

# Structure and Functioning of Urban Local Bodies in Infrastructure and its Challenges

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## Abstract :

India's society is now characterised by widespread urbanisation. Millions of people are moving to cities in search of employment because cities are the main benefactors of globalisation and are growing in population. This shows that Indian cities must act as the engine for the country's economy's structural change. Infrastructure has to be improved and upgraded, which necessitates active cooperation from both the state and federal governments. The 73rd and 74th Amendments to the Constitution, which aim to establish an institutional framework for bringing about grass-roots democracy through the use of genuinely self-governing local bodies in both urban and rural areas of the nation, provide a clear mandate for democratic decentralisation in addition to the directive principle of state policy. The subjects covered in this research study include various urban local bodies, their relevance, their organisation, their tasks and responsibilities, and their problems and difficulties. Urban Local Bodies must deal with issues such financial scarcity, unplanned urbanisation, excessive state government control, and the proliferation of agencies, Low level of People's Participation in socio-economic development. And how can the financial independence of urban local governments be increased? By incorporating technology, e-governance, financial instruments like municipal bonds, ensuring active citizen participation, and improving grievance redressal mechanisms.

**Keywords**—urban local bodies, municipal corporation, municipal council, municipal bonds

## 1.Introduction

In recent years, policymakers, planners, administrators, sociologists, and academics have become interested in urban management in India. Despite the fact that the country has seen a failure in the expansion of the urban population, the concentration of population in greater metropolitan regions

has led to an urban anarchy. Urban services are under a lot of strain due to the unplanned, unchecked, and haphazard growth of urban areas, which is also causing a rise in unsanitary housing, environmental degradation, noise pollution, and air and water pollution. After every ten years, the cities get smaller and less liveable. Either the institutional process was unable to handle the problem, or it weakened and lost effectiveness. Although less responsible and courteous, the populace is louder and demanding. Sustainable solutions are necessary given the unstoppable rise of urbanisation.

Urban management has had ups and downs throughout the first fifty years of independence. A significant piece of legislation was passed at this time, the historic 74th Amendment to the Constitution of the nation. Urban municipal governance is at a tipping point as a result of this unprecedented effort. About 10% of the people of the nation lived in urban areas at the time of its independence. The Indian Constitution so clearly reflects the majority of rural areas. The ageing urban infrastructure was strained by the level of urbanization's sluggish but steady rise. This prompted decision-makers to repeatedly form a variety of commissions and committees to improve the financial standing of urban local authorities. The decade of 1980's recorded tremendous discussions at different for an urban issue. A long but willing deliberation resulted into granting urban administration a place in the Constitution.

## 2.Structure and functioning of urban local bodies

Local self-government refers to the control of local issues like water supply, sewage, primary education, road maintenance, etc. The welfare or improvement of every citizen should be the target. According to the Local Self-Government system, local residents have some control over public affairs and the collection of funds to cover their expenses (Jha, 1953). The interaction of numerous factors—historical, ideological, and administrative—led to the formation of urban government as

a separate government entity. Local self-government had historically come before national self-government. In terms of administration, it is crucial that the public services that any community would require be planned, programmable, and integrated in terms of the area that they would occupy. It offers a wide range of services to the populace and carries out several tasks of a variety and scope. Two-way communication between the local government and the state government is ensured by local self-governance. Plans and programmes of the State and federal governments flow in the opposite direction from the desires and goals of the state governments.

In 1687, Madras became the first Indian city to establish a municipal corporation. Bombay and Calcutta followed in 1726. Local self-government was made possible by Lord Mayo's resolution for financial decentralisation from 1870. The government of Lord Ripon published the renowned resolution, often known as the Magna Carta of Local Self Government, on May 18, 1882. Local self-government was

given to ministers who reported to new provincial legislatures under the Government of India Act 1919. In Madras, the District Municipalities Act of 1920 and the Municipal Act of 1919 granted the Councils the authority to choose their own chairman and create their own budgets. The city municipalities with a population greater than one lakh were rendered entirely elective by another Act approved in 1925. Local self-government was made a provincial topic under the Government of India Act, 1935, which also introduced provincial autonomy. In 1948, the National Government established the Local Finance Inquiry Committee to examine methods to increase the financial resources available to local governments. The Central Government created the National Commission on Urbanisation in 1985, and it delivered its report in 1988. A commission was established to investigate and provide recommendations on all facets of urban management. A significant action taken by the Indian government to improve local self-governance in cities and towns is the Constitution (74th Amendment) Act, 1992.

### 3.Types of Urban local bodies

#### Municipality

For the management of towns and smaller cities, the municipalities are constituted by the relevant state legislature's acts. They are also known by other names, including municipal council, municipal committee, municipal board, borough municipality, and municipal city municipality. The same three bodies that make up the municipal corporation exist in the municipality as well: the council, the standing committee, and the chief executive officer. They are relatively similar to municipal corporations in terms of composition, with the exception that instead of a commissioner, they have a chief executive officer or chief municipal officer. The council is also led by a vice president who serves as vice chair. The state government appoints the Chief Executive authority, who is in charge of daily administration.

#### Notified Area Committee

For the administration of an area that is either rapidly industrialising or not yet developed enough to meet all the requirements for the establishment of a municipality, a notified area committee is constituted. A notice published in the gazette establishes it. For the purpose of the Notified Area Committee, only the provisions listed in the government gazette notification are applicable. A notified area committee has the same authority as a municipality. The committee for the Notified Area is made up exclusively of nominees. The State government proposes each member, together with the chairperson, for a notified area committee. As a result, it is neither a statutory entity nor an elected body.

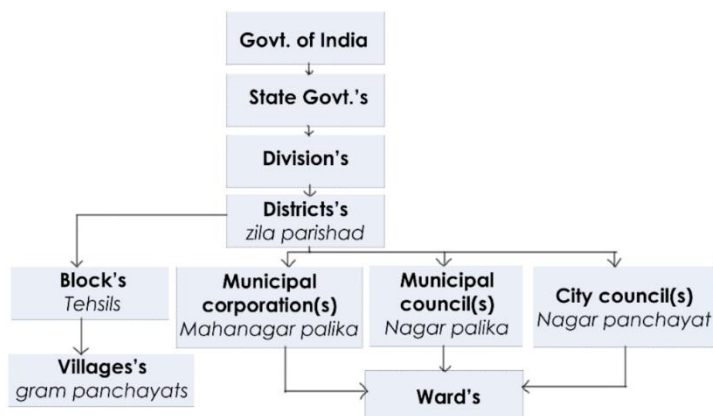


Figure 1-Administrative Structure of India

#### Municipal Corporation

Acts passed by state legislatures in the US and by Parliament in the UK established it. The council, standing committees, and commissioner are the three organisational divisions of each corporation. The mayor is in charge of council, a legislative body, and the deputy mayor is at his side. Counsellors make up the council, and they are chosen by popular vote. A permanent committee supports the council's operations. It covers things like government job, education, taxes, health, and finances. The corporation's chief executive officer, the Municipal Commissioner, is in charge of carrying out the decisions made by the council and standing committees.

## Town Area Committee

A tiny town's administration is handled by a Town Area Committee. It is a semi-municipal authority with a small number of civic responsibilities, including conservancy, drainage, roadways, and street lighting. A state legislature act establishes it. The Town Area Committee's makeup, responsibilities, and other issues are discussed in the act. It could be a body wholly appointed by the state government, a body wholly elected, or a body that is both totally appointed and half elected.

## Cantonment Board

In the cantonment zones, Cantonment Boards are set up to oversee municipal affairs for the civilian population. The union government established it and is in charge of running it. It was established in accordance with the Cantonments Act of 2006's stipulations. The Union Defence Ministry has administrative jurisdiction over a cantonment board. There are currently 62 cantonment boards in the nation. There are four categories of cantonment boards: Category I, which has a population above 50,000; Category II, which has a civil population between 10,000 and 50,000; Category III, which has a civil population between 2500-10,000; and Category IV, which has a population below 2500. Members of it are chosen and nominated alternately. The President of India appoints the executive officer of the cantonment board.

## Township

Large public corporations create a township to offer municipal amenities to their employees who reside in housing colonies constructed close to the factory. All of the members, including the town administrator who oversees the administration of the township, are appointed by Enterprise and are not members of an elected body.

## Port Trust

The country's port cities, like as Mumbai, Kolkata, Chennai, etc., are where the port trusts are founded. The management, security, and provision of public facilities are the goals of the port trust's establishment. A Parliamentary Act established it. Members of the port trust are both elected and nominated. Its chairman is a representative. Its duties resemble those of a municipality in more or less every way.

## Special Purpose Agency

In addition to the seven categories of urban organisations mentioned above, the states may establish particular agencies to handle particular tasks that "legitimately" belong to any of the aforementioned local urban governments. Unlike other urban bodies, special purpose organisations are centred on

functions rather than geographic regions. Town improvement trusts, water supply and sewerage boards, pollution control boards, electricity supply boards, urban development authority, city transit boards, and housing boards are a few examples of these organisations. These are created as departments by an executive order or as statutory entities by an act of the state legislature. They undertake the tasks given to them as autonomous organisations separate from the local urban administrations. They are not a part of the local urban bodies' hierarchy.

## 4. Structure

As mentioned previously, the constitution of the municipality is governed by the laws of the relevant States and UTs. The Municipal Corporation Act and the Municipal Act are the two types of Acts that specify the ULB structure in each State. There are typically two wings: an executive wing and a deliberative wing. The Mayor or a Chairman, depending on the situation, is in charge of the deliberative wing, which is made up of the elected body. While the executive power is in the hands of Commissioners, they have the authority to extort, counsel, forewarn, and criticise. The Commissioner, often an officer of the State Government, is in charge of the executive branch. Depending on the significance of the town,

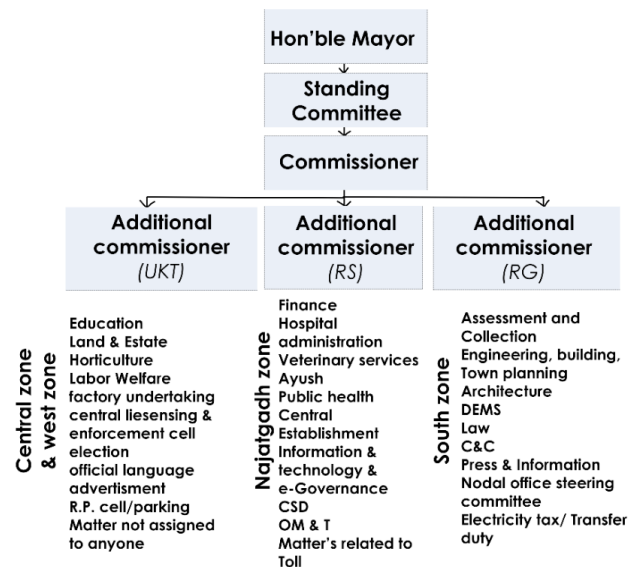


Figure 2-Organisational Chart of South Delhi Municipal Corporation

they may be Senior Provincial Service Officers or Indian Administrative Service officers in larger towns. They are among the most senior State civil officers in places like Mumbai. The South Delhi Municipal Corporation's (SDMC) organisation chart is shown in the following graphic in broad strokes.

The SDMC is charged with properly monitoring, enhancing, and improving civic amenities for the over 56 lakh inhabitants who live in 104 wards. To perform its duties, it has more than 40 departments.

A smaller municipality, such as Nagar Palika Parishad in Gonda (Uttar Pradesh), which serves a population of roughly 125 thousand, has fewer departments and fewer tasks and functions, which are as follows: to make sure that public utilities like the water supply and sewage system are working and being maintained. To grant licences and licences for retail and commercial operations. to control the opening and closure of markets and stores. to manage services for public health. must keep a record of the real estate it owns. To discharge these functions, it has only seven departments: Public Works, Public Health, Water Supply, License, Town Planning, Street Light and Tax. Given the size of the cities across the country, there are bound to be variations. In fact, two prominent patterns have been observed.

**Commissioner system:-** In such a setup, the Councillors elect the Mayor of the Municipal Corporation indirectly from among themselves for a one-year term that is renewable. The Mayor often has no executive power. The Council acts through committees, typically the Standing Committee, which serves as the Steering Committee and has authority over people, finances, and executive and supervisory functions. Members are chosen via election.

The Municipality's executive branch is led by the Municipal Commissioner, a state-appointed official. He or she has full executive authority. The Commissioner is in charge of carrying out the policies even if the Municipality is the legislative body that establishes them for local governance. The State Government controls the Commissioner's term of office. The Commissioner only has the authority granted by statute and granted by the corporation or the standing committee.

### **Mayor-in-Council system**

In West Bengal, this model was first used in 1984. In this arrangement, there is a Mayor and an elected Council with distinct roles. In this paradigm, the Mayor, who serves as the Chief Executive Officer, has control and oversight over the Municipal Commissioner, who acts as the Principal Executive Officer.

A Ward Committee, made up of the Councillors chosen from each Ward, is formed by dividing the city into wards. The Ward Committees manage ward-level tasks like water supply, drainage, solid waste collection and removal, sanitization and health services, housing services, lighting, repairs to specific types of roads, upkeep of parks, and drains under the general supervision of the Mayor-in-Council.

While the Corporations may engage directly with the State Government, the Municipal Administration often has a Directorate that handles their business. Ordinarily, the

Municipal Commissioner is a more senior person than the Director of Local Bodies, placing him or her directly under the authority of the relevant State Department.

Maheshwari, (1971) evaluating the relationship between the ULBs and the state governments commented that the control of the State Government over Local Bodies degenerated into spasmodic, intermittent bouts and was often negative.

## **5.Composition of Municipalities**

Direct elections will be used to fill the seats. For this reason, each metropolitan area should be divided into areas that will be referred to as wards. The state assembly may open the door for a municipality's chairperson to be chosen. The Legislature of a State may, by law, provide that individual with exceptional knowledge or experience of civil organisation, members of the Rajya Sabha, Lok Sabha, Legislative Council, and Legislative Assembly of the State, representing constituencies that entirely or partially make up the Municipal Area, be represented in municipal bodies. The method of electing a municipality's chairpersons may also be prescribed by the state legislature body.

## **6.Financial Power of Municipalities**

Municipalities' Financial Authority by statute, the State Legislature Give a municipality the power to levy, levy, and collect taxes, charges, tolls, and fees. Allocate to a municipality the state government's collected taxes, fees, tolls, and other levies. Municipalities receive assistance from the State's Consolidated Fund. creation of monies to be used to credit all municipal funds.

### **Finance Commission**

Every five years, the Finance Commission examines the financial health of the municipalities and advises the Governor accordingly. The following topics will be covered by the Finance Commission's recommendations: the division of the State's net income from taxes, charges, tolls, and other levies between the State and the Municipalities. At all State levels, the part of these revenues is distributed among the Municipalities. the distribution or allocation of taxes, tariffs, tolls, and other fees by the municipalities. Municipalities receive assistance from the State Consolidated Fund. the steps required to help towns with their finances. any additional matter that the governor refers to the finance commission in the interest of solid municipal finance.

## **7.District Planning Committee (DPC)**

A district planning committee must be established in every state at the district level to coordinate the development plans created by municipalities and panchayats. A preliminary



development plan for the district as a whole was also created by DPC. The state legislature specifies the committee's membership, duties, voting procedures, and election of the chairperson. According to the Act, municipalities and panchayats shall nominate their own members to make up 4/5 of the committee. The ratio of the district's rural to urban population shall be used to determine how these members are to be represented.

## 8. Metropolitan Planning Committee (MPC)

The regional planning council creates a preliminary development plan. According to the Act, elected officials from municipalities and panchayat chairpersons in the metropolitan region shall elect two-thirds of the MPC members from among themselves. The state legislature specifies the committee's membership, duties, voting procedures, and election of the chairperson. The ratio of the district's rural to urban population shall be used to determine how these members are to be represented.

## 9. Challenges of Urban Local Bodies

Urban local authorities have not been adequately given authority by the majority of state governments, making it difficult for ULBs to perform their duties. Ineffective leadership: Rather of acting as change agents for desired urban improvements, mayors and council members utilise their positions to advance their political careers. Establishment of parastatal organisations: Parastatal organisations, like urban development authorities and state-owned businesses, are exclusively answerable to state governments and not municipal governments. Lack of financing is the first and most pressing issue affecting urban local communities. In many small towns, municipal committees struggle to pay their employees' salaries on time. Corruption: These municipal administrations have insufficient administrative tools at their disposal. Underpaid employees frequently engage in dishonest behaviour, which has led to revenue loss. Limited capacity: Despite receiving funding, municipal bodies just lack the capacity to carry out their functions. The majority of the money given to ULBs is restricted money.

## 10. Urban Local Bodies Reforms and solutions

Urban service and local government reforms are being implemented with the goal of bolstering state funding for urban local governments. ULBs would be able to offer their inhabitants improved public health and sanitation services thanks to these improvements. In addition to Andhra Pradesh, Madhya Pradesh, Manipur, Rajasthan, and Telangana, Goa is one of five States that have finished the ULB reform process.

Implementation of the One Nation, One Ration Card System, Reforms in the power sector, urban local government, and the ease of doing business.

The Department of Expenditure's list of reforms to accomplish these goals includes: The State will announce floor rates of property tax in ULBs that are in line with the current circle rates (i.e., guideline rates for real estate transactions); and The State will announce floor rates of user charges for the provision of water supply, drainage, and sewerage that reflect current costs/past inflation. The State will implement a system of cyclical increases in the base rates of user fees and property taxes in accordance with price rises.

Municipal bonds are a modern concept that is important for the development of infrastructure. A state, municipality, or county may issue municipal bonds (munis) as a debt security to pay for capital projects like building roads, bridges, or schools.

A municipal corporation can generate funds from individuals or institutions by selling municipal bonds in exchange for a commitment to repay the principal and accrued interest on a predetermined maturity date. These are particularly appealing to those in high income tax brackets because they are largely exempt from federal taxes as well as from the majority of state and local taxes.

Since property tax is the sole significant source of revenue for municipalities, municipal bonds can assist ULBs in raising funds to fund budgeting projects. For India's huge cities and towns to replace their ageing infrastructure, the municipal bond market must expand. The success of the Center's favourite programmes, such smart cities and Amrut, depends on municipal organisations' capacity for self-sufficiency.

Due to the Covid-19's situation, state finances and revenue generation have almost come to a standstill, making it difficult to fund ULBs. On the other hand, as part of the Atmanirbhar Bharat Abhiyan package, states are given the opportunity to raise their borrowing capacity in light of prospective changes to the system of urban property taxes. However, the majority of urban local governments lack the institutional capacity to organise accounts, generate funding, and develop bankable projects. The 15th Finance Commission's recommendations, which require urban local authorities to submit audited accounts by connecting them to grant disbursement, must be put into practise in order to address this. Transparency within ULBs will increase their credit worthiness, thereby improving their prospects of floating Muni bonds, enabling them to contribute towards building resilient infrastructure under the Atmanirbhar Bharat Abhiyan.

## 11. Conclusion

The institution of Local Self Government must be a dynamic organisation with enough autonomy to be able to address the needs and ambitions of the community if good urban administration is to be achieved. The relevant authorities at the higher levels have also acknowledged this. However, their development was stifled because of a refusal to share authority, both under British control and in the years following independence. The 74th CAA made an effort to make things right. The actual transfer of power has not occurred, despite the fact that it was passed more than 25 years ago. The government, especially the Central Government, has created the circumstances for the State governments to undertake reforms to enhance the ULBs as urbanisation is growing and cities are experiencing widening infrastructural and service gaps. Given that cities are the primary drivers of economic growth, it is imperative that the essential steps be done as soon as possible.

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