commission as well as the review of the financial position of the municipalities. Accordingly, the SFC can place its recommendations to the Governor as to:

i) The principles, which should govern:

- the determination of the taxes, tolls, duties, and fees, which may be allotted to or appropriated by the Municipalities
- the distribution between the State and the Municipalities of the net proceeds of the taxes, tolls, duties, and fees levied by the State, which may be divided between them under this Part and the distribution between the Municipalities at all levels of their respective shares of such proceeds; and
- the grants in aid to the Municipalities from the Consolidated Fund of the State

ii) the measures required for the improvement of the financial position of the Municipalities

iii) any other matter referred to the Finance Commission by the Governor with regard to the sound finance of the Municipalities

However, there is a significant gap between the Constitutional provisions and the execution of these by the SFCs on the ground. The states have not been adequately attentive to this institution which holds a lot of potential. The process of report submission is often hugely delayed. Chakraborty et al. (2018) noted that the SFCs in 12 states took more than 30 months to submit their reports. This happens because the SFCs in general experience issues of non-

availability of data, inadequate office space and shortage of technical staff. The recommendations have very often been shoddily implemented which has affected the adequate devolution of funds to the ULBs.

1.3.4. Grants from the Union Government for Development Schemes

There has been a considerable increase in financial assistance from the Union Government to the states and the ULBs after the implementation of JNNURM through several centrally sponsored schemes like AMRUT, Smart Cities Mission, Pradhan Mantri Awas Yojana, and so on. However, these also require participation by the states and ULBs who are expected to contribute some amount of money towards these schemes as well. ULBs then have to bear the responsibility of generating required funds through sources such as borrowings, municipal bonds, and so on.

1.3.5 Grants based on the Recommendations of the Central Finance Commission

The CFCs started recommending the direct transfer of grants to the Urban Local Bodies from the Tenth National Finance Commission (NFC) onwards, with the Amendment in Article 280 after the 74th CAA. The 14th FC allocated the grants between the Rural and Urban Local Bodies in the ratio of 70:30. The ULBs received the grant in two parts – a basic grant (unconditional) and a performance grant (conditional) in proportion of 80:20. The NFC devolution has since increased from INR 1000 Crores to INR 29000 Crores (during the period 1995 to 2020).

The 15th FC has recommended the rise in the share of ULBs to 40 percent over the medium term considering the upsurge in urban population and the shifting sectoral composition of GDP. There is also a proposition for the inter se distribution of grants for Local Bodies to be based on population and area in the ratio of 90:10. The 15th FC has further recommended differentiated treatment for fifty million-plus urban agglomerations/cities excluding Delhi and Srinagar and all other cities and towns with less than one million population. The grants for million-plus cities are for supply and management of water, solid waste management, conservation, and ambient air quality. For the other local bodies, the grants are- (i) 50 percent for basic grants and (ii) 50 percent for drinking water and solid waste management. There is also specific mention that these grants shall not be employed to substitute either the Central Sector Schemes like Swachh Bharat Mission, AMRUT, and so on, or any scheme of the State Government.

1.3.6. Borrowings

The ULBs are compelled to borrow from the capital market owing to the scant sources of revenue and lower than optimum levels of receipts. In order to be eligible for such borrowings,

however, the ULBs need to prove their credit-worthiness. This is relatively easier for big cities but quite difficult for the ULBs of small cities and towns. As a remedial measure and to enhance the credit-worthiness of such municipalities, reforms and handholding on their part had been suggested by the Government of India. Cities like Ahmedabad could issue bonds and raise INR 100 crores in 1998. Since then it has raised money five times through this measure even as late as 2019, when it raised INR 200 crores.

Credit rating agencies like ICRA evaluate the credit rating of a ULB considering the following factors:

- Inter-governmental fiscal relationships
- Operational efficiency of the ULB
- Economy of the municipal area
- Project pipeline and execution track record
- State government's credit quality
- Management quality and reform orientation, and
- Municipal finances

'Adequate financial accountability' has been suggested by NITI Aayog. This requires observance of Fiscal Responsibility and Budget Management Act, 2003 that provides for monies and borrowings to remain within manageable limits.

1.4 Investment Requirement

The primary hindrance that any agency experiences in trying to estimate expenditure details for works in urban areas is the lack of accurate and adequate municipal level data in a uniform format across the country. Despite this, some normative approximations have been generated. The investment requirement for urban infrastructural services had been estimated by the High Powered Expert Committee (HPEC) (2011) at INR 31 lakh crore (at 2009-10 prices) for eight sectors of urban infrastructure for the period 2012-2031. The HPEC had directed that urban infrastructural investment should rise from 0.7 percent of GDP in 2011-12 to 1.1 percent of GDP by 2031-32.

1.5 Financially Empowering the ULBs

Some analysts have opined that the new wealth being produced as a result of the economic development of the urban areas requires more effective taxation. Unless this new wealth is effectively taxed, provision of even basic facilities such as water, sanitation, transport, and so on

will be negatively affected. According to Pandey (2011), “given a chance (with better financial management and devolution of powers to collect revenue from city potential) the ULBs can mobilise as high as 6 percent of city income.”

The following measures may help expand the resources of the municipalities:

- i) The need for transferring adequate taxation powers to the Local Bodies has to be acknowledged so that they can explore and identify newer areas for taxation.
- ii) Property tax is a major source of revenue for the ULBs. Therefore, the Property tax reforms mentioned in the Toolkit of GoI need to be implemented immediately to double the revenue from 20000 Crores to 40000 crores by 2024. More properties that can be assessed for tax also need to be identified through the use of technologies like household surveys and GIS. The Ministry of Housing and Urban Affairs under the aegis of the Government of India has directed the states to examine the problem of low property tax rates, which may be revised periodically. The 14th Finance Commission directed states to undertake an objective determination of the base and see to its regular revision in order to adjust for inflation.
- iii) Determining non-land based sources of revenue may prove to be viable as they would be relatively less touched by politics. The 14th Finance Commission had directed the states to adopt measures that could empower the Local Bodies to levy entertainment tax and advertisement tax. According to NITI Aayog, “the ULBs are sometimes not even aware of the opportunities and avenues of generating revenues through taxes and non-tax charges. Even if they are aware, they do not have the skill to optimise tax collection”.
- iv) The Goods & Services Tax (GST) reform has adversely affected the already weak resource base of the ULBs. Some compensatory mechanism may be devised to remedy this.
- v) User charges for several services do not even cover the costs of operation and maintenance. The states were mandated to implement the necessary reforms under the JNNURM. However, the level of realisations was very low owing to immense resistance from beneficiaries. The need for recovering at least O&M costs was again stressed by the 14th Finance Commission.
- vi) The system can be made more efficient through e-governance tools like online procurement, tenders and online expenditure reports.
- vii) The ULBs can also expand sources of revenue through other sources such as pooled financing, urban infrastructure funds, and municipal bonds.

1.6. Conclusion

According to Habitat III (2016) UN, “urban governance systems in most countries are currently not fit for purpose and need critical reform to enable sustainable urban development”. With the 74th CAA, it was hoped that the Urban Local Governments would be vested with adequate additional powers which would empower them to smoothly function as institutions of Self-Government. However, the unwelcome reality is that the ULBs are still beset with the problem of the 3Fs—Functions, Functionaries and Finance. While the reasons behind the inadequate level of resources of the ULBs have mostly been identified and recent times have seen a strong realisation of the need for reforms in that sphere, a concerted political will would be the cornerstone of such reforms.

1.7 Summary

The unit has discussed the following:

- The legal and institutional frameworks of all states within the territory of India must provide for adequate and operational devolution of functions, officials, and funds to the Urban Local Bodies for transparent, responsive, efficient, effective, and accountable urban governance.
- The various sources of revenue for the ULBs including tax revenue; non-tax revenue from user charges for services, rent from municipal properties, and so on; devolution of funds from the State Government; Financial assistance from the Union government to the states and ULBs; grants based on the recommendations of the CFCs; and borrowings from the capital market.
- The investment requirement for urban infrastructural services had been estimated by the High Powered Expert Committee (HPEC) (2011) at INR 31 lakh crore (at 2009-10 prices) for eight sectors of urban infrastructure for the period 2012-2031.
- Measures that might aid in expanding the resource base of the ULBs.

1.8. Glossary

Devolution: It refers to the relocation of powers to lower levels of the Government

Structural Transformation: Shifting of work force among economic sectors such as Agriculture, Manufacturing, and Services

1.9 Model Questions

Long Answer Type

1. Discuss the taxes recommended by the Taxation Enquiry Commission (1953) for the exclusive reservation and utilisation by/for local bodies.

2. What are the principles governing the devolution of funds from the State Government to urban local government in India?
3. Discuss the grants received by ULBs based on the recommendations of the Central Finance Commission.
4. Discuss the ways in which ULBs can be financially empowered in India? What is the role of the state government in this regard?

Short Answer Type

1. What are the sources of non-tax revenue for urban local government in India?
2. Discuss briefly the matter of ULB borrowings from the capital market in India.
3. What are the ways in which property tax collection can be enhanced in India?
4. What are the recommendations of the 15th Finance Commission with regard to grants to the ULBs?
5. What are the estimates of the High Powered Expert Committee (HPEC) (2011) regarding investment requirement for urban infrastructural services in India?
6. Mention three recommendations regarding the financial empowerment of ULBs in future.

1.10. References

- Ahluwalia, I.J., Mohanty, P.K., Mathur, O., Roy, D., Khare, A. & Mangla, S. *State of Municipal Finances in India: A Study prepared for the Fifteenth Finance Commission*. (New Delhi: ICRIER, 2019).
- Chakraborty, P., Gupta, M. & Singh, R.K. *Overview of State Finance Commission Reports*. (New Delhi: NIPFP, 2018).
- Government of India. *Report of the Taxation Enquiry Commission*. (New Delhi: Ministry of Health, Family Planning and Urban Development, 1953-54).
- Government of India. *Report of the Rural Urban Relationship Committee*. (New Delhi: Ministry of Health & Family Planning, 1964).
- Government of India. *Report of the Committee on the Service Conditions of Municipal Employees*. (New Delhi: Ministry of Finance, 1968).
- High Powered Expert Committee. *Report on Indian Urban Infrastructure and Services*. (New Delhi: ICRIER, 2011).

ICF GHK. *Approach towards Establishing Municipal Cadres in India*. (New Delhi: MoUD and the World Bank, 2014).

ICRA. *Rating methodology for Urban Local Bodies*. (New Delhi: ICRA, 2016).

Kamath, L & Zachariah, Y. “Impact of JNNURM and UIDSSMT/IHSDP Programmes on Infrastructure and Governance Outcomes in Cities/Towns in India: A Review of the State of Knowledge”. Working Paper- 7. (Mumbai: TISS, 2015).

Mathur, O.P. *Municipal Finance Matters: India Municipal Finance Report*. (New Delhi: NIPFP, 2011).

NIUA. *A Study to Qualitatively Assess the Capacity Building Needs of Urban Local Bodies (ULBs)*. (New Delhi: NITI Aayog, 2015).

Pandey, K.K. “Administration of Urban Development and Urban Service Delivery”. Theme Paper for the 56th Members’ Annual Conference of IIPA. (New Delhi, IIPA, 2011).

Pandey, K.K. “Bolster ULB Capacity to Raise Revenue”. *Financial Express* (25 December, 2020).

Rao, G.M. “Property Tax System in India: Problems and Prospects of Reform”. Working Paper No. 2013-14. (New Delhi: NIPFP, 2013).

Netaji Subhas Open University
Honours in Public Administration (CBCS)
B.D.P. CC VII BLOCK IV

UNIT II

RELATIONSHIP BETWEEN STATE AND URBAN LOCAL BODIES

Structure

- 1.0 Objectives
- 1.1 Introduction
- 1.2 Relationship between State and Urban Local Bodies: Good Governance
- 1.3 State and Local Bodies: Relationship, Role and Responsibilities
- 1.4 Conclusion
- 1.5 Summary
- 1.6 Glossary
- 1.7 Model Questions
- 1.8 References

1.0 Objectives

After studying this Unit, you are expected to:

- Understand the relationships between the State Government and the Urban Local Bodies, in financial, legislative, and administrative spheres;
- Explain the measures taken by the State governments to aid urban local bodies in resource mobilisation and administrative functioning;
- Discuss the steps taken by State and Local Governments towards good governance.

1.1 Introduction

The relationship between State government and urban local bodies comprise financial, legislative, and administrative spheres. To understand the relationship between state and ULBs, we need to refer to the Seventh Schedule in the Constitution of India which lays out the areas in which the Centre or State has exclusive power to legislate. In the seventh schedule of the Constitution of India under Article 246, land, provision of civic infrastructure, housing, urban Development, and so on have been designated as state subjects. The state governments can frame relevant laws and policies on these subjects which the ULBs have to then implement.

The Government of India (GoI) developed the Model Municipal Law (MML) in 2003, National Municipal Accounting Manual (NMAM) in 2004, Solid Waste Management Rules (SWMR) in 2016, and so on, to help the states in enacting municipal legislations, account maintenance and service delivery. The main idea behind the MML was the execution of the provisions of the 74th Constitutional Amendment Act (CAA) to empower the ULBs and create a legislative framework for the implementation of the Ministry's Urban Sector Reform Agenda. This initiative was

expected to not only augment the revenues of the ULBs but also to empower them to act more effectively in terms of service delivery. Similarly NMAM and SWMR help in more effective budgeting, accounting, and asset and waste management.

Effective management of the urban system requires strong local level operations. Decentralisation through the devolution of powers and responsibilities to the ULBs is an essential requirement to meet the demands of the rapid growth of urbanisation, particularly in the larger cities. The 74th CAA sought to bring uniformity in the constitution of the municipal bodies through their classification as Municipal Corporations for large urban areas, Municipal Council for smaller urban areas, followed by Nagar Panchayats.

1.2 Relationship between State and Urban Local Bodies: Good Governance

The Constitution (Seventy-third Amendment) Act, 1992 and the Constitution (Seventy-fourth Amendment) Act, 1992 are crucial to understand decentralisation of governance. They granted constitutional status to the rural and urban local bodies respectively by devolving powers, functions and authority to them. At present, ULBs occupy the third tier in the governance structure and are the most accessible bodies to the citizens. The local governance of the country was vastly reformed as a result of the 74th Amendment. It provided for devolution of powers and responsibilities to the ULBs enabling them to act towards social justice and economic development as well as giving them powers of implementation with regard to subjects listed in the twelfth schedule of the Constitution. It also granted ULBs financial autonomy by listing sources for devolution of funds. The ULBs are thereby entitled to receive funds from both Local Bodies Grants, through the Central Finance Commission, and funds released by the State Governments on the recommendations of the State Finance Commission. Further, the ULBs cannot be superseded/suspended; and if a ULB is dissolved by the State Government, there must be an election to the same within a period of six months. Moreover, the statutory State Election Commission is entrusted with conducting the elections, rather than it being left to executive authorities. This brings in continuity in the elected body and aids the creation of bottom-up leadership.

After Part IX of the Constitution, a new part, Part IX-A, has been added to the Constitution which provides for decentralisation in urban areas. It lists out issues relating to ULBs such as definition, constitution of municipalities and ward committees, reservation, disqualification, powers and responsibilities, and powers to impose taxes. Article 243-Y states that the Finance

Commission constituted under Article 243-I shall look into the financial affairs of the Municipalities and make recommendations regarding the distribution of resources between the States and the Municipalities; levying of taxes, duties, and so on; and grants-in-aid to the municipalities, among other matters.

1.2.1 Powers and Responsibilities of Urban Local Bodies

The 74th CAA empowered the ULBs in political, functional, and fiscal spheres. This Act enabled the ULBs to emerge as vibrant democratic units of self-government and paved the way for decentralisation. This CAA ensures representation of people in the house through regular elections without their indefinite supersession, and is thereby also called the Power to the People. The relationship between states and ULBs become clear when the state governments and ULBs have to interact with each other for resource mobilisation, performing administrative functions, and implementing State or Central Government policies/schemes/reforms. The State Government departments, state-owned PSUs, and state line agencies help, support and guide the ULBs in carrying out administrative functions. In terms of resource mobilisation, the State Government helps the ULBs with two types of resources— manpower (technical) and financial. With regard to the implementation of policies, the State Government can enact and enforce laws and frame policies that support ULBs.

1.2.2 Functional powers and duties

The ULB's were entrusted with a list of 18 functions to enable them to function as effective institutions of self-government. These functions may be undertaken by the ULBs either independently or through specialised agencies. Having adopted the provisions of the 74th CAA, the states also have specific functions with regard to the effective functioning of the ULBs.

The various functions any ULB may be expected to perform may be listed as follows:

- Planning functions
- Essential municipal functions or core functions
- Environmental management functions
- Other functions

The core function of providing basic services to citizens was retained in the Twelfth Schedule of the 74th CAA and other important functions were also added through this list. These functions include issues such as urban planning; environmental management and protection of ecology;

plans for socio-economic development of the region; as well as other crucial functions such as safeguarding the rights and interests of the disabled and weaker sections; slum management and improvement, and so on.

1.2.3 Fiscal powers

ULBs require a very strong revenue base in order to carry out their obligatory and discretionary functions effectively. But most of the ULBs face immense shortage of funds and revenues. In fact, one major cause behind the inefficient functioning of the ULBs is lack of adequate revenues. Resource mobilisation is therefore imperative for the ULBs to offer even basic municipal services.

The three major sources of revenue for the ULB's are through powers of taxation, grants or cess; external borrowings; and privatisation initiatives.

Further, Article 243 Y provides for the creation of the State Finance Commission as well as the review of the financial position of the municipalities. Accordingly, the SFC can place its recommendations to the Governor as to:

i) The principles, which should govern:

- the determination of the taxes, tolls, duties, and fees, which may be allotted to or appropriated by the Municipalities
- the distribution between the State and the Municipalities of the net proceeds of the taxes, tolls, duties, and fees levied by the State, which may be divided between them under this Part and the distribution between the Municipalities at all levels of their respective shares of such proceeds; and
- the grants in aid to the Municipalities from the Consolidated Fund of the State

ii) the measures required for the improvement of the financial position of the Municipalities

iii) any other matter referred to the Finance Commission by the Governor with regard to the sound finance of the Municipalities

However, there is a significant gap between the Constitutional provisions and the execution of these by the SFCs on the ground. The states have not been adequately attentive to this institution which holds a lot of potential.

The Constitution also allows the State discretionary powers to allocate resources. Therefore, the legislature of a State may, by law:

- Assign to a Municipality such taxes, duties, tolls and fees levied and collected by the State Government for such purposes and subject to such conditions and limits;
- Authorise a Municipality to levy, collect and appropriate such taxes, duties, tolls and fees in accordance with such procedure and subject to such limits;
- Provide for Constitution of such Funds for crediting all moneys received, respectively, by or on behalf of the Municipalities and also for the withdrawal of such moneys there from; and
- Provide for making such grants-in-aid to the Municipalities from the Consolidated Fund of the State.

The transfer of funds has significantly improved after the constitution of SFCs and insertion of clause 280 (3) (bb & C) in the Constitution to modify terms of reference of the National Finance Commission (NFC). The XVth Finance Commission has recommended Rs 1,21,000 crores for ULBs as against 87,000 Crore by the XIVth NFC. In addition, the Commission has allocated Rs. 24,000 crore for health services. This will enable the cities to face pandemics like COVID-19. These two Finance Commissions have improved the planning and budgeting process. However, the ULB's still need more financial resources to meet the rising demand for services.

1.2.4 Political empowerment

The State Election Commission is responsible for conducting elections to the ULBs. Members are elected for a period of 5 years by direct elections. The manner of electing Chairpersons of ULBs is based upon the discretion of the respective State Legislature.

Prior to the 74th CAA, the ULBs used to be superseded for many months thereby negatively affecting their operations as public agencies. However, the 74th CAA (article 243 U) states that if a ULB is dissolved before 5 years, elections to constitute a new ULB must be conducted within a period of 6 months from the date of dissolution. The ULBs will also be given the opportunity to be heard before their dissolution. Such provisions safeguard the ULBs from being arbitrarily dissolved and strengthen the relationship between states and ULBs.

1.2.5 Citizen Engagement

The democratic system hinges on active citizen participation. The ULBs are crucial in the implementation and execution of programmes, projects and services initiated by the Union

government in the states. Several the programmes initiated by the states also have wider implications at both union and local levels. Earlier, no forum was available to the citizens to express their opinions regarding these programmes. In the absence of a structured system of feedback, even the Inter-Governmental Council (IGC) could not apprehend all the problems. Bottom-up interaction was necessary to test and increase acceptability and efficiency of the programmes devised. The constitution of the Ward Committees via Article 243S strengthened the process of bottom-up planning.

1.2.6 Decentralised Planning

The devolution of powers of urban planning to ULBs was perhaps to empower them to aid in city development and meet the needs of rapid city expansion. This process would comprise goal setting, data collection and analysis, forecasting, design, strategic thinking, public consultation, and implementation.

Two articles specifically refer to planning issues at district level and at the level of Metropolitan towns:

Article 243ZD on District Planning Committee provides for the constitution of a District Planning Committee (in every State at the district level) to prepare a draft development plan for the district as a whole as well as to consolidate the plans prepared by the Panchayats and the Municipalities in the district.

In this regard, the State Legislature may, by law, make provisions regarding the composition of the District Planning Committees, and the procedures by which the seats in these Committees might be filled.

Article 243ZE deals with the issue of urban planning in metropolitan areas. According to this Article, a Metropolitan Planning Committee may be instituted in every Metropolitan area to prepare a draft development plan for the Metropolitan area as a whole. The article also states the composition and the procedures by which the seats in these Committees might be filled.

Further, it has been directed that while preparing the draft development plan, every Metropolitan Planning Committee should comply with the objectives and priorities set by the Union and state governments. It should also be aware of the nature and amount of investments that the Union and state governments are likely to make in the Metropolitan area and take note of other available resources, both financial and otherwise.

Significant as these articles are, their implementation has been far from satisfactory. The MPCs have only constituted in some cities like Mumbai, Pune, Bengaluru, Kolkata, Hyderabad, Nagpur, and so on but even then they hardly have powers as stipulated in the acts. Thus, the realisation of proper planning and sustainable development goals requires joint efforts of political leaders and administrators at the state and local levels.

1.3 State and Local Bodies: Relationship, Role and Responsibilities

The states in India have several schemes aimed at provision of services for the citizens of a particular state. The funds for these schemes are generated by the states along with contributions from beneficiaries/ULBs. Most of these schemes, however, are implemented by the ULBs.

There exist both direct and indirect interfaces between state government and ULBs in this regard:

- The state governments directly interact with ULBs when establishing Development Authorities/Boards; preparing and approving development plans; framing rules and by laws; in the delivery and maintenance of urban infrastructure and services, and so on. There have also been instances of state Ministries, Departments and Line Agencies helping ULBs to carry out delegated functions.
- Indirect interface includes the placement of manpower such as Commissioner and Technical Staff from the State Government to the ULBs; assessment of efficiency in service delivery through the state's Line Agencies; reviews of progress in the execution of Central/State Schemes; performance reviews of the ULBs, and so on.

The state level agencies/line departments have enormous powers, particularly over small and medium sized local bodies. The ULBs have very little control over state level officials. Therefore, the ULBs in many states do not enjoy administrative autonomy as stipulated by the 73rd and 74th CAA. A cordial and supportive relationship between state governments and ULBs is, however, imperative for the smooth functioning of the latter.

A few drawbacks in this regard may be highlighted as follows:

i) Personnel Management

Pay scale and incentives of personnel in the ULBs are far below those engaged in state services and they have fewer opportunities for promotion. Several anomalies of the earlier system of recruitment have been corrected by the provincialisation of the municipal services but even the current system fails to recruit the best personnel. Moreover, seats often remain vacant for years

and transfers at the free will of the senior bureaucrats and the government reek of favouritism, corruption, and nepotism. The State Government may take disciplinary action against personnel of ULBs in many states with the ULBs having very little powers of intervention.

Gujarat is one State which attempted to correct these anomalies. Ahmedabad Municipal Corporation recruited graduates from the Indian Institute of Management (IIM) in the early 90s, which led to innovative reforms in Ahmedabad, thereby aiding creation of SPVs and issuance of Municipal Bonds.

ii) Municipal Cadre

According to the study conducted by the Capacity Building for Urban Development Project (CBUDP), states like Maharashtra, Tamil Nadu, and Karnataka that executed a unified system of employing exclusive municipal cadre for a long time have made more progress in urban development. They have been able to effectively implement several state and union initiatives like 24x7 water supply, e-governance and m-governance (mobile), TOD based townships, bitumen roads with plastic waste, and such other advanced systems. This should inspire the states that do not yet employ dedicated municipal cadre. Further, cadre management should be guided by a proper institutional framework.

iii) Human Resource Management System

A comprehensive Human Resource Management System (HRMS) database of employees is imperative. A HR unit should be created to identify, attract, and retain gainful employees. Ahmedabad could serve as a model in this regard as it managed to obtain necessary permissions from the state. The need of the hour is to generate team spirit in the ULBs such that both elected members and executives understand, acknowledge, and respect mutual dependence and boundaries to ensure the smooth functioning and maximum effectiveness of the ULBs.

1.4 Conclusion

A healthy relationship of mutual co-operation between states and ULBs is imperative for effective urban local governance. Lack of financial, human, technical, and other resources results in bad governance. As the unit has highlighted, the ULBs have immense scope of growth and reform which can only be possible through effective communication between the states and ULBs. The ULBs require immediate financial strengthening to meet the growing demands of rapid urbanisation. Further, the devolution of powers and authority to the ULBs have to be more effectively engineered. The state governments also play a crucial role in determining the

implementation of CSS by the ULBs. For this, there needs to be a higher level of coordination and cooperation between states and ULBs.

It is high time that the ULBs are recognised as independent institutions of governance as provided by the 74th CAA. As local bodies, they have the capacity to directly address issues faced by the citizens and harness feedback for services. Overbearing interference on the part of state governments in the operations of ULBs hinders both the processes of empowerment of the ULBs as well as the receipt of services by the citizens.

1.5 Summary

The unit has discussed the following:

- The 74th CAA empowered the ULBs in political, functional, and fiscal spheres. This Act enabled the ULBs to emerge as vibrant democratic units of self-government and paved the way for decentralisation.
- All the core service providing functions of the ULBs (under the twelfth schedule of the 74th CAA) were earlier performed by the states but were then devolved to the ULBs because these issues could be more effectively handled by local bodies. All states have however, not yet uniformly adopted and implemented the provisions of the 74th CAA.
- Besides revenue generation through taxation, non-tax sources and external borrowings, the resource base of the ULBs can further be strengthened by the states through SFCs and other discretionary powers granted to them by the Constitution. However, most states have not been adequately attentive in this regard.
- The State Election Commission is responsible for conducting elections to the ULBs. Members are elected for a period of 5 years by direct elections. The manner of electing Chairpersons of ULBs is based upon the discretion of the respective State Legislature.
- The ULBs are crucial in the implementation and execution of programmes, projects and services initiated by the Union government in the states.
- The devolution of powers of urban planning to ULBs can be understood via the Articles 243ZD on District Planning Committee and 243ZE on urban planning in metropolitan areas.
- The state level agencies/line departments have enormous powers, particularly over small and medium sized local bodies. The ULBs have very little control over state level officials. Therefore, the ULBs in many states do not enjoy administrative autonomy as stipulated by the 73rd and 74th CAA.

1.6 Glossary

National Municipal Accounts Manual (NMAM): published by the GoI in 2004, its main aim was to set standards for budgeting and accounting ULBs across the country

1.7 Model Questions

Long Answer Type

1. Discuss the functional and fiscal powers and responsibilities of Urban Local Bodies in India.
2. Discuss the provisions for and shortcomings of decentralized planning in India.
3. Discuss the interface between state and local bodies with regard to their functional relationship and constitutionally sanctioned roles and responsibilities.
4. Discuss the provisions for political empowerment and citizen engagement vis-à-vis urban local government in India.

Short Answer Type

1. Write a note on Article 243Y of the Constitution of India.
2. Write a note on the political empowerment of ULBs in India.
3. Write a note on Article 243ZE of the Constitution of India.
4. Discuss the modes of direct interfaces between state and ULBs in India.
5. Discuss the modes of indirect interfaces between state and ULBs in India.
6. What are the drawbacks with regard to personnel management in ULBs in India?

1.8. References

Bagchi, A.K. "The Past and the Future of the Developmental State". *Journal of World-Systems Research* (2000), 6.2, 398-442.

CBUD. *Approach towards Establishing Municipal Cadres in India, Capacity Building for Urban Development Project (CBUD)*. (New Delhi: MoUD & the World Bank, 2014).

Chaturvedi, B.K. *Report of the Committee on Restructuring of Centrally Sponsored Schemes (CSS)*. (New Delhi: Planning Commission, Government of India, 2011).

Government of India, MoHUA. *Deendayal Antyodaya Yojana-National Urban Livelihoods Mission*. (New Delhi: MoHUA, 2013).

Government of India, MoHUA. *Atal Mission for Rejuvenation and Urban Transformation-Mission Statement & Guidelines*. (New Delhi: MoHUA, 2015).

Government of India, MoHUA. *Smart Cities-Mission Statement & Guidelines*. (New Delhi: MoHUA, 2015).

Jha, R. *The Unfinished Business of Decentralised Urban Governance in India*. ORF Issue Brief. (2020) Retrieved from https://www.orfonline.org/wp-content/uploads/2020/02/ORF_Issue_Brief_340_Decentralised_Governance.pdf

Mohanty P.K, Misra B.M, Goyal, R. & Jeromi P.D. *Municipal Finance in India: An Assessment*. (Mumbai: Reserve Bank of India, 2007).

Nandini, D. & Dhal, S. *Unit 14- Central-State-Local Administrative Relations*. (2021). Retrieved from <https://egyankosh.ac.in/bitstream/123456789/68102/3/Unit-14.pdf>

Rao, M.G. & Bird, R.M. *Urban governance and finance in India*. (2010). Retrieved from https://ideas.repec.org/cgi-bin/get_doc.pl?urn=RePEc%3Aanpf%3Awpaper%3A10%2F68&url=http%3A%2F%2Fwww.nipfp.org.in%2Fworking_paper%2Fwp_2010_68.pdf

Netaji Subhas Open University
Honours in Public Administration (CBCS)
B.D.P. CC VII BLOCK IV

UNIT III

METHODS OF CONTROL OVER MUNICIPAL CORPORATION AND MUNICIPALITY

Structure

- 1.20 Objectives
- 1.21 Introduction
- 1.22 Arguments in favour of State Control of Municipal Corporation and Municipality
- 1.23 Forms of Control over Municipal Corporation and Municipality
- 1.24 Arguments against supersession of Municipal Bodies
- 1.25 Conclusion
- 1.26 Summary
- 1.27 Glossary
- 1.28 Model Questions
- 1.29 References

1.0 Objectives

After studying this unit, you are expected to:

- Identify the arguments in favour of state government's control over municipal corporations and municipalities in India.
- Identify the forms of legislative, administrative, financial and judicial control of state government over municipal corporations and municipalities in India.
- Understand critically the provisions governing supersession of municipal bodies in India.

1.3 Introduction

There are two antithetical views regarding the supervision and control exercised by state government over municipal bodies: the individualist view regards the control and supervision of the municipal institutions as unwarranted and unnecessary, arguing that self-government would cease to be so if it is made subject to external control and supervision; while, the paternalist view hold that municipal bodies have to be regularly controlled, supervised, guided, and occasionally

punished for their acts of omission and commission. The latter school is sceptical of decentralization of powers below the level of the state government. They also suggest various forms of control over local bodies, be it urban or rural, in the name of accountability and grassroots development. Since the topic of discussion in this unit pertains to methods of control over Municipal Corporation and Municipality in India, the second or paternalistic argument shall be the focus here. This unit would also cover the forms of control exercised by the state government over ULBs—legislative, executive, financial, and judicial—and only then criticize such means in the light of the first or individualist argument. The last section would deal critically with the question of supersession of ULBs by state governments in India.

1.4 Arguments in favour of State Control of Municipal Corporation and Municipality

Mohit Bhattacharya (1972: 6) argues that since, constitutionally, municipal government falls within the province of the state government, the latter has the power to determine their structure, functions, and financial resources. The autonomy of municipal bodies implies the degree of self-government within the ambit of their functions but it does not mean their unlimited authority and freedom. The paternalistic school contends that hold that some measure of control of state government over the municipal institutions is not only desirable but also necessary. State control over municipal bodies is favoured for other reasons, as well, chief amongst which is the implementation of policies which the local bodies may find unduly restrictive of their initiative. For Golding (1964: 43), the state government can also lay down certain minimum standards of administration below which the services of the local authorities should not be allowed to fall.

The paternalists contend that state control is also needed for directing, unifying, and coordinating civil services, along with securing consistence and unity both in the formulation and implementation of national policies. For Argal (1960: 147), the local bodies, after all, form a part of the greater whole, i.e. the state, and there must be some higher authority to intervene when any local body ignores the fundamental canons of sound administration or sacrifices in any other way the interests of the people. Planning provides another rationale for state control over municipal bodies. According to Sachdeva (2011), the rural and urban local bodies are to be involved both in the formulation and implementation of plans for their respective areas. As such, the state governments are to provide the required guidance to the local bodies in the formulation of plans, and exercise supervision and control on them in their execution. Therefore, following Singh (1979: 3), it becomes clear that the state control over municipal bodies is justified on the

grounds that it is conducive to the maintenance of a reasonable degree of efficiency; that it helps in weaning away local bodies from vested interests; that it aids in augmentation of financial resources of the local bodies which are generally reluctant to impose direct taxes; that it makes for minimizing regional imbalances and ensures stability and uniformity in administration; that it safeguards national interests in their embryonic stages and that it facilitates sounder socio-economic planning.

1.5 Forms of Control over Municipal Corporation and Municipality

Municipal bodies are subject to the legislative, executive, and financial control of state government, moreover being amenable to judicial control. Each of these modes of control can be studied individually.

1.5.1 Legislative Control

As per Article 246 (3) of the Constitution of India (2007: 152), legislative control is exercised by the state government by virtue of its inherent right granted to it by the constitution and according to which it has the exclusive power to make laws in respect of local government institutions and decide their functions and powers. Accordingly, municipal bodies in a state are the creation of the respective state legislature and derive their powers from the statutes pertaining to them. The legislature, vide the changes brought about by the Constitution (74th Amendment) Act, 1992, can also empower the government to make rules and regulations for all municipal matters such as elections, personnel, accounts, taxation, etc. To maintain conformity with the 74th Amendment Act (1992), the state legislature can also make amendments in the Municipal Act from time to time and legislate separate Acts also to deal with some matters of importance instead of making minor changes in the existing Act.

According to Sachdeva (2011), from among the various means of legislative control such as discussions and debates and different kinds of motions like call attention, adjournment, and privilege, questions asked by the members of the legislature during the question hour constitute the most powerful means of soliciting information about different aspects of municipal administration from the minister concerned. The questions raised in the assembly generally relate to issues like municipal elections, including preparation of electoral rolls, election petitions, gazette notification of elected members, removal of members, writs filed in the High Court, supersession and abolition of municipal committees, personnel, finance, and day-to-day

administration of municipal bodies. Legislative control over municipal bodies is of great significance, but it cannot be exercised in an effective manner owing to paucity of time at the disposal of the legislators, technical nature of municipal administration and political considerations, biases, and prejudices of the ruling party.

1.5.2 Administrative Control

Administrative control over municipal bodies is the most effective type of control extending to every aspect of municipal administration. According to Sachdeva (2011), it comprises the determination of criteria for the creation of different kinds of municipal bodies; defining, increasing or decreasing their territorial limits; fixing the number of the elected members and the seats to be reserved for the Scheduled Castes and Scheduled Tribes, conduct of free and fair elections; delimitations of wards; co-option of members of certain categories of people not represented through elections; appointment of associate members and officials advisers; extension of the term of office of members or its reduction due to supersession, disposal of election petitions, removal of members and office bearers such as president and vice-president, etc. The following methods of administrative control of ULBs can be adopted by the concerned state:

1. Power to Approve By-Laws: The state government is vested with the power to approve by-laws and rules framed by the municipal bodies; to issue memoranda, circulars, and directions containing advice, suggestions, instructions, and directives; to sanction specific schemes; to prescribe service standards; to lay down procedures and norms; to conduct enquiries and inspections; to obtain periodic reports and to require the municipal bodies to obtain prior approval of the government for undertaking certain kinds of functions or for imposing any tax; etc.
2. Control over Personnel: The state governments have assumed complete authority over the municipal personnel since the provincialization of municipal services from the post of an assistant and above. The state government creates the posts, lays down definite qualifications for different posts and channels of promotion, makes appointment on the recommendations of a selection committee constituted by it, orders transfers from one municipality to another and determines their conditions of service, though the salary, allowances, gratuity, pension, and other payments are made by the concerned municipal

body. The government is also vested with the power to take disciplinary action against the personnel of municipal services.

3. **Power of Inspection:** The state government is also vested with the power to conduct inspections of the activities performed by the municipal bodies. The inspections are conducted by the representative of the state government at the district level, and in the state where the directorates of local bodies have been setup, the local inspectors are appointed for this purpose. The purpose of inspection is to ensure that the municipal bodies are functioning within the framework of the Municipal Act.
4. **Reports and Enquiries:** The municipal bodies are obliged to send periodic reports to the state government regarding their functioning. The reports can be quarterly, half yearly or annual. These reports include information concerning financial, administrative, and statistical matters. The government can initiate any enquiry on the basis of these reports and can also extract any kind of information from the municipal body.
5. **Default and Appellate Powers:** A municipal body is obliged to perform its functions within a specified period. If a municipal body fails to perform a particular function within a specified period, the state government can issue directions to finish the work in the stipulated time. There is a provision in various state municipal acts for making appeals to the state government against any municipal decision. Some of these decisions are concerned with issue of licences, refusal for construction at a particular site, demolition of a building, and disciplinary actions.
6. **Powers of Dissolution and Supersession:** Of all the administrative powers of control that state government exercises over municipal bodies, the power to dissolve or supersede a municipal body is the most drastic. Dissolution connotes terminating a council and giving a chance to the electorate to elect a new council within a specified time limit. Supersession, on the other hand, means suspension of the council and placing the entire control of the municipal body in an administrator appointed by the state government. Dissolution is thus less severe than supersession.
7. **Agencies of Control:** The state government exercises supervision and control over municipal bodies through state level and local agencies. The former comprise the Department of Local Government, Directorate of Local Government, and technical

departments, and the latter consist of the deputy commissioner and the sub-divisional officer.

1.5.3 Financial Control

It is true that urban local bodies are always at the mercy of the state government in regard to their finances. This financial dependency of local bodies on state government, for Sachdeva (2011), provides an opportunity to the latter to exercise control over the former. The state government also lays down various rules and regulations for the audit and maintenance of accounts. Therefore, it becomes obvious for the funding agency (state government) to ensure that the funds are not mis-utilized and the guidance regarding audit and accounts are properly followed. All of this necessitates the state control over municipal finance. Financial control manifests itself in the following ways:

1. Regulation of Municipal Income: An ULB can levy taxes, modify and abolish them only with the approval of the state government. The state government can also require a municipal body to levy a tax, rate or fee or exempt a particular class of tax payers from their payment. This type of financial control was rampant during the Emergency period (1975-1977). Furthermore, the state government awards grants-in-aid to the municipal bodies to enable them to meet their ever growing needs, and therefore, exercises control over them to ensure that the grants are properly utilized and not misappropriated or diverted to functions other than those for which they were sanctioned. The state governments also ensure that loans to ULBs are utilized for the purpose for which they are received, the unspent amount is refunded, along with relevant interests.
2. Regulation of Expenditure: The state government regulates municipal expenditure by fixing limits on expenditure to be incurred on various items, laying down regulations and procedures for incurring expenditures. Sachdeva (2011) in this regard provides the examples of tenders or quotations which requires ULBs to obtain administrative and technical sanction from the concerned state government if the work involved exceeds a particular limit of expenditure.
3. Municipal Budget: Sachdeva (2011) mentions that ULBs are required to prepare their budgets in the forms prescribed by the state government and get the same approved by it. Sanction of the state government is also required for re-appropriation from one head to another head of the budget. The state government, while approving the budget, has to see

that the concerned municipal body has a minimum closing balance and necessary provision for the repayment of loans.

4. Accounting: Accounting constitutes the main ingredients of a sound financial administration. Sachdeva (2011) opines that merely imposition of taxes does not improve the financial position of the ULBs if taxes are not fully realized, the account books are not properly maintained and supervision over collection and expenditure is not exercised. The form and manner in which the accounts are to be maintained are generally prescribed by the Accountant General and any departure from these can be made only with the sanction of the state government.
5. Auditing: Municipal accounts are subject to annual audit conducted by the Examiner of the Local Fund Accounts to ensure that financial transactions are properly carried out, that amounts to be collected are duly realized and credited and that no amounts are paid without proper authority and provisions of funds in the budget. Sachdeva (2011) points out that the audit report highlights irregularities pertaining to non-regularization of expenditure in excess of budgetary provision, non-adjustment of loans raised, non-recovery of taxes, irregular and wasteful expenditure, embezzlement and misappropriation of municipal funds, non-observance of works rules, and so on.

1.5.4 Judicial Control

For Sachdeva (2011) judicial control is intended to safeguard the rights of individuals against their encroachment by municipal authorities and those of municipal bodies against infringement by the state government. Judicial control is not only limited to the right of an aggrieved individual to sue a local authority for damages, there are, in addition, remedies available to secure the performance by local authorities of their statutory duties or to restrain them from acting outside their jurisdiction. The remedies available are in the form of various kinds of writs such as injunction, *certiorari*, prohibition, *mandamus*, and *quo-warranto*. The judiciary has the power to interpret laws governing the local government, by-laws and rules made thereunder and declare them *ultra vires* if they contravene the constitution or some provisions of other laws. Sachdeva (2011) highlights that the courts do not interfere in municipal administration on their own. They intervene only on the initiative of the aggrieved party and when they are satisfied that errors of law, fact finding, jurisdiction and procedure have been committed. The courts have entertained and decided hundreds of cases relating to the constitution of municipal committees or

municipal corporations, election and removal of their members and office bearers, conduct of business, delegation of powers, punishment and dismissal of officers and servants, taxation, supersession, and so on.

Judicial control is not very effective, according to Sachdeva (2011), because the judiciary never takes the initiative, but intervenes only on being approached by the aggrieved citizen or by someone interested in the case, consequently many cases are never brought to the notice of the courts; second, litigation is a very expensive affair which a private citizen of moderate means can ill-afford; third, the judicial process is very lengthy, dilatory, and time consuming and is therefore very discouraging and frustrating for the persons concerned to take recourse to court of law; fourth, municipal acts and the municipal corporation acts of some states bar the jurisdiction of the courts in certain cases. Sachdeva (2011) also mentions a few necessary reforms which could be brought about to make judicial control over ULBs more effective: first to empower the courts to provide for preventive justice, whereby the courts shall be authorized to define or declare disputed rights and duties before any suit involving them is contested in the courts. Second, the courts have no power to enforce their decisions and they have to depend upon the executive branch of the government to carry them out. Hence, there is need for ensuring complete cooperation of the executive in the execution of the decisions of the courts. Third, special municipal courts exclusively dealing with municipal laws need to be established for speedy disposal of suits. Some municipal bodies have experimented with the institution of municipal magistracy for quick disposal of cases successfully.

1.6 Arguments against supersession of Municipal Bodies

The state governments have been vested with the power of suspension and supersession of municipal bodies. Sachdeva (2011) mentions that it is provided in municipal acts of various states that if in the opinion of the state government, a committee is not competent to perform or persistently makes default in the performance of the duties imposed on it under the Act or exceeds or abuses its powers, the state government by an order published in the official gazette, together with the statement of reasons thereof can declare the committee under suspension for a period not exceeding one year. The state governments have been frequently resorting to supersession of municipal bodies on the grounds of incompetence, persistent default in the

performance of their statutory duties and abuse of powers. Following Sachdeva (2011), some arguments against the supersession of ULBs can be forwarded:

1. The words 'in the opinion of the government' make it clear that it is the opinion of the government that counts. It is well known that judged by the known standards opinion can never be objective. Nowhere has it been mentioned in the Act or under the rules as to how this opinion is to be formulated or arrived at.
2. It is not possible to define competence in precise terms and to assess it objectively. A municipal council may be very competent in performing some functions but quite inefficient in performing other functions. Competency of a single council independently assessed will be something very different when it is assessed in relation to other councils. Moreover, a council may not be able to exhibit competency in the performance of its multifarious duties in view of the fact that the finances of the municipality are not commensurate with the functions entrusted to it. Competency is judged both by the directorate and the secretariat. Different officers are associated with this process at different levels. Subjectively assessed competence cannot therefore be a real ground justifying the supersession of a municipal body.
3. Maladministration may further be due to the lapses on the part of individual councillor, the president, the executive officer, and the council in its collective capacity. The government generally cannot pinpoint the responsibility squarely and it is unfortunate that the committee as a whole should be punished for the fault of one or the other of its constituents.
4. 'Default' is another ambiguous term. There have been municipal councils in default in relation to certain functions but it is highly doubtful whether all such cases come under the category of persistent default. Incompetence or default in performance needs to be proved for which evidence has to be produced.
5. Party politics has been a major factor in the supersession of municipalities. In municipal committees in which the interests of the party in power at the state level are safely looked after no such drastic action is taken even if their administration is in poor shape. The decision to supersede, therefore, is a political one and occasionally partisan.
6. The view that if a municipal council abuses its powers or is considered incompetent to perform its functions it should be superseded is mistaken. If that were so the judiciary

would not have declared so many state and even parliamentary acts *ultra vires* of the Constitution.

As per the report of the Rural-Urban Relationship Committee (1966: 118), supersession of municipal bodies is not a proper remedy for the maladies from which they generally suffer. It is only a short-term palliative dealing with the symptoms rather than the disease itself.

1.7 Conclusion

For Sachdeva (2011), the mechanism of control has been inherited from the British Government, which for obvious reasons favoured a restrictive local government in India and therefore had imposed a system of checks resulting in an exceptionally high degree of regulation, control, and interference in the affairs of local government, thereby rendering the local government impoverished and emasculated. But in free India the role of the state government towards grassroots democracy is to be essentially different from what was designed by the alien government. Now the local government is to be recognized as a part of the responsible governmental system of the country and is allowed to play its role as such in the development of the lives of people and the promotion of their welfare. Therefore, as Bhattacharya (1969: 14) had noted, if municipal institutions have to be retained and promoted at the grassroots level, state control has to change from restriction to facilitation.

1.6 Summary

This unit has discussed the following:

- There are two antithetical views regarding the supervision and control exercised by state government over municipal bodies: the individualist view and the paternalist view.
- The paternalist school is sceptical of decentralization of powers below the level of the state government. They also suggest various forms of control over local bodies. This has led to various forms of control exercised by the state government over ULBs— legislative, executive, financial, and judicial.
- As per Article 246 (3) of the Constitution of India, legislative control is exercised by the state government in respect of local government institutions by legislating on their functions and powers.
- Administrative control over municipal bodies it comprises the determination of criteria for the creation of different kinds of municipal bodies; defining, increasing or decreasing

their territorial limits; fixing the number of the elected members and the seats to be reserved for the Scheduled Castes and Scheduled Tribes, and so on.

- As urban local bodies are always at the mercy of the state government in regard to their finances, this financial dependency of local bodies on state government provides an opportunity to the latter to exercise control over the former. The state government also lays down various rules and regulations for the audit and maintenance of accounts.
- Judicial control is intended to safeguard the rights of individuals against their encroachment by municipal authorities and those of municipal bodies against infringement by the state government. Judicial control is not very effective because the judiciary never takes the initiative, but intervenes only on being approached by the aggrieved citizen or by someone interested in the case.
- The state governments have been vested with the power of suspension and supersession of municipal bodies. The state governments have been frequently resorting to supersession of municipal bodies on the grounds of incompetence, persistent default in the performance of their statutory duties and abuse of powers. There are strong arguments against such practices.

1.7 Glossary

Dissolution: In law, dissolution is any of several legal events that terminate a legal entity or agreement such as a marriage, adoption, corporation, or union.

Supersession: In law means the act of removing or unseating or dissolving the duly and democratically elected authority.

Ultra vires: Latin term that translates to ‘beyond the powers’. It is used to describe an act which requires legal authority or power but is then completed outside of or without the requisite authority.

1.8 Model Questions

Long Answer Type

1. Discuss the paternalistic argument towards the state government’s control over municipal bodies in India.
2. Discuss the methods of legislative and administrative control exercised by state governments over municipal bodies in India.
3. Discuss the methods of financial and judicial control over municipalities in India.

4. Discuss the core arguments against the supersession of municipal bodies by state governments in India.

Short Answer Type

1. Discuss the constitutional guarantees for legislative control of municipal bodies by state governments in India.
2. Discuss the three chief methods of administrative control exercised by state governments over municipal bodies in India.
3. What are the key methods of financial control over municipal bodies in India?
4. What are the reasons behind the ineffectiveness of judicial control over urban local bodies in India?
5. Write a note on the control over municipal personnel in India.
6. What are the three chief arguments against the supersession of municipal bodies in India?

1.9 References

“Report of the Rural–Urban Relationship Committee,” Vol. 1 (New Delhi: Ministry of Health and Family Welfare, 1966).

Argal, R., *Municipal Government in India* (Allahabad: Aggarwal Press, 1960).

Bhattacharya, M., *State Directorates of Municipal Administration* (New Delhi: IIPA, 1969).

Bhattacharya, M., *State-Municipal Relations* (New Delhi: Indian Institute of Public Administration, 1972).

Golding, L., *Local Government* (London: The English Universities Ltd., 1964).

Sachdeva, P., *Local Government in India* (New Delhi: Pearson, 2011).

Singh, H., *State Supervision over Municipal Administration* (New Delhi: Associated Pub. House, 1979).

The Constitution of India (New Delhi: Ministry of Law and Justice, Government of India, 2007).

UNIT IV: METROPOLITAN PLANNING COMMITTEE

Structure

1.0 Objectives

1.1 Introduction

1.2 Dynamics of Urban Planning

1.3 Planning and Implementation Gap

1.4 Metropolitan Planning Committee

1.5 Shortcomings

1.6 Conclusion

1.7 Summary

1.8 Keywords

1.9 Model Questions

1.10 References

1.0 OBJECTIVES

After studying the unit, you should be able to:

- Explain the phenomenon of urbanisation and its effects.
- Explain the dynamics of Urban Planning in India.
- Explain the role of the Metropolitan Planning Committee.

1.1 INTRODUCTION

Globally, over 55% of the population lives in urban areas today. It has been estimated that by 2045, the world's population will increase by 1.5 times to 6 billion, adding 2 billion more urban residents. The world is changing at a rampant pace and becoming increasingly urban. India is no different from this phenomenon of increasing urbanisation. According to the Indian census, carried out in 2011, the population of India was around 1,210,193,422, which means India has crossed the 1-billion mark. Currently, it is the second most populous country in the world after China, and studies indicate that India will be the world's number one populous country, surpassing China, by 2025. In India, over 35% of the population lives in urban areas, which is around 48 crore people and is increasing by 2.34% every year, and by 2030, over 50 percent of India's population is expected to live in urban areas.

One of the most complex challenges India faces today is the pace and pattern of urbanisation. Urbanisation is a process of society's transformation from a predominantly rural to a predominantly urban population. For the first time since 1947, we added more people to our cities than to rural areas in the decade ending in 2011. More than nine million were added to

urban India every year, between 2001 and 2011. This pace of urbanisation is likely to continue, and it is estimated that 590 million people will start living in our cities by 2030 and which will go up to 820 million by 2050. In 2021, approximately a third of the total population in India lived in cities. The trend shows an increase in urbanisation by almost 4 percent in the last decade, meaning people have moved away from rural areas to find work and make a living in the cities. Over the last decade, urbanisation in India has increased by almost 4 percent, as more and more people leave the agricultural sector to find work in services. The unprecedented growth of population caused by population explosion and migration of people from rural to urban areas has resulted in an unplanned and haphazard growth of cities. Public utilities like housing, sanitation, transport, electricity, water, health, and education are under heavy pressure because of urbanisation. Though urbanisation has been an instrument of social, economic, and political progress, it has led to serious socioeconomic problems like poverty, unemployment, underemployment among rural immigrants, thefts, dacoities, burglaries, beggary, and other social evils. The urbanisation process has been marred by irrational land use, inefficient land development, urban deprivation, inadequate feeding, educating, housing, living on pavements and unhygienic slums, inadequate settlements, and so on.

Experts are of the opinion that these hindrances caused by the process of urbanisation and overpopulation are attributed mainly due to the lack of urban planning and proper institutional arrangements. Therefore, what is required is the formulation of a continuous, coordinated, and programmatic process for urban planning and a comprehensive institutional arrangement that can meet the challenges posed by the haphazard urban explosion.

1.2 DYNAMICS OF URBAN PLANNING IN INDIA

Since ancient times, the concept of urban planning has been found in India. In ancient India, town planning finds a reference in the Indus Valley civilization. The genesis of modern town planning can, however, be traced to Britain, which enacted legislation on town planning in 1909, the first of its kind in the world. With New Delhi kickstarting the process of planned development the other provinces such as Bombay and Madras enacted legislation for urban and town planning. Legislations on the town and urban planning were also passed in UP and Punjab.

The post-independence period witnessed the emergence of new planned townships. Urban planning for India in post-independence began with the Delhi Development Act of 1957 which was an important step in this process. Several legislations followed in the form of the Rajasthan Urban Improvement Act, 1959 in Rajasthan, Maharashtra Regional and Town Planning Act, 1966 in Maharashtra, Uttar Pradesh Urban Planning and Development Act, 1973 in Uttar Pradesh, Andhra Pradesh Urban Areas (Development) Act, 1975, Gujarat Town Planning and Urban Development Act, 1976 in Gujarat, and so on. Likewise, with the adoption of planning for the socio-economic development of the country since 1951, town planning has become a part of the overall national plan.

The Ministry of Urban Development was set up in 1985 (which was designated as the Ministry of Urban Affairs and Employment in 1998) for broad policy formulation and monitoring of programmes in the areas of housing, urban development, urban poverty alleviation, and urban water supply. It has been formulating policies and programmes for India's urban sector. Though these issues are essentially state subjects but the central government plays a coordinating and monitoring role and also supports these programmes through central sector schemes, institutional finance, and expertise. Its town and country planning organization is the apex technical advisory body on matters relating to urban and regional planning, strategies, research, monitoring, and evaluation of central government schemes and development policies.

The 74th Constitutional Amendment Act of 1992 was a major landmark in the process of urban development and administration. A major step that was taken in 1992 was the setting up of the Metropolitan Planning Committee or the District Planning Committee as per Article 234ZD and ZE of the 74th Constitutional Amendment Act of 1992.

Further, the Government of India brought UDPFI 1996, and URDPFI 2015 Guidelines. These developments guided the prevailing urban planning in India. The Urban Development Plan Formulation and Implementation (UDPFI) was formulated by The Institute of Town Planners. They prepared the guidelines, which became a roadmap for urban sector stakeholders. With the passage of time, many new developments like rapid urbanisation, globalisation, and the advancement of information and communication technologies made the urban sector more dynamic. This resulted in many new aspects to be considered while planning an urban area like inclusive planning, sustainable habitat, regional planning of the region surrounding the urban area, integration of land use and transport, disaster resilience, barrier-free planning for specially-abled citizens, networks of communication, electricity, roads, water supply, sewerage, solid waste, etc. Hence in 2015, the Ministry released the revised version of UDPFI guidelines by considering both the urban and its surrounding region for which the development plan should be prepared. The URDPFI guidelines suggest an elaborate Planning System Framework with due consideration to statutory and non-statutory plans like urban revitalisation plans, city development plans, comprehensive mobility plans, city sanitation plans, coastal zone management plans, etc. Today the UDPFI guidelines are categorised into core area planning and specific and investment planning.

The government of India has also prepared Energy Conservation Building Code (ECBC) in 2017 and 2018 to apply green cities with specific guidelines and norms.

Today the issues, policies, and administrative structure for town and country planning are discussed at the conferences of state ministers for town and country planning, and appropriate decisions are taken for implementation in the respective states.

Accordingly, the majority of states have passed Town Planning Acts to enforce town planning activities. As Urban Development is a state subject, the state governments are empowered to

notify development areas in a city/town and constitute Urban Development Authorities for such areas.

Various states have set up full-fledged departments dealing with town and country planning with extensive field organizations. Town and Country Planning Organization (TCPO) and the states' departments of town and country planning play a key role in town planning.

1.3 PLANNING AND IMPLEMENTATION GAP

Town planning strategies and practices suffer from certain weaknesses and deficiencies. It is quite visible in the scale of unplanned development and the implementation of planning has also not been able to achieve the desired objectives.

The causes responsible for the inadequacies of the planning processes and the impediments in their implications include the absence of investment plants and resources along with land use. Urban planning is predominantly land-use and physical change-oriented, and socio-economic planning is yet to be blended with the kind of physical planning that is in vogue in the major cities and towns.

Likewise, no proper administrative responsibility has been entrusted to any single authority for the implementation of development plans. Every development agency works in isolation and without coordination, resulting in poor results and benefits to the target group. A comprehensive town planning act should be enacted which should be operative both in municipal limits as well as controlled areas. A single urban development agency may take the responsibility to implement the plan in a phased manner.

There is a multiplicity of agencies at all (central, state, and local) levels, and several institutions are involved, which include ministries, departments, authorities, Boards, and decentralised committees in a city. This acts as a hindrance in the timely implementation of plans.

There is also a diverse and unsettled political economy lacking a consensus on systematic urban development. Further, the development plans lack the phasing of programmes and modes of financing.

1.4 METROPOLITAN PLANNING COMMITTEE

Metropolitan areas are the country's primary engines of growth and economic development. These areas are characterized by well-connected networks and transport facilities, and robust infrastructure, and in this case, metropolitan-level planning, implementation, and coordination

are required for urban transportation, water supply, waste management, policy, and public health, among other things. In this regard, The Constitution mandates the formation of Metropolitan Planning Committees (MPCs) in all metropolitan areas with a million-plus population.

Article 243 ZE of Part IX A provides for the establishment of the Metropolitan Planning Committee (MPC). MPCs are envisioned to ensure integrated planning for the entire metropolitan area, and are responsible for the preparation of draft development plans, synthesising priorities set by local authorities, State and Central governments. The purpose is to prepare a consolidated and comprehensive plan for the Metropolitan area as a whole.

According to Article 243 ZE, The state legislature has the authority to make the provisions which include the composition of such committees, the manner in which members of such committees are elected, the representation of the Central government, state governments, and other organizations in such committees, the functions of such committees concerning metropolitan planning and coordination and the manner in which chairpersons of such committees are elected.

The provision states that two-thirds of the members of a metropolitan planning committee must be elected from among themselves by the elected members of the municipalities and chairpersons of the panchayats in the metropolitan area. Further, the proportion of these members on the committee should be proportional to the population ratio of the municipalities and panchayats in that metropolitan area. Likewise, to ensure better planning, close cooperation, and coordination between Union, State, and Local government—provision has been made to have representation of various Union and State level Committees, organizations, and institutions if deemed necessary.

The Metropolitan Planning Committee is expected to be a high-level, democratically elected body that will provide a constitutional mandate for the entire metropolitan development planning process. It is entrusted with the preparation of a Metropolitan Area Development Plan Draft and is required to coordinate plans developed by municipalities and panchayats in the Metro area, including coordinated spatial planning of the area. Further, it also coordinates and proposes the resolution of common issues involving Panchayats and Municipalities in the metro area, such as water and other physical and natural resources sharing. It allocates resources made available by the state and central governments to institutions at the local level. It schedules and prioritizes development projects or projects involving a large number of Panchayats or urban areas and advises and assists local governments in developing development plans along with serving as a link to disseminate development objectives, policies, and priorities of the Central and State Governments among various local bodies by developing operational guidelines that can be incorporated into the respective local bodies' plans. Lastly, the Committee plays a significant role in conflict resolution and avoiding areas of overlap among the various agencies operating in the metropolitan area.

Furthermore, the scale of services required in these metropolitan areas is enormous. The central and state governments have set up city development authorities to provide for the planned

development of the respective cities or/and regions in their jurisdictions. For instance, The Delhi Development Authority was established by the central government under the Delhi Development Act, 1957, to give concrete shape to the policy of bringing order into building activity in Delhi as per the perspective development plan for Delhi 2001. Similarly, the Calcutta Metropolitan Organization was set up in 1961 by the Government of West Bengal to promote the development of the Calcutta metropolitan area according to plan. Another case is the Bombay Metropolitan Regional Planning Board which was constituted in 1967 under the Maharashtra Regional and Town Planning Act, 1966, followed by the Patna Metropolitan Regional Planning Board in 1967 and the Nagpur Metropolitan Regional Planning Board in 1968. All these metropolitan planning organizations, redesigned as metropolitan development authorities, perform identical functions, mainly allocation of land for different uses, general distribution and general locations of land and the extent to which the land may be used as residential, industrial, agricultural, or as forest, or for mineral exploitation; reservation of areas for open space, gardens, recreation; transport and communications, such as roads, highways, and railways; water supply, drainage, sewerage, sewage disposal and other public utilities, amenities, and services including electricity and gas; reservation of sites for new towns industrial estates and any other large scale development or project which is required to be undertaken for proper development of the region or new town; preservation, conservation and development of natural scenery, forest, wild life, natural resources, and landscaping; preservation of objects, features, structures or places of historical, natural, architectural or scientific interest and educational value; areas required for military and defense purposes; afforestation and prevention of erosion; proposals for irrigation, water supply, and hydro-electric works, flood control and prevention of river pollution; and providing for the relocation of population or industry (Sachdeva, 2011).

1. 5 SHORTCOMINGS

Though the Metropolitan Planning Committees were conceived as a mechanism for an all-around development process in states, it has been noted that the State governments are hesitant to give up authority. As a supra-municipal authority, the MPC has limitations as it lacks executive powers, staff, and budgets. The lack of adequate manpower and allocation of adequate budgets act as a hindrance to its functioning. As they were supposed to lay the groundwork for metropolitan governance, but in most cases, they do not exist due to delay. Also, where they are formed, their functionality is dubious, with the limited role of local elected representatives raising additional concerns about democratic decentralization.

Niti Aayog highlighted the non-availability of an inter-agency coordination mechanism, including special purpose vehicles (SPVs), for effective delivery. It stated that there is no solid spatial plan that serves as an overall framework for smart city planning and implementation and intelligent mechanisms for amplifying the voices of the urban poor, slum dwellers, migrants, and other marginalized citizens. There is a lack of a digital master plan, also known as a digital strategy and road map, followed by poor decision-making based on data for service delivery and resource sustainability. Lastly, there is poor access to skilled human resources to handle a variety

of functional domains and no financing of smart cities and ULB financial sustainability. According to Niti Aayog, the Metropolitan Planning Committees have yet to acknowledge that disaster management, mobility, housing, climate change, and other issues transcend municipal boundaries and necessitate regional-level solutions.

1.6 CONCLUSION

In recent years an unprecedented scale of population explosion, industrialization, and migration from rural to urban areas have accelerated urbanization in India. The process of planning in urban areas has evolved overtime, however, there is an urgent need to reformulate the process and mechanisms of planning in urban areas to check the rampant and haphazard growth of urban explosion. Various areas including water sources, waste disposal, traffic and transportation, drainage, air pollution abatement, and so on are issues which Municipal Corporations or municipalities cannot achieve much on their own. Since the metropolitan city's complexity necessitates a metropolitan-wide perspective, planning, advocacy, and action, as a result, the Metropolitan Planning Committee was conceived of as an inter-institutional platform for similar purposes. The Metropolitan Planning Committee was and is expected to be a high-level, democratically elected body that will provide a constitutional mandate for the entire metropolitan development planning process.

However, MPC as a supra-municipal authority has limitations. As mentioned earlier, it does not have executive powers, adequate staff, and budgets, and the state governments are reluctant to concede power. Therefore, a more democratic approach is required by providing the MPCs with a full-time secretariat, which includes, staff, budgets, and executive powers.

This body can be the middle layer between the municipal bodies and the state government Likewise, housing, transport, and police should be in the 12th Schedule. Currently, the State governments continue to hold these functions. This control provides state governments with unrestrained power over capital-intensive sectors, indirectly enabling them to control cities.

More financial resources at the disposal of these committees will give them adequate resources to carry out their functions and fulfill the requirements of urban development.

1.7 SUMMARY

- India is facing the challenge of the changing pace and pattern of urbanisation
- Planning in India has undergone structural changes since its inception.
- Metropolitan Planning Committees (MPCs) are formed according to the constitution of India in all metropolitan areas.
- The MPCs provide a framework and arrangement of the metropolitan development planning process.

- There are shortcomings and certain remedies are required with regard to MPCs.

1.8 KEYWORDS

Urbanisation: The process through which cities grow, and higher and higher percentages of the population come to live in the city

Municipal Corporation: A municipal corporation is a type of local government in India that administers urban areas with a population of more than one million.

Niti Aayog: National Institution for Transforming India or Niti Aayog is a policy think tank of the Indian government which provides inputs regarding the different programmes and policies of the government. NITI Aayog gives relevant advice to the centre and state governments as well as to the Union territories.

Metropolitan: The word Metropolitan is derived from the Greek word metropolitanus meaning citizen of a mother state. A metropolitan area is a region house to a densely populated urban core and its less-populated surrounding territories, sharing industry, infrastructure, and housing.

Metropolitan Area: An area having a population of ten lakhs or more, comprised in one or more districts and consisting of two or more Municipalities, Panchayats or other contiguous areas, specified by the Governor by public notification to be a Metropolitan area.

1.9 MODEL QUESTIONS

1.9.1 Long Answer Type

1. Trace the evolution the of Planning Process in India.
2. What is Metropolitan Planning Committee? Explain its constitutional provisions.
3. What are the major outcomes of overpopulation in the process of urbanisation?
4. What are the major shortcomings in the implementation and working of the Metropolitan Planning Committee?

1.9.2 Short Answer Type

1. What is Metropolitan Planning Committee?
2. What are the examples of Metropolitan Development Authorities in India?
3. Mention the constitutional provisions of the Metropolitan Planning Committee.
4. Write a few implementation gaps with regard to the planning process in India.

5. What is the function of The Urban Development Plan Formulation and Implementation (UDPFI)
6. How has Niti Aayog criticised the Metropolitan Planning Committee?

1.10 REFERENCES

Government of India. (1996). Urban Development Plans Formulation & Implementation Guidelines. Retrieved from https://www.indiawaterportal.org/sites/default/files/iwp2/Urban_Development_Plans_Formulation_and_Implementation_Guidelines__UDPFI_Ministry_of_Urban_Affairs_and_Employment_GOI_1996.pdf

Phukan, R. (2022). Overpopulation in India – Causes, Effects and How to Control it. My India.

Sachdeva, P. (2011). Local Government in India. Pearson.

Netaji Subhas Open University
Honours in Public Administration (CBCS)
B.D.P. CC VII BLOCK IV

UNIT V

MUNICIPAL FINANCE COMMISSION

Structure

- 1.30 Objectives
- 1.31 Introduction
- 1.32
- 1.33
- 1.34
- 1.35 Conclusion
- 1.36 Summary
- 1.37 Glossary
- 1.38 Model Questions
- 1.39 References

1.0 Objectives

After studying this unit, you are expected to:

- Identify the provisions in the Constitution of India vis-à-vis the establishment of State and Municipal Finance Commissions.
- Identify the reasons behind the dismal state of municipal finances in India.
- Understand critically the recommendations vis-à-vis strengthening municipal finance in India.

1.8 Introduction

The Constitution (74th Amendment) Act, 1992, vide Article 243I (2007: 134-135) provides that the governor of a state, as soon may within one year of the commencement of Constitution (74th Amendment) Act, 1992, and thereafter at the expiration of every fifth year, constitute a finance

commission to review the financial position of the municipalities and make recommendations to him as to:

(a) the principles which should govern

(i) the distribution between the state and the municipalities of the net proceeds of the taxes, duties, tolls and fees which can be levied by the state which may be divided between them and the allocation between the municipalities at the level of their respective shares of such proceeds,

(ii) the determination of the taxes, duties, tolls, and fee which may be assigned to and appropriated by the municipalities,

(iii) the grants-in-aid to the municipalities from the consolidated fund of the state,

(b) the measures needed to improve the financial position of the municipalities;

(c) any other matter referred to the Finance Commission by the governor in the interests of sound finance of the municipalities.

The governor shall cause every recommendation made by the Commission together with an explanatory memorandum on the action taken thereon to be laid before the legislature of the state.

Vide Article 243Y (2007: 144-145), the Finance Commission constituted under article 243-I shall also review the financial position of the Municipalities and make recommendations to the Governor as to—

(a) the principles which should govern—

(i) the distribution between the State and the Municipalities of the net proceeds of the taxes, duties, tolls and fees leviable by the State, which may be divided between them under this Part and the allocation between the Municipalities at all levels of their respective shares of such proceeds;

(ii) the determination of the taxes, duties, tolls and fees which may be assigned to, or appropriated by, the Municipalities;

(iii) the grants-in-aid to the Municipalities from the Consolidated Fund of the State;

(b) the measures needed to improve the financial position of the Municipalities;

(c) any other matter referred to the Finance Commission by the Governor in the interests of sound finance of the Municipalities.

Based on the context provided by these two articles of the Constitution of India, the present unit will discuss the functions of the Municipal and State Finance Commissions. It would also discuss the reasons behind the critical financial condition of Urban Local Bodies (ULBs) in India, and proffer some suggestions for Augmenting Municipal Finance.

1.9 Municipal and State Finance Commissions

In compliance with constitutional stipulations, all the states had set up their state finance commissions. Most of the state finance commissions have submitted their reports to the concerned state governments. Some of them are yet to examine and accept them. According to Sachdeva (2011), Punjab became the first state in the country to have received the commission's report on 31st December, 1995. The Punjab Finance Commission report recommended that 20 per cent of the net proceeds of at least from taxes collected by the state should be shared with the municipalities and Panchayati Raj institutions. These taxes were stamp duty, motor vehicles tax, electricity duty, entertainment tax and entertainment tax. Akin to the recommendations of the Punjab Finance Commission, other states have now listed several user charges which the municipalities could levy, such as, extension of surcharges to water supply, sewerage, parking, slots, solid waste management, etc. Some reports have also recommended that the state must also provide 'specific purpose' grants for additional coverage of population by core services. State Finance Commissions have also recommended that municipalities must check and plug revenue leakage and bring economy in expenditure.

For Sachdeva (2011), the problem of inadequacy of finances of municipal bodies has been seriously discussed by numerous commissions and committees appointed by the Central and state governments from time to time. A joint meeting of the Central Council of Local Self Government and the Executive Committee of the All India Council of Mayors organized by the Ministry of Works and Housing had suggested to set up a municipal finance commission. The Rural-Urban Relationship Committee which made a detailed study inter alia of finances of urban local bodies had also, keeping in view the provisions of Article 280 of the Constitution of India, recommended that well before the appointment of the Central Finance Commission by the President, the governor of each state should appoint a body to be known as the Municipal Finance Commission to examine the financial obligations for various obligatory services and development schemes. 'The state governments', the committee observed, 'may include the financial obligation arising from the recommendations of the Municipal Finance Commission in

their proposal of the Central Finance Commission.’ In this way, the finances of local bodies will become an integral part of the overall national finances. This procedure will not only act as a financial insurance for local bodies and protect them against arbitrary incursions of the State government but also act as a stimulus for them to make the best use of the taxes allocated to them.

Although state governments did not evince great interest in the proposal at the beginning, after the passage of the 74th Amendment Act (1992), they had to fall in line and constitute finance commissions in tune with the directives of Arts. 243I and 243Y of the Constitution of India. Prior to the Act, as a result of persistent demand made at the meetings of the Central Council of Local Self Government, a number of state governments had set up Municipal Finance Commissions, such as Maharashtra in 1973 and Odisha in 1975. Most recently, West Bengal has constituted the Fifth State Finance Commission on 23rd May, 2022 which review, among other things, the financial position of Municipalities in the state and make recommendations to the governor which are in tune with the directives of Art. 243Y of the Constitution of India (No. 132-FB, 2022: 2).

For Sachdeva (2011), there is no denying the fact that when the state governments themselves are frantically searching for additional sources of revenue, it is but natural that they would pay scant attention to the needs of local authorities. They have, in fact, been not only reluctant to part with such resources which are patently local but have even been tempted to encroach upon municipal tax resources by levying identical and parallel taxes. The Taxation Enquiry Commission (1953–54) had suggested reservation of specified tax resources in favour of local government but as usual the suggestion has remained on paper. There is considerable divergence between the Constitutional provisions and the working of the State Finance Commissions in reality. The states have not paid adequate attention to this institution and they often take long in submitting the report. Chakraborty et al. (2018) analysed that the State Finance Commissions in 12 Indian states took more than 30 months to submit their reports. The commissions often face the problems of non-availability of data, office space and technical staff. The implementation of the recommendations has also been delayed and this affects the adequate devolution of funds to the ULBs.

1.10 State of Municipal Finance in India

With an aim to strengthen the third tier of governance, the 74th Constitutional Amendment Act mandated the devolution of funds, functions and functionaries to the ULBs in 1992, while its implementation started only after 2005. As per the Fourteenth Finance Commission, in 2012–2013, municipal revenue constituted just over one per cent of GDP in India (2015), while municipal revenues in other emerging economies such as Brazil and South Africa are five per cent and six per cent of their GDP, respectively, indicating significant scope for the ULBs in India to grow. The share of revenues from own sources in total municipal revenues declined from 55.7 per cent in 2007-08 to 51.6 per cent in 2012-13; although own sources have increased 81 percent, from INR 275.01 billion in 2007–08 to INR 499.13 billion in 2012-13. The share of tax revenues declined from 37.2 per cent to 32 per cent between 2007-08 and 2012-13, while the share of non-tax revenues increased from 18.5 per cent to 19.7 per cent during the same period. User charges as a percentage of own revenues of ULBs have increased, but ULBs need to be given more autonomy in deciding and fixing the charges, which are currently under the state control. The share of transfers in total municipal revenues went up from 44.1 per cent to 48.4 per cent during the same period due to increased state devolutions/grants-in-aid and finance commission transfers. As per the Economic Survey (2018), the share of own sources has further declined from 56 to 44 percent during 2010 to 2018. To meet its revenue and capital expenditures, municipalities in India have now been reduced to a status of regular borrowers from the capital market in India.

Sachdeva (2011) has cited a few reasons for the critical financial condition of municipalities in India:

1. Unjust Distribution of Revenue Sources: The sources of income assigned to municipal bodies are inadequate as compared to their functions, with most taxes being levied by the union or state governments.
2. Defective Budgeting: Balance is not kept between income and expenditure. Sometimes expenditure exceeds the proposed income and the municipal bodies have to face a crisis which ultimately results in breakdown of services.
3. Hesitation to Impose New Taxes: The elected members who constitute the local council are always afraid of imposing new taxes on people because they feel that this will result in their defeat at the next election.

4. **Defective System of Grants:** The grants provided by the state government are either inadequate, irregular, unsystematic, or uncertain. There is no uniform criterion to provide grants to the municipal bodies and generally these are ad hoc and discretionary depending upon the availability of funds with the state governments.
5. **Governmental Rigidity:** The attitude of the state governments towards municipal bodies is quite rigid, such as in Haryana and Punjab, where municipal bodies are often superseded.
6. **Defective Accounts and Audit System:** In various municipalities audit objections remain pending for many years and in some municipalities audit is not conducted regularly. The accounts rules and regulations framed by the respective state governments are not followed, resulting in financial losses and embezzlements.
7. **Limited Borrowing Powers:** Borrowing powers are governed under the central legislation known as Local Authorities Loans Act, 1914. The attitude of the state or the central government is not in favour of municipal borrowing.
8. **Faulty Tax Administration:** The system of municipal tax administration suffers from various defects. In order to meet their needs and requirements the employees indulge in corrupt practices, which results in leakage of revenues, mounting size of uncollected dues, evasion in taxes and further widening the gap between resources and expenditure.
9. **Poverty:** Urban poverty among Indian people is one of the most crucial factors responsible for critical financial condition of urban local bodies. The rapid growth of urbanization has further aggravated the situation and has made the services provided by the municipal bodies more expensive.

1.11 Reforms of Municipal Finance: Some Suggestions

In order to reform the deplorable condition of municipal finances in India, experts have suggested some reforms which can be mentioned under several heads:

1. **Augmenting Own Tax Revenues:** This can be done through periodic revision in the tax rates; correct assessment of the tax base; improving collection efficiency through innovative tax reforms; management innovations within the existing revenue structures. There is also an urgent need to minimise unnecessary exemptions on property taxes. Taxation powers of the ULBs should also be enhanced through amendments in the Municipal Acts, and relevant State/Central Acts.

2. **Augmenting Non-Tax Revenues:** The ULBs may endeavour to periodically revise the user charges, such as covering at least Operation and Maintenance costs, revision of user charges linked to inflation, and so on. Inventory assets must also be updated through listing, classification, and valuation followed by asset management strategies.
3. **Reforms in Devolution of Funds from state/central governments:** Such devolutions must look beyond the depend culture created in the welfare state model, by punishing underperforming ULBs in appropriate manner. In India, a formula of devolution is required that would ensure objectivity, transparency, and predictability of funds made available to ULBs.
4. **Augmenting Municipal Finance:** Such reforms must attempt to bridge the urban fiscal gap by addressing issues of expenditure assignment, revenue assignment, finance-function matching, and municipal management in order to raise revenues and cut costs. A Revenue Mobilisation Incentive Fund (RMIF) may be created to allow the ULBs to mobilise revenue action plan for stimulating revenue potential from city economy, value added role of municipal services, as well as sale, use, transfer of municipal assets.
5. **Reforming Financial Management:** Financial Management Systems of some ULBs have been doing admirably vis-à-vis covering Double-Entry Accounting System, etc. Such reforms may make ULB finances more sustainable in future.
6. **Land Value Augmentation:** ULBs may embark upon land monetisation by proper inventory of assets and its regular updating through generating computer database of properties using of GIS technology. Land can be used as a resource for ULBs through various land based instruments such as Vacant Land Tax; Land Transfer Tax; Land Gains Tax; Purchasable/Transferable Development Right; Development and Betterment charges; TDR and FSI, and through charging Impact Fee.

1.11.1 Municipal Finance Corporation

The Rural-Urban Relationship Committee (1966: 107-108) had suggested the setting up of a Municipal Finance Corporation in each state to advance loans to the municipal bodies to meet the capital needs of municipal enterprises such as city transport, milk supply, electricity, cinemas, hotels and the like. The Corporation could have an authorized capital to be subscribed by the Government of India, the Reserve Bank of India, the Life Insurance Corporation, commercial banks, and other financial institutions as also the local bodies. It should be run on

commercial lines and should have the power to issue debentures and raise market loans under the guarantee of the Union Government.

1.11.2 Urban Development Finance Corporation

According to Sachdeva (2011), an Urban Development Finance Corporation could also be set up to finance the municipal development plans and programmes. It is argued that such a corporation would be better equipped to tap additional resources and to give special attention to the requirements of municipal programmes. The United Nations (1962) has also supported the demand for such a central loan agency and observed: 'Such an agency would not only provide loans to local authorities at reasonable rates but could also give technical advice on individual projects and spur long term physical planning at the local level.'

In the final analysis it is to be accepted that the above-mentioned arrangements would be useful to a limited extent of financing the remunerative and self-liquidating projects, but for financing the social infrastructure investments in the field of education, health, housing, etc., what is needed is combination of loans and grants which can be provided only by the Central and state governments.

1.12 Conclusion

The 74th Amendment Act was expected to devolve sufficient powers to the Urban Local Governments to enable them to function as institutions of Self-Government. To that effect Article 243I and Article 243Y were devised to create finance commission to review the financial position of the municipalities and make recommendations to the governor of a state for enhancing the financial position of ULBs. Most of the times, either due to lack of political will or over-bureaucratisation, states have not paid adequate attention to this institution and they often take long in submitting the report. This, along with poor resource allocation and slow economic growth, has led to the dismal condition of municipal finances in India. Local governments around the world have adopted an admixture of instruments to finance their urban services and infrastructural requirements, involving local taxes, user charges and transfers, borrowings from domestic financial institutions, banks and capital markets. Since 2005, municipal financing in India has substantially evolved from a grant and soft loan-based infrastructure-creation programme to the increasing use of innovative and market-based mechanisms such as municipal bonds, pool financing bonds, and so on, thereby bringing in private capital for municipal bodies.

In the emerging context of rapid urbanisation and the consequent need for more resources by the ULBs for performing their assigned functions, it is imperative that municipal finance reforms are undertaken in earnest so as to enable the local bodies to stimulate, strengthen and augment their resource base as well as enhance their resource mobilisation power from the market.

1.13 Summary

This unit has discussed the following:

- After the passage of the 74th Amendment Act (1992), states had to constitute finance commissions in tune with the directives of Arts. 243I and 243Y of the Constitution of India.
- As per the Fourteenth Finance Commission, in 2012–2013, municipal revenue constituted just over one per cent of GDP in India (2015), while municipal revenues in other emerging economies such as Brazil and South Africa are five per cent and six per cent of their GDP. To meet its revenue and capital expenditures, municipalities in India have now been reduced to a status of regular borrowers from the capital market in India.
- The reasons for this can be summarised in terms of unjust distribution of revenue sources; defective budgeting; hesitation to impose new taxes; defective system of grants; governmental rigidity; defective accounts and audit system; limited borrowing powers; faulty tax administration; and urban poverty.
- Some reforms that can be undertaken to remedy the situation include augmentation of own tax revenues and non-tax revenues; reforms in devolution of funds from central/state governments; augmentation of municipal finance; reforms in financial management; and land value augmentation.
- The setting up of a Municipal Finance Corporation in each state to advance loans to the municipal bodies or the setting up of an Urban Development Finance Corporation would also be useful to a limited extent.

1.14 Glossary

Devolution: It refers to the transfer of authority to subordinate levels of the Government.

1.15 Model Questions

Long Answer Type

1. Discuss the constitutional provisions for setting up finance commissions in Indian states.

2. Discuss the procedure for setting up Municipal Finance Commissions in India. How far has Indian states been successful in this regard? Argue cogently.
3. What are the reasons for the dismal state of municipal finances in India?
4. Discuss the recommendations towards the betterment of municipal finances in India.

Short Answer Type

1. Write a note on Art. 243I of the Constitution of India.
2. Write a note on the state of Municipal Finance Commissions in India.
3. Mention three chief reasons for the poor state of municipal finances in India.
4. Write a note on the recommendations of the Rural-Urban Relationship Committee for setting up a Municipal Finance Corporation in Indian states.
5. How can ULBs augment their tax and non-tax revenues?
6. How can ULBs augment land value for their own advantage?

1.16 References

“Notification No. 132-FB,” (Howrah: Government of West Bengal). URL: <https://finance.wb.gov.in/writereaddata/132-FB.pdf>.

Chakraborty, P., Gupta, M. & Singh, R.K., *Overview of State Finance Commission Reports* (New Delhi: NIPFP, 2018).

Sachdeva, P., *Local Government in India* (New Delhi: Pearson, 2011).

The Constitution of India (New Delhi: Ministry of Law and Justice, Government of India, 2007).