



Janaagraha Centre for Citizenship and Democracy

# A New Urban Agenda for Haryana

A Study of Urban Governance,  
Municipal Finances & Voice of  
Haryana's Cities, for the 6<sup>th</sup> State  
Finance Commission, Haryana

Srikanth Viswanathan and team  
12-10-2021

## PREFACE

The State Government of Haryana has constituted the Sixth State Finance Commission under the Chairmanship of Sh. P. Raghavendra Rao, IAS (Retd.) on 22<sup>nd</sup> September 2020. The State Finance Commission (SFC) is required to make recommendations on (i) distributions between the State and the Municipalities of the net proceeds of the taxes, duties, tolls, and fee leviable by the State, which may be divided between them under Part IX A of the Constitution of India and the allocation between the Municipalities at all levels of their respective shares of such proceeds. (ii) Determination of taxes, duties, tolls, and fee which may be assigned to or appropriated by the municipalities. (iii) The Grants-in-Aid to the Municipalities from the Consolidated Fund of the State. The Commission will also make recommendations on measures needed to improve the financial position of the Municipalities.

The SFC has sought Janaagraha's technical support in undertaking appropriate research studies focused on landscaping the current state / quality of urban governance and fiscal sustainability of Haryana's urban sector as well as assessment of the ground realities by way of field surveys, and conceive reforms roadmap to transform quality of life of citizens.

### DISCLAIMER

The views/analysis expressed in this report are solely that of Janaagraha Centre for Citizenship and Democracy (JCCD) and do not necessarily represent the views or opinions of the 6th State Finance Commission, Haryana. The views and opinions expressed in this report are based upon information the authors found reliable at the time of publishing this report. Neither JCCD nor the Commission accepts any responsibility for the consequences of use of any information or material contained in this report.

## Table of Contents

<b>SUMMARY OF RECOMMENDATIONS</b> .....	<b>3</b>
HIGH PRIORITY RECOMMENDATIONS .....	4
OTHER RECOMMENDATIONS FOR STRENGTHENING MUNICIPAL FINANCES IN HARYANA.....	10
<b>LIST OF TABLES</b> .....	<b>21</b>
<b>LIST OF GRAPHS</b> .....	<b>24</b>
<b>LIST OF BOXES</b> .....	<b>27</b>
<b>CHAPTER 1 – TRENDS IN URBANIZATION IN HARYANA</b> .....	<b>28</b>
URBANIZATION IN HARYANA .....	28
URBAN PATTERN IN HARYANA 2001 VS. 2011 .....	29
SPATIAL CLUSTERING OF HARYANA’S CITIES .....	32
<b>CHAPTER 2 – THE STATE OF URBAN GOVERNANCE IN HARYANA</b> .....	<b>34</b>
URBAN GOVERNANCE STRUCTURE IN HARYANA.....	34
STATE OF DEVOLUTION OF FUNCTIONS, FUNCTIONARIES AND FUNDS .....	37
ASSESSMENT OF HARYANA’S CITY-SYSTEMS.....	44
<b>CHAPTER 3 – VOICE OF HARYANA’S CITIES</b> .....	<b>59</b>
INTRODUCTION .....	59
I. VOICE OF HARYANA’S CITY LEADERS.....	60
II. VOICE OF HARYANA’S CITIZENS .....	77
APPENDIX .....	142
<b>CHAPTER 4 – SUMMARY OF RECOMMENDATIONS FOR ULBS BY OTHER RECENT (5<sup>TH</sup>) STATE FINANCE COMMISSIONS</b> .....	<b>156</b>
<b>CHAPTER 5 – THE STATE OF MUNICIPAL FINANCES IN HARYANA</b> .....	<b>161</b>
DATA SOURCES AND METHODOLOGY FOR ASSESSMENT OF HARYANA’S ULB FINANCES.....	161
LIMITATIONS IN FINANCIAL DATA & FINANCIAL STATEMENTS OF ULBS IN HARYANA.....	165
ANALYSIS OF FISCAL AUTONOMY OF ULBS IN HARYANA.....	167
ANALYSIS OF REVENUE ENVELOPE OF ULBS IN HARYANA .....	169
DIFFERENTIAL ANALYSIS BETWEEN REVENUES & EXPENDITURE, OF ULBS IN HARYANA.....	180
ANALYSIS OF DEPENDENCY RATIOS OF ULBS IN HARYANA.....	183
ANALYSIS OF REVENUE FROM SHARED TAXES IN HARYANA.....	189
PROPERTY TAX IN HARYANA.....	190
ANALYSIS OF EXPENDITURE ENVELOPE OF ULBS IN HARYANA .....	204
15 <sup>TH</sup> FINANCE COMMISSION RECOMMENDATIONS: STATUS OF READINESS OF HARYANA’S ULBS .....	207

# Summary of Recommendations

As per the 2011 Census, 8.84 million people lived in urban areas in Haryana, which was 34.88% of the state's population, a little more than the national average (31.16%). Haryana ranks 9th nationally in terms of proportion of urban population<sup>1</sup>. More than half (4.77 million) of Haryana's urban population was added during the last two decades of 1991-2001 and 2001-2011, and the urban population increased from 24.6% in 1991 to 28.9% in the year 2001 which went up to 34.8% in the year 2011. This rapid growth in Haryana's urban population is attributable to various factors including, rapid industrialization and proximity to National Capital Region of Delhi (NCR)<sup>2</sup>. The increase in urbanisation is concentrated in the northern and eastern belts of Haryana due to the presence of industrial and manufacturing units. Also, a spatial clustering analysis of Haryana's ULBs indicates that 7.85 million (89%) of the state's urban population resides within a 60 KM radius of only 20 cities having population of 100,000 & above.

Haryana's cities will therefore become crucial from three inter-dependent perspectives: 1) Quality of Life: citizens need access to basic infrastructure and services, 2) Economic: cities attract capital and talent leading to higher economic growth, and 3) Quality of democracy: trust between citizens and governments and the extent of citizen participation, will determine the quality of Haryana's democracy itself. Delivering on these counts will depend on the quality of urban governance, and financial sustainability and accountability of Haryana's Urban Local Bodies (ULBs).

In this summary section, we highlight our recommendations for the 6<sup>th</sup> State Finance Commission, Haryana (SFC), divided into two categories –

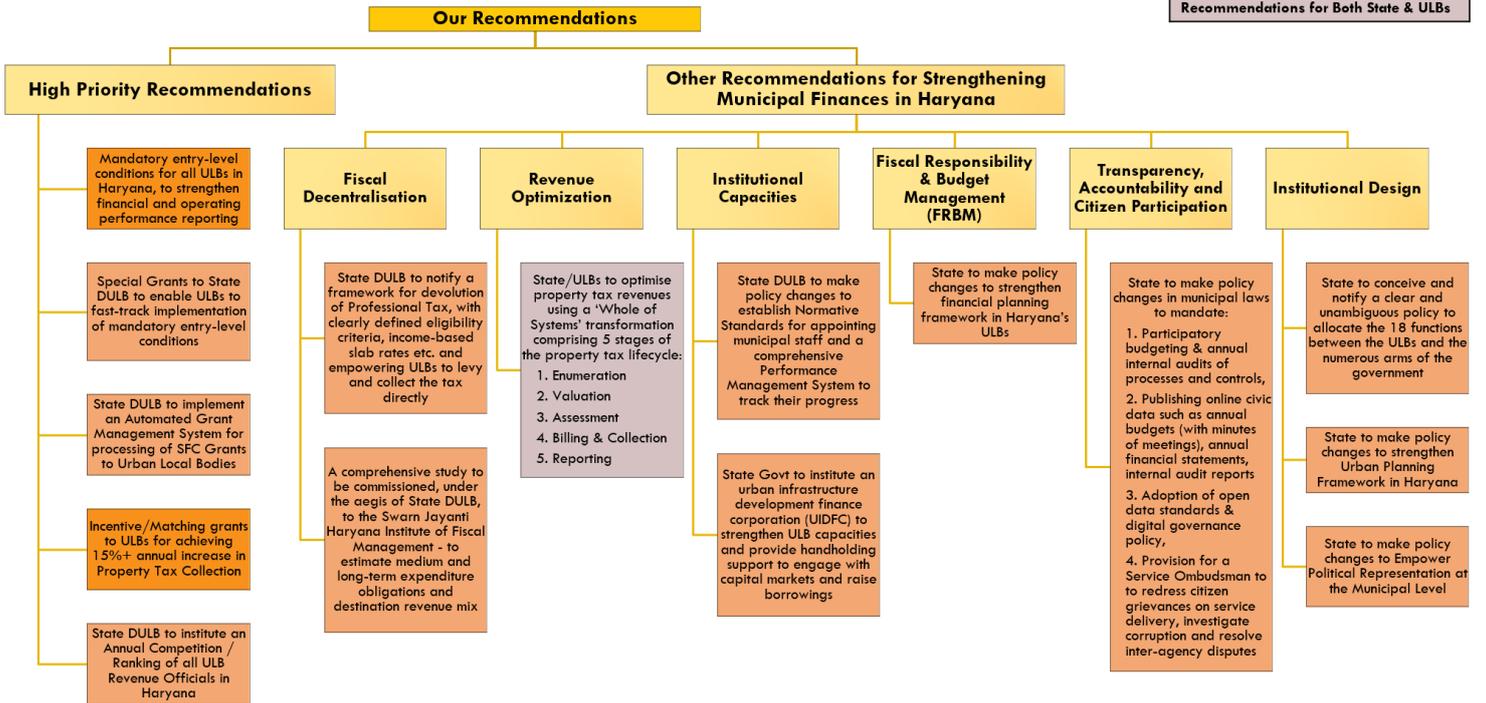
- A) **High-Priority Recommendations**, including Mandatory Entry-level Conditions for all ULBs to be eligible for the SFC grants; and
- B) **Other Recommendations for strengthening Municipal Finances in Haryana**, arising out of the investigative chapters that follow an order mimicking a roadmap to financial sustainability and accountability for ULBs, which includes six aspects –
  - B.1) Fiscal decentralisation,
  - B.2) Revenue optimisation,
  - B.3) Institutional capacities,
  - B.4) Fiscal responsibility,
  - B.5) Transparency, accountability & citizen participation, and
  - B.6) Institutional design.

---

<sup>1</sup> After, Goa (62%), Mizoram (51%), Tamil Nadu (48%), Kerala (47%), Maharashtra (45%), Gujarat (42%), Karnataka (38%), Punjab (37%) – as per 2011 Census

<sup>2</sup> NCR includes 13 (out of 22) districts of Haryana, covering a total of 25,327 sq/km, which is 57% of the state's total area (of 44,212 sq/km). Details of NCR constituents available on <http://ncrpb.nic.in/ncrconstituent.html>. Also nearly 40% of the NCR area falls in Haryana, which is the highest share among 4 states including, NCT Delhi (4.4%), UP (32.3%) and Rajasthan (23.3%) – as per [Haryana Sub-Regional Plan of NCR-2021](#)

Recommendations for ULBs
Recommendations for State
Recommendations for Both State & ULBs



## High Priority Recommendations

### A.1 - Mandatory entry-level conditions for all ULBs in Haryana, to strengthen financial and operating performance reporting - in line with recommendations of the 15<sup>th</sup> Finance Commission for ULBs to avail CFC grants

It is imperative that the financial and operating performance reporting of Haryana's ULBs be made adequate, consistent and accessible. There is a need to ensure that ULB financial statements are based on uniform and standardized accounting principles (double entry accrual-based accounting standards) which can give a wholistic view of the financial health of ULBs, and enable comparison and analysis across ULBs and across various financial periods as well as aggregation of municipal finance information at a state-level. Haryana's ULB financial statements need to also be made more transparent and accessible in the public domain on a timely basis every year. There is also need to strengthen credibility of financial statements of Haryana's ULBs by getting them audited by an independent CA firm.

In line with the entry-level conditions prescribed by the 15th Finance Commission, for the said objectives, for ULBs to avail the CFC grants, we recommend that all ULBs in Haryana need to be held accountable for raising the standards of financial and performance data management & reporting and for ushering in improved fiscal governance.

**A.1.1 - Publish online in the public domain provisional annual accounts of the previous year (t-1) and audited annual accounts of the year before previous year (t-2), by 30th September each year, starting from 30th September 2023. The set of annual accounts should include at least - a) balance sheet; b) income and expenditure statement; c)**

cash flow statement; d) schedules to balance sheet, income and expenditure statement; and e) Signed and Stamped Auditor's Report.

A.1.2 - Publish online in the public domain signed and stamped Annual Budgets along with Minutes of Meetings from the proceedings, each year starting from 30th September 2023.

For enabling this, the State DULB should provide the Grants in Aid allocation figures (including from CFC, SFC, other State transfers etc.) to ULBs, ideally for a 3-5 year period, else at least for the subsequent financial year, by 31<sup>st</sup> March each year, to enable the ULBs to prepare more comprehensive and realistic annual budgets.

Currently, the ULBs prepare budgets for only their own source (municipal) funds which are mostly in deficit and are not sufficient to meet their basic committed and administrative needs. Majority of the medium-term and long-term expenditures are sourced from the grants and transfers received from higher governments. It is imperative that Haryana's ULBs have visibility to predictable, stable and consistent transfers from the State Government which can also help in strengthening and making the budgeting process more robust.

A.1.3 - Publish online in the public domain all 32 Service Level Benchmarks (SLBs) on Water Supply, Sewerage, Solid Waste Management and Storm Water Drainage, each year starting from 30th September 2022.

## **A.2 - Special Grants to State Department of Urban Local Bodies (DULB) to enable ULBs to fast-track implementation of mandatory entry-level conditions on financial and operating performance reporting**

Haryana's ULBs follow the Municipal Accounts Code, 1930 which is outdated and needs to be aligned with the National Municipal Accounting Manual (NMAM). Haryana's ULBs also need a centralized IT software for financial reporting, budgeting and asset management and they need to move away from using Tally or MS Excel for accounting or financial record keeping, and from maintaining books of accounts in physical register form which is subject to errors. The Local Audit Department (LAD) of Haryana is responsible for conducting the audit of annual accounts prepared by the ULBs. However, due to capacity challenges the department is overburdened with audit responsibilities for multiple ULBs. Further, chartered accountant (CA) firms have not been empanelled by the state urban department for preparing the annual accounts for ULBs or conducting external audits.

We recommend Special Grants to the Urban Local Bodies Department (DULB) to help shift all ULBs to the Double-Entry Accounting System by FY'23:

A.2.1 - Special grant for publishing and implementing a Municipal Accounting Manual by 30th September 2022

A.2.2 - Special grant for empanelling CA firms by 30th September 2022 for preparing accounts and conducting independent audits

These grants shall cover expenses on fees for technical consultants to draft an accounting manual in line with NMAM, and expenses on hiring of private CA firms to

hand hold ULBs in preparation of opening financial statements for all ULBs as per the new municipal accounting manual.

#### A.2.3 - Special grant to implement centralized IT system for financial reporting, budgeting and asset management by 30th September 2023

This grant shall cover expenses related to fees of technical consultant for design and development (including customization) of financial management IT/ERP software and on-boarding of legacy data on new system, and hiring Project Manager for timely execution in line with State Requirements.

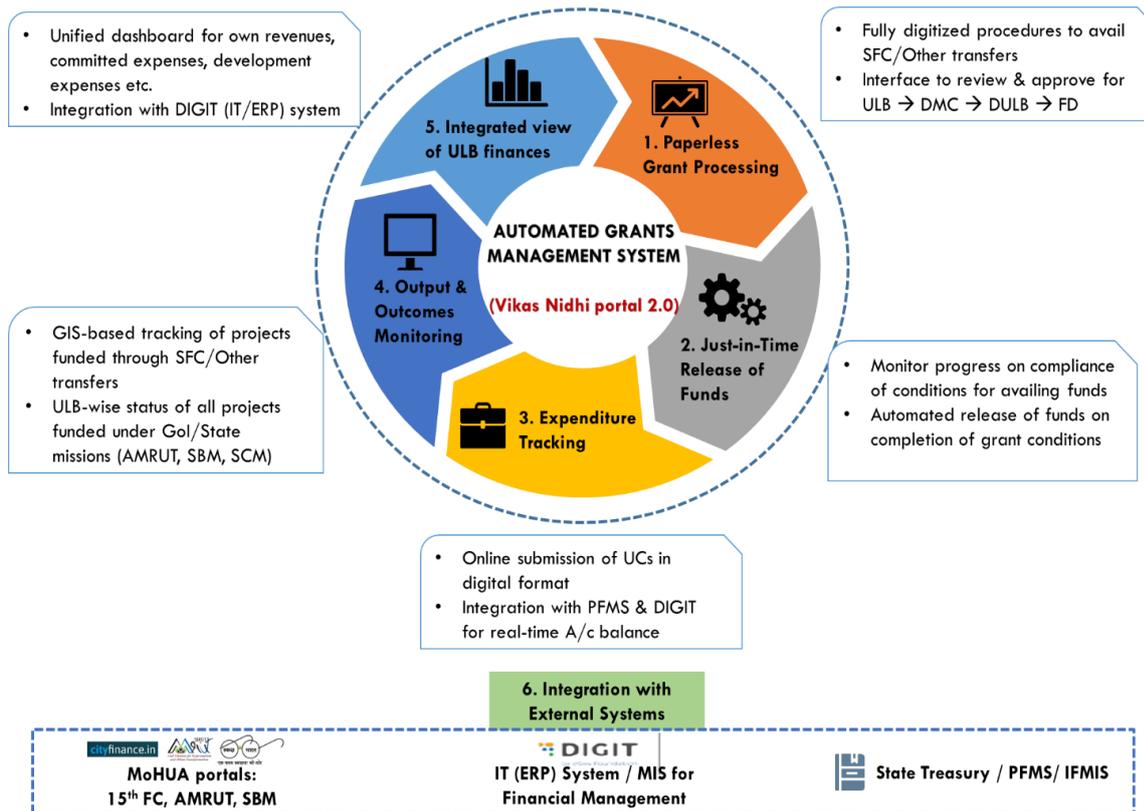
#### A.2.4 - Special grant for implementing training across all ULBs of finance and accounting officers and LAD officials on the new accounting manual and IT system

### A.3 – Recommendation for State DULB to implement an Automated Grant Management System for processing of SFC Grants to Urban Local Bodies

SFC/CFC grants and other transfers from state & central governments form a significant portion of total income of Haryana's ULBs. Often, these transfers are subject to conditions and because there is no system to track the progress made by ULBs in real time, transfers are delayed. Most of these processes are manual leading to lot of paperwork. There is also a lack of integrated view of the total quantum of funds flowing to ULBs through central & state transfers, sector-wise spending and respective outputs and outcomes. A comprehensive system with the ability to track the fund utilization of ULBs and map the assets created from these funds can add immense value. The data so generated can provide valuable insights into trends in sector-wise and scheme/grant-wise spending which would aid in data driven decision making not only for DULB and Finance Department officials but also for future SFCs.

Since November 2020, MoHUA, the nodal ministry at Union level for administering the 15<sup>th</sup> Finance Commission grants (15<sup>th</sup> FC) to ULBs, has been using a web-based grant management system on [www.cityfinance.in/fc\\_grant](http://www.cityfinance.in/fc_grant) for managing activities related to the processing and disbursement of the 15<sup>th</sup> FC grants. The 15<sup>th</sup> FC grants management system has digitized the work flows and all the data is being generated in digital, machine readable format. Dashboards at State and MoHUA levels help in monitoring the progress of ULBs on compliances for 15<sup>th</sup> FC grants on a real time basis.

**We recommend that a similar web-based, fully digitized and paperless Automated Grant Management System be developed by the State DULB for managing the 6<sup>th</sup> SFC grants to be disbursed to Haryana's ULBs for the award period 2022-26.** The portal should assist in digitizing and streamlining the compliances and work flows related to 6<sup>th</sup> SFC Grant transfers to Haryana's ULBs, including the mandatory entry-level conditions for ULBs prescribed above, for online publishing of audited and provisional annual accounts, annual budgets and the 32 Service Level Benchmarks (SLBs) each year. The portal can subsequently be expanded to include other state transfers made to ULBs, and can eventually be extended to include all state transfers (including 6<sup>th</sup> SFC grants) to PRIs as well.



Such a grant management system can be built as additional feature of the ‘Local Bodies Vikas Nidhi Portal’ launched by the Haryana Chief Minister in June 2021, which was conceived to facilitate the transfer of funds as per needs of local bodies in a transparent manner by the Finance Department in coordination and consultation with Development and Panchayats Department, Urban Local Bodies Department and Local Bodies concerned.

A tentative roadmap for undertaking the design and implementation of the Automated Grant Management System, during the year 2022-23, is enclosed below.

S No.	Activity	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
1	Diagnostic study of conditions, process and work flows for current SFC grants and fund transfers to Haryana's ULBs												
2	Diagnostic study of conditions, process and work flows for current grants and fund transfers to Haryana's ULBs under Other State Schemes / missions												

S No.	Activity	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
3	Diagnostic study of existing IT systems to understand key issues & challenges, and conceive implementation roadmap												
4	Define functional & technical requirement for proposed solution												
5	System development & testing												
6	Rollout of pilot (for select ULBs) & Training of users												
7	Rollout for all ULBs in the State												

[Refer to [page 209](#) for a detailed framework of the Automated Grants Management System for ULBs which can be implemented in Haryana]

#### **A.4 – Incentive/Matching grants to ULBs for motivating ULBs to increase their Property Tax Collection annually by 15% or more**

Ensuring growth in property tax collections is not only important to improve the self-sufficiency of Haryana ULBs, but also a mandatory entry-level condition to avail the 15<sup>th</sup> Finance Commission (FC) grants. ULBs have to demonstrate annual increase in property tax collections equivalent to the average growth rate of State GSDP for the most recent five years. Haryana’s 5-year average growth rate in GSDP between 2015-16 and 2019-20 is around 9%.

To motivate Haryana’s ULBs to augment their year-on-year property tax collections corresponding to the GSDP growth rate, **we recommend Incentive / Matching grants to ULBs which demonstrate at least 15% increase in Property tax collection (excluding arrears) from previous year, starting from 2022-23. The quantum of incentive grant will be equivalent to 100% of increased property tax from previous year, subject to following ceilings per ULB per year: For Corporations: Rs. 3.5 crore, For Councils: Rs. 80 Lakhs, and For Committees: Rs. 30 Lakhs. The overall annual outlay of these incentive grants shall be no more than Rs. 75 crores in any year.**

#### **A.5 – Recommendation for State DULB to institute an Annual Competition/Ranking of all Revenue Officials of ULBs in Haryana**

There is a need to improve the own revenue collection efficiency for Haryana’s ULBs, including for property tax whose collection efficiency currently ranges between 10-

40%. The efficiency and effectiveness of the available resources can be best optimised by motivating its revenue officials and rewarding improved performance.

**We recommend that the State DULB institutionalizes an annual Competition/Ranking of all Revenue Officials (including Property Tax Collectors) from all ULBs in Haryana. Adoption of innovative technology-driven practices such as Mobile Point of Sale (MPOS) devices for digitizing tax collections, and deployment of real-time IT-enabled dashboard to monitor and manage performance would play an important role in operationalizing the competition.**



#### Benefits to ULBs & ULB Officials

- Motivate tax officials
- Boost online collections
- Increase ULB revenues
- Encourage peer learning



#### Revenue Streams & Participants

- Property Tax, User charges, Trade license fees
- All ULB Revenue Officials in Haryana



#### Performance Criteria

- Collection Efficiency (%)
- Online Collection (Value %)
- Online Collection (Volume %)
- New Assessments (Volume %)
- Overall Best Performance (weighted score)



#### Award Categories

- Top 5 performers in each category
- Best overall performer in each ULB
- Best ULB



#### Property Tax Performance Dashboard & Central PMU team:

- Daily input of tax collection data via Excel sheet; Data reflects on Dashboard on T+1
- Weekly sign-off by ULB Head (offline / online)
- Tax collection data & rankings can be viewed – By Ward, Revenue Collector, Property type, ULB, ULB type
- 5 member PMU required for daily management, communication, and handholding support to ULB officials

**Possible competition names :** *'Haryana Municipal Premier League' / 'Haryana Municipal Revenue Olympics' / 'Haryana M.O.R.E.\* League'*

\* Municipal Own Revenue Enhancement

Such a competition would significantly improve the overall ULB revenue collections, increase the proportion of online collections, motivate the tax officials through awards & recognitions, promote peer learning and sharing of knowledge and best practices among various tax officials, and most importantly encourage data-driven decision making among ULB officials, which can benefit the ULBs in achieving financial self-sustainability in the long run.

Odisha has successfully implemented such a competition among its property tax / revenue officials (called Municipal Premier League<sup>3</sup>) for two years in a row, in February 2020 and 2021, wherein the outcomes were as follows:

- MPL 1.0 (Feb 2020) covered 9 AMRUT cities (out of total 114 ULBs), 214 property tax functionaries, and delivered a 24% increase in property tax collections for FY 19-20. The digital collections increased from less than 10% to 43%.
- MPL 2.0 (Feb 2021) covered all 114 ULBs in Odisha and their 655+ tax functionaries, and resulted in increased collections by 15% for FY 20-21 and digital collections of 85% despite a pandemic year. Also, 67 Mission Shakti Self Help Groups (SHGs) were involved in property tax collection for the first time in the State.

<sup>3</sup> Odisha Municipal Premier League 1.0 & 2.0 Awards Ceremony & Launch of Odisha MPL 3.0 (article dated 25<sup>th</sup> Sep 2021): <https://ommcomnews.com/odisha-news/minister-pratap-jena-launches-municipal-premier-league-mpl-3-0>

[Refer to [Page 201](#) for a detailed case-study on the Odisha Municipal Premier League (MPL) model, and the detailed framework for a competition of revenue officials which can be implemented in Haryana's ULBs]

## Other Recommendations for Strengthening Municipal Finances in Haryana

### B.1 - Fiscal Decentralisation

Haryana's municipal laws empower its ULBs to impose or direct the State Government to assign the following taxes/ fees/ charges:

Taxes that <b>shall</b> be imposed by ULBs	Taxes that <b>may</b> be imposed by ULBs	
1. Property Tax 2. Stamp Duty on transfer of immovable property (Assigned by State)	1. Professional Tax 2. Vehicle Tax 3. Animal Tax 4. Tax on Dogs 5. Show Tax 6. Electricity Tax 7. Fire Tax 8. Sanitation Tax	9. Development Tax 10. Driving License Tax 11. Pilgrimage Fee 12. Lighting Fee 13. Drainage Fee 14. Scavenging Fee 15. Fee for cleansing latrines and privies

While all ULBs are levying property tax and stamp duties are being appropriately assigned by the state government, the ULBs aren't adequately tapping the revenue potential of the discretionary taxes/ fees that they have been empowered to impose. Haryana's ULBs aren't levying any taxes on professions, trades, ceilings and employment, while only a handful are levying show taxes. For the discretionary revenue streams which Haryana's ULBs are already empowered to impose, they require specific powers, authorities and clarity from the State.

#### [B.1.1 – Recommendation for State DULB to notify a framework for devolution of Professional Tax](#)

Haryana is one of the few prominent States in which ULBs do not levy professional tax, even though they are empowered to do so under the state municipal acts. Professional Tax has the potential to generate substantial resources for the urban local bodies without any additional burden on the taxpayer (i.e. because it is tax deductible under Income Tax Act, 1961). The resource generating potential for Professional Tax in Haryana is substantial given that it is a levy on professions, trade & employment, and the contribution of the secondary and tertiary sectors to the state GSDP is nearly 83%. Estimates based on share of professional tax collected by ULBs of select states<sup>4</sup> as a percentage of their total own revenues, indicate that Haryana has a potential to generate between Rs. 45 – 470 crores as professional tax collections annually, and build it into a robust revenue source over time as more industrial and business clusters emerge across the state.

<sup>4</sup> Professional tax collections to Total own source revenues (%) for 2017-18 analysed for 16 states including, Andhra Pradesh, Assam, Bihar, Chhattisgarh, Gujarat, Jharkhand, Karnataka, Maharashtra, Manipur, Meghalaya, Mizoram, Odisha, Sikkim, Telangana, Tripura and West Bengal

**We recommend the State DULB to notify a framework for Professional Tax with clearly defined eligibility criteria and income-based slab rates. Since levy of Professional Tax is already permitted under the state municipal acts, the framework should empower ULBs in Haryana to levy and collect the tax directly, on the lines of Tamil Nadu and Kerala. The framework should also empower ULBs to notify certain exemptions to the levy of professional tax keeping in mind local realities.**

### **B.1.2 - Recommendations to estimate medium and long-term expenditure obligations and destination revenue mix**

The expenditure pattern for ULBs in Haryana has been volatile and does not seem to flow from a pre-determined plan of action or point to any clear spending practices. There is a need for establishing a strong empirical basis to estimate the amount of expenditure required to meet pre-defined service levels for different functions discharged by the ULBs.

Further, the potential of different revenue streams needs to be estimated and compared with the expenditure obligations in order to determine what revenue streams and how much of each revenue stream would need to be devolved to enable the ULB to discharge its obligations effectively.

**We recommend that a comprehensive study be commissioned under the aegis of the State DULB, to the Swarn Jayanti Haryana Institute of Fiscal Management - to undertake an effort to draw up a standard framework or a financial model that the State and ULBs can use to:**

- 1. Estimate expenditure obligations for various functions listed under schedule XII to the constitution, vis-à-vis underlying key drivers such as population, service levels, per unit capital and operations and maintenance cost etc.**
- 2. Estimate revenue potential of major revenue streams that could potentially be devolved or assigned to ULBs**
- 3. Estimate the extent of devolution that could meet expenditure obligations estimated in (a) above, depending on the extent of functional devolution**
- 4. Estimate the underlying expenditure obligations on ULBs of particular revenue streams (e.g. stamp duties and registration charges, motor vehicle registration charges, profession tax) and recommend appropriate formulae for ascertain percentage share that could be considered for assignment to ULBs**

This would serve as objective research for the state to evaluate the extent of revenue foregone in respect of fees and user charges and evolve a mechanism to continuously compute and report the same, and factor performance on the same while determining untied grants.

## **B.2 - Revenue Optimization**

Where revenue streams are devolved, for instance property tax, the ULBs and the State, need to optimise these by reviewing and reforming valuation and assessment,

billing, collection and reporting stages of the lifecycle. Particular attention needs to be paid to completeness of assessment and billing, and maximising collection efficiency.

### **B.2.1 - Recommendations for State/ULBs on optimising property tax revenues**

The property tax system in Haryana faces a number of challenges. These range from outdated valuation framework, arbitrary rebates and exemptions without any underlying economic rationale, leading to low taxation, to incomplete digitization projects, lingering inadequacies of the self-assessment system, limited human resource availability and adverse feedback of reform initiatives from the citizens.

**We recommend a ‘Whole of Systems’ transformation comprising of five stages of the property tax lifecycle in Haryana:**

#### **1. Enumeration:**

- i. Time-bound completion of the GIS-based digital property survey and implementation of a single, state-wide digital register/ database of all properties, with a mechanism to build capacities of ULB officials to ensure regular updation of the digital register/database on an ongoing basis**
- ii. Provision for mandatory periodic enumeration in State Acts/ Rules**
- iii. Creation of single digital property database which can be used by all stakeholders, including ULBs, DULB and Line Departments (water, sanitation, inter alia)**

#### **2. Valuation:**

***For Gurugram, Faridabad and other Municipal Corporations-***

- i. Introduce formula-based valuation system linked to guidance values**

***For other ULBs, i.e., Municipal Councils and Committees-***

- ii. Re-orient existing framework towards a regime of minimal exemptions and rebates**
- iii. Increase in flat rates adopted in the present framework**
- iv. Introduce provisions for fixed periodic increase of property tax**

#### **3. Assessment:**

- i. Introduction of online-self assessment mechanism with a system of demand/ reminders and random scrutiny of Self-Assessment forms**
- ii. Inclusion of revenue foregone (as a result of exemptions) in the Annual Budgets of Municipalities, to bring greater transparency and accountability**
- iii. Dispute redressal system to be systematic and timely with involvement of senior officers & mandatory payments**

#### **4. Billing and Collection:**

- i. Integrate billing for property tax with other utility charges such as water, sanitation and electricity charges.**

- ii. **Boost digital payments through usage of point-of-sale devices, mobile and internet payment options**
- iii. **Dedicated cadre of tax collectors and separation of collection from assessment function to reduce discretion**
- iv. **Strong penal provisions for defaulters**

## **5. Reporting:**

- i. **Quarterly reviews of property tax MIS at city/ ward/revenue official levels.**
- ii. **Online publishing of ward-wise demand and collection data in public domain.**

### **B.3 - Institutional Capacities**

While Haryana has a dedicated municipal cadre system, there is a need to encompass modern job descriptions covering both technical skills and managerial competencies for each role or position in the ULBs. Further, there is a need for mandating periodic and scientific estimation of workforce requirements, performance management framework for ULBs, and plan for capacity building of ULB staff based on assessment of training needs. Also, Haryana mandates a minimum tenure of three years for the Commissioners of Municipal Corporations, a significant mandate<sup>5</sup> to ensure executive leadership continuity. There is also a need to mandate the tenures for chief officers of all the ULBs, including councils and committees.

ULBs in Haryana also face a substantial staff shortage<sup>6</sup>, especially in the finance & accounting and revenue functions. They also do not use information systems which are integrated with workflows and processes. Lack of adequate human resources and low adoption of information systems has debilitated financial management in the ULBs of the state, and restricts the ULBs' ability in augmenting their resource base, reducing inefficiencies in revenue and operational administration, and improving overall financial sustainability and accountability.

#### **B.3.1 – Recommendation for State to establish Normative Standards for appointing municipal staff and a comprehensive Performance Management System to track their progress**

There are three essential ingredients to human resource management in ULBs, all of which are missing today in the context of Haryana's ULBs. Firstly, ULBs need to have normative standards for number of people (staff) they need in each function commensurate with underlying key drivers such as population, road length, tonnage of solid waste, number of properties/households, number of motor vehicles etc. and benchmark service levels they need to deliver. Secondly, (technical) skills and (behavioural) competencies required in each role need to be updated to comparable 21st century urban requirements. Lastly, performance management policy at an organisational, departmental and individual level needs to be defined with quantitative

---

<sup>5</sup> States such as Chhattisgarh, Karnataka, Madhya Pradesh, Maharashtra and Odisha also mandate a minimum term for Commissioners but it is only two years

<sup>6</sup> Only 54% (i.e. 16,074 out of 29,748) of the sanctioned staff positions have been filled across all ULBs in Haryana, as per staffing details shared by the State DULB

metrics. From a governance standpoint, ULBs need to be adequately empowered by State governments to employ adequate number of skilled staff necessary to carry out its operations and manage their performance.

**We therefore recommend the following measures:**

- 1. Mandate a minimum tenure of two years for commissioner/ chief officer across all ULBs of Haryana**
- 2. Overhaul cadre and recruitment rules to bring them up to modern, contemporary standards of HR management, particularly in respect of revenue and finance functions**
- 3. Normative standards need to be established for each role in revenue and finance functions. Skills and competencies need to be defined in contemporary terms.**
- 4. Mandate a periodic and normative basis of estimation of workforce for each ULB on the basis of functions to be performed and keeping in mind population and area-based requirements.**
- 5. ULBs to devise a medium-term and annual workforce plan, aligned to medium term fiscal plan and annual budgets.**
- 6. Conceive a systemic framework for training and capacity building of ULB staff based on assessment of training needs, in order to equip municipal employees with the latest skills given the rapidly evolving job requirements.**
- 7. Mandate ULBs to have a performance management system by putting in place quantitative performance metrics at staff and department level, to assess the performance of ULB staff against intended objectives**

### **B.3.2 – Recommendation for State to strengthen ULB capacities to engage with capital markets and raise borrowings**

Other than own revenues and grants, ULBs can also leverage municipal borrowings particularly to finance capital investments (long-term infrastructure projects). Municipal borrowings could take the form of term loans, municipal bonds or pooled finance, PPPs or finance leases. Even larger corporations like Gurugram do not have the in-house capacities to tap the capital markets and need continued support to access borrowings and undertake credit rating etc. Other ULBs are also not be able to raise on their own and need substantial handholding support. Significant capital would be required to finance urban infrastructure projects across ULBs in Haryana, therefore, there is a need to raise pooled market borrowings at scale at the state level. Pooled financing or multilateral borrowings through a state-level financing intermediary can attract large sums of capital at attractive terms.

Further, since ULBs lack adequate maturity in building shelf of bankable projects, this results in low levels of trust and engagement between ULBs and market players. ULBs also lack capacities in projects identification, evaluating cost-benefits of various funding options, drawing up project financials, bid process management, drawing up contracts & negotiations, structuring & accessing borrowings (project finance, municipal bonds, PPP & multilateral funding) which would include preparing annual accounts, getting them audited by a credible, independent Chartered Accountant, identifying a credible credit rating agency and undergoing a credit rating process, engaging with merchant bankers/arrangers and then finally with potential investors and stock exchanges. Therefore, there is a case for the State, through an urban

infrastructure development finance corporation (or equivalent special purpose vehicle), to provide specialised capacity building support and hand-holding that is required for ULBs to engage with capital markets.

**We recommend the State Govt to institute an urban infrastructure development finance corporation (UIDFC), on the lines of the Kerala model<sup>7</sup>.** The newly created UIDFC in Haryana may undertake the following functions<sup>8</sup>:

- i. Provide technical or any other assistance and guidance to Urban Local Bodies in the matter of their developmental schemes, including implementation of the Master Plans prepared for the Urban Local Bodies;
- ii. Provide assistance and guidance to Urban Local Bodies for improving their administrative machinery and procedure
- iii. Undertake the schemes in collaboration with the Urban Local Bodies or with public undertakings
- iv. Establish viable and sustainable financing arrangements, which enable creation, upgradation and maintenance of cost effective and quality civic infrastructure in the State
- v. Mobilize resources for infrastructure projects using various financing instruments and financial structures such as bonds or debentures, equity, pooled financing arrangements, etc.
- vi. Enable the local authorities to access capital markets, financial institutions and private investors for setting up infrastructure projects in the State either individually or through such arrangements like pooled financing, guarantees and securitization
- vii. Guarantee the performance of any contract or obligations and the payment for any bond issue or mobilization of resources by the local authorities
- viii. Assist the local authorities in getting the participation of non-government sector in creation and maintenance of civic infrastructure through joint ventures and other innovative partnerships
- ix. Act as nodal or nominated agencies on behalf of the Central and/ or the State Governments for infrastructure projects in the State

The UIDFC can also be responsible for providing the following specialized capacity building and hand-holding support to ULBs to engage with markets:

- x. Handholding assistance in identifying projects, drawing up project financials and evaluating cost-benefits of various funding options
- xi. Conducting feasibility studies, project appraisals, drawing up model RFPs & concessional agreements, project structuring, and contract management
- xii. Appointment of credit rating agency and assistance to ULBs on the credit rating process
- xiii. Engaging with merchant bankers/ arrangers and finally with potential investors and stock exchanges to make bond issues a success

#### **B.4 - Fiscal Responsibility & Budget Management (FRBM)**

<sup>7</sup> Kerala Urban and Rural Development Finance Corporation Limited (KURDF) was established with an authorized capital of twelve crores rupees (Rs. 12 crores). Also, a Development Fund is constituted under the Kerala Local Authorities Loans (KLRL) Act, 2012.

<sup>8</sup> In line with the indicative objectives and bye-laws of KURDF and the Development Fund under KLRL Act, 2012

The FRBM framework for Haryana's ULBs is a far cry from state and union levels. There is a need for overhaul of the framework to strengthen focus on realistic budget estimates, timely, credible and standardised audited annual accounts, uniform accounting standards and prudent financial accounting principles, medium-term fiscal plans, performance reporting and citizen participation in budgeting and financial management. State-wide standards are required for annual accounts and annual budgets of ULBs across the state which can enable comparison and aid informed decision making.

#### **B.4.1 - Recommendations for State to strengthen financial planning framework in Haryana's ULBs**

Due to lack of state-wide standardised format, budget documents are incomparable and cannot be aggregated. Most often budget documents provide operational cost lines (e.g. salary, rent) and not functional/service delivery cost lines (solid waste management, roads, streetlights etc.) thus impairing their utility.

Further, like in the case of central and state governments, ULBs too require medium-term plans from which annual budgets can be drawn up, and variances explained. Even though municipal bonds and other capital market tools can be an alternative source of long-term funding, ULBs in Haryana are not empowered to raise borrowings without the prior sanction of the State government.

**We recommend that the Haryana Municipal Act, 1973 and Haryana Municipal Corporation Act 1994 are amended in order to:**

- 1. Mandate ULBs to draw up and present standardized budgets that are comparable and provide information on both operational and function cost-types, including geographic allocations within the ULB (at a zone or division or ward level) to the best extent possible. Also, mandate ULBs to check on budget variance, to ensure realistic budgets are drawn up by them and variances are explained in detail along with next year's budget.**
- 2. Mandate ULBs to have a Medium-Term Fiscal Plan with annual explanatory statements alongside annual budgets for variances from medium-term fiscal plans. The Karnataka Local Fund Authorities Fiscal Responsibility Act 2002 presents a model that is worth emulating across states.**
- 3. Empower ULBs to raise borrowing within a comprehensive debt limitation policy, within a framework of fiscal prudence**

#### **B.5 - Transparency, Accountability and Citizen Participation**

Haryana has progressive laws on public disclosures and citizen participation; however, absence of notified rules impacts implementation. For instance, there is no mandate on ULBs for participatory budgeting, annual internal audits of processes and controls or adopting open data standards. There are also no mandates for the ULBs to publish civic data such as the annual budget, minutes of meetings, annual financial statements or the internal audit reports.

There is a need to make existing operational and financial data of Haryana's ULBs available to citizens, and provide structured platforms for citizen participation and

engagement. Citizen participation in ULB budgets, especially, is necessary to ensure effective and efficient resource allocation between services and neighbourhoods. There are three ingredients required for systematic citizen participation in budgets, namely, (a) formal platforms for citizen participation like ward committees and area sabhas, (b) codified participatory processes for the functioning of ward committees and area sabhas, and (c) actionable data which can inform decision-making by ward committees and area sabhas.

Further, data can be actionable only when citizens can identify and engage with it. Therefore, there is a need to collate and present new and relevant hyperlocal data which could include information about street lights, footpaths, bus stops, water and electricity connection coverage etc. There is also a need to present existing data such as the budget, annual spends, status of civic works etc., which are now available at an aggregate level, at a ward level.

**We therefore recommend that the State undertakes the following measures:**

- 1. Notify corresponding rules to the Municipal Citizens' Participation Act, 2008**
- 2. Amend Haryana Municipal Act, 1973 and Haryana Municipal Corporation Act, 1994, to**
  - i. Mandate participatory budgeting and public disclosure of actionable financial and operational information**
  - ii. Mandate annual internal audit of process and controls, and publication of the report in public domain including on the ULB website**
  - iii. Mandate ULBs to adopt open data standards through a comprehensive open data policy and disclosure of important actionable information in open data formats as laid out in the National Data Sharing and Accessibility Policy (NDSAP)**
  - iv. Mandate ULBs to prepare and publish a citizen charter**
  - v. Mandate ULBs to publish annual budget, annual financial statements, internal audit reports and the minutes of meetings and proceedings of the council**
  - vi. Mandate ULBs to adopt a digital governance policy, to: a) Enable them to capture all transactions electronically at source and through the entire lifecycle of transactions, e.g. from DPR to tender to selection to work order to measurement book to quality certification to running bill payments/final settlements to contractors in the case of civil works; b) Prohibit manual record-keeping in ULBs in a phased manner; and c) Enable ULBs to capture financial data at disaggregated level (as individual transactions) and in open data format, and not in aggregated form**

## **B.6 - Institutional Design**

Cities in Haryana only perform a fraction of the 18 functions, envisaged to be devolved under the 12th Schedule of the Constitution. The State ULB department (DULB) is

responsible for overall supervision and monitoring of all 93 ULBs<sup>9</sup>, and is supported by other state agencies like Public Health Engineering Department (PHED) and other independent bodies like the Haryana Slum Clearance Board (HSCB), State Urban Development Authority (SUDA), and Haryana Urban Infrastructure Development Board (HUIDB), among others, to deliver vital public services like water supply, waste water management, town planning, slum clearance and urban poverty alleviation. The fragmentation of governance at the municipal level precludes the city administration from taking an integrated view of city's finances and applying a cohesive approach to urban planning and treasury management.

There is an urgent need to comprehensively diagnose the performance deficiencies of the different DULB wings alongside that of other parastatals/ government bodies in the context of the multitude of urban challenges faced by Haryana and its urban local bodies. Such an exercise will be directed towards taking corrective action wherever the performance is found lacking.

#### **B.6.1 - Recommendations for State to conceive and notify a clear and unambiguous policy to allocate the 18 functions between the ULBs and the numerous arms of the government.**

Once such a policy has been notified, the State Government must put in place frameworks to ensure that the ULBs/ departments/ parastatals are adequately financed and staffed to perform the functions which they have been allotted. State Government must also undertake a detailed activity mapping to clearly define the roles and responsibilities of ULBs and various civic agencies and state departments. This will also reduce fragmentation in the urban governance.

#### **B.6.2 - Recommendations for State to strengthen Urban Planning Framework in Haryana**

Haryana's urban planning legislations are relatively well-placed, providing for three-tiered spatial planning for metropolitan areas, i.e. at the metropolitan, municipal and zonal level with objectives specified for each level of plans. Haryana's laws also mandate the constitution of Metropolitan Planning Committees (MPCs) in metropolitan areas.

However, the provisions relating to Planning PIE – Preparation, Implementation and Enforcement aspects – need to be improved further.

For 'plan preparation', there is a need for policy mandates for decentralized plan approvals – allowing State to approve regional/metropolitan plan, MPC to approve municipal plan, and ULB to approve zonal / ward plans. Currently, State is the approving authority for all levels of plans.

For 'plan implementation', there is a need for provisions to prescribe urban design standards to guide the execution of urban projects such as roads, which are also networks for other public utilities such as -footpaths, bus stops, water and sewerage networks, storm water drains, power cables, optical fiber networks and traffic surveillance.

---

<sup>9</sup> As on 1<sup>st</sup> November 2021

For 'plan enforcement', robust legal provisions are required to prevent approval of plans not in conformity with the spatial plan or even to monitor ongoing constructions/ violations for possible plan violations. The provisions for disciplining plan violations also need to be strengthened by not just covering penalizations owing to change in building use and non-adherence to the master plan, but also other aspects such as plumbing & sewage, setback, parking violations, inter alia.

Finally, on engaging citizens in planning for the city, although public participation is mandated to scrutinize plans after the same has been prepared, it is not done through formal platforms such as ward committees and area sabhas. Also, there are no mandates to engage citizens in the preparation of the plan itself.

**We recommend that the State undertakes the following policy changes to enrich the urban planning framework in Haryana:**

- 1. Amend Haryana Shehri Vikas Pradhikaran Act, 1977 to mandate:**
  - a. Creation of regional plan for non-metropolitan cities**
  - b. Decentralized plan approvals, State to approve regional/metropolitan plan, MPC to approve municipal level plan, and ULBs to approve ward plans**
  - c. Participation of all parastatals or civic agencies in the preparation of spatial plans**
- 2. Amend the Haryana Municipal Act, 1973 and Haryana Municipal Corporation Act, 1994 to mandate all ULBs of Haryana to draw up:**
  - i. City Sanitation Plan**
  - ii. City Resilience Strategy**
  - iii. Comprehensive Mobility Plan**
- 3. Amend Haryana Shehri Vikas Pradhikaran Act, 1977/ Punjab Scheduled Roads and Controlled Area Development Act, 1963 to prescribe urban design standards to guide the execution of urban projects such as roads & streetscapes, footpaths, underground public utilities, residential and commercial complexes along with the measurements for each guidelines**
- 4. Undertake a comprehensive assessment of possible plan violations as applicable for Haryana cities, and strengthen plan penalization provisions of Haryana Shehri Vikas Pradhikaran Act, 1977/ Punjab Scheduled Roads and Controlled Area Development Act, 1963 by introducing penalty for violations such as fire code, building refurbishment, FAR, business signage, nuisance violation, urban design regulations etc.**
- 5. Amend Haryana Shehri Vikas Pradhikaran Act, 1977/ Punjab Scheduled Roads and Controlled Area Development Act, 1963 to prevent approval of plans not in conformity with the spatial plan by bringing in the following provisions –**
  - i. Mandate registry of public projects,**
  - ii. Clearly defined approval authority for projects at each level,**

- iii. **Clearly defined process for rejections/variance approvals for plans not in conformity with the spatial plan,**
  - iv. **Mandate disclosure of all approvals, denials, variance approvals in public domain**
- 6. Amend Haryana Shehri Vikas Pradhikaran Act, 1977/ Punjab Scheduled Roads and Controlled Area Development Act, 1963 to ensure effective system to monitor ongoing constructions/projects by bringing in the following provisions –**
- i. **Mandate online self-assessment of progress including upload of photographs and requisite compliance documents**
  - ii. **Mandate periodic ground surveys of approved projects**
  - iii. **Mandate disclosure of all information (compliance numbers, violations registered, and action taken) in public domain**
- 7. Amend Haryana Shehri Vikas Pradhikaran Act, 1977 act to mandate public participation in preparation as well scrutinizing plans through formal platforms such as ward committee and area sabhas**

### **B.6.3 - Recommendations for State to Empower Elected Representatives at Municipal Level**

While Haryana is progressive in being one of the few states with directly elected mayors / chairpersons with fixed 5-year tenures, its mayors/ councils elected do not have substantial executive authority and are disempowered over budget setting and staff related matters.

The elected council of Haryana ULBs do not have the final approving authority over the budgets and have limited powers over municipal staff. Further, Metropolitan Planning Committees (MPCs) and metropolitan development authorities of Gurugram and Faridabad do not provide the Mayor to be an ex-officio member of these bodies.

**We recommend that the State undertake the following policy changes to bolster its already progressive record in ensuring empowered political representation at the municipal level:**

- 1. Amend Haryana Municipal Act, 1973 and Haryana Municipal Corporation Act, 1994 act to**
  - i. **Empower ULBs by giving final budget approval authority**
  - ii. **Provide for appointment of Municipal Commissioner / Chief Officer in consultation with the Mayor/Council**
  - iii. **Empower the State Election Commission on ward delimitation**
  - iv. **Mandate disclosure of income, assets and conflict of interest of councilors including that of the immediate family**
- 2. Amend the Haryana Metropolitan Planning Committee Rules, 2011, to mandate Mayor to be an ex-officio member of the MPC.**

# List of Tables

## CHAPTER 1 Trends in Urbanisation in Haryana

Table 1. 1 Number of Statutory and Census Towns in Haryana as per 2001 & 2011 Census .....	29
Table 1. 2 Haryana Growth of urban population as per cent to total population by districts, 2001-2011 .....	30
Table 1. 3 Summary of Urban Clusters in Haryana.....	33
Table 1. 4 Details of Urban Clusters in Haryana .....	33

## CHAPTER 2 State of Urban Governance in Haryana

Table 2. 1 List of 18 service functions outlined in the 74 <sup>th</sup> Amendment.....	37
Table 2. 2 Contribution of Secondary and Tertiary Sector of various States .....	41
Table 2. 3 Estimated Range of Professional Tax collection .....	42
Table 2. 4 Staffing Details of ULBs in Haryana .....	43
Table 2. 5 Category-wise City-Systems Score & Ranking for Haryana .....	46
Table 2. 6 State-wise City-Systems Score & Ranking.....	46
Table 2. 7 State-wise Score & Ranking for 'Urban Planning & Design' (UPD).....	47
Table 2. 8 Assessment Indicators for 'Urban Planning & Design' .....	47
Table 2. 9 State-wise Score & Ranking for 'Urban Capacities & Resources' (UCR).....	51
Table 2. 10 Assessment Indicators for 'Urban Capacities & Resources' .....	52
Table 2. 11 State-wise Score & Ranking for 'Empowered & Legitimate Political Representation' (ELPR).....	55
Table 2. 12 Assessment Indicators for 'Empowered & Legitimate Political Representation' .....	55
Table 2. 13 State-wise Score & Ranking for 'Transparency, Accountability & Citizen Participation' (TAP).....	56
Table 2. 14 Assessment Indicators for 'Transparency, Accountability & Citizen Participation' .....	57

## CHAPTER 3 Voice of Haryana's Cities

Table 3. 1 Criteria for ULB selection .....	60
Table 3. 2 Schedule of discussions with ULB officials and elected representatives .....	61
Table 3. 3 Perceptions of DULB, ULB officials and elected representatives on devolution of the 18 service functions .....	78
Table 3. 4 Meaning of the categories/colours .....	82
Table 3. 5 Citizen perception of quality of 18 service functions devolved by the 74 <sup>th</sup> Amendment of the Constitution, safety, and response to the COVID -19 pandemic by the city government.....	83
Table 3. 6 Criteria for categorization – perception of citizens surveyed on which layer of the government is responsible for providing the service .....	87
Table 3. 7 City categorization based on perception of citizens surveyed who believe only the municipality is responsible for the providing the service .....	87
Table 3. 8 Summary of citizen feedback (percentage of respondents): The last time you had an issue that you couldn't deal with yourself/within your household, who resolved it for you? .....	88
Table 3. 9 ULB - wise sampling details .....	93
Table 3. 10 Interpreting SEC classification .....	97
Table 3. 11 Meaning of the categories .....	98
Table 3. 12 Rules for categorization.....	98
Table 3. 13 Citizens' perceptions of quality of water supply in their city .....	99

Table 3. 14 Citizens' perceptions of quality of sewerage and garbage collection in their city .....	101
Table 3. 15 Citizens' perceptions of the quality of the road in front of their home .....	105
Table 3. 16 Citizens' perceptions of quality of public amenities in their city .....	107
Table 3. 17 Citizens' perceptions of quality of parks/garden/playgrounds in their city .....	111
Table 3. 18 Citizens' perceptions of quality of forests/green cover in their city .....	113
Table 3. 19 Citizens' perceptions of quality of urban planning in their city .....	114
Table 3. 20 Citizens' perceptions of regulation of land use and construction of building in their city .....	115
Table 3. 21 Citizens' perceptions about enforcement of laws related to land use and construction of buildings in their city .....	116
Table 3. 22 Citizens' perceptions of quality of fire services in their city .....	117
Table 3. 23 Citizens' perceptions of quality of Burials and burial grounds, cremations, cremation grounds crematoriums in their city .....	118
Table 3. 24 Citizens' perceptions of extent to which the government promotes art and culture in the city .....	119
Table 3. 25 Citizens' perceptions of the extent of problem of stray animals in their city .....	120
Table 3. 26 Citizens' perceptions of cleanliness of slaughterhouses and tanneries in their city .....	121
Table 3. 27 Citizens' perceptions of quality of birth and death registry services in their city .....	122
Table 3. 28 Citizens' perceptions of the extent of improvement in the situation of slums in their city over the past 3 years .....	123
Table 3. 29 Citizens' perceptions of the extent of improvement in the situation of the urban poor in their city over the past 3 years .....	124
Table 3. 30 Citizens' extent of agreement that there are adequate opportunities for them to work in their city ...	125
Table 3. 31 Citizens' perceptions on whether people are treated equally in their city .....	126
Table 3. 32 Citizens' perceptions of form of discrimination in their city .....	127
Table 3. 33 Citizens' perceptions on safety in their city .....	128
Table 3. 34 Citizens' perceptions of quality of response of the city government to manage the COVID – 19 pandemics in their city .....	130
Table 3. 35 Criteria for categorization - perception of citizens surveyed on which layer of the government is responsible for the providing the service .....	133
Table 3. 36 City categorization based on perception of citizens surveyed who believe only the municipality is responsible for the providing the service .....	134
Table 3. 37 Summary of citizen feedback on who resolved their issue (percentage of respondents) .....	135
Table 3. 38 Responses of citizens surveyed: How do you get to know about the property tax amount you have to pay? .....	137
Table 3. 39 Responses of citizens surveyed: What are the challenges you face in paying your property tax .....	137
Table 3. 40 Responses of citizens surveyed: How do you get to know about your water utility bill? .....	138
Table 3. 41 Responses of citizens surveyed: What are the challenges you face in paying your water bill? .....	138
Table 3. 42 Responses of citizens surveyed: Why did you or the member of the household attend the meeting? .....	140
Table 3. 43 Responses by citizens surveyed - Besides the ward committee/area sabha/community meetings, have you ever engaged in discussions with city leaders (mayor, ward councillor, MLA/MP) in any of the following ways? .....	141
Table 3. 44 Responses by citizens surveyed: What was the reason of engagement? .....	141

#### **CHAPTER 4 Recommendations for ULBs by Other Recent (5th) State Finance Commissions**

Table 4. 1 Key Recommendations pertaining to ULBs proposed by 5 <sup>th</sup> SFCs of Other States .....	156
--	-----

## CHAPTER 5 The State of Municipal Finances in Haryana

Table 5. 1 List of Haryana's 61 ULBs whose AFS are available in public domain for FY'18 and FY'20.....	162
Table 5. 2 Category-wise details of 61 ULBs whose AFS* are available in public domain for FY'18 and FY'20 .	163
Table 5. 3 List of ULBs for Inter-Category Comparison of Haryana vs. Other States, for FY'18 .....	164
Table 5. 4 State-wise & ULB Category-wise, ULBs considered for Inter-Category comparison of ULBs of Haryana vs. Other States, for FY'18 .....	165
Table 5. 5 Classification of Financial Metrics of 61 ULBs under Standardized Accounting Heads .....	166
Table 5. 6 Aggregate financial position of ULBs.....	167
Table 5. 7 Resource Envelope of Haryana's ULBs as a % of GSDP (at constant prices).....	168
Table 5. 8 Expenditure Envelope of Haryana's ULBs as a % of GSDP (at constant prices).....	168
Table 5. 9 Analysis of Resource Envelope of ULBs in Haryana.....	169
Table 5. 10 OSR Analysis of select Municipal Corporations for FY'20.....	174
Table 5. 11 OSR Analysis of select Municipal Councils for FY'20 .....	174
Table 5. 12 OSR Analysis of select Municipal Committees for FY'20 .....	175
Table 5. 13 Per Capita Total Revenue vs. Total Expenditure, by ULB category, for FY'18 to FY'20 .....	180
Table 5. 14 Distribution of ULBs according to Total Revenue to Total Expenditure %.....	181
Table 5. 15 Distribution of ULBs according to Per Capita Total Revenue .....	181
Table 5. 16 Distribution of ULBs according to Per Capita Total Expenditure .....	181
Table 5. 17 Distribution of ULBs according to Per Capita Own Source Revenue .....	182
Table 5. 18 Distribution of ULBs according to Per Capita Own Source Revenue .....	183
Table 5. 19 Own Source Revenue vs. Revenue Expenditure, by ULB category, for FY'18 to FY'20 .....	184
Table 5. 20 Distribution of ULBs according to Own Source Revenues .....	184
Table 5. 21 Distribution of ULBs according to Own Source Revenue to Revenue Expenditure %.....	185
Table 5. 22 ULBs Receipts of Shared Taxes for FY'17to FY'21.....	189
Table 5. 23 Analysis of Property Tax to OSR for ULBs.....	191
Table 5. 24 Property Tax Growth Rate in Haryana's ULBs (based on analysis of AFS of 61 ULBs) .....	192
Table 5. 25 Haryana GSDP Growth Rate (Constant Prices).....	192
Table 5. 26 Per Capita Property Tax of Haryana's ULBs (based on analysis of AFS of 61 ULBs).....	193
Table 5. 27 Distribution of ULBs based on Per Capita Property Tax.....	193
Table 5. 28 Property Tax rates in Haryana vis-à-vis other States/ Cities .....	199
Table 5. 29 Analysis of Expenditure Envelope of ULBs in Haryana .....	205

# List of Graphs

## CHAPTER 3 Voice of Haryana's Cities

Graph 3. 1 Age group of citizens surveyed .....	95
Graph 3. 2 Gender of citizens surveyed.....	95
Graph 3. 3 Marital status of citizens surveyed .....	96
Graph 3. 4 Education level of citizens surveyed.....	96
Graph 3. 5 Household income of citizens surveyed .....	96
Graph 3. 6 Household size of citizens surveyed .....	97
Graph 3. 7 Socio-economic classification (SEC).....	97
Graph 3. 8 Citizens' perceptions about main source of water supply for their household .....	99
Graph 3. 9 Citizens' perceptions about hours of regular water supply their household receives in a day .....	100
Graph 3. 10 Citizens' perceptions about appearance of unfiltered tap water supply received by their household .....	100
Graph 3. 11 Citizens' perceptions about the kind of toilet facility accessed by their household .....	102
Graph 3. 12 Citizens' perceptions about frequency of blockage in sewer line near or in the house premises ....	103
Graph 3. 13 Citizens' perceptions about frequency of garbage collection from home.....	103
Graph 3. 14 Citizens' perceptions about location of garbage collection .....	104
Graph 3. 15 Citizens' perceptions about the type of road in front of their house .....	106
Graph 3. 16 Citizens' perceptions about the condition of the road in front of their house .....	106
Graph 3. 17 Citizens' perceptions about water logging of the road in front of their house during monsoon.....	106
Graph 3. 18 Citizens' perceptions about adequacy of streetlights (in terms of number) .....	108
Graph 3. 19 Citizens' perceptions about working condition of streetlights at night.....	108
Graph 3. 20 Citizens' perceptions about distance of nearest bus stop for local buses from their home for own use .....	109
Graph 3. 21 Citizens' perceptions about convenience to find a parking next to their home .....	109
Graph 3. 22 Citizens' perceptions about convenience to find a parking in their city.....	110
Graph 3. 23 Citizens' perceptions about distance of the nearest park/ garden/ playground from their home ....	111
Graph 3. 24 Citizens' perceptions about quality of park/ garden/ playground nearest to their home.....	112
Graph 3. 25 Citizens' perceptions about quality of forests/green cover in their city .....	113
Graph 3. 26 Citizens' perceptions about quality of urban planning in their city .....	114
Graph 3. 27 Citizens' perceptions about clarity (personally) on laws related to land use and construction of buildings in their city .....	115
Graph 3. 28 Citizens' perceptions about quality of fire services in the city.....	117
Graph 3. 29 Citizens' perceptions about quality of burials grounds, cremation and cremation grounds and electric crematoriums in their city.....	118
Graph 3. 30 Citizen perceptions about the extent to which the government promotes art and culture (e.g., fests, shows, maintaining monuments) in their city .....	119
Graph 3. 31 Citizens' perceptions about the extent of problem of stray animals (e.g., dogs, monkeys) in their city .....	120
Graph 3. 32 Citizens' perceptions about cleanliness of slaughterhouses and tanneries in their city.....	121
Graph 3. 33 Citizens' perceptions about quality of birth and death registry services in their city .....	122

Graph 3. 34 Citizens' perceptions of the extent of improvement in the situation of slums (in terms of their infrastructure) in their city over the past 3 years .....	123
Graph 3. 35 Citizens' perceptions about the extent of improvement in the situation of urban poor (in terms of their livelihood – e.g., employment) in their city over the past 3 years.....	124
Graph 3. 36 Citizens' extent of agreement that there are adequate opportunities to work in their city.....	125
Graph 3. 37 Citizens' perceptions about whether people are treated equally in their city .....	126
Graph 3. 38 Citizens' perceptions safety in public spaces in their city - day time .....	128
Graph 3. 39 Citizens' perceptions safety in public spaces in their city - night time.....	129
Graph 3. 40 Citizens' perceptions of quality of quarantine management by the city government to during the COVID – 19 pandemic in their city.....	131
Graph 3. 41 Citizens' perceptions of quality of containment zones by the city government to during the COVID – 19 pandemic in their city.....	131
Graph 3. 42 Citizens' perceptions of quality of contact tracing by the city government to during the COVID – 19 pandemic in their city.....	132
Graph 3. 43 Citizens' perceptions of quality of emergency healthcare by the city government to during the COVID – 19 pandemic in their city.....	132
Graph 3. 44 Responses of citizens surveyed: Do you own this house?.....	136
Graph 3. 45 Responses of citizens surveyed: Are you aware of a ward committee/area sabha/community meeting where local issues are discussed? .....	139
Graph 3. 46 Responses of citizens surveyed: In the last year, did you, or someone in your household, attend ward committee/area sabha/community meetings?.....	140
Graph 3. 47 Responses of citizens surveyed: Which layer of the government is responsible for water supply in your city? .....	142
Graph 3. 48 Responses of citizens surveyed: Which layer of the government is responsible for sewerage in your city? .....	143
Graph 3. 49 Responses of citizens surveyed: Which layer of the government is responsible for garbage collection in your city? .....	143
Graph 3. 50 Responses of citizens surveyed: Which layer of the government is responsible for roads/public streets in your city?.....	144
Graph 3. 51 Responses of citizens surveyed: Which layer of the government is responsible for street lighting in your city? .....	144
Graph 3. 52 Responses of citizens surveyed: Which layer of the government is responsible for bus stops in your city? .....	145
Graph 3. 53 Responses of citizens surveyed: Which layer of the government is responsible for parking in your city? .....	145
Graph 3. 54 Responses of citizens surveyed: Which layer of the government is responsible for parks/ gardens/ playgrounds in your city?.....	146
Graph 3. 55 Responses of citizens surveyed: Which layer of the government is responsible for forests/green cover in your city?.....	146
Graph 3. 56 Responses of citizens surveyed: Which layer of the government is responsible for urban planning in your city? .....	147
Graph 3. 57 Responses of citizens surveyed: Which layer of the government is responsible for enforcement of laws related to land use and construction of buildings in your city?.....	147
Graph 3. 58 Responses of citizens surveyed: Which layer of the government is responsible for fire services in your city? .....	148
Graph 3. 59 Responses of citizens surveyed: Which layer of the government is responsible for burials grounds, cremation and cremation grounds and electric crematoriums in your city? .....	148

Graph 3. 60 Responses of citizens surveyed: Which layer of the government is responsible for promoting art and culture in your city?.....	149
Graph 3. 61 Responses of citizens surveyed: Which layer of the government is responsible for stray animals in your city? .....	149
Graph 3. 62 Responses of citizens surveyed: Which layer of the government is responsible for slaughterhouses and tanneries in your city?.....	150
Graph 3. 63 Responses of citizens surveyed: Which layer of the government is responsible for birth and death registry services in your city?.....	150
Graph 3. 64 Responses of citizens surveyed: Which layer of the government is responsible for slum improvement and upgradation in your city?.....	151
Graph 3. 65 Responses of citizens surveyed: Which layer of the government is responsible for improvement in the situation of the urban poor in your city? .....	151
Graph 3. 66 Responses of citizens surveyed: Which layer of the government is responsible for economic and social development in your city? .....	152
Graph 3. 67 Responses of citizens surveyed: Which layer of the government is responsible for Fair treatment of all categories of people in your city?.....	152
Graph 3. 68 Responses of citizens surveyed: The last time you had an issue with water supply to your home that you couldn't deal with yourself/within your household, who resolved it for you?.....	153
Graph 3. 69 Responses of citizens surveyed: The last time you had an issue with sewerage that you couldn't deal with yourself/within your household, who resolved it for you? .....	154
Graph 3. 70 Responses of citizens surveyed: The last time you had an issue with garbage collection that you couldn't deal with yourself/within your household, who resolved it for you? .....	154
Graph 3. 71 Responses of citizens surveyed: The last time you had an issue with the road outside your home that you couldn't deal with yourself/within your household, who resolved it for you?.....	155

## **CHAPTER 5 The State of Municipal Finances in Haryana**

Graph 5. 1 Inter-State Comparison of Per Capita Total Revenue .....	169
Graph 5. 2 Analysis of OSR and Grants in Aid in Haryana .....	171
Graph 5. 3 Own Source Revenue (OSR) Mix in Haryana .....	171
Graph 5. 4 Composition of Grants in Aid in Haryana .....	172
Graph 5. 5 Inter-State Own Revenue to Total Revenue for 2017-18 .....	173
Graph 5. 6 Inter-State Per Capita Own Revenue for 2017-18.....	173
Graph 5. 7 Inter-Category Own Revenue to Total Revenue (Corporation) .....	176
Graph 5. 8 Inter-Category Own Revenue to Total Revenue (Councils/ Municipalities) .....	177
Graph 5. 9 Inter-Category Own Revenue to Total Revenue (Committees/Town Panchayats).....	177
Graph 5. 10 Inter-Category Per Capita Own Revenue (Corporation).....	178
Graph 5. 11 Inter-Category Per Capita Own Revenue (Councils/Municipalities) .....	179
Graph 5. 12 Inter-Category Per Capita Own Revenue (Committees/Town Panchayats).....	179
Graph 5. 13 Inter-Category Own Revenue to Revenue Expenditure (Corporation) .....	185
Graph 5. 14 Inter-Category Own Revenue to Revenue Expenditure (Councils/ Municipalities).....	186
Graph 5. 15 Inter-Category Own Revenue to Revenue Expenditure (Committees / Town Panchayats).....	187
Graph 5. 16 Inter-Category Own Revenue to Establishment Expense (Corporation) .....	187
Graph 5. 17 Inter-Category Own Revenue to Establishment Expense (Councils/ Municipalities).....	188
Graph 5. 18 Inter-Category Own Revenue to Establishment Expense (Committees / Town Panchayats).....	189
Graph 5. 19 Property tax to Own Revenue in Haryana .....	191
Graph 5. 20 Property Tax Collection by Haryana's ULB in 2019-20 .....	191

Graph 5. 21 Inter-State Property Tax to Own Revenue for 2017-18 .....	194
Graph 5. 22 Inter-Category Property Tax to Own Revenue (Corporation) .....	195
Graph 5. 23 Inter-Category Property Tax to Own Revenue (Councils / Municipalities) .....	195
Graph 5. 24 Inter-Category Property Tax to Own Revenue (Committees / Town Panchayats) .....	196
Graph 5. 25 Inter-Category per capita Property Tax (Corporation) .....	197
Graph 5. 26 Inter-Category per capita Property Tax (Councils/Municipalities).....	197
Graph 5. 27 Inter-Category per capita Property Tax (Committees/ Town Panchayats) .....	198
Graph 5. 28 Revenue Sources to finance Total Expenditure In Haryana.....	206
Graph 5. 29 Capital Expenditure to Total Expenditure (Municipal Fund) for Haryana.....	206

## List of Figures

### CHAPTER 1 Trends in Urbanisation in Haryana

Figure 1. 1 District-wise Map of Haryana .....	28
Figure 1. 2 Spatial Clusters in Haryana.....	32

### CHAPTER 2 State of Urban Governance in Haryana

Figure 2. 1 Administrative Set-up in Haryana.....	36
---	----

### CHAPTER 3 Voice of Haryana's Cities

Figure 3. 1 Overview of the city leader and citizen perception surveys undertaken by Janaagraha .....	59
Figure 3. 2 Sample polling part map .....	92

### CHAPTER 5 The State of Municipal Finances in Haryana

Figure 5. 1 Framework of the Automated SFC Grant Management System for Haryana's ULBs .....	211
---	-----

## List of Boxes

Box 1 Spatial Clustering of Haryana Cities .....	32
Box 2 Objectives and Bye-laws of Kerala Urban and Rural Development Finance Corporation Limited (KURDF) .....	54
Box 3 Implications from Analysis of Aggregate financial positions of ULBs in Haryana .....	167
Box 4 Implications from Analysis of OSR in Haryana.....	174
Box 5 Implications from Differential Analysis of Revenue and Expenditure in Haryana .....	180
Box 6 Implications from Analysis of per Capita Own Revenue in Haryana .....	182
Box 7 Implications from Analysis of Dependency Ratios in Haryana .....	183
Box 8 Implications from Analysis of Revenue from Shared taxes in Haryana.....	189
Box 9 Case Study: Odisha Municipal Premier League (MPL).....	202
Box 10 Key Features of Automated Grant Management System.....	210

# Chapter 1 – Trends in Urbanization in Haryana

The State of Haryana is spread over an area of 44,212 sq. km with an area covering 1.3% of the country. As per the 2011 Census, the state comprised 21 districts, 74 sub districts, 80 statutory towns, 74 census towns and 6841 villages.

**Figure 1. 1 District-wise Map of Haryana**



## Urbanization in Haryana

Amongst a total of 28 states of India, Haryana is a state where the proportion of urban population (34.88%) is a little more than the national average (31.16%) as per 2011 census. Haryana ranks 9th among states with proportion of urban population more than the national average. Of the total urban population of 82.5 lakh that was added in the state during the period from 1901- 2011, 78.5 lakh i.e., 95.15% occurred post-Independence. More than half (47.7 lakh) of this was added only during the last two decades of 1991-2001 and 2001-2011. The state got full statehood on the 1st November 1966 which led to zeal and enthusiasm among the masses, bureaucracy and the leadership in the state. Administrative and developmental activities started

expanding on large scale resulting into the emergence of new urban centres. Thus, the tempo of urban growth in Haryana continued during 1961-71 when it experienced decadal growth of 35.58% in its urban population. The momentum of urbanisation further increased in the state during 1971-81, as the administrative and developmental activities expanded on large scale resulting into the emergence of new administrative centres. Haryana saw an increase in census towns in 2011 compared to 2001 which shows an upward graph movement towards urban settlements.

**Table 1. 1 Number of Statutory and Census Towns in Haryana as per 2001 & 2011 Census**

Statutory Towns		Census Towns	
2001	2011	2001	2011
84	80	22	74

## Urban Pattern in Haryana 2001 vs. 2011

### Urban Pattern in Haryana 2001

The low level of urbanisation in Haryana in 1990s was associated with the subsistence nature of agricultural economy. The urbanisation started after the refugees migrated and settled in camps, leading to a growth of cities and towns in Haryana. By 1991, Gurgaon, Hisar, Sirsa, Jind, Bhiwani, Sonipat showed higher degree of urbanisation compared to other districts of Haryana due to industrialisation. In 2001, there was an increase of about 21 lakh persons in the urban population of Haryana, recording the decennial growth rate of 50.82%. The proportion of urban population increased to 28.23% in 2001. During the first decade of the 21st century (2001-2011), there was an increase of about 27 lakh persons in the urban population of Haryana, recording the decennial growth rate of 44.25%.

Table 1.2 below reflects that seven districts namely Panchkula, Ambala, Yamunanagar, Panipat, Rohtak, Gurgaon and Faridabad have established very high urbanization, followed closely by the well-urbanized districts of Kurukshetra, Karnal, Sonipat, Hisar and Sirsa. The districts Kaithal, Jind, Fatehabad, Bhiwani, Jhajjar, Rewari and Palwal have been moderately urbanized areas whereas only two districts, Mahendergarh and Mewat, registered low urbanization. The district-wise map reveals that whole northern and eastern strip of the state except Sonipat district show a higher ratio of urban population because of development in manufacturing activities, good educational institutions, amusement sources and high-quality residential sectors. In the western part of Haryana, Hisar and Sirsa districts have also come forward with development of heavy steel industries as well as other activities supported by agricultural economy.

**Table 1. 2 Haryana Growth of urban population as per cent to total population by districts, 2001-2011<sup>10</sup>**

Districts	2001	2011
Panchkula	44.49	55.81
Ambala	35.2	44.38
Yamunanagar	37.73	38.94
Kurukshetra	26.11	28.95
Kaithal	19.39	21.97
Karnal	26.15	30.21
Panipat	40.53	46.05
Sonipat	25.15	31.27
Jind	20.3	22.9
Fatehabad	17.36	19.06
Sirsa	26.28	24.65
Hisar	25.9	31.74
Bhiwani	18.97	19.66
Rohtak	35.06	42.04
Jhajjar	22.17	25.39
Mahendragarh	13.49	14.41
Rewari	17.79	25.93
Gurgaon	35.58	68.82
Mewat	7.51	11.39
Faridabad	77.8	79.51
Palwal	19.18	22.69
<b>Haryana</b>	<b>28.23</b>	<b>33.66</b>

### Urban Pattern in Haryana 2011

In 2011, Panchkula, Ambala, Yamunanagar, Panipat, Rohtak, Gurgaon and Faridabad have maintained their position as in 2001, in addition to Jhajjar and Rewari. The urbanization increased steeply in Kurukshetra, Karnal, Sonipat, Hisar, Sirsa districts in 2011. Moderate urbanisation took place in Kaithal, Jind, Fatehabad, Bhiwani and

<sup>10</sup> Census of India (2001) & Census of India (2011), Directorate of Census Operations, Haryana

Palwal, however low urbanization levels continue to plague Mahendergarh and Mewat. By 2011, business friendly policies, real estate, manufacturing units increased urbanisation in other districts as well. The district-wise map makes clear that the northern and eastern districts of the state have shown more urbanization over the decade, perhaps because the presence of old cantonment areas and manufacturing centres, like the scientific instrument and sports items industry of Ambala, paper mills of Yamunagar and National Fertilizer Ltd, textiles industries and oil refineries in Panipat, attract people from adjoining rural areas in search of employment opportunities.

As per 2011 Census, the highest proportion of urban population has been observed in Faridabad (79.51%) which can be explained by the fact that it is the industrial hub of Haryana and is the only million plus city of the state. Its location in the vicinity of National Capital of New Delhi, in-migration of people from various parts of the country, and establishment of large number of industries are the plausible causes for highest level of urbanisation amongst all districts of the state. The second most urbanised district of Haryana is Gurugram with 68.82% urbanisation, again due to its proximity to the National Capital, especially to the Indira Gandhi International Airport and its development as a leading IT and ITES centre. The third highest urban population (55.81%) was recorded in Panchkula because of its proximity to Chandigarh, the joint capital of Punjab and Haryana. The over-spilling of urban population from Chandigarh, policies of state government to develop Panchkula as a planned city like Chandigarh and its development as the administrative and educational centre of Haryana, results in large-scale migration of skilled labour from other parts of the state and the country.

11 districts are characterised by moderate proportion of urban population in Haryana. In decreasing order of the proportion of urban population, these are Panipat (46.05%), Ambala (44.38%), Rohtak (42.04%), Yamunanagar (38.94%), Hisar (31.74%), Sonipat (31.27%), Karnal (30.21%), Kaithal (21.97%), Kurukshetra (28.95%), Rewari (25.93%), and Jhajjar (25.39%) districts. A moderate but relatively high proportion of urban population in Yamunanagar, Ambala, Rohtak and Panipat can be associated with their respective locations along the major transport routes like Grand Truck Road (N.H. 1) and N.H. 10 as well as high concentration of industries located in these districts. The remaining seven districts are attributed with slightly lower but still moderate proportion of urban population due to their location along major transport routes - Hisar along N.H. 10; Sonipat, Karnal and Kurukshetra along N.H. 1; Rewari along N.H. 8; and Jhajjar along N.H. 71A; establishment of small and medium scale industries, especially agro-based industries.

7 districts are characterised by low proportion of urban population in Haryana - Sirsa (24.65%), Jind (22.90%), Palwal (22.69%), Bhiwani (19.66%), Fatehabad (19.06%), Mahendragarh (14.41%), and Mewat (11.39%). The lowest proportion of urban population was recorded in Mewat district (11.38%), followed by Mahendergarh (14.41%), Fatehabad (19.06%), and Bhiwani (19.66%) districts which are all characterised by highly subsistence nature of agriculture by absorbing an overwhelming majority of the people as agricultural labour, low level of industrial development and diversification of economy, less developed transportation and communication network, and their peripheral location with respect to the national and

state capitals. Hence, these are the areas which are industrially undeveloped and economically backward.

### Spatial Clustering of Haryana's Cities

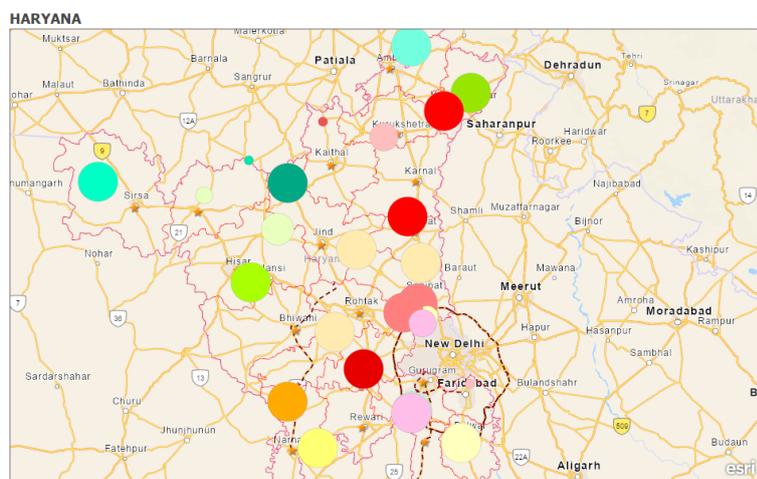
A spatial mapping of all urban local bodies above 100,000 population in Haryana has been undertaken which yields the following observations:

- There are 20 ULBs with more than 100,000 population in Haryana with an overall population of 5.96 million. 60 statutory towns (STs) are located within a 60 KM radius of these 20 ULBs, accounting for an additional population of 1.89 million.
- There are 2 ULBs (Faridabad and Gurugram) with more than 500,000 population in Haryana with a cumulative population of 2.29 million. 18 STs with a cumulative population of 1.06 million are located within a 60 KM radius of these 2 ULBs.
- There is 1 ULB (Faridabad) with more than 1,000,000 population in Haryana with a population of 1.41 million. 13 STs with a cumulative population of 1.41 million are located within a 60 KM radius of this 1 ULB.

#### **Box 1 Spatial Clustering of Haryana Cities**

- 7.85 million people or nearly 89% of the state's urban population reside within a 60 KM radius of the 20 ULBs having a population of more than 100,000; the proportion increases to almost 100% if census towns (CTs) are included in the analysis
- 3.35 million people or nearly 38% of the state's urban population resides within a 60 KM radius of the 2 ULBs (Faridabad and Gurugram); the proportion increases to 41% if CTs are included in the analysis
- 2.82 million people or nearly 32% of the state's urban population resides within a 60 KM radius of Faridabad ULB; the proportion increases to 34% if CTs are included in the analysis

**Figure 1. 2 Spatial Clusters in Haryana**



The Tables below outline the detailed results from the spatial mapping & clustering.

**Table 1. 3 Summary of Urban Clusters in Haryana**

Category	No. of ULBs	Population (MN)	No. of towns falling in 60KM radius			Cluster Population of towns in 60KM radius (MN)		
			ST	CT	Total	ST	CT	Total
Above 1M	1	1.41	13	19	32	1.41	0.21	1.62
Above 500K	2	2.29	18	24	42	1.06	0.25	1.31
Above 100K	20	5.96	60	75	135	1.89	0.93	2.82
Total Urban Popn in Haryana (MN)	<b>8.84</b>							
Total Popn (Rural + Urban) in Haryana (MN)	<b>25.3</b>							

**Table 1. 4 Details of Urban Clusters in Haryana**

			Coverage of ULBs				Coverage of ULBs + CTs			
Pop. category	No. Of ULBs	Pop. (MN)	No. ULBs in 60 km radius cluster	Cluster Pop. (MN)	Total Pop. in 60 Km radius	% of urban Pop.	No. ULBs + CTs in 60 Km radius	Cluster Pop. (MN)	Total Pop. in 60 Km radius (ULBs + CTs)	% of urban Pop. (ULBs + CTs)
Above 1MM	1	1.41	13	1.41	2.82	31.90	32	1.62	3.03	34.28
Above 500K	2	2.29	18	1.06	3.35	37.90	42	1.32	3.61	40.84
Above 100K	20	5.96	60	1.89	7.85	88.80	135	2.82	8.78	99.32

# Chapter 2 – The State of Urban Governance in Haryana

## Urban Governance Structure in Haryana

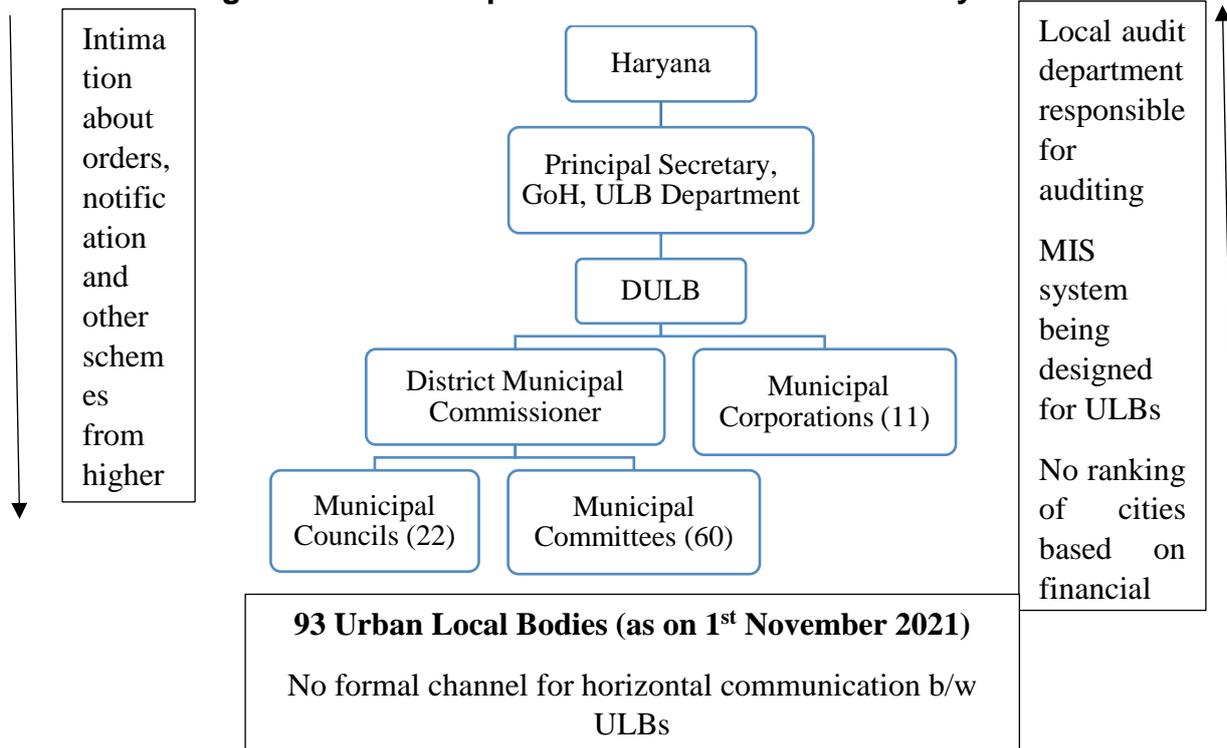
As on 1<sup>st</sup> November 2021, there are 93 urban local bodies (ULBs) in Haryana, including 60 municipal committees, 22 municipal councils and 11 municipal corporations. In Haryana, the classification of ULBs is done on the basis of population – with ULBs having less than 50,000 persons being classified as a committee, ULBs having more than 50,000 but less than 300,000 persons being classified as a council and ULBs having more than 300,000 persons being classified as a municipal corporation.

The structure of the urban local bodies is vertical, with the Directorate of Urban Local Bodies, Government of Haryana (DULB) responsible for supervision and monitoring of all 93 ULBs<sup>11</sup>. However, with the aim of streamlining communication between the DULB and ULBs, and adding an additional layer of coordination/ approval to assuage local concerns, the post of District Municipal Commissioners (DMCs) was created in August 2020. 20 DMCs have been appointed at the district level and they are responsible for the overall supervision and monitoring of all the municipal committees/ councils falling under their jurisdiction. The DMCs are the overall controllers / competent authorities for such works / powers which were vested with the Deputy Commissioners of the districts in respect of Municipal Councils/Committees of the respective districts except the district of Faridabad (there is no municipal council/committee in this district) and Charkhi Dadri, which has been clubbed with district Bhiwani. While the DMCs are empowered to authorize projects worth INR 50 lakh, the DULB will continue to remain the final authority for ULBs with powers to approve projects above 50 lakh and on account of being the reporting department for the former.

---

<sup>11</sup> As on 1<sup>st</sup> November 2021

## Organizational Setup of Urban Local Bodies in Haryana



Although DMCs have been appointed in 20 out of the 22 districts of the State, no informed judgement can be made with respect to their performance before allowing some time for settlement into the newly created administrative position. However, the governance of ULBs continues to be afflicted with the same constraints as earlier, for instance, the absence of a centralized accounting software which restricts any form of real-time data analysis for decision making; no management information system to assess the performance of ULBs on relevant parameters; understaffed audit departments to evaluate, on a timely basis, authenticity of year-end financial statements of ULBs, inter alia.

Given the role of DULB is to cater to the differential needs of all 93 ULBs<sup>12</sup> on a regular basis, it requires an adequately staffed and funded administrative structure. Following diagram depicts the prevailing structure of DULB, Haryana.

<sup>12</sup> As on 1<sup>st</sup> November 2021

**Figure 2. 1 Administrative Set-up in Haryana**



The above figure documents that the State-level Directorate is divided into election, administration and establishment, accounts and pension, engineering, fire and town planning wings. Furthermore, as indicated earlier, the DULB is supported by parastatals like PHED and other independent bodies like the HSCB<sup>13</sup>, SUDA<sup>14</sup> and HUIDB<sup>15</sup> to deliver vital public services like water supply, waste water management, town planning, slum clearance and urban poverty alleviation.

There is an urgent need to comprehensively diagnose the performance deficiencies of the different DULB wings alongside that of other parastatals/ government bodies in the context of the multitude of urban challenges faced by Haryana and its urban local bodies. Such an exercise will be directed towards taking corrective action wherever the performance is found lacking. **Therefore, we recommend that the government devises a systems-framework to appraise the performance, of the State**

<sup>13</sup> Haryana Slum Clearance Board

<sup>14</sup> State Urban Development Authority

<sup>15</sup> Haryana Urban Infrastructure Development Board

collectively and that of ULBs individually, in the context of urbanization challenges.

### State of Devolution of Functions, Functionaries and Funds

Urban Local Bodies (ULBs) in India are governed by the 74th amendment to the Constitution of India accompanied with relevant state legislations. Haryana's ULBs are governed by two Acts – the Haryana Municipal Act (HMA), 1973 which governs all ULBs, including municipal committees and municipal councils in the State; and the Haryana Municipal Corporation (HMC) Act, 1994 which governs the municipal corporations in the State. These legislations govern the conduct of ULBs in Haryana, in particular the devolution of functions, functionaries and finances from the state government.

### **Devolution of Functions**

The primary purpose for the constitution of ULBs is to facilitate the provision of crucial public services by an empowered local government which is more sensitive to local needs of the citizens. The Constitution of India, while recognizing ULBs as “institutions of self-government” vide the 74th Amendment, has laid down 18 service functions (listed under the 12th Schedule) that can be devolved to the local bodies by the State Legislature. These are listed below in Table 2.1 –

**Table 2. 1 List of 18 service functions outlined in the 74<sup>th</sup> Amendment**

S. No.	Service Function	S. No.	Service Function	S. No.	Service Function
1	Regulation of land use and construction of land buildings	7	Public health sanitation, conservancy and solid waste management	13	Promotion of cultural, educational and aesthetic aspects
2	Urban planning including the town planning.	8	Slum improvement and up-gradation	14	Burials and burials grounds, cremation and cremation grounds and electric crematoriums
3	Planning for economic and social development	9	Safeguarding the interests of the weaker sections of society, including the physically handicapped and mentally unsound	15	Cattle ponds, prevention of cruelty to animals
4	Urban poverty alleviation	10	Urban forestry, protection of environment and promotion of ecological aspects	16	Regulation of slaughter houses and tanneries

S. No.	Service Function	S. No.	Service Function	S. No.	Service Function
5	Water supply for domestic, industrial and commercial purpose	11	Construction of roads and bridges	17	Public amenities including street lighting, parking spaces, bus stops and public conveniences
6	Fire services	12	Provision of urban amenities and facilities such as parks, gardens and playground	18	Vital statistics including registration of births and deaths

In the above context, although both the HMA, 1973 and the HMC, 1994 have empowered the State Government of Haryana to entrust any or all of the 18 functions to the urban local bodies, the provisions of the HMC, 1994 are ambiguous thereby missing an opportunity to completely devolve the 18 functions. Section 42 of the HMC, 1994 uses the word - 'may', and subsequent sections divide including the 12th schedule functions as obligatory and discretionary, which means not all functions are mandatorily devolved. Sections 43 and 44 of the HMC, 1994 divide the functions of municipal corporations into two categories respectively: i) Obligatory Functions – 22 services that must be mandatorily undertaken by the municipal corporations and ii) Discretionary Functions – 23 services that municipal corporations can choose to perform, depending on the adequacy of funds and capacities.

However, the extent to which the listed functions are devolved to / performed by the ULBs in practice, remains unclear. Official response of the Directorate of Urban Local Bodies (DULB), Government of Haryana (GoH) suggests that 14 of the 18 listed functions have been devolved to ULBs completely, and 4 of the 18 functions have been devolved to ULBs partially (i.e. functions no. 7, 9, 10 and 13 as per Table 2.1 above), however, there is no official state policy documenting the same and there remain departments/ agencies under the DULB which are performing the same services as devolved to the ULBs.

In response to our questionnaire, DULB states that all the functions have been devolved to the ULBs except the following:

1. Waste Water Management (Sewerage and Sanitation): The function is performed by the Public Health and Engineering Department (PHED), GoH
2. Urban Forestry: The function is performed by the Forest Department, GoH
3. Safeguarding sections of weaker sections: The function is performed by the Department of Social Justice and Empowerment, GoH
4. Promotion of cultural and educational aspects: The function is performed by the Department of Public Relations and Education, GoH

Furthermore, from our interviews with PHED officials, we have learnt that PHED provides services pertaining to waste water management as well as water supply. In fact, the department has been responsible for the provision of water supply services on behalf of the ULBs since 1993. Although the process of transferring the service

back to the ULBs has been initiated, the exercise has only been completed for the Municipal Corporations of Gurugram, Faridabad, Sonipat and Karnal, while the process has been initiated for the municipal corporations of Panipat & Panchkula<sup>16</sup>.

Furthermore, certain technical wings and independent bodies under the DULB continue to perform functions listed under the 18th Schedule of the Constitution. For instance, officials handling vital town/urban planning and fire safety services still come under the DULB even though as per the directorate, those have been devolved to the ULBs. Furthermore, the following bodies are attached to the DULB to perform services that the latter claims have been devolved to the ULBs:

1. Haryana Slum Clearance Board (HSCB): Development of slum areas and rehabilitation of slum dwellers
2. Haryana Urban Infrastructure Development Board (HUIDB): Financing infrastructure upgradation in ULBs, modernization of town planning techniques and training of ULB employees
3. State Urban Development Authority (SUDA): Design and monitoring of programs aimed at alleviation of urban poverty

The above observations which have surfaced during secondary research have also been corroborated from field visits to ULBs wherein it was evident that ULBs are primarily responsible for solid waste management and the upkeep of certain civic amenities and facilities like, inter alia, public parks, convention centres, and parking spaces. Besides, we also learnt that grants received by ULBs from the State Finance Commission (SFC) allocation are mostly used for laying down streets or the maintenance of public roads.

Thus, we can conclude that there are multiple departments, government bodies and parastatals responsible for performing the functions listed under the 18th Schedule, apart from the ULBs themselves. Moreover, in the absence of a well-defined state policy of distribution of functions between the numerous state government arms, inefficiencies tend to breed due to overlapping functions and inability to fix accountability which ultimately weakens the bedrock of good governance.

**Therefore, we recommend that the State Government conceives a clear and unambiguous policy to allocate the 18<sup>th</sup> Schedule functions between the ULBs and the numerous arms of the government. Once such a policy has been notified, the State Government must put in place frameworks to ensure that the ULBs/ departments/ parastatals are adequately financed and staffed to perform the functions which they have been allotted.**

**We also recommend the State Government to undertake a detailed activity mapping to clearly define the roles and responsibilities of ULBs and various civic agencies and state departments. For example, public health is a vast term, an activity mapping will clearly define specific function, for instance primary health care under municipalities, control of vector borne diseases under municipalities, tertiary care with state health department.**

---

<sup>16</sup> Source: Memorandum submitted by the Directorate of ULBs, Govt of Haryana (DULB) to the 6<sup>th</sup> SFC, Haryana, in October 2021

## Devolution of Funds

The 74<sup>th</sup> Amendment inserted Article 243X to the Constitution of India which empowers state legislatures to authorize urban local bodies to levy taxes and fees for undertaking devolved functions. Further, it empowers state legislatures to assign taxes/ fees collected by the state government to ULBs as well as to provide grants-in-aid to the latter in order to augment their finances.

In accordance with the constitutional provisions, the HMA, 1973 and HMC, 1994 empower ULBs in Haryana to impose or direct the State Government to assign the following taxes/ fees/ charges:

Taxes that <u>shall</u> be imposed by ULBs	Taxes that <u>may</u> be imposed by ULBs	
1. Property Tax 2. Stamp Duty on transfer of immovable property (Assigned by State)	3. Professional Tax 4. Vehicle Tax 5. Animal Tax 6. Tax on Dogs 7. Show Tax 8. Electricity Tax 9. Fire Tax 10. Sanitation Tax	11. Development Tax 12. Driving License Tax 13. Pilgrimage Fee 14. Lighting Fee 15. Drainage Fee 16. Scavenging Fee 17. Fee for cleansing latrines and privies

While all ULBs are levying property tax and stamp duties are being appropriately assigned by the state government, the responses we have received from ULBs and details of the own revenue sources for F.Y. 2020-21 indicate that the ULBs aren't adequately tapping the revenue potential of the discretionary taxes/ fees that they have been empowered to impose. It is observed that ULBs aren't levying any taxes on professions, trades, ceilings and employment or any fee/ charges on vehicles/ driving licenses, while only a handful are levying show taxes.

The low own revenue base prevents ULBs from being able to finance even their day-to-day operations and consequently entrenches their dependence on grants / transfers from the state and central government. For instance, an analysis of ULB financial statements demonstrates that own revenue sources account for an average of only 44% of revenue expenditure incurred by urban local bodies in Haryana in the years 2017-18 to 2019-20. The ratio is slightly better for municipal corporations at 46%, but is weaker for municipal councils and committees at 36% and 31% respectively. A detailed assessment of financial autonomy of ULBs in Haryana has been provided in a subsequent chapter.

**The above observations reveal an urgent need to expand the own revenue base of Haryana ULBs. This can be done either by optimizing existing sources of revenue i.e. property taxes, or by levying discretionary taxes for which ULBs are empowered under the respective municipal acts. Therefore, we recommend that ULBs in Haryana consider levying discretionary taxes empowered under the municipal acts, such as professional tax, vehicle tax, show tax, inter alia.**

### Professional Tax

Professional Tax is a tax levied by state governments or municipal bodies on income earned by way of profession, trade or employment. State governments prescribe respective slab rates and inclusion parameters. It can also be levied and collected by

specified municipal bodies if the same has been devolved or left to the discretion of the latter by the respective state government – for instance, Kerala and Tamil Nadu have empowered local authorities to levy professional tax directly. Tax base will usually include all persons either employed or self-employed in profession or trade subject to state-specific exemptions/ceilings. It is subject to a constitutional limit of INR 2,500 per annum per person and is tax deductible for individual assesseees under the Income Tax Act, 1961.

Professional Tax is governed by Article 276 of the Constitution of India. The provision clarifies that state legislatures can levy professional tax even though it is a tax on income. In line with the same, at least 21 states in India levy professional tax. In some cases, the tax is levied and collected by the State, while the remaining States<sup>17</sup> have empowered the ULBs to levy and collect the tax directly. Given the potency of professional tax to generate revenue for ULBs, the 15<sup>th</sup> Finance Commission in its final report for the award period 2021-26, has recommended an increase in the constitutional ceiling of INR 2,500 for professional tax.

**Haryana is one of the few prominent States in which ULBs do not levy professional tax, even though the same has been empowered under the relevant municipal acts.** Professional Tax has the potential to be an extremely useful tool to generate substantial resources for the urban local bodies without any additional burden on the taxpayer (i.e. because it is tax deductible under Income Tax Act, 1961). This can be especially pertinent of the commercial and industrial centers of Haryana i.e., Gurugram, Faridabad, Sonipat, among others and even the remaining municipal corporations, albeit to a slightly lesser extent.

As the professional tax is a levy on profession, trade, employment, the potential levy can be assessed by comparison of contribution of secondary and tertiary sector to the Gross State Value Addition (GSVA) of various progressive states levying professional tax, with that of Haryana.

While the range for secondary sector and tertiary sector in aggregate of various states in India lies between 69% and 94%, the percentage contribution to state gross value addition of secondary and tertiary sector in aggregate for Haryana falls within the above range at 83%. This indicates potential opportunity for Haryana to levy professional tax.

**Table 2. 2 Contribution of Secondary and Tertiary Sector of various States**

State	% of GSVA at Constant Prices		
	Secondary Sector	Tertiary Sector	Aggregate
Andhra Pradesh	27%	42%	69%
Gujarat	45%	34%	79%
Karnataka	27%	62%	89%
Maharashtra	35%	55%	90%
Telangana	21%	63%	84%
West Bengal	25%	56%	81%
<b>Range</b>			<b>69%-90%</b>
Haryana	33%	50%	<b>83%</b>

<sup>17</sup> States which empower ULBs to levy and collect professional tax directly include Gujarat, Kerala and Tamil Nadu

The revenue generating promise of Professional Tax in Haryana can be estimated by an analysis of collections made against the same in other States as a proportion of Total Revenue generated by all ULBs.

**Table 2. 3 Estimated Range of Professional Tax collection**

State	Professional Tax in FY 2017-18 (in INR crore)	Total Revenue <sup>18</sup> (in INR crore)	% of Professional tax to Total Revenue
Andhra Pradesh	245	3887	6%
Gujarat	260	20818	1%
Karnataka	964	14855	6%
Maharashtra	2205	48485	5%
Telangana	411	4502	9%
West Bengal	529	12415	4%
Range	1%-10%		
Haryana Total Revenue (DULB Data: FY'21)	Rs. 4677 crores		
<b>Proposed Professional Tax (Range)</b>	<b>Rs. 46 - 467 crores</b>		

In the state of Maharashtra, the collection of professional tax is devolved by the state government to the ULBs hence professional tax collections form part of own source revenue for ULBs in Maharashtra. However, for the other states the collection of professional tax is transferred to the ULBs by the state government as part of state transfers. Hence in order to maintain consistency in the analysis we have computed professional tax as a percentage of total revenue of all ULBs in the states.

**In line with the above observations, we recommend that the Government of Haryana notify a framework for professional tax with clearly defined eligibility criteria and income-based slab rates. Given that levy of Professional Tax is already permitted under the municipal acts, the framework should empower ULBs in Haryana to levy and collect the tax directly, on the lines of Tamil Nadu and Kerala. Finally, the framework should empower ULBs to notify certain exemptions to the levy of professional tax keeping in mind local realities.**

### **Devolution of Functionaries**

The HMA, 1973 empowers the Government of Haryana to constitute dedicated cadres for municipal services at the state and district level and notify rules pertaining to the recruitment, salary and allowances, number of categories and cumulative strength, inter alia. In respect of the same, the State has notified the Haryana Municipal Services Rules, 2010 in order to make state and district level appointments to vital positions in the town planning, engineering, administration, tax and accounts departments, inter alia. The rules prescribe the total number of appointments that need to be made as well as the minimum qualification criteria and the salary to be paid. Similar rules exist for fire services as well.

<sup>18</sup> As per the ICREIR Report State of Municipal Finance in India, 2019

Based on staffing details received from the State ULB department (DULB), 54% (i.e. 16,074 out of a total of 29,748) of the sanctioned positions have been filled across all ULBs in Haryana. The details of the information received from the DULB is provided below:

**Table 2. 4 Staffing Details of ULBs in Haryana**

S. No.	ULB Category	No of Sanctioned posts	Filled on Regular Basis	Vacant Posts	No of Outsourced Staff
1	Corporations	20,588	12,832	7,756	2,627
2	Councils	7,369	2,450	4,919	700
3	Committees	1,791	792	999	837
	<b>TOTAL</b>	<b>29,748</b>	<b>16,074</b>	<b>13,674</b>	<b>4,164</b>

Source: Directorate of ULBs, Govt of Haryana (DULB)

The lack of adequate manpower restricts the ability of ULBs in augmenting its resource base, reducing inefficiencies in revenue and operational administration, and improving service delivery for citizens. Further, making appointments on a contractual basis affects the morale of employees, thereby affecting their overall performance. Further, our correspondence with ULBs did not yield any information on training programs being carried for municipal employees, nor existence of a performance management framework for the same. Even the data pertaining to the number of sanctioned positions seems to be outdated on account of it being based on population data of Census 2001

**Therefore, we recommend that the Government of Haryana mandates a periodic and normative basis of estimation of workforce for each ULB on the basis of functions to be performed and keeping in mind population and area-based requirements. This mandate must include a requirement on ULBs to devise a medium-term and annual workforce plan. Simultaneously, in order to equip municipal employees with the latest skills given the rapidly evolving job requirements, the government should conceive a systemic framework for training and capacity building of ULB staff based on assessment of training needs. Finally, a performance management system should be instituted by the government to assess the performance of ULB staff against intended objectives.**

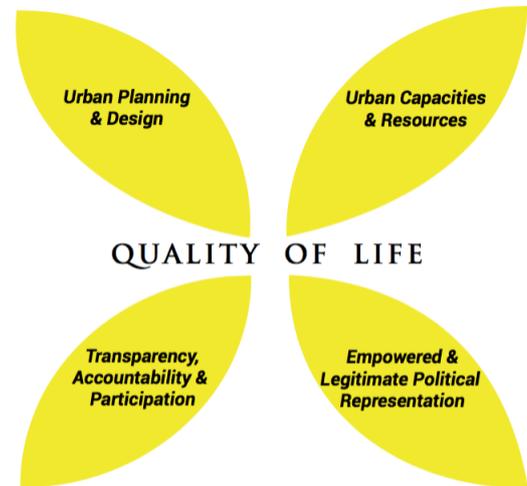
## Assessment of Haryana’s City-Systems

Cities are complex systems. To diagnose urban problems and - more importantly - solve them, we need to view them in a systems framework. The “City-Systems” framework is a framework devised by Janaagraha<sup>19</sup> that can help to demystify and identify the root causes of urban challenges. The City-Systems framework comprises four components - Urban Planning & Design, Urban Capacities & Resources, Empowered & Legitimate Political Representation and Transparency, Accountability & Participation.

The City-Systems framework is being used in Janaagraha’s flagship Annual Survey of India’s City-Systems (ASICS) which evaluates the quality of governance in cities by assessing the quality of laws, policies, institutions and institutional processes that together help govern them. ASICS evaluates urban governance using the City-Systems framework consisting of four distinct but inter-related components that help govern a city and deliver good quality of life to all citizens. It scores cities/ states on a scale of 0 to 10.

In order to understand and analyse the city-systems of Haryana, we have adapted this ASICS framework, and evaluated the governance in cities of Haryana by assessing the quality of municipal legislations including the planning legislations. Additionally, we have also assessed such legislations of 10 other states of India to provide a comparative analysis. We have thus arrived at a comparative assessment of the performance of the states against the four inter-related yet distinct City-Systems components. Overall, we have referred to 143 municipal legislations and 27 Rules across the 11 States<sup>20</sup> including Haryana.

The following legislations and Rules of Haryana have been examined for the purposes of this analysis:



City-Systems are the root causes underlying quality of life in cities.

-----This space has been intentionally left blank-----

<sup>19</sup> Janaagraha Centre for Citizenship and Democracy

<sup>20</sup> 11 States assessed include: Chhattisgarh, Goa, Gujarat, Haryana, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur and Odisha

Acts	Rules
1. Haryana Municipal Corporation Act, 1994	1. Haryana Metropolitan Planning Committee Rules, 2011
2. Haryana Municipality Act, 1973	2. Haryana Municipal Services (Integration, Recruitment and Conditions of Service) Rules, 1982
3. Haryana Shehri Vikas Pradhikaran Ac, 1977	3. Haryana Municipalities Public Disclosure Rules, 2009
4. The Punjab Scheduled Roads and Controlled Areas Restriction of Unregulated Development Act, 1963	4. Haryana Municipal Corporation Election Amendment Rules, 2018
5. Gurugram Metropolitan Development Authority Act, 2017	5. Haryana Municipal Delimitation of Ward Rules, 1977
6. Faridabad Metropolitan Development Authority Act, 2018	6. Haryana Building Code, 2017
7. Haryana Fiscal Responsibility and Budget Management Act, 2005	7. Haryana Land Pooling Policy, 2019
8. Haryana Municipal Entertainment Duty Act, 2019	8. Haryana Municipal Advertisement Bye-laws, 2018
9. Haryana Municipalities Public Disclosure Act, 2008	9. Haryana Municipal Corporation Advertisement Bye-laws, 2018
10. Haryana Municipal Citizens' Participation Act, 2008	
11. Haryana Right to Services Act, 2014	

## Highlights of Haryana's City-Systems

- **Overall, Haryana ranks 3<sup>rd</sup> out of 11 States with a score of 4.57/10, behind Jharkhand (1<sup>st</sup>) and Kerala (2<sup>nd</sup>).** Overall, the laws for municipal corporations in Haryana are relatively more robust than the laws for municipalities (councils & committees)
- **Haryana ranks 3<sup>rd</sup> on Urban Planning & Design laws (Score- 4.40/10), behind Maharashtra (1<sup>st</sup>) and Karnataka (2<sup>nd</sup>).** Haryana has relatively better provisions on plan preparation with law providing for three-tiered spatial planning. However, participatory planning could be improved further
- **Haryana ranks 2<sup>nd</sup> on laws relating to Urban Capacities & Resources (Score- 6.25/10), behind only Jharkhand (1<sup>st</sup>).** It is the only State assessed to devolve advertisement and entertainment tax to all ULBs, post the GST regime. However, the laws governing human resource management need significant improvement
- **Haryana ranks 4<sup>th</sup> on 'City Political Leadership' (Score- 4.13/10), behind Kerala (1<sup>st</sup>), Jharkhand (2<sup>nd</sup>) and Gujarat (3<sup>rd</sup>).** It is one among the four States to have directly elected Mayor with a tenure co-terminus with that of the Council. However, the Mayor/Council do not have executive authority, and have limited powers over municipal budget and staff
- **Haryana ranks 5<sup>th</sup> on 'Transparency, Accountability, and Participation' (Score- 3.50/10), behind Kerala (1<sup>st</sup>), Jharkhand (2<sup>nd</sup>), Maharashtra (3<sup>rd</sup>) and**

**Gujarat (4<sup>th</sup>).** Absence of notified rules for the Haryana Municipal Citizens' Participation Act, 2008 hinders the formal platforms for systematic citizen participation

**Table 2. 5 Category-wise City-Systems Score & Ranking for Haryana**

S. No.	Category	Haryana Municipalities	Haryana Municipal Corporations	City-Systems Score of Haryana	Haryana's Rank (of 11 States)
1	Urban Planning and Design (UPD)	4.02	4.78	4.40	3 <sup>rd</sup>
2	Urban Capacities and Resources (UCR)	5.00	7.50	6.25	2 <sup>nd</sup>
3	Empowered and Legitimate Political Representation (ELPR)	4.38	3.89	4.13	4 <sup>th</sup>
4	Transparency, Accountability and Participation (TAP)	3.50	3.50	3.50	5 <sup>th</sup>
	<b>Overall</b>	<b>4.22</b>	<b>4.91</b>	<b>4.57</b>	<b>3<sup>rd</sup></b>

**Table 2. 6 State-wise City-Systems Score & Ranking**

State	UPD	UCR	ELPR	TAP	Overall City-Systems Score	Overall City-Systems Rank
Jharkhand	3.68	6.88 (1 <sup>st</sup> )	5.00 (2 <sup>nd</sup> )	4.55 (2 <sup>nd</sup> )	5.03	1
Kerala	3.93	3.13	6.04 (1 <sup>st</sup> )	5.27 (1 <sup>st</sup> )	4.59	2
<b>Haryana</b>	<b>4.40 (3<sup>rd</sup>)</b>	<b>6.25 (2<sup>nd</sup>)</b>	<b>4.13 (4<sup>th</sup>)</b>	<b>3.50 (5<sup>th</sup>)</b>	<b>4.57</b>	<b>3</b>
Maharashtra	5.51 (1 <sup>st</sup> )	4.90	3.09	4.52 (3 <sup>rd</sup> )	4.50	4
Gujarat	4.24	4.38	4.18 (3 <sup>rd</sup> )	3.64 (4 <sup>th</sup> )	4.11	5
Madhya Pradesh	4.17	4.69	3.50	3.23	3.89	6
Karnataka	5.01 (2 <sup>nd</sup> )	4.79	2.08	3.24	3.78	7
Odisha	3.22	4.84	2.85	3.05	3.49	8
Chhattisgarh	3.68	5.00	2.88	2.27	3.46	9
Goa	4.32	3.91	2.14	1.02	2.85	10
Manipur	2.38	1.56	3.06	3.45	2.61	11

A deep dive into Haryana's city-systems reveals the following insights:

### Urban Planning and Design (UPD)

Haryana's planning legislations are relatively well-placed with a score of 4.40 on 10, securing a third spot in 'Urban Planning and Design', compared to Maharashtra which tops in this category with a score of 5.51 on 10.

**Table 2. 7 State-wise Score & Ranking for 'Urban Planning & Design' (UPD)**

State	UPD Score	UPD Rank
Maharashtra	5.51	1
Karnataka	5.01	2
<b>Haryana</b>	<b>4.40</b>	<b>3</b>
Goa	4.32	4
Gujarat	4.24	5
Madhya Pradesh	4.17	6
Kerala	3.93	7
Jharkhand	3.68	8
Chhattisgarh	3.68	9
Odisha	3.22	10
Manipur	2.38	11

**Table 2. 8 Assessment Indicators for 'Urban Planning & Design'**

S.No.	Questions / Indicators
1	Is there a provision for a State Spatial Planning Board which is mandated with planning policies and reforms for the state, and is the final approving authority for Regional and Municipal SDPs?
2	Does the Act require 3 levels of SDPs (Master Plans) for Metropolitan cities: Regional, Municipal and Ward(s) /Local
	a) Metropolitan SDP
	b) Municipal SDP
	c) Ward / zonal SDP
3	Does the law mandate participation of all parastatals/ agencies /ULBs in creation of SDPs (metro / municipal / ward)?
4	Does the Act define clearly the Objectives and Contents of each level of SDP?
5	Is there a clear decentralized procedure for approvals of each level of Plans?
	a) Does the law mandate that the Metropolitan SDP be approved by the State Government?
	b) Does the law mandate that the Municipal SDP be approved by the MPC (State government for small/medium cities)?
	c) Does the law mandate that the Ward SDP be approved by the ULB?
6	Is there a provision for the establishment of Planning Authorities for notified new towns or special developments?

7	Is there a clear provision for a competent technical cell to enable preparation of the SDP for each level
8	Are there provisions in the Act for modifications to notified SDPs?
9	Has an MPC been constituted?
10	Has the state passed an amendment/ policy to give incentives for green buildings?
11	Does the law mandate the ULB to draw up a City Sanitation Plan?
12	Does the law mandate the ULB to have city resilience strategy?
13	Does the law mandate the ULB to have a comprehensive mobility plan?
14	Are there prescribed urban design standards to guide the execution of urban projects?
15	Are there enabling policies on land titling?
16	Are there enabling policies on land pooling / reconstitution of plots?
17	Is there an effective system to prevent approval of plans that are not in conformity with SDP?
18	Is there an effective system to monitor ongoing constructions/projects for possible violations?
19	Are there provisions to penalise violating plans?
20	Does the law mandate public participation in preparation of each level of plan (Metropolitan, Municipal and Ward) through Area Sabhas / Ward Sabhas and other means?
21	Does the law mandate public scrutiny at (including objections and responses) each levels of plan (Metropolitan, Municipal and Ward) through Area Sabhas / Ward Sabhas and other means?

**Haryana has relatively better provisions on plan preparation with provisions for three-tiered spatial planning, however, it needs improvement across the Planning PIE – Preparation, Implementation and Enforcement aspects.**

- Haryana's planning laws, particularly on plan preparation fares well relatively. It has provisions for three-tier spatial planning for metropolitan areas, i.e. at the metropolitan, municipal and zonal level with objectives specified for each level of plans. Haryana along with Chhattisgarh and Odisha are the only States among the assessed, to clearly define objectives of each levels of plans.
- Haryana mandates the constitution of Metropolitan Planning Committees (MPCs) in metropolitan areas, with the notification of the Haryana Metropolitan Planning Committee Rules, 2011. As per Census 2011, Faridabad is the only metro city in Faridabad, and the functionality of Faridabad MPC couldn't be ascertained. However, it is interesting to note that Haryana is perhaps the only State in India to have relatively progressive legislation to ensure coordinated and integrated planning in metropolitan region. The Faridabad Metropolitan Development Authority Act (MDA), 2018 and the Gurugram Metropolitan Development Authority Act (MDA), 2017 aim at ensuring coordinated and integrated planning and infrastructure development of Faridabad and Gurugram metropolitan regions

respectively. The acts provide for these authorities to prepare and sanction infrastructure development plan, mobility management plan, and environment management plan, take measures to promote social, economic and industrial development in consultation with appropriate authorities. It also provides for a 'Residents Advisory Council' to assist and guide these authorities in performing their functions.

- Further, the State's laws provide for the establishment of planning authorities for notified new towns and developments, similar to all the other assessed states, and has instituted a State Spatial Planning Board to undertake urban planning reforms in Haryana.
- Modifications to notified plans are enabled, as long as such modifications do not alter the character of the plan/ land use/ standards of population density. Haryana is the only state among the assessed to clearly define the conditions for modification to plans.
- However, the State suffers from a number of inequities in terms of 'plan preparation'. For instance, there is a need for policy mandates for decentralized plan approvals – allowing State to approve regional/metropolitan plan, MPC to approve municipal plan, and ULB to approve zonal / ward plans. Currently, State is the approving authority for all levels of plans.
- There are also no mandates for the ULBs to develop a city sanitation plan, comprehensive mobility plan or a city resilience strategy. Unlike States like Maharashtra and Karnataka, which have the State Sanitation Strategy/Policy which mandates the Local Authorities to prepare a City Sanitation Plan, Haryana has not institutionalized this. However, cities of Haryana have carried out the exercise of creating such plans despite the absence of institutionalized mandate vide law.
- Haryana's legislations also do not mandate for participation of all parastatals/civic agencies in the preparation of each level of plans. Of the 11 assessed States, only Kerala mandates for such participation. However, it may be noted that Gurugram MDA Act, 2017 and Faridabad MDA Act, 2018 mandate participation of select civic agencies in the preparation of the respective metropolitan regional plans.
- Also, there is a need for policies to mandate regional planning for non-metropolitan areas, as well as provisions for ward level plans need to be added.
- When it comes to 'plan implementation', the State's provisions are relatively weaker. Haryana's legislations do not prescribe urban design standards to guide the execution of urban projects such as roads, which are also networks for other public utilities such as -footpaths, bus stops, water and sewerage networks, storm water drains, power cables, optical fiber networks and traffic surveillance.

**Haryana incentivizes green buildings, and has adopted land pooling policy. However, provisions to enforce plans and ensure citizen engagement in planning, are required**

- Haryana's planning law provides incentives for green buildings such as additional FAR for adopting green norms such as installing solar photovoltaic power plant and solid waste management plant
- Haryana also provides for land pooling policy, and is one among the seven States assessed to have this provision. However, Haryana does not have a land titling policy yet, unlike Rajasthan, which has enacted the Rajasthan Urban Land (Certification of Titles) Act, 2016. This is pertinent to create an efficient and transparent modern land market, provide certainty of tenure and end litigation that often mires development projects.
- Haryana's legislations need to be strengthened to ensure enforcement of plans. There are no robust legal provisions to prevent approval of plans not in conformity with the spatial plan or even to monitor ongoing constructions/ violations for possible plan violations. The provisions for disciplining plan violations are also weak with provisions only covering penalizations owing to change in building use and non-adherence to the master plan, but missing out on other aspects such as plumbing & sewage, setback, parking violations, inter alia.
- Finally, on engaging citizens in planning for the city, although public participation is mandated to scrutinize plans after the same has been prepared, it is not done through formal platforms such as ward committees and area sabhas. Also, there are no mandates to engage citizens in the preparation of the plan itself.

**In line with above, we recommend that the state government undertake the following policy changes in order to enrich the urban planning framework in Haryana:**

- 1. Amend Haryana Shehri Vikas Pradhikaran Act, 1977 to mandate:**
  - a. Creation of regional plan for non-metropolitan cities**
  - b. Decentralized plan approvals, State to approve regional/metropolitan plan, MPC to approve municipal level plan, and ULBs to approve ward plans**
  - c. Participation of all parastatals or civic agencies in the preparation of spatial plans**
- 2. Amend Haryana Municipal Act, 1973 and Haryana Municipal Corporation Act, 1994 to mandate all ULBs of Haryana to draw up:**
  - i. City Sanitation Plan**
  - ii. City Resilience Strategy**
  - iii. Comprehensive Mobility Plan**
- 3. Amend Haryana Shehri Vikas Pradhikaran Act, 1977/ Punjab Scheduled Roads and Controlled Area Development Act, 1963 to prescribe urban design standards to guide the execution of urban projects such as roads & streetscapes, footpaths, underground public utilities, residential and commercial complexes along with the measurements for each guidelines**

4. Undertake a comprehensive assessment of possible plan violations as applicable for Haryana cities, and strengthen plan penalization provisions of Haryana Shehri Vikas Pradhikaran Act, 1977/ Punjab Scheduled Roads and Controlled Area Development Act, 1963 by introducing penalty for violations such as fire code, building refurbishment, FAR, business signage, nuisance violation, urban design regulations etc.
5. Amend Haryana Shehri Vikas Pradhikaran Act, 1977/ Punjab Scheduled Roads and Controlled Area Development Act, 1963 to prevent approval of plans not in conformity with the spatial plan by bringing in the following provisions –
  - i. Mandate registry of public projects,
  - ii. Clearly defined approval authority for projects at each level,
  - iii. Clearly defined process for rejections/variance approvals for plans not in conformity with the spatial plan,
  - iv. Mandate disclosure of all approvals, denials, variance approvals in public domain
6. Amend Haryana Shehri Vikas Pradhikaran Act, 1977/ Punjab Scheduled Roads and Controlled Area Development Act, 1963 to ensure effective system to monitor ongoing constructions/projects by bringing in the following provisions –
  - i. Mandate online self-assessment of progress including upload of photographs and requisite compliance documents
  - ii. Mandate periodic ground surveys of approved projects
  - iii. Mandate disclosure of all information (compliance numbers, violations registered, and action taken) in public domain
7. Amend Haryana Shehri Vikas Pradhikaran Act, 1977 act to mandate public participation in preparation as well scrutinizing plans through formal platforms such as ward committee and area sabhas

### Urban Capacities and Resources

Haryana ranks second amongst the 11 States assessed in terms of its laws on capacities and resources. The State secures a score of 6.25 on 10 compared to Jharkhand which secures the first spot with a score of 6.88 on 10. While Haryana's municipal laws on financial capacities are fairly robust, the human resources management laws are fairly weak. Municipal corporations in Haryana are fiscally more empowered than the committees and councils. For instance, while municipal corporations are authorized to invest their surplus money without the prior approval of the State, municipal committees and councils do not have this authority.

**Table 2. 9 State-wise Score & Ranking for 'Urban Capacities & Resources' (UCR)**

State	UCR Score	UCR Rank
Jharkhand	6.88	1
<b>Haryana</b>	<b>6.25</b>	<b>2</b>
Chhattisgarh	5.00	3
Maharashtra	4.90	4
Odisha	4.84	5

Karnataka	4.79	6
Madhya Pradesh	4.69	7
Gujarat	4.38	8
Goa	3.91	9
Kerala	3.13	10
Manipur	1.56	11

**Table 2. 10 Assessment Indicators for ‘Urban Capacities & Resources’**

S.No.	Questions / Indicators
1	Is the ULB empowered to set and collect the following taxes?
a	Property tax
b	Entertainment tax
c	Profession tax
d	Advertisement tax
2	Is the ULB authorised to raise borrowings without State Government/ Central Government approval?
3	Is the ULB authorised to make investments or otherwise apply surplus funds without specific State Government/ Central Government approval?
4	Is the ULB required by law to have a Long-Term and/or Medium-Term Fiscal Plan?
5	Are the annual accounts of the ULB mandated to be audited by an independent/external agency?
6	Is your city, by law, mandated to follow a double-entry accounting system?
7	Does the law mandate a minimum tenure of 2 years for the commissioner?
8	Does the ULB have access to a municipal cadre for its staffing?

There remains immense scope in improving financial management and reporting in the ULBs. Firstly, while ULBs are mandated to follow the double entry accounting system under the AMRUT action plan, the same is not being practiced with all ULBs still using the cash-based accounting system for financial accounting. Second, the budgets across ULBs are incomparable and cannot be aggregated in the absence of a state-wide standard format. Most often budget documents only provide operational cost lines (e.g. salary, rent) and not functional/service delivery cost lines (solid waste management, roads, streetlights etc.) thus impairing their utility. ULB budgets should provide both in order to facilitate meaningful analysis, besides a geographic-cut to the best extent possible, as the city is essentially a spatial unit.

Thirdly, there is no mandate for ULBs to draw up and present Medium-Term Fiscal Plans (MFTPs), a key tool for fiscal prudence. Budget of ULBs are annual projections of cash flows, essentially, projected receipts and projected payments. However, like in the case of central and state governments, ULB's too need medium-term fiscal plans from which annual budgets can be drawn up, and variance against which is explained. This is important both for financial planning (i.e. to raise adequate revenues to meet financing of infrastructure and services) and to ensure financial sustainability (i.e. to ensure that financial position of the ULB is sound). Karnataka is the only state, among

the 11 states assessed, to mandate all ULBs to have a Medium-term Fiscal Plan vide the Act, but corresponding rules are yet to be notified. Lastly, ULBs are not empowered to raise market borrowings without the prior sanction of the State government and there is no institutional support offered by the government to tap into the same.

The inadequacies of the human resource management framework in Haryana ULBs has already been detailed in the previous section. To reiterate, while the State has a dedicated municipal cadre system, it does not encompass modern job descriptions covering both technical skills and managerial competencies for each role or position in the ULBs. Further, there is no mandate for periodic and scientific estimation of workforce requirements, no performance management framework for ULBs and no plan for capacity building of ULB staff based on assessment of training needs. It is interesting to note that Haryana mandates a minimum tenure of three years for the Commissioners of Municipal Corporations, a significant mandate to ensure executive leadership continuity. States such as Chhattisgarh, Karnataka, Madhya Pradesh, Maharashtra and Odisha also mandate a minimum term for Commissioners but it is only two years. However, there are no such mandates for the chief officers of municipalities in any of the States assessed.

**Therefore, in order to strengthen urban capacities and resources, we recommend the following measures:**

- 1. Amend Haryana Municipal Act, 1973 and Haryana Municipal Corporation Act, 1994 to:**
  - 1. Mandate ULBs to draw up and present standardized budgets that are comparable and provide information on both operational and function cost-types, including geographic allocations within the ULB (at a zone or division or ward level) to the best extent possible. Also, mandate ULBs to check on budget variance, to ensure realistic budgets are drawn up by them and variances are explained in detail along with next year's budget.**
  - 2. Mandate ULBs to have a Medium-Term Fiscal Plan with annual explanatory statements alongside annual budgets for variances from medium-term fiscal plans. The Karnataka Local Fund Authorities Fiscal Responsibility Act 2002 presents a model that is worth emulating across states.**
  - 3. Empower ULBs to raise borrowing within a comprehensive debt limitation policy**
- 2. State Govt to institute an urban infrastructure development finance corporation (UIDFC), on the lines of the Kerala model<sup>21</sup>. The newly created UIDFC in Haryana may undertake the functions similar to the indicative objectives and bye-laws of KURDF and the Development Fund under KLRL Act, 2012, as mentioned below.**

---

<sup>21</sup> Kerala Urban and Rural Development Finance Corporation Limited (KURDF) was established with an authorized capital of rupees twelve crores and the Development Fund was constituted under the Kerala Local Authorities Loans (KLRL) Act, 2012.

**Box 2 Objectives and Bye-laws of Kerala Urban and Rural Development Finance Corporation Limited (KURDF)**

- a. To provide technical or any other assistance and guidance to Urban and Rural Local Bodies in the matter of their developmental schemes, including implementation of the Master Plans prepared for the Urban and Rural Local Bodies;
- b. To provide assistance and guidance to urban and Rural Local Bodies for improving their administrative machinery and procedure
- c. To undertake the schemes in collaboration with the Urban and rural Local Bodies or with public undertakings
- d. To establish viable and sustainable financing arrangements, which enable creation, upgradation and maintenance of cost effective and quality civic infrastructure in the State
- e. To mobilize resources for infrastructure projects using various financing instruments and financial structures such as bonds or debentures, equity, pooled financing arrangements, etc.
- f. To enable the local authorities to access capital markets, financial institutions and private investors for setting up infrastructure projects in the State either individually or through such arrangements like pooled financing, guarantees and securitization
- g. To guarantee the performance of any contract or obligations and the payment for any bond issue or mobilization of resources by the local authorities
- h. To assist the local authorities in getting the participation of non-government sector in creation and maintenance of civic infrastructure through joint ventures and other innovative partnerships.
- i. To act as nodal or nominated agencies on behalf of the Central and/ or the State Governments for infrastructure projects in the State

3. **Mandate a minimum tenure of two years for commissioner/ chief officer across all ULBs of Haryana**
4. **Overhaul cadre and recruitment rules to bring them up to modern, contemporary standards of HR management, particularly in respect of revenue and finance functions. Normative standards need to be upgraded for each role in revenue and finance functions. Skills and competencies need to be defined in contemporary terms. Performance measures need to be laid down. Workforce requirements in ULBs need to be reviewed at periodic intervals based on the growth of the city and the ULB through a medium-term workforce plan.**
5. **Mandate ULBs to have a performance management system by putting in place quantitative performance metrics at staff and department level**
6. **Mandate ULBs to create a medium-term workforce plan and an annual workforce plan, aligned to medium term fiscal plan and annual budgets**

**Empowered and Legitimate Political Representation**

Haryana municipal legislations scores 4.13 on 10 securing 4<sup>th</sup> spot among the 11 states assessed on 'Empowered and Legitimate Political Representation'. Jharkhand secures first spot with a score of 6.88 on 10. While Haryana is progressive in being

one of the few states with directly elected mayors/ chairpersons with fixed 5-year tenures, but the mayors/ councils elected do not have substantial executive authority and are disempowered over budget setting and staff related matters.

**Table 2. 11 State-wise Score & Ranking for ‘Empowered & Legitimate Political Representation’ (ELPR)**

State	ELPR Score*	ELPR Rank
Kerala	6.04	1
Jharkhand	5.00	2
Gujarat	4.18	3
<b>Haryana</b>	<b>4.13</b>	<b>4</b>
Madhya Pradesh	3.50	5
Maharashtra	3.09	6
Manipur	3.06	7
Chhattisgarh	2.88	8
Odisha	2.85	9
Goa	2.14	10
Karnataka	2.08	11

*\*For municipal laws where question on metropolitan planning committee is not applicable, the overall scores of such states have been calculated excluding that question*

**Table 2. 12 Assessment Indicators for ‘Empowered & Legitimate Political Representation’**

S.No.	Questions / Indicators
1	Does the ULB have the following powers with respect to its employees?
	a) Appointment
	b) Disciplinary Action
	c) Termination
2	Does the Mayor of the ULB have a five year term?
3	Is the Mayor directly elected?
4	Does the Mayor / Council have the authority to appoint the Municipal Commissioner/Chief Executive of the ULB?
5	Is the Mayor an ex-officio member of the MPC?
6	Is the ULB responsible for providing all functions and services it is mandated to as per the 74th CAA?
7	Does the council have the final say in approving the city budget?
8	Is the SEC empowered to conduct delimitation of wards?
9	Are locally elected officials required to publicly disclose their income and assets, and their interests (in public works and contracts taken up by their immediate family)?

Unlike states like Gujarat and Kerala, the elected council of Haryana ULBs do not have the final approving authority over the budgets and have limited powers over municipal staff. Further, unlike states like Gujarat, Chhattisgarh or Jharkhand, MPCs and metropolitan development authorities of Gurugram and Faridabad do not provide the Mayor to be an ex-officio member of these bodies. While the legislations provide for the devolution of all 18 functions under the Twelfth Schedule of the Constitution, to the

ULBs; HMC Act, 1994 categorizes certain of these functions as obligatory and discretionary, thereby not mandating some of these functions to be delivered by the municipal corporations.

The State also do not mandate on disclosure of income, assets and conflict of interest of Councillors including that of their immediate family. Kerala and Karnataka (municipal corporations) are the only two states among the assessed to mandate so.

Further, it is important that an exercise like delimitation of wards be undertaken by an independent non-partisan body like the State Election Commission (SEC). However, Haryana does not empower its SEC over delimitation of wards unlike Gujarat, Kerala and Maharashtra.

**In the above context, we recommend that the government undertake following reforms to bolster its already progressive record in ensuring empowered political representation at the municipal level:**

- 1. Amend Haryana Municipal Act, 1973 and Haryana Municipal Corporation Act, 1994 act to**
  - i. Empower ULBs by giving final budget approval authority**
  - ii. Provide for appointment of Municipal Commissioner / Chief Officer in consultation with the Mayor/Council**
  - iii. Empower the State Election Commission on ward delimitation**
  - iv. Mandate disclosure of income, assets and conflict of interest of councilors including that of the immediate family**
- 2. Amend the Haryana Metropolitan Planning Committee Rules, 2011, to mandate Mayor to be an ex-officio member of the MPC**

### **Transparency, Accountability and Citizen Participation**

Haryana's weakest link in the City-Systems is Transparency, Accountability and Participation. The State scored only 3.5 on 10 securing fifth spot, compared to Kerala which scored 5.27 on 10 securing the first spot. While the state has progressive laws on public disclosures and citizen participation, the absence of notified rules or general administrative inertia impacts implementation. For instance, Haryana has enacted Public Disclosure Law and even notified its rules with respect to disclosure of audited financial statements, service level benchmarks, inter alia. It is only one of three states, assessed, that is compliant with the model Public Disclosure Law. However, the enactment of the law and notification of the rules indicates the fulfilment of a mere formality under a central scheme, with implementation being lax even for the largest municipal corporations.

**Table 2. 13 State-wise Score & Ranking for 'Transparency, Accountability & Citizen Participation' (TAP)**

State	TAP Score	TAP Rank
Kerala	5.27	1
Jharkhand	4.55	2
Maharashtra	4.52	3
Gujarat	3.64	4
<b>Haryana</b>	<b>3.50</b>	<b>5</b>

State	TAP Score	TAP Rank
Manipur	3.45	6
Karnataka	3.24	7
Madhya Pradesh	3.23	8
Odisha	3.05	9
Chhattisgarh	2.27	10
Goa	1.02	11

**Table 2. 14 Assessment Indicators for ‘Transparency, Accountability & Citizen Participation’**

S.No.	Questions / Indicators
1	Has the State Government enacted the Public Disclosure Law (PDL) and has the rules implementing the PDL being notified?
2	Is the State PDL compliant with the Model PDL with respect to:
a	Audited financial statement on quarterly basis
b	Audited financial statement on annual basis
c	Service level benchmarks
d	Particulars of major works
e	Details of plans, income and budget
3	Has the State Government enacted the Community Participation Law (CPL) AND have Rules implementing the CPL been notified?
4	Does the ULB have a participatory budgeting process in place?
5	Is the ULB required by its Municipal Act to carry out an Internal Audit (audit of process / internal controls) within a predetermined frequency, at least annual?
6	Does the law mandate the ULB to publish reports on the public domain?
a	Annual Budget
b	Annual Financial Statement
c	Internal Audit Reports
d	Minutes of Meetings
7	Has the state mandated guaranteed public service delivery to citizens?
8	Does the law mandate the ULB to have a digital governance policy/ roadmap?
9	Is there a provision mandating the ULBs to adopt open data standards?
10	Does the law mandate the ULB to have a citizen charter?
11	Does the ULB have an ombudsman for service related issues?
12	Is the Ombudsman authorized to:
a	Resolve inter-agency disputes?
b	Investigate corruption suo motu?

Similarly, the State has enacted the Haryana Municipal Citizens Participation Act, 2008 which mandates the constitution of ward committees & area sabhas. Only 3 other states, among the assessed – Gujarat, Madhya Pradesh & Karnataka (municipal

corporations) have enacted the Community Participation Law. However, rules corresponding to the Municipal Citizens' Participation Act, 2008 have not been notified, thereby impacting the implementation of creating formal and systematic citizen participation platforms such as ward committees and area sabhas. Furthermore, there is no mandate on ULBs for participatory budgeting, annual internal audits of processes and controls or adopting open data standards. There are no mandates for the ULBs to publish civic data such as the annual budget, minutes of meetings, annual financial statements or the internal audit reports. The state also does not mandate ULBs to prepare and publish a citizen charter, which are powerful tools of accountability and citizen grievances redressal. Maharashtra is the only state among the assessed to mandate ULBs to publish citizen charter. Haryana also do not have a provision to constitute Ombudsman for municipal service-related issues. States such as Kerala, Odisha, Manipur, Jharkhand and Karnataka (Bengaluru) have made such provisions by law.

**Thus, we recommend that the following reforms to strengthen transparency in ULBs and inculcate citizen participation in the decision-making process:**

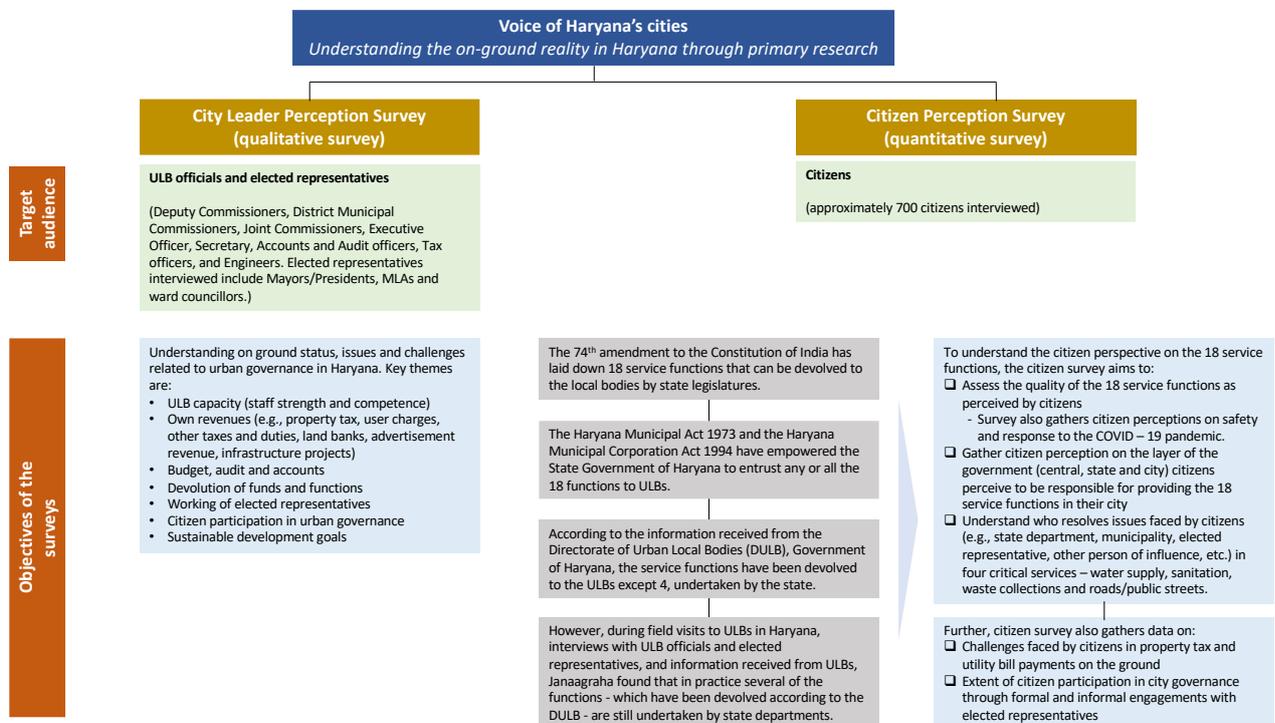
- 1. Notify corresponding rules to the Municipal Citizens' Participation Act, 2008**
- 2. Amend Haryana Municipal Act, 1973 and Haryana Municipal Corporation Act, 1994 act to:**
  - i. Mandate participatory budgeting to enable systematic citizen participation in budgeting accompanied by public disclosure of actionable financial and operational information**
  - ii. Mandate conduct of annual internal audit of process and internal controls, and the publication of the report in public domain including on the ULB website**
  - iii. Mandate ULBs to adopt open data standards through a comprehensive open data policy and disclosure of important actionable information in open data formats as laid out in the National Data Sharing and Accessibility Policy (NDSAP)**
  - iv. Mandate ULBs to prepare and publish a citizen charter**
  - v. Mandate ULBs to publish data regarding the annual budget, annual financial statements, internal audit reports and the minutes of meetings and proceedings of the council**
  - vi. Mandate ULBs to adopt a digital governance policy, to: a) Enable them to capture all transactions electronically at source and through the entire lifecycle of transactions, e.g. from DPR to tender to selection to work order to measurement book to quality certification to running bill payments/final settlements to contractors in the case of civil works; b) Prohibit manual record-keeping in ULBs in a phased manner; and c) Enable ULBs to capture financial data at disaggregated level (as individual transactions) and in open data format, and not in aggregated form**

# Chapter 3 – Voice of Haryana’s Cities

## Introduction

The 6<sup>th</sup> SFC engaged Janaagraha to undertake qualitative, perception-based surveys of city leaders (officials of Urban Local Bodies (ULBs) and elected representatives) and citizens in Haryana to understand the ground reality of urban governance and provision of basic services in the state. Figure 3.1 presents an overview of the objectives of the surveys undertaken.

**Figure 3.1 Overview of the city leader and citizen perception surveys undertaken by Janaagraha**



Janaagraha has undertaken the City Leaders’ and Citizens surveys in four selected ULBs - Gurugram Municipal Corporation, Panchkula Municipal Corporation, Hansi Municipal Council and Pundri Municipal Committee. The ULBs were selected in consultation with the 6<sup>th</sup> SFC, Haryana and the DULB, Government of Haryana, based on the criteria mentioned in Table 3.1.

**Table 3. 1 Criteria for ULB selection**

ULB Selected	ULB Type	Population (2011 Census)	Geographic spread (District)	Presence of industrial clusters*	Position in income index**
Gurugram	Corporation	High	Gurugram	Yes	High
Panchkula	Corporation	Low	Panchkula	No	High
Hansi	Council	Average	Hisar	Yes	Medium
Pundri	Committee	Average	Kaithal	No	Medium

\*Based on district-wise snapshot of industrial clusters as per the Haryana Vision 2030 report, published in 2017

\*\*Based on district-wise income index of Haryana as per the Haryana Vision 2030 report, published in 2017

The sections below present the context, approach and methodology, key findings (based on perceptions) and implications for recommendations from the city leader (I) and citizen (II) perception surveys.

## I. Voice of Haryana's City Leaders

### **Methodology:**

Janaagraha undertook qualitative interviews with Urban Local Body (ULB) officials and elected representatives in four selected ULBs in Haryana - Gurugram Municipal Corporation, Panchkula Municipal Corporation, Hansi Municipal Council and Pundri Municipal Committee. The interviews were conducted face to face during in-person visits to the respective ULBs and/or through video and telephone conferencing wherever in-person meetings were not possible.

The ULB officials who were interviewed include Deputy Commissioners, District Municipal Commissioners, Joint Commissioners, Executive Officer, Secretary, Accounts and Audit officers, Tax officers, and Engineers. Elected representatives interviewed include Mayors/Presidents, MLAs and ward councillors. Janaagraha also participated in divisional meetings hosted by the 6th State Finance Commission, Haryana, in Karnal, Gurugram, Ambala, Hisar and Faridabad. Table 3.2 presents a schedule of the discussions undertaken by Janaagraha with ULB officials and elected representatives.

The sections below present key insights based on the perceptions and opinions shared by ULB officials and elected representatives who Janaagraha interviewed in its ULB visits (in person or online) and those who participated in the divisional meetings mentioned above. The findings (substantiated with anonymous quotes by the interviews) are categorized into various themes, such as findings related to ULB capacity, own revenue, accounts, citizen participation, etc. Each theme concludes with 'implications for recommendations' for considerations of the 6<sup>th</sup> SFC.

**Table 3. 2 Schedule of discussions with ULB officials and elected representatives**

Meeting type	Date	Venue	Meeting participation type	Number of officials interviewed
Divisional meeting - Karnal	19 August 2021	Karna Lake Complex, Karnal	Physical, group meeting	-
Divisional meeting - Gurugram	20 August 2021	PWD Guest House, Gurugram	Physical, group meeting	-
ULB visit - Gurugram	24 August 2021	Municipal Corporation Office, Gurugram	Physical, one on one interactions	3
Divisional meeting - Ambala	25 August 2021	Kingfisher Tourist Complex, Ambala	Physical, group meeting	-
ULB visit - Panchkula	27 August 2021	Municipal Corporation Office, Sector 14 and Sector 4, Panchkula	Physical, one on one interactions	7
ULB visit - Kaithal and Pundri	2 September 2021	<ul style="list-style-type: none"> <li>• DMC Office, Kaithal</li> <li>• Municipal Council Office, Kaithal</li> <li>• Municipal Committee Office, Pundri</li> </ul>	Physical, one on one and group interactions	15
Divisional meeting - Hisar	21 September 2021	Haryana Agricultural University, Hisar	Physical, group meeting	-
Divisional meeting - Faridabad	28 September 2021	Hotel Raj Hans, Faridabad	Physical, group meeting	-
ULB visit - Hansi	<ul style="list-style-type: none"> <li>• 21 September 2021</li> <li>• 29 September 2021</li> </ul>	<ul style="list-style-type: none"> <li>• Municipal Council Office, Hansi</li> <li>• Video conference</li> </ul>	Physical and online (Google Meet), one on one interactions	5

## Key findings and Implications

### ULB capacity

- *Staff strength*

**Finding 1:** ULBs are significantly short-staffed irrespective of size, although the situation is graver in the relatively smaller ULBs. This deters service delivery and their

ability to collect and enforce taxes and user charges and innovate and undertake new initiatives.

*“There is a manpower issue in the property tax department.”*

- ULB Official, Gurugram

*“There is significant staff shortage. Only 10%-15% of the required positions are filled with regular staff. Rest everybody is on contract. Recruitment and staff deployment of regular employees is in the hands of the state government.”*

- ULB Official, Panchkula

*“Staff is very less. Sanitary Inspector is not able to visit as he has three charges. We had one accountant, he also left. Another one has additional charge. We have one municipal engineer and two junior engineers, all three are outsourced (not regular staff)”*

- ULB Official, Hansi

- **Staff capability and competence**

**Finding 2:** ULB officials receive negligible training to perform their functions, significantly deterring their efficiency and quality of work. Inadequate staff capability and lack of training is a challenge across big and small ULBs, and across all functions. Computer proficiency is also a critical skill gap.

*“Staff capability is an issue in the property tax department, many of them don’t know how to use a computer also when they get deputed. There is no capacity building. However, I don’t want to get into recruitment as there is too much political pressure.”*

- ULB Official, Gurugram

*“There is no training related to accounts/audit. Most staff are contracted. People take at least a year to pick up the work.”*

- ULB Official, Ambala

*“The state government wants to implement many things, but the staff is not trained. There is training at senior level only, if at all. This is not helpful because even if I get trained, my staff/team is not trained. This negatively impacts my efficiency.”*

- ULB Official, Panchkula

*“Staff training is required for all new policies, schemes”*

- ULB Official, Panchkula

*“Computer literacy is a big challenge.”*

- ULB Official, Kaithal

*“There are a lot of vacancies. People with experience are not coming to fill the posts. We need to run the ULB as a company in a professional manner with a strong core team. There is a need to amend recruitment rules, we need specialized people. Pay what they want. Appoint fewer but competent staff.”*

- ULB Official, Kaithal

*“Leadership training should be provided to Mayors. Mayors should be sent to countries such as Singapore to get exposure on how city governments work, the kind of work Mayors do. We*

*are still using old technologies (in lighting, building roads). This is mainly because the mayor has no exposure. Even officers should get a chance to visit other well performing urban areas in India and abroad.”*

- ULB Official, Kaithal

*“We receive no training on anything. Computer training is a very big need. We need practical training.”*

- ULB Official, Pundri

**Finding 3:** Infrastructure, staff vacancies and expertise vary significantly across ULBs. For instance, while Gurugram has two Chartered Accountancy (CA) firms managing their accounts on the latest Tally software, Panchkula does not have a CA firm, Kaithal district’s MC accounts (for 5 Councils & 1 Committee) is being overseen at the DMC office by 1 accounts officer, and Pundri has a team of only 2 people managing accounts in a hard copy register and on Microsoft Excel.

*“Physical audit being done. No IT system being used”*

- ULB Official, Pundri

*“IT infrastructure very weak in all ULBs. Needs to be strengthened.”*

- ULB Official, Hisar

*“Assess performance of ULB relative to their resources (staff, funds, etc.), otherwise rich will be richer and poor will be poorer”*

- ULB Official, Yamuna Nagar

#### **Implications for recommendations:**

- Need for State to support ULBs to upgrade human resource capacities. Establish a normative standard for infrastructure and staff and provide grants (if required) proportional to the needs of the ULB to reach that standard.
- Assess relative performance of ULBs after normalizing for infrastructure, staff strength and capability. Percentage improvement is a better metric than absolute performance.
- Address bottlenecks at the state level in filling vacancies in ULBs.
- Provide incentives to ULBs for achieving capacity building (training) of their staff

#### **Own revenues**

- **Property tax**

**Finding 4:** Property tax collection inefficiency and poor enforcement are key issues in all ULBs irrespective of size, although the situation is graver in relatively smaller ULBs and varies significantly across ULBs. There are challenges from both sides - the ULB (e.g., bills not sent timely, no reminder messages, poorly managed property registers, weak enforcement due to lack of staff or political pressures, etc.) and the citizens (e.g., lack of willingness to pay). In some ULBs, officials raised the issue that once enough

own source revenue is collected to cover salaries, tax officers became lethargic in their efforts to increase collection efficiency.

*“Bill is not sent to citizens in a timely manner. Citizens do not have willingness to pay taxes. We need a bigger team to undertake sealing of properties. Better to do tax collection through a private agency unless the government is able to get enough staff at its disposal. We receive thousands of files for corrections, there is no time left for recovery.”*

- ULB Official, Panchkula

*“No bills have been sent to citizens since the past few years. After Yashi Consultancy’s Haryana wide survey is completed, we will start sending bills. No reminders are sent either”*

- ULB Official, Hansi

*“Tax collections continue to remain weak due to lack of monitoring.”*

- ULB Official, Kaithal

*“If property tax is not paid there is no penal action taken against the citizens hence the revenue generation is less.”*

- ULB Official, Pundri

*“The only way to increase municipal council funds is through more power to enforce tax collections. Nobody pays the fine levied. Matters just go to court.”*

- ULB Official, Hansi

*“Issues in raising own revenue are related to politics. People use political connections to defer tax dues”*

- ULB Official, Hansi

*“Staff is getting money from stamp duty resources, so they have become lethargic to collect property taxes”*

- ULB Official, Hisar division

**Finding 5:** Survey of properties are typically done after 5-10 years, and independently by different ULBs with no standardizations in place. This leads to a number of issues related to tax assessment and coverage (tax net) due to construction of new property, expansion of existing property, unlawful change in use of existing property by citizens in the interim periods, etc. Currently, Yashi Consultancy is undertaking a state-wide property survey in Haryana.

*“Property surveys should happen every year ideally. Last survey was undertaken in 2014-15. Yashi Consultancy is currently doing an all-Haryana survey.”*

- ULB Official, Gurugram

*“Surveys should be done regularly so that there is digital information about every house. Also, every ULB does surveys in its own way, there is no standardization.”*

- ULB Official, Kaithal

**Finding 6:** There is a mixed view amongst ULB officials on whether or not there should be autonomy at the ULB level to decide property tax rates.

*“It is better if the state government decides the rates otherwise we have to deal with lot of local political pressure.”*

- ULB Official, Gurugram

*“Prior approval of state government for levying taxes should be continued.”*

- ULB Official, Yamuna Nagar

*“Continue prior approval of taxes from state.”*

- ULB Official, Panchkula

*“Property tax is decided by the state government. Should be decided by the MC or at least at a district level. There is huge difference between the level of development in Panchkula and Pundri – development charges cannot be same.”*

- ULB Official, Pundri

**Finding 7:** ULB officials feel that there is a need to raise taxes. The rates fixed are found to be very low and have remained unchanged for several years.

*“We have one of the lowest property tax, water, and sewerage charges in India.”*

- ULB Official, Gurugram

*“Property tax is being charged as per 2013 notification in Gurugram.”*

- ULB Official, Gurugram

**Finding 8:** The NDC portal has helped in improving property tax collections across ULBs however there continue to be errors, and difficulties in using an online system for ULB staff (lack of training, poor computer proficiency) and citizens (digital illiteracy).

*“The NDC portal helped ULBs to increase collection of property tax & other revenues however officers as well as common citizens face challenges in operating the portal.”*

- ULB Official, Pundri

*“Citizens don’t pay taxes till it is not an absolute need for instance due to NDC requirements in case of sale of property.”*

- ULB Official, Hansi

*“Sewerage/sanitation charges have been put on the NDC portal however there are numerous calculation issues which are being corrected manually.”*

- ULB Official, Panchkula

*“The NDC portal launched by the government has actually increased corruption and burden on the common man as most of them are digitally illiterate and now dependent on somebody to help them with the services through NDC. CFCs are not effective in this regard.”*

- ULB Official, Panchkula

#### **Implications for recommendations:**

- Need for State to provide handholding support to ULBs to streamline and standardize property tax system in ULBs including annual surveys, digital property register, effective collection mechanisms, automatic reminder system, periodic review of property tax rates (considering ULB feedback), and link with other user charges through single property ID (no dues certificate (NDC) already initiated).
- Provide incentives to motivate ULBs to adopt the NDC system fully, provide required training to ULB officers and support to citizens to use the portal easily.

- **User charges**

**Finding 9:** User charge (water and sewerage) collection inefficiency and lack of strong enforcement are key issues in all ULBs irrespective of size

*“Very few connections are legal. There is a lot of collection inefficiency.”*

- ULB Official, Gurugram

*“Sewerage/sanitation charges are mostly not recovered. There is no provision of charging interest.”*

- ULB Official, Panchkula

*“Strengthen online payment software for collection of government dues and increase coverage of different types of taxes. Inefficient collection, for example, we spend INR 24 to collect INR 100. Also, different agencies collect dues – e.g., different companies collect house tax, electricity, water, etc. Can have a common portal linked to a common House Tax ID, all dues will be visible on the portal for all services, user can simply log in to portal. Citizen also spends a lot of money to pay taxes – travel time, time spent on standing in line.”*

- ULB Official, Yamuna Nagar

*“There is a need to rationalize water and sewer charges. They are very low. Not collected. No bills sent.”*

- ULB Official, Ambala

**Finding 10:** ULB officials feel that there is a need to raise user charges for water and sanitation as they are unable to even recover costs. The water charges/ sewerage charges are charged as per the earlier notifications dated 2011 and 2015

*“GMDA gives bulk connection for water, MCG does retail. GMDA is charging INR 10 per kilo litre of water whereas we are charging INR 1 per kilo litre of water. It will be great if we have the power to increase rates. We can make city specific policies depending on for example paying capacity.”*

- ULB Official, Gurugram

#### **Implications for recommendations:**

- Periodic revision of user charges on water and sewerage
- Link property tax with all user charges through single property ID (no dues certificate (NDC) already initiated).

- **Other taxes, duties and charges**

**Finding 11:** ULBs should have the power to levy local taxes, fees, charges and cesses such as development taxes for regularizing colonies, cess on toll tax, taxes on banquets, etc.

*“Levy environment cess for solid waste and grey water management. There should be flexibility in levying taxes at ULB level – e.g., street lighting fees, environment tax, cess on sale of diesel, etc.”*

- ULB Official, Gurugram

*“Municipality should be asked to levy a tax for street lighting”*

- Elected Representative, Panchkula

**Finding 12:** Officials across all the ULBs surveyed raised their concern on loss of revenue from stamp duty due to holding back of 1% (viz half of 2% stamp duty) by the state government.

*“The government has suddenly (since the last 3-4 months) started to hold back half of the stamp duty collected (2%). Our revenue has gone down from INR 2 crores to 1 crore.”*

- ULB Official, Panchkula

*“Revenue sources of ULBs have been reduced by the State through reduction of Stamp Duty to 1% for ULBs”*

- ULB Official, Kaithal

*“Over the years the functions of ULBs have increased but the revenue sources have been declining-implementation of GST has subsumed all local taxes, then abolishing of vehicle registration charge and now reduction of Stamp Duty”.*

- ULB Official, Kaithal

**Finding 13:** Several ULB officials have raised the issue around inefficiencies in levying and collecting professional tax and trade license fees in commercial areas. Further, they are not able to levy trade license fees on shops in residential areas. Also, Haryana Municipal Act, 1973 devolves professional tax to ULBs but currently it's not levied by any ULB in Haryana.

*“We can collect INR 100-200 crores from trade licenses. 1500 licenses are issued as of now. This is very less. Shops in residential areas cannot be licensed. There is also an enforcement issue”*

- ULB Official, Gurugram

#### Implications for recommendations:

- Empower ULBs to levy their own local taxes
- Allocate incentive grants to motivate ULBs to improve their collection efficiencies for trade licensee fees and other taxes on commercial users

#### • Advertisement revenue

**Finding 14:** There is potential to make advertisement an important source of revenue for ULBs. However, a key issue in generating advertisement revenue is that the advertisement rates have been set by the state government. ULB officials suggest that the set rates are very high and hence do not attract the private sector. ULBs do not have the power to offer advertising space at lower rates.

*“Advertisement is a good opportunity to raise own revenues. However, no one fills tenders at the rates fixed by the state department – too high. The corporation has no powers to lower the rates.”*

- ULB Official, Panchkula

#### Implications for recommendations:

- Empower ULBs to set their own advertisement rates based on a transparent assessment of supply and demand.

### Revenue from ULB's land bank

**Finding 15:** ULBs own vast amounts of land however are not able to leverage this due to lack of capacity, expertise and clear records.

*"We have a lot of land bank. We don't know where it is. It is important to create an inventory of all common property resources, to be eventually used for revenue generation. I don't even have an inventory right now."*

- ULB Official, Sirsa

*"ULBs don't have expertise to develop and monetize land. It is not even clear where all the ULB has property. Property register is in a very bad shape"*

- ULB Official, Gurugram

*"Own revenues can be raised through proper use of land. We are not able to use land well. There are several issues such as encroachment and demarcation of land. This biggest issue is staff shortage (in terms of tehsildars, patwaris, building inspectors, etc.). Also, disposal of land is a very long process. The Commissioner has negligible powers in this regard."*

- ULB Official, Panchkula

#### Implications for recommendations:

- Provide incentives to motivate ULBs to increase man power resource for effective land utilization through hiring and providing technical capacity building to existing ULB staff on revenue mobilization from land resources

### Infrastructure projects

**Finding 16:** There is a need to build capacity of ULBs to enable them to create a shelf of viable infrastructure projects, undertake credit rating, and raise money from the market through public private partnership (PPP), municipal bonds etc.

*"Staff has no knowledge of bonds. Need capacity building in this area. Also, it is difficult to pay back the money borrowed."*

- ULB Official, Panchkula

*"There is no mechanism or guiding force for credit rating. Credit rating is very low for most ULBs, first need to work on improving that."*

- ULB Official, Ambala

*"New construction techniques are highly required – engineering department has failed in Haryana at the ULB level."*

- ULB Official, Panchkula

### Implications for recommendations:

- Need for State to set up an Urban Infrastructure Development Finance Corporation (UIDFC) which can:
  - (a) Raise pooled market borrowings at scale on behalf of ULBs, and
  - (b) Provide specialized capacity building and hand-holding support to ULBs to undertake project identification, feasibility, planning, PPP structuring, contract management etc. & engage with markets for accessing borrowings (project finance, municipal bonds & multilateral funding)

## Budget, audit and accounts

### Budget

**Finding 17:** In the ULBs surveyed, the budget process being followed is that the budget is prepared in the beginning of the calendar year by ULB officers, tabled and passed in the House where elected representatives have an opportunity to engage on it (although their level of effective participation is unclear). It is then approved by the Department of Urban Local Bodies at the state level.

**Finding 18:** ULBs surveyed do not have adequate expertise to make budgets.

*“ULBs have no expertise in making budgets”*

- ULB Official, Gurugram

**Finding 19:** ULBs prepare budgets only for Municipal Fund (i.e. own revenues & committed expenditures). Central & State grants are excluded as the ULBs have no visibility on those funds. As a result, all development works and capital expenditures are also not reflected in the budget estimates. This leads to poor financial planning and utilisation of sanctioned funds by the ULBs.

*“We do not know how much grants we will be receiving for any year”*

- ULB Official, Kaithal

### Implications for recommendations:

- Need for standardization of budget formats and reporting across ULBs in Haryana, and inclusion of Central and State grant funds in the budgets
- State to disclose proposed allocated amounts of both CFC and SFC grants for subsequent financial year, to all ULBs, by 31<sup>st</sup> March each year.
- Provide incentives to ULBs for providing training to their staff on formulating and managing budgets.

### Accounts

**Finding 20:** ULBs in Haryana have no common accounting software. There is also a huge disparity in the quality of software used for accounting across ULBs. While the

bigger ULBs (e.g., Gurugram) use advanced software such as Tally, small ULBs (e.g., Pundri) are maintaining accounts in registers and excel files.

*“There is no proper common software across Haryana. The state government has a good online accounting system at the state level.”*

- ULB Official, Panchkula

*“We need strong IT/software systems for finance.”*

- ULB Official, Panchkula

*“No software for accounting only manual account is maintained.”*

- ULB Official, Pundri

*“There is no software here. We maintain accounts manually in registers.”*

- ULB Official, Hansi

**Finding 21:** Haryana is still following a single-entry accounting system. Some ULBs such as Gurugram and Panchkula have adopted the double entry accrual-based accounting system, however, this is on their own initiative. There is no such mandate by the state government.

*“There is no mandate from the government to adopt double entry accounting. However, Panchkula has double entry accounting as its own initiative.”*

- ULB Official, Panchkula

*“The double entry system is not practiced in the ULBs of Haryana. We need a specialized person to handle double entry accounting. A complete handholding and training for preparation and maintenance of accounting records is required for the Accounts officials.”*

- ULB Official, Kaithal

**Finding 22:** The components of financial statements vary across ULBs in Haryana. For instance, Gurugram’s audited accounts comprises balance sheet, income and expenditure statement, auditor’s report and schedules to accounts. Most ULBs do not even prepare a balance sheet.

*“No uniform policy is present for maintenance of accounts and audit.”*

- ULB Official, Pundri

#### **Implications for recommendations:**

- Need for a centralized financial management software and standards for accounting and audit state-wide, allow monitoring at state level.
- Fast-track the publishing and implementation of State Municipal Accounting Manual and mandate preparation of ULB accounts based on double entry accounting system.

- **Audit**

**Finding 23:** Pre-audit and post-audit is undertaken by the local audit department. Also, there is shortage of staff with the Local Audit department due to which timely audit of ULBs is not possible.

**Implications for recommendations:**

- Provide special grants to ULBs to hire independent CA firms to conduct external audit of their annual accounts

## Devolution of funds and functions

- **Funds**

**Finding 24:** Same or higher weightage should be given to urban areas than rural areas because there is a lot migration to urban areas for work and urban infrastructure often services people from rural areas also

*“People are coming from village to city – devolution 50:50. You can cater to a lot more people if you focus on urban.”*

- ULB Official, Gurugram

*“I often have to send my fire brigade to deal with crisis in the rural areas around my ULB.”*

- ULB Official, Pundri

**Finding 25:** Each district/ULB has its own unique characteristics, strengths, and challenges which require due consideration while making decisions on devolution of funds and grants.

- Districts have very different urban: rural ratios.

*“In Haryana, urbanization is not the same across the state”*

- ULB Official, Gurugram

*“Rural population in Mahendragarh is 85%.”*

- ULB Official, Mahendragarh

*“Rural urban share should be as per projected population of district.”*

- ULB Official, Panchkula

*“District specific urban-rural ratios can be considered for devolution”*

- ULB Official, Faridabad

- ULBs have unique characteristics such as a very high level of industrialization (e.g., Faridabad) and economic activity (e.g., Gurugram), high levels of daily migration (e.g., Gurugram).

*“There is a high burden of floating population in Gurugram. During the day, population actually increases from actual 20 lakh to 30 lakh.”*

- ULB Official, Gurugram

- There is significant disparity between ULBs in terms of financial resources.

*“Revenue deficit grants required as ULBs not in good state.”*

- ULB Official, Mahendragarh

*“We don’t need to raise bonds, we have sufficient funds to undertake capital expenditure.”*  
- ULB Official, Gurugram

*“Panchkula Municipal Corporation has enough financial resources”*  
- ULB Official, Panchkula

**Finding 26:** There is a mixed view amongst ULB officials on whether grants should be tied to use with some flexibility built in when needed, or untied. Many officials have recommended special grant for managing disasters.

*“Funds should be tied based on drinking water, sanitation, etc. Don’t leave absolutely free.”*  
- ULB Official, Ambala

*“Give mostly tied grants. Little untied for emergencies such as urgent road repair.”*  
- ULB Official, Mahendragarh

*“All grants must be tied. Untied should be only own funds. SFC grant should be used for asset creation only.”*  
- ULB official, Jind

*“Grants should be untied except in matters of national importance, etc.”*  
- ULB official, Hisar

*“Tied grants mostly remain unused.”*  
- ULB official, Fatehabad

*“Everything should be untied with broad objectives (e.g., street, education, etc.), otherwise very difficult to use. Also, specific needs are very different from district to district. Timely release of grants is also an issue – should be released at least twice a year and the release should be subject to audit (conditional release).”*  
- ULB official, Sirsa

*“Local bodies should have autonomy of converting tied funds to untied funds in emergencies such as COVID.”*  
- ULB Official, Panchkula

*“Have 1% separate untied funds for disaster management”*  
- ULB Official, Jind

#### **Implications for recommendations:**

- Consider unique characteristics at the district and/or ULB level while deciding the basis/criteria for devolution of funds and grants.

#### • **Functions**

**Finding 27:** Multiple agencies are undertaking the same functions on ground in different areas in the city leading to confusion and inefficiency. For instance, in Gurugram, water supply is undertaken by the ULB and HSVP and the charges vary significantly between the two providers.

*“There is lot of confusion because different functions are undertaken by different agencies. Also, multiple agencies perform the same function in a city depending on specific area.”*

- ULB Official, Fatehabad

*“Remove ambiguity in charges for same service being levied by different agencies (e.g., HUDA versus ULB).”*

- ULB Official, Panchkula

*“Solid waste management: We don’t have our own plant. The state government is not able to set up a plant, they have put out tenders on multiple occasions, but the tenders keep getting cancelled. The municipal corporation is not allowed to set up its own plant.”*

- ULB Official, Panchkula

*“Multiple agencies on ground to manage infrastructure. We need a common portal that segregates which department is responsible for which road for example. We also need a portal for sharing assets and their maintenance.”*

- ULB Official, Ambala

*“All departments should report to ULB.”*

- ULB Official, Ambala

**Finding 28:** There is efficiency in the ULB undertaking all functions as a single agency working at the local level. However, many of them raised concerns about functions being devolved without technical, financial and human resources.

*“It is better if the municipal corporation undertakes all functions. Everything will be done by one entity. We need financial, technical and human resources to deal with functions being devolved.”*

- ULB Official, Panchkula

*“For the functions that have been devolved, there has been no transfer of resources (human, financial or technical expertise) to deal with it. For example, in sewerage we have not even had a handover where we were told where the sewer line is going, don’t know where to dig in case of an issue. No training, no handover.”*

- ULB Official, Panchkula

*“Due to staff shortage, we will never be ready to take over more functions”*

- ULB Official, Hansi

*“The government [state departments] is also doing a good job however it will be better if all functions are transferred to the ULB – then we can have a single nodal agency. However, this is of course subject to financial resources also being given to the ULB.”*

- Elected Representative, Panchkula

*“Service quality will be better if everything is done by ULB. Inter-dep coordination, policies can be uniform. We have the capacity to do everything, but decision is with the state government.”*

- ULB Official, Gurugram

### Implications for recommendations:

- Allocate dedicated grants tied to devolution of functions, ensuring coverage of handover, manpower, operational, training costs.

## Elected representatives

### Role/powers

**Finding 29:** There is a mismatch between the perspective of ULB officials and elected representatives on the powers of elected representatives. Several ULB officials feel that elected representatives have adequate powers through the functioning of the House and that the role of elected representatives should be administrative only, so as to avoid risk of personal and/or political interests interfering with the day-to-day functioning of the ULBs. However, elected representatives feel that they do not have any power at all and all power rests with the officials and/or state.

### Opinions of ULB officials:

*“There is a good balance of power between the elected representatives and the administrative officers. Executive powers lie with the administrative officers.”*

- ULB Official, Panchkula

*“It is better to have as less political interference as possible. Corruption is high, arbitrariness is high. Public representatives should not have financial powers.”*

- ULB Official, Panchkula

*“Mayors should not have any financial power. Financial powers should be with accounts officers under supervision of the commissioner. Otherwise, mayors will exploit such power. Mayors should have administrative and monitoring power only.”*

- ULB Official, Kaithal

*“The President is one of the signatories along with Secretary on the cheques. He has no responsibility/accountability.”*

- ULB Official, Pundri

*“Elected representatives have the power of the House. It’s enough. In the house meetings, we discuss ward issues and city issues.”*

- ULB Official, Hansi

### Opinions of elected representatives:

*“The House has a power of INR 2.5 crores for approval on its own. Anything beyond that is sent to the DULB for approval. We have no idea what gets approved and what doesn’t at DULB. No feedback comes our way. Officers at our ULB say that we can’t work till we don’t get DULB approval. Approval may not come for 6 month – 1 year or even more.”*

- Elected representative, Panchkula

*“The ward councilors should have more power. They know most about their wards. In case we get more power, there are enough ways to ensure accountability – e.g., public vote, videos, etc. People ask questions to councilors. We are answerable to them.”*

- Elected Representative, Pundri

*“We have no power besides the house. It would be good to have power of signing on a satisfaction certificate once work is done. Right now, officials release payment without asking us whether the work has been completed to our satisfaction. We are involved in the initial process of bringing the proposal to the table and getting it approved in the House.”*

- Elected Representative, Hansi

*“There are no ward committees in Pundri. Why should we call the citizens for a discussion when we can’t do the work for them because we have no power to do it.”*

- Elected Representative, Pundri

## Engagement with ULB officials

**Finding 30:** Despite differing perspectives on power, elected representatives and ULB officials are broadly comfortable with each other at the working level, although this varies considerably from person to person.

*“Coordination with elected representatives is fine.”*

- ULB Official, Panchkula

*“We get good cooperation from councilors for property tax collection.”*

- ULB Official, Gurugram

*“Agenda for house meetings is given beforehand. Some agenda is also received through conversations with public. We have proper discussions in the House. If we are not able to get things done then we go to the DC and get it done..... Broadly, the system is working fine (between ULB officials and elected representatives).”*

- Elected representative, Hansi

## Engagement with MLAs

**Finding 31:** The relationships between local elected representatives (mayors, ward councillors) and MLAs vary across ULBs.

*“We have very cordial relations with our MLA (Speaker). There are no issues.”*

- Elected Representative, Panchkula

*“Everything is influenced by the Vidhayak (MLA). Huge interference/control/involvement of Vidhayak.”*

- Elected Representative, Pundri

### Implications for recommendations:

- Clearly define the jurisdiction of mayors, ward councilors, MLAs/MPs
- Increase accountability of elected representatives through proper frameworks and aim to transfer the onus on to them (like at the state and national levels)

## Citizen participation

**Finding 32:** Citizen feedback in urban governance in Haryana is limited. It is expected that ward councillors represent the voice of citizens in the House meetings but actually there is limited or no formal and structured communication channel between ward councillors and citizens through formats such as ward committee meetings. The communication is mostly ad hoc and/or grievance based.

*“We don’t have any official committees where we talk to citizens. But we often talk to them privately on issues such as development needs, grievances, sometimes policy also.”*

- Elected Representative, Hansi

### Implications for recommendations:

- Need for formation and proper functioning of ward committees, and for ensuring citizen awareness about this

## Sustainable development goals

**Finding 33:** ULB officials do not know much about sustainable development goals (SDGs) and there is no formal/structured way in which SDGs are being consciously embraced in their daily work or planning.

*“Nobody knows anything about this. We are not involved. Nobody even knows what Niti Aayog is doing.”*

- ULB Official, Panchkula

*“90% officers do not know SDGs. It depends on an officer’s own efforts.”*

- ULB Official, Kaithal

### Implications for recommendations:

- Need for undertaking awareness training of officials and elected representatives on SDGs.
- Provide incentives to motivate ULBs to improve key SDG indicators where they are lagging.
- An SDG Cell can be created within SJHIFM, with technical support of the UNDP, to develop the framework and implement a mechanism for collecting, validating, and monitoring required data points of all 93 ULBs (as on 1<sup>st</sup> November 2021) on ongoing basis.

## II. Voice of Haryana's citizens

### **About the citizen perception survey**

Recognizing ULBs as institutes of self-governance, the Constitution of India, vide the seventy fourth amendment, laid down 18 service functions (listed under the 12th Schedule)<sup>22</sup> that can be devolved to the local bodies by state legislatures. The Haryana Municipal Act 1973 and the Haryana Municipal Corporation Act 1994 empower the State Government of Haryana to entrust any or all the 18 functions to the urban local bodies (ULBs).

According to the information received from the Directorate of Urban Local Bodies (DULB),<sup>23</sup> Government of Haryana, the aforementioned service functions have been devolved to the ULBs except wastewater management (sewerage and sanitation), urban forestry, safeguarding interests of weaker sections, and promotion of cultural and educational aspects, which are undertaken by various departments of the State Government of Haryana.

However, during field visits to Urban Local Bodies (ULBs) in Haryana, interviews with ULB administrative officials and elected representatives, and information received from ULBs, Janaagraha found that in practice several of the functions - which have been devolved according to the information received from DULB - are still being undertaken by state departments. For some services such as water supply, the process of transferring the service to the ULBs has been initiated, although it has only been completed for 11 Municipal Corporations in Haryana.<sup>24</sup> Therefore, there is a mismatch between the devolution achieved according to the DULB versus the ground reality shared by ULB officials and elected representatives (refer Table 3.3 below). Perceptions of the DULB and ULB officials in all the four ULBs surveyed are aligned only for 3 out of the 18 services functions.

---

<sup>22</sup> Water supply for domestic, industrial and commercial purposes; public health, sanitation conservancy and solid waste management; roads and bridges; public amenities including street lighting, parking lots, bus stops and public conveniences; provision of urban amenities and facilities such as parks, gardens, playgrounds; urban forestry, protection of the environment and promotion of ecological aspects; urban planning including town planning; regulation of land use and construction of buildings; fire services; burials and burial grounds, cremations, cremation grounds crematoriums; promotion of cultural, educational, and aesthetic aspects; cattle ponds and preventions of cruelty to animals; regulation of slaughterhouses and tanneries; vital statistics including registration of births and deaths; slum improvement and up gradation; urban poverty alleviation; planning for economic and social development; and, safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded.

<sup>23</sup> As stated by them in response to our questionnaire

<sup>24</sup> As per information provided by Public Health and Engineering Department (PHED), Government of Haryana

**Table 3. 3 Perceptions of DULB, ULB officials and elected representatives on devolution of the 18 service functions**

S. No.	Functions	DULB	Gurugram (Corp)	Panchkula (Corp)	Hansi (Council)	Pundri (Committee)
1	Urban planning including town planning	√	X	X	X	√ (Municipality only does execution, rest done by Department of Town & Country Planning)
2	Regulation of land use and construction of buildings	√	X	√	√	√ (Municipality only does execution, rest done by Department of Town & Country Planning)
3	Planning of economic and social development	√	X	X	X	X
4	Roads and bridges	√	√	√	X (Municipality does roads inside colonies only, rest done by Public Works Department/National Highways Authority of India)	X (Municipality does streets only, rest done by Public Works Department)
5	Water supply for domestic, industrial, and commercial purposes	√	√ (Partially undertaken by municipality and Haryana Shahari Vikas Pradhikaran)	√	X	X
6	Public health, sanitation conservancy and solid waste	X (Sewerage and sanitation undertaken by Public Health Engineering Department/ULB (partially implemented))	√	√	√ (Municipality does only sanitation, sewerage done by Public Health Engineering Department)	X
7	Fire services	√	X	√	√	√
8	Urban forestry, protection of the environment and promotion of ecological aspects	X (Forest Department/ULB (partially implemented))	√	X	X	X
9	Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded	X (Social Justice and Empowerment Department/ULB (partially implemented))	X	X	X	X
10	Slum improvement and up gradation	√	√	X	X	√
11	Urban Poverty alleviation	√	X	X	X	X
12	Provision of urban amenities and facilities such as parks, gardens, and playgrounds	√	√	√	√	√
13	Promotion of cultural, educational, and aesthetic aspects	X (Public Relations and Education Department/ULB (partially implemented))	X	X	X	X

S. No.	Functions	DULB	Gurugram (Corp)	Panchkula (Corp)	Hansi (Council)	Pundri (Committee)
14	Burials and burial grounds, cremations, cremation grounds crematoriums	√	√	√	√	√
15	Cattle ponds and preventions of cruelty to animals	√	X	√	X	√
16	Vital statistics including registration of births and deaths	√	X	√	X	√
17	Public amenities including street lighting, parking lots, bus stops and public convenience	√	√	√	X	√
18	Regulation of slaughterhouses and tanneries	√	X	√	√	√

Source: Information received from DULB, Information received from ULBs and from face-to-face/telephonic interactions with ULB officials.

Note: The ticks related to ULBs may include partly or fully devolved. To the extent available, information on part-devolution has been included in the table

To understand the citizen perspective on the 18 service functions, Janaagraha undertook a survey to:

- Assess the quality of the 18 service functions as perceived by citizens in four selected ULBs - Gurugram Municipal Corporation, Panchkula Municipal Corporation, Hansi Municipal Council and Pundri Municipal Committee. In addition to the 18 service functions, Janaagraha also gathered citizen perceptions on safety and response to the COVID – 19 pandemic by city governments. *Section B* of the chapter presents Janaagraha's city selection and sampling methodology, *Section C* presents the demographic profile of the citizens surveyed, *Section D* of the chapter presents the quality perceptions of the citizens.
- Gather citizen perception on the layer of the government (central, state and city) they perceive to be responsible for providing the 18 service functions in their city. *Section E* of the chapter presents the detailed findings.
- Understand who resolves issues faced by citizens (e.g., state department, municipality, elected representative, other person of influence, etc.) in four critical services – water supply, sanitation, waste collections and roads/public streets. *Section F* of the chapter presents the detailed findings.
- Further, Janaagraha's citizen perception survey also gathers data on challenges faced by citizens in property tax and utility bill payments on the ground. *Section G* of the chapter presents the detailed findings.
- Finally, *Section H* of the chapter presents findings on the extent of citizen participation in city governance through formal and informal engagements with elected representatives.
- A summary of all key findings is presented in *Section A* of the chapter.

**[Important disclaimer: Please note that the citizen samples surveyed are not representative of the respective cities individually or collectively of the state of Haryana. The analysis undertaken is only indicative of the broad perceptions of citizens on various aspects in their respective cities.]**

## A. Key findings and Implications

### 1. Citizen perception of quality of services in the four ULBs selected - a snapshot

*[Note: The findings presented below are based on the perception of majority/plurality (largest proportion) of the citizens surveyed in each ULB – refer Table 3.4 and Table 3.5 for service function wise city categorization]*

- **Water supply:** Citizens in the four ULBs surveyed have access to piped water however number of hours of water supply received in a day is very low (<8 hours). Water quality in terms of appearance is good (transparent), except in Hansi (turbid/very turbid).
- **Public health, sanitation conservancy and solid waste management:**
  - Citizens in the four ULBs surveyed have access to a piped sewer system. The incidence of blockages in the sewer line is rare/very rare except in Hansi where the largest proportion of citizens surveyed perceive that their sewer line gets blocked once or more than once a month.
  - Citizens in Gurugram, Hansi and Pundri perceive garbage collection in terms of frequency of to be good. However, it is an issue in Panchkula where equal proportions of citizens surveyed perceive that (a) garbage is collected less than once a week or never and (b) garbage is collected once a day. Garbage is collected from their doorstep for most citizens surveyed in the four ULBs.
- **Roads and bridges:** Citizens surveyed in the four ULBs have a pukka road in front of their homes. Those in the larger ULBs Gurugram and Panchkula perceive the condition of the road to be average to good, with almost similar proportions of the population saying both. In Hansi and Pundri, the largest proportion of citizens surveyed perceive the condition of the road in front of their house to be good/very good. In terms of water logging in the monsoon season, the citizens surveyed perceive this as a severe problem in Gurugram and Hansi.
- **Public amenities including street lighting, parking lots, bus stops and public conveniences**
  - Citizens surveyed perceive street lighting to be good in all the four ULBs in terms of both number of streetlights installed as well as their working condition.
  - Bus stops are located less than 1 km from their home for most citizens surveyed in the larger ULBs, Gurugram and Panchkula. In the smaller ULBs, Hansi and Pundri, the distance from home to the nearest bus stop is almost double (1-2 kms) for the largest proportion of citizens surveyed.
  - Parking near their home is an issue for citizens in all the four ULBs surveyed, although it is more severe in the smaller ULBs, Hansi and Pundri. The largest proportion of citizens surveyed perceive parking in public places to be convenient/very convenient in Gurugram and of average convenience in Panchkula. However, this is a challenge in the smaller ULBs – Hansi and Pundri.
- **Provision of urban amenities and facilities such as parks, gardens, playgrounds:** Majority of the citizens surveyed in the larger ULBs, Gurugram and Panchkula, have a park/garden/playground within 1 km from their homes, while the distance is almost double (1-2 kms) for citizens in Hansi and Pundri. Citizens generally perceive the quality of the park/garden/playground to be average, except in Pundri where they perceive it as good.
- **Urban forestry, protection of the environment and promotion of ecological aspects:** The largest proportions of citizens surveyed in Gurugram, Panchkula and Hansi perceive the quality of forests/green cover to be average in their city, while those in Pundri perceive it to be good/very good.

- **Urban planning including town planning:** The largest proportion of citizens surveyed in Gurugram, Panchkula and Hansi perceive the quality of urban planning to be average in their city, while those in Pundri perceive it to be good/very good.
- **Regulation of land use and construction of buildings:** Laws related to land use and construction of buildings in the city are not clear to majority of the citizens surveyed in Gurugram, Panchkula and Pundri; and the citizens surveyed in these ULBs do not know much about the level of enforcement of these laws. However, the situation is significantly different in Hansi, where majority of the citizens surveyed say that they understand the laws and perceive the laws to be very strict and well enforced.
- **Fire services:** The largest proportion of citizens surveyed in the larger ULBs, Gurugram and Panchkula, perceive the quality of fire services to be average, and those in the smaller ULBs – Hansi and Pundri – perceive them to be good.
- **Burials and burial grounds, cremations, cremation grounds crematoriums:** Citizens surveyed in the larger ULBs, Gurugram and Panchkula, perceive the quality of burial and cremation services to be average, while those in Pundri perceive them to be poor/very poor. Citizens in Hansi do not know much about burial and cremation services in their city.
- **Promotion of cultural, educational, and aesthetic aspects:** Citizens surveyed do not perceive the government to put in much effort for promotion of art and culture (e.g., fests, shows, restoring/maintaining monuments) in the city. The perception is worst for citizens of Hansi.
- **Cattle ponds and preventions of cruelty to animals:** Citizens surveyed in the larger ULBs, Gurugram and Panchkula, perceive stray animals to be a moderate problem while those in the smaller ULBs – Hansi and Pundri, perceive it to be a serious problem.
- **Regulation of slaughterhouses and tanneries:** Citizens surveyed in all the four ULBs do not know much about slaughterhouses and tanneries in their city and are unable to provide an opinion on their cleanliness.
- **Vital statistics including registration of births and deaths:** Citizens surveyed in the larger ULBs, Gurugram and Panchkula, perceive the quality of birth and death registry services in their city to be average, while those in smaller ULBs – Hansi and Pundri, perceive them as good.
- **Slum improvement and up gradation and urban poverty alleviation:** Citizens surveyed do not perceive much improvement in the situation of slums (in terms of infrastructure) or the lives of urban poor (in terms of their livelihood) in their city. The perception is worst for citizens of Hansi.
- **Planning for economic and social development:** While citizens surveyed in the large ULBs – Gurugram and Panchkula – agree/strongly agree that there are adequate work opportunities for them in the city, perception of the citizens in the smaller ULBs – Hansi and Pundri is quite opposite, particularly in Hansi.
- **Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded:** Citizens surveyed in all the four ULBs believe that people are treated equally in their city, although in Hansi a large proportion of citizens surveyed also think that the city does not have equal treatment of people. The keys reasons of unequal treatment as perceived by the citizens surveyed are income and caste, followed by religion (except in Hansi), disabilities and gender.

- **Safety:** While the citizens surveyed in the four ULBs feel safe both during the day and night, the feeling of safety is slightly better in the daytime. In Hansi, there is a moderate concern of safety at night.
- **Response of the government to the COVID-19 pandemic:**
  - Only the citizens surveyed in Pundri perceive good/very good management of the pandemic by the city government on all four fronts assessed – quarantine, containment zones, contact tracing and emergency healthcare. Only the category of ‘emergency healthcare’ was rated as good or very good by a plurality of citizens in all cities.
  - The perception of citizens in Panchkula is relatively average across the categories.
  - Across the other cities, citizens surveyed perceive the quality of quarantine management to be average (Gurugram and Panchkula) or poor/very poor (Hansi).
  - Except in Panchkula, citizens surveyed perceive the quality of containment zones and contact tracing to be good/very good in their city.
  - Very few citizens perceived the quality of COVID related services in their city to be very poor (except the element of quarantine in Hansi).

[Due to a difference in how DULB and ULB officials and elected representatives see devolution of functions, it is not possible to systematically align citizens’ perceptions on quality of services across devolved and not devolved service functions]

**Note for interpreting Tables 3.4 and 3.5:** Green, yellow, and red colors imply that citizens perceive a relatively good, average and poor quality of service respectively in their city, while blue indicates that citizens did not know about the service (refer Table 3.4). The city’s color category is based on the option chosen by more than 50% of citizens surveyed (majority). In case there is no majority for any response, plurality is adopted i.e., the highest proportion of response is selected as the city category. In case of a tie, the less favorable response is assigned as the city category.

**Table 3. 4 Meaning of the categories/colours**

Category A	Citizens perceive relatively good quality of service
Category B	Citizens perceive relatively average quality of service
Category C	Citizens perceive relatively poor quality of service
Category D	Citizens do not have a perception about the quality of service (citizens selected 'don't know' - based on majority or plurality)

**Table 3. 5 Citizen perception of quality of 18 service functions devolved by the 74th Amendment of the Constitution, safety, and response to the COVID -19 pandemic by the city government**

Criteria	Gurugram	Panchkula	Hansi	Pundri
<b>1. Water supply for domestic, industrial and commercial purposes</b>				
<b>Piped water:</b> <ul style="list-style-type: none"> <li>• Piped water supply: Category A</li> <li>• Borewell: Category</li> <li>• Anything else: Category C</li> </ul>				
<b>Hours of water supply per day:</b> <ul style="list-style-type: none"> <li>• 17-24 hours of water supply: Category A</li> <li>• 9-16 hours of water supply: Category B</li> <li>• 0-8 hours of water supply.: Category C</li> </ul>				
<b>Appearance of water supplied:</b> <ul style="list-style-type: none"> <li>• Transparent or absolutely transparent: Category A</li> <li>• Neutral: Category B</li> <li>• Turbid or very turbid: Category C</li> </ul>				
<b>2. Public health, sanitation conservancy and solid waste management</b>				
<b>Type of toilet facility:</b> <ul style="list-style-type: none"> <li>• Piped sewer system: Category A</li> <li>• Connection to a septic tank: Category B</li> <li>• Anything else: Category C</li> </ul>				
<b>Blockage of piped sewer line:</b> <ul style="list-style-type: none"> <li>• Never or very rare: Category A</li> <li>• Once or 2-3 times a year: Category B</li> <li>• Once or more than once a month: Category C</li> </ul>				
<b>Frequency of garbage collection from home:</b> <ul style="list-style-type: none"> <li>• More than once a day or once a day: Category A</li> <li>• Several times a week or once a week: Category B</li> <li>• Less frequently than once a week or Never: Category C</li> </ul>				
<b>Location at which garbage is picked up:</b> <ul style="list-style-type: none"> <li>• At your door: Category A</li> <li>• At the end of the street or outside my neighbourhood: Category B</li> <li>• Outside my neighbourhood: Category C</li> </ul>				
<b>3. Roads and bridges</b>				
<b>Type of road in front of home:</b> <ul style="list-style-type: none"> <li>• Pakka: Category A</li> <li>• Kutcha: Category C</li> </ul>				
<b>Condition of road in front of home:</b> <ul style="list-style-type: none"> <li>• Good/very good: Category A</li> <li>• Average: Category B</li> <li>• Poor/very poor: Category C</li> </ul>				

Criteria	Gurugram	Panchkula	Hansi	Pundri
<b>Water logging of road in front of home:</b> <ul style="list-style-type: none"> <li>No: Category A</li> <li>Yes: Category C</li> </ul>				
<b>4. Public amenities including street lighting, parking lots, bus stops and public conveniences</b>				
<b>Adequacy of street lights:</b> <ul style="list-style-type: none"> <li>Good/very good: Category A</li> <li>Average: Category B</li> <li>Poor/very poor: Category C</li> </ul>				
<b>Working condition of street lights at night:</b> <ul style="list-style-type: none"> <li>Good/very good: Category A</li> <li>Average: Category B</li> <li>Poor/very poor: Category C</li> </ul>				
<b>Distance of nearest bus stop from home:</b> <ul style="list-style-type: none"> <li>Less than 500m or 500m to 1km: Category A</li> <li>1-2kms: Category B</li> <li>2-5 kms or more than 5kms: Category C</li> </ul>				
<b>Convenience to find public parking next to home:</b> <ul style="list-style-type: none"> <li>Convenient/very convenient: Category A</li> <li>Average: Category B</li> <li>Inconvenient/very inconvenient: Category C</li> </ul>				
<b>Convenience to find public parking in the city:</b> <ul style="list-style-type: none"> <li>Convenient/very convenient: Category A</li> <li>Average: Category B</li> <li>Inconvenient/very inconvenient: Category C</li> </ul>				
<b>5. Provision of urban amenities and facilities such as parks, gardens, playgrounds</b>				
<b>Distance of nearest park/garden/playground from home:</b> <ul style="list-style-type: none"> <li>Less than 500m or 500m to 1km: Category A</li> <li>1-2kms: Category B</li> <li>2-5 kms or 5-10 kms or more than 10kms: Category C</li> </ul>				
<b>Quality of nearest park/garden/playground from home:</b> <ul style="list-style-type: none"> <li>Good/very good: Category A</li> <li>Average: Category B</li> <li>Poor/very poor: Category C</li> </ul>				
<b>6. Urban forestry, protection of the environment and promotion of ecological aspects</b>				
<b>Quality of forests/green cover in the city:</b> <ul style="list-style-type: none"> <li>Good/very good: Category A</li> <li>Average: Category B</li> <li>Poor/very poor: Category C</li> </ul>				
<b>7. Urban planning including town planning</b>				
<b>Quality of urban planning of the city:</b> <ul style="list-style-type: none"> <li>Good/very good: Category A</li> <li>Average: Category B</li> <li>Poor/very poor: Category C</li> </ul>				
<b>8. Regulation of land use and construction of buildings</b>				
<b>Clarity (personally) on laws related to land use and construction of buildings in the city:</b> <ul style="list-style-type: none"> <li>Yes: Category A</li> <li>Somewhat: Category B</li> <li>No: Category C</li> </ul>				

Criteria	Gurugram	Panchkula	Hansi	Pundri
<b>Enforcement of land use and building construction laws in the city:</b> <ul style="list-style-type: none"> <li>Laws are very strict and well enforced: Category A</li> <li>Laws are moderately enforced: Category B</li> <li>Laws are enforced very leniently or laws are enforced arbitrarily using personal discretion: Category C</li> </ul>				
<b>9. Fire services</b>				
<b>Quality of fire services in the city:</b> <ul style="list-style-type: none"> <li>Good/very good: Category A</li> <li>Average: Category B</li> <li>Poor/very poor: Category C</li> </ul>				
<b>10. Burials and burial grounds, cremations, cremation grounds crematoriums</b>				
<b>Quality of burials and burial grounds, cremations, cremation grounds crematoriums in the city:</b> <ul style="list-style-type: none"> <li>Good/very good: Category A</li> <li>Average: Category B</li> <li>Poor/very poor: Category C</li> </ul>				
<b>11. Promotion of cultural, educational, and aesthetic aspects</b>				
<b>Extent to which the government promotes art and culture (e.g., fests, shows, restoring/maintaining monuments) in the city:</b> <ul style="list-style-type: none"> <li>A lot: Category A</li> <li>Not much: Category B</li> <li>Not at all: Category C</li> </ul>				
<b>12. Cattle ponds and preventions of cruelty to animals</b>				
<b>Extent of problem of stray animals (dogs, monkeys) in the city:</b> <ul style="list-style-type: none"> <li>Not at all: Category A</li> <li>Not much: Category B</li> <li>A lot: Category C</li> </ul>				
<b>13. Regulation of slaughterhouses and tanneries</b>				
<b>Cleanliness of slaughterhouses and tanneries in the city:</b> <ul style="list-style-type: none"> <li>Clean/very clean: Category A</li> <li>Average: Category B</li> <li>Dirty/very dirty: Category C</li> </ul>				
<b>14. Vital statistics including registration of births and deaths</b>				
<b>Quality of birth and death registry services in the city:</b> <ul style="list-style-type: none"> <li>Good/very good: Category A</li> <li>Average: Category B</li> <li>Poor/very poor: Category C</li> </ul>				
<b>15. Slum improvement and up gradation</b>				
<b>Extent of improvement in the situation of slums (in terms of their infrastructure) in the city over the past 3 years:</b> <ul style="list-style-type: none"> <li>A lot: Category A</li> <li>Not much: Category B</li> <li>Not at all: Category C</li> </ul>				
<b>16. Urban poverty alleviation</b>				

Criteria	Gurugram	Panchkula	Hansi	Pundri
<b>Extent of improvement in the situation of the urban poor (in terms of their livelihood – e.g., employment) in the city over the past 3 years:</b> <ul style="list-style-type: none"> <li>• A lot: Category A</li> <li>• Not much: Category B</li> <li>• Not at all: Category C</li> </ul>				
<b>17. Planning for economic and social development</b>				
<b>Extent of agreement that there are adequate opportunities for you to work in the city:</b> <ul style="list-style-type: none"> <li>• Agree/strongly agree: Category A</li> <li>• Neutral: Category B</li> <li>• Disagree/strongly disagree: Category C</li> </ul>				
<b>18. Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded</b>				
<b>Citizen perception on whether people are treated equally in the city:</b> <ul style="list-style-type: none"> <li>• Yes: Category A</li> <li>• No: Category C</li> </ul>				
<b>19. Safety</b>				
<b>Feeling of safety in public places during the day:</b> <ul style="list-style-type: none"> <li>• Safe/very safe: Category A</li> <li>• Average: Category B</li> <li>• Unsafe/very unsafe: Category C</li> </ul>				
<b>Feeling of safety in public places during the night:</b> <ul style="list-style-type: none"> <li>• Safe/very safe: Category A</li> <li>• Average: Category B</li> <li>• Unsafe/very unsafe: Category C</li> </ul>				
<b>20. Response to COVID – 19</b>				
<b>Quarantine:</b> <ul style="list-style-type: none"> <li>• Good/very good: Category A</li> <li>• Average: Category B</li> <li>• Poor/very poor: Category C</li> </ul>				
<b>Containment zones:</b> <ul style="list-style-type: none"> <li>• Good/very good: Category A</li> <li>• Average: Category B</li> <li>• Poor/very poor: Category C</li> </ul>				
<b>Contact tracing:</b> <ul style="list-style-type: none"> <li>• Good/very good: Category A</li> <li>• Average: Category B</li> <li>• Poor/very poor: Category C</li> </ul>				
<b>Emergency healthcare:</b> <ul style="list-style-type: none"> <li>• Good/very good: Category A</li> <li>• Average: Category B</li> <li>• Poor/very poor: Category C</li> </ul>				

Note: This table only intends to provide a broad indication. Please refer to detailed charts and tables in the report and annexures for precise numeric details.

## 2. Most citizens (>50%) surveyed in each of the four ULBs selected perceive the municipality to be responsible for undertaking all<sup>25</sup> the 18 service

<sup>25</sup> With a few exceptions in Hansi

functions that may be devolved to local bodies as per the seventy fourth amendment of the Constitution of India, irrespective of which entity (municipality or state entity) actually provides the service on ground (refer Tables 3.6 and 3.7).

**Table 3. 6 Criteria for categorization – perception of citizens surveyed on which layer of the government is responsible for providing the service**

	>=75% - <=100% citizens surveyed perceive municipality to be the only entity responsible for undertaking the service
	>=50% - <75% citizens surveyed perceive municipality to be the only entity responsible for undertaking the service
	< 50% citizens surveyed perceive municipality to be the only entity responsible for undertaking the service

**Table 3. 7 City categorization based on perception of citizens surveyed who believe only the municipality is responsible for the providing the service**

Service function	Gurugram	Panchkula	Hansi	Pundri
1. Water supply for domestic, industrial and commercial purposes				
2. Public health, sanitation conservancy and solid waste management				
▪ Sewerage				
▪ Waste collection				
3. Roads/public streets				
4. Provision of public amenities including street lighting, bus stops and parking				
▪ Streetlights				
▪ Bus stops				
▪ Parking				
5. Provision of urban amenities and facilities such as parks, gardens, playgrounds				
6. Urban forestry, protection of the environment and promotion of ecological aspects				
7. Urban planning including town planning				
8. Regulation of land use and construction of buildings				

9. Fire services				
10. Burials and burial grounds, cremations, cremation grounds crematoriums				
11. Promotion of cultural, educational, and aesthetic aspects				
12. Cattle ponds and preventions of cruelty to animals				
13. Regulation of slaughterhouses and tanneries*				
14. Vital statistics including registration of births and deaths				
15. Slum improvement and up gradation				
16. Urban poverty alleviation				
17. Planning for economic and social development				
18. Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded				

\*94% of the citizens surveyed in Hansi selected 'don't know' in response to the question on which layer of the government is responsible for slaughterhouses and tanneries in their city

- 3. Citizen issues related to water supply, sewerage, waste collection and roads/public streets are mainly resolved by the corporator or municipality, irrespective of which entity (municipality or state entity) actually provides the service on ground (refer Table 3.8).**
- In Hansi, it is primarily the corporator resolving the citizen issues, rather than the municipality.

**Table 3. 8 Summary of citizen feedback (percentage of respondents): The last time you had an issue that you couldn't deal with yourself/within your household, who resolved it for you?**

		Corporator	Municipality	Other (including state entity/ parastatals)	Issue not resolved	Don't know/ refused to answer	Never faced an issue
Gurugram	Water supply	19%	35%	3%	6%	7%	30%
	Sewerage	23%	33%	5%	3%	6%	31%
	Waste collection	14%	37%	5%	3%	7%	34%
	Roads/ streets	20%	34%	2%	9%	6%	29%
Panchkula	Water supply	21%	27%	1%	1%	6%	44%
	Sewerage	21%	24%	4%	0%	9%	41%
	Waste collection	23%	24%	1%	7%	5%	40%

	<b>Roads/ streets</b>	24%	24%	0%	8%	5%	38%
<b>Hansi</b>	<b>Water supply</b>	94%	1%	2%	0%	4%	0%
	<b>Sewerage</b>	91%	1%	3%	0%	5%	0%
	<b>Waste collection</b>	92%	1%	2%	0%	4%	0%
	<b>Roads/ streets</b>	93%	1%	2%	0%	4%	0%
<b>Pundri</b>	<b>Water supply</b>	13%	51%	1%	1%	0%	35%
	<b>Sewerage</b>	15%	49%	2%	0%	0%	35%
	<b>Waste collection</b>	15%	49%	0%	2%	1%	34%
	<b>Roads/ streets</b>	15%	48%	1%	3%	1%	33%

4. The discussion above in the Introduction section and points 1, 2 and 3 in the Key Findings section indicates that there is confusion in provision of basic services and infrastructure in the cities of Haryana because for many of the service functions there is a mismatch between
- Who is supposed to provide the service (according to the DULB),
  - Who is actually providing the service on ground (according to the ULB officials and elected representatives),
  - Who is perceived to be providing the service (according to citizens), and
  - Who is resolving issues in basic services faced by citizens (according to citizens).

This leads to citizens going to the wrong entities for issue resolution and involves other layers of the government (corporator) for issue resolution.

#### Implications for recommendations

- Ensure timeline for the DULB, state civic agencies and ULBs to devolve all the 18 service functions. Link devolution to grants.
- Create awareness amongst citizens on who is responsible for provision of the service.
- Commission Haryana-wide survey on citizen perception of quality of basic services and infrastructure. Rank all cities of Haryana annually. Link ranking to rewards and/or need-based grants.

#### 5. Property tax

- A significant number of citizens selected 'Don't Know' when asked about how they learn about their property tax dues or any challenges faced in paying property tax – indicative of low collection efficiency.
- From those who answered the questions on property tax, most citizens said that they receive hard copy bills through post or visit by a tax collection officer.

- From those who answered the questions on property tax, the top 3 challenges raised by citizens in paying property tax are as follows:
  - o Citizens don't know when they must pay the property tax every year as they don't receive a timely bill.
  - o Citizens don't receive reminders from the municipality closer to the due date (in-person or through SMS).
  - o Citizens don't understand the tax computation formula.

### Implications for recommendations

- Need for State to provide handholding support to ULBs to streamline and standardize property tax system in ULBs including annual surveys, digital property register, effective collection mechanisms, automatic reminder system, periodic review of property tax rates (considering ULB feedback), and link with other user charges through single property ID (no dues certificate (NDC) already initiated).
- Provide incentives to motivate ULBs to adopt the NDC system fully, provide required training to ULB officers and support to citizens to use the portal easily.

### 6. Utility bill payments (water)

- A significant number of citizens selected 'Don't Know' when asked about how they learn about their utility bill dues – indicative of low collection efficiency. From those who answered the questions on utility bills, most citizens said that they receive hard copy bills through post or visit by a tax collection officer.
- Over 70% of the citizens surveyed in the four ULBs did not much about challenges faced in payment of utility bills.
  - o In Hansi, relatively lesser citizens surveyed selected 'don't know' as compared to the other three ULBs. 'Don't receive a timely bill' and 'Don't receive SMS reminders' were top challenges stated by citizens of Hansi.

### Implications for recommendations

- Link property tax with all user charges through single property ID (no dues certificate (NDC) already initiated) and establish effective collection mechanisms.
- Provide incentives to motivate ULBs to adopt the NDC system fully, provide required training to ULB officers and support to citizens to use the portal easily.

- 7. There is negligible citizen participation in governance (formal or informal). This is aligned with Janaagraha's findings from the city leader surveys which indicate that there are no formal meetings conducted for engagement with citizens in Haryana. While it is expected that ward councillors and the mayor/president represent the voice of citizens in the House meetings, in reality there is limited or no formal and structured**

**communication channel between ward councillors and citizens through formats such as ward committee meetings.**

### **Implications for recommendations**

- ❑ Need for formation and proper functioning of ward committees, and for ensuring citizen awareness about this

*[Important disclaimer: Please note that the citizen samples surveyed are not representative of the respective cities individually or collectively of the state of Haryana. The analysis undertaken is only indicative of the broad perceptions of citizens on various aspects in their respective cities.]*

## **B. Sampling methodology**

The urban population in Haryana above the age of 18 years (voting age) as per Census 2011 is 5.8 million.<sup>26</sup> This is the target population for the study. To ensure a representative sample with 95% confidence level and 3.7% confidence interval, Janaagraha estimated the overall sample size to be 700 citizens. Janaagraha drew a sample of 175 – 180 citizens<sup>27</sup> from each of the four selected cities – Gurugram (Municipal Corporation), Panchkula (Municipal Corporation), Hansi (municipal council) in Hisar district, and Pundri (municipal committee) in Kaithal district.

Polling parts are the smallest unit of administration and are identified and defined in all cities by the Election Commission of India. Janaagraha used polling parts as the anchor of its sampling frame.

Janaagraha adopted a combination of random and purposeful sampling techniques for this survey as explained below:

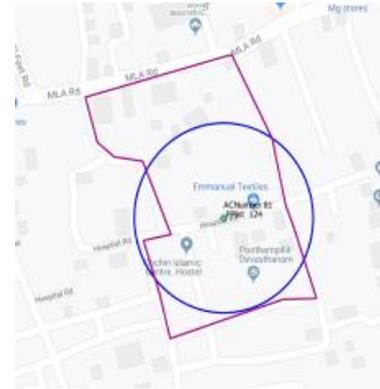
1. For each city, Janaagraha obtained the list of wards - the electoral unit for municipal elections – from the respective state election commission (SEC) websites/district websites and/or the ULBs themselves. Thereafter, for each ward within a city, Janaagraha listed out the polling parts along with their polling station addresses.
2. Janaagraha drew a random sample of adequate polling parts for each city, ensuring geographic spread, with 3-12 interviews from each polling part depending on the ULB (see Table 3.9 for details).

---

<sup>26</sup> Office of the Registrar General & Census Commissioner, India. Retrieved from <https://censusindia.gov.in/2011census/C-series/C-13.html>, last accessed 12 August 2021

<sup>27</sup> Actual number of interviews conducted in each ULB are: Gurugram - 175, Panchkula - 180, Hansi - 179, Pundri -179

3. Typically, polling part maps are available on the second page of the electoral lists. The maps clearly identify the boundaries and streets of the polling part. However, the maps of the selected ULBs were not available in the electoral list and/or were not found to be of usable quality. Therefore, Janaagraha created a proxy polling part maps by plotting polling stations and drawing circles with 100m radii around each of them. A polling part generally covers 800-1,200 individuals (around 300 households), and the 100 m radii ensures similar coverage of citizens on an average.<sup>28</sup> Thereafter, Janaagraha isolated each polling station circle separately and drew polygons to capture the outer streets closest to the circle edges. Please see sample image (Figure 3.1).



**Figure 3. 2 Sample polling part map**

4. Once the street map was ready, Janaagraha allocated a random start location for the field team on the map itself and estimated the number of buildings in that area using Google Earth images. Thereafter, Janaagraha calculated a skipping number by dividing the estimated number of buildings in the area by the total number of interviews to be conducted in that area.
5. The field team then walked along the street and used the right-hand rule to select households for interviews based on the pre-determined skipping number (e.g., they interviewed every 5<sup>th</sup> household if the skipping number is 5). From within a household, the field team randomly selected the adult (above 18 years of age) who celebrated his/her birthday most recently. The field team also ensured that they alternatively interviewed a male and a female respondent as they moved from household to household, to ensure a gender balance.

In case nobody was available for the interview at the selected house, the field team undertook two return visits on different days/times, after which they dropped the household. If the originally selected household got dropped, the field team approached the household which was on the immediate right using standard substitution rules and followed the same methodology to interview an adult respondent as explained in the paragraph above. If they were not able to secure an interview in this household as well, the field team moved to the household on the immediate left, and then 2-to-the-right, then 2-to-the-left, and so on. If anyone refused to take part in the research, similarly, the next household to the right would be selected, then left, 2-to-the-right, and so on.

The above explained methodology was used to undertake 150 organic interviews in each city. The interviews emerging from such a methodology typically leads to selection of a sample that is representative of all social – economic groups. However, Janaagraha also undertook interviews of an additional sample of 25 citizens in each ULB to capture slums or other special interest areas/citizen groups (scheduled

<sup>28</sup> Based on Janaagraha research undertaken for the *Jana-Brown citizenship Index project*

castes/scheduled tribes, minority religions in the city). Janaagraha identified such areas using a mix of methods including:

- Local knowledge,
- Matching information on slums for each city from Census 2011 data, and
- Looking for areas with significant blue tarp using Google Earth.

Janaagraha selected 2-3 different slum areas (urban poor) in each city and applied a similar methodology, as described above, to survey 8-13 citizens in each of these areas, depending on the ULB (see Table 3.9 for details).

**Table 3. 9 ULB - wise sampling details**

	Gurugram	Panchkula	Hansi	Pundri
<b>Normal interviews</b>				
Number of wards	35	20	27	13
Polling parts randomly selected per ward	1	2	1	1
Polling parts replaced*	8	8	8	7
Interviews per polling part	4-5	3-4	5-6	11-12
Skipping number	15	20	15	8
<b>Slum interviews (booster)</b>				
Slums selected	<ul style="list-style-type: none"> <li>Devilal Colony</li> <li>Prem Puri, Sector 32</li> <li>Institutional Area, Sector 32</li> </ul>	<ul style="list-style-type: none"> <li>Kharak Mangoli</li> <li>Rajiv Colony</li> <li>Indira Colony</li> </ul>	<ul style="list-style-type: none"> <li>Bogha Ram Colony</li> <li>Subhash Colony</li> <li>Advocate Colony</li> </ul>	<ul style="list-style-type: none"> <li>Back side of LIC building, on Pai Road Pundri</li> <li>Kaithni Gate - Valimiki Mohala</li> </ul> <p>(Note: There are only two slums in Pundri)</p>
Interviews per slum	8-9	8-9	8-9	12-13
Skipping number	6	6	6	6

\*Some polling parts had to be replaced due to reasons such as survey team not allowed to enter a locality, polling station address unidentifiable on Google Maps, same polling station address for two polling parts, etc. In such situations, the team selected an alternative polling part ensuring randomness of the selection.

Gurugram:

- There was only 1 polling part in ward number 4. Citizens in that area refused interviews. Therefore, an alternative polling part was selected randomly from ward number 29 as it has a large number of polling parts.
- Citizens refused interviews in the originally selected polling part in ward numbers 29, 30, 32, 34 and 35. Therefore, the polling parts were replaced with the immediate next ones within the same wards.
- Citizens refused interviews in the originally selected polling part in ward number 33. Therefore, the polling part was replaced with the immediate next one. However, the next polling part showed the same polling station address as the previous one. Since ward number 33 only has two polling parts, an alternative polling part was selected from ward number 34 as it has a large number of polling parts. Citizens refused interviews in this polling part, and it was replaced with the immediate next one within ward number 34.
- Polling parts information for ward number 25 was not available. Therefore, Janaagraha randomly selected a polling part in ward number 6 as it has a large number of polling parts.

*Panchkula:*

- *The polling station address of one of the randomly selected polling parts in ward number 7 was found to be in the same building as the polling station of one of the randomly selected polling parts in ward number 6. Therefore, the polling part of ward number 7 was replaced with the immediate next polling part within ward number 7.*
- *Polling station addresses could not be found for any (except one) of the polling parts in ward number 9 and 15. Therefore, one of the polling parts from ward number 9 and 15 each was replaced with the nearest police station as the centre point for drawing the polling part map.*
- *Both the originally selected polling parts in ward numbers 10, 13 and 16 had their polling stations located in the same building. Therefore, one the polling parts was replaced with the immediate next one in the same wards.*
- *Polling station addresses could not be found on Google Maps for both the originally selected polling parts in ward number 20. Therefore, both were replaced with immediate next polling parts in the same ward.*

*Hansi:*

- *The polling station address of the originally selected polling parts could not be found on Google Maps for ward numbers 3, 4, 8 and 14. Therefore, polling parts were replaced with the immediate next ones within the same wards.*
- *There is only one polling part in ward numbers 11, 15, 16 and 25. The polling station addresses of these polling parts could not be found on Google Maps. Therefore, the nearest police stations were selected as the centre points for creating the polling part maps.*

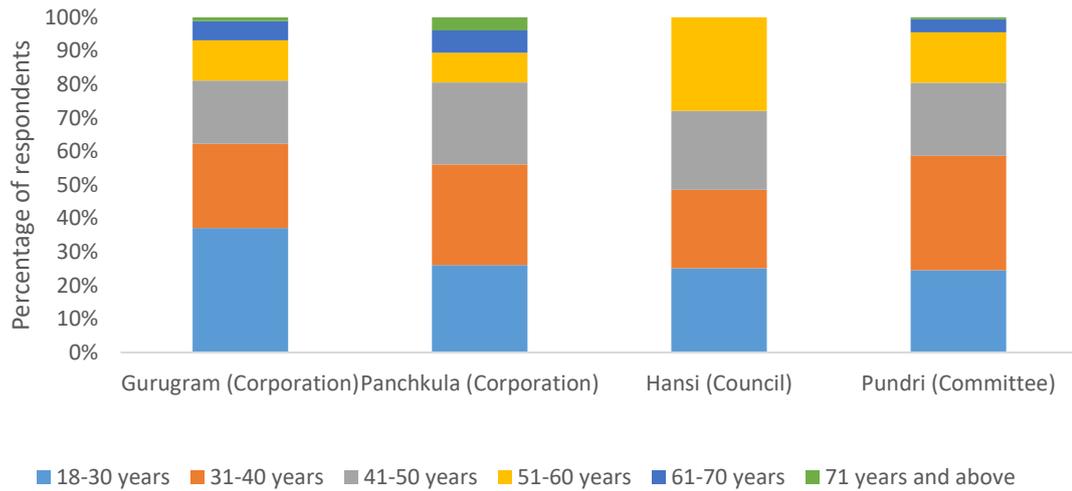
*Pundri:*

- *Each ward has only one polling part in Pundri. The polling station addresses are same for several wards. Therefore, in such cases they are replaced with the nearest landmark:*
  - *Ward number 4 – Polling station address same as ward number 3, hence polling station replaced with nearest police station.*
  - *Ward number 6 – Polling station address same as ward number 5, hence polling station replaced with nearest temple.*
  - *Ward number 7 – Polling station address same as ward numbers 3 and 4, hence polling station replaced with nearest post office.*
  - *Ward number 8 – Polling station address same as ward number 2, hence polling station replaced with nearest temple.*
  - *Ward number 9 – Polling station address same as ward numbers 2 and 8, hence polling station replaced with nearest church.*
  - *Ward number 12 – Polling station address same as ward number 11, hence polling station replaced with nearest temple.*
  - *Ward number 13 – Polling station address same as ward number 1, hence polling station replaced with nearest masjid.*

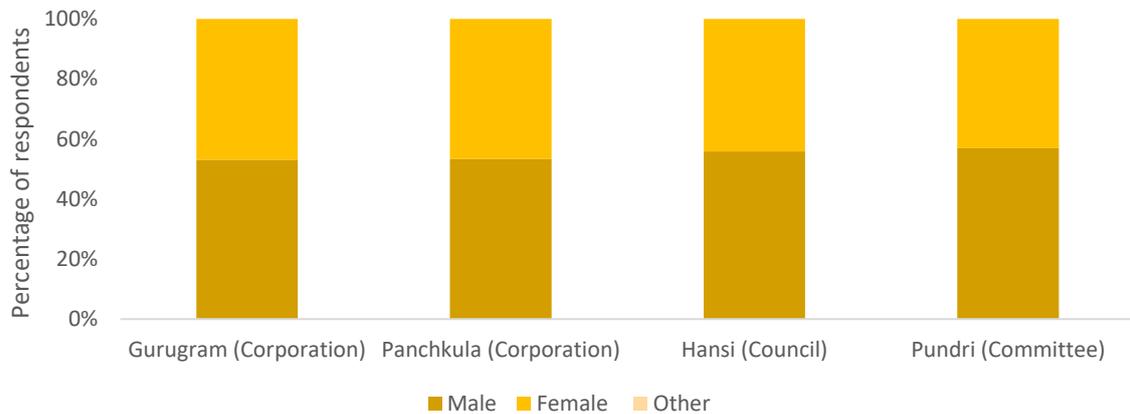
### C. Demographic profile of citizens surveyed

- The citizens surveyed across the four selected ULBs belong to a good mix of age groups, educational qualification, household income level, household size, socio-economic classification, marital status and an approximate 50-50 gender split (refer Graph 3.1-3.7 and Table 3.10).

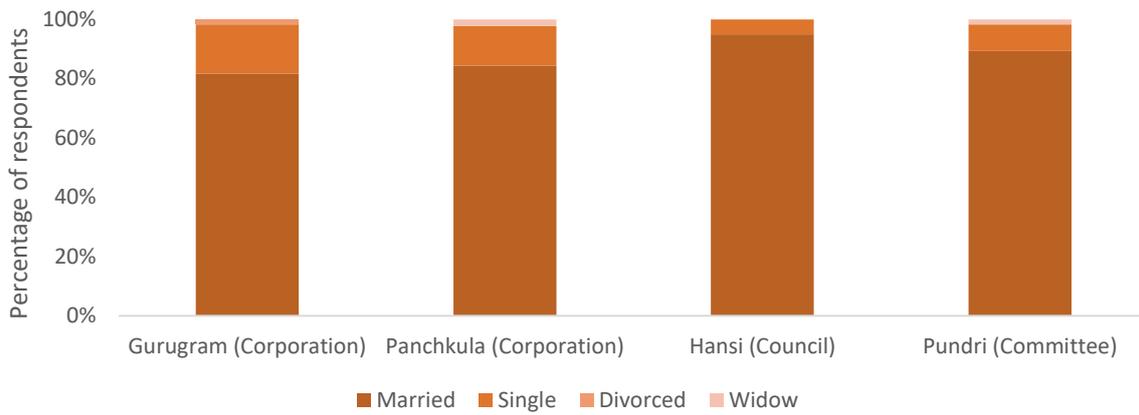
**Graph 3. 1 Age group of citizens surveyed**



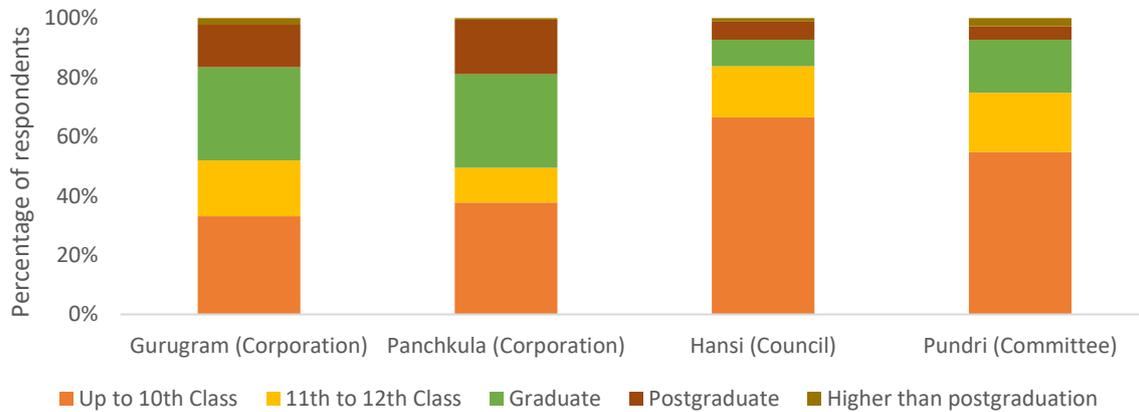
**Graph 3. 2 Gender of citizens surveyed**



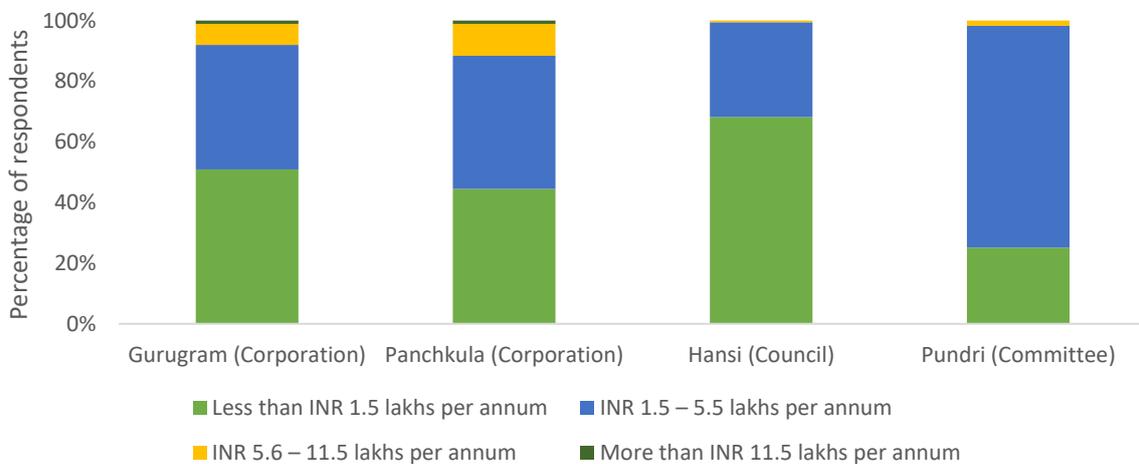
**Graph 3. 3 Marital status of citizens surveyed**



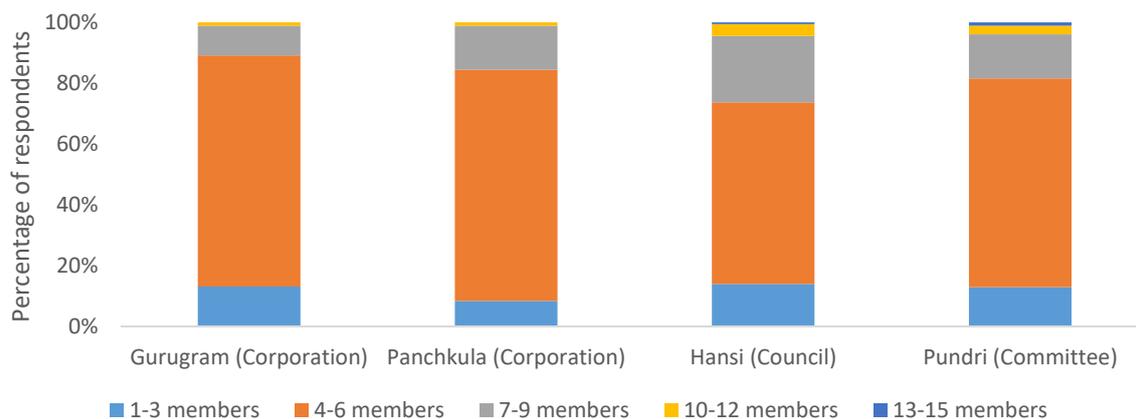
**Graph 3. 4 Education level of citizens surveyed**



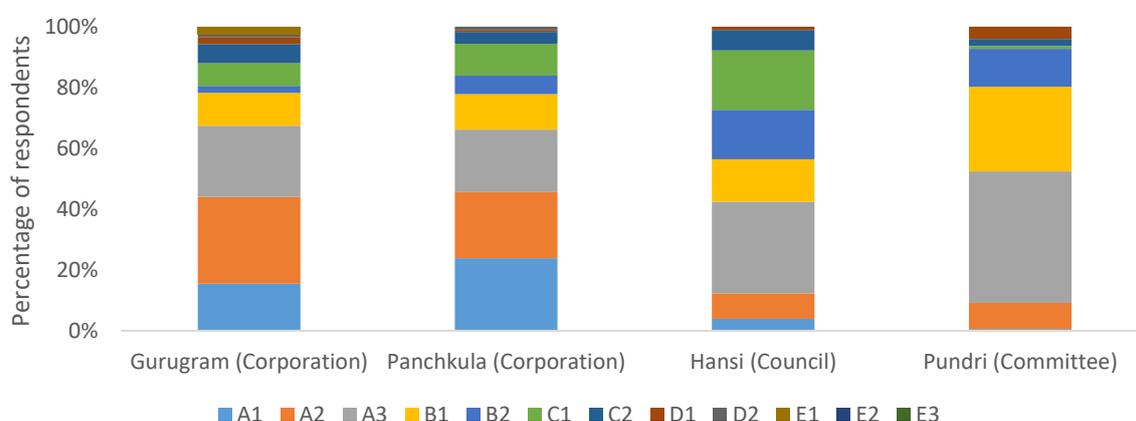
**Graph 3. 5 Household income of citizens surveyed**



**Graph 3. 6 Household size of citizens surveyed**



**Graph 3. 7 Socio-economic classification (SEC)**



*Note: SEC classification classifies households in India based on education of chief earner and number of consumer durables owned by the family (e.g., electricity connection, agricultural land, two-wheeler, refrigerator, etc.). Refer to Table 3.10 below to interpret the SEC classification.*

**Table 3. 10 Interpreting SEC classification**

No. of Durables	Chief Earner: Education						
	Illiterate	Literate but no formal schooling/ school up to 4 years	Schooling - 5 to 9 years	SSC/ HSC	Some College (including a Diploma) but not Graduate	Graduate/ Postgraduate: General	Graduate/ Postgraduate: Professional
	1	2	3	4	5	6	7
None	E3	E2	E2	E2	E2	E1	D2
1	E2	E1	E1	E1	D2	D2	D2
2	E1	E1	D2	D2	D1	D1	D1

3	D2	D2	D1	D1	C2	C2	C2
4	D1	C2	C2	C1	C1	B2	B2
5	C2	C1	C1	B2	B1	B1	B1
6	C1	B2	B2	B1	A3	A3	A3
7	C1	B1	B1	A3	A3	A2	A2
8	B1	A3	A3	A3	A2	A2	A2
9+	B1	A3	A3	A2	A2	A1	A1

## D. Quality of crucial public services

The perceptions of the citizens on quality of services are categorized into four categories (refer Table 3.11) based on certain underlying rules (refer Table 3.12).

**Table 3. 11 Meaning of the categories**

Category A	Citizens perceive relatively good quality of service
Category B	Citizens perceive relatively average quality of service
Category C	Citizens perceive relatively poor quality of service
Category D	Citizens do not have a perception about the quality of service (citizens selected 'don't know' - based on majority or plurality)

**Table 3. 12 Rules for categorization**

- City categorization is based on the option chosen by more than 50% of citizens surveyed (i.e., the majority). In case there was no majority for any response, the plurality response was adopted i.e., the response which the largest proportion of citizens selected.
- In case of a tie, the less favorable response was assigned as the city category

**Important disclaimer:**

- Please note that the citizen samples surveyed are not representative of the respective cities individually or collectively of the state of Haryana. The analysis undertaken is only indicative of the broad perceptions of citizens about the quality of services.

## 1. Water supply for domestic, industrial and commercial purposes

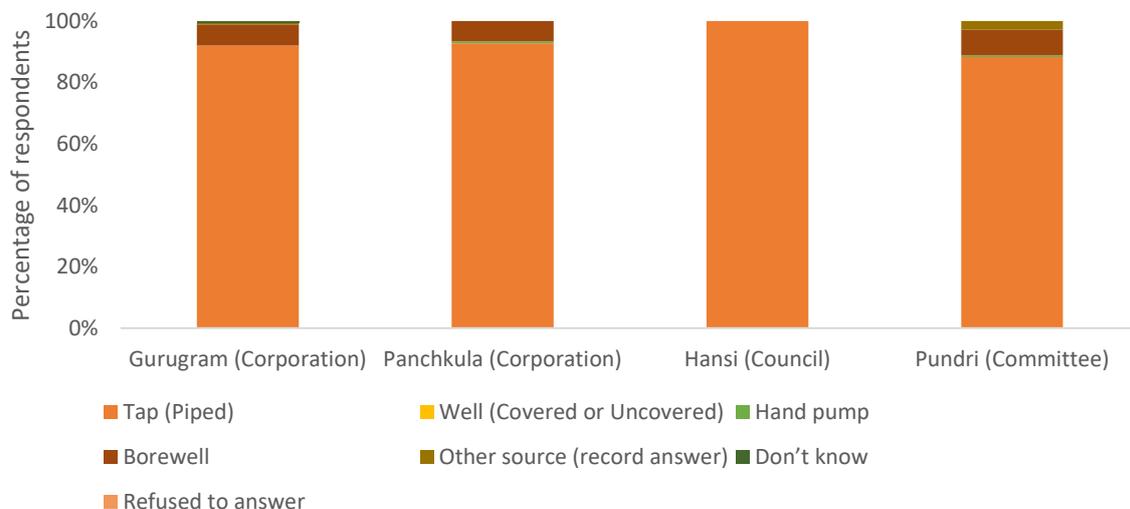
**Table 3. 13 Citizens' perceptions of quality of water supply in their city**

Criteria	Gurugram	Panchkula	Hansi	Pundri
<b>Piped water:</b> <ul style="list-style-type: none"> <li>• Piped water supply: Category A</li> <li>• Borewell: Category</li> <li>• Anything else: Category C</li> </ul>				
<b>Hours of water supply per day:</b> <ul style="list-style-type: none"> <li>• 17-24 hours of water supply: Category A</li> <li>• 9-16 hours of water supply: Category B</li> <li>• 0-8 hours of water supply.: Category C</li> </ul>				
<b>Appearance of water supplied:</b> <ul style="list-style-type: none"> <li>• Transparent or absolutely transparent: Category A</li> <li>• Neutral: Category B</li> <li>• Turbid or very turbid: Category C</li> </ul>				

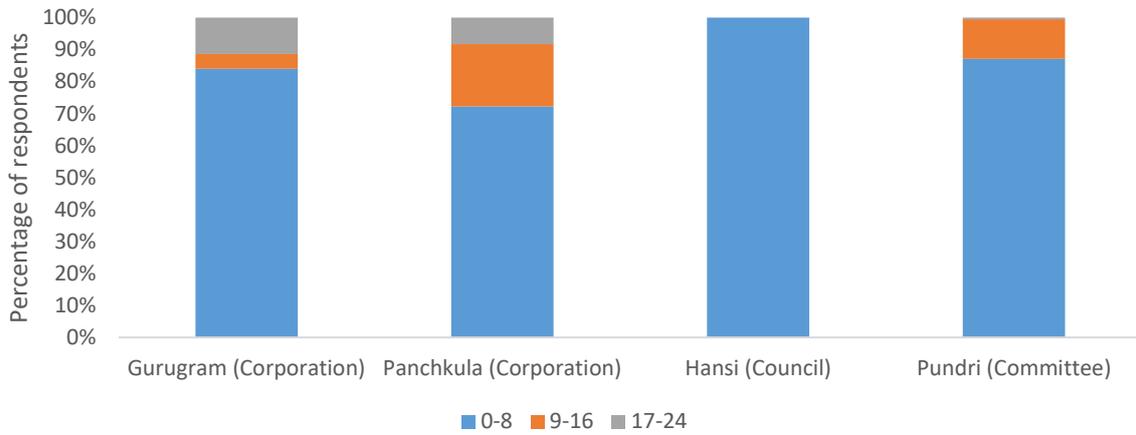
*Note: Green, yellow and red colors in the table imply that citizens perceive a relatively good, average and poor quality of the service respectively. Blue color implies that citizens do not know much about the service. (This table only intends to provide a broad indication. Please refer to detailed charts and tables in the report for precise numeric details.)*

- The main source of water supply in the four ULBs surveyed is tap (piped) water (refer Graph 3.8).
- However, hours of regular water supply received by citizens in a day is very low (<8 hours) (refer Graph 3.9).
- Water quality in terms of appearance is generally good (transparent), except in Hansi where 60% of the citizens surveyed say that the water they receive is turbid/very turbid in appearance (refer Graph 3.10).

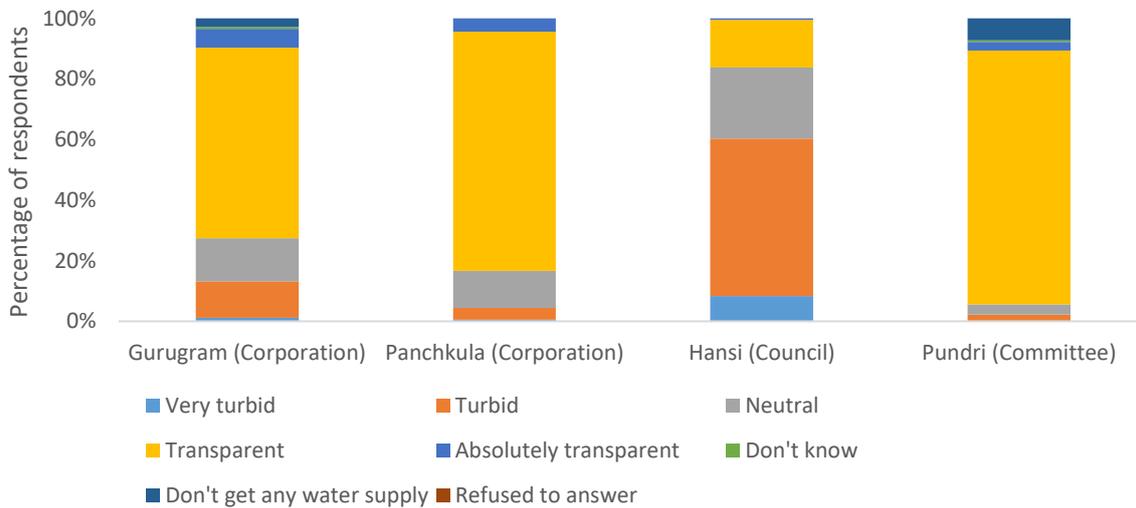
**Graph 3. 8 Citizens' perceptions about main source of water supply for their household**



**Graph 3. 9 Citizens' perceptions about hours of regular water supply their household receives in a day**



**Graph 3. 10 Citizens' perceptions about appearance of unfiltered tap water supply received by their household**



## 2. Public health, sanitation conservancy and solid waste management

**Table 3. 14 Citizens' perceptions of quality of sewerage and garbage collection in their city**

Criteria	Gurugram	Panchkula	Hansi	Pundri
<b>Type of toilet facility:</b> <ul style="list-style-type: none"> <li>• Piped sewer system: Category A</li> <li>• Connection to a septic tank: Category B</li> <li>• Anything else: Category C</li> </ul>				
<b>Blockage of piped sewer line:</b> <ul style="list-style-type: none"> <li>• Never or very rare: Category A</li> <li>• Once or 2-3 times a year: Category B</li> <li>• Once or more than once a month: Category C</li> </ul>				
<b>Frequency of garbage collection from home:</b> <ul style="list-style-type: none"> <li>• More than once a day or once a day: Category A</li> <li>• Several times a week or once a week: Category B</li> <li>• Less frequently than once a week or Never: Category C</li> </ul>				
<b>Location at which garbage is picked up:</b> <ul style="list-style-type: none"> <li>• At your door: Category A</li> <li>• At the end of the street or outside my neighbourhood: Category B</li> <li>• Outside my neighbourhood: Category C</li> </ul>				

*Note: Green, yellow and red colors in the table imply that citizens perceive a relatively good, average and poor quality of the service respectively. Blue color implies that citizens do not know much about the service. (This table only intends to provide a broad indication. Please refer to detailed charts and tables in the report for precise numeric details.)*

### Sewerage

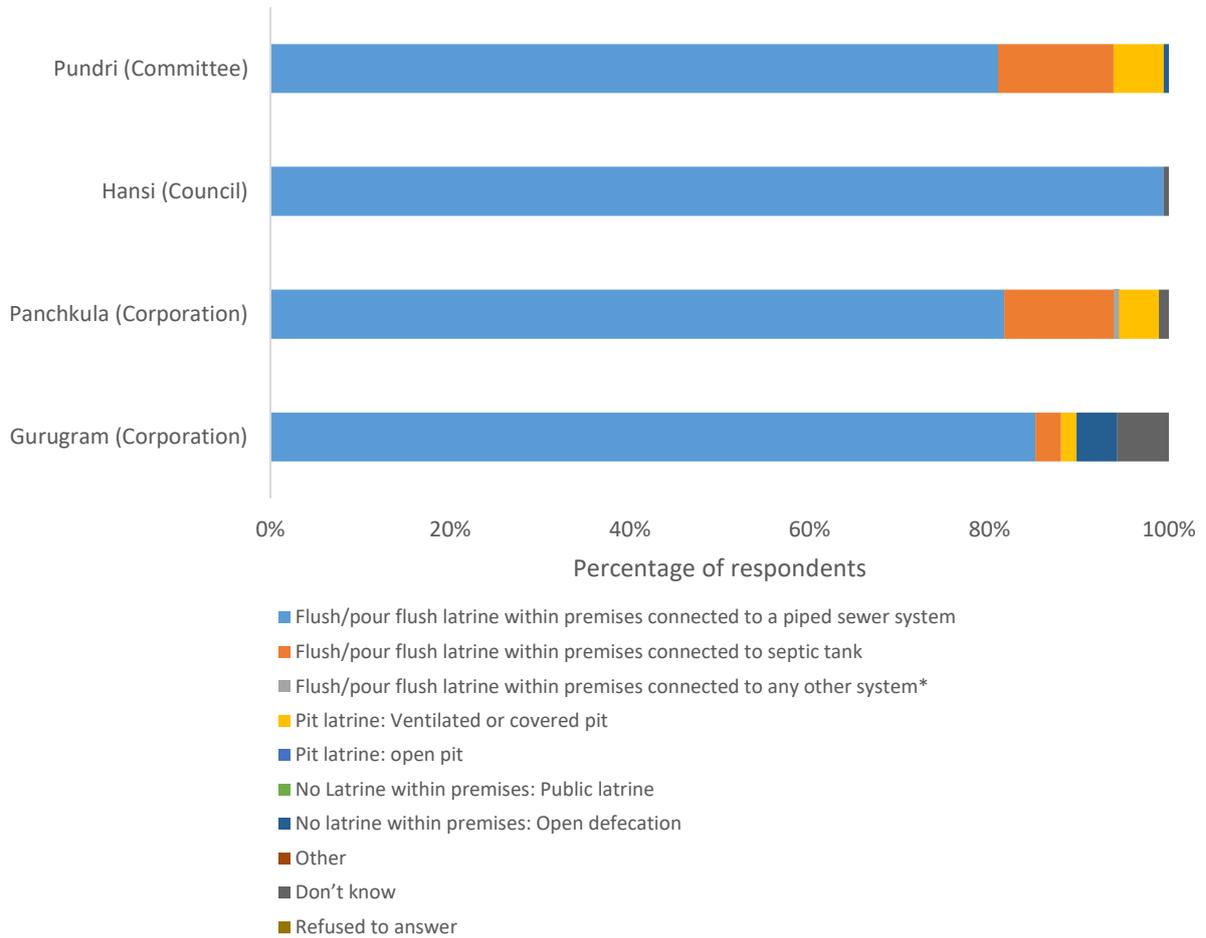
- Citizens in the four ULBs surveyed have access to a piped sewer system (refer Graph 3.11). The incidence of blockages in the sewer line is rare/very rare except in Hansi where 66% of the citizens surveyed say that their sewer line gets blocked once or more than once a month (refer Graph 3.12).

### Waste collection

- Citizens surveyed in Gurugram, Hansi and Pundri perceive garbage collection in terms of frequency of collection to be good (refer Graph 3.13). However, it is an issue in Panchkula where equal proportions of citizens surveyed say that (a) garbage is collected less than once a week (2%) or never (42% said never) and (b) garbage is collected once a day (44%).
- Garbage is collected from their doorstep for most citizens surveyed in the four ULBs (refer Graph 3.14).

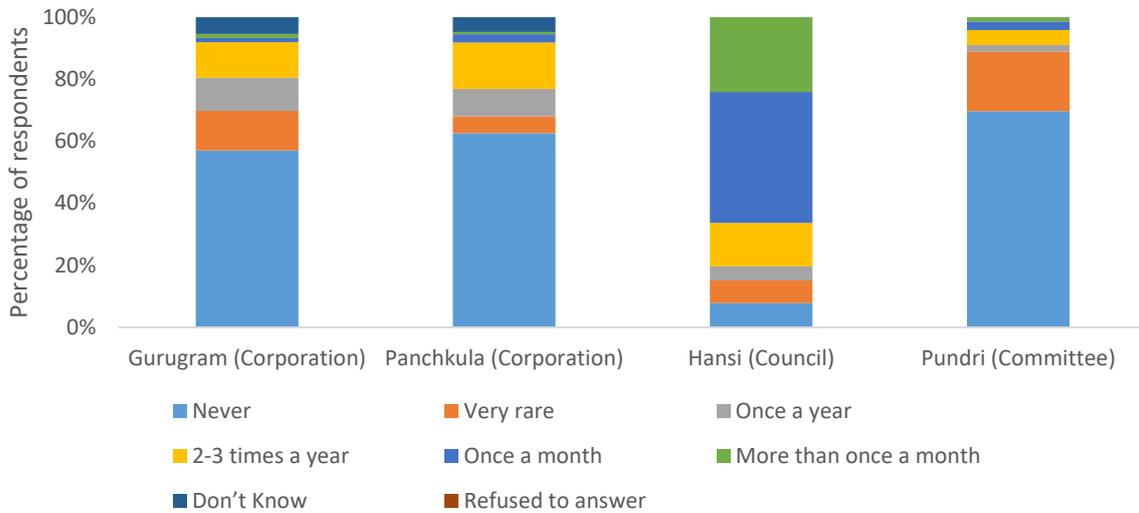
## Sewerage

**Graph 3. 11 Citizens' perceptions about the kind of toilet facility accessed by their household**



*\*Not connected to a sewer line, open drainage into ground or into water body through covered drain or uncovered drain.*

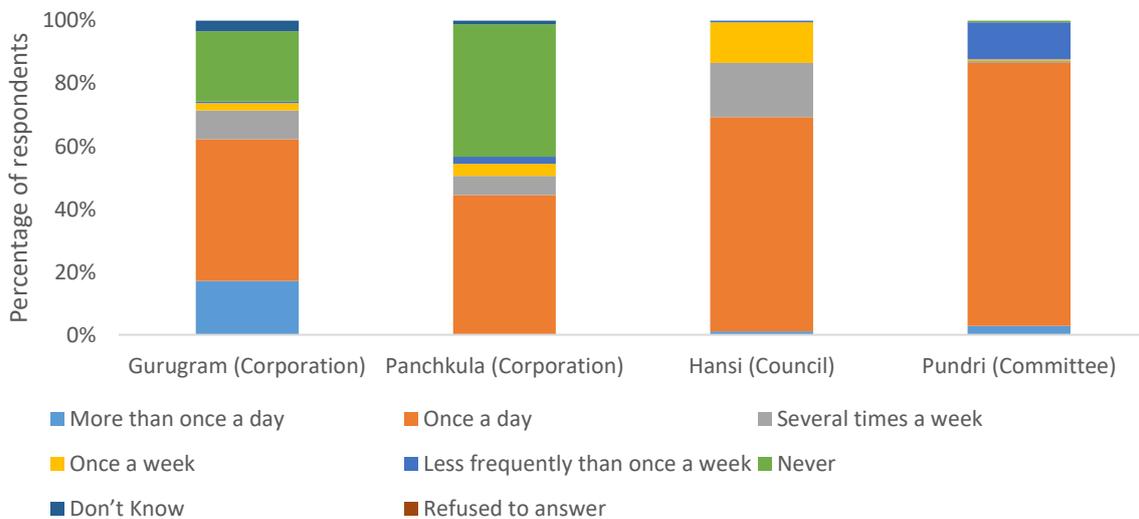
**Graph 3. 12 Citizens' perceptions about frequency of blockage in sewer line near or in the house premises**



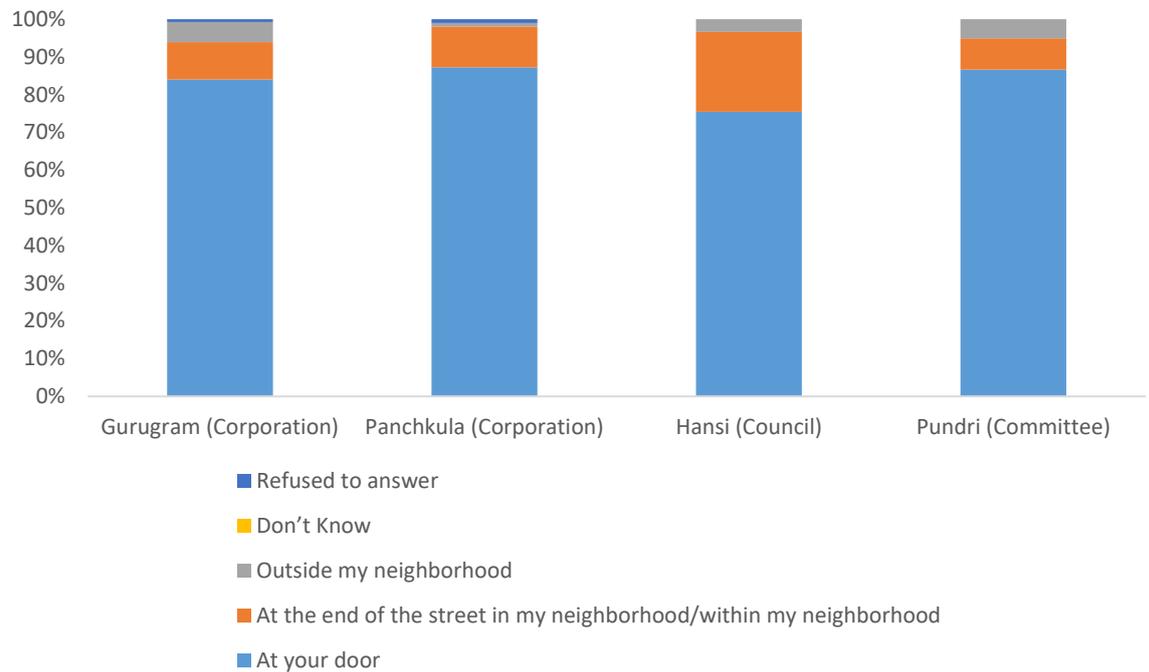
*Note: This question was only asked to citizens who said that their flush/pour flush latrine within the premises was connected to a piped sewer system.*

**Waste/garbage collection**

**Graph 3. 13 Citizens' perceptions about frequency of garbage collection from home**



**Graph 3. 14 Citizens' perceptions about location of garbage collection**



*Note: This question was only asked to citizens who said that garbage is collected from their home in the previous question*

### 3. Roads/public streets

**Table 3. 15 Citizens' perceptions of the quality of the road in front of their home**

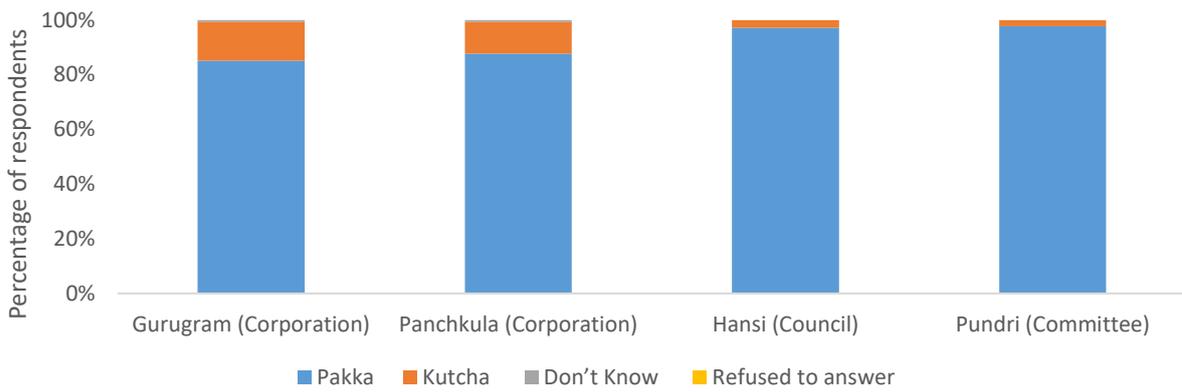
Criteria	Gurugram	Panchkula	Hansi	Pundri
<b>3. Roads and bridges</b>				
<b>Type of road in front of home:</b> <ul style="list-style-type: none"> <li>• Pakka: Category A</li> <li>• Kutcha: Category C</li> </ul>				
<b>Condition of road in front of home:</b> <ul style="list-style-type: none"> <li>• Good/very good: Category A</li> <li>• Average: Category B</li> <li>• Poor/very poor: Category C</li> </ul>				
<b>Water logging of road in front of home:</b> <ul style="list-style-type: none"> <li>• No: Category A</li> <li>• Yes: Category C</li> </ul>				

*Note: Green, yellow and red colors in the table imply that citizens perceive a relatively good, average and poor quality of the service respectively. Blue color implies that citizens do not know much about the service. (This table only intends to provide a broad indication. Please refer to detailed charts and tables in the report for precise numeric details.)*

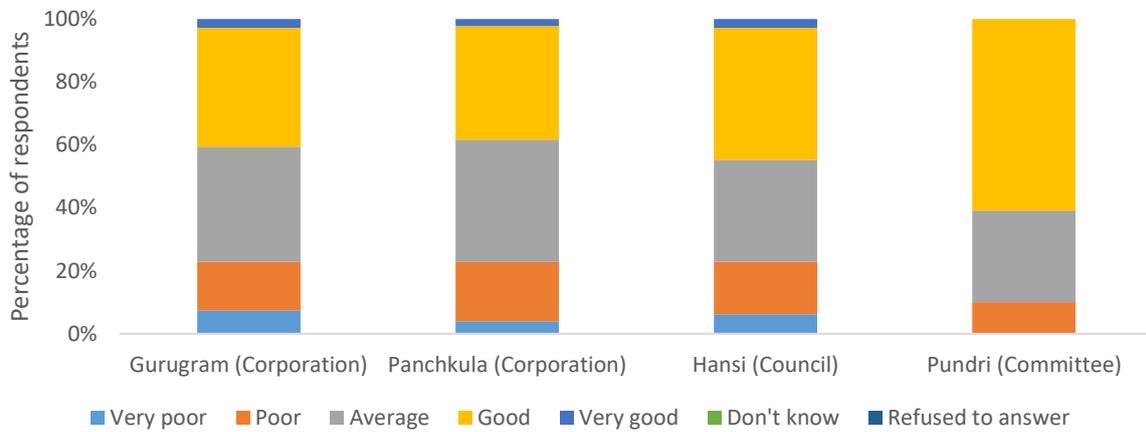
\*32% said that the condition of the road in front of their house was average

- Citizens surveyed in the four ULBs have a pakka road in front of their homes (refer Graph 3.15).
- Citizens surveyed in Gurugram and Panchkula perceive the condition of the road to be average to good, with almost similar proportions of the population saying both (refer Graph 3.16).
  - In Gurugram, 41% of the citizens surveyed say that the road condition is good/very good, while a close 37% say that it is average.
  - In Panchkula, 39% of the citizens surveyed say that the road condition is average, while a close 38% say that it is good/ very good.
- In Hansi (45%) \* and Pundri (61%), the largest proportion of citizens surveyed say that the condition of the road in front of their house is good/very good (refer Graph 3.16).
- Water logging during the monsoon is a serious problem in Hansi and Gurugram with 81% and 58% of the citizens surveyed respectively in these cities saying so (refer Graph 3.17).

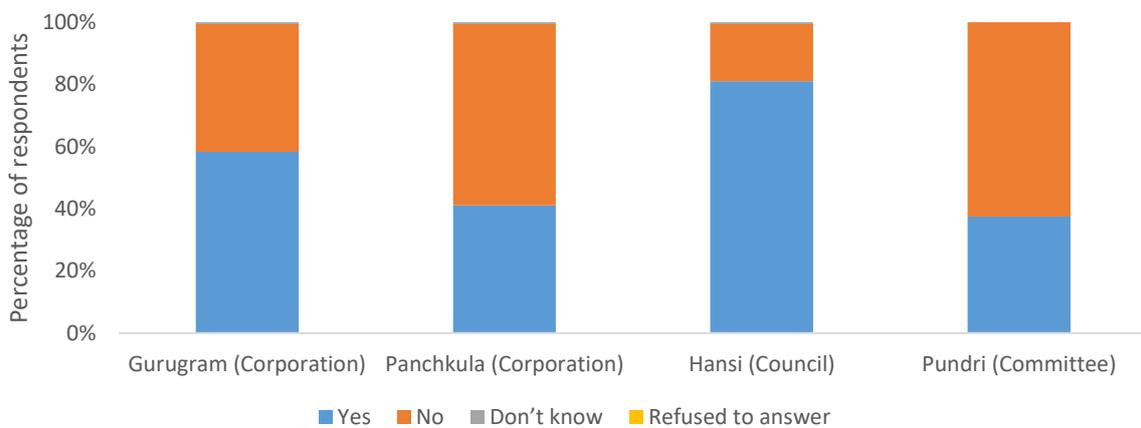
**Graph 3. 15 Citizens' perceptions about the type of road in front of their house**



**Graph 3. 16 Citizens' perceptions about the condition of the road in front of their house**



**Graph 3. 17 Citizens' perceptions about water logging of the road in front of their house during monsoon**



#### 4. Public amenities including street lighting, parking lots, bus stops and public conveniences

**Table 3. 16 Citizens' perceptions of quality of public amenities in their city**

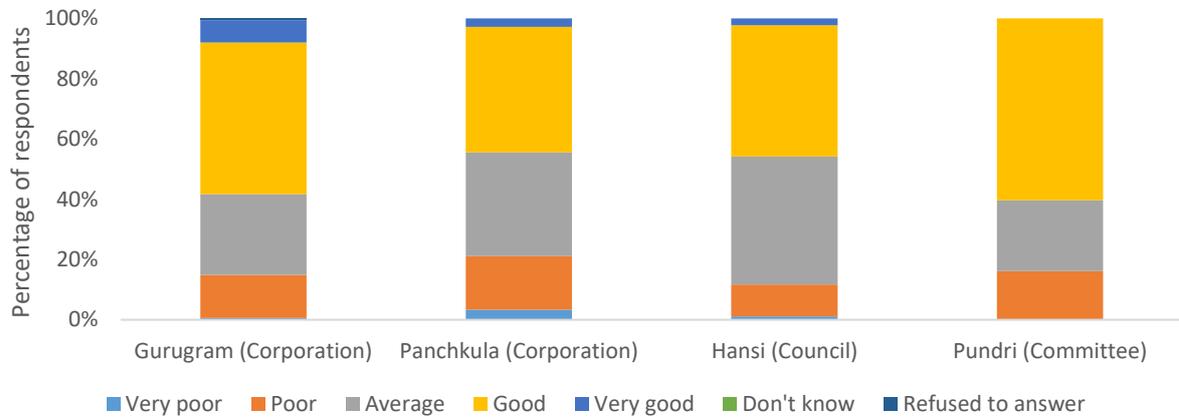
Criteria	Gurugram	Panchkula	Hansi	Pundri
<b>Adequacy of street lights:</b> <ul style="list-style-type: none"> <li>• Good/very good: Category A</li> <li>• Average: Category B</li> <li>• Poor/very poor: Category C</li> </ul>				
<b>Working condition of street lights at night:</b> <ul style="list-style-type: none"> <li>• Good/very good: Category A</li> <li>• Average: Category B</li> <li>• Poor/very poor: Category C</li> </ul>				
<b>Distance of nearest bus stop from home:</b> <ul style="list-style-type: none"> <li>• Less than 500m or 500m to 1km: Category A</li> <li>• 1-2kms: Category B</li> <li>• 2-5 kms or more than 5kms: Category C</li> </ul>				
<b>Convenience to find public parking next to home:</b> <ul style="list-style-type: none"> <li>• Convenient/very convenient: Category A</li> <li>• Average: Category B</li> <li>• Inconvenient/very inconvenient: Category C</li> </ul>				
<b>Convenience to find public parking in the city:</b> <ul style="list-style-type: none"> <li>• Convenient/very convenient: Category A</li> <li>• Average: Category B</li> <li>• Inconvenient/very inconvenient: Category C</li> </ul>				

*Note: Green, yellow and red colors in the table imply that citizens perceive a relatively good, average and poor quality of the service respectively. Blue color implies that citizens do not know much about the service. (This table only intends to provide a broad indication. Please refer to detailed charts and tables in the report for precise numeric details.)*

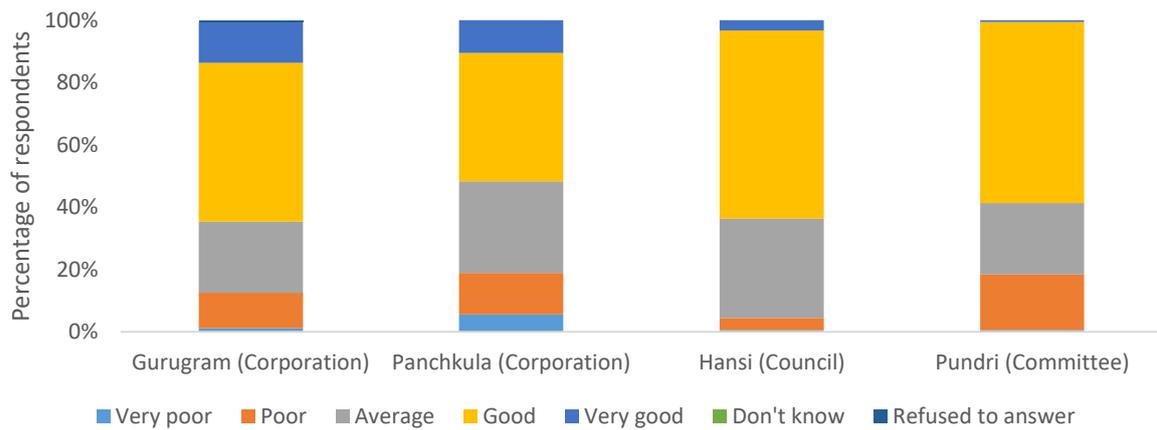
- **Street lights:** Citizens perceive street lighting to be good/very good in all the four ULBs surveyed in terms of both number of streetlights installed (refer Graph 3.18) as well as their working condition during the night (refer Graph 3.19).
- **Bus stops:** Bus stops are located less than 1 km from the home for most citizens surveyed in the larger ULBs Gurugram (55%) and Panchkula (79%). In the smaller ULBs, Hansi and Pundri, the distance from home to the nearest bus stop is almost double (1-2 kms) for the largest proportion of citizens surveyed (Hansi – 60%, Pundri – 42%) (refer Graph 3.20).
- **Parking:**
  - Parking near their home is an issue for citizens in all the four ULBs surveyed, although it is more severe in the smaller ULBs, Hansi and Pundri (refer Graph 3.21). Parking near home is a particular issue in Hansi with 97% of the citizens surveyed stating that it is inconvenient or very inconvenient.
  - The largest proportion of citizens surveyed in Gurugram perceive parking in public places in the city to be convenient/very convenient, while those in Panchkula perceive it to be of average convenience. However, this is a challenge in the smaller ULBs – Hansi and Pundri (refer Graph 3.22). In Hansi, 90% of the citizens surveyed say that parking in public places is inconvenient/very inconvenient. In Pundri, very similar proportions of citizens surveyed – 38% and 36% - perceive parking in public places to be inconvenient/ very inconvenient and convenient/very convenient respectively.

## Street lighting

**Graph 3. 18 Citizens' perceptions about adequacy of streetlights (in terms of number)**

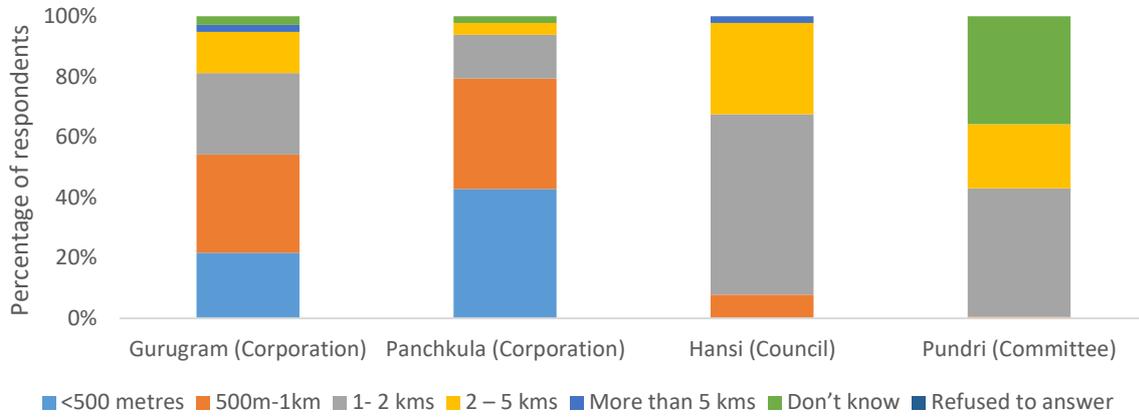


**Graph 3. 19 Citizens' perceptions about working condition of streetlights at night**



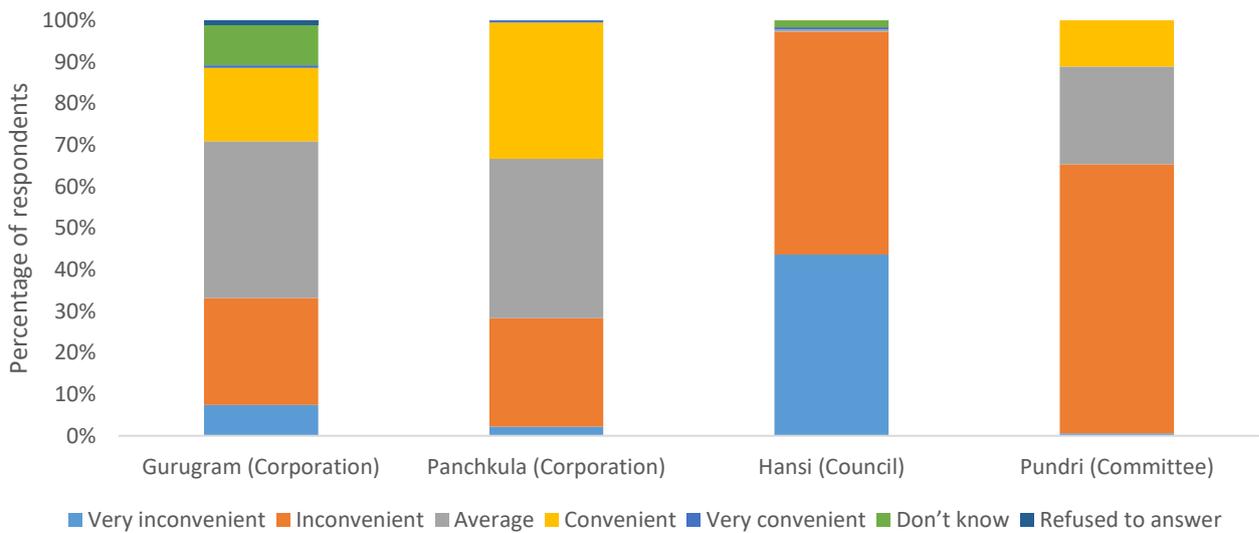
## Bus stops

**Graph 3. 20 Citizens' perceptions about distance of nearest bus stop for local buses from their home for own use**

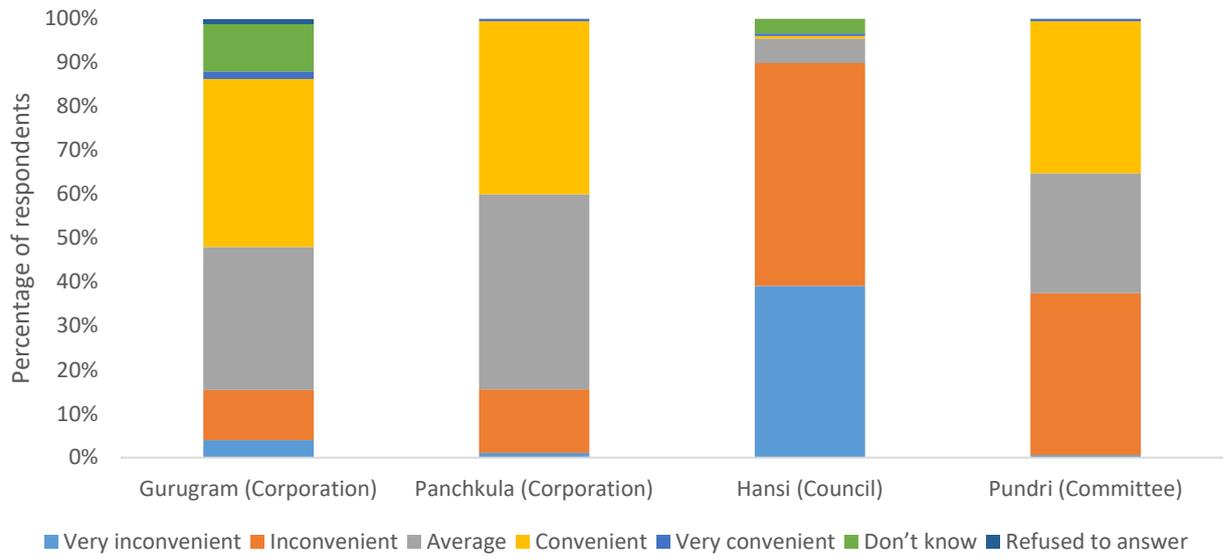


## Parking

**Graph 3. 21 Citizens' perceptions about convenience to find a parking next to their home**



**Graph 3. 22 Citizens' perceptions about convenience to find a parking in their city**



## 5. Provision of urban amenities and facilities such as parks, gardens, playgrounds

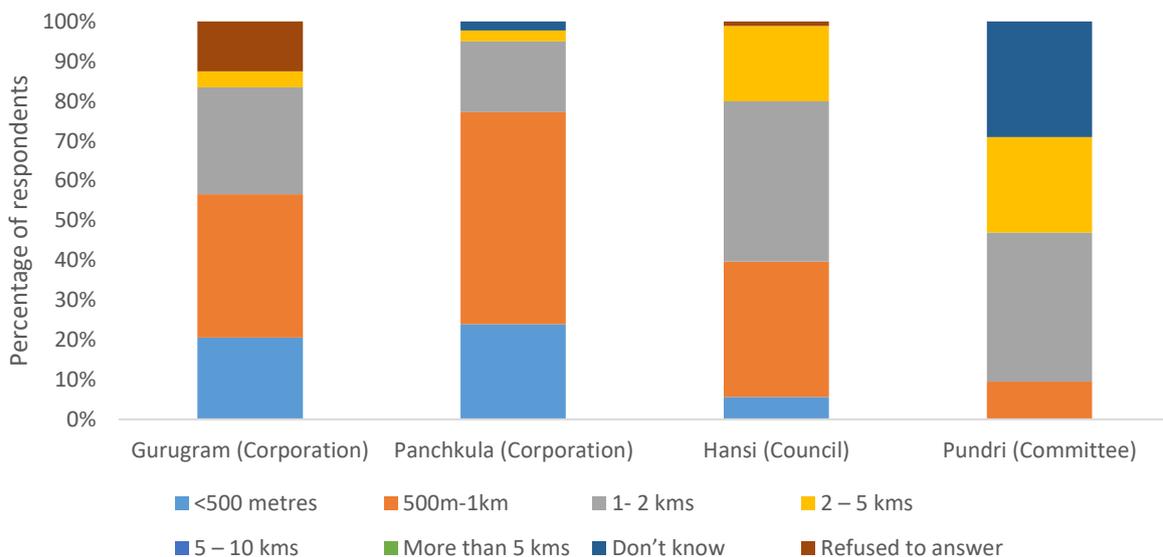
**Table 3. 17 Citizens’ perceptions of quality of parks/garden/playgrounds in their city**

Criteria	Gurugram	Panchkula	Hansi	Pundri
<b>Distance of nearest park/garden/playground from home:</b> <ul style="list-style-type: none"> <li>• Less than 500m or 500m to 1km: Category A</li> <li>• 1-2kms: Category B</li> <li>• 2-5 kms or 5-10 kms or more than 10kms: Category C</li> </ul>				
<b>Quality of nearest park/garden/playground from home:</b> <ul style="list-style-type: none"> <li>• Good/very good: Category A</li> <li>• Average: Category B</li> <li>• Poor/very poor: Category C</li> </ul>				

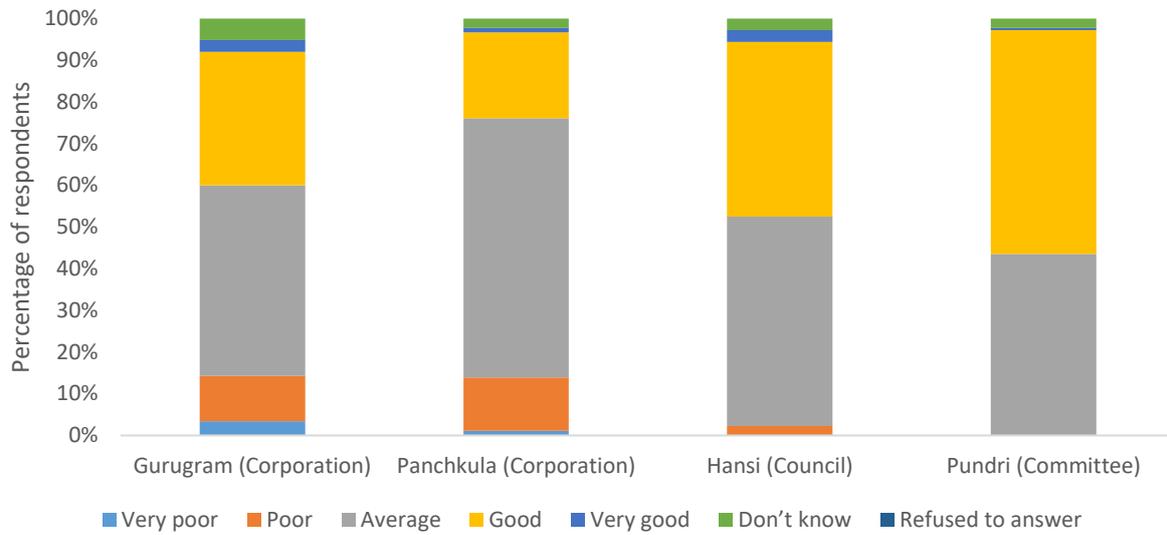
*Note: Green, yellow and red colors in the table imply that citizens perceive a relatively good, average and poor quality of the service respectively. Blue color implies that citizens do not know much about the service. (This table only intends to provide a broad indication. Please refer to detailed charts and tables in the report for precise numeric details.)*

- Majority of the citizens surveyed in the larger ULBs, Gurugram and Panchkula, have a park/garden/playground within 1 km from their homes, while the distance is almost double (1-2kms) for citizens in Hansi and Pundri (Graph 3.23).
- Citizens surveyed perceive the quality of the park/garden/playground nearest to home as average, except in Pundri where citizens perceive it as good (Graph 3.24).

**Graph 3. 23 Citizens’ perceptions about distance of the nearest park/ garden/ playground from their home**



**Graph 3. 24 Citizens' perceptions about quality of park/ garden/ playground nearest to their home**



## 6. Urban forestry, protection of the environment and promotion of ecological aspects

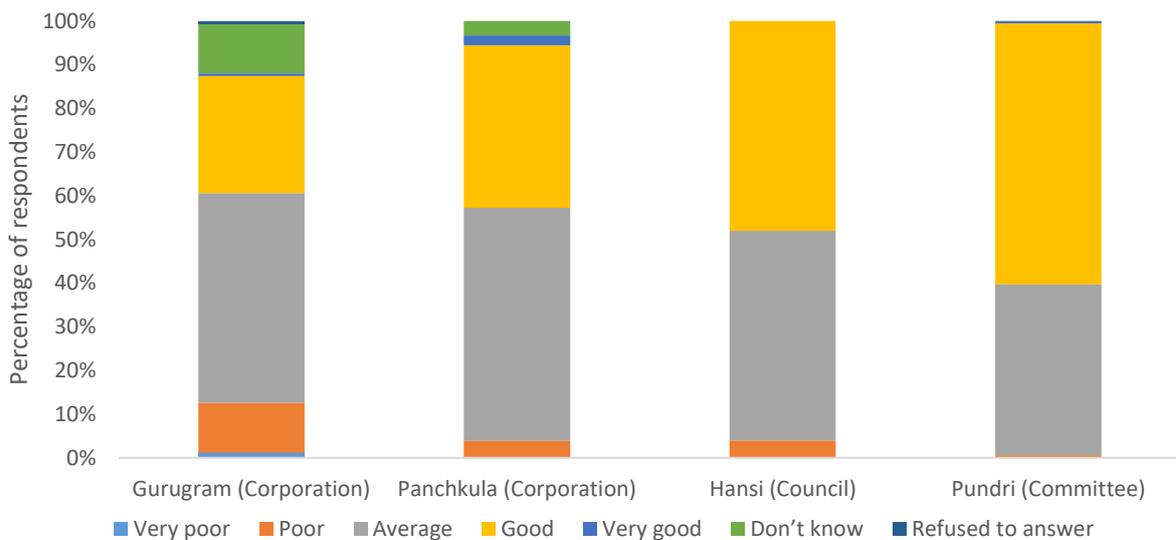
**Table 3. 18 Citizens' perceptions of quality of forests/green cover in their city**

Criteria	Gurugram	Panchkula	Hansi	Pundri
<b>Quality of forests/green cover in the city:</b> <ul style="list-style-type: none"> <li>• Good/very good: Category A</li> <li>• Average: Category B</li> <li>• Poor/very poor: Category C</li> </ul>				

*Note: Green, yellow and red colors in the table imply that citizens perceive a relatively good, average and poor quality of the service respectively. Blue color implies that citizens do not know much about the service. (This table only intends to provide a broad indication. Please refer to detailed charts and tables in the report for precise numeric details.)*

The largest proportion of citizens surveyed in Gurugram, Panchkula and Hansi perceive the quality of forests/green cover in their city to be average, while those in Pundri perceive it to be good/very good (refer Graph 3.25).

**Graph 3. 25 Citizens' perceptions about quality of forests/green cover in their city**



## 7. Urban planning including town planning

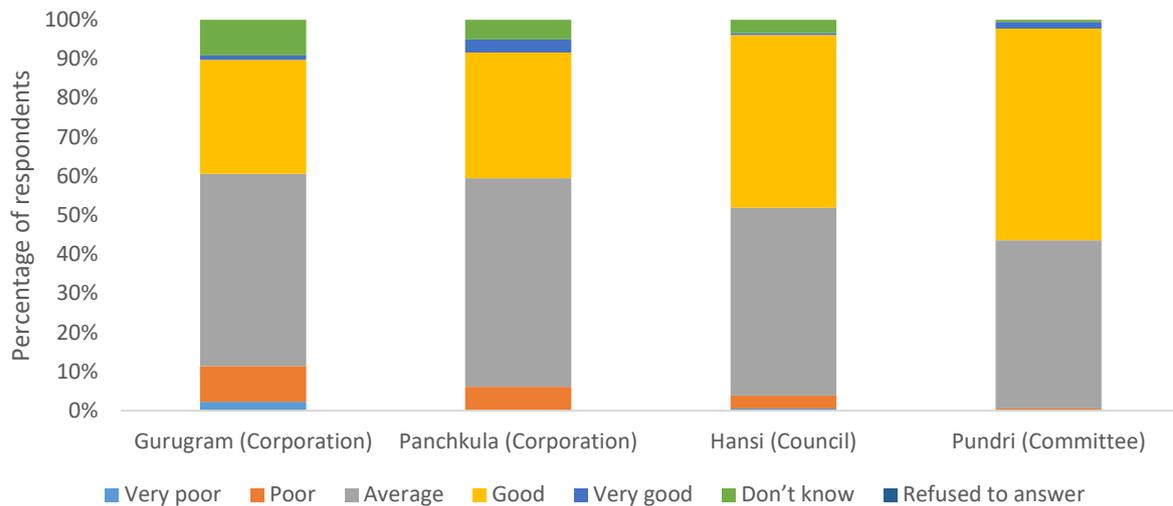
**Table 3. 19 Citizens' perceptions of quality of urban planning in their city**

Criteria	Gurugram	Panchkula	Hansi	Pundri
<b>Quality of urban planning of the city:</b> <ul style="list-style-type: none"> <li>• Good/very good: Category A</li> <li>• Average: Category B</li> <li>• Poor/very poor: Category C</li> </ul>				

*Note: Green, yellow and red colors in the table imply that citizens perceive a relatively good, average and poor quality of the service respectively. Blue color implies that citizens do not know much about the service. (This table only intends to provide a broad indication. Please refer to detailed charts and tables in the report for precise numeric details.)*

- The largest proportion of citizens surveyed in Gurugram, Panchkula and Hansi perceive the quality of urban planning in their city to be average, while those in Pundri perceive it to be good/very good (refer Graph 3.26).

**Graph 3. 26 Citizens' perceptions about quality of urban planning in their city**



## 8. Regulation of land use and construction of buildings

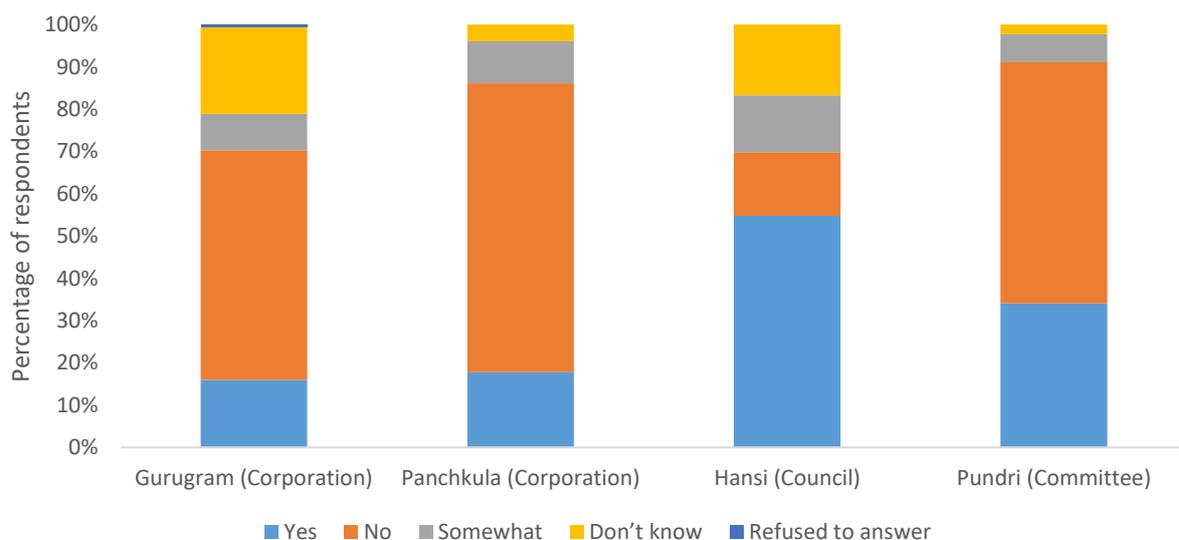
**Table 3. 20 Citizens’ perceptions of regulation of land use and construction of building in their city**

Criteria	Gurugram	Panchkula	Hansi	Pundri
<b>Clarity (personally) on laws related to land use and construction of buildings in the city:</b> <ul style="list-style-type: none"> <li>• Yes: Category A</li> <li>• Somewhat: Category B</li> <li>• No: Category C</li> </ul>				
<b>Enforcement of land use and building construction laws in the city:</b> <ul style="list-style-type: none"> <li>• Laws are very strict and well enforced: Category A</li> <li>• Laws are moderately enforced: Category B</li> <li>• Laws are enforced very leniently or laws are enforced arbitrarily using personal discretion : Category C</li> </ul>				

Note: Green, yellow and red colors in the table imply that citizens perceive a relatively good, average and poor quality of the service respectively. Blue color implies that citizens do not know much about the service. (This table only intends to provide a broad indication. Please refer to detailed charts and tables in the report for precise numeric details.)

- Laws related to land use and construction of buildings in the city are not clear to the majority of the citizens surveyed in Gurugram, Panchkula and Pundri; and the citizens surveyed in these cities do not know much about the level of enforcement of these laws (refer Graph 3.27 and Table 3.21).
- However, the situation is significantly different in Hansi, where the majority of citizens surveyed said that they understand the laws and perceive the laws to be very strict and well enforced (refer Graph 3.27 and Table 3.21).

**Graph 3. 27 Citizens’ perceptions about clarity (personally) on laws related to land use and construction of buildings in their city**



**Table 3. 21 Citizens' perceptions about enforcement of laws related to land use and construction of buildings in their city**

City	Laws are enforced arbitrarily using personal discretion	Laws are enforced very leniently	Laws are moderately enforced	Laws are very strict and well enforced	Don't know	Refused to answer
Gurugram (Corporation)	12%	13%	8%	3%	70%	1%
Panchkula (Corporation)	30%	14%	7%	6%	57%	0%
Hansi (Council)	20%	17%	18%	46%	27%	0%
Pundri (Committee)	5%	3%	4%	31%	59%	1%

*Note: This is a multiple tick question. Some citizens selected more than one answer so the total for a city may be more than 100%.*

## 9. Fire services

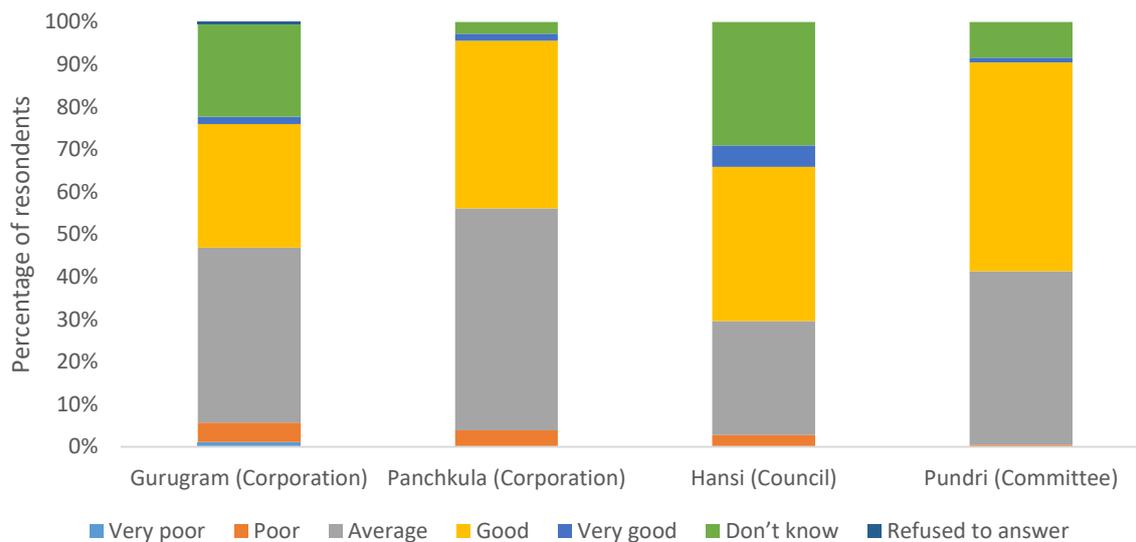
**Table 3. 22 Citizens' perceptions of quality of fire services in their city**

Criteria	Gurugram	Panchkula	Hansi	Pundri
<b>Quality of fire services in the city:</b> <ul style="list-style-type: none"> <li>• Good/very good: Category A</li> <li>• Average: Category B</li> <li>• Poor/very poor: Category C</li> </ul>				

*Note: Green, yellow and red colors in the table imply that citizens perceive a relatively good, average and poor quality of the service respectively. Blue color implies that citizens do not know much about the service. (This table only intends to provide a broad indication. Please refer to detailed charts and tables in the report for precise numeric details.)*

- The largest proportion of citizens surveyed in the larger ULBs, Gurugram and Panchkula, perceive the quality of fire services in their city to be average, while those in the smaller ULBs, Hansi and Pundri, perceive them as good (Graph 3.28).

**Graph 3. 28 Citizens' perceptions about quality of fire services in the city**



## 10. Burials and burial grounds, cremations, cremation grounds crematoriums

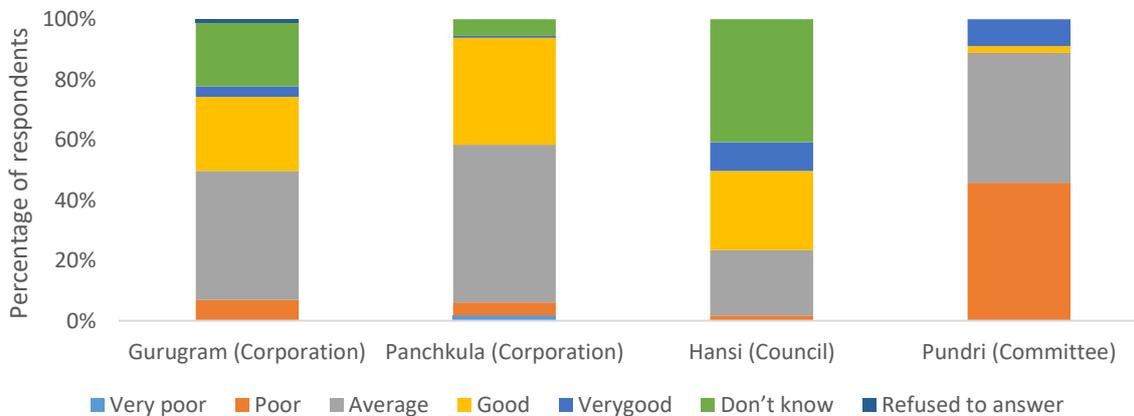
**Table 3. 23 Citizens’ perceptions of quality of Burials and burial grounds, cremations, cremation grounds crematoriums in their city**

Criteria	Gurugram	Panchkula	Hansi	Pundri
<b>Quality of burials and burial grounds, cremations, cremation grounds crematoriums in the city:</b> <ul style="list-style-type: none"> <li>• Good/very good: Category A</li> <li>• Average: Category B</li> <li>• Poor/very poor: Category C</li> </ul>				

*Note: Green, yellow and red colors in the table imply that citizens perceive a relatively good, average and poor quality of the service respectively. Blue color implies that citizens do not know much about the service. (This table only intends to provide a broad indication. Please refer to detailed charts and tables in the report for precise numeric details.)*

- Citizens perceive the quality of burial and cremation infrastructure and services to be average in the larger ULBs – Gurugram and Panchkula, and poor/very poor in the smaller ULB –Pundri. Citizens in Hansi do not know much about burial and cremation services in their city and are unable to provide an opinion on their quality (refer Graph 3.29).

**Graph 3. 29 Citizens’ perceptions about quality of burials grounds, cremation and cremation grounds and electric crematoriums in their city**



## 11. Promotion of cultural, educational, and aesthetic aspects

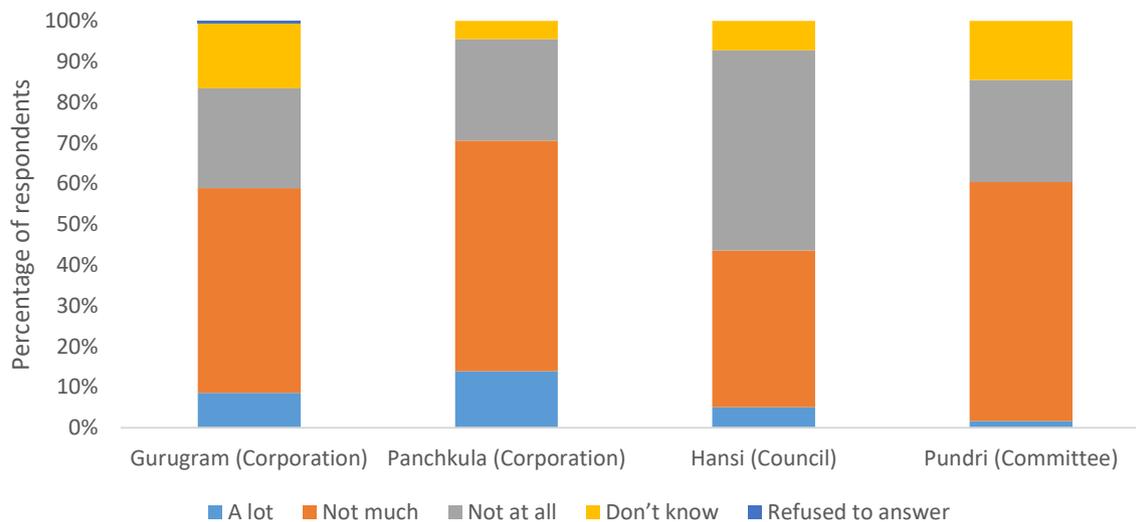
**Table 3. 24 Citizens' perceptions of extent to which the government promotes art and culture in the city**

Criteria	Gurugram	Panchkula	Hansi	Pundri
<b>Extent to which the government promotes art and culture (e.g., fests, shows, restoring/maintaining monuments) in the city:</b> <ul style="list-style-type: none"> <li>• A lot: Category A</li> <li>• Not much: Category B</li> <li>• Not at all: Category C</li> </ul>				

*Note: Green, yellow and red colors in the table imply that citizens perceive a relatively good, average and poor quality of the service respectively. Blue color implies that citizens do not know much about the service. (This table only intends to provide a broad indication. Please refer to detailed charts and tables in the report for precise numeric details.)*

- The largest proportion of citizens surveyed do not perceive the government to put in much effort for promotion of art and culture (e.g., fests, shows, restoring/maintaining monuments) in the city in Gurugram, Panchkula and Hansi (refer Graph 3.30). The perception is much worse in Hansi where the largest proportion (45%) of citizens surveyed perceive that the government does not promote art and culture in the city at all.

**Graph 3. 30 Citizen perceptions about the extent to which the government promotes art and culture (e.g., fests, shows, maintaining monuments) in their city**



## 12. Cattle ponds and preventions of cruelty to animals

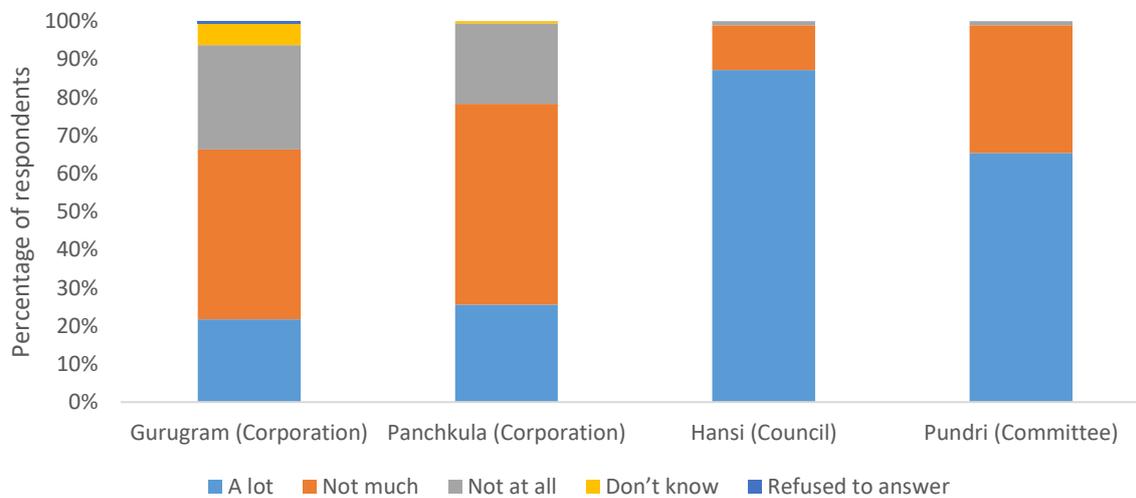
**Table 3. 25 Citizens’ perceptions of the extent of problem of stray animals in their city**

Criteria	Gurugram	Panchkula	Hansi	Pundri
<b>Extent of problem of stray animals (dogs, monkeys) in the city:</b> <ul style="list-style-type: none"> <li>• Not at all: Category A</li> <li>• Not much: Category B</li> <li>• A lot: Category C</li> </ul>				

*Note: Green, yellow and red colors in the table imply that citizens perceive a relatively good, average and poor quality of the service respectively. Blue color implies that citizens do not know much about the service. (This table only intends to provide a broad indication. Please refer to detailed charts and tables in the report for precise numeric details.)*

- The largest proportion of citizens surveyed perceive stray animals to be a moderate problem in the larger ULBs – Gurugram and Panchkula (refer Graph 3.31).
- It is considered a more serious issue in the smaller ULBs – Hansi and Pundri where 87% and 65% of citizens surveyed respectively perceive the issue to be considerable (refer Graph 3.31).

**Graph 3. 31 Citizens’ perceptions about the extent of problem of stray animals (e.g., dogs, monkeys) in their city**



### 13. Regulation of slaughterhouses and tanneries

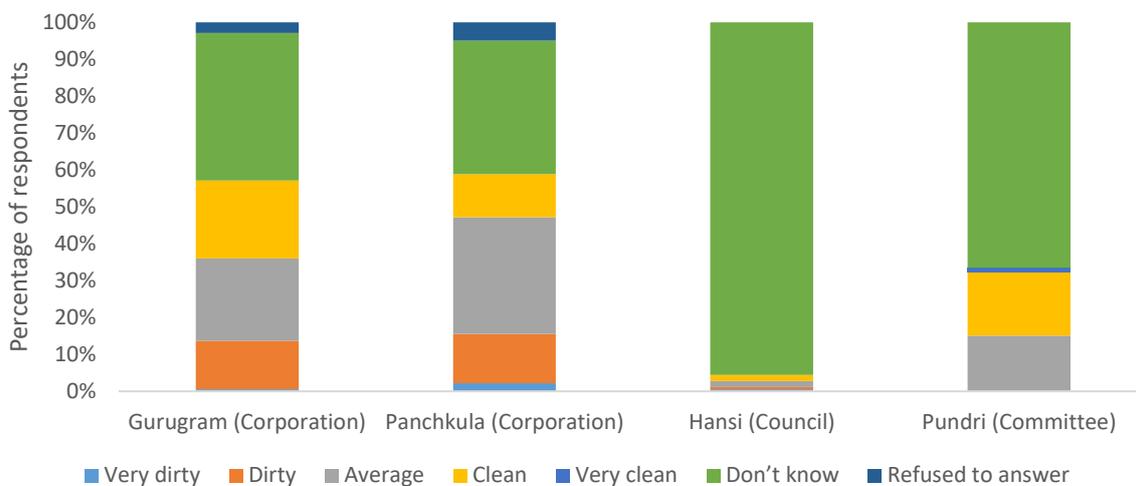
**Table 3. 26 Citizens’ perceptions of cleanliness of slaughterhouses and tanneries in their city**

Criteria	Gurugram	Panchkula	Hansi	Pundri
<b>Cleanliness of slaughterhouses and tanneries in the city:</b> <ul style="list-style-type: none"> <li>• Clean/very clean: Category A</li> <li>• Average: Category B</li> <li>• Dirty/very dirty: Category C</li> </ul>				

*Note: Green, yellow and red colors in the table imply that citizens perceive a relatively good, average and poor quality of the service respectively. Blue color implies that citizens do not know much about the service. (This table only intends to provide a broad indication. Please refer to detailed charts and tables in the report for precise numeric details.)*

- Citizens surveyed in all the four ULBs do not know much about slaughterhouses and tanneries in their city and are not able to provide an opinion on their cleanliness (refer Graph 3.32). This is particularly the case in Hansi where 96% of the citizens surveyed are not able to provide an opinion.

**Graph 3. 32 Citizens’ perceptions about cleanliness of slaughterhouses and tanneries in their city**



## 14. Vital statistics including registration of births and deaths

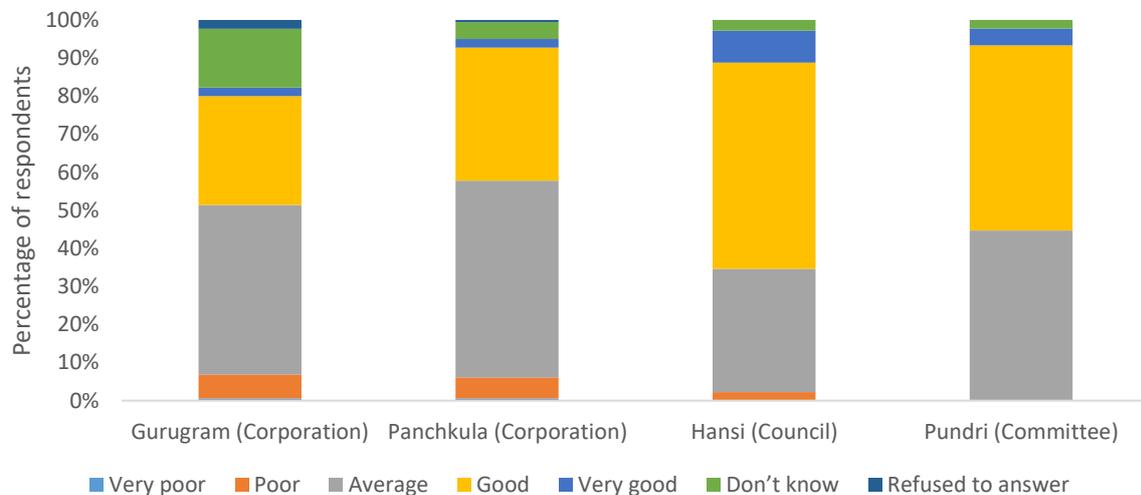
**Table 3. 27 Citizens’ perceptions of quality of birth and death registry services in their city**

Criteria	Gurugram	Panchkula	Hansi	Pundri
<b>Quality of birth and death registry services in the city:</b> <ul style="list-style-type: none"> <li>• Good/very good: Category A</li> <li>• Average: Category B</li> <li>• Poor/very poor: Category C</li> </ul>				

*Note: Green, yellow and red colors in the table imply that citizens perceive a relatively good, average and poor quality of the service respectively. Blue color implies that citizens do not know much about the service. (This table only intends to provide a broad indication. Please refer to detailed charts and tables in the report for precise numeric details.)*

- Citizens surveyed in the larger ULBs, Gurugram and Panchkula, perceive the quality of birth and death registry services in their city to be average while those in the smaller ULBs, Hansi and Pundri perceive them to be good (refer Graph 3.33).
- In the four ULBs surveyed, very few citizens surveyed (0%-7%) say that the birth and death registry services are poor/very poor.

**Graph 3. 33 Citizens’ perceptions about quality of birth and death registry services in their city**



## 15. Slum improvement and up gradation

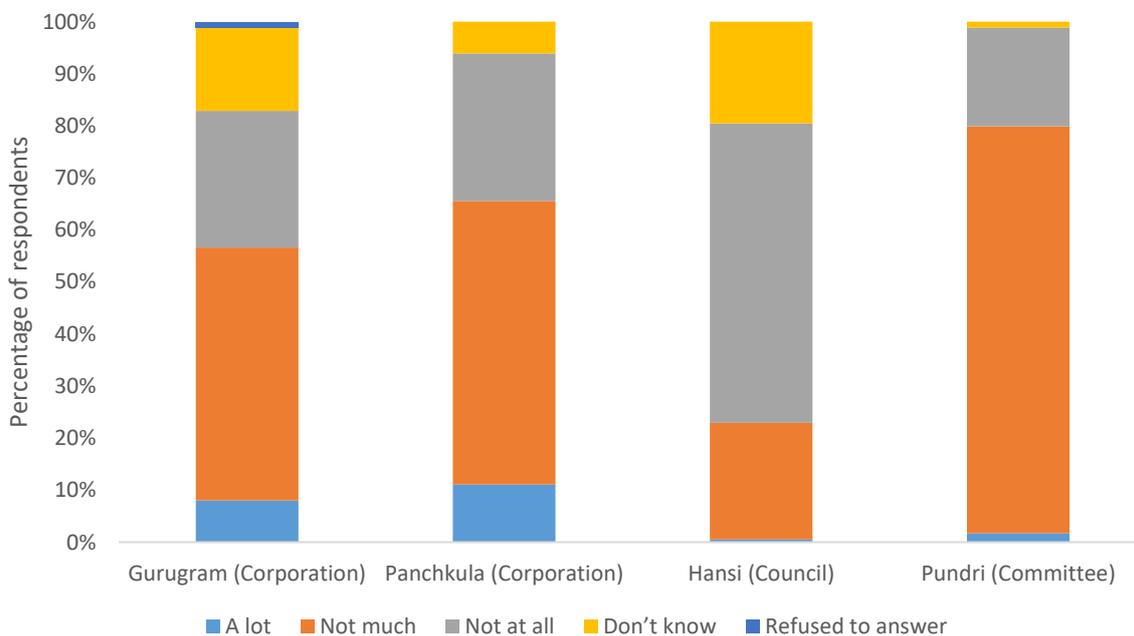
**Table 3. 28 Citizens' perceptions of the extent of improvement in the situation of slums in their city over the past 3 years**

Criteria	Gurugram	Panchkula	Hansi	Pundri
<b>Extent of improvement in the situation of slums (in terms of their infrastructure) in the city over the past 3 years:</b> <ul style="list-style-type: none"> <li>• A lot: Category A</li> <li>• Not much: Category B</li> <li>• Not at all: Category C</li> </ul>				

*Note: Green, yellow and red colors in the table imply that citizens perceive a relatively good, average and poor quality of the service respectively. Blue color implies that citizens do not know much about the service. (This table only intends to provide a broad indication. Please refer to detailed charts and tables in the report for precise numeric details.)*

- Citizens surveyed in Gurugram, Panchkula and Pundri do not perceive much improvement in the situation of slums (in terms of infrastructure) in their city over the last 3 years (refer Graph 3.34). In Hansi, 58% of the citizens surveyed see no improvement at all.

**Graph 3. 34 Citizens' perceptions of the extent of improvement in the situation of slums (in terms of their infrastructure) in their city over the past 3 years**



## 16. Urban poverty alleviation

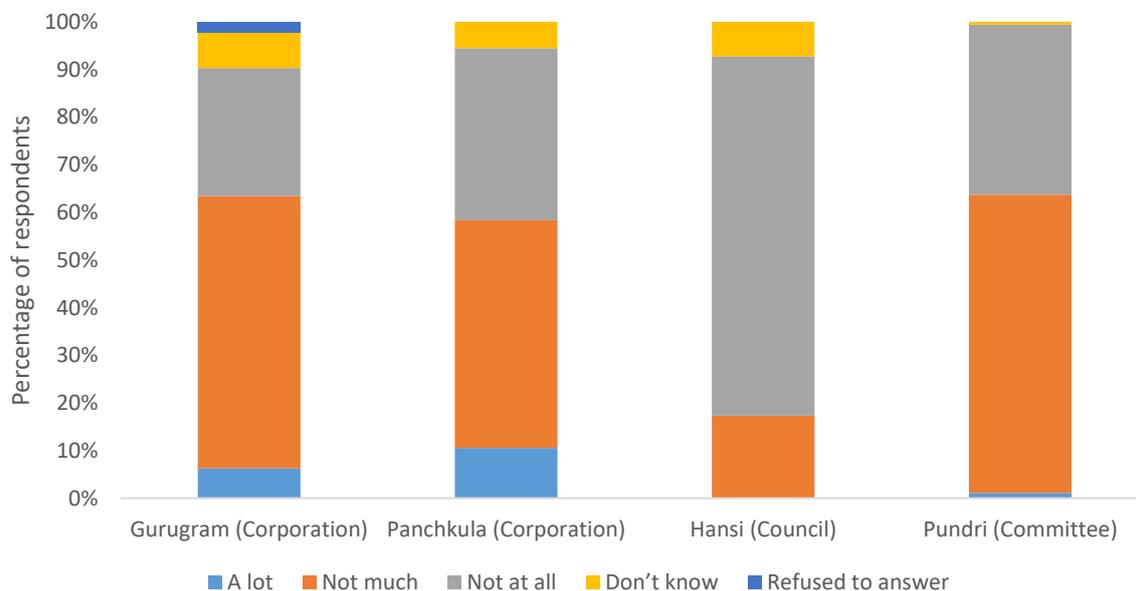
**Table 3. 29 Citizens’ perceptions of the extent of improvement in the situation of the urban poor in their city over the past 3 years**

Criteria	Gurugram	Panchkula	Hansi	Pundri
<b>Extent of improvement in the situation of the urban poor (in terms of their livelihood – e.g., employment) in the city over the past 3 years:</b> <ul style="list-style-type: none"> <li>• A lot: Category A</li> <li>• Not much: Category B</li> <li>• Not at all: Category C</li> </ul>				

*Note: Green, yellow and red colors in the table imply that citizens perceive a relatively good, average and poor quality of the service respectively. Blue color implies that citizens do not know much about the service. (This table only intends to provide a broad indication. Please refer to detailed charts and tables in the report for precise numeric details.)*

- The trends for perceptions on urban poverty alleviation are in line with opinions about slum upgradation in the four ULBs surveyed (refer Graph 3.34-3.35). While citizens in Gurugram, Panchkula and Pundri perceive not much improvement in the situation of urban poor (in terms of livelihood) in their city, 75% of the citizens surveyed in Hansi perceive no improvement at all (refer Graph 3.35).

**Graph 3. 35 Citizens’ perceptions about the extent of improvement in the situation of urban poor (in terms of their livelihood – e.g., employment) in their city over the past 3 years**



## 17. Planning for economic and social development

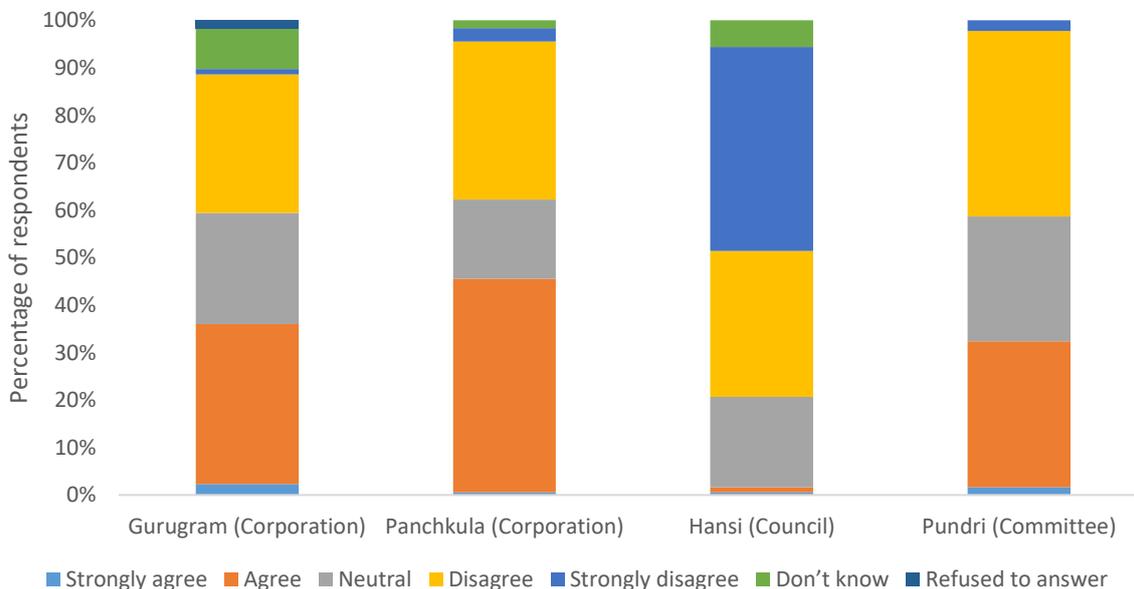
**Table 3. 30 Citizens' extent of agreement that there are adequate opportunities for them to work in their city**

Criteria	Gurugram	Panchkula	Hansi	Pundri
<b>Extent of agreement that there are adequate opportunities for you to work in the city:</b> <ul style="list-style-type: none"> <li>• Agree/strongly agree: Category A</li> <li>• Neutral: Category B</li> <li>• Disagree/strongly disagree: Category C</li> </ul>				

*Note: Green, yellow and red colors in the table imply that citizens perceive a relatively good, average and poor quality of the service respectively. Blue color implies that citizens do not know much about the service. (This table only intends to provide a broad indication. Please refer to detailed charts and tables in the report for precise numeric details.)*

- While citizens surveyed in the large ULBs – Gurugram and Panchkula – agree/strongly agree that there are adequate work opportunities for them in the city, perception of citizens in the smaller ULBs – Hansi and Pundri is quite opposite (Refer Graph 3.36). Particularly in Hansi, 74% of the citizens surveyed say that they strongly disagree/disagree that there are adequate opportunities for them to work in their city.

**Graph 3. 36 Citizens' extent of agreement that there are adequate opportunities to work in their city**



## 18. Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded

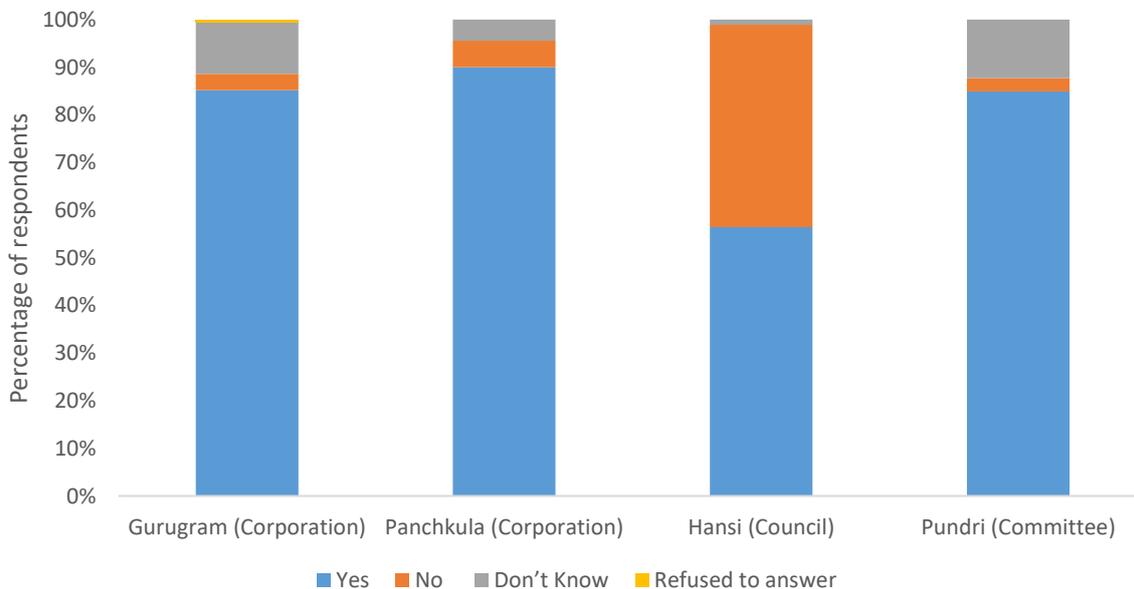
**Table 3. 31 Citizens’ perceptions on whether people are treated equally in their city**

Criteria	Gurugram	Panchkula	Hansi	Pundri
<b>Citizen perception on whether people are treated equally in the city:</b> • Yes: Category A • No: Category C				

Note: Green, yellow and red colors in the table imply that citizens perceive a relatively good, average and poor quality of the service respectively. Blue color implies that citizens do not know much about the service. (This table only intends to provide a broad indication. Please refer to detailed charts and tables in the report for precise numeric details.)

- Citizens surveyed in all the four ULBs believe that people are generally treated equally in their city, although in Hansi a large proportion of citizens (42%) surveyed also think that the city does not have equal treatment of people (refer Graph 3.37).
- The keys reasons of unequal treatment are income and caste, followed by religion, disabilities and gender (refer Table 3.32). In Hansi, 96% and 91% of the citizens surveyed say that income and caste respectively are the main bases of unequal treatment of people in their city. None of the citizens surveyed in Hansi say that religion is a basis of unequal treatment, unlike in the other ULBs surveyed.

**Graph 3. 37 Citizens’ perceptions about whether people are treated equally in their city**



**Table 3. 32 Citizens' perceptions of form of discrimination in their city**

City	Gender	Disabilities (mental/physical)	Caste	Religion	Income	Other
Gurugram (Corporation)	17%	17%	50%	33%	67%	0%
Panchkula (Corporation)	30%	40%	60%	60%	60%	0%
Hansi (Council)	20%	0%	91%	0%	96%	0%
Pundri (Committee)	0%	0%	80%	40%	60%	0%

*Note: This question was only asked to those citizens who said that there is discrimination in their city*

*Note: This is a multiple tick question. Some citizens selected more than one answer (total of a city may be more than 100%)*

## 19. Safety

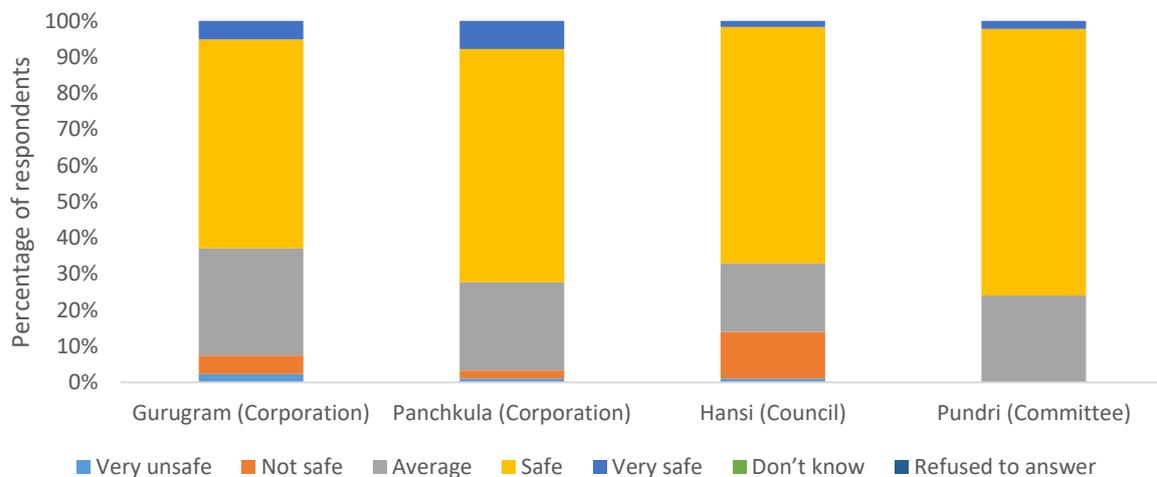
**Table 3. 33 Citizens' perceptions on safety in their city**

Criteria	Gurugram	Panchkula	Hansi	Pundri
<b>Feeling of safety in public places during the day:</b> <ul style="list-style-type: none"> <li>• Safe/very safe: Category A</li> <li>• Average: Category B</li> <li>• Unsafe/very unsafe: Category C</li> </ul>				
<b>Feeling of safety in public places during the night:</b> <ul style="list-style-type: none"> <li>• Safe/very safe: Category A</li> <li>• Average: Category B</li> <li>• Unsafe/very unsafe: Category C</li> </ul>				

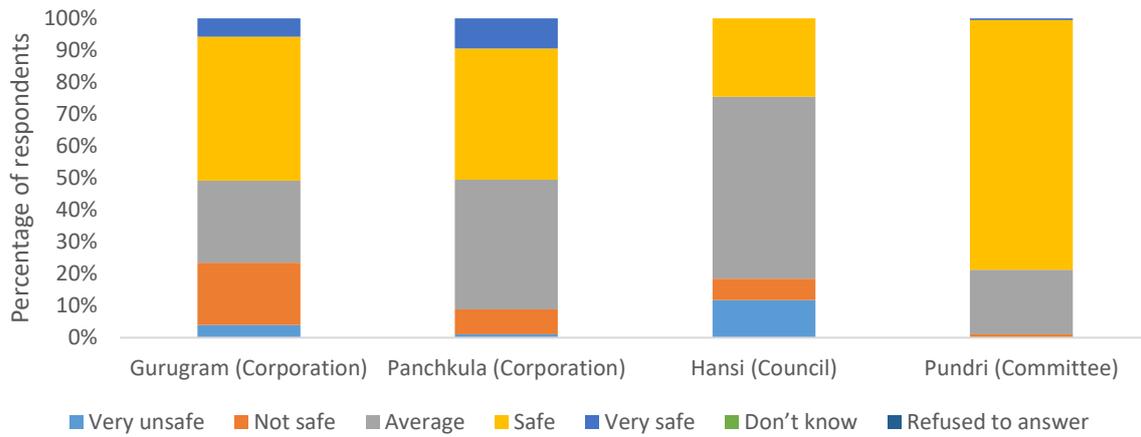
Note: Green, yellow and red colors in the table imply that citizens perceive a relatively good, average and poor quality of the service respectively. Blue color implies that citizens do not know much about the service. (This table only intends to provide a broad indication. Please refer to detailed charts and tables in the report for precise numeric details.)

- While the citizens surveyed in the four ULBs feel safe both during the day (refer Graph 3.38) and night (refer Graph 3.39), the feeling of safety is slightly better in the daytime. In Hansi, there is a moderate concern of safety at night.

**Graph 3. 38 Citizens' perceptions safety in public spaces in their city - day time**



**Graph 3. 39 Citizens' perceptions safety in public spaces in their city - night time**



## 20. Response of the city government to manage the COVID – 19 pandemic in terms of quarantine, containment zones, contact tracing and emergency healthcare

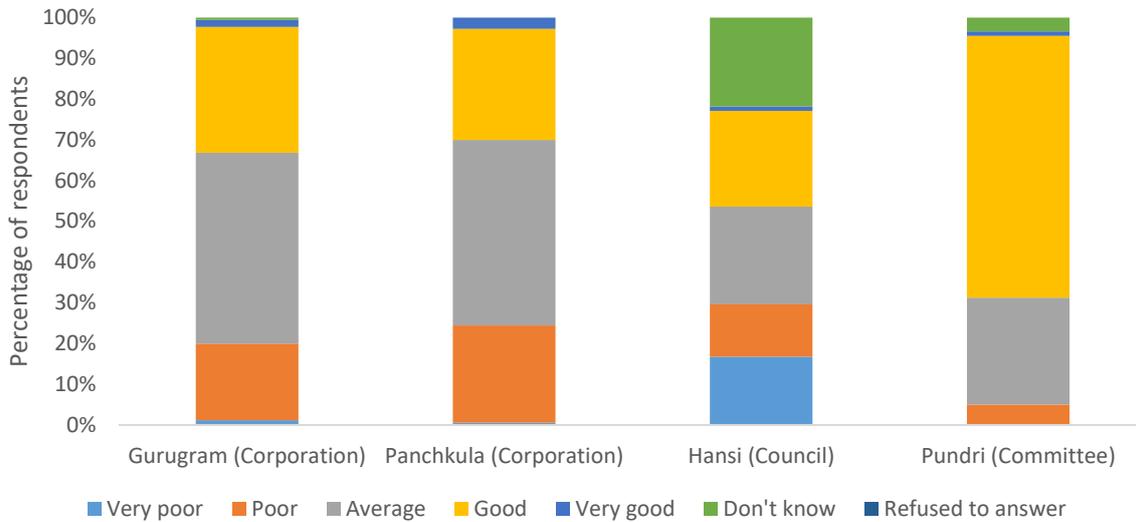
**Table 3. 34 Citizens’ perceptions of quality of response of the city government to manage the COVID – 19 pandemics in their city**

Criteria	Gurugram	Panchkula	Hansi	Pundri
<b>Quarantine:</b> <ul style="list-style-type: none"> <li>• Good/very good: Category A</li> <li>• Average: Category B</li> <li>• Poor/very poor: Category C</li> </ul>				
<b>Containment zones:</b> <ul style="list-style-type: none"> <li>• Good/very good: Category A</li> <li>• Average: Category B</li> <li>• Poor/very poor: Category C</li> </ul>				
<b>Contact tracing:</b> <ul style="list-style-type: none"> <li>• Good/very good: Category A</li> <li>• Average: Category B</li> <li>• Poor/very poor: Category C</li> </ul>				
<b>Emergency healthcare:</b> <ul style="list-style-type: none"> <li>• Good/very good: Category A</li> <li>• Average: Category B</li> <li>• Poor/very poor: Category C</li> </ul>				

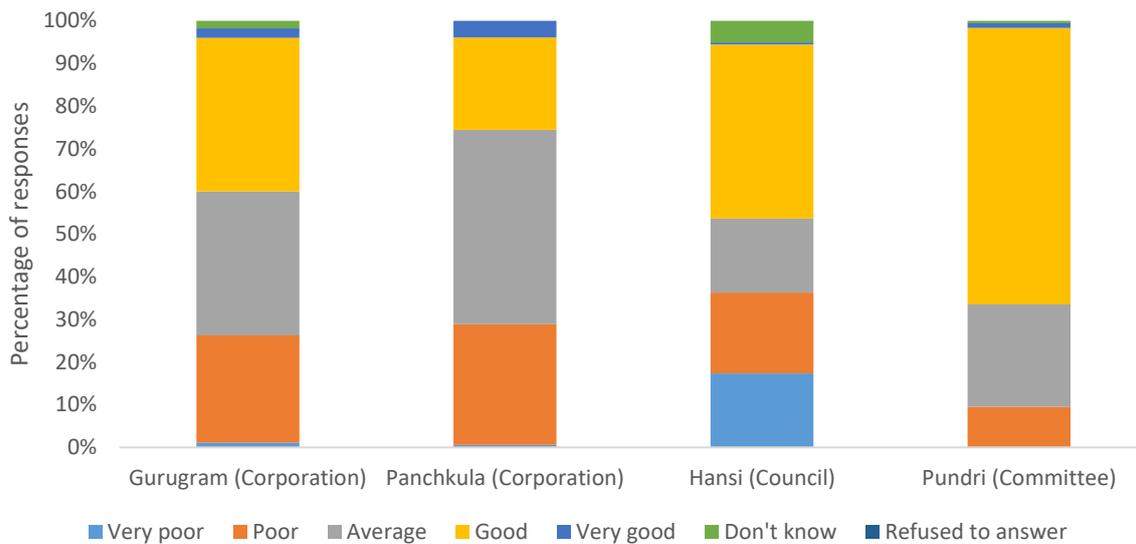
*Note: Green, yellow and red colors in the table imply that citizens perceive a relatively good, average and poor quality of the service respectively. Blue color implies that citizens do not know much about the service. (This table only intends to provide a broad indication. Please refer to detailed charts and tables in the report for precise numeric details.)*

- Only the citizens surveyed in Pundri perceive good/very good management of the pandemic by the city government on all four fronts assessed – quarantine, containment zones, contact tracing and emergency healthcare. Only the category of ‘emergency healthcare’ was rated as good or very good by a plurality of citizens in all cities.
- The perception of citizens in Panchkula is relatively average across the categories.
- Across the other cities, citizens surveyed perceive the quality of quarantine management to be average (Gurugram and Panchkula) or poor/very poor (Hansi).
- Except in Panchkula, citizens surveyed perceive the quality of containment zones and contact tracing to be good/very good in their city.
- Very few citizens perceive the quality of COVID related services in their city to be very poor (except the element of quarantine in Hansi). [Refer Graph3.40-3.43]

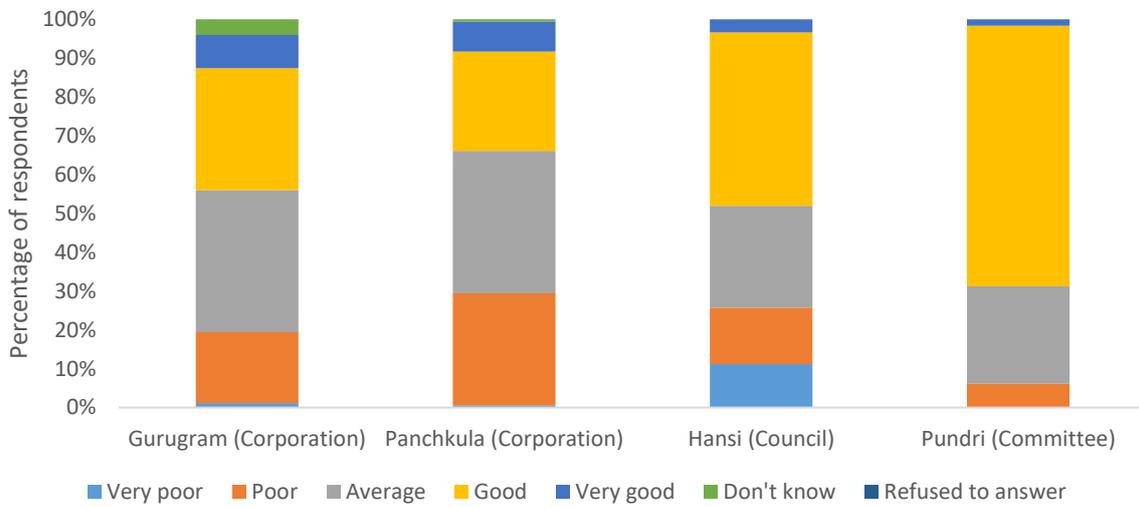
**Graph 3. 40 Citizens' perceptions of quality of quarantine management by the city government to during the COVID – 19 pandemic in their city**



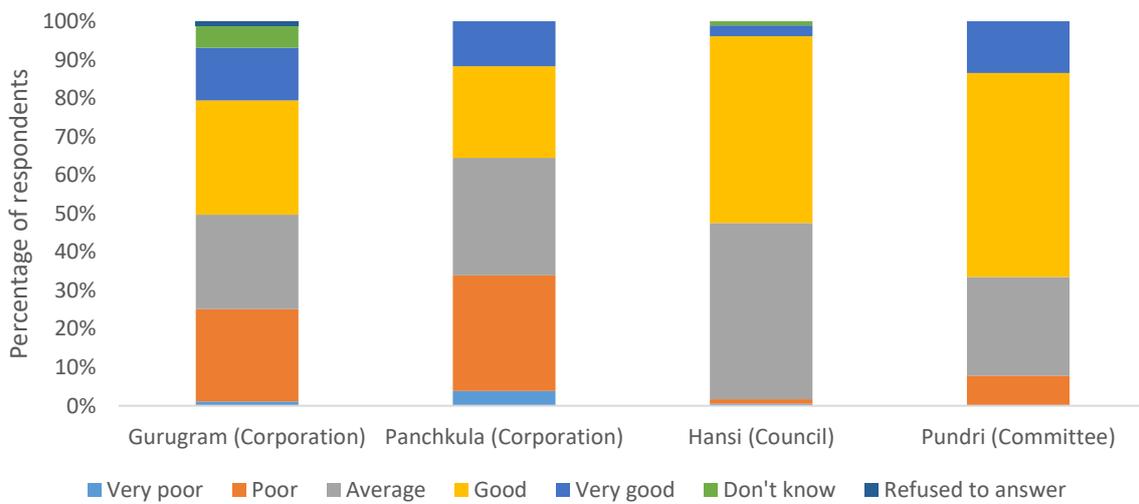
**Graph 3. 41 Citizens' perceptions of quality of containment zones by the city government to during the COVID – 19 pandemic in their city**



**Graph 3. 42 Citizens' perceptions of quality of contact tracing by the city government to during the COVID – 19 pandemic in their city**



**Graph 3. 43 Citizens' perceptions of quality of emergency healthcare by the city government to during the COVID – 19 pandemic in their city**



## E. Citizen perception of the layer of the government that provides basic services in their city

- Most citizens (>50%) surveyed in each of the four ULBs selected perceive the municipality to be responsible for undertaking all the 18 service functions that may be devolved to local bodies as per the seventy fourth amendment of the Constitution of India, irrespective of which entity (municipality or state entity) actually provides the service on ground (refer Tables 3.35 -3.36).
  - In Hansi, citizens perceive entities other than the municipality to be responsible for some of the services, namely, promotion of art and culture, regulation of slaughter houses and tanneries, slum upgradation and poverty alleviation and planning for economic and social development.
- Citizen perception is different from that of the DULB and the ULB officials' interviews. As described in the Introduction section.
  - According to the DULB, the service functions have been devolved to the ULBs except wastewater management (sewerage and sanitation), urban forestry, safeguarding interests of weaker sections, and promotion of cultural and educational aspects, which are undertaken by various departments of the State Government of Haryana.
  - Interviews with ULB administrative officials and elected representatives, and information received from ULBs reveal that in practice several of these functions - are still being undertaken by state departments. ULBs are broadly only taking care of functions such as solid waste management, urban amenities, and facilities (such as parks, gardens, and playgrounds), burial grounds and crematoriums, public amenities (such as street lighting, parking lots, bus stops and public conveniences), cattle ponds, birth and death registry, regulation of slaughterhouses and tanneries, small streets and fire. Most other functions such as water supply, urban planning, slum improvement, urban poverty alleviation, planning of economic and social development, and regulation of land use and construction of buildings are undertaken by state departments fully or at least partly according to ULB officials.

**Table 3. 35 Criteria for categorization - perception of citizens surveyed on which layer of the government is responsible for the providing the service**

	>=75% - <=100% citizens surveyed perceive municipality to be the only entity responsible for undertaking the service
	>=50% - <75% citizens surveyed perceive municipality to be the only entity responsible for undertaking the service
	< 50% citizens surveyed perceive municipality to be the only entity responsible for undertaking the service

**Table 3. 36 City categorization based on perception of citizens surveyed who believe only the municipality is responsible for the providing the service**

Service function	Gurugram	Panchkula	Hansi	Pundri
1. Water supply for domestic, industrial and commercial purposes				
2. Public health, sanitation conservancy and solid waste management				
▪ Sewerage				
▪ Waste collection				
3. Roads/public streets				
4. Provision of public amenities including street lighting, bus stops and parking				
▪ Streetlights				
▪ Bus stops				
▪ Parking				
5. Provision of urban amenities and facilities such as parks, gardens, playgrounds				
6. Urban forestry, protection of the environment and promotion of ecological aspects				
7. Urban planning including town planning				
8. Regulation of land use and construction of buildings				
9. Fire services				
10. Burials and burial grounds, cremations, cremation grounds crematoriums				
11. Promotion of cultural, educational, and aesthetic aspects				
12. Cattle ponds and preventions of cruelty to animals				
13. Regulation of slaughterhouses and tanneries*				
14. Vital statistics including registration of births and deaths				
15. Slum improvement and up gradation				
16. Urban poverty alleviation				
17. Planning for economic and social development				
18. Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded				

\*94% of the citizens surveyed in Hansi selected 'don't know' in response to the question on which layer of the government is responsible for slaughterhouses and tanneries in their city

Note: Refer to the Appendix for detailed charts (refer Graph 3.47-3.67)

## F. Who resolves issues for the citizens?

- Citizens surveyed report that issues related to water supply, sewerage, waste collection and roads/public streets are mainly resolved by the corporator or municipality, irrespective of which entity (municipality or state entity) actually provides the service on ground (refer Table 3.37).
  - In Hansi, citizens report that it is primarily the corporator resolving the citizen issues (perception of over 90% of the citizens surveyed), rather than the municipality.

**Table 3. 37 Summary of citizen feedback on who resolved their issue (percentage of respondents)**

		Corporator	Municipality	Other (including state entity/ parastatals)	Issue not resolved	Don't know/ refused to answer	Never faced an issue
Gurugram	Water supply	19%	35%	3%	6%	7%	30%
	Sewerage	23%	33%	5%	3%	6%	31%
	Waste collection	14%	37%	5%	3%	7%	34%
	Roads/ streets	20%	34%	2%	9%	6%	29%
Panchkula	Water supply	21%	27%	1%	1%	6%	44%
	Sewerage	21%	24%	4%	0%	9%	41%
	Waste collection	23%	24%	1%	7%	5%	40%
	Roads/ streets	24%	24%	0%	8%	5%	38%
Hansi	Water supply	94%	1%	2%	0%	4%	0%
	Sewerage	91%	1%	3%	0%	5%	0%
	Waste collection	92%	1%	2%	0%	4%	0%
	Roads/ streets	93%	1%	2%	0%	4%	0%
Pundri	Water supply	13%	51%	1%	1%	0%	35%
	Sewerage	15%	49%	2%	0%	0%	35%
	Waste collection	15%	49%	0%	2%	1%	34%
	Roads/ streets	15%	48%	1%	3%	1%	33%

Note: The total of some rows may be 99% or 101% (instead of 100%) due to rounding off.

Note: Refer to the Appendix for detailed charts (refer Graph 3.68-3.71)

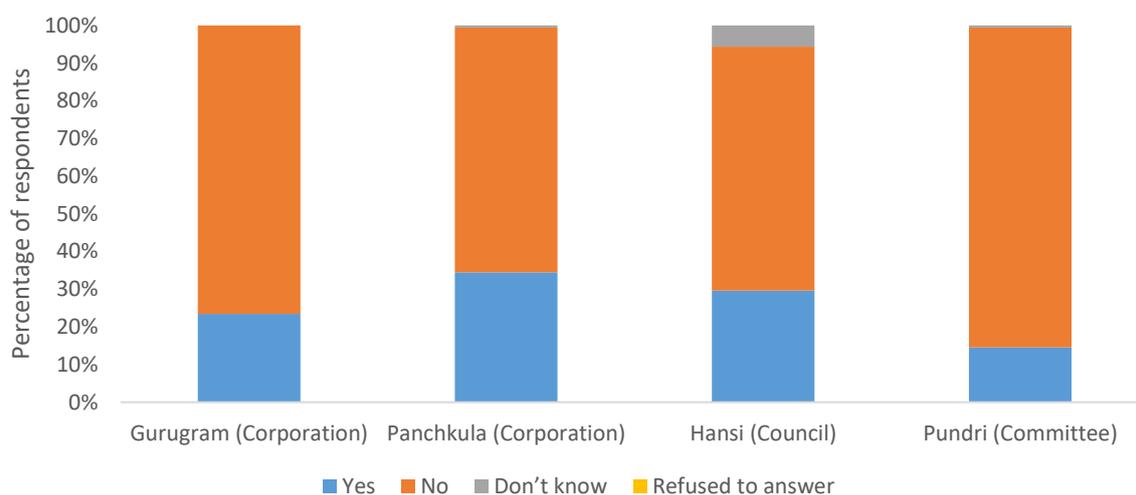
## G. Property tax and utility bill payments

- **Property tax**

*[Note: Most citizens (65%) surveyed in the four ULBs do not own the house (refer Graph 3.44). The questions on property tax were only asked to citizens who own the house they are living in]*

- A large number of citizens selected ‘don’t know’ when asked how they learn about their property tax dues, or any challenges faced in paying property tax – indicative of low collection efficiency (refer Tables 3.38 and 3.39).
- From those who answered the questions on property tax, most citizens say that they receive hard copy bills through post or visit by a tax collection officer (refer Table 3.38).
  - While most citizens in Hansi say that they receive a hard copy bill through visit by a tax officer, this is contrary to findings from interviews with ULB officials in Hansi who say that there is no door-to-door collection as such in the city.
- From those who answered the questions on property tax, the top 3 challenges raised by citizens with regards to payment of this tax are as follows (refer Table 3.39):
  - Citizens don’t know when they must pay the property tax every year as they don’t receive a timely bill.
  - Citizens don’t receive reminders from the municipality closer to the due date (in-person or through SMS).
  - Citizens don’t understand the tax computation formula.

**Graph 3. 44 Responses of citizens surveyed: Do you own this house?**



**Table 3. 38 Responses of citizens surveyed: How do you get to know about the property tax amount you have to pay?**

City	You assess your tax liability by logging on to the municipality's website	You receive a hard copy bill from the municipality through post	You receive a hard copy bill from the municipality tax collector who visits your house	You receive an SMS from the municipality	Don't know (Not aware or don't remember)	Don't know (I Haven't received a bill ever)	Refused to answer
Gurugram (Corporation)	15%	46%	12%	20%	5%	17%	15%
Panchkula (Corporation)	19%	60%	5%	60%	8%	8%	2%
Hansi (Council)	2%	6%	60%	0%	13%	23%	0%
Pundri (Committee)	19%	58%	23%	15%	4%	0%	0%

Note: This question was only asked to citizens who owned the house

Note: This is a multiple tick question. Some citizens selected more than one answer (total of a city may be more than 100%)

**Table 3. 39 Responses of citizens surveyed: What are the challenges you face in paying your property tax**

Cities	Don't know when you must pay the property tax every year as you don't receive a bill timely	Don't receive reminders from the municipality closer to the due date (in-person or through SMS)	Don't understand the tax computation formula	Don't know where to pay the tax	You want to pay online but there is no provision to do so	You want to pay but nobody comes to collect the tax from your home	Other (record answer)	Don't know	Refused to answer
Gurugram (Corporation)	22%	24%	2%	2%	7%	2%	2%	44%	12%
Panchkula (Corporation)	3%	8%	0%	0%	0%	2%	0%	85%	3%
Hansi (Council)	21%	17%	15%	2%	2%	9%	0%	34%	0%
Pundri (Committee)	0%	12%	12%	0%	0%	12%	0%	65%	0%

Note: This question was only asked to citizens who owned the house

Note: This is a multiple tick question. Some citizens selected more than one answer (total of a city may be more than 100%)

- **Utility bills (water)**

- A large number of citizens selected ‘don’t know’ when asked about how they learn about their utility bill dues – indicative of low collection efficiency. From those who answered the questions on utility bills, citizens say that they receive hard copy bills through post or visit by a tax collection officer (refer Table 3.40).
- Over 70% of the citizens surveyed in the four ULBs do not know much about challenges (refer Table 3.41) faced in payment of utility bills.
  - In Hansi, relatively lesser citizens surveyed selected ‘don’t know’ as compared to the other three ULBs. ‘Don’t receive a timely bill’ and ‘Don’t receive SMS reminders’ were top challenges stated by citizens of Hansi.

**Table 3. 40 Responses of citizens surveyed: How do you get to know about your water utility bill?**

Cities	You receive a hard copy bill from the government through post	You receive a hard copy bill from the government through visit by a collection officer	You receive an SMS from the municipality	You pay the bill as part of maintenance charges to your society	Other (record answer)	Don't know	Refused to answer
Gurugram (Corporation)	23%	11%	18%	3%	1%	60%	3%
Panchkula (Corporation)	33%	6%	26%	1%	0%	59%	1%
Hansi (Council)	1%	68%	1%	0%	0%	31%	0%
Pundri (Committee)	13%	35%	6%	0%	1%	50%	1%

*Note: This is a multiple tick question. Some citizens selected more than one answer (total of a city may be more than 100%)*

**Table 3. 41 Responses of citizens surveyed: What are the challenges you face in paying your water bill?**

Cities	Don't receive a timely bill	Don't receive reminders through SMS	Don't understand the calculations	Don't know where to pay the bill	No provision to pay the bill digitally	Nobody comes to collect the bill payment from my home	Other (record answer)	Don't know	Refused to answer
Gurugram (Corporation)	2%	7%	2%	1%	1%	5%	1%	78%	7%
Panchkula (Corporation)	1%	3%	0%	0%	0%	2%	1%	88%	4%
Hansi (Council)	23%	15%	5%	1%	1%	2%	0%	54%	0%

Pundri (Committee)	1%	20%	7%	0%	1%	0%	0%	72%	1%
--------------------	----	-----	----	----	----	----	----	-----	----

Note: This is a multiple tick question. Some citizens selected more than one answer (total of a city may be more than 100%)

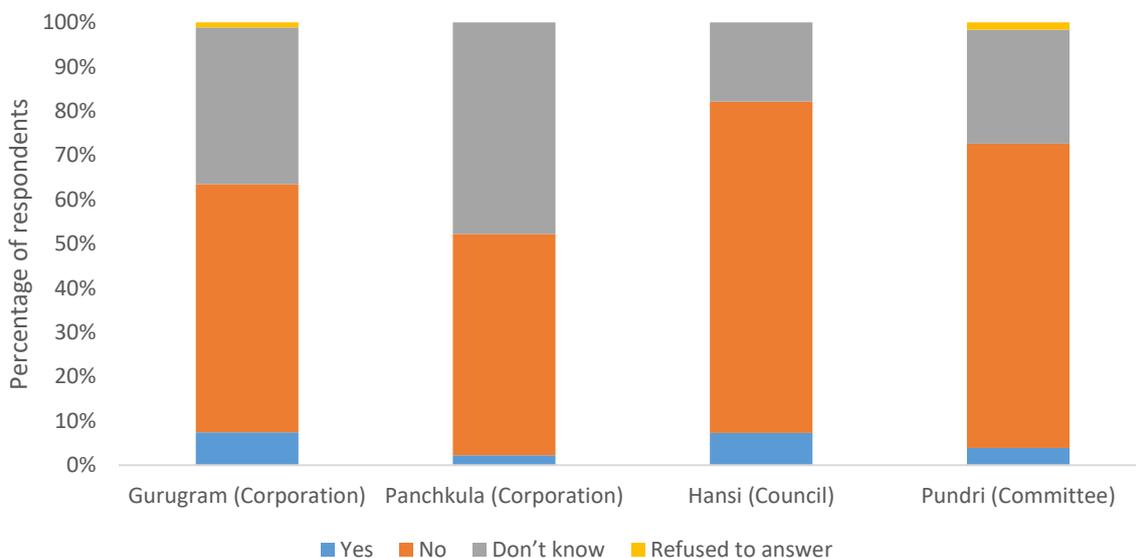
## H. Citizen participation in city governance

- There is negligible citizen participation in governance (formal or informal). This is aligned with Janaagraha’s findings from the city leader surveys that indicate there are no formal meetings conducted for engagement with citizens in Haryana. While it is expected that ward councillors and the mayor/president represent the voice of citizens in the House meetings, in reality there is limited or no formal and structured communication channel between ward councillors and citizens through formats such as ward committee meetings.

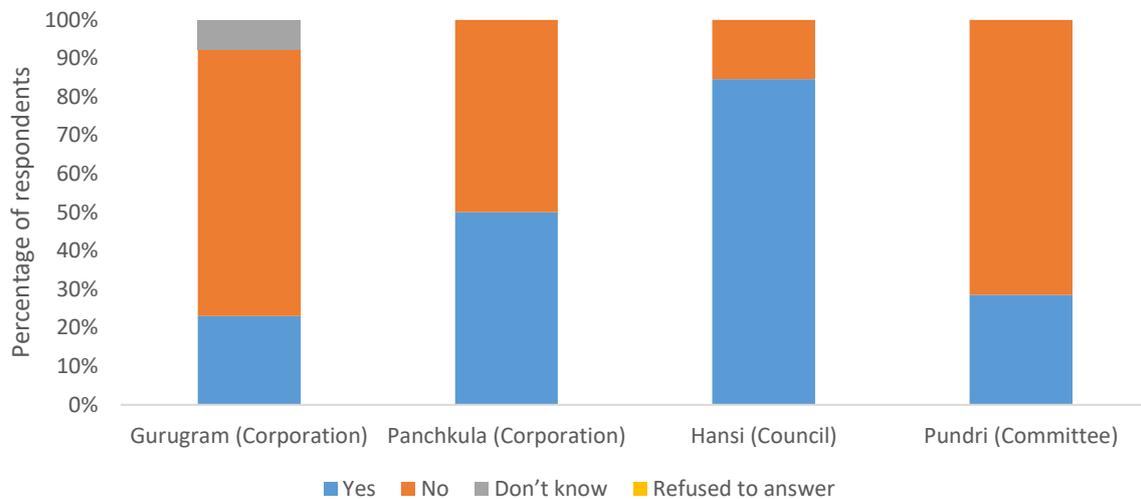
[Refer Graph 3.45 Graph 3.46, Tables 3.42, Table 3.43, Table 3.44]

### Formal participation

**Graph 3. 45 Responses of citizens surveyed: Are you aware of a ward committee/area sabha/community meeting where local issues are discussed?**



**Graph 3. 46 Responses of citizens surveyed: In the last year, did you, or someone in your household, attend ward committee/area sabha/community meetings?**



*Note: This question was asked to only those citizens who were aware about ward committee/area sabha/community meetings*

**Table 3. 42 Responses of citizens surveyed: Why did you or the member of the household attend the meeting?**

Cities	Personal grievance redressal	To discuss city planning	To discuss local budgeting	To discuss basic services and infrastructure related issues in your neighbourhood	Don't know
Gurugram (Corporation)	0%	67%	0%	33%	0%
Panchkula (Corporation)	50%	50%	50%	0%	0%
Hansi (Council)	0%	0%	0%	91%	9%
Pundri (Committee)	0%	0%	50%	0%	50%

*Note: This question was asked to only those citizens who had themselves, or a family member has attended a ward committee/area sabha/community meeting in the last year*

*Note: This is a multiple tick question. Some citizens selected more than one answer (total of a city may be more than 100%)*

## Informal participation

**Table 3. 43 Responses by citizens surveyed - Besides the ward committee/area sabha/community meetings, have you ever engaged in discussions with city leaders (mayor, ward councillor, MLA/MP) in any of the following ways?**

Cities	Interaction in their office	Interaction at political rally	Informal interaction	Have not engaged in discussion with my city leaders	Don't know	Refused to answer
Gurugram (Corporation)	2%	3%	5%	17%	70%	5%
Panchkula (Corporation)	1%	2%	6%	26%	66%	2%
Hansi (Council)	2%	3%	3%	11%	82%	0%
Pundri (Committee)	1%	1%	1%	19%	78%	2%

Note: This is a multiple tick question. Some citizens selected more than one answer (total of a city may be more than 100%)

**Table 3. 44 Responses by citizens surveyed: What was the reason of engagement?**

Cities	Personal grievance redressal	To discuss city planning	To discuss local budgeting	To discuss basic services and infrastructure related issues in your neighbourhood	Don't know	Refused to answer
Gurugram (Corporation)	22%	33%	17%	17%	33%	6%
Panchkula (Corporation)	0%	13%	0%	13%	75%	0%
Hansi (Council)	0%	7%	7%	71%	7%	0%
Pundri (Committee)	0%	50%	0%	50%	25%	0%

Note: This question was asked to only those citizens who engaged in some form of informal interactions with their elected representatives

Note: This is a multiple tick question. Some citizens selected more than one answer (total of a city may be more than 100%)

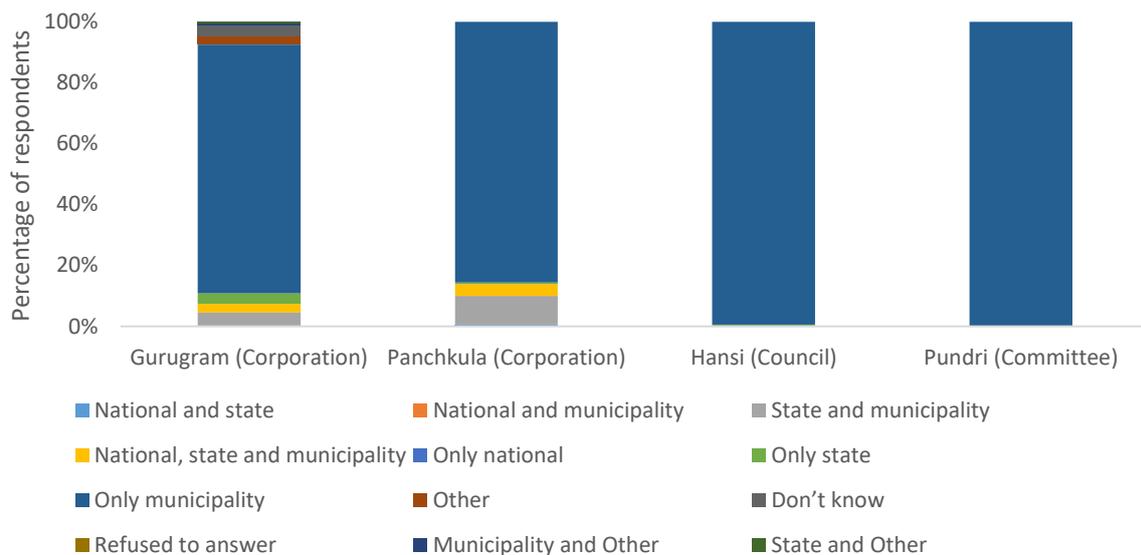
## Appendix

### Citizen perception of the layer of the government that provides basic services in their city

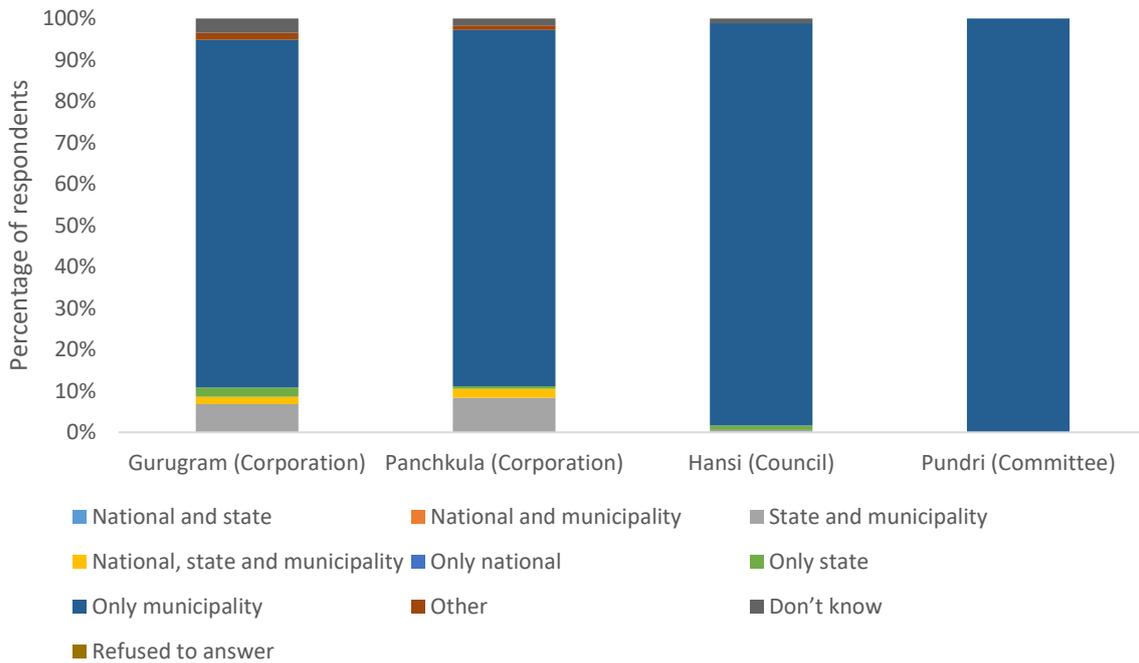
The charts below present responses of citizens surveyed on who they perceive to be responsible for each of the 18 service functions devolved by the 74<sup>th</sup> amendment of the constitution .

As discussed in Section E above, most citizens (>50%) surveyed in each of the four ULBs selected perceive the municipality to be responsible for undertaking all the 18 service functions, irrespective of which entity (municipality or state entity) actually provides the service on ground (refer Graph 3.47-3.67). In Hansi, citizens perceive entities other than the municipality to be responsible for some of the services, namely, promotion of art and culture, regulation of slaughter houses and tanneries, slum upgradation and poverty alleviation and planning for economic and social development.

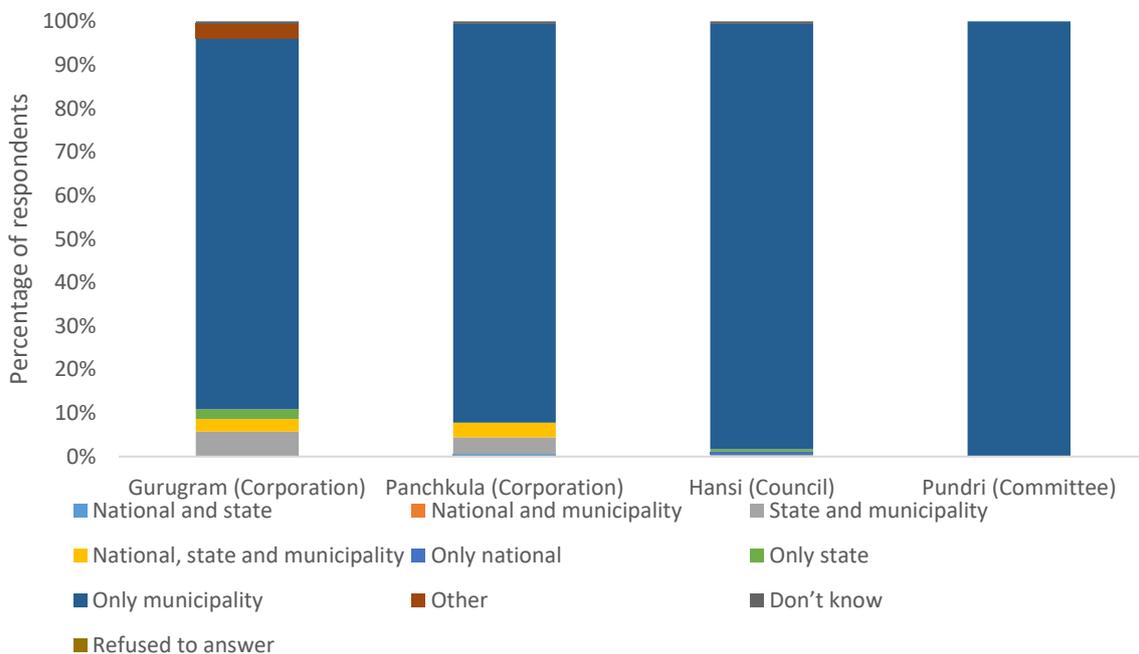
**Graph 3. 47 Responses of citizens surveyed: Which layer of the government is responsible for water supply in your city?**



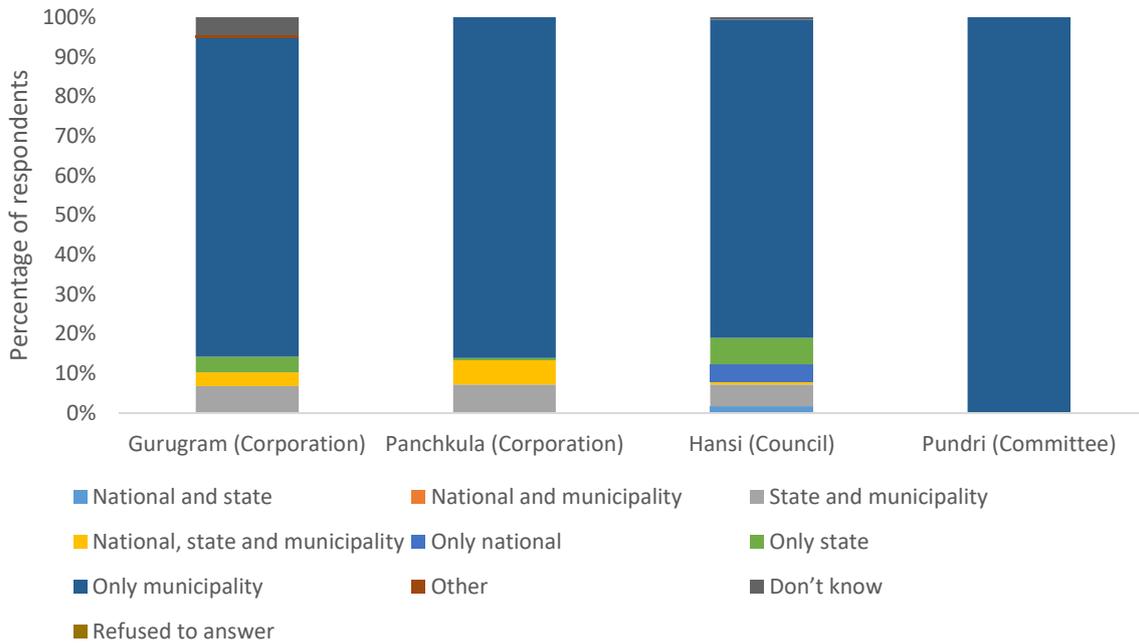
**Graph 3. 48 Responses of citizens surveyed: Which layer of the government is responsible for sewerage in your city?**



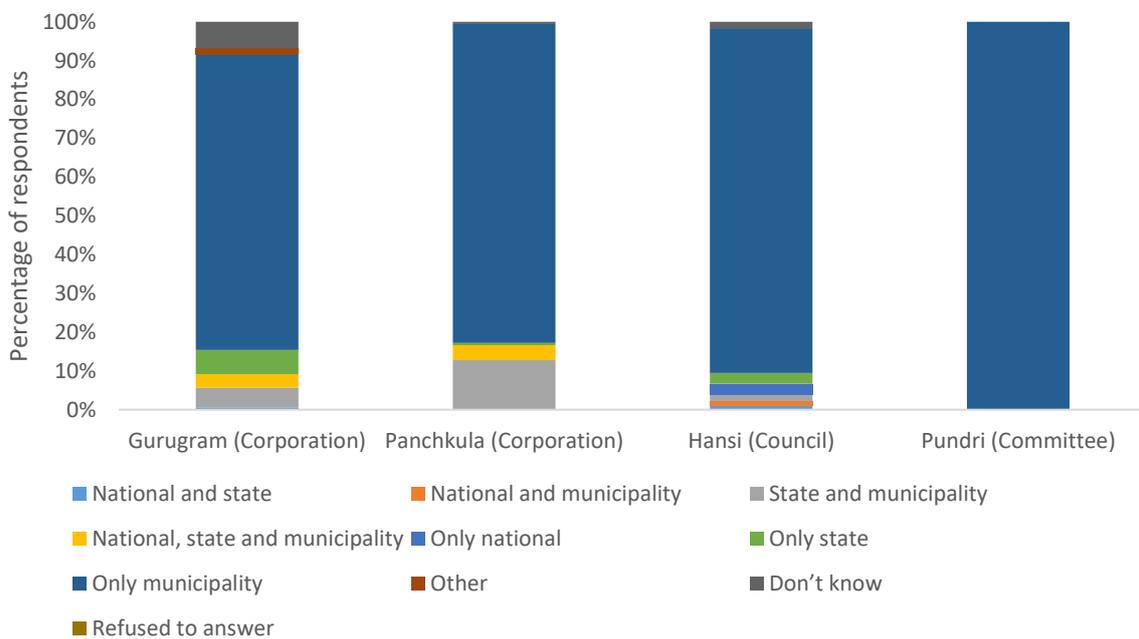
**Graph 3. 49 Responses of citizens surveyed: Which layer of the government is responsible for garbage collection in your city?**



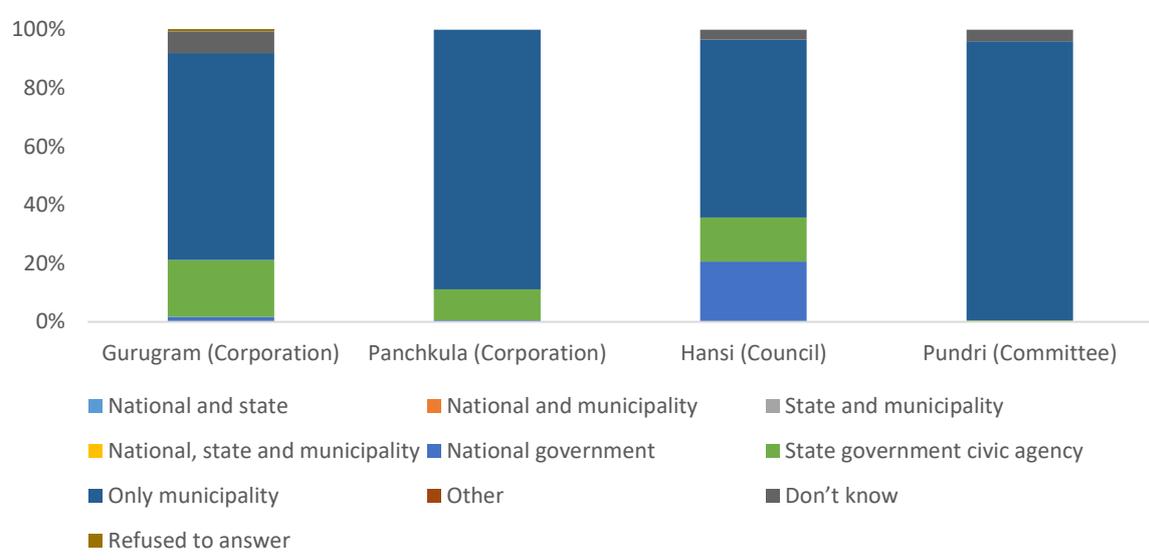
**Graph 3. 50 Responses of citizens surveyed: Which layer of the government is responsible for roads/public streets in your city?**



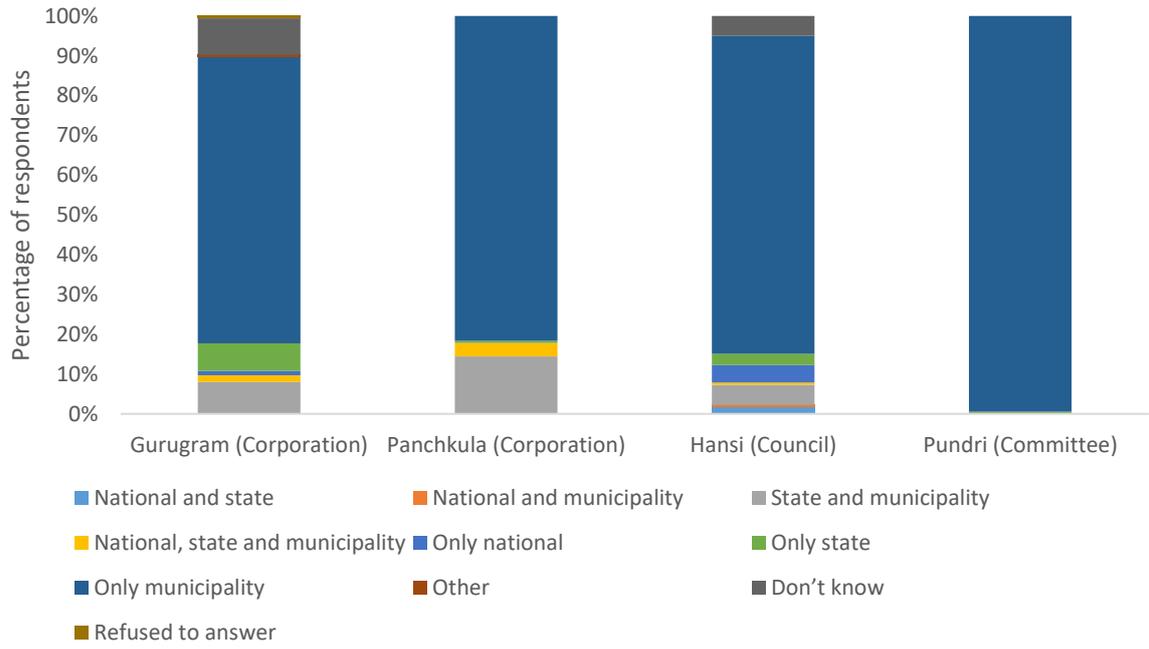
**Graph 3. 51 Responses of citizens surveyed: Which layer of the government is responsible for street lighting in your city?**



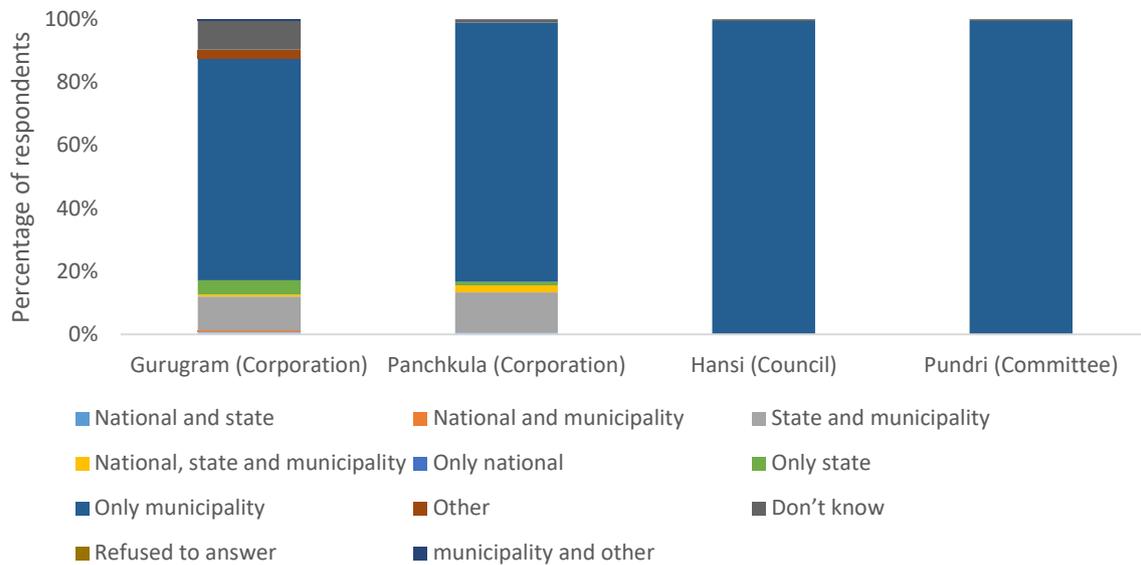
**Graph 3. 52 Responses of citizens surveyed: Which layer of the government is responsible for bus stops in your city?**



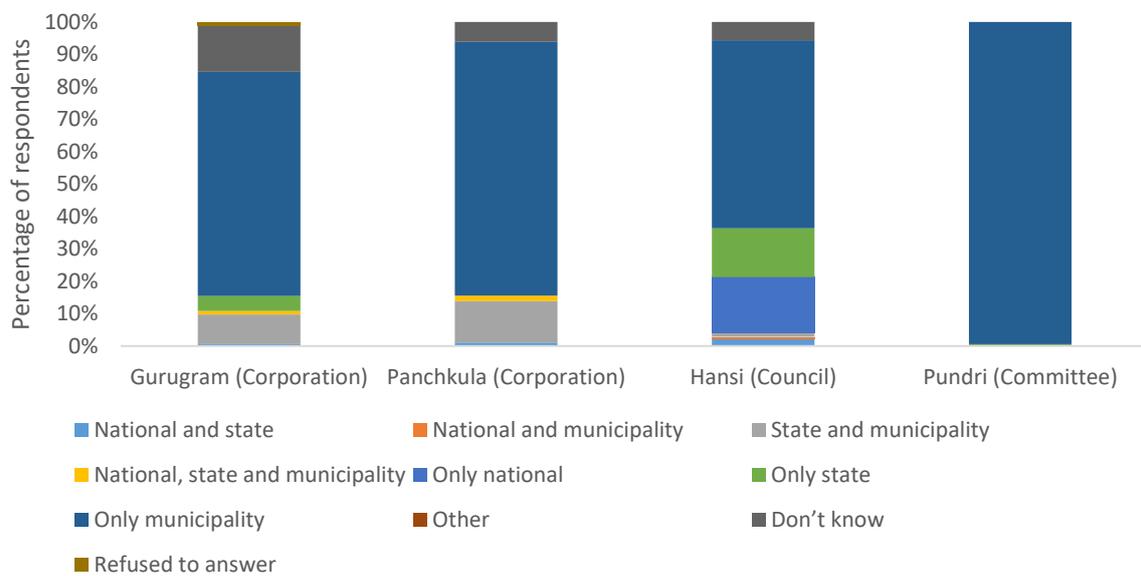
**Graph 3. 53 Responses of citizens surveyed: Which layer of the government is responsible for parking in your city?**



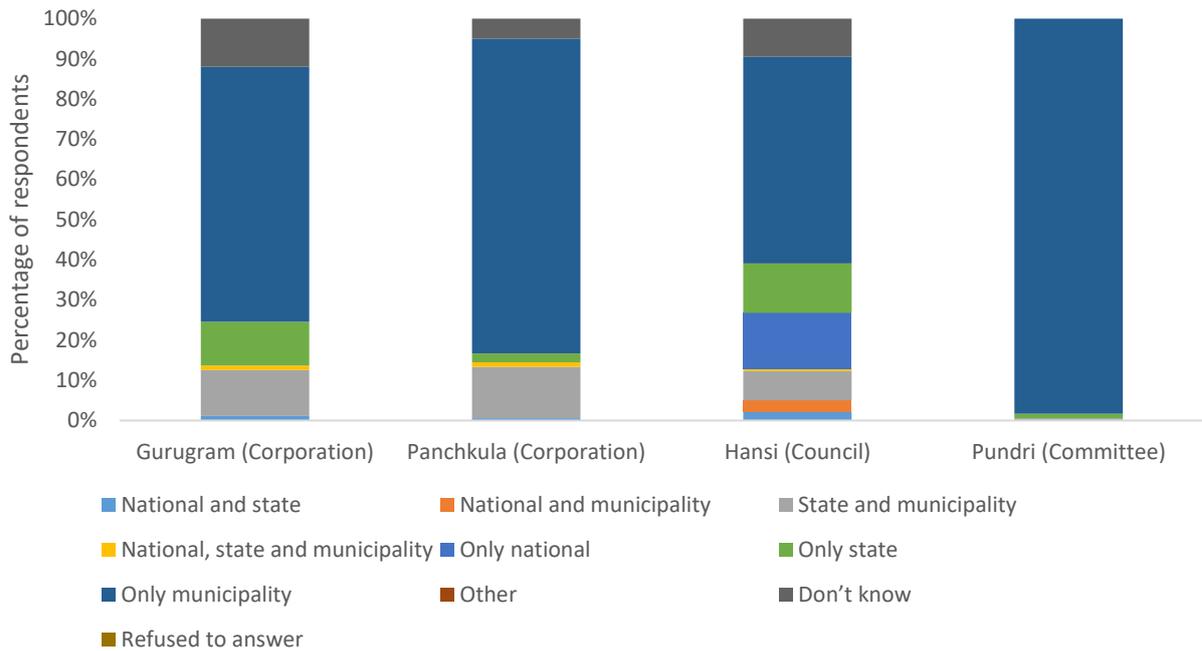
**Graph 3. 54 Responses of citizens surveyed: Which layer of the government is responsible for parks/ gardens/ playgrounds in your city?**



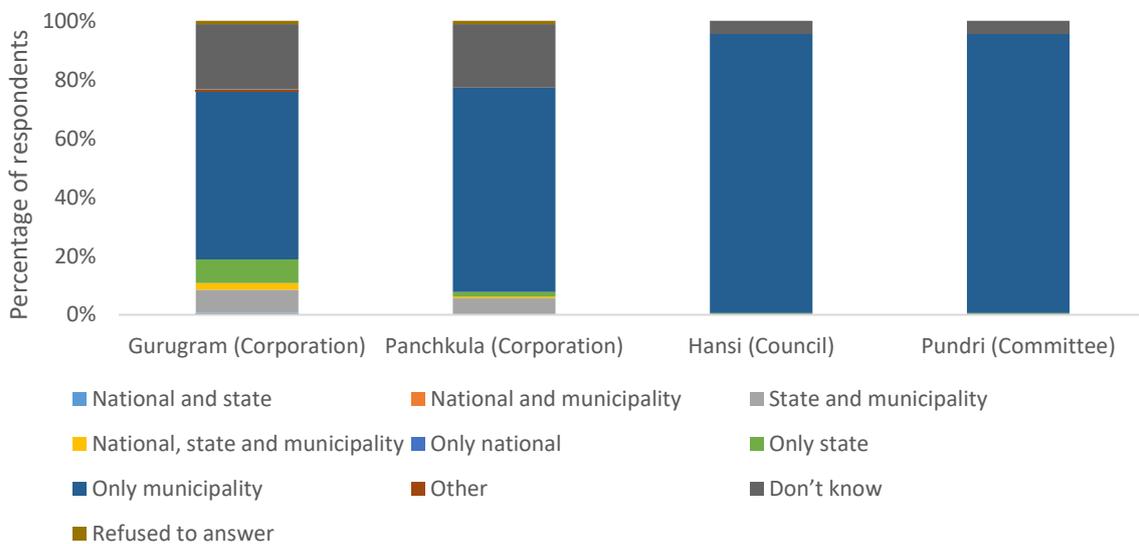
**Graph 3. 55 Responses of citizens surveyed: Which layer of the government is responsible for forests/green cover in your city?**



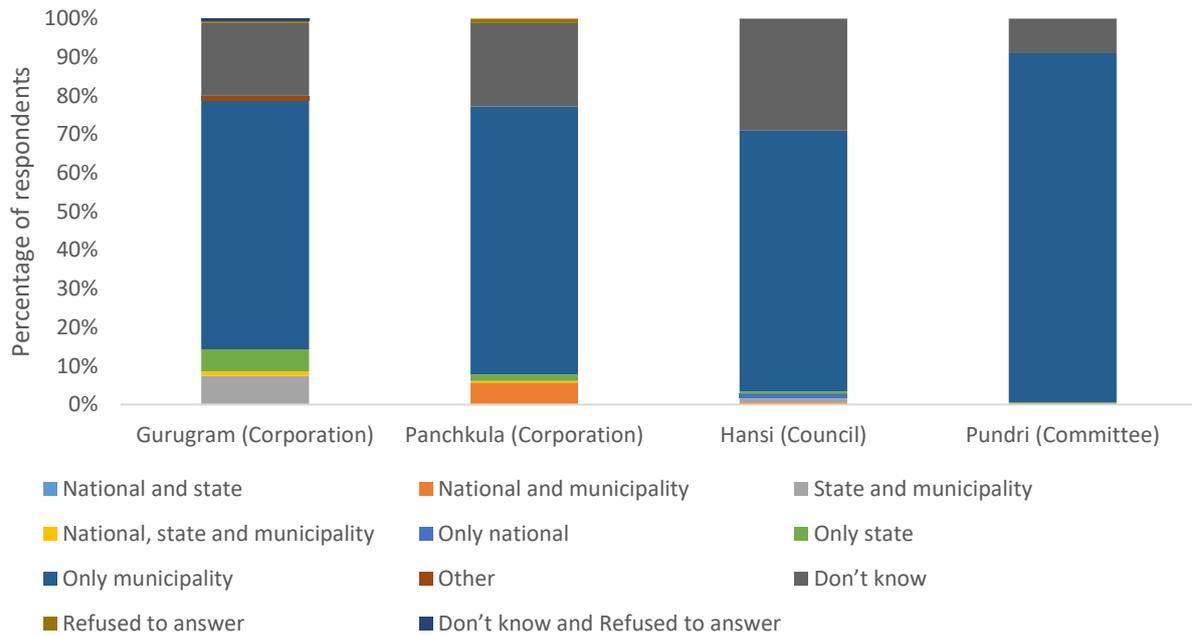
**Graph 3. 56 Responses of citizens surveyed: Which layer of the government is responsible for urban planning in your city?**



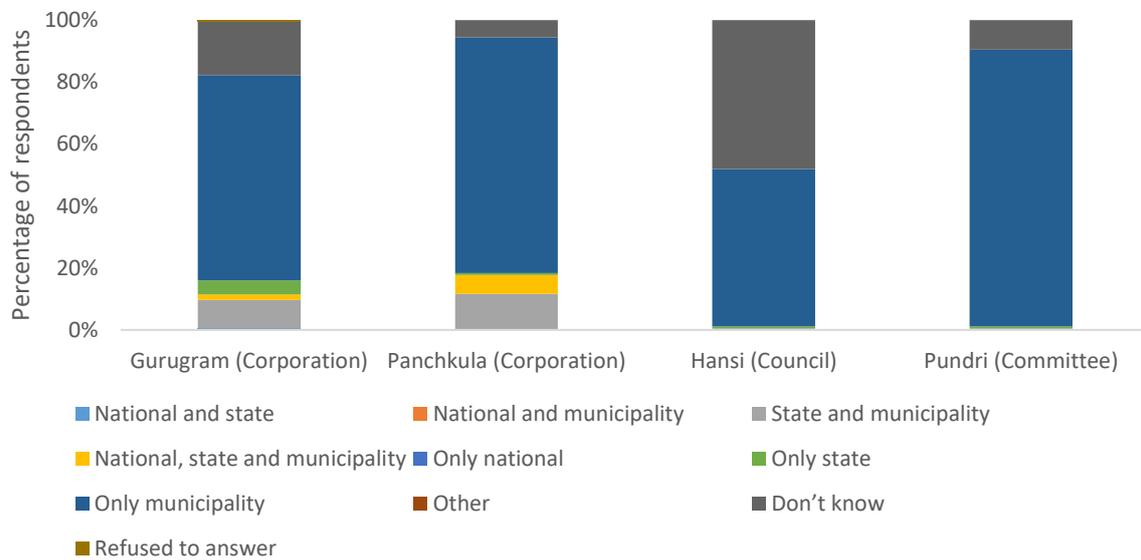
**Graph 3. 57 Responses of citizens surveyed: Which layer of the government is responsible for enforcement of laws related to land use and construction of buildings in your city?**



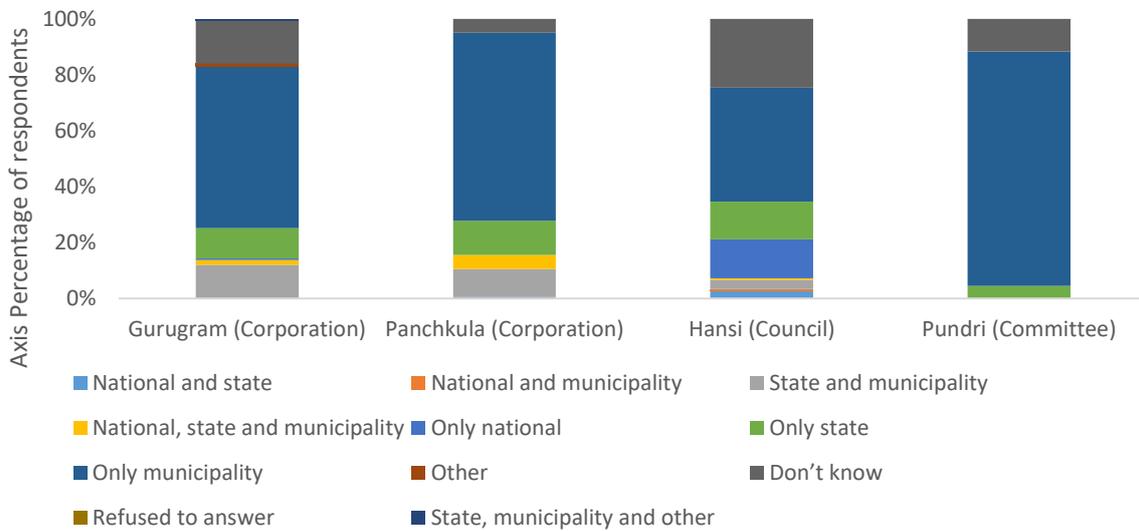
**Graph 3. 58 Responses of citizens surveyed: Which layer of the government is responsible for fire services in your city?**



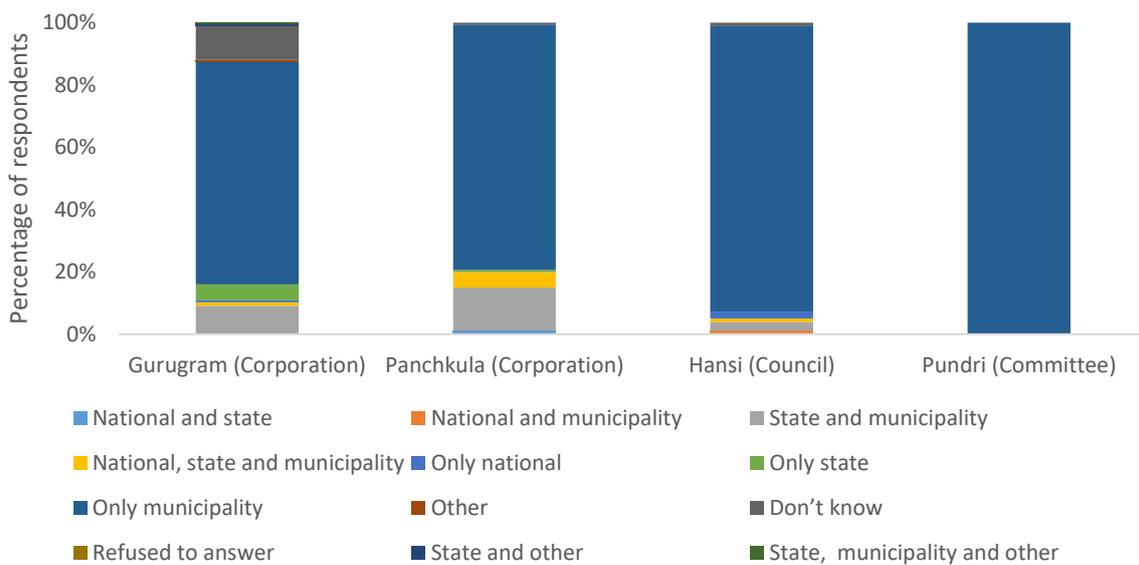
**Graph 3. 59 Responses of citizens surveyed: Which layer of the government is responsible for burials grounds, cremation and cremation grounds and electric crematoriums in your city?**



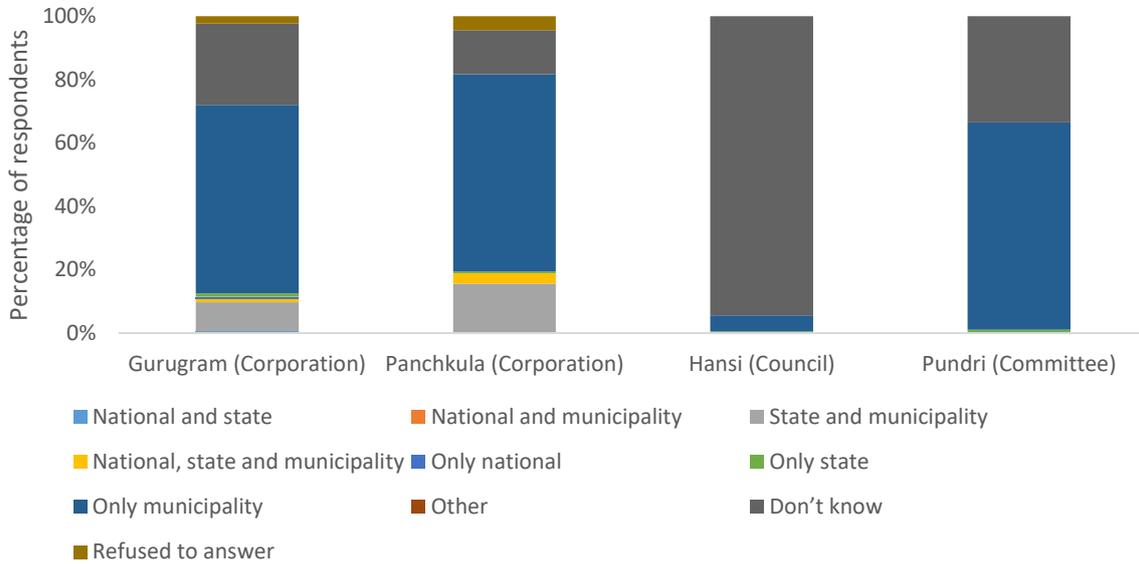
**Graph 3. 60 Responses of citizens surveyed: Which layer of the government is responsible for promoting art and culture in your city?**



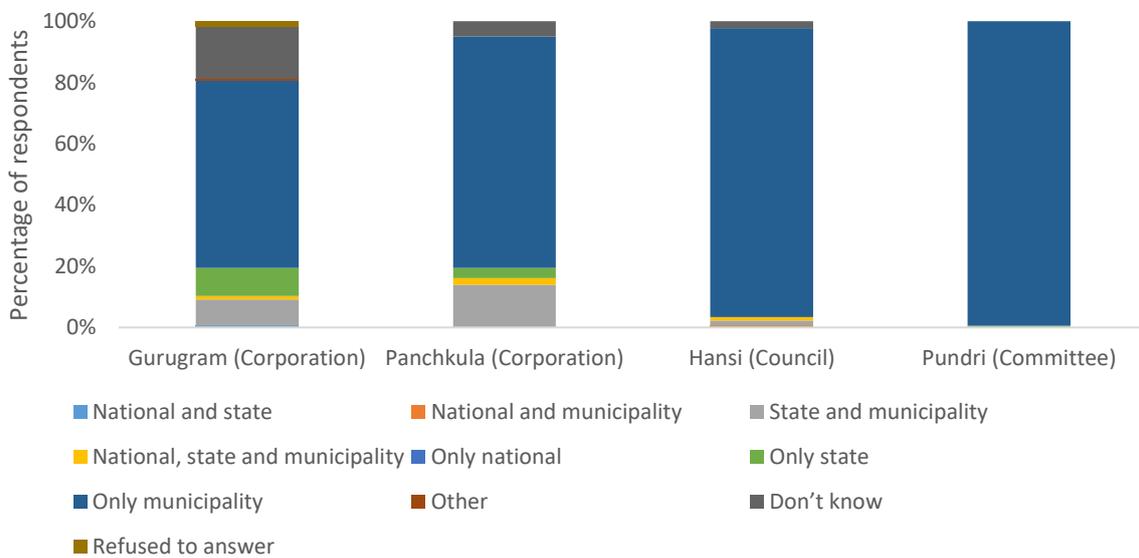
**Graph 3. 61 Responses of citizens surveyed: Which layer of the government is responsible for stray animals in your city?**



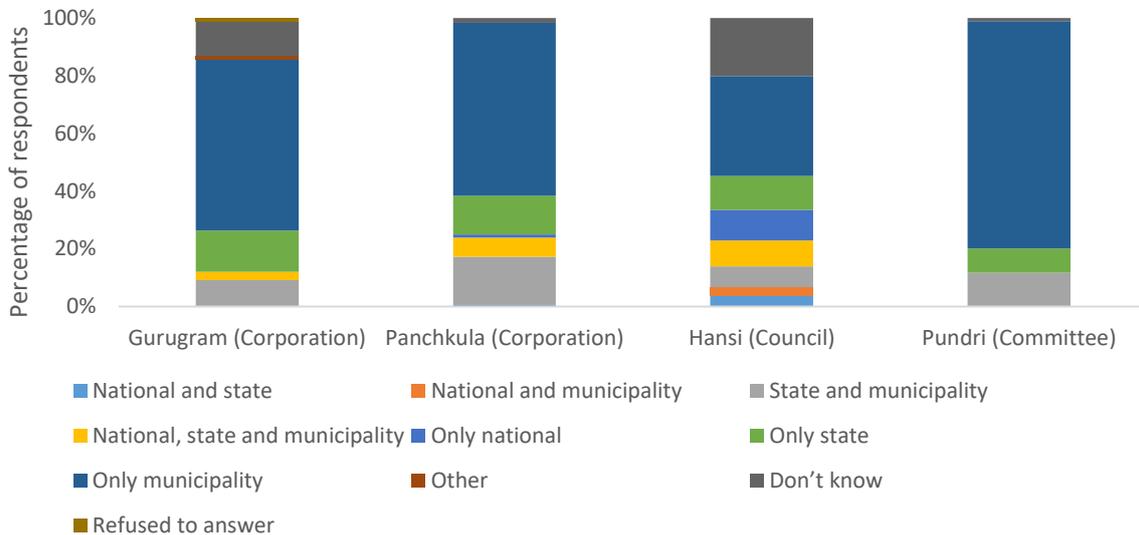
**Graph 3. 62 Responses of citizens surveyed: Which layer of the government is responsible for slaughterhouses and tanneries in your city?**



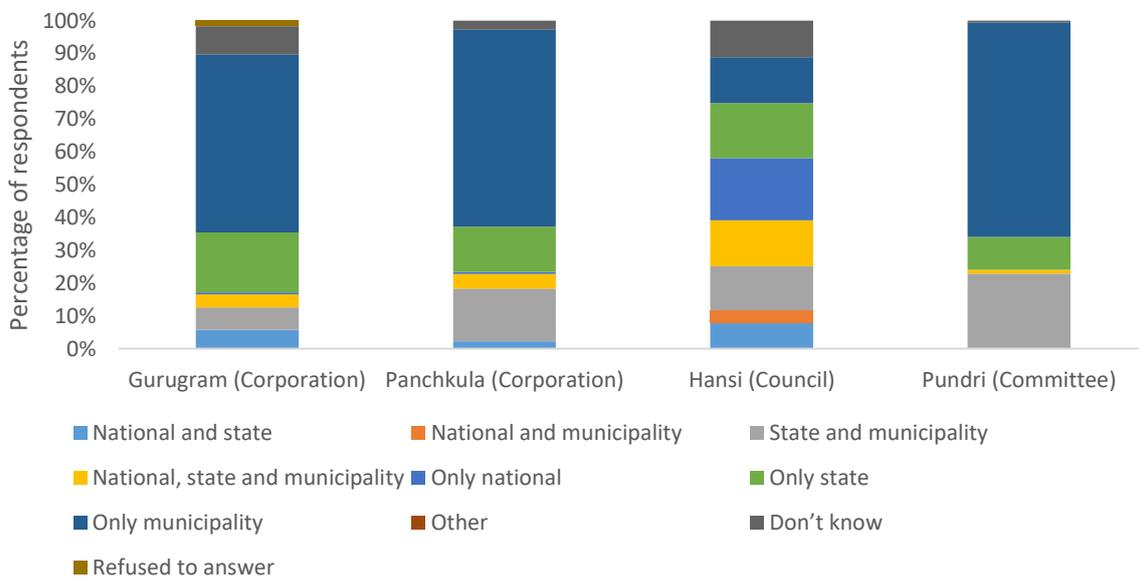
**Graph 3. 63 Responses of citizens surveyed: Which layer of the government is responsible for birth and death registry services in your city?**



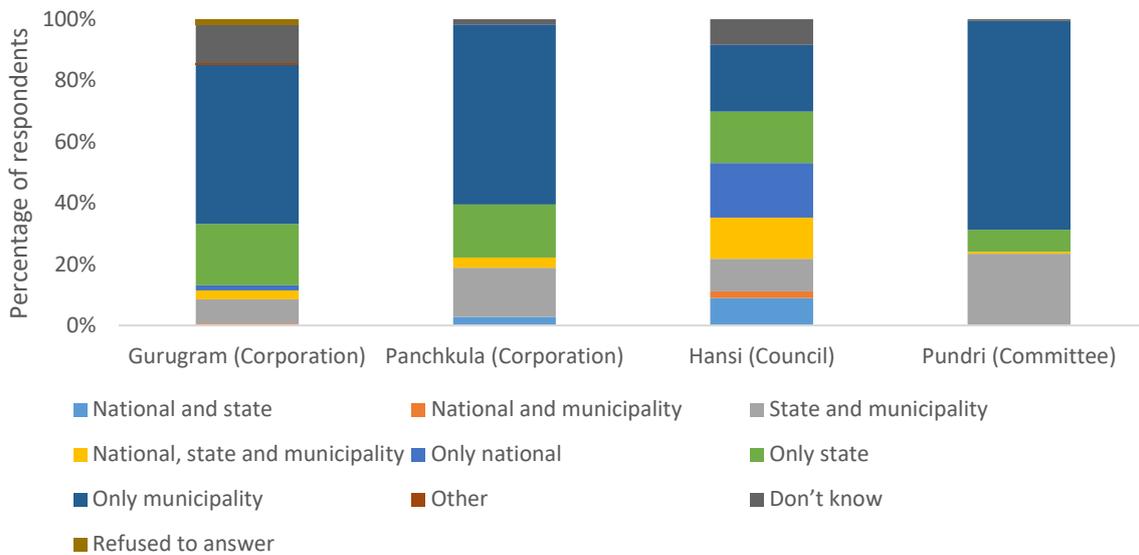
**Graph 3. 64 Responses of citizens surveyed: Which layer of the government is responsible for slum improvement and upgradation in your city?**



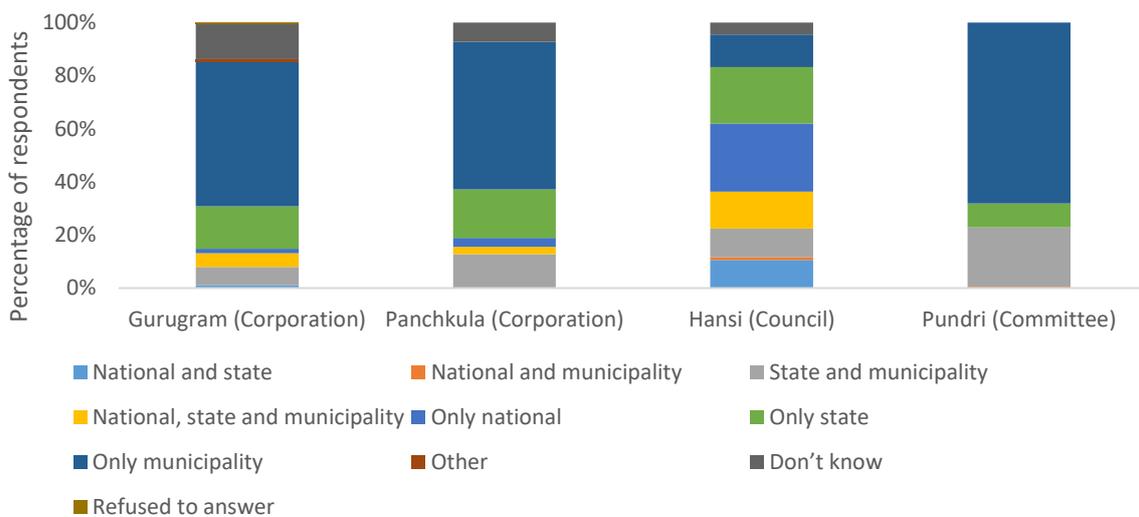
**Graph 3. 65 Responses of citizens surveyed: Which layer of the government is responsible for improvement in the situation of the urban poor in your city?**



**Graph 3. 66 Responses of citizens surveyed: Which layer of the government is responsible for economic and social development in your city?**



**Graph 3. 67 Responses of citizens surveyed: Which layer of the government is responsible for Fair treatment of all categories of people in your city?**



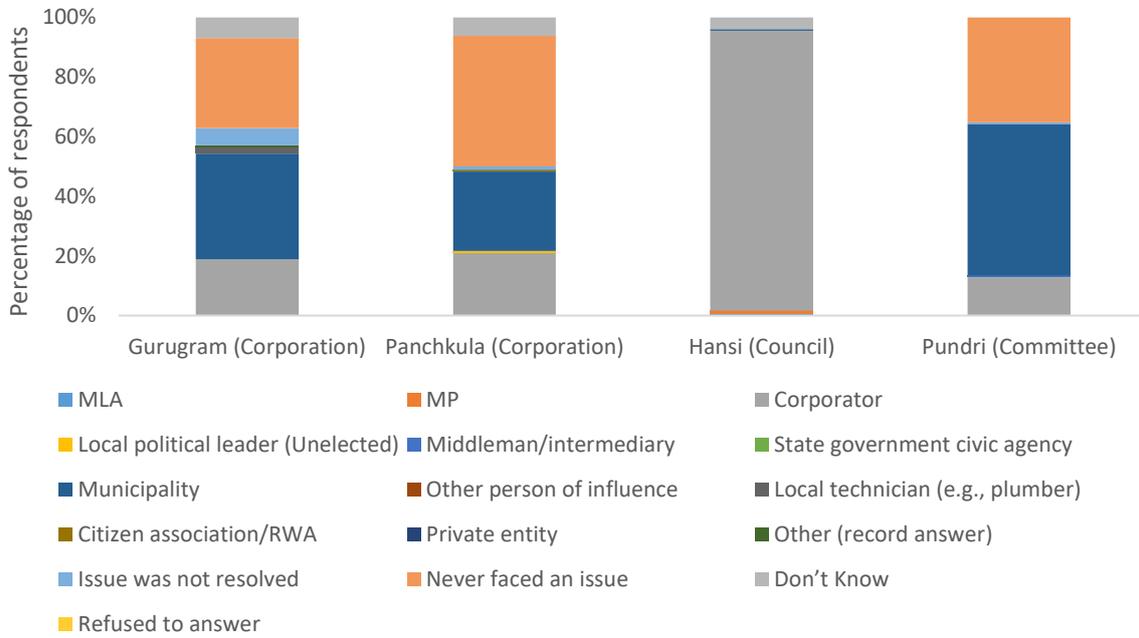
**Who resolves issues for the citizens?**

The charts below present responses of citizens surveyed on who (e.g., state department, municipality, elected representative, other person of influence, etc.) resolves their issues in four critical services – water supply, sanitation, waste collections and roads/public streets (refer Graph 3.68-3.71).

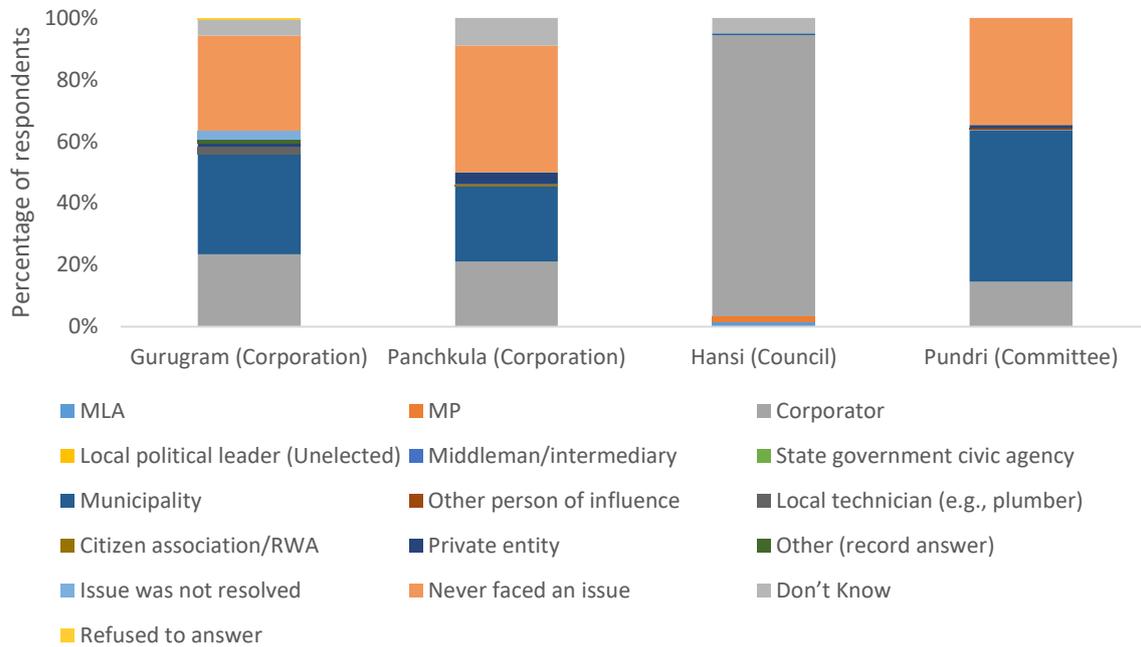
As discussed in Section F above, citizens report that issues related to water supply, sewerage, waste collection and roads/public streets are mostly resolved by the corporator or municipality, irrespective of which entity (municipality or state entity) actually provides the service on ground. In Hansi, citizens report that it is primarily the

corporator resolving the citizen issues (as perceived by over 90% of the citizens surveyed), rather than the municipality.

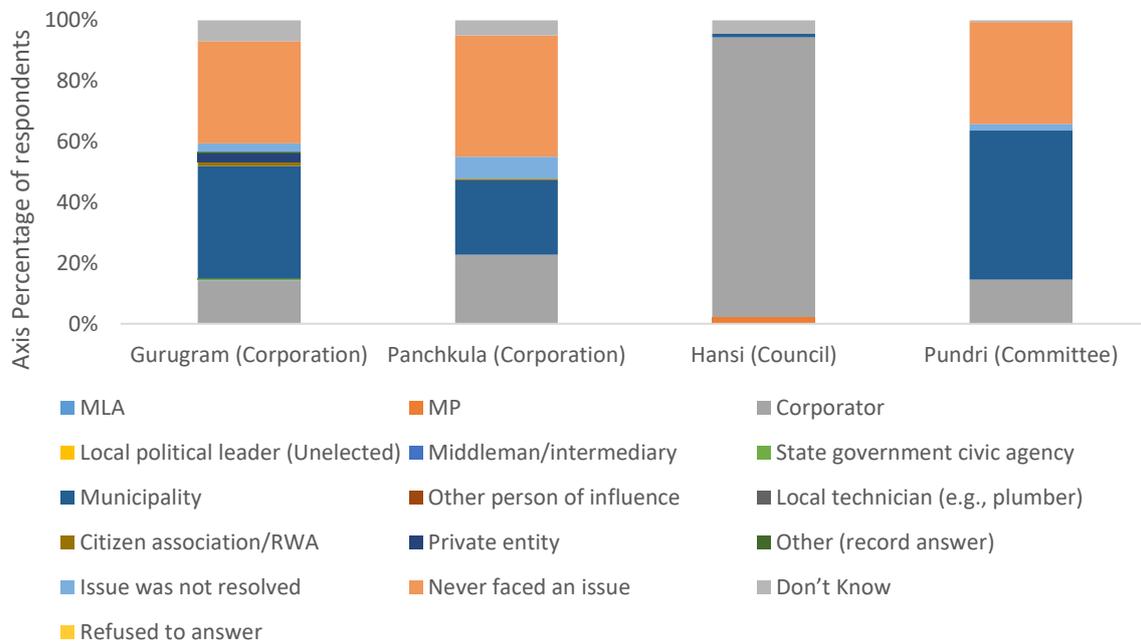
**Graph 3. 68 Responses of citizens surveyed: The last time you had an issue with water supply to your home that you couldn't deal with yourself/within your household, who resolved it for you?**



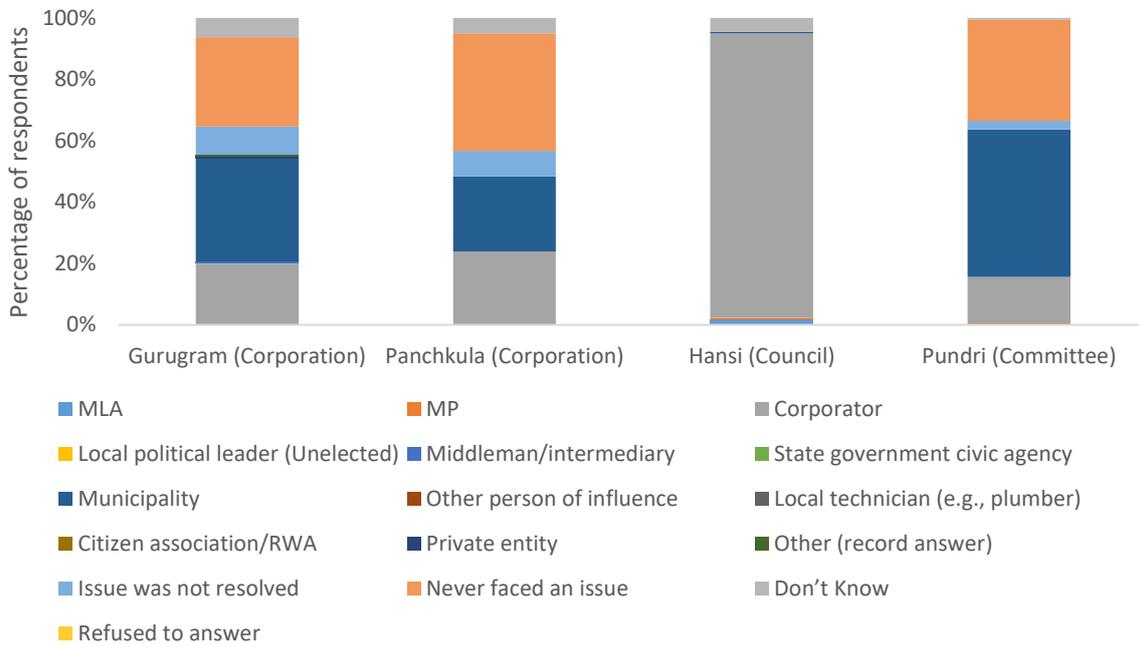
**Graph 3. 69 Responses of citizens surveyed: The last time you had an issue with sewerage that you couldn't deal with yourself/within your household, who resolved it for you?**



**Graph 3. 70 Responses of citizens surveyed: The last time you had an issue with garbage collection that you couldn't deal with yourself/within your household, who resolved it for you?**



**Graph 3. 71 Responses of citizens surveyed: The last time you had an issue with the road outside your home that you couldn't deal with yourself/within your household, who resolved it for you?**



# Chapter 4 – Summary of Recommendations for ULBs by Other Recent (5<sup>th</sup>) State Finance Commissions

Our team has analysed the recommendations made by the latest (5<sup>th</sup>) SFCs of 4 prominent states – i.e. Delhi, Kerala, Odisha and Tamil Nadu – for ULBs in their respective reports. Table 4.1 below summarizes the select recommendations that pertain to performance incentives to ULBs to receive bonus grants, property tax and other own revenue augmentation reforms, strengthening accounting and auditing practices ULBs besides other institutional and capacity building reforms.

**Table 4. 1 Key Recommendations pertaining to ULBs proposed by 5<sup>th</sup> SFCs of Other States**

Recommendations Component	5 <sup>th</sup> SFC Delhi	5 <sup>th</sup> SFC Kerala	5 <sup>th</sup> SFC Odisha	5 <sup>th</sup> SFC Tamil Nadu
<b>Number of ULBs</b>	5 Municipalities	87 Municipalities 6 Municipal Corporations	5 Municipal Corporations, 48 Municipalities, and 61 Notified Area Councils (NACs) in the State	NA
<b>Incentive for Bonus Funds</b>	<p><b>Scheme for incentivising the municipalities for Additional Revenue Mobilization is as follows:</b></p> <ul style="list-style-type: none"> <li>Municipalities that levy sanitation cess/user charges shall get incentive grants, equal to 100% of the collections in case of the MCDs and 25 % in case of the NDMC and DCB.</li> <li>Municipalities that levy professions tax shall get incentive grants, which shall be equal to 50 % of the collections</li> </ul>	<ul style="list-style-type: none"> <li>The Commission has recommended that the Local Governments which have tax revenue be rewarded with the efficiency in revenue mobilization. In the case of urban Local Governments, the percentage of tax collection over demanded can be 95%.</li> <li>The annual Revenue Collection Incentive Bonus for Municipalities shall be Rs.10 lakh per Municipality and for Municipal Corporation be</li> </ul>	<ul style="list-style-type: none"> <li>An amount of Rs.5 crore per annum totalling to Rs.25 crore over a period of five years has been earmarked for encouraging innovative practices.</li> <li>An allocation of Rs.50 crore is recommended towards resource mobilisation incentives @ Rs.12.50 crore each year commencing from the year 2021-22. Guidelines</li> </ul>	<ul style="list-style-type: none"> <li>Incentive for ULB increasing 20% of property tax</li> </ul>

Recommendations Component	5 <sup>th</sup> SFC Delhi	5 <sup>th</sup> SFC Kerala	5 <sup>th</sup> SFC Odisha	5 <sup>th</sup> SFC Tamil Nadu
	in 2018-19, 40 % in 2019-20 and 30 % in 2020-21, to be utilised for repayment of the outstanding loan dues to the state government.	Rs.12.50 lakh per Municipal Corporation.	to be published by Department	
<b>Property Tax Recommendations</b>	<ul style="list-style-type: none"> <li>• Municipalities should undertake effective and time-bound special drive to improve coverage of taxable properties in all settlements</li> <li>• Municipalities should conduct a thorough survey of all the tax-exempt properties to reaffirm their eligibility for tax exemption.</li> </ul> <p><b>Recommendations on Valuation Reforms</b></p> <ol style="list-style-type: none"> <li>a) The system of periodic revision in property valuation should be linked to the consumer price index (CPI) or many other appropriate index.</li> <li>b) The municipal property valuation committee (MVC) system should be replaced by the circle rate revision undertaken by the Revenue Department of the GNCTD.</li> </ol>	<ul style="list-style-type: none"> <li>• Property Tax shall be enhanced by 5 % every year.</li> <li>• Bring all buildings of the Central Government under the ambit of property tax net.</li> <li>• To bring all unaided educational institutions under the property tax bracket.</li> </ul>	<ul style="list-style-type: none"> <li>• Government may consider imposing property tax in the Census Towns which have urban characteristics but situated in GPs.</li> </ul>	<ul style="list-style-type: none"> <li>• The Commission recommends that the State should target to reach at least the developing country average of Property Tax collection, which is 0.60 per cent of GSDP by the end of the Fifth State Finance Commission's award period.</li> <li>• Revision of property tax rate in 5 years</li> </ul>
<b>Other Own Revenue Recommendations</b>	<ul style="list-style-type: none"> <li>• Municipalities should introduce the levy of professions tax at the rate of 1.5 % of salary per month, but limited to Rs. 2,500 in a year.</li> <li>• Municipalities should introduce the levy of education cess at the rate of 10 % of property tax, with effect from 1st April 2018.</li> </ul>	<ul style="list-style-type: none"> <li>• The Commission has recommended that a survey on professionals practicing within the jurisdiction of Local Government concerned be made with the help of Ward Members/ Councilors and bring</li> </ul>	<ul style="list-style-type: none"> <li>• Developmental charges may be levied on industrial units by the concerned Local Bodies under whose jurisdiction such industries are located. The rates of such developmental</li> </ul>	<ul style="list-style-type: none"> <li>• To make Central Government buildings liable service charges on Property Tax based on utilisation of full, partial or nil services</li> </ul>

Recommendations Component	5 <sup>th</sup> SFC Delhi	5 <sup>th</sup> SFC Kerala	5 <sup>th</sup> SFC Odisha	5 <sup>th</sup> SFC Tamil Nadu
	<ul style="list-style-type: none"> <li>Once the new levies of the professions tax and the education cess stabilise over the next 2-3 years, the municipalities should work on introduction of street tax to augment resources for road maintenance.</li> <li>Minimum of 5% of the budget of each municipality on education should be set apart for maintenance of school buildings and another 5% on upgradation of infrastructure relating to primary education.</li> </ul>	<p>them into the net of profession tax.</p> <ul style="list-style-type: none"> <li>The Commission has recommended that the existing minimum rate of show tax which varies from Rs.5 to Rs.50 should be raised by 100%.</li> <li>Rent on shops and buildings rented out by the Local Governments and community halls and auditoriums be rationalized so as to get the rate of rent fixed by the PWD applicable to that area.</li> </ul>	<p>charges can be decided by the Government.</p> <ul style="list-style-type: none"> <li>A tax on vacant land in urban areas can be examined by the Government to mobilise additional resources and at the same time fostering urban development.</li> </ul>	<ul style="list-style-type: none"> <li>Based on the inventory of vacant land, VLT should be levied.</li> <li>ULBs should systematically verify the details of employees of private companies, and self-employed professionals, with reference to data that is available with other departments and update the Profession Tax assesses list</li> </ul>
<b>Accounting and Auditing Reforms</b>	NA	<ul style="list-style-type: none"> <li>Audit manual should be approved and published at the earliest for the audit by the State Audit Department should take a more development-friendly approach without compromising the basic principles of audit.</li> <li>The Commission has recommended that Performance Audit System in Urban Local Governments should be strengthened urgently.</li> <li>The Commission has recommended that one post each of an Accountant in the rank of Head Clerk be designated in all Municipalities, Municipal Corporations and District Panchayats by</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li>The possibility of allowing local bodies to operate through the State Treasury should be considered. This would ensure that based on authorized budgetary allocations made and sanctions issued, the local bodies could directly draw funds for expenditure through the Treasury system. The funds, until they are required can remain in the Government Account. A reauthorization mechanism could be adopted for amounts remaining unspent at the end of the financial year</li> </ul>

Recommendations Component	5 <sup>th</sup> SFC Delhi	5 <sup>th</sup> SFC Kerala	5 <sup>th</sup> SFC Odisha	5 <sup>th</sup> SFC Tamil Nadu
		<p>deploying existing post in the same LG. The proposed Accountant should be responsible for handling AFS and budget of LGs. The Accountant shall be permitted to be in the post for at least three years.</p>		<ul style="list-style-type: none"> <li>• The implementation of the Municipal e-governance system which will integrate all functional department modules with the Financial Accounting Module in order to get a holistic view of the finances and operations of ULBs.</li> <li>• Introduce internal audit in urban local bodies with professional Chartered Accountants or Cost and Management Accountants through outsourcing to facilitate better accountability and to strengthen the audit and accounting systems.</li> <li>• Tamil Nadu Institute of Urban Studies and the State Institute of Rural Development should impart intensive training to enhance the capacity of employees in key financial and e-governance issues.</li> </ul>
<p><b>Institutional and Capacity Building Reforms</b></p>	<p><b><u>Transformation of Street Lighting:</u></b> With a view to ushering in energy efficiency and also savings on its energy bills, MCD-North undertook a project, of replacing all the</p>	<ul style="list-style-type: none"> <li>• The Commission also recommends to set up another Cell in the Local Self Government Department (LSGD) to follow up and</li> </ul>	<ul style="list-style-type: none"> <li>• Setting up of one state level institute with professional experts so as to impart training regularly to the</li> </ul>	<ul style="list-style-type: none"> <li>• A permanent SFC cell should be formed in Finance Department similar to the Kerala model to deal with the</li> </ul>

Recommendations Component	5 <sup>th</sup> SFC Delhi	5 <sup>th</sup> SFC Kerala	5 <sup>th</sup> SFC Odisha	5 <sup>th</sup> SFC Tamil Nadu
	<p>conventional street lights with LED lights, which consume around 60 % less power compared to the conventional lights. MCD-North achieved a minimum guaranteed saving of 64.44 %, out of which 21 % would be the revenue to the MCD-North.</p> <p><b><u>Smart Street Poles as a Source of Revenue:</u></b>            NDMC has proposed to replace the existing street light poles with smart poles. The project is proposed to be carried out on PPP model, where a concessionaire would carry out the above stated works for NDMC in lieu of right over these poles for installation of telecom equipment to enable multiple telephone services. The concessionaire will also pay a monthly fee.</p>	<p>monitor implementation of SFC recommendations. The Cell in LSGD shall have personnel with sufficient field experience in Panchayat and Municipal matters</p> <ul style="list-style-type: none"> <li>• E-governance should be made use of in the area of revenue mobilization. All database relating to revenue mobilization should be computerized and the system generated message through SMS/e-mail as to the tax and non-tax due be sent automatically to all concerned.</li> <li>• The Commission has recommended that extensive public awareness programmes shall be conducted to improve participation in Grama/Ward Sabha and Ward Committee meetings. The LG shall give an incentive which can be a project costing not less than Rs.1 lakh to one Grama/Ward Sabha and Ward Committee which has the maximum percentage of participation in a financial year.</li> </ul>	<p>manpower and elected representatives engaged in urban administration.</p> <ul style="list-style-type: none"> <li>• For achieving proper coordination and involvement of Municipal Bodies, H &amp; UD Department need to put in place a frame work of guidelines relating to the functioning of line agencies like Development Authorities, Sewerage Board, PHEO, Director Town Planning and others.</li> </ul>	<p>issues relating to State Finance Commissions.</p>

# Chapter 5 – The State of Municipal Finances in Haryana

Since the enactment of the 74th Constitutional amendment, Haryana's municipalities have been assigned additional responsibilities as enshrined in the 12th Schedule of the Constitution which have been incorporated in the Haryana Municipal Act, 1973 as well as the Haryana Municipal Corporation Act, 1994. The amended Acts not just specify the areas of responsibilities of the Municipalities but also their powers to raise revenue through obligatory as well as discretionary taxation measures.

Despite the enabling legislations for empowerment, Haryana's ULBs needs improvement in terms of organisational capacity and increasing financial base to become financially viable units of self-government. There also exists a mismatch in the financial resources and responsibilities between the State Government and Urban Local Bodies. The State has wide financial powers while Urban Local Bodies have inadequate and inelastic source of revenue and expanding responsibilities.

In this chapter, we present a comprehensive evaluation of the financial position of Haryana's ULBs by analysing the trends in various key fiscal metrics, relating to total revenues and expenditure and own revenues. The following section outlines the important data sources / datasets which were used for conducting the comprehensive financial assessment of Haryana's ULBs.

## Data Sources and Methodology for Assessment of Haryana's ULB Finances

Our analysis is based on the following datasets and sources:

1. **Aggregated financial data of all ULBs for the five years, 2016-17 to 2020-21, as shared by the Directorate of Urban Local Bodies, Government of Haryana (DULB)** in August 2021. The data set provided by DULB also includes own revenue data of select ULBs from each ULB category, i.e., Municipal Corporation / Council / Committees.
2. **Annual financial statements (AFS) of select (61) ULBs in Haryana which are available in public domain, on the DULB portal ([www.ulbharyana.gov.in](http://www.ulbharyana.gov.in)), for the 3-year period, i.e., 2017-18 to 2019-20.** This is because the AFS of all 93 ULBs<sup>29</sup> are not available for all three years on the DULB portal. The 61 ULBs include, 7 corporations (including Gurugram and Faridabad), 12 councils and 42 committees, and they together represent 74% of the overall urban population in Haryana, which is outlined in detail in Table 5.1 and Table 5.2 below.

---

<sup>29</sup> As on 1<sup>st</sup> November 2021

**Table 5. 1 List of Haryana's 61 ULBs whose AFS are available in public domain for FY'18 and FY'20**

S.No.	ULB	Population
<b>Municipal Corporation</b>		
1	Faridabad	1,414,050
2	Gurugram	876,969
3	Rohtak	374,292
4	Hisar	301,383
5	Sonipat	278,149
6	Yamuna Nagar	216,677
7	Panchkula	211,355
<b>Municipal Council</b>		
1	Sirsa	182,534
2	Thanesar	155,152
3	Rewari	143,021
4	Palwal	128,730
5	Hansi	86,770
6	Narnual	74,581
7	Fatehabad	70,777
8	Tohana	63,871
9	Narwana	62,090
10	Charkhi Dadri	56,337
11	Hodal	50,143
12	Sohna	36,552
<b>Municipal Committee</b>		
1	Jhajjar	48,424
2	Barwala	43,384
3	Shahabad	42,607
4	Cheeka	38,952
5	Pehowa	38,853
6	Samalkha	38,675
7	Gharaunda	37,816
8	Ganaur	35,603
9	Safidon	34,728
10	Dharuhera	30,344
11	Mahendergarh	29,128
12	Assandh	27,125
13	Kharkhoda	25,051
14	Ferozpur Jhirka	24,750
15	Punhana	24,734
16	Kalanaur	23,319
17	Naraingarh	22,832
18	Tauru	22,599
19	Kalanwali	22,095
20	Barara	21,545
21	Haily Mandi	20,906
22	Sampla	20,563
23	Meham	20,484
24	Pataudi	20,418
25	Bawani Khera	20,289
26	Siwani	19,143
27	Pundri	18,872

S.No.	ULB	Population
28	Julana	18,755
29	Bhuna	18,000
30	Nilokheri	17,938
31	Nissing	17,438
32	Rajound	17,434
33	Narnaund	17,242
34	Uchana	16,815
35	Bawal	16,776
36	Beri	15,934
37	Hathin	14,421
38	Loharu	13,937
39	Radour	13,690
40	Kanina	12,989
41	Nangal Chaudhary	8,538
42	Jakhal Mandi	7,788
<b>Total</b>		<b>5,784,367</b>

**Table 5. 2 Category-wise details of 61 ULBs whose AFS\* are available in public domain for FY'18 and FY'20**

ULB Type	All ULBs of Haryana			61 Select ULBs of Haryana		
	Number of ULBs	Population-2011 Census (In lakh)	Urban Population %	Number of ULBs	Population-2011 Census (In lakh)	Urban Population %
Corporations	11	44.72	57%	7	36.73	47%
Councils	22	21.08	27%	12	11.10	14%
Committees	60	12.71	16%	42	10.01	13%
<b>TOTAL</b>	<b>93</b>	<b>78.52</b>	<b>100%</b>	<b>61</b>	<b>57.84</b>	<b>74%</b>

\*Annual Financial Statements

[Note: As per the Haryana Municipal Act, 1973, Corporations are ULBs having population of 300,000 or more; Council are ULBs having population of 50,000 or more, but less than 300,000; and Committees are ULBs having population of less than 50,000]

### 3. ICRIER<sup>30</sup> Report on “State of Municipal Finance in India” published in March 2019, for an Inter-State comparison for 2017-18

This report outlines a national level, state-wise analysis of financial performance of all ULBs in India. Using data from this report, we were able to conduct a comparative analysis between the aggregate financial position of Haryana’s ULBs and ULBs of other states in India. We have taken the year of analysis as 2017-18. However, in the ICRIER report, for Haryana’s ULBs, the financial information on Municipal Committees as well as the Municipal Expenditure data is not available.

### 4. Annual Financial Statements published on Cityfinance portal ([www.cityfinance.in](http://www.cityfinance.in)) for ULBs of States other than Haryana, for Inter-Category Comparison, for 2017-18

For conducting a deeper analysis on the basis of key financial metrics, of Haryana’s ULBs with other prominent ULBs from other States, across all 3 categories

<sup>30</sup> Indian Council for Research on International Economic Relations (ICRIER)

(Corporations/Councils/Committees), we have considered the 5 ULBs of Haryana as selected by the DULB, and compared their financials with 5 ULBs from Other States of India, for the year 2017-18. The ULBs of other states have been chosen based on their category as well as population size, falling around the same population size as the respective ULBs of Haryana which have been selected. The financial data of the ULBs of other states for the year 2017-18 has been taken from the Cityfinance portal ([www.cityfinance.in](http://www.cityfinance.in)). Cityfinance is a Ministry of Housing and Urban Affairs, Government of India (MoHUA) supported portal and is India's largest platform and repository of municipal financial information, including audited annual accounts, municipal laws' comparison, municipal credit ratings / reports, municipal bond issuance details, among others.

**Table 5. 3 List of ULBs for Inter-Category Comparison of Haryana vs. Other States, for FY'18**

<b>Municipal Corporations</b>					
<b>State</b>	<b>ULB Name</b>	<b>Population</b>	<b>Other States</b>	<b>ULB Name</b>	<b>Population</b>
Haryana	Faridabad	1,414,050	Uttar Pradesh	Ghaziabad	1,648,643
Haryana	Gurugram	876,969	West Bengal	Howrah	1,077,075
Haryana	Rohtak	374,292	Rajasthan	Ajmer	542,321
Haryana	Hisar	301,383	Tamil Nadu	Vellore	315,128
Haryana	Panchkula	211,355	Madhya Pradesh	Ratlam	264,914
<b>Municipal Councils / Municipalities</b>					
<b>State</b>	<b>ULB Name</b>	<b>Population</b>	<b>Other States</b>	<b>ULB Name</b>	<b>Population</b>
Haryana	Sirsa	182,534	Rajasthan	Alwar	322,568
Haryana	Palwal	128,730	Kerala	Alappuzha	240,991
Haryana	Hansi	86,770	Uttarakhand	Roorkee	118,200
Haryana	Tohana	63,871	Chhattisgarh	Bhilai Charoda	98,998
Haryana	Sohna	36,552	Rajasthan	Jaisalmer	65,471
<b>Municipal Committees / Town Panchayats</b>					
<b>State</b>	<b>ULB Name</b>	<b>Population</b>	<b>Other States</b>	<b>ULB Name</b>	<b>Population</b>
Haryana	Jhajjar	48,424	Jharkhand	Godda	48,480
Haryana	Samalkha	38,675	Telangana	Narayanpet	41,539
Haryana	Mahendergarh	29,128	Tamil Nadu	Kalakkad	30,923
Haryana	Nilokheri	17,938	Uttarakhand	Landhaura	18,370
Haryana	Nangal Chaudhary	8,538	Madhya Pradesh	Chandrapur	7,688

For the inter-category comparison, the financial data for the year 2017-18 of individual ULBs of Haryana has been taken from the DULB portal ([www.ulbharyana.gov.in](http://www.ulbharyana.gov.in)) while that of ULBs of other states has been taken from the cityfinance portal. Overall, for calculating the national average figures the key financial metrics of ULBs of other States, for the year 2017-18, 866 ULBs (70 Municipal corporations, 271 Municipalities / Councils, and 525 Town Panchayats / Committees) across 16 states have been considered, whose financial statements are also available on the cityfinance portal. The details of the 866 ULBs, by state and by ULB type, are given in Table 5.4.

**Table 5. 4 State-wise & ULB Category-wise, ULBs considered for Inter-Category comparison of ULBs of Haryana vs. Other States, for FY'18**

State	Municipal Corporations	Municipalities / M. Councils	Town Panchayats / M. Committees	Total
Andhra Pradesh	4	22	0	26
Arunachal Pradesh	0	0	0	0
Assam	0	0	0	0
Bihar	0	0	0	0
Chhattisgarh	4	23	44	71
NCT of Delhi	0	0	0	0
Goa	0	0	0	0
Gujarat	3	0	0	3
Haryana	0	0	0	0
Himachal Pradesh	0	0	0	0
Jammu & Kashmir	0	0	0	0
Jharkhand	3	16	17	36
Karnataka	4	24	7	35
Kerala	5	31	0	36
Madhya Pradesh	14	1	1	16
Maharashtra	3	0	0	3
Manipur	0	0	0	0
Meghalaya	0	0	0	0
Mizoram	0	0	0	0
Nagaland	0	0	0	0
Odisha	1	0	0	1
Punjab	1	0	0	1
Rajasthan	2	62	0	64
Sikkim	0	0	0	0
Tamil Nadu	7	57	439	503
Telangana	8	18	9	35
Tripura	0	0	0	0
Uttar Pradesh	6	1	0	7
Uttarakhand	2	14	8	24
West Bengal	3	2	0	5
<b>Total</b>	<b>70</b>	<b>271</b>	<b>525</b>	<b>866</b>

Source: Cityfinance portal ([www.cityfinance.in](http://www.cityfinance.in)) – as per availability of financial statements for 2017-18

### Limitations in financial data & financial statements of ULBs in Haryana

It is pertinent to mention that, it has not been easy and straight forward to conduct the assessment of financial position of Haryana's ULBs due to inadequacies and inconsistencies in the financial reporting and data management framework with respect to financial data of Haryana's ULBs.

Most financial statements available on the DULB portal include 1–2-page income and expenditure statement (without schedules). Due to the non-availability of balance sheet or cash flow statement the position of the assets, liabilities and cash flow scenario of the ULBs during the year could not be ascertained.

Also, Haryana's ULB financial statements need to be more transparent and creditable by making available the audited annual financial statements by the ULBs in the public domain.

There are also inconsistencies at times between the figures of the aggregate financial data provided by DULB, and the figures as per AFS of individual ULBs which are available on the DULB portal.

There is a need to ensure that ULB financial statements are based on uniform and standardized accounting principles (double entry accrual-based accounting standards) to enable comparison and analysis across ULBs and across various financial periods as well as aggregation of municipal finance information at a state-level. For the purpose of our analysis, we have classified the financial metrics under standardized accounting heads across ULBs. The following normative accounting heads have been used for the same.

**Table 5. 5 Classification of Financial Metrics of 61 ULBs under Standardized Accounting Heads**

Accounting Head	Definition	Items Included
Own Source Revenues	Tax and non-tax sources of revenue levied and collected by ULBs independently	<ul style="list-style-type: none"> <li>• Property Tax</li> <li>• User Charges</li> <li>• Development Charges</li> <li>• Rent</li> <li>• Tehbazari Malba Fees</li> <li>• Advertisement Fees</li> <li>• Fire Tax</li> <li>• Sanitation Tax</li> <li>• Trade License</li> <li>• Motor Tax</li> <li>• Show Tax</li> <li>• Tower fees</li> <li>• D.O.T license</li> <li>• Lease fees</li> <li>• Other fee/ cesses/ charges levied by ULBs</li> </ul>
Assigned Revenues	Revenues collected by the State government and devolved to ULBs	<ul style="list-style-type: none"> <li>• Stamp Duty</li> <li>• Electricity Duty</li> <li>• Excise Duty</li> <li>• Goods and Service Tax</li> </ul>
Grants-in-Aid	Central/ State Finance Commission Grants and other scheme-related grants received by ULBs	<ul style="list-style-type: none"> <li>• All Grant-related items</li> </ul>
Other Income	All other revenue sources not included in the above revenue heads	<ul style="list-style-type: none"> <li>• All remaining revenue items</li> </ul>
Establishment Expenditure	Salary and other benefits paid to employees	<ul style="list-style-type: none"> <li>• Salaries</li> <li>• Other payments to employees</li> </ul>
Revenue Expenditure	Expenditure incurred by ULBs to carry out day-to-day operations	<ul style="list-style-type: none"> <li>• Establishment costs</li> <li>• Operation and Maintenance costs</li> <li>• Other operational expenditures</li> </ul>
Capital Expenditure	Expenditure incurred by ULBs to acquire fixed assets or undertaking large-scale projects	<ul style="list-style-type: none"> <li>• Development Works</li> <li>• Other Capital Expenses</li> </ul>

## Analysis of Fiscal Autonomy of ULBs in Haryana

As per the aggregate financial information provided by the Department of ULBs, Government of Haryana (DULB) for the five-year review period 2016-17 to 2020-21, Haryana's ULBs overall were in surplus during the first three (out of five) years, with highest overall surplus in 2017-18. Aggregate MC funds (own revenue receipts) were also highest in 2017-18, while grants in aid (i.e., transfers from central and state governments) were highest in 2020-21, which depicts increased dependency of ULBs on grants in aid in the last two years of the review period.

### Box 3 Implications from Analysis of Aggregate financial positions of ULBs in Haryana

- While the own source revenues have been declining between FY'18 to FY'21, the expenditures from own sources (MC funds) have, on the contrary, increased during the period.
- The share of own source revenues to total receipts declined from 50% in FY'17 to 30% in FY'21, while correspondingly the share of grants in aid increased from 50% in FY'17 to 70% in FY'21.
- Consistent decline in OSR % to GSDP, from 0.48% in FY'17 to 0.27% in FY'21, indicates lack of own revenues buoyancy leading to a decline in their financial autonomy.

**Table 5. 6 Aggregate financial position of ULBs**

Component (all figures in Rs. Crores)	2016-17	2017-18	2018-19	2019-20	2020-21
<b>I. RESOURCE ENVELOPE</b>					
A. Own Source Revenue (MC Funds)	2202.32	3142.29	2209.63	1866.38	1423.60
B. Grants in Aid	2178.07	2960.04	2293.08	2554.47	3256.12
<b>C. Total Receipts (A + B)</b>	<b>4380.39</b>	<b>6102.33</b>	<b>4502.71</b>	<b>4420.85</b>	<b>4679.72</b>
<b>II. EXPENDITURE ENVELOPE</b>					
D. Total Expenditure from MC Funds	1338.04	2354.68	2122.39	2391.44	3116.14
E. Total Expenditure from Grants in Aid	1050.60	1706.33	1550.03	2104.95	2068.80
<b>F. Total Expenditure (D + E)</b>	<b>2388.64</b>	<b>4061.01</b>	<b>3672.42</b>	<b>4496.39</b>	<b>5184.94</b>
<b>III. SURPLUS / DEFICIT</b>					
G. Surplus/Deficit from MC Funds (A - D)	864.28	787.61	87.23	-525.06	-1692.54
H. Surplus/Deficit from Grants in Aid (B - E)	1127.47	1253.71	743.05	449.52	1187.32
<b>I. Overall Surplus/Deficit (G + H)</b>	<b>1991.75</b>	<b>2041.32</b>	<b>830.28</b>	<b>-75.54</b>	<b>-505.22</b>

Source: Directorate of ULB, Government of Haryana (DULB)

Aggregate resources of the ULBs in Haryana were at their highest in 2017-18, when they constituted 1.24% of GSDP (at constant prices), of which OSR accounted for 0.64% and Grants in Aid accounted for 0.60% of GSDP. In the same year, the national average for municipal (OSR) revenues to GDP was at 1%<sup>31</sup>. OSR % to GSDP has been consistently declining since 2017-18 which indicates lack of municipal own revenues buoyancy leading to a decline in their financial autonomy and increase in their dependence on transfers from higher levels of government, which have in fact increased substantially in 2020-21.

<sup>31</sup> Source: The State of Municipal Finances in India: ICRIER Report (March 2019). In this report data on Municipal Committees of Haryana is not available.

**Table 5. 7 Resource Envelope of Haryana’s ULBs as a % of GSDP (at constant prices)**

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Total Resources (Receipts) – in Rs. cr.	4380.39	6102.33	4502.71	4420.85	4679.72
– % of GSDP	0.96%	1.24%	0.85%	0.77%	0.89%
Own Source Revenues (OSR) – in Rs. cr.	2202.32	3142.29	2209.63	1866.38	1423.60
– % of GSDP	0.48%	0.64%	0.42%	0.32%	0.27%
Grants in Aid – in Rs. cr.	2178.07	2960.04	2293.08	2554.47	3256.12
– % of GSDP	0.48%	0.60%	0.43%	0.45%	0.62%

Source: DULB, [RBI](#) data & Haryana State [Budget](#) 2021-22

The aggregate expenditure incurred by Haryana’s ULB as a % to GSDP has shown a largely increasing trend in the five-year period and reached its highest levels in 2020-21, to nearly 1% of GSDP. While the expenditure from grants in aid to GSDP has been consistently at around 0.35-0.40%, the expenditure from MC (OSR) funds has increased to reach its highest at 0.59% in 2020-21. This indicates that a significant proportion of expenditure is being financed from the MC funds, i.e., Own Revenue Sources.

**Table 5. 8 Expenditure Envelope of Haryana’s ULBs as a % of GSDP (at constant prices)**

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Total Expenditure – in Rs. cr.	2388.64	4061.01	3672.42	4496.39	5184.94
– % of GSDP	0.52%	0.82%	0.69%	0.79%	0.98%
Expenditure from MC Funds – in Rs. cr.	1338.04	2354.68	2122.39	2391.44	3116.14
– % of GSDP	0.29%	0.48%	0.40%	0.42%	0.59%
Expenditure from Grants in Aid – in Rs. cr.	1050.6	1706.33	1550.03	2104.95	2068.8
– % of GSDP	0.23%	0.35%	0.29%	0.37%	0.39%

Source: DULB, [RBI](#) data & Haryana State [Budget](#) 2021-22

### Inter-State Comparison of Per Capita Total Revenue for FY’18

Based on our analysis of the per capita total revenues, for 2017-18, between Haryana’s ULBs and ULBs of Other States, based on data available from the DULB and the ICRIER Report<sup>32</sup>, we observe that while the national average<sup>33</sup> stands at Rs 4624, the corresponding ratio for Haryana<sup>34</sup> is low with per capita total revenue at Rs. 3311.

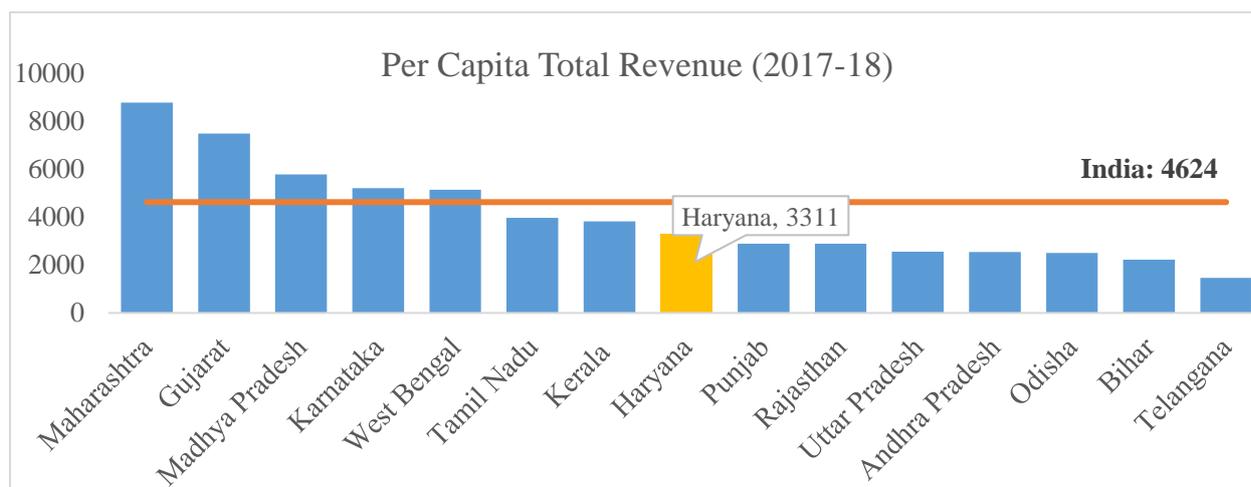
While Maharashtra, Gujarat, and Madhya Pradesh show the highest per capita total revenue in the country at Rs. 8772; 7491 and 5782 respectively Bihar and Telangana show the lowest total revenue per capita at Rs 2224 and 1466 respectively. However, in the case of Madhya Pradesh, high per capita total revenue was largely on account of the octroi compensation received during the year.

<sup>32</sup> State of Municipal Finances in India, ICRIER, March 2019. In this report data on municipal committees of Haryana is not available.

<sup>33</sup> Based on average of 866 ULBs considered across 16 states, and whose financial statements are available on [www.cityfinance.in](http://www.cityfinance.in) for the year 2017-18

<sup>34</sup> Based on aggregate financial data provided by DULB

**Graph 5. 1 Inter-State Comparison of Per Capita Total Revenue**



Source: State of Municipal Finances in India: ICRIER (March 2019). In this report, data on Municipal Committees of Haryana is not available.

### Analysis of Revenue Envelope of ULBs in Haryana

Haryana’s municipalities raise their revenues / resources from the following sources:

- 1. Own Source Revenues:** This component includes income from taxes, fees and fines, and earnings from municipal resources like land, markets, shops etc. The main taxes and fees collected by urban bodies are: Property Tax; Water and Sewerage charges, Fire Tax; Taxes on animals and vehicles; Theatre tax; Duty on transfer of property (Stamp Duty) etc. The other sources of income are fines and fees such as fees on Tehbazari, on Takhats and Chabutras; license fees-on cycle rickshaws, bicycles etc.; rent from municipal shop; and fines imposed for violation of municipal Bye-Laws.
- 2. Grants-in-Aid:** This component includes grants received by ULBs from the State Finance Commission (SFC), Central Finance Commission (CFC) and other scheme-based or budgetary transfers from higher governments, for e.g., AMRUT and Smart Cities missions of Government of India.

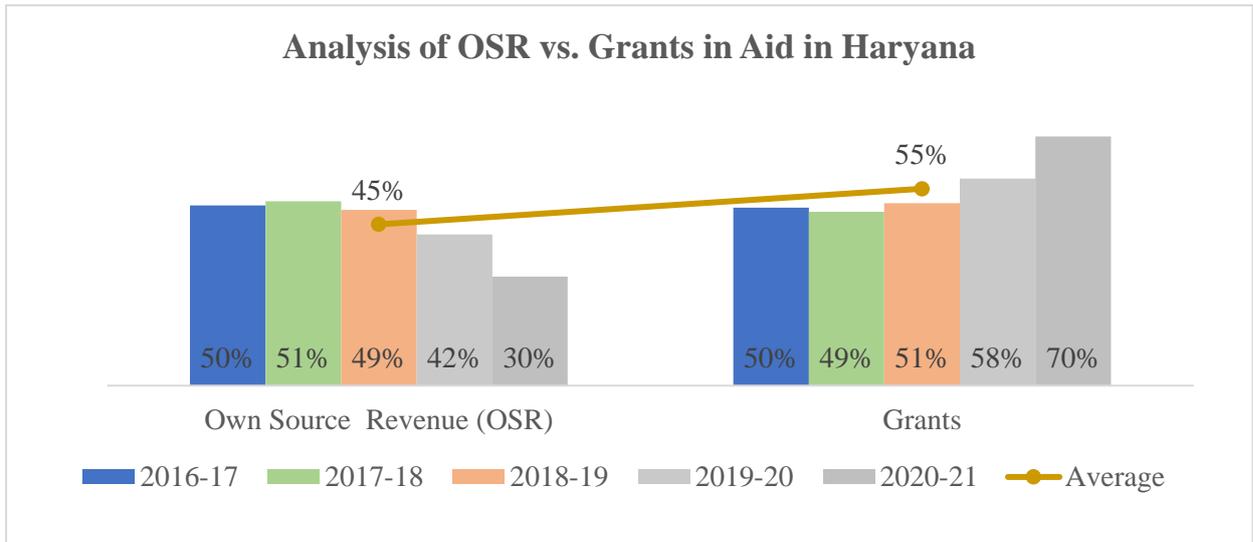
**Table 5. 9 Analysis of Resource Envelope of ULBs in Haryana**

Components (Figures in Rs. cr.)	2016-17	2017-18	2018-19	2019-20	2020-21
<b>A. Own Source Revenues (MC Funds)</b>					
<b>i. Own Tax Revenue</b>	<b>512.65</b>	<b>487.87</b>	<b>442.59</b>	<b>378.85</b>	<b>496.45</b>
% of Total Receipts	12%	8%	10%	9%	11%
YoY Growth %	-7%	-5%	-9%	-14%	31%
<b>ii. Own Non-Tax Revenue</b>	<b>434.60</b>	<b>568.43</b>	<b>777.97</b>	<b>634.78</b>	<b>578.41</b>
% of Total Receipts	10%	9%	17%	14%	12%
YoY Growth %	23%	31%	37%	-18%	-9%
<b>iii. Loan Repayment</b>	<b>3.86</b>	<b>4.94</b>	<b>8.89</b>	<b>17.48</b>	<b>22.75</b>
% of Total Receipts	0%	0%	0%	0%	0%
YoY Growth %	-94%	28%	80%	97%	30%
<b>iv. Any Other</b>	<b>1251.21</b>	<b>2081.05</b>	<b>980.18</b>	<b>835.28</b>	<b>326.00</b>

Components (Figures in Rs. cr.)	2016-17	2017-18	2018-19	2019-20	2020-21
<i>% of Total Receipts</i>	29%	34%	22%	19%	7%
<i>YoY Growth %</i>	328%	66%	-53%	-15%	-61%
<b>A. Total Own Source Revenues (MC Funds) (Total of i. to iv.)</b>	<b>2202.32</b>	<b>3142.29</b>	<b>2209.63</b>	<b>1866.38</b>	<b>1423.60</b>
<i>% of Total Receipts</i>	<b>50%</b>	<b>51%</b>	<b>49%</b>	<b>42%</b>	<b>30%</b>
<i>YoY Growth %</i>	<b>75%</b>	<b>43%</b>	<b>-30%</b>	<b>-16%</b>	<b>-24%</b>
<b>B. Grants in Aid</b>					
<b>v. Central Finance Commission</b>	301.21	433.28	177.87	730.11	560.99
<i>% of Total Receipts</i>	7%	7%	4%	17%	12%
<i>YoY Growth %</i>	123%	44%	-59%	310%	-23%
<b>vi. State Finance Commission</b>	241.32	250.00	318.00	936.42	1493.00
<i>% of Total Receipts</i>	6%	4%	7%	21%	32%
<i>YoY Growth %</i>	27%	4%	27%	194%	59%
<b>vii. Centrally Sponsored Schemes' Funds</b>	131.98	130.51	197.74	72.32	196.86
<i>% of Total Receipts</i>	3%	2%	4%	2%	4%
<i>YoY Growth %</i>	25%	-1%	52%	-63%	172%
<b>viii. State Budget Funds</b>	1217.80	1818.75	1305.03	48.78	292.08
<i>% of Total Receipts</i>	28%	30%	29%	1%	6%
<i>YoY Growth %</i>	-45%	49%	-28%	-96%	499%
<b>ix. AMRUT</b>	101.76	123.50	193.44	759.84	369.19
<i>% of Total Receipts</i>	2%	2%	4%	17%	8%
<i>YoY Growth %</i>	10%	21%	57%	293%	-51%
<b>x. Smart City</b>	184.00	204.00	101.00	7.00	344.00
<i>% of Total Receipts</i>	4%	3%	2%	0%	7%
<i>YoY Growth %</i>	4500%	11%	-50%	-93%	4814%
<b>B. Total Grants in Aid (Total of v. to x.)</b>	<b>2178.07</b>	<b>2960.04</b>	<b>2293.08</b>	<b>2554.47</b>	<b>3256.12</b>
<i>% of Total Receipts</i>	<b>50%</b>	<b>49%</b>	<b>51%</b>	<b>58%</b>	<b>70%</b>
<i>YoY Growth %</i>	<b>-20%</b>	<b>36%</b>	<b>-23%</b>	<b>11%</b>	<b>27%</b>
<b>C. Total Receipts (A + B)</b>	<b>4380.39</b>	<b>6102.33</b>	<b>4502.71</b>	<b>4420.85</b>	<b>4679.72</b>
<i>% of Total Receipts</i>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<i>YoY Growth %</i>	<b>10%</b>	<b>39%</b>	<b>-26%</b>	<b>-2%</b>	<b>6%</b>

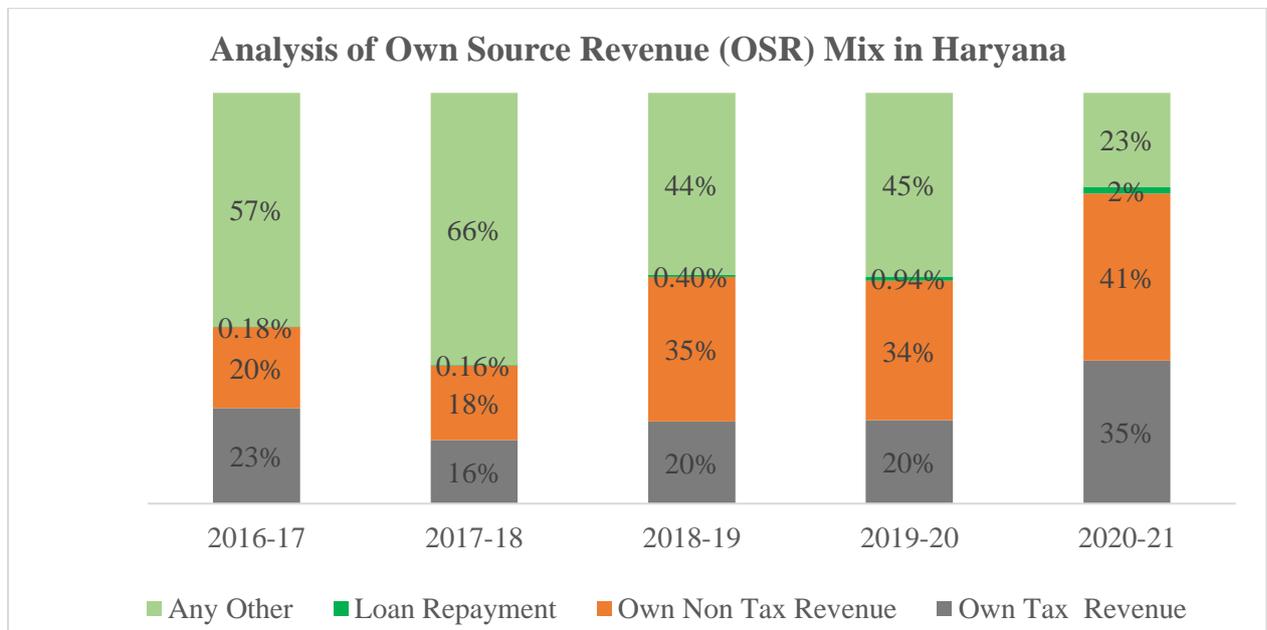
Source: Directorate of ULB, Government of Haryana (DULB)

**Graph 5. 2 Analysis of OSR and Grants in Aid in Haryana**



- The proportion of own source revenues to total receipts declined from 50% in 2016-17 to 30% in 2020-21, and accounted for an average of only 45% of the total revenues over the five-year review period. This reflects an overall lack of resource-generating capacity of ULBs in Haryana,
- Grants-in-Aid account for an average of 55% of the total receipts of ULBs over the five-year review period. The decline in own sources has led to a corresponding increase in this percentage over the review period from 50% to 70%, signifying increased dependency on grants and transfers from higher governments.

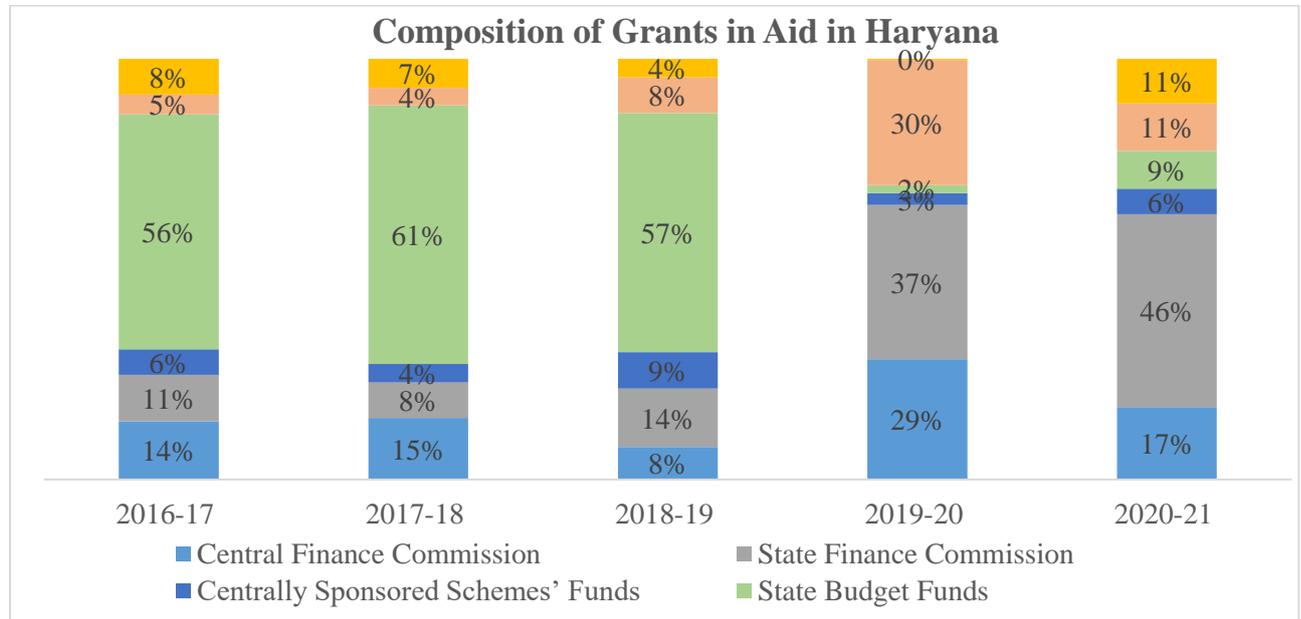
**Graph 5. 3 Own Source Revenue (OSR) Mix in Haryana**



- The proportion of own tax revenues and own non-tax revenues, i.e., those revenue components which are levied and collected by ULB, has increased significantly in the 5-year review period, from 43% in 2016-17 to 76% in 2020-21.

- The ‘Any Other’ component accounted for a substantial portion of own sources revenues earned by ULBs throughout the review period, although it reduced substantially from 57% in 2016-17 to 23% in 2020-21.

**Graph 5. 4 Composition of Grants in Aid in Haryana**



- SFC Grants increased substantially in the five-year period, from 11% of total grants in aid pool in 2016-17 to 46% in 2020-21, which is coinciding with the decline in State-Budget funds during the same period, from 56% of total grants in aid pool in 2016-17 to only 9% in 2020-21. This indicates that budgetary transfers from the State to ULBs have substantially reduced in order to give way to SFC grants.
- Central government grants to Haryana’s ULBs, including from CFC and AMRUT & Smart Cities missions, were stable for the first three years of the review period at 20-27% of the total grants in aid pool, but it increased substantially in the year 2019-20, to 59% of the overall grants in aid pool. In 2020-21, this again reduced to 39% of the total grants in aid pool.

### **Inter-State Comparison of Own Revenues to Total Revenues (%) for FY'18**

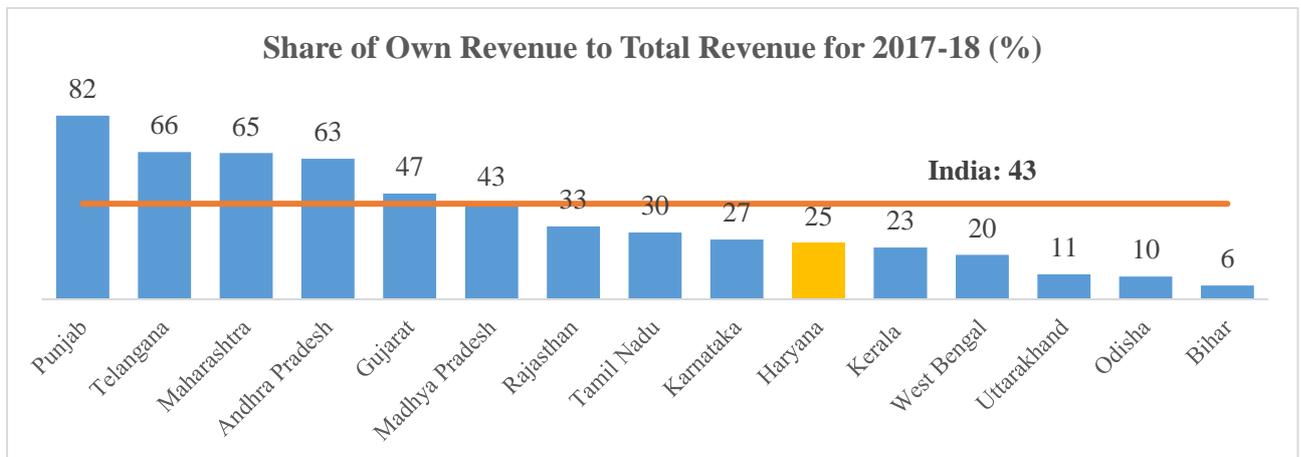
Based on our analysis of the share of own source revenues (OSR) to total revenues, for 2017-18, between Haryana’s ULBs and ULBs of Other States, from the data available from DULB and the ICRIER Report<sup>35</sup>, we observe that while the national average stands at 43%, the corresponding proportion stands at almost half in case of Haryana with only 25% of the total revenue being generated through its own

Punjab’s own revenue share in total revenue is the highest at 82% on account of tax/surcharge on electricity for which the urban consumer cross-subsidizes the farmer for the free electricity provided by the state to farmers. Own revenues in Maharashtra constituted more than 80 per cent of its total revenue in the pre-GST years which came down to 65 per cent in 2017-18 after octroi was subsumed under GST. Bihar had the lowest proportion of own revenue component and significantly dependent on grants and transfers

<sup>35</sup> State of Municipal Finances in India, ICRIER, March 2019. In this report data on municipal committees of Haryana is not available.

from government. Gujarat and Madhya Pradesh show share of own revenue near to the national average.

**Graph 5. 5 Inter-State Own Revenue to Total Revenue for 2017-18**

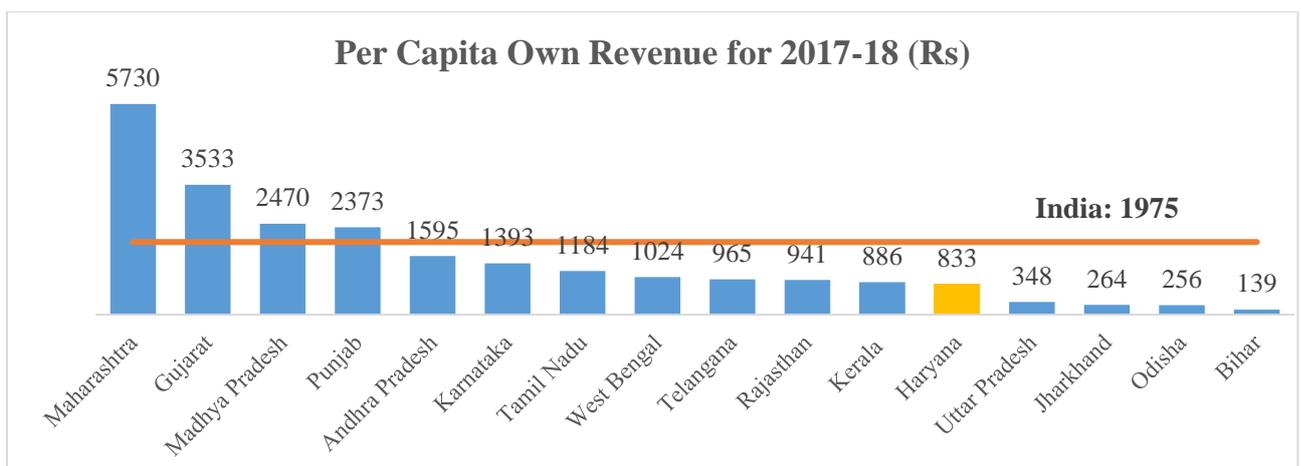


Source: State of Municipal Finances in India: ICRIER (March 2019). In this report data on Municipal Committees of Haryana is not available.

### Inter-State Comparison of Per Capita Own Revenue for FY'18

Based on our analysis of the per capita own source revenues (OSR), for 2017-18, between Haryana's ULBs and ULBs of Other States, based on data available from the DULB and the ICRIER Report<sup>36</sup>, we observe that large disparities exist across states. Maharashtra, Gujarat, and Madhya Pradesh have the highest per capita own revenues, in the range of Rs. 2400 – 5700, whereas, Bihar reports the lowest own revenue per capita and is significantly dependent on transfers from Government. Haryana's per capita own source revenues for 2017-18 is Rs. 833 which is less than half (42%) of the national average per capita own revenue at Rs 1975.

**Graph 5. 6 Inter-State Per Capita Own Revenue for 2017-18**



Source: State of Municipal Finances in India: ICRIER (March 2019). In this report, data on Municipal Committees of Haryana is not available.

<sup>36</sup> State of Municipal Finances in India, ICRIER, March 2019. In this report data on municipal committees of Haryana is not available.

## Tier/Category-wise Analysis of Own Source Revenues (OSR)

From the above analysis, it is clear that the OSR of Haryana's ULBs have reduced over the last two years starting 2019-20. However, we have also analysed the tier-wise own revenues at a per capita level across select municipalities from the 3 tiers of ULBs (i.e., Corporations, Council and Committees), in order to understand the problem in more nuance and to set benchmarks for improvement.

### Box 4 Implications from Analysis of OSR in Haryana

- Own tax revenues account for 11-39% of total revenues earned by municipal corporations but the corresponding ratios are relatively lower for municipal councils and municipal committees.
- Municipal Councils and Committees of Haryana have lower share of OSR to total revenue as compared to ULBs from other states with comparable population volumes. This implies higher dependency of Haryana ULBs on grants for financing revenue and capital expenditures.

**Table 5. 10 OSR Analysis of select Municipal Corporations for FY'20**

Components	Faridabad	Gurugram	Panchkula	Panipat	Rohtak
Population as per Census 2011	14,14,050	8,76,969	3,03,746	6,23,571	3,74,292
Total Receipt (Rs. in Crore)	556.51	473.99	50.42	59.19	78.69
Per Capita Receipt (Rs.)	3935.55	5404.89	1660.01	949.28	2102.26
Own Tax Revenue (in Crore)	61.05	184.30	6.88	8.48	19.71
OTR / Total Receipt (%)	11%	39%	14%	14%	25%
Per Capita OTR (Rs.)	431.72	2101.53	226.44	135.94	526.54
Own Non-Tax Revenue (in Crore)	119.79	189.93	19.49	36.10	28.69
ONTR / Total Receipt (%)	22%	40%	39%	61%	36%
Per Capita ONTR (Rs.)	847.16	2165.74	641.51	578.92	766.46
Any Other (in Crore)	375.67	99.77	24.06	14.62	30.29
Any Other / Total Receipt (%)	68%	21%	48%	25%	38%
Per Capita Receipt (Rs.)	2656.68	1137.62	792.06	234.42	809.26

Source: Directorate of ULB, Government of Haryana (DULB)

**Table 5. 11 OSR Analysis of select Municipal Councils for FY'20**

Components	Bahadurgarh	Jind	Kaithal	Palwal	Sirsa
Population as per Census 2011	1,70,767	1,67,592	1,44,915	1,31,926	1,82,534
Total Receipt (Rs. in Crore)	27.61	14.81	14.16	16.77	19.11
Per Capita Receipt (Rs.)	1616.83	883.67	976.94	1271.52	1046.69
Own Tax Revenue (in Crore)	1.86	0.97	1.48	0.97	3.32
OTR / Total Receipt (%)	7%	7%	10%	6%	17%
Per Capita OTR (Rs.)	109.04	57.65	101.86	73.62	181.61
Own Non-Tax Revenue (in Crore)	3.43	2.52	3.46	3.31	10.08
ONTR / Total Receipt (%)	12%	17%	24%	20%	53%
Per Capita ONTR (Rs.)	201.03	150.57	238.55	251.26	552.25
Any Other (in Crore)	22.32	11.32	9.22	12.49	5.71
Any Other / Total Receipt (%)	81%	76%	65%	74%	30%
Per Capita Receipt (Rs.)	1306.76	675.45	636.53	946.63	312.83

Source: Directorate of ULB, Government of Haryana (DULB)

**Table 5. 12 OSR Analysis of select Municipal Committees for FY'20**

Components	Jhajjar	Meham	Nilokheri	Nuh	Samalkha
Population as per Census 2011	48424	20484	17938	16260	39810
Total Receipt (Rs. in Crore)	4.56	1.88	1.48	1.54	3.70
Per Capita Receipt (Rs.)	941.97	917.40	827.41	947.54	930.12
Own Tax Revenue (in Crore)	0.62	0.25	0.18	0.08	0.80
OTR / Total Receipt (%)	14%	13%	12%	5%	22%
Per Capita OTR (Rs.)	128.32	121.75	98.45	48.28	201.33
Own Non-Tax Revenue (in Crore)	1.42	1.33	0.52	0.63	0.57
ONTR / Total Receipt (%)	31%	71%	35%	41%	15%
Per Capita ONTR (Rs.)	294.13	648.02	288.88	388.38	142.53
Any Other (in Crore)	2.52	0.30	0.79	0.83	2.33
Any Other / Total Receipt (%)	55%	16%	53%	54%	63%
Per Capita Receipt (Rs.)	519.52	147.63	440.07	510.89	586.26

Source: Directorate of ULB, Government of Haryana (DULB)

Among the different ULBs in a category and between the different ULB categories, there is wide variations in per capita receipts and in the share of OTR, ONTR and Any Other in total receipts:

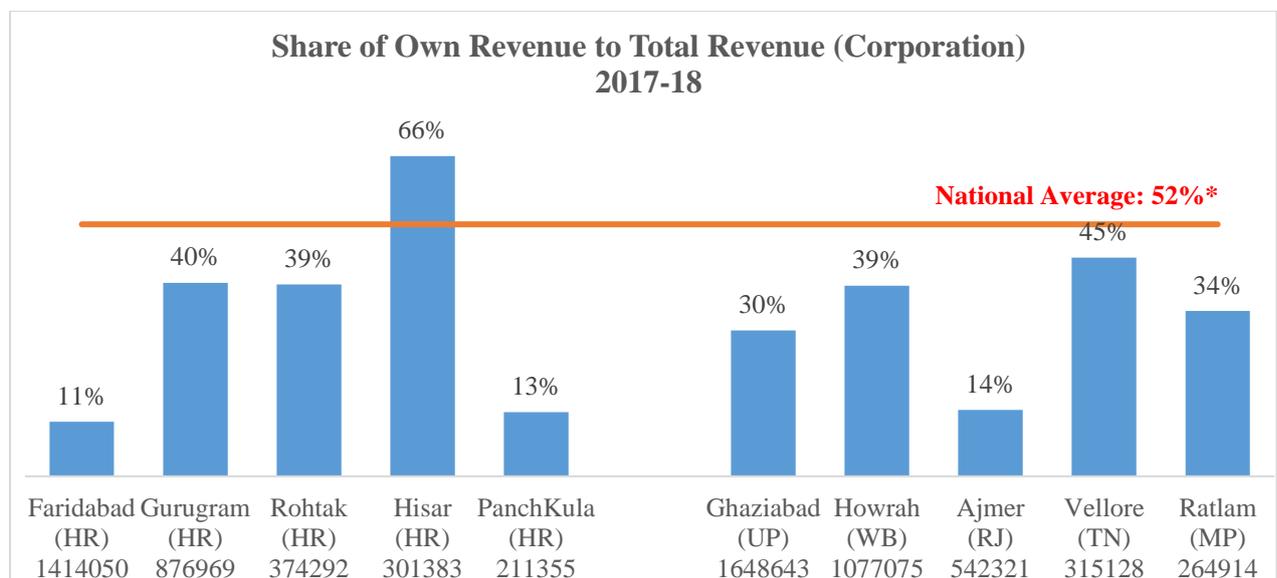
- For instance, per capita revenue earned by the Gurugram Municipal Corporations at INR 5,405 is more than 5 times the per capita revenue earned by the Panipat Municipal Corporation at INR 989 (lowest in the five corporations selected for review). The gap between Gurugram and municipal councils/ committees would be significantly greater. Such a gap can also be noticed with the Faridabad Municipal Corporation, albeit to a lesser extent. This the resource-generating capacity is concentrated towards the largest corporations in Haryana
- Further, the relative importance of revenue components varies between different municipal bodies. For instance, own tax revenue accounts for 11-39% of total revenue of municipal corporations, but only 6-10% in municipal councils. Similarly, own non-tax revenue account for a healthy proportion of total revenues earned by corporations (22-61%) and committees (15-71%), but it is negligible for municipal councils with the exception of Sirsa.

The above observations on the revenue analysis corroborate the findings from field visits where ULB officials raised their concerns regarding shortage of funds and adequate avenues to augment own source revenues. Concerns were raised about the lack of administrative capacity in improving revenue collection efficiencies and the diversion of taxes to the state which were hitherto being levied by/ devolved to the ULBs. The officials also noted the process-related constraints placed by the State government on sale of assets and the negligible powers ascribed to commissioners in that regard. The ULB officials communicated a number of ideas to augment own source revenues, for instance, judicial use of land assets, greater involvement of the private sector and more powers to penalize tax defaulters.

### Inter-Category Comparison of Own Revenues to Total Revenues (%) for FY'18 for Corporation, Councils & Committees

Based on a comparative analysis, of the share of own source revenues (OSR) to total revenues, for 2017-18, across all 3 categories of ULBs (i.e. Corporations, Councils and Committees), between select (5) ULBs of Haryana's and select (5) ULBs from Rest of India, from the data available on cityfinance portal ([www.cityfinance.in](http://www.cityfinance.in)), we observe that the OSR to total revenue % in case of Corporations, in the year 2017-18, is higher for Haryana's ULBs than for ULBs of the other states. Within Haryana's Corporations, this ratio was highly volatile, ranging from 11% (Faridabad) to 66% (Hisar). Faridabad's OSR to total revenues (at 11%) is significantly lower than Ghaziabad (30%) which has similar population size. However, it is encouraging that OSR share for other corporations of Haryana like Gurugram (40%), Rohtak (39%), Hisar (66%) has been significantly higher than corresponding corporations of other comparable ULBs such as Howrah (39%), Ajmer (14%), Vellore (45%) which have similar population size. Amongst the corporations taken for analysis, only Hisar (66%) lies above the overall average of 52%<sup>37</sup> share of own revenue while Gurugram (40%) and Vellore (45%) lies near the average own revenue share.

**Graph 5. 7 Inter-Category Own Revenue to Total Revenue (Corporation)**



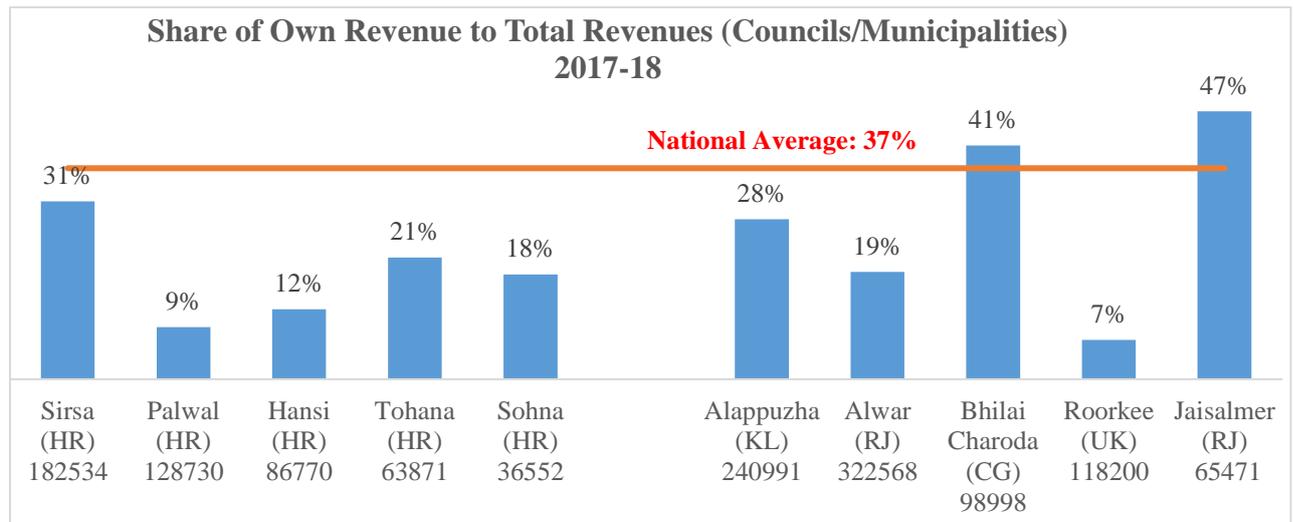
Source: Annual Financial Statements of Haryana ULBs available on DULB portal; Cityfinance portal ([www.cityfinance.in](http://www.cityfinance.in)) for financial information on Other State ULBs for 2017-18

However, in case of councils (municipalities) the share of own revenue is lower for the ULBs in Haryana than the councils in other states. While the own revenue to total revenue of the selected councils in Haryana ranges from 9% to 31%, the range for the corresponding councils of other progressive states varies between 7% to 47% for the year 2017-18. This indicates higher dependency of the councils on the grants and transfers from the government. Amongst the Councils taken for analysis, all ULBs of Haryana lie below the national average of 37%<sup>38</sup> whereas Bhilai (41%) and Jaisalmer (47%) stand above the national average

<sup>37</sup> The average is based on the financial data available on cityfinance portal of 70 Corporations out of the 866 ULBs across various states for the year 2017-18

<sup>38</sup> This average is based on the financial data available on cityfinance portal of 271 Councils out of the 866 ULBs across various states for the year 2017-18

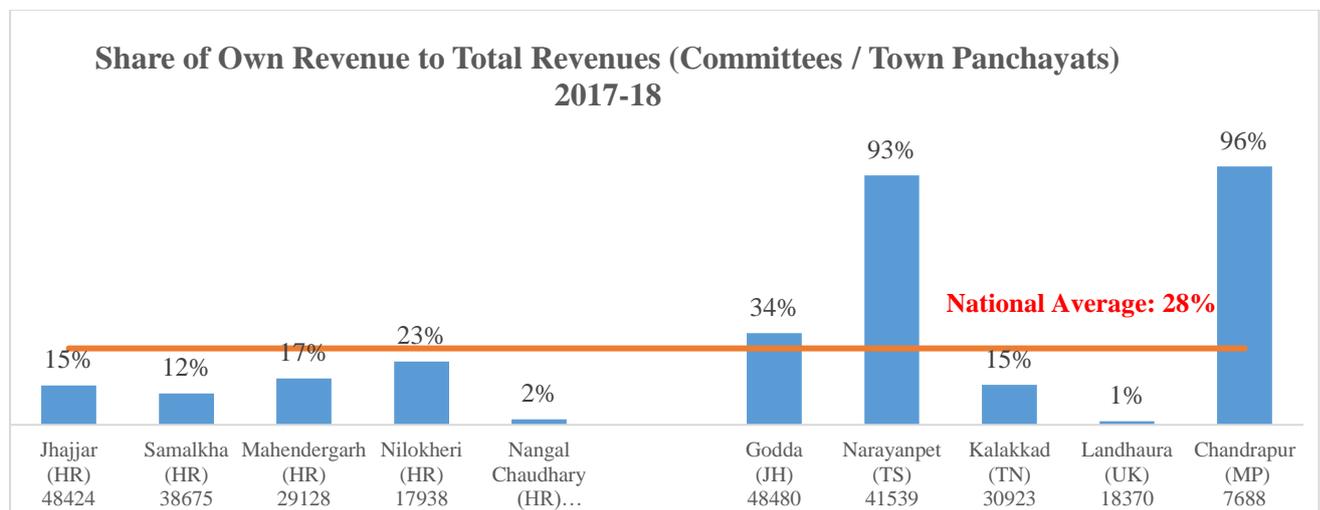
**Graph 5. 8 Inter-Category Own Revenue to Total Revenue (Councils/ Municipalities)**



Source: Annual Financial Statements of Haryana ULBs available on DULB portal; Cityfinance portal ([www.cityfinance.in](http://www.cityfinance.in)) for financial information on Other State ULBs for 2017-18

Similarly in case of committees (town panchayats) the share of own revenue is lower for the ULBs in Haryana than that of other states. While ULBs like Narayanpet and Chandrapur show own revenue share at 93% and 96% their corresponding ULBs in Haryana i.e., Jhajjar and Nangal Chaudhary show own revenue share of 15% and 2% respectively for the year 2017-18. Amongst the Committees taken for analysis, none of the ULBs of Haryana lie above the overall national average of 28%<sup>39</sup>, whereas Narayan pet (93%) and Chandrapur (96%) stand significantly above the national average.

**Graph 5. 9 Inter-Category Own Revenue to Total Revenue (Committees/Town Panchayats)**



Source: Annual Financial Statements of Haryana ULBs available on DULB portal; Cityfinance portal ([www.cityfinance.in](http://www.cityfinance.in)) for financial information on Other State ULBs for 2017-18

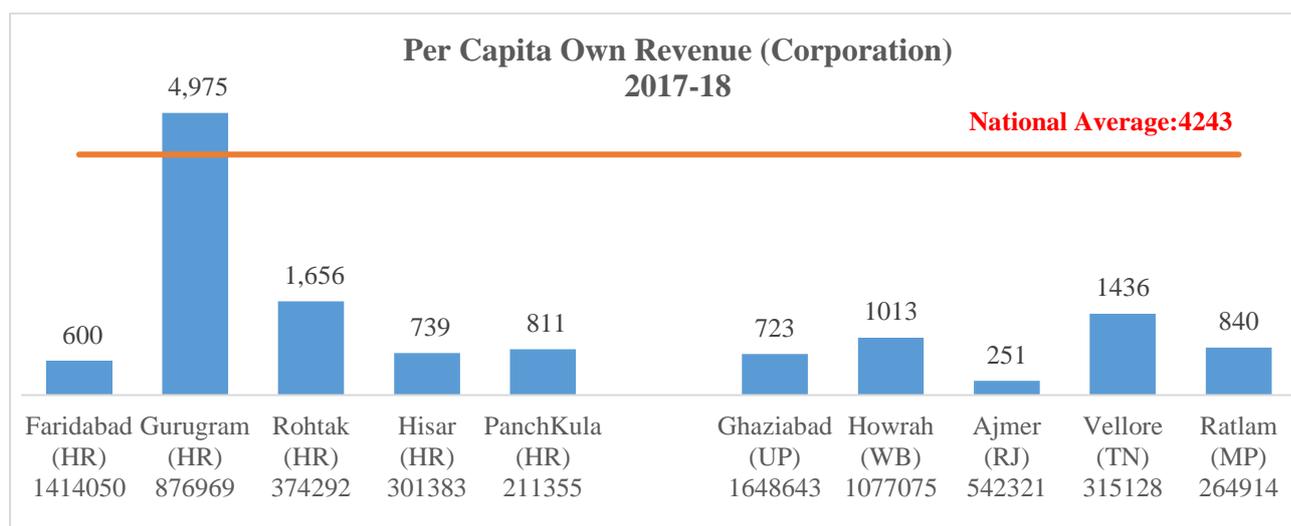
<sup>39</sup> The average is based on the financial data available on cityfinance portal of 525 Committees out of the 866 ULBs across various states for the year 2017-18

### Inter-Category Comparison on Per Capita Own Revenue for FY'18 for Corporation, Councils & Committees

Based on a comparative analysis, of the per capita own source revenues, for 2017-18, across all 3 categories of ULBs (i.e. Corporations, Councils and Committees), between select (5) ULBs of Haryana's and select (5) ULBs from Rest of India, from the data available on cityfinance portal ([www.cityfinance.in](http://www.cityfinance.in)), we observe that the per capita own revenues for 2017-18 of Haryana's Corporations as well as those of Other States, fall within the same range of Rs. 600-1700, except Gurugram, which shows significantly higher per capita own revenue of Rs. 4975.

There is huge potential for improving the per capita own revenues in case of other corporations in Haryana such as Hisar and Panchkula, for which the per capita own revenue stands at Rs.739 and Rs 811 respectively whereas the corresponding corporations from other states with similar population size such as Vellore and Ratlam reported higher per capita own revenue during the year 2017-18. Amongst the corporations taken for analysis, only Gurugram (Rs.4975) lies above the overall national average per capita own revenue of Rs 4243<sup>40</sup> while the other ULBs lie significantly below the national average.

**Graph 5. 10 Inter-Category Per Capita Own Revenue (Corporation)**



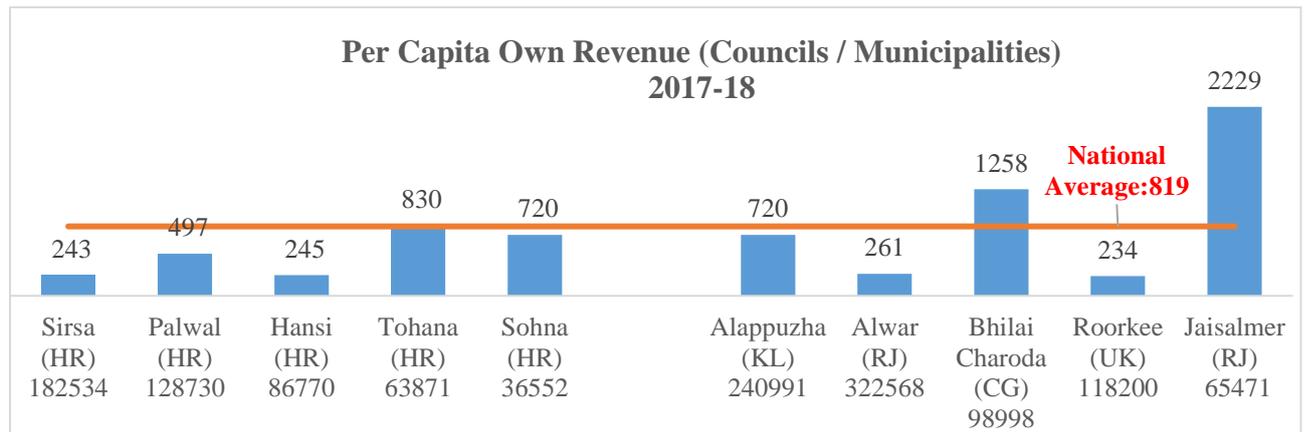
Source: Annual Financial Statements of Haryana ULBs available on DULB portal; Cityfinance portal ([www.cityfinance.in](http://www.cityfinance.in)) for financial information on Other State ULBs for 2017-18

Unlike corporation, in case of councils the per capita own revenue is lower for the ULBs in Haryana than the councils in other states. While the per capita own source revenues, for the year 2017-18, of the selected councils in Haryana ranges from Rs 240-830, the range for the corresponding councils (municipalities) of other states varies between Rs 230-2200. Sirsa and Hansi could generate Rs 243 and Rs 245 respectively from each citizen, whereas the corresponding councils such as Alappuzha, and Bhilai could generate Rs 720 and Rs 1258 respectively from its average citizen. The national average of per capita own revenue stands at Rs. 819<sup>41</sup>, and only Tohana (Rs.830), Bhilai (Rs 1258) and Jaisalmer (Rs 2229) lie above the national average.

<sup>40</sup> The average is based on the financial data available on cityfinance portal of 70 Corporations out of the 866 ULBs across various states for the year 2017-18

<sup>41</sup> The average is based on the financial data available on cityfinance portal of 271 Committee out of the 866 ULBs across various states for the year 2017-18

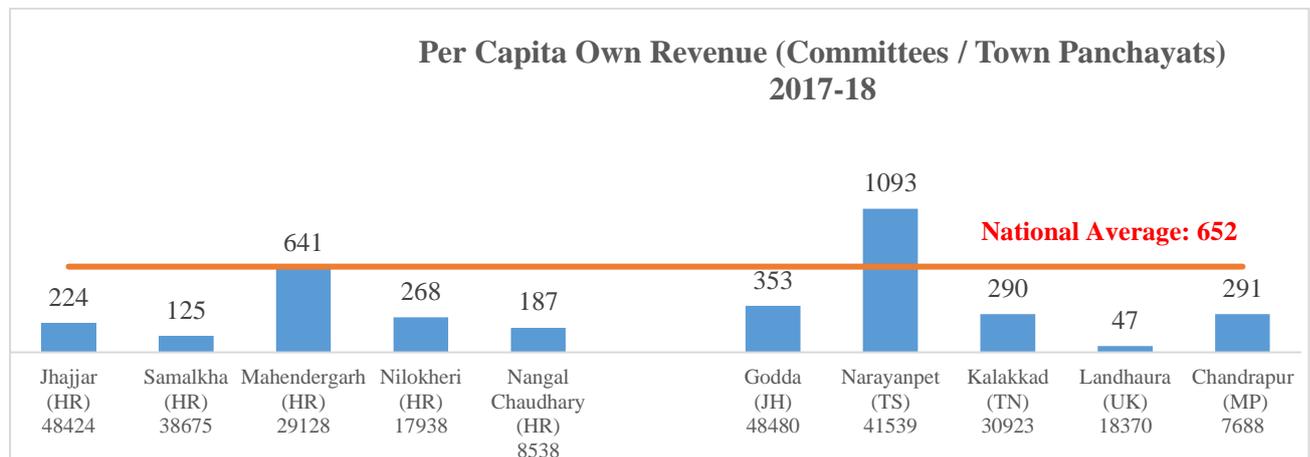
**Graph 5. 11 Inter-Category Per Capita Own Revenue (Councils/Municipalities)**



Source: Annual Financial Statements of Haryana ULBs available on DULB portal; Cityfinance portal ([www.cityfinance.in](http://www.cityfinance.in)) for financial information on Other State ULBs for 2017-18

Similarly, in case of committees the per capita own revenue is lower for the ULBs in Haryana than that of other states. While ULBs like Godda, Narayanpet, and Chandrapur show per capita own revenue at Rs 353, Rs 1093 and Rs 291 respectively their corresponding ULBs in Haryana i.e., Jhajjar, Samalkha and Nangal Chaudhary shows per capita own revenue of Rs. 224, Rs 125 and Rs 187 respectively for the year 2017-18. This demands for immediate measures on own revenue enhancement and optimum utilization of available resources to increase the overall revenue of the ULBs. For committees taken for analysis, the national average per capita own revenue is reported at Rs.652<sup>42</sup> and only Narayanpet (Rs.1093) lies above the national average while Mahendergarh (641) lies near the national average.

**Graph 5. 12 Inter-Category Per Capita Own Revenue (Committees/Town Panchayats)**



Source: Annual Financial Statements of Haryana ULBs available on DULB portal; Cityfinance portal ([www.cityfinance.in](http://www.cityfinance.in)) for financial information on Other State ULBs for 2017-18

<sup>42</sup> The average is based on the financial data available on cityfinance portal of 525 Committee out of the 866 ULBs across various states for the year 2017-18

## Differential Analysis between Revenues & Expenditure, of ULBs in Haryana

As mentioned earlier, since the AFS of all 93 ULBs<sup>43</sup> are not available for all years, for analysis of certain financial parameters and metrics, we have considered a set of 61 ULBs<sup>44</sup> whose AFS were available in public domain for the 3-year period, i.e., 2017-18, 2018-19, and 2019-20. A detailed assessment of AFS of the 61 ULBs has allowed the following insights to emerge.

### Total Revenue vs. Total Expenditure

The total receipts of Haryana's ULBs sufficiently covered their total expenditure in 2017-18, across all 3 ULB categories, i.e., corporations, councils and committees, with receipts to expenditure ratio being over 100%. However, overall, for the three-year period, there is a consistent declining trend in the receipts to expenditure ratio, from 139% in 2017-18 to 88% in 2020-21. The same is true for corporations and committees as well, however, for councils, the ratio declined in 2018-19 but increased again in 2019-20.

### Box 5 Implications from Differential Analysis of Revenue and Expenditure in Haryana

- The number of ULBs having per capita total revenue ranging from INR 0-2500 have increased from 30 in FY'18 to 40 in FY'20 while number of ULBs with per capita total revenue INR 5000 & above have decreased from 17 in FY'18 to only 7 in FY'20. This indicates an adverse trend in revenue buoyancy of ULBs in Haryana.
- Number of ULBs with per capita total revenue to total expenditure ratio above 100% have reduced from 38 in FY'17 to 25 in FY'20 i.e. 13 ULBs have entered into a state of revenue deficit in the past 2 years.

**Table 5. 13 Per Capita Total Revenue vs. Total Expenditure, by ULB category, for FY'18 to FY'20**

ULB Type	No of ULBs	Population	2017-18			2018-19			2019-20		
			Total Rev per Capita	Total Exp per Capita	% Rev to Exp	Total Rev per Capita	Total Exp per Capita	% Rev to Exp	Total Rev per Capita	Total Exp per Capita	% Rev to Exp
Units	Nos.	in Cr.	Rs.	Rs.	%	Rs.	Rs.	%	Rs.	Rs.	%
Corporation	7	0.37	7022	4972	141%	4828	5023	96%	5542	6357	87%
Council	12	0.11	3001	2423	124%	1830	2042	90%	2704	2799	97%
Committee	42	0.10	2873	2140	134%	1962	2007	98%	1764	2096	84%
<b>Total</b>	<b>61</b>	<b>0.58</b>	<b>5532</b>	<b>3993</b>	<b>139%</b>	<b>3757</b>	<b>3929</b>	<b>96%</b>	<b>4343</b>	<b>4936</b>	<b>88%</b>

Source: Annual Financial Statements of 61 ULBs available on DULB portal for years 2017-18 to 2019-20

### Distribution of ULBs based on Total Revenue to Total Expenditure

Majority of the 61 ULBs analysed over the 3 years, had total revenues to total expenditure ratio above 100%. However, the number (and proportion) of ULBs having this ratio above 100% has reduced from 38 (62%) to 25 (41%) in the three-year period. Also, there is an increase in the number (and proportion) of ULBs having this ratio in the 50-75% category, from 3 (5%) to 14 (23%) over the 3 years.

<sup>43</sup> As on 1<sup>st</sup> November 2021.

<sup>44</sup> The 61 ULBs include, 7 corporations (including Gurugram and Faridabad), 12 councils and 42 committees

**Table 5. 14 Distribution of ULBs according to Total Revenue to Total Expenditure %**

Total Revenue to Total Expenditure % Range	No. of ULBs			% of ULBs		
	2017-18	2018-19	2019-20	2017-18	2018-19	2019-20
1-10%	0	0	0	0%	0%	0%
10-25%	0	0	1	0%	0%	2%
25-50%	2	3	3	3%	5%	5%
50-75%	3	8	14	5%	13%	23%
75-100%	18	19	18	30%	31%	30%
>100%	38	31	25	62%	51%	41%
<b>Total</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Annual Financial Statements of 61 ULBs available on DULB portal for years 2017-18 to 2019-20

### Distribution of ULBs based on Per Capita Total Revenue

Majority of the 61 ULBs analysed, i.e., between 33-43%, had total revenue per capita (including OSR and grants in aid) in the range of Rs. 1000-2500. Also, while there is a reduction in number (and proportion) of ULBs in the Rs. 5000 & above category, there is an increase in the number (and proportion) of ULBs in the Rs. 0-2500 category, which portrays an adverse trend in revenue buoyancy of the 61 ULBs analysed. The ULBs in the Rs. 5000 & above were mostly Corporations which implies the concentration of revenue generating ability with the corporations. There is hence a need and opportunity to push for own revenue augmentation measures across all ULBs, especially Councils and Committees.

**Table 5. 15 Distribution of ULBs according to Per Capita Total Revenue**

Total Revenue per Capita (Rs.) Range	No. of ULBs			% of ULBs		
	2017-18	2018-19	2019-20	2017-18	2018-19	2019-20
0-1000	10	16	18	16%	26%	30%
1000-2500	20	26	22	33%	43%	36%
2500-5000	14	14	14	23%	23%	23%
5000-7500	11	3	6	18%	5%	10%
>7500	6	2	1	10%	3%	2%
<b>Total</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Annual Financial Statements of 61 ULBs available on DULB portal for years 2017-18 to 2019-20

### Distribution of ULBs based on Per Capita Total Expenditure

Majority of the 61 ULBs analysed, i.e., between 41-44%, had total expenditure per capita in the range of Rs. 1000-2500. While there is a marginal overall reduction in the number of ULBs in the Rs. 0-5000 category (from 54 to 51), there is a marginal increase in the number of ULBs in the Rs. 5000 & above category (from 7 to 10), over the 3 years.

**Table 5. 16 Distribution of ULBs according to Per Capita Total Expenditure**

Total Expenditure per Capita (Rs.) Range	No. of ULBs			% of ULBs		
	2017-18	2018-19	2019-20	2017-18	2018-19	2019-20
0-1000	12	15	11	20%	25%	18%
1000-2500	25	25	27	41%	41%	44%
2500-5000	17	14	13	28%	23%	21%
5000-7500	5	5	6	8%	8%	10%
>7500	2	2	4	3%	3%	7%
<b>Total</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Annual Financial Statements of 61 ULBs available on DULB portal for years 2017-18 to 2019-20

## Analysis of Per Capita Own Source Revenues (OSR)

- The per capita own revenue earned by corporations is four times the per capita own revenue of councils and committees. This points towards the better collection mechanisms employed by the corporations as well as their overall efficiency in human capital management
- However, a large proportion of the own revenues are generated in 1 ULB, i.e., Gurugram (MCG). If we exclude Gurugram from the mix, the per capita revenue of corporations drops by an average of 43% in the 3 years concerned, while the corresponding average for all 60 ULBs put together is at a similar level of 41%
- While, per capita own revenues are largely stagnant for committees and councils with a slight overall increase, the corresponding trend in corporations displays an annual decline with an overall fall of more than 20%

### Box 6 Implications from Analysis of per Capita Own Revenue in Haryana

- The municipal corporations have better infrastructure and human capital for generating revenues with per capita own revenue of INR.715 in FY'20 as compared to only INR.421 for municipal councils and INR.330 for municipal committee
- The OSR earned by Gurugram Municipal Corporation accounts for 50% of total OSR earned by Haryana ULBs for FY'18-FY'20. If Gurugram is excluded, per capita OSR for municipal corporations drops by an average of 43%.

**Table 5. 17 Distribution of ULBs according to Per Capita Own Source Revenue**

ULB Type	No of ULBs	Population (in Cr.)	Total OSR (Rs. crore)			Per Capita OSR (Rs.)		
			2017-18	2018-19	2019-20	2017-18	2018-19	2019-20
Corporation	7	0.37	660	592	518	1796	1613	1410
Council	12	0.11	45	50	47	401	452	421
Committee	42	0.10	31	35	33	309	349	330
<b>Total</b>	<b>61</b>	<b>0.58</b>	<b>735</b>	<b>678</b>	<b>598</b>	<b>1271</b>	<b>1171</b>	<b>1033</b>
Gurugram Corporation	1	0.09	436	327	247	4972	3729	2817
<b>Total (excluding Gurugram)</b>	<b>60</b>	<b>0.49</b>	<b>299</b>	<b>351</b>	<b>351</b>	<b>610</b>	<b>715</b>	<b>715</b>

Source: Annual Financial Statements of 61 ULBs available on DULB portal for years 2017-18 to 2019-20

### Distribution of ULBs based on Per Capita Own Source Revenues (OSR)

- Maximum number of ULBs fall under the category where the per capita own source revenue ranges from Rs. 250-500. This shows that the per capita own revenue generating capacity of maximum number of ULBs ranges from Rs. 250-500.
- The ULBs falling in the Rs. 750 & above categories are mostly Corporations, which implies the concentration of revenue generating ability with the corporations in terms of infrastructure and human resources.
- The ULBs in the Rs. 0-100 category are mostly Committees, which implies focus on the revenue enhancement measures for smaller ULBs.

**Table 5. 18 Distribution of ULBs according to Per Capita Own Source Revenue**

Per Capita OSR (Rs.) Range	No of ULBs			% of ULBs		
	2017-18	2018-19	2019-20	2017-18	2018-19	2019-20
0-100	7	5	4	11%	8%	7%
100-250	19	14	16	31%	23%	26%
250-500	19	22	24	31%	36%	39%
500-750	9	11	10	15%	18%	16%
750-1000	4	4	3	7%	7%	5%
>1000	3	5	4	5%	8%	7%
<b>Total</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Annual Financial Statements of 61 ULBs available on DULB portal for years 2017-18 to 2019-20

## Analysis of Dependency Ratios of ULBs in Haryana

### Own Source Revenues (OSR) vs. Revenue Expenditure

- Majority, i.e., 87-90% of the total own source revenues (OSR) of the 61 ULBs analysed are from the 7 Corporations, over the 3-year review period, which actually reduced from Rs. 660 crores in 2017-18 to Rs. 518 crores in 2019-20. The 12 Councils accounted for 6-8% and the 42 Committees accounted for 4-6% of total own source revenues over the three-year review period.
- Similarly, majority, i.e., 83-85% of the total revenue expenditure of the 61 ULBs analysed, are from the 7 Corporations, over the 3-year review period, which actually increased from Rs. 1166 crores in 2017-18 to Rs. 1452 crores in 2019-20. The 12 Councils accounted for 8-9% and the 42 Committees accounted for 7-8% of total revenue expenditure over the three-year review period.
- Over the 3-year period, there has been a declining trend in the OSR to Revenue Expenditure ratio, from 53% in 2017-18 to 35% in 2019-20. While the ratio was relatively stable for the Councils and Committees, at 34-37% and 29-34% respectively, the OSR to Revenue Expenditure ratio consistently and drastically reduced for Corporations from 57% in 2017-18 to 49% in 2018-19 to 36% in 2019-20.

#### Box 7 Implications from Analysis of Dependency Ratios in Haryana

- Most of the ULBs are able to meet only 25-50% of their revenue expenditure from their own source revenues between FY'18-FY'20
- OSR to Revenue Expenditure has been constantly reducing from 53% in FY'18 to 35% in FY'20 indicating an increased dependence on state/central grants for financing crucial public expenditure

**Table 5. 19 Own Source Revenue vs. Revenue Expenditure, by ULB category, for FY'18 to FY'20**

ULB Type	No of ULBs	Popu- lation	2017-18			2018-19			2019-20		
			Total OSR	Total Rev Exp	OSR to Rev Exp	Total OSR	Total Rev Exp	OSR to Rev Exp	Total OSR	Total Rev Exp	OSR to Rev Exp
Units	Nos.	in Cr.	Rs. cr.	Rs. cr.	%	Rs. cr.	Rs. cr.	%	Rs. cr.	Rs. cr.	%
Corporation	7	0.37	660	1166	57%	592	1216	49%	518	1452	36%
Council	12	0.11	45	120	37%	50	137	37%	47	138	34%
Committee	42	0.10	31	108	29%	35	104	34%	33	113	29%
<b>Total</b>	<b>61</b>	<b>0.58</b>	<b>735</b>	<b>1394</b>	<b>53%</b>	<b>678</b>	<b>1457</b>	<b>47%</b>	<b>598</b>	<b>1703</b>	<b>35%</b>

Source: Annual Financial Statements of 61 ULBs available on DULB portal for years 2017-18 to 2019-20

### Distribution of ULBs based on OSR

- Majority of the 61 ULBs analysed, i.e., between 52-57%, had own source revenues (OSR) of up to Rs. 1 crore. 31-34% of the 61 ULBs had OSR in the range of Rs. 1-10 crores, while only 12-13% of the 61 ULBs had OSR of more than Rs. crores.
- The ULBs in the Rs. 0-1 crores OSR category comprised of Committees mostly (31-34), with the exception of 1 Council, throughout the 3-year period.
- The ULBs in the Rs. 1-10 crores OSR category comprised of a nearly equal mix of Committees (8-11) and Councils (10-11).

The ULBs having over Rs. 10 crores OSR were predominantly the 7 Corporations in each of the 3 years, with the exception of 1 Council which was in the Rs. 10-25 crores category in both years, 2018-19 and 2019-20.

**Table 5. 20 Distribution of ULBs according to Own Source Revenues**

Own Source Revenues (Rs. cr.)	No. of ULBs			% of ULBs		
	2017-18	2018-19	2019-20	2017-18	2018-19	2019-20
Range						
0 - 1	35	32	32	57%	52%	52%
1 - 10	19	21	21	31%	34%	34%
10 - 25	4	3	3	7%	5%	5%
25 - 50	0	2	3	0%	3%	5%
50 - 100	2	1	0	3%	2%	0%
>100	1	2	2	2%	3%	3%
<b>Total</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Annual Financial Statements of 61 ULBs available on DULB portal for years 2017-18 to 2019-20

### Distribution of ULBs based on OSR vs. Revenue Expenditure

- Majority, i.e., 39-49%, of the 61 ULBs analysed, had OSR to Revenue Expenditure ratio in the range of 25-50% over the 3 years. This shows that majority of the ULBs are able to meet only 25-50% of their revenue expenses from their own source revenues. The number (and proportion) of ULBs falling in this category increased from 24 (39%) to 30 (49%) in the three-year period.
- The number (and proportion) of ULBs falling in the 0-25% category reduced from 24 (39%) to 20 (33%) between 2017-18 and 2019-20. Similarly, number (and proportion) of ULBs falling in the 50-75% category reduced from 9 (15%) to 7 (11%). The number

(and proportion) of ULBs falling in the 75% & above category remained constant at 4 (7%) between 2017-18 and 2019-20.

**Table 5. 21 Distribution of ULBs according to Own Source Revenue to Revenue Expenditure %**

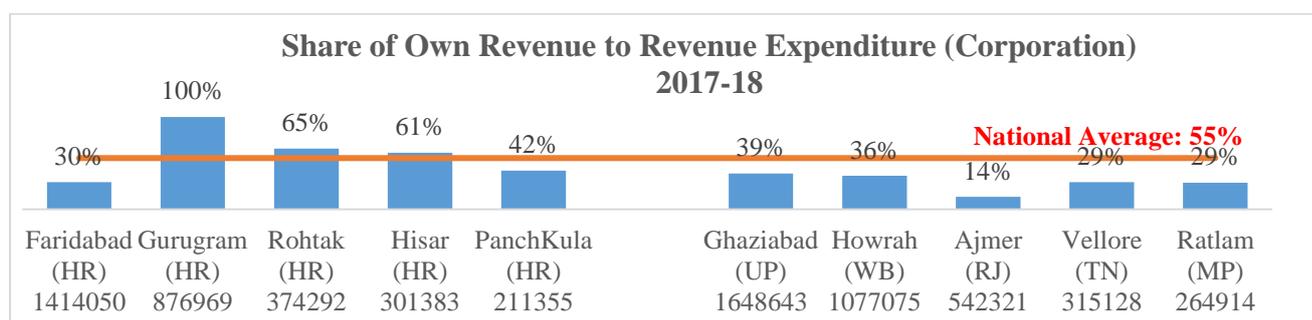
OSR to Revenue Expenditure %	No. of ULBs			% of ULBs		
	2017-18	2018-19	2019-20	2017-18	2018-19	2019-20
Range						
1-10%	5	1	4	8%	2%	7%
10-25%	19	20	16	31%	33%	26%
25-50%	24	26	30	39%	43%	49%
50-75%	9	7	7	15%	11%	11%
75-100%	3	4	3	5%	7%	5%
>100%	1	3	1	2%	5%	2%
<b>Total</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Annual Financial Statements of 61 ULBs available on DULB portal for years 2017-18 to 2019-20

### Inter-Category Comparison on Own Revenue to Revenue Expenditure for FY'18 for Corporation, Councils & Committees

Based on a comparative analysis, of the OSR to Revenue Expenditure %, for 2017-18, across all 3 categories of ULBs (i.e. Corporations, Councils and Committees), between select (5) ULBs of Haryana's and select (5) ULBs from Rest of India, from the data available on cityfinance portal ([www.cityfinance.in](http://www.cityfinance.in)), we observe that the share of own revenue to revenue expenditure in case of Corporation is higher for the ULBs in Haryana than that of the other states in the year 2017-18. While this ratio ranges from 30% to 65% in case of corporations in Haryana (except Gurugram) the range for corporations of other states was between 14% to 40%. Among all corporations considered for the comparison, only Gurugram shows sufficient own revenues to meet its revenue expenditures. Overall, amongst all Corporations taken for analysis, Gurugram (100%), Rohtak (65%) and Hisar (61%) lie above the national average of 55%<sup>45</sup> while the other ULBs lies significantly below the national average.

**Graph 5. 13 Inter-Category Own Revenue to Revenue Expenditure (Corporation)**



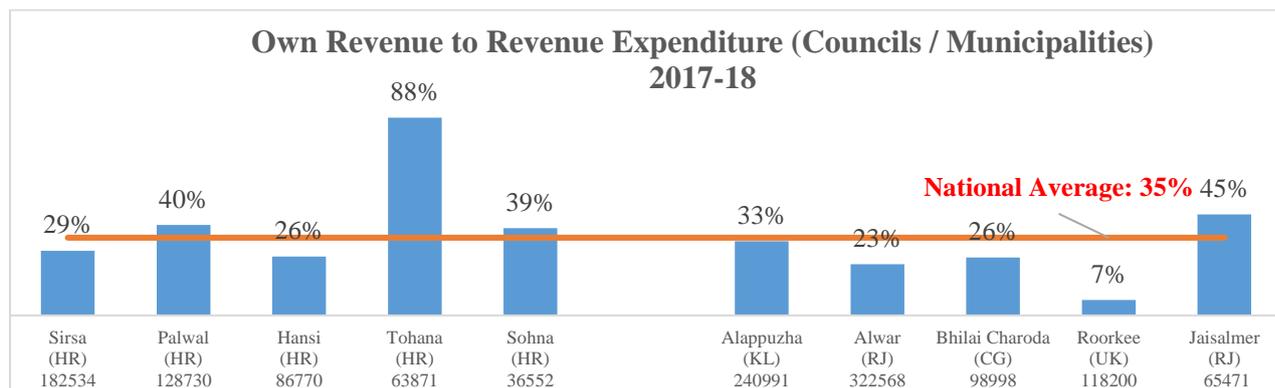
Source: Annual Financial Statements of Haryana ULBs available on DULB portal; Cityfinance portal ([www.cityfinance.in](http://www.cityfinance.in)) for financial information on Other State ULBs for 2017-18

Similarly, in case of councils (municipalities), the OSR to Revenue Expenditure % is higher for ULBs in Haryana than the corresponding ULBs of other states, however none of the

<sup>45</sup> The average is based on the financial data available on cityfinance portal of 70 Corporations out of the 866 ULBs across various states for the year 2017-18

councils generate sufficient revenue to fund their revenue expenditures and depend on government grants and transfers. The ratio is highest in case of Tohana with 88% of the revenue expenditures being funded through its own revenues in the year 2017-18. While this ratio ranges from 25% to 40% for councils in Haryana other than Tohana, it varies from 7% to 45% for councils of other states in the year 2017-18. Overall, amongst the councils (municipalities) taken for analysis, Palwal (40%), Tohana (88%) and Jaisalmer (45%) lie above the national average of 35%<sup>46</sup>, while Sohana (39%) and Alappuzha (33%) lies near the average.

**Graph 5. 14 Inter-Category Own Revenue to Revenue Expenditure (Councils/ Municipalities)**



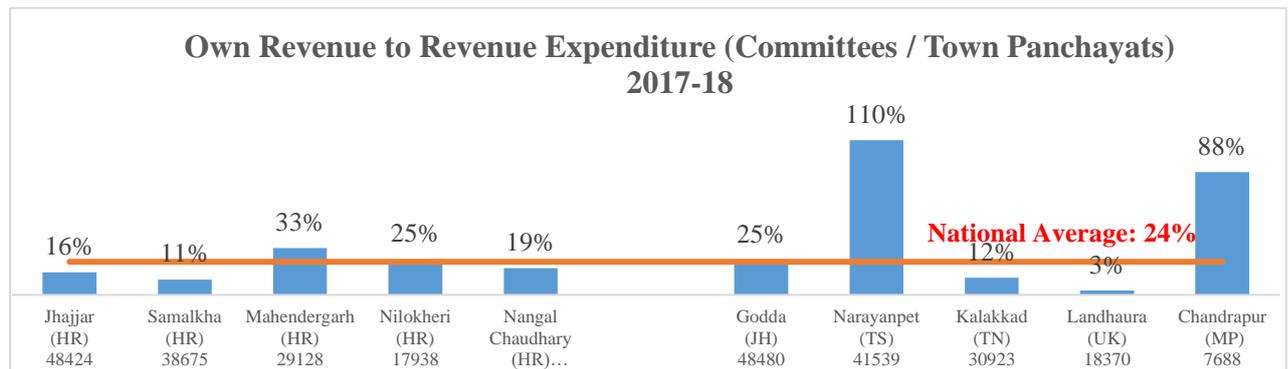
Source: Annual Financial Statements of Haryana ULBs available on DULB portal; Cityfinance portal ([www.cityfinance.in](http://www.cityfinance.in)) for financial information on Other State ULBs for 2017-18

In case of committees (town panchayats), the OSR to Revenue Expenditure % is lower for ULBs in Haryana than the corresponding ULBs of other states indicating higher dependency on grants to fund the committed expenditures. While Samalkha and Nangal Choudhary could fund only 11% and 19% of their revenue expenditure from own revenues respectively, the corresponding committees (town panchayats) with similar population size of other states i.e., Narayanpet and Chandrapur could generate sufficient revenue to meet 110% and 88% of the revenue expenditure in the year 2017-18. Overall, amongst the committees (town panchayats) taken for analysis Mahendragarh (33%), Narayanpet (110%) and Chandrapur (88%) lie above the national average of 24%<sup>47</sup>, while Godda (25%) and Nilokheri (25%) lie near the average.

<sup>46</sup> The average is based on the financial data available on cityfinance portal of 271 Councils out of the 866 ULBs across various states for the year 2017-18

<sup>47</sup> The average is based on the financial data available on cityfinance portal of 525 Committees out of the 866 ULBs across various states for the year 2017-18

**Graph 5. 15 Inter-Category Own Revenue to Revenue Expenditure (Committees / Town Panchayats)**



Source: Annual Financial Statements of Haryana ULBs available on DULB portal; Cityfinance portal ([www.cityfinance.in](http://www.cityfinance.in)) for financial information on Other State ULBs for 2017-18

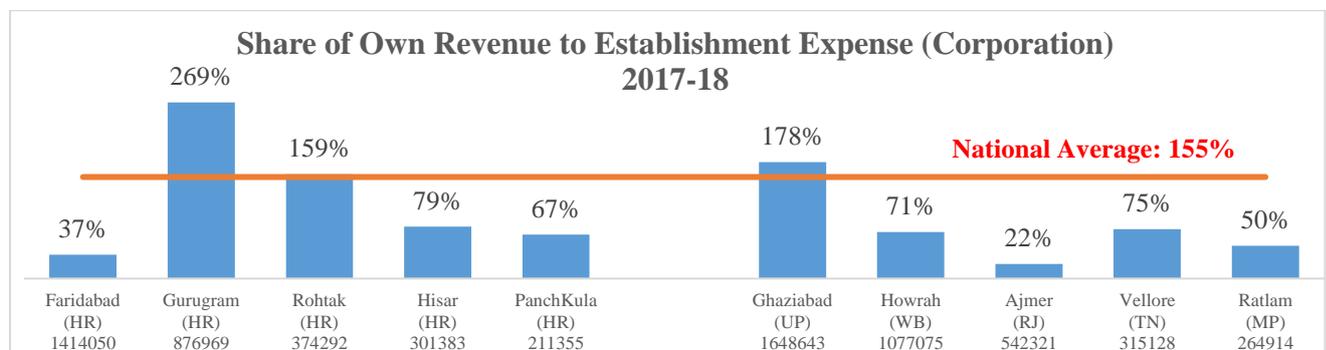
## Own Revenues (OSR) vs. Establishment Expenditure

### Inter-Category comparison on Own Revenue to Establishment Expenditure for FY'18 for Corporation, Councils & Committees

Based on a comparative analysis, of the OSR to Establishment Expenditure %, for 2017-18, across all 3 categories of ULBs (i.e. Corporations, Councils and Committees), between select (5) ULBs of Haryana's and select (5) ULBs from Rest of India, from the data available on cityfinance portal ([www.cityfinance.in](http://www.cityfinance.in)), we observe that the own revenue to establishment expenditure (i.e. salaries) % in case of Corporations is higher for the ULBs in Haryana than that of the other states in the year 2017-18. While only Gurugram, Rohtak and Ghaziabad among all the corporations taken for analysis show sufficient own revenue to meet the salary and other establishment expenditures, other ULBs fail to generate sufficient revenue to fund the salary of the regular staff. While this ratio ranges from 40% to 80% in case of corporations other than Gurugram and Rohtak in Haryana, it varies between 25% to 75% for corporations of other states.

Overall, amongst the corporations taken for analysis, Gurugram (269%) Rohtak (159%) and Ghaziabad (178%) lie above the national average of 155%<sup>48</sup> share of establishment cost, while others corporations lie significantly below the national average.

**Graph 5. 16 Inter-Category Own Revenue to Establishment Expense (Corporation)**



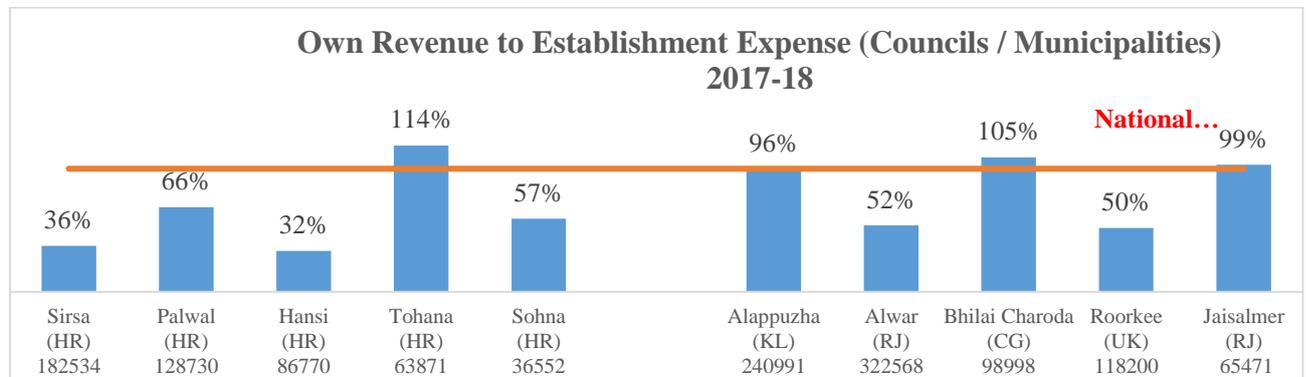
Source: Annual Financial Statements of Haryana ULBs available on DULB portal; Cityfinance portal ([www.cityfinance.in](http://www.cityfinance.in)) for financial information on Other State ULBs for 2017-18

<sup>48</sup> The average is based on the financial data available on cityfinance portal of 70 Corporations out of the 866 ULBs across various states for the year 2017-18

In case of councils (municipalities), the OSR to Establishment Expense % is lower for ULBs in Haryana than the corresponding ULBs of other states, except Tohana which generates sufficient own revenue to fund the salary and other establishment costs. While this ratio ranges from 30% to 65% for councils in Haryana other than Tohana, it varies from 50% to 100% for councils of other progressive states in the year 2107-18 indicating better management of revenue to meet the committed expenditures on salaries and establishment costs. While Sirsa and Hansi could fund only 36% and 32% of their establishment cost from own revenues respectively the corresponding councils with similar population size of other states i.e., Alappuzha and Bhilai could generate sufficient revenue to meet 96% and 105% of the establishment cost.

Overall, for the councils (municipalities) taken for analysis, Tohana (114%), Bhilai (105%), Jaisalmer (99%) and Alappuzha (96%) lie above the national average of 96%<sup>49</sup>.

**Graph 5. 17 Inter-Category Own Revenue to Establishment Expense (Councils/ Municipalities)**



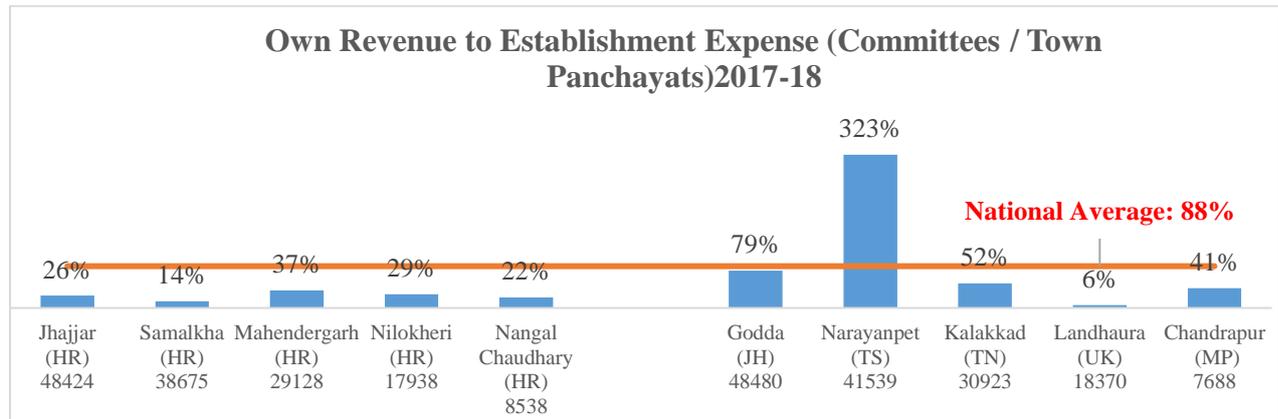
Source: Annual Financial Statements of Haryana ULBs available on DULB portal; Cityfinance portal ([www.cityfinance.in](http://www.cityfinance.in)) for financial information on Other State ULBs for 2017-18

In case of committees (town panchayats), the OSR to Establishment Expenditure % is lower for ULBs in Haryana than the corresponding ULBs of other states indicating higher dependency on grants to fund the salaries of regular staff and other establishment costs. While this ratio ranges from 14% to 40% for committees in Haryana, it varies from 40% to 80% for committees of other states in the year 2107-18, except Narayanpet and Landhaura which report 323% and 6% respectively. While Jhajjar and Samalkha could fund only 26% and 14% of their establishment cost from own revenues respectively, the corresponding committees with similar population size of other states i.e., Godda and Narayanpet could generate sufficient revenue to meet 79% and 323% of the establishment cost. Overall, among the committees (town panchayats) taken for analysis, only Narayanpet (323%) lies above the national average of 88%<sup>50</sup>.

<sup>49</sup> The average is based on the financial data available on cityfinance portal of 271 Councils out of the 866 ULBs across various states for the year 2017-18

<sup>50</sup> The average is based on the financial data available on cityfinance portal of 525 Committees out of the 866 ULBs across various states for the year 2017-18

**Graph 5. 18 Inter-Category Own Revenue to Establishment Expense (Committees / Town Panchayats)**



Source: Annual Financial Statements of Haryana ULBs available on DULB portal; Cityfinance portal ([www.cityfinance.in](http://www.cityfinance.in)) for financial information on Other State ULBs for 2017-18

## Analysis of Revenue from Shared taxes in Haryana

These taxes constitute significant amount of financial resources of the ULBs in Haryana. They are levied and collected by the State or levied by the municipalities and collected by the State and a specified percentage or amount from the revenue is transferred by the State to the respective municipalities. Major taxes in this category are – stamp duty, state excise duty on liquor for human consumption, surcharge on VAT and Electricity duty. Table 5.22 below outlines the trend in revenue from shared taxes for Haryana’s ULBs over the five-year review period.

### Box 8 Implications from Analysis of Revenue from Shared taxes in Haryana

- The revenues from shared taxes declined consistently each year with an annual de-growth of 30-56% between FY’19-FY’21.
- From FY’19 the share in stamp duty was the sole remaining shared taxes revenue source for the ULBs in Haryana

**Table 5. 22 ULBs Receipts of Shared Taxes for FY’17to FY’21**

*All figures are in Rs. crores*

Components	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Stamp Duty</b>	<b>471.72</b>	<b>992.89</b>	<b>596.87</b>	<b>627.96</b>	<b>453.10</b>
% of Total	28%	33%	46%	96%	100%
YoY Growth %	-16%	110%	-40%	5%	-28%
<b>State Excise Duty</b>	<b>133.04</b>	<b>243.85</b>	<b>118.63</b>	<b>23.59</b>	<b>0.97</b>
% of Total	8%	8%	9%	4%	0%
YoY Growth %	129%	83%	-51%	-80%	-96%
<b>Surcharge on VAT</b>	<b>1074.71</b>	<b>1739.30</b>	<b>588.78</b>	<b>0.00</b>	<b>0.00</b>
% of Total	64%	58%	45%	0%	0%

<i>YoY Growth %</i>	43%	62%	-66%	-100%	0%
<b>Vehicle Tax</b>	<b>12.58</b>	<b>4.87</b>	<b>0.02</b>	<b>0.00</b>	<b>0.00</b>
<i>% of Total</i>	1%	0%	0%	0%	0%
<i>YoY Growth %</i>	-13%	-61%	-100%	-100%	0%
<b>Total Shared Tax Revenues</b>	<b>1692.04</b>	<b>2980.92</b>	<b>1304.30</b>	<b>651.55</b>	<b>454.07</b>
<i>% of Total</i>	100%	100%	100%	100%	100%
<i>YoY Growth %</i>	22%	76%	-56%	-50%	-30%

Source: Directorate of ULB, Government of Haryana (DULB)

- The ULBs' receipts from shared taxes increased strongly in the first two years of the review period, reaching its peak in 2017-18 at Rs. 2,980 crores and an overall 76% YoY increase.
- In 2017-18, the ULBs' revenues from stamp duty comprised 33% of overall revenues from shared taxes and increased at 110% from previous year to reach Rs. 993 crores. The revenues from state excise duty which comprised 8% of overall revenues from shared taxes also increased at 83% YoY to reach Rs. 244 crores. The revenues from surcharge on VAT comprised the largest share of overall revenues from shared taxes at 58% and increased 62% annually to reach Rs. 1,739 crores.
- In the last three years of the review period, i.e., between 2018-19 and 2020-21, the overall revenues for ULBs from shared taxes declined consistently each year with an annual de-growth of 30-56% and reduced drastically overall from Rs. 1,304 crores in 2018-19 to Rs. 454 crores in 2020-21.
- Also, in the last three years of the review period, the revenues from surcharge on VAT and state excise duty nearly completely finished for ULBs and the share in stamp duty was the only revenue source left for them, with virtually a 100% share of shared tax revenues.

## Property tax in Haryana

From the financial assessment and interaction with ULB officials during various meetings and field visits, it has become evident that raising own source revenues is required for augmenting fiscal self-sustainability of Haryana's ULBs. One of the principal ways of doing so can be the systemic reform of the legal and administrative framework governing the single largest component of own source revenue earned by ULBs i.e., property tax.

Property tax accounted for 21% of own source revenues, on an average, in the five-year review period between 2016-17 and 2020-21, which has increased substantially from 15% in 2017-18 to 31% in 2020-21. In 2020-21, while the property tax revenue has increased substantially in absolute terms, from Rs. 350 crores in 2019-20 to Rs. 441 crores in 2020-21 (i.e., 25% growth), the own source revenues (OSR) base has in fact shrunk, from Rs. 1,866 crores in 2019-20 to Rs. 1,423 crores in 2020-21 (i.e., 23% de-growth), which has contributed to this increase in share of property tax revenue to total OSR in 2020-21.

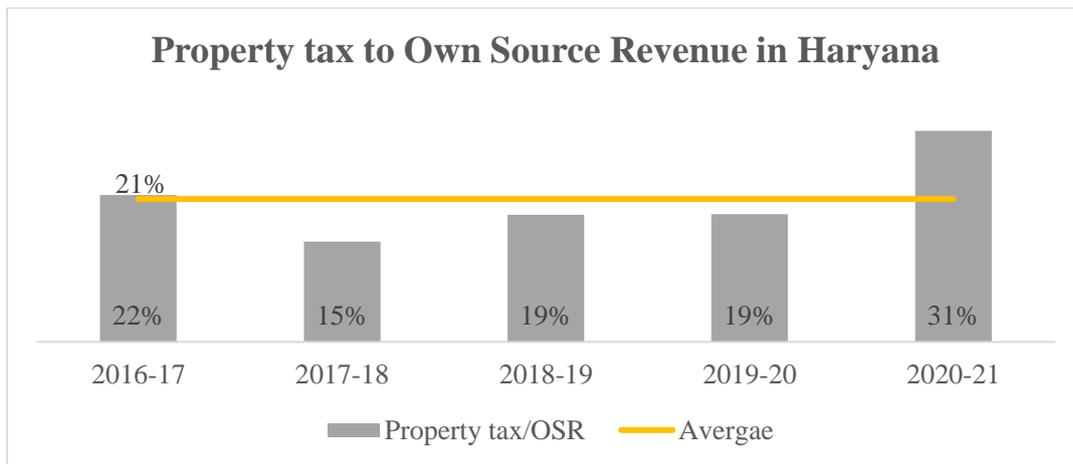
A detailed analysis of the trend in property tax and OSR for ULBs in Haryana is outlined in table 5.23 below.

**Table 5. 23 Analysis of Property Tax to OSR for ULBs**

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21	TOTAL
Property Tax revenue – Rs. cr.	474.97	463.59	412.88	350.68	441.38	2143.51
Total OSR – Rs. cr.	2202.32	3142.29	2209.63	1866.38	1423.60	10844.21
Property Tax to OSR %	22%	15%	19%	19%	31%	20%
Property tax YoY Growth Rate %		-2%	-11%	-15%	26%	-2%

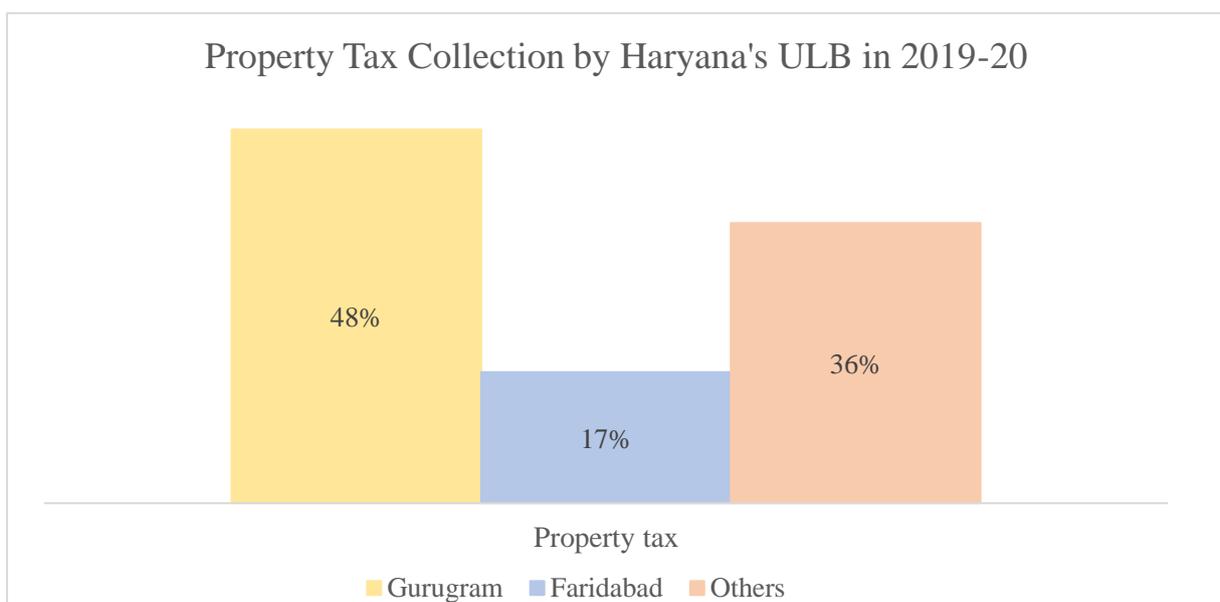
Source: Directorate of ULB, Government of Haryana (DULB)

**Graph 5. 19 Property tax to Own Revenue in Haryana**



Another trend observed for property tax collections in Haryana is that it is concentrated in larger and relatively financially secure ULBs like Gurugram and Faridabad. Just two ULBs (out of 93), which are Gurugram and Faridabad Municipal Corporations, account for 65% of the total property tax collections of Haryana’s ULBs in the year 2019-20 (Gurugram accounts for 48% and Faridabad accounts for 17%).

**Graph 5. 20 Property Tax Collection by Haryana's ULB in 2019-20**



Property tax collections are volatile with no stable growth realized by ULBs year-on-year. The average growth rate of property tax collections in corporations stands at a negative 14 percent, which reflects inefficiencies in the collection mechanisms employed by ULBs, besides factors beyond their control, such as rebates announced by state government etc. Property tax collections in Committees and Councils are equally volatile, with high growth in one year, followed by a significant drop in the next.

**Table 5. 24 Property Tax Growth Rate in Haryana’s ULBs (based on analysis of AFS of 61 ULBs<sup>51</sup>)**

Particulars	Corporations			Councils			Committees		
	2017-18	2018-19	2019-20	2017-18	2018-19	2019-20	2017-18	2018-19	2019-20
Property Tax Collections (Rs. crore)	422	342	311	12	17	14	6	9	10
Y.o.Y. Growth Rate %	-	-19%	-9%	-	44%	-19%	-	55%	10%
<b>Average Growth Rate</b>	<b>-14%</b>			<b>12%</b>			<b>33%</b>		

Source: Annual Financial Statements of 61 ULBs available on DULB portal for years 2017-18 to 2019-20

Such a scenario demands urgent reforms, not just to improve the financial self-sustainability of Haryana’s ULBs, but also because year-on-year growth in property tax collections is a mandatory condition to avail 15<sup>th</sup> Finance Commission (FC) Grants. The 15<sup>th</sup> FC has prescribed that in order to for ULBs to be eligible for any of the grants under the scheme, they will need to demonstrate growth in property tax collections equivalent to the average growth rate of State’s own Gross State Domestic Product (GSDP) for the most recent five years.

**Table 5. 25 Haryana GSDP Growth Rate (Constant Prices)**

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Haryana GSDP – Rs. cr.	4,13,405	4,56,659	4,94,068	5,31,085	5,72,240
Growth Rate	-	10.46%	8.19%	7.49%	7.75%
<b>Average Growth Rate</b>	<b>8.74%</b>				

Source: Reserve Bank of India (RBI)

As per Reserve Bank of India (RBI) statistics, Haryana’s 5-year average growth rate of GSDP is around 9%. Given our analysis, it is difficult to ascertain whether ULBs in the state will be in a position to demonstrate growth in property tax collections equivalent to the average growth rate in State GSDP, and hence avail the 15<sup>th</sup> FC grants. Therefore, this SFC believes that appropriate incentives are given to ULBs in order to motivate them to augment their year-on-year collections corresponding to the GSDP growth figure of the State. If given an opportunity to augment their tax base, this SFC believes there is immense latent potential in Haryana’s ULBs to achieve property tax growth.

<sup>51</sup> The 61 ULBs have been considered since the annual financial statements (AFS) of all 93 ULBs are not available for all years, and the AFS of these 61 ULBs were available in public domain (DULB portal) for the 3-year period, i.e., 2017-18, 2018-19, and 2019-20.

**Table 5. 26 Per Capita Property Tax of Haryana’s ULBs (based on analysis of AFS of 61 ULBs<sup>52</sup>)**

ULB Type	No of ULBs	Population (in cr.)	Property Tax Revenue (Rs. crore)			Per Capita Property Tax (Rs.)		
			2017-18	2018-19	2019-20	2017-18	2018-19	2019-20
Corporation	7	0.37	422	342	311	1148	932	846
Council	12	0.11	12	17	14	106	153	123
Committee	42	0.10	6	9	10	87	96	80
<b>Total</b>	<b>61</b>	<b>0.58</b>	<b>439</b>	<b>368</b>	<b>334</b>	<b>759</b>	<b>637</b>	<b>578</b>

Source: Annual Financial Statements of 61 ULBs available on DULB portal for years 2017-18 to 2019-20

**Table 5. 27 Distribution of ULBs based on Per Capita Property Tax**

Per Capita Property Tax (Rs.) Range	No of ULBs			% of ULBs		
	2017-18	2018-19	2019-20	2017-18	2018-19	2019-20
0-50	31	36	21	51%	59%	34%
50-150	20	13	22	33%	21%	36%
150-250	3	7	8	5%	11%	13%
>250	7	5	10	11%	8%	16%
<b>Total</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Annual Financial Statements of 61 ULBs available on DULB portal for years 2017-18 to 2019-20

- Maximum number of ULBs fall in the category of Rs. 0-50 per capita property tax. This shows that the per capita property tax is significantly low for maximum number of ULBs.
- The ULBs in the category of Rs. 250 & above are mostly Corporations, which implies the concentration of tax collection and assessment with the corporations in terms of human resource capacity and infrastructure availability.
- The ULBs in the category of Rs. 0-50 are mostly Committees, which implies that there needs to be greater focus and priority on tax collection and assessment efforts in the smaller ULBs so as to ensure growth in the overall own source revenue.

### **Inter-State Comparison of Property Tax to Own Revenues for FY’18**

Based on our analysis of the Property Tax to OSR %, for 2017-18, between Haryana’s ULBs and ULBs of Other States, based on data available from the DULB and the ICRIER Report<sup>53</sup>, we observe that while the national average stands at 35% the corresponding proportion stands at almost one third in case of Haryana with only 9% of the total own revenue being generated through property tax collections.

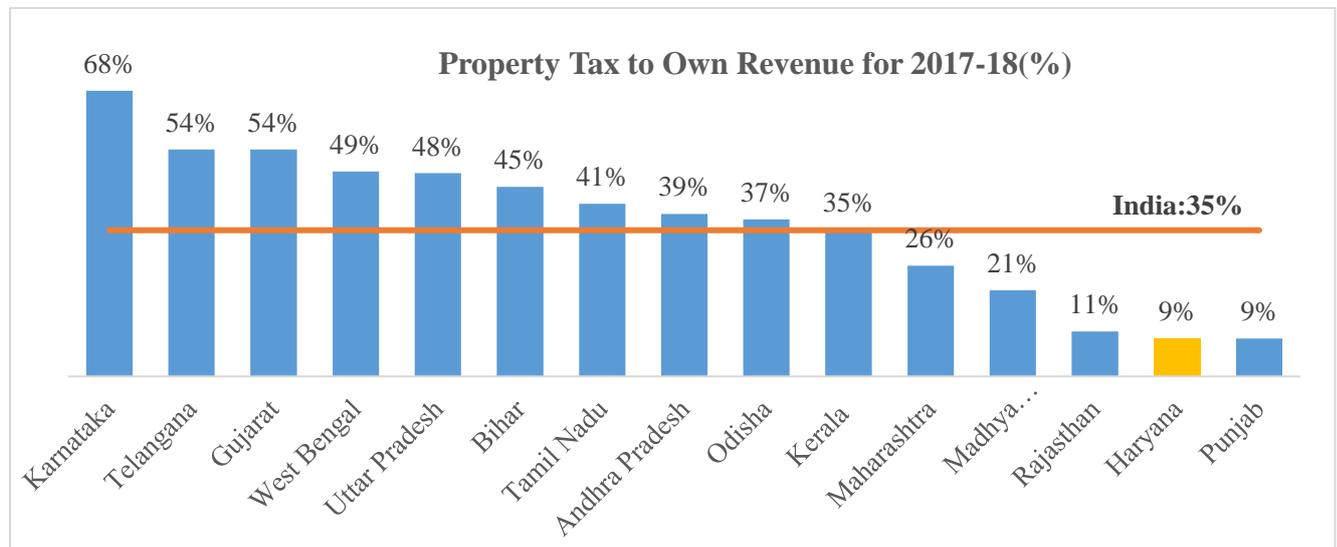
The share of property tax in own revenue in 2017-18 was the highest in Karnataka at 68 per cent and the lowest in Punjab at 9 per cent, among major states. Municipal Corporations across all states accounted for a large share of the total property tax revenues. The

<sup>52</sup> The 61 ULBs have been considered since the annual financial statements (AFS) of all 93 ULBs are not available for all years, and the AFS of these 61 ULBs were available in public domain (DULB portal) for the 3-year period, i.e., 2017-18, 2018-19, and 2019-20.

<sup>53</sup> State of Municipal Finances in India, ICRIER, March 2019. In this report data on municipal committees of Haryana is not available.

Municipal Corporations of Gujarat, Maharashtra and Karnataka together accounted for 60 per cent of the all-India property tax revenue in 2017-18

**Graph 5. 21 Inter-State Property Tax to Own Revenue for 2017-18**



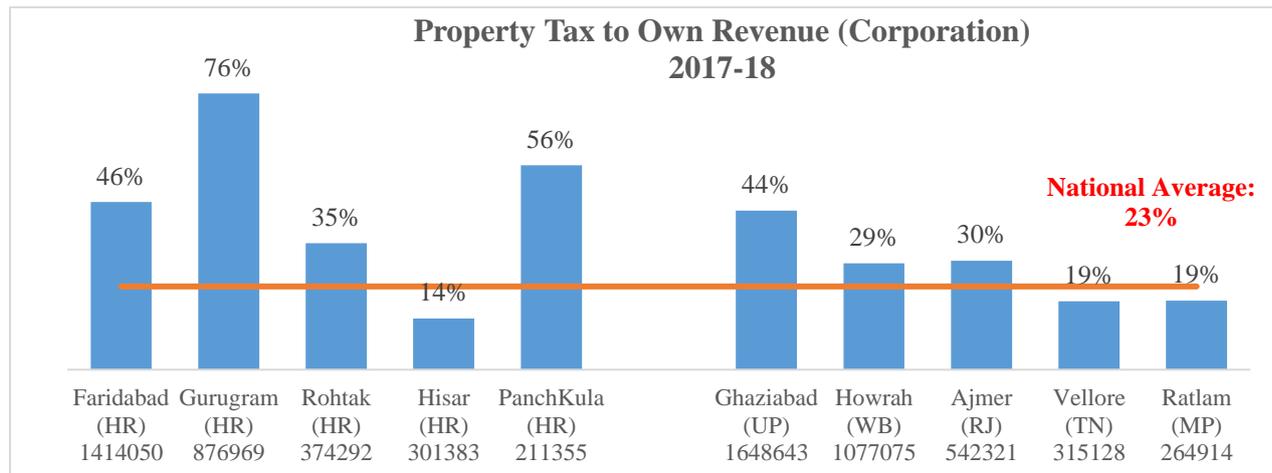
Source: State of Municipal Finances in India: ICRIER (March 2019). In this report data on Municipal Committees of Haryana is not available.

### Inter-Category Comparison on Property tax to Own Revenues for FY'18 for Corporation, Councils & Committees

Based on a comparative analysis, of the property tax to own revenue %, for 2017-18, across all 3 categories of ULBs (i.e. Corporations, Councils and Committees), between select (5) ULBs of Haryana's and select (5) ULBs from Rest of India, from the data available on cityfinance portal ([www.cityfinance.in](http://www.cityfinance.in)), we observe that the share of property tax to own revenue in case of Corporation is higher for the ULBs in Haryana than that of the other states indicating property tax as the primary source of own revenue for Haryana. However, this ratio was highly volatile for the Corporations in Haryana ranging from 14% (Hisar) to 76% (Gurugram) in the year 2017-18. It has been encouraging that property tax share for other corporations of Haryana like Faridabad (46%), Rohtak (35%), Panchkula (56%) has been significantly higher than corresponding corporations of other states such as Ghaziabad (44%), Ajmer (30%), Ratlam (19%) having similar population size. Overall, amongst all corporations taken for analysis, majority of the ULBs lie above the national average of 23%<sup>54</sup>, while Hisar (14%) Vellore (19%) and Ratlam (19%) lie below the national average showing inadequate collection of property tax

<sup>54</sup> The average is based on the financial data available on cityfinance portal of 70 Corporations out of the 866 ULBs across various states for the year 2017-18

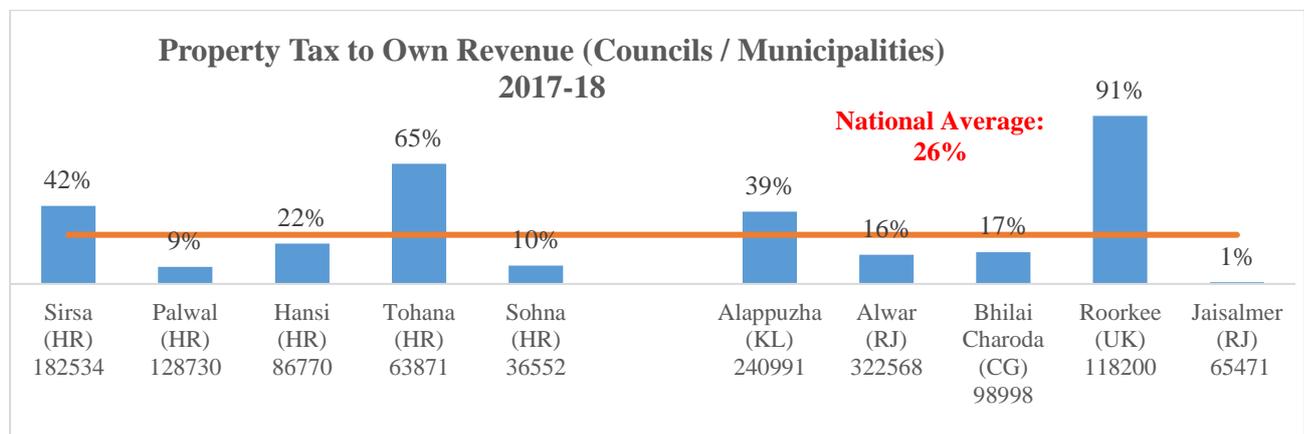
**Graph 5. 22 Inter-Category Property Tax to Own Revenue (Corporation)**



Source: Annual Financial Statements of Haryana ULBs available on DULB portal; Cityfinance portal ([www.cityfinance.in](http://www.cityfinance.in)) for financial information on Other State ULBs for 2017-18

However, in case of councils (municipalities) the share of property tax is lower for the ULBs in Haryana than the councils in other states. While the property tax to own revenue of the selected councils in Haryana ranges from 9% to 65% the range for the corresponding councils (municipalities) of other states varies between 15% to 90% for the year 2017-18. This indicates revenue generated through property tax is concentrated only to corporations in Haryana with access to better infrastructure and human resources for assessment and collection. Overall, amongst all councils (municipalities) taken for analysis, majority of the ULBs lie above the national average of 26%<sup>55</sup> and Palwal (9%), Sohna (10%) and Jaisalmer (1%) lie below the national average showing inadequate collection of property tax.

**Graph 5. 23 Inter-Category Property Tax to Own Revenue (Councils / Municipalities)**



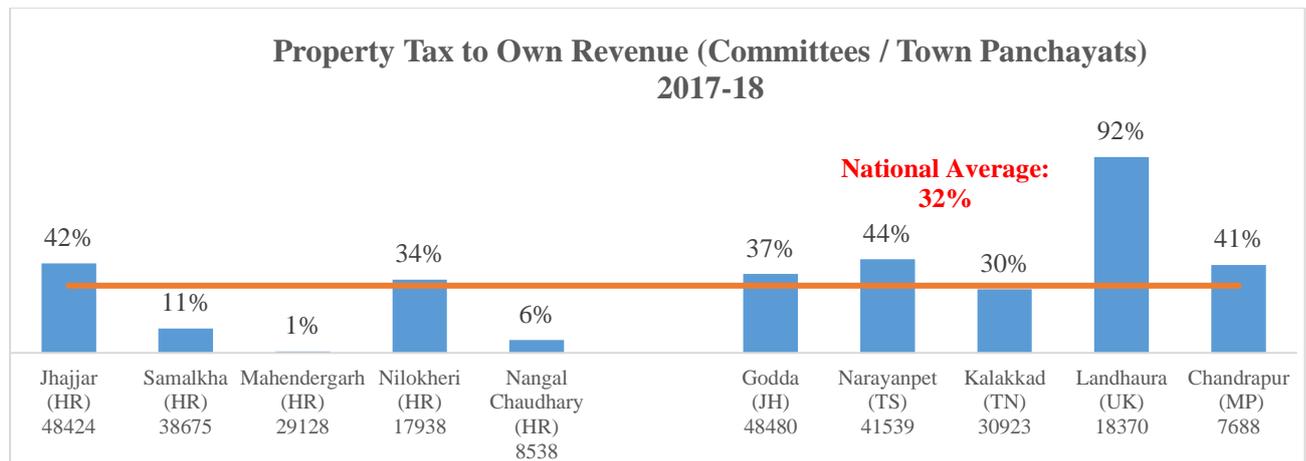
Source: Annual Financial Statements of Haryana ULBs available on DULB portal; Cityfinance portal ([www.cityfinance.in](http://www.cityfinance.in)) for financial information on Other State ULBs for 2017-18

Similarly in case of committees (town panchayats) the share of property tax is lower for the ULBs in Haryana than that of other states. While ULBs like Narayanpet, Landhaura and Chandrapur show property tax share at 44%, 92% and 41% their corresponding ULBs in Haryana i.e., Jhajjar, Nilokheri and Nangal Chaudhary shows property tax share of 42%,

<sup>55</sup> The average is based on the financial data available on cityfinance portal of 271 Councils out of the 866 ULBs across various states for the year 2017-18

34% and 6% respectively for the year 2017-18. This indicates inefficiencies in collection of property tax and absence of a systematic framework for collection and assessment of tax collected. Overall, amongst all committees (town panchayats) taken for analysis, Jhajjar (42%), Narayanpet (44%), Landhaura (92%) and Chandrapur (41%) lie above the national average of 32%<sup>56</sup> while Samalkha (11%), Mahendergarh (1%) and Nangal Chaudhary (6%) lie below the national average showing inadequate collection of property tax

**Graph 5. 24 Inter-Category Property Tax to Own Revenue (Committees / Town Panchayats)**



Source: Annual Financial Statements of Haryana ULBs available on DULB portal; Cityfinance portal ([www.cityfinance.in](http://www.cityfinance.in)) for financial information on Other State ULBs for 2017-18

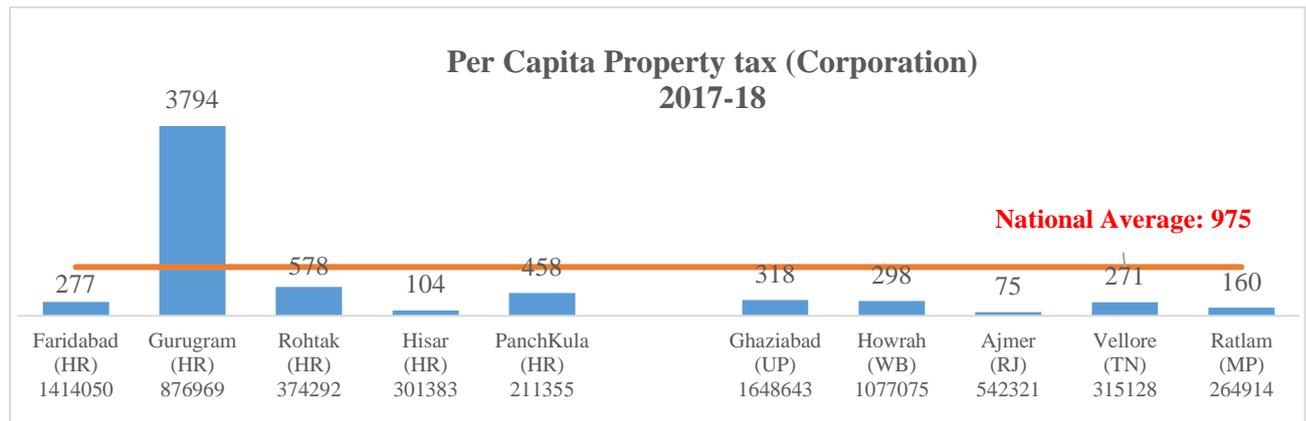
**Inter-Category comparison on Per Capita Property Tax for FY'18 for Corporation, Councils & Committees**

Based on a comparative analysis, of the per capita own source revenues, for 2017-18, across all 3 categories of ULBs (i.e. Corporations, Councils and Committees), between select (5) ULBs of Haryana's and select (5) ULBs from Rest of India, from the data available on cityfinance portal ([www.cityfinance.in](http://www.cityfinance.in)), we observe that the per capita property tax in the year 2017-18 in case of Corporations is higher for the ULBs in Haryana than that of the other states. However, there is high variability among the Corporations in Haryana, ranging from Rs 104 (Hisar) to Rs 3794 (Gurugram). While the per capita property tax for ULBs in Haryana ranges from Rs 105-Rs 570 (excluding Gurugram), the range for the corporations of other states ranges from Rs 75-Rs.318. It has been encouraging that per capita property tax for other corporations of Haryana except Gurugram like Rohtak (Rs 578) and Panchkula (Rs 458) has been significantly higher than corresponding corporations of other states such as Ajmer (Rs 75), Vellore (Rs 271) and Ratlam (Rs 160) having similar population size. Overall, amongst the corporations taken for analysis, only Gurugram (Rs.3794) lies above the national average per capita property tax of Rs 975<sup>57</sup> while the other ULBs lie significantly below it.

<sup>56</sup> The average is based on the financial data available on cityfinance portal of 525 Committees out of the 866 ULBs across various states for the year 2017-18

<sup>57</sup> The average is based on the financial data available on cityfinance portal of 70 Corporations out of the 866 ULBs across various states for the year 2017-18

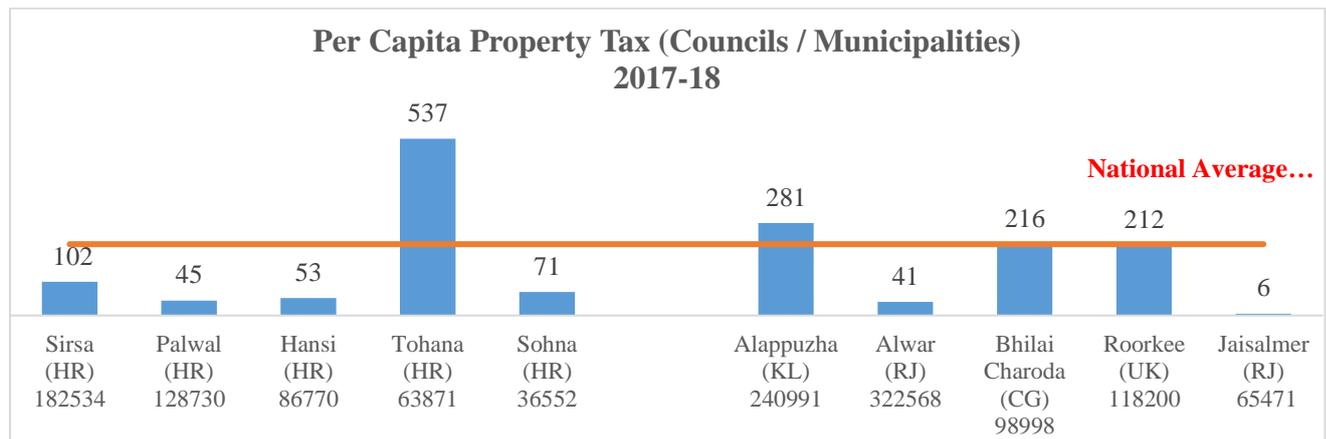
**Graph 5. 25 Inter-Category per capita Property Tax (Corporation)**



Source: Annual Financial Statements of Haryana ULBs available on DULB portal; Cityfinance portal ([www.cityfinance.in](http://www.cityfinance.in)) for financial information on Other State ULBs for 2017-18

Unlike Corporation, the per capita property tax in case of councils (municipalities) of other states exceeds the per capita property tax of councils of Haryana, by almost four times in the year 2017-18 except in case of Tohana which reports the highest per capita property tax amongst all the councils taken for analysis. While the per capita property tax ranges from Rs 45-105 for other councils in Haryana (except Tohana), the corresponding range varies from Rs 6-Rs 281 for councils of other states. While Alappuzha, Bhilai and Roorkee reported per capita property tax at Rs 281, Rs. 216 and Rs. 212 in the year 2017-18, the corresponding councils in Haryana such as Sirsa, Hansi and Palwal reported significantly lower per capita property tax at Rs 102, Rs 53 and Rs 45 respectively. Overall, amongst all councils taken for analysis, the national average per capita property tax is reported at Rs. 217<sup>58</sup>, and only Tohana (Rs.537) lies above it while Bhilai (Rs 216) and Roorkee (Rs. 212) fall near the national average.

**Graph 5. 26 Inter-Category per capita Property Tax (Councils/Municipalities)**



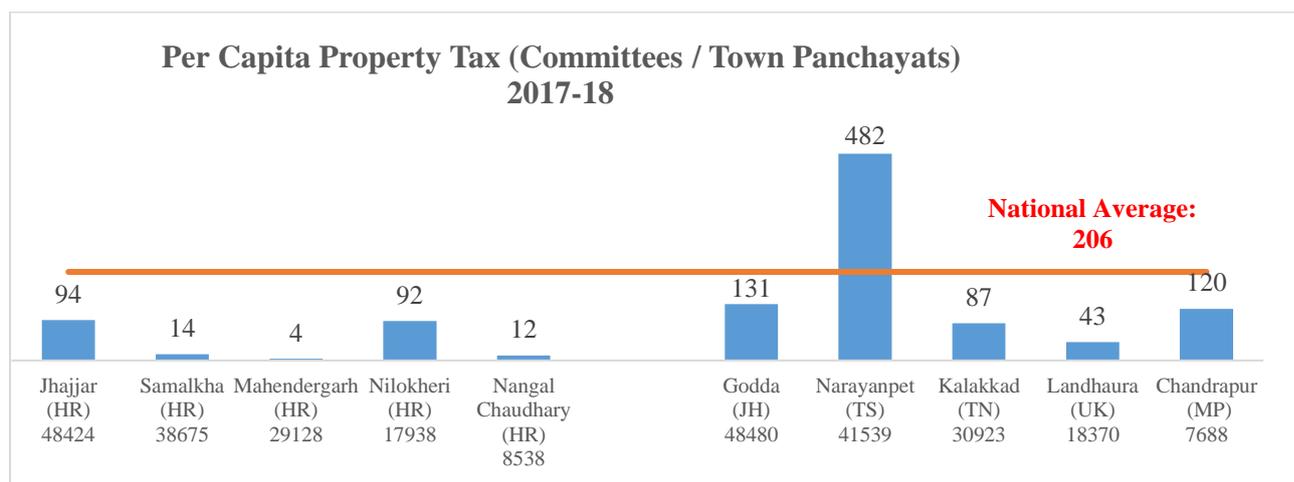
Source: Annual Financial Statements of Haryana ULBs available on DULB portal; Cityfinance portal ([www.cityfinance.in](http://www.cityfinance.in)) for financial information on Other State ULBs for 2017-18

Similarly in case of committees (town panchayats), the per capita property tax of other states exceeds the per capita property tax of committees of Haryana significantly in the year 2017-18. While the per capita property tax ranges from Rs 4-100 for committees in Haryana the corresponding range varies from Rs 45-Rs 500 for committees of other states.

<sup>58</sup> The average is based on the financial data available on cityfinance portal of 271 Councils out of the 866 ULBs across various states for the year 2017-18

While Godda, Narayanpet, Kalakkad and Chandrapur reported per capita property tax at Rs 131, Rs 482, Rs 87 and Rs.120 in the year 2017-18, the corresponding committees in Haryana such Jhajjar, Samalkha, Mahendergarh and Nangal Chaudhary has reported significantly lower per capita property tax at Rs 94, Rs 14, Rs 4 and Rs 12 respectively. Overall, amongst all committees taken for analysis, the national average per capita property tax is reported at Rs.206<sup>59</sup> and only Narayanpet (Rs.482) lies above the national average while other ULBs fall significantly below it.

**Graph 5. 27 Inter-Category per capita Property Tax (Committees/ Town Panchayats)**



Source: Annual Financial Statements of Haryana ULBs available on DULB portal; Cityfinance portal ([www.cityfinance.in](http://www.cityfinance.in)) for financial information on Other State ULBs for 2017-18

### Challenges in Property Tax system in Haryana’s ULBs

The Property Tax rates of different categories of properties have not been revised for several years. Property Tax is being collected as per formula/provisions of Property Tax Notification No. S.O.86/H.A.241197315.69.2013 dated 11.10.2013. Current recovery of Property Tax is poor due to COVID-19 pandemic and due to the pandemic, Government of Haryana has waived off 25% Property Tax for the year 2021-22 and also extended annual rebate of 10% to improve the recovery of Property Tax. Staff shortages and their capacity building are also major concerns.

The property tax valuation framework adopted by the State results in relatively lower taxation of properties, especially for municipal corporations, as compared with similarly populated cities in neighbouring States. The property tax valuation framework, which was last updated by the State Government in 2013, does not prescribe criteria’s for availing rebates/ exemptions nor include provisions for fixed annual increase of property tax.

<sup>59</sup> The average is based on the financial data available on cityfinance portal of 525 Committee out of the 866 ULBs across various states for the year 2017-18

**Table 5. 28 Property Tax rates in Haryana vis-à-vis other States/ Cities**

Particulars	Gurgaon & Faridabad	Other Haryana Corporations	Delhi (Pop > 1M)	Ludhiana (Pop > 1M)	Mysore (Pop – 8 Lakhs)
Area of City	All areas	All areas	Vasant Vihar	Model Town	Irvin Road
Tax on 1000 sq. ft. residential property (INR)	55 – 1,000	41 – 750	3,500	556	3,500
Tax on 1000 sq. ft. commercial property (INR)	2,600 – 12,000	2,000 – 9,000	46,800	4,000	13,140

This SFC has also been informed by the Urban Local Bodies Department (DULB) that survey of properties for assessment of property tax in all the Municipalities of Haryana (the property tax survey) to a private agency, M/s Yashi Consulting Services Pvt. Ltd. (YCSPL) is in process. As per information received from DULB in September 2021, there are currently approximately 32,36,361 properties in urban areas which may reach to more than 42 lakhs properties in the State of Haryana after the process of conducting the new survey is completed. The private agency has, till September 2021, surveyed approximately 40,45,752 properties i.e., 128.99% w.r.t. the properties assessed previously.

The salient features of the Property Survey are as follows:

- Door-to-Door Property survey, colony survey, street survey, license survey and numbering of all the vacant plots, residential, commercial, institutional and industrial buildings.
- Geo-enabled property tax survey using mobile/handheld device for faster, transparent and better survey of Buildings/Property and integrated with Drone based Map Service API for Base reference for effective and accurate property tagging.
- Unique Property Identification Code (UPIC) with QR Code affixed to their buildings using a metallic sheet board.
- Generation of requisite Property Tax lists, Register and Bills/License record online on web application provided by DULB.
- Supplementary Property Tax survey and issue the Assessment Notices & Bills.

After completion of survey, Assessment Registers will be prepared and Property Tax bills will be distributed to property owners for recovery of Property Tax as well as pending dues of Property Tax.

That being said, during the field visits conducted by research institutes supporting this SFC, the ULB officials raised concerns with respect to the assessment and collection of property taxes. Firstly, although a state-wide GIS-based survey is being conducted by an external agency in order to accurately enumerate the number/size of properties, the process has been underway since the last three years and it is not clear when the process will be completed. Some officials are of the opinion that such a survey should be an annual exercise and expressed concern on the periodicity of survey as the last survey was concluded 6 years ago in 2015.

Second, the self-assessment system to assess property tax requires re-verification by tax officials since the process is manual and citizens usually make errors in entering details of area, property category, inter alia. In order to sidestep the system, tax officials have no option but to also send hard copies of property tax bills to citizens, however inadequate

staff restricts their ability to send these bills on time. Thirdly, tax officials raise concerns on the infrequency of rate revision by the state government leads to under-taxation.

Fourthly, the limited human resource availability prevents ULBs from conducting door-to-door collection drives, thereby reducing the property tax collection efficiency ratio (i.e., collection as a % of demand) in their jurisdictions. The collection efficiencies range from a 10% to 40%, and is lower for arrear demand (i.e., uncollected property tax revenues of previous years). The officials demand a bigger team to organize collection or sealing drives and are of the opinion that collection may be outsourced in case such a team cannot be made available. Finally, the feedback from tax officials on the online No Dues Certificate (NDC) portal for online tax payments, is a mixed bag, with some officials suggesting that it has helped in recovering all dues from those citizens who wish to buy/sell/transfer their properties, however, on the other hand, it has yielded adverse results for a large number of citizens who are digitally handicapped and find it difficult to operate the system, thereby affecting the total collections of the ULB.

**In view of the issues and challenges outlined above, this SFC recommends a ‘Whole of Systems’ transformation approach to reforming the property tax system in Haryana, which may comprise of the following five stages of the property tax lifecycle:**

**a. Enumeration:**

- **Timely completion of the GIS-based digital property survey and implementation of a single, state-wide digital register/ database of all properties, with a mechanism to build capacities of ULB officials to ensure regular updation of the digital register/database on an ongoing basis**
- **Mandate periodic enumeration in State Acts/ Rules**
- **Creation of single digital property database which can be used by all stakeholders, including ULBs, DULB and Line Departments (water, sanitation, inter alia)**

**b. Valuation:**

**For Gurugram, Faridabad and other Municipal Corporations-**

- **Introduce formula-based valuation system linked to guidance values**

**For other ULBs, i.e., Municipal Councils and Committees-**

- **Re-orient existing framework towards a regime of minimal exemptions and rebates**
- **Increase in flat rates adopted in the present framework**
- **Introduce provisions for fixed periodic increase of property tax**

**c. Assessment:**

- **Introduction of online-self assessment mechanism with a system of demand/ reminders and random scrutiny of Self-Assessment forms**
- **Inclusion of revenue foregone (as a result of exemptions) in the Annual Budgets of Municipalities, to bring greater transparency and accountability**

- **Dispute redressal system to be introduced and made systematic and timely with involvement of senior officers & mandatory payments**
- d. **Billing and Collection:**
- **Integrate billing for property tax with other utility charges such as water, sanitation and electricity charges.**
  - **Boost digital payments through usage of point-of-sale devices, mobile and internet payment options**
  - **Dedicated cadre of tax collectors and separation of collection from assessment function to reduce discretion**
  - **Strong penal provisions for defaulters**
- e. **Reporting:**
- **Quarterly reviews of property tax MIS at city/ ward/revenue official levels.**
  - **Online publishing of ward-wise demand and collection data in public domain.**

### **Ward-level Competition/Ranking of Property Tax Collectors in Haryana**

Haryana is an outstanding state which prides itself on its athletic prowess and the accolades which its athletes have brought to the nation consistently over the last many decades, as also especially witnessed during the recent Tokyo 2020 Olympics which were held in July-August 2021. This SFC believes that the same sportsmanship and competitive spirit of the Haryana people can be leveraged to motivate its ULB officials to achieve great similar victories in the sphere of own revenue collections, starting with property taxes.

**We recommend that the State Government institutionalizes an annual Competition/Ranking of all Property Tax Collectors from all 93 ULBs<sup>60</sup> in Haryana.** This could help to significantly improve the ULB revenue collections, including the proportion of online collections, motivate the tax officials through awards & recognitions, promote peer learning and sharing of knowledge and best practices among various tax officials, and most importantly encourage data-driven decision making among ULB officials, which can benefit the ULBs in achieving financial self-sustainability in the long run.

---

<sup>60</sup> As on 1<sup>st</sup> November 2021

### Box 9 Case Study: Odisha Municipal Premier League (MPL)

This SFC has observed that other Indian states, such as Odisha<sup>61,62</sup>, have used this approach successfully to not just energize their municipal officials but also significantly augment their municipal own revenues including especially digital collection of revenues. For two years in a row, in 2020 and 2021, Odisha has successfully conducted the Municipal Premier League (MPL), a unique competition to motivate tax officials in Urban Local Bodies (ULBs) to improve their performances and enable maximum collections through own revenue sources. While MPL 1.0 was launched in February 2020 across only 9 AMRUT cities (out of total 114 ULBs) in Odisha covering their 214 tax functionaries, its success encouraged the State Housing & Urban Development (H&UD) department to expand this format and as a result the MPL 2.0 was launched in February 2021 and was a significantly scaled up avatar with all the 114 ULBs and their 655+ tax functionaries participating.

The key pillars of the MPL competition implemented in Odisha has been the following:

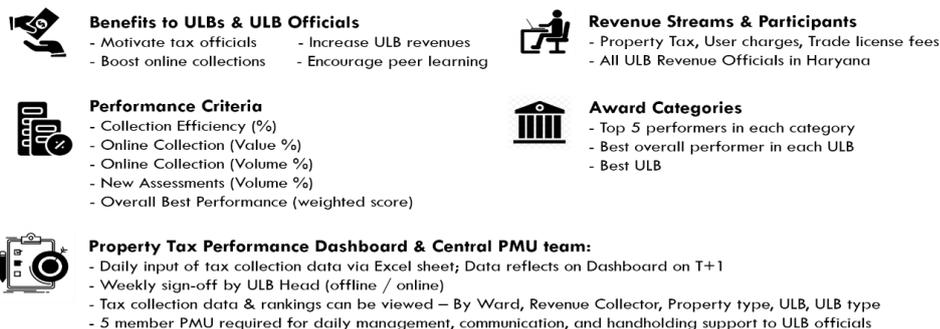
- Adoption of innovative technology-driven practices such as Mobile Point of Sale (MPOS) devices for digitizing tax collections and using real-time dashboards to monitor and manage performance which help in improving the overall process.
- Before the competition, training of tax officials was done for enhancing their soft skills for tax collection along with distribution of MPOS devices which played a significant role in improving and easing reporting and digitization of overall collections.

The success stories / outcomes of the two MPL versions in Odisha are as follows:

- MPL 1.0 was able to deliver a 24% increase in property tax collections for FY 19-20. The digital collections during MPL 1.0 rose from less than 10% to 43%.
- MPL 2.0 resulted in an increase in collections by 15% for FY 20-21 and digital collections increased to 85% despite a pandemic year. It has also marked the launch of a new digital dashboard wherein daily collections were recorded on a standard platform across 114 ULBs. Also, 67 Mission Shakti Self Help Groups (SHGs) were also involved in property tax collection for the first time in the State.

### Proposed Model for Haryana

In the first year of launch, the State Government can implement the competition/ranking for all property tax collectors of only the 11 municipal corporations in Haryana and with the learnings and insights gained in the first year, it can scale up the framework appropriately to include all ULBs from the second year onwards.



**Possible competition names :** 'Haryana Municipal Premier League' / 'Haryana Municipal Revenue Olympics' / 'Haryana M.O.R.E.\* League'

\* Municipal Own Revenue Enhancement

<sup>61</sup> Janaagraha Centre for Citizenship and Democracy has supported the Urban Development Department, Government of Odisha in implementing the Municipal Premier League 1.0 and 2.0

<sup>62</sup> News Article link for Odisha Municipal Premier League 1.0 & 2.0 Awards Ceremony & Launch of OMPL 3.0 (25<sup>th</sup> Sep 2021): <https://ommcomnews.com/odisha-news/minister-pratap-jena-launches-municipal-premier-league-mpl-3-0>

The salient features of the competition/ranking framework should be decided by the DULB in consultation with the Municipal Commissioners and DMCs, and could have the following salient features:

- **Competition Name:** Suggested names could be, ‘Haryana Municipal Premier League (MPL)’, ‘Haryana Municipal Revenue Olympics’, or the ‘Haryana Municipal Own Revenue Enhancement (MORE) League’
- **Participants:** Tax collectors, self-help groups etc. to be nominated and divided into teams by the Commissioners/DMCs of the participating ULBs
- **Performance Scoring Criteria:** Suggested indicators which consider the equity aspect among different ULB sizes/categories may include:
  1. Tax Collection Efficiency (% of Collection vs. Demand)
  2. Online Collection (Value %), i.e., Value of Online Collection / Value of Total Collection
  3. Online Collection (Volume %), i.e., Number of Online Collection cases / Total Number of Collection cases
  4. New Assessment (Volume %), i.e., Number of New Properties assessed in the current period / Total Number of properties in the previous period
  5. Overall Best Performance (Weighted score of 1 to 4)
- **Award Categories:** Overall there could be over 300 awards, categorized as follows:
  1. Five (5) awards for Top 5 Best Performing ULBs overall based on indicator 5 above – award to be received by the Commissioner/EO/Secretary
  2. Twenty (20) awards for Top 5 ULBs based on each of the indicators 1 to 4 above – award to be received by the Revenue Head
  3. Two hundred seventy-nine (279) awards for Top 3 Property Tax Collectors in each City/ULB – award to be received by the tax collectors with the highest score based on indicator 5 above
- **Awards Ceremony:** Winners to be announced and felicitated by the Honorable Chief Minister of Haryana, the Minister of Urban Local Bodies, and the Additional Chief Secretary DULB, during an annual awards function, which would greatly motivate the ULB officials.
- **Operational model for data input & analysis:**
  1. An IT-enabled dashboard to be implemented by DULB
  2. Daily input of tax collection data by each tax collector on to an Excel sheet, to be uploaded by the Tax collector at the end of each day; Data reflects on Dashboard the next day (i.e., T+1)
  3. Weekly sign off (validation) of data by Commissioners/DMCs for verification
  4. Tax collection data & rankings can be viewed & analysed real-time by: Ward, Revenue Collector, Property type, ULB, ULB type
- **Resources required:** To implement such a competition/ranking, the following activities / resources would be required under the direct supervision of the State DULB or within DULB itself:
  1. Procurement of Mobile Point of Sale (MPOS) devices for enabling digital collections by ULBs
  2. Design and development of an IT-enabled Dashboard, to equip the tax collectors and decision makers with real-time dashboards to monitor and manage performance during the competition period. The agency which develops the IT dashboard shall also be responsible for providing troubleshooting and other tech-related assistance as well as dedicated server space.

3. A 5-member full-time Project Management Unit (PMU) required for daily management, communication, and handholding support to ULB officials besides coordination with the technology team managing the IT dashboard. This 5-member team would include a manager, 2 Data Analysts and 2 Communication specialists. While the Manager would be the overall head for the project responsible for all key processes and outputs / outcomes, the 2 Data Analysts would be responsible for managing daily data discrepancies and data input queries (through a helpline number), and the 2 Communication Specialists would be responsible for managing internal communications (mobile-enabled updates, weekly meetings with nodal officers from the city, fortnightly meetings with tax collectors etc.) as well external communications, as required.
4. A dedicated office space for the PMU team with adequate communication budgets and infrastructure, and preferably office space for the team implementing the IT Dashboard as well, if possible
5. There will also be need for a Nodal Officer at each participating ULB, whose role would be to ensure daily data input and manage internal communication with tax collectors, as well as manage external communication with communication specialist and data analyst from the central PMU team.
6. Before the competition, training of tax officials on soft skills for tax collection, use of IT dashboard and the MPOS devices to help in improving and easing reporting and digitization of overall collections
7. IEC Campaign to be organized in consultation with DULB and with involvement of elected representatives at the city level, during the competition period, to bolster the efforts of the Tax collectors and supporting teams and ensuring that both the demand and supply sides are adequately energized for augmenting own revenue collections

### Analysis of Expenditure Envelope of ULBs in Haryana

The overall expenditure of Haryana's municipalities has increased substantially over the five-year review period, from Rs. 2,389 crores in 2016-17 to Rs. 5,185 crores in 2020-21. Haryana's ULBs finance their total expenditure from two sources of income: 1) Municipal Funds (i.e., own sources of revenue); and 2) Grants in Aid received by the ULBs from Central/State governments.

Despite having income from various own sources (i.e., municipal funds), most of Haryana's ULBs, especially the smaller ones, are unable to cover recurring expenses such as monthly salaries to their employees, bills etc. out of their revenues, and therefore it is common practice for State Government to come to their rescue. The financial position of ULBs has further stressed due to revision of pay scale and other allowances of Municipal employees on State Government pattern. State grant-in-aid may be on adhoc basis; or it can be on the basis of certain principles like size of population, slum concentration, location of town etc.

A detailed analysis of the expenditure envelope of Haryana's ULBs has been outlined in Table 5.29 below.

**Table 5. 29 Analysis of Expenditure Envelope of ULBs in Haryana**

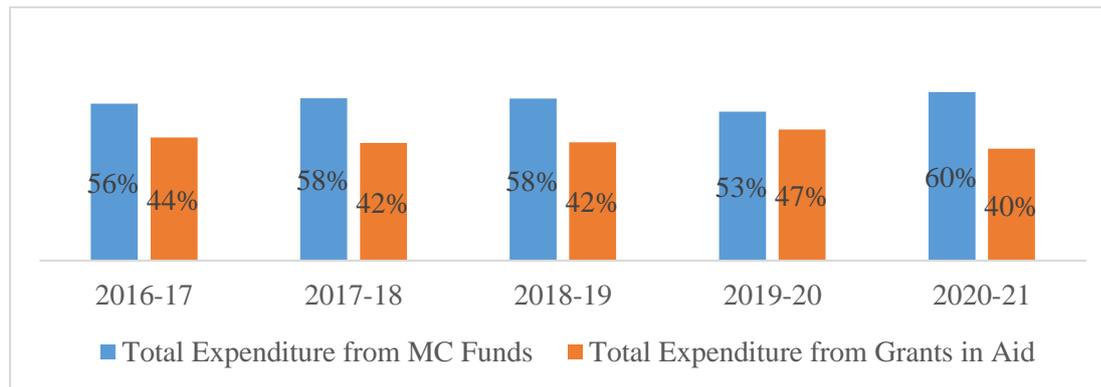
*All figures are in Rs. crores*

Components	2016-17	2017-18	2018-19	2019-20	2020-21
<b>i. Revenue Expenditure</b>	<b>640.01</b>	<b>907.49</b>	<b>1100.19</b>	<b>1207.78</b>	<b>1103.17</b>
% of Total Exp from MC funds	48%	39%	52%	51%	35%
YoY Growth %	-40%	42%	21%	10%	-9%
<b>ii. Lending for Deptts. and other purpose</b>	<b>17.60</b>	<b>33.24</b>	<b>19.37</b>	<b>22.32</b>	<b>27.89</b>
% of Total Exp from MC funds	1%	1%	1%	1%	1%
YoY Growth %	-91%	89%	-42%	15%	25%
<b>iii. Capital Expenditure</b>	<b>217.63</b>	<b>717.28</b>	<b>330.38</b>	<b>372.95</b>	<b>1289.76</b>
% of Total Exp from MC funds	16%	30%	16%	16%	41%
YoY Growth %	-14%	230%	-54%	13%	246%
<b>iv. Contingency Fund</b>	<b>179.58</b>	<b>234.06</b>	<b>299.64</b>	<b>341.74</b>	<b>311.72</b>
% of Total Exp from MC funds	13%	10%	14%	14%	10%
YoY Growth %	-8%	30%	28%	14%	-9%
<b>v. Any Other (Misc.)</b>	<b>206.74</b>	<b>286.85</b>	<b>323.66</b>	<b>374.09</b>	<b>299.10</b>
% of Total Exp from MC funds	15%	12%	15%	16%	10%
YoY Growth %	-39%	39%	13%	16%	-20%
<b>vi. Repayment of Loans</b>	<b>76.47</b>	<b>175.75</b>	<b>49.15</b>	<b>72.55</b>	<b>84.49</b>
% of Total Exp from MC funds	6%	7%	2%	3%	3%
YoY Growth %	108%	130%	-72%	48%	16%
<b>A. Total Expenditure from MC Funds (total of i. to vi.)</b>	<b>1338.04</b>	<b>2354.68</b>	<b>2122.39</b>	<b>2391.44</b>	<b>3116.14</b>
% of Total Exp from MC funds	100%	100%	100%	100%	100%
YoY Growth %	-36%	76%	-10%	13%	30%
% of Total Expenditure (A/C)	56%	58%	58%	53%	60%
<b>B. Total Expenditure from Grants in Aid</b>	<b>1050.60</b>	<b>1706.33</b>	<b>1550.03</b>	<b>2104.95</b>	<b>2068.80</b>
YoY Growth %	-62%	62%	-9%	36%	-2%
% of Total Expenditure (B/C)	44%	42%	42%	47%	40%
<b>C. Total Expenditure (A + B)</b>	<b>2388.64</b>	<b>4061.01</b>	<b>3672.42</b>	<b>4496.39</b>	<b>5184.94</b>
YoY Growth %	-50%	70%	-10%	22%	15%
% of Total Expenditure (C/C)	100%	100%	100%	100%	100%

Source: Directorate of ULB, Government of Haryana (DULB)

On an average, across the five-year review period, 57% of the total expenditure of ULBs is financed through municipal (MC) funds whereas 43% is financed through grants-in-aid. It is however encouraging to see that in 2020-21, 60% of total expenditure is financed through MC funds with 40% being financed out of Grants in Aid.

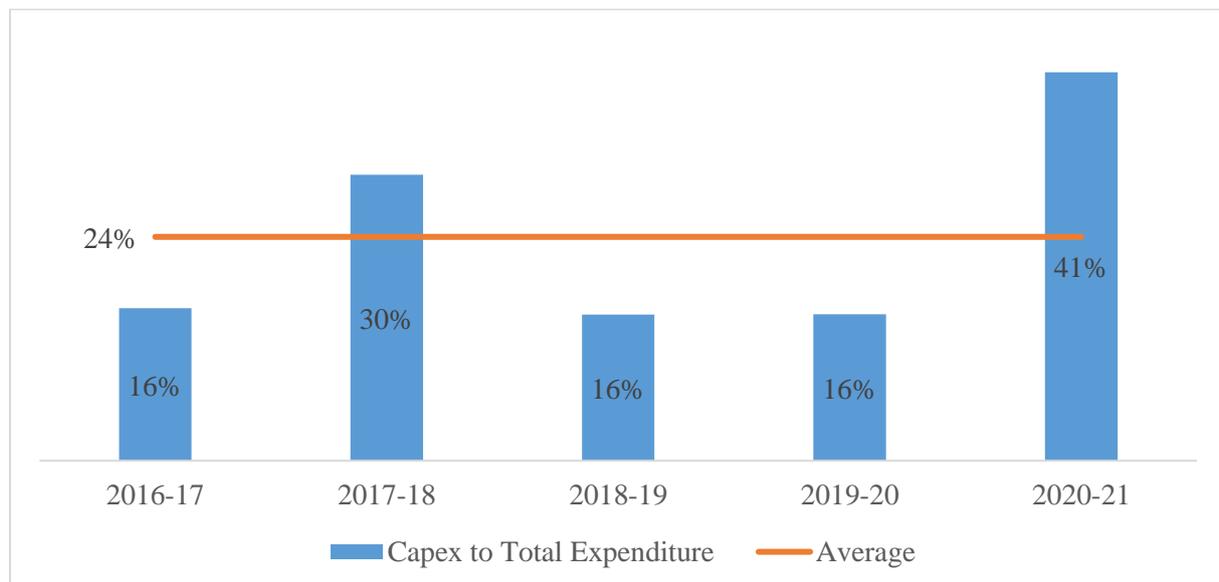
**Graph 5. 28 Revenue Sources to finance Total Expenditure in Haryana**



The two main components of the expenditure from MC funds are the revenue expenditure and development works (i.e., capital expenditure). The revenue expenditure accounted for an average 44% (ranging from 35-52%) of the total expenditure from MC funds, which has reduced from an average of 60% as observed and reported by the previous (5th) SFC in its report.

Out of the total expenditure incurred from municipal funds, capital expenditure accounts for an average of 24% over the five-year review period, ranging from 16% (in three of the five years) to a healthy (and encouraging) 41% in 2020-21. It is encouraging to see that the average proportion of capital expenditure to total expenditure from MC funds has improved since the last SFC period, which was a meagre 14% as reported by the 5<sup>th</sup> SFC Haryana in its report. That being said, it can be observed that even capital expenditure is volatile in Haryana ULBs with no way to ascertain their adequacy or effectiveness given that assets details or balance sheets are not properly reported by ULBs in Haryana.

**Graph 5. 29 Capital Expenditure to Total Expenditure (Municipal Fund) for Haryana**



Also, the expenditure analysis Table 5.29 indicates that expenditure incurred by ULBs is volatile and does not seem to flow from a pre-determined plan of action. The analysis does not point any clear trends in spending practices. This signifies a requirement for a deeper analysis to determine whether ULBs are able to discharge their obligations given the prevailing expenditure outlay and the unpredictable growth rates.

In view of the above, a strong empirical basis to estimate the amount of expenditure required to meet pre-defined service levels for different functions discharged by the ULBs. Further, the potential of different revenue streams needs to be estimated and compared with the expenditure obligations in order to determine what revenue streams and how much of each revenue stream would need to be devolved to enable the ULB to discharge its obligations effectively.

**In order to do so, it is recommended that the Swarn Jayanti Haryana Institute of Fiscal Management (SJHIFM) is strengthened and adequately funded to be able to undertake, publish and appropriately disseminate detailed studies, which include drawing up a standard empirical framework or a financial model that the Haryana state government and ULBs of different sizes and types can use to:**

- i. Estimate expenditure obligations for various functions listed under schedule XII to the constitution, vis-à-vis underlying key drivers such as population, service levels, per unit capital and operations and maintenance cost etc.**
- ii. Estimate revenue potential of major revenue streams that could potentially be devolved or assigned to ULBs**
- iii. Estimate the extent of devolution that could meet expenditure obligations estimated in (a) above, depending on the extent of functional devolution**
- iv. Estimate the underlying expenditure obligations on ULBs of particular revenue streams (e.g., stamp duties and registration charges, motor vehicle registration charges, profession tax) and recommend appropriate formulae for ascertain percentage share that could be considered for assignment to ULBs**
- v. Evaluate the extent of revenue foregone in respect of fees and user charges and evolve a mechanism to continuously compute and report the same**

### **15<sup>th</sup> Finance Commission Recommendations: Status of Readiness of Haryana's ULBs**

The 15<sup>th</sup> Central Finance Commission (15<sup>th</sup> FC) has prescribed certain conditions in order for ULBs to be eligible for availing any of the ensuing grants during its five-year award period from 2021-22 to 2025-26. The insights from the financial assessment and interactions with ULB officials during field visits, indicate that urgent reforms be undertaken within the next 12 months to enable the ULBs in Haryana avail the 15<sup>th</sup> FC grants, preventing ULBs from financial distress. The entry-level eligibility conditions and recommendations prescribed by the 15<sup>th</sup> FC for all ULBs to avail the grants are as follows:

#### **Publication of Provisional and Audited Annual Accounts**

All ULBs are required to mandatorily publish online provisional annual accounts for the previous year (t-1) and audited annual accounts for the year before previous year (t-2). For FY 2021-22 and FY 2022-23, at least 25% of the ULBs in the State will have to publish the accounts, whereas from 2023-24 onwards, all ULBs in the State are required to do the same. The 15<sup>th</sup> FC has defined the annual accounts to include the following components – i) balance sheet with relevant schedules, ii) income and expenditure statement with relevant schedules, iii) cash flow statement and iv) signed auditors' report in case of audited annual accounts. It is mandated that the relevant documents are uploaded on [www.cityfinance.in/fc-grant](http://www.cityfinance.in/fc-grant).

As indicated in the financial assessment section of this report, there are gross discrepancies and inadequacies in the reporting and availability of financial statements of Haryana's ULBs, including their availability in the public domain and where they are available, no standardized accounting methodology is followed, which makes aggregation of financial information as well as comparison and analysis (by State Urban or Finance Department) next to impossible. Further, only brief income and expenditure statements are published for ULBs which do not include detailed schedules. It must be noted that even though ULBs are mandated to follow double-entry accounting system under the State AMRUT action plan, most ULBs continue to follow cash-based accounting for preparing financial statements.

Haryana's ULBs follow the Municipal Accounts Code, 1930 which is outdated and needs to be aligned with the National Municipal Accounting Manual (NMAM). Haryana's ULBs also need a centralized IT software for financial reporting, budgeting and asset management and they need to move away from using Tally or MS Excel for accounting or financial record keeping, and from maintaining books of accounts in physical register form which is subject to errors. This SFC understands that a MoU has been signed with a reputed external agency for implementing a centralized financial management & accounting system for all ULBs across the state of Haryana.

The Local Audit Department (LAD) of Haryana is responsible for conducting the audit of annual accounts prepared by the ULBs. However, due to capacity challenges the department is overburdened with audit responsibilities for multiple ULBs. Further, chartered accountant (CA) firms have not been empanelled by the state urban department for preparing the annual accounts for ULBs or conducting external audits. An exception here is the Gurugram Municipal Corporations which employs 2 CA firms for book keeping and checking, and 1 CA firm for independent audit of its annual accounts.

In view of the above it is imperative that the financial and operating performance reporting of Haryana's ULBs be made adequate, consistent and accessible. There is a need to ensure that ULB financial statements are based on uniform and standardized accounting principles (double entry accrual-based accounting standards) which can give a wholistic view of the financial health of ULBs, and enable comparison and analysis across ULBs and across various financial periods as well as aggregation of municipal finance information at a state-level. Haryana's ULB financial statements need to also be made more transparent and predicable, i.e. available in the public domain on a timely basis every year, and most importantly, credible, i.e. independently audited.

### **Mandatory Entry-level conditions for all ULBs of Haryana**

In line with the entry-level conditions prescribed by the 15th Finance Commission, for ULBs to avail the CFC grants, we recommend that all ULBs in Haryana needs to

- 1. Mandatorily prepare and make available online in the public domain provisional annual accounts of the previous year (t-1) and audited accounts of the year before previous year (t-2), each year starting from 30<sup>th</sup> September 2023.** Such audited and provisional annual accounts should include the minimum of a) balance sheet; b) income and expenditure statement; c) cash flow statement; d) schedules to balance sheet, income and expenditure statement and cash flow statement; and e) Signed and Stamped Auditor's Report.
- 2. Mandatorily prepare and make available online in the public domain their signed and stamped Annual Budgets along with Minutes of Meetings from the proceedings, each year starting from 30<sup>th</sup> September 2023.**

3. **Mandatorily publish online in the public domain all 32 Service Level Benchmarks (SLBs) on Water Supply, Sewerage, Solid Waste Management and Storm Water Drainage, each year starting from 30<sup>th</sup> September 2022.**
4. **To enable Haryana's ULBs to accomplish the above conditions, this SFC recommends Special grants to the Department of Urban Local Bodies, Government of Haryana (DULB) to help shift all ULBs to the Double-Entry Accounting System by FY'23:**
  - a. **Special grant for publishing and implementing a Municipal Accounting Manual by 30<sup>th</sup> September 2022**
    - This grant shall cover for expenses related to fees for technical consultants to draft an accounting manual in line with NMAM, as well as expenses related to hiring of private CA firms which can hand hold ULBs in preparation of opening financial statements for all ULBs as per the new municipal accounting manual
  - b. **Special grant for empanelling CA firms by 30<sup>th</sup> September 2022 for preparing accounts and conducting independent audits**
  - c. **Special grant to implement centralized IT system for financial reporting, budgeting and asset management by 30<sup>th</sup> September 2023**
    - This grant shall cover for expenses related to fees of technical consultant for design and development (including customization) of financial management IT/ERP software and on-boarding of legacy data on new system, as well as Hiring of Project Manager for timely execution in line with State Requirements.
  - d. **Special grant for implementing training across all ULBs of finance and accounting officers and LAD officials on the new accounting manual and IT system**

### **Automated Grant Management System for Grants to Urban Local Bodies**

State Finance Commission (SFC), Central Finance Commission (CFC) grants and other transfers from state & central governments form a significant portion of total income of Haryana's urban local bodies (ULBs). Often, these transfers are subject to conditions and because there is no system to track the progress made by ULBs in real time, transfers are delayed. Most of these processes are manual leading to lot of paperwork. Utilization certificate submitted by ULBs are also in pdf/letter form which makes it difficult to analyse the utilization and track & compare the performances of ULBs.

Moreover, there is a lack of integrated view of the total quantum of funds flowing to ULBs through central & state transfers as well as sector-wise spending. A comprehensive system with the ability to track the fund utilization of ULBs and map the assets created from these funds can add immense value. The data so generated can provide valuable insights into trends in sector-wise and scheme/grant-wise spending which would aid in data driven decision making not only for DULB and Finance Department officials but also future SFCs.

Since November 2020, MoHUA, the nodal ministry at Union level for 15<sup>th</sup> Finance Commission grants (15<sup>th</sup> FC) to ULBs, is using a web-based grant management system on [www.cityfinance.in/fc\\_grant](http://www.cityfinance.in/fc_grant) for managing activities related to the disbursement of the 15<sup>th</sup> FC grants. The grant management system has digitized the work flows and all the data is being generated in digital, machine-readable format. Dashboards at State and MoHUA levels help in monitoring the progress of ULBs on compliances for 15<sup>th</sup> FC grants on a real time basis.

It is therefore recommended that a similar web-based, fully digitized and paperless Automated Grant Management System be developed by DULB for managing the 6<sup>th</sup> SFC grants to be disbursed to Haryana's ULBs for the award period 2022-26. The portal should assist in digitizing and streamlining the compliances and work flows related to 6<sup>th</sup> SFC Grant transfers to Haryana's ULBs, including the mandatory entry-level conditions for ULBs prescribed above, for online publishing of audited and provisional annual accounts, annual budgets and the 32 Service Level Benchmarks (SLBs) each year. The portal can subsequently be expanded to include other state transfers made to ULBs, and can eventually be extended to include all state transfers (including 6<sup>th</sup> SFC grants) to PRIs as well.

Such a grant management system can be built as additional feature of the 'Local Bodies Vikas Nidhi Portal' launched by the Haryana Chief Minister in June 2021, which was conceived to facilitate the transfer of funds as per needs of local bodies in a transparent manner by the Finance Department in coordination and consultation with Development and Panchayats Department, Urban Local Bodies Department and Local Bodies concerned.

#### Box 10 Key Features of Automated Grant Management System

The automated grant management system developed shall include functionality to integrate with other government public finance management systems such as the MIS/ ERP for financial management in ULBs (which is already under implementation by the DULB under its MoU with e-Governments Foundation), PFMS/IFMIS being implemented in the state's local bodies, as well as the dedicated web-based systems for State and Union Government schemes (AMRUT, PMAY, SBM, 15<sup>th</sup> FC), treasury system & payment gateways for electronic release of funds. Eventually, the dashboard at the state level (DULB / FD) must reflect the status of transfers & utilization of funds transferred from State & Central Government and even own revenues of ULBs.

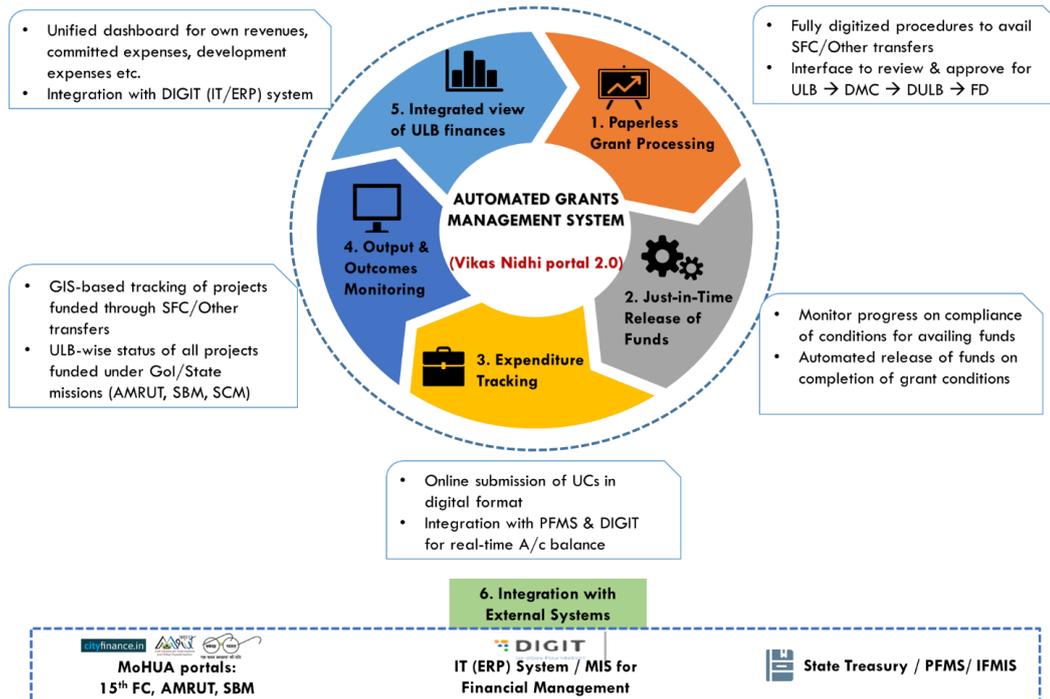
Followings processes can be digitized in the Automated Grant Management system:

1. Configuration of compliances & eligibility criteria for grants on online system
2. Uploading documents and filling up the claim form by ULBs
3. Inspection or validation of submitted compliances by DULB
4. Entitlement calculation for grants as per the compliances and performance
5. Authorization for payment release
6. Instruction to pay the approved amount
7. Submission of utilization certificate in digital format
8. Geo tagging and mapping of assets created from grants

It is important to develop the system with seamless user experience and latest technical capabilities. The system should have the capability for API Integration, single-sign on (SSO), and visualization of data. System should be developed as per applicable guidelines of the Government of India and should have applicable cyber security features.

Following is an illustration on the activities and integrations for grant management system.

**Figure 5. 1 Framework of the Automated SFC Grant Management System for Haryana’s ULBs**



A tentative roadmap for undertaking the design and implementation of the Automated Grant Management System, during the year 2022-23, is enclosed below.

S No.	Activity	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
1	Diagnostic study of conditions, process and work flows for current SFC grants and fund transfers to Haryana's ULBs												
2	Diagnostic study of conditions, process and work flows for current grants and fund transfers to Haryana's ULBs under Other State Schemes / missions												
3	Diagnostic study of existing IT systems to understand key issues & challenges, and conceive implementation roadmap												
4	Define functional & technical requirement for proposed solution												
5	System development & testing												

S No.	Activity	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
6	Rollout of pilot (for select ULBs) & Training of users												
7	Rollout for all ULBs in the State												

It would be a matter of immense pride to see Haryana as the pioneer state in implementing such a portal which would go a long way in bringing about a sense of efficiency, transparency and performance among the ULBs, and facilitating informed decision making by the authorities.

### Publication of Detailed Utilization Report

Operational guidelines for availing 15<sup>th</sup> FC grants to ULBs mandate that ULBs share Detailed Utilization Report of Tied Grants received during previous financial year. Presently, the utilization reports are being prepared in physical forms by ULB officials in conjunction with officials from the Local Audit Department which are prone to manual errors and carries the risk of expenditure by ULBs not being accounted properly. It is expected that the exercise of drafting utilization reports will be simultaneously reformed once the centralized IT/ERP system for financial management and the new municipal accounting manual is adopted and implemented in all ULBs of Haryana, and ULBs are registered on and start using the Government of India’s PFMS system.

### Annual Increase in Property Tax Collections equal to Average Growth in State GSDP for five most recent years

In addition to the entry-level condition for publishing online audited and provisional annual accounts, the 15<sup>th</sup> FC has also prescribed that in order for ULBs to be eligible for 15<sup>th</sup> FC grants, they will need to demonstrate growth in property tax collections equivalent to at least the average growth rate of State’s own Gross State Domestic Product (GSDP) for the most recent five years. As per Reserve Bank of India (RBI) statistics, Haryana’s 5-year average growth rate of GSDP between 2015-16 and 2019-20 is around 9%.

It is imperative that appropriate incentives are devised for ULBs in order to augment their year-on-year collections corresponding to the GSDP growth figure of the State. Given an opportunity to augment their tax base, there is immense potential for property tax growth in Haryana ULBs since latest revenue figures shared by the DULB indicates that per capita collections ranges from INR 175 and INR 150 for councils and committees respectively.

Furthermore, with the objective of maintaining sustainable growth in property tax collections over the long-term, reforms targeting each of the 5 stages of the property tax lifecycle have been recommended.

To motivate Haryana’s ULBs to augment their year-on-year property tax collections corresponding to the GSDP growth rate, **we recommend Incentive / Matching grants to ULBs which demonstrate at least 15% increase in Property tax collection (excluding arrears) from previous year, starting from 2022-23. The quantum of incentive grant will be equivalent to 100% of increased property tax from previous year, subject to following ceilings per ULB per year: For Corporations: Rs. 3.5 crore, For Councils: Rs. 80 Lakhs, and For Committees: Rs. 30 Lakhs. The overall annual outlay of these incentive grants shall be no more than Rs. 75 crores in any year.**