JANAAGRAHA

Annual Survey of India's City-Systems

2023

Shaping India's Urban Agenda

JANAAGRAHA

About Janaagraha Centre for Citizenship and Democracy

Janaagraha is a Bengaluru-based not-for-profit institution working to transform the quality of life in India's cities and towns. It defines quality of life as comprising quality of infrastructure and services, and quality of citizenship. To achieve its mission, Janaagraha works with councillors and citizens to catalyse active citizenship in city neighbourhoods, and with governments to institute reforms to city-systems. Janaagraha has worked extensively on urban policy and governance reforms for over two decades including on JnNURM, and with the XIII, XIV and XV Finance Commissions, Second Administrative Reforms Commission, Comptroller and Auditor General of India, NITI Aayog/Planning Commission, Ministry of Housing and Urban Affairs (MoHUA), as well as the state governments of Odisha, Uttar Pradesh, Tamil Nadu, Rajasthan, and Assam.

Find out more at www.janaagraha.org.

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Acknowledgments

Contents

Executive Summary

The Annual Survey of India's City-Systems (ASICS) is a study of the governance of India's cities. It is meant to serve as an annual health diagnosis of the quality of laws, policies, institutions, and institutional processes (i.e., 'city-systems' or urban governance) that determine the quality of life in our cities.

Janaagraha's 'city-systems' framework envisages four components – Urban Planning and Design (spatial planning, land, and design of public spaces), Urban Capacities and Resources (finance, staffing, performance management, and digitalisation in city governments), Empowered and Legitimate Political Representation (empowered and accountable mayors and councils), and Transparency, Accountability and Participation (citizen participation in neighbourhood-level governance).

In its sixth edition, ASICS evaluates the quality of urban laws of all states/UTs, covering 4,800+ cities in India through 52 questions developed using the city-systems framework. It analyses 82 municipal legislations, 44 town and country planning acts, 176 allied acts, rules, and notifications, and 32 policies/schemes/other documents. Further, to make the study more comprehensive, 25 additional datasets have also been analysed. This includes data on implementation aspects (such as cities with active master plans, ward committees), disclosure of civic data by cities, as well as data that offers perspectives on India's urbanisation (such as the definition of urban in India, and district urbanisation patterns basis Census 2011, etc). **While previous editions of the report focused on cities, this edition focuses on states as the unit of analysis.**

Context

India's cities are burgeoning. They are expected to host over 800 million citizens by 2050, over half of India's population. Securing our urban future hinges on striking a balance between the 4 Es of:

1 **Economic growth and job creation** basis the productivity, innovation, and enterprise that agglomeration economies provide.

2 **Equitable access to housing, services, and job opportunities** particularly for women, migrants, and the urban poor.

3 **Environmental sustainability** across both natural and built environments, including heritage conservation.

4 **Engagement** between citizens and governments based on trust.

Key trends in India's urbanisation

- There is some level of consensus that the Census definition of urban in India is too stringent as compared to other countries. While, according to Census 2011, India is 31% urban, a World Bank report of 2016 estimates that India's urban population is over 50 per cent. According to the satellite data of the Global Human Settlements Layer (GHSL) of the Group on Earth Observations at the European Commission, India was 63 per cent urban in 2015 which is almost double the urbanisation rate as that of Census 2011.

- The current dichotomy of rural-urban may require a certain degree of reimagination given the pace and nature of India's urbanisation. The way urban is defined (in the census and across states) has far-reaching

- consequences on planned urbanisation, especially for census towns and peri-urban areas. Currently, the rural-urban transition is not addressed well enough with ad-hoc notifications.

- According to Census 2011, India has 4,041 statutory towns and 3,784 census towns which are governed by panchayats. Among the 4,041 statutory towns, **India has 46 million-plus cities, 388 lakh-plus cities, and over 3,500 cities with a population of less than a lakh.** Yet, most often, we do not necessarily see a differentiated approach to the funding and governance of these cities. They are largely governed by similar legislations and funded by similar schemes and missions.

- **50 per cent of the country's urban population lives within 60km of a statutory town with a population greater than one million, while 92 per cent live within 60km of a statutory town with a population greater than one lakh.** This spatial pattern of urbanisation in India offers a huge opportunity to leverage platform/gig economies, drive job creation and economic growth, and technology and innovation through agglomeration economies, reduce carbon footprint, and establish sustainable farm-to-fork supply chains for cities, all at once.

- **We also observe interesting trends in district-level urbanisation patterns, with 181 districts in India displaying levels of urbanisation higher than the national average and 72 districts displaying levels of urbanisation higher than the state average.** Districts could emerge as a well-recognised administrative unit of urban governance and also address emerging rural-urban transitions and the need for integrated, place-based governance that goes beyond the rural-urban binary.

Need for city-systems reforms

Since 2015, the flagship schemes and missions of the Government of India such as Swachh Bharat Mission, AMRUT (Atal Mission for Rejuvenation and Urban Transformation), Pradhan Mantri Awas Yojana, and the Smart Cities Mission have significantly increased outlays for urban development. **The outlays to the Ministry of Housing and Urban Affairs (MoHUA) have increased from approximately INR 80 billion in 2009-10 to approximately INR 470 billion in 2021-22, an increase of 488 per cent.** This has resulted in significant public investment in infrastructure projects and service delivery in cities across metro rail, water supply, sanitation (including solid waste management), stormwater drains, and affordable housing. There has been visible and greater progress in urban infrastructure and services over the last decade.

While 'cities' and 'urban infrastructure and services' as thematic areas are gradually becoming part of the mainstream in public discourse, government policy, and resource allocation, we are yet to see political leadership or administrative expertise and commitment towards robust city-systems.

The key messages from ASICS since its first edition in 2013 have remained consistent. The pace of city-systems reforms in India has been slow. **State governments need to take leadership on city-systems reforms,** and not rely only on the schemes and missions of the union government. Further, ASICS identifies the following five systemic challenges that must be addressed in order to deliver a better quality of life to citizens:

01 **Lack of a modern, contemporary framework of spatial planning of cities, and design standards for public utilities**
a. 39 per cent of state capitals, including Delhi, Bengaluru, Bhopal, and Dehradun do not have active master plans.
b. No states/UTs have mandated street and public space design standards for their cities.

02 **Weak finances of cities, both in terms of financial sustainability and financial accountability**
a. Only about 20 per cent of municipal expenditure is covered by property tax, the largest own source revenue for cities.
b. Around 90 per cent of India's current 4,800+ cities do not have digital systems to track the physical and financial progress of grant-funded infrastructure projects.

03 **Poor human resource management, in terms of the number of staff, skills and competencies of staff, organisation design, and performance management**
a. There is a 36 per cent average vacancy in city governments, in addition to critical skill gaps.
b. Only 14 out of 35 states and UTs mandate any kind of training for their municipal officials.

04 **Powerless mayors and city councils, and severe fragmentation of governance across municipalities, parastatal agencies, and state departments**
a. Only 42 per cent of the 74th Constitutional Amendment Act (74th CAA) has been implemented by states.
b. 1,400+ cities — including Bengaluru and Mumbai — did not have elected mayors or councils, some for as long as nine years.

05 **Absence of systematic citizen participation and transparency**
a. Only 3 out of 35 states/UTs have mandated public consultation on city budgets.
b. Only 11 out of 35 states/UTs in India have enacted the public disclosure law, which requires extensive disclosures on finances and operations, across all city government categories. Five out of 35 states/UTs have enacted the community participation law and have notified rules for the same which requires functioning ward committees and area sabhas for citizen participation.

Ten instruments of change for the transformation of India's cities

Basis the ASICS 2023 study and the current urban policy and governance context, we have identified ten instruments of change described below that we believe are necessary to usher in transformation in India's cities. Each instrument of change underscores the extent of the challenges India's cities face, details replicable models from India and the world, and suggests short as well as medium-term actions for all tiers of government at the union, state, and city levels. **These instruments of change are the highlight of the ASICS 2023 report.**

01 Spatial Development Plans

Spatial Development Plans (SDPs) that are prepared, implemented and enforced, based on contemporary planning legislations, founded on a framework that integrates the 4 Es of Economy, Equity, Environment, and Engagement.

We recommend the adoption of the National Urban Spatial Planning and Development (NUSPD) Guidelines, which lay out a framework for three-tiered SDPs at the regional, municipal, and ward levels with nested timelines, robust Planning PIE (Preparation, Implementation and Enforcement), integrated sectoral plans, and citizen participation.

02 Street and Public Space Design standards

Best-in-class city street and public space design standards, coupled with standardised contracts that transform ease of living and ease of doing business, and also solve for wasteful expenditure.

We endorse the adoption of Tender S.U.R.E., which is a pioneering set of design, procurement, and implementation guidelines for urban roads in India. Tender S.U.R.E. provides organised corridors for underground utilities, uniform lane width to avoid traffic chokepoints, continuous and even footpaths, and safe road intersections, besides financial sustainability through joint tendering and prevention of road-cutting. More than 250km of Tender S.U.R.E. roads and footpaths are under various stages of implementation across 18 cities in five states in India. We recommend similar design, implementation, and maintenance standards with model contracts for all public spaces such as markets, bus terminals, and waterfronts.

03 Constitutional Amendment to Empower Cities

A constitutional amendment that recognises cities as distinct units of governance will catalyse urban transformation in India.

Meaningful amendment of the 74th CAA can lead to empowered local self-governance. Some illustrative examples include:
a. A fixed mayoral tenure of five years.
b. Effective devolution of all functions in the Twelfth Schedule of the Constitution, in addition to devolution of climate change governance in cities, gender equality, public transport and traffic management, promotion of information technology and broadband internet, and primary healthcare.
c. Constitution of ward committees in every ward with a maximum population of 30,000 citizens.
d. Empowerment of the state election commission to conduct municipal elections with control over electoral rolls, delimitation, reservation, and rotation.

04 Metropolitan Governance

Introduce metropolitan authorities for cities with a population in excess of four million, and empower mayors and councils over funds, functions, and functionaries.

The Constitutional provision for metropolitan governance with the Metropolitan Planning Committee (MPC) only being a planning body is not adequate to solve the metropolitan challenges of the twenty-first century. India therefore needs a distinct paradigm for metropolitan governance.

A careful study of the Combined Authority (CA), City Deals, and Local Enterprise Partnership models in the UK, all of which have taken a metropolitan approach to urban development, could provide several critical learnings.

05 Empowered Mayors and Councils

Model municipal acts and modern city councils will provide much-needed legislative backing and infrastructural support for councils, and will instil trust and credibility among citizens.

The drafting of a model municipal act that empowers mayors and councils over funds, functions, and functionaries, and advocates for the adoption of the same by states is needed. Even as the act institutionalises the power of local self-governments, state governments should allocate funds to upgrade council infrastructure and councillor pay, and create a national-level platform for systematic leadership development of mayors and councillors. City governments, in turn, should publish council meeting agendas, minutes and attendance, telecast council proceedings, and publish the same on their website and in newspapers.

The Bloomberg Harvard City Leadership initiative is a model worthy of study that can be adapted to the Indian context. The initiative was launched in 2017 and has worked with 465 mayors and 2,271 senior city officials in 524 cities across the world.

06 Open Cities and Participatory Budgeting

Open cities framework to be a technology-driven, radically transparent, data and metrics-oriented interface that connects citizens and governments in real-time in cities. Participatory budgeting to facilitate targeted, hyperlocal focus on budgeting and problem solving.

Odisha's JAGA Mission is a useful model to study and emulate. JAGA Mission galvanised 2,919 slum collectives (known as 'Slum Dwellers Associations' (SDAs)) created to build and engage with communities. These act as a veritable 'fourth tier of governance' by fixing leadership and participation gaps in urban, informal communities. 25 per cent of municipal budgets have, by law, been earmarked for urban poor communities.

07 Municipal Taxation and Transfers

Improve the financial position of city governments through predictable transfers and own revenue enhancement and make local governments financially sound.

Formula-based, predictable transfers from state governments based on the recommendations of state finance commission recommendations are crucial. Devolving powers to cities over buoyant revenue streams will help them gain a share of the city's economic growth. Additionally, it is important that cities optimise property tax, user charges, and fees through the life cycle, namely enumeration (count of properties), valuation (value of all properties), assessment (calculating the tax per property), billing and collection (all properties are billed and tax is collected digitally), and reporting.

08 Municipal Borrowings and Audited Financial Statements

Catalyse large-scale financing for urban infrastructure through municipal borrowings, on the back of a robust framework for finance and performance reporting by city governments.

We recommend scaling the Fiscal Responsibility and Budget Management (FRBM) Rules to all cities and towns. These rules can be modelled on the Bruhat Bengaluru Mahanagara Palike (BBMP) FRBM Rules 2021. It mandates norms to regulate budget variances by capping revenue projections, publishing four-year medium-term fiscal plans, publishing audited annual accounts within set timelines, ensuring radical transparency and citizen participation in budgets and civic works, and promoting digitalisation of accounting and works management systems.

09 Digital Public Finance Management

Digital grant management tools for the timely transfer of grants to city governments, tracking of the physical and financial progress of infrastructure projects, and reporting and monitoring based on a single source of trusted data.

A comprehensive digital PFM system with the ability to track the fund utilisation of city governments and parastatals, and map the assets created from the various grants and other transfers from union and state governments, can significantly strengthen public expenditure management across states.

Cityfinance.in, the Ministry of Housing and Urban Affairs (MoHUA), Government of India's national municipal finance platform launched in June 2020 can offer critical learnings. The platform aims to solve the problem of the lack of availability of standardised, timely, and credible financial information on India's cities, starting with city governments. It facilitates benchmarking, comparison, and peer learning between cities (Urban Local Bodies (ULBs)). Since November 2020, MoHUA has been using the web-based grant management system to manage a substantial portion of the XV Finance Commission grants life cycle. This has had a direct impact on fiscal transfers of over INR 1 lakh crores from the Government of India to all 4,700+ cities across 28 states for the award period 2021-22 to 2025-26. Over 3,000 cities have published their audited annual accounts on Cityfinance.in.

10 Municipal Shared Services and Cadre and Recruitment Rules

A contemporary and strategic approach to human resource management will fundamentally transform the organisational effectiveness of city governments.

There are four different models of municipal shared services (listed below) that could be adopted by various municipal services to improve revenues, save costs, improve service levels, and build capacities of smaller municipalities by taking advantage of the spatial contiguity of urban centres.
a. Field Services: Collections, operations, maintenance, and quality certifications. For example: Swiggy.
b. Grievance Redressal/Feedback: Monitoring, performance management, MIS. For example: Karnataka Municipal Data Society.
c. Front-end office services: Certificate issuance queries, application processing approvals, etc. For example: Passport Seva Kendra.
d. Back-end services: Accounting, vendor payments, payroll, documentation, record keeping, etc. For example: Income Tax Centralised Processing Centre.

By undertaking a rigorous study of urban laws, trends and patterns in urbanisation, and other allied data, ASICS 2023 underscores that urban India's challenges are too deep and systemic for us to take just tactical stabs at fixing them. We need a long-term strategic view of urban transformation in India, even as we focus on short-term projects. We believe India needs to traverse a meaningful and deliberate middle path between the urban idealism of directly elected mayors with unfettered powers and the near-sighted pragmatism of patchwork and band-aids, where, for example, the focus is on filling potholes rather than laying good roads and footpaths. This is indeed possible if we adapt urban agendas to context, by state, and by type and size of cities, and leverage the benefits of the ten instruments of change for urban transformation, leading to a better quality of life in India's cities and towns.

1

Securing the future of India's cities

India's cities are burgeoning. Our cities are expected to host over 800 million citizens by 2050, over half of India's population[1].

1 United Nations, Department of Economic and Social Affairs, Population Division (2015). World Urbanization Prospects: The 2014 Revision, (ST/ESA/SER.A/366).

Securing our urban future hinges on striking a balance between the 4 Es — Economic growth, Environmental sustainability, Equitable access to opportunities and services, and democratic Engagement; a balance that currently remains elusive in our cities. The 4 Es are four distinct yet interrelated factors that underscore why India needs to consider its cities among the most important human development priorities.

The future of India's cities depends on:
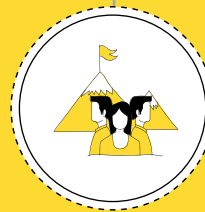
 Economy and job creation
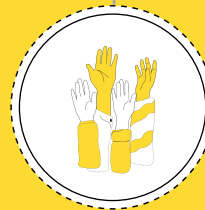
 Equitable access to services and opportunities

 Environmental sustainability
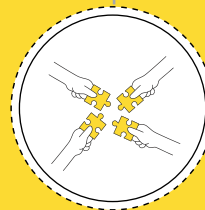
 Democratic Engagement

Economy and job creation

Cities have always been economic entities. Enabling a sustainable economy is critical to the health and growth of any city. The economy of a modern city is heavily dependent on its ability to attract and retain high-quality human talent. This ability, in turn, is influenced by the availability of employment opportunities and the quality of physical infrastructure, especially mobility and networked infrastructure, covering not just roads, rail, and public transport, but also housing, water supply, power, sewerage, telecom and so on.

Cities drive economic growth and the job creation of provinces and countries. If India needs to alleviate poverty, our cities need to work well for us in terms of economic productivity.

Equitable access to services and opportunities

The informal economy of a city is as important as the formal economy. It provides far greater livelihood opportunities in terms of numbers, especially to the urban poor, both for the already-resident urban poor as well as for the significant influx of the migrant poor who move to cities in search of better economic opportunities. While the role of the urban poor in sustaining the economic engine is paramount to the success of a city, they offer very little formal support to them. The acute shortage of affordable housing options creates a cycle of social inequity where the poor live in a state of constant vulnerability and inadequate access to basic civic amenities.

There is already a huge deficit in infrastructure and service delivery in our cities. We risk exacerbating this further due to the exponential growth in population which is likely to adversely impact the urban poor and other marginalised groups. We therefore need to urgently address equitable access to housing services and job opportunities in our cities.

Environment

Cities are not just centres of employment; they are also situated in the ecological continuum and are responsible for providing a sense of cultural belonging and well-being to citizens. Improving the environment and preserving a city's heritage are, therefore, vital to meeting the growing aspirations of citizens. The urban environment is vulnerable due to rapid economic and demographic pressures, and their demands result in industrial pollution, whether within or outside their limits, and degradation of the quality of air, water, and soil. In addition, vehicular pollution and concentrated consumption, that is unaccompanied by integrated and scientific waste management, has compounded the challenge.

The importance of nurturing the environment is becoming self-evident with pervasive heat waves during summer and flooding during monsoons, besides air and water pollution. Our development needs to nurture the environment — both natural and built — and not come at the cost of it.

Engagement

As a democracy, the 3 Es of Economic growth and job creation, Equitable access to housing, services and job opportunities, and Environmental sustainability would need to necessarily be circumscribed by the voice and agency of citizens which is best given expression through the fourth E of democratic Engagement. India's cities with 50% of the country's population by 2050 will also be the throbbing heart of India's democracy. Human development in our cities that balances the 4 Es is critical not just to cities and citizens, but to India and Indians in general.

2

India's urbanisation:
A few key insights

India's urbanisation taken together with systems of urban governance in the country exhibit certain distinct characteristics and possibilities. This section discusses four such characteristics and possibilities which need to be addressed and leveraged for India to fully realise the benefits of urbanisation and surmount related challenges.
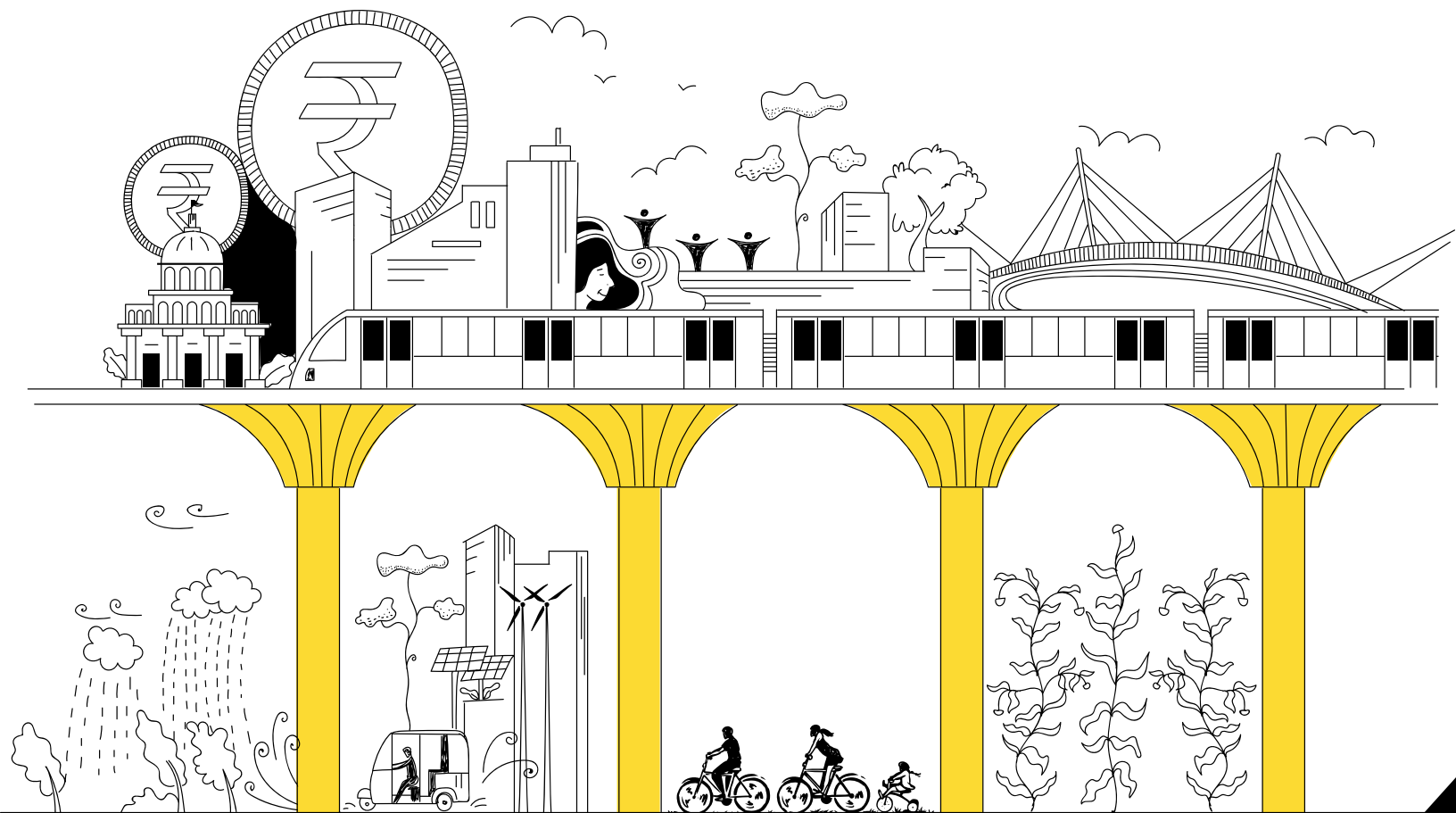
01 Taking stock of India's urban transitions

India is 31 per cent urban, according to Census 2011. This includes 318 million people in 4,041 statutory towns and 54 million in 3,892 census towns. Statutory towns are settlements defined as urban by the municipal legislations of respective states, including municipal corporations, municipalities, and town panchayats. Census towns are settlements identified as urban by the Census of India.

According to Article 243Q of the 74th CAA, three types of statutory towns shall be constituted by states:

1. Nagar Panchayat for an area in transition from rural to urban
2. Municipal Council for a smaller urban area
3. Municipal Corporation for a larger urban area

In the case of 2 and 3, areas are defined as municipal councils or municipal corporations based on their total population, density of population, revenue generated for local administration, percentage of employment in non-agricultural activities, and economic importance or other such factors, as the governor of the state may deem fit.

Census towns are areas which are not statutorily notified but are classified by the Census of India as urban as they satisfy the following three conditions:

01
A minimum population of 5,000

02
At least 75 per cent of the male main working population engaged in non-agricultural pursuits

03
A population density of at least 400 persons per sq. km.

A World Bank report of 2016 states that the Census of India's definition of urban is too stringent as compared to other countries and estimates that India's urban population is over 50 per cent.[2] According to the satellite data of the Global Human Settlements Layer (GHSL) of the Group on Earth Observations at the European Commission, India was 63 per cent urban in 2015 which is almost double the urbanisation rate as that of Census 2011.

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2   Tewari, M., Godfrey. N., et al. Better Cities, Better Growth: India's Urban Opportunity. New Climate Economy, World Resources Institute, and Indian Council for Research on International Economic Relations. London, Washington, DC, and New Delhi. http://newclimateeconomy. report/workingpapers

Figure 1: India could be far more urban

26% As per statutory definition

31% As per Census 2011 definition

47% 5,000+ population as per Ghana's definition

65% 2,500+ population as per Mexico's definition
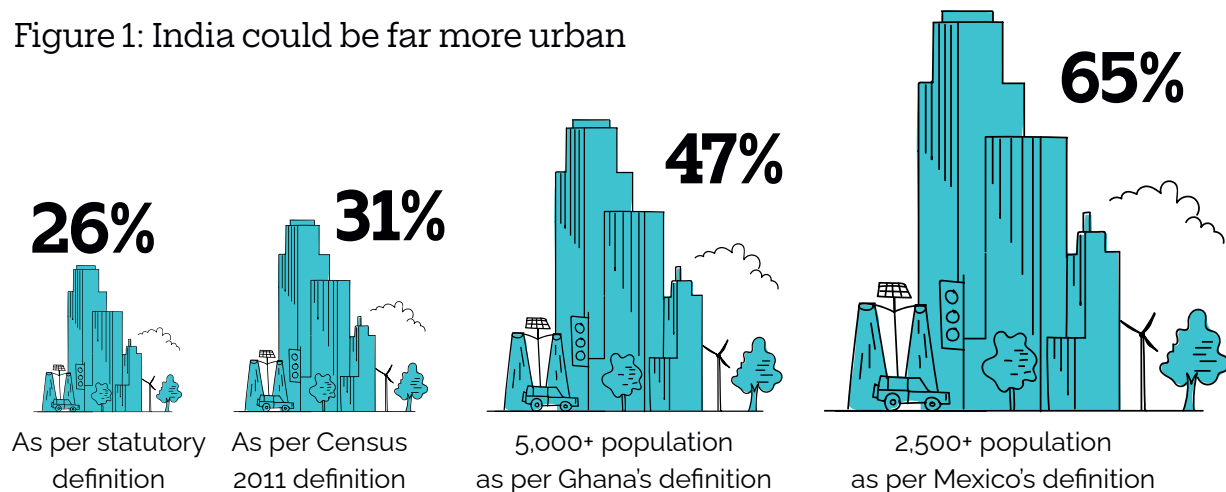
While the 74th CAA provides the framework for defining a city government, the respective states decide the specific criteria to define statutory towns.

A rural settlement becomes urban only when the state notifies such area as urban. Across states, there are as many as five factors defining statutory towns in respective municipal acts, used either individually or in combination. Thresholds with individual factors such as population size also differ between states. Please refer to data table 47 in the ASICS 2023 Data Book for the details of criteria followed across states.

Figure 2: Definition of statutory towns in India

- ⬡ Population size
- ⬡ Population density
- ⬡ Employment
- ⬡ Revenue generation
- ⬡ Article 243Q of the 74th CAA
- ⬡ No criteria specified

Source: Analysis based on 82 municipal legislations across 35 states /UTs
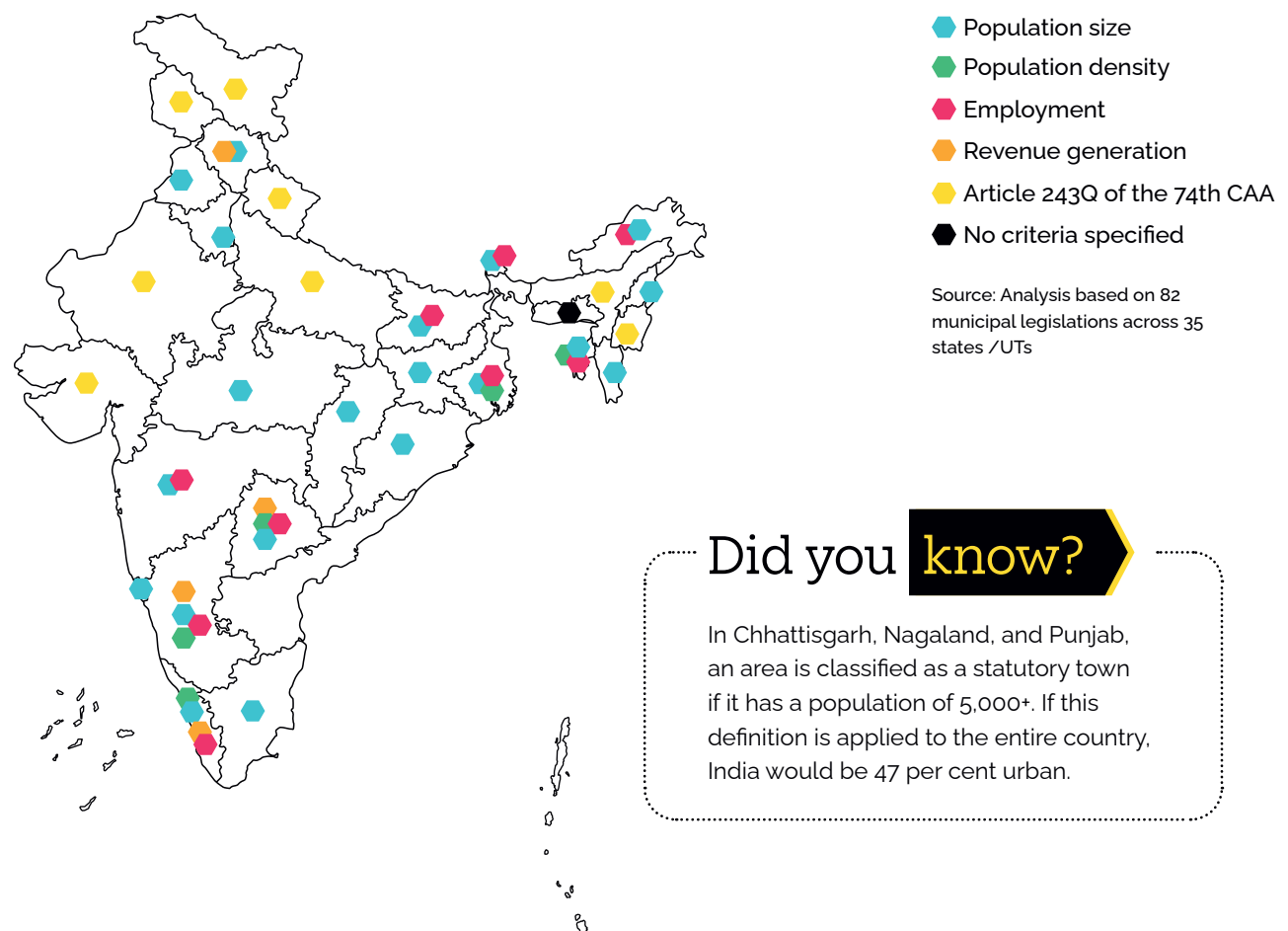
Did you know?

In Chhattisgarh, Nagaland, and Punjab, an area is classified as a statutory town if it has a population of 5,000+. If this definition is applied to the entire country, India would be 47 per cent urban.

The minimum threshold for the declaration of statutory towns differs across India. For example, the minimum population requirement for classifying a transitional area is 2,000 in Himachal Pradesh and 30,000 in Tamil Nadu. For large urban areas, the definitions vary from 50,000 in Himachal Pradesh to five lakh in West Bengal. There is emerging recognition of the need to estimate urbanisation by considering data on mobility and labour markets, density and built-up forms, and night time data, some of which are not considered by states in defining statutory towns.

The way urban is defined has far-reaching consequences on the planned urbanisation of census towns and peri-urban areas that display the characteristics of urban areas yet are governed as rural. For example, there are census towns near mega cities with a population of up to 75,000 which are larger than many statutory towns in the same state.[3] Even though most of their residents may be engaged in non-agricultural pursuits, they are still administered as rural areas. The lack of a well-thought-out and systematic process often results in isolated decisions to notify a rural area as urban, making the transition from rural to urban mostly poorly planned. There are pros and cons for local governments and citizens in transitioning from a rural to an urban area. While a rural government may offer access to a certain set of schemes, missions, and funds, for example, MGNREGA, lower or no taxes and user charges, more permissive or no building by-laws, an urban government may have access to schemes and missions that offer better quality infrastructure.

Initiatives by the Government of India

In 2015, the Ministry of Housing and Urban Affairs (MoHUA) urged 28 states to convert 3,784 census towns into statutory towns to promote planned urban development. The number of statutory towns has increased by 20 per cent from 4,041 in 2011 to 4,852 in 2023.
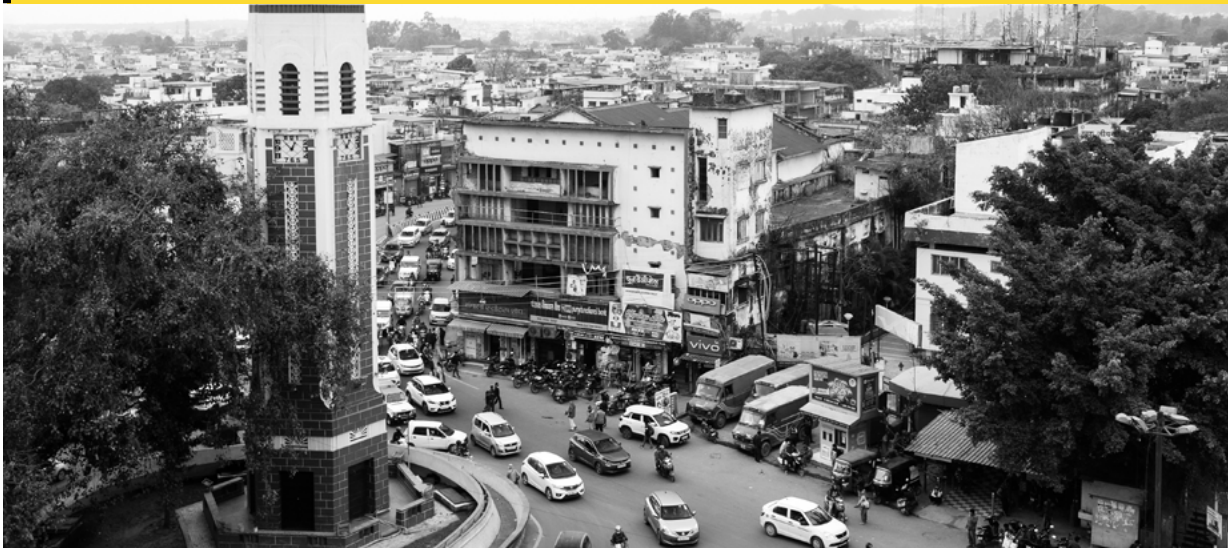
3   Gupta, A., & Kumar, A. (2021, December 24). Making urban planning work for smaller cities. Times of India Blog. https://timesofindia.indiatimes.com/blogs/developing-contemporary-india/making-urban-planning-work-for-smaller-cities/

Odisha's Rural-Urban Transition Policy
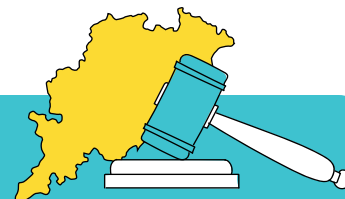
In July 2023, the Government of Odisha approved the 'Odisha Rural-Urban Transition Policy' which aims at providing essential urban infrastructure, amenities, and services to all citizens residing in the fast-growing rural areas adjoining cities and through that, ensuring planned urbanisation.

Peri-urban and rural areas in Odisha have been grappling with infrastructure and service challenges even after being notified as urban. To enable smoother and planned transition from a rural area to an urban area, the Rural-Urban Transition Policy aims at providing urban infrastructure and services to people in identified rural areas much before the areas are formally notified as urban. The policy allows the creation of a special budget for the implementation of infrastructure projects and delivery of services while actively involving elected representatives, officials, and other stakeholders in the planning, execution and monitoring of the transition process.

Under the policy, after identification, rural areas will be declared urban. This change will come into effect from the date on which the tenure of the prevalent elected council expires. During the interim period, the infrastructure and services of the notified rural area will be upgraded to be on par with the services in adjacent urban areas.

This policy entails the establishment of steering and implementation committees comprising senior state government officials, including the chief secretary, along with experts from diverse fields like urban planning, finance, engineering, management, and information technology. This measure aims to facilitate the alignment of government initiatives and foster inter-departmental collaboration, thereby facilitating a seamless and efficient transformation of peri-urban and rural areas into fully developed urban regions.

02 Leveraging spatial contiguity

The million-plus cities, >100k cities and <100k cities each host approximately one-third of India's urban population (Table 1).

Table 1: Population across tiers of cities

City population category	Number of city governments	Population (in mn)	% urban population
>4mn	8	57.8	18.16%
1-4mn	38	57.8	18.17%
500k-1mn	42	28.9	9.08%
100k-500k	388	75.1	23.59%
<100k	3,565	98.7	31.00%
Total	**4,041**	**318.5**	**100%**

Source: Analysis based on Census 2011

Yet they are likely to have very diverse characteristics in terms of demographics, socio-economic character, dominant sectors of jobs and employment and therefore potential for economic growth, their infrastructure requirements and capacities, and the resources of their local governments. Yet, most often, we do not necessarily see a differentiated approach to funding and governance of these cities. They are largely governed by similar legislations and funded by similar schemes and missions.

Million-plus cities are very often large economies (most certainly four million-plus cities) in themselves and have benefits of historical legacy as regional or state capitals. They may have legacy benefits of better quality infrastructure and service delivery, the economic impulse to raise their own resources, and local governments with better capacities.

Table 2: Mapping of all cities with >100k population in 60km radius

Population category	ULBs	Population (in mn)	Coverage of ULBs				Coverage of ULBs + Census Towns (CTs)			
			ULBs in 60km radius cluster	Cluster population (in mn)	Total population in 60km radius	% of urban population	ULBs + CTs in 60km radius	Cluster population (in mn)	Total population in 60km radius	% of urban population
>4mn	8	58	238	38.7	96.7	26%	971	52.4	110.4	29%
>1mn (incl. 4mn)	45	115	851	50.3	165.3	44%	2,242	73.4	188.4	50%
>500k (incl. >1mn)	86	143	1,460	64.9	207.9	55%	3,331	94.3	237.3	63%
>100k (incl. >500k)	470	218	2,917	82.2	300.2	80%	6,310	129.4	348.2	92%

Source: Analysis based on Census 2011

Note: (1) Categories are not defined as 1mn-4mn or 100k-1mn because, to estimate total cluster population above 100k cities, simple summation of the cluster population of such categories would result in overestimation/duplicity due to overlaps in radii of different categories of cities.

(2) The cluster population cuts across state boundaries if the 60km radius of a ULB also flows into a neighbouring state.

(3) The analysis excludes Jammu and Kashmir and cantonment boards.

The <100k cities, however, may suffer from fast-paced urbanisation, a modest economic base and weak capacities in local governments. While some of them may have the advantages of proximity to larger cities or economic growth corridors, several others may not. India's governance and financing of its cities cannot be one-size fits all.

Yet, we do not necessarily have to view them as 4,000+ distinct spatial, economic or governance units. 50 per cent of India's urban population lives within 60km of a statutory town with a population greater than one million and 92 per cent within 60km of a statutory town with a population greater than one lakh (Table 2). This spatial pattern of urbanisation in India offers a huge opportunity to leverage platform/gig economies, drive job creation and economic growth, and technology and innovation through agglomeration economies, reduce carbon footprint, and establish sustainable farm-to-fork supply chains for cities, all at once.

03 Exploring the district as a unit of urban governance

When seen through the lens of spatial contiguity, there are 470 urban clusters. However, these are not recognised administrative units. They may cut across districts and sometimes even state boundaries. Further, they also do not address emerging rural-urban transitions and the need for integrated place-based governance that goes beyond the rural-urban binary. This is where districts emerge as well-recognised administrative units of governance which have possibly not yet been fully leveraged in urban governance. As can be seen in Table 3, there are 640 districts as per Census 2011.

Table 3: Summary of urbanisation patterns across districts in India

Number of districts in India (Census 2011)	640
India's rate of urbanisation	31.1%
Number of districts with rate of urbanisation higher than the national average	181
Number of districts with a significantly higher rate of urbanisation than their state average*	72
Number of districts with a significantly lower rate of urbanisation than their state average*	139
Number of districts with a very high rate of urbanisation (>80%)	24
Number of districts with a high rate of urbanisation (60-80%)	29
Number of districts with a moderate rate of urbanisation (40-60%)	69
Number of districts with a low rate of urbanisation (20-40%)	193
Number of districts with a very low rate of urbanisation (<20%)	325

Source: Analysis based on Census 2011

*Significantly higher/lower rate of urbanisation means >15% difference between the district and state rates of urbanisation.

An analysis of district level urbanisation particularly in less urbanised states reveals how a state level perspective of urbanisation percentage alone may not provide the whole picture (Figure 3).

As can be seen in Table 3, 181 districts are more urban than the national average and 72 districts across 27 states/UTs are significantly more urban than their state average. Of these, 72 districts that are significantly more urbanised are from eight states with low levels of urbanisation, namely Arunachal Pradesh, Assam, Bihar, Chhattisgarh, Jharkhand, Odisha, Uttar Pradesh, and Meghalaya. (Refer to data tables 48, 49, and 50 of ASICS 2023 Data Book for more details). It is crucial that such fast urbanising districts do not remain blind spots and receive the policy attention they need.

Figure 3: Rate of urbanisation across districts in India

Significantly low   Low   Medium   High   Very high   Significantly high
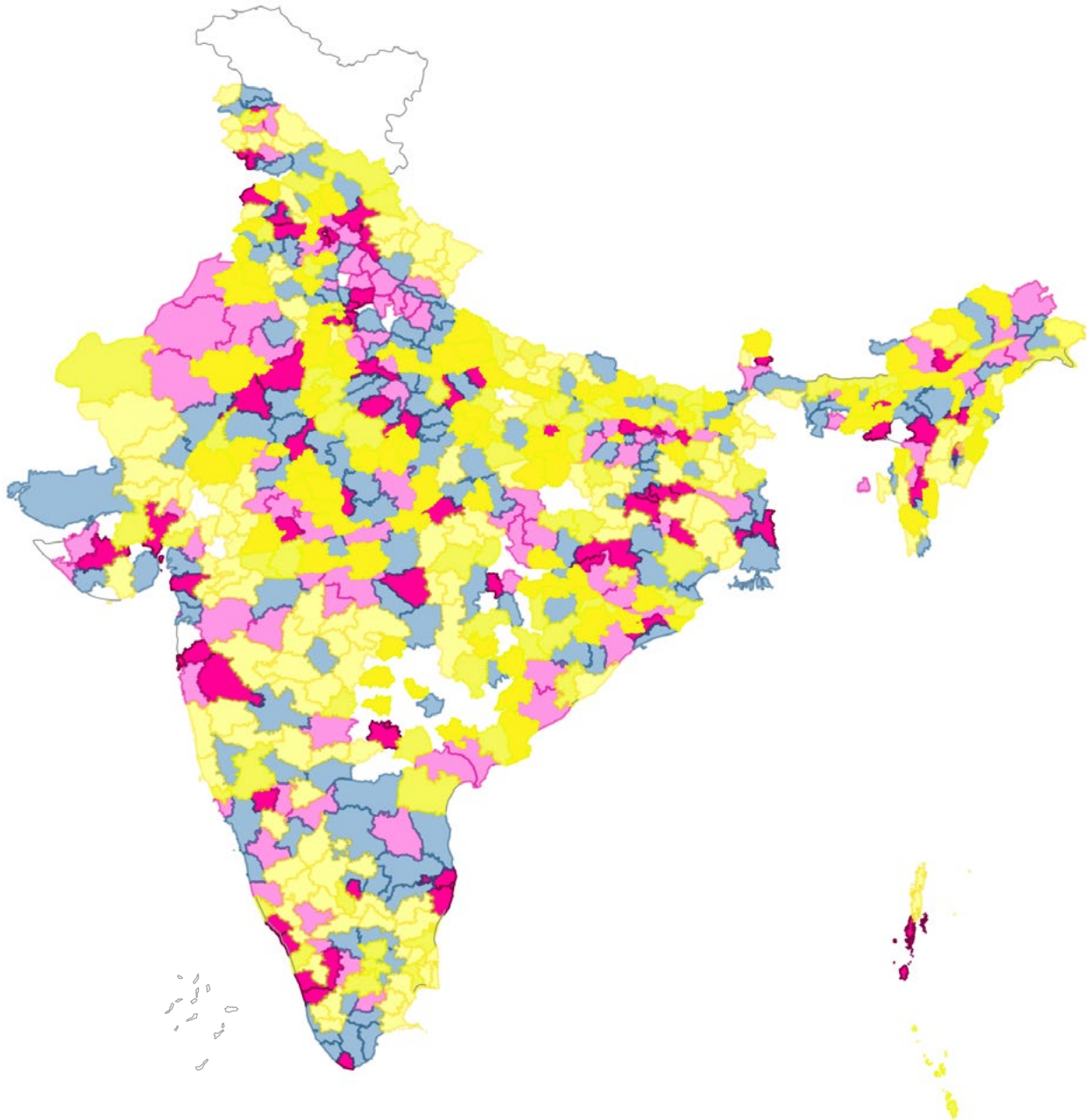
Source: Analysis based on Census 2011.

Note:

1. Data for Ladakh was unavailable.

2. The categorisation of low, medium, high, and very high is based on the quartiling of districts' rate of urbanisation in each state. Districts whose rate of urbanisation falls in the first quartile have been categorised as 'low', in the second quartile as 'medium', in the third quartile as 'high', and in the fourth quartile as 'very high'.

3. 'Significantly low' and 'significantly high' are those districts with >15% difference between district and state rate of urbanisation.

0   75   150 km

Figure 4: Rate of urbanisation across districts of Uttar Pradesh

Uttar Pradesh, which is 22.27 per cent urbanised, has eight districts including Jhansi, Varanasi, Agra, Meerut, Gautam Buddha Nagar, Kanpur Nagar, Lucknow, and Ghaziabad, which are more urbanised than the state average, ranging between 40-68 per cent*.

Legend:
- Significantly low
- Low
- Medium
- High
- Very high
- Significantly high

0   100   200 km
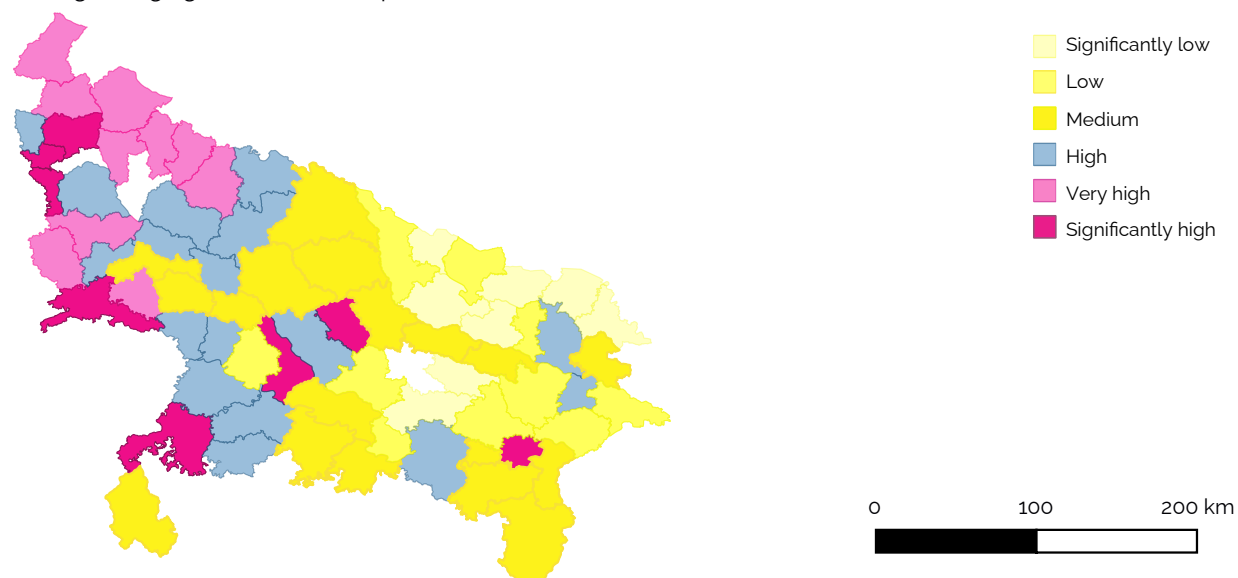
Figure 5: Rate of urbanisation across districts of Odisha

Odisha, which is only 16.99 per cent urbanised, has three districts, including Sundargarh, Jharsuguda, and Khordha whose percentage of urbanisation ranges from 35-48 per cent*.

Legend:
- Low
- Medium
- High
- Very high
- Significantly high

0   100   200 km
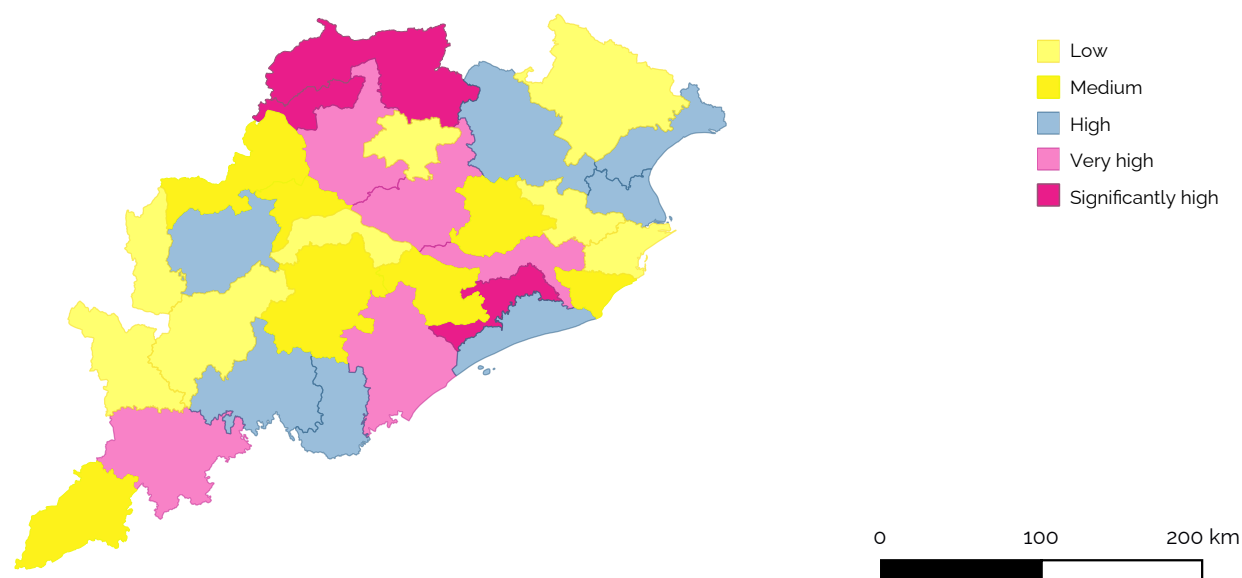
Source: Analysis based on Census 2011.

Note:

1. The categorisation of low, medium, high, and very high is based on the quartiling of districts' rate of urbanisation in each state. Districts whose rate of urbanisation falls in the first quartile have been categorised as 'low', in the second quartile as 'medium', in the third quartile as 'high', and in the fourth quartile as 'very high'.

* 'Significantly low' and 'significantly high' are those districts with >15% difference between district and state rate of urbanisation.

Article 243ZD of the 74th CAA demonstrated foresight in calling for District Planning Committees (DPCs) for coordinated regional planning at the district level across both rural and urban areas (excluding million-plus cities that are envisaged to be covered by (Metropolitan Planning Committees (MPCs)).

Did you know?

Article 243ZD of the Constitution mandates the constitution of the DPC to consolidate the plans prepared by the panchayats and the municipalities in the district and to prepare a draft development plan for the district. The CAG's performance audit on the implementation of the 74th CAA across 13 states finds that while DPCs have been constituted in nine out of the 13 states assessed, district development plans were prepared only in four states.

The second Administrative Reforms Commission (ARC) observed that in a decentralised regime, there is a need for a district-level body that not only coordinates between the individual rural and urban local governments but also takes responsibility for such tasks of local administration that cannot be effectively discharged by the individual local governments. Therefore, it recommended a 'district council' with representation from rural and urban areas, with the DPC being its advisory arm.

Even as DPCs remain an unfulfilled Constitutional agenda for local self-governance, districts are de facto emerging as units of urban governance through the role played by district collectors. For example, the district collector is the member secretary of the District Level Advisory and Monitoring Committees (DLAMC) in cities with <40 lakh population set up to oversee, review, and monitor key programmes of MoHUA.

District collectors already play a significant role in city governance, especially in smaller cities. India's municipal legislations specifically recognise the role of district collectors in city governance.
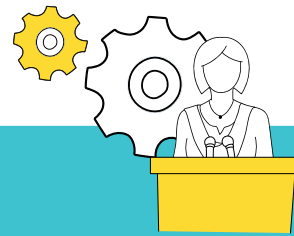
Role of district collectors in India's city governance

Across states, district collectors play a critical role in urban governance. They make decisions on important functions such as municipal elections, meeting proceedings, urban planning, emergency response, finance, property, etc. Some of the key functions of district collectors are given below:

01 Municipal council

- In Madhya Pradesh (municipalities), the district collector is empowered to take part in any meeting in their jurisdiction.
- In Maharashtra (municipalities), the collector can nominate a predetermined number of councillors (non-elected) who have special knowledge or experience in urban governance to the municipal council.

02 Functions related to urban planning

- In Odisha, the district collector is the vice chairperson of the DPC while in Kerala, the collector is a member.
- In Rajasthan, the city development plan is prepared in consultation with the district collector.

03 Emergency powers

- In cases of emergency, in Goa (municipalities), Maharashtra (municipalities), Rajasthan and Haryana (municipalities), the district collector is empowered to provide for the execution of any work and direct the expenditure for resolution of the problem.

04 Financial powers

- In Maharashtra (municipalities) and Odisha (municipalities), if the council is unable to approve the budget within the stipulated time period, the collector shall do so with or without modifications.

04 Reflecting on an integrated place-based approach

Recent studies suggest that several social and environmental issues cannot be solved through a dichotomous rural vs urban governance paradigm, where rural and urban areas are treated as distinct and unrelated even though they may be practically adjoining areas. Social and economic ties transcend municipal and political boundaries and therefore urban and rural areas interact very closely in a wide range of ways.[4]

In countries such as Portugal, Mexico, New Zealand, and South Africa there is no distinction made between urban and rural areas in terms of governance jurisdictions. In the case of South Africa, provinces are divided into metropolitan (for larger cities) and district municipalities (for other areas). District municipalities are further divided into local municipalities which govern smaller areas within district municipalities. All such municipalities provide services and co-ordinate development across their administrative area, irrespective of whether the areas are rural or urban in nature. Rural areas are found in all three municipalities.[5] This allows local governments to undertake integrated and coordinated planning with respect to mobility, livelihoods, resource allocation, and so on.

In recent years in India, the rural-urban continuum has developed in various parts of the country. Urban industrial areas in India are developing by linking rural areas. Small towns are emerging around mega cities and urban corridors are passing through rural hinterlands.[6] The current governance paradigm does not adequately factor in these interlinkages. The same may warrant dedicated further study basis demographic and spatial analysis.

Did you know?

In February 2022, in a move to improve the quality of services provided by local bodies and increase decentralisation, the Government of Kerala unified five departments, namely the Departments of Panchayat, Rural Development, Urban Development, Urban-Rural Planning, and LSG Engineering into a Unified Local Self Governance Department. The reform aims to improve coordination of administration between urban and rural departments. Additionally, a joint directorate at the district level, in charge of all the local bodies in the district, has been formed to improve planning and execution of development activities alongside the DPC.

The then Minister for Local Self Governance, M V Govindan Master says, "The Unified Local Self Governance Department would intensify the activities of the Local Self Governing Institutions and ensure more expeditious and people-friendly service delivery." The outline to prepare the functional manual for the Unified Local Self Government Department of Kerala can be accessed here - https://lsgkerala.gov.in/system/files/2021-09/Unified-LSGD-Functional-Manual-Outline.pdf

4   Lichter, D. T., & Brown, D. L. (2011). Rural America in an Urban Society: Changing Spatial and Social Boundaries. Annual Review of Sociology, 37(1), 565–592. https://doi.org/10.1146/annurev-soc-081309-150208.

5   Atkinson D., (2014). Rural-Urban Linkages: South Africa Case Study. Working Paper Series N° 125. Working Group: Development with Territorial Cohesion. Territorial Cohesion for Development Program. Rimisp, Santiago, Chile. https://www.rimisp.org/wp-content/files_mf/1422297966R_ULinkages_SouthAfrica_countrycasestudy_Final_edited.pdf

6   Chattopadhyay, S. (2023, March 14). Reimagining the urban-rural dichotomy. The Hindu. https://www.thehindu.com/opinion/op-ed/reimagining-the-urban-rural-dichotomy/article66610974.ece#:~:text=Inper cent20Indiaper cent2Cper cent20Keralaper cent20isper cent20well,andper cent20adjoiningper cent20midlandsper cent20andper cent20highlands.

3

Systemic nature of India's urban challenges

Every year we see challenges in several of our cities' making headlines in newspapers and occupying prime time on television news. The same events recur, just like the monsoons that greet us every year and bring with them the familiar sights of waterlogging, potholes, and endless traffic jams. These urban challenges are symptoms of root causes that lie within 'city-systems'. The Annual Survey of India's City-Systems (ASICS) assesses the strength of city-systems to determine the ability of India's cities to offer good quality of life to its citizens.

From floods and garbage crises to power cuts and pollution, so many of the issues that our cities and towns face repeat like a broken record, over and over again. One could say that our cities are not faced with a hundred different problems but the same problems repeated a hundred times.

To address these recurring urban challenges, we need to fix the root causes that lie within city-systems. Janaagraha's 'city-systems' framework consists of four distinct but interrelated components that together make up urban governance – Urban Planning and Design (spatial planning, land, and design of public spaces), Urban Capacities and Resources (finance, staffing, performance management, and digitalisation in city governments), Empowered and Legitimate Political Representation (empowered and accountable mayors and councils), and Transparency, Accountability and Participation (citizen participation in neighbourhood-level governance).
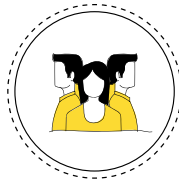
| Urban Planning and Design | Urban Capacities and Resources | Empowered and Legitimate Political Representation | Transparency, Accountability and Participation |
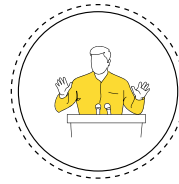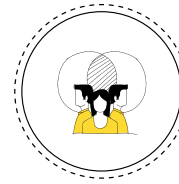
We believe fixing India's city-systems is a necessary pre-condition for a better quality of life and for preserving and nurturing the natural environment of our cities and towns.

Quality of life

City-systems

City-systems are invisible yet critical to good quality of life in our cities.

City-systems Framework

Urban Planning & Design

Urban Capacities & Resources

QUALITY OF LIFE

Transparency, Accountability & Participation

Empowered & Legitimate Political Representation
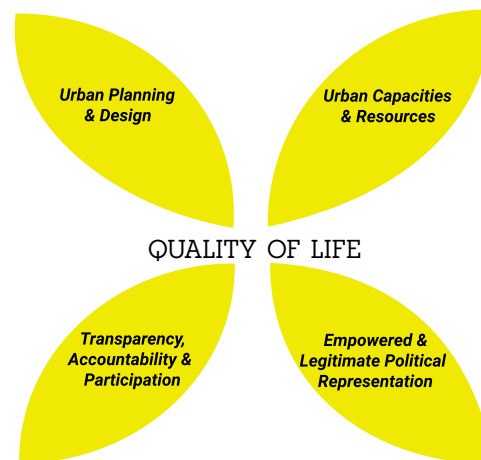
City-systems are the root causes underlying quality of life in cities.

Annual Survey of India's City-Systems (ASICS) evaluates the quality of governance in cities. ASICS does not focus on the quality of life that citizens experience in their everyday lives in Indian cities. Instead, it seeks to serve as an annual health check-up of the quality of laws, policies, institutions, and institutional processes underlying the quality of life in our cities. Since its first edition in 2013, ASICS has expanded its coverage and strengthened its methodology. In its past editions, ASICS evaluated cities by scoring them on a scale of 0 to 10. The ASICS score of a city is an indication of the health of its governance systems and therefore its ability to deliver a good quality of life in the medium to long term. Further, global cities such as New York, London, and Johannesburg (in 2017) were added to the study to serve as reference points for India's cities.

ASICS over the years
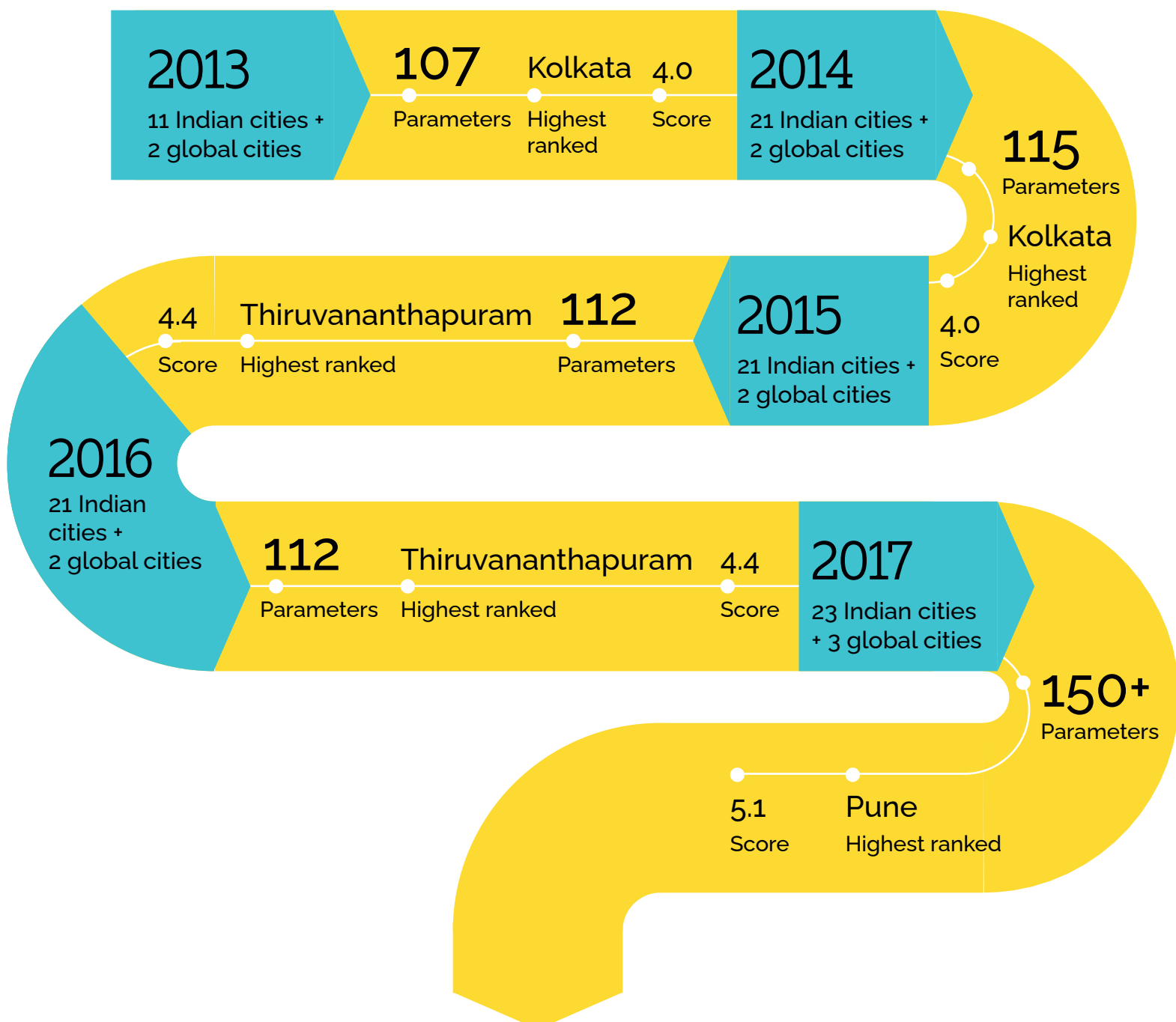
2013
11 Indian cities + 2 global cities

107
Parameters

Kolkata
Highest ranked

4.0
Score

2014
21 Indian cities + 2 global cities

115
Parameters

Kolkata
Highest ranked

4.0
Score

2015
21 Indian cities + 2 global cities

112
Parameters

Thiruvananthapuram
Highest ranked

4.4
Score

2016
21 Indian cities + 2 global cities

112
Parameters

Thiruvananthapuram
Highest ranked

4.4
Score

2017
23 Indian cities + 3 global cities

150+
Parameters

Pune
Highest ranked

5.1
Score

The key messages from ASICS since its first edition in 2013 have remained consistent. The pace of city-systems reforms in India has been painfully slow, and India's cities are caught in a bad status quo. It also highlights that state governments need to take leadership on city-systems reforms, and not rely only on the schemes and missions of the union government. Further, it identifies that India needs to address the following five systemic challenges in order to deliver a better quality of life to citizens in a sustainable manner.

Lack of a modern, contemporary framework of spatial planning of cities and design standards for public utilities
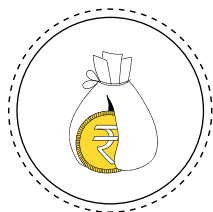
Weak finances, both in terms of financial sustainability and financial accountability of cities
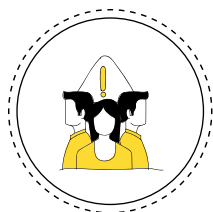
Poor human resource management, in terms of number of staff, skills and competencies of staff, organisation design, and performance management

Powerless mayors and city councils, and severe fragmentation of governance across municipalities, parastatal agencies, and state departments
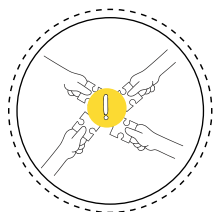
Absence of systematic citizen participation and transparency.

▶ **In its sixth edition, ASICS focusses attention on the quality of municipal and town and country planning acts**

ASICS 2023 evaluates the quality of urban laws (municipal acts and town and country planning acts) of all 35 states/Union Territories (UTs) in India[7] through 52 questions using the city-systems framework. Further, to make the study more relevant, 25 additional data sets were analysed. For example, data on implementation aspects such as cities with active master plans, ward committees, disclosure of civic data by cities, as well as data that offers perspectives on India's urbanisation such as the definition of urban in India, and district urbanisation patterns basis Census 2011, etc. The CAG performance audit reports on the implementation of the 74th CAA across 13 states[8] were also analysed. Cities in India are principally governed by their respective state municipal acts and town and country planning acts. An evaluation of the quality of these acts along with allied acts such as community participation law or public disclosure law (where they are separate), and policy documents such as open data policy give a comprehensive understanding of the quality of urban governance in India from a root cause perspective.

01
Assessment period spanning **12+ months** Dec' 21 - Dec' 22

02
Across urban India covering **28 states and 7 UTs**

03
82 municipal acts

How did we do ASICS 2023?

09
25 additional data sets

08
100+ parameters

07
52 questions

06
32 policy/ scheme/ other documents

05
176 allied acts, rules, and notifications

04
44 town and country planning acts

7   Excluding Lakshadweep which does not have a statutory town and a municipal act.
8   Assessment based on CAG performance audit reports on the implementation of the 74th CAA in 13 states including Chhattisgarh, Haryana, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Punjab, Rajasthan, Tamil Nadu, Tripura, and Uttarakhand. The audit period was from 2015-2020 excluding Kerala whose audit period was 2015 - March 2021. A total of 470 cities across 13 states were covered in these audits.

ASICS, over editions has attempted to improve the representation of cities in a phased manner, beginning with 11 cities in 2013 to 23 cities in 2017. In this edition, the aim is to scale up to the entire country by covering all 82 municipal acts and 44 town and country planning acts across 35 states/UTs. Our aspiration is to have every city of India measured as part of ASICS. For this, we aim to adopt a two-pronged approach of assessing the quality of urban laws and policies across the country, as well as to assess implementation levels across all 4,800+ cities in a phased manner. In future editions, we also hope to cover parastatal agencies such as development authorities, water supply boards, city transport corporations, and other city or state urban parastatals, given their role in city-systems.

Please note that 'cities', 'city governments', 'Urban Local Bodies (ULBs)', and 'municipalities' are used interchangeably in this report. Please refer to ASICS 2023 Data Book for detailed methodology and 50+ data tables.

The four high-level observations of ASICS 2023 are as follows:

01 **Urban legislations are not available in the public domain in accessible formats. Only 49% of states/UTs have put out municipal acts on websites of the respective state urban departments**

Only
17/35 states in India make their respective municipal acts available on the websites of state urban departments.

Of these 17, only four states have made available a comprehensive set of amendments to municipal acts.

10 states have uploaded only scanned copies of the acts, restricting the ability to navigate the document seamlessly.

Only six states have made all allied rules and acts comprehensively available.

02 The landscape of municipal acts varies across the states. 15 states have a single municipal act governing all their cities. Five states/UTs do not have their own urban laws and have remained the same as their parent state's laws

While most states have separate acts for municipalities, 15 states have a single municipal act governing their cities, irrespective of city size.

Figure 6: Landscape of India's municipal acts

1   2   3   4   22
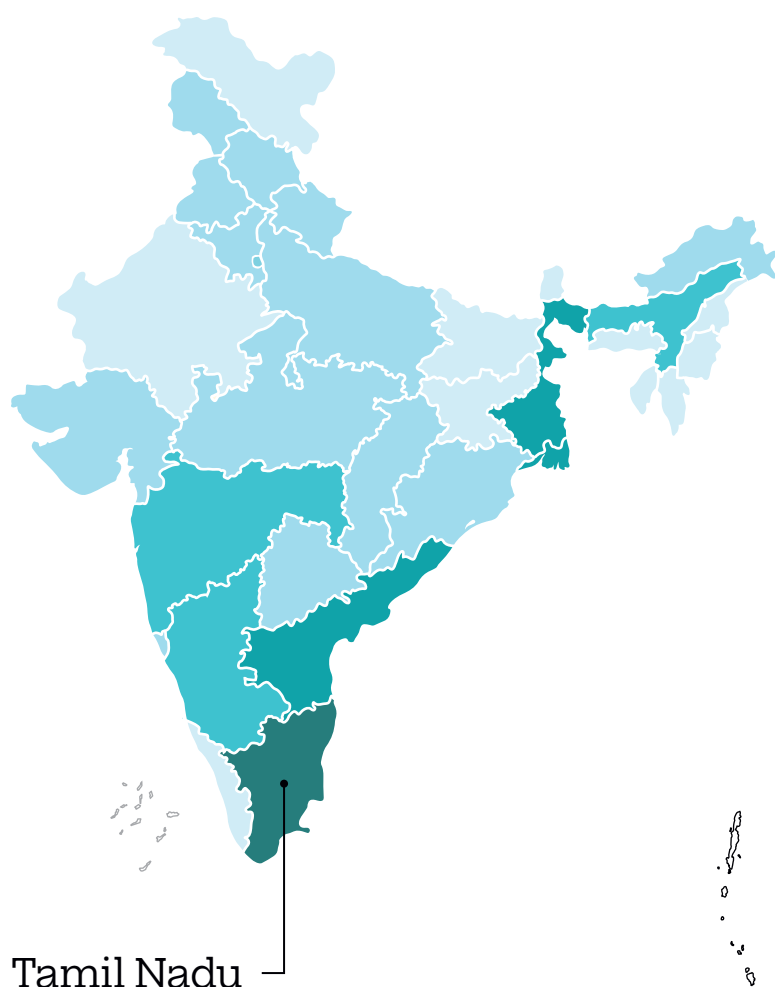
Tamil Nadu
has 22 municipal acts, making it the state with the highest number of municipal acts in India.

82 municipal acts across 35 state/UTs

----

15 states with 1 municipal act

----

14 states with 2 municipal acts
(for municipal corporations and municipalities/town panchayats)

----

6 states with ≥ 3 municipal acts
(for municipal corporations, municipalities/town panchayats, and specific cities)

----

44 town and country planning acts

----

8 states have 2 state-wide planning acts;

1 state has 3 planning acts
(Apart from town and country planning acts, includes detailed acts on development authorities and regional development)

Did you **know?**

According to Census 2011, the city of Alwar in Rajasthan has a population of around three lakh, while Jaipur has a population of over 21 lakh. As both of them are governed by the Rajasthan Municipalities Act, 2009, both cities are mandated to form 'wards' committees consisting of one or more wards. While Alwar has 50 wards with an average population of 6,000 people in each ward, Jaipur has 77 wards with an average population of close to 40,000 people, with the largest ward having close to 94,000 people. Given the average size of a ward in Jaipur, the provision for a 'ward' committee in each ward instead of 'wards' committee would have been more suitable to bring governance closer to the citizens.

While million-plus cities such as Chennai, Bengaluru, and Mumbai have their own city-specific acts, these do not address metropolitan level governance and are only municipal acts that govern a part of the city based on municipal boundaries.

Uttarakhand, Chhattisgarh and Ladakh have not created their own distinct municipal and town and country planning acts, and have chosen to continue with the legacy of the erstwhile undivided states they were a part of. Similarly, Jharkhand, Dadra and Nagar Haveli have not updated their town and country planning acts.

"

The roles and responsibilities of elected representatives are not clear because they come from the Uttar Pradesh Municipal Act. Uttarakhand and Uttar Pradesh have many different things. The topography and demography that characterise the hilly state are different from Uttar Pradesh. We keep fighting for our own laws, by-laws, and roles."

Rohan Chandel
Councillor
Dehradun
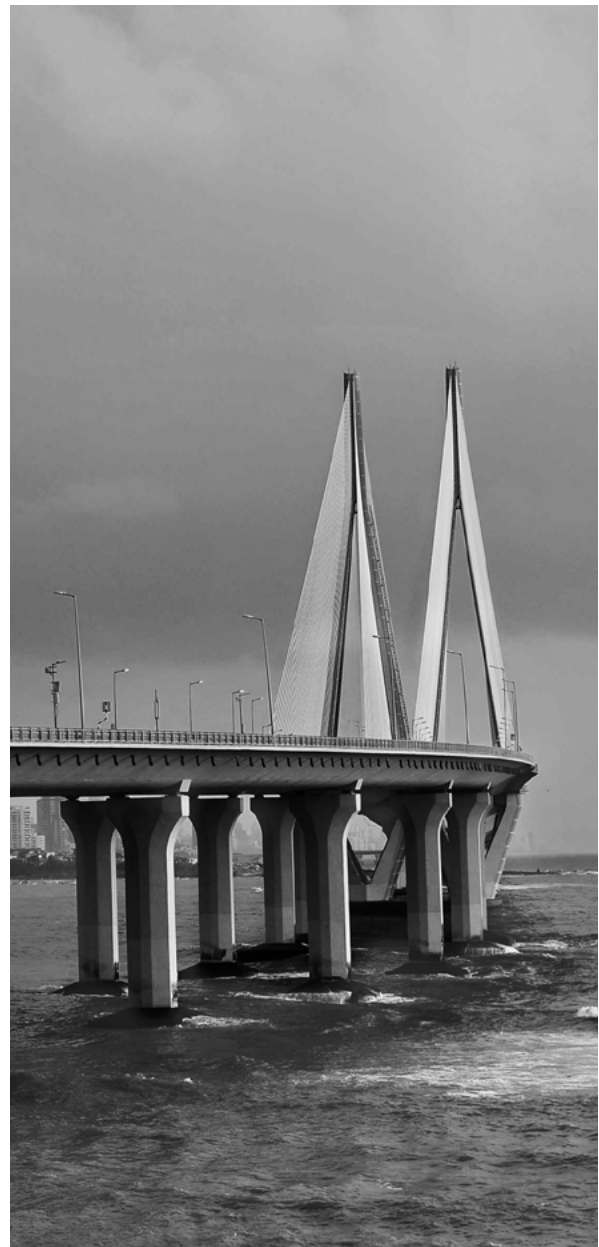
03 The relative strength of urban laws varies across the country

- Eastern states, comprising Bihar, Chhattisgarh, Jharkhand, Odisha, and West Bengal, have relatively better urban acts followed by southern states, comprising Andaman and Nicobar Islands, Andhra Pradesh, Karnataka, Kerala, Puducherry, Tamil Nadu, and Telangana. They also have relatively better provisions relating to the empowerment of mayors. Most of the eastern states (Bihar, Jharkhand, and Odisha) empower their mayors through direct election and a five-year tenure.

- Municipal corporations have relatively better laws than municipalities and town panchayats across the city-systems components. They are more empowered than municipalities and have power over taxation, functions, and staff. For instance, states such as Andhra Pradesh, Chhattisgarh, Madhya Pradesh, and Telangana do not empower their municipalities to invest surplus monies without the prior approval of the state, even as they allow their municipal corporations to do the same.

- Highly urbanised and large states also perform better than less urbanised and smaller states specifically in urban planning. States such as Maharashtra, Kerala, and Andhra Pradesh mandate the creation of spatial plans at regional levels. They also mandate sector-specific planning for sanitation, resilience, mobility, sustainability, heritage conservation, and social development.

- The laws of UTs are particularly weak in terms of transparency, accountability, and participation, followed by empowerment of mayors and councils. Most UTs do not have provisions for ward committees and/or area sabhas. No UTs have provisions for an ombudsman for service-related issues. Fifty per cent of UTs do not have a mayor with a five-year tenure.

04 Only five per cent of the amendments to municipal acts have been systemic in nature

Our analysis of amendments to municipal acts up to 31 December 2022, across 35 states/UTs indicates 882 amendments to 3,529 provisions, of which only five per cent relate to city-systems.

Figure 7: Top five areas of amendments to municipal acts

24% Property tax

17% Penalties

15% Power of state government

13% Municipal revenue

31% Municipal elections
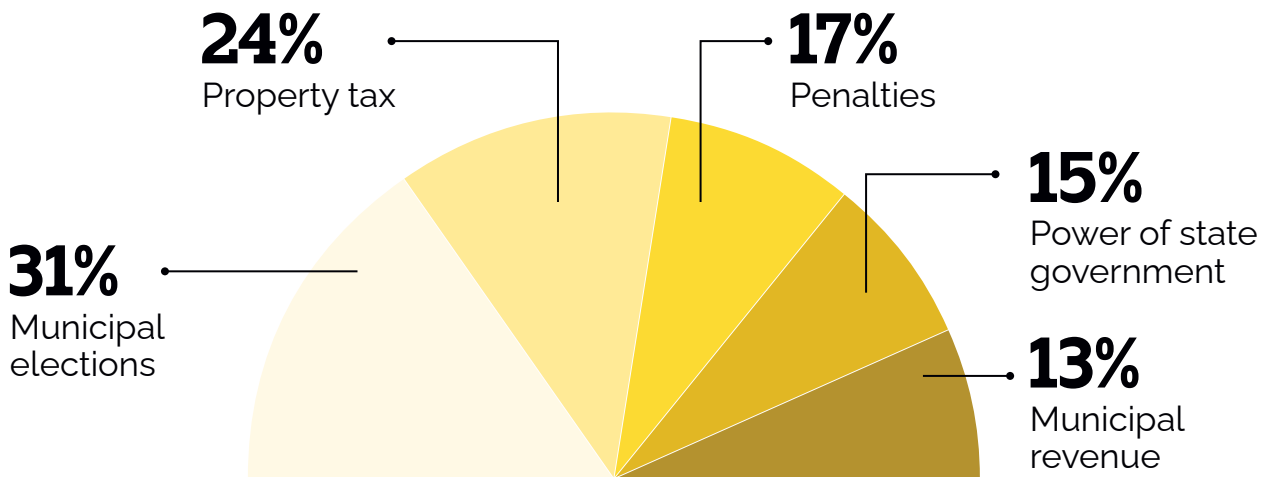
Source: Analysis based on the amendments passed to municipal acts across 35 states/UTs sourced from Manupatra (an online database for legal research).
Note: The analysis applies from the enactment of the respective municipal acts up to 31 December 2022.

4

The ten instruments of change

Urban India's challenges are too deep and systemic for us to take just tactical stabs at fixing them. We need a long-term strategic view of urban transformation in India, even as we focus on short-term projects. This essentially implies a twin-track approach of projects and reforms.

The Government of India has significantly increased outlays for urban development through its centrally sponsored schemes and missions over the years, including for medium to long-term projects such as metro rail. We see an increase in spending in particular from 2015-2016 owing to the introduction of several urban missions and schemes by the union government. The outlays to MoHUA have increased from approximately INR 8,000 crore in 2009-10 to approximately INR 47,000 crore in 2021-22, an increase of 488% (Figure 8).

Figure 8: Union budgetary allocations to MoHUA and grants from XIII-XV Finance Commissions to ULBs
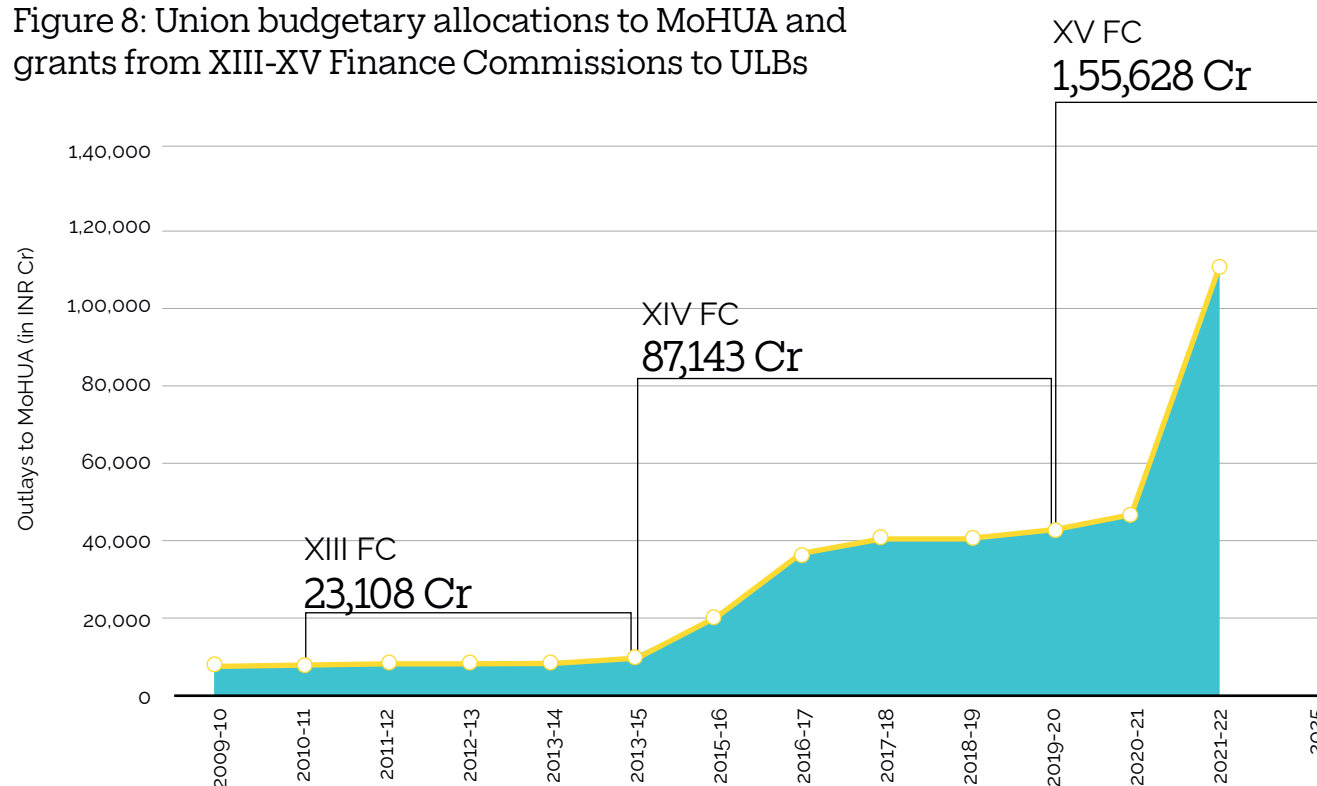
Source: Union budgets (actuals) from 2009-2022, grants to ULBs from XIII, XIV (actuals) and XV (recommended) Finance Commissions.

However, much of the progress has been targeted at service delivery. Swachh Bharat Mission in cities (solid and liquid waste), Atal Mission for Rejuvenation and Urban Transformation (AMRUT) (water, sewerage, and stormwater drains), Smart Cities Mission (technology, other projects) and even state-level schemes and missions have focused on infrastructure and service delivery. While mandatory reform conditions in missions such as JnNURM and AMRUT did help in advancing systemic reforms in cities, states often did not institutionalise such efforts. For example, enactment of the community participation law was a mandatory reform condition under JnNURM. While 30 states legislated it, only 16 notified corresponding rules to enable implementation on the ground. State governments too appear to be gaining traction on their own urban development agendas, though a more detailed study of trends in outlays is needed.

Yet, we are playing catch-up because urbanisation in India is outpacing these efforts and resulting in persisting or rising challenges in the quality of life in our cities. We firmly believe this is on account of poor urban governance systems in India, what we refer to as 'city-systems'.

India has not made progress on city-systems reforms commensurate with the pace of urbanisation and progress made on outlays for urban development

projects. While the union government can indeed undertake measures such as overhauling or updating the 74th CAA, linking a larger share of scheme funds to reforms, demonstrating innovations in reforms, and handholding states, the lever of urban transformation essentially lies with state governments. Under Article 246 (seventh schedule) of the Constitution, local governments are listed under List II – State List.

Irrespective of the 74th CAA, it is the state municipal acts, town and country planning acts, and allied rules and polices covered in by ASICS 2023 that will determine the quality of city-systems (read urban governance) in our cities.

We believe India needs to traverse a meaningful and deliberate middle path between the urban idealism of directly elected mayors with unfettered powers and the near-sighted pragmatism of patchwork and band-aids, where, for example, the focus is on filling potholes rather than laying good roads and footpaths. This is indeed possible if we adapt urban agendas to context, by state, and by type and size of cities, and leverage the benefits of ten specific levers of transformative change.

Instruments of Change

1 Spatial Development Plans

Spatial Development Plans (SDPs) that are Prepared, Implemented and Enforced, based on contemporary planning legislations founded on a framework that integrates the 4 Es of Economy, Equity, Environment, and Engagement will fundamentally transform the spatial character of our cities.

"Our cities need a structured framework to address the challenges of plan preparation, implementation of project priorities, and enforcement of regulations. The current master plan efforts fall short in coordination with regional, parastatal, and municipal institutions, and effective translation of the ideas gathered for Economy, Environment, Equity, and Engagement, with the end result today focusing unduly on land-use. A structured framework can help better translation from vision and policy to practice and impact, and with which each city is able to protect and promote its own unique identity and strengths."

Swati Ramanathan
Co-Founder
Jana Group

Robust spatial planning is a pre-requisite for economically vibrant, environmentally sustainable, and equitable cities

Our evaluation reveals several issues across the spatial planning PIE of Plan Preparation, Implementation, and Enforcement in India's cities.

Figure 9:

39%

of capital cities in India do not have an active master plan.

20 Capital cities
Active master plan

13 Capital cities
Inactive master plan

Status of master plans in capital cities of India (Number of cities)

Small (<0.5mn) — 6 out of 13

Medium (0.5-1mn) — 5 out of 8

Large (1-4mn) — 5 out of 6

Mega (>4mn) — 4 out of 6

Number of capital cities with active master plans by city size
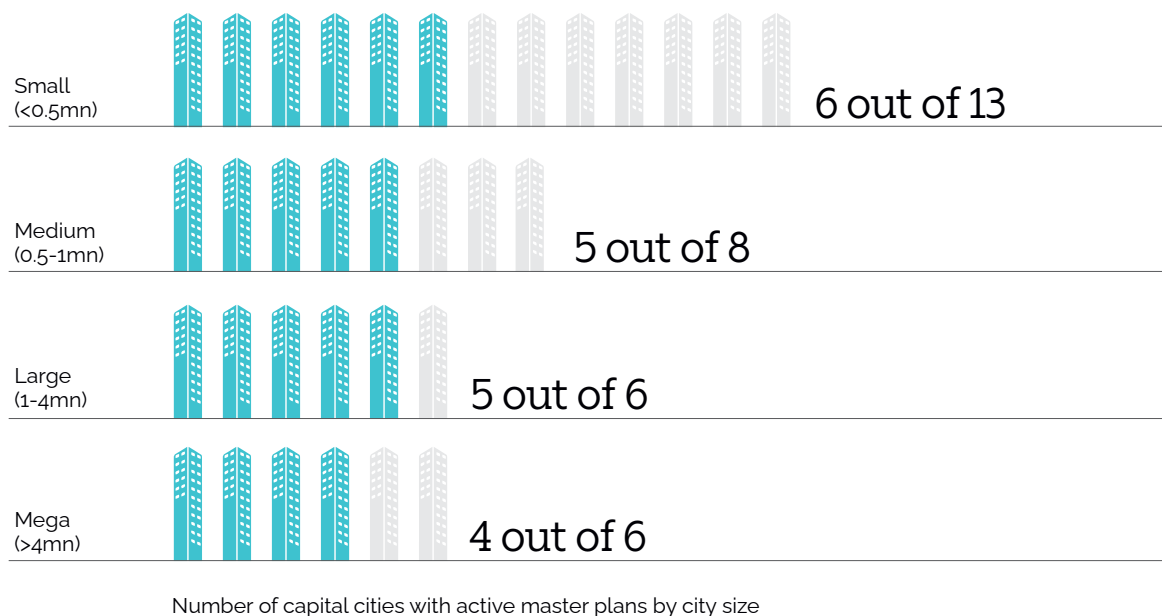
Source: Data collected through websites of urban development authorities/ULBs, phone calls made to respective ULBs and urban development authorities, and newspaper reports as of 30 March 2023.

Note:
1. As Chandigarh is a UT and the capital of Punjab and Haryana, it is counted only once. Hence, there are 33 unique capital cities across the 35 states/UTs.
2. Master plans that have lapsed and have not been replaced by the new master plan due for the city are treated as inactive master plans.

Robust plan preparation is fundamental to improving the quality of infrastructure and services for residents and avoiding urban sprawl. However, at least 39 per cent of the capital cities in India do not have active spatial plans

Integrating plans at different levels of geographic scale i.e. regional, municipal or city, and neighbourhood or local or ward, is important to translate the vision for the region to that of the individual urban settlement and finally to quality of life for residents at the neighbourhood level. This requires establishing three levels of SDPs. Our analysis of 44 TCP acts across 35 states/UTs finds that only seven states mandate the creation of three levels of SDPs (regional, municipal, and ward level plans). These are Andhra Pradesh, Bihar, Delhi, Haryana (municipal corporations), Jharkhand, Telangana (Hyderabad) and Uttar Pradesh (municipal corporations).

Three-tiered SDPs are particularly relevant for million-plus cities but only 34 per cent of large cities and 25 per cent of mega cities have mandates for three-tiered planning.

Further, only seven states mandate sectoral plans (separate/as part of the SDP) by law across key sectors – sanitation, resilience/ disaster management, mobility, environment and sustainability, heritage, social development including education, health, and affordable housing.

Table 4: **The mandate for sectoral planning is relatively lower for smaller cities**

Mandate for	Mega (>4mn)	Large (1-4mn)	Medium (0.5-1mn)	Small (<0.5mn)	All India
City sanitation plan	50%	55%	43%	39%	39%
City resilience plan	75%	66%	62%	52%	52%
Comprehensive mobility plan	50%	55%	45%	42%	42%
Sustainability plan	50%	55%	43%	38%	39%
Heritage conservation plan	50%	42%	38%	23%	24%
Social development plan	13%	24%	19%	21%	21%

Figure 10:

Only

9/35

capital cities have sectoral plans for all key sectors

17 Social development

17 Resilience strategy

25 Sanitation

16 Sustainability

12 Heritage conservation

Number of cities

26 Comprehensive mobility
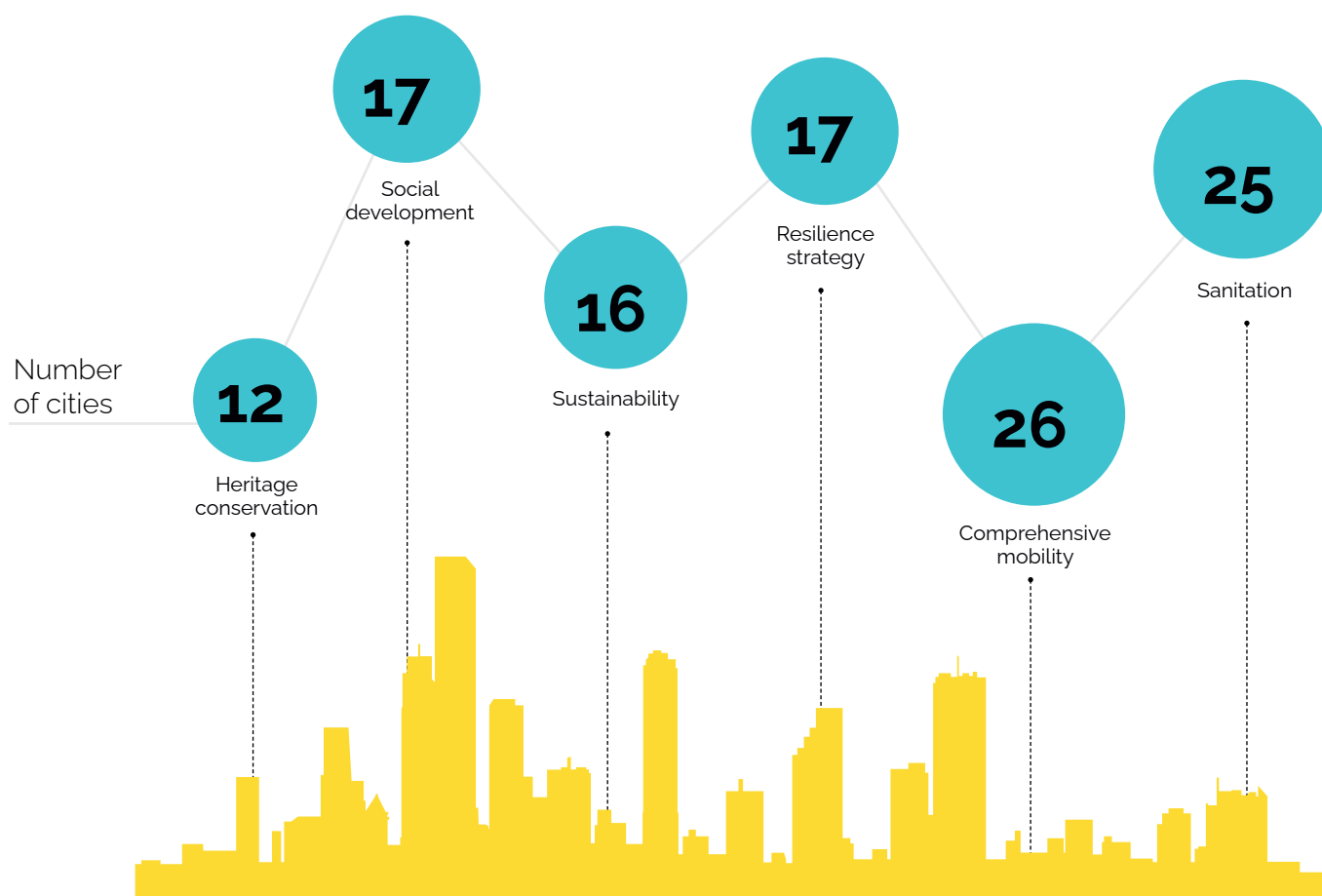
Source: SDPs/sectoral plans available on the websites of ULBs/urban development authorities/TCP dept. of respective states as of 30 March 2023.

Note:
1. As Chandigarh is a UT and the capital of Punjab and Haryana, it is counted only once. Hence, there are 33 unique capital cities across the 35 states/UTs.

India's cities need stronger provisions to enforce SDPs and deter plan violations

Our analysis finds that no state in India provides an effective system to prevent the approval of projects that are not in conformity with the SDPs. Additionally, there are no robust provisions by law to monitor ongoing projects for possible violations. States also have very weak provisions to penalise plan violations. TCP acts of 23 out of 35 states/UTs have provided for penalisation for only one kind of violation i.e. obstruction of work/entry of contractors. Only four states — Chhattisgarh, Haryana, Maharashtra, and Telangana — have provisions to penalise substantive violations such as a change in building use.

◤ **A vibrant SDP needs to be the product of a carefully structured process of discussion to outline a collective vision for the city. However, there is an absence of formal platforms for citizen participation in planning for our cities**

Participation of the public in the planning process, besides being an end in itself, could also drive a wide variety of positive outcomes. For example, in 2013-14, the Brihanmumbai Municipal Corporation involved citizens while preparing the city's development plan. This resulted in the plan including provisions for childcare centres, multipurpose housing for working women and women in distress, and reservation of land for women's skill development centres.[9] Despite the potential for positive outcomes, our analysis across 35 states/UTs finds that no state mandates the participation of the public in the SDP preparation process. All states mandate planning authorities to publish the plan only to invite scrutiny and objections from the public, once the plan is prepared. Even for such scrutiny and objections, there are no mandates for formal citizen participation platforms such as

ward committees and area sabhas to be involved. Further, consultations post the preparation of a plan leave limited scope for any meaningful iterations, which are often not carried out in a constructive or systematic manner. The integration of formal platforms for citizen participation in plan preparation would make our cities far more equitable by engaging people in informal settlements, vendors, and other traditionally disadvantaged communities. Also, plan documents in general are often difficult for a common citizen to engage with and are not provided in a simplified form to facilitate constructive and inclusive citizen engagement. Even when public participation is solicited, it is not followed by robust feedback mechanisms or adequate accountability measures.

Did you know?

Kerala's people's plan, while applicable specifically to socio-economic planning, has interesting learnings that can be applied to structured participation in the planning process. The decentralised planning campaign in Kerala called the People's Plan Campaign (PPC) was launched in 1996 and was a pioneering movement towards decentralised planning and governance at the local level. The multi-stage decentralised plan formulation process includes consultation with stakeholders and citizens at multiple stages including identification of needs, formation of scheme, its implementation, and monitoring and evaluation. For example, in the third stage of need identification, the stakeholders include women Self Help Groups (SHGs), anganwadi workers, headmasters of schools, environmentalists, etc. Consultations are also held at ward sabhas, taking inputs on key development issues and listing out development priorities through a semi-structured questionnaire.

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9   TNN. (2023, June 2). How planning and development of Mumbai can involve citizens. The Times of India. https://timesofindia.indiatimes.com/city/mumbai/how-planning-and-development-of-mumbai-can-involve-citizens/articleshow/100691710.cms?from=mdr

The devolution of planning function to city governments continues to be an unfinished agenda

Urban planning is a municipal function that is mandated to be devolved to city governments by the Constitution. Our analysis across 35 states/UTs finds that Kerala is the only state to specifically recognise the role of city governments in the planning process in its planning legislation. Our analysis of the CAG audit reports on the implementation of the 74th CAA of 13 states shows that in practice, none of the states have wholly devolved the function of urban planning to city governments. Development authorities play a lead role in planning, and the role of city governments is minimal. Mumbai, however, is an exception with the mayor, leader of the house, and opposition as well as standing committee chairpersons serving in the planning committee thus representing the interests of the city and citizens.

It may, however, be noted that strong planning PIE also hinges on capacities (human resources). According to the report of NITI Aayog on reforms in urban planning capacity in India (2021), not even one planner is available per city or town in state town and country planning departments. There are only 3,945 sanctioned town planner posts, of which 42 per cent are lying vacant.[10]

"We, of course, don't think we are adequately empowered in planning for our city. The council should be the one leading the planning exercise. We only work on implementation and are consulted but I wish we played a bigger role in planning."

Nilofer Achrekar
Former Mayor
Kolhapur

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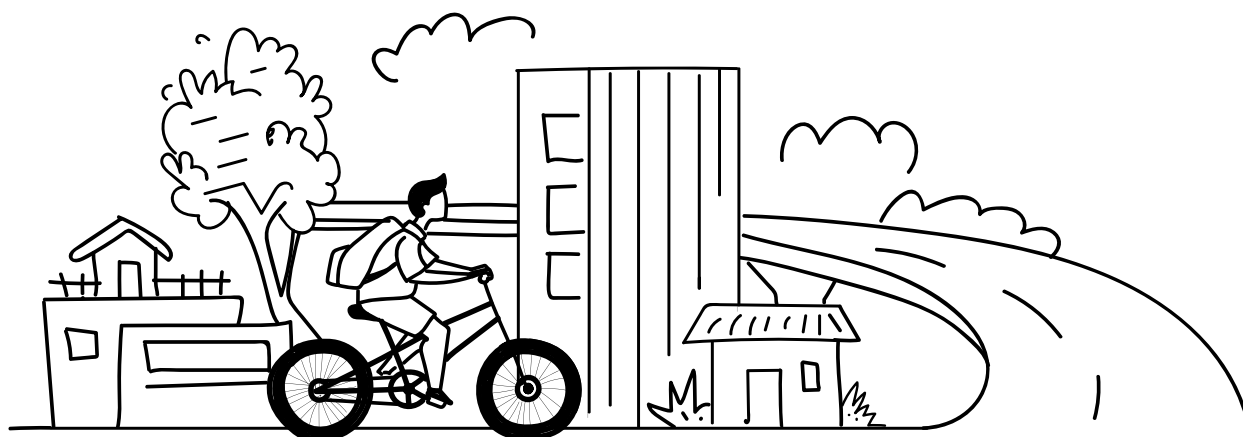
[10] Advisory committee for reforms in urban planning capacity in India. (2021). Reforms in urban planning capacity in India. NITI Aayog. https://www.niti.gov.in/sites/default/files/2021-09/UrbanPlanningCapacity-in-India-16092021.pdf

Initiatives by the Government of India

There is growing recognition in the Government of India of the importance of urban planning and the need to institutionalise reforms. In October 2020, an advisory committee was constituted by NITI Aayog to identify reforms to improve urban planning capacity in India. The committee released a report in September 2021 titled 'Reforms in Urban Planning Capacity in India'. The report recommends implementing a five-year centrally-sponsored scheme called, '500 healthy cities programme'. The main components of the scheme include the preparation of spatial multi-sectoral vision by states, and the constitution and functionalisation of MPCs as well as DPCs. The committee also calls for the restructuring of urban government institutions by empowering mayors and standing committees for effective urban planning, recruiting urban planners to advise mayors, and commissioning a high-powered committee to evaluate the structure of urban governance in India.

Another committee, whose purpose is to offer recommendations on urban policy, capacity building, planning, implementation and governance, was introduced by Nirmala Sitharaman, Finance Minister, Government of India, in her budget speech for 2022-23. Following its constitution, the High-Level Committee submitted its first report in 2023 to MoHUA, titled 'Pathways to Amrit Kaal: Envisioning and realising a new future for Indian Cities' addressing the issues caused by rapid urbanisation. The key recommendations of the report include setting up of a National Urban Regional Planning Authority (NURPA) to be led by the Prime Minister; NURPA is envisioned as an apex advisory body to all ministries, departments, and agencies on urban planning and development. The report also recommends that the union government allocate resources to states over a period of five years to enable them to hire 2,000 junior urban planners, 850 mid-level planners, and 350 multi-disciplinary experts to build capacity for urban planning.

How do we fix this?

It is imperative to overhaul state town and planning acts with provisions for a three-tier spatial planning process comprising a regional plan for a metropolitan area, a municipal plan for the city government area, and a ward plan at the neighbourhood level, all in a nested structure with concurrent timelines. The legislation needs to clearly define the objectives and contents of SDPs at each of these three levels, and create institutions and institutional processes to implement and enforce such plans. The legislation should also incorporate a robust framework to measure the success of SDPs across levels, against predefined objectives. There is also an urgent need to substantially increase the supply of adequately skilled town planners and other sectoral planners and plan enforcement staff. All infrastructure projects need to be conceived and evaluated with reference to SDPs and allied sectoral plans.

Target outcomes for cities through SDPs

1

Long-term view of economic growth, social equity and environmental sustainability; all three aspects will go hand-in-hand.
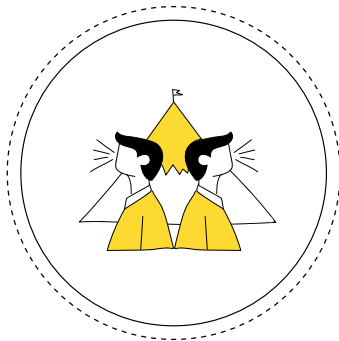
2

All infrastructure projects across mobility, networked services, housing coordinated over the long-term and located in a common spatial plan; land value captured.

3

Zero violations of zoning, land-use, and building plan regulations.

Model

National Urban Spatial Planning and Development (NUSPD) Guidelines

RURAL · OUTGROWTH RESIDENTIAL · OUTGROWTH NODES SPECIAL ECONOMIC/ DEVELOPMENT AREAS · RESIDENTIAL ZONE · SECONDARY CORE/S · CORE RESIDENTIAL ZONE · CENTRAL ZONE

The National Urban Spatial Planning and Development (NUSPD) Guidelines focus on improving the quality of urban life through the development of robust SDPs. By taking a middle ground between a rigid and laissez-faire structure, the guidelines replaced the prescriptive term of 'Master Plan' with 'Spatial Development Plan'. The guidelines were developed in 2014 to aid in the amendment of the Urban and Regional Development Plans Formulation and Imp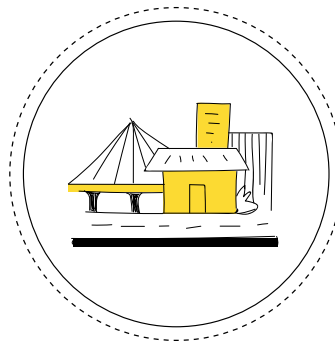lementation guidelines. The NUSPD guidelines have two components consisting of an integrated strategic framework and a physical framework.
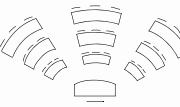
The integrated strategic framework is based on the three guiding planning principles of environment, economy, and equity. Within these three principles, there are six themes with a set of rules. Instead of being prescriptive, the rules act as a base on which sectoral integration and design creativity can occur at any scale to suit the specific requirements of any city.

The physical framework defines the basic networks of transport and networked infrastructure upon which all the principles of good planning can be supported — zoning, innovations, transit-oriented growth, density allocations, redevelopment, etc.

Source: Ramanathan, S. (2017). National Urban Spatial Planning and Development (NUSPD) Guidelines (Vol. 2). Jana Urban Space Foundation.

Actions

Tier of government	Short term (<1 yr)	Medium term (1-3 yrs)
Union	• Review and implement the recommendations of the Advisory Committee for Reforms in Urban Planning Capacity in India and High Level Committee on Urban Planning.	• Review and adopt NUSPD guidelines.
State	• Set up a programme for small and medium cities to be equipped to evolve their spatial plans with vision and contextual needs locally or at the regional/district level.	• Amend town and country planning acts basis NUSPD guidelines.
City	• Implement an effective system to monitor, report, and penalise SDP violations.	• Adopt a strategic approach to spatial development plans using scenarios over 5-10 years, instead of a fixed land-use plan for 20 years, to enable review and course-correction. • Adopt systematic approaches to ensure public participation while planning for the city including ward committees.

Instruments of Change

2 Street and Public Space Design Standards

Best-in-class city street and public space design standards coupled with standardised contracts that transform ease of living and ease of doing business, and also solve for wasteful expenditure.

"The road is the first public space one steps out on to, and it impacts the quality of one's life considerably – from travel time, congestion, safety, access to public transport, education and economic opportunities, to maintenance and service of utilities. This is what Tender S.U.R.E. roads solve. Well-designed and well-built urban roads improve the way we move, promote walking and cycling as viable choices, and thereby positively impact public health and air quality. They also reduce travel time. Most importantly, design standards such as Tender S.U.R.E. fix underground utilities so that we spend once but spend right. They also ensure roads don't get inundated every monsoon with thoughtful designs for stormwater evacuation. Fixing one road is not enough. It has to be a network that connects schools, public transport, healthcare, and markets to homes, and it has to be in every city and town, and it has to be now."

Nithya Ramesh
Director, Urban Design
Jana Urban Space Foundation

◤ **While India has been able to solve for its highways, it has not been able to solve for city roads. This is primarily because of the absence of design and contracting standards for city roads**

City roads in India are generally poorly designed and not pedestrian and cycle friendly. Potholes or poor-quality surfacing is common as are instances of road-cutting. City roads are not just carriageways for motor vehicles; they are corridors for movement for people who walk and cycle. They also act as a conduit for the trunk infrastructure of a city comprising stormwater drains, water supply lines, sewerage lines, power lines, telecom and internet cables, piped gas, street lighting, and traffic surveillance. The largest share of city government budgets is generally allocated to city roads. Owing to poor road design, city roads are often cut open at frequent intervals by different agencies.

Our analysis finds that no state in India has mandated street design standards for their cities. Only five of

the 35 states/UTs (Haryana, Manipur, Meghalaya, Nagaland, and Rajasthan) have mandated the concerned authorities to notify at least specifications for road projects. Most such mandates pertain only to the width of roads/streets.

City roads are possibly the most critical public spaces in a city. But there are other public spaces too such as markets, parks, playgrounds, bus terminals, waterfronts, crematoria and burial grounds, and cultural centres. There are similar challenges to these as with roads with respect to safety, equity, and inclusion, and fully realising their economic potential. Such public spaces too presently are not covered by design standards.

Did you know?

The Pune Municipal Corporation (PMC) has developed urban street design guidelines. These guidelines provide specifications to make streets universally accessible and provide standard templates for different sizes and uses of streets.

It mandates PMC engineers and planners to design and execute streets to meet local needs, avoiding a one-size-fits-all approach.

◤ **How do we fix this?**

An important and urgent transformational reform is to draw up model design standards (including implementation and maintenance standards) and contracting standards for city roads (and other public spaces) that can surmount all of the above recurring challenges.

Enforceable design standards can ensure that footpaths exist and are adequately wide for pedestrian use, that urban utilities are provided ducts under footpaths with provision for inspection chambers, that utility networks are mapped, and uniform lane width is maintained for smooth flow

of traffic. Contracting standards will lend further robustness to design standards by ensuring that material specifications, quality, maintenance, and related considerations are adequately factored into the construction of city roads. The possibility of a joint tender across city government and civic agencies operating various underground utilities also emerges as a realistic policy measure that can potentially avoid road-cutting over the medium term (given utilities will be ducted under footpaths with inspection chambers).

A pioneering Public Private Partnership (PPP) model on city roads (globally, city roads have not generally

been amenable to PPPs) could also be explored on the back of road design and contracting standards. A model where the private sector is involved in building city roads (providing valuable capital) and is in turn paid usage charges by utilities for usage of underground ducts over a concession period could achieve multiple objectives.

Target outcomes for cities through street and public space design standards

1 Designated safe movement corridor for all modes of travel with enhanced user experience especially on safety, walkability, and non-motorised transport.

2 An organised corridor for underground utilities for improved level of services.

Ducts provided for individual property connections as well as to the city network.

3 Ensure financial sustainability by saving on life cycle costs.

Model

Tender S.U.R.E. – Designing roads in their entirety

Conceived by the Jana Urban Space Foundation (JUSP) in 2011, Tender S.U.R.E. provides a set of design, procurement, and implementation guidelines for urban roads in India. It is a first-of-its-kind in providing such guidelines and imagines robust, safe, and comfortable movement for people and goods across all types of transport on roads in a city. It also aims to ensure financial sustainability by providing organised corridors for underground utilities such as water supply, sewerage, stormwater drainage, etc., so that streets need not be dug up repeatedly.

The objective of Tender S.U.R.E. is to make urban roads in India more walkable, more drivable, safe, cost-effective, and easier to maintain. These objectives are achieved through design features such as continuous wide footpaths, standardised specifications for material and construction, and uniform travel lanes. The recommended design is such that first preference is given to pedestrians, followed by cyclists, public transport, parking, and traffic calming measures. A monitoring and evaluation study by JUSP showed that respondents expressed 63% and 54% greater ease of walkability and drivability respectively on Tender S.U.R.E. roads.

Key standards

- **Organised underground utilities** contained within the footpath with regular inspection chambers
- **Organised overground utilities and public amenities**
- **Balanced division of the right-of way,** providing for all modes of transport and walkability for women and children
- **Improved road safety.**

Specifications for Urban Road Execution (S.U.R.E.)

Sub-arterial

Arterial   **Collector**   Local

Sub-local
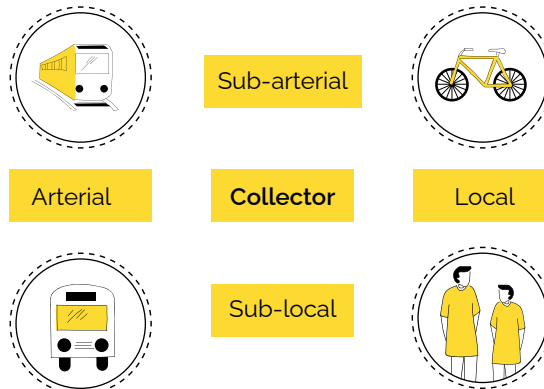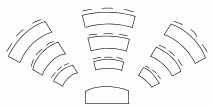
The Government of Karnataka in 2012-13 had adopted Tender S.U.R.E. for select roads in Bengaluru. Today, 60km of Tender S.U.R.E. roads have been completed in Bengaluru, making it a city with one of the most walkable city centres in the country. Outside Bengaluru, 22km of Tender S.U.R.E. roads are under construction in Hubballi–Dharwad, 12.5km in Chennai, 1.5km in Coimbatore, and 12

junctions in Hyderabad. Tender S.U.R.E. roads and junctions have been planned in Lucknow, Gorakhpur, and Ayodhya. Of these, three intersections are under construction in Lucknow. Odisha has adapted an Odisha S.U.R.E. model which also includes capacity building of engineers. A pilot project of 65km across 10 cities was completed in Odisha and a 260km footpath project is underway across four cities.

Source: Ramanathan, S. (2011). Tender S.U.R.E. Jana Urban Space Foundation. https://www.janausp.org/wp-content/uploads/2021/02/tendersure-vol1.pdf

Actions

Tier of government	Short term (<1 yr)	Medium term (1-3 yrs)
Union	• Recommend Tender S.U.R.E. or similar integrated street design guidelines as a standard for urban road projects, followed by similar guidelines for other public spaces. • Commission feasibility of multi-utility corridors in cities on PPP mode through a study and pilot.	• Allocate budgets for multi-utility corridor projects in cities including through PPPs, if found feasible. • Incentivise adoption of design guidelines for public spaces by states.
State	• Mandate street and public space design standards by law, including design, implementation, maintenance, and on-site job-aids. • Roll out professional development programmes for engineers and contractors on urban design standards. • Create a state-level unit for urban design for smaller cities and city-level urban design units for larger cities to support design and execution.	• Commission Monitoring and Evaluation (M&E) to measure outcomes across safety, equity, inclusion, flooding, economy, and financing.
City	• Prepare basic list of integrated street and public space design projects, with broad scope and execute such projects.	• Develop a phase-wise street improvement plan, and implement integrated street and urban design projects in a contiguous format to make visible benefits and improvements.

Instruments of Change

3 Constitutional Amendment to Empower Cities

A constitutional amendment that recognises cities as distinct units of governance will catalyse urban transformation in India.

"It is a matter of urgent importance that the central government takes immediate steps to improve the delivery of public services to our citizens. The best and most effective way to achieve this is through the devolution of power to democratically elected and empowered mayors and panchayat heads. If we are to build smart cities, we need to provide a smarter and more accountable form of governance in them."

Dr Shashi Tharoor
Member of Parliament

◣ **Empowered city governments would be a key force in driving local action for global challenges such as climate change, public health including water and sanitation, affordable housing, and gender equity. We need to urgently review the effectiveness of the 74th CAA and make it fit for purpose**

Thirty years have passed since the enactment of the 74th CAA. An honest assessment of its implementation would reveal a glass less than half-full.

Figure 11:

On average, only

42%

of the 74th CAA has been implemented by states.

Implementation of the 74th CAA in India's capital cities

Number of states/UTs

- Devolution of all key taxes*: 1
- Devolution of all functions as per the twelfth schedule of the Constitution (in practice): 0
- Functional ward committies (atleast in 50% of wards): 08
- Constitution of District Planning Committee (DPC): 10
- Constitution of Metropolitan Planning Committee (MPC): 12
- Timely constitution of State Finance Commission (SFC): 10
- Constitution of State Election Commission (SEC): 34
- Cities with elected councils: 29
- At least 33% representation of women in city council (in practice): 35
- Publication of audited accounts: 9

* Key taxes include property, profession, advertisement, and entertainment taxes.
Source: CAG reports, telephone checks with officers in city governments, state urban development departments, websites of city governments, SECs and SFCs, newspaper reports, and municipal acts.
Note:
1. As Chandigarh is a UT and the capital of Punjab and Haryana, it is counted only once. Hence, there are 33 unique capital cities across the 35 states/UTs.

Our analysis of CAG's performance audit on the implementation of the 74th CAA in 13 states shows that while state municipal acts have largely complied with the provisions of the 74th CAA in letter (except on functional devolution), no state municipal act has complied with the same in spirit.

While municipal acts play an important role in ensuring devolution of powers to city governments (based on the principles of the 74th CAA given that local governments in India are a state subject), some provisions in the 74th CAA are inherently limiting. For example, many of the key provisions of the 74th CAA are not binding on states as the word 'may' has been used instead of 'shall', leaving space for discretion of state governments. Article 243W mandates the devolution of functions with a 'may' provision instead of 'shall', thereby giving states the leeway to not comply with devolution of functions as per the twelfth schedule of the Constitution. Haryana, Jammu and Kashmir, Manipur, Punjab, Tamil Nadu, and West Bengal (Howrah) have emulated the 74th CAA and devolved all 18 functions under the twelfth schedule as a 'may' provision in their respective municipal acts, instead of a 'shall' provision.

Similarly, Article 243S(1) provides for the constitution of 'wards' committee (i.e. a single committee of citizens for multiple wards) for citizen participation. This has resulted in 10 states having a 'wards' committee structure which actually takes away the spirit of a ward committee (one commitee for one ward) in bringing governance closer to people. Our analysis of Census 2011 data shows that the largest ward in India, which is in the Municipal Corporation of Greater Mumbai (MCGM), has a population of more than 7.60 lakh which is bigger than 98.6 per cent of smaller cities in India. The average size of wards in Mumbai is close to 1.28 lakh. As Mumbai's 227 wards are divided into 16 administrative ward committees, each ward committee consists of eight to twenty electoral wards.[11] Even if we assume that every ward committee consists of eight electoral wards, this would mean that a single ward committee covers close to 10.26 lakh citizens. This dilutes the intent of the ward committee platform to enable effective engagement with citizens at the neighbourhood level.

While the 74th CAA may have been appropriate for its time, it comes across as being tentative and does not factor in the new urban realities and aspirations of twenty-first century India such as an empowered mayor for the city as a single point of executive authority, a metropolitan governance framework for larger cities going beyond just an MPC, devolution of contemporary functions such as climate, public health, and digital infrastructure to cities, and obviating the need and possibility of independent city parastatals.

The 74th CAA does not recognise 'city governments' as a distinct tier of government, but as a sub-tier of state governments. This is in contrast to how Constitutions of other countries recognise city governments as a distinct tier of governance, as can be seen in Table 5.

Table 5: | How do Constitutions of other countries recognise city governments?

Indonesia	Article 18, Chapter VI of the Constitution states that the Unitary State of the Republic of Indonesia shall be divided into provinces and those provinces shall be divided into regencies (kabupaten) and municipalities (kota), each of which shall have regional authorities which shall be regulated by law. The regional authorities of the provinces, regencies and municipalities shall administer and manage their own affairs according to the principles of regional autonomy and the duty of assistance.

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[11] Baud, I., & Nainan, N. (2008). "Negotiated spaces" for representation in Mumbai: ward committees, advanced locality management and the politics of middle-class activism. Environment and Urbanization, 20(2), 483–499. https://doi.org/10.1177/0956247808096124

Mexico	Article 115, Section II of the Constitution states that the municipalities shall be vested with legal status and shall manage their own assets in accordance with the law. The state legislatures shall enact laws to empower municipal councils so they can approve and issue statutory laws, regulations and administrative rulings within their respective jurisdictions. The municipal councils shall have the powers to organise the municipal public administration and to regulate public procedures, functions, affairs and services and to encourage citizen participation.
Philippines	Article X, Section 2 of the Constitution states that the territorial and political subdivisions of the Republic of the Philippines are the provinces, cities, municipalities, and barangays. The territorial and political subdivisions shall enjoy local autonomy.
South Africa	Article 151 of the Constitution states that a municipality has the right to govern, on its own initiative, the local government affairs of its community, subject to national and provincial legislation, as provided for in the Constitution. The national or provincial government may not compromise or impede a municipality's ability or right to exercise its powers or perform its functions.

Source: Constitutions of respective countries

◀ How do we fix this?

The need of the hour is a Constitutional amendment that can effect a metamorphosis of 'urban local bodies' into 'urban local self-governments'. The following are our recommendations to amend the 74th CAA.

Table 6: | Proposed recommendations to amend the 74th CAA

Article	Amendment
243R	1. Amend Article 243R(2)(a) to exclude MPs, MLAs, and non-elected members of the municipal council from voting rights. 2. Amend Article 243R(2)(b) as, "state to legislate the manner of election of the chairperson of a municipality, provided the chairperson has a tenure co-terminus with that of the council", in order to fix the tenure of mayor at five years.
243W and 243X	3. Amend Article 243W and Article 243X by substituting, "…the legislature of a state may, by law…", with, "the legislature of a state shall, by law…" 4. Amend Article 243W to mandate that the functions listed in the twelfth schedule which are not yet devolved by the state shall be devolved within five years of the notification of this amendment to the 74th CAA. 5. Amend Article 243W to add the following functions – climate change, gender equality, public transport and traffic management, promotion of information technology and broadband internet, and primary healthcare under the twelfth schedule of the Constitution. Further, provide that the twelfth schedule is to be illustrative in nature and more such functions could be devolved to municipalities by the state government.
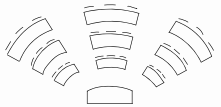
243S, 243ZD, and 243ZE	6. Add a new provision to Article 243S, Article 243ZD, and Article 243ZE to constitute ward committees, DPCs, and MPCs respectively, within one year of notification of this amendment to the 74th CAA.
	7. Amend Article 243S(1) to constitute ward committees in every ward by replacing the provision to form 'wards committees'. Also, provide for its constitution in the territorial area of a municipality with a population of not more than 30,000 instead of 3,00,000.
243Y	8. Amend Article 243Y to ensure that the action taken report on each of the recommendations with reasons thereof by the government is laid before the state legislature within six months of the submission of the SFC recommendations.
243ZA(2)	9. Amend Article 243ZA(2) to specify that the responsibility for the conduct of elections shall include all preparatory steps for the same including the electoral roles, delimitation, reservation, rotation, and matters connected therewith and the responsibility for the same shall vest with the SEC.
243T(3)	10. Amend Article 243T(3) of the Constitution to exclude the position of mayor/chairperson from rotational reservation, as this provision makes it impossible for a sitting mayor to even be eligible to run for the next election, and hence, is unable to nurture their ward and cultivate leadership.
243Q1(c), 243Q(2), 243V1(a), and 243V1(b)	11. Amend Articles 243Q1(c), 243Q(2), 243V1(a), and 243V1(b) to bring in gender-neutral language in the drafting of law.
276(2)	12. Amend Article 276(2) to devolve to state governments the power to legislate on all aspects of profession tax, including the removal of the current ceiling of INR 2,500 per annum.

In due course, we believe that a separate local government list in the seventh schedule of the Constitution needs to be actively explored.

Target outcomes for cities through amendment to the 74th CAA

1. Mayors and councils truly empowered; functionally, administratively, and financially.

2. Constitution of MPCs, SFCs and SECs, as well as ward committees.

3. Decentralised processes for citizen participation for effective 'first-mile' governance.

Actions

Tier of government	Short term (<1 yr)	Medium term (1-3 yrs)
Union	• Create a high-powered council between union and state governments, along the lines of the GST Council, to evolve consensus on overhaul of the 74th CAA.	• Amend the Constitution (Seventy-Fourth) Amendment Act to empower cities.
State		• Amend municipal acts according to the Constitutional Amendment, and notify rules.
City		• Implement the notified rules.

Instruments of Change

4 Metropolitan Governance

Introduce metropolitan authorities for cities with a population in excess of four million.

▸ **Solutions to challenges such as climate change, jobs, and economic growth crucially depend on how metropolitan regions are governed. Metropolitan cities account for 44 per cent of the country's urban population. Governance of metropolitan cities continues to be a blind spot in India's urban discourse**

Metropolitan regions around the world, including in India, are primary drivers of the economy. They attract capital and talent, catalyse research and innovations, and provide scale and productivity to firms. A report by U.N. Habitat states that governance and decentralisation significantly influence the productivity of metropolitan regions.[12] According to an OECD study, metropolitan areas with a metropolitan governance body have a per capita GDP that is, on average, 7 per cent higher than that of metropolitan areas without a metropolitan governance body.[13]

The metropolitan regions of Bengaluru, Chennai, Hyderabad, Kolkata, and Mumbai already account for nearly 10 per cent of India's GDP.[14] By 2030, India is estimated to have 71 metropolitan cities of which seven will have a population of more than 10 million.[15] The 53 metropolitan area (urban agglomerations) of India hosting 44% of the total population are haphazardly governed by 200+ municipalities plus several other agencies and state departments, and even panchayats. They lack a robust integrated, coordinated approach to metropolitan governance and agglomeration economies due to spatial and functional fragmentation across entities.

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[12] U.N. Habitat. (2012). State of the world's cities 2012/2013. https://unhabitat.org/sites/default/files/download-manager-files/State%20of%20the%20World%20Cities%2020122013.pdf

[13] Ahrend, R., C. Gamper and A. Schumann (2014), "The OECD Metropolitan Governance Survey: A Quantitative Description of Governance Structures in large Urban Agglomerations", OECD Regional Development Working Papers, No. 2014/04, OECD Publishing, Paris, https://doi.org/10.1787/5jz43zldh08p-en.

[14] Gandhi, S., & Pethe, A. (2017). Emerging challenges of metropolitan governance in India. Economic and Political Weekly, 55–65

[15] Department of Economic and Social Affairs. (2018). World Urbanization Prospects. United Nations. https://population.un.org/wup/Country-Profiles/

Several urban challenges such as air pollution, mobility networks, groundwater recharge, or even jobs and economic growth are not restricted to municipal boundaries. Addressing them needs integrated, coordinated governance, both spatially and functionally.

Figure 12: MPCs as envisaged in the 74th CAA are presently non-existent/dysfunctional

14/16

states (i.e. those with million plus/metropolitan cities) have notified rules for the constitution of an MPC

However, the CAG's audit reports on the implementation of the 74th CAA in 13 states show that in practice,

only three states have constituted MPCs, with none of them being functional.

Moreover, of the 14 states that have notified rules for formation of MPCs,

only seven states provide for the mayor to be an ex-officio member of the MPC, thus undermining the elected city council.

In any case, the MPC as conceived by the 74th CAA is only an advisory planning institution and not a metropolitan governance institution. It's role is limited to the preparation of a 'draft development plan' for the metropolitan area and forwarding the same to a state government. It does not have any executive powers. As observed by the Kasturi Rangan committee report in 2008,[16] MPCs also do not have the authority to review and suggest changes or overrule municipal plans on issues of regional significance. There is an urgent need to reimagine the roles and powers of MPCs to achieve the goal of integrated metropolitan planning and governance.

Further, globally, metropolitan cities are helmed by a directly-elected, empowered mayor. Evolved examples include the Tokyo Metropolitan Government, Greater London Authority, and recent experiments with combined authorities in other cities in the United Kingdom. India needs homegrown solutions that are suited to its context and informed by lessons on institutional design from global models.

Initiatives by the Government of India

In a first-of-its-kind endeavour, the XV Finance Commission adopted a nuanced approach in distinguishing between million-plus urban agglomerations and other cities, acknowledging the spatial pattern of India's urbanisation. It provided for 100 per cent outcome-based funding of approximately INR 38,196 crore to 50 million-plus urban agglomerations (excluding UTs) with specific emphasis on air quality, water supply and sanitation, and basic grants to the rest of the cities, with 50 per cent of the end-use tied to water supply and sanitation. For the first time, there is also an acknowledgment of the metropolitan area as a unified space for action to solve the complex challenges of air quality, water and sanitation, with a focus on inter-agency coordination.

[16] Kasturirangan, K., Ravindra, A., Sivaramakrishnan, K. C., Paul, S., & Sadagopan, S. (2008). Governance in the Bengaluru metropolitan region and Bruhat Bengaluru Mahanagara Palike. Government of Karnataka.

◥ How do we fix this?

When the 74th CAA was introduced, only Mumbai, Delhi, and Kolkata had million-plus populations. India already has eight cities which have grown to a population of over four million. The Constitutional provision for metropolitan governance with MPC only being a planning body is not adequate to solve the metropolitan challenges of the twenty-first century. We need a distinct paradigm for metropolitan governance.

Target outcomes for cities through metropolitan governance

1

For four million-plus cities
A metropolitan authority as the integration, coordination, and planning agency that effectively leverages agglomeration economies.

2

For million-plus cities
Mayors and councils empowered over funds, functions, and functionaries; with civic agencies accountable to them.

MPCs fully functional with due representation of mayor and council.

"We want to devolve and decentralise more power to local communities, providing an opportunity for all places to level up. Mayoral devolution has strengthened local leadership and institutions, devolving key powers over transport, planning, skills and funding away from Whitehall so that they are exercised at the right level to make a difference for local communities."

Luke Hall
Minister of State for Regional Growth and Local Government (2020-2021)
United Kingdom

Source: Hall, Luke. (January 22, 2021). [Letter from Luke Hall to Clive Betts, 2021]. Retrieved from https://committees.parliament.uk/publications/4502/documents/45361/default/

"This is the seventh devolution deal Greater Manchester has agreed with the government and it is by some way the deepest. This Deal takes devolution in the city-region further and faster than ever before, giving us more ability to improve the lives of people who live and work here. With more power comes the need for great accountability and I welcome the strengthened arrangements announced in the Deal."

Andy Burnham
Mayor
Greater Manchester Combined Authority
United Kingdom

Source: The Greater Manchester strikes trailblazing new devolution deal – "New era for English devolution. (2023, March). Invest in Manchester. Retrieved from https://www. investinmanchester.com/has context menu.
Note:
1. The context being, Greater Manchester CA securing the seventh devolution deal (the first devolution deal was in 2017) with the Government to create UK's first integrated technical education city-region (March 2023).

Model

Combined Authorities of UK

A Combined Authority (CA) is a legal body set up using national legislation that enables a group of two or more city councils to collaborate and make collective decisions across council boundaries. Although established by the UK Parliament, CAs are locally governed, and have to be initiated and supported by the councils involved.

CAs have general powers of competence and facilitate the devolution of decision-making powers from government control to individuals, communities, and local authorities. CAs can have directly elected metropolitan mayors and councillors appointed by the councils of the local governments. Currently, nine out of 10 CAs in England have directly elected metro mayors.

CAs are required to enter into a devolution deal or city deal with the federal government in the UK. A city deal is an agreement between the federal government and a city that gives the city and its surrounding areas certain powers and freedoms to take responsibility for decisions that affect their area, do what they think is best to help businesses grow, and decide how public money should be spent. Through the deal, the government devolves services such as transport, housing, skills, and economic regeneration to the CAs. For example, the Greater Manchester Combined Authority, which has the greatest degree of devolution outside of London, recently signed a £97 million package to make social housing more energy efficient, benefiting over 5,000 homes.
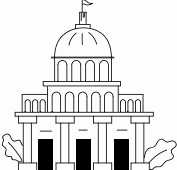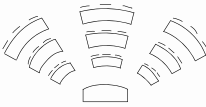
Source: Combined authorities. (n.d.). Local Government Association. https://www.local.gov.uk/topics/devolution/devolution-online-hub/ devolution-explained/combined-authorities
Timan, J. (2023, March 24). The £97m plan to bring energy bills down in social housing. Manchester Evening News. https://www. manchestereveningnews.co.uk/news/greater-manchester-news/97m-plan-bring-energy-bills-26554468

In the city-regions of England, apart from CAs, there are Local Enterprise Partnerships (LEPs) in every region which are non-statutory bodies responsible for local economic development in England. LEPs are a network of business-led partnerships that link the private sector, local authorities, academic institutions, and non-profit organisations. Currently, there are overlaps between the role of CAs and LEPs. However, the government is expected to integrate LEPs with CAs by April 2024.

Actions

Tier of government	Short term (<1 yr)	Medium term (1-3 yrs)
Union		• Lead the effort on a metropolitan governance paradigm and evolve consensus with state governments.
State	• Constitute an empowered MPC with adequate representation of elected representatives from city governments.	• Create a metropolitan authority in four-million-plus cities.
City		

Instruments of Change

5 Empowered Mayors and Councils

Model municipal acts and modern city councils will provide much-needed legislative backing and infrastructure support for councils and instil trust and credibility among citizens.

"Empowering mayors and city councils in India is not just about strengthening local governance; it's about unleashing the potential of our cities and towns. Mayors and councils play a pivotal role in driving urban development, creating sustainable solutions, and ensuring inclusive growth. When they are empowered with the funds, functions, and functionaries, they can innovate, collaborate, and lead their communities towards a brighter future. By investing in mayors and city councils, we are investing in our cities, and thereby the progress and prosperity of our nation."

Sudheer Shetty Kannur
Mayor
Mangaluru

Mayors and councillors, the elected leaders of our cities, are the bridge between citizens and the government at the 'first-mile'

Mayors and councillors play an important role in solving service delivery issues at the 'first-mile'. A study showed that between 2018-2019, 74 per cent and 64 per cent of people in seven cities reached out to their councillors for sanitation and water supply related concerns respectively, instead of the civic agency responsible for such service delivery.[17] Councillors also play a role in ensuring services to vulnerable populations. For example, local elected representatives play a crucial role in supporting urban primary health centres in conducting health camps and improving sanitation services for the urban poor.[18]

However, mayors and councillors in India remain disempowered, due to highly restricted devolution of functions and powers over funds and functionaries, short tenures in office, and a policy of rotational reservations mandated by the 74th CAA according to which reserved seats are allotted by rotation to different wards in the city. This has resulted in our city governments being practically reduced to yet another civic service delivery agency rather than a city government or a local self-government.

CITIZENS
Total of
1.2 billion
Citizens

CITY

87,215 Councillors**

STATE

4,121 MLAs

UNION

543 MPs

City government

87,215 councillors**
Each councillor represents approx. 4,300 citizens.

State government

4,121 MLAs
Each MLA represents approx. 3 lakh citizens.

Union government

543 MPs
Each MP represents approx. 22 lakh citizens.

Source: City Leaders Report. (2021). Janaagraha Centre for Citizenship and Democracy

* Population as per Census 2011
** Councillors represent only urban population. In states like Gujarat and Maharashtra, there are around 2-4 councillors per ward.

17 Jana-Brown Citizenship Index (2023). Governance and Citizens in Urban India. Evidence from Ahmedabad, Vadodara, Bhavnagar, Kochi, Chennai, Hyderabad, and Mumbai. More information available: https://www.janaagraha.org/janaagraha-brown-citizenship-index-jbci/
18 Landscape Study on the Role of Urban Local Bodies in Primary Health Care (January 2023). Janaagraha Centre for Citizenship and Democracy. https://www.janaagraha.org/wp-content/uploads/2023/03/Landscape-Study-on-the-Role-of-ULBs-in-primary-health-care.pdf

Did you know?

Thrissur Municipal Corporation in Kerala undertakes distribution of electricity via the Thrissur Corporation Electricity Department (TCED). The TCED prepares its own budget, which is presented to the council for its approval and requires the assent of the mayor.

The role of an elected mayor with a five-year term is significant in delivering good quality of life in cities

One of the main arguments for a directly-elected mayoral system is that a direct mandate from citizens adds to the legitimacy and accountability of the mayor's office. Further, while councillors contest for ward/hyper-local issues, a directly-elected mayor would focus on the entire city. Our analysis finds that only 23 per cent of states provide for directly-elected mayors in cities, in contrast to 73 per cent of states that provide for directly-elected presidents in panchayats. Our interviews with the mayors of the states of Maharashtra and Gujarat, which provide for

indirect election for their mayors, show that there is preference for the direct mode of election. "People directly electing their mayor would ensure better transparency and give larger deciding power in the hands of the people," says Nilofer Achrekar, Former Mayor of Kolhapur.

It is, however, important to note that a direct mode of election for mayors on its own is not sufficient for effective decentralised governance, without commensurate powers and resources.

Did you know?

Several states do not hold elections for city councils on a timely basis. Our analysis as of 16 September 2021 finds that over 1,400 cities in India, including Bengaluru, Mumbai, and Guwahati, did not have mayors or elected councils, some for even up to nine years.

A tenure of less than five years makes the position of the mayor largely ceremonial and inconsequential. Our analysis shows 17 per cent of cities have a mayoral tenure of less than five years, in contrast to 100 per cent of panchayat presidents having a tenure co-terminus with that of the panchayat. The mayors of Arunachal Pradesh (municipal corporations), Karnataka, Jammu and Kashmir (municipal corporations), Ladakh, Gujarat, Himachal Pradesh (only municipal corporations) and Maharashtra change every 2.5 years, while mayors in Andaman and Nicobar Islands, Chandigarh, Delhi, Panaji, and Karnataka (municipal corporations) change every year. A one-year term for the mayor is simply absurd.

Mayors of mega cities are significantly more disempowered in terms of the mode of election and tenure. Only three (Chennai, Hyderabad, and

Kolkata) out of eight mega cities provide for a mayoral tenure of five years and none of the cities directly elect their mayors. A directly-elected mayor with a five-year term is not a panacea for all ills but it certainly endows the position of mayor and the city government with greater credibility, stability, and the institutional continuity necessary for a strategic perspective. (Refer to data tables 27 and 57 of ASICS 2023 Data Book for state-wise details on mode of election, mayoral tenure, and comparison with panchayat presidents).

The provision for reservation by rotation based on which a sitting mayor cannot run for re-election, makes it an unattractive proposition for dynamic, effective political leaders who have the vision and will to deliver transformative governance in cities.

"It is incredibly sad for elections to not happen — not just in Mumbai but any other part of the country. It is the councillor who is in constant touch and contact with people. Even now, as a former councillor, people still approach me for their day-to-day problems and needs. We try to get the work done but we are also short on funds. The people are disappointed and upset. We need the elections to happen very soon."

Sanjay Ghadi
Former Councillor
Mumbai

"As opposed to a standard five-year election, we have a 2.5-year term. All the representatives of Gujarat favored the proposition that we should certainly have a five-year term and direct elections to work in sync with the welfare of the people."

Geetaben Parmar
Mayor
Junagarh

Mayors and councils only have a limited role in key municipal functions

Mayors and councils have limited or no powers over spatial planning, housing, select large infrastructure development in the city, water supply and sewerage in many cases, public transport (bus and metro) in most cases, traffic management, climate change, gender equality, and diversity and inclusion, child care and elder care, and primary healthcare and primary education in many cases. In contrast, several global cities are empowered to perform crucial functions to ensure service delivery at the first mile. For example, the municipal acts of New York, London, and Johannesburg empower the city government to undertake city planning (including socio-economic and environmental planning), and provide services such as public transport, law and order, traffic management, water supply, solid waste management, and fire and emergency services. Mexico's Constitution empowers its cities to provide for public security which includes law and order as well as traffic management.

Figure 13: Only nine functions out of the 18 listed in the twelfth schedule of the Constitution have been devolved to city governments, by law

Across 82 municipal acts of 35 states/ UTs, on average,

only nine functions out of the 18 listed in the twelfth schedule of the Constitution have been devolved by states to their city governments.

Note: Provision on devolution of functions which is discretionary/with 'may' provision has not been considered as devolved.

Core functions such as urban planning, regulation of land use, fire services, safeguarding the interests of the weaker section of society, and slum improvement and upgradation, are typically not devolved.

Only

7/35

states/UTs including Andaman and Nicobar Islands, Arunachal Pradesh (municipal corporations), Himachal Pradesh, Jharkhand, Karnataka (Bengaluru), and Tripura have devolved all 18 functions.

22 states

interestingly have made a distinction between municipal functions as 'obligatory' and 'discretionary' thereby reducing the authority of city governments over municipal functions mandated to be devolved by the Constitution.
'Six states have devolved functions with a 'may' provision, instead of 'shall' (i.e. devolution is more optional than mandatory).
Mega and small cities are statutorily empowered with the highest number of functions i.e. 11.

The devolution in practice, when compared against the law, presents a bleaker picture. Our analysis of the CAG's performance audit reports on the implementation of the 74th CAA in 13 states finds that in practice, on average, city governments have complete jurisdiction over only five municipal functions. These do not include core functions such as urban planning and public health. The principle of subsidiarity states that a central authority should have a subsidiary function, performing only those tasks that cannot be performed at a more local level. City governments are the closest to understanding the problems and needs of their citizens, and are, therefore, best placed to handle all 18 functions in in the twelfth schedule of the Constitution.

The success of city governments depends not just on functions devolved to them but also on powers over both financial and human resources that enable them to discharge their functions effectively. Our city governments, mayors, and councils by extension have limited powers over finances and staff

City governments have very limited and highly restricted powers over raising their own revenues, spending monies, land and property, and borrowings and investments. Significant control vests with state governments in most cases (discussed in greater detail in 'Instrument of Change 7').

- Only one state empowers city governments over all key taxes (Assam).

- Only five states empower city governments across all categories to raise borrowings without prior state approval (Bihar, Jharkhand, Odisha, Meghalaya, and Rajasthan).

- Only eight states empower city governments across all categories to not require state government approval on city budgets passed by the council (Delhi, Gujarat, Kerala, Meghalaya, Mizoram, Telangana, Tripura, and West Bengal).

- Only 12 states empower city governments across all categories to invest their funds without prior approval of the state (Assam, Bihar, Dadra and Nagar Haveli, Daman and Diu, Delhi, Gujarat, Jharkhand, Ladakh, Maharashtra, Meghalaya, Mizoram, Sikkim, and Tripura).

In contrast, cities such as New York and Johannesburg are empowered to impose taxes, approve their own budget, invest, and borrow without prior sanction.

Mayors and councils in India also have virtually no powers over their staff (appointments, transfers, promotions, and disciplinary proceedings), particularly over their senior management teams, most of whom are deputed from state governments. Only cities in Assam (municipalities) and Tripura are empowered by law to appoint municipal staff. Only cities in Kerala, Maharashtra (municipal corporations excluding Mumbai), Manipur, and West Bengal (Kolkata) are empowered to initiate disciplinary action against staff. Additionally, cities in Assam (municipalities), Kerala, Maharashtra (municipal corporations excluding Mumbai), Manipur, Uttar Pradesh (municipalities), Uttarakhand (municipalities), and Kolkata can terminate services of their staff. Further, no state has empowered city governments to appoint municipal commissioners, if not in absolute terms at least in consultation with the council, except in Tripura, Bihar, Karnataka (municipal corporations), Kerala, Manipur, Meghalaya, Uttar Pradesh (municipalities), and West Bengal (municipal corporations).

The absence of powers over municipal staff inhibits the ability of the city council to build a strong organisation and exact accountability for performance from them. As opposed to the Indian scenario, global cities such as New York, London, and Johannesburg are empowered over municipal staff. For example, according to the Greater London Authority Act, 1999, the mayor and assembly of GLA are required to make appointments jointly to statutory offices such as chief finance officer, monitoring officer, etc. They are also empowered to decide the terms and conditions for employment of such statutory officers.

There exists a huge asymmetry of mayor/council powers across various city categories

Our analysis reveals an interesting asymmetry between the powers and authorities of the mayor and the council across city categories (Table 7). While mega cities perform relatively better in terms of powers over finances, mayors of these cities do not have a five-year term and are indirectly elected. Similarly, smaller cities perform relatively well in mayoral tenure and mode of election, yet only 11 per cent can approve their own city budgets.

Table 7: | **Asymmetry between mayoral powers across city categories**

Parameters	Mega (>4mn)	Large (1-4mn)	Medium (0.5-1mn)	Small (<0.5mn)	All India
Total population in cities[19] (in millions)	57.84	57.88	28.93	173.89	318.54
% of cities with a five-year mayoral tenure	38%	68%	67%	84%	83%
% of cities with a directly-elected mayor	0%	39%	33%	36%	36%
% of cities that mandate induction and periodic training programmes for their mayors and councils	0%	0%	5%	1%	1%
% of cities that can approve the city budget	75%	34%	40%	11%	12%
% of cities that can borrow without the prior sanction of the state	13%	16%	12%	15%	15%
% of cities that can invest without the prior sanction of the state	75%	63%	40%	42%	42%
% of cities that have complete power over their staff	0%	0%	0%	0%	0%
% of cities that can levy all key taxes*	0%	0%	2%	0%	2%
Average number of functions under the twelfth schedule of the Constitution devolved by law	11	8	13	11	9

* Key taxes include property, advertisement, entertainment, and profession taxes.

[19] Based on Census 2011

Mayors and councillors do not have access to a leadership programme that equips them to deliver their responsibilities. This becomes extremely critical given that there are several first-timers every term of the council, including women who contest from reserved seats, often with no prior political experience. Mayors and councillors lack a robust secretariat system (unlike Parliament or State Assemblies), and research support, and are compensated inadequately

Mayors and councillors do not have access to a systematic leadership programme that provides them with induction training and refresher training to prepare them for their role as leaders of their cities. Our analysis of 82 municipal acts across 35 states/UTs finds that only Telangana and Kerala mandate some form of training for mayors/ councillors. The City Leaders study finds that 100 per cent of the councillors interviewed (N=65) felt that training is important to make them aware of the workings of their city government in terms of organisation structure, roles and responsibilities, power, procedures and processes (including budget process), and relevant legislations. Lack of such knowledge hinders a councillor's ability to serve the citizens, and negatively impacts their confidence and credibility. 89 per cent of the councillors interviewed said that training should be undertaken periodically.[20]

Lack of training is further exacerbated by the fact that councillors do not have access to a robust secretariat system (like Parliament or State Assemblies) or research support. 64 per cent (N=46) of the councillors interviewed in the City Leaders study said that they would value assistance in preparation for council meetings.

> "I am not that comfortable in Googling things. If I get some extra assistance with this, then I might be very well prepared for the (council) meetings."
>
> **Former woman councillor***
> Guwahati
>
> *Requested anonymity

Figure 14: Mayors and councillors are not compensated adequately

A councillor, on average, receives a monthly remuneration of
INR 9,643

Compared to an MLA who receives
INR 1,20,794

and an MP who receives
INR 2,30,000

Source: Assessment based on the data made available by the Lok Sabha website, respective state legislations on salaries and allowances for MLAs, and data shared by the respective city elected representatives and officials as of 31 October 2022.

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[20] Janaagraha Centre for Citizenship and Democracy (2022, March). City Leaders. https://www.janaagraha.org/files/city-leaders-online.pdf

"Since the councillors only receive INR 3,000 (per month), there is less motivation for good people to do this kind of work. Also, lesser pay encourages taking bribes wherever possible",

Former councillor*
Guwahati
*Requested anonymity

Sound council infrastructure through a robust secretariat, digitalisation (publication of council agendas and minutes, and live streaming of council proceedings), and better compensation for councillors can play a significant role in strengthening India's city councils.

◤ Disempowered city councils appear to impact voter turnout in municipal elections

The municipal elections in India on average garner only 55 per cent of voter turnout which makes it lower than state (68 per cent) and national (65 per cent) voting averages. As can be seen in Table 8, while only 39 per cent of voters voted in Lucknow's municipal elections, the parliamentary and assembly elections garnered 59 per cent voters. Raipur is the only city that has a higher voter turnout in municipal elections (70 per cent) compared to state (61 per cent) and parliamentary elections (66 per cent).

Table 8: | Voter turnout in parliamentary, assembly, and municipal elections

Sl. No.	State	City	Voter turnout in parliamentary election	Voter turnout in assembly elections	Voter turnout in municipal elections
1	Andaman and Nicobar Islands	Port Blair	65%	No assembly seat	49%
2	Andhra Pradesh	Amaravati	No ULB	No ULB	No ULB
3	Arunachal Pradesh	Itanagar	79%	44%	55%
4	Assam	Guwahati	81%	74%	53%
5	Bihar	Patna	46%	40%	46%
6	Chandigarh	Chandigarh	71%	No assembly seat	60%
7	Chhattisgarh	Raipur	66%	61%	71%
8	Dadra and Nagar Haveli and Daman and Diu	Daman	72%	No assembly seat	Not available
9	Delhi	Delhi	61%	63%	54%
10	Goa	Panaji	77%	78%	70%
11	Gujarat	Gandhinagar	66%	71%	56%
12	Haryana	Chandigarh	71%	No assembly seat	60%
13	Himachal Pradesh	Shimla	73%	66%	58%

Sl. No.	State	City	Voter turnout in parliamentary election	Voter turnout in assembly elections	Voter turnout in municipal elections
14	Jammu and Kashmir	Jammu	73%*	71%*	Not available
15	Jharkhand	Ranchi	64%	56%	49%
16	Karnataka	Bengaluru	54%	54%	45%
17	Kerala	Thiruvanantha-puram	74%	68%	60%
18	Ladakh	Leh	71%	Not available	54%
19	Madhya Pradesh	Bhopal	66%	65%	51%
20	Maharashtra	Mumbai	55%	50%	55%
21	Manipur	Imphal	81%	89%	82%
22	Meghalaya	Shillong	65%	73%	No elections held
23	Mizoram	Aizawl	63%	79%	64%
24	Nagaland	Kohima	83%	74%	Not available
25	Odisha	Bhubaneswar	59%	44%	50%
26	Puducherry	Puducherry	81%	81%	Not available
27	Punjab	Chandigarh	71%	No assembly seat	60%
28	Rajasthan	Jaipur	67%	73%	58%
29	Sikkim	Gangtok	81%	66%	63%
30	Telangana	Hyderabad	45%	49%	47%
31	Tamil Nadu	Chennai	60%	60%	44%
32	Tripura	Agartala	82%	91%	Not available
33	Uttar Pradesh	Lucknow	59%	59%	39%
34	Uttarakhand	Dehradun	65%	59%	Not available
35	West Bengal	Kolkata	68%	66%	64%

Source: Based on delimitation documents made available on the Election Commission of India website and newspaper reports. Data as of 13 February 2023, for recent elections.
* The data represents only Jammu. The ward to assembly and parliamentary constituency details for Srinagar municipal corporation were not available in the public domain to calculate the voter turnout in parliamentary and assembly elections.

How do we fix this?

To resurrect city governments as credible institutions, notwithstanding the past attempts to draw up a model municipal law as part of JnNURM, it is imperative to have a new and improved 'Model Municipal Act' that incorporates contemporaneous provisions that focus on strengthening mayors and councils. Further, other aspects of the functioning of city councils such as their business rules, facilities and infrastructure, transparency and disclosures with respect to meetings, and the resources made available to councillors to discharge their duties, etc, merit reform.

Target outcomes for cities through empowered mayors and councils

1 Functions under the twelfth schedule of the Constitution, own revenue streams, and powers and authorities over personnel devolved to councils.

2 Parastatals that are accountable to the mayor and the council.

3 Sound council infrastructure through a robust secretariat, digitisation (publication of council agendas and minutes, and live streaming of council proceedings), research support ecosystem, and appropriate compensation for councillors.

4 A national-level platform (digital and offline) for mayors and city councils for systematic training, peer learning, and leadership development.

Model

The Greater London Authority (GLA)

The Greater London Authority (GLA) consists of the London Assembly of 25 elected councillors and the London mayor's office. The general powers of the GLA were outlined in the Greater London Authority Act, 1999, and are exercised by the mayor of London.

The mayor of London performs several crucial functions. The GLA Act, 1999 has empowered the mayor (rather than a local development authority) with the power to spatially plan the city. Additionally, the mayor is empowered to appoint senior officers of functional bodies such as Transport for London (TfL), and the London Fire and Emergency Planning Authority who shall serve at the pleasure of the mayor. The mayor may also sit as chair of TfL and the Mayor's Office for Policing and Crimes, and exercise power of direction over such bodies. Another function consists of setting the annual budget amounting to nearly £12 billion. The mayor of London also negotiates with the UK federal government to avail funds for London's development. They are empowered to produce a housing strategy and a waste management strategy to combat inequalities and climate change.

While the mayor is empowered with several crucial functions, checks and balances have been put in place to hold the mayor accountable as the mayor is mandated to publicise his/her strategy, publish annual reports, hold public debates, etc.
In order to perform his/her functions, the mayor is aided by a team of deputy mayors, chief of staff, mayoral directors and advisers. The members of the London Assembly are aided by a party political staff and a secretariat. The secretariat consists of a:

• Scrutiny team to aid with policy research and development
• Committee services team to help with the administration and governance of this work
• External relations team to make the public aware of the work done by the Assembly member.

Additionally, the City Intelligence team which works at City Hall (GLA building) aids the London Assembly and the Mayor with evidence and analysis to enable strategy and policy formulation. The key areas the team looks into are economy, labour markets, and population. They rely on the Datastore, an open data-sharing portal open to the residents of London.

Following an open policy approach, the meetings conducted by the London Assembly and the mayor are webcasted and archived on the GLA website. Under the section titled 'Media Centre' in the home page, the Mayor and Assembly's press releases, press contacts and the meeting webcasts are easily accessible.

The Mayor's Question Time, which are meetings in which different committees of the London Assembly hold the Mayor accountable for his/her policies and strategies, are live-streamed and are made available on YouTube.

Model
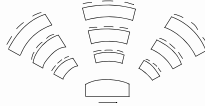## Bloomberg Harvard City Leadership Initiative

The Bloomberg Harvard City Leadership initiative aims at equipping mayors and senior city officials to improve the quality of life of their citizens by tackling complex challenges in their cities. The initiative was launched in 2017 and has worked with 465 mayors and 2,271 senior city officials in 524 cities across the world. Every year, 40 mayors and 80 senior leaders engage in intensive leadership and management programmes.

The programmes, which include in-person and virtual sessions, are taught by the faculty of the Harvard Business and Harvard Kennedy schools. The mode of learning is through discussion seminars, case studies, activities, and field visits. These programmes include:

1. Flagship mayors programme
2. Programme for new mayors
3. Negotiation for city leaders
4. City procurement reform
5. Civic engagement.

It is interesting to note that the participation of Harvard students is instrumental to the success of the initiative. Since 2017, more than 200 students have participated in summer fellowships, helping city leaders with a range of organisational challenges and supporting faculty. The initiative believes that by engaging students in research and fieldwork, they are investing in future generations. The initiative also advances the field of city leadership through research and new curricular materials.

Actions

Tier of government	Short term (<1 yr)	Medium term (1-3 yrs)
Union	• Evolve comprehensive guidelines by city size, and fund creation of a modern city council in terms of secretariat, and physical and digital infrastructure. • Draw up a model municipal act that empowers mayors and councils, and evolves consensus with states.	• Incentivise states that empower mayors, and councils with higher funds.
State	• Allocate funds for upgradation of council infrastructure, and councillor pay.	• Overhaul municipal acts in line with the model municipal act. • Institute leadership development programmes for mayors, and councillors in state Administrative Training Institutes (ATIs) or equivalent.
City	• Create a national-level platform for mayors, and city councils to strengthen peer learning. • Publish agenda, minutes, attendance of council meetings, and publish documents on websites, and newspapers. • Encourage voting in municipal elections through dedicated campaigns. • Telecast council proceedings. • Encourage school and college students to attend at least one council meeting a year.	

Instruments of Change

6 Open Cities and Participatory Budgeting

Open cities framework to be a technology-driven, radically transparent, data and metrics-oriented interface that connects citizens and governments real-time in cities. Participatory budgeting to facilitate targeted, hyperlocal focus on budgeting and problem solving.

"BBMP has keenly ensured citizen participation in its budgeting process for the last many years. I am pleased to note that Janaagraha and the Bengaluru Ward Samiti Balaga have assisted BBMP in successfully completing the seventh edition of the annual MyCityMyBudget campaign, reaching out to hundreds of resident welfare associations and communities across the 243 wards of the city. We not only intend to take forward the initiative of allocating funds to each ward to address the issues raised by citizens through the MyCityMyBudget campaign, but also look forward to citizens prioritising and assisting the BBMP in implementing the works identified successfully through the ward committees, thus moving another step towards the institutionalisation of community participation in budgeting and development of the city. On the whole, this will add another dimension to position Bengaluru among the most livable cities of India."

Tushar Giri Nath, IAS
Chief Commissioner
Bruhat Bengaluru Mahanagara Palike

◣ ## There is a 'first-mile' governance problem, in the absence of area sabhas (at a polling booth level, like gram sabhas in village panchayats) and ward committees

As was evident during the Covid-19 pandemic, citizens require 'first-mile' governance and service delivery touchpoints on their streets, in their neighbourhood, and in their wards, for a variety of critical services. In fact, different models of decentralised participatory platforms came alive during the fight against the coronavirus. Mumbai's ward war rooms, Bengaluru's zonal-level triage centres, Surat's decentralised disease surveillance system, Kerala's cities' community engagement campaigns and ward level monitoring committees, Visakhapatnam's ward secretariat, and Guwahati's rejuvenation of nagrik committees for driving Covid response are some such interesting models.

Even for governments, engaging citizens closely at the neighbourhood level is essential not just for emergency response or disaster management, but also to ensure that the benefits of government schemes reach target citizens, and to facilitate social and behavioural change (with regard to public health, sanitation, water conservation, consumption choices related to climate change, etc.).

"A newly-formed ward committee in the JC Nagara ward was able to question where the SWM CCTV cameras were installed within the ward since the budget was shown as spent. In a matter of four days, 29 cameras were installed," says Vidya Goggi, ward committee representative of JC Nagara ward in Bengaluru.

Despite the benefits of decentralised participatory platforms, state municipal acts have not provided for — or states have not implemented — neighbourhood platforms (such as areas sabhas and ward committees) for citizen participation. Only five out of 35 states/UTs, namely Andhra Pradesh, Assam, Bihar, Mizoram, and Tamil Nadu have enacted Community Participation Law (CPL),[21] mandating the formation of both ward committees and area sabhas, and have notified corresponding rules across all city government categories.

Our analysis finds that only 22 per cent of cities in India have active ward committees. This analysis, which was done across 16 states that have notified rules for ward committees, shows that as of January 2023, only eight states have active ward committees.[22] While Arunachal Pradesh, Gujarat, Mizoram, Tamil Nadu, and Telangana reported that all the ward committees in their cities are active, other states such as Assam, Kerala, and Madhya Pradesh reported that at least 50 per cent of ward committees are active in 50 per cent of cities. However, ground truthing would be required to ascertain effectiveness given the hitherto lacklustre progress on ward committees.

"An effective ward committee with the councillor as chairman, and resourceful, well-educated, informed ward members from all walks of life is the heart of a well-managed ward. A proper communication channel like a ward website where all relevant information is available with work done, going on, and proposed with budget allocation and spends will serve as a ready reckoner information channel for ward citizens."

Valli Srinivasan
Ward committee member, Doddakannelli
Bruhat Bengaluru Mahanagara Palike

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[21] The Community Participation Law/Model Nagar Raj Act, which was introduced under JnNURM, aims at augmenting community participation by envisioning a three-tier model of decentralisation, starting with the city government followed by ward committees and area sabhas.

[22] This analysis is based on information sourced through telephone calls with the officials of housing and urban development departments of the respective states.

Did you know?

Bengaluru has had ward committees since 2010. These run even in the absence of an elected city council. In 2022-23, over 2,000 monthly ward committee meetings were conducted across 243 wards, with the nodal officers appointed by BBMP chairing the meetings. Realising the importance of ward committees during the pandemic, BBMP officials have been enabling the running of ward committees.

City budgets play a pivotal role in determining quality of life in our cities. Greater citizen engagement is critical to ensuring city budgets become instruments of change at the street, neighbourhood, and ward level

A 2015 study of 20 cities across the world found that participatory budgeting contributes significantly to improving basic service provision and management, leading to projects that are cheaper and more well-maintained because of community control and oversight.[23] Another study found that as citizens tend to prioritise basic services like health and sanitation in participatory budgeting, from 1990-2004, municipalities in Brazil that implemented participatory budgeting saw a reduction in infant mortality rates.[24] Participatory budgeting can address the inefficiencies arising from misplaced prioritisation of civic works relative to citizens' needs. It can ensure women, children, the differently abled, and other interest groups are

able to make a case for their aspirations and have them fulfilled in the neighbourhood/city. This would foster far greater ownership for civic assets and amenities in communities, thereby resulting in better maintenance and upkeep. At the local level, it is a win-win for communities, councillors, and the city administration.

At present, only three states in India (Jammu and Kashmir, Ladakh, and Karnataka) have mandated public consultation as part of the city budgeting process. However, it is worth noting that despite the absence of a legislative mandate, cities like Pune, Bengaluru, and Thiruvananthapuram undertake participatory budgeting.

Low levels of transparency in cities' financial and operational information hinder constructive engagement of citizens, civil society, and media

The absence of formal platforms for citizen participation and participatory processes is further exacerbated by the weak transparency in India's cities. Our analysis shows that only 11 out of 35 states/UTs in India have enacted the Public Disclosure Law (PDL)[25] across all city government categories, mandating the disclosure of key civic data and notifying rules for the same. Moreover,

only nine of these 11 states (Assam, Bihar, Gujarat, Haryana, Himachal, Jharkhand, Jammu and Kashmir, Ladakh, and Puducherry) have mandated disclosures in compliance with the model PDL.

Further, the accessibility of such data is improved when it is actionable, i.e., when it is available in open data format. Open data formats allow civil

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[23] Cabannes, Y. (2015). The impact of participatory budgeting on basic services: municipal practices and evidence from the field. Environment and Urbanization, 27(1), 257–284. https://doi.org/10.1177/0956247815572297

[24] Goncalves, S. D. (2014). The effects of participatory budgeting on municipal expenditures and infant mortality in Brazil. World Development, 53, 94–110. https://doi.org/10.1016/j.worlddev.2013.01.009

[25] The Model Municipality Public Disclosure Act, which was introduced under JnNURM, aims at ensuring transparency and accountability in the working of the municipalities. It mandates disclosure of information such as particulars of municipality, audited financial statements, service level benchmarks, and so on.

Figure 15: | Availability of civic data varies significantly across capital cities
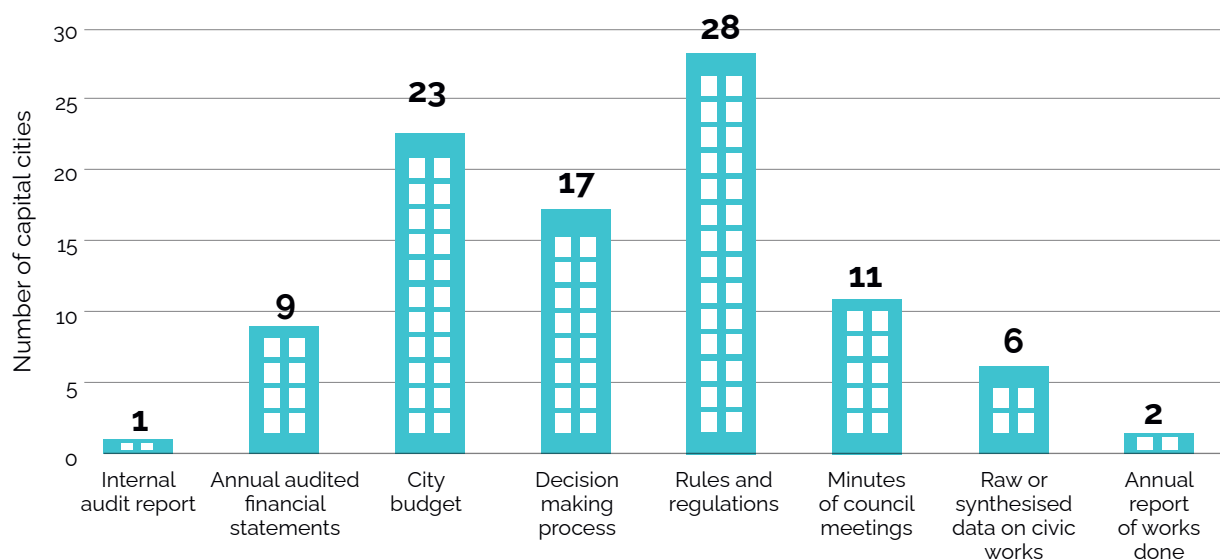
Source: Websites of city governments and state urban development departments. Data as of 31 July 2023.
Note:
1. As Chandigarh is a UT and the capital of Punjab and Haryana, it is counted only once. Hence, there are 33 unique capital cities across the 35 states/UTs.

society organisations, media, and active citizens to aggregate and analyse information easily, and hold city governments accountable. Only 11 out of 35 states — Assam, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Punjab, Sikkim, Telangana, and Tamil Nadu — have adopted an open data policy which is also applicable to city governments. The first state to introduce such a policy was Maharashtra in 2011. However, no states specifically mandate city governments to disclose basic civic data in open data format. Moreover, the availability of such data in open data format remains a challenge. Our analysis across the 35 capital cities found that the only data available in open data format was civic works data of Ranchi, Patna, Jammu, and Thiruvananthapuram. (Refer to data table 63 of ASICS 2023 Data Book for city-wise details on the availability of civic data).

Did you know?

London Data Store is a free and open data-sharing portal allowing citizens, businesses, researchers, and developers to access data about the city. It houses data on jobs and the economy, transport, environment, community safety, housing, communities, health etc.

A robust, independent internal audit function is an essential ingredient of good governance

A robust, independent internal audit function ensures well-designed and functioning internal controls and operational risk management processes, which in turn are important to combat corruption and mis/underutilisation of assets. Our analysis finds that only three states/UTs (Jammu and Kashmir, Ladakh, and Karnataka excluding Bengaluru) have explicitly mandated city governments to publish internal audits. However, no cities in these states publish internal audit reports regularly. Interestingly, our analysis across capital cities shows that Bhubaneswar, New Delhi, Panaji, and Ranchi publish internal audit reports even in the absence of an explicit mandate by law.

Similarly, our analysis finds that mandates for citizen charters are missing in all states except Kerala, Maharashtra, and West Bengal (municipalities). However, these three states mandate only timelines of service delivery in the citizens' charter and do not mandate target levels of services or protocols for obtaining relief when service levels are unmet. (Refer to data table 44 of ASICS 2023 Data Book for city-wise details on the availability of citizen charter). Likewise, an ombudsman, specifically for resolving municipal service-related issues, is missing in all but nine states/UTs — Delhi, Dadra and Nagar Haveli, Jharkhand, Jammu and Kashmir, Kerala, Ladakh, Manipur, Mizoram, and Odisha. (Refer to data table 45 of ASICS 2023 Data Book for state-wise details on the provisions for a local body Ombudsman).

The disconnect that citizens experience in their ward or neighbourhood with respect to government decisions along with low levels of transparency in finances and operations has resulted in low levels of trust and engagement between citizens and governments in cities.

◤ How do we fix this?

The combination of easy-to-use web technologies, high mobile phone penetration (including smartphones), and cheaper access to mobile internet has the potential to radically change the nature and extent of citizen participation in cities. It is, therefore, timely to conceive an 'Open Cities' framework that leverages easy-to-use web technologies and user interfaces, spatial mapping and analytics tools, hyperlocal civic data and metrics, and participatory budgeting processes to move our cities to a significantly higher trajectory of citizen participation and transparency.

Such a framework would build on the existing foundation, yet provide a contemporary twenty-first century platform for citizens to constructively engage with city governments on a day-to-day basis, not just to redress grievances, but to contribute ideas and solutions. The 'Open Cities' framework, being spatial and data-driven, would also provide a common vocabulary and syntax for citizens, mayors and councillors, and civic agency officials to communicate with each other. Using IVR and SMS-based technologies, almost 100 per cent coverage can potentially be achieved in terms of possible linkage of citizens to such a platform, given mobile penetration in Indian cities is greater than 100 per cent on average. The proposed 'Open Cities' framework will not solely be a tech-enabled online framework, but will possess strong elements of direct engagement with citizens through participatory budgeting and volunteer engagement processes where citizens are able to play an active role in adopting civic issues and causes.
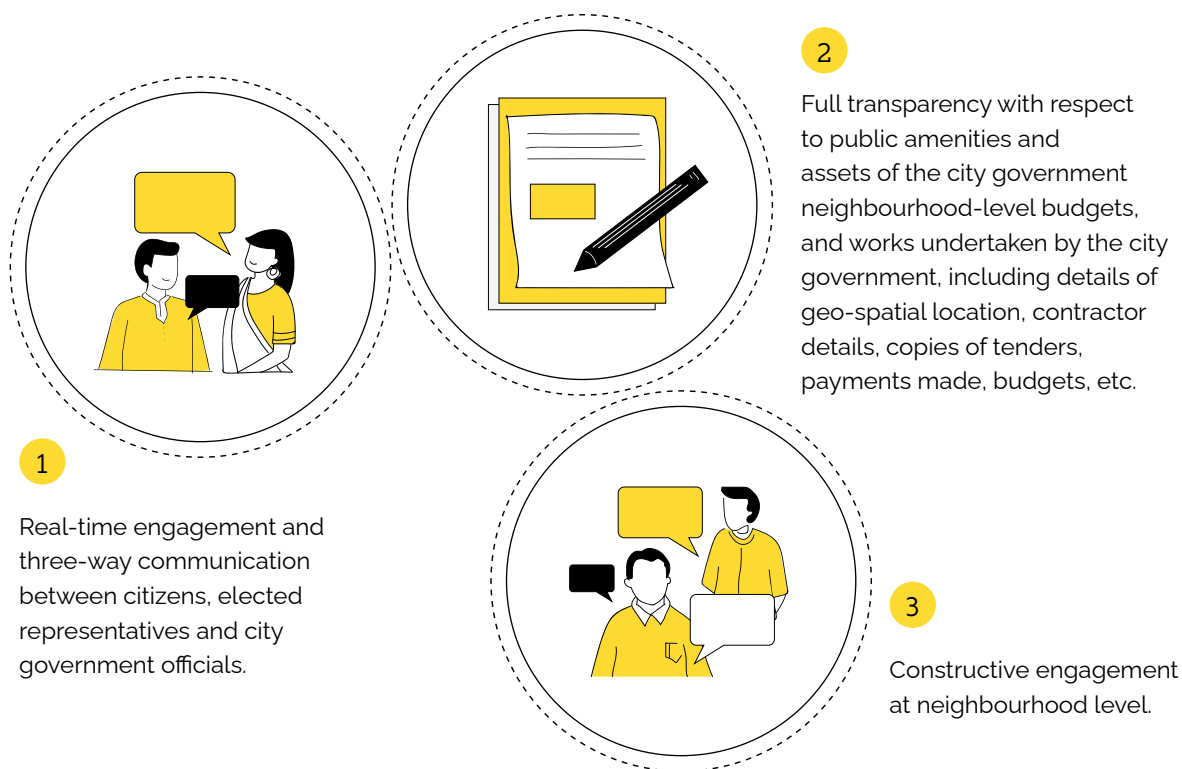
Initiatives by the Government of India

One of the key features of the Smart Cities Mission, apart from providing urban infrastructure facilities, is good governance through e-governance and citizen participation. As a 'smart solution' to urban governance challenges, many cities have set up an Integrated Command Control Centre (ICCC) which acts as an effective grievance redressal system for citizens by using web-based portals and mobile applications. Municipal services are closely monitored through ICT interventions and GIS technology is employed to improve the delivery of these services. Smart Cities also have initiatives to directly involve citizens in the planning and implementation of smart projects. These initiatives allow city governments to design and implement projects which are best suited to the needs of their citizens.

In 2014, as a part of the Swachh Bharat Mission, MoHUA launched Swacchhata, an online platform that allows citizens to register grievances. Cities are mandated to resolve all grievances within stipulated timeframes ranging from 12 hours to one week (depending on the nature of the complaint and to the satisfaction of the citizen). In an effort to encourage active civic participation, in the Swachhata citizen app, citizens can upload pictures and complaints related to health and sanitation which are then forwarded to the municipal corporation for action, as per the service level agreement. Users of the app can also upvote complaints, share them with others affected by the issue, and send feedback and comments on the action taken by the city government. Users also get updates and notifications on the status of their complaints. Since 2016, more than two crore citizens across 4,503 cities have engaged with the app. There have been 2.7+ crore complaints with a resolution rate of 93 per cent.

Another initiative is the MyGov platform which was launched in 2014 and aims to bridge the gap between the common man and the government. It creates an online forum for constructive dialogue between common citizens and experts with the goal to contribute to the social and economic transformation of India. The union and 22 state governments where MyGov is operational, leverage the platform for civic engagements, consultations for policy conception, and dissemination of information on schemes, programmes, and missions. The platform has features such as Groups, Discuss, Poll, Survey, and Quiz available to all citizens to offer feedback directly to government departments and ministries. Through an innovative approach to civic participation, MyGov has garnered over three crore users, 55 lakh comments, 14 lakh task submissions, and 20 lakh votes in polls of different topics as of May 2023.

Target outcomes for cities through open cities and participatory budgeting

2

Full transparency with respect to public amenities and assets of the city government neighbourhood-level budgets, and works undertaken by the city government, including details of geo-spatial location, contractor details, copies of tenders, payments made, budgets, etc.

1

Real-time engagement and three-way communication between citizens, elected representatives and city government officials.

3

Constructive engagement at neighbourhood level.

Model
JAGA Mission

JAGA Mission, the world's largest slum titling programme, was started in 2017 for dignity and inclusion of the residents of nearly 3,000 urban slums in the entire state of Odisha.
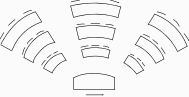
Tenurial security was first achieved with spatial technology (high-resolution drone imagery to locate and define slum boundaries which were also GIS-mapped.), and understanding land ownership. Further, land rights for 1.3 million urban poor was ensured to avail social entitlements, municipal recognition, upgradation, and integration of the slums fully into the city's economy. This was followed by the second phase of transforming the slums into liveable habitats by providing basic infrastructure and services. In less than five years, 1,200 slums have been upgraded in-situ with nine key amenities and services.

Source: JAGA MISSION : Slum to liveable habitat. (n.d.). http://jagamission.in/

Significant activities of the JAGA Mission:

- Places community leadership and asset ownership by women at the forefront of efforts.
- 2,919 slum collectives (known as 'Slum Dwellers Associations' (SDAs)) created to build and engage with communities. These act as a veritable 'fourth tier of governance' by fixing leadership and participation gaps in urban informal communities.
- By signing a memorandum of understanding with city governments, SDAs are recognised as equal partners of change involved in creating, operationalising, and maintaining community assets (including a tracking tool to monitor real-time progress of activities).
- Each SDA requires 50 per cent women's representation.
- 25 per cent municipal budgets allocated by law to urban poor communities.

Actions

Tier of government	Short term (<1 yr)	Medium term (1-3 yrs)
Union	• Include implementation of substantive provisions of CPL and PDL as performance conditions in future urban missions.	
State	• Amend municipal acts to mandate citizen participation in city budgeting.	• Enact CPL and PDL, notify rules and implement them in spirit. • Create an office of the ombudsman for citizen grievance redressal exclusively for city governments.
City	• Adopt open data standards, usher in radical transparency in finances and operations; systematically provide actionable data at a neighbourhood level. • Implement participatory budgeting.	• Implement amended rules.

Instruments of Change

7 Municipal Taxation and Transfers

Improve the financial position of city governments through predictable transfers and own revenue enhancements, and make local governments financially sound.

"India's cities require a large quantum of long-term capital to meet their capex needs. They need to reduce their dependence on financial assistance from union and states, and build robust own revenue streams – both tax and non-tax revenues, including fees and user charges. The larger AMRUT cities having relatively better capacities are well placed to employ innovative approaches of unlocking the vast available private capital from sources like pension, insurance and mutual funds besides large infrastructure-focused financing institutions. The Ministry's recent initiatives under AMRUT mission are providing the necessary policy support and incentives to catalyse reforms for municipal own revenue enhancement and strengthening the municipal borrowings/bonds market."

D Thara, IAS
Additional Secretary
Ministry of Housing and Urban Affairs
Government of India

◢ City governments in India need predictable fiscal transfers from union and state governments, and far greater powers and accountability for levy and collection of taxes, fees, and user charges

The High-Powered Expert Committee, 2011, appointed by the erstwhile Ministry of Urban Development, estimated the urban capital investment requirement for the 20-year period (2012–13 to 2031–32) to be to the order of INR 39.2 trillion (USD 593 billion),[25] plus an estimated INR 19.9 trillion (USD 301 billion) towards operations and maintenance to ensure adequate access to municipal services. More recently, the World Bank estimates India's urban infrastructure financing requirement at USD 840 billion over the next 15 years i.e. USD 55 billion per year on average[26]. However, the share of own revenue (both tax and non-tax)

in the total revenue of city governments in India has declined over time approximately 31 to 21 per cent, while the share of government transfers has increased.[27] Empirical evidence has shown that greater dependency of local governments on upper tiers of governments to meet their expenditure needs makes them more vulnerable and less efficient.[28]

The lack of adequate own revenue sources severely constrains the ability of our cities to invest in infrastructure and service delivery in a manner that is responsive to the needs of its citizens.

◢ Fiscal decentralisation remains a nascent reform. Only one state, Assam has devolved the power to levy all key taxes — that too only to municipal corporations

Article 243X of the Constitution mandates devolving the power (with a 'may' provision, instead of 'shall') to levy taxes, duties, fees, and tolls, according to the limits set and procedures laid down by the legislature of the state government. Most states have been reluctant to undertake measures to enhance

the powers of city governments over taxation, and levy of fees and user charges. Buoyant revenue sources such as stamp duties, and registration charges on properties and motor vehicle registration charges are generally not devolved to cities or are very nominally assigned.

[25] High Powered Expert Committee. (2011b). Report on Indian Urban Infrastructure and Services. Ministry of Urban Development. https://icrier. org/pdf/FinalReport-hpec.pdf

[26] World Bank Group. (2022, November 17). India's Urban Infrastructure Needs to Cross $840 Billion Over Next 15 Years: New World Bank Report. World Bank. https://www.worldbank.org/en/news/press-release/2022/11/14/india-s-urban-infrastructure-needs-to-cross-840-billion-over-next-15-years-new-world-bank-report

[27] Reserve Bank of India. (2022b). Report on Municipal Finances. https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/RMF101120223A34C4F7023A4A9E99CB7F7FEF6881D0.PDF

[28] Stansel, D. (2005). Local decentralization and local economic growth: A cross-sectional examination of US metropolitan areas. Journal of Urban Economics, 57(1), 55–72. https://doi.org/10.1016/j.jue.2004.08.002

States and devolution of taxes to city governments, by law
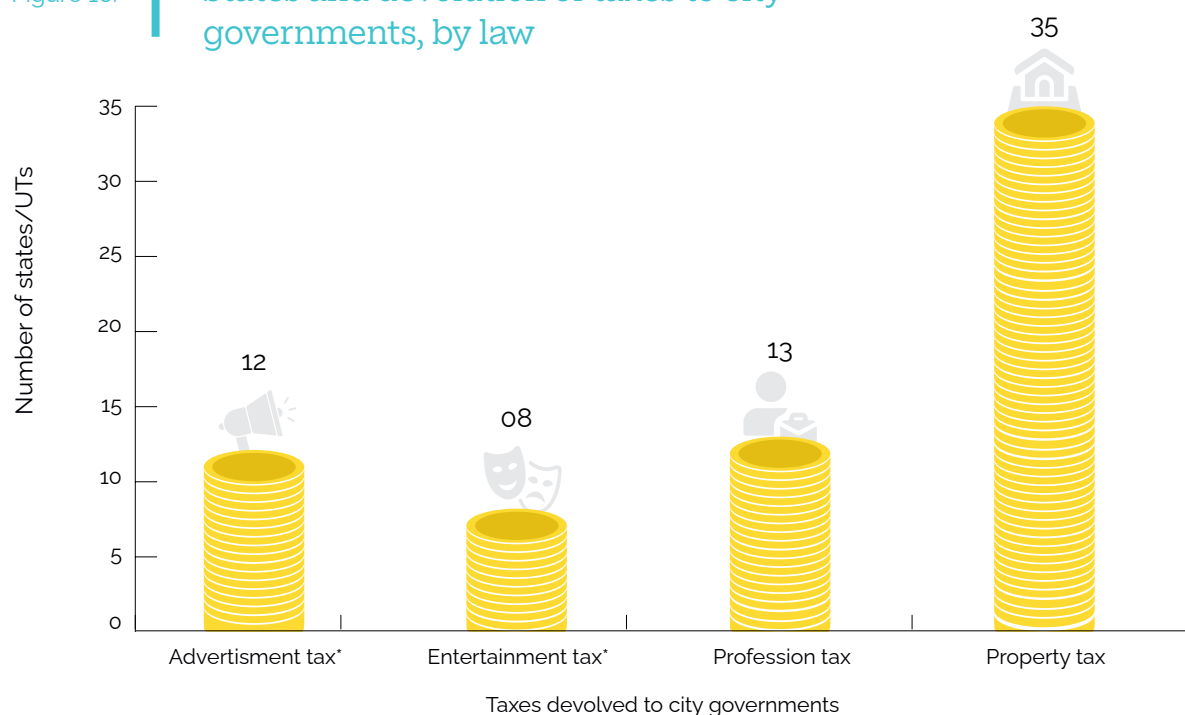
*Amendments to municipal acts post the introduction of GST Act, 2017 are only considered.

The Economic Survey of India 2016-2017 [29] found, however, that having powers to impose a greater number of taxes does not necessarily result in greater revenues for city governments. Factors such as the size of the tax base, the efficiency of tax collection, and the level of economic activity in the city areas influence the generation of revenues. This plays out clearly in the case of property tax which is the most dominant tax revenue stream for city governments in India. Even though all state governments have devolved the power to levy property tax, by law, they have not given adequate autonomy to city governments in determining the levy. The procedures for valuation, exemptions, and concessions, the floor and ceiling rates of tax, and administrative and enforcement mechanisms on matters such as delay, arrears, and evasion are laid down by the states. Except for a few states like Kerala and Maharashtra, the final authority on enumeration and assessment of properties lies with the state government or with the state-level committees/boards. However, even in these states, the power to increase the tax rates vests with the state government.

"Property tax is decided by the state government. It should be decided by the municipal corporation or at least at a district level. There is huge difference between the level of development in Panchkula and Pundri; development charges cannot be the same."

City government official*
Pundri

*Requested anonymity

[29] Economic Survey 2016-17. (2017). In India Budget. Department of Economic Affairs, Ministry of Finance, Government of India.

Initiatives by the Government of India

The XV Finance Commission of India, in its report for 2020-21, states that for city governments to qualify for grants from 2021-22 onwards, state governments have to notify floor rates for property tax and thereafter show consistent improvement in collection, in tandem with the growth rate of the state's own GSDP. The Ministry of Finance, as part of the additional borrowing of 2 per cent of GSDP to states for 2020-21 under the 'Atmanirbhar Bharat Abhiyan', has also called for states to reform property tax valuation (linked to 0.25 per cent of the additional borrowing), by linking floor rates to prevailing guidance values/circle rates and putting in a system for periodic revision of property tax rates (similarly for user charges). As a first step towards achieving these, MoHUA has published 'A Toolkit for Property Tax Reforms' to provide an easy-to-use handbook for policymakers who are interested in property tax reforms. Most recently, the Ministry of Finance announced a INR 5,000 crore Scheme for Special Assistance to States for Capital Investment 2023-24 – Part IV (Financing Reforms in Urban Local Bodies to make them creditworthy for Municipal Bonds and for Issue of Municipal Bonds). The scheme incentivises states that are undertaking property tax governance reforms, such as the creation of a GIS-based, dynamic digital property register, the integration of all municipal records with utility and stamp duty registration records, and the creation of an MIS-system for driving data-based decision making.

Even as efforts are made to devolve greater powers over taxation, there is an urgent need to ensure that city governments optimise existing own revenue potential that is within their full control. Available information shows that, compared to the developing countries' average of 0.7 per cent of GDP, property taxation in India only generates 0.2 per cent of GDP.[30]

Currently, there is an absence of credible and available data on the extent of revenue efficiency in city governments. Further, even where data is available, a serious evaluation of each stage of the life cycle of each revenue stream such as property tax, user charges, lease rentals and parking fees, and so on, and thereafter, measures to gain assurance on revenue efficiency, have not been undertaken.

However, global experience in decentralisation indicates there is no one right way to devolve funds to cities. Countries such as Brazil and the United Kingdom, which have provided greater powers to city governments constitutionally, have opted to assign a percentage of federally-levied revenues rather than devolve those revenue streams to city governments. In such cases, however, predictability of fiscal transfers basis well-defined formulae need to be ensured.

How do we fix this?

Fiscal decentralisation is critical to securing the financial sustainability of cities and therefore, their infrastructure and service delivery. A useful starting point for the agenda of fiscal decentralisation could be to arrive at how much money is required to meet the functional obligations of a city government, and therefore what revenue powers need to be devolved and how much funds need to be devolved as fiscal transfers (besides appropriately factoring in municipal borrowings). The union government could demonstrate thought leadership by commissioning an empirical framework that state governments and city governments of different sizes and types can use.

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[30] Rao, M. (2013). Property Tax System in India: Problems and Prospects of Reform. National Institute of Public Finance and Policy, New Delhi
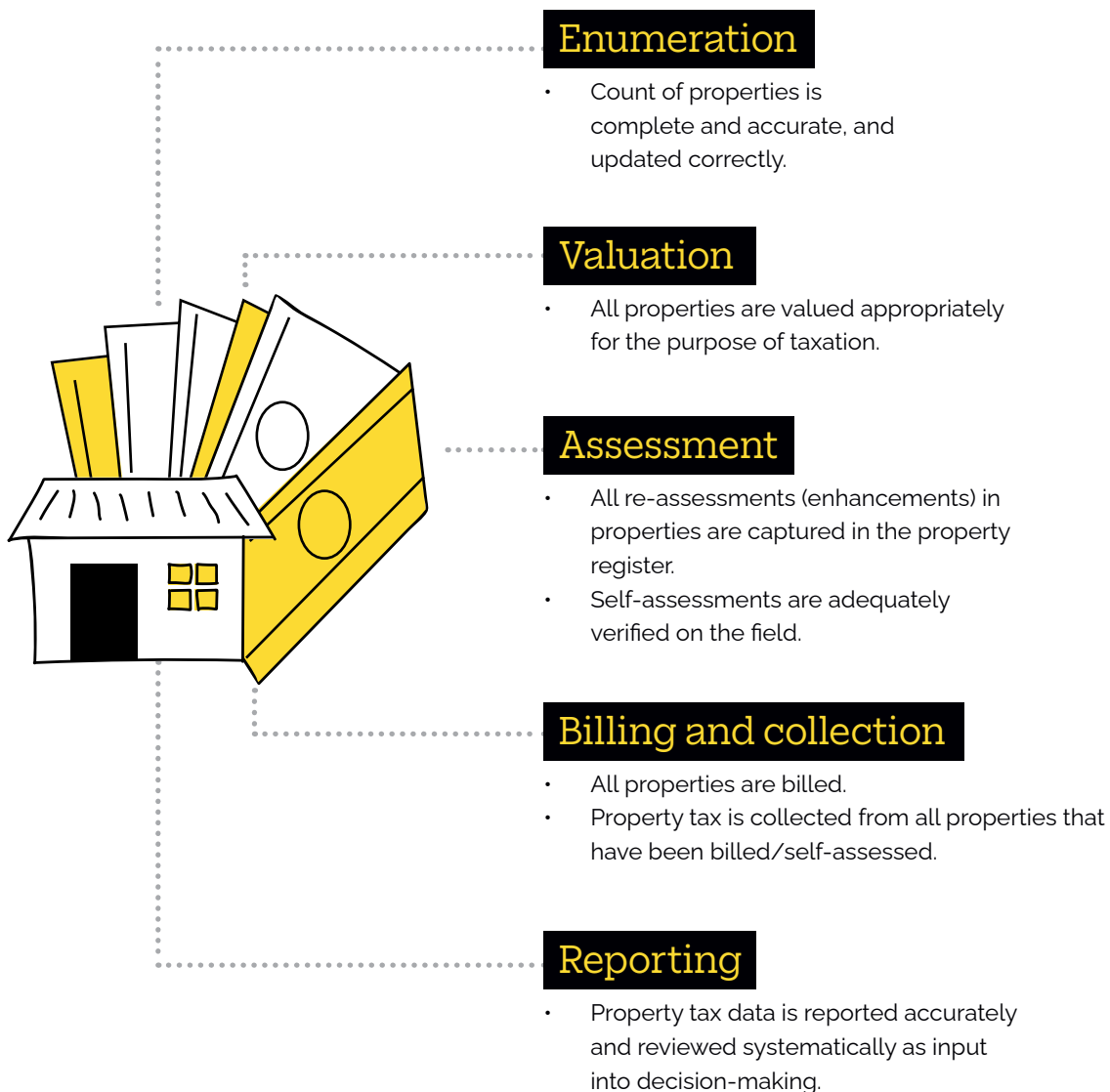
A systematic effort needs to be undertaken to identify, and devolve or assign to city governments, buoyant revenue streams which are linked to the economic growth of the city. In the case of major revenue streams such as stamp duties and registration charges, motor vehicle charges, and even GST, there is a need for a framework at the state level with regard to devolution or assignment of revenue streams to city governments. The ability of city governments to gain a share of the economic growth of their cities would also be enhanced through greater powers over land and property.

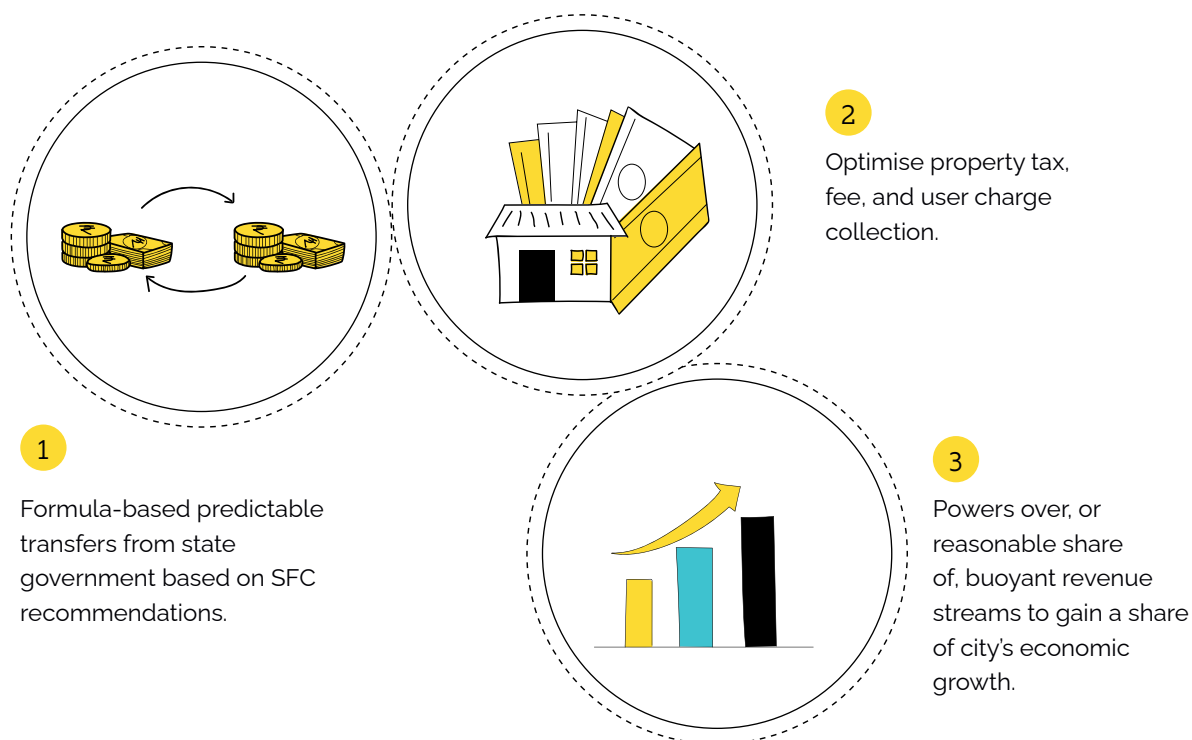Additionally, city governments need to optimise own revenues. A 'whole-of-systems' transformation, comprising the five stages of the property tax life cycle (Figure 17), rather than a piecemeal approach would serve city governments well. A similar approach could be adopted for fees and user charges as well.

There is also a need for state governments to increase grants through SFCs and reduce discretionary and tied grants, so as to facilitate medium-term fiscal planning by city governments. SFCs may arrive at a steady mix of own revenues and grants (including assigned revenues) for city governments every five years, and track performance against the same.
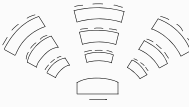
Figure 17: | The five stages of property tax life cycle

Enumeration
- Count of properties is complete and accurate, and updated correctly.

Valuation
- All properties are valued appropriately for the purpose of taxation.

Assessment
- All re-assessments (enhancements) in properties are captured in the property register.
- Self-assessments are adequately verified on the field.

Billing and collection
- All properties are billed.
- Property tax is collected from all properties that have been billed/self-assessed.

Reporting
- Property tax data is reported accurately and reviewed systematically as input into decision-making.

Target outcomes for cities through municipal taxation and transfers

1 Formula-based predictable transfers from state government based on SFC recommendations.

2 Optimise property tax, fee, and user charge collection.

3 Powers over, or reasonable share of, buoyant revenue streams to gain a share of city's economic growth.

Actions

Tier of government	Short term (<1yr)	Medium term (1-3 yrs)
Union	• Incentivise property tax, fee, and user charge reforms.	• Evolve empirical framework to determine cost of service delivery/ expenditure obligations of city governments.
State	• Constitute SFC and implement its recommendations. • Build shared capacities at the state level to circumvent the challenges of human resources.	• Evolve devolution frameworks for major revenue streams. • Amend state acts/rules on property tax, fees, and user charges, and devolve full powers over such revenue sources to city governments.
City	• Improve return on assets, particularly on leased properties. • Undertake technological interventions to improve property tax billing and collection efficiency.	• Optimise revenue by evaluating each stage of the revenue streams, and thereafter, measure to gain assurance on revenue efficiency.

Instruments of Change

8 Municipal Borrowings and Audited Financial Statements

Catalyse large-scale financing for urban infrastructure through municipal borrowings, on the back of a robust framework for financial and performance reporting by city governments.

"Urban infrastructure begins in our towns and cities, created and maintained by municipal corporations, which can be financed by the issuance of municipal bonds. Such municipal bond issuance connotes a superior corporation that has well-organised finances, due financial and related records, and has aligned itself with the bond market to bring the best value for its stakeholders. We look forward to more and more municipal corporations becoming integrated with the Indian bond markets and winning accolades from investors and citizens alike!"

Pramod Rao
Executive Director
Securities and Exchange Board of India

◥ **Even as we further fiscal decentralisation and revenue optimisation, we need to orient city governments towards market-based financing, and robust financial and performance reporting on which such financing is contingent**

The World Bank estimates India's urban infrastructure financing requirement at USD 840 billion over the next 15 years i.e. USD 55 billion per year on average. This financing requirement is much larger than the current trends in grants to and own revenues of city governments. The RBI estimates total revenue receipts at 0.72% of the GDP in FY 2019-20 for municipal corporations i.e. USD 12.8 billion. Yet, while union and state governments by themselves and through various affiliated entities engage in capital markets actively, city governments in India have not taken advantage of their possibilities. Over the last 27 years since the first municipal bond was issued, municipal bond issuances in India have amounted to approximately INR 4,433 crore.

The lack of robust financial and performance reporting including budgetary processes, besides certain specific enabling institutions and institutional mechanisms have inhibited the rapid growth of municipal borrowings in India.

India's cities are also characterised by weak levels of financial transparency, and financial and performance reporting. As can be seen in Table 9, overall, mega and large capital cities have relatively better financial transparency. (Refer to data table 62 of ASICS 2023 Data Book for city-wise details on financial transparency).

Did you know?

The RBI report on municipal finances (2022) points out that 97 municipalities in South Africa have borrowed the equivalent of US$4.7 billion of which one-third is through bond issuances, during the 2003-2021 period.

Table 9: | **Asymmetry of financial transparency in the capital cities of India**

Financial data	Mega (>4mn)	Large (1-4mn)	Medium (0.5-1mn)	Small (<0.5mn)	All India
Annual Audited financial statement	1	3	2	3	9
Quarterly audited financial statement	0	0	0	0	0
City budget	6	6	4	5	21
Ward budget	1	0	0	0	1
Internal audit	0	0	0	1	1

Source: : Websites of city governments of 35 capital cities as of 31 July 2023.
Note:
1. As Chandigarh is a UT and the capital of Punjab and Haryana, it is counted only once. Hence, there are 33 unique capital cities across the 35 states/UTs.

A key signal of weak Fiscal Responsibility and Budget Management (FRBM) is the significant budget variance of city governments (>30 per cent). Our analysis of the receipts and expenditure of 12 cities in India over three years shows that cities on average have a budget variance of 43 per cent in terms of receipts and 45 per cent in expenditure. Cities such as Patna, Kochi, and Hyderabad perform the worst, with budget variances significantly higher than the average.

Budget variance (receipts and expenditure) varies across cities in India
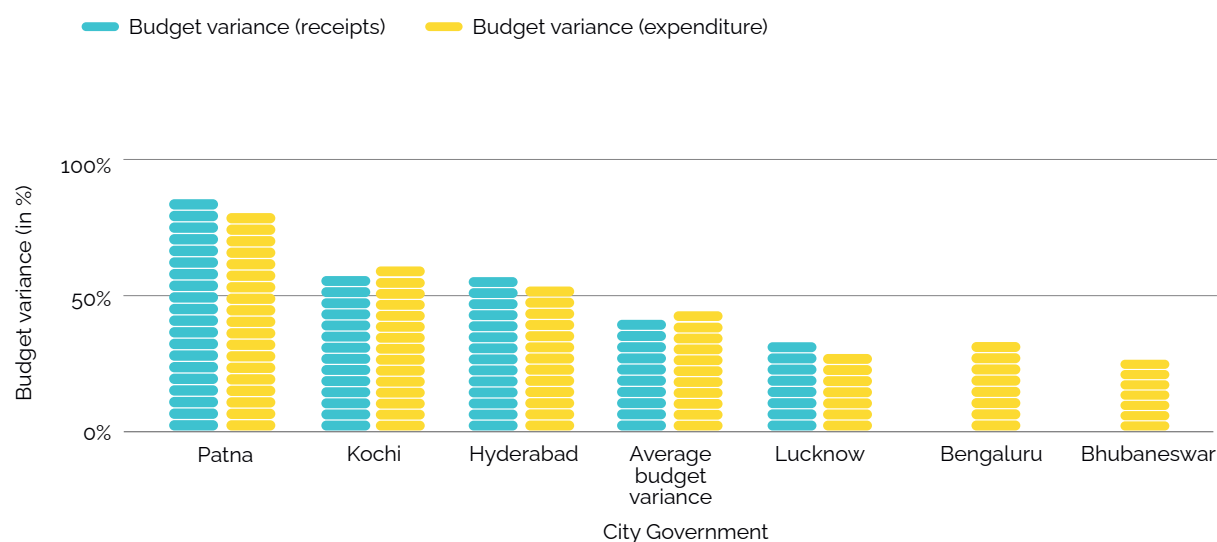
Source: Budget documents of city governments (2015-22).

Our analysis shows that 22 out of 35 states/UTs have mandated for external audit of annual accounts across all city government categories. (Refer to data table 54 of ASICS 2023 Data Book for more details). However, only two out of 35 states/UTs (Assam and Karnataka) have even mandated city governments to draw up medium-term fiscal plans, leave alone implemented them. Medium-term fiscal plans are necessary to ensure that annual budgets are anchored in a medium-term perspective and subject to the required levels of analytical rigour, and checks and balances in budget management.

Key Initiatives by the Government of India

In her budget speech for 2023-24, Finance Minister Nirmala Sitharaman stated that cities will be encouraged to undertake urban planning reforms. To be able to raise adequate resources for urban infrastructure development, transit-oriented growth, etc., she recognised the need for incentives to help cities improve their credit worthiness for municipal bonds.

The Securities and Exchange Board of India (SEBI) issued the 'Issue and Listing of Debt Securities by Municipalities' (ILDM) Regulations in 2015. This expanded the municipal bond market in India by providing greater flexibility to municipalities while strengthening protection for investors. Subsequently, there has been an increase in municipal bond issuances since 2015. Of the 56 per cent of total issuances to date, which amount to INR 2,464 crore, over 15 issuances have been raised post-2015 by 11 ULBs and one state government agency. Of these 11

ULBs, six have been first time issuers.

Over the years, MoHUA has been providing incentives to ULBs for issuance of municipal bonds at the rate of INR 13 crore per INR 100 crore of issuances. Under AMRUT, credit rating was undertaken for 468 ULBs. 163 ULBs received investible grade rating with 36 cities getting an A- or above.

The Ministry of Finance recently announced a INR 5,000 crore Scheme for Special Assistance to States for Capital Investment 2023-24 – Part IV (Financing Reforms in Urban Local Bodies to make them creditworthy for Municipal Bonds and for Issue of Municipal Bonds). This scheme incentivises states for taking material steps to undertake a pooled municipal bond issuance.
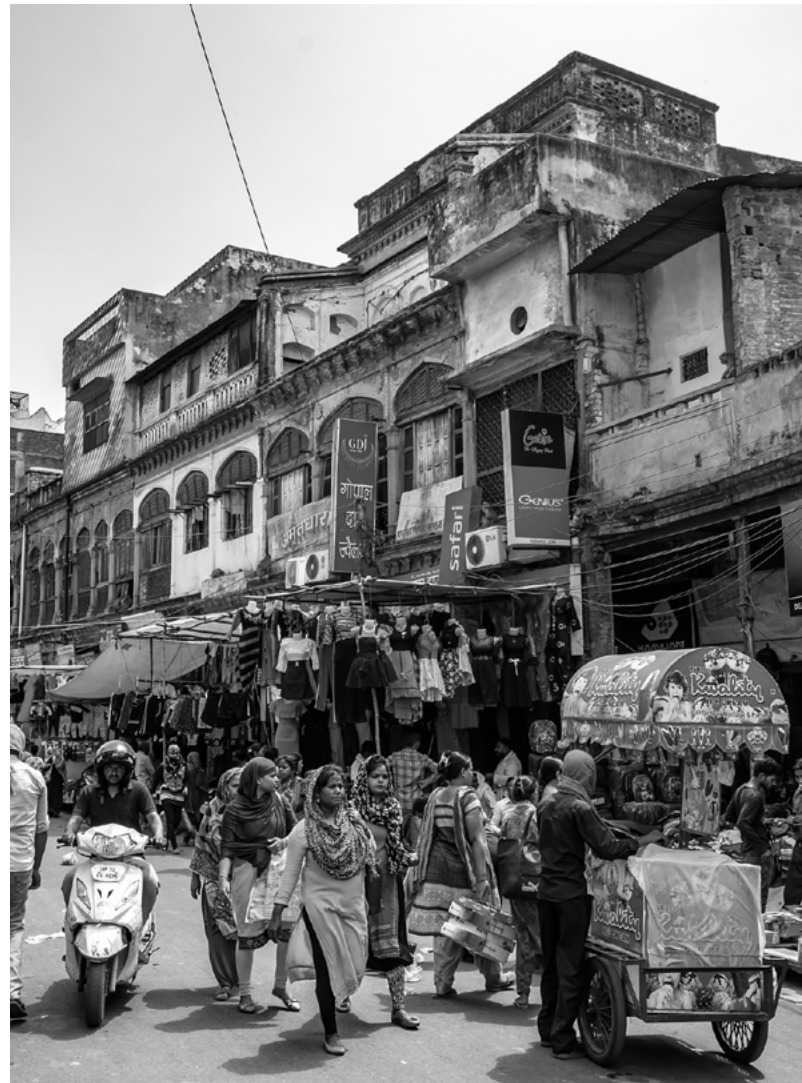
How do we fix this?

While a wide gamut of reforms are needed in the financial management of city governments, the reform which is a necessary (but not sufficient) condition to catalyse large-scale municipal borrowings is the publication of timely, audited, and comparable financial statements by city governments. By financial statements here we refer to the full set of general purpose financial statements comprising audit report, balance sheet, income statement, cash flow statement, schedules to balance sheet, income statement and cash flow statement, significant accounting policies, and notes to accounts. Audited financial statements serve as instruments of trust between the entity in question, here the city government, and a range of market players such as banks, financial institutions and lenders, credit rating agencies, investors, and even citizens. When audited by independent experts (say, chartered accountants), they establish the credibility of city governments with respect to their financial position and financial performance. While the XV Finance Commission has taken a giant leap by mandating the publication of audited financial statements by all city governments to access any grants, most state municipal acts do not yet mandate publication of timely and audited financial statements by their city governments.

FRBM legislation for cities (or equivalent provisions in state municipal acts) that inter alia mandates the empanelment of chartered accountants and the publication of audited financial statements within pre-defined timelines (say, four months before the close of the financial year) would be a positive first step. Further, to facilitate a consolidated and comparable view of the finances of city governments, eXtensible Business Reporting Language (XBRL) (or the equivalent) needs to be actively explored.
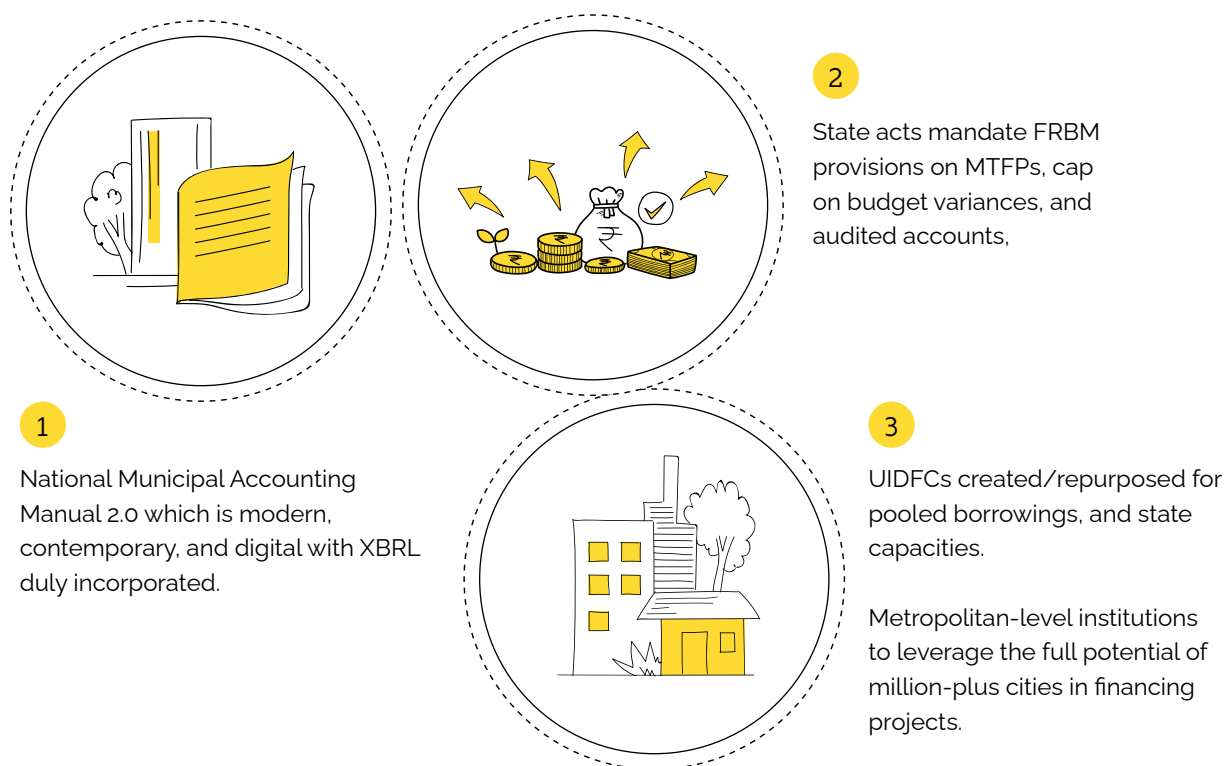
We also need enabling institutions and institutional mechanisms to support city governments, particularly those that do not possess the skills and capabilities or economies of scale to avail municipal borrowings in a cost effective manner.

Some of them include:

- Urban Infrastructure Development Finance Corporations (UIDFCs) at the state level for pooled borrowings and shared capacities, including in project identification, project development, DPR preparation, inventorising land and property, asset management and optimisation, and procurement.
- New metropolitan institutions for larger cities to realise the full economic potential of their economies and channelise them into financing projects.
- Credit guarantee and equivalent support.

Target outcomes for cities through municipal borrowings and audited financial statements

1 National Municipal Accounting Manual 2.0 which is modern, contemporary, and digital with XBRL duly incorporated.

2 State acts mandate FRBM provisions on MTFPs, cap on budget variances, and audited accounts,

3 UIDFCs created/repurposed for pooled borrowings, and state capacities.

Metropolitan-level institutions to leverage the full potential of million-plus cities in financing projects.

Model

Bruhat Bengaluru Mahanagara Palike (Fiscal Responsibility and Budget Management) Rules, 2021

The BBMP Fiscal Responsibility and Budget Management (FRBM) Rules, 2021 was introduced by the Government of Karnataka to bring BBMP under the overall ambit of fiscal responsibility as enunciated first in the Karnataka Local Fund Authorities Fiscal Responsibility Act, 2003.

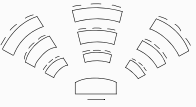The primary objectives of the FRBM rules were to:
- Ensure annual budgets are realistic and commensurate with revenue track record and potential.
- Mandate medium-term fiscal plans.
- Usher in radical transparency in budgets and civic works, and citizen participation in budgeting.

Key provisions of the rules are as follows:
- Mandates BBMP to take appropriate measures to eliminate the revenue deficit and build up adequate revenue surplus.
- A four-year, rolling medium-term fiscal plan (reviewed annually) with 21 fiscal indicators.
- Audited annual accounts of the previous year to be published before 31 August each year.
- Mandates public consultation in city budgeting and sets aside 10 per cent of the annual available amount for development works for works recommended by citizens.

Source: FRBM Rules (2021). Government of Karnataka. https://dpal.karnataka.gov.in/storage/pdf-files/(41%20of%202003)%20(47)%20BBMP.pdf

Actions

Tier of government	Short term (<1 yr)	Medium term (1-3 yrs)
Union	• Evolve National Municipal Accounting Manual 2.0, including XBRL-based reporting for budgets, and accounts of city governments. • Publish models and templates for FRBM for city government.	• Incentivise adoption of NMAM 2.0 and XBRL by states.
State	• Create/repurpose urban infrastructure development finance corporations or the equivalent. • Inventorise public lands in cities and reimagine project procurement.	• Enact FRBM legislation and mandate audit of annual accounts by CAs by 31 July each year.
City		• Implement budgeting and accounting reforms.

Instruments of Change

9 Digital Public Finance Management

Digital grant management tools for timely transfer of grants to city governments, tracking of physical and financial progress of infrastructure projects, and reporting and monitoring based on a single source of trusted data.

"The grants dashboard is a technology-driven tool for financial management on real-time basis for monitoring expenditure across 115 ULBs in the state of Odisha. It not only provides data on budget vis-a-vis expenditure, but also helps in data analytics for better decision-making at the state and ULB level. Recently, the Housing and Urban Development Department, in collaboration with team Janaagraha, implemented the grants dashboard. It also has API integration with IFMS, so that real-time data is available on financial management for different schemes. It is even pacing the expenditure across the year along with the Monthly Expenditure Plan (MEP) and the Quarterly Expenditure Plan (QEP) for all stakeholders."

Sanjay Pramanik
Officer on Special Duty and Former Financial Advisor
Housing and Urban Development Department
Government of Odisha

Current Public Finance Management (PFM) systems depend heavily on manual interventions and do not offer an integrated view of expenditure performance of city governments

PFM systems process and monitor the transfer of financial resources between levels of government. These processes also ensure the timely disbursal of funds and their effective utilisation. They enable tracking of financial outlays alongside physical outputs through a full life cycle or journey of the rupee from origin to destination.

PFM systems are critical because, on average, grants constitute 55 per cent of the total income of city governments in India, and these grants are processed through PFM systems.[31] PFM systems for cities are mostly manual or based on disparate, fragmented IT systems (accounting systems, IFMIS, e-office, PFMS, stand-alone MISs, etc.). State governments are unable to ascertain, in a reasonable, holistic manner, which city is eligible for what sources of funds, what eligibility criteria they have fulfilled and not fulfilled, and reasons thereof, how much of the eligible grants they have drawn down, and what stage of procurement and expenditure they are at in utilising the grants, and finally whether outputs or services accomplished with the grants are at predefined standards. City governments too are unable to fully access and utilise grants in a timely manner. Around 90 per cent of India's 4,800+ cities do not have digital systems to track the physical and financial progress of grant-funded infrastructure projects[32]. Digital PFM systems can catalyse a transformation in grant management in cities.

City governments predominantly access grants (and scheme funds) from up to six broad sources, namely, central finance commission grants, Swachh Bharat Mission funds, AMRUT funds, Smart Cities Mission funds, state finance commission grants, and discretionary grants from state governments (the last category itself may have several sub-categories in the form of state schemes and missions). Under each of these sources, transfers to city governments are subject to fulfilment of predefined eligibility criteria or conditions. Today, there is no mechanism to ensure that city governments draw down all funds they are eligible for and utilise them effectively and efficiently. This results in poor resource efficiency, inefficient and ineffective public expenditure management, and poor infrastructure and service delivery for citizens.
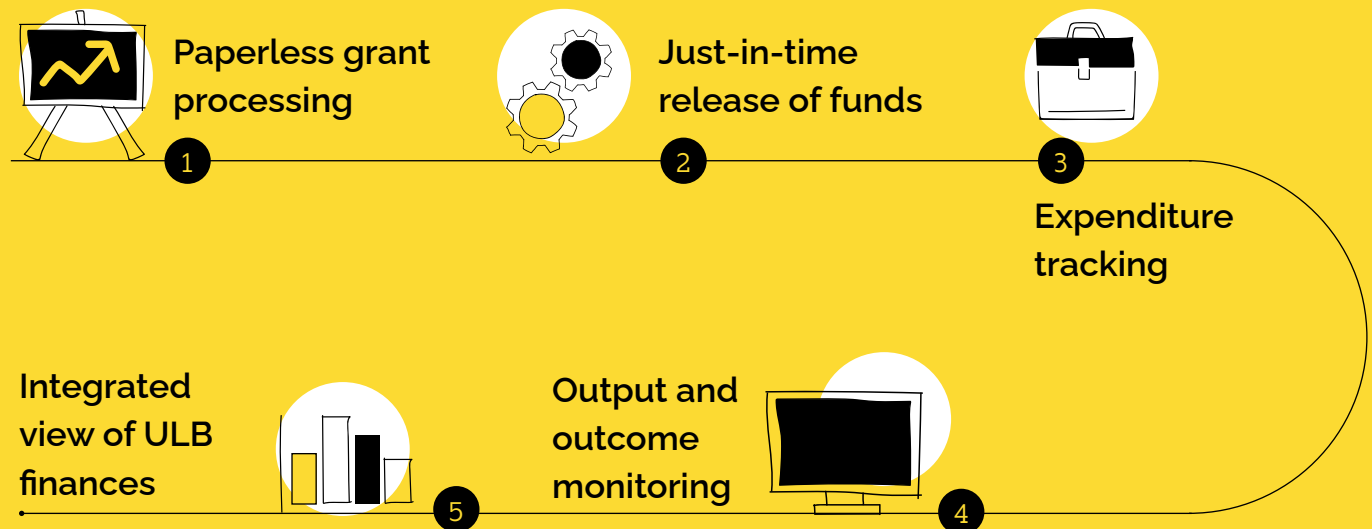
How do we fix this?

A comprehensive digital PFM system with the ability to track the fund utilisation of city governments and parastatals, and map the assets created from the various grants and other transfers from union and state governments can significantly strengthen public expenditure management across states. The digital PFM system will help achieve the following:

- Convey the information about allocation under different schemes at the start of the year (including information on installments, quantum, related compliances, and due date).
- Track compliances across levels for visibility on status and enabling corrective action.

- Monitor grant disbursal and expenditure by city governments/parastatals on real-time basis.
- Provide real-time expenditure data, patterns, and forecasts for making budget reallocation decisions.
- Track projects/outputs throughout the project life cycle for monitoring of ongoing works and outputs.
- Monitor key performance indicators, scheme and city government wise.
- Make available data (at least on allocation, release, utilisation, and outputs) in the public domain, bolstering accountability.

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[31] State of Municipal Finances in India: A Study Prepared for the Fifteenth Finance Commission. (2019, March). Indian Council for Research on International Economic Relation. https://fincomindia.nic.in/writereaddata/html_en_files/fincom15/StudyReports/State%20of%20Municipal%20Finances%20in%20India.pdf

[32] This is approximation based on our assessment of existing IT systems in ULBs across India.

Automated grants management systems: A use-case for digital PFM

Paperless grant processing — 1

Just-in-time release of funds — 2

Expenditure tracking — 3

Output and outcome monitoring — 4

Integrated view of ULB finances — 5

Target outcome for cities through digital PFM

1

Grant dashboard that ensures real-time monitoring of expenditure by city governments and parastatals for state and union transfers (spending efficiency, data-backed decision on allocation and mid-year re-allocation).

2

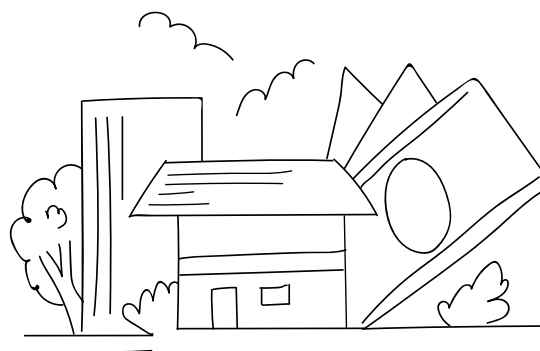Improved budgetary, accounting and auditing processes of city governments, and tools that facilitate budget preparation and execution.

Model

cityfinance.in

The Cityfinance.in portal is the Ministry of Housing and Urban Affairs (MoHUA), Government of India's national municipal finance platform. It was launched in June 2020 and aims to solve the problem of availability of standardised, timely, and credible financial information on India's cities, starting with city governments. The portal facilitates benchmarking, comparison, and peer learning between ULBs.

Since November 2020, MoHUA, the nodal ministry at the union level for XV Finance Commission (FC) grants to city governments has been using the portal to manage a substantial portion of the XV FC grant life cycle. This has a direct impact on fiscal transfers of over INR 1 lakh crore from the Government of India to all 4,800+ cities across 28 states for the award period 2021-22 to 2025-26.

Source: City finance. (n.d.). https://cityfinance.in/dashboard/national/61e150439ed0e8575c881028

The grant management system on cityfinance.in has digitised workflows and all data has been generated in a digital, machine-readable format. As of 1 July 2023, over 3,000 city governments have published audited and provisional annual accounts for the financial years 2019-20, 2020-21, and 2021-22. Over 4,400 city governments across India actively use and engage with the portal to claim their XV FC grants. Dashboards at state and MoHUA levels help in monitoring the progress of city governments on compliance with eligibility criteria for XV FC grants on a real-time basis.

Actions

Tier of government	Short term (<1 yr)	Medium term (1-3 yrs)
Union	• Link all MISs of centrally-sponsored schemes and XV Finance Commission to have real-time, city-wise tracking of compliance, grants, and outputs.	• Develop data standards for enabling interaction between different digital systems. • Institutionalise cityfinance.in as a public good.
State	• Take steps to link existing digital solutions through Application Programming Interfaces (APIs). • Develop a grant management system based on evolving digital PFM principles like shared registries, data standards, interoperability, open – standard APIs, using open source and digital public goods. • Pilot the grant management system in select cities for select schemes.	• On-board all schemes and city governments/parastatals on the grant management system. • Adopt a framework that will guide development of any new systems, ensuring data exchanges between existing systems. • Scale digital PFM systems state-wide.
City	• Implement digital PFM systems to manage finance and accounts.	

Instruments of Change

10 Municipal Shared Services and Cadre and Recruitment Rules

A contemporary and strategic approach to human resource management will fundamentally transform the organisational effectiveness of city governments.

"In the realm of urban development, Municipal Shared Services offer a strategic solution for smaller Indian cities grappling with staffing challenges, allowing them to optimize their resources, embrace digital tools, and build capacities collectively, thus fostering a resilient and capable urban landscape."

G Mathi Vathanan, IAS
Principal Secretary
Housing and Urban Development Department
Government of Odisha

City governments face three serious deficits as far as talent (used interchangeably in this report with 'human resources' and 'staffing') is concerned. They are:

01 A quantity problem, relating to the adequacy of the number of staff required to meet service levels commensurate with population and benchmarks

Our analysis of the CAG's performance audit reports on the implementation of the 74th CAA across 13 states covering 470 city governments shows that, on average, there is a 36 per cent vacancy across city governments.

Figure 19: **Vacancy progressively worsens as we go from municipal corporations to town panchayats**
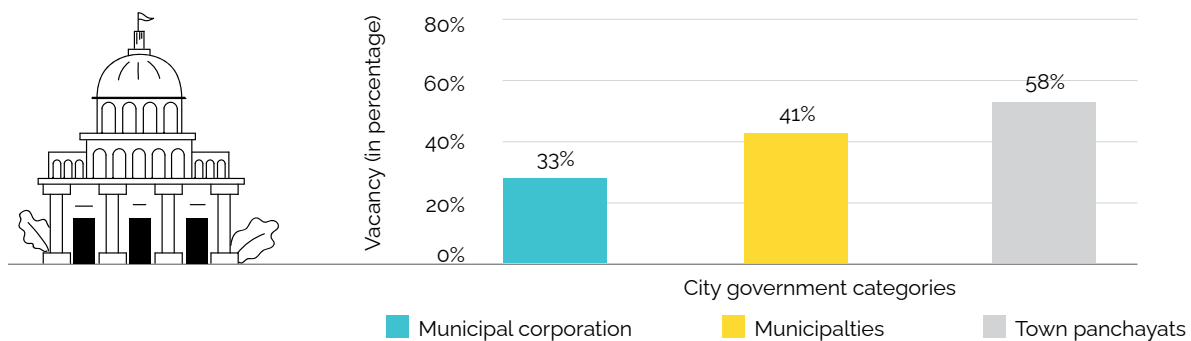
Source: Analysis basis the CAG's performance audit reports on the implementation of the 74th CAA across 13 states for the period 2015-2020 (Kerala from 2015-2021). The data was available for six out of 13 states - Chhattisgarh, Haryana, Madhya Pradesh, Maharashtra, Rajasthan, and Tripura.

Figure 20: **In a comparison between mega cities of India and global cities such as London, and New York, and Johannesburg, even though our cities have relatively equal or even more population, municipal staff per lakh population is significantly less**
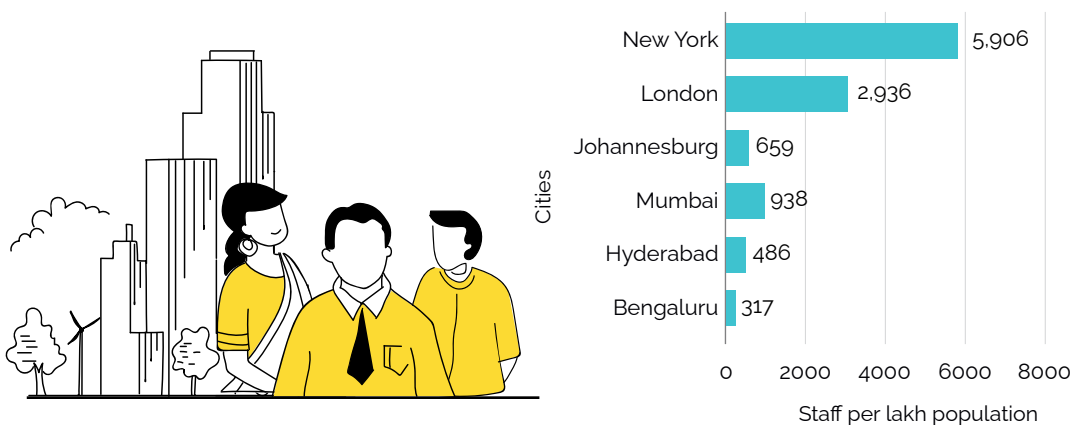
Source: RTI applications, City government websites
Note:
1. Data has not been normalised for functions.

These vacancies have been evaluated against sanctioned posts which themselves, in many cases, have not been updated in a scientific manner commensurate with the growth of cities. The CAG's performance audit reports of 13 states on the implementation of the 74th CAA also observe that quite often, sanctioned strength is based only on population rather than the more relevant underlying key drivers for staffing particular roles. For example, in Karnataka, criteria such as geographical area, type of population, and number of properties are not taken into consideration while determining sanctioned posts. The sanctioned strength was observed to not be commensurate with the city population and requiring revision in 34 out of 44 test-checked cities. In Maharashtra, the sanctioned staff strength was found to not consider population, resulting in wide variations in sanctioned positions vis-à-vis population ranging from 0.35 per thousand population to 15.46 per thousand population in 44 test-checked ULBs.

In terms of grades, the CAG's performance audit on the implementation of the 74th CAA finds that in Haryana, staff vacancy is 98 per cent in public health and 83 per cent in the sanitation. In Himachal Pradesh, there is 43 per cent and 60 per cent vacancy in the sanitation and forest departments respectively.

The absence of adequate staff has a direct impact on service delivery. The Economic Survey 2016-17 found correlations between better service delivery and staffing, inferring that more human resources may be associated with higher public expenditure and therefore better outcomes. The staff per capita in some of India's largest city governments is up to six times lesser than some of the best run cities in the world, as seen in Figure 20.

"Staff is very less. The sanitary inspector is not able to visit as he has three charges. We had one accountant and he also left. Another one has an additional charge. We have one municipal engineer and two junior engineers, all three are outsourced (not regular staff)."

City government official*
Hansi

*Requested anonymity

02 A quality problem, relating to skill sets and competencies possessed by municipal staff to deliver public services at commensurate service levels

While our analysis shows that 24 out of 35 states/UTs have municipal cadres in India, mostly, the cadre and recruitment rules only mention the bare minimum qualifications. For example, in Bengaluru, the only criteria for the joint commissioner of solid waste management is that they be deputed from the IAS or from the state administrative service.[33] There is no mention of any managerial or technical competencies, or of the relevant work experience required for the role. While Odisha provides that the post of chief finance officer of the city (direct

recruitment) must have completed CA under ICAI or CWA from ICWAI,[34] the recruitment rules do not mention managerial or behavioural competencies.[35] The Telangana Municipal Ministerial Subordinate Service Rules, 2012 (applicable for the revenue department) allows personnel with 12th grade qualification to become a revenue officer based on seniority. In comparison, global cities appear to have detailed and scientific workforce planning, and accordingly layout job descriptions to match skills and qualifications with the job. For example,

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[33] Government of Karnataka. (2018). Bruhat Bengaluru Mahanagara Palike (General Cadre and Recruitment of Officers and Employees) Rules, 2018. https://site.bbmp.gov.in/departmentwebsites/Adminisration/documents/caderstrength/C%20&%20R.pdf

[34] Chartered Accountancy under Institute of Charted Accountants of India or Cost and Works Accountancy from Institute of Cost and Works Accountant of India

[35] Government of Odisha. (2017). Odisha Municipal Finance Services (methods of recruitment and condition of services) Rules, 2017. https://urban.odisha.gov.in/sites/default/files/2021-05/Rules_Odisha%20Municipal%20Finance%20Service%20Rules-2017.pdf

in the city of Johannesburg, for the position of 'executive director in economic development', the job description mentions technical requirements such as sector-specific experience in economic development, a comprehensive understanding of local government and its policy frameworks, etc. (Refer Annexure 2).

Systematic learning and development is critical to bolster the skills and competencies of municipal staff

City government staff often receive negligible training to perform their functions. Studies conducted by Janaagraha in Haryana[36] show that inadequate technical capability, lack of role clarity, and lack of training is a challenge across all types of city governments and functions.

Our analysis shows that only 14 out of 35 states (Arunachal Pradesh, Andhra Pradesh, Bihar, Chhattisgarh, Jharkhand, Karnataka (Bengaluru), Kerala, Madhya Pradesh, Maharashtra (municipal corporations), Odisha, Telangana, Tamil Nadu, and West Bengal (Kolkata) mandate any kind of training for officials. Our analysis of the CAG's performance audit reports across 13 states shows that five states namely, Chhattisgarh, Haryana, Himachal Pradesh, Manipur, and Uttarakhand have no state or city level training institutes to build state capacity. Out of the nine states that have training institutes, only Kerala conducts an impact assessment of its training programmes.

The training conducted for city governments is usually fixed in nature and topic (conducted regularly and mandated at the state training institutes) or ad-hoc. India's city governments need a learning and development programme that is based on a competency gap assessment. This is to be in turn based on what outcomes are expected out of each role, and what are the position-wise need for training, across behavioural, domain, and functional areas, provided on time as per need, and with a feedback loop assessing the training for its impact on the learning and service delivery outcomes of the government official.

Did you know?

The performance management of Johannesburg is the primary mechanism to monitor, review, and improve the implementation of the city's Integrated Development Plan (IDP) and to assess the progress made in achieving the objectives set out in the IDP. It is an integrated approach that links city-wide to individual level performance management. The city's IDP informs the development of key areas of performance and targets across the performance levels. The key performance areas and indicators of performance, contained in the organisational scorecard, are cascaded into departmental and municipal entity scorecards, as well as into individual scorecards. The city manager is the custodian of the city scorecard and agrees with the executive mayor, as representative of the employer, on the delivery aspects of the scorecard. Both organisational and individual performances are assessed quarterly. Performance is rewarded with performance bonuses for employees.

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[36] Janaagraha Centre for Democracy and Citizenship. (2021). A New urban Agenda for Haryana. https://cdnbbsr.s3waas.gov.in/s33e9e39fed3b8369ed940f52cf300cf88/uploads/2022/08/2022081718.pdf

India's city governments do not have any performance measurement and management systems. There are also no mechanisms for performance-based incentives in any city, other than favourable remarks in the Annual Performance or Confidential Reports of individual staff. Bengaluru is the only city in the country that is mandated to establish a performance management system.[37] However, the same has not been implemented as the corresponding rules are yet to be notified. Performance management systems that objectively measure performance at individual, team and/or function and organisation levels, and a system of incentives aligned to the same, needs to be an essential component of any contemporary human resource management system.

> "Staff capability is an issue in the property tax department. Many of them don't know how to use a computer also when they get deputed. There is no capacity building."
>
> **City government official***
> Gurugram
>
> *Requested anonymity

03 An organisational design problem, relating to whether the number and quality of staff at different levels in the organisation are appropriate to the outcome expected

The CAG audit report on the implementation of the 74th CAA for the state of Karnataka found that 97 per cent of staff in city governments belonged to Groups C and D. Figure 21, shows that Karnataka has only 3 per cent of its total staff dedicated to management and administration of the whole organisation. Such a narrow leadership base and expansive span of control inhibits effective human resource management.

Figure 21: **Grade-wise staff strength in the city governments of Karnataka**

Grade A: 670 (1%)
Grade B: 1,088 (2%)
Grade C: 17,149 (30%)
Grade D: 37,586 (67%)
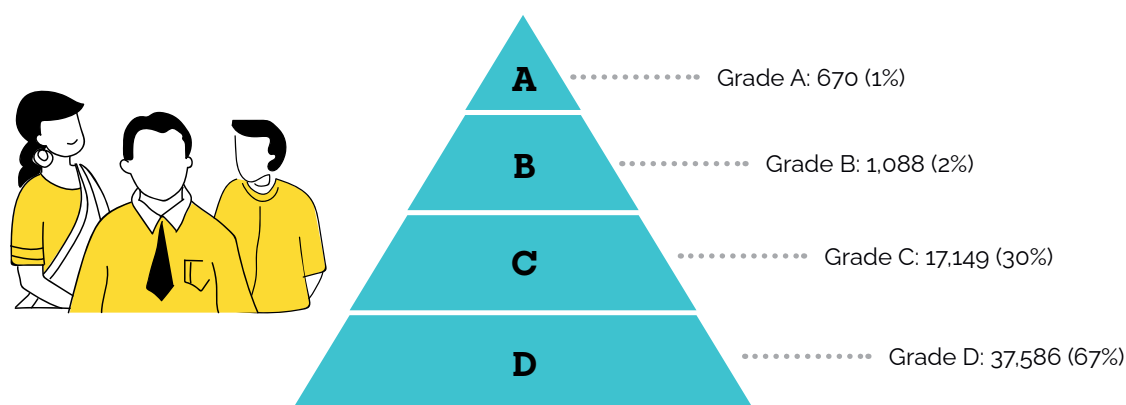
Source: CAG's performance audit on the implementation of the 74th CAA in Karnataka.

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[37] Section 128, BBMP Act, 2020

Initiatives by the Government of India

In 2014, JnNURM mandated that states must establish separate cadres for municipal administration and recruit them in city government in order to receive urban development funds. In the municipal cadres, the states are obligated to appoint officers in the fields of solid and waste water management, finance, municipal administration, urban transport and planning, and finance, and post them to city governments only.

In 2015, AMRUT also followed suit by including the 'constitution and professionalisation of municipal cadre' as part of its 11 reforms. These reforms comprise four milestones over set timelines, including the establishment of municipal cadre, cadre-linked training, policy for engagement of interns in city governments, and state policy for estimating the accurate number of functionaries of each city government through different criteria. As of 2019, 365 city governments under AMRUT mission across 21 states have their own municipal cadres.

In 2020, Mission Karmayogi, now 'Karmayogi Bharat,' was launched as an ambitious civil service reform. It is being adopted by some states and can easily be adopted for city governments as well.

How do we fix this?

The cadre and recruitment rules (by whatever name they are called) that generally govern human resource management in city governments need to be overhauled and brought up to date to contemporary standards that are fit for purpose in the Indian context. They need to cover i) number of staff required in each position in each function of the city government based on relevant underlying key drivers, which are in turn based on a robust estimation framework, ii) job descriptions based on skills and competencies (behavioural, domain-specific, and functional) needed for each position, iii) appropriate organisation design in terms of span of control, work allocation, and reporting lines, iv) a robust performance management system comprising key result areas at the department and individual level, and appropriate performance measurement and related incentive structure and v) a learning and development programme.

The union government's 'Karmayogi Bharat' uses a Framework of Roles, Activities and Competencies (FRAC)[38] process, which establishes the particular activities conducted by each role a person plays with the competencies a person is required to have to effectively deliver on the outcomes expected from them.[39] This is coupled with the Integrated Government Online Training platform (i-GOT), a digitally enabled tool for training supported by knowledge resources[40-]. The same is in the process of being adopted by some states and adapted for select departments by others. This can easily be replicated for the particular purpose of city governments, most of which will be typical across sizes, and will be governed by the same rules, in a given state.

The organisational effectiveness of a city government is not dependent on people or human resources alone, but also on the process design and workflows that the people are engaged in. It is imperative that a process mapping be conducted, starting from organisational diagrams, role allocations, and task mapping with related stages gates and documentation (approvals/proofs signifying completion). This will lead to identification of redundancies and stress points or bottlenecks that hamper performance towards service outcomes. If these are quantitative, it can lead to hiring or procurement. However, if these are qualitative, they can be identified in terms of process clarity, standard operating procedures, or simple tools and aids that can assist delivery.

It is equally imperative to identify the specific functions and services currently handled by officials that can be better managed (cost-efficiency and service-quality wise) by specialised service providers. The providers can be recruited/hired as common resources between cities or between the functions of a city. Such an 'outsourcing' plan is not envisaged as a series of engagements with contract staff but as a comprehensive exercise to identify outsourceable or shareable functions and services, laying down new process designs and workflows, and set standards for performance and estimate costs. This is the Municipal Shared Service Centre (MSSC) model illustrated on page 111.

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38 Government of India. (n.d.). iGOT Karmayogi Platform. https://karmayogibharat.gov.in/platform.php
39 The Framework of Roles, Activities, and Competencies (FRAC) and everything else of FRACing. (2021). https://www.istm.gov.in/uploads/mission_karmayogi/FRAC.pdf
40 The Framework of Roles, Activities, and Competencies (FRAC) and everything else of FRACing Part 2: The FRACing process. (2020). https://karmayogibharat.gov.in/Part2%20FRAC.pdf

Defining MSSC

Field services
Collections/operation and maintenance/monitoring, quality certification

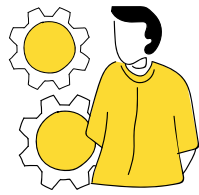**Models:**
Swiggy, Sani Track in Wai City, Maharashtra

Grievance redressal/Feedback
Monitoring/performance management/MIS

Models:
Punjab Municipal Infrastructure Development Corporation, Karnataka Municipal Data Society

Back-end services
Accounting/vendor payments/payroll/documentation/record keeping

Models:
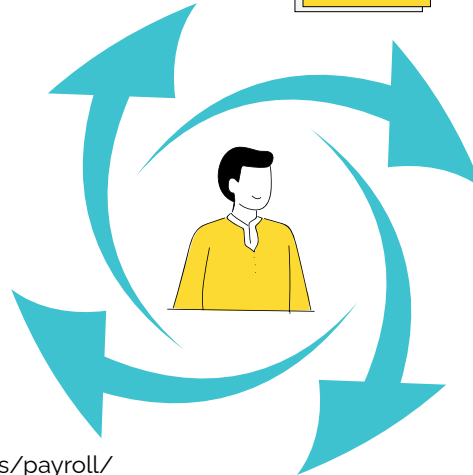Income Tax Central Processing Centre

Front-end office services
Certificate issuance queries/application processing approvals

Models:
Passport Seva Kendra, VFS Global, Common Services Centre, Haryana Saral Kendras

Benefits:
- Improved **coverage, service levels, and responsiveness**
- **Digitalisation** of citizen service life cycle: facilitate outsourcing
- Address **staffing and skill gaps**
- **Save costs, enhance revenues.**

Three kinds of services:
1. **Front-end citizen services and grievence redressal**
   - Birth/death certificates
   - Queries and complaints
   - One stop application for voter ID/Aadhar
   - Ration card.

2. **Back-end processing**
   - Contactless services (e.g. DBT of pension through AI/ML triggers)
   - Accounting
   - Vendor payments
   - Payroll processing
   - Documentation and record-keeping, data entry.

3. **Doorstep/field services**
   - Collections
   - Repairs and maintainance
   - Field supervision and monitoring, quality certification, etc.

In addition, other systematic approaches like lateral hiring, and fellowships and internships that facilitate infusion of fresh, market-oriented talent can make a substantive difference to organisational effectiveness and therefore, the quality of urban service delivery.

There are 3,500+ smaller cities (population <1,00,000) that face significant capacity constraints, particularly for specialised functions. There is an immense opportunity to address the challenge of capacities in smaller cities by leveraging the capacities of larger cities or pooling resources between themselves for shared human resources and shared community infrastructure (for example, Material Recovery Facilities (MRFs) for dry waste, or sewage treatment plants, etc.). This can also potentially be between panchayats and city governments. Emerging best practices, such as MRFs in Odisha shared with panchayats need to be replicated more broadly by states prioritising fast urbanising districts. The XV Finance Commission has allocated INR 450 crore for shared municipal service models on these lines.

Target outcomes for cities through MSSC and cadre and recruitment rules

1 Comprehensively updated cadre and recruitment rules for city governments.

2 Skills and competencies defined in contemporary terms with performance measures laid down and with periodic reviews.

3 Clustered approach to capacity-building for <1 lakh cities. Municipal shared services for:

- Field services (urban company/uberised models)
- Centralised processing centres for identified back-end services*
- Citizen seva kendras for front-end delivery

* For example, accounting, building plan sanction, vendor payments, HR process, etc.

Model

Passport Seva Kendra by Tata Consultancy Services

A Public-Private Partnership (PPP) contract between the Ministry of External Affairs (MEA) and Tata Consultancy Services (TCS) in 2008 has helped deliver passport services in a simple, reliable, and transparent manner. While the sovereign and fiduciary rights remain with the MEA, TCS handles the front-end activities and has exclusive outsourcing rights. Over 60 million passports have been processed within seven years of inception.
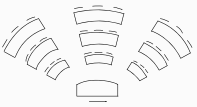
Some key features of the Seva Kendra services are:
- Queue management and appointment system to reduce waiting time.
- Mobile-based alerts and a 24*7 call centre provide real-time application updates.
- Online payment system and central print facility.

Some of the impact achieved includes reduction in passport delivery time to four days (urgent) and 45 days (regular), and reduction in waiting time (during application) from four hours to 45 minutes.

Source: TCS helps Indian Passport office attain new heights. (n.d.). https://www.tcs.com/what-we-do/industries/public-services/case-study/e-governance-passport-transform-indian-passport-office

Actions

Tier of government	Short term (<1 yr)	Medium term (1-3 yrs)
Union	• Expand Karmayogi Bharat to include city government officials (login based state acceptance) based on typical positions and courses. • Create task-force to work with states for model cadre and recruitment rules, and HR policies for municipal cadre officials.	• Publish and notify model HR policies for city governments (incl. destination organisation charts, normative standards for job roles and number of staff, and model job descriptions.) • Publish model cadre and recruitment rules applicable to municipal cadres proposed already and adopted by several states.
State	• Adopt Karmayogi Bharat or devise equally comprehensive CBHRM. • Sponsor pilot projects to test the feasibility of technology-based outsourcing solutions in select functional areas (e.g. property tax collections, accounting) covering most cities or applicable to clusters.	• Adopt above framed HR policies, and cadre and recruitment rules of the union, or create anew to bring state municipal cadre up to contemporary and market-friendly standards.
City	• Conduct process and people mapping, and necessary re-engineering, with CBHRM frameworks linked to L&D plans and performance metrics at the staff and department level.	• Create a medium-term workforce plan (reviewed annually), aligned to medium-term objectives and fiscal plan.

Abbreviations

AI	Artificial Intelligence
AMRUT	Atal Mission for Rejuvenation and Urban Transformation
APIs	Application Programming Interface
ARC	Administrative Reforms Commission
ASICS	Annual Survey of India's City-Systems
ATIs	Administrative Training Institutes
BBMP	Bruhat Bengaluru Mahanagara Palike
CAA	Constitutional Amendment Act
CAG	Comptroller and Auditor General
CA	Chartered Accountant
CAs	Combined Authorities
C&R	Cadre and Recruitment
CBHRM	Competency Based Human Resource Management
CPL	Community Participation Law
CTs	Census Towns
CWA	Cost and Works Accounting
DBT	Direct Benefit Transfer
DLAMC	District Level Advisory and Monitoring Committees
DPC	District Planning Committee
FC	Finance Commission
FY	Financial Year
FRAC	Framework of Roles, Activities and Competencies
FRBM	Fiscal Responsibility and Budget Management
GDP	Gross Domestic Product
GHSL	Global Human Settlements Layer
GIS	Geographic information system
GLA	Greater London Authority
GSDP	Gross State Domestic Product
GST	Goods and Service Tax
HR	Human Resources
H&UD	Housing and Urban Development
ICAI	The Institute of Chartered Accountants of India
ICCC	Integrated Command Control Centre
ICT	Information and Communication Technology
ICWAI	Institute of Cost and Works Accountants of India
IDP	Integrated Development Plan
IFMS	Integrated Financial Management System
i-GOT	Integrated Government Online Training platform
ILDM	Issue and Listing of Debt Securities by Municipalities
IVR	Interactive Voice Response
Incl.	Including
JnNURM	Jawaharlal Nehru National Urban Renewal Mission
JUSP	Jana Urban Space Foundation
k	In Thousands
L&D	Learning and Development
LEPs	Local Enterprise Partnerships
LSG	Local Self Governance
M&E	Monitoring and Evaluation
MEA	Ministry of External Affairs

MEP	Monthly Expenditure Plan
MCGM	Municipal Corporation of Greater Mumbai
ML	Machine Learning
MLA	Member of Legislative Assembly
mn	In Millions
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MoHUA	Ministry of Housing and Urban Affairs.
MP	Member of Parliament
MPC	Metropolitan Planning Committee
MPOS	Mobile Point of Sale
MRF	Material Recovery Facilities
MSSC	Municipal Shared Service Centre
NA	Not Applicable/ Available
NITI	National Institution for Transforming India
NMAM	National Municipal Accounts Manual
NURPA	National Urban Regional Planning Authority
NUSPD	National Urban Spatial Planning and Development Guidelines
OECD	The Organisation for Economic Cooperation and Development
Ops	Operations
PDL	Public Disclosure Law
PFM	Public Financial Management
PIE	Preparation, Implementation and Enforcement
PM-ABHIM	Pradhan Mantri Ayushman Bharat Health Infrastructure Mission
PMAY	Pradhan Mantri Aawas Yojana
PMC	Pune Municipal Corporation
PPC	People's Plan Campaign
PPPs	Public-Private Partnerships
QEP	Quarterly Expenditure Plan
RBI	Reserve Bank of India
RTI	Right to Information
SBM	Swachh Bharat Mission
SDA	Slum Dwellers Associations
SDPs	Spatial Development Plans
SEBI	Securities and Exchange Board of India
SEC	State Election Commission
SFC	State Finance Commission
SHG	Self-Help Group
SWM	Solid Waste Management
TCED	Thrissur Corporation Electricity Department
TCP	Town and Country Planning
TCS	Tata Consultancy Services
TfL	Transport for London
U.N	United Nations
UIDFCs	Urban Infrastructure and Development Finance Corporations
ULBs	Urban Local Bodies
UPI	Unified Payments Interface
UTs	Union Territories
VFS	Visa Facilitation Services
XBRL	eXtensible Business Reporting Language
Yr	Year
Yrs	Years

Annexures

1

ASICS 2023 assessment questions

◤ Urban Planning and Design

Sl. No.	Questions
1	Is there a provision for a state spatial planning board that is mandated with planning policies and reforms for the state, and is it the final approving authority for SDP?
2	Does the act require three levels of SDPs for cities: a) Metropolitan SDP b) Municipal SDP c) Ward/Zonal SDP
3	Does the law mandate the participation of all parastatals/agencies/city governments in the creation of SDPs (metro/municipal/ward)?
4	Does the act clearly define the objectives and contents of each level of SDP?
5	Is there a clear decentralised procedure for approvals of each level of plans? a) Does the law mandate that the metropolitan SDP be approved by the state government? b) Does the law mandate that the municipal SDP be approved by the MPC? c) Does the law mandate that the ward SDP be approved by the city government?
6	Is there a provision for the establishment of planning authorities for notified new towns or special developments?
7	Is there a clear provision for a competent technical cell to enable the preparation of the SDP for each level?
8	Are there provisions in the act for modifications to notified SDPs?
9	Has an MPC been constituted?
10	Is there any provision for incentives for green buildings in cities?
11	Does the TCP act mandate the planning for: a) Sanitation b) Resilience c) Comprehensive mobility d) Sustainability e) Heritage conservation f) Social Development
12	Are there prescribed urban design standards to guide the execution of urban projects?
13	Are there enabling policies on land titling?
14	Are there enabling policies on land pooling/reconstitution of plots?
15	Is there an effective system to prevent approval of plans that are not in conformity with SDP?
16	Is there an effective system to monitor ongoing constructions/projects for possible violations?
17	Are there provisions to penalise plan violations?
18	Does the law mandate public participation in the preparation of each level of plans (metropolitan, municipal, and ward) through area sabhas/ward committees and other means?
19	Does the law mandate public scrutiny at (including objections and responses) each level of plans (metropolitan, municipal, and ward) through area sabhas/ward committees and other means?

◣ Urban Capacities and Resources

Sl. No.	Questions
1	Is the city government empowered to set and collect the following taxes? a) Property tax b) Entertainment tax c) Profession tax d) Advertisement tax
2	Is the city government authorised to raise borrowings without state/union government approval?
3	Is the city government authorised to make investments or otherwise apply surplus funds without specific state/union government approval?
4	Is the city government required by law to have a long-term and/or medium-term fiscal plan?
5	Are the annual accounts of the city government mandated to be audited by an independent/external agency?
6	Is the city government mandated to follow a double-entry accounting system?
7	Have the State Finance Commissions (SFCs) been constituted in a timely manner?
8	Does the law mandate a minimum tenure of two years for the commissioner?
9	Are the city government officials mandated to undergo induction and periodic training?
10	Does the law mandate the establishment of a performance management system?
11	Does the city government have access to a municipal cadre for its staffing?

◣ Empowered and Legitimate Political Representation

Sl. No.	Questions
1	Do city governments have the following powers with respect to their employees? a) Appointment b) Disciplinary action c) Termination
2	Does the mayor of the city government have a five-year term?
3	Is the mayor directly elected?
4	Does the mayor/council have the authority to appoint the municipal commissioner/chief executive of the city government?
5	Is the mayor an ex-officio member of the MPC?
6	Is the city government responsible for providing all functions and services it is mandated to, as per the 74th CAA?
7	Does the council have the final say in approving the city budget?
8	Are locally elected officials mandated to undergo training?
9	Has the State Election Commission (SEC) been constituted?
10	Is the SEC empowered to conduct delimitation of wards?
11	Are locally elected officials required to publicly disclose their income and assets, and their interests (in public works and contracts taken up by their immediate family)?

◥ Transparency, Accountability and Participation

Sl. No.	Questions
1	Has the state enacted the Public Disclosure Law (PDL) and have the rules implementing the PDL been notified?
2	Has the state government mandated city governments to publish key civic data in line with the model PDL with respect to: a) Audited financial statement on quarterly basis b) Audited financial statement on annual basis c) Service level benchmarks d) Particulars of major works e) Details of plans, income, and budget f) Minutes of Meetings
3	Has the state adopted an open data policy that also applies to city governments? Does the state mandate the city governments to adopt open data standards for: a) Annual report of works done last year b) Financial information (budgets) of the city government and of respective wards c) Raw and synthesised data on civic works d) Information under Right to Information, Section 4 (1) (b) on minutes of council meetings, rules, regulations, and documents of the city government and its decision-making processes e) Quarterly audited financial reports
4	Has the state government enacted the Community Participation Law (CPL) and have the rules implementing the CPL been notified?
5	Are the city governments mandated to have a participatory budgeting process in place?
6	Are the city governments required by their municipal act to carry out an internal audit (audit of process/internal controls) with a predetermined frequency, at least annual? Are the city governments mandated to publish internal audit reports in the public domain?
7	Are the city governments mandated to have a digital governance policy/roadmap?
8	Has the state mandated guaranteed public service delivery to citizens?
9	Are the city governments mandated to have a citizen charter with: a) Target levels of service b) Timelines for delivery of service c) Protocols for obtaining relief, where service levels are not met
10	Does the state provide for the constitution of an ombudsman for the city governments to cater to service-related issues as well as corruption/maladministration?
11	Is the ombudsman authorised to: a) Resolve inter-agency disputes? b) Investigate corruption suo moto?

2

Job description for the post of 'executive director in economic development', Johannesburg

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EXECUTIVE DIRECTOR: ECONOMIC DEVELOPMENT

Department: Office of the City Manager
Branch: Economic Development
Designation: Executive Director: Economic Development
Job level: R2 085 830.00 pa (all-inclusive cost to company)

Appointment requirements:
- Matric/Grade 12;
- Bachelor's degree in Economic, Econometrics or related fields/NQF level 7;
- 10 years of relevant working experience or more in a senior/ executive management level in a relevant discipline or field within a public sector organization, or in local government metropolitan municipality and or including experience in Development Economics and or Finance in a large private sector enterprise;
- Sector specific experience in Economic Development, which experience may include international experience in leading diverse teams in transformation of an emerging economy;
- Comprehensive understanding of local government;
- Knowledge of the City's strategy (IDP), prescribed methodologies, legislative, policy and regulatory frameworks;
- In-depth knowledge regulatory environment and the public sector generally including the democratic, political and organizational framework;
- The incumbent should meet the standards set out in the Core Competency Requirements as per Regulations;
- Good knowledge and interpretation of Policy and Legislation;
- Good knowledge of performance management system;
- Good Governance.
- Good knowledge of the MFMA and MFMA Regulations, (Act No.56 of 2003);
- Must be able to work extended hours and be on standby; and
- Has no criminal record (excluding previous conviction relating to political activities in the previous dispensation) and such a person shall undergo security vetting.

The Primary Function:
To Implement the City's vision and long-term economic growth strategy, to facilitate economic growth by collaborating with City Departments, Municipal Owned Entities, other spheres of government, the private sector and all other affected stakeholders whilst capitalizing on the City's own economic levers and to ensure that "a city's economy that plays a role as the key economic hub on the continent, and a national economic growth leader, by ensuring sustainable shared growth that benefits all.

VACANCY CIRCULAR
011/2023
City of Johannesburg

Publication Date: day, 03 March 2023
Closing Date: Friday, 17 March 2023

This Vacancy is open to Employees of the City of Johannesburg and External Applicants

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Key Performance Areas:
- Market and promote and facilitate trade and Investment within the City through;
- Approve all Enterprise Development strategic frameworks and develop high level implementation plans
- Analyse inherent comparative advantages In a particular locality relative to strategic sectors and value-chains
- Advise the City on emerging and long-term economic trends affecting economic development, sustainable human development, and their policy and programme implications
- Lead preparation of Impact assessment, feasibility studies, due diligence, and associated management plans
- Provide strategic leadership to the department and contribute towards the overall management of the organization.

Leading Competencies:
- Strategic direction and leadership; People management, Program and project management;
- Financial management; Change management; Change leadership; Governance leadership.

Core Competencies:
- Moral competence; Planning and organising; Analysis and innovation; Knowledge and information management; Communication; Results and quality focus;
- Minimum competency requirements for Senior Managers

All suitably qualified candidates are encouraged to apply and will be considered. The City of Johannesburg applies the principles of employment equity as per National legislation and policy guidelines and will consider designated groups in line with these requirements.

Please take note that only online applications will be considered. Please apply by using the following link below:

https://share-eu1.hsforms.com/1BQb19F_HRiq68PdSmRQMqAew554

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