

Challenges for Urban Local Governments in India

Written by

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Abstract

Urban local government institutions/municipalities are constituted for the maintenance and planned development of urban areas. The objective is to ensure that suitable levels of infrastructure and services are available to the citizens. In many parts of India, the quality of life in urban areas is miserable and the citizens lead a difficult life. To overcome this problem, a series of reforms have been initiated by the Indian government to strengthen local-level governance. The main purpose of this working paper is to describe the major issues of governance at the local level and to identify some important challenges for urban local government institutions in India in the light of recent urban sector reforms. This assessment is based on data collected from six urban centres situated in three northern/north-western states (namely Haryana, Rajasthan and Uttaranchal) of India on key urban local government characteristics – constitution and governance, duties, composition, management and finance practices, state/local-level initiatives and problems. The findings of this study show that urban local governments in India continue to remain plagued by numerous problems, which affect their performance in the efficient discharge of their duties. These problems relate to the extent of participation and rule of law in the municipal decision-making process, transparency in the planning and implementation of infrastructure projects, and level of efficiency in various municipal management and finance practices. It is concluded that fresh thinking is necessary to resolve the problems confronting urban local governments in India.

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I. Research Outline

Introduction

The progress of an area depends to a large extent upon the availability of suitable infrastructure and services. There are many developing countries in the world where service levels in urban areas are much below the standards and the citizens lead a difficult life. It is obvious that such conditions also affect adversely the productivity of urban areas. Much of the blame for the prevailing situation goes to the local government institutions, which are the main actors in the governance process at the local level. This is due to the fact that urban local governments (also known as municipalities), on the one hand, recover costs incurred in service provision by levying a variety of taxes and non-taxes, and on the other, fail to meet the expectations of the citizens.

Research Context

Local governments are unable to perform well due to various reasons. Therefore, an important area requiring urgent research is the “Challenges for Urban Local Governments”. There are a number of issues concerning local governments that have not been highlighted adequately in the literature.

This research has relevance to the on-going work on ‘governance’.¹ A review of literature on governance reveals that extensive research is under way to evolve suitable criteria and methodology for achieving ‘good governance’.² This is due to the realisation that a significant reason for the poor quality of life in urban areas of developing countries is poor urban governance. In a number of countries, including India, national and regional campaigns on urban governance are being implemented to translate good governance principles into practice.³ However, there is evidence to show that the reach and impact of such campaigns is limited and there are still a large number of municipalities in India that have not benefited. The same is observed in respect of the Centre and State government supported programmes. This shows that despite numerous efforts, several municipalities in India continue to remain plagued by a number of problems, which affect their performance adversely. This research is, therefore, based on the hypothesis that there exist various local-level problems of governance that hinder the quality of life in urban areas.

Research Questions

This study focuses on the functioning of a select number of urban local governments in India, and attempts to address the following two basic research questions:

- Which components should be reviewed to understand the form of an urban local government?
- What are the major issues of governance at the municipal/local-level?

Scope and Limitations of Research

Urban local government is a vast subject. In this study, the form of an urban local government is understood on the basis of a limited number of components, which are listed below.

- Constitution and governance
- Duties/functions
- Composition/staff
- Conduct of business, i.e., municipal management and finance practices
- State/Local initiatives/reforms
- Problems

Most municipalities in India do not have sufficient resources and technology to collect desegregated town-level data and maintain a database. Hence, data on various municipal aspects and performance parameters is difficult to collect. For example, reliable data on the proportion of population served by water supply; houses connected with underground sewer facility; proportion of solid waste collected and disposed daily; etc., are generally not maintained. Progress reports containing information on the activities carried out by the different committees/sub-committees constituted by a municipality are prepared from time to time for the higher levels of government. The information contained in these reports is generally not shared with people not affiliated to the municipality. Due to the existence of a highly bureaucratic set up and the non-availability of published information/reports at the local-level, collection of data for this study has proved to be a difficult task for this researcher. Sometimes, the municipal staffs are not willing to share information due to the habit of non-cooperation with others; at other times, they require written orders from the senior most municipal official, which caused unnecessary delays. Although the senior most officials in municipalities are most cooperative, the sub-ordinate staffs, in general, follow an altogether different work style. In this situation, the researcher has relied greatly on the feedback and cooperation received from staff with a positive attitude.

Data Base and Research Methodology

As is the approach followed in most social science research, this study is based on data collected from both secondary and primary sources. Publications of the Government of India, the State Government, and other publications have been reviewed. Important among these are the: State Municipal Acts, that contain information on legal provisions for municipalities; and the State Finance Commission Reports, which describe the municipal finance practices and the financial performance of municipalities at different time periods. Data maintained by the municipalities on various administrative and financial matters have been collected through field visits. A complete referencing of the various documents reviewed in the preparation of this study is provided at the end of this paper.

Field visits to a select number of towns/cities have been undertaken and interviews have been held with a select number of elected representatives and appointed officials/staff of municipalities during the period October to December 2005. The purpose of this visit was to gain knowledge on practices followed in the discharge of their duties as well as the problems experienced by the municipal functionaries. Appendix 1 provides details of some persons met and interviewed during field visits.

A total of six towns/cities from three northern/north-western States of India, i.e., two from each State, have been selected for this study. Their names and the States in which they are situated are given below in Table 1.1.

Table 1.1: The Case Studies

S. No.	Name of State	Name of Town/City
1	Haryana	a. Bahadurgarh
		b. Gurgaon
2	Rajasthan	a. Alwar
		b. Bharatpur
3	Uttaranchal	a. Mussoorie
		b. Nainital

The towns listed in Table 1.1 have been randomly selected. In this regard, the following points may, however, be mentioned.

Medium-sized towns/cities, which are mainly dependent on support from higher levels of government, have been selected. There are some large urban centres in India that are better

governed. One reason for this is the concentration of activities, which has led to the availability of more resources, and participation of a mix of actors from the government, community and the private sector in the governance process. On the other hand, the condition in most medium-sized towns is depressing and the local governments of these towns have not been able to provide the desired level of services due to various reasons. This study is, therefore, concerned with the problems faced by local governments existing in such towns.

Two towns each from three different States of the country have been selected. The purpose is to capture the differences in the governance practices within and among States. It may also be mentioned here that towns selected from the States of Haryana and Rajasthan are situated in a semi-arid region, whereas those selected from the State of Uttaranchal are hill towns.

Organisation of the Paper

This paper is divided into six sections. The first section presents the research outline – context, questions, scope, limitations, database and research methodology. An overview of the prevailing form of urban local government in India is described in the second section. This assessment is based on a review of literature on key urban local government characteristics – legal, managerial, financial, etc. The third, fourth and fifth sections focus on the functioning of six urban local governments selected for this study and attempt to highlight the major issues of governance at the municipal/local level. In the concluding section, the key challenges for urban local governments in India are discussed.

At the end of the paper, the following information is provided: (a) Appendix 1 – Details of persons met and interviewed during the course of this research; (b) Appendix 2 – A comparative table showing key urban local government characteristics in the selected towns; (c) Abbreviations; and (d) References used in this research.

II. Form of Urban Local Government in India

In India, numerous initiatives have been undertaken to strengthen local governments and to improve service levels in urban areas. Important among these are the enactment of a set of constitutional provisions, implementation of numerous urban development programs and adoption of various innovative practices.

In this section, the form of urban local governments is described in the light of recent urban sector reforms. There are eight sub-sections in this section. The first sub-section provides a brief overview of the evolution of municipalities in India from the ancient times to the present period. In the subsequent sub-sections, the following key aspects relating to municipalities have been described: typology and constitution; legislation; duties; composition; management and finance practices. The concluding sub-section sums up the initiatives taken to improve the conditions at the local level.

Evolution of Municipalities

Historical records provide evidence of the existence of organised urban life in India since the ancient period. An officer was appointed to perform various functions related to city administration. Subsequently, local institutions were constituted. As centres of prominence grew, their management became difficult. A number of problems confronting local governments began to emerge, such as excessive official control, narrow franchise, meagre resources, lack of education and training, shortage of capable and committed persons, and inadequate control of local bodies over services.⁴ A need was felt to strengthen the local government institutions that would look after the day-to-day civic affairs in an efficient manner. A number of steps were taken from time to time in an attempt to reform local governments – decentralisation of authority, powers, functions and funds to lower levels of government; democratisation of local governments; providing greater autonomy; granting constitutional status; amendments in municipal Acts; etc. (Table 2.1). During the period of reforms, issues related to sharing of power between the officials and non-officials affiliated to the local government emerged prominently. A major achievement of the Indian Government in their endeavour to strengthen urban local governments is the enactment of the Constitution (seventy-fourth amendment) Act during the year 1992.⁵ The Act provides for initiating reforms in the constitution, composition and functioning of urban local governments (Box 2.1) and empowers State governments to amend their municipal Acts accordingly.⁶ Since the enactment of the Act, most State governments in India have carried out

the legislative reforms at local government level. In recent times, several attempts have been made to assess the impact of the seventy-fourth amendment Act provisions.

Table 2.1: Evolution of Municipalities in India

Time Period	Developments
2300-1750 BC (Indus Valley Civilisation)	<ul style="list-style-type: none"> Evidence of organised urban life – wide streets, market places, public offices, community baths, drainage and sewerage system
Post-Mauryan	<ul style="list-style-type: none"> Appointment of a chief executive officer to perform various functions related to city administration; responsible for city's sanitation, which included maintenance of drainage system and cleanliness of roads
320-540 AD (Gupta)	<ul style="list-style-type: none"> Towns administered by a council Provision of having elected administrative officers
1526-1707 AD (Mughal)	<ul style="list-style-type: none"> Municipal administration vested in <i>kotwal</i>, who was the city governor possessing powers and duties of the chief of city police, magistrate and prefect of municipal administration
Between disintegration of Mughal Empire and advent of the British	<ul style="list-style-type: none"> Anarchy and military feudalism in most parts of the country Local institutions perverted or weakened
1642	<ul style="list-style-type: none"> Sir Josia Child obtains a Charter from the British Monarch, James II, to set up a corporation at Madras
1720	<ul style="list-style-type: none"> A royal Charter issued for establishing a mayor's court in each of the three presidency towns of Madras, Bombay and Calcutta⁷
1793	<ul style="list-style-type: none"> Governor-General in council empowered to appoint justices of peace for the presidency towns from among civilians and the British subjects, who were vested with the authority to impose taxes on houses and lands to provide for the sanitation of towns By a Charter Act, the British establish local institutions in Bombay, Calcutta and Madras
1850	<ul style="list-style-type: none"> Act passed to permit formation of local committees to make better provisions for public health and convenience; Act provided for levy of indirect taxes to which people were accustomed
Up to 1863	<ul style="list-style-type: none"> Local institutions in urban areas did not make much progress and were confined to about 20 towns People had no opportunity to participate in the functioning of these institutions Royal Army Sanitation Commission point out the fast deteriorating sanitary condition of towns all over the country Government of India pass several municipal Acts for various provinces authorising governors to order the formation of a municipality in any urban area
1870	<ul style="list-style-type: none"> Lord Mayo's resolution released; provided for decentralisation of administration from the centre to the provinces; emphasised the idea of increased association of Indians in administration; indicated extension of municipal self government; encouraged the general application of the principle of election Municipal Acts passed to enlarge municipal powers, extend election system and introduce the system of local finance, but the provision was little applied in practice as the district officers in those days were not sympathetic to the idea of extension of the elective principle Municipalities established in every town of importance. However, these municipal bodies were completely under the control of the district magistrate and the town people were associated only for raising funds for the maintenance of police, conservancy and road repairs
After 1870 and up to 1880	<ul style="list-style-type: none"> Social and economic changes experienced by the Indian society Educated Indians demand more political rights and greater share in administration and public services Principle of local self-government put into practice only in the cities of Calcutta and Bombay and in a few of the towns of Central Provinces and North Western Provinces. Elsewhere, although a framework of local administration and local taxation existed, control was firmly in the hands of the servants of the government

Time Period	Developments
1882	<ul style="list-style-type: none"> Lord Ripon's resolution released; advocated for establishment of a network of local self-government institutions; reduction of the official element of not more than a third of the total membership; a large measure of financial decentralisation; adoption of election as a means of constituting local bodies Municipal Acts passed; However, Lord Ripon's reforms achieved little success, since they were considered too radical
1888	<ul style="list-style-type: none"> Functioning of local governments for several years had some positive results. Presidency towns attain a system of responsible government. Under the Bombay City Municipal Corporation Act, 1888, the city council of Bombay was constituted of a majority of elected and nominated members. A 'standing committee' of the council, which had an elected chairman, was also formed to undertake the major portion of the work of the council
1907	<ul style="list-style-type: none"> Royal Commission on Decentralisation set up to enquire into the financial and administrative relations of the Government of India and the provincial governments and subordinate authorities Commission recommendations similar to Lord Ripon's proposals Municipal Acts of several provinces amended, but no real progress achieved Local self government continued to be one of the functions of the district officer
1914-1919	<ul style="list-style-type: none"> National movement for independence gains momentum 1917 Declaration released: associate Indians in every branch of administration; gradual development of self-governing institutions Montague-Chelmsford reforms introduced to make local self government representative and responsible Government of India Act, 1919 enacted; responsibility for local government transferred from the hands of the district officers to a department controlled by a popular minister; franchise for election to local bodies substantially widened. In some provinces, the municipal bodies were given the power to raise or lower rates of taxes within the statutory limits. The popular ministers of provincial governments proceeded to establish elected councils and gave executive authority to the elected chairman
Up to 1947	<ul style="list-style-type: none"> Laws governing local bodies enacted during the period 1917 to 1937 fail to prescribe an effective system for day-to-day management of municipal affairs; hardly any attention paid to the question of administrative efficiency and fixation of responsibility for the proper performance of municipal functions Transfer of power from official hands resulted in inefficiency Several municipalities superseded on the charges of corruption and inefficiency India attains independence in 1947
1950	<ul style="list-style-type: none"> New constitution prepared; contained provisions for rural settlements only; a reference to urban local government observed only in two entries: (a) Entry 5⁸ List II of the Seventh Schedule (the State List); and (b) Entry 20⁹ of List III (Concurrent List) Constitution places local government, including urban local government, within the legislative competence of the States In the absence of constitutional recognition and clear statutory delineation of their powers, functions and resources, urban local governments remain neglected; only few changes made in their structure and functioning
Since 1949	<ul style="list-style-type: none"> Numerous committees and commissions appointed by the Central and State Governments to study the functioning of urban local governments and to give recommendations for their improvement Numerous seminars and conferences convened on various topics concerning urban local governments Central Council of Local Self-Government set up in 1954 to examine the problems of urban local governments Responsibility of urban local government transferred from one ministry to the other, namely Ministry of Health; Ministry of Works, Housing and Urban Development (1966); Ministry of Health, Family Planning, Works, Housing and Urban Development (1967); Ministry of Works and Housing (1973)
1985	<ul style="list-style-type: none"> Ministry of Urban Development established; assisted by several departments National Commission on Urbanisation set up to assess problems caused by urbanisation and to suggest measures to combat this phenomenon
1989	<ul style="list-style-type: none"> Attempt to introduce the Constitution (63rd Amendment) Bill; also known as <i>Nagarpalika</i> (Municipality) Bill; contained provisions for strengthening of urban local governments

Time Period	Developments
	<ul style="list-style-type: none"> Bill defeated in the parliament by a narrow margin of three votes
1991	<ul style="list-style-type: none"> Bill [named Constitution (73rd Amendment) Bill] introduced again by the Government Bill rejected and described as an encroachment on the rights of State governments
1992	<ul style="list-style-type: none"> Constitution (74th Amendment) Act finally accepted and enacted; contains provisions for (a) constitution of a uniform typology of municipalities; (b) composition of municipalities; (c) constitution and composition of wards committees; (d) elections and reservation of seats; (e) duration of municipalities; (f) powers, authority and responsibilities of municipalities; (g) constitution of state finance commissions, committees for district planning and metropolitan planning
Since 1992	<ul style="list-style-type: none"> Most State municipal Acts amended Reforms underway in the structure and functioning of urban local governments

Source: Report of the Committee of Ministers Constituted by the Central Council of Local Self Government (1963); Government of India (1966); Sachdeva, Pardeep (1993); Constitutional Provisions Relating to Village *Panchayats* and Municipalities in India (1999).

Box 2.1: Constitution (Seventy-fourth Amendment) Act Provisions

- Constitution of **Municipalities** (namely, Municipal Corporation, Municipal Council, and *Nagar Panchayat*) in every Indian State;
- Constitution of **Wards Committees** within the territorial area of a municipality, to ensure people's participation in civic affairs at the grass-roots level;
- Regular and fair conduct of municipal **Elections** by statutorily constituted State Election Commissions; no provision for supersession of municipal governments for more than 6 months;
- Adequate representation of weaker sections (i.e., Scheduled Caste, Scheduled Tribe, Backward Class) of the society and women in municipal governments through **reservation** of seats;
- Specification by law, through the State Legislatures, of the **powers** (including financial) and **functional responsibilities** to be entrusted to municipalities and wards committees;
- Constitution of **State Finance Commissions**, once in every 5 years, to review the financial position of municipalities and to make recommendations on the measures needed to improve their financial position;
- Constitution of a **District Planning Committee** at the district level and a **Metropolitan Planning Committee** in metropolitan areas of every State, for the preparation and consolidation of development plans.

Source: Constitutional Provisions Relating to Village *Panchayats* and Municipalities in India (1999).

Typology and Constitution of Municipalities

A typology of municipalities exists in the different States of India. This is due to the varied character of urban areas. Before 1992, State governments were empowered to constitute four different types of municipalities, namely municipal corporations, municipal committees/councils¹⁰, notified area committees and town area committees. Thereafter, the seventy-fourth amendment Act was enacted which provides for three types of municipalities – municipal corporations, municipal councils and *nagar panchayats* (Figure 2.1) – and most state governments classified local governments falling within their jurisdiction as per the revised scheme.¹¹ Notified area committees and town area committees have been reconstituted as *nagar panchayats*. The attempt of the central government is to establish a uniform classification of municipalities throughout the country, which is based on the principles of democracy. Though all urban local governments have common

objectives and somewhat identical characteristics, the method of their constitution in the extent of delegated functions, powers and resources available to them lends a distinct status to each category of local government (Table 2.2).

Figure 2.1: Changes in Typology of Municipalities

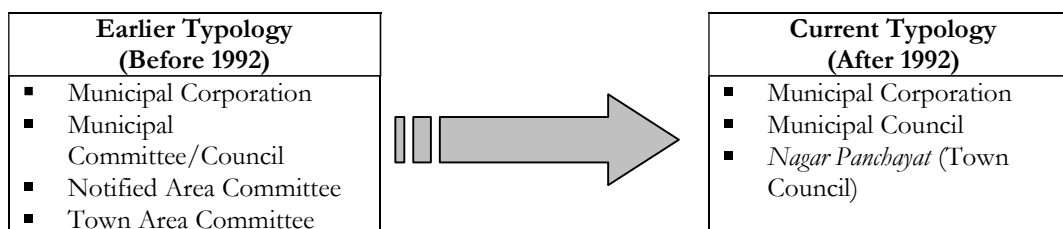


Table 2.2: Main Characteristics of Urban Local Governments

Type of Municipality	Rationale for Constitution and Brief Characteristics	
	Before 1992	After 1992
Municipal Corporation	<ul style="list-style-type: none"> ▪ Established in <u>metropolitan areas or big cities</u> ▪ Wider functions and larger powers than councils, enjoy more autonomy and have larger revenue resources ▪ Separation of deliberative from executive functions and vesting of all executive powers in an appointed authority who is independent of the elected body 	<ul style="list-style-type: none"> ▪ Constituted in "<u>large urban areas</u>"*
Municipal Committee/Council	<ul style="list-style-type: none"> ▪ Most popular form of local government in urban areas ▪ Set up in <u>cities and large towns</u> ▪ Extent of State control is relatively larger than corporations 	<ul style="list-style-type: none"> ▪ Constituted in "<u>small urban areas</u>"*
<i>Nagar Panchayat</i>	Constituted after 1992	<ul style="list-style-type: none"> ▪ Constituted in "<u>areas in transition from rural to urban</u>"*
Notified Area Committee	<ul style="list-style-type: none"> ▪ Set up by State government in <u>medium and small towns</u> ▪ Created for areas which do not fulfil conditions for constitution of councils but are otherwise important ▪ Also created for newly developing towns or areas where industries are being established ▪ All members including chairman are nominated by State government and not elected 	Abolished
Town Area Committee	<ul style="list-style-type: none"> ▪ Semi-municipal authority constituted for <u>small towns</u> ▪ Members are either wholly nominated or wholly elected, or partly nominated and partly elected 	Abolished

Source: Report of the Committee of Ministers Constituted by the Central Council of Local Self Government (1963); Government of India (1966); Sachdeva, Pardeep (1993); Constitutional Provisions Relating to Village *Panchayats* and Municipalities in India (1999).

Note: *A "large urban area", a "small urban area" and a "transitional area" are defined as such area "as the Governor may, having regard to the population of the area, the density of the population therein, the revenue generated for local administration, the percentage of employment in non-agricultural activities, the economic importance of such other factors as the Governor may deem fit, specify by public notification" (Constitutional Provisions Relating to Village *Panchayats* and Municipalities in India, 1999).

The number of municipalities (i.e., municipal corporations, municipal councils and *nagar panchayats*) differs from State to State. It is obvious that States with a large number of urban areas have a higher number of municipalities. There are some States where municipal corporations and/or *nagar panchayats* do not exist. This is due to the fact that the urban areas in such States do not fulfil the conditions for the constitution of a particular type of local government.

Municipalities are constituted by the State government, which specifies the class to which a municipality shall belong in accordance with the provisions of the municipal Act. For this purpose, size of the urban population is the main criterion. However, in some States consideration is also given to other criteria, such as location of the urban area and the per capita income (Table 2.3).

Table 2.3: Criteria for Constitution of Municipalities in States Selected for Study

Name of State	Type of Municipality and Criteria		
	Municipal Corporation	Municipal Council	<i>Nagar Panchayat</i> ²
Haryana	Population of 300,000 or more	Population of more than 50,000 and not exceeding 500,000	Population of not more than 50,000
Rajasthan	Population of 500,000 or more	Population of more than 100,000 and not exceeding 500,000	<ul style="list-style-type: none"> ▪ <u>Class II</u>: Located at District Headquarter; population of 50,000 or more and not exceeding 100,000; per capita income of Rs. 200 or more ▪ <u>Class III</u>: Population of 25,000 or more and not exceeding 50,000; population of less than 25,000 and per capita income of Rs. 150 ▪ <u>Class IV</u>: Population of less than 25,000
Uttaranchal	Information not available	Not specified	Not specified

Source: Municipal Law in Rajasthan, Vol. II (2005: 549-50); The Haryana Municipal Act, 1973 (2005: 47); United Provinces Municipalities Act, 1916 (2004).

Note: In Rajasthan, *Nagar Panchayats* (also known as Municipal Boards) have been further classified as Class II, III, and IV municipalities; Municipal Corporations and Municipal Councils are referred to as Class I municipalities.

Municipal Legislation

Urban local governments are governed by the provisions of the State municipal Acts.¹³ Every State has its own municipal Act. The State legislature is empowered by the central government to decide on the structure, functions and powers to be entrusted to the local governments.¹⁴ Although the content and format of various State municipal Acts is more or less uniform, there are striking differences in the provisions for devolution of powers, functions and funds to local governments since this is determined by the condition of both the State and the local government. The system is regulated by enactments passed from time to time by State legislatures. Furthermore, municipalities possess powers to draft local byelaws on various provisions for the

furtherance of municipal administration. This is due to the fact that each urban area has its own distinct character. The byelaws are sent to the State legislature for approval. The municipal Act is, therefore, a comprehensive guiding legal document for the local government officials and the elected representatives, and byelaws are framed to further clarify the administrative procedures.¹⁵

In every State, two different types of Acts are generally in use – one for the municipal corporations and a common Act for the municipal councils and *nagar panchayats*. In a few States where several municipal corporations exist, the legislature has framed municipal Acts especially for some corporations.¹⁶ The remaining corporations in the State are governed by a common municipal corporations Act.

Duties of Municipalities

The basic objective of an urban local government has changed from the maintenance of law and order in the early years to the promotion of the welfare of the community in recent times. The State municipal Acts provide an exhaustive list of functions, which are classified into obligatory and optional or discretionary functions.¹⁷ The former have to be necessarily performed by the local government and for which sufficient provision in the budget has to be made. Failure to perform any of these functions may compel the State government to supersede a municipality. Discretionary functions may be taken up depending upon the availability of funds. Municipal functions listed in the State municipal Acts generally fall in the following broad categories: (a) public health and sanitation; (b) medical relief; (c) public works; (d) education; (e) development; and (f) administrative (Table 2.4).

Table 2.4: Functions of Urban Local Governments

S. No.	Category	Description
1	Public Health and Sanitation	Water supply, public vaccination, control of diseases, prevention of pollution, collection & disposal of rubbish, maintenance of sewers, etc.
2	Medical Relief	Establishment & maintenance of health institutions, etc.
3	Public Works	Construction & maintenance of streets, bridges, etc., control & regulation of building activity, street lighting, tree plantations, etc.
4	Education	Establishment & maintenance of educational institutions, etc.
5	Development	Construction & maintenance of markets, shopping centres, drinking water standposts, wells, parks, gardens, etc.; preparation of comprehensive plans for development & growth of town, etc.
6	Administrative	Preparation of annual reports, maintenance & development of municipal property, regulation of traffic, registration of births & deaths, etc.

Source: Government of India (1966: 20-23); Municipal Acts of various States.

Note: Some of the important obligatory functions of urban local governments are listed in the table.

Furthermore, the seventy-fourth amendment Act, 1992 provides that State legislatures may endow municipalities with 18 functions (Box 2.2). Whereas many of these functions (such as urban planning, water supply, sanitation, slum improvement, etc.) were already listed in the municipal Acts of most States, certain new functions have been included, namely planning for economic and social development; urban forestry, protection of the environment and promotion of ecological aspects; safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded; urban poverty alleviation; and promotion of cultural, educational and aesthetic aspects. It is understood that the listing of the 18 functions has been done to ensure that State governments give priority to at least those functions that are of importance to every urban area. In most State municipal Acts, the list of 18 functions has been inserted.

Box 2.2: Powers, Authority and Responsibilities of Municipalities (Article 243 – W)

Subject to the provisions of this Constitution, the Legislature of a State may, by law, endow –

- (a) the Municipalities with such powers and authority as may be necessary to enable them to function as institutions of self-government and such law may contain provisions for the devolution of powers and responsibilities upon Municipalities, subject to such conditions as may be specified therein, with respect to:
 - (i) the preparation of plans for economic development and social justice;
 - (ii) the performance of functions and the implementation of schemes as may be entrusted to them including those in relation to the matters listed in the **Twelfth Schedule**;
- (b) the Committees with such powers and authority as may be necessary to enable them to carry out the responsibilities conferred upon them including those in relation to the matters listed in the Twelfth Schedule.

Twelfth Schedule

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 & 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, including registration of births and deaths;
17. Public amenities, including street lighting, parking lots, bus stops and public conveniences; and
18. Regulation of slaughterhouses and tanneries.

Source: Constitutional Provisions Relating to Village *Panchayats* and Municipalities in India (1999: 13-14; 18-19).

Composition of Municipalities

There have been significant changes in the composition of municipalities since their constitution. In the ancient period, municipal administration was in the hands of the ruling class or the ruling government and their subordinate offices and departments. Urban citizens were not happy with the prevailing 'centralised approach', which was characterised by excessive bureaucracy. It was gradually realised that because local governments were formed for the welfare of the urban citizens, it was necessary to involve them. This thinking paved the way for citizen's participation in municipal affairs. A select number of urban citizens are now chosen by holding elections to municipalities. For this purpose the municipal area is divided into several wards delineated on the basis of population.¹⁸ There is a contest for the seat/post of councillors in municipalities among the eligible voters at the ward level. One person from each ward is elected to the post of councillor. Elections are also held for the post of a mayor in municipal corporations and a chairperson (also known as a president/chairman) in municipal councils and *nagar panchayats*. The State government departments are responsible for the organisation of municipal elections.¹⁹ Besides the State government appointed staff and persons nominated by the State government, citizen's representatives have become a part of the local government. Whereas the appointed staffs are trained to handle their duties, citizens' representatives are more aware of the quality of life at the ward level. The effort of the government has been on maintaining a balance in the distribution of power between the officials and the non-officials and on establishing a democratic form of local government. To enable wider participation in municipal affairs, seats in local governments are reserved for some sections of the society (Box 2.3).²⁰ In addition to the appointed, nominated and the elected functionaries, ex-officio persons are also affiliated to the local government. A typical composition of an urban local government is shown in Table 2.5.²¹

Table 2.5: Composition of Urban Local Governments

Category	Type of Municipality	
	Municipal Corporation	Municipal Council/ <i>Nagar Panchayat</i>
Elected Members	<ul style="list-style-type: none"> ▪ Mayor; Deputy Mayor ▪ Councillors/Elected Ward Representatives 	<ul style="list-style-type: none"> ▪ Chairperson/President; Vice-President ▪ Councillors/Elected Ward Representatives
Ex-officio Members	<ul style="list-style-type: none"> ▪ MPs ▪ MLAs ▪ MLCs 	<ul style="list-style-type: none"> ▪ MPs ▪ MLAs ▪ MLCs
Appointed Staff	<ul style="list-style-type: none"> ▪ Municipal Commissioner ▪ Subordinate Staff 	<ul style="list-style-type: none"> ▪ Executive Officer ▪ Subordinate Staff
Nominated Members	<ul style="list-style-type: none"> ▪ Selected Citizens 	<ul style="list-style-type: none"> ▪ Selected Citizens

Source: State Municipal Acts.

- Notes:
- (i) Elected Members: There is one seat of Mayor/President, Deputy Mayor/Vice-President in a municipality; there are as many councillors as the number of wards in a municipality.
 - (ii) Ex-officio Members: MP – Member of Parliament; MLA – Member of Legislative Assembly; MLC – Member of Legislative Council.
 - (iii) Appointed Staff: There is one position of Municipal Commissioner/Executive Officer in a municipality; the various sub-committees of a municipality are run by the subordinate staff in association with the elected members and the Municipal Commissioner/Executive Officer. Such staffs do not have the right to vote in the meetings of the municipality.
 - (iv) Nominated Members: A certain number of persons having special knowledge or experience in municipal administration are nominated by the State government. Such members do not have the right to vote in the meetings of the municipality.

Box 2.3: Reservation of Seats in Municipalities (Article 243 – T)

- (1) Seats shall be reserved for the **SCs and STs** in every Municipality and the number of seats so reserved shall bear, as nearly as may be, the same proportion to the total number of seats to be filled by direct election in that Municipality as the population of the SCs in the Municipal area or of the STs in the Municipal area bears to the total population of that area and such seats may be allotted by rotation to different constituencies in a Municipality.
- (2) Not less than one-third of the total number of seats reserved under clause (1) shall be reserved for **women belonging to the SCs or as the case may be, the STs**.
- (3) Not less than one-third (including the number of seats reserved for women belonging to the SCs and the STs) of the total number of seats to be filled by direct election in every Municipality shall be reserved for **women** and such seats may be allotted by rotation to different constituencies in a Municipality.
- (4) The offices of **Chairpersons** in the Municipalities shall be reserved for the SCs, the STs and women in such manner as the Legislature of a State may, by law, provide.
- (5) The reservation of seats under clauses (1) and (2) and the reservation of offices of Chairpersons (other than the reservation for women) under clause (4) shall cease to have effect on the expiration of the period specified in Article 334.
- (6) Nothing in this Part shall prevent the Legislature of a State from making any provision for reservation of seats in any Municipality or offices of Chairpersons in the Municipalities in favour of **backward class** of citizens.

Source: Constitutional Provisions Relating to Village *Panchayats* and Municipalities in India (1999: 12).

Municipal Management Practices

Municipalities follow various practices to discharge their duties. This sub-section includes three important management practices which describe the manner in which municipalities function.

Municipal Meetings and Proceedings

Decisions on various municipal matters, such as superintendence of municipal administration, planning for infrastructure facilities, approval of municipal budget, etc., are taken in the meetings of the local government. Meetings are held periodically during which resolutions²² are passed on the basis of voting.

Participation in municipal meetings is not restricted to any category of person and may include the elected, nominated and ex-officio members, and other appointed authorities/officers associated

with the local government. Besides, every meeting is open to the public. However, decisions to accept or reject resolutions are taken only by the elected members (councillors, mayor/president²³) who possess powers for voting. For this reason, the elected members, who are representatives of the citizens in the local government, are important actors involved in the decision-making process. Furthermore, accepted resolutions are implemented only under the supervision of the State-appointed municipal commissioner/executive officer, who possesses executive powers. The role of other participants is to provide assistance on various technical, financial and legal matters (Table 2.6).

Table 2.6: Role of Select Municipal Members and Authorities

S. No.	Members/Authorities	Role
1	Mayor/President	<ul style="list-style-type: none"> General supervision over all officers & works of local government Presiding officer at municipal meetings Empowered to vote for resolutions only in the event of equality of votes
2	Councillor	<ul style="list-style-type: none"> Empowered to vote for resolutions
3	Ex-officio Member	<ul style="list-style-type: none"> Spend funds received from government on development works within constituencies
4	Nominated Member	<ul style="list-style-type: none"> Ensuring better municipal administration
5	Municipal Commissioner/ Executive Officer	<ul style="list-style-type: none"> Exercise of executive powers

Source: State Municipal Acts.

Some important aspects related to the conduct of municipal meetings that are common to most municipalities in India are illustrated in Table 2.7. In municipal corporations, there are two important decision-making bodies, namely the corporation and the executive committee. Whereas the municipal administration of a city is vested in the corporation, it may delegate any of its functions to the executive committee or any other committee of the corporation. The corporation, comprising the mayor and all councillors (i.e., elected ward representatives), nominated members and ex-officio members, is required to meet at least six times during a year for the transaction of business, i.e., for taking decisions on municipal matters.²⁴ The quorum for transaction of such business is at least one-half of the councillors. The executive committee, on the other hand, consists of the mayor, who is the ex-officio chairperson of the executive committee, and a select number of councillors, who are elected from within the corporation at its first meeting after general elections. The executive committee is required to meet once in a month and at least one-fifth of the total number of councillors must be present throughout the meeting.

In municipal councils and *nagar panchayats*, meetings should be held at least once in a month for the transaction of business, in which not less than one-third of the total number of councillors should be present.

Table 2.7: Meetings of Urban Local Governments

Description of Item	Type of Municipality			
	Municipal Corporation		Municipal Council	<i>Nagar Panchayat</i>
Decision-making body	■ Corporation (elected, nominated, ex-officio members)	■ Executive Committee (select number of elected members)	■ Council (elected, nominated, ex-officio members)	■ <i>Panchayat</i> (elected, nominated, ex-officio members)
Presiding officer	Mayor		Chairperson/President	
Frequency of meeting	Six times a year	Once a month	Once a month	
Quorum	One-half of total members	One-fifth of total members	One-third of total members	
Basis for accepting/rejecting resolutions	Voting by elected members (Councillors, Mayor)		Voting by elected members (Councillors, Chairperson)	

Source: State Municipal Acts.

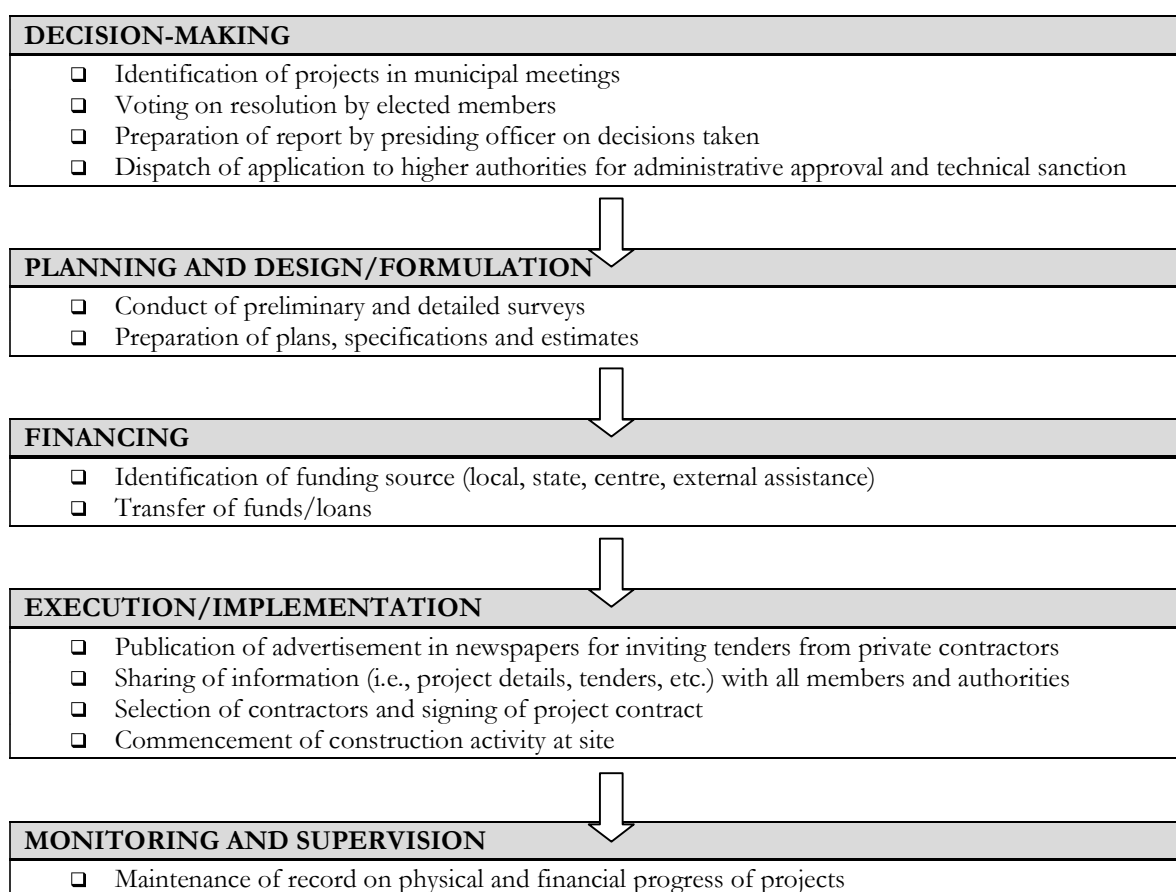
Details such as the names of members present in a meeting, and the proceedings held and resolutions passed at a meeting are recorded in the ‘minute book’ on completion of a meeting. The minutes are read out at the meeting or at the next ensuing meeting and certified as passed by the signature of the presiding officer (i.e., mayor in case of municipal corporations and chairperson in case of municipal councils/*nagar panchayats*), unless objected to by a majority of the members present. Every resolution passed by the urban local government at a meeting is to be published in the local language in a newspaper approved by the State government for purposes of publication of public notices. In case such paper is not published in the district/division in which the urban local government concerned is situated, this information is to be displayed on the notice board of the municipal office and the District Collector’s office for three consecutive days. Copies of every resolution passed by the urban local government at a meeting are to be forwarded to the prescribed authority and the District Magistrate within a specified number of days from the date of the meeting. If a need is felt by the decision-making group to alter the wordings of minutes at a later stage, such alteration is to be notified by publication or communicated to the prescribed authority and the District Magistrate. A resolution of the urban local government cannot be

modified or cancelled within six months after it is passed unless previous notice is given and except by a resolution supported by a select number of members of the urban local government.

Municipal Infrastructure Project Cycle

There are several stages in the planning and implementation of infrastructure projects, namely: decision-making; planning and design/formulation; financing; execution/implementation; and monitoring and supervision. The following sub-sections provide details on each of these stages (see also Figure 2.2).

Figure 2.2: Stages in Project Planning and Implementation



Decision-making

Infrastructure projects to be implemented at the local level are identified by the decision-making group during municipal meetings. As mentioned earlier, the group comprises persons with diverse backgrounds, such as the elected, nominated and ex-officio members and the appointed authorities. The matter is discussed in the meeting and a resolution is passed on the basis of

majority of votes cast by the elected members present at the meeting of the urban local government.

Municipalities can take a decision to undertake projects on their own involving expenditure up to a certain limit, and if their own resources permit them to do so. When expenditure for a proposed project exceeds the defined limit, or when the municipality does not possess adequate funds, administrative approval of competent authority at the State level is obtained.

An application, along with information on the decision taken by the local government with respect to implementation of identified infrastructure projects, and rough estimates and plans of the proposed work, is prepared under the supervision of the presiding officer and sent to the prescribed authority at the state/division/district level for their administrative approval/ratification and technical sanction.

Planning and Design/Formulation

Work on planning and design of new infrastructure projects begins upon an approval of the project proposal by the higher authorities at the state/district level. This task is entrusted to the municipal engineer, who conducts the surveys, prepares the plans, specifications and estimates, and executes the work.

Financing

Funds for meeting the cost of new infrastructure projects identified by municipal governments are arranged from various sources. In recent years, there is an emphasis on strengthening the municipal financial practices, so that the costs required for project implementation are met from their internal (or own) sources, viz., taxes, and non-taxes. However, due to the persistent weak financial condition of municipal governments, there exists a practice of funds being transferred from a number of external sources.

Execution/Implementation

With the arrangement of finance for the purpose of undertaking project-related physical capital works, urban local governments take necessary steps towards the execution of the project. They may use their own manpower resources for this purpose. However, the most common practice is to enter into contracts with private contractors. In the selection of contractors, an advertisement, with details on the nature of work to be undertaken by the contractor, is published by the urban

local government in popular newspapers available in the town/district, for inviting tenders²⁵ from private contractors. Subsequently, a project contract is signed for the commencement of construction activity at the identified site.

Monitoring and Supervision

The systematic monitoring and supervision of every infrastructure project to be implemented at the local level is an important exercise, which provides clear information on the stage through which a project is passing. Several infrastructure projects are identified by municipal governments and other State/local-level agencies every year for implementation, and coordination among the agencies in the integrated development of civic infrastructure is essential. Some State governments have constituted a task force at the State-level to oversee, coordinate and monitor the progress of project implementation. Under this arrangement, the physical and financial progress of all infrastructure projects identified at the beginning of each financial year by urban local governments and other agencies is carefully monitored. An example of the format used by some local governments to maintain this information is illustrated in Table 2.8.

Table 2.8: Monitoring of Urban Infrastructure Projects

Physical Status		Funding Status		Implementation Status	
Name of implementing agency	Municipal Corporation, Place X	Tied-up & available	Yes	Estimates prepared	Yes
				Estimates sanctioned	Yes
Project Description	Construction of Tube well at Place Xx	Tied-up but not yet available	-	Tenders invited	Yes
				Contract signed	Yes
Category	Water Supply	Not tied-up	-	Work started at site	Yes
				Physical work < 50 %	-
Estimated Cost (in million rupees)	2.50	Sent for funding	-	Physical work > 50 %	Yes
				Physical work complete	-
		Source of funding	Govt. of India	Foundation stage	Yes
				Site inspection	Yes
				Inauguration	-

Source: Field survey.

Committee System in Municipalities

A municipality is the apex body, which is empowered to constitute various sub-committees.²⁶ For this purpose, the sanction of the State government is required. A municipality may delegate all or any of its powers and functions to a sub-committee. Sub-committees are, therefore, constituted for assistance in administrative matters. This helps in the distribution as well as in the speedy implementation of works. Each sub-committee consists of about four or five members who are elected annually from amongst the councillors. In municipal councils, the president or the vice-president or an elected member of the municipality is the chairperson of the sub-committee. Sub-committees function in almost the same manner as the municipality, i.e. meetings are held regularly; decisions on work are taken by casting vote; proceedings are recorded in the minute book; etc. A final decision on any work to be implemented is, however, taken during the meeting of the municipality and is based on the proceedings of the sub-committees.

Municipal Finance Practices

Municipalities require a substantial amount of money to execute their functions. They derive this money from various internal and external sources (Table 2.9). Internal sources comprise income generated from various taxes and non-taxes levied by the municipality. External sources include funds obtained (in the form of grants, loans, etc.) from the Central government, State government, domestic institutions, financial intermediaries, capital markets, and bilateral and multi-lateral donor agencies. Most municipalities in India are unable to generate adequate funds from their internal sources. This is mainly due to the following reasons: (a) low level of services provided to citizens; (b) deficiencies in calculating the tax, non-tax rates; (c) reluctance in imposing or increasing direct taxes; and (d) inadequate attention to citizens' grievances. This leads to a low recovery from internal sources. Municipalities are, therefore, heavily dependent on external sources. The budget statements of several municipalities show that they obtain as much as 80 per cent of their income from external sources. It may be mentioned here that in recent times and due to a global trend towards decentralisation, attempts have been made to identify new avenues for mobilising resources for municipalities, such as capital markets, financial intermediaries, etc. Furthermore, a number of innovative practices are visible at the local level, which aim at raising the financial resources of local governments.²⁷ This phenomenon is generally observed in the case of larger urban centres governed by municipal corporations. Other municipalities continue to depend on traditional sources, namely the Central and State government grants and loans.

Table 2.9: Sources of Funds for Municipalities

Internal Sources	Description	External Sources	Description
1. Taxes	Property tax, advertisement tax, vehicle tax, etc.	1. Central government ²⁸	Budgetary allocations, central finance commission, etc.
2. Non-taxes	User charges; Licence and other fees; Cess; Duties; Tolls; Rents from properties; Receipts from markets, slaughter houses, fairs and renting of road sides, etc.	2. State government ²⁹	Budgetary allocations, state finance commission, shared taxes with local government – entertainment tax, motor vehicle tax, etc.
		3. Domestic institutions ³⁰	HUDCO, LIC, ILFS, IDFC, etc.
		4. Financial intermediaries ³¹	TNUDF, KUIDC, GMFB, etc.
		5. Capital markets ³²	Municipal bonds, etc.
		6. Bilateral and multi-lateral donor agencies ³³	World Bank, United Nations, WHO, USAID, DFID, ADB, JBIC, AUSAID, etc.

Source: Literature review.

Conclusion

This review has shown that the form of urban local governments in India has changed over time. An appraisal of the evolution process of municipalities in India reveals that this change is due to a series of reforms initiated from time to time. In the ancient period, municipal administration was in the hands of the ruling class or the ruling government and their subordinate offices and departments. Subsequently, steps have been taken to make municipalities more and more autonomous, participatory, representative, transparent, accountable and dynamic.

The Constitution (seventy-fourth amendment) Act enacted by the government of India during the year 1992 is a landmark initiative in this direction. It is for the first time that a number of provisions to strengthen municipalities have been inserted in the Indian Constitution. Before the enactment of the Act, local government was a State subject and its administration was entirely left in the control of the State legislature. Although, municipalities continue to be governed by the respective State legislatures, it has been made mandatory for the State governments to revise their municipal laws in accordance with the recent Constitutional provisions. It is understood that municipalities in India are being slowly empowered in various ways with the objective that they would emerge as viable units of governance at the local level and would be able to discharge their duties and powers in an efficient manner.

In addition to the aforesaid legislative reforms, the Indian government has taken a number of steps for improving local-level governance in recent times. Various urban development programmes, schemes and practices have been initiated for the benefit of urban citizens and the local government. Important among these are the Jawaharlal Nehru National Urban Renewal Mission (JNNURM)³⁴, the Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT)³⁵, the Model Municipal Law (MML)³⁶, the e-Governance Mission³⁷, Report Cards on Urban Services³⁸, Citizens' Charter on Municipal Services³⁹, the Mayor-in-Council form of government⁴⁰, Municipal Accounting Reforms⁴¹, Property Tax Reforms, issuance of tax-free Municipal Bonds, and schemes such as Pooled Finance Development (PFDS)⁴² and City Challenge Fund (CCF)⁴³, promotion of private sector participation⁴⁴ and community participation⁴⁵.

An important issue that arises here pertains to the condition of urban local governments and the urban areas in the light of recent urban sector reforms. The present scenario is such that several legal reforms are yet to be implemented throughout the country and other reforms are visible only in a few large urban centres of the country. Furthermore, there is enough evidence to prove that the legal reforms, characterised by devolution of powers and functions to municipalities, conduct of regular and fair elections to municipalities, reservation of seats in municipalities, constitution of various types of committees, etc., as well as other reforms, have not brought about a significant change in the functioning of a large number of urban local governments. It would be useful to carefully evaluate the impact of recent reforms and assess the level of autonomy, participation, efficiency, equity, transparency, accountability and the rule of law at local government level by using suitable indicators of good urban governance.