Chapter - 7

Conclusions and Suggestions
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CONCLUSIONS AND SUGGESTIONS

In India there is three tier system of government viz, the central, the state and the local government. The local Government units can be broadly classified into certain categories out of which the Municipal Corporations are the most important units and they are at the apex of the urban local government. In democracies like ours, maximization of individual and social welfare is the ambition at each level of government. This is sought to be achieved through adequate provisions of social and economic services such as supply of drinking water, public health amenities, construction and maintenance of roads and buildings. For carrying out these functions, local government requires financial as well as human resources. The self resources of these bodies have become inadequate because of ever increasing demand for the greater provision of these services. This inadequacy is being felt as all the revenue earning sources have been taken away from the local government agencies. As all knows, in the wake of growing urbanisation in a predominantly rural economy, the tasks of urban development shifts greater responsibility on the local government in the cities. Present study is an attempt by the Researcher to critically discuss and analyze the working of Shimla Municipal Corporation.

First Chapter discussed about historical background of local self government in India and Himachal Pradesh and afterwards it discussed the history of Shimla Municipal Corporation. This chapter also discussed in detail about the literature that was related to study of local self
government in form of various books, reports, magazines, articles etc and afterwards, it throws light on the importance of topic, objectives of study, hypothesis, research methodology and scheme of chapterization in detail.

**Second** chapter discussed about the organizational set up of Municipal Corporation, Shimla. It dwells upon the working of the Executive wing, and Deliberative wing of Shimla Municipal Corporation along with composition and function of various standing committees. The role of Commissioner has been examined along with the branch-wise organization setup of executive wing of the Corporation. This chapter has discussed the powers of the Mayor, the powers of the Commissioner and Assistant Commissioner. The Commissioner is the overall administrative head of the Corporation. The Commissioner is assisted by an Assistant Commissioner in his functioning. He exercises all such powers and performs all the duties specifically or imposed upon him under H.P. Municipal Corporation Act, 1994 or by any other law for the time being in force. Finally, this chapter throws light on obligatory and discretionary functions performed by Municipal Corporation and various initiatives taken by Shimla Municipal Corporation to introduce e-governance in its working.

**Third** chapter discussed the Personnel administration of Municipal Corporation, Shimla. In this chapter, the schedule was administered to 65 officials which included all 8 class I officials, all 7class II officials and 50 class III officials of Shimla Municipal Corporation. Maximum officials held the opinion that the appointments in Shimla Municipal Corporation were made on the basis of merit only. Majority of 55.38 percent of respondents had the opinion that promotional opportunities provided to them were very few. 64.61 percent of the officials had not received job training in Municipal Corporation. Thus, training component in the
corporation needs proper attention to improve efficiency of Municipal Corporation. Majority of 63.07 percent respondents had the opinion that there was difficulty in executing development programmes. Most of them had the opinion that due to non-cooperative attitude of P.W.D, I.P.H, revenue and forest officials, shortage of funds, political interference and inadequate staff, there was difficulty in executing development programmes. 47.69 percent respondents confirmed that financial resources of Shimla Municipal Corporation were not adequate to a large extent and more income of Municipal Corporation is needed to facilitate Municipal Corporation to discharge its duties, efficiently. 49.23 percent officials respondents had grudged that their participation in formulation of plans and policies was only to some extent and most of the policies were imposed on them.

The focus of Fourth chapter was on the variables which affected the leadership pattern. The variables taken into considerations were the socio-economic background, general awareness about Municipal Laws, the relationship with Municipal bureaucracy, interaction with the citizens and so on. Schedules relating to these variables were administered to 28 Councillors of Shimla Municipal Corporation. 85.72 percent of the elected Councillors were in favour of direct election of Mayor and Deputy Mayor. Thus, majority of political leaders of Municipal Corporation were in favour of direct election and they believed that this will strengthen democracy to a large extent. Majority of Councillors had the opinion that apathetic attitude of the public participation in ward committee meetings is a serious challenge before Shimla Municipal Corporation. Majority of 60.71 of the respondents acknowledged that it was necessary for Municipal Corporation to levy new taxes to overcome its financial crisis. Yet, among majority of Councillors, there was a fear
in their mind of losing their vote bank by levying taxes. It may be the reason of their shyness in levying new taxes.

Chapter fifth discussed the financial management of Shimla Municipal Corporation. Income of Municipal Corporation has increased from Rs. 546.45 lakhs in 2007-08 to 734.43 lakhs in 2010-11. Income of Shimla Municipal Corporation through property tax, electricity tax and selling of liquor has increased while income through show tax has decreased steadily. Income of Shimla Municipal Corporation through total tax revenue was Rs. 5,93,27,260 lakhs in 2008-09 but it increased to Rs. 7,43,97,633 in 2010-11. In this tax revenue, share of property tax on residential buildings, vehicle tax, tax on animals and show tax has decreased considerably in 2010-11 as compared to 2009-10 but share of property tax on commercial buildings, property tax on land and sewerage tax has considerably improved in the preceding three years. Budget deficit is increasing from 2006-07 to 2010-2011. This deficit was Rs. -6.12 lakhs in 2006-07, it increased to Rs. -33.09 lakhs in 2007-08, then it decreased to Rs. 23.18 lakhs in 2008-09, and Rs. 22.19 lakhs in 2009-10 budget deficit again increased to Rs. -36.53 lakhs. Thus, the Municipal Corporation of Shimla is struggling through financial crunch and budget deficit is increasing. Tax revenue of Shimla Municipal Corporation is steadily increasing it was just Rs. 375.25 lakhs in 2002-03 but it increased to Rs. 743.96 lakhs in 2010-2011. There was an increase in the non tax revenue of Municipal Corporation also. It was Rs. 461.58 lakhs in 2002-03 but it increased to Rs 1029.41 lakhs in 2010-11, but on the other hand, there is a sharp decline in octroi grant of Shimla Municipal Corporation. Total expenditure included all the expenses of the Corporation like, establishment expenses, interest and finance expenses etc. Out of all
major heads, the Corporation is incurring the highest percentage of the expenditure on finance expenses.

The total liabilities and assets of Shimla Municipal Corporation were Rs. 4649434867.26 in 2007-08, it increased to 5426397606 in 2008-09, it again increased to Rs. 5429165742 in 2009-10 and it decreased to Rs. 5421759060.35 lakhs in 2010-11.

**Sixth Chapter** discussed people's perception about the functioning of Shimla Municipal Corporation. 375 public respondents were taken from 25 wards of Shimla city and their viewpoints were analyzed. In order to make the sample representative, 15 households were selected from each ward. One beneficiary from each selected households were taken from each ward of the city. The groups were identified to represent a cross-section of the society. The public sample covered Students, Businessmen, Government Employees, Journalists, and Social Workers. While analyzing the public perception about the functioning of Shimla Municipal Corporation, it was found that majority of 42.66 percent of the general public to a large extent, admitted that street lights were not properly maintained in their locality. Majority of them had complained that despite repeated complaints regarding street lights, they were not properly maintained that caused inconvenience to the general public while coming back to their houses especially during odd night hours. Majority of 42.13 percent of public complained that public drainage problem was the most common problem of their area and they considered that the biggest challenge before Shimla Municipal Corporation was to provide proper drainage system. Majority of 72.26 percent of public perceived that condition of roads in their locality were worst and needed repair badly. Thus, proper maintenance of the roads to meet the expectation of people living in the capital of Himachal Pradesh is very
much required here. Majority of public had grudged that there was delaying practice in providing certificates to public on demand. Majority of 41.86 percent public had the viewpoint that there was political interference in the working of the Municipal Corporation.

In **Seventh Chapter** major findings of study were summed up and finally concrete suggestions were given by the researcher to make the functioning of Municipal Corporation, more effective. Thus, after data analysis, it can be said that major hypothesis and sub hypothesis of study were proved that:-

**HYPOTHESIS**

**Major Hypothesis**

Municipal Corporation of Shimla has failed to come up to the people’s expectations in providing basic civic amenities.

**Sub Hypothesis**

i) Municipal Corporation of Shimla is suffering from various functional inadequacies.

ii) Municipal Leadership in Shimla city has failed to evoke people’s initiative and participation in urban development schemes.

iii) Poor finances of Municipal Corporation has adversely affected the performance of Shimla Municipal Corporation.

On the basis of study, following findings were derived:-

**MAJOR FINDINGS**

**Findings Regarding Personnel Administration**

- Majority of officials had a negative view about the present structure of the Municipal Corporation and they found it inadequate to a large extent. 81.53 percent of the officials held the
opinion that the appointments in Municipal Corporation were made on the basis of merit only. The plausible reason for this reply may be that they wanted to justify their appointments on merit consideration.

- 64.61 percent of the officials had not received on job training in Municipal Corporation. Thus, training component in the Corporation needs proper attention to improve efficiency of the Municipal Corporation.

- Majority of 66.15 percent of the officials who were not satisfied with the promotion system had grudged that wrong recruitment and promotion rules, reservation policy, political interference and undue delay affects their promotion system.

- Majority of 55.38 percent of the respondents had the opinion that promotional opportunities provided to them were very inadequate.

- 43.07 percent officials considered the powers of Municipal Corporation inadequate.

- 63.07 percent respondents had the opinion that there was difficulty in executing development programmes. Most of them had the opinion that due to non-cooperative attitude of P.W.D, I.P.H, revenue and forest officials, shortage of funds, political interference and inadequate staff, there is difficulty in executing development programmes.

- 61.53 percent official respondents believed that there was improvement in the performance of Shimla Municipal Corporation to some extent.

- Majority of 58.46 percent of the official respondents considered consultations with Councillors, important.
• 44.61 percent of official respondents admitted that they usually pass on the demand of Councillors to their superiors.

• Majority of 46.15 of the respondents considered that they had sufficient powers to discharge their duties to some extent only and they believed that much more powers must be delegated to them to discharge their duties more efficiently and effectively.

• Majority of 33.84 percent of officials were in favour of democratic and participative type of leadership.

• 46.15 percent official admitted that sometimes the Councillors bring the problems to municipal officials.

• Majority of 55.38 percent of the officials felt that the Councillor's interference in their work was quite frequent.

• 47.69 percent of the officials were of the view that they get a chance to give free and frank advice, always.

• 49.23 percent of officials had grudged that their participation in formulation of plans and policies was only to some extent and most of the policies were imposed on them.

• Majority of 47.69 percent of the officials of Municipal Corporation had the perception that budgetary system was effective to some extent only and it needs a lot of revamping to become an effective budgetary system.

• Majority of 61.53 percent of the officials considered that the demands of citizens were considered in budget making to a large extent.

• 47.69 percent of officials confirmed that financial resources of Shimla Municipal Corporation were not adequate to a large extent.
and more income of Municipal Corporation is required to facilitate Municipal Corporation to discharge their duties efficiently.

- 64.61 percent of officials remarked that the grant-in-aid given for development work was not sufficient. It can be concluded that a low percentage of officials thought that grants-in-aid given to the Corporation was sufficient.

- Majority of 43.07 percent officials put forth the reason that delay in receiving grants is the major cause of unspent grants-in-aid of Shimla Municipal Corporation.

**FINDINGS REGARDING MUNICIPAL POLITICAL LEADERSHIP**

- 50 percent of the leaders of Shimla Municipal Corporation were there in politics for the last 5 to 10 years and they had no longer experience.

- Majority of 53.57 percent of Councillors were not satisfied to ratio of the Councillors to the population of city, to a large extent. They had the viewpoint that some of the wards were large and became unmanageable because of rapid growth in the population of Shimla city.

- Majority of 46.42 percent Councillors had the opinion that clear demarcation of wards was, to some extent only.

- Majority of 64.28 percent Councillors had the opinion that they were in favour of new house unit tax policy of Shimla Municipal Corporation to some extent only. 25 percent favoured it to a large extent.
• 85.72 percent of the elected Councillors were in favour of direct election of Mayor and Deputy Mayor. 14.28 percent of the Councillors were not in favor of direct election of Mayor or Deputy Mayor. Even Mayor, Deputy Mayor, elected Councillors and co-opted Councillors were also in favour of direct election. Thus, majority of political leaders of Municipal Corporation were in favour of direct election and they believed that this will strengthen democracy, to a large extent.

• Majority of 71.42 percent of Councillors had denied that meetings of ward were held regularly. Thus, grassroot democracy of Shimla Municipal Corporation was seriously threatened since ward meetings were not held regularly there.

   Thus, apathetic attitude of the public for participating in the ward committee meetings was a serious challenge before Shimla Municipal Corporation.

• Majority of 60.71 percent of Councillors acknowledged that although it was necessary for Municipal Corporation to levy new taxes to overcome its financial crisis, yet there was fear in their mind of losing their vote bank by levying taxes. It may be the reason of their shyness in levying new taxes.

• Councillors of Shimla Municipal Corporation were not provided with necessary infrastructure to assist them in discharging their responsibility effectively and majority of Councillors had opinion that harmonious relationship between elected officials and bureaucracy was not there in Shimla Municipal Corporation.
FINDINGS REGARDING MUNICIPAL FINANCE

- Income of Municipal Corporation has increased from Rs. 546.45 lakhs in 2007-08 to Rs. 734.43 lakhs in 2010-11. Income through electricity tax was Rs. 20.36 lakhs in 2007-08 and it increased to Rs. 30.22 lakhs in 2010-11, while tax collected through selling of liquor in 2007-08 was Rs. 3.94 lakhs and it increased to Rs. 21.34 lakhs in 2010-11. Thus it can be analyzed that the income of Shimla Municipal Corporation through property tax, electricity tax and selling of liquor has increased while income through show tax has decreased steadily.

- Income of Shimla Municipal Corporation through total tax revenue was Rs. 5,93,27,260 lakhs in 2008-09 but it increased to Rs. 7,43,97,633 in 2010-11. The share of property tax on residential buildings, vehicle tax, tax on animals and show tax has decreased considerably in 2010-11 as compared to 2009-10 but share of property tax on commercial buildings, property, tax on land and sewerage tax has considerably improved in preceding three years.

- Budget deficit is increasing from 2006-07 to 2010-2011. This deficit was Rs. -6.12 lakhs in 2006-07, it increased to Rs. -33.09 lakhs in 2007-08 then it decreased to Rs. -23.18 lakhs in 2008-09, and Rs. -22.19 lakhs in 2009-10 budget deficit again increased to Rs. -36.53 lakhs in the year. Thus, the Municipal Corporation of Shimla is struggling through financial crunch and budget deficit is increasing.

- Tax revenue increased from Rs. 5,93,27,260 lakhs in 2007-08 to Rs. 7,43,97,633 lakhs in 2010-2011. Although, there was significant increase in 2010-11 in assigned revenues and compensation, rental income in municipal properties, fees, user
charges, sale and higher charges as compared from 2007-08 but on the other hand, there was decrease in the income of Shimla Municipal Corporation in 2010-11 as compared to 2007-08 whereas income from revenue grants, contributions and subsidies, income from investments, interest earned and income from other sources was concerned. There was an overall decrease in income of Shimla Municipal Corporation in 2010-11 as compared to 2009-10. Although, total income increased from Rs. 23,70,13,744 in 2007-08 to Rs. 37,71,29,249 in 2009-10 but afterwards declined to Rs. 35,56,62,571 in 2010-11. Thus, it is pertinent from the analysis that the biggest challenge before Shimla Municipal Corporation is to regenerate and improve its financial resources to discharge its functions, efficiently.

• Total expenditure included all the expenses of the Corporation like, establishment expenses, interest and finance expenses etc. Out of all major heads, the Corporation is incurring the highest percentage of the expenditure on finance expenses.

• Total expenditure was Rs. 5,67,44,3956.95 lakhs in 2007-08 and it was increased to Rs. 19,21,97,415.30 lakhs in 2009-10 and afterwards it decreased to Rs. 1,80,23,421.42 lakhs in 2010-11.

• Total liabilities and assets of Shimla Municipal Corporation was Rs. 4,64,94,34,867.26 in 2007-08, it increased to Rs. 5,42,63,97606 in 2008-09, it again increased to Rs. 5429165742 in 2009-10 and it decreased to Rs. 5,42,17,59060.35 lakhs in 2010-11.

FINDINGS REGARDING PEOPLE PERCEPTION

• 44 percent public respondents were of the opinion that the municipal bureaucracy was not concerned about civic problems. It
may be because of the fact that citizens may be facing inconvenience and harassment while interacting with bureaucracy and that's why they had the opinion that municipal bureaucracy was not concerned about civic problems.

- 34.66 percent of public had the opinion that image of public officials was satisfactory although rating of municipal officials was low.
- 45.33 percent public had the perception that attitude of officials towards them was indifferent.
- Majority of 42.66 percent public had perception that attitude of Councillors of their locality was indifferent towards them whenever they used to approach them for some work. However, most of them admitted that the attitude of Councillors especially during pre-election time was more co-operative.
- 36.26 percent of public felt that the behaviour of employees of the Corporation was rude and not up to the expectations of public. This rude behavior adversely affected the public expectations of Shimla city.
- Majority of 42.13 percent of the public had the opinion that drainage problem was the most common problem of their areas.
- 49.06 percent of public had the perception that door to door garbage collection scheme proved effective to some extent only and scavengers were not regular.
- 35.02 percent of public had the opinion that water connections were not provided to citizens, timely on their demand. Thus, to improve service delivery by providing timely water connections, is
also one of the challenges before the Shimla Municipal Corporation.

- Majority of the public were not satisfied with the water facility provided by the Corporation especially during the summer season. The plausible reason behind this water shortage may be the influx of tourist during summer in Shimla that causes water shortage in Shimla city.

- 52 percent of the respondents had the opinion that they were getting clean water facility to some extent only.

- 42.04 percent of public respondents were getting water supply for one to two hours. Although, during summer season when there is scarcity, water supply becomes inadequate to meet the demand of general public.

- Majority of 48.26 percent of the public houses were not linked with road. In majority of houses in Shimla proper pedestrian road is also not there. Thus, despite the fact that Shimla is a beautiful city, haphazard construction of houses without proper road facility is a problem before Shimla Municipal Corporation to make Shimla a planned city.

- Majority of 72.26 percent of public perceived that condition of roads in their locality were worst and needed repair badly.

- 52 percent of people complained that problem of stray dogs is there in locality of Shimla city, to large extent. Despite the fact that Municipal Corporation gave contract to a company to catch hold of stray dogs and sterilize them to have a check on their population, the problem of stray dogs still haunts children, women and people at large, in Shimla city.
• 41.86 percent people had the viewpoint that there was political interference in the working of Municipal Corporation. Thus, to free the functioning of the Corporation from political interference is a target before Corporation to achieve good governance in its working.

• 60.53 percent public were not satisfied with health facilities provided to them. They grudged that all test facilities were not available in the laboratory of Municipal Corporation, their reporting was also not authentic and Municipal Corporation was laxative in distribution of chlorine tablets. Ambulance facility provided by Municipal Corporation was also not up to their expectations.

• 42.66 percent of the general public, to large extent admitted that street lights were not properly maintained in their locality. Majority of them had complained that despite repeated complaints regarding street lights, they were not properly maintained that caused inconvenience to general public while coming back to their houses especially during odd night hours.

• 45.33 percent of public had complained that sweepers were quite irregular in cleaning their locality. Thus, much more is expected from Municipal Corporation Shimla to ensure regularity of sweepers.

• 44.00 percent public were not satisfied with drainage system of their locality. They told that drains were not properly cleaned and maintained in their area that poses problems to residents of their locality.
• Presently, Sewerage production in Shimla city is 29 MLD but out of that only 11 MLD reaches the treatment plant.

• Majority of public were against the new house unit tax policy. Majority of them had grudged that services provided by Shimla Municipal Corporation were not proportionate to new house unit tax policy and that's why they opposed this new tax policy imposed on them. Moreover delaying practice in providing certificates was also pointed out in the working of Municipal Corporation.

• Although, Shimla Municipal Corporation has taken initiative by setting up of ward offices in several wards yet in most of the wards, wards offices were not yet opened.

Suggestions for strengthening Shimla Municipal Corporation

In order to improve efficiency of Municipal Corporation and to re-engineer it to function according to public expectations, following suggestions are given:

Need for strengthening the Executive and Deliberative wings of the Corporation

To overcome from all the faults of Municipal Corporation, it is high time that the State Government in Himachal Pradesh starts thinking in terms of strengthening the Executive and Deliberative wings of the Corporation to improve its performance.

In order to improve the overall functioning of the Corporation, reorientation is required, relating to factors as below:

i. More powers should be given to the technical staff.

ii. Power of the state government should be curtailed to some extent.
iii. Delegation of power to the staff must be encouraged.
iv. Increase in clerical cadre will reduce burden on employees.
v. More posts of technical staff for smooth functioning of the Corporation may be filled up.
vi. State control over the Municipal Corporation should be decreased.

The relationship between the executive and the deliberative wings must be harmonious

Relationship is a key factor for efficient working and both the Councillors as well as the officials may be interested to work jointly in several important areas, but the municipal administration suffers the consequence when there is a lack of healthy relationship between the two wings. Therefore, for smooth and accelerated working of the municipal administration, it is imperative that the relationship between the executive and the deliberative wings should be harmonious.

Though, a clear-cut demarcation cannot be drawn between policy making and policy execution, yet the Councillors should impose a self restraint upon themselves not to interfere in matter of policy execution. Similarly, the officials should also allow themselves to resist from imposing their views on the Councillors but to create an atmosphere of reciprocal taking and giving free, fair and frank advice and guidance on each matter that is referred to them.

Proper Human Resource must be ensured in Municipal Corporation Office

Most of the staff of the Municipal Corporation are working on daily wages basis. They are no more the regular employees of the Corporation. So their services should be regularized to increase their efficiency and win their loyalty in functioning of the Corporation.
Recruitments to all the posts should be done entirely on the basis of merit. Posts should be properly advertised in all the leading newspapers, so that maximum talent is attracted.

**Effective training must be imparted to officials**

All newly recruited employees are not well versed practically with the job, allotted to them. So there should be a proper provision for giving them training in the respective field. Officers and other staff should also have to undergo refresher courses from time to time so as to have latest concept of technological advances and be able to conceive new ideas of latest know how. As training is essential for effective working, special courses should be periodically organized for technical staff and sanitary inspectors. Training in computer knowledge, environment and pollution control should be made as compulsory for the officials of the Corporation.

**Proper promotion opportunities must be given to employees**

Employees should get proper promotion. As in central government service, there are departmental exams for the promotion, the need of departmental exams is also necessary in the Corporation. Further R&P rules as applicable to government servants for promotion, should be adopted by the Corporation. Political considerations should not cause hindrance to promotion so that initiative to work hard, is not discouraged.

**Application & Upgradation of Technology in Shimla Municipal Corporation working must be strengthened**

Technology plays a crucial role in minimizing the need for staff, cutting costs and enhancing the satisfaction of clients. Application of remote sensing, satellite imagery, Geographic Information System (GIS)
and computerization of basic records and processes, can greatly improve the planning capabilities at the Shimla Municipal Corporation.

Computerization of property tax and water charge information coupled with scientific door numbering and billing can raise the efficiency of revenue collection, substantially. This is amply proved by the recent municipal reforms in Hyderabad. Appropriate technology in areas such as garbage collection and disposal, leak detection and repairs in water mains, cleaning of sewer lines, street sweeping, road maintenance, etc. can greatly enhance municipal efficiency. A spectrum of various citizen-friendly services must be provided through a chain of computerized Integrated Citizen Service Centers. On-line transaction processing facilities must be available to citizens including payment of utility bills such as electricity bills, water and sewerage charges, property tax, trade licensing fee, telephone bills, issue of certificates such as birth and death, issue of permits and licenses such as learner’s license, driving license, etc. Municipal Corporation should start providing the citizens with facilities of online payment of taxes, registration of births and deaths, registration and knowing the status of building applications, complaints and grievances disposal and essential civic information. These initiatives will be instrumental in creating a new municipal culture of citizen-friendly service provision. It is essential to build e-capabilities of Shimla Municipal Corporation to simplify corruption-prone municipal processes and thereby improve their functioning.

**Proper demarcation of wards should be made**

In Shimla Municipal Corporation area, there should be proper demarcation of wards. Those wards where population is too large that it is difficult to manage should be re-demarcated and extra area should be merged with smaller ward area. Allocation of grants to wards must be
made on the demands of people of that area and Councillors of the Corporation must take a clear stand on apartment policy. Civic amenities must be improved in wards before implementation of apartment policy in respective wards.

**Linking Municipal Corporation Best Practices to the JNNURM Reform Agenda**

JNNURM is currently the most prominent driving force for urban development initiatives as well as urban governance reforms in the country. The peculiarity of JNNURM lies in its effort to link the funding incentives to the reform conditionality. The reform agenda of JNNURM consists of mandatory reforms at the State and ULB levels such as accrual accounting, e-governance, property tax augmentation, etc., along with certain optional reforms. The reform framework adopted by JNNURM is quite comprehensive and these reforms alone can bring a great positive transformation in the urban governance in India. However, JNNURM does not provide an effective mechanism for linking reform conditionality to financial assistance when it comes to actual screening and approval of funding proposals. Therefore, it is not clear how these reforms are to be ensured as part of JNNURM implementation within the Mission period. For a majority of ULBs, the expected reforms appear to be of a tall order given the immediate wherewithal and capacities available with them. The issue of assurance of support from respective States for facilitating ULB reforms remains a blind spot in the reform vision of JNNURM. The availability of funding for initiating and sustaining reform activities is in itself a question mark. The eligibility criteria of financial assistance under JNNURM are based only on the population size and existence of an elected local government. There is no explicit mention of the level of reforms initiated or achieved as an
eligibility criterion. Finally, there is no clear mechanism of linking financial incentives (or disincentives) to reform efforts. As a result, while large chunks of JNNURM funds are seen flowing to certain cities, the impact of such funding on the municipal governance reforms is not clear. On the other hand, it has been observed that wherever State governments have taken lead in reforms like municipal e-governance or accrual accounting, those reforms have grown much beyond the ambit of JNNURM and have encompassed almost all cities in those States. Therefore, it is necessary to evolve an overall strategy in Shimla Municipal Corporation encouraging and incentivizing reforms, which works well for JNNURM as well as the larger financial framework of Shimla Municipal Corporation.

**Suggestions for incentivizing governance reforms under JNNURM**

a) Steering Committee in Shimla Municipal Corporation may be setup under JNNURM should set aside a certain proportion of JNNURM funds purely for governance reform projects. In absence of such division, Shimla Municipal Corporation will tend to seek funds only for infrastructure augmentation or urban renewal and the governance reforms would always take a back seat.

b) The Steering Committees should also adopt clear criteria for making governance reforms truly conditionally for project approval.

c) The Steering Committees should maintain a compilation of best practices in Municipal Corporation governance reforms and should encourage and guide Shimla Municipal Corporation in formulating more and more proposals in this area.
Suggestion for incentivizing governance reforms in general

Further, in order to provide autonomy and transparency in the resource mobilization, not only regular state finance commission should be set up but its recommendations too, should be religiously implemented. It is paradoxical that the elected representatives have very limited powers and rights and all the ultimate decision-making lies with the Municipal Commissioner itself. In order to improve the overall working and to have financial transparency more participation of elected representatives in decision-making process is required.

Integrated management system must be adopted in Shimla Municipal Corporation

There is a need to design an integrated management system which may cover the planning of work programmes, budget preparation, resource mobilization, reviewing and evaluating results and definition of programmes and aims. Besides, present methods of work must be improved or replaced. Some defects and deficiencies need to be corrected in order to bring about a sharp reduction in the administrative obstacles of development in Municipal Corporations and to bridge the gap between aspirations and performance..

1) Need of infusing positive attitudes among citizens to local functions and finance.

2) Need to introduce new techniques of budgets, performance budgeting and zero base budgeting to improve performance.

3) Need to kindle interest among political elite of the Corporation.

4) Need to exploit local resources.

5) Need of examining privatization of some aspects of municipal services.
6) Need of raising internal municipal resources.

**Improvement in Efficiency**

Must be an agenda of Shimla Municipal Corporation Improvement in efficiency in service deliveries will lead to the reduction of costs. Computerization, e-governance, redeployment of redundant staff and implementation of other reform agenda is expected to improve the efficiency.

**Outsourcing**

Outsourcing and involvement of private sector, which can bring not only efficiency in service delivery but also professional management practices, should be encouraged.

**TRANSPARENCY AND ACCOUNTABILITY IN MUNICIPAL CORPORATION MUST BE ENFORCED**

The very essence of a meaningful democracy is that there is openness and real accountability in governance. Part of accountability is holding regular elections, but because of the time between elections additional mechanisms are required. Section 41 of the Constitution states that all spheres of government including local government, a must provide effective, transparent, accountable and coherent government for the Republic as a whole. This is the benchmark which a court may use in considering the activities of a sphere of government. In addition, Section 160(7) of the Constitution states that municipal councils must conduct their business in an open manner. They may close the sitting of the council or a committee only if it is reasonable to do so having regard to the nature of the business being transacted. Shimla Municipal Corporation must conduct its proceedings in open so that greater transparency can be enforced in its working.
**Code of Conduct for the Councillors must be strictly enforced**

A Code of Conduct for Shimla Municipal Corporation must be established and strictly enforced in order to ensure that councillors fulfill their obligations to their communities and support the achievement of the municipal objectives set out in Shimla Municipal Corporation Act.

**Eco friendly approach must be strictly followed in Shimla Municipal Corporation**

a) Proper and scientific handling of garbage in the urban area.

b) Providing of sufficient number of tool and plants and equipment relative to local topographical and climatic conditions.

c) Involving community participation through NGO’s and voluntary organization.

d) Proper laying down and setting right the overall drainage system.

e) Awareness programmes in collaboration with NGO’s people groups, schools, Mahila Mandals, etc.

**Suggestions for Improving Financial Management of Shimla Municipal Corporation Revenue enhancement**

Following suggestions can be considered for strengthening financial Resources of Shimla Municipal Corporation.

**Implementation of unit area assessment for property tax**

The implementation of unit area method for property tax assessment reform is expected to widen the base and eventually, increase the revenue in long run.
Revision in water charges in order to recover at least O&M cost

Proposed last two revisions in water charges are pending. It is recommended that the two pending revision be carried out. It is recommended that the water charges be revised to recover 50% of the O&M charges as prescribed in the JNNURM guidelines.

Improvement in collection efficiency

Collection efficiency of Shimla Municipal Corporation is almost 65% of the billed amount of property tax for current year and around 45% if arrears are considered. It is recommended that automation in billing and collection should be implemented. Also, involvement of private sector in collection system be encouraged.

Enforcement of sewerage charges

Shimla Municipal Corporation has notified sewerage charges, which is 50% of the water charges. However, it is not being charged and collected. It is recommended that the notification be enforced in true spirit and sewerage system must be streamlined and improved to the expectations of general public.

Enforcement of other taxes

Shimla Municipal Corporation should increase revenues by enforcement of various other taxes like professional tax. Moreover, increase in various other tax rates wherever possible will improve the revenues of Municipal Corporation.

Collection of taxes in SADA areas after two years

Currently, property tax in not levied to SADA areas. It is recommended that these areas should also be brought under the property
tax in order to enhance the revenues and maintenance charges paid by residents of these areas to HIMUDA must be abolished.

**Conservancy fee on all hotels**

Shimla being a tourist center and more of weekend tourism, the sector is putting more stress on the infrastructure without significantly contributing to economy. Conservancy tax may be levied on tourists and collected through hotels.

**Levy of Green fees and its sharing**

It is recommended that green fee in line with Manali may be levied on vehicles entering Shimla with appropriate sharing between Shimla Municipal Corporation and Government of Himachal Pradesh. Although, Shimla Municipal Corporation has taken initiative in this direction but it should be practically implemented.

**Leverage the SMC owned properties to enhance the revenues**

Shimla Municipal Corporation owns large number properties in Shimla Planning Area. It is recommended that Shimla Municipal Corporation should leverage these properties in order to enhance the revenue.

**Resource mobilization including use of taxation, user charges, etc must be reengineered in Shimla Municipal Corporation.**

- Optimization of network of own tax / non-tax revenue and user charges without losing sight of the mandate of social justice;
- Use of GIS and E-tools for tax fixation and recovery;
- Linking tax to market value (ex.: area-based approach);
- Innovative incentives to tax payers;
• Maintaining proper database of own revenue for its effective pooling;
• Proper planning for effective utilization of own revenue;

**Expenditure compression through cost saving methods including Outsourcing, public private partnership must be encouraged in Shimla Municipal Corporation**

• Creation of assets & services through public-private partnership: Minimum or zero investment models;
• Outsourcing of functions to cost-effective service providers;
• Use of cutting-edge technology;
• Competitive procedures of procurement;
• Coordination between concerned agencies to avoid duplication;
• Right-sizing of the institutional machinery;
• Optimal planning and monitoring to prevent time & cost over-run.

**Accountability of Shimla Municipal Corporation to the citizens’ charters, NGO participation, etc may be ensured**

• Proactive efforts for formulating citizens’ charters.
• Inviting public representations & hearings for city planning.
• Proactive disclosure under the RTI Act, 2005 by Shimla Municipal Corporation.
• Social audit of public works, expenditure, outcome.
• Involvement of NGOs / civil society platforms in planning, execution, monitoring and audit of Shimla Municipal Corporation activities.
• Representation of civil society in all major committees / bodies of Shimla Municipal Corporation at all levels.

• Compliance to local fund audit.

Recommendations for Enhancing Best Practices of Shimla Municipal Corporation

The Municipal Corporation need to consider the possibility of establishing Shimla Municipal Corporation Reform Cells, which would track, monitor and actively support the reform initiatives of the Municipal Corporation. The Cell may consist of experts in all basic functional domains of Municipal Corporation including the urban finance. The Cell should continuously monitor the existing and new initiatives of Shimla Municipal Corporation. In case of new initiatives, the Cell should provide design inputs in such a way that the initiative does not run into trouble later on. Services of private experts, consultants etc may also be provided to Shimla Municipal Corporation for this purpose through the Cell. On the whole, the Cell may perform the following functions:

a) Identify good practices of Municipal Corporation and maintain a dynamic database of such practices;

b) Help the new practices in project design and project finance;

c) Track and monitor the existing practices and help them in project management;

d) Arrange expert intervention for troubleshooting / crisis management to save the practices from a collapse;

e) Document the practices and create a repository of knowledge on the best practices of Municipal Corporation.
f) Continuously disseminate the information on best practices through suitable media so as to encourage Shimla Municipal Corporation to take up similar initiatives;

h) Work towards evolving the systems for grading / rating of practices so as to enhance the credit worth of Shimla Municipal Corporation and their projects;

Specific Recommendations to the 13th Finance Commission may be considered in Himachal Pradesh also

A steadily increasing number of ULBs are engaging in initiatives of public private-partnership for resource mobilization, cost compression, infrastructure augmentation, better service delivery, etc. Most of these initiatives are market driven and therefore, quite prone to rapid replication at least as long as they are profitable to the partnering agencies. Over a period of time such initiatives will proliferate on their own without the State having to make conscious efforts for their propagation.

More fundamental reforms to the ULB financial management, however, still remain a rarity. Reforms in municipal accounting, municipal finance statistics and municipal fund transfers together form the foundation on which all other financial reforms of ULBs rest. The Finance Commission, therefore, may focus its reform agenda for ULBs on the following three areas:

- Ensuring municipal accounting reforms;
- Creation of municipal finance statistics;
- Establishment of consolidated urban development fund at the State level.
i) Ensuring municipal accounting reforms

Adoption of double entry accrual accounting forms a precondition for meaningful reforms in other aspects of financial management of ULBs. Accounting reforms can be best achieved with the help of IT tools such as software applications and process automation tools. Therefore, accounting reforms cannot be entirely left to individual ULBs. Many ULBs, especially smaller ones, may not have the capacity to evolve such tools. Even if they develop the capacity, it can lead to too much of variation in the accounting systems of ULBs. Therefore, States need to play a major role in facilitating and ensuring uniform accounting reforms across ULBs.

The broad steps could be as follows:

a) On the lines of the initiative taken by the State of Karnataka, every State should prepare and publish a State Municipal Accounting Manual at the earliest making it mandatory for ULBs to make two basic reforms to their accounting:
   - The cash based accounting must be replaced by an accrual based system;
   - Manual accounting must be replaced by a computerized system.

b) Once the Manual is finalized, each State should evolve a suitable software application for accrual accounting and make it freely available to ULBs. All ULBs should be brought to a minimum level of computerization and internet connectivity to facilitate automation of accounting processes. A special drive should be initiated for the training of concerned ULB officials in the software operations. Similarly, a standing arrangement should be made to
tackle initial teething troubles till ULBs are able to internalize the software usage. The State Urban Development Department and the State Directorate of Municipal Administration should do the overall co-ordination of this initiative.

c) If necessary, the Central Urban Development Ministry may acquire suitable software solutions from the States like Karnataka and Andhra Pradesh, which have pioneered the initiatives in municipal accounting reforms, and freely disseminate such applications among the other States. However, States will have to carefully customize such applications to suit the accounting procedures as specified in their respective Municipal Accounting Manuals.

d) The Central Ministry may also announce deadlines for crucial steps to be taken by States for municipal accounting reforms such as finalization of the State Municipal Accounting Manual, development of a software application, basic computerization of ULBs, training of ULB staff in software operations, replacement of manual accounting by computerized system, etc.

e) Once all steps have been taken by States to establish a computer-enabled accrual accounting system of ULBs, then the regular use of such a system should form a precondition for release of funds and grants to ULBs including the funds under JNNURM, SJSRY and such other centrally sponsored programmes.

f) The State Finance Commissions should also rigorously assess the extent of reforms in municipal accounting and should link it to the funding of ULBs.

g) The Central Government, in turn, should make it conditional for States to provide evidence of significant reforms in municipal
accounting in order to avail of the central funds and grants in the urban sector.

h) States demonstrating excellent initiatives in municipal accounting reforms may be incentivized by the Centre through additional packets of funds under JNNURM or other suitable programmes. Similar incentives may be extended by States to individual ULBs demonstrating excellent adoption of computerized accrual accounting.

ii) **Creation of Municipal Finance Statistics**

a) As in case of municipal accounting reforms, the establishment of municipal finance statistics also requires a strong intervention of States. In States like Karnataka, the accounting reforms have been very well integrated with municipal finance statistics. The Municipal Accounting Manual of Karnataka makes provision for creation of financial database of ULBs along with adoption of accrual accounting. Also, the software applications evolved by these States take care of both accrual accounting and the larger finance statistics. In fact, accrual accounting serves as a crucial tool for gradually building up the finance statistics of ULBs. Therefore, all the measures recommended for ensuring accounting reforms also apply to the task of establishing finance statistics.

b) In addition, the creation of good municipal finance statistics demands measures such as:

- Listing of all municipal properties and assets;
- Use of additional IT and GIS tools for mapping, valuation and taxation of properties and for expanding the revenue net of ULBs in general;
- Consolidation and integration of information on all types of revenues, expenditures, assets and liabilities;
- Effective use of financial information for enhancing the credit rating of ULBs so that they can raise loans, bonds, etc.
- Effective use of financial information for the processes of municipal budgeting and planning;
- Public disclosure of financial information for grievance redressal, transparency and accountability.

c) Almost all these aspects have been very well demonstrated by ULBs of the cities of Mumbai, Hyderabad, Bangalore, etc. Therefore, these models can be followed by Himachal ULBs with the necessary customization.

d) Himachal Pradesh should make it mandatory for the ULBs to provide complete finance statistics in their city development plans or other proposals for funding. This will enable the government to assess the financial management of ULBs more realistically and also to determine the feasibility of plans / proposals. If the presentation of complete finance statistics is made a precondition for approval of ULBs plans / proposals, then it will create a strong incentive for ULBs to start maintaining sound financial database.

e) Like accrual accounting, here also it will be useful if the Central and State Governments announce deadlines to ULBs for completing the tasks of property / asset listing, revenue and expenditure mapping, debt and liability assessment, etc., and thereafter attach financial incentives to the well managed ULB finance database.
iii) Establishment of Consolidated Urban Development Fund at the State Level

In the era of decentralization, it is necessary that ULBs are provided funds as minimally tied as possible and in a manner that is timely and need driven. Ideally, the funds should be provided on project basis rather than in lump-sum packets rigidly tied to predetermined schemes / programmes. Also, there is a need to optimize ULB funding through combination of different elements such as grant-in-aid, loans / credit, public bonds, private grants / sponsorship, multilateral funding, etc. The grant-in-aid from the Centre and State can be prioritized for basic municipal services and mandatory functions of ULBs whereas instruments like loans, bonds, multilateral funding, etc., can be used for infrastructure up gradation, urban renewal, special projects, etc. All these things point to the need for a consolidated urban development fund at the State level out of which resources could be mobilized to ULBs in a timely and need-based manner and also in the right combination of grants and loans. The Tamil Nadu Urban Development Fund demonstrates most of these features.

Certain basic characteristics of an urban development fund can be generalized from the Tamil Nadu experience so that Himachal Pradesh could also try to replicate it suitably:

a) The fund should be under the firm control of the State government. A special vehicle such as Finance Corporation or Government Company can be created for this purpose with representation of the State Departments of Urban Development and Finance as well as the State Directorate of Municipal Administration.

b) All urban development funds of the State as well as those received from the Centre (including the grants under JNNURM) may be
first consolidated in the urban development fund and then redistributed to ULBs suitably.

c) Other partners in the urban development fund should include public and private banks, investors and sponsors, insurers and credit rating agencies, etc.

d) Whenever opportunities arise, the multilateral funding for urban development should also be pooled into the urban development fund.

e) Certain grants for supporting the establishment and basic operational costs of ULBs may be released as fixed and assured grants. Funds necessary for delivering the essential and mandatory municipal services may also be provided in the form of assured grants.

f) Once the basic funding needs of ULBs are taken care, then the further funding should be project based. Annually, a broad fund-envelop may be communicated to each ULB for development activities but the actual release of funds should be against specific and well-formulated projects.

g) The advantage of this approach is that if ULBs come out with promising project proposals then the funding horizon can be expanded well beyond the available government grants through pumping in loans, multilateral sponsorships, funds from public bonds, etc.

h) The involvement of banks and credit agencies can prove useful in better screening of project proposals to ensure that they are viable and bankable.
Similarly, involvement of credit rating agencies can help ULBs in better designing of public bonds and similar instruments of fund raising from the open market. Here again, it will be perhaps necessary for the Central governments to issue time deadlines for establishment of such a fund and then make it a conditionality for all kinds of Central grants to States.

Suggestions to strengthen ward committees of Shimla Municipal Corporation

Urgent need of sensitizing the Shimla Municipal Corporation to public needs and ensuring ward committee participation

- Municipal bureaucracy must be sensitized to civic problems and attitude of officials and Councillors towards general public must be helpful and cooperative so that public can approach them in case of any inconvenience that will definitely improve public service delivery.

- Municipal Corporation must develop appropriate mechanism to provide proper drainage system. Door to door garbage collection scheme must be made effective. Scavengers that come for garbage collection must be regular and they should be given appropriate incentive to be regular and in case of their irregularity, they should be terminated on complaint basis. Municipal Corporation must improve service delivery by providing. Clean, adequate water facility and timely water connection on demand. Special drive must be carried out by the Corporation to link houses with pedestrian roads. Haphazard construction of houses must be checked and appropriate action must be taken against encroachers so that such violations can be properly checked in future also.
- Municipal Corporation should give contract to some good company to catch hold of stray dogs and sterilize them in order to have a check on their population.

- To achieve good governance in its working, the Corporation must be made free from political interference. Proper health facilities must be provided in the corporation area and all test facilities must be made available in the laboratory of the Municipal Corporation. Their reporting should be authentic and more primary health centers and primary dispensaries should be opened in Municipal Corporation area. In these dispensaries, there must be adequate staff, medicine and equipments and the Municipal Corporation should be efficient in distribution of chlorine tablets. Ambulance facility provided by the Municipal Corporation should also be improved.

- Street lights should be properly maintained in all the localities. Services provided by Shimla Municipal Corporation must be made proportionate to the new house unit tax so that Shimla can be acknowledged as one of the beautiful cities of India.

- There should be proper maintenance of lighting, water supply and drainage as well as sewerage system. Complaints from general public regarding civic amenities must be speedily redressed. Initiative taken in this direction by formulation of citizen charters is praiseworthy yet much more is required to be done in this direction to win public confidence.
Citizen’s Charter must be strictly enforced in Shimla Municipal Corporation.

Citizens’ Charter can enable capacity building and serve as effective tools for transparency and enhancing accountability in Shimla Municipal Corporation. In order to improve systems, Shimla Municipal Corporation has also announced its citizen charter. There is an urgent need for effective implementation of citizen charters to improve service delivery in Municipal Corporation.

Ward Offices should be opened in all wards of Shimla Municipal Corporation

- Although ward offices were set up in Phagli, Kuftadhar, Bharari, Kasumpati, Kaithu and Tutu, yet in other wards also the Municipal Corporation should speed up the process of setting up ward offices.

- Under National Urban Sanitation Policy, City Sanitation plan is going to be drafted in Shimla Municipal Corporation. This plan should be implemented as early as possible so that 29 MLD of Sewerage production of Shimla city reach the treatment plant.

Ward committees should be independent structures rooted within civil society.

Ward Committees should not be extensions of political parties, and they should not be subject to the control or manipulation of ward Councillors. Policy or legal measures might be one option to discourage the unnecessary politicization of ward committees. Ward committees cannot function effectively without receiving capacity building training.
Ward committees cannot function effectively without administrative and other support from municipalities

Ward committee members should receive incentives for their work. Notwithstanding the important notion that service on a ward committee should be entirely voluntary, some kind of stipend that at least covers members’ costs of participation is important, especially in context of poverty where committee members cannot be expected to absorb the financial costs of participating on the ward committee.

There should be a national fund to support ward committees.

This fund should assist especially weaker ward committees to provide for
Capacity building training, resources and stipends for ward committee members to strengthen their role in municipal governance.

Ward committees should be accountable for their activities to the communities

There should be clear lines of responsibility and accountability between ward councillors, ward committees and community development workers.

Ward committees should complement, rather than detract from, other spaces for public participation in local governance. Ward committees should be seen as only one of a number of mechanisms and channels for public participation in local governance. Councillors and officials in particular should be cautioned against seeing ward committees as the only representative structure of communities.

All Councillors of Shimla Municipal Corporation must be provided with separate room with well equipped infrastructure like, Computer, internet facility and trained staff in the Municipal Corporation premises
so that people of their respective wards can contact them in office and there should be online lodging of complaints also, by people to their respective Councillor and there should be a provision for time bound redressal of grievances of people.

**Ensuring Public Participation**

To overcome the difficulties in execution of development works, it is suggested that more co-operation and the sense of helping each other should be there especially with the department of irrigation and public health, PWD, forest and revenue etc. Moreover, public co-operation may be ensured in order to improve the implementation of the different programmes for the development of urban areas, it is essential to have community participation of the persons getting benefits out of the programmes and other voluntary groups and non-governmental organizations may be involved in creating awareness amongst the masses and seek their cooperation. The community participation can be achieved by creating committees/groups like neighborhood, community etc. These groups can start work from informal association and gradually stand collective power. This collective power will assist the Corporation to know the needs and requirements of the people and further generate a sentiment of their own work for the programme.

These suggestions if earnestly incorporated in working of Shimla Municipal Corporation can pave the way for ensuring good governance in working of Shimla Municipal Corporation.