



THE LOCAL GOVERNMENT SYSTEM IN

INDIA



1 INTRODUCTION

The Republic of India is a federal union comprising 28 states and seven union territories in the south Asian sub-continent. It has a population of 1,129,866,154¹ and a land area of 3,287,263 sq km.² The president is the head of state with executive powers, advised and aided by a council of ministers led by a prime minister. The executive consists of the president, vice-president, and the council of ministers.³

The president is elected for five years⁴, by an electoral college made up of members of both houses of parliament (the Lok Sabha and the Rajya Sabha), and the legislative assemblies of each state. The president normally appoints the prime minister from the leader of the largest party. The president appoints other members of the council of ministers based on the advice of the prime minister.

The legislature is bicameral, and consists of the Lok Sabha and the Rajya Sabha. Members of the Lok Sabha are directly elected under the first-past-the-post system. The parliamentary term is no more than five years. The Lok Sabha currently has 545 members; 543 are elected and two are appointed by the president to represent the Anglo-Indian community – a discretion presidents may exercise if, in their opinion, the community is under-represented.⁵

Rajya Sabha members are elected indirectly by the state legislatures with representation proportionate to their populations. In addition 12 members are nominated by the president for their expertise. Rajya Sabha members number up to 250.⁶

Each state has its own state legislature and numerous local government bodies within its territory. The union territories are governed

directly by the union government (central) and they may have one or more local government bodies within their territory. Local government is divided between the rural authorities (panchayats) and urban authorities (municipalities). Each sector is further divided into a number of areas based on population. The contribution of municipal finance to GDP is estimated to be 1% of GDP⁷

2 POLITICAL AND ORGANISATIONAL STRUCTURE OF INDIA

2.1 Position of local government in the state

In 1989 the government of India took steps to enhance the role of rural local governments (panchayats) through direct funding. The aim was to create units responsible for economic development at the local level, and to create jobs directly. Attempts were made by the government to make it mandatory for all states to adopt a three-tiered system of panchayats. In 1992, the 73rd and 74th Constitutional Amendments were enacted giving recognition and protection to local government.⁸

The states are organised along cultural and linguistic lines, reflecting the country's diversity. Consequently there are huge variations in the size and population of the states.

Under the constitution each state has its own legislature. However, the state governor, in whom executive power is vested, is appointed by the president for five years.⁹ Replicating the structures in the national government, the governor is aided and advised by a council of ministers led by a chief minister. Five states are unicameral while the other 23 are bicameral.

In the union government (at the national level) there are ministers responsible for the urban sector and the rural sector respectively. The Minister for Housing & Urban Poverty Alleviation, Minister for Urban Development and Minister for Rural Development are guided by constitutional provisions and are responsible for developing nationwide policy for each sector. In each state there is a minister responsible for local government who must oversee the administration of the relevant legislation promulgated at the state level. In extraordinary circumstances, the minister or state government may dissolve local government bodies, and govern them directly for up to six months. An election to constitute a municipality must be completed within six months of dissolution.¹¹

Table 1. Distribution of local governments and population¹²

Type of authority	Largest population	Smallest population	Average population
Municipal corporation	c.14,000,000	c.200,000	c.1,000,000
Municipal council	c.500,000	c.50,000	c.350,000
Nagar panchayat	c.50,000	c.5,000	c.25,000
Zilla parishad	c.800,000	c.100,000	N/A
Panchayat samiti	332,526	2,963	N/A
Gram panchayat	20,512	665	N/A

3 LEGAL BASIS FOR LOCAL GOVERNMENT

3.1 Constitutional provisions

The 1950 Constitution of India promoted the establishment of village panchayats but entrusted local self-government to the states. Although this directive principle was followed

to some extent, it was not universally adopted. However, in 1992 the 73rd and 74th Amendments to the constitution gave recognition and protection to local government.

3.2 Main legislative texts

Local government is a state function. Powers,

authority and responsibility for local bodies are devolved by the state under Articles 243g and 243w of the constitution. Each state has its own local government legislation, and laws are similar in each state. These include town planning, rent control, state revenues etc.

Table 2. Distribution of local governments and population

State	Number of local authorities				Population	% rural
	Urban	A	B	C		
Andhra Pradesh	117	22	1,069	21,943	66,508,088	73.1
Arunchal Pradesh	0	15	150	1,747	864,558	87.8
Assam	83	20	203	2,487	22,414,322	89.0
Bihar	159	38	531	8,471	86,374,465	86.8
Chattisgarh*	109	16	146	9,139		
Goa	13	2	0	189	1,169,793	59.0
Gujarat	149	25	224	13,781	41,309,582	65.5
Haryana	68	19	114	6,032	16,463,648	75.4
Himachal Pradesh	49	12	75	3,037	5,170,877	91.3
Jammu & Kashmir	68	14	134	2,700	7,718,700	79.0
Jharkhand*	43	22	211	3,765		
Karnataka	222	27	175	5,659	44,977,201	69.1
Kerala	58	14	152	991	29,098,518	73.6
Madhya Pradesh	326	45	313	22,029	66,181,170	76.8
Maharashtra	244	33	349	28,553	78,937,187	61.3
Manipur	28	10	0	166	1,837,149	72.5
Meghalaya	6	3	0	0	1,774,778	81.3
Mizoram	0	0	0	737	689,756	53.8
Nagaland	9	0	0	1,286	1,209,546	82.7
Orissa	133	30	314	6,234	31,659,736	86.6
Punjab	134	17	140	12,449	20,281,969	70.5
Rajasthan	183	32	237	9,189	44,005,990	77.1
Sikkim	0	4	0	166	406,457	90.1
Tamil Nadu	719	28	385	12,618	55,858,946	65.8
Tripura	13	4	23	540	22,757,205	84.7
Uttar Pradesh	623	70	809	52,029	139,112,287	80.2
Uttarakhand*	63	0	673	7,055		
West Bengal	123	18	341	3,358	68,077,965	72.6
UNION TERRITORIES						
Andaman & Nicobar	1				280,661	73.2
Chandigarh	1				64,201	13.3
Dadra & Nagar Haveli					138,477	1.5
Dedman & Diu	2				101,586	53.1
Delhi	2				9,420,644	10.1
Lakshadweep	1				51,707	43.7
Pondicherry	5				807,785	36.0
Totals	3,551	540	9,268	384,286		73.9

A = zilla parishads/district councils; B = panchayat samaiti; C = village panchayats

* Population figures not available

4 LOCAL GOVERNMENT ORGANISATIONAL STRUCTURE

The main division is between rural and urban areas. Urban local government is single-tiered, with three categories of authorities: nagar panchayats (emergent urban areas), municipal councils and municipal corporations. There are 3,723 local government bodies in the urban sector covering 5,161 urban centres.

In the rural sector local government may be single-tiered, two-tiered or three-tiered according to state (see Table 2).¹² There are gram panchayats (villages with an average population of around 1,000), the panchayat samitis (around 100 villages) and the zilla panchayats (around 1,000 villages or 1,000,000 people). There are 237,824 local government bodies in the rural sector.

5 DEMOCRATIC AND POLITICAL STRUCTURES IN LOCAL GOVERNMENT

All councillors are directly elected by a first-past-the-post system. One-third of all seats are reserved for women. There are further reserved places for scheduled castes and scheduled tribes, determined by their proportion of the local population. The places reserved for scheduled castes and tribes must also adhere to the one-third allocation to women.

Mayors are elected both directly and indirectly depending on the guidelines in the state municipal act. Councillors are elected for a five-year term of office, mayors for either one or five years. Seats for the mayor/chairperson are also reserved for scheduled tribes and castes, women and other minorities on a rotating basis.

In the urban sector, all municipalities with a population over 300,000 are required to establish ward committees chaired by the local ward councillor, with the election of ward officers defined in state municipal law. These structures are consultative and also play a role in monitoring the delivery of services. Municipal corporations as in the state municipal Act work within a committee system in which councillors report to council with recommendations.

In the urban sector women make up 38% of all councillors.¹³ By law it should be one-third across all local government bodies. The women members elected under the reserved places represent a ward like any other member. Six months prior to local elections, one-third of the wards are earmarked for women representatives. At the following election these wards lose their women-only status, and a further third of the municipality's or panchayat's wards are designated for women candidates only.

5.1 Urban councils

Municipal corporations, in line with the respective municipal Acts, have different

committees which include finance, education, water supply and sanitation. The standing committees are deliberative bodies only. Decision-making powers remain with the full council. Councils have the discretion to establish a wide range of other committees.¹⁴

Powers for the mayors and executive committees are determined by the respective state municipal Acts. Each municipal body is assisted by a commissioner or chief executive officer who coordinates the activities of all municipal employees.

5.2 Panchayati system in the rural areas

The panchayats are situated in the rural areas of India. In 22 states there are three tiers in the panchayati system, in one (Goa) there are two tiers, and in five (Jammu and Kashmir, Manipur, Meghalaya, Mizoram and Nagaland) there is one. States with populations of less than two million are not required to adopt the three-tiered system. They are not strictly hierarchically organised, rather there is a division of duties between them. There is a limited coordination role for higher levels of the panchayati authorities (see Annex A).

State law establishes mandatory committees; these consequently may vary from state to state. However, generally all have executive committees. The zilla parishads are required to have general, finance and audit, planning, social justice, education, health, agriculture and industrial committees. The gram panchayats have production, social justice and amenities committees. Most states provide the panchayats with little discretion to establish other committees.

Members are elected for five-year terms. The elections for council leader can be direct or indirect, depending on state law.

5.3 Local government staffing

Local government staff are not recruited by a central Indian body. However, in some states there is a body for recruitment, in others staff are recruited directly by the local authorities. The body responsible for recruitment is also responsible for disciplinary and dismissal matters.

There are a number of officers required by law in the different types of local councils, including municipal commissioner in the municipal corporations, executive officer in the municipalities, health officer and sanitary inspector. The head of the paid service is normally referred to as the chief executive officer.

The staffing structure of first-tier councils differs from state to state, but generally the municipal commissioner is the head of the administrative service of the municipal corporations, assisted by deputy municipal commissioners and other officers. The health officer is responsible for area health services.

The staffing structures of second-tier councils

(municipalities) differ from state to state, but generally the executive officer is the head of the administrative service, assisted by deputy executive officers and other officers. The health officer is responsible for health services in the municipal area.

5.4 Independent scrutiny

The 73rd and 74th Amendments led to wider participation and citizen awareness at the local level. Citizens' Charters are also used to streamline participation. Municipal governments are subject to local government audit which is done by the respective state governments.

6 DISTRIBUTION OF SERVICE DELIVERY COMPETENCE

The 1992 constitutional amendments, plus Article 243d of the constitution provide for district and metro planning committees which consider development plans prepared by urban and rural local bodies and consolidate them for further consideration by central and state government. This promotes bottom-up planning whereby actual assessments of demand are made available to higher levels of government for better planning and resource allocation. The constitution of the district planning committee is mandatory.

7 FINANCE

7.1 Revenue

Revenue sources of local bodies include taxes, fees, fiscal transfers and others. Aggregate revenue of urban and rural local government, tax structure, types of taxes, fees and fiscal transfers vary from state to state according to state practice. Property tax is the mainstay of municipal finance and contributes 25-50% of total municipal revenue.

Total revenue of Panchayati Raj institutions in 2002-2003 was Rs 24,010 crores. Compared to this, total revenue of urban local bodies was Rs 12,596 crores, broken down as:

• Taxation	39%
• Non-taxation	19%
• Other (mostly fiscal transfers)	42%. ¹⁵

7.2 Revenue-sharing

The Central Finance Commission and state finance commissions are the bodies responsible for assessing and advising the respective levels of government on the financial needs of local government. Inter-governmental fiscal transfers normally comprise 20-40% of total municipal revenue.

General and specific grants are made to local government by the states. Following the recommendations of the Twelfth Finance Commission, central government will provide

Rs 50,000m for urban bodies, and Rs 200,000m for rural bodies for service delivery, administration accounting etc.

7.3 Expenditure

There is no detailed breakdown of the aggregate expenditure of local government in India. Urban local bodies are responsible for more than 75% of all local government expenditure.

As with income, expenditure varies from state to state, and generally is dependent on fiscal transfers or other schemes sponsored by state or central government.

8 ORGANISATIONS OF LOCAL GOVERNMENT

There are several local government associations including the All India Council of Mayors, representing the municipal corporations, and Nagar Palik Pramukh Sangthen, representing the other urban municipalities.

There are some examples of state-level organisations of elected representatives, or city managers' associations.

9 INTERGOVERNMENTAL RELATIONS

There are no special fora for intergovernmental relations. However, the union ministries are in constant dialogue with relevant ministries at the state level and with local government representatives. Local government representatives also seek meetings with officials and ministers in the relevant ministries on an ad hoc basis. There is no formal representation of local government in the state structures.

10 E-GOVERNMENT

The government website is well developed, with links to all state governments. There are plans

to extend these links to cover administrative offices in districts, and many are already linked to the government portal. The formats are standardised and therefore are useful for making comparisons. At present they provide citizens with information regarding responsible officers and names of elected representatives with contact points.

While there are some urban local governments with websites, this represents only a small proportion of the urban authorities in India. However, these sites provide services and information to citizens and access to officers.¹⁶

In 2005 there were 60 million internet users in India, or 5.5% of the population.¹⁷

11 ENVISAGED REFORMS

Private-sector involvement in the delivery of local government services, and public-private partnerships, are being explored in urban infrastructure provision. There is also a reform of property tax underway with the aim of simplifying the system and making collection easier and more effective.

Further transfer of functions with adequate resources is considered necessary to streamline governmental machinery and make the local government sector more effective. Not all states have yet implemented the transfer of functions and resources as required in law. Compliance with the devolution of functions required under the 73rd and 74th Constitutional Amendments is ongoing.¹⁸

Local government in India is undergoing a major reform agenda initiated and encouraged by all levels of government. The Jawaharlal Nehru National Urban Renewal Mission (JNNURM), with a budget of Rs 500,000m for 2005-2012 will push reform

by state and urban local governments.

Municipal governments are also using innovative methods to resource mobilisation such as municipal bonds, participatory funding and gender budgeting.

12 SUMMARY

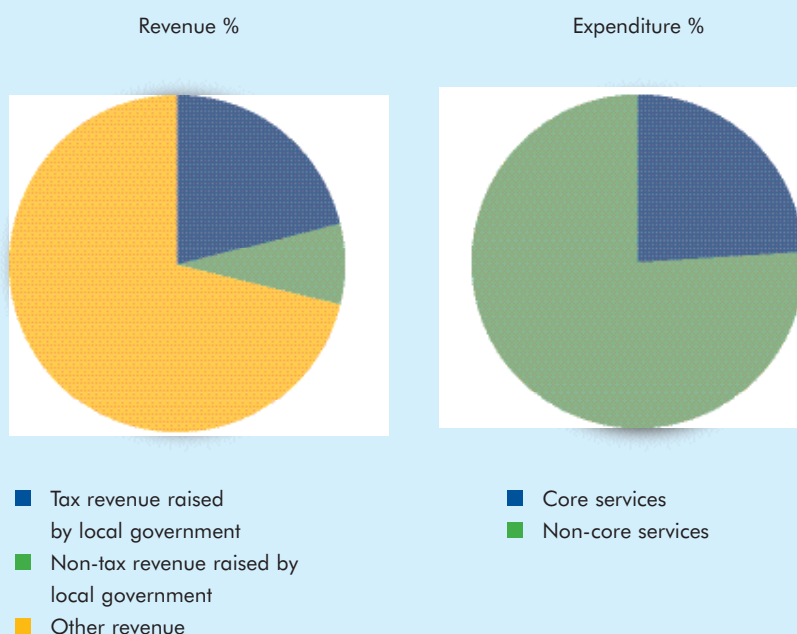
Local government in India is recognised and protected by the national constitution but is entrusted to the states, each of which has its own specific legislation. The main division is between local government in rural and urban areas; other distinctions also exist based mainly on population size.

Organisational structure varies, but is based on a committee system. Notable features of the system in India include the village-level panchayats, the one-third reserved places for women and reserved places where appropriate for marginalised groups – the scheduled castes and scheduled tribes.

References

- 1 CIA World Factbook 2007
- 2 Commonwealth Yearbook 2002
- 3 India Yearbook 1996: a reference annual, Ministry of Information and Broadcasting, Government of India, New Delhi, 1997, p.26
- 4 Ibid., p.25
- 5 Ibid., p.26
- 6 Ibid.
- 7 Based on data from the Report of the Eleventh Finance Commission, Government of India, June 2000 and 'The State in a Changing World' World Development Report 1997, Washington, 1997, Table 12
- 8 US Library of Congress, Country Studies, 'India', Washington, 1995. Available at www.lcweb2.loc.gov/frd/cs/india
- 9 India Yearbook 1996, op. cit., p.40
- 10 Ibid.
- 11 74th Amendment Act (1992)
- 12 Population figures date from 31 March 1991, Officer of Registrar General of India, Ministry of Home Affairs. Other data for the tables are from Basic Rural Statistics, 1996, Ministry of Rural Development (GDI), and Report of the Eleventh Finance Commission, June 2000, p.78
- 13 Centre for Local Self-Governance, 'Panchayati Raj Institutions: a Balance Sheet', PRIA, New Delhi, 2000, p.17
- 14 Director, Local Self-Government, Ministry of Urban Affairs and Poverty Alleviation, Government of India
- 15 Government of India, 2007
- 16 www.indiaurbaninfo.com
- 17 CIA World Factbook 2007
- 18 Director, Local Self-Government, Ministry of Urban Affairs and Poverty Alleviation, Government of India.

Figure 1. The financial structure of local government in India



Service	Delivering authority						Remarks
	Federal	State	Local government				
			Urban	Zilla	P Samiti	Gram P*	
GENERAL ADMINISTRATION							
Police		●					
Fire protection		●	●	●			
Civil protection		●	●	●			
Criminal justice		●					
Civil status register				●	●		
Statistical office	●	●	●	●			
Electoral register	●	●	●	●			
EDUCATION							
Pre-school			●			●	Construction and maintenance of schools
Primary			●			●	
Secondary		●	●		●		
Vocational and technical		●					
Higher education		●					
Adult education		●					
SOCIAL WELFARE							
Kindergarten and nursery							Urban poverty alleviation
Family welfare services							
Welfare homes							
Social security							
PUBLIC HEALTH							
Primary care		●	●		●		
Hospitals		●	●	●			
Health protection		●	●	●			
HOUSING AND TOWN PLANNING							
Housing		●	●				
Town planning		●	●		●		
Regional planning		●		●			
TRANSPORT							
Roads	●	●	●				
Transport		●	●	●			
Urban roads		●	●				
Urban rail							
Ports	●						
Airports	●						
Other	●						
ENVIRONMENT AND PUBLIC SANITATION							
Water and sanitation		●	●		●		
Refuse collection and disposal			●				
Cemeteries and crematoria							
Slaughterhouses			●		●		
Environmental protection	●	●	●	●	●		
Consumer protection		●					
CULTURE, LEISURE AND SPORTS							
Theatre and concerts		●	●	●			
Museums and libraries		●	●	●	●	●	
Parks and open spaces			●				
Sports and leisure		●	●	●	●	●	
Religious facilities							
Other cultural facilities		●	●				
UTILITIES							
Gas services			●				
District heating							
Water supply		●	●		●		
Electricity		●	●				
ECONOMIC							
Agriculture, forests and fisheries		●	●	●	●	●	Economic planning and urban poverty alleviation
Economic promotion		●	●	●	●	●	
Trade and industry	●	●	●				
Tourism	●	●	●				
Other economic services	●	●	●				

● = discretionary service by the local authority