

CHAPTER - 9

URBANISATION AND URBAN LOCAL SELF-GOVERNMENT IN CHHATTISGARH FUNCTIONAL AND FINANCIAL DECENTRALISATION

9.1.0 Introduction :

9.1.1 In this Chapter, we propose to discuss, in the *first instance*, the process of Urbanization in Chhattisgarh, in its different manifestations since it is the magnitude and the pace of Urbanization which, among other factors, influences the demand for municipal services and infrastructure in urban areas. We also discuss briefly the development of *Urban Local Bodies (ULBs)* and the functions which they are expected to perform under the Legislation, and also their powers to Levy Taxes to raise their Own Resources for performing their functions. We have addressed another question also. How the pressure of Urbanization and the introduction of Economic Reforms in the Country since 1991, have been affecting the Functions and Finances of ULBs?

9.2.0 The Process of Urbanization In Chhattisgarh :

9.2.1 *Chhattisgarh* is one of the less Urbanized States of *India*, with only **20.09%** of its *Population* Being *Urban* according to 2001 Census, as against 26.67% in *Madhya Pradesh* and 27.78% in India. The State occupies 27th rank among 35 States of India on the basis of percentage of Urban Population. Only 7 States of India, viz. *Himachal Pradesh, Bihar, Sikkim, Tripura, Meghalaya, Assam and Orissa*, have lesser Percentage of Urban Population than Chhattisgarh. The State accounted for 1.46% of Total Urban Population of India in 2001.

9.2.2 Though the present *State of Chhattisgarh* did not exist prior to November, 2000, the region known as Chhattisgarh had existed earlier, forming a part of different States, from time to time. **Table No. 9.1** presents the process of *Urbanization in terms of Percentage of Urban Population to the Total Population of the region from 1901 to 2001 along with MP and India* .

The table shows that the process of Urbanization in the region has been slow till 1951 but since then it has accelerated. The Decennial Growth rate of Urban Population has declined from 48.90% in 1991 to 36.24% in 2001, though the rate has been higher than that of *MP* and the *Country*. The *Proportion of Rural Population in Chhattisgarh* has come down from 96.92% in 1901 to **79.91% in 2001**. Despite this, nearly 80% of Population of the State lives in rural areas. The State has reduced the gap between its level of Urbanization and that of the Country, which was, more than 3.5 times in 1901, but has been reduced to 1.4 times in 2001. But still the State is reckoned among the less Urbanized States of India, though the process of Urbanization has been accelerated since 1961.

- 9.2.3 There are wide variations in the levels of Urbanization among different Districts of the State. Among the 16 Districts of the State at the time of 2001 census, Durg District was the highly urbanized District of the State, with 38.2% of the Population living in urban areas, followed by Korba District (36.3%), Raipur (30.4%), Koriya (29.8%). The Jashpur District had the lowest level of Urbanization (4.6%), followed by Kankar (4.8%), Surguja (7.0%), Dantawda (7.2%), Kawardha (7.7%) and Bastar (10.0%). The three Districts of the State each with more than 30% Urban Population, Durg, Korba and Raipur, taken together, have 30 towns out of total of 97 in the State, and the remaining 13 Districts have 67 towns.
- 9.2.4 The **Table No. 9.2** gives the *Districts-Wise levels of Urbanization along with Population Growth in Urban Areas* during 1991-2001 and also the number of towns.
- 9.2.5 The level of Urbanization in the Districts mostly depends upon the increase in the number of town over time. Surprisingly, there are 42 Tehsils in the State where there is zero Urban Population. With the change in the status of a settlement from rural to urban by the creation of an urban local body by the State Government, the level of Urbanization of the District suddenly goes up.
- 9.2.6 The process of Urbanization in the State has been slow, unplanned, haphazard and dysfunctional. Large public sector investments in a few pockets of heavy and basic industries which are mostly "Export-Based," have helped in the concentration of

population and activities only in a few urban centers which could not assume the role of agents of growth and change. While the production process in the State continues to be highly rooted in Rural Economy, the hierarchical organization of space is increasingly becoming top heavy in favour of large Cities.

9.2.7 The **Table No. 9.3**, presents the *Urban Hierarchy In The State*, showing number of town in each range of Population and the percentage of Total Urban Population.

The figure does not tally with figures of town given in **Table No. 9.2**. This is due to the fact that 1 Municipal Corporation, 1 Municipal Council, 2 Nagar Panchayats, and 9 Census towns are included in different urban agglomerations.

9.2.8 The State has 7 urban agglomerations, each with a Population of one lakh and above. The number of towns in the range of 50000 and 99999 has declined from 6 in 1991 to 5 in 2001, due to size-class jumping to higher range. Out of 84 towns in the State in 2001, 72 are placed in the category of small towns, each with a Population is less than 50000. These small towns are virtually large sized villages. The increase in number of towns is the maximum in the Class III towns, from 12 in 1991 to 20 in 2001, partly due to the emergence of new industrial and market centers and partly due to the creation of ULBs by the State government. This may also be due to size-class jumping from lower to higher class of town, and also due to definitional changes made in the census.

9.2.9 **Table No. 9.3** also indicates *that nearly 63% of Total Urban Population is concentrated in class I towns*, each with a Population of one lakh and above, with an Average Population of 375927. Nearly 72% of total Urban Population of the State is living in Class I & II towns, numbering 12, taken together, leaving 28% of Urban Population to the remaining 72 towns, each with a Population of less than 50000. If we take small towns separately, each with a Population of less than 20000, we find that small towns numbering 52, have 14.86% of total Urban Population. This analysis shows that urban hierarchy in the State is top-heavy, with concentration of nearly 63% of Urban Population in 7 cities, each with a Population of one lakh and above.

9.2.10 Another fact that emerges from the above data is that *Chhattisgarh being a State of Small Towns*, does not have a single city which has a large Population of more than 10 lakhs. The largest Population is in Raipur, the Capital City (**758181 City Corporation**), followed by Durg (556366). Unlike highly Urbanized States in the Country, ULBs in this State have not to face large magnitude of civic problems. But complacency on their part in this regard can render their task difficult in view of rapid Population growth projected for certain town/cities. They have to gear up their administration and resources to cope with the situation, arising out of rapid Urbanization. Moreover, the existing level of civic services is deplorably poor, and, therefore, needs to be upgraded (as evident from **Table No. 9.4**)

9.2.11 After the attainment of Statehood, we expect a higher level of development in the State which is bound to accelerate the process of Urbanization. At present the dependence of Rural Population on low-productivity subsistence agriculture has declined only marginally. The contribution of *Primary Sector* to the *GSDP* continues to be high though declined from 40.33% in 1993-94 to 35.46% in 2003-04. Surprisingly, the contribution of *Secondary Sector* has declined from 30.23% to 29.72% during the same period. The *Tertiary Sector* is not growing at a very high rate and its contribution has increased from 29.44% to 34.83%. This pattern of income distribution is not consistent with accelerated Urbanization.

9.2.12 The State presents a situation which, more or less, is consistent with *Lewis Model of Dualistic Growth*¹. The problem of duality, that is the co-existence of a large surplus subsistence Agricultural Sector along with a small modern industrial sector, is still a striking feature of the development experience of Chhattisgarh. With emphasis on agriculture growth, a substantial transfer of labour from agriculture to secondary and tertiary sectors will fuel a sustained expansion of modern sector to absorb productively the surplus labour released by the rural economy. At present during drought periods, there is large-scale migration of Rural Population to the urban areas

1. The experience of understanding the development trajectory of Chhattisgarh State can help us to highlight some of the limitations of the mainstream economic theory.

and to the neighbouring States of *Maharashtra, M.P.* and for few others, but since the urban areas can not provide permanent and adequate work to the migrants, such a migration is not sustainable and, therefore, is temporary. The process of shift of workers from rural to urban economy has been very slow, in view of slow growth of urban economy, as revealed by sluggish growth of secondary and tertiary sectors. Now Chhattisgarh on becoming a separate state has the opportunity of developing faster through a planned and integrated utilization of its land resources, mineral resources, power resources and water resources. This may give a big push to the process of growth which may be accompanied by accelerated Urbanization. In the post-reform period, the main thrust of development strategy has to be to invite private investment, both domestic and foreign. The role of the State would be considerable in improving and building up infrastructure for attracting private investment. In this context the ULBs, particularly in bigger cities, have to play the major role in building urban infrastructure. The development of small towns and their economies would help in checking the tide of migration to larger cities and thereby concentration of Urban Population.

9.2.13 The existing level of civic services and urban functions is poor and inadequate. Recently the *XIIth Finance Commission* has published in its Report data of urban households by deprivation and has prepared deprivation index for different States. According to this study, 13.67% of urban house-holds in **Chhattisgarh** are fetching water from far away places, 37.04% of households have no drainage facility, 47.71% of urban households have no latrine facility. The *Deprivation Index* in respect of three services has been estimated at 27.95%, as against 16.79% for the *Whole Country*. This shows that the State has to make a considerable leeway in respect of three basic services, water supply, drainage and sanitation.

9.2.14 Recently, the State Government has commissioned a study to find out the exact shortfall in basic services and infrastructure in the State. The table below reproduces the status of civic amenities in urban areas. The report "*Infrastructure Development-Action Plan for Chhattisgarh*" lays out a plan for bringing about sustainable improvement in the level and quality of services. **Table No. 9.4** It has also been estimated that nearly 25% of Urban Population is living in slums.

9.2.15 A brief review of the Urbanization process in the State has shown that the State is one of the less Urbanized States of India but the process of Urbanization is expected to be accelerated with the attainment of the status of Statehood, provided appropriate Economic and Social Policies are adopted for the development of the State, and the Duality Index is reduced.

9.2.16 It is only when increased activities in Non-Agricultural Sector are able to generate substantial employment in urban areas and thereby cause a shift of a part of large Agricultural working force to Non-Agricultural activities, that the process of Urbanization is stepped up. If the economy increases its duality as revealed by the sectoral growth rates and the extent of transfer of working force from Agriculture to Non-Agriculture, the process of Urbanization is slackened.

9.3.0 Urban Local Self Government In Chhattisgarh :

9.3.1 The discussion of the process of Urbanization in Chhattisgarh leads us to the discussion of functions and finances of Local Self Government which is charged with the responsibility of providing urban governance in urban areas. The development of urban economy to a large extent depends upon the provision of functions and facilities by the ULBs.

9.3.2 Though Chhattisgarh State is newly constituted and has a life of only five years, ULBs have been in existence for more than a century in the region now constituting the new State and have been performing their basic and regulatory functions since long.

9.3.3 The independence of the Country had opened a *New Chapter in Socio-Economic Reforms*. The State Policy under the Constitution visualized that civic administration was no longer to be considered as a mere training ground in the art of Self-Government but also destined to be an integral part of the whole system of public administration and *Socio-Economic Changes*. The Indian constitution though gives a directive to the State to take necessary steps in the direction of creating and strengthening institutions of Self-Government, does not earmark a separate list of

taxes which may be exclusively levied by the Local Bodies. Even the 74th Constitutional Amendment which has enlarged their functional domain, does not make any separate provision for local taxation, though it provides Constitutional Legitimacy to Local Bodies and also makes a provision for the creation of a Finance Commission in every State, for recommending devolution of resources from the State Government to Local Bodies. Despite this, Local Bodies continue to depend increasingly on the State Governments for Allocating Taxes from their Own List of Taxes which they consider appropriate for Local Bodies.

9.3.4 The Local Bodies in the region constituting the New State of *Chhattisgarh* had to face a number of problems arising from the reorganization of States in India from time to time. The region has undergone three incarnations. It constituted a part of Central Provinces and Berar (CP & Berar) for a long time under the British rule and also in the post-independence period till it was merged into the old State of Madhya Pradesh with its capital at Nagpur, a bilingual State with Hindi and Marathi being the two major languages. In 1956, with the reorganization of the States in India when the new State of Madhya Pradesh consisting of Hindi speaking States/regions was constituted, with its capital at Bhopal, Chhattisgarh region of the old bilingual State of Madhya Pradesh was included in the new State of Madhya Pradesh. After remaining a part of Madhya Pradesh exactly for 44 years, Chhattisgarh region attained the status of a separate State, with its capital at Raipur on 1st November, 2000. The shifting of the region from one State to another, resulted in corresponding institutional, legislative and administrative changes, thereby disturbing continuity in the functioning of Local Bodies.

9.3.5 The following Acts relating to ULBs have been in operation from time to time in the region now constituting the Chhattisgarh State :

- 1) The Central Provinces and Berar Municipal Act, 1922 as amended between 1927 and 1956.
- 2) The Madhya Pradesh Municipal Act, 1956, as amended from time to time.

- 3) The Madhya Pradesh Municipal Corporation Act, 1956, as amended from time to time.
- 4) Under the Madhya Pradesh Re-Organisation Act, 2000, all laws relating to Local Bodies in M.P. before the creation of Chhattisgarh, have been made applicable to Chhattisgarh State along with Rules and Regulation, till they are amended by the legislature of the New State. Now the 2 legislation in operation are **(1) Chhattisgarh Municipal Act and (2) Chhattisgarh Municipal Corporation Act.**

9.3.6 In pursuance of 74th Amendment to the Constitution in 1992, the erstwhile State of Madhya Pradesh was one of the earliest in the Country to introduce necessary amendments in its conformity legislations relating to Local Bodies in the State. But the Constitutional Amendments have not curtailed the powers of the State Legislature to lay down the basic framework of the local government, in terms of their organization, powers, authority, functions, including raising of financial resources, audit and accounts.

9.3.7 With effect from 1st November, 2000, the New State **Chhattisgarh** had adopted by law all legislation along with rules and regulations of the erstwhile State of M.P. and thereby ensured continuity in the functioning of Local Bodies in the State. From time to time, the State Government has introduced amendments in the existing legislations and introduced changes in rules and regulations. Since the creation of the new State, elections to Local Bodies have been held in accordance with the provisions of law, under the auspices of the Election Commission of the State. One third of seats have been reserved for women candidates. The reservations of seats for Scheduled Castes and Scheduled Tribes have been provided in proportion to their Population in the State. **The Posts of Mayors, Chairmen of Municipalities and Presidents of Zilla Panchayats, Janpad Panchayats and Gram Panchayats**, have been filled up by the SC and ST and women candidates in accordance with the roster providing such reservations for them.

9.3.8 **The First State Finance Commission was constituted in 2003.** Pending the recommendations of this Commission and the **Action Taken Report** on it, **the State Government has been implementing the recommendations of the first SFC of the**

composite State of MP as accepted by the Government. Accordingly, the State Government has transferred about 7.2% of its *Own Revenue Receipts* to the *Local Bodies* in 2002-03, of which 4.89% has accrued to *ULBs* and the rest to *Rural Local Bodies (RLBs)*. *ULBs* have received from the *State Exchequer Transfers in the form of Assigned Revenue, Share in State Taxes and Grants-in-Aid*, accounting for 33.4% of their total revenue in 1998-99, increasing to 57.21% in 2002-03.² The transfer of such a large magnitude of resources to *ULBs* in the State, might have been a contributory factor to the emergence of Surpluses in their Budgets, as indicated by excess of their Total Revenue over Total Expenditure.

9.3.9 The State Government has shown its eagerness to restructure Local Bodies when we look at the resolve made in its Memorandum to the *XIIth FC* which States: “The State being newly constituted is struggling to define its own course of action and would, therefore, not like to be assessed on the basis of non-existent historical performance By adhering to the recommendations of the first SFC of the erstwhile Madhya Pradesh, well beyond the period for which these recommendations were applicable, the State reaffirms its commitment to decentralization in a rational manner”.³

9.3.10 The inclusion of the *XIIth Schedule* in the Amendment Act, has added a new dimension to municipal governance and has raised high hopes that Local included therein, and this process would be accompanied by consequential transfer of funds and functionaries to these bodies. But this has not happened, by and large. We are of the opinion that the 73rd and 74th amendments are only an expression of intentions rather than a mandate to the States to transfer functions accompanied by funds and functionaries. Moreover, the State Governments have not been highly enthusiastic to part with powers, functions and finances for matters which are essentially local in nature.

² Govt. of Chhattisgarh Finance Department – Memorandum submitted to the *XIIth Finance Commission* – November, 2003 – page 81

³ *Ibid* – page 82

9.3.11 The *XIIth Schedule* (**Vide Annexure No.9.1**) under article 243 (w), makes provision for 18 subjects for transfer to Local Bodies. Apart from their traditional functions, the Schedule also includes functions like urban planning, planning for economic and social development, protection of environment, safeguarding the interests of weaker sections, slum improvement and up-gradation, urban poverty alleviation, promotion of cultural, aesthetic and educational aspects of urban life. The legislation of the erstwhile State of MP, adopted by the Chhattisgarh State, includes all these subjects and functions contained in the *XIIth Schedule*.

9.3.12 Under the new dispensation, provided by the Constitutional Amendment, three types of *ULBs* have been set up in the State:

- (i) *Municipal Corporation* in Larger Urban Areas,
- (ii) *Municipal Council* in Small and Medium Towns
- (iii) *Nagar Panchayats* in towns with less than 20000 Population. These are transitional areas from rural to urban.

9.3.13 The **Table No. 9.5** presents *the number of different types of ULBs in the State, along with their Population and their Percentage Shares in Urban Population in the State.*

The table indicates that nearly 62% of Urban Population is concentrated in *Municipal Corporations* in 2001 and this percentage has increased from 61 in 1991. This decline is partly due to increase in the percentage share of *Municipal Councils* from 20.23% in 1991 to 21.58% in 2001. This increase is mainly attributed to increase in number from 21 to 28 and also due to size-class jumping. There has been slight decline in the share of *Nagar Panchayats* in the Total Urban Population from 18.77% in 1991 to 16.29% in 2001. This may be attributed to size-class jumping to higher class and their replacement by such *Nagar Panchayats* which have lower level of Population. The Average Population of Local Bodies in each size-class is very low in 2001- 268879 in *Municipal Corporations*, 33345 in *Municipal Councils* and 9792 in *Nagar Panchayats*.

9.3.14 **Table No. 9.6** presents the *Population of Municipal Corporations in the State in 1991 and 2001 along with their Decadal Growth Rate.*

The highest Decadal Growth of Population during 1991-2001, is recorded by Raipur *Municipal Corporation*, Raipur being the capital seat of the State. Raipur has the highest Population among all the *Municipal Corporations* and it is expected to grow at a much faster rate in the near future. The average Population of *Municipal Corporation* in the State in 2001 was 268879 compared to 271905 in 1991. The State does not have a single metropolitan city. Urban problems in the State can be tackled easily when the size of urban settlements is not very large.

9.4.0 Functional Decentralization :

9.4.1 As already observed, the State Government has been very quick in the process of Decentralization of Functions to ULBs, and almost all functions and subjects contained in *Schedule-XIIth* have been included in the municipal legislation. But such decentralization has not been accompanied by decentralization of adequate funds and functionaries, with the result that the capacity of ULBs to perform their functions adequately and efficiently, becomes restricted and limited.

9.4.2 The section 66 of Chapter-V of *Municipal Corporation Act, 1956* and section 123 of the *Municipal Act, 1956*, as amended from time to time, make provision for obligatory and discretionary functions of *Municipal Corporations* and *Municipalities* respectively in the State. In addition to these functions, ULBs in the State would perform such functions which are entrusted to them by the State government, as their agents. Their functions are broadly be classified into public health, public safety and convenience, public education and recreation, welfare activities, up-liftment of weaker sections, poverty alleviation, planning for economic and social development. The detailed presentation of these functions is made in **Annexure No 9.2 & 9.3** of this Chapter.

9.4.3 *Under the Act, Municipalities with more than 3 lakhs population, are required to set up Ward Committees for one or more than one ward, to improve the level of efficiency in the delivery of their services.* The Act also makes provision for the

direct election of mayor and for reservation of seats for the election of speaker, non-confidence motion against the mayor and the speaker and the provision for the constitution of Mayor-in-Council, members holding charge of such departments as decided by the mayor.

9.4.4 There has been a gradual usurpation of local functions by the State Government in a number of States. The tendency has been to execute most of their capital works in large cities through its own agencies, and a large proportion of plan funds are gradually being spent through these bodies but when assets are created, they are transferred to Local Bodies for maintenance. The ULBs do not have enough resources for their proper maintenance, with the result that the maintenance gap widens over time. Some of the functions of *Municipal Councils* and *Municipal Corporations* are being performed by the parastatals and urban development authorities. The function of urban development and planning is fragmented into different departments, dealing with housing, local self-government, town and Country planning, slum improvement, public health engineering, environment. It is necessary that all agencies operating in the field of urban development and planning should withdraw from the legitimate domain of ULBs and if at all, these are to continue because of their expertise, they should function as wings of the city government. This is essential for entrusting urban development and planning to a single agency for integrated urban development. The Town and Country Planning Department may prepare plans for different towns and cities in the State but within the framework and guidelines provided by ULBs. Within the town plans, experts of different sections may prepare plans for their respective sectors on the basis of requirements and priorities of ULBs and Funds, this is a long-term recommendation of the commission. Chhattisgarh is a newly created State and is in a position to have a fresh look at the creation of different agencies which had existed in the erstwhile State of M.P. It is in a position to reorganize the functioning of different departments and organizations. It should look to the administrative needs of local bodies, the need for integration between a number of agencies and also ensure coordination between their working.

9.5.0 Financial Decentralization :

9.5.1 Functional Decentralization is meaningless without Financial Decentralization. The legislation governing Local Bodies should make adequate provision for continuing adequate powers to raise funds through tax and non-tax sources. In a federal set up, transfer of resources from the State and Central Governments also plays an important role in the Finances of Local Bodies. But for promoting Fiscal Autonomy which is essential for making Local Bodies self-governing units, it is essential that Own Resources may be developed as the major source of revenue for reducing dependence on higher level Governments.

9.5.2 Section 132 of Chapter-XI of the *Municipal Corporation Act (Annexure No 9.4)* and section 127 of the *Municipal Act (Annexure No 9.5)* make provision for the imposition of taxes by the *Municipal Corporations* and *Municipal Councils* respectively. The compulsory taxes to be levied include Property Tax, water rate, a general Sanitation Tax, a general Lighting Tax, a general Fire Tax, a Tax On Entry Of Goods For Consumption, use and sale within the area of the local body. In addition to compulsory taxes, ULBs are empowered to levy certain Discretionary Taxes, such as, a Latrine Tax or Conservancy Tax, a Drainage Tax, a Tax On The Owners Of Vehicles And Animals, Fees For The Registration Of Cattle, Market Fees On Exposing Goods For Sale In The Market, Betterment Tax On Property, a Tax On Advertisement other than those Published In Newspapers, a Tax On Pilgrims, a Tax On Theatres, Theatrical Performances And Other Public Entertainments, a Toll Tax, a Terminal Tax On Goods And Animals Exported from the limits of a Local Body, And Any Other Tax which the State Government has the power to impose under the Constitution of India, with the prior approval of the State government. The imposition of all taxes shall be subject to the regulation of the State Government in respect of minimum and maximum rates of taxes. The State Government retains the power to make rules regarding taxes imposed by Local Bodies. Under Section 162, the State Government may require a Municipal Government to impose any tax which it is empowered to impose under the Act, or enhance the existing rate of a tax, in case the government finds that revenue is insufficient for discharging its duties or obligatory functions under the Act.

- 9.5.3 Under an amendment in the Act in 1998, under section 332 of the Municipal Corporation Act, a Corporation is empowered to impose Additional Stamp Duty on the transfer of immovable property situated within the limits of the Corporation, equal to 1% of the value of property. But the tax is to be realized by the State Government along with stamp duty and the State Government has agreed to pay to each Corporation, Grants-in-Aid equal to extra duty realized by the State Government along with stamp duty in respect of property situated within the jurisdiction of the corporation, after deducting the cost of collection, as the State Government may decide.
- 9.5.4 Though the legislation empowers ULBs to impose a large number of taxes, most of them are imposing Compulsory Taxes and a few Optional Taxes. Municipal Taxes could not emerge as important source of revenue of ULBs. Most of the taxes are less productive and less elastic. There is laxity in collection of Tax Revenue, with the result that huge arrears have accumulated in a large number of cases.
- 9.5.5 ULBs provide a number of services to the people like drinking water supply, street lighting, conservancy, drainage, construction and maintenance of municipal markets, construction and maintenance of slaughter houses, provision of parking places for vehicles, provision and maintenance of parks and gardens and recreation grounds, construction and maintenance of veterinary dispensaries, construction and maintenance of roads, culverts and bridges, solid waste disposal, regulation and provision of large number of goods and services through municipal enterprises. Whereas some of these goods and services are to be provided free of charge or at subsidized prices, there are some goods and services for which ULBs have to charge suitable prices or user charges. At present, Non-Tax Revenue constitutes a very small proportion of municipal revenue. But this source can be developed to a considerable extent. The issue of User Charges for certain Municipal Services, has been thoroughly debated in the Country but without arriving at any definite conclusion. The debate continues. We would take up this issue at an appropriate place in a subsequent Chapter. But at this stage it is enough to observe that non-tax source of revenue can emerge is an important source of Municipal Revenue.

9.6.0 A Peep Into The Future :

9.6.1 Since the introduction of Economic Reforms in the Country, there has been increased mobility of labour, capital and technology and other factors of production across the States and nations, combined with world-wide trend in the direction of globalization. In several cases, the fiscal problems of the city government have been compounded by global economic restructuring and shifting locations of labour and capital. Though Chhattisgarh State has been affected to a very little extent by these changes, it has to prepare itself well in advance, looking to the experience of some other cities in the Country. It has to prepare itself for the future. There has been growing competition among cities and City Governments for attracting domestic and external investments. Globalization is bound to accelerate the demand for city-based infrastructure and services and lead the city government to innovate new financial and other partnerships for meeting the increased infrastructure and services requirements, reformulation of relations between public and private sectors at the local level. The State Government also has to prepare itself in advance to tackle these issues. It has to change its traditional outlook in respect of municipal functions and finances, otherwise the State would be baffled by haphazard Urbanization and multiplication of slums and squatter colonies.

9.6.2 A large number of functions of ULBs are now having important re-distributional and inter-jurisdictional implications. These functions include planning for social and economic change, urban poverty alleviation, urban forestry and environmental protection. A question arises as to who and which level of government should finance such services and what should be the role of the central, State and Local Governments in their financing and management. But one thing is definite that decentralization of these functions and responsibilities is expected to generate greater efficiency in service delivery and lower public spending.

9.6.3 Another question that arises and needs solution is what role the elected representatives, bureaucracy and civil society – different stake-holders, should play in the governance of cities? The Municipal Government will have to introduce changes in the system of financial accounting and management in order to streamline better

management of Municipal Expenditure. A major development in recent years has been in the direction of privatization of certain municipal services and functions and involvement of private sector in the provision, delivery and management of such services. A few Municipal Governments have taken steps to have access to the capital market for financing their growing infrastructure needs.

9.6.4 It has now been recognized that a number of urban services and infrastructure are not public utilities to be supplied at zero cost or at negligible prices, neither these are to be considered as economic goods for earning profits. ULBs are expected to raise reasonable magnitude of funds from some of the goods and services which they provide.

9.6.5 Taking cognizance of the role which urban areas are expected to play in the economic development of the Country and in attracting investment both domestic and foreign, the Government of India has recently decided to launch a mega project geared towards the development of urban infrastructure to be designated as ***Jawaharlal Nehru National Urban Renewal Mission***, a project costing more than one lakh crore rupees in the next 7 years. It is proposed to cover about 60 cities with a million or more population, all State capitals and several cities of religious, historical and tourist importance. The main objectives of this project are to improve the financial condition of local bodies, their credit worthiness, ability to access capital market for taking up new projects, secure public participation and Commercial Sustainability in the provision of services. The massive central assistance to the States and Local Bodies will be linked to the implementation of reforms at the micro level that would provide the necessary boost to urban infrastructure development.

9.6.6 The central government will also launch two parallel schemes, an urban infrastructure development scheme for small and medium towns and a housing and slum development programme.

9.6.7 To take advantage of the central project and schemes, the State Government and the ULBs have to gear up their functioning and financial resources well in advance of launching of the project. What is needed is perspective planning - both in respect of ***Municipal Functions and Municipal Finances***.

Table No. 9.1
Percentage Of Urban Population To Total Population
(Chhattisgarh, Madhya Pradesh & India)
(1901 to 2001)

(In %)

	1901	1911	1921	1931	1941	1951	1961	1971	1981	1991	2001	Decennial Growth Rate 1991-2001	
1	2	3	4	5	6	7	8	9	10	11	12	13	14
C.G.	3.08	2.44	3.10	3.42	4.32	4.88	8.33	10.38	14.69	17.40	20.09	48.90	36.24
M.P.	10.49	8.23	9.18	10.22	11.98	14.87	16.64	18.58	22.34	25.27	26.67	43.92	31.19
India	10.85	10.29	11.18	11.99	13.86	17.29	17.97	19.91	23.34	25.71	27.78	36.47	31.13

Source - Provisional Population totals Rural-Urban distribution - paper - 2 of 2001, Census of India 2001, Chhattisgarh-series - 23, Page -4, 5

Table No. 9.2
Level Of Urbanization In The District Of The State
(2001)

S. No.	District	% of Urban Population	Urban Population Growth (%) 1991-2001	Number of Towns 2001
1	2	3	4	5
1.	Koriya	29.8	5.54	6
2.	Surguja	7.0	60.65	7
3.	Jashpur	4.6	33.22	2
4.	Raigarh	13.4	23.25	5
5.	Korba	36.3	127.27	4
6.	Janjgir-Champa	11.0	22.48	8
7.	Bilaspur	24.4	12.75	14
8.	Kawardha	7.7	30.87	2
9.	Rajnandgaon	18.1	14.20	7
10.	Durg	38.2	26.26	12
11.	Raipur	30.4	49.77	14
12.	Mahasamund	11.4	27.50	5
13.	Dhamtari	13.2	12.70	2
14.	Kanker	4.8	55.03	1
15.	Bastar	10.0	19.28	4
16.	Dantewada	7.2	61.44	4
Chhattisgarh		20.18	36.24	97

(Source : 'Based on Population profile – Census of India 2001' Directorate of Census Operations, Chhattisgarh, Bhopal) page 84.

Table No. 9.3
Urban Hierarchy In Chhattisgarh State
(1991 -2001)

Class of Towns	Population Range	Number of Towns		Population 2001	% of Total Urban Population	Average Population
		1991	2001			
1	2	3	4	5	6	7
I	>1 lakh	5	7	2631492	63.02	375927
II	50000 to 99999	6	5	373289	8.94	74658
III	20000 to 49999	12	20	550099	13.17	27505
IV	10000 to 19999	35	32	464307	11.12	14510
V	5000 to 9999	23	20	156142	3.74	7807
VI	<5000	2	0	-	-	-
Total		83	84	4175329	100	49706

(Source: Census of India–Chhattisgar, series 23, provisional Population Totals) page 9

Table No. 9.4
Urban Civic Amenities – Coverage

S. No.	Services	Urban Population Coverage
1	2	3
1.	Protected Water Supply	90%
2.	Sanitation	49%
3.	Sewerage system	28%
4.	Low cost sanitation facility	21%
5.	Solid waste collection – metros	90%
6.	Solid waste collection – small towns	<50%

(Source : Infrastructure Development Action Plan for Chhattisgarh)

Table No. 9.5
**ULBs In The State, Their Population
(1991 & 2001)**

S. No.	Type of ULB	Number		Population		Average Population		Population %In Each Category To Total Urban Population	
		1991	2001	1991	2001	1991	2001	1991	2001
1	2	3	4	5	6	7	8	9	10
1.	Municipal Corporation	6	10	1631427	2688792	271905	268879	61.00	62.13
2.	Municipal Councils	21	28	541197	933671	25771	33345	20.23	21.58
3.	Nagar Panchayats	57	72	501949	705010	8806	9792	18.77	16.29
Total		84	110	2674573	4327473	31840	39341	100.00	100.00

Table No. 9.6
**Population And Decadal Growth Of Municipal Corporations In Chhattisgarh
(1991 & 2001)**

SNo.	Name of Corporation	Population		Decadal growth (%)
		1991	2001*	
1	2	3	4	5
1.	Raipur	461815	758181	64.17
2.	Bhilai	472490	556366	17.75
3.	Durg	150645	232517	54.35
4.	Rajnandgaon	125371	143770	14.68
5.	Jagdapur	-	103216	-
6.	Bilaspur	179833	275694	53.31
7.	Korba	241273	315690	30.84
8.	Raigarh	-	111154	-
9.	Ambikapur	-	95823	-
10.	Chirmiri	-	96381	-
Total		1631427	2688792	40.22

Source - * Urban administrative and development department.