

Urban Local Governments' Response to Urbanisation and its Impact on Municipal Finance: An Overview of India

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ABSTRACT

Urbanisation refers to an increase in the proportion or share of the population residing in urban areas as opposed to rural areas. It is growing faster in East Asia and Pacific regions. Consequently, the city area of different states starts growing, which in return has exerted great pressure on the existing urban infrastructure like availability of water, transport system, health facilities and drainage system etc. The local government across the world plays an important role in providing basic services to the people, but these institutions especially in developing countries face great challenges like rapid urbanisation, climate change among others. Besides this, the fundamental challenge is widening the gap between the availability of financial resources and municipal expenditure. In this paper, an attempt has been made to understand the issues posed by the urbanisation on the financial conditions of Indian ULBs with special reference to six largest Municipal Corporations of India.

Keywords: *Urbanisation, Urban Local Bodies, Finance, Municipal Finance*

INTRODUCTION

Urbanisation refers to an increase in the proportion or share of the population residing in urban areas as opposed to rural areas. These areas are densely packed and offer more opportunity to their residents in the form of higher paying jobs, better educational opportunities and better quality of life. The genesis of urbanisation can be traced back to

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the dawn of civilisation. However, it can be said that as the nature of the state's economies shifted from agrarian sector to industrial sector, further expansion of economic activities, growth and development of trade routes, advancement of tourism sector, all these factors have paved the way for urbanisation. With this background, a good number of thinkers and researchers have given their view points. According to Thompson and Lewis, "Urbanisation is the movement of people from communities chiefly concerned with agriculture to other communities, generally large, whose activities are primarily centred in government, trade, manufacture or allied activities" Chapagain (2018). Further, explaining the phenomenon being studied, Burgel said that, "The transformation process of rural area into an urban area is known as urbanisation. This process has immense impact on rural economic structure". Making it more understandable, Bogue highlighted that, "About 70 per cent of the increase in city dwellers come from reproductive change (Natural increase) and about 30 per cent rural urban migration (Prasad and Xuequan, 2017). The phenomenon of urbanisation remained unnoticed and unchecked for quite a long time across the developing world. Due to the non-seriousness of the authorities, the space and resource limit of major cities were being threatened. Eventually, it became a problem for the establishments to control issues of trespassing, crime and providing civic amenities at large (O'Donnel, 2018).

Consequently, the urban areas of different states starts growing, which in return have exerted great pressure on the existing urban infrastructure like availability of water, transport system, health facilities, drainage system, etc., especially in the developing world. This pressure has directly affected the urban local governments in providing a range of services from water and sewer infrastructure to social services and housing (Slack, 2009). At the global level, presently around 50 per cent population is residing in urban areas and they are contributing around 80 per cent in world Gross Domestic Product (GDP) (World Bank, 2020). In case of India, urban population contributes 63 per cent to the GDP of the country. How significant this chunk of population is for the growth and development of the economy, it can be understood by analysing the contribution made by them in the world GDP and in national GDP (Gupta, 2019).

To meet rapid urbanisation, European countries have decentralised their administrative approaches. Moreover, urban local bodies have been given adequate autonomy to frame their policies, fix their financial resources and further use them appropriately (Organisation for Economic Co-operation and Development, 2020). In this paper, an attempt has been made to understand the issues posed by the

urbanisation on the financial conditions of Indian ULBs and their response to tackle the same.

Review of Related Literature

Urbanisation is growing faster in East Asia and Pacific regions, the responsibility of the urban policy makers has increased to tackle urbanisation challenges in different aspects like usage of land, water, health, education, etc., to provide all benefits to the urban people which will directly accelerate overall development of the economy. With effective coordination in urban planning, the inclusive growth of the people is possible and the chain of vicious circle of poverty, unemployment and illiteracy can end that would even foster the goals of ending poverty and boosting the shared prosperity across the globe (World Bank, 2015). India has been experiencing a rapid growth of urban areas and increasing urban population in the last few decades. This has been indicated by the United Nations in its report of 2018 namely, *World Urbanisation Prospects* which elaborated that about 34 per cent of India's population now lives in urban areas (*The Hindu*, 2018). On the other hand, urban local bodies which have a mandate to deal with urbanisation are generating small revenue surplus with low resource gaps. More than that, they are spending lower than required amount for minimal civic services (Habitat, 2015). Furthermore, these institutions are not even autonomous in term of decision making especially in financial matters (Paul, 2014). India has to improve its urban infrastructure as it is far from the desired infrastructure, which can cope up with the rapid urbanisation. As per population projection by the Registrar General of India, in 2026 there would be 534 million urban population, whereas it was 286 million in 2001. Besides, the level and pattern of urbanisation would be different in various states (Vaidya, *Urban issues, Reforms, and way forward in India*, 2009).

The Census of 2011 discloses that there is an increase of 2774 towns comprising of 242 statutory bodies and 2532 census towns over the decade. Growth rate of population in urban areas was 31.8 per cent. Further, 2001 census highlighted that the number of million plus cities managed by Municipal Corporation has increased from 35 in Census 2001 to 53. The newly Million plus cities are Srinagar and Jammu – two important cities of J&K, Union Territory of Chandigarh, Jodhpur and Kota of state Rajasthan, Ghaziabad of Uttar Pradesh, Ranchi of Jharkhand, Raipur and Durg-Bhilainagar of Chhattisgarh, Gwalior of Madhya Pradesh, Vasai Virar and Aurangabad of Maharashtra, Kozhikode, Thrissur, Malappuram, Thiruvananthapuram, Kannur, and Kollam of state Kerala, and Tiruchirappalli, of Tamil Nadu (Ministry of Housing and Urban Affairs, 2021). To strengthen the

urban governance mechanism, scholars have suggested that there should be a Constitutional amendment in the existing framework. As the existing framework (74th CAA) only gives functions but does not delineate how these functions should be carried out as ultimate power regarding revenue generation lies with the state government. Moreover, in India, the municipal finance system has little authority when it comes to setting tax rates, defining tax exemption policies, gaining access to capital markets, and reorganising personnel practises. Their taxation and spending abilities have been limited by state laws, which frequently prohibit municipalities the ability to impose a specific tax or a tax on a specific group of taxpayers. The state laws neither protect the municipal fiscal domain nor establish a framework for governing the transfer of funds to ULBs in an appropriate manner.

Statement of the Problem

From the available literature, it is found that Municipalities across the world are facing financial crisis and population explosion. At present, as more than 55 per cent people of the globe are residing in urban areas. To provide them a range of civic services, the institutions of ULBs with different nomenclatures have been setup in the world. Their autonomy, capacity, and concern of higher tier of government vary from state to state. However, the way in which these august institutions are being dealt with in the developing countries is really a matter of concern for communities across the globe.

Today's world is more or less based on the idea of 'sink and sunk together' in terms of matters related to environment, poverty, development, education, infrastructure, etc. Moreover, as it is the matter of Urban Governance and further, these institutions play a very important role in enabling cities as engines of economic growth. In this background, it has also been seen that the ULBs of India have not been given adequate powers to fix their user charges, taxes, fines and other sources of revenue. As the ultimate power lies with the state governments, under such circumstances, where urban population is increasing day-by-day, their financial capacity is being compromised and jeopardized. There is a great need to conduct studies on urbanisation and its impact on municipal finance in particular and urban governance in general.

Objectives of the study

1. The main objective of this study is to know about the recent pattern of urbanisation and its impact on urban governance in India;
2. To examine the financial status of six largest Municipal Corporations of India and major issues pertaining to them.

Strategic Inquiry

In research, strategic inquiry plays a very important role which is also known as Research methodology, that acts as path finder for a researcher to reach the desired ends. The present study is based on mixed method research approach followed by descriptive research design. Moreover, the study is entirely based on secondary data which has been collected from various sources like Ministry of Housing and Urban Affairs Government of India, Official website of Municipal Corporations, Census Reports, Government reports, newspapers, magazines, etc.

Pattern of Urbanisation

The recent pattern of Indian urbanisation is 377 million, which means more than 33 per cent population of the country is settled in the urban areas. If we look at the phenomenon being studied through the lenses of history, it was a mere 64 million (M) in 1951, 78M in 1961, 109M in 1971, 159M in 1981, 217M in 1991 and 286M in 2001 (Office of the Registrar General and Census Commissioner of India, 2001). The present demographic of Indian urban population has been explained in Table 1.

From the data given in Table 1, it is clearly visible that from all the Indian Union territories of India, the National Capital Territory of Delhi and Chandigarh are most urbanised with 97.5 per cent and 97.25 per cent respectively, followed by Daman and Diu (75.%) and Puducherry (68.3%). As far as the states are concerned, Goa stood first comprising of 62.2 per cent, the state of Kerala is at second position having 47.7 per cent. From the North-Eastern States of India, the state of Mizoram is most urbanised with 51.5 per cent. Interestingly, when it comes to absolute contribution in the total urban population of the country, it contributes only 0.1 per cent. Sikkim stood at second number with 25 per cent urban population, in 2001 it was mere 11.0 per cent.

In terms of lowest urbanised states, the state of Himachal Pradesh is lowest with 10.0 per cent followed by Bihar with 11.3 per cent, Assam with 14.1 per cent and Orissa with 16.7 per cent. Overall, the number of census towns has increased massively – from 1,362 to 3,892 between 2001 to 2011. The rising urbanisation pattern of India can be understood from the statistics of the 2011 census when it was 286 million (286,119,689). But within ten years in 2011, it reached 377 million (377,106,125), with an addition of 91.0 million. There is no doubt that still more of the Indian population is residing in rural areas, but the Indian urban areas being the engines of economic growth are contributing 63 per cent in Gross Domestic Product of the country and it is expected to reach at 70 per cent in 2030 (NITI AYO, 2021; Kapoor & Sinha, 2020). This increasing urban population has affected the financial health of ULB's in India by

TABLE 1: INDIAN POPULATION DEMOGRAPHY

S. No.	States/UTs	2001 Population			2011 Population		
		Rural	Urban	Total	Rural	Urban	Total
1	Andaman & Nicobar Islands	239,954	116,198	356,152	237,093	143,488	380,581
2	Andhra Pradesh	55,401,067	20,808,940	76,210,007	56,361,702	28,219,075	84,580,777
3	Arunachal Pradesh	870,087	227,881	1,097,968	1,066,358	317,369	1,383,727
4	Assam	23,216,288	3,439,240	26,655,528	26,807,034	4,398,542	31,205,576
5	Bihar	74,316,709	8,681,800	82,998,509	92,341,436	11,758,016	104,099,452
6	Chandigarh	92,120	808,515	900,635	28,991	1,026,459	1,055,450
7	Chhattisgarh	16,648,056	4,185,747	20,833,803	19,607,961	5,937,237	25,545,198
8	Dadra & Nagar Haveli	170,027	50,463	220,490	183,114	160,595	343,709
9	Daman & Diu	100,856	57,348	158,204	60,396	182,851	243,247
10	Goa	677,091	670,577	1,347,668	551,731	906,814	1,458,545
11	Gujarat	31,740,767	18,930,250	50,671,017	34,694,609	25,745,083	60,439,692
12	Haryana	15,029,260	6,115,304	21,144,564	16,509,359	8,842,103	25,351,462
13	Himachal Pradesh	5,482,319	595,581	6,077,900	6,176,050	688,552	6,864,602
14	Jammu & Kashmir	7,627,062	2,516,638	10,143,700	9,108,060	3,433,242	12,541,302
15	Jharkhand	20,952,088	5,993,741	26,945,829	25,055,073	7,933,061	32,988,134
16	Karnataka	34,889,033	17,961,529	52,850,562	37,469,335	23,625,962	61,095,297
17	Kerala	23,574,449	8,266,925	31,841,374	17,471,135	15,934,926	33,406,061
18	Lakshadweep	33,683	26,967	60,650	14,141	50,332	64,473

(contd.)

(Table 1 contd.)

S. No.	States/UTs	2001 Population			2011 Population		
		Rural	Urban	Total	Rural	Urban	Total
19	Madhya Pradesh	44,380,878	15,967,145	60,348,023	52,557,404	20,069,405	72,626,809
20	Maharashtra	55,777,647	41,100,980	96,878,627	61,556,074	50,818,259	112,374,333
21	Manipur	1,717,928	575,968	2,293,896	2,021,640	834,154	2,855,794
22	Meghalaya	1,864,711	454,111	2,318,822	2,371,439	595,450	2,966,889
23	Mizoram	447,567	441,006	888,573	52,5435	571,771	1,097,206
24	Nagaland	1,647,249	342,787	1,990,036	1,407,536	570,966	1,978,502
25	New Delhi	9,44,727	12,905,780	13,850,507	419,042	16,368,899	16,787,941
26	Odisha	31,287,422	5,517,238	36,804,660	34,970,562	7,003,656	41,974,218
27	Puducherry	325,726	648,619	974,345	395,200	852,753	1,247,953
28	Punjab	16,096,488	8,262,511	24,358,999	17,344,192	10,399,146	27,743,338
29	Rajasthan	43,292,813	13,214,375	56,507,188	51,500,352	17,048,085	68,548,437
30	Sikkim	480,981	59,870	540,851	456,999	153,578	610,577
31	Tamil Nadu	34,921,681	27,483,998	62,405,679	37,229,590	34,917,440	72,147,030
32	Tripura	2,653,453	545,750	3,199,203	2,712,464	961,453	3,673,917
33	Uttar Pradesh	131,658,339	34,539,582	166,197,921	155,317,278	44,495,063	199,812,341
34	Uttarakhand	6,310,275	2,179,074	8,489,349	7,036,954	3,049,338	10,086,292
35	West Bengal	57,748,946	22,427,251	80,176,197	62,183,113	29,093,002	91,276,115
	India	742,617,747	286,119,689	1,028,737,436	833,748,852	377,106,125	1,210,854,977

Source: Ministry of Housing and Urban Affairs, GoI, 2021.

manifolds, which consequently has derailed, undermined, compromised and threatened the urban governance.

Rising Urbanisation and its Impact

The increasing concentration of population in city areas has threatened the availability of resources like water, electricity, housing facility, geographical limit, etc. Since, every city has its own limit and in India most of the cities are about to cross that limit like New Delhi, Chandigarh, Mumbai, Kolkata, Hyderabad, and Lucknow, etc. Consequently, increasing urban population in the study area is straining the already ill-equipped local government, infrastructure, planning mechanism and urban finance (Robert, 2016). Some of the major areas which have threatened and eventually exerted pressure on municipal finance are listed below:

Availability of Drinking Water: Municipal water shortage is a crucial problem in the study area due to increasing urbanisation and climate change (Mukhrejee & Schutt, 2018). Because of the delayed monsoon and poor water management, Delhi, the world's most urbanised metropolis, is experiencing water scarcity. According to the Delhi government's 2017 economic survey, 20 per cent of the drinking water gets wasted due to inadequate management (*The Hindu*, 2021). To deal with the drinking water issue, the Delhi Government and local government have spent 3.815 crores in 2018-19, 4.555 crores in 2019-20 and 5.395 crores in 2020-21. Other cities like Hyderabad are also grappling with a severe water crisis. Two of its primary water sources: the Nagarjuna Sagar reservoir and the Yellampalli reservoir, are reported to have dangerously low water levels. To tackle the water crisis, the Greater Hyderabad Municipal Corporation (GHMC) has spent 131 crores on water management which was two per cent of total budget. This has increased to 70 per cent within the span of a year (*The Times of India*, 2020). The financial records of GHMC have revealed that in 2020-21 the total expenditure increased, whereas, the revenue has declined drastically (*The Times of India*, 2020). According to a research conducted by the State University of Tamil Nadu, Chennai the capital city of the state had also faced water crisis due to rapid urbanisation and climate change between the years of 1983 and 2017 and Chennai's aquatic bodies have shrunk in size from 12.6 sq km to roughly 3.2 sq km. Researchers have further predicted that if the same level of urbanisation and climatic conditions continue by the year 2030, around 60 per cent of the city's ground level water will be reduced. This will indeed hamper the urban governance and exert pressure on municipal finance which in return has potential to derail the urban governance mechanism in Chennai (*The Economic Times*, 2021).

Housing Problems: The total population of India is 1.3 billion, out of which nine per cent live in slum areas. Almost all the metropolitan cities of India are facing the issue of affordable housing due to the rising number of slums in the city area. A city like Mumbai – the financial capital of India, has 41 per cent homeless population out of its 12.4 million population of Greater Mumbai (Penn Institute for Urban Research, 2019). The prevailing circumstances are forcing them to live on pavements, railways, under flyovers, inside concrete pipelines or in open available public spaces. This has increased the issues of begging at public places and crime against women and children, and many times cases like molestation and rape go unreported among homeless women (Natu & Das, 2021). Similarly, in the national capital of India (New Delhi) there are about 750 slum areas, the concentration of slums population in these areas is around 15 to 20 lakhs. Ensuring urban governance in these areas is a challenging task for the concerned local government. Moreover, Delhi is experiencing the highest population growth rate among mega cities in India. Its population is expected to be over 27 million in 2021, according to estimates. A severe lack of housing and related infrastructure has emerged in Delhi as a result of fast population growth and shifting socio-economic patterns, particularly for the poor and low-income households. Nearly half of the population, on the other hand, lives in abject poverty, crammed into congested slums. (Sivam, 2021). Additionally, as per Census 2011, access to tap water in urban India is about 70 per cent and the rest have to walk long distances. For example, in Chhattisgarh only 50 per cent households have access to water outside their premises. Even in states like Tamil Nadu and Madhya Pradesh things are no better with all their attendant public health hazards. Furthermore, a bird’s eye view of the access to tap water and toilets in other states of India is presented in Table 2.

TABLE 2

<i>Access to Tap Water in below mentioned States</i>	<i>per cent</i>	<i>Access to Toilets in below mentioned States</i>	<i>per cent</i>
Chhattisgarh	51.3	Chhattisgarh	39.8
Nagaland	47.9	Uttar Pradesh	18.0
Tamil Nadu	46.0	Odisha	35.2
Madhya Pradesh	44.6	Jharkhand	32.8
Odisha	43.1	Bihar	31.0
Jharkhand	39.9	Maharashtra	28.7
Andhra Pradesh	32.0	Madhya Pradesh	25.8
Karnataka	30.0	Tamil Nadu	24.9

Source: Census, 2011

Urban Transport System: Most Indian cities have struggled with urban transportation challenges for many years, limiting people's mobility and stunting urban economic growth. These issues are caused by a prevailing modal split imbalance, insufficient transportation infrastructure and its inefficient use. The lack of synergy between land use and transportation planning, and no increase in city bus service, all of which support a move to individualised modes of transportation. As a result, the Indian government passed the National Urban Transport Policy in April 2006. The policy largely deals with people's mobility rather than vehicle mobility (Vaidya, 2009). But the implementation part as usual remains unsatisfactory (Mueller, 2020). Urbanisation is currently growing at a rate of 3.16 per cent per year, while automobile sales are expanding at a rate of nine per cent each year. The overall number of automobiles on the road has increased dramatically from 55 million in 2001 to 210 million in 2015. Two-wheelers accounted for 73.5 per cent, autos, jeeps, and taxis for 13.6 per cent, buses for 4.4 per cent, freight vehicles for 4.4 per cent, and other vehicles for 7.5 per cent. Since 2001, the proportion of two-wheelers has increased by 3.40 per cent, while the proportion of cars, jeeps, and taxis has decreased by 0.80 per cent, the proportion of buses has decreased by 0.2 per cent, the proportion of cargo vehicles has decreased by one per cent, and the proportion of other vehicles has increased by 3 per cent. Many cities' public transit systems have shrunk, and some services have been terminated entirely (Gijre & Gupta, 2019). Eventually, it has derailed the urban governance process in city areas, as the municipalities failed to tackle these urban transport emerging challenges as it is beyond their administrative and financial capacity (Indian Institute for Human Settlements, 2019).

Issue of Urban Sustainability: The rising urbanisation clearly indicates that urbanisation is the way forward. In order to tackle the global urban challenge, Chilean architect Alejandro Aravena states, "we will have to build a one-million-person city per week with 10,000 dollars per family during the next 15 years. If we don't solve this equation, people will come anyhow, but they will live in slums, favelas and informal settlements." (Urban Net, 2016). But in India, the required urban infrastructure has not been developed so far. According to several studies, "65 per cent of the 7933 urban settlements lack a master plan, which serves as a tool to guide and regulate city development and is essential for managing urbanisation and spatial sustainability". (NITI Aayog, 2021). Moreover, the capacity building of urban local bodies is another matter of concern for future planning and creating urban infrastructure to tackle emerging urban issues. But the irony of Indian ULBs is that they are facing financial crisis, even some municipalities

are not able to pay the salary to their employees. Their financial capacity can be better understood by the statistics mentioned in Table 3.

TABLE 3: FISCAL STATUS OF INDIAN ULBs (2002-18)

<i>Financial Year</i>	<i>Municipal Revenue as per cent of GDP</i>	<i>Municipal Expenditure as per cent of GDP</i>	<i>Municipal taxes as per cent of combined tax revenues of Centre, states and local bodies</i>	<i>Municipal own revenue</i>
2002-03	1.05%	1.08%	2.4%	0.37%
2007-08	1.02%	1.09%	1.7%	0.52%
2012-13	1.05%	0.83%	1.8%	0.50%
2017-18	1.00%	0.78%	1.8%	0.50%

Source: 15th Central Finance Commission of India.

The facts and figures mentioned in Table 3 depict that municipal revenue as percentage of country's Gross Domestic Product (GDP) was 1.05 per cent in the year of 2002-03 and in 2017-18 it reached at 1.00 per cent. Similarly, Municipal combined tax revenue of Centre, state and local bodies has declined from 2.4 per cent in 2002-03 to 1.8 per cent in 2017-18. But the ray of hope lies in Municipal own revenue, as it has increased from 0.37 per cent in 2002-03 to 0.50 per cent in 2017-18.

Urban Governance and Financial Position of Major Urban Local Bodies of India: To understand this phenomenon, the researcher has chosen the six largest Municipal Corporations (MCs) of the country. Furthermore, the issues pertaining to their governance mechanism has also been elaborated (See Table 4).

TABLE 4: FINANCES OF SIX LARGEST MUNICIPAL CORPORATION OF INDIA

<i>Municipal Corporation</i>	<i>Municipal Revenue</i>		<i>% Change</i>	<i>Municipal Expenditure</i>		<i>% Change</i>
	<i>2012-13</i>	<i>2017-18</i>		<i>2012-13</i>	<i>2017-18</i>	
Mumbai	14104.3	18601.2	31.88%	12598.4	15740.6	24.94%
Bengaluru	3870.0	6371.5	64.64%	4950.0	4476.7	-9.56%
Hyderabad	3375.7	5379.7	59.37%	2587.4	4165.8	61.00%
Ahmedabad	5317.4	8006.5	50.57%	3297.0	4838.2	46.75%
Chennai	4800.5	8704.9	81.33%	4588.3	9444.5	105.84%
Kolkata	7261.8	8976.1	23.61%	6906.8	8468.2	22.61%

Source: Finances of Municipal Corporations in Metropolitan Cities of India, Indian Council for Research on International Economic Relations (ICRIER) Team, 2019.

From Table 4, it is clearly visible that a considerable (31.88%) and almost one fourth (24.94%) percentage change has been witnessed in the total revenue and expenditure of Mumbai Municipal Corporation respectively. Likewise, a considerably good percentage change (64.64%) has been observed in the revenue part of Bengaluru Municipal Corporation. However, very insignificant (-9.56%) fluctuation was noticed in expenditure part. The city of Hyderabad has experienced nearly two thirds (61%) change in its expenditure. Whereas, the revenue side too has witnessed more than half (59.37%). Ahmedabad, the capital city of Gujarat has witnessed (50.57%) change in its total revenue over the years (2012-18), nearly half (46.75%) percentage change was reported in its expenditure. Chennai stood at top with (81.33%) and (105%) change in its revenue and expenditure respectively. Lastly, the Kolkata Municipal Corporation has viewed a percentage change of 23.61 per cent and 22.61 per cent in its revenue and expenditure correspondingly.

According to the 2011 census, the Chennai Municipal Corporation had 87.28 lakh population and the same is expected to reach 115.03 lakh in 2022. The rise in population is 31 per cent over a decade. The total revenue and expenditure of the Municipal Corporation has increased by good percentage over the years 2012-18. At the same time, there are various urban governance issues that have suffered a lot due to the increase in urban population in Chennai, namely, drainage problem and scarcity of water. This was witnessed during the floods of 2020 so much so that the National Green Tribunal of India has taken a *suo -moto* action on the same and asked for a report from the State Government. The Government of Tamil Nadu in its report, listed several factors which caused the issues of encroachment, faulty drainage system, rapid urbanisation resulting in changing land patterns. Without making the necessary adjustments for an appropriate drainage system to control the flow of excess water from conventional tanks as well as flood waters from catchment areas, the modifications in land use patterns were made subsequently causing major floods (Government of Tamil Nadu, 2021). The number of water bodies in Chennai has seen a significant decline and reduction in surface area, majorly affecting the city's ability to replenish groundwater as the number of water bodies in 1893 was 60 and in the year 2017, only 28. Consequently, the people residing in the urban areas of Chennai are facing acute shortage of drinking water and water required for miscellaneous purposes. They are completely dependent on water tankers run by private agencies which bring water from other areas, subsequently, becoming a major financial burden on the citizens. Another issue ailing the city of Chennai due to the rise in population is municipal solid waste management. The identified sites of disposal, Kodungaiyur and Perungudi, have far exceeded their limits

proving to be a health hazard. Similarly, when it comes to roads and transport mechanism, according to National Crime Record Bureau, 5880 people died in road accidents from 2015-2019. Furthermore, the number of people injured in accidents over there were 35,784.

Hyderabad Municipal Corporation is responsible for ensuring governance to 67.31 lakh people according to the Census 2011, the same was expected to reach 81 lakhs in 2022. The city is witnessing tremendous rise in urbanisation. Although, the financial data provided by the Municipal Corporation shows an increase in its revenue over the years, the issue pertaining to urban governance in Hyderabad remains neglected. The city of Hyderabad has been facing issues with its drainage since many years which is attributed to many factors including unplanned construction, insufficient widening of drainage system, etc. The entire drain and sewerage system has not undergone a significant overhaul since it was modified a century ago after the catastrophic Musi river flooding; rather, successive governments have merely built additions. In 2021, the city witnessed floods like situation not only resulting in disruption of livelihood but even loss of life. With the increase in the number of industrial sectors in the centre of the city along with the peripheral areas, leading to the migration of people from different states, which eventually put pressure on the existing transport system in Hyderabad (*The Times of India*, 2021). Furthermore, due to the decrease in public transport system, the individual transportation has further deteriorated. Even metro rail is not well-connected or accessible throughout the city. The inadequacy in the transport system and incessant traffic jams have made congestion a common problem on the roads of the city. In 2022, according to Hyderabad Metropolitan Water Supply and Sewerage Board, there has been a decline in water levels in the eight major reservoirs of the city causing a havoc on the citizens, impressing upon them a need to order water through private tankers.

According to the census 2011, the population in the city of Bangalore was 86.35 lakhs that grew tremendously, with the number expected to reach 131.93 lakhs in 2022. The available data shows an increase in revenue and expenditure over the years as well. However, this financial data does not go in tandem with the reality, thereby, depicting the miserable condition of the city management. The city's current sewage system and infrastructure are unable to handle the extra water that gets accumulated once it rains. Originally, Bangalore's storm water models were developed to complement the three valleys that cut across the city - Koramangala-Challaghatta, Hebbal, and Vrishabhavathy. They were effective as long as the city's population remained within a certain range (K. N. P., 2021). As far as the roads of the city are concerned,

the city police had submitted a 567 pages report to state government, citing the reasons for traffic jams and road accidents. According to the report, the city is plagued by the issue of poor roadways and existing roadways are in poor condition. This research also identifies 518 locations with potholes. The traffic police stations at Kumaraswamy Layout, Banaswadi, Whitefield, Mico Layout, Hulimavu, and RT Nagar have the most potholed roads. "Potholes contribute to traffic jams and accidents, primarily for two-wheeler riders. The report advises that such roads be rebuilt as soon as possible. It further said that the 78 highways should not be used by vehicles until they are maintained properly. Due to the bad conditions of roads, 832 people were died in 810 incidents in 2019, 655 people died and 632 accidents occurred in 2020, with 655 fatalities in 632 accidents in 2021 (*The Times of India*, 2021).

Upon analysing the three other largest municipal corporations of India, the available data show that both the revenue and expenditure of the municipal corporations is increasing, over the years. With the increase in population and business activities in urban areas in different countries of world, the tax revenue, non-tax revenue, property tax and municipal own revenue also increased but not in accordance with the rise in urban population (Almujadidi, Azoury, Schmautzer, & Woetzel, 2019). The biggest reason for this is the municipal corporations do not have the power to fix their revenue part on their own as this power lies with the state government under Article 243X (Jha, 2012). The population in the Mumbai Municipal Corporation was 184.64 lakh in the year 2011, expected to go up to 209.61 lakh in the year 2022, with Ahmedabad Municipal Corporation being 64.12 lakh in 2011, expected to reach 84.50 lakh in 2022 whereas the figures are 140.85 lakh in 2011 expected to go up to 151.33 lakh for the Kolkata Municipal Corporation. The major urban issues pertaining to these Municipal Corporations include improper drainage system, waterlogging, inundation, inadequate infrastructure to deal with the growing population. Mumbai and Kolkata being some of the oldest cities of India are drowning in an array of problems especially due to slums issues. Mumbai has become synonymous with civic and sanitisation issues. The high density of population in the city is plagued by poor mechanism of garbage collection, thereby, leading to numerous health problems. Meagre measures are taken to provide proper sanitation and disposal of garbage (Praj Foundation, 2021). According to National Crime Record Bureau, in the year 2019, the city of Mumbai had witnessed the highest number of road accident fatalities across the 53 cities of India. Kolkata has been undergoing tremendous strain due to urbanisation. The city also has unsatisfactory solid waste management system where conventional methods need to be modernised in order to deal with the issues at hand. Furthermore,

the built-up areas in Kolkata increased from 22 per cent in 1990 to 31.4 per cent in 2000 to 44.2 per cent in 2010 to 55.7 per cent in 2020. The heat island effect has been caused by the city's annual mean land surface temperature, which has increased by as much as 4.72 degrees celsius over the past three decades due to climate change and urbanisation. This causes heat distress in both plants and animals (*The Times of India*, 2022). In the Ahmedabad Municipal Corporation, the situation is not very different. The city has to deal with the same issues as other municipal corporations including overflow of drainage, inundations, etc, mainly due to urban sprawl. The death rate in road accidents in the city has increased by six per cent higher fatalities on the city roads, with as many as 13,456 deaths occurring in a span of two years, 2019 and 2020. Higher ratio of accidents is seen on the eastern parts of the cities when compared to the western parts, which is attributed to the movement of heavy vehicles (Avidha & Patel, 2018).

Discussion

After analysing the available data on the phenomenon being studied, it has been seen that the urban local bodies of India are under the tremendous strain on their fiscal health due to rapid urbanisation. In this regard, statistics have shown that in 1951, the urban population of India was a mere 64 million, the same had reached 286 million in 2001. Interestingly, within a decade, urbanisation reached 377 million in 2001 with the growth rate of 3.16 per cent. As a result, the already financially strapped ULBs, are under the immense pressure to meet citizens' development and service needs. (Meyer & Auriyacomb, 2019).

The researcher upon analysis of the six largest municipal corporations wherein lie the major chunk of urban population found that although, the financial records of these states show minor variations, the urban governance in these six cities is struggling almost the same problems like drainage system, scarcity of water resources, inadequate transport systems, etc. The municipal corporations remain entangled in trying to solve the same issues every year which seem recurrent, thereby, unable to cast its focus on real development of urban infrastructure, such as, widening of roads, alternative transport facilities, health and educational infrastructure development, etc. The governing bodies (UBLs) of major cities are under many constraints and are not autonomous, with no financial and administrative independency. Under such circumstances, there is a need to strengthen ULBs in India, because the urban areas contribute 63 per cent share in the national GDP (Gupta , 2019). Ironically, institutions meant for management of cities has been placed under the control of state governments, by placing

them under State List. The dependency level of ULBs is very high. For example, city management is lacking in many ULBs around the country, and several city-level tasks are performed by parastatals (managed by and accountable to the state). Several taxing powers have not been given to these entities, putting local finances under strain. These issues are likely to result in poor public service delivery in cities. (Kaur & Gupta, 2020; Bagchi, 1999; Paul, 2014).

Moreover, the fiscal status of Indian ULBs is worst and these are the weakest ULBs of the world (Mohanty, 2016). In this regard, we have analysed the case of some countries in terms of their local government. Therein, it has been seen that the ratio of local government revenue as percentage to gross domestic product at factor cost in Austria is estimated at 7.8 per cent, Estonia 10.4 per cent, Czech Republic 11.6 per cent, United Kingdom 13.9 per cent, Norway 14.2 per cent, Italy 15.3 per cent, Finland 22.4 per cent, Denmark 37.1 per cent. On the other hand, Portugal stood at 6.3 per cent, Spain 6.4 per cent and India at 1.03 per cent (Mohanty, 2016). Keeping in view the rising urban population, the need of the hour is that the ULBs should be given adequate authority in financial matters to lead the cities (engines of growth) towards amelioration.

The cities which are highly urbanised like New Delhi, Chandigarh, Goa, Hyderabad, Mumbai, Chennai, Bangalore, Kolkata, etc. has reached at a particular point wherein their resources and capacity have been threatened. Now, the higher tier of the government should develop other adjoining areas of the cities to ensure balance of migration to ensure that the people can make their shift in the newly emerging cities too. Furthermore, according to an Oxford economic analysis, 10 of the world's fastest-growing cities will be from the Indian subcontinent in the next few years, since their GDP will rise at an exponential rate. Surat, Agra, Bengaluru, Hyderabad, Nagpur, Tiruppur, Rajkot, Tiruchirappalli, Chennai, and Vijaywada are some of these cities. However, it requires transformation and desirable change in the existing urban framework and procedural administrative setup (Gupta, 2019; World Bank, 2015).

With the existing Indian models of urban governance and approaches to tackle issue of urbanisation, millions are being denied the basic necessities like access to tap water, access to toilet, affordable housing, transport facilities, quality education, quality air to breathe, etc. Moreover, due to the prevailing municipal financial system and urban governance mechanism, none of our cities features among the top 50 cities in many global rankings (NITI Aayog, 2021). Likewise, Indian ULBs failed to provide range of civic services and basic necessities to their clients, because of non-availability of financial resources (Mohanty,

2016). To ensure urban governance, time bound delivery of services and well-being of country's fiscal health, cities must strengthen without any further delay. Cities function similar to living beings. Their economic and social infrastructure must be in a good working order for them to thrive. This can be accomplished in a variety of ways, including the use of spatial planning, giving them reasonable and legal rational powers of raising finance on their own (NITI Aayog, 2021). In addition, the rising urban population in city areas should not be considered as burden, as urbanisation is boon or a bane always depends on how the same is being handled. China has the potential to bring growth as it goes hand in hand with development (Gangola, 2020). In case of India, National Commission on Population in its report has projected that 36.8 per cent population (600M) will be in cities by 2036 (*Observer Research Foundation, 2021*). As a result, the country's urban local governments are in desperate need of attention in order to ensure urban governance and long-term growth (Bernardo, 2020; Zargar S., 2020, Gupta, 2019; Gijre & Gupta, 2020).

CONCLUSION

In spite of having limited funds and financial autonomy at their disposal, the Indian cities are contributing 62 per cent to the GDP. Taking their economic contribution into consideration, one can say that cities are playing a very important role in growth and development of India. They will play an even more vital role for the same in the coming days. Therefore, at present, the only sector which is in dire need of reform, transformation, and autonomy is the Urban Local Bodies of India. The imperatives for India in 2022 include improving the lives of marginalised communities, establishing systems for citizen participation in civic activities, and limiting population increase. The Atal Mission for Rejuvenation and Urban Transformation (AMRUT), Housing for All, Smart Cities, Swachh Bharat, and Rurban Missions, among other national and state-level efforts, provide an opportunity to better manage India's urban transition. Governments at all levels, national, state, and municipal must work harder to guarantee that the benefits of urbanisation reach all segments of society.

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