

# Challenges for Urban Local Governments in India

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## **Abstract**

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

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## I. Research Outline

### Introduction

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

### Research Context

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

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

## Research Questions

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

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

## Scope and Limitations of Research

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

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

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

## Data Base and Research Methodology

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

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

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

**Table 1.1: The Case Studies**

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

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

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

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

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

### **Organisation of the Paper**

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

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



## II. Form of Urban Local Government in India

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

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

### Evolution of Municipalities

Historical records provide evidence of the existence of organised urban life in India since the ancient period. An officer was appointed to perform various functions related to city administration. Subsequently, local institutions were constituted. As centres of prominence grew, their management became difficult. A number of problems confronting local governments began to emerge, such as excessive official control, narrow franchise, meagre resources, lack of education and training, shortage of capable and committed persons, and inadequate control of local bodies over services.<sup>4</sup> A need was felt to strengthen the local government institutions that would look after the day-to-day civic affairs in an efficient manner. A number of steps were taken from time to time in an attempt to reform local governments – decentralisation of authority, powers, functions and funds to lower levels of government; democratisation of local governments; providing greater autonomy; granting constitutional status; amendments in municipal Acts; etc. (Table 2.1). During the period of reforms, issues related to sharing of power between the officials and non-officials affiliated to the local government emerged prominently. A major achievement of the Indian Government in their endeavour to strengthen urban local governments is the enactment of the Constitution (seventy-fourth amendment) Act during the year 1992.<sup>5</sup> The Act provides for initiating reforms in the constitution, composition and functioning of urban local governments (Box 2.1) and empowers State governments to amend their municipal Acts accordingly.<sup>6</sup> Since the enactment of the Act, most State governments in India have carried out

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

**Table 2.1: Evolution of Municipalities in India**

Time Period	Developments
2300-1750 BC (Indus Valley Civilisation)	<ul style="list-style-type: none"> <li>Evidence of organised urban life – wide streets, market places, public offices, community baths, drainage and sewerage system</li> </ul>
Post-Mauryan	<ul style="list-style-type: none"> <li>Appointment of a chief executive officer to perform various functions related to city administration; responsible for city's sanitation, which included maintenance of drainage system and cleanliness of roads</li> </ul>
320-540 AD (Gupta)	<ul style="list-style-type: none"> <li>Towns administered by a council</li> <li>Provision of having elected administrative officers</li> </ul>
1526-1707 AD (Mughal)	<ul style="list-style-type: none"> <li>Municipal administration vested in <i>kotwal</i>, who was the city governor possessing powers and duties of the chief of city police, magistrate and prefect of municipal administration</li> </ul>
Between disintegration of Mughal Empire and advent of the British	<ul style="list-style-type: none"> <li>Anarchy and military feudalism in most parts of the country</li> <li>Local institutions perverted or weakened</li> </ul>
1642	<ul style="list-style-type: none"> <li>Sir Josia Child obtains a Charter from the British Monarch, James II, to set up a corporation at Madras</li> </ul>
1720	<ul style="list-style-type: none"> <li>A royal Charter issued for establishing a mayor's court in each of the three presidency towns of Madras, Bombay and Calcutta<sup>7</sup></li> </ul>
1793	<ul style="list-style-type: none"> <li>Governor-General in council empowered to appoint justices of peace for the presidency towns from among civilians and the British subjects, who were vested with the authority to impose taxes on houses and lands to provide for the sanitation of towns</li> <li>By a Charter Act, the British establish local institutions in Bombay, Calcutta and Madras</li> </ul>
1850	<ul style="list-style-type: none"> <li>Act passed to permit formation of local committees to make better provisions for public health and convenience; Act provided for levy of indirect taxes to which people were accustomed</li> </ul>
Up to 1863	<ul style="list-style-type: none"> <li>Local institutions in urban areas did not make much progress and were confined to about 20 towns</li> <li>People had no opportunity to participate in the functioning of these institutions</li> <li>Royal Army Sanitation Commission point out the fast deteriorating sanitary condition of towns all over the country</li> <li>Government of India pass several municipal Acts for various provinces authorising governors to order the formation of a municipality in any urban area</li> </ul>
1870	<ul style="list-style-type: none"> <li>Lord Mayo's resolution released; provided for decentralisation of administration from the centre to the provinces; emphasised the idea of increased association of Indians in administration; indicated extension of municipal self government; encouraged the general application of the principle of election</li> <li>Municipal Acts passed to enlarge municipal powers, extend election system and introduce the system of local finance, but the provision was little applied in practice as the district officers in those days were not sympathetic to the idea of extension of the elective principle</li> <li>Municipalities established in every town of importance. However, these municipal bodies were completely under the control of the district magistrate and the town people were associated only for raising funds for the maintenance of police, conservancy and road repairs</li> </ul>
After 1870 and up to 1880	<ul style="list-style-type: none"> <li>Social and economic changes experienced by the Indian society</li> <li>Educated Indians demand more political rights and greater share in administration and public services</li> <li>Principle of local self-government put into practice only in the cities of Calcutta and Bombay and in a few of the towns of Central Provinces and North Western Provinces. Elsewhere, although a framework of local administration and local taxation existed, control was firmly in the hands of the servants of the government</li> </ul>

Time Period	Developments
1882	<ul style="list-style-type: none"> <li>▪ Lord Ripon's resolution released; advocated for establishment of a network of local self-government institutions; reduction of the official element of not more than a third of the total membership; a large measure of financial decentralisation; adoption of election as a means of constituting local bodies</li> <li>▪ Municipal Acts passed; However, Lord Ripon's reforms achieved little success, since they were considered too radical</li> </ul>
1888	<ul style="list-style-type: none"> <li>▪ Functioning of local governments for several years had some positive results. Presidency towns attain a system of responsible government. Under the Bombay City Municipal Corporation Act, 1888, the city council of Bombay was constituted of a majority of elected and nominated members. A 'standing committee' of the council, which had an elected chairman, was also formed to undertake the major portion of the work of the council</li> </ul>
1907	<ul style="list-style-type: none"> <li>▪ Royal Commission on Decentralisation set up to enquire into the financial and administrative relations of the Government of India and the provincial governments and subordinate authorities</li> <li>▪ Commission recommendations similar to Lord Ripon's proposals</li> <li>▪ Municipal Acts of several provinces amended, but no real progress achieved</li> <li>▪ Local self government continued to be one of the functions of the district officer</li> </ul>
1914-1919	<ul style="list-style-type: none"> <li>▪ National movement for independence gains momentum</li> <li>▪ 1917 Declaration released: associate Indians in every branch of administration; gradual development of self-governing institutions</li> <li>▪ Montague-Chelmsford reforms introduced to make local self government representative and responsible</li> <li>▪ Government of India Act, 1919 enacted; responsibility for local government transferred from the hands of the district officers to a department controlled by a popular minister; franchise for election to local bodies substantially widened. In some provinces, the municipal bodies were given the power to raise or lower rates of taxes within the statutory limits. The popular ministers of provincial governments proceeded to establish elected councils and gave executive authority to the elected chairman</li> </ul>
Up to 1947	<ul style="list-style-type: none"> <li>▪ Laws governing local bodies enacted during the period 1917 to 1937 fail to prescribe an effective system for day-to-day management of municipal affairs; hardly any attention paid to the question of administrative efficiency and fixation of responsibility for the proper performance of municipal functions</li> <li>▪ Transfer of power from official hands resulted in inefficiency</li> <li>▪ Several municipalities superseded on the charges of corruption and inefficiency</li> <li>▪ India attains independence in 1947</li> </ul>
1950	<ul style="list-style-type: none"> <li>▪ New constitution prepared; contained provisions for rural settlements only; a reference to urban local government observed only in two entries: (a) Entry 5<sup>8</sup> List II of the Seventh Schedule (the State List); and (b) Entry 20<sup>9</sup> of List III (Concurrent List)</li> <li>▪ Constitution places local government, including urban local government, within the legislative competence of the States</li> <li>▪ In the absence of constitutional recognition and clear statutory delineation of their powers, functions and resources, urban local governments remain neglected; only few changes made in their structure and functioning</li> </ul>
Since 1949	<ul style="list-style-type: none"> <li>▪ Numerous committees and commissions appointed by the Central and State Governments to study the functioning of urban local governments and to give recommendations for their improvement</li> <li>▪ Numerous seminars and conferences convened on various topics concerning urban local governments</li> <li>▪ Central Council of Local Self-Government set up in 1954 to examine the problems of urban local governments</li> <li>▪ Responsibility of urban local government transferred from one ministry to the other, namely Ministry of Health; Ministry of Works, Housing and Urban Development (1966); Ministry of Health, Family Planning, Works, Housing and Urban Development (1967); Ministry of Works and Housing (1973)</li> </ul>
1985	<ul style="list-style-type: none"> <li>▪ Ministry of Urban Development established; assisted by several departments</li> <li>▪ National Commission on Urbanisation set up to assess problems caused by urbanisation and to suggest measures to combat this phenomenon</li> </ul>
1989	<ul style="list-style-type: none"> <li>▪ Attempt to introduce the Constitution (63<sup>rd</sup> Amendment) Bill; also known as <i>Nagarpalika</i> (Municipality) Bill; contained provisions for strengthening of urban local governments</li> </ul>

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

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

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

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

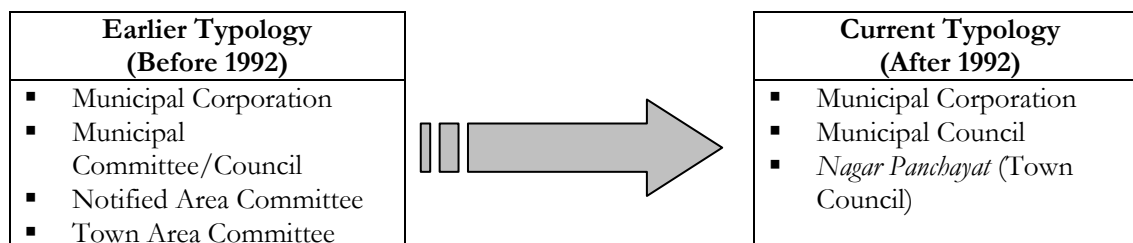
Source: Constitutional Provisions Relating to Village *Panchayats* and Municipalities in India (1999).

### Typology and Constitution of Municipalities

A typology of municipalities exists in the different States of India. This is due to the varied character of urban areas. Before 1992, State governments were empowered to constitute four different types of municipalities, namely municipal corporations, municipal committees/councils<sup>10</sup>, notified area committees and town area committees. Thereafter, the seventy-fourth amendment Act was enacted which provides for three types of municipalities – municipal corporations, municipal councils and *nagar panchayats* (Figure 2.1) – and most state governments classified local governments falling within their jurisdiction as per the revised scheme.<sup>11</sup> Notified area committees and town area committees have been reconstituted as *nagar panchayats*. The attempt of the central government is to establish a uniform classification of municipalities throughout the country, which is based on the principles of democracy. Though all urban local governments have common

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

**Figure 2.1: Changes in Typology of Municipalities**



**Table 2.2: Main Characteristics of Urban Local Governments**

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

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

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

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

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

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

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

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

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

### Municipal Legislation

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

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

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

### Duties of Municipalities

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

**Table 2.4: Functions of Urban Local Governments**

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

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

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

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

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

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

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

**Twelfth Schedule**

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

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



## Composition of Municipalities

There have been significant changes in the composition of municipalities since their constitution. In the ancient period, municipal administration was in the hands of the ruling class or the ruling government and their subordinate offices and departments. Urban citizens were not happy with the prevailing 'centralised approach', which was characterised by excessive bureaucracy. It was gradually realised that because local governments were formed for the welfare of the urban citizens, it was necessary to involve them. This thinking paved the way for citizen's participation in municipal affairs. A select number of urban citizens are now chosen by holding elections to municipalities. For this purpose the municipal area is divided into several wards delineated on the basis of population.<sup>18</sup> There is a contest for the seat/post of councillors in municipalities among the eligible voters at the ward level. One person from each ward is elected to the post of councillor. Elections are also held for the post of a mayor in municipal corporations and a chairperson (also known as a president/chairman) in municipal councils and *nagar panchayats*. The State government departments are responsible for the organisation of municipal elections.<sup>19</sup> Besides the State government appointed staff and persons nominated by the State government, citizen's representatives have become a part of the local government. Whereas the appointed staffs are trained to handle their duties, citizens' representatives are more aware of the quality of life at the ward level. The effort of the government has been on maintaining a balance in the distribution of power between the officials and the non-officials and on establishing a democratic form of local government. To enable wider participation in municipal affairs, seats in local governments are reserved for some sections of the society (Box 2.3).<sup>20</sup> In addition to the appointed, nominated and the elected functionaries, ex-officio persons are also affiliated to the local government. A typical composition of an urban local government is shown in Table 2.5.<sup>21</sup>

**Table 2.5: Composition of Urban Local Governments**

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

Source: State Municipal Acts.

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

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

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

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

### Municipal Management Practices

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

### Municipal Meetings and Proceedings

Decisions on various municipal matters, such as superintendence of municipal administration, planning for infrastructure facilities, approval of municipal budget, etc., are taken in the meetings of the local government. Meetings are held periodically during which resolutions<sup>22</sup> are passed on the basis of voting.

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

with the local government. Besides, every meeting is open to the public. However, decisions to accept or reject resolutions are taken only by the elected members (councillors, mayor/president<sup>23</sup>) who possess powers for voting. For this reason, the elected members, who are representatives of the citizens in the local government, are important actors involved in the decision-making process. Furthermore, accepted resolutions are implemented only under the supervision of the State-appointed municipal commissioner/executive officer, who possesses executive powers. The role of other participants is to provide assistance on various technical, financial and legal matters (Table 2.6).

**Table 2.6: Role of Select Municipal Members and Authorities**

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

Source: State Municipal Acts.

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

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

**Table 2.7: Meetings of Urban Local Governments**

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

Source: State Municipal Acts.

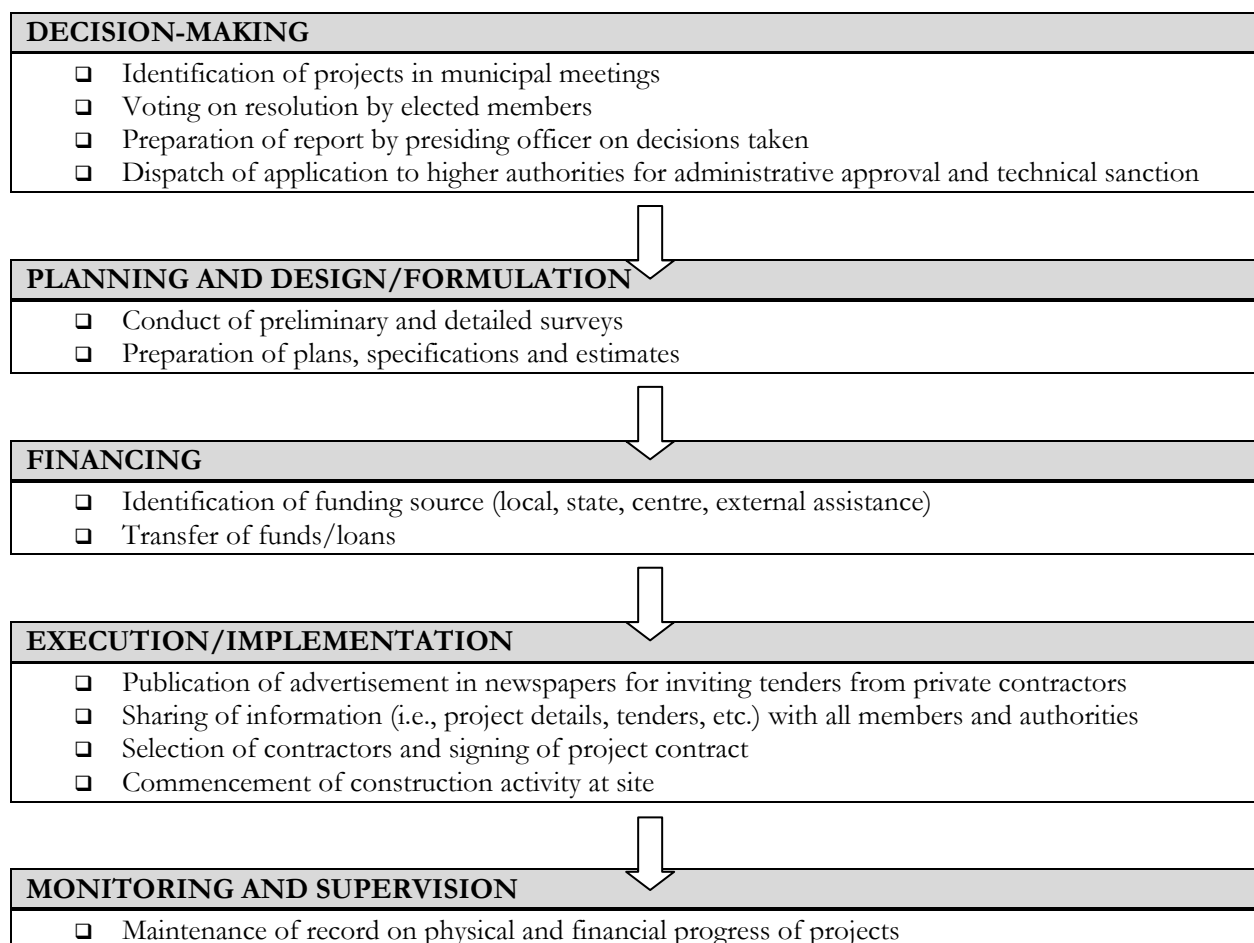
Details such as the names of members present in a meeting, and the proceedings held and resolutions passed at a meeting are recorded in the 'minute book' on completion of a meeting. The minutes are read out at the meeting or at the next ensuing meeting and certified as passed by the signature of the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

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

### Municipal Infrastructure Project Cycle

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

**Figure 2.2: Stages in Project Planning and Implementation**



#### Decision-making

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

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

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

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

### **Planning and Design/Formulation**

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

### **Financing**

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

### **Execution/Implementation**

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

local government in popular newspapers available in the town/district, for inviting tenders<sup>25</sup> from private contractors. Subsequently, a project contract is signed for the commencement of construction activity at the identified site.

### Monitoring and Supervision

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

**Table 2.8: Monitoring of Urban Infrastructure Projects**

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

Source: Field survey.

## Committee System in Municipalities

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

## Municipal Finance Practices

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



**Table 2.9: Sources of Funds for Municipalities**

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

Source: Literature review.

## Conclusion

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

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

In addition to the aforesaid legislative reforms, the Indian government has taken a number of steps for improving local-level governance in recent times. Various urban development programmes, schemes and practices have been initiated for the benefit of urban citizens and the local government. Important among these are the Jawaharlal Nehru National Urban Renewal Mission (JNNURM)<sup>34</sup>, the Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT)<sup>35</sup>, the Model Municipal Law (MML)<sup>36</sup>, the e-Governance Mission<sup>37</sup>, Report Cards on Urban Services<sup>38</sup>, Citizens' Charter on Municipal Services<sup>39</sup>, the Mayor-in-Council form of government<sup>40</sup>, Municipal Accounting Reforms<sup>41</sup>, Property Tax Reforms, issuance of tax-free Municipal Bonds, and schemes such as Pooled Finance Development (PFDS)<sup>42</sup> and City Challenge Fund (CCF)<sup>43</sup>, promotion of private sector participation<sup>44</sup> and community participation<sup>45</sup>.

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

### **III. The Case Studies**

This section provides information on the important characteristics of six urban local governments selected for this study. The information presented on each local government includes an account on their constitution and governance, duties, composition, sub-committees, finance, initiatives and problems. Wherever necessary, a reference is made to the initiatives of the State government.

#### **Bahadurgarh (Haryana)**

##### **Brief Town Characteristics**

Bahadurgarh is situated in Jhajjar district in the State of Haryana. It is located at a distance of about 29 kms. from Delhi, the national capital, which lies to its east, and 45 kms. from Rohtak, another important town in the State. Bahadurgarh has emerged as an important industrial centre in the State. The town has a total population of 119,846 and an area of 20 sq. kms. (Census of India, 2001a and b). It is divided into 31 municipal wards for administrative purposes. It is reported that there are 12 slum pockets in the city with a total population of 42,016.

##### **Local Government Profile**

##### **Constitution and Governance**

It is reported that a local government (Municipal Committee) was first set up in the town in 1885. At present, the town is governed by a Municipal Council as per the provisions of the Haryana Municipal Act, 1973. This Act has been amended 33 times since its enactment in 1973. As per the Act, smaller urban areas in the State with population exceeding 50,000 but not exceeding 500,000 are to be governed by Municipal Councils. The Act was enacted to regulate the composition, functions, taxation and allied matters of ULBs in Haryana. In addition, several rules and byelaws have been framed on various subjects like municipal accounts, delimitation of wards, management of municipal properties and construction of buildings, etc., to facilitate the working of the municipalities. It may be mentioned here that the present State of Haryana was formed in 1966 after it was separated from the State of Punjab. All municipalities in the State were previously governed by the Punjab Municipal Act, 1911.

## Duties

The State government may, by order, entrust municipalities with such powers and functions as institutions of self-government and assign them 18 tasks listed in the Twelfth Schedule (see Box 2.2).

The State government has overriding powers to take over any of the functions relating to management (i.e., maintenance or construction) of water works, sewerage works or roads for a period not exceeding ten years, in case the municipality shows neglect in performing its duties. Accordingly, the maintenance and provision of water supply and sewerage was taken over by the State government from the ULBs in 1993-94 and handed over to the State Public Health Department due to the weak financial position of ULBs in the State.

The ULBs have been performing various functions and hence, no additional functions/services have been transferred to them subsequent to the recent constitutional amendments of 1992. The exception is that of primary schools management, however, it is reported that the manpower and financial powers in this regard are still with the State-level Education Department.

The functions of municipalities in the State may be classified in the following broad categories: tax collection, fire management, engineering development works, sanitation, rent collection of municipal property, arrangement for street lighting and gardening, and general supervisory roles concerning administration and accounts.

It is reported that solid waste management and maintenance of street lights are important functions looked after by the municipality; and the responsibility for the maintenance of water supply and sewerage services has been transferred to the State Department in 1993 due to the weak financial position of the local government and due to a shortage of technical staff.

## Composition

The administrative structure created by the State government for the functioning of municipalities in Haryana is presented in Table 3.1. The main actors in municipal governance from the State to the Local level include the Minister-in-charge of Local Self Government and the Director of Local Bodies at the State level, the Deputy Commissioner at the District level and the Chairperson and Executive Officer at the Municipal/local level.

**Table 3.1: Administrative Structure for the Functioning of Municipalities in Haryana**

S. No.	Level	Administrative Posts
1	State Government	<ul style="list-style-type: none"> <li>▪ Minister in charge of Local Self Government</li> <li>▪ Senior level IAS officer</li> </ul>
2	State Department	<ul style="list-style-type: none"> <li>▪ Director (senior IAS officer), Directorate of Local Bodies</li> <li>▪ Two Deputy Directors</li> <li>▪ Fire Officer</li> <li>▪ Accounts Officer</li> <li>▪ Staff</li> </ul>
3	District	<ul style="list-style-type: none"> <li>▪ Deputy Commissioner</li> <li>▪ Local Fund Assistant</li> </ul>
4	Municipality	<ul style="list-style-type: none"> <li>▪ President/Chairperson</li> <li>▪ Executive Officer</li> <li>▪ Medical Staff, Vaccinators, Inspectors, Foremen, Station Fire Officers, Leading Firemen, Assistant Superintendent, Assistant Accountant, Tax Collectors, Supervisors, Clerks, Peons, Sweepers, other Class IV employees, etc.</li> </ul>

Source: Government of Haryana (1997: 99-100).

At the local level, Bahadurgarh Municipal Council is represented by: (a) elected members, i.e., a President/Chairperson and 31 Councillors; male and female councillors are 20 and 11 respectively; SC and BC councillors are 3 and 2 respectively; seats are reserved for the scheduled castes, women belonging to the scheduled castes, other women, and two seats are reserved for persons belonging to the backward classes; elections were held in the year 2004; (b) nominated persons, namely members of the House of the People and the Legislative Assembly of State representing constituencies which comprise wholly or partly the municipal area, and members of the Council of States; and (c) appointed staff, i.e., an Executive Officer, 48 other employees (such as Secretary, Municipal Engineer, Junior Engineer, Medical Officer of Health, Chief Sanitary Inspector, Sanitary Inspector, Sanitary Supervisor, Accountant, etc.), and 110 Sweepers. About 16 posts in the municipality are vacant, which include a Municipal Engineer, Junior Engineer, Head Clerk, Sanitary Inspector, Vaccinator, Fire Van Drivers (3), Firemen (2), Leading Fireman, Gardeners (2), and Guards (3).

### **Sub-Committees/Committees**

The Haryana Municipal Act, 1973 provides for the appointment of three sub-committees by the municipality, namely Finance, Public Works and Buildings, and Sanitation and Water Supply, to assist in its administration. The duties of each sub-committee are listed in Table 3.2.

**Table 3.2: Duties of Sub-committees in Municipal Councils of Haryana**

S. No.	Name of Sub-committee	Duties
1	Finance	<ul style="list-style-type: none"> <li>▪ Preparation &amp; submission of budget estimate to the municipality on time</li> <li>▪ Monthly &amp; annual accounts statements</li> <li>▪ Statement of grants, loans and advances</li> <li>▪ Imposition, assessment &amp; settlement of objections, collection &amp; remission of taxes, rents, &amp; fees &amp; settlement of objections</li> <li>▪ Acquisition, sale &amp; lease of municipal properties</li> <li>▪ Raising of loans</li> <li>▪ Matters relating to schools, reading rooms, libraries, lighting &amp; fire brigade</li> <li>▪ All other matters affecting the finances of the municipality</li> </ul>
2	Public Works and Building	<ul style="list-style-type: none"> <li>▪ Enquire &amp; report on all matters relating to municipal works, maintenance &amp; verification of municipal properties, roads &amp; buildings under the control of the municipality; and supervision of all works connected with buildings, roads, drains, etc.</li> <li>▪ Deal with all cases of encroachments &amp; projections</li> <li>▪ Consider town planning &amp; building schemes</li> <li>▪ Consider matters relating to levy &amp; recovery of development charges</li> </ul>
3	Sanitation and Water Supply	<ul style="list-style-type: none"> <li>▪ Enquire into &amp; report on all matters relating to sanitation &amp; health</li> </ul>

Source: The Haryana Municipal Act 1973 (2005: 505-7).

### Finance

The State government of Haryana observes, “the financial position of ULBs in the State is precarious. Most are not in a position to even pay salaries to their employees. This position has further worsened due to pay revision and growth in urban population, mainly due to migration of labour force from neighbouring States due to rapid industrialisation and proximity of Haryana to the National Capital Territory of Delhi” (Government of Haryana, 2003: 29).

As per the Haryana Municipal Act, 1973, the ULBs are empowered to impose various obligatory and discretionary taxes and non-taxes (Table 3.3).

**Table 3.3: Obligatory and Discretionary Taxes/Non-taxes as per the Municipal Act**

S. No.	Description of Taxes
<b>A</b>	<b>Obligatory taxes/Non-taxes</b>
1	A tax payable by the owner on building and lands, as the State government may, by notification, direct, of the annual value of such buildings and lands
2	A duty on the transfer of immovable properties situated within municipal limits
<b>B</b>	<b>Discretionary taxes, tolls and fees</b>
1	Tax on professions, trades, callings and employments
2	Tax on vehicles, plying for hire or kept within municipality

S. No.	Description of Taxes
3	Tax on animals used for riding, draught or burden, kept for use within municipality
4	Tax on dogs kept within municipality
5	Show tax
6	Toll on vehicles entering the municipality
7	Tax on boats moved within municipality
8	Tax on consumption of electricity at the rate of not more than five <i>paise</i> for every unit of electricity consumed by any person within municipal limits
9	Fire tax
10	Sanitation tax
11	A tax on driving licences issued under the Motor Vehicles Act, 1988 within the Municipality
12	A development tax on the increase in urban land values caused by the execution of any development or improvement work
13	A general tax not more than 15 % of the annual value of buildings and lands within the municipal area
14	Fee with regard to pilgrimages
15	Fee with regard to drainage
16	Fee with regard to lighting
17	Fee with regard to scavenging
18	Fee for cleansing of latrines and privies
19	Fee in the nature of costs for providing internal services <sup>46</sup> under the scheme framed under section 203 of the Municipal Act
20	With the previous sanction of the State government, any other tax, toll or fee which the State Legislature has power to impose in the State under the Constitution of India

Source: The Haryana Municipal Act, 1973 (2005:179-81).

The income and expenditure account of Bahadurgarh Municipal Council for the period 2004-5 is presented in Table 3.4.

During this period, the Council generated an income of Rs. 62.20 million. More than 80 per cent of the income was generated from five sources, namely stamp duty (24.29 per cent), development charges (19.97 per cent), house tax (16.74 per cent), rent of shops (10.25 per cent) and electricity duty (9.88 per cent). Stamp duty and development charges have contributed significantly due to the expansion of industrial units and residential colonies. The taxes and non-taxes levied by the municipality are listed in Table 3.5. The Council generated about 86 per cent of its income from taxes (21 per cent) and non-taxes (65 per cent).

**Table 3.4: Income and Expenditure Pattern of Bahadurgarh Municipal Council, 2004-5**

S. No.	Income Head	Actual Income (in Rupees)	Percentage to Total Income	S. No.	Expenditure Head	Actual Expenditure (in Rupees)	Percentage to Total Expenditure
1	Interest on investment	108,538	0.17	1.	<b>Establishment of staff</b>	<b>21,715,218</b>	35.46
2	Miscellaneous income	5,017,187	8.07	a.	General staff pay	1,868,210	
3	House tax	10,412,141	16.74	b.	House tax pay	832,545	
4	Stamp duty	15,108,573	24.29	c.	Surplus octroi pay	393,065	

### Challenges for Urban Local Governments in India

S. No.	Income Head	Actual Income (in Rupees)	Percentage to Total Income	S. No.	Expenditure Head	Actual Expenditure (in Rupees)	Percentage to Total Expenditure
5	D.T.L. Fee	100,660	0.16	d.	Fire staff pay	2,043,782	
6	V.L. Fee	40,900	0.07	e.	Garden staff pay	257,929	
7	Show tax	7,808	0.01	f.	Works staff pay	582,210	
8	Building application fee	304,708	0.49	g.	Direction staff pay	102,077	
9	Copying fee	13,877	0.02	h.	Tractor driver pay	325,005	
10	Rent of shops	6,373,892	10.25	i.	Vaccinator pay	84,627	
11	Sale of land	0	0.00	j.	Removal staff pay	12,780,372	20.87
12	Tebbazari fee (Hawkers)	45,505	0.07	k.	Part time L.A. pay	21,973	
13	Electricity duty	6,143,301	9.88	l.	Retrial benefits pay	650,773	
14	Fire call charges	41,100	0.07	m.	Arrears of A.D.A. & others pay	1,633,745	
15	P.F.A. licence fee	20,284	0.03	n.	T.A. pay	83,905	
16	Auction of dead animals	0	0.00	o.	Advance to employees	55,000	
17	Development charges	12,423,700	19.97				
18	Composition fee	47,150	0.08	<b>2.</b>	<b>Development works</b>	<b>28,537,850</b>	<b>46.61</b>
19	Fire tax	1,351,041	2.17	a.	Office original works	295,371	
20	Trade tax	0	0.00	b.	Office repairs	299,970	
21	Motor tax	570,205	0.92	c.	Development of parks	968,218	
22	Road token tax	674,289	1.08	d.	Repair of parks	0	
23	Slaughter house fee	0	0.00	e.	Construction of shops	395,987	
24	Advance and deposits	3,395,555	5.46	f.	Construction of drains	10,482,474	17.12
	<b>Total Income</b>	<b>62,200,414</b>	<b>100.00</b>	g.	C.C. pavements	13,158,278	21.49
				h.	Construction of roads	2,837,552	
				i.	Improvement of sites/NCR share	100,000	
				<b>3.</b>	<b>Repayment of loans</b>	<b>500,000</b>	<b>0.82</b>
				<b>4.</b>	<b>Contingencies</b>	<b>1,985,632</b>	<b>3.24</b>
				a.	Office	212,675	
				b.	Fire	40,665	
				c.	Park	0	
				d.	Works	66,197	
				e.	P.O.L. expenditure	438,608	
				f.	Purchase of vehicles	618,050	
				g.	Street lights/lights	463,957	
				h.	Sanitation	145,480	
				<b>5.</b>	<b>Miscellaneous</b>	<b>8,493,253</b>	<b>13.87</b>
				a.	Law charges	24,396	
				b.	Election expenses	58,558	
				c.	Audit fees	0	
				d.	1 % DUD share	0	
				e.	Electricity bills	4,583,701	7.49
				f.	Miscellaneous expenses	263,711	
				g.	Unclaimed deed body	33,120	
				h.	NCR M.C. share & other government share	0	
				i.	Advance and deposits	3,529,767	
					<b>Total Expenditure</b>	<b>61,231,953</b>	<b>100.00</b>

Source: Budget of the municipality.



**Table 3.5: Taxes and Non-taxes Levied by Bahadurgarh Municipal Council, 2004-5**

S. No.	Taxes	Amount (in Rupees)	% to Total Income from Taxes	S. No.	Non-taxes	Amount (in Rupees)	% to Total Income from Non- taxes
1	House tax	10,412,141	80.00	1	Stamp duty	15,108,573	37.15
2	Show tax	7,808	0.06	2	D.T.L. fee	100,660	0.25
3	Fire tax	1,351,041	10.38	3	V.L. fee	40,900	0.10
4	Motor tax	570,205	4.38	4	Building application fee	304,708	0.75
5	Road token tax	674,289	5.18	5	Copying fee	13,877	0.03
	<b>Total income from taxes</b>	<b>13,015,484</b>	<b>100.00</b>	6	Rent of shops	6,373,892	15.67
				7	<i>Tebbazari</i> fee	45,505	0.11
	Per cent of income from taxes to total income of the Council		20.93	8	Electricity duty	6,143,301	15.11
				9	Fire call charges	41,100	0.10
				10	P.F.A licence fee	20,284	0.05
				11	Development charges	12,423,700	30.55
				12	Composition fee	47,150	0.12
					<b>Total income from non- taxes</b>	<b>40,663,650</b>	<b>100.00</b>
					Per cent of income from non-taxes to total income of the Council		65.38

Source: Budget of the municipality.

The Council incurred an expenditure amounting to Rs. 61.23 million during the same period. The main items of expenditure were establishment of staff (i.e., staff salaries) – 35.46 per cent – and development works (i.e., construction of pavements, drains and roads, etc.) – 46.61 per cent. A high proportion of the expenditure went to the conservancy (removals) staff pay (20.87 per cent), construction of drains (17.12 per cent) and pavements (21.49 per cent), and payment of electricity bills (7.49 per cent). The solid waste management sector accounted for about 21 per cent of the expenditure.

The expenditure pattern of the Council reveals that the following works related to urban development have been given attention: development of parks; construction of shops; construction of drains, pavements, and roads; site improvement; street lights and sanitation.

### State/Local Initiatives

The measures taken by the State government of Haryana and the local government are listed below.

- With the enactment of the 74<sup>th</sup> CAA, 1992, the Haryana Municipal Amendment Act, 1994 and the Haryana Municipal Corporation Act, 1994 have also been enacted. Furthermore, the Haryana Finance Commission Rules have been formulated.
- The State Government has made strenuous efforts to raise additional resources by strengthening tax administration, effecting better recoveries from existing sources and exercising austerity measures to contain non-development expenditure.
- The SFC recommendations lay emphasis on sharing of taxes, levies and fees, etc., between State and local bodies and measures to improve the financial position of ULBs to make them self-reliant (Table 3.6).
- Other SFC recommendations include: freezing staff strength to bring establishment expenditure to a manageable level; improve efficiency and productivity by privatising services and mechanisation of operations; creation of two apex level organisations which would provide access to institutional finance; simplification in house tax assessment procedure; need to recover user charges from beneficiaries; etc.
- Some SFC recommendations have not been accepted by the State Government due to financial constraints.
- Solid waste management: 70 per cent of the area is given on contract due to less number of sweepers in the local government. Contract is given on competitive rates. This is more economical for the local body.
- New taxes imposed: (a) road tax. This is collected quarterly; 5 per cent of total tax collected by State government is given to the local body; (b) driving licence. The local body earns a fixed rate of Rs. 100 from every licence issued; (c) registration of new vehicles. The local body earns from every new vehicle registered as per the following rates: two wheeler (Rs. 100); car (Rs. 500); and (d) tax on consumption of electricity. This has been increased by 5 times from 1 *paisa* to 5 *paise* per unit.

**Table 3.6: First SFC Recommendations and Actions Taken, Haryana**

S. No.	First SFC Recommendations (for the period 1997-2001)	Action Taken on Recommendations
1	Principle of transfer of resources to local bodies	
	a. <u>Tax on vehicles</u> – 20 % of net proceeds on account of taxes on vehicles to be transferred to ULBs each year; proceeds would be primarily used for maintenance & construction of roads in municipal areas	Accepted with modification – Net proceeds to be transferred only for the year 2000-1; Rs. 182 million transferred
	b. <u>Entertainment duty and show tax</u> – 50 % of net income from entertainment tax and entire net income from show tax to be transferred to ULBs each year	Accepted with modification – 25 % of net income from entertainment tax & entire net income from show tax; Rs. 35 million transferred
	c. <u>Royalty on Minor Minerals</u> – 20 % of this royalty be devolved on the ULBs	Not accepted
	d. <u>Tax on consumption of electricity in municipal areas</u> – Tax rate to be raised from 1 to 5 <i>paise</i> per unit; HSEB should charge domestic rates from municipalities with regard to street-lighting & water supply & not commercial rates as is being done at present	Accepted – Rs. 83.2 million transferred
2	Grant-in-aid	
	a. Rs. 50 per capita (based on 1991 census) to be provided to all Municipal Councils/Committees; 10 % escalation to be provided every year to compensate for the rise in cost & increase in population	Not accepted
	b. Grant of Rs. 50 per capita should also be made available for areas which may be municipalized in future	Not specified
3	Creation of Two Apex Organisations	
	a. Setting up of Haryana Water Supply & Sewerage Board	To be further deliberated
	b. Setting up of Haryana Urban Development Finance Corporation	To be further deliberated
4	Strengthening of the Local Government Directorate by establishing a Town Planning Wing & an Engineering Wing; A computerised local finance data base may also be created within the Directorate so as to have a well organised information system	Accepted – Rs. 1.8 million transferred
5	Outstanding liabilities of municipalities to be waived off, keeping in view their poor financial position	Accepted
6	Annual Tenth Finance Commission grant may be divided between various ULBs on a pro-rata basis in accordance with their respective slum population; ULBs will be required to provide matching contribution from their own resources	Accepted
7	Revision of <u>Octroi</u> schedule involving change over from levy on weight basis to advalorem basis so as to increase income from Octroi collection; list of exemptions to be reduced to the barest minimum; in case octroi is abolished, a suitable alternate elastic source of revenue to be found	To be considered in due course
8	Change over from the present system of <u>House Tax</u> assessment on the basis of annual rental value to the area linked scheme	To be considered in due course
9	Thorough revision in <u>Fees and Fines</u> rates to generate greater income	To be considered in due course
10	<u>Water charges</u> to be substantially raised so as to recover at least the maintenance costs; likewise it is necessary to cover the maintenance cost of sewerage & other services	To be considered in due course

S. No.	First SFC Recommendations (for the period 1997-2001)	Action Taken on Recommendations
11	<u>Taxation of Central &amp; State Government</u> – State Government should initiate survey & assess the amount which is due to the municipalities by way of service charges & take immediate steps to recover the same; Likewise urgent steps should be taken for the recovery of outstanding amount from the State Government departments	To be considered in due course
12	<u>Sanctioning of Budget</u> – Budget of Municipal Councils may be entrusted to the Directorate as it is better suited to have a closer watch on income & expenditure of larger municipalities in the State	To be considered in due course
13	<u>Training</u> – Training programmes for officials & non-officials of ULBs should be duly organised & funds to the extent necessary, be provided for the same	To be considered in due course
14	<u>Delegation of Powers to the Directorate of Local Bodies</u> – Some of the powers with regard to personnel & various other matters should be delegated to the Directorate, which are presently with the Deputy Commissioner or the State Government	To be considered in due course

Source: Government of Haryana (1997: 248-61).

- Revision in formula for assessment of ARV: Property tax is one of the major sources of revenue for municipalities. Generally, this tax is calculated on the basis of the Annual Rental Value (ARV). However, due to difficulties in determining the actual rent charged for different categories of buildings, many States in India have delinked property tax from the rental value concept. The Bahadurgarh Municipal Council follows a revised formula for assessing the ARV of a property: cost of land ( + ) cost of construction ( - ) age of building. Using this formula, the gross annual value of building is worked out. In Bahardurgarh, the property tax rate is fixed at a rate of 2.5 per cent of ARV on residential properties and 5 per cent of ARV on commercial properties.
- Training programmes: Haryana Institute of Public Administration (HIPA) conducts training programmes for municipal functionaries.

## Problems

The municipal functionaries have pointed out the following problems:

- Shortage of funds: The municipal functionaries have reported an acute shortage of funds. In this regard, the following observations have been made:
  - Low recovery from house tax due to the reason that survey to assess the growth in the number of properties has not been conducted since 2001. There is, however, a proposal to conduct the survey and update records to improve recovery;
  - No recovery from sale of land during the year 2004-5;

- Recovery from development charges is low. There is a proposal to write to the Public Health Department regarding disconnection of water/sewer connections of people who have not deposited this charge;
- A slaughterhouse does not exist in the town and hence a fee from informal shops is not collected. The Municipal Council is therefore losing this income. There is a proposal to establish a temporary slaughterhouse. It is reported that informal shops have not been inspected and that there is a need to check their record and ensure that slaughtered animals are stamped.
- Poor sanitation/solid waste management due to inefficiency among sweepers and lack of supervision by sanitary staff.
- Shortage of technical and other staff.
- Negligible attendance of municipal functionaries in training programmes; no significant impact of training.

## **Gurgaon (Haryana)**

### **Brief Town Characteristics**

Gurgaon is situated in Gurgaon district in the State of Haryana. It lies to the south-west of Delhi, the national capital, which is at a distance of about 10 kms. from the inter-state border. The town has a total population of 172,955 (Census of India, 2001a). It is divided into 31 municipal wards for administrative purposes. There are about 37,000 residential and 18,000 commercial properties in the town.

### **Local Government Profile**

#### **Constitution and Governance**

At present, the town is governed by a Municipal Council as per the provisions of the Haryana Municipal Act, 1973. As mentioned earlier, the present State of Haryana was formed in 1966 after it was separated from the State of Punjab. All municipalities in the State were previously governed by the Punjab Municipal Act.

#### **Duties**

The duties of municipalities existing in the State have been described in the earlier section on Bahadurgarh. It is reported that solid waste management and maintenance of street lights are

important functions looked after by the municipality; water supply and sewerage facilities are maintained by the State Public Health Engineering Department (PHED); and roads are maintained by the municipality, and the State Public Works Department (PWD).

### Composition

Gurgaon Municipal Council is represented by: (a) elected members, i.e., a President/Chairperson and 31 Councillors; male and female councillors are 18 and 13 respectively; seats are reserved for the scheduled castes, women belonging to the scheduled castes, other women, and two seats are reserved for persons belonging to the backward classes; elections were held in the year 2005; (b) nominated persons, namely members of the House of the People and the Legislative Assembly of State representing constituencies which comprise wholly or partly the municipal area, and members of the Council of States; and (c) appointed staff, i.e., an Executive Officer, 132 other employees (such as a Secretary, Municipal Engineer, Office Superintendent, Tax Superintendent and Inspector, 2 Fire Station Officers, Accountant, 2 Junior Engineers, Fire Men and Drivers, 22 Clerks, Chief Sanitary Inspector, 2 Sanitary Inspectors, 2 Sanitary Supervisors, etc.), 399 Sweepers, Gardeners, Peons, etc. About 168 posts in the municipality are vacant, including an Assistant Town Planner, 3 Sub Fire Officers, 3 Building Inspectors, a Tax Inspector, an Assistant Sanitary Inspector, 5 Leading Fire Men, 26 Fire Men and 13 Fire Drivers, 7 Gardeners, etc. (Table 3.7).

**Table 3.7: Gurgaon Municipal Council Staff, 2005**

S. No.	Name of Post	Sanctioned Posts	Filled up Posts	Vacant Posts	S. No.	Name of Post	Sanctioned Posts	Filled up Posts	Vacant Posts
1	Executive officer	1	1	0	21	Leading Fire Man	7	2	5
2	Secretary	1	1	0	22	Fire Man	57	31	26
3	Asst. Town Planner	1	0	1	23	Fire Driver	22	9	13
4	Municipal Engineer	1	1	0	24	Refuse Collector Driver	1	1	0
5	Office Superintendent	1	1	0	25	Car Driver	2	1	1
6	Tax Superintendent	1	1	0	26	Tractor Driver	3	3	0
7	Fire Station Officer	2	2	0	27	Clerks	23	22	1
8	Accountant	1	1	0	28	Vaccinator	1	0	1
9	Chief Sanitary Inspector	1	1	0	29	Fitter-cum-Driver	1	0	1
10	Junior Engineer	2	2	0	30	Sanitary Supervisor	2	2	0
11	Sub-Fire Officer	4	1	3	31	Fitter Coolie	3	2	1

S. No.	Name of Post	Sanctioned Posts	Filled up Posts	Vacant Posts	S. No.	Name of Post	Sanctioned Posts	Filled up Posts	Vacant Posts
12	Building Inspector	3	0	3	32	Gang Man	6	4	2
13	Tax Inspector	2	1	1	33	Water Carrier	1	0	1
14	Sanitary Inspector	2	2	0	34	Head Gardener	1	1	0
15	Work Inspector	2	1	1	35	Gardener	25	18	7
16	Light Inspector	1	1	0	36	Light Man	3	2	1
17	Sr. Stenographer	1	0	1	37	Guard	2	1	1
18	Jr. Stenographer	1	1	0	38	Peon	12	12	0
19	Store Keeper	1	1	0	39	Sanitary Superintendent	8	3	5
20	Asst. Sanitary Inspector	1	0	1	40	Sweeper	490	399	91
						<b>Grand Total</b>	<b>700</b>	<b>532</b>	<b>168</b>

Source: Office of the local government.

### Sub-Committees/Committees

Gurgaon Municipal Council is governed according to the provisions of the Haryana Municipal Act, 1973. Hence, provisions relating to the appointment of sub-committees are the same as described earlier in the case of Bahadurgarh (Table 3.2).

### Finance

The income and expenditure account of Gurgaon Municipal Council for the period 2002-3 is presented in Table 3.8. The office of the local government could not provide this information for the period 2003-4 or 2004-5.

During this period, the Council generated an income of Rs. 121.84 million. Almost one-half of the income was generated from two sources – stamp duty (25.12 per cent) and tax on buildings and land (21.20 per cent). The other sources from where less than 10 per cent of the income was generated include development charges (6.70 per cent), grant-in-aid (6.23 per cent), motor vehicle tax (6.02 per cent), and fire tax (5.03 per cent). The taxes and non-taxes levied by the municipality are listed in Table 3.9. The Council generated more than 70 per cent of its income from taxes (33 per cent) and non-taxes (38 per cent).

The Council incurred an expenditure amounting to Rs. 108.09 million during the same period. The main items of expenditure were salaries (about 33 per cent) and development works (about 44 per

cent). Salaries of conservancy department (removals) staff were highest – 18.46 per cent of the total expenditure; and with respect to the development works, it is observed that a high expenditure (34.85 per cent of the total expenditure) was incurred on the maintenance of roads. Among the departments, the municipal works department and the public health department have incurred high expenditure (about 60 per cent). The solid waste management sector accounted for about 24 per cent of the expenditure.

The expenditure pattern of the Council reveals that the following works related to urban development have been given attention: garden and roadside trees; parks; street lights; drainage; sanitation; water supply; road maintenance; and development of shopping complex.

**Table 3.8: Income and Expenditure Pattern of Gurgaon Municipal Council, 2002-3**

S. No.	Income Head	Actual Income (in Rupees)	% to Total Income	S. No.	Expenditure Head	Actual Expenditure (in Rupees)	% to Total Expenditure
1	Interest	376,323	0.31	<b>1.</b>	<b>GENERAL DEPARTMENTS</b>		
2	Miscellaneous receipts	5,238,248	4.30	<b>A.</b>	<b>General</b>		
3	Development charges	8,160,037	6.70	a.	Establishment – salaries	2,487,994	2.30
4	Grant-in-aid	7,585,439	6.23	b.	Law charges	305,555	0.28
5	Tax on buildings & land	25,828,332	21.20	c.	Election expenses	65,473	0.06
6	Profession or trade tax	1,406,442	1.15	d.	Audit fees	0	0.00
7	Trade licence fees	301,378	0.25	e.	Contingencies + 1 % DLB share	1,146,223	1.06
8	Tax on animals	100	0.00	f.	Misc. unclassified charges	1,818,427	1.68
9	Motor vehicle tax	7,333,871	6.02	g.	Advance to municipal employees	252,500	0.23
10	Parking fees	144,000	0.12	h.	Original works	2,540,756	2.35
11	Vehicle fees (rickshaw)	88,857	0.07	i.	Repairs (municipal buildings)	2,476,403	2.29
12	BA fees	1,133,481	0.93	<b>B.</b>	<b>Tax &amp; Licensing Dept.</b>		
13	Cinema show tax	79,924	0.07	a.	Octroi		
14	Misc. (copying fees, etc.)	62,589	0.05	(i)	Establishment – salaries	11,715	0.01
15	Rents of land & buildings	3,491,984	2.87	b.	Taxes & Licence Fee for Vehicles		
16	Sale of municipal land	66,640	0.05	(i)	Establishment – salaries	1,095,621	1.01
17	Sale of trees	700	0.00	(ii)	Contingencies	83,601	0.08
18	Tebbazari fees	786,900	0.65	<b>C.</b>	<b>Municipal Properties</b>		



S. No.	Income Head	Actual Income (in Rupees)	% to Total Income	S. No.	Expenditure Head	Actual Expenditure (in Rupees)	% to Total Expenditure
19	Stamp duty	30,611,499	25.12	a.	Rented lands and buildings		
20	Fire tax	6,124,355	5.03	(i)	Establishment – salaries	180,835	0.17
21	Fire charges	62,280	0.05	(ii)	Contingencies	1,967	0.00
22	Sale of sewage (low cost)	1,882	0.00	b.	Garden & roadside trees		
23	Slaughter house fees	32,520	0.03	(i)	Establishment – salaries	1,238,020	1.15
24	Licence fees	71,460	0.06	(ii)	Contingencies	3,967	0.00
25	P.F. Ad.	12,010	0.01	(iii)	Parks	2,288,333	2.12
26	Road cut	1,062,762	0.87	<b>D.</b>	<b>Public Safety &amp; Convenience</b>		
27	Sale of land in <i>Vyapar Sadan</i>	5,093,405	4.18	a.	Lighting		
28	Advance & deposits	9,267,698	7.61	(i)	Establishment – salaries	196,182	0.18
	Opening balance	7,424,707	6.09	(ii)	Street lights – materials	1,201,406	1.11
	<b>Total Income</b>	<b>121,849,823</b>	<b>100.00</b>	(iii)	Street lights – electricity bills	5,335,269	4.94
				b.	Fire		
				(i)	Establishment – salaries	2,073,969	1.92
				(ii)	Contingencies	707,882	0.65
				c.	Cattle Ponds		
				(I)	Establishment – salaries	179,079	0.17
				(ii)	Contingencies	500	0.00
				<b>2.</b>	<b>EDUCATION</b>		
				a.	Public libraries and museums – Newspapers	8,048	0.01
				<b>3.</b>	<b>PUBLIC HEALTH</b>		
				a.	<b>Direction</b>		
				(i)	Establishment – salaries	789,813	0.73
				b.	<b>Vaccination</b>		
				(i)	Establishment – salaries	38,280	0.04
				c.	<b>Plague &amp; other epidemic</b>		
				(i)	Establishment – salaries	136,179	0.13
				(ii)	Contingencies	49,439	0.05
				d.	<b>Conservancy</b>		
					- Removals		
				(i)	Establishment – salaries	19,952,962	18.46
				(ii)	Contingencies	248,366	0.23
					- Disposals		
				(i)	Establishment – salaries	1,042,256	0.96
				(ii)	Contingencies	346,865	0.32
				(iii)	Wheel barrows	0	0.00
				(iv)	Urinals/toilets	0	0.00
				(v)	Low cost	0	0.00

## Challenges for Urban Local Governments in India

S. No.	Income Head	Actual Income (in Rupees)	% to Total Income	S. No.	Expenditure Head	Actual Expenditure (in Rupees)	% to Total Expenditure
				(vi)	Maintenance charges of refuse collector/purchase of vehicles	514,885	0.48
				e.	<b>Drainage</b>		
				(i)	Establishment – salaries	4,650,681	4.30
				(ii)	Contingencies	267,662	0.25
				(iii)	Drains	652,957	0.60
				f.	<b>Solid waste management</b>	3,752,677	3.47
				4.	<b>WATER SUPPLY</b>		
				a.	Machinery		
				(i)	Establishment – salaries	243,566	0.23
				5.	<b>MUNICIPAL WORKS</b>		
				a.	Direction		
				(i)	Establishment – salaries	1,213,810	1.12
				(ii)	Contingencies	62,941	0.06
				b.	Streets		
				(i)	Maintenance – metalled roads, un-metalled roads	37,671,997	34.85
				c.	Development of shopping complex	565,154	0.52
				6.	<b>RESERVE FOR UNFORSEEN CHARGES</b>	405,022	0.37
				7.	<b>SUSPENCE ACCOUNTS</b>		
				a.	Advance & deposits	9,278,016	8.58
				b.	Salaries to abolished MC's staff	509,663	0.47
					<b>Total Expenditure</b>	<b>108,092,916</b>	<b>100.00</b>

Source: Budget of the municipality.

### State/Local Initiatives

The measures taken by the State government of Haryana and the local government are listed below.

- Solid waste management: Some area is given on contract due to less number of sweepers. About 50 sweepers have been involved on contract. Contract is also given for vehicles belonging to a private operator for the transportation of waste.
- Revision in formula for assessment of ARV: Gurgaon Municipal Council follows the same formula as mentioned earlier in the case of Bahadurgarh.
- HIPA organises training programmes for officials & elected representatives.

Table 3.9: Taxes and Non-taxes Levied by Gurgaon Municipal Council, 2002-3

S. No.	Taxes	Amount (in Rupees)	% to Total Income from Taxes	S. No.	Non-taxes	Amount (in Rupees)	% to Total Income from Non-taxes
1	Tax on buildings & land	25,828,332	63.35	1	Development charges	8,160,037	17.73
2	Profession or trade tax	1,406,442	3.45	2	Trade licence fee	301,378	0.65
3	Tax on animals	100	0.00	3	Parking fee	144,000	0.31
4	Motor vehicle tax	7,333,871	17.99	4	Vehicle fee (rickshaw)	88,857	0.19
5	Cinema show tax	79,924	0.20	5	BA fee	1,133,481	2.46
6	Fire tax	6,124,355	15.02	6	Copying fee	62,589	0.14
	<b>Total income from taxes</b>	<b>40,773,024</b>	<b>100.00</b>	7	Rent of land and buildings	3,491,984	7.59
				8	Sale of trees	700	0.00
	Per cent of income from taxes to total income of the Council		33.46	9	<i>Tebbazari</i> fee	786,900	1.71
				10	Stamp duty	30,611,499	66.51
				11	Fire charges	62,280	0.14
				12	Sale of sewage	1,882	0.00
				13	Slaughter house fee	32,520	0.07
				14	Licence fee	71,460	0.16
				15	P.F. Ad.	12,010	0.03
				16	Road cut	1,062,762	2.31
					<b>Total income from non-taxes</b>	<b>46,024,339</b>	<b>100.00</b>
					Per cent of income from non-taxes to total income of the Council		37.77

Source: Budget of the municipality.

## Problems

The municipal functionaries have pointed out the following problems:

- Pressure from some influential elected members regarding development of infrastructure in their wards;
- Corrupt practices adopted by clerks; some of them possess very low levels of education. Earlier they were involved in octroi collection work but after its abolition they were deputed for other works such as house tax related matters. Thus, the tax superintendent faces problems in getting works done from such persons due to lack of technical knowledge;
- Poor sanitation/solid waste management. There is no proper place for waste disposal. Waste is disposed off on open lands at Mehrauli road side. There is a shortage of sweepers and vehicles;
- Municipality levies licence fees for various purposes. Regarding manufacturing and sale of ice, there is no check or supervision by municipal officials on the norms/standards required at the site. Later ULB is held responsible in case of eventuality;
- In the construction of roads, more expenditure is shown than what is actually incurred. Road measurement is exaggerated;
- The generator in possession of ULB is poorly maintained. It frequently breaks down;
- Negligible attendance of municipal functionaries in training programmes; no significant impact of training.

## **Alwar (Rajasthan)**

### **Brief Town Characteristics**

Alwar is situated in Alwar district in the State of Rajasthan. It is located at a distance of about 170 kms. from Delhi, the national capital, which lies to its north-east, and 148 kms. from Jaipur, which is another important town and the State capital, which lies to its south-west. There are several sites of tourist interest located in and around the town, such as the Alwar Fort, Vinay Vilas Palace, Sariska Palace, the Sariska wildlife sanctuary, rocky hills, and lakes, and hence it is an important tourist centre. The town has a total population of 260,593 and an area of 49 sq. kms. (Census of India, 2001a and b). It is divided into 50 municipal wards for administrative purposes.

### **Local Government Profile**

#### **Constitution and Governance**

The town is governed by a Municipal Council as per the provisions of the Rajasthan Municipalities Act, 1959. Since its enactment in 1959, the Act has been amended 39 times. The Rajasthan Municipalities (Second Amendment) Act, 1994 came into force with effect from May 1994 as a

sequel to the 74<sup>th</sup> CAA. It is reported that there has been no change in the civic status of the town since 1934.

## Duties

The municipal Act of the State lists 23 obligatory and 25 discretionary duties to be performed by local governments in the State (Table 3.10). The broad functions are public health and hygiene, public safety and security, development, regulatory and miscellaneous.

**Table 3.10: Obligatory and Discretionary Duties of Municipalities in Rajasthan**

S. No.	Duties
<b>A</b>	<b>Obligatory/Primary</b>
1	Lighting public streets, places & buildings
2	Watering public streets & places
3	Cleaning public streets, places and sewers, & all spaces, not being private property, which are open to the enjoyment of the public, whether such spaces are vested in the board or not, removing noxious vegetation & abating all public nuisances
4	Removing filth, rubbish, night-soil, odour, or any other noxious or offensive matter from privies, latrines, urinals, cess-pools, or other common receptacles for such matter or in pertaining to a building or buildings
5	Extinguishing fires & protecting life & property when fire occurs
6	Regulating offensive or dangerous trades or practices
7	Removing obstructions & projections in public streets or places & in spaces, not being private property which are open to the enjoyment of the public, whether such spaces are vested in the board or belong to the State government
8	Securing or removing dangerous buildings or places & reclaiming unhealthy localities
9	Acquiring, maintaining, changing & regulating places for the disposal of the dead & of the carcasses of dead animals
10	Construction, altering & maintaining public streets, culverts, municipal boundary marks, markets, slaughter-houses, drains, sewers, drainage-works, sewerage-works, baths, washing places, drinking fountains, tanks, wells, dams & the like
11	Construction of public latrines, privies & urinals
12	Obtaining a supply or an additional supply of water, proper & sufficient for preventing danger to the health of inhabitants from the insufficiency or unwholesomeness of the existing supply
13	Naming streets & numbering houses
14	Registering births & deaths
15	Public vaccination
16	Suitable accommodation for any calves, cows or buffaloes required within the municipality for the supply of animal lymph
17	Arranging for the destruction or the detention and preservation of such dog within the municipality as may be dealt with under section 208 of this Act
18	Printing such annual reports on the municipal administration of the municipality as the State government by general or special orders, requires the board to print
19	Paying the salary & the contingent expenditure on account of such police guards as may be required by the board for the purpose of this Act or for the protection of any municipal property & providing such accommodation as may be required by the State government under the law in force relating to police
20	Raising volunteer force with such functions & duties in relation to the protection of persons, the security of property & the public safety as may be prescribed
21	Making arrangements for preparation of compost manure from night-soil & rubbish
22	Establishing & maintaining cattle ponds
23	Promoting population control, family welfare & small family norm

S. No.	Duties
<b>B</b>	<b>Discretionary/Secondary</b>
1	Laying out, whether in areas previously built upon or not, new public streets & acquiring land for that purpose, including land requisite for the construction of buildings or cartilages thereof, to abut such streets
2	Construction, establishing, maintaining or contributing to the maintenance of the public parks, gardens, libraries, museums, reading rooms, radio receiving stations, lunatic asylums, halls, offices, <i>dharamshalas</i> , rest houses, encamping grounds & other public buildings & places
3	Constructing & maintaining where necessary, suitable sanitary houses for the habitation of the poor & granting loans for the construction of such houses or for effecting necessary improvements connected therewith
4	Providing accommodation for any class of servants employed by the board or granting loans to such servants for the construction of houses subject to the rules prescribed in this behalf
5	Planting & maintaining road side & other trees
6	Taking a census & granting rewards for information which may tend to secure the correct registration of vital statistics
7	Securing or assisting to secure suitable places for the carrying on of the offensive trades
8	Supplying, constructing & maintaining receptacles, fittings, pipes, other appliances whatsoever, on or for the use in private premises, for receiving & conducting the sewage thereof into sewers under the control of the board
9	Establishing & maintaining a farm or factory for the disposal of sewage
10	Providing music for the people
11	The promotion of public health or infant welfare
12	Contribution towards any public fund raised for the relief of human suffering with or without the municipality
13	By a resolution passed at a general meeting & supported by one-half of the whole number of members, any public reception, ceremony, entertainment, or exhibition within the municipality
14	The organisation or maintenance of shops or stalls for the sale of necessaries of life during scarcity
15	Holding fairs & exhibitions
16	Supply of milk
17	Establishing labour welfare centres for its employees & subsidising the activities of any association upon or club of such employees by grant of loan for its general advancement
18	Organising or contributing to a Municipal Board union
19	Maintenance of ambulance service
20	Establishing & maintaining public hospitals & dispensaries & providing public medical relief
21	Providing facilities for anti-rabic treatment & meeting the expenses of indigent persons undergoing anti-rabic treatment within or outside the municipal limits
22	Housing & maintaining destitute orphans & cripples & maintaining maternity centres & child welfare clinics
23	Establishing & maintaining primary schools
24	Preparation of plans for economic development & social justice; the performance of functions & the implementation of the schemes that may be entrusted by the State Government to it, including those in relation to the matters listed in the Twelfth Schedule of the Constitution of India
25	Any other matter not herein before specifically named which is likely to promote education or the public health safety or convenience or the advancement of economic condition of the inhabitants of the board or which is necessary for the carrying out of this Act, expenditure whereon is resolved by the board by the votes of not less than two-thirds of the whole number of members & with the approval of the State Government to be an appropriate charge on the municipal fund.

Source: Municipal Law in Rajasthan, Vol. 1 (2005: 292-4; 303-5).

The first State Finance Commission of Rajasthan has observed that “the reality on ground regarding the achievement of objectives of ULBs is far from the expectations of the people....municipalities are not able to cover the majority of functions assigned to them....they are not able to ensure quality of services” (Government of Rajasthan, 1995:177). Similarly, the

second SFC points out the deficiencies in urban basic service levels (Government of Rajasthan, 2001: 35).

It is reported that solid waste management and maintenance of street lights are important functions looked after by the municipality; water supply and sewerage facilities are maintained by the State Public Health Engineering Department (PHED); and roads are maintained by the municipality, the Urban Improvement Trust (UIT) and the State Public Works Department (PWD).

### **Composition**

The Directorate of Local Bodies is the nodal agency at the State level to coordinate the activities of ULBs. The Directorate is supported by various sections to perform and coordinate the activities at the State level, namely Project Section, Engineering Section, Accounts Section, Establishment Section, Statistical Cell, Vigilance Cell, Legal Cell, etc.

The staff in municipalities are drawn from various cadres – Rajasthan Municipal Services, Rajasthan Municipal Subordinate and Ministerial Services, Rajasthan Municipal Class IV Services and Sweepers, and Other Staff (i.e., posts for Libraries, Power House, Garden, etc.). The Municipal Councils are headed by Commissioners belonging either to the Rajasthan Administrative Services or Rajasthan Municipal Service.

Alwar Municipal Council is represented by: (a) elected members, i.e., a President/Chairperson and 50 Councillors; male and female councillors are 33 and 17 respectively; seats are reserved for the scheduled castes and/or the scheduled tribes, women belonging to the scheduled castes and/or the scheduled tribes, other women, and the backward classes; elections were held in the year 2004; (b) ex-officio members with a right to vote in municipal meetings, i.e., a member of the Rajasthan Legislative Assembly; and a member of the House of the People; (c) nominated persons having special knowledge or experience in municipal administration; and (d) appointed staff, i.e., an Executive Officer (known as a Commissioner in A class towns of Rajasthan), and 492 other employees (such as Secretary, Revenue Officer, Assistant Engineer, Assistant Accounts Officer, Law Officer, Revenue Inspectors, Civil Works Engineers, Health Inspectors, Fire Men, Clerks, Drivers, Guards, Peons, Water Carriers, and Sweepers. About 239 posts in the municipality are vacant, including a Health Officer, Chief Sanitary Inspector, Sub Fire Officer, Fire Men, Office Clerks, Drivers, Guards, Peons, 135 Sweepers, etc. (Table 3.11). Posts in the municipality are

vacant due to two main reasons: (a) transfer of staff to other municipalities in the State; and (b) posts of retired employees are usually not filled.

**Table 3.11: Alwar Municipal Council Staff, 2005**

S. No.	Name of Post	Sanctioned Posts	Filled up Posts	Vacant Posts	S. No.	Name of Post	Sanctioned Posts	Filled up Posts	Vacant Posts
1	Commissioner	1	1	0	22	Steno (Sr.)	1	0	1
2	Secretary	1	1	0	23	Steno (Jr.)	1	1	0
3	Revenue Officer (Grade II)	1	1	0	24	Office Accountant	1	0	1
4	Health Officer	1	0	1	25	Driver	20	13	7
5	Assistant Engineer	1	1	0	26	Light Inspector	1	1	0
6	Asst. Accounts Officer	1	1	0	27	Asst. Light Inspector	1	0	1
7	Law Officer	1	1	0	28	Garden Supervisor	1	0	1
8	Assessor	2	1	1	29	Guard	24	10	14
9	Revenue Inspector	5	5	0	30	Peon	60	51	9
10	Asst. Revenue Inspector	4	1	3	31	Out-post Sub Officer	1	1	0
11	Civil Works Engineer	4	3	1	32	Out-post Guard	3	1	2
12	Chief Sanitary Inspector	1	0	1	33	Fitter/Welder/ Painter	4	3	1
13	Sanitary Inspector (Grade I)	3	1	2	34	Water Carrier	21	21	0
14	Sanitary Inspector (Grade II)	3	3	0	35	Gardner/Helper	1	0	1
15	Surveyor	1	0	1	36	Light Man	1	1	0
16	Asst. Fire Officer	1	0	1	37	Manure Worker	24	16	8
17	Leading Fire Man	2	1	1	38	Cleaner	3	1	2
18	Fire Man	27	23	4	39	Gang Man	58	39	19
19	Office Superintendent	1	0	1	40	Asst. Paper Distributor	1	1	0
20	Office Assistant	6	1	5	41	Sweeper	420	285	135
21	Office Clerk	18	3	15	42	<b>Grand Total</b>	<b>732</b>	<b>493</b>	<b>239</b>

Source: Office of the local government.

### Sub-Committees/Committees

The Rajasthan Municipalities Act, 1959 provides for the appointment of the following committees in Municipal Councils of the State (Municipal Law in Rajasthan, Vol. 1, 2005: 234-5): (a) Executive



Committee; (b) Finance Committee; (c) Health and Sanitation Committee; (d) Building and Works Committee; (e) Rules and Bye-laws Committee; and (f) Public Conveyance Committee.

There exist about ten sections/departments to look after the various municipal functions in Municipal Councils – General Administration, Accounts, Revenue, Public Health and Sanitation, Legal Affairs, Garden/Parks, Garage, Street Lighting, Fire Fighting, and Public Works.

## Finance

The first SFC of Rajasthan observes, “most of the municipalities in Rajasthan are financially weak and are in no position to meet the rising demand for municipal services. They are unable to discharge their obligatory functions satisfactorily. Rapid growth of cities and towns is not matched by a corresponding increase in their revenue. The performance of ULBs was dismal on augmentation of revenue” (Government of Rajasthan, 1995: 196).

As per the Rajasthan Municipalities Act, 1959, the ULBs are empowered to impose various obligatory and discretionary taxes and non-taxes (Table 3.12).

**Table 3.12: Obligatory and Discretionary Taxes/Non-taxes as per the Municipal Act**

S. No.	Description of Taxes/Non-taxes
<b>A</b>	<b>Obligatory taxes</b>
1	A tax on buildings or lands or both situated within the municipal limits, either on their annual letting value or on capital cost or at flat rate or by unit area base method or by any other method
2	An octroi on goods and animals brought within the limits of the municipality for consumption or use or sale therein
3	A tax on professions and vocations
<b>B</b>	<b>Discretionary taxes, tolls</b>
1	Tax on vehicles and other conveyance plying for hire or kept within the municipality
2	Tax on dogs kept within the municipality
3	Tax on animals used for riding, driving, draught or burden when kept within the municipality
4	Toll on vehicles and other conveyances and on animals entering the municipality
5	Tax on boats moored within the municipality
6	Scavenging tax
7	Tax for the cleansing of private latrines or privies
8	A general sanitary tax for the construction or maintenance or both of public latrines and for the removal and disposal of refuse
9	Lighting tax
10	Water tax for water supplied by the board, which may be imposed in the form of a rate assessed on the annual letting value of building or lands or both or in any other form
11	Tax on trades and callings carried on within the municipality and deriving special advantages from, or imposing special burdens on, municipal services
12	Tax on artisans
13	Any other tax which the State Legislature has power to impose under the Constitution

Source: Municipal Law in Rajasthan (2005:309-10; 333-34).

The income and expenditure account of Alwar Municipal Council for the period 2004-5 is presented in Table 3.13.

**Table 3.13: Income and Expenditure Pattern of Alwar Municipal Council, 2004-5**

S. No.	Income Head	Actual Income (in Rupees)	Percentage to Total Income	S. No.	Expenditure Head	Actual Expenditure (in Rupees)	Percentage to Total Expenditure
1	Octroi compensatory grant	58,103,000	57.28	<b>1.</b>	<b>General Administration</b>	<b>9,688,088</b>	<b>9.55</b>
2	Building & land tax	5,128,969	5.06	a.	Pay & allowance	7,129,005	7.03
3	Slaughter house fee	18,492	0.02	b.	Travel allowance	77,331	0.08
4	Building works & construction fee	6,720	0.01	c.	Medical expenses	134,173	0.13
5	Applications	26,054	0.03	d.	Conveyance allowance	14,402	0.01
6	Sign board advertisements	860,264	0.85	e.	Other allowance	358,252	0.35
7	Animal/other fairs	84,800	0.08	f.	Telegram & telephone	153,517	0.15
8	Copying & other certificates	9,588	0.01	g.	Dress	21,291	0.02
9	Small flour machine	42,134	0.04	h.	Stationary purchase & printing	129,268	0.13
10	Birth & death certificates	52,734	0.05	i.	Books & newspapers	20,681	0.02
11	Misc. income	225,385	0.22	j.	Publicity & advertisement	143,776	0.14
12	Animal house	186,926	0.18	k.	Election expenses	4,102	0.00
13	Food licence	14,114	0.01	l.	Fair & entertainment	181,720	0.18
14	Hotel byelaws	1,790	0.00	m.	Audit fees	205,800	0.20
15	Road cutting	42,452	0.04	n.	Court expenses	196,173	0.19
16	<i>Tebbazari</i> (Fee from hawkers)	121,920	0.12	o.	Electricity/water expenses	42,251	0.04
17	Rent of vehicles	3,250	0.00	p.	Contingencies	258,156	0.25
18	Rent of quarters	15,786	0.02	q.	Grant to autonomous govt. institutions	4,000	0.00
19	Income from rent	250,070	0.25	r.	Members allowance	614,190	0.61
20	Cycle stand	253,765	0.25	<b>2.</b>	<b>Tax Recovery</b>	<b>5,100,222</b>	<b>5.03</b>
21	Dead animals contract	190,669	0.19	a.	Pay & allowance	4,724,527	4.66
22	Fish breeding contract	444,369	0.44	b.	Travel allowance	4,945	0.00
23	Land licence fee	203,104	0.20	c.	Medical allowance	80,468	0.08
24	Interest on investment	48,235	0.05	d.	Conveyance allowance	10,755	0.01
25	General grants	2,564,002	2.53	e.	Other allowance	263,472	0.26
26	Land lease (annual premium)	100,491	0.10	f.	Dress	7,497	0.01
27	State finance commission	8,140,000	8.02	g.	Stationary purchase & printing	560	0.00
28	Entertainment tax compensation	1,285,000	1.27	h.	Contingencies	7,998	0.01
29	Sale of land (from public)	3,410,231	3.36	<b>3.</b>	<b>Public Convenience &amp; Public Health</b>	<b>41,722,637</b>	<b>41.13</b>

S. No.	Income Head	Actual Income (in Rupees)	Percentage to Total Income	S. No.	Expenditure Head	Actual Expenditure (in Rupees)	Percentage to Total Expenditure
30	SJSRY (urban employment plan)	591,137	0.58	a.	<b>Health:</b>	<b>38,844,893</b>	38.30
31	11 <sup>th</sup> finance commission	5,233,000	5.16	(i)	Pay & allowance	29,043,213	28.63
32	MLA quota	1,738,249	1.71	(ii)	Travel allowance	898	0.00
33	MP quota	22,000	0.02	(iii)	Medical allowance	455,946	0.45
34	National family plan	42,000	0.04	(iv)	Conveyance allowance	18,050	0.02
35	Deposits	1,918,628	1.89	(v)	Other allowance	1,930,676	1.90
36	Small advance	192,727	0.19	(vi)	Dress	213,168	0.21
37	Building loan advance	252,601	0.25	(vii)	Medicines & phenyl	3,899	0.00
38	Vehicle loan advance	140,347	0.14	(viii)	Contingencies & sanitation expenses	7,179,043	7.08
39	Audit/other recovery	12,528	0.01	b.	<b>Motor Garage:</b>	<b>2,877,744</b>	2.84
40	Opening balance	9,457,751	9.32	(i)	Pay & allowance	2,055,071	2.03
	<b>Total Income</b>	<b>101,435,282</b>	<b>100.00</b>	(ii)	Medical allowance	27,974	0.03
				(iii)	Other allowance	114,126	0.11
				(iv)	Dress	9,126	0.01
				(v)	Petrol, diesel expense	386,873	0.38
				(vi)	Vehicle repairs	135,938	0.13
				(vii)	Sanitation vehicle expenses – General administration	123,739	0.12
				(viii)	Sanitation vehicle expenses – Sanitation/electricity	24,897	0.02
				<b>4.</b>	<b>Public Safety</b>	<b>3,759,045</b>	<b>3.71</b>
				a.	Pay & allowance	3,197,761	3.15
				b.	Travel allowance	13,175	0.01
				c.	Medical allowance	62,356	0.06
				d.	Other allowance	182,480	0.18
				e.	Dress	25,584	0.03
				f.	Petrol, diesel expenses	112,119	0.11
				g.	Vehicle repairs	134,195	0.13
				h.	Contingencies	31,375	0.03
				<b>5.</b>	<b>Electricity Branch</b>	<b>5,859,842</b>	<b>5.78</b>
				a.	Pay & allowance	179,337	0.18
				b.	Medical allowance	1,200	0.00
				c.	Conveyance allowance	2,900	0.00
				d.	Other allowance	8,986	0.01
				e.	Electricity bills payment	4,822,717	4.75
				f.	Electrical item purchase	238,968	0.24
				g.	Electricity connection maintenance	598,890	0.59
				h.	Contingencies	6,844	0.01
				<b>6.</b>	<b>Animal House</b>	<b>905,072</b>	<b>0.89</b>
				a.	Pay & allowance	802,128	0.79
				b.	Other allowance	67,260	0.07
				c.	Contingencies & fodder	35,684	0.04
				<b>7.</b>	<b>Park/Garden</b>	<b>90,132</b>	<b>0.09</b>

**Challenges for Urban Local Governments in India**

S. No.	Income Head	Actual Income (in Rupees)	Percentage to Total Income	S. No.	Expenditure Head	Actual Expenditure (in Rupees)	Percentage to Total Expenditure
					<b>Branch</b>		
				a.	Purchase of tools	1,791	0.00
				b.	Contingencies	14,477	0.01
				c.	Water/electricity bill	73,864	0.07
				<b>8.</b>	<b>Public Repairs</b>	<b>2,361,751</b>	<b>2.33</b>
				a.	Pay & allowance	2,163,087	2.13
				b.	Travel allowance	9,507	0.01
				c.	Medical allowance	34,025	0.03
				d.	Conveyance allowance	11,851	0.01
				e.	Other allowance	120,927	0.12
				f.	Dress	8,259	0.01
				g.	Contingencies	14,095	0.01
				<b>9.</b>	<b>Water Works</b>	<b>172,127</b>	<b>0.17</b>
				a.	Water bill payment	169,080	0.17
				b.	P.S.P. expenses	826	0.00
				c.	Contingencies	2,221	0.00
				<b>10.</b>	<b>Library</b>	<b>57,195</b>	<b>0.06</b>
				a.	Water bill payment	26,042	0.03
				b.	Books/newspaper	31,153	0.03
				<b>11.</b>	<b>Development Works</b>	<b>11,296,112</b>	<b>11.14</b>
				a.	<b>Expenses from municipal fund/ source:</b>	<b>2,461,775</b>	<b>2.43</b>
				(i)	New roads construction	1,770,620	1.75
				(ii)	Other new construction	395,808	0.39
				(iii)	Maintenance expenses	295,347	0.29
				b.	<b>Expenses from grants received</b>	<b>8,834,337</b>	<b>8.71</b>
				(i)	SJSRY (urban employment plan)	138,044	0.14
				(ii)	Slum dev. Programme	2,896,662	2.86
				(iii)	MLA quota	2,029,589	2.00
				(iv)	MP quota	8,280	0.01
				(v)	11 <sup>th</sup> Finance Commission	3,700,444	3.65
				(vi)	National social assistance	40,000	0.04
				(vii)	Girl prosperity plan	8,500	0.01
				(viii)	Pension deductions	12,818	0.01
				<b>12.</b>	<b>Purchase of New Property</b>	<b>34,885</b>	<b>0.03</b>
				a.	Water coolers	34,885	0.03
				<b>13.</b>	<b>Miscellaneous</b>	<b>4,054,773</b>	<b>4.00</b>
				a.	Deposits	2,156,556	2.13
				b.	Small advance	475,498	0.47
				c.	Building loan	188,900	0.19
				d.	Vehicle loan	49,300	0.05
				e.	Other small loans	1,184,519	1.17
				14.	Closing balance	16,333,401	16.10
					<b>Total Expenditure</b>	<b>101,435,282</b>	<b>100.00</b>

Source: Budget of the municipality.

During this period, the Council generated an income of Rs. 101.43 million. More than one-half (57.28 per cent) of the income was received from the State government in the form of octroi compensatory grant. The Council receives this grant after the abolishment of octroi in August 1998. Octroi is a “tax on the entry of goods into a local area for consumption, use or sale therein” (Government of India, 1966: 91-92). Its abolishment is due to a major hindrance to the free flow of traffic and trade. The other important sources of income are: State Finance Commission grant (8.02 per cent); eleventh Finance Commission grant (5.16 per cent); building and land tax (5.06 per cent); sale of land (3.36 per cent); and general grants (2.53 per cent). It is reported that income from internal sources (i.e., tax and non-tax) is very low and the Council depends mainly on the octroi compensatory grant and the general grants provided by the State government. The octroi compensatory grant is estimated to be about Rs. 5.30 million per month. Of this amount, salaries account for Rs. 4.20 million (or 80 per cent), Rs. 400,000 is spent on payment of road light bills, Rs. 500,000 is given to contractors for sanitation works, Rs. 50,000 is spent on the maintenance of road lights and the remaining amount is spent on other works, such as telephone and water bills, etc. The taxes and non-taxes levied by the municipality are listed in Table 3.14. The Council generated about 8 per cent of its income from taxes (5 per cent) and non-taxes (3 per cent).

The Council incurred an expenditure amounting to Rs. 101.43 million during the same period. Thus, the income and expenditure pattern of the Council shows a balanced budget. The public convenience and public health department shows a high expenditure (41.13 per cent). This is due to the pay and allowance of health/sanitation staff. Similarly, the Council has spent about 11 per cent of the expenditure on development works. Another observation is that nearly one-half (48.6 per cent) of the expenditure of the Council has been on pay and allowances of staff. The solid waste management sector accounted for about 36 per cent of the expenditure.

The expenditure pattern of the Council reveals that the following works related to urban development have been given attention: construction of new roads; slum improvement; and sanitation.

**Table 3.14: Taxes and Non-taxes Levied by Alwar Municipal Council, 2004-5**

S. No.	Taxes	Amount (in Rupees)	% to Total Income from Taxes	S. No.	Non-taxes	Amount (in Rupees)	% to Total Income from Non-taxes
1	Building & land tax	5,128,969	100.00	1	Slaughter house fee	18,492	0.65

S. No.	Taxes	Amount (in Rupees)	% to Total Income from Taxes	S. No.	Non-taxes	Amount (in Rupees)	% to Total Income from Non-taxes
	<b>Total income from taxes</b>	<b>5,128,969</b>	<b>100.00</b>	2	Building works & construction fee	6,720	0.24
				3	Applications	26,054	0.92
	Per cent of income from taxes to total income of the Council		5.06	4	Sign board advertisement	860,264	30.41
				5	Animal/other fairs	84,800	3.00
				6	Copying fee & other certificates	9,588	0.34
				7	Small flour machine	42,134	1.49
				8	Birth & death certificates	52,734	1.86
				9	Animal house	186,926	6.61
				10	Food licence	14,114	0.50
				11	Hotel byelaws	1,790	0.06
				12	Road cutting	42,452	1.50
				13	<i>Tebbazari</i>	121,920	4.31
				14	Rent of vehicles	3,250	0.11
				15	Rent of quarters	15,786	0.56
				16	Income from rent	250,070	8.84
				17	Cycle stand	253,765	8.97
				18	Dead animals contract	190,669	6.74
				19	Fish breeding contract	444,369	15.71
				20	Land licence fee	203,104	7.18
					<b>Total income from non-taxes</b>	<b>2,829,001</b>	<b>100.00</b>
					Per cent of income from non-taxes to total income of the Council		2.79

Source: Budget of the municipality.

### State/Local Initiatives

The measures taken by the State government of Rajasthan and the local government are listed below.

- Enactment of the Rajasthan Municipalities (Second Amendment) Act, 1994 as a sequel to the 74<sup>th</sup> CAA. Accordingly, financial powers of Mayor and Chairperson have been enhanced; committees have been constituted and their numbers increased for better representation of

elected members; representation of ULBs in the District Planning Committees has been granted.

- Constitution of SFCs: After the expiry of the term of the first SFC, the second SFC has been constituted and actions have been taken on its recommendations (Table 3.15 and 3.16).

**Table 3.15: First SFC Recommendations and Actions Taken, Rajasthan**

S. No.	First SFC Recommendations (for the period 1995-2000)	Action Taken on Recommendations
1	2.18 per cent of net state tax proceeds to be transferred to ULBs	Accepted
2	Formulate an urban development policy to mitigate the problems of urban poor & to strengthen urban infrastructure	Policy not yet formulated
3	Creation & strengthening of urban infrastructure facilities deserve special attention; priority to be given to basic services, namely water & sewer systems, energy, transport, communications, environment, etc.	Urban infrastructure is being strengthened under various schemes, such as NRY, UBSP, SJSRY, etc.
4	Need to review & simplify numerous rules framed under the Municipal Act	Rules are being simplified & amended
5	Need for a separate study for designing a suitable organisational structure for each class of municipality considering their statutory functions	Under consideration
6	Need for redistribution & rationalisation of staff in ULBs	Under process
7	Urgent need to address the human resource problems of ULBs	Training programmes are being conducted to overcome such problems
8	Training facilities are inadequate & need to be strengthened	Accepted but hampered due to scarcity of funds
9	Need to optimally utilise the services of existing staff while contracting out services like sanitation, street lighting, etc.	Instructions issued
10	Existing surplus staff in under-worked departments to be used in other departments where vacancies exist, after training	Instructions issued
11	Services such as street lighting & road maintenance could be privatised	Accepted
12	There should be a combined effort between the ULBs & the community to improve standards of sanitation	NGOs in some colonies of Jaipur and Kota cities are functioning to look into this problem
13	It is expedient to decentralise powers to ULBs for revising the rates	Yet to be implemented; several amendments in the Municipal Act are envisaged in the near future
14	Need to formulate detailed guidelines for assistance & grants by the government to ensure more allocations to resource poor ULBs at the lower levels	State Government has already ordered to provide more general grant in aid to poor and small ULBs
15	The department should demystify the house tax assessment procedure by making it more simple and transparent	Under process
16	Discretionary tax resources are grossly under utilised; should be tapped for generating more resources	Under consideration
17	State government and ULBs should examine the rates of fines, penalties, charges, fees, etc., and revise them regularly	Under consideration
18	Transfer of additional functions to ULBs should be accompanied by transfer of staff and funds to discharge those functions effectively	Accepted
19	Development of an effective MIS for maintaining data and monitoring the performance of ULBs in consultation with the Finance Department	Under process

Source: Government of Rajasthan (2001: 176-84).

**Table 3.16: Second SFC Recommendations and Actions Taken, Rajasthan**

S. No.	Second SFC Recommendations (for the period 2000-2005)	Action Taken on Recommendations
1	2.25 % of state's net own tax revenue, excluding entertainment tax, to be transferred to rural and urban local bodies; per cent share of rural and urban population would be 76.6 % and 23.4 % respectively	Accepted – amount earmarked for LBs is being distributed
2	State Government should appoint the entire SFC at a time & should not change the composition till its tasks are complete; Member Secretary should be appointed on full time basis; life span of SFC should be for a maximum period of 18 months	To be further deliberated
3	State Government should ensure collection & compilation of financial data of LBs on a regular basis	Measures yet to be taken
4	Necessary arrangements for training of newly elected representatives of LBs should be made	More than 10 training programmes have been conducted by RIPA
5	Keeping in view the increased requirements of cleaning, solid waste disposal, etc., these services should be contracted out & in emergent cases powers of hiring labour for cleaning operations may be given to LBs	Such orders have been issued
6	ULBs should recover house tax; State Government should expedite rationalisation of house tax provisions to make it area-based	Under process
7	State Government should release grant in lieu of octroi to ULBs on a regular basis	Grants are being released on time
8	ULBs should recover discretionary taxes & fees so as to increase their revenue	ULBs are being asked to do so
9	Establishment expenditure in ULBs is higher than the norms. ULBs should rationalise the staff norms & computerise the office functions	Efforts are being made to reduce establishment expenditure

Source: Government of Rajasthan (2001: 115-18); Government of Rajasthan (2003).

## Problems

The municipal functionaries have pointed out the following problems:

- Poor sanitation/solid waste management due to inefficiency among sweepers and lack of supervision by sanitary staff; no waste disposal site;
- Negligible attendance in training programmes; no significant impact of training.

## Bharatpur (Rajasthan)

### Brief Town Characteristics

Bharatpur is situated in Bharatpur district in the State of Rajasthan. It is located at a distance of about 180 kms. from Delhi, the national capital, which lies to its north, and 176 kms. from Jaipur, which is another important town and the State capital, which lies to its south-west. A number of places of tourist interest are located in and around the town, such as a Birds Sanctuary (named Keoladeo Ghana National Park), Bharatpur Palace, Government Museum, several Temples,



Lohagarh Fort, etc. The town has a total population of 204,587 (Census of India, 2001a). It is divided into 45 municipal wards for administrative purposes. It is reported that there are about 11 slum pockets in the town.

## **Local Government Profile**

### **Constitution and Governance**

The town is governed by a Municipal Council as per the provisions of the Rajasthan Municipalities Act, 1959. The local government acquired its present civic status of a Municipal Council in November 1973. It is reported that there has been an extension in the municipal limits in 1993.

### **Duties**

The State government may, by order, entrust municipalities with such powers and functions as institutions of self government and assign them 18 tasks listed in the Twelfth Schedule (see Box 2.2). In addition to this, the municipal Act of the State lists 23 obligatory and 25 discretionary duties to be performed by local governments in the State (Table 3.10). It is reported that solid waste management and maintenance of street lights are important functions looked after by the municipality; water supply facilities are maintained by the State Public Health Engineering Department (PHED); and roads are maintained by the municipality, the Urban Improvement Trust (UIT) and the State Public Works Department (PWD). At present there is no underground sewer facility in areas under the jurisdiction of the local government.

### **Composition**

Bharatpur Municipal Council is represented by: (a) elected members, i.e., a President/Chairperson and 45 Councillors; male and female councillors are 31 and 14 respectively; seats are reserved for the scheduled castes and/or the scheduled tribes, women belonging to the scheduled castes and/or the scheduled tribes, other women, and the backward classes; elections were held in the year 2004; it has been reported that during 1974-1994, the local government in Bharatpur was under the control of the Administrator and elections were not conducted during this period; (b) ex-officio members with a right to vote in municipal meetings, i.e., a member of the Rajasthan Legislative Assembly; and a member of the House of the People; (c) nominated persons having special knowledge or experience in municipal administration; and (d) appointed staff, i.e., an Executive Officer (known as a Commissioner in A class towns of Rajasthan), and other employees. In this regard, it may be stated that information could be obtained only on the sanitary

staff, which include a Health Officer, a Chief Sanitary Inspector, 9 Sanitary Inspectors for the 9 zones, 45 ward-level Supervisors, and 410 Sweepers. About 10 Sweepers have been involved in sanitary works on a contractual basis.

### Sub-Committees/Committees

Bharatpur Municipal Council is governed according to the provisions of the Rajasthan Municipalities Act, 1959. Hence, provisions relating to the appointment of committees are the same as described earlier in the case of Alwar.

### Finance

The income and expenditure account of Bharatpur Municipal Council for the period 2004-5 is presented in Table 3.17.

**Table 3.17: Income and Expenditure Pattern of Bharatpur Municipal Council, 2004-5**

S. No.	Income Head	Actual Income (in '000 Rs.)	Percentage to Total Income	S. No.	Expenditure Head	Actual Expenditure (in '000 Rs.)	Percentage to Total Expenditure
1	Octroi compensatory grant	123,883	48.16	1	<b>General Administration</b>	<b>11,326</b>	<b>4.40</b>
2	Building & land tax	959	0.37	a.	Pay	7,925	3.08
3	Construction fee	6	0.00	b.	Travel allowance	62	0.02
4	Sign board advertisements	98	0.04	c.	Medical expenses	45	0.02
5	Copying fee	4	0.00	d.	Telegram & telephone	120	0.05
6	Misc. income	177	0.07	e.	Dress	19	0.01
7	Birth & death certificates	10	0.00	f.	Stationary	136	0.05
8	Food licence	7	0.00	g.	Books & newspapers	7	0.00
9	Road cutting	2,899	1.13	h.	Publicity & advertisement	395	0.15
10	<i>Tehbazari</i>	334	0.13	i.	Election expenses	77	0.03
11	Parking contract	91	0.04	j.	Fair & entertainment	237	0.09
12	Income from rent	171	0.07	k.	Court related expenses	263	0.10
13	Dead animals contract	165	0.06	l.	Electricity/water expenses	165	0.06
14	Other income	7	0.00	m.	Assistance to institutions	699	0.27
15	Agreements	247	0.10	n.	Contingency	299	0.12
16	Interest on investment	67	0.03	o.	Vehicle maintenance	292	0.11
17	Entertainment tax	88	0.03	p.	Members allowance	585	0.23
18	General grants	1,947	0.76	2.	<b>Tax Recovery</b>	<b>1,228</b>	<b>0.48</b>
19	Land lease premium	647	0.25	a.	Pay	1,205	0.47
20	State finance commission	6,217	2.42	b.	Medical expenses	21	0.01

S. No.	Income Head	Actual Income (in '000 Rs.)	Percentage to Total Income	S. No.	Expenditure Head	Actual Expenditure (in '000 Rs.)	Percentage to Total Expenditure
21	11 <sup>th</sup> finance commission	23,637	9.19	c.	Dress	2	0.00
22	Grant from DRDA	1,538	0.60	<b>3.</b>	<b>Public Convenience &amp; Public Health</b>	<b>36,290</b>	<b>14.11</b>
23	Social assistance	5	0.00	a.	Pay	33,797	13.14
24	Grant from HUDCO	1,954	0.76	b.	Medical expenses	11	0.00
25	Deposits	8,965	3.49	c.	Dress	146	0.06
26	Advance returns	6,544	2.54	d.	Medicines & phenyl	1	0.00
27	Building loan recovery	1,144	0.44	e.	Vehicle maintenance	1,275	0.50
28	Vehicle loan recovery	371	0.14	f.	Misc. expenses & sanitation contract	1,060	0.41
29	Opening balance	75,047	29.18	<b>4.</b>	<b>Public Safety</b>	<b>4,471</b>	<b>1.74</b>
	<b>Total Income</b>	<b>257,229</b>	<b>100.00</b>	a.	Pay	4,164	1.62
				b.	Medical expenses	39	0.02
				c.	Dress	16	0.01
				d.	Vehicle maintenance	246	0.10
				e.	Misc. expenses	6	0.00
				<b>5.</b>	<b>Electricity Branch</b>	<b>8,388</b>	<b>3.26</b>
				a.	Pay	749	0.29
				b.	Medical expenses	3	0.00
				c.	Dress	3	0.00
				d.	Electricity bills payment	3,996	1.55
				e.	Electrical item purchase	2,807	1.09
				f.	Electricity connection maintenance	817	0.32
				g.	Miscellaneous	13	0.01
				<b>6.</b>	<b>Animal House</b>	<b>549</b>	<b>0.21</b>
				a.	Pay	545	0.21
				b.	Dress, etc.	4	0.00
				<b>7.</b>	<b>Park/Garden Branch</b>	<b>1,819</b>	<b>0.71</b>
				a.	Pay	1,800	0.70
				b.	Medical expenses	5	0.00
				c.	Dress	11	0.00
				d.	Purchase of plants & seeds	3	0.00
				<b>8.</b>	<b>Public Repairs</b>	<b>2,278</b>	<b>0.89</b>
				a.	Pay	2,172	0.84
				b.	Medical expenses	23	0.01
				c.	Building repairs	15	0.01
				d.	Dress	4	0.00
				e.	Miscellaneous	64	0.02
				<b>9.</b>	<b>Development Works</b>	<b>73,631</b>	<b>28.63</b>
				a.	<b>Expenses from municipal fund/ source</b>	<b>44,532</b>	<b>17.31</b>
				(i)	New road works	13,233	5.15
				(ii)	Other new construction/ kiosks	2,316	0.90
				(iii)	Public toilets & urinals	502	0.20

### Challenges for Urban Local Governments in India

S. No.	Income Head	Actual Income (in '000 Rs.)	Percentage to Total Income	S. No.	Expenditure Head	Actual Expenditure (in '000 Rs.)	Percentage to Total Expenditure
				(iv)	Construction of drains	4,273	1.66
				(v)	Maintenance expenses	1,984	0.77
				(vi)	Improvement of parks & tree plantation	246	0.10
				(vii)	Expansion & shifting of electricity lines	3,633	1.41
				(viii)	Cremation ground	6	0.00
				(ix)	Drain & road connections	15,092	5.87
				(x)	<i>Sulabh</i> complex	133	0.05
				(xi)	Town beautification	3,079	1.20
				b.	<b>Expenses from grants received</b>	<b>29,099</b>	<b>11.31</b>
				(i)	State finance commission	8,081	3.14
				(ii)	11 <sup>th</sup> finance commission	20,773	8.08
				(iii)	Land lease premium deposited in State treasury	245	0.10
				<b>10.</b>	<b>Purchase of New Property</b>	<b>828</b>	<b>0.32</b>
				(i)	Purchase of diesel for car	499	0.19
				(ii)	Wheel barrows	266	0.10
				(iii)	Small dustbins for slums	40	0.02
				(iv)	Computer/AC/printer	23	0.01
				<b>11.</b>	<b>Miscellaneous</b>	<b>30,841</b>	<b>11.99</b>
				a.	Deposits	9,782	3.80
				b.	Small advance	20,100	7.82
				c.	Building loan	324	0.13
				d.	Public well-being works	81	0.03
				e.	Other works	554	0.22
				12.	Closing Balance	85,580	33.27
					<b>Total Expenditure</b>	<b>257,229</b>	<b>100.00</b>

Source: Budget of the municipality.

During this period, the Council generated an income of Rs. 257.22 million. Nearly one-half (48.16 per cent) of the income was received from the State government in the form of octroi compensatory grant. The Council receives this grant after the abolishment of octroi in August 1998. The other important sources of income are: eleventh Finance Commission grant (9.19 per cent) and State Finance Commission grant (2.42 per cent). It is reported that income from internal sources (i.e., tax and non-tax) is very low and the Council depends mainly on the octroi compensatory grant and other grants provided by the State government. The taxes and non-taxes

levied by the municipality are listed in Table 3.18. The Council generated only about 2 per cent of its income from taxes (0.41 per cent) and non-taxes (1.57 per cent).

**Table 3.18: Taxes and Non-taxes Levied by Bharatpur Municipal Council, 2004-5**

S. No.	Taxes	Amount (in '000 Rs.)	% to Total Income from Taxes	S. No.	Non-taxes	Amount (in '000 Rs.)	% to Total Income from Non- taxes
1	Building & land tax	959	91.60	1	Construction fee	6	0.15
2	Entertainment tax	88	8.40	2	Sign board advertisements	98	2.43
	<b>Total income from taxes</b>	<b>1047</b>	<b>100.00</b>	3	Copying fee	4	0.10
				4	Birth & death certificate	10	0.25
	Per cent of income from taxes to total income of the Council		0.41	5	Food licence	7	0.17
				6	Road cutting	2,899	71.78
				7	<i>Tebbazari</i>	334	8.27
				8	Parking contract	91	2.25
				9	Income from rent	171	4.23
				10	Dead animals contract	165	4.09
				11	Other income	7	0.17
				12	Agreement	247	6.12
					<b>Total income from non-taxes</b>	<b>4,039</b>	<b>100.00</b>
					Per cent of income from non-taxes to total income of the Council		1.57

Source: Budget of the municipality.

The Council incurred an expenditure amounting to Rs. 257.22 million during the same period. Thus, the income and expenditure pattern of the Council shows a balanced budget. The Council has spent about 30 per cent of the expenditure on development works. The public convenience and public health department shows an expenditure of 14 per cent. The solid waste management sector accounted for about 14 per cent of the expenditure.

The expenditure pattern of the Council reveals that the following works related to urban development have been given attention: new road works, public toilets and urinals, construction of

drains, improvement of parks and tree plantation, expansion and shifting of electricity lines, drain and road connections and town beautification.

### **State/Local Initiatives**

The measures taken by the State government of Rajasthan and the local government are listed below.

- Rajasthan Institute of Public Administration (RIPA) organises training programmes for officials & elected representatives in the State.
- For solid waste management (SWM), 9 zones have been demarcated in the town. A sanitary inspector looks after each zone.
- Rules have been passed by State government for door-to-door collection of solid waste. Although the local government has taken the initiative, little cooperation is received from the citizens.
- Contract for SWM has been given for one year. Contractor provides tractors, drivers and labour for lifting waste containers from different parts of the town and for disposal at the dumping ground, which is located near Noah Village on Agra Road. Each container has a capacity of about 2 tons of waste, and one tractor transports about 8 containers daily.
- Another contract for street sweeping has been given in which 4-6 people have been involved.
- Special sanitary drives are conducted 3-4 times in a year.

### **Problems**

The municipal functionaries have pointed out the following problems:

- Shortage of staff: one section/branch looks after other sections; government is not filling vacant posts; In the Light Section, there is only one Junior Engineer, who also looks after electricity requirements of a small town named Karauli situated in the vicinity; there is no house tax assessor at present;
- Computers have been provided in 2001-2, however, municipal employees do not know how to use them; no training is offered;
- Poor sanitation/solid waste management due to inefficiency among sweepers and lack of supervision by sanitary staff; no disposal site;
- Negligible attendance in training programmes; no significant impact of training.

## **Mussoorie (Uttaranchal)**

### **Brief Town Characteristics**

Mussoorie is situated in Dehradun district in the hill State of Uttaranchal. It is located at a distance of about 290 kms. from Delhi, the national capital, which lies to its south-west, and 35 kms. from Dehradun, which is another important town and the State capital, which lies to its south. Mussoorie – often described as the ‘queen of hills’ – is one of the most popular hill station in northern India, popular for its inherent scenic beauty. There are several places of tourist interest located in and around the town, such as the Nag Devta Temple, Mussoorie Lake, Happy Valley (Tibetan Township), Gun Hill, Municipal Gardens and Park, Camel’s Back Road, Landour Bazar, Lal Tibba, Kempti Falls, etc. Mussoorie is also an important educational centre, which has experienced a growth in the number of schools. The town has a total population of 26,075 and an area of 64.75 sq. kms. (Census of India, 2001a and b). It is divided into 11 municipal wards for administrative purposes.

### **Local Government Profile**

#### **Constitution and Governance**

The town is governed by a Municipal Council as per the provisions of the United Provinces Municipalities Act, 1916. Furthermore, the Council also relies on the ‘Rules, Regulations and By-laws of the Mussoorie Municipality’ published by the order of the City Board, Mussoorie in March 1957 and amended from time to time.

The present legal basis of ULBs in the State has emerged from the conformity legislation, i.e., the UP Urban Local Self Government Laws (Amendment) Act, 1994 (Act 12 of 1994; and an amendment thereto by Act 26 of 1995), consequent to the 74<sup>th</sup> CAA of 1992.

#### **Duties**

The municipal Act of the State lists 36 obligatory and 22 discretionary duties to be performed by local governments in the State (Table 3.19). It is reported that water supply and sewerage services are provided by the State-level *Garhwal Jal Sansthan* (State-level Water Supply Agency).

Table 3.19: Obligatory and Discretionary Duties of Municipalities in Uttaranchal

S. No.	Duties
<b>A</b>	<b>Obligatory/Primary</b>
1	Lighting public street & places
2	Watering public streets & places
3	Making a survey, and erection of boundary marks, of the municipality
4	Cleaning public streets, places & drains, removing noxious vegetation, & abating all public nuisances
5	Regulating offensive, dangerous or obnoxious trades, callings or practices
6	Confinement, removal or destruction of stray dogs & dangerous animals
7	Removing, on the ground of public safety, health or convenience, undesirable obstructions & projection in streets or public places
8	Securing or removing dangerous buildings or places
9	Acquiring, maintaining, changing, & regulating places for the disposal of the dead & making arrangements for disposal of unclaimed dead bodies after ascertaining from the police in writing that there is no objection to do so
10	Constructing, altering & maintaining public streets, culverts, markets, slaughter-houses, latrines, privies, urinals, drains, drainage works & sewerage works
11	Reclaiming unhealthy localities
12	Planting & maintaining trees on road sides & other public places
13	Providing water supply for domestic, industrial & commercial purposes
14	Providing a sufficient supply of pure & wholesome water where the health of the inhabitants is endangered by the insufficiency or unwholesomeness of the existing supply, guarding from pollution water use for human consumption & preventing polluted water from being so used
15	Maintaining in addition to any other source of water supply, public wells, if any, in working condition, guarding from pollution their water & keeping it fit for human consumption
16	Registering births & deaths
17	Establishing & maintaining a system of public vaccination
18	Establishing, maintaining or supporting public hospitals & dispensaries, & providing public medical relief
19	Establishing, maintaining & assisting maternity centres & child welfare & birth control clinics & promoting population control, family welfare & small family norms
20	Maintaining or contributing to the maintenance of veterinary hospitals
21	Establishing & maintaining or guaranteeing aid to institutions of physical culture
22	Establishing & maintaining primary schools
23	Rendering assistance in extinguishing fires & protecting life & property when fires occur
24	Protecting, maintaining & developing the property vested in, or entrusted to the management of the municipality
25	Maintaining the finances of the municipality in satisfactory condition & meeting its liabilities
26	Prompt attention to official letters & preparation of such returns, statements & reports as the State Government requires the municipality to submit; and
27	Fulfilling any obligation imposed by law upon it
28	Regulating tanneries
29	Construction & maintenance of parking lots, bus stops & public conveniences
30	Promoting urban forestry & ecological aspects & protection of the environment
31	Safeguarding the interests of weaker sections of society including the handicapped & mentally retarded
32	Promoting cultural, educational & aesthetic aspects
33	Constructing & maintaining cattle pounds and preventing cruelty to animals
34	Slum improvement & upgradation
35	Urban poverty alleviation
36	Providing urban amenities & facilities such as gardens, public parks & play grounds
<b>B</b>	<b>Discretionary/Secondary</b>
1	Laying out, in areas whether previously built upon or not, new public streets & acquiring land for that purpose & for the construction of buildings, & their compounds, to abut on such streets
2	Preparing & executing Master Plan
3	Constructing, establishing, maintaining or contributing to the maintenance of libraries, museums, reading rooms, radio receiving stations, leper's homes, orphanages, baby-folds & rescue homes for women, lunatic asylums, halls, offices, <i>dharamshalas</i> , rest-houses, encamping grounds, poor-houses, dairies, baths, bathing <i>ghats</i> , washing places, drinking fountains, tanks, wells, dams & other works of public utility



S. No.	Duties
4	Furthering educational objects by measures other than the establishment & maintenance of primary schools
5	Taking a census, & granting rewards for information which may tend to secure the correct registration of vital statistics
6	Granting rewards for information leading to the detection of evasion of tax imposed under this Act, or the detection of causing injury to or encroachment on property vested in or entrusted to the management & control of the municipality
7	Giving relief on the occurrence of local calamities, by the establishment & maintenance of relief works or otherwise
8	Securing or assisting to secure suitable places for the carrying on of any trade
9	Establishing & maintaining a farm or factory for the disposal of sewage
10	Making arrangements for preparation of compost manure from night-soil & rubbish
11	Constructing, subsidizing or guaranteeing tramways, railroads or other means of locomotion & electric or gas lighting or electric or gas power works
12	Promoting tourist traffic
13	Holding fairs & exhibitions
14	Preparing & executing House & Town Planning Schemes
15	Taking measures to promote trade & industry
16	Supply of milk
17	Establishing Labour Welfare Centres for its employees & subsidizing the activities of any association, union or club of such employees by grant or loan, for its general advancement
18	Organising or contributing to municipality Unions
19	Adopting any measure likely to promote the public safety, health, or convenience
20	Removing social disabilities of scheduled castes & backward classes in such manner as may be prescribed
21	Taking measures for the control of beggary
22	The doing of anything whereon expenditure is declared by the State Government or by the municipality with the sanction of the Prescribed Authority to be an appropriate charge on the municipal fund

Source: United Provinces Municipalities Act, 1916 (2004: 9-13).

In addition, rules, regulations and byelaws have been framed to further clarify the responsibilities of specific Councils. For the town of Mussoorie, about 55 byelaws exist, which pertain to regulation of traffic, registration of births and deaths, regulation of sale of meat or fish, controlling the manufacture and sale of aerated water, regulation and control of bakeries, regulation and inspection of slaughter house, etc. Furthermore, rules and regulations have been framed for various municipal practices (such as assessment and collection of taxes and non-taxes levied by the Council, conduct of business, establishment and duties of committees, etc.).

### Composition

Mussoorie Municipal Council is represented by: (a) elected members, i.e., a President/Chairperson and 11 Councillors; male and female councillors are 7 and 4 respectively; seats are reserved for the scheduled castes and/or the scheduled tribes, women belonging to the scheduled castes and/or the scheduled tribes, other women, and the backward classes; elections were held in the year 2003; (b) ex-officio members, comprising all members of the State Legislative Assembly and the House of the People; (c) ex-officio members, comprising all members of the Council of States and the State Legislative Council; (d) nominated persons having special knowledge or experience in

municipal administration; and (e) appointed staff, i.e., an Executive Officer and other employees, such as an Office Superintendent, Accountant, Medical Officer of Health, Sanitary Inspectors, Tax Superintendent, Tax Inspectors, Clerical Staff, etc.

### Sub-committees/Committees

The Rules, Regulations and Bye-laws of the Mussoorie Municipality provides for the appointment of the following five sub-committees:

- Public Health Committee
- Public Works Committee
- Tax Assessment Committee
- Finance Committee
- Garden Committee

The duties of each sub-committee are listed in Table 3.20. Each sub-committee comprises five members who are elected on the basis of voting among the councillors. One member in each sub-committee is the Chairperson. The local Act also provides that any member may represent one or more sub-committees. At the time of field survey, it was learnt that the term of sub-committees was over and new sub-committees were yet to be constituted.

**Table 3.20: Duties of Sub-committees in Municipal Councils of Uttarakhand**

S. No.	Name of Sub-committee	Duties
1	Public Health	<ul style="list-style-type: none"> <li>▪ To see that all rules &amp; orders relating to conservancy are observed, &amp; that the servants employed by the Council for the purposes of conservancy discharge their duties regularly &amp; satisfactorily</li> <li>▪ To report from time to time upon the sufficiency (or the excess) of the conservancy staff, &amp; to see that sanctioned establishment is not exceeded without special orders</li> <li>▪ To advise the Committee of Finance as to the quantity &amp; description of stores required for the due carrying out of the operations of the conservancy department</li> <li>▪ To inspect &amp; report on the state of: slaughter houses, latrines, conservancy carts &amp; apparatus, springs</li> <li>▪ To see that the stock books &amp; the registers of medicines, laboratory, etc., are kept up-to-date and the stock of medicines &amp; appliances, property of the Public Health Department including the Hospitals are periodically verified</li> <li>▪ To inspect anything else connected with Public Health Department and Hospitals not mentioned above</li> <li>▪ To supervise &amp; check the registration of the birth &amp; death statistics</li> <li>▪ To supervise, subject to the direction of the Superintendent of Vaccination, the working of the Vaccination Act, and to check the returns and work of the Vaccinators</li> <li>▪ To advise the Council generally on all matters connected with the</li> </ul>

S. No.	Name of Sub-committee	Duties
		sanitation, conservancy and public health <ul style="list-style-type: none"> <li>▪ To receive reports from the Sanitary Inspectors and Health Officer and pass orders on the same</li> </ul>
2	Public Works	<ul style="list-style-type: none"> <li>▪ To call for estimates for public works from the Engineer, Overseer, or the Public Works Superintendent and to examine them &amp; to make recommendations as to the order in which such works should be carried out</li> <li>▪ To see that the measurement books are properly maintained, &amp; to report generally on works going on and work done</li> <li>▪ To examine &amp; check the completion certificates for public works</li> <li>▪ To examine bills</li> <li>▪ To allot such funds as may from time to time be placed at its disposal for such works as have been approved by the Council</li> <li>▪ To call for tenders for contracts for the execution of all public works which are to be given out on contract, &amp; to advise as to the security to be taken on the acceptance of a tender</li> <li>▪ To maintain a schedule of rates &amp; to periodically revise it</li> <li>▪ To see that detailed plans &amp; estimates for every work are prepared &amp; previously sanctioned by the proper authority</li> <li>▪ To see that works sanctioned are started &amp; executed according to the detailed plans &amp; estimates, &amp; where they are given out on contract according to the conditions of the deed of contract &amp; to advise as to the penalty to be exacted from the contractor for any breach of these conditions</li> <li>▪ To see that the stock-books &amp; the registers of tools &amp; plants, etc., are kept up-to-date &amp; that the stock &amp; property of the Public Works Department are periodically verified</li> <li>▪ To satisfy itself that the watering &amp; lighting arrangements are efficiently carried out</li> <li>▪ To advise the Council generally in all matters connected with public works</li> </ul>
3	Tax Assessment	<ul style="list-style-type: none"> <li>▪ To prepare assessment list</li> <li>▪ To decide the objections received in connection with assessment list</li> <li>▪ To periodically visit &amp; inspect the various barriers</li> <li>▪ To see that copies of the toll schedules of current rates are duly exhibited at the various barriers &amp; at the municipal office</li> <li>▪ To see generally that the collecting staff are duly observing the rules in the Municipal Account Code regarding the collection &amp; assessment of tolls &amp; taxes</li> <li>▪ To see that the arrangements to prevent smuggling or evasion of payment of tolls &amp; taxes are sufficient</li> <li>▪ To see that the refund rules are carefully worked &amp; that every possible facility is provided for the claiming &amp; the payments of refunds</li> <li>▪ To inspect the work of the toll supervisors &amp; tax collectors &amp; to see that the statements of accounts are regularly &amp; correctly prepared</li> <li>▪ To dispose of all matters concerning tolls &amp; taxes</li> </ul>
4	Finance	<ul style="list-style-type: none"> <li>▪ To prepare the annual estimates of income &amp; expenditure</li> <li>▪ To allot funds within the sanctioned budget estimates for expenditure under the various heads</li> <li>▪ To satisfy itself that no expenditure has been or is being, incurred except under proper sanction &amp; in accordance with the budget estimates &amp; allotments</li> <li>▪ To examine the monthly accounts before presentation to the Council</li> <li>▪ To see that the provisions relating to contracts are duly carried out</li> <li>▪ To advise the Council generally on all matters connected with finance</li> </ul>
5	Garden	<ul style="list-style-type: none"> <li>▪ To look after &amp; supervise the staff &amp; the maintenance of the municipal gardens, open spaces &amp; playgrounds under the control of the Council, to preserve &amp; protect the forests generally, &amp; to dispose of all matters relating to the above</li> </ul>

S. No.	Name of Sub-committee	Duties
		<ul style="list-style-type: none"> <li>▪ To encourage plantation of Deodar, Pine, Fruit, Ornamental &amp; Flowering trees &amp; any other useful trees, establishment of nurseries, planting of orchards, agriculture &amp; vegetable growing &amp; to discourage the indiscriminate cutting of the trees</li> <li>▪ To take such steps as it deems necessary to encourage house-owners to beautify their grounds along the public roads</li> <li>▪ All applications for felling trees shall come before the Garden Committee who will be empowered to sanction the felling of trees up to 100 in number</li> <li>▪ To invite the attention of the President of the Council on all matters concerning the hunting, shooting &amp; preservation of wild animals &amp; birds within the municipal limits &amp; forests</li> </ul>

Source: Rules, Regulations and Bye-Laws of the Mussoorie Municipality, 1957: 58-63.

## Finance

As per the United Provinces Municipalities Act, 1916, a Municipality may impose in whole or part various taxes (Table 3.21).

**Table 3.21: Taxes which may be imposed as per the Municipal Act**

S. No.	Description of Taxes
1	Tax on the annual value of building or lands or of both
2	Tax on trades & callings carried on within the municipal limits & deriving special advantages from, or imposing special burdens on municipal services
3	Tax on trades, callings & vocations including all employments remunerated by salary or fees
4	Theatre tax which means a tax on amusement or entertainments
5	Tax on vehicles & other conveyances plying for hire or kept within the municipality or on boats moored therein
6	Tax on dogs kept within the municipality
7	Tax on animals used for riding, driving, draught or burden, when kept within the municipality
8	Tax on inhabitants assessed according to their circumstances & property
9	Water tax on the annual value of buildings or lands or of both
10	Drainage tax on the annual value of buildings leviable on such buildings as are situated within a distance, to be fixed by rule in this behalf for each municipality from the nearest sewer line
11	Scavenging tax
12	Conservancy tax for the collection, removal and disposal of excrementious & polluted matter from privies, urinals, cesspools
13	Tax on deeds of transfer of a immovable property situated within the limits of the Municipality

Source: United Provinces Municipalities Act, 1916 (2004:78-9).

Note: Provided that taxes mentioned against serial number 3 and 8 shall not be levied at the same time; nor shall the taxes mentioned against serial number 10 and 12 be levied at the same time.

The income and expenditure account of Mussoorie Municipal Council for the period 2004-5 is presented in Table 3.22.

During this period, the Council generated an income of Rs. 45.29 million. More than one-half (56.41 per cent) of the income was received from the following sources: SFC grant (25.18 per cent); house tax (17.52 per cent); rent of land, buildings, parking, etc. (8.48 per cent); and scavenging (conservancy) tax (5.23 per cent). The taxes and non-taxes levied by the municipality

are listed in Table 3.23. The Council generated about one-third (32.04 per cent) of its income from taxes (23 per cent) and non-taxes (9 per cent).

Available data on demand and recovery from various taxes and non-taxes (namely house tax, conservancy tax, show tax, rent, fees, etc.) show that the Council recorded a recovery of 62 per cent during 2004-5. It is reported that recovery is low because people do not cooperate due to deficiencies in the procedure adopted by the Council for assessing the ARV.

The Council incurred an expenditure amounting to Rs. 45.29 million during the same period. Thus, the income and expenditure pattern of the Council shows a balanced budget. The public health and convenience department shows a high expenditure (30 per cent). This is due to the pay and allowance of health/sanitation staff. Similarly, the Council has spent about 27 per cent of the expenditure on development works, especially road construction and repairs and repair of ropeway trolley. The solid waste management sector accounted for about 26 per cent of the total expenditure of the Council.

The expenditure pattern of the Council reveals that the following works related to urban development have been given attention: lighting, drains development and repairs, tree plantations and public gardens, road construction and repairs, etc.

Discussions held with some municipal employees on Council's finances revealed the following:

- During the last year (2004-5), the Council earned Rs. 4-5 million from road barrier on mall road (Rs. 100 for one trip); Rs. 5.2 million from ropeway trolley;
- Rs. 20,000 to 25,000 is spent on inspection of ropeway trolley at Gun Hill;
- Salaries account for a high proportion of Municipal income and the Council does not have adequate funds left for carrying out development works

**Table 3.22: Income and Expenditure Pattern of Mussoorie Municipal Council, 2004-5**

S. No.	Income Head	Actual Income (in Rupees)	Percentage to Total Income	S. No.	Expenditure Head	Actual Expenditure (in Rupees)	Percentage to Total Expenditure
1	Opening balance	8,269,730	18.26	1.	<b>General administration &amp; tax recovery</b>	<b>5,890,594</b>	<b>13.01</b>
<b>A</b>	<b>Tax &amp; tax assessment</b>			a.	General office administration & establishment	3,327,517	7.35
2	Tax on houses & land	7,934,003	17.52	b.	Tax recovery	628,811	1.39

**Challenges for Urban Local Governments in India**

S. No.	Income Head	Actual Income (in Rupees)	Percentage to Total Income	S. No.	Expenditure Head	Actual Expenditure (in Rupees)	Percentage to Total Expenditure
3	Rickshaw tax	1,953	0.00	c.	Toll tax recovery	1,934,266	4.27
4	Tax on use of vehicles	1,182	0.00	<b>2.</b>	<b>Public safety</b>	<b>874,986</b>	<b>1.93</b>
5	Scavenging (Conservancy) tax	2,369,946	5.23	a.	Lighting	874,986	1.93
6	Slaughter tax	3,625	0.01	<b>3.</b>	<b>Public health &amp; convenience</b>	<b>13,444,840</b>	<b>29.68</b>
7	Show tax	1,000	0.00	a.	Drains development & repairs	80,103	0.18
<b>B</b>	<b>Income from municipal properties &amp; other sources</b>			b.	Sanitary workers	10,413,293	22.99
8	Rent of land, buildings, parking, etc.	3,842,515	8.48	c.	Fixed equipment	972,007	2.15
9	Slaughter house fee	25,565	0.06	d.	Health officer & sanitary inspectors	282,345	0.62
10	Copying & registration fee	121,728	0.27	e.	Hospital & dispensary	982,408	2.17
11	Fee on registration of dogs	10	0.00	f.	Slaughter house	150,550	0.33
12	Licence fee	207,086	0.46	g.	Tree plantation & public gardens	564,134	1.25
13	Miscellaneous	34,025	0.08	<b>4.</b>	<b>Public Development</b>	<b>12,217,648</b>	<b>26.98</b>
14	Interest on capital (general)	224,102	0.49	a.	Establishment	2,132,414	4.71
<b>C</b>	<b>Assistance &amp; grants</b>			b.	Building construction	298,775	0.66
15	State Finance Commission	11,404,000	25.18	c.	Ropeway trolley repairs	4,391,719	9.70
16	11 <sup>th</sup> Finance Commission	1,371,078	3.03	d.	Road construction & repairs	5,394,740	11.91
17	MLA fund	151,000	0.33	<b>5.</b>	<b>Education</b>	<b>1,037,581</b>	<b>2.29</b>
18	MP fund	19,905	0.04	a.	Schools & colleges	1,037,581	2.29
<b>D</b>	<b>Miscellaneous</b>			<b>6.</b>	<b>Miscellaneous</b>	<b>4,110,764</b>	<b>9.08</b>
19	Fine as per Municipal Act, etc.	38,335	0.08	a.	Printing	24,300	0.05
20	Income from other sources	4,561,756	10.07	b.	Legal matters	218,638	0.48
21	Income from bail	103,400	0.23	c.	Subsistence fund/pension	816,881	1.80
22	Revolving fund	4,606,446	10.17	d.	Miscellaneous	3,050,945	6.74
	<b>Total Income</b>	<b>45,292,390</b>	<b>100.00</b>	7.	Actual balance (general)	3,109,531	6.87
				8.	Revolving fund	4,606,446	10.17
					<b>Total Expenditure</b>	<b>45,292,390</b>	<b>100.00</b>

Source: Budget of the municipality.

**Table 3.23: Taxes and Non-taxes Levied by Mussoorie Municipal Council, 2004-5**

S. No.	Taxes	Amount (in Rupees)	% to Total Income from Taxes	S. No.	Non-taxes	Amount (in Rupees)	% to Total Income from Non-taxes
1	Tax on houses & land	7,934,003	76.94	1	Rent of land, buildings, parking, etc.	3,842,515	91.56
2	Rickshaw tax	1,953	0.02	2	Slaughter house fee	25,565	0.61
3	Tax on use of vehicles	1,182	0.01	3	Copying & registration fee	121,728	2.90
4	Scavenging (conservancy) tax	2,369,946	22.98	4	Fee on registration of dogs	10	0.00
5	Slaughter tax	3,625	0.04	5	Licence fee	207,086	4.93
6	Show tax	1,000	0.01		<b>Total income from non-taxes</b>	<b>4,196,904</b>	<b>100.00</b>
	<b>Total income from taxes</b>	<b>10,311,709</b>	<b>100.00</b>				
	Per cent of income from taxes to total income of the Council		22.77		Per cent of income from non-taxes to total income of the Council		9.27

Source: Budget of the municipality.

### State/Local Initiatives

The measures taken by the State government of Uttaranchal and the local government are listed below.

- Enactment of UP Urban Local Self Government Laws (Amendment) Act, 1994.
- Constitution of SFC. The recommendations of first SFC and actions taken are listed in Table 3.24.
- Rates of various taxes/non-taxes have been revised (namely, house tax, photographer licence, slaughter house rates, hotel lodging licence, copying fees, etc.).
- Yearly assessment of properties is done; ARV has been revised by nearly 50 per cent.
- Mall road permit has been increased from Rs. 50 to Rs. 100.
- The Uttaranchal Academy of Administration (UAA) organises training programmes for officials and elected representatives in the State; programmes are conducted on diverse

themes, such as solid waste management, management training, double entry bookkeeping, computerisation, etc.

- There is a ban on the use of polythene bags; 70-80 per cent of shopkeepers do not keep these bags.
- There is an emphasis on segregation and recycling of solid waste.

**Table 3.24: First SFC Recommendations and Actions Taken, Uttaranchal**

S. No.	First SFC Recommendations (for the period 2001-6)	Action Taken on Recommendations
1	Devolutions to ULBs to be made in rounded per capita terms, i.e., Municipal Corporations – Rs. 250 per capita; Municipal Councils – Rs. 250-300 per capita; and <i>Nagar Panchayats</i> – Rs. 172-225 per capita	Accepted
2	Initially in a year only 70 % of the entitlement should be released & the release of remaining 30 % be linked to their financial & institutional performance	Accepted
3	Commission discourages financial disorder or laxity in respect of property tax administration; it would be appropriate for the State Government to examine the entire property tax regime & reform it	Accepted
4	It would be up to the State Government to undertake an exercise to evolve a proper set of norms for the sanction of posts in LBs	Accepted – Administrative department will take up this task
5	State Government should arrive at norms for staffing and to determine numbers & names	Accepted – Administrative department will take up this task
6	With a view to ensuring transparency & accountability, the Commission recommends that the State Government should open three detailed heads, namely statutory transfers, specific purpose grants & other grants of discretionary nature. This would provide the State Government a clear & stable financial picture of the nature of transfers to LBs, & also help them in monitoring their utilisation	Accepted
7	Effort should be made to adopt the new budget format prepared by the Uttar Pradesh SFC	Accepted
8	An effective institutional mechanism should be devised by the State Government in order to implement the SFC recommendations; this may involve two steps – setting up of a performance monitoring mechanism; and guidance, training & capacity building of municipal officials, both elected & appointed	Accepted

Source: Government of Uttaranchal (2002; 2004).

## Problems

The municipal functionaries have pointed out the following problems:

- Floating population should be considered as a basis for the devolution of funds from the State government to the local bodies;
- Negligible attendance in training programmes; no significant impact of training.



## **Nainital (Uttaranchal)**

### **Brief Town Characteristics**

Nainital is situated in Nainital district in the hill State of Uttaranchal. It is located at a distance of about 330 kms. from Delhi, the national capital, which lies to its south-west, and 68 kms. from Almora, which is another important town in the State, which lies to its north.

Nainital is named after the Naini Lake, which occupies a central location. The lake is surrounded by seven hills. Most buildings are constructed on the hill slopes facing the southern, eastern, northern and north-western sides of the lake. There are three popular localities in the town – Tallital (on the southern side of the lake), Mallital (on the north and western side of the lake) and Sukhatal (on the west of Mallital). Because of its scenic character, Nainital is a popular hill resort for both domestic and international tourists. The major tourists spots in and around the town are Naina Peak (2610 mtrs.), Snow View (2270 mtrs.), Tiffin Top (2292 mtrs.), Lands End (2118 mtrs.), Dorothy's Seat (2292 mtrs.), High Altitude Zoo (2075 mtrs.), State Observatory (1951 mtrs.), etc. Tourists also visit Nainital due to the presence of several places of worship in the town (such as the Naina Devi Temple, Pasan Devi Temple, Hanumangarhi Temple, Birla Vidya Temple, Jama Masjid, Roman Catholic Church, etc.) and a group of lakes (namely Sat-Tal, Bhimtal, Naukuchiyatal, etc.) located at a distance of about 20-30 kms. south-east of Nainital. Besides being a popular tourist resort, Nainital is an important centre of education for the local and regional population.

The town has a total population of 38,630 and an area of 11.73 sq. kms. (Census of India, 2001a and b). It is divided into 11 municipal wards for administrative purposes.

### **Local Government Profile**

#### **Constitution and Governance**

The town is governed by a Municipal Council as per the provisions of the United Provinces Municipalities Act, 1916. Furthermore, the Council also relies on the 'Bye-laws, Rules, Regulations of the Nainital Municipality' published by the order of the Municipal Board, Nainital in August 1966 and amended from time to time. Regarding the evolution of the local government, it is reported that a Town Area Committee was constituted for the first time in 1845. Its status was changed to Municipal Board in 1850 and Municipal Council in 1988.

## Duties

As mentioned earlier in the case of Mussoorie, the municipal Act of the State lists 36 obligatory and 22 discretionary duties to be performed by local governments in the State (see Table 3.19). In addition, byelaws, rules and regulations have been framed to further clarify the responsibilities of specific Councils. For the town of Nainital, byelaws exist for municipal property and roads, buildings, public safety and convenience, public health, regulating sale of articles, licences; notices are specified for various practices (such as disposal of rubbish, etc.); rules have been formulated for various activities (such as municipal markets, collection of tax, forest produce, etc.), and regulations are provided for the conduct of municipal administration (such as grant of leave, time and manner of convening meetings, conduct of proceedings, establishment, duties and powers of committees, etc.).

It is reported that a number of functions earlier in possession of the Council have been transferred to the State departments due to the inability of the local government to perform these functions.

## Composition

Nainital Municipal Council is represented by: (a) elected members, i.e., a President/Chairperson and 11 Councillors; male and female councillors are 7 and 4 respectively; seats are reserved for the scheduled castes and/or the scheduled tribes, women belonging to the scheduled castes and/or the scheduled tribes, other women, and the backward classes; elections were held in the year 2003; (b) ex-officio members, comprising all members of the State Legislative Assembly and the House of the People; (c) ex-officio members, comprising all members of the Council of States and the State Legislative Council; (d) nominated persons having special knowledge or experience in municipal administration; and (e) appointed staff, i.e., an Executive Officer and other employees, such as a Municipal Engineer, a Junior Engineer, a Chief Sanitary Inspector, two Sanitary Inspectors, a Tax Superintendent, two Tax Inspectors, an Accountant, an Office Superintendent, two Sectional Head Clerks, 241 Sanitary Workers, etc.

## Sub-committees/Committees

The Byelaws, Rules and Regulations of the Nainital Municipality provides for the appointment of the following eight sub-committees:

- Finance, Toll and Taxes
- Public Works

- Assessment
- Public Health
- Education
- Market
- Library
- Flats (A place with a flat area adjoining the lake, which is also the venue of various cultural programmes organised by the local government)

Each sub-committee comprises five to nine members who are elected on the basis of voting among the councillors. One member in each sub-committee is the Chairperson. The local Act also provides that any member may represent one or more sub-committees.

### Finance

The income and expenditure account of Nainital Municipal Council for the period 2004-5 is presented in Table 3.25.

**Table 3.25: Income and Expenditure Pattern of Nainital Municipal Council, 2004-5**

S. No.	Income Head	Revised Income (in Rupees)	Percentage to Total Income	S. No.	Expenditure Head	Revised Expenditure (in Rupees)	Percentage to Total Expenditure
1	Opening balance	5,026,531	8.78	1	General administration	3,000,000	5.24
<b>A</b>	<b>Municipal Rates &amp; Taxes</b>			2	Tax department	800,000	1.40
2	Tax on buildings	5,500,000	9.61	3	Toll department	1,500,000	2.62
3	Tax on boats	10,000	0.02	4	Snow view binocular	50,000	0.09
4	Tax on horses	2,000	0.00	5	Cremation ground	50,000	0.09
5	Conservancy (sanitation) tax	5,500,000	9.61	6	Traffic management	650,000	1.14
6	Lake frontage	2,000	0.00	7	Lake/drain cleaning	500,000	0.87
7	Show tax	60,000	0.10	8	Electrification	600,000	1.05
<b>B</b>	<b>Revenue derived from Municipal Property apart from Taxation</b>			9	Street lighting	500,000	0.87
8	Rent	3,000,000	5.24	10	Wood for cremation	150,000	0.26
9	<i>Nazul</i> rent	3,000	0.01	11	Conservancy dept.	16,500,000	28.82
10	Fee from educational institutions (nursery schools)	30,000	0.05	12	Waste clearing vehicles	600,000	1.05
11	Slaughter house fee	60,000	0.10	13	Conservancy dept. store	200,000	0.35
12	Projection fee	25,000	0.04	14	Sanitary equipment	1,800,000	3.14
13	Copying fee	40,000	0.07	15	Conservancy dept. staff	300,000	0.52
14	Library fee	10,000	0.02	16	<i>Sulabh shauchalaya</i>	500,000	0.87

## Challenges for Urban Local Governments in India

S. No.	Income Head	Revised Income (in Rupees)	Percentage to Total Income	S. No.	Expenditure Head	Revised Expenditure (in Rupees)	Percentage to Total Expenditure
15	Fisheries licence	1,000	0.00	17	Health centre	170,000	0.30
16	Licence (miscellaneous)	400,000	0.70	18	Infectious diseases	25,000	0.04
17	Licence for dogs	5,000	0.01	19	Markets & slaughter houses	60,000	0.10
18	Other fee, fine	80,000	0.14	20	Food item samples	5,000	0.01
19	Motor vehicle fee	5,000,000	8.73	21	Municipal gardens	500,000	0.87
<b>C</b>	<b>Miscellaneous</b>			22	Water samples	200	0.00
20	Interest on investment	55,000	0.10	23	Public works dept. staff	4,000,000	6.99
21	SFC grant	12,000,000	20.96	24	Municipal buildings	1,400,000	2.45
22	Library grant	1,000	0.00	25	Municipal roads	2,500,000	4.37
23	Flood relief grant	500,000	0.87	26	Public works dept. store	150,000	0.26
24	<i>Sulabh shauchalaya</i>	500,000	0.87	27	Schools	1,100,000	1.92
25	MP/MLA fund	500,000	0.87	28	Municipal library	50,000	0.09
26	Beautification	400,000	0.70	29	General fund	50,000	0.09
27	Development fee	1,000,000	1.75	30	Interest on bank loans	400,000	0.70
28	Sewer & drinking water facility	3,200,000	5.59	31	Printing charges	300,000	0.52
29	Lake/drain development	500,000	0.87	32	Law charges	250,000	0.44
30	11 <sup>th</sup> finance commission	1,000,000	1.75	33	Provident fund	5,250,000	9.17
31	2 % stamp duty	2,000,000	3.49	34	Govt. share of <i>nazul</i>	3,000	0.01
32	Snow view binocular	20,000	0.03	35	Travel allowance	100,000	0.17
33	Miscellaneous	1,700,000	2.97	36	Fairs	100,000	0.17
34	Loan from banks	9,000,000	15.72	37	Miscellaneous expenses	600,000	1.05
35	Premium	100,000	0.17	38	Pension fund	3,250,000	5.68
36	Deposits	25,000	0.04	39	Repayment of bank loan	9,000,000	15.72
	<b>Total Income</b>	<b>57,255,531</b>	<b>100.00</b>	40	Deposits	10,000	0.02
				41	Balance	282,331	0.49
					<b>Total expenditure</b>	<b>57,255,531</b>	<b>100.00</b>

Source: Budget of the municipality.

During this period, the Council generated an income of Rs. 57.26 million. The main contribution to this income has come from external sources – grant and loan – which account for about one-half of the total income. The taxes and non-taxes levied by the municipality are listed in Table 3.26. The Council generated more than a third (37.98 per cent) of its income from taxes (19 per cent) and non-taxes (19 per cent).

Available data on demand and recovery from various taxes and non-taxes (namely conservancy tax, building tax and rent) show that the Council recorded a recovery of 40 per cent during 2004-5.

Table 3.26: Taxes and Non-taxes Levied by Nainital Municipal Council, 2004-5

S. No.	Taxes	Amount (Revised) (in Rupees)	% to Total Income from Taxes	S. No.	Non-taxes	Amount (Revised) (in Rupees)	% to Total Income from Non-taxes
1	Tax on buildings	5,500,000	49.67	1	Rent	3,000,000	28.11
2	Tax on boats	10,000	0.09	2	<i>Nazul</i> rent	3,000	0.03
3	Tax on horses	2,000	0.02	3	Fee from educational institutions	30,000	0.28
4	Conservancy (sanitation) tax	5,500,000	49.67	4	Slaughter house fee	60,000	0.56
5	Lake frontage	2,000	0.02	5	Projection fee	25,000	0.23
6	Show tax	60,000	0.54	6	Copying fee	40,000	0.37
	<b>Total income from taxes</b>	<b>11,074,000</b>	<b>100.00</b>	7	Library fee	10,000	0.09
				8	Fisheries licence	1,000	0.01
	Per cent of income from taxes to total income of the Council		19.34	9	Licence (miscellaneous)	400,000	3.75
				10	Licence for dogs	5,000	0.05
				11	Other fee, fine	80,000	0.75
				12	Motor vehicle fee	5,000,000	46.84
				13	2 % stamp duty	2,000,000	18.74
				14	Snow view binocular	20,000	0.19
					<b>Total income from non-taxes</b>	<b>10,674,000</b>	<b>100.00</b>
					Per cent of income from non-taxes to total income of the Council		18.64

Source: Budget of the municipality.

The Council incurred an expenditure amounting to Rs. 57.26 million during the same period. Thus, the income and expenditure pattern of the Council shows a balanced budget. The conservancy department shows a high expenditure (34 per cent).

The expenditure pattern of the Council reveals that the following works related to urban development have been given attention: traffic management, lake/drain cleaning, electrification, street lighting, public toilets, gardens, roads, etc.

Discussions held with some municipal employees on Council's finances further revealed that the Council generates about Rs. 5000 every month from advertisements.

## State/Local Initiatives

The measures taken by the State government of Uttaranchal and the local government are listed below.

- UAA organises training programmes for officials and elected representatives in the State; programmes are conducted on various themes, such as financial management and resource mobilisation, solid waste management, management training, double entry book-keeping, computerisation, community participation, public-private-partnerships (PPP), etc.
- Training has helped in developing ideas, creating awareness and bringing about development; more training is required on 74<sup>th</sup> CAA and knowledge of Municipal Act.
- Emphasis is given by UAA on outreach programmes; gradually number of participants is increasing; training programmes are designed keeping in view the local issues and the target group; before conducting the programme an informal discussion is held to understand the perceptions of participants; this helps in the effective conduct of the programme; participants are taken to the field for better understanding.
- Recent good governance initiatives include:
  - Two rickshaw stands improved through PPP; stand shade and roof lighting improved; money is recovered through advertisement installed on top of the stand; licence for operating rickshaw is issued by local body;
  - Installation of 150 poles for street lighting; three year agreement given to Nainital Bank and Bank of Baroda; they will also use the poles for advertisement purposes;
  - Construction of public toilets at Mall road by private party; maintenance contract given to another private operator by local body who charges Rs. 2-3 per use from citizens; advertisement on top of bathroom is installed for generating income;
  - Installation of 10 dust bins by State Bank of India who have displayed their advertisement; saves income of local body;
  - Maintenance of municipal library; advertisement displayed by local newspaper agency – *Amar Ujala*;
  - Provision of basic services – footpath, streetlights – through community involvement. Money (about Rs. 500) is collected from each household and contractor is identified for undertaking work;
  - Councillors have taken initiatives: sanitation – cleanliness drive carried out; public and councillor involved; no sanitary worker involvement; space dug for disposal of waste;

- Executive officer has attended training programmes in key governance issues including computerisation in local bodies
- Nainital Municipal Council has benefited enormously by contracting out services to private operator for collection of fee for mall road entry (In one year when one post was contracted, the Council earned Rs. 3.3 million; after contracting out all three posts, Council earned Rs. 6.75 million); free entry was not allowed after contract was given; there was a lot of opposition from the public/hoteliars/councillors;

## Problems

The municipal functionaries have pointed out the following problems:

- The local government is facing severe resource crunch; full financial support is not provided by State government; funds are required for implementing projects; only 50 per cent amount is received from SFC; salaries are not being given on time;
- Lower level staff have not been exposed to computer skills;
- No segregation of solid waste is being done; more manpower is required especially for collection of waste from tourist spots such as China peak;
- Sewage is being disposed off in the lake;
- Participation is less in training programmes organised by UAA; no government norms for compulsory attendance; there is a lack of interest among the participants; in some programmes, the Executive Officer/Chairperson are invited, however, they send their junior staff, which affects the purpose of the programme.

## IV. Case Studies Compared

Information on key local government characteristics reviewed during the course of this research is tabulated and provided at the end of this paper (see Appendix 2). Some important observations with respect to the functioning of selected urban local governments are listed below.

- The 74<sup>th</sup> CAA, 1992 provides for the reservation of seats for women in local governments. Such participation is observed in all local governments under review. In Nainital, a female Chairperson heads the local government.
- A number of posts continue to remain vacant in local governments, which affect adversely the functioning of various sub-committees.
- Various legislative, fiscal and other reforms to strengthen local governments are being carried out, such as amendments in Municipal Acts; implementation of the 74<sup>th</sup> CAA provisions,

including the SFC recommendations; contracting out municipal solid waste and other services; imposition of new taxes; revision of tax/non-tax rates; organisation of training programmes for municipal functionaries; etc.

- The income and expenditure account of Bharatpur Municipal Council is quite large as compared to other local governments.
- None of the local governments show a deficit budget.
- Data on main sources of income of urban local governments show that municipalities of Haryana generate income mainly from internal sources, such as stamp duty, development charges, and tax on land and buildings. On the other hand, the municipalities of Rajasthan and Uttaranchal receive a significant amount of funds from external sources, such as Centre/State grants and loans.
- Data on income of urban local governments from various taxes and non-taxes show that this share is high in Haryana and low in Rajasthan. It is also observed that the share of tax income is higher than non-tax income in Alwar, Mussoorie and Nainital. This implies that the other municipalities are generating a higher share of income from non-tax sources.
- Information on taxes levied reveals that in Alwar and Bharatpur (Rajasthan), the local government levies hardly any tax despite provisions in the Municipal Act. It is observed that Alwar Municipal Council levies only building and land tax while Bharatpur Municipal Council levies building and land tax and entertainment tax.
- Property tax/tax on land and buildings is the most common of all taxes that is levied by all municipalities; conservancy/scavenging tax is levied only by Mussoorie and Nainital (Uttaranchal) Municipal Councils.
- Non-taxes that are commonly levied by most municipalities are licence fee, rent, copying fee, *tehbazari* fee (i.e., fee obtained from hawkers) and slaughterhouse fee.
- The main items of municipal expenditure are development works, staff salaries and conservancy works.

## V. Issues of Local-Level Governance

The major findings emerging from this study are discussed in this section.

### Participation in the Decision-making Process

The extent of participation in the decision-making process is understood on the basis of perceptions/views of those municipal functionaries who participate regularly in the meetings of



urban local governments, namely the elected members (i.e., mayor/president, councillors) and the appointed authorities (i.e., the executive officer, and other staff). It is learnt that the nominated and ex-officio members are generally not present in municipal meetings.

### **Influence of Social and Economic Factors on Decision-making**

Social and economic factors related to caste, religion and economic status play a significant role in guiding the decision-making process during municipal meetings. It is reported that members/authorities belonging to high caste and who are economically better off dominate, and are often successful in getting their decisions/resolutions accepted. Due to this reason, the grievances of other members are generally not heard. In this situation, it may not be incorrect to assume that only a particular section of the population benefits when decisions are implemented.

### **Influence of Political Factors on Decision-making**

Party politics exists at the municipal level. It is reported that members affiliated to the largest political parties strongly influence decisions during the meetings of the local government. Furthermore, it is mentioned that the appointed authorities often work under pressure created by the municipal members. In the past, several authorities have been transferred to other areas because of not cooperating with the decisions taken by the local political leaders.

### **Ineffective Women's Participation in Decision-making**

At least one-third of the members associated with urban local governments belong to the women category. On the basis of discussions held with a select number of women members, it is learnt that this group is unable to make a meaningful contribution on municipal matters discussed in the meetings. In this regard, it is observed that illiteracy and lack of awareness cannot be accepted as valid reasons for the ineffective participation of women members. An assessment of the educational status of elected municipal councillors by case study area reveals that women members are not much different from their male counterparts. A prominent reason reported by majority of the women councillors in this respect is the dominating role played by the male members.

Yet another reason for ineffective participation by the women members in the decision-making process is the presence of their husbands in municipal meetings. Although the Municipal Act provides for public participation in meetings of local governments, in the opinion of some members, the presence of husbands nullifies the possibility of effective participation of women in local governance. In fact, non-member husbands' interference acts as a negative factor.

### **Ignorance among Members/Authorities on Municipal Act Provisions**

The Municipal Act formulated by the state government for the constitution and governance of urban local governments in the state is an important document that specifies, among other things, the powers of municipal authorities and members for the conduct of business. The analysis reveals that a high proportion of members are ignorant on the provisions of the Act regarding various municipal matters. This inhibits them from performing and participating effectively, especially during the municipal meetings. On the contrary, members and authorities familiar with the Act provisions take advantage of the situation.

### **Dissatisfaction among Members**

It is understood that there is a general feeling of dissatisfaction among some members on their performance and participation in municipal matters. Some of the members had contested in municipal elections with the intention that they would be able to contribute effectively insofar as the development of their ward is concerned. They are disgusted when they come to know that they have hardly any role to play. They feel that work practices are too complex and not easy to comprehend. Unfortunately, the effective/influential members and authorities prefer to ignore their grievances in this regard. Such members lose their interest in municipal matters because of the lack of incentives offered by the State government. In this situation, it becomes difficult for them to be accountable to the citizens who have elected them and vested their faith in them.

### **Rule of Law and Transparency in the Conduct of Business**

The practices adopted by urban local governments during municipal meetings for executing decisions and the procedure followed by them in the planning and implementation of urban infrastructure projects is examined in an earlier section of this paper. The purpose of this analysis is to assess the extent to which rule of law and transparency exists among municipal governments in the conduct of business. The important findings emerging from this analysis are described in the following sub-sections.

### **Rule of Law in the Decision-making Process**

It is learnt that decisions on every aspect related to the development of urban services at the local level are taken during the meetings held by urban local governments. A review of the perceptions of a select number of authorities and members associated with the urban local governments on the

frequency of meetings and the manner in which decisions are accepted reveals that these aspects are a matter of concern. The feedback received from municipal authorities and members is presented below in the following sub-sections.

### **Delays in Convening Municipal Meetings**

With respect to municipal meetings, it is noted that Municipal Acts governing urban local governments specify the frequency with which meetings should be held. On inquiry, it was found that municipal meetings are not being held on a regular basis. In the opinion of some elected members, the delay in holding meetings is primarily due to an absence of active cooperation received from the elected ward members (i.e., councillors) on most municipal matters. Several members hold the view that meetings are ineffective because the grievances of most members (with respect to the development of their ward) are not being taken into consideration.

### **Violations in Recording Minutes**

There is an increasing concern among the members and authorities on the manner in which the minute book (containing the names of members present at a meeting, the proceedings held and the resolutions passed) is maintained. It is noted that the entries in the minute book form an important basis for the preparation of a report, which is sent to the higher authorities for approval/ratification. In this respect, the Municipal Act provides that the minutes are to be read out and certified as passed, unless objected to by a majority of members present at the meeting. However, several members have reported that their consent is generally not taken on the resolutions passed and the entries recorded in the minute book.

### **Factionalism of Members**

Measures have been taken by the Government of India to establish a representative government at the local level so that the needs of all sections of the society are addressed to the extent possible. It is, however, observed that the procedure of passing a resolution during municipal meetings is often influenced by factionalism of members. It is alleged that the dominating members are generally successful in getting their own resolutions passed. On the other hand, the grievances of members in minority (comprising scheduled castes/backward class/economically weaker sections/women) are often not heard.

### **Transparency in the Planning and Implementation of Infrastructure Projects**

The procedure followed by urban local governments in the planning and implementation of urban infrastructure projects is described in an earlier section of this paper. It is learnt that there are various stages involved in this process, such as decision-making, planning and design/formulation, financing, execution/implementation and monitoring and supervision. Discussions held with various municipal members and authorities with respect to this aspect reveals that the practices adopted by local governments, especially in the execution of projects, are characterised by numerous deficiencies, which affect adversely the project planning and implementation process. Some issues emerging from this analysis are described in the following sub-sections.

### **Lack of Transparency in Sharing Information**

Several members and authorities associated with the selected urban local governments have reported that details on project contracts entered with the private contractors are often not shared with all members during the meetings, despite provisions in the Municipal Act that information on every contract signed for a project requires to be placed before the members. This shows that there is a lack of transparency. In fact, some members who were interviewed felt that information on execution of projects, such as advertisement and release of tenders for contractors, signing of contracts and publicity of development works, is shared only within the group of influential members and authorities. It appears that such members have a vested interest in the implementation of projects. One of the members interviewed reported that only 15 per cent of the total outlays were spent on development works.

### **Unfair Practices in the Publicity of Development Works**

As mentioned earlier, advertisements are published in local newspapers by the urban local governments for the purpose of inviting tenders from private contractors to undertake project-related development works. In the opinion of some members representing the selected urban local governments, such advertisements are published in those newspapers, which are not commonly read. It is learnt that some influential members follow this practice to select contractors of their own choice.

### **Discrimination in the Selection of Contractors**

In the selection of contractors, the urban local government invites tenders. Every detail specified in the tender is to be discussed and shared with the members during municipal meetings before it is short-listed and signed. However, it is alleged that such discussions take place only within the

influential group. Moreover, it is reported that tenders quoting the lowest rates are often rejected in favour of those, which are quoting much higher rates. Such a practice, according to some members, takes its toll on the quality of construction undertaken by the private contractors.

## **Efficiency in Other Municipal Management and Finance Practices**

### **Low Level of Services**

Urban local governments are unable to meet the basic service requirements of the population living in the selected urban centres. It is reported that a high proportion of the population/households remain uncovered by piped water supply facility, underground sewer facility and solid waste collection services. It is further observed that the quality of piped water supply, the condition of underground sewer/drains, the disposal of sewage and solid waste are some of the aspects, which are in a critical state.

### **Bias against Maintenance of Existing Services**

There appears to be a bias against maintenance of existing urban services. In this regard, it is observed that the state government has taken measures for the successful implementation of new infrastructure projects at the local level. The municipal members and authorities are in fact quite concerned about the timely availability of such funds and about signing of new project contracts with private contractors. A similar enthusiasm among municipal officials with respect to the maintenance and upkeep of basic civic services, however, seems to be lacking. It is learnt that there is considerable inefficiency among the municipal personnel in the performance of their duties. This attitude is leading to the deterioration of existing civic services.

### **Inefficiency in Financial Management**

There is inefficiency among urban local governments in the management of their finances, which affects adversely the efficient delivery of basic civic services. Some of the important observations noted in this regard include: deficiencies in the procedure for determining the cost of services; low cost recovery from taxes, non-taxes; high outstanding dues of previous years; high dependence on external sources of finance; etc.

## VI. Conclusion

The purpose of this study is to identify the major issues of governance at the municipal/local level in a select number of urban centres of India. This assessment is based on a review of key urban local government characteristics, namely constitution and governance, duties, composition, management and finance practices, State/Local initiatives and problems.

The findings of this study show that urban local governments in India are plagued by numerous problems, which affect their performance in the efficient discharge of their duties. These problems are discussed in section five of this paper and relate to the extent of participation and rule of law in the municipal decision-making process, transparency in the planning and implementation of infrastructure projects, and level of efficiency in various municipal management and finance practices.

Considering the significance of the prevailing issues of governance at the local level, a number of questions may be raised, such as:

- What steps should be taken to achieve effective participation of all members in the municipal **decision-making process**? Is it possible to reduce the influence of various social, economic and political factors on decision-making? Is it possible to consider education as an eligibility criterion for elected members?
- What steps should be taken to ensure that rule of law and transparency exists in the **conduct of business** by municipalities? Is it possible for the municipal functionaries to cooperate with each other for the welfare of the citizens?
- What steps should be taken to achieve a high level of efficiency in various municipal **management and finance practices**? Is it possible for the municipal functionaries at all levels to administer their tasks efficiently and in a responsible manner? Is it possible to identify the deficiencies in various management and finance practices and develop a methodology to overcome such problems? Is it possible for the State/Local government to experiment with various innovative practices?
- What steps should be taken to achieve equity in **service availability**? Is it possible to evolve suitable criteria for the devolution of funds at the ward level for the purpose of infrastructure development? Is it possible for the local government to collect and maintain data on service levels in the wards?
- What further steps should be taken to strengthen the process of implementation of **SFC recommendations**?

- What further steps should be taken to build the **capacity of municipal functionaries**? Is it possible for the trainers to impart training within the premises of the local government rather than the other way round for greater participation?

It may be stated that such questions are applicable to most municipalities of India and hence there exists an urgent need to find appropriate solutions. To conclude, fresh thinking is necessary to resolve the problems confronting urban local governments in India.

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## Appendix 1: Information on People Met and Interviewed

**Bahadurgarh (Haryana):** Municipal Council - Mr. A.K. Jain, Executive Officer; Mr. Gulshan Kumar, Accountant, Tel. 95127 6230204; Mr. Krishna Sharma

**Gurgaon (Haryana):** Municipal Council - Mr. Y.S. Gupta, Executive Officer; Mr. B.D. Valecha, Office Superintendent; Mr. R.L. Bansal, Tax Superintendent, Tel. 0124 – 2320387; Mr. Karan Singh

**Alwar (Rajasthan):** Municipal Council - Ms. Sanju Sharma, Executive Officer/Commissioner; Office Superintendent; Mr. Gyan Saran; Mr. Rajvir Yadav; Mr. Mukesh Gupta, Tel. 2701364, 2700730

**Bharatpur (Rajasthan):** Municipal Council – Health Officer; Office Superintendent, Tel. 05644 - 222170

**Mussoorie (Uttaranchal):** Municipal Council - Mr. Subhash Gupta, Executive Officer; Mr. Sitaram Bharti, Office Superintendent; Mr. Girdhar Gopal, Accountant, Tel. 2632251, 2632039; Mr. Rajpal, Head Clerk; Mr. Bhagwan Singh Pawar, Councillor, Ward No. 1

**Nainital (Uttaranchal):** Municipal Council - Ms. Sarita Arya, Chairperson; Mr. K.N. Painuly, Executive Officer; Mr. S.C. Choudhari, Accountant; Mr. Devendra Joshi, Junior Engineer; Mr. Mahesh Gururani, Meeting Clerk; Mr. Rajinder Pargaien, Councillor, Ward No. 1; Mr. Deepak Kumar, Councillor, Ward No. 3; Uttaranchal Academy of Administration (Training Institute) - Mr. D.S. Dhapola, Project Director, Urban Affairs Unit; Mr. Dinesh Mahtolia, Senior Project Manager.



## Appendix 2: Main Characteristics of Urban Local Governments in Selected Case Studies

Description of Item	Name of Town					
	Bahadurgarh	Gurgaon	Alwar	Bharatpur	Mussoorie	Nainital
Name of State	HARYANA		RAJASTHAN		UTTARANCHAL	
Classification of municipalities in the State	<ul style="list-style-type: none"> <li>• Municipal Corporations (<i>Nagar Nigam</i>)</li> <li>• Municipal Councils (<i>Nagar Parishad</i>)</li> <li>• Municipal Committees (<i>Nagar Panchayat</i>)</li> </ul>		<ul style="list-style-type: none"> <li>• Municipal Corporations (<i>Nagar Nigam</i>) – Class I</li> <li>• Municipal Councils (<i>Nagar Parishad</i>) – Class I</li> <li>• Municipal Boards (<i>Nagar Palika Mandal</i>) – Class II, III, IV</li> </ul>		<ul style="list-style-type: none"> <li>• Municipal Corporations (<i>Nagar Nigam</i>)</li> <li>• Municipal Councils (<i>Nagar Palika Parishad</i>)</li> <li>• <i>Nagar Panchayats</i></li> </ul>	
Total population of town (2001)	119,846	172,955	260,593	204,587	26,075	38,630
Area of town (in sq. kms.) (2001)	20	N.A.	49	N.A.	64.75	11.73
Approx. distance from Delhi (kms.)	29	10	170	180	290	330
Number of wards in town	31	31	50	45	11	11
Civic status	M. Council	M. Council	M. Council	M. Council	M. Council	M. Council
Name of municipal Act governing local government	The Haryana Municipal Act, 1973		The Rajasthan Municipalities Act, 1959		The United Provinces Municipalities Act, 1916	
Number of duties as per State municipal Act	<ul style="list-style-type: none"> <li>▪ 18 tasks (listed in 12<sup>th</sup> Schedule)*</li> </ul>		<ul style="list-style-type: none"> <li>▪ 23 obligatory duties; and</li> <li>▪ 25 discretionary duties</li> </ul>		<ul style="list-style-type: none"> <li>▪ 36 obligatory duties; and</li> <li>▪ 22 discretionary duties</li> </ul>	
Composition	<ul style="list-style-type: none"> <li>▪ President (1)</li> <li>▪ Councillors (31) - 20 males; 11 females; 3 SC councillors; 2 BC councillors</li> <li>▪ Nominated persons</li> <li>▪ Executive Officer (1)</li> <li>▪ Other employees (48) and sweepers (110)</li> </ul>	<ul style="list-style-type: none"> <li>▪ President (1)</li> <li>▪ Councillors (31) - 18 males; 13 females</li> <li>▪ Nominated persons (3)</li> <li>▪ Executive Officer (1)</li> <li>▪ Other employees (132) and sweepers (399)</li> </ul>	<ul style="list-style-type: none"> <li>▪ President (1)</li> <li>▪ Councillors (50) - 33 males; 17 females</li> <li>▪ Ex-officio members – MP, MLA</li> <li>▪ Nominated persons</li> <li>▪ Commissioner (1)</li> <li>▪ Other employees (207) and sweepers (285)</li> </ul>	<ul style="list-style-type: none"> <li>▪ President (1)</li> <li>▪ Councillors (45) - 31 males; 14 females</li> <li>▪ Ex-officio members – MP, MLA</li> <li>▪ Nominated persons</li> <li>▪ Commissioner (1)</li> <li>▪ Other employees (N.A.) and sweepers (410)</li> </ul>	<ul style="list-style-type: none"> <li>▪ President (1)</li> <li>▪ Councillors (11) - 7 males; 4 females</li> <li>▪ Ex-officio members – MP, MLA</li> <li>▪ Nominated persons</li> <li>▪ Executive Officer (1)</li> <li>▪ Other employees and sweepers</li> </ul>	<ul style="list-style-type: none"> <li>▪ President (1)</li> <li>▪ Councillors (11) - 7 males; 4 females</li> <li>▪ Ex-officio members – MP, MLA</li> <li>▪ Nominated persons</li> <li>▪ Executive Officer (1)</li> <li>▪ Other employees and sweepers (241)</li> </ul>
Elected chairperson (male/female)	Male	Male	Male	Male	Male	Female
Executive Officer (male/female)	Male	Male	Female	Male	Male	Male
Vacant positions	16	168	239	N.A.	N.A.	N.A.

**Challenges for Urban Local Governments in India**

Description of Item	Name of Town					
	Bahadurgarh	Gurgaon	Alwar	Bharatpur	Mussoorie	Nainital
Name of State	HARYANA		RAJASTHAN		UTTARANCHAL	
Year of last election to municipality	1998, 2004	2000, 2005	1999, 2004		2003	
Name of sub-committees/committees	<ul style="list-style-type: none"> <li>▪ Finance</li> <li>▪ Public Works and Buildings</li> <li>▪ Sanitation &amp; Water Supply</li> </ul>		<ul style="list-style-type: none"> <li>▪ Executive</li> <li>▪ Finance</li> <li>▪ Health and Sanitation</li> <li>▪ Building and Works</li> <li>▪ Rules and Bye-laws</li> <li>▪ Public Conveyance</li> </ul>		<ul style="list-style-type: none"> <li>▪ Public Health</li> <li>▪ Public Works</li> <li>▪ Tax Assessment</li> <li>▪ Finance</li> <li>▪ Garden</li> </ul>	<ul style="list-style-type: none"> <li>▪ Finance, Toll and Taxes</li> <li>▪ Public Works (Tax) Assessment</li> <li>▪ Public Health</li> <li>▪ Education</li> <li>▪ Market</li> <li>▪ Library</li> <li>▪ Flats</li> </ul>
Name of branches/sections/divisions	<ul style="list-style-type: none"> <li>▪ N.A.</li> </ul>	<ul style="list-style-type: none"> <li>▪ General Adminis.</li> <li>▪ Tax &amp; Licensing</li> <li>▪ Municipal Properties</li> <li>▪ Public Safety &amp; Convenience</li> <li>▪ Public Health</li> <li>▪ Water Supply</li> <li>▪ Municipal Works</li> </ul>	<ul style="list-style-type: none"> <li>▪ General Adminis.</li> <li>▪ Tax</li> <li>▪ Public Health</li> <li>▪ Motor Garage</li> <li>▪ Public Safety</li> <li>▪ Electricity</li> <li>▪ Animal House</li> <li>▪ Parks</li> <li>▪ Repairs</li> <li>▪ Water Works</li> <li>▪ Library</li> <li>▪ Municipal Works</li> </ul>	<ul style="list-style-type: none"> <li>▪ General Adminis.</li> <li>▪ Tax</li> <li>▪ Public Health</li> <li>▪ Public Safety</li> <li>▪ Electricity</li> <li>▪ Animal House</li> <li>▪ Parks</li> <li>▪ Repairs</li> <li>▪ Municipal Works</li> </ul>	<ul style="list-style-type: none"> <li>▪ N.A.</li> </ul>	<ul style="list-style-type: none"> <li>▪ N.A.</li> </ul>
Some other State-level agencies in town	PWD, HUDA, PHED	PWD, PHED, HUDA	UIT, Housing Board, PHED, PWD	UIT, PHED, PWD	<i>Garhwal Jal Sansthan</i> (water supply), Electricity Board, MDDA	PWD, <i>Garhwal Jal Sansthan</i> , Electricity Board/Power Corporation, Education Dept., Forest Dept.
Total income (Rs.)	62,200,414 (2004-5)	121,849,823 (2002-3)	101,435,282 (2004-5)	257,229,000 (2004-5)	45,292,390 (2004-5)	57,255,531 (2004-5)
Total expenditure (Rs.)	61,231,953 (2004-5)	108,092,916 (2002-3)	101,435,282 (2004-5)	257,229,000 (2004-5)	45,292,390 (2004-5)	57,255,531 (2004-5)
Difference (Rs.)	(+) 968,461 (2004-5)	(+) 13,756,907 (2002-3)	0 (2004-5)	0 (2004-5)	0 (2004-5)	0 (2004-5)
Main sources of income	Stamp duty, development charges, house	Stamp duty, tax on buildings &	Octroi compensatory grant, SFC	Octroi compensatory grant, 11 <sup>th</sup>	SFC grant, tax on houses & land,	SFC & other grants, bank loan, building

Description of Item	Name of Town					
	Bahadurgarh	Gurgaon	Alwar	Bharatpur	Mussoorie	Nainital
Name of State	HARYANA		RAJASTHAN		UTTARANCHAL	
	tax, rent of shops, electricity duty	land	grant, 11 <sup>th</sup> finance commission grant, building & land tax, sale of land, general grants	finance commission, SFC, road cutting charges	revolving fund, rent of land, buildings, parking, etc., scavenging tax	tax, conservancy tax, motor vehicle fee, rent
Per cent of income from taxes to total income of the Council	20.93 (2004-5)	33.46 (2002-3)	5.06 (2004-5)	0.41 (2004-5)	22.77 (2004-5)	19.34 (2004-5)
Per cent of income from non-taxes to total income of the Council	65.38 (2004-5)	37.77 (2002-3)	2.79 (2004-5)	1.57 (2004-5)	9.27 (2004-5)	18.64 (2004-5)
Per cent of income from taxes & non-taxes to total income of the Council	86.31 (2004-5)	71.23 (2002-3)	7.85 (2004-5)	1.98 (2004-5)	32.04 (2004-5)	37.98 (2004-5)
Main items of expenditure	Development works – construction of pavements, drains & roads; Staff salaries – conservancy (removal) staff	Development works – road maintenance; Staff salaries – conservancy (removal) staff	Staff salaries – conservancy staff; Development works – construction of roads	Development works – new road works, drain & road connections; Staff salaries – public health department	Public health & convenience – sanitary workers pay; Development works – road construction & repairs, ropeway trolley repairs	Conservancy department; public works department
Expenditure on salaries (%)	35.46 (2004-5)	33.11 (2002-3)	48.60 (2004-5)	20.35 (2004-5)	N.A.	N.A.
Expenditure on development works (%)	46.61 (2004-5)	43.84 (2002-3)	11.14 (2004-5)	28.63 (2004-5)	26.98 (2004-5)	14.71 (2004-5)
Expenditure on solid waste management (%)	21 (2004-5)	24 (2002-3)	36 (2004-5)	14 (2004-5)	26 (2004-5)	34 (2004-5)

Source: Census of India, 2001a and 2001b; Field survey conducted during October – December 2005.

Notes: (i) M. Council – Municipal Council; N.A. – Not Available.

(ii) \* See Box 2.2.

## Abbreviations

ADB	Asian Development Bank
ARC	Asia Research Centre
ARV	Annual rental value
AUSAID	Australian Agency for International Development
BA	Building Application
CAA	Constitution Amendment Act
CC	Cement concrete
DFID	Department for International Development
DLB	Directorate of Local Bodies
DRDA	District Rural Development Agency
DUD	Department of Urban Development
FC	Finance Commission
GMFB	Gujarat Municipal Finance Board
HIPA	Haryana Institute of Public Administration
HUDA	Haryana Urban Development Authority
HSEB	Haryana State Electricity Board
HUDCO	Housing and Urban Development Corporation
IAS	Indian Administrative Service
IDFC	Infrastructure Development and Finance Corporation
ILFS	Infrastructure Leasing and Financial Services
JBIC	Japan Bank for International Cooperation
JNNURM	Jawaharlal Nehru National Urban Renewal Mission
KUIDC	Kerala Urban Infrastructure Development Corporation
LB	Local Body
LIC	Life Insurance Corporation
MC	Municipal Council
MDDA	Mussoorie-Dehradun Development Authority
MLA	Member of Legislative Assembly
MP	Member of Parliament
NCR	National Capital Region
NCT	National Capital Territory
NRY	<i>Nehru Rozgar Yojana</i> (Employment Scheme)
PHED	Public Health Engineering Department
PPP	Public Private Partnership
PWD	Public Works Department
RIPA	Rajasthan Institute of Public Administration
SC	Scheduled Caste
SFC	State Finance Commission
SJSRY	<i>Swarn Jayanti Shabri Rozgar Yojna</i> (Urban Employment Scheme)
ST	Scheduled Tribe
TNUDF	Tamil Nadu Urban Development Fund
UAA	Uttaranchal Academy of Administration
UBSP	Urban Basic Services for the Poor
UIT	Urban Improvement Trust
ULB	Urban Local Body
UP	Uttar Pradesh
USAID	United States Agency for International Development
WHO	World Health Organisation

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## Endnotes

<sup>1</sup> "...governance is the process of decision-making and the process by which decisions are implemented, an analysis of governance focuses on the formal and informal actors, involved in decision-making and implementing the decisions made and the formal and informal structures that have been set in place to arrive at and implement the decision" (UNESCAP, 2006: 1).

<sup>2</sup> The United Nations (UN) has played a pioneering role in defining the concept. There appears to be a consensus on the norms/principles of good governance put forward by the UN. According to the UN, "Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimised, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society" (UNESCAP, 2006: 2).

<sup>3</sup> India Campaign for Good Urban Governance was launched on 3 September 2001 by the Government of India and UN-HABITAT (UN-HABITAT, 2006: 1).

<sup>4</sup> Findings of the Royal Commission on Decentralisation, 1907 (Sachdeva, 1993: 58).

<sup>5</sup> The year 1992 is considered as a turning point in the history of urban local governments in India.

<sup>6</sup> Urban local governments are governed by municipal Acts enacted by the concerned State.

<sup>7</sup> Now re-named as Chennai, Mumbai and Kolkata respectively.

<sup>8</sup> "Local government, that is to say, the constitution and powers of Municipal Corporations, Improvement Trusts, District Boards, mining settlement authorities and other local authorities for the purpose of local self-government or village administration" (Sachdeva, 1993: 62).

<sup>9</sup> "Economic and social planning, urban planning would fall within the ambit of both Entry 5 of State List and Entry 20 of the Concurrent List" (Sachdeva, 1993: 62).

<sup>10</sup> Municipal Councils were known by different names in different parts of the country, such as City Municipality, Municipal Committee, Municipal Board, Municipality, Borough Municipality, etc.

<sup>11</sup> In the three north-eastern states of India, namely Meghalaya, Mizoram and Nagaland, the 74<sup>th</sup> Amendment Act provisions have not been applied, and the old classification of municipalities still exist.

<sup>12</sup> Termed in the Municipal Acts as "Municipal Committee" in Haryana and "Municipal Board" in Rajasthan.

<sup>13</sup> Local bodies existing in Union Territories of India and the Cantonment Boards in urban areas are established by the Union laws.

<sup>14</sup> A major amendment in key legal provisions for municipalities is observed following the enactment of the 74<sup>th</sup> Amendment Act, 1992 by the central government.

<sup>15</sup> The Municipal Councils selected for this study are governed by: The Haryana Municipal Act, 1973 (applies to Bahadurgarh and Gurgaon); The Rajasthan Municipalities Act, 1959 (applies to Alwar and Bharatpur); and the United Provinces Municipalities Act, 1916 (applies to Mussoorie and Nainital).

<sup>16</sup> For example, The Patna Municipal Corporation Act, 1951.

<sup>17</sup> For example, The Haryana Municipal Act, 1973 provides a list of 18 functions (see Box 2.2); The Rajasthan Municipalities Act, 1959 provides a list of 23 primary (obligatory) functions and 25 secondary (discretionary) functions; and The United Provinces Municipalities Act, 1916 provides a list of 36 obligatory and 22 discretionary functions.

<sup>18</sup> A municipal area is divided into wards in such a manner that the population in each ward is kept the same, as far as possible. Furthermore, the number of wards to be delimited in a municipal area depends on

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the population of the town. For example, the Haryana Municipal Act, 1973 provides that municipalities with a population size of 100,000 – 300,000 will have 31 wards/seats;

<sup>19</sup> The 74<sup>th</sup> Amendment Act, 1992 provides that: (a) the superintendence, direction, and control of the preparation of electoral rolls, and the conduct of all elections to municipalities shall vest in the State Election Commission; and (b) an election to constitute a municipality shall be completed before the expiry of its duration – five years – or before the expiration of a period of six months from the date of its dissolution. It may be mentioned here that in the past local governments in India were dissolved by the State government due to poor performance and remained non-functional for extended periods of time. This affected adversely the condition of urban areas.

<sup>20</sup> The 74<sup>th</sup> Amendment Act, 1992 provides that seats shall be reserved for the Scheduled Castes, Scheduled Tribes, Women belonging to the Scheduled Castes or the Scheduled Tribes, all other Women, and the Backward Class of citizens, as the case may be. The criteria for reservation of all seats to municipalities are defined in the respective State municipal Acts.

<sup>21</sup> The Legislature of a State may provide for the representation of persons (referred to in Table 2.5) in a municipality.

<sup>22</sup> Formal statement of a committee's opinion.

<sup>23</sup> The power to vote for a resolution lies only with the councillor. The other members and authorities who participate in the meeting do not have liberty to vote upon or to make any proposition at such meetings. However, in case of an equality of votes, the Mayor/President has the right of casting vote.

<sup>24</sup> Special meetings may, however, be called by the presiding officer of a municipality at any time.

<sup>25</sup> Statement of the price at which one offers to supply goods or services. For example, tender for the construction of an overhead water tank.

<sup>26</sup> For example, The Rajasthan Municipalities Act, 1959 provides for the appointment of the following committees: (a) executive committee; (b) finance committee; (c) health and sanitation committee; (d) building and works committee; (e) rules and bye-laws committee; and (f) public conveyance committee.

<sup>27</sup> With increasing realisation that property tax has considerable potential to raise local resources and that the recovery of service taxes linked to property tax is also affected, local governments in a few Indian states (namely, Andhra Pradesh, Bihar, Gujarat, Karnataka, Tamil Nadu and West Bengal) have rationalised the property tax assessment procedures.

<sup>28</sup> The central government budget allocations - indicated in the Five Year and Annual Plan documents prepared by the Planning Commission, Government of India - are a major source of financing urban infrastructure in India. From the government budget, funds are provided for the development of specific infrastructure, such as water supply and sanitation, as well as released for various urban development schemes.

The Central Finance Commission (CFC) provides grants to local governments (rural and urban) every five years (released through state governments at one year interval) with the aim of strengthening their financial position, i.e., to enable local governments to discharge at least their primary functions in an effective manner, including the provision and maintenance of basic civic services, such as primary education, primary health care, safe drinking water, street lighting, sanitation including drainage and scavenging facilities, etc. The distribution of these grants to the state government and for further allocation among various local governments is based on certain urban area characteristics, such as population size, extent of decentralisation occurred, efforts made by local governments to raise own revenues, level of per capita income and geographical area.

<sup>29</sup> Local governments receive a consolidated amount every year from the state-level finance commission (SFC) to fulfil their expenditure responsibilities, including those related to the development and provision of essential urban/municipal/civic services. The Finance Commissions of various states have recommended general principles in respect of fiscal transfers from the states to *panchayats* (rural local governments) and municipalities. Such fiscal transfers/devolution of funds from the state government to the local governments are distributed among the different categories/types of urban local governments (namely, Municipal Corporations, Municipal Councils and Town/*Nagar Panchayats*) on the basis of criteria, such as population size and geographical area within the jurisdiction of local governments. Within this scheme of devolution, emphasis is simultaneously laid on making local government authorities realise that they should make productive use of their own resources by effective implementation of their tax laws and recovery of their dues.

<sup>30</sup> In India, four major financial institutions have been engaged in providing finance for urban infrastructure development. These include the Housing and Urban Development Corporation (HUDCO), the Life Insurance Corporation (LIC), the Infrastructure Leasing and Financial Services (IL&FS) and the Infrastructure Development and Finance Corporation (IDFC). These agencies have contributed significantly towards financing infrastructure schemes/projects on water supply, sewerage, drainage, solid waste management, transport centres/terminals, roads, bridges, etc.

<sup>31</sup> In some states of India, financial intermediaries (i.e., institutions such as banks, associations, agencies, etc.) have been established to enable municipal governments, statutory boards and private corporations to borrow funds for implementing a wide range of infrastructure projects including water supply, sewerage, solid waste management, roads/bridges, transportation, site and services. Notable among these intermediaries is the Tamil Nadu Urban Development Fund which was created as an important component under the Tamil Nadu Urban Development Project in 1988 by the state government of Tamil Nadu and select financial institutions, with active support from the World Bank, for funding urban infrastructure projects in the state. TNUDF is funded by contributions from state government through loans as well as grants, and repayment by urban local governments. The fund is managed by a private Asset Management Company, which also operates a grant fund that is primarily used to strengthen the financial, technical, and managerial capacities of the municipal governments. It is learnt that urban local governments have benefited tremendously in terms of the easy access to capital, which was previously not available, and on acceptable terms and conditions. There exist some state/metropolitan-level institutions that provide funds to urban local governments for infrastructure development in other Indian states. Examples of these include Kerala Urban Infrastructure Development Corporation (KUIDC), Karnataka Urban Infrastructure Development Corporation, and Gujarat Municipal Finance Board (GMFB).

<sup>32</sup> In some States, municipal bonds have been issued to raise private capital. Knowing that funds for urban services cannot be supplied through traditional means and that these can be met only with the addition of private finance, some local governments, namely Ahmedabad, Bangalore, Ludhiana, Nagpur, Nashik, etc., have turned to municipal bond markets as the solution.

<sup>33</sup> External assistance and donor interventions in India's urban sector grew during the early 1990s. Over a period of time, the financial assistance programmes covered the following urban sub-sectors: (a) urban water supply and sanitation; (b) urban environment; (c) urban planning; (d) urban transport; (e) urban infrastructure; (f) capacity building of urban local bodies; (g) urban poverty reduction; (h) housing; and (i) research, training and database.

<sup>34</sup> The aim of the JNNURM is to encourage reforms and create conditions for the planned development of about 63 cities/urban agglomerations. The main focus is on promoting efficiency in urban infrastructure and service delivery mechanisms, community participation, and accountability of local governments and statutory agencies towards urban citizens. The Mission was launched on 3.12.2005 and has a duration of seven years beginning 2005-06.

<sup>35</sup> The UIDSSMT has been initiated for meeting the urban infrastructure requirements in cities/towns other than those included in the JNNURM. The scheme subsumes a number of on-going urban development schemes, namely Infrastructure Development in Mega Cities, the Integrated Development of Small and Medium Towns (IDSMT), Accelerated Urban Water Supply Programme (AUWSP), and the Urban Reform Incentive Fund (URIF).

<sup>36</sup> The MML is a unified law for the three types of municipalities, which has been prepared to assist/guide urban local governments in implementing the 74<sup>th</sup> Amendment Act Provisions, and to provide a legislative framework for implementing the urban sector reforms identified by the Ministry of Urban Development.

<sup>37</sup> A National e-Governance Action Plan has been drawn to create a citizen/business-centric environment at the centre, state and integrated service levels. The focus is on promoting use of technology to improve the functioning of government departments.

<sup>38</sup> Report cards (with information on rating of major agencies) have been prepared for some urban centres, namely Ahmedabad, Bangalore, Chennai, Kolkata, Pune, to assess the performance of service providers. These are based on feedback through sample survey from citizens on the city's services.

<sup>39</sup> The introduction of a citizens' charter by a few urban local governments in India, namely New Delhi Municipal Council and Mumbai Municipal Corporation, is yet another approach for ensuring accountability and transparency among agencies dealing with public services. Citizens' charter is a statement prepared by the local government which provides information on citizen's entitlement to various municipal services, i.e.,



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it describes the level and quality of service which the people have a right to expect and what steps to take if the service level and quality is below their expectation.

<sup>40</sup> To overcome the problems related to the governance of urban local governments, some state governments in India have taken the initiative to remodel their administrative structure. In the new arrangement (known as Mayor-in-Council), the executive power is vested in the Mayor and the council of elected representatives, whereas the Municipal Commissioner functions under the supervision and control of the Mayor, and is responsible for providing assistance in administrative matters. Thus, the Mayor and the Council play a more active role in policy formulation as well as in executive matters.

<sup>41</sup> A National Municipal Accounting Manual has been prepared which details out the accounting policies, procedures, guidelines designed to ensure correct, complete and timely recording of municipal transactions and produce accurate and relevant financial reports. The Manual is to be adopted and followed by various State governments while drafting their State-specific municipal accounts manual. This initiative is expected to enhance the capacity of urban local governments in municipal accounting leading to increased transparency and accountability in utilisation of public funds and to ensure that such local institutions play their roles more effectively.

<sup>42</sup> This scheme has been introduced to enable smaller municipalities explore alternative source of funding for their bankable projects. It aims at providing credit enhancement to access market borrowings on a creditworthy basis.

<sup>43</sup> This scheme facilitates city-level reforms by funding the transaction costs of moving towards sustainable systems of municipal management and service delivery.

<sup>44</sup> In a growing number of urban centres, including Navi Mumbai, Rajkot, Chennai, Tiruppur, the private sector has been encouraged to play a role in various service delivery aspects. By involving the private sector, the local agencies have benefited in terms of cost savings and better performance through competition.

<sup>45</sup> A review of the Indian experience in participatory governance reveals that community participation in the improvement of basic services has occurred on a limited scale. Such participation has taken place in two ways, i.e., as a result of their own initiative and by their involvement in government-run programmes.

<sup>46</sup> “Internal services shall mean – (i) metalling of roads and paving of footpaths; (ii) turfing and plantation with trees of open spaces; (iii) street lighting; (iv) adequate and wholesome water supply; (v) sewers and drains both for storm and sullage water and necessary provision for their treatment and disposal; and (vi) any other works that the committee may think necessary for the development of the area comprised in the scheme” [*The Haryana Municipal Act, 1973* (2005: 359)].