URBAN GOVERNANCE

PRAJA'S

URBAN GOVERNANCE STUDY

PHASE 1 STATES
KEY FINDINGS

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MAKING DEMOCRACY WORK

Index

Over the last two decades Praja has been working towards enabling accountable governance. We conduct data driven research on civic issues, and inform citizens, media, and government administration and work with elected representatives to equip them to address inefficiencies in their work processes, bridging the information gaps, and mobilising them in taking corrective measures advocating for change.

In the past we have partnered with the Mumbai Corporation to come up with its first Citizen Charter to revamping their Citizens' Complaint Grievances Mechanism and handholding them to run it in the initial years; we come up with annual white papers on the performances of civic, health, crime, education and housing issues in Mumbai and Delhi; since 2011 we have been coming up with an annual report card to rank performances of MLAs and Councillors in Mumbai and (since 2016) Delhi. We do not just stop at creating standardised matrixes or governance indicators but also support build capacities of elected representatives, executives and citizens by coming up with various handbooks on governance and conducting numerous workshops/trainings on governance issues.

Praja is now embarking on an ambitious journey to transform urban governance, to advocate policy changes that will change the way Indian cities are governed. It will be multiyear project in nature, with research being the bedrock to form a network and influence change:

i.   Currently the devolution of powers and the capacity in the cities is not completely mapped. By December'2019 we will be conducting an Urban Governance Reforms Study to capture status of urban reforms in all the states, identify levers and barriers and identify a set of recommendations.

ii. Our study will create a 'urban governance index' and map urban governance status in all the states of the country.

iii. As part of the study we will map and meet various stakeholders in all the states across the country and build a network which will be leveraged as a platform for: knowledge sharing; equipping stakeholders; mobilising stakeholders; and advocating for policy changes.

In a nutshell the project will enable urban governance to transform a 'smart city' into a 'smartly governed city' by influencing policy change at a structural and systemic level to democratise city governments and improve delivery of services."

**Build the evidence** and the case for urban governance reforms

Mapping the implementation of 74th Amendment across 29 states in India through our study on urban governance reforms and existing governance and institutional models in place across Indian cities.

Interviews with key stakeholders to understand the urban governance challenges from the perspectives of different stakeholders. These interviews would provide richer insights into the motivations and relationships between the Executive and the elected wing, the challenges key stakeholders face. In each state we will be looking at carrying out interviews in 1 key city.
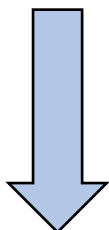
Build a network of organisations and individuals (thought leaders and key influencers) who will champion urban governance reforms

Consultations will be held at State and National Level to bring Domain experts, Content providers, Implementation organisations, Key leaders in the government and political parties and Influencers for taking forward the learnings and pushing for urban reforms
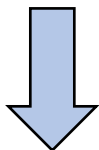
Policy changes that will transform the way Indian cities are governed

Urban Governance Index and leveraging network for Policy change
Our study will create a 'urban governance index' and map urban governance status in all the states of the country. It will capture levers and barriers and set of recommendations which will be updated periodically. Through periodic and targeted conclaves Praja will leverage the network to facilitate various stakeholders into thematic groups on common reform agenda/s. The network will be leveraged as a platform for advocating for policy changes.

Stages	Delhi	Kerala	Madhya Pradesh	Maharashtra	Rajasthan	West Bengal
Research on Implementation of 74th Constitutional Amendment	Dec 2017	March 2018	April 2018	Nov 2017	June 2018	May 2018
Interviews with Key Stakeholders	Feb 2018	June 2018	July 2018	Jan 2018	Aug 2018	Aug 2018
State Consultation	April 2018	Jan 2019	Feb 2019	April 2018	Jan 2019	Jan 2019
Regional Consultation	February 2019					

Total Interviews	24	31	16	39	23	22
Elected Representatives	19	11	9	27	13	13
Executives	5	17	6	12	9	8
CSOs		2	1		1	1
Total 158 interviews in Phase 1						

LEGEND

- Phase 1 States
  Study and consultation completed
- Phase 2 States
  Study completed
- Phase 3-A States
- Phase 3-B States
- Phase 3-C States

N
Not to scale
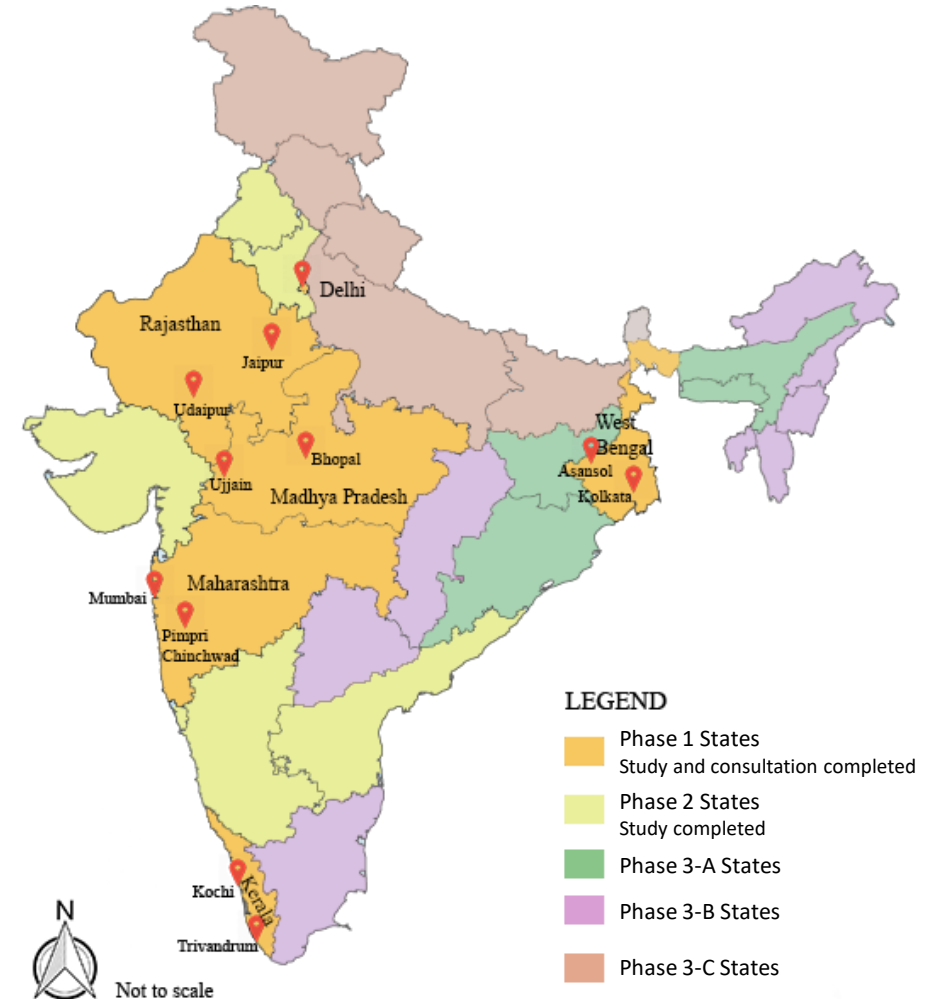
	Name of city government	Delhi	Kerala	Madhya Pradesh	Maharashtra	Rajasthan	West Bengal
	Act	Delhi Municipal Corporation Act, 1957	The Kerala Municipality Act, 1994	Madhya Pradesh Municipal Corporation Act, 1956	Mumbai Municipal Corporation Act, 1888, Maharashtra Municipal Corporation Act, 2012	Rajasthan Municipalities Act, 2009.	Kolkata Municipal Corporation Act, 1980
	Cities visited in each state	Delhi	Kochi, Thrissur	Bhopal, Ujjain	Mumbai, Pimpri-Chinchwad	Udaipur, Jaipur	Kolkata, Asansol
	City selected for stakeholder interviews	Delhi (North, South, East)	Kochi	Bhopal	Mumbai	Udaipur	Kolkata
1	Status (Corp, MC):	Municipal Corporation	Municipal Corporation	Municipal Corporation	Municipal Corporation	Municipal Corporation	Municipal Corporation
2	Area of the city government in sq.km*	1,397 sq.km	94 sq.km	648 sq.km	458 sq.km	64 sq.km	205 sq.km
3	Population*	110 lakh	6.02 lakh	18 lakh	124 lakh	4.51 lakh	44.96 lakh
4	Density (Population per sq. km)	7,412	6,345	2,778	27,135	7,048	21,932
5	No. of wards	272	74	85	227	55	144

Data Source- Census of India 2011 and respective Municipal Corporations websites

THEME 1

MAPPING DEVOLUTION OF 18 FUNCTIONS AS PER

74TH CONSTITUTIONAL AMENDMENT

1.1: Summary

1.2 :Typology of 18 Functions

1.3: Status of devolution of 18 functions

1.4: Reflections of reforms needed

1.5: Summary of discussion and key takeaways

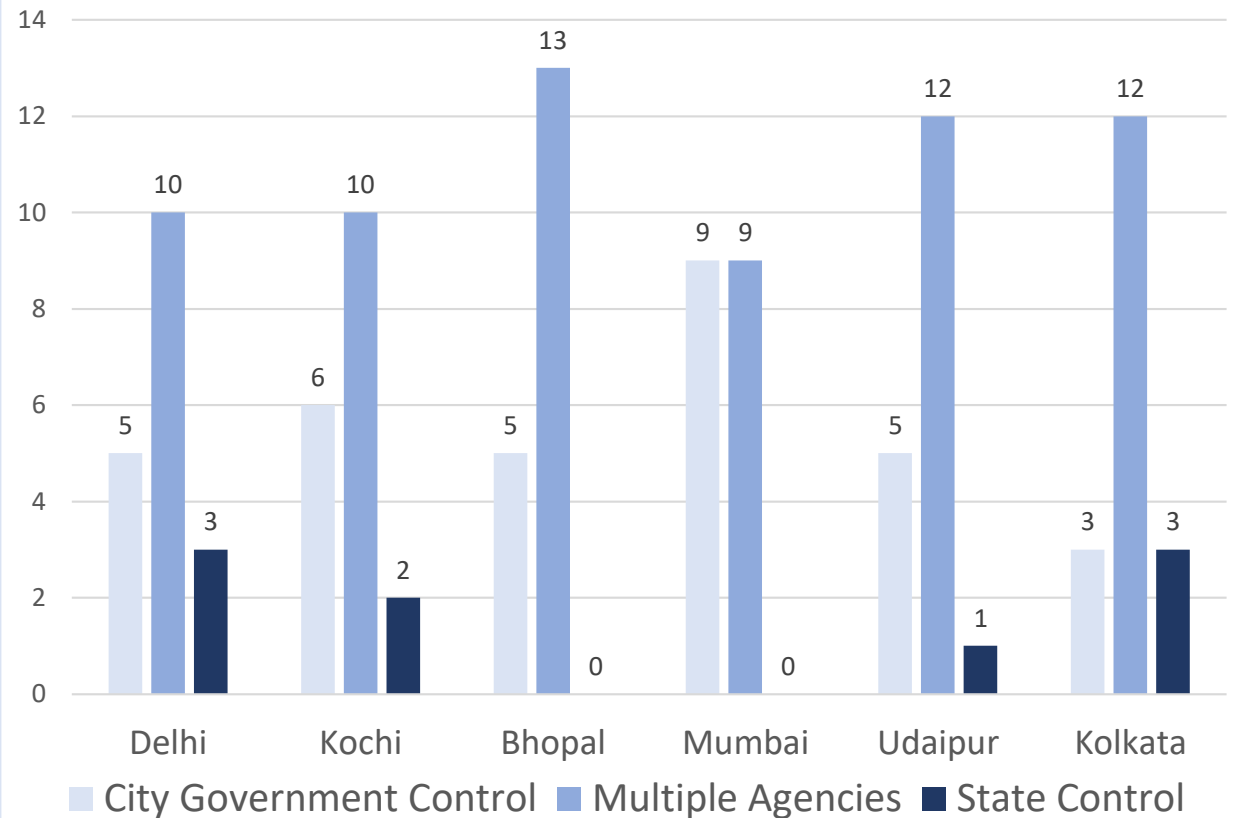NAGRIKA

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Status of devolution of 18 functions as per 74th Constitutional Amendment

Insights based on the six states

- Composition of the functions
  - Multiple functions and role of para-statals
- Administrative and deliberative functions
  - Role of administrative officials and elected representatives
- De facto vs De Jure
  - As per the Act and as per practice
- Devolution versus control
  - Devolution of function versus control over the function
- Funds, Functions and Functionaries

Distribution of 18 functions in terms of control

City	City Government Control	Multiple Agencies	State Control
Delhi	5	10	3
Kochi	6	10	2
Bhopal	5	13	0
Mumbai	9	9	0
Udaipur	5	12	1
Kolkata	3	12	3

Legend: City Government Control — Multiple Agencies — State Control

Sr. No	Functions	Activities
1	Urban planning including town planning.	• Master Planning/Development Plans/Zonal Plans • Enforcing master planning regulations • Enforcing building codes
2	Regulation of land-use and construction of buildings.	• Regulating land use • Approving building plans/high rises • Demolishing illegal buildings
3	Planning for economic and social development	• Promotion of economic activities • Ensuring social justice and social welfare
4	Roads and bridges.	• Construction and maintenance of roads • Construction and maintenance of bridges and flyovers • Parking and street lights
5	Water supply for domestic, industrial and commercial purposes	• Storage of water • Providing connections • Collection of charges • Operation & Maintenance (O&M)
6	Public health, sanitation conservancy and solid waste management.	• Maintaining hospitals, dispensaries, medical colleges • Immunisation • Prevention of vector borne diseases • Quality of water, food
7	Fire services	• Establishing and maintaining fire brigades • Maintenance of water reservoirs • Providing Fire NOC/approval certificate
8	Urban forestry, protection of the environment and promotion of ecological aspects.	• Afforestation • Greenification • Awareness drives • Maintenance of natural resources
9	Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded	• Identifying beneficiaries • Social Pensions (old age, widow, specially abled) • Providing tools/benefits such as tricycles • Housing programs • Scholarships
10	Slum improvement and upgradation	• Identifying beneficiaries • Affordable Housing • Upgradation
11	Urban poverty alleviation	• Identifying beneficiaries • Livelihood and employment • Street vendors
12	Provision of urban amenities and facilities such as parks, gardens, playgrounds	• Creation of parks and gardens • O&M
13	Promotion of cultural, educational and aesthetic aspects.	• Schools and education • Fairs and festivals • Cultural buildings/institutions • Heritage • Public space beautification
14	Burials and burial grounds; cremations, cremation grounds	• Crematoriums and burial grounds (different religions) • Construction and O&M
15	Cattle pounds; prevention of cruelty to animals	• Catching and keeping strays • Sterilisation and anti-rabies • Ensuring animal safety
16	Vital statistics including birth and death registration	• Coordinating with hospitals/crematoriums etc. for obtaining information • Maintaining and updating database
17	Public amenities including street lighting, parking lots, bus slops and public conveniences.	• Installation and maintenance of street lights • Deciding and operating bus routes • Creation and maintenance of parking lots • Creation and maintenance of public toilets
18	Regulation of slaughter houses and tanneries	• Ensuring quality of animals and meat • Disposal of waste

Sr. No	Functions	Delhi	Kochi	Bhopal	Mumbai	Udaipur	Kolkata
1	Urban planning including town planning.	Urban planning is done by the Delhi Development Authority (DDA) and the Municipal Corporation of Delhi (MCD) Town Planning Department. Mainly passed by State Government in practice	Town and Country Planning Office (TCPO). Kochi Municipal Corporation (KMC) has the ownership of the Masterplan but they don't design it. They enforce its regulations. They also don't have a Town Planner position on their rolls.	Town and Country Planning Office (TCPO); Development Authority: Capital Project Administration (Bhopal); Directorate of Urban Administration & Development (DUDA); Bhopal Municipal Corporation (BMC)	Mumbai Metropolitan Region Development Authority (MMRDA), Maharashtra Housing And Urban Development Authority (MHADA) and Maharashtra State Road Development Corp (MSRDC), Municipal Corporation of Greater Mumbai (MCGM)- Town Planning	Master plan prepared by Town and Country Planning (TCP) and implemented by Urban Improvement Trust (UIT)	Kolkata Municipal Corporation (KMC), West Bengal (WB) Govt.
2	Regulation of land-use and construction of buildings.	In Delhi the formulation of the land use pattern and building byelaws is left to the DDA, and MCD is only the executor.	TCPO. KMC has the power to sanction building plan approvals up to a limit.	TCPO; Committee for multi storeyed buildings: Development Authorities; MP Housing Board ; BMC	MCGM, MMRDA	UIT, Udaipur Municipal Corporation (UMC)	KMC, WB Govt.
3	Planning for economic and social development	MCD and State Government	KMC; District Planning Committees; Ward Committees;	DUDA; BMC	MCGM, State Government	UIT and UMC	KMC, WB Govt.
4	Roads and bridges.	MCD, Public Works Department (PWD)	KMC. Roads and Bridges Development Corporation of Kerala (RBDCK)	Public Works Department (PWD); City governments; Traffic Police	Overseen by MCGM, MMRDA, MSRDC and Public Works Department (PWD)	UIT, UMC, Rajasthan State Road Development & Construction Corporation (RSRDCC)	KMC, WB Govt.
5	Water supply for domestic, industrial and commercial purposes	The Delhi Jal Board under State Government	Kerala Water Authority.	Water Dept.; BMC for O&M	MCGM	Public Health Engineering Department (PHED), Rajasthan Water Supply and Sewerage Management Board (RWSSMB)	KMC

Legend | City government control | Multiple agencies | State Control

Sr. No	Functions	Delhi	Kochi	Bhopal	Mumbai	Udaipur	Kolkata
6 a	Public health and sanitation conservancy	MCD - Primary healthcare centre's and State run hospitals	KMC; State health department	Public Health Engineering Department (PHED)	MCGM	PHED, UIT, UMC, State Govt.	KMC, WB Govt.
6 b	Solid waste management	MCD	KMC	BMC	MCGM	UMC	KMC
7	Fire services	Fire Service Department, under the Delhi Government.	Kerala Fire and Rescue Services	BMC	MCGM	UMC	WB Govt.
8	Urban forestry, protection of the environment and promotion of ecological aspects.	Tree Department – MCD and Department of Environment of Delhi Government.	Forest and Wild life department. KMC (for beautification/greenery)	Forest Dept. and BMC; Biodiversity Board	Tree Authority under MCGM, Forest Department under State Government	UIT, UMC	WB Govt.
9	Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded	MCD, overseen by Department of Social Welfare of Delhi Government	KMC; Local Self Government (LSG) Dept.	Dept. of Social Justice; BMC	MCGM, Overseen by Social justice and Special assistance department under State Government	UIT and UMC	KMC, WB Govt.
10	Slum improvement and upgradation	Primarily done by MCD under separate wing called Slum and JJ Wing, DDA, and Delhi Urban Shelter Improvement Board (DUSIB)	KMC ; LSG Dept.	BMC; Slum Clearance Board was dissolved	Primarily done by Slum rehabilitation authority (SRA), MCGM, MHADA and MMRDA	UIT and UMC	KMC, WB Govt.
11	Urban poverty alleviation	MCD and State government	Kudumbsree. KMC	BMC	MCGM and State government	Ministry of Urban Development , Ministry of Housing and Urban Poverty Alleviation, UMC	KMC, Wb Govt.

Legend | City government control | Multiple agencies | State Control

Sr. No	Functions	Delhi	Kochi	Bhopal	Mumbai	Udaipur	Kolkata
12	Provision of urban amenities and facilities such as parks, gardens, playgrounds	MCD, DDA	Kudumbsree. City government.	BMC	MCGM	UMC, UIT	KMC, WB Govt.
13a	Promotion of cultural and aesthetic aspects.	MCD and State Government	KMC	Culture Dept.; BMC	MCGM and Overseen by Ministry of cultural affairs-Maharashtra	UMC, PWD	KMC, WB Govt
13b	Promotion of education	MCD-primary schools (up to 6th Grade) State Government-Secondary Education (post 6th Grade)	State Education Department	State Education Department	BMC run schools	State Education Department , UMC implementing agency	KMC Schools and Department of School Education (State Government) Dept of Higher Education (State Government)
14	Burials and burial grounds; cremations, cremation grounds	MCD	KMC	BMC	MCGM	UMC	KMC
15	Cattle pounds; prevention of cruelty to animals	MCD	KMC	BMC, Animal Husbandry	MCGM	UMC	WB Govt.
16	Vital statistics including registration of births and deaths.	MCD	KMC	BMC	MCGM	UMC	KMC, WB Govt.
17	Public amenities including street lighting, parking lots, bus slops and public conveniences.	MCD, State Electricity	KMC	BMC, Ujjain City Transport Services Limited (UCTSL); Bhopal City Link Limited (BCLL)	Bombay Electric Supply and Transport (BEST) of MCGM	PWD, UMC	KMC, WB Govt.
18	Regulation of slaughter houses and tanneries	MCD	KMC	Urban Development and Housing Department (UDHD); BMC; Pollution Control Board	MCGM	UMC	KMC

Legend	City government control		Multiple agencies		State Control	

Reform areas	Delhi	Kochi	Bhopal	Mumbai	Udaipur	Kolkata
Devolution of 18 functions 1. There should be single authority to deliver 18 services as listed in the 74th constitutional amendment in the jurisdiction of the city. 2. Clear devolution of functionaries to departments 3. Clarity within municipal bodies over the functions						

Legend | Multiple reforms Needed | | Few Reforms Needed | | Reforms Implemented | |

Summary of discussion

The session discussed the devolution of 18 functions to the city governments according to the Twelfth Schedule of the Constitution of India. The reporting for devolution of 18 functions was last done for Jawaharlal Nehru National Urban Renewal Mission. The devolution was studied at the State level and not at the city level. Even though there has been not much official reporting that has taken place for the progress on 74th Amendment, there have been examples of both centralisation as well decentralisation in the states. The study presented the devolution of the 18 functions at the city level in the 6 States.

Delivering the 18 function comprise of around 40-50 activities carried out by different departments at city and State government levels. It was seen that functions like urban planning including town planning, planning for economic and social development, roads and bridges, urban forestry, safeguarding interest of weaker section of society were handled by multiple agencies across the states under study. Functions of solid waste management and burials and burial ground were completely under the city government across 6 States. The city governments experienced the influence of State governments in the decision making of city governments while delivering the services. The discussion also highlighted key differences between what was laid in the act and the divergence in practice. The stakeholders expressed that the city governments are still considered to be adjuncts of State Government and not the third tier of governance. They also agreed that funds, functions and functionaries are more devolved to the administrative wing than the elected wing. Also, even for the functions which are carried out by the ULB as their primary responsibility, there are still other (state/national) departments which have a role in the functions such as granting approvals.

Key Takeaways

- Devolution of the functions has not been done as per the 74th Amendment with several overlaps of other agencies on city governments' functions

- Each of the 18 functions are composed of several functions with more than one agency performing them

- Wide variations in what is mandated in the Act versus what is practised in the cities for e.g. constitution of DPCs and ward committees

- The influence of State governments in decisions of service delivery needs to be understood and overt influence should be reduced.

- The city governments should be considered as the third tier of governments.

THEME 2

CITY GOVERNMENTS:
Composition and Function

2.1: Mayoral System

2.2: Role of Councillor

2.3: Ward Committees

2.4: Multiple Agencies

2.5: Urban Schemes – Smart City Mission

2.6: Resources

2.7: Reflections of reforms needed

2.8: Summary of discussion and key takeaways

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	Delhi	Kochi	Bhopal	Mumbai	Udaipur	Kolkata
Tenure of Mayor	• 1 Year	• 5 Years	• 5 Years	• 2.5 Years	• 5 Years	• 5 Years
Mode of Election	• Indirectly Elected	• Indirectly Elected	• Directly Elected & Right to Recall Mayor	• Indirectly Elected	• Indirectly Elected	• Indirectly Elected
Role of mayor	• Chairperson of Corporation	• Chief Executive of Corporation	• Chairperson of Corporation	• Municipal Authority	• Chairperson of Corporation	• MIC – Executive Head
Role of Commissioner	• Executive Head of the Corporation	• Executive officer & Secretary to the Council	• Principle Executive Officer	• Municipal Authority • (De-facto Executive head)	• Chief Municipal officer • Ex-officio Secretary of Executive Committee	• Principle executive officer subject to supervision and control of Mayor
Financial Powers *(Authority to sign and approve bills)*	• No exclusive powers to Mayor • Powers vested with Standing Committee and Municipal House	• All projects have to be approved by Mayor • Authority to sign and approve bills.	Exclusive Project Approval: • Mayor- up to 5 crores • MIC- up to 10 crores • Assembly- above 10 crores	• No exclusive powers to Mayor • Powers vested with Standing Committee and Municipal House	• All projects have to be approved by Mayor . • Authority to sign and approve bills. • Municipal House – up to 50 Lakhs	• Projects approved first through Mayor-in-Council, followed by ratification of the House. Exclusive sanctioning authority – • MIC – 5 lakhs to 1 crores
Administrative Powers *(Power to give directions and supervise)*	• Role of Speaker in Municipal House	• Suspend Administrative Officials except secretary • Give directions or orders to implement resolutions of the council	• Appointment and Promotion of Class 3 and 4 employees of Corporation	• Role of Speaker in Municipal House	• Authority to supervise executive activities of corporation. • Convene meetings	• Allocate business amongst Mayor-in-Council. • Direct or authorise any contract to be executed • Direct or authorise execution of services
Empowered Mayor *(Stable Tenure, Financial Powers and Administrative Powers)*	• **Ceremonial Head**	• **Empowered** : Head of corporation	• **Empowered** – Head functions with support of MIC	• **Ceremonial Head**	• **Empowered** : Head of the Corporation	• **Empowered** : Executive Head functions with support of MIC

MIC- Mayor-in-Council

Reforms	Delhi	Kochi	Bhopal	Mumbai	Udaipur	Kolkata
Opinions of Stakeholders	*"The mayor changes every year, before they can even learn anything or have a vision their term is over"-* ***Councillor***	*"5 years period is good because the mayor can implement, if she is there for a stable period of time she can think of projects, get them implemented."-* ***MLA***	*"All major decisions related to the city are undertaken by the MIC. The MIC does not prioritise the opposition's opinions at all."-* ***Councillor***	*"The Mayor needs to have more administrative power. They can only give suggestions and views on issues so far. They are very much dependent on the MCGM Commissioner and must have more decision making power to implement proposals and suggestions."* – ***MLA***	*"Every file finally goes to the mayor. Mayor can change the decision taken by any committee or executive if he feels decision is not right."* - ***Councillor***	*"MIC is the most effective way of managing city administration. The experience in the other cities is that they are governed by the executives whereas Kolkata is governed by the elected people."* – ***Councilor***
		"If the mayors are given all powers they may become dictatorial before considering the legislators. If mayor will have no accountability to the council and to the people, the council will not be considered of value." - ***MLA***			*"Small things like cleaning of drainage should not go to mayor. Permission for small ward related works takes time of 2 months & year which should be done as per norms within 2 or few days."-* ***Councillor***	*"Here in Kolkata, Mayor in council system is powerful. Not a single bill and amendments are passed without permission of the MIC and Mayor."* – ***Councillor***

Reform Areas	Delhi	Kochi	Bhopal	Mumbai	Udaipur	Kolkata
Key Deliberative Bodies	• Standing Committees	• Standing Committees	• Mayor-in-Council	• Standing Committee (Financial Matters) & Statuary committees	• Executive Committee (Mayor and Commissioner) and Sub Committees	• Mayor-in-Council
Perceived Role of Councillor	• Councillors believe supervision of service delivery as their role	• Councillors believe supervision of service delivery as their role	• Councillors believe supervision of service delivery as their role	• Councillors believe supervision of service delivery as their role	• Councillors believe supervision of service delivery as their role	• Councillors believe supervision of service delivery as their role
Participation in key deliberative bodies	• Councillors participate in statutory committees and Municipal House	• Councillors are part of at least one standing committee • Participate in Municipal Council meetings	• No committee participation as Mayor-in-Council only deliberative platform	• Councillors participate in statutory committees and Municipal House	• Councillors are part of at least one deliberative committee	• No committee participation as Mayor-in-Council only deliberative platform
Councillor Fund (in Rs.)	• 50 Lakhs	• 50 Lakhs	• 50 Lakhs • 50% of total revenue collected in ward from property tax • 25% of Total Revenue	• 60 Lakhs	• No Councillor Fund	• 25 Lakhs
Opinion of Stakeholders	*"As a councillor I have the responsibility of maintaining cleanliness, parks, problems related to sewage or horticulture like waste, cleaning of parks. In this way we deal with the smallest of small and biggest of big problems."- Councillor*	*"We have the freedom to ask questions, or ask for interventions from respective Standing Committees, or even directly in the Council. But, I think it is fair to first raise these questions in the Standing Committee, and if they are not redressed, only then go to the Council." Councillor*	*"People come with various issues to me, even if some issues are out of jurisdiction of corporation we have intervene and solve it. we councillors approach other agencies as well to solve the issues." Councillor*	*"We're assigned an area, and we work to help the people in our area and try and solve their problems."- Administration*	*"Councillors should get powers since we are elected and kind of mini MLA. But we don't have that position and any authority." Councillor*	*"There is development fund for councillors, however being councillor from opposition party it's not easy to get funds on time and even if I do some developmental activities other party members create some obstacles which often seen everywhere." Councillor*

Reform Areas	Delhi	Kochi	Bhopal	Mumbai	Udaipur	Kolkata
Ward Committees	•Active- 12 zone committees amongst 272 administrative wards	•Active- also known as Area Sabhas, one for each of 74 administrative wards	•Active- held at zonal level •19 Zonal committees for 85 administrative wards •Provision for Mohalla Committee but not implemented	•Active – 17 Ward Committees amongst 227 Constituencies	•Ward committees are not formed although there is provision in the act.	•Active Borough Committees at zonal level •16 Borough committees for 144 wards •Used to have ward committees at administrative wards, now inactive
Citizen Participation	•No platform for citizen to participate in governance process	•Decentralised platforms like ward committee for citizens to participate in governance and development of wards	• Public participation is lacking in urban governance	•No platform for citizen to participate in governance process	•No platforms for citizen participation in governance processes	•Citizens used to participate through Ward committees. •Currently no platforms for citizens.
Platforms for citizens complaints	• No centralised complaint system	•Ward committees •People approach councillors directly •No centralised complaint system	• Helpline number for people to register complaints • People usually approach councillors	•Centralised complaint system	• There is Helpline number • People prefer councillors over helpline number	•Centralised complaint system
Opinion of Stakeholders	*"There is a ward committee that meets every Friday, I even raise issues there. If none of this is proving fruitful, I approach the Commissioner and speak in the House." -Councillor*	*"Only Jaanakeyasutarm (people's Plan) is working well which is decentralised. Ward Sabhas are conducted where people of the ward can come to give suggestions"- Councillor*	*"In ward committees we discuss what is lacking in our wards, and how do we go about the services, schemes which are coming from top."- Councillor*	*"We wait for the prabhag samiti (ward committee)– it happens only once a month. We wait for it, because in that we can raise issues face to face and pressurise them to act and get our work done." – Councillor*	*"Even we have provision for ward committees, but until there is proper monitoring work cannot improved."- Councillor*	*"Ward committees were there earlier during left (CPIM) rule but trinamool congress doesn't believe in ward committees now we have borough committees. "- Councilor*

Reform Areas	Delhi	Kochi	Bhopal	Mumbai	Udaipur	Kolkata
Multiple Agencies involved in service delivery	• (DDA) Delhi Development Authority • Jal Board • PWD (Public Works Department) • DUSIB (Delhi Urban Shelter Improvement Board)	• KWA (Kerala water authority), • KSEB (Kerala state electricity board) • PWD (Public works department), • TCPO (town and country planning organisation). • RBDCK(Roads and Bridges Development Corporation of Kerala).	• CPA (Capital Project Administration), • PWD (Public Works Department), • Housing board and Bhopal development authority- develops some colonies. • PHED (Public Health Engineering Department) looks after sewage treatment plant	• MMRDA (Mumbai Metropolitan region development authority), • MHADA (Maharashtra housing and urban development authority), • MSRDC (Maharashtra state road development corporation) and • SRA(Slum Development authority)	• UIT (Udaipur Improvement Trust), • PHED (Public Health Engineering Department) , • RSEB (Rajasthan State Electricity Board), RSRDC (Rajasthan State Road Development & Construction Corporation) • PWD (Public Works Department)	• PWD (Public Works Department) and • KMDA (Kolkata Metropolitan Development Authority)
Coordination	• Poor • Multiple agencies create a problem for efficient service delivery.	• Sometimes there is problem in coordination, but Mayor conducts regular meetings	• Good , done through regular meetings with Mayor in Council and Commissioner	• Poor • Multiple agencies create a problem for efficient service delivery.	• Needs improvement, Mayor coordinates with administration of other agencies.	• Sometimes a problem, done through regular meetings with Mayor in Council
Opinions of Stakeholders	*"The MLA will blame the councillor for not allowing permission to dig, the latter will blame the former for not providing funds. Such tricks are constantly played because the system's loopholes allow for it."* – ***Councillor***	*"In Kochi, there are two more agencies, for electricity it is KSEB and for water it is KWA. These two agencies should be under local body."*- ***Councillor***	*"There was a proposal to merge all agencies in corporation before I became councillor, however due to some political reasons it could not happen."*- ***Councillor***	*"These outside agencies should take the BMC under confidence before going ahead with their projects. These agencies do not coordinate properly." -* ***Executive***	*"There is delay in work due to various agencies, if all control is with corporation then the work which takes 30 days will be done within 15 days"*- ***Councillor***	*"KMDA their engineers do not work with us. It is state government body so sometimes coordination is a problem. "*- ***Councillor***

Reform Areas	Delhi	Kochi	Bhopal	Mumbai	Udaipur	Kolkata
Urban Schemes - Smart City Mission	• Only for New Delhi Municipal Council	• Smart City Mission implemented	• Smart City Mission implemented	•Withdrawn from the Smart city Mission	•Smart City Mission implemented	•Didn't participate in Smart city mission.
Representation of City Government in Special Purpose Vehicle (SPV)	NA	• Weak representation in SPV board. Corporation plays minimal role in decision making process • Mayor and secretary are part of SPV board	• Corporation is involved in the decision making process. • Commissioner is Executive director of SPV board. • Mayor does not have decision making power	NA	• Strong Representation in SPV board. • Corporation plays role in decision making process.	NA
Opinion of Stakeholders		*"The smart city project is being directly governed by the state government, the corporation has got hardly any role in that."- **MLA***	*"It's way of working is different and not related to our working at all. Its roles are decided by the collector and the officers employed for the Smart City Mission."-* ***Admin***		*"My opinion is that nothing has been happening, instead I would say there should be smart board or corporation. Also smart city mission is not covering all parts of the city. If there would have been smart corporation, then all areas would have developed." –* ***Councillor***	*"We do not have smart city mission in Kolkata. In addition, the funds that we are getting through smart city mission are very less. It is not enough for big city like Kolkata. Smart city is ok for small cities."-* ***Councillor***

	Delhi	Kochi	Bhopal	Mumbai	Udaipur	Kolkata
Manpower Strength	*Data unavailable	• Sanctioned- 715 • Present - 611 • Vacancy-104 • Contractual- 799	• Sanctioned- 5,686 • Present -3,316 • Vacancy- 2,370 • Contractual- 1,298	• Sanctioned- 145,742 • Present – 97,261 • Vacancy - 48,481 • Contractual – 3,577	• Sanctioned- 3,681 • Present- 2,452 • Vacancy- 1,229	• Sanctioned- 45,000 • Present- 23,000 • Vacancy- 22,000 • Contractual- 12,000-13,000
Manpower per 1000 citizens	*Data unavailable	• 1 : 1000	• 2: 1000	• 8:1000	• 6: 1000	• 5:1000
Manpower	• Inadequate manpower	• Inadequate manpower • Insufficient sanctioned positions • Old staffing norms are followed	• Inadequate manpower • Big mismatch between functions & number of functionaries and in terms of allocation of jobs	• Inadequate manpower	• Inadequate manpower • Earlier had 16 revenue officers, currently are 5.	• Manpower is not sufficient. It was particularly pointed out in the garbage collection process
Recruitment process	• Corporation gives requirement • Delhi subordinate service selection board has authority to recruit staff.	• Corporation does not have authority to recruit its own staff • Needs approval from the state government	• Corporation does not have authority to hire manpower	• Authority to recruit manpower subject to approval from state government	• Earlier had authority to recruit staff • Currently recruitment is done by state government	• Autonomous body setup by State known as ''West Bengal Municipal Service Commission''
Skilled Staff		• The staff is Underqualified • Lack of experts like Urban planner, chief accountant. It affects the productivity of the corporation	• Skilled staff is missing	• Corporation has own skilled staff including planners, accountants.	• Lack of experts • Position of health officer is for MBBS Doctor, but current health officer is underqualified.	• Skilled staff is missing particularly in light department.

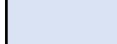| Reform areas	Delhi	Kochi	Bhopal	Mumbai	Udaipur	Kolkata
Mayoral System 1. Need of Empowered mayor 2. Tenure of 5 year 3. Better integration with other elected representatives such as MLAs, MPs	Multiple reforms Needed	Reforms Implemented	Reforms Implemented	Multiple reforms Needed	Reforms Implemented	Reforms Implemented
Need of Empowered Councillors 1. Councillors should have authority to solve people's issues of their wards. Currently they have to approach mayor or commissioner for everything. 2. Better remuneration	Multiple reforms Needed	Few Reforms Needed	Multiple reforms Needed	Multiple reforms Needed	Multiple reforms Needed	Multiple reforms Needed
Need to Form Ward committees for public participation 1. Implementation of ward committees as decentralised platforms of accountability to ensure public participation in urban governance.	Multiple reforms Needed	Reforms Implemented	Multiple reforms Needed	Multiple reforms Needed	Multiple reforms Needed	Multiple reforms Needed
Urban Schemes: Smart City Mission 1. Corporation should have strong representation in SPVs created for urban reforms like Smart City Mission 2. Should have 51% stake in SPV decision making process	NA	Multiple reforms Needed	Multiple reforms Needed	NA	Multiple reforms Needed	NA
Adequate Resources 1. The corporation should have control over recruiting and deciding their own staff. 2. Need for revising the manpower and estimation of Strength. 3. Need of Qualified and experienced staff as per requirement.	Multiple reforms Needed	Multiple reforms Needed	Multiple reforms Needed	Multiple reforms Needed	Multiple reforms Needed	Multiple reforms Needed

Legend: Multiple reforms Needed | Few Reforms Needed | Reforms Implemented

Theme 2. City government – composition and function

The session included discussion around the composition and function of the city government. It included discussion about the Mayoral system, role of councillor, ward committees, multiple agencies, urban schemes – Smart city mission, resources and the reforms needed.

2.1 Mayoral system

The stakeholders discussed the need for empowering the Mayor to ensure accountability to the citizens and transparency in the governance system. The stakeholders experienced that funds, functions and functionaries are more devolved to the administrative wing than the elected wing. The states of Delhi and Maharashtra needs multiple reforms towards empowering Mayor while the reforms such as 5 year tenure are implemented in Kerala, Madhya Pradesh, Rajasthan and West Bengal. While Kerala has an empowered Mayoral system where the Secretary (Commissioner) reports to the Mayor and the Secretary can be removed by the Council, the participants expressed the lack of direct relations of the citizens and the Mayor. In case of Mumbai and Delhi, the executive powers are vested with the Commissioner. The Mayor can give only recommendations. The stakeholders discussed the need to evolve a mechanism where the Mayor can be empowered. The system in Bhopal of having directly elected Mayor and Mayor-in-Council was looked at for replication in other cities. Possibility of giving equal powers to the Mayor and Commissioner with appropriate checks and balances was suggested. The stakeholders came to the agreement that the Mayor should be empowered and all the organisations need to advocate for the same. They also agreed that coordination and understanding between Mayor and Commissioner is important for smooth functioning of the municipality.

2.2 Role of councillor

The Councillors in the six cities perceived their role as supervision of delivery of services. The councillors expressed the amount of Councillor funds for the development of the ward to be insufficient. While the Councillor fund in Mumbai is 60 lakhs, there is no Councillor fund in Udaipur. The possibility of using 10% of the property tax collection from the ward for development of the same ward was discussed. They also expressed having limited power and authority to solve the issues that citizens report, and have to approach the Mayor or Commissioner for it. The reforms of empowering the Councillors to solve local level issues and better remuneration for the Councillors were discussed. The discussion also pointed to the benefit of involving councillors in committees for e.g. in Kerala as it provides them with direct responsibilities in matters that are the concern of the municipality

2.3 Ward Committees

Ward Committees are formed and are active at ward or zonal level with under different names in all the cities under study except Udaipur. However, these committees lack public participation. The stakeholders stated that the Committees are a platform for discussion but due to limited powers, the problems are not solved in the Ward Committee meetings. The participants from Kerala shared their experience and learnings of Peoples' Plan as a decentralised platform for citizen engagement and deliberation. The Peoples' Plan target a list of stakeholders to be represented in the meetings such as fishermen, Resident Welfare Associations, etc. The councillors are penalised and disqualified for not conducting a ward committee meeting once in every three months The stakeholders from other cities looked at the Kochi model for a possibility of replicating it in their respective cities. If the decentralised model will be feasible in metropolitan city like Mumbai.

2.4 Multiple Agencies

The delivery of functions in the cities are managed by about 4 to 5 agencies apart from the city governments. Thus, it requires good coordination and communication between the agencies for effective service delivery. The stakeholders expressed that the presence of multiple agencies results in procedural delays and ineffective service delivery. The Mayor or Mayor-in-Council was seen as a key authority to hold regular meetings and ensure coordination between the agencies. The stakeholders expressed the need for coordination between the State and city level agencies to ensure holistic development specially in the function of urban planning and transport planning. There was an agreement that city governments should be the only authority managing the city and all other agencies should report to the city government. Suggestions to include the status of District Planning Committees, Metropolitan Planning Committees was given.

2.5 Urban Schemes – Smart City Mission

Of the cities under study, Kochi, Bhopal and Udaipur were selected for the Smart City Mission. It was seen that the SPV board of Bhopal and Udaipur has representation of the city government and some role in the decision making process. In case of Kochi, the representation was weak and city government has minimal role in decision making process. The stakeholders expressed that the SPVs have become parallel to the city governments and bypass important process of deliberation with Elected Representatives. The suggestion of having 51% stakes of city government in the SPV was discussed.

2.6 Resources

It was seen that all the corporations had vacancies for recruitment. The stakeholders agreed having inadequate manpower for efficient delivery of services. The city governments need approval from the State to appoint staff. Most of the existing staff is underqualified and miss the skill set required for the job. The suggestion of having a municipal cadre for metropolitan cities and cities with municipal corporation was suggested. Inadequate staff was linked to insufficient funds to pay salaries. The stakeholders also mentioned the need for technical training of the existing staff to improve capacity. Reforms such as control of city government over the recruitment process, need for revising manpower and estimation of strength were discussed across all the cities under study. It was also advised to use projected population data for the calculation of manpower per 1000 population and per capita budget.

> **Key Takeaways**
>
> - The stakeholders looked at the Bhopal model of directly elected Mayor and Mayor-in-Council system as the ideal model to be implemented in their respective cities.
>
> - A stable terms for the Mayor was seen as a good practice.
>
> - The role and powers of the councillors in Kochi were looked at as more decentralised. Bhopal's example of using the property tax collection from the ward for development projects of the same ward was considered for replication in other cities.
>
> - Peoples' Plan initiative in Kerala for citizen participation was discussed as an ideal platform for decentralisation.
>
> - The problem of multiple agencies needs to be addressed by creating an unified body under the city governments for service delivery.
>
> - The SPVs formed for new urban schemes such as Smart city mission should have a better representation of the city government. One suggestion to ensure this was to have 51% stakes of city government in the SPV.
>
> - The manpower resources in all the city governments are lacking. There are vacant posts and needs to be utilised. The recruitment can be done by a separate body as seen in West Bengal but under the city government.
>
> - Ward Committees need greater public participation and resources.

THEME 3

MUNICIPAL FINANCE

3.1 : Budget and Sources of Revenue
3.2: State Finance Commission Status
3.3: Challenges Specific to Municipal Finance
3.4: Reflections of reforms needed
3.5: Summary of discussion and key takeaways

JANAAGRAHA CENTRE FOR CITIZENSHIP & DEMOCRACY

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Reform Areas	Delhi	Kochi	Bhopal	Mumbai	Udaipur	Kolkata
Budget (in Rs.)	• SDMC – 5,023 crores • NDMC- 8,555 crores • EDMC – 5,263 crores (Budget 18-19)	• 970 crores (Budget 18-19)	• 1,995 crores (Budget 18-19)	• 27,258 crores (Budget 18-19)	• 244 crores (Budget 18-19)	• 5,200 crores (Budget 18-19)
Budget per Capita	• Rs. 17,128	• Rs. 16,112	• Rs. 11, 083	• Rs. 21,982	• Rs. 5,422	• Rs. 11,565
Perception of Budget Adequacy	• Inadequate budget. • Dependency on state government	• Budget is adequate. • Revenue collection has impacted due to withdrawal of Advertisement & Entertainment Tax from State due to GST. • Dependency on state.	• Inadequate Budget • Dependency on state and central government aids	• Budget is adequate. • There is underutilisation of Budget.	• Adequate	• Adequate
Sources of Revenue	• Property Tax (Major) • Duty on transfer of properties • Tolls tax • Education cess • Advertisement tax	• Property tax (Major) • Professional tax • Licensing • Building rent	• Property Tax (Major) • Licensing • Water charges • Building & land rents	• Property Tax (Major) • Octroi compensation from state (Major) • Receipts from DP department • Water & sewerage charges	• Octroi compensation from State (Major) • Property Tax • Building licenses • Land Rent • Parking fees	• Property Tax (major) • Building sanctions • Trade licenses • Potential to collect more revenue through taxes
Revenue Collection	• Inefficiency in collection • Problem of unauthorised areas	• Inefficiency in collection • Last tax rate revision took place in 1992. • Shop licenses are not renewed every year.	• Inefficiency in collection	• Not collected to optimal level	• Inefficiency in collection • Land use pattern not mapped properly	• Inefficiency in collection
Potential Sources of Revenue	• Parking charges	• Advertisement and Entertainment should be reinforced	• Professional Tax • Municipal Bonds	• Parking charges	• Better collection within existing sources	• Water service charges • Better collection within existing sources

Reform Areas	Delhi	Kochi	Bhopal	Mumbai	Udaipur	Kolkata
Impact of GST	• No effect	• Revenue collection has impacted due to withdrawal of Advertisement & Entertainment Tax from State due to GST.	• Advertisement & Entertainment tax control given to BMC after GST. • May withdraw Entertainment tax	• Octroi abolished, compensation from state for 5 years	• No effect	• No effect
Participation in the budget making process	• Public participation lacking	• Councillors can participate • Public consultation does not take place	• Public participation lacking	• Public participation lacking	• Councillors can participate • Public participation lacking	• Public participation lacking
State Control over Finances including Tax and Service rates	• Corporation has authority to decide tax rates subject to state approval	• Corporation has limited control, approval is required from state.	• Approval from State government is required.	• Corporation has authority to decide tax rates subject to state approval	• Can decide tax rates but state government gives final approval. • Above 1 crore all projects go to State for sanction	• Independence in deciding tax rates
Opinion of Stakeholders	*"They are collecting only 35% house tax, so there is scope of collecting it from 65% more. they should focus of collecting from majority of people rather than increasing the tax"* **Councillor**	*"Corporation should be given independent decision making powers, they should be able to decide, without state government's approval"* - **Councillor**	*"It is not sufficient, the rates at which they are collected is really low. The rate has not been revised."* - **Councillor**	*"Budget is sufficient but utilisation doesn't happen."* - **Executive**	*"There are some areas in the city where permission with nominal charges is given to shops If commercial charges have been collected, then it would be good source of revenue."*- **Councillor**	*"We are fully autonomous body there is no interference from the state. We decide how much should be the tax."*- **Councillor**

State Finance Commission *	Delhi	Kerala	Madhya Pradesh	Maharashtra	Rajasthan	West Bengal
Constitution Order	5th SFC	5th SFC	4th SFC	5th SFC	5th SFC	4th SFC
Report	5th SFC	5th SFC	3rd SFC	4th SFC	5th SFC	3rd SFC
Action taken Report	5rd SFC	5th SFC	3rd SFC	3rd SFC	4th SFC	3rd SFC

Latest data available on respective State Finance Commission websites .

1.Institutional Design

    a. No integrated view of city's finances, No integrated treasury management

2.Fiscal decentralisation

    a. Few eligible revenue streams

    b. No control over tax rates and capital/base values

    c. Low threshold for expenditure limits

    d. Limited powers over debt and investments

3.Revenue Optimisation

    a. Poor collection efficiencies and poor return on assets

4.Fiscal Responsibility and Budget Management

    a. No Medium-Term Fiscal Plans

    b. Poor quality of budgeting, sometimes not presented on time

    c. Absence of citizen participation in budgeting

    d. Backlog in audit/preparation of annual accounts, no uniform accounting standards

    e. Weak internal control environment, no robust internal audit function

5.Transparency and Accountability

    a. Poorly drafted laws and policies,

    b. No penalties for non-compliance; no redressal mechanism

6.Institutional Capacities

    a. Staffing, both quality and quantity

    b. Information systems

No integrated view of city's finances, No integrated treasury management

For example, because of multiple avenues of spending in Bengaluru, one cannot establish the total spending on the infrastructure of Bengaluru city nor can we track the utilisation of assets between the ULB and the parastatals. Without this overall picture, the fund requirement for infrastructure projects cannot be appropriately estimated.

Central Government

Schemes

AMRUT
Smart Cities Mission
HRIDAY
HFA
SBM

Other organisations
NHAI
Railways
Defence

State Government

Urban Development Department

Transport Department

Power Department

Home Department

Others

BBMP

BDA

BWSSB

BMTC

BESCOM

BCP

BTP

LDA

Bengaluru city

Apart from spending via corporations and parastatals, CG and the SG spend directly on the city

Own revenues to total revenues

State	Percentage
Manipur	5%
Himachal Pradesh	16%
Chhattisgarh	16%
Uttar Pradesh	25%
Rajasthan	32%
Tamil Nadu	33%
Karnataka	33%
Assam	45%
Gujarat	48%
Andhra Pradesh	54%
Goa	55%
Punjab	74%
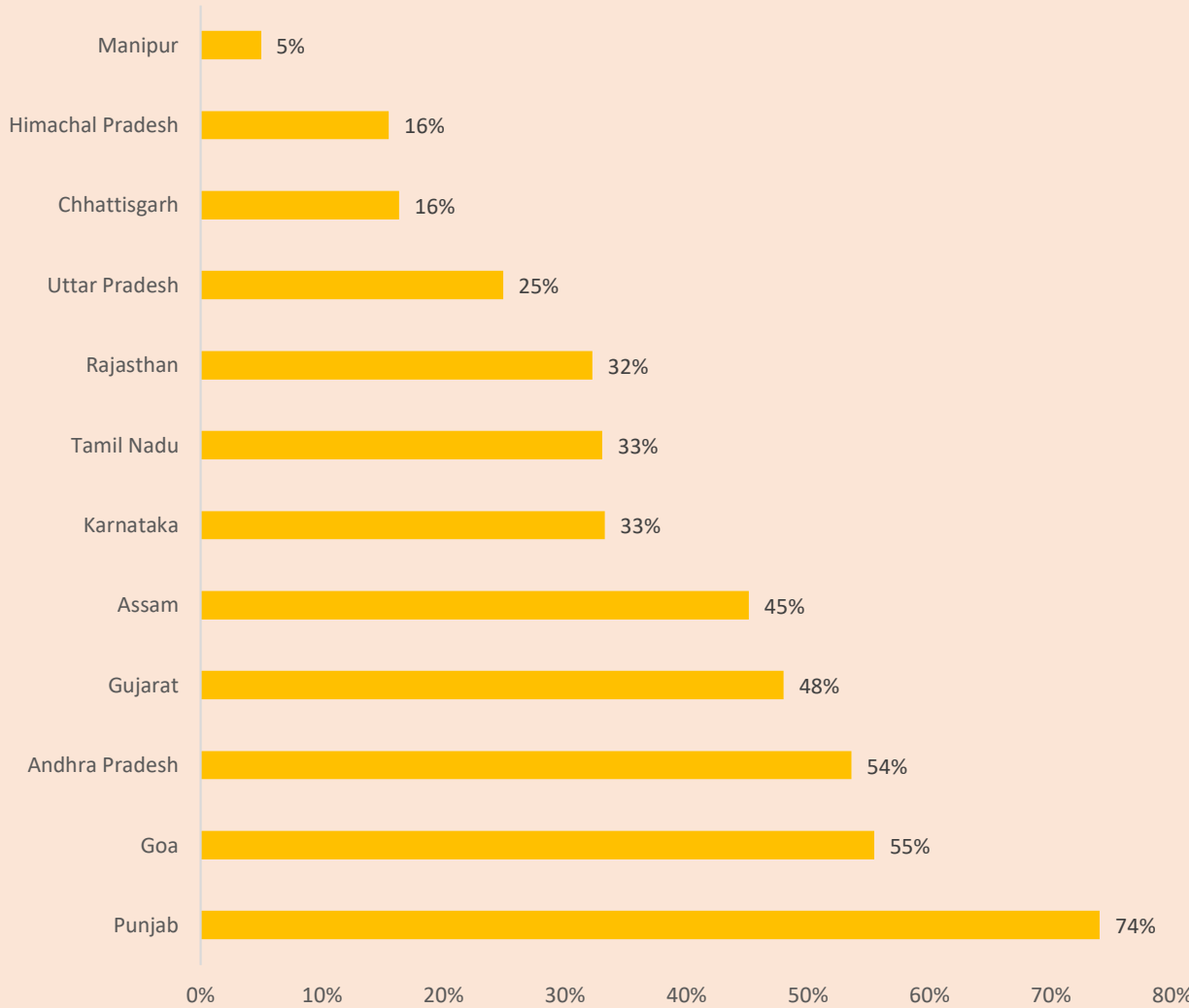
Source: State wise CAG reports

a. Few eligible revenue streams and excessive dependency on   State/Central Grants -

Buoyant revenue sources such as stamp duties, and entertainment taxes are not usually devolved to the ULBs. ULBs of large states like Karnataka, Tamil Nadu, Rajasthan, Uttar Pradesh have own revenue % below 40% indicating high dependence on Central and State grants.

b. Limited control over tax rates levied

Parameters like guidance value and base rates, that have a higher baring on evaluation of taxes, are usually decided by the State and ULBs are only allowed to revise rates, within a specific rate band - also decided by the State.

ASICS Cities	Is the ULB authorised to raise borrowings without State Govt./Central Govt. approval?	Is the ULB authorised to make investments or apply surplus funds without specific State/Centrak Govt. approval?
Ahmedabad	0	Yes
Bengaluru	0	0
Bhopal	0	0
Bhubaneswar	Yes	0
Chandigarh	0	0
Chennai	0	0
Dehradun	0	0
Delhi	0	Yes
Guwahati	0	0
Hyderabad	0	Yes
Jaipur	Yes	0
Kanpur	0	0
Kolkata	0	0
Lucknow	0	0
Ludhiana	0	0
Mumbai	0	Yes
Patna	Yes	0
Pune	0	Yes
Raipur	0	0
Ranchi	Yes	Yes
Surat	0	Yes
Thiruvananthapuram	0	0
Visakhapatnam	0	0

c. Low threshold for expenditure limits and limited powers over debt and investment

Only Bhuvaneshwar, Jaipur, Patna and Ranchi out of the 23 cities assessed under ASICS are authorised to raise borrowings without state government/central government approval, and,

Only 7 of them are authorised to make investments or otherwise apply surplus funds without specific state government/central government approval

Example – To avail loans above Rs 5 corers, BBMP must obtain the approval of the State.

a. Poor quality of budgeting, sometimes not presented on time Variance between budgets and actuals

(Rs in crores)

City	Budg. Inc (2015-16)	Actual Inc. (2015-16)	Variance %
Bhopal	2,701	1,031	61.8%
Guwahati	253	118	53.5%
Raipur	1,912	318	83.4%
Ranchi	1,162	217	81.3%
Thiruvananth-apuram	1,046	258	75.3%

b. No Medium term fiscal plan

Despite featuring as of the reform agendas under JnNURM (Public Disclosure Law), only Guwahati out of the 23 ASICS cities have a law that requires an MTFP. Poor budget estimates and no medium to long term fiscal plan, directly impact the infrastructure work in cities and therefore affect quality of services delivered.

c. Absence of citizen participation in budgeting

Only Guwahati, out of the ASICS cities, has a participatory budgeting process in place.

d. Backlog in audit/preparation of annual accounts, no uniform accounting standards

Pendency in audit

State	No of ULBs	Pendency in Audit*
Andhra Pradesh	110	NA
Gujarat	187	339
Karnataka	275	173
Maharashtra	265	139
Tamil Nadu	664	122
Telangana	68	41
Uttar Pradesh	630	NA
West Bengal	130	NA

No of pendencies in audit is across multiple financial years from 2012 to 2015

4. Poor collection efficiencies and low return on assets

- Collection efficiencies of primary sources of revenue such as property tax, water charges, rental income from municipal properties are abysmal.

- As per the Economic Survey 2016-17, an estimation of property tax potential from satellite imagery indicated that Bengaluru collects at most 24% of its property tax potential while Jaipur collected only 11%.

- The 13th and the 14th Finance Commissions have expressed the importance of improving billing and collection efficiency.

5. Transparency and Accountability

- Poorly drafted laws and policies; No penalties for non-compliance; no redressal mechanism

- 11 out of the 23 ASICS cities, including cities like Mumbai, Delhi, Jaipur, Pune, Ahmedabad, have either not enacted the Public Disclosure Law (PDL) or have not notified rules.

- The PDL

6. Institutional Capacities

a. Staffing, both quality and quantity

While the needs of our cities are more or less similar, there is huge variance in the number of personnel they employ to take care of its citizens. Ranchi Municipal Corporation employs only 87 people per lakh of it's population. In contrast, Delhi employs 1,260.

b. Information systems

19 out of 23 ASICS cities are neither mandated to nor release basic yet important data sets in an open data format. States like Jharkhand, Punjab, Rajasthan do not have a state wide ERP/information system.

Head	Currently operational in	Instrument	Comparable city in terms of population
Entertainment Tax	Tamil Nadu, Punjab, Hyderabad, Kolkata	Legislation	Thiruvananthapuram
Advertising Tax through professional agency	BIAL, Chicago	Already empowered; Engagement of professional agency to maximize revenues	Bhubaneshwar
Electricity Cess	Delhi, Punjab, Haryana	Legislation	Faridabad
Cess on cabs, buses / passenger Tax	Kampala(Africa) , Rajasthan	Legislation	Udaipur
Surcharge on Stamp Duty	Chennai, Hyderabad, Lucknow, Patna	Already empowered, not collected	Lucknow (90 crs for 3 mn popln)
Rental Income from Properties (markets)	NA	Engagement of professional agency	

Reform areas	Delhi	Kochi	Bhopal	Mumbai	Udaipur	Kolkata
Strengthening Municipal Finance 1. The city government should have complete control over taxation. List of local taxes to be incorporated in the act. 2. Revenue collection is not done efficiently there is need to revise tax and service rates and focus on efficient collection 3. 50 % of revenue collection from wards to be used for their development.						

Legend | Multiple reforms Needed | | Few Reforms Needed | | Reforms Implemented |

Theme 3 – Municipal Finance

Municipal finance is one of the important aspect to ensure effective service delivery in urban areas. Once the funds are devolved, functions and functionaries can be devolved to the city government. The discussion in this theme revolved around the scarcity of funds, need to explore sources of revenue and effective tax collection systems, the challenges and the reforms needed.

3.1 Budget and Sources of revenue

Stakeholders from all cities validated the scarcity of funds in the city government. State government controlling the sources of revenue was seen in Kochi. The need to have competent staff to handle finances was expressed by the participants of Kochi. The need to have decision making power regarding the sources of revenue to be with the city government was agreed. The councillors also mentioned the need to diversify the budget expenditure in different functions since the current utilisation is skewed towards sanitation and solid waste management in Delhi. The budget also does not include the funds given to parastatal agencies was also seen as a problem.

The city government should work for collecting property taxes efficiently and also steps should be taken to penalise the citizens not paying the property tax. The land use for property tax collections should be also mapped to increase coverage and efficiency. New sources of revenue such as revenue from parking lots, advertisement tax, etc. should be explored by the city government. The review and analysis of the revenue potential and revenue collected should also be done to achieve efficiency in the revenue collection. The idea of regularising the slum settlements and generating revenue was put forward. The stakeholders also agreed upon the need to ensure citizen participation for making expenditure decisions so that the needs of citizens are addressed to.

3.2 Challenges

The city governments face challenges such as poor fiscal decentralisation, dominance of State government in taking decisions, and unavailability of property records for efficient property tax collection. The city governments also lack the capacity to budget and utilise money. Any fiscal decision needs approval of the Directorate of Municipal Administration equivalent to the State government. Thus, the city governments cannot take decisions and depend on the State.

Suggestions for a 5 year fiscal plan for revenue and expenditure to be made by the city government was given. The city governments should also have financial transparency and accountability and conduct regular audits.

Key Takeaways

- Better institutional design needed for managing city finances

- The involvement of State governments in municipal finance should be reduced.

- The decision making power about the utilisation of finances should vest with the city government.

- The sources of revenue should be strengthened such as property tax collection should be done effectively. New sources should be tapped learning from Shimla where a green tax was collected from the tourist vehicles entering Shimla.

SUMMARY OF REFLECTION ON REFORMS NEEDED

Reform areas	Delhi	Kochi	Bhopal	Mumbai	Udaipur	Kolkata
Devolution of 18 functions 1. There should be single authority to deliver 18 services as listed in the 74th constitutional amendment in the jurisdiction of the city. 2. Clear devolution of functionaries to departments 3. Clarity within municipal bodies over the functions						
Mayoral System 1. Need of Empowered mayor 2. Tenure of 5 year 3. Better integration with other elected representatives such as MLAs, MPs						
Need of Empowered Councillors 1. Councillors should have authority to solve people's issues of their wards. Currently they have to approach mayor or commissioner for everything. 2. Better remuneration						
Need to Form Ward committees for public participation 1. Implementation of ward committees as decentralised platforms of accountability to ensure public participation in urban governance.						
Urban Schemes: Smart City Mission 1. Corporation should have strong representation in SPVs created for urban reforms like Smart City Mission 2. Should have 51% stake in SPV decision making process	NA			NA		NA
Adequate Resources 1. The corporation should have control over recruiting and deciding their own staff. 2. Need for revising the manpower and estimation of Strength. 3. Need of Qualified and experienced staff as per requirement.						
Strengthening Municipal Finance 1. The city government should have complete control over taxation. List of local taxes to be incorporated in the act. 2. Revenue collection is not done efficiently there is need to revise tax and service rates and focus on efficient collection 3. 50 % of revenue collection from wards to be used for their development.						

Legend: Multiple reforms Needed | Few Reforms Needed | Reforms Implemented

List of attendees
Regional Level Consultation – Phase 1
Date : 15 Feb 2019
Venue : Constitution Club of India,
New Delhi

No	Name	Organisation
1	Abbas Haider Naqvi	Urban Economist, Institute of Social Sciences
2	Amar Deep Singh	Senior Programme Officer, Consumer Unity and Trust Society International, Jaipur
3	Anil Kumar	Former Councillor, Kochi Municipal Corporation
4	Anil Nair	Head Reforms, Janaagraha
5	Anil Singhal	Former Garage Committee Chairperson, Udaipur Municipal Corporation
6	Anusha Lall	Programme Officer, LOGIN Secretariat, Embassy of Switzerland
7	Aravindan Srinivasan	Manager, Capacity Building, Dasra
8	Ashraf Azmi	Councillor, Municipal Corporation of Greater Mumbai
9	Atul Goel	President, United Residents Joint Action of Delhi
10	Chakshu Roy	Head, Legislative and Civic Engagement Initiative, PRS Legislative Research
11	D Dhanuraj	Chairman, Centre for Public Policy and Research
12	Debolina Kundu	Associate Professor, National Institute of Urban Affairs, New Delhi

No	Name	Organisation
13	Dinesh Mali	Former Health Committee Chairman, Udaipur Municipal Corporation
14	Ganesh Chakravarthi	Editor and Programme Manager, Takshashila Institution
15	Guruprasad Kamble	Project Officer, Praja Foundation
16	Himani Tiwari	Coordinator, CMAR, Local Self Government, Rajasthan
17	Joy Elamon	Director, Kerala Institute of Local Administration
18	K J Sohan	Former Mayor, Kochi Municipal Corporation
19	K S Mehra	Former Municipal Commissioner, Municipal Corporation of Delhi
20	M C Verma	Former Secretary, Government of India and Technical Advisor, UNDP, IC Centre for Governance
21	Mahesh Kapoor	Vice President, IC Centre for Governance. Former Advisor, Planning Commission
22	Meghna Bandelwar	Project Officer, Praja Foundation
23	Milind Mhaske	Director, Praja Foundation
24	Monami Chakraborty	Associate, Capacity Building, Dasra

No	Name	Organisation
25	Mourya Chandrasekar	Research Associate, Foundation for Democratic Reforms
26	Mukta Nair	Centre for Policy Research
27	Neha Sami	Senior Consultant, Academics and Research, Indian Institute for Human Settlement
28	Nitai Mehta	Founder Trustee, Praja Foundation
29	P M Harris	Councillor, Kochi Municipal Corporation
30	Pallab Deb	Research Associate, Nagrika
31	Pallavi Kakaji	Programme Manager, Praja Foundation
32	Pankti Dalal	Project Officer, Praja Foundation
33	Partha Mukhopadhyay	Senior Fellow, Centre for Policy Research
34	Pooja Verma	Project Officer, Praja Foundation
35	Prakash Upadhyay	Councillor, Kolkata Municipal Corporation
36	Radha Karmarkar	Research Associate, Nagrika

No	Name	Organisation
37	Rajesh Gupta	Member of Legislative Assembly, Delhi
38	Reemsha Reen	Associate, Capacity Building, Dasra
39	Sachin Padwal	Councillor, Municipal Corporation of Greater Mumbai
40	Saniya Pawar	Analyst, Dasra
41	Shanti Narain	Former Member, Traffic Railway Board and Secretary General, IC Centre for Governance
42	Shuchita Thapar	Programme Manager, Friedrich Naumann Foundation for Freedom, South Asia
43	Sucharita Iyer	Analyst, Dasra
44	Swastik Harish	Head, Urban Practitioners' Program, Indian Institute for Human Settlement
45	Tarun Sharma	Co-founder, Nagrika, Dehradun
46	Tikender Singh Panwar	Former Deputy Mayor, Shimla
47	Vachana V R	Associate Manager- Advocacy, Janaagraha
48	Yacoub Zacharia	LOGIN Secretariat, Embassy of Switzerland

Operational Plan
for
Praja's Urban Governance Project

Operational Plan for Praja's Urban Governance Project

	2018					2019												2020	
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Research	Completed Delhi Maharashtra Kerala, Madhya Pradesh, West Bengal Rajasthan	Gujarat Goa	Haryana Punjab	Andhra Pradesh Karnataka		Jharkhand, Orissa	Meghalaya, Assam	Nagaland Tripura, Mizoram, Manipur	Tamilnadu Uttar Pradesh	Telangana Chhattisgarh	Uttarakhand Bihar	Himachal Pradesh Jammu and Kashmir	Sikkim, Arunachal Pradesh						
Interviews		Gujarat Goa	Haryana Punjab	Andhra Pradesh Karnataka			Jharkhand, Orissa			Meghalaya Assam Tripura, Mizoram, Nagaland, Manipur	Tamilnadu, Uttar Pradesh	Telangana Chhattisgarh	Uttarakhand Bihar	Himachal Pradesh Jammu and Kashmir	Sikkim, Arunachal				
Reports		Phase I states					Phase II states			Phase III states				Phase IV states			Phase V state		
State					Rajas, Kerala, Madhya Pradesh, West Bengal					Gujarat, Goa, Punjab	Andhra Pradesh, Haryana, Karnataka	Jharkhand, Orissa Tamilnadu, Telangana	Uttar Pradesh Chhattisgarh	Meghalaya, Assam Nagaland Tripura, Mizoram, Manipur	Uttarakhand Bihar Himachal Pradesh Jammu and Kashmir	Sikkim, Arunachal			
Regional	Completed 1st Round Table in Apr						2nd RT							3rd RT					National Convention

Legend: Phase I | Phase II | Phase III

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Thank You

🌐 www.praja.org

✉ info@praja.org

f praja.org

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▶ PrajaFoundation

Mumbai: Victoria Building, 1st Floor, Agiary Lane, Off. Mint Road, Fort, Mumbai 400001,
Tel: 022 – 2261 8042

Delhi: Room No. 215, 2nd Floor, Competent House, F Block, Connaught Place, Middle Circle, New Delhi 110001,
Tel: 011 – 2332 1559