

# CHAPTER 17

## ULBs: General Reforms

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17.1 We have discussed in this chapter other reforms like taking forward e-governance, capacity building, community participation, public disclosure of information and amendments to Municipal Acts.

### E-Governance

17.2 As noted earlier, one major constraint faced by this Commission is the non-availability of authentic data of municipal finances, infrastructure, service delivery, staffing, etc., which is also affecting planning and development at the ULB level. Use of information technology can be said to be in formative stages in most ULBs in the state. Some ULBs do not have email connectivity and even where it is available its use is minimal as the functionaries have not been trained. In several cases computers are operated by the contract or daily wage staff. Except some Corporations, most ULBs do not have a website. Even in those ULBs which have the website, only static data is being hosted and is not interactive.

17.3 Introduction of e-Governance has become a necessity for good governance and several states have introduced it and have begun to expand coverage. Under JNNURM reform framework introduction of modules on birth and death registration, PT, service delivery, accounts, personnel and pay rolls, building plan approvals, project management, trade licenses, etc., is mandatory. e-Procurement in states like Maharashtra and Andhra Pradesh has given rich dividends. e-Seva centers in Andhra Pradesh cover over 150 services and these centers offer one-stop services. Under the aegis of Municipal Reform Cell, Karnataka has developed common e-Governance software with a central server to be used by all ULBs. Online submission of building plans using Auto-DCR method in Coimbatore and General Packet Radio Service System (GPRS) enabled mobile phones and hand-held printers used by tax collectors in Ulhasnagar in Maharashtra led to better tax collection. Alerts through mobile phone on property and profession tax, water charges, etc., in several cities contributed to better billing and collection. Several cities are adopting GIS based applications in planning and development with better results. *The Commission recommends the immediate*

*introduction of e-Governance in all functional areas of ULBs in phases. It is imperative that all officials should be trained in use of e-governance. This will facilitate effective data management, planning and development and better interface with the citizens leading to effective community participation.*

17.4 The UADD is setting up district data centers located in the head quarters ULB with the objective of online municipal data management and to facilitate video-conferencing and internet connectivity. Each center is allocated Rs.14.32 lakh to procure computers, printers, UPS, furniture, etc. A blue print with details has been circulated to guide the establishment of these centers by Commissioner, UADD. The salaries and other office expenses have to be met from the head quarter's ULB's budget. During visits to the ULBs, the Commission found that these centers are yet to take full shape in some ULBs and in others yet to initiate the process to establish them. *The Commission attaches high importance to these centers and recommend that a time frame should be fixed for establishing and making them functional. The Commission recommends that similar Centers should be established in the offices of Joint Directors with responsibility for collation, analysis and preparation of reports on status of the ULBs performance. In the districts where the number of ULBs is less than three, the data centers in the office of the Joint Director should also function as district data center for purposes of efficiency and to avoid duplication. The Joint Directors should monitor establishment of district centers and supervise data management. There must be online connectivity between the data center located in the DMA and the District and regional Data Centers. The officials involved need to be trained in data management along with technical aspects.*

### **Capacity Building**

17.5 Capacity deficit is the single major problem faced by most ULBs in the State leading to poor service delivery and incapacity to spend the funds provided by State and Central governments. Near absence of training and capacity building compounds the staff inadequacy and related constraints. Even a majority of CMOs, never underwent any training on urban governance or on technical aspects of their roles and responsibilities. The Commission was informed that some CMOs and a number of other functionaries have been drafted from the erstwhile Road Transport Corporation and are working in the ULBs for some time. Neither were they given induction or in-service training. In the absence of an urban institute in the

state to train the municipal functionaries, there appears to be a wide gap in their capacity which need to be addressed on a priority basis.

17.6 The Ministry of Urban Development, GoI sanctioned about Rs.885.2 lakh in March 2010 to the State for urban capacity building for implementation during 2010-12. A cursory look at the training programs completed indicates that a large number of short duration programs of one or two days were organized covering a large number of functionaries. The Commission feels that such programmes may address awareness but do not develop any skill in any specific area. For example, ten programs were organized on DEAS covering 450 officials - ten one day programs for 50 participants each were organized. Such programs would not help in building the capacity of accountants or proper understanding of the new accounting practices even to other functionaries. What is required is training in specific subject areas for developing the skills of employees to enable them to work in those areas independently. The training programs organised under the centrally sponsored scheme, the Commission feels, may not have achieved the objective. While the ULBs face very serious capacity constraints, allocated resources could have been utilized more fruitfully.

17.7 The UADD in its memorandum suggested the establishment of a training and research institute. *The Commission agrees with the suggestion and recommends the establishment of State Institute of Urban Governance and Development. For this purpose the Commission proposes an amount of Rs. 50 crore to meet capital expenditure on infrastructure and organizing programs during the award period. As the Institute is likely to take time to take shape, the Commission suggests that a separate wing in the SIRD be established to start training and orientation programs.* This will facilitate use of its infrastructure as also the regional training centers. Capacity building has two dimensions - institutional and human capacity building. *The Commission recommends that 2.5 percent of the salary budget of ULBs should be allocated for capacity building; as indicated in the National Training Policy, 2012. To improve human capacity vacancies in all key appointments such as, all CMOs/ Commissioners, functional heads and other core staff should be filled in all the ULBs. Once the training institution is established, annual training to all municipal functionaries – both elected and appointed – should be made mandatory. The Commission recommends that sector related training on urban governance and development should be mandatory to all functionaries once in three years. Technical functionaries should be imparted training in their functional areas*

*periodically. The training and orientation should be made mandatory before implementation of policy changes, or launching new programs or changes in the existing programs. Similarly all the elected representatives should get mandatory training immediately after election and periodically thereafter.*

**17.8** *The State government should also promote think tank initiatives in urban policy and development. The proposed SIUGD should facilitate this.*

### **Monitoring and Evaluation**

**17.9** Monitoring is an important facet of good governance. The Commission feels that the monitoring systems on the performance of local government institutions at the state and local levels are weak and there is need to put in place a framework to monitor financial management, service delivery, grievance redressal, transparency and accountability, etc.

**17.10** The 12<sup>th</sup> FC recommended the constitution of a high level monitoring committee under the Chief Secretary with Secretaries of finance and other concerned departments as members to review the utilization of grants recommended by it and to take mid-course corrections as appropriate. The objective is to ensure proper utilization of grants both in financial and physical terms, adherence to conditionalities where applicable and ensure quality in implementation of projects. Accordingly, the states have constituted them and the system has been working effectively and the 13<sup>th</sup> FC suggested continuation of the monitoring mechanism as it worked well (Para 12.326). We also feel that a robust monitoring mechanism is critical to ensure proper and effective utilization of grants recommended by this Commission and to monitor the implementation of other recommendations. But the Commission does not suggest a separate mechanism for the purpose as it results in duplication of effort and time. *The Commission recommends the same Monitoring Committee headed by the Chief Secretary should also review the implementation of recommendations of SFCs to facilitate convergence in the implementation of recommendations of both central and state finance commissions and monitor the projects funded under the Commission's Award.*

### **Monitoring at Department Level**

**17.11** In Chhattisgarh, the DMA, as head of the department monitors the progress of ULBs periodically on financial status, service delivery, implementation of development programs

sponsored by state and central governments, etc. Another feature is that the senior officials of DMA are assigned a few ULBs which they visit and prepare visit reports. The visits also provide opportunity to understand specific issues each ULB faces and solutions that need to be articulated. They provide a framework to monitor the working of ULBs. The Regional Directors also monitor the ULB performance on behalf of the government and submit reports to DMA. The District Collectors have a significant role in monitoring the working of ULBs in the district. They not only monitor the programmes but also extend support where required and effect coordination between ULBs and other line Departments like Education, Health, Social Welfare, etc. Despite these efforts monitoring system appears to be weak and need to be strengthened. *The Commission suggests that the reports of these agencies should be compiled and a comparative statement of performance of ULBs should be prepared and submitted to the high power monitoring committee as a feedback and for necessary action. These reports should be circulated to the ULBs along with actions needed for improvement.*

#### **Monitoring at ULB Level**

17.12 At the local level, there is weak monitoring system and often the councils complain of not being fully aware of the performance of ULB. *The Commission suggests that the Commissioner/CMO should submit a quarterly report on municipal performance on finances, utilization of Central and State grants and implement action of schemes, service delivery as per benchmarks, grievance redressal, adherence to citizen charters, gaps in workings, etc., to enable the councils to take appropriate decisions and to become partners in development.*

#### **Concluding Observation:**

17.13 The 74<sup>th</sup> Amendment, considered a watershed in the evolution of local self government in India, aimed at strengthening urban governance through functional and financial decentralization, institutional reforms, etc. The Commission approached the subject with this broad perspective. Despite incorporating all 18 functions of the 12<sup>th</sup> Schedule of the Constitution into the municipal Acts, the functions along with finances and functionaries have not yet been transferred. ULBs can become self sustaining only when they are financially

strengthened and empowered. This Commission has made several recommendations to strengthen the municipal finances including reforms in PT, introduction of profession tax, levy and collection of user charges to meet O&M costs, etc. With these reforms, ULBs would be able to provide services more efficiently and also meet the national benchmarks. Institutional strengthening is another major area of reform. Constitution of CMRRC, Municipal Public Works Division in the office of DMA, etc., as recommended by this Commission would improve governance in its varied aspects. A very significant and critical element in institutional development is capacity building which is practically absent in the state at present. Establishment of SIUGD would be a first step in urban capacity building.

**17.14** This Commission has made several recommendations to strengthen municipal organization and human resources with a view to optimize performance. Acceptance and implementation of these recommendations would go a long way in improving municipal performance.

#### **Metropolitan Planning Committees**

**17.15** As per Census 2011 Raipur attained the status of a metropolis with a million plus population. Similarly, Durg-Bhilai UA has a population of more than a million. Earlier the Commission recommended for the formation of an integrated Durg-Bhilai Municipal Corporation. The Constitution of India under Article 243-ZE provides for the constitution of a MPC for every metropolitan area to prepare a draft development plan. It is a Constitutional necessity. *The Commission recommends that MPCs should be constituted for both Raipur and Durg-Bhilai UA. The Raipur Development Authority may form the secretariat of Raipur MPC and arrangements should be made for Durg-Bhilai MPC.*

#### **Community Participation**

**17.16** The M.Corps Act (Sec.48-A and B) and MC Act (Sec. 72-A and B) provide for the ward and mohalla committees to facilitate community participation in municipal governance to develop ownership of programs being implemented. But while ward committees have been constituted in M.Corps with a population of more than 3 levels as required under law, mohalla Committees have not been constituted in any ULB. The 1<sup>st</sup> SFC recommended that ward committees should be constituted in all ULBs with more than a lakh population. *This Commission reiterates the recommendation of the earlier Commission and suggests that*

*ward committees should be constituted as per the provisions of the Acts and made functional.*

### **Public Disclosure of Municipal Information**

**17.17** The M.Corps Act (Sec.130B) and MC Act (Sec. 122 B) provide for disclosure of information on municipal performance to the public. But not many ULBs have been disclosing information as per the provisions of the Acts. *The Commission recommends that ULBs should periodically disclose information on their performance including the status on financial, service delivery, development schemes, management aspects, etc., to the community for awareness building and to ensure participation and feedback. The ULBs should also disclose the status of services included in the Chhattisgarh Lok Sewa Guarantee Act, 2011.*

### **Urban Land**

**17.18** In the urban areas land is scarce and at the same time essential for developing infrastructure. But, land appears to be a major problem area in the State. Firstly, government land is not available and secondly, existing land have been encroached. In the regional consultations, both elected and official functionaries made repeated references to the land issue and requested the Commission to suggest transfer of all 'nazul' lands to the ULBs.

**17.19** Encroachments in some cities appear to be widespread and no efforts seem to be made to arrest the problem. This is a complex issue involving the Departments of Revenue, Urban Administration and Development and ULBs. The ULBs complain of total lack of cooperation by the Revenue Deptt. The latter does not make available vacant Govt. land in the ULBs area to enable them to plan urban infrastructure. The present situation is that land in the cities is neither the responsibility of Revenue Deptt. nor of the ULB, the reason why encroachments are rampant. Urban lands are encroached upon with impunity and there appears to be no control over Revenue Deptt. by this. *The Commission feels this problem cannot brook any delay and need to be addressed on a priority basis and recommends the constitution of an Expert Committee to study urban land issue in its entirety and suggest ways and means to stop encroachments and also enable ULBs to have access to the land so that it can be used for asset creation and development. The Commission further recommends preparation of an inventory of land and other related assets in all ULBs. The ULBs should tap land-based financing sources - conversion charges, betterment charges,*

*impact fees, development charges, etc., within overall planning guidelines and to put in place a transparent and accountable mechanism for monetisation of public land with due attention to the needs of the poor.*

### **Municipal Project Planning and Management Unit**

17.20 A majority of ULBs in the state are small with very limited capacities. With urbanization, increased functional domain after 74<sup>th</sup> Amendment and expanding scope of reforms to improve urban governance, the ULBs need technical support in diverse areas to effectively implement reforms and to monitor their progress. The State Government also requires technical support to undertake these functions. Under JNNURM such a need was recognized and a Project Management Unit was created at state level. But their functions mostly relate to JNNURM and UIDSSMT projects. The UADD in its submission to the Commission proposed establishment of Financial Management and Project Management Cell at the state level. *This Commission agrees with the proposal with modification and recommends the establishment of a multi-disciplinary Municipal Project Planning and Management Unit (MPPMU). Such Units may be established in large cities as well. The Units should be responsible to:*

- i. Provide technical assistance to state governments, regulators, and ULBs in planning, finance, operations, and monitoring of urban programs;
- ii. Develop a strategy and methodology for scaling up e-governance, accounts, building approval, and other reforms and support the ULBs to implement them within a timeframe;
- iii. Encourage projects under PPPs through model concession agreements, database, knowledge sharing, etc.; and
- iv. Develop performance management system for evaluating ULBs against measurable indicators.

### **Quality Assurance in Infrastructure**

17.21 The State is witnessing increased investments on development of urban infrastructure. The recommendations of this Commission are likely to propel further investments as well as O&M expenditure. During the regional consultations and field visits to ULBs poor quality of infrastructure as well as O&M works was brought to the notice of the Commission. One of



the reasons for such poor quality is the absence of quality assurance system and mechanisms. This is compounded by the absence of qualified engineering personnel to supervise works under execution. This problem has also been flagged in the regional consultations. *To ensure that the infrastructure conform to the quality norms, the Commission recommends that all infrastructure projects should have provision for third party quality assurance as part of the detailed project report. The government should establish Infrastructure Quality Labs under the proposed Municipal Public Works Division. They should be made use of by all ULBs to ensure that quality standards are followed in infrastructure projects undertaken by the ULBs and in O&M works. The Commission further recommends that quality certificate should be made mandatory in all infrastructures and O&M works; if necessary through legislative changes.*

### **Amendments to Municipal Acts**

17.22 The Commission have made several recommendations in this report to improve municipal finances, governance, planning, peoples' participation, accountability and transparency. Some of these recommendations require legislative basis. *The Commission, therefore, recommends amendments to the Municipal and Town Planning Acts, development control regulations, building bye-laws and relevant Rules under different laws to:*

- i) put in place time-bound process of building plan approval;*
- ii) promote environment through RWH, waste water recycling, etc.;*
- iii) facilitate the ULBs to undertake infrastructure projects through PPP;*
- iv) facilitate market borrowings by ULBs;*
- v) allow mixed land use to enable levy of FAR charges;*
- vi) facilitate Urban Development Authorities to plan peri-urban areas;*
- vii) associate the ULBs with city planning and delivery functions now being undertaken by the parastatals, etc.*

### **Suggestions for GoI and 14<sup>th</sup> FC**

17.23 The 1<sup>st</sup> SFC made some recommendations which are in the realm of Central Government suggesting that they be brought to the attention of GoI for necessary action; as noted in Chapter 3. They include transfer of all Centrally Sponsored Schemes and funds to

States, preparation of a separate list of taxes to the ULBs; establishment of Urban Finance Corporation by the GoI to extend financial support to ULBs and consultations with State Governments before finalizing the conditionalities in Centrally sponsored schemes, some of which are very are difficult to implement. *This Commission reiterates these suggestions. Further, the GoC should bring to the notice of the GoI that future allocations should be made to the ULBs based on inter alia the status of urban infrastructure, benchmarks stipulated by the Ministry of Urban Development and the estimated costs to achieve the benchmarks. Secondly, the 14<sup>th</sup> FC should give weightage to tax efforts of ULBs and provide additional grants on the lines of the performance grant recommended by the 13<sup>th</sup> FC. Thirdly, allocations should be made to advance e-governance including IT enabled services and urban MIS to achieve good urban governance.*