

**International
Institute of
Social Studies**

Erasmus

Local Government Finances: Financial Challenges faced by Dehradun Municipal Corporation

A Research Paper presented by:

Asheesh Joshi

(India)

in partial fulfilment of the requirements for obtaining the degree of
MASTER OF ARTS IN DEVELOPMENT STUDIES

Major:

Governance and Development Policy

(GDP)

Specialization:

Promotion of Local Development

Members of the Examining Committee:

Dr. Sunil Tankha

Dr. Arjun Bedi

The Hague, The Netherlands

December 2020

Disclaimer:

This document represents part of the author's study programme while at the International Institute of Social Studies. The views stated therein are those of the author and not necessarily those of the Institute.

Inquiries:

International Institute of Social Studies
P.O. Box 29776
2502 LT The Hague
The Netherlands

t: +31 70 426 0460
e: info@iss.nl
w: www.iss.nl
fb: <http://www.facebook.com/iss.nl>
twitter: [@issnl](https://twitter.com/issnl)

Location:

Kortenaerkade 12
2518 AX The Hague
The Netherlands

Contents

<i>List of Tables</i>	<i>v</i>
<i>List of Figures</i>	<i>vi</i>
<i>List of Boxes</i>	<i>vii</i>
<i>List of Annexures</i>	<i>viii</i>
<i>List of Acronyms</i>	<i>ix</i>
<i>Abstract</i>	<i>xii</i>
Chapter 1 : Introduction to Research	1
1.1 Introduction	1
1.2 Decentralization	4
1.3 A brief introduction to Research	6
1.3.1 Working title	6
1.3.2 Indication of the problem	6
1.3.3 Objectives	7
1.3.4 Research Question	8
1.3.5 Methodology	8
1.3.6 Limitations	9
1.3.7 Plan of Study	9
Chapter 2 : Evolution of Decentralization	11
2.1 Rationale for Decentralization and Local Governance	12
2.2 Evolution of Decentralization and Urban Local Government in India	13
2.2.1 History of Urban Local Governance in India	14
2.3 Urbanization and Evolution of Urban Local Bodies in Uttarakhand	16
2.3.1 Evolution of Urban Local Bodies in Uttarakhand	17
Chapter 3 : Dehradun Municipal Corporation (DMC)	19
3.1 Dehradun Municipal Corporation (DMC)	20
3.1.1 Organizational Structure of DMC	21
3.1.2 Functions of the DMC	24
3.1.3 Status of Implementation of Mandatory and Discretionary Provisions (as mentioned in the COI)	25
Chapter 4 : Financial Analysis of Dehradun Municipal Corporation	28
4.1 Municipal Finances in India	29
4.2 Municipal Finances of Uttarakhand	32
4.3 Finances of DMC: a synopsis	32
4.3.1 Total Revenues (TR)	33
4.3.2 Expenditures	40
4.4 Conclusion	43
4.5 Finances of DMC: an Analysis	44
4.5.1 Administrative reasons	45
4.5.2 Financial Reasons	45

4.5.3 Political Reasons	48
Chapter 5 : Recommendations and Suggestions	55
5.1 Suggestions	55
Chapter 6 : Conclusion	61
<i>Annexures</i>	<i>63</i>
<i>References</i>	<i>91</i>
<i>Notes</i>	<i>103</i>

List of Tables

1.1. The distribution of the world's urban population by region, 1950-2010 with projections to 2030 and 2050	1
1.2. The distribution of the world's largest cities by region over time	2
1.3. Urban Population in India, 1901-2011	3
1.4. Percentage of Urban Population in some states	4
1.5. Total Revenues of MCs in Uttarakhand	7
1.6. Total Expenditure of MCs in Uttarakhand	7
2.1. Trends of Urbanization in Uttarakhand 1901-2011	16
2.2. Percentage share of Urban Population and Decadal Growth rates in the Districts of Uttarakhand	17
3.1. DMC at a Glance	21
3.2. Status of Mandatory Provisions	25
3.3. Status of Discretionary Functions	25
3.4. Status of the Functions to be devolved to the ULBs according to the Twelfth Schedule of the COI	26
4.1. Local government expenditure as a percent of GDP in several OECD countries	30
4.1a Total Own-Revenues and Total Expenditure of all ULBs in India	31
4.2. Consolidated receipts of Municipal Corporations in Uttarakhand (2011-12 to 2014-15)	32
4.3. Total Revenue and Expenditure of DMC	32
4.4. Total Revenue of the DMC	33
4.5. Total Tax Revenues of the DMC	35
4.6. Non-Tax Revenues of the DMC	38
4.7. Transfers to DMC	38
4.8. Transfers by SG on the recommendation of the SFC	40
4.9. Total Expenditures of DMC	40
4.10. Revenue Expenditure of DMC	42
4.11. Total Own Revenues and Revenue Expenditure of the DMC	43
4.12. Collection Efficiency of property-tax collection	46
4.13 Occupational backgrounds of the Lok Sabha, 1952-1989 (percent)	50
5.1. Typology of Twelfth Schedule Municipal Functions	56
N1. Total Own-Revenues vs Total Revenue Expenditure of all the ULBs in India	96

List of Figures

2.1 Decentralization and progress towards MDGs	12
3.1 Map of Dehradun	19
3.2 Location Map of Dehradun City	20
3.3 DMC's Elected/Political Wing	21
3.4. Organizational Structure of Administrative Wing of the DMC	22
3.5. Pictorial Representation of proposed three-tier system for ULBs	23
4.1. Typical Local Government revenue sources	28
4.2. Municipal Revenue and Municipal Expenditure	30
4.3. Municipal Tax Revenue, Non-Tax Revenue and Own Revenue	30
4.4. Total Own-Revenues vs Total Expenditure of all the ULBs in India	31
4.4a Municipal Own Revenue and Intergovernmental Transfers	31
4.5. Trends in the Total Revenue and Expenditure of DMC	33
4.6. Trends in the Total Revenues of the DMC	33
4.7. Composition of the Total Revenues of the DMC	34
4.8. Composition of the Total Own Revenues of the DMC	34
4.9. Trends in the Total Own Revenues of the DMC	35
4.10 Trends in Total Tax Revenues of the DMC	36
4.11 Composition of Total Tax Revenues of DMC	36
4.12 Trends in Non-Tax Revenues of the DMC	37
4.13 Trends in the Non-Tax Revenues of the DMC	38
4.14 Trends in the Transfers of DMC	39
4.15 Composition of Transfers in DMC	39
4.16 Trends in the Total Expenditure of DMC	41
4.17 Composition of the Total Expenditure of the DMC	41
4.18 Trends in the Revenue Expenditure of the DMC	42
4.19 Composition of Revenue Expenditure of the DMC	43
4.20 Total Own Revenues Vs. Revenue Expenditure	44
4.21 Occupational background of the Lok Sabha (Lower House of the Parliament)	50
N1. Total Own-Revenues vs Total Revenue Expenditure of all the ULBs in India	97

List of Boxes

1.1	Emergence of new towns	3
1.2	Historical anecdote	6
2.1	Mandatory provisions	15
2.2	Discretionary provisions	16
3.1	Mythological and Historical Significance of Dehradun	20
3.2	Some Obligatory Functions of the DMC	24
3.3	Twelfth Schedule of the COI	24
3.4	Members of the DPC	27
4.1	Dependency Syndrome	46
4.2	Rural-bias	49
4.3	Rural vs Urban funding	51
4.4	Towns remade villages	52
4.5	Case of SEZs	53
N1	Rural vs Urban Decentralization	97

List of Annexures

Annexure 1 - Categories of people Interviewed	63
Annexure 2 - Seventh Schedule (Art. 246)	64
Annexure 3 - Part IX A: The Municipalities	68
Annexure 4 - Twelfth Schedule (Art. 243 W)	76
Annexure 5 - Obligatory (Art. 114) and Discretionary (Art. 115) Duties of the Corporation	77
Annexure 6 - The Uttarakhand District Planning Committee Act, 2007	83
Annexure 7 - Administrative Structure of Dehradun Municipal Corporation (DMC)	89

List of Acronyms

ASICS –	Annual Survey of India’s City System
AMRUT –	Atal Mission for Rejuvenation and Urban Transformation
bn –	billion
CAA –	Constitutional Amendment Act
CE –	Capital Expenditure
CG –	Central Government
COI –	Constitution Of India
COVID-19 –	Corona Virus Disease 2019
cr –	crore (1 cr = 10 million)
CRISIL –	Credit Rating Information Services of India Limited
DEA –	Department of Economic Affairs
DEAL –	Defence Electronics Application Laboratory, GOI
DM –	District Magistrate
DMC -	Dehradun Municipal Corporation
DPC –	District Planning Committee
DRDO –	Defence Research and Development Organization, GOI.
DRG –	Development Research Group
EOLI –	Ease Of Living Index
ET –	Economic Times
FC –	Finance Commission
FE –	Financial Express
FRI –	Forest Research Institute, GOI
FSFC –	Fourth State Finance Commission
GDP –	Gross Domestic Product
GOI –	Government Of India
GoUK –	Government of Uttarakhand
GST –	Goods and Services Tax
HHC –	Honourable High Court
HPEC –	High Powered Expert Committee
HR –	Human Resource
ICRA –	Information and Credit Rating Agency
ICT –	Information and Communication Technology
IDSMT –	Integrated Development of Small and Medium Towns
IIP –	Indian Institute of Petroleum, GOI
IIRS –	Indian Institute of Remote Sensing, GOI
IMA –	Indian Military Academy, GOI
IMF –	International Monetary Fund
KHC –	Kerala High Court
LBFL –	Local Bodies Finance List
LG –	Local Government
LSG –	Local Self Government

MBs –	Municipal Bonds
MC –	Municipal Corporation
MDDA –	Mussoorie Dehradun Development Authority
MDGs –	Millennium Development Goals
MGI –	McKinsey Global Institute
MLA –	Member of Legislative Assembly
mn –	million
MNREGS –	Mahatma Gandhi Rural Employment Guarantee Scheme
MoHUA –	Ministry of Housing and Urban Affairs, GOI
MP –	Member of Parliament
MPC –	Metropolitan Planning Committee
NIPFP –	National Institute of Public Finance and Policy, GOI
NITI Aayog –	National Institution for Transforming India Aayog, GOI
NND –	Nagar Nigam Dehradun
NPM –	New Public Management
NTR –	Non-Tax Revenues
NWAP –	North Western and Awadh Provinces
OBCs –	Other Backward Classes
OECD –	Organization for Economic Cooperation and Development
ONGC –	Oil and Natural Gas Commission
O&M –	Operation & Maintenance
PCI –	Planning Commission of India, GOI
PPP –	Public Private Partnership
PRIs-	Panchayati Raj Institutions
PT –	Property Tax
RBI –	Reserve Bank of India, GOI
RCUES –	Regional Centre for Urban and Environmental Studies, GOI
RE –	Revenue Expenditure
RP –	Research Paper
SARC –	Second Administrative Reform Commission, GOI
SCs-	Schedule Castes
SDGs –	Sustainable Developmental Goals
SEC –	State Election Commission
SFC –	State Finance Commission
SG –	State Government
STs –	Schedule Tribes
TE –	Total Expenditure
TR –	Total Revenue
UCLG –	United Cities and Local Governments
UDD –	Urban Development Directorate, GoUK
UDPCA –	Uttarakhand District Planning Committee Act
ULBs –	Urban Local Bodies
UN –	United Nations

UNDESA –	United Nations Department of Economic and Social Affairs
UNDP –	United Nations Development Programme
UNESCO –	United Nations Educational, Scientific and Cultural Organization
UP –	Uttar Pradesh
UPMCA –	Uttar Pradesh Municipal Corporation Act
UPNNA –	Uttar Pradesh Nagar Nigam Act
VLT –	Vacant Land Tax
WCs –	Wards Committees
WGUG –	Working Group on Urban Governance
WP –	Writ Petition

Abstract

The world, including India, is rapidly urbanizing with more and more people living in the cities. Consequently, cities have come to be realized as the harbinger of economic growth and prosperity. Correspondingly, this rapid urbanization has also been accompanied by increasing complexities and responsibilities of urban administration that progressively face daunting tasks of providing decent and livable conditions to all its citizens. However, to deal effectively with these increasing responsibilities and duties, it is imperative for the higher-level governments, including the Central Government (CG) and State Government (SG), to provide the Urban Local Bodies (ULBs) (i.e., the institutionalized form of Local Government (LG)) with requisite powers, functions and funds/finances. However, various studies, including the present research paper concerning the study of the Financial Performance of Dehradun Municipal Corporation (DMC), clearly elucidate that though the responsibilities of the ULBs/DMC have increased enormously, there hasn't been a commensurate increase in their powers and funds/finances thereby, severely constraining their capacities to perform effectively and deliver the required services. During the course of the analysis, the main reasons ascertained for this unfortunate performance comprised administrative, financial and political reasons.

The administrative-reasons mainly included lack of adequate staff/personnel (especially skilled/trained personnel) available with the ULB/DMC. The financial-reasons mainly included deficient/insufficient financial autonomy devolved to the ULB/DMC, resulting in its heavy dependence on the SG for funds/finances. However, whatever minimal revenue-sources and taxes are available with the ULBs/DMC even their exploitation is not very promising. Most of the ULBs often fall short of even collecting the basic O&M costs through user charges/fees (one, due to lack of adequate staff; two, inefficient collection by the available staff; three, political resistance towards collection and raising of user charges/fees). Similarly, the tax collection is also not optimum. However, the political-reasons appeared to be the most prominent and overarching ones which mainly included: a sense of anti-urban bias in the politico-administrative set-up; reluctance exhibited by SG and bureaucracy to devolve greater power, functions and fund/finances to the ULBs; desire of SG, rural LGs and people to remain rural; and apprehensions and uneasiness exhibited by senior politicians who see the elected members of the ULBs as their future competitors. All these have cumulatively resulted into half-hearted/perfunctory-decentralization whereby, though the ULBs/DMC do exist in reality but to a large extent heavily dependent on SG for funds/finances and devoid of adequate functional/financial autonomy.

The research therefore, recommends: substantial devolution of functions to the ULBs; augmentation of their human resources alongwith enhancement in their capabilities through regular training/workshops; and enhancement of their finances. However, since decentralization and empowerment of ULBs is a political process, the implementation of these recommendations will inadvertently require the requisite political will among central/state/local leaders who are expected to remain committed towards greater local participation and decision-making.

Relevance to Development Studies

The study is relevant to Development Studies considering the fact that urbanization and decentralization are presently a global phenomenon continuously reshaping the relationship between higher-level governments, LGs and the citizens. The research, by examining the case of DMC, tries to explore these relationships (however, mainly concentrating on the relationship between the SG and the LG/ULB), which can have great practical and academic relevance.

Granting substantial powers and funds/finances to the ULBs and building their capacities will allow the ULBs not only to effectively fulfill their increasing responsibilities and duties but also amass greater popular support and faith among the people thereby, adding to their legitimacy.

Keywords

Urbanization, Decentralization, LG, ULBs, Financing, Revenue and Expenditure.

Chapter 1 : Introduction to Research

1.1 Introduction

The world is “urbanizing rapidly” (UN 2018). Though the trend has been universal/global but off-late it seems to be more prevalent in low-and-middle income/developing-countries (Bahl et al.2014: 4). As a result these countries presently host close to 2/5th of the world-population and 3/4th of its urban-population (Satterthwaite 2014a: 279), with the urban-population in these countries proliferating from 304 million (mn) in 1950 to 2.6 billion (bn) in 2010 and further postulated to rise to 5.12 bn by 2050 (Table 1.1).

<i>Urban population (millions of inhabitants) Major area, region, country or area</i>	1950	1970	1990	2010	Projected for 2030	Projected for 2050
World	745	1,352	2,281	3,559	4,984	6,252
More developed regions	442	671	827	957	1,064	1,127
Less developed regions	304	682	1,454	2,601	3,920	5,125
Least developed countries	15	41	107	234	477	860
Sub-Saharan Africa	20	56	139	298	596	1,069
Northern Africa	13	31	64	102	149	196
Asia	245	506	1,032	1,848	2,703	3,310
China	65	142	303	660	958	1,002
India	63	109	223	379	606	875
Europe	281	412	503	537	573	591
Latin America and the Caribbean	69	163	312	465	585	650
Northern America	110	171	212	282	344	396
Oceania	8	14	19	26	34	40
Per cent of the population in urban areas						
World	29.4	36.6	43.0	51.6	59.9	67.2
More developed regions	54.5	66.6	72.3	77.5	82.1	85.9
Less developed regions	17.6	25.3	34.9	46.0	55.8	64.1
Least developed countries	7.4	13.0	21.0	28.1	38.0	49.8
Sub-Saharan Africa	11.2	19.5	28.2	36.3	45.7	56.5
Northern Africa	25.8	37.2	45.6	51.2	57.5	65.3
Asia	17.5	23.7	32.3	44.4	55.5	64.4
China	11.8	17.4	26.4	49.2	68.7	77.3
India	17.0	19.8	25.5	30.9	39.8	51.7
Europe	51.3	62.8	69.8	72.7	77.4	82.2
Latin America and the Caribbean	41.4	57.1	70.3	78.8	83.4	86.6
Northern America	63.9	73.8	75.4	82.0	85.8	88.6
Oceania	62.4	71.2	70.7	70.7	71.4	73.0
Per cent of the world's urban population						
World	100.0	100.0	100.0	100.0	100.0	100.0
More developed regions	59.3	49.6	36.3	26.9	21.4	18.0
Less developed regions	40.7	50.4	63.7	73.1	78.6	82.0
Least developed countries	2.0	3.0	4.7	6.6	9.6	13.8
Sub-Saharan Africa	2.7	4.1	6.1	8.4	11.9	17.1
Northern Africa	1.7	2.3	2.8	2.9	3.0	3.1
Asia	32.9	37.4	45.2	51.9	54.2	52.9
China	8.7	10.5	13.3	18.6	19.2	16.0
India	8.5	8.1	9.8	10.6	12.2	14.0
Europe	37.6	30.5	22.0	15.1	11.5	9.5
Latin America and the Caribbean	9.3	12.1	13.7	13.1	11.7	10.4
Northern America	14.7	12.6	9.3	7.9	6.9	6.3
Oceania	1.1	1.0	0.8	0.7	0.7	0.6

Table 1.1: “The distribution of the world’s urban population by region, 1950-2010 with projections to 2030 and 2050” (UN cited in Satterthwaite 2014a: 280).

This urban-growth is further characterized by:

- a corresponding increase in the number of large cities - with the number of ‘million-cities’ increasing from 2 in 1800 to 449 in 2010, mainly in the low-and-middle income countries;
- an increase in the area of the existing cities - whereas, in 1800 the average size of the world’s 100 largest cities was less than 0.2 mn inhabitants, by 2010 it has increased to 7.8 mn inhabitants (Table 1.2).

Region	1800	1900	1950	2010
<i>Number of ‘million cities’</i>				
World	2	16	75	449
Africa	0	0	2	50
Asia	1	3	26	226
China	1	1	9	95
India	–	1	5	43
Europe	1	9	23	54
Latin America and the Caribbean	0	0*	8	63
Northern America	0	4	14	50
USA	–	4	12	44
Oceania	0	0	2	6
<i>Regional distribution of the world’s largest 100 cities</i>				
World	100	100	100	100
Africa	5	2	3	10
Asia	63	22	34	50
China	23	13	10	21
India	18	4	6	9
Europe	28	54	33	7
Latin America and the Caribbean	3	5	8	16
Northern America	0	15	20	15
USA	0	15	18	13
Oceania	0	2	2	2
Average size of the world’s 100 largest cities	187,520	728,270	2.0 m	7.8 m

Table1.2: “The distribution of the world’s largest cities by region over time” (UN and Satterthwaite cited in Satterthwaite 2014a: 281).

Further, urban centres are not only characterized by growing population but also by increasing economic activity (Bahl et al.2014: 2; NITI Aayog 2018). Infact, almost all the wealthiest nations of the world are predominantly urban (Palanivel 2017) and even those countries that have grown in the past few years have also urbanized (Satterthwaite 2014a: 282). Henderson (cited in Jha 2013: 219) finds a very strong positive-correlation of 0.85 between the level of urbanization and GDP-per-capita. Moreover, most of the cities encourage concentration of producers, consumers, buyers, sellers, firms and workers (World Bank 2008). Thus, cities form the backbone of the economy and therefore, are largely believed to be “the agent and instrument of economic growth and industrial expansion” (Pinto 2000: 15) so-much-so that off-late is being said that “what happens to the growth of the nation is largely dependent on what happens in the cities” (Jha 2013: 291)^[1].

Over the years India has also tremendously urbanized (Batra 2009: 3; MoHUA 2019: 9). From a mere population of 26 mn, accounting for 10.8% of the total population in 1901, the urban population has increased to 377 mn in 2011 accounting for 31.2 % of the total population (Table 1.3).

Census Year	Number of UAs/ Towns	Total population (in millions)	Rural Population (in millions)	Urban Population (in millions)	Urban Population as percentage of total Population.
1901	1,830	238	213	26	10.8
1911	1,815	252	226	26	10.3
1921	1,944	251	223	28	11.2
1931	2,066	279	246	34	12.0
1941	2,253	319	275	44	13.9
1951	2,822	361	299	62	17.3
1961	2,334	439	360	79	18.0
1971	2,567	548	439	109	19.9
1981	3,347	683	524	160	23.3
1991	3,769	846	629	218	25.7
2001	4,378	1,027	742	285	27.8
2011	6,507	1,210	833	377	31.2

Table 1.3: Urban Population in India, 1901-2011 (Census of India cited in Khan 2019: 21)

Between the years 2001 and 2011 the urban population in India grew by 3.3% which is higher than the 2.1% growth registered between 1991-2001 (MoHUA 2019: 9). Not only that, a large number of new towns have also emerged in the same period (Box 1.1).

Box 1.1 Emergence of new towns

A large number of new towns have emerged during 2001-2011. For instance, the number of statutory towns increased by 6.4% from 3799 to 4041 whereas the census towns increased by 185.8% from 1362 to 3892 (MoUHA 2019: 8-17) during the same period.

Statutory towns: all places with a municipality, corporation, cantonment board or notified town area committee, etc. so declared by state law.

Census towns: places which satisfy the following criteria:

- A minimum population of 5,000;
- At least 75 per cent of the male main working population engaged in non-agricultural pursuits; and
- A density of population of at least 400 persons per sq. km.

Urban Agglomeration (UA): An urban agglomeration is a continuous urban spread constituting a town and its adjoining outgrowths (OGs), or two or more physically contiguous towns together with or without outgrowths of such towns. An Urban Agglomeration must consist of at least a statutory town and its total population (i.e. all the constituents put together) should not be less than 20,000 as per the 2001 Census.

Source: Census of India 2011 (n.d.)

Also, in some of the states, namely Goa, Mizoram, Tamil Nadu, Kerala and Maharashtra, the urban-population has soared close to 50% or more of the total population (Table 1.4). Furthermore, cities/urban centres are now progressively seen as ‘locus and engine of economic growth’ (PCI 2011: 378) contributing 63% towards India’s GDP (NITI Aayog 2018) which is slated to increase further to 70-75% by 2030 (PCI 2011: 378) thereby, challenging the persisting myth that ‘India lives in the villages’.

State	Percentage of Urban Population as per 2011 Census
Goa	62.17
Mizoram	52.11
Tamil Nadu	48.4
Kerela	47.7
Maharashtra	45.22

Table 1.4 Percentage of Urban Population in some states (Source: MoHUA 2019: 14)

Sadly though, this rapid urbanization, in most of the low-and-middle income countries (including India), has occurred not only without the commensurate increase in essential services like water, sanitation, drainage and solid-waste-management (Satterthwaite 2014b: 310) but also with unplanned growth, traffic-congestion, housing shortages, overexploitation of resources, environmental-pollution and degradation, encroachments, and an increase in crime rate among other issues. The matter is further exacerbated by a large flow of migrants from rural-to-urban areas in search of reasonable employment which has additionally led to the proliferation of “unhygienic and dehumanizing” slums which are no more than a “naked manifestation of urban poverty” (Pinto 2000: 16-17). One of the probable reasons derived for this pitiable state has been the practice of the top-down conventional approach of governing urban areas by the “apex of political systems” (Manor 1999: 29) which have not provided the desirable results of enhancing transparency and improving administration and delivery of services. Further, with ever increasing number of activities, it is becoming practically impossible to administer any scheme/programme effectively from a distanced central authority (Rondinelli 1983: 32-33). Consequently, decentralization has been contemplated “as a new means to meet the challenges by the [ULBs]” (Bhagat 2005: 62). Several studies, including those conducted by Bardhan et al.(2004), Galasso et al.(2004), Foster et al.(cited in Shah et al.2004: 10), Shah et al.(2004: 12), Brilantes et al.(2012: 315) and RBI (Mohanty et al.2007: v) have also shown a positive relationship between decentralization and improved administration and delivery of services. “Finally, India’s size and population growth do seem to favour greater decentralization” (Singh. 1999: 184).

1.2 Decentralization

The past few decades have been marked by the emergence of decentralized governance increasingly seen as “a panacea for various ills concerning development” (Hatti et al.2010) accompanied with greater devolution of political, economic and administrative authorities to these LGs (Bardhan et al.2006: 1) and expected to result in greater transparency, accountability and responsiveness (Green cited in Faguet et al.2014: 16). The underlying logic behind the ongoing change is threefold: one, that the LGs are in a better position to understand the needs of the local residents (Johnson 2003: 1; Hatti et al.2010); two, the belief that participation of the people in planning, decision-making, implementing and monitoring is the essence of democracy (Blair 2000: 22) and such a change is only possible when powers and controls exercised by central/federal governments are decentralized to the lower level governments (for instance state, districts, blocks, municipalities, and villages); and three, citizens/public should have the right to hold the government accountable i.e., demand-side/social-accountability (Yilmaz et al.2010: 261). This is the essence of what is known as Democratic-Decentralization^[2].

According to Oates (1972: 55) “each public service should be provided by the jurisdiction having control over minimum possible area that would internalize benefits and costs of such provisions”. Similarly, Gaster et al.(cited in Fenwick et al.1998: 28-29) believes that decentralization entails taking

decisions “nearer to the point of service delivery.....to make services accessible in every sense of them”.

Likewise, Rondinelli (1981 cited in Rondinelli et al.1983: 13) defines decentralization as the “transfer of responsibility for planning, management and resources raising and allocation from central government and its agencies to : (a) field units of the central government ministries or agencies, (b) subordinate units or levels of government, (c) semiautonomous public authorities or corporation, (d) area-wide regional or functional authority, or (e) nongovernmental private or voluntary organization”. All these definitions underline a strong relationship between efficiency and proximity of a representative government to the people (Shah et al.2006:3).

Decentralization, broadly can be categorized into four types (Rondinelli et al.1983: 14-32): deconcentration, delegation, devolution and privatization.

- Deconcentration: indicates transfer of administrative authority or responsibility to a local representative of CG/SG. It intends to redistribute the workload between centrally and locally located offices.
- Delegation: indicates transfer of managerial responsibility regarding specific functions to either the LG or the representatives of the CG/SG in the region. However, the ultimate responsibility rests with the CG/SG.
- Devolution: indicates the formulation and strengthening of LG through legal (i.e., constituted through a statute or constitutional amendment/provision) or financial (with more devolution of financial powers) means or both. These bodies are largely autonomous and outside the direct control of the CG/SG.
- Privatization: indicates the process through which the government divests its responsibility to perform certain functions to voluntary or private organizations.

Though decentralization may have many forms but the basic premise is to ensure democratization of power by ensuring effective people’s participation in the decision-making.

Another important principle governing decentralization is the Principle-of-Subsidiarity according to which unless otherwise required all functions related to regulation, administration, taxing and expenditure should be performed by the lower level decentralized governments (Shah et al.2006: 4). “In other words, what can be done best at a particular level should be done at that level and not at higher levels. Only the residual should be passed to the higher levels” (Awortwi 2016: 45). Thus, Principle-of-Subsidiarity intends to enhance “democracy by encouraging decision-making closer to the region or problem at hand” (Evans et al.2014: 2).

Local self-government (LSG) is the institutionalized form of Democratic-Decentralization. LSGs or LGs are “said to be the best form of government largely because of their close proximity with the citizens” (Jha 2013: 282) thereby allowing them to actively participate in decision-making and shoulder the responsibilities in managing and regulating the affairs of the concerned local areas. The term LG is generally used to refer “to a decentralized, representative institution with general and specific powers, devolved upon it and delegated to it by central or provincial government, in respect of a geographical area within a nation or state, and in the exercise of which it is locally responsible and may to a certain degree act autonomously” (Waldt 2007: 4). Thus, a LG is an institution established by law (by the CG/SG) to serve the people of a particular area with their active participation.

1.3 A brief introduction to Research

1.3.1 Working title

Local Government Finances: Financial Challenges faced by the Dehradun Municipal Corporation

1.3.2 Indication of the problem

India has undergone rapid urbanization over the past few decades with the urban population increasing from 26 mn in 1901 to 377 mn in 2011 (Table 1.3). This growth in urban population has also been accompanied by an increase in the area of the existing towns as well as emergence of new towns/cities. The cities, have also come to be known, are the harbingers of economic activity constituting 63% of India's GDP (NITI Aayog 2018). Simultaneously, the growth has also added to the complexities of urban administration. Consequently, there has been a growing realization among policy makers and civil society that the present cities cannot be effectively governed by the conventional top-down-approach and thus requires appropriate decentralization encouraging /facilitating people's participation (i.e., local problems require local solutions). This has thus led to a growing interest among various quarters regarding decentralization and urban local governance.

1.3.2.1 Need for the Study

Rapid urbanization/urban-growth has resulted in the enormous proliferation of the duties of the ULBs. However, to deal effectively with these increasing responsibilities there needs to be a commensurate increase in the funds available with them. However, number of studies have shown, that though the responsibilities of the ULBs have increased tremendously, there hasn't been a comparable increase in the availability of resources with them. Consequently, most of the ULBs are unable to perform their required duties effectively due to dearth of funds (NIPFP 2001; HPEC 2011; NITI Aayog 2018; ICRIER 2019). Infact FSFC (2016) believes that today's ULBs are worse-off as compared to the earlier times (a small historical anecdote may also corroborate this (Box 1.2)). This thus presents an ample opportunity to study the reasons behind this existing conundrum where on one hand, with the increasing urban population the responsibilities of the ULBs are continuously increasing while on the other hand, the funds/resources available with them are not increasing commensurately thereby severely restricting their performance.

Box 1.2 Historical anecdote

In 1924 during the elections for the ULBs people of eminence like Pandit Jawaharlal Nehru, Sardar Vallabh Bhai Patel, Dr. Rajendra Prasad and Chitranjan Das contested and became the Mayors of Allahabad, Ahmedabad, Patliputra (now Patna) and Calcutta (now Kolkata) respectively. These people then went on to occupy the highest positions in independent India with Pandit Jawaharlal Nehru becoming the first Prime Minister of India, Dr. Rajendra Prasad the first President of India and Sardar Vallabh Bhai Patel the first Home Minister of India. Today, it is more or less inconceivable to have people of such eminence, stature and knowledge occupying the posts of mayors of the cities.

It is further said that Chitranjan Das, the then Mayor of Calcutta, had approached the then Governor General (GG) of Bengal to appoint a Municipal Commissioner of his choice, to which the GG reluctantly agreed. Chitranjan Das accordingly went ahead and appointed Subhash Chandra Bose as the Municipal Commissioner of Calcutta (quite contrary to the current/existing practice of Municipal Commissioners being appointed by the SG).

(Source: Narayan 2015).

The present RP therefore, aims to study the financial position of the ULBs in Uttarakhand with special reference to Dehradun Municipal Corporation (DMC). DMC is:

- one of the oldest municipalities in Uttarakhand (constituted in 1867);
- first municipality in Uttarakhand to be upgraded to the status of Municipal Corporation in 2000;
- largest Municipal Corporation in Uttarakhand – both in terms of population and number of wards (presently has 100 wards);
- accounts for 40% of the overall revenue/expenditure incurred by all the Municipal Corporations in Uttarakhand (Table 1.5 & 1.6). [Note: 1 cr=10 mn]

Consequently, a study of financial performance of the DMC would, to a certain extent, reflect upon the general status of the financial standing of the ULBs in Uttarakhand.

Year	Total Revenues of the DMC (in Rs.cr)	Total Revenues of all the Municipal Corporations in Uttarakhand (in Rs. cr)	Share of DMC (%)
2011-12	48.35	109.02	44.35
2012-13	48.97	139.86	35.01
2013-14	59.7	166.71	35.81
2014-15	66.81	145.87	45.80
Total	223.83	561.46	39.87

Table 1.5 Total Revenues of MCs in Uttarakhand (Source-DMC and FSFC 2016: 50)

Year	Total Expenditure of the DMC (in Rs.cr)	Total Expenditure of all the Municipal Corporations in Uttarakhand (in Rs. cr)	Share of DMC (%)
2011-12	48.4	115.63	41.86
2012-13	60.73	141.18	43.02
2013-14	53.68	138.08	38.88
2014-15	57.83	159.83	36.18
Total	220.64	554.72	39.78

Table 1.6 Total Expenditure of MCs in Uttarakhand (Source-DMC and FSFC 2016: 56)

1.3.3 Objectives

- To understand the evolution of urban local governance in India.
- To study the organizational set up and functions of DMC.
- To study the demographic profile of DMC.
- To understand the income and expenditure patterns of DMC.
- To suggest various measures to improve the financial status of DMC.

1.3.4 Research Question

Main research question: What are the financial challenges faced by the DMC?

Sub question 1: What challenges does the DMC face in raising resources through their own sources?

Sub question 2: What are the patterns of expenditure?

1.3.5 Methodology

The RP begins with a brief introduction to urbanization and the concept & evolution of decentralization followed briefly by discussions on the financial performance of the ULBs in India and Uttarakhand thereby providing a basic framework towards studying the financial performance of the DMC. This is consequently followed by the study of financial performance of the DMC for the period between 2008-09 and 2018-19.

The study utilizes both quantitative as well as qualitative data collection methods. The quantitative data mainly includes secondary financial data obtained from DMC (for the period between 2008-09 to 2018-19) and ICRIER as well as the Census data aggregated from Census of India and other published resources; whereas the qualitative data includes secondary data in the form of literature review of several related books, articles, journals, magazines, acts/legislations alongwith primary data collected through online semi-structured interview with officials concerned with the functioning of the DMC.

Secondary data

The research primarily relied on secondary data assimilated through review of various published books, magazines, journals, and articles related to the research problem. Further, various publications of the CG/SG (for instance by the MoHUA and FSFC) were also referred to. Acts/legislations related to the functioning of the DMC in particular and ULBs in general were also considered (important ones being UPNNA/UPMCA (Uttar Pradesh Municipal Corporation Act), 1959 and the COI (Constitution of India)). Most importantly, budgets, revenue records and balance sheets of the DMC were also analysed.

Primary data

The primary qualitative data was mainly collected through online/telephonic semi-structured interview of the personnel associated with the working of the DMC. The main purpose of these interviews was to ascertain the reasons behind the observable trends established as a result of quantitative analysis of the available data. Since, discerning the trends required better interaction alongwith elaborative explanation therefore, the choice of semi-structured interview seemed suitable. Consequently, interviews with 5 categories of people were conducted, namely:

- Officers of the SG;
- Officers of the SG on deputation to the DMC;
- Municipal cadre officials posted in DMC;
- Permanent employees of the DMC;
- Elected members.

(However, to preserve their identities, I am not disclosing their names and ranks (Annexure 1)).

This enabled me not only to get an overview of the functioning of the DMC and the detected trends but also gave me insights concerning the existing perceptions of both the executive and elected members about each other.

The online/telephonic interviews were necessitated by the widespread prevalence of COVID-19 pandemic. Though the online interviews provided a sense of flexibility and minimized operational costs related to data collection, it deprived me of studying any non-verbal cues. Further, the pandemic made field visits inaccessible depriving me of first-hand experience/observation of the working as well as record-keeping at the DMC (infact at one stage, one of the leading officials of the DMC became COVID positive, resulting in the closure of the office for several days). Further, the pandemic also restricted any informal interviews and discussions with the officials which could have added to the results.

1.3.5.1 Methods

Simple statistical tools including percentages, growth rate, averages have been employed to highlight the important findings and trends (while depicting some of them graphically).

1.3.6 Limitations

- The Research Paper (RP) incorporates the study of only one MC i.e., the DMC.
- The study is restricted to a period of only 10 years from 2008-09 to 2018-19.
- Data collection and interaction with interviewees were severely hindered/restricted due to prevalence of COVID-19.
- Availability of structured data with the DMC (took me approximately two months to collect and collate the data).
- Time constraint.

1.3.7 Plan of Study

Chapter 1

- Summarily discuss issues related to urbanization and the need for decentralization.
- Briefly provide an introduction to the RP.

Chapter 2

- Discuss the concept of Decentralization.
- Illustrate the historical evolution of urban local governance in India with special reference to the 74th Constitutional Amendment Act (CAA), 1992.
- Simultaneously, discuss the evolution of ULBs in Uttarakhand.

Chapter 3

- Describe the evolution of DMC.
- Mention the structure/powers/functions of DMC.
- Summarily analyse the functions of DMC, especially with respect to the status of the implementation of the mandatory/discretionary provisions as elaborated in the 74th CAA in DMC.
- Concurrently, examine the progress made in the devolution of the functions to the DMC in accordance with the functions mentioned in the 12th Schedule of the COI.

Chapter 4

- Analyse the Revenues/Expenditure of DMC.
- Explore the reasons: administrative, financial, political.

Chapter 5

- Suggestions to enhance the finances of the DMC.

Chapter 6

- Conclusion.

Chapter 2 : Evolution of Decentralization

The last few decades have witnessed an “increasing [trend towards] devolution of political, economic and administrative authority to local government” (Bardhan et al.2006: 1) instigated further by the process of globalization alongwith technological-revolution (Bardhan 2002: 185; Litvack et al.1998: 4).

In the initial years after the second world-war decentralization was merely seen as deconcentration of “hierarchical government structures and bureaucracies” (Cheema et al. 2007: 2) lacking “serious democratic component” (Blair 2000: 21). However, over the years the understanding regarding decentralization has undergone a considerable shift and is now seen as a mechanism for sharing power, authority, responsibility and resources between different levels of government thereby encouraging wider participation in decision-making (Cheema et al.2007: 2). A further impetus to decentralization was provided by changes adopted by the various international aid/donor agencies who started prescribing decentralization as a means for Good Governance (Bardhan 2002: 185; Dickovick 2014: 194; Jutting et al.2004: 7; Rondinelli 2006). Not only that, domestically also numerous social and pressure groups started demanding greater participation in decision-making. For instance, in India, during the mid-1980s the pro-democracy social activists realizing that there is a strong connection between India’s rampant inequalities and lack of participation at the local-level (Dreze and Sen cited in Weinstein et al.2014: 50), started demanding greater devolution of resources and authority. Also, the realization that most of the development schemes were designed by distant technocrats “insensitive to the local community needs and concerns” (Bardhan cited in Weinstein et al.2014: 50), evoked a need for contextual and decentralized participative solutions.

The emergence of New-Public-Management (NPM) movement further accentuated the process of decentralization. The NPM approach which emerged as a response to the highly inefficient bureaucratized state set-up emphasized adoption of a more business-like-model to governance “stressing the importance of market orientation and customer orientation” (Dijk 2006: 45) . Consequently, concepts like “cost efficiency, markets, competition, contracts, devolution, decentralization, etc.” (Self cited in Christensen 2006 : 448) started gaining prominence. NPM further advocated a changed role of the state and insisted the state to be a “steerer rather than a rower and oversee service provisions rather than deliver them directly” (Cheema et al.2007: 4). NPM also emphasized greater participation from private-sector and the civil-society in decision-making thereby, stimulating decentralization.

Globalization, on its part also played a major role in emphasizing the importance of decentralization. Most importantly the progress made in the fields of ICT; trade and investment; and market of goods and services worldwide “[created] new pressures on the government to decentralize” (Cheema et al.2007: 5). Investors, on their part, also showed more interest in those cities that exhibited the potential in providing continuous social infrastructure and essential services. Consequently, cities started competing with one another to “sell themselves for a number of investments” (Kearns et al. cited in Edelenbos et al.2017: 2) which at times may have required them to “delink themselves from the national economies” (Edelenbos et al.2017: 2) thereby indicating their tendency towards decentralizing. However, such a shift requires the presence of a strong LG which not only has the power and the authority to raise their own-revenues but also has the authority and capability to take their own-decisions.

2.1 Rationale for Decentralization and Local Governance

“[People] will solve problems better at the local level, if they are allowed to do so” (Dijk 2006: 32) thereby, not only leading to a more flexible and effective government but also contributing towards stimulating innovation and morale of the employees (Osborne et al. cited in Dijk 2006: 32-33).

Further, it has been observed that due to their proximity and knowledge of the local populace and conditions the LGs are more suitable to comprehend and tackle the existing and imminent challenges related with urbanization (e.g., poverty, education, water, environment, etc.) (Cheeseman et al.2017: 6) and realize the enumerated SDGs. Further, being “closer to the people” (Faguet et al.2014: 5; Murthy et al.2015: 3), LGs provide an opportunity to them to participate and be appropriately informed about the decisions of the government (which unfortunately, often is inaccessible (Waldt 2007: 2)). Being closer to the people also ensures that the LGs are under continuous public scrutiny thereby, stimulating greater accountability and transparency (Johnson 2003: 8). Furthermore, participation in LG tends to be a valuable educative experience/process (Asirvatham 1955: 185-186) for the local-leaders as it helps them acquire the requisite knowledge and experience desired for participation in higher-level governance and politics.

Further, there seems to exist a positive-correlation between the achievement of Millennium-Development-Goals (MDGs) and the level of decentralization (Awortwi 2016: 45) i.e., countries that have decentralized more have performed better in terms of achieving the MDGs (Vergel cited in Awortwi 2016: 46) (Figure 2.1). The UNDP (2015: 5) also claimed that the attainment of many MDGs “depended upon [successful participation/involvement of the] local government and local stakeholders”. Consequently, efficient LGs are imperative towards achieving the SDGs and especially SDG 11 which seeks to “make the cities and human settlements inclusive, safe, resilient and sustainable” (UN n.d.).

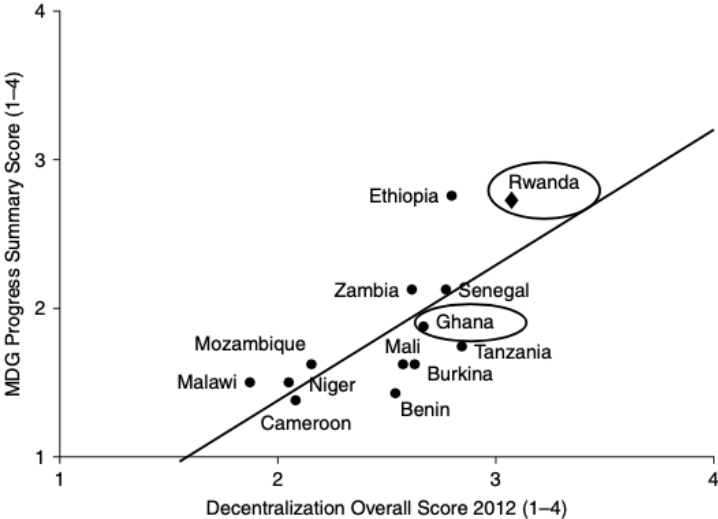


Figure 2.1: “Decentralization and progress towards MDGs” (Awortwi 2016: 46)

Decentralized governance also provides a pertinent platform for people from the traditionally disadvantaged and marginalized-groups (Chakrabarty et al.2019: 194-195; Faguet et al.2014: 5; Johnson 2003: 7), like underprivileged castes, women, minorities and disabled-people, to get appropriate

representation (e.g., in India 1/3rd of the total seats in the LGs are reserved for women. Similarly, seats are reserved for Schedule Castes(SCs)/Schedule Tribes (STs) in proportion to their population).

Decentralization (by means of LG) also tends to initiate-and-steer Local Economic Development (Westphal 2011: 11) by “creating growth, employment and reliable sources of revenue for local citizens and local governments” (Awortwi 2016: 52). It also tends to provide strategic guidance to entrepreneurs (Helmsing cited in Awortwi 2016: 49) as well as coordinates with CG/SG and private non-state actors to enhance competitiveness, production, and productivity of the region. Further, it can also play a major role in ensuring that the local resources are effectively utilized (World Bank cited in Saito 2008: 4) for the development of local economy. Also by laying emphasis on enhancing the managerial and technical capacities of the local actors the LG can promote local-entrepreneurship (Awortwi 2016: 52).

Most importantly, if implemented in the right spirit decentralization has the power to win “the credibility of investors and voters” (Cruz et al.2011: 4) and thereby enhance/foster the legitimacy of the government (Faguet et al.2014: 15; Fiske 1996: 8; Manor 1999: 86). Decentralization also leads to “interactive policy making” (IGNOU 2006: 16) whereby various stakeholders, both state as well as non-state, come together to take decisions and suggest alternative measures resulting not only in a more people-oriented and participative-approach but also in better delivery of various essential services like water and sanitation (Awortwi cited in Awortwi 2016: 49). This, in-turn allows the people to not only have a better understanding of the government decisions but also ensure ownership of the decisions. Thus, all-in-all decentralization enhances downward accountability (i.e., accountability-towards-constituents (Faguet et al.2014: 16)). Furthermore, decentralization can cut red-tapism; allow better and closer relationship between people and government; enhance the managerial and technical capacities of the staff of the local institutions; allows the top administrative staff to concentrate more on important tasks (since most of the routinized duties are taken care of); institutionalize participation of the people; counter the practice of capture by local elites; reduce the cost of planning; and allow the people to plan, execute, monitor, and evaluate the performance of the government agencies (Cheema et al. cited in IGNOU 2006: 15; Rondinelli 1999: 4-5).

At the same time it is worth mentioning that decentralization is not a panacea for all ills (Bardhan et al.2006: 8; Narayan 2017; Rondinelli 1999: 5) as it is often itself infested by a number of problems including interference by the higher-level governments and senior politicians; lack of adequate human and financial resources leading to overdependence on state-government; lack of appropriate technical and managerial skills; capture by the local elites; and corruption, which at times, as several studies have indicated, may lead to non-attainment of the desired objectives (Bardhan et al.2006; Cheema et al.2007; Lessmann et al.2009; Rondinelli 1981; Rondinelli et al.1983). But, this is not to state that decentralization is unpromising, rather with increase in volume and complexities of activities, it is increasingly becoming difficult for the concentrated government to perform all the functions effectively and efficiently from the centre. Therefore, there is a growing need for decentralization in order to make the government more representative, responsive, and accountable.

2.2 Evolution of Decentralization and Urban Local Government in India

After independence many developing-countries, including India, sought to pioneer development through the mechanism of central-planning (Rondinelli et al.1983: 7). The aim was to bring about all-round-development and welfare. However, with rising complexity and quantum of tasks disillusionment started to grow against central/national planning (Bardhan 2002: 185; Fleurke et al.2006: 39;

Rondinelli et al.1983: 6-7) as it was found wanting in achieving the important objectives of balanced growth, eradication of poverty, and social welfare, largely due to lacking “time and place knowledge” (Hayek cited in Ostrom et al.1993: 51). Hence, the need for decentralizing the responsibilities and authority to local levels gained prominence eventually leading to the passage of 73rd and 74th CAA in 1992 in India.

The passage of 73rd and 74th CAA in 1992 have been heralded as a landmark in the progression of LG in India. These amendments not only provided constitutional status to the Panchayati Raj Institutions (PRIs) in rural areas and ULBs in urban areas but also strengthened their continuity (through the mandatory provision of holding elections after every five years) (Chaudhari 2006: 153). Further, the act desired the SG to devolve certain powers, responsibilities and resources to the LGs in order to ensure that they work efficiently as “institutions of self-government” (Chaudhuri 2006: 153). The amendments also ensured participation of weaker/marginalized sections of the society by ensuring reservation of seats for women and SC/STs. [In the RP, I will mainly be focusing on the evolution of ULBs (related to 74th CAA)].

However, it must be noted that the passage of 74th CAA, 1992 is not a “greenfield” (Chaudhuri 2006: 154) initiative to empower the LSG in urban areas. Several initiatives had been taken prior to it. Here, I would be discussing some of the prominent ones.

2.2.1 History of Urban Local Governance in India

History of planned urban development is not something new in India. Even the Indus Valley Civilization was marked by “wide streets, market places, public offices, community bath, drainage and sewerage system” (Aijaz 2007: 6). Further, during the Mughal-period, the post of Kotwal existed who additionally used to supervise the municipal functions (RCUES n.d.: 7-8).

The Mughals were succeeded by the Britishers. Though initially the Britishers continued with the system of centralized-planning but eventually started experimenting with decentralization with the establishment of the first MC in Madras (now Chennai) in 1687 followed by the establishment of MCs in Bombay (now Mumbai) and Calcutta (now Kolkata) in 1726. Lord Mayo’s resolution of 1870 also provided the essential momentum for decentralization. Two things stood out in the resolution: one, need for the Indians to be associated in administration; and two, the desire to have elected-representatives in the ULBs (Chakrabarty 2019: 28; IGNOU 2006: 269; RCUES n.d.: 9).

However, it is Lord Ripon’s resolution of 1882 which is hailed as the ‘Magna carta’ of urban-LSG in India (IGNOU 2006: 269; RCUES n.d.: 10) which allowed urban-LSGs to take “firm roots in India, and [become] the groundwork for democratic institutions in higher spheres” (Pannikar cited in Mathur 2006: 170) . Consequently, Lord Ripon is referred to as the father of urban-LSG in India. The resolution advocated the “establishment of a network of local self-government institutions” (Aijaz 2007: 7) and discussed about their composition, powers and finances. It laid significant emphasis on “political and popular education” (IGNOU 2006: 269; Maheshwari cited in RCUES n.d.: 10). One of the prominent recommendation of Lord Ripon was to assign the responsibilities of municipal administration to the elected representatives (Chakrabarty 2019: 29).

The Government of India (GOI) Act, 1919 further embolden the LSG by categorizing it as a transferred subject i.e., transferred from the control of the district-officials into the hand of the Indian ministers. The municipal bodies were also given greater functional, financial and taxation powers in various fields including public-convenience, drainage, water-supply, lighting (Mathur 2006: 170;

SARC 2007: 222). However, the GOI Act, 1935 curtailed this autonomy and transferred the subject of LSG to the provincial governments whereby, from then on all matters pertaining to the LSG including their powers, functions and taxation, came under the purview of the provincial governments (now SGs) (Mathur 2006: 170; SARC 2007: 222). This arrangement has continued till date and the subject of LSG still remains under the control of the SGs (as item no. 5 of the State List (i.e., List II of the Seventh Schedule) of the COI (Annexure 2)).

After independence a number of committees and commissions were appointed by the GOI to study the functioning of the existing-ULBs and suggest ways-and-means to enhance their performance [some of the prominent ones were: the Taxation Enquiry Committee headed by John Mathai, 1953-54; Committee of Ministers on Augmentation of Financial Resources of ULBs headed by Rafiq Zakaria, 1963; Rural Urban Relationship Committee headed by A P Jain, 1963-68]. All these committees and commissions suggested various means and methods to strengthen the ULBs. However, not much was achieved except for the creation of some new ULBs in various parts of India whereas the issues related to their powers, functions and taxation remained unclear.

However, the 74th CAA, 1992 has made a sincere effort to rectify this and strengthen and democratize the ULBs. The CAA:

- Has given constitutional status to the ULBs, thereby making it obligatory for the SGs to constitute municipalities.
- It added Part IX A to the COI which consists of provisions from 243 P to 243 ZG dealing with functionalities of the ULBs (Annexure 3).
- It also added the Twelfth Schedule to the COI (related to Article 243 W) dealing with 18-functional items desired to be devolved to the municipalities (Annexure 4).
- It envisages three types of municipalities [Art. 243 Q(1)]: Nagar Panchayats for transitional-areas i.e., for those areas which are transforming from rural-to-urban; Municipal Council for smaller urban-areas; and Municipal Corporations for large urban-areas.

The CAA contains both mandatory (Box 2.1) as well as discretionary (Box 2.2) provisions (the mandatory-provisions are indicated by “shall” and the discretionary-provisions by “may” in the COI).

Box 2.1 Mandatory provisions (GOI 2015: 139-149)

- Creation of Wards [Art. 243 R(1)]
- Creation of Wards Committees [Art. 243 S(1)] by combining one or more wards in municipalities having a population of more than 3 lakhs
- A duration of 5 years for every municipality [Art. 243 U(1)]
- Compulsory elections before the expiry of 5 year term of every municipality [Art. 243 U(3)]
- Reservation of seats for SC/STs [Art. 243 T(1)]
- Reservation of not less than 1/3rd of seats for women [Art. 243 T(3)]
- Creation of State Election Commission (SEC) [Art. 243 ZA]
- Creation of State Finance Commission (SFC) [Art. 243 Y]
- Creation of District Planning Committee (DPC) [Art. 243 ZD] and Metropolitan Planning Committee (MPC) [Art. 243 ZE]

- Composition of Municipalities [Art. 243 R(2)] and Wards Committees [Art. 243 S(2)]
- Prescribing powers, functions and responsibilities of the Municipalities [Art. 243 W] and Wards Committees
- Provisions related to augmentation of financial resources and taxation [Art. 243 X].

2.3 Urbanization and Evolution of Urban Local Bodies in Uttarakhand

Uttarakhand also has been rapidly urbanizing. According to Table 2.1 the urban population in Uttarakhand has increased from a mere 0.78 mn in 1901 to 3.06 mn in 2011. Similarly, urban decadal growth has increased from a mere 2.16% in 1931 to 45.27% in 2011 (which incidentally is higher than the national decadal growth-rate of 31.81% in urban-areas (MoHUA 2019: 13)). [Note: 1 lakh=0.1 mn]

Decades	Urban Population (in Lakh)	Urban Decadal Growth Rate (%)	Urban Annual Exponential Growth Rate
1901	7.80	—	—
1911	8.37	16.13	1.51
1921	9.06	6.87	0.67
1931	8.51	2.16	0.21
1941	10.35	38.15	3.32
1951	13.60	48.00	6.10
1961	13.74	23.80	2.17
1971	16.36	48.16	4.07
1981	20.07	56.38	4.66
1991	22.97	42.20	3.63
2001	25.59	32.81	2.90
2011	30.55	45.27	6.20

Source: Uttarakhand Rural–Urban Distribution, COI, 2001–2011.

Table 2.1: “Trends of Urbanization in Uttarakhand 1901-2011” (Census of India cited in Sati 2013: 10)

Within Uttarakhand (Table 2.2), Dehradun with a population of 0.56 mn has the maximum urban-inhabitants. Table 2.2 also reveals that the trend towards urbanization is mainly dominated by the plain districts namely Dehradun, Haridwar, and Udham Singh Nagar, vis-à-vis hilly districts.

Districts	2001 (in Thousand)	2011 (in Thousand)	Decadal Growth Rate (%)
Uttarkashi	7.77	7.35	-5.67
Chamoli	13.69	15.11	16.54
Rudraprayag	1.20	4.19	263.03
Tehri	9.90	11.37	17.06
Dehradun	52.94	55.90	39.90
Pauri	12.89	16.41	25.37
Pithoragarh	12.94	14.31	16.26
Bageshwar	3.16	3.50	16.51
Almora	8.61	10.02	14.36
Champawat	15.04	14.79	13.52
Nainital	35.27	38.94	38.22
Udham Singh Nagar	32.62	35.58	45.33
Haridwar	30.84	37.77	63.11
Uttarakhand	25.67	30.55	45.27
India	27.81	31.16	31.80

Source: Uttarakhand Rural–Urban Distribution, COI, 2001–2011.

Table 2.2: “Percentage share of Urban Population and Decadal Growth rates in the Districts of Uttarakhand”
(Census of India cited in Sati 2013: 11)

Urbanization in Uttarakhand is a result of both aspirations and distress. Aspiration, because facilities, amenities and opportunities have greatly improved in the urban-areas thereby, attracting large number of people and distress, because rural-areas/villages have been unable to satisfy the growing needs and aspirations of the people, thereby forcing the people to migrate to urban-areas.

2.3.1 Evolution of Urban Local Bodies in Uttarakhand

The State of Uttarakhand was carved out from the State of Uttar Pradesh (UP) on 9 November 2000 therefore, to a large extent the evolution of ULBs in Uttarakhand traversed a similar trajectory to that of the ULBs in UP.

UP, infact had an established “municipal culture” (Bercegol 2017: 50) and “played a pioneering role in the devolution of powers” (Bercegol 2017: 49) with municipalities established in Mussoorie in 1842 and Nainital in 1845 (RCUES n.d.: 9) followed by enactment of municipal legislations in Lucknow in 1856 and NWAP (North-Western-and-Awadh-Provinces) in 1873 (Bercegol 2017: 49-50). However, the main impetus to the development of municipalities in UP came with enactment of The Uttar Pradesh Municipalities Act, 1916 (RCUES n.d.: 12), the act still continues to be one of the main laws governing the municipalities in the state. Further, to govern larger municipal areas, the Government of UP enacted The Uttar Pradesh Municipal Corporation Act, 1959 (UPMCA 1959) which still remains a principle guider in the administration of MCs of UP, albeit with certain amendments. One of the prominent features of this Act was the provision creating separate elected and executive functionaries to look after the functioning of the corporations.

Further, in the year 1994 in consonance with the 74th CAA, the UP Government passed the Uttar Pradesh Local Self Government Law (Amendment) Act whose salient feature included permanency of tenure of the municipalities; reservation of seats for the weaker-sections of the society including SC/ST/OBCs and women; constitution of Wards-Committees and DPC; increase in the financial powers of elected and appointed officials of the urban-LSG; expansion of duties of ULBs; and constitution of SFC.

Uttarakhand, formerly being a part of UP experienced a similar trajectory to that of UP. Even after its formation it has adopted the UP Act of 1916 as Uttarakhand (The Uttar Pradesh Municipalities Act, 1916)(Third Amendment) Act, 2005 and the Act of 1959 as Uttarakhand (The Uttar Pradesh Municipal Corporation Act, 1959)(Amendment) Act, 2017. However, to its credit, the number of municipal organizations has increased tremendously. Presently there are 8 Municipal Corporations known as Nagar Nigams (including DMC), 41 Municipal Councils known as Nagar Pallikas and 43 Nagar Panchayats (UDD n.d.).

Chapter 3 : Dehradun Municipal Corporation (DMC)

Dehradun (Figure 3.1), the capital of Uttarakhand, located in the foothills of the Himalayas is known for its natural beauty and salubrious climate. Due to its scenic beauty and salubrious climate, Dehradun also happens to be one of the most important tourist destination not only in Uttarakhand but also the whole of India. Also, it is regarded as one of the safest city to live in (FE Online 2018)^[3].

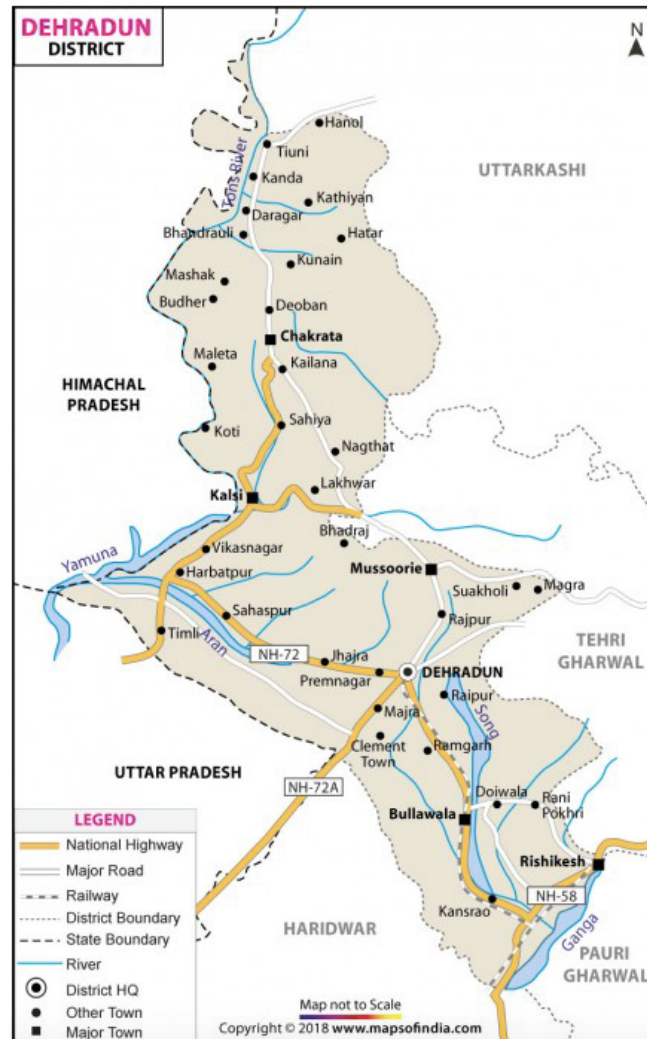


Figure 3.1 Map of Dehradun (Source: District Dehradun n.d.)

Dehradun also has great mythological and historical significance (Box 3.1).

Box 3.1 Mythological and Historical Significance of Dehradun (Urban Development Department 2007: 6)

The area in and around Dehradun has great religious and mythological significance and is believed to be: the land of Lord Shiva; the land where Lord Ram and Lakshman performed penance; and the land where the Pandavas rested while on their way to the mountains. Apart from these mythological connections, Dehradun also has historical significance:

- Dehradun is formed of two words, 'Dehra' which means camp and 'Dun' which means valley. During the 17th century AD the Sikh Guru Ram Rai came to Dehradun and set up his camp here. From then on the city has been known as Dehradun (even today every year Jhanda fare is organized in his memory).
- In the 18th century it was attacked by Sikhs and Gujjars.
- From 1803-05 it was annexed by the Gorkhas.
- In 1815, the British took over Dehradun from the Gorkhas and merged it with the existing district of Saharanpur.
- In 1825 it was transferred to the Kumaon Division.
- However, in 1829 it was again transferred from Kumaon to Meerut Division.
- In 1842, it was again attached to Saharanpur district and placed under a Deputy Collector. However, since 1871 it is being governed as a separate district.
- In 1968, it was again transferred from Meerut Division to the Garhwal division (and is still a part of it).

3.1 Dehradun Municipal Corporation (DMC)

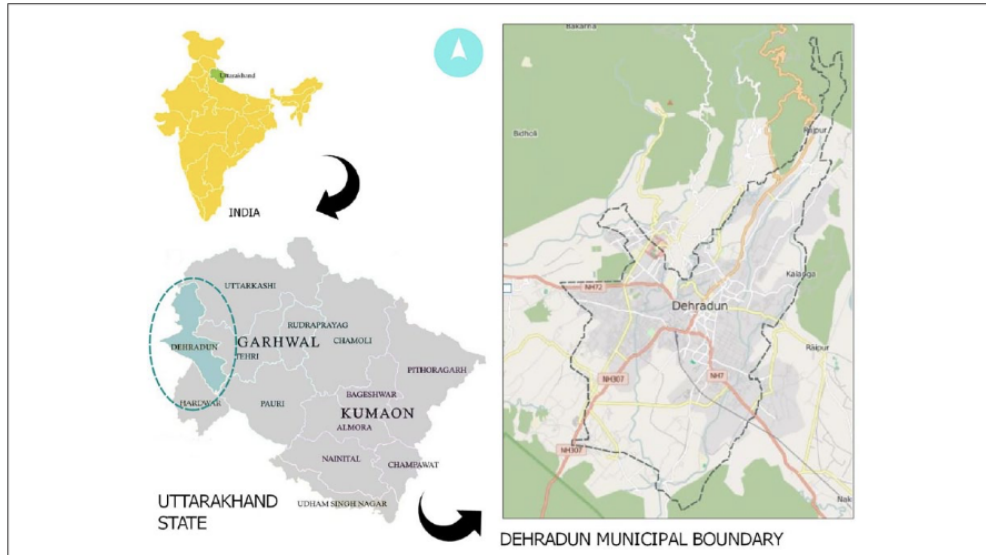


Figure 3.2 Location Map of Dehradun City (Habeb et al.2019: 2)

The DMC was established in the year 2000 under The Uttar Pradesh Municipal Corporation Act (UPMCA), 1959 and is locally known as Nagar Nigam Dehradun (NND).

Parameters	Status
Number of wards	100 (40 additional wards were added in 2018)
Area under Dehradun Municipal Corporation (Sq. Km.)	192 (prior to 2018 it was 62 sq. km.)
Population as per Census 2011	8.04 lakhs (prior to 2018 it was 5.70 lakhs)
Sex Ratio	907
Literacy Rate	88.36%
Road length	1951.59 km (for 60 wards; survey is undergoing for the additional 40 wards)
Surfaced Road (% of total road)	1057.47 km (54.19%)
Solid waste collected	350 tons/day
Solid waste treated	300-350 tons/day

Table 3.1 DMC at a Glance (Source: DMC; Census 2011 (n.d.))

According to the Census 2011, when the DMC comprised 60 wards, the population of DMC has increased from 4.27 lakhs in 2001 to 5.70 lakhs in 2011 registering a decadal growth of 34.49% thereby reflecting a trend towards increasing urbanization. This can largely be attributed to the creation of large number of Small and Medium Enterprises in-and-around Dehradun which has attracted people not only from the rural-areas of the state but also from outside, who have relocated here for work.

The sex ratio of DMC is 907 females/1000 males which is higher than 884 females/1000 males i.e., the overall sex ratio of urban-areas in the state. Similarly, the literacy rate of DMC is 88.36% which is again higher than 84.45% i.e., literacy rates of the urban-areas in the state.

Economically, the city has been witnessing strong economic growth since the creation of Uttarakhand on account of increase in tourism and industrial activities and also due to the presence of large number of educational and government institutions. Due to the rising population and growing economic activities the demand for new infrastructure and services as well as the maintenance of the existing infrastructure has been growing significantly.

3.1.1 Organizational Structure of DMC

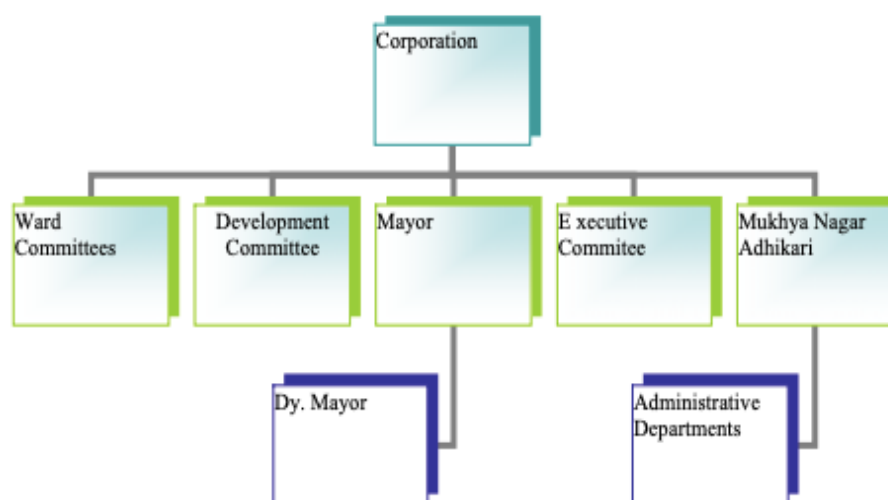


Fig. 3.3 DMC's Elected/ Political Wing (Urban Development Department 2007: 87)

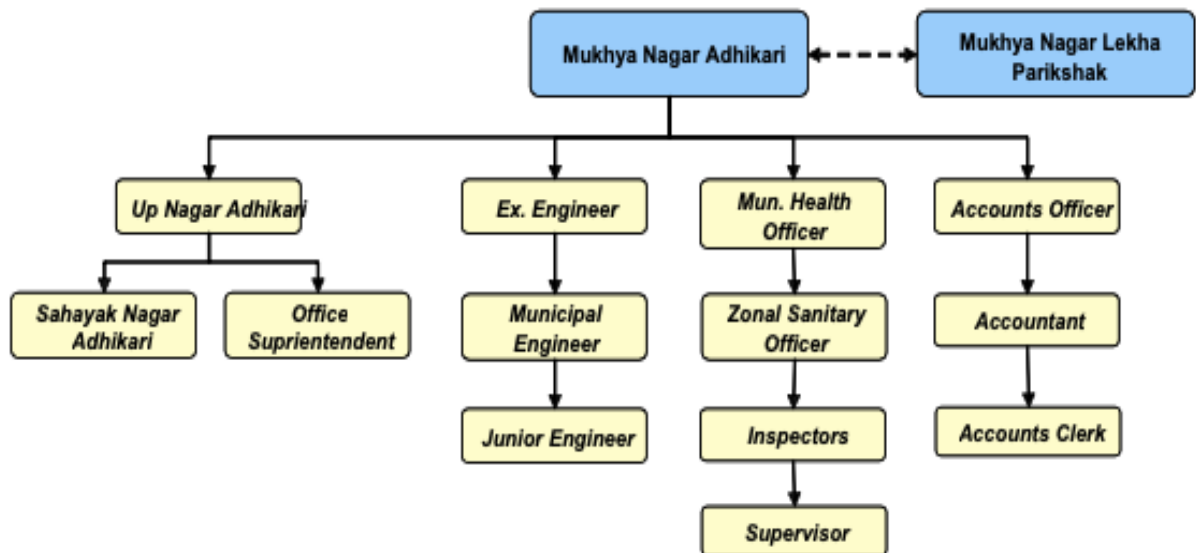


Fig 3.4 Organizational Structure of Administrative Wing of the DMC (Urban Development Department 2007: 87)

The DMC consists of 100 wards represented by 100 ward-members/corporators/councilors directly elected by the voters for a period of 5 years. The Mayor, the Chairperson of the DMC, is also directly elected by the people/voters for a period of 5 years. The Deputy Mayor, on the other hand, is indirectly elected by the ward-members of the DMC.

The governance of the DMC/NND can be divided into two wings namely, elected and administrative wings (Figure 3.3 & 3.4). According to Section 5 of the UPMCA, 1959 the authorities responsible for implementing the provisions of the Act are:

- The Corporation;
- The Wards Committees (WCs);
- The Executive Committee;
- The Mayor;
- The Development Committee;
- The Municipal Commissioner and one or more Additional Municipal Commissioner;
- Any other committees constituted by the Corporation with the prior approval of the State Government (UPMCA 1959 n.d.: 14)

However, discussions with the officials and ward-members revealed that the committee systems at the DMC are not as “effective and developed as desired”:

- The Executive-Committee [Sec. 51 (UPMCA, 1959 n.d.: 49)], which consists of the Mayor (ex-officio chairman of the Executive-Committee) and 12 other persons elected by the ward-members from amongst themselves (with one-half of the members retiring every year), is largely responsible for the overall functioning, administration and decision-making at the DMC.
- The Development-Committee [Sec. 54 (UPMCA 1959 n.d.: 50)], supposedly responsible for developmental works at the DMC, which is headed by the Deputy Mayor and consists of 10 other members elected by the ward-members from amongst themselves (with one

half of them retiring every year), though constituted presently is “inactive”. One, due to the “non-election of the Deputy Mayor since 2013” and two, there is a “reluctance” on part of the higher bodies/functionaries within the DMC to “devolve and share any powers with any other bodies/functionaries”.

- The COI envisages the constitution of WCs in cities having a population of greater than 3 lakhs, combining one or more wards, and consisting of all the elected ward-members within its jurisdiction, with the aim to “address local problems” (MoHUPA 2016: 107) through active citizen-participation. Infact, some prominent commissions and bureaucrats have gone a step further and propagated the concept of Area Sabhas within each ward (SARC 2007: 208; Ramchandran 2020), comprising one or more polling stations, to further enhance citizen-participation (Figure 3.5).



Figure 3.5 Pictorial Representation of proposed three-tier system for ULBs (SARC 2007: 211)

However, within DMC, quite contrary to the spirit of the COI, WCs have been constituted on the basis of 1:10 electoral ward ratio [Sec 6A (UPMCA 1959 n.d.: 15)], which due to its enormous size and population, discourages any effective-participation (whereas, extensive research has shown that WCs should be smaller in size to ensure any effective-participation (Vaidya 2009: 15)).

Further, the existing WCs are largely “inactive” on account of the “complexities associated with the nomination process”, “ambiguously defined nature of duties” and above all “reluctance on sharing of power” (as described above).

- In addition to the above mentioned committees, the GoUK has established *Moballa Swachh Samitis* (Colony Sanitation Committees) which are responsible for overall sanitation including door-to-door garbage collection and street sweeping.

The *MNA (Mukhya Nagar Adhikari)*, now designated as Municipal Commissioner, is the executive and administrative head of the DMC who is appointed by the SG. All the employees of the DMC work under his general supervision and control. However, the MNA is not statutorily placed under the supervision and control of the Mayor which may at times lead to misunderstandings and conflicts.

3.1.2 Functions of the DMC

The functions of the DMC are mentioned in Chapter V of the UPMCA 1959. The Act provides for an exhaustive list of functions to be performed by the MCs, which have been classified into obligatory (Sec. 114) and discretionary (Sec. 115) functions (Annexure 5). The idea behind this classification is the premise that obligatory-functions (Box 3.2) have to be performed by the MCs and therefore, provisions for the budget have to be made whereas the discretionary-functions may be taken up depending upon the availability of the budget and the acceptance/approval accrued by the SG.

Box 3.2 Some Obligatory Functions of the DMC

Some of the important obligatory functions of the DMC according to Sec. 114 of UPMCA, 1959 include (UPMCA 1959 n.d.: 96-99):

- City cleanliness
- Solid Waste Management (SWM)
- Making provisions for street lights
- Preventing and checking the spread of contagious diseases
- Birth/death registration
- Removal of encroachment from public places, etc.

Furthermore, the Twelfth Schedule (Box 3.3) corresponding to the Sec. 243 W of the COI, which deals with the powers, authorities and responsibilities of the ULBs, also desires the SG to devolve 18 functions mentioned in it to the ULBs.

Box 3.3 Twelfth Schedule of the COI (related to Art 243 W) (GOI 2015: 362)

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

An extensive reading of the tasks mentioned in Annexure 5 and Box 3.3 clearly elucidate that the tasks are multiple and exhaustive which in-turn requires/necessitates the ULBs to have requisite administrative and financial capacity.

3.1.3 Status of Implementation of Mandatory and Discretionary Provisions (as mentioned in the COI)

Table 3.2 Status of Mandatory Provisions

Provision	Status
Art. 243 R(1) – Creation of Wards	Done. There are 100 wards in DMC.
Art. 243 S(1) – Creation of Wards Committees	Done (with one wards committee comprising 10 wards).
Art. 243 U(1) – Duration of 5 years	Yes.
Art. 243 U(3) – Compulsory election after every 5 years.	Yes.
Art. 243 T(1) – Reservation of seats for SC/STs.	Yes.
Art. 243 T(3) – Reservation of not less than 1/3 rd seats for women.	Yes.
Art. 243 ZA – Creation of SEC (State Election Commission).	Yes.
Art. 243 Y – Creation of SFC (State Finance Commission).	Yes.
Art. 243 ZD – Creation of DPC (District Planning Committee)	Yes (but with opportunity/possibility for the SG and senior politicians like the Minister, MPs (Members of Parliament) and MLAs (Members of Legislative Assembly) whereby, they may influence the proceedings of the DPC).
Art. 243 ZE – Creation of MPC (Metropolitan Planning Committee).	No (although not yet required, as only advised for Metropolitan areas i.e., areas having a population of greater than 10 lakhs/1 mn).

Table 3.3 Status of Discretionary Functions

Provisions	Status
Art. 243 R(2) – Composition of Municipalities.	Yes (ongoing).
Art. 243 S(2) – Composition of Wards Committees.	Yes (ongoing).
Art. 243 W – Prescribing powers, functions and responsibilities of the municipalities	Yes (ongoing).
Art. 243 X – Provision related to augmentation of financial resources and taxation.	Yes (ongoing).

Table 3.4 Status of the Functions to be devolved to the ULBs according to the Twelfth Schedule of the COI (Art 243 W).

No.	Service Area	Whether being executed by DMC or not?	Notes (in case DMC is not the prime executor)
1	Urban planning and town planning	No	Executed by MDDA
2	Regulation of land-use and construction of buildings	No	Executed by MDDA
3	Planning for economic and social development	Yes	-
4	Roads and bridges	Partially	Mainly executed by PWD (only internal streets done by DMC)
5	Water supply for domestic, industrial and commercial purposes	No	Executed by Jal Nigam & Jal Sansthan
6	Public health, sanitation conservancy and solid waste management	Partially	Public health mainly executed by the Health department; Liquid waste management mainly executed by Jal Nigam, Jal Sansthan; Solid waste management executed by DMC.
7	Fire services	No	Executed by Fire Department
8	Urban forestry, protection of the environment and promotion of ecological aspects	Partially	Mainly executed by Forest Department
9	Safeguarding the interest of the weaker sections of society, including handicapped and mentally retarded	Yes	-
10	Slum improvement and upgradation	Yes	-
11	Urban poverty alleviation	Yes	-
12	Provision of urban amenities and facilities such as parks, gardens playgrounds	Yes	Jointly executed by DMC & MDDA
13	Promotion of cultural, educational and aesthetics aspects	Partially	Education mainly executed by the Education Department
14	Burial and burial grounds; cremations, cremation grounds; and electric crematoriums	Yes	-
15	Cattle pounds; prevention of cruelty to animals	Yes	-
16	Vital statistics including registration of births and deaths	Yes	-
17	Public amenities including street lightning, parking lots, bus stops and public conveniences	Yes	-
18	Regulation of slaughter houses and tanneries	Yes	-

The above tables do not create a propitious impression. Not only the discretionary provisions have not been effectively implemented but also some of the mandatory provisions implemented are not in consonance with the spirit of the COI. The issue regarding WCs has already been discussed. Similarly, by making a Minister the Chairperson of the DPC, allowing for nomination of members by the SG and assigning the status of permanent invitees to the MPs and MLAs, the UDPCA (Uttarakhand District Planning Committee Act), 2007 (Annexure 6) has allowed for an opportunity/possibility whereby, the SG and the senior politicians may influence the proceedings of the DPC (Box 3.4).

Box 3.4 Members of the DPC

According to Section 4 of the UDPCA, 2007 (UDPCA 2007: 8-9) the DPC shall consist of the following members:

- 4/5th of the total members will be elected from the elected members of the Zila Panchayat and Municipalities in proportion to the ratio between the population of the rural and urban areas respectively in the district;
- 1/5th of the remaining members will consist of:
 - A Minister nominated by the SG as the Chairperson of the DPC;
 - The Chairperson of the Zila Panchayat;
 - The District Magistrate (ex-officio member); and
 - Other members nominated by the SG

Apart from the above-mentioned members, Section 6 of the UDPCA, 2007 (UDPCA 2007: 9) also prescribes certain permanent invitees to the DPC, which consist of:

- MPs (Members of Parliament) and MLAs (Members of Legislative Assembly), wholly or partially, representing the district;
- MLAs nominated by the Governor of the State; and
- Chairman of the Municipality situated in the District Headquarters.

Likewise, several critical areas like the liquid-waste-management, water-supply and especially town-planning (which could have been an appropriate instrument for resources/finance-mobilization) have been kept outside the purview of the DMC and remain either with the government-department or a parastatal-body (which at times may cause severe co-ordinational issues and inadvertently affect the quality of delivery of essential services). Further, the function related to urban-poverty alleviation, slum-upgradation and upliftment of the weaker-sections have traditionally been performed/funded by various schemes of the CG/SG consequently, there is reluctance on part of the ULBs to own and perform these functions. Further, though the COI mandates the creation of DPC (Art. 243ZD) to “consolidate the plans prepared by the Panchayats and the Municipalities in the district and to prepare a draft development plan for the district as a whole” (GOI 2015: 146) and forward it to the SG but it fails to clarify as to who will approve the draft plan and whether it is to be integrated with the state-plan at all (Mohanty 2014: 124). Further, there is also no clarity as to how the activities of the plan would be financed and coordinated when the activities per se span over multiple jurisdiction .

During the course of the analysis some of the major reasons ascertained for this unimpressive state of affairs include: an “anti-urban bias” (Ahluwalia 2019: 83; Jain 1979: 393) in the politico-administrative set-up; reluctance on part of the SG, rural governments and the people themselves to go urban; and reluctance exhibited by senior politicians and bureaucracy in devolving more powers/functions to the ULBs/DMC. [However, I will be discussing these issues in greater detail in the upcoming chapter].

According to SG-officials, DMC and its personnel suffers from: lack of capacity, capabilities and expertise; lack of availability of own-resources; disinterest shown by the staff as well as ward-members while performing their duties (e.g., in the course of collection of the taxes); political interference; and corruption. Nonetheless, it must be equally emphasized that DMC is not the only organization plagued with such problems, even the parastatal-agencies face similar situation, despite it, the SG continues to reinforce them with men and material (though if the same resources would have been diverted to the DMC, it would have been strengthened considerably). Even if we accept most of the above mentioned deficiencies, it is still upto the SG to show interest and initiate reforms.

Chapter 4 : Financial Analysis of Dehradun Municipal Corporation

“Financial management is a crucial element of municipal management” (Venkateswaran 2014: 93). According to Llyod George (cited in Sharma 1978: 449) “[all] government is finance”. Thavraj (cited in Rao 2017: 82) asserted that “Finance is the life blood of all monetized socio-economic formation ranging from simple nuclear families to complex national and international organizations”. Thus, it is largely believed that sound financial management is the crux towards sound and efficient administration. Hence, considerable attention should be devoted to it. Further, one cannot expect any public institution, like the ULBs, to deliver the required services unless and until it has the required finances. However, at the same time, it must also be realized that resources are not infinite and ULBs will always be constrained by it. Hence, “management of Municipal funds (including their control and safeguarding) is the fulcrum around which municipal service delivery revolves” (Khalo 2007: 186).

Finances of ULBs largely consists of revenues and expenditures made from them (Figure 4.1). The revenues of the ULBs can largely be divided into internal revenues (generated by the ULBs themselves) e.g., taxes, and user charges/fees, and revenue through external sources e.g., intergovernmental transfers, loans, and borrowings.

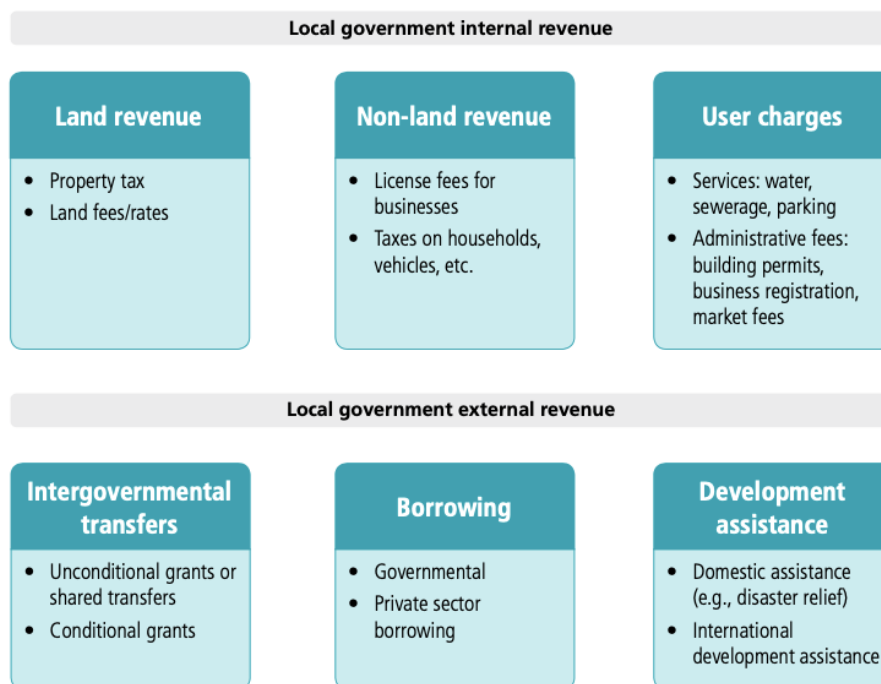


Figure 4.1: “Typical Local Government revenue sources” (Cheeseman et al.2017: 6)

The underlying belief is that the ULBs should be able to generate sufficient revenues through own-sources to provide suitable infrastructure and services to the people. However, the position of availability of resources/finances with the ULBs is not very promising and “more often than not, falls short of needs and expectations” (Smoke 2015: 34) wherefore, the gap between the revenues generated and the expenditure needs of the ULBs persists to increase/widen (UN Habitat 2015: 8). This in turn gravely affects not only the quantum and quality of infrastructure/services provided but also tends to have a negative impact on the future investments and prosperity of the cities.

4.1 Municipal Finances in India

The story of Municipal/ULBs Finances in India is not very different. Though their responsibilities have increased tremendously, there hasn't been a commensurate increase in their finances and they largely remain under "fiscal distress" (Standing Committee on Urban Development cited in SARC 2007: 223) and overdependent on the SG for funds. Similar views have been raised by Gupta et al.(2006) and Makandar (2013) while studying the financial performance of ULBs in Punjab and Karnataka respectively.

Similarly, Mathur (2016), while exhaustively studying the ULBs in India believed that though the 74th CAA, 1992 was a landmark and bestowed constitutional status to the ULBs, it still fell short of demarcating a clear revenue-base for the ULBs. In other words, it did not clearly delineate the taxation and revenue raising powers of the ULBs. Consequently, decisions regarding them are largely taken by the SG resulting in overdependence of the ULBs on the SGs for funds. This often generates situation where the ULBs are not even able to pay for their routine expenses like salaries/wages of the employees which are then incidentally paid by the SG (HPEC 2011: 125), reducing the ULBs thereby, to the mere status of state department. Correspondingly, NITI Aayog (2018a) also while commemorating the 25th Anniversary of the 74th CAA, 1992, deplored the delicate state of most of the ULBs whose problems are further compounded by the presence of various parastatal-organizations (leading to severe problems of cooperation and coordination).

The revenue position of the ULBs also suffer from a "narrow, inflexible [and a non-buoyant tax base]" (HPEC 2011: 124) aggravated further by their ineffective and inefficient collection of user-charges/fees. The Fifth Annual-Survey-of-India's-City-System (ASICS), 2017, covering 23 cities in 20 States of India, concluded that on an average the cities are able to "generate only 39% of the funds they spend" (ASICS 2019: 10) thereby, not only increasing their dependency on the CG/SGs for funds but also severely constraining their capacity to provide appropriate infrastructure and services. The pitiable state of investment in urban infrastructure is reflected by the fact that per-capita capital spending in Indian cities is only \$17 (Rs. 765), which is just 14% of China's \$116 and 4% of UK's \$391 (MGI 2010: 19), whereas the requirement is of \$134 (Rs. 6030) (MGI 2010: 23). But, unfortunately the per-capita revenue-generation of the ULBs stands at a mere Rs. 1430 (Finance Commission of India cited in Mohanty 2014: 121) which seems grossly inadequate. [Though the per-capita revenue-generation (Rs. 1430) is greater than the per-capita capital-spending (Rs. 765) but, since "the bulk [spending] goes towards staff salaries, pensions and operational expenses [i.e., high revenue-expenditure]"¹⁴, very minimal is left towards meeting the "huge capital expenditure requirements" (ICRIER 2019: 5)]. The ULBs in India are therefore, considered to be the weakest in the world in terms of their capacity to raise revenues, the financial autonomy they exercise (HPEC 2011: 124; Mohanty 2014: 120; ICRIER 2019: 2) and the "link in chain of state-society relations" (Heller 2011: 159).

Mohanty (2014: 120) corroborates the weak status of the Indian ULBs by comparing their financial position with the ULBs of some other countries. For instance, the ULB's revenue-to-GDP ratio is 4.5% in Poland, 6% in South Africa and 7.4% in Brazil (Bunkley et al. cited in Mohanty 2014: 120). However, the same ratio fluctuates between a paltry 0.7% (according to the 12th Finance Commission) and 0.94% (according to the 13th Finance Commission). Similarly, the municipal expenditure as a percentage-of-GDP in India is also very low at 1.09% compared to various other countries exhibited in Table 4.1.

Country	% of GDP
Australia	2.3
Austria	7.4
Belgium	6.9
Canada	7.2
Germany	7.2
Spain	6.4
Switzerland	9.7

Source: International Monetary Fund.
Government Finance Statistics. 2008.

Table 4.1 “Local government expenditure as a percent of GDP in several OECD countries” (NIPFP 2011: 36)

ICRIER (2019: 7) further substantiates the weak state of Indian ULBs by specifying that their revenues have stagnated “at around 1% of the GDP for over a decade” (ICRIER 2019: 2) (Figure 4.2).

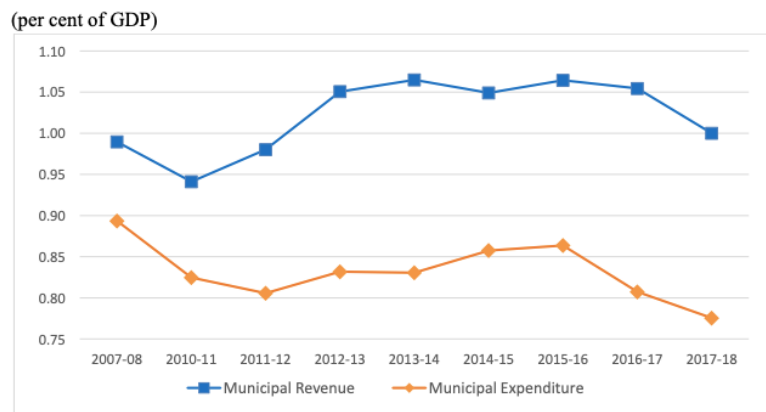
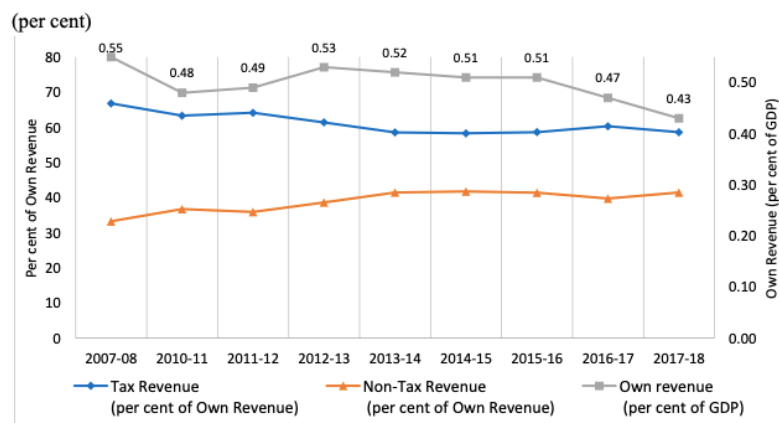


Figure 4.2: “Municipal Revenue and Municipal Expenditure” (ICRIER 2019: 7)

The status of ULBs’ own-revenues (Figure 4.3) is even worse standing at a mere 0.43% of the GDP (ICRIER 2017: 7). This is grossly inadequate to meet their expenditures, aggravated further by a substantial proportion being spent on establishment expenses thereby, leaving very minimal amount to meet their huge investment requirements (ICRIER 2019: 5). This consequently results into poor



Note: Own Revenue is plotted as per cent of GDP on the right vertical axis. Tax and non-tax revenue are plotted as per cent of own revenue on the left vertical axis.

Figure 4.3: “Municipal Tax Revenue, Non-Tax Revenue and Own Revenue” (ICRIER 2019: 8)

infrastructure arrangements resultantly “striking at the very root of country’s potential for economic growth and prosperity” (ICRIER 2019: 5).

Further, since the own-revenues of ULBs are grossly inadequate to meet their growing expenditure needs (Table 4.1a and Figure 4.4), the dependency of the ULBs on the CG/SG transfers has been continuously increasing (Figure 4.4a). [Note: 1cr = 10mn]

Year	Total Own Revenues (in Rs. Cr)	Total Expenditure (in Rs. Cr)	Total Own Revenues as percentage of Total Expenditure (%)
2010-11	37303.9	64192.8	58.11
2011-12	42632.7	70380.2	60.57
2012-13	52543.2	82701.9	63.53
2013-14	58248.9	93297.6	62.43
2014-15	63417.8	106916.7	59.32
2015-16	70223.2	118937.7	59.04
2016-17	72066.8	124006.9	58.12
2017-18	73331.3	132552.6	55.32

Table 4.1a Total Own-Revenues and Total Expenditure of all the ULBs in India (Source ICRIER (2019) and own calculations)

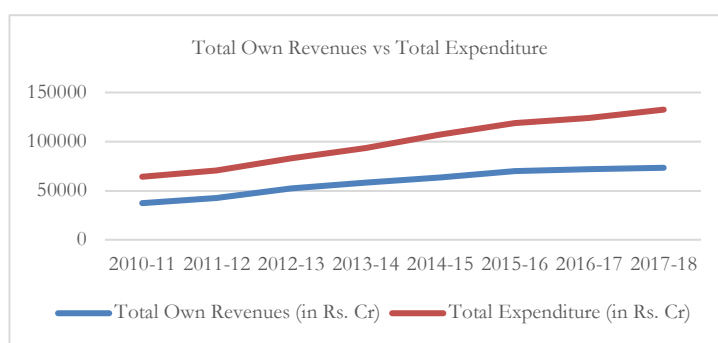


Figure 4.4 Total Own Revenues vs Total Expenditure of all the ULBs in India (Source ICRIER (2019) and own calculations)

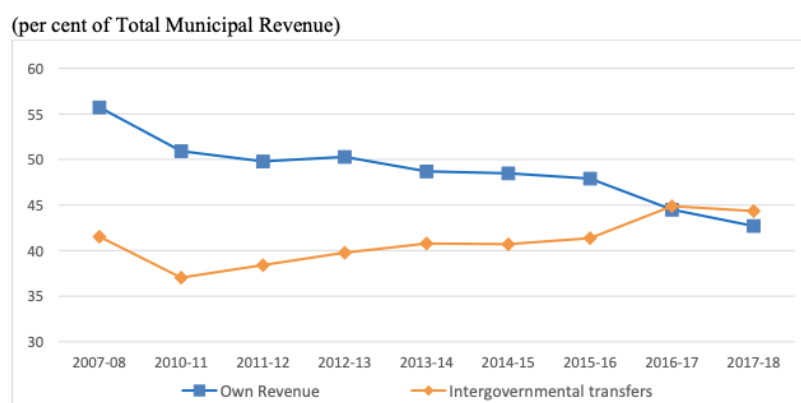


Figure 4.4a “Municipal Own Revenue and Intergovernmental Transfers” (ICRIER 2019: 11)

Thus, overall one can conclude that the municipal-sector in India has been largely neglected. Consequently, its “finance is out-of-sync with India’s changing socio-economic realities” and therefore, requires “major restructuring” (NIPFP 2011: x) in order to meet the growing needs of the cities/people.

4.2 Municipal Finances of Uttarakhand

The state of ULBs in Uttarakhand is not very promising. Infact, they are “hardly in a position to provide [the required] diverse services to its citizens” (FSFC 2016: 48) and “are weak institutions lacking funds, administrative capacity and the requisite power in many cases” (FSFC 2016: 48). Further, with the SG’s penchant towards transferring most of the important functions to the parastatal-bodies/government-departments, the ULBs have been transformed into much weaker entities as compared to what they were in the past (FSFC 2016: 48).

Source	2011-12 (₹)	%	2012-13 (₹)	%	2013-14 (₹)	%	2014-15 (₹)	%
Tax	97605863	9.0	104587459	7.5	102399587	6.1	154445352	10.6
Non-Tax	105450159	9.7	90356405	6.5	84648492	5.1	137065195	9.4
SFC	575929000	52.8	1006689089	72.0	905260000	54.3	862558314	59.1
CFC	127975000	11.7	12638000	0.9	109910000	6.6	166194000	11.4
Other	183284919	16.8	184347316	13.2	464894889	27.9	138413562	9.5
Total	1090244941	100	1398618269	100	1667112968	100	1458676423	100

Table 4.2 Consolidated receipts of Municipal Corporations in Uttarakhand (2011-12 to 2014-15) (FSFC 2016: 50)

Though the Table 4.2 indicates that the revenue generation in MCs in Uttarakhand has been considerable ranging from Rs. 1090.25 mn to Rs. 1667.11 mn between 2011-12 and 2014-15 but a deeper look indicates that most of it is composed of intergovernmental transfers (SFC (State Finance Commission)+CFC (Central Finance Commission)) ranging from 60.9% (in 2013-14) to 72.9% (in 2012-13), thereby indicating an overdependence on CG/SG for funds/finances.

4.3 Finances of DMC: a synopsis

The present analysis covers a time period between 2008-09 to 2018-19.

Total Revenue and Expenditure (in Rs.)			
Year	Total Receipts	Total Expenditure	Surplus/Deficit
2008-09	363926279	236459719	127466560
2009-10	287061154	308525290	-21464136
2010-11	507102540	437344841	69757699
2011-12	483469605	484020971	-551366
2012-13	489668494	607323691	-117655197
2013-14	596990649	536809179	60181470
2014-15	668098034	578325903	89772131
2015-16	712981953	693148835	19833118
2016-17	1053257175	1038713543	14543632
2017-18	2050781057	1385135702	665645355
2018-19	1762390591	1514849831	247540760

Table 4.3 Total Revenue and Expenditure of DMC (Source DMC)

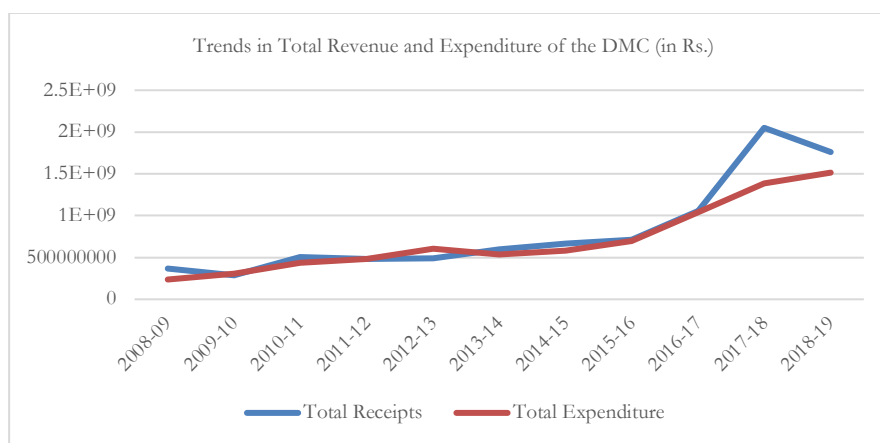


Figure 4.5 Trends in the Total Revenue and Expenditure of DMC (Source DMC)

Table 4.3 and Figure 4.5 clearly elucidates that there has been a general rise in both the revenues and expenditures in the concerned period, with the DMC mostly registering a surplus, except three years i.e., 2009-10, 2011-12 and 2012-13, where the deficit has mainly been on account of the decrease in transfers from the CG.

4.3.1 Total Revenues (TR)

Total Receipts/Revenues												
Year	Own Revenues (Rs.)					Transfers (Rs.)		Total Revenue (Rs.)		Share of own revenue in Total revenue (%)	Share of Transfers in total revenue (%)	
	Tax Revenue (Rs.)		Non-Tax Revenue (Rs.)		Total Own Revenues (Rs.)		Transfers	Growth (%)	Total Revenue			Growth (%)
Year	Tax Revenue	Growth (%)	Non-Tax Revenue	Growth (%)	Total Own Revenues	Growth (%)				Transfers	Growth (%)	
2008-09	35153562		23697073		58850635		305075644		363926279		16.17	83.83
2009-10	38293229	8.93	26013743	9.78	64306972	9.27	222754182	-26.98	287061154	-21.12	22.40	77.60
2010-11	46186284	20.61	41896794	61.06	88083078	36.97	419019462	88.11	507102540	76.65	17.37	82.63
2011-12	56726451	22.82	45177957	7.83	101904408	15.69	381565197	-8.94	483469605	-4.66	21.08	78.92
2012-13	61986602	9.27	66992519	48.29	128979121	26.57	360689373	-5.47	489668494	1.28	26.34	73.66
2013-14	61327195	-1.06	50423018	-24.73	111750213	-13.36	485240436	34.53	596990649	21.92	18.72	81.28
2014-15	108753000	77.33	95889733	90.17	204642733	83.13	463455301	-4.49	668098034	11.91	30.63	69.37
2015-16	113287383	4.17	89686037	-6.47	202973420	-0.82	510008533	10.04	712981953	6.72	28.47	71.53
2016-17	161040679	42.15	89227970	-0.51	250268649	23.30	802988526	57.45	1053257175	47.73	23.76	76.24
2017-18	243125302	50.97	81233159	-8.96	324358461	29.60	1726422596	115.00	2050781057	94.71	15.82	84.18
2018-19	264501375	8.79	71139093	-12.43	335640468	3.48	1426750123	-17.36	1762390591	-14.06	19.04	80.96

Table 4.4 Total Revenue of the DMC (Source DMC)

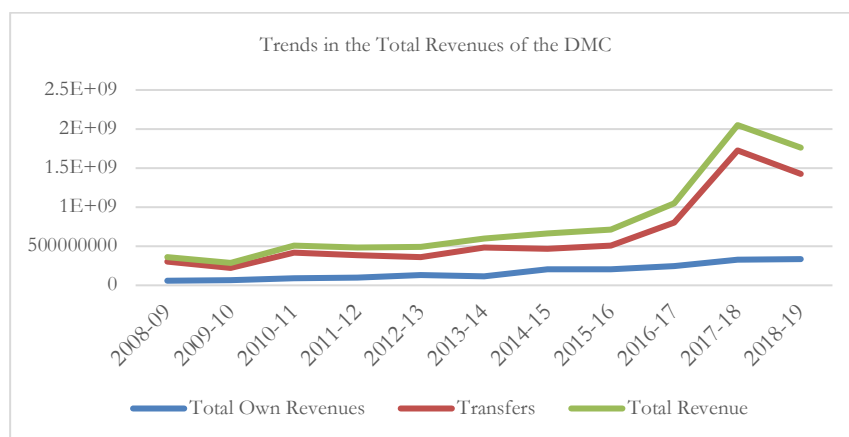


Figure 4.6 Trends in the Total Revenues of the DMC (Source DMC)

A brief look at the Table 4.4 and Figure 4.6 indicates a general increase in the TRs mainly on account of increasing own-revenues and transfers. However, it registered a decline of 14.06% in 2018-19 due to a fall in transfers by 17.36%. Further, Figures 4.6 & 4.7 clearly illustrates a substantial dependence of the DMC on transfers from the CG/SG (with the line-graph of TR literally following the line-graph of transfers (Figure 4.6)) so-much-so that the maximum proportion ever reached by the

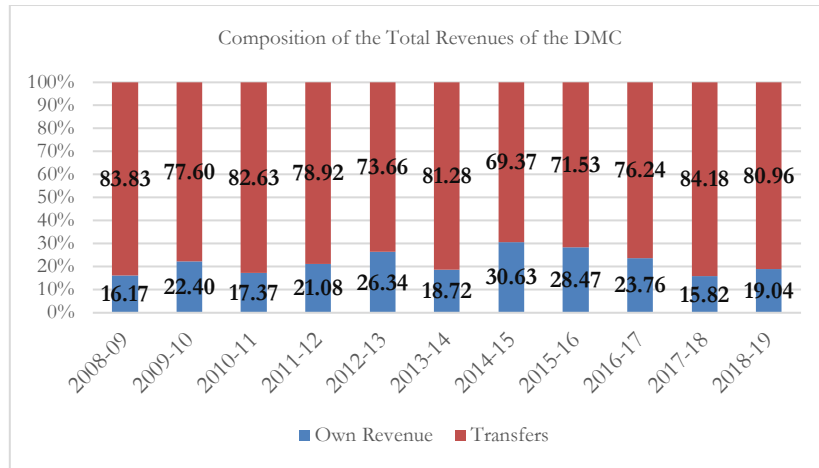


Figure 4.7 Composition of the Total Revenues of the DMC (Source DMC)

own-revenues in the reported period has been 30.63% in 2014-15 (Figure 4.7). However, though the dependency on transfers started to decline after 2010-11, falling from 82.63% in 2010-11 to 73.66% in 2012-13 (mainly on account of decrease in transfers from the CG) but since 2014-15 it has again steadily increased to as high as 84.18% in 2017-18 (mainly on account of increase in transfers from the SG).

4.3.1.1 Own-Revenues

Own-Revenues consists of a sum of Tax and Non-Tax-Revenues (NTRs).

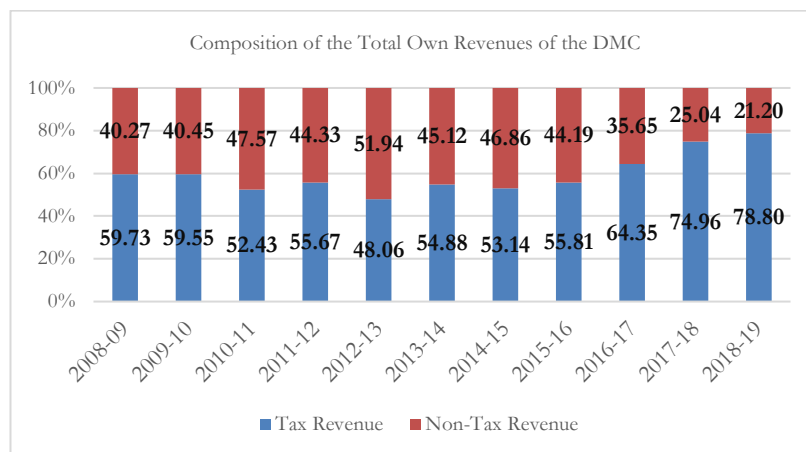


Figure 4.8 Composition of the Total Own Revenues of the DMC (Source DMC)

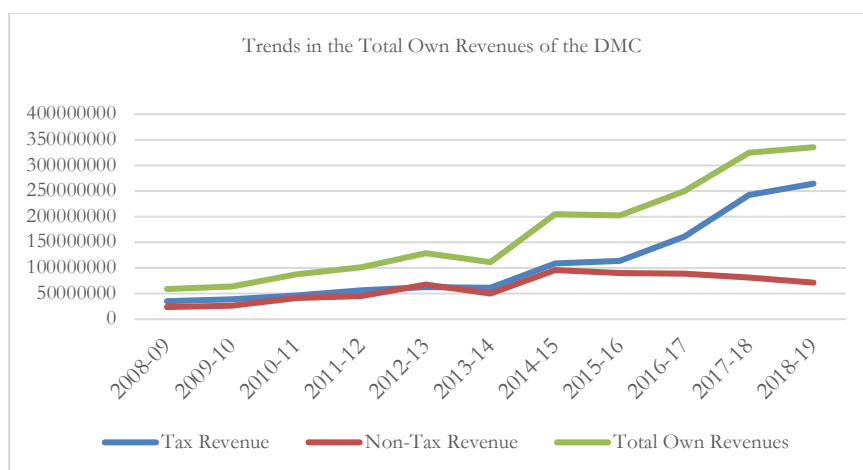


Figure 4.9 Trends in the Total Own Revenues of the DMC (Source DMC)

A closer look at the Table 4.4, Figure 4.8 and Figure 4.9 reveals that the total own-revenues of the DMC are largely driven by the collection of tax-revenues which have been considerably increasing since 2014-15. This increase, according to DMC-officials, has predominantly been on “account of some important reforms initiated in Property-Tax (PT) collection” namely:

- Recruiting required staff which led to better coverage and therefore, better collection.
- Initiating the process of self-assessment on a predetermined rate (decided by the DMC) which largely ended the unscientific and arbitrary method adopted earlier to assess the tax.
- Initiating online-payment of the PT.
- Including slums and SG properties within the ambit of PT since 2014-15.
- Revising rates in 2014-15 (which were further revised in 2018-19).

The NTRs, on the other hand, do not show any distinct/definite trend and largely keeps on fluctuating. However, since 2014-15 it has been showing a continuous declining trend. This, according to the SG-officials, largely reflects upon the “disinterest shown by the DMC-officials towards collection of the NTRs”.

4.3.1.1.1 Tax Revenues

Year	House/Property Tax		Advertisement & Other Taxes		Total Tax Revenues		Proerty tax as a proportion of Total Tax Revenue (%)	Advertisement & Other Taxes as a proportion of Total Tax Revenues (%)
	Property Tax (in Rs.)	Growth (%)	Advertisement & Other Taxes (in Rs.)	Growth (%)	Total Tax Revenues (in Rs.)	Growth (%)		
2008-09	29081549		6072013		35153562		82.73	17.27
2009-10	34217004	17.66	4076225	-32.87	38293229	8.93	89.36	10.64
2010-11	36875954	7.77	9310330	128.41	46186284	20.61	79.84	20.16
2011-12	35932307	-2.56	20794144	123.34	56726451	22.82	63.34	36.66
2012-13	37320231	3.86	24666371	18.62	61986602	9.27	60.21	39.79
2013-14	43831244	17.45	17495951	-29.07	61327195	-1.06	71.47	28.53
2014-15	63433851	44.72	45319149	159.03	108753000	77.33	58.33	41.67
2015-16	80633737	27.11	32653646	-27.95	113287383	4.17	71.18	28.82
2016-17	125529559	55.68	35511120	8.75	161040679	42.15	77.95	22.05
2017-18	204552822	62.95	38572480	8.62	243125302	50.97	84.13	15.87
2018-19	220093464	7.60	44407911	15.13	264501375	8.79	83.21	16.79

Table 4.5 Total Tax Revenues of the DMC (Source DMC)

A brief look at the Table 4.5 and Figure 4.10 generally indicates a positive trend in the collection of tax-revenues, with the tax-revenues registering a positive growth in almost all the years except 2013-14, where the decline was largely on account of a 29.07% fall in collection of advertisement& other taxes .

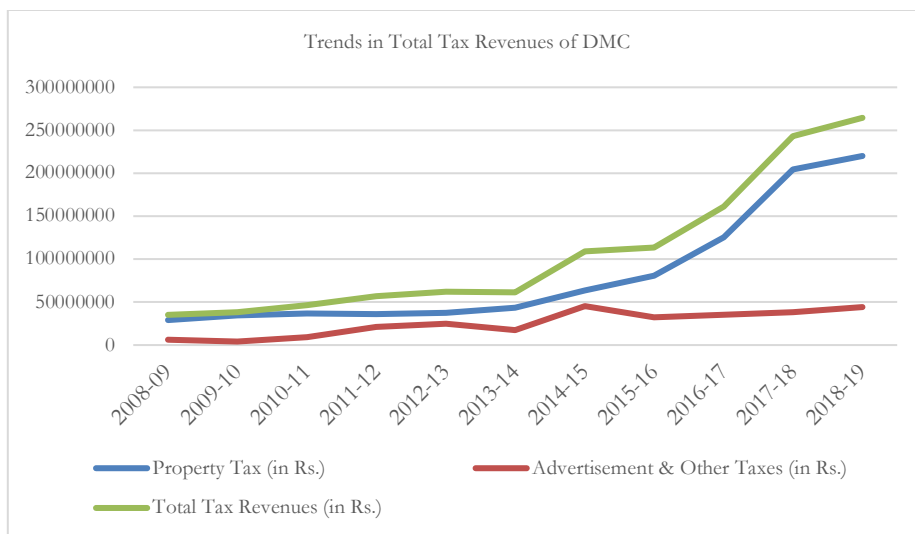


Figure 4.10 Trends in Total Tax Revenues of the DMC (Source DMC)

Further, Figures 4.10 and 4.11, clearly illustrates the predominance of PT in the overall tax collection of the DMC, so-much-so, that trends in tax-revenue largely coincide with the PT’s trend.

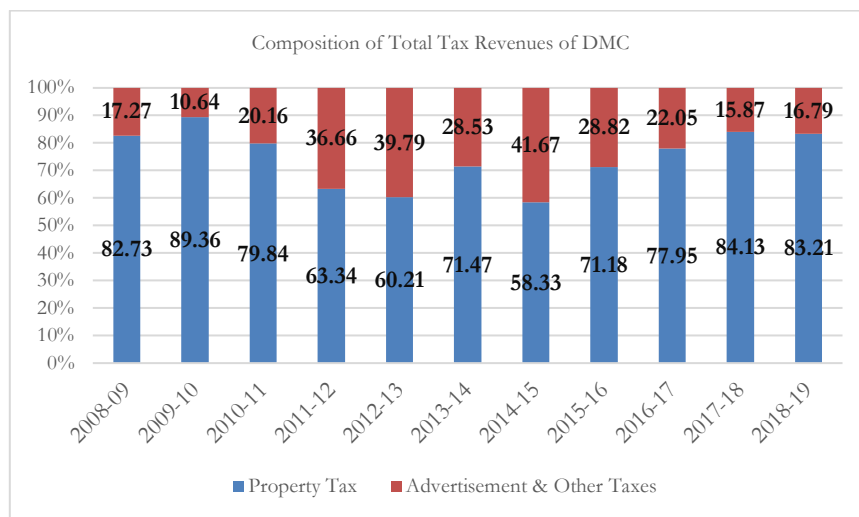


Figure 4.11 Composition of Total Tax Revenues of DMC (Source DMC)

PT on its part has been registering a substantial increase since 2012-13 growing from Rs. 37.32 mn to Rs. 220.09 mn (registering an overall growth of 489.74%). Though, the share of PT did register a fall between 2009-10 to 2012-13, from a high of 89.36% in 2009-10 to 60.21% in 2012-13, but since

2013-14, except for 2014-15, it has been showing an increasing trend and has increased to 84.13% in 2017-18 (even in 2014-15 though the share of PT declined, the PT per se registered a growth of 44.72% in absolute terms. The decline in the share that year could therefore, be attributable to the 159.03% increase in advertisement & other taxes).

Advertisement & other taxes on the other hand, do not show any particular trend and keeps on fluctuating (Figure 4.10). However, since 2016-17 there seems to be general increase in their collection. This, according to the DMC-officials, could be attributed to the introduction of the practice of “cumulatively contracting out all the advertisements sites vis-à-vis the earlier practice of contracting out based on area-wise fragments”.

4.3.1.1.2 Non-Tax Revenues (NTRs)

The NTRs mainly consists of rents, fees, user-charges, fines and other miscellaneous income which have been a consistent source of revenue for the DMC. From Figure 4.8 it is quite obvious that though the share of NTRs in the total own-revenues has more or less remained moderate but off late, since 2014-15, its proportion has been continuously declining.

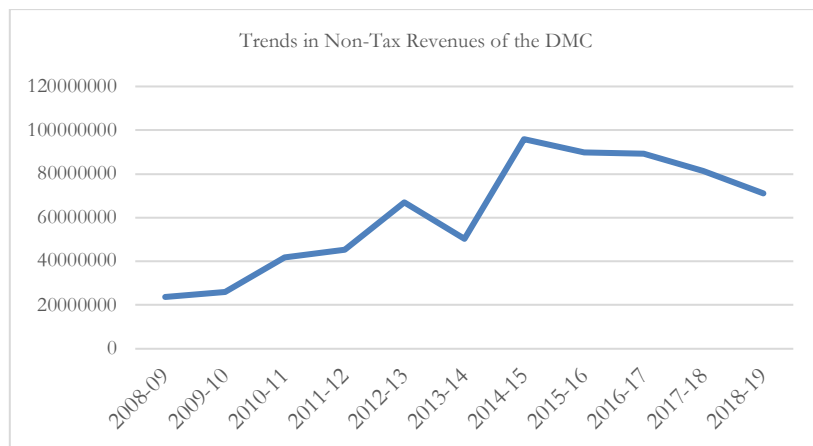


Figure 4.12 Trends in Non-Tax Revenues of the DMC (Source DMC)

Figure 4.12 clearly indicates that there is no particular trend experienced by NTRs. Even, if we take into account some important heads, like lease rent or stamp duty, there still seems to be no consistency (Table 4.6 and Figure 4.13) e.g., the stamp duty after increasing has reduced to zero since 2017-18. According to officials of the SG and DMC this is mainly on account of the “significant increase in the SG’s transfers to the DMC since 2018 as a replacement” (however, placing stamp duty and IDSMT alongwith other items pertaining to NTR sources seems to be an anomaly, it should rightly be placed with transfers from the SG and CG respectively).

Non-Tax Revenues of DMC (in Rs.)											
Head Name	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Parking	1183663	947951	727334	821560	714731	1043048	616719	557840	809902	985964	465364
Road Cutting	2595526	841547	4992035	1474640	413256	462770	4682322	935891	437297	1861611	1213094
Interest on Investment	9704981	12402995	9811457	13479711	12666138	10363287	12069070	10873278	15401894	23844343	16627222
IDSMT	3032667	278830	272295	208785	22852279	5433122	2731403	1477062	14990830	5080337	15979369
Hotel/Lodging	127010	1707070	1146060	1169740	771480	2080170	1865690	1918510	1616600	2247380	2004700
Compounding	494320	872290	1175087	1166597	1777567	1619385	2020734	2691247	2899820	1253699	3492028
Lease / Shop/Lease Rent	767521	729283	908310	2151674	1049247	934984	9502095	3712101	5969904	5954275	4656052
Stamp Duty	0	0	15809584	15043619	19964000	18707280	40000000	25000000	21687058	0	0
Other sources	5791385	8233777	7054632	9661631	6783821	9778972	22401700	42520108	25414665	40005550	26701264
Total	23697073	26013743	41896794	45177957	66992519	50423018	95889733	89686037	89227970	81233159	71139093

Table 4.6 Non-Tax Revenues of the DMC (Source DMC)

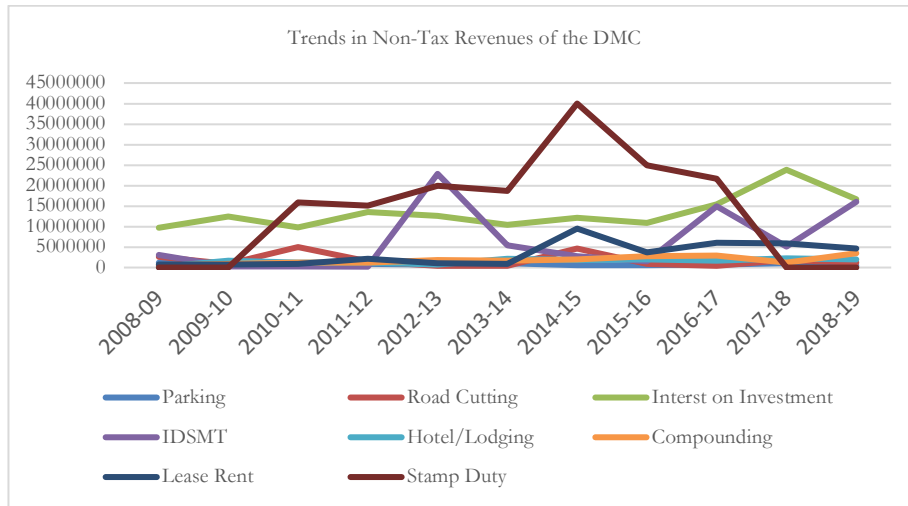


Figure 4.13 Trends in the Non-Tax Revenues of the DMC (Source DMC)

4.3.1.2 Transfers

Transfers include finances/funds transferred from CG/SG and other governmental bodies (e.g., MDDA, ONGC, etc.) to the DMC.

Details of Transfers (in Rs.)											
Year	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Centre	118550707	3970250	130132621	110436350	6836000	135304089	102516325	79403174	427804876	706510406	354140799
State	185327696	215523146	285531960	267581990	353853373	349739623	358909044	415866000	364848050	1019719823	1061047874
Others	1197241	3260786	3354881	3546857	0	196724	2029932	14739359	10335600	192367	11561450
Total	305075644	222754182	419019462	381565197	360689373	485240436	463455301	510008533	802988526	1726422596	1426750123
Growth (%)		-26.98	88.11	-8.94	-5.47	34.53	-4.49	10.04	57.45	115.00	-17.36
Centre's share as a proportion of the total Transfers (%)	38.86	1.78	31.06	28.94	1.90	27.88	22.12	15.57	53.28	40.92	24.82
State's share as a proportion of the total Transfers (%)	60.75	96.75	68.14	70.13	98.10	72.08	77.44	81.54	45.44	59.07	74.37
Others (%)	0.39	1.46	0.80	0.93	0.00	0.04	0.44	2.89	1.29	0.01	0.81

Table 4.7 Transfers to DMC (Source DMC)

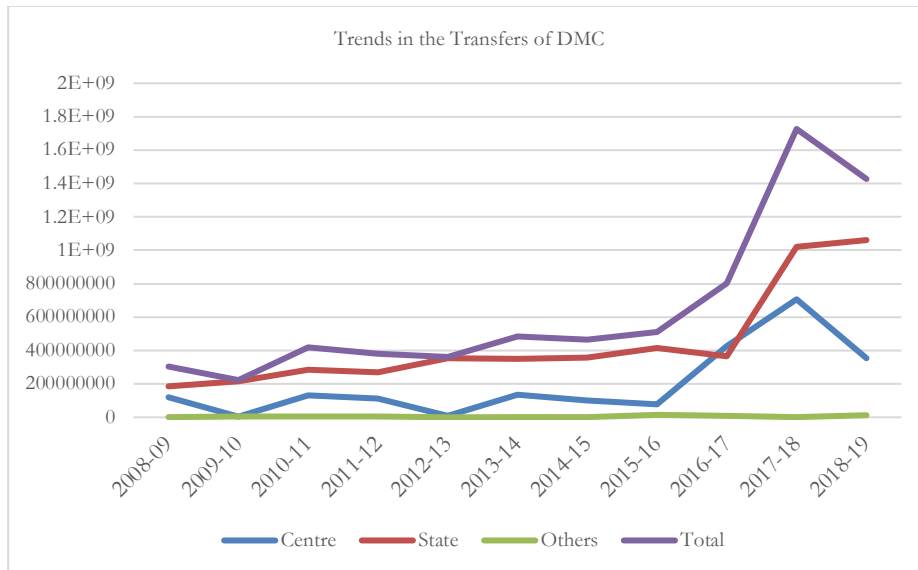


Figure 4.14 Trends in the Transfers of DMC (Source DMC)

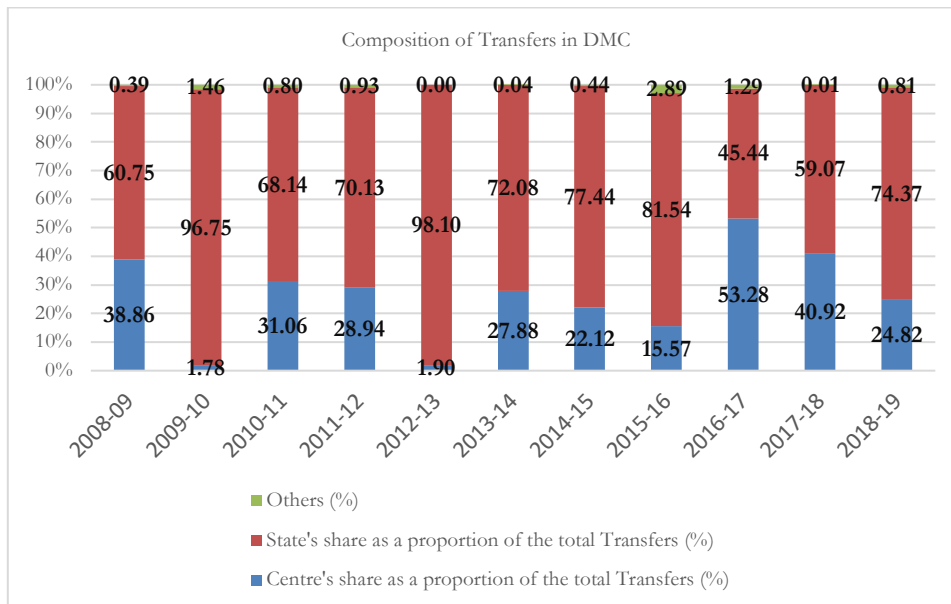


Figure 4.15 Composition of Transfers in DMC (Source DMC)

The total transfers, as depicted by Figure 4.15, are largely dominated by transfers from the SG except for 2016-17, where the share of CG (53.28%) outperformed the SG's share. This however, was mainly on account of transfers worth Rs. 144.22 mn under the 14th FC and Rs. 273.03 mn under the AMRUT Scheme of GOI.

However, transfers do not show any well-defined pattern in the reported period (Figure 4.14). Though, off late it increased from Rs. 510.01 mn in 2015-16 to Rs. 1726.42 mn in 2017-18 (Table 4.7), mainly on account of the release of funds under the 14th FC (since 2015-16) and the AMRUT Scheme of the GOI (since 2016-17) but, again it fell in 2018-19. Thus, there is a sense of unpredictability associated with transfers. The only silver lining has been the continuous transfer of Rs. 349.74 mn since 2013-14 from the SG, upon recommendation of the SFC, which has further increased to

Rs. 1016.68 mn since 2017-18 (Table 4.8). Nevertheless, according to the DMC-officials , since the DMC is not in a position to meet its regular revenue and capital expenditure demands, the SFC grants play a significant role in “fulfilling that gap”. Infact, according to them the SFC grants play a major role in ensuring “timely payments of salaries and pensions to the employees of the DMC”.

Year	SFC (in Rs.)
2008-09	185263000
2009-10	214633000
2010-11	284539000
2011-12	266756000
2012-13	353266000
2013-14	349736000
2014-15	349735000
2015-16	349735000
2016-17	349735000
2017-18	1016677000
2018-19	1016677000

Table 4.8 Transfers by SG on the recommendation of the SFC (Source DMC)

TRs trends therefore indicate that:

- Transfers from the CG/SG form a major portion of the TRs of the DMC;
- The Tax-Revenues, predominated by the PT, form a major portion of the own-revenues and have been consistently increasing since 2014-15.
- However, NTRs do not exhibit any distinct trend (though have been showing a declining trend since 2014-15).

4.3.2 Expenditures

Expenditures of the DMC can primarily be classified into two types: Revenue-Expenditure (RE) and Capital-Expenditure (CE). RE consists of expenditure on salaries/pensions of the employees, O&M costs, administrative-expenses, and other-miscellaneous-expenses whereas, CE includes expenditure on construction, creation of assets, purchase of vehicles and equipments, and other-miscellaneous-expenses.

Total Expenditure								
Year	Revenue Expenditure		Capital Expenditure		Total Expenditure		Share of Revenue Expenditure in Total expenditure	Share of Capital Expenditure in Total expenditure
	Revenue Expenditure (in Rs.)	Growth (%)	Capital Expenditure (in Rs.)	Growth (%)	Total Expenditure (in Rs.)	Growth (%)		
2008-09	235455688		1004031		236459719		99.58	0.42
2009-10	299256298	27.10	9268992	823.18	308525290	30.48	97.00	3.00
2010-11	392644137	31.21	44700704	382.26	437344841	41.75	89.78	10.22
2011-12	399582455	1.77	84438516	88.90	484020971	10.67	82.55	17.45
2012-13	508922838	27.36	98400853	16.54	607323691	25.47	83.80	16.20
2013-14	448517949	-11.87	88291230	-10.27	536809179	-11.61	83.55	16.45
2014-15	502972949	12.14	75352954	-14.65	578325903	7.73	86.97	13.03
2015-16	571184081	13.56	121964754	61.86	693148835	19.85	82.40	17.60
2016-17	587746736	2.90	450966807	269.75	1038713543	49.85	56.58	43.42
2017-18	786419382	33.80	598716320	32.76	1385135702	33.35	56.78	43.22
2018-19	802344949	2.03	712504882	19.01	1514849831	9.36	52.97	47.03

Table 4.9 Total Expenditures of DMC (Source DMC)

A closer look at Table 4.9 and Figure 4.16 reveals that all kinds of expenditures have increased in the reported period, with the RE increasing from Rs. 235.46 mn in 2008-09 to Rs. 802.35 mn in 2018-19 and the CE increasing from Rs. 1 mn in 2008-09 to Rs. 712.51 mn in 2018-19 resulting in an increase in TE from Rs. 236.46 mn in 2008-09 to Rs. 1514.85 mn in 2018-19. The TE more or less has experienced a continuous growth barring 2013-14, where it registered a decline of 11.61% mainly on account of falling RE (by 11.87% mainly due to fall in road and vehicle maintenance charges) and CE (by 10.27% mainly due to fall in CG transfers).

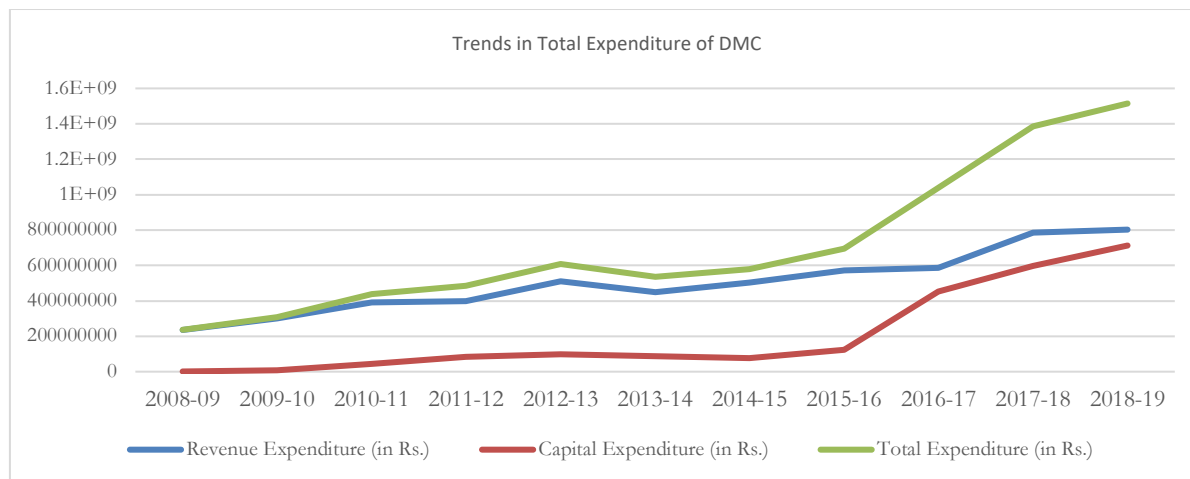


Figure 4.16 Trends in the Total Expenditure of DMC (Source DMC)

Another noticeable feature is that in all the reported years, RE has always exceeded CE although since 2016-17, the CE has been showing an increasing trend and accounted for 47.03% of the TE in 2018-19 (Figure 4.17). This is mainly on account of the utilization of substantial grants for capital works released under the 14th FC, AMRUT scheme and SFC.

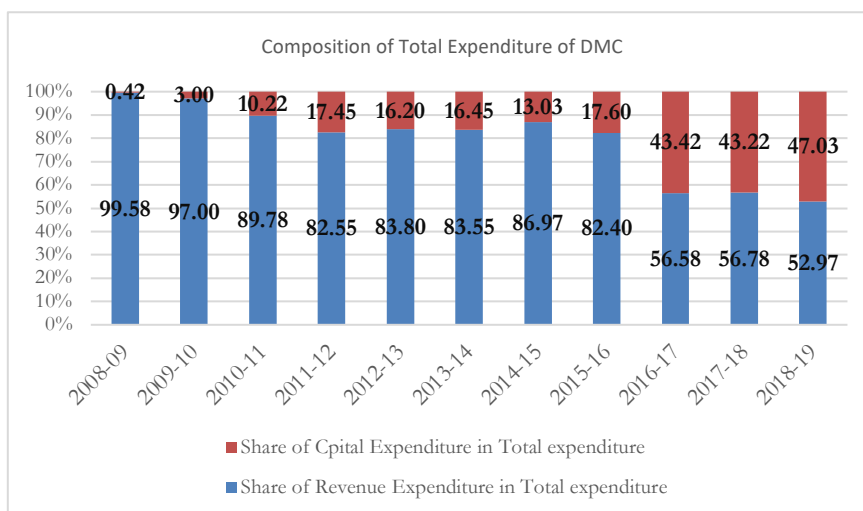


Figure 4.17 Composition of the Total Expenditure of the DMC (Source DMC)

The above tables and figures also clearly reveal that the TE is predominated by RE, with the RE being as high as 99.58% of the TE in 2008-09. According to the officials of the SG and DMC, the

continuously high need for RE, especially establishment-expenses (consisting mainly of salaries/pensions and leave travel allowances and related benefits) and administrative-expenses “severely constraints the funds required for capital works”. Infact, more often than not, the SFC funds are “largely utilized for payment of salaries/pensions of the employees” and in dire circumstances even the “funds allocated for capital works may be used for it”.

4.3.2.1 Revenue Expenditure (RE)

RE is mainly composed of establishment-expenses, O&M costs, administrative-expenses, and other-miscellaneous-expenditures. A close look at Figure 4.18 indicates that the RE has been consistently increasing in the reported period (increasing from Rs. 235.46 mn in 2008-09 to Rs. 802.35 mn in 2018-19) mainly on account of growth in the establishment-expenses.

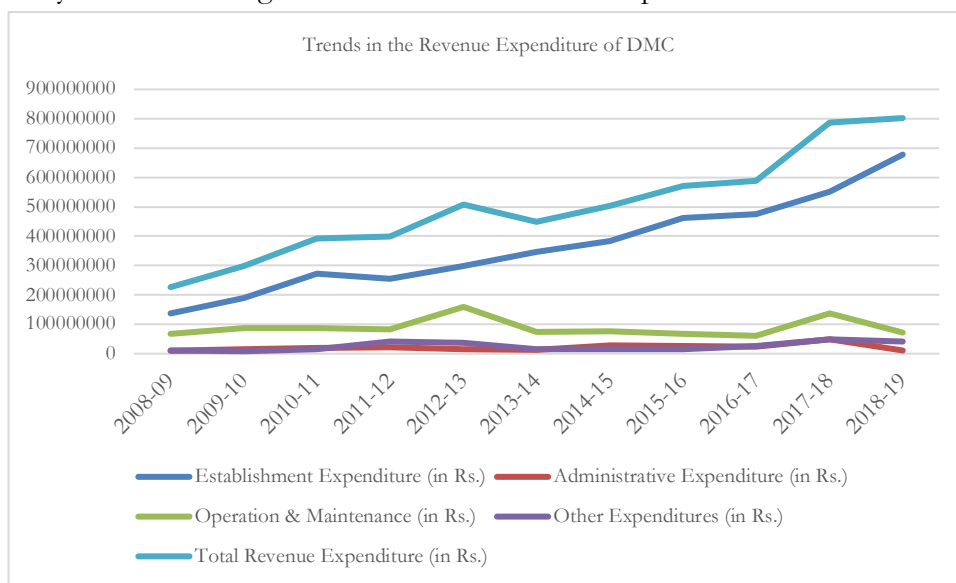


Figure 4.18 Trends in the Revenue Expenditure of the DMC (Source DMC)

Table 4.10 and Figure 4.19 further illustrates the predominance of establishment-expenses within the RE with its share consistently increasing since 2014-15, rising upto 84.49% in 2018-19. In absolute terms also it has increased from Rs. 383.37 mn in 2014-15 to Rs. 677.93 mn in 2018-19, an increase of 76.83%, mainly on account of the introduction of 7th Pay Commission which led to the hike in salaries/pensions of the employees. According to the DMC-officials at times this leaves very “minimal funds available for carrying out the necessary O&M works” (which actually registered a decline of 47.44% in 2018-19).

Head	Revenue Expenditure										
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Establishment Expenditure (in Rs.)	137008403	189018697	271719172	254616279	297531324	347048384	383370301	462194088	475852038	551019560	677926932
Growth (%)		37.96	43.75	-6.29	16.85	16.64	10.47	20.56	2.96	15.80	23.03
Administrative Expenditure (in Rs.)	10037409	14219169	20269278	21403636	15389935	13922936	29026618	26253609	24483505	48954648	11234534
Growth (%)		41.66	42.55	5.60	-28.10	-9.53	108.48	-9.55	-6.74	99.95	-77.05
Operation & Maintenance (in Rs.)	67954543	87756341	86428879	83132697	159213318	73121988	75488191	66494071	60783985	137749670	72395156
Growth (%)		29.14	-1.51	-3.81	91.52	-54.07	3.24	-11.91	-8.59	126.62	-47.44
Other Expenditures (in Rs.)	11419046	8262011.377	14226721.7	40429843.7	36788272.24	14424633.89	15087720.05	16242301.99	26627211.79	48695388.25	40788381.02
Total Expenditure (in Rs.)	226419401	299256298	392644137	399582455	508922838	448517949	502972949	571184081	587746736	786419382	802344949

Table 4.10 Revenue Expenditure of DMC (Source DMC)

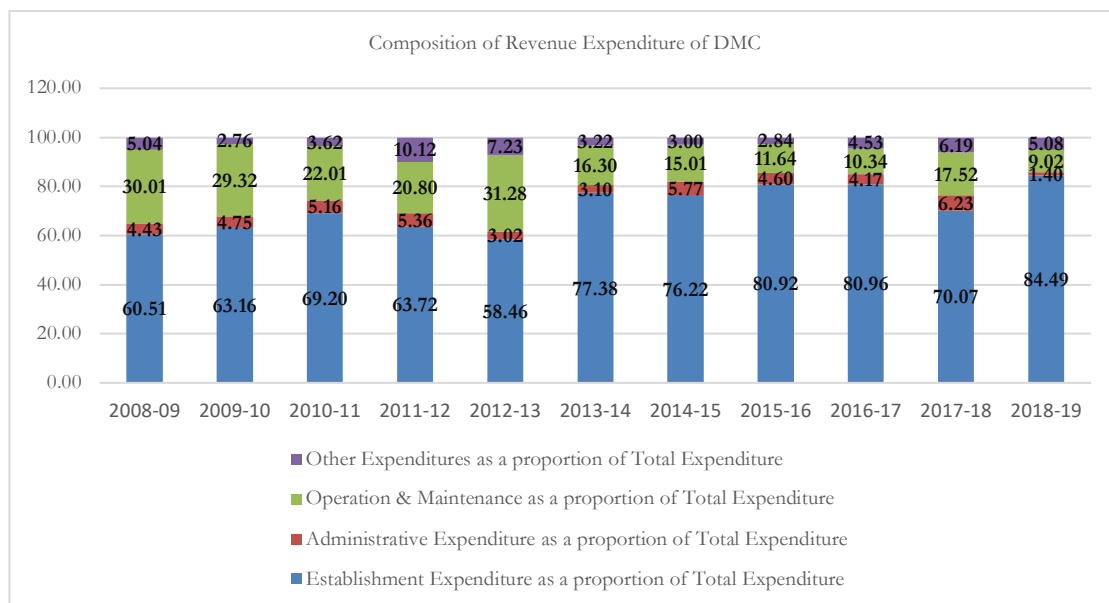


Figure 4.19 Composition of Revenue Expenditure of the DMC (Source DMC)

O&M is the second major constituent of RE. Expenditure on O&M mainly includes vehicle maintenance, insurance, road maintenance, SWM maintenance, and other-miscellaneous-expenditures. Though it is one of the major constituents of RE but, since 2013-14 it has been registering a decline, declining from 16.30% in 2013-14 to 9.02% in 2018-19 (even in absolute terms it has registered a decline in 2018-19, declining from Rs. 137.75 mn in 2017-18 to Rs. 72.4 mn in 2018-19). This has mainly been on account of the increase in establishment-expenditure. Also, according to the DMC-officials, since most of the roads, drainage and water-supply are still being managed by other governmental bodies therefore, the proportion of O&M as a percentage in total RE remains comparatively low. The majority of the funds spent on O&M are on SWM and road-maintenance.

4.4 Conclusion

To evaluate whether the public body is financially viable, common sense says that own-revenues should be able to cater for the RE whereas, the total-revenues should take care of TE.

Year	Total Own Revenues (in Rs.)	Revenue Expenditure (in Rs.)	Surplus/Deficit
2008-09	58850635	235455688	-176605053
2009-10	64306972	299256298	-234949326
2010-11	88083078	392644137	-304561059
2011-12	101904408	399582455	-297678047
2012-13	128979121	508922838	-379943717
2013-14	111750213	448517949	-336767736
2014-15	204642733	502972949	-298330216
2015-16	202973420	571184081	-368210661
2016-17	250268649	587746736	-337478087
2017-18	324358461	786419382	-462060921
2018-19	335640468	802344949	-466704481

Table 4.11 Total Own Revenues and Revenue Expenditure of the DMC (Source DMC)

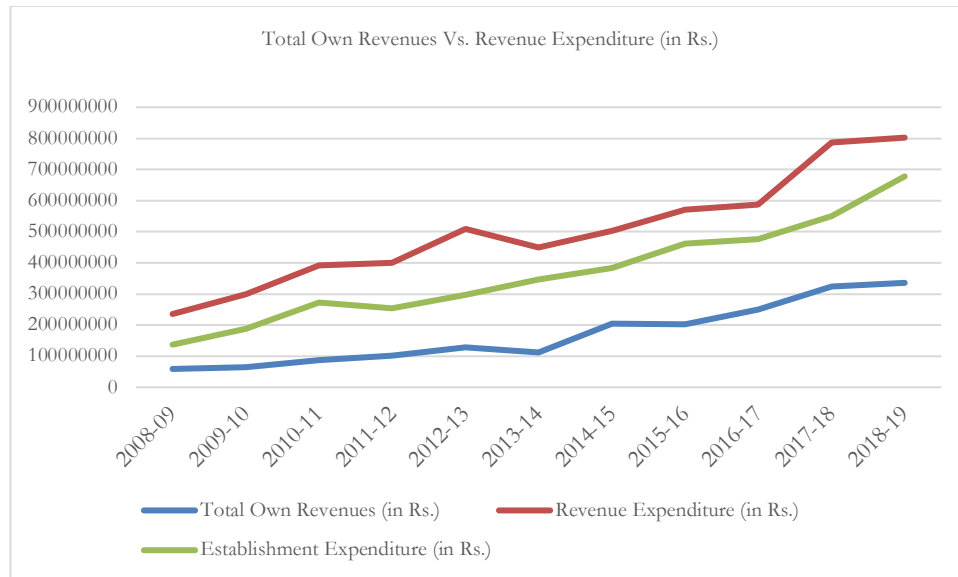


Figure 4.20 Total Own Revenues Vs. Revenue Expenditure (Source DMC)

But, a close reading of the Table 4.11 and Figure 4.20 indicates that the own-revenues generated by the DMC are insufficient to cater to its revenue-expenses. Infact, if not for the transfers from CG/SG, DMC would not even be able to pay the salaries/pensions of its employees.

However, Table 4.3 and Figure 4.5 indicates that the total-revenues in most of the years is greater than the TE. One of the reason, as already mentioned, is the transfer of large amount of funds from CG/SG to the DMC. The other indicative possibilities could either be underspending by the DMC; or its incapacity to timely spend the allocated funds; or untimely disbursement of the transfers; or a combination of all (however, this would require further extensive research).

Thus, some important trends that stood out during the course of the analysis are:

- For most of the years, barring 2009-10, 2011-12 and 2012-13, the TRs have exceeded the TE, indicating a surplus. However, own-revenues, in general, are insufficient to meet the RE of the DMC.
- Transfers from CG/SG form a major portion of the TRs of the DMC.
- Own-revenues are predominated by Tax-revenues, which have been consistently increasing since 2014-15. However, the picture for NTRs is not very encouraging.
- The TE is mainly driven by RE. However, since 2016-17 the share/percentage of CE has been increasing on account of the increase in transfers from CG/SG.

4.5 Finances of DMC: an Analysis

The above financial analysis does not present a very promising picture. Though, the own-revenues of the DMC have increased over the reported time-period, its dependency on transfers still persists and infact expanding. The matter is further aggravated by the strict control exercised by the SG over DMC's functional and financial autonomy. Consequently, the expenditure decisions taken by the DMC are not based on their own volition but guided/controlled by the conditions of CG/SG funds. This does not augur well towards making it a unit of self-government.

What could be the probable reasons for such a sorry state of financial affairs? Based on my discussions with the DMC and SG officials, few ward-members, reviewing concerned literature and my own understanding of the working of the DMC, I would be arguing the potential/conceivable reasons in the coming sections.

4.5.1 Administrative reasons

One of the prime reasons that came out during the course of discussion was the existence of insufficient, unskilled and sometimes, inactive staff. Most of the people interviewed, especially DMC-officials, were of the view that staff-shortages “negatively impacts” the taxes/user-charges collection as well as the implementation and monitoring of various schemes. The shortage of staff is indeed noteworthy as most of the key positions are lying vacant (Annexure 7)^[5]. They also felt that presence of multiple agencies, including parastatal-bodies and government-departments, in the municipal area also affects their performance. For instance, appropriate PT collection demands an up-to-date database which in-turn requires “effective cooperation from the revenue-department and the MDDA”, which often is “not forthcoming”. Further, the DMC-staff also seems to be bothered by “minimal career growth opportunities” compounded by the “low-status” accorded to them by the general public and politicians. However, the view of the SG-officials is slightly different. Though, they accept the existence of staff-shortages, but at the same time they also believe that the available staff is “incapable” and often “lethargic” in performing their duties resulting in “substandard performance”. According to them, some of the members of the DMC “do not even take pains to read the existing laws/schemes” to be implemented/enforced and often require “continuous handholding” thus, largely reinforcing WGUG’s belief (n.d.: 2) that the ULBs personnel’s capacity “is abysmal if not non-existent”. Consequently, they feel that the SG is “justified” in transferring important technical and complex works to specialist parastatal-bodies/government-departments.

The general performance of the DMC also suffers from a kind of dual control/loyalty. So, on one hand, we have a the Municipal Commissioner and the other senior staff who are directly-appointed by the SG and therefore, to a large extent owe their allegiance to the dictates of the SG whereas, on the other hand, there exists a regular group of municipal-staff who remain with the DMC throughout their career and normally have a tendency to be more inclined towards the political-functionaries. Thus, at times it may affect constructive coordination within the DMC in-turn affecting its functioning.

4.5.2 Financial Reasons

The SG exercises quite a considerable control over the financial autonomy of the DMC consequently, DMC has very limited revenue raising and expenditure freedom/liberty. Even its access to own-revenues is limited to a few items. Further, the local-officials also do not seem keen to collect the assigned revenues with enough zeal and energy. The problem is further compounded by the low level of interest shown by the local-politicians not only in the collection of the revenues/arrears but also in any effort made by the officials to raise the rates of the taxes/user-charges to an optimal level rather, they prefer to be more interested in lobbying for greater devolution of funds from the higher-governments. All this results into budgetary inflexibility, inadvertently affecting the efficient allocation of resources. Here I will be analysing some of the major heads.

4.5.2.1 Own Revenues

During the reported period, even though the own-revenues constituted a very small portion of the TR, still it is plagued by a number of problems. Let’s take the example of PT. Assessment of PT is itself infested by problems like insufficient and untrained staff; incomplete and outdated records (there is no standard mechanism to revise the number of property-holdings. For instance, the records of the properties of the newly added 40 wards are yet to be updated); and lack of coordination

between other concerned departments leading to poor coverage and low collection efficiency in general (Table 4.12)

Year	Target (in Rs.)	Collection (in Rs.)	Collection Efficiency (%)
2008-09	40000000	29081549	72.70
2009-10	50000000	34217004	68.43
2010-11	50000000	36875954	73.75
2011-12	50000000	35932307	71.86
2012-13	50000000	37320231	74.64
2013-14	50000000	43831244	87.66
2014-15	80000000	63433851	79.29
2015-16	80000000	80633737	100.79
2016-17	150000000	125529559	83.69
2017-18	150000000	204552822	136.37
2018-19	250000000	220093464	88.04

Table 4.12 Collection Efficiency of property-tax collection (Source DMC)

The problem is further compounded by various kinds of exemptions extended by the SG to certain kind of property-holders e.g., the SG has decided to exempt all the domestic properties of the newly included 40 wards from paying PT till 2028. Similarly, even the buildings and land belonging to the CG, in lieu of Art 285(1) of the COI, are exempted from paying any PT (according to DMC-officials this devoids DMC of “earnings worth Rs. 10 cr”). This seems quite inappropriate, as although the DMC incurs substantial costs in providing services to them, they do not pay the requisite taxes. Thus, the COI should be amended to ensure that buildings of CG are also taxed. The presence of unauthorized construction further aggravates the problem, as though the people living in these properties enjoy the services provided by the DMC, but since these properties are unregistered, the DMC does not receive much taxes from them (rather it incurs considerable expenditure). Further, despite SG buildings been included within the ambit of PT, there still seems to be a “reluctance” on their part to pay PT “resulting in a loss of approximately Rs. 20 cr” according to the DMC-officials.

Subdued collection of the PT, according to SG and DMC officials, also results from its “unpopularity with the locals and the politicians”. Since, it’s a visible tax which is levied on the unrealized increase in wealth therefore, there is “reluctance” on part of the people as well as the politicians to accept any increased rates. Large transfers from the CG/SG also tends to inculcate a kind of dependency syndrome (Box 4.1) within the DMC thereby, inducing complacency and discouraging it from increasing the rates. However, it is equally important to mention that since 2015-16, after certain reform were initiated in 2014-15, the overall efficiency rate as well as the total collection of PT have been improving (this clearly indicates that provided the required opportunity the functioning of DMC can certainly improve).

Box 4.1 Dependency Syndrome

Dependency Syndrome is generated “when local governments always know that someone else will pick up their tab” (Muwonge et al.2014: 25). Consequently, they might develop a tendency to become overly dependent on higher-levels of government, for instance on transfers from the CG/SG, without showing much inclination and zeal in mobilizing their internal-resources or devising local solutions to the problems at hand (reluctance exhibited by the DMC in increasing the taxes/user-charges to the desired level can be one of the examples. Similarly, reluctance shown by the LGs in owning the responsibility of some of the important functions mentioned in the Twelfth Schedule of the COI like urban poverty alleviation, slum upgradation and upliftment of the weaker sections, which traditionally have been performed and funded by various CG/SG schemes can be another). Moreover, the higher-levels of government, their associated political-functionaries and the bureaucracy, may desire this dependence to continue in order to have a better and unchallenged control over the LG.

Similarly, though the NTRs have been a continuous source of income for the DMC but are most often quite neglected. Consequently, despite having considerable potential it constitutes only 21.20% of the total own-revenues. There are several reasons for it, main being: shortage of staff; lack of expertise with the staff to arrive at the correct value; lackadaisical attitude of the employees towards their collection; reluctance on part of the politicians to raise the fees or collect arrears for the fear of becoming unpopular. This consequently results into setting-up a vicious circle whereby, low collection leads to low quality of services, which discourages the citizenry to pay the required dues, in-turn further lowering the collection and ultimately resulting in further deterioration of quality of the services. Also it leads to provisioning of highly subsidized services breeding “poor cost recovery, poor maintenance and inadequate investment in infrastructure” (Vaidya 2009: 20). Further, it was quite surprising to know that till date no systematic study has been conducted to estimate the true potential of NTRs.

Own-revenues can be a great source of continuous earnings for the DMC provided valuable efforts are made to enhance it by broadening the tax-base (i.e., extending the coverage-the use of satellite imagery and geo-tagging could go a long way in improving that); improving assessment-system; regular revision of the rates; appointing the required capable staff; providing minimal exemptions; and establishing mechanisms for better coordination between various departments. Taxes/user-charges and their required revisions/escalation “are likely to face strong resistance initially, but over time people appreciate such moves once the better service delivery from these revenues are realized” (Bandyopadhyay 2014: 9).

4.5.2.2 State Finance Commission (SFC)

To ensure financial stability of the ULBs, the COI directed the SG to constitute SFC (Art 243 I and Art 243 Y) every five years to not only review the financial position of the municipalities but also make recommendations ensuring certainty/clarity in transfers from the SG to the ULBs. Further, it was also supposed to suggest ways-and-means to improve the financial status of the ULBs (GOI 2015: 144-145). Accordingly, the GoUK has constituted four FCs since its formation in November 2000, the latest being the FSFC which submitted its report in 2016. However, a reading of the report of the FSFC does not paint a very rosy picture. One because the recommendations of the SFC are not binding on the government and two, the COI does not specify any time frame within which the recommendations of the SFC needs to be accepted/implemented. Consequently, most of their recommendations are not complied with. Further, even those that are accepted are not followed up (FSFC 2016: 30). Furthermore, the SFC itself lacks adequate financial and technical support.

4.5.2.3 Transfers

Transfers form a major portion of the TRs of the DMC. Infact, the DMC is heavily dependent on transfers from the CG/SG for their functioning. However, for transfers to be effective they should be timely, continuous and predictable (both in terms of time and amount). The SFC of Uttarakhand, on its part, has clearly laid down the devolution scheme to be adopted by the SG. It has prescribed that 50% of the 10.5% of the total own-revenues of the state should be assigned to the ULBs out of which 25% would be for the MCs. Within the MC the distribution would be executed giving 75% weightage to population, 10% to area, 10% to tax-efforts and 5% to special circumstances (FSFC 2016: 22-23). The above recommendations have been accepted by the GoUK, which according to the DMC-officials, has brought in a “certain degree of predictability” as far as the amount is concerned since 2013-14 (where initially, regular amounts of Rs. 349.74 mn were received which have increase to Rs. 1016.68 mn since 2017-18). But, still the timing of the transfers remain unpredictable hampering proper planning at the DMC. The planning is further hampered by the “unpredictable transfers”, both in terms of time and amount, received from the CG. However, according to the SG-officials, what is even more regrettable is the fact that even the transfers that are received by the DMC are “not spent in the stipulated time period”.

4.5.2.4 Financial Management

As a matter of financial prudence and asserting credit worthiness it is important for the DMC to adopt sound financial management practices and keep their accounts up-to-date in a manner prescribed by the SG. However, discussions with SG-officials do not paint a very promising picture (even my personal experience while extracting the data from the DMC has not been very inspiring). Main problems cited were: records are “not properly maintained” and therefore, it is difficult to extract data; no serious endeavours are made to “collect/recover outstanding arrears”; replies to the audit objections are “not timely”. These shortcomings cast serious aspersions and doubts on the effective performance of the DMC and thereby induces suspicion in the mind of the SG, discouraging it from devolving any further functional/financial autonomy to the DMC.

Some of the other important issues/facts encountered during the course of the analysis are:

- Due to unestablished creditworthiness, the DMC has never borrowed any money from any external source.
- During the reported period, earning via leveraging land and its associated assets was minimal and inconsistent (Table 4.6). During the course of the discussion with the DMC-officials the reasons mentioned were: the presence of large number of old-tenants but “paying outdated/low rates”; continuing “litigation” with the present occupiers who neither “vacate the property” nor are ready to give the “increased rent”.
- The existence and empowerment of parastatal-bodies also acts to the disadvantage of the DMC finances. For instance, major-works in town planning/development which could have been a major source of revenue for the DMC are handled by the MDDA to whom are accrued much-of-the development charges and the sale-proceeds.

4.5.3 Political Reasons

Decentralization and empowerment of ULBs/DMC is largely a political process/decision (Eaton et al.2011: 1; Vasquez et al.2011: 11). Thus, the effectiveness of this process will largely depend on the intent shown by the political functionaries in empowering these institutions of self-government. However, the experience, till-date, has not been very encouraging.

One of the major reasons ascertained for this unimpressive state of affairs is an “anti-urban bias” (Ahluwalia 2019: 83; Jain 1979: 393) in the politico-administrative set-up. It is largely believed by most of the academicians that urbanization in India has not been adequately studied (Nair 2005: 4-5).

After independence, rural India constituted a “vast majority of the electorate” (Chattopadhyay 2017: 310), who in general have been voting more enthusiastically vis-a-vis their urban-counterparts (Auerbach 2015: 145; ET Bureau 2019; Tewari 2019; Yadav 1999: 2397). Consequently, political interests were “generally inclined [more] towards rural voters” (Weinstein et al.2014: 40), even discussions regarding poverty had a rural-bias (Burra 2005: 68; Pal 2008: 57) (Box 4.2).

Box 4.2 Rural-bias

After independence the “foremost requirement of the country was to consolidate itself as a nation” (SARC 2007: 51) which involved not only the amalgamation of over 400 princely states into the Union as well as strengthening of the existing states but also bringing about “balanced regional development, industrial growth and housing provisions” (Batra 2009: 1). Furthermore, since the country was predominantly rural, “rural poverty was seen as the central challenge” (Burra 2005: 68) resulting into a more rural predisposed administrative system (Pal 2008: 57). Consequently, problems of urban areas were “barely recognized” (Burra 2005: 68; Burra cited in Pal 2008: 57) with empowerment of ULBs taking a back-seat and discussions on urban governance “[disappearing] from the imagination of [the national leaders]” (Pandey cited in Batra 2009: 1). Moreover, during the initial years of independence the dominating “Gandhian idea of self-reliant village republics as well as Nehruvian vision of modern, industrialized nation, were characterized by their relative silence on the question of cities per se” (Batra 2009: 1-2). Infact, Gandhiji believed that the real India is to be found “in its 7,00,000 villages” (Gandhi n.d.) rather than cities. Thus, it is important to turn “back to the village[s]” (Gandhi n.d.). Even Pandit Jawaharlal Nehru believed that the “social standards that we seek to introduce will be judged ultimately not by what happens in Delhi but in the villages of India” (Jawaharlal Nehru cited in Nair 2005: 1). Obviously, this profound interest in the “problems of rural India” (Batra 2009: 1) at the time of independence did seem appropriate as at that time only about one-seventh of Indian population was urban. However, this political legacy continued unabated till recently leading to a “historical bias against urban area development” (Sivaramakrishnan cited in Murthy et al 2015: 95). Infact, “urbanization was not considered a positive process” (Dupont and Mahadevia cited in Kennedy et al 2008: 111) and was “often viewed as a disease, and a trend that needs to be reversed” (Mohan et al 2005: 217). Migration to cities was “not viewed positively” (Rajan et al.2020: 10) and considered a threat to their survival having the potential of “[ruining] the city life” (Jain 1979: 393), with further investment in housing for urban poor considered as an “invitation to fresh migration” (Burra 2005: 68) hence, quite often discouraged by designing policies “[intending to] reduce rural-to-urban migration” (Rajan et al.2020: 10) (whereas, it is quite understandable that with improvement in income, health, infrastructure and most importantly education, rural-to-urban migration starts becoming more apparent (Rhoda 1983)). Thus it wouldn't be a misnomer to state that the urban-governance in India has been “historically weak [and often neglected]” (Chattopadhyay 2017: 310). Infact, some even go to the extent of stating that the 74th CAA, resulting in the constitutionalization of the ULBs, was “reportedly, enacted only as a result of an afterthought by the protagonists of the panchayati raj for the villages” (Harriss 2010: 5) indicating the existence of a greater “political priority” (Samanta 2014: 60) towards the 73rd CAA resulting in the constitutionalization of the rural local bodies (i.e., the PRIs). Consequently, though the “rural amendment is very detailed, its urban equivalent is much more elusive” (Sivaramakrishnan cited in Samanta 2014: 60).

Further, over a period of time there was an “unambiguous rise in the agrarian representation” (Varshney 1998: 88) among the MPs (Table 4.13 and Figure 4.21) thereby resulting in an increased emphasis on rural development at the expense of development of the urban-areas (Chattopadhyay 2017: 310). Furthermore, the Green Revolution brought with it a class of affluent farmers (Varshney cited in Johnson 2003: 32) who continuously “pushed for new channels through which to voice and institutionalize their interests” (Bardhan and Jha cited in Johnson 2003: 32). Consequently, more emphasis was laid on rural-areas and its governance through the Panchayati Raj Institutions (PRIs) while the strengthening of ULBs took a back seat and “Indian cities [became] virtually absent from national planning and state-level economic programs” (Nair cited in Weinstein et al.2014: 43). Even the framers of the COI while formulating the Constitution categorically inserted Art. 40 relating to the Organization of Village Panchayats (GOI 2015: 22) but, no such clause was inserted with regards to the formation of ULBs. Most of the commissions and committees constituted to study decentralization were primarily inclined towards studying and empowering PRIs (that could probably explain the existence of a more developed and participative 3-tier structure⁶¹ in the PRIs, but a complete absence of it in the ULBs).

Occupation (prior)	1952	1957	1962	1967	1971	1977	1980	1984	1989
Agriculturists	22.5	29.1	27.4	30.6	33.2	36.0	39.3	38.4	40.4
Social workers	—	—	18.7	22.9	19.0	20.0	17.2	19.0	17.0
Lawyers	35.6	30.5	24.5	17.5	20.5	23.4	22.2	18.0	15.6
Traders & Industrialists	12.0	10.2	10.3	7.5	6.8	3.3	6.3	7.3	4.4
Educationists	9.9	11.3	5.8	6.5	7.1	8.4	6.7	7.6	8.7
Writers & journalists	10.4	10.2	5.8	4.8	6.3	2.1	2.7	1.3	3.7
Doctors & engineers	4.9	3.5	3.9	4.2	2.9	2.8	3.0	5.2	—
Civil & military service	3.7	4.0	0.9	3.2	3.4	1.7	0.9	1.6	—
Ex-princes	1.1	1.4	2.1	1.4	0.4	0.6	0.2	1.1	—

Table 4.13 “Occupational backgrounds of the Lok Sabha, 1952-1989 (percent)” (Varshney 1998: 89)

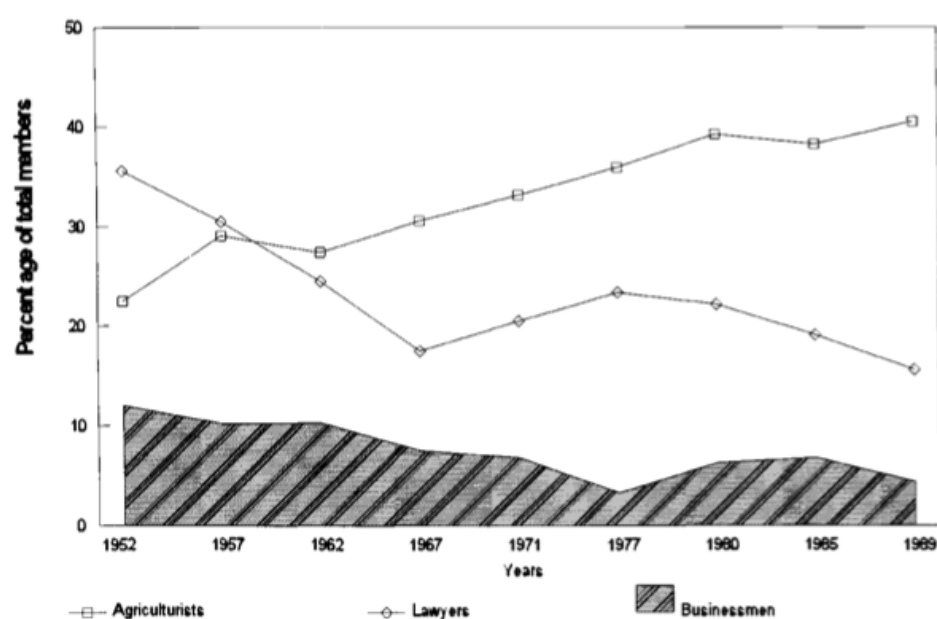


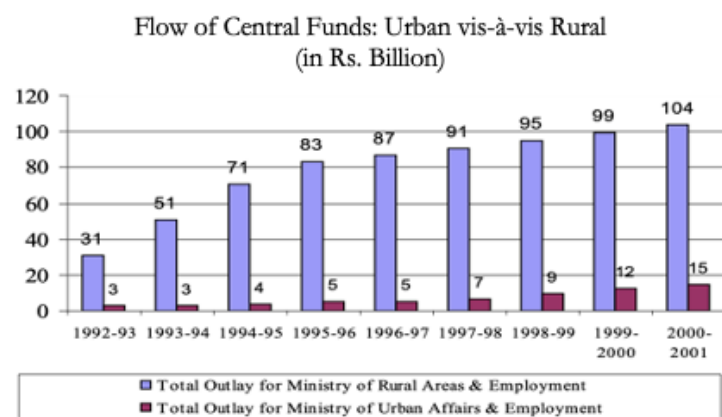
Figure 4.21 “Occupational background of the Lok Sabha (Lower House of the Parliament)” (Varshney 1998: 89)

Even today the political system is heavily biased towards the rural-areas “[despite the fact that] more Indians are shifting to cities and towns” (Ahluwalia 2016: 169) resulting in underrepresentation of urban-population at state and national levels (Ahluwalia 2019: 86). A prime example of this is the freezing of the designation of the constituencies as urban and rural for the future General-Elections till 2031 taking 2001 Census as the base despite the fact that the urban-population as a percentage of the total population has increased from 27.80% in 2001 to 31.20% in 2011 (Table 1.3) and is slated to increase further in the coming years “[thereby continuing with] the significant underrepresentation [of the urban areas]” (Ahluwalia 2014: 2). Furthermore, the existence of an exclusive Ministry for PRIs (established in May 2004) in GOI with no such dedicated ministry for the ULBs, also reflects greater priority shown towards rural-areas.

Even the SGs and the “rural local governments[/people] themselves are reluctant to go urban” (Ahluwalia 2019: 86) as going urban would not only mean the loss of huge amounts of funds stipulated under the various rural development schemes (Box 4.3) but also the region would have to forego the “lenient policies” which the “real estate developers and land transaction agents” and people are largely used to in rural-areas (Samanta 2014: 61) further compounded by an increased level of taxation, if declared urban (Mukhopadhyay et al.2016: 14; Singh 2013). Thus, even though the Census Towns increased from 1362 in 2001 to 3892 in 2011 (i.e., an increase of 2530), the Statutory Towns (which are legally notified by the SGs and have ULBs) merely increased by 242 from 3799 in 2001 to 4041 in 2011 (Census of India cited in MOHUA 2019: 12). Thus, 2288 towns remained statutorily unnotified as urban-areas without an elected ULB to represent them despite the Census identifying them as having the requisite qualities of being designated as urban-areas/towns. [Even in Uttarakhand, during the same period, though the Census Towns increased from 12 to 41, the Statutory Towns remained constant at 74 (MoHUA 2019: 12) i.e., 29 towns remained unnotified].

Box 4.3 Rural vs Urban funding

According to the 11th Five Year Plan (2005-11), during the plan period, the funds allocated for rural development were 11 times more than that allocated for urban areas despite the fact that in the same time period, the “urban population growth surpassed rural population growth for the first time in India’s history” (Pai 2018). Even prior to that “urban funds have constantly been a fraction of funds available for rural investments” (Mohan et al 2004: 20) indicating a “strong bias that [existed] against encouraging urbanization at policy level” (Mohan et al 2004: 20).



Source: Mohan et al (2004: 20)

Sometimes, even the rural-areas that have been declared urban/towns are “officially remade villages” (Bhagat 2005: 65) due to stiff opposition from the people (Box 4.4). Further, the elites, particularly the *Sarpanch* or the village-headman, who enjoys the “numero-uno position in the panchayat” (Jha 2020) is reluctant to give up his power as doing so will tend to “destroy his political eminence” (Jha 2020). Merger with the ULB may transform him from being a key decision-maker into a mere councilor having “none of the authority that he enjoyed earlier” (Jha 2020).

Box 4.4 Towns remade villages

The SGs, rural governments and the people themselves find it alluring to remain rural as doing so not only allows them to access a comparatively greater “largesse distributed by the Central Government [for rural areas]” (Bhagat 2005: 65; Sivaramakrishnan 2002) but also enjoy the fruits of direct benefit schemes like the MNREGS, likes of which are non-existent in urban areas. Further motivation is provided by the low level of taxes and the availability of virtually free electricity, water and healthcare in the rural areas (Sivaramakrishnan 2002). Furthermore, rural areas are subjected to less stringent planning and building regulations. These provide strong incentives for the regions to stay rural so much so that even when the SG declares the region as urban there is a strong demand by the inhabitants to convert the status of the region back to rural. For instance, “14 settlements within New Mumbai and Thane were officially remade villages” (Bhagat 2005: 65). Similarly, “the state of Haryana also denotified several small municipalities and made them panchayats again” (Sivaramakrishnan 2002). Tamil Nadu also reclassified 566 ULBs as village panchayats in 2004 due to “resistance to urban taxation” (Mukhopadhyay et al 2016: 4). The Government of UP is still facing stiff opposition against merging several adjoining villages to Prayagraj (the matter has been lingering on since 2013) (Jha 2020). Stiff opposition was also registered by the villagers of the 36 surrounding gram panchayats who were “forcibly” (Singh 2013) merged into the Greater Hyderabad Municipal Corporation (GHMC) on the pretext that the amalgamation with the GHMC is not only against the “spirit of the 74th amendment” but also would lead to an increase in “property tax, trade licenses and even building permission fees” (Singh 2013). Similarly, conversion of panchayats into towns was severely opposed in Kerala on the ground that doing so will deprive a large section of the rural population from the benefits derived from MNREGS (Sreekala K vs State of Kerala (2010(3) KHC 385) cited in Tandel et al 2016: 8). Even in Uttarakhand, several villages which were earlier included into the ULBs were later on detached from them following agitation from the people or in lieu of the orders passed by the Honorable High Court (HHC). For instance, Padli Gujjar and Rampur were denotified from being part of the Roorkee MC; similarly, the notification for newly constituted Selaqui Nagar Panchayat, comprising Selaqui village, was struck down by the HHC in WP (Writ Petition) 121/2019. Similarly, the HHC, in WP 194/2016, has stayed the constitution of Bhatrojkan Nagar Panchayat comprising 6 villages (Source UDD). However, sometimes in order to lure the people towards urban governance, the government provides certain relaxation/incentives. For instance, in 2020 the Maharashtra government decided to “spread the rise in taxation [which had become inevitable due to merger of adjoining villages into Satara Municipal Council,] over a period of 5 years” (Jha 2020). However, what is noteworthy is the fact that it took 41 years for this amalgamation to take place due to pressures “from local bodies and residents” (Jha 2020). Similarly, Tamil Nadu government in 2010 had also decided to delay the increase in taxes by 5 years for the residents of 3 municipalities and 7 town & village panchayats amalgamated into Coimbatore MC (Jha 2020). Even the GoUK, in 2018, has deferred the payment of property tax by 10 years for the residents of the newly added 40 wards into the DMC (Source DMC).

One of the other reasons for this virtually phlegmatic attitude of the SG towards the ULBs has been the “disinterest and the uneasiness displayed” by most of the senior-politicians including the ministers, MPs and MLAs towards the growing influence of the ULBs and the ward-members as they see the “ward-members as potential competitors/threats for future elections” (idea resonated by the interviewed ward-members as well). Thus, any strengthening of the ULBs would incidentally mean enhancing the sphere of influence of the ward-members and a probable loss of “[senior-politicians] power of patronage” (Harriss 2010: 10). Consequently, most of the senior politicians tend to discourage any development of local leadership and “operate as a brake on decentralization” (Eaton et al.2011: 22). Thus, one might interpret “that what constraints the local elected system is the powerful and omnipresent state reinforced by a political party system” (UNDP n.d.: 25) which discourages any local initiative and “reward passive obedience” (UNDP n.d.: 25) intending to inculcate a “vacuum of leadership among the local organizations” (Biswas et al.2019: 686). This uneasiness is quite succinctly articulated by providing an “escape clause” (Sivaramakrishnan 2012) by way of a provision in Art. 243 Q(1) of the COI which exempts the SG from creating ULB in an “industrial township” (GOI 2015: 140). Surprisingly, though this clause was not a part of the original draft of the 74th CAA (Sivaramakrishnan 2012), but since its inception has been utilized by several SGs to exempt the industrial townships from the “purview of municipal domain” (Sivaramakrishnan 2013: 91) e.g., NOIDA, Jamshedpur, etc. (The case of SEZs further illustrates this point (Box 4.5)).

Box 4.5 Case of SEZs

SEZs (Special Economic Zones) are meant to “promote private (foreign and domestic) investment in industrial infrastructure to enhance exports and create jobs” (Rewal 2011: 25). Since most of the SEZs are next to large cities they are expected to have important ramifications for urbanization translating into “50 to 70 new satellite towns” (Rewal 2011: 25) in the coming few decades. However, efforts have already been made to keep the SEZs outside the purview of decentralized governance by declaring them as industrial townships under the “loophole clause” (Sivaramakrishnan et al 2015) of Art 243 Q of the COI. For instance, the Department of Commerce, GOI in 2010 “issued guidelines urging the state governments to take appropriate steps to declare SEZs as industrial townships under proviso to Art 243 Q” (Sivaramakrishnan 2013: 91). Thus, SEZs tends to “exemplify undemocratic governance” (Rewal 2011: 25) lacking people’s participation. Similar approach has also been taken for towns to be developed along the Delhi-Mumbai Industrial Corridor Project.

Exercising effective control over the services and the ULBs is the other major reason why the SG shows disinterest in devolving important functions like road, water supply, sewage treatment, etc. to the ULBs as transferring them not only would mean substantial loss of control over these agencies but also relinquishing power, patronage and political clout (Bardhan 1996: 147; Pinto cited in Chattopadhyay 2017; Vasquez et al.2011: 11-12). Infact, the SG on the pretext that the ULBs are inefficient, incapable, incompetent and deficient has been continuously “diverting municipal functions and funds to [unifunctional/specialized parastatal-agencies]” (Sivaramakrishnan cited in Murthy et al.2015: 117) . “Such parastatal mushroomed in the 1960s and 1970s, in the hope that they would provide technical competence for the provision of various services and utilities” (SARC 2007: 244) but over a period of time have garnered monopoly over these functions to the extent of even bypassing the ULBs. Further, since the parastatal-bodies are apolitical, they are more amenable to the control by the state-bureaucracy. Thus, there always exists a growing tendency among the bureaucrats to transfer more powers/functions/funds to these bodies. Thus, instead of enhancing the capacities of the ULBs and strengthening them they are quite often supplanted. However, at the same time continuous reinforcement is made available to the parastatal-agencies. Since, most of the parastatal are accountable to the SG (upward accountability) it deters any kind of downward accountability towards the people, quite contrary to the propositions of the 74th CAA. This not only results into “the disintegration and downgrading of elected urban local governments at the hand of the state governments” (Pinto 2000: 20) but also mannier times causes severe coordination issues gravely affecting the delivery of services.

The matter is further compounded by the presence of MPs and MLAs in the region, who by virtue of Art. 243R of the COI (COI 2015: 140), automatically become members (with voting rights) of the concerned ULB thereby, generating a possibility whereby, they could influence the independent-working of the ULBs. Also, every year MPs/MLAs have a discretionary fund of Rs. 50 mn at their disposal (utilized by them for several prescribed developmental works), some of which they disburse within the boundaries of the DMC without much consultation with it.

All this creates a sense of uncertainty in the minds of the people/voters. Consequently, they start approaching parastatal/government-bodies or other powerful entities for resolution of their problems^[7].

Further, this inadequate devolution of functional and financial autonomy, accompanied by the subsequent empowerment of the parastatal-bodies, not only prevents the ULBs from realizing their constitutional obligations but also results in substandard performance/output. According to the Ease-of-Living-Index (EOLI) 2018 published by MoHUA (2018), Dehradun-city ranked 80th out of 111 cities rated across four-pillars (i.e., Institutional, Social, Economic and Physical) and 15 categories

using 78 indicators (ranks in Institutional pillar being 61; Social Pillar being 62; Economic pillar being 53 and Physical pillar being 94) thereby indicating a huge scope for improvement among all the four pillars (especially the Physical pillar which represents the status of infrastructure as well as the quality of the urban service delivery system). Similarly, it also ranked pretty low in ASICS, ranking 21 out of 23 cities surveyed (Janagraaha 2017), prompting Janagraaha (2017) to suggest greater devolution of critical functions to the DMC. Likewise, several studies have also indicated a positive-correlation between decentralization and better delivery of services. For instance, Bardhan et al.(2004) founded a positive-correlation between decentralized-management and better achievement in poverty-alleviation goals in West Bengal. Similar results were confirmed by Galasso et al.(2004) for Bangladesh. Foster et al.(cited in Shah et al.2004: 10) also concluded that decentralization led to improvement in pro-poor local services. Similarly, Shah et al.(2004: 12) believed that despite variety of experiences there is “a positive influence of decentralization policies in reforming public sector in developing countries”. Likewise, Brillantes et al.(2012: 315) while studying decentralization in Southeast Asia also concluded that “decentralization can lead to more responsive management of urban areas, resulting in more balanced development and better living conditions for citizens”. Similarly, a RBI-study also concluded that “Decentralization increases the efficiency of lower levels of government in the provision of various local services due to their limited jurisdiction and better matching resources, services and preferences” (Mohanty et al.2007: v). Thus there seems to a justification in transferring critical functions to the DMC. However, which functions are to be further devolved and the mechanism for their devolution needs further careful and calibrated study. The SG therefore, should institute a committee to study the step-by-step devolution of functions to the DMC.

Chapter 5 : Recommendations and Suggestions

The broad objectives of the LSG can be categorized as twofold: one, to function as an “instrument of local democracy” (Pinto 2000: 221); and two, to provide the citizenry with the desired public services of reasonably good quality. However, as analysed, with the increasing urbanization not only the “demand for public services, new public infrastructure, and its maintenance [is increasing]” (UN Habitat 2015: 8) but also the cost of existing services and infrastructure and its maintenance is also growing which “often [remains] unmet” (Kamiya et al.2017: xiv) thereby, contributing towards “government deficit to varying degrees” (WGUG n.d.: 2) in ULBs as well as severely constraining the ability of the cities to act as “engines of economic growth” (Mohanty et al.2007: 2).

On the basis of analysis and review of various literature some of the major problems faced by DMC in particular and ULBs in general in raising adequate finances are:

- Overdependence on the SGs for devolution of functions;
- Lack of personnel;
- Lack of own financial resources.

Consequently, I propose the following suggestions.

5.1 Suggestions

1. Devolution of Functions

The COI, via the 74th CAA, prescribes 18 functions to be devolved to the ULBs. But, by not making the devolution mandatory, it fell short of complete devolution and instead entrusted the SG with the duty of devolving the functions. However, as analysed, the experience has not been very heartening due to weak devolution and emergence of parastatal-bodies.

According to Musgrave (1959: 5) any public-office should perform the following functions : “(1) secure adjustments in the allocation of resources; (2) secure adjustments in the distribution of income and wealth; and (3) secure economic stabilization”. Accordingly, the CG/SG may play a major role in economic-stabilization and redistribution of income (although even here the LG have a major role to play in implementation), whereas the LG may play a significant role in resource-allocation (World Bank 1999: 114-115).

Mohanty (2014: 125), drawing from the Musgrave framework classifies the functions in the Twelfth Schedule as “essentially municipal, agency and shared function” (Mohanty 2014: 125) (Table 5.1). Essentially municipal-functions are those functions which are completely localized; agency-functions are those functions which are normally performed by the higher-levels of government but their implementation requires the involvement of the ULBs (e.g., planning, financing, regulating); shared-functions are those functions which require equal involvement and partnership of all forms of government (e.g., roads, water supply).

<i>Function Group</i>	<i>Functions</i>
'Essentially municipal' functions	Urban planning including town planning; Public health, sanitation, conservancy, and solid waste management; Provision of urban amenities and facilities such as parks, gardens, and playgrounds; Public amenities including street lighting, parking lots, bus stops, and public conveniences; Regulation of land use and construction of buildings; Burials and burial grounds, cremations, cremation ghats/grounds, and electric crematoria; Cattle pounds, prevention of cruelty to animals; Vital statistics including registration of births and deaths; Regulation of slaughter houses and tanneries.
'Agency' functions	Safeguarding the interests of weaker sections of society, including the handicapped and the mentally retarded; Slum improvement and upgradation; Urban poverty alleviation.
'Shared' or 'Concurrent' functions	Planning for economic and social development; Roads and bridges; Water supply for domestic, industrial, and commercial purposes; Fire services; Promotion of cultural, educational, and aesthetic aspects; Urban forestry, protection of the environment, and promotion of ecological aspects.

Table 5.1 "Typology of Twelfth Schedule Municipal Functions" (Mobanty 2014: 127)

The underlying objective is to devolve all 'essentially municipal' functions to the ULBs. However, this kind of differentiation will require simultaneous "activity mapping" (HPEC 2011: 88) in order to clearly demarcate the responsibilities of various levels of government. For instance, water-supply function consists of production, transmission and distribution. While distribution may be considered an essentially municipal service, production and distribution due their very nature in terms of crossing multiple jurisdiction, requiring heavy capital expenditure and the nature of expertise required, may be considered a shared function.

However, at the same it also needs to be emphasized that functions should match the managerial, technical and financial capabilities/capacities of the DMC.

2. Augmentation of Human Resources (HR)

During the course of the analysis, one feature that clearly stood-out was the presence of largely insufficient and unskilled/untrained municipal-staff. Accordingly, the GoUK should devote sufficient time and energy to enhance the overall HR capacities of the DMC. This will include filling up the existing vacancies as well as providing appropriate and continuous training to the existing as well as the newly recruited staff. Expounding the importance of capacity building, HPEC in its report (2011: 107-108) has also strongly advocated to devote 2.5% of the total capital expenditure, which is estimated to be 38.2 lakh crores, towards capacity building. It has also recommended setting up of five Indian Institutes of Urban Management in order to develop future urban managers and regulators.

Regular and continuous training also needs to be provided to the ward-members to not only sensitize them about their duties but also apprise them about the various laws/acts/rules and schemes influencing the municipal activities.

3. Enhancement of Finances

The 74th CAA, 1992 though prescribed certain functions to be devolved to the ULBs, failed to specify any sources of finances/revenues for those functions and completely left it to the

prudence of the SG. Consequently, though the responsibilities of the ULBs increased enormously, there hasn't been a comparable increase in the sources of their revenues resulting in "vertical imbalance" (Mohanty et al.2007: 18; HPEC 2011: 127) i.e., difference/mismatch between revenue-generating-powers and expenditure-responsibilities of the government (HPEC 2011: 127). However, financial prudence says that "finances of local bodies must be commensurate with the assigned functions" (Mohanty et al.2007: 4). Therefore, according to Bird (2000: 3):

- Subnational or LG, as far as possible, should charge for services delivered/provided by them;
- Where charging seems to be impractical, they should bear the cost of the services through taxes on the citizens (except in circumstances where higher governments are ready to bear the cost of those services but then to that extent the LG should be accountable to the higher government).

Thus, there is an emphasis on generating indigenous sources of revenue to fund the services. International experience also shows that greater tax autonomy available with the LG also leads to "improved stability, overall better governance and lower corruption levels" (Vazquez 2015: 15) resulting in "better access to services at local level" (World Bank cited in Lindfield et al.2017: 30).

The point is further elaborated by Dirie (cited in Cheeseman et al.2007: 12) according to whom since the development of responsible and accountable LGs is largely dependent upon the "degree of freedom with respect to local revenues [available with them]" therefore, to enable them to functions as units of self-government they "must have [considerable] control over the rates of some significant revenue source". However, which powers and taxes are to be delegated and what should be their mechanism requires further research. Nonetheless, Musgrave's suggestion (cited in Mohanty 2014: 130) regarding tax-assignment could serve as a guideline:

- Taxes that are required for economic-stabilization should be levied and collected by the CG;
- Redistribution-taxes that are progressive in nature should be assigned to the CG;
- Personal-taxes should be levied by the competent and capable jurisdiction;
- LG should be assigned taxes that involve low mobility jurisdictions.
- Benefit-taxes and user-charges may be levied by all levels (within their jurisdiction and competency)

Similarly, Mohanty's (2014: 135) three-tier classification of functions as essentially-municipal, agency and shared functions and their financing arrangement could also serve as guiding principles. According to him:

- The essentially-municipal-functions should be financed by own-sources;
- The agency-functions should be funded through intergovernmental fund transfers, with the ULBs contributing a small share to induce ownership.
- Whereas, the shared-functions should be financed primarily through "revenue shared taxes from higher levels of governments" (Mohanty 2014: 135).

The HPEC (2011: 129-130) has also recommended a broad based revenue sharing mechanism between the states and the ULBs. Some of its major recommendation include:

- Alongwith the Union, State and Concurrent List, a fourth list known as the Local Bodies Finance List (LBFL) should be inserted in the COI. The list would include the following taxes:
 - Exclusive taxes – property tax, profession tax, entertainment tax, advertisement tax;
 - Revenue shared taxes – all taxes on goods and services levied by the SG
 - Non-tax revenues – user charges, trade licensing fees, FSI charge/Betterment charge/Impact fees/Development charge

The WGUG established by the Planning Commission under the 12th Five Year Plan (2012-17) also supported the above recommendations (WGUG n.d.: 8).

- The ULBs should be given complete control to levy and collect the taxes in the exclusive-tax category. With regards to the taxes under the revenue-shared tax category, the COI should clearly specify the percentage-share of ULBs (which should be based on the recommendations of the SFC). [The 13th FC (cited in HPEC 2011: 129) while making a similar recommendation also favoured automatic transfer of such funds to the LGs].

A brief study of most of the above-mentioned recommendations made by the various committees and administrative thinkers do emphasize the importance of indigenous resources and the need to empower the ULBs to generate them since “[adequacy] of own resources is the key to both city’s improved ability to deliver services as well as to better accountability of local officials to its constituents” (Vasquez 2015: 14) whereas, greater dependency on higher levels-of-government for funds/budget leads to embracing “national [/state] policy priorities [which may] stymie local innovation and make it difficult for city leaders to respond to local concerns” (Burbidge et al.2017: 19) as well as increase administrative-costs (Smoke 2015: 44).

Notwithstanding the importance of own revenues, they are to be equally supported by continuous, predictable and adequate intergovernmental-transfers from the CG/SG in order “to address differences in expenditure needs and fiscal capacities across cities” (Vasquez 2015: 15) as well as to achieve the objectives of centrally and state sponsored schemes. To achieve this the COI enumerates the setting of SFC and CFC. However, as has been discussed, though the SFC has been set up in Uttarakhand as well as in most of the other states, it typically functions with “inadequate technical and financial support, and their recommendations have mostly not been complied with” (HPEC 2011: 128; WGUG n.d.: 7-8). Therefore, there is a need to enhance the technical and the financial capacities of the SFC and also ensure that their recommendations are not only timely presented but also due importance is given to them. Further, to ensure that the ULBs are able to prepare their plans in an organized and scheduled manner it is crucial that the transfers are predictable, timely and transparent based upon some pre-determined formula.

Besides, the reforms have to come from within the DMC. Presently, as analysed, the DMC is itself plagued by various inefficiencies of its own that does not allow it to generate the desired revenues from whatever minimal revenues/tax sources are available at its disposal. One of the main reasons, as already discussed earlier, is the shortage and incapacities of the staff. Secondly, in order to pacify their voter base and keep their chances alive for reelection, the political-functionaries show a disinclination towards taking unpopular decisions like introducing, raising or even collecting taxes/user charges and their associated arrears, leading to financial losses. However, healthy democracy requires that this reluctance needs to be

overcome. Therefore, there should be some mechanism of compulsion in this regards. A ULB that does not effectively generates and utilizes its own resources should have no claim over the CG/SG pool of funds. Infact, the release of grants could be linked to the revenue generation capacity/efforts of the ULBs (SARC 2007: 233). Further, where a ULB is unwilling to impose a tax at an appropriate rate, the SG could initially give it a friendly advice, but if it still persists, the SG should itself intervene and impose or raise the relevant taxes. Efforts should also be made to recover the piled up arrears without any laxity (incentive schemes for timely payment while heavy fines for defaulting may also be instituted). However, exclusively raising the taxes may not be the only solution as it may further lead to non-compliance. Consequently, more efforts should be devoted towards expanding the existing tax-base as well as improving the collection-efficiency.

Further, provisions for imposition of fines and penalties provided for in the municipal-laws are hardly invoked in practice. One, due to political interferences and two, because initiating such cases involves judicial complexities (as most of the cases have to be tried in a magisterial court) which according to DMC officials takes a “lot of time, effort and money”. In some cases the “penal sum is much less than the incurred legal expenses”. Hence, the municipal officials more often than not are discouraged to institute a case against the violator. This further gives an incentive to the people to violate municipal laws. Thus, it is pertinent that atleast some penal powers, after careful and rigorous research, are directly delegated to the ULBs. The SARC (2007: 234) while deliberating upon this matter recommends the creation of a “municipal police service for better compliance of civil laws” (which definitely could be researched into).

Municipal Bonds (MBs), Borrowings and PPP (Public Private Partnership) can also be important sources of financing for the ULBs. The practice of raising money through MBs is very recent in India and only started in the early 1990s when Bangalore MC, with SG’s guarantee, issued bonds to raise money (SARC 2007: 236). However, it was Ahmedabad MC which became the first ULB in India to issue MBs (worth Rs. 1000 mn) without SG’s guarantee in 1998 (Vaidya 2009: 22).

Borrowings, also a recent phenomenon, presently are mostly backed by the SGs, which though from the investors point of view is safe, but at the same time may induce the ULBs to spend irresponsibly as well as disincentivize them to make serious efforts to collect/recover the loans through levy of required charges from the beneficiaries. Further, the present LG may also be enticed to spend extravagantly and shift the burden of repayment on the future LG. Thus, there is a need to strike a balance between the nature and quantum of borrowings and the fiscal discipline that is to be adhered to. Further, borrowings by the ULBs presently are limited and require the prior approval of the SG. This often may cause unnecessary delays. This system however could be replaced by an automatic borrowing mechanism whereby loans upto a certain amount are automatically approved, provided the ULB satisfies some prescribed preconditions whereas, large borrowings may still require the approval of the SGs.

Likewise, another important mechanism could be arranging staff and funds through means of PPP (Public Private Partnership) whereby, the ULBs can outsource certain activities to specialized private agencies e.g., the ULBs of Hyderabad and Surat have outsourced cleaning of roads and markets to private contractor (Vaidya 2009: 24). However, accessing funds and assistance through MBs, Borrowings and/or PPP requires establishment of formidable credit-worthiness which in-turn requires: better revenue-generation and financial-management capabilities; and sound technical/financial expertise to access the financial markets as well as design infrastructure works/projects (which though can be achieved by creation of specialized “project development facilities” (Morales et al.2017: 56)). Some twerking of municipal laws

may also be required to facilitate greater participation of the private sector. Further, in order to generate trust among the investors, it is imperative that the DMC gets itself accredited by some approved credit agency like the CRISIL/ICRA.

Leveraging the potential value of the land owned by the ULBs could be another probable area for raising revenues. Though presently most of the land and developmental planning and their associated charges are collected by the MDDA, and also because presently there seems to be no sign on part of the SG to transfer these powers to the ULBs therefore, for the time being a certain percentage of the proceeds from that collection could be transferred to the DMC. However, in the long run, the town and urban planning functions need to be transferred to the DMC (as desired by the COI) and the MDDA and its functionaries should be merged with the DMC. Further, as analysed previously, the lease-rental value earned by the DMC is minimal and inconsistent mainly on account of various litigations and reluctance shown by the present occupiers to either pay the market rent or vacate the premises. Thus, there is a need to amend the municipal laws to ensure that the properties are only given through a competitive bidding process and not for a long period of time. The HPEC (2011: 151) while mulling over the issue recommended transparently monetizing such underutilized, unutilized and vacant properties as it may unlock “precious funds which can be used for infrastructure development” mainly for capital investment projects and housing for the poor. It (HPEC 2011: 134) also recommended imposition of Vacant Land Tax (VLT) equivalent to 0.5% of the ready reckoner value (i.e., the circle rate fixed and periodically revised by the SG). Similarly, Mohanty (2014: 138) also recommends the imposition of VLT (exempting properties that have used more than 50% of their property for building purposes) at a rate higher than what is applicable to built-up areas to “discourage speculation in land and promote affordable housing”. Whatever may be the rate and mechanism but the need to utilize the VLT must be underscored and utilized.

However, since Decentralization and empowerment of ULBs is a political decision/process, implementing these suggestions/recommendations will require the desired “political will and commitment” (Mugabi 2005: 32) in the “country’s political process” (Rondinelli et al.1983: 13), without which the above-mentioned suggestions will remain utopian.

Chapter 6 : Conclusion

The world is rapidly urbanizing with more-and-more people living in cities, estimated to rise to 68% of the world's population by 2050 (UNDESA 2019: xix). Consequently, cities have become the driving forces for development and economic prosperity in the 21st century. By bringing a large number of people in close proximity to one another “they spark economic growth, foster innovation and generate prosperity” (Kamiya et al.2017: xiv). However, at the same time they face daunting challenges in the form of providing a decent and livable environment for all its citizens, fulfillment of which will require the presence of institutionalized decentralization, in the form of LG, that will provide “a path towards responsive governance, enabling [it] to address the specific needs of residents and businesses” (Kamiya et al.2017: xiv). Decentralized governance, if implemented effectively, has the potential of taking the government closer to the people and making it more representative, responsive and accountable. Being closer to the people, allows for greater participation and contribution by the people towards their own development. This in-turn enhances the legitimacy of the government. However, to ensure that the LGs functions as unit of self-government it is imperative that they are provided with requisite powers, functions and finances.

However, as the study has revealed, though the responsibilities of the ULBs have increased tremendously there hasn't been a commensurate increase in their resources resulting in responsibility-finance mismatch. Even-though the 74th CAA, 1992 gave constitutional status to the ULBs and prescribed 18 functions to be devolved to them, but by not making the devolution mandatory, it fell short of complete devolution and left it completely to the discretion of the SGs, who as the analysis has revealed, have been reluctant to do so (rather they have shown a tendency to transfer important functions to specialist parastatal/government-bodies). Furthermore, the ULBs tend to enjoy very minimal financial-autonomy despite the 74th CAA. Though the COI mandates the division of taxes between the CG and SG there is no such “corresponding municipal financial list” (Mohanty et al.2007: 2) thereby, leaving the assignment of funds/finances completely to the discretion of the SGs. Furthermore, the charges/fees/taxes that the ULBs are authorized to impose also require the prior approval of the SG. Moreover, most of the taxes that are assigned to the DMC are inelastic in nature whereas the activities, functions and their associated costs continuously expand in terms of extent and complexities. Thus, there exists a “widening gap between the availability of financial resources and the municipal spending needs” (UN Habitat 2015: 8). Furthermore, in order to placate their voter base, the political-functionaries are reluctant to raise the taxes/user-charges resulting in the provisioning of highly subsidized services breeding “poor cost recovery, poor maintenance and inadequate investment in infrastructure” (Vaidya 2009: 20). Regrettably, even the staff at times is inactive in the collection of the dues/taxes resulting in financial losses to the ULBs. The matters are further compounded by untimely and irregular transfers from the CG/SG.

The study of financial performance of DMC also revealed the same, with the functions and finances of the DMC severely constrained/restricted and heavily dependent on SG's discretion, so-much-so, that if not for the transfers from the SG, the DMC wouldn't be in a position to pay the salaries/pensions of its employees. Though some positive steps have been taken in this regard for instance, by reforming the PT collection mechanism but, a lot still needs to be done. The main reasons ascertained for the poor financial performance of the DMC were threefold: administrative, financial and political.

The administrative-reasons mainly included lack of adequate staff/personnel (especially skilled/trained personnel) available with the ULB/DMC. The financial-reasons mainly included deficient/insufficient financial-autonomy resulting in heavy dependence on the SG for funds/finances. However, whatever minimal revenue-sources and taxes are available with the ULBs/DMC even their

exploitation is not very promising. Most of the ULBs often fall short of even collecting the basic O&M costs through user charges/fees (one, due to lack of adequate staff; two, inefficient collection by the available staff; three, political resistance towards collection and raising of user charges/fees). Similarly, the tax collection is also not optimum. However, the political-reasons appeared to be the most prominent and overarching ones.

Decentralization and empowerment of ULBs is a political process whose “stated intention is to alter the political status quo by transferring authority from one-level of government and one-set of actors to other” (Fiske 1996: 7) and determine the “loci of decision-making power” (Scott 2009: 5) hence, the presence of a formidable political-will is pertinent for its effectiveness. However, as has been analyzed, the desired political-will is yet to be realized completely. There are several reasons for that, main being:

- A sense of anti-urban bias with the political-functionaries (as it is largely believed by them that ‘India lives in the villages’ therefore, more population and hence, more voters and more funds. Consequently, more focus till-date has been laid on rural-development and decentralization vis-à-vis urban-decentralization resulting into a more democratic and participative three-tier rural decentralization forum);
- Reluctance exhibited by SG and bureaucracy;
- Desire of SG, rural LGs and people to remain rural;
- Apprehensions exhibited by senior politicians.

All these culminate and reinforce one-another leading to a half-hearted/perfunctory-decentralization whereby, though the ULBs/DMC do exist in reality but to a large extent heavily dependent on SG for funds/finances and devoid of adequate functional/financial-autonomy. Though, during the course of the analysis, a number of suggestions have been enumerated in Chapter 4&5, but all those will require the requisite political-will to implement them, absence of which will ensure that the ULBs/DMC merely work like departments of the government rather than institutions of self-government.

Decentralization, thus is a long and detailed process “that requires sustained attention to get [it] right” (Faguet et al.2015: 24) and can only achieve its objectives “when policies are appropriately designed and effectively implemented, governance systems at all levels are competent, and national[/state/local] political leaders are committed to local participation and shared decision making” (Rondinelli 2006).

Annexures

Annexure 1

Categories of People Interviewed

- Officers of the SG – Two officials of the Government of Uttarakhand were interviewed.
- Officers of the SG on deputation to the DMC – one serving and one ex-official were interviewed.
- Municipal cadre officials posted in DMC – two officials were interviewed.
- Permanent employees of the DMC – one official was interviewed.
- Elected members – two ward-members/corporators were interviewed.

Annexure 2
Seventh Schedule
Article 246
List II – State List
(GOI 2015: 327-332)

1. Public order (but not including ³[the use of any naval, military or air force or any other armed force of the Union or of any other force subject to the control of the Union or of any contingent or unit thereof] in aid of the civil power).

¹[2. Police (including railway and village police) subject to the provisions of entry 2A of List I.]

2

3. *** Officers and servants of the High Court; procedure in rent and revenue courts; fees taken in all courts except the Supreme Court.

4. Prisons, reformatories, Borstal institutions and other institutions of a like nature, and persons detained therein; arrangements with other States for the use of prisons and other institutions.

5. *Local Government, that is to say, the constitution and powers of municipal corporations, improvement trusts, district boards, mining settlement authorities and other local authorities for the purpose of local self-Government or village administration.*

6. Public health and sanitation; hospitals and dispensaries.

7. Pilgrimages, other than pilgrimages to places outside India.

8. Intoxicating liquors, that is to say, the production, manufacture, possession, transport, purchase and sale of intoxicating liquors.

9. Relief of the disabled and unemployable.

10. Burials and burial grounds; cremations and cremation grounds. ^{3+ + + + +}

12. Libraries, museums and other similar institutions controlled or financed by the State; ancient and historical monuments and records other than those ⁴[declared by or under law made by Parliament] to be of national importance.

13. Communications, that is to say, roads, bridges, ferries, and other means of communication not specified in List I; municipal tramways; ropeways; inland waterways and traffic thereon subject to the provisions of List I and List III with regard to such waterways; vehicles other than mechanically propelled vehicles.

14. Agriculture, including agricultural education and research, protection against pests and prevention of plant diseases.

15. Preservation, protection and improvement of stock and prevention of animal diseases; veterinary training and practice.

16. Pounds and the prevention of cattle trespass.

17. Water, that is to say, water supplies, irrigation and canals, drainage and embankments, water storage and water power subject to the provisions of entry 56 of List I.

18. Land, that is to say, rights in or over land, land tenures including the relation of landlord and tenant, and the collection of rents; transfer and alienation of agricultural land; land improvement and agricultural loans; colonization.

1+ + + + +

21. Fisheries.

22. Courts of wards subject to the provisions of entry 34 of List I; encumbered and attached estates.

23. Regulation of mines and mineral development subject to the provisions of List I with respect to regulation and development under the control of the Union.

24. Industries subject to the provisions of ²[entries 7 and 52] of List I.

25. Gas and gas-works.

26. Trade and commerce within the State subject to the provisions of entry 33 of List III.

27. Production, supply and distribution of goods subject to the provisions of entry 33 of List III.

28. Markets and fairs.

1+ + + + +

30. Money-lending and money-lenders; relief of agricultural indebtedness. 31. Inns and inn-keepers.

31. Inns and inn-keepers.

32. Incorporation, regulation and winding up of corporations, other than those specified in List I, and universities; unincorporated trading, literary, scientific, religious and other societies and associations; co-operative societies.

33. Theatres and dramatic performances; cinemas subject to the provisions of entry 60 of List I; sports, entertainments and amusements.

34. Betting and gambling.

35. Works, lands and buildings vested in or in the possession of the State.

1+ + + + +

37. Elections to the Legislature of the State subject to the provisions of any law made by Parliament.

38. Salaries and allowances of members of the Legislature of the State, of the Speaker and Deputy Speaker of the Legislative Assembly and, if there is a Legislative Council, of the Chairman and Deputy Chairman thereof.
39. Powers, privileges and immunities of the Legislative Assembly and of the members and the committees thereof, and, if there is a Legislative Council, of that Council and of the members and the committees thereof; enforcement of attendance of persons for giving evidence or producing documents before committees of the Legislature of the State.
40. Salaries and allowances of Ministers for the State.
41. State public services; State Public Service Commission.
42. State pensions, that is to say, pensions payable by the State or out of the Consolidated Fund of the State.
43. Public debt of the State.
44. Treasure trove.
45. Land revenue, including the assessment and collection of revenue, the maintenance of land records, survey for revenue purposes and records of rights, and alienation of revenues.
46. Taxes on agricultural income.
47. Duties in respect of succession to agricultural land. 48. Estate duty in respect of agricultural land.
48. Estate duty in respect of agricultural land.
49. Taxes on lands and buildings.
50. Taxes on mineral rights subject to any limitations imposed by Parliament by law relating to mineral development.
51. Duties of excise on the following goods manufactured or produced in the State and countervailing duties at the same or lower rates on similar goods manufactured or produced elsewhere in India:—
- (a) alcoholic liquors for human consumption;
- (b) opium, Indian hemp and other narcotic drugs and narcotics;
but not including medicinal and toilet preparations containing alcohol or any substance included in sub-paragraph (b) of this entry.
52. Taxes on the entry of goods into a local area for consumption, use or sale therein.
53. Taxes on the consumption or sale of electricity.

¹[54. Taxes on the sale or purchase of goods other than newspapers, subject to the provisions of entry 92A of List I.]

55. Taxes on advertisements other than advertisements published in the newspapers ²[and advertisements broadcast by radio or television].

56. Taxes on goods and passengers carried by road or on inland waterways.

57. Taxes on vehicles, whether mechanically propelled or not, suitable for use on roads, including tramcars subject to the provisions of entry 35 of List III.

58. Taxes on animals and boats.

59. Tolls.

60. Taxes on professions, trades, callings and employments.

61. Capitation taxes.

62. Taxes on luxuries, including taxes on entertainments, amusements, betting and gambling.

63. Rates of stamp duty in respect of documents other than those specified in the provisions of List I with regard to rates of stamp duty.

64. Offences against laws with respect to any of the matters in this List.

65. Jurisdiction and powers of all courts, except the Supreme Court, with respect to any of the matters in this List.

66. Fees in respect of any of the matters in this List, but not including fees taken in any court.

Annexure 3
Part IX A: The Municipalities
(GOI 2015: 139-149)

243P. In this Part, unless the context otherwise requires,—

- (a) “Committee” means a Committee constituted under article 243S;
- (b) “district” means a district in a State;
- (c) “Metropolitan area” means an area having a population of ten lakhs or more, comprised in one or more districts and consisting of two or more Municipalities or Panchayats or other contiguous areas, specified by the Governor by public notification to be a Metropolitan area for the purposes of this Part;
- (d) “Municipal area” means the territorial area of a Municipality as is notified by the Governor;
- (e) “Municipality” means an institution of self- government constituted under article 243Q;
- (f) “Panchayat” means a Panchayat constituted under article 243B;
- (g) “population” means the population as ascertained at the last preceding census of which the relevant figures have been published.

243Q. (1) There shall be constituted in every State,—

- (a) a Nagar Panchayat (by whatever name called) for a transitional area, that is to say, an area in transition from a rural area to an urban area;
- (b) a Municipal Council for a smaller urban area; and
- (c) a Municipal Corporation for a larger urban area,

in accordance with the provisions of this Part:

Provided that a Municipality under this clause may not be constituted in such urban area or part thereof as the Governor may, having regard to the size of the area and the municipal services being provided or proposed to be provided by an industrial establishment in that area and such other factors as he may deem fit, by public notification, specify to be an industrial township.

(2) In this article, “a transitional area”, “a smaller urban area” or “a larger urban area” means such area as the Governor may, having regard to the population of the area, the density of the population therein, the revenue generated for local administration, the percentage of employment in non-agricultural activities, the economic importance or such other factors as he may deem fit, specify by public notification for the purposes of this Part.

243R. (1) Save as provided in clause (2), all the seats in a Municipality shall be filled by persons chosen by direct election from the territorial constituencies in the Municipal area and for this purpose each Municipal area shall be divided into territorial constituencies to be known as wards.

(2) The Legislature of a State may, by law, provide— (a) for the representation in a Municipality of—

(i) persons having special knowledge or experience in Municipal administration;

(ii) the members of the House of the People and the members of the Legislative Assembly of the State representing constituencies which comprise wholly or partly the Municipal area;

(iii) the members of the Council of States and the members of the Legislative Council of the State registered as electors within the Municipal area;

(iv) the Chairpersons of the Committees constituted under clause (5) of article 243S:

Provided that the persons referred to in paragraph (i) shall not have the right to vote in the meetings of the Municipality;

(b) the manner of election of the Chairperson of a Municipality.

243S. (1) There shall be constituted Wards Committees, consisting of one or more wards, within the territorial area of a Municipality having a population of three lakhs or more.

(2) The Legislature of a State may, by law, make provision with respect to—

(a) the composition and the territorial area of a Wards Committee;

(b) the manner in which the seats in a Wards Committee shall be filled.

(3) A member of a Municipality representing a ward within the territorial area of the Wards Committee shall be a member of that Committee.

(4) Where a Wards Committee consists of—

(a) one ward, the member representing that ward in the Municipality; or

(b) two or more wards, one of the members representing such wards in the Municipality elected by the members of the Wards Committee,

shall be the Chairperson of that Committee.

(5) Nothing in this article shall be deemed to prevent the Legislature of a State from making any provision for the constitution of Committees in addition to the Wards Committees.

243T. (1) Seats shall be reserved for the Scheduled Castes and the Scheduled Tribes in every Municipality and the number of seats so reserved shall bear, as nearly as may be, the same proportion to the total number of seats to be filled by direct election in that Municipality as the population of the Scheduled Castes in the Municipal area or of the Scheduled Tribes in the Municipal area bears to the total population of that area and such seats may be allotted by rotation to different constituencies in a Municipality.

(2) Not less than one-third of the total number of seats reserved under clause (1) shall be reserved for women belonging to the Scheduled Castes or, as the case may be, the Scheduled Tribes.

(3) Not less than one-third (including the number of seats reserved for women belonging to the Scheduled Castes and the Scheduled Tribes) of the total number of seats to be filled by direct election in every Municipality shall be reserved for women and such seats may be allotted by rotation to different constituencies in a Municipality.

(4) The offices of Chairpersons in the Municipalities shall be reserved for the Scheduled Castes, the Scheduled Tribes and women in such manner as the Legislature of a State may, by law, provide.

(5) The reservation of seats under clauses (1) and (2) and the reservation of offices of Chairpersons (other than the reservation for women) under clause (4) shall cease to have effect on the expiration of the period specified in article 334.

(6) Nothing in this Part shall prevent the Legislature of a State from making any provision for reservation of seats in any Municipality or offices of Chairpersons in the Municipalities in favour of backward class of citizens.

243U. (1) Every Municipality, unless sooner dissolved under any law for the time being in force, shall continue for five years from the date appointed for its first meeting and no longer:

Provided that a Municipality shall be given a reasonable opportunity of being heard before its dissolution.

(2) No amendment of any law for the time being in force shall have the effect of causing dissolution of a Municipality at any level, which is functioning immediately before such amendment, till the expiration of its duration specified in clause (1).

(3) An election to constitute a Municipality shall be completed,—

(a) before the expiry of its duration specified in clause (1);

(b) before the expiration of a period of six months from the date of its dissolution:

Provided that where the remainder of the period for which the dissolved Municipality would have continued is less than six months, it shall not be necessary to hold any election under this clause for constituting the Municipality for such period.

(4) A Municipality constituted upon the dissolution of a Municipality before the expiration of its duration shall continue only for the remainder of the period for which the dissolved Municipality would have continued under clause (1) had it not been so dissolved.

243V. (1) A person shall be disqualified for being chosen as, and for being, a member of a Municipality—

(a) if he is so disqualified by or under any law for the time being in force for the purposes of elections to the Legislature of the State concerned:

Provided that no person shall be disqualified on the ground that he is less than twenty-five years of age, if he has attained the age of twenty-one years;

(b) if he is so disqualified by or under any law made by the Legislature of the State.

(2) If any question arises as to whether a member of a Municipality has become subject to any of the disqualifications mentioned in clause (1), the question shall be referred for the decision of such authority and in such manner as the Legislature of a State may, by law, provide.

243W. Subject to the provisions of this Constitution, the Legislature of a State may, by law, endow—

(a) the Municipalities with such powers and authority as may be necessary to enable them to function as institutions of self-government and such law may contain provisions for the devolution of powers and responsibilities upon Municipalities, subject to such conditions as may be specified therein, with respect to—

(i) the preparation of plans for economic development and social justice;

(ii) the performance of functions and the implementation of schemes as may be entrusted to them including those in relation to the matters listed in the Twelfth Schedule;

(b) the Committees with such powers and authority as may be necessary to enable them to carry out the responsibilities conferred upon them including those in relation to the matters listed in the Twelfth Schedule.

243X. The Legislature of a State may, by law,—

(a) authorise a Municipality to levy, collect and appropriate such taxes, duties, tolls and fees in accordance with such procedure and subject to such limits;

(b) assign to a Municipality such taxes, duties, tolls and fees levied and collected by the State Government for such purposes and subject to such conditions and limits;

(c) provide for making such grants-in-aid to the Municipalities from the Consolidated Fund of the State; and

(d) provide for constitution of such Funds for crediting all moneys received, respectively, by or on behalf of the Municipalities and also for the withdrawal of such moneys therefrom, as may be specified in the law.

243Y. (1) The Finance Commission constituted under article 243-I shall also review the financial position of the Municipalities and make recommendations to the Governor as to—

(a) the principles which should govern—

(i) the distribution between the State and the Municipalities of the net proceeds of the taxes, duties, tolls and fees leviable by the State, which may be divided between them under this Part and the allocation between the Municipalities at all levels of their respective shares of such proceeds;

Provided that no person shall be disqualified on the ground that he is less than twenty-five years of age, if he has attained the age of twenty-one years;

(b) if he is so disqualified by or under any law made by the Legislature of the State.

(2) If any question arises as to whether a member of a Municipality has become subject to any of the disqualifications mentioned in clause (1), the question shall be referred for the decision of such authority and in such manner as the Legislature of a State may, by law, provide.

243W. Subject to the provisions of this Constitution, the Legislature of a State may, by law, endow—

(a) the Municipalities with such powers and authority as may be necessary to enable them to function as institutions of self-government and such law may contain provisions for the devolution of powers and responsibilities upon Municipalities, subject to such conditions as may be specified therein, with respect to—

(i) the preparation of plans for economic development and social justice;

(ii) the performance of functions and the implementation of schemes as may be entrusted to them including those in relation to the matters listed in the Twelfth Schedule;

(b) the Committees with such powers and authority as may be necessary to enable them to carry out the responsibilities conferred upon them including those in relation to the matters listed in the Twelfth Schedule.

243X. The Legislature of a State may, by law,—

(a) authorise a Municipality to levy, collect and appropriate such taxes, duties, tolls and fees in accordance with such procedure and subject to such limits;

(b) assign to a Municipality such taxes, duties, tolls and fees levied and collected by the State Government for such purposes and subject to such conditions and limits;

(c) provide for making such grants-in-aid to the Municipalities from the Consolidated Fund of the State; and

(d) provide for constitution of such Funds for crediting all moneys received, respectively, by or on behalf of the Municipalities and also for the withdrawal of such moneys therefrom, as may be specified in the law.

243Y. (1) The Finance Commission constituted under article 243-I shall also review the financial position of the Municipalities and make recommendations to the Governor as to—

(a) the principles which should govern—

(i) the distribution between the State and the Municipalities of the net proceeds of the taxes, duties, tolls and fees leviable by the State, which may be divided between them under this Part and the allocation between the Municipalities at all levels of their respective shares of such proceeds;

(ii) the determination of the taxes, duties, tolls and fees which may be assigned to, or appropriated by, the Municipalities;

(iii) the grants-in-aid to the Municipalities from the Consolidated Fund of the State;

(b) the measures needed to improve the financial position of the Municipalities;

(c) any other matter referred to the Finance Commission by the Governor in the interests of sound finance of the Municipalities.

(2) The Governor shall cause every recommendation made by the Commission under this article together with an explanatory memorandum as to the action taken thereon to be laid before the Legislature of the State.

243Z. The Legislature of a State may, by law, make provisions with respect to the maintenance of accounts by the Municipalities and the auditing of such accounts.

243ZA. (1) The superintendence, direction and control of the preparation of electoral rolls for, and the conduct of, all elections to the Municipalities shall be vested in the State Election Commission referred to in article 243K.

(2) Subject to the provisions of this Constitution, the Legislature of a State may, by law, make provision with respect to all matters relating to, or in connection with, elections to the Municipalities.

243ZB. The provisions of this Part shall apply to the Union territories and shall, in their application to a Union territory, have effect as if the references to the Governor of a State were references to the Administrator of the Union territory appointed under article 239 and references to the Legislature or the Legislative Assembly of a State were references in relation to a Union territory having a Legislative Assembly, to that Legislative Assembly:

Provided that the President may, by public notification, direct that the provisions of this Part shall apply to any Union territory or part thereof subject to such exceptions and modifications as he may specify in the notification.

243ZC. (1) Nothing in this Part shall apply to the Scheduled Areas referred to in clause (1), and the tribal areas referred to in clause (2), of article 244.

(2) Nothing in this Part shall be construed to affect the functions and powers of the Darjeeling Gorkha Hill Council constituted under any law for the time being in force for the hill areas of the district of Darjeeling in the State of West Bengal.

(3) Notwithstanding anything in this Constitution, Parliament may, by law, extend the provisions of this Part to the Scheduled Areas and the tribal areas referred to in clause (1) subject to such exceptions and modifications as may be specified in such law, and no such law shall be deemed to be an amendment of this Constitution for the purposes of article 368.

243ZD. (1) There shall be constituted in every State at the district level a District Planning Committee to consolidate the plans prepared by the Panchayats and the Municipalities in the district and to prepare a draft development plan for the district as a whole.

(2) The Legislature of a State may, by law, make provision with respect to—

- (a) the composition of the District Planning Committees;
- (b) the manner in which the seats in such Committees shall be filled:

Provided that not less than four-fifths of the total number of members of such Committee shall be elected by, and from amongst, the elected members of the Panchayat at the district level and of the Municipalities in the district in proportion to the ratio between the population of the rural areas and of the urban areas in the district;

- (c) the functions relating to district planning which may be assigned to such Committees;
- (d) the manner in which the Chairpersons of such Committees shall be chosen.

(3) Every District Planning Committee shall, in preparing the draft development plan,—

- (a) have regard to—
 - (i) matters of common interest between the Panchayats and the Municipalities including spatial planning, sharing of water and other physical and natural resources, the integrated development of infrastructure and environmental conservation;
 - (ii) the extent and type of available resources whether financial or otherwise;
- (b) consult such institutions and organisations as the Governor may, by order, specify.

(4) The Chairperson of every District Planning Committee shall forward the development plan, as recommended by such Committee, to the Government of the State.

243ZE. (1) There shall be constituted in every Metropolitan area a Metropolitan Planning Committee to prepare a draft development plan for the Metropolitan area as a whole.

(2) The Legislature of a State may, by law, make provision with respect to—

- (a) the composition of the Metropolitan Planning Committees;
- (b) the manner in which the seats in such Committees shall be filled:

Provided that not less than two-thirds of the members of such Committee shall be elected by, and from amongst, the elected members of the Municipalities and Chairpersons of the Panchayats in the Metropolitan area in proportion to the ratio between the population of the Municipalities and of the Panchayats in that area;

- (c) the representation in such Committees of the Government of India and the Government of the State and of such organisations and Institutions as may be deemed necessary for carrying out the functions assigned to such Committees;
- (d) the functions relating to planning and coordination for the Metropolitan area which may be assigned to such Committees;

(e) the manner in which the Chairpersons of such Committees shall be chosen.

(3) Every Metropolitan Planning Committee shall, in preparing the draft development plan,—

(a) have regard to—

(i) the plans prepared by the Municipalities and the Panchayats in the Metropolitan area;

(ii) matters of common interest between the Municipalities and the Panchayats, including coordinated spatial planning of the area, sharing of water and other physical and natural resources, the integrated development of infrastructure and environmental conservation;

(iii) the overall objectives and priorities set by the Government of India and the Government of the State;

(iv) the extent and nature of investments likely to be made in the Metropolitan area by agencies of the Government of India and of the Government of the State and other available resources whether financial or otherwise;

(b) consult such institutions and organisations as the Governor may, by order, specify.

(4) The Chairperson of every Metropolitan Planning Committee shall forward the development plan, as recommended by such Committee, to the Government of the State.

243ZF. Notwithstanding anything in this Part, any provision of any law relating to Municipalities in force in a State immediately before the commencement of the Constitution (Seventy-fourth Amendment) Act, 1992, which is inconsistent with the provisions of this Part, shall continue to be in force until amended or repealed by a competent Legislature or other competent authority or until the expiration of one year from such commencement, whichever is earlier:

Provided that all the Municipalities existing immediately before such commencement shall continue till the expiration of their duration, unless sooner dissolved by a resolution passed to that effect by the Legislative Assembly of that State or, in the case of a State having a Legislative Council, by each House of the Legislature of that State.

243ZG. Notwithstanding anything in this Constitution,—

(a) the validity of any law relating to the delimitation of constituencies or the allotment of seats to such constituencies, made or purporting to be made under article 243ZA shall not be called in question in any court;

(b) no election to any Municipality shall be called in question except by an election petition presented to such authority and in such manner as is provided for by or under any law made by the Legislature of a State.]

Annexure 4
Twelfth Schedule
Article 243 W
(GOI 2015: 362)

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

Annexure 5

Obligatory (Art. 114) and Discretionary (Art. 115) Duties of the Corporation The Uttar Pradesh Municipal Corporation Act, 1959 (*also known as Uttar Pradesh Na- gar Nigam Act (UPNNA), 1959*) (UPMCA, 1959 n.d.: 96-102)

114. Obligatory duties of the Corporation. - It shall be incumbent on the Corporation to make reasonable and adequate provision, by any means or measures which it is lawfully competent to it to use or to take, for each of the following matters, namely, -

- (i) erection, where there are no natural boundary marks, of substantial boundary marks of such description and in such a position as shall be approved by the State Government defining the limits or any alteration in the limits of the City;
- (ii) the naming or numbering of streets and of public places vesting in the Corporation and the numbering of premises;
- (iii) the collection and removal of sewage, offensive matter and rubbish and treatment and disposal thereof including establishing and maintaining farm or factory;
- (iv) the watering, scavenging and cleansing of all public streets and places in the City and the removal of all sweepings therefrom;
- (v) the construction, maintenance and cleansing of drains and drainage works, and of public latrines, water-closets, urinals and similar conveniences;
- (vi) supplying, constructing and maintaining in accordance with the general system approved by the Corporation receptacles, fittings, pipes and other appliances whatsoever on or for the use of premises for receiving and conducting the sewage thereof into drains under the control of the Corporation;
- (viii) the management and maintenance of all Corporation waterworks and the construction or acquisition of new works necessary for a sufficient supply of water [for domestic, industrial and commercial purposes];
- (ix) guarding from pollution water used for human consumption and preventing polluted water from being so used;
- (x) the lighting of public streets, Corporation markets and public buildings and other public places vested in the Corporation;
- [(ix-a) the construction and maintenance of parking plots, bus stops and public conveniences];
- (xi) the establishment, maintenance or supports of public hospitals and dispensaries including hospitals for the isolation and treatment of persons suffering or suspected to be infected with a contagious or infectious disease and carrying out other measures necessary for public medical relief;
- (xii) preventing and checking the spread of contagious, infectious and dangerous diseases;

- (xiii) provision for anti-rabic treatment;
- (xiv) maintenance of ambulance service;
- (xv) establishing and maintaining a system of public vaccination;
- (xvi) the registration of vital statistics including births and deaths;
- [(xvi)establishing, maintaining and assisting maternity centres and child welfare and birth control clinics and promoting population control, family welfare and small family norms;]
- (xvii) the organization, maintenance or management of chemical or bacteriological laboratories for the examination or analysis of water, food or drugs, for the detection of diseases or adulteration or for researches connected with public health;
- (xviii) the reclamation of unhealthy localities, the removal of noxious vegetation and generally the abatement of all nuisances;
- (xix) the regulation and abatement of offensive and dangerous trades, callings or practices including prostitution;
- (xx) the maintenance, fixing and regulation of places for the disposal of the dead and the provision of new places for the said purpose and disposing of unclaimed dead bodies or aiding within its means any arrangement made with the same objects by any other institution;
- (xxi) the construction and maintenance of public markets and slaughter- houses, [tanneries] and the regulation of all markets and slaughter- houses;
- (xxii) the securing or removal of dangerous buildings and places;
- (xxiii) maintaining hydrants and rendering such assistance, including the maintaining or managing of a fire brigade in extinguishing fires and protecting life and property when fires occur, as the State Government may by general or special order direct from time to time;
- (xxiv) the removal of obstructions and projections in or upon streets, bridges and other public places;
- (xxv) establishing, maintaining, aiding and suitably accommodating schools for primary education including nursery education;
- (xxvi) establishing and maintaining or granting aid to institutions of physical culture;
- (xxvii) maintaining or contributing to the maintenance of veterinary hospitals;
- (xxviii) the construction or acquisition and maintenance of cattle-pounds;
- (xxix) the construction, maintenance, alteration and improvement of public streets, bridges, subways, culverts, causeways and the like;
- (xxx) planting and maintaining trees on road sides and other public places;

- (xxxii) assisting by constructing and maintaining residential quarters, by giving loans in the proper housing of Corporation conservancy staff and all sections of working classes;
- (xxxiii) town planning and improvement including slum clearance and preparation and execution of housing schemes and laying out of new streets;
- (xxxiii-a) promoting urban forestry and ecological aspects and protection of the environment;
- (xxxiv) maintaining and developing the value of property vested in, or entrusted to the management of the Corporation;
- (xxxiv-a) safeguarding the interest of weaker sections of society including the handicapped and mentally retarded;
- (xxxiv-b) the promotion of cultural, educational and aesthetic aspects;
- (xxxiv-c) the construction and maintenance of cattle pounds and prevention of cruelty to animals];
- (xxxv) the maintenance of a Corporation office and of all public monuments and open space and other property vesting in the Corporation;
- (xxxvi) the issue of a Bulletin reporting proceedings or substance of proceedings of the Corporation and of its committees and giving other information about the activities of the Corporation;
- (xxxvii) prompt attention to official letters and preparation and submission of such return, statements and reports as the State Government requires the Corporation to submit; and
- (xxxviii) fulfillment of any obligation imposed by or under the Act or any other law for the time being in force.
- [(xxxix) slum improvement and upgradation;
- (xl) urban poverty alleviation;
- (xli) providing urban amenities and facilities such as parks, gardens and play grounds.]

115. Discretionary duties of Corporation. - The Corporation may, in its discretion, provide from time to time, either wholly or partly, for all or any of the following matters, namely:

- (i) the organization, maintenance or management of institutions including lunatic asylums, leper homes, orphanages and rescue homes for women, within or without the City for the care of persons who are infirm, sick or incurable; or for the care and training of blind, deaf, mute or otherwise disabled persons or of handicapped children;
- (ii) the provision of milk to expectant or nursing mothers or infants or schools children;

- (iii) swimming pools, public wash houses, bathing places and other institutions designed for the improvement and construction of bathing *ghats* on river banks;
- (iv) dairies or farms within or without the City for the supply, distribution and processing of milk or milk products for the benefit of the residents of the City;
- (v) the construction and maintenance in public streets or places of drinking fountains or drinking sheds or stand-posts for human beings and water troughs for animals;
- (vi) encouraging music and other fine arts and providing music in public place or places of public resort;
- (vii) making grants to educational and cultural institutions situated within and outside the City;
- (viii) the provision of [* * *] recreation grounds, installing statues and beautifying the City;
- (ix) the holding of exhibitions, athletics or games;
- (x) the regulation of lodging houses, camping grounds and rest-houses in the City;
- (xi) the construction, establishment and maintenance of theatres, rest- houses and other public buildings;
- (xii) the organization or maintenance, in times of scarcity, of shops or stalls for the sale of necessities of life;
- (xiii) the building or purchase and maintenance of dwellings for Corporation officers and servants;
- (xiv) the grant of loans for building purposes to Corporation servants on such terms and subject to such conditions as may be prescribed by the Corporation;
- (xv) any other measures for the welfare of Corporation servants or any class of them;
- (xvi) with the State Government's previous sanction, the purchase of any undertaking for the supply of electrical energy or gas or the starting or subsidizing of any such undertaking which may be in the general interest of the public;
- (xvii) with the State Government's previous sanction the construction, purchase, organization, maintenance or management of tramways, trackless trams or motor transport facilities for the conveyance of the public or goods within or without the City;
- (xviii) the furtherance of educational objects other than those mentioned in clause (xxv) of Section 114 and making grants to educational institutions within or without the City;
- (xix) the establishment and maintenance or the aiding of libraries, museums and art galleries, botanical or zoological collections and the purchaser construction of buildings therefor;
- (xx) construction, establishment, maintenance or contributions to the maintenance of baths, bathing ghats, washing places, tanks, wells, dams and other works of public utility; .

- (xxi) the construction or maintenance of infirmaries or hospitals for animals;
- (xxii) the destruction of birds or animals causing a nuisance or of vermin, and the confinement or destruction of stray or ownerless dogs; .
- (xxiii) contributions towards any public fund raised for the relief of human suffering within the City or for the public welfare;
- (xxiv) presentation of civic addresses and holding of civic receptions;
- (xxv) the acquisition and maintenance of grazing grounds and the establishment and maintenance of a breeding stud;
- (xxvi) grant of loans or other facilities to any persons, society or institution interested in the provision of dwellings or the execution of house schemes;
- (xxvii) the provision of poor relief;
- (xxviii) the building or purchase and maintenance of gaushalas and of sanitary stables of horses, ponies or cattle used in hackney carriages or cart;
- (xxix) surveys of buildings or lands;
- (xxx) relief measures to meet any calamity affecting the public in the City;
- (xxxi) the adoption of any measure likely to promote the public safety, health or convenience than a measure specified in Section 114 or in the other clauses of this section;
- (xxxii) subject to the provision in the budget, the making of a contribution towards any public ceremony or entertainment in the City;
- (xxxiii) the establishment and maintenance of tourist bureau;
- (xxxiv) the establishment and maintenance of a press and workshop for Corporation work as also for undertaking private work on charges in spare time;
- (xxxv) making arrangement for preparation of compost manure from nightsoil and rubbish;
- (xxxvi) taking measures to promote trade and industry and establishing a Corporation bank;
- (xxxvii) establishing Labour Welfare Centres for its employees and subsidizing the activities of any association, union or club of such employees by grant or loan for its general advancement;
- (xxxviii) organizing or contributing to municipal board unions;
- (xxxix) making provision for removal of social disabilities of Scheduled Castes and Backward Classes;
- (xl) taking measures for the control and relief of beggary;

(xli) with the previous sanction of the State Government the setting up and maintenance of a Corporation police force for taking over and discharging such police duties and in such manner as may be prescribed;

(xlii) with previous sanction of the State Government, the undertaking of any commercial duty providing or promoting amenity or employment or removing unemployment;

(xliii) the doing of anything whereupon expenditure is declared by the State Government or by the Corporation with the sanction of the State Government to be an appropriate charge on the Corporation fund:

Provided that the State Government may in respect of any Corporation or all Corporations by notification in the official Gazette declare any of the functions mentioned in this section to be a duty of the Corporation or all Corporations and thereupon the provisions of this Act shall apply thereto as if it had been a duty imposed by Section 114.

Annexure 6
The Uttarakhand District Planning Committee Act, 2007
(UDPCA 2007: 7-12)

उत्तराखण्ड असाधारण गजट, 16 जुलाई, 2007 ई० (आषाढ़ 25, 1929 शक सम्बत्)

7

NO. 1110/XXXVI(4)/2007
Dehradun, Dated July 16, 2007

NOTIFICATION

Miscellaneous

In pursuance of the provisions of Clause (3) of Article 348 of the Constitution of India, the Governor is pleased to order the publication of the following English translation of the Uttarakhand District Planning Committee Bill, 2007 (Uttarakhand Adhiniyam Sankhya 04 of 2007).

As passed by the Uttarakhand Legislative Assembly and assented to by the Governor on July 13, 2007.

THE UTTARAKHAND DISTRICT PLANNING COMMITTEE ACT, 2007

(UTTARAKHAND ACT No. 04 OF 2007)

AN

ACT

to constitute District Planning Committee at the district level for consolidation of plans prepared by the panchayats and the Municipalities in the district and preparation of draft development Plan for the district as a whole and for the matters connected therewith or incidental thereto—

Be it enacted by the Legislative Assembly in the 58th year of the Republic of India as follows:—

1. (1) This act shall be called the Uttarakhand District Planning Committee Act, 2007. Short title, Extent and Commencement
- (2) It shall be applicable to the whole State of Uttarakhand.
- (3) It shall be deemed to have come into force at once. Definitions
2. In this Act—
 - (a) "Legislative Assembly Rolls" means the electoral rolls of any constituency of the Legislative Assembly prepared under and according to the provisions of the Representation of the People Act, 1950;
 - (b) "Committee" means the District Planning Committee constituted under section 3;
 - (c) "District level officer" means such officer of the district as the State Government, may, by notification, specify;
 - (d) "Kshetra Panchayat" means a Kshetra Panchayat established under section 5 of the Uttar Pradesh Kshetra Panchayats and Zila Panchayats Adhiniyam, 1961 (as applicable to the State of Uttarakhand and as amended from time to time);
 - (e) "Minister" means a member of the Council of Ministers of the Government of Uttarakhand and includes Minister of State and Deputy Minister;
 - (f) "Municipality" means a Municipal Corporation, a Municipal Council or a Nagar Panchayat constituted under the Uttar Pradesh Municipalities Act, 1916 (as applicable to the State of Uttarakhand and as amended from time to time) or the Uttar Pradesh Municipal Corporation Act, 1959 (as applicable to the State of Uttarakhand and as amended from time to time), as the case may be;
 - (g) "Population" means the population as ascertained at the last preceding census of which the relevant figures have been published;

- (h) "Rural area" means an area other than urban area;
- (i) "Urban area" means the territorial area of a Municipal Corporation, Municipal Council or Nagar Panchayat, as the case may be;
- (j) "Zila Panchayat" means a Zila Panchayat established under section 17 of the Uttar Pradesh Kshetra Panchayats and Zila Panchayats Adhiniyam, 1961 (as applicable to the State of Uttarakhand and as amended from time to time).
- Constitution of District Planning Committee**
3. (1) There shall be constituted in every district a District Planning Committee, to consolidate the plans prepared by the Panchayats and Municipalities in the district and to prepare a draft development plan for the district as a whole.
- (2) The Committee shall, in preparing the draft development plan—
- (a) have regard to—
- (i) matters of common interest between the Panchayats and Municipalities including spatial planning, sharing of water and other physical and natural resources, the integrated development of infrastructure and environmental conservation,
- (ii) the extent and type of available financial or other resources;
- (b) consult such institutions and organizations as the Governor may, by order, specify.
- Composition of District Planning Committee**
4. (1) Every Committee shall consist of such number of members as may be prescribed:
- Provided that the number of members shall not be less than fifteen and more than forty.
- (2) Not less than four-fifths of the total number of members of the Committee shall be elected in the prescribed manner by, and from amongst, the elected members of the Zila Panchayat and of the Municipalities in the district in proportion to the ratio between the population of the rural areas and of the urban areas in the district.
- (3) Where the urban area of the district comprises more than one Municipality, the number of members of the Committee from amongst the elected members of such Municipalities shall be distributed amongst such Municipalities in such manner as may be prescribed.
- (4) The remaining one-fifth members of the Committee shall be—
- (a) a Minister nominated by the State Government, who shall be the Chairperson of the Committee;
- (b) the Adhyaksha of the Zila Panchayat;
- (c) **the District Magistrate-ex-officio member;**
- (d) such other members as may be nominated by the State Government subject to the condition that the number of members under this sub-section shall not exceed one-fifth of the total members of the committee.
- (5) A member nominated under clause (d) of sub-section (4) shall hold office during the pleasure of the Governor.
- (6) No member of the Committee shall nominate any person as his representative to attend a meeting of the Committee on his behalf.

- (7) An elected member of the Committee shall cease to be member thereof if he ceases to be member of the Municipality or Zila Panchayat, as the case may be.
- (8) If the office of an elected member of the Committee falls vacant owing to his death, resignation or otherwise, the vacancy shall be filled for the residue of his term in the manner provided under sub-section (2).
5. No act or proceeding of the Committee shall be invalid merely on the ground of the existence of any vacancy or defect in the constitution of the Committee.
- Vacancies etc. not to invalidate proceedings of the Committee
6. (1) Members of the house of the people and members of the Legislative Assembly of the State, representing those constituencies which are comprised wholly or partly in the district, shall be permanent invitees to the meetings of the Committee.
- Permanent invitees to the Committee
- (2) Members of Council of the States representing the State shall also be permanent invitees to the meetings of the Committee of a District of their choice.
- (3) Members of the Legislative Assembly of the State as nominated by the Governor, shall also be permanent invitees to the Committee of the District of their choice.
- (4) The Nagar Pramukh or the Chairman as the case may be, of the Municipality situated at the Head Quarters of the district, shall also be permanent invitee to the Committee.
- (5) No permanent invitee shall nominate a person as his representative to attend a meeting of the Committee on his behalf :
- Provided that where a permanent invitee, who is not a member of the Council of Ministers of the Government of India or the Government of Uttarakhand, has been required to attend such meeting in two or more district on the same day, he/she may nominate a person as his representative to attend the meeting of the committee of a district in which he/she is not in a position to attend such meeting:
- Provided further that where a permanent invitee, who is a member of the Council of Ministers of the Government of India or the Government of Uttarakhand, has been required to attend such meeting, may nominate a person as his representative to attend the meeting of the committee if he is not in a position to attend such meeting.
7. (1) **Chief Development Officer of the district shall be the Secretary** of the Committee and shall be responsible for maintaining records of the Committee, preparing minutes of the Committee, and communication of decision and all others incidental or ancillary matters and shall make available to the Committee such assistance as may be necessary for the discharge of its functions.
- Secretary of the Committee
- Explanation**—For the purpose of this sub-section the expression "Chief Development Officer" includes Chief Executive Officer.
- (2) The Economic and Statistics Officer of the district shall be the ex-officio Joint Secretary of the Committee to assist the Committee in such manner as may be directed by the Committee.

- | | |
|--|---|
| Election of the members of the Committee | 8. The State Election Commission shall have superintendence, direction and control of the preparation of electoral rolls of, and the conduct of, elections of the members of the Committee in such manner as may be prescribed. |
| Functions of the Committee | <p>9. The Committee shall perform the following functions, namely:—</p> <ul style="list-style-type: none"> (a) To identify local needs and objectives within the frame work of national and state plan objectives; (b) To collect, compile and update information relating to natural and human resources of the district to create a sound database for decentralized planning and preparation of district and block resources profiles; (c) To list and map amenities at village, block and district levels; (d) To determine policies, programmes and priorities for development of the district, in order to ensure maximum and judicious utilization and exploitation of available natural and human resources; (e) To modify or amend and consolidate the draft Five Year or Annual Development Plan prepared for the rural and urban areas, keeping in view the over-all plan objectives and strategies; (f) To submit development plan to the State Government in such manner as may be prescribed; (g) To prepare employment plan for the district; (h) To prepare estimate of financial resources for financing the district plan; (i) To allocate sectoral and sub-sectoral outlays within the overall frame work of the district development plan; (j) To monitor, evaluate and review progress under the schemes and programmes being implemented in the district under the decentralized planning framework including central sector and centrally sponsored schemes, and the Local Area Development Schemes of Parliamentary Constituencies and Assembly Constituencies; (k) To submit regular progress reports to the State Government in respect of schemes included in the district plans; (l) To identify schemes and programmes which require institutional finance, device appropriate forward and backward linkages with the plans and ensure requisite flow of such investment; (m) To ensure participation of voluntary organizations in over-all development process; (n) To make suggestions and recommendations to the State Government with regard to the State Sector Schemes having significant bearing on the process of development of the district; (o) To finalize site selection for different works and schemes; (p) Any other functions, which may be entrusted by the State Government. |
| Scope of the District Plan | <p>10. (1) The District Plan shall include subjects enumerated in the United Provinces Panchayat Raj Act, 1947 (as applicable to the State of Uttarakhand and as amended from time to time) and the Uttar Pradesh Kshetra Panchayat and Zila Panchayat Adhiniyam, 1961 (as applicable to the State of Uttarakhand and as amended from time to time) for the rural areas, or the Uttar Pradesh</p> |

- Municipalities Act, 1916 (as applicable to the State of Uttarakhand and as amended from time to time) or the Uttar Pradesh Municipal Corporation Act, 1959 (as applicable to the State of Uttarakhand and as amended from time to time) for urban areas, as the case may be.
- (2) The district plan may also include such other matters as may be considered necessary by the Committee or as the State Government may, by order, direct.
11. (1) The State Government shall inquire into and estimate the financial resources for financing the District Plan and shall decide the district plan outlay ceiling accordingly. District Plan Ceiling
- (2) The District Plan outlay ceiling fixed under sub-section (1) may be revised or altered at any time during the financial year by the State Government.
12. The Committee shall finalize the draft development plan for the district. Finalisation of the District Plan
13. (1) For the purpose of the implementation of district plan, the State Government may, subject to District Plan outlay ceiling make district-wise provisions for money in its annual financial statement and after due appropriation thereof shall allocate in lump-sum to the district. Allocation of money to districts
- (2) Subject to the supervision and control of the State Government, the District Magistrate shall have power to accord financial sanctions for the District Plan, finalized under section 12.
- (3) Subject to the District Plan outlay ceiling fixed by the State Government, the committee may alter, revise or modify outlay of the schemes and programmes of the District Plan and the District Magistrate may reallocate the money in the manner prescribed.
14. If any dispute or question arises in relation to function, powers or jurisdiction of the committee or in relation to any other matter, the dispute or question shall be referred to the State Planning Commission whose decision thereon shall be final. Resolution of Disputes
15. (1) The meeting of the Committee shall be held at least once in every quarter at the district Headquarters on such date and time as may be fixed by the Chairperson. Meetings of the Committee
- (2) The Committee may invite experts to attend its meeting on such terms and conditions as may be prescribed.
- (3) In the absence of the Chairperson, such other member of the committee as may be chosen by the members of the committee present in the meeting, shall preside over the meeting of the committee.
16. The Committee may constitute Sub-committees to discharge any of its functions under this Act. Sub-Committees
17. The State Government may, by order, assign to the Committee such functions relating to the district plan co-ordination and monitoring, covering the activities of different departments of the State Government as may be deemed necessary. Power of the State Government to assign functions to the committee
18. No suit, prosecution or other legal proceeding shall lie against any person for anything which is done in good faith or intended to be done, in pursuance of this Act or the rules made thereunder. Protection of action taken in good faith

- Power to make rules 19. The State Government may by notification, make rules for carrying out the purpose of this Act.
- Committee to regulate its procedure 20. Subject to any rule made by the State Government, the committee shall regulate its own procedure.
- Power to remove difficulties 21. (1) If any difficulty arises in giving effect to the provisions of this Act, the State Government may, by a notified order, make such provisions not inconsistent with the provisions of this Act, as appear to it to be necessary or expedient for removing the difficulty.
(2) Every order made under sub-section (1) shall, as soon as, may be after it is made, be laid before the State Assembly and the provisions of sub-section (1) of section 23-A of the Uttar Pradesh General Clauses Act, 1904 (as applicable to the State of Uttarakhand and as amended from time to time) shall apply as they would apply in respect of rules made by the State Government under any Uttar Pradesh Act (as applicable to the State of Uttarakhand and as amended from time to time).
- Over-riding effect 22. Notwithstanding anything contained to the contrary in any other law for the time being in force, the provisions of this Act shall apply in all matters including constitution of the committee and election of members thereof, formulation of plan and other matters incidental or consequential thereto.
- Repeal and savings 23. (1) The Uttar Pradesh District Planning Committee Act, 1999 (Uttar Pradesh Act No. 9 of 1999) (as applicable to the State of Uttarakhand and as amended from time to time) is hereby repealed in the context of the Uttarakhand State.
(2) Notwithstanding such repeal, anything done or any action taken under the provisions of the Act referred to in sub-section (1), shall be deemed to have been done or taken under the corresponding provisions of this Act as if the provisions of this Act were in force at all material times.

By Order,

Smt. INDIRA ASHISH,

Secretary.

Annexure 7
Administrative Structure Of Dehradun Municipal Corporation (DMC)
(Source DMC)

(A)- Municipal Centralized Services

S.No.	Name of Post	Sanctioned Posts	Filled	Vacant
1.	MNA/ Municipal Commissioner	1	1	0
2.	AMNA/Additional Municipal Commissioner.	1	0	1
3.	UNA/Deputy Municipal Commissioner.	2	2	0
4.	SNA/ Assistant Municipal Commissioner.	2	2	0
5.	SNA/ Assistant Municipal Commissioner (SWM)	1	0	1
6.	SNA/ Assistant Municipal Commissioner (Tax & Revenue)	1	1	0
7.	E.E/ Municipal Engineer	1	1	0
8.	A.E (Civil)	2	2	0
9.	Addl. A.E (Civil)	3	1	2
10.	J.E (Civil)	3	3	0
11.	Senior Administrative Officer	1	0	1
12.	Administrative Officer	3	0	3
13.	Chief Assistant	8	0	8
14.	Senior Assistant	15	15	0
15.	Accounts Officer (Grade-1)	1	0	1
16.	Accountant	2	2	0
17.	Assistant Accountant	4	1	3
18.	Zonal Sanitary Officer	2	0	2
19.	Chief Sanitary Officer	4	0	4
20.	Sanitary Inspector	12	8	4
21.	Tax Assessment & Revenue Officer	2	0	2
22.	Tax & Revenue Superintendent	5	3	2
23.	Tax & Revenue Inspector	10	6	4

(B)- Deputation/ Departmental post

S.No.	Name of Post	Sanctioned Posts	Filled	Source	Vacant
1.	Finance Controller	1	1	From Finance Cadre	0
2.	Vetenary Officer	1	1	From Vetenary Department	0
3.	Nayab Tehsildar	1	0	From Revenue Department	1
4.	Lekhpal	2	1	Municipal Services	1
5.	IT Officer	1	1	From UPNL (Outsourcing)	0
6.	AE (Mechanical)	1	0		1
7.	AE (Electrical)	1	0		1
8.	JE (Mechanical)	2	0		2
9.	JE (Electrical)	2	0		2

(C)- Municipal Non - Centralized Services

S. No.	Name of Post	Sanctioned Posts	Filled	Vacant
1.	Draftsman	2	1	1
2.	Accounts Clerk	8	0	8
3.	Junior Assistant cum Dat	25	13	12
4.	Tax Inspector	20	10	10
5.	Sanitary Inspector	40	21	19

(D)- Outsourcing

S.No.	Name of Post	Sanctioned Posts	Filled	Vacant
1.	Paryavaran Mitra/ Sanitary Workers	1167	1167	0
2.	Multipurpose Municipal Workers	100	100	0
3.	Typist	2	1	1
4.	Driver		13	-
5.	Light Inspector	3	2	1
6.	Lineman	15	0	15
7.	Surveyor	2	0	2
8.	Work Agent	6	5	1
9.	Gardner (Mali)	6	5	1
10.	Weldor	1	0	1
11.	Sheet Mechanic	1	0	1
12.	Fitter	1	0	1
13.	Carpenter	1	0	1

References

- Ahluwalia, Isher Judge (2014) 'Improving Our Cities Through Better Governance'. Accessed 31 July 2020 < https://secities.net/wp-content/uploads/2015/05/New-Urban-Governance_Essay03.pdf >.
- Ahluwalia, Isher Judge (2016) 'Challenges of Urbanization in India' in Besley, Timothy (ed.) *Contemporary Issues in Development Economics*, pp. 163-177. Hampshire, UK: Palgrave Macmillan.
- Ahluwalia, Isher Judge (2019) 'Urban Governance in India', *Journal of Urban Affairs* 41(1): 83-102.
- Aijaz, Rumi (2007) 'Challenges of Urban Local Governments in India', Asia Research Centre Working Paper 19. London: London School of Economics and Political Science.
- ASICS (Annual Survey of India's City System) (2019) 'Annual Survey of India's City System 2017: Shaping India's Urban Agenda'. Bengaluru: Janaagraha Centre for Citizenship and Democracy.
- Asirvatham, E. (1955) 'The Role of Local-Self Government in a Democracy', *The Indian Journal of Political Science* 16(3): 185-189.
- Auerbach, Adam Michael (2015) 'India's urban constituencies revisited', *Contemporary South Asia* 23(2): 136-150.
- Awortwi, Nicholas (2016) 'Decentralization and Local Government Approach: A Prospect for Implementing the Post-2015 Sustainable Development Goals', in Gomez, Georgina M. and Peter Knorringa (eds) *Local Governance, Economic Development and Institutions*, pp. 39-63. Hampshire, UK: Palgrave Macmillan.
- Bahl, Roy and Richard M. Bird (2008) 'Subnational Taxes in the Developing Countries: The Way Forward', Institute of International Business Working Paper Series No. 16. Toronto: University of Toronto.
- Bahl, Roy W. and Johannes F. Linn (2014) *Governing and Financing cities in Developing Countries*. Cambridge, MA (USA): Lincoln Institute of Land Policy.
- Bandhyopadhyay, Simanti (2014) 'Municipal Finances in India: Some Critical Issues', International Center for Public Policy Working Paper 14-21. Georgia: Georgia State University.
- Bardhan, Pranab (1996) 'Decentralized Development', *Indian Economic Review, New Series* 31(2): 139-156.
- Bardhan, Pranab (2002) 'Decentralization of Government and Development', *Journal of Economic Perspectives* 16(4): 185-205.
- Bardhan, Pranab and Dilip Mookherjee (2004) 'Poverty Alleviation Efforts of Panchayats in West Bengal', *Economic & Political Weekly* 39(9): 965-974.
- Bardhan, Pranab and Dilip Mookherjee (2006) 'The Rise of Local Governments: An Overview', in Bardhan, Pranab and Dilip Mookherjee (eds) *Decentralization and Local Governance in Developing Countries*, pp. 1-52. New Delhi: Oxford Unity Press.
- Batra, Lalit (2009) 'A Review of Urbanization and Urban Policy in Post-Independent India', Working Paper Series No. CSLG/WP/12. New Delhi: Jawaharlal Nehru University.

Bercegol, Remi de (2017) *Small Town and Decentralization in India: Urban Local Bodies in the Making*. New Delhi: Springer India (Pvt.) Ltd.

Bhagat, Ram B. (2005) 'Rural-Urban Classification and Municipal Governance in India', *Singapore Journal of Tropical Geography* 26(1): 61-73.

Bird, Richard (2000) 'Intergovernmental Fiscal Relations: Universal Principles: Local Applications', International Studies Programme No. 00-2. Georgia, Atlanta: Georgia State University.

Biswas, Arindam, Tetsuo Kidokoro and Fumihiko Seta (2019) 'Metropolitan Governance and Local Decentralisation in India: case of Chennai and Kolkata Metropolitan regions', *Asia-Pacific Journal of Regional Science* 3: 675-696.

Blair, Harry (2000) 'Participation and Accountability at the Periphery: Democratic Local Governance in Six Countries', *World Development* 28(1): 21-39.

Brillantes, Alex B. and Herisadel P. Flores (2012) 'Decentralization and Good Governance in South-east Asia: Focus on Philippines, Indonesia and Thailand', in Sheng, Yap Kioe and Moe Thuzar (eds) *Urbanization in Southeast Asia*, pp. 293-319. Singapore: Institute of Southeast Asian Studies.

Burbidge, Dominic and Nic Cheeseman (2017) 'Expanding Municipal Finance' in Kamiya, Marco and Le-Yin Zhang (eds) *Finance for City Leaders Handbook*, pp. 16-27. Nairobi, Kenya: United Nations Human Settlement Programme (UN Habitat).

Burra, Sundar (2005) 'Towards a pro-poor framework for slum upgrading in Mumbai, India', *Environment & Urbanization* 17(1): 67-88.

Census 2011 (n.d.) 'Dehradun City Census 2011 data'. Accessed 25 October 2020 < <https://www.census2011.co.in/census/city/23-dehradun.html> >.

Census of India 2011 (n.d.) 'Provisional Population Total Urban Agglomeration and Cities'. Accessed 14 September 2020 < https://censusindia.gov.in/2011-prov-results/paper2/data_files/India2/1.%20Data%20Highlight.pdf >.

Chattopadhyay, Soumyadip (2017) 'Neoliberal Urban Transformations in Indian Cities: Paradoxes and Predicaments', *Progress in Development Studies* 17(4): 307-321.

Chakrabarty, Bidyut and Rajendra Kumar Pandey (2019) *Local Governance in India*. New Delhi: Sage Publications India Pvt. Ltd.

Chaudhuri, Shubham (2006) 'What Difference Does a Constitutional Amendment Make? The 1994 Panchayati Raj Act and the Attempt to Revitalize Rural Local Government in India', in Bardhan, Pranab and Dilip Mookherjee (eds) *Decentralization and Local Governance in Developing Countries*, pp. 153-202. New Delhi: Oxford Unity Press.

Cheema, G. Shabbir and Dennis A. Rondinelli (2007) 'From Government Decentralization to Decentralized Governance', in Cheema, G. Shabbir and Dennis A. Rondinelli (eds) *Decentralizing Governance: Emerging Concepts and Practices*, pp. 1-20. Washington DC: Brookings Institute Press.

Cheeseman, Nic and Dominic Burbidge (2017) 'Principles of Municipal Finance' in Kamiya, Marco and Le-Yin Zhang (eds) *Finance for City Leaders Handbook*, pp. 4-14. Nairobi, Kenya: United Nations Human Settlement Programme (UN Habitat).

Christensen, Tom (2006) 'Smart Policy?' in Moran, Michael, Martin Rein and Robert E. Goodin (eds) *The Oxford Handbook of Public Policy*, pp. 448-468. Oxford: Oxford University Press.

Cruz, Rafael de la, Carlos Pineda Mannheim and Caroline Poschl (2011) 'Introduction' in Cruz, Rafael de la, Carlos Pineda Mannheim and Caroline Poschl (eds) *The Local Alternative: Decentralization and Economic Development*, pp. 1-4. New York: Palgrave Macmillan.

Dickovick, J. Tyler (2014) 'Foreign Aid and Decentralization: Limitations on Impact in Autonomy and Responsiveness', *Public Administration and Development* 34(3): 194-206.

District Dehradun (n.d.) 'Map of District'. Accessed 15 August 2020 <<https://dehradun.nic.in/map-of-district/>>.

Dijk, Meine Pieter van (2006) *Managing Cities in Developing Countries*. Cheltenham, UK: Edward Elgar.

Eaton, Kent, Kai Kaiser and Paul J. Smoke (2011) *The Political Economy of Decentralized Reforms*. Washington DC: The World Bank.

Edelenbos, Jurian and Meine Pieter van Dijk (2017) 'Introduction: Urban Governance in the Realm of Complexity' in Dijk, Meine Pieter van, Jurian Edelenbos and Kees van Rooijen (eds) *Urban Governance in the Realm of Complexity*, pp. 1-21. Warwickshire, UK: Practical Action Publishing.

ET (Economic Times) Bureau (2019) 'How India's cities vote & why the urban vote matters'. Accessed 28 October 2020 <<https://economictimes.indiatimes.com/news/et-explains/how-indias-cities-vote-why-the-urban-vote-matters/articleshow/68161241.cms>>.

Evans, Michelle and Augusto Zimmermann (2014) 'The Global Relevance of Subsidiarity: An Overview' in Evans, Michelle and Augusto Zimmermann (eds) *Global Perspectives on Subsidiarity*. Dordrecht: Springer.

Faguet, Jean Paul, Ashley M. Fox and Caroline Poschl (2014) 'Does decentralization strengthen or weaken the state? Authority and social learning in a supple state'. Accessed 6 October 2020 <http://eprints.lse.ac.uk/60631/1/Faguet_Fox_Poeschl_Does-decentralization-strengthen-or-weaken-the-state_WP_2014.pdf>.

Faguet, Jean Paul and Caroline Poschl (2016) 'Is Decentralization Good For Development? Perspectives from Academics and Policy Makers' in Faguet, Jean Paul and Caroline Poschl (eds) *Is Decentralization Good For Development*, pp. 1-28. Oxford: Oxford University Press.

FE (Financial Express) Online 2018 'This Indian city is best to live in, but not safest; the safest city is Dehradun'. Accessed 28 July 2020 <<https://www.financialexpress.com/economy/this-indian-city-is-best-to-live-in-and-delhi-mumbai-bengaluru-are-not-even-in-top-10/1380503/>>.

Fenwick, John and Mark Bailey (1998) 'Decentralisation and Reorganization in Local Government', *Public Policy and Administration* 13(2): 26-39.

Fiske, Edward B. (1996) *Decentralization of Education: Politics and Consensus*. Washington DC: The World Bank.

Fleurke, Fredrick and Rudie Hulst (2006) 'A Contingency Approach to Decentralization', *Public Organization Review* 6(1): 37-56.

FSFC (Fourth State Finance Commission) (2016) 'Report of the Fourth State Finance Commission of Uttarakhand (2016 – 21)'. Dehradun: FSFC.

Galasso, Emanuela and Martin Ravallion (2004) 'Decentralized Targeting of an Anti-Poverty Programme', *Journal of Public Economics* 89(2005): 705-727.

Gandhi, M.K. (n.d.) 'Back to the Village'. Accessed 30 September 2020 < <https://www.mkgandhi.org/momgandhi/chap76.htm> >.

GOI (Government of India) (2015) *The Constitution Of India*. New Delhi: Ministry of Law and Justice (Legislative Department), GOI.

Gupta, J. P. and Major K. Teotia (2006) *Urban Local Self Government Institution in Punjab*. Chandigarh: Center for Research in Rural and Industrial Development.

Gupta, Kshama (2013) 'Unprecedented Growth of Dehradun Urban Area: A Spatio-Temporal Analysis', *International Journal of Advancement in Remote Sensing, GIS and Geography* 1(2): 47-56.

Habeeb, Riyan and Sana Javed (2019) 'Social Inclusion of Marginal in the Great Climate Change Debate: Case of Slums in Dehradun, India', *Sage Open* January-March 2019: 1-9.

Harriss, John (2010) 'Participation and Contestation in the Governance of Indian Cities', Simons Paper in Security and Development No. 3/2010. Vancouver, Canada: School of International Studies, Simon Fraser University.

Hatti, Neelambar and Sheetal Sonawane (2010) 'Power to the People? Decentralization in India and Indonesia', *Artha Vijnana* 52(3): 181-196.

Heller, Patrick (2011) 'Making citizens from below and above' in Ruparelia, Sanjay, Sanjay Reddy, John Harriss and Stuart Corbridge (eds) *Understanding India's New Political Economy*, pp. 157-171. Oxon: Routledge.

HPEC (High Powered Expert Committee) (2011) 'Report on Indian Urban Infrastructure and Services'. New Delhi: Ministry of Urban Development, GOI.

ICRIER (Indian Council for Research and International Economic Relations) (2019) 'State of Municipal Finances in India'. New Delhi: ICRIER.

IGNOU (Indira Gandhi National Open University) (2006) *Decentralisation and Local Governance*. New Delhi: IGNOU.

Jain, A.K. (1979) 'Myths in Settlement Planning', *Ekistics* 46(279): 393-395.

Janaagraha (2017) 'Annual Survey of Indian City's Systems (ASICS) 2017'. Accessed 5 August 2020 < http://janaagraha.org/asics/city/ASICS_City_Score_card_DEH.pdf>.

Jha, Gangadhar (2013) 'Fiscal Decentralization for Strengthening Urban Local Government in India: Lessons from Practices in Developing and Transitional Economies', *Indian Journal of Public Administration* 59(2): 278-295.

Jha, Ramanath (2020) 'Why do urbanized villages resist being labelled as urban local bodies?'. Accessed 30 September 2020 < <https://www.orfonline.org/expert-speak/why-do-urbanised-villages-resist-being-labelled-urban-local-bodies/>>.

Johnson, Craig (2003) 'Decentralization in India: Poverty, Politics and Panchayati Raj', Working Paper No. 199. London: Overseas Development Institute.

Jütting, Johannes, Céline Kauffmann, Ida Mc Donnell, Holger Osterrieder, Nicolas Pinaud and Lucia Wegner (2004) 'Decentralization and Poverty in Developing Countries: Exploring the Impact', OECD Development Centre Working Paper No. 236. Paris, France: OECD.

Kamiya, Marco and Le-Yin Zhang (eds) (2017) *Finance for City Leaders Handbook*. Nairobi, Kenya: United Nations Human Settlement Programme (UN Habitat).

Kennedy, Loraine and Marie-Helene Zerah (2008) 'The Shift to City-Centric Growth Strategies: Perspectives from Hyderabad and Mumbai', *Economic & Political Weekly* 43(39): 110-117.

Khalo, Titos (2007) 'Municipal Financial Management', in Waldt, Gerrit van der (ed.) *Municipal Management: Serving The People*, pp. 185-202. Cape Town: Juta & Company Ltd.

Khan, Fazalahmed B. (2019) 'Urbanization in India-A Brief Overview', *The Urban World* 4(12): 21-24.

Lesmann, Christian and Gunther Markwardt (2009) 'One Size Fits All? Decentralization, Corruption and the Monitoring of Bureaucrats', *World Development* 38(4): 631-646.

Linfield, Michael, Marco Kamiya and Huascar Eguino (2017) 'Sustainable Municipal Finance for Development' in Kamiya, Marco and Le-Yin Zhang (eds) *Finance for City Leaders Handbook*, pp. 28-45. Nairobi, Kenya: United Nations Human Settlement Programme (UN Habitat).

Litvack, Jennie, Junaid Ahmad and Richard Bird (1998) 'Rethinking Decentralization in Developing Countries', Sector Studies Series No. 21491. Washington DC: The World Bank.

Makandar, Dr. N.M. (2013) 'Financial performance of selected City Municipal Corporation in Karnataka', *Acme Intellectuals Journal of Research in Management* 4(4): 1-15.

Manor, James (1999) *The Political Economy of Democratic Decentralization*. Washington DC: The World Bank.

Mathur, Om Prakash (2006) 'Local Government Organization and Finance: Urban India' in Shah, Anwar (ed.) *Local Governance in Developing Countries*, pp. 169-204. Washington DC: The World Bank.

MGI (McKinsey Global Institute) (2010) 'India's Urban Awakening: Building Inclusive Cities, Sustaining Economic Growth'. Accessed 5 August 2020
<https://www.mckinsey.com/~media/mckinsey/featured%20insights/urbanization/urban%20awakening%20in%20india/mgi_indias_urban_awakening_full_report.ashx>.

Mohan, Rakesh and Shubagato Dasgupta (2004) 'Urban Development in India in the Twenty First Century: Policies for Accelerating Urban Growth', Working Paper No. 231. Stanford, CA: Stanford University.

Mohan, Rakesh and Shubagato Dasgupta (2005) 'The 21 st Century: Asia Become Urban', *Economic & Political Weekly* 40(3): 213-223.

Mohanty, P.K., B.M. Mishra, Rajan Goyal and P.D. Jeromi (2007) 'Municipal Finances in India: An Assessment', DRG (Development Research Group) Studies No. 26. Mumbai: Department of Economic Analysis and Policy, Reserve Bank of India.

Mohanty, P.K. (2014) 'A Municipal Financing Framework' in Ahluwalia, Isher Judge, Ravi Kanbur and P.K. Mohanty (eds) *Urbanization in India: Challenges, Opportunities and the Way Forward*, pp. 119-146. New Delhi: Sage Publications India Pvt. Ltd.

Morales, Armando, Leonardo Letelier S. and Daniel Platz (2017) 'Decentralization and Local Government Financing' in Kamiya, Marco and Le-Yin Zhang (eds) *Finance for City Leaders Handbook*, pp. 46-63. Nairobi, Kenya: United Nations Human Settlement Programme (UN Habitat).

MoHUA (Ministry of Housing and Urban Affairs) (2018) 'Ease of Living Index 2018'. New Delhi: MoHUA, GOI (Government of India).

MoHUA (Ministry of Housing and Urban Affairs) (2019) 'Handbook of Urban Statistics 2019'. New Delhi: MoHUA, GOI (Government of India).

MoHUPA (Ministry of Housing and Urban Poverty Alleviation) (2016) 'India Habitat III: National Report 2016'. New Delhi: MoHUPA, GOI.

Mugabi, Edward (2005) 'Decentralization for Good Governance: Policies, Legal frameworks and Implementation Strategies' in *Decentralized Governance for Democracy, Peace, Development and Effective Service Delivery*, pp. 22-33. New York: UNDESA (United Nations Department of Economic and Social Affairs).

Mukhopadhyay, Partha, Marie-Helene Zerah, Gopa Samanta and Augustin Maria (2016) 'Understanding India's Urban Frontiers', Policy Research Working Paper No. 7923. World Bank Group.

Murthy, Sharmila L. and Maya J. Mahin (2015) 'Constitutional Impediments to Decentralization in the World's largest Federal Country', *Duke Journal of Comparative & International Law* 26(79): 79-139.

Musgrave, Richard A. (1959) *The Theory of Public Finance: A Study in Public Economy*. Bombay Calcutta Madras: Tata-McGraw-Hill Book Company.

Muwonge, Abdu and Robert D. Ebel (2014) 'Intergovernmental Finances in a Decentralized World' in Vitkovic, Catherine Farvacque and Mihaly Kopanyi (eds) *Municipal Finances: A Handbook for Local Governments*, pp. 1-39. Washington DC: The World Bank.

Nair, Janki (2005) *The Promise of the Metropolis: Bangalore's Twentieth Century*. New Delhi: Oxford University Press.

Narayan, Dr. Jayaprakash (2015) 'Decentralization and Good Governance'. Accessed 8 September 2020 < <https://www.youtube.com/watch?v=1WtILJhPBO4>>.

Narayan, Dr. Jayaprakash (2017) 'Policy BootCamp 2016 - Jayaprakash Narayan on Local Self Governance, and Decentralization of Power'. Accessed 6 October 2020 < <https://www.youtube.com/watch?v=bQ5GZ730418>>.

NITI Aayog (2018) 'Financially Empowered Municipalities: Way Forward'. Accessed 23 April 2020 < <https://www.niti.gov.in/niti/content/financially-empowering-municipalities-way-forward>>.

NITI Aayog (2018a) 'Event Report on the National Conference on 25 years of 74th Constitutional Amendment'. Jaipur: NITI Aayog.

NIPFP (National Institute of Public Finance and Policy) (2011) 'Municipal Finance Matters: India Municipal Finance Report (IMFR)'. New Delhi: NIPFP

NND (Nagar Nigam Dehradun) (n.d.) 'About Dehradun'. Accessed 28 July 2020 < <https://nagarnigamdehradun.com/about-dehradun.php>>.

Oates, Wallace E. (1972) *Fiscal Federalism*. New York: Harcourt, Brace, Jovanovich.

Ostrom, Elinor, Larry D. Schroeder and Susan Wynne (1993) *Institutional Incentives and Sustainable Development: Infrastructure Policies in Perspective*. Oxford: Westview Press.

Panagariya, Arvind (2014) 'Space, Services and the State' in Bridett, Ricky, Philipp Rode, Priya Shankar and Shan Vahidy (eds) *Governing Urban Future*, pp. 39-40. London: LSE Cities.

Pai, Madhav (2018) 'Urban India needs a bigger say in politics'. Accessed 1 October 2020 < <https://www.livemint.com/Opinion/vv6cMflo0zoY48MA4jQKDN/Urban-India-needs-a-bigger-say-in-politics.html>>.

Pal, Anirban (2008) *Planning from the bottom up: Democratic decentralisation in action*. Amsterdam: IOS Press BV.

Palanivel, Thangavel (2017) 'Rapid urbanisation: opportunities and challenges to improve the well-being of societies'. Accessed 6 October 2020 < <http://hdr.undp.org/en/content/rapid-urbanisation-opportunities-and-challenges-improve-well-being-societies>>.

PCI (Planning Commission of India) (2011) 'Mid-Term Appraisal: Eleventh Five Year Plan 2007-2012'. New Delhi: Oxford University Press and PCI, GOI.

Pinto, Marina R. (2000) *Metropolitan City Governance in India*. New Delhi: Sage Publications.

Rajan, S. Irudaya and Sumeetha M. (2020) 'Migrant Odysseys' in Rajan, S. Irudaya and Sumeetha M. (eds) *Handbook of Internal Migration in India*, pp. 3-30. New Delhi: Sage Publications India Pvt. Ltd.

Ramchandran, M (2020) 'Making local governance vocal'. Accessed 22 October 2020 < <https://www.dailypioneer.com/2020/columnists/make-local-governance-vocal.html>>.

Rao, M. Govind and Richard M. Bird (2011) 'Coping with Change: The Need to Structure Urban Governance and Finance in India', IMFG Papers on Municipal Finance and Governance No. 4. Toronto: IMFG (Institute of Municipal Finance and Governance).

Rao, U. Srinivasa (2017) 'Fiscal Management of Local Bodies: with reference to Rajamahendravaram Municipal Corporation', *International Journal of Academic Research* 4(11(2)): 82-86.

Raghunandan, T.R. (2013) 'Urban decentralization: the forsaken opportunity'. Accessed 24 September 2020 < <https://www.livemint.com/Opinion/rAmodgiGP5HWRG0Tdflj1N/Urban-decentralization-the-forsaken-opportunity.html>>.

RCUES (Regional Centre for Urban and Environmental Studies) (n.d.) 'History of Urban Local Bodies'. Accessed 15 May 2020 <[http://www.rcueslucknow.org/states/Compendium%20of%20Urban%20Data%20\(Uttar%20Pradesh\)/5%20Introduction%20History%20of%20ULBs.pdf](http://www.rcueslucknow.org/states/Compendium%20of%20Urban%20Data%20(Uttar%20Pradesh)/5%20Introduction%20History%20of%20ULBs.pdf)>.

Rewal, Stephanie Tawa Lama (2011) 'Urban Governance: How Democratic?' in *Urban Policies and the Right of the City in India*, pp. 21-30. New Delhi: UNESCO.

Rhoda, Richard (1983) 'Rural Development and Urban Migration: Can We Keep Them down on the Farm?', *International Migration Review* 17(1): 34-64.

Rondinelli, Dennis A. (1981) 'Government Decentralization in Comparative Perspective: Theory and practice in Developing Countries', *International Review of Administrative Sciences* 47(2): 133-145.

Rondinelli, Dennis A., John R. Nellis and G. Shabeer Cheema (1983) 'Decentralization in Developing Countries: A Review of Recent Experience', World Bank Staff Working Paper No. 581. Washington DC: The World Bank.

Rondinelli, Dennis (1999) 'What is Decentralization' in Litvack, Jennie and Jessica Seddon (eds) *Decentralization Briefing Notes*, pp. 2-5. Washington DC: The World Bank.

Rondinelli, Dennis A. (2006) 'Decentralization and Development' in Huque, Ahmed Shafiqul and Habib Zafarullah (eds) *International Development Governance*. Boca Raton: CRC Press, Taylor & Francis Group.

Saito, Fumihiko (2008) 'Decentralization and Local Governance: Introduction and Overview' in Saito, Fumihiko (ed.) *Foundations for Local Governance: Decentralization in Comparative Perspective*, pp. 1-24. Hiedelberg: Physica-Verlag.

Samanta, Gopa (2014) 'The Politics of Classification and the Complexity of Governance in Census Towns', *Economic & Political Weekly* 49(22): 55-62.

SARC (Second Administrative Reform Commission) (2007) 'Sixth Report: Local Governance-An inspiring journey into the future'. New Delhi: Government of India.

Satterthwaite, David (2014a) 'Urbanization in low- and middle-income nations in Africa, Asia and Latin America' in Desai, Vandana and Robert B. Potter (eds) *The Companion to Development Studies*, pp. 279-285. New York: Routledge.

Satterthwaite, David (2014b) 'Urbanization and environment in low- and middle-income nations' in Desai, Vandana and Robert B. Potter (eds) *The Companion to Development Studies*, pp. 310-318. New York: Routledge.

Sati, V.P. (2013) 'Trends of Urbanization and Its Implications on Environment and Economy in the Uttarakhand Himalaya: A Case Study of Dehradun Municipal Corporation', *ENVIS Bulletin on Himalayan Ecology* 21: 9-14.

Scott, Zoe (2009) 'Decentralisation, Local Development and Social Cohesion: An Analytical Review', GSDRC (Governance and Social Development Resource Centre) Research Paper. Birmingham: International Development Department, University of Birmingham

Shah, Anwar, Theresa Thompson and Heng-Fu Zou (2004) 'The Impact of Decentralization on Service Delivery, Corruption, Fiscal Management and Growth in Developing and Emerging Market Economies: A Synthesis of Empirical Evidence'. Accessed 5 August 2020 < <https://www.ifo.de/DocDL/dicereport104-forum2.pdf>>.

Shah, Anwar and Sana Shah (2006) 'The New Vision of Local Governance and the Evolving Roles of Local Government', in Shah, Anwar (ed.) *Local Governance in Developing Countries*, pp. 1-46. Washington DC: The World Bank.

Sharma, M.P. (1978) *Public Administration: Theory and Practice*. Allahabad: Kitab Mahal.

Sharma, Sanjeev K and Sarbjeet Singh (2008) 'Gandhian Strategies for Democratic Decentralization and Development: Dimensions on Rural Development, Gram Swaraj and Sarvodaya', *The Indian Journal of Political Science* 69(4): 727-744.

Singh, S Bachan Jeet 'City expansion at the cost of development?'. Accessed 2 October 2020 < <http://www.newindianexpress.com/states/andhra-pradesh/2013/sep/16/City-expansion-at-the-cost-of-development-517177.html>>.

Singh, Nirvikar (1997) 'Governance and reform in India', *The Journal of International Trade & Economic Development* 6(2): 179-208.

Sivaramakrishnan, K. C. (2002) 'Turning urban, staying rural'. Accessed 30 September 2020 < <https://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/turning-urban-staying-rural/article27833464.ece>>.

Sivaramakrishnan, K. C. (2012) 'India's Megacities: A Discussion with Mr. K C Sivaramakrishnan-Part 1'. Accessed 13 September 2020 < <https://www.youtube.com/watch?v=2KOOwJX0BnQ>>.

Sivaramakrishnan, K. C. (2013) 'Revisiting the 74th Constitutional Amendment for Better Metropolitan Governance', *Economic & Political Weekly* 48(13): 86-94.

Sivaramakrishnan, K. C. and Bhanu Joshi (2015) 'Who rules the city'. Accessed 9 October 2020 < <https://indianexpress.com/article/opinion/columns/who-rules-the-city/>>.

Smoke, Paul (2015) 'Urban Government Revenues: Political Economy Challenges and Opportunities' in *The Challenge of Local Government Financing in Developing Countries*, pp. 34-53. Nairobi, Kenya: UN Habitat.

Tandel, Vaidehi, Komal Hiranandani and Mudit Kapoor (2016) 'What's In A Definition?: A Study on Implications and Suitability of Urban Definitions in India through its Employment Guarantee Programme', Working Paper Series No. 1. Mumbai: IDFC Institute.

Tewari, Soumya (2014) 'Betting On Rural Votes This Time Too'. Accessed 28 October 2020 < <https://archive.indiaspend.com/special-reports/betting-on-rural-votes-this-time-too-44937>>.

UCLG (United Cities and Local Governments) (n.d.) 'Decentralization processes at the crossroads: State of affairs and perspectives'. Accessed 10 October 2020 < http://www.uclg-decentralisation.org/sites/default/files/concept_paper_cglu_comision_descentralizacion_EN.pdf>.

UDD (Urban Development Directorate, GoUK) (2015) 'Manak'. Accessed 20 July 2020 < <https://udd.uk.gov.in/files/Go-756-Manak.pdf>>.

UDD (Urban Development Directorate, GoUK) (n.d.) 'List of ULB'. Accessed 20 July 2020 < https://udd.uk.gov.in/files/ULB_LIST.pdf>.

UDPCA (Uttarakhand District Planning Committee Act) (2007) *The Uttarakhand District Planning Committee Act, 2007*. Dehradun: GoUK.

UN (n.d.) 'Sustainable Development Goals'. Accessed 5 August 2020 < <https://www.un.org/sustainabledevelopment/cities/>>.

UN (2018) 'The speed of urbanization around the world'. Accessed 6 October 2020 < https://population.un.org/wup/Publications/Files/WUP2018-PopFacts_2018-1.pdf>.

UNDP (2015) 'Localizing sustainable development in local spaces: consideration for Post-2015 global development agenda'. Accessed 25 August 2020 < https://www.uclg.org/sites/default/files/dialogues_on_localizing_the_post-2015_development_agenda.pdf>.

UNDP (n.d.) 'Decentralization in India: Challenges and Opportunities', Discussion Paper Series-1. New Delhi: Human Development Resource Centre, UNDP.

UN Habitat (2015) *The Challenge of Local Government Financing in Developing Countries*. Nairobi, Kenya: UN Habitat.

UNDESA (United Nations Department of Economic and Social Affairs) (2019) *World Urbanization Prospects: The 2018 Revision*. New York: UNDESA

UPMCA 1959 (n.d.) 'The Uttar Pradesh Municipal Corporation Act 1959'. Accessed 20 July 2020 < <http://www.janaagraha.org/asics/report/Uttar-Pradesh-Uttarakhand-Municipal-Corporation-Act-1959.pdf>>.

Urban Development Department (2007) 'City Development Plan: Dehradun Revised'. Accessed 20 July 2020 < https://udd.uk.gov.in/files/CDP_DDUN.PDF>.

Vaidya, Chetan (2009) 'Urban Issues, Reforms and Way forward in India', DEA (Department Of Economic Affairs) Working Paper No.4/2009-DEA. New Delhi: DEA, Ministry of Finance, GOI.

Varshney, Ashutosh (1998) *Democracy, development and the countryside: Urban-rural struggles in India*. Cambridge, UK: Cambridge University Press.

Vasquez, Jorge Martinez and Francois Vaillancourt (2011) 'An Overview of the Main Obstacles to Decentralization, in Vasquez, Jorge Martinez and Francois Vaillancourt (eds) *Decentralization in Developing Countries: Global Perspectives on Obstacles to Fiscal Devolution*, pp. 1-22. Cheltenham, UK: Edward Elgar Publishing Limited.

Vasquez, Jorge Martinez (2015) 'Mobilizing Financial Resources for Public Service Delivery and Urban Management' in *The Challenge of Local Government Financing in Developing Countries*, pp. 15-34. Nairobi, Kenya: UN Habitat.

Venkateswaran, Rama Krishnan (2014) 'Municipal Financial Management' in Vitkovic, Catherine Farvacque and Mihaly Kopanyi (eds) *Municipal Finances: A Handbook for Local Governments*, pp. 93-146. Washington DC: The World Bank.

Waldt, Gerrit van der (ed.) (2007) *Municipal Management: Serving The People*. Cape Town: Juta & Company Ltd.

Weinstein, Liza, Neha Sami and Gavin Shatkin (2014) 'Contested Developments' in Gavin Shatkin (ed.) *Contesting The Indian City*, pp. 39-64. Sussex, UK: John Wiley & Sons, Ltd.

Westphal, Nico (2011) 'Political Decentralization and Local Economic Development: Findings on the pro-poor responsiveness in 5 Cambodian communes', IEE Working Papers No. 193. Bochum: Institute of Development Research and Development Policy.

WGUG (Working Group on Urban Governance) (n.d.) 'Report of the Working Group on Urban Governance'. Accessed 20 July 2020
<https://niti.gov.in/planningcommission.gov.in/docs/aboutus/committee/wrkgrp12/hud/wg_Urban_Governance_Final_Report.pdf>.

World Bank (1999) 'Entering the 21st Century: World Development Report 1999/2000'. Washington DC: The World Bank.

World Bank (2008) 'World Development Report 2009: Reshaping Economic Geography'. Washington DC: The World Bank.

Yadav, Yogendra (1999) 'Electoral Politics in the Time of Change: India's Third Electoral System, 1989-99', *Economic & Political Weekly* 34(34/35): 2393-2399.

Yilmaz, Serdar, Yakup Beris and Rodrigo Serrano-Berthet (2010) 'Linking Local Government Discretion and Accountability in Decentralisation', *Development Policy Review* 28(3): 259-293.

Notes

^[1] Cities account for approximately 80% of the global GDP (Grubler et al. cited in UNDESA 2019: 3).

^[2] The concept of Democratic Decentralization in India is mainly associated with the non-violent social order analogous with the concept of self-sufficient village republic advocated by Gandhiji. According to him since centralization cannot be protected without force therefore “as a system [it] is inconsistent with non-violent structure of the society” (Sharma et al.2008: 728) and therefore should be discarded and replaced by decentralization.

^[3] The Doon Valley is known for its scenic beauty with Himalayas in the North, the Shivalik ranges in the South, River Ganga in the East and River Yamuna in the West (Gupta 2013: 48). The Dehradun city, situated within the Doon Valley, is “surrounded by River Song in the East, River Tons in the West, Himalayan Ranges in the North and Sal Forests in the South” (Gupta 2013: 48) and serves as an important gateway to the Himalayas in the Garhwal region.

Due to its scenic beauty and salubrious climate, Dehradun also happens to be one of the most important tourist destinations in India. It is well connected by road, rail and air network to most of the important cities in India like New Delhi, Mumbai, Kolkata, Chennai, etc. Dehradun also serves as an important educational centre having one of the finest schools in whole of India (prominent ones being St. Joseph’s Academy, The Doon School, and Welham Boys/Girls). It also happens to be the seat of various institutions of national importance namely IMA (Indian Military Academy), FRI (Forest Research Institute), ONGC (Oil and Natural Gas Commission), IIRS (Indian Institute of Remote Sensing), IIP (Indian Institute of Petroleum), to name a few (apart from many more offices of the CG/SG that are located in the city).

^[4] Table N1 and Figure N1 clearly indicate that the RE constitutes a substantial portion of the Total Own-Revenues of all the ULBs in India (infact, in the year 2016-17 and 2017-18 it had been insufficient in meeting the RE).

Year	Total Own Revenues (in Rs. Cr)	Total Revenue Expenditure (in Rs. Cr)	Surplus/Deficit (in Rs. Cr)	Revenue Expenditure as a percentage of Own Revenues
2010-11	37303.9	36734.5	569.4	98.47
2011-12	42632.7	42300	332.7	99.22
2012-13	52543.2	48985.8	3557.4	93.23
2013-14	58248.9	53910.9	4338	92.55
2014-15	63417.8	61153.1	2264.7	96.43
2015-16	70223.2	66924.3	3298.9	95.30
2016-17	72066.8	74547.4	-2480.6	103.44
2017-18	73331.3	78195.5	-4864.2	106.63

Table N1: Total Own-Revenues vs Total Revenue Expenditure of all the ULBs in India (Source: ICRIER and own calculations)

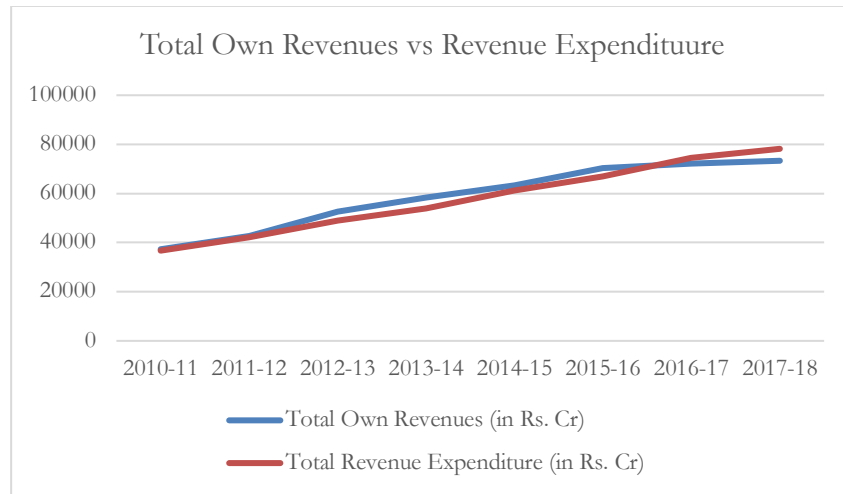
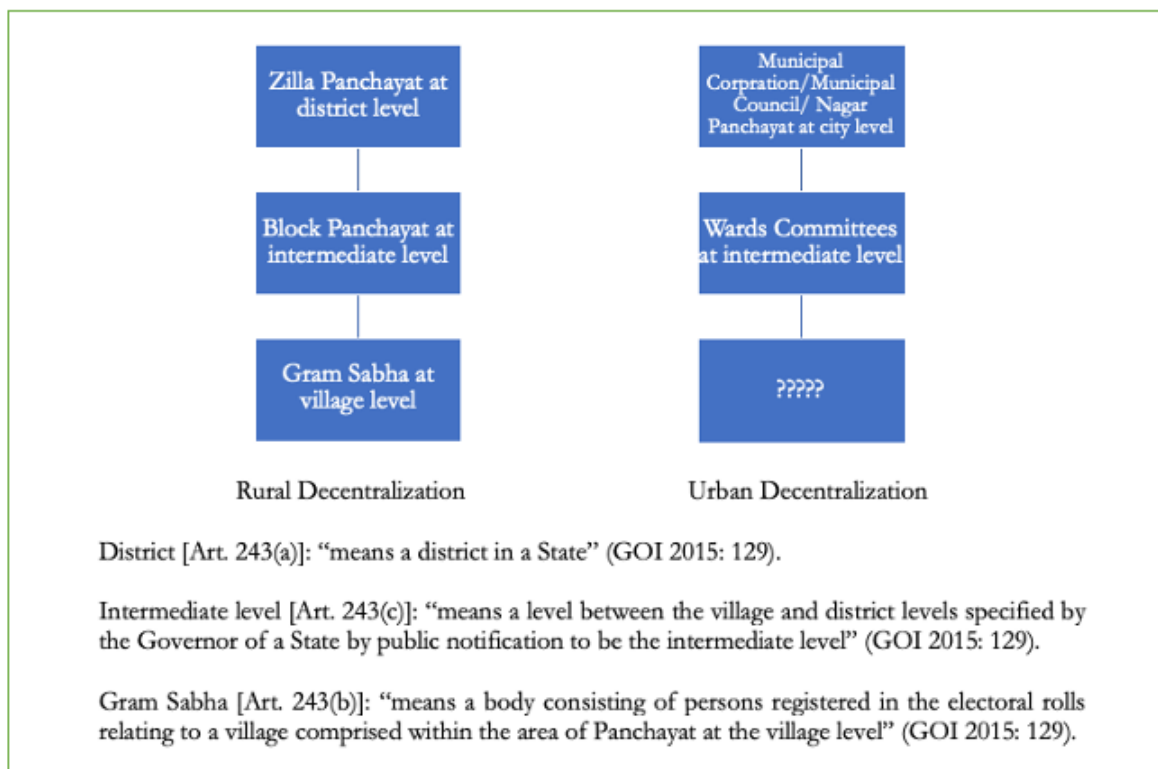


Figure N1: Total Own-Revenues vs Total Revenue Expenditure of all the ULBs in India (Source: ICRIER and own calculations)

¹⁵¹ For instance, important posts like Tax Assessment & Revenue Officer, Tax & Revenue Superintendent and Tax & Revenue Inspector who are responsible for assessment and collection of taxes are lying vacant. Similarly, post of Account Officer (Grade 1) responsible for maintenance of accounts is also lying vacant. Likewise, posts of Zonal Sanitary Officer, Chief Sanitary Officer and Sanitary Inspector responsible for cleanliness of the city are also vacant.

¹⁶¹

Box N1: Rural Vs Urban Decentralization



Box N1 clearly elucidates the presence of a more developed and participative three-tier forum of decentralized governance in the rural areas. As obvious, there is no equivalent in the urban areas to the constitutionally mandated Gram Sabhas in the rural areas, to which “every voter automatically

becomes a member” (Raghunandan 2013) thereby, provided with an opportunity to directly-participate in the proceedings and decisions of the Gram Sabha. The absence of such a three-tier arrangement in the urban areas has provoked various commissions and administrative thinkers in India to propagate the concept of Area Sabhas (Figure 3.5).

^[7] Citizens are likely to participate in local political process and approach the LGs only when they feel that the LGs have the resources, capacities and authority to bring about positive changes in the socio-economic conditions (Ribot cited in UCLG n.d.: 6) otherwise, they tend to become disillusioned (Cheema et al.2007: 13).