

UCLG COUNTRY PROFILES

Republic of India

(*Bhāratiya Gaṇarājya*)



Capital: New Delhi

Inhabitants: 1.027.015.248 (2001)

Area: 3.287.590 km²

1. Introduction



India is a federal republic comprising twenty eight states and seven union territories. It has a land area of 3,287,263 sq km a population of 1.028 million (2001) growing at the rate of 1.93 per cent during the period 1991-2001. Governmental functions derive authority from the constitution of India adopted in 1950.

The union or central legislature is bicameral consisting of two houses – the Lok Sabha and the Rajya Sabha. Members of the Lok Sabha are elected directly on a first past the post system. Members of the Rajya Sabha are elected indirectly by the legislatures of the federating states with representation being proportional to their respective populations. The Lok Sabha can have a maximum of 545 members while the Rajya Sabha can have a maximum of 250 members. Unless otherwise dissolved the Lok Sabha has a term of five years. The Rajya Sabha is not subject to dissolution. However a third of its members are retired every two years.

These legislative houses along with the President of the Republic constitute Parliament.

The President is the executive figure head of the republic and is elected by members of both houses of Parliament and the legislative assemblies of the federating states for a period of five years. Though the President is the head of the republic, executive power of the republic is exercised by the Prime Minister and his council of ministers. The President normally appoints the Prime Minister from the leader of the largest party. Other members of the council of ministers are appointed by the President based on the advice of the Prime Minister. Union Territories are also governed by the Union Government.

Government of the federating states is organised in a manner similar to that of the union government. The executive figure head of government is the Governor who is advised by the real seat of executive power, a Chief Minister and his council of ministers. Appointed by the Governor the Chief Minister is normally the head of the largest party in the state legislative assembly. On the recommendation of the Chief Minister the Governor appoints the council of ministers. Since 1955 many states have been



organised along linguistic lines and their population varies widely. The most populous Uttar Pradesh, has a population of 167 million people while Sikkim the least populous state has a population of just about 540,000 people.

Governmental tasks are apportioned between the union and state government on the basis of the 7th Schedule of the constitution. The 7th Schedule has three lists. List 1 enumerates subjects over which the union government has power to legislate. List 2 enumerates the powers of the state governments and List 3 enumerates concurrent powers. Residuary powers in the Indian constitution are vested in the union government. Local government is a state subject and therefore the primary task of devolving power and nurturing institutions of local government rests with the state governments. However the central government also plays an active role in coordinating local government policies at the rural and urban level through the ministries addressing the issues of Urban Development, Rural Development, Panchayati Raj and Poverty Alleviation. At the state level, each state has appropriate legislation defining the contours of local government, which does not vary significantly from state to state. Further each state also has appropriate ministries dealing with issues relating to local government. Broadly local government is divided between the rural authorities called panchayats and urban authorities or municipalities.

Historically the debates on rural self-government or 'panchayati raj' have dominated Indian debates on local government. This emphasis was reflected in Art. 40 of the constitution which states that 'the state shall take steps to organise village panchayats and endow them with such powers and authority as may be necessary to enable them to function as

units of self-government'. Panchayati Raj in contemporary India traces back to the report of the Balwant Rai Mehta Committee in 1959. Most federating states broadly accepted the report of the committee and created a three tier system of rural local government at the village (called Gram Panchayats), block (called Panchayat Samitis) and district levels (called Zilla Panchayats). The successes and failures of these institutions prompted appointment of various other committees (Santhanam Committee, 1963, Ashok Mehta Committee, 1978, G.V.K. Rao Committee Report, 1986, L.M. Singhvi Committee, 1986) leading finally to the incorporation of certain basic aspects of the local government institutional framework into the constitution through the 73rd and 74th amendments in 1992. The 73rd amendment governs rural decentralisation while the 74th amendment addresses urban decentralisation.

Local government at the urban level has historically not engaged as much public debate as the Panchayati Raj institutions governing rural institutions. However with rapid growth of cities since Independence and especially with the economic growth of the last fifteen years there has been some change in this unevenness of public debate. Urban local government across the country are single tiered and are governed by bodies termed Municipal Corporation, Municipal Councils, Cantonment Boards, Town Area Committees or Notified Area Committees.



The main features of the 73rd and 74th amendments

1. Centrality of the gram sabha or the relevant urban authority (municipality, municipal corporations etc.) as the decision making body for local government.
2. A three tier structure of local government across the country, with village, block, and district as the appropriate levels. A single tier of governance in urban areas across the country.
3. Direct elections in both rural and urban areas. The state government however is given the power to nominate members and chairpersons to panchayat bodies as well as to committees in urban bodies.
4. Reservation of seats for Scheduled Castes and Scheduled tribes in proportion to their population. Not less than a third of the seats to be reserved for women.
5. Reservation of the offices of Chairpersons of local government for Scheduled Castes and Scheduled tribes in proportion to their population. Not less than a third of such offices to be reserved for women.
6. The state legislature is at liberty to provide reservation of seats and offices of chairpersons in panchayats in favour of backward classes of citizens.
7. Average term of local government bodies to be five years and elections to these bodies are to be completed before the expiry. In the rare case of dissolution of these bodies then elections are to be held within six months of the dissolution.
8. It shall not be possible to dissolve existing local government bodies by amendment of any act before the expiry of its duration.
9. A person who is disqualified under any law for elections to the legislature of the state will not be entitled to be a member of a local government body.
10. An independent state election commission to be established for superintendence, direction, and control of the electoral process and preparation of electoral rolls.
11. Devolution of powers and responsibilities by the state in the preparation and implementation of development plans.
12. Setting up of a State Finance Commission once in five years to revise the financial position of these PRI's and to make suitable recommendations to the state on the distribution of funds among local bodies.

Currently local government in rural areas is carried out by the three tiered structure of local government. That is, as already mentioned the gram panchayat (with an average population of around 1,000), the panchayat samiti (consisting of around 100 villages) and the zilla panchayats (consisting of around 1,000 villages or 1,000,000 people). Exceptions to the three tiered structure are found in a few states which might have either one or two tiers of local government (Table 1). These

institutions have three basic tasks (a) act as units of rural local government where power has been devolved to them (b) undertake community development (c) act as the agency of the State Government (Maheswari, 1995). There are some 459 zilla panchayats, 5,930 panchayat samitis and 240,588 gram panchayats across India. (Commonwealth Local Government Forum, n.d)



State	Number of Local Authorities				Population	% Rural
	Urban	Zilla Panchayats	Panchayat Samitis	Gram Panchayats		
Andhra Pradesh	116	22	1093	21784	66508088	73.1
Arunachal Pradesh	0	12	78	2012	864558	87.8
Assam	79	40	202	2489	22414322	89
Bihar	179	39	726	12181	86374465	86.8
Goa	14	2	0	188	1169793	59
Gujarat	149	19	184	13547	41309582	75.4
Haryana	82	16	111	5958	16463648	75.4
Himachal Pradesh	48	12	72	2922	5170877	91.3
Jammu & Kashmir	69	0	0	2683	7718700	79
Karnataka	215	20	175	5673	44977201	69
Kerala	58	14	152	990	29098518	73.6
Madhya Pradesh	404	45	459	31126	66181170	76.8
Maharashtra	244	29	319	27611	78937187	61.7
Manipur	28	0	0	2194	1837149	72.5
Meghalaya	6	0	0	5629	1774778	81.3
Mizoram	6	0	0	723	689756	53.8
Nagaland	9	0	0	1200	1209546	82.7
Orissa	102	30	314	5255	31659736	86.6
Punjab	137	14	138	11591	20281969	70.5
Rajasthan	183	31	237	9184	44005990	77.1
Sikkim	0	4	0	159	405457	90.1
Tamil Nadu	744	22	385	12593	55858946	65.8
Tripura	13	3	41	96	22757205	84.7
Uttar Pradesh	684	68	904	58620	139112287	80.2
West Bengal	122	17	340	3314	68077965	72.6
Union Territories						
Andaman & Nicobar	1				280661	73.2
Chandigarh	1				64201	13.3
Dadra & Nagar Haveli					138477	1.5
Daman & Diu	2				101586	53.1
Delhi	2				9420644	10.1
Lakshwadeep	1				51707	43.7
Pondicherry	5				807785	36
Totals	3694	459	5930	240588		73.9



In cities local government is single tiered and are operated by bodies termed Municipal Corporation, Municipal Councils, Cantonment Boards, Town Area Committees or Notified Area Committees. The jurisdiction of these bodies are specified by state-specific legislation of the respective states and is usually a function of factors such as population of the area, the density of the population, the revenue generated for local administration, the percentage of employment in non-agricultural activities, the economic importance or such other factors the government may publicly notify. There are 3,694 local government bodies in the urban sector (Commonwealth Local Government Forum, n.d). The capital city Delhi is governed by a popularly elected legislative assembly in conjunction with other local and autonomous bodies.

Detailed breakdown of the aggregate expenditure of local government in India are difficult to obtain. The aggregate expenditure for local governments in 1994-5 was Rs.5,386,203,220,000 (US\$154.3bn as per exchange rates of the time). A broad indication is that 24 per cent was spent on core services (water supply, sanitation, street lighting, roads, burials and burial grounds) and 76 per cent was spent on non-core services, including general administration. The urban local bodies are responsible for more than 75 per cent of all local government expenditure (Commonwealth Local Government Forum, n.d.)

2. Organization of Local Democracy

The Indian Constitution provides that all local government representatives are to be elected directly for a term of five years with elections being conducted on a first past the post system. There is also provision for reservation of seats for Scheduled Castes and Scheduled tribes in

proportion to their population with not less than a third of these seats to be reserved for women. The office of chairperson of local government bodies is also to be reserved for Scheduled Castes and Scheduled Tribes, to the extent of their proportion in the population of the state. At least a third of chairperson offices are to be reserved for women as well. In addition, the Constitution provides that state legislatures are free to provide reservation in favour of other backward classes of citizens. Reservation seats are designated on a rotational basis from election to election. All persons are entitled to contest for local government elections except those who are disqualified under any law for elections to the legislature of the state. States are to set up an independent state election commission for superintendence, direction, and control of the electoral process and preparation of electoral rolls.

Elections to local bodies are keenly contested and there is considerable degree of participation in the election process. In urban bodies elections are generally contested on party lines. On the other hand, in rural bodies different states have different positions and there is a debate on whether the divisiveness of elections fought on party lines would affect the integrity of local community life (Wadhvani, M. and Mishra, S.N., 1996, p.2). As a result of differing policies, and because local democracy is at varying levels of development across Indian states, detailed information about the election process and citizen attitudes towards these elections is difficult to aggregate at national level. Most existing studies are state-specific and tend to focus on the states that are more advanced in terms of local democracy.

In both urban and rural areas, the elected representatives exercise executive power through a committee system. In the urban sector, standing committees on finance,



education, water supply and sanitation, and housing are compulsory. Standing committees are deliberative bodies, and decision-making power vests with the entire council. In most cities the council in session exercises legislative functions so to speak while the executive functions are vested with a municipal commissioner who is an officer appointed by the state as per the concerned law concerning municipal corporations (Fahim, M, 2006). In two states (West Bengal and Madhya Pradesh) executive powers are exercised by a directly elected Mayor assisted by a council.

In rural areas committees could vary from state to state. However, in most states local government institutions have executive committees on finance and audit, planning, social justice, education, health, agriculture and industrial committees at the Zilla Panchayat levels and production, social justice and amenities committees at the Gram Panchayat level (Commonwealth Local Government Forum, n.d). Traditionally urban authorities have had a history of greater fiscal and administrative powers than rural authorities, which have been seen as extensions of the state administrative machinery.

Historically a range of factors have come in the way of effective functioning of local level democracy. These include irregular elections and supersession of local bodies (a recent instance being the dismissal of the Belgaum Municipal corporation in Karnataka), insufficient devolution of powers which have left local bodies powerless, severe bureaucratic resistance, as well as elite capture of local bodies. While many of these issues remain, the 73rd/74th amendments ensure that almost all the states have begun to conduct regular elections to local government bodies. Thus the *political* dimension of decentralisation or local government has been reasonably successful in the Indian

context. Provisions for reservations of seats in local government to scheduled castes, scheduled tribes and women is also an attempt to strengthen this aspect of local government by providing political access to those traditionally denied places in the processes of political decision making.

Administrative and fiscal aspects of decentralisation are dependent the transfer of these powers to local government through appropriate legislation and government orders. Since states have by and large been lagging on this front, these aspects of local government have not been particularly successful in the Indian context. Hence wider citizen's participation that goes beyond the election process has not been possible (World Bank, 2000).

A recent development has been the substantial thrust on e-governance. The national government has a well-developed website which links to all the state governments (<http://goidirectory.nic.in/>). A few districts are also linked to the portal which is organised in a standardised format. At present the information available at the district level is sparse and includes essential contact information regarding responsible officials and elected representatives. These sites provide useful information about the local administration, but this must be put in context as at present less than 2% of Indians have access to the Internet.

3. Central-Local Relationships

Consolidating our discussion so far, local government in India is organised around the panchayat system in the rural areas and the municipal framework in urban areas. Both systems have been incorporated into the Constitution through the 73rd and the 74th amendments to the Constitution, with the former amendment



addressing local government in rural areas while the latter addressing urban local government. As the power to legislate on issues relating to local government is vested in the state governments, the 73rd and 74th amendments are only templates to facilitate common minimum features to decentralise local government across the country. Each state is free to enact its own specific legislation on the subject of local government. However it is obligated to bind itself to the minimal demands made on it by these amendments. These include the demands that call upon the states to conduct periodic elections to local bodies and to transfers fiscal and administrative responsibility on the set of subjects listed in schedules 11 and 12 of the constitution. As we have already noted, though there has been considerable success in the political aspects of decentralised local government, similar success has eluded fiscal and administrative aspects of local government.

To the extent that local governments are institutions of self rule they are accountable to their constituents and are bound by the specific statutes under which they are constituted. To the extent that they are agents of the state government in its developmental agenda, they are directly answerable to the state government and its officials. All instances of potential conflict between and against governmental actors at the local government level will have to be worked with this framework. After the 73rd and 74th amendments, supercession of validly elected local government bodies is not easy. However such instances are not impossible with the dismissal of the Belgaum municipality (for passing a resolution to merge with a neighbouring state) being a case in point (Sharma, 2005). All cases of irreconcilable conflict can potentially be brought before the appropriate wing of the Indian courts. However disputes regarding elections to local bodies have been barred from judicial

interference. Such disputes are to be resolved as provided for in the local government legislation of the concerned state (Art. 243-O, 243-ZG).

There are no legally recognised associations of local government associations. However the All India Council of Mayors and the Nagar Palika Pramukh Sangathan are some of the bodies representing the collective interests of local government institutions across the country. (Commonwealth Local Government Report, n.d.)

4. Local Functions and Responsibilities

It is extremely difficult to estimate the main functions of local government in budgetary terms as a detailed breakdown of the aggregate expenditure of local government in India are difficult to obtain. The aggregate expenditure for local governments in 1994-5 was RS 5,386,203,220,000 (US\$154.3bn, as per exchange rates of the time). A broad indication is that 24 per cent was spent on core services (water supply, sanitation, street lighting, roads, burials and burial grounds) and 76 per cent was spent on non-core services, including general administration. The urban local bodies are responsible for more than 75 per cent of all local government expenditure (Commonwealth Local Government Forum, n.d.).

Schedules 11 and 12 of the Constitution outline the list of functions that could potentially be performed by various wings of local government and Table 2 provides a general summary of service provision by various spheres of government. At the urban level obligatory committees to be formed by municipal bodies include those of finance, education, water supply and sanitation, and housing.



Table 2. Service Provision in Various Spheres of Government

Delivering Authority						
Service	Federal	State	Local Government			
			Urban	Zilla	P Samiti	G. Panchayat
General Administration						
Police		X				
Fire Protection		X	X	X		
Civil Protection		X	X	X		
Criminal Justice		X				
Civil Status Register				X	X	
Statistical Office	X	X	X	X		
Electoral Register	X	X	X	X		
Education						
Pre-School			X			X
Primary			X			X
Secondary		X	X		X	
Vocational and Technical		X				
Higher Education		X				
Adult Education		X				
Public Health						
Primary Care		X	X		X	
Hospitals		X	X	X		
Health Protection		X	X	X		
Housing and Town Planning						
Housing		X	X			
Town Planning		X	X		X	
Regional Planning		X		X		
Transport						
Roads	X	X	X			
Transport		X	X	X		
Urban Roads		X	X			
Ports	X					
Airports	X					
Other	X					
Environment and Public Sanitation						
Water Sanitation		X	X		X	
Refuse Collection & Disposal			X			
Cemeteries and Crematoria						
Slaughter Houses			X		X	
Environmental Protection	X	X	X	X	X	
Consumer Protection		X				
Culture, Leisure and Sports						
Theatre and Concerts		X	O	O		
Museums and Libraries		X	O	O	O	O
Parks and Open Spaces			X			
Sports and Leisure		X	O	O	O	O
Other Cultural Facilities		X	X			
Utilities						
Gas Services			X			
Water Supply		X	X		X	
Electricity		X	X			
Economic						
Agriculture, Forests & Fisheries		X	X	X	X	X
Economic Promotion		X	X	X	X	X
Trade and Industry	X	X	X			
Tourism	X	X	O			
Other Economic Services	X	X	X			



At the rural areas these include finance and audit, planning, social justice, education, health, agriculture and industrial committees at the Zilla Panchayat levels and production, social justice and amenities committees at the Gram Panchayat level. (Commonwealth Local Government Forum, n.d.). However sectoral allocation of functions between the state government and various local government bodies remains a problem for a range of reasons tied to inadequate administrative decentralisation in local government. In rural areas these could range from inadequate transfer of functions to local government bodies, weak sectoral decentralisation facilitated by state governments, continued routing of state and central government schemes through the district rural development authorities and not the institutions of local government and the inadequate decentralisation in key sectors like education, primary health care, rural roads maintenance, rural water supply and agriculture extension (World Bank, 2000). In urban areas inadequate decentralisation of planning powers to local government and the retention of these powers by the state government through semi-state organisations (especially those dealing with issues of urban land and housing) leaves local governments with little voice over shaping of urban development policy (Alternative Law Forum, n.d.).

4.1 Local Government Incomes

Detailed breakdown of revenue sources is difficult to obtain as fiscal data for local government institutions in India are extremely inadequate. Sources include 'own revenue' such as taxes imposed by local government, user fees and other charges, but intergovernmental transfers are still the most important source of income. Property taxes are widely used, accounting for about 60 per cent of the revenue raised by municipalities. Some of the large cities also impose 'octroi' or

levies on goods brought into the city. The panchayats in the rural areas are heavily dependent on intergovernmental transfers which account for about 90 per cent of their total revenue. It has been reported by some State Finance Commissions that rural panchayats sometimes do not impose taxes that they are authorised to collect because it is perceived to be unpopular with their constituents (World Bank, 2000). A broad breakdown of revenue sources indicates (a) Tax revenue raised by local government accounts for 21 per cent of revenue (b) Non-tax revenue raised by local government accounts for 7.8 per cent (c) Other revenue including intergovernmental transfers accounts for 71.2 per cent. In 1995 the aggregate revenue of urban and rural local authorities in India was Rs.905,520,530,000 (US\$26bn as per exchange rates of the time).

4.2 Local Government Personnel

Local government staff is recruited either directly by the local authorities or by a state level body concerned with recruitment. The body responsible for recruitment is also responsible for discipline and dismissal matters.

The staffing structure of first-tier councils differs from state to state, but generally the municipal commissioner is the head of the administrative service of the municipal corporations, assisted by deputy municipal commissioners and other officers. The health officer is responsible for area health services. The staffing structures of second-tier councils (municipalities) also differ from state to state, but generally the executive officer is the head of the administrative service, assisted by deputy executive officers and other officers. The health officer is responsible for health services in the municipal area.

4.3 Summary and Other Trends in Local Government



Local government in India is constitutionally mandated but is entrusted to the states, each of which have their own detailed legislation and administrative arrangements. The main division is between Panchayats in rural and Municipalities in urban areas. Organisational structure varies marginally, but is based on a committee system. Other important features of local government in India include a reservation of a third of the seats for women and for the scheduled castes and scheduled tribes in proportion to their population.

4.4 Other important trends in local government:

- Improving the service delivery of local government. This development has generated considerable debate in government. Recent initiatives in this area include increased involvement of the private sector in the delivery of local government services, reform of the systems and collection of property tax, activity mapping and transfer of functions and resources to local government bodies.
- The Panchayats Extension to Scheduled Areas Act, 1996 extends the application of the 73rd and 74th amendments to the tribal areas in the country. It places the gram sabha at the centre of panchayat system at the for the Adivasis. The Gram Sabha is entrusted with (i) preserving the traditions and customs of the people (ii) protecting their cultural identity (iii) safeguarding community interests in the management of community resources (iv) ensuring the customary mode of conflict resolution (v) being consulted in land acquisition matters for granting of prospecting license or mining lease for minerals in the Scheduled Areas and for grant of concessions of for the exploitation of minor minerals by auction.
- The Jawaharlal Nehru National Urban Renewal Mission is a centrally

devised program that has identified over 60 Indian cities for up-gradation of urban infrastructure and reform aspects of urban India. Release of funding under the JNURM is tied to state governments preparing City Development Plans and undertaking, along with the concerned urban local units to a memorandum of understanding. The core reforms under JNURM include strengthening urban local government institutions, the drawing up of public-private-partnership models for development, management and financing of urban infrastructure the adoption of an accrual-based double entry system of accounting, passage of public disclosure law to facilitate quarterly performance information to all stakeholders and a community participation law to institutionalise citizen participation. States are also required to transfer over a period of five years, all special agencies that deliver civic services in urban areas and the creation of an accountability framework for all urban civic service providers during the transitional period.

- Other core reforms include introduction of e-governance for property tax collections, with the goal of at least 85 per cent collection efficiency within five years and the introduction of similar practices in the case of financial accounting systems, work management, water tax billing and collection systems, the trade licensing system and the approval of building plans.
- Compulsory reforms to be undertaken by the states include repeal of the Urban Land Ceiling and Regulation Act, reforms to the rent control law to stimulate private investment, reduction of Stamp Duty to bring it down to no more than five per cent within the next five years and the introduction of independent regulators for urban services.

Arkaja Singh
Mathew John