

## URBAN LOCAL BODIES

### 24.1 INTRODUCTION

You have studied rural local government in Lesson No.23. In this lesson, you will be studying urban local government. In our towns and cities, we have local government institutions that are called Municipalities and Municipal Corporations. An urban area is usually a compact and densely populated area. Municipal administration is necessary to provide basic civic facilities like water supply, drainage, garbage disposal, public health and sanitation. Also, municipal areas need to be planned. As local level democratic government, the municipal institutions that are elected by the local people, raise taxes and collect fees and fines from the public. They regulate city life by laying down regulations regarding buildings, road network and garbage disposal. There are many developmental activities undertaken by them like women and child development, slums improvement etc. Municipal government has made possible participative urban development and local management of civic facilities.

### 24.2 OBJECTIVES

After studying this lesson, you will be able to :

- identify various types of urban local bodies;
- differentiate between municipal corporation as urban government in metropolitan and other larger cities and municipal boards or committees in smaller towns;
- explain the democratic nature of the composition of urban local government;
- understand the functions of urban local bodies;
  - (a) deliberative : policy-making, passing of budget and control of the executive etc;
  - (b) executive : implementation of policies made by the deliberate wing; provision of civic amenities like sanitation, public health, education, water and electricity;
- enumerate the financial resources of urban local bodies;
- recall the reforms introduced through the 74th Amendment of the Constitution;
- evaluate the urban local government institutions.

### 24.3 TYPES OF URBAN LOCAL BODIES

Urban local government institutions are known as Municipal Corporations and Municipalities. Municipal Corporations are found in big cities like Calcutta, Mumbai, Delhi, Chennai and other places. Municipalities exist in other small and medium towns and cities. There are places that are slowly becoming 'urban' because of a new township or an industry coming up in those areas. They are, therefore, a mixture of rural and urban settlements. In the newly enacted 74th Constitutional Amendment, they are called Nagarpanchayats. There are a few towns in India which are military stations like Agra Cantonment, Secundrabad Cantonment etc. In these Cantonment towns, a special type of urban local authority is formed which is known as Cantonment Board. This consists of a mixture of military officers and members of the general public. In the latest Constitutional Amendment, Nagarpanchayat has been introduced as a third type of 'urban local government' for semi-urban areas.

### 24.4 BRIEF HISTORY

Municipal Government - Corporations and Municipalities — was created during British rule to take care of local sanitation and public health. Madras Corporation was set up as far back as in 1687. The Royal Charter in 1720 established a Mayor's Court in each of the three Presidency Towns of Madras, Bombay and Calcutta. It was Lord Mayo's resolution of 1870 that spoke in favour of local municipal institutions to raise local resources and look after local public works and public health. Democratic local government was recommended by Lord Ripon in his Resolution of 18 May, 1882 to offer opportunities for self-government at the local level. Ripon's Resolution is hailed as the Magna Carta of local government. Enlargement of the elective element, reduction of the official element, minimum state control over local bodies were some of the important recommendations. Later, local government including municipal government was further strengthened under the provisions of the Government of India Act, 1919 and the Government of India Act, 1935.

### 24.5 DIFFERENCE BETWEEN CORPORATIONS AND MUNICIPALITIES

Municipal Corporation is usually to be found in our big cities. Large population, high density, complex civic problems and special management requirement are some of the reasons for setting up municipal corporations. Generally, there will be a separate statute for a municipal corporation in a state, and the state government directly controls the corporation, and not through the collector or any other field officer.

Municipalities variously called municipal boards, municipal committees, etc. are found in all our towns.

In the last Census (1991), India's urban population was 25.7 per cent of India's total population. In absolute terms, it comes to 21.71 crores which is larger than the total population of many countries in the world. For such a huge population distributed over more than three thousand towns and cities, provision of civic facilities like water supply, drainage and sewerage, roads, primary education and primary health facilities is the responsibility of municipal corporations and municipal bodies.

All the municipal institutions consist of elected representatives of the people. For the purposes of election, the municipal areas are divided into wards or electoral constituencies. Municipal corporations in all states except West Bengal consist of a Corporation Council, the Mayor, the Commissioner and a number of standing committees. The Mayor is elected

for one year only and he presides over the meetings of the Council. Executive authority is in the hands of the Commissioner who is a bureaucrat often drawn from the Indian Administrative Service. The standing committees look after their own functional responsibilities like finance and budget, establishment and personnel, water supply, sewerage and drainage, and so on.

West Bengal has introduced a different system of corporation administration known as the Mayor-in-Council. The Mayor is like the Chief Minister of a State. After his election, it is on his advice that other members are included in a Cabinet-type Mayor-in-Council. Each member is in charge of specific subjects, like minister of the State and the Central levels. The Commissioner is subordinate to the Mayor and responsible for executing the decisions of the Mayor-in-Council.

The Municipalities in small and medium towns manage their local civic affairs collectively through the municipal board or committee. Sub-committees are constituted to look after specific subjects like water supply, roads and public works etc. The Chairman of the municipality is elected for one year, and he presides over the municipal board meetings. He represents the executive head of the institution; but in actual practice, administration is looked after by an executive officer, who works under the general supervision of the Chairman. There are other municipal officers like health officer, finance officer, engineer. Municipal officers in some states like Uttar Pradesh belong to a separate state-wide cadre. They are, thus, transferable from place to place. In some other States like Kerala and Tamil Nadu, the officers belong to an integrated cadre; and they serve both in municipal bodies and the state governments. The general practice is to recruit lower grade employees like clerks, peons and messengers locally.

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## INTEXT QUESTIONS 24.1

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I. Answer in brief :

- (a) Why is municipal administration necessary?  
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- (b) During the British Rule why were Municipal Corporations and Municipalities created?  
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- (c) Whose resolution is hailed as the Magna Carta of local Government?  
.....
- (d) Which were the acts that were passed in pre-Independent India to strengthen Municipal Government?  
.....
- (e) Where are Municipal Corporations found?  
.....
- (f) How are the members of Municipal Government elected?  
.....
- (g) What is the composition of the Municipal Corporation?  
.....

(h) How is West Bengal's Urban Local Government different from that in other States?

(i) What is the composition of the Municipality?

## 24.6 REFORMS INTRODUCED BY THE 74TH CONSTITUTIONAL AMENDMENT

The Constitution (Seventy-fourth) Amendment Act, 1992 has, for the first time, given constitutional recognition to urban local government. Through the amendment, the Constitution has provided for three types of institutions of urban government as under :

- (a) Nagar Panchayats which are to be constituted in areas which are in transition from rural to urban. This has been conceived to regulate the growth of such areas in a planned manner.
- (b) Municipal Councils in small and medium urban areas; and
- (c) Municipal Corporations in larger urban areas. The areas which are to be called 'transitional', 'smaller', and 'larger' urban areas, has been left to the discretion of the State governments. The Amendment provides for decentralisation of municipal administration by constituting Ward Committees with Ward Councillors in the wards or electoral constituencies of such municipalities which have more than three lakh population.

## 24.7 COMPOSITION

The Municipal authorities are constituted of .

- (i) the elected representatives who are to be elected from the different electoral wards.
- (ii) the Members of House of the People (Lok Sabha) and the Legislative Assembly of the State representing constituencies which are wholly or partly under the municipal area.
- (iii) the Members of the Council of the State (Rajya Sabha) and the Legislative Council of the States who are registered as voters within the municipal area;
- (iv) chairpersons of the Committees of the municipal authorities; and.
- (v) persons having special knowledge or experience in municipal administration.

Empowerment of weaker sections of society and women is one of the important constitutional provisions of the Amendment (CA). It provides for reservation of seats in the Councils according to the groups' percentage in the total population of the municipal council. One-third of such seats is to be reserved for the women belonging to SC/ST categories. One-third of the total number of seats are to be reserved for women. This includes of the seats to be reserved for women belonging to SC/ST categories also. Office of the chairperson shall be reserved for SC/ST and women.

Another very important provision of the CA pertains to the municipal authorities' right to exist. It gives a term of five years to the municipalities and if at all they have to be dissolved they must be given an opportunity of being heard. Even if they have to be dissolved because of any irregularity, fresh elections are to be held within a period of six months

## 24.8 MUNICIPAL FINANCE

Taxes, duties, tolls and fees to be levied by them and assigned to them as also the grants-in-aid to be given to them have been left to the discretion of the State Governments. An important feature of the Amendment is the mandatory constitution of Finance Commission (FC) by the State Governments once in every five years. The FC is to make recommendation regarding the principles to govern sharing of the State taxes, duties, tolls and fees between the State Government and the municipalities and also its distribution between the municipalities. The FC is also to suggest principles for the determination of taxes, duties, tolls and fees to be assigned to them and the grants-in-aid to be given to the municipal authorities out of the Consolidated Fund of the State. It also has to suggest ways and means of improving the financial position of the municipal authorities. The Governor is required to lay before the State Legislature the recommendations made by the FC.

The Central Finance Commission (CFC) has to suggest measures needed to augment the Consolidated Fund of a state to supplement the resources of municipalities on the basis of the recommendations made by the FC.

### INTEXT QUESTIONS 24.2

1. Fill in the blanks with appropriate words given in the brackets :

- The \_\_\_\_\_ Constitutional Amendment Act has given Constitutional recognition to the urban local governments. (74th/78th)
- Through amendment, the Constitution has provided for \_\_\_\_\_ types of institutions. (four/three)
- Nagar Panchayat are constituted in rural to urban \_\_\_\_\_ areas. (transitional/similar).
- Municipal Corporations are created in \_\_\_\_\_ urban areas. (small/large)
- Representatives of municipal authorities are elected from respective municipal \_\_\_\_\_ (seats/wards)
- Members of the \_\_\_\_\_ and the Legislative Council of the states who are registered as voters within the municipal area comprise of municipal authorities. (Rajya Sabha/Lok Sabha)
- Municipal authorities are to be constituted of those who have \_\_\_\_\_ knowledge of municipal administration. (little/special)
- \_\_\_\_\_ of the seats are reserved for women. (one third/half)
- Municipalities have a term of \_\_\_\_\_ years (ten/five)
- Grants-in-aid given to municipalities have been left to the discretion of \_\_\_\_\_ Government (Union/State)
- A unique feature of the amendment is the composition of the \_\_\_\_\_ Commission by the State Governments. (Planning/Finance)
- \_\_\_\_\_ is required to lay before the State Legislature the recommendations made by the Finance Commission. (President/Governor)
- The \_\_\_\_\_ Finance Commission has to suggest measures needed to augment the Consolidated Fund of a state to supplement the resources of municipalities. (State/Central)

## 24.9 URBAN PLANNING

The Amendment provides for the setting up of District Planning Committees in each district to consolidate the plans prepared by the Municipalities and the Panchayats within the district. The DPC is to prepare a draft Development Plan for the district as a whole. The municipalities are to be represented on it. The plans so prepared are to be forwarded by the Chairperson of the DPC to the State Government. Similarly, Metropolitan Planning Committees are to be set up in the metropolitan areas on which the municipal authorities falling within their areas are to be represented. The MPC will be doing a similar planning exercise for the metropolitan area as is to be done by the District Planning Committee in a district.

## 24.10 FUNCTION OF URBAN LOCAL BODIES

It is common place to divide the organisation of a corporation or a municipality into two parts: (a) the deliberative part, and (b) the executive part. The corporation, council or municipal board or council consisting of the elected representatives of the people constitutes the deliberative part. It behaves like a legislature. It discusses and debates on general municipal policies and performance, passes the budget of the urban local body, frames broad policies relating to taxation, raising of resources, pricing of services and other aspects of municipal administration. It keeps an eye on municipal administration and holds the executive accountable for what is done or not done. For instance, if water supply is not being properly managed, or there is an outbreak of epidemic, the deliberative wing criticises the role of the administration and suggests measures for improvement. The executive part of municipal administration is looked after by the municipal officers and other employees. In the corporations, the Municipal Commissioner is the executive head, and all other departmental officers like engineering, finance officers, health officer etc. function under his control and supervision. In a large corporation such as Bombay Municipal Corporation, the Commissioner is usually a senior IAS officer. In the municipalities, the executive officer holds a similar position and looks after the overall administration of a municipality.

Municipal functions are generally classified into obligatory and discretionary types. The obligatory functions are those that the municipal body must perform. In this category fall such functions as water supply, construction and maintenance of roads and public works, street lighting, drainage and sewerage, garbage collection and disposal, prevention and control of epidemics, etc.

The discretionary functions are those that a municipal body may take up if funds permit. These are given lower priority. Some of the discretionary functions are construction and maintenance of homes, rescue homes and orphanages, housing for low income groups, organising public receptions, provision of treatment facilities etc.

Municipal corporations take up more functions than ordinary municipalities. There are corporations like Mumbai, Baroda, Poona, Ahmedabad which are known for their various city development activities in such areas as public transport, public parks and open spaces including municipal zoo, and even milk and electricity supply.

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### INTEXT QUESTIONS 24.3

1. Say Yes or No.

- (a) The amendment provides for the setting up of a District Planning Committee
- (b) Planning done by Metropolitan Planning Committee and District Planning

Committee is totally different.

- (c) The Corporation, Council, or Board consisting of the elected representatives of the people constitutes the deliberative part.
- (d) The deliberative wing criticises the role of administration and suggests measures for improvement.
- (e) The executive part of municipal administration is not looked after by municipal officers and other employees.
- (f) Municipal Commissioner is the executive head.
- (g) Municipal functions are classified as obligatory and discretionary types.
- (h) Obligatory functions are those that a municipal body may take up if funds permit.
- (i) Municipal Corporations take up more functions than ordinary municipalities.

## 24.11 FINANCIAL RESOURCES OF URBAN LOCAL BODIES

Municipal corporations and municipalities raise their own resources from a variety of sources, as provided for in the respective municipal laws. Their own revenue sources are income from — (i) taxes, (ii) fees and fines, and (iii) earning from municipal enterprises like land, tanks, markets, shops, etc.

Property tax on land and buildings is the most important source of income of most urban local bodies. Other taxes levied by them are advertisement tax, professional tax etc. Octroi used to be an important source of income of municipalities in Western India. Now, the trend is toward abolishing this tax as it obstructs the free flow of traffic on highways. Municipal bodies earn some money by selling different kinds of forms like building application or trade licence forms. They also charge fines for breach of municipal rules and regulations. From municipal shops and markets and rest houses, municipalities often earn considerable sum of money.

From all these sources, municipal bodies in India do not earn enough to discharge their legal obligations. That is why the municipal services like roads, water supply, garbage clearance are in bad shape in many municipal towns.

It is general practice for States to give grants to their municipal bodies to improve their revenue position. State grants-in-aid may be on ad hoc basis; or, it can be on the basis of certain principles like size of population, slums concentration, location of town, etc. The latest Constitutional Amendment, as earlier mentioned, has provided for a Finance Commission that will examine the finances of municipal bodies and recommend grant-in-aid to municipal bodies on the basis of some principles. It is expected that in near future, municipal bodies in India will have an assured source of income by way of transfer from the State Governments to their urban local bodies.

### INTEXT QUESTIONS 24.4

1. Say Yes or No :

- (a) Their own revenue sources are income from (i) taxes, (ii) fees and fines, and (iii) earning from municipal enterprises like land, tanks, markets, shops, etc.
- (b) Property tax is the least important source of income of most urban local bodies.
- (c) Octroi is being abolished.

- (d) From their own sources of revenue, municipal bodies in India earn a large amount of revenue.
- (e) States give grants to municipal bodies.
- (f) The latest Constitutional Amendment has provided for a Planning Commission.

## WHAT YOU HAVE LEARNT

After the 74th Constitutional Amendment there are now three types of urban local bodies. Municipal Corporations in big cities, Municipalities in medium and small towns and Nagar Panchayats in semi-urban localities. The municipal corporations are large organizations found in metropolitan and large cities. They have more functions and also more finances. Municipal boards or committees are smaller bodies and have lesser functions. Also their finances are limited. The structure of corporation government and that of municipal governments are different. All types of urban local government are democratically elected by the people on the basis of electoral wards. Urban local bodies frame policies for the cities and towns, raise revenue and pass their own budgets. The executive functions of Urban local bodies include local sanitation, public health, water supply and drainage and sewerage and other kinds of civic amenities. The most important source of revenue of urban local bodies is the property tax imposed on lands and buildings. Octroi is still levied by them in some States. Grants-in-aid from the government constitute another major source of revenue. The recently enacted 74th Amendment of the Constitution has given constitutional recognition to the urban local bodies. Also the amendment has strengthened urban local government in India both financially and functionally. Urban local government thus is the major supplier of essential civic services and facilities in our urban areas and represents grassroots democracy at the local level.

## TERMINAL EXERCISES

1. Discuss the brief history of Urban Local Government in India.
2. Bring out the differences between Corporations and Municipalities.
3. What were the major reforms introduced by the latest 74th Constitutional Amendment?
4. Discuss the composition of Urban Local Bodies.
5. Identify the major functions of Urban Local Bodies.
6. Mention the important sources of revenue of Urban Local Bodies.

## EXTENDED LEARNING

Read 74th (Constitutional Amendment) Act, 1992.

**CHECK YOUR ANSWERS****Intext Questions : 24.1**

- (a) Refer to Section 24.1
- (b) Refer to Section 24.4
- (c) Refer to Section 24.4
- (d) Refer to Section 24.4
- (e) Refer to Section 24.5
- (f) Refer to Section 24.4
- (g) Refer to Section 24.5
- (h) Refer to Section 24.5
- (i) Refer to Section 24.5, last paragraph.

**24.2** (a) 74th, (b) three, (c) transitional, (d) large, (e) wards, (f) Lok Sabha,  
(g) special, (h) one-third (i) five, (j) State, (k) Finance, (l) Governor,  
(m) Central.

**24.3** (a) Yes, (b) No, (c) Yes, (d) Yes, (e) No, (f) Yes, (g) Yes, (h) No, (i) Yes.

**24.4** (a) Yes, (b) No, (c) Yes, (d) No, (e) Yes, (f) No.

**TERMINAL EXERCISES**

1. Refer to Section 24.4
2. Refer to Section 24.5
3. Refer to Section 24.6
4. Refer to Section 24.7
5. Refer to Section 24.1
6. Refer to Section 24.11