SUMMARY OF RECOMMENDATIONS

1. (Para 3.1.1.12) The Principle of Subsidiarity
   
   a. Article 243 G should be amended as follows:
      "Subject to the provisions of this Constitution, the Legislature of a State
      shall, by law, vest a Panchayat at the appropriate level with such powers
      and authority as are necessary to enable them to function as institutions
      of self government in respect of all functions which can be performed at
      the local level including the functions in respect of the matters listed in
      the Eleventh Schedule".
   
   b. Article 243 W should be similarly amended to empower urban local
      bodies.

2. (Para 3.1.2.4) Strengthening the Voice of Local Bodies
   
   a. Parliament may by law provide for constitution of a Legislative Council
      in each State, consisting of members elected by the local governments.

3. (Para 3.1.3.11) Structure of Local Bodies
   
   a. Article 243B(1) should be amended to read as follows:
      "There shall be constituted in every State, as the State Legislature may
      by law provide, Panchayats at appropriate levels in accordance with the
      provisions of this part".
   
   b. The Constitutional provisions relating to reservation of seats (Article 243
      D) must be retained in the current form to ensure adequate representation
      to the under-privileged sections and women.
   
   c. Members of Parliament and State Legislatures should not become members
      of local bodies.
   
   d. Article 243 C(1) should be retained.

4. (Para 3.2.1.12) The Electoral Process
   
   a. The task of delimitation and reservation of constituencies should be
      entrusted to the State Election Commissions (SECs);
   
   b. Local government laws in all States should provide for adoption of the
      Assembly electoral rolls for local governments without any revision of
      names by SECs. For such a process to be effective it is necessary to ensure
      that the voter registration and preparation of electoral rolls by Election
      Commission of India is based on geographic contiguity. Similarly the
      electoral divisions for elections to local bodies should follow the Building
      Blocks approach;

   e. Article 243 C (2 & 3) should be repealed and supplanted by Article 243
      C(2) as follows:
      "Subject to the provisions of this part, the Legislature of a State may,
      by law, make provisions with respect to composition of Panchayats and the
      manner of elections provided that in any tier there shall be direct election
      of at least one of the two offices of Chairperson or members.
      Provided that in case of direct elections of members in any tier, the ratio
      between the population of the territorial area of a Panchayat at any level
      and the number of seats in such Panchayat to be filled by election shall, so
      far as practicable, be the same throughout the State. Also, each Panchayat
      area shall be divided into territorial constituencies in such manner that
      the ratio between the population of each constituency and the number of
      seats allotted to it shall, so far as practicable, be the same throughout the
      Panchayat area.
   
   f. There shall be a District Council in every district with representation from
      both urban and rural areas.
   
   g. 243 B (2) should be substituted by:
      "There shall be constituted in every District, a District Council representing
      all rural and urban areas in the District and exercising powers and functions
      in accordance with the provisions of Articles 243 G and 243 W of the
      Constitution."
SUMMARY OF RECOMMENDATIONS

1. (Para 3.1.1.12) The Principle of Subsidiarity
   a. Article 243 G should be amended as follows:
      "Subject to the provisions of this Constitution, the Legislature of a State
      shall, by law, vest a Panchayat at the appropriate level with such powers
      and authority as are necessary to enable them to function as institutions
      of self government in respect of all functions which can be performed at
      the local level including the functions in respect of the matters listed in
      the Eleventh Schedule".
   b. Article 243 W should be similarly amended to empower urban local bodies.

2. (Para 3.1.2.4) Strengthening the Voice of Local Bodies
   a. Parliament may by law provide for constitution of a Legislative Council
      in each State, consisting of members elected by the local governments.

3. (Para 3.1.3.11) Structure of Local Bodies
   a. Article 243B(1) should be amended to read as follows:
      "There shall be constituted in every State, as the State Legislature may
      by law provide, Panchayats at appropriate levels in accordance with the
      provisions of this part".
   b. Article 243 C(1) should be retained.
   c. Members of Parliament and State Legislatures should not become members
      of local bodies.
   d. Article 243 C(2 & 3) should be repealed and supplanted by Article 243
      C(2) as follows:
      243 C(2) Subject to the provisions of this part, the Legislature of a State may,
      by law, make provisions with respect to composition of Panchayats and the
      manner of elections provided that in any tier there shall be direct election
      of at least one of the two offices of Chairperson or members.
      Provided that in case of direct elections of members in any tier, the ratio
      between the population of the territorial area of a Panchayat at any level
      and the number of seats in such Panchayat to be filled by election shall, so
      far as practicable, be the same throughout the State. Also, each Panchayat
      area shall be divided into territorial constituencies in such manner that
      the ratio between the population of such constituency and the number of
      seats allotted to it shall, so far as practicable, be the same throughout the
      Panchayat area.
   f. There shall be a District Council in every district with representation from
      both urban and rural areas.
   g. 243 B (2) should be substituted by:
      "There shall be constituted in every District, a District Council representing
      all rural and urban areas in the District and exercising powers and functions
      in accordance with the provisions of Articles 243 G and 243 W of the
      Constitution."

4. (Para 3.2.1.12) The Electoral Process
   a. The task of delimitation and reservation of constituencies should be
      entrusted to the State Election Commissions (SECs);
   b. Local government laws in all States should provide for adoption of the
      Assembly electoral rolls for local governments without any revision of
      names by SECs. For such a process to be effective it is necessary to ensure
      that the voter registration and preparation of electoral rolls by Election
      Commission of India is based on geographic contiguity. Similarly the
      electoral divisions for elections to local bodies should follow the Building
      Blocks approach;
c. The Registration of Electors Rules, 1960, should be amended to define a 'Part' as a compact geographical unit.

d. In order to achieve convergence between census data and electoral rolls, the boundaries of a 'Part' and an 'Enumeration Block' should coincide.

e. Reservation of seats should follow any one of the two principles mentioned below:

i. In case of single-member constituencies, the rotation can be after at least 2 terms of 5 years each so that there is possibility of longevity of leadership and nurturing of constituencies.

ii. Instead of single-member constituencies, elections can be held to multi-member constituencies by the List System, ensuring the reservation of seats. This will obviate the need for rotation thus guaranteeing allocation of seats for the reserved categories.

f. The conduct of elections for the elected members of District and Metropolitan Planning Committees should be entrusted to the State Election Commission.

5. (Para 3.2.2.6) Constitution of the State Election Commission

a. The State Election Commissioner should be appointed by the Governor on the recommendation of a collegium, comprising the Chief Minister, the Speaker of the State Legislative Assembly and the Leader of Opposition in the Legislative Assembly.

b. An institutional mechanism should be created to bring the Election Commission of India and the SECs on a common platform for coordination, learning from each other's experiences and sharing of resources.

6. (Para 3.2.3.4) Correcting the Urban Rural Imbalance in Representation in Legislative Bodies

a. In order to set right the electoral imbalance between the urban and rural population in view of rapid urbanisation, an adjustment of the territorial constituencies - both for the Lok Sabha and the Legislative Assembly – within a State should be carried out after each census. Articles 81, 82, 170, 330 and 332 of the Constitution would need to be amended.

7. (Para 3.3.1.7) Devolution of Powers and Responsibilities

a. There should be clear delineation of functions for each level of local government in the case of each subject matter law. This is not a one-time exercise and has to be done continuously while working out locally relevant socio-economic programmes, restructuring organisations and framing subject-matter laws.

b. Each subject-matter law, which has functional elements that are best attended to at local levels, should have provision for appropriate devolution to such levels – either in the law or in subordinate legislation. All the relevant Union and State laws have to be reviewed urgently and suitably amended.

c. In the case of new laws, it will be advisable to add a 'local government memorandum' (on the analogy of financial memorandum and memorandum of subordinate legislation) indicating whether any functions to be attended to by local governments are involved and if so, whether this has been provided for in the law.

d. In case of urban local bodies, in addition to the functions listed in the Twelfth Schedule, the following should be devolved to urban local bodies:

- School education;
- Public health, including community health centres/area hospitals;
- Traffic management and civic policing activities;
- Urban environment management and heritage; and
- Land management, including registration.

These, however, are only illustrative additional functions and more such functions could be devolved to urban local bodies by the respective States.

8. (Para 3.4.20) Framework Law for Local Bodies

a. Government of India should draft and place before Parliament, a Framework Law for local governments. The Framework Law could be enacted under Article 252 of the Constitution on the lines of the South African Act, for the States to adopt. This Law should lay down the broad principles of devolution of powers, responsibilities and functions to the local governments and communities, based on the following:
c. The Registration of Electors Rules, 1960, should be amended to define a ‘Part’ as a compact geographical unit.

d. In order to achieve convergence between census data and electoral rolls, the boundaries of a ‘Part’ and an ‘Enumeration Block’ should coincide.

e. Reservation of seats should follow any one of the two principles mentioned below:

   i. In case of single-member constituencies, the rotation can be after at least 2 terms of 5 years each so that there is possibility of longevity of leadership and nurturing of constituencies.

   ii. Instead of single-member constituencies, elections can be held to multi-member constituencies by the List System, ensuring the reservation of seats. This will obviate the need for rotation thus guaranteeing allocation of seats for the reserved categories.

f. The conduct of elections for the elected members of District and Metropolitan Planning Committees should be entrusted to the State Election Commission.

5. (Para 3.2.2.6) Constitution of the State Election Commission

   a. The State Election Commissioner should be appointed by the Governor on the recommendation of a collegium, comprising the Chief Minister, the Speaker of the State Legislative Assembly and the Leader of Opposition in the Legislative Assembly.

   b. An institutional mechanism should be created to bring the Election Commission of India and the SECs on a common platform for coordination, learning from each other’s experiences and sharing of resources.

6. (Para 3.2.3.4) Correcting the Urban Rural Imbalance in Representation in Legislative Bodies

   a. In order to set right the electoral imbalance between the urban and rural population in view of rapid urbanisation, an adjustment of the territorial constituencies - both for the Lok Sabha and the Legislative Assembly – within a State should be carried out after each census. Articles 81, 82, 170, 330 and 332 of the Constitution would need to be amended.

7. (Para 3.3.1.7) Devolution of Powers and Responsibilities

   a. There should be clear delineation of functions for each level of local government in the case of each subject matter law. This is not a one-time exercise and has to be done continuously while working out locally relevant socio-economic programmes, restructuring organisations and framing subject-matter laws.

   b. Each subject-matter law, which has functional elements that are best attended to at local levels, should have provision for appropriate devolution to such levels – either in the law or in subordinate legislation. All the relevant Union and State laws have to be reviewed urgently and suitably amended.

   c. In the case of new laws, it will be advisable to add a ‘local government memorandum’ (on the analogy of financial memorandum and memorandum of subordinate legislation) indicating whether any functions to be attended to by local governments are involved and if so, whether this has been provided for in the law.

   d. In case of urban local bodies, in addition to the functions listed in the Twelfth Schedule, the following should be devolved to urban local bodies:

      ➢ School education;
      ➢ Public health, including community health centres/area hospitals;
      ➢ Traffic management and civic policing activities;
      ➢ Urban environment management and heritage; and
      ➢ Land management, including registration.

   These, however, are only illustrative additional functions and more such functions could be devolved to urban local bodies by the respective States.

8. (Para 3.4.20) Framework Law for Local Bodies

   a. Government of India should draft and place before Parliament, a Framework Law for local governments. The Framework Law could be enacted under Article 252 of the Constitution on the lines of the South African Act, for the States to adopt. This Law should lay down the broad principles of devolution of powers, responsibilities and functions to the local governments and communities, based on the following:
Local Governance

• Principle of Subsidiarity
• Democratic Decentralisation
• Delineation of Functions
• Devolution in Real Terms
• Convergence
• Citizen Centricity

9. (Para 3.5.2.18) The State Finance Commission (SFC)
   a. This Commission endorses and reiterates the views of the Twelfth Finance Commission regarding the working of the SFCs as listed in paragraph 3.5.2.8.
   b. Article 243 I (1) of the Constitution should be amended to include the phrase “at such earlier time” after the words “every fifth year”.
   c. Each State should prescribe through an Act, the qualifications of persons eligible to be appointed as Members of the State Finance Commission.
   d. SFCs should evolve objective and transparent norms for devolution and distribution of funds. The norms should include area-wise indices for backwardness. State Finance Commissions should link the devolution of funds to the level/quality of civic amenities that the citizens could expect. This could then form the basis of an impact evaluation.
   e. The Action Taken Report on the recommendations of the SFC must compulsorily be placed in the concerned State Legislature within six months of submission and followed with an annual statement on the devolution made and grants given to individual local bodies and the implementation of other recommendations through an appendix to the State budget documents.
   f. Incentives can be built into devolution from the Union to the States to take care of the need to improve devolution from the States to the third tier of governments.
   g. Common formats, as recommended by the Twelfth Finance Commission (TFC) must be adopted, and annual accounts and other data must be compiled and updated for use by the SFCs.
   h. SFCs should carry out a more thorough analysis of the finances of local bodies and make concrete recommendations for improvements in their working. In case of smaller local bodies such recommendations could be broad in nature, but in case of larger local bodies, recommendations should be more specific. With historical data being available with the SFC, and with the improvement in efficiency of data collection, the SFC would be in a position to carry out the required detailed analysis. The special needs of large urban agglomerations particularly the Metropolitan cities should be specially addressed by the SFC.
   i. SFCs should evolve norms for staffing of local bodies.
   j. It is necessary that a mechanism be put in place which reviews the implementation of all the recommendations of the SFCs. If considered necessary, devolution of funds could be made conditional to local bodies agreeing to implement the recommendations of the SFCs.

10. (Para 3.6.16) Capacity Building for Self Governance
   a. Capacity building efforts in rural and urban local self governing institutions must attend to both the organisation building requirements as also the professional and skills upgradation of individuals associated with these bodies, whether elected or appointed. Relevant Panchayat and Municipal legislations and manuals framed thereunder must contain clear enabling provisions in this respect. There should be special capacity building programmes for women members.
   b. State Governments should encourage local bodies to outsource specific functions to public or private agencies, as may be appropriate, through enabling guidelines and support. Outsourcing of activities should be backed by development of in-house capacity for monitoring and oversight of outsourced activities. Likewise, transparent and fair procurement procedures need to be put in place by the State Government to improve fiscal discipline and probity in the local bodies.
   c. Comprehensive and holistic training requires expertise and resources from various subject matter specific training institutes. This can be best achieved by ‘networking’ of institutions concerned with various subjects such as financial management, rural development, disaster management
Local Governance

• Principle of Subsidiarity
• Democratic Decentralisation
• Delineation of Functions
• Devolution in Real Terms
• Convergence
• Citizen Centricity

9. (Para 3.5.2.18) The State Finance Commission (SFC)

a. This Commission endorses and reiterates the views of the Twelfth Finance Commission regarding the working of the SFCs as listed in paragraph 3.5.2.8.

b. Article 243 I (1) of the Constitution should be amended to include the phrase “at such earlier time” after the words “every fifth year”.

c. Each State should prescribe through an Act, the qualifications of persons eligible to be appointed as Members of the State Finance Commission.

d. SFCs should evolve objective and transparent norms for devolution and distribution of funds. The norms should include area-wise indices for backwardness. State Finance Commissions should link the devolution of funds to the level/quality of civic amenities that the citizens could expect. This could then form the basis of an impact evaluation.

e. The Action Taken Report on the recommendations of the SFC must compulsorily be placed in the concerned State Legislature within six months of submission and followed with an annual statement on the devolution made and grants given to individual local bodies and the implementation of other recommendations through an appendix to the State budget documents.

f. Incentives can be built into devolution from the Union to the States to take care of the need to improve devolution from the States to the third tier of governments.

g. Common formats, as recommended by the Twelfth Finance Commission (TFC) must be adopted, and annual accounts and other data must be compiled and updated for use by the SFCs.

h. SFCs should carry out a more thorough analysis of the finances of local bodies and make concrete recommendations for improvements in their working. In case of smaller local bodies such recommendations could be broad in nature, but in case of larger local bodies, recommendations should be more specific. With historical data being available with the SFC, and with the improvement in efficiency of data collection, the SFC would be in a position to carry out the required detailed analysis. The special needs of large urban agglomerations particularly the Metropolitan cities should be specially addressed by the SFC.

i. SFCs should evolve norms for staffing of local bodies.

j. It is necessary that a mechanism be put in place which reviews the implementation of all the recommendations of the SFCs. If considered necessary, devolution of funds could be made conditional to local bodies agreeing to implement the recommendations of the SFCs.

10. (Para 3.6.16) Capacity Building for Self Governance

a. Capacity building efforts in rural and urban local self governing institutions must attend to both the organisation building requirements as also the professional and skills upgradation of individuals associated with these bodies, whether elected or appointed. Relevant Panchayat and Municipal legislations and manuals framed thereunder must contain clear enabling provisions in this respect. There should be special capacity building programmes for women members.

b. State Governments should encourage local bodies to outsource specific functions to public or private agencies, as may be appropriate, through enabling guidelines and support. Outsourcing of activities should be backed by development of in-house capacity for monitoring and oversight of outsourced activities. Likewise, transparent and fair procurement procedures need to be put in place by the State Government to improve fiscal discipline and probity in the local bodies.

c. Comprehensive and holistic training requires expertise and resources from various subject matter specific training institutes. This can be best achieved by ‘networking’ of institutions concerned with various subjects such as financial management, rural development, disaster management
Local Governance

and general management. This should be ensured by the nodal agencies in State Governments.

d. As an aid to capacity building, suitable schemes need to be drawn up under State Plans for Rural and Urban Development for documentations of case studies, best practices and evaluation with reference to the performance of the prescribed duties and responsibilities of such bodies.

e. Training of elected representatives and personnel should be regarded as a continuing activity. Expenditure requirement on training may be taken into account by the State Finance Commissions while making recommendations.

f. Academic research has a definite role to play in building long-term strategic institutional capacity for greater public good. Organisations like the Indian Council of Social Science Research must be encouraged to fund theoretical, applied and action research on various aspects of the functioning of local bodies.

g. A pool of experts and specialists (e.g. engineers, planners etc.) could be maintained by a federation/consortium of local bodies. This common pool could be then accessed by the local bodies whenever required for specific tasks.

11. (Para 3.7.5.6) Decentralised Planning

a. A District Council should be constituted in all districts with representation from rural and urban areas. It should be empowered to exercise the powers and functions in accordance with Articles 243 G and 243 W of the Constitution. In that event, the DPCs will either not exist or become, at best, an advisory arm of the District Council. Article 243 (d) of the Constitution should be amended to facilitate this.

b. In the interim and in accordance with the present constitutional scheme, DPCs should be constituted in all States within three months of completion of elections to local bodies and should become the sole planning body for the district. The DPC should be assisted by a planning office with a full time District Planning Officer.

c. For urban districts where town planning functions are being done by Development Authorities, these authorities should become the technical/planning arms of the DPCs and ultimately of the District Council.

d. A dedicated centre in every district should be set up to provide inputs to the local bodies for preparations of plans. A two-way flow of information between different levels of government may also be ensured.

e. The guidelines issued by the Planning Commission pertaining to the preparation of the plan for the district and the recommendations of the Expert Group regarding the planning process at the district level should be strictly implemented.

f. Each State Government should develop the methodology of participatory local level planning and provide such support as is necessary to institutionalise a regime of decentralised planning.

g. States may design a planning calendar prescribing the time limits within which each local body has to finalise its plan and send it to the next higher level, to facilitate the preparation of a comprehensive plan for the district.

h. State Planning Boards should ensure that the district plans are integrated with the State plans that are prepared by them. It should be made mandatory for the States to prepare their development plans only after consolidating the plans of the local bodies. The National Planning Commission has to take the initiative in institutionalising this process.

(Para 3.7.6.2.4)

a. The function of planning for urban areas has to be clearly demarcated among the local bodies and planning committees. The local bodies should be responsible for plans at the layout level. The DPCs/District Councils – when constituted – and MPCs should be responsible for preparation of regional and zonal plans. The level of public consultation should be enhanced at each level.

b. For metropolitan areas, the total area likely to be urbanised (the extended metropolitan region) should be assessed by the State Government and an
and general management. This should be ensured by the nodal agencies in State Governments.

d. As an aid to capacity building, suitable schemes need to be drawn up under State Plans for Rural and Urban Development for documentations of case studies, best practices and evaluation with reference to the performance of the prescribed duties and responsibilities of such bodies.

e. Training of elected representatives and personnel should be regarded as a continuing activity. Expenditure requirement on training may be taken into account by the State Finance Commissions while making recommendations.

f. Academic research has a definite role to play in building long-term strategic institutional capacity for greater public good. Organisations like the Indian Council of Social Science Research must be encouraged to fund theoretical, applied and action research on various aspects of the functioning of local bodies.

g. A pool of experts and specialists (e.g. engineers, planners etc.) could be maintained by a federation/consortium of local bodies. This common pool could be then accessed by the local bodies whenever required for specific tasks.

11. (Para 3.7.5.6) Decentralised Planning

a. A District Council should be constituted in all districts with representation from rural and urban areas. It should be empowered to exercise the powers and functions in accordance with Articles 243 G and 243 W of the Constitution. In that event, the DPCs will either not exist or become, at best, an advisory arm of the District Council. Article 243 (d) of the Constitution should be amended to facilitate this.

b. In the interim and in accordance with the present constitutional scheme, DPCs should be constituted in all States within three months of completion of elections to local bodies and should become the sole planning body for the district. The DPC should be assisted by a planning office with a full time District Planning Officer.

c. For urban districts where town planning functions are being done by Development Authorities, these authorities should become the technical/planning arms of the DPCs and ultimately of the District Council.

d. A dedicated centre in every district should be set up to provide inputs to the local bodies for preparations of plans. A two-way flow of information between different levels of government may also be ensured.

e. The guidelines issued by the Planning Commission pertaining to the preparation of the plan for the district and the recommendations of the Expert Group regarding the planning process at the district level should be strictly implemented.

f. Each State Government should develop the methodology of participatory local level planning and provide such support as is necessary to institutionalise a regime of decentralised planning.

g. States may design a planning calendar prescribing the time limits within which each local body has to finalise its plan and send it to the next higher level, to facilitate the preparation of a comprehensive plan for the district.

h. State Planning Boards should ensure that the district plans are integrated with the State plans that are prepared by them. It should be made mandatory for the States to prepare their development plans only after consolidating the plans of the local bodies. The National Planning Commission has to take the initiative in institutionalising this process.

(Para 3.7.6.2.4)

a. The function of planning for urban areas has to be clearly demarcated among the local bodies and planning committees. The local bodies should be responsible for plans at the layout level. The DPCs/District Councils – when constituted – and MPCs should be responsible for preparation of regional and zonal plans. The level of public consultation should be enhanced at each level.

b. For metropolitan areas, the total area likely to be urbanised (the extended metropolitan region) should be assessed by the State Government and an
MPC constituted for the same which may be deemed to be a DPC for such areas. As such an area will usually cover more than one district, DPCs for those districts should not be constituted (or their jurisdictions may be limited to the rural portion of the revenue district concerned). The MPCs should be asked to draw up a Master Plan/CDP for the entire metropolitan area including the peri-urban areas.

The planning departments of the Development Authorities (DAs) should be merged with the DPCs and MPCs who will prepare the master plans and zonal plans.

c. The task of enforcement and regulation of the master plans/CDPs drawn up by the MPCs should be the specific statutory responsibility of all the local bodies falling within the extended metropolitan region concerned.

d. The monopoly role of Development Authorities (DAs) in development of land for urban uses, wherever it exists, should be done away with. However, public agencies should continue to play a major role in development of critical city level infrastructure as well as low cost housing for the poor. For this purpose, the engineering and land management departments of the DAs should be merged with the concerned Municipality/Corporation.

12. (Para 3.8.6) Accountability and Transparency

a. Audit committees may be constituted by the State Governments at the district level to exercise oversight regarding the integrity of financial information, adequacy of internal controls, compliance with the applicable laws and ethical conduct of all persons involved in local bodies. These committees must have independence, access to all information, ability to communicate with technical experts, and accountability to the public. For Metropolitan Corporations, separate audit committees should be constituted. Once the District Councils come into existence, a special committee of the District Council may examine the audit reports and other financial statements of the local bodies within the district. Such committee may also be authorised to fix responsibility for financial lapses. In respect of the audit reports of the District Council itself, a special committee of the Legislative Council may discharge a similar function.

b. There should be a separate Standing Committee of the State Legislature for the local Bodies. This Committee may function in the manner of a Public Accounts Committee.

c. A local body Ombudsman should be constituted on the lines suggested below. The respective State Panchayat Acts and the Urban local Bodies Acts should be amended to include provisions pertaining to the local body Ombudsman.

i. Local body Ombudsman should be constituted for a group of districts to look into complaints of corruption and maladministration against functionaries of local bodies, both elected members and officials. For this, the term ‘Public Servant’ should be defined appropriately in the respective State legislations.

ii. Local body Ombudsman should be a single member body appointed by a Committee consisting of the Chief Minister of the State, the Speaker of the State Legislative Assembly and the Leader of the Opposition in the Legislative Assembly. The Ombudsman should be selected from a panel of eminent persons of impeccable integrity and should not be a serving government official.

iii. The Ombudsman should have the authority to investigate cases and submit reports to competent authorities for taking action. In case of complaints and grievances regarding corruption and maladministration against local bodies in general and its elected functionaries, the local body Ombudsman should send its report to the Lokayukta who shall forward it to the Governor of the State with its recommendations. In case of disagreement with the recommendations of the Ombudsman, the reasons must be placed in the public domain.

iv. In case of a Metropolitan Corporations, a separate Ombudsman should be constituted.

v. Time limits may be prescribed for the Ombudsman to complete its investigations into complaints.

d. In case of complaints and grievances related to infringement of the law governing elections to these local bodies, leading to suspension/
MPC constituted for the same which may be deemed to be a DPC for such areas. As such an area will usually cover more than one district, DPCs for those districts should not be constituted (or their jurisdictions may be limited to the rural portion of the revenue district concerned). The MPCs should be asked to draw up a Master Plan/CDP for the entire metropolitan area including the peri-urban areas.

c. The planning departments of the Development Authorities (DAs) should be merged with the DPCs and MPCs who will prepare the master plans and zonal plans.

d. The task of enforcement and regulation of the master plans/CDPs drawn up by the MPCs should be the specific statutory responsibility of all the local bodies falling within the extended metropolitan region concerned.

e. The monopoly role of Development Authorities (DAs) in development of land for urban uses, wherever it exists, should be done away with. However, public agencies should continue to play a major role in development of critical city level infrastructure as well as low cost housing for the poor. For this purpose, the engineering and land management departments of the DAs should be merged with the concerned Municipality/Corporation.

12. (Para 3.8.6) Accountability and Transparency

a. Audit committees may be constituted by the State Governments at the district level to exercise oversight regarding the integrity of financial information, adequacy of internal controls, compliance with the applicable laws and ethical conduct of all persons involved in local bodies. These committees must have independence, access to all information, ability to communicate with technical experts, and accountability to the public. For Metropolitan Corporations, separate audit committees should be constituted. Once the District Councils come into existence, a special committee of the District Council may examine the audit reports and other financial statements of the local bodies within the district. Such committee may also be authorised to fix responsibility for financial lapses. In respect of the audit reports of the District Council itself, a special committee of the Legislative Council may discharge a similar function.
disqualification of membership, the authority to investigate should lie with the State Election Commission who shall send its recommendations to the Governor of the State.

e. In the hierarchy of functionaries under the control of local bodies, functions should be delegated to the lowest appropriate functionary in order to facilitate access to citizens.

f. Each local body should have an in-house mechanism for redressal of grievances with set norms for attending and responding to citizens’ grievances.

g. For establishing robust social audit norms, every State Government must take immediate steps to implement the action points suggested in para 5.9.5 of the Report of the Expert Group on ‘Planning at the Grass roots Level’.

h. It should be ensured that suo motu disclosures under the Right to Information Act, 2005 should not be confined to the seventeen items provided in Section 4(1) of that Act but other subjects where public interest exists should also be covered.

i. A suitable mechanism to evolve a system of benchmarking on the basis of identified performance indicators may be adopted by each State. Assistance of independent professional evaluators may be availed in this regard.

j. Evaluation tools for assessing the performance of local bodies should be devised wherein citizens should have a say in the evaluation. Tools such as ‘Citizens’ Report Cards’ may be introduced to incorporate a feedback mechanism regarding performance of local bodies.

13. (Para 3.9.22) Accounting and Audit

a. The accounting system for the urban local bodies (ULBs) as provided in the National Municipal Accounts Manual (NMAM) should be adopted by the State Governments.

b. The financial statements and balance sheet of the urban local bodies should be audited by an Auditor in the manner prescribed for audit of Government Companies under the Companies Act, 1956 with the difference that in the case of audit of these local bodies, the C&AG should prescribe guidelines for empanelment of the Chartered Accountants and the selection can be made by the State Governments within these guidelines. The audit to be done by the Local Fund Audit or the C&AG in discharge of their responsibilities would be in addition to such an audit.

c. The existing arrangement between the Comptroller & Auditor General of India and the State Governments with regard to providing Technical Guidance and Supervision (TGS) over maintenance of accounts and audit of PRIs and ULBs should be institutionalised by making provisions in the State Laws governing local bodies.

d. It should be ensured that the audit and accounting standards and formats for Panchayats are prepared in a way which is simple and comprehensible to the elected representatives of the PRIs.

e. The independence of the Director, Local Fund Audit (DLFA) or any other agency responsible for audit of accounts of local bodies should be institutionalised by making the office independent of the State administration. The head of this body should be appointed by the State Government from a panel vetted by the C&AG.

f. Release of Finance Commission Grants to the local bodies may be made conditional on acceptance of arrangements regarding technical supervision of the C&AG over audit of accounts of local bodies.

g. Audit reports on local bodies should be placed before the State Legislature and these reports should be discussed by a separate committee of the State Legislature on the same lines as the Public Accounts Committee (PAC).

h. Access to relevant information/records to DLFA/designated authority for conducting audit or the C&AG should be ensured by incorporating suitable provisions in the State Laws governing local bodies.

i. Each State may ensure that the local bodies have adequate capacity to match with the standards of accounting and auditing.
disqualification of membership, the authority to investigate should lie with the State Election Commission who shall send its recommendations to the Governor of the State.

e. In the hierarchy of functionaries under the control of local bodies, functions should be delegated to the lowest appropriate functionary in order to facilitate access to citizens.

f. Each local body should have an in-house mechanism for redressal of grievances with set norms for attending and responding to citizens’ grievances.

g. For establishing robust social audit norms, every State Government must take immediate steps to implement the action points suggested in para 5.9.5 of the Report of the Expert Group on ‘Planning at the Grass roots Level’.

h. It should be ensured that suo motu disclosures under the Right to Information Act, 2005 should not be confined to the seventeen items provided in Section 4(1) of that Act but other subjects where public interest exists should also be covered.

i. A suitable mechanism to evolve a system of benchmarking on the basis of identified performance indicators may be adopted by each State. Assistance of independent professional evaluators may be availed in this regard.

j. Evaluation tools for assessing the performance of local bodies should be devised wherein citizens should have a say in the evaluation. Tools such as ‘Citizens’ Report Cards’ may be introduced to incorporate a feedback mechanism regarding performance of local bodies.

13. (Para 3.9.22) Accounting and Audit

a. The accounting system for the urban local bodies (ULBs) as provided in the National Municipal Accounts Manual (NMAM) should be adopted by the State Governments.

b. The financial statements and balance sheet of the urban local bodies should be audited by an Auditor in the manner prescribed for audit of Government Companies under the Companies Act, 1956 with the difference that in the case of audit of these local bodies, the C&AG should prescribe guidelines for empanelment of the Chartered Accountants and the selection can be made by the State Governments within these guidelines. The audit to be done by the Local Fund Audit or the C&AG in discharge of their responsibilities would be in addition to such an audit.

c. The existing arrangement between the Comptroller & Auditor General of India and the State Governments with regard to providing Technical Guidance and Supervision (TGS) over maintenance of accounts and audit of PRIs and ULBs should be institutionalised by making provisions in the State Laws governing local bodies.

d. It should be ensured that the audit and accounting standards and formats for Panchayats are prepared in a way which is simple and comprehensible to the elected representatives of the PRIs.

e. The independence of the Director, Local Fund Audit (DLFA) or any other agency responsible for audit of accounts of local bodies should be institutionalised by making the office independent of the State administration. The head of this body should be appointed by the State Government from a panel vetted by the C&AG.

f. Release of Finance Commission Grants to the local bodies may be made conditional on acceptance of arrangements regarding technical supervision of the C&AG over audit of accounts of local bodies.

g. Audit reports on local bodies should be placed before the State Legislature and these reports should be discussed by a separate committee of the State Legislature on the same lines as the Public Accounts Committee (PAC).

h. Access to relevant information/records to DLFA/designated authority for conducting audit or the C&AG should be ensured by incorporating suitable provisions in the State Laws governing local bodies.

i. Each State may ensure that the local bodies have adequate capacity to match with the standards of accounting and auditing.
j. The system of outcome auditing should be gradually introduced. For this purpose the key indicators of performance in respect of a government scheme will need to be decided and announced in advance.

k. To complement institutional audit arrangements, adoption and monitoring of prudent financial management practices in the local bodies should be institutionalised by the State Governments by legislating an appropriate law on Fiscal Responsibility for local Bodies.

14. (Para 3.10.1.2) Information and Communication Technology
   a. Information and Communication Technology should be utilised by the local governments in process simplification, enhancing transparency and accountability and providing delivery of services through single window.

15. (Para 3.10.2.8) Space Technology
   a. Space technology should be harnessed by the local bodies to create an information base and for providing services.
   b. Local governments should become one point service centres for providing various web based and satellite based services. This would however require capacity building in the local governments.

16. (Para 4.1.3.5) Size of the Gram Panchayat
   a. States should ensure that as far as possible Gram Panchayats should be of an appropriate size which would make them viable units of self-governance and also enable effective popular participation. This exercise will need to take into account local geographical and demographic conditions.

17. (Para 4.1.4.4) Ward Sabha - its Necessity
   a. Wherever there are large Gram Panchayats, States should take steps to constitute Ward Sabhas which will exercise in such Panchayats, certain powers and functions of the Gram Sabha and of the Gram Panchayat as may be entrusted to them.

18. (Para 4.1.5.4) Personnel Management in PRIs
   a. Panchayats should have power to recruit personnel and to regulate their service conditions subject to such laws and standards as laid down by the State Government. Evolution of this system should not be prolonged beyond three years. Until then, the Panchayats may draw upon, for defined periods, staff from departments/agencies of the State Government, on deputation.
   b. In all States, a detailed review of the staffing pattern and systems, with a zero-based approach to PRI staffing, may be undertaken over the next one year in order to implement the policy of PRI ownership of staff. The Zila Parishads, particularly, should be associated with this exercise.

19. (Para 4.1.6.8) PRIs and the State Government
   a. The provisions in some State Acts regarding approval of the budget of a Panchayat by the higher tier or any other State authority should be abolished.
   b. State Governments should not have the power to suspend or rescind any resolution passed by the PRIs or take action against the elected representatives on the ground of abuse of office, corruption etc. or to supersede/ dissolve the Panchayats. In all such cases, the powers to investigate and recommend action should lie with the local Ombudsman who will send his report through the Lokayukta to the Governor.
   c. For election infringements and other election related complaints, the authority to investigate should be the State Election Commission who will send its recommendations to the Governor.
   d. If, on any occasion, the State Government feels that there is need to take immediate action against the Panchayats or their elected representatives on one or more of the grounds mentioned in 'b' above, it should place the records before the Ombudsman for urgent investigation. In all such cases, the Ombudsman will send his report through Lokayukta to the Governor in a specified period.
Local Governance

Summary of Recommendations

j. The system of outcome auditing should be gradually introduced. For this purpose the key indicators of performance in respect of a government scheme will need to be decided and announced in advance.

k. To complement institutional audit arrangements, adoption and monitoring of prudent financial management practices in the local bodies should be institutionalised by the State Governments by legislating an appropriate law on Fiscal Responsibility for local Bodies.

14. (Para 3.10.1.2) Information and Communication Technology

a. Information and Communication Technology should be utilised by the local governments in process simplification, enhancing transparency and accountability and providing delivery of services through single window.

15. (Para 3.10.2.8) Space Technology

a. Space technology should be harnessed by the local bodies to create an information base and for providing services.

b. Local governments should become one point service centres for providing various web based and satellite based services. This would however require capacity building in the local governments.

16. (Para 4.1.3.5) Size of the Gram Panchayat

a. States should ensure that as far as possible Gram Panchayats should be of an appropriate size which would make them viable units of self-governance and also enable effective popular participation. This exercise will need to take into account local geographical and demographic conditions.

17. (Para 4.1.4.4) Ward Sabha - its Necessity

a. Wherever there are large Gram Panchayats, States should take steps to constitute Ward Sabhas which will exercise in such Panchayats, certain powers and functions of the Gram Sabha and of the Gram Panchayat as may be entrusted to them.

18. (Para 4.1.5.4) Personnel Management in PRIs

a. Panchayats should have power to recruit personnel and to regulate their service conditions subject to such laws and standards as laid down by the State Government. Evolution of this system should not be prolonged beyond three years. Until then, the Panchayats may draw upon, for defined periods, staff from departments/agencies of the State Government, on deputation.

b. In all States, a detailed review of the staffing pattern and systems, with a zero-based approach to PRI staffing, may be undertaken over the next one year in order to implement the policy of PRI ownership of staff. The Zila Parishads, particularly, should be associated with this exercise.

19. (Para 4.1.6.8) PRIs and the State Government

a. The provisions in some State Acts regarding approval of the budget of a Panchayat by the higher tier or any other State authority should be abolished.

b. State Governments should not have the power to suspend or rescind any resolution passed by the PRIs or take action against the elected representatives on the ground of abuse of office, corruption etc. or to supersede/ dissolve the Panchayats. In all such cases, the powers to investigate and recommend action should lie with the local Ombudsman who will send his report through the Lokayukta to the Governor.

c. For election infringements and other election related complaints, the authority to investigate should be the State Election Commission who will send its recommendations to the Governor.

d. If, on any occasion, the State Government feels that there is need to take immediate action against the Panchayats or their elected representatives on one or more of the grounds mentioned in 'b' above, it should place the records before the Ombudsman for urgent investigation. In all such cases, the Ombudsman will send his report through Lokayukta to the Governor in a specified period.
Local Governance

20. (Para 4.1.7.8) Position of Parastatals
   a. Parastatals should not be allowed to undermine the authority of the PRIs.
   b. There is no need for continuation of the District Rural Development Agency (DRDA). Following the lead taken by Kerala, Karnataka and West Bengal, the DRDAs in other States also should be merged with the respective District Panchayats (Zila Parishad). Similar action should be taken for the District Water and Sanitation Committee (DWSC).
   c. The District Health Society (DHS) and FFDA should be restructured to have an organic relationship with the PRIs.
   d. The Union and State Governments should normally not set up special committees outside the PRIs. However, if such specialised committees are required to be set-up because of professional or technical requirements, and if their activities coincide with those listed in the Eleventh Schedule, they should, either function under the overall supervision and guidance of the Panchayats or their relationship with the PRIs should be worked out in consultation with the concerned level of Panchayat.
   e. Community level bodies should not be created by decisions taken at higher levels. If considered necessary, the initiative for their creation should come from below and they should be accountable to PRIs.

21. (Para 4.2.3.10) Activity Mapping
   a. States must undertake comprehensive activity mapping with regard to all the matters mentioned in the Eleventh Schedule. This process should cover all aspects of the subject viz; planning, budgeting and provisioning of finances. The State Government should set-up a task force to complete this work within one year.
   b. The Union Government will also need to take similar action with regard to Centrally Sponsored Schemes.

22. (Para 4.2.4.2) Devolving Regulatory Functions to the Panchayats
   a. Rural policing, enforcement of building byelaws, issue of birth, death, caste and residence certificates, issue of voter identity cards, enforcement of regulations pertaining to weights and measures are some of the regulatory functions which should be entrusted to Panchayats. Panchayats may also be empowered to manage small endowments and charities. This could be done by suitably modifying the laws relating to charitable endowments.
   b. Regulatory functions which can be performed by the Panchayats should be identified and devolved on a continuous basis.

23. (Para 4.3.5.3) Resource Generation by the Panchayats
   a. A comprehensive exercise needs to be taken up regarding broadening and deepening of the revenue base of local governments. This exercise will have to simultaneously look into four major aspects of resource mobilisation viz. (i) potential for taxation (ii) fixation of realistic tax rates (iii) widening of tax base and (iv) improved collection. Government may incorporate this as one of the terms of reference of the Thirteenth Finance Commission.
   b. All common property resources vested in the Village Panchayats should be identified, listed and made productive for revenue generation.
   c. State Governments should by law expand the tax domain of Panchayats. Simultaneously it should be made obligatory for the Panchayats to levy taxes in this tax domain.
   d. At the higher level, the local bodies could be encouraged to run/ manage utilities such as transport, water supply and power distribution on a sound financial basis and viability.
   e. The expanded tax domain could interalia include levies on registration of cattle, restaurants, large shops, hotels, cybercafes and tourist buses etc.
   f. The role of State Governments should be limited to prescribing a band of rates for these taxes and levies.
   g. PRIs should be given a substantial share in the royalty from minerals collected by the State Government. This aspect should be considered by the SFCs while recommending grants to the PRIs.
Local Governance

20. (Para 4.1.7.8) Position of Parastatals

a. Parastatals should not be allowed to undermine the authority of the PRIs.

b. There is no need for continuation of the District Rural Development Agency (DRDA). Following the lead taken by Kerala, Karnataka and West Bengal, the DRDAs in other States also should be merged with the respective District Panchayats (Zila Parishad). Similar action should be taken for the District Water and Sanitation Committee (DWSC).

c. The District Health Society (DHS) and FFDA should be restructured to have an organic relationship with the PRIs.

d. The Union and State Governments should normally not setup special committees outside the PRIs. However, if such specialised committees are required to be set-up because of professional or technical requirements, and if their activities coincide with those listed in the Eleventh Schedule, they should, either function under the overall supervision and guidance of the Panchayats or their relationship with the PRIs should be worked out in consultation with the concerned level of Panchayat.

e. Community level bodies should not be created by decisions taken at higher levels. If considered necessary the initiative for their creation should come from below and they should be accountable to PRIs.

21. (Para 4.2.3.10) Activity Mapping

a. States must undertake comprehensive activity mapping with regard to all the matters mentioned in the Eleventh Schedule. This process should cover all aspects of the subject viz; planning, budgeting and provisioning of finances. The State Government should set-up a task force to complete this work within one year.

b. The Union Government will also need to take similar action with regard to Centrally Sponsored Schemes.

22. (Para 4.2.4.2) Devolving Regulatory Functions to the Panchayats

a. Rural policing, enforcement of building byelaws, issue of birth, death, caste and residence certificates, issue of voter identity cards, enforcement of regulations pertaining to weights and measures and some of the regulatory functions which should be entrusted to Panchayats. Panchayats may also be empowered to manage small endowments and charities. This could be done by suitably modifying the laws relating to charitable endowments.

b. Regulatory functions which can be performed by the Panchayats should be identified and devolved on a continuous basis.

23. (Para 4.3.5.3) Resource Generation by the Panchayats

a. A comprehensive exercise needs to be taken up regarding broadening and deepening of the revenue base of local governments. This exercise will have to simultaneously look into four major aspects of resource mobilisation viz. (i) potential for taxation (ii) fixation of realistic tax rates (iii) widening of tax base and (iv) improved collection. Government may incorporate this as one of the terms of reference of the Thirteenth Finance Commission.

b. All common property resources vested in the Village Panchayats should be identified, listed and made productive for revenue generation.

c. State Governments should by law expand the tax domain of Panchayats. Simultaneously it should be made obligatory for the Panchayats to levy taxes in this tax domain.

d. At the higher level, the local bodies could be encouraged to run/ manage utilities such as transport, water supply and power distribution on a sound financial basis and viability.

e. The expanded tax domain could interalia include levies on registration of cattle, restaurants, large shops, hotels, cybercafés and tourist buses etc.

f. The role of State Governments should be limited to prescribing a band of rates for these taxes and levies.

g. PRIs should be given a substantial share in the royalty from minerals collected by the State Government. This aspect should be considered by the SFCs while recommending grants to the PRIs.
Local Governance

h. State Governments should consider empowering the PRIs to collect cess on the royalty from mining activities. In addition they should also be given power to impose and collect additional/special surcharge from such activities (mines/minerals/plants).

i. Innovative steps taken by the States and the PRIs to augment their resources must be rewarded by linking Central Finance Commission and State Finance Commission grants to such measures. States may reward better performing PRIs through special incentives.

j. In the tax domain assigned to PRIs, Village Panchayats must have primary authority over taxation. However, where such taxation has inter-Panchayat ramifications, the local government institutions at higher levels - Intermediate Panchayat and Zilla parishad could be given concurrent powers subject to a ceiling. Whenever a tax/fee is imposed by the higher tier, such taxes should be collected by the concerned Village Panchayats.

24. (Para 4.3.7.5) Transfer of Funds to the Panchayats

a. Except for the specifically tied, major Centrally Sponsored Schemes and special purpose programmes of the States, all other allocations to the Panchayati Raj Institutions should be in the form of untied funds. The allocation order should contain only a brief description of broad objectives and expected outcomes.

b. State Governments should modify their rules of financial business to incorporate the system of separate State and District sector budgets, the later indicating district-wise allocations.

c. There should be a separate Panchayat sector line in the State budget.

d. State Governments should make use of the software on “Fund transfer to Panchayats” prepared by the Union Panchayati Raj Ministry for speedy transfer of funds.

e. State Governments should release funds to the Panchayats in such a manner that these institutions get adequate time to use the allocation during the year itself. The fund release could be in the form of equally spaced instalments. It could be done in two instalments; one at the beginning of the financial year and the other by the end of September of that year.

25. (Para 4.3.8.2) PRIs and Access to Credit

a. For their infrastructure needs, the Panchayats should be encouraged to borrow from banks/financial institutions. The role of the State Government should remain confined only to fixing the limits of borrowing.

26. (Para 4.3.9.5) Local Area Development Schemes

a. The flow of funds for all public development schemes in rural areas should be exclusively routed through Panchayats. Local Area Development Authorities, Regional Development Boards and other organization having similar functions should immediately be wound up and their functions and assets transferred to the appropriate level of the Panchayat.

b. As recommended by the Commission in its report on “Ethics in Governance”, the Commission reiterates that the schemes of MPLAD and MLALAD should be abolished.

27. (Para 4.4.7) Rural Development

a. The Commission while endorsing the views of the Expert Group on Planning at the Grass roots Level as given at Annexure-IV(2) to this Report, recommends that there has to be territorial/jurisdictional/functional convergence in implementing Centrally Sponsored Schemes.

(b) In all such schemes, the Gram/Ward Sabha should be accepted as the most important/cutting edge participatory body for implementation, monitoring and audit of the programmes.

(ii) Programme committees dealing with functions under the Eleventh Schedule and working exclusively in rural areas need to be subsumed by the respective panchayats and their standing bodies. Some others having wider roles may need to be restructured to have an organic relationship with the Panchayats.

(iii) In the programmes, where the activities percolate to areas and habitations below a Panchayat/Ward level, a small local centre
Local Governance

h. State Governments should consider empowering the PRIs to collect cess on the royalty from mining activities. In addition they should also be given power to impose and collect additional/special surcharge from such activities (mines/minerals/plants).

i. Innovative steps taken by the States and the PRIs to augment their resources must be rewarded by linking Central Finance Commission and State Finance Commission grants to such measures. States may reward better performing PRIs through special incentives.

j. In the tax domain assigned to PRIs, Village Panchayats must have primary authority over taxation. However, where such taxation has inter-Panchayat ramifications, the local government institutions at higher levels - Intermediate Panchayat and Zilla parishad could be given concurrent powers subject to a ceiling. Whenever a tax/fee is imposed by the higher tier, such taxes should be collected by the concerned Village Panchayats.

24. (Para 4.3.7.5) Transfer of Funds to the Panchayats

a. Except for the specifically tied, major Centrally Sponsored Schemes and special purpose programmes of the States, all other allocations to the Panchayati Raj Institutions should be in the form of untied funds. The allocation order should contain only a brief description of broad objectives and expected outcomes.

b. State Governments should modify their rules of financial business to incorporate the system of separate State and District sector budgets, the later indicating district-wise allocations.

c. There should be a separate Panchayat sector line in the State budget.

d. State Governments should make use of the software on “fund transfer to Panchayats” prepared by the Union Panchayati Raj Ministry for speedy transfer of funds.

e. State Governments should release funds to the Panchayats in such a manner that these institutions get adequate time to use the allocation during the year itself. The fund release could be in the form of equally spaced instalments. It could be done in two instalments; one at the beginning of the financial year and the other by the end of September of that year.

25. (Para 4.3.8.2) PRIs and Access to Credit

a. For their infrastructure needs, the Panchayats should be encouraged to borrow from banks/financial institutions. The role of the State Government should remain confined only to fixing the limits of borrowing.

26. (Para 4.3.9.5) Local Area Development Schemes

a. The flow of funds for all public development schemes in rural areas should be exclusively routed through Panchayats. Local Area Development Authorities, Regional Development Boards and other organization having similar functions should immediately be wound up and their functions and assets transferred to the appropriate level of the Panchayat.

b. As recommended by the Commission in its report on “Ethics in Governance”, the Commission reiterates that the schemes of MPLAD and MLALAD should be abolished.

27. (Para 4.4.7) Rural Development

a. The Commission while endorsing the views of the Expert Group on Planning at the Grass roots Level as given at Annexure-IV(2) to this Report, recommends that there has to be territorial/ jurisdictional/functional convergence in implementing Centrally Sponsored Schemes.

b. The centrality of PRIs in these schemes must be ensured if they are to deal with the matters listed in the Eleventh Schedule.

(i) In all such schemes, the Gram/Ward Sabha should be accepted as the most important/cutting edge participatory body for implementation, monitoring and audit of the programmes.

(ii) Programme committees dealing with functions under the Eleventh Schedule and working exclusively in rural areas need to be subsumed by the respective panchayats and their standing bodies. Some others having wider roles may need to be restructured to have an organic relationship with the Panchayats.

(iii) In the programmes, where the activities percolate to areas and habitations below a Panchayat/Ward level, a small local centre
Local Governance

committee should be formed to support these activities. This Centre committee should be only a deliberative body with responsibility to provide regular feedback to the Gram Sabha/Ward Sabha and be accountable to it.

c. The Ministry sanctioning the programme should issue only broad guidelines leaving scope for implementational flexibility so as to ensure local relevance through active involvement of the Panchayats.

d. All Centrally Sponsored programmes should have properly demarcated goals and there should be a mechanism to assess their socio-economic impact over a given period of time. The NSSO may be suitably strengthened and assigned this task.

28. (Para 4.4.8.6) Information, Education and Communication - IEC

a. A multi-pronged approach using different modes of communication like the print media, the visual media, electronic media, folk art and plays etc. should be adopted to disseminate information and create awareness about Panchayati Raj. It should be ensured that there is a convergence in approach to achieve synergies and maximise reach.

b. The Union Ministry of Information and Broadcasting should devise a mechanism in consultation with the Union Ministry of Panchayati Raj, Ministry of Rural Development and Ministry of Agriculture and other concerned Ministries for effectively implementing this activity.

c. Rural broadcasting should become a full-fledged independent activity of the All India Radio. Rural broadcasting units should be based in the districts and the broadcasts should be primarily in the local language(s) prevalent in the district. These programmes should focus on issues related to Panchayati Raj Institutions, rural development, agriculture, Right to Information and relevant ones on public health, sanitation, education etc.

29. (Para 4.5.4) Rule of Panchayats in Delivery of Services

a. In terms of the Eleventh Schedule of the Constitution, local level activities of elementary education, preventive and promotive health care, water supply, sanitation, environmental improvement and nutrition should immediately be transferred to the appropriate tiers of the PRIs.

Summary of Recommendations

b. State Governments need to prepare an overarching Service Delivery Policy outlining the framework within which each department could lay down detailed guidelines for preparation of Service Delivery Plans.

30. (Para 4.5.5.6) Resource Centre at the Village Level

a. Steps should be taken to set up Information and Communication Technology (ICT) and space Technology enabled Resource Centres at the Village and Intermediate Panchayat levels for local resource mapping and generation of local information base.

b. These Resource Centres should also be used for documenting local traditional knowledge and heritage.

c. Capacity building should be attempted at the local level by shifting the currently available post school generalistic education to a skill and technology based system having focus on farm & animal husbandry practices, computer applications, commercial cropping and soil and water management.

31. (Para 4.6.1.2.3) Local Government in the Fifth Schedule Areas

a) The Union and State legislations that impinge on provisions of PESA should be immediately modified so as to bring them in conformity with the Act.

b) If any State exhibits reluctance in implementing the provisions of PESA, Government of India may consider issuing specific directions to it in accordance with the powers given to it under Proviso 3 of Part A of the Fifth Schedule.

32. (Para 4.6.1.4.4) Effective Implementation of PESA

a. Regular Annual Reports from the Governor of every State as stipulated under the Fifth Schedule, Part A (3) of the Constitution must be given due importance. Such reports should be published immediately and placed in the public domain.

b. In order to ensure that women are not marginalised in meetings of the Gram Sabha, there should be a provision in the PESA Rules and Guidelines that the quorum of a Gram Sabha meeting will be acceptable only when out of the members present, at least thirty-three per cent are women.
committee should be formed to support these activities. This Centre committee should be only a deliberative body with responsibility to provide regular feedback to the Gram Sabha/Ward Sabha and be accountable to it.

c. The Ministry sanctioning the programme should issue only broad guidelines leaving scope for implementational flexibility so as to ensure local relevance through active involvement of the Panchayats.

d. All Centrally Sponsored programmes should have properly demarcated goals and there should be a mechanism to assess their socio-economic impact over a given period of time. The NSSO may be suitably strengthened and assigned this task.

28. (Para 4.4.8.6) Information, Education and Communication - IEC

a. A multi-pronged approach using different modes of communication like the print media, the visual media, electronic media, folk art and plays etc. should be adopted to disseminate information and create awareness about Panchayati Raj. It should be ensured that there is a convergence in approach to achieve synergies and maximise reach.

b. The Union Ministry of Information and Broadcasting should devise a mechanism in consultation with the Union Ministry of Panchayati Raj, Ministry of Rural Development and Ministry of Agriculture and other concerned Ministries for effectively implementing this activity.

c. Rural broadcasting should become a full-fledged independent activity of the All India Radio. Rural broadcasting units should be based in the districts and the broadcasts should be primarily in the local language(s) prevalent in the district. These programmes should focus on issues related to Panchayati Raj Institutions, rural development, agriculture, Right to Information and relevant ones on public health, sanitation, education etc.

29. (Para 4.5.4) Rule of Panchayats in Delivery of Services

a. In terms of the Eleventh Schedule of the Constitution, local level activities of elementary education, preventive and promotive health care, water supply, sanitation, environmental improvement and nutrition should immediately be transferred to the appropriate tiers of the PRIs.

30. (Para 4.5.5.6) Resource Centre at the Village Level

a. State Governments need to prepare an overarching Service Delivery Policy outlining the framework within which each department could lay down detailed guidelines for preparation of Service Delivery Plans.

b. Steps should be taken to set up Information and Communication Technology (ICT) and space Technology enabled Resource Centres at the Village and Intermediate Panchayat levels for local resource mapping and generation of local information base.

c. These Resource Centres should also be used for documenting local traditional knowledge and heritage.

c. Capacity building should be attempted at the local level by shifting the currently available post school generalistic education to a skill and technology based system having focus on farm & animal husbandry practices, computer applications, commercial cropping and soil and water management.

31. (Para 4.6.1.2.3) Local Government in the Fifth Schedule Areas

a) The Union and State legislations that impinge on provisions of PESA should be immediately modified so as to bring them in conformity with the Act.

b) If any State exhibits reluctance in implementing the provisions of PESA, Government of India may consider issuing specific directions to it in accordance with the powers given to it under Proviso 3 of Part A of the Fifth Schedule.

32. (Para 4.6.1.4.4) Effective Implementation of PESA

a. Regular Annual Reports from the Governor of every State as stipulated under the Fifth Schedule, Part A (3) of the Constitution must be given due importance. Such reports should be published immediately and placed in the public domain.

b. In order to ensure that women are not marginalised in meetings of the Gram Sabha, there should be a provision in the PESA Rules and Guidelines that the quorum of a Gram Sabha meeting will be acceptable only when out of the members present, at least thirty-three per cent are women.
c. Each State should constitute a group to look into strengthening of the administrative machinery in Fifth Schedule areas. This group will need to go into the issues of (i) special administrative arrangements, (ii) provision of hardship pay, (iii) other incentives, and (iv) preferential treatment in accommodation and education. All expenditure in this regard should be treated as charged expenditure under Article 275 of the Constitution.

33. (Para 4.6.1.5.3) Effective Implementation of the Tribal Sub-Plan (TSP)

a. Keeping in view the inadequacy of the past efforts, State Governments should form a special planning unit (consisting of professionals and technically qualified personnel) to prepare their Tribal-Sub Plan.

b. A certain portion of the allocation under TSP should be made non-lapsable on the pattern of the Non Lapsable Central Pool of Resources (NLCPR) created for the North-Eastern States. A special cell may be set up in the Ministry of Tribal Affairs to monitor expenditure from this fund.

c) The government may consider preparing an impact assessment report every year with respect to the States covered under PESA. This exercise may be assigned to a national level institute which has done similar work in the past e.g. National Council for Applied Economic Research (NCAER), National Institute of Public Finance and Policy (NIPFP), National Sample Survey Organisation (NSSO) or some other suitable agency. This agency will rate the performance of the State on predetermined indices.

34. (Para 5.1.4) Urbanisation and Growth

a. A new National Commission on Urbanisation should be constituted by Government to suggest measures to deal with the rapid urbanisation, including the large cities and bring about more balanced and efficient urbanisation in the country.

35. (Para 5.2.2.4) Proposed Basic Structure - Ward Committees and Area Sabhas

a. Government may consider the adoption of a common categorisation of urban bodies across the country to improve clarity in their definition so as to assist a systematic planning process and devolution of funds. A categorisation on the lines proposed given in Table 5.6 could be adopted.
c. Each State should constitute a group to look into strengthening of the administrative machinery in Fifth Schedule areas. This group will need to go into the issues of (i) special administrative arrangements, (ii) provision of hardship pay, (iii) other incentives, and (iv) preferential treatment in accommodation and education. All expenditure in this regard should be treated as charged expenditure under Article 275 of the Constitution.

33. (Para 4.6.1.5.3) Effective Implementation of the Tribal Sub-Plan (TSP)
   a. Keeping in view the inadequacy of the past efforts, State Governments should form a special planning unit (consisting of professionals and technically qualified personnel) to prepare their Tribal-Sub Plan.
   b. A certain portion of the allocation under TSP should be made non-lapsable on the pattern of the Non Lapsable Central Pool of Resources (NLCPR) created for the North-Eastern States. A special cell may be set up in the Ministry of Tribal Affairs to monitor expenditure from this fund.
   c. The government may consider preparing an impact assessment report every year with respect to the States covered under PESA. This exercise may be assigned to a national level institute which has done similar work in the past e.g. National Council for Applied Economic Research (NCAER), National Institute of Public Finance and Policy (NIPFP), National Sample Survey Organisation (NSSO) or some other suitable agency. This agency will rate the performance of the State on predetermined indices.

34. (Para 5.1.4) Urbanisation and Growth
   a. A new National Commission on Urbanisation should be constituted by Government to suggest measures to deal with the rapid urbanisation, including the large cities and bring about more balanced and efficient urbanisation in the country.

35. (Para 5.2.2.4) Proposed Basic Structure - Ward Committees and Area Sabhas
   a. Government may consider the adoption of a common categorisation of urban bodies across the country to improve clarity in their definition so as to assist a systematic planning process and devolution of funds. A categorisation on the lines proposed given in Table 5.6 could be adopted.

b. There should be three tiers of administration in urban local governments, except in the case of Town Panchayats, where the middle level would not be required. The tiers should be:
   i. Municipal Council/Corporation (by whatever name it is called);
   ii. Ward Committees; and
   iii. Area Committees or Sabhas.

c. Each Area Sabha comprising all citizens in one or two (or more) polling station areas, should elect, once in five years, a small Committee of Representatives. The Committee of Representatives would elect one person who would chair the meetings of the Area Sabha and would represent the Area Sabha in the relevant Ward Committee. The State may, by law, prescribe the procedure and other details for such election.

d. Ward Committees should be set up in every Ward/Corporator’s Division. The present system of having more than one ward in a Ward Committee needs to be given up.

e. Ward Committees need to be given legitimate functions which can be handled at that level. These functions could include street lighting, sanitation, water supply, drainage, road maintenance, maintenance of school buildings, maintenance of local hospitals/dispensaries, local markets, parks, playgrounds, etc.

f. Funds allocated for the functions entrusted to the Ward Committee should be transferred en-bloc to the Ward Committee. The budget proposed by the Ward Committee in respect to the functions allotted to it should be taken into account in formulating the overall municipal budget.

g. Meetings of the Ward Committee should be widely publicised to ensure maximum citizens’ participation.

h. Ward Committees should be given a share of the property taxes collected from the ward, depending on the locality.

i. The allocation of functional responsibilities between the tiers must be clearly spelt out. While doing so, the principle of subsidiarity should be
Local Governance

followed. Broadly, the Area Sabha should perform functions similar to the Gram Sabha such as prioritising developmental activities and identifying beneficiaries under various schemes; and

j. A process of activity mapping similar to the one taken up for PRIs should be carried out for all ULBs within one year.

36. (Para 5.2.3.2) Zonal System for Large Cities

a. Zonal offices with all administrative powers delegated to them may be set up immediately in Metropolitan Corporations and Municipal Corporations and become the main point of contact for people in respect of services and amenities. One zone for every five lakh (or less) population could be considered. Similar zonal offices should also be set up in other big cities within the next three years.

37. (Para 5.2.4.3) The Office of the Mayor/Chairperson

a. The functions of chairing the municipal council and exercising executive authority in urban local government should be combined in the same functionary i.e. Chairperson or Mayor.

b. The Chairperson/Mayor should be directly elected by popular mandate through a city-wide election.

c. The Chairperson/Mayor will be the chief executive of the municipal body. Executive power should vest in that functionary.

d. The elected Council should perform the functions of budget approval, oversight and framing of regulations and policies.

e. In municipal corporations and metropolitan cities, the Mayor should appoint the Mayor’s ‘Cabinet’. The members of the Cabinet should be chosen by the Mayor from the elected corporators. The Mayor’s Cabinet shall not exceed 10 per cent of the strength of the elected Corporation or fifteen, whichever is higher. The Cabinet will exercise executive authority on matters entrusted to them by the Mayor, under his overall control and direction.

38. (Para 5.2.5.4) Management Structure of Urban Local Governments

a. The Mayor should be the Chief Executive of the municipal body while the Commissioner should perform the functions delegated to him/her.

b. The responsibility for selection and appointment of the Commissioner and other staff may be given to the Metropolitan Corporations within a period of two years. For other bodies this may be done within three years. States should, however, by law, lay down the procedure and conditions of such appointment. For the duration that the Commissioner/Chief Officer continues to be drawn from the State Government, selection should be made by the Mayor from out of a panel of names sent by the State Government.

c. The Directorates of Municipal Administration, wherever they exist, should be abolished. In case there are State-wide cadres of municipal employees, no fresh appointments to these may be made and the employees should be absorbed in municipal bodies through a due process.

39. (Para 5.3.3.8) Property Tax Reforms

a. State Governments should ensure that all local bodies switch over to the ‘unit area method’ or ‘capital value method’ for assessment of property tax in a time-bound manner.

b. The categories of exemptions from property tax need to be reviewed and minimised.

c. In order to ensure that unauthorised constructions do not escape the tax net, State laws should stipulate that levy of tax on any property would not, in itself, confer any right of ownership, in case the property is found to be constructed in violation of any law or regulation.

d. Tax details for all properties should be placed in the public domain to avoid collusion between the assessing authority and the property owner.

e. The State law should also provide for tax on properties belonging to the municipal authorities which are given on lease, to be payable by the occupants.
followed. Broadly, the Area Sabha should perform functions similar to the Gram Sabha such as prioritising developmental activities and identifying beneficiaries under various schemes; and

j. A process of activity mapping similar to the one taken up for PRIs should be carried out for all ULBs within one year.

36. (Para 5.2.3.2) Zonal System for Large Cities

a. Zonal offices with all administrative powers delegated to them may be set up immediately in Metropolitan Corporations and Municipal Corporations and become the main point of contact for people in respect of services and amenities. One zone for every five lakh (or less) population could be considered. Similar zonal offices should also be set up in other big cities within the next three years.

37. (Para 5.2.4.3) The Office of the Mayor/Chairperson

a. The functions of chairing the municipal council and exercising executive authority in urban local government should be combined in the same functionary i.e. Chairperson or Mayor.

b. The Chairperson/Mayor should be directly elected by popular mandate through a city-wide election.

c. The Chairperson/Mayor will be the chief executive of the municipal body. Executive power should vest in that functionary.

d. The elected Council should perform the functions of budget approval, oversight and framing of regulations and policies.

e. In municipal corporations and metropolitan cities, the Mayor should appoint the Mayor’s ‘Cabinet’. The members of the Cabinet should be chosen by the Mayor from the elected corporators. The Mayor’s Cabinet shall not exceed 10 per cent of the strength of the elected Corporation or fifteen, whichever is higher. The Cabinet will exercise executive authority on matters entrusted to them by the Mayor, under his overall control and direction.

38. (Para 5.2.5.4) Management Structure of Urban Local Governments

a. The Mayor should be the Chief Executive of the municipal body while the Commissioner should perform the functions delegated to him/her.

b. The responsibility for selection and appointment of the Commissioner and other staff may be given to the Metropolitan Corporations within a period of two years. For other bodies this may be done within three years. States should, however, by law, lay down the procedure and conditions of such appointment. For the duration that the Commissioner/Chief Officer continues to be drawn from the State Government, selection should be made by the Mayor from out of a panel of names sent by the State Government.

c. The Directorates of Municipal Administration, wherever they exist, should be abolished. In case there are State-wide cadres of municipal employees, no fresh appointments to these may be made and the employees should be absorbed in municipal bodies through a due process.

39. (Para 5.3.3.8) Property Tax Reforms

a. State Governments should ensure that all local bodies switch over to the ‘unit area method’ or ‘capital value method’ for assessment of property tax in a time-bound manner.

b. The categories of exemptions from property tax need to be reviewed and minimised.

c. In order to ensure that unauthorised constructions do not escape the tax net, State laws should stipulate that levy of tax on any property would not, in itself, confer any right of ownership, in case the property is found to be constructed in violation of any law or regulation.

d. Tax details for all properties should be placed in the public domain to avoid collusion between the assessing authority and the property owner.

e. The State law should also provide for tax on properties belonging to the municipal authorities which are given on lease, to be payable by the occupants.
Local Governance

Summary of Recommendations

f. The law should provide for the levy of service charge on properties belonging to the Union and State Governments. This service charge should be in lieu of various services provided such as solid waste management, sanitation, maintenance of roads, streetlighting and general civic amenities.

g. A periodic physical verification of the properties and the taxes levied on them should be carried out in each municipal area by a separate wing directly under the control of the Chief Executive.

h. A computerised data base of all properties using GIS mapping should be prepared for all municipal areas.

i. Randomly selected cases of assessment should be audited by the government auditors as is done by C&AG in case of Union taxes.

40. (Para 5.3.4.2) Octroi

a. Octroi should be abolished, but the States should evolve mechanisms to compensate the local governments for the loss of revenue caused by such abolition.

41. (Para 5.3.5.2) Other Taxes

a. The following principles should be followed while administering all taxes:
   i. The manner of determination of tax should be made totally transparent and objective;
   ii. As far as possible, all levies may be based on self declaration of the tax payer but this should be accompanied by stringent penalties in case of fraud or suppression of facts by the tax payer;
   iii. The cost of tax collection and of compliance should be reduced to a minimum;
   iv. There should be an independent unit under the Chief Executive to monitor the collection of all taxes; and
   v. The appeal against orders of assessing officers should lie with an independent quasi-judicial authority.

42. (Para 5.3.6.8) Non Tax Revenues

a. Article 276(2) may be amended to enhance the upper ceiling on Profession Tax and this ceiling should be reviewed periodically.

43. (Para 5.3.7.7) Borrowings

a. The limits of borrowings for various municipal bodies in a State may be fixed on the recommendation of the SFC.

b. Municipal bodies should be encouraged to borrow without Government Guarantees. However, for small municipalities, pooled financing mechanisms will have to be put in place by the State Government.

c. The capacity of the municipalities to handle legal and financial requirements of responsible borrowing must be enhanced.

44. (Para 5.3.8.7) Leveraging Land as a Resource

a. Municipal bodies should have a periodically updated database of its properties. IT tools like GIS should be used for this purpose. This database should be in the public domain;

b. Land banks available with the municipalities as well as with the development authorities should be leveraged for generating resources for the municipalities. However, such resources should be used exclusively to finance infrastructure and capital expenditure and not to meet recurring costs.
Local Governance

f. The law should provide for the levy of service charge on properties belonging to the Union and State Governments. This service charge should be in lieu of various services provided such as solid waste management, sanitation, maintenance of roads, streetlighting and general civic amenities.

g. A periodic physical verification of the properties and the taxes levied on them should be carried out in each municipal area by a separate wing directly under the control of the Chief Executive.

h. A computerised data base of all properties using GIS mapping should be prepared for all municipal areas.

i. Randomly selected cases of assessment should be audited by the government auditors as is done by C&AG in case of Union taxes.

40. (Para 5.3.4.2) Octroi

a. Octroi should be abolished, but the States should evolve mechanisms to compensate the local governments for the loss of revenue caused by such abolition.

41. (Para 5.3.5.2) Other Taxes

a. The following principles should be followed while administering all taxes:

i. The manner of determination of tax should be made totally transparent and objective;

ii. As far as possible, all levies may be based on self declaration of the tax payer but this should be accompanied by stringent penalties in case of fraud or suppression of facts by the tax payer;

iii. The cost of tax collection and of compliance should be reduced to a minimum;

iv. There should be an independent unit under the Chief Executive to monitor the collection of all taxes; and

v. The appeal against orders of assessing officers should lie with an independent quasi-judicial authority.

Summary of Recommendations

b. Article 276(2) may be amended to enhance the upper ceiling on Profession Tax and this ceiling should be reviewed periodically.

42. (Para 5.3.6.8) Non Tax Revenues

a. A significant portion of grants to the municipalities must be linked with their own efforts at resource raising.

b. An impact study should be carried out for all major developments in the city. A congestion charge and/or betterment levy in relation to such projects may be levied wherever warranted.

c. The power to impose fines for violation of civic laws should be given to municipal authorities. The relevant laws may be suitably modified.

d. The fines prescribed for civic offences need to be enhanced. The amount of fine should be regulated by Rules under the law so that it could be revised periodically without the necessity of an amendment to the law.

43. (Para 5.3.7.7) Borrowings

a. The limits of borrowings for various municipal bodies in a State may be fixed on the recommendation of the SFC.

b. Municipal bodies should be encouraged to borrow without Government Guarantees. However, for small municipalities, pooled financing mechanisms will have to be put in place by the State Government.

c. The capacity of the municipalities to handle legal and financial requirements of responsible borrowing must be enhanced.

44. (Para 5.3.8.7) Leveraging Land as a Resource

a. Municipal bodies should have a periodically updated database of its properties. IT tools like GIS should be used for this purpose. This database should be in the public domain;

b. Land banks available with the municipalities as well as with the development authorities should be leveraged for generating resources for the municipalities. However, such resources should be used exclusively to finance infrastructure and capital expenditure and not to meet recurring costs.
c. Until the development authorities are merged with urban local bodies, a proportion of the revenue realised by such agencies from the sale of land, say, 25%, should be made available to the municipalities for meeting their infrastructure financing needs.

d. The respective municipal laws should provide that any built up property of municipal bodies shall not be given on rent/lease without following a competitive process. Such a lease period shall not exceed five years.

45. (Para 5.4.2.10) Regulatory Services

a. A time-bound programme for updating and simplification of all regulatory provisions relating to the ULBs should be made mandatory. Each State Government should create a task force to examine and suggest simplification of procedures in local governments. This task force could also suggest steps to be taken to reduce discretion and bring objectivity in the field offices of local governments. The city municipal corporations could undertake such an exercise on their own.

b. All service providers in cities should be brought under one umbrella by establishing ‘one stop service centres. This could be completed within two years in all cities. Call centres, electronic kiosks, web based services and other tools of modern technology should be used by all ULBs to bring speed, transparency and accountability into delivery of services to the citizens.

c. Citizens’ charters in all Urban Local Bodies should specify time limits for approvals relating to regulatory services such as licenses and permits and these should be scrupulously adhered to. The charter should also specify the relief available to the citizens in case of non adherence.

d. A system of self certification by registered architects for issue of building permits should be introduced in all ULBs with immediate effect, to start with, for individual residential units.

46. (Para 5.4.3.1.5) Creating a Responsive Institutional Framework

a. The local government should be responsible for providing civic amenities in its jurisdiction.

b. In respect of all downstream activities of a particular State utility, as soon as it enters the geographical and administrative boundary of an Urban Local Body, the Government utility/parastatal should become accountable to the ULB.

47. (Para 5.4.3.2.8) Water Supply

a. Urban Local Bodies should be given responsibility for water supply and distribution in their territorial jurisdictions whether based on their own source or on collaborative arrangements with parastatals and other service providers.

b. Metropolitan Corporations may be given responsibility for the entire water supply programme from development to distribution. For other urban local bodies, a phased transfer of responsibilities for management of the distribution networks within their territorial jurisdiction while leaving source development to the parastatal agency would appear to be the most feasible approach.

c. State Finance Commissions may be entrusted with the task of developing suitable normative parameters for different classes of local governments for arriving at optimum tariff structure.

d. Municipal bodies must focus on increasing operational efficiencies – through reduction in pilferage, improving efficiency of staff and use of technology.

e. The municipal bodies should meter all water connection within a time frame. Installing a hierarchy of metering system could help in identifying pilferage. Payment of water charges should be made hassle free through use of Information Technology. As far as possible all water connections should be metered, and if necessary targeted subsidy should be provided to the poorest sections.

f. Infrastructure development plans for water supply should be integrated with the CDPs.

g. Municipal bye-laws should provide incentives for adoption of water harvesting measures and recycling of waste water for non-potable purposes.
c. Until the development authorities are merged with urban local bodies, a proportion of the revenue realised by such agencies from the sale of land, say, 25%, should be made available to the municipalities for meeting their infrastructure financing needs.

d. The respective municipal laws should provide that any built up property of municipal bodies shall not be given on rent/lease without following a competitive process. Such a lease period shall not exceed five years.

45. (Para 5.4.2.10) Regulatory Services

a. A time-bound programme for updating and simplification of all regulatory provisions relating to the ULBs should be made mandatory. Each State Government should create a task force to examine and suggest simplification of procedures in local governments. This task force could also suggest steps to be taken to reduce discretion and bring objectivity in the field offices of local governments. The city municipal corporations could undertake such an exercise on their own.

b. All service providers in cities should be brought under one umbrella by establishing ‘one stop service centres’. This could be completed within two years in all cities. Call centres, electronic kiosks, web based services and other tools of modern technology should be used by all ULBs to bring speed, transparency and accountability into delivery of services to the citizens.

c. Citizens’ charters in all Urban Local Bodies should specify time limits for approvals relating to regulatory services such as licenses and permits and these should be scrupulously adhered to. The charter should also specify the relief available to the citizens in case of non adherence.

d. A system of self certification by registered architects for issue of building permits should be introduced in all ULBs with immediate effect, to start with, for individual residential units.

46. (Para 5.4.3.1.5) Creating a Responsive Institutional Framework

a. The local government should be responsible for providing civic amenities in its jurisdiction.

Summary of Recommendations

b. In respect of all downstream activities of a particular State utility, as soon as it enters the geographical and administrative boundary of an Urban Local Body, the Government utility/parastatal should become accountable to the ULB.

47. (Para 5.4.3.2.8) Water Supply

a. Urban Local Bodies should be given responsibility for water supply and distribution in their territorial jurisdictions whether based on their own source or on collaborative arrangements with parastatals and other service providers.

b. Metropolitan Corporations may be given responsibility for the entire water supply programme from development to distribution. For other urban local bodies, a phased transfer of responsibilities for management of the distribution networks within their territorial jurisdiction while leaving source development to the parastatal agency would appear to be the most feasible approach.

c. State Finance Commissions may be entrusted with the task of developing suitable normative parameters for different classes of local governments for arriving at optimum tariff structure.

d. Municipal bodies must focus on increasing operational efficiencies – through reduction in pilferage, improving efficiency of staff and use of technology.

e. The municipal bodies should meter all water connection within a time frame. Installing a hierarchy of metering system could help in identifying pilferage. Payment of water charges should be made hassle free through use of Information Technology. As far as possible all water connections should be metered, and if necessary targeted subsidy should be provided to the poorest sections.

f. Infrastructure development plans for water supply should be integrated with the CDPs.

g. Municipal bye-laws should provide incentives for adoption of water harvesting measures and recycling of waste water for non-potable purposes.
In larger cities, non-potable water (recycled treated water) should be used for industries.

48. (Para 5.4.3.3.9) Sewerage Management
   a. Sanitation, as a matter of hygiene and public health, must be given due priority and emphasis in all urban areas. In all towns, advance action for laying down adequate infrastructure should be taken to avoid insufficiency of services.
   b. Each municipal body should prepare a time bound programme for providing sewerage facilities in slum areas. This should be brought into action through appropriate allocation in the annual budget. Local bodies may impose a cess on the property tax or development charges in order to raise resources for expansion and capacity enhancement of the existing sewerage systems. In order to motivate the local governments to generate additional resources for sewerage management, matching grants may be provided by the Union and State Governments.
   c. Community participation and co-production of services should be encouraged by municipal bodies. This should be supplemented by awareness generation.
   d. A separate user charge should be introduced in all municipalities, even as a minimum levy, for sanitation and sewerage, as distinct from water charges. State Finance Commissions may be entrusted with the task of developing suitable normative parameters for different classes of local governments for arriving at optimum user charges.

49. (Para 5.4.3.5.3) Solid Waste Management and Scavenging
   a. In all towns and cities with a population above one lakh, the possibility of taking up public private partnership projects for collection and disposal of garbage may be explored. This should, however, be preceded by development of capacity of the municipal bodies to manage such contracts.
   b. Municipal bye-laws/rules should provide for segregation of waste into definite categories based on its manner of final disposal.
   c. Special solid waste management charges should be levied on units generating high amount of solid waste.
   d. Extensive surveys should be carried out by the State Governments to identify manual scavengers and estimate the number of dry latrines in existence within six months.
   e. Following the survey, adequate funds should be allocated for the purpose of eradication of manual scavenging within one year.
   f. Central Assistance to States Annual Plan should be tied to eradication of manual scavenging. Funds allocated under the JNURM should also be linked to it.

50. (Para 5.4.3.6.4) Power Utilities and Municipal Bodies
   a. Municipal bodies should be encouraged to take responsibility of power distribution in their areas. This, however, should be done after adequate capacity building in these organisations.
   b. Municipal building bye-laws should incorporate power conservation measures.
   c. Municipal bodies should coordinate the layout plans for the distribution networks of power and other utilities.

51. (Para 5.4.4.3) Services for Human Development
   a. There has to be a shift in emphasis in the crucial service delivery sectors of education and health from centralised control to decentralised action, from accountability to the State department to accountability to the local communities and from employment guarantee to service guarantee.
   b. It is necessary that all schools are made functionally self-sufficient, in as much as basic facilities and classroom requirements are provided in all urban schools within the next two years.
   c. The municipalities, especially the larger ones, should seek the help of NGOs, the corporate sector and individual volunteers for assistance in running schools. Indeed, it would be useful to initiate a voluntary service element in our social sector to improve service delivery.
   d. The trend in urban areas to shift towards private healthcare needs to be seen as an opportunity by the City authorities to concentrate on public...
In larger cities, non-potable water (recycled treated water) should be used for industries.

48. (Para 5.4.3.3.9) Sewerage Management

a. Sanitation, as a matter of hygiene and public health, must be given due priority and emphasis in all urban areas. In all towns, advance action for laying down adequate infrastructure should be taken to avoid insufficiency of services.

b. Each municipal body should prepare a time bound programme for providing sewerage facilities in slum areas. This should be brought into action through appropriate allocation in the annual budget. Local bodies may impose a cess on the property tax or development charges in order to raise resources for expansion and capacity enhancement of the existing sewerage systems. In order to motivate the local governments to generate additional resources for sewerage management, matching grants may be provided by the Union and State Governments.

c. Community participation and co-production of services should be encouraged by municipal bodies. This should be supplemented by awareness generation.

d. A separate user charge should be introduced in all municipalities, even as a minimum levy, for sanitation and sewerage, as distinct from water charges. State Finance Commissions may be entrusted with the task of developing suitable normative parameters for different classes of local governments for arriving at optimum user charges.

49. (Para 5.4.3.5.3) Solid Waste Management and Scavenging

a. In all towns and cities with a population above one lakh, the possibility of taking up public private partnership projects for collection and disposal of garbage may be explored. This should, however, be preceded by development of capacity of the municipal bodies to manage such contracts.

b. Municipal bye-laws/rules should provide for segregation of waste into definite categories based on its manner of final disposal.

c. Special solid waste management charges should be levied on units generating high amount of solid waste.

d. Extensive surveys should be carried out by the State Governments to identify manual scavengers and estimate the number of dry latrines in existence within six months.

e. Following the survey, adequate funds should be allocated for the purpose of eradication of manual scavenging within one year.

f. Central Assistance to States Annual Plan should be tied to eradication of manual scavenging. Funds allocated under the JNNURM should also be linked to it.

50. (Para 5.4.3.6.4) Power Utilities and Municipal Bodies

a. Municipal bodies should be encouraged to take responsibility of power distribution in their areas. This, however, should be done after adequate capacity building in these organisations.

b. Municipal building bye-laws should incorporate power conservation measures.

c. Municipal bodies should coordinate the layout plans for the distribution networks of power and other utilities.

51. (Para 5.4.4.3) Services for Human Development

a. There has to be a shift in emphasis in the crucial service delivery sectors of education and health from centralised control to decentralised action, from accountability to the State department to accountability to the local communities and from employment guarantee to service guarantee.

b. It is necessary that all schools are made functionally self-sufficient, in as much as basic facilities and classroom requirements are provided in all urban schools within the next two years.

c. The municipalities, especially the larger ones, should seek the help of NGOs, the corporate sector and individual volunteers for assistance in running schools. Indeed, it would be useful to initiate a voluntary service element in our social sector to improve service delivery.

d. The trend in urban areas to shift towards private healthcare needs to be seen as an opportunity by the City authorities to concentrate on public
52. (Para 5.4.5.15) Urban Transport Management

a. Urban Transport Authorities, to be called Unified Metropolitan Transport Authorities in the Metropolitan Corporations, should be set up in cities with population over one million within one year, for coordinated planning and implementation of urban transport solutions with overriding priority to public transport.

b. UMTAs/UTAs should be given statutory powers to regulate all modes of public transport, decide on complementary routes for each operator, and fix fares as well as service standards, etc. In addition, UMTAs/UTAs should be given financial powers and resources to give or recommend financial support, where necessary, to operators on unviable routes.

c. Integration of land use with transport planning should be made mandatory for all ULBs as well as planning bodies such as the DPCs and MPCs.

d. Demand for transportation in cities should be managed by adopting demand control measures like:

   i. Imposition of congestion levies;
   ii. Pedestrianisation of certain zones; and
   iii. Reserving access to certain areas only through public transport.

e. Revitalisation of public transport services in cities should be taken up as priority projects under JNNURM and by tapping other sources of revenue as has been done in Indore and other cities. The aim should be to promote well structured public-private initiatives for modernising and redefining public transport. At the same time the efficiency of the existing State owned transport systems needs to be improved.

f. Public transport systems should generally be multi-modal. The modes should be based on economic viability. High capacity public transport systems like metro rail or high capacity bus systems should form the backbone in mega cities supplemented by other modes like a bus system.

g. While building transport infrastructure in cities, it must be ensured that the needs of the pedestrians, the elderly, the physically challenged and other users of non motorised means of transport are adequately met.

53. (Para 5.4.6.14) JNNURM - A Reform Process

a. On the basis of projections, the total investment needed for urban renewal appears to be far in excess of the funds available. Government must find ways and means to fund this flagship programme – JNNURM – adequately.

b. The conditionalities linking reforms with fund flows should be enforced as per the schedules agreed between the ULBs and the Government of India without exceptions or relaxations.

c. There should be sectoral allocations for sanitation and solid waste management.
health as distinct from clinical services, and on preventive and not only curative aspects of health care.

e. Institution specific standards should be prescribed for schools and hospitals and third party assessments carried out to monitor performance in service delivery. Performance based incentives should be prescribed at all levels by breaking salary ceilings to guarantee service outcomes and linking permanence in service to performance.

f. Recruitment for hospitals and schools should be made to an institution/Society, moving away from non accountable State level recruitment.

g. Local bodies should ensure convergence among health systems, sanitation facilities and drinking water facilities. Primary level public health institutions in urban areas should be managed by the urban local bodies.

h. For all services provided by local governments there is need to develop a set of performance indicators. The concerned Ministry should lay down broad guidelines for this purpose. Thereafter, the State Governments could lay down norms for this purpose.

i. The concerned Ministry should maintain a State-wise database about the performance of various service delivery systems. Similarly, the State should have a database for such services covering all municipal bodies.

52. (Para 5.4.5.15) Urban Transport Management

a. Urban Transport Authorities, to be called Unified Metropolitan Transport Authorities in the Metropolitan Corporations, should be set up in cities with population over one million within one year, for coordinated planning and implementation of urban transport solutions with overriding priority to public transport.

b. UMTAs/UTAs should be given statutory powers to regulate all modes of public transport, decide on complementary routes for each operator, and fix fares as well as service standards, etc. In addition, UMTAs/UTAs should be given financial powers and resources to give or recommend financial support, where necessary, to operators on unviable routes.

c. Integration of land use with transport planning should be made mandatory for all ULBs as well as planning bodies such as the DPCs and MPCs.

d. Demand for transportation in cities should be managed by adopting demand control measures like:

i. Imposition of congestion levies;

ii. Pedestrianisation of certain zones; and

iii. Reserving access to certain areas only through public transport.

e. Revitalisation of public transport services in cities should be taken up as priority projects under JNNURM and by tapping other sources of revenue as has been done in Indore and other cities. The aim should be to promote well structured public-private initiatives for modernising and redefining public transport. At the same time the efficiency of the existing State owned transport systems needs to be improved.

f. Public transport systems should generally be multi-modal. The modes should be based on economic viability. High capacity public transport systems like metro rail or high capacity bus systems should form the backbone in mega cities supplemented by other modes like a bus system.

g. While building transport infrastructure in cities, it must be ensured that the needs of the pedestrians, the elderly, the physically challenged and other users of non motorised means of transport are adequately met.

53. (Para 5.4.6.14) JNNURM - A Reform Process

a. On the basis of projections, the total investment needed for urban renewal appears to be far in excess of the funds available. Government must find ways and means to fund this flagship programme – JNNURM – adequately.

b. The conditionalities linking reforms with fund flows should be enforced as per the schedules agreed between the ULBs and the Government of India without exceptions or relaxations.

c. There should be sectoral allocations for sanitation and solid waste management.
d. Capacity building measures should not be confined to only the selected towns and should be available for all cities/towns.

54. (Para 5.4.7.2) A Critical and Urgent Area of Reform - Real Estate
   a. There is urgent need to bring in legislation to regulate the Real Estate sector on the lines mentioned in paragraph 5.4.7.1.

55. (Para 5.5.2.9) Re-Forming Mega Cities
   a. Public-Private Partnership projects for redevelopment of inner city areas need to be encouraged through a transparent and well structured regulatory regime of incentives and penalties.

56. (Para 5.5.3.4) Developing 25-30 World Class Mega Cities in India
   a. Government should prepare an action plan to redevelop about 25-30 cities (having a population of more than a million) to achieve international level amenities and services as modern megacities of the future.
   b. Reform linked initiatives like JNNURM are an opportunity to complement physical development with enforcement of civic laws and general law enforcement in order to usher in genuine civic regeneration in our cities. In addition to infrastructure development in our cities, such large capital investment programs for city development should be invariably linked with a zero tolerance strategy towards civic violations.
   c. As mentioned in the Commission's report on 'Public Order', a “zero tolerance strategy” can be institutionalised in the enforcement departments of local bodies by using modern technology to monitor the levels and trends in various types of civic offences. These can then be linked to a system of incentives and penalties to hold accountable the officials working in these departments. On the spot fines and other summary penalties should be used to inculcate civic discipline and deter and prevent minor civic violations that are at present largely ignored.

57. (Para 5.5.4.7) Authorities for Metropolitan Corporations
   a. As recommended in the Commission's report on 'Public Order', a Metropolitan Police Authority should be set up in all cities with a population above one million to oversee community policing, improve police-citizen interface, suggest ways to improve quality of policing, approve annual police plans and review the working of such plans.
   b. As recommended in para 5.4.5.15 of this Report, a Unified Metropolitan Transport Authority should be set up in all mega cities for coordinated planning and implementation of urban transport solutions with overriding priority to public transport.
   c. For all Metropolitan Corporations, which may be defined as cities with a population exceeding 5 million, MPCs may be constituted with the Chief Minister as the Chairperson in order to give the required impetus to the process of planning for such urban agglomerations.
   d. In all cities with a population exceeding five million, a Metropolitan Environment Authority needs to be set up with powers delegated by the State Government from the State Pollution Control Board and related authorities. It should be vested with adequate powers for urban environmental management within the city limits.

58. (Para 5.6.2.3) Beneficiary Identification
   a. An exhaustive survey to identify the urban poor should be carried out within one year. The parameters to be used for such identification should be simple and easily comprehensible, allowing objective measurement without the use of discretion. The basic parameters should be spelt out at the national level. The identification should be based on a door-to-door survey with the survey teams including at least one person from the Area Sabha concerned. The urban poor so identified may be issued multi-utility identity cards for availing benefits under all poverty alleviation programmes.

59. (Para 5.6.3.2.5) Measures for Poverty Alleviation - Employment
   a. After identifying the urban poor through surveys, a mission mode approach would need to be adopted for alleviating urban poverty in a time-bound and systematic manner. The urban local bodies may also have their own poverty alleviation schemes with adequate backward and forward linkages converging with the other poverty alleviation schemes.
d. Capacity building measures should not be confined to only the selected towns and should be available for all cities/towns.

54. (Para 5.4.7.2) A Critical and Urgent Area of Reform - Real Estate
a. There is urgent need to bring in legislation to regulate the Real Estate sector on the lines mentioned in paragraph 5.4.7.1.

55. (Para 5.5.2.9) Re-Forming Mega Cities
a. Public-Private Partnership projects for redevelopment of inner city areas need to be encouraged through a transparent and well structured regulatory regime of incentives and penalties.

56. (Para 5.5.3.4) Developing 25-30 World Class Mega Cities in India
a. Government should prepare an action plan to redevelop about 25-30 cities (having a population of more than a million) to achieve international level amenities and services as modern megacities of the future.

b. Reform linked initiatives like JNNURM are an opportunity to complement physical development with enforcement of civic laws and general law enforcement in order to usher in genuine civic regeneration in our cities. In addition to infrastructure development in our cities, such large capital investment programs for city development should be invariably linked with a zero tolerance strategy towards civic violations.

c. As mentioned in the Commission’s report on ‘Public Order’, a “zero tolerance strategy” can be institutionalised in the enforcement departments of local bodies by using modern technology to monitor the levels and trends in various types of civic offences. These can then be linked to a system of incentives and penalties to hold accountable the officials working in these departments. On the spot fines and other summary penalties should be used to inculcate civic discipline and deter and prevent minor civic violations that are at present largely ignored.

57. (Para 5.5.4.7) Authorities for Metropolitan Corporations
a. As recommended in the Commission’s report on ‘Public Order’, a Metropolitan Police Authority should be set up in all cities with a population above one million to oversee community policing, improve police-citizen interface, suggest ways to improve quality of policing, approve annual police plans and review the working of such plans.

b. As recommended in para 5.4.5.15 of this Report, a Unified Metropolitan Transport Authority should be set up in all mega cities for coordinated planning and implementation of urban transport solutions with overriding priority to public transport.

c. For all Metropolitan Corporations, which may be defined as cities with a population exceeding 5 million, MPCs may be constituted with the Chief Minister as the Chairperson in order to give the required impetus to the process of planning for such urban agglomerations.

d. In all cities with a population exceeding five million, a Metropolitan Environment Authority needs to be set up with powers delegated by the State Government from the State Pollution Control Board and related authorities. It should be vested with adequate powers for urban environmental management within the city limits.

58. (Para 5.6.2.3) Beneficiary Identification
a. An exhaustive survey to identify the urban poor should be carried out within one year. The parameters to be used for such identification should be simple and easily comprehensible, allowing objective measurement without the use of discretion. The basic parameters should be spelt out at the national level. The identification should be based on a door-to-door survey with the survey teams including at least one person from the Area Sabha concerned. The urban poor so identified may be issued multi-utility identity cards for availing benefits under all poverty alleviation programmes.

59. (Para 5.6.3.2.5) Measures for Poverty Alleviation - Employment
a. After identifying the urban poor through surveys, a mission mode approach would need to be adopted for alleviating urban poverty in a time-bound and systematic manner. The urban local bodies may also have their own poverty alleviation schemes with adequate backward and forward linkages converging with the other poverty alleviation schemes.
d. A detailed programme for the provision of night shelters needs to be drawn up in all cities, beginning with large cities having Metropolitan and Municipal Corporations, for implementation.

63. (Para 5.7.2.12) The Town and Country Planning Act(s)

a. The City Development Plan (CDP) and zoning regulations once approved should remain in force for ten years. No authority should normally have any power to change the CDP.

b. Infrastructure plans should be made an integral part of the City Development Plan (CDP) in order to ensure that urban planning in cities become a truly holistic exercise.

c. To maximise the benefits of micro-finance, formation of Self-Help Groups (SHGs) needs to be encouraged. Institutions and NGOs with good track record should be encouraged to promote SHGs for availing micro-finance.

d. Prevention of Disaster Management must find a prominent place in spatial planning. Specific guidelines need to be framed by the Ministry of Urban Development. These should be addressed by including them in the zoning regulations and building bye-laws.

e. The standards prescribed by BIS for disaster resistant buildings should be available in the public domain, free of cost. They should also be posted on websites of the concerned government agencies to promote compliance.

60. (Para 5.6.3.3.4) Measures for Poverty Alleviation - Literacy

a. The education plan should form an integral part of the development plan for the city.

61. (Para 5.6.3.4.2) Measures for Poverty Alleviation - Health and Nutrition

a. Urban Local Bodies should adopt the concept of Primary Health Care, for providing health and medical facilities to the urban poor, particularly to women and children with the help of auxiliary health staff. These should specifically cater to the population living in slum areas.

d. Prevention of Disaster Management must find a prominent place in spatial planning. Specific guidelines need to be framed by the Ministry of Urban Development. These should be addressed by including them in the zoning regulations and building bye-laws.

e. The standards prescribed by BIS for disaster resistant buildings should be available in the public domain, free of cost. They should also be posted on websites of the concerned government agencies to promote compliance.

62. (Para 5.6.3.6.3) Slums in Urban Areas and Land Use Reservation for the Poor

a. There has to be total redevelopment of slum areas. While redeveloping, it should be ensured that adequate provision has been made for schools, health centres, sanitation etc.

b. For slum redevelopment the approach suggested in para 5.6.3.5.11 may be considered while formulating policy or specific schemes.

c. It is necessary to earmark and reserve a certain percentage of land projects in each town and city for the urban poor. If a construction cannot allocate housing for the poor, the developer must, at his own cost, provide suitable housing in any other appropriate place acceptable to the authorities.

b. The thrust of the urban poverty alleviation schemes should be on upgradation of skills and training. Training institutes may be set up on the lines of RUDSETIs for imparting training to the urban poor for self employment. These institutes could also help in developing wage employment related skills.

c. In case of setting up of micro-enterprises, the urban poverty alleviation schemes should be flexible in selecting projects and providing financial assistance.

d. To maximise the benefits of micro-finance, formation of Self-Help Groups (SHGs) needs to be encouraged. Institutions and NGOs with good track record should be encouraged to promote SHGs for availing micro-finance.

60. (Para 5.6.3.3.4) Measures for Poverty Alleviation - Literacy

a. The education plan should form an integral part of the development plan for the city.

61. (Para 5.6.3.4.2) Measures for Poverty Alleviation - Health and Nutrition

a. Urban Local Bodies should adopt the concept of Primary Health Care, for providing health and medical facilities to the urban poor, particularly to women and children with the help of auxiliary health staff. These should specifically cater to the population living in slum areas.

d. Prevention of Disaster Management must find a prominent place in spatial planning. Specific guidelines need to be framed by the Ministry of Urban Development. These should be addressed by including them in the zoning regulations and building bye-laws.

e. The standards prescribed by BIS for disaster resistant buildings should be available in the public domain, free of cost. They should also be posted on websites of the concerned government agencies to promote compliance.

62. (Para 5.6.3.6.3) Slums in Urban Areas and Land Use Reservation for the Poor

a. There has to be total redevelopment of slum areas. While redeveloping, it should be ensured that adequate provision has been made for schools, health centres, sanitation etc.

b. For slum redevelopment the approach suggested in para 5.6.3.5.11 may be considered while formulating policy or specific schemes.

c. It is necessary to earmark and reserve a certain percentage of land projects in each town and city for the urban poor. If a construction cannot allocate housing for the poor, the developer must, at his own cost, provide suitable housing in any other appropriate place acceptable to the authorities.

b. The thrust of the urban poverty alleviation schemes should be on upgradation of skills and training. Training institutes may be set up on the lines of RUDSETIs for imparting training to the urban poor for self employment. These institutes could also help in developing wage employment related skills.

c. In case of setting up of micro-enterprises, the urban poverty alleviation schemes should be flexible in selecting projects and providing financial assistance.

d. To maximise the benefits of micro-finance, formation of Self-Help Groups (SHGs) needs to be encouraged. Institutions and NGOs with good track record should be encouraged to promote SHGs for availing micro-finance.
b. The thrust of the urban poverty alleviation schemes should be on upgradation of skills and training. Training institutes may be set up on the lines of RUDSETIs for imparting training to the urban poor for self employment. These institutes could also help in developing wage employment related skills.

c. In case of setting up of micro-enterprises, the urban poverty alleviation schemes should be flexible in selecting projects and providing financial assistance.

d. To maximise the benefits of micro-finance, formation of Self Help Groups (SHGs) needs to be encouraged. Institutions and NGOs with good track record should be encouraged to promote SHGs for availing micro-finance.

60. (Para 5.6.3.3.4) Measures for Poverty Alleviation - Literacy

a. The education plan should form an integral part of the development plan for the city.

61. (Para 5.6.3.4.2) Measures for Poverty Alleviation - Health and Nutrition

a. Urban Local Bodies should adopt the concept of ‘Primary Health Care’, for providing health and medical facilities to the urban poor, particularly to women and children with the help of auxiliary health staff. These should specifically cater to the population living in slum areas.

62. (Para 5.6.3.6.3) Slums in Urban Areas and Land Use Reservation for the Poor

a. There has to be total redevelopment of slum areas. While redeveloping, it should be ensured that adequate provision has been made for schools, health centres, sanitation etc.

b. For slum redevelopment the approach suggested in para 5.6.3.5.11 may be considered while formulating policy or specific schemes.

c. It is necessary to earmark and reserve a certain percentage of land projects in each town and city for the urban poor. If a construction cannot allocate housing for the poor, the developer must, at his own cost, provide suitable housing in any other appropriate place acceptable to the authorities.

d. A detailed programme for the provision of night shelters needs to be drawn up in all cities, beginning with large cities having Metropolitan and Municipal Corporations, for implementation.

63. (Para 5.7.2.12) The Town and Country Planning Act(s)

a. The City Development Plan (CDP) and zoning regulations once approved should remain in force for ten years. No authority should normally have any power to change the CDP.

b. Infrastructure plans should be made an integral part of the City Development Plan (CDP) in order to ensure that urban planning in cities become a truly holistic exercise.

c. The existing system of enforcement of building regulations needs to be revised. It should be professionalised by licensing architects and structural engineers for assessment of structures and for certification of safe buildings. The units of local bodies dealing with enforcement of building bye-laws and zoning regulations also need to be strengthened.

d. Prevention of Disaster Management must find a prominent place in spatial planning. Specific guidelines need to be framed by the Ministry of Urban Development. These should be addressed by including them in the zoning regulations and building bye-laws.

e. The standards prescribed by BIS for disaster resistant buildings should be available in the public domain, free of cost. They should also be posted on websites of the concerned government agencies to promote compliance.

64. (Para 5.7.5.3) Development Areas

a. In respect of all townships and satellite towns developed under the development authorities, it should be ensured that as soon as the development process is completed, jurisdiction over the township should be transferred to the local bodies.

65. (Para 5.7.6.5) Private Townships

a. Private townships and gated communities must be placed under the jurisdiction of the concerned local body and subject to its laws, rules and
by-laws. However, they can have autonomy for provision of infrastructure and services within their precincts and/or for collection of taxes and charges (para 5.7.7.2)

b. The establishment of private, gated colonies must be allowed only within the broad parameters of the larger regional urban planning process where the development plans must clearly indicate spaces for private expansion make mandatory provision for low cost housing and should be integrated with the availability of infrastructure services.

66. (Para 5.7.7.4) Special Economic Zones (SEZs)

a. As in the case of private townships, concerned local bodies should have full jurisdiction with regard to enforcement of local civic laws in the SEZs.

b. SEZs may be given autonomy for provision of infrastructure and amenities in the SEZ area. A formula for sharing the resources raised in the SEZ area needs to be developed.

67. (Para 5.8.4) Urban Local Bodies and the State Government

a. Municipal governments should have full autonomy over the functions/activities devolved to them.

b. If the State Government feels that there are circumstances that make it necessary to suspend or rescind any resolution passed by the Urban Local Bodies or to dissolve or supersede them, it should not do so unless the matter has been referred to the concerned local body Ombudsman and the Ombudsman recommends such action.

c. If, on any occasion, the State Government is in possession of records or has adequate reasons to initiate action against the Urban Local Bodies or its elected representatives, it should place the records before the local body Ombudsman concerned for investigation.

I am delighted to be here today to participate in the National Colloquium organised by the Administrative Reforms Commission in association with the Institute of Social Sciences, New Delhi to discuss local governments and approaches towards reforms of Panchayati Raj System in the country.

It is widely held today that the colonial legacy of district administration, while it may have its strong points when it comes to regulatory functions such as maintenance of law and order, has been unable to restructure itself into a responsive and transparent agency to implement development programmes in post-independence India. There is a view therefore, that what is required is a wholesale replacement of the existing framework by a third tier of government in order to usher in “grass roots democracy” so that development and civic functions at the local level can be discharged by this “third tier of government”. This school of thought also seeks a separate ‘local list’ in the Constitution for the third tier of government in order to provide for ‘exclusive functional domains’ backed up by adequate financial resources for the Panchayats. It is stated further that these Institutions should not only be autonomous in their respective domains but that their relationship with the first and second tiers of government at the central and state level should be in the form of cooperative federalism with each tier respecting the autonomy of the others. This may be described as the maximalist approach towards the whole issue of devolution of functions and resources to the local bodies.

The other ‘minimalist’ approach takes the contrary position i.e. that in a vast country with huge regional disparities in development, endowments and cultures, the notion of Panchayati Raj Institution being able to successfully discharge a wide variety of regulatory and developmental roles, is a romantic rather than practical idea. In order to ensure greatest good of the greatest number; factors such as economies of scale, as well as technical and institutional capacities that cannot be diffused at lower tiers of government have to be taken into account and therefore, only certain minimal civic functions such as primary education, primary health care, sanitation, implementation of poverty alleviation programme etc. can be successfully devolved to Panchayat Raj Institutions.

The whole issue of democracy and development has been the subject of much academic debate given the varying experiences of different countries in Asia and Africa in the post-colonial era. The experience of “guided democracy” as in Singapore and the transformation it has brought to the development status of the city state, and which has been replicated in a large measures in China through a one-party State, appear to indicate that development goals can sometime be addressed faster in an institutional set up wherein decision making is not subject to the daily pulls and pressures of a rancous democracy. Others have argued however, that apart from the issue of respect for human rights, a democratic path to development has inherent advantages and point to India’s success in
by-laws. However, they can have autonomy for provision of infrastructure and services within their precincts and/or for collection of taxes and charges (para 5.7.7.2)

b. The establishment of private, gated colonies must be allowed only within the broad parameters of the larger regional urban planning process where the development plans must clearly indicate spaces for private expansion make mandatory provision for low cost housing and should be integrated with the availability of infrastructure services.

66. (Para 5.7.7.4) Special Economic Zones (SEZs)

a. As in the case of private townships, concerned local bodies should have full jurisdiction with regard to enforcement of local civic laws in the SEZs.

b. SEZs may be given autonomy for provision of infrastructure and amenities in the SEZ area. A formula for sharing the resources raised in the SEZ area needs to be developed.

67. (Para 5.8.4) Urban Local Bodies and the State Government

a. Municipal governments should have full autonomy over the functions/activities devolved to them.

b. If the State Government feels that there are circumstances that make it necessary to suspend or rescind any resolution passed by the Urban Local Bodies or to dissolve or supersede them, it should not do so unless the matter has been referred to the concerned local body Ombudsman and the Ombudsman recommends such action.

c. If, on any occasion, the State Government is in possession of records or has adequate reasons to initiate action against the Urban Local Bodies or its elected representatives, it should place the records before the local body Ombudsman concerned for investigation.

I am delighted to be here today to participate in the National Colloquium organised by the Administrative Reforms Commission in association with the Institute of Social Sciences, New Delhi to discuss local governments and approaches towards reforms of Panchayati Raj System in the country.

It is widely held today that the colonial legacy of district administration, while it may have its strong points when it comes to regulatory functions such as maintenance of law and order, has been unable to restructure itself into a responsive and transparent agency to implement development programmes in post-independence India. There is a view therefore, that what is required is a wholesale replacement of the existing framework by a third tier of government in order to usher in “grass roots democracy” so that development and civic functions at the local level can be discharged by this “third tier of government”. This school of thought also seeks a separate ‘local list’ in the Constitution for the third tier of government in order to provide for ‘exclusive functional domains’ backed up by adequate financial resources for the Panchayats. It is stated further that these Institutions should not only be autonomous in their respective domains but that their relationship with the first and second tiers of government at the central and state level should be in the form of cooperative federalism with each tier respecting the autonomy of the others. This may be described as the maximalist approach towards the whole issue of devolution of functions and resources to the local bodies.

The other ‘minimalist’ approach takes the contrary position i.e. that in a vast country with huge regional disparities in development, endowments and cultures, the notion of Panchayati Raj Institution being able to successfully discharge a wide variety of regulatory and developmental roles, is a romantic rather than practical idea. In order to ensure greatest good of the greatest number; factors such as economies of scale, as well as technical and institutional capacities that cannot be diffused at lower tiers of government have to be taken into account and therefore, only certain minimal civic functions such as primary education, primary health care, sanitation, implementation of poverty alleviation programme etc. can be successfully devolved to Panchayati Raj Institutions.

The whole issue of democracy and development has been the subject of much academic debate given the varying experiences of different countries in Asia and Africa in the post-colonial era. The experience of “guided democracy” as in Singapore and the transformation it has brought to the development status of the city-state, and which has been replicated in a large measures in China through a one-party State, appear to indicate that development goals can sometime be addressed faster in an institutional set up wherein decision making is not subject to the daily pulls and pressures of a raucous democracy. Others have argued however, that apart from the issue of respect for human rights, a democratic path to development has inherent advantages and point to India’s success in
that the Legislature of a State shall not make any law which is inconsistent with the customary law, extending the provisions of Part IX to areas under the Fifth Schedule. However, it has been mandated enacted ‘The Provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996’ (PESA), IX to these Scheduled Areas and the Tribal Area {Article 243ZC(3)}. Accordingly, Parliament has Meghalaya, Tripura and Mizoram. However, Parliament may, by law, extend the provisions of Part IX of the Constitution is not applicable to areas included in the Fifth Schedules. The Fifth Schedule stipulates provisions for the administration of tribal areas in the States of Assam, and Sixth Schedules. The Fifth Schedule provides for the administration and control of Scheduled Areas and Scheduled Tribes excluding those of the States of Assam, Meghalaya, Tripura and Mizoram. The Sixth Schedule stipulates provisions for the administration of tribal areas in the States of Assam, Meghalaya, Tripura and Mizoram. However, Parliament may, by law, extend the provisions of Part IX to these Scheduled Areas and the Tribal Area [Article 243ZC(3)]. Accordingly, Parliament has enacted “The Provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996’ (PESA), extending the provisions of Part IX to areas under the Fifth Schedule. However, it has been mandated that the Legislature of a State shall not make any law which is inconsistent with the customary law, preventing large scale deaths due to famine in the post-independence era as compared to China, where deaths on massive scale due to famines were being reported even in the seventies. The existing district administration does not take into account the fundamental change in the character of the State. The dichotomy between the democratic system at the centre and the State Head Quarters and the opaque, non-accountable and non-responsive District Administration still continues to be an unsolved conundrum in the Indian polity and governance system. It is said that there is ‘democracy at the central and state levels’, at all lower levels there was only bureaucracy. In most parts of the world the role of the local government remains confined to the delivery of civic services. The post amendment panchayats are functioning, like before, within the framework of what may be called ‘permissive functional domain’. In any case, India has chosen the path of democracy to achieve its developmental goals and has stuck steadfastly to it. India has never seen democracy and development as mutual exclusive choices. As far as the issue of devolution of functions to local level Panchayati Raj Institutions is concerned, here too, we must follow a "middle path" on the basis of recognised principles of subsidiarity. This has to be done in a pragmatic manner, based on the list of matters mentioned under the Constitution (in the Eleventh Schedule) and by mapping the activities in relation to each of these matters which could best be transferred to the local bodies among the different tiers of the Panchayati Raj Institutions. Such activity mapping would have to be based on objective criteria such as economies of scale, capacity available for performing an activity, externalities relating to that activity etc. Once these activities are mapped, these should be transferred to the concerned local bodies along with staff responsible for these activities and with the concomitant resources to enable them to implement such activities. The core function of the local level Panchayati Institutions comprising civic functions, elementary education, primary health, local roads and rural infrastructure and implementation of poverty alleviation schemes should constitute the autonomous functional domain of the Panchayati Raj Institutions for which they should be armed with the requisite technical, financial and human resources to carry out these tasks in an effective and accountable manner. Whether this set of functions should ultimately constitute a separate “local list” to be inserted into the Constitution, is for this colloquium to consider although extensive re-writing of the Constitution is a subject on which one tends to have reservations.

As per Article 243ZC, Part IX of the Constitution is not applicable to areas included in the Fifth and Sixth Schedules. The Fifth Schedule provides for the administration and control of Scheduled Areas and Scheduled Tribes excluding those of the States of Assam, Meghalaya, Tripura and Mizoram. The Sixth Schedule stipulates provisions for the administration of tribal areas in the States of Assam, Meghalaya, Tripura and Mizoram. However, Parliament may, by law, extend the provisions of Part IX to these Scheduled Areas and the Tribal Area [Article 243ZC(3)]. Accordingly, Parliament has enacted ‘The Provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996’ (PESA), extending the provisions of Part IX to areas under the Fifth Schedule. However, it has been mandated that the Legislature of a State shall not make any law which is inconsistent with the customary law, social religious and traditional practices of the community. But no law has been passed for extending provisions of Part IX to the areas included in the Sixth Schedule. Out of the 200 districts, 63 districts have areas in the Fifth Schedule and 6 districts have areas in the Sixth Schedule. The development of model guidelines for conferring original jurisdiction on Gram Sabhas as envisaged in the PESA was examined by the “Expert Group on Planning at the Grassroots Level”. In the report it has been highlighted that powers statutorily devolved upon Gram Sabhas and Panchayats are not matched by the concomitant transfer of funds and functionaries resulting in the making the Panchayats ineffective. To tackle the problems of this unique area and to preserve the democratic traditions and cultural diversity of its people, the framers of the Constitution conceived of the instrument of tribal self-rule. This stands embodied in the Sixth Schedule to the Constitution. Careful steps should be taken to devolve political powers through the intermediate and local-level traditional political organisations, provided their traditional practices carried out in a modern world do not deny legitimate democratic rights to any section in their contemporary society. The details of state-wise steps to devolve such powers will have to be carefully considered in a proper representative meeting of traditional leaders of each community, opinion builders of the respective communities and leaders of State and national stature from these very groups. A hasty decision could have serious repercussions, unforeseen and unfortunate, which could further complicate and worsen the situation. To begin with, the subjects given under the Sixth Schedule and those mentioned in the Eleventh Schedule could be entrusted to the Autonomous District Councils (ADCs). The system of in-built safeguards in the Sixth Schedule, should be maintained and strengthened for the minority and micro-minority groups while empowering them with greater responsibilities and opportunities, for example, through the process of Central funding for Plan expenditure instead of routing all funds through the State Governments. The North Eastern Council can play a central role here by developing a process of public education on the proposed changes, which would assure communities about protection of their traditions and also bring in gender representation and give voice to other ethnic groups. Traditional forms of governance must be associated with self-governance because of the present dissatisfaction. However, positive democratic elements like gender justice and adult franchise should be built into these institutions to make them broader based and capable of dealing with a changing world.

The implementation of centrally funded projects from various departments of the Union Government should be entrusted to the ADCs and to revive village councils with strict audit by the Comptroller and Auditor-General of India. All the states have chosen to assign functions to the PRI not through the statute, but by delegated legislation in the form of rules or executive orders. The task of assigning functions to the panchayats was given to the state legislatures, but the same seems to have been usurped by the state governments. The Constitution did not guarantee assignment of a set of exclusive functions for the panchayats. (The Eleventh Schedule is only an indicative list). Hence, the kind of role they would be expected to play in the system of governance depends on the policies of the regime that controls the government
Local Governance

Annexure-I(1) Contd.

preventing large scale deaths due to famine in the post-independence era as compared to China, where deaths on massive scale due to famines were being reported even in the seventies. The existing district administration does not take into account the fundamental change in the character of the State. The dichotomy between the democratic system at the centre and the State Head Quarters and the opaque, non-accountable and non-responsive District Administration still continues to be an unsolved conundrum in the Indian polity and governance system. It is said that there is 'democracy at the central and state levels', at all lower levels there was only bureaucracy.

In most parts of the world the role of the local government remains confined to the delivery of civic services. The post amendment panchayats are functioning, like before, within the framework of what may be called ‘permissive functional domain’. In any case, India has chosen the path of democracy to achieve its developmental goals and has stuck steadfastly to it. India has never seen democracy and development as mutually exclusive choices. As far as the issue of devolution of functions to local level Panchayat Raj Institutions is concerned, here too, we must follow a “middle path” on the basis of recognized principles of subsidiarity. This has to be done in a pragmatic manner, based on the list of matters mentioned under the Constitution (in the Eleventh Schedule) and by mapping the activities in relation to each of these matters which could best be transferred to the local bodies among the different tiers of the Panchayati Raj Institutions. Such activity mapping would have to be based on objective criteria such as economies of scale, capacity available for performing an activity, externalities relating to that activity etc. Once these activities are mapped, these should be transferred to the concerned local bodies along with staff responsible for these activities and with the concomitant resources to enable them to implement such activities.

The core function of the local level Panchayati Institutions comprising civic functions, elementary education, primary health, local roads and rural infrastructure and implementation of poverty alleviation schemes should constitute the autonomous functional domain of the Panchayati Raj Institutions for which they should be armed with the requisite technical, financial and human resources to carry out these tasks in an effective and accountable manner. Whether this set of functions should ultimately constitute a separate “local list” to be inserted into the Constitution, is for this colloquium to consider although extensive re-writing of the Constitution is a subject on which one tends to have reservations.

As per Article 243ZC, Part IX of the Constitution is not applicable to areas included in the Fifth and Sixth Schedules. The Fifth Schedule provides for the administration and control of Scheduled Areas and Scheduled Tribes excluding those of the States of Assam, Meghalaya, Tripura and Mizoram. The Sixth Schedule stipulates provisions for the administration of tribal areas in the States of Assam, Meghalaya, Tripura and Mizoram. However, Parliament may, by law, extend the provisions of Part IX to these Scheduled Areas and the Tribal Area [Article 243ZC(3)]. Accordingly, Parliament has enacted “The Provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996” (PESA), extending the provisions of Part IX to areas under the Fifth Schedule. However, it has been mandated that the Legislature of a State shall not make any law which is inconsistent with the customary law, social religious and traditional practices of the community. But no law has been passed for extending provisions of Part IX to the areas included in the Sixth Schedule. Out of the 200 districts, 63 districts have areas in the Fifth Schedule and 6 districts have areas in the Sixth Schedule. The development of model guidelines for conferring original jurisdiction on Gram Sabhas as envisaged in the PESA was examined by the “Expert Group on Planning at the Grassroots Level”. In the report it has been highlighted that powers statutorily devolved upon Gram Sabhas and Panchayats are not matched by the concomitant transfer of funds and functionaries resulting in the making the Panchayats ineffective. To tackle the problems of this unique area and to preserve the democratic traditions and cultural diversity of its people, the framers of the Constitution conceived of the instrument of tribal self-rule. This stands embodied in the Sixth Schedule to the Constitution.

Careful steps should be taken to devolve political powers through the intermediate and local-level traditional political organisations, provided their traditional practices carried out in a modern world do not deny legitimate democratic rights to any section in their contemporary society. The details of state-wise steps to devolve such powers will have to be carefully considered in a proper representative meeting of traditional leaders of each community, opinion leaders of the respective communities and leaders of State and national stature from these very groups. A hasty decision could have serious repercussions, unforeseen and unfortunate, which could further complicate and worsen the situation. To begin with, the subjects given under the Sixth Schedule and those mentioned in the Eleventh Schedule could be entrusted to the Autonomous District Councils (ADCs). The system of in-built safeguards in the Sixth Schedule, should be maintained and strengthened for the minority and micro-minority groups while empowering them with greater responsibilities and opportunities, for example, through the process of Central funding for Plan expenditure instead of routing all funds through the State Governments. The North Eastern Council can play a central role here by developing a process of public education on the proposed changes, which would assure communities about protection of their traditions and also bring in gender representation and give voice to other ethnic groups.

Traditional forms of governance must be associated with self-governance because of the present dissatisfaction. However, positive democratic elements like gender justice and adult franchise should be built into these institutions to make them broader based and capable of dealing with a changing world.

The implementation of centrally funded projects from various departments of the Union Government should be entrusted to the ADCs and to revive village councils with strict audit by the Comptroller and Auditor-General of India. All the states have chosen to assign functions to the PRI not through the statute, but by delegated legislation in the form of rules or executive orders. The task of assigning functions to the panchayats was given to the state legislatures, but the same seems to have been usurped by the state governments. The Constitution did not guarantee assignment of a set of exclusive functions for the panchayats. (The Eleventh Schedule is only an indicative list). Hence, the kind of role they would be expected to play in the system of governance depends on the policies of the regime that controls the government
of a State. In other words, like before the issue of empowerment of panchayats still remains at the mercy of the State Governments. There should be an exclusive functional jurisdiction or an independent sphere of action for each level of panchayats. There may be a sphere of activities where the State Government and the Panchayats would work as equal partners. There may also be a sphere where Panchayat Institutions would act as agencies for implementing State or Union Government schemes or programmes. Among these three spheres, the first two should predominate. The agency functions should not be allowed to overshadow the other two spheres of action, for it is in the latter sphere that the local government institutions will have autonomy. Panchayat at each level is an institution of local government. Hence, there cannot be a hierarchical relationship between a higher level panchayat and the lower level panchayat. There cannot be on principle hierarchical relationship between the PRIs and the State Government also.

Whether certain types of regulatory function could also be devolved to the Panchayats should also be considered by this colloquium. Ideally, certain types of regulatory functions such as birth and death registration, building bye-laws community policing and even local level courts could be considered for bringing under the domain of Panchayati Raj Institutions.

The whole approach to devolution has to be built around the twin criteria of speed and simplicity instead of an overly ideological approach. The fact is that over the years, a certain level of institutional and technical capacity, as well as departmental fiefs, have been built up at state levels and for these to be dismantled and decentralised from the State to local levels is not a painless process has also to be recognised. Focused implementation of core functions would ensure building up of the capacity as well as the trust in these institutions to carry out the functions entrusted to them. At the same time, it would be essential to bring in accountability for the functions that are devolved to the local level institutions because it is almost inevitable that decentralisation of functions will in the initial phase be accompanied by “decentralisation of corruption”. For ensuring accountability, ensuring rigorous annual audits, empowering the Gram Panchayats, providing a frame work for social audit and substitution of oversight of Panchayats by government officials or the state governments by means of a statutory Ombudsman with full authority for taking action against defaulters and institutions would need to be considered.

There are five important issues which I will like this National Colloquium to address in some detail.

First, we have to bear in mind that democratic decentralisation can greatly enhance the capacity of the state to accelerate local development and reduce poverty, but only if it is effectively designed. Panchayati Raj Institutions need considerable autonomy, including fiscal autonomy, as well as considerable support and safeguards from the Government. Moreover, Panchayati Raj Institutions need mechanisms to ensure high levels of participation in the design and monitoring of the programmes and policies by all sections of the population to be served. Are the existing PRIs designed to do these?

Second, the Panchayati Raj Institutions need fiscal autonomy to plan their activities. But locally raised revenues are often a small part of the budget of the PRIs, weakening ownership of locally designed policies threatening their sustainability. For example, at present the Panchayati Raj Institution’s own revenues as a share of their revenue expenditure is just 9.26% on average and they are entirely dependant on the State/Central grants for their functioning. In order to strengthen these institutions from the financial point of view, setting up of State Finance Commissions every five years in order to provide a institutional basis for the fiscal relationship between the state and local bodies would have to be ensured. It is also equally important that while the PRIs need an adequate budget base, enforcement of hard budget constraints is also essential in order to make them accountable. The local bodies themselves would need to get away from their dependency prone mindset towards responsible fiscal behaviour by not only making adequate use of the existing process of revenue but also mobilising additional sources of both tax and non-tax revenues including user’s charges.

The third important issue relates to the need for strengthening administrative and managerial capabilities in the PRIs. Studies of successful democratic decentralisation indicate the importance of creating administrative capacity. Almost all PRIs lack the administrative capacity for large-scale decentralisation and need training in accounting, public administration, financial management, public communications, and community relations. Let me also hasten to add that if PRIs have strong administrative capacity and accountability mechanisms, it can reduce the scope for corruption. If they do not, it can increase corruption as has been the experience in Central Asia, the South Caucasus and the Baltics.

The fourth issue is about elite capture of the PRIs. Safeguards need to be put in place to monitor financial profligacy and discourage the capture of PRIs by powerful elites. Given the unequal power structure that is the characteristic feature of most Indian villages, we have to ensure that the process of democratic decentralisation is to not made subserve the vested interests of the rich and powerful in rural India to the detriment of the poor and the marginalised.

Last but not the least, the PRIs should play a very critical role in resolving social fragmentation and conflict at the local level and in the local context. This, to my mind, is the most critical determinant of the success of the PRIs. Unless the PRIs offer forums for mediating inter-group rivalries and forging cross-cutting ties among diverse competing groups, these cleavages can lead to conflicts, tearing a society and economy apart, leaving everyone vulnerable to poverty. Breakdowns in governance and institutions of conflict resolution create conditions for social unrest and further conflict. In order to create a functioning society, we need the PRIs to be institutions of conflict mediation, which, I am afraid, our PRIs have not been. So the important question is: What can be done to make the PRIs the institutions of conflict resolution at the local level and in the local context.

Putting in place a well-delineated activity mapping, allocating specific activities between the state as well as different tiers of the panchayats should be the starting point of the proposed reforms. Funds and functionaries need to be devolved upon each tier with clear responsibility and accountability. Grants to the PRIs must be untied so that the PRIs can decide their own priorities. Decentralised planning starting from the Gram/Ward Sabha has to be strictly enforced and the Planning Commission while giving approval to the state plans must verify whether the State Plans have incorporated the panchayat plans at appropriate places.
of a State. In other words, like before the issue of empowerment of panchayats still remains at the mercy of the State Governments. There should be an exclusive functional jurisdiction or an independent sphere of action for each level of panchayats. There may be a sphere of activities where the State Government and the Panchayats would work as equal partners. There may also be a sphere where Panchayat Institutions would act as agencies for implementing State or Union Government schemes or programmes. Among these three spheres, the first two should predominate. The agency functions should not be allowed to overshadow the other two spheres of action, for it is in the latter sphere that the local government institutions will have autonomy. Panchayat at each level is an institution of local government. Hence, there cannot be a hierarchical relationship between a higher level panchayat and the lower level panchayat. There cannot be on principle hierarchical relationship between the PRIs and the State Government also.

Whether certain types of regulatory function could also be devolved to the Panchayats should also be considered by this colloquium. Ideally, certain types of regulatory functions such as birth and death registration, building bye-laws community policing and even local level courts could be considered for bringing under the domain of Panchayati Raj Institutions.

The whole approach to devolution has to be built around the twin criteria of speed and simplicity instead of an overtly ideological approach. The fact is that over the years, a certain level of institutional and technical capacity, as well as departmental fiefs, have been built up at state levels and for these to be dismantled and decentralised from the State to local levels is not a painless process has also to be recognised. Focused implementation of core functions would ensure building up of the capacity as well as the trust in these institutions to carry out the functions entrusted to them. At the same time, it would be essential to bring in accountability for the functions that are devolved to the local level institutions because it is almost inevitable that decentralisation of functions will in the initial phase be accompanied by “decentralisation of corruption”. For ensuring accountability, ensuring rigorous annual audits, empowering the Gram Panchayats, providing a frame work for social audit and substitution of oversight of Panchayats by government officials or the state governments by means of a statutory Ombudsman with full authority for taking action against defaulters and institutions would need to be considered.

There are five important issues which I will like this National Colloquium to address in some detail.

First, we have to bear in mind that democratic decentralisation can greatly enhance the capacity of the state to accelerate local development and reduce poverty, but only if it is effectively designed. Panchayati Raj Institutions need considerable autonomy, including fiscal autonomy, as well as considerable support and safeguards from the Government. Moreover, Panchayati Raj Institutions need mechanisms to ensure high levels of participation in the design and monitoring of the programmes and policies by all sections of the population to be served. Are the existing PRIs designed to do these?

Second, the Panchayati Raj Institutions need fiscal autonomy to plan their activities. But locally raised revenues are often a small part of the budget of the PRIs, weakening ownership of locally designed policies threatening their sustainability. For example, at present the Panchayati Raj Institution’s own revenues as a share of their revenue expenditure is just 9.26% on average and they are entirely dependant on the State/Central grants for their functioning. In order to strengthen these institutions from the financial point of view, setting up of State Finance Commissions every five years in order to provide a institutional basis for the fiscal relationship between the state and local bodies would have to be ensured. It is also equally important that while the PRIs need an adequate budget base, enforcement of hard budget constraints is also essential in order to make them accountable. The local bodies themselves would need to get away from their dependency prone mindset towards responsible fiscal behaviour by not only making adequate use of the existing process of revenue but also mobilising additional sources of both tax and non-tax revenues including user’s charges.

The third important issue relates to the need for strengthening administrative and managerial capabilities in the PRIs. Studies of successful democratic decentralisation indicate the importance of creating administrative capacity. Almost all PRIs lack the administrative capacity for large-scale decentralisation and need training in accounting, public administration, financial management, public communications, and community relations. Let me also hasten to add that if PRIs have strong administrative capacity and accountability mechanisms, it can reduce the scope for corruption.

If they do not, it can increase corruption as has been the experience in Central Asia, the South Caucasus and the Baltics.

The fourth issue is about elite capture of the PRIs. Safeguards need to be put in place to monitor financial probity and discourage the capture of PRIs by powerful elites. Given the unequal power structure that is the characteristic feature of most Indian villages, we have to ensure that the process of democratic decentralisation is to not made subservie the vested interests of the rich and powerful in rural India to the detriment of the poor and the marginalised.

Last but not the least, the PRIs should play a very critical role in resolving social fragmentation and conflict at the local level and in the local context. This, to my mind, is the most critical determinant of the success of the PRIs. Unless the PRIs offer forums for mediating inter-group rivalries and forging cross-cutting ties among diverse competing groups, these cleavages can lead to conflicts, tearing a society and economy apart, leaving everyone vulnerable to poverty. Breakdowns in governance and institutions of conflict resolution create conditions for social unrest and further conflict. In order to create a functioning society, we need the PRIs to be institutions of conflict mediation, which, I am afraid, our PRIs have not been. So the important question is: What can be done to make the PRIs the institutions of conflict resolution at the local level and in the local context.

Putting in place a well-delineated activity mapping, allocating specific activities between the state as well as different tiers of the panchayats should be the starting point of the proposed reforms. Funds and functionaries need to be devolved upon each tier with clear responsibility and accountability.

Grants to the PRIs must be untied so that the PRIs can decide their own priorities.

Decentralised planning starting from the Gram/Ward Sabha has to be strictly enforced and the Planning Commission while giving approval to the state plans must verify whether the State Plans have incorporated the panchayat plans at appropriate places.
While making financial provisions for implementing schemes in respect of the subjects entrusted to the panchayats, it must be ensured that the allocated funds go directly to the panchayat concerned from the state exchequer without being routed through the concerned State Departments, whose role should be limited to monitoring and evaluation of the implementation.

The Union and State Governments may function as funding agencies for projects to be approved by them, but their roles should be like that of any other funding agency. They may periodically evaluate and monitor the projects to ensure that the objectives set forth in the approved projects are fully achieved.

The central ministries and state departments dealing with the activities that are entrusted to the PRIs should be deliberately downsized over the next five years. In any case, sanctioning additional staff in these ministries should be prohibited forthwith. There shall be no further recruitment of the field staff at the cutting edge level by the state governments. This should be left to the local governments themselves.

Capacity building of panchayat functionaries – the elected representatives and the officials – should be given high priority to enable them to discharge their roles effectively.

The panchayats can also arrange interaction of the service providers with the beneficiaries to create an enabling atmosphere for better performance. A disturbing feature noticed in several states is the fact that the service providers’ responsible for physical delivery of benefits are not fully accountable to the PRIs. The only relationship between these officers and the panchayats is that they are ex-officio members of the concerned sub-committees of the panchayats and are therefore obliged to attend the meetings of the sub-committees.

Several structures and bodies have been in existence for delivering sectoral benefits in rural areas prior to the 73rd Constitution Amendment. In the presumed interest of unity of command, professional integrity, operational efficiency and achievement of sectoral targets, departments, boards, authorities and corporations in each sector grew into large numbers creating their own vertical hierarchy down to the local level. These parastatals continue to exist even after the Constitution Amendment, without being integrated into the new system. A conscious decision has to be taken to annul these parallel structures or to bring them under the respective tier of PRIs, by amending the relevant sectoral legislations.

Neither the National Planning Commission nor the State Planning Boards are Constitutional bodies. In that context, making DPC a constitutional entity is somewhat incongruous. Secondly, in a developmental state, planning is an essential function of government at any level. If a committee is needed for undertaking the exercise of planning, the concerned government itself can constitute the same. Creating a separate authority independent of the structures of governance for undertaking the exercise of development planning has no logic. Thirdly, DPC is the only body in the decentralisation scheme of the constitution where at least one-fifth of the total members can be nominated. A nominated member can also be the chairperson of DPC. Nomination is a convenient tool available to the ruling party of a state to induct members on narrow political considerations. Some states have taken the liberty to nominate a minister as head of the committee, thus converting the DPC as a power centre that is stronger than the elected local bodies. Fourthly, DPC is a stand-alone committee within the panchayat-municipal system and there is no organic linkage between the two. Last but not the least, the very legitimacy of the DPC is doubtful, because it has no accountability. Being constituted partly through indirect election and partly by nomination, it is neither accountable to people directly, nor to the PRI-municipal system. With all these odds against it, DPC in its present form is hardly making any contribution to the project of democratic decentralisation. This needs to be debated.

District Panchayat as District Government

In the strict sense of the term, only the Gram Panchayat and the Municipality qualify for being regarded as local government. It is also significant that taxing power, which is an indicator of governmental authority, is enjoyed by these two bodies among all the local bodies. On the other hand, traditionally districts has been an indispensable unit of our country’s administration. Hence if democratisation of local administration is the goal, then there has to be a representative body at the district level.

The factors that would have to be taken into consideration for determining the minimum size of a GP may be: (a) potentialities of local resource generation, (b) sustainability of maintaining essential staff for service delivery, (c) suitability as a unit of planning for the core functions, (d) geographical cohesiveness, (e) terrain conditions and the communication facility within the GP area. It is necessary that States, which have small-sized GPs (population below, say, 6000 in the non-hilly regions), should undertake detailed exercises to reconstitute them after considering the factors mentioned above. The over sized GPs also have problems, for normally the population of a GP should not exceed 15000, unless habitation patterns demand otherwise. Large GPs pose problems for popular participation. Here instead of Gram Sabha, emphasis should be given on Ward Sabha for encouraging participation. Appropriate solution will have to be evolved.

In the paradigm shift as obtained after the 73rd Amendment to the Constitution of India, it needs to be debated whether there is any scope left for the continuation of the office of District Collector/Deputy Commissioner which will negative the democratic ethos contemplated under the Amendment. It should also be debated whether the role of District Magistrate/Collector could be assigned to the CEOs of ZPs as a delegated power from the State Government in addition to the duties to be discharged as CEO of ZP.

Controlling Power of the State Government

Some of the traditional methods of supervision and control are as follows:

- Powers of sanction of budget
- Powers of suspension and cancellation of resolution and orders
- Powers of suspension and cancellation of resolution and orders
While making financial provisions for implementing schemes in respect of the subjects entrusted to the panchayats, it must be ensured that the allocated funds go directly to the panchayat concerned from the state exchequer without being round-tripped through the concerned State Departments, whose role should be limited to monitoring and evaluation of the implementation.

The Union and State Governments may function as funding agencies for projects to be approved by them, but their roles should be like that of any other funding agency. They may periodically evaluate and monitor the projects to ensure that the objectives set forth in the approved projects are fully achieved.

The central ministries and state departments dealing with the activities that are entrusted to the PRIs should be deliberately downsized over the next five years. In any case, sanctioning additional staff in these ministries should be prohibited forthwith. There shall be no further recruitment of the field staff at the cutting edge level by the state governments. This should be left to the local governments themselves.

Capacity building of panchayat functionaries – the elected representatives and the officials – should be given high priority to enable them to discharge their roles effectively.

The panchayats can also arrange interaction of the service providers with the beneficiaries to create an enabling atmosphere for better performance. A disturbing feature noticed in several states is the fact that the service providers’ responsible for physical delivery of benefits are not fully accountable to the PRIs. The only relationship between these officers and the panchayats is that they are ex-officio members of the concerned sub-committees of the panchayats and are therefore obliged to attend the meetings of the sub-committees.

Several structures and bodies have been in existence for delivering sectoral benefits in rural areas prior to the 73rd Constitution Amendment. In the presumed interest of unity of command, professional integrity, operational efficiency and achievement of sectoral targets, departments, boards, authorities and corporations in each sector grew into large numbers creating their own vertical hierarchy down to the local level. These parastatals continue to exist even after the Constitution Amendment. It should also be debated whether the role of District Magistrate/Collector could be annulled these parallel structures or to bring them under the respective tier of PRIs, by amending the relevant sectoral legislations.

Neither the National Planning Commission nor the State Planning Boards are Constitutional bodies. In that context, making DPC a constitutional entity is somewhat incongruous. Secondly, in a developmental state, planning is an essential function of government at any level. If a committee is needed for undertaking the exercise of planning, the concerned government itself can constitute the same. Creating a separate authority independent of the structures of governance for undertaking the exercise of development planning has no logic. Thirdly, DPC is the only body in the decentralisation scheme of the constitution where at least one-fifth of the total members can be nominated. A nominated member can also be the chairperson of DPC. Nomination is a convenient tool available to the ruling party of a state to induct members on narrow political considerations. Some states have taken the liberty to nominate a minister as head of the committee, thus converting the DPC as a power centre that is stronger than the elected local bodies. Fourthly, DPC is a stand-alone committee within the panchayat-municipal system and there is no organic linkage between the two. Last but not the least, the very legitimacy of the DPC is doubtful, because it has no accountability. Being constituted partly through indirect election and partly by nomination, it is neither accountable to people directly, nor to the PRI-municipal system. With all these odds against it, DPC in its present form is hardly making any contribution to the project of democratic decentralisation. This needs to be debated.

**District Panchayat as District Government**

In the strict sense of the term, only the Gram Panchayat and the Municipality qualify for being regarded as local government. It is also significant that taxing power, which is an indicator of governmental authority, is enjoyed by these two bodies among all the local bodies. On the other hand, traditionally districts has been an indispensable unit of our country’s administration. Hence if democratisation of local administration is the goal, then there has to be a representative body at the district level.

- The district tier of local government may represent both rural and urban population.
- Article 243(d) need to be amended facilitating election of a single representative body at the district level for both rural and urban population.
- Article 243 ZD may be deleted, since with district tier representing both rural and urban areas, DPC in its present form will be redundant.

The factors that would have to be taken into consideration for determining the minimum size of a GP may be: (a) potentialities of local resource generation, (b) sustainability of maintaining essential staff for service delivery, (c) suitability as a unit of planning for the core functions, (d) geographical cohesiveness, (e) terrain conditions and the communication facility within the GP area. It is necessary that States, which have small-sized GPs (population below, say, 6000 in the non-hilly regions), should undertake detailed exercises to reconstitute them after considering the factors mentioned above. The over sized GPs also have problems, for normally the population of a GP should not exceed 15000, unless habitation patterns demand otherwise. Large GPs pose problems for popular participation. Here instead of Gram Sabha, emphasis should be given on Ward Sabha for encouraging participation. Appropriate solution will have to be evolved.

In the paradigm shift as obtained after the 73rd Amendment to the Constitution of India, it needs to be debated whether there is any scope left for the continuation of the office of District Collector/Deputy Commissioner which will negative the democratic ethos contemplated under the Amendment. It should also be debated whether the role of District Magistrate/Collector could be assigned to the CEOs of ZPs as a delegated power from the State Government in addition to the duties to be discharged as CEO of ZP.

**Controlling Power of the State Government**

Some of the traditional methods of supervision and control are as follows:

- Powers of sanction of budget
- Powers of suspension and cancellation of resolution and orders
Local Governance

Annexure-I(1) Contd.

- Powers of suspension and removal of chairpersons, vice chairpersons and members
- Powers of suspension and supersession of PRIs

A highly coercive instrument at the hands of the State Government is the power to suspend and remove the Chairperson or Vice Chairperson and also Members of the Panchayats.

The very idea of removing an elected person by the executive on the basis of its own judgment is a relic of the colonial practice that is still not abandoned.

There should be uniform provisions in the State Panchayat Acts that an elected person can be removed only on two grounds: (a) ‘No confidence’ motion passed by the elected members against the office bearers, and (b) being subject to any of the disqualification clauses.

The strongest coercive power at the hands of the State Government to control the PRIs is the power to supersede the elected local body.

Immediately thereafter it should refer the matter to an independent Tribunal or Ombudsman.

Accountability and Transparency of Panchayats

These are: (a) accountability for what, (b) accountability to whom, and (c) means of ensuring accountability of the institution.

Thus in designing the components of accountability of the PRIs, it is necessary to focus on the following:

- Integrity in the use of resources and preventing rent-seeking tendencies of public officials/representatives.
- Adherence to the rule of law in conducting public affairs
- Exercise of administrative powers of officials and political executives in fair manner
- Responsiveness of the PRIs to the urgent needs of people
- Performance of the PRIs in terms of efficiency and effectiveness

There may be various ways by which the accountability of panchayats can be ensured – both upward and downward.

One of the weak links in the system of rural governance has been in the field of human resource. Maharashtra has the distinction of creating ‘district service’ (technical and general) of Zila Panchayats. This needs to be studied carefully to evolve a system of human resource in rural governance.

The Resource mobilisation is yet another aspect which has not been properly addressed. The fiscal powers of the PRIs may be strengthened by empowering them to (a) levy and collect some taxes, (b) by assigning to them certain taxes levied and collected by the State Government, and (c) by expanding the sources of non-tax revenue. The non-tax revenue may be collected from various sources: (i) tolls and various kinds of fees, (ii) various user charges, and (iii) return from remunerative assets.

In reality, most State Governments have so far failed to adopt rational and consistent policies in this regard. Major reform issues involved in the matter of inter governmental transfer of resources appear to be as follows:

- Most of the panchayats of the country are operating with tied funds – either schematic funds or specific purpose grants. Activities related to the schematic funds are agency functions. Very meagre funds are available with the PRIs to discharge the activities assigned to them. The quantum of untied funding has therefore to be increased in order to enable the PRIs to discharge their core functions and improve the delivery of basic services in terms of both coverage and quality.
- There is no predictability and consistency in allocating funds to the local bodies. The State Governments should frame legislations defining the principles and formulate to allocate specific purpose and untied grants to the different tiers of PRIs.
- The principles of funding should have a direct relationship with the devolution of activities.
- There should be a local body component in the budgets of every State Government indicating the allocations to each local body.
- The State Governments do not demonstrate seriousness in considering the reports of the SFCs or in implementing their recommendations. There should be legislations defining specifically the responsibility of the State Government with regard to the consideration and implementation of the recommendations of the SFC within a definite time frame.
- In most cases, the periods covered by the SFCs and the Central Finance Commission do not coincide. This creates difficulties for the Central Finance Commission in assessing the requirements of resources of different states for transfer to the local bodies. It is necessary to synchronise the two periods. In order to realise this objective it is necessary to empower the state governments to set up the SFCs not only ‘at the expiry of every fifth year’, as envisaged in Article 243 I, but also at earlier time. Accordingly, this Article may be amended by inserting the words ‘or at such earlier time as the governor considers necessary’ after the words ‘at the expiry of every fifth year’. Such amendment will bring Article 243 I in conformity with Article 280.

The quality of all SFC reports is not good. Nor do they cover same grounds making inter-state comparison possible. It is necessary that each Central Finance Commission gives a guideline to be followed by the future SFCs.

Honestly, I expect great things from the deliberations of this National Colloquium. I hope that through the instrumentality of this colloquium, the Administrative Reforms Commission will be enabled to not only engender an illuminating debate on the issues of local government in India but would also be in position to glean from its proceedings some practical, simple and meaningful suggestions that can help enrich development in India’s rural landscape. I wish all the best for the deliberations of the colloquium.
Local Governance

Annexure-I (1) Contd.

- Powers of suspension and removal of chairpersons, vice chairpersons and members
- Powers of suspension and supersession of PRIs

A highly coercive instrument at the hands of the State Government is the power to suspend and remove the Chairperson or Vice Chairperson and also Members of the Panchayats.

The very idea of removing an elected person by the executive on the basis of its own judgment is a relic of the colonial practice that is still not abandoned.

There should be uniform provisions in the State Panchayat Acts that an elected person can be removed only on two grounds: (a) ‘No confidence’ motion passed by the elected members against the office bearers, and (b) being subject to any of the disqualification clauses.

The strongest coercive power at the hands of the State Government to control the PRIs is the power to supersede the elected local body.

Immediately thereafter it should refer the matter to an independent Tribunal or Ombudsman.

Accountability and Transparency of Panchayats

These are: (a) accountability for what, (b) accountability to whom, and (c) means of ensuring accountability of the institution.

Thus in designing the components of accountability of the PRIs, it is necessary to focus on the following:

- Integrity in the use of resources and preventing rent-seeking tendencies of public officials/representatives.
- Adherence to the rule of law in conducting public affairs.
- Exercise of administrative powers of officials and political executives in fair manner.
- Responsiveness of the PRIs to the urgent needs of people.
- Performance of the PRIs in terms of efficiency and effectiveness.

There may be various ways by which the accountability of panchayats can be ensured – both upward and downward.

One of the weak links in the system of rural governance has been in the field of human resource. Maharashtra has the distinction of creating ‘district service’ (technical and general) of Zila Panchayats. This needs to be studied carefully to evolve a system of human resource in rural governance.

The Resource mobilisation is yet another aspect which has not been properly addressed. The fiscal needs of PRIs in terms of efficiency and effectiveness.

The principles of funding should have a direct relationship with the devolution of responsibilities.

Most of the panchayats of the country are operating with tied funds – either schematic funds or specific purpose grants. Activities related to the schematic funds are agency functions. Very meagre funds are available with the PRIs to discharge the activities assigned to them. The quantum of untied funding has therefore to be increased in order to enable the PRIs to discharge their core functions and improve the delivery of basic services in terms of both coverage and quality.

There is no predictability and consistency in allocating funds to the local bodies. The State Governments should frame legislations defining the principles and formulae to allocate specific purpose and untied grants to the different tiers of PRIs.

The principles of funding should have a direct relationship with the devolution of activities.

There should be a local body component in the budgets of every State Government indicating the allocations to each local body.

The Site Governments do not demonstrate seriousness in considering the reports of the SFCs or in implementing their recommendations. There should be legislations defining specifically the responsibility of the State Government with regard to the consideration and implementation of the recommendations of the SFC within a definite time frame.

In most cases, the periods covered by the SFCs and the Central Finance Commission do not coincide. This creates difficulties for the Central Finance Commission in assessing the requirements of resources of different states for transfer to the local bodies. It is necessary to synchronise the two periods. In order to realise this objective it is necessary to empower the state governments to set up the SFCs not only ‘at the expiry of every fifth year’, as envisaged in Article 243 I, but also at earlier time. Accordingly, this Article may be amended by inserting the words ‘or at such earlier time as the governor considers necessary’ after the words ‘at the expiry of every fifth year’. Such amendment will bring Article 243 I in conformity with Article 280.

The quality of all SFC reports is not good. Nor do they cover same grounds making inter-state comparison possible. It is necessary that each Central Finance Commission gives a guideline to be followed by the future SFCs.

Honestly, I expect great things from the deliberations of this National Colloquium. I hope that through the instrumentality of this colloquium, the Administrative Reforms Commission will be enabled to not only engender an illuminating debate on the issues of local government in India but would also be in position to glean from its proceedings some practical, simple and meaningful suggestions that can help enrich development in India’s rural landscape.

I wish all the best for the deliberations of the colloquium.

The State Governments do not demonstrate seriousness in considering the reports of the SFCs or in implementing their recommendations. There should be legislations defining specifically the responsibility of the State Government with regard to the consideration and implementation of the recommendations of the SFC within a definite time frame.
Local Governance

Annexure-I(2)

National Colloquium on Decentralisation in Rural Governance
1st and 2nd March, 2007

LIST OF PARTICIPANTS

GOVERNMENT OF INDIA
1. Shri B. N. Yugandhar, Member, Planning Commission
2. Smt. Meenakshi Dutt Ghosh, Secretary, Ministry of Panchayati Raj
3. Shri B.K. Sinha, Addl. Secretary, Ministry of Panchayati Raj
4. Shri T.R. Raghunandan, Joint Secretary, Ministry of Panchayati Raj
5. Shri J.K. Mahapatra, Joint Secretary, Ministry of Rural Development

STATE GOVERNMENTS
6. Shri N. Sivasailam, MD, KSBCL, Karnataka
7. Shri M. Samud, Principal Secretary, Andhra Pradesh
8. Shri Sunil Kumar Gupta, IAS, Commissioner and Spl. Secretary, Govt. of West Bengal
9. Shri Pradeep Bhargava, Additional Chief Secretary, Panchayati Raj and Rural Development, Govt of Madhya Pradesh
10. Shri K. S. Vatsa, Secretary, Department of Rural Development Maharashtra
11. Dr. J.G. Iyengar, Commissioner and Secretary, Rural Development, Tripura

INSTITUTE OF SOCIAL SCIENCES
12. Dr. George Mathew
13. Prof. M A Oommen
14. Shri B. D. Ghosh
15. Shri C N S Nair
16. Dr. Jacob John
17. Dr. A. N. Roy
18. Prof. B S Baviskar
19. Shri D. N. Gupta
20. Prof. Partha Nath Mukherji
21. Shri K. C. Sivaramakrishnan, IAS(Ret.)
22. Dr. S. S. Meenakshisundaran, IAS(Ret.)

EXPERTS/ACTIVISTS
23. Dr. Vinod K. Jairath, Hyderabad
24. Prof. Abhijit Datta, Kolkata
25. Shri Ashok Sircar, Kolkata
26. Dr. Mahi Pal, Nilokheri
27. Dr. S K Singh, National Institute of Rural Development (NIRD), Hyderabad
28. Dr. N. Shivanna, Institute for Social and Economic Change (ISEC), Bangalore
29. Dr. Joy Elamon, Cap Deck, Thiruvananthapuram
30. Shri Sadab Mansoori, Rural Litigation and Entitlement Kendra (RLEK), Dehradun
31. Ms. Satika Sahaja, RLEK, Dehradun
32. Shri Binoy Acharya, Unnati, Ahmedabad

33. Shri Rakesh Hoopia, IAS, Jaipur
34. Dr. P. P. Balan, Centre for Research in Rural and Industrial Development (CRRID), Chandigarh
35. Shri Manoj Rai, Participatory Research in Asia (PRIA)
36. Prof. B B Mohanty, Pondicherry University, Pondicherry
37. Prof. Peter De Souza, Delhi
38. Dr. Girish Kumar, Delhi
39. Dr. O. P. Marhuz, National Institute of Public Finance and Policy (NIPFP), New Delhi
40. Shri Anil Kumar Gupta, Indian Institute of Management, Ahmedabad

ADMINISTRATIVE REFORMS COMMISSION
41. Shri M. Veerappa Moily, Chairman, ARC
42. Shri V. Ramachandran, Member, ARC
43. Dr. A.P. Mukherjee, Member, ARC
44. Smt. Vineeta Rai, Member-Secretary, ARC
45. Shri Abhijit Sengupta, Principal Adviser, ARC
National Colloquium on Decentralisation in Rural Governance
1st and 2nd March, 2007

LIST OF PARTICIPANTS

GOVERNMENT OF INDIA
1. Shri B. N. Yugandhar, Member, Planning Commission
2. Smt. Meenakshi Dutt Ghosh, Secretary, Ministry of Panchayati Raj
3. Shri B.K. Sinha, Addl. Secretary, Ministry of Panchayati Raj
4. Shri T.R. Raghunandan, Joint Secretary, Ministry of Panchayati Raj
5. Shri J.K. Mahapatra, Joint Secretary, Ministry of Rural Development

STATE GOVERNMENTS
6. Shri N. Sivasailam, MD, KSBCL, Karnataka
7. Shri M. Samuel, Principal Secretary, Andhra Pradesh
8. Shri Sunil Kumar Gupta, IAS, Commissioner and Spl. Secretary, Govt. of West Bengal
9. Shri Pradip Bhargava, Additional Chief Secretary, Panchayati Raj and Rural Development, Govt of Madhya Pradesh
10. Shri K. S. Vatsa, Secretary, Department of Rural Development Maharashtra
11. Dr. J. G. Iyengar, Commissioner and Secretary, Rural Development, Tripura

INSTITUTE OF SOCIAL STUDIES
12. Dr. George Mathew
13. Prof. M. A. Oommen
14. Shri B. D. Ghosh
15. Shri C N S Nair
16. Dr. Jacob John
17. Dr. A. N. Roy
18. Prof. B. S. Baviskar
19. Shri D. N. Gupta
20. Prof. Partha Nath Mukherji
21. Shri R. C. Siruramakrishnan, IAS(Retd.)
22. Dr. S. S. Meenakshisundaran, IAS(Retd.)

EXPERTS/ACTIVISTS
23. Dr. Vinod K. Jairath, Hyderabad
24. Prof. Abhijit Dutta, Kolkata
25. Shri Ashok Sircar, Kolkata
26. Dr. Mahi Pal, Nilokheri
27. Dr. S K Singh, National Institute of Rural Development (NIRD), Hyderabad
28. Dr. N. Shivanna, Institute for Social and Economic Change (ISEC), Bangalore
29. Dr. Joy Elamon, Cap Deck, Thiruvananthapuram
30. Shri Sadab Mansoori, Rural Litigation and Entitlement Kendra (RLEK), Dehradun
31. Ms. Satika Saluja, RLEK, Dehradun
32. Shri Binoy Acharya, Unnati, Ahmedabad
33. Shri Rakesh Hoora, IAS, Jaipur
34. Dr. P. P. Balan, Centre for Research in Rural and Industrial Development (CRRID), Chandigarh
35. Shri Manoj Rai, Participatory Research in Asia (PRIA)
36. Prof. B B Mohanty, Pondicherry University, Pondicherry
37. Prof. Peter De Souza, Delhi
38. Dr. Girish Kumar, Delhi
39. Dr. O. P. Mathur, National Institute of Public Finance and Policy (NIPFP), New Delhi
40. Shri Anil Kumar Gupta, Indian Institute of Management, Ahmedabad

ADMINISTRATIVE REFORMS COMMISSION
41. Shri M. Veerappa Moily, Chairman, ARC
42. Shri V. Ramachandran, Member, ARC
43. Dr. A. P. Mukherjee, Member, ARC
44. Smt. Vineeta Rai, Member-Secretary, ARC
45. Shri Abhijit Sengupta, Principal Adviser, ARC
National Colloquium on
Decentralisation in Rural Governance
1st and 2nd March, 2007

Recommendations made by Working Groups

Participants at the Colloquium were divided in to five groups to discuss various issues pertaining to Rural Governance. The issue wise recommendations of the respective groups are as follows:

I. CONSTITUTIONAL ISSUES, ELECTIONS AND DEVOLUTION OF FUNCTIONS

- Subsidiary is important. Transfer of subjects/functions/activities should be mandatory and to be mentioned in the concerned State Acts clearly.
- There should be clear-cut separate lists of activities for GP/Block/District level subject to the provisions of Article 243G.
- The intermediate and district level panchayats should have supervisory/monitoring role and plan for the village level panchayats.
- State level departments to be re-trained and re-oriented for skill development and professional development.
- The present 3 tier PRIs are over-structured and under-powered.
- The intermediate level should be constituted with elected representatives from GP and district levels.
- Block should continue as an administrative unit.
- In smaller states, the option should be left to the concerned State to have block level/district level panchayat.
- The geographical boundary of the census/revenue village and the Gram Panchayat should be co-terminus and the revenue village should not be split up to have more GPs in view of viability and economies of scale.
- The block should be co-terminus with revenue taluk.
- Single district level body namely District Council/District Panchayat/Zila Parishad is long overdue.
- The ZP should have overall responsibility for both urban and rural areas and should act as DPC also under Article 243ZD.
- As an interim arrangement, the Chairman, ZP should be the Chairman, DPC and CEO, ZP should be made the Secretary, DPC immediately.
- The District Council should have jurisdiction for planning of both urban and rural areas.
- The Legislative Council in bigger States is an extension of the provisions of the 1935 India Act.
- After the 73rd and 74th Amendments, there is no relevance of the Legislative Council in the earlier form.
- To have an organic linkage among the 3 tier PRIs and the State Legislative Assembly, there shall be a Legislative Council of Local Authorities being elected by the elected representatives from 3 tier PRIs and Urban Local Bodies separately. The second chamber should be designated as Council of Local Government.
- The State Election Commissioner (SEC) should hold the elections for MLAs/MPs also.
- The Election Commission of India should be involved in the selection of SEC.
- The process of selection of SEC should be institutionalised. SEC and Chief Election Officer (CEO) should be one and the same.
- To conduct of elections for MLAs/MPs, the SEC shall be under the superintendence and control of the Election Commission of India.
- Constitution of panchayats shall be decided by a separate Delimitation Commission.
- Tenure of the office bearers should be co-terminus with the life of the elected body.
- The election of the Pradhan at GP level directly/indirectly and the election of President at Block/District level indirectly should be left to the discretion of the State Government.
- One term reservation is inadequate and should be for minimum two terms for membership but not for office bearers.

II. PRIs, INSTITUTIONS OF THE STATE AND COMMUNITY/CITIZENS ORGANISATIONS

- Removal of elected representatives by an administrative authority has no legitimacy.
- In case the question is of removal on grounds of criminal case, the normal procedure of Court can be followed.
- Members of the PRIs should not be removed.
- Chairperson or Vice-Chairperson can be removed by way of no-confidence motion.
- In case Panchayats are non-functional, they can be dissolved on the basis of report of a local body Ombudsman. In such cases, elections should be conducted within six months after its dissolution.
- District Panchayat should not be enlarged into District Council. This should be allowed to happen in the due course of evolution.
- Historically the role of development came to the District Collector (DC)/District Magistrate (DM) very late and as now agencies like Panchayat has come into existence, the power should be given to them.
- DC/DM can remain associated with law and order, elections, revenue collection. They can also be secretary of the District Planning Committee (DPC). The President of Zila Parishad should be Chairman of DPC and there should be separate Secretary for Zila Parishad.
- DC works independently for election, revenue and law and order matters and for work related to Panchayat, he should be subordinate to it. Powers which are with the DCs now should be shifted with entire structure to the Zila Parishad.
- Powers of Gram Sabha as given under PESA can be adopted in all the States’ Act, particularly the following powers:
  - power to plan and budget
  - power to select and finalise the list of beneficiaries
  - ownership of natural resources
  - social audit
  - utilisation certificate
  - imposing prohibition
- Various existing legislations such as Mines and Minerals Act, Land Acquisition Act, Forest Act and Environment Protection Act etc. need to be reviewed to bring them in conformity with PESA.
- For securing women representation, one-third of women should be there in Gram Sabhas. Separate Mahila Sabha as a part of Gram Sabha should be formed.
- The money for Centrally Sponsored Schemes should go directly to the respective recipient, it be Gram Panchayat, Zila Parishad or Block Panchayat. Monitoring can be done by following organic link between different levels of Panchayats.
- Parallel institutions like DRDA should be merged in function with the Zila Parishad and physical fusion is also important.
- There should be District Coordination Committee together from representatives of Zila Panchayat, Civil Society and Public.
- Chairman/Vice-Chairman should be from Zila Parishad and from Civil Society – it will create synergy, avoid duplication of work and will also secure accountability.
Participants at the Colloquium were divided into five groups to discuss various issues pertaining to Rural Governance. The issue wise recommendations of the respective groups are as follows:

I. CONSTITUTIONAL ISSUES, ELECTIONS AND DEVOLOPMENT OF FUNCTIONS

• Subsidiary is important. Transfer of subjects/functions/activities should be mandatory and to be mentioned in the concerned State Acts clearly.
• There should be clear-cut separate lists of activities for GP/Block/District level subject to the provisions of Article 243G.
• The intermediate and district level panchayat should have supervisory/monitoring role and plan for the village level panchayats.
• State level departments to be re-trained and re-oriented for skill development and professional development.
• The present 3 tier PRIs are over-structured and under-powered.
• The intermediate level should be constituted with elected representatives from GP and district levels. Block should continue as an administrative unit.
• In smaller states, the option should be left to the concerned State to have block level/district level panchayat.
• The geographical boundary of the census/revenue village and the Gram Panchayat should be co-terminus and the revenue village should not be split up to have more GPs in view of viability and economics of scale.
• The block should be co-terminus with revenue taluk.
• Single district level body namely District Council/District Panchayat/Zila Parishad is long overdue.
• The ZP should have overall responsibility for both urban and rural areas and should act as DPC also under Article 243ZD.
• As an interim arrangement, the Chairman, ZP should be the Chairman, DPC and CEO, ZP should be made the Secretary, DPC immediately.
• The District Council should have jurisdiction for planning of both urban and rural areas.
• The Legislative Council in bigger States is an extension of the provisions of the 1935 India Act.
• After the 73rd and 74th Amendments, there is no relevance of the Legislative Council in the earlier form.
• To have an organic linkage among the 3 tier PRIs and the State Legislative Assembly, there shall be a Legislative Council of Local Authorities being elected by the elected representatives from 3 tier PRIs and Urban Local Bodies separately. The second chamber should be designated as Council of Local Government.
• The State Election Commissioner (SEC) should hold the elections for MLA/MPs also.
• The Election Commission of India should be involved in the selection of SEC.
• The process of selection of SEC should be institutionalised. SEC and Chief Election Officer (CEO) should be one and the same.
• To conduct of elections for MLA/MPs, the SEC shall be under the superintendence and control of the Election Commission of India.

II. PRLS, INSTITUTIONS OF THE STATE AND COMMUNITY/CITIZEN ORGANISATIONS

• Constitution of panchayats shall be decided by a separate Delimitation Commission.
• Tenure of the office bearers should be co-terminus with the life of the elected body.
• The election of the Pradhan at GP level directly/indirectly and the election of President at Block/District level indirectly should be left to the discretion of the State Government.
• One term reservation is inadequate and should be for minimum two terms for membership but not for office bearers.
Annexure-I(3) Contd.

- The following steps are essential for Empowerment of Citizens:
  - Empowering Gram Sabha
  - Ward Committees should have power to select beneficiaries
  - Citizens Charter.
  - Better grievance redressal system
  - Social Auditing
  - Jan Suven and Panchayat Jama Bandi
  - Effective enforcement of RTI
  - Scheme specific beneficiary committee
  - Institutionalise citizens’ forum

III. PANCHAYAT FINANCES

- There is a mismatch between activity mapping and corresponding funding in the various budget heads.
- Currently only seven States (Rajasthan, MP, Chhattisgarh, Kerala, Karnataka, Gujarat and Maharashtra) have budget windows for PRIs. It should be expanded to the remaining states also.
- Centrally Sponsored Schemes (CSSs) funding which currently adds up to Rs. 72,000 crores - can be channelised through CFC which, in turn, can give to local bodies through the State Finance Commissions.
- Appropriate norms and criteria are to be designed for Inter-State transfers.
- Central Government is also to be brought into the scheme of fiscal decentralisation.
- The size of the GP should be viable.
- ZP and IP can jointly assess professional and property tax while GP can collect them.
- In addition to Union, State and the Concurrent lists, a fourth list of tax items need to be prepared for local bodies. The fourth list should include property tax, profession tax, entertainment tax and cess on land revenue.
- Given the fact that certain State Governments like Rajasthan have given up property tax, this type of compulsory list seems essential.
- Innumerable nuisance taxes that run to over twenty-five can be abandoned.
- As local bodies will lose Octroi and Entertainment Tax, the revenue from Goods and Services (GST) should be shared with local bodies from 2010 onwards.
- PRIs should be encouraged to use their entrepreneurial skill to utilise their assets efficiently.
- Based on their assets, each PRI can be allowed to borrow. Market borrowing is to be linked with fiscal accountability and responsibility.
- While the same language of the Central Finance Commission (CFC) has been used for State Finance Commission (SFC) also in the Constitution, it is regrettable that SFCs are invariably constituted with serving bureaucrats (especially from the Department of Local Administration and Finance) and political party loyalists.
- It is equally important to point out that SFC recommendations have not attracted public debate or scrutiny.
- Ministry of Panchayati Raj needs to be expanded as Ministry of Local Government by including Municipalities and Corporations.

IV. DECENTRALISED PLANNING

- The Constitutional scheme of institutionalising decentralised planning has not been realised. One of the reasons for this is that in many of the State Acts, the Panchayats, particularly the GPs and IPs, have not been empowered to take up the planning function. Obviously, such Acts should be amended to make this function a mandatory task of all the tiers of Panchayats as emphasised in the Constitution.
- Even in the States where such function is made mandatory by the Statute, the Panchayats do not take up this function seriously. There are various reasons for this:
  - First, in most States, devolution of functions has not taken place. In fact the concept of devolution, as opposed to delegation of power, functions or activities is not clear even today. Till such devolution is made, it is useless to talk about planning. It is necessary to understand that in a regime of delegated function for the Panchayats, planning becomes an activity of the agency that delegates such function to a lower body. If autonomous jurisdiction of functions to the Panchayats is denied it cannot be expected that the PRIs undertake planning function effectively for the simple reason that the agency that makes a plan has no authority to implement it. Hence, devolution of functions must precede before decentralised planning can make any headway.
  - If the lack of functional devolution is one constraint, the other constraint is the lack of untied funds. These calls for restructuring of panchayat finances in such manner that the Panchayat bodies have sufficient untied funds under their disposal. Grass roots planning cannot be made a reality if the Panchayats have in their hands only a corpus of schematic funds to play with. This is a stark reality which is not properly recognised.
  - On top of this, it must be admitted that till recently the national Planning Commission had not taken much interest in the local government level planning and in integrating the local plans with the State plans. Among the State Planning Boards (SPBs), with the notable exception of the one of Kerala, none others showed any inclination to prepare viable frameworks for preparing local plans. This has been a great omission. Recent instructions of the Planning Commission to initiate the District Planning Process and to make it an integral part of the preparation of the State Eleventh Plan came too late for any significant impact. The framework emphasised by the Planning Commission does not go into the details of planning mechanism at the GP or IP levels. These gaps should have been filled by the SPBs but the SPBs have, by and large, failed to do this. As the matters stand now, tailor-made workable methodologies of preparation of panchayat level plans are still not in place.
  - In the circumstances, the Planning Commission has to take further initiatives in respect of institutionalising local planning process. Its intention to prepare Eleventh Five Year Plans of the States, on the basis of local plans integrated into the District Plans, do not seem to have been realised. It may now try to ensure that at least future annual plans of the States are based on local plans. Simultaneously, the Commission has to motivate the respective SPBs and the Planning Departments of the States to take initiatives in the matter, so that they can become a catalising agents providing knowledge support to the PRIs/DPCs in preparation of local plans. Both in the national Planning Commission and in the SPBs, dedicated cells may be created to work out the nitty-gritty’s of local planning function and to provide institutional support at the district level and taluka/block level.
  - In many CSSS, provisions are made to prepare sectoral plans like health plans and educational plans. In many cases, these are the blessings of the Planning Commission. Since local plans have to be holistic in nature, cutting across sectors, such plans should be considered as the sub-plans of the local plans. But the CSSS tend to take a truncated outlook and encourage preparation of stand-alone sectoral plans, sacrificing the need to take a holistic approach to local development. The Planning Commission will have to look into this aspect of the design of the CSSS.
  - There are confusions about the district plans. One set of confusion relates to its nature. Is it a collection of PRI and Municipal plans? Or is it something more? What are the things that cannot be addressed at the micro-level of Panchayats or Municipalities, but require a macro-view for proper appreciation of the problems and issues? The other sets of confusion relates to the domain and planning. Will it consist of only those functions, which have been devolved to the local bodies? Or they should also relate to activities that
• The following steps are essential for Empowerment of Citizens:
  – Empowering Gram Sabha
  – Ward Committees should have power to select beneficiaries
  – Citizens Charter.
  – Better grievance redressal system
  – Social Auditing
  – Jan Suvidha and Panchayat Jaya Bandi
  – Effective enforcement of RTI
  – Scheme specific beneficiary committee
  – Institutionalise citizens’ forum

III. PANCHAYAT FINANCES

• There is a mismatch between activity mapping and corresponding funding in the various budget heads.
• Currently only seven States (Rajasthan, MP, Chhattisgarh, Kerala, Karnataka, Gujarat and Maharashtra) have budget windows for PRIs. It should be expanded to the remaining states also.
• Centrally Sponsored Schemes (CSSs) funding which currently adds up to Rs.72,000 crores - can be channelised through CFC which, in turn, can give to local bodies through the State Finance Commissions.
• Appropriate norms and criteria are to be designed for Inter-State transfers.
• Central Government is also to be brought into the scheme of fiscal decentralisation.
• The size of the GP should be viable.
• ZP and IP can jointly assess professional and property tax while GP can collect them.
• In addition to Union, State and the Concurrent lists, a fourth list of tax items need to be prepared for local bodies. The fourth list should include property tax, profession tax, entertainment tax and cess on land revenue.
• Given the fact that certain State Governments like Rajasthan have given up property tax, this type of compulsory list seems essential.
• Innumerable nuisance taxes that run to be over twenty-five can be abandoned.
• As local bodies will lose Octroi and Entertainment Tax, the revenue from Goods and Services (GST) should be shared with local bodies from 2010, onwards.
• PRIs should be encouraged to use their entrepreneurial skill to utilise their assets efficiently.
• Based on their assets, each PRI can be allowed to borrow. Market borrowing is to be linked to fiscal accountability and responsibility.
• While the same language of the Central Finance Commission (CFC) has been used for State Finance Commission (SFC) also in the Constitution, it is regrettable that SFCs are invariably constituted with party loyalists.
• Even in the States where such function is made mandatory by the Statute, the Panchayats do not take up this function seriously. There are various reasons for this:
  (i) First, in most States, devolution of functions has not taken place. In fact the concept of devolution, as opposed to delegation of power, functions or activities is not clear even today. Till such devolution is made, it is useless to talk about planning. It is necessary to understand that in a regime of delegated function for the Panchayats, planning becomes an activity of the agency that delegates such function to a lower body. If autonomous jurisdiction of functions to the Panchayats is denied it cannot be expected that the PRLs undertake planning function effectively for the simple reason that the agency that makes a plan has no authority to implement it. Hence, devolution of functions must precede before decentralised planning can make any headway.
  (ii) If the lack of functional devolution is one constraint, the other constraint is the lack of untied funds. These calls for restructuring of panchayat finances in such manner that the Panchayat bodies have sufficient untied funds under their disposal. Grass roots planning cannot be made a reality if the Panchayats have in their hands only a corpus of schematic funds to play with. This is a stark reality which is not properly recognised.
  (iii) On top of this, it must be admitted that till recently the national Planning Commission had not taken much interest in the local government level planning and in integrating the local plans with the State plans. Among the State Planning Boards (SPBs), with the notable exception of the one of Kerala, none others showed any inclination to prepare viable frameworks for preparing local plans. This has been a great omission. Recent instructions of the Planning Commission to initiate the District Planning Process and to make it an integral part of the preparation of the State Eleventh Plan came too late for any significant impact. The framework emphasised by the Planning Commission does not go into the details of planning mechanism at the GP or IP levels. These gaps should have been filled by the SPBs but the SPBs have, by and large, failed to do this. As the matters stand now, tailor-made workable methodologies of preparation of panchayat level plans are still not in place.
• In the circumstances, the Planning Commission has to take further initiatives in respect of institutionalising local planning process. Its intention to prepare Eleventh Five-Year Plans of the States, on the basis of local plans integrated into the District Plans, do not seem to have been realised. It may now try to ensure that at least future annual plans of the States are based on local plans. Simultaneously, the Commission has to motivate the respective SPBs and the Planning Departments of the States to take initiatives in the matter, so that they can become a catalysing agents providing knowledge support to the PRLs/DPCs in preparation of local plans. Both in the national Planning Commission and in the SPBs, dedicated cells may be created to work out the nitty-gritty’s of local planning function and to provide institutional support at the district level and taluka/block level.
• In many CSSs, provisions are made to prepare sectoral plans like health plans and educational plans. In many cases, these are the blessings of the Planning Commission. Since local plans have to be holistic in nature, cutting across sectors, such plans should be considered as the sub-plans of the local plans. But the CSSs tend to take a truncated outlook and encourage preparation of stand-alone sectoral plans, sacrificing the need to take a holistic approach to local development. The Planning Commission will have to look into this aspect of the design of the CSSs.
• There are confusions about the district plans. One set of confusion relates to its nature. Is it a collection of PRI and Municipal plans? Or is it something more? What are the things that cannot be addressed at the micro-level of Panchayats or Municipalities, but require a macro-view for proper appreciation of the problems and issues? The other set of confusion relates to the domain and planning. Will it consist of only those functions, which have been devolved to the local bodies? Or they should also relate to activities that...
are under the jurisdiction of other levels of government but have an impact upon the economy, society or the physical environment of the district. This is a bigger issue and raises the question as to whether the local democratic institutions will have a say over certain decisions impacting upon the local area are taken unilaterally. Recent controversies in West Bengal and elsewhere over the issue of land acquisition for industrialisation or infrastructural development have brought the issue to the fore. Should not the local people have the rights to be consulted if any development project undertaken by the State or Central Government has the effect of creating the problems of homelessness, loss of livelihoods or food insecurity, degradation of the living environment for the people at the grass roots? These confusions about the nature of the district plans need to be resolved.

- In any exercise of development planning, knowledge input is an important element. How to expand the knowledge base, especially at the grass roots levels, is a problem that confronts the decentralised planning process and hence has to be tackled. In a regime of multi-level planning, providing knowledge inputs at every level is a problem to be addressed. Innovations are needed to tackle this problem. A start can be made by establishing Knowledge Support Centres to PRIs and ULBs at the district level during the Eleventh Plan. This may be expanded to the Taluks/Blocks in the Twelfth Plan.

- Closely associated to these issues is a necessity of developing a process of the flow of information and dialogue from top to bottom and from bottom to top. Such a process does not exist now. Flow of information of ideas is still a one-sided process; it travels from top to bottom but not from bottom to top. The Knowledge Support Centres for planning at the district and Taluks/Block levels will address this gap.

- A major of decentralised planning is community participation in the planning process. It is necessary to take into consideration the fact that we are trying to introduce local democracy within an inequitable social structure. Such a structure invariably produces power asymmetry resulting ultimately into an elite capture of democratic institutions. If an inclusive outcome is intended out of local level participatory planning then it is necessary to recognise this possibility of elite capture of the Panchayats. Even after admitting this fact that democracy has an inbuilt corrective mechanism to take care of this aberration in the long run, it is necessary to install sufficient safeguards in the short run to prevent abuse of power and violation of democratic practices. Introducing a Proportional Representation system of election of members, various forms of safeguards eg. transparent beneficiary selection norms etc, fine-tuning accountability mechanisms are some important elements that have to be taken into consideration simultaneously with the strengthening the hands of the local government institutions.

- The DPC has so far failed to emerge as an effective institution in most States. There are various problems associated with it. A major problem is that it is only a planning body, while the PRIs and the municipalities are executing bodies. Such dissociation of planning from the executing functions is doing more harm associated with it. A major problem is that it is only a planning body, while the PRIs and the municipalities are executing bodies. Such dissociation of planning from the executing functions is doing more harm than good. One of the roles purported to be fulfilled by the DPC is the rural-urban integration within a district for the purpose of preparing a common development framework. In the context of the above we suggest that in the long term we should have a vision of creating a District Government. In the short run, we should think in terms of expanding the role of the Zila Parishad to cover both rural and urban areas. In that case, it would be a Zila Panchayat in the true sense of the term and would solve many problems now being confronted by the DPC.

V. MANAGEMENT OF PANCHAYAT PERSONNEL, THEIR CAPACITY ENHANCEMENT AND ACCOUNTABILITY AND TRANSPARENCY IN THE PRIs

- The requirement of personnel will depend on the following factors:

   - Devolution of functions
   - Size of panchayat
   - Availability of resources (internal and external)
   - Availability of the personnel with requisite qualification
   - Organic links among 3 tier:
     (i) Structural linkage
     (ii) Supervision and control mechanism
   - There is a need of State level technical and administrative cadre. Specialised technical cadres will depend on the functions assigned to the PRIs. Members of these cadres can be deputed to Intermediate District level PRIs or State level Directorate.

   - Personnel can be taken on deputation from the line department of the State Government as and when required to fill up gaps.
   - All aspects of management of panchayat personnel should be dealt by the Directorate of Panchayat.
   - For State level cadres, recruitment can be done by the State Public Service Commissions.
   - For secretariat assistance, the appointments should be made by the PRIs concerned in accordance with the requirement and recruitment rules. The Directorate of Panchayat can finalise the recruitment rules and oversee their implementation.
   - To reduce the long-term burden of the panchayat, PRIs should out-source as many functions and services as possible eg. house keeping, civic services, tax collection etc.

   - All personnel shall be answerable to the Chief Executive Officer of the Intermediate/District Panchayat and the Chief Executive Officer will be answerable to the head of the concerned PRI’s

   - All Gram Panchayats should have at least one full time employee to assist in its day-to-day functioning. If required, the existing size of Gram Panchayat could be re-configured from the point of view of its financial viability.

   - Capacity building is essential for both elected representatives and personnel of panchayats. However, it is a continuous process, therefore orientation programmes have to be organised periodically.

   - Need for strengthening existing State owned Training Institutes both in terms of physical infrastructure and faculty personnel. It should also be ensured that the Training Institutes must be adequately funded to be operational.

   - For elected representatives, following steps are suggested for capacity building:

     1. Immediately after the constitution of the panchayat, one spell of training should be given to all elected representatives within 6 months to 1 year.
     2. The training should be in cascading mode and for this purpose, a network of institutions has to be identified that may include NGOs, Civil Society, Organisations etc. at all levels.
     3. In order to have uniformity, coordination and training requirement in terms of modules, development of materials etc., a national level Apex Training Institution such as NIRD should be given the responsibility.
     4. After initial training, the elected functionaries should be exposed to various development programmes of the States/Centre and some specialised training programme should be organised for certain special category of representatives.
     5. The elected representatives may also be exposed to various innovative and best practices within and outside the State as exposure visit to inculcate various strategies for development and local governance issues.

   - In case of Panchayat personnel, the capacity building measures could be as follows:

     1. Panchayat personnel should be given comprehensive foundation course after their recruitments.

Annexure-I(3) Contd.
V. MANAGEMENT OF PANCHAYAT PERSONNEL, THEIR CAPACITY ENHANCEMENT AND ACCOUNTABILITY AND TRANSPARENCY IN THE PRIIs

- The requirement of personnel will depend on the following factors:

• The requirement of personnel will depend on the following factors:
  - Devolution of functions
  - Size of panchayat
  - Availability of resources (internal and external)
  - Availability of the personnel with requisite qualification
  - Organic links among tiers

(ii) Supervision and control mechanism

- There is a need of State level technical and administrative cadre. Specialised technical cadres will depend on the functions assigned to the PRIs. Members of these cadres can be deputed to Intermediate District level PRIs or State level Directorate.
- Personnel can be taken on deputation from the line department of the State Government and when required to fill up gaps.
- All aspects of management of panchayat personnel should be dealt by the Directorate of Panchayat.
- For State level cadres, recruitment can be done by the State Public Service Commissions.
- For secretariat assistance, the appointments should be made by the PRIs concerned in accordance with the recruitment and training rules. The Directorate of Panchayat can finalise the recruitment rules and oversee their implementation.
- To reduce the long-term burden of the panchayat, PRIs should out-source as many functions and services as possible e.g. housekeeping, civic services, tax collection etc.
- All personnel shall be answerable to the Chief Executive Officer of the Intermediate/District Panchayat and the Chief Executive Officer will be answerable to the head of the concerned PRI’s.
- All Gram Panchayats should have at least one full time employee to assist in its day-to-day functioning. If required, the existing size of Gram Panchayat could be re-configured from the point of view of its financial viability.
- Capacity building is essential for both elected representatives and personnel of panchayats. However, it is a continuous process, therefore orientation programmes have to be organised periodically.
- Need for strengthening existing State owned Training Institutes both in terms of physical infrastructure and faculty personnel. It should also be ensured that the Training Institutes must be adequately funded to be operational.
- For elected representatives, following steps are suggested for capacity building:
  1. Immediately after the constitution of the panchayat, one spell of training should be given to all elected representatives within 6 months to 1 year.
  2. The training should be in cascading mode and for this purpose, a network of institutions has to be identified that may include NGOs, Civil Society, Organisations etc. at all levels.
  3. In order to have uniformity, coordination and training requirement in terms of modules, development of materials etc., a national level Apex Training Institution such as NIRD should be given the responsibility.
  4. After initial training, the elected functionaries should be exposed to various development programmes of the State/Centre and some specialised training programme should be organised for certain special category of representatives.
  5. The elected representatives may also be exposed to various innovative and best practices within and outside the State as exposure visit to inculcate various strategies for development and local governance issues.
- In case of Panchayat personnel, the capacity building measures could be as follows:
  1. Panchayat personnel should be given comprehensive foundation course after their recruitment.
There should be a social audit mechanism in place and following steps would be necessary in this regard:

- There is a need for an independent audit for all PRIs. Existing departments such as Local Fund Audit need to be strengthened for carrying out this function.
- In addition to the above-mentioned independent audit, there is a need for carrying out regular interval audit under the control of Department of Panchayat/Directorate of Panchayat.
- There should be a social audit mechanism in place and following steps would be necessary in this regard:
  - Convening meetings of the Gram Sabha at regular intervals should be made compulsory. At these meetings, elected representatives of Gram Panchayats and its employees must present before the Gram Sabha detailed record and account of its activities.
  - Regular IEC campaign should be organised at the village level to acquaint the villagers about the social/developmental programmes being carried out by the Government or the PRI in that village.
  - Information about the ongoing social/developmental programmes must be displayed on the information board of public buildings and work sites.
  - The state Panchayati Raj Act be amended and the members of the Gram Sabha be given the right to "recall" elected representatives of the Gram Panchayat.
  - State Government/PRI should ensure strict compliance of the provision of Right to Information Act.
  - The report of the institutional audit/interval audit and the reply of the PRI should be presented and discussed in the Gram Sabha.
  - Local NGO and community-based organisations should also be involved in social audit. These institutions could profitably be used in increasing awareness of programmes and all components of social audit.

QUESTIONNAIRE ON DECENTRALISATION IN RURAL GOVERNANCE

I. ROLE OF THE PANCHAYATI RAJ INSTITUTIONS IN THE GOVERNANCE SYSTEM

It is now more than fourteen years since the Constitutional Amendment on Panchayati Raj was passed by the Parliament in 1993. Yet, there is considerable ambiguity about the role the panchayats have to play in the overall governance system of the country. In a weak compliance to the Amendment, the States have halfheartedly enacted Panchayati Raj Acts and created rural level institutions which have, broadly speaking, been superimposed on the existing administrative hierarchy at the district level. The administrative frame consisting of the field establishments of the line departments of the State Government and the offices under the control of the District Collector/Deputy Commissioner such as the offices of the Sub Divisional Officer/Tehsildar/Block Development Officers remains intact and continues handling all the regulatory, developmental and residual functions of the Government as usual: with the elected Panchayati Raj Institutions being given symbolic attention and some sprinkling of minor roles in rural development schemes.

Looking back at the 73rd Amendment, which is based on one of the major directive principles of the State policy enshrined in the Article 40 of the Constitution "the States shall take steps to organise panchayats and vest them with such powers and authority as may be necessary to enable them to function as units of self-government"; the spirit behind this measure is to install effective institutions of self government at the local level. Article 243(G) widely empowers these bodies to enjoy devolution of powers and responsibilities with regard to (a) preparation of plans for economic development and social justice (b) implementation of schemes for the above relating to matters listed in the Eleventh Schedule. The implicit requirement is that most of the functions/activities now being performed by the state government agencies at the local level have to be withdrawn from them and handed over to the panchayats together with functional autonomy and adequate resources in discharging those activities. But, in most of the States this has not happened. Often, there is a tendency to look at panchayats as another extension of the field machinery of the State Government. The questions that require to be addressed in this connection are as follows:

II. PANCHAYAT AS THE THIRD TIER OF GOVERNMENT

(a) Can we identify functions and activities which would be exclusive domain of the PRIs?
(b) Which are the areas of activities where the State Government and Panchayat should work as equal partners (concurrence jurisdiction)?
(c) Should these institutions also act as agencies of the State Government for implementing some State Schemes or Centrally Sponsored Schemes or other programmes of the government? (For example, execution of the Centrally Sponsored Poverty Allivation Scheme).
(d) What other activities are required to enable the PRIs to emerge as the local government?
(e) What should be the relative importance between (b) and (c) and (d)?
(f) Should there be any hierarchical linkages between different tiers of panchayats and/or between the panchayats and the State/Union Governments?
(g) What are the goals of decentralisation? Effective service delivery, fair distribution of the fruits of development, accountability, people's involvement in participatory planning or all these?
(h) What outcomes do we expect when we build PRIs on an in-equality social structure?

III. CONSTITUTIONAL ISSUES

(a) Delegation of functions to PRIs have to be made in accordance with Article 243G and the matters listed in the Eleventh Schedule. "Legislature of the State may, by law, endow the Panchayats with such powers..."
Annexure-I(3) Contd.

2. They should also be re-oriented at least once in a year to enable them to enhance their productivity and performance.
3. Some panchayat personnel should be given specialised training on various subjects.
4. The panchayat functionaries should also undergo test after the completion of training and their performance thereafter should be monitored for further continuation in position/promotion.
5. The panchayat employees may also be exposed to various innovative and best practices within and outside the State as exposure visit to inculcate various strategies for development and local governance issues.

- Accountability and transparency are the essential elements of the good governance that they have to be reflected prominently in the panchayat system.
- There is a need for an independent audit for all PRIs. Existing departments such as Local Fund Audit need to be strengthened for carrying out this function.
- In addition to the above-mentioned independent audit, there is a need for carrying out regular interval audit under the control of Department of Panchayat/Directorate of Panchayat.
- There should be a social audit mechanism in place and following steps would be necessary in this regard:
  - Convening meetings of the Gram Sabha at regular intervals should be made compulsory. At these meetings, elected representatives of Gram Panchayats and its employees must present before the Gram Sabha detailed record and account of its activities.
  - Regular IEC campaign should be organised at the village level to acquaint the villagers about the social/developmental programmes being carried out by the Government or the PRI in that village.
  - Information about the ongoing social/developmental programmes must be published on the information board of public buildings and work sites.
  - The state Panchayati Raj Act be amended and the members of the Gram Sabha be given the right to “recall” elected representatives of the Gram Panchayat.
  - State Government/PRI should ensure strict compliance of the provision of Right to Information Act.
  - The report of the institutional audit/internal audit and the reply of the PRI should be presented and discussed in the Gram Sabha.
  - Local NGO and community-based organisations should also be involved in social audit. These institutions could profitably be used in increasing awareness of programmes and all components of social audit.

ANNEXURE-I(4)

QUESTIONNAIRE ON DECENTRALISATION IN RURAL GOVERNANCE

I. ROLE OF THE PANCHAYATI RAJ INSTITUTIONS IN THE GOVERNANCE SYSTEM

It is now more than fourteen years since the Constitutional Amendment on Panchayati Raj was passed by the Parliament in 1993. Yet, there is considerable ambiguity about the role the panchayats have to play in the overall governance system of the country. In a weak compliance to the Amendment, the States have half-heartedly enacted Panchayati Raj Acts and created rural level institutions which have, broadly speaking, been superimposed on the existing administrative hierarchy at the district level. The administrative frame consisting of the field establishments of the line departments of the State Government and the offices under the control of the District Collector/Deputy Commissioner such as the offices of the Sub Divisional Officer/Tehsildar/Block Development Officers remains intact and continues handling all the regulatory, developmental and residual functions of the Government as usual: with the elected Panchayati Raj Institutions being given symbolic attention and some sprinkling of minor roles in rural development schemes.

Looking back at the 73rd Amendment, which is based on one of the major directive principles of the State policy enshrined in the Article 40 of the Constitution “the States shall take steps to organise panchayats and vest them with such powers and authority as may be necessary to enable them to function as units of self-government”; the spirit behind this measure is to instil effective institutions of self government at the local level. Article 243G(3) widely empowers these bodies to enjoy devolution of powers and responsibilities with regard to (a) preparation of plans for economic development and social justice (b) implementation of schemes for the above relating to matters listed in the Eleventh Schedule. The implicit requirement is that most of the functions/activities now being performed by the state government agencies at the local level have to be withdrawn from them and handed over to the panchayats together with functional autonomy and adequate resources in discharging those activities. But, in most of the States this has not happened. Often, there is a tendency to look at panchayats as another extension of the field machinery of the State Government. The questions that require to be addressed in this connection are as follows:

II. PANCHAYAT AS THE THIRD TIER OF GOVERNMENT

(a) Can we identify functions and activities which would be exclusive domain of the PRIs?
(b) Which are the areas of activities where the State Government and Panchayat should work as equal partners (concurrent jurisdiction)?
(c) Should these institutions also act as agencies of the State Government for implementing some State Schemes or Centrally Sponsored Schemes or other programmes of the government? (For example, execution of the Centrally Sponsored Poverty Alleviation Scheme).
(d) What other activities are required to enable the PRIs to emerge as the local government?
(e) What should be the relative importance between (b and c) and (d)?
(f) Should there be any hierarchical linkages between different tiers of panchayats and/or between the panchayats and the State/Union Governments?
(g) What are the goals of decentralisation? Effective service delivery, fair distribution of the fruits of development, accountability, people’s involvement in participatory planning or all these?
(h) What outcomes do we expect when we build PRIs on an in-equitarian social structure?

III. CONSTITUTIONAL ISSUES

(a) Delegation of functions to PRIs have to be made in accordance with Article 243G and the matters listed in the Eleventh Schedule. “Legislature of the State may, by law, endow the Panchayats with such powers...
and authority as may be necessary to enable them to function as institution of self-government……”

Do you support the view that the wording of Article 243G leaves considerable leeway with the State Government in the whole scheme of things?

(b) Will the issue of decentralisation be served better if there is a third list of local functions in the Seventh Schedule itself along with the presently occurring Union, State and the Concurrent List?

(c) At present, 29 matters have been identified in the Eleventh Schedule which could be transferred to the PRIs by the State Governments. On the basis of the experience gathered in past 14 years, do you support the view that there is a need for an amendment in this schedule and if so, what are the additional matters which could be targeted for inclusion in this list?

(d) As it is, many of the States have transferred functions falling under the Eleventh Schedule through executive instructions. Do you feel that the process of decentralisation will be served better if the functions are transferred by an Act of Legislation?

(e) As per Article 243B, all the States necessarily have to constitute three layers of PRIs at village, intermediate and district levels. Will it be advantageous if some flexibility is introduced in this provision and the States are free to make it a two/three tier system as per their individual assessment?

(f) Is there any need for having a Zila Parishad only for rural areas; or should we have an elected District Council for both rural and urban areas as a single federal body?

IV. ISSUES RELATING TO THE FIFTH SCHEDULE AND THE SIXTH SCHEDULE (ARTICLE 244) AREAS

(a) In view of the existence of a large number of autonomous councils both under the Sixth Schedule as well as under specific State enactments in the North-Eastern States, how do we ensure administrative decentralisation in those areas?

(b) In view of the fact that many of the areas also have institutions of the Panchayati Raj elected under the State Panchayati Raj Act, how to harmonise/integrate their functioning and obtain effective decentralisation as envisaged in the 73rd/74th Amendment?

(c) Panchayati Raj (extension to Scheduled Areas) Act, 1996 (PESA) extends Part IX (Panchayats) of the Constitution to the Fifth Schedule Areas. It consists of 9 states (i) Andhra Pradesh, (ii) Gujarat, (iii) Maharashtra (iv) Madhya Pradesh (v) Orissa (vi) Rajasthan (vii) Himachal Pradesh (viii) Jharkhand and (ix) Chhattisgarh. This Act empowers Gram Sabhas and Panchayats through delegation of mandatory executive functions and the need to obtain compulsory consultation and recommendations in most of the activities in the area.

(i) In the interest of effective decentralisation, what, in your opinion, could be the elements of model guidelines to be issued by the States in this regard?

(ii) Do you think there is a case for establishing a forum at the Central level to deal with the violation of the provisions of this enactment?

(iii) Will it be appropriate to insist on getting a regular report from the Governor with respect to the Scheduled Areas as provided in the Sixth Schedule of the Constitution and place it in the public domain?

(iv) Though women play an important part in the whole socio-economic life of these areas but tribal councils are dominated by males. Will it be desirable to introduce provisions in PESA rules and guidelines that for a Gram Sabha, 33% membership should be of women?

(v) What are the State laws which need to be harmonised immediately with the provisions of PESA?

(vi) What are the Union laws which need to be harmonised with PESA?

(vii) Should the Tribal Sub Plan (TSP) of the State level departments also follow an activity mapping exercise which assigns responsibilities to each level of panchayats for TSP programmes?

V. JURISDICTION OF PANCHAYATS

When the local self-governments were introduced in the pre-independence days, local bodies were in charge of civic functions like local roads, street lights, drinking water supply, sanitation, controlling epidemic etc. In most countries, the civic functions remain the only function of the local governments. But, in India, since the days of the Bakawantray Mehta Committee report (1957), the panchayats have been conceived as a development agency. Even though the Asoka Mehta Committee made a significant contribution in recognising these institutions as political institutions deserving their legitimate space in the governance of the country, it did not visualise their role beyond the sphere of development. The 73rd Constitution Amendment has expanded the development role further and envisaged these institutions as an essential organ of the State to achieve the goal of ‘economic development and social justice’. At the same time, the Constitution also defines panchayat as ‘institution of self-government’. If so, is it necessary that it should be seen only as a development agency? Since Article 243G can be implemented in both a restricted and a liberal sense, the following issues may be raised for consideration:

(a) Apart from the functions described in the Eleventh Schedule for PRI domain, should some regulatory functions be given to them in such matters as, for example, (i) granting licences, (ii) enforcing provisions of some regulatory laws, (iii) police functions/local crime control?

(b) Should judicial functions be given to the panchayats?

(c) Can some legislative functions also be given to them in the matter of taxation, use of natural resources etc?

VI. DEVOLUTION OF FUNCTIONS

The state of assignment of functions to the PRIs in most States leaves much to be desired. The major issues that remain unsettled in most States are mentioned below:

(a) Given the fact that the panchayats are autonomous institutions, is it necessary to divide their functions into ‘obligatory’ and ‘discretionary’ functions, as some State Acts have done?

(b) When the same subject (like primary education or primary health care or roads etc) is addressed by the higher-level governments and the panchayats, the specific role of the latter within a broad functional area needs to be spelt out. To ensure this, it has been suggested that the individual activities within a specific subject should be identified first and thereafter it could be considered which of the activities should be transferred to which tier of the PRIs. The issues involved here are as under:

• Should the activities be identified from the existing plan and non-plan schemes or other activities of the State Government, as has been done in some States? Could we discern the activities through some other means, for example, by working backward from the agreed goals of a development sector?

• After devolving an activity, should the panchayats be given liberty to devise the means of performing that activity? When an activity is transferred to the panchayat, should it have the right to determine whether a particular State Government scheme attached to it should be discontinued or modified?

• Most of the exercises on activity mapping in different states have remained essentially a bureaucratic exercise. Should an extensive consultation with the civil society precede the formulation of devolution schemes by the State Governments?

(c) There may be several criteria for assigning functions/activities to the different tiers of panchayats. The general principle in this regard is, of course, the principle of subsidiarity. But it is not always possible to apply this principle by subjective assessment. Some objective criteria have to be taken into consideration to determine what can be done better at which level of governance. Some relevant criteria are economics of scale, managerial or technical capacity needed for performing an activity, area which will benefit from a certain activity, spill over of benefits across panchayats, size of individual units of an activity and
and authority as may be necessary to enable them to function as institution of self-government……”

Do you support the view that the wording of Article 243G leaves considerable leeway with the State Government in the whole scheme of things?

(b) Will the issue of decentralisation be served better if there is a third list of local functions in the Seventh Schedule itself along with the presently occurring Union, State and the Concurrent List?

(c) At present, 29 matters have been identified in the Eleventh Schedule which could be transferred to the PRIs by the State Governments. On the basis of the experience gathered in past 14 years, do you support the view that there is a need for an amendment in this schedule and if so, what are the additional matters which could be targeted for inclusion in this list?

(d) As it is, many of the States have transferred functions falling under the Eleventh Schedule through executive instructions. Do you feel that the process of decentralisation will be served better if the functions are transferred by an Act of Legislation?

(e) As per Article 243B, all the States necessarily have to constitute three layers of PRIs at village, intermediate and district levels. Will it be advantageous if some flexibility is introduced in this provision and the States are free to make it a two/three tier system as per their individual assessment?

(f) Is there any need for having a Zila Parishad only for rural areas; or should we have an elected District Council for both rural and urban areas as a single federal body?

IV. ISSUES RELATING TO THE FIFTH SCHEDULE AND THE SIXTH SCHEDULE (ARTICLE 244) AREAS

(a) In view of the existence of a large number of autonomous councils both under the Sixth Schedule as well as under specific State enactments in the North-Eastern States, how do we ensure administrative decentralisation in those areas?

(b) In view of the fact that many of the areas also have institutions of the Panchayati Raj elected under the State Panchayati Raj Act, how to harmonise/integrate their functioning and obtain effective decentralisation as envisaged in the 73rd/74th Amendment?

(c) Panchayati Raj (extension to Scheduled Areas) Act, 1996 (PESA) extends Part IX (Panchayats) of the Constitution to the Fifth Schedule Areas. It consists of 9 states (i) Andhra Pradesh, (ii) Gujarat, (iii) Madhya Pradesh, (iv) Orissa, (v) Rajasthan, (vi) Himachal Pradesh, (vii) Jharkhand and (viii) Chhattisgarh. This Act empowers Gram Sabhas and Panchayats through delegation of mandatory executive functions and the need to obtain compulsory consultation and recommendations in most of the activities in the area.

(i) In the interest of effective decentralisation, what, in your opinion, could be the elements of model guidelines to be issued by the States in this regard?

(ii) Do you think there is a case for establishing a forum at the Central level to deal with the violation of the provisions of this enactment?

(iii) Will it be appropriate to insist on getting a regular report from the Governor with respect to the Scheduled Areas as provided in the Sixth Schedule of the Constitution and place it in the public domain?

(iv) Though women play an important part in the whole socio-economic life of these areas but tribal councils are dominated by males. Will it be desirable to introduce provisions in PESA rules and guidelines that for a Gram Sabha, 33% membership should be of women?

(v) What are the State laws which need to be harmonised immediately with the provisions of PESA?

(vi) What are the Union laws which need to be harmonised with PESA?

(vii) Should the Tribal Sub Plan (TSP) of the State level departments also follow an activity mapping exercise which assigns responsibilities to each level of panchayats for TSP programmes?

V. JURISDICTION OF PANCHAYATS

When the local self-governments were introduced in the pre-independence days, local bodies were in charge of civic functions like local roads, street lights, drinking water supply, sanitation, controlling epidemic etc. In most countries, the civic functions remain the only function of the local governments. But, in India, since the days of the Balawant Sheth Mehta Committee report (1957), the panchayats have been conceived as a development agency. Even though the Asoka Mehta Committee made a significant contribution in recognising these institutions as political institutions deserving their legitimate space in the governance of the country, it did not visualise their role beyond the sphere of development. The 73rd Constitution Amendment has expanded the development role further and envisaged these institutions as an essential organ of the State to achieve the goal of ‘economic development and social justice’. At the same time, the Constitution also defines panchayat as ‘institution of self-government’. If so, is it necessary that it should be seen only as a development agency? Since Article 243G can be implemented in both a restricted and a liberal sense, the following issues may be raised for consideration:

(a) Apart from the functions described in the Eleventh Schedule for PRI domain, should some regulatory functions be given to them in such matters as, for example, (i) granting licences, (ii) enforcing provisions of some regulatory laws, (iii) police functions/local crime control?

(b) Should judicial functions be given to the panchayats?

(c) Can some legislative functions also be given to them in the matter of taxation, use of natural resources etc?

VI. DEVOLUTION OF FUNCTIONS

The state of assignment of functions to the PRIs in most States leaves much to be desired. The major issues that remain unsettled in most States are mentioned below:

(a) Given the fact that the panchayats are autonomous institutions, is it necessary to divide their functions into ‘obligatory’ and ‘discretionary’ functions, as some State Acts have done?

(b) When the same subject (like primary education or primary health care or roads etc) is addressed by the higher-level governments and the panchayats, the specific role of the latter within a broad functional area needs to be spelt out. To ensure this, it has been suggested that the individual activities within a specific subject should be identified first and thereafter it could be considered which of the activities should be transferred to which tier of the PRIs. The issues involved here are as under:

- Should the activities be identified from the existing plan and non-plan schemes or other activities of the State Government, as has been done in some States? Could we discern the activities through some other means, for example, by working backwards from the agreed goals of a development sector?
- When an activity is transferred to the panchayat, should it have the right to determine whether a particular State Government scheme attached to it should be discontinued or modified?

- Most of the exercises on activity mapping in different states have remained essentially a bureaucratic exercise. Should an extensive consultation with the civil society precede the formulation of devolution schemes by the State Governments?

(c) There may be several criteria for assigning functions/activities to the different tiers of panchayats. The general principle in this regard is, of course, the principle of subsidiarity. But it is not always possible to apply this principle by subjective assessment. Some objective criteria have to be taken into consideration to determine what can be done better at which level of governance. Some relevant criteria are economics of scale, managerial or technical capacity needed for performing an activity, area which will benefit from a certain activity, spillover of benefits across panchayats, size of individual units of an activity and...
VII. CORE FUNCTIONS OF PANCHAYATS
(a) How much powers and authority of the State Government should be devolved to the local Councils will be determined by the respective State Legislatures/Governments. Hence, the profile of decentralisation will vary from state to state and the panchayats will have varying patterns of functional jurisdiction. But it is perhaps necessary that there should be certain core activities, which should be common for the panchayat systems of all the States. These activities may be chosen from the subjects mentioned in the Eleventh Schedule and from other subjects addressed by the State Governments, but not mentioned in that schedule. It is not necessary to reach a national consensus for identifying certain vital areas in which the panchayat systems of all the States should have important roles to play?
(b) There are certain development subjects where substantial involvement of panchayats is not only possible, but essential from the point of view of ensuring efficient service delivery and people's control over programmes that aim at their development and welfare. Most important subjects where the logic of decentralisation is very strong are: elementary education, adult and non-formal education, primary health care, drinking water, sanitation, women and child development, roads and rural infrastructure that may include rural electrification. All of them, except civic services, are mentioned in the framework of broad guidelines given by the higher-level government. In fact, this should constitute a focused aspect of the panchayat plans. Besides the above subjects, there are two poverty alleviation programmes of the Union Government where panchayats’ roles are well recognised. The most ambitious Centrally Sponsored Scheme (CSS) of poverty alleviation, namely, NREGS assigns crucial role to the PRIs. The other major CSS of poverty alleviation, namely SGRY, which is applicable in the districts where NREGS is not in operation, also assigns similar role to the PRIs. Apart from these livelihood schemes, there is another important programme of poverty alleviation. This is Public Distribution System (PDS). The starvation deaths, which continue to occur in many pockets of extreme poverty in various States, from time to time, clearly indicate the importance of targeted Public Distribution System in our country. Since the targeting capacity of the local government is far superior to the governments at higher levels, it stands to reason that panchayats should have substantial responsibility in making the targeted PDS work at the grass roots. Hence, all the rural livelihood schemes of the Union Government and the targeted Public distribution scheme may also form parts of the core functional jurisdiction of panchayats.
(c) Should there be a consensus that (i) there should be a core functional area common for the Panchayati Raj Systems of all the States and that (b) such area should consist of the following?
- Educational institutions
- Primary health care
- Drinking water and sanitation
- Women and child development
- Roads, culverts, bridges
- Rural infrastructure that may include rural electrification for improving economic activities in productive sectors
- Natural resource management
- Livelihood for the poor
- Implementation of the poverty alleviation schemes
- Targeted Public Distribution System
- Civic amenities
(d) What steps should be taken to identify the activities under each of the core functions that could be devolved to the different tiers of PRIs and constitute the sphere where they can act independently within the framework of broad guidelines given by the higher-level government?
(e) If the PRIs have to play a more meaningful role in future in respect of delivery of basic services like water supply, sanitation, power, primary health care and primary education, what kind of support and monitoring system should be developed to ensure reliable and efficient delivery of services and their equitable distribution?

VIII. TRANSFER OF INSTITUTIONS
(a) The local level institutions for delivery of services are managed by the line departments centrally. Mention may be made of the following:
- Primary schools
- Secondary schools, including students’ hostel
- Literacy centres
- Public libraries
- Sub-centres for primary health care
- Primary health centres
- Block Health Centre
- Veterinary centres
- Anganwadi centres
Following the principle of subsidiarity, should not these institutions along with the staff attached to them be placed under the control of the appropriate tiers of panchayats?

IX. CONTROLLING POWER OF THE STATE GOVERNMENT OVER THE PRIs
(a) Should there be any provision in the State Act to suspend an elected office bearer by the State Government or any other authority prescribed by it?
(b) Should the grounds for removal of an elected member or an elected office bearer be restricted to only (i) ‘no confidence’ of elected members, and (ii) being subject to any of the ‘disqualification’ clauses? Whether in the case of the latter, it will be desirable to conduct a quasi-judicial enquiry by a neutral authority, such as, Ombudsmen or State Election Commission, to determine whether one has become subject to disqualification?
(c) Should the power to dissolve a Panchayat be used in the rarest of rare cases? Before exercise of such power, do you think it should be mandatory to hold a quasi-judicial enquiry by an independent authority?
Annexure-I(4) Contd.

information needs for designing, implementing and monitoring them, role of community participation in implementing the activity etc. Should there be some more criteria other than these?

(a) Should the devolution of an activity be accompanied by the placement of the State Government staff attached to the devolved activities to the appropriate tiers of PRIs under the condition they remain fully responsible to and under the disciplinary control of the elected authority?

(b) Should the grounds for removal of an elected member or an elected office bearer be restricted to only (i) ‘no confidence’ of elected members; and (ii) being subject to any of the ‘disqualification’ clauses? Whether in the case of the latter, it will be desirable to conduct a quasi-judicial enquiry by a neutral authority, such as, Ombudsman or State Election Commission, to determine whether one has become subject to ‘disqualification’?

(c) Should the power to dissolve a Panchayat be used in the rarest of rare cases? Before exercise of such power, will there be some criteria?

(d) Should the Pramukh be elected for an extended term?

(e) Do you think there is a need for creation of Nyaya Panchayat at Gram Panchayat level to try petty offences? What could be the types of cases entrusted to them?

(f) Should the State Panchayat Acts contain provisions empowering the State Governments to withdraw by executive orders any activity from or amend any of the statutory schedules of the activities earmarked for panchayats?

(g) Should each State prepare a roadmap for ending all the 29 matters of the Eleventh Schedule on the PRIs at least in the near future, so as to facilitate preparation of village level plans in all the areas assigned to them under the Constitution?

VII. CORE FUNCTIONS OF PANCHAYATS

(a) How much powers and authority of the State Government should be devolved to the local Councils will vary from state to state and the panchayats will have varying patterns of functional jurisdiction. But it is perhaps necessary that there should be certain core activities, which should be common for the panchayat systems of all the States. These activities may be chosen from the subjects mentioned in the Eleventh Schedule and from other subjects addressed by the State Governments, but not mentioned in that schedule. It is not necessary to reach a national consensus for identifying certain vital areas in which the panchayat systems of all the States should have important roles to play?

(b) There are certain development subjects where substantial involvement of panchayats is not only possible, but essential from the point of view of ensuring efficient service delivery and people’s control over programmes that aim at their development and welfare. Most important subjects where the logic of decentralisation is very strong are: elementary education, adult and non-formal education, primary health care, drinking water, sanitation, women and child development, civic services, roads and rural infrastructure that may include rural electrification. All of them, except civic services, are mentioned in the Eleventh Schedule. One subject that is not specifically mentioned in the Eleventh Schedule, is the management of natural resources. The panchayats, particularly the Gram Panchayats, have to assume substantial responsibility in respect of optimum, but sustainable, utilisation of natural resources. In fact, this should constitute a focused aspect of the panchayat plans. Besides the above subjects, there are two poverty alleviation programmes of the Union Government where panchayats’ roles are well recognised. The most ambitious Centrally Sponsored Scheme (CSS) of poverty alleviation, namely, NREGS assigns crucial role to the PRIs. The other major CSS of poverty alleviation, namely SGRY, which is applicable in the districts where NREGS is not in operation, also assigns similar role to the PRIs. Apart from these livelihood schemes, there is another important programme of poverty alleviation. This is Public Distribution System (PDS). The starvation deaths, which continue to occur in many pockets of extreme poverty in various States, from time to time, clearly indicate the importance of targeted Public Distribution System in our country. Since the targeting capacity of the local government is far superior to the governments at higher levels, it stands to reason that panchayats should have substantial responsibility in making the targeted PDS work at the grass roots. Hence, all the rural livelihood schemes of the Union Government and the targeted public distribution scheme may also form parts of the core functional jurisdiction of panchayats.

IX. CONTROLLING POWER OF THE STATE GOVERNMENT OVER THE PRIs

(a) Should there be any provision in the State Act to suspend an elected office bearer by the State Government or any other authority prescribed by it?

(b) Should the grounds for removal of an elected member or an elected office bearer be restricted to only (i) ‘no confidence’ of elected members, and (ii) being subject to any of the ‘disqualification’ clauses? Whether in the case of the latter, it will be desirable to conduct a quasi-judicial enquiry by a neutral authority, such as, Ombudsman or State Election Commission, to determine whether one has become subject to ‘disqualification’?

(c) Should the power to dissolve a Panchayat be used in the rarest of rare cases? Before exercise of such power, do you think it should be mandatory to hold a quasi-judicial enquiry by an independent authority?
X. INSTITUTIONAL ISSUES:

(a) The size of Gram Panchayats (GPs) in different States varies widely. (Population of GP in Arunachal Pradesh is only 380, while an average GP of Kerala has a population of 25,800). In a GP which has a small population, there will be greater scope for people’s participation, but the GP may not be financially viable. On the other hand in a large GP, there may be financial viability, but it will offer lesser opportunities for people’s participation. To ensure a proper combination of providing opportunities for people’s participation and financial viability of Panchayat, should there be a stipulation for minimum and maximum number of population for the GPs?

(b) There is a tendency among some States to give executive powers to the committees of Gram Sabha (for example, Gram Swaraj Scheme of Madhya Pradesh) or Ward Sabha (for example, West Bengal). Is it proper to create an executive authority below the GP?

(c) Should we continue with the rotation policy prescribed for reservation of seats under the Constitution? If so, what should be the minimum period desirable for such rotation?

(d) Can we find an alternate sustainable model for leadership development in the context of reservation in different units?

(e) There is a view that the Local Area Development Fund for the Members of the Parliament and (in many States) for the Members of the Legislative Assemblies cannot be justified under a regime of democratic decentralisation. Do you agree?

(f) If PRIs are suitably empowered through substantial devolution of functions and resources, will there be any necessity of such agencies as DRDA, FFDA, District Health Society etc? If not, what should be the relationship between these agencies and the PRIs?

(g) What are the State Acts/Rules that need to be reviewed to empower PRIs in the areas earmarked for them? Should there be a time frame for each State Government to get this done? Should the Union Government monitor the implementation of this process?

(h) What could be the mechanism for integration of PRIs/ULBs at the district/urban level for preparation of a composite development plan and for effective delivery of services in their areas?

(i) At present, at the district level the functions of the administration may roughly be classified into (a) Executive Magistracy; (b) Land Administration; (c) Disaster Management; (d) Election authority; (e) Facilitator of public services/civil supplies; (f) Welfare administration; (g) Cadre management functions; (h) Grievance/vigilance officer. What should be the role of, and interface with, District Collector, once panchayats and municipalities are empowered? What kind of role could be envisaged for the existing bureaucratic structure at the district level under the emerging PRI/ULB set up?

(j) What steps are needed to secure gender equality/empowerment in PRIs? Do you think the present provisions in the State Panchayati Raj enactments for reservation of women in panchayat institutions is enough to give an equal partnership to them in local government? What other affirmative constitutional, structural and institutional measures are necessary to achieve significant results in this direction?

XI. ELECTIONS

(a) Should the task of delimitation of constituencies of different tiers of panchayats and reservation of constituencies including rotation should be conducted under the full control and supervision of the SEC? Similarly, will it be appropriate if electoral powers like publication of election results, election of office-bearers, handling disputes about the election of office-bearers etc be given to the SEC, instead of the government officials as is the practice in many States?

(b) There is a Chief Electoral Officer in each State who conducts the elections for the State Legislature and the Lok Sabha, whereas the State Election Commissioner performs a similar role in respect of elections to the local bodies. Is there a case for merging these two offices? With a view to ensuring preparation of common electoral rolls as well as securing optimum utilisation of election materials and other resources—will it be advantageous to abolish the office of the CEO and entrust his activities to the State Election Commission?

(c) What are the possible modifications in Panchayati Raj Legislation in view of the experience of last 10 years such as elections of Chairpersons at various levels, rotational policy, powers of Election Commission?

(d) Under Article 243C(5)(b), the Chairperson of the panchayat at the intermediate level or district level shall be elected by and from amongst the elected members thereof but under Article 243C(5)(a), the Chairperson of the village level panchayat shall be elected in such manner as the State Legislature may by law provide. Do you think that provisions of Article 243C(5)(b) should be applicable to the post of Chairpersons of PRIs at all levels and 243C(5)(a) should be scrapped?

(e) Does the composition of the PRIs at different level need a change?

(f) Should all the three PRI levels have separate direct election system?

XII. PRIs AND CENTRALLY SPONSORED/CENTRAL SECTOR SCHEMES

At present, there is a large number of Centrally Sponsored Schemes being implemented across the country by Ministries of the Union Government through the state agencies. Out of these, about 8 major programmes account for the bulk of investment almost to the tune of 65-70%. These major programmes are NREGS, SSA, NRHM, ICDS, Mid Day Meal, Drinking Water Mission, JAY and PMGSY. Together these programmes have an allotment of Rs. 50,000 crores approximately. There is a tendency on the part of the Union Ministries to devise separate delivery mechanism for such schemes without or with nominal involvement of the PRIs. Exceptions among them are NRHM and NREGS. The latter programme, particularly, is a notable example, which has dovetailed the programme delivery structure to exactly fit into the Panchayati Raj system including Gram Sabha. With regard to the other CSSs, the following issues deserve attention:

(a) Since almost all the subjects handled by CSSs find place in the Eleventh Schedule of the Constitution, do you think it is essential that the structural involvement of panchayats is ensured in the implementation of the CSSs? (A note of warning here is called for: Inclusion of panchayat representatives in the committees formed under a scheme does not amount to the involvement of institutions of panchayat).

(b) CSSs in general have a tendency to prescribe formation of programmatic committees, which are outside the permanent structures of the State and Local Governments. In some cases like ICDS and SSA, the committee structures go down to the village or neighbourhood level. These committees are (i) outside the permanent institutional structures and processes, and (ii) their relationship with permanent structures is not clear. How to integrate the stakeholder agencies and the civil society organisations with the panchayats or should they work in conjunction? Or should one avoid the ‘external’ committees altogether and make use of the permanent structures only in implementing these programmes?

(c) Most programmes look forward to developing perspective plans and annual plans from the grass roots level. Here again the linkages with the normal institutional processes of planning are missing, each programmatic plan is seen as a stand alone process. Do you think it is necessary to ensure that the programmatic planning forms an integral part of the planning process envisaged in Article 243G of the Constitution?

(d) The Fund flow of most CSSs bypasses the panchayats. NREGS and NRHM are notable exceptions. How will it work if the funds are channelled through the panchayats?

XIII. LEGISLATIVE COUNCIL AS COUNCIL OF PRIs/ULBs

Article 171 of the Constitution provides for the formation of Legislative Councils. With the emergence of PRIs as the constitutionally mandated third tier of governance, would it be appropriate if the Legislative Council becomes the Council of PRIs/local governments. Once such a Council is elected by these representatives, it will protect the interests of PRIs/ULBs. Do you think that such reform in the composition of the Legislative Council is necessary? What could be the possible alternative composition of this body?
X. INSTITUTIONAL ISSUES:

(a) The size of Gram Panchayats (GPs) in different States varies widely. (Population of GP in Arunachal Pradesh is only 383, while an average GP of Kerala has a population of 25,000). In a GP which has a small population, there will be greater scope for people’s participation, but the GP may not be financially viable. On the other hand in a large GP there may be financial viability, but it will offer lesser opportunities for people’s participation. To ensure a proper combination of providing opportunities for people’s participation and financial viability of Panchayat, should there be a stipulation for minimum and maximum number of population for the GPs?

(b) There is a tendency among some States to give executive powers to the committees of Gram Sabha (for example, Gram Swaraj Scheme of Madhya Pradesh) or Ward Sabha (for example, West Bengal). Is it proper to create an executive authority below the GP?

(c) Should we continue with the rotation policy prescribed for reservation of seats under the Constitution? If so, what should be the minimum period desirable for such rotation?

(d) Can we find an alternate sustainable model for leadership development in the context of reservation in the PRI election?

(e) There is a view that the Local Area Development Fund for the Members of the Parliament and (in many States) for the Members of the Legislative Assemblies cannot be justified under a regime of democratic decentralisation. Do you agree?

(f) If PRIs are suitably empowered through substantial devolution of functions and resources, will there be any necessity of such agencies as DRDA, FFDA, District Health Society etc? If not, what should be the relationship between these agencies and the PRIs?

(g) What are the State Acts/Rules that need to be reviewed to empower PRIs in the areas earmarked for them? Should there be a time frame for each State Government to get this done? Should the Union Government monitor the implementation of this process?

(h) What could be the mechanism for integration of PRIs/ULBs at the district/urban level for preparation of a composite development plan and for effective delivery of services in their areas?

(i) At present, at the district level the functions of the administration may roughly be classified into (a) Executive Magistracy; (b) Land Administration; (c) Disaster Management; (d) Election authority; (e) Facilitator of public services/civil supplies; (f) Welfare administration; (g) Cadre management functions; (h) Grievance/vigilance officer. What should be the role of, and interface with, District Collector, once panchayats and municipalities are empowered? What kind of role could be envisaged for the existing bureaucratic structure at the district level under the emerging PRI/ULB set up?

(j) What steps are needed to secure gender equality/empowerment in PRIs? Do you think the present provisions in the State Panchayati Raj enactments for reservation of women in panchayat institutions is enough to give an equal partnership to them in local government? What other affirmative constitutional, structural and institutional measures are necessary to achieve significant results in this direction?

XI. ELECTIONS

(a) Should the task of delimitation of constituencies of different tiers of panchayats and reservation of constituencies including rotation should be conducted under the full control and supervision of the SEC? Similarly, will it be appropriate if electoral powers like publication of election results, election of office-bearers, handling disputes about the election of office-bearers etc be given to the SEC instead of the government officials as is the practice in many States?

(b) There is a Chief Electoral Officer in each State who conducts the elections for the State Legislature and the Lok Sabha, whereas the State Election Commissioner performs a similar role in respect of elections to the local bodies. Is there a case for merging these two offices? With a view to ensuring preparation of common electoral rolls as well as securing optimum utilisation of election materials and other resources—will it be advantageous to abolish the office of the CEO and entrust his activities to the State Election Commission?

(c) What are the possible modifications in Panchayati Raj Legislation in view of the experience of last 10 years such as elections of Chairpersons at various levels, rotational policy, powers of Election Commission?

(d) Under Article 243(C)(5)(b), the Chairperson of the panchayat at the intermediate level or district level shall be elected by and from amongst the elected members thereof but under Article 243(C)(5)(a), the Chairperson of the village level panchayat shall be elected in such manner as the State Legislature may by law provide. Do you think that provisions of Article 243(C)(5)(b) should be applicable to the post of Chairpersons of PRIs at all levels and 243(C)(5)(a) should be scrapped?

(e) Does the composition of the PRIs at different level need a change?

(f) Should all the three PRI levels have separate direct election system?

XII. PRIs AND CENTRALLY SPONSORED/CENTRAL SECTOR SCHEMES

At present, there is a large number of Centrally Sponsored Schemes being implemented across the country by Ministries of the Union Government through the state agencies. Out of these, about 8 major programmes account for the bulk of investment almost to the tune of 65-70%. These major programmes are NREGS, SSA, NRHM, ICDS, Mid Day Meal, Drinking Water Mission, JAY and PMGSY. Together these programmes have an allotment of Rs. 50,000 crores approximately. There is a tendency on the part of the Union Ministries to devise separate delivery mechanism for such schemes without or with nominal involvement of the PRIs. Exceptions among them are NRHM and NREGS. The latter programme, particularly, is a notable example, which has dovetailed the programme delivery structure to exactly fit into the Panchayati Raj system including Gram Sabha. With regard to the other CSSs, the following issues deserve attention:

(a) Since almost all the subjects handled by CSSs find place in the Eleventh Schedule of the Constitution, do you think it is essential that the structural involvement of panchayats is ensured in the implementation of the CSSs? (A note of warning here is called for: Inclusion of panchayat representatives in the committees formed under a scheme does not amount to the involvement of institutions of panchayat).

(b) CSSs in general have a tendency to prescribe formation of programmatic committees, which are outside the permanent structures of the State and Local Governments. In some cases like ICDS and SSA, the committee structures go down to the village or neighbourhood level. These committees are (i) outside the permanent institutional structures and processes, and (ii) their relationship with permanent structures is not clear. How to integrate the stakeholder agencies and the civil society organisations with the panchayats or should they work in conjunction? Or should one avoid the ‘external’ committees altogether and make use of the permanent structures only in implementing these programmes?

(c) Most programmes look forward to developing perspective plans and annual plans from the grass roots level. Here again the linkages with the normal institutional processes of planning are missing, each programmatic plan is seen as a stand alone process. Do you think it is necessary to ensure that the programmatic planning forms an integral part of the planning process envisaged in Article 243G of the Constitution?

(d) The fund flow of most CSSs bypasses the panchayats. NREGS and NRHM are notable exceptions. How will it work if the funds are channelised through the panchayats?

XIII. LEGISLATIVE COUNCIL AS COUNCIL OF PRIs/ULBs

Article 171 of the Constitution provides for the formation of Legislative Councils. With the emergence of PRIs as the constitutionally mandated third tier of governance, would it be appropriate if the Legislative Council becomes the Council of PRIs/local governments. Once such a Council is elected by these representatives, it will protect the interests of PRIs/ULBs. Do you think that such reform in the composition of the Legislative Council is necessary? What could be the possible alternative composition of this body?
XIV. RELATIONSHIP BETWEEN PANCHAYATS AND CITIZENS/STAKEHOLDER GROUPS/ COMMUNITY BASED ORGANISATIONS/OTHER CIVIL SOCIETY BODIES
(a) A large number of NGOs and stakeholder groups/Community Based Organisations (CBO) like SehHelp Groups, User Groups, Mahila Mandalas etc. are functioning in the villages. Very often these organisations are involved in implementing various State/Union Government programmes/schemes. What kind of coordination should exist between them and the PRIs?
(b) What steps should be taken to institutionalise the coordinating mechanism between such stakeholder groups/organisations and the panchayats?
(c) Will it be appropriate if these bodies are asked to attend Gram Sabha/Intermediate Panchayat meetings and brief the members on their ongoing activities in the area? Could they be co-opted as special invitees of the panchayats or their Standing Committees? Do you think it will create an environment of complementarity? What could be the modalities for such interactions?
(d) Do you think such co-ordinations between stakeholders/CBO groups and PRIs will lead to convergence of various development programmes in the area?

What are the implications if such organisations function under the overall umbrella of the local government?

XV. EMPOWERMENT OF CITIZENS
(a) What are the areas in which citizens can directly be empowered as stakeholders?
(b) Because of a long tradition of governmental dominance and citizen's subordination to the State, people's initiatives have not been given due value or encouragement in our system. Would you suggest some constitutional and institutional measures which will give encouragement to such initiatives and ultimately lead to citizens' empowerment?
(c) Co-operatives and Micro Finance: These are the two sectors which have been recognised as powerful tools for economic resurgence of the rural areas. What are the constitutional/legal/other measures required to inject life to them? Is there any need to amend Article 19 of the Constitution in this context?

XVI. PANCHAYATS AND THEIR FINANCES: DEVOLUTION AND INTERNAL RESOURCES
One of the major areas of concern in the exercise of PRI empowerment is the critical state of the panchayat finance. So far, most of the States have in their possession at least two reports of the SFCs constituted by them.

(a) The recommendations of the SFCs are expected to lay the foundations of a sound system of local finance, promote regional balance in respect of basic services and thus be an important step towards effective decentralization. How do you think the State Governments can be made to act on these reports? How will you react if the transfer of Central Finance Commission grants for local bodies and other devolutions are made conditional on the achievements made in respect of devolution to the PRIs?
(b) The State Governments have, by and large, failed to adopt definite policies on allocation of funds to the PRIs. Should it be made mandatory for the states to frame legislations in this regard clarifying a definite mode of transfer of funds for the Central Schemes? Should it be rooted through the Consolidated Funds of the States or given directly to the PRIs?
(c) Do you think the State Government’s power to give tax concession (without consulting panchayats) in favour of any public or private body should be curtailed?
(d) Do you support the view that Intermediate and Zila Panchayats should also have revenue raising powers?
(e) The Gram Panchayat is the only institution among the PRIs that enjoys revenue raising powers. Do you agree that a fiscal responsibility regime with details on timing and periodicity of fiscal transfers to PRIs should be made mandatory?

Is there a need to create a permanent SFC cell at the State Headquarters to collect data continuously and make them available to the SFC as and when constituted?

What is your view on the 12th Finance Commission (FC) recommended Rs. 20,000 crores as block grants to panchayats for 2005-10 (just 4% of the central transfers)? A jump of Rs. 8,000 crores over the recommendation of the 11th FC. In 2002-03, the expenditures incurred at the local body level were just about 1.8% of the GDP and constituted about 5% of the total government expenditure. The 12th FC recommended these transfers to be used for water supply and sanitation. Is this quantum of grant adequate? Secondly, will it be more useful to make such transfers unconditional or continue with the present system of specific purpose transfers?

What could be the mode of transfer of funds for the Central Schemes? Should it be routed through the Consolidated Funds of the States or given directly to the PRIs?

What could be the possible measures to insulate such transfers from the ways and means problems of the States?

What other measures would you suggest for enhancing/improving the resource base of the PRIs?

Is there a need to have a baseline standard on Accounting and Auditing for PRIs?

Instead of multiple transfers, should there be cross sectoral convergence of allocations into block funds such as anti-poverty fund, a water security fund, the public health fund, an education fund, a family welfare and child development fund, a housing fund and a rural connectivity fund.

Should the State widely publicise such transfers on public domain or otherwise?

On the basis of activities assigned to panchayats, should each State Government create a Panchayat Sector Line item in the budget to emphasise such allocations?

Similarly, do you suggest similar action on the part of Union Government Ministries?

What are the implications if the funds allocated and transferred to panchayats are made non-lapsable?

Should the hierarchical procedure for furnishing technical/administration sanction for a project be done away with? What alternative models could be tried in this context?

Do you agree that a fiscal responsibility regime with details on timing and periodicity of fiscal transfers to PRIs and preconditions for release of funds is required?
XIV. RELATIONSHIP BETWEEN PANCHAYATS AND CITIZENS/STAKEHOLDER GROUPS/COMMUNITY BASED ORGANISATIONS/OTHER CIVIL SOCIETY BODIES

(a) A large number of NGOs and stakeholder groups/Community Based Organisations (CBO) like SehHelp Groups, User Groups, Mahila Mandals etc are functioning in the villages. Very often these organisations are involved in implementing various State/Union Government programmes/schemes. What kind of relationship should exist between them and the PRIs?

(b) What steps should be taken to institutionalise the coordinating mechanism between such stakeholder groups/organisations and the panchayats?

(c) Will it be appropriate if these bodies are asked to attend Gram Sabha/Intermediate Panchayat meetings and brief the members on their ongoing activities in the area? Could they be co-opted as special invitees of the panchayats or their Standing Committees. Do you think it will create an environment of complementarity? What could be the modalities for such interactions?

(d) Do you think such co-ordinations between stakeholders/CBO groups and PRIs will lead to convergence of various development programmes in the area?

What are the implications if such organisations function under the overall umbrella of the local government?

XV. EMPOWERMENT OF CITIZENS

(a) What are the areas in which citizens can directly be empowered as stakeholders?

(b) Because of a long tradition of governmental dominance and citizens’ subordination to the State, people’s initiatives have not been given due value or encouragement in our system. Would you suggest some constitutional and institutional measures which will give encouragement to such initiatives and ultimately lead to citizens’ empowerment?

(c) Co-operatives and Micro Finance: These are the two sectors which have been recognised as powerful tools for economic resurgence of the rural areas. What are the constitutional/legal/other measures required to inject life to them? Is there any need to amend Article 19 of the Constitution in this context?

XVI. PANCHAYATS AND THEIR FINANCES: DEVOLUTION AND INTERNAL RESOURCES

One of the major areas of concern in the exercise of PRI empowerment is the critical state of the panchayat finance. So far, most of the States have in their possession at least two reports of the SFCs constituted by them.

(a) The recommendations of the SFCs are expected to lay the foundations of a sound system of local finance, promote regional balance in respect of basic services and thus be an important step towards effective decentralisation. How do you think the State Governments can be made to act on these reports? How will you react if the transfer of Central Finance Commission grants for local bodies and other devolutions are made conditional on the achievements made in respect of devolution to the PRIs?

(b) The State Governments have, by and large, failed to adopt definite policies on allocation of funds to the PRIs. Should it be made mandatory for the states to frame legislation in this regard clarifying a definite mode of transfer of funds for the Central Schemes? Should it be rooted through the State Headquarters to collect data continuously and make them available to the SFC as and when required?

(c) In view of the growing importance of PRIs, is there a need to create a permanent SFC cell at the State Headquarters to collect data continuously and make them available to the SFC as and when required?

(d) Do you think the State Government’s power to give tax concession (without consulting panchayats) in lucrative tax sources such as large industries in rural areas is justified?

(e) What are the implications of transfers from the Consolidated Funds of the State to the PRIs? Are there specific purposes for which transfers are to be made?

(f) What could be the possible measures to insulate such transfers from the ways and means problems of the State?

(g) What other measures would you suggest for enhancing/improving the resource base of the PRIs?

(h) Is there a need to have a baseline standard on accounting and Auditing for PRIs?

(i) Should the State widely publicise such transfers on public domain or otherwise?

(j) Should the State Government’s power to give tax concession (without consulting panchayats) in lucrative tax sources such as large industries in rural areas is justified?

(k) What could be the possible measures to insulate such transfers from the ways and means problems of the State?

(l) What other measures would you suggest for enhancing/improving the resource base of the PRIs?

(m) Is there a need to have a baseline standard on Accounting and Auditing for PRIs?

(n) Should the State Government’s power to give tax concession (without consulting panchayats) in lucrative tax sources such as large industries in rural areas is justified?

(o) Should the State Government’s power to give tax concession (without consulting panchayats) in lucrative tax sources such as large industries in rural areas is justified?

(p) Should the State Government’s power to give tax concession (without consulting panchayats) in lucrative tax sources such as large industries in rural areas is justified?

(q) Should the State Government’s power to give tax concession (without consulting panchayats) in lucrative tax sources such as large industries in rural areas is justified?

(r) Similarly, do you suggest similar action on the part of Union Government Ministries?

(s) What are the implications of the funds allocated and transferred to panchayats being non-lapsable?

(t) Should the hierarchical procedure for furnishing technical/administration sanction for a project be done away with? What alternative models could be tried in this context?

(u) Do you agree that a fiscal responsibility regime with details on timing and periodicity of fiscal transfers to PRIs and preconditions for release of funds is required?
Annexure-I(4) Contd.

XVII. ADMINISTRATIVE REFORMS FOR PANCHAYAT PERSONNEL

1. Personnel Management

(a) What should be the human resource policy for the panchayats to discharge their functions in the assigned areas effectively? Should there be cadres specifically earmarked for Panchayats both at the District and the State levels? If so, what are the implications of the same?

(b) What should be the best mode for staffing of PRIs? Should the staff be on contract or on permanent basis?

(c) How will career progression be ensured for permanent staff of PRIs?

(d) Should the personnel policy of the panchayats allow lateral as well as inter panchayat movement?

(e) What ideally should be the relationship between the panchayat Chairperson and the CEO? Should the appointment of CEO remain confined only to the IAS? What could be the alternatives?

(f) Should the PRIs be allowed to outsource some activities to civil society groups?

(g) What are the measures needed to be taken to ensure administrative control of the PRIs over the State Government functionaries dealing with the matters listed in the Eleventh Schedule of the Constitution?

(h) Some State Governments have faced difficulty in placing the services of the concerned government staff to the PRIs consequent upon devolution of certain activities or institutions. In this context, should there be an enabling provision in the Constitution permitting the State Legislatures to make, by law, provisions that would empower the State Governments to depute their staff to the panchayats and enable the latter to exercise full power of administrative and functional control over such staff?

(i) Do you think there is a need to have a continuous scheme of programmes and training for PRLs officials? Should these training programmes have a basic curriculum common to all panchayats across the country? What could be the contents of this curriculum?

(j) In the spirit of decentralisation envisaged in the 73rd Amendment, what are the measures needed to simplify the process of technical scrutiny of schemes at various levels of hierarchy? Should the criterion remain based on financial outlay and not on the technical complexity of the schemes?

(k) What are the measures needed to redraft technical codes in order to make them citizen-friendly so that the projects could be taken up with participation and involvement of the people and civil society groups?

(l) At present, the state Public Works Department (PWD), and in some States, other technical departments provide technical sanction/scrutiny/guidance to projects, what are the measures needed to liberalise the system and involve private technical bodies, retired technocrats and civil society institutions having technical wing in providing technical support services to panchayat project?

(m) Should panchayats be entrusted with the task of monitoring the attendance of village level staff of different departments?

(n) At present, Gram Panchayat grade C employee is from the district administration. In view of the gradual empowerment of this structure in terms of both volume of work as well as their financial outlay, is there a need to upgrade this post to grade B level or at least to a senior grade C status with appropriate qualification and experience requirement?

(o) Should the PRIs be encouraged to take up ventures where people/stakeholders make a part contribution with the government making available the balance amount? Is there a need to monetise Shramdan (voluntary working) in such works?

2. Capacity Enhancement

(a) There is a general feeling that the State Institute of Rural Development (SIRD) are not given due care and attention in all the States. What are the steps needed so that the SIRDs are adequately strengthened and dedicated fully for building the capacity of the elected members of the PRIs and the officials attached with them?

(b) What are the implications of transferring/outsourcing the functions of the SIRDs to competent NGOs/Educational Institutions including the Universities both in the Public and Private Sectors?

(c) It is quite often seen that for every Centrally Sponsored Scheme (CSS), a new Capacity Building (CB) arrangement is made, probably because this service is not seen as a continuous process, but as an external, temporary and a time bound input. Will it be rational to dovetail the individual capacity building elements of various CSSs into the continuous process of CB of the PRIs through the permanent institutional arrangements, namely the NIRD, the SIRDs and similar other institutions?

(d) Should the NGOs/other Civil Society Groups be involved in capacity building of the PRIs?

(e) What should be the special arrangements to build the capacities of the representatives from among women and other weaker sections of the society, especially in the context of the rotation system?

(f) Do you think there is a necessity to set up a composite extension centre at the level of each delivery panchayat so as to cater to the training requirements of all PRIs falling in that area?

(g) Is there a need to have a formal certification course for the secretariat and technical staff working with panchayats through institutions such as IGNOU?

(h) Since many of the elected represented of the PRIs are not sufficiently educated/trained on issues of governance both administrative as well as technical, will it be desirable to have a short training course for such representatives immediately after elections?

XVII. DECENTRALISED PLANNING – GROSS ROOTS PARTICIPATION

Planning from below

In terms of Article 243G, planning is a mandatory function of panchayats. Yet, panchayat level planning has not been institutionalised in any State other than Kerala. The important issues involved are:

(a) In many State Acts, planning has not been made a mandatory task of the panchayats, particularly at the levels of Gram Panchayats and Intermediate Panchayats. Is this not unconstitutional? What amendments are necessary in these Acts to make ‘planning’ a mandatory task of all the tiers of panchayats?

(b) Most panchayats do not undertake planning function, because of paucity of untied funds, among other things. Despite recommendations of many State Finance Commissions, most State Governments fail to provide substantial funds to the PRIs in untied form, presumably because they face serious financial constraints.

In the circumstance, what are the initiatives needed on part of the Union Government to create a pool of resources drawing funds from various sources including the Central Finance Commission grants and channelise them to the PRIs to enable them to prepare local level development plans under broad guidelines to be given by the respective State Planning Boards?

(c) (i) Should the Planning Commission take initiatives in creating a framework for institutionalising panchayat level planning and for integration of panchayat plans with the State and National Plans?
XVII. ADMINISTRATIVE REFORMS FOR PANCHAYAT PERSONNEL

1. Personnel Management
(a) What should be the human resource policy for the panchayats to discharge their functions in the assigned areas effectively? Should there be cadre specifically earmarked for Panchayats both at the District and the State levels? If so, what are the implications of the same?
(b) What should be the best mode for staffing of PRIs? Should the staff be on contract or on permanent basis?
(c) How will career progression be ensured for permanent staff of PRIs?
(d) Should the personnel policy of the panchayats allow lateral as well inter panchayat movement?
(e) Should there be convergence of cadres at some level?
(f) What ideally should be the relationship between the panchayat Chairperson and the CEO? Should the appointment of CEO remain confined only to the IAS? What could be the alternatives?
(g) Should the PRIs be allowed to outsource some activities to civil society groups?
(h) What are the measures needed to be taken to ensure administrative control of the PRIs over the State Government functionaries dealing with the matters listed in the Eleventh Schedule of the Constitution?
(i) Some State Governments have faced difficulty in placing the services of the concerned government staff to the PRIs consequent upon devolution of certain activities or institutions. In this context, should there be an enabling provision in the Constitution permitting the State Legislatures to make, by law, provisions that would empower the State Governments to depute their staff to the panchayats and to enable the latter to exercise full power of administrative and functional control over such staff?
(j) Do you think there is a need to have a continuous scheme of programmes and training for PRIs officials? Should these training programmes have a basic curriculum common to all panchayats across the country? What could be the contents of this curriculum?
(k) In the spirit of decentralisation envisaged in the 73rd Amendment, what are the measures needed to simplify the process of technical scrutiny of schemes at various levels of hierarchy? Should the criterion remain based on financial outlay and not on the technical complexity of the schemes?
(l) What are the measures needed to redraft technical codes in order to make them citizen-friendly so that the projects could be taken up with participation and involvement of the people and civil society groups?
(m) At present, the state Public Works Department (PWD), and in some States, other technical departments provide technical sanction/scrutiny/guidance to projects, what are the measures needed to liberalise the system and involve private technical bodies, retired technocrats and civil society institutions having technical wing in providing technical support services to panchayat project?
(n) Should panchayats be entrusted with the task of monitoring the attendance of village level staff of different departments?
(o) At present, Gram Panchayat grade C employee is from the district administration. In view of the gradual empowerment of this structure in terms of both volume of work as well as their financial outlay, is there a need to upgrade this post to grade B level or at least to a senior grade C status with appropriate qualification and experience requirement?
(p) Should the PRIs be encouraged to take up ventures where people/stakeholders make a part contribution with the government making available the balance amount? Is there a need to monetise Shramdan (voluntary working) in such works?

2. Capacity Enhancement
(a) Since many of the elected representatives of the PRIs are not sufficiently educated/trained on issues of governance both administrative as well as technical, will it be desirable to have a short training course for such representatives immediately after elections?
(b) What should be the special arrangements to build the capacities of the representatives from among women and other weaker sections of the society, especially in the context of the rotation system?
(c) What are the recommendations to establish/revive training institutions?
(d) Do you think there is a necessity to set up a composite extension centre at the level of each delivery panchayat so as to cater to the training requirements of all PRIs falling in that area?
(e) Is there a need to have a formal certification course for the secretariat and technical staff working with panchayats through institutions such as IGNOU?
(f) Since many of the elected representatives of the PRIs are not sufficiently educated/trained on issues of governance both administrative as well as technical, will it be desirable to have a short training course for such representatives immediately after elections?

Planning from below
In terms of Article 243G, planning is a mandatory function of panchayats. Yet, panchayat level planning has not been institutionalised in any State other than Kerala. The important issues involved are:
(a) In many State Acts, planning has not been made a mandatory task of the panchayats, particularly at the levels of Gram Panchayats and Intermediate Panchayats. Is this not unconstitutional? What amendments are necessary in these Acts to make ‘planning’ a mandatory task of all the tiers of panchayats?
(b) Most panchayats cannot undertake planning function, because of paucity of untied funds, among other things. Despite recommendations of many State Finance Commissions, most State Governments fail to provide substantial funds to the PRIs in untied form, presumably because they face serious financial constraints.
In the circumstance, what are the initiatives needed on part of the Union Government to create a pool of resources-drawing funds from various sources including the Central Finance Commission grants and channelise them to the PRIs to enable them to prepare local level development plans under broad guidelines to be given by the respective State Planning Boards?
(c) (i) Should the Planning Commission take initiatives in creating a framework for institutionalising panchayat level planning and for integration of panchayat plans with the State and National Plans?
2. Role of the District Planning Committee
The District Planning Committees (DPCs) have failed to emerge as effective institutions. Some States have not formed the DPC. A few States tried to make it more powerful than the PRIs. In most States, they are not functioning. Moreover, the concept of ‘District Plan’ has not yet taken a concrete shape. There are many issues surrounding DPC and the ‘District Plan’ that need to be addressed.

(a) Under Articles 243G and 243W, Panchayats of all three tiers and the Municipalities will prepare plans for their areas. These plans are not draft plans, but are final and actionable plans. But the District Plans to be prepared by the DPC under Article 243ZD are draft plans. How to remove this anomaly and reconcile Articles 243G/243W with Article 243 ZD?

(b) Article 243ZD gives two tasks to the DPC, namely to integrate the panchayat and municipal plans and to prepare a consolidated district plan. This means that the district plan goes beyond consolidating the individual plans of local bodies. It is expected to address certain issues, which are beyond the capacity of individual panchayats and municipalities. Are these things restricted to sub-clause (a) of clause (3) of Article 243ZD, namely rural-urban integration, environmental conservation, balanced and sustainable use of natural resources and financial or other kinds of resources? Whether the district plan should have a larger scope, for example, inclusion of programmes of various line departments on subjects/activities not devolved to the local bodies? Is it possible to suggest an alternative model for integration of PRIs/ULBs at the district/urban level for preparation of a composite development plan and for effective delivery of services in their areas?

(c) Legitimacy of the DPC – In view of the existence of Zila Parishad as the apex elected PRI at the district level, is there a need to create a separate constitutional body, DPC to prepare the draft plan for the district under Article 243Z? What, in your opinion, justifies this special constitutional recognition to the DPC, when neither the National Planning Commission nor the State Planning Boards have been given this status?

(d) Do you find weight in the view that the DPC, being a standing committee outside the PRI-Municipal system, a body of indirectly elected and nominated members, will have no accountability either to the local bodies or to the local people?

(e) Expanding the role of District Panchayat – Keeping in view the overall pattern of democratic decentralisation envisaged under the 73rd and 74th Constitution Amendments, do you think the task given to the DPC can be performed by the District Panchayat itself? In that case, will the District Panchayat be the government for the entire district, including the urban areas? The task of preparing the district plan for the entire district can then be given to this body and there is no necessity of a separate constitutional body like DPC. What are the possible implications? What are the constitutional amendments and institutional arrangements needed to create such an enlarged/empowered District Panchayat (taking care of both PRIs/ULBs)?

(f) If the above is accepted, is there a need to have an advisory body of officials/technical experts/scholars to replace the DPC which will advise the District Panchayat in preparing a district plan or to coordinate the planning exercises at the local level or to examine the local plans for, among other things, prevention of overlapping and duplication of schemes/projects at the inter-panchayat level?

(g) When the district level panchayat represents both rural and urban population, it has to become the District Government in which case the Chief Executive Officer of the District Government will automatically become a key functionary at the district level. What will be the possible implications of merging the present post of Collector/Deputy Commissioner with that of the CEO?

XVIII. ACCOUNTABILITY AND TRANSPARENCY IN THE PRI
(a) What specific steps are required to incorporate transparency guarantees in the State Panchayat Acts?
(b) What kind of administrative/accounting framework do you suggest for holding panchayats to account for transparency and for voluntary disclosure of information?
(c) Do you think that auditing of PRIs needs to be done by Director of Local Accounts alone or in conjunction with the State CAG unit?

(d) What are the measures needed for computerisation of PRIs account at all levels of panchayats?
(e) Is there a need to have a continuous scheme of training programme for PRI officials? Should this training have a basic curriculum common all across the country? What could be the broad contents of this common curriculum?

(f) What are your suggestions regarding introduction of Citizens’ Charter in every PRI?

(g) How to institutionalise Social Audit?

(h) Apart from the propriety issues, it is necessary that the PRIs should be judged in terms of efficiency and effectiveness of the public goods and services they provide to the citizens. In this context, will it be appropriate to suggest that the statutory auditors also evaluate each PRI against certain performance indicators, which can be measured quantitatively?

(i) Should specific functions and powers be assigned to the Gram Sabhas/Ward Sabhas to ensure downward accountability of the panchayats, as has been done under the PESA?

(j) Should the NGOs/CBOs working within a Panchayat area report about their activities to the Gram Sabhas/Ward Sabhas?

(k) The Administrative Reforms Commission in its report on “Ethics in Governance” has strongly recommended creation of Ombudsman at local bodies. How can this be best synchronised/organised? Parameters/qualifications for appointment as Ombudsman.
Local Governance

Annexure-I(4) Contd.

(ii) What are the initiatives the Planning Commission can take to activate the State Planning Boards so that they become a catalysing centre, providing advice, direction, support to PRIs for preparation of participatory panchayat level plans?

(d) The Planning Commission has emphasised that implementation of grass roots level planning by PRIs. What specific initiatives can the Planning Commission take?

Comprehensive and workable methodology for preparation of plans at different levels of panchayat has not been developed by most States. What could be done to ensure this?

2. Role of the District Planning Committee

The District Planning Committees (DPCs) have failed to emerge as effective institutions. Some States have not formed the DPC. A few States tried to make it more powerful than the PRIs. In most States, they are not functioning. Moreover, the concept of ‘District Plan’ has not yet taken a concrete shape. There are many issues surrounding DPC and the ‘District Plan’ that need to be addressed.

(a) Under Articles 243G and 243W, Panchayats of all three tiers and the Municipalities will prepare plans for their areas. These plans are not draft plans, but are final and actionable plans. But the District Plans to be prepared by the DPC under Article 243ZD are draft plans. How to remove this anomaly and reconcile Articles 243G/243W with Article 243 ZD?

(b) Article 243ZD gives two tasks to the DPC, namely to integrate the panchayat and municipal plans and to prepare a consolidated district plan. This means that the district plan goes beyond consolidating the individual plans of local bodies. It is expected to address certain issues, which are beyond the capacity of individual panchayats and municipalities. Are these things restricted to sub-clause (a) of clause (3) of Article 243ZD, namely rural-urban integration, environmental conservation, balanced and sustainable use of natural resources and financial or other kinds of resources? Whether the district plan should have a larger scope, for example, inclusion of programmes of various line departments on subjects/activities not devolved to the local bodies? Is it possible to suggest an alternative model for integration of PRIs/ULBs at the district/urban level for preparation of a composite development plan and for effective delivery of services in their area?

(c) Legitimacy of the DPC – In view of the existence of Zila Parishad as the apex elected PRI at the district level, is there a need to create a separate constitutional body, DPC to prepare the draft plan for the district under Article 243Z D? What, in your opinion, justifies this special constitutional recognition to the DPC, when neither the National Planning Commission nor the State Planning Boards have been given this status?

(d) Do you find weight in the view that the DPC, being a stand-alone committee outside the PRI-Municipal system, a body of indirectly elected and nominated members, will have no accountability either to the local bodies or to the local people?

(e) Expanding the role of District Panchayat – Keeping in view the overall pattern of democratic decentralisation envisaged under the 73rd and 74th Constitution Amendments, do you think the task given to the DPC can be performed by the District Panchayat itself? In that case, will the District Panchayat be the government for the entire district, including the urban areas? The task of preparing the district plan for the entire district can then be given to this body and there is no necessity of a separate constitutional body like DPC. What are the possible implications? What are the constitutional amendments and institutional arrangements needed to create such an enlarged/empowered District Planning Committee (taking care of both PRIs/ULBs)?

(f) If the above is accepted, is there a need to have an advisory body of officials/technical experts/scholars to replace the DPC which will advise the District Panchayat in preparing a district plan or to coordinate the planning exercises at the local level or to examine the local plans for, among other things, prevention of overlapping and duplication of schemes/projects at the inter-panchayat level?

(g) When the district level panchayat represents both rural and urban population, it has to become the District Government in which case the Chief Executive Officer of the District Government will automatically become a key functionary at the district level. What will be the possible implications of merging the present post of Collector/Deputy Commissioner with that of the CEO?

XVII. ACCOUNTABILITY AND TRANSPARENCY IN THE PRI

(a) What specific steps are required to incorporate transparency guarantees in the State Panchayat Acts?

(b) What kind of administrative/accounting framework do you suggest for holding panchayats to account for transparency and for voluntary disclosure of information?

(c) Do you think that auditing of PRIs needs to be done by Director of Local Accounts alone or in conjunction with the State CAG unit?

(d) What are the measures needed for computerisation of PRIs account at all levels of panchayats?

(e) Is there a need to have a continuous scheme of training programme for PRI officials? Should this training have a basic curriculum common all across the country? What could be the broad contents of this common curriculum?

(f) What are your suggestions regarding introduction of Citizens’ Charter in every PRI?

(g) How to institutionalise Social Audit?

(h) Apart from the propriety issues, it is necessary that the PRIs should be judged in terms of efficiency and effectiveness of the public goods and services they provide to the citizens. In this context, will it be appropriate to suggest that the statutory auditors also evaluate each PRI against certain performance indicators, which can be measured quantitatively?

(i) Should specific functions and powers be assigned to the Gram Sabhas/Ward Sabhas to ensure downward accountability of the panchayats, as has been done under the PESA?

(j) Should the NGOs/CBOs working within a Panchayat area report about their activities to the Gram Sabha and the Panchayat? What would be the modalities for it?

(k) The Administrative Reforms Commission in its report on “Ethics in Governance” has strongly recommended creation of Ombudsman at local bodies. How can this be best synchronised/organised? Parameters/qualifications for appointment as Ombudsman.
I am happy to be here with you all in this National Colloquium on Urban Governance jointly organised by the Administrative Reforms Commission and Janagraha. What we are deliberating upon today and tomorrow in this National Colloquium here at the Indian Institute of Management is, to my mind, a topic of great national importance. As you all know, urbanisation and unprecedented growth of cities is one of the most significant trends in the modern world. Cities are made, quite literally, by the imposition of human design on the natural environment; and urbanisation is essentially the redistribution of populations from villages and hamlets to towns and cities. However, once the population has crossed the threshold to claim urban status, various factors come into play in determining whether a city will grow or decay - well-being or impoverishment of the hinterland, availability of raw materials, industrial enterprises, natural disasters, state of public services and infrastructure and so on.

Unfortunately, India has not been able to extract optimum economic benefits from its natural resources nor has it succeeded in rejuvenating and reviving its reproducible portions. Increasing population and economic pressures have resulted in the decline of area under the forest cover. Our economic structure has evolved in such a manner that the demand on forest resources far exceeds their regeneration capacity.

The link between industrialisation and urbanisation is becoming stronger each day. There has been a rapid demand for built space, which has circumvented planning, and building regulations that are formulated with the specific aim of preventing environmental degradation. The increasing industrial activities, trade opportunities, population growth and migration from rural areas are expanding Indian cities at an unprecedented scale.

Special Economic Zones

The Special Economic Zones Act, 2005 has been legislated to enable creation of world-class infrastructure through private participation and hassle-free regulatory regime in various areas including taxation, customs, labour, etc. in SEZs.

The concept no doubt is going to create world-class infrastructure and make many states to dream for many Shanghai's.

The developments are also chased by the developers e.g. after the announcement of the ONGC project in Mangalore, the developers not only in the country but also all over the world have started coming and investing in acquisition of lands.

The subject of urban governance becomes even more important when we consider the extent and magnitude of urban poverty. Poverty in India has been the focus of many debates and policies for decades. Most of this focus has been on rural poverty issues, but the size and acceleration of urban poverty mandates that this sector gets equal attention from our policy-makers. The bigger cities are growing faster than smaller towns. India’s mega-cities have the highest percentage of slum-dwellers in the country. There are several questions that we need to consider while talking about urban poverty. First, the importance of pursuing an “empowerment” approach vs. a “delivery” approach that treats beneficiaries as mere recipients and not as participants in the change process. Second, we need to understand the economies of urban poverty in the design of our programmes. Third, we have to accord priority to urban poverty on line with rural poverty. The National Commission on Urbanisation had recommended that the government adopt an integrated approach to address poverty in rural and urban areas. This was because rural and urban economies are interdependent and failure in any one sector will cause failures in the other sector. The number of Government sponsored Urban Poverty Alleviation Initiatives being introduced year after year has increased, indicating that urban poverty has seen a gradual rise in importance for the policy-maker. While the change in approach is an improvement that reflects the growing urgency of urban poverty, funding for urban poverty still lags behind the magnitude of the problem. I hope the National Colloquium will deliberate at length on these aspects and suggest suitable palliatives.

As per the 55th National Sample Survey (NSS, 1999-2000), the poverty line for urban areas was Rs. 854.96 (US $ 19.02) per capita per month. According to this definition, 26.11% of Indians fall below the poverty line. According to the 2001 census, 42.83% of the urban population was below the poverty line.

There will be an inevitable response about slums. For the first time, the 2001 Census collected data on slums and 607 cities/towns (populations more than 50,000) reported such data. Four per cent of India’s population, 22 per cent of the population of these towns/cities, 33 per cent of Maharashtra’s population, 49 per cent of Mumbai’s population (other metro figures are only slightly less) lives in slums.

In the 2001 census, 37% of urban households had only one room in which to live, with this percentage rising to 65% in Mumbai, for an average household size of almost 5 individuals. Only half of the dwellings have running water and 26% have no toilet (53% in Mumbai). Moreover, 23% of the urban population lives in slums - squatter settlements and hovels - and this percentage is even higher in the largest municipalities: a quarter of the population of Chennai and rising to...
Local Governance

Speech of Shri M Veerappa Moily,
Chairman, Second Administrative Reforms Commission
at the
National Colloquium on Urban Governance
held at IIM, Bangalore
20th September, 2006

I am happy to be here with you all in this National Colloquium on Urban Governance jointly organised by the Administrative Reforms Commission and Janagraha. What we are deliberating upon today and tomorrow in this National Colloquium here at the Indian Institute of Management is, to my mind, a topic of great national importance. As you all know, urbanisation and unprecedented growth of cities is one of the most significant trends in the modern world. Cities are made, quite literally, by the imposition of human design on the natural environment; and urbanisation is essentially the redistribution of populations from villages and hamlets to towns and cities. However, once the population has crossed the threshold to claim urban status, various factors come into play in determining whether a city will grow or decay - well-being or impoverishment of the hinterland, availability of raw materials, industrial enterprises, natural disasters, state of public services and infrastructure and so on.

Unfortunately, India has not been able to extract optimum economic benefits from its natural resources nor has it succeeded in rejuvenating and reviving its reproducible portions. Increasing population and economic pressures have resulted in the decline of area under the forest cover. Our economic structure has evolved in such a manner that the demand on forest resources far exceeds their regeneration capacity.

The link between industrialisation and urbanisation is becoming stronger each day. There has been a rapid demand for built space, which has circumvented planning, and building regulations that are formulated with the specific aim of preventing environmental degradation. The increasing industrial activities, trade opportunities, population growth and migration from rural areas are expanding Indian cities at an unprecedented scale.

Special Economic Zones

The Special Economic Zones Act, 2005 has been legislated to enable creation of world-class infrastructure through private participation and hassle-free regulatory regime in various areas including taxation, customs, labour, etc. in SEZs.

The concept no doubt is going to create world-class infrastructure and make many states to dream for many Shanghai’s.

The developments are also chased by the developers e.g. after the announcement of the ONGC project in Mangalore, the developers not only in the country but also all over the world have started coming and investing in acquisition of lands.

The CDP which expired in 2002 is yet to find the nod of approval from the Government of Karnataka. This may be the case in respect of many other cities also. Unless urban planning are planned anticipating the development, it could become totally unmanageable and lead to urban anarchy.

A deluge of infrastructure and development may have to be appropriately channelised, planned and executed, otherwise, this may alone pose a big problem of urban explosion.

The subject of urban governance becomes even more important when we consider the extent and magnitude of urban poverty. Poverty in India has been the focus of many debates and policies for decades. Most of this focus has been on rural poverty issues, but the size and acceleration of urban poverty mandates that this sector gets equal attention from our policy-makers. The bigger cities are growing faster than smaller towns. India’s mega-cities have the highest percentage of slum-dwellers in the country. There are several questions that we need to consider while talking about urban poverty. First, the importance of pursuing an “empowerment” approach vs. a “delivery” approach that treats beneficiaries as mere recipients and not as participants in the change process. Second, we need to understand the economies of urban poverty in the design of our programmes. Third, we have to accord priority to urban poverty on line with rural poverty. The National Commission on Urbanisation had recommended that the government adopt an integrated approach to address poverty in rural and urban areas. This was because rural and urban economics are interdependent and failure in any one sector will cause failures in the other sector. The number of Government sponsored Urban Poverty Alleviation Initiatives being introduced year after year has increased, indicating that urban poverty has seen a gradual rise in importance for the policy-maker. While the change in approach is an improvement that reflects the growing urgency of urban poverty, funding for urban poverty still lags behind the magnitude of the problem. I hope the National Colloquium will deliberate at length on these aspects and suggest suitable palliatives.

As per the 55th National Sample Survey (NSS, 1999-2000), the poverty line for urban areas was Rs. 854.96 (US $ 19.02) per capita per month. According to this definition, 26.11% of Indians fall below the poverty line. According to the 2001 census, 42.83% of the urban population was below the poverty line.

There will be an inevitable response about slums. For the first time, the 2001 Census collected data on slums and 607 cities/towns (populations more than 50,000) reported such data. Four per cent of India’s population, 22 per cent of the population of these towns/cities, 33 per cent of Maharashtra’s population, 49 per cent of Mumbai’s population (other metro figures are only slightly less) lives in slums.

In the 2001 census, 37% of urban households had only one room in which to live, with this percentage rising to 65% in Mumbai, for an average household size of almost 5 individuals. Only half of the dwellings have running water and 26% have no toilet (53% in Mumbai). Moreover, 23% of the urban population lives in slums - squatter settlements and hovels - and this percentage is even higher in the largest municipalities: a quarter of the population of Chennai and rising to...
almost half in Mumbai. In response to the size and persistence of the slums, public authorities have resorted to measures of various types: demolition with relocation, provision of basic services, in-situ rehabilitation etc. but these do not however tackle the root of the problem. The enactment of 73rd and 74th Constitutional Amendments in 1992, has added a new dimension to fiscal federalism and the decentralisation process in the country, by assigning a Constitutional status to local bodies. The Amendment provided for, among other things, the gradual transfer of powers and authority of State Legislatures to Urban Local Bodies (ULBs) so that they function as institutions of self-government; clear demarcation of ULB’s responsibilities under the Twelfth Schedule of the Constitution and the formation of State Finance Commissions (SFCs), in line with the Central Finance Commission (CFC), to identify avenues for municipal finance and recommend criteria to devolve resources from states to ULBs. These provisions, although not fully implemented, provided functional and financial autonomy within the framework of a democratic government structure, and made ULBs directly accountable to their citizens. But the exact demarcation of powers, functions and finances between the State Government and ULBs is left to be determined by the State Governments through their conformity legislations and subsequent Amendments therein.

When we look for reasons, I am reminded of Amartya Sen quoting his old teacher, Joan Robinson, as saying about our country – “Whatever you can rightly say about India, the opposite is also true”. Thus, a centrally administered city with large initial investments, like Chandigarh has been a model of urban planning but its success could not be scaled up and replicated elsewhere. Delhi, on the other hand, after major initial successes in urban planning has now become trouble prone, saddled with a multiplicity of agencies, of which the judiciary has now become a part, and massive demographic pressure coupled with rampant commercialisation. The most unfortunate aspect is that there are almost no small and medium towns which can be considered as model towns boasting a high quality of life. A complete matching of expenditure and revenue decentralisation is inconceivable in a federal set up. Therefore, the appropriate structure of local finance - the mix of taxes, user charges and transfers - is critical to ensure that ULBs have access to the financial resources that they deserve, given the functions that are being devolved to them.

Unfortunately, fourteen years after the 74th Constitutional Amendment, urban local bodies find themselves in a financially precarious situation on all fronts - own revenues through taxes and non-tax sources, transfers as well as grants. As a result, ULB finances are in a mess. This has serious consequences for how Municipalities will finance their capital investments that are desperately required, let alone meet their revenue expenditure obligations. Hence, what is required is action to improve the state of municipal finances in the country.

It is estimated that over a seven-year period, the urban local bodies would require a total investment of Rs. 120536 crores for upgrading basic infrastructure and services, implying an annual funding requirement of Rs 17219 crores.

Urbanisation Policies are Creating Artificial Scarcities

The year 2006 (or 2007) is significant in the history of human civilisation, because that’s when the world’s urban population will exceed the world’s rural population for the first time. Of course, levels of urbanisation vary widely, ranging between 80 per cent in high income countries and 30 per cent in low income countries. Urbanisation is correlated with economic development and India’s 28 per cent urbanisation figure is still low by global standards, although there are some problems with cross-country definitions of what is urban.

Not only is India’s urbanisation figure low, it is growing at a rate slower than that in many other countries. For instance, between 1990 and 2003, India urbanised at an annual average rate of 2.5 per cent. The rate was 3.3 per cent for low income countries and 4.6 per cent for sub-Saharan Africa. The correlation between urbanization and development is also obvious if one considers inter-state data. Tamil Nadu, Maharashtra and Gujarat are at the top of the urbanisation pecking order and Bihar is towards the bottom with a figure of 10.47 per cent. Around 2025, projections suggest 40 per cent of India’s population will be urban, with 75 per cent urban in Tamil Nadu, 60 per cent in Maharashtra and more than 50 per cent in Gujarat and Punjab. Tamil Nadu should cross the 50 per cent threshold in 2007. In 2025, Karnataka and Haryana will also be largely urban and Uttaranchal will be more urban than Andhras Pradesh, West Bengal or Kerala.

Our urban population of 320 million is already the second largest in the world. The urban areas already account for a disproportionate share of the Nation’s GDP, over 50% and this share too is expected to rise to 65% by 2011. Thus, while the old cliche’s are still current, the dynamic urban reality of a country that is a world leader in Pharmaceuticals, telecommunications and outsourced computing services and which is growing at a rate of above 7% per annum fuelled mostly by its urban centres, cannot be concealed.

I want to say something about urban planning. As India continues to urbanise, with greater percentages of its citizens migrating from rural areas to cities, a conscious and disciplined approach to managing existing city resources and effectively planning for growth will be critical to the well-being of increasing numbers of its population. A well articulated and implemented urban plan will thus make the difference between a vibrant living environment that affords sustainable access to economic opportunities and public services and a situation where increasing numbers of India’s citizens are exchanging a cohesive rural fabric for a disconnected existence in urban areas without any sense of ownership or pride in their surroundings. I hope the Colloquium discusses at length these dimensions of urban planning and propose solutions.

Let me say something about the peri-urban areas. The peri-urban areas show the ugly face of urbanisation. These areas represent the fault lines beneath the smoothness of the urban surface, with all the attendant problems. These are huge slums, without even the legal positions of slums; this is where the poor lives in abysmal conditions, and without the benefit of public services like water, power and healthcare. I would request the Colloquium to spend some time on the problems and prospects of the peri-urban areas and suggest measures of amelioration.
almost half in Mumbai. In response to the size and persistence of the slums, public authorities have resorted to measures of various types: demolition with relocation, provision of basic services, in-situ rehabilitation etc, that do not however tackle the root of the problem.

The enactment of 73rd and 74th Constitutional Amendments in 1992, has added a new dimension to fiscal federalism and the decentralisation process in the country, by assigning a Constitutional status to local bodies. The Amendment provided for, among other things, the gradual transfer of powers and authority of State Legislatures to Urban Local Bodies (ULBs) so that they function as institutions of self-government; clear demarcation of ULB’s responsibilities under the Twelfth Schedule of the Constitution and the formation of State Finance Commissions (SFCs), in line with the Central Finance Commission (CFC), to identify avenues for municipal finance and recommend criteria to devolve resources from states to ULBs.

These provisions, although not fully implemented, provided functional and financial autonomy within the framework of a democratic government structure, and made ULBs directly accountable to their citizens. But the exact demarcation of powers, functions and finances between the State Government and ULBs is left to be determined by the State Governments through their conformity legislations and subsequent Amendments therein.

When we look for reasons, I am reminded of Amartya Sen quoting his old teacher, Joan Robinson, as saying about our country - “Whatever you can rightly say about India, the opposite is also true”. Thus, a centrally administered city with large initial investments, like Chandigarh has been a model of urban planning but its success could not be scaled up and replicated elsewhere. Delhi, on the other hand, after major initial successes in urban planning has now become trouble prone, saddled with a multiplicity of agencies, of which the judiciary has now become a part, and massive demographic pressure coupled with rampant commercialisation. The most unfortunate aspect is that there are almost no small and medium towns which can be considered as model towns boasting of a high quality of life.

A complete matching of expenditure and revenue decentralisation is inconceivable in a federal set up. Therefore, the appropriate structure of local finance - the mix of taxes, user charges and transfers - is critical to ensure that ULBs have access to the financial resources that they deserve, given the functions that are being devolved to them.

Unfortunately, fourteen years after the 74th Constitutional Amendment, urban local bodies find themselves in a financially precarious situation on all fronts - own revenues through taxes and non-tax sources, transfers as well as grants. As a result, ULB finances are in a mess. This has serious consequences for how Municipalities will finance their capital investments that are desperately required, let alone meet their revenue expenditure obligations. Hence, what is required is action to improve the state of municipal finances in the country.

It is estimated that over a seven-year period, the urban local bodies would require a total investment of Rs. 120356 crores for upgrading basic infrastructure and services, implying an annual funding requirement of Rs 17219 crores.

Urbanisation Policies are Creating Artificial Scarcities

The year 2006 (or 2007) is significant in the history of human civilisation, because that’s when the world’s urban population will exceed the world’s rural population for the first time. Of course, levels of urbanisation vary widely, ranging between 80 per cent in high income countries and 30 per cent in low income countries. Urbanisation is correlated with economic development and India’s 28 per cent urbanisation figure is still low by global standards, although there are some problems with cross-country definitions of what is urban.

Not only is India’s urbanisation figure low, it is growing at a rate slower than that in many other countries. For instance, between 1990 and 2003, India urbanised at an annual average rate of 2.5 per cent. The rate was 3.3 per cent for low income countries and 4.6 per cent for sub-Saharan Africa. The correlation between urbanization and development is also obvious if one considers inter-state data. Tamil Nadu, Maharashtra and Gujarat are at the top of the urbanisation pecking order and Bihar is towards the bottom with a figure of 10.47 per cent. Around 2025, projections suggest 40 per cent of India’s population will be urban, with 75 per cent urban in Tamil Nadu, 60 per cent in Rajasthan and more than 50 per cent in Gujarat and Punjab. Tamil Nadu should cross the 50 per cent threshold in 2007. In 2025, Karnataka and Haryana will also be largely urban and Uttar Pradesh, West Bengal and Kerala will be more urban than Andhra Pradesh, West Bengal or Kerala.

Our urban population of 320 million is already the second largest in the world. The urban areas already account for a disproportionate share of the Nation’s GDP over 50% and this share too is expected to rise to 65% by 2011. Thus, while the old cliché are still current, the dynamic urban reality of a country that is a world leader in pharmaceuticals, telecommunications and outsourced computing services and which is growing at a rate of above 7% per annum fuelled mostly by its urban centres, cannot be concealed.

I want to say something about urban planning. As India continues to urbanise, with greater percentages of its citizens migrating from rural areas to cities, a conscious and disciplined approach to managing existing city resources and effectively planning for growth will be critical to the well-being of increasing numbers of its population. A well articulated and implemented urban plan will thus make the difference between a vibrant living environment that affords sustainable access to economic opportunities and public services and a situation where increasing numbers of India’s citizens are exchanging a cohesive rural fabric for a disconnected existence in urban areas without any sense of ownership or pride in their surroundings. I hope the Colloquium discusses at length these dimensions of urban planning and propose solutions.

Let me say something about the peri-urban areas. The peri-urban areas show the ugly face of urbanisation. These areas represent the fault lines beneath the smoothness of the urban surface, with all the attendant problems. These are huge slums, without even the legal positions of slums; this is where the poor lives in abysmal conditions, and without the benefit of public services like water, power and healthcare. I would request the Colloquium to spend some time on the problems and prospects of the peri-urban areas and suggest measures of amelioration.
The urban environment is of great importance. Industrialisation has been the main spring of the urban phenomenon. In the developing countries like India, rapid urbanisation is taking place unaccompanied by modernisation in terms of infrastructure and planning. There is growing concern about the problems connected with urbanisation i.e. congestion, pollution, slum settlements, and inadequate services and facilities. The rate of urbanisation is posing a threat to not only the natural environment but also to the man-made environment. The objective of urban planning must not only be the achievement of economic goals but also achievement of the better quality of environment.

Let me give you an example. When cities are built, the construction of roads and buildings is done in flat areas. But as the cities grow, the surroundings hillocks are flattened and low-lying areas are filled to enable construction. This disturbs the natural features of the land. The slope of land is a very important aspect especially in respect of water channeling. The rainfall flows from the high lying slopes to the water catchments areas at the foot of the slopes and these low-lying areas become the lakes, tanks and ponds. Indiscriminate flattening of slopes and the filling up low lying areas ad marshes, adversely affects the flow of the rainwater into the water bodies which, in turn, leads to issues such as scarcity of water, soil erosion, silting of water bodies and storm water drain which results in flooding. The lack of awareness on part of the planning officials and the citizens about the hazards of haphazard urbanisation further exacerbates the problem. The recent Mumbai flood is an example, which highlights the gravity of the situation. I will like to flag the attention of this Colloquium to such serious environmental issues and request the participants to propose ways in which the quality of environment can be sustained, but enhanced as well.

Urban Traffic and Transportation is an important issue choking the metro cities and other two-tier cities. Many public transport modes are Metro Rail, Commuter Rail, High Capacity Bus System (HCBS), Electric Trolley Bus (ETB), Light Rail Transit (LRT) and the Monorail. Metro/Commuter Rail are high capacity modes.

The Colloquium needs to discuss about the criteria for choice of modes particularly with reference to cost-benefit ratio and appropriate gauging. Wherever the circular railways are in existence, the connectivity of urban transport can be taken into consideration. Elevated Rail Transit System is one of the options in respect of availability of circular railways.

While working on the Mass Rapid Transit System, the designing of metro lines with a vision for 25 years has to be taken into consideration. There is no part of India where there should be a natural shortage of urban land or housing. These are artificial scarcities caused by government policies. Centre, State and Municipal, all taken together. If one eliminated legislation on urban land ceilings, rent control and tenancy, unrealistic Master Plans and restrictions on land conversion once Master Plans are in place, high stamp duties, low property taxes, unrealistic building restrictions and large tracts of land owned by the government that do not come onto the market, artificial scarcities would simply disappear. But so would corruption, which is the main reason why discretion continues. We know these unrealistic regulations are not meant to be enforced. One can bribe one's way through them unless a High Court intervenes to upset the status quo. Once the court intervenes, the Municipal Corporation of Delhi tells us that 70 to 80 per cent of Delhi’s 3.2 million buildings have major or minor legal violations, 1,600 of Delhi’s 3,000 colonies are illegal and that 18,299 buildings have to be demolished. Since taxes and electricity bills have often been paid on these, presumably MCD and other government officials knew about these illegalities. Artificial scarcities should lead to high prices, except that such high prices manifest themselves through bribes. That’s also a kind of contract, except that such contracts aren’t legally binding.

Urban Governance Issues/Indicators
1. Consumer satisfaction (survey/complaints)
2. Openness of procedures for contracts/tenders for municipal services
3. Equity in tax system
4. Sources of local government funding ((taxes, user charges, borrowing, central government, international aid)
5. Percentage of population served by services
6. Access of public to stages of policy cycle
7. Fairness in enforcing laws
8. Incorporation of excluded groups in the consultation process
9. Clarity of procedures and regulations and responsibilities
10. Existing participatory processes
11. Freedom of media and existence of local media
12. Autonomy of financial resources

Finally, a word about the initiatives of the present government. JNNURM, which was launched in December 2005, is a commendable initiative to enhance the quality of urban life in India. It is a seven-year mission. The objective of JNNURM is to create economically productive, efficient, equitable and responsive cities. The approach of JNNURM is essentially in three directions. First, the cities selected under JNNURM will have to prepare a City Development Plan that will be the vision statement for the city for next three decades. Second, the concerned city has to prepare detailed project reports in terms of the vision statement that will set forth its financial requirements. Third, a timeline will have to be stipulated for implementation of the urban reforms. The thrust areas for project assistance under JNNRUM ranges from solid waste management to basic services for the urban poor. On the whole, JNNRUM is an outstanding national initiative, encompassing as it does wholesome reforms, financial incentives and rigorous review process. Urban governance is characterised by the principles of sustainability, subsidy, equity, efficiency, transparency and accountability, civic engagement and citizenship, and security.

- Sustainability in all dimensions of urban development
- Subsidiarity of authority and resources to the closest appropriate level
- Equity of access to decision-making processes and the basic necessities of urban life
- Efficiency in the delivery of public services and in promoting local economic development
- Transparency and Accountability of decision-makers and all stakeholders
- Civic Engagement and Citizenship
The urban environment is of great importance. Industrialisation has been the main spring of the urban phenomenon. In the developing countries like India, rapid urbanisation is taking place unaccompanied by modernisation in terms of infrastructure and planning. There is growing concern about the problems connected with urbanisation—i.e. congestion, pollution, slum settlements, and inadequate services and facilities. The rate of urbanisation is posing a threat to not only the natural environment but also to the man-made environment. The objective of urban planning must not only be the achievement of economic goals but also achievement of the better quality of environment.

Let me give you an example. When cities are built, the construction of roads and buildings is done in flat areas. But as the cities grow, the surroundings' hillocks are flattened and low-lying areas are filled to enable construction. This disturbs the natural features of the land. The slope of land is a very important aspect especially in respect of water channeling. The rainwater flows from the high lying slopes to the water catchments areas at the foot of the slopes and these low-lying areas become the lakes, tanks and ponds. Indiscriminate flattening of slopes and the filling up low lying areas ad marshes, adversely affects the flow of the rainwater into the water bodies which, in turn, leads to issues such as scarcity of water, soil erosion, silting of water bodies and storm water drain which results in flooding. The lack of awareness on part of the planning officials and the citizens about the hazards of haphazard urbanisation further exacerbates the problem. The recent Mumbai flood is an example, which highlights the gravity of the situation. I will like to flag the attention of this Colloquium to such serious environmental issues and request the participants to propose ways in which the quality of environment can be sustained, but enhanced as well.

Urban Traffic and Transportation is an important issue choking the metro cities and other two-tier cities. Many public transport modes are Metro Rail, Commuter Rail, High Capacity Bus System (HCBS), Electric Trolley Bus (ETB), Light Rail Transit (LRT) and the Monorail. Metro/Commuter Rail are high capacity modes.

The Colloquium needs to discuss about the criteria for choice of modes particularly with respect to cost-benefit ratio and appropriate gauging. Wherever the circular railways are in existence, the connectivity of urban transport can be taken into consideration. Elevated Rail Transit System is one of the options in respect of availability of circular railways.

While working on the Mass Rapid Transit System, the designing of metro lines with a vision for 25 years has to be taken into consideration. There is no part of India where there should be a natural shortage of urban land or housing. These are artificial scarcities caused by government policies. Centre, State and Municipal, all taken together. If one eliminated legislation on urban land ceilings, rent control and tenancy, unrealistic Master Plans and restrictions on land conversion once Master Plans are in place, high stamp duties, low property taxes, unrealistic building restrictions and large tracts of land owned by the government that do not come onto the market, artificial scarcities would simply disappear. But so would corruption, which is the main reason why discretion continues. We know these unrealistic regulations are not meant to be enforced. One can bribe one's way through them unless a High Court intervenes to upset the status quo. Once the court intervenes, the Municipal Corporation of Delhi tells us that 70 to 80 per cent of Delhi's 3.2 million buildings have major or minor legal violations, 1,600 of Delhi's 3,000 colonies are illegal and that 18,299 buildings have to be demolished. Since taxes and electricity bills have often been paid on these, presumably MCD and other government officials knew about these illegalities. Artificial scarcities should lead to high prices, except that such high prices manifest themselves through bribes. That's also a kind of contract, except that such contracts aren't legally binding.

Urban Governance Issues/Indicators

1. Consumer satisfaction (survey/complaints)
2. Openness of procedures for contracts/tenders for municipal services
3. Equity in tax system
4. Sources of local government funding (taxes, user charges, borrowing, central government, international aid)
5. Percentage of population served by services
6. Access of public to stages of policy cycle
7. Fairness in enforcing laws
8. Incorporation of excluded groups in the consultation process
9. Clarity of procedures and regulations and responsibilities
10. Existing participatory processes
11. Freedom of media and existence of local media
12. Autonomy of financial resources

Finally, a word about the initiatives of the present government. JNNURM, which was launched in December 2005, is a commendable initiative to enhance the quality of urban life in India. It is a seven-year mission. The objective of JNNURM is to create economically productive, efficient, equitable, and responsive cities. The approach of JNNURM is essentially in three directions. First, the cities selected under JNNURM will have to prepare a City Development Plan that will be the vision statement for the city for next three decades. Second, the concerned city has to prepare detailed project reports in terms of the vision statement that will set forth its financial requirements. Third, a timeline will have to be stipulated for implementation of the urban reforms. The thrust areas for project assistance under JNNRUM range from solid waste management to basic services for the urban poor. On the whole, JNRRUM is an outstanding national initiative, encompassing as it does wholesome reforms, financial incentives and rigorous review process.

Urban governance is characterised by the principles of sustainability, subsidiary, equity, efficiency, transparency and accountability, civic engagement and citizenship, and security.

- Sustainability in all dimensions of urban development
- Subsidiarity of authority and resources to the closest appropriate level
- Equity of access to decision-making processes and the basic necessities of urban life
- Efficiency in the delivery of public services and in promoting local economic development
- Transparency and Accountability of decision-makers and all stakeholders
- Civic Engagement and Citizenship
Local Governance

Annexure-I(5) Contd.

➢ Security of individuals and their living environment
Participatory Budget can be defined as a “a mechanism through which the population decides on or contributes to decisions made on the destination of all or part of the available public resources.”
But there are still substantive issues that have not been comprehensively covered in JNNURM, and these are issues that our Colloquium should concentrate on. I will like to flag at least five of them.
1. Improvement in the overall financial position of municipalities
2. Environmental issues
3. Urban poverty issues
4. Capacity Building and Training
5. Urban Democracy

There are certain general questions that we have to ask ourselves to guide us in our deliberations today and tomorrow.
1. After more than a decade since the passing of the 74th Amendment, it is important that the discussion starts with an assessment of how well this path-breaking directive and policy have been implemented. What are the positive things achieved so far? What are the problem areas and failures that need to be addressed? What lessons should we learn and what are their implications for administrative reform?
2. What are the overarching issues thrown up by these reflections and reviews/assessments? If the basic problems have their origin in the political system and context, should they be considered by the Commission? Or should the Commission confine itself to the technical or procedural issues of a second or third order?
3. What kinds of problems are highlighted by the feedback from citizens about the basic services of ULBs? What clues do they give us on the reform areas we should focus on?
4. What does the feedback of the economic factors in cities tell us about the functioning of the regulatory performance of ULBs? What are the weak spots in planning, zoning and infrastructure that we should address based on their experience?
5. In the past few decades, major reforms have taken place in urban governance in many countries? What lessons and best practices can we learn and adapt from them? Or should we limit ourselves only to our experiences and desk studies?

The most recent major programme, launched in December, 2005, the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), which targets major cities (populations over 1 million) is path-breaking in that it makes access to financial resources dependent on the introduction of a number of reforms (focusing on modern municipal accounting systems, use of e-governance tools, reform of property tax using GIS, rationalisation of users’ charges and provision of basic services for the poor) and the production of City Development Plans, encouraging municipalities to project themselves into the future and improve the economic productivity and efficiency of cities, while, at the same time, ensuring that they are trying to make their cities equitable and inclusive. The mission has two Sub-missions, one for urban infrastructure and governance and the other for basic services to the urban poor. The mission addresses the issues of governance, of reforms in laws, systems and procedures so as to align them to the contemporary needs of our towns and cities. Its focus is two-pronged i.e. improved urban infrastructure and improved public services to be achieved through reforms in the systems of governance of our urban centers.

To what extent will this initiative work, does it require fine tuning and flexibility given the huge regional variations that are characteristic of our country, is it a little too complicated for easy implementation; all these are the imponderables on which this gathering of experts can, I am sure throw light. I hope this seminar will throw up new ideas and out of the box thinking on the way ahead so that the objectives of equitable development and improved quality of life in our cities become a reality.

I am sure this National Colloquium will spend some time discussing these issues and come up with suitable suggestions. I wish the Colloquium all success in their endeavours.

M Veerappa Moily
Local Governance

Participatory Budget can be defined as a “a mechanism through which the population decides on or contributes to decisions made on the destination of all or part of the available public resources.”

But there are still substantive issues that have not been comprehensively covered in JNNURM, and these are issues that our Colloquium should concentrate on. I will like to flag at least five of them:

1. Improvement in the overall financial position of municipalities
2. Environmental issues
3. Urban poverty issues
4. Capacity Building and Training
5. Urban Democracy

There are certain general questions that we have to ask ourselves to guide us in our deliberations today and tomorrow.

1. After more than a decade since the passing of the 74th Amendment, it is important that the discussion starts with an assessment of how well this path-breaking directive and policy have been implemented. What are the positive things achieved so far? What are the problem areas and failures that need to be addressed? What lessons should we learn and what are their implications for administrative reform?

2. What are the overarching issues thrown up by these reflections and reviews/assessments? If the basic problems have their origin in the political system and context, should they be considered by the Commission? Or should the Commission confine itself to the technical or procedural issues of a second or third order?

3. What kinds of problems are highlighted by the feedback from citizens about the basic services of ULBs? What clues do they give us on the reform areas we should focus on?

4. What does the feedback of the economic factors in cities tell us about the functioning of the regulatory performance of ULBs? What are the weak spots in planning, zoning and infrastructure that we should address based on their experience?

5. In the past few decades, major reforms have taken place in urban governance in many countries? What lessons and best practices can we learn and adapt from them? Or should we limit ourselves only to our experiences and desk studies?

The most recent major programme, launched in December, 2005, the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), which targets major cities (populations over 1 million) is path-breaking in that it makes access to financial resources dependent on the introduction of a number of reforms (focusing on modern municipal accounting systems, use of e-governance tools, reform of property tax using GIS, rationalisation of users’ charges and provision of basic services for the poor) and the production of City Development Plans, encouraging municipalities to project themselves into the future and improve the economic productivity and efficiency of cities, while, at the same time, ensuring that they are trying to make their cities equitable and inclusive. The mission has two Sub-missions, one for urban infrastructure and governance and the other for basic services to the urban poor. The mission addresses the issues of governance, of reforms in laws, systems and procedures so as to align them to the contemporary needs of our towns and cities. Its focus is two-pronged i.e. improved urban infrastructure and improved public services to be achieved through reforms in the systems of governance of our urban centers.

To what extent will this initiative work, does it require fine tuning and flexibility given the huge regional variations that are characteristic of our country, is it a little too complicated for easy implementation; all these are the imponderables on which this gathering of experts can, I am sure throw light. I hope this seminar will throw up new ideas and out of the box thinking on the way ahead so that the objectives of equitable development and improved quality of life in our cities become a reality.

I am sure this National Colloquium will spend some time discussing these issues and come up with suitable suggestions. I wish the Colloquium all success in their endeavours.

M Veerappa Moily
LIST OF PARTICIPANTS

GOVERNMENT OF INDIA
1. Shri Abhijit Sengupta, Secretary, Government of India
2. Prof. M. Govind Rao, National Institute of Public Finance and Policy
3. Shri M. Rajamani, Joint Secretary, Ministry of Urban Development
4. Shri P.K. Mohanty, Joint Secretary, Ministry of Housing and Urban Poverty Alleviation
5. Shri R.N. Ghosh, Pr. Director, CAG
6. Shri K.P. Krishnan, Joint Secretary, Ministry of Finance

STATE GOVERNMENTS
7. Shri Gaurav Gupta, Spl. Commissioner, Bangalore Mahanagar Palika (BMP)
8. Shri Sanjay Jaju, Municipal Commissioner, Hyderabad
9. Shri Vinay Kohli, Chairman, Meghalaya Electricity Regulatory Commission
10. Shri Javed Akhtar, MD, Karnataka Urban Infrastructure Development Finance Corporation (KUIDFC)
11. Smt. Lakshmi Venkarachalam, Principal Secretary, Government of Karnataka
12. Shri K. Jairaj, Commissioner, BMP
13. Shri A. Ravindra, Dy. Chairman, State Planning Board, Karnataka
14. Shri M.K. Shankarlinge Gowda, Commissioner, Bangalore Development Authority
15. Shri Malay Srivastava, Secretary, Urban Development, Government of Madhya Pradesh
16. Shri N.C. Muniyappa, Chairman-cum Managing Director, Bangalore Water Supply and Sewerage Board (BWSSB)
17. Shri P. Venkataramana Satty, Chief Engineer, BWSSB
18. Shri P. Manivannan, Commissioner, Hubli Dharwad Municipality
19. Shri Anand Singh, Project Director, Kerala Government
20. Shri Pr. Bovskar, Chief Executive Officer, Kolkata Metro Development Authority
22. Shri Utpendra Tripathy, Managing Director, Bangalore Metropolitan Transport Corporation (BMTC)
23. Shri Ashok Dalwai, Commissioner, Orissa Government
24. Shri Rajiv Sharma, Director General, Centre for Good Governance, Hyderabad
25. Shri Sharan Khawas, Joint Secretary, Government of Maharashtra
26. Shri Anand Mohan, Project Director, Urban Development, Government of Rajasthan

OTHERS
29. Dr. N. Seshagiri, Founder Director General, NCR
30. Shri B. R. Rave, Expert in Urban Affairs
31. Prof. Geeta Sen, IIM, Bangalore
32. Shri Ashwin Mahesh, Government Foundation
33. Shri Santhi Kumari, Director, Delhi Metro
34. Smt. Nageshwar, Citizens Voluntary Initiative for the City (CIVIC), Bangalore
35. Smt. Mangala Nagaraj, CIVIC
36. Shri Chris Heymans, World Bank
37. Shri Samir Kumar, Mayor, Muzaffarpur
38. Smt. Virender Rai, Member-Secretary, ARC

Administrative Reforms Commission
51. Dr. A.P. Mukherjee, Director, ARC
52. Shri S. Ramachandran, ARC
53. Shri R. Sundaram, ARC
54. Smt. Vineeta Rai, Member-Secretary, ARC
LOCAL GOVERNANCE

ANNEXURE-I(6)

National Colloquium on Urban Governance
held at IIM, Bangalore
20th and 21st September, 2006

LIST OF PARTICIPANTS

GOVERNMENT OF INDIA
1. Shri Abhijit Sengupta, Secretary, Government of India
2. Prof. M. Govind Rao, National Institute of Public Finance and Policy
3. Shri M. Rajaman, Joint Secretary, Ministry of Urban Development
4. Shri PK. Mohanty, Joint Secretary, Ministry of Housing and Urban Poverty Alleviation
5. Shri R.N. Ghosh, Pr. Director, CAG
6. Shri K.P. Krishnan, Joint Secretary, Ministry of Finance

STATE GOVERNMENTS
7. Shri Gaurav Gupta, Spl. Commissioner, Bangalore Mahanagar Palika (BMP)
8. Shri Sanjay Jaju, Municipal Commissioner, Hyderabad
9. Shri Vinay Kohli, Chairman, Meghalaya Electricity Regulatory Commission
10. Shri Javed Akhtar, MD, Karnataka Urban Infrastructure Development Finance Corporation (KUIDFC)
11. Smt. Lakshmi Venkatachalam, Principal Secretary, Government of Karnataka
12. Shri K. Jairaj, Commissioner, BMP
13. Shri A. Ravindra, Dy. Chairman, State Planning Board, Karnataka
14. Shri M.K. Shankarlinge Gowda, Commissioner, Bangalore Development Authority
15. Shri Malay Srivastava, Secretary, Urban Development, Government of Madhya Pradesh
16. Shri N.C. Muniyappa, Chairman-cum Managing Director, Bangalore Water Supply and Sewerage Board (BWSSB)
17. Shri P. Venkatakrishna, Chief Engineer, BMP
18. Shri P. Venkataramana Serry, Chief Engineer, BWSSB
19. Shri P. Manivannan, Commissioner, Hubli Dharwad Municipality
20. Shri Anand Singh, Project Director, Kerala Government
21. Shri P.R. Bovskoi, Chief Executive Officer, Kolkata Metro Development Authority
22. Shri M.N. Reddy, Additional Commissioner, Traffic, Bangalore Police
23. Shri Utpendra Tripathy, Managing Director, Bangalore Metropolitan Transport Corporation (BMTC)
24. Shri Ashok Dalwai, Commissioner, Orissa Government
25. Shri Rajiv Sharma, Director General, Centre for Good Governance, Hyderabad
26. Shri R.N. Khawasray, Joint Secretary, Government of Maharashtra
27. Shri Anand Mohan, Project Director, Urban Development, Government of Rajasthan

OTHERS
29. Shri K.C. Sivaramakrishnan, IAS (Retd.)
30. Shri N.P. Singh, IAS (Retd.)
31. Smt. Sheila Patel, Social for Promotion of Area Resource Centre, Mumbai
32. Dr. Samuel Paul, Public Affairs Centre, Bangalore

ANNEXURE-I(6) Contd.

33. Dr. N. Sesuguri, Founder Director General, NIC
34. Shri E.F.N. Ribeiro, Expert in Urban Affairs
35. Prof. Geeta Sen, IIM, Bangalore
36. Shri Adwiti Mahesh, Government Foundation
37. Shri Santh Kumar, Director, Delhi Metro
38. Smt. Kuthayyuru Chamaraj, Citizens' Voluntary Initiative for the City (CIVIC), Bangalore
39. Smt. Mangala Nagaraj, CIVIC
40. Shri Vivek Bajgai, Mayor, Nanded
41. Shri R. Murali, Managing Director, NCR Consultants Ltd.
42. Shri S.R. Ramamoorthy, Director, Urban Practice, CRESIL
43. Shri Adish Srivastava, AIB
44. Shri Chris Heymann, World Bank
45. Shri Suresh Kumar, Mayor, Muzaffarpur
46. Shri Dharshan, Architect, Empire
47. Shri Sundaram, Architect

ADMINISTRATIVE REFORMS COMMISSION
51. Shri M. Veerappa Moily, Chairman, ARC
52. Shri V. Ramachandran, Member, ARC
53. Dr. A.P. Mulherjee, Member, ARC
54. Smt. Vineeta Rai, Member-Secretary, ARC
The Municipal borrowings should be encouraged with following mechanism in place:

- All these reforms must be on a sound financial management system with:
  - The Private-Public Partnership (PPP) should be scaled up.
  - Special Purpose Vehicle (SPV) for project

- A smaller but significant part of the revenue so collected should be used for equalisation between various local bodies.
- The new sources should be collected in its region. Bulk of such collection should be transferred to the local bodies.
- A basic minimum could be subsidised. Another opinion was also expressed that a basic minimum should be free.
- The ULBs should have autonomy in recruitment of the personnel and their performance measurement with suitable incentives and penalties.

II. MUNICIPAL FINANCES
- The key challenges in these areas are: (i) to decide on key functions for which matching finances are required, (ii) to identify new sources of finances for funding capital expenditure, and (iii) to incentivise local level revenue reforms.
- Accordingly, the key changes required for this purpose are: (i) rationalising functions of local bodies (ii) integrating technology to improve service delivery, (iii) adopting participative approach, and (iv) capacity building.
- The disclosure practices of finances and service levels at the ULB’s as recommended in the Model Municipal Law should be followed.
- Water supply and sewerage, Roads, Solid waste management, Land related issues and Public health and environment (monitoring, preventive measures) should be key functions of the ULBs.
- Apart from the existing source of revenue such as Motor Vehicle tax, Professional tax, Entertainment tax, Entry tax and any other locally relevant taxes, Surcharge on VAT and Share of Service tax could be considered as the additional source of revenue for these local bodies.
- The new sources should be collected at State level; however, each local body is entitled to the share collected in its region. Bulk of such collection should be transferred to the local bodies.
- A smaller but significant part of the revenue so collected should be used for equalisation between various local bodies across the state.

- The ULBs must be given freedom to implement suitable user charge mechanism. Use Local Fiscal Responsibility Act (the Karnataka Act) and let the local bodies determine the correct levels.
- The revenue collection efforts at local level should be incentivised. Part of state transfers should be linked to collection performance at local level (Revenue incentive grant).
- There is a need to bring reforms in levy and collection of Property tax. System of self-assessment should be adopted for simple and discretion free tax regime. The exemptions should be gradually eliminated and effort should be made to collect equivalent tax from Government properties as well. Periodic revision must be statutorily enforced. Use of technology (MIS & GIS) should be encouraged.
- Accountability of service delivery agencies to the local government must be ensured.
- ULB budgetary exercises should be outcome and impact oriented.
- The ULBs should have freedom to implement suitable user charge mechanism. Use Local Fiscal Responsibility Act (the Karnataka Act) and let the local bodies determine the correct levels.
- The ULBs should have autonomy in recruitment of the personnel and their performance measurement with suitable incentives and penalties.

- Accountability of service delivery agencies to the local government must be ensured.
- ULB budgetary exercises should be outcome and impact oriented.
- The ULBs should have autonomy in recruitment of the personnel and their performance measurement with suitable incentives and penalties.
The Municipal borrowings should be encouraged with following mechanism in place:

- All these reforms must be on a sound financial management system with:
  - The Private-Public Partnership (PPP) should be scaled up. Special Purpose Vehicle (SPV) for project
  - A smaller but significant part of the revenue so collected should be used for equalisation between various
  - The new sources should be collected at State level; however, each local body is entitled to the share
  - A smaller but significant part of the revenue so collected should be used for equalisation between various

I. OVERALL URBAN GOVERNANCE FRAMEWORK & CAPACITY BUILDING

- The devolution of functions in the Twelfth Schedule of the Constitution to local governments should
- Key municipal services should rest with ULBs.
- There should be well laid coordination mechanisms between various service delivery agencies.
- The elected representatives should be accountable to their constituencies with clear demarcations of their functions.
- Citizen participation in appropriate structures below the ward level is a key element for better service delivery.
- Regional platforms should be established through the MPC/DPC. The present Development Authorities can act as secretariat for MPCs/DPCs.
- Embracing technology is important to manage information to facilitate planning and thereby improving service delivery.
- Appropriate capacity in administrators and personnel across ULBs should be built up to cope with current technologies and trends with the aim to professionalise these institutions.
- The ULBs should have autonomy in recruitment of the personnel and their performance measurement with suitable incentives and penalties.

II. MUNICIPAL FINANCES

- The key challenges in this area are: (i) to decide on key functions for which matching finances are required, (ii) to identify new sources of finances for funding capital expenditure, and (iii) to incentivise local level revenue reforms.
- Accordingly, the key changes required for this purpose are: (i) rationalising functions of local bodies (ii) integrating technology to improve service delivery; (iii) adopting participative approach, and (iv) capacity building.
- The disclosure practices of finances and service levels at the ULB’s as recommended in the Model Municipal Law should be followed.
- Water supply and sewerage, Roads, Solid waste management, Land related issues and Public health and environment (monitoring, preventive measures) should be key functions of the ULBs.
- Apart from the existing source of revenue such as Motor Vehicle tax, Professional tax, Entertainment tax, Entry tax and any other locally relevant taxes, Surcharge on VAT and Share of Service tax could be considered as the additional source of revenue for these local bodies.
- The new sources should be collected at State level; however, each local body is entitled to the share collected in its region. Bulk of such collection should be transferred to the local bodies.
- A smaller but significant part of the revenue so collected should be used for equalisation between various local bodies across the state.

III. URBAN SERVICES & ENVIRONMENTAL ISSUES

(a) Urban Poverty

- Once the taxation domain for the local bodies is decided, the state should provide complete freedom to them for its implementation as envisaged under the model Municipal Law.
- A fast track mechanism should be provided to handle litigations in renewal and revisions of the municipal properties. The valuations of these properties should be linked to the capital value system so that market value is fully realised by the local bodies. Steps should be taken to ensure recurrent revenue from the properties rather than one time sale.
- There is a need to bring reforms in levy and collection of Property tax. System of self-assessment should be adopted for simple and discretion free tax regime. The exemptions should be gradually eliminated and effort should be made to collect equivalent tax from Government properties as well. Periodic revision must be statutorily enforced. Use of technology (MIS & GIS) should be encouraged.
- The local bodies must be given freedom to implement suitable user charge mechanism. Use Local Fiscal Responsibility Act (the Karnataka Act) and let the local bodies determine the correct levels.
- The revenue collection efforts at local level should be incentivised. Part of state transfers should be linked to collection performance at local level (Revenue incentive grant).
- There is a need to bring reforms in levy and collection of Property tax. System of self-assessment should be adopted for simple and discretion free tax regime. The exemptions should be gradually eliminated and effort should be made to collect equivalent tax from Government properties as well. Periodic revision must be statutorily enforced. Use of technology (MIS & GIS) should be encouraged.
- The local bodies must be given freedom to implement suitable user charge mechanism. Use Local Fiscal Responsibility Act (the Karnataka Act) and let the local bodies determine the correct levels.
- The revenue collection efforts at local level should be incentivised. Part of state transfers should be linked to collection performance at local level (Revenue incentive grant).
- Land for the urban poor is the first priority before other reforms and definite land tenure policy is necessary.
Following are essential ingredients of an Urban Plan:
- Assessment of geographic assets of the Urban area – preparation of an accurate GIS.

Services and Utilities:
- Different models for different ULBs but with a coordinating and enforcing authority.
- The notion of specialised agencies was accepted but needs to be applied according to context.
- Linked to ULB structures, involvement in planning, implementation and enforcement and instilling a
customer culture.

(b) Services and Utilities
- Prescribing zones for economic and quality life pursuits.
- Optimal transport flow patterns.
- Waste disposal channels and areas.
- Redeveloping areas for rejuvenated housing.
- The credibility of land records should be prescribed and it should be kept open to public.
- Public gathering and maintenance of land related information – maps, land-uses, land records/ownership,
perspective plans etc. - should be encouraged.
- The land use pattern should be allowed to change only at an appellate higher body – if necessary through
public hearing processes.
- Standards should be set for minimum quality of life to be pursued in an urban area. The deficiencies
against the minimum prescribed standard should be surveyed and assessed at regular intervals.
- Provisions for housing, education, medical and recreational space should be ensured.
- A special Cess on land transfers and registrations should be levied which can be used exclusively for
rehabilitation/upgradation of facilities among the weaker section.
- Incentives should be given to corporate bodies that work towards urban poverty alleviation.
- Rainwater harvesting, green area preservation and upgradation, emission controls, energy efficiency,
disaster and safety features and threat mitigation from man-made or natural sources are the important
aspects concerning environment.

(c) Water Supply and Sanitation
- Intermittent, poor quality, inequitable and poorly priced services are major areas of concern regarding
urban water supply.
- Quality information, better management, clear accountability, sustainability, clear performance indicators
are the tools for improvements in this area.
- Twenty-four hours water supply is required, along with the above being addressed.
- Better demand management is necessary based on accurate pricing and pay as you use, supported by
cross subsidy to the poor.
- Credible regulation is necessary.

(d) Solid Waste Management
- Lack of coverage, efficiency and utilisation of waste.
- No solution for effluents - in general.
- Good scope for PPP with safeguards and models for the poor.

(e) Public Health
- Preventive for the ULBs and clinical services for the state.
- This sector did not see any participation from elected representatives and hardly any from civil society.

IV. URBAN PLANNING, POVERTY AND SLUMS
- Three levels of planning: apex level for national planning, regional level and finally city agglomeration
level to carry forward the Constitutional mandate.
- The planning machinery may be opened up to private interested players with following measures:
  - Prescribed qualifications.
  - Delineated areas and items to be planned for.
  - Fixed remunerations and timelines.
- A mechanism should be formed to provide a platform to Ward Committees to express local requirements
and ascertain activities by the ULBs.
- Intermediary level planning authorities to take into account inter-city and peri-urban requirements and
interfaces.
- District Planning Committees/MPCs to induct specialists from a pre-existing panel of qualified
experts.
- Inter-dependencies between urban agglomerations and peri-urban areas to be monitored by a special
group.
- Following are essential ingredients of an Urban Plan:
  - Assessment of geographic assets of the Urban area – preparation of an accurate GIS.

- The notion of specialised agencies was accepted but needs to be applied according to context.
- Linked to ULB structures, involvement in planning, implementation and enforcement and instilling a
customer culture.

(c) Water Supply and Sanitation
- Intermittent, poor quality, inequitable and poorly priced services are major areas of concern regarding
urban water supply.
- Quality information, better management, clear accountability, sustainability, clear performance indicators
are the tools for improvements in this area.
- Twenty-four hours water supply is required, along with the above being addressed.
- Better demand management is necessary based on accurate pricing and pay as you use, supported by
cross subsidy to the poor.
- Credible regulation is necessary.

(d) Solid Waste Management
- Lack of coverage, efficiency and utilisation of waste.
- No solution for effluents - in general.
- Good scope for PPP with safeguards and models for the poor.

(e) Public Health
- Preventive for the ULBs and clinical services for the state.
- This sector did not see any participation from elected representatives and hardly any from civil society.

IV. URBAN PLANNING, POVERTY AND SLUMS
- Three levels of planning: apex level for national planning, regional level and finally city agglomeration
level to carry forward the Constitutional mandate.
- The planning machinery may be opened up to private interested players with following measures:
  - Prescribed qualifications.
  - Delineated areas and items to be planned for.
  - Fixed remunerations and timelines.
- A mechanism should be formed to provide a platform to Ward Committees to express local requirements
and ascertain activities by the ULBs.
- Intermediary level planning authorities to take into account inter-city and peri-urban requirements and
interfaces.
- District Planning Committees/MPCs to induct specialists from a pre-existing panel of qualified
experts.
- Inter-dependencies between urban agglomerations and peri-urban areas to be monitored by a special
group.
- Following are essential ingredients of an Urban Plan:
  - Assessment of geographic assets of the Urban area – preparation of an accurate GIS.

- The notion of specialised agencies was accepted but needs to be applied according to context.
- Linked to ULB structures, involvement in planning, implementation and enforcement and instilling a
customer culture.

(c) Water Supply and Sanitation
- Intermittent, poor quality, inequitable and poorly priced services are major areas of concern regarding
urban water supply.
- Quality information, better management, clear accountability, sustainability, clear performance indicators
are the tools for improvements in this area.
- Twenty-four hours water supply is required, along with the above being addressed.
- Better demand management is necessary based on accurate pricing and pay as you use, supported by
cross subsidy to the poor.
- Credible regulation is necessary.

(d) Solid Waste Management
- Lack of coverage, efficiency and utilisation of waste.
- No solution for effluents - in general.
- Good scope for PPP with safeguards and models for the poor.

(e) Public Health
- Preventive for the ULBs and clinical services for the state.
- This sector did not see any participation from elected representatives and hardly any from civil society.

IV. URBAN PLANNING, POVERTY AND SLUMS
- Three levels of planning: apex level for national planning, regional level and finally city agglomeration
level to carry forward the Constitutional mandate.
- The planning machinery may be opened up to private interested players with following measures:
  - Prescribed qualifications.
  - Delineated areas and items to be planned for.
  - Fixed remunerations and timelines.
- A mechanism should be formed to provide a platform to Ward Committees to express local requirements
and ascertain activities by the ULBs.
- Intermediary level planning authorities to take into account inter-city and peri-urban requirements and
interfaces.
- District Planning Committees/MPCs to induct specialists from a pre-existing panel of qualified
experts.
- Inter-dependencies between urban agglomerations and peri-urban areas to be monitored by a special
group.
- Following are essential ingredients of an Urban Plan:
  - Assessment of geographic assets of the Urban area – preparation of an accurate GIS.

- The notion of specialised agencies was accepted but needs to be applied according to context.
- Linked to ULB structures, involvement in planning, implementation and enforcement and instilling a
customer culture.

(c) Water Supply and Sanitation
- Intermittent, poor quality, inequitable and poorly priced services are major areas of concern regarding
urban water supply.
- Quality information, better management, clear accountability, sustainability, clear performance indicators
are the tools for improvements in this area.
- Twenty-four hours water supply is required, along with the above being addressed.
- Better demand management is necessary based on accurate pricing and pay as you use, supported by
cross subsidy to the poor.
- Credible regulation is necessary.

(d) Solid Waste Management
- Lack of coverage, efficiency and utilisation of waste.
- No solution for effluents - in general.
- Good scope for PPP with safeguards and models for the poor.

(e) Public Health
- Preventive for the ULBs and clinical services for the state.
- This sector did not see any participation from elected representatives and hardly any from civil society.

IV. URBAN PLANNING, POVERTY AND SLUMS
- Three levels of planning: apex level for national planning, regional level and finally city agglomeration
level to carry forward the Constitutional mandate.
- The planning machinery may be opened up to private interested players with following measures:
  - Prescribed qualifications.
  - Delineated areas and items to be planned for.
  - Fixed remunerations and timelines.
- A mechanism should be formed to provide a platform to Ward Committees to express local requirements
and ascertain activities by the ULBs.
- Intermediary level planning authorities to take into account inter-city and peri-urban requirements and
interfaces.
- District Planning Committees/MPCs to induct specialists from a pre-existing panel of qualified
experts.
- Inter-dependencies between urban agglomerations and peri-urban areas to be monitored by a special
group.
- Following are essential ingredients of an Urban Plan:
  - Assessment of geographic assets of the Urban area – preparation of an accurate GIS.
• Encroachments is both by the poor and the rich and should be taken care of by local bodies and Ward and Sub-Ward Committees before they become stabilised.
• Ensuring the participation of poor through Ward Committees.
• The programs and policies if expanded enough and equitable, we can resolve this problem.

(b) Services and Utilities
• Different models for different ULBs but with a coordinating and enforcing authority.
• The notion of specialised agencies was accepted but needs to be applied according to context.
• Linked to ULB structures, involvement in planning, implementation and enforcement and instilling a customer culture.

(c) Water Supply and Sanitation
• Intermittent, poor quality, inequitable and poorly priced services are major areas of concern regarding urban water supply.
• Quality information, better management, clear accountability, sustainability, clear performance indicators are the tools for improvements in this area.
• Twenty-four hours water supply is required, along with the above being addressed.
• Better demand management is necessary based on accurate pricing and pay as you use, supported by cross subsidy to the poor.
• Credible regulation is necessary.

(d) Solid Waste Management
• Lack of coverage, efficiency and utilisation of waste.
• No solution for effluents - in general.
• Good scope for PPP with safeguards and models for the poor.

(e) Public Health
• Preventive for the ULBs and clinical services for the state.
• This sector did not see any participation from elected representatives and hardly any from civil society.

IV. URBAN PLANNING, POVERTY AND SLUMS
• Three levels of planning: apex level for national planning, regional level and finally city agglomeration level to carry forward the Constitutional mandate.
• The planning machinery may be opened up to private interested players with following measures:
  – Prescribed qualifications.
  – Delineated areas and items to be planned for.
  – Fixed remunerations and timelines.
• A mechanism should be formed to provide a platform to Ward Committees to express local requirements and ascertain activities by the ULBs.
• Intermediary level planning authorities to take into account inter-city and peri-urban requirements and interfaces.
• District Planning Committees/MPCs to induct specialists from a pre-existing panel of qualified experts.
• Inter-dependencies between urban agglomerations and peri-urban areas to be monitored by a special group.
• Following are essential ingredients of an Urban Plan:
  – Assessment of geographic assets of the Urban area – preparation of an accurate GIS.

– Prescribing zones for economic and quality life pursuits.
– Optimal transport flow patterns.
– Waste disposal channels and areas.
– Redeveloping areas for rejuvenated housing.
• The credibility of land records should be prescribed and it should be kept open to public.
• Public gathering and maintenance of land related information - maps, land-uses, land records/ownership, perspective plans etc. - should be encouraged.
• The land use pattern should be allowed to change only at an appellate higher body – if necessary through public hearing processes.
• Standards should be set for minimum quality of life to be pursued in an urban area. The deficiencies against the minimum prescribed standard should be surveyed and assessed at regular intervals.
• Provisions for housing, education, medical and recreational space should be ensured.
• A special Cess on land transfers and registrations should be levied which can be used exclusively for rehabilitation/upgradation of facilities among the weaker section.
• Incentives should be given to corporate bodies that work towards urban poverty alleviation.
• Rainwater harvesting, green area preservation and upgradation, emission controls, energy efficiency, disaster and safety features and threat mitigation from man-made or natural sources are the important aspects concerning environment.

V. URBAN TRANSPORT PLANNING AND TRAFFIC MANAGEMENT
• As in most other areas, in the field of Urban Transport also, prevention is better than cure. Provide infrastructure first and then regulate growth according to its availability.
• Supply-side solutions alone will not suffice any more in the urban transport field. Travel demand management is also required.
• Chaos in the area of urban transport in most of our metro cities is the result of lack of urban planning and its ineffective enforcement.
• A high quality transport in urban areas enhances the quality of life of citizens, helps in attracting economic investment for growth and gives a competitive edge to the cities.
• Ministry of Urban Development, Government of India has come out with a National Urban Transport Policy in April 2006. The main object of this Policy is to ensure provision of safe, affordable, comfortable, quick, reliable and sustainable means of transport for growing urban areas. This is sought to be achieved among others by:
  – Including urban transport as an important parameter at the urban planning stage rather than treating it as a consequential requirement.
  – Focus on the establishment of multi-modal public transport systems.
  – Provision of institutional mechanisms for enhanced coordination in planning and management of transport systems.
  – Introduction of Intelligent Transport Systems in traffic management.
  – Promoting the use of cleaner technologies and reduction in pollution levels.
  – Ensuring improved road safety.
  – Raising finances for UT infrastructure by tapping land as a resource.
• In order to make the Public Transport System sustainable, it is desirable to free public transport systems of corruption and thefts and also to enable them to revise the fares at regular intervals or, at least, whenever fuel prices are raised. In all policies, preferences should be given to public transport over private ones.
Annexure-I(7) Contd.

(a) Major Causes of Urban Transport Problems
- Inadequate use of the expertise in transportation planning in India
- Impact of land use planning on reducing transport demand in cities is not appreciated
- Haphazard growth of cities in the absence of planning
- Non-conformity of actual development to Master Plans
- Inadequate carrying capacity of roads not recognised
- Transportation impact analysis of new development is rarely carried out
- Indiscriminate grant of building licenses to multi-storied and commercial buildings
- Grossly deficient parking norms
- On street parking of vehicles
- Pedestrian footpaths and cycle tracks not available
- Lack of institutional focus on urban transport etc.

(b) Measures for Tackling Metropolitan Transport Problems

(i) Urban Form and Layout
- Transport demand in cities is greatly influenced by its form, layout, land use pattern and population.
- Linear cities (Mumbai) are more transit friendly than others.
- Traffic demand along the length of such cities can be managed through bus/rail transport systems and that along the width by buses, individual transport, bicycles etc.

(ii) Land Use Policy : Means to Reduce Travel Demand
- Proximity of work places and education centres to residential layouts (rental housing) will substantially reduce transport demand
- Mixed land use in multi-storied buildings combining residential housing on the upper floors with offices/shops on the ground floor first floor can also bring down the transport demand
- Development of air space above sub-urban railway stations and major bus terminals
- Development of cities on the basis of polynuclear urban forms
- While planning new arterial roads for growing cities, provision of service roads and cycle tracks to cater to local traffic and cyclists and reserving of space for future road widening is absolutely necessary
- For mega cities, reservation of right of way at the surface level for exclusive bus ways and rail transport to be built in future has the potential of saving huge sums of money in future.

(iii) Putting Urban Transport in Concurrent List
- Urban Transport does not appear in any of the three legislative lists of the Seventh Schedule of our Constitution. Putting Urban Transport in the Concurrent List would enable the Union Government to:
  (a) enact a comprehensive Multi-modal Urban Transport Act covering railways, road and water transport besides other modes in metropolitan cities; and
  (b) set up United Metropolitan Transport Authorities (UMTAs) in such cities for integrated planning and coordination of all modes of urban transport, making arrangements for inter-modal transfers, raising resources through taxation and otherwise to finance Urban Transport projects, evolving integrated fare structures and providing for common ticketing devices for different modes. Other functions like land use-transport integration, control of environmental pollution arising out of the transport system and energy conservation, etc. could also be assigned to UMTAs through the proposed legislation.

(iv) Organisational and Institutional Changes Required
- Creation of a separate Department of Urban Transport to be manned by Transportation planners, Transport economists and other experts under the Union Ministry of Urban Development for improved planning & coordination of metropolitan transport issues at national level.
- Creation of State Directorates of Urban Transport in the States having at least 10 Class I cities or 2 cities with a population of 5 lakhs or more each. These Directorates will take up Traffic & Transport planning in all Class I cities in the State and coordinate their plans for metropolitan cities with those of the Union Government.
- Setting up of UMTAs by Central law in all million plus (to begin with 2 million plus) cities in the country.
- Setting up Traffic Engineering Cells in all Municipal Corporations.
- Creation of a Municipal Police Force in all cities to Engineering Departments:
  — regulate city traffic (in lieu of the State Police);
  — prevent encroachment of roads and enforce;
  — parking regulations & metered parking in the city; and
  — support the Engg deptt. of the municipal body in the control/demolishing of unauthorised constructions and recovery of encroached land.

(s) Long-term Measures to tackle Metropolitan Transport Problems
1. The Urban Bus
- Existing city buses in India built on truck chassis not suitable for urban transport. These need to be replaced by the URBAN BUS, which has the following features:
  — Lower floor height;
  — Wide doors;
  — Lighter body;
  — Better driver ergonomics, including power steering; and
  — Efficient engine to give economic fuel consumption at lower speeds.
- With exclusive grade separated bus ways, an urban bus can provide a system capacity of 15000-25000 pphpd, which is the likely traffic load on busy corridors in medium-sized cities.

2. Mono-rail
- Mono-rail have a system capacity of 10000-15000 pphpd.
- Although the exact cost of mono-rail in the Indian conditions has not been worked out, a rough cost estimate indicates a figure of Rs. 100 crores per km.

3. Light Rail Transit (LRT) System
- The LRT system developed in the mid-50’s is a synthesis between the conventional tram car and the modern metro and can normally provide a system capacity between 30000 to 45000 pphpd.
- The system involves operation of smaller trains of light weight vehicles with an axle load of 8-10 tons only, running predominantly on segregated or exclusive tracks.
- The LRT would suit the traffic conditions prevailing on some corridors in cities having a population between 10-30 lakhs in India.
(b) Measures for Tackling Metropolitan Transport Problems

- Inadequate use of the expertise in transportation planning in India
- Impact of land use planning on reducing transport demand in cities is not appreciated
- Haphazard growth of cities in the absence of planning
- Non-conformity of actual development to Master Plans
- Inadequate carrying capacity of roads not recognised
- Transportation impact analysis of new development is rarely carried out
- Indiscriminate grant of building licenses to multi-storied and commercial buildings
- Grossly deficient parking norms
- On street parking of vehicles
- Pedestrian footpaths and cycle tracks not available
- Lack of institutional focus on urban transport etc.

(a) Major Causes of Urban Transport Problems

- "Urban Transport" does not appear in any of the three legislative lists of the Seventh Schedule of our Constitution. Putting Urban Transport in the 'Concurrent List' would enable the Union Government to:
  - set up United Metropolitan Transport Authorities (UMTAs) in such cities for integrated
    transport to be built in future has the potential of saving huge sums of money in future.
  - Support the Engg deptt. of the municipal body in the control/demolishing of unauthorised
    constructions and recovery of encroached land.
  - Support the Engg deptt. in the control/demolishing of unauthorised
    constructions and recovery of encroached land.
  - Better driver ergonomics, including power steering; and
  - Lighter body;
  - Wide doors;
  - Better driver ergonomics, including power steering; and
  - Efficient engine to give economic fuel consumption at lower speeds.

(iv) Organisational and Institutional Changes Required

- Creation of a separate Department of Urban Transport to be manned by Transportation planners, Transport economists and other experts under the Union Ministry of Urban Development for improved planning & coordination of metropolitan transport issues at national level.
- Creation of State Directorates of Urban Transport in the States having at least 10 Class I cities or 2 cities with a population of 5 lakhs or more each. These Directorates will take up Traffic & Transport planning in all Class I cities in the State and coordinate their plans for metropolitan cities with those of the Union Government.
- Setting up of UMTAs by Central law in all million plus (to begin with 2 million plus) cities in the country.
- Setting up Traffic Engineering Cells in all Municipal Corporations.
- Creation of a Municipal Police Force in all cities to Engineering Departments:
  — regulate city traffic (in lieu of the State Police);
  — prevent encroachment of roads and enforce;
  — parking regulations & metered parking in the city; and
  — support the Engg dept. of the municipal body in the control/demolishing of unauthorised
    constructions and recovery of encroached land.

(5) Urban Form and Layout

- Proximity of work places and education centres to residential layouts (rental housing) will
  substantially reduce transport demand
- Mixed land use in multi-storied buildings combining residential housing on the upper floors
  with offices/shops on the ground floor/first floor can also bring down the transport demand
- Development of air space above sub-urban railway stations and major bus terminals
- Development of cities on the basis of poly-nuclear urban forms
- While planning new arterial roads for growing cities, provision of service roads and cycle tracks
to cater to local traffic and cyclists and reserving of space for future road widening is absolutely
  necessary
- For mega cities, reservation of right of way at the surface level for exclusive bus ways and rail
  transport to be built in future has the potential of saving huge sums of money in future.

(vii) Long-term Measures to tackle Metropolitan Transport Problems

1. The Urban Bus

- Existing city buses in India built on truck chassis not suitable for urban transport. These need to be
  replaced by the URBAN BUS, which has the following features:
  — Lower floor height;
  — Wide doors;
  — Lighter body;
  — Better driver ergonomics, including power steering; and
  — Efficient engine to give economic fuel consumption at lower speeds.

2. Mono-rail

- Mono-rails have a system capacity of 10000-15000 pphpd.
- Although the exact cost of mono-rail in the Indian conditions has not been worked out, a rough cost
  estimate indicates a figure of Rs. 100 crores per km.

3. Light Rail Transit (LRT) System

- The LRT system developed in the mid-50’s is a synthesis between the conventional train car and the
  modern metro and can normally provide a system capacity between 30000 to 45000
  pphpd, which is the likely traffic load on busy corridors in medium-sized cities.

- Mono-rails may be suited for certain routes in some of our metropolitan cities under appropriate traffic
  conditions or as feeder systems to the existing metro lines.
- The system involves operation of smaller trains of light weight vehicles with an axle load of 8-10 tons
  only, running predominantly on segregated or exclusive tracks.
- The LRT would suit the traffic conditions prevailing on some corridors in cities having a population
  between 10-30 lakhs in India.
4. The Bus Rapid Transit (BRT) System

- Chief characteristics of a BRT System which distinguish it from a normal Bus service are:
  - Segregated bus lanes
  - Prepaid/Automatic ticketing systems
  - Enclosed Metro-like stations
  - Platform level boarding
  - Route restructuring with trunk & feeder systems
  - Quality service contracting
  - Branding & Marketing of a High Quality Bus Service
  - BRT Buses can move at high speed & high frequency
  - In the City of BOGOTA, BRT buses are carrying over 20,000 pphpd.
  - In India, Ahmedabad City is planning to introduce BRT bases on selected routes (March, 2006) shortly.

5. The Mass Rapid Transit (MRT) System

- For traffic corridors with load > 45000 pphpd, a high capacity railway system consisting of suburban EMUs or elevated or underground metro provides the most effective solution.
- The overall costs per km of ‘at grade’, elevated and under ground metro systems at current prices in India have been estimated to be in the proportion of 1:3.5:10. Both elevated and underground systems are high cost (though efficient) solutions, which must be accepted in the absence of availability of exclusive ‘at grade’ corridors for construction of such systems.
- It also follows from the above that reservation of corridors at the ground level for a future metro system for fast growing metropolitan cities would save huge costs to the future generations on building such systems by avoiding the need for under ground or elevated constructions.
- With much lower capital costs, ‘at grade’ metro systems are likely to be commercially viable under favorable traffic conditions, even where the elevated or under ground systems may fail to be so.
- Running on electric traction & exclusive tracks as they do, the MRT systems are non-polluting, high speed and possess high system capacities (up to 72,000 pphpd with headway of 2 minutes.) However, elevated metros cause noise pollution and may not be architecturally very pleasing.

VI. E-GOVERNANCE IN URBAN LOCAL BODIES

- The Citizen Identity: Urban citizen should have an Identity Number (ID), for availing the government services, the same as the (MNIC) programme being used for identification. This should converge with other Multi-purpose National Identity Card being planned on all-India basis.
- Capacity building requires emphasis on all the stakeholders to cover areas of policy, facilitations, restructuring system, organisation development, training, and knowledge management. Good urban management without requisite capacity is unattainable. Therefore it is very essential to give high priority for creation of a comprehensive Data Base on the time series, existing and projected capacities and actual experience of their utilisation. This is characterised by wide field formats, extensive data, need for timeliness, collation, collection, analysis and dissemination, of information, including info on capacity shortages, present and projected. In addition, because of the economic, social and political impact of such shortages, a computer network based approach is strongly recommended.
- Projects where the critical threshold of effectiveness has to exceed, instead of an incremental approach, a quantum jump approach has to be taken to bring the project above the threshold of effectiveness in the shortest possible time. In doing so, it is essential to bench mark the project against global standards.

- System Analysis: Before taking up any application, it is important to give sufficient time and effort to System Analysis involving the top management of the departments concerned.
- Projects of the Government to Citizen (G to C) Interface nature should have well worked out charging basis to the Citizen, from the very beginning of the project. This will enable Citizen Feedback to the project authorities for continuously improving the quality and variety of service, since it makes the service a revenue earning venture. However, during the initial stages, the extent of subsidy, wholly or partially should be linked to the nature of service involved and the class of citizen being served.
- Delivery of G to C Services: In many e-governance projects implemented in the country, PPP models of delivery of services are effective. Provided the s/w/system is architected by such an entity which can provide continuity of service. Since very compelling services are proposed to be delivered on a PPP model, it is envisaged that the PPP model would not only be commercially viable but the public pressure and the public expectations will ensure its continuity. Where the private agency is unable to give continuity of service, after the project is completed by the private agency, organisations in the public domain like National Informatics Centre (NIC), Centre for Development of Advance Computing (C DAC), National Institute for Smart Governance (NISG) and State level organisations can be brought as buffer/transition organisations to ensure continuity. The preferred PPP model is BOO (Build, Own, Operate), which will be on long-term contract basis. In many of the PPP projects where there are complexities of the backend s/w, it is better to bring in buffer organisations at an early stage. Such an agreement should also insist upon a horizontal transfer of the know-how across Urban bodies having different environments within and outside the State.
- In the PPP model, wherever the tenure of PPP operator is fixed, the software should be got developed by the PPP operator actively involving NIC or any other organisation as a buffer for ensuring continuity. Good Service Level Agreements (SLAs) are to be prepared and enforced.
- Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSAT) guidelines - 2005 and subsequent amendments issued by the Ministry of Urban Development, can be implemented in a streamlined manner only if e-governance strategies, including, those for guidelines, conformity and feedback is implemented on a fast track, concurrently with the Eleventh Five-year Plan timeline. Urban Geographical Information System (GIS) based e-governance should be promoted by the Ministry of Urban Development, not only as a preconditions to the release of funds to the State Government, but also by having a system of giving incentive grants based on completion of different milestones in introducing e-governance.
- Efficiency of Urban e-governance, will require large scale training of urban development engineer and town planners on GIS and other major tools of e-governance.
- Electronic data used for administrative purposes as well as for informing citizens should be maintained in a correlated database on common platform.
- Implementation of the project on Basic Services to the Urban Poor (BSUP) is being coordinated by the JNNURM. The early induction of e-governance will enhance the efficiency of implementation of the BSUP project by the JNNURM.
- In this direction, JNNURM may consider standardising the formats, databases and middleware component for the project and encourage the State Government to conform to these standardised formats and softwares to the maximum extent possible.
- There is a long term need to evolve during the Eleventh Five-year Plan, a ‘e-City Platform’ over which e-governance systems can be built upon with standardisation and interoperability.
- The following data integration technique will be concomitant with the evolution of the ‘e-City Platform’; Gateway, Data-warehouse, Federated Database and mediator/Wrapper systems.
In many e-governance projects implemented in the country, PPP models have been used to deliver services. The following data integration technique will be concomitant with the evolution of the ‘e-City Platform’: Implementation of the project on Basic Services to the Urban Poor (BSUP) is being coordinated by the JNNURM. The early induction of e-governance will enhance the efficiency of implementation of the project and encourage the State Government to conform to these standardised formats and outside the State. System Analysis: Before taking up any application, it is important to give sufficient time and effort to System Analysis involving the top management of the departments concerned.

Projects of the Government to Citizen (G to C) Interface nature should have well worked out charging basis to the Citizen, from the very beginning of the project. This will enable Citizen Feedback to the project authorities for continuously improving the quality and variety of service, since it makes the service a revenue earning venture. However, during the initial stages, the extent of subsidy, wholly or partially should be linked to the nature of service involved and the class of citizen being served.

Delivery of G to C Services: In many e-governance projects implemented in the country, PPP models of delivery of services are effective, provided the s/w/system is architected by such an entity which can provide continuity of service. Since very compelling services are proposed to be delivered on a PPP model, it is envisaged that the PPP model would not only be commercially viable but the public pressure and the public expectations will ensure its continuity. Where the private agency is unable to give continuity of service, after the project is completed by the private agency, organisations in the public domain like National Informatics Centre (NIC), Centre for Development of Advanced Computing (CDAC), National Institute for Smart Governance (NISG) and State level organisations can be brought as buffer/transition organisations to ensure continuity. The preferred PPP model is BOO (Build, Own, Operate), which will be on long-term contract basis. In many of the PPP projects where there are complexities of the backend s/w, it is better to bring in buffer organisations at an early stage. Such an agreement should also insist upon a horizontal transfer of the know-how across Urban bodies having different environments within and outside the State.

In the PPP model, wherever the tenure of PPP operator is fixed, the software should be got developed by the PPP operator actively involving NIC or any other organisation as a buffer for ensuring continuity. Good Service Level Agreements (SLAs) are to be prepared and enforced.

Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) guidelines - 2005 and subsequent amendments issued by the Ministry of Urban Development, can be implemented in a streamlined manner only if e-governance strategies, including, those for guidelines, conformity and feedback is implemented on a fast track, concurrently with the Eleventh Five-year Plan timeline. Urban Geographical Information System (GIS) based e-governance should be promoted by the Ministry of Urban Development, not only as a precondition to the release of funds to the State Government, but also by having a system of giving incentive grants based on completion of different milestones in introducing e-governance.

Efficiency of Urban e-governance, will require large scale training of urban development engineer and town planners on GIS and other major tools of e-governance. The following data integration technique will be concomitant with the evolution of the ‘e-City Platform’.

In many e-governance projects implemented in the country, PPP models of delivery of services are effective, provided the s/w/system is architected by such an entity which can provide continuity of service. Since very compelling services are proposed to be delivered on a PPP model, it is envisaged that the PPP model would not only be commercially viable but the public pressure and the public expectations will ensure its continuity. Where the private agency is unable to give continuity of service, after the project is completed by the private agency, organisations in the public domain like National Informatics Centre (NIC), Centre for Development of Advanced Computing (CDAC), National Institute for Smart Governance (NISG) and State level organisations can be brought as buffer/transition organisations to ensure continuity. The preferred PPP model is BOO (Build, Own, Operate), which will be on long-term contract basis. In many of the PPP projects where there are complexities of the backend s/w, it is better to bring in buffer organisations at an early stage. Such an agreement should also insist upon a horizontal transfer of the know-how across Urban bodies having different environments within and outside the State.

In the PPP model, wherever the tenure of PPP operator is fixed, the software should be got developed by the PPP operator actively involving NIC or any other organisation as a buffer for ensuring continuity. Good Service Level Agreements (SLAs) are to be prepared and enforced.

Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) guidelines - 2005 and subsequent amendments issued by the Ministry of Urban Development, can be implemented in a streamlined manner only if e-governance strategies, including, those for guidelines, conformity and feedback is implemented on a fast track, concurrently with the Eleventh Five-year Plan timeline. Urban Geographical Information System (GIS) based e-governance should be promoted by the Ministry of Urban Development, not only as a precondition to the release of funds to the State Government, but also by having a system of giving incentive grants based on completion of different milestones in introducing e-governance.

Efficiency of Urban e-governance, will require large scale training of urban development engineer and town planners on GIS and other major tools of e-governance. The following data integration technique will be concomitant with the evolution of the ‘e-City Platform’.

In many e-governance projects implemented in the country, PPP models of delivery of services are effective, provided the s/w/system is architected by such an entity which can provide continuity of service. Since very compelling services are proposed to be delivered on a PPP model, it is envisaged that the PPP model would not only be commercially viable but the public pressure and the public expectations will ensure its continuity. Where the private agency is unable to give continuity of service, after the project is completed by the private agency, organisations in the public domain like National Informatics Centre (NIC), Centre for Development of Advanced Computing (CDAC), National Institute for Smart Governance (NISG) and State level organisations can be brought as buffer/transition organisations to ensure continuity. The preferred PPP model is BOO (Build, Own, Operate), which will be on long-term contract basis. In many of the PPP projects where there are complexities of the backend s/w, it is better to bring in buffer organisations at an early stage. Such an agreement should also insist upon a horizontal transfer of the know-how across Urban bodies having different environments within and outside the State.

In the PPP model, wherever the tenure of PPP operator is fixed, the software should be got developed by the PPP operator actively involving NIC or any other organisation as a buffer for ensuring continuity. Good Service Level Agreements (SLAs) are to be prepared and enforced.

Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) guidelines - 2005 and subsequent amendments issued by the Ministry of Urban Development, can be implemented in a streamlined manner only if e-governance strategies, including, those for guidelines, conformity and feedback is implemented on a fast track, concurrently with the Eleventh Five-year Plan timeline. Urban Geographical Information System (GIS) based e-governance should be promoted by the Ministry of Urban Development, not only as a precondition to the release of funds to the State Government, but also by having a system of giving incentive grants based on completion of different milestones in introducing e-governance.

Efficiency of Urban e-governance, will require large scale training of urban development engineer and town planners on GIS and other major tools of e-governance. The following data integration technique will be concomitant with the evolution of the ‘e-City Platform’.
• GARUDA (i.e. the National Grid Computing Initiative) shall support the Urban e-governance functions by providing a single window system to all the stakeholders. To this end, some of the representative cities and towns identified by JNNURM and those identified by the GARUDA project will conform to the extent the GARUDA project supplements the JNNURM, the latter shall consider making proportionate financial contributions to the former.

• Telecom Regulatory Authority of India (TRAI) shall lay regulatory and promotional norms to the telecom companies and cellular operators to enable the benefits of urban e-governance to reach the citizens, utilising the currently feasible features of Short Messaging Services (SMS) of cellular telephony.

• Urban e-Governance can benefit from the emerging concept of ‘e-offices’ by installing recently introduced technologies of kiosks over a broad-band grid network with Video-over-data, Voice-over-data and streaming technologies so that branches which handle only information can be made remote non-manual offices and supplementary call-centre based operations to handle public queries and transactions.

• A few practical areas of Research and Development (R & D) in urban e-governance is essential. Experience has shown that immediate projects should be launched in the following areas:
  • Website Privacy/Security, especially related to Web.
  • Citizen participation via Municipal/State Government website for enabling citizen feedback for quality up-gradation, as well as for those wanting to make contributions in terms of management, technology, knowledge base and systematic improvements.
  • Usability and content design and management.
  • Development of middleware and interoperability of strategies and services
  • Communication systems directly relevant to e-gov, like grid networking, internet II, etc.

• A set of Model Municipal Laws and Regulations to facilitate e-governance should be developed and made available to all the States.

Questionnaire on Urban Governance

I. URBAN GOVERNANCE AND SERVICES

1. Overall Urban Governance Framework

1.1. Institutional Framework

1.1.1. The 74th Constitutional Amendment requires that 18 matters be transferred to urban local bodies, as per the Twelfth Schedule. Yet, it can be seen that many functions are still be held by State Governments, Parastatal bodies, etc. What are your thoughts on the extent of full decentralisation of functions? What challenges are facing state governments from implementing the 74th Constitutional Amendment? How can these be overcome?

1.1.2. The 73rd Constitutional Amendment envisages the transfer of 29 functions to Panchayati Raj Institutions (PRIs). These include functions that have not been mentioned in the Twelfth Schedule for ULBs. Some States have transferred additional functions to ULBs (e.g. education in Maharashtra). Do you feel that the list of functions in the Twelfth Schedule should be expanded, so that ULBs get more functions? What are the challenges in enabling this transfer, so that all functions, funds and functionaries are transferred.

1.1.3. Given the enormous number of special purpose vehicles and parastatal institutions that have been created, what institutional arrangement would you suggest as a credible and practical intermediary process for the migration of all functions to be transferred to local governments? What specific steps can be taken by State Governments to enable this transition.

1.1.4. Beyond the functions listed in the Twelfth Schedule, there are other areas of public administration that still fall outside the ambit of ULBs. Examples of this includes traffic police, enforcement of municipal codes, restricted judicial functions etc. In your opinion, what are some of these challenges facing municipalities? What arrangements do you suggest should be created to address these issues? How can these be established by State Governments in a manner that recognises the existing institutional structure?

1.2. Decentralised Planning

1.2.1. The 74th Constitutional Amendment envisages the creation of regional planning platforms like the District Planning Committee (DPC) and Metropolitan Planning Committee (MPC), which can integrate both rural and urban local government plans in their jurisdictions. These regional structures were meant to bridge the inter-jurisdictional issues that arise between different local governments, and between urban and rural. Yet, very few have been set up, and fewer still are operating in the intended manner. What are the challenges facing state governments in implementing DPCs and MPCs as intended in the 74th CAA? How can these challenges be overcome?

1.3. Administration

1.3.1. What are the best practices which could be adopted? Reducing corruption, process re-engineering, outsourcing of licensing functions etc?

1.3.2. Poor status of enforcement of laws related to urban governance – How to make enforcement effective?

1.3.3. What administrative changes are required for introducing e-governance?
Local Governance

Annexure-I(7) Contd.

- GARUDA (i.e. the National Grid Computing Initiative) shall support the Urban e-governance functions by providing a single window system to all the stakeholders. To this end, some of the representative cities and towns identified by JNNURM and those identified by the GARUDA project will conform to the extent the GARUDA project supplements the JNNURM, the latter shall consider making proportionate financial contributions to the former.

- Telecom Regulatory Authority of India (TRAI) shall lay regulatory and promotional norms to the telecom companies and cellular operators to enable the benefits of urban e-governance to reach the citizens, utilising the currently feasible features of Short Messaging Services (SMS) of cellular telephony.

- Urban e-Governance can benefit from the emerging concept of ‘e-offices’ by installing recently introduced technologies of kiosks over a broad-band grid network with Video-over-data, Voice-over-data and streaming technologies so that branches which handle only information can be made remote non-manual offices and supplementary call-centre based operations to handle public queries and transactions.

- A few practical areas of Research and Development (R & D) in urban e-governance is essential. Experience has shown that immediate projects should be launched in the following areas:
  - Website Privacy/Security, especially related to Web.
  - Citizen participation via Municipal/State Government website for enabling citizen feedback for quality up-gradation, as well as for those wanting to make contributions in terms of management, technology, knowledge base and systematic improvements.
  - Usability and content design and management.
  - Development of middleware and interoperability of strategies and services
  - Communication systems directly relevant to e-gov, like grid networking, internet II, etc.

- A set of Model Municipal Laws and Regulations to facilitate e-governance should be developed and made available to all the States.

Annexure-I(8)

Questionnaire on Urban Governance

(I) URBAN GOVERNANCE AND SERVICES

1. Overall Urban Governance Framework

1.1. Institutional Framework

1.1.1. The 74th Constitutional Amendment requires that 18 matters be transferred to urban local bodies, as per the Twelfth Schedule. Yet, it can be seen that many functions are still be held by State Governments, Parastatal bodies, etc. What are your thoughts on the extent of full decentralisation of functions? What challenges are facing state governments from implementing the 74th Constitutional Amendment? How can these be overcome?

1.1.2. The 73rd Constitutional Amendment envisages the transfer of 29 functions to Panchayati Raj Institutions (PRIs). These include functions that have not been mentioned in the Twelfth Schedule for ULBs. Some States have transferred additional functions to ULBs (e.g. education in Maharashtra). Do you feel that the list of functions in the Twelfth Schedule should be expanded, so that ULBs get more functions? What are the challenges in enabling this transfer, so that all functions, funds and functionaries are transferred?

1.1.3. Given the enormous number of special purpose vehicles and parastatal institutions that have been created, what institutional arrangement would you suggest as a credible and practical intermediary process for the migration of all functions to be transferred to local governments? What specific steps can be taken by State Governments to enable this transition.

1.1.4. Beyond the functions listed in the Twelfth Schedule, there are other areas of public administration that still fall outside the ambit of ULBs. Examples of this includes traffic police, enforcement of municipal codes, restricted judicial functions etc. In your opinion, what are some of these challenges facing municipalities? What arrangements do you suggest should be created to address these issues? How can these be established by State Governments in a manner that recognises the existing institutional structure?

1.2. Decentralised Planning

1.2.1. The 74th Constitutional Amendment envisages the creation of regional planning platforms like the District Planning Committee (DPC) and Metropolitan Planning Committee (MPC), which can integrate both rural and urban local government plans in their jurisdictions. These regional structures were meant to bridge the inter-jurisdictional issues that arise between different local governments, and between urban and rural. Yet, very few have been set up, and fewer still are operating in the intended manner. What are the challenges facing state governments in implementing DPCs and MPCs as intended in the 74th CAA? How can these challenges be overcome?

1.3. Administration

1.3.1. What are the best practices which could be adopted? Reducing corruption, process re-engineering, outsourcing of licensing functions etc?

1.3.2. Poor status of enforcement of laws related to urban governance – How to make enforcement effective?

1.3.3. What administrative changes are required for introducing e-governance?
Annexure-I(8) Contd.

2. Specific Sub-themes

2.1. Urban Poverty

2.1.1. What should be the way of beneficiary identification among the urban poor? The traditional form of Below Poverty Line (BPL) identification has been replaced in States like Kerala by a Poverty Index, which tracks more easily identifiable vulnerabilities.

2.1.2. What are the challenges in locating the urban poor, given that not all slum dwellers are poor, and not all the poor live in slums?

2.1.3. What are the services that the urban poor require? What are the challenges in delivering these?

2.1.4. How should public services be priced when they are delivered to the urban poor? What kind of monitoring mechanisms could be created so that the funds are used for the right purposes, and deliver the desired outcomes?

2.1.5. How should slum clusters be managed by municipalities, especially in cases where there are examples of encroachment on private or public property? What credible, implementable long-term solutions should municipalities and State Governments have to ensure that adequate low-income housing is made available for the poor, and what should be the mechanisms of delivering these? What should be the role of the community, the government and the market in developing these solutions?

2.1.6. How can the poor participate in decision-making about various issues that affect their quality of life? How can this be integrated into the decision-making of the municipality itself?

2.1.7. How should the poor and the non-poor stakeholders in a city engage with each other, if at all? How can the traditional adversarial positions between these groups be reduced, in specific, implementable ways?

2.2. Services and Utilities

2.2.1. General

2.2.1.1. In some cities, some municipal services (like drinking water) are provided by specialised agencies, which are outside the control of ULBs. Similarly, services like health and education are provided by ULBs as well as the State Government. Is there a case for ULBs being made responsible for all these services?

2.2.1.2. How to involve stakeholders in proper management of various utilities?

2.2.1.3. Generally, the quality of various services is unsatisfactory. Are there some successful models that have worked in improving the service quality?

2.2.2. Water Supply and Sanitation

2.2.2.1. How can urban water sourcing challenges be addressed in India, in a manner that is equitable to rural and urban areas?

2.2.2.2. What should be the institutional mechanisms for the sourcing and transportation of water supply taking the complex public good nature of water into account? What role should be played by the various tiers of the federal government structure in this arrangement?

2.2.2.3. What are the challenges being faced by municipalities in distribution of water supply in their areas? What are the credible solutions to these challenges?

2.2.2.4. Do Indian cities and Indian residents need 24X7 water supply? What are the pros and cons of this form of water supply arrangement? If this is indeed the way ahead, what is the migration path from the current system?

2.2.2.5. What are the economics of water supply and sanitation, both capital and revenue expenditures? How should this be financed? What portion of this should be claimed from users as charges? How can the poor be assured of access to water supply in these arrangements? What credible examples are there of such arrangements that can be adopted in India?

2.2.3. Solid Waste Management (SWM)

2.2.3.1. What are the challenges facing SWM in Indian municipalities?

2.2.3.2. What are the inter-jurisdictional issues in SWM, specifically between rural and urban areas? How can these be addressed?

2.2.3.3. How credible are community-based solutions in SWM? How can these be integrated into the larger municipal SWM processes, in a manner that is scalable and replicable?

2.2.4. Public Health

2.2.4.1. What are the challenges in public health in our cities? What role is currently being played by municipalities in public health management? How does this vary across the country?

2.2.4.2. Can municipalities solve the public health challenges by themselves? What institutional arrangements need to be established, both within government and with private providers?

2.2.4.3. What role can health insurance play in public health management? What solutions in health insurance can be taken up by municipalities? How can these be managed in a credible manner, given the complexities of insurance administration?

2.2.4.4. How is public health management related to other public service delivery issues? How can these be managed in an integrated manner, given the capacity constraints that municipalities face?

2.2.4.5. What role do communities play in public health management? How can we provide an integrated platform for community engagement on various public issues facing our municipalities, in a manner that is linked into the municipality’s overall political structure, rather than treat communities differently for each service?

1. Municipal Finances

1.1 Own Source Finances – Taxes

1.1.1. Is there a need to empower the ULBs to levy more taxes? Which subjects can be shifted from Union/States to ULBs for levying tax?

1.1.2. Property Tax remains the major source of revenue for the ULBs (where octroi has been abolished)? What improvements could be carried out in administration of this Tax?

1.1.3. What improvements could be carried out in other taxes such as Advertisement Tax, Entertainment Tax etc.
Local Governance

Annexure-I(8) Contd.

2. Specific Sub-themes

2.1. Urban Poverty

2.1.1. What should be the way of beneficiary identification among the urban poor? The traditional form of Below Poverty Line (BPL) identification has been replaced in States like Kerala by a Poverty Index, which tracks more easily identifiable vulnerabilities.

2.1.2. What are the challenges in locating the urban poor, given that not all slum dwellers are poor, and not all the poor live in slums?

2.1.3. What are the services that the urban poor require? What are the challenges in delivering these?

2.1.4. How should public services be priced when they are delivered to the urban poor? What kind of monitoring mechanisms could be created so that the funds are used for the right purposes, and deliver the desired outcomes?

2.1.5. How should slum clusters be managed by municipalities, especially in cases where there are examples of encroachment on private or public property? What credible, implementable long-term solutions should municipalities and State Governments have to ensure that adequate low-income housing is made available for the poor, and what should be the mechanisms of delivering these? What should be the role of the community, the government and the market in developing these solutions?

2.1.6. How can the poor participate in decision-making about various issues that affect their quality of life? How can this be integrated into the decision-making of the municipality itself?

2.1.7. How should the poor and the non-poor stakeholders in a city engage with each other, if at all? How can the traditional adversarial positions between these groups be reduced, in specific, implementable ways?

2.2. Services and Utilities

2.2.1. General

2.2.1.1. In some cities, some municipal services (like drinking water) are provided by specialised agencies, which are outside the control of ULBs. Similarly, services like health and education are provided by ULBs as well as the State Government. Is there a case for ULBs being made responsible for all these services?

2.2.1.2. How to involve stakeholders in proper management of various utilities?

2.2.1.3. Generally, the quality of various services is unsatisfactory. Are there some successful models that have worked in improving the service quality?

2.2.2. Water Supply and Sanitation

2.2.2.1. How can urban water sourcing challenges be addressed in India, in a manner that is equitable to rural and urban areas?

2.2.2.2. What should be the institutional mechanisms for the sourcing and transportation of water supply taking the complex public good nature of water into account? What role should be played by the various tiers of the federal government structure in this arrangement?

2.2.2.3. What are the challenges being faced by municipalities in distribution of water supply in their areas? What are the credible solutions to these challenges?

Annexure-I(8) Contd.

2.2.2.4. Do Indian cities and Indian residents need 24X7 water supply? What are the pros and cons of this form of water supply arrangement? If this is indeed the way ahead, what is the migration path from the current system?

2.2.2.5. What are the economics of water supply and sanitation, both capital and revenue expenditures? How should this be financed? What portion of this should be claimed from users as charges? How can the poor be assured of access to water supply in these arrangements? What credible examples are there of such arrangements that can be adopted in India?

2.2.3. Solid Waste Management (SWM)

2.2.3.1. What are the challenges facing SWM in Indian municipalities?

2.2.3.2. What are the inter-jurisdictional issues in SWM, specifically between rural and urban areas? How can these be addressed?

2.2.3.3. How credible are community-based solutions in SWM? How can these be integrated into the larger municipal SWM processes, in a manner that is scalable and replicable?

2.2.4. Public Health

2.2.4.1. What are the challenges in public health in our cities? What role is currently being played by municipalities in public health management? How does this vary across the country?

2.2.4.2. Can municipalities solve the public health challenges by themselves? What institutional arrangements need to be established, both within government and with private providers?

2.2.4.3. What role can health insurance play in public health management? What solutions in health insurance can be taken up by municipalities? How can these be managed in a credible manner, given the complexities of insurance administration?

2.2.4.4. How is public health management related to other public service delivery issues? How can these be managed in an integrated manner, given the capacity constraints that municipalities face?

2.2.4.5. What role do communities play in public health management? How can we provide an integrated platform for community engagement on various public issues facing our municipalities, in a manner that is linked into the municipality’s overall political structure, rather than treat communities differently for each service?

(II) MUNICIPAL FINANCES, USER CHARGES, PPP

1. Municipal Finances

1.1 Own Source Finances – Taxes

1.1.1. Is there a need to empower the ULBs to levy more taxes? Which subjects can be shifted from Union/States to ULBs for levying tax?

1.1.2. Property Tax remains the major source of revenue for the ULBs (where octroi has been abolished)? What improvements could be carried out in administration of this Tax?

1.1.3. What improvements could be carried out in other taxes such as Advertisement Tax, Entertainment Tax etc.
1.7. Municipal Financial Management

1.7.1. What are the challenges facing municipalities in implementing double-entry accounting? How can these be overcome?

1.7.2. Should audits for municipalities be done by State Government body, the CAG, or an independent audit firm? What are the relative merits and demerits of each option?

1.7.3. Municipalities are now required to provide quarterly financial statements and annual audited statements, under the JNNURM Disclosure Law. What support do municipalities require to implement this law?

1.7.4. Municipalities are also required to publish their service levels for various municipal services, and how they are providing value-for-money for each of these services, under the Disclosure Law. What should these service benchmarks be, for various services? How should these standards be set for all municipalities to follow? Who should set these standards?

1.7.5. There are many challenges in reconciling budgets and accounting activities. Can you mention some of these challenges, and the solutions that could be adopted for these problems?

1.7.6. How should technology be used to help in managing municipal accounts and finances? How can this be integrated into a holistic municipal e-governance programme, without being a standalone initiative?

1.7.7. What role do you feel citizens, NGOs and external stakeholders can play in decentralised planning, prioritising and budgeting of municipal programmes? What are the similarities and differences between urban and rural areas on this front?

1.8. Municipal Finance and Regional Planning

1.8.1. How can decentralised planning processes that are envisaged in District Planning Committees (DPCs) and Metropolitan Planning Committees (MPCs) be integrated into the budgeting and financial processes of the municipality?

1.8.2. Given that there are clear guidelines for rural decentralised planning and budgeting, can these be suitably modified and applied for urban planning and budgeting? What changes would be required? How can urban and rural plans be integrated at the District/Metropolitan level?

2. User Charges and Public-Private Partnerships

2.1. What items of public services can be classified as “local public good”?

2.2. What are the challenges facing municipal governments in delivering these local public goods?

2.3. What are the pros and cons in having private provision of these local public goods? How do these challenges differ across services?

2.4. Should the concept of private provision of services be tried in India? If so, in what services, and under what specific structural conditions? How can these arrangements ensure that there will be equitable delivery of services to the poor? How will these arrangements ensure that there will be no monopolistic or oligopolistic pricing in services?

2.5. Should there be a regime of “user charges” for public services? What should be the economic considerations in considering user charges? How should these be structured, and for which services?

2.6. What are the examples of public-private partnership in public services that are relevant to India – either from within India or outside? What lessons can be learnt from these?

2.7. What role can communities and localised user groups play in being part of such new arrangements? How can these be integrated into the municipality’s larger decision-making processes?
Local Governance

Annexure-I(8) Contd.

1.1.4. What are the best practices in tax administration which could be replicated?
1.1.5. What are your opinions about how well municipalities are maximising their own sources of funding?
1.1.6. Should municipalities have additional own sources of funds as fiscal handles?
1.1.7. Should municipalities have a share in some of the Union/State taxes?

1.2 Own Source Finances – Non-taxes
1.2.1. Municipal properties normally fetch a very low rate of return. What legal and administrative measures could be taken to improve returns from Municipal Properties?
1.2.2. ULBs normally own lands in prime locations. How could this be leveraged to augment the finances of ULBs?
1.2.3. Is there a case of levy of special cess for activities like solid waste management, street lighting etc.?

1.3 Transfers
1.3.1. Please provide your comments on the functioning of State Finance Commissions.
1.3.2. Are there any best practices in the functioning of SFCs that can be replicated?
1.3.3. Should SFC recommendation periods be mandatorily made to dovetail with that of the Central Finance Commission?
1.3.4. What should be the transfer formulae – vertical and horizontal – between the States and local governments, and horizontally, between rural and urban local governments?

1.4 Grants
1.4.1. What are your thoughts on the reliance of municipalities on grant funding for their activities?
1.4.2. Are there specific areas that you feel grant funding is acceptable, and areas where it is not?
1.4.3. Should grant funding be available to municipalities for capital expenditures? If so, under what circumstances?
1.4.4. Should grant funding be available to municipalities for revenue expenditure? If so, under what circumstances?
1.4.5. What should be the State/Union obligations for grant support to municipalities?

1.5 Accessing Capital Markets
1.5.1. Do you feel that it is appropriate for municipalities to access the debt/capital markets for funding for their capital projects?
1.5.2. Should there be any conditions/constraints that are placed on municipalities in their access to debt markets?
1.5.3. What are your thoughts on credit rating of municipalities. If you feel that this is necessary, how would you propose that this be done?

1.6 Overall
1.6.1. What should be a healthy mix of financial sources for municipalities, between own sources, transfers and grants, and debt?
1.6.2. How can municipalities be made to mandatorily spend a sufficient amount of their annual budgets resources on pro-poor programmes?
Local Governance

Annexure-I(8) Contd.

(III) URBAN DEMOCRACY AND CAPACITY BUILDING

1. Constitutional and Legal Issues
   1.1 Should the subjects assigned to local bodies be included in a separate list like the Union, State and Concurrent Lists?
   1.2 Is there a case to expand the functions assigned to the Urban Local Bodies?
   1.3 Should the Upper House in the State Legislatures be a Council of Local Governments?
   1.4 Should there be a District Government, with representation from rural and urban local bodies?
   1.5 Who should have the power of delimitations of constituencies in local governments - State Governments or SECs?
   1.6 Method of constitution of the Ward Committees? Should there be some norms?
   1.7 What additional regulatory functions can be assigned to the urban local bodies. Should traffic control, controlling offences of a minor nature etc be brought under the purview of urban local government?
   1.8 What Union and State laws (illustrative) need to be amended to enable the local bodies to exercise the functions transferred to them?
   1.9 Are there provisions in some of the State Municipal laws which may be adopted by others States – as a “best practice”?

2. Urban Democracy
   2.1 What are the capacity issues being faced by elected representatives at the municipal level? How can these be addressed?
   2.2 What are the challenges related to urban electoral rolls? Given the increasing urbanisation in the country, how can these electoral rolls be maintained with minimal errors? What specific role can voters themselves play in maintaining the integrity of the electoral rolls?
   2.3 Census divisions are not coterminous with the Wards, as a result ward wise statistics about population is not available? Under these circumstances how to ensure reservation of seats?
   2.4 Do the State Election Commissions require more empowerment? What are the changes suggested?
   2.5 What data is available on urban voter turnout in municipal elections? What inferences and lessons can be drawn from these data?
   2.6 In light of the detailed processes being established in rural decentralisation, with a substantial role for participation and accountability being given to Gram Sabhas, what should be the space for participation for urban voters? How can this role be integrated into the urban local government?
   2.7 How to address the capacity issues being faced by elected representatives?
   2.8 How to enhance the managerial capacity of ULBs? Would inducting professional managers help?
   2.9 Is it desirable to have a separate cadre of officials for municipal bodies? If yes should the cadre be limited to the municipality, the district or the State?

(IV) URBAN PLANNING, ENVIRONMENT, ECONOMICS

1. Urban Planning
   1.1 General
      1.1.1 How to ensure that there is one urban development plan for the city, as there is a multiplicity of authorities and each makes its own sectoral plan?
      1.1.2 Enforcement of urban development plans has been particularly unsatisfactory. How to improve it?
      1.1.3 Is there need for a special law to prevent encroachment of public lands?
      1.1.4 What measures are required to strengthen the planning machinery in ULBs?
      1.1.5 Peri-urban areas are beyond the territorial limits of ULBs but they heavily strain the infrastructure of ULBs. How to regulate growth in peri-urban areas?
      1.1.6 Is there a case to regulate growth by providing incentives and disincentives? What should these incentives/disincentives be?
      1.1.7 What should be the role of private sector in city development?

   1.2 Land Records Management
      1.2.1 What is the impact of unreliable land records on urban growth and planning?
      1.2.2 What is the current state of land records management in urban areas? What challenges have emerged since the transfer of land records functions from the revenue department of the state government to municipalities, as in many cases?
      1.2.3 What are the different implications between leasehold and freehold arrangements, as being practised in different states in the country?
      1.2.4 What is the significance of, and what are the tangible benefits of computerised land record projects that have been under way in various states, especially as they relate to urban land issues?
      1.2.5 Many policy institutions in the country have advocated the need for a guaranteed system of land title. What are the pros and cons of guaranteed land title with respect to India?
      1.2.6 What is the appropriateness and effectiveness of new instruments like Transfer of Development Rights (TDRs)? Many cities have already attempted to use TDRs, what is the learning from these cities? How can TDRs become effective tools in a larger planning process?

   1.3 Land Use and Zoning
      1.3.1 Most planning in urban areas is related to zoning and land use policies, and giving directions for urban growth. Is this a sufficient role for planning?
(III) URBAN DEMOCRACY AND CAPACITY BUILDING

1. Constitutional and Legal Issues
1.1 Should the subjects assigned to local bodies be included in a separate list like the Union, State and Concurrent Lists?
1.2 Is there a case to expand the functions assigned to the Urban Local Bodies?
1.3 Should the Upper House in the State Legislatures be a Council of Local Governments?
1.4 Should there be a District Government, with representation from rural and urban local bodies?
1.5 Who should have the power of delimitations of constituencies in local governments - State Governments or SECs?
1.6 Method of constitution of the Ward Committees? Should there be some norms?
1.7 What additional regulatory functions can be assigned to the urban local bodies. Should traffic control, controlling offences of a minor nature etc be brought under the purview of urban local governments?
1.8 What Union and State laws (illustrative) need to be amended to enable the local bodies to exercise the functions transferred to them?
1.9 Are there provisions in some of the State Municipal laws which may be adopted by others States – as a "best practice"?

2. Urban Democracy
2.1 What are the capacity issues being faced by elected representatives at the municipal level? How can these be addressed?
2.2 What are the challenges related to urban electoral rolls? Given the increasing urbanisation in the country, how can these electoral rolls be maintained with minimal errors? What specific role can voters themselves play in maintaining the integrity of the electoral rolls?
2.3 Census divisions are not coterminous with the Wards, as a result ward wise statistics about population is not available? Under these circumstances how to ensure reservation of seats?
2.4 Do the State Election Commissions require more empowerment? What are the changes suggested?
2.5 What data is available on urban voter turnout in municipal elections? What inferences and lessons can be drawn from these data?
2.6 In light of the detailed processes being established in rural decentralisation, with a substantial role for participation and accountability being given to Gram Sabhas, what should be the space for participation for urban voters? How can this role be integrated into the municipal structures that have emerged since the transfer of land records functions from the revenue department of the state government to municipalities, as in many cases?
2.7 How can urban democracy issues be seen in the larger question of local democracy, with such divergent practices between rural and urban democratic structures? What changes can be brought to these structures, especially in light of the need to establish common regional platforms like the District Planning Committee and Metropolitan Planning Committee?

3. Capacity Building and Training
3.1 How should the term “capacity building and training” be defined in the urban governance context?
3.2 Who are the stakeholders for whom such capacity building and training is required? What are the areas where these interventions are required?

3.3 How should such capacity building and training processes be imparted? What should the role of government be in this? Who could be other stakeholders in this process? What should be the arrangements between government and these stakeholders?
3.4 How will we know if capacity building and training processes are effective? How can these processes be measured?
3.5 How to address the capacity issues being faced by elected representatives?
3.6 How to enhance the managerial capacity of ULBs? Would inducting professional managers help?
3.7 Is it desirable to have a separate cadre of officials for municipal bodies? If yes should the cadre be limited to the municipality, the district or the State?

(IV) URBAN PLANNING, ENVIRONMENT, ECONOMICS

1. Urban Planning
1.1 General
1.1.1 How to ensure that there is one urban development plan for the city, as there is a multiplicity of authorities and each makes its own sectoral plan?
1.1.2 Enforcement of urban development plans has been particularly unsatisfactory. How to improve it?
1.1.3 Is there need for a special law to prevent encroachment of public lands?
1.1.4 What measures are required to strengthen the planning machinery in ULBs?
1.1.5 Are there cases of land use disputes?
1.1.6 Is there a case to regulate growth by providing incentives and dis-incentives? What should these incentives/disincentives be?
1.1.7 What should be the role of private sector in city development?
1.2 Land Records Management
1.2.1 What is the impact of unreliable land records on urban growth and planning?
1.2.2 What is the current state of land records management in urban areas? What challenges have emerged since the transfer of land records functions from the revenue department of the state government to municipalities, as in many cases?
1.2.3 What are the different implications between leasehold and freehold arrangements, as being practised in different states in the country?
1.2.4 What is the significance of, and what are the tangible benefits of computerised land record projects that have been under way in various states, especially as they relate to urban land issues?
1.2.5 Many policy institutions in the country have advocated the need for a guaranteed system of land title. What are the pros and cons of guaranteed land title with respect to India?
1.2.6 What is the appropriateness and effectiveness of new instruments like Transfer of Development Rights (TDR)? Many cities have already attempted to use TDRs, what is the learning from these cities? How can TDRs become effective tools in a larger planning process?
1.3 Land Use and Zoning
1.3.1 Most planning in urban areas is related to zoning and land use policies, and giving directions for urban growth. Is this a sufficient role for planning?
Local Governance

Annexure-IV(1)

1.3.2 There are two streams of thought about planning: the first is that at the level of the region, i.e. the structure plan, it should be well-defined, and at the level of the local planning area, it should be loosely defined. The second is that it should be well-defined at both levels of the region and the local planning area. What is the preferred approach?

1.3.3 How should changes in land use be regulated and managed, once the planning process is completed? Should land use change even be encouraged?

1.3.4 How should the existing rampant violations in land use and zoning be addressed, in a credible, practical and equitable manner?

1.3.5 How can enforcement of land use and zoning provisions be ensured? What institutional and statutory changes are required to enable this?

1.3.6 Given the continuing urbanisation, and growth of our existing urban centres, what are the arguments for outward growth into brownfields and greenfields, as versus densification and vertical growth? What are implications of either choice on various related issues like public transport options, infrastructure etc?

1.3.7 Current urban growth in our cities tends to take place along major road corridors like national and state highways. Is this desirable or undesirable? Even if it is undesirable, is there any way to credibly prevent or manage this outcome?

1.4 Metropolitan Issues: Planning Processes and Governance

1.4.1 Platforms like the DPC and MPC were meant to integrate planning for their regions by producing structural plans. However, the track record on DPCs and MPCs leaves a lot to be desired. What are the issues plaguing State Governments in enabling these regional planning platforms? How can these be credibly addressed?

1.4.2 What kinds of data sources are required for effective planning that can also be credibly enforced? Where do these data currently reside? How much of this data is current? How much of this data is being integrated into the planning process?

1.4.3 How much of the above data can be stored and managed in a spatial form? What role does technology like GIS and Spatial Data Systems play in this management? What specific successes can be pointed out in India in such exercises? What is the track record of these examples in sustained successful management?

1.4.4 The National Urban Information Systems (NUIS) has laid out spatial data standards. How many State Governments and cities are adopting these standards in managing their spatial data? What are the constraints and challenges.

2 Environmental Issues and Management

2.1 How do we balance the increasing land demands of urbanisation with the protection of environmentally sensitive areas such as valleys, tanks, lakes, forests etc.?

2.2 How can planning and policy decisions to protect environmental assets (e.g. greenbelts in Master Plans) be safeguarded from becoming empty and prescriptive guidelines that are violated with impunity?

2.3 Water is a precious common resource often in short supply. Indiscriminate digging of borewells and wells has resulted in the depletion of groundwater resources and blocking and damaging of aquifers. Are measures like rainwater harvesting bye-laws, banning of borewells sufficient to address the issue of recharging aquifers? What specific additional measures can be taken to prevent such damage, and replenish the groundwater tables?

2.4 High levels of Nitrates due to sewage contamination are affecting the quality of ground water in our cities. How can these be addressed? How are these related to larger institutional processes of water supply, sanitation, solid waste management, public health etc?

2.5 How significant is the damage to the urban eco-system that is currently occurring – plant/animal/bird life? What specific, credible measures can be taken to address this?

2.6 Sixty per cent of air pollution in urban areas arises out of vehicular emissions. What can be done about this?

2.7 How can urban planning and enforcement address the issues of noise and visual pollution?

2.8 What role can citizens and communities play in addressing environmental issues in their cities? How can this role be integrated into the larger decision-making processes of their municipalities?

2.9 If integrated solutions are required to address environmental issues, how can these be embedded into larger institutional mechanisms that are currently available, like the DPC/MPC?

3 Economic Growth in Urban Areas

3.1 Given that cities are engines of economic growth, what measures can be taken to ensure that this growth is equitable, and allows opportunities for all sections of society? What specific, implementable solutions can be created in terms of access to employment, markets, credit, infrastructure to make such outcomes a reality?

3.2 Statistics clearly demonstrate the contribution of urban areas to overall economic growth of the region and State. How can this be sustained, so that the city’s inherent strengths and competitive advantage are maintained?

3.3 Urban local governments in India play no role in their city’s economic well-being. Is this an acceptable situation? If not, how should this change? What does this mean in the relationship between Local and State Governments?

3.4 What data are we currently generating on economic activities in urban areas, across a variety of segments – organised and unorganised, primary, secondary and tertiary? Where do these data sources reside, how current are they, and how available are they to the decision-makers in government? How are these data being integrated into planning processes – for example provision of appropriate infrastructure? What institutional arrangements need to be in place for this to become more effective?

3.5 Can economic outcomes be designed within municipal jurisdictions, or do they spill over into the larger region? For example, arguments about whether a city should continue growing, or whether this should be distributed across a cluster of urban centres. Which of these are more appropriate, and under what circumstances? Can these outcomes actually be planned? If so, what institutional mechanisms need to be in place to address these larger regional challenges?

3.6 How should any institutional solutions or structures being suggested here be integrated into politically legitimate institutional mechanisms that are currently available and that need to be strengthened, like the DPC/MPC?

(V) URBAN TRANSPORT AND TRAFFIC

1. Integrated Transport

1.1 Should public transportation be a municipal function?

1.2 How to make public transport system self-sustaining?

1.3 Given the pace of urban growth, mass transit options are becoming a necessity. However, there are vast variations in the choices, from Metrorail, to Monorail to Bus Rapid Transit (BRT) systems,
Local Governance

1.3.2 There are two streams of thought about planning: the first is that at the level of the region, i.e. the structure plan, it should be well-defined, and at the level of the local planning area, it should be loosely defined, the second is that it should be well-defined at both levels of the region and the local planning area. What is the preferred approach?

1.3.3 How should changes in land use be regulated and managed, once the planning process is completed? Should land use change even be encouraged?

1.3.4 How should the existing rampant violations in land use and zoning be addressed, in a credible, practical and equitable manner?

1.3.5 How can enforcement of land use and zoning provisions be ensured? What institutional and statutory changes are required to enable this?

1.3.6 Given the continuing urbanisation, and growth of our existing urban centres, what are the arguments for outward growth into brownfields and greenfields, as versus densification and vertical growth? What are implications of either choice on various related issues like public transport options, infrastructure etc?

1.3.7 Current urban growth in our cities tends to take place along major road corridors like national and state highways. Is this desirable or undesirable? Even if it is undesirable, is there any way to credibly prevent or manage this outcome?

1.4 Metropolitan Issues: Planning Processes and Governance

1.4.1 Platforms like the DPC and MPC were meant to integrate planning for their regions by producing structural plans. However, the track record on DPCs and MPCs leaves a lot to be desired. What are the issues plaguing State Governments in enabling these regional planning platforms? How can these be credibly addressed?

1.4.2 What kinds of data sources are required for effective planning that can also be credibly enforced? Where do these data currently reside? How much of this data is current? How much of this data is being integrated into the planning process?

1.4.3 How much of the above data can be stored and managed in a spatial form? What role does technology like GIS and Spatial Data Systems play in this management? What specific successes can be pointed to in India in such exercises? What is the track record of these examples in sustained successful management?

1.4.4 The National Urban Information Systems (NUIS) has laid out spatial data standards. How many State Governments and cities are adopting these standards in managing their spatial data? What are the constraints and challenges?

2 Environmental Issues and Management

2.1 How do we balance the increasing land demands of urbanisation with the protection of environmentally sensitive areas such as valleys, tanks, lakes, forests etc.?

2.2 How can planning and policy decisions to protect environmental assets (e.g. greenbelts in Master Plans) be safeguarded from becoming empty and prescriptive guidelines that are violated with impunity?

2.3 Water is a precious common resource often in short supply. Indiscriminate digging of borewells and wells has resulted in the depletion of groundwater resources and blocking and damaging of aquifers. Are measures like rainwater harvesting bye-laws, banning of borewells sufficient to address the issue of recharging aquifers? What specific additional measures can be taken to prevent such damage, and replenish the groundwater tables?

2.4 High levels of Nitrate due to sewage contamination are affecting the quality of ground water in our cities. How can these be addressed? How are these related to larger institutional processes of water supply, sanitation, solid waste management, public health etc?

2.5 How significant is the damage to the urban eco-system that is currently occurring – plant/animal/bird life? What specific, credible measures can be taken to address this?

2.6 Sixty per cent of air pollution in urban areas arises out of vehicular emissions. What can be done about this?

2.7 How can urban planning and enforcement address the issues of noise and visual pollution?

2.8 What role can citizens and communities play in addressing environmental issues in their cities? How can this role be integrated into the larger decision-making processes of their municipalities?

2.9 If integrated solutions are required to address environmental issues, how can these be imbedded into larger institutional mechanisms that are currently available, like the DPC/MPC?

3 Economic Growth in Urban Areas

3.1 Given that cities are engines of economic growth, what measures can be taken to ensure that this growth is equitable, and allows opportunities for all sections of society? What specific, implementable solutions can be created in terms of access to employment, markets, credit, infrastructure to make such outcomes a reality?

3.2 Statistics clearly demonstrate the contribution of urban areas to overall economic growth of the region and State. How can this be sustained, so that the city’s inherent strengths and competitive advantage are maintained?

3.3 Urban local governments in India play no role in their city’s economic well-being. Is this an acceptable situation? If not, how should this change? What does this mean in the relationship between Local and State Governments?

3.4 What data are we currently generating on economic activities in urban areas, across a variety of segments – organised and unorganised, primary, secondary and tertiary? Where do these data sources reside, how current are they, and how available are they to the decision-makers in government? How are these data being integrated into planning processes – for example provision of appropriate infrastructure? What institutional arrangements need to be in place for this to become more effective?

3.5 Can economic outcomes be designed within municipal jurisdictions, or do they spill over into the larger region? For example, arguments about whether a city should continue growing, or whether this should be distributed across a cluster of urban centres. Which of these are more appropriate, and under what circumstances? Can these outcomes actually be planned? If so, what institutional mechanisms need to be in place to address these larger regional challenges?

3.6 How should any institutional solutions or structures being suggested here be integrated into politically legitimate institutional mechanisms that are currently available and that need to be strengthened, like the DPC/MPC?

(V) URBAN TRANSPORT AND TRAFFIC

1. Integrated Transport

1.1 Should public transportation be a municipal function?

1.2 How to make public transport system self-sustaining?

1.3 Given the pace of urban growth, mass transit options are becoming a necessity. However, there are vast variations in the choices, from Metrorail, to Monorail to Bus Rapid Transit (BRT) systems,
1.4 How do these MRT systems integrate into existing transport modes: bus, road, pedestrian, cyclists, rail etc. in a manner that specifically details issues like operations, functionality, administration, public-private partnerships, fare systems etc.

1.5 What should be the institutional arrangement for planning, implementing and managing such a complex multi-modal transport environment? How will this institutional mechanism be politically accountable, and at which levels? How should this integrate into other coordination and planning platforms like the DPC/MPC etc.

POWERS OF STATE GOVERNMENT UNDER SOME PANCHAYATI RAJ ACTS

Excerpts from Bihar State Panchayati Raj Act, 2006:

150 – Power of Government to make model regulations
151 – Power of Government to dissolve and reconstitute Panchayats when the limits of Panchayat areas are altered
152 – Inquiry into the affairs of the Panchayats
153 – Inspection of the offices of Panchayats and records and accounts thereof
154 – Power of revision and review by Government
155 – Inspection of development schemes
156 – Directions from government
157 – Power of the District Magistrate with regard to conduct of special meetings called to consider no confidence motion – If the District Magistrate suo motu or upon information being received from any source, is of the opinion that any irregularity or mistake is being committed so far as provisions related to conduct of any special meeting of a Panchayat to consider a no-confidence motion is concerned, he shall have the power to issue such directions as considered necessary for complying with the provisions of the Act in that regard.

Excerpts from Karnataka Panchayati Raj Act, 1993:

232. Power of inspection and supervision.

[An Officer specially authorised by the Government in this behalf] in case of the Zila Panchayat, Chief Executive Officer in case of Taluk Panchayat and the Executive Officer in case of the Grama Panchayat may:

(a) inspect the officers or premises of or works taken up by, any Zila Panchayat, Taluk Panchayat or Grama Panchayat and for this purpose examine or cause to be examined the books of accounts, registers and other documents concerned and the Zila Panchayat, Taluk Panchayat or Grama Panchayat concerned shall comply with the instructions issued after such inspections;

(b) call for any return, statement, account or report which we may think fit to require the Zila Panchayat, Taluk Panchayat or Grama Panchayat concerned to furnish.
Local Governance

Annexure-I(8) Contd.

1.4 How do these MRT systems integrate into existing transport modes: bus, road, pedestrian, cyclists, rail etc. in a manner that specifically details issues like operations, functionality, administration, public-private partnerships, fare systems etc.

1.5 What should be the institutional arrangement for planning, implementing and managing such a complex multi-modal transport environment? How will this institutional mechanism be politically accountable, and at which levels? How should this integrate into other coordination and planning platforms like the DPC/MPC etc.

POWERS OF STATE GOVERNMENT UNDER SOME PANCHAYATI RAJ ACTS

Excerpts from Bihar State Panchayati Raj Act, 2006:

150 – Power of Government to make model regulations
151 – Power of Government to dissolve and reconstitute Panchayats when the limits of Panchayat areas are altered
152 – Inquiry into the affairs of the Panchayats
153 – Inspection of the offices of Panchayats and records and accounts thereof
154 – Power of revision and review by Government
155 – Inspection of development schemes
156 – Directions from government
157 – Power of the District Magistrate with regard to conduct of special meetings called to consider no confidence motion – If the District Magistrate suo motu or upon information being received from any source, is of the opinion that any irregularity or mistake is being committed so far as provisions related to conduct of any special meeting of a Panchayat to consider a no-confidence motion is concerned, he shall have the power to issue such directions as considered necessary for complying with the provisions of the Act in that regard.

Excerpts from Karnataka Panchayati Raj Act, 1993:

232. Power of inspection and supervision.

[An Officer specially authorised by the Government in this behalf] in case of the Zila Panchayat, Chief Executive Officer in case of Taluk Panchayat and the Executive Officer in case of the Grama Panchayat may –

(a) inspect the officers or premises of or works taken up by, any Zila Panchayat, Taluk Panchayat or Grama Panchayat and for this purpose examine or cause to be examined the books of accounts, registers and other documents concerned and the Zila Panchayat, Taluk Panchayat or Grama Panchayat concerned shall comply with the instructions issued after such inspections;

(b) call for any return, statement, account or report which we may think fit to require the Zila Panchayat, Taluk Panchayat or Grama Panchayat concerned to furnish.

Annexure-IV(1)
233. Technical supervision and inspections.

1) The Heads of Departments concerned and the Officers in charge of the Departments at the Divisional level [may, with a view to ensure quality of implementation according to the technical and financial norms contained in the respective schemes or orders, inspect] works or development schemes relating to that department under the control of any Zila Panchayat, Taluk Panchayat or Grama Panchayat and also to inspect relevant documents pertaining to such work or development scheme in the manner specified by the Government.

2) The scope of such inspections may cover technical aspects including feasibility, economic viability, the technical quality of the work, and the expenditure being incurred.

3) The notes of inspections by such Officers after such inspections shall be forwarded to the Chief Executive Officer, Executive Officer or the Secretary, as the case may be, for appropriate action.

4) The Zila Panchayat, Taluk Panchayat or Grama Panchayat concerned shall take follow-up action on the report of the inspecting officer within thirty days from the date of receipt of such report and failure to take such action may be construed as "default in the performance of the duty" for the purpose of Section 268.

234. Government and Chief Executive Officer’s powers in respect of Grama Panchayat, Taluk Panchayat and Zila Panchayat

1) The Chief Executive Officer may in respect of Taluk Panchayat and Grama Panchayat exercise the following powers,-

(a) call for proceedings of any Grama Panchayat or Taluk Panchayat or any extract of any book or document in the possession or under the control of the Grama Panchayat or Taluk Panchayat or any return or statement of account or report;

(b) require a Grama Panchayat or Taluk Panchayat to take into consideration any objection which appears to him to exist to the doing of anything which is about to be done or is being done by such Grama Panchayat or Taluk Panchayat or any information which appears to him to necessitate the doing of anything by such Grama Panchayat or Taluk Panchayat or within such period as he might fix;

(c) require a duty to be performed within a specified period if a Grama Panchayat or Taluk Panchayat has made default in the performance of any duty.

2) The Grama Panchayat or Taluk Panchayat may appeal to the [Government] against any order under clause (c) of sub-section (1) by the Chief Executive Officer within thirty days from the date of the order.

3) The [Government] may in respect of Zila Panchayat exercise the following powers,-

(a) call for proceedings of any Zila Panchayat or any extract of any book or document in the possession or under the control of the Zila Panchayat or any return or statement of account or report;

(b) require a Zila Panchayat to take into consideration any objection which appears to it to exist to the doing of anything which is about to be done or is being done by such Zila Panchayat or any information which appears to it to necessitate the doing of anything by such Zila Panchayat or within such period as it might fix;

(c) require a duty to be performed within a specified period if a Zila Panchayat has made default in the performance of any duty.


1) If in the opinion of the [Adhyaksha of Taluk Panchayat] or [Adhyaksha of Grama Panchayat] in case of a Zila Panchayat, the execution of any order or resolution of a Grama Panchayat, or any order of any authority or officer of the Grama Panchayat or the doing of anything which is about to be done, or is being done, by or on behalf of a Grama Panchayat is unjust, unlawful or improper or is causing or is likely to cause injury or annoyance to the public or to lead to a breach of peace, he may by order suspend the execution or prohibit the doing thereof.

2) Provided that no order or the [Adhyaksha of Taluk Panchayat] passed under sub-section (1) shall be confirmed, revised or modified by the [Zila Panchayat] without giving the Grama Panchayat a reasonable opportunity of showing cause against the proposed order.

3) The Government may in the opinion of the [Zila Panchayat] concerned reasonably opportunity of showing cause against the proposed order.

4) Provided that no order or the [Adhyaksha of Zila Panchayat] has made default in performing any duty imposed on it, by or under this Act, or by or under any law for the time being in force and if satisfied, after due enquiry that any Zila Panchayat, Taluk Panchayat or Grama Panchayat, has failed in the performance of such duty, [it may] fix a period for the performance of that duty.

5) Provided that no such period shall be fixed unless the Zila Panchayat, Taluk Panchayat or Grama Panchayat concerned has been given opportunity to show-cause why such an order shall not be made.

6) Provided that no appeal shall lie against the order of an appeal shall lie against the order of the [Chief Executive Officer] or of any person named therein he executed as if it were a decree of a civil court.

236. Inquiry into affairs of Grama Panchayat, Taluk Panchayat, Zila Panchayat by the Government.

1) If at any time for reasons to be recorded, cause an inquiry to be made by any of its officers in regard to any Grama Panchayat, Taluk Panchayat, or Zila Panchayat on to specific matters concerning it, or any matters with respect to which the sanction, approval consent or orders of the Government is required under this Act.

2) The Government may make orders as to the costs of inquiries made under sub-section (1) and as to the parties by whom and the funds out of which they shall be paid and such order may, on the application of the [Chief Executive Officer] or of any person named therein he executed as if it were a decree of a civil court.

237. Power of suspending execution of unlawful orders or resolution.

1) If in the opinion of the [Adhyaksha of Taluk Panchayat], the execution of any order or resolution of a Grama Panchayat, or any order of any authority or officer of the Grama Panchayat or the doing of anything which is about to be done, or is being done, by or on behalf of a Grama Panchayat is unjust, unlawful or improper or is causing or is likely to cause injury or annoyance to the public or to lead to a breach of peace, he may by order suspend the execution or prohibit the doing thereof.

2) When the [Adhyaksha of Taluk Panchayat] makes an order under sub-section (1), he shall forthwith forward to the [Adhyaksha of the Zila Panchayat] and the Grama Panchayat affected thereby a copy of the order with a statement of the reasons for making it, and the [Adhyaksha of the Zila Panchayat] may confirm or rescind the order or direct that it shall continue to be in force with or without modification permanently or for such period as he thinks fit.

3) Provided that no order or the [Adhyaksha of Taluk Panchayat] passed under sub-section (1) shall be confirmed, revised or modified by the [Adhyaksha of the Zila Panchayat] without giving the Grama Panchayat a reasonable opportunity of showing cause against the proposed order.

4) The Government may confirm or rescind the order or direct that it shall continue to be in force with or without modification permanently or for such period as it thinks fit.

5) Provided that no order or the [Adhyaksha of Taluk Panchayat] passed under sub-section (1) shall be confirmed, revised or modified by the [Adhyaksha of the Zila Panchayat] without giving the Grama Panchayat a reasonable opportunity of showing cause against the proposed order.

6) In the opinion of the [Adhyaksha of the Zila Panchayat], the execution of any order or resolution of a Taluk Panchayat or any order of any authority or officer of the Taluk Panchayat or the doing of anything which is about to be done, or is being done, by or on behalf of a Taluk Panchayat is unjust, unlawful or improper or is causing or is likely to cause injury or annoyance to the public or to lead to a breach of peace, he may by order suspend the execution or prohibit the doing thereof.

7) Provided that no such period shall be fixed unless the Zila Panchayat, Taluk Panchayat or Grama Panchayat concerned has been given opportunity to show-cause why such an order shall not be made.

8) Provided that no appeal shall lie against the order of the [Chief Executive Officer] or of any person named therein he executed as if it were a decree of a civil court.
233. Technical supervision and inspections.

1) The Heads of Departments concerned and the Officers in charge of the Departments at the Divisional level [may, with a view to ensure quality of implementation according to the technical and financial norms contained in the respective schemes or orders, inspect] works or development schemes relating to that department under the control of any Zila Panchayat, Taluk Panchayat or Grama Panchayat and also to inspect relevant documents pertaining to such work or development scheme in the manner specified by the Government.

2) The scope of such inspections may cover technical aspects including feasibility, economic viability, the technical quality of the work, and the expenditure being incurred.

3) The notes of inspections by such Officers after such inspections shall be forwarded to the Chief Executive Officer, Executive Officer or the Secretary, as the case may be, for appropriate action.

4) The Zila Panchayat, Taluk Panchayat or Grama Panchayat concerned shall take follow-up action on the report of the inspecting officer within thirty days from the date of receipt of such report and failure to take such action may be construed as “default in the performance of the duty” for the purpose of Section 268.

234. Government and Chief Executive Officer's powers in respect of Grama Panchayat, Taluk Panchayat and Zila Panchayat

1) The Chief Executive Officer may in respect of Taluk Panchayat and Grama Panchayat exercise the following powers,-

(a) call for proceedings of any Grama Panchayat or Taluk Panchayat or any extract of any book or document in the possession or under the control of the Grama Panchayat or Taluk Panchayat or any return or statement of account or report;

(b) require a Grama Panchayat or Taluk Panchayat to take into consideration any objection which appears to him to exist to the doing of anything which is about to be done or is being done by such Grama Panchayat or Taluk Panchayat or any information which appears to him to necessitate the doing of anything by such Grama Panchayat or Taluk Panchayat or within such period as he might fix;

[c] require a duty to be performed within a specified period if a Grama Panchayat or Taluk Panchayat has made default in the performance of any duty;

(2) The Grama Panchayat or Taluk Panchayat may appeal to the Government against any order under clause (c) of sub-section (1) by the Chief Executive Officer within thirty days from the date of the order.

3) The [Government] may in respect of Zila Panchayat exercise the following powers,-

(a) call for proceedings of any Zila Panchayat or any extract of any book or document in the possession or under the control of the Zila Panchayat or any return or statement of account or report;

(b) require a Zila Panchayat to take into consideration any objection which appears to it to exist to the doing of anything which is about to be done or is being done by such Zila Panchayat or any information which appears to it to necessitate the doing of anything by such Zila Panchayat or within such period as it might fix;

(c) require a duty to be performed within a specified period if a Zila Panchayat has made default in the performance of any duty.


1) When the Government in case of a Zila Panchayat, [Zila Panchayat in case of] a Taluk Panchayat and [Taluk Panchayat in case of] a Grama Panchayat is informed on complaint made or otherwise, that any Zila Panchayat or Taluk Panchayat or Grama Panchayat has made default in performing any duty imposed on it, or by or under this Act, or by or under any law for the time being in force and if satisfied, after due enquiry that any Zila Panchayat, Taluk Panchayat or Grama Panchayat, has failed in the performance of such duty, [it may] fix a period for the performance of that duty:

Provided that no such period shall be fixed unless the Zila Panchayat, Taluk Panchayat or Grama Panchayat concerned has been given opportunity to show-cause why such an order shall not be made.

2) An appeal shall lie, against the order of-

(i) the Taluk Panchayat, to the Zila Panchayat; and

(ii) the Zila Panchayat to the Government, within thirty days from the date of such order.

236. Inquiry into affairs of Grama Panchayat, Taluk Panchayat, Zila Panchayat by the Government.-

1) The Government may, at any time for reasons to be recorded, cause an inquiry to be made by any of its officers in regard to any Grama Panchayat, Taluk Panchayat, or Zila Panchayat on to specific matters concerning it, or any matters with respect to which the sanction, approval consent or orders of the Government are required under this Act.

2) The Officer holding such inquiry shall have the powers of the civil court under the Code of Civil Procedure, 1908, to take evidence and to compel attendance of witnesses and production of documents for the purpose of the inquiry.

3) The Government may make orders as to the costs of inquiries made under sub-section (1) and as to the parties by whom and the funds out of which they shall be paid and such order may, on the application of the [Chief Executive Officer] or of any person named therein he executed as if it were a decree of a civil court.

237. Power of suspending execution of unlawful orders or resolution.-

1) If in the opinion of the [Adhyaksha of Taluk Panchayat], the execution of any order or resolution of a Grama Panchayat, or any order of any authority or officer of the Grama Panchayat or the doing of anything which is about to be done, or is being done, by or on behalf of a Grama Panchayat is unjust, unlawful or improper or is causing or is likely to cause injury or annoyance to the public or to lead to a breach of peace, he may by order suspend the execution or prohibit the doing thereof.

2) When the [Adhyaksha of Taluk Panchayat] makes an order under sub-section (1), he shall forthwith forward to the [Adhyaksha of the Zila Panchayat] and the Grama Panchayat affected thereby a copy of the order with a statement of the reasons for making it, and the [Adhyaksha of the Zila Panchayat] may confirm or rescind the order or direct that it shall continue to be in force with or without modification permanently or for such period as he thinks fit:

Provided that no order or the [Adhyaksha of Taluk Panchayat] passed under sub-section (1) shall be confirmed, revised or modified by the [Adhyaksha of the Zila Panchayat] without giving the Grama Panchayat concerned a reasonable opportunity of showing cause against the proposed order.

3) If in the opinion of the [Adhyaksha of the Zila Panchayat], the execution of any order or resolution of a Taluk Panchayat or any order of any authority or officer of the Taluk Panchayat or the doing of anything which is about to be done, or is being done, by or on behalf of a Taluk Panchayat is unjust, unlawful or improper or is causing or is likely to cause injury or annoyance to the public or to lead to a breach of peace, he may by order suspend the execution or prohibit the doing thereof.

4) When the [Adhyaksha of the Zila Panchayat] makes an order under sub-section (3), he shall forthwith forward to the Government and the Taluk Panchayat affected thereby a copy of the order with a statement of the reasons for making it, and the Government may confirm or rescind the order or direct that it shall
(2) Notwithstanding anything contained in this Act, on the appointment of an administrator under sub-section (1) whenever,-

239. Power to appoint administrator in certain cases.

(2) Save as otherwise expressly provided in sub-section (1) in respect of all other matters relating to drawal any duties or functions conferred or imposed on them by or under this Act or any other law and all the provisions of this Act, or any other law, shall cease to exercise any powers and perform and discharge any duties or functions conferred or imposed on them by or under this Act or any other law and all such powers shall be exercised and all such duties and functions shall be performed and discharged by the administrator.

240. Government’s power to specify the role of Panchayats.

The Government may, by general or special order, specify from time to time, the role of Grama Panchayat, Taluk Panchayat and Zila Panchayat in respect of the programmes, schemes and activities related to the functions specified in Schedules I, II and III, in order to ensure properly co-ordinate and effective implementation of such programmes, schemes and activities.

Excerpts from Assam Panchayat Act, 1994 –

Section 27 – “(1) Every Gaon Panchayat shall, at such time and in such manner as may be prescribed, prepare in each year a budget of its estimated receipts and disbursements for the following year and shall submit the budget to the Anchalik Panchayat, having jurisdiction over the Gaon Panchayat.

(2) The Anchalik Panchayat may within such time as may be prescribed, either approve the budget or return it to the Gaon Panchayat for such modification as it may direct. On such modification being made, the budget shall be re-submitted within such time as may be prescribed for approval of the Anchalik Panchayat.

(3) No expenditure shall be incurred unless the budget is approved by the Anchalik Panchayat. If the Anchalik Panchayat fails to convey its approval within the time prescribed for the purpose, the budget shall be deemed to have been approved by the Anchalik Panchayat.”

Section 59 – Similar provision for budget of Anchalik Panchayat.

Section 96 – “(1) Every Zila Parishad shall, at such time in such manner as may be prescribed, prepare in each year in budget of its estimated receipt and disbursement for the following year and submit it to the Government through the Director of Panchayat and Rural Development, Assam.

(2) The Government may within such time as may be prescribed, either approve the budget or return it to the Zila Parishad for such modifications as it may direct. On such modifications being made, the budget shall be re-submitted within such time as may be prescribed for approval of the Government. If the approval of the Government is not received by the Zila Parishad within thirty days from the date of submission or re-submission, as the case may be, the budget shall be deemed to be approved by the Government.”

Section 88 – “(1) Every Zila Panchayat, Taluk Panchayat or Grama Panchayat shall be made by them;

(a) the manner in which purchase of stores, equipments, machineries and other articles required by a Zila Panchayat, Taluk Panchayat or Grama Panchayat shall be made by them;

(b) the manner in which tender for works contracts and supplies shall be invited and examined and accepted;

(c) the manner in which works and development schemes may be executed and inspected and payment may be made in respect of such works and scheme; and

(d) constitution of committee for the purpose of this section.

(2) Save as otherwise expressly provided in sub-section (1) in respect of all other matters relating to drawal of funds, form of bills, incurring of expenditure, maintenance of accounts, rendering of accounts and such other matters, the rules of implementation as applicable to Departments of the Government shall mutatis mutandis apply.

239. Power to appoint administrator in certain cases.

(1) Whenever,-

(a) any general election to a Zila Panchayat or Taluk Panchayat under this Act or any proceedings consequent thereon has been stayed by an order of a competent court or authority; or

(b) all the members or more than two-thirds of the members of a Zila Panchayat or Taluk Panchayat have resigned,

the Government shall by notification in the Official Gazette appoint an Administrator for such period as may be specified in the notification and may, by like notification, curtail or extend the period of such appointment, so however the total period of such appointment shall not exceed six months.

(2) Notwithstanding anything contained in this Act, on the appointment of an administrator under sub-section (1) during the period of such appointment, the Zila Panchayat or Taluk Panchayat and the committees thereof and the Adhyaksha or Upadhyaksha of such panchayat, charged with carrying out any duties or functions conferred or imposed on them by or under this Act or any other law and all such duties and functions shall be performed and discharged by the administrator.
412. Power to appoint administrator in certain cases.

(1) Whenever,-
(a) a general election to a Zila Panchayat or Taluk Panchayat under this Act or any proceedings consequent thereon has been stayed by an order of a competent court or authority; or
(b) all the members or more than two-thirds of the members of a Zila Panchayat or Taluk Panchayat have resigned,
the Government shall by notification in the Official Gazette appoint an Administrator for such period as may be specified in the notification and may, by like notification, curtail or extend the period of such appointment, so however the total period of such appointment shall not exceed six months.

(2) Notwithstanding anything contained in this Act, on the appointment of an administrator under sub-section (1) during the period of such appointment, the Zila Panchayat or Taluk Panchayat and the committees thereof and the Adhyaksha or Upadhyaksha of such panchayat, charged with carrying out the provisions of this Act, or any other law, shall cease to exercise any powers and perform and discharge any duties or functions conferred or imposed on them by or under this Act or any other law and all such powers shall be exercised and all such duties and functions shall be performed and discharged by the administrator.

240. Government’s power to specify the role of Panchayats.

The Government may, by general or special order, specify from time to time, the role of Grama Panchayat, Taluk Panchayat and Zila Panchayat in respect of the programmes, schemes and activities related to the functions specified in Schedules I, II and III, in order to ensure properly co-ordinate and effective implementation of such programmes, schemes and activities.

Excerpts from Assam Panchayat Act, 1994 –

Section 27 – “Every Gaon Panchayat shall, at such time and in such manner as may be prescribed, prepare in each year a budget of its estimated receipt and disbursement for the following year and submit the budget to the Anchalik Panchayat, having jurisdiction over the Gaon Panchayat.

(2) The Anchalik Panchayat may within such time as may be prescribed, either approve the budget or return it to the Gaon Panchayat for such modification as it may direct. On such modification being made the budget shall be re-submitted within such time as may be prescribed for approval of the Anchalik Panchayat.

(3) If the Anchalik Panchayat fails to convey its approval within the time prescribed for the purpose, the budget shall be deemed to have been approved by the Anchalik Panchayat.”

Section 59 – Similar provision for budget of Anchalik Panchayat.

Section 96 – “(1) Every Zila Parishad shall, at such time in such manner as may be prescribed, prepare in each year in budget of its estimated receipt and disbursements for the following year and submit it to the Government through the Director of Panchayat and Rural Development, Assam.

(2) The Government may within such time as may be prescribed, either approve the budget or return it to the Zila Parishad for such modifications as it may direct. On such modifications being made, the budget shall be re-submitted within such time as may be prescribed for approval of the Government. If the approval of the Government is not received by the Zila Parishad within thirty days from the date of submission or re-submission, as the case may be, the budget shall be deemed to be approved by the Government.”
RECOMMENDATIONS OF THE EXPERT GROUP ON PLANNING AT THE GRASS ROOTS LEVEL ON CENTRALLY SPONSORED SCHEMES

- Currently, Central fiscal transfers assume many forms and go by several names. For instance, while most CSSs are operated by Line Ministries of the Central Government, others are borne on the State plan side as “Additional Central Assistance”. Funds are also operated through Central corporate entities, such as Central SC&ST Development Corporations and Tribal Federations. It is recommended that all Centrally funded programmes and schemes that fall in the domain of States and Local Governments may be referred to by a common terminology as in earlier years. The term “Centrally Sponsored” is simple and well established enough to be used to describe all such transfers.

- Each Ministry operating CSSs pertaining to matters listed in the Eleventh Schedule of the Constitution ought to undertake an activity mapping exercise on the roles assigned to levels of government, including Panchayats, in the activities of that Ministry. This exercise should follow the principles of subsidiarity, by which tasks are placed at that level where it is best performed. CSS guidelines will need to be realigned in accordance with the Activity Mapping undertaken by the Ministries.

- Scheme guidelines ought to specify clear lines of administrative approval and sanction on the basis of Activity Mapping. Thus, powers for approval, administrative sanction, review and monitoring of CSSs will need to vest with local governments as appropriate, at different levels. This would include laying-down processes that ensure democratic decision-making with respect to planning and implementation.

- The role of line departments in supporting Panchayats ought to be spelt out. While Panchayats are given clear-cut roles in planning and implementation of schemes, methods of providing technical support by line departments have to be laid down.

- There has to be a clear statement by each Central Ministry dealing with the core functions of Panchayats, such as Ministries of HRD (Both Departments of Education and Women and Child Welfare), Rural Development and Agriculture that all line department functionaries at the grass roots level, function under the control of Panchayats.

- A large number of different parallel bodies have been set up under various schemes to undertake the same tasks as Panchayats and compete with them for performing these functions. The justification that parallel bodies are required to exist as recipients of funds is no longer tenable as Panchayats are entitled to hold their own funds in accordance with Article 243H. But it is argued that they are needed for sectoral focus and attainment of targets. To the extent they are considered inevitable, parallel bodies ought to be brought under Panchayats to assist them.

- The Planning methodology in the CSS guidelines ought to be strictly in alignment with those prescribed in Article 243 ZD of the Constitution. Stand-alone planning methodologies prescribed in CSS guidelines, which have very little connection with other initiatives and schemes have to be modified to enable the preparation of integrated village plans by Panchayats at all levels so as to ensure easy consolidation by the DPC into the Draft Developmental Plan of the District.

- As part of efforts to deepen peoples’ participation in the implementation of CSSs, there has been a tendency for line departments to create stand-alone committees or groupings of stakeholders to oversee implementation, certify completion, monitoring, maintain assets created, distribute benefits etc. Their creation and promotion takes precedence over the devolution of functions and powers to Panchayats. While strengthening and promotion of such autonomous social groups is required for augmenting social capital and deepening democracy and for greater involvement of concerned stakeholders, setting them up as substitutes for Panchayats has to be discouraged. Panchayats are local governments performing a range of governance and development functions and are accountable to the entire population of a Panchayat. Besides, both for financial and social accountability, it is important that these bodies are made to function within the ambit of the Panchayati Raj system. Panchayats and these bodies have to learn to work together for common good instead of functioning as rivals.

- In ensuring a harmonious relationship between the Panchayat and such groups, it is best to conceive these groups as sub-systems and as a further step in democratic decentralisation. They could draw their powers and resources from Panchayats, either by positioning themselves as Standing Committees of the Panchayats or as sub-committees of the Gram Sabha, performing specific tasks that are delegated to them. Either way, the design elements should ensure synergy, harmony, sustainability and financial accountability of such arrangements.

- The obligation to make voluntary disclosure of all information ought to be made an integral part of CSS guidelines. Arrangements will also need to be made for reviewing whether these obligations have indeed been met by the Panchayats concerned.
RECOMMENDATIONS OF THE EXPERT GROUP ON PLANNING AT THE GRASS ROOTS LEVEL ON CENTRALLY SPONSORED SCHEMES

• Currently, Central fiscal transfers assume many forms and go by several names. For instance, while most CSSs are operated by Line Ministries of the Central Government, others are borne on the State plan side as “Additional Central Assistance”. Funds are also operated through Central corporate entities, such as Central SC&ST Development Corporations and Tribal Federations. It is recommended that all Centrally funded programmes and schemes that fall in the domain of States and Local Governments may be referred to by a common terminology as in earlier years. The term “Centrally Sponsored” is simple and well established enough to be used to describe all such transfers.

• Each Ministry operating CSSs pertaining to matters listed in the Eleventh Schedule of the Constitution ought to undertake an activity mapping exercise on the roles assigned to levels of government, including Panchayats, in the activities of that Ministry. This exercise should follow the principles of subsidiarity, by which tasks are placed at that level where it is best performed. CSS guidelines will need to be realigned in accordance with the Activity Mapping undertaken by the Ministries.

• Scheme guidelines ought to specify clear lines of administrative approval and sanction on the basis of Activity Mapping. Thus, powers for approval, administrative sanction, review and monitoring of CSSs will need to vest with local governments as appropriate, at different levels. This would include laying down processes that ensure democratic decision-making with respect to planning and implementation.

• The role of line departments in supporting Panchayats ought to be spelt out. While Panchayats are given clear-cut roles in planning and implementation of schemes, methods of providing technical support by line departments have to be laid down.

• There has to be a clear statement by each Central Ministry dealing with the core functions of Panchayats, such as Ministries of HRD (Both Departments of Education and Women and Child Welfare), Rural Development and Agriculture that all line department functionaries at the grass roots level, function under the control of Panchayats.

• A large number of different parallel bodies have been set up under various schemes to undertake the same tasks as Panchayats and compete with them for performing these functions. The justification that parallel bodies are required to exist as recipients of funds is no longer tenable as Panchayats are entitled to hold their own funds in accordance with Article 243H. But it is argued that they are needed for sectoral focus and attainment of targets. To the extent they are considered inevitable, parallel bodies ought to be brought under Panchayats to assist them.

• The Planning methodology in the CSS guidelines ought to be strictly in alignment with those prescribed in Article 243 ZD of the Constitution. Stand-alone planning methodologies prescribed in CSS guidelines, which have very little connection with other initiatives and schemes have to be modified to enable the preparation of integrated village plans by Panchayats at all levels so as to ensure easy consolidation by the DPC into the Draft Developmental Plan of the District.

• As part of efforts to deepen peoples’ participation in the implementation of CSSs, there has been a tendency for line departments to create stand-alone committees or groupings of stakeholders to oversee implementation, certify completion, monitor, maintain assets created, distribute benefits etc. Their creation and promotion takes precedence over the devolution of functions and powers to Panchayats. While strengthening and promotion of such autonomous social groups is required for augmenting social capital and deepening democracy and for greater involvement of concerned stakeholders, setting them up as substitutes for Panchayats has to be discouraged. Panchayats are local governments performing a range of governance and development functions and are accountable to the entire population of a Panchayat. Besides, both for financial and social accountability, it is important that these bodies are made to function within the ambit of the Panchayati Raj system. Panchayats and these bodies have to learn to work together for common good instead of functioning as rivals.

• In ensuring a harmonious relationship between the Panchayat and such groups, it is best to conceive these groups as sub-systems and as a further step in democratic decentralisation. They could draw their powers and resources from Panchayats, either by positioning themselves as Standing Committees of the Panchayats or as subcommittees of the Gram Sabha, performing specific tasks that are delegated to them. Either way, the design elements should ensure synergy, harmony, sustainability and financial accountability of such arrangements.

• The obligation to make voluntary disclosure of all information ought to be made an integral part of CSS guidelines. Arrangements will also need to be made for reviewing whether these obligations have indeed been met by the Panchayats concerned.
Annexure-V(1)

Appointment of Executive Heads of City Governments: International Practice

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>City/Country</th>
<th>Executive Head of the City Government</th>
<th>Method of Appointment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>New York/USA</td>
<td>Mayor heads the Executive Branch of the Government of New York City</td>
<td>Directly elected by popular vote for a four-year term. There is a two-term limit. 113</td>
</tr>
<tr>
<td>2.</td>
<td>London/UK</td>
<td>Mayor of London, executive head of the Greater London Authority</td>
<td>The Mayor of London is directly elected for four-year terms by votes cast at Greater London Council elections. The same system of election is the Supplementary Vote, where each vote is counted in a first and second preference and if no candidate has 50 per cent or more first preferences then the second preferences of all candidates are reallocated to the two highest-placed candidates to determine the winner. 113</td>
</tr>
<tr>
<td>3.</td>
<td>Tokyo/Japan</td>
<td>Governor of Tokyo is the Executive Head of the Tokyo Metropolitan Government</td>
<td>The Governor is directly elected by the citizens, and represent the Metropolis of Tokyo. He/she has a four-year term of office. In the area pertaining to 23 'special wards', the Governor may take on the nature of mayor. 113</td>
</tr>
<tr>
<td>4.</td>
<td>Sydney/Australia</td>
<td>Lord Mayor heads the City Council of Sydney and chairs the Central Sydney Planning Committee</td>
<td>Section 23 of the City of Sydney Act, 1988 states that the Lord Mayor of Sydney is to be elected by the electors. Section 23A states that a person who is a candidate for election as the Lord Mayor of Sydney must also be a candidate for election as a councillor of the City of Sydney at the same time. Section 23B of the Local Government Act, 1993 provides that a mayor, elected by the electors, holds the office of mayor for 4 years. 113</td>
</tr>
<tr>
<td>5.</td>
<td>Shanghai/China</td>
<td>Mayor, Shanghai Municipal Government</td>
<td>Appointed by CPC Central Committee. 114</td>
</tr>
<tr>
<td>6.</td>
<td>Paris/France</td>
<td>Mayor of Paris City Council</td>
<td>The mayor is elected by the municipal council. To be elected mayor, a candidate must obtain the absolute majority of votes cast in the first or second round. If after two rounds no candidate has obtained this, a third round takes place and the candidate with the most votes is elected. 113 Elections are conducted every six years.</td>
</tr>
<tr>
<td>7.</td>
<td>Johannesburg/ Republic of South Africa</td>
<td>Executive Mayor, City of Johannesburg</td>
<td>The Council elects an Executive Mayor from among its members by a majority vote. If no one receives a majority vote, the candidates receiving the lowest vote is eliminated and further rounds is taken. The process is repeated till a candidate receives a majority vote. (Section 55 and Schedule 3 of the Municipal Structures Act, 1998) 113</td>
</tr>
</tbody>
</table>

Annexure V(2)

Schedule 3 of the Municipal Structures Act, 1998

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the Act</th>
<th>Power of the Local Government under the Act</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>The Tamil Nadu District Power of State Government and Collector for the Purposes of Control of Municipalities Act, 1920</td>
<td>(1) The district collector may enter on and inspect, or cause to be entered on and inspected, any immovable property or any work in progress under the control of any municipal authority in his district. (2) The State Government or the District Collector may— (a) call for any document in the possession or under the control of any council or executive authority; (b) require any council or executive authority to furnish any return plan, record or report or information on any municipal matter; (c) record in writing, for the consideration of the council for executive authority any observations they or he may think proper in regards to its proceedings or duties. (Section 34)</td>
</tr>
<tr>
<td>2.</td>
<td>The Tamil Nadu District Collector’s Power to Enforce Execution of Resolutions</td>
<td>If it appears to the district collector that the executive authority of a municipality has made default in carrying out any resolution of the council, the said collector shall send a report thereon together with the explanation, if any, of the executive authority to the State Government and at the same time forward a copy of the same to the Council. (Section 35).</td>
</tr>
<tr>
<td>3.</td>
<td>The Tamil Nadu District Power of State Government and Collector for the Purposes of Control of Municipalities Act, 1920</td>
<td>(i) suspend or cancel any resolution passed, order passed, or license or permission granted, or (ii) prohibit the doing of any act which is about to be done or is being done in pursuance or under colour of this Act, if, in their opinion, such resolution, order, licence, permission or act has not been legally, properly, or validly passed, issued, granted or authorised, or such resolution, order, licence, permission or act is in excess of the powers conferred by this Act or of any other law, or the execution of such resolution or order, the continuance in force of such licence or permission or the doing of such act is likely to cause danger to human life, health or safety, or is likely to lead to a riot or an affray; Provided that the State Government shall before taking action under (a) and (b) give the authority or person concerned an opportunity for explanation. (Section 36).</td>
</tr>
</tbody>
</table>

113 Source: http://en.wikipedia.org/wiki/Mayor_of_New_York_City
114 Source: http://www.metro.tokyo.jp/ENGLISH/PROFILE/overview08.htm
## Appointment of Executive Heads of City Governments: International Practice

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>City/Country</th>
<th>Executive Head of the City Government</th>
<th>Method of Appointment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>New York/USA</td>
<td>Mayor heads the Executive Branch of the Government of New York City</td>
<td>Directly elected by popular vote for a four-year term. There is a two-term limit.</td>
</tr>
<tr>
<td>2.</td>
<td>London/UK</td>
<td>Mayor of London, executive head of the Greater London Authority</td>
<td>The Mayor of London is directly elected for four-year terms by voters across Greater London. The system of election is the Supplementary Vote, where each vote expresses a first and second preference and if no candidate has 50 per cent or more first preferences than the second preferences of all candidates are reallocated to the two highest ranked candidates to determine the winner.</td>
</tr>
<tr>
<td>3.</td>
<td>Tokyo/Japan</td>
<td>Governor of Tokyo is the Executive Head of the Tokyo Metropolitan Government</td>
<td>The Governor is directly elected by the citizen, and represent the Metropolitan of Tokyo. He/she has a four-year term of office. In the area pertaining to 23 ‘special wards’, the Governor may take on the nature of mayor.</td>
</tr>
<tr>
<td>4.</td>
<td>Sydney/Australia</td>
<td>Lord Mayor heads the City Council of Sydney and chairs the Central Sydney Planning Committee</td>
<td>Section 23 of the City of Sydney Act, 1988 provides that the Lord Mayor of Sydney is to be elected by the electors. Section 23A states that a person who is a candidate for election as the Lord Mayor of Sydney must also be a candidate for election as a councillor of the City of Sydney at the same time. Section 23B states that the Lord Mayor of Sydney is elected by the Council for a term of four years.</td>
</tr>
<tr>
<td>5.</td>
<td>Shanghai/China</td>
<td>Mayor, Shanghai Municipal Government</td>
<td>Appointed by CPC Central Committee.</td>
</tr>
<tr>
<td>6.</td>
<td>Paris/France</td>
<td>Mayor of Paris City Council</td>
<td>The mayor is elected by the municipal council. To be elected mayor, a candidate must obtain the absolute majority of votes cast in the first or second round. If after two rounds no candidate has obtained this, a third round takes place and the candidate with the most votes is elected. Elections are conducted every six years.</td>
</tr>
<tr>
<td>7.</td>
<td>Johannesburg/Republic of South Africa</td>
<td>Executive Mayor, City of Johannesburg</td>
<td>The Council elects an Executive Mayor from among its members by a majority vote. If no one receives a majority vote, the candidate receiving the lowest vote is eliminated and further votes taken. The process is repeated till a candidate receives a majority vote. (Section 55 and Schedule 3 of the Municipal Structures Act, 1998)</td>
</tr>
</tbody>
</table>

---

**Annexure-V(1)**

Schedule 3 of the Municipal Structures Act, 1998

Section 230 of the City of Sydney Act, 1988 provides that a candidate for election as the Lord Mayor of Sydney is elected by the electors. Section 23A states that a person who is a candidate for election as the Lord Mayor of Sydney must also be a candidate for election as a councillor of the City of Sydney at the same time. Section 23B states that the Lord Mayor of Sydney is elected by the Council for a term of four years.

---

**Annexure-V(2)**

### Powers of the State Government under Some Municipal Acts

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>The Tamil Nadu Municipalities Act, 1920</td>
<td>Power to suspend or cancel resolutions of the council or executive authority.</td>
<td>(i) suspend or cancel any resolution passed, issued, granted or authorised, or (ii) prohibit the doing of any act which is about to be done or is being done in pursuance or under colour of any resolution or order or licence or permission granted or issued under any law, if, in their opinion, such resolution, order, licence, permission or act has not been legally, properly, or fairly passed, issued, granted or authorised, or the execution of such resolution or order, the continuance in force of such licence or permission or the doing of such act is likely to cause danger to human life, health or safety, or is likely to lead to a riot or an affray. Provided that the State Government shall before taking action under this section on any of the grounds referred to in clauses (a) and (b) give the authority or person concerned an opportunity for explanation.</td>
</tr>
<tr>
<td>2.</td>
<td>The Tamil Nadu Municipalities Act, 1920</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>The Tamil Nadu Municipalities Act, 1920</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Annexure V(2) Contd.

#### Powers of the State Government under Some Municipal Acts

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the Act</th>
<th>Power</th>
<th>Provision</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.</td>
<td>The Tamil Nadu District Municipalities Act, 1920</td>
<td>Emergency powers of Collector</td>
<td>The District Collector may, in cases of emergency, direct or provide for the execution of any work, or in the doing of any act which the council or executive authority is empowered to execute or to do, and the immediate execution of which is, in his opinion, necessary for the safety of the public and may direct that the expenses of executing such work or doing such act incurred as the emergency may require shall be paid from the municipal fund [Section 37].</td>
</tr>
<tr>
<td>5.</td>
<td>The Tamil Nadu District Municipalities Act, 1920</td>
<td>State Government’s power to appoint officers to supervise municipalities</td>
<td>The State Government may appoint such officers as may be required for the purpose of inspecting or superintending the operations of all or any of the municipal councils established under this Act. [Section 38].</td>
</tr>
<tr>
<td>6.</td>
<td>The Tamil Nadu District Municipalities Act, 1920</td>
<td>State Government’s power to undertake works, or to take action in default of a municipality</td>
<td>The State Government may appoint such officers as may be required for the purpose of inspecting or superintending the operations of all or any of the municipal councils established under this Act. [Section 39].</td>
</tr>
<tr>
<td>7.</td>
<td>The Tamil Nadu District Municipalities Act, 1920</td>
<td>State Government to remove Vice-Chairman</td>
<td>The State Government may, by notification, remove any Vice-Chairman, who in their opinion willfully omits or refuses to carry out or disobeys the provisions of this Act or any rules, by-laws, regulations or lawful order issued thereunder or abuses the powers vested in him [Section 40].</td>
</tr>
<tr>
<td>8.</td>
<td>The Punjab Municipal Corporation Act, 1976</td>
<td>Power of Government to require production of documents</td>
<td>The Government may at any time require the Commissioners or any of its officers to produce any record, correspondence, plan or other document in his possession or under his control; to furnish any return, plan, estimate, statement, account or statistics relating to the proceedings, duties or works of the Corporation or any of the municipal authorities; or to furnish or obtain and furnish any report [Section 403].</td>
</tr>
<tr>
<td>9.</td>
<td>The Punjab Municipal Corporation Act, 1976</td>
<td>Inspection</td>
<td>The Government may, at any time require the Commissioners or any of its officers to inspect or examine any municipal department or office or any service or work undertaken by the Corporation or any of the municipal authorities or any property belonging to the Corporation and to report thereon and the Corporation and every municipal authority and all Corporation officers and other Corporation employees shall be bound to afford the officer so deputed access at all reasonable times to the premises and properties of the Corporation and to all records, accounts and other documents the inspection of which he may consider necessary to enable him to discharge his duties [Section 404].</td>
</tr>
<tr>
<td>10.</td>
<td>The Punjab Municipal Corporation Act, 1976</td>
<td>Directions of Government</td>
<td>If, in the opinion of the Government, the municipality is not competent to perform or persistently makes default in performing the duties imposed on it by law or exceeds or abuses its powers, the Government may, by notification: (a) dissolve the municipality from a specified date; and (b) direct that the municipality be reconstituted with effect from a date which shall not be later than six months from the date of dissolution [Section 405].</td>
</tr>
<tr>
<td>11.</td>
<td>The Punjab Municipal Corporation Act, 1976</td>
<td>Power to provide for enforcement of direction</td>
<td>If, within the period fixed by a direction made under sub-section (1) of Section 405, any action the taking of which has not been duly taken, the Government may make arrangements for the taking of such action and may direct that all expenses connected therewith shall be defrayed out the Corporation Fund [Section 406].</td>
</tr>
</tbody>
</table>
| 12.     | The Punjab Municipal Corporation Act, 1976 | Dissolution of Corporation | (1) If, in the opinion of the Government, a Corporation is not competent to perform its duties or persistently makes default in the performance of duties imposed on it by or under this Act or any other law for the time being in force or exceeds or abuses its powers, the Government may, by an
### Annexure V(2) Contd.
#### Powers of the State Government under Some Municipal Acts

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the Act</th>
<th>Power</th>
<th>Provision</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.</td>
<td>The Tamil Nadu District Municipalities Act, 1920</td>
<td>Emergency power of Collector</td>
<td>The District Collector may, in cases of emergency, direct or provide for the execution of any work, or the doing of any act which the council or executive authority is empowered to execute or to do, and the immediate execution or the doing of which is, in his opinion, necessary for the safety of the public and may direct that the expense of executing such work or doing such act incurred as the emergency may require shall be paid from the municipal fund. [Section 37].</td>
</tr>
<tr>
<td>5.</td>
<td>The Tamil Nadu District Municipalities Act, 1920</td>
<td>State Government’s power to appoint officers to supervise municipalities</td>
<td>The State Government may appoint such officers as may be required for the purpose of inspecting or supervising the operations of all or any of the municipal councils established under this Act. [Section 39].</td>
</tr>
<tr>
<td>6.</td>
<td>The Tamil Nadu District Municipalities Act, 1920</td>
<td>State Government’s power to undertake works for, or to take action in default of a municipality</td>
<td>If at any time it appears to the State Government that a municipal council, having or possessing or exercising authority under this Act, has failed to perform any of its duties imposed by or under this Act or any rules, by-laws, regulations or lawful order issued thereunder, or that the works undertaken by the council have not been performed or the duties imposed on it by law or by the rules, by-laws, regulations or lawful orders have not been performed, the State Government may, by notification, require the corporation to make arrangements for the proper performance of such duty. [Section 40].</td>
</tr>
<tr>
<td>7.</td>
<td>The Tamil Nadu District Municipalities Act, 1920</td>
<td>State Government to remove Vice-Chairman</td>
<td>The State Government may, by notification, remove any Vice-Chairman, who in his opinion willfully omits or refuses to carry out or disobeys the provisions of this Act or any rules, by-laws, regulations or lawful order issued thereunder or abuses the powers vested in him. [Section 40].</td>
</tr>
<tr>
<td>8.</td>
<td>The Punjab Municipal Corporation Act, 1976</td>
<td>Power of Government to require production of documents</td>
<td>The Government may at any time require the Commissioner- (a) to produce any record, correspondence, plan or other document in his possession or under his control; (b) to furnish or obtain and furnish any report. [Section 403].</td>
</tr>
<tr>
<td>9.</td>
<td>The Punjab Municipal Corporation Act, 1976</td>
<td>Power of Government to require production of documents</td>
<td>The Government may at any time require the Commissioner- (a) to produce any record, correspondence, plan or other document in his possession or under his control; (b) to furnish or obtain and furnish any report. [Section 403].</td>
</tr>
</tbody>
</table>

#### Annexure V(2) Contd.
### Powers of the State Government under Some Municipal Acts

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the Act</th>
<th>Power</th>
<th>Provision</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.</td>
<td>The Punjab Municipal Corporation Act, 1976</td>
<td>Inspection</td>
<td>The Government may institute any suit or take any other legal proceeding for the purpose of enforcing the order or direction. [Section 404].</td>
</tr>
<tr>
<td>11.</td>
<td>The Punjab Municipal Corporation Act, 1976</td>
<td>Directions of Government</td>
<td>If the Corporation fails to comply with the directions given by the Government under Section 405, the Government may apply to the court for an order directing the Corporation to comply with such directions. [Section 406].</td>
</tr>
<tr>
<td>12.</td>
<td>The Punjab Municipal Corporation Act, 1976</td>
<td>Powers provided for enforcement of direction under Section 405</td>
<td>If the Corporation fails to comply with the directions given by the Government under Section 405, the Government may apply to the court for an order directing the Corporation to comply with such directions. [Section 406].</td>
</tr>
<tr>
<td>13.</td>
<td>The Punjab Municipal Corporation Act, 1976</td>
<td>Dissolution of Corporation</td>
<td>If the Corporation is not competent to perform its duties or persistently makes default in performing any of its duties imposed on it by or under the Act or any other law for the time being in force or ceases for any reason not of its own will to perform any of its duties, the Government may, by an order in writing, be dissolved. [Section 407].</td>
</tr>
</tbody>
</table>
### Powers of the State Government under Some Municipal Acts

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the Act</th>
<th>Power</th>
<th>Provision</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.</td>
<td>The Punjab Municipal Corporation Act, 1976</td>
<td>Government's power to suspend any resolution or order of Corporation</td>
<td>If the Government is of the opinion that the execution of any resolution or order of the Corporation or of any other Municipal authority or employee subordinate thereto or the doing of any act which is shown to be done or is being done by or on behalf of the Corporation in an unauthorized or in excess of the powers conferred by this Act or of any other law for the time being in force or is likely to lead to breach of the peace or to cause injury or annoyance to the public or to any class of the public, the Government may, by order in writing, suspend the execution of such resolution or order, or prohibit the doing of any such act [Section 422].</td>
</tr>
</tbody>
</table>
| 15.     | The Kolkata Municipal Corporation Act, 1980 | Power of the State Government to call for the records, etc. | The State Government may at any time require any municipal authority—
(a) to produce any record, correspondence, plan or other document,
(b) to furnish any return, plan, estimates, statements, accounts or statistics, and
(c) to furnish or obtain any report, and thereupon such authority shall comply with such requirement [Section 113]. |
| 16.     | The Kolkata Municipal Corporation Act, 1980 | Power of the State Government to depute officers to make inspection or examination and report | The State Government may depute any of its officers to inspect or examine any department, office, service, work, property of the Corporation and to report thereon, and such officer may for the purpose of such inspection or examination exercise all the powers of the State Government under Section 113 [Section 114]. |
| 17.     | The Kolkata Municipal Corporation Act, 1980 | Power of the State Government to require the municipal authorities to take action | If, after considering the records, requisitioned under Section 113 or the report under Section 114 or any information received otherwise by the State Government, the State Government is of opinion—
(a) that any action taken by a municipal authority is unlawful or irregular or any duty imposed on such authority by or under this Act has not been performed or has been performed in an imperfect, insufficient or unsuitable manner, or
(b) that adequate financial provision has not been made for the performance of any duty under this Act.
The State Government may by order require such authority to regularise such unlawful or irregular action or perform such duty or maintain such authority for the purpose of such inspection or examination exercise all the powers of the State Government under Section 113 [Section 115]. |
| 18.     | The Kolkata Municipal Corporation Act, 1980 | Power of the State Government to provide for enforcement of order under Section 115 | If no action has been taken in accordance with the order under section 115 for the enforcement of an order made under this Act or any other law for the time being in force, or if, in the opinion of the State Government, the Corporation has shown its incompetence, or has persistently made default, in the performance of any duty or in the exercise of any power, the State Government may, by order published in the Official Gazette and stating the reason therefore, direct the Corporation to be dissolved for such period not exceeding six months as may be specified in the said order [Section 117]. |
| 19.     | The Kolkata Municipal Corporation Act, 1980 | Consequences of dissolution | (1) Notwithstanding anything contained in this Act or in any other law in force for the time being, with effect from the date of an order of dissolution made under sub-section (1) or sub-section (4) of Section 117, - |
### Annexure V(2) Contd.

#### Powers of the State Government under Some Municipal Acts

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the Act</th>
<th>Power</th>
<th>Provision</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.</td>
<td>The Punjab Municipal Corporation Act, 1976</td>
<td>Government’s power to suspend any resolution or order of Corporation</td>
<td>If the Government is of the opinion that the execution of any resolution or order of the Corporation or of any other Municipal authority or employee subordinate thereto or the doing of any act which is about to be done or is being done by or on behalf of the Corporation is in contravention of or in excess of the powers conferred by this Act or of any other law for the time being in force or is likely to lead to breach of the peace or to cause injury or annoyance to the public or to any class of body of persons, the Government may, by order in writing, suspend the execution of such resolution or order, or prohibit the doing of any such act [Section 422].</td>
</tr>
<tr>
<td>15.</td>
<td>The Kolkata Municipal Corporation Act, 1980</td>
<td>Power of the State Government to call for records, etc.</td>
<td>(a) to produce any record, correspondence, plan or other documents, (b) to furnish any statement, examination, account or extract, and (c) to furnish or obtain any report, and thereupon such authority shall comply with such requirement [Section 113].</td>
</tr>
<tr>
<td>16.</td>
<td>The Kolkata Municipal Corporation Act, 1980</td>
<td>Power of the State Government to depute officers to make inspection or examination and report</td>
<td>The State Government may depute any of its officers to inspect or examine any department, office, service, works or property of the Corporation and to report thereon, and such officer may for the purpose of such inspection or examination exercise all the powers of the State Government under Section 113 [Section 114].</td>
</tr>
<tr>
<td>17.</td>
<td>The Kolkata Municipal Corporation Act, 1980</td>
<td>Power of the State Government to require the municipal authorities to take action</td>
<td>If, after considering the records, requisitioned under Section 113 or the report under Section 114 or any information received otherwise by the State Government, the State Government is of opinion— (a) that any action taken by a municipal authority is unlawful or irregular or any duty imposed on such authority by or under this Act has not been performed or has been performed in an imperfect, insufficient or unsuitable manner, or (b) that adequate financial provision has not been made for the performance of any duty under this Act, the State Government may by order require such authority to regularise such unlawful or irregular action or perform such duty or remit such authority from inquiring into such unlawful or irregular action or direct such authority to make, to the satisfaction of the State Government, within a period specified in the order, arrangements, or financial provision, as the case may be, for the proper performance of such duty: Provided that the State Government shall, unless in its opinion the immediate execution of such order is necessary, before making an order under this section, give such authority an opportunity of showing cause, within such period as may be specified by the State Government, why such order should not be made [Section 115].</td>
</tr>
<tr>
<td>18.</td>
<td>The Kolkata Municipal Corporation Act, 1980</td>
<td>Power of the State Government to provide for enforcement of order under Section 115</td>
<td>If no action has been taken in accordance with the order under section 115 within the period specified therein or if the case has been shown under the provisions in respect of the satisfaction of the State Government, the State Government may make arrangements for the taking of such action and may direct that all expenses connected therewith shall be defrayed from the Municipal Fund [Section 116].</td>
</tr>
<tr>
<td>19.</td>
<td>The Kolkata Municipal Corporation Act, 1980</td>
<td>Power of the State Government to dissolve the Corporation</td>
<td>If, in the opinion of the State Government, the Corporation has shown its incompetence, or its continuing inability to perform its functions, or its continuing failure to perform its functions in such a manner as to secure the purposes for which it has been established, the Corporation may by an order published in the Official Gazette, and stating reason therefore, declare the Corporation to be incompetent or to be in default, or to have exceeded or abused its powers, as the case may be, and dissolve it for such period not exceeding three years as may be specified in the order [Section 117].</td>
</tr>
<tr>
<td>20.</td>
<td>The Kolkata Municipal Corporation Act, 1980</td>
<td>Consequences of dissolution</td>
<td>(1) Notwithstanding anything contained in this Act or in any other law in force for the time being, with effect from the date of an order of dissolution made under subsection (1) or subsection (4) of Section 117, -</td>
</tr>
</tbody>
</table>
### Powers of the State Government under Some Municipal Acts

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the Act</th>
<th>Power</th>
<th>Provision</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(a)</td>
<td>all the members of the Corporation, the Mayor-in-Council and any Committee of the Corporation constituted under this Act, and the Mayor and the Chairman shall vacate their offices, and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(b)</td>
<td>all the powers and duties which, under the provisions of this Act or any rules or regulations made there-under or of any law in force for the time being, may be exercised or performed by the members of the Corporation or the Mayor or the Chairman, shall be exercised or performed, subject to such directions as the State Government may give from time to time, by such person or persons as the State Government may appoint in this behalf; provided that when the State Government appoints more than one person to exercise any powers and perform any duties, it may, by order, allocate, in such manner as it thinks fit, such powers and duties among the persons so appointed; provided further that the State Government shall fix the remuneration of such person or persons, and may direct that such remuneration shall, in each case, be paid out of the Municipal Fund (Section 118).</td>
</tr>
</tbody>
</table>
### Powers of the State Government under Some Municipal Acts

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the Act</th>
<th>Power</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>all the members of the Corporation, the Mayor-in-Council, and any Committee of the Corporation constituted under this Act, and the Mayor and the Chairman shall vacate their offices, and</td>
<td></td>
</tr>
<tr>
<td>(b)</td>
<td>all the powers and duties which, under the provisions of this Act or any rule or regulation made thereunder or of any law in force for the time being, may be exercised or performed by the members of the Corporation or the Mayor or the Chairman, shall be exercised or performed, subject to such directions as the State Government may give from time to time, by such person or persons as the State Government may appoint in this behalf provided that when the State Government appoints more than one person to exercise any power or perform any duty the State Government shall fix the remuneration of such person or persons, and may direct that such remuneration shall, in each case, be paid out of the Municipal Fund [Section 118].</td>
<td></td>
</tr>
</tbody>
</table>