

Urban Governance Index - Narrative behind each Indicator

The Urban Governance Index (UGI) is divided into 4 themes, 13 sub-themes and 42 indicators (reform action points). The below information details out the narrative behind each of the reform actions mentioned in the UGI. The narrative here is comprised of the '*principal*' behind each reform action and the '*consequences*' of not implementing this reform action.

Sr. No	Themes	Sub Themes	Reform Action	Narrative
1	Empowered City Elected Representatives and Legislative Structure	Empowered mayor	The post of mayor should be co-terminus with the term of city government	<p>Principle behind reform action: Article 243U of the Constitution (Seventy-fourth Amendment) Act, 1992 mandates the duration of the city government to be five years from the date of appointment for its first meeting. In line with this, if the office of the mayor is coterminous with the term of the city government, it allows for synchronised planning, execution of projects envisioned and ultimately fulfilment of citizens' mandate by the office of the mayor. This also needs to be strengthened by well laid out grounds of removal of the mayor, thus guaranteeing security of tenure.</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> • No space for mayor to gather the required experience from, to fulfil citizens' mandate. • Inadequate window for vision-oriented planning and strategic development of the city. • Mayor's post will lack security of tenure due to loopholes and malpractices in system. • Mayor will be limited to undertaking a ceremonial role.
2.1	Empowered City Elected Representatives and Legislative Structure	Empowered mayor	The mayor should hold executive authority over Commissioner which includes: - Writing Annual	<p>Principle: As the head of the city government, the mayor needs to hold executive authority over the Commissioner. The Commissioner needs to be fully accountable to the mayor, similar to the functioning of Central and state</p>

2.2	Empowered City Elected Representatives and Legislative Structure	Empowered mayor	Confidential Report (ACR) of the Commissioner. - Conducting appraisals (increment, promotion, suspension, demotion) of Commissioner based on ACR.	governments. This can be effectively put into practice through empowering mayor with the authority to write, review and take action on Annual Confidential Report (ACR) of the Commissioner as well as holding authority to appoint as well as terminate the Commissioner.
2.3	Empowered City Elected Representatives and Legislative Structure	Empowered mayor	- Authority to appoint and terminate the Commissioner, subject to ratification of council.	Consequences of not implementing the reform action: <ul style="list-style-type: none"> No accountability of administration towards the councillors and elected head of the city government i.e., the mayor. Lack of long-term vision-oriented development of the city caused by unsustainable initiatives being undertaken by each new commissioner being appointed every 3 years. Weakened local level democracy with empowered administration that holds no accountability to the city. Lack of coordination and conflicts at the highest level of the city government.
3	Empowered City Elected Representatives and Legislative Structure	Empowered mayor	The mayor should hold independent authority to appoint chairperson of Standing/Subject committees	Principle: Council of Ministers in the Central and state governments are appointed by the President and Governor respectively. But the Prime Minister and Chief Minister has authority to give their recommendations for the appointment. Likewise, the city government being the third tier of governance, the mayor should have the authority to appoint the chairpersons of various committees (Standing/Subject committees). Consequences of not implementing the reform action: <ul style="list-style-type: none"> Mayor will lack adequate control to direct the development of the city according to the vision and plan.
4	Empowered City Elected Representatives and Legislative Structure	Empowered mayor	Mayor should be the chairperson of apex committee such as Mayor in Council (MIC)/Steering committee	Principle: The central government constitutes the Union Cabinet which is headed by the Prime Minister and central government cabinet ministers. A similar system is followed in each State wherein the state government constitutes the state government Cabinet headed by the respective Chief Minister. Likewise, for the city government which is the third tier of Governance, a cabinet system which functions as an apex committee with strong decision-making powers should be constituted. The committee should be headed by

				<p>the mayor and various Standing/Subject committee heads should be the members of the apex body as appointed by the mayor.</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> • Lack of control under the elected leadership of the mayor on the deliberative structures/committees that are set up. • Mayor will remain a titular head with inadequate powers for effective decision making.
5	Empowered City Elected Representatives and Legislative Structure	Empowered councillor	Every councillor should be a member of at least one Standing/ Subject committee (except Council, Zonal, Ward/Wards committee)?	<p>Principle: The role of councillor primarily involves representing and addressing issues raised by citizens of the city through various mechanisms as well as participating in decision making through various deliberative committees focussed on specific subject matters. Being a member of at least one Standing/ Subject committee will allow councillors to also gain subject matter expertise, leading to improved deliberations. Hence, it is crucial that every councillor be entitled to participate in at least one committee (Standing/Subject) that has been constituted by the Council.</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> • Councillors will be deprived of the opportunity to fulfil their mandate of raising issues and deliberating in the subject committees. • No space for councillors to gain subject matter expertise. • No opportunity to discuss, scrutinise and make decisions on city level reform action pertaining to focussed subject matter.
6	Empowered City Elected Representatives and Legislative Structure	Empowered councillor	The State Municipal Act should have provisions for regular trainings to be conducted for councillors.	<p>Principle: After every municipal election, around 60-80% councillors are newly elected or are first term councillors owing to the 50% female reservation and other seat reservations. The newly elected councillors need 2-3 years to understand the procedure of working of the city government, State Municipal Act and the budget processes and functioning of various departments in the city government. Thus, for effective deliberation and decision making, councillors need to understand their roles, duties and responsibilities. Regular capacity building trainings held for the councillors,</p>

				<p>during their term of office, enables them to better fulfil their constitutional responsibilities. This can also help the councillors to make the best use of various schemes which are available for development and follow best practices in the functions that come under their responsibility.</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> • Lack of capacity to manage their responsibilities, duties and municipal affairs. • Low quality deliberation and decision making. • Inadequate understanding of the system and processes to resolve citizens' issue effectively.
7.1	Empowered City Elected Representatives and Legislative Structure	Empowered councillor	The councillors should receive a fixed monthly salary.	<p>Principle: As elected councillors, they are holding the highest office within the city government. Therefore, it is expected that the job they are performing is largely a '24X7 job'. To do this effectively, the basic needs of the councillor need to be taken care of. On account of this, it would be prudent to give them fixed monthly salaries. In line with the same, the mayor, committee chairpersons and councillors should receive salary and allowances commensurate to the post. In this indicator, we have considered remuneration and honorarium as a salary.</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> • No incentives for performance improvement, particularly for councillors from Economically Weaker Sections (EWS) of the society. • Inability to work in a full-time role and responsibility thus negatively impacting efficiency and ability to attend to the public and resolve their issues.
7.2	Empowered City Elected Representatives and Legislative Structure	Empowered councillor	Councillors should receive fixed salary which should be at par, or more than, that of the Commissioner.	<p>Principle: The Commissioner should report to the councillors as a whole. councillors hold a 24*7 job on ground level and are answerable to the citizens for the issues faced in their respective wards. Councillors needs to be incentivised to hold such responsibilities with high regard. Therefore, the fixed salary that the councillor receives should be at par, or more than, that of the Commissioner.</p>

				<p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> The administrative wing will not be accountable to the elected wing who holds the mandate of the citizens.
7.3	Empowered City Elected Representatives and Legislative Structure	Empowered councillor	The councillors should receive allowances for office expense and designated staff.	<p>Principle: For the councillor to effectively perform their duties and responsibilities, they need a support staff and an office space. This will enable the councillors to conduct research and hence, they should receive an allowance to support these requirements.</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> Not having been enabled, councillor will not be able to carry out their duty in an effective manner. Lack of incentive will indicate the lack of credibility of the role thus leading to failure of councillors in attending to problems of their concerned wards. Without an office set-up and adequate resources to run the office, the councillors remain inaccessible to citizens to meet and discuss their issues.
8	Empowered City Elected Representatives and Legislative Structure	Empowered Council	The councils should have independent authority to frame bye-laws and regulations for functions under the control of city government.	<p>Principle: The council is tasked with the responsibility to deliberate and make important resolutions. On the policy front, issues faced vary from city to city. Hence, council should have independent authority to draft city level policies and action plans, which are vital for effectively resolving pressing issues.</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> No clarity about the rules and procedures in terms of planning and delivery of services Ineffective and inefficient discharge of functions at the city government's end. No clarity about the distinct responsibilities across individuals and authorities involved.

9	Empowered City Elected Representatives and Legislative Structure	Empowered Council	The city government should have Procedure for Conduct and Business Rules.	<p>Principle: The city government council should function with prescribed set of rules similar to that of the functioning of the State Legislative Assemblies and the Parliament. The conduct of business in the city government council meetings should adhere to the rules, with regard to the functioning.</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> • No systematic functioning of the council and committees and lack of effective decision-making mechanisms. • Lack of detailed procedure rules will lead to higher scope for ambiguity and misinterpretations, affecting processes of deliberation.
10	Empowered City Elected Representatives and Legislative Structure	Empowered Council	The Council should have privileges and immunity against all statements made/acts done, in the course of their duty.	<p>Principle: Articles 105 and 194 of the Constitution mandates specifies privileges and immunity for the Parliament and the State Legislatures respectively. This provides for freedom of speech and immunity against votes given, and any publications that are made in the Parliament and the State Legislatures. In order to uphold the spirit of local governance, such privileges and immunity need to be applicable to city governments as well. This will not only improve the quality of deliberations in the council but will also pave the way for improved city level policies, action plans and decision making.</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> • Status of deliberations at the council will remain subpar. • Impact on decision making as well as a negative effect on service delivery and project executions.
11	Empowered City Elected Representatives and Legislative Structure	Empowered Council	The State Municipal Act should have provisions for conducting municipal elections strictly before the expiry of its duration.	<p>Principle: One of important aspects behind enacting the Constitution (Seventy-fourth Amendment) Act, 1992 was the 'irregular municipal elections' across the country. As per clause (3) of the Article 243U of the Act, "the election to constitute a Municipality shall be completed before the expiry of its duration of 5 years unless dissolved". Keeping this constitutional mandate as a base, conducting elections before the term of the corporation ends, is essential to maintain a continuous functioning city government council and the elected wing at all times.</p>

				<p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> • The very intent of 74th Constitutional Amendment Act is forfeited. • City Government will be purely administrative driven thus impacting democracy at the local level. • No accountability towards citizens.
12	Empowered City Elected Representatives and Legislative Structure	Empowered Council	The councils should have authority to pass a no confidence motion against the mayor.	<p>Principle: The mayor is the chief functionary of the city government and is accountable for all the actions taken. Moreover, the Council is the highest deliberative body in the city government. Therefore, the elected head i.e., the mayor, should be accountable to the collective body. Hence, in order to account for checks and balances, the council should have the authority to pass a no-confidence motion against the mayor, if they find that the mayor is not performing duties in accordance with the established provisions of the law.</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> • It will only lead to high concentration of power in the hands of a single individual leading to dictatorial tendency. • Acts as a potential crisis for democracy at the local level.
13	Empowered City Elected Representatives and Legislative Structure	Constitution of Deliberative Committees	The city government should constitute all committees as specified by the State Municipal Act.	<p>Principle: The duty of the city government council and committees is to meet and deliberate upon issues of concern over respective subject matters. There are various committees constituted at different levels in the city government and each committee has its own importance and specific purposes and follows a hierarchical order. The State Municipal Act specifies provisions on constituting committees in the city government. Hence, the city government should adhere to the respective State Municipal Act and constitute the committees for which provisions have been made.</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> • Full potential of streamlined and effective deliberations within the city government machinery will not be achieved. This lack of quality deliberation will impact decision making and discharge of

				functions of the city government.
14	Empowered City Elected Representatives and Legislative Structure	Constitution of Deliberative Committees	The State Municipal Act should have provision for all committees (including councils) to hold meetings at least once a month	<p>Principle: The city government is expected to provide most of the basic services which are of utmost importance in the day-to-day activities of citizens. Committees that deliberate upon policy making and implementation of basic services need to therefore be proactive in discharging their functions. Hence, it is prudent that the committees meet at least once a month.</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> • Weak decision-making machinery. • Inability to respond to problems as well as failure to ensure planned delivery of projects and services efficiently.
15	Empowered City Elected Representatives and Legislative Structure	Constitution of Deliberative Committees	The State Municipal Act should have provisions for constituting an apex committee such as Mayor in Council (MIC)/steering committee.	<p>Principle: The central government constitutes the Union Cabinet which is headed by the Prime Minister and central government cabinet ministers. A similar system is followed in each State wherein the state government constitutes the cabinet headed by the respective Chief Minister. Likewise, the city government being the third tier of Governance, a cabinet system which functions as an apex committee with strong decision-making powers should be constituted. The committee should be headed by the mayor, and various Standing/Subject committee heads should be the members of the apex-body.</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> • Lack of empowered decision-making body under the elected leadership leading to non availability of platform to fast track decision making as per needs of the city • Lack of Coordination over multiple other committees leading to chaos in decision making. • Lack of a platform to fast-track decision making as per necessity.

16	Empowered City Elected Representatives and Legislative Structure	Constitution of Deliberative Committees	The State Municipal Act should have provisions for constituting subject/ standing committee	<p>Principle: The scope of deliberations in council is large at present. However, we need effective deliberations and decisions taken on each subject matter Some of these subject matters are complex, needing specialised scrutiny through separate deliberative committees wherein expert opinions can also be brought in. Similar, to the parliament having parliamentary standing committees for the purposes as mentioned above, the council in city governments need to be supported by constitution of specific subject committees.</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> • Lack of subject specific deliberation and resolutions. • No consultative platforms to discuss on specific subject matters with experts/civil society etc., leading to fall in quality of structured deliberations. • Leads to ineffective deliberations and weak decisions made with regard to the subject/function concerned.
17	Empowered City Elected Representatives and Legislative Structure	Constitution of Deliberative Committees	The State Municipal Act should have provisions for constituting zonal/ward committee	<p>Principle: The Article 243S of the Constitution (Seventy-fourth Amendment) Act, 1992 has provided a mandate on the 'Constitution and composition of Wards Committee'. These committees will act as platforms with designated functions and responsibilities and enact the same through the city government allocated funds for the area. Consequently, this will ensure local level deliberations among councillors along with local area representatives leading to decentralised deliberation/decision making.</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> • Lack of decentralised deliberations concerning host of matters concerning a zone/ward, leading to no specific focus in resolving zonal/ward level concerned issues. • No platform to quickly respond and make decisions at the local level will be difficult. • No provision to facilitate participatory planning, discussions and feedback mechanism, leading to no space for direct participation of citizens in city governance.

18.1	Empowered City Elected Representatives and Legislative Structure	Constitution of Deliberative Committees	The District Planning Committee (DPC)/Metropolitan Planning Committee (MPC) should have 80% representation of Elected Representatives (ERs)	<p>Principle: Article 243ZD and 243ZE of the Constitution (Seventy-fourth Amendment) Act, 1992 mandates the constitution of District Planning Committees (DPC) in all districts across states and Metropolitan Planning Committees (MPC) in all metropolitan areas across states respectively. The provisions were made to enable preparation of draft development plan by discussing subjects of common interest and resource planning between the municipalities and panchayats in the respective district or metropolitan area accordingly.</p> <p>The constitutional mandate specifies that the DPC should consist of four-fifth representation of elected representatives with respect to the proportion of municipalities and panchayats in the district. Likewise, the same should be followed in the case of the MPC. It is crucial that the head of this committee be an elected representative, who should be elected from amongst the members of the DPC/MPC. It is critical for ERs to participate and drive the planning process in these constitutional bodies, to ensure that citizens' interests are represented.</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> • Dominance of bureaucratic led planning, with no accountability to the citizens of the municipalities and/or panchayats that fall under the planning region. • No room for ERs, who are in fact, better placed to understand the need for development of their areas and accountable to their constituents.
18.2	Empowered City Elected Representatives and Legislative Structure	Constitution of Deliberative Committees	The Chairperson of the District Planning Committee (DPC)/Metropolitan Planning Committee (MPC) should be an ER.	
19	Empowered City Administration	Control and training of Human Resources for functions under city government	Does the city administration hold sanctioning authority for recruitments?	<p>Principle: City Governments require adequate number of functionaries with the required capacity to perform various functions and deliver services effectively. With respect to this, the authority to sanction should be under the purview of the city administration to recruit as per the plans of the city government. This will also ensure accountability towards city elected representatives.</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> • Cannot fill up of vacant posts/undertake recruitment of human resource as per the need.

				<ul style="list-style-type: none"> Negative impact on the execution of projects thus affecting efficiency in delivery of services.
20	Empowered City Administration	Control and training of Human Resources for functions under city government	Is there an autonomous body to recruit municipal officials for City Government?	<p>Principle: For envisioning concepts such as sustainable cities and implementing city services with updated technology and to increase efficiency, specialised and skilled officials/employees are of utmost importance. Hence, it is suggested that a dedicated system of recruiting municipal cadre officials be adopted. These officials will need to be tested on the required skills and relevant knowledge to enter the cadre for municipal services. In line with this, it is necessary that an independent recruitment body is set up to monitor all matters with regard to municipal service recruitment in the state.</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> City Government will not have officials who are trained or experienced in working on specific urban function, which will lead to lack of expertise and dearth of capacity to handle tasks and deliver with efficiency. Politicisation of municipal service recruitments will lead to officers with inadequate qualifications occupying posts.
21	Empowered City Administration	Control and training of Human Resources for functions under city government	The city administration should fill up all vacant posts.	<p>Principle: City Governments require human resources of various capacities in order to provide service delivery efficiently. It is necessary for city governments to have sufficient number of employees or adequate strength of workforce to operate effectively.</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> Negative impact on the functioning of the city government, leading to inefficient execution of projects and delivery of services. Filling posts through deputations leading to lack of accountability towards the functioning of the city government. Scope for social instability amongst lower strata staff if posts are filled through contract basis.

22	Empowered City Administration	Control and training of Human Resources for functions under city government	The State Municipal Act should have provisions for regular and mandatory trainings for city administration.	<p>Principle: With the advancement in technology and a mission-based approach towards improving service delivery in cities, the capacity building of officials and employees becomes crucial. city government requires skilled officials who have the necessary and regular training and capacity support to function efficiently. This will need to be done through training institutions and by assigning budget provisions and planning. This can be prioritised and regularly implemented only if it is mandated through provisions in the State Municipal Acts.</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> • The city government will have poor quality of human resource impacting the implementation of projects and service delivery. • No scope for incorporating best practices into city administration. • Inability to manage crisis innovatively as well as deliver service efficiently. • City development will not be in tandem with prioritised focus areas such as climate change action plans, SDGs etc.
23	Empowered City Administration	Devolution and control of 18 functions mentioned in the 12th Schedule	The city administration should hold independent control of all 18 functions mentioned in Twelfth Schedule and the smart city Special Purpose Vehicle (SPV).	<p>Principle: Article 243W of the Constitution (Seventy-fourth Amendment) Act, 1992 has recommended the state governments to devolve 18 functions listed in the Twelfth Schedule to the city governments. The listed functions are of high importance in terms of day-to-day civic services in the city. This stands with the background of principle of subsidiarity which emphasises that the function of local importance is best to be managed and delivered at the local level. Therefore, the state governments need to ensure that devolution of the listed functions to city governments is done.</p> <p>Similarly, any parastatal body or Special Purpose Vehicle (SPVs) such as the Smart City, which operates within the jurisdiction of the city government.</p>
24	Empowered City Administration	Devolution and control of 18 functions mentioned in the 12th Schedule		

25	Empowered City Administration	Devolution and control of 18 functions mentioned in the 12th Schedule		<p>which delivers services and projects, needs to function under the control of city government for better coordination and execution of projects in the spirit of local self-governance. Hence, it is prudent to have the Smart City SPV which currently executes smart city projects in many of the cities to be brought under the control of the city government.</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> • Fragmented institutional set-up leading to lack of coordination between multiple agencies, affecting project execution and service delivery. • Lack of accountability mechanisms towards citizens, as parastatal bodies do not have an elected wing and function as agencies of the state. • No streamlining and centralised control of the multiple agencies operating at the city level, leading to no scope of local self-government at the third tier.
26	Empowered Citizens	Accessible Open Data Portal	The city government website should have a freely accessible open data portal/tab on its website.	<p>Principle:</p> <p>Data has gained enormous importance in today's world. It can be considered to be the 'Oil of the Century'. In the same line, transparency of data is a crucial aspect of governance. The city governments are elected to power by the urban citizens and hence, citizens have the right to know how their city government is performing. Hence, without an open data portal, there is no transparency that can be maintained by the city governments thus losing accountability.</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> • Lack of transparency for, and accountability towards citizens. • Citizens will not be in a position to evaluate the performance of city government • City based CSOs will not able to access data, perform analysis, find gaps, suggest recommendations and support the City government in resolving the pressing issues of the city. • Scope for manipulation of data and malpractices

27	Empowered Citizens	Right to elect mayor and recall elected city representatives	The citizens should hold the right to elect the mayor.	<p>Principle: In a democracy, citizens will feel more empowered, if they are able to directly influence the election of the head of the city government i.e., mayor. This is evident when you compare the influential powers of citizens over the mayor, in cities which follow direct election, as compared to cities that follow indirect election of mayor.</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> • Narrow focus in development and no city vision. • Tendency to prioritise actions towards respective constituency instead of holistic action. • Citizens’ influence on city wide mandate will be diluted.
28	Empowered Citizens	Right to elect mayor and recall elected city representatives	The electoral college i.e., citizens should hold final authority of ‘right to recall’ a councillor.	<p>Principle: Citizens directly elect the councillors from their respective constituency. The duty of the councillor is to act as public servants, and in doing so, they are accountable for their actions towards the citizens. Therefore, in case of any malpractices or poor performance by the councillors, the citizens should hold final authority in removing them from office.</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> • Reduction of democracy to only becoming voting rights for citizens. Citizens’ mandate can be influenced only through an election once every 5 years. • Citizens will not be able to hold the councillors accountable for their performance or actions within their term.
29	Empowered Citizens	Formal and active citizen consultative mechanism	The minutes of meetings of committee (including councils) should be published on the city government’s website.	<p>Principle: The city governments serve the citizens and hence, citizens have the right to know how the city government is performing and what measures the elected representatives are taking in resolving issues in the city. With regard to this, to establish a transparency in governance towards citizens, all the minutes of meetings of the council as well as all committees, need to be published on the city government website periodically.</p>

				<p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> • Citizens will not be able to track whether the councillors who they elected, are representing their mandate in the council or committee meetings. • Citizens will not know whether the issues concerning their ward are being discussed or raised in concerned deliberative platforms.
30	Empowered Citizens	Formal and active citizen consultative mechanism	The elected area level representatives who are enrolled in the electoral list (other than councillor), should be members of the ward/wards committee.	<p>Principle: Area level representatives who are elected from the respective areas (electoral ward is further broken down to multiple areas under it) would help in better functioning of the grass root democratic processes, as it will enable scope for bringing local information, knowledge and community initiatives in the area. Taking this further, along with the constitutional mandate i.e., Article 243S on constituting Wards Committee, these area level representatives from respective areas from a ward(s), need to be members of the committee. The area level representative will be able to liaise with councillor, who is the chairperson of the Ward(s) committee and the local citizens from different areas of the ward(s), through the respective area level representatives.</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> • No scope for decentralised grassroots democracy to thrive, leading to limitation in scope of citizens' role to only municipal elections. • Lack of systematic approach of receiving inputs on concerns of citizens, on municipal matters, through a representative voice from each locality of a municipal ward. • Limited active citizenry on municipal matters.
31	Empowered Citizens	Active Grievance Redressal Mechanism	The city government website should have a digital Grievance Redressal Mechanism (GRM).	<p>Principle: As a service provider, it is important that the city government has a robust system to solve grievances and take feedback from citizens. In today's day and age, the system needs to be digital, so that efficient tracking and management of the grievances can be done. With technological advances taking place, urban citizens are becoming more accustomed to using the digital/online approach. The system should create a central repository of complaints from online and non-digital modes. Hence, having a centralised digital grievance redressal portal which is user friendly, will enable efficient</p>

				<p>management of grievances in a time bound manner, making it effective both at the user and administrators end.</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> • Leads to burden making grievance registration a hassle prone process for citizens every time they face issues concerning municipal services. • Discourages citizens from registering their grievances.
32	Empowered Citizens	Active Grievance Redressal Mechanism	The GRM should have a centralised mechanism to process complaints registered through multiple modes, where each mode has singular input option (e.g., one phone number, one mobile app).	<p>Principle: The digitalised Grievance Redressal Mechanism (GRM) needs to be a centralised system with an ability to take in grievances registered through multiple modes. The modes can be a telephone number, mobile application, in-person office/kiosks/ ward/zonal office visit by citizens, online system such as through website/portal etc. It should be ensured that there is only a single input system (for e.g., single phone number, single mobile application, single website page etc.).</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> • Lack of clarity among citizens will also cause inefficiency or difficulty in management of complaints registered at the city government's end. • Leads to complaints being registered through multiple channels and systems, without being recorded and tracked in a single centralised system.
33	Empowered Citizens	Active Grievance Redressal Mechanism	There should be a provision in the city government's grievance redressal mechanism wherein the citizens should have the capability to close the complaints they have registered based on their satisfaction.	<p>Principle: For a robust Grievance Redressal Mechanism (GRM), it is important that the complainant's final satisfaction should be taken into account. The complaint should not be auto closed by an official independently.</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> • Citizens' accessibility will be limited to only registration of complaints with no control over ensuring that their complaint actually gets resolved in a time bound manner. • Leads to accountability mechanism problems in such an approach.

34.1	Fiscal Empowerment	Devolution of financial power	The city government should hold independent authority to introduce new taxes/charges as per State Municipal Act.	<p>Principle: Article 243X of the Constitution (Seventy-fourth Amendment) Act, 1992 has recommended state governments to transfer powers to city governments to assign and levy taxes and charges. city governments should aim to be self-sustainable and independent in their functioning. Furthermore, state governments should ensure that the constitutional principles are upheld in terms of financial empowerment of the city government. For this to take place in its true spirit, the city government should be empowered with independent authority to perform the following: (i) Introduce new taxes and charges and (ii) Revise existing rates of taxes and charges being levied.</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> • Less scope for city Governments to be financially self-sufficient, as they will remain dependant on the State Government for revising existing tax rates or introducing new tax to enhance their revenue generation capacity. • City Governments will not be able to execute projects or deliver services efficiently because of poor revenue generation. This will ultimately affect the quality of life of citizens in the city. • Lack of scope for self-governance without real financial empowerment.
34.2	Fiscal Empowerment	Devolution of financial power	The city government should hold independent authority to revise the tax rates/charges.	
35	Fiscal Empowerment	Devolution of financial power	The council should have independent authority to approve the budget according to the State Municipal Act.	<p>Principle: City Government can best represent the mandate of its citizens. This can be done through city level planning and prioritising projects and schemes, with the financial resources available. Hence, city governments should be allowed to hold independent authority to allocate its financial resources accordingly, and also be able to independently approve budgets (which should be under the prerogative of the council of the city government).</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> • The city governments will not be able to guarantee a budget provision wholly in accordance with its needs, due to the dependence on the State Government for approval of the City Budget leading to reduction of capacity of city government to deliver on the action plans set for the city in the upcoming year. • No value upheld with regard to local needs of the city and citizens.

36	Fiscal Empowerment	Devolution of financial power	The State Municipal Act should have provision for the city government budget to include budget allocated by parastatal agencies in the city.	<p>Principle: Most of the Indian cities have various parastatal agencies, that are involved in functions/delivering services that were recommended by the Constitution (Seventy-fourth Amendment) Act, 1992 to be devolved to the city government. On this note, to monitor the service delivery in the city by the multiple parastatal agencies, it is important that the budgets of the parastatal agency are reflected in the city government budget.</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> • No standard reference in city budget document that can show the estimated investment in terms of service upgradation and projects in the city, including that of the multiple agencies that operate in the city. • Lack of information on the investments being made for the city in the coming financial year. • Optimal fund utilisation may not happen.
37	Fiscal Empowerment	Devolution of financial power	The city government should hold authority to access market borrowings.	<p>Principle: City Governments should aim to be self-sustainable and independent in its functioning. One of the mechanisms to funding can be through the system of borrowing, but on the prescribed limits that are set and through proactive planning of repayment. This should be in line with the system of borrowings followed at the central government and state government level. Hence, city government should be authorised to borrow, subject to conditions.</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> • The city government will not have the ability to raise large scale financial resources from the market temporarily for necessary projects or emergency funding, without depending on the state resources. • Curtails the potential of city governments to execute large scale capital projects which require large capital. • Low factor of financial responsibility built in, as there exists no obligation to repay.

38	Fiscal Empowerment	Systemic Fiscal transfers	The State Finance Commission (SFC) should have 5th SFC report/latest report published on official website.	<p>Principle: As per Article 243Y of the Constitution (Seventy-fourth Amendment) Act, 1992, States should constitute State Finance Commission (SFC) every five years in order to conduct the review of financial status of Local governments in the state and furnish a SFC report with recommendations. Hence, in this context, since the Constitution (Seventy fourth Amendment) Act, 1992 came into force, the latest SFC to be constituted in each state is supposed to be the 5th SFC. Therefore, through this indicator, we have looked at whether the 5th SFC reports have been published by the States on the respective State Finance Commission website.</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> • No transparency about SFC's recommendations to improve local government financial status. • Leads to removal of scope for any scrutiny by public and necessary accountability being maintained. • Scope for arbitrary fund allocation.
39	Fiscal Empowerment	Systemic Fiscal transfers	The Action Taken Report of latest SFC should be published on the official website by state government.	<p>Principle: The Constitutional provision of Article 243Y Clause (2) states that SFC should also file an Action Taken Report (ATR) with details on the actions taken with respect to the recommendations made in the SFC report to the State Legislature. Hence, from the perspective of transparency of the recommendations and the actions being taken, the ATR file of the latest SFC should be published on an official website by the state government.</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> • If state government does not consider and implement the recommendations of the SFC, the constitutional spirit of constituting an SFC will not be upheld. • Citizens will not know status of implementation by the state government on the recommendations of SFC to ensure enhancement of local government's financial capacity.
40	Fiscal Empowerment	Systemic Fiscal transfers	The city government should receive a direct percentage share of GST (Goods and Services Tax)? (Through mechanisms such as	<p>Principle: The GST (Goods and Services Tax) has subsumed taxes levied by the State, but it has made a provision of sharing of taxes between the Centre and the State. The subsumed list of taxes also includes local taxes, however, there is</p>

			escrow accounts etc.).	<p>no 'direct sharing' of taxes allotted for the city governments. There are only indirect funds coming through schemes and programmes. city government should also be entitled to receive a direct regular share of the GST revenue collection by the central government similar to that of state government receiving a direct share (State GST and Integrated GST). This direct share to city governments must be done via mechanisms such as escrow account system. This can be mandated by both the Centre and the State for allocation of direct share of GST to city governments.</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> • Worsening of the already weak financial status of city governments, leading to negative impact on service delivery and project executions. • Higher dependence of city government on the state government for revenues.
41.1	Fiscal Empowerment	Financial accountability	The State Municipal Act should make it mandatory to publish the budget and accounts in the city government's website.	<p>Principle:</p> <p>Citizens should know how the public money is being used and operationalised for the development of the city. Hence, city government should ensure financial transparency through publishing of annual budget and accounts.</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> • No transparency on the public money being utilised for municipal projects and services. • Citizens will not be able to track whether their issues have been prioritised and the status of financial management performance of the city government.
41.2	Fiscal Empowerment	Financial accountability		
41.3	Fiscal Empowerment	Financial accountability		

42	Fiscal Empowerment	Financial accountability	The State Municipal Act should have provisions for conducting external audit.	<p>Principle: As a part of the federal structure of the democratic system followed in the country, it is critical that checks and balances be established within the structure through a higher level of authority. In the context of public finance, the accounts of the Centre and the State are subjected to scrutiny by an independent agency. On similar lines, as the city government also runs on public money, there should be accountability through established checks and balances. Therefore, the accounts of the city governments should also be audited by the independent body at the State level.</p> <p>Consequences of not implementing the reform action:</p> <ul style="list-style-type: none"> • No system of checks and balances with regard to scrutiny of municipal accounts. • No accountability measures within the federal structure, specifically between city government and state government. • Ultimately, affects citizens in case of any malpractices and financial mismanagement at city governments end and for failure of state government to keep a check.
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