



URBAN LOCAL BODIES IN INDIA: CHALLENGES AND SUGGESTIONS

Mr.U.Gangadhar

Assistant Professor of Public Administration, Government Degree College Nirmal, Telangana.

Abstract

The process of a civilization shifting from a mostly rural to a predominantly urban population is known as urbanization. People relocate to cities in quest of improved employment prospects, healthcare facilities, educational chances, and opportunities for personal development. Following the LPG era, urban governance must handle the numerous issues that urban local bodies are experiencing. The Directive Principles of State Policy and the 73rd and 74th Amendments to the Constitution, which aim to establish an institutional framework for bringing in grassroots democracy through the medium of truly self-governing local bodies in both urban and rural areas of the nation, both clearly mandate Democratic Decentralization. There are many challenges like water, sanitation, traffic, pollution and also finance. The article discusses the urban governance challenges and recommendations.

Key words: *Urbanization, Urban local bodies, Democratic Decentralisation, 74th amendment, challenges.*

Introduction

The process of a civilization shifting from a largely rural to a predominantly urban population is known as urbanization. People relocate to cities in pursuit of better employment prospects, healthcare facilities, educational possibilities, improved personal development, etc. Due to the country's adoption of a mixed economy, which led to the growth of the private sector, urbanization in India started to pick up speed following independence. Indian society is increasingly characterized by urbanization. Due to the fact that cities are the primary benefactors of globalization and the growing urban population, millions of people are moving to cities in search of employment.

Decentralization and democratization are intertwined processes. Disseminating authority from a single centre can both empower the populace and hold the government responsible for its use of political power. As India's democratic institutions began to mature, the country's propensity for power concentration is being questioned more and more, and attempts to decentralize and include citizens in local governance are being promoted.

In addition to the Directive Principles of State Policy, our Constitution clearly mandates Democratic Decentralization through the 73rd and 74th Amendments, which aim to establish an institutional framework for bringing in grassroots democracy through the use of truly self-governing local bodies in both urban and rural parts of the nation.

Nevertheless, the development of self-governing local entities as the nation's third level of government has been uneven and sluggish despite the constitutional mandate. The 3F (funds, functions, and functionaries) transfer has been minimal.

74th Constitutional amendment cat 1992

India's Urban Local Bodies are based on the Seventy Fourth Amendment Act of 1992. Part IX-A, which includes clauses from Articles 243-P through 243-ZG, was added to the constitution by the 74th Amendment Act. The Constitution's 12th Schedule was also inserted. It has eighteen municipal functional items.



Structure of Urban Local Bodies in India

The Urban Local Government in India consists of eight types.

Municipal Corporation: Mahanagar Palikas/Municipal Corporation for regions with a population over one million. Large cities like Bangalore, Delhi, Mumbai, Kolkata, Hyderabad, and others are typically home to municipal corporations.

Municipality: For regions with fewer than a million residents, Nagar Palikas, Municipal Council, Municipal Committee, or Municipal Board. Municipalities are typically found in smaller cities.

Notified Area Committees: These committees are established for towns that are rapidly developing and those that lack basic services. The state government nominates every member of the notified area committee.

Town Area Committee: Small towns are home to town area committees. It has little power over things like conservancy, drainage roads, and street lighting.

Cantonment Board: Typically, it is established for the civilian residents of the cantonment region. It is established and managed by the national government.

Township: Townships are another type of urban administration that offers the employees and workers residing in the colonies set up close to the factory essential amenities. It is just an extension of the bureaucratic apparatus and lacks elected members.

Port Trust: In ports like Mumbai, Chennai, Kolkata, etc., port trusts are set up. It oversees and looks after the port. Additionally, it offers residents of those area essential civic amenities.

Special Purpose Agency: These organizations carry out the assigned tasks or particular duties that belong to municipalities or municipal corporations.

Significance of Urban Local Bodies in India

Urban Planning and Development: Infrastructure development, land-use planning, and the implementation of policies that support sustainable urban expansion is all critical tasks for urban local governments. For instance, master plans are created by municipal corporations to direct the growth of cities.

Service Delivery: ULBs are in charge of giving urban dwellers access to public health services, water supply, sanitation, solid waste disposal, and street lighting.

Disaster and Pandemic Management: At the local level, ULBs are active in creating and carrying out strategies to lessen the effects of emergencies and natural disasters. During the Mumbai floods and the COVID-19 breakout, Ex-BMC was on the front lines.

Empowerment of Women and Marginalized Groups: The 73rd and 74th Constitution Amendment Acts' requirements for reservations for women and marginalized groups in local governments have enhanced their involvement in decision-making.

Community Involvement: Gandhiji's vision of "Poorna Swaraj" through "Oceanic circle of power" and "democratic decentralization" is reflected in urban local bodies. For instance, public consultations and ward committees enable citizens to participate actively in local government. This highlights the necessity of positioning Indian cities as catalysts for the country's economic structural change. Infrastructure must be improved and upgraded, which necessitates active support from both the federal government and state governments.



Problems Faced by Urban Local Bodies

Paucity of funds: The largest obstacle to good governance at the local level is now financial stringency.

Intergovernmental Transfer Dependency: When it comes to receiving grants from the state's consolidated fund, the urban local government is largely dependent on the state governments.

Revenue Acute Share: In general, their revenue source is insufficient for the tasks they perform. The many forms of taxes are their main revenue sources.

However, the costs of the services rendered cannot be met by the taxes that the urban bodies collect. The elected officials of these local bodies are able to impose certain new taxes, but they are reluctant to do so for fear of upsetting their voters.

Unplanned Urbanisation: The Municipal Services struggle to meet the growing demands of the populace in both qualitative and quantitative ways in the lack of adequate planning.

Local bodies' administrative infrastructure is inadequate. Land is not used wisely, colonies are established without adequate infrastructure like parks, schools, and hospitals, the expansion of slums is unchecked, and there is traffic congestion.

Additionally, this causes ecological deterioration, unemployment, and urban poverty.

Excessive Control of State Government: Instead of allowing urban municipal governments to operate as institutions of self-governance, the State Government assumes responsibility of the legislative, administrative, judicial, and budgetary aspects of urban local authorities.

By law, municipalities must balance their budgets, and the state government must approve any borrowing by municipalities.

At the level of urban local government, revenue expenditure and capital expenditure are not distinguished, in contrast to the federal government and the states.

Variety of Agencies: Creation of single-purpose organizations that are directly overseen by the state government and are not answerable to metropolitan local governments. Although they have no authority over these entities, municipal bodies are required to pay to their budgets.

Examples include the Water Supply Department, State Electricity Board, and State Transport Corporation.

Low Individual Participation: Even though city people have comparatively higher literacy and educational standards, they do not show enough interest in how urban government organizations operate. The public is confused about the boundaries of their roles due to the abundance of special purpose agencies and other urban entities.

Creating Local Urban Bodies Self-sufficient financially:

Increasing Municipal Income: The necessity of increasing property tax revenue to strengthen municipal budgets has been acknowledged by all Finance Commissions. In particular:

In order to enhance property tax administration, the 12th Finance Commission promoted digitization and the use of Geographic Information Systems (GIS).

The establishment of the State Property Tax Board was required by the 13th Finance Commission as a prerequisite for states to be eligible for performance grants.



The State Property Tax Board's mission is to assist municipal councils and enterprises in implementing an effective and transparent property tax system.

The 14th Finance Commission suggested allowing municipalities to impose a tax on unoccupied land.

Better Financial Database: Lack of maintenance and audit of accounts at the local level leaves no verifiable financial data for municipalities leading to a denial of performance grants.

Both the 13th and the 14th Finance Commissions included better data availability as conditionality for accessing performance grants.

Ensuring Active Citizen Participation: For transparency and accountability in the governance process, there needs to be active citizen participation.

To ensure this, ULBs can create functional, decentralised platforms such as area sabhas and ward committees, which facilitate discussion and deliberation between elected representatives and citizens.

Challenges faced by Urban Local Bodies in India

Funding Challenges

Dependence on Central and State Transfers- According to the RBI Report on Municipal Finances 2022, Urban Local Bodies are dependent on state and central transfers for around 35% of their revenue. Further, the top-down transfers to the ULBs from the state and central Govt. as a percentage of GDP is extremely less in comparison with other countries.

Reduced Revenue raising avenues in Post-GST mechanism- ULBs have bore the burnt in the Post-GST era with the sub assumption of major sources of its revenue like sales tax, octroi (in states like Maharashtra) and local entertainment taxes in the GST structure. Also, the increase in cess and surcharges by the Central Govt, which need not be devolved, has impacted the ULBs finances.

Incapacity in raising direct finances from the assigned taxes- The ES 2018 has pointed out the failure of Urban Local Bodies in realising the full potential of property tax, which is the exclusive domain of Urban local bodies.

Narrow taxation powers- ULBs in India do not have wide taxation powers as compared to other developed nations. For ex- China (ULBs major component comes from selling land use rights), Denmark (Local personal Income Tax), US (City governments can impose wide-ranging taxes). Lack of timely Constitution of State Finance Commission- States in India has failed in timely constitution of the state finance commissions. Further, according to RBI report, there has been a shortfall of 15% in the 15th FC recommended grants to ULBs due to attached conditionality's.

Functional Challenges

Parastatal agencies- Various parastatal agencies created by the State government deny the local bodies their functional autonomy. For Ex- Creation of Urban development authorities (for building infrastructure), public corporations (water, electricity, transportation services etc).

Improper Devolution of Functions- The power to devolve functions to local governments rests with the State Government. Most States have not devolved adequate functions to local government bodies.

Lack of constitution of District Planning Committee- The 74th amendment requires a District Planning Committee to be set up in each district, for the consolidation and integration of development plans prepared by the panchayats and urban local bodies. According to a study by the India Development



Review, District Planning Committees are non-functional in 9 states. Further, in states where DPCs have been created, DPCs have failed to prepare integrated plans in 15 states.

Functionaries Challenges

Elections to ULBs have been delayed by the state government since there are no constitutional provisions guaranteeing elections to ULBs. For example, Bangalore's municipal corporation has not had an elected body since late 2020. Conduct of MCD, Chennai, and Mumbai Municipal Corporations has frequently been delayed.

Criminalization of ULBs: As more corporators with criminal and corrupt backgrounds are appointed to businesses and councils, there has been a rise in the criminalization of ULBs.

Bureaucratic control: The mayor is merely the ceremonial head of state-appointed municipal commissioners, who control many wealthy enterprises.

Insufficient Personnel Urban local bodies are severely lacking in qualified personnel to perform the assigned tasks. In India's municipal corporations, about 35% of positions are unfilled.

Functionality Challenge

Ensuring Planned Urbanization: The municipal corporations have not been able to plan urban growth holistically. These have led to the development of uncontrolled slums, traffic jams, and colonies lacking adequate infrastructure, including parks, schools, and medical services.

Corruption: These bodies' ability to operate effectively has been seriously impacted by corruption scandals, such as the MCD corruption in contract award. The Public Disclosure Law, which requires the publication of important civic statistics, has only been passed by 11 of the 35 States and Union Territories.

Lack of coordination: Inadequate cooperation between the federal government, the state, and several local departments results in subpar urban policy execution.

The way forward to improve the ULB functioning in India

To guarantee that the ULBs serve as genuine tools of local self-government in India, the following suggestions from the 6th ARC on Urban Governance and NITI Aayog must be put into practice.

ARC recommendations on Urban Governance

The Metropolitan Planning Committee's Constitution To create development plans, evaluate, and coordinate the plans of different local authorities in India, a metropolitan planning committee must be established. The creation of the Unified Metropolitan Transport Authority (UMTA) to better control traffic in the area and integrate and oversee public transportation systems.

Strengthening ULBs: Hold frequent elections, transfer as many responsibilities as possible, and provide sufficient resources to support urban local bodies. The National Urban Development and Housing Fund (NUDHF) must be established in order to give ULBs financial support for housing and urban development initiatives.

Implementation of PPP model and e-Governance: To improve their operational accountability and transparency, ULBs must implement PPP models and e-Governance, such as citizen grievance redressal mechanisms.



NITI Aayog's Recommendations

Enhancing ULBs' Financial Management: ULBs need sufficient sources to increase their earnings. Additionally, the Finance Commission needs to improve the central devolution of finances. State Finance Commissions ought to be established on a regular basis with precise Terms of Reference (ToR)

Capacity Building: Programs for local government representatives, urban planners, and other stakeholders in urban governance must be created. **Increasing citizen engagement:** To increase citizen participation in ULB operations, ward committees and other mechanisms such as NGOs and civil society groups must be utilized.

CAG's Recommendations for Strengthening ULBs

The CAG stressed how urgently state governments must increase ULB autonomy and involvement in important fields like urban planning. For cities to be economically, ecologically, and democratically vibrant, stronger laws, regulations, and institutional frameworks are essential.

Creating Citizen Grievance Redressal Mechanism

By creating a technologically advanced forum for complaints, ULBs can help city governments better respond to the demands of its constituents. Additionally, citizens should be able to close complaints and offer comments using this process. Resolving these structural and architectural issues with urban government can guarantee efficient service delivery in cities, enhancing the standard of living for their residents.

Conclusion

The process of a civilization shifting from a mostly rural to a predominantly urban population is known as urbanization. People relocate to cities in quest of improved employment prospects, healthcare facilities, educational chances, and opportunities for personal development. Following the LPG era, urban governance must handle the numerous issues that urban local bodies are experiencing. The Directive Principles of State Policy and the 73rd and 74th Amendments to the Constitution, which aim to establish an institutional framework for bringing in grassroots democracy through the medium of truly self-governing local bodies in both urban and rural areas of the nation, both clearly mandate Democratic Decentralization. Urban local bodies facing many problems today and recommendations and suggestions provided in this article. Urban governance has many challenges to address.

Reference

1. Jain, A. (2014). Urban Governance: challenges and opportunities. HUDCO. Retrieved from <https://hudco.org.in/writereaddata/shelter-apr14.pdf>.
2. Jha, P. (2001). Urban Development and Governance in India. New Delhi: Vikas Publishing House.
3. Kumar, G. & Singh, R. (2005). Urban Governance in India: Retrospect and Prospects. New Delhi: Manas Publications.
4. Kumar, R. (2018). Challenges to Good Urban Governance and Role of Urban Local Bodies. International Journal of Creative Research Thoughts, 6 (1), 480-485. IJCRT1705312.pdf.
5. Maheshwari, S. (2004). Local Government in India. Agra: Lakshmi Narain Agarwal.
6. Munawir, R. & Witting, K. (2015). Critical Review Models of Urban Governance: The Institutional Dimension of Urban Politics. Jon Pierre – University of Strathclyde, Scotland. (2) CRITICAL REVIEW MODELS OF URBAN GOVERNANCE The Institutional Dimension of Urban Politics of Jon Pierre – University of Strathclyde, Scotland.



7. Muttalib, M. & Khan, M. (1982). Theory of Local Government. Sterling Publishers.
8. Niti Ayog. (2021). Reforms in Urban Planning Capacity in India. Retrieved from <https://www.niti.gov.in/sites/default/files/2021-09/UrbanPlanningCapacity-in-India>.
9. Rao, N. (2016). Urban Governance in India. New Delhi: Gyan Books.
10. Rao, N. (2004). Urban Governance in India: A Perspective. Indian Institute of Public Administration (IIPA), NewDelhi.