

Chapter I: Introduction

1.1 74th Constitutional Amendment

In order to enable the Urban Local Bodies (ULBs) to perform effectively as vibrant democratic units of self-government, it was considered necessary that provisions relating to ULBs 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 74th Constitutional Amendment Act, 1992, which came into effect on 1 June 1993, provided a constitutional status to ULBs 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 Constitutional Amendment Act incorporated Part IXA-‘The Municipalities’ and the Twelfth Schedule in the Constitution.

The Twelfth Schedule of the Constitution enumerated 18 specific functions to be devolved to ULBs as given in **Table 1.1**.

Table 1.1: Functions listed in the Twelfth Schedule of the Constitution

Sl. No.	Function
1	Urban planning including town planning.
2	Regulation of land-use and construction of buildings.
3	Planning for economic and social development.
4	Roads and bridges.
5	Water supply for domestic, industrial and commercial purposes.
6	Public health, sanitation conservancy and solid waste management.
7	Fire services.
8	Urban forestry, protection of the environment and promotion of ecological aspects.
9	Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded.
10	Slum improvement and upgradation.
11	Urban poverty alleviation.
12	Provision of urban amenities and facilities such as parks, gardens, playgrounds.

Sl. No.	Function
13	Promotion of cultural, educational and aesthetic aspects.
14	Burials and burial grounds, cremations, cremation grounds and electric crematoriums.
15	Cattle pounds prevention of cruelty to animals.
16	Vital statistics including registration of births and deaths.
17	Public amenities including street lighting, parking lots, bus stops and public conveniences; and
18	Regulation of slaughterhouses and tanneries.

(Source: Constitution of India)

1.2 Urban profile of Goa

As per the census of 2001, urban population in Goa was 49.76 *per cent*, which increased to 62.17 *per cent* as per the census of 2011. In absolute terms, the urban population in the State as per census of 2011 was 9.06 lakh.

Goa has 14 statutorily recognised towns¹. However, the Census of India identified urban areas on two criteria *i.e.* statutorily recognized towns and other places satisfying the criteria of a Census Town². As per Census 2011, there were 14 Statutory Towns (ULBs), 56 Census Towns and three Urban Agglomerates³ (UA) of Margao, Mormugao and Panaji.

The demands on urban governance in the State are manifold, ranging from water supply and sanitation, waste management, disaster management, *etc.* and local bodies have an important role to play in these areas.

1.3 Urban Local Bodies of Goa

Article 243Q of the Constitution provided for constitution of three types of ULBs *viz.* Nagar Panchayats, Municipal Councils and Municipal Corporations for transitional areas⁴, smaller urban areas and larger urban areas respectively. There are two types of ULBs in Goa – Municipal Corporation and Municipal Councils. The categorization of ULBs is shown in **Table 1.2**.

¹ Statutory towns are recognized municipal areas under the Acts, such as Corporation/Municipal Councils (Schedule I of The City of Panaji Corporation Act and Schedule I of The Goa Municipalities Act)

² A place with a minimum population of 5,000; engagement of at least 75 *per cent* of the male main workers in non-agricultural pursuits; and density of population of at least 400 per sq. km.

³ An urban agglomeration is a continuous urban spread constituting a town and its adjoining urban outgrowths, or two or more physically contiguous towns together with the continuous and well recognized urban outgrowths, if any.

⁴ An area in transition from a rural area to an urban area.

Table 1.2: Different types of ULBs in the State

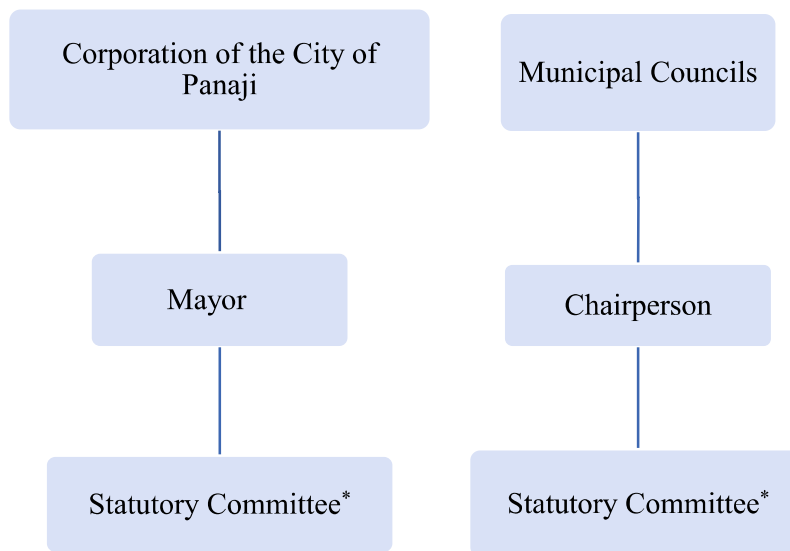
ULBs	Legislation	Total Number	
Municipal Corporation	The City of Panaji Corporation Act, 2002 (CCP Act) .	01	
Municipal Councils	The Goa Municipalities Act, 1968 (GMA).	13	02 in 'A' category
			07 in 'B' category
			04 in 'C' category

(Source: Information provided by the Department)

While there is a single Municipal Corporation in Goa, for the city of Panaji, there are 13 Municipal Councils, which are categorised⁵ on the basis of population as A, B or C.

1.4 Organizational structure of urban governance

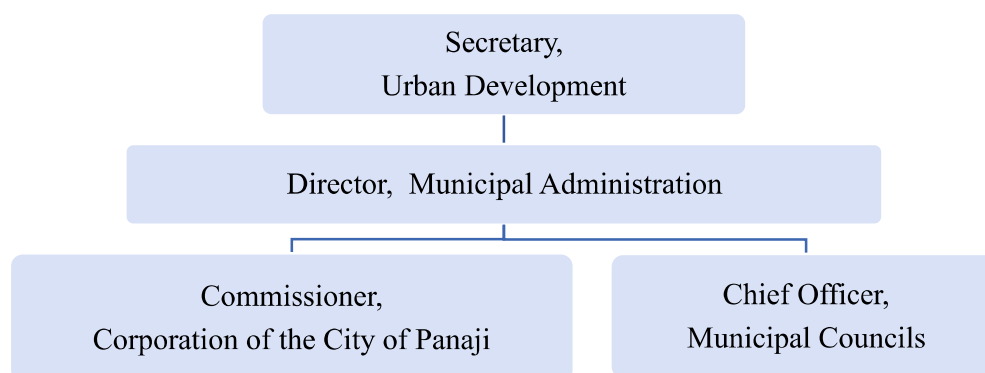
The organizational set up of ULBs is depicted in **Chart 1.1** and **Chart 1.2** given below.

Chart 1.1: Elected Bodies

* Statutory committees are required to be formed as per CCP Act and GMA, out of members of ULBs to carry out the delegated functions by the respective Urban Local Body.

⁵ MCs with more than 50,000 population fall under category 'A', those with more than 10,000 and less than 50,000 under category 'B' and those with population of less than 10,000 under category 'C'

Chart 1.2: Administrative set-up



The Secretary, Urban Development is the administrative head of the Department of Urban Development, which oversees the functioning of ULBs in the State. The Director of Urban Development (DUD) exercises control and supervision over the ULBs under the authority of CCP Act and GMA.

The CCP is headed by an elected Mayor, who is assisted by a Commissioner appointed by the State Government. Municipal Councils (MCs) are led by elected Chairpersons, who are assisted by Chief officers appointed by the Government.

1.5 Audit objectives

The Performance Audit was carried out with a view to ascertain whether:

- Provisions of 74th Constitutional Amendment Act have been adequately covered in State Legislation;
- ULBs are empowered by the State Government to discharge their functions effectively through the creation of appropriate institutions/mechanisms;
- ULBs have access and powers to raise financial resources commensurate with their functions; and
- ULBs have adequate powers to mobilize human resources commensurate with their functions.

1.6 Audit criteria

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

- The Constitution (74th Constitutional Amendment Act, 1992);
- The City of Panaji Corporation Act, 2002;
- The Goa Municipalities Act, 1968 and rules made thereunder;
- Central/State Finance Commission Reports;

- The Goa, Daman and Diu Municipal Account Code, 1972;
- The Goa Municipal Accounting Code, 2007;
- The Goa, Daman and Diu Municipalities (Consolidated Property Tax) Rules, 1971 and bye-laws made thereunder;
- Bye-laws of Urban Local Bodies;
- Central Public Works Manual; and
- Orders, notifications, circulars, guidelines, *etc.* issued by State/Central Government.

1.7 Audit scope and methodology

The performance audit covered the implementation of the 74th Constitutional Amendment Act in the State of Goa, over a period of five years *i.e.* from 2016-17 to 2020-21.

Audit methodology involved scrutiny of records, discussion with officials and analysis of data with reference to the audit criteria. Test check of records was carried out at the DUD. Stratified random sampling was used to select five⁶ ULBs (default selection of Corporation of City of Panaji and two ULBs from each of the two districts) for detailed audit. Necessary information was collected from parastatals⁷.

An Entry Conference was held (June 2021) with the Secretary, Urban Development (UD) and the audit objectives, scope and methodology of the audit were discussed. An Exit Conference was held (April 2022) with the Secretary, UD where the Audit findings were discussed. Replies of the Government have been incorporated appropriately.

1.8 Acknowledgement

Audit is grateful for the co-operation of the Urban Development Department, Finance Department and all the test-checked ULBs in providing records, information and clarifications from time to time for the smooth conduct of this Performance Audit.

⁶ Corporation of the city of Panaji and MCs of Curchorem- Cacora, Mapusa, Margao and Pernem

⁷ Goa State Urban Development Agency (GSUDA) and Imagine Panaji Smart City Development Limited (IPSCDL)

1.9 Structure of the report

Audit findings are presented in the following chapters:

Chapter II	Compliance to provisions of 74 th Constitutional Amendment Act
Chapter III	Composition and organization of Urban Local Bodies
Chapter IV	Empowerment of Urban Local Bodies and their functioning
Chapter V	Financial resources of Urban Local Bodies
Chapter VI	Human Resources in Urban Local Bodies