

- **Excessive State Control:** Although the Act ensures more autonomy than the pre-1992 situation, but the actual relationship-control over urban local bodies has not changed substantively except in the case of corporations. The state director of local bodies and the department of local government of every state have not taken much initiative for devolution of powers or relaxation of control in this regard.
- **Low Effectiveness:** In view of inadequate finances, the local bodies have not been able to fulfill their obligatory functions.
- **Substandard Personnel:** Urban government increasingly needs professional services of experts. The municipal employees and officials are an immensely disgruntled lot, undisciplined and untrained to serve the people.

Thus the Union ministry of housing and urban affairs has prepared a comprehensive road map for municipal reforms. The road map consists of three tiers of reforms.

### What Reforms have been suggested in this context ?

**Tier-1 Reforms:** The purpose is to accelerate ongoing key financial and service delivery reforms. There are three sets of reforms:

- Cities have to submit financial year audited accounts for the two years preceding the one in which the municipality seeks to claim the performance grant.
- Cities have to show an increase in their revenue over the preceding year, as reflected in the audited accounts. Specifically, urban local bodies have to recover more than 70% of their revenue expenditure from their own revenue receipts.
- Cities have to measure and publish service levels for coverage of water supply, reduction of non-revenue water, 24x7 water supply and scientific processing of solid waste. Once these conditions are met, cities get the performance grant (Rs.18, 000 crore in five years) set down by the Fourteenth Finance Commission.

**Tier-2 Reforms:** It consists of five transformative reforms:

- Formulating and implementing value-capture financing policy.
- Ensuring that all urban local bodies undergo credit rating and cities with investable-grade rating issue municipal bonds.
- Professionalize municipal cadres by creating five of them, filling up posts and allowing lateral entry of professionals.
- Implementing the trust and verify model.
- Enacting and implementing a land-titling law with a focus on using information technology.

‘Trust and verify model’, will have 40 percent weightage, ‘Professionalization of municipal cadre’ (25 percent), ‘Land titling law’ (15 percent), and ‘Credit rating’ and ‘Value capture finance’ (10 per cent each). These are explained as below:

**Tier-3 Reforms:** The focus of tier 3 is rapid and even more transformational reforms along three main avenues: governance, planning and finance. The emphasis is on: Deepening decentralization and strengthening urban local bodies through greater devolution of funds, functions and functionaries. Own source revenue mobilization for self-reliance, Flexibility in urban planning, particularly aligning master plans to changing socio-