



Annual Survey of India's City-Systems 2023

For Prelims: Annual Survey of India's City-Systems 2023, [Local Governments](#), [Panchayati Raj Institution \(PRI\)](#), 74th Amendment Act.

For Mains: Annual Survey of India's City-Systems 2023, Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

[Source: TH](#)

Why in News?

The **Annual Survey of India's City-Systems (ASICS) 2023**, published by the Janaagraha Centre for Citizenship and Democracy, a non-profit institution, highlights the challenges and constraints faced by the [Local Governments](#) in Indian Cities.

What are the Key Highlights of the ASICS Report?

- **Eastern States have better Urban Legislations:**
 - Eastern states, comprising Bihar, Chhattisgarh, Jharkhand, Odisha and West Bengal, have **relatively better urban legislations** followed by southern states.
- **Lack of Transparency:**
 - Urban legislations are not available in the public domain in accessible formats. Only 49% of states/UTs have put out municipal legislations on websites of respective state urban departments.
- **Lack an Active Master Plan:**
 - At least 39% of India's capital cities lack an active master plan.
- **Local Governments' Limited Control over Finances:**
 - A majority of [Local Governments](#) in Indian cities are financially dependent on their respective state governments, limiting their financial autonomy.
 - Local governments in Indian cities **have limited control over key financial matters**, including taxation, borrowing, and budget approval, with the need for state government approval in most cases.
 - Only Assam empowers **its city governments to collect all key taxes**. Except five States — **Bihar, Jharkhand, Odisha, Meghalaya, and Rajasthan** — all the others have to get **approval from the State** before borrowing money.
- **Asymmetry in City Categories.:**
 - There are disparities in the level of influence and control over finances across different city categories, including megacities (>4 million (mn) population), large cities (1-4 mn), medium cities (0.5 mn-1 mn), small cities (<0.5 mn).
 - Mayors in megacities are not **directly elected and do not have a five-year tenure**, whereas mayors in smaller cities are directly elected but have limited authority over city finances.

Table 1 | The table shows asymmetry of mayor/council powers across various city categories

Percentage of cities...	Mega	Large	Medium	Small	Total
with a five-year mayoral tenure	38%	68%	67%	84%	83%
with a directly elected Mayor	0%	39%	33%	36%	36%
that can approve the city budget	75%	34%	40%	11%	12%
that can borrow without the prior sanction of the State	13%	16%	12%	15%	15%
that can invest without the prior sanction of the State	75%	63%	40%	42%	42%
that have complete power over their staff	0%	0%	0%	0%	0%
that can levy all key taxes	0%	0%	2%	0%	2%
Average no. of functions devolved by law (number)	11	8	13	11	9
Total population (in mn)	57.84	57.88	28.93	173.9	318.5

Mega cities (>4 million population), large cities (1-4 million), medium cities (5,00,000-1 million), small cities (<5,00,000)

- **Limited Power Over Staff Appointments:**
 - Mayors and city councils have limited authority in appointing and promoting staff, including senior management teams, leading to challenges in accountability and efficient administration.
- **Financial Transparency Challenges:**
 - Indian cities face challenges in financial transparency, with a lack of quarterly financial audited statements and limited dissemination of annual audited financial statements. This issue is more pronounced in larger cities.
 - Only 28% of the cities disseminate their annual audited financial statements. The number goes down further to **17% if only the mega cities are considered.**
 - While bigger cities do publish their city budgets, **smaller cities lag there with just 40%-65% of them publishing** that information.
- **Staff Shortages:**
 - **35% of posts in India's municipal corporations are vacant.** The vacancy progressively worsens with 41% posts being vacant among municipalities and 58% being vacant in town panchayats.
- **Comparison with Global Metropolises:**
 - A comparison with global metropolises such as New York, London, and Johannesburg shows significant differences in the number of city staff per one lakh population and the administrative powers granted to these cities.
 - There are 5,906 city workers in New York and 2,936 in London for every one lakh population compared to **just 317 in Bengaluru, 586 in Hyderabad,** and 938 in Mumbai. Cities such as New York have also been **empowered to impose taxes, approve their own budget,** invest and borrow without approval.

What is Local Government?

- **About:**
 - Local Self Government is the **management of local affairs by such local bodies** who have been elected by the local people.
 - The local self-Government includes **both rural and urban government**.
 - It is the third level of the government.
 - There are 2 types of local government in operation – **panchayatas in rural areas and Municipalities in urban areas**.
- **Rural Local Governments:**
 - **Panchayati Raj Institution (PRI)** is a system of rural local self-government in India.
 - PRI was constitutionalized through the **73rd Constitutional Amendment** Act, 1992 to build democracy at the grass roots level and was entrusted with the task of rural development in the country.
- **Urban Local Governments:**
 - **Urban Local Governments** were established with the purpose of democratic decentralization.
 - There are **eight types of urban local governments in India** - Municipal Corporation, Municipality, Notified Area Committee, Town Area Committee, Cantonment Board, township, port trust, special purpose agency.
 - The 74th Amendment Act pertaining to urban local government was passed during the regime of P.V. Narsimha Rao's government in 1992. It came into force on 1st June, 1993.
 - Added Part IX -A and consists of provisions from articles 243-P to 243-ZG.
 - Added 12th Schedule to the Constitution. It contains 18 functional items of Municipalities and deals with Article 243 W.

What can be done to Enhance Local Governance in Indian Cities?

- **Strengthen Fiscal Autonomy:**
 - Empower local governments to collect a broader range of taxes, enabling them to **generate revenue independently**. Reduce the need for state government approval for borrowing, especially for well-managed municipalities.
- **Decentralization of Administrative Powers:**
 - Devolve administrative powers to local governments to make key staff appointments and promotions, particularly for municipal commissioners and senior management teams. This will **enable cities to build strong, accountable organizations**.
- **Transparency and Civic Engagement:**
 - Enforce the Public Disclosure Law uniformly across all states and union territories to ensure the regular publication of civic information, including internal audit reports, annual reports, minutes of meetings, and decision-making processes. Establish online platforms for easy citizen access to such information.
- **Benchmarking and Learning from Global Metropolises:**
 - Establish a mechanism for benchmarking Indian cities against global metropolises, **identifying best practices in urban governance**, staffing levels, and financial management. Encourage the adoption of successful strategies from global peers.
- **Citizen Participation and Feedback:**
 - Promote citizen engagement through public consultations, feedback mechanisms, and participatory budgeting. Create platforms for citizens to voice their concerns and suggestions, ensuring a more responsive government.
- **Use of Technology:**
 - Embrace digital governance tools and platforms to streamline administrative processes, improve transparency, and provide **online services to citizens**. Implement e-governance initiatives to reduce bureaucratic hurdles.

UPSC Civil Services Examination, Previous Year Questions (PYQ)

Q. Local self-government can be best explained as an exercise in (2017)

- (a) Federalism
- (b) Democratic decentralisation

- (c) Administrative delegation
- (d) Direct democracy

Ans: (b)

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