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# What is ailing urban local bodies in 18 states: CAG flags 42% resource-expenditure gap, 37% staff vacancy

The Comptroller and Auditor General of India has found that 31 years after the 74th Constitutional Amendment to empower urban local bodies came into effect, 18 states are yet to fully implement the law in spirit.

Written by [Damini Nath](#)

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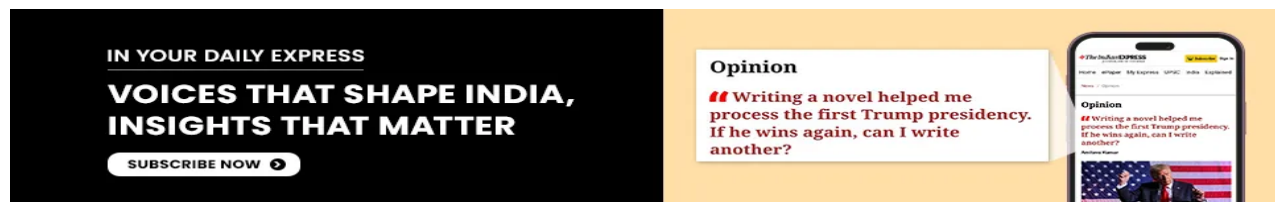
Flagging concerns on the health of urban local bodies, the Comptroller and Auditor General of India (CAG) has found that city self-governments in 18 states that cater to 241 million residents are facing a 42 per cent gap between their resources and expenditure and that only 29 per cent of their expenditure goes towards programmatic and development work.

The CAG found that 31 years after the 74th Constitutional Amendment to empower urban local bodies came into effect in 1993, these 18 states were yet to fully implement the law in spirit.

On Monday, the CAG released a compendium of audit reports into the implementation of the 74th amendment in 18 states. It covered 393 urban local self-governments (ULSGs) across [Andhra Pradesh](#), Assam, [Chhattisgarh](#), Haryana, Himachal Pradesh, Jharkhand, [Karnataka](#), Kerala, [Madhya Pradesh](#), [Maharashtra](#), Manipur, [Odisha](#), Punjab, [Rajasthan](#), [Tamil Nadu](#), [Telangana](#), Tripura and Uttarakhand.

The CAG found that on average, 32 per cent of the revenue of the urban bodies was their own, with the rest coming from the Union and state governments. The urban local bodies were able to realise 56 per cent of their property tax demand.

Only 29 per cent of the current expenditure of the urban local bodies was directed towards programmatic and development work. There was an average vacancy of 37 per cent against the sanctioned staff strength. On the other hand, urban bodies of 16 states had limited or no power over recruitment.



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As per the 74th Amendment, states were meant to devolve 18 functions, including urban planning, regulation of land use and construction, water supply, planning for economic and social development and public health, to the urban local bodies. The CAG found that on average, 17 out of the 18 functions had been devolved. Nine states – Chhattisgarh, Haryana, Jharkhand, Madhya Pradesh, Maharashtra, Manipur, Odisha, Punjab and Tripura – had devolved all 18 functions.

“Urban planning and fire services are the least devolved functions by law,” the CAG compendium said.

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The CAG said that the states had shown weak compliance with the “in-spirit reading” of the 74th amendment. **Only four of the functions devolved to urban local bodies were with “complete autonomy”.** The CAG recommended that states involve urban local bodies in critical functions like planning.

“**Considering that 50 per cent of India will be residing in cities by 2050, robust ULSGs are pertinent, for they are critical players in delivering good quality of life to their citizens. In this context, it need not be emphasised that state governments work towards facilitating laws, policies, processes, institutions and institutional mechanisms to have robust ULSGs and thereby have economically, environmentally and democratically vibrant cities,**” the CAG said.

Referring to the findings, Srikanth Viswanathan, CEO of Bengaluru-based non-profit Janaagraha, which worked on the compendium with CAG, said, “**Empowering urban local governments needs to be an important national priority for India, and well-meaning and like-minded stakeholders across government, civil society, and academia need to come together to accomplish the same.**”

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