

7th
**Annual
Conclave
on Shaping India's
Urban Agenda 2024**



New Delhi | 20 November

A Roadmap for India's City-Systems Reforms



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India has witnessed a decade of unprecedented investments in our cities



932%

increase in budgets of MoHUA from 2009–10 to 2024–25, at a CAGR of over 16%.¹



87 lakh

houses constructed during 2015–24; 78% of PMAY-U target met.⁴



70%

coverage of tap connections achieved by 2023 through AMRUT, increase from 49% in 2011.²



70%

solid waste treatment capacity achieved by 2021 through SBM-U, increase from 18% in 2014.⁵



945km of metro rail network in **21 cities** by 2024, increase from 248km in 5 cities in 2014.³



Abbreviations: AMRUT - Atal Mission for Rejuvenation and Urban Transformation; CAGR - Compounded Annual Growth Rate; MoHUA - Ministry of Housing and Urban Affairs; PMAY-U: Pradhan Mantri Awas Yojana - Urban; SBM - U: Swachh Bharat Mission - Urban.

Sources: 1. Indiabudget, MoHUA. | 2. MoHUA (PIB), Impact of AMRUT, 18 Dec 2023. | 3. MoHUA (PIB), Union Minister Shri Manohar Lal highlights Major Achievements and Future Plans for Metro Rail and RRTS Projects, 17 Aug 2024. | 4. MoHUA, Progress Report on PMAY-U 2024 (Provisional). | 5. MoHUA, Swachh Bharat Mission Urban 2.0 - Operational Guidelines, Oct 2024.

Our priorities must now shift from provision of infrastructure and services alone to addressing the complex challenges of the commons

In India's cities, we need to balance the 4Es of Economic growth and job creation, Equitable access to jobs and infrastructure, Environmental sustainability, and democratic Engagement.

Economy

Globally, a **1% increase in urbanisation** is associated with a **3.9% increase in per capita GDP**. In India, this is **only 1.7%**.¹

80% of all workers are employed under **informal arrangements** in urban India.²

Engagement

Mayors and councils are disempowered, there are no formal platforms for citizen participation.

Only 3 states/UTs have mandated **public consultation** in municipal budgeting.⁴



Equity

3.4% poverty reduction in urban areas, significantly slower than the 13.3% decline in rural areas (2015-16 and 2019-21).³

5.3% of India's urban population is **multidimensionally poor**, with **intensity of poverty** at **43.1%** (2019-21).³

Environment

59% of India's urban population faces **water scarcity**.⁵

36.4 crore urban residents faced **very strong heat stress** (>38°C*).⁶

80% of the urban population is exposed to **unhealthy air quality**.^{**7}

c.44% of India's **emissions** have urban origins.⁸

Note: *During April-May 2022 on the scale of Universal Thermal Climate Index. | **Exceeding Central Pollution Control Board's ambient standards for PM10 (60 µg/m³). Abbreviations: GDP - Gross Domestic Product | UTs - Union Territories.

Sources: 1. Om Prakash Mathur et al, State of the Cities, 2021. | 2. Govindan Raveendran, Joann Vanek WEIGO, Informal Workers in India: A Statistical Profile, Aug 2020. | 3. NITI Aayog, India National Multidimensional Poverty Index - A Progress Review, 2023. | 4. Janaagraha, Annual Survey of India's City-Systems (ASICS) 2023. | 5. He et al, Future global urban water scarcity and potential solutions, Nature Communications, 2021. | 6. OP Agarwal, Jaya Dhindaw, and Raj Bhagat Palanichamy, Climate change: How can India's concretised, dangerously hot cities be cooled down sustainably? Scroll, 22 Jun 2022. | 7. NIUA, Air quality management in Indian cities and challenges, 17 Feb 2021. | 8. Artha Global, Localising Green Transitions, 2022.

Janaagraha's city-systems framework provides a unique approach to solving such challenges

Jobs and income growth, ease of doing business for small businesses

Women's safety, inclusion, and participation in the workforce

Public health (primary healthcare, non-communicable and infectious diseases, immunisation)

Climate resilience and adaptation (flooding, heat stress, air quality, and conservation of water bodies)

Urban poverty and migration, social security

Public transport, congestion, and traffic management

Safe, walkable, inclusive, and vibrant public spaces

Housing, power, water supply and sanitation

Quality of Life

Urban Planning and Design

Spatial development plans

Design, implementation, and maintenance standards for streets and public spaces

Sectoral plans for housing, mobility, water and sanitation, etc.

Urban Capacities and Resources

Adequate revenues

Ability to spend

Financial and performance accountability

Skilled staff

Modern organisational design

Performance management

Transparency, Accountability, and Participation

Voice and agency for all citizens, especially women, the urban poor and migrants, children and youth, elderly, and the differently abled

Empowered and Legitimate Political Representation

Devolution of powers and functions to Urban Local Governments (ULGs)

Empowered mayors and councils

City-Systems

Janaagraha's ASICS study measures the quality of India's city-systems

Through the Annual Survey of India's City-Systems (ASICS), we have consistently measured the quality of urban governance by assessing the quality of laws, policies, institutions, and institutional processes.



Five critical systemic challenges identified by ASICS 2023

- Lack of a **modern, contemporary framework of spatial planning of cities** and **design standards for public utilities**.
- **Weak finances**, both in terms of financial sustainability and financial accountability of cities.
- **Poor human resource management**, in terms of number of staff, skills and competencies of staff, organisation design, and performance management.
- **Powerless mayors and city councils** and **severe fragmentation of governance**.
- **Absence of systematic citizen participation and transparency**.

Ten Instruments of Change that can catalyse urban transformation

Based on the ASICS 2023 study and our work across union and state governments, we have identified ten Instruments of Change that can drive city-systems reforms in India.



Spatial
Development Plans



Street and Public
Space Design
Standards



Constitutional
Amendment to
Empower Cities



Metropolitan
Governance



Empowered Mayors
and Councils



Open Cities and
Participatory Budgeting



Municipal Taxation
and Transfers



Municipal Borrowings
and Audited Financial
Statements



Digital Public Finance
Management



Municipal Shared
Services and Cadre and
Recruitment Rules

Executive Summary

Place-based Governance of India's Cities

Rural-urban transition

- India may be far more urban than currently understood — 28% governed as urban vs 63% urban by some estimates.
- Definitions of urban inconsistent across states. 24,000 large urbanising villages governed as rural.
- 971 new ULGs created since 2011, without a planned rural-urban transition.

Recommendation: Acknowledge pace of urbanisation, evolve a rural-urban transition policy:

- Enable fast-urbanising villages with urban planning, infrastructure, and financing.
- Design incentives for transition thoughtfully.
- Closely involve panchayati raj and rural development ministries/departments at the union and state levels.

Differentiated approach to governance

- Urban governance in India is largely one-size-fits-all.
- Useful to categorise cities by size and type — million-plus, 100k – 1 million, and <100k; each hosts approximately one-third population.
- Unique spatial pattern of urbanisation — 50% of India's urban population lives within 60km of 45 million-plus cities and 92% within 60km of 470 100k-plus cities.
- 72 highly-urbanised districts require special policy attention.

Recommendation: Adopt a differentiated approach to planning, governance, infrastructure, and financing for metropolitan, emerging, and small cities.

- India urgently needs a metropolitan governance paradigm.
- Districts need to be leveraged for rural-urban convergence and coordinated planning, and governance of emerging and small cities.

Reimagining institutional design

- Place-based governance is critical to address local economic development, rural-urban convergence and synergies, planned urbanisation, and climate change.
- However, MoHUA and state Urban Development Departments (UDDs) today largely function as infrastructure and service delivery ministries/departments, organised around sectors, schemes, and funding sources.

Recommendation: Reorient MoHUA and state UDDs as ministries/departments for regional economies and local governments, with a focus on:

- Integrated economic and environmental planning.
- Place-based convergence programming, City Action Plans using a whole-of-government approach.
- Strengthening ULGs through effective devolutions across all functions.

Executive Summary

Decentralised Participatory Governance

The 74th Constitutional Amendment Act (CAA) was enacted in 1993 to promote democratic decentralisation and establish a governance framework that empowers and enables ULGs. However, substantial gaps persist between intent and implementation.

Council elections and representation

Delayed council elections in 61% of ULGs in 15 states, as per CAG audits.

Recommendation: Conduct timely elections and empower State Election Commissions over ward delimitation and reservations.

Devolution of powers and functions

Mayors and councils have extremely limited powers and functions. On average, ULGs have complete autonomy over only 4 functions.

Recommendation: Effectively devolve all functions to ULGs, empower mayors and councils, strengthen council infrastructure (physical and digital) and secretariat, implement a councillor leadership development programme, and convene a national network of mayors and councillors.

Platforms for participation

Citizens lack formal platforms for participation, and access to relevant, timely information. While 5 out of 35 states/UTs have mandated ward committees and area sabhas, none have implemented them. Only 3 states/UTs in India have mandated public consultation in municipal budgeting.

Recommendation: Form ward committees and area sabhas expeditiously, allocate budgets at ward level, adopt full transparency in civic works and budgets, and webcast council meetings.

Recommendation: Replace or amend the 74th CAA with modern and forward-looking provisions to strengthen ULGs.

Executive Summary

Building State Capacities

Human resources

ULG capacities are severely constrained by four aspects of Human Resource (HR) deficits:

- Quantity (i.e., workforce adequacy): There is an average vacancy of 37% across ULGs in 15 states, against sanctioned posts.
- Quality (i.e., skills and competencies): Our cities do not have a Framework of Roles, Activities, and Competencies (FRACs); only 14 out of 35 states/UTs even mandate any kind of training for officials.
- Design (i.e., organisational structure and leadership): Only 10% of staff in ULGs hold managerial positions (Groups A and B).
- Performance management: None of the states have prescribed a performance management system.

Recommendation: There are three levers for reforming human resource management in India's cities -

- Cadre and Recruitment (C&R): Assess staffing status, formulate scientific basis for staffing numbers, and effect corresponding changes in C&R rules.
- Organisational development: Adopt a competency-based HR system for goal-setting, training, assessments; simplify municipal processes through job aids and checklists.
- Shared municipal services: Explore shared municipal services to optimise current staff and improve operational effectiveness and efficiencies, especially for small cities.

Executive Summary

Building State Capacities

Municipal finance

There are three dimensions to municipal finance in India:

- Financial sustainability (i.e., adequacy of funds): ULGs are severely under-resourced, relative to global benchmarks and their own needs; actual per capita spend of INR 2,701 vs required INR 7,884 per annum.
- Financial efficiency: Weak absorptive capacity with 61% budget utilisation in ULGs across 11 states; budget variance of 23-82% across 6 ULGs.
- Financial accountability: Significant progress with 96% of ULGs publishing audited accounts on www.cityfinance.in.

Recommendation:

- Financial sustainability: Ensure effective fiscal decentralisation (devolution of revenue streams, formula-based timely transfers), optimise own source revenues (property tax and user charge reforms, asset optimisation), develop shelf of projects, and catalyse borrowings.
- Financial efficiency: Enforce timely and realistic budgeting, mandate medium-term fiscal plans, track outlays and outputs through the full expenditure cycle using digital public finance management systems.
- Financial accountability: Publish audited annual accounts and performance reports basis uniform accounting standards, mandate internal audits, and facilitate citizen participation in budget and civic works.

Place-based Governance of India's Cities

- Rural-urban transition
- Differentiated approach
- Reimagining institutional design

We may be underestimating India's urban population

63%

As per Global Human Settlements Layer (GHSL) by EU, based on built-up surface maps in 2015

763 million citizens

47%

Villages fulfilling 1 out of 3 criteria for census towns in 2011 (population >5,000)¹

569 million citizens

31%

Urban settlements as per Census 2011

377 million citizens (318 million in 4,041 statutory towns and remaining in 3,892 census towns)

28%

Only statutory towns, 2024

343 million citizens (in 4,853 statutory towns of which 971 were created post-2011)^{2,3}

This is the population currently governed as urban

26%

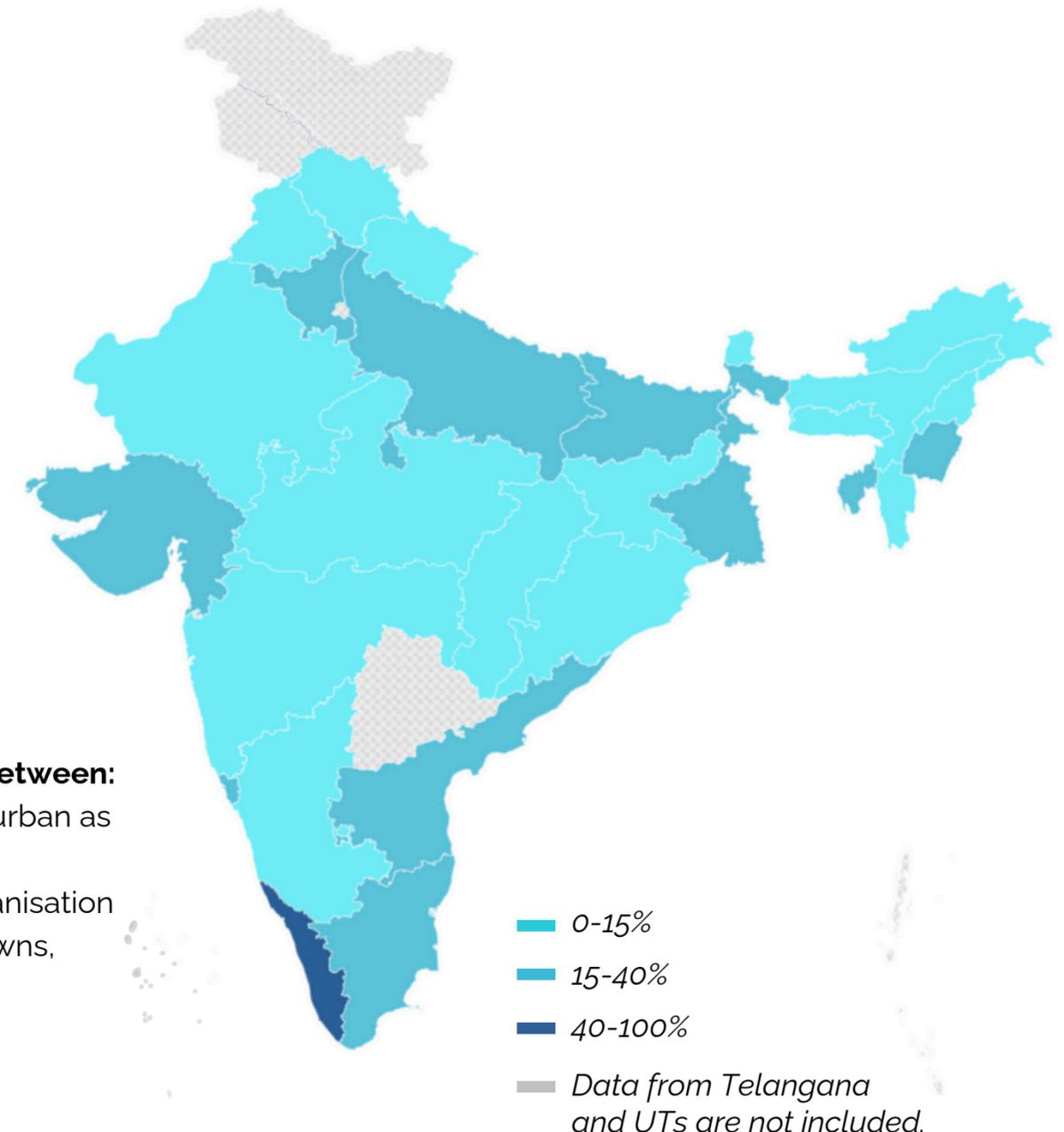
Only statutory towns, 2011

318 million citizens²

Definition of urban and the process of notification of ULGs differs across states

- A rural settlement becomes urban only when the state government notifies such an area as urban.
- **State governments define urban using four criteria in different combinations:** population, density, economic activity, and revenue. The minimum threshold for the declaration of statutory towns differs across India.¹
- Definitions of urban in most states fall short of ground realities. **24,000 large villages**² with 5,000+ population **already exhibit urban characteristics**, and are home to 190 million people (52% of India's urban population).³

11 states are at least 15% more urbanised than their respective official definitions

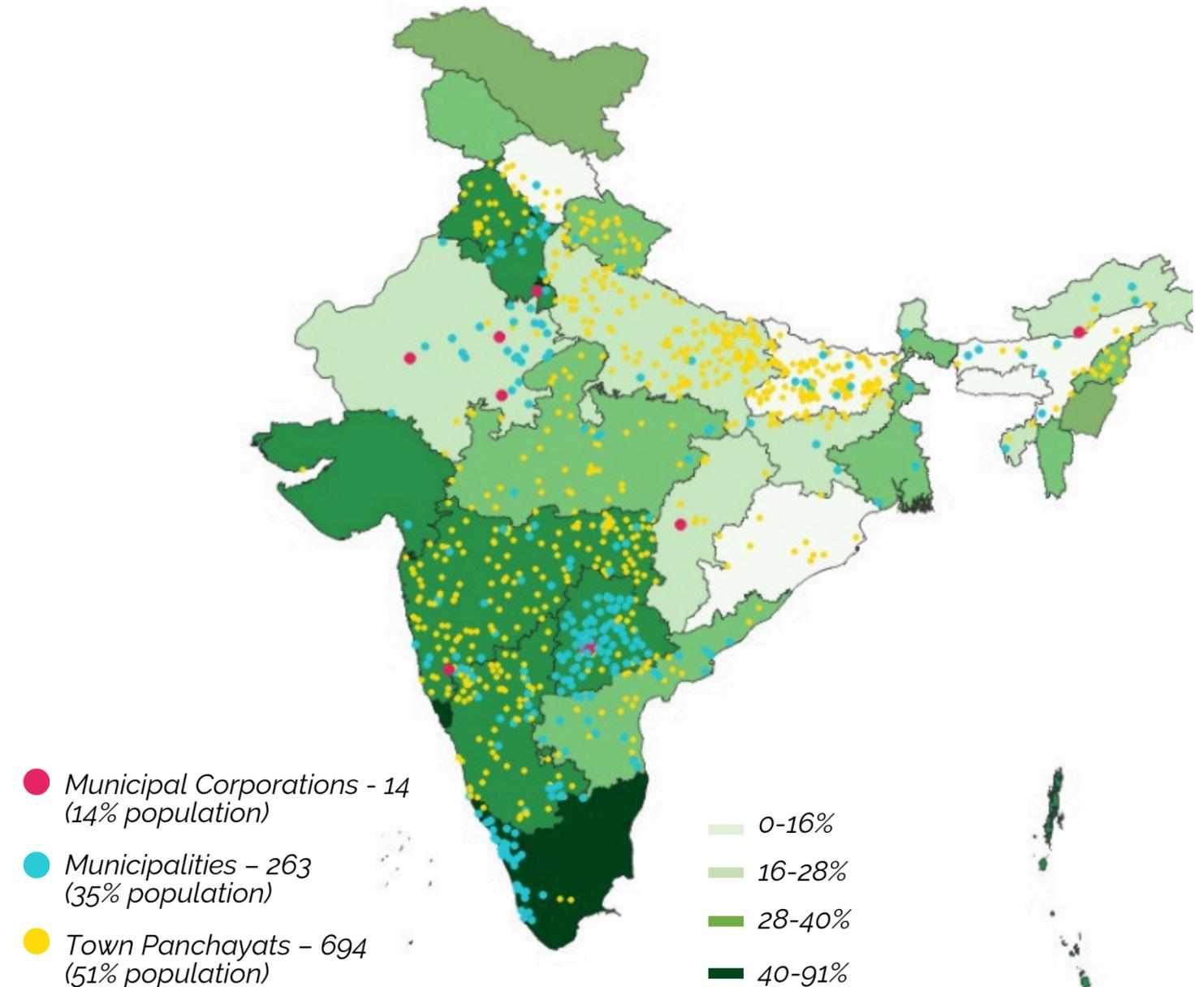


Sources: 1. Janaagraha, Annual Survey of India's City-Systems (ASICS) 2023. | 2. Arindam Jana, Archita S, India's Missing Middle: 24,000 'Villages' With Populations Greater Than Towns Lose Out On Policies For Urban Areas, Indiaspend, Jan 23, 2019. | 3. Janaagraha's analysis based on Census 2011.

971 new ULGs created since 2011, without planned rural-urban transition

- Number of ULGs has increased **from 4,041 in 2011 to 4,853 in 2024.**
- 971 new ULGs (with a population of ~25 million) created since 2011 by:
 - Gram Panchayats (GP) becoming Town Panchayats (TPs)
 - GPs merging to become TPs or Municipalities (M) or
 - TPs and GPs merging to become TPs or M.
- 71% of these are TPs. These new ULGs are spread across both urbanised states (e.g., Maharashtra and Telangana) and less urbanised ones (e.g., Bihar and Uttar Pradesh).

Urbanisation rate (based on Census 2011)
and 971 new ULGs by category



Our states need rural-urban transition policies



Odisha's Rural-Urban Transition Policy (July 2023)

India's only rural-urban transition policy

- Aims to provide a policy framework for governance, infrastructure, and financing of fast-urbanising rural areas, so as to facilitate planned rural-urban transition.
- Seeks to provide special budgets for delivery of urban infrastructure and services to citizens residing in such transitional areas.
- Proposes a hub-and-spoke model, with the State Urban Development Authority (SUDA) as the central hub, and District Urban Development Authorities (DUDAs) and Development Authorities (DAs) as spokes for implementation. Also proposes a Steering Committee, chaired by the Chief Secretary, and an Advisory Committee of subject matter experts to guide area selection and strategy.
- Under the policy, any government official or public representative can nominate a settlement for transition, with SUDA and the Advisory Committee reviewing proposals. They assess proposals based on population size and density, available amenities, revenue potential, and assets/liabilities. Other factors include proximity to municipal boundaries, employment in non-agricultural sectors, transport access, and infrastructure. Land value trends, road quality, and public properties are also considered.
- Envisages a role for elected representatives, officials, and other stakeholders in the planning, execution, and monitoring of the transition process.

India's governance of its cities cannot be one-size-fits-all.

The three categories of cities — metropolitan (million-plus), emerging (>100k), and small (<100k) — each host approximately one-third of India's urban population.

City category	Population category	Description	Number of ULGs	Population (in million)	Urban population %	Per capita revenue (INR)	Per capita OSR (INR)
Metropolitan	>1 million	Drivers of India's growth	46	116	36	11,377	6,925
Emerging	500k - 1 million	Strong regional hubs, growing economies	42	29	9	6,659	4,162
	100k - 500k		388	74	24	3,235	1,146
Small	<100k	Small towns, large fast-urbanising villages, markets for surrounding rural areas	3,565	99	31	3,013	913
Total			4,041	318	100		

Note: Numbers have been rounded off to the nearest whole number. Abbreviation: OSR – Own Source Revenue.

Sources: Census 2011 | www.cityfinance.in. Per capita analysis of OSR and revenues based on audited financial statements of 2,646 ULGs (excludes UTs) for 2020-21.

We need to recognise India's unique spatial pattern of urbanisation

Population category	No. of ULGs	Total population of ULGs + CTs in 60km radius in million	Percentage of India's urban population
>4mn	8	110	29%
>1mn (incl. 4mn)	45	188	50%
>500k (incl. >1mn)	86	237	63%
>100k (incl. >500k)	470	348	92%

Note: The analysis excludes Jammu and Kashmir and cantonment boards.

Data source: Census 2011

50% of India's urban population lives within 60km of 45 million-plus cities and 92% within 60km of 470 100k-plus cities

We need to leverage this clustering for agglomeration economies, shared infrastructure and services, and state capacities. We do not necessarily have to view cities as 4,000+ distinct units for building capacities and infrastructure.

Million-plus cities have legacy benefits:

- Better quality infrastructure and service delivery
- Economic impulse to raise their own resources
- Better capacities in local governments.

<100k cities, however, may experience:

- Fast-paced urbanisation
- Modest economic base
- Weak capacities.

Abbreviation: CT - Census Town.

Source: Janaagraha, Annual Survey of India's City-Systems (ASICS) 2023.

We need to govern our metropolitan, emerging, and small cities differently

	Metropolitan cities (>1 million)	Emerging cities (100k – 1 million)	Small cities (<100k)
Vision	Nationally-significant economic growth hubs for productivity, innovation, and quality urban living.	Regional economic hubs that drive sustainable urban development.	Resilient, well-managed towns that provide a basic quality of living.
Policy priorities	<ul style="list-style-type: none"> Promote vertical growth in designated areas (for e.g., inner city) through differentiated development control regulations. Plan for high-density, mixed-use development around major transit hubs and corridors. Optimise and redevelop underutilised public land. Provide outcome-based funding for mission-mode efforts to address issues of congestion, waste, water, air pollution. 	<ul style="list-style-type: none"> Planned densification by promoting vertical growth and limiting urban sprawl. Focus on migrants and urban poor (housing, community infrastructure, and services). Conserve blue-green infrastructure and built heritage. 	<ul style="list-style-type: none"> Achieve 100% coverage of basic infrastructure and services like water supply, decentralised waste management, stormwater drains. Rejuvenate and enable ease of access around bus stands, markets, and railway station areas. Create walkable, vibrant town centres.
Governance structure	Urgently evolve a metropolitan economy, planning, governance paradigm.	Implement robust spatial planning; introduce City Action Plans for scheme and fund convergence, participatory socio-economic planning; empower district as unit of governance and adopt integrated economic and environment planning and shared capacities and services, so spatial benefits of emerging cities can extend to the small cities as well.	

India's largest cities urgently need a metropolitan economy, planning, and governance paradigm

Nearly 10% of India's GDP is generated by just 5 metropolitan regions — Bengaluru, Chennai, Hyderabad, Kolkata, and Mumbai.¹ By 2030, India is estimated to have 71 metropolitan cities of which 7 will have a population of more than 10 million.²

Currently, the 53 metropolitan areas* of India hosting 44% of the total population are haphazardly governed by 200+ ULGs in addition to several other city and state parastatals, state departments, and even panchayats.³ They lack a robust integrated, coordinated approach to metropolitan governance and planning due to spatial and functional fragmentation across entities.

Metropolitan Planning Committees (MPC), as envisaged in the 74th CAA, are presently non-existent or dysfunctional.

- Article 243ZE mandates that an MPC shall be constituted in every metropolitan area (i.e., urban areas with a population >1 million) to prepare a Draft Development Plan for the metropolitan region as a whole.⁴
- 9 of 18** states have ULGs with >1 million population (Census 2011) and are therefore mandated to constitute MPCs. Of these 9 states, only 3 have constituted MPCs.⁴

* For this purpose, we have considered urban agglomerations. | **The 18 states covered in the CAG's Compendium on the Implementation of the 74th Constitutional Amendment Act (CAA) are: Andhra Pradesh, Assam, Chhattisgarh, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Odisha, Punjab, Rajasthan, Tamil Nadu, Telangana, Tripura, and Uttarakhand.

Sources: 1. Gandhi, S., & Pethe, A. (2017). Emerging challenges of metropolitan governance in India. *Economic and Political Weekly*. | 2. Department of Economic and Social Affairs. (2018). *World Urbanization Prospects*. United Nations. | 3. *Janaagraha, Annual Survey of India's City-Systems (ASICS) 2023* | 4. *Compendium of Performance Audits on the Implementation of the 74th Constitutional Amendment Act, 1992: Landscape across India (Volume 1)*, CAG of India, 2024.

Robust master plans are all but missing in India's metropolitan areas

39% of capital cities in India do not have an active master plan.

Only **9/35** capital cities have sectoral plans for all key sectors.



Note: Based on Spatial Development Plans (SDPs)/sectoral plans available on the websites of ULGs/urban development authorities/Town and Country Planning (TCP) departments of respective states, as of 30 March 2023.

Districts could act as integrated units for planning and governance for emerging and small cities

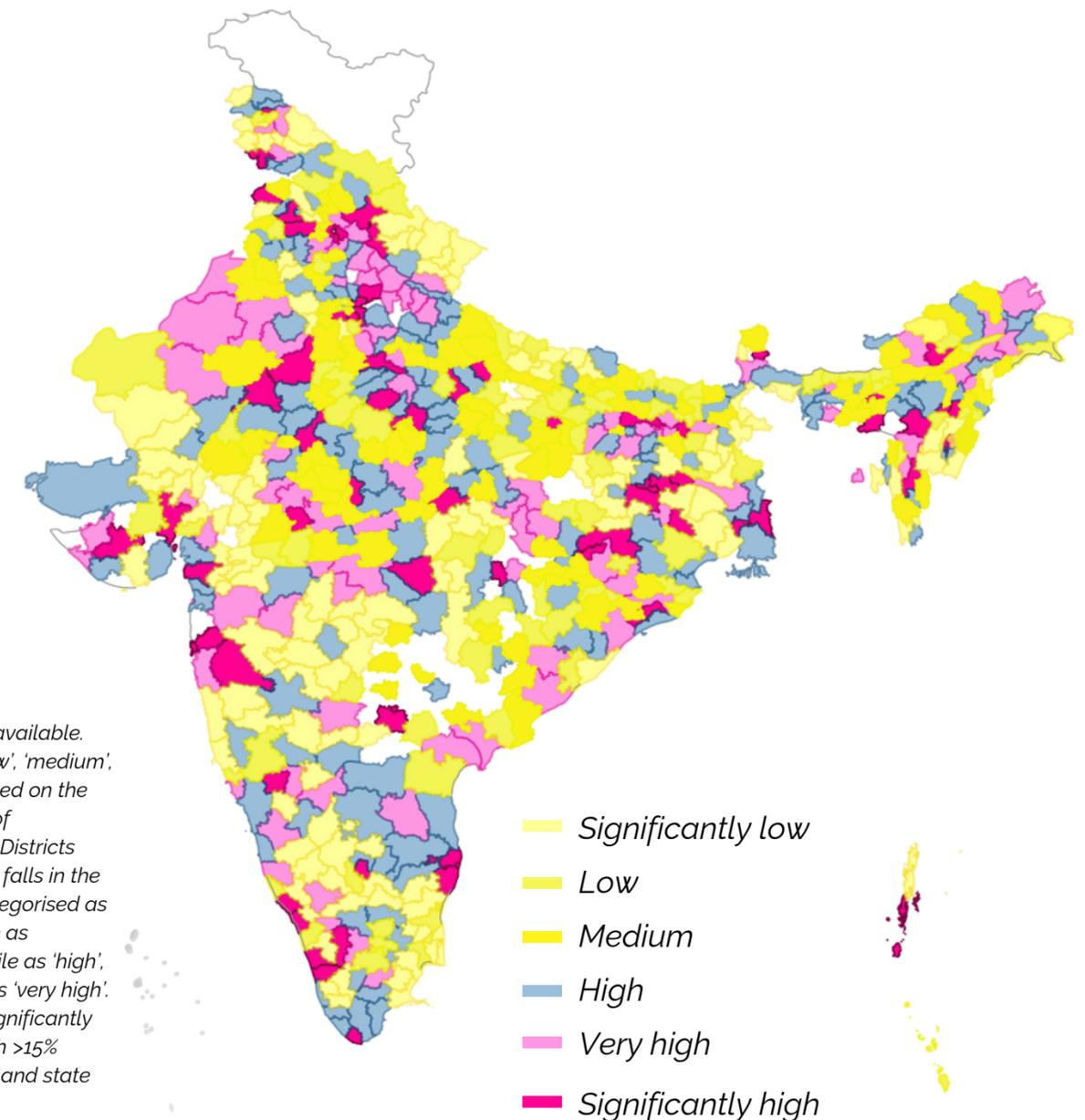
- 92% of India's urban population is clustered in a 60km radius around 470 cities having >100k population.¹
- These 470 urban clusters (covering all emerging cities and subsuming many small cities) cut across district and state boundaries, and are not distinct administrative units.¹
- **In India, districts are the lowest level of well-recognised administrative units.** District Planning Committees (DPCs) could therefore serve as an important instrument to achieve rural-urban convergence, lead integrated economic and environment planning and governance, and coordinate for shared capacities and services.
- The second Administrative Reforms Commission (ARC) recommended establishing a 'District Council', with the DPC as its advisory arm, to enable coordination and planning between rural and urban local governments, and capacity building.
- Only 3 out of 10 states analysed have constituted DPCs, (Kerala, Maharashtra, and Uttarakhand), and have produced annual district plans.²

Sources: 1. Janaagraha, Annual Survey of India's City-Systems (ASICS) 2023. | 2. Compendium of Performance Audits on the Implementation of the 74th Constitutional Amendment Act, 1992: Landscape across India (Volume 1), CAG of India, 2024.

Highly-urbanised districts require special policy attention

72 districts are more urban than their state ('Significantly high' as per the below map), yet they receive no dedicated attention from states.¹

181 districts are more urban than the national average (31%).¹



Note:

1. Data for Ladakh was unavailable.
2. The categorisation of 'low', 'medium', 'high', and 'very high' is based on the quartiling of districts' rate of urbanisation in each state. Districts whose rate of urbanisation falls in the first quartile have been categorised as 'low', in the second quartile as 'medium', in the third quartile as 'high', and in the fourth quartile as 'very high'.
3. 'Significantly low' and 'significantly high' are those districts with >15% difference between district and state rates of urbanisation.

MoHUA and state UDDs are neither place-based nor oriented towards systemic and institutional reforms that strengthen ULGs

- India may be unique even among its peers in not adopting place-based governance, particularly with respect to cities. This is primarily due to significantly weak ULGs.
- However, **place-based governance is critical to address local economic development, rural-urban convergence, planned urbanisation, and climate change.**
- MoHUA and state UDDs are presently not designed for place-based governance. Instead, they function as infrastructure and service delivery ministries/departments, focusing on sectoral issues through specific union and state government schemes.
- They typically follow a one-size-fits-all approach across different categories of:
 - States (large and urbanised, large and less urbanised, small and urbanised, small and less urbanised, hill states, etc.)
 - Regions (coastal, hilly, drought-prone areas, etc.)
 - Cities (metropolitan, emerging, small, state capitals, etc.).
- **We need MoHUA and state UDDs to reorient themselves as ministries/departments for regional economies and local governments**, with a strong focus on strengthening local institutions through thought leadership, innovation, and institutional capacity building.

These ministries/departments could also focus on:

- Economic and environment planning
- Place-based convergence programming using a whole-of-government approach (e.g., Gati Shakti)
- City Action Plans
- Business improvement districts/opportunity zones
- 15-minute neighbourhoods
- Mayor and councillor leadership development
- Reforms to strengthen ULGs.

Learnings from Kerala on a unified approach to local self-government at the state and district level



Unified Local Self-Government Department, Kerala

- In February 2022, the Government of Kerala unified five departments into a single Local Self-Government Department to strengthen decentralisation and improve service delivery by local bodies. The unified department brings together the departments of:
 - Panchayat
 - Rural development
 - Urban development
 - Urban-rural planning
 - LSG engineering
- The reform aims to improve coordination of administration between urban and rural departments.
- Additionally, a joint directorate at the district level, in charge of all the local bodies in the district, has been formed to improve planning and execution of development activities alongside the DPC.

Our recommendations on place-based governance of India's cities

01 Acknowledge complexities and implications of 'rural-urban' and enable and incentivise planned rural-urban transition

- Enable fast-urbanising villages with urban planning, infrastructure, and financing.
- Design incentives for transition thoughtfully.
- Closely involve panchayati raj and rural development ministries/departments at the union and state levels.

02 Adopt a differentiated approach to planning and infrastructure provision, based on city size and typology

- Metropolitan cities (>1 million): Envision as nationally significant growth hubs, provide outcome-based funding, implement modern metropolitan planning and governance.
- Emerging cities (100k – 1 million): Envision as regional economic hubs, lead district-level planning and governance.
- Small cities (<100k): Envision as resilient, well-managed centres providing basic quality of living.

03 Reorient MoHUA and state UDDs as ministries/departments for regional economies and local governments, with a focus on:

- Integrated economic and environmental planning.
- Place-based convergence programming, City Action Plans using a whole-of-government approach.
- Strengthening ULGs through effective devolutions across all functions.

We need to govern our metropolitan, emerging, and small cities differently

	Metropolitan cities (>1 million)	Emerging cities (100k – 1 million)	Small cities (<100k)
Vision	Nationally-significant economic growth hubs for productivity, innovation, and quality urban living.	Regional economic hubs that drive sustainable urban development.	Resilient, well-managed towns that provide a basic quality of living.
Policy priorities	<ul style="list-style-type: none"> Promote vertical growth in designated areas (for e.g., inner city) through differentiated development control regulations. Plan for high-density, mixed-use development around major transit hubs and corridors. Optimise and redevelop underutilised public land. Provide outcome-based funding for mission-mode efforts to address issues of congestion, waste, water, air pollution. 	<ul style="list-style-type: none"> Planned densification by promoting vertical growth and limiting urban sprawl. Focus on migrants and urban poor (housing, community infrastructure, and services). Conserve blue-green infrastructure and built heritage. 	<ul style="list-style-type: none"> Achieve 100% coverage of basic infrastructure and services like water supply, decentralised waste management, stormwater drains. Rejuvenate and enable ease of access around bus stands, markets, and railway station areas. Create walkable, vibrant town centres.
Governance structure	Urgently evolve a metropolitan economy, planning, governance paradigm.	Implement robust spatial planning; introduce City Action Plans for scheme and fund convergence, participatory socio-economic planning; empower district as unit of governance and adopt integrated economic and environment planning and shared capacities and services, so spatial benefits of emerging cities can extend to the small cities as well.	

Decentralised Participatory Governance

- Council elections and representation
- Devolution of powers and functions
- Platforms for participation

On average, only 42% of the 74th CAA has been implemented by states

Global experience suggests that urban local governments which are politically, administratively, and fiscally empowered:

- Foster economic growth
- Reduce corruption and leakage in public expenditure
- Deliver infrastructure and services that best meet the needs of citizens
- Enable voice and agency for communities, thereby strengthening trust between citizens and governments
- Strengthen overall responsiveness and accountability to citizens
- Catalyse local action towards achieving various sustainable development goals.

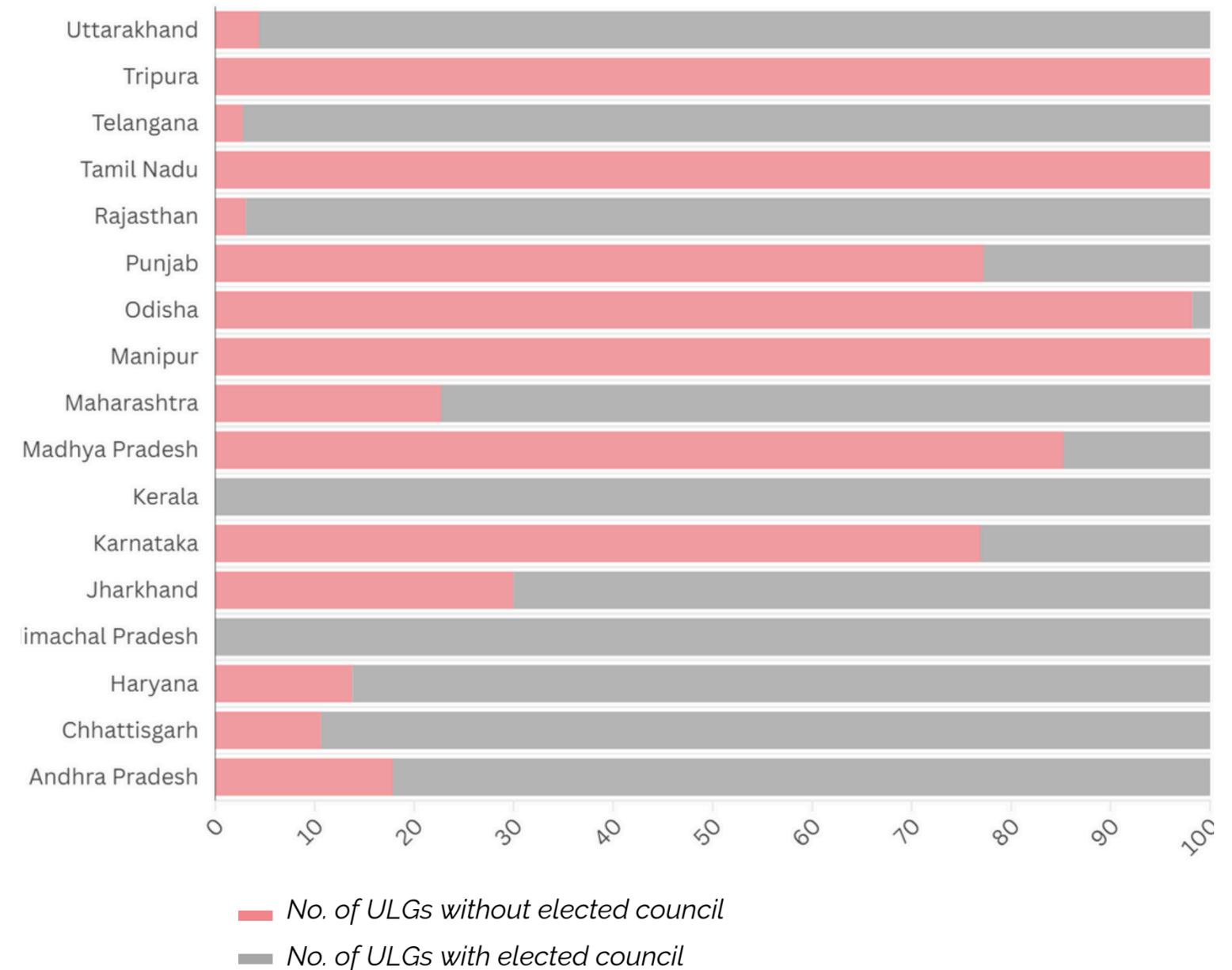
The 74th CAA was enacted in 1993 to establish a governance framework in India in which ULGs are politically, administratively and fiscally empowered, and citizens are able to actively participate in governance.

Yet, thirty years after the enactment of the 74th CAA, substantial gaps persist between intent and implementation.

Delayed council elections in 61% of ULGs in 15 states, as per CAG audits

Article 243U, introduced by the 74th CAA, mandates the completion of elections before the expiry of the municipal council's term. Yet, **in several states, council elections are not held before the expiry of the council term**, including in several major cities such as Bengaluru, Mumbai, and Visakhapatnam.¹

Inactive councils in 15 out of 17 states (% of ULGs)

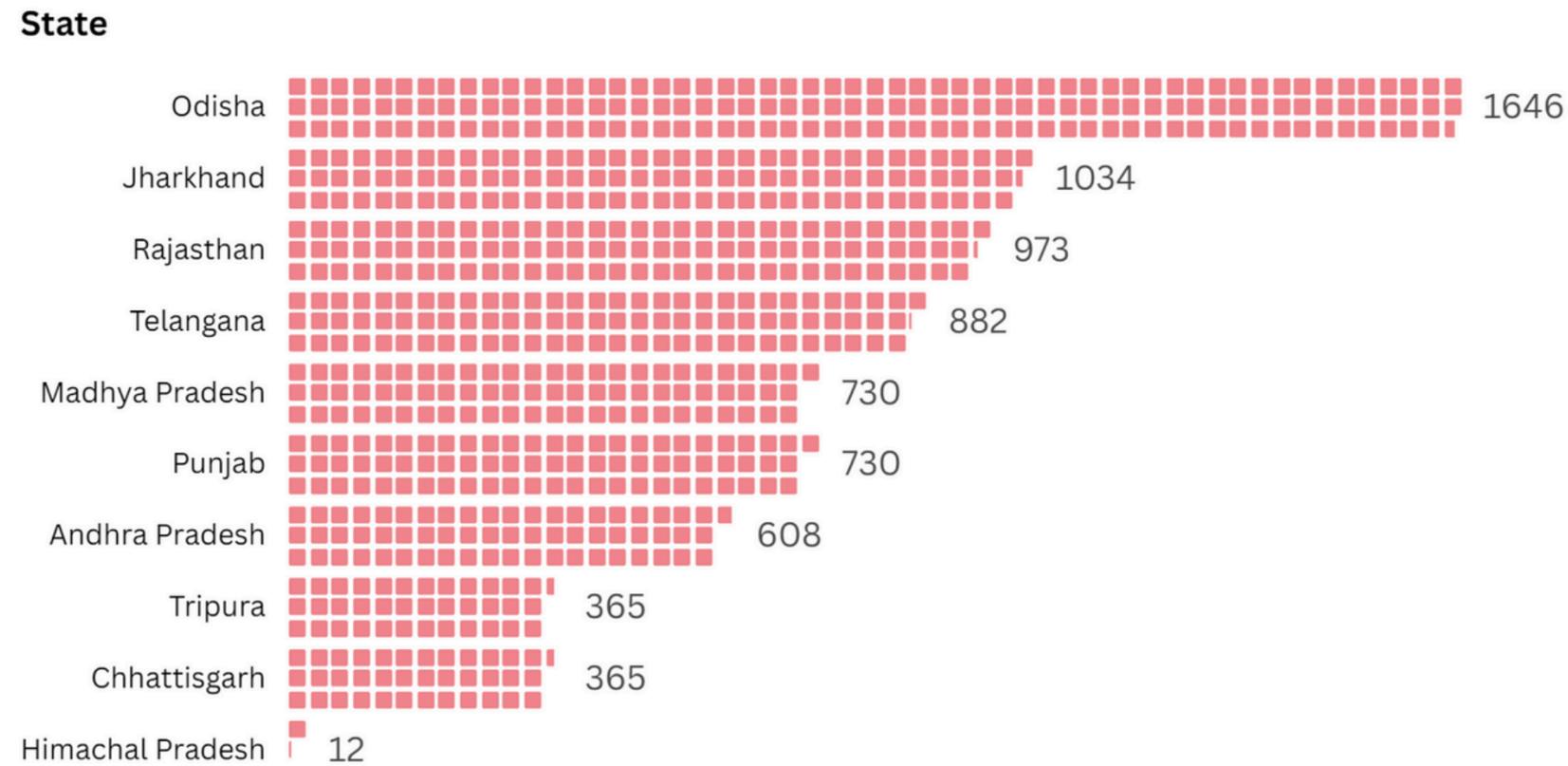


Source: Janaagraha, Annual Survey of India's City-Systems (ASICS) 2023.

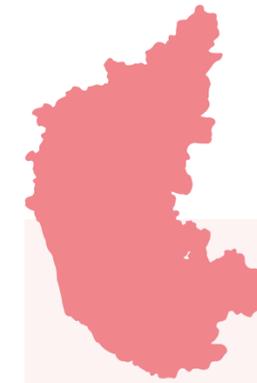
Data source: Compendium of Performance Audits on the Implementation of the 74th Constitutional Amendment Act, 1992: Landscape across India (Volume 1), CAG of India, 2024.

The council election delays were significant — on average, over 22 months

Delay in the formation of elected councils (in days)



Data source: Janaagraha's analysis of CAG performance audit reports on the implementation of the 74th CAA across 10 states for which data is available.



In Karnataka's 7 municipal corporations, despite elections being held, there was delay in constitution of councils on average by 11 months.¹

Source: 1. Report of the CAG of India, Performance audit of Implementation of 74th Constitutional Amendment Act, Government of Karnataka, 2020.

State Election Commissions are critical for credible elections to local self-governments

Articles 243ZA and 243K of the 74th CAA mandate that the superintendence, direction, and control of all procedures of election to the municipalities shall be vested in the State Election Commission (SEC).

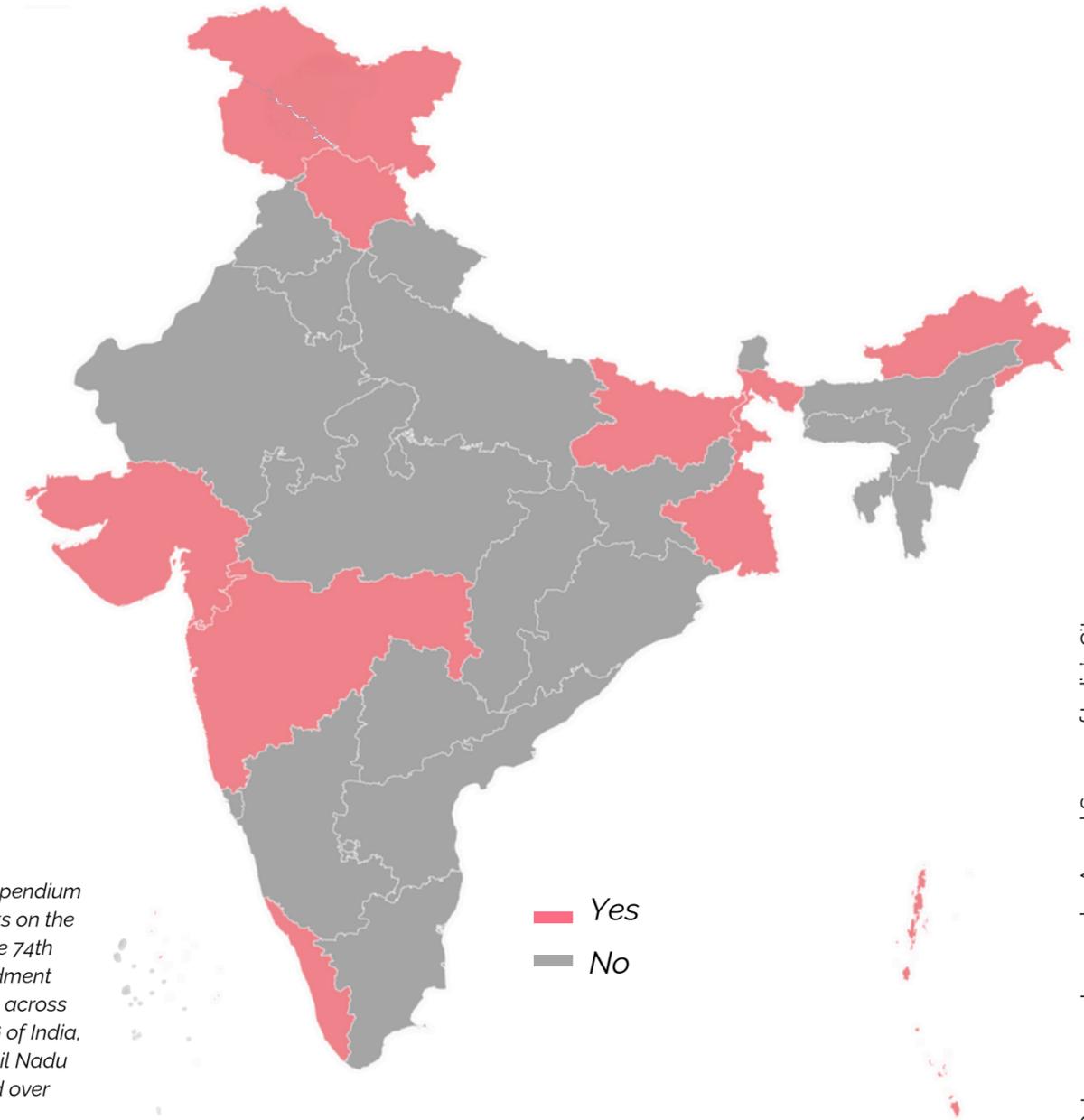
Only 11 out of 35 states/UTs* have **empowered SECs** with ward delimitation. In the remaining 24 states, this function is vested with the state government.¹

Weak SECs contribute to delays in council elections.²

*Excludes Lakshadweep which does not have a statutory town and a municipal act.

Sources: 1. Janaagraha, Annual Survey of India's City-Systems (ASICS) 2023. | 2. Compendium of Performance Audits on the Implementation of the 74th Constitutional Amendment Act, 1992: Landscape across India (Volume 1), CAG of India, 2024.

Are SECs empowered?



Note: As per the Compendium of Performance Audits on the Implementation of the 74th Constitutional Amendment Act, 1992: Landscape across India (Volume 1), CAG of India, 2024: the SEC of Tamil Nadu has been empowered over ward delimitation.

On the positive side, we have 46% women's representation in India's ULGs

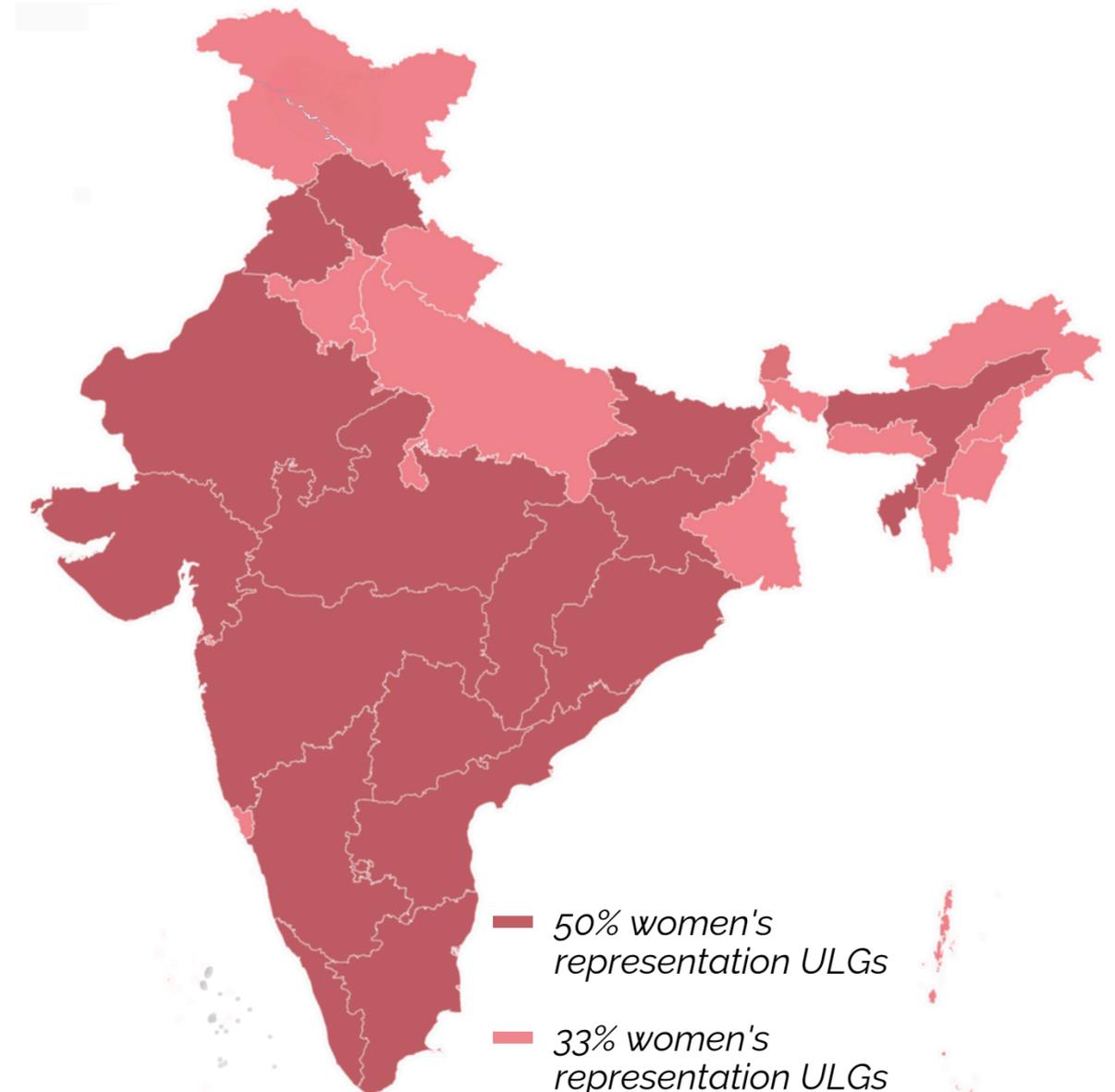
Top 10 states by number of women councillors				
State/UT	No. of ULGs	No. of wards	Mandated reservation for women	Minimum number of women councillors
Tamil Nadu	664	12,820	50%	6,410
Rajasthan	213	7,661	50%	3,831
Madhya Pradesh	409	7,502	50%	3,751
Maharashtra	399	7,489	50%	3,745
Andhra Pradesh*	262	7,303	50%	3,652
Karnataka	338	6,906	50%	3,453
Uttar Pradesh	750	10,454	33%	3,450
Kerala	93	3,529	50%	1,765
Bihar	249	3,333	50%	1,667
Chhattisgarh	166	3,189	50%	1,595
Total				33,319

Data source: Ward numbers based on the LGD Directory.

Note: States such as Gujarat and Maharashtra have a multi-councillor system. This has not been accounted for while estimating the number of councillors.

*United Andhra considered, as split of wards between Andhra and Telangana not available in Census 2011.

17 states have legislated for 50% women's reservation in ULGs, going above the constitutional mandate of 33%



Data source: Janaagraha, Annual Survey of India's City-Systems (ASICS) 2023.

19 of India's capital cities have women's representation exceeding even their state mandates

State/UT	Capital	Mandate by law	Actual representation
Andaman & Nicobar Islands	Port Blair	33%	38%
Arunachal Pradesh	Itanagar	33%	35%
Assam	Guwahati	50%	50%
Bihar	Patna	50%	60%
Chandigarh	Chandigarh*	50%	37%
Chhattisgarh	Raipur*	50%	34%
Dadra & Nagar Haveli & Daman & Diu	Daman	50%	53%
Delhi	Delhi	50%	53%
Goa	Panaji	33%	40%
Gujarat	Gandhinagar	50%	50%
Haryana	Chandigarh*	50%	37%
Himachal Pradesh	Shimla	50%	65%
Jammu & Kashmir	Jammu	33%	36%
Jharkhand	Ranchi	50%	64%
Karnataka	Bengaluru	50%	No active council
Kerala	Thiruvananthapuram	50%	53%
Ladakh	Leh	33%	No active council

State/UT	Capital	Mandate by law	Actual representation
Madhya Pradesh	Bhopal	50%	No data available
Maharashtra	Mumbai	50%	No active council
Manipur	Imphal	33%	No data available
Meghalaya	Shillong	33%	No active council
Mizoram	Aizawl	33%	42%
Nagaland	Kohima	33%	No active council
Odisha	Bhubaneswar	50%	61%
Punjab	Chandigarh*	50%	37%
Puducherry	Puducherry	33%	No active council
Rajasthan	Jaipur	33%	35%
Sikkim	Gangtok	40%	No data available
Tamil Nadu	Chennai	50%	51%
Telangana	Hyderabad	50%	53%
Tripura	Agartala	50%	57%
Uttar Pradesh	Lucknow	33%	36%
Uttarakhand	Dehradun	33%	39%
West Bengal	Kolkata	33%	41%

Representation of women in India's ULGs

Note:

1. Amaravati (AP), Lakshadweep are not covered as a part of the assessment as they do not have a ULG. 2. As Chandigarh is a UT and the capital of Punjab and Haryana, it is counted only once. Hence there are 31 unique capital cities across 33 states/UTs (35 minus AP, Lakshadweep) considered above. 3. *The reservation mandate for both Chandigarh and Chhattisgarh was revised to 50% from 33% after the municipal elections. Thus, as 33% of seats were reserved for women in the previous election, the cities do not violate the mandate for reservation.

Sources: Assessment based on data available on ULGs websites and newspaper reports as of 31 July 2023.

Mayors and city councils are severely limited in powers and functions, leading to fragmented ownership and accountability

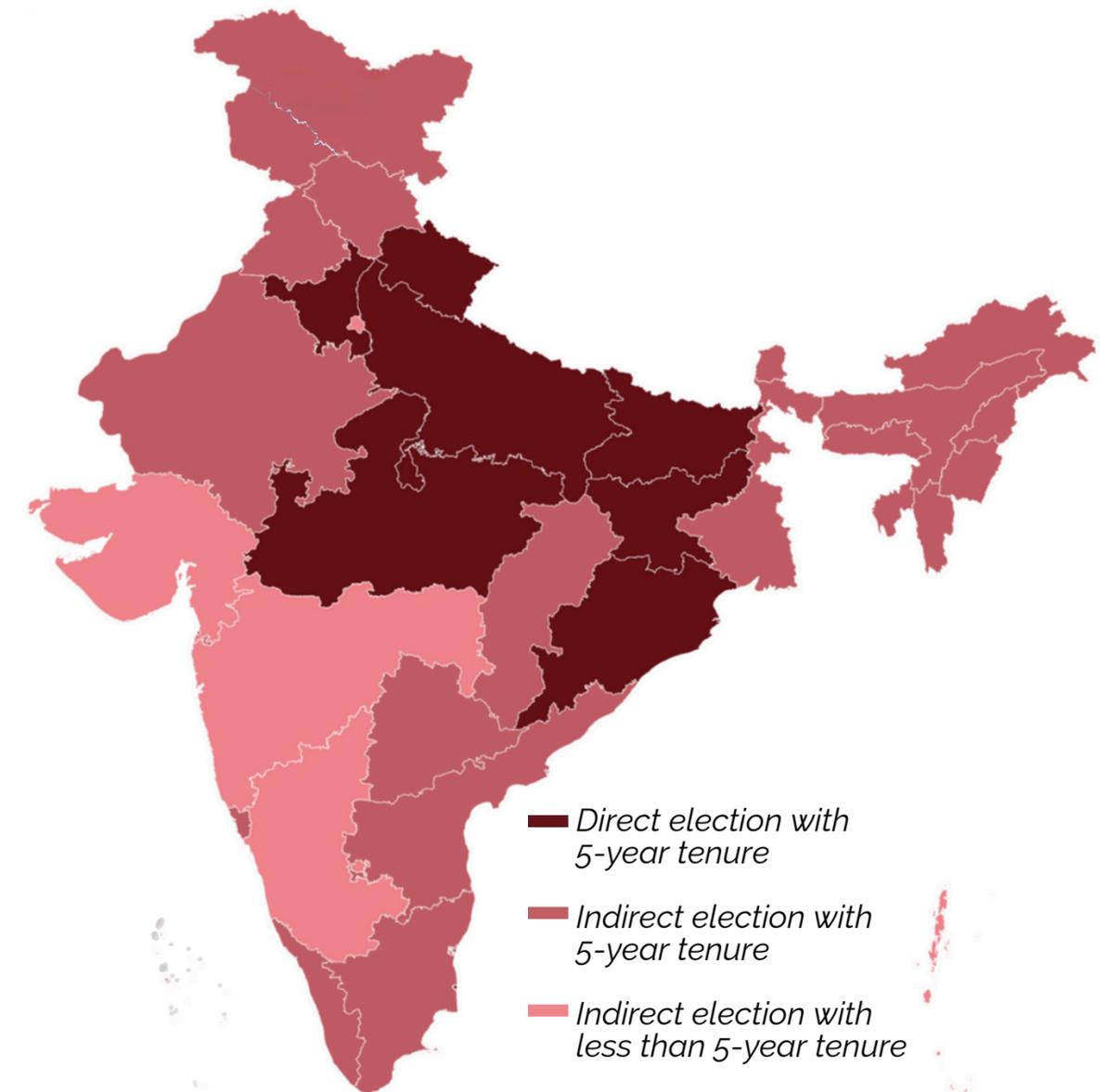
Mayors and councillors in India remain disempowered, due to:

- Highly restricted devolution of functions, and powers over funds and functionaries.
- Policy of rotational reservations mandated by the 74th CAA, according to which reserved seats are allotted by rotation to different wards in the city.
- Short tenures in office; unattractive remuneration (average INR 9,643 per month).

They have limited or no role in key municipal functions

- Only 8 states empower all categories of ULGs to approve budgets.
- Mayors and councils in India also have virtually no powers over their staff (appointments, transfers, promotions, and disciplinary proceedings).
- Only 8 states/UTs — Bihar, Haryana, Jharkhand, Madhya Pradesh, Odisha, Puducherry, Uttar Pradesh, and Uttarakhand — have directly elected mayors, allowing just 93 million of India's 318 million urban citizens to directly elect their mayor.

Mode of election and tenure of mayors



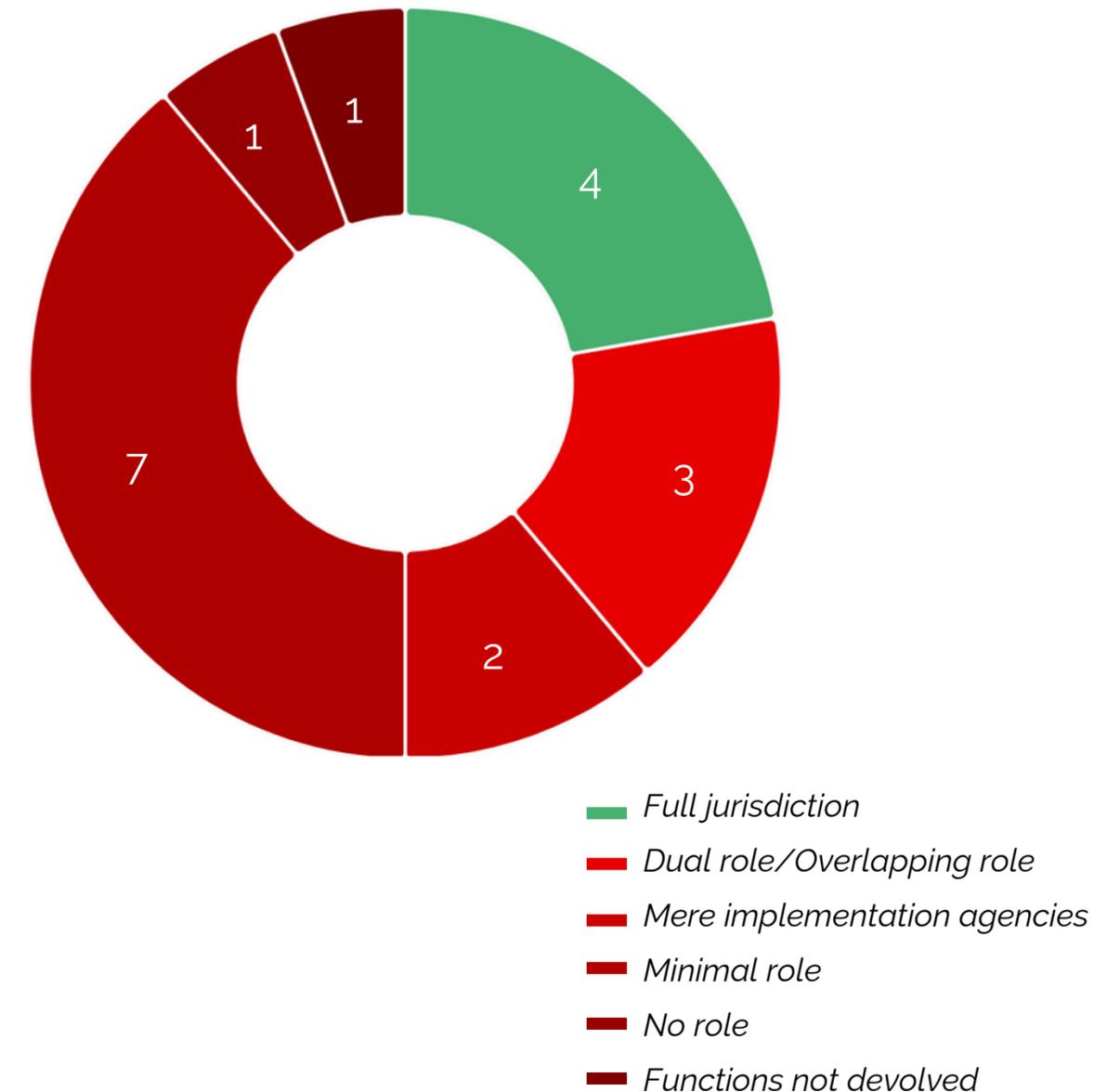
Note: A 5-year mayoral tenure is applicable only for municipalities in Arunachal Pradesh, Goa, Himachal Pradesh, and Jammu and Kashmir.

Source: Janaagraha, Annual Survey of India's City-Systems (ASICS) 2023.

On average, ULGs have complete autonomy over only 4 functions

- ULGs are supposed to handle 18 functions as per the 74th CAA, but have complete autonomy over only 4.
- More than 5 functions are performed by parastatals; where ULGs are involved, they are only implementation agencies.
- **States have overriding powers over ULGs** in critical areas, basis analysis of 16 powers in 14 states:
 - Dissolving ULGs (14 states)
 - Framing rules (12 states)
 - Approval of bye-laws (12 states)
 - Cancelling and suspending a resolution or decision taken by ULGs (12 states)
 - Approval to borrow money (11 states).

Actual status of devolution of functions to ULGs

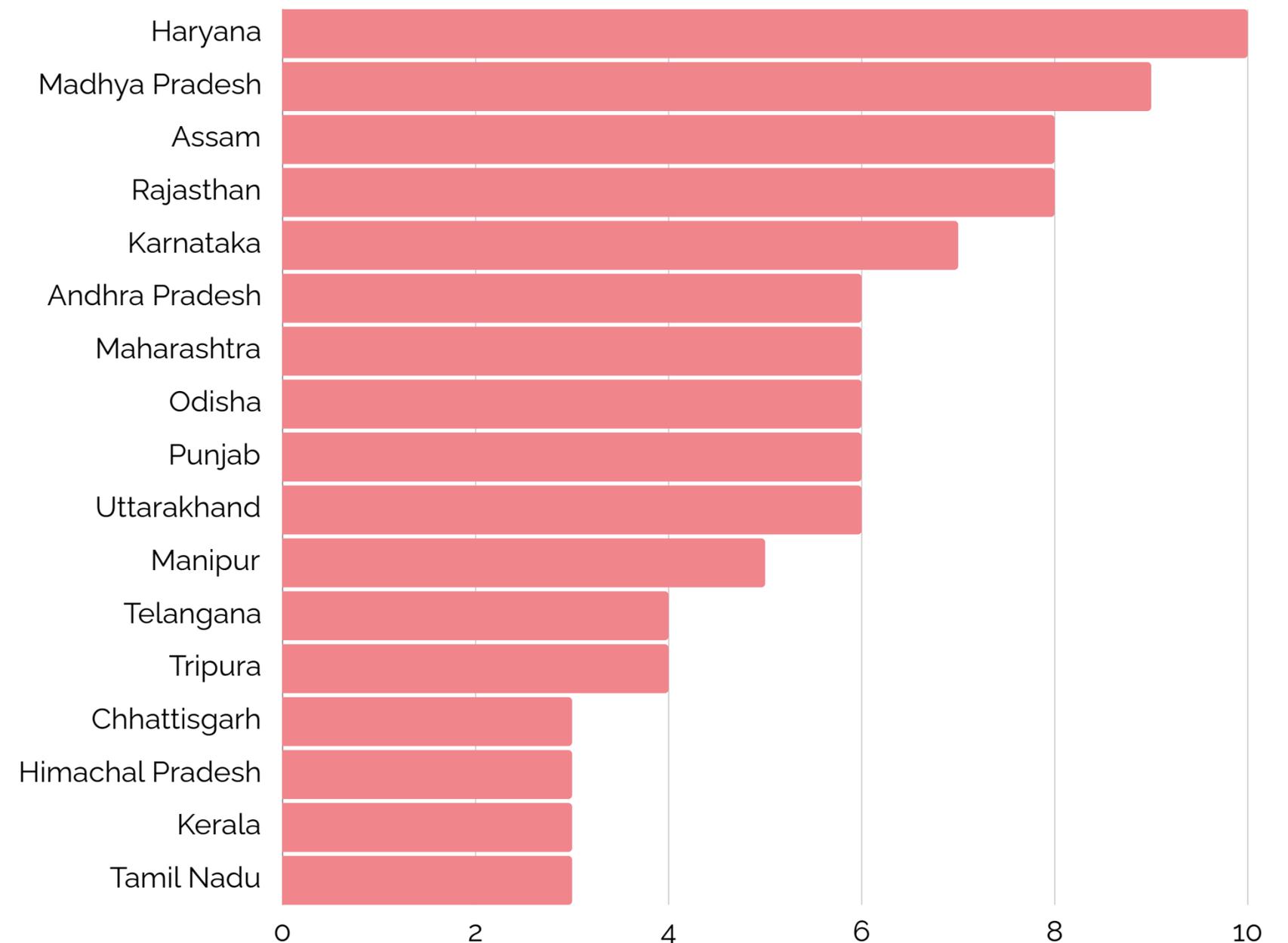


Multiplicity of parastatals has resulted in severe functional fragmentation

On average, 5 of the 18 functions under the Twelfth Schedule of the Constitution are performed by parastatals.

- City and state parastatals — such as development authorities responsible for urban planning, water boards overseeing water and sewerage management, housing and slum development boards, and metropolitan transport corporations — are directly accountable to state governments, not ULGs.
- These parastatals have their own governing legislations and bodies, which most often do not have a role for mayors and councilors of ULGs.
- Multiple agencies handling similar related functions in the same city, and the absence of a single overall point of accountability, is ineffective and inefficient.

Number of functions discharged by parastatals



Citizens lack formal platforms for participation, and access to relevant, timely information

- **Only 5 out of 35 states/UTs have both enacted the Community Participation Law (CPL) and mandated ward committees and area sabhas.** None have implemented them. The provisions of the CPL include:
 - Timely constitution and meetings of wards committees and area sabhas.
 - Preparation of ward budget and ward plans in consultation with citizens.
 - Development of ward maps and ward infrastructure index.
- **Only 11 out of 35 states/UTs enacted the Public Disclosure Law (PDL) and only 3 states/UTs have mandated public consultation in budgeting** and publication of internal audit reports. PDL is a reform under JnNURM to promote transparency and provide citizens with extensive financial and operational information.

However, most ULGs do not comply.

Our recommendations on decentralised participatory governance

01 Replace or amend the 74th CAA with modern and forward-looking provisions to strengthen ULGs

02 Hold timely elections

- Ensure the timely conduct of elections to city councils every five years, before the expiry of their term.
- Empower the State Election Commission to conduct the delimitation of wards and fix reservation for mayors and councillors.

03 Devolve powers to ULGs

- Effectively devolve all functions to ULGs, ensure parastatals are accountable to ULGs.
- Empower mayors and councils, strengthen council infrastructure (physical and digital) and secretariat.
- Implement a councillor leadership development programme, convene a national network of mayors and councillors.

04 Activate formal platforms for citizen participation, implement participatory budgeting

- Form ward committees and notify and operationalise area sabhas within 1 month of formation of the city council.
- Provide dedicated budgets for ward committees to be utilised through participatory budgeting.
- Ensure women's self-help groups are integrated into neighbourhood-level participation.
- Adopt full transparency, particularly in civic works and budgets; webcast council meetings.

Building State Capacities

- Human resources
- Municipal finance

ULG capacities are fundamentally constrained by four aspects of HR deficits

Quantity

Workforce Adequacy

Average vacancy of 37% across ULGs in 15 states; outdated staffing assessments and unscientific methods of sanctioning posts.¹

Quality

Roles, Skills, and Competencies

11 of 15 states have notified municipal Cadre and Recruitment (C&R) rules.¹

However, such **rules generally do not detail out roles and responsibilities and skills and competencies** relevant to the positions.

Design

Organisational Structure and Leadership

Only 10% of staff in ULGs hold managerial positions (Groups A and B).³

Narrow leadership base and expansive span of control inhibits effective human resource management.

Performance Management

Assessments and Incentives

0 of 18 state governments:

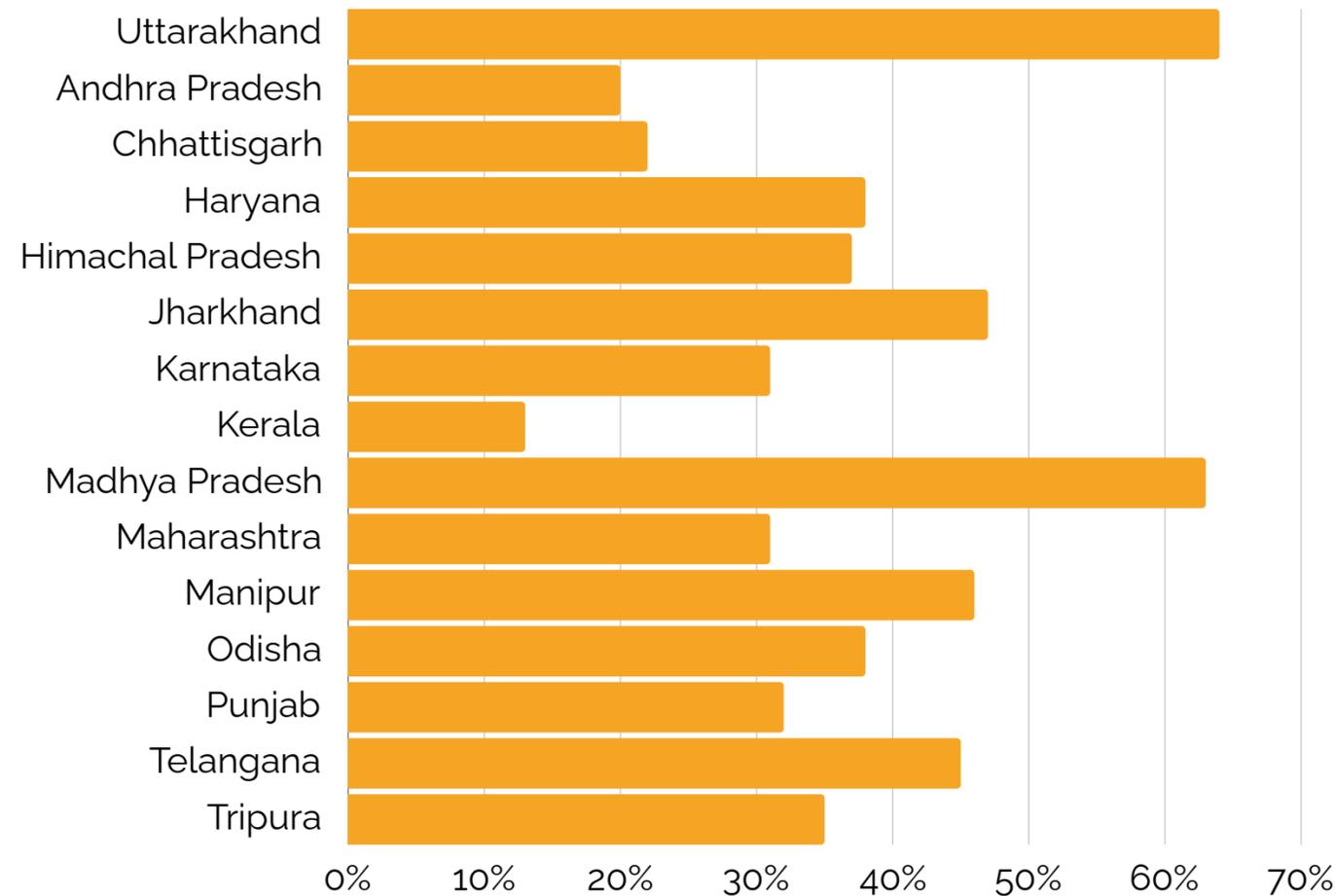
- **Have any performance measurement and management systems**, other than Annual Performance Appraisal Reports (APARS)/Annual Confidential Reports (ARCs).²
- Have devolved all powers related to staff disciplinary action and promotion to ULGs.²

Sources: .1. Compendium of Performance Audits on the Implementation of the 74th Constitutional Amendment Act, 1992: Landscape across India (Volume 1), CAG of India, 2024. | 2. Janaagraha, Annual Survey of India's City-Systems (ASICS) 2023. | 3. Janaagraha's analysis of CAG's performance audits on the implementation of the 74th Constitutional Amendment Act across six states.

Average vacancy of 37% across ULGs in 15 states, against sanctioned posts

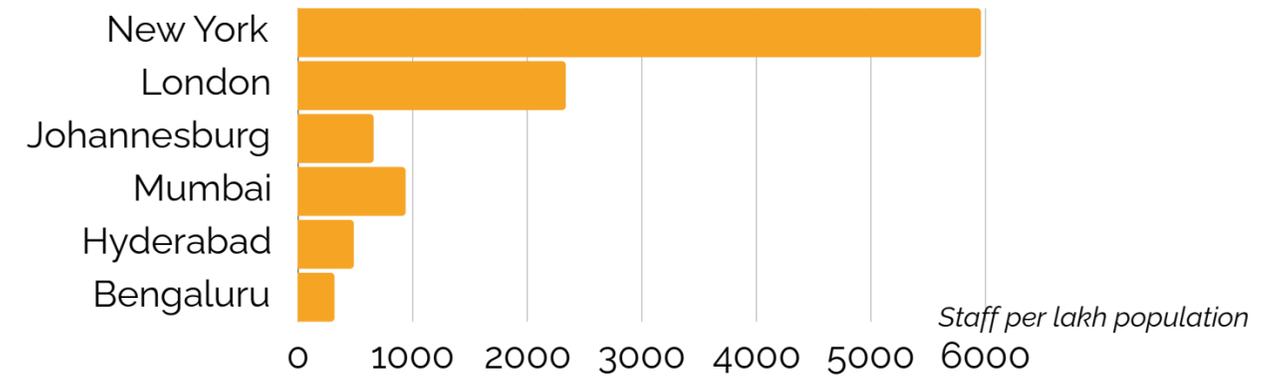
Town panchayats, which are the smallest ULGs, face an average vacancy of 44%, severely limiting their service delivery capacity.¹

Average ULG staff vacancy (in percentage)



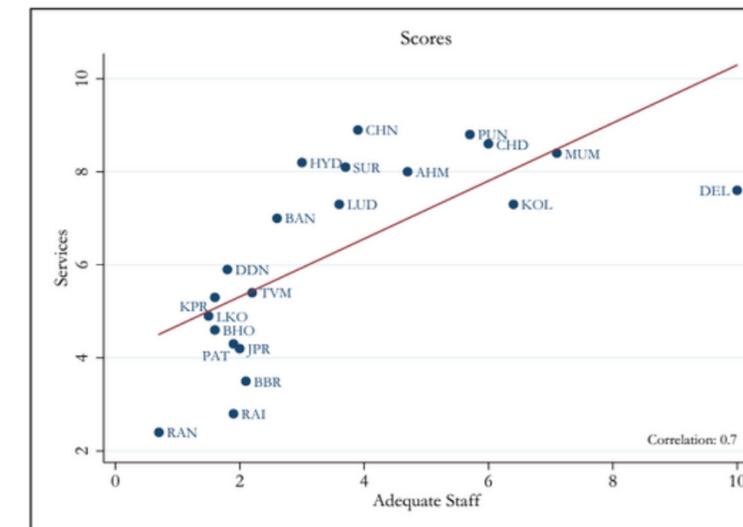
Sources: 1. Compendium of Performance Audits on the Implementation of the 74th Constitutional Amendment Act, 1992: Landscape across India (Volume 1), CAG of India, 2024. | 2. Janaagraha, Annual Survey of India's City-Systems (ASICS) 2023 | 3. Economic Survey of India, 2016-2017.

Staff per lakh population of global cities vs Indian cities



The staff per capita in some of India's largest ULGs is up to six times lower than in some of the world's best-performing cities.²

Correlation between adequate staff and services



The 2016–17 Economic Survey establishes a strong correlation between municipal staffing and service delivery outcomes: more human resources may be associated with higher public expenditure and therefore better outcomes.³

There are foundational challenges with how states arrive at ULG staffing requirements and sanction posts

ULGs of 16 states analysed have limited (Assam, Kerala, Maharashtra, Manipur, Tripura, and Uttarakhand) **or no powers over assessment of staff requirement.**¹

Sanctioned posts are generally fixed based only on population and not on relevant underlying drivers such as floating population, number of properties, road length, number of motor vehicles, tonnage of garbage, water supply consumption, etc.

C&R rules of 6 states carry:²

- **Zero mention of formulae/rationale for staff strength.**
- Zero provisions regarding hierarchy and span of control.

In 4 states for which data is available on staffing assessments — 2 states last conducted assessments in 2011, and 2 in 2018, leaving gaps of 13 and 6 years respectively.³

Our cities do not have a Framework of Roles, Activities and Competencies (FRACs)

Municipal C&R rules of 6 states carry:

- No provision of job descriptions and behavioural competencies.
- No details on roles and responsibilities for each position.

Some examples from C&R Rules

- For municipal sanitation or public health cadre, the basic requirement is generally SSLC (10th grade), HSC (12th grade) or B.Sc. (in a variety of disciplines) with only a Sanitary Inspectors training course.¹
- There is no sanctioned post of Environment Engineer in town panchayats and the Health Inspector is in charge of solid waste management.²
- A 12th-grade qualification is sufficient to enter the revenue cadre; officials can then rise to Revenue Officer positions based purely on seniority.³
- A tax collector's duties include "office work", and a Revenue Officer is tasked with "auditing ULB accounts" and "giving directions to Finance & Accounts, Assistant Auditors", etc.³

There is no provision for certification-based skilling programmes

Only 14 out of 35 states/UTs mandate any kind of training for officials.¹

Only 7 out of 12 states have dedicated municipal training institutes. The remaining rely on Administrative/Staff Training Institutes offering generic courses, with evaluations limited to the course rather than impact on outcomes.²

Training for officials is either routine or ad-hoc, with no meaningful efforts made to address competency gaps.

Only 10% of staff in ULGs hold managerial positions (Groups A and B)

- In 5 states, on average, 90% of staff in ULGs belonged to Groups C and D.¹
- A revenue staffing study across 114 ULGs in one state reveals that while the number of tax collectors, the lowest position in the revenue function, were double the sanctioned posts (987 vs 521), none of the 198 sanctioned posts for revenue inspectors, supervisors, and officers were filled.²
- Outsourced staff can be as high as 33% (45% for Group D) of total staff, based on a study of 3 states.³

Type	Grade-wise Staffing Percentage ¹				
	Karnataka	Maharashtra	Himachal Pradesh	Punjab	Tripura
Group A	1%	3%	0%	1%	3%
Group B	2%	10%	2%	6%	4%
Group C	30%	29%	23%	21%	44%
Group D	67%	58%	74%	72%	49%

An independent study on developing dedicated municipal sanitation cadre in a state revealed that Sanitary Inspectors manage an unsustainable number of sanitation workers. In one of the ULGs studied, a single assistant sanitary inspector oversees 160 workers daily — leading to ineffective supervision and weak leadership.⁴

States have not mandated or implemented performance management systems for ULGs

- Performance measurement systems ideally include:
 - Measurable performance metrics
 - Data systems to capture metrics from process workflows
 - Performance tracking, review, and feedback against programme goals
 - APARs/ACRs with performance metrics integrated into them.
- 0 of 18 states studied have prescribed such performance management systems.

Bengaluru is the only city in the country that is mandated to establish a performance management system. However, the same has not been implemented as the corresponding rules are yet to be notified.

Johannesburg's performance management system monitors and improves the implementation of the city's Integrated Development Plan (IDP), linking city-wide goals to individual performance. The IDP sets key performance areas and targets, cascading them into departmental and individual scorecards. The city manager, in agreement with the executive mayor, oversees the scorecard delivery. Organisational and individual performances are assessed on a quarterly basis and high-performing employees are rewarded with performance bonuses.

Our recommendations for human resource management reforms in ULGs

Cadre and Recruitment Reforms	Organisational Development	Shared Municipal Services
Assess provisions for municipal positions under extant C&R rules.	Undertake goal-setting exercises to ensure department targets are cascaded to individuals (measurable KRAs and KPIs).	Explore shared municipal services to optimise current staff and improve operational effectiveness and efficiencies, especially for small cities.
Conduct assessment of staffing status across ULGs including grades, sanctioned vs. actual, and current workload.	Establish effective data systems in the form of digital workflows that capture the above metrics.	Identify functions for and models of sharing.
Formulate metrics to arrive at proposed staffing structure.	Set up integrated learning systems to enable competency-based training and assessments.	Set performance standards for sharing models, undertake Monitoring, Evaluation, and Learning.
Decide on creation of new positions and re-assignment of additional staff.	Undertake process reforms and simplify through job-aids and checklists, and removal of redundancies.	
Formulate job descriptions with accurate roles, responsibilities, and qualifications to help alignment and training.	Review and track performance on goals, with feedback/revision.	
	Conduct data-based performance appraisals of officials.	

Shared municipal services - Four possible models

- 4,000+ small cities (population <100k) face capacity constraints.
- There is therefore scope for pooling of resources among ULGs in the form of shared human resources and shared community infrastructure.
- **Best practices** — such as Passport Seva Kendras for citizen services, income tax centralised processing centre for back-end services and sharing of Material Recovery Facilities in Odisha between ULGs and Panchayats — are worthy of being studied and adapted.

Defining MSSC

Field services

Collections/operation and maintenance/quality certification



Models:

'One Door, One Saathi' model for unified revenue collection

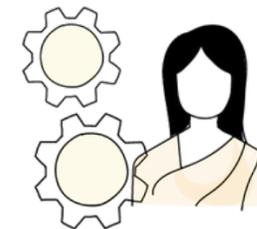


Shared infrastructure

Solid waste management facilities, decentralised sanitation plants

Models:

Material Recovery Facilities (MRFs) in Odisha

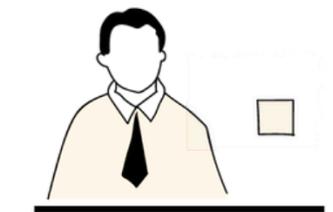
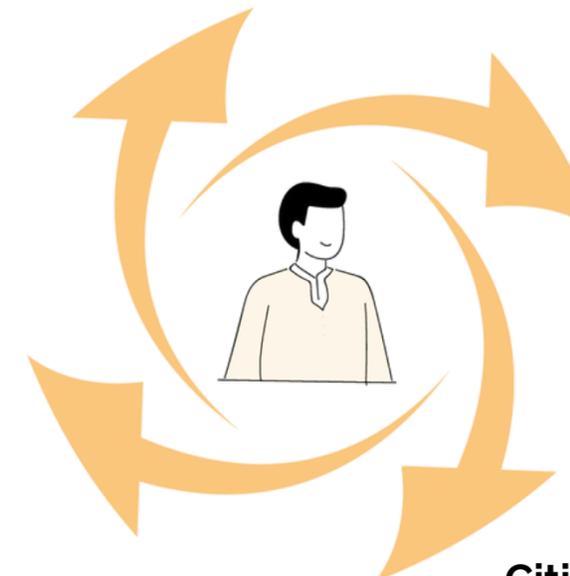


Back-end services

Accounting/vendor payments/payroll/documentation/record keeping

Models:

Income Tax Centralised Processing Centre



Citizen services

Certificate issuance/application processing/approvals

Models:

Passport Seva Kendra, VFS Global, Common Services Centre, Haryana Saral Kendras

Shared Municipal Services - Scale and nature of sharing

Scale of sharing



Within a city



ULGs in a cluster



Across the state

Nature of sharing

Personnel can be shared across departments — both within and between ULGs and parastatals.

Multiple ULGs can pool community infrastructure, or high-skilled personnel for infrequent or desk activities.

Back-end services that require no physical presence can be shared.

Types of municipal services

Bill collection, repair and maintenance, field supervision and quality certification of civic works.

Solid waste management facilities, decentralised sanitation plants, town planning.

Accounting, procurement, legal, MIS, and data analytics.

There are three dimensions to municipal finance in India, each with distinct outcomes

Financial Sustainability

(Adequacy and availability of funds for infrastructure and service delivery)

- There are adequate funds (transfers, revenues, borrowings) with ULGs.
- Transfers are formula-based, predictable, and timely.

Financial Efficiency

(Optimal utilisation of funds)

- Budgets are comprehensive and formulated with a focus on service delivery, establishing government priorities.
- Salaries are paid in a timely fashion; goods and services are procured when planned, at appropriate quality and price, and payments are done on time.
- Actual spending reflects budgeted priorities.
- Fund flows, expenditure, and outputs can be tracked in real time.

Financial Accountability

(Public disclosure and expenditure accountability)

- Outlays are linked to citizen outcomes.
- Financial reports are comprehensive, timely, allow for comparison between actual spending and budget decisions, and are publicly-available in a citizen-friendly format.

Financial Sustainability: Our ULGs are severely under-resourced, relative to global benchmarks and their own needs

Dependence on grants is high, especially in cities with population below 1 million (57% reliance on grants).¹

Total ULG revenues are significantly lower compared to international standards.

Investment in cities is low; 72% of urban infrastructure is financed by union and state governments.²



Total ULG revenue as % of GDP

India: ~ 1%³
 South Africa: 6%³
 Brazil: 7.4%³



INR 61.4 lakh cr. or 1.2% of GDP p.a.

required investment for 2021-36.⁴



Total ULG revenue per annum: INR 1.7 lakh cr.²



INR 7,884 (at 2020 prices)

required per capita p.a. infra investment.⁴



INR 2,701 (at 2020 prices)

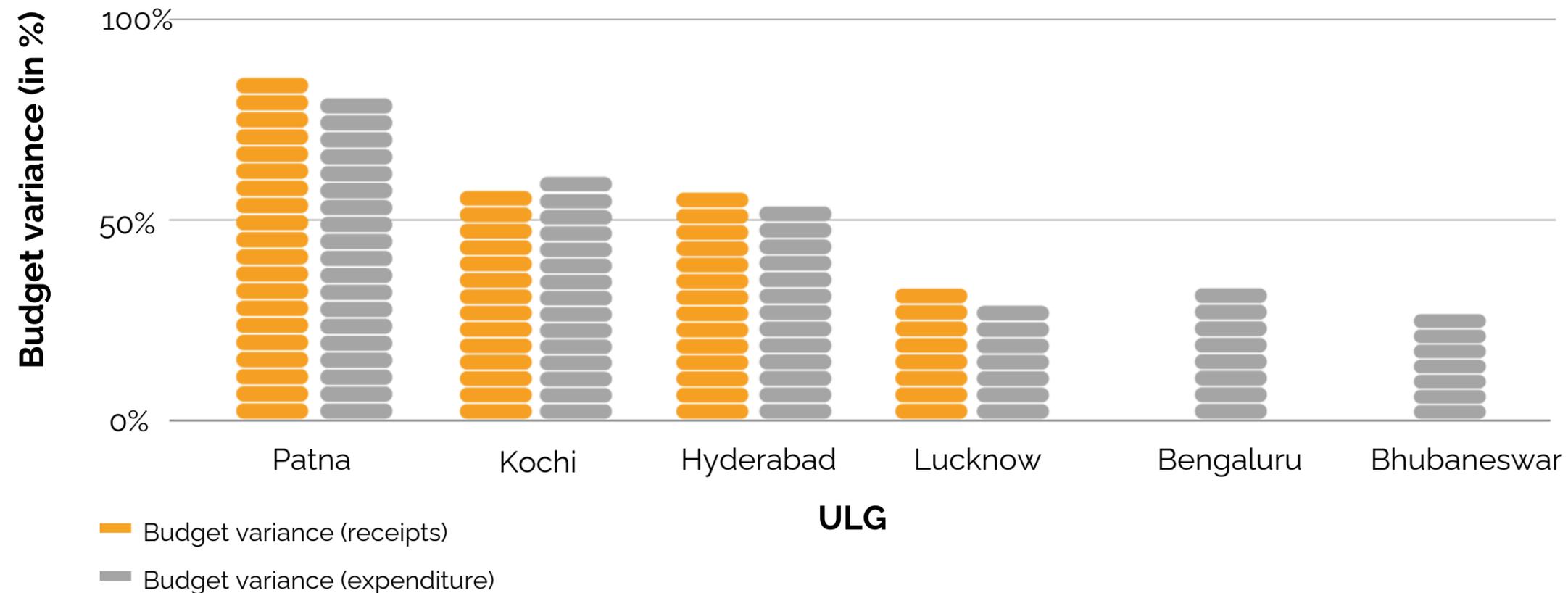
actual per capita p.a. infra investment. (2017-18).⁴

Sources: 1. Audited accounts for FY 2020-21 from www.cityfinance.in. | 2. Pan-India Performance metrics (extrapolated from audited accounts of 2,580 ULGs for 2020-21) from www.cityfinance.in. | 3. RBI Report on Municipal Finances 2022. | 4. Per year estimation from World Bank report (2022). Cities require an estimated capital investment of USD 840 billion over next 15 years (till 2036). 1 USD = 73 INR, at 2020 rate.

Financial Efficiency: Efficient utilisation of available funds also remains a challenge

Poor budget management: Municipal budgets are unrealistic with **budget variance in the range of 23-82%**; budget not used actively for expenditure management.¹

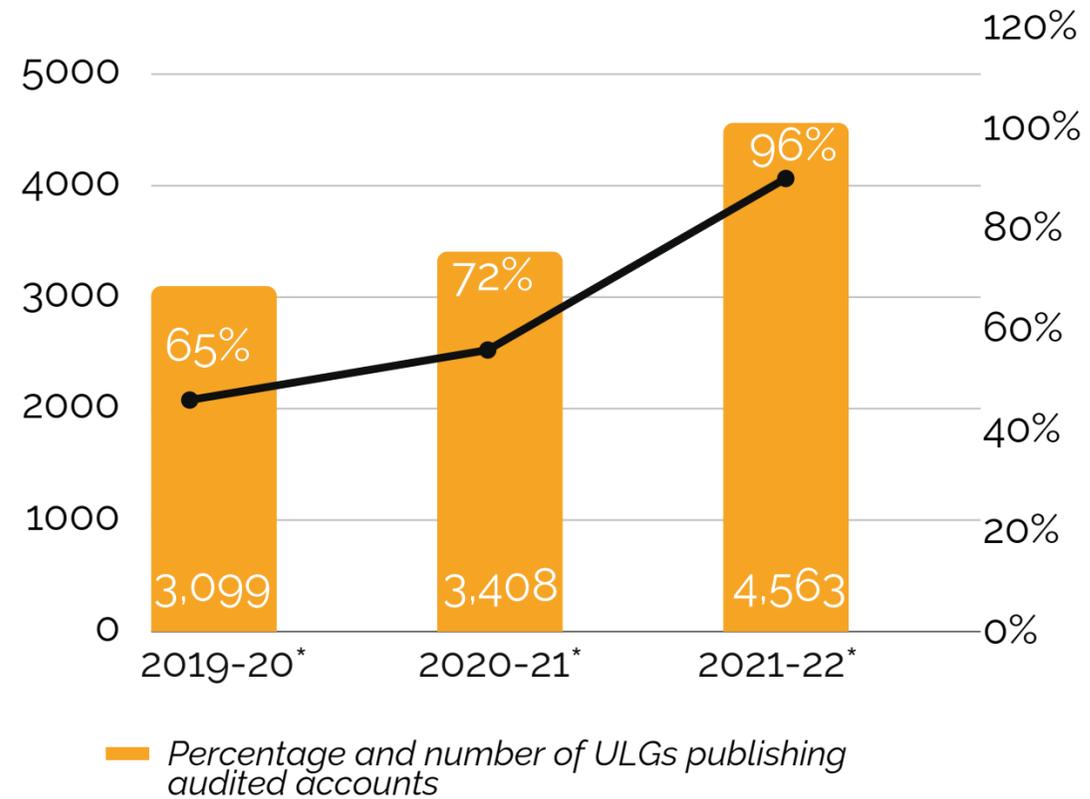
Weak absorptive capacity: **On average, ULGs in 11 states have utilised only 61% of the funds** made available to them, potentially impacting municipal service delivery.²



Data Source: Budget documents of ULGs (2015-22)

Sources: 1. Janaagraha, Annual Survey of India's City-Systems (ASICS) 2023. | 2. Compendium of Performance Audits on the Implementation of the 74th Constitutional Amendment Act, 1992: Landscape across India (Volume 1), CAG of India, 2024.

Financial Accountability: Cityfinance.in hosts audited annual accounts of over 95% of ULGs in India



Cityfinance

For the first time, audited annual accounts of most ULGs are available.

Efforts can now be channelled towards quality, comparability, XBRL reporting, harmonisation with state and union accounts, and modernising the National Municipal Accounting Manual (NMAM 2.0).

*Audited accounts of FY 2019-20, FY 2020-21, and FY 2021-22 have been uploaded by ULGs on cityfinance.in in compliance with XV-FC grants.

Our recommendations on municipal finance reforms in ULGs

01

Financial Sustainability

- Devolve revenue streams to ULGs, implement formula-based timely transfers.
- Give calibrated control over tax rates and involve ULGs in setting guidance value/circle rate.
- Reform basis of tax/user charge assessment, maximise collection efficiency.
- Optimise return on assets, give ULGs greater powers over land.
- Catalyse municipal borrowings, develop shelf of projects.

02

Financial Efficiency

- Enforce timely and realistic budgeting.
- Mandate medium-term fiscal plans.
- Track outlays and outputs through the full expenditure cycle using digital public finance management systems.

03

Financial Accountability

- Publish audited annual accounts and performance reports basis uniform accounting standards.
- Mandate internal audits.
- Facilitate citizen participation in budget and civic works.

A summary of our recommendations

Place-based Governance of India's Cities

1. Acknowledge pace of urbanisation, evolve a rural-urban transition policy:
2. Adopt a differentiated approach to planning, governance, infrastructure, and financing for metropolitan, emerging, and small cities. Districts need to be leveraged
3. Reorient MoHUA and state UDDs as ministries/departments for regional economies and local governments,

Decentralised Participatory Governance

1. Replace or amend the 74th CAA with modern and forward-looking provisions to strengthen ULGs.
2. Ensure the timely conduct of elections empower the State Election Commission
3. Effectively devolve all functions to ULGs, empower mayors and councils
4. Activate formal platforms for citizen participation

Building State Capacities

1. Human Resources
 - Formulate scientific basis for staffing numbers.
 - Adopt a competency-based HR system
 - Explore shared municipal services
2. Municipal finance
 - Implement formula-based timely transfers.
 - Enforce timely and realistic budgeting, mandate medium-term fiscal plans.
 - Publish audited annual accounts, facilitate citizen participation in budget and civic works.

About Janaagraha

Janaagraha is a Bengaluru-based not-for-profit institution working to transform the quality of life in India's cities and towns. It defines quality of life as comprising quality of infrastructure and services, and quality of citizenship. To achieve its mission, Janaagraha works with councillors and citizens to catalyse active citizenship in city neighbourhoods, and with governments to institute reforms to city-systems. Janaagraha has worked extensively on urban policy and governance reforms for over two decades including on JnNURM, and with XIII, XIV, XV Finance Commissions, and the Comptroller and Auditor General of India. Janaagraha's current portfolio of work includes engagements with the XVI Finance Commission, Ministry of Housing and Urban Affairs, NITI Aayog, Capacity Building Commission, state governments of Odisha, Assam, and Uttar Pradesh, and the 5th State Finance Commission of Karnataka.

Find out more at www.janaagraha.org

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For more information

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