



सत्यमेव जयते

**NITI Aayog**



# **MOVING TOWARDS EFFECTIVE CITY GOVERNMENT**

**A FRAMEWORK FOR MILLION-PLUS CITIES**





**NITI Aayog**

**MOVING TOWARDS EFFECTIVE  
CITY GOVERNMENT -  
A FRAMEWORK FOR  
MILLION-PLUS CITIES**

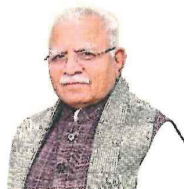




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**MESSAGE**

India's journey towards Viksit Bharat @2047 and the goal of becoming a \$30 trillion economy will be shaped by the strength of its cities. Urban centres are engines of growth and key platforms for housing, mobility, and essential services. As urbanisation accelerates, governance reforms must ensure that cities drive economic expansion while improving quality of life.

Under the vision of Hon'ble Prime Minister Shri Narendra Modi, the Ministry of Housing and Urban Affairs has led significant urban transformation since 2014 through initiatives such as AMRUT, Swachh Bharat Mission (Urban), PMAY-Urban, the Smart Cities Mission, the Metro Rail Policy, and the Urban Challenge Fund. While these programmes have expanded infrastructure and improved service delivery, sustainable urban transformation requires more than schemes — it demands strong, empowered, and accountable city governments. As urban governance is a State subject, capable Urban Local Bodies and sound institutional design are essential to ensure that investments translate into lasting gains in productivity, efficiency, and liveability.

In this context, I commend NITI Aayog for its timely report, "Moving Towards Effective City Governments – A Framework for Million-Plus Cities." The report outlines a focused reform agenda centred on empowered city governments led by directly elected Mayors, unified control over key urban services, and stronger municipal finances through predictable fiscal transfers and improved local revenue mobilisation. By addressing structural constraints in million-plus cities — which contribute significantly to national output — it strengthens the foundations of accountable, integrated, and fiscally sustainable urban governance.

The recommendations are aligned with the Union Government's efforts to strengthen city finances. The Union Budget promotes financial self-reliance and reform-led urbanisation by incentivising municipal bond issuances above ₹1,000 crore with ₹100 crore support. Acceptance of the 16th Finance Commission's recommendations — including 41% tax devolution and ₹1.4 lakh crore in grants for 2026–27 — further enhances the financial capacity of Urban Local Bodies to deliver core services and build resilience.

The Ministry of Housing and Urban Affairs will continue working closely with States to advance governance reforms. The phased approach proposed in this report — beginning with million-plus cities — is practical and scalable, and can create replicable reform models for urban India. I am confident that this report will meaningfully advance India's urban transformation in support of Viksit Bharat @2047.

**Manohar Lal**

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## Foreword

India stands at a defining moment in its development journey. Realising the Hon'ble Prime Minister, Shri Narendra Modi's vision of Viksit Bharat @2047 and the aspiration to become a \$30 trillion economy are incumbent upon scaling up manufacturing, promoting the country as a services hub in tourism, medical and education and leveraging the potential presented by the rapid urbanisation that is underway.

Urban centres already account for the dominant share of national economic output. As India's urban transition accelerates, strengthening institutional capacity, governance structures, and financial foundations of cities has become not only an administrative priority, but a national imperative.

As part of its mandate to provide strategic policy guidance and foster cooperative federalism, NITI Aayog has been at the forefront of detailing the vision for comprehensive and inclusive development. In the space of managing urbanisation, several initiatives have been undertaken to examine pathways for enabling cities to drive economic growth while ensuring improved quality of life and environmental sustainability. Work undertaken on city economic regions, growth hubs, development of small cities, affordable housing, and other urban development strategies has consistently underscored the importance of having a robust and empowered governance mechanism in this third tier of government. This is even more pronounced in case of metropolitan and million-plus cities, which already contribute a significant proportion of GDP. Global experience and domestic evidence alike point to the conclusion that well-governed large cities act as engines of regional development, while weak urban governance imposes systemic constraints on economic transformation.

Recognising this, a committee was constituted to formulate a comprehensive and actionable urban governance reform agenda, with focus on India's million-plus cities. The Committee was tasked with identifying a prioritised set of reforms that address the binding institutional constraints confronting city governments today. While acknowledging the interdependence of spatial planning, financial sustainability, and service delivery reforms, the Committee has rightly emphasised that strengthening the institutional core of city governments is the foundational requirement. In the absence of empowered leadership, clear functional authority, predictable fiscal devolution, and aligned accountability mechanisms, sectoral interventions tend to remain fragmented, scheme-driven, and sub-optimal in impact.

The recommendations presented in this Report are strategic, clearly articulated, and implementable. They focus on empowering the city leadership, unifying fragmented institutional arrangements, strengthening municipal finances through predictable fiscal devolution and enhanced own-source revenues, and aligning responsibility with authority at the city level. Importantly, the Report proposes a phased approach beginning with million-plus cities, recognising their scale, economic significance, institutional readiness, and capacity to serve as demonstration models for the rest of urban India.

I am sanguine that this Report will serve as a practical roadmap for the States and other stakeholders to strengthen city governance, enhance service delivery, and enable India's cities to fulfil their pivotal role in the country's growth and development trajectory.

(Rajiv Gauba)

New Delhi, 24th February 2026

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Shri Rajiv Gauba, Member, NITI Aayog was instrumental in the preparation of this Report. From identifying the key governance challenges to proposed future roadmap he guided the deliberations and provided key insights that helped shape the construct of this Report.


Dr. O.P. Agarwal, Distinguished Fellow, NITI Aayog, along with the other sector experts of the Committee, namely Mr. Jagan Shah and Mr. Anand Iyer, provided the necessary domain expertise and intellectual rigour for the preparation of the Report. They helped examine the structural and institutional constraints affecting city governments, provided guidance and substantive inputs in identifying key challenges, helped in sourcing key data parameters, best practices, and shaping a focused and actionable reform agenda.

The team of Deepak Rana, Arunava Dey, Akshat Thakore and Kaustubh Srivastava of the Managing Urbanisation Division of NITI Aayog provided critical analytical and drafting support in the preparation of this Report.

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It is hoped that this Report will assist States and urban stakeholders in strengthening city governance structures and advancing India's urban transformation in its endeavour to achieving the goals of *Viksit Bharat @2047*.

Dated: 09<sup>th</sup> March, 2026

  
(Anna Roy)





## List of Acronyms

AMRUT	Atal Mission for Rejuvenation and Urban Transformation
APCRDA	Andhra Pradesh Capital Region Development Authority
ATR	Action Taken Report
BBMP	Bruhat Bengaluru Mahanagara Palike
CAA	Constitutional Amendment Act
CAG	Comptroller and Auditor General
CEO	Chief Executive Officer
DMC	Delhi Municipal Corporation
FC	Finance Commission
FY	Financial Year
GDP	Gross Domestic Product
GLA	Greater London Authority
Gol	Government of India
iGOT	Integrated Government Online Training
INR	Indian National Rupee
IT	Information Technology
MC	Municipal Corporation
MCD	Municipal Corporation of Delhi
MMC	Mumbai Municipal Corporation
MoHFW	Ministry of Health and Family Welfare
MoHUA	Ministry of Housing and Urban Affairs
MoUD	Ministry of Urban Development
PSU	Public Sector Undertaking
RBI	Reserve Bank of India
SEBI	Securities and Exchange Board of India
SFC	State Finance Commission
SMA	State Municipal Act
SPV	Special Purpose Vehicle
TfL	Transport for London
ToR	Terms of Reference
UFC	Urban Finance Commission
ULB	Urban Local Body
ULG	Urban Local Government





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## Chapter 1: Urban Governance - an important reform agenda

### 1.1 Background

Urbanisation will be at the centre of realising the goal of Viksit Bharat and becoming a \$30 trillion economy by 2047. Urban regions will anchor growth in manufacturing and services, drive innovation, and generate the majority of new jobs. For this growth to sustain, cities must deliver reliable infrastructure, efficient services, provide a predictable regulatory environment based on a strong governance system, absorb investments and emerge as aspirational cities to attract global talent.

The future growth trajectory of cities will hinge on their ability to effectively address a number of structural challenges faced today, including unplanned urban sprawl, sustained migration pressures, escalating climate risks, and a governance system that has not evolved in step with urban expansion. Together, these constraints are limiting the capacity of cities to deliver services, infrastructure, and quality of life commensurate with the aspirations of a rapidly growing urban population. With higher population density, cities have been shouldering a disproportionate share of climatic impact, with majority of emissions emerging from urban areas, cities bearing a higher incidence and impact of climate-related risks of floods, heatwaves, public health shocks, and pollution. These pressures will intensify as India's urban transition accelerates, with rapid population growth placing escalating demands on land, housing, mobility, water supply, sanitation, public health and environmental management. In this context, city governments must be suitably equipped to deal with the emerging challenges in a proactive and time-bound manner. For this, the city administration that



exists today in most of the Indian cities needs to be systematically strengthened through inter-institutional coordination, clearer organisational mandates, longer planning horizons, and enhanced capacity to manage services, infrastructure, and resources in a resilient and sustainable manner.

The Seventh Schedule of the Constitution of India delineates the distribution of legislative powers between the Union and the States, with urban planning and urban governance placed primarily within the State List (List II). Accordingly, States occupy a central position in legislative and institutional architecture governing cities. The 74<sup>th</sup> Constitutional Amendment Act, 1992, provides the enabling framework for effective urban governance by recognising municipalities as institutions of local self-government and outlining their functional responsibilities. However, in practice, the devolution of powers, functions, and financial autonomy of Urban Local Bodies is contingent upon State specific municipal legislation and administrative frameworks resulting in wide variations across states with an ineffective third tier of local urban governance.

Ministry of Housing and Urban Affairs (MoHUA) defines urban governance as “the management and administration of urban areas, which is primarily the constitutional domain of the State government.”<sup>1</sup> Strengthening urban governance would go beyond only sectoral reform and needs to be considered as a foundational requirement for achieving India’s economic, social, and climate imperatives for *Viksit Bharat @ 2047*. Effective governance systems will determine whether cities can sustain economic momentum, ensure quality of life for residents, and manage the complex environmental challenges during the decades ahead.

This report focuses on the issues concerning urban governance in the context of planning for *Viksit Bharat @2047*.

## 1.2 Legacy of the Urban Governance Architecture in India

India’s urban governance system is rooted in a constitutional legacy that recognises only the Union and States as the tiers of government. Urban Local Bodies (ULBs) or Urban Local Governments (ULGs) operated largely as administrative extensions of state governments, with limited autonomy or statutory authority enshrined in the Constitution. This centralised design shaped the enduring patterns of weak devolution and fragmented responsibility in urban governance.

The 74<sup>th</sup> Constitutional Amendment Act (1992) addressed this by granting ULBs constitutional status and providing enabling provisions for the devolution of 18 functions to urban governments, leaving it to the respective state governments to take the final decision. Over time, different states have adopted widely differing approaches, with ULBs in majority of the states having control over only a few functions. Core responsibilities such as planning, water supply, sewerage, and transportation continue to vest with state departments or parastatals outside the effective control of the municipal bodies.

The urban governance architecture across states today lies between several different Acts (Municipalities Acts, Municipal Corporation Acts, Urban Development / Development Authorities Acts, etc.), several bearing strong legacies from earlier Acts going back to British times or the earlier States they were formed from. But between them and the State level bodies (para-statal boards, SPVs, corporations, etc.) urban governance across India is marked by overlapping mandates, limited municipal authority, and weak coordination across agencies,

<sup>1</sup> Ministry of Housing and Urban Affairs (MoHUA), Government of India (2024). National Urban Digital Mission (NUDM): Management and Governance Registry – Knowledge Standards, New Delhi.

leading to limited accountability. These structural constraints largely continue to affect how cities function today and frame the governance challenges, with differing ramifications even within cities of a State, given the particular character and capacity of the city.

Against this backdrop, this Report assesses the current status of the city governments across states, identifies systemic governance challenges and proposes recommendations for establishing a truly empowered city government.

### **1.3 Principles of effective urban governance and associated challenges**

Urban governance in India is characterised by a persistent and systemic deficit that constrains the ability of city governments to plan, manage the overall growth and deliver essential services effectively. Despite the central role of cities in economic growth, social development and environmental management, the governance arrangement remains constrained by historical legacies, uneven devolution and institutional fragmentation. These constraints manifest through a lack of mandate, weak institutional arrangements, constrained fiscal position, absence of streamlined processes and inadequate capacity, undermining accountability, slow decision-making and hinder coordinated action. Strengthening urban governance would require addressing these foundational enablers to allow city governments to function as effective institutions of self-government.

#### **(i) Limited devolution of functions**

City governments remain inadequately empowered to perform their mandated roles as they lack direct control over several core functions essential to the effective functioning of a city. While the 74<sup>th</sup> Constitutional Amendment Act provided an enabling framework through the inclusion of 18 functions in the Twelfth Schedule for potential devolution to ULBs, as mentioned in earlier section, the extent of devolution has been left to the discretion of the states.

There is significant inter-state and intra-state variations in functional devolution, with transfers remaining largely partial and the city governments exercising control over only a limited set of basic functions. A Performance Audit of the Implementation of the 74<sup>th</sup> CAA by the Comptroller & Auditor General of India across 18 States (and tabled in the their legislatures), found that city governments on average have full jurisdiction only in 4 functions, and minimal role in 7 functions, while other functions are either not devolved at all, or city government having no role whatsoever, or being shared with other parastatal bodies<sup>2</sup>.

These limitations are further compounded by fragmented service delivery arrangements. The continued treatment of municipalities as subordinate administrative units, instead of an empowered third-tier of governments, has resulted in states retaining control over key functions and decision-making, either directly or through parastatal agencies. The resulting parallel institutional structure weakens municipal authority, fragments service delivery and dilutes accountability, as no single institution is responsible for overall urban outcomes. Dispersed responsibilities across parastatal agencies and the State departments they report to restrict city governments largely to operations & maintenance aspects and constrain the ability of municipal governments to effectively oversee the delivery of the basic urban functions.

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<sup>2</sup> Compendium of Performance Audits on the Implementation of the 74<sup>th</sup> Constitutional Amendment Act, 1992: Landscape across India Volume I, 2024, Page 32 <https://cag.gov.in/uploads/StudyReports/SR-Compendium-067346fdd7000e9-76046538.pdf>



Meaningful devolution and clearer functional assignments are, therefore, essential for strengthening urban governance, improving service delivery, and enabling ULBs to function as accountable institutions responsible for urban outcomes and improved ease of living for citizens.

## **(ii) Fragmented institutional setup and ineffective leadership**

While the Constitution provides the enabling framework, the state legislations govern the establishment, structure and functioning of ULBs. A wide variance across states is observed both in the structuring of the city administration as well as in devolution of powers and responsibilities. Notwithstanding these differences, ULBs are generally characterised by weak political leadership, fragmented mandates and absence of clear role demarcation between elected representatives and the municipal administration, undermining effective urban governance and accountability. Inadequate oversight mechanisms and inconsistencies in electoral processes further dilute accountability at the city level. Collectively, limited political empowerment and administrative instability constrain long-term planning, policy continuity, and strategic decision-making in urban governance.

### **Mayors are not regarded as the real heads of the ULBs**

While Mayor is an integral part of the administration of any city, their effectiveness varies largely across cities. Barring a few states such as Bihar, Chhattisgarh, Haryana, Jharkhand, Madhya Pradesh, Odisha, Uttar Pradesh, and Uttarakhand, Mayors are not directly elected. The states have also been changing the selection process of Mayors over time, as brought out in Box 1. Even the elections for ULBs are not held regularly and are often delayed or repeatedly postponed. Further the tenure of Mayors also varies widely across states as well as across cities within a state. It ranges from 1 year in case of Bengaluru and Chandigarh, 2.5 years for Mumbai, to 5 years in case of Bhopal. Even within the same state, there are instances of cities having differing Mayoral tenures, often on account of variations amongst governing legislation. For example, in Panaji Municipal Corporation, the mayoral tenure is 1 year, while it is 5 years in Municipalities in Goa. In Arunachal Pradesh and Jammu & Kashmir, the Mayoral tenure at Municipalities is 5 years and while it is 2.5 years at Municipal Corporations. Himachal Pradesh and Karnataka which also had similar tenure differences, recently amended their respective Municipal laws to ensure consistency of tenure within the States. This was one of the reasons that had prompted the need for a Model Municipal Act, which was issued by MOHUA (the then MOUD) in 2003.

### Box 1: Changes in Mayoral systems across some states over time

Over the years, some states like Tamil Nadu, Himachal Pradesh, and Rajasthan, have in fact rolled back or discontinued the system of directly elected Mayors. On the other hand, states like Chhattisgarh and Madhya Pradesh, after having revoked this system, have recently restored direct mayoral elections. Therefore, there remains a lack of consistency across states and overtime in this regard.

For example, Madhya Pradesh introduced the direct election of mayors and municipal chairpersons in 1998 to strengthen urban political leadership and accountability. However, prolonged delays in municipal elections led to a large number of ULBs being governed by state-appointed administrators. In this view and following a change in the state government, in 2019, the system of direct mayoral elections was revoked and replaced with an indirect system of mayoral selection. However, in 2025, the state moved to restore direct mayoral elections by amending relevant sections in Madhya Pradesh Municipality (Amendment) Ordinance, 2025, enabling people to directly elect mayors and chairpersons in upcoming ULB polls. The term of the Mayor in a Municipality also varies from 1 to 5 years across states. Annexure 2 highlights States with direct election of the Mayor and their current status.

Mayors generally do not play a significant role in city administration in the absence of having adequate executive powers. Often, actual executive authority is vested in the Municipal Commissioners and, in some cases, delegated to Standing Committees for sectoral administration. As a result, Mayors lack administrative or financial control over the ULBs, preventing the office from functioning as a strong city leadership and reducing it to a largely symbolic stature.

At present, overlapping and ambiguously defined roles between the elected executive (Mayor/Chairperson) and the appointed executive (Municipal Commissioner/Chief Officer) often lead to institutional disconnect, diluted accountability, and weak political oversight of the administration. Table 1 presents the Mayoral systems of some of the major cities.

Table 1: Mayoral systems of some of the major cities

S. No	City	Term	Method of election	Role of Mayor and Executive Control
1	Mumbai (Maharashtra)	2.5 Years (Rotating)	Indirect (Elected by Councillors)	<ul style="list-style-type: none"><li>• Presides over corporation meetings. Section 64, Mumbai Municipal Corporation (MMC) Act, 1888 explicitly vests the entire “Executive Power” in the Municipal Commissioner, not the Mayor.</li><li>• While Section 37 defines the Mayor’s role as a presiding authority.</li><li>• The Commissioner is the final authority on finance and administration.</li></ul>

S. No	City	Term	Method of election	Role of Mayor and Executive Control
2	Kolkata (West Bengal)	5 Years	Indirect (Elected by Councillors)	<ul style="list-style-type: none"> <li>Follows the Mayor-in-Council system. The Kolkata Municipal Corporation Act, 1980 (Section 33 &amp; 39); establishes the 'Mayor-in-Council' system, vesting executive power in the elected body rather than the Commissioner.</li> <li>The Mayor has a cabinet of Elected members who manage specific portfolios (Water, Health, etc.). Executive power is shared.</li> </ul>
3	Bengaluru (Karnataka)	30 Months (2.5 Years)	Indirect (Elected by Councillors)	<ul style="list-style-type: none"> <li>The limited tenure of 30 months is derived from Section 58 of the Bruhat Bengaluru Mahanagara Palike (BBMP) Act, 2020.</li> <li>Role is limited to presiding over council meetings and ceremonial functions with executive powers vested with the Chief Commissioner (Section 62).</li> <li>No power to appoint staff or authorize independent spending beyond discretionary fund.</li> </ul>
4	Delhi (MCD)	1 Year	Indirect (Elected by Councillors)	<ul style="list-style-type: none"> <li>The term is extremely short (1 year) as prescribed under Section 35 of the Delhi Municipal Corporation (DMC) Act, 1957 (Amended 2022). The post rotates annually among reserved categories (Woman, Open, etc.), preventing any continuity or city leadership.</li> <li>Power rests with the Commissioner (Section 59).</li> </ul>
5	Bhopal (Madhya Pradesh)	5 Years	Direct (Elected by Citizens)	<ul style="list-style-type: none"> <li>Heads the Mayor-in-Council (Section 37, Madhya Pradesh Municipal Corporation Act, 1956).</li> <li>Directly elected under Section 19 while the administrative control (transfers, budget execution) still largely rests with the State-appointed Commissioner.</li> </ul>

### (iii) Weak revenue base and limited devolution of funds

ULBs face chronic fiscal constraints arising from weak own-source revenues, inadequate and unpredictable financial devolution from states and high dependence on tied grants. Limited revenue mobilisation reflects constrained fiscal autonomy, weak property tax systems, lack of willingness to levy and collect user charges and undertake reforms. These challenges are compounded by capacity gaps, institutional fragmentation, urban informality and rapid spatial expansion, further suppressing own-revenue potential.

As a result, ULBs remain heavily dependent on State transfers, which are often erratic and tied to specific schemes. Although State Finance Commissions (SFCs) are constitutionally mandated to guide fiscal devolution to local governments, they are generally not perceived to be effective. Delays in constitution, inadequate institutional support and weak/ selective implementation of SFC recommendations have resulted in *ad hoc* and uncertain fiscal transfers, undermining the financial stability of city governments. In Box 2 the key challenges faced by SFCs are elaborated.



#### Box 2: The key challenges in the functioning of SFCs:

- **Delayed and Irregular Constitution of SFCs:** SFCs are often constituted with significant delays, sometimes extending beyond three years, disrupting continuity and weakening the fiscal devolution cycle. The absence of clear timelines and preparatory arrangements further compounds this problem.
- **Weak and Inconsistent Terms of Reference (ToRs):** Core ToRs vary widely across states and are not always aligned with constitutional provisions, while non-core ToRs often lack clarity and relevance. This results in uneven quality and limited comparability of SFC recommendations.
- **Data Gaps and Limited Analytical Capacity:** SFCs face persistent challenges due to inadequate, unreliable, and untimely local government data, particularly at the ULB level. Limited use of technology and analytical tools further constrains evidence-based decision-making.
- **Inadequate Institutional and Operational Support:** Delays in office setup, insufficient staffing, and frequent turnover of members undermine institutional memory and analytical continuity. Budgetary constraints further restrict the effective functioning of SFCs.
- **Weak State follow-through and accountability:** State governments often delay or fail to implement SFC recommendations, with limited statutory requirements for Action Taken Reports or public disclosure. This weakens accountability and diminishes the credibility and impact of the SFC process.

SFCs face challenges across their lifecycle that directly affect their allocation and advisory function: delays in constitution, limited technical and financial support to their operation, the erasure of their institutional memory & operational knowledge (once it is dissolved), and weak implementation of their recommendations. **Annexure 3** summarises the various challenges.



Low own-revenue generation and uncertain fiscal devolution have weakened the financial health of ULBs, significantly containing their ability to access debt markets or raise capital independently. Weak financial management practices, the absence of robust and creditworthy accounting and reporting systems, and limited technical capacity for project identification, prioritisation and preparation further restricts access to market-based financing. Collectively, these constraints restrict cities' ability to mobilise resources for undertaking large-scale, long-term urban investments.

As a result, cities remain fiscally constrained in their ability to plan, invest in infrastructure, and sustainably operate and maintain essential urban services.

#### **(iv) Weak public service delivery**


Administrative processes within ULBs and parastatals remain constrained by a lack of standardization and alignment across departments. Multiple agencies provide basic services in cities and follow separate protocols for planning, approvals, procurement, and monitoring, making coordinated implementation difficult. These legacy processes slow project execution and limit the ability of cities to respond efficiently to evolving service demands. Across urban India, a wide range of functions that are conventionally associated with municipal governance are carried out by state-controlled parastatal agencies rather than city governments. Bengaluru is a case in point where the municipal corporation is responsible for a limited set of local services such as solid waste management, maintenance of roads and street lighting. Several other core urban functions like provision of primary education, health services and operation of municipal markets remain outside its jurisdiction. Water supply and sewerage are handled by the Bengaluru Water Supply and Sewerage Board. Land use planning is the responsibility of the Bengaluru Development Authority. Rehabilitation of all declared slum areas is undertaken by the Karnataka Slum Clearance Board. Transport within the city is managed by the Bengaluru Metropolitan Transport Corporation that is under the State Government. The instance of parastatals serving a city but reporting the state government is found in a few other states. However, fragmentation of institutional authority across municipal services is found in almost all other states. Thus, city governments continue to play little or no role in key services like public transport, planning, water and sanitation. This fragmentation weakens municipal authority, yet citizens continue to hold local governments accountable for failures in service delivery, even in sectors over which they have no effective control.

Therefore, it is important to reassign core urban functions to elected city governments through clear functional devolution, while integrating parastatal agencies under municipal oversight. This would align authority, accountability, and resources at the city level, taking a pragmatic step towards realising the objectives of the 74<sup>th</sup> Constitutional Amendment.

#### **(v) Inadequate human resources and capacity constraints**

ULBs face significant capacity constraints arising from acute human-resource shortages, particularly in specialised domains such as urban planning, engineering, finance, and project management. These gaps limit the ability of city governments to design, implement, and manage complex urban programmes and infrastructure projects.

Capacity challenges are further exacerbated by administrative instability and service conditions. Municipal Commissioners exercise executive authority but are frequently transferred, leading to disruption of ongoing initiatives. A large proportion of functional positions within ULBs are filled through deputation from state departments. While deputation addresses short-term staffing needs, it reduces continuity and constrains the development of dedicated in-house municipal expertise.



Shortfalls in recruitment, high dependence on deputation, frequent transfers, and limited investment in training collectively weaken institutional capability of ULBs. For efficient urban governance, there is a need to focus on time-bound and quality project preparation and delivery, improve contract management, and collection of revenues. Without requisite in-house techniques and skills and poorly managed procurement processes, these functions are not effectively managed.

Municipal functionaries are largely deprived of opportunities for continuous learning, skill upgradation, and exposure to modern urban management practices. Building a professional, well-trained, and stable municipal cadre is, therefore, essential for sustaining governance reforms, strengthening institutional performance, and improving urban service delivery.

The governance challenges confronting city governments are most pronounced in India's largest urban centres, where growing scale, density, and institutional complexity heighten the need for effective and coordinated urban governance. India's 47 million-plus cities account for nearly 1/3<sup>rd</sup> of India's urban population and contribute to 60% of India's GDP. Hence, not only do they demand particular attention, but also have the basic institutional strength and structure in place to undertake the reforms envisaged here. The following chapter provides an overview of the million-plus cities, examining their demographic significance, institutional structures, and prevailing service delivery mechanisms.



## Chapter 2: Overview of the Million-Plus Cities in India

### 2.1 India's Million-Plus Cities: Scale and Significance

Urban areas in India are categorised into different segments based on population size by different organisations including MOHUA, RBI, Census, etc. MoHUA categorises urban areas into small towns (less than 50,000), medium towns (50,000 to less than 5 lakh), large towns (5-10 lakh), and metropolitan cities (10 lakh and above). According to the Census of India, 2011, towns and urban agglomerations together span an area of 102,252 sq. km and accommodate a population of 37.71 crore.

Within this urban landscape, 46 Municipal Corporations with a population of one million or more cover 10,926 sq. km and house 11.56 crore people; the detailed list is at **Annexure 4**. Collectively, these million-plus Municipal Corporations account for 10.69 per cent of the total urban area while accommodating 30.66 per cent of the urban population, clearly indicating significantly higher population densities.

These million-plus cities play a critical role in the country's economic landscape with high concentration of economic activity, favoured destination for migration and driving national productivity. They also face acute challenges related to infrastructure deficits, service delivery, housing, mobility, environmental sustainability, and social inclusion that impact overall livability and quality of life in these growth centres. However, it is pertinent to note that urban areas have continued to expand in area, population and size of economy since 2011, suggesting that the scale and intensity of urbanisation in these major cities is likely to be even greater at present.



*Figure 1: Municipal Corporation with over million-plus population  
(Source: Census of India, 2011)*

## 2.2 Institutional and Governance Structures in Million-Plus Cities

Governance structures across the cities reviewed, display considerable variations and fragmentation. Multiple key institutions such as development authorities, water supply and sewerage boards, transport corporations, and state-level urban agencies often function outside the control of municipal governments, resulting in fragmented governance. The absence of a unified command structure, with many agencies reporting directly to state departments rather than to elected city government, weakens municipal oversight and dilutes accountability.

In this context, the executive authority is concentrated with Municipal Commissioners, who are subject to frequent transfers, while Mayors, despite being elected representatives of the people, exercise limited statutory power and often serve short and uneven tenures. Together, these institutional and leadership constraints shape the governance environment of India's million-plus cities and limit the effectiveness of urban decision-making.

## 2.3 Service Delivery Across Million-Plus Cities

The Report examined core municipal functions across 46 million-plus cities and identified substantial variation in the institutional mechanisms for the delivery of six key urban services, viz., water supply, sanitation, solid waste management, urban planning, fire services and bus services.

An analysis of the information contained in the websites of the 46 million-plus cities shows that states such as Maharashtra and Gujarat have the most devolution of functions, with city governments directly handling most of the above six services, especially water supply, sanitation, solid waste management, and bus services. In contrast, Delhi and several cities in Karnataka, Tamil Nadu, Andhra Pradesh, Telangana, Kerala, Uttar Pradesh, and Madhya Pradesh rely more on state-level agencies, particularly for bus services and urban planning, indicating that in many southern and northern states these key functions remain controlled by the state rather than the municipal corporations.

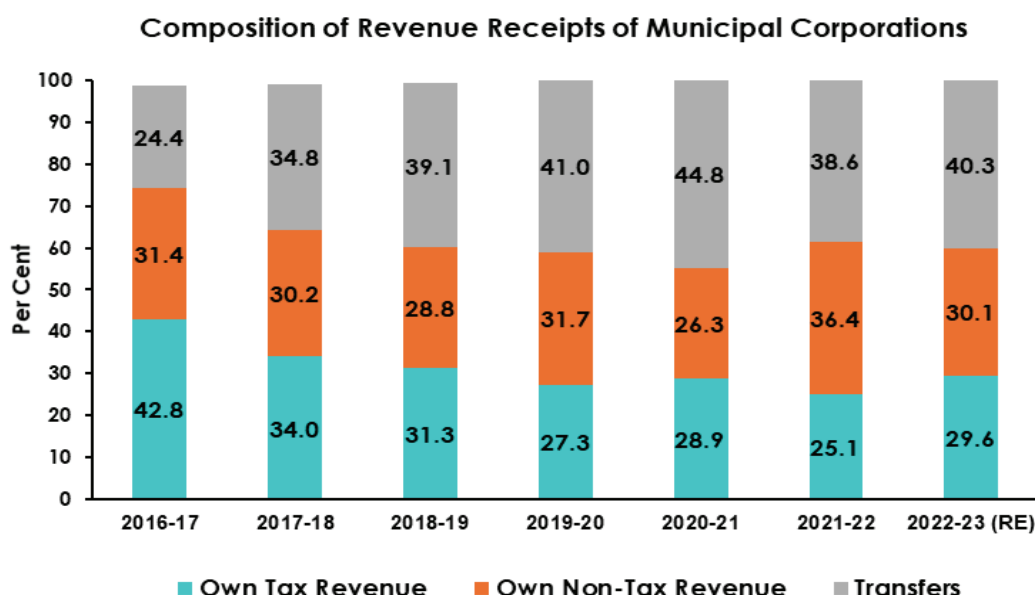
Some states have frameworks for water supply, sanitation, and solid waste management under municipal authority, while in others, similar services were managed largely by state-controlled agencies or parastatal bodies.

These variations in service delivery models reflect underlying differences in state legislation, institutional design, and the extent of functional devolution.

## 2.4 Fiscal Profile and Resource Flows in Million-Plus Cities

The Report on Municipal Finances, 2024, published by RBI, which covers 232 municipal corporations across India, has been used as a basis to understand broad fiscal trends applicable to million-plus cities. According to the Report, the principal sources of municipal revenue include own-source revenue, inter-governmental transfers and others. Own source revenues include tax, whereas non-tax revenues include fees and user charges. Inter-government transfers include grants and devolutions.

Over time as a share of total revenue of municipal corporations, own tax revenues have weakened, while own non-tax revenues have remained relatively stable but modest. Overall, the trend points to growing dependence on intergovernmental transfers, highlighting persistent structural weaknesses in own-source revenue mobilisation.



**Note:**

1. Data for 2016-17 to 2018-19 are based on 201 MCs while those for 2019-20 onwards are based on 232 MC's.

2. RE – Revised Estimates

Source: Municipal Corporations.

**Figure 2: Composition of revenue Receipts of municipal corporations**

(Source: Report on Municipal Finances, 2024 (RBI))

The sustained decline in own-source revenue generation reflects not only structural constraints but also limited effectiveness in the levy and enforcement of local taxes and user charges. Legacy revenue systems exhibit multiple deficiencies, underscoring the need for comprehensive reforms, supported by greater fiscal empowerment of city governments and reinforced by a clear accountability mechanism.

Intergovernmental fiscal transfers to municipalities are guided by the recommendations of State Finance Commissions (SFCs), which are constitutionally mandated to prescribe principles for fiscal devolution every five years. As highlighted in Box 2 of chapter 1, the functioning of SFCs is frequently undermined by delays in constitution, limited technical capacity, and weak follow-through by State Government, resulting in partial or inconsistent implementation of their recommendations. These persistent shortcomings point to the need for more predictable, timely, and robust fiscal devolution frameworks to support the increasing responsibilities placed on million-plus cities.

The impact of these constraints varies across states. As illustrated in Table- 2, SFC grants to ULBs have increased both in absolute and per capita terms, albeit with wide inter-state variation, indicating uneven fiscal devolution and differing levels of commitment to strengthening municipal finances across states.

**Table 2: SFC allocation to all ULGs of select states**

S. No.	States	SFC Allocations to all ULGs										
		FY 2013-14				FY 2023-24				Growth in Urban Population (%)	Growth in SFC Grants (Absolute, %)	Growth in Per Capita SFC Grants (%)
		Projected Urban Population *, 2013	Projected Urban Population , 2013 (%)	SFC Grants (INR crore)	Per Capita SFC Grants (INR)	Projected Urban Population* , 2023	Projected Urban Population , 2023 (%)	SFC Grants (INR crore)	Per Capita SFC Grants (INR)			
1	Karnataka	2,47,08,000	39.63	3,300.00	1,335.60	3,00,61,000	44.41	4,977.75	1,655.88	21.67	50.84	23.98
2	Haryana**	94,59,000	36.11	118.10	124.85	1,27,17,000	42.10	2,574.00	2,024.06	34.44	2079.51	1521.14
3	Uttar Pradesh	4,65,65,000	22.57	4,875.00	1,046.92	5,66,27,000	24.03	12,600.00	2,225.09	21.61	158.46	112.54
4	Kerala	1,77,74,000	52.47	921.42	518.41	2,69,47,000	75.32	2,321.41	861.47	51.61	151.94	66.18
5	Odisha	72,88,000	17.04	652.24	894.96	87,14,000	18.83	1,351.65	1,551.12	19.57	107.23	73.32
6	Tamil Nadu**	3,60,40,000	49.27	2,697.65	748.52	4,12,59,000	53.68	7,863.85	1,905.97	14.48	191.51	154.63

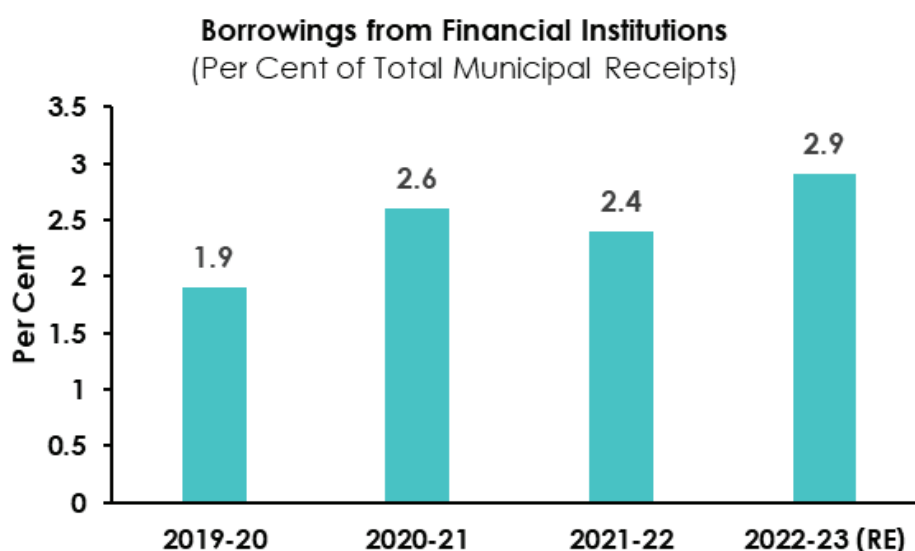
\*Projected Urban Population is based on the projections made by MoHFW in the Technical Group Report

\*\*SFC grants in FY 2013-14 for Haryana and Tamil Nadu are not allocations, but Actual Transfers to ULGs taken from their respective 5th SFC reports; while for 2023-24 the figures are allocations

(Source: Committee Analysis)

More broadly, municipal access to market-based financing in India remains limited and largely confined to a few major cities. Under the AMRUT programme, credit ratings were completed for 468 ULBs in 2023-24, of which only about 162 achieved investment-grade status<sup>3</sup>, enabling preparedness for borrowing. Nevertheless, municipal borrowing accounts for only around 2.4% in FY 2021-22 of total municipal receipts on average across the country.

3 PIB: Impact of Amrut on Infrastructure and Services, MoHUA, 08 Aug. 2024



Note: RE – Revised Estimates

**Figure 3: Municipal corporations Borrowings from Financial Institutions**

(Source: Report on Municipal Finances, 2024 (RBI))

The total municipal bond issuance between 2017 and 2025<sup>4</sup>, is only about 25, amounting to a total of Rs. 3,579 crore. These are by 18 issuers, which include 1 parastatal and 17 cities, with cities like Hyderabad, Indore, Ahmedabad, and Surat having multiple issuances. This excludes issuance for Amravati, which was by Amravati APCRDA and under corporate bond regulations. Details are in Annexure 7.



### Box 3: Municipal Bonds Global Study

**China**<sup>1</sup> has issued 252 Local Government bonds, (cumulatively across several provinces, autonomous regions, municipalities, and a corporation) in August 2025 alone, totalling about RMB980.14 billion (roughly USD 142 billion).

**The Tokyo Metropolitan Government**<sup>2</sup> issues a bond every month, seeing 17 bond issuances, between April 2023 and August 2025 alone, totalling about 3290 billion yen (roughly USD 21.4 billion).

**The city of New York**<sup>3</sup>, had outstanding as on Q1 of FY 2026, outstanding General Obligation debt (bonds of different rates & taxation types, but not including revenue obligation / project-specific bonds) of about USD 45.9 billion. These are bonds where repayments are guaranteed by the total revenue of the municipal government, and while this is cumulative of issuances over a period of time, it is indicative of the robust potential of the urban local government to raise market debt.

1 China Local Government Bond Market Report, China Government Debt Center; September 2025

2 10yr bond issuance and result, Tokyo Metropolitan Government; August 2024

3 NYC Bonds, New York City Comptroller; January 2026

4 2017 chosen because SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015 created a dedicated regulatory structure for municipal debts, and considering a large gap from 2013 when the last bonds were issued before that.

## 2.5 Phased Approach: Start with the Million-plus cities

The Committee proposes a phased implementation of urban governance reforms, beginning with million-plus cities, which typically have the following characteristics:

- (i) Governance improvements in these cities will benefit a large majority of urban population within and across states
- (ii) These cities generally have established institutions of local government, a comparatively higher number of functions devolved and functionaries capable of implementing reforms
- (iii) Financial management in these cities has benefited from earlier reform implementations such as accrual-based double-entry accounting system and credit rating

The successful implementation of reforms in million-plus cities will have the necessary demonstration effect and will provide smaller cities with templates and best practices for faster adoption. A phased approach will enable methodical implementation, monitoring and mid-course correction and improvement.

## 2.6 Proposed reforms in Million-plus cities

Further, the Committee recommends that state governments should start with reforms that strengthen city-level governance. Empowered city governments will be more successful in implementing other urban reforms such as planning, procurement and public private partnership. The Committee proposes a focused reform agenda that emphasizes three main issues:

### **(i) Establishing an empowered city government**

- A directly elected Mayor with a 5-year term.
- An empowered Mayor-in-Council system to have broad-based leadership
- Ensuring timely and regular municipal elections and prohibit dissolution of city government without oversight of the state legislature.

### **(ii) Delivering unified citizen services with responsibility**

- Devolution of six key urban services (water supply, bus services, sanitation, solid waste management, urban planning, and fire services) under the effective control of city government.

### **(iii) Strengthening city finances by fiscal devolution and emphasis on generating own source revenue**

- Strengthening municipal fiscal autonomy by enhancing own-source revenue generation and reducing dependence on transfers
- Ensuring timely constitution of State Finance Commissions and effective implementation of their recommendations.



## Chapter 3: Moving towards effective and accountable city government

### 3.1 Key Recommendations

This Report makes a set of recommendations aimed at establishing an empowered, accountable and effective third tier of government. In framing these recommendations, due consideration has been given to the instruments for operationalisation and the enabling conditions required for adoption by states. Relevant constitutional provisions, statutory framework and regulatory arrangement at both the Union and State levels have also been examined. Existing best practices and institutional arrangements within India have been analysed and, where appropriate, adapted to inform the design of proposed local-level reforms. Similarly, global best practices have also been reviewed to assess the efficacy and relevance of the proposed governance reforms.

The 74<sup>th</sup> Constitutional Amendment Act (CAA) already provides the necessary enabling framework for strengthening city governments. As land and local government falls within the purview of state governments, the recommendations focus on actions to be undertaken by the States. The implementation would require suitable amendments to existing State Municipal Act or any other relevant legislation, including the insertion of new provisions where necessary. These statutory changes are intended to be supported by corresponding revisions to municipal rules, bye-laws, and executive instructions to ensure consistency and effective implementation.

At the Central level, MoHUA plays a critical role as the enabler and nudging States to adopt these reforms. The Model Municipal Laws issued by MoHUA needs to be revised and any other associated guidelines to be aligned to reflect the proposed reforms. MoHUA also needs to encourage and facilitate adoption during implementation.

The following are the major recommendations:

## **(I) Empowered political and executive leadership with a directly elected Mayor having a fixed tenure**

### **i. The Mayor to be directly elected**

Genuine empowerment of the third tier of government requires a unified city governance structure led by an empowered, directly elected Mayor, supported firstly by adequate devolution of functions to the city government itself, and then by substantive allocation of power & responsibilities to the mayor's position as head of government (detailed in the next chapter), fiscal strengthening, and eliminating institutional fragmentation, thereby ensuring clear accountability for urban outcomes. This, in turn, necessitates deeper political and institutional reforms that strengthen elected municipal leadership and enable decision-making in accordance with the principle of subsidiarity. Box-4 outlines global best practices regarding the office of the Mayor, including the selection, functions, etc.





#### Box 4: The office of Mayor - a global study

Globally, the governance patterns across cities revolves around the Mayor as the executive head and the Municipal Council (elected representatives/Councillors) as the legislative and policy-making body. The distinction lies in the empowerment and method of electing the Mayor.

A central comparative insight is that strong mayoral cities share three foundational features: (a) executive authority (consolidated in a single elected leader); (b) control over key urban functions; and (c) fiscal or administrative autonomy for long-term planning.

While there is wide variance in some cases Mayors are powerful and have a lot of influence on how the cities are run, as also on their economic activities. In many cases, Mayors are more powerful than the provincial governors or have similar authority. Mayors go on to occupy high national level positions because of the work they have done in their cities. A short note on the authority and responsibility that vests in the **Mayors of some major cities around the world is at Annexure - 5**. This also makes them accountable for how the city is managed.

While the specific institutional designs vary, cities such as New York, London, Tokyo, Mexico City, Buenos Aires and Johannesburg demonstrate a clear pattern of a strong mayoral system enabling coherent policy direction, fiscal control, and unified urban management.

Mayoral powers in the US are diverse, depending on the state and the city's charter (form of government). However, some of the strong mayoral systems include New York, Chicago and Los Angeles. The mayor is the clear chief executive, elected directly by the citizens and holding significant administrative and budgetary control. The Mayor of the New York City is known for having immense executive power over the city's vast budget and municipal agencies, including the Police department<sup>1</sup>. In Chicago and Illinois, the Mayor has traditionally held significant influence, including strong control over appointments and the legislative agenda<sup>2</sup>. The Mayor in Los Angeles and California holds strong budgetary and executive control, though their power is balanced by the City Council.

The Mayor of London is a directly elected executive head with substantial strategic and operational authority. The Mayor exercises control over city-wide transport through Transport for London (TfL), including buses, metro, and major roads, and plays a central role in spatial planning, housing policy, and environmental regulation<sup>3</sup>. The Mayor prepares and proposes the Greater London Authority (GLA) budget, levies select city-wide taxes and charges, and appoints heads of key functional bodies, ensuring strong political accountability for metropolitan governance.

Cities in China follows a strongly centralized, Communist party led governance model. While, mayors are the administrative heads of the city government, real political power often lies with the Communist Party Secretary of the city. On the whole, mayors are powerful administrators but subordinate to the Party leadership<sup>4</sup>.

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1 Fine, E., & Caras, J. (2013). Twenty-Five Years of the Council-Mayor Governance of New York City: A History of the Council's Powers, the Separation of Powers, and Issues for Future Resolution, 58 N.Y.L. Sch. L. Rev. (2012-2013).

2 WBEZ (2021). How It Works: Chicago's City Council and the Mayor's Office.

3 Mayor of London: powers and functions (Greater London Authority, May 2024).

4 Zheng et al. (2024). "Mayors' promotion incentives and subnational-level GDP manipulation," Public Administration Review

To strengthen democratic accountability and political leadership in municipalities, the Committee proposes that the Mayor be directly elected by the voters of the entire municipal area. This would require State Governments to amend their respective municipal laws to provide for direct election of the Mayor (Chief Councillor) and Deputy Mayor (Deputy Chief Councillor) conducted under the direction, control, and supervision of the State Election Commission in accordance with applicable laws and procedures.

Article 243R of the Constitution reproduced in Box 5 provides the enabling constitutional

### **Box 5: Article 243R of the Indian Constitution**

#### **“Composition of Municipalities**

(1) Save as provided in clause (2), all the seats in a Municipality shall be filled by persons chosen by direct election from the territorial constituencies in the Municipal area and for this purpose each Municipal area shall be divided into territorial constituencies to be known as wards.

(2) The Legislature of a State may, by law, provide-

(a) for the representation in a Municipality of-

- (i) persons having special knowledge or experience in Municipal administration;
- (ii) the members of the House of the People and the members of the Legislative Assembly of the State representing constituencies which comprise wholly or partly the Municipal area;
- (iii) the members of the Council of States and the members of the Legislative Council of the State registered electors within the Municipal area;
- (iv) the Chairpersons of the Committees constituted under clause (5) of article 243S:

Provided that the persons referred to in paragraph (i) shall not have the right to vote in the meetings of the Municipality;

(b) the manner of election of the Chairperson of a Municipality.”

framework for States to determine the composition and mode of election of municipal leaders.

#### **Recommendation:**

- State governments should amend the State Municipal Acts or other relevant legislation to provide that the post of Mayor shall be filled by a person chosen through direct election by all voters whose names are entered in the electoral rolls of the municipal area. Such a framework ensures that the Mayor derives a direct democratic mandate from the citizens, rather than indirectly through elected councillors.
- The Model Municipal Law, 2003, issued by MoHUA needs to be revised to clearly provide for the Mayor to be directly elected.

## ii. Term of Mayor to be co-terminus with the term of the city government

Article 243U of the Constitution states that every municipality shall continue for a term of five years with no reference to the tenure of the Mayor of the municipality. Thus, it was incumbent upon the States to prescribe the tenure of the Mayor of a municipality in their respective State Municipal Laws.

The Model Municipal Law, 2003, provides that the term of office of the Mayor shall be coterminous with the duration of the municipal council.

### Recommendation:

- State governments should amend the State Municipal Acts or other relevant legislation to state that the Mayor holds office for a term of 5 (five) years that is co-terminus with the duration of the municipal council<sup>5</sup>.

## iii. The Mayor should be the head of the city government with overall executive authority

Article 243(P) of the Constitution defines key terms such as “Municipality” and their related territorial and institutional scope but does not define the office of the Mayor or designate Mayor as the head of the city government. The allocation of executive authority and the role of the Mayor are, therefore, left to States to prescribe in their respective municipal legislations.

Under the Model Municipal Law, 2003, executive power is exercised by an Empowered Standing Committee, with the Chief Councillor<sup>6</sup> serving as its presiding officer. It further provides that the Empowered Standing Committee may, through a written order, delegate specific power or functions to the Chief Councillor or to the Chief Municipal Officer (Municipal Commissioner), subject to prescribed conditions.

For effective urban governance, executive authority within a Municipal Corporation must be clearly vested in the Mayor, with the Municipal Commissioner functioning under the Mayor’s oversight and the designated reporting authority. At the same time, internal institutional arrangements must support collective decision-making and prevent undue concentration of authority by providing for a system of Mayor-in-Council, which has been explained in detail in the following sections. It is recommended to necessitate a clear and unambiguous delineation of roles, powers, and accountability among the Mayor, Mayor-in-Council, Municipal Commissioner, subject-specific committees, and the General Body of elected councillors.

### Recommendation:

- It is recommended that the Mayor be designated as the head of the city government with clearly defined executive powers. State governments should amend the State Municipal Acts or other relevant legislation to clearly designate the Mayor as the head of the city government and clearly define the roles and responsibilities of the Mayor and the Municipal Commissioner.
- The Model Municipal Law, 2003, issued by MoHUA needs to be revised to provide clarity and explicitly institutionalise mayoral authority over key administrative oversight mechanisms.

5 Municipal Council is used in a generic manner in this report for brevity, and includes the Councils present in various forms of Urban Local Governments in India, such as Notified Area Councils, Town Panchayats, Municipal Councils / Nagar Nigams. Municipalities / Nagarpalikas and Municipal Corporations / Mahanagar Palikas.

6 The Model Municipal Law mentions Chief Councillor which under Section 2(16) means (i) in relation to a Municipal Corporation, the Mayor (ii) in relation to a Municipal Council, the Municipal Chairperson, and (iii) in relation to a Nagar Panchayat, the Municipal President;

#### iv. Ensuring timely and regular municipal elections for effective city governance

The Constitution mandates that elections of city government<sup>7</sup> be completed before the expiry of their five-year term. However, in the absence of clearly prescribed and enforceable timelines for key stages of the electoral process, municipal elections are routinely delayed across the States. The *Compendium of Performance Audits on the Implementation of the 74<sup>th</sup> Constitutional Amendment Act* published by the Comptroller and Auditor General (CAG) of India in November 2024, notes that elections were delayed in over 61% of ULBs across 17 States. Divergent and non-uniform procedures adopted by state governments have further exacerbated the situation with recurring delays, undermining democratic continuity at the city level. To uphold public enfranchisement in urban governance both in letter and spirit, the Committee proposes amendments to the relevant provisions.

##### Recommendation:

- State governments should amend the State Municipal Acts<sup>8</sup> or other relevant legislation to mandate regular time-bound election of city governments
- State governments should amend the State Municipal Acts or other relevant legislation to include mandatory legislative sanctions for dissolution of ULB within a prescribed time period, thereby strengthening the stability of local democratic institutions
- The Model Municipal Law, 2003<sup>9</sup>, issued by MoHUA needs to be revised to provide a uniform legislative template for States to ensure timely elections and to prohibit dissolution of municipal corporation.

#### (II) Introduce an empowered Mayor-in-Council system to provide strong, accountable city-level governance

##### i. Introduce Mayor-in-Council system

With increasing complexity of urban management, the Committee proposes, an empowered Mayor-in-Council system may be institutionalised as the apex executive arrangement within municipal government. By allocating sectoral responsibilities among selected councillors, this system promotes functional specialization, avoids concentration of authority, reduces bureaucratic delays, and enhances transparency in municipal functioning. Under this model, executive authority over key domains including urban planning, service delivery, finance, and human resources, would be exercised collectively by the Mayor and selected councillors. Comparative global experiences, demonstrate that such collective executive systems, when led by strong Mayors, enable more coherent city-level planning and effective service delivery.

For the Mayor-in-Council system to function effectively, statutory provisions for the selection, allocation of powers and duties, and mandating regular, time-bound meetings is essential. Currently, neither the Constitution nor the State municipal laws prescribe the functioning of such a system. Wherever these Councils are in place<sup>10</sup>, in the absence of mandatory timelines for convening meetings of executive council following municipal election, there are delays

7 While the term 'city government' is used for focus and consistency in this report, the 74th Amendment to the Constitution uses the term Local Self Government.

8 Relevant Election Rules in the Municipal Acts (various types) in keeping with Article 243U, 74th Constitutional Amendment

9 Section 71 of Model Municipal Law, 2003

10 In Kolkata alone, and in the States of Tripura, Madhya Pradesh and Chhattisgarh, with the Mayor as head and stipulated number of Councillors performing important functions as department heads, with sanctioning and in terms of approving contracts and revising the budget grants. Compendium of Performance Audits on the Implementation of the 74th Constitutional Amendment Act, 1992: Landscape across India Volume I, 2024, Page 22 <https://cag.gov.in/uploads/StudyReports/SR-Compendium-067346fdd7000e9-76046538.pdf>

with weakened executive oversight. The CAG of India notes<sup>11</sup> that an incredible 61% of city governments in the 17 States that were audited did not have an elected Council at the time of the audit. The analysis also shows that the average delays in municipal elections in those states were 22 months, i.e. nearly two years of cities being run without elected governments. The highest in the audit was 4.5 years, while India has had cities being run for decades by the executive. In many states, there is no legal deadline to convene the first council meeting after elections.

While Article 243(W) and 243(S) of the Constitution enable the devolution of functions to municipalities and provides for the constitution of municipal committees, they do not explicitly recognise the Mayor-in-Council as the municipal corporation's apex executive body.

The Model Municipal Law currently, states that "In every Municipality, there shall be an Empowered Standing Committee."<sup>12</sup> In functional terms, the Empowered Standing Committee, performs a role analogous to a Mayor-in-Council, with Mayor acting as principal political executive of the municipality.

Within this enabling constitutional framework, the States can amend their Municipal Acts to explicitly institutionalise the Mayor-in-Council system, clearly defining their composition, powers, responsibilities, and procedures including mandatory timelines for meetings, to strengthen executive decision-making and accountability at the city level.

### **Recommendation:**

- To strengthen decentralised democracy at the ULB level, States should replace Standing Committees with a Mayor-in-Council system, complemented by functional subject-matter committees. State governments should amend the State Municipal Acts or other relevant legislation to explicitly recognise the Mayor-in-Council as the municipal corporation's apex executive body with clear roles and responsibilities for the Council. States should prescribe a mandatory timeline for convening the first meeting of the Council, ideally within 15 days of declaration of election results.
- The Model Municipal Law, 2003, issued by MoHUA needs to be revised to reposition the Mayor-in-Council system as the default recommended model for urban governance.

## **ii. Setting up of broad-based and decentralised governance structures**

### **Portfolio-Based Governance: Each member of the Mayor-in-Council handles a specific department**

The Committee proposes that, to strengthen broad based and decentralized governance within municipalities, a portfolio-based system may be instituted within the Mayor-in-Council, under which each member is assigned responsibility for a specific functional department. Clear allocation of portfolios enables functional specialization, accelerates decision-making, reduces inter-departmental overlaps, and enhances coordinated service delivery within the city government. To support effective oversight, the Mayor should be empowered to appoint the heads of each department, subject to clearly defined procedures and safeguards.

In addition, the constitution of functional subject-specific committees, such as those for finance, health, urban planning, public works, water supply, solid waste management, and

<sup>11</sup> Compendium of Performance Audits on the Implementation of the 74th Constitutional Amendment Act, 1992: Landscape across India Volume I, 2024, Page 35 <https://cag.gov.in/uploads/StudyReports/SR-Compendium-067346fdd7000e9-76046538.pdf>

<sup>12</sup> Any State Government may choose to adopt the Mayor-in-Council System. The Policy Options Paper may be referred to for the corresponding legislative scheme.

sanitation etc., would enhance administrative efficiency, sectoral oversight, and policy coherence. These committees should operate as the executive authority for the respective functional area, supporting the Mayor-in-Council. State Legislatures should accordingly provide for mandatory constitution of such subject committees through clearly defined composition, roles, and responsibilities.

A well-structured committee system is integral to deepening decentralised and participatory urban governance, by creating institutional forums for elected representatives, municipal officials, and citizens to jointly deliberate, plan, and monitor service delivery at sub-city levels. Such arrangements help in aligning decision making with local priorities and improve responsiveness in urban administration.

The Committee recommends that Zonal Committees at the level of administrative wards should be made mandatory. Ward(s) Committee and Area Sabha at the level of councillor constituency/ ward or below may be as decided by the respective State.

The Model Municipal Law, 2003, provides for the constitution of Ward Committees, as the primary mechanism for decentralised governance at the ward level. However, it does not explicitly provide for Zonal Committees or mandate an intermediate tier between the Municipal Corporation and Ward Committees. Consequently, the establishment, structure, and powers of Zonal Committee have been left to the discretion of State Governments, resulting in uneven adoption and varied institutional designs across States.

#### **Recommendation:**

- State governments should amend the State Municipal Acts or other relevant legislation to expressly empower the Mayor with the authority to appoint heads of the departments, with suitable safeguards and procedural clarity to ensure transparency and accountability.
- State governments should amend the State Municipal Acts or other relevant legislation to mandate the formation of Zonal Committees to ensure decentralised decision-making at sub-city levels. States may also establish Ward Committees or Area Sabhas to increase citizen participation at the grassroots.
- MoHUA should institutionalise portfolio-based governance by issuing detailed guidelines under a revised Model Municipal Law that mandates the allocation of clearly defined sectoral portfolios to members of the Mayor-in-Council. At the same time, the Model Law should retain a framework of collective and delegated executive authority, rather than vesting executive power unambiguously in a single individual executive head. The updated Model Law should also mandate the formation of a Zonal Committee within large cities.

### **(III) Parastatals and SPVs delivering essential urban services should directly report to the city government**

The 74<sup>th</sup> Constitutional Amendment Act, 1992, proposed that the following 18 functions included in the Twelfth Schedule be devolved to ULBs:

- Urban planning, including town planning.
- Regulation of land-use and construction of buildings.
- Planning for economic and social development.
- Roads and bridges.

- Water supply for domestic, industrial, and commercial purposes.
- Public health, sanitation, conservancy, and solid waste management.
- Fire services.
- Urban forestry, protection of the environment and promotion of ecological aspects.
- Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded.
- Slum improvement and upgradation.
- Urban poverty alleviation.
- Provision of urban amenities and facilities such as parks, gardens, playgrounds.
- Promotion of cultural, educational and aesthetic aspects.
- Burials and burial grounds; cremations, cremation grounds and electric crematoriums.
- Cattle pounds; prevention of cruelty to animals.
- Vital statistics, including registration of births and deaths.
- Public amenities including street lighting, parking lots, bus stops and public conveniences.
- Regulation of slaughterhouses and tanneries

The Twelfth Schedule provided enabling provisions for the functional devolution to the ULBs. States have been following different methods both for the devolution of functions as well as instrumentalities for the discharge of these functions. While functions such as solid waste management and urban amenities have been devolved by most states, several critical functions, including urban planning, roads, water and sanitation, regulation of land use and buildings, and economic planning, continue to be discharged by State governments or by their parastatal and special purpose agencies, outside municipal control. In practice, these arrangements have resulted in fragmented responsibilities across state departments, parastatals, and development authorities, diluting municipal authority and weakening accountability for urban outcomes.

In this context, the Committee has focused its analysis on a set of five core functions as a subset of all the 18 functions recommended to be devolved. These five were chosen as a sample and given their criticality in the smooth functioning of the city and citizen well-being. These include Water Supply, Bus Services, Sanitation, Solid Waste Management and Fire Services.

Based on a review of these five functions, the Committee identified service delivery patterns to fall into the following three broad categories:

- **Category 1** - The services are entirely delivered by the city government. Some examples of this are:
  - a. Solid waste management in most of the cities
  - b. Sanitation services in many of the cities
  - c. Water supply, urban planning, and public bus services in the cities of Gujarat and Maharashtra

- **Category 2** - The services were delivered by SPVs/ parastatals whose jurisdiction is limited to the city alone, but it reports to the State Government. Examples of this are:
  - a. Water supply and sanitation in Bangalore, Chennai and Hyderabad
  - b. Urban planning in most states except those of Maharashtra, Gujarat and Kerala
- **Category 3** - The service is delivered by a state-level SPVs/ parastatals whose jurisdiction is the entire state. Examples of this are
  - a. Fire and bus services in most cities

**Annexure 6** presents more details on the above.

Categories 2 and 3 present the following major impediments to effective service delivery by ULBs:

- The benefits of coordinated delivery, which can often lead to cost and resource economies and also enable more efficient service, are not leveraged;
- There is no accountability of city governments, and people find it difficult to access state-level leaders for some of their basic services, for which they should be able to access their local leaders; and
- Specific needs of a particular city are not taken into account, more so when the concerned service delivery entity has a state-level responsibility.

It is recommended to shift responsibility for the delivery of these services to the city government, promoting greater accountability of the local leadership, better coordination in the delivery of these services, ensuring economies of scale, and improved grievance redressal mechanisms.

### **Recommendation:**

The Committee recommends, State Government ensure that agencies delivering municipal services within a city shall function under the administrative control of the municipal corporation within whose jurisdiction such services are provided. State Governments should amend their laws and rules to enable the creation of city-specific subsidiaries or divisions within State departments or parastatal agencies for million-plus cities, with such entities administratively accountable to the respective city governments while retaining a technical reporting relationship with the State. In this context, suggestion with regard to each category of service delivery mechanism is given below:

- **In cases where the services are already being delivered by the local city government, no change is proposed** except to build capacity to deliver services more efficiently and cost-effectively. Efforts should also be made to improve cost recovery, if necessary by leveraging private sector efficiencies through well-structured PPP arrangements, that will help reduce outgo from the public budget.
- **In cases where a particular service is delivered by a State SPVs/ parastatals, whose jurisdiction is limited to that city itself, it is recommended that the responsibility be devolved by the state government to the city government.** This can be achieved by the Board being chaired by the Mayor and having representatives from the council, or other well-known city leaders, as well as the municipal commissioner, as members of the Board. There could be a state-level representative also, but the reporting of the entity should be to the city government. Annual subsidies that were being paid to this entity

by the State Government should be transferred to the city government for the specific purpose of providing that service.

- **In case of State SPVs/ parastatals providing services across the State, it is recommended to create a city-specific subsidiary/division for large cities.** Where a single state-level PSU/other entity is delivering services to all the cities in the state, it is recommended that for all the million-plus cities in the state, a separate subsidiary/division be created for each city. The subsidiary CEO/divisional head and the entire staff of that subsidiary/division should administratively report to the city government, with a reporting line to the state department only for technical matters. Funds for the subsidiary/division should be transferred to the local government who should use them for the specific purpose only.

#### **(IV) Strengthening State Finance Commissions (SFCs) for streamlining fund transfers to ULBs**

Articles 243-I and 243-Y of the Constitution institutionalized fiscal decentralization by mandating the formation of a State Finance Commission (SFC) every five years, to recommend principles for resource sharing and strengthening local fiscal capacities. The SFCs are, therefore, central to empowering local governments and deepening fiscal federalism. However, as outlined in Box-2 in Chapter 1, the functioning of SFCs across States has been constrained by persistent institutional and operational weaknesses.

These deficiencies have weakened the fiscal relationship between State and local governments, limiting effective devolution and undermining medium and long-term financial planning at the city level. Successive Union Finance Commissions have highlighted these concerns with the XV Finance Commission, in particular, underscoring the continued non-compliance by States with the constitutional mandate and thus, linking a portion of local government grants to states' compliance with SFC related requirements as a key reform measure.

##### **Recommendation:**

- State governments should amend the State Municipal Acts or other relevant legislation to ensure the constitution of SFCs at least 2 years before the start of the next award period, thereby providing SFCs with a minimum term of approximately 18 months.
- State governments should amend the State Municipal Acts or other relevant legislation to stipulate a defined timeline for the preparation and tabling of the Action Taken Report (ATR) in the Legislative Assembly within 6 months of SFC report submission or along with tabling of the state budget (whichever is later).
- State governments should amend the State Municipal Acts or other relevant legislation to mandate State Finance department to publish, at the beginning of the FY and along with the state budgets -
  - » ULG-wise annual allocation of SFC grant amount for the current FY
  - » Details of ULG-wise SFC grant release and expenditure of the previous FY
- The Model Municipal Law, 2003, issued by MoHUA needs to be revised to mandate monitoring, reporting, disclosure, and institutional support to strengthen the credibility, transparency, and impact of the SFC process.



## Chapter 4: Implementation of the reforms: Nudging states

The Committee observes that implementation of the proposed reforms will involve several stakeholders and actions at multiple levels. By and large, the States will be the primary actors to take this forward. Suggestions in this regard are given below:

- MoHUA to update the Model Municipal Law in line with the changes proposed in this Report.
- MOHUA may organise regional workshops to start a debate, garner consensus, and nudge states to adopt the new Model Municipal Law.
- MOHUA to undertake a comprehensive capacity-building program to ensure that the local bodies can assess the required capacities<sup>13</sup> and the officials have the competencies to discharge the functions transferred to them. Support can be given in terms of templates and dynamic models for capacity assessments and continual training programmes in lines of iGOT for States.
- MoHUA may link its various schemes with the commitment and plan by the State Governments to implement these recommendations.

<sup>13</sup> As per their size, geo-physical context and manner of administration of functions and services. Capacities can be met through hiring or contracting or sharing of services, as proposed in the Municipal Shared Services model of the 15th Finance Commission and MoHUA

## 4.1 Roles and Responsibilities for Implementation

Table 3 summarises the recommendations of the Committee along with the proposed instruments for operationalisation and the agencies/organisations responsible for their implementation.

*Table 3: Recommendations of the Committee*

Purpose of Reform	Recommendation	Instrument for Operationalization	Responsibility for Operationalization
<b>Recommendation 1. Empowered Political and Executive leadership with directly elected Mayor with fixed tenure</b>			
Election, Term, and Executive Power of the Mayor	The Mayor to be directly elected	Change in respective State Municipal Act (SMA) Revised model municipal law by MoHUA	State Government, Gol
	Term of Mayor to be 5 years	Change in respective SMA	State Government
	The Mayor should be the head of the city government with overall executive authority	Change in respective SMA. Revised model municipal law by MoHUA	State Government, Gol
Timely and regular municipal elections for effective city governance	Time bound election of Municipal Corporation	Change in the relevant State Legislature Revised model municipal law by MoHUA	State government, Gol
	Include mandatory legislative sanction for dissolution of ULB within a prescribed time period	Change in the relevant State Legislature Revised model municipal law by MoHUA	State government, Gol

Purpose of Reform	Recommendation	Instrument for Operationalization	Responsibility for Operationalization
<b>Recommendation 2: Introduce an empowered Mayor-in-Council system to provide strong, accountable city-level governance</b>			
Setting up of board based governance structure at ULB level with focus on Portfolio-based Governance	Introduce the Mayor-in-Council system instead of Standing Committee with meeting at least once in 15 days	Change in the respective SMA Revised model municipal law by MoHUA	State Government, Gol
	Each member of the Mayor-in-Council handles a specific department of city government	Change in the respective SMA Revised model municipal law by MoHUA	State Government, Gol
	The Mayor holds the authority to appoint the chairperson of departments of city government	Change in the respective SMA	State Government
	Zonal Committee (at the level of administrative wards) should be made mandatory	Change in the respective SMA Revised model municipal law by MoHUA	State Government, Gol

Purpose of Reform	Recommendation	Instrument for Operationalization	Responsibility for Operationalization
<b>Recommendation 3: Parastatals and SPVs delivering essential urban services should directly report to the city government</b>			
Unified and Accountable service delivery	Where services are already being delivered by the local city government, no change is required, and things can continue as they are.	No change	--
	Where a particular service is delivered by a State SPVs/ parastatals, whose jurisdiction is limited to that city itself, it is recommended that the responsibility be devolved by the state government to the city government	Change in the reporting structures, either through change in state legislation or change in the memorandum and articles of association of the PSU as may be relevant	State Government
	<p>In case of State SPVs/ parastatals providing services across the State, it is recommended to create a city-specific subsidiary/ division for each of the million-plus cities</p> <ul style="list-style-type: none"> <li>- Have the head of the subsidiary /divisional head, along with their entire staff administratively report to the city government, with a reporting line to the state department only for technical matters.</li> <li>- Funds for the subsidiary/ division should be allocated by the state government to the local government, who, in turn, should use them to subsidize the respective subsidiaries/divisions, as needed.</li> <li>- Agencies delivering urban planning and related services should also be brought under the City Government</li> </ul>	Administrative orders to be issued by the concerned department or the Board of Management of the respective entities	State Government

Purpose of Reform	Recommendation	Instrument for Operationalization	Responsibility for Operationalization
<b>Recommendation 4: Mandate the strengthening of municipal finances through regular and effective State Finance Commissions (SFCs)</b>			
Timely formation and operation of SFCs with systematic transfer of funds	Performance-linked devolution of Funds: Intergovernmental transfers must be complemented by stronger local fiscal effort	Change in the relevant State Legislature Revised model municipal law by MoHUA	State Government, Gol
Improve the state governments' response to SFCs recommendations	Annual reporting on the implementation of SFC recommendations	Change in the relevant State Legislature Revised model municipal law by MoHUA	State Government, Gol

## Annexure 1: Constitution of the committee

NITI/Member (RG)/2025-MU  
Government of India  
NITI Aayog  
(Managing Urbanisation)  
\*\*\*\*\*

Sansad Marg, New Delhi  
Dated: July 31, 2025


### ORDER

**Subject: Constitution of a Committee to identify transformational reform areas to prepare Urban Reform Agenda-reg.**

India's rapid urbanization presents both immense opportunities and complex challenges. As the urban population continues to grow, cities are emerging as powerful engines of economic development by concentrating resources, generating employment, and fostering innovation. However, to sustain this growth, traditional incremental reforms may no longer be adequate to address the scale and pace of transformation required. There is an urgent need to conceptualize and implement transformational reforms that can fundamentally reimagine urban areas- making them more resilient, inclusive, sustainable, and economically dynamic for all citizens, contributing significantly to the national vision of Viksit Bharat@2047. It has been decided to identify and recommend transformational areas of reform, laying the groundwork for a comprehensive and actionable Urban Reform Agenda that may guide future policy and programmes. The competent authority has decided to constitute a committee to prepare a comprehensive Urban Reform Agenda, with the following composition:

S. No.	Designation, Organisation	Role
1	Ms. Anna Roy, Pr. Economic Adviser & PD (MU), NITI Aayog	Chairperson
2	Dr. O.P. Agarwal, Distinguished Fellow, NITI Aayog	Member
3	Sh. Jagan Shah, Infravision Foundation	Member
4	Representative of Janaagraha	Member
5	Director (MU), NITI Aayog	Member Secretary

2. The Committee will submit a comprehensive Urban Reform Agenda within 2 months from the date of this Order.
3. The Committee may co-opt members and/or invite experts as may be considered necessary.
4. This issue with the approval of the competent authority.

  
(Urmila)  
Director

To,  
**The Chairperson and members of the Committee**

Copy to:

1. PPS to Member (RG), NITI Aayog
2. PSO to CEO, NITI Aayog

## Annexure 2: States with direct election of the Mayor and their current status

S.No.	State	Direct Mayoral Election (Since)	Revoked by State (In)	Current Status
1	Madhya Pradesh	Yes (1998)	Yes (2019)	Direct (restored in 2025 through ordinance)
2	Chhattisgarh	Yes (1998)	Yes (2019)	Direct (restored in 2024 through Ordinance)
3	Jharkhand	Yes (2011)	No	Direct
4	Uttarakhand	Yes (1994)	No	Direct
5	Uttar Pradesh	Yes (1994)	No	Direct
6	Bihar	Yes (2022)	No	Direct
7	Haryana	Yes (2018)	No	Direct
8	Odisha	Yes (2018)	No	Direct
9	Tamil Nadu	Yes (1996)	Yes (2019)	Indirect
10	Himachal Pradesh	Yes (2012)	Yes (Around 2017-18)	Indirect
11	Rajasthan	Yes (2009)	Yes (2014 & reaffirmed in 2019)	Indirect

Source: Secondary Data - Committee analysis

## Annexure 3: A summary of common challenges encountered in different stages of an SFC's lifecycle

S. No.	Components	Sub-Components	Challenges identified
<b>1. Formation of SFCs</b>			
a.	Timing of SFC Formation	<ul style="list-style-type: none"> <li>Timely Constitution of SFCs</li> <li>Stabilization of SFCs</li> <li>Syncing SFC with FC</li> </ul>	<ul style="list-style-type: none"> <li>Delays in SFC constitution stretch up to 36 months - continuity is not maintained.</li> <li>The award period of SFCs is not synchronized with UFCs, causing challenges in effective fiscal decentralization.</li> <li>Lack of data on timeline for formation</li> <li>Inadequate preparation before formation of SFC (human resource and infrastructure)</li> </ul>
b.	Terms of Reference (ToR)	<ul style="list-style-type: none"> <li>Core ToRs - allocation function</li> <li>Non-core ToRs - advisory function</li> </ul>	<ul style="list-style-type: none"> <li>The core ToRs of SFCs regarding fund devolution to local bodies are variable and not always consistent with constitutional provisions</li> <li>The scope of non-core ToRs (advisory function of SFCs) has not kept with emerging needs of local governments, especially in urban.</li> </ul>
c.	Embedding cost/ requirements of SFC set-up and operation	<ul style="list-style-type: none"> <li>Support in the form of infrastructure and human resource</li> </ul>	<ul style="list-style-type: none"> <li>Delays in office space allocation, inadequate provision of necessary office equipment, and inconsistent membership of both staff and members causes interruptions and delays in the SFC's operations.</li> </ul>
<b>2. Operation of SFCs and uptake of recommendations</b>			
a.	SFC Membership	<ul style="list-style-type: none"> <li>Diversification and Continuity in Membership</li> </ul>	<ul style="list-style-type: none"> <li>Statutory non-compliance and delays in appointments to SFC</li> <li>Disruption due to membership turnover</li> </ul>

S. No.	Components	Sub-Components	Challenges identified
b.	Data availability for SFCs	<ul style="list-style-type: none"> <li>Data Collection Methods</li> <li>Use of IT and professional expertise in data analytics for SFCs</li> </ul>	<ul style="list-style-type: none"> <li>Lack of a unified, credible and timely source for local government data leading to SFCs relying on multiple (sometimes inauthentic) sources.</li> <li>Time consuming and less efficient methods of data collection after the SFC is constituted.</li> <li>Information provided by local bodies can be incomplete, and contains prima facie errors.</li> </ul>
c.	Submission of SFC Report	<ul style="list-style-type: none"> <li>Time taken for submission of SFC Report</li> </ul>	<ul style="list-style-type: none"> <li>Delay in submission of SFC report due to multiple factors relating to capabilities and adequate support – on average, SFC reports have been submitted 13 months later than the original timeline provided in the terms of reference (ToR)</li> </ul>

### 3. Response of state governments to SFCs' recommendations

a.	Submission of Action Taken Reports (ATRs)	<ul style="list-style-type: none"> <li>Landscape for submission of ATRs</li> </ul>	<ul style="list-style-type: none"> <li>Lack of legal provisions stipulating timely ATR submission.</li> <li>Severe delays or inaction in tabling ATRs (56% of state government take more than 12 months after submission of report by the SFC).</li> <li>ATRs are unavailable in public domain</li> </ul>
b.	Data availability for SFCs	<ul style="list-style-type: none"> <li>Implementation of SFC recommendations</li> </ul>	<ul style="list-style-type: none"> <li>A huge quantum of recommendations rejected with or without reason.</li> <li>Lack of adherence to 12<sup>th</sup> FC recommendations for minimal modifications in SFC recommendations.</li> </ul>

## Annexure 4: Cities governed by Municipal Corporations with a population of 10,00,000 and above as per the Census of India, 2011

S. No.	Name	District (State)	Area (sq. km)	Population
1	Greater Mumbai	Mumbai (Maharashtra)	603.00	12442373
2	Delhi Municipal Corporation	Delhi (Delhi)	561.27	11034555
3	Greater Bangalore (BBMP)	Bangalore (Karnataka)	709.96	8443675
4	Greater Hyderabad (GHMC)	Hyderabad (Andhra Pradesh)	694.09	6615348
5	Ahmedabad	Ahmedabad (Gujarat)	468.92	5577940
6	Chennai	Chennai (Tamil Nadu)	175.00	4646732
7	Kolkata	Kolkata (West Bengal)	185.00	4496694
8	Surat	Surat (Gujarat)	335.82	4467797
9	Pune	Pune (Maharashtra)	249.29	3124458
10	Jaipur	Jaipur (Rajasthan)	484.64	3046163
11	Lucknow	Lucknow (UP)	348.80	2817105
12	Kanpur	Kanpur Nagar (UP)	266.74	2765348
13	Nagpur	Nagpur (Maharashtra)	217.56	2405665
14	Indore	Indore (MP)	130.17	1964086
15	Thane	Thane (Maharashtra)	128.23	1841488
16	Bhopal	Bhopal (MP)	285.88	1798218
17	Visakhapatnam	Visakhapatnam (Andhra Pradesh)	513.61	1728128
18	Pimpri Chinchwad	Pune (Maharashtra)	184.72	1727692
19	Patna	Patna (Bihar)	107.62	1684222
20	Vadodara	Vadodara (Gujarat)	166.23	1670806
21	Ghaziabad	Ghaziabad (UP)	220.00	1648643
22	Ludhiana	Ludhiana (Punjab)	159.37	1618879
23	Agra	Agra (UP)	120.57	1585704
24	Nashik	Nashik (Maharashtra)	259.13	1486053

25	Faridabad	Faridabad (Haryana)	204.00	1414050
26	Meerut	Meerut (UP)	141.94	1305429
27	Rajkot	Rajkot (Gujarat)	110.84	1286678
28	Kalyan-Dombivli	Thane (Maharashtra)	57.13	1247327
29	Vasai-Virar City	Thane (Maharashtra)	319.39	1222390
30	Varanasi	Varanasi (UP)	82.10	1198491
31	Srinagar	Srinagar (Jammu & Kashmir)	278.10	1180570
32	Aurangabad	Aurangabad (Maharashtra)	138.50	1175116
33	Dhanbad	Dhanbad (Jharkhand)	207.00	1162472
34	Amritsar	Amritsar (Punjab)	136.00	1132383
35	Navi-Mumbai	Thane (Maharashtra)	108.68	1120547
36	Prayagraj (Allahabad)	Allahabad (UP)	70.05	1112544
37	Howrah	Howrah (West Bengal)	51.74	1077075
38	Ranchi	Ranchi (Jharkhand)	175.12	1073427
39	Jabalpur	Jabalpur (MP)	129.20	1055525
40	Gwalior	Gwalior (MP)	173.68	1054420
41	Coimbatore	Coimbatore (Tamil Nadu)	105.60	1050721
42	Vijayawada	Krishna (Andhra Pradesh)	59.69	1034358
43	Jodhpur	Jodhpur (Rajasthan)	75.50	1033756
44	Madurai	Madurai (Tamil Nadu)	51.96	1017865
45	Raipur	Raipur (Chhattisgarh)	147.50	1010433
46	Kota	Kota (Rajasthan)	527.03	1001694
<b>A</b>	<b>Total of Municipal Corporations with a population exceeding 10,00,000</b>		<b>10,926.37</b>	<b>11,56,05,043</b>
<b>B</b>	<b>Total of 474 Urban Agglomerations and 5,697 Towns in all classes</b>		<b>102,252</b>	<b>37,71,06,125</b>
<b>C</b>	<b>C = (A/B * 100)% of Municipal Corporations with a population exceeding 10,00,000 to total of 474 Urban Agglomerations and 5,697 Towns</b>		<b>10.69%</b>	<b>30.66%</b>

Source: Census of India, 2011 - Committee analysis

## Annexure 5: Mayor's Powers: Global Examples

### 1. United States of America

Mayoral powers in the US are diverse, depending on the state and the city's charter (form of government). However, some of the strong mayoral systems include New York, Chicago and Los Angeles among others. The mayor is the clear chief executive, elected directly by the citizens and holding significant administrative and budgetary control.

#### Core Powers:

The mayor directs the administration, manages city departments, prepares and executes the city budget, and has the power to appoint and remove department heads. Crucially, they often possess veto power over the City Council's ordinances and resolutions.

#### Examples:

New York City (NYC): The Mayor is known for having immense executive power over the city's vast budget and municipal agencies, including the Police department.

Chicago, Illinois: The Mayor has traditionally held significant influence, including strong control over appointments and the legislative agenda.

Los Angeles, California: The Mayor holds strong budgetary and executive control, though their power is balanced by the City Council.

### 2. South Korea

In South Korea, the local government heads of major territorial units (cities, metropolitan cities, provinces) are either mayors (for cities) or governors (for provinces). Mayors serve as the chief executives of their respective local governments, elected for a four-year term.

#### Core Executive and Administrative Authority

All South Korean mayors, regardless of city size, possess fundamental powers derived from the Local Autonomy Act. They officially represent the city in all legal and inter-governmental matters. They control and execute all local government affairs and administer city services. They are also responsible for implementing city policies, managing the local administration, and overseeing regional development planning within the framework of national law.

Mayors prepare and manage the city's annual budget, although it must be approved by the local council. They handle affairs that are legally delegated to the city by the central government.

#### Expanded Powers of Metropolitan and Special City Mayors

Mayors of large cities designated as Special Cities (like Seoul) or Metropolitan Cities (like Busan, Incheon) hold authority comparable to a Provincial Governor, giving them vastly expanded scope. These mayors are effectively the chief executive of a unit equivalent to a province in status, placing them in the highest tier of local leadership.

They have significant autonomy and resources for large-scale urban planning, major infrastructure development, and managing complex urban systems (transportation, environment, etc.). Especially the Mayor of Seoul, due to the city's importance, often sits at a level equivalent to a national cabinet minister and has considerable influence in national decision-making circles.

### 3. South Africa

Most South African local governments have an Executive Mayor, who is the head of the executive committee, which makes most of the municipality's policy decisions. He acts as the political leader, overseeing the preparation of the budget and the administration's performance.

The system is an evolution of the council-manager model, placing political executive authority in the mayor and the executive committee.

### 4. France

The French mayor holds a unique dual function, acting as both the head of the local council and an agent of the central state. He chairs the municipal council and prepares and executes the council's deliberations. He is responsible for the management of municipal staff, budget, and local services.

As an agent of the State, he performs specific state functions, such as acting as a civil officer (officiating at civil marriages, registering births/deaths). He also serves as an officer of the judicial police in their commune, enforcing general safety measures under the authority of the central state's representative (the Prefect).

### 5. Germany

In most German states, the *Bürgermeister* (mayor) is directly elected and acts as the head of both the council and the local administration. The mayor is typically the chief administrative and political head of the municipality. The mayor leads the municipal administration, managing its daily operations and being responsible for executing the council's resolutions. This contrasts with earlier models where the council appointed a separate professional administrator.

He often chairs the city council meetings and has a vote, but his main power comes from their strong executive position he holds in managing the bureaucracy.

### 6. China

China follows a strongly centralized, Communist party led governance model. While, mayors are the administrative heads of the city government, real political power often lies with the Communist Party Secretary of the city.

Mayors oversee city-wide economic planning, infrastructure, transportation, and public services and implement national and provincial policies.

Their responsibilities include managing urban economic development and budgeting, executing state-directed urbanization and infrastructure projects, crisis management (public health, disasters), environmental regulation and social welfare programs.

On the whole, mayors are powerful administrators but subordinate to the Party leadership.

### 7. United Kingdom

The city government is mostly council-led, with only some cities having directly elected mayors.



The strongest example is the mayor of London, who controls transport, policing, environment, development, etc. The mayor of London is also responsible for strategic planning.

In cities outside London the mayors have powers over transport, housing, skills, and regional development. They are responsible for infrastructure and transport strategy, economic regeneration, planning permission oversight, climate and environmental policies. Etc.

Overall the powers of the mayors in UK vary widely, with the mayor of London being highly influential but still sharing power with councils and the national government.

## 8. Brazil

Brazil has very strong municipal autonomy. Mayors hold significant executive power.

They control local policing (municipal guard), education, health services, and urban planning. They are direct counterparts to the city council but with strong control over budget and administration.

Their responsibilities cover primary education, basic healthcare, public transportation, housing, land use planning and large-scale urban development. They are also responsible for public safety enforcement at municipal level.

Overall, Brazilian mayors are among the most autonomous and powerful in the world for local governance.

## Annexure 6: Allocation of responsibility for delivering six services

- **Category 1 (C1)**- Authority for service delivery devolved to the city level.
- **Category 2 (C2)**- An institutionalised state level PSU working for the city reporting to the state.
- **Category 3 (C3)**- A state level body working for all the cities of the state.

S. No.	City	Water Supply	Bus Services	Sanitation	Solid Waste Management	Urban Planning	Fire Services
		Category*					
1.	Mumbai	C1	C1	C1	C1	C1	C1
2.	Delhi	C1	C1	C1	C1	C2	C1
3.	Bangalore	C2	C2	C2	C1	C2	C3
4.	Hyderabad	C2	C3	C2	C1	C2	C3
5.	Ahmedabad	C1	C1	C1	C1	C2	C1
6.	Chennai	C2	C3	C2	C1	C2	C3
7.	Kolkata	C1	C3	C1	C2	C2	C3
8.	Surat	C1	C1	C1	C1	C2	C1
9.	Pune	C1	C1	C1	C1	C2	C3
10.	Jaipur	C2	C3	C2	C1	C2	C3
11.	Lucknow	C1	C2	C1	C1	C2	C3
12.	Kanpur	C1	C2	C1	C1	C2	C3
13.	Nagpur	C1	C1	C1	C1	C1	C1
14.	Indore	C1	C2	C1	C1	C2	C1
15.	Thane	C1	C3	C1	C1	C2	C1
16.	Bhopal	C1	C1	C2	C1	C2	C1
17.	Vishakhapatnam	C1	C3	C2	C1	C2	C1
18.	Pimpri-Chinchwad	C1	C1	C1	C1	C2	C3
19.	Patna	C1	C3	C1	C1	C2	C3
20.	Vadodara	C1	C1	C1	C1	C2	C1



21.	Ghaziabad	C1	C3	C1	C1	C2	C3
22.	Ludhiana	C1	C3	C1	C1	C2	C3
23.	Agra	C1	C2	C1	C1	C2	C3
24.	Nashik	C1	C2	C1	C1	C1	C1
25.	Faridabad	C1	C2	C1	C1	C2	C2
26.	Meerut	C1	C3	C1	C1	C2	C3
27.	Rajkot	C1	C3	C1	C1	C2	C3
28.	Kalyan-Dombivli	C1	C2	C1	C1	C2	C1
29.	Vasai Virar City	C1	C1	C1	C1	C1	C1
30.	Varanasi	C1	C2	C1	C1	C2	C3
31.	Srinagar	C3	C3	C1	C1	C2	C3
32.	Aurangabad	C1	C2	C1	C1	C1	C1
33.	Dhanbad	C1	C3	C1	C1	C2	C3
34.	Amritsar	C1	C3	C1	C1	C2	C3
35.	Navi Mumbai	C1	C1	C1	C1	C2	C1
36.	Prayagraj (Allahbad)	C1	C3	C1	C1	C2	C3
37.	Howrah	C1	C3	C1	C1	C2	C3
38.	Ranchi	C2	C3	C1	C1	C2	C3
39.	Jabalpur	C1	C1	C1	C1	C2	C3
40.	Gwalior	C1	C3	C1	C1	C2	C3
41.	Coimbatore	C1	C3	C3	C1	C1	C3
42.	Vijayawada	C1	C3	C1	C1	C2	C3
43.	Jodhpur	C3	C3	C1	C1	C2	C1
44.	Madurai	C1	C3	C1	C1	C3	C3
45.	Raipur	C1	C2	C1	C1	C2	C3
46.	Kota	C3	C2	C1	C1	C2	C1

Source: The information was collated from the websites of respective urban local bodies and parastatal bodies.

## Annexure 7: Details of Municipal Bond Issuances (from 2017 till November 2025)

S. No.	City Name	State	Year of Issuance	Issue Size (in crores)
1	Pune Corporation	Maharashtra	2017	200
	Amravati APCRDA (Issued under corporate bond securities regulations)	Andhra Pradesh	2018	2,000
2	Vishakapatnam Corporation	Andhra Pradesh	2018	80
3	Greater Hyderabad Corporation	Telangana	2018	200
4	Greater Hyderabad Corporation	Telangana	2018	195
5	Indore Corporation	Madhya Pradesh	2018	139.9
6	Bhopal Corporation	Madhya Pradesh	2018	175
7	Ahmedabad Corporation	Gujarat	2019	200
8	Surat Corporation	Gujarat	2019	200
9	Greater Hyderabad Corporation	Telangana	2019	100
10	Lucknow Corporation	Uttar Pradesh	2020	200
11	Ghaziabad Nagar Nigam	Uttar Pradesh	2021	150
12	Vadodara Corporation	Gujarat	2022	100
13	Indore Corporation	Madhya Pradesh	2023	244
14	Pimpri Chinchwad Corporation	Maharashtra	2023	200
15	Ahmedabad Corporation	Gujarat	2024	200
16	Vadodara Corporation	Gujarat	2024	100
17	Rajkot Corporation	Gujarat	2024	100
18	Agra Corporation	Uttar Pradesh	2025	50
19	Prayagraj Corporation	Uttar Pradesh	2025	50
20	Varanasi Corporation	Uttar Pradesh	2025	50
21	Pimpri Chinchwad Corporation	Maharashtra	2025	200
22	Gandhinagar Corporation	Gujarat	2025	25
23	Greater Chennai Corporation	Tamil Nadu	2025	200
24	Surat Corporation	Gujarat	2025	200
25	Bhavnagar Corporation	Gujarat	2025	25
<b>Total</b>				<b>3579</b>

Source: SEBI, India 2025, <https://www.sebi.gov.in/statistics/municipalbonds.html>

Notes:

- 2017 was chosen to take into consideration SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015 which created a dedicated regulatory structure for municipal debts, and considering a large gap from 2013 when the last bonds were issued before that.
- Issuance for Amravati is excluded in numbering since it was by the Amravati APCRDA a parastatal and under the corporate bond regulations, so technically outside municipal bonds regulation.

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सत्यमेव जयते

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