

Chapter-I

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1.1 Background

Towns and cities contribute substantially to the economic development of the country. These urban centres also play an important support role in the development of rural hinterland. To keep this economic transformation in line with needs and realities at the grass-root level, it is necessary that the people and their representatives are fully involved in the planning and implementation of the programmes at local level. If democracy in Parliament and State Legislatures is to remain strong and stable, its roots must reach villages, towns and the cities where the people live.

The Constitution of India has made detailed provisions for ensuring protection of democracy in Parliament and in State Legislatures. Hence, democracy in these institutions has survived and flourished. However, the Constitution did not make Local Self Government in urban areas a clear-cut Constitutional obligation.

As a consequence of inadequate Constitutional provision for Local Self Government, democracy in Municipal governance was not stable. Though the respective Municipal Acts of the States provided for regular elections to Municipal bodies, they were frequently suspended and superseded for indefinite periods of time. Frequent and indefinite suspensions or supersessions eroded the very basis of local self-government and had a negative effect on democracy at the grass-root level. The general position with regard to financial resources of the Municipal bodies was also not satisfactory. Over the years, there was a steady encroachment on the assigned functions and revenues of Urban Local Bodies (ULB) by specialised agencies of the State Governments. As a result, many ULBs became weak and were not able to perform effectively. The weakened status of ULBs crystallised public opinion in favour of need for a Constitutional guarantee to safeguard the interests of ULBs in order to provide for:

- Regular and fair conduct of elections to these bodies;
- Holding of elections within a specified time limit in case of supersession;
- Adequate representation of SCs/STs and women in the elected bodies;
- Placing on firm footing the relationship between the State Governments and the ULBs with respect to:
 - functions and taxation powers of the ULBs;
 - arrangement for revenue sharing between the State Government and the ULBs; and

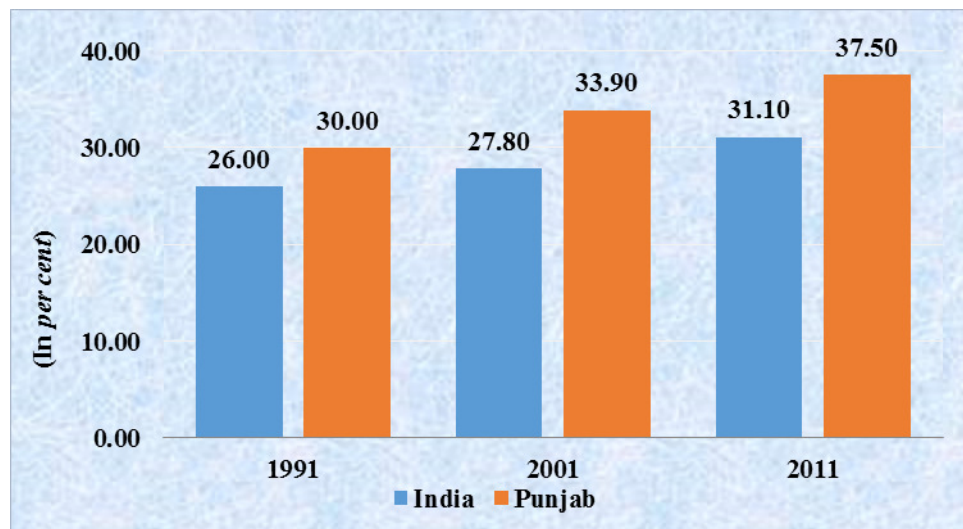
- involvement of elected representatives at grass-root level in planning at the district and metropolitan levels.

Accordingly, the Constitution (Seventy-fourth Amendment) Act, 1992 (74th CAA) was enacted, which came into force on 1 June 1993, to give Constitutional recognition to the ULBs for decentralising urban governance along with the Constitutional right to exist. The 74th CAA authorised the State Government to enact laws to empower ULBs with powers and authority as may be necessary to enable them to function as institutions of self-government to transfer various responsibilities to Municipalities and to strengthen Municipal level governance. The Twelfth Schedule of the Constitution enumerates 18 specific functions to be devolved to ULBs, as listed in *Appendix 1.1*.

1.2 Trend of urbanisation in Punjab

Trend of urbanisation in the State of Punjab *vis-à-vis* at national level in two decades during 1991-2011 is depicted in **Chart 1.1**.

Chart 1.1: Trend of urbanisation in the State of Punjab *vis-à-vis* at national level



Source: Punjab Economic Survey, 2020

As per census 2011, 37.50 *per cent* of population reside in urban areas of the State as compared to 31.10 *per cent* at the national level. Urbanisation in Punjab grew from 30.00 *per cent* to 37.50 *per cent vis-à-vis* 26.00 *per cent* to 31.10 *per cent* at national level in two decades during 1991-2011.

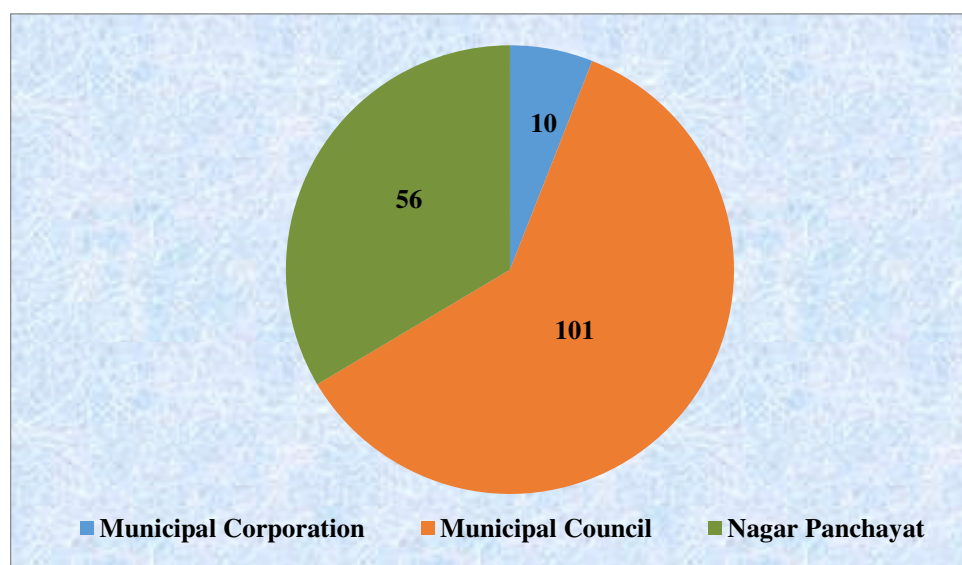
Urban Punjab faces multiple challenges such as water supply, sewerage, storm water drainage, solid waste management, roads, street lighting, etc. There is an acute pressure on these services in the wake of growing urbanisation. In

this scenario, ULBs 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 Punjab, ULBs are categorised into three types of Municipalities viz. Municipal Corporation, Municipal Council and Nagar Panchayat on the basis of population, revenue generated by local administration and such other factors as may deem fit, specified by a notification in the Official Gazette. As of March 2020, there were 167 ULBs in Punjab, details of which are given in *Appendix 1.2*. The category wise break-up is shown in **Chart 1.2** below:

Chart 1.2: Category-wise ULBs in Punjab State



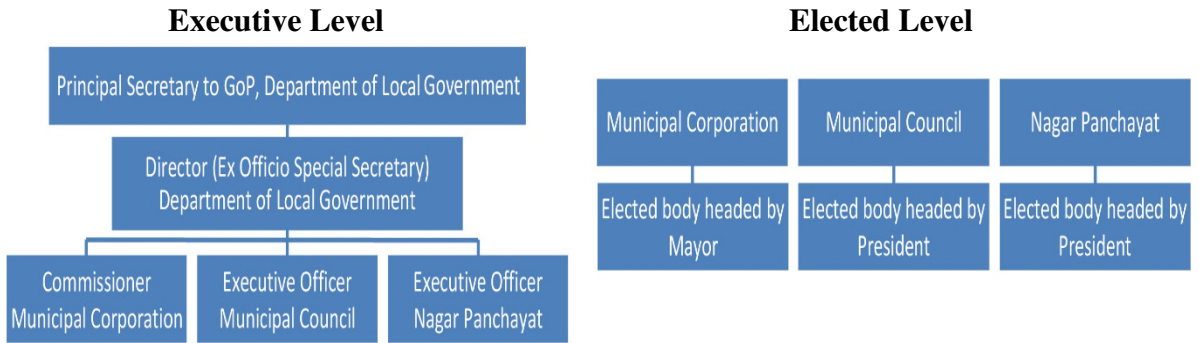
Source: Department of Local Government, Punjab

The Municipal Corporations and other Municipalities viz. Municipal Councils and Nagar Panchayats are governed by the Punjab Municipal Corporation Act, 1976 (PMC Act) and the Punjab Municipal Act, 1911 (PM Act) respectively, amended in 1994. The Municipal area has been divided into wards, which are determined and notified by the State Government for the purpose of election of Councillors. All ULBs have an elected body headed by Mayor in case of Municipal Corporation and President both in case of Municipal Council and Nagar Panchayat.

1.4 Organisational Structure of Urban Governance in Punjab

In the State of Punjab, ULBs are governed by the Department of Local Government (Department). The organisational structure of the Department is given in **Chart 1.3**.

Chart 1.3: Organisational Chart of Department of Local Government



Source: Department of Local Government, Punjab

Besides, the Department also has three key parastatal bodies *viz.* Punjab Water Supply and Sewerage Board (PWSSB), Punjab Municipal Infrastructure Development Company (PMIDC) and State Urban Development Authority (SUDA) which deliver or facilitate urban infrastructure and services in Punjab.