



# Local Government in India

## Responses to Urban-Rural Challenges

edited by

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# 1. The System of Local Government in India

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## Types of Local Governments

In India, institutions of local government exist at two levels, local *panchayats* or councils in the rural areas and municipalities in the urban areas. At the rural level, *Panchayati Raj* Institutions (PRIs) consist of three levels: *gram panchayats*, *panchayat samitis* and *zilla parishads*.

A *gram panchayat* can be translated as village council or jury as it is the only grassroots-level institution of PRIs' formalized local self-governance system in India at the village or small-town level. It consists of an elected *sarpanch* (head) and five to twelve elected members. The *gram panchayats* are responsible for the creation of annual development plans, the budget for construction, repairs and maintenance of community assets, *khadi* and village industries<sup>1</sup>, adult and non-formal education, public health, poverty alleviation, education, cultural activities, rural housing and electrification, promoting agriculture, social welfare and public distribution scheme.

At the intermediate level, the *panchayat samitis* (block panchayats) operate. They work at the *tehsil* or *taluka* level<sup>2</sup> known as development block and provide a crucial link of communication between *gram panchayat* and district administration. They are also known as *mandal parishad*,

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<sup>1</sup> Village and *khadi* industries are based on the concept of *Swadeshi* wherein the use of labour is central and the use of capital is limited, underlying the concept of self-reliance in the economy. These industries rely on local raw materials and local production at small scale.

<sup>2</sup> There are two constitutional amendments, 73<sup>rd</sup> and 74<sup>th</sup> passed in 1992 which provide a whole scenario of the different levels of local governments at rural and urban level. The 73<sup>rd</sup> amendment states a three-tier system of *panchayati raj* at the village *panchayat* (*gram*), block (intermediate) level (*panchayat samiti*) and district levels (*zilla parishad*) for a population of more than 20 lakh (2 million). *Gram* or village *panchayat* consists of *gram sabha* and members of the village *panchayat* directly elected by the people and headed by the *pradhan* (elected head) village council (*gram sabha*) consist of all the members of the village. Each *gram panchayat* is assisted by four committees that is *samata samiti* (committee for welfare of women and children, scheduled caste and tribes and other backward classes) *vikas samiti* (committee for development in agriculture), *shiksha samiti* (education) and *lokhit* committee (public health and public works). In between *gram panchayat* and *zilla panchayat* is *panchayat samiti* (committee) which forms the main chain of communication between the two. The next level of local government is *zilla parishad*, consisting of all the elected representatives of *gram panchayat* and elected representatives from territorial constituencies in the panchayat, members of legislative assembly and legislative council

The 74<sup>th</sup> Amendment consists of three bodies of urban governments – *nagar panchayat* which is primarily constituted when the village transitions from rural to urban, municipal council for smaller urban areas, municipal corporations for larger urban areas. Municipal committees are also assisted by ward committees which makes a two-tier system.



*mandal panchayat* and *taluka panchayat* and are primarily made of four-member ex officio bodies bringing together all *sarpanchas* of the development block, the members of parliament (MPs) and MLAs (members of legislative assembly) of the area, and sub-divisional officer (SDOs).<sup>3</sup> The functions of the *panchayat samitis* are agricultural and land improvement, establishment of primary health centers and primary schools, water and sanitation, village infrastructure (construction of roads etc.), establishment of cooperative societies, water and irrigation management, promotion of animal husbandry, dairy and poultry, social welfare, social activities, technical training, poverty alleviation, promotion and development of cottage and skill industries.

The third level is the *zilla parishad* (district council). *Zilla parishad* or the district council is an elected body consisting of members from state legislatures and the Parliament as explained later. The ex officio chief executive officer of the *zilla parishad* is the additional deputy commissioner who is either from the Indian Administrative Services (IAS) or Provincial Civil Services (PCS) appointed in the state. The *zilla parishad* consists of mainly elected members from demarcated constituencies, the chairpersons of *panchayat samitis*, MPs and MLAs. The member of the *zilla parishad* also acts as chairperson of the *parishads* (councils) that fall in their constituencies from which they are elected for a term of five years. The functions of the *zilla parishad* are planning and administration of development projects for the district, delivery of services and facilities to the village, promotion of agricultural projects such as training new techniques of farming, horticulture, rural housing, electrification, animal husbandry and dairy, promotion of small-scale industries, health and hygiene, education and social welfare. In all the levels of local governments, there are reserved seats for women, scheduled caste, scheduled tribes and other backward classes.

All the institutions of local self-government operate under the principle of democratic decentralization. The rationale of democratic decentralization was to create PRIs in a multi-level framework of governance which are autonomous, democratic and financially strong. It was a step away from a top-down approach to local governance in order to provide self-administration to people in the rural areas. The twenty-nine functions and responsibilities of the PRIs which have been stated above are all enshrined in the Indian Constitution in the Article 243G. The functions are listed in the eleventh Schedule of the Constitution.

At the urban level, there are three types of local bodies, the *nagar nigam* (municipal corporation), *nagar palika* (municipality) and *nagar panchayat* (town *panchayat*). The status of an area decides the provision and implementation of urban local bodies. For an area transitioning from rural to urban, a city council is required. In small urban areas a municipality

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<sup>3</sup> The districts in a state are divided into sub-divisions and the sub-divisional officer (SDOs) oversees these divisions. The SDO is responsible for the administration of these divisions in the districts. There can be two kinds of roles. One in which they are in charge of office work and another, in which they are not bound in an office but are overseeing a range of works such as communicating with people, overlooking implementation of government schemes.



is required and in large urban areas a municipal corporation.<sup>4</sup> The functions and powers of urban local bodies vary from state to state. Municipal corporations work and directly interact with the state governments. The head of the corporation is the mayor and the principal executive officer is the municipal commissioner. Municipalities interact with the respective state government through the district collector. The head of the municipality is the president elected by the members of the *palika*. The state government appoints officers such as health or sanitation Inspectors to provide assistance to the president. City councils have a chairman and ward members. The functions assigned to urban local bodies are urban planning and management, provision of health services, education, water management, waste disposal and sanitation, public infrastructure, birth and death registrations, poverty alleviation and delivery of social services.

## Legal Status of Local Governments

To realize the goals of democratic decentralization, the government amended the Constitution and passed the 73<sup>rd</sup> and 74<sup>th</sup> Amendment Act in 1992. The important aspects of the act were the three-tier system of *panchayati raj* for all states exceeding the population of two millions, the holding every five years of *Panchayat* elections, the reservation of seats for women, scheduled castes and scheduled tribes, the appointment of a state finance commission to make recommendations in cognizance with the financial powers of the panchayat and the establishment of district planning committees (DPCs) to prepare development plans for the district as a whole. It also foresaw the establishment of a state election commission to help state governments conducting periodic elections to the PRIs. Similarly, for urban local governments, the 74<sup>th</sup> Amendment provides a three-tier structure of governance with the municipal wards as the territorial constituencies forming the basic unit of urban local governance.

The scope of powers and functions enshrined in the Constitution envision PRIs to function as institutions of local self-government and to operationalize the devolution of powers which is central to the principle of democratic decentralization. The scope and powers entrusted to PRIs base themselves in the ideals of economic development and social justice. In accordance with the constitutional amendment, the state governments repealed the then existing acts. The 73<sup>rd</sup> Amendment Act was further extended to the scheduled areas and areas predominantly occupied with tribal population. It was extended through the provisions of *Panchayat Extension to Scheduled Areas Act, 1996*.

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<sup>4</sup> Transitioning areas are defined based on how fast a town is developing due to industrialization or agricultural growth or secondary services. The criteria of population and the level of administrative functions is considered too, as big cities such as Delhi, Mumbai and others will have a municipal corporation and smaller towns will have municipalities.



For the urban local bodies, 74<sup>th</sup> Amendment Act was adopted in 1992 enjoining the government of the day to ensure continuity of the municipalities through a periodic five-year election. Similar to the *Panchayati Raj* System, the urban local bodies have a three-tier system, including the above-mentioned municipal corporations, municipalities and town *panchayats*. The composition of these councils is decided by state governments respectively. There are reservations of seats for women, scheduled castes, scheduled tribes and other backward classes.

## (A) Symmetry of the Local Government System

The rural and urban government bodies do not have exactly similar scopes of responsibilities. The former are more entrusted with tasks of being regulators, administrators and providers of various services at the local level. The latter have two sets of parts to play. One, the municipal corporation must deliberate on matters related to budget, taxation, pricing of services and others, and two, the municipal commissioner is the executive head and exercises control on various departments such as finance, health etc. For example, the urban local bodies have to look at the jurisdictional domain of various urban areas, their judicial powers, implementation of policies and plans as per the 74<sup>th</sup> Constitutional Amendment. Despite their differences regarding modes of functioning and the devolution of the powers and authority, both rural and urban local bodies aim at enabling people's participation as a sign of democratic citizenship.

## Political and Social Context in India

India has a multiparty parliamentary system of democracy with representatives at the local, state and national levels contesting elections and participating in democratic decision-making process. Both national and state level political parties are involved in the local level governance through their elected representatives in both rural and urban forms of local government. Local government in India is a state subject, however, the central government holds a supervisory role to guide, encourage, engage and assist the states to promote local government and development. Political participation in *panchayati raj* elections has a long tradition of great leaders like Jawaharlal Nehru, Sardar Vallabhbhai Patel and Subhash Chand Bose who took active leadership in municipal politics. Thus, politics at local government provides a gateway to national level politics and thereby initiates an active involvement of national and regional parties. The presence of national, state and regional parties at the level of local government maintains a strong party presence which has its bearing on national and state level politics. Political parties are the essence of parliamentary democracy and their role in local governments strengthens the roots of democratic decentralization. According to the World





Bank report, in India 65.97 per cent live in rural areas<sup>5</sup> and 34.03 per cent of the population lives in urban areas.<sup>6</sup>

Local governments have had a tremendous effect in the realization of democracy at the grassroots and at the level of municipalities in the urban areas. Conducting elections at the lowest tier of government has added to the vibrant political culture of India. The trickling down of democratic decentralization and power has entrenched the roots of democracy, however, its substantive realization has many hurdles to cross.

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<sup>5</sup> 'Rural Population (% of Total Population)' (*The World Bank*, 2018) <<https://data.worldbank.org/indicator/SP.RUR.TOTL.ZS>>.

<sup>6</sup> 'India - Urban Population (% Of Total)' (*Trading Economics*, 2020) <<https://tradingeconomics.com/india/urban-population-percent-of-total-wb-data.html>>.



# Local Responsibilities and Public Services



## 2.1. Local Responsibilities and Public Services in India: An Introduction

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The Ministry of Housing and Urban Affairs (MoHUA) and the Ministry of *Panchayati Raj* (MoPR) are responsible for urban and rural local governments, respectively. For the efficient delivery of services and to oversee civic affairs, various reforms have been introduced to strengthen the work of urban local governments. These reforms are introduced from time to time by successive governments in power. These various reforms are decentralization of authority, power, functions and finances to lower levels of government. This leads to democratic decentralization of local governments providing them greater autonomy in their everyday functions and duties.

The Ministry of Housing and Urban Affairs (MoHUA) is responsible for the holistic development of urban areas and it primarily looks over issues of governance and infrastructure. One of the major responsibilities of MoHUA has been the reform of public services so as to ensure the smooth functioning of the projects and their sustainability once they are completed. Two prominent urban missions are Atal Mission for Rejuvenation and Urban Transformation (AMRUT) which is responsible for urban planning, implementation and governance for improving service delivery and the *Pradhan Mantri Awas Yojana* (PMAY) which is an initiative to ensure affordable housing for all. Missions mean initiatives and projects that have clearly defined objectives, timeline for their completion, set targets, expected outcomes and delivery mechanisms well in place before the completion of the missions.

The State Municipal Acts govern the urban local governments and each state has its own municipal act. The central government directs the states to enact the municipal acts so that the framework, functions and power can be assigned to the local urban governments. The basic structure of the act is the same; however, it varies from state to state depending upon the state in question and the local government. The variation in the provisions of the Municipal Acts depends on the size of the state, population of the state, and also depends on the socio-economic activities of the state.<sup>7</sup>

According to the 73<sup>rd</sup> and 74<sup>th</sup> constitutional amendment acts, there are compulsory and voluntary provisions which have to be followed by the state governments, while formulating their own local self-government acts. These variations could be related to subjects like the

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<sup>7</sup> For example, the Municipal Corporation of Delhi provides civic amenity services to both the rural and urban areas, whereas the Chennai Municipal Corporation services only the urban areas. To elaborate further, Delhi's rural areas have been rapidly urbanized and the need for rural classification was negated in the year 1989.



constitutional provisions related to the reservations for scheduled castes, scheduled tribes and women.

Municipalities have the power to draft by-laws for better implementation of administrative functions. The various responsibilities and provision of public services by local urban bodies are public health and sanitation, medical relief, public works, education, development and administration.

Local governments are solely responsible for the delivery of services to a range of citizens with the collaboration of various organizations. These could be voluntary organizations, self-help groups of various kinds funded by the government or non-government organizations funded privately or through large national and international organizations and donor agencies.

The national and state level governments have also started smart cities initiatives which consider the use of information and communication technologies (ICTs) and use of special purpose vehicles (SPVs). Smart Cities programs focus on the central role of local government as important decision makers in implementing projects based on planning and growth of cities and their connectivity issues pertaining to the road and transport infrastructure. This involves connecting rural and urban cities and towns through projects like National Highway Authority of India (NHAI).

The rural local governments have the same structure except in scheduled and tribal areas which are legally exempted from the implementation of the *Panchayati Raj Act*. The *Panchayat Extension to Scheduled Areas (PESA) Act*, 1996 with few modifications is also applicable in tribal areas. Regional or district councils have been mandated to officiate work and protect indigenous customs and traditions.

Local responsibilities and public services differ from state to state. The fundamental responsibilities and services that the state is responsible for is the provision of infrastructure facilities like the sanitation, management of waste, building of roads and public conveniences, projects to alleviate poverty and distress, economic development and growth. At the grass root level, it involves participation from the local communities, especially women. Programs involving the community participation like the National Rural Livelihood Mission (NRLM) have been to some extent a success.

To achieve the United Nations Sustainable Development Goals (SDGs), the central government started – with a role of the states in implementation – the National Institution for Transforming India (NITI) which was responsible for the completion of seventeen SDGs in August 2017 including a wide range of responsibilities for Urban Development and *Panchayat Raj* Ministries., the latter dealing with the local self-government in the rural areas administered under the Ministry of Local Self-Government known as *panchayati raj* as stated above.



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## 2.2. School, Educational Services and their Delivery Mechanisms

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### Relevance of the Practice

*Sarva Shiksha Abhiyan* (SSA) is the flagship program of the Government of India for elementary education. It was launched in 2001. It aims to provide universal elementary education to children between the ages of 6 to 14 years. SSA is the main mechanism through which the Right of Children to Free and Compulsory Education Act (RTE) is implemented. RTE was passed in 2009. It has a time bound aim of achieving universalization of elementary education as mandated by the 86<sup>th</sup> amendment of the Indian Constitution. The Ministry of Human Resources Development looks after the SSA program. It is implemented by the state and central government. The other aims and objectives of SSA are universal access and retention of children in the schools, bridging gender and social category gaps in education and to increase the learning outcomes of children. These goals are aligned in accordance with legally mandated norms and standards and free entitlements stated by the Right to Education Act, 2009. A principle point of functioning for SSA is the interventions of various ministries and the merging of various programs. The Ministry of Health and Family Welfare and State Health Department are responsible to provide services to Model Cluster Schools and to conduct health checks ups. The Ministry of Human Resource and Development is responsible for providing mid-day meals and ensuring age appropriate admissions. The Ministry of Women and Child Development focuses on pre-school learning and enrolment by extending integrated child development services to the children enrolled. The state public works department looks after the basic infrastructure of the schools

SSA has broadly four approaches: access and retention, infrastructure development, providing quality education and equality. SSA in India has been in operation since 2001. At the level of implementation, SSA has failed to achieve the desired results. Lack of proper infrastructural facilities and appropriate funding has derailed the policy to achieve the desired results. The biggest obstacle to the realization of SSA goals has been the privatization of education. It will be interesting to see how privatization of education has adversely affected the *panchayati raj* institutions' function of providing education. In many instances the government supports this step. This has further widened structural and human disparities as privatization of education has hindered the realization of the time-bound goal of universalization of education.

The universalization of education through the SSA program has both rural and urban governments being part of it through a variety of delivery mechanisms. The rural-urban divide, its structural hierarchies and socio-cultural practices get widely clear when it comes to the



delivery mechanisms of the educational system in the country. A country with low level of literacy and income distribution along with huge population size, cultural diversity of having to deal with hundreds of languages and dialects, with astonishing poverty continuing throughout the country and the goal of universal education have been difficult objectives to achieve both by central and state governments since independence. Therefore, both the rural and urban bodies at the local governmental levels have continued to struggle with various delivery mechanisms of education over the past several decades.

## Description of the Practice

SSA is a program about the community ownership of the school educational system by involving the *Panchayati Raj* Institutions (PRIs), school management committees, village education committees, parents' teachers' association, and the tribal autonomous councils. It provides a unique kind of partnership between the central, state and the local government with an opportunity for the states and thus for local governments to devise their own design and vision of school education. Since the primary objective is to increase the school enrolment of children in the age group of 6-14 years, it is imperative for the local governments to include a large number of actors in this task. Apart from the government appointed teachers and employees in the schools, there are a number of non-government organizations, private trusts, educational bodies, community service organizations and individual professionals who have been made part of this mission of providing free and compulsory education to children particularly belonging to poorer strata of the society.

The program includes the midday meal, stipend for girl students, school sanitation and hygiene, modernization of *madrasas*<sup>8</sup>, *panchayat* level educational committees, and the residential-schools for girls. Since the target sections are children from poor and disadvantaged sections of the society, particularly Muslims, scheduled castes, scheduled tribes, and stakeholders are drawn from diverse backgrounds such as the state government including local level government institutions, international non-government and government organizations, local non-government organizations, various focus groups, associations, charitable organizations and social welfare bodies of various kinds. The government constituted committees to manage and distribute funds, to look into the misappropriation of funds, misuse of school premises and facilities and the poor quality of education being imparted in the schools of rural areas and urban areas. Absenteeism of school teachers and education providers is a wide-spread phenomenon throughout the country, even if it seems to be more prominent in rural areas. Lack of competence and adequate training of the school teachers,

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<sup>8</sup> A *madrasa* is a college for Islamic education and instruction. The instruction primarily focuses on the study and understanding of religious laws and practices of Islam. The *madrasas* are normally built inside a Mosque or attached to it.



insufficient staff and personnel in these schools and low level of incomes of the school teachers are other impediments in realizing the objectives of SSA.

## Assessment of the Practice

Bringing SSA under the ambit of the Right to Education Act as a fundamental right has a huge constitutional mandate associated with it. It is also important to keep in mind how the New Education Policy (NEP) 2020 once again focuses on the need to strengthen and reinforce the objectives of universalization of education. It now covers more than two million primary and one million upper primary schools. The opening of schools in the neighborhood, appointment of additional teachers, free textbooks, free school uniforms, a small stipend, separate toilets for girls, teacher-training manuals and teachers' sensitization programs are some of the concerns and practices being put in place by the different government agencies.

A major consequence of the program has been the increasing divide between English and non-English medium schools both in the rural and urban level schools. The global value of English language and its marketability has adversely affected the school education imparted in the mother tongues of children. Despite several efforts on the part of the government, the failure rate of school children, their incompetence in subjects being taught in the schools and their lack of interest are primarily due to the cultural and social deficit and vacuum created by this divide between English and Indian languages as media of instruction. Several studies have shown the adverse cognitive effects of this divide among school children. It is more adversely felt in rural areas as the level of exposure to English in everyday life is minimal compared to the children in urban areas. They are at a disadvantage which is further entrenched as in the countryside, the main medium of instruction is Hindi.

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# Local Financial Arrangements



## 3.1. Local Financial Arrangements in India: An Introduction

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In India, local financial arrangements at the level of local self-governments are a complicated system as there are institutional differences at urban and rural levels. Local authorities in India are responsible for state owned projects, wherein they use their resources for the operation of these projects. It is an important imperative on the part of the local governments for the development of municipal bodies and districts. In the domain of financial functionality, rural and local governments have a similarity in the pattern of expenditures for civic and social services, however the degree of expenditure varies. The varied expenditure depends on the revenue generation and the needs of the rural and urban population. The urban local bodies have more revenue sources and they collect more taxes as they have a larger population to take into consideration. Whereas the rural local bodies have less revenue due to smaller population. But the services provided by both the bodies are almost similar but different in scale. For example, the urban local body caters till tertiary health care whereas the rural local body provides only primary health care. The estimate for expenditure is included in the five-year plans which show both planned and unplanned expenditures for each state and its local population. For example, during the 2016-17 cycle, in Tamil Nadu, the urban local bodies spent Rs. 13,301 crores (approximately €2 billion), while *Panchayat Raj* Institutions spent Rs. 4,960 crores (approximately €0.7 billion).<sup>9</sup>

Based on the study by the Indian Council for Research on International Economic Relations (ICRIER) in March 2019, prepared for the Fifteenth Finance Commission, urbanization in India has occurred at a rapid rate. The urban and rural local governments have the weakest financial autonomy which adversely affects their ability to perform core functions and deliver services. Moreover, they lack behind in providing any stimulus to economic growth.

According to the 73<sup>rd</sup> Constitutional Amendment Act (Rural Local Bodies) and the 74<sup>th</sup> Constitutional Amendment Act (Urban Local Bodies) the state legislature has the following powers in order to strengthen the finance of the rural and urban local government:

- authorize a *panchayat*/municipality to levy, collect and appropriate taxes, duties, tolls and fees;
- assign to a *panchayat*/municipality taxes, duties, tolls and fees levied and collected by the state government;

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<sup>9</sup> Kumarapalayam R Shanmugam, 'Tamil Nadu State Government Finances' (Madras School of Economics 2018) <[https://fincomindia.nic.in/writereaddata/html\\_en\\_files/fincom15/StudyReports/24.pdf](https://fincomindia.nic.in/writereaddata/html_en_files/fincom15/StudyReports/24.pdf)>.



- provide for making grants in aid to the *panchayats*/municipality from the consolidated fund of the state.

The act also provides to constitute a finance commission to review the financial position of the local governments.

The resources of the local bodies can be categorized into three categories:

- own resources;
- shared/assigned resources;
- grants and aids.

In rural local bodies, their own resources are generated in the forms of house tax, cattle tax, commercial crop tax, etc., whereas in urban local bodies, their own resources are generated in the forms of property tax, profession tax, etc.

According to the Economic Survey of 2017 - 18, *panchayats* received 95 per cent of its revenue from external sources and only 5 per cent were generated on their own. This is because of tax evasion and at the same time states have not devolved the taxation powers to the local bodies. To conclude, the local bodies are heavily dependent on external sources such as the state and the center for its resources in turn exposing them to high risks.

The ICRIER report states that, 'municipal revenues/expenditures in India have been stagnating at around 1 per cent of the GDP for over a decade.'<sup>10</sup> The report further states that finance and expenditure have been a reason of contestation as the constitutional provisions on the devolution of power has been feeble and there are administrative failures in its implementation.

India follows a pattern of decentralization where the central and state governments have the sole discretionary powers to disburse financial arrangements to urban and local governments. Based on rapid urbanization, abysmal poverty conditions, and farmers suicide in present day India, it is important that fiscal autonomy be implemented at the level of local governments. Fiscal autonomy means independence in generation and utilization of fiscal resources. Example-levy and collection of taxes and fees on their own by Urban Local Bodies.

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## 3.2. Fiscal Autonomy: Restraints and Limits

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### Relevance of the Practice

It was only with the coming in of the 73<sup>rd</sup> and the 74<sup>th</sup> Amendment Act that the fiscal decentralization of local government was strengthened. The urban and the rural bodies have their own revenue raising sources in terms of taxes and non-tax revenues and formulate their expenditures accordingly. In India, the fiscal decentralization itself is a breakthrough. In order to increase their own resource mobilization, the urban local bodies are encouraged to tap the debt instruments like long-term bonds. This has been incentivized by the union government. The union government pays the urban local bodies Rs. 13 crores (approximately €1.3 million) for every Rs. 100 crores (approximately €10 million). In 2018, in the state of Gujarat, the Surat municipal corporation mobilized Rs. 450 crores (approximately €45 million) via bonds to fund a sewage treatment project.

The urban-rural interplay works at various levels in this entire exercise of financial arrangement, particularly when it comes to allocating the funds and their required expenditures. For example, the District Planning Committee is a constitutional body (Article 243ZD) which consolidates the plans prepared by the *panchayats* and the municipalities in the district and prepares a draft development plan for the district as a whole. The legislative member's local area development fund (MPLAD/MLALAD) is effectively utilized for the development of both rural and urban areas within his/her constituency with the aid of the District Planning Committee.

### Description of the Practice

The Indian Constitution envisages for the financial autonomy of the local self-governments through Article 243(H) (*Panchayati Raj* Institutions) and 243(X) (Urban Local Bodies), both of which empower them to levy, collect taxes, fees and tolls. But in real terms, this autonomy is not given in practice because it is the state government that decides the amount of taxes, tolls and fees to be levied and collected. However, the local bodies are involved and invited at times by the state and district level bodies to participate and execute these activities.

A number of institutions are involved in carrying out these practices. For example, the state level bureaucracy and its outreach through the district administration is responsible for allocating the funds and their expenditures at various local levels. Most often, the elected bodies and representatives of people are involved in the decision-making exercise of various



sorts. Where the government has invited the private sector to be part of public-private partnership (PPP) projects, the private sector works along with the public sector's undertakings and projects.

The urban local governments deliver several public services such as providing safe drinking water, wastewater treatment, solid waste management, public transportation system, investment opportunities, public safety measures, women's safety rules and regulations, and control of infectious diseases and epidemics etc. In these and many other such activities for the public welfare and good, a number of permanent government functionaries, including the lower-level officials, are entrusted with these tasks to achieve the objectives in a certain time frame.

The urban local bodies levy taxes like professional tax, property tax, entertainment tax whereas the rural local bodies levy taxes on agricultural land, local fair, and land use planning etc. Furthermore, the state government makes funds available to local bodies through grants in aid from its consolidated funds.<sup>11</sup> These provisions are mentioned in Article 243(H) of the Constitution.

## Assessment of the Practice

The devolution of financial powers under the 74<sup>th</sup> Amendment Act has left the responsibility on the states to devolve expenditures from the list of 18 municipal functions listed in the 12<sup>th</sup> Schedule of the Indian Constitution. The state also has the ambit to introduce taxes, duties, tolls and fees as stated in Article 243(X). Moreover, it can assign revenues from various taxes to the urban governments. According to Article 243(Y), state finance commissions (SFCs) are responsible for the tasks of revising and endorsing federalization of tax revenues and grants-in-aid to urban local governments. This provision of devolution of financial arrangements has been limited and inadequate.

In the case of rural local governments, the *Panchayati Raj* Institutions (PRIs) similarly have to depend on the state governments for finance and expenditure as well as decentralization of financial powers based on the respective state to raise revenues.

Since the local government is not given much fiscal autonomy, local governing bodies of various sorts have to mobilize sources on their own too.<sup>12</sup> This kind of financial constraint results in non-completion of several projects and policies that are otherwise listed in the state governments' vision documents of the five-year plans.

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<sup>11</sup> Isher J Ahluwalia and others, 'State of Municipal Finances in India' (Indian Council for Research on International Economic Relations 2019).

<sup>12</sup> On these own sources, see the Introduction to Local Financial Arrangements in India, report section 3.1.



The state government's populist policies at times hamper the developmental goals and objectives seriously. Another factor that intervenes in this is vote bank politics, affecting the welfare-oriented policies of state and its local level governmental bodies. At times the rationale of imposing a particular tax and its collection is arbitrarily decided without involving all the stakeholders.

Local government bodies are often not involved or even made aware of the major resources like land and water and their potential utilization needed in the present context. The neo liberal policies, with the assistance of multinationals and corporate sectors involved, aim at excluding a large number of local stakeholders from arriving at decisions and redesigning the policies beneficial to the people at large.

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# Structure of Local Government



## 4.1. The Structure of Local Government in India: An Introduction

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The term *panchayati raj* in India signifies the system of rural self-government. It has been established in all the states of India by the acts of the state legislatures to build a grass root democracy in independent India. It is entrusted with the task of developing rural development in different sectors directly accountable to the district and sub-district level administration. It was constitutionally mandated as per the provisions of the 73<sup>rd</sup> Constitutional Amendment Act of 1992. The act provides for a three-tier system of *panchayati raj* in every state that has *gram panchayat* at the village level, *panchayat samiti* at the block level and *zilla parishad* at the district level. All the members of *panchayats* at the village, intermediate and the district level shall be elected directly by the people. Further, the chairperson of *panchayats* at the intermediate and district levels shall be elected indirectly by and from the elected members of the intermediate and district levels.

However, the chairperson of a *panchayat* at village level shall be elected in such a manner as the state legislature determines. The act provides for the reservation of seats for scheduled castes and scheduled tribes in every *panchayat* in proportion of their population to the total population in the *panchayat* area. The act provides for the reservation of not less than one third of seats for women. The act provides for a five-year term of office to the *panchayat* at every level.

The term urban local government in India signifies the governance of an urban area by the people through their elected representatives. There are eight types of urban local government in India. The urban local government provisions have been added in the 74<sup>th</sup> Amendment Act, 1992. The eight types are:

### **Municipal Corporations**

Municipal corporations are created for the administration of big cities like Delhi, Mumbai, Kolkata, Hyderabad, Bangalore and others. They are established in the states by the acts of the concerned state legislatures, and in the union territories by the acts of the Parliament of India. A municipal corporation has three authorities, namely, the council, the standing committees and the commissioner.

The council is the deliberative and legislative wing of the corporation. It consists of the councilors, directly elected by the people, as well as a few nominated persons having knowledge or experience of municipal administration. The council is headed by a mayor. He is assisted by a deputy mayor. The standing committees are created to facilitate the working of the council, which is too large in size. They deal with public works, education, health, taxation,



finance and so on. They make decisions in their fields. The municipal commissioner is responsible for the implementation of the decisions taken by the council and its standing committees. Thus, he is the chief executive authority of the corporation appointed by the state government.

### **Municipality**

The municipalities are established for the administration of towns and smaller cities. Like the corporations, they are also set up in the states by the acts of the concerned state legislatures and in the union territory by the acts of the Parliament of India. They are also known by various other names like municipal council, municipal committee, municipal board, borough municipality, city municipality and others.

Like a municipal corporation, a municipality also has three authorities, namely, the council, the standing committees and the chief executive officer. The council is the deliberative and legislative wing of the municipality. It consists of the councilors directly elected by the people. The council is headed by a president/chairman. He is assisted by a vice-president/vice-chairman and presides over the meetings of the council. The standing committees are created to facilitate the working of the council. They deal with public works, taxation, health, finance and so on. The chief executive officer/chief municipal officer is responsible for day-to-day general administration of the municipality. He is appointed by the state government.

### **Notified Area Committee**

A notified area committee is created for the administration of two types of areas—a fast developing town due to industrialization, and a town which does not yet fulfill all the conditions necessary for the constitution of a municipality, but which otherwise is considered important by the state government. Since it is established by a notification in the government gazette, it is called a notified area committee. Though it functions within the framework of the State Municipal Act, only those provisions of the act apply to it which are notified in the government gazette by which it is created.

Its powers are almost equivalent to those of a municipality. But unlike the municipality, it is an entirely nominated body, that is, all the members of a notified area committee including the chairman are nominated by the state government. Thus, it is neither an elected body nor a statutory body.

### **Town Area Committee**

A town area committee is set up for the administration of a small town. It is a semi-municipal authority and is entrusted with a limited number of civic functions like drainage, roads, street lighting, and conservancy. It is created by a separate act of a state legislature. Its composition,



functions and other matters are governed by the act. It may be wholly elected or wholly nominated by the state government or partly elected and partly nominated.

### **Cantonment Board**

A cantonment area is a delimited area where the military forces and troops are permanently stationed. A cantonment board is established for municipal administration for civilian population in the cantonment area. It works under the administrative control of the Defense Ministry of the central government. A cantonment board consists of partly elected and partly nominated members.

The military officer commanding the station is the ex-officio president of the board and presides over its meetings. The vice-president of the board is elected by the elected members from amongst themselves for a term of five years. The sources of income include both tax revenue and non-tax revenue. The executive officer of the cantonment board is appointed by the President of India. He implements all the resolutions and decisions of the board and its committees.

### **Township**

This type of urban government is established by the large public enterprises to provide civic amenities to its staff and workers who live in the housing colonies built near the plant. The enterprise appoints a town administrator to look after the administration of the township. He is assisted by some engineers and other technical and non-technical staff. Thus, the township form of urban government has no elected members. In fact, it is an extension of the bureaucratic structure of the enterprises.

### **Port Trust**

The port trusts are established in the port areas like Mumbai, Kolkata, Chennai and so on for two purposes: (i) to manage and protect the ports; and (ii) to provide civic amenities. A port trust is created by an Act of Parliament. It consists of both elected and nominated members.

### **Special Purpose Agency**

In addition to these seven area-based urban bodies (or multipurpose agencies), the states have set up certain agencies to undertake designated activities or specific functions that 'legitimately' belong to the domain of municipal corporations or municipalities or other local urban governments. In other words, these are function-based and not area-based. They are known as 'single purpose', 'uni-purpose' or 'special purpose' agencies or 'functional local bodies.' Some such bodies are:

- town improvement trusts;



- urban development authorities;
- water supply and sewerage boards;
- housing boards;
- pollution control boards;
- electricity supply boards;
- city transport boards.

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## 4.2. Decentralization and Democratic Governance

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### Relevance of the Practice

New Delhi is a typical example of urban sprawl, where the surrounding rural areas are engulfed by unplanned urbanization. In this context, the rural villages surrounding a big metropolis get transformed spatially, demographically, and socially. In the case of Delhi, the surrounding rural villages have lost their rural self-governance and the practice of conducting elections has been neglected. Here the rural villages are administered by the urban local body (Municipal Corporation of Delhi – MCD). To conclude, it is a kind of forced urbanization and the pressure of urbanization has undermined the right of rural local self-governance.

The Delhi Village Development Board (DVDB) has been set up by the State Government of Delhi to provide necessary infrastructure and services to rural and urban villages in and around Delhi. This multi-stakeholder body tries to foster organic development of rural and urban villages in Delhi.

### Description of the Practice

The National Capital Territory (NCT) of Delhi is divided into three urban regions: the Municipal Corporation of Delhi (MCD), the New Delhi Municipal Council (NDMC) and the Cantonment Board. The MCD is one of the largest municipal bodies in the world which caters civic services to about 11 million people. It uniquely provides civic services to both urban and rural villages located in the NCT. Due to rapid urbanization and progressive economic development, the rural population and the number of rural villages in NCT of Delhi have been in a declining trend. As per census, in 1951 there were 304 rural villages with 18 per cent rural population. According to the census 2011, the rural villages fell to 112 and the rural population declined to 2.5 per cent. At present the rural area amounts to 369 sq. km. (25 per cent) of the total NCT area of 1,483 sq. km.

In this context, the practice of holding elections to the rural self-government institutions was discarded. The last Delhi's rural local self-government election took place in 1983. The rural population elects councilors from their areas to the MCD. In this process, the democratic decentralization has been lost as the rural villages of Delhi could not hold *gram sabhas*, which deliberately addresses village-specific issues.



In 2017, the State Government of Delhi set-up the DVDB (Delhi Village Development Board) for integrated development of rural and urban villages in NCT of Delhi. The DVDB advises the government on issues concerned with the infrastructural development works in all rural and urban villages of Delhi. DVDB has the scope of prioritizing projects, the identification of deficiencies, examination of overlapping functions of different agencies and the timely review of project implementations. As a body, the DVDB consists of members from various levels of government: members of parliament (MPs) and members of legislative assemblies (MLAs) of Delhi, executives of Delhi state administration, executives of Delhi's district administration and zonal chairpersons of the MCD.

The functions of the DVDB are the following:

- to study the deficiencies in the existing infrastructure in Delhi rural villages;
- to examine the nature and extent of overlapping functions amongst organizations and departments of the government;
- to review, from time to time, the implementation of the projects and the schemes.

The following nature of works (infrastructure/capital) are further recommended by DVDB in the rural and urban villages of the NCT of Delhi:

- construction of approach roads/link roads/village roads;
- construction of drainage facilities;
- development of cremation grounds, parks, playgrounds, libraries, etc.;
- development of ponds/water bodies;
- other need-based works like drinking water facility, street lights, etc.

The above-mentioned capital works recommended by the DVDB are executed through various agencies like I&FCD (Irrigation & Flood Control Department), MCD, NDMC, DJB (Delhi Jal Board) etc. The demands for development works in rural villages are received through the respective members of the board, i.e. elected public representatives like concerned MLAs of the rural areas. Upon reception, the proposals of works are scrutinized in terms of feasibility and estimated cost. Thereafter, the proposals are placed before the DVDB that recommends and prioritizes the works for execution through an appropriate agency.

## Assessment of the Practice

As the DVDB board was constituted in 2017, it is too early to assess the outcomes of the activities of the board. One of the best practices of the DVDB is the reclamation of a polluted wetland. Najafgarh drain is a wetland located in the rural part of south-west Delhi. It was once a vibrant ecosystem that thrived with the endangered Siberian crane. Presently it is Delhi's most polluted water body due to direct inflow of untreated water from surrounding urban





areas. In 2018, the DVDB had proposed the reclamation and landscaping of the wetland. This would lead to rejuvenation of the water body and its ecosystem.

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# Intergovernmental Relations of Local Governments



## 5.1. Intergovernmental Relations of Local Governments in India: An Introduction

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India follows a devolved system of decentralization in which the states are responsible for the devolution of powers to the urban and rural local authorities. At the local level, intergovernmental relationships exist between different tiers of local rural government. The administrative units at each state level have their own historical trajectory and a uniform pattern does not exist for each state. Each state has its own administrative units and structures. Therefore, a certain amount of friction is bound to arise over operational guidelines and implementation for different projects and delivery of services. The state government looks over various projects and plans and decides on the devolution of powers and functions for these activities and projects. A three-tier system works at the local levels which are accountable to state government.<sup>13</sup> Similarly, the decentralization of power and decision-making works at all levels from the center to the states.

There are several federal bodies and inter-governmental organizations such as inter-state councils, district boards and committees of various kinds which have been formed from time to time to work towards establishing the intergovernmental relations between the lower and higher levels of administration. In doing so, regional development boards and units are also set up by different states from time to time. With the rapid urbanization that the Indian cities are experiencing, it is imperative that cities act as the main catalyst of development. This level of coordination between center, state and local government is crucial for the development and growth of large cities.

Thus, for the cities to generate 'agglomeration economies', the imbalance between responsibilities and finances must be worked out.<sup>14</sup> The relationship between *panchayats*, urban local units and government departments has been a domain of contestation and messy politics.

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<sup>14</sup> Isher J Ahluwalia and others, 'State of Municipal Finances in India' (Indian Council for Research on International Economic Relations 2019).



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## 5.2. Local Governments and their Functioning

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### Relevance of the Practice

Inter-governmental relations at all the three levels (central, state and the local) are important in a federal structure like India, so as to deliver the necessary services and needs to the people of the country as a whole. An integrative functioning of all the three levels is imperative for a successful implementation of any practice or a program that the government formulates. The practices that we have taken for this report section are the rural mission (rural local governance) and the smart city mission (urban local governance) which has been discussed in detail below. In the case of both, we have tried to analyze how all the three structures (central, state and local governments) are involved efficiently in delivering the necessary infrastructure and service needs of both the rural and urban population.

Moreover, any practice should follow the principle of subsidiary operation in the distribution of functions among three tiers of government under the principle of decentralization, namely: (i) every activity requires a minimum size for functional efficiency and economy; (ii) the area of benefit should not extend beyond the jurisdiction of the *panchayat* concerned; and (iii) the administrative resources available at that particular level are capable of handling the activity in a competent manner.<sup>15</sup>

### Description of the Practice

#### Shyama Prasad Mukherji Rurban Mission (SPMRM) – Rural Local Government

The vision statement of SPMRM is the ‘development of a cluster of villages that preserve and nurture the essence of rural community life with focus on equity and inclusiveness without compromising with the facilities perceived to be essentially urban in nature, thus creating a cluster of “Rurban villages”’.

The mission outcomes are:

- bridging the rural urban divide- economic, technological and those related to facilities and services;

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<sup>15</sup> ‘Decentralisation in India. Challenges & Opportunities’ (Discussion Paper Series 1, United Nations Development Programme)  
<[https://www.undp.org/content/dam/india/docs/decentralisation\\_india\\_challenges\\_opportunities.pdf](https://www.undp.org/content/dam/india/docs/decentralisation_india_challenges_opportunities.pdf)>.



- spreading development in the region;
- attracting investments in the rural areas;
- Stimulating local economic development with emphasis on reduction of poverty and unemployment in rural areas.

A 'rurban cluster', would be a cluster of geographically contiguous villages with a population of about 25,000 to 50,000 in plain and coastal areas and a population of 5,000 to 15,000 in desert, hilly or tribal areas. As far as practicable, clusters of villages would follow administrative convergence units of *gram panchayats* and shall be within a single block/*tehsil* for administrative convenience. Rurban clusters would be developed through the provision of training linked to economic activities, the development of skills and local entrepreneurship and the provision of necessary infrastructure amenities.

The following components are envisaged as desirable components in each cluster:

- skill development training linked to economic activities;
- Agro Processing, Agri Services, Storage and Warehousing;
- a fully equipped mobile health unit;
- the upgrading of school/higher education facilities;
- sanitation;
- the provision of piped water supply;
- solid and liquid waste management;
- village streets and drains;
- street lights;
- inter-village road connectivity;
- public transport;
- LPG gas connections;
- digital literacy;
- Citizen Service Center for the electronic delivery of citizen centric services/*egram* connectivity;
- components pertaining to agriculture and allied activities would be required to be given

In order to achieve the envisaged outcomes, under the National Rurban Mission (NRuM), the state government shall identify the existing Central Sector, Centrally Sponsored and State Government Schemes relevant for the development of the cluster and converge their implementation in an integrated and time-bound manner.

The NRuM institutional framework is hierarchical. The mission envisages the engagement of key stakeholders at the national, state, district and *gram sabha* level for the success of it. At the national level the institutional framework serves to formulate and facilitate the implementation of the mission. At national level, the mission is monitored by an empowered committee which is assisted by an expert group and a national mission directorate. The state institutional frameworks play a key role in implementing the mission and they are expected to identify rurban clusters. Thereafter, the states are expected to implement and to provide



support in the operations and maintenance of rural clusters. A state nodal agency monitors implementation which is assisted by a state technical support agency and a state project monitoring unit. At the district level, the institutional framework helps in empowering decisions, convergence and coordination of various matters. The district framework involves officers of the concerned line departments and heads of the concerned *gram panchayats*. At the cluster level, *gram sabhas* play an active role and they are assisted by rural development professionals.

The implementation of the scheme therefore starts at the central level and ends at the *gram sabha* level, passing through the state and district level government machineries. The state nodal agency will consult the *panchayati raj* institutions at the *zilla*, *panchayat samiti* and the *gram panchayat* on the NRuM activities to be undertaken in the clusters. The mission should be adopted by the *gram sabhas* of all the participating *gram panchayats* through *gram sabha* and *panchayat samiti* resolutions. *Panchayat Raj* Institution (PRI) members are to be included at all stages of the project cycle from planning, implementation, monitoring, evaluation and maintenance of assets created during the project period. State governments are requested to ensure the participation of local elected representatives comprising members of parliament (MPs), and members of legislative assemblies (MLAs) etc., whenever 'rurban' projects are inaugurated/launched.

### **Smart Cities Mission – Urban Local Government**

In 2015, the Government of India (Union Government) launched the Smart Cities Mission. The purpose of the Smart Cities Mission is to drive economic growth and improve the quality of life of people by enabling local area development and harnessing technology, especially technology that leads to smart outcomes. Area-based development will transform existing urban areas (retrofit and redevelop), including slums, into better planned ones, thereby improving livability of the whole city. New areas (greenfield) will be developed around cities in order to accommodate the expanding population in urban areas. The application of smart solutions will enable cities to use technology, information and data to improve infrastructure and services. Comprehensive development in this way will improve quality of life, create employment and enhance incomes for all, especially the poor and the disadvantaged, leading to inclusive cities. The focus of Smart Cities Mission is on sustainable and inclusive development and the idea is to look at compact areas and to create a replicable model which will act like a lighthouse to other aspiring cities. There are now 100 cities under the mission.

The implementation of the mission at the city level will be done by a Special Purpose Vehicle (SPV) created for the purpose. The bulk of smart city initiatives in India are based on area-based development, i.e. the development of new real estate – a function that is not within the obligatory or discretionary function of a municipal body as per the 12<sup>th</sup> Schedule. Essentially, the SPV would work as a master developer, entering into arrangements with other developers to develop the site for redevelopment, new development or retrofitting, and thereafter exiting the project, having earned its requisite dividend or expended the amounts for capital works.



Being a separate corporate body (typically under the 2013 Companies Act), the SPV can take up processes, works and mechanisms which the municipal body may not be empowered to do in terms of law or its processes, such as being able to raise large amounts of debt, enter into joint venture arrangements, lease, purchase or sell assets – most of which, for municipalities, need separate sanction from the state government.

The SPV will plan, appraise, approve, release funds, implement, manage, operate, monitor and evaluate the smart city development projects. Each smart city will have a SPV which will be headed by a full time chief executive officer (CEO) and have nominees of central government, state government and the urban local body (ULB) on its board. The chief executive officer of this SPV, usually a senior bureaucrat appointed by the state government, has a fixed tenure of three years and cannot be replaced without the authorization of the Government of India. The states/ULBs shall ensure that, (i) a dedicated and substantial revenue stream is made available to the SPV so as to make it self-sustainable and could evolve its own credit worthiness for raising additional resources from the market (equity and debt) and (ii) government contribution for smart cities is used only to create infrastructure that has public benefit outcomes. The execution of projects may be done through joint ventures, subsidiaries, public-private partnership (PPP), turnkey contracts, etc., suitably dovetailed with revenue streams. The SPV will be a limited company at the city-level, in which the state and the ULB will be the promoters having 50:50 equity shareholding. The private sector or financial institutions could be considered for taking equity stake in the SPV, provided the shareholding pattern of 50:50 of the state/union territory (UT) and the ULB is maintained and the state/UT and the ULB together have majority shareholding and control of the SPV. The mission is monitored separately by all the three levels - center, state and city.

The central government used a competition-based method as a means for selecting cities under the Smart Cities Mission and they receive seed funding from both the central and state governments (50:50). Cities competed at the state level with other cities within the state. Then the state-level winner competed at the national level Smart City Challenge. Cities obtaining the highest marks in a particular round were chosen to be part of the mission. This captures the spirit of 'competitive and cooperative federalism'.

## Assessment of the Practice

The Rurban Mission is a promising one, which aims at providing urban facilities in terms of infrastructure and services to the rural areas and at the same time creates employment opportunities. The Ministry of Rural Development has identified 300 clusters of 20 villages each across India with population ranging from 25,000 to 50,000 through 'a scientific process of cluster selection which involves an objective analysis at the district, sub-district and village level, of the demography, economy, tourism and pilgrimage significance and transportation





corridor impact'.<sup>16</sup> The central government should look into the underlying poor institutional capacities adding to the problem of already burdened and understaffed departments working for the rural and urban issues. It is also important to take into consideration the indigenous knowledge system and work modules towards a sustainable livelihood along with the urban infrastructure and services in the villages.

Coming to the Smart City Mission, this had vowed for technology driven cities in urban areas. The Economic Survey 2019 says that as many as 5,151 projects worth more than Rs 2 lakh crore (approximately €35 billion) are being implemented in 100 cities under the government's smart city mission. A smart city is defined as an urban area which uses various types of electronic Internet of Things (IoT) sensors to gather data and to support function and resources for operating a city effectively. This mission has benefitted one section of the society and others who are technologically illiterate and do not get benefits from the program and leading at times to polarization of the population, which in turn leads to unequal technology sharing among people and regions of the country. This must catch the attention of the policy-makers so as to make digital literacy an imperative to really benefit from the mission.

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# People's Participation in Local Decision-Making



## 6.1. People's Participation in Local Decision-Making in India: An Introduction

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In the context of urban local government, community participation started around the early 1970s when the Urban Basic Service Program was launched by the central government with assistance from UNICEF.<sup>17</sup> Community participation was ensured for the implementation of projects and reduction of operational costs. There are various programs which involve people's participation. In rural local governance, *gram sabha* ensures public participation in terms of budgetary discussion and other infrastructural and service needs of the people. Urban local governance also makes people's participation an important aspect for service delivery. But people's participation in deliberative decision-making can be more clearly seen in rural than urban local governance through *gram sabhas* in every village.

The setting up of *gram sabha* at village level has strengthened the people's direct involvement in their affairs. *Gram sabha* is the lowest level in the hierarchy of rural self-government and has been set up in each village to discuss the grievances of the people. The *gram sabha* consists of all members of the village who are eligible to vote in elections. *Gram sabha* is empowered to look after all the developmental issues of a village and has a binding duty to discuss them in meetings to obtain consensus of its members. *Gram sabha* is recognized as the assembly of *panchayati raj*. All the members of the *panchayats* at the village intermediate and district levels are elected directly by the people, and this gives way to representative democracy.

Most states have constituted social audit units (SAU) under *gram sabha* to audit various schemes like the Mahatma Gandhi National Rural Employment Guarantee Act of 2005 (MGNREGA), the Mid-Day Meal Scheme, the public distribution system, or the *Pradhan Mantri Awas Yojana* for the housing purposes.

In the first meeting of the *gram sabha* generally following issues are discussed.

- the annual statement of accounts;
- the report on the administration of the preceding financial year;
- the development and other programs proposed for the financial year;
- the last audit report.

In the meeting held in the last quarter of the year, the following issues are generally discussed:

- the statement of expenditure incurred during the year;
- the physical and financial programs taken during the year;

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<sup>17</sup> Shri H Ramachandran, 'Vision 2020. Governance and People's Participation' (2020) <[https://niti.gov.in/planningcommission.gov.in/docs/reports/genrep/bkpap2020/15\\_bg2020.pdf](https://niti.gov.in/planningcommission.gov.in/docs/reports/genrep/bkpap2020/15_bg2020.pdf)>.



- proposals for any changes in the program;
- budget of the *panchayat* and tax proposals of the *panchayat*.

Rural people's participation can be further seen in the Water Users Associations, Joint Forest Management, Watershed Association, Village Education Committee. Urban local governance ensures people's participation in Resident Welfare Associations (RWAs) or Neighborhood User Groups (NUGs). Both urban and rural participation can be seen in Self-Help Groups (SHGs) - Micro Credit.

A number of programs that clearly bring out the interesting relationship between rural-urban dynamics are listed below:

- The 73<sup>rd</sup> Amendment Act has ensured the participation of people in development activities. People can participate in the local decision-making, monitoring and implementation of plans and rural development projects through *gram sabhas* and *panchayats*.
- The *gram sabha* through their elected representatives ensures a vivid participation for people in their various community development programs such as water and irrigation, roads, schools etc.
- Non-governmental organizations and civil society groups play an important role in the facilitation of participation by people for various developmental projects as well as rights-based acts such Mahatma Gandhi National Rural Employment Guarantee Act of 2005 popularly known as MGNREGA.
- In MGNREGA, social audit over all the works covered under the act plays a powerful role for rural transformation and development. Moreover, it ensures steady participation of people and accountability on the side of the local government.
- Along with the Right to Information Act (RTI) of 2005, transparency and accountability have been ensured by the government to facilitate people's participation in the process of governance and decision-making.

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## 6.2. Sanitation Development

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### Relevance of the Practice

*Swachh Bharat Abhiyan* (Clean India Mission) has been selected as a relevant practice here because it caters to the public health through sanitation and hygiene of both the rural and urban population across India. This program, apart from people's participation, also ensures people's responsibilities and devolution of power at grass root levels. It targets issues such as solid waste management, open defecation, and sanitation etc.

### Description of the Practice

Sanitation is part of the Directive Principles of State Policy under the Indian Constitution. Article 47 directs the state to raise the level of nutrition and the standard of living and to improve public health as among its primary duties. The mission is aimed at progressing towards target 6.2 of the Sustainable Development Goals Number 6 established by the United Nations in 2015.

The mission was split into two: rural and urban. In rural areas 'SBM – *Gramin*' was financed and monitored through the Ministry of Drinking Water and Sanitation; whereas 'SBM – urban' was overseen by the Ministry of Housing and Urban Affairs. As part of the campaign, volunteers, known as *Swachhagrahis*, or 'Ambassadors of Cleanliness', promoted indoor plumbing and community approaches to sanitation (CAS) at the village level. Other activities included national real-time monitoring and updates from non-governmental organizations (NGOs) such as The Ugly Indian, Waste Warriors, and SWaCH Pune (Solid Waste Collection and Handling). Urban Solid Waste Management starts from each household level by segregation of domestic waste as degradable and non-degradable. Responsibility at individual level is achieved by penal actions in the form of fines. In this regard, the urban local bodies (ULBs) can enact their own bylaws to penalize those who do not segregate their domestic waste.

*Swachh Bharat* Mission for urban and rural areas focuses on issues like the elimination of open defecation, conversion of unsanitary toilets into flush toilets, eradication of manual scavenging, managing municipal solid waste management, and bringing about a behavioral change among people regarding health sanitary practices. Furthermore, this mission also ensures that technology will be used on a large scale to convert waste into usable energy, and large scale community toilets will be built and provided at affordable costs to the users.



The practice of Open Defecation in rural areas can be abolished only through systemic changes through both institutional and individual initiatives. In this regard, the *gram sabhas* play a pivotal role through awareness and explaining the benefits of using toilets. In this way the *gram sabhas* perform the last mile service in delivery of central government policies.

## Assessment of the Practice

*Swachh Survekshan* is an annual survey of cleanliness, hygiene and sanitation in cities and towns across India. It was launched as part of the *Swachh Bharat Abhiyan*, which aimed to make India clean and free of open defecation by 2nd October 2019. The first survey was undertaken in 2016 and covered 73 cities; by 2020 the survey had grown to cover 4242 cities and was said to be the largest cleanliness survey in the world. In a bid to scale up the coverage of the ranking exercise and encourage towns and cities to actively implement mission initiatives in a timely and innovative manner, Ministry of Housing and Urban Affairs (MoHUA) is now in the process of conducting the sixth edition of the survey to rank all cities under *Swachh Bharat Mission-Urban* (SBM-U) with Quality Council of India (QCI) as its implementation partner.

The objective of the survey is to encourage large scale citizen participation, ensure sustainability of initiatives taken towards garbage free and open defecation free cities, provide credible outcomes which would be validated by third party certification, institutionalize existing systems through online processes and create awareness amongst all sections of society about the importance of working together towards making towns and cities more habitable and sustainable. Additionally, the survey also intends to foster a spirit of healthy competition amongst towns and cities to improve their service delivery to citizens and move towards creating cleaner cities.

MoHUA& QCI will conduct intensive virtual interactions with States and ULBs to familiarize them with various facets of the survey such as survey methodology, survey process and indicators, amongst others, while also clarifying their expectations from the survey.

*Swachh Survekshan*, commissioned by the Ministry of Urban Development and carried out by the Quality Council of India, is an extensive sanitation survey across several hundred cities to check the progress and impact of *Swachh Bharat Abhiyan* and to foster a spirit of competition among the cities. The performance of each city is evaluated on the following parameters:

- municipal solid waste, sweeping, collection and transportation;
- municipal solid waste, processing, and disposal of solid waste;
- open defecation free and toilets;
- capacity building and eLearning;
- provision of public toilets and community toilets;





- information, education and communication, and behavior change.

In *Swachh Bharat Abhiyan*, the outcomes have surpassed the targets through community participation, robust implementation of policies by the local governments. For example, the construction of individual household latrines (IHHL) has achieved 105 per cent and community and public toilets has achieved 117 per cent.

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