DECENTRALISED URBAN GOVERNANCE: AN OVERVIEW

The major macro reforms initiated in early 1990's will be meaningful at a micro level, only if city governments provide an environment, which encourages new capital flows. To transform city governance from an indifferent service provider to a freer and more responsive developer of urban infrastructure, it’s important to bring in transformation in legislative reforms, capacity building for better governance and creating financial structure, which links domestic capital markets with city financing needs (Ladda et. al. 2000: 1).

Local self-government (LSG) and the functions assigned to the Urban Local Bodies (ULBs) in the post 74th Constitutional Amendment Act (CAA) scenario were not new to urban India, but ULBs were either under suspension, supersession and dissolved for a long duration (Bhatnagar 2000a) or enjoying less administrative, political and fiscal powers till 1992 (Datta 1999; Mohanty 1999). Also, they were bound by obligatory functions and were less responsive to new demands for services that emerge within their area. People’s representation in the administration was also not there (Siddiqui 1992; Sivaramakrishnan 1992, 2000a).

The efforts to give a constitutional status to the local self government has started in 1989, but was finally legislated through the 74th CAA to the constitution in 1992 (Datta 1999). The 74th CAA, which has the people’s participation as the foremost objective, outlines a decentralisation mechanism that gives powers to the people for planning, implementation and monitoring for service delivery (Kothari 1999; Mathur 2000b; Pylee 2000). Among other responsibilities, it suggested a list of obligatory and discretionary functions to be performed by the ULBs (Mohanty 1996) including setting up of state level commissions, ward committees, district planning committees etc. essentially for decentralised governance.

The evolutionary process of ULBs is complicated and arduous. This chapter captures the changes in the structure of ULBs i.e. transfer of political, functional and financial powers to the ULBs vis. a vis. implementation of the 74th CAA, changes in institutional arrangement and shift in the role of different stakeholders in pre and post 74th CAA period (Maheshwari 1987; Siddiqui 1992; Mohanty 1995, 1999; Benjamin 1999; Datta 1999; Pinto 2000; Srivastava 2002). It is organised under the
following major sections. Spanning over the British period through post-independence India, the first section deals with pre 74th CAA period. The second section is about the 74th CAA period, which largely contains discussion around implementation of the 74th CAA in different States. This is followed by a section on institutional arrangement for urban governance.

General Background
The ULBs, which were administrative centric in the pre 1947 period and heavily depended on the colonial masters for planning and decision making, used to oppress the anti-nationalist feelings and limited services were provided to the people (Saxena 1980; Bhattacharya 1984; Dutta 1985; Mohanty 1996; Kothari 1999). The municipalities acted as the public monopoly in the provision of urban services to meet the desired political aim and were used in a rent seeking way to achieve the political gains. That is, the British followed the rent seeking approach in regulating and providing the urban services so as to suppress anti-administrative sentiments to facilitate their own interests in administration that distanced people from the ULBs, both in terms of devolution and decision making process.

In the post 1947 period, though the government understood the role of ULBs in the provision of basic needs, ULBs were still subservient to the state governments and were treated as an extended line department of the state (Sundaram 1995; Benjamin 1999). The governor general and governors were replaced by elected government at the centre and in the states, but the districts continued to administer as before (Meenakshisundaram 1999). A bureaucratically decentralised system thus gave way to a politically centralised one (Mukherjee 1989) and the political system in the post independence era continued to use its regulatory powers and public expenditure to enhance their own self-interests (Mawhood 1983). However, limited financial, fiscal, legal and administrative powers were delegated to the local authority between 1947 and 1992 (Datta 1999). The status of elected municipal government was similar to the parastatal in terms of their accountability to and control by the state government departments (Sundaram 1995). During this period, except for political delegation, people were kept away from the planning, decision-making and administrative aspects of the ULB’s functioning (Jones 1974; Norman
Likewise involvement of private sector as well as the third sector (NGOs) was minimal in the functioning of the ULBs.

This phase changed in the post 1992 period when the 74th CAA ushered in changes in terms of political, administrative and fiscal devolution (Sivaramakrishnan 1992, 2000a) and state governments were forced to delegate fiscal, financial and administrative powers to the ULBs and to set up State Finance Commissions (SFCs) and State Election Commission (SECs). Planning and decision making were taken closer to people (Bhatnagar 2000b) and for the first time ward level issues found a place in the discussions at city level. By and large the structure of ULBs changed from that of bureaucratic control in pre independence period to more participatory one in the post independence period by transferring the powers locally and incorporating other stakeholders (Maheshwari 1987; Kothari 1999; Pinto 2000).

Structure of ULBs prior to the 74th Constitutional Amendment Act

Pre-independence Administration and City Development

Despite having a long history of local governance (Singh 1998), it is to the British that local self-government in India in its present structure and style of functioning in the sense of a ‘representative organisation, responsible to a body of electors, enjoying wide powers of administration and taxation, and functioning’ is attributed (The Indian Statutory Commission 1930: 298).1 Following major watershed events as identified by Maheshwari (1987), three phases of this era can be identified. They are: the first phase (1687-1882), the second phase (1882-1919) and the third phase (1919-1947)

First phase (1687-1882)

A beginning of the local self-government has been made in India when in Madras the first corporation was set up in 1687 to deal with the problems of growing population, small controversies, levying of tax for spreading English education and teaching commercial accounts. In 1726, Municipal Corporation was replaced by a mayor’s court, which was more a judicial body than an administrative one.

The evolution of local government in India had to wait until 1793 when it acquired a statutory base. The Charter Act of 1793 established municipal administration in the three presidency towns of Madras, Calcutta and Bombay by
authorising the Governor General-in council to appoint justices of peace who were authorised to levy taxes on local houses and lands for providing essential civic services (Rao 1985; Maheshwari 1987). An elective component was introduced in the corporation towns of Bombay and Calcutta in 1845 and 1847 respectively but it was not received enthusiastically.

In 1842, the first municipal act was passed to provide for municipal committees for sanitary purposes for the towns of Bengal presidency upon applications made by two-thirds of the householders in a town. The Act of 1842 was repealed by the Act of 1850 and the scope was extended to the whole country. In 1864, a comprehensive policy was laid down as a result of which the setting up of the municipal authorities ceased to become a matter of voluntary initiative and municipal committees were set up to look after water supply, lighting and sanitation.

The need for decentralisation and popular involvement in civic functions was first conceived by Lord Mayo in 1870, when he issued a resolution aimed at strengthening municipal institutions and to ensure supervision and care in the managements of funds devoted to education, public health, sanitation, medical relief and public works (Rao 1985). He advocated a measure of decentralisation from the centre to the provinces, emphasised on the desirability of the increased association of Indians in the local administration (The Indian Statutory Commission 1930). In the wake of this, the elective principle was included in all the municipal laws and marked the beginning of a scheme of local finance and functions. However in their working, the municipalities remained fully dependent on the provincial governments, municipal committees were highly centralised and bureaucratic and the officers controlled the working of the committees (Singh 2000). The dominant motive behind this was to give relief to the imperial finances and to impose and collect taxes easily. A review of this has led to the famous resolution by Lord Ripon.

**Second phase (1882 – 1919)**

Till 1882, the local government was functioning without the participation of Indian people and therefore it was neither the ‘local’ nor the ‘self-government’ (Singh 2000). The Lord Ripon’s resolution of 1882 made the local government self-governing. The two main objectives of the reforms were to decentralise more functions to local management and to make local government ‘an instrument of political and popular education’. The resolution stated that besides cities and
municipalities, the least local administrative unit must be taluka or tehsil; the state control over ULBs was to be indirect rather than direct; local bodies should have elected non-official majorities; local bodies must be endowed with certain local sources of revenue, grants from provincial governments and frame their own budget in order to carry out these functions; local government personnel should operate under the administrative control of the local bodies.  

In short, Lord Ripon’s reform of local self-government laid the basis of local and municipal self-government, which soon took the firm root in India and became the ground work of democratic institutions in higher spheres. However the results of the reforms fell short of the hopes they had raised and municipal progress received a set back after Lord Ripon.

The Royal Commission on decentralisation, 1909 has ascribed the failure to ‘over centralisation at the hands of district officers, lack of resources and the mistrust in elections to local bodies’ (Rao1985:8). The principal recommendations of commission were that there should be a substantial majority of elected members in the local bodies; municipalities should be given the necessary authority to determine the taxes and to prepare their budgets after keeping a minimum reserve fund and provincial governments should give grants for large municipal works such as water supply, drainage schemes etc.

The government of India did not take any action on the report till 1915 when Lord Harding’s resolution recommended the appointment of a non-official chairman in the Municipalities. The Montegu-Chelmsford Report of 1918 agreed with the local self-government resolution of 1915 suggesting an elected majority for all municipal boards, the replacement of an official chairman by an elected non official chairman and freedom in the preparation of the budget, the imposition of taxes and sanction of works for Municipalities.

**Third Phase (1919 – 1947)**

During this period, local government came within the jurisdiction of the provinces and was further transferred to popular control (Siddiqui 1992). Under the system of dyarchy, introduced by the Government of India Act 1919, certain functions which were of developmental nature were transferred to the control of the popularly elected ministers who were responsible to the legislature and elected on a wider franchise. The system of local government which had until then been under the rigid control of
the administration was replaced overnight by a representative system of local
government characterised by considerable freedom and self determination. ⁵

There was an improvement in the finances and management but they were faced
with the problem of raising their own funds for attending the civic needs. Each
province emphasised on its own features in its municipal act which resulted in the
diversities in their functions and scopes and reforms were confined to local elections
only. The results did not match the requirements laid down in the law or the
expectations of those who initiated the reforms (Siddiqui 1992).

The provincial part of the Government of India Act 1935 had ended the
dyarchic administration and envisaged a federal constitution. At the provincial level
dyarchy was replaced by provincial autonomy. There was a trend towards
democratisation of local government by further lowering the franchise, abolition of
the system of nominations and separation of deliberative functions from executive
ones (Maheshwari 1976, 1987).

The subject of local self-government was assigned to provinces in which they
received a set back in comparison with the earlier legislation of 1919 where detailed
resources were assigned to municipalities. The civic functions declined because of
resource crunch. Lapses and failure of municipal functions were met with
dissolution of municipal committees. Thus the institution of local self-government
failed to grow in the right direction despite the best intentions of the various
legislations. At the end of the colonial rule, the local bodies were characterised by
low resource capability, little functional devolution other than civic bodies,
excessive control by the bureaucracy and over representation of the landed gentry
and upper castes (Isaac and Franke 2000).

**Post-Independence Administrative Structure and City development**

With the advent of democracy in 1947, local self-government institutions attained
special status (Singh 2000). The Constitution of India⁶ did not envisage any role to
local government but for an entry in the state list of the seventh schedule of the
constitution and a specific article in the chapter on Directive principles of state
policy, requiring the states to take steps for organising panchayats (Siddiqui 1992;
Nanda 1998). The constitution assigned the subject of local self-government to the
states with all legislative and executive powers over the local government in their
area. Not much importance has been given to ULBs and the development of urban
local government has been slow to the extent of being unimpressive. The ULBs were largely kept out of the purview of the central / state Plan outlays.

Measures to restructure the local government have been taken since 1950 in accordance with the constitutional directives. The community development and the national extension services programmes were introduced as the first measures (Mukarji 1995). The planned approach, in addition to centre and state, had evolved local government by means of a three-tier system of administration (Bhatnagar 2000a). Local government was considered desirable not only for the services it renders to the community, but also the opportunities it offers to men and women to enjoy an active participation in the government and to develop their creative talents and responsibilities (Nanda 1998).

In order to facilitate the growth urban local government, the central government formed various committees and commissions such as Local Finance Enquiry Committee, 1951; Committee on the Training of Municipal Employee, 1963; Committee of Ministers on Augmentation of Financial Resources of Urban Local Bodies, 1963; Rural-Urban Relationship Committee, 1963; Committee on the Service Conditions of Municipal Employee, 1968, but the actual responsibility of laying down its structures and functions were passed on to the state government (Gnaneshwar 2000a).

Describing the place of local bodies in the government structure in India, the Rural-Urban Relationship Committee, 1966 observed that urban local bodies were important units to provide help in achieving the decentralisation of political power and promotion of democratic values.

Five categories of urban local bodies proliferated on the urban scene during this period. They were namely municipal corporations, municipal councils, cantonment boards, notified area committees and town area committees (Siddiqui 1992). Municipal corporations were formed for the bigger towns where multi dimensional civic problems exist; municipal councils were formed for the medium sized cities; notified area committee was created for the area which did not fulfill the conditions necessary for the constitution of a municipal council; town area committees were meant for small towns and cantonment boards were for the military area (Barthwal 1997). The delimitation and functions of different bodies were not clearly defined and no clear distinction had been made between obligatory and discretionary
functions. The development functions had been performed in an uncoordinated manner leading to conflicts and loss of accountability (Siddiqui 1992).

Although various efforts had been made towards decentralisation of services (Bhattacharya 1984), the urban local bodies were dominated by the local elite mainly for bureaucratic deconcentration rather than towards political decentralisation with little representation of the poor, women, the schedule castes and other minorities (Datta 1999; Kothari 1999) Only in Delhi and Madras, attempts had been made to involve councilors, but could not be worked out due to long spells of supersession of Delhi and Madras corporations. The Madras Municipal Corporation was superseded for more than 20 years. There was no clear differentiation between the role of executive (ex - Bombay Municipal commissioner) and the supremacy of the political executive (Mayor in council system in Calcutta).

Most of the ULBs functions, especially developmental, were taken over by the state governments or transferred to the specialised agencies. In cases where state governments were directly involved in the provision of urban services, such services were local in nature i.e. health and education. These services were provided through state government departments such as Public Health and Engineering Department (PHED), Public Works Department (PWD), Urban Development Department etc. The capital investment was, however, taken care of by the state level boards/corporations etc. With this the role of state government had assumed an anti-municipal stance due to their competitive functional domain (Bhatnagar 2000a; Ansari 2001). Also, state governments were exercising control over local governments, which had resulted in the downgrading of elected urban local government's at the hand of state government (Bhattacharya 1984; Barnabas 1998). Under such circumstances the ULBs were not provided with required inputs to strengthen their capacity and were called inefficient.

The special purpose agencies that had been set up instead for the provision of urban services to deal with the increase in demand (as municipal authorities were considered incapable in terms of expertise and finances) were provided with much power, immense funds and qualified personnel (Pinto 2000). For example, state government had set up Ahmedabad Metropolitan Development Authority (AMDA) in Ahmedabad to take up capital projects and the Andhra Pradesh government created the Hyderabad Water Supply and Sewerage Board (HWSSB) to discharge
specific water supply and sewerage related responsibilities, which resulted in the multitude of institutions that carried out urban governance functions (Singh 2000; AMC 2002a). An increasing tendency in the country to allot water, electricity, transport, urban planning and development to special purpose agencies and to confine urban governments to regulatory functions could thus be observed (Pinto et al. 1994; Datta 1999; Mohanty 1999; Kundu 2003).

Apart from this, many urban development programmes related to infrastructure building were initiated and supported by the Centre. There was thus little autonomy at the local level as the schemes were centrally funded and the norms and targets were defined by the central government (Barnabas 1998). The role of ULBs came to be increasingly confined to the implementation of central and state sponsored schemes such as the Environment Improvement of Slums (EIS), Integrated Development of Small and Medium Towns (IDSMT), Urban Basic Services Scheme (UBS), Self-Employment Programme for Urban Poor (SEPUP) and the Nehru Rozgar Yojana (Kumar 1992; Kundu 1993, 1996; Aziz 1994; Kolff and Baud 2003).

It is not surprising that under these circumstances the usefulness and effectiveness of local bodies came under much questioning despite their multiplication (Singh 2000).

As already mentioned, the main factor for such inadequacies was due to shortage of financial resources available to ULBs. Because of this despite initiation of impressive attempts for reform, most attempts by ULBs remained confined to the augmentation of financial resources rather than dealing with dynamic growth created by the process of steady urbanisation and urban growth. Some scholars saw it as growing incapacity, even unwillingness on the part of the state to solve urban problems (Kothari 1999). As a consequence the National Commission on Urbanisation has been set up in 1985 to give the detailed measures required for strengthening the management and administration of urban local government institutions in India.

The Commission felt that an independent status has to be given to ULBs with the aim to take the government to the people, to make the administration accountable to the people and to ensure people’s participation in the administration (NCU 1988). To achieve these three main objectives, the proceedings of the Nagarpalika Meetings in 1989 indicated a commitment on the part of the government of India to vest power in the hands of people by devolving more powers to the ULBs. With this in mind, the Nagar Palika Bill (The constitution Sixty Fifth
Amendment Bill) was introduced in 1989, but it was defeated in the Rajya Sabha (Siddiqui 1992; Mohanty 1999: 213). According to Kothari (1999), the introduction of the 74th CAA has to be seen as an end product of such historical processes.

**Shift in the role of ULBs after the 74th Constitutional Amendment Act**

The 74th CAA was introduced as the constitutional recognition to urban local governments in India to counter multitude of authorities, superseding of elected bodies, little representation for poor and weaker sections and lack of finances in the face of increased pressure on the resources (Siddiqui 1992; Sahni and Vayunandan 1995; Singh 2001). The changes made in the constitution had not created any new set of institutions, but recognised afresh the role that these ULBs can play in improving urban services (Srivastava 2002).

Basically, decentralisation was the result of dissatisfaction with centralised planning and resource allocation and growing concern for diffused and equitable distributed developmental efforts (Gaudioso and Einsiedel 1999). The reason cited for decentralising the powers was that by placing power in the hands of local communities, decentralisation can lead to greater democratisation of the political process, reduce bureaucratic power, and thus provide more opportunities for individuals to participate in the decision making (Weiner 1999; Palnitkar 2000).

According to the NIUA study (1996) that the 74th CAA deviates from the earlier attitude of control and regulates the development of, by and for the people. Decentralisation of real power to the local institutions helps to defuse the threat of centrifugal forces, increase popular involvement, broaden the base of democracy, promote administrative efficiency and improve health and stability of inter-governmental relations (Diwan 2002). The constitutional amendment Act envisages a 'systematic change' in Municipal governance in the country. It prescribes an institutional framework for efficient delivery of urban services.

The Act guaranteed periodic elections to the local bodies, devolution of functions as enlisted in 12th schedule and finances through statutorily constituted SFCs (Nagaraj 1999). It also provided for the constitution of State Election Commissions (SECs) to ensure conduct of regular elections as well as for ward level committees (WCs), district planning committees (DPCs) and metropolitan committees (MPCs). The local governments were given the statutory status to raise
finance by taxation or borrowing from open market or financial institutions for the
development of the area under its jurisdiction, participation of local community in
the design making and the freedom to act independently of central and state level
control (Prasad and Shanmugham 1999). It can thus be seen that over a period of
time role of the government and other actors had changed. The government now acts
as a facilitator while the private sector, NGOs and CBOs are providers (Kundu
2000). The changes made by the 74th CAA in the constitution ushered in a new
dimension to the system of governance at the local level in the country (Pylee 2000).

The 74th CAA envisaged that the governments of states and union territories
would take action to pass new resolutions or amend existing laws by 31st May 1994
(Mohanty 1995, 2003; Bhatnagar 2000a; Srivastava 2002). The subjects are in the
state list of the seventh schedule of the constitution and state has to delineate the role
of the municipalities on each functional entry, keeping in view the matters listed in
the 12th schedule which means parting of some of the responsibilities, powers and
functions to these bodies to make them self reliant and self governing.

All the states incorporated the provision in the states Municipal Acts through
conformity legislation to bring them in conformity with the constitutional provisions
but the provisions vary from one state to another. That's why it becomes necessary
to review the conformity legislation implemented in different states, examine their
strength and weaknesses, and initiate a process for a 2nd round of reforms based on
experience to consolidate the gains and remove bottlenecks. The next section deals
with this issue in detail.

74th CAA and its Implementation in Different States
It must be pointed out that the 74th CAA is only an expression of intention rather
than a mandate to the states to transfer the functions and schemes relating to the
subjects given in the schedule, accompanied by funds and staff (Srivastava 2002). It
is silent on the possible change in institutional design, especially in the direction of a
strong mayor or a more people oriented form of local governance (Pinto 2000).
However, there exists a wide variation in the provisions made by different states for
the implementation of the 74th CAA for increased participation of different
stakeholders in the delivery of services and improved metropolitan urban
governance. The actual matching between tasks, funds and autonomy in functioning
has been uneven between the states (UNCHS 1999). This is because despite
obligatory and discretionary municipal functions for which state governments have to provide for financial provisions and the SFCs have to prescribe the financial devolution, the operational mechanism is not clearly defined in the Amendment. The following section deals with some of these issues grouped under the defined state responsibilities in the Amendment.

**Functional Devolution**

Earlier the civic amenities functions were undertaken in piecemeal manner and erratically with an indifferent attitude by the ULBs, but the 74th CAA has systematically listed out the precise civic amenities to be taken care of by the municipalities (Bhatnagar 2000b). The 12th schedule under the 74th CAA, for example, seeks to widen the municipal operative sphere into three new areas: urban planning including town planning, planning for economic and social development, safeguarding the interest of weaker sections and urban poverty alleviation (Datta 1999). However, Mathur (2000b) points out that these functions have been transferred to local bodies without seeing the financial position of the local government as the commensurate funds are less than 1 percent compared to 7.5 percent for the central taxes and 8.5 percent for the state level taxes.

Bihar, Gujarat, Haryana, Himachal Pradesh, Manipur, Punjab and Rajasthan have included all the functions whereas Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Tamil Nadu, Uttar Pradesh and West Bengal have added some of the additional functions as enlisted in the twelfth schedule in their amended municipal laws. Andhra Pradesh is the only state which has not made much change in the existing list of municipal functions after the 74th Amendment (HSMI 2001).

Other than Bihar, no state has legalised all the functions listed in the 12th schedule as legitimised municipal functions (Mohanty 1999). Although Kerala, West Bengal and Tamil Nadu have made comprehensive laws devolving functions to the municipalities, all the functions are not included. However, some states have added to the original list of functions on their own. Kerala, Tamilnadu and West Bengal are such states (AIILSG 2002a).14

**Financial Devolution**

The devolution of power is meaningless without corresponding transfers of control over financial resources (Carley and Christie 2000), keeping this view in mind the
74th CAA has made it mandatory for the state government to constitute SFC to make the recommendations for the devolution of taxes, charges, shared revenues and inter-governmental transfers to municipalities (AIILSG 2002a). The Eleventh Finance Commission (EFC) has recommended an adhoc award of Rs. 16,00,00,000 (16 crores) for panchayats and Rs. 400,00,00,000 (400 crores) for municipalities respectively for each of the five years (2000-05) to be distributed among the states (GOI 2000). The conformity legislation of Maharashtra, Gujarat, Rajasthan, Haryana, Punjab, Karnataka and Bihar shows that no provision has been made as to how finances will be mobilised to discharge the additional functional responsibilities entrusted to urban local bodies. In case of Andhra Pradesh and Pondicherry, where no new function has been added with respect to the 12th schedule, there is no change in the sections dealing with municipal revenue.

**Political Devolution**

*a. Involvement of Weaker sections*

To ensure the sensitivity of local government towards the problem of marginalised groups of society, the thirty three percent reservations for women and weaker sections (SCs, STs, BCs etc.) were provided in the constitution (GOI 1992; Mohanty 1999). This has helped in increasing participation of this section of society in the decision making process.15

*b. Formation of Ward Committees (WCs)*

The conformity legislations with regard to ward committees differ among states. Except in Maharashtra, the functions of these committees have not been clearly spelt out in any other state (concerned legislations of the state). In Maharashtra, the ward committees are to be constituted by the concerned elected local bodies whereas other states legislations are not clear in this regard. In Rajasthan, Haryana, Gujarat, Bihar the provision is made for constitution of ward committees by the state government whereas as in Punjab, Andhra Pradesh it is by the Commissioner of the Municipal Corporation. In Karnataka, no mention is made regarding the authority which will constitute the ward committees. According to Bhatnagar (2000 b), the characteristic of WCs is that the municipal administration and planning organisation set up can further be made more effective for regulating the civic amenities.
c. Formation of District Planning Committees (DPCs) and Metropolitan Planning Committees (MPCs)

Prior to the 74th CAA, efforts were made by several state governments i.e. Maharashtra, Gujarat, Karnataka, Uttar Pradesh and West Bengal etc. in the decentralised planning, but no attempt was made to involve local bodies in the planning process. However, in the 74th CAA provisions were made for setting up of DPCs, under article 243 ZD and MPCs under article 243 ZE in the districts and metropolitan area to take up the planning and developmental activities (Singh and Shankar 2001). The two third of the members of such committees were to be elected by and from the elected members of the municipalities.

The DPCs were to take the responsibilities of consolidating plans prepared by panchayats and municipalities and prepared a draft development plan for the district. The MPCs were constitutionally mandated as the agency for coordinating the preparation of draft development plans for the metropolitan areas (Mathur 2000a). The 74th CAA envisages that the MPCs will prepare the draft Metropolitan Development Plan.

Haryana, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Rajasthan, Sikkim, Tamil Nadu, Tripura, West Bengal and two UTs of Andman and Nicobar Islands and Daman and Diu have taken steps to constitute DPCs. As far as the MPCs are concerned, the situation varies among the states as Karnataka, Kerala, Maharashtra, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh have provided for the constitution of MPC whereas some other states such as Andhra Pradesh, Gujarat, Haryana and Madhya Pradesh have not provided any provision for constitution of MPCs in their respective acts (AIILSG 2002a). Two of the states i.e. West Bengal and Maharashtra have made separate acts for constitution of MPC. The study done by Pinto (2000) shows that function of these committees have not been elaborated beyond the specifications given in the 74th CAA. According to him, the directions on how the district and metropolitan development plans are to be financed implemented and monitored and how they are to be integrated with the state development plans are not provided. The need is felt to further clarify the linkages between various institutions such as DPCs, MPCs, Municipalities and Panchayats for the preparation of the development plans.

Since the 74th CAA did not have the provision for Urban Development Authorities (UDAs), many state government’s finance commissions, i.e., Kerala and
Karnataka have recommended that the parastatal agencies be abolished whereas some have recommended for a change in their functional role (1st SFC Report of Kerala and Karnataka state government). That is, it is suggested that in order to avoid multiplicity of agencies, restructuring of existing agencies are required to fit in the new institutional framework (Biswa 1982; Mukhopadhyay 1996). Existence of multifarious authorities has brought out further difficulties posed due to a lack of coordination for local planning in an integrated manner. It has been suggested that in the making of MPC, the role of development authorities (DAs) and state town planning authorities (STPA) have to be integrated for preparing the development plan for both panchayats and municipalities (Bhatnagar 2000a).

Other Provisions

Participation of NGOs and CBOs

Since the 74th CAA talks about the people’s participation in urban governance, it becomes imperative that spaces for NGOs/CBOs be carved out in the Amendment. However, the institutional arrangements for the participation of NGOs and CBOs and private partnerships and privatisation have not been made in the state acts except in the case of a few states. For example, Karnataka, Kerala, Maharashtra and West Bengal have made the provision for NGOs and similar civic bodies in their municipal legislation (AIILSG 2002a). The basic conditions that these states impose are that such organisations would be working within the territorial limits of respective wards and would be the constituent parts of ward committees.

While governing the city, it is important to study the effectiveness of city related and city wide institutions and their ability to cope up with the urban problems. With this it becomes important to analyse the changes in the institutional structure that has taken place to incorporate the provisions of the 74th CAA. The following section deals with the emerging new institutional arrangements and their mechanisms so as to cope up with the demand of increased efficiency and accountability.

Urban Governance and the Role of Stakeholders

In the contemporary paradigm of urban management, the focus had shifted from the government as a sole provider - from ‘rowing’ (direct production and distribution) to
its becoming a facilitator - ‘steering’ (indirect monitoring and evaluation) (Bhattacharya 2003) and increased role of private sector in the provision of services on one hand and involvement of a wide variety of actors such as NGOs/CBOs on the other (UNDP 1997 a and b).

As detailed out earlier, in the wake of managerial, technical and fiscal limitations of municipal bodies to fulfill the additional functional and financial responsibilities enshrined in the 74th CAA and the neo-liberal environment of governance, spaces were being provided for multi-stakeholder arrangements, particularly for NGOs/CBOs with an expectation that their inclusion would bring efficient, effective, accountable and transparent governance (Manor 1995; Joseph 2001; Mohan 2004). There have been several efforts to encourage such form of governance, For example, the United Nations Centre for Human Settlement (UNCHS 1996a) has launched a campaign to support consensus-building process between local governments and civil society. Bell had called ‘a return to civil society’ defined as ‘a return to a manageable scale of social life, particularly where the national economy has become embedded in an international frame and the national polity has lost some of its independence (Bell cited in Carley and Christie 2000: 77).

However, radical scholars maintain that the real reason behind decentralised governance and the proposed roll back of the State as envisaged in the Washington consensus16 has market mechanism at heart (Stiglitz 1994; Stewart 1997; Hamada 1998; McCloskey 1998; Soros 1998; Kanbur 1999). Researchers see decentralisation and participation as a means to move the locus of responsibility away from the state so that self help becomes disguise for the removal of welfare support across the globe. According to Chandhoke (2004), such ‘off loading’ of welfare services, which were for long seen as the responsibility of the democratic state is now part of what in contemporary phrasing is called ‘governance’. Thus, the state is in fact seen as effectively passing the risk of poverty onto individuals under the guise of empowerment (Schurman 1997; Craig and Porter 2003).

The limited success of market oriented approach from Latin American and some Asian countries together with enormous scales of problems beyond the capacity of civil society actors plus a number of critiques had led to reconsideration of the role of the state vis-à-vis other stakeholders. Although the post-Washington consensus has not fully overturned the market-based approach, it has modified its
stand in terms of extra-state players and a complete withdrawal of the state. It now sees the state and other stakeholders placed in mutually interactive roles as partners, what Edward and Hulme (1995, 1998) refers as ‘new pluralist paradigm’ (Turner and Hulme 1997). In this sense, the post-Washington consensus is not a radical shift, but builds upon and re-emphasises elements of decentralised governance, civil society and participatory democracy (Mohan and Holland 2001; Mohan 2004).17

The case of India is somewhat unique. Despite market-led development and a presence of vibrant civil society including NGOs and CBOs (Kamat 2002), economic and political environment is such that there can never be a complete let go of the state although the role gets configured and rescaled at various levels, which sets and controls the parameters for urban governance (see, MacLeod and Goodwin 1999 a and b).

In any case, most often the relationship between state and NGOs/CBOs has not only been ambivalent to say the least, they have also been critiqued for their functioning. The growing professionalism at the cost of voluntary activities and resulting behavioral changes in the small community organisations’ limited coverage and lack of accountability has received much attention of late (Bhatt 1989; Hirway 1995; Kolff and Baud 2003).

More importantly, citizen’s participation, particularly from the poor sections of the population - a core concept in decentralised governance - remains inadequately addressed. According to the World Development Report of 2000-2001, a large number of poor had reported how they were excluded from participation in decision making and an unequal sharing of benefits from government programs as well as those of NGOs (World Bank 2001). In Mumbai perception on the design of a relocation scheme meant for the poor were interpreted without consultation of those households which led to conflict despite involvement of NGO, private market actors, government agencies and even community groups (Sanyal and Mukhija 2001).

Self-help groups have been seen as models for participatory governance, but of late they have come under severe attack. It has been argued that on one hand there exists a concern for cost reduction by transferring some of responsibilities of poverty reduction to self-help schemes operated by community groups (Reddy 1994). On the other hand, governments are generally unwilling to allow these groups to challenge their decision making powers. Thus ‘participation’ is essentially defined in
government terms rather than community terms in these schemes (Yeung and Mc Gee 1986)

It is not as if all the decentralised and multi-stakeholders’ participatory efforts have been in vain. The state’s ability to ‘foster’ the emergence of forms of civil-society organisations effectively articulates the interest of poor and marginalised people and has brought some positive results (Chauhan and Lal 1999; Aggarwal 2000; Harriss 2001).

However, the dynamics of such endeavours are complex. According to a study carried out in municipalities in and around Chennai regarding underground sewerage systems and lake protection against encroachment, multitude factors such as residents’ financial status, level of organisation, accountable and trusted local leadership and political participation were crucial for the efforts to be successful or unsuccessful (Baud and Dhanalakshmi 2005).

Although limited, the discussion so far while framing the issues of decentralised governance in conjecture with NGOs/CBOs and other partners brings forth the necessity of complicating the analysis as there cannot be a blueprint. Situating the analyses in a comparative framework in which state and other players are brought together in an interactive mode, as has been attempted in the present study with Ahmedabad and Hyderabad as cases in point, for example, clearly show that the discussions on local governance cannot be situated in contextual isolation as an autonomous act, but is tied to political spaces of state discourses and projects on one hand and nature of social agency on the other.

Notes


R.L. Khanna says that the “municipal government during this phase was the decentralised type rather than the British system of Decentralisation”, Municipal government in India, Mohindra, 1962, p. 19.

On the model of the Government of India Act, 1935, the Indian Constitution has been enacted in November 1949.

In Ahmedabad, the local bodies are financially strong to undertake capital expenditure and take care of maintenance too. The Ahmedabad Metropolitan Development Authority (AMDA) has been created to take care of the city planning. However, it is taking care of capital works too.

The 74th CAA, 1992 came into force on 1st June 1993 and all the states have to pass the conformity legislation and brought into force within the constitutionally stipulated deadlines of 1st June 1994 (Singh 2001).

The “why” of the amendments to the constitution as embodied in the ‘Statement of Objects and Reasons’ published in the Gazette of India (September 16, 1991) is that in many states, local bodies have become weak and ineffective on account of a variety of reasons, including the failure to hold regular elections, prolonged supercession and inadequate devolution of powers and functions. As a result, urban local bodies are not able to perform effectively as vibrant democratic units of self-government. Having a regard to these inadequacies, it is considered necessary that provisions relating to urban local bodies are incorporated in the constitution particularly for (i) putting on a firmer footing the relationship between the state government and urban local bodies with respect to (a) the functions and taxation powers, and (b) arrangements for revenue sharing, (ii) ensuring regular conduct of election, (iii) ensuring timely elections in the case of supercession, and (iv) providing adequate representation for the weaker sections such as scheduled castes, scheduled tribes and women.

It has been observed that urban development was a public sector activity delivered through a ‘top down’ process, with all stages of the project being handled mainly by the government till 1992 (SDS 1996; Carley and Christie 2000).

2nd round of SFC completed in all the states except Jammu and Kashmir, Arunachal Pradesh, Mizoram, Meghalaya and Nagaland.

Article 243 ZF of the 74th CAA stipulates that ‘any provision of any law relating to municipalities in force in any state, immediately before the commencement of the Constitutional Amendment which is consistent with its provisions should be amended or repealed before the expiration of one year from such commencement’ (GoI 1992).

The conformity legislation was implemented, in all the major states as well as some of the smaller states such as Manipur, Tripura, Goa etc., within one year of the implementation of the 74th CAA (Mohanty 2003). In some of the states such as Kerala there are integrated Acts covering both municipalities and corporations, while in other states (A.P., Karnataka and Tamil Nadu) separate acts govern the both (Prasad and Shanmugham 1999; Prasad and Sri Lakshmi 1999; RCUES 1999 a and b).

Gulati (2001:2622) writes, “at a minimum one hopes, the state legislation would not use the authority with the new constitutional provisions conferred on them with regard to the devolution of functions and finances to the local bodies to unduly constrain or interfere with the autonomous functioning of these elected bodies – not any more than they would like to see the central government interfere with the functioning of the state governments even though most of the states have depended on central budgetary transfers to finance half, or even more, of their annual budgets”.

However, Kothari (1999) has pointed out that without the training in the art of governance by creating social awareness and providing the requisite information, representatives would be no better than what they were earlier. This has raised the issue of what kind of training module, training methodology and follow up measures are required.

Williamson originally coined the phrase “Washington Consensus” in 1990 “to refer to the lowest common denominator of policy advice being addressed by the Washington-based institutions to Latin American countries as of 1989” (Williamson 2000, 2002).
This shift was also due to number of reasons. First, the ground realities in terms of popular struggles, which earlier development theorists had ignored because of their preoccupation with the controllable and self-elaborated world of NGOs. Second, earlier concepts such as 'state-society synergy' were questioned in the face of the limitation of NGO-isation of development with its unaccountable and parallel structures and concepts such as 'political space' sees politics as lived, but under theorises space and place and lacks the analysis of the global and the socio-political context in which political action occurs. (Ostrom 1996; Evans 1997; Webster and Engberg-Pedersen 2002).

For example, in Goa, the community-based Gomantak Bahujan Samiti (GBS), a federation of backward class association, has used the state's 'right to information' legislation to expose the politically motivated process that has granted the backward status to a socially and economically privileged class. Following GBS presentation of documentary evidences, the high court halted the implementation of government decision. This experience has placed GBS at the forefront of civil society's attempts to promote use of the law and to pressure the bureaucracy to implement it (Harriss 2001).