



URBAN LOCAL GOVERNANCE AND DEMOCRATIC DECENTRALIZATION IN INDIA: ASSESSING THE PROMISE AND PERFORMANCE OF THE 74TH CONSTITUTIONAL AMENDMENT

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ABSTRACT

Urban India is undergoing a profound demographic, economic and political transformation. Cities increasingly shape national growth, employment, infrastructure demand and everyday citizenship, yet the institutions responsible for governing them often remain administratively fragmented and fiscally constrained. The Constitution (Seventy-Fourth Amendment) Act, 1992 sought to address this democratic deficit by giving constitutional recognition to municipalities, mandating regular elections, creating representative structures and envisioning urban local bodies as institutions of self-government. More than three decades later, however, the degree of effective decentralization varies substantially across States. This paper examines the promise and performance of the 74th Constitutional Amendment through a Political Science perspective. It focuses on the '3F' problem of functions, finances and functionaries; the relationship between elected municipal governments and State-controlled parastatal agencies; mayoral leadership; municipal finance; metropolitan governance; citizen participation; inclusion; digital governance; and the emerging challenge of governing rapidly urbanizing settlements. The paper adopts a qualitative, analytical methodology based on constitutional provisions, institutional reports and contemporary scholarship. Recent research continues to identify incomplete functional and fiscal devolution, while new empirical work suggests that statutory urban local governance can improve the provision of important public goods. The paper argues that India's urban governance challenge is no longer primarily the absence of constitutional recognition, but the incomplete translation of constitutional design into autonomous, accountable and capable city government. It concludes that a second generation of urban decentralization is necessary—one that strengthens elected leadership, clarifies institutional responsibility, expands own-source revenue, professionalizes municipal administration, improves metropolitan coordination and deepens citizen participation.

Keywords: urban local governance; democratic decentralization; 74th Constitutional Amendment; municipalities; federalism; municipal finance; metropolitan governance; citizen participation

1. INTRODUCTION

India's constitutional democracy is commonly studied through Parliament, State legislatures, federalism and elections. Yet for a rapidly urbanizing population, the most immediate experience of the state is often municipal: water supply, sanitation, roads, waste management, street lighting, local planning, public health, building regulation and neighborhood infrastructure. The quality of urban democracy therefore depends substantially on whether local institutions possess the authority and capacity to respond to citizens.

Before the 74th Constitutional Amendment, municipalities were largely creatures of State legislation and frequently experienced irregular elections, supersession and weak administrative status. The 1992 amendment, which came into force in 1993, gave constitutional recognition to urban local bodies and created a framework for democratic decentralization. Part IXA of the Constitution institutionalized Nagar Panchayats, Municipal Councils and Municipal Corporations, while the Twelfth Schedule listed eighteen functional areas that could be entrusted to municipalities.

The constitutional achievement was significant, but constitutionalization did not automatically produce autonomous city governments. State legislatures retained major discretion over the actual devolution of powers. As a result, the institutional reality differs across States and across categories of urban settlements. Scholarship examining the amendment's long-term performance repeatedly points to a gap between formal recognition and effective empowerment.

This paper evaluates that gap. Its central argument is that the future of urban democracy in India depends on moving from municipal existence to municipal government: elected institutions must possess sufficiently clear functions, predictable finances, professional staff and public accountability to make local elections meaningful.

2. STATEMENT OF THE PROBLEM

The principal problem is the incomplete institutionalization of urban self-government. Municipalities are constitutionally recognized, yet important service-delivery and planning responsibilities are often shared with or controlled by State departments, development authorities, water boards, transport bodies and other parastatal organizations. This fragmentation can separate political accountability from administrative authority.

Citizens may elect councillors and mayors but find that the elected municipal body lacks control over the agency responsible for a major service. Conversely, agencies with substantial operational authority may not be directly accountable to the urban electorate. The resulting institutional ambiguity weakens the democratic chain connecting voter preference, elected leadership, policy choice, administration and accountability.

The study therefore asks whether the 74th Amendment has produced substantive democratic decentralization or primarily a constitutional framework whose potential remains unevenly realized.

3. OBJECTIVES OF THE STUDY

- To examine the constitutional vision of urban democratic decentralization under the 74th Constitutional Amendment.
- To assess the extent to which functions, finances and functionaries have been devolved to urban local bodies.
- To analyze the relationship between elected municipal institutions, State governments and parastatal agencies.
- To evaluate municipal leadership, finance, planning, citizen participation and metropolitan governance.
- To examine the role of digital governance and data in strengthening or weakening municipal accountability.
- To identify institutional reforms capable of making urban local bodies more autonomous, capable and democratically accountable.

4. RESEARCH QUESTIONS

- How far has the 74th Constitutional Amendment transformed municipalities into institutions of self-government?
- Why does the devolution of functions, finances and functionaries remain uneven?
- How does institutional fragmentation affect democratic accountability and service delivery?
- What reforms are necessary to strengthen mayoral leadership and municipal administration?
- How can citizen participation, digital governance and metropolitan coordination deepen urban democracy?

5. RESEARCH METHODOLOGY

The paper uses a qualitative, descriptive and analytical methodology. It draws on the Constitution of India, scholarly research on municipal decentralization, contemporary studies of urban local governance and public-goods provision, and institutional literature on city government. The approach is comparative in the limited sense that it recognizes variation among States and city types, but it does not rank individual States.

The analysis is organized around democratic decentralization rather than only administrative efficiency. Efficiency matters, but an institution of self-government must also possess political legitimacy, representative structures, public accountability and the capacity to make choices within its constitutionally assigned sphere.

6. CONSTITUTIONAL DESIGN OF THE 74TH AMENDMENT

The 74th Amendment represented an attempt to stabilize and democratize urban government. It provided constitutional recognition for three broad types of municipalities: Nagar Panchayats for transitional areas, Municipal Councils for smaller urban areas and Municipal Corporations for larger urban areas. It mandated regular elections and provided for reservation for Scheduled Castes, Scheduled Tribes and women.

The Twelfth Schedule identifies eighteen areas associated with urban governance, including urban planning, regulation of land use, roads, water supply, public health, sanitation, fire services, urban forestry, slum improvement, urban poverty alleviation, cultural and educational aspects, burial grounds, cattle pounds, registration of births and deaths, street lighting, parking, bus stops and public conveniences.

The amendment also envisaged Ward Committees in larger municipalities, State Finance Commissions, District Planning Committees and Metropolitan Planning Committees. In constitutional theory, these provisions created the architecture for representative, participatory and coordinated urban government.

Yet the wording of devolution left substantial discretion with State legislatures. This flexibility reflected India's federal structure, but it also meant that constitutional status did not guarantee a uniform transfer of authority. Prasad and Pardhasaradhi (2020) concluded after reviewing twenty-five years of implementation that States had often remained reluctant to empower urban local bodies functionally and financially.

7. THE '3F' CHALLENGE: FUNCTIONS, FINANCES AND FUNCTIONARIES

The performance of local government is frequently evaluated through the '3Fs': functions, finances and functionaries. These dimensions are interdependent. A municipality cannot meaningfully perform a function without adequate finance and personnel; financial transfers are ineffective if the institution lacks administrative capacity; and staff cannot deliver services if authority remains elsewhere.

Functional devolution concerns whether municipalities actually control responsibilities listed or contemplated under the constitutional framework. In practice, functions may be distributed among municipal bodies, State departments and parastatal agencies. This can produce duplication, gaps and disputes over jurisdiction.

Fiscal devolution concerns both transfers and own-source revenue. Municipalities that depend overwhelmingly on higher levels of government may find their policy autonomy constrained. Predictable transfers are important, but genuine local government also requires the capacity to mobilize reasonable local revenues and connect taxation with visible public services.

The third dimension, functionaries, concerns administrative personnel. Municipal institutions require planners, engineers, public-health specialists, financial professionals, data personnel and competent field staff. Where staff are insufficient, frequently transferred or primarily accountable to State cadres, elected municipal leadership may possess limited administrative control.

The central reform challenge is therefore simultaneous devolution. Transferring a function without money or staff is nominal decentralization; transferring funds without decision-making authority is fiscal administration rather than self-government.

8. MUNICIPAL FINANCE AND FISCAL AUTONOMY

Finance is among the most persistent constraints on urban self-government. Local governments require stable resources to maintain infrastructure and provide predictable services. Property taxation, user charges, fees, assigned revenues, intergovernmental transfers and borrowing can all contribute to municipal finance, but the structure varies considerably.

Weak own-source revenue creates two democratic problems. First, it limits the ability of elected governments to implement locally chosen priorities. Second, it weakens the fiscal relationship between citizens and city government. When local taxation and local service delivery are visibly connected, residents have stronger incentives to demand transparency and performance.

State Finance Commissions were designed to strengthen the fiscal architecture of local government, but the effectiveness and regularity of this mechanism have varied. A stronger system would require timely constitution of commissions, transparent recommendations, public reporting on implementation and predictable transfers.

Municipal bonds and innovative finance can supplement resources in capable cities, but they cannot substitute for sound basic revenue administration. Property registers, valuation systems, billing, collection efficiency and transparent expenditure remain foundational.

9. POLITICAL LEADERSHIP AND THE OFFICE OF THE MAYOR

Urban democratic accountability is weakened when citizens cannot identify who is responsible for citywide outcomes. Indian cities use different mayoral and commissioner arrangements, and executive authority is often divided. In many contexts, the municipal commissioner possesses substantial administrative authority while the elected mayor has a limited tenure or primarily representative role.

The democratic case for stronger elected leadership is not simply a preference for presidential-style local government. It rests on the principle that political responsibility should correspond to administrative capacity. A mayor held responsible for transport, sanitation or planning should possess meaningful influence over the institutions delivering those functions.

At the same time, stronger mayors require checks and balances. Municipal councils, standing committees, audit systems, transparent procurement and professional civil services remain essential. Concentrating authority without accountability would not strengthen democracy. The objective should be stable elected leadership embedded within robust representative institutions.

10. PARASTATAL AGENCIES AND FRAGMENTED ACCOUNTABILITY

One of the defining characteristics of Indian urban governance is the presence of multiple specialized agencies. Development authorities, water boards, transport corporations, housing bodies and State departments may perform functions that elsewhere are integrated within city government.

Specialized agencies can provide technical expertise and operate across municipal boundaries, but they can also fragment accountability. When a resident experiences poor service, responsibility may be distributed among institutions with different reporting lines. This makes democratic sanction through municipal elections less effective.

Reform should therefore distinguish between functions requiring metropolitan or technical coordination and those that can be placed under direct municipal control. Where specialized agencies remain necessary, elected local governments should have clearly defined oversight, representation or coordination mechanisms.

11. METROPOLITAN GOVERNANCE

Large urban regions extend beyond the boundaries of a single municipal corporation. Commuting, housing markets, air pollution, transport networks, water systems and waste flows operate at metropolitan scale. Governance therefore requires coordination among multiple local governments and specialized agencies.

The 74th Amendment recognized this problem through Metropolitan Planning Committees. Research on Indian metropolitan governance shows, however, that creating local and metropolitan governance simultaneously generates difficult questions of authority, hierarchy and coordination. Effective metropolitan institutions must avoid two extremes: excessive centralization that weakens local democracy and excessive fragmentation that prevents regional planning.

A workable metropolitan model should allocate neighborhood and local services to municipalities while coordinating genuinely regional functions—such as mass transit, major environmental systems and metropolitan spatial planning—through representative metropolitan mechanisms.

12. DEMOCRATIC PARTICIPATION AND WARD-LEVEL GOVERNANCE

Urban democracy cannot be reduced to elections held every five years. Local government is uniquely suited to continuous participation because citizens directly experience neighborhood-level services. Ward Committees, area-level consultations, participatory budgeting, public hearings and grievance systems can create channels between residents and municipal institutions.

Participation, however, must be designed carefully. Public meetings can be dominated by organized or affluent groups, while migrants, tenants, informal workers, women and marginalized communities may have less time or confidence to participate. Inclusive participation therefore requires accessible timing, multilingual communication, transparent agendas and mechanisms that do not depend exclusively on physical attendance.

Digital platforms can expand participation but should complement rather than replace offline channels. The democratic value of local participation lies in making government responsive to diverse residents, not merely in increasing the number of digital interactions.

13. GENDER AND SOCIAL INCLUSION IN URBAN LOCAL BODIES

Reservation for women and constitutionally protected groups has altered the social composition of local political institutions. This is a major democratic contribution of decentralization. Local office can create pathways for first-generation representatives who may previously have been excluded from formal political leadership.

Descriptive representation, however, must be supported by substantive capacity. Councillors need access to information, committee opportunities, administrative support and meaningful authority over local priorities. Where elected representatives lack resources or where decision-making remains concentrated outside the municipal body, the democratic benefits of reservation are reduced.

Capacity-building should therefore be treated as an institutional entitlement rather than a one-time training exercise. Newly elected representatives require continuing support in budgeting, planning, municipal law, digital systems and public consultation.

14. URBAN PLANNING AND THE POLITICS OF LAND

Urban planning is among the most politically consequential municipal functions because decisions about land use shape housing, mobility, environmental quality and property values. Yet planning authority is often dispersed between municipal bodies and development authorities.

When elected local governments have limited influence over spatial planning, a core component of urban politics becomes detached from municipal accountability. Conversely, purely local planning can ignore metropolitan externalities. The solution is not necessarily to assign all planning to one institution, but to establish a clear democratic hierarchy of plans and responsibilities.

Planning processes should also incorporate public consultation and disclose the reasoning behind major land-use changes. Transparency is especially important because planning decisions create concentrated economic benefits and costs.

15. GOVERNING SMALL AND MEDIUM URBAN AREAS

Debates about Indian urban governance frequently focus on metropolitan corporations, but small and medium towns face distinct capacity constraints. Sharma (2020) argues that decentralized governance reforms have not been implemented fully and that smaller urban local bodies often remain particularly constrained in functional autonomy and finance.

These towns are important because much future urban growth may occur outside the largest metropolitan centers. A uniform institutional model may therefore be inappropriate. Smaller municipalities may require shared technical services, pooled procurement, regional planning support and stronger State-level capacity assistance while retaining elected local accountability.

The objective should be differentiated decentralization: institutional support should vary with scale and capacity without converting smaller municipalities into permanently dependent administrative units.

16. URBANIZATION, MUNICIPALIZATION AND PUBLIC GOODS

An emerging question concerns settlements that are urban in demographic and economic character but do not possess statutory urban local governments. Delayed municipalization can create governance mismatches when rapidly changing settlements are administered through institutions designed for rural contexts.

Recent empirical research by Rawat (2025) uses quasi-random variation around Census Town classification thresholds to examine the effect of obtaining an urban local body. The study reports increases in several categories of public goods, including educational, health and financial infrastructure. Although individual estimates should be interpreted within the study's methodological context, the broader finding is important: institutional form can affect material public-service outcomes.

Timely recognition of urbanizing settlements should therefore be understood as both an administrative and democratic question. Residents of functionally urban areas require institutions capable of planning for density, infrastructure and land-use change.

17. DIGITAL GOVERNANCE AND THE SMART CITY TURN

Digital technologies have transformed municipal administration through online payments, property databases, complaint systems, geographic information systems, sensors, dashboards and integrated command platforms. These tools can improve monitoring and make information more accessible.

Yet technology does not resolve institutional ambiguity. A sophisticated dashboard cannot compensate for unclear authority, inadequate staffing or weak finances. Digital governance can even obscure responsibility if decision-making moves toward technical platforms without corresponding transparency.

A democratic digital city should therefore publish useful service standards, budgets, project status, procurement information and grievance outcomes in accessible formats. Data should strengthen public accountability rather than operate solely as an internal managerial resource.

Digital systems must also preserve non-digital access for citizens who lack smartphones, connectivity or digital literacy. Smart governance is democratic only when it remains inclusive.

18. CLIMATE CHANGE AND URBAN RESILIENCE

Climate change adds urgency to urban institutional reform. Heat waves, flooding, water stress, air pollution and extreme weather increasingly require city-level planning and rapid response. These challenges cut across traditional departmental boundaries and often extend across municipal borders.

Resilience planning requires local knowledge as well as metropolitan coordination. Municipalities need the authority to integrate land-use planning, drainage, green spaces, building regulation and public-health preparedness. Weakly empowered local bodies may struggle to convert climate plans into enforceable local action.

Climate governance also illustrates the importance of fiscal capacity. Adaptation requires sustained investment, not only emergency grants after disasters. Urban fiscal reform should therefore include predictable resources for resilience and maintenance.

19. CONTEMPORARY ASSESSMENT: PROMISE AND PERFORMANCE

The long-term assessment of the 74th Amendment is neither one of failure nor complete success. Its most durable achievements include constitutional recognition, regularized representative structures, reservations, and a national normative commitment to urban decentralization. Municipal government is now a constitutional component of Indian democracy rather than an optional administrative arrangement.

The principal weakness lies in incomplete devolution. Contemporary scholarship continues to identify limited autonomy, uneven transfer of Twelfth Schedule functions and institutional fragmentation. A 2025 study of the Dibrugarh Municipal Corporation similarly assessed the continuing implications and implementation of the amendment, reflecting the fact that questions of functional empowerment remain active more than three decades after constitutionalization.

The political challenge has therefore changed. The question is no longer whether India needs elected municipalities. The question is whether elected municipalities will be given sufficient authority, resources and administrative capacity to govern.

20. MAJOR FINDINGS

- The 74th Amendment successfully constitutionalized urban local democracy but did not ensure uniform substantive devolution across States.
- The central institutional weakness is the incomplete and uneven transfer of functions, finances and functionaries.
- Fragmentation between municipalities and parastatal agencies weakens the relationship between electoral accountability and administrative responsibility.
- Municipal fiscal weakness constrains policy autonomy and reduces the direct accountability relationship between local taxation and local services.
- Stable elected leadership can improve accountability, but stronger mayors must operate within councils, audit systems and transparent institutional checks.
- Metropolitan problems require regional coordination without hollowing out municipal democracy.
- Small and medium towns require differentiated institutional support rather than metropolitan models copied without regard to capacity.

- Recent empirical evidence suggests that statutory urban local governance can positively affect the provision of important public goods.
- Digital governance can strengthen transparency and service delivery only when underlying authority, finance and accountability are clear.
- Urban climate resilience, land-use planning and infrastructure demands make deeper decentralization increasingly urgent.

21. RECOMMENDATIONS

- States should publish clear activity maps specifying which level or agency is responsible for every major Twelfth Schedule function.
- Devolution should follow the 3F principle: functions must be accompanied by adequate finance and administrative personnel.
- State Finance Commissions should be constituted on time, their reports made public, and action taken reports issued within a defined period.
- Municipalities should strengthen property-tax administration, transparent user charges and other legitimate own-source revenues while protecting low-income households.
- Mayoral tenure and executive responsibility should be sufficiently stable to permit political accountability, subject to State-specific constitutional design and strong council oversight.
- Parastatal agencies performing city functions should be integrated with or made institutionally accountable to elected urban governments through clearly defined mechanisms.
- Metropolitan Planning Committees should be strengthened as representative coordination institutions rather than treated as formal requirements.
- Ward Committees and participatory mechanisms should receive defined functions, public meeting schedules and access to local budget information.
- Municipal cadres and professional capacity should be expanded in urban planning, engineering, public health, finance, climate resilience and data governance.
- Small municipalities should have access to shared professional services and regional technical pools without losing elected control over local priorities.
- States should develop transparent criteria and timelines for municipalizing settlements that have become functionally urban.
- Digital municipal platforms should publish service standards, budgets, procurement and grievance outcomes while retaining offline access.
- Urban climate adaptation should be integrated into municipal planning, budgeting and infrastructure maintenance.
- Independent municipal performance audits should measure not only expenditure but service quality, participation, transparency and institutional autonomy.

22. CONCLUSION

The 74th Constitutional Amendment was a landmark in India's democratic development because it recognized that democracy must extend below the Union and State levels into the institutions that govern everyday urban life.

It created a constitutional architecture for elected municipalities, inclusion, finance and planning. Its historical importance should not be underestimated.

At the same time, constitutional recognition is only the first stage of decentralization. An elected body cannot function as genuine self-government when its responsibilities are unclear, its revenues are inadequate, its staff are controlled elsewhere or major services are delivered by agencies outside its democratic authority. The continuing gap between constitutional promise and institutional practice explains many of the weaknesses identified in contemporary urban governance research.

India's urban future makes this gap increasingly consequential. Cities and towns must respond to infrastructure deficits, environmental pressures, migration, inequality, technological change and climate risk. These challenges require capable administration, but capacity without democratic accountability can produce technocratic government detached from citizens. Conversely, representation without administrative authority can produce local democracy without effective government.

A second generation of urban decentralization should therefore unite democracy and capacity. Municipalities need clearer authority, predictable finance, professional personnel, stronger elected leadership, effective councils, inclusive participation and transparent coordination with metropolitan and State institutions. The objective is not to weaken India's federal system but to complete it by giving urban citizens meaningful government at the level closest to their daily lives.

The ultimate test of the 74th Amendment is thus not whether municipal elections occur, but whether those elections enable citizens to choose institutions capable of governing. When political authority, administrative responsibility and fiscal capacity are aligned, urban local bodies can become genuine schools of democracy as well as effective engines of development.

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