Chapter I

RESEARCH METHODOLOGY, DISTRICT PROFILE AND SIGNIFICANCE OF LOCAL GOVERNMENT.

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- History of Local Self Government of Aurangabad District
- Local Self-Government
- Characteristics Of Local Government Having Concern To Its Finances
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- Significance And Matters Of Urban Govt. Related To Its Finances
- Research And Evaluation For Rational Deployment Of Funds
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Introduction:

The significance of Municipal finance is too obvious to need any elaboration as no Municipal organization can survive, much less achieve its objectives without at least a minimum of finances. That is why Kautilya, the great Indian philosopher, remarked “all undertakings depend upon finance, hence foremost attention should be paid to the treasury.”¹ Every administrative act of municipal office has its financial implications, either creating a charge or making a contribution to treasury. The importance of finance is so great in Municipal administration that Liyod George is said to have once remarked the ‘government is finance.’² in fact, finance constitutes the backbone, the life and blood of Municipal government: it provides fuel to the Municipal administrative machinery. Sound fiscal policy is therefore, of crucial importance to the government whether Municipal or central or state. Imprudent financial management not only brings discredit to the government but also alienates it from the people, and may endanger its very existence. Felix A. Nigro has rightly observed:

“Financial administration is of great importance today because of the tremendous increase in the amounts of money expended for government services. Everything government does requires money. It is utterly essential that sound principles and techniques of financial administration be employed.”³

The responsibilities of municipal bodies have tremendously increased as a result of the rapid increase in urbanization and adoption of welfare state as the ultimate goal of our polity. In any multilevel pattern of government the effectiveness with which the lower units would operate, is determined to a large extended on how their finances are
organized in relation to their functional responsibilities.\(^4\) Local government finance, thus assumes great importance. Municipal bodies in order to be able to discharge their obligations in respect of development and improvement of their respective areas, provision of civic amenities and welfare services require adequate financial resources commensurate with the tasks assigned to them. But unfortunately municipal authorities in our country are proverbially deficient in financial resources. As far back as in 1925, the Indian Taxation Enquiry Committee had noted that the finances of local bodies were inadequate for the services they were required to perform. The Municipal Acts set out an impressive list of obligatory and discretionary functions entrusted to the local authorities. And, besides these legally allocated functions, their responsibilities have been growing in the wake of rapid urbanization exercising continuing and mounting pressure on the civic facilities and amenities. But it is regrettable that the importance of these obligations with adequate resources has never been sufficiently recognized.\(^5\) Since independence, this aspect has been enquired into by numerous central and state commissions and committees but their recommendations have not been matched with adequate follow-up action towards implementation. The decentralization movement of the post-independence period has not radically adhered to financial conditions of local government and they continue to suffer from paucity of resources\(^6\), and the gap between their finances and desired level of services is continuously widening.

Finance constitutes the sinews of Government at all levels, national, regional and local. Without sound financial administration no government at any of the levels can function effectively. Hence, a careful study of municipal finance is called for. In a democracy, particularly in
In the case of local self-governing institutions, there should be an unmistakable urge to evolve an effective system of financial management.

It is generally complained that municipalities all over India fail to function properly chiefly for paucity of funds. This is truer in case of Maharashtra. The Government of India has set up a number of committees and Commissions to go into details of the financial problems of local bodies and suggest remedies for its improvement. Starting from the Local bodies and suggest remedies for its improvement. Starting from the Local Finance Enquiry Committee in 1951 up to the Rural – Urban Relationship Committee, 2005, all have come to the conclusion that the finances of the municipal governments are in a pitiful shape and necessary measures should be taken to augment their resources. Similarly in Maharashtra, the Maharashtra Local Body (Urban) Administration Enquiry Committee (1963) and the State Municipal Finance Commission (2007) have made recommendations for providing adequate scope for the local bodies to exploit more financial resources. These raise several interesting issues about the pattern of municipal finance in Maharashtra in general and of the Municipalities from A’bad Dist. in particular, which is discussed in the thesis in some detail.

Finances are required to municipal bodies to discharge obligatory and voluntary functions. The principal obligatory functions in the process of utilization of financial resources by municipalities are the construction and maintenance, their sanitization, watering, and lighting; abatement of public nuisances; regulation of dangerous and offensive water supply; drainage; maintenance of hospitals and dispensaries; vaccination; construction and maintenance of public markets, slaughter-houses, and sanitary conveniences; arboriculture; education specially primary; fire
protection etc. Their permissive functions relate to laying out of new public streets in areas whether or not, and providing building sites along them; reclamation of unhealthy localities; acquisition of land; construction and maintenance of public parks, gardens, libraries, museums, lunatic asylums, travelers’ rest-houses, camping grounds, poor houses, dairies, baths, washing places, bathing ghats, and similar other works of public utility; census and surveys; giving of relief in case of local calamities; establishment, management, or subsidizing of water, electricity and transport undertakings; holding of fairs, exhibitions, etc. Minor differences of detail exist in various provinces, but the above list is fairly illustrative of the existing municipal functions.

While the full expansion of the existing functions of our municipalities is urgently required, it does not mean that additional functions should not be conferred on them till this process is complete. Municipalities must not be treated like school boys who must pass a given examination to be promoted to the next higher class. Local functions constitute a unity, and the absence of one requisite function may affect adversely the management of others that already exist. Health administration is meaningless, without suitable provision for housing. Education will not yield its best results if the children are hungry and ill. People in destitution cannot be made healthy even with the best medical available. In matters of public-welfare we cannot proceed by halves. That way lie inefficiency, failure, and waste.

The thesis focuses on income and its utilization practiced by the various municipal bodies in the Aurangabad district. The objectives/hypothesis set for the thesis is as ahead:-
**Objectives of Study:**
The following objectives were selected for the study:
(1) Investigating the Factors affecting the finances of Local Govt
(2) Apprising the Tax and Non-Tax Revenue.
(3) Investigating the facts of expenditure
(4) Knowing the Problems in Recovery of various taxes and present situation
(5) Searching out the Obstacles in receiving and spending the finances
(6) Evaluating receipts and performances of Municipalities

**Hypothesis:**
The following Hypothesis set for the study.
- There has been a number of hurdles in the growth and development of Municipal functions.
- Problems in Collection and utilization of financial resources by different municipal offices are more or less similar.
- Inputs in Municipality like enlighten leadership, skilled or trained Personnel/labour, adequate capital; managerial skills, Govt. grants etc are not available as per needs.
- The Revenue collection entails much delay and leakages
- Citizens’ satisfaction for civic amenities is given less concern by the municipal administration

**Reference Period:**
The reference period, while collecting the secondary data on the finances and accomplishment of performances by the municipalities and Municipal Corporation from the Aurangabad District is for the three years i.e. 2003-04, 2004-05 and 2005-06. The data of three years so collected from the municipal records of the concern bodies was used for calculating
annual averages of the various variables. However, while collecting the historical information or data, the reference period was kept extended even prior to independence period i.e. 1947.

Scope of Research Study:

The Municipalities from the Aurangabad District is chosen as universe for study. The Municipalities so selected were visited for conducting interviews with the help of structured and unstructured questionnaires. However, the Aurangabad Municipal Corporation is also included in the study to provide comparative visions on financial and their utilization aspects as between Municipalities at town levels and Municipal Corporation at the city level. The scope of study though limited to the following municipalities from the Aurangabad District, the efforts were made to universalize the findings applicable to all the urban places in the state.

Scope of study: Municipal Bodies in the Aurangabad District

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Corporation / Municipal Council</th>
<th>Year of Est.</th>
<th>Classification</th>
<th>Area of Sq. kms.</th>
<th>No. of wards</th>
<th>Total</th>
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<tr>
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<td>Municipality</td>
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<td>2)</td>
<td>Kannad</td>
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<td>C</td>
<td>16</td>
<td>6</td>
<td>34408</td>
</tr>
<tr>
<td>3)</td>
<td>Sillod</td>
<td>1990</td>
<td>B</td>
<td>18.84</td>
<td>18</td>
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<tr>
<td>4)</td>
<td>Paithan</td>
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<td>C</td>
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<tr>
<td>5)</td>
<td>Gangapur</td>
<td>1950</td>
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<td>17</td>
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<td>6)</td>
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<td>180</td>
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</table>

Source- Municipal Offices
Research Methodology:

Research methodology used for study is both exploratory and descriptive. The same is explained ahead:

(a) Collection of Secondary Data through the Review of Literate on the subject selected for study.

Books, reports, office record and such other printed materials constitute an appropriate source to have an insight into the topic selected for research. The specific guidelines and hypothesis can be devised from this Secondary Source. In the process of exploring the source, the following offices and libraries were visited for required information:

- University Libraries and Libraries of various educational Institutions
- Gokhale Institute of Politics and Economics, Pune.
- Regional Development Corporations
- Offices of the Bureau of Economics and Statistics located at district places.
- Collectorate of the district, the Aurangabad Municipal Corporations and various municipalities from the Aurangabad Dist.
- Tata Economic Consultancy Services,

(b) Collection of Primary Data through Experience Survey based on Judgment sample Selection:

In order to conduct the micro investigation from each duly selected municipalities, the experience survey (based on judgment sample selection) of the CEOs, Supervisors, Elected councilors/social leaders, Workers, Suppliers, Financiers, civilians and Others Associated with municipal activities were conducted. Truly speaking, many people in the course of their daily regular and varied work in the practical field,
acquire experience, and in the process accumulate a rich fund of useful and practical knowledge which can be drawn upon, as and when, the need for the same is felt. So far as the municipalities are concerned, CEOs and the above mentioned people attain and develop certain insight into the characteristics of the working and impact of municipality functioning. As a result, these persons are capable of visualizing the problems, benefits, prevailing situation, future scope, etc. in the context of the municipal functioning, Income and expenditure. It is, hence, decided to conduct an Experience Survey of the above persons. While selecting the respondents for interview, a care was be exerted to select only those who possess competence, relevant experience and ability to communicate. Many a times, advanced information or some sort of preliminary training was imparted to the respondents who were to be interviewed. The persons such as CEOs, Municipal councilors, municipal works inspectors, etc. who are strategically placed at the executive positions are more informative, experienced and reputed for possessing practical ideas. Hence these persons were purposefully interviewed in the experience survey.

Efforts were also be made to ensure an appropriate representations of different types of experience by including respondents from various categories like municipal engineers, councilors working on the various municipal committees, officials from the Government Departments having concern to licensing and such other matters. The number of persons contacted for each type of enquiry will be different in size. When it was be realized that an additional respondent, if interviewed, would furnish similar information, the interrogation against the particular aspect or issue was bunged. This facilitated an economy in the data collection.
During the course of interview, the respondents were asked only the relevant questions having a due regard to their relation with the working of municipal office and depths of their experiences. For example, if such a person or respondent was happened to be a water works engineer, the issues like difficulties in receiving the water from the govt other sources, attitude of people in using water, Payment of water charges etc. were discussed. If the respondent was defaulters in Octroi payment, the questions pertaining to his ability or inability to pay Octroi, the terms and conditions of Octroi payment etc. were asked. The number of persons to be contacted was kept different for different purposes.

(c) Case study:

In order to study in detail the functioning of the particular section from the municipality against the set objectives of thesis, case studies of few sections (Departments) of the various municipalities from the Aurangabad district were conducted. The attempts were made to relate the micro variables (discovered in case study), to macro variables that were already observed in explorative method of study.

Contribution or Impact of work:

This research study is an in-depth exploration based on scientific methods of research for the purpose of understanding the problems of income and expenditure confronted by the various municipalities for their agreeable solutions. There have been a number of hurdles in the finance utilization for growth and development of the municipal functions. If these are removed or minimized, the municipalities would be much benefiting to the citizens; moreover its potentialities to provide employment and social linkages are irrefutable. The findings of this
research may be expediently universalized elsewhere where the analogous settings exist on par with the selected research universe.

**Chapters Scheme:**

Chapter I : Research Methodology, District Profile And Significance of Local Government.

Chapter II : Municipal Government And Factors Affecting The Finances.


Chapter IV : Functions Carried Out By Municipal Government In Aurangabad District.


Chapter VI : Municipal Personnel Administration And Its Influence On Finances.

Chapter VII : Budgeting And Auditing: Apparatus In Rationalizing The Expenditure

Chapter VIII : Summary, Conclusions and Recommendations.

**Profile of the Aurangabad District:**

   India won its Independence in 1947. The future of Hyderabad was now to be settled. Public opinion in Hyderabad was overwhelmingly in favour of joining the Indian Union. This was opposed by the leaders of the Razakars who now controlled the government. All efforts of moderates like Sir Mirza Ismail and Sir Sultan Ahmad to establish the relation between the Indian Union and Hyderabad in consonance with the realities of the situation were opposed by the Razakars. The movement of the State Congress to force Hyderabad to join the Indian Union was
strongly attacked by the communal elements. In the latter struggle thousands went to jail and suffered strongly at the hands of the administration. Due to the activities of the Razakars hundreds of thousands of Hindus had to flee the State and take shelter in numerous camps set up by the sympathetic Indian opinion across the borders. The district of Aurangabad too had its share of public workers who fought and suffered. At last, the government of the Union moved into the Nizam's State and after a brief but brilliant police action put an end to the intolerable conditions prevailing in the State. Soon after, elections were held in the State and a representative government was set up. The State of Hyderabad acceded to the Indian Union. In 1956, following the reorganization of States the district of Aurangabad along with the other districts of Marathwada became a part of Maharashtra.

Since Independence, the district has made commendable progress in economic, social and educational fields. This has been mainly the result of a liberal policy of socio-economic reforms followed by the government which is dedicated to the programme aimed at the implementation of the socialistic pattern of society. Over a period of years, the population of the district has increased from 733,291 in 1901 to 19, 71,006 in 1971. The population has mainly remained agricultural though agriculture is not today bound by the orthodoxy and conservatism that haunted it in the past. The farmer has become more conscious to the changing needs of time and the various measures undertaken by the government such as provision of irrigation facilities, supply of better seeds and chemical fertilizers. Introduction of modern methods of production including tractors etc., have contributed immensely to the productivity of agriculture.
This progress, which the district economy has achieved, has been made possible due to the ambitious five years plans the government has executed during the course of the last 20 years. Planned economy or attempt at deliberate economic growth, which was unknown in the past, has now become the watch-word in practically every field of the socio-economic life of the district as also in the immense progress the economy of the district has made during the five year plans.

This measure of progress, which the district has achieved, could not be possible without an enlightened public opinion. The policy of the State has been to encourage education and thereby create and perpetuate a sound public opinion. The progress the district has made in this field could be seen from the increase in the number of educational institutions and the students taking advantage of them. This progress in educational field has created a mass of enlightened electorate and has set in motion a liberal spirit that has transcended the bounds of social division which for so long had retarded the progress towards social and economic reforms. Today no one any longer has a feeling of being persecuted or oppressed but everyone feels himself to be the part and parcel of the community of which he or she is a member. This liberalism has also destroyed the spirit of individualism and self-interest and individuals’ to-day have cast away their feeling of apathy towards their fellow beings and are moved by a sense of brotherliness and fraternity. The role of the State is definitely significant in creating such a positive approach on the part of the individuals towards life in general and their problems in relation to State in particular. The importance of associating the people with the administration and the working of the district in particular and of the State in general was recognized by the State and was reflected in various
measures undertaken by the State particularly in the inauguration of the Zilla Parishad in the year 1962.

During the last sixty years after the independence, the country witnessed vast changes in the politico-economic fields. Thrice the country had to face foreign aggression. These phenomena and their repercussions though in a small degree were reflected in the day-to-day life of the district. Though local problems never turned the minds of the people from wider problems of national importance, they definitely influenced the people of the district. Local leadership developed on the same lines as the national one and people were taken away by varying senses of loyalties and alignments. Such local problems were either of a political, social or religious nature, for example-

(i) Problem of election politics
(ii) Problem of literacy and education
(iii) Insufficiency of factors of industrial production
(iv) Lack of sufficient transport facilities
(v) Problem of unemployment
(vi) Low standard of living
(vii) Inadequacy of water supply

However, the people as well as the leadership never made these issues preponderate over the national emergency. The people of the district responded magnanimously at the time of the Chinese and Pakistani invasions and showed the spirit of oneness that had permeated through them for generations. For creating such a feeling of oneness, union and solidarity amongst the people of the district, the State and local leadership was mainly responsible. However, the horizons are wide, the progress to be achieved is immeasurable and the obstacles are many but
the people of the district with glorious traditions of the past are definitely well equipped to overcome these obstacles and to continue their onward march to further and better progress and growth.

**Aurangabad District of Maharashtra**

*Click at a glance Tahasil*

*Map not to Scale*

**Aurangabad District** is a District in Maharashtra, India. It is bordered by the districts of Nashik to the west, Jalgaon to the north, Jalna to the east, and Ahmednagar to the south. Aurangabad is the capital and principal city. The district is 37.53% urban as of 2001.
Table No. 1.1
Estimated Population of Municipal Corporation / Towns in A’bad District.

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<td>913</td>
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<td>1087</td>
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</table>

*Source: Collectorate A’bad District.*

**History of Local Self Government of Aurangabad District:**

The History of Local Self Government in Aurangabad District can be traced back to 1867-68 when municipal committees were formed in the principal towns of the district. The municipal committees, which were under the charge of the Miscellaneous Secretary to Government since 1869-70, comprised the Talukedarer as president and about seven members who were appointed by Government. Some of the members were officials.
while the rest were nominees from among the public. The Talukedar used to appoint a Municipal Inspector to look after the repairs to roads, buildings, etc., and the conservancy arrangements were made over to a contractor.

The Local self Government institutions are looked after by the various statutory bodies such as the municipalities, the Panchayat Samities and the Zilla Parishad. The progress made by these institutions could be grouped under three heads. Firstly, partially elected or nominated bodies, they have now become elective. Secondly, their franchise has also gone on widening limited franchise to universal adult franchise. Thirdly, wider and wider powers have been conferred upon them.

The power to control and supervise these institutions except the municipal administration which is vested in the Director of Municipal Administration since the passing of the Maharashtra Municipalities Act, 1965, is given to the Divisional Commissioner under the Bombay Village Sanitation Act (I of 1889); the Bombay District Vaccination Act; (I of 1892); the Bombay Local Fund Act (XXV of 1930); the Bombay Village Panchayats Act. 1958; the Maharashtra Zilla Parishad and Panchayat Samities Act. 1961; and other orders issued by the Government from time to time.

The Divisional Commissioner co-ordinates the work of the heads of various departments of the Government; for instance, the Chief Executive Officer of a Zilla Parishad is responsible to the Divisional Commissioner in regard to the Zilla Parishad administration. The Divisional Commissioner plays a vital role in guiding and encouraging
the Zilla Parishad and the Parachayat Samities to take new schemes or expand the scope of existing ones with a view to achieving the plan targets. He also exerts himself constantly with a view to promoting good relations between the elected representation and the officers of the Zilla Parishad and the Panchayat Samities.

Local Self-Government:

The Local self – government and Municipal government in our country is generally known as Local – self – government. The term Local -self-government is a legacy of the British rule when the country did not have self-government at either the state or central levels. When the British government decided to associate Indians in administering Municipal affairs, it meant a slice of self-government for the people. Now the word ‘self ‘has become superfluous or redundant because the country has self ‘rule at all levels. Moreover, Municipal bodies as if New Delhi Municipal Committee and Urban Improvement Trusts are not representative in character, the use of the term Local self-government will not proper. Despite this distinction, both the terms are continued to be used interchangeably in our country. That is why the term Municipal government and not Local self government

The Municipal Government’s jurisdiction in the Aurangabad district like wise elsewhere in India .is limited to a specific area and its functions relate to the provision of civic amenities to the population being within its jurisdiction. A Municipal government functions within the provisions of the statute which has created it. It is subordinate to the state or provincial government, which exercises control and supervision over it. Nevertheless, the activities of the Municipal government are numerous. Municipal government has been undertaking new activities which either
regulate the conduct of the citizens or are in the nature of service such as provision of mass transport, construction of houses for the poor, supply of electricity, health centers, parks, playgrounds etc. In fact, Municipal government is today much more important in the daily life of a citizen than the State or Central government. Thus, it is very important to know about Municipal government.

**Distinction Between Local Govt. And Local Self Government:-**

Local government and Local self-government are interchangeably used. The distinction between them is a legacy of the alien rule. The term 'local self government' has been used in those countries, which were under the colonial rule. For instance, in our country, the term originated when the country was ruled by the Britishers and we did not have any self-government at the Central and provincial level. After the British government decided to associate us in administering local affairs, it meant a slice of self-government for the people. Hence, the term 'local self government' was meaningful at that time. Now the word 'Self has become redundant as the country enjoys self rule at all levels. The term 'self-government' may also appear embarrassing as well, because it has around itself a ring of virtue which it is unnecessary to claim and, on occasions, difficult to justify. Moreover self government which reflects the government by the people themselves of a local area through their elected representatives sometimes in conspicuous by its absence as election to local bodies do not take place for years after they have been created or superseded for indefinite periods. [Though now it Is obligatory for the state governments to hold election to the local government bodies regularly and to the superseded local bodies within six months as provided in the Constitution (74th Amendment) Act, 1992]. It is, therefore, proper to use the term 'Local Government' instead of 'local self-
government'. That is why the term 'local government' and not the term 'local self government' is used in Entry 5 of List II of the Seventh Schedule of our Constitution. Despite this distinction, both the terms continue to be in vogue in our country. The terms signify a government, representative of local inhabitants, more or less autonomous in character instituted under State legislation, in a village, a district, a city or in urban areas to administer services as distinguished from State and Central services.

Characteristics Of Local Government Having Concern To Its Finances:-

The above discussion regarding meaning and concept of local government makes it clear that there are certain characteristics on which the system of local government is based. Some of its important characteristics are as follows:

**Local Area**—A local government unit, as far as its jurisdiction is concerned, has a well-defined area which is fixed by the concerned state government. This area can be termed as a city, a town or a village. The state government subject to changes from time to time through legislation fixes the territorial limits of a local body unit. The municipal council has to use its funds in this prescribed local areas and also empowered by laws to procure the receipts from the tax and non-tax sources only confining to the local area under its jurisdiction

- **Elected Body**:-Municipal government consists of authorities, which may be of
  i. Fully elected members or
  ii. Partly elected and partly nominated members or
iii. Fully nominated members.

We find many indirectly non-elected or appointed Municipal governments. In India, New Delhi Municipal Committee and Urban Improvement Trusts have nominated Chairman and members. Similarly, many urban development authorities such as Delhi Development Authority (DDA), Jaipur Development Authority (JDA), Lucknow Development Authority (LDA), etc. have nominated and indirectly elected ex-officio members.

- **Local Authority**—the administration of a particular locality is run by an authority or body of persons who are elected directly by the people residing in that particular area. That authority which includes the elected representatives of the people is responsible for management of local affairs in that area by procuring the funds and the utilization of the same through the democratic process.

- **Civil Amenities For Local Inhabitants**— The primary objective of local government is to provide certain civic amenities to the people at their doorsteps by using the municipal funds. The provision of these civic amenities ensures the healthy living of local community. These services are specifically meant for those inhabitants who are living in that restricted area for which the local government unit has been created. It has been rightly pointed out that all those amenities, which make living better, physically, economically, socially and culturally, should be facilitated through the municipal funds to the local inhabitants.

- **Local Finance**— In order to perform its functions effectively, it is necessary that every local government unit be provided with adequate
finances. The services provided to the local inhabitants are largely financed out of finances raised locally. The local inhabitants are required to pay taxes imposed by the concerned local authority. The Central and state governments render them financial aid through a system of grants-in-aid and permission to raise loans to enable them to perform the tasks assigned to them.

- **Local Sovereignty**—Local autonomy means the freedom of the local government to decide and act in the sphere of activities and functions allotted to them by the statutes under which they are created. Among other things, it implies the legal right of the inhabitants of a local area to choose their representatives to govern the locality concerned, according to the laws framed by the State Government, and to prepare the budget based on resources available. It is however, the authorities, which have been given the responsibility to run the local government, are neither sovereign nor self-created entities and they will have to depend upon the state government for their powers and functions. Truly, the local sovereignty is functional for spending the funds for those who resides in the area in a better and better ways.

- **Local Participation**—the success or failure of developmental plans at the local level depends upon the active participation of local people for whom these plans are prepared. The local government provides an opportunity to the local people to participate in administration. If the goals of development have to be achieved, people's participation is a prerequisite for it. The local participation streamlines the municipal administration, municipal funds spending and municipal functions for the benefit of residents only and it creates the feeling of local harmony.
Local Leadership—the people who come under the purview of local government, especially those living in rural areas, are generally illiterate, inexperienced, non-professional and unaware about the functioning of local bodies. Strong leadership, therefore, needs to be provided to those people. This leadership is provided to the people from the local area in the shape of elected representatives and elected office-bearers of the elected councils about the policies and programmes of the government. Local leadership emerging in the form of elected councilors is convenient to use the funds of the municipal councils publicly; the accomplishments of the functions under this democratic system are accredited to the local leadership and the failures defame it and same may be thrown away by the voters in the election.

Local Accountability—Local government units, which are created to provide civic amenities to the people by spending the municipal funds, are accountable to the local people. The residents of a local area keep a watch on local authorities to ensure effective performance of their functions and the expenses incurred thereon. If a local body becomes inefficient and is not in a position to provide satisfactory services to the people, it faces severe criticism of local residents.

Local Development—Local government is concerned with the overall development of the people living within its area. Every activity of local government is therefore aimed at development carried through the municipal funds with the help of elected councilors and associated incumbent of the local self-govt.
Meaning of Municipal Government:

It is not easy to answer the question “what is Municipal Government”? Municipal government may be described as ‘government by popularly elected bodies charged with administrative and executive duties in matters concerning the inhabitants of a particular district or place and vested with powers to make bye-laws for their guidance. Municipal government has been defined from various angles. It has been defined as “an authority to determine and execute measures within restricted area inside and smaller than the whole state. The variant Municipal self-government is important for its emphasis on the freedom to decide and act.”

Jennings define Municipal government as governmental organs “having jurisdiction not over the whole of a country but over specific portion of it”.

G. M. Harris opines, “Municipal government is a “government by Municipal bodies, freely elected while subject to the supremacy of the national government; are endowed in some respect power, discretion and responsibility, which they can exercise without control over their decisions by the higher authority. The extent of power, discretion and responsibility, which the Municipal bodies possess, is a matter of degree, which varies considerably in the various countries.”

According to John J. Clarke, “Municipal Government appears to be that part of the government of a nation or state which deals mainly with such matters as concern the inhabitants of particular district or place” In the opinion of W. A. Robson, “Municipal government may be said to involve the conception of a territorial, non-sovereign community
possessing the legal right and the necessary organization to regulate its own affairs. This, in turn, presupposes the existence of a Municipal community in the administration of its own affairs. The extent to which these elements are present must in all cases be a question of degree”.  

In the words of Humes and Martin, “Municipal government possesses most of the following attributes: a population; a clearly defined area; the capacity to sue and be sued; the ability to make contracts; a continuing organization; the authority to undertake and the power to conduct public activities and the right to collect revenue and determine a budget”.  

According to P. Stones “Municipal government is that part of the government of a country which deals with those matters which concern the people in a particular Municipality.” He points out further that it acts as the communities, housewife in that it makes surrounding fit to live in, keeps the streets clean, educates our children, built our houses, and does all those other similar jobs which enable us to lead a civilized life. As per L. Golding, “Municipal government is the management of their own affairs by the people of a Municipality.”  

According to Byrne, “Municipal government is marked out as a distinctive form of public administration by five key features”. “It is elected, multipurpose, operates on a Municipal scale, has a clearly defined structure, and is subordinate to parliament”.  

Hampton opines that “Municipal authorities have clearly defined geographical boundaries, multipurpose or compendious bodies, directly elected and having independent power of raising taxation.”
According to Michael Keating, “Municipal governments are seen as associations of individuals choosing to govern their own affairs defining their boundaries and negotiating their powers.”

David Wilson and associates define Municipal government as “a large geographically defined, multi-functional organization, pursuing a variety of social, political and economic objectives, either through the direct provision, or through the sponsorship, indirect funding, regulation or monitoring of a very extensive range of services to its Municipal community.”

A more appropriate definition of Municipal government is that by this term is ordinarily understood the “administration of a Municipality, a village, a town, a city or any other area smaller than the State by a body representing Local inhabitants, possessing a fairly large amount of autonomy, raising at least a part of its revenue through Municipal taxation and spending its income on services which are regarded as Local and, therefore, as distinct from State and Central Services.”

The essential characteristics of a Municipal government are,

- Firstly, its statutory status:
- Secondly, its power to raise finance by taxation in the area under its jurisdiction:
- Thirdly, participation the Municipal community in decision-making in specified subjects and their administration;
- Fourthly, the freedom to act independently of Central Control and
- Lastly, its general purpose, in contrast to single purpose, character.
The analysis or examination of various definitions of Municipal government given above reveals that Municipal government is a combination of various elements and no single definition includes all of them. These elements include a Municipal statutory body, Municipal inhabitants electing and controlling that body. Limited autonomy in the sense that State Governments in a federation and Central government in unitary system give them a limited freedom to perform their functions prescribed by law: recognition of distinction between Municipal and non-Municipal services, and power to levy Municipal taxes. Thus, a Municipal government has many attributes. The most important attribute is raising the finances through taxes and non-tax sources for satisfying the civic needs of inhabitants.

**Significance And Matters Of Urban Govt. Related To Its Finances:**

Municipal government and administration is no longer a simple affair. It has become quite complicated and complex with the phenomenal increase in the process of urbanization and consequent spurt in the demand for more and more funds to solve the problems and to increase in their functions. In the post-independence period, it was envisaged that in the new set up local bodies as instrument of national policy would be used more and more and there would be steady increase in the municipal funds and functions. In the first Five Year Plan, the Planning Commission's thinking was that the general direction of policy should be to encourage self-financing and governing bodies and to assist them in assuming responsibilities for as large a portion of the administrative and social functions as possible. Accordingly, the local governments are called upon not only to provide for civic services and facilities like water supply, sewerage, transport, health and sanitation, recreation etc. but also to carry out the programmes of national
development through the funds collected from the local sources. Their responsibilities have consequently increased manifold for obtaining the funds through the tax and non-tax sources, providing better conditions of living, ameliorating the lot of the urban poor etc. and to ensure adequate infrastructure and suitable administrative and managerial structure to cope with the urban problems of unprecedented nature and magnitude. The scope of local governments has thus very wide range areas including use of finances obtained locally. The following topics briefly discuss the various significance issues in Municipal organization and their concern to finances.

A democratic form of government must be sustained by a system of vigorous local self-governing institutions. Local government institutions provide an opportunity to the people to raise their own financial resources and to participate freely and actively in the government, which they formulate for their respective areas. These are necessary to encourage and foster initiative, independence, and self financed enterprise on the part of the people. Our first Prime Minister Pt. Jawaharlal Nehru, while inaugurating the first Local Self-Government Ministers' Conference in 1948, had said "Local Self Government is and must be the basis of any true system of democracy. We have got rather into the habit of thinking democracy at the top and not so much below. Democracy at the top may not be a success unless you build self financed democratic foundation from its below." "The local assemblies of citizens ready to contribute the municipal funds", says De Tocqueville, "add to the strength of free nations." 'Town meetings teach men how to use and how to enjoy the municipal funds” A nation may establish a free government, but without financial resources it cannot have the spirit of liberty."18 Lord Bryce regards local government as the best school of
democracy and the best guarantee of its success, if the funds are collected from the inhabitations. W.A. Robson opines "Democracy on the national scale can function in a healthy manner only if it is supported and nourished by democratic local government and finances." Emphasizing the importance of local self-government Prof. Laski says "Local Self-government offers the best opportunity to the people to bring local knowledge, interest, finance and enthusiasm to bear on the solution of their problems."

The importance of local government and local finance has also been expressed by T. Appa Rao. To him, "The local government fulfils all the domestic needs of civilized community. It also creates among the citizens personal interest in their common affairs and throws the field open for their constructive and creative activities through the locally collected funds. It also serves as an expression of political consciousness and as a means of political education and renders the citizens fit for their civic duties and responsibilities, by enabling them to participate in public affairs. It also generates in people an aesthetic sense that makes them beautiful and adorns the land they inhabit. It provides the best opportunity to men and women to bring their financial resources, knowledge and enthusiasm to bear on the solution of their own peculiar problems."

The Importance of Municipal Government lies in sustaining the democracy based on the financial self-sufficiency. If democracy has to function properly, as many citizens as possible should honestly contribute local subscription to take a continuing interest in its activities and problems. In a democracy, people have to work with great patience and perseverance. In the end, we may find that the progress achieved under
such democratic methods is more firm and more solid than under a totalitarian set up.

"Local Government finances are like basic tissues to human body. Without them, government would have no vitality. The countries, cities, towns, villages, and boroughs serve as training schools for the financial administration training to leaders, and in the financial affairs of local government are undertaken by those who aspire to state and national offices." 22

Training Ground for Emerging Leaders:

Local government is also an invaluable training ground for emerging leaders, who after acquiring experience in the art of politics and government at the local level rise as such to the state and national level. In our country local governments have produced many leaders of national eminence and stature like Ferozeshah Mehta, Motilal Nehru, Jawaharlal Nehru, Subhash Chander Bose, Vallabh Bhai Patel, Lala Lajpat Rai, etc. who were shining examples of sober and healthy local politics and restored to these local institutions, the authority and dignity they deserved. Lord Bryce has remarked, "It is enough to observe that the countries in which democratic government has most attracted the interest of the people and drawn from their ranks have been Switzerland and the United States, especially those northern and western states in which rural local government has been most developed. These examples justify the maxim that the best school of democracy and the best guarantee for its success is the practice of local self-government

Provision of civic amenities—Local bodies perform multifarious functions to provide various civic amenities to the people. The functions
performed by these bodies, such as garbage collection, cleaning of streets, drainage, water supply, fire service, health service, etc. though appear to be minor, routine and unimportant chores, are, in fact, of considerable importance for a healthy and comfortable civic life. We tend to miss their significance except in the event of a breakdown which results in the entire dislocation of social and economic life of the community. According to J.H. Warren. "If these services were suddenly to cease, we would relapse into chaos.

The importance of Municipal government may categorically be discussed under the following heads:

- **Urbanization and Urban problems**—The process of urbanization in India is going on at an accelerated pace due to industrialization, migration from rural areas and the natural increase in population due to population explosion with the result that the urban population which constituted 50 million at the time of independence had reached 45 millions by the end of 2010. The growth of urbanization on such an unprecedented scale has confronted urban governments with gigantic urban problems such as unplanned and haphazard growth of towns and cities, unbearable strain on urban governments for provision of civic amenities, traffic congestion, growth of slums, shortage of houses, scourge of urban poverty, menace of pollution, lack of employment opportunities, etc. Now, the municipal Govt. has to face all these problems by increasing its internal financial strength from the outside either on gratis, subsidized rates of interest, in the form of subsidies or by borrowings.
Structure Of Urban Governments—The local affairs of cities/towns are administered by the local institutions of various forms such as Nagar Panchayats, Municipal Councils, Municipal Corporations and Cantonment Boards. An each urban area by virtue of the criteria laid down in terms is as assigned with a particular form of local Govt. These urban govt's as per population, territorial dimensions and revenue resources plan for finances for the use of comfortable living of citizens. All such financial planning has a concern to the Constitution (74th Amendment) Act. 1992.

Municipal Legislation—Local government being a state subject, is created by the concerned state legislature, which enacts appropriate laws determining its status and providing for the constitution of the elected councils, co-option and nomination of members, procedure of election, term of the council, election and removal of office-bearers, their powers and functions, finances, state control etc. The various Acts are also amended from time to time in the light of the changing needs of the urban governments. These laws have made special concern to municipal funds, their utilization modes and functions to be discharged.

Municipal Personnel Management—The urban governments with their enlarged responsibilities to procure the funds by way of tax and non tax sources and use the same leads to numerous financial, technical and administrative problems. It, hence requires an efficient and well-qualified personnel to operate various positions to streamline the finances. They can do this neatly only when they are selected on merit on good salaries, with avenues of promotions.
and other conditions of service comparable to those available to their counterparts in other government departments. In actual practice, this is not happened. An inefficiency of the municipal incumbent followed by their corruptive practices hamper the system of tax and non-tax collection which is always somehow 50% of demand. The provincialisation of municipal services in some states has improved matters largely. This may be followed by the Maharashtra Govt. with merger of the municipal services in corresponding state cadres. This would not only give a psychological boost to the local bodies personnel but the homogeneity between the state government and local government will also raise the level of local performance.

- **Municipal Finance Administration**—Municipal governments in order to be viable, require finances commensurate with their responsibilities and obligations but unfortunately they suffer from acute paucity of funds. The urban governments have not shown much aptitude for efficient financial management and control; there are wastages of time, resources and finances. The leakages of revenues, an extensive under-assessment of several sources of income, inability to impose new taxes or increase the existing ones, the denial of sharing of revenues by the central and state governments with the urban governments to which they are entitled, rigid stipulation for raising the loans, an inadequacy of grants etc. are the factors responsible for poor finance of urban local bodies. In order to put urban governments on sound footing, budgetary processes require to be streamlined by training budget officers, introduction of a good system of continuous internal and external audit for which the central and state governments are
expected to provide necessary help and guidance to the urban local bodies. The State Finance Commission in the Constitution (74th Amendment) Act, 1992 ensures the financial viability of the urban local bodies. If their recommendations are accepted by the state government, many financial problems will be resolved.

- **State Control Over Urban Governments**—The state governments exercise supervision and control over urban governments to ensure minimum standard of services and proper performance of their functions through legislative, administrative and financial control. The urban governments are subject to judicial control also for their acts of omission and commission. But instead of providing guidance, advice and support to the urban governments in the discharge of their functions in an effective and efficient manner, the state governments' control over them is of negative, regulatory and restrictive nature; the worst kind of which is super session which meets out punishment not only to the elected councilors but also to the whole lot of citizens by depriving them of the elected Institution of local government. Urban centers contribute immensely to national prosperity. The central and state governments should, therefore, be expected to finance all the local self-govt and to act as their friends and patron and not as their powerful rivals or disinterested spectators.

- **Special Purpose Agencies**—The state governments on the pretext of inadequacies of financial resources, lack of technical expertise and inefficiency in the performance of the obligatory functions by urban governments, create certain special unit-purpose or multi-purpose agencies to perform functions which legitimately belong to
the domain of urban governments. These agencies include Improvement Trusts, Water Supply and Sewerage Boards, Housing Boards, Pollution Control Boards etc. The work of these agencies if supported by the outside financial agencies, indirectly helps the municipal govt. to get financial relief.

- **Urban (Town) Planning**—The phenomenon of urban growth has resulted in unplanned, haphazard and ugly urban settlements. Planning is therefore necessary to combat the menace of urbanization and its resultant problems. An important function of planning in purely physical terms is the judicious use of land—a scarce commodity in most urban areas and its rational and timely reservation for future use. Roads, schools, hospitals, parks and playgrounds, housing, industry, shopping, community facilities and a number of such other uses the land is required. Land planning is thus a very essential need. The state governments have therefore to legislate upon planning and to ensure its implementation, which is ultimately the responsibility of the urban governments. The state governments have accordingly set up Departments of Town and Country Planning for this purpose. The municipal council gets technical guidance while spending for the development of public works and economizes its expenses. The land value increases, when it is surrounded by the municipal and public infrastructure. Hence, it is necessary that municipal council along with the owner shall share the fruits of increased land value by charging the development tax more than 75% on the owner and add its revenue. At present very miscellaneous amount is collected. If the owner fails to remit such tax, the land may be auctioned publicly for recovering the tax so payable.
Ministry Of Urban Development And Its Attached Offices—The Central Ministry of Urban Development set up in 1985 now known as Ministry of Urban Affairs and Employment has the responsibility of broad formulation and monitoring of programmes in the areas of urban development such as housing creation, urban poverty alleviation and urban water supply. These are essentially state subjects but the Government of India plays a coordinating and monitoring role and also supports these programmes through central sector schemes, institutional finance and expertise. The attached offices of the Ministry of Urban Affairs and Employment are Central Public Works Department, Directorate of Printing, Directorate of Estates, National Building Organization and its subordinate offices comprise Land and Controller Development Office, Town and Country Planning Organization, Controller of Stationery and Controller Publication. Its Public Sector Undertakings are Housing and Urban Development Corporation (HUDCO), National Buildings Construction Corporation Ltd... Hindustan Prefab Ltd. and its Statutory and Autonomous Bodies are Delhi Development Authority (DDA), Delhi Urban Art Commission, National Institute of Urban Affairs and National Capital Region Planning Board. The ministry of Urban development and their offices are useful to municipal self-govt. for procuring and the using the financers. However, as against the large accumulation of civic needs, the endeavors of the ministry appear dwarf. Moreover the municipal incumbent and councilors are themselves unaware of the various developmental schemes of the above mentioned offices.
\textbf{School of Democracy:-}

The proposition that self-government Municipalities are the bastions and schools of democracy has been stressed by the following statement of an advisory committee of the Commission on Inter-government Relations (U.S.A.): “Municipal government is to total government what basic issues are to the human body. Without them, government would have no vitality. The countries, cities, towns, villages, and boroughs serve as training schools for the readers of government and in the affairs of Municipal government are tried those who aspire to state and national offices”

The above is true but there are many demerits of these municipal schools of democracy, since it is looked as learning ground for the mushrooming leaders. The elected leaders/councilors are often ignorant about the municipal administration and it affects ultimately municipal funds and their utilization.

\textbf{ii. Platform for Political and Popular Education and Training:-}

Lord Ripon’s famous Resolution of 1882 also emphasized the need of political and popular education through Municipal government:

“It is not primarily with a view to improvement in administration that this measure is put forward and supported. It is chiefly designed as an instrument of political and popular education.”

Municipal elections provide opportunities for participation through voting which provides lot of political education. Municipal government provides opportunities to a very large number of citizens at a time to work in democratic institutions and to directly participate in the
administration of the affairs of community. Thus, it serves as training /
ground for emerging political leaders, who after getting experience in the
art of government and politics in these institutions, go up to the state level
of national level.

Truly speaking the municipal govt. as a platform for political
leadership is useless for benefiting the town dwellers. Because not all
these leaders care for rationalizing, the municipal financial resources but
use these resources for their own self. Once they come to know that this
municipal platform is functional in getting doorway to politics with
illegal embellishments in to their personal wealth. These leaders are
reduced to as tribulations to the society.

(iii) Promotes Spirit of Liberty and Equality:-

Hampton justified Municipal government because it promotes
“liberty by the dispersal of power from the centre to the Municipalities.”
The concept of equality has many meanings but in the context of
Municipal government, it may enhance equality by providing access to
political office and political activity for wider groups of people than are
accommodated through national politics.

This is not always true, when we come across the facts as unjust
and unequal use of municipal finances; for example: only few gets the
benefits of the municipal infrastructure; similarly almost all the contracts
of creation of the municipal infrastructure are given by using the
corruptive practices.
(iv) **Effective Solution to Local Problems:**

All the problems are not supposed to be solved by the central and state governments. In fact, there are some problems, which occur at the local level and need to be solved locally in accordance with local needs, atmosphere, environment and wishes of the people. To be acquainted with all these things, the government shall have to step down to the local level in order to solve local problems in an effective manner. According to H.J. Laski, "We cannot realize the full benefits of democratic government, unless we begin by the admission that all problems are not central problems, and that the results of problems in their incidence require decision at the place, and by the persons, where and by whom the incidence is most deeply felt."

Municipal government by applying Municipal knowledge to Municipal problems prepares the way to understand them. It is a popular saying that “only the weaker knows where the shoe pinches.” Hence, it is the Local people alone because of the pinch can be set to provide solutions. Thus, the problems, which are Local in nature, need to be solved locally as per the needs, environment and wishes of the people. To solve such problems effectively, the government has to step down to Municipal level. Problems of a particular Municipality can easily be best tackled, if Municipal resources are brought to bear on them. The Municipal bodies because of their nearness to the people and familiarity with their needs and wants are better placed to meet them. However, there are shortages of finances crippling the development of civic amenities. The major local problems are housing inadequacies, mushroom growth of slums, water inadequacies and hygiene perilous. To solve these problem enough finance and efficient municipal staff with learned councilors are perquisites.
(v) **Provides Civic Services:**

Municipal government institutions perform numerous functions to provide civic amenities to the inhabitants. The services performed by these bodies include garbage collection, cleaning of streets, drainage, electricity, water supply, fire services, health service, etc. are very important for good civic life. The same can only be accomplished if adequate finances are provided by the state govt.

(vi) **Reduces the Burden of Government:**

Municipal government aims at division of governmental functions and a large number of functions are performed by it, which in the absence of Municipal government would have been performed by State / Central Government. If the central government is over-loaded with work, it becomes incompetent, incapable and inefficient to perform its duties. Even if the Central Government was competent and efficient, yet it is said that good government is no substitute for Municipal self-government. Thus, Municipal government is necessary for the development of initiative and interest of Municipal masses for which the finances are required.

(vii) **Laboratory for experiments and testing Government Policies:**

Municipal government is an invaluable social – political laboratory for trying and testing on a small scale, various new proposals for government organization and socio-economic policies. It is a preserver of Municipal colour in the **national life**. Municipal authorities are almost bound to enhance the learning capacity of government. They will develop their own solutions and initiatives, some of which may prove unsuccessful or applicable only to their specific Municipality, but some of which may be adaptable either by other Municipal authorities or even
by central government. This type of laboratory proves expensive as it is seen that many municipal councils waste the money in doing unnecessary things like running the schools/colleges on behalf of the state govt. This is undesirable, since it erodes the municipal funds

(viii) Control and Check against Bureaucracy:

The State Bureaucracy is endowed with vast power in the administration of urban local bodies. Deputy Commissioners despite the creation of Directorate of Local Bodies and the Office of Regional Deputy Directors still play a predominant role in the management of urban affairs. The administrator appointed to administer a superseded local body functions both as the deliberative and executive authority. The Municipal bureaucracy especially the Municipal Commissioner in Municipal corporations is key figure in their administration and enjoys greater authority in comparison to the elected Mayor who represents the elected body of the city.

In fact, these bureaucratic Municipal authorities direct and to an extent regulate our lives. They provide the citizens with the minimum health, education and other welfare services. Besides providing the services, a strong Municipal government system prevents unnecessary increase in the powers of bureaucracy over the community. A centralized system of administration, even though democratic, results in control of the community by bureaucracy. In the absence of such institutions, the business of government is left in the hands of appointed officers and between them and the people, the gap is usually widened. It is one of the goals of any democratic constitution to prevent concentration of executive powers in a few hands. The existence of Municipal government makes way for the decentralization of powers and leads to the reduction
in the powers of bureaucrats. An excessive bureaucratic approach increases the salary bills due to unwieldy salary bills of the municipal personnel.

(ix) Municipal Finances:-

The performance of any government whether central or Municipal largely depends upon the availability of finances. In performing functions by Municipal government economy is secured because Municipal authorities out of the funds raised municipally by levying taxes perform Municipal functions. When the Municipal people are entrusted with the management of Municipal affairs, they will manage them at the lowest cost because they know that it is their money, which is spent on Municipal services. Therefore, they remain conscious to make services more economical and avoid wastage. The Widdicombe Committee on the conduct of Municipal Authority Business summarizes the case thus:

The value of Municipal government stems from its three attributes of:
(a) Pluralism, through which it contributes to the national political system:
(b) Participation, through which it contributes to Municipal democracy:
(c) Responsiveness, through which it contributes to the provision of Municipal needs through the delivery of services.

Role of Political Parties— Despite the fact that local issues should not be decided on partisan basis, the political parties participate in urban governments by putting up their candidates in elections, and party symbols are allotted to them by the election authorities, for elections to Municipal Corporations and the municipal communities in some states
and the winning political parties elect their own Mayors and Chairman of Municipal Corporations/Committees. In certain states, the municipal Acts do not provide for any role to be played by political parties in elections as such but they do influence the functioning of municipal governments in several ways. The party in power in the state government determines the questions of constitution of municipal bodies, their tenure and their suppressions and their internal functioning determined by the decisions taken by the municipal councilors on partisan basis. The victory of a particular party at the local level boosts the morals of its members at the higher level of government. The triumph of Congress (I) in various Municipal Corporations in Maharashtra State in the local elections in February 1992 proves this thesis. The role of political party in opposition, if it is powerful is like feeler expurgate the illegal use of funds or make more efficient the procurement of municipal resources and their utilization.

**Research And Evaluation For Rational Deployment Of Funds:**

Research and evaluation of urban policies, strategies and programme is of vital importance to rationalize the municipal funds for its use. The Central and State governments make provisions for these activities. Various universities conduct research on different problems of urbanization and management of urban areas. Their findings can be utilized in the formulation of urban policies such as National Urbanization Policy, National Housing Policy etc. The evaluation of the programmes introduced for improvement of urban areas and the living conditions of their residents enables the-concerned governments to make necessary modifications and alterations in them to make them more effective.
Comparative evaluation makes it possible to examine the extent to which solutions adopted elsewhere may be taken advantage of at home. Accordingly, councilors and incumbent of urban local governments may be given sufficient orientation to derive benefits for their municipal councils. Evidently, the universe of urban local government is very vast; its scope is very wide and comprehensive, encompassing every conceivable issue concerning urbanization, urban growth, urban development and redevelopment of urban infrastructure. The intricacies of the fund management by the urban governments with the advancement of science and technology, an unabated pace of urbanization and the growing complexities of urban problems are bound to increase. It is hence imperative that the councilors and the incumbent of the municipal councils should sufficiently be aware for the purpose of welfare of the citizens.

Conclusion:

Local government means the administration of the affairs of a locality in urban and rural areas by the people through their elected representatives. It may be described as government by popularly elected bodies charged with the administrative and executive duties in matters concerning the inhabitants of a particular district or place and vested with powers to make bye-laws for their guidance. The urban local government operates in towns and cities through Municipal Corporations, Municipal Committees, Cantonment Boards, Town and Notified Area Committees. The chief characteristics of an urban local government institution are: that its jurisdiction is limited to a specific area and its functions relate to the provision of civic amenities to the population living within its jurisdiction; it functions within the provisions of the statute which has created it has the power to raise finance by taxations in the areas under its
jurisdiction; it is subordinate to the state government which exercises control and supervision over it and can supersede or dissolve it.

The scope of urban local governments extends to the study of the phenomenon of urbanization and its problems, urban planning, structure of urban governments and their classification, municipal legislation, personnel management, financial administration, state-local relations, special purpose agencies, organization and functions of the Union Ministry of Urban Affairs and Employment and its subordinate and attached offices, as also that of the state Departments of Urban Local government, Reports of various commissions and committees appointed from time to time by the Central and state governments to study the various aspects of the working of urban local governments and the recommendations made by them, municipal bureaucracy, role of political parties, research and evaluation and comparative urban local governments. The sphere of the activities of urban local governments is increasing considerably with the assignment of developmental, environmental and welfare responsibilities with the scientific and technological advancements in the present times and the innovations that are called for in their structures, and modes and mechanism of functioning to meet the aspirations of the people in this democratic age and to ensure their efficient and effective performance to their satisfaction.

The significance of urban local government lies in the numerous benefits that it bestows upon the inhabitants of the area it operates in. It functions as a school for democracy wherein citizens are imparted political and popular education regarding issues of local and national importance. It develops qualities of initiative, tolerance and
compromise—so essential for the working of a democracy. It not only relieves congestion at the centre but it also checks the increasing powers of bureaucracy. It stands positively for distribution and diffusion of powers leading to administrative deconcentration and political decentralization. It opens an outlet for the articulation of lesser groups in a large society. Being close to the original base, it finds solutions for local problems. It provides facilities for minimum basic needs. It serves as a reservoir of talents for local and national leadership.

The significance of urban local governments in India has considerably increased in the post-independence era with the inauguration of the constitution embodying the principles of democracy and a welfare state and emphasizing upon the governments in urban areas to promote social and economic development.

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