CHAPTER II
EVOLUTION OF URBAN LOCAL BODIES IN ANDHRA PRADESH

The Local Government is totally British in its origin and frame. But recently it is under heavy stress and is undergoing rapid changes both in its structure and role in public welfare pursuit. The Local Government is being fitted into a larger frame of national government and designed to promote decentralisation of powers and a fairer distribution of services. The economic role of Local Government has called for attention as much as their political structures. As such local economies and finances are now available for the management of local resources and needs, besides the political virtues alluded to hitherto of Local Government.

A brief outline of the evolution of urban local bodies in Andhra Pradesh under the British rule and its impact on the course of development after independence is attempted in this chapter. Local-Self-Government in ancient times is said to have been far more widespread, more real and successful than in the days of British rule or even at present. It was so because the control exercised by the Central Government over village affairs was less and also because the affairs which fall within the jurisdiction of the village authorities was far more effective. All this underwent a change roughly during the period 1750 to 1850, the period anarchy following the collapse of Mughal empire.
and of the establishment and consolidation of the British rule. The modern Local Self-Government in India is purely of a British innovation and has no connection whatsoever with the ancient Local Government. Though a series of Acts were passed by the British to promote Local Government, the real growth of Municipal Institutions and their involvement in local development in India may be said to have been started with the introduction of the reforms of 1919. The striking feature of the Act of 1919 was that it clearly specified the taxes leviable by the local bodies. The local tax powers laid down in the Act were tolls, land tax and tax on land values, tax on buildings, tax on vehicles and boats, tax on menial and domestic servants, tax on animals, octroi, terminal tax, tax on trade, professions and callings, tax on private market, and tax on municipal services. But these tax powers were restricted by the relevant provincial legislations.

The Urban Local-Government became a transferred subject to popular control under the scheme of Dyarchy. Every province passed new legislation reforming the Municipal set-up and making them more liable to democratic control. These Municipal reforms brought a sense of local pride. But it was more confined to local elections. In their day-to-day functions and services, the Municipal bodies could not still move out of their old frame. Yet, there was marked
improvement in their finances and management. As the Municipalities desired to attend to civic needs more and more, they were faced with several handicaps in raising their own funds. Consequently, the Municipal bodies ran towards financial stagnation.

A federal Constitution was came into force in the year 1935 by the Government of India and it takes an end to the dyarchic administration. In the scheme of distribution of powers Local Self-Government was assigned to provinces. The 1935 Act listed the powers of the federation and the provinces only. The tax powers and service functions of the Local Government were left to the provincial Governments to be determined in this Act 1935. As a matter of fact, local bodies were gradually received of many important functions and this process was getting accelerated by the time the country attained Independence. In the post-Independence years, local bodies were thoroughly recast to suit the changed conditions. Officials, chairman and nominated members almost disappeared and municipal franchise was greatly expanded.

The Indian Constitution had distributed the powers between the Union and States on the basis of the model of Act of 1935. The subject of Local Self-Government is enumerated in the State list. The Municipal Acts are State creations
and in law they can modify them at will. In October 1953, the eleven Telugu speaking districts of Madras State were separated and constituted into the 'Andhra State'. In the new State, there were 35 Municipal Councils. They were functioned regularly. In the newly formed Andhra Pradesh, there were four types of local bodies, namely, Panchayats, District Boards, District Municipalities and Corporations. But only Telangana had Corporations. Local bodies which came into existence late in the two regions were continued under separate laws that were in force prior to the merger till 1965, when the Andhra Pradesh Municipalities Act was passed.

Almost all the financial aspects of urban local bodies in Andhra Pradesh, as in the case of the rest of the country, are strictly governed by acts and rules made by the State Government from time to time. The taxes which the local bodies including the municipal bodies, impose are constitutionally speaking State taxes and the State Government delegates tax sources to their local bodies through statutes.

Through the Department of Local-Self-Government which has powers of making regulations, obtaining information inspection, sanctioning taxation and loans, approving budgets, auditing accounts sanctioning high appointments and training the personnel, approval of bye-laws, suspension or
The Nagarpalika Bill sought to reduce the powers of the State Governments over the Municipal affairs. The former Central Government aimed at transferring massive amounts of funds for poverty alleviation programmes directly to the urban bodies, bypassing the State Governments. The Nagarpalika Bill intended to confer powers on these bodies to raise their own resources besides getting a share in the State’s revenue.

Municipalities are categorised differently in each State. The criteria generally applied are population, income and other factors like industrial development, historical importance etc. A mix of these factors is also followed in some States but there is no uniformity in the classification of Municipalities in the Indian States. In Andhra Pradesh, any local area in the State with a population of not less
than 25,000 is formed into a Municipality. Besides population, income limit is also laid down in Andhra Pradesh. The Municipalities are graded as Selection grade Municipality, Special grade Municipality, First grade Municipality, Second grade Municipality and Third grade Municipality as specified below:

The Selection grade municipality with an yearly revenue of Rs. 80 lakhs and above having commercial importance, the Special grade municipality with an annual revenue rating between Rs. 50 lakhs and Rs. 80 lakhs, the First grade municipality having an annual revenue of Rs. 30 lakhs to Rs. 50 lakhs, the Second grade municipality whose annual revenue ranging between Rs. 15 lakhs and Rs. 30 lakhs, and the Third grade municipality with an yearly revenue not exceeding Rs. 15 lakhs.

With the frequently changing classification and the growing urbanisation, the number of Municipalities has been changing rapidly. In 1961-62, the total number of Municipalities in Andhra Pradesh was 125. But in 1970-71, their number and fallen to 82. This was mainly due to degrading of certain Municipalities into major panchayats in the Telangana region of the State. The reasons for degrading of certain municipalities were lack of financial viability and small population. Some Municipalities had very meagre
tax and non-tax revenues and for too heavy expenditure responsibilities and they had to be abandoned. In addition, some Municipalities had smaller population than Gram panchayats to warrant continuance of Municipalities. Between 1970-71 and 1988-89, however, the total number of Municipalities increased from 82 to 112. This is an indication of the growing urbanisation in the State since 1970-71. The number of Municipalities in the State in selected years is presented in Table 2.1. In 1988-89 there are 112 municipal bodies and three Municipal corporations in Andhra Pradesh. The table 2.2 shows the classification of 112 Municipalities in Andhra Pradesh in 1988-89. It is clear from the Table 2.2 that among the 112 Municipalities, 8 are selection grade, 10 are special grade, 16 are first grade, 35 are second grade and 43 are third grade Municipalities in Andhra Pradesh. According to revenue and population size, the Coastal Andhra has the largest number of 49 Municipalities as shown in the table.

Compared to other districts in the Coastal Andhra, Guntur, East and West Godavari districts account for a large number of Municipalities. But compared to other districts, urban population as well as the number of towns are highest in Krishna district. It had only 5 Municipalities. In view of the lack of financial viability several towns are not upgraded into Municipalities.
TABLE 2.1
NUMBER OF MUNICIPALITIES IN ANDHRA PRADESH IN SELECTED YEARS (DISTRICT-WISE)

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>01.</td>
<td>Srikakulam</td>
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<td>4</td>
<td>1</td>
<td>3</td>
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<td>02.</td>
<td>Vijayanagaram</td>
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<td>-</td>
<td>4</td>
<td>4</td>
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<tr>
<td>03.</td>
<td>Visakhapatnam</td>
<td>4</td>
<td>4</td>
<td>2</td>
<td>2</td>
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<tr>
<td>04.</td>
<td>East Godavari</td>
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<td>9</td>
<td>9</td>
<td>9</td>
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<tr>
<td>05.</td>
<td>West Godavari</td>
<td>5</td>
<td>7</td>
<td>8</td>
<td>8</td>
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<tr>
<td>06.</td>
<td>Krishna</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>07.</td>
<td>Guntur</td>
<td>7</td>
<td>8</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>08.</td>
<td>Prakasam</td>
<td>-</td>
<td>3</td>
<td>3</td>
<td>5</td>
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<tr>
<td>09.</td>
<td>Nellore</td>
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<td>3</td>
<td>3</td>
<td>3</td>
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<td>Chittoor</td>
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<td>4</td>
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<td>11.</td>
<td>Anantapur</td>
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<td>7</td>
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<td>7</td>
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<td>Cuddapah</td>
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<td>Kurnool</td>
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<td>Khammam</td>
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<td>Medak</td>
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<td>Adilabad</td>
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<td>5</td>
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<td>17.</td>
<td>Warangal</td>
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<td>Nalgonda</td>
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<td>4</td>
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<td>19.</td>
<td>Nizamabad</td>
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<td>2</td>
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<tr>
<td>20.</td>
<td>Mahabubnagar</td>
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<td>21.</td>
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<tr>
<td>22.</td>
<td>Rangareddy</td>
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<td>-</td>
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<td>Hyderabad</td>
<td>7</td>
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</table>

Total: 125 82 84 112

2. Directorate of Municipal Administration, Notification Issued by Directorate of Municipal Administration, Andhra Pradesh, 1989.
TABLE 2.2
NUMBER OF MUNICIPALITIES IN ANDHRA PRADESH - 1988-89
(GRADE-WISE)

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Grade</th>
<th>No. of Municipalities</th>
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<tbody>
<tr>
<td>1</td>
<td>Selection Grade</td>
<td>8</td>
</tr>
<tr>
<td>2</td>
<td>Special Grade</td>
<td>10</td>
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<tr>
<td>3</td>
<td>First Grade</td>
<td>16</td>
</tr>
<tr>
<td>4</td>
<td>Second Grade</td>
<td>35</td>
</tr>
<tr>
<td>5</td>
<td>Third Grade</td>
<td>43</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>112</td>
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</tbody>
</table>

Source: Directorate of Municipal Administration, Notification Issued by the Directorate of Municipal Administration, Andhra Pradesh, 1989.

FUNCTIONS OF MUNICIPALITIES

The functions of Local Government, and more particularly of Municipal bodies, do not appear to have been devised on any principle of administrative or theoretical tenets. History and the influential role in determining the Municipal functions in each country. That accounts for the striking differences in the functions of the Municipalities in different States. For example, in England, local bodies
manage their own police, while in India, it is a State function. In West Germany, the local bodies have all such powers which are not specifically forbidden by law of allotted to some other authority. In the United State, the local functions are dependent on the terms of the charter issued to cities and towns. The Municipal organisation and functions in India are not very dissimilar to those of western countries. Promotion of civic welfare is their avowed objective. But there are some of functional differences between the two. Some urban functions on the continent, like police, natural disasters, airport, etc., are considered solely as State-Union functions in India. Functions like health, sanitation, water supply, vaccination, parks etc., are entrusted to the Municipalities in the country.

Theory of fiscal federalism, however, suggests that all the public goods cannot be provided by any one level of Government. An efficient provision for any type or class of goods can be made by a specific authority depending upon the prevailing technology of production. Whether the demand for any public good is from the whole group of citizens of the State or part thereof, determines as to which unit can undertake the supply of such goods most economically. For example, defence, railways, space exploration, etc., are managed efficiently by the central government, and street lighting, scavenging and maintenance of town roads are better
provided by a local body. The functions of sanitation and health, street lighting, water supply, primary education, town planning, epidemic control, vaccination etc., naturally belong to the Municipalities.

Promotion of civic welfare is the main aim of all the urban bodies in India. The urban public sector functions are all arranged with a view to render the utmost possible service to the civic community as a whole, in any such matters in which the local body can render a prompt and effective service compared with either the Central Government or the individual himself. On the whole, the Municipal functions in India are limited to a few but essential ones which have a direct and day-to-day impact on public welfare. This does not suggest that no secondary duties are discharged by them. Indicators are that these too are slowly gaining importance, in addition to the customary functions mentioned above.

In any scheme of Local Government system the first question to be decided is the definition and scope of their powers. A clear definition of the functions and powers of the Local Government solves several fiscal problems that normally arise in the working of the Local Government. Three broad types of Local Governments can be identified on the
basis of status, powers and functions of Local Governments as follows.

The first one is where the Constitution of a country grants 'universal powers' to local authorities. By this, the local authorities may perform any function not specifically given by law or not exclusively belonging to another authority. This system gives wide scope of Local Government to undertake any function. The second one is where local authorities can perform only such functions as are specifically granted to them by higher Governments. In the absence of constitutional statutes, Local Governments are created by a statutes of the States, and are controlled, guided and superseded by the State Governments. In this system Local Governments perform only limited functions. Local Government in India is the best example of this; and the third variety is where the local authority is an integrated unit of administration, subject both to ministerial orders and statutes. This system does not exist in our country. France is the best example of this arrangement.

The above three models of Local Governments are not without defects. Henry Maddick, suggested that in underdeveloped countries, a discriminatory allocation of functions to each local authority to be made by the ministry. This can only result in rampant confusion and lack of
standardization in local administration. Eventhough the local bodies are the creatures of States and are controlled, guided and superseded by them, in practice such strict controls are not placed by the concerned authorities.

Two important factors must not be lost sight of in the State executive's control over the Municipal affairs. Firstly, the Municipal bodies are democratic institutions and constituted by a process of election. As such, public opinion cannot be overruled often. Secondly, they are autonomous bodies though in a limited sense and their autonomy has to be respected and interference has to be minimal. But these limitations, however, do not prohibit the State from exercising its regulatory powers over the local bodies. There are good reasons for this.

In the absence of a constitutional break-up of municipal functions, it seems necessary that the State administration should avoid overlapping of functions and achieve co-ordination in their working. The State gives large scale financial aid to Municipal bodies and hence it was an accountability to discharge their functions. Therefore, financial checks and expenditure control are necessary for efficient administration.
The State Government exercises control over Municipalities in such ways as promulgating rules, giving approval to Municipal byelaws, control over recruitment and dismissal of local personnel, appointment of auditors and suspension or supersession of Municipal bodies. There is a strong professional opinion that the State Governments are not very enthusiastic about promoting autonomous Local Government in their respective States as they are not prepared to share power with lower local bodies. It is argued that some State Governments have grabbed the power back from local bodies gradually.

To ensure greater power to Local bodies an amendment to the Constitution is advocated. The idea is to give independent tax powers to the Municipalities and to ensure periodic elections to these bodies. Such an amendment, would bring local bodies under the purview of constitutional bodies such as the Comptroller and Auditor General of India and the Election Commission. In effect, the amendment would transfer Local Self-Government from the State list to concurrent list so as to allow the Centre to pass legislations in this area. The provision of conducting elections both for rural and urban bodies under the supervision of the chief election commissioner instead of State Government, is another suggestion made to set right the working of Municipal bodies.
Relating to finances, setting up of a finance commission to recommend tax shares and grants from the States is advocated to minimise the role of discretionary transfers. In addition, strict accounting procedures are advocated to control corruption and misuse of funds of local bodies. To promote accountability, compulsory auditing of local funds by the Comptroller and Auditor General of India is also advocated. Some of the suggestions go far beyond the required level of intervention. This kind of reduction in the power of States and increased in the powers of the Centre is an unhealthy trend leading to more and more centralisation in the country. The central financial assistance to Municipalities is however necessary in view of their present inadequate financial condition to meet their day-to-day functional expenditure.

In the States the department of Self-Government or Municipalities is in-charge of urban local bodies. The department is entrusted with the responsibility of overall control and direction of Municipalities, their inspection, audit, departmental sanctions, etc., unlike other State departments, the Municipal department in Andhra Pradesh does not have field agencies to co-ordinate the several functionaries. This is an organisational deficiency to be attended to. A proposal is made to setup a fullfledged urban
development department of secretariat level or to constitute an inter-departmental standing committee. Several States like Andhra Pradesh, Gujarat, Kerala, Maharashtra, Punjab, Rajasthan, Tamilnadu etc., have opened separate directorates of Municipal administration. A district level field agency will help to remove much of distrust prevailing today between the urban local bodies and the State Government.

The Union Governments role in strengthening the urban bodies is that of co-ordination, rendering expert advice, securing financial aid and promoting research etc. At present, the central government has no direct link with the Local Government. The recently withdrawn Nagarapalika Bill intended to confer on the Central Government direct authority over the urban local bodies.

In 1954, a central council of Local Self-Government under the chairmanship of the Union Health Minister was established. The council meets annually and exchanges views on all aspects of urban development such as protected water supply, sanitation, health, housing etc., and suggests integrated policy measures. However, the council is only an advisory body. The Union Government has initiated a number of enquiries and research studies into the urban problems. The central financial assistance for urban water supply and drainage, slum clearance, housing and urban development plan
schemes is steadily increasing since the inception of planning in 1951.

Each State has evolved its own form of local constitution to govern the urban bodies. The basic features of these bodies are however, very similar, there are five kinds of Municipal bodies in the country at present, namely, city corporations, Municipalities, town areas, notified areas and containment areas. Each of these possess characteristics of their own based on statute powers and functions etc. City corporations in comparison with Municipalities have more autonomy in respect of financial matters like budget framing, taxation proposals, borrowing powers etc.

Constitutionally, Municipal Government falls within the province of State government which has thus, the powers to determine the structure, functions and financial resources of the Municipal authorities. There is some ambiguity in the use of the term 'Municipality' in India. The term is more confused with the use of regional languages in the enactments e.g. Nagarpalika, Purasabha, Nagarsabha etc. Town area and notified committees are given a Municipal statutes and are constituted as such. But more important difference between a Municipality and these two is the purpose for which they are created. Town areas and notified committees are formed to promote industrialisation of
specific area development. These are not considered as fullfledged Municipalities. The connotation area committees are under the control of Department of Defence.

In view of the diversity in the urban local bodies, the Nagarpalika Bill sought to make it obligatory for all States to set-up three types of Nagarpalikas; namely, Nagara Panchayats for transitional areas. Municipal Council and Municipal Corporations for urban areas. It also sought to set-up ward committees and zonal committees within each Municipality and corporation respectively. The Nagarpanchayats are meant for areas in transition from rural to urban with a population ranging between 10,000 and 20,000, the Municipal council for urban areas with a population ranging between 20,000 and 3,00,000 and Municipal Corporations for urban areas with a population exceeding 3,00,000.

Conclusion

Municipal Government in Andhra Pradesh has its real beginning with the reforms of 1919. The Government of India Act of 1935 further strengthened the Municipalities by assigning the subject of Local Self-Government to provinces. The Constitution of India adopted the 1935 Act in this regard. The Municipal Government in Telangana region, however, had a different history. Till 1965, the Municipalities in
Telangana and Andhra regions were governed by different sets of Acts. In 1965, a new Act introduced uniformity in the Municipal administration of the State.

The Municipal bodies in Andhra Pradesh as in other States are created, guided, controlled, and even superseded by the State Government. The unfavourable financial position of Municipal bodies has enhanced the State Government control. The Municipalities depend on the State for financial assistance, expenditure sanctions, and policy directions. The State Government Ministry of Municipal Administration exercised complete control over the Municipal expenditures. The Union Ministry of Urban Development, however, provides certain expert advice and guidance. The five forms of Municipal bodies, namely, city corporations, Municipalities, town areas, notified area committees, and cantonments, differ widely across the States in terms of status, powers, and functions.

The municipalities have been assigned very essential functions which affect the day-to-day lives of urban population such as sanitation, education, health, water supply, libraries, parks, and rest houses. These functions are very expanding in nature and demand enormous resources. But the tax powers assigned to the Municipalities are too inadequate. Except property tax and profession tax, there is no other productive source. Even these sources are not
adequately exploited. The non-tax revenues are not exploited properly by the Municipalities. As a result the dependence of Municipalities on State Government grants and loans has been increasing. The growing urbanisation and changing composition of urban population have aggravated the fiscal crisis of the Municipal bodies. The remedy lies in a suitable amendment to the Constitution to confer independent tax powers and functions of the Municipalities, which would ensure a better correspondence between the revenue and expenditures. Such an amendment should also provide for statutory finance commission and to determine tax shares, grants and loans from the State Government to the Municipalities.
REFERENCES


05. Ibid, p.48.


17. Ibid, p. 1669.

