

Implementation of 74th Constitutional Amendment Act in Chhattisgarh

Chapter-I: Introduction

1.1 74th Constitutional Amendment

In order to enable the Urban Local Bodies to perform effectively as vibrant democratic units of self-government, it was considered necessary that provisions relating to Urban Local Bodies are incorporated in the Constitution of India through an amendment. Such an amendment was to put on a firmer footing, their relationship between the State Government with respect to the functions and resources as well as for regular conduct of elections and providing adequate representation for the weaker sections like Scheduled Castes, Scheduled Tribes and women.

The Constitution (Seventy Fourth Amendment) Act, 1992, which came into effect on 1 June 1993, provided a constitutional status to Urban Local Bodies in the country. Article 243W of the Constitutional Amendment Act authorised the State Legislatures to enact laws to endow local bodies with powers and authority as may be necessary to enable them to function as institutions of self-governance and make provisions for devolution of powers and responsibilities. The Twelfth Schedule of the Constitution enumerates 18 specific functions to be devolved to Urban Local Bodies.

1.2 Trend of urbanisation in Chhattisgarh

Chhattisgarh, located in central India, is the ninth largest State of the country. It covers almost 4.11 *per cent* of the area (135,192 Sq. km.) and 2.11 *per cent* (2.55 crore) of country's total population. As per Census 2011, 59.37 lakh (23.24 *per cent*) out of the total population resides in urban areas. During the period 2001-2011, the urban population in Chhattisgarh increased by 17.51 lakh.

Urban Chhattisgarh faces multiple challenges, namely, public health issues, poverty alleviation, waste management *etc.* In this scenario, Urban Local Bodies have an important role to play, as most of these issues are handled best at the local level.

1.3 Profile of Urban Local Bodies

In Chhattisgarh, three tiers of Urban Local Bodies are categorised on the basis of population¹ in their jurisdiction. There are 169 Urban Local Bodies as shown in **Table 1.1** below:

Table 1.1: Category-wise Urban Local Bodies in Chhattisgarh State

Types of Urban Local Body	No. of Urban Local Bodies
Nagar Nigam	14
Nagar Palika Parishad	43
Nagar Panchayat	112
Total	169

(Source: Information provided by the Urban Administration and Development Directorate)

¹ Population of 1,00,000 or more is Nagar Nigam, population of 20,000 or more but less than 1,00,000 is Nagar Palika Parishad, and population of 5,000 or more but less than 20,000 is Nagar Panchayat.

The Municipal Corporations (Nagar Nigams) are governed by the Chhattisgarh Municipal Corporations Act (Chhattisgarh Municipal Corporation) Act, 1956 and other Urban Local Bodies (Nagar Palika Parishads and Nagar Panchayats) are governed by the Chhattisgarh Municipalities Act (Chhattisgarh Municipalities) Act, 1961. Corporation/Municipal area is divided into Wards, which are determined and notified by the State Government for the purpose of election of Councillors. All Urban Local Bodies have an elected body comprising Mayor/President as head of the Urban Local Body and Parshads/ Councillors as members of the Council.

1.4 Organisation Structure of Urban Governance in Chhattisgarh

The Urban Administration and Development Department, headed by the Secretary to the Government, is the Nodal Department for the governance of all Urban Local Bodies. The Urban Administration and Development Directorate, functions as an interface between the State Government and Urban Local Bodies, which function directly under the Urban Administration and Development Department. The Urban Administration and Development Directorates headed by a Director who is assisted by five Joint Directors² at Division level. The organisation structure with respect to functioning of Urban Local Bodies in the State is indicated in **Appendix 1**.

In addition to Urban Local Bodies, the Urban Administration and Development Department has five key Parastatal agencies/other Departments that deliver or facilitate urban infrastructure and services, such as Nagar and Gram Nivesh, Chhattisgarh Housing Board, Public Works Department, Public Health Engineering Department and Chhattisgarh State Industrial Development Corporation. The details of parastatals/other Department and their functions are given in **Appendix2**.

1.5 Audit Objectives

The Performance Audit seeks to ascertain whether:

- The Urban Local Bodies have been adequately empowered by the State Government to discharge their functions/responsibilities effectively through creation of appropriately designed institutions/institutional mechanisms and their function;
- The functions stated to have been devolved were effective on the ground; and
- The Urban Local Bodies have been empowered to access adequate resources, including sufficient resources, for discharge of functions stated to have been devolved to them.

1.6 Sources of Audit Criteria

The criteria for the Performance Audit were derived from the following sources:

- 74th Constitutional Amendment Act 1992;
- Chhattisgarh Municipal Corporation Act 1956 and the Rules made thereunder;
- Chhattisgarh Municipalities Act 1961 and the Rules made thereunder;

² Ambikapur, Bilaspur, Durg, Jagdalpur and Raipur.

- Chhattisgarh Municipal Accounting Manual;
- Reports of 13th and 14th Finance Commission; Reports of first, second and third State Finance Commissions; and
- Instructions and circulars issued by the State Government and Directorate, Urban Administration and Development Department.

1.7 Audit Scope and Methodology

The Performance Audit covered the period of 2015-16 to 2019-20(henceforth mentioned as 2015-20) through test-check of data collected from 27 Urban Local Bodies across all tiers for selected functions. These 27 Urban Local Bodies were chosen, by using Simple Random Sampling without replacement method in the following way:

- Five Nagar Nigams, *i.e.* 35 per cent of 14 Nagar Nigams, including Raipur Nagar Nigam being Municipality of State Capital;
- 11 Nagar Palika Parishads, *i.e.* 25 per cent of 43 Nagar Palika Parishads; and
- 11 Nagar Panchayats, *i.e.* 10 per cent of 112 Nagar Panchayats of the State.

Details may be seen in **Appendix 3**. Further, at Apex level records of Director, Urban Administration and Development Directorate and Secretary, Urban Administration and Development Department have also been test-checked. Out of 18 functions identified in the 12th Schedule, following functions/activities were selected for test-check in the Urban Local Bodies:

- i) Planning for Economic and Social Development;
- ii) Water supply;
- iii) Public Health, Sanitation conservancy and Solid Waste Management;
- iv) Slum improvement and up-gradation;
- v) Provision of urban amenities and facilities such as parks, gardens, playgrounds; and
- vi) Public amenities including street lighting, parking lots, bus stops and public conveniences.

We conducted an Entry Conference on 05 March 2021 with the Secretary, Urban Administration and Development Department, in which the audit methodology, scope, objectives and criteria were shared. The audit methodology involved online requisitions of information and short visit to units for collection of documents and analysis of responses to Audit queries. An Exit Conference was held on 23 December 2021.

1.8 Acknowledgement

We acknowledge the cooperation and assistance extended by the Department, Nagar Nigams, Nagar Palika Parishads and Nagar Panchayats. However, challenges we faced specifically with regard to non-production of records and information are mentioned in the Report at appropriate places.

1.9 Organisation of Audit Findings

Our findings are organised as under:

Chapter II – Compliance to provisions of 74th Constitutional Amendment Act;

Chapter III – Empowerment of Urban Local Bodies and their functioning;

Chapter IV – Financial resources of Urban Local Bodies;

Chapter V – Conclusion.